UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS
SECOND SESSION

VOLUME 108—PART 12

AUGUST 6, 1962, TO AUGUST 17, 1962
(PAGES 15599 TO 16956)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1962

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DEPOSITED BY THE
UNITED STATES OF AMERICA

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PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES

MONDAY, AUGUST 6, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

1 John 1: 3: *Truly our fellowship is with the Father, and with His son Jesus Christ.*

Almighty God, we rejoice that daily we are privileged to have fellowship with good men and women and that we are guided by their high ideals and that we can cherish their hopes and aspirations and learn to love what they love.

Grant that we may appreciate the even more exalted privilege of unbroken fellowship and communion with Thee and of yielding ourselves to Thy will and loving what Thou dost love.

Inspire us with a profound belief in the possibility and power of this divine fellowship and may we have a faith that outstrips and goes beyond our reasoning faculties and the deductions of the intellect.

In these days of world crises may our President, our Speaker, and the Members of Congress be men and women of light and leading, true hearted, clear minded, faithful, and full of faith.

We earnestly beseech Thee that they may be the sons and daughters of the spirit whose intimate fellowship with Thee and deep faith and daring fortitude are the saving and sufficient support for these times that try men's souls.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, August 2, 1962, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 3822. An act for the relief of Ahsabet Oyunciyan.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 11151. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1962, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. CHAVEZ, Mr. MONRONEY, Mr. HUMPHREY, Mr. HAYDEN, Mr. SALTONSTALL, Mr. YOUNG of North Dakota, and Mr. KUCHEL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2256. An act to amend section 5 of the War Claims Act of 1948 to provide detention and other benefits thereunder to certain Guamanians killed or captured by the Japanese at Wake Island;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as a result of the artificial raising of the water level of Lake Ontario;

S. 3340. An act to repeal a portion of the Second Supplemental National Defense Appropriation Act, 1943, as approved October 26, 1942 (56 Stat. 990, 999), as amended, and for other purposes;

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes; and

S. 3544. An act authorizing modification of the project for Gloucester Harbor, Mass.

The message also announced that the Senate agrees to the amendments of the House to a bill and a joint resolution of the Senate of the following titles:

S. 405. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes; and

S.J. Res. 91. Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10904) entitle "An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to Senate amendments numbered 2, 3, 5, 6, 13, and 52 to the foregoing bill.

The message also announced that the Vice President, under authority created by House Concurrent Resolution 438, 87th Congress, had appointed Mr. CARLSON, vice Mr. COTTON, resigned, to be a member of the joint committee to represent Congress at ceremonies to be conducted at Roanoke Island, N.C., during the week of August 12–18, 1962.

"THIS IS WHERE I CAME IN"

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. SULLIVAN. Mr. Speaker, by the time I reached the business section of the Washington Evening Star the other night, I was just about ready to turn out the night light and go to sleep until I saw an item which, like a familiar old movie on television, prompted me to exclaim, "This is where I came in." It certainly woke me up. It was an AP dispatch from Rio de Janeiro, and reported that frost had destroyed nearly a half million tons of Brazilian coffee, and the dispatch added, this "might affect coffee prices in the United States."

It was 8 years ago last January that the U.S. consumer was being victimized by the hoax of an alleged coffee shortage in Brazil, said to be caused by frost destroying a large portion of the crop. The price of coffee in the United States had shot up more than double—but, as I had told the House and as the Federal Trade Commission later established, there was no shortage and the price increase was strictly a fraud on the consumer.

The coffee markets of the world are now so glutted with supplies that I understand we could go for a whole year without any new production and not suffer any shortages. The coffee-producing countries are desperately seeking to limit production in order to reduce surpluses and stabilize prices. Under the circumstances, I hope the American housewife—the consumer—will not stand for any increase at this time in coffee prices based on an alleged crop disaster in Brazil. If any distributor or retailer does increase coffee prices, the customer should demand to know why—and not accept as a reason the false assertion that frost in Brazil has ruined so much of the crop that we face an imminent shortage. Eight years may be a long time for consumers to remember an old hoax, but let us not fall for it again. "This is where we came in."

RECORD OF THE ATTORNEY GENERAL

Mr. BECKER. Mr. Speaker I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, I want to take this opportunity to offer my congratulations to Bobby Kennedy, the Attorney General of the United States, for his great accomplishments in his office during the first 18 months of his administration.

First, his great success with roasting wieners in his office in the Justice Department for the VIP children. This earned front-page coverage all over the country.

Second, his wonderful parties at his country estate. The selected group to be pushed in the swimming pool fully clothed, has brought whoops of joy from the American public.

And third, the recent act of "Beauty and Brumus." Poor Brumus is lonely, he must be brought to the Justice Department, where he is provided with a beautiful "governess"—at Government expense—to walk him up and down the corridors. I wonder if there are any "curb your dog" signs in the Justice Department hallways. The public rejoices.

But the Hoffas and other racketeers are still roaming the land. Crime is on the increase and particularly here in the Capital City. Of course, his action in the steel hike case also drew rave notices.

I hope, someday, when Bobby gets over the heady publicity of these great events, he may be able to devote some time to the high office he holds as Attorney General.

Tomorrow, I hope to call attention to the great successes of another Cabinet member. They, too, are very inspiring.

The SPEAKER. This is Consent Calendar day.

The Clerk will call the first bill on the Consent Calendar.

PRINCE GEORGES COUNTY SCHOOL BOARD, MARYLAND

The Clerk called the bill (H.R. 6759) for the relief of the Prince Georges County School Board, Maryland.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

AMEND ACT AUTHORIZING NATIONAL MEDALS OF SCIENCE

The Clerk called the bill (H.R. 4055) to amend the act of August 25, 1959, to authorize the payment of a monetary award to recipients of the National Medal of Science.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

WASHINGTON METROPOLITAN TRANSIT COMPACT AMENDMENTS

The Clerk called House Joint Resolution 693, granting the consent and approval of Congress for the State of Maryland, the Commonwealth of Virginia, and the District of Columbia to amend the Washington metropolitan area transit regulation compact, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. FORD. Mr. Speaker, reserving the right to object—and my present inclination is not to object—I think it is about time someone said that all the transportation problems of the metropolitan area of the District of Columbia are not going to be solved by this transit report that we are all waiting for with bated breath.

Mr. Speaker, I happen to think that there are at least some people in that organization who are not the ultimate and final authority on how some of us are to get from our home to our office and back again. I happen to believe that there are some people who have worked long and faithfully on highway and traffic problems in the District of Columbia who, in my opinion, have done a pretty good job under difficult circumstances.

Mr. Speaker, I am getting a little sick and tired of everything being held in abeyance in this area, waiting with bated breath for this great report which is about to be forthcoming, I understand, sometime in October of this year. I just want to be on record right here and now to the effect that as soon as this report is made we are not all going to roll over and play dead waiting for Mr. Stolzenbach—I guess that is his name—to tell us what we are supposed to do.

Mr. Speaker, it is my honest opinion and judgment that some very good people in the District government have done a very good job in trying to solve the very difficult transit and highway problems. I do not like a lot of Johnny-come-lately's stepping in the picture and deciding that everything which has been done in the past is wrong and everything they propose is going to be right. I have said my piece, but if I am here next year I am going to look with a very, very skeptical eye at some of these long-haired ideas which I understand may be contained in the report.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. GROSS. Mr. Speaker, further reserving the right to object, I think we are entitled to a reasonable explanation of this resolution, because it may have some serious ramifications for some people. I would like to know whether this should be known as the "O. Roy Chalk-Montgomery" resolution? Who is back of this so-called compact to stop taxicabs from hauling tourists to various points of interest in the Washington area, if that is the purpose of this legislation?

Mr. WILLIS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am pleased to yield to the gentleman from Louisiana.

Mr. WILLIS. The people back of this resolution happen to be the Legislatures of Maryland and Virginia, represented by our colleague, the gentleman from Virginia, Governor TUCK, and the gentleman from Maryland [Mr. MATHIAS]. A couple of years ago we passed a compact bill dealing with Washington metropolitan area transit.

Since that time the Legislatures of Virginia and Maryland have again adopted identical measures, based on their experience, enacting minor amendments to the compact we have already approved. For example, since that time the Dulles Airport is or is about to be in operation and therefore will be included within the area affected by the compact.

Mr. GROSS. What does this do to the taxicab operator who wants to take five or six or seven people on a tour from Washington, D.C., to Virginia, or perhaps into Maryland?

Mr. WILLIS. The answer is that it does nothing, because taxicabs remain exempt under this bill. However, there is an amendment that in order to remain exempt he must be a bona fide taxicab operator engaged in the business of taxicabs. But the answer is that taxicabs are exempt.

Mr. GROSS. What is meant by the report which states on page 6:

> The Commission has stated that its major concern in proposing the amendment to section 1(c) of article XII is that the present wording might be construed to allow operators of vehicles carrying eight passengers or less to operate "helter-skelter" in competition with mass transit.

Where in the report can I find substantiation for this charge of "helter-skelter" operation?

Mr. WILLIS. As I said, bona fide taxicab operators are exempt under the bill. But in order to be exempt he must be a taxicab operator and he must not take his operation in a "helter-skelter" fashion, or intermittently pose as a taxicab operator. That is all there is to it. But taxicabs are exempt from the provisions of the bill.

Mr. GROSS. If a man is licensed to operate a taxicab in the District of Columbia, there is nothing in this bill to prevent him from taking tourists who come to this city to visit Arlington Cemetery or Mount Vernon?

Mr. WILLIS. That is correct; the gentleman is correct.

Mr. GROSS. If he has a license to operate a taxicab, and meets the requirements for the operation of a taxicab in the District of Columbia, he will not be estopped by virtue of the passage of this bill from taking tourists within the metropolitan area; is that correct?

Mr. WILLIS. The gentleman is correct.

Mr. GROSS. I still do not understand then this charge of "helter-skelter" operation.

Mr. WILLIS. This discourages someone who is not truly a taxicab operator but is posing as such to escape from the provisions of this bill.

May I suggest that the gentleman yield to the gentleman from Maryland at this point?

Mr. GROSS. I am glad to yield to the gentleman from Maryland.

Mr. MATHIAS. The reason this amendment was required is that in the original act which was passed by this House several years ago certain motor vehicles were exempt from the operation of the act according to the number of passengers they were designed to carry. In some cases in the District area you have small sightseeing buses which normally would be regulated by the Transit Authority, although the number of passengers is small, say eight. These were just blanket exemptions according to the number of passengers. Actually, this is designed to exempt taxicabs, but it was found in practice that it was also exempting certain of these, if you want to call them that, contract carriers, sightseers in the area. So the language was designed more specifically to exempt the regular licensed taxicab operation and to designate what was really intended in the first place, these contract carriers.

Mr. GROSS. Mr. Speaker, let me say to the gentleman from Maryland that my concern is that this may tend to create monopoly in the hands of O. Roy Chalk and the operator by the name of Montgomery who is presently in the courts, as I understand it. Is it correct that he is in the courts now trying to stay in this business?

Mr. MATHIAS. There is a Montgomery Charter Service that is in the courts trying to establish certain grandfather rights. I believe there are some other operators in the area having similar rights.

Mr. GROSS. This bill makes provision, if he does establish grandfather rights that he may not be estopped; is that not correct?

Mr. MATHIAS. The bill does not so provide but I think that would be a natural consequence, that if he has certain rights he would be protected.

Mr. GROSS. The gentleman is not saying that this bill is designed to stop the lawsuit that is now pending?

Mr. MATHIAS. It is not designed for that at all.

Mr. GROSS. Will it do that?

Mr. MATHIAS. No. The bill is not designed to affect the outcome of this lawsuit at all. The bill was written a long time ago by the Legislature of Virginia, sometime long before we had any lawsuit involved.

Mr. GROSS. May I ask the gentleman one other question. Why is it that the National Capital Transportation Agency takes no position on this bill? Is that Agency not an interested party?

Mr. MATHIAS. They may have some interest that they could have come in and offered. There were some hearings held.

Mr. GROSS. The Agency has a letter in the report that says they take no position. I would think the National Capital Transportation Agency would be very much interested in legislation of this type.

Mr. MATHIAS. I think if they had objection they certainly would have made it known.

Mr. GROSS. They do not object. They just say they do not take any position. This is hard for me to understand.

Mr. MATHIAS. I do not want to put words into the mouth of the agency, but I would say, No. 1, we are proposing to enlarge the area of transportation here because of the geographical location of the Dulles Airport and, No. 2, we are attempting to remedy an error which became apparent in practice over the last several years. These are not major changes in policy.

Mr. GROSS. With the assurance of the gentleman from Louisiana [Mr. WILLIS] and the author of this joint resolution, the gentleman from Maryland [Mr. MATHIAS], that this resolution is not designed to give to O. Roy Chalk or anyone else a monopoly over the transportation of sightseers and tourists who come to the District of Columbia, I will let this bill go through insofar as unanimous consent is concerned, but I will say to the gentleman that I will, as I am sure other Members of Congress will, watch with interest what transpires under this joint resolution.

Mr. MATHIAS. If the gentleman will yield further, as I pointed out before, this was enacted in the same form in which it is now before the House by the Legislatures of Maryland and Virginia. The basic act calls for the fact that any certificates of convenience and necessity shall be issued.

Mr. GROSS. Of course they can be, but will they be issued?

Mr. MATHIAS. This of course is something that all of us are going to watch. I have just as much interest as the gentleman has in seeing that the public is treated fairly on this matter. I intend to watch it very closely, and I will join with the gentleman in watching it closely.

Mr. GROSS. I withdraw my reservation of the right to object, Mr. Speaker.

Mr. O'HARA of Illinois. Mr. Speaker, reserving the right to object, I would like some clarification on a phase in which I have a personal interest. That interest stems from my regard for Ralph Worthy, whom I have known during my long residence at the Congressional Hotel. Mr. Worthy, who is a married man, a college graduate, and a respected citizen, owns a limousine and he services guests at the Congressional Hotel who desire to tour Washington and adjacent points of historical interest, going where they or members of their party may desire and under the guidance of one familiar with the Capital City and the adjacent spots like Mount Vernon and whose reliability is vouched for by the hotel.

This is a clean and necessary business. It is a supplementary service to that furnished by the established buslines. There are many families who visit Washington who desire to go in their own family groups in limousines. I would say, Mr. Speaker, that all my colleagues in the House would agree with me that there are constituents who would feel that something was taken away from them if this service were denied them. Touring the city and the adjacent territory and at their leisure stopping in at places of interest, and doing this in their own taxis or limousines, contributes much to their delight and thrill coming to Washington.

There are many Ralph Worthys. They are part of our Washington and, on the whole, I think they are dedicated men. They are small businessmen in the local transportation field. It would be a crime and a disservice to our constituents if conditions for their operation were made so difficult that they were driven out of business. I would like it clarified that it is not the intent of the Congress, in agreeing to the pending bill, that it should drive the limousines from the tourist business, monopolizing all such business in the hands of the large carriers.

Mr. Worthy fears, and I understand other people like him, that the intent back of this bill is to do away with these limousines. I would like that clarified.

Mr. WILLIS. I am glad the gentleman asked that question. It is very specifically answered on page 6 of the report, which I read:

> The committee notes that the Transit Commission has taken the position that "bona fide taxicab service" includes incidental sightseeing operations performed by taxicabs. Indeed, the Commission has stated the opinion that normal sightseeing operations being conducted by limousines in the Washington metropolitan area are in fact a type of taxicab service, and that it is not the Commission's intention to require certificates as a prerequisite to engage in such operations.

So the answer is specifically set forth in the report as to the position of the Commission.

Mr. O'HARA of Illinois. May I ask whether or not there were requirements for certificates of convenience and necessity, without which the limousines could not operate, and upon application with the necessary proof of safety and insurance, the certificates were not issued?

Mr. WILLIS. There was a question as to whether sightseeing operations were in the nature of taxicab operators. The Transit Commission has issued a ruling that they were. Let me read from the act of September 15, 1960, with regard to the grandfather clause. That act reads: "*Provided, however*, That if any person was bona fide engaged in transportation subject to this Act on the effective date of this Act, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate is made to the Commission within 90 days after the effective date of this Act."

That is the grandfather clause.

Mr. O'HARA of Illinois. Then the gentleman, for whom I have the greatest respect, and whose word is the strongest bond I would wish, assures me that it is not the intent or purpose of this bill to put the limousine operators out of business?

Mr. WILLIS. It is not. We asked the Commission for their position and we put it in writing. This problem exists, and we want to clarify it.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Iowa.

Mr. GROSS. Apparently it is not the intention to take the operator of a taxicab who is duly licensed and insured and has met all requirements for operating in the District of Columbia out of business, either?

Mr. WILLIS. That is correct.

Mr. O'HARA of Illinois. I thank my good friends: From Louisiana [Mr. Willis], a member of the committee; from Maryland [Mr. Mathias], the author of the bill; and from Iowa [Mr. Gross] for their contributions to a colloquy that has made it perfectly clear that it is not the intent of the House to put out of the legitimate sightseeing business the taxicab drivers and the limousine drivers who are rendering, I would say, one of the most valuable services we have to offer our constituents.

Mr. Speaker, I withdraw my reservation of objection.

The Clerk read the resolution, as follows:

Whereas the State of Maryland and the Commonwealth of Virginia have entered into a compact, known as the Washington Metropolitan Area Transit Regulation Compact, hereinafter called compact, creating the Washington Metropolitan Area Transit Commission, hereinafter called Commission; and

Whereas Congress, by Public Law 86–794 (74 Stat. 1031), consented to the entry into the compact by the State of Maryland and the Commonwealth of Virginia, and authorized and directed the Board of Commissioners of the District of Columbia to enter into and execute the compact on behalf of the United States for the District of Columbia; and

Whereas the Commission has recommended specific amendments to the compact, to wit:

(1) To include within the Washington metropolitan area transit district the Dulles International Airport and all cities which lie within the metropolitan district;

(2) To exempt from the Commission's jurisdiction transportation performed by a carrier whose only transportation is between points outside the metropolitan district and points inside the metropolitan district;

(3) To clarify the Commission's jurisdiction over interstate taxicab operations;

(4) To provide that the annual reports of the Commission be submitted on a fiscal year basis; and

Whereas the State of Maryland and the Commonwealth of Virginia have by legislation (ch. 114, Acts of Maryland General Assembly, 1962; and ch. 67, Acts of Virginia General Assembly, 1962) adopted identical amendments to the compact, to become effective upon consent of Congress, by which article I, and sections 1 and 24 of article XII, respectively, of the compact are amended to read as follows:

"ARTICLE I

"There is hereby created the Washington Metropolitan Area Transit District, hereinafter referred to as Metropolitan District, which shall embrace the District of Columbia, the cities of Alexandria and Falls Church, the counties of Arlington and Fairfax, and political subdivisions of the State of Virginia located within those counties and that portion of Loudoun County, Virginia, occupied by the Dulles International Airport and the counties of Montgomery and Prince Georges, in the State of Maryland and political subdivisions of the State of Maryland located within said counties, and all other cities now or hereafter existing in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area of said counties, cities, and airport.

"ARTICLE XII

"Transportation covered

"1. (a) This Act shall apply to the transportation for hire by any carrier of persons between any points in the Metropolitan District and to the persons engaged in rendering or performing such transportation service, except—

"(1) transportation by water;

"(2) transportation by the Federal Government, the signatories hereto, or any political subdivision thereof;

"(3) transportation by motor vehicles employed solely in transporting schoolchildren and teachers to or from public or private schools;

"(4) transportation performed in the course of an operation over a regular route, between a point in the Metropolitan District and a point outside the Metropolitan District, including transportation between points on such regular route within the Metropolitan District as to interstate and foreign commerce, if authorized by certificate of public convenience and necessity or permit issued by the Interstate Commerce Commission, and any carrier whose only transportation within the Metropolitan District is within this exemption shall not be deemed to be a carrier subject to the compact; provided, however, if the primary function of a carrier's entire operations is the furnishing of mass transportation service within the Washington Metropolitan Area Transit District, then such operations in the Metropolitan District shall be subject to the jurisdiction of the Commission;

"(5) transportation performed by a common carrier by railroad subject to Part I of the Interstate Commerce Act, as amended.

"(b) The provisions of this Title II shall not apply to transportation as specified in this section solely within the Commonwealth of Virginia and to the activities of persons engaged in such transportation, nor shall any provision of this Title II be construed to infringe the exercise of any power or the discharge of any duties conferred or imposed upon the State Corporation Commission of the Commonwealth of Virginia by the Virginia Constitution.

"(c) Notwithstanding the provisions of paragraph (a) of this section, this Act shall apply to taxicabs and other vehicles used in performing a bona fide taxicab service having a seating capacity of eight passengers or less in addition to the driver thereof with respect only to (i) the rate or charges for transportation from one signatory to another within the confines of the Metropolitan District, and (ii) requirements for minimum insurance coverage.

"Annual report of the Commission

"24. The Commission shall make an annual report for each fiscal year ending June thirtieth, to the Governor of Virginia and the Governor of Maryland, and to the Board of Commissioners of the District of Columbia as soon as practicable after June thirtieth, but no later than the 1st day of January of each year, which shall contain, in addition to a report of the work performed under this Act, such other information and recommendations concerning passenger transportation within the Metropolitan District, as the Commission deems advisable."

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of Congress is hereby given to the State of Maryland and the Commonwealth of Virginia to effectuate the foregoing amendments to the compact, and the Commissioners of the District of Columbia are authorized and directed to effectuate said amendments on behalf of the United States for the District of Columbia.

Sec. 2. Section 5 of Public Law 86–794 (74 Stat. 1050) is repealed.

Sec. 3. The right of Congress to alter, amend, or repeal this Act is hereby expressly reserved.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POTOMAC RIVER COMPACT

The Clerk called the resolution (H.J. Res. 659) granting consent of the Congress to a compact entered into between the State of Maryland and the Commonwealth of Virginia for the creation of the Potomac River Compact of 1958.

There being no objection, the Clerk read the resolution, as follows:

Whereas the State of Maryland and the Commonwealth of Virginia have entered into a compact, known as the Potomac River Compact of 1958, by means of concurrent legislation for that purpose, being chapter 269 of the Acts of the General Assembly of Maryland of 1959 and being found in chapters 5 and 28 of the 1959 Extraordinary Session of the General Assembly of Virginia: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of the Congress, subject to the provisions and conditions of section 2 of this joint resolution, is given to the State of Maryland and the Commonwealth of Virginia for the Potomac River Compact of 1958 and for each and every part and article thereof: *Provided,* That nothing in this compact shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in or over the region which forms the subject of the compact or the power of Congress pursuant to the United States Constitution over interstate or foreign commerce. The compact reads as follows:

"POTOMAC RIVER COMPACT OF 1958

"Preamble

"Whereas Maryland and Virginia are both vitally interested in conserving and improving the valuable fishery resources of the Tidewater portion of the Potomac River, and

"Whereas, certain provisions of the Compact of 1785 between Maryland and Virginia having become obsolete, Maryland and Virginia each recognizing that Maryland is the owner of the Potomac River bed and waters to the low water mark of the southern shore thereof, as laid out on the Mathews-Nelson survey of 1927, and that Virginia is the owner of the Potomac River bed and waters southerly from said low water mark as laid out, and that the citizens of Virginia have certain riparian rights along the southern shore of the river, as shown on said Mathews-Nelson survey, and, in common with the citizens of Maryland, the right of fishing in said river, Maryland and Virginia have agreed that the necessary conservation and improvement of the tidewater portion of the Potomac fishery resources can be best achieved by a Commission comprised of representatives of both Maryland and Virginia, charged with the establishment and maintenance of a program to conserve and improve these resources, and

"Whereas, at a meeting of the commissioners appointed by the Governors of the State of Maryland and the Commonwealth of Virginia, to-wit: Carlyle Barton, M. William Adelson, Stephen R. Collins, Edward S. Delaplaine and William J. McWilliams, Esquires, on the part of the State of Maryland, and Mills E. Godwin, Jr., Howard H. Adams, Robert Y. Button, John Warren Cooke and Edward E. Lane, Esquires, on the part of the Commonwealth of Virginia, at Mount Vernon, Virginia, on the twentieth of December, in the year one thousand nine hundred and fifty-eight, the following Potomac River Compact of 1958 between the Commonwealth of Virginia and the State of Maryland was mutually agreed to by the said Commissioners: Now, therefore, be it *Resolved* by the Commissioners appointed by the Governors of the State of Maryland and the Commonwealth of Virginia, meeting in joint session, that they do unanimously recommend to the said respective Governors that there be a new compact, to be designated as the "Potomac River Compact of 1958", and that the said new compact be referred as promptly as possible to the Legislatures of the State of Maryland and the Commonwealth of Virginia for appropriate action, and to the end and after ratification and adoption by said Legislatures the same be submitted to the Congress of the United States for approval.

"Article I

"Commission—Membership and Organization

"SECTION 1. COMMISSION CREATED.—The Potomac River Fisheries Commission, hereinafter designated as "Commission", is hereby created.

"SEC. 2. MEMBERS.—The Commission shall consist of six members, three from Maryland and three from Virginia. The Maryland members shall be the members of the Tidewater Fisheries Commission of Maryland or its successor agency and the Virginia members shall be the members of the Virginia Fisheries Commission or its successor agency. If the membership of either of the respective State Commissions exceeds three, then the three Commission members from that State shall be selected by the Governor thereof from the members of the State Commission; and if the membership of either of the respective State Commissions is less than three, the three Commission members from that State shall be the member or members of the State Commission, and such additional person or persons who shall be appointed by the Governor as may be necessary to constitute a total of three Commissioners.

"SEC. 3. TERM, VACANCIES.—The term of Commissioners who are members of their respective State Commissions shall be conterminous with their term on their State Commission. The term of Commissioners who are not members of their State Commission shall be four years. Vacancies on the Commission shall be filled by appointment of the Governor of the State entitled to fill the vacancy, except that where the State Commission has three members, the person filling a vacancy on the State Commission shall ex officio become a member of the Commission.

"SEC. 4. CHAIRMAN.—The Chairman of the Commission shall alternate from year to year between the representatives of Maryland and Virginia. Subject to such alternation, the Chairman shall be elected by the Commissioners for a term of one year.

"SEC. 5. COMPENSATION, EXPENSES.—Commissioners shall be entitled to receive from the General Fund of the Commission compensation of twenty-five ($25.00) for each day or portion thereof spent in the performance of their duties, and reimbursement of reasonable expenses incident to the performance of their duties.

"SEC. 6. MEETINGS, QUORUM.—Commission meetings shall be held at least once each quarter, and at such other times as the Commission may determine.

"In order to constitute a quorum for the transaction of any business at least two of the three members from each State must be present and must vote on the business being transacted.

"SEC. 7. OFFICE AND EMPLOYEES.—The Commission shall establish and maintain an office at such locations as it may select, and may employ an Executive Secretary who shall serve at the pleasure of the Commission, and such other administrative, clerical, scientific, and legal personnel as it deems necessary. The powers, duties, and compensation of all employees shall be as prescribed by the Commission, and the employees shall not be subject to the provisions of article 64A of the Annotated Code of Maryland nor to the provisions of the Virginia Personnel Act, as the same may be from time to time in effect. The Commission may extend to any employee or employees membership in the Virginia Supplemental Retirement System or the Maryland Employees' Retirement System, whichever is applicable, subject to the laws relating to each such retirement system.

"Article II

"Jurisdictional Boundaries

"The territory in which the Potomac River Fisheries Commission shall have jurisdiction shall be those waters of the Potomac River enclosed within the following described area:

"Beginning at the intersection of mean low water mark at Point Lookout and an established line running from Smiths Point to Point Lookout, marking Chesapeake Bay waters; thence following the mean low water line of the shore northwesterly across the respective mouths of all creeks to Gray Point at the westerly entrance into Rowley Bay; thence in a straight line northwesterly to the southerly extremity of Kitts Point; thence along the mean low water line to the southwesterly point of St. Inigoes Neck; thence in a straight line westerly to the most easterly point of St. Georges Island; thence following the mean low water line in a general northwesterly direction, across the respective mouths of all creeks and inlets to the southwesterly point of Huggins Point; thence in a straight line southwesterly to the eastern extremity of the sand bar known as Heron Island; thence northwesterly following the ridge of Heron Island Bar to its westerly extremity; thence southwesterly in a straight line to the most southerly point of Blakiston Island; thence in a straight line northwesterly to the southern extremity of Colton's Point; thence following the mean low water line westerly, excluding all creeks and inlets, to the point marking the southeasterly entrance into St. Catherine Sound; thence westerly in a straight line to the southern extremity of St. Catherine Island Sandbar; thence northwesterly, along the westerly edge of said sand bar containing along the mean low water line of the southwesterly side of St. Catherine Island to the northwesterly point of said island; thence westerly in a straight line to Cobb Point Bar Lighthouse; thence northwesterly along the ridge of Cobb Point Sandbar to the southerly extremity of Cobb Point; thence following the mean low water line in general northwesterly and northerly directions across the respective mouths of all creeks and inlets to a point at the easterly entrance into Port Tobacco River, due east of Windmill Point; thence in a straight line westerly to Windmill Point; thence southwesterly following the mean low water line across the respective mouths of all creeks and inlets to Upper Cedar Point; thence southwesterly in a straight line across the mouth of Nanjemoy Creek to a point on shore at the village of Riverside; thence following the mean low water line, southwesterly, northwesterly and northerly across the respective mouths of all creeks and inlets to Smiths Point; thence northerly in a straight line to Liverpool Point; thence northerly in a straight line to Sandy Point; thence following the mean low water line northerly, across the respective mouths of all creeks and inlets to Moss Point; thence northerly in a straight line across Chicamuxen Creek to the southernmost point of Stump Neck; thence following the mean low water line northeasterly, across the respective mouths of all creeks and inlets, to a point at the southerly entrance into Mattawoman Creek; thence in a straight line northeasterly across the mouth of Mattawoman Creek to the southwesterly point of Cornwallis Neck; thence following the mean low water line northeasterly, across the respective mouths of all creeks and inlets, to Chapman Point; thence in a straight line northeasterly to Pomonkey or Hillis Point; thence following the mean low water line in a northerly direction across the respective mouths of all creeks and inlets, to a point on Marshall Hall shore, due south of Ferry Point; thence northeasterly in a straight line to Bryan Point; thence northeasterly in a straight line to the northwest extremity of Mockley Point; thence northeasterly in a straight line to Hatton Point; thence northerly in a straight line to the southwesternmost point of Indian Queen Bluff; thence following the mean low water line northerly across the respective mouths of all creeks and inlets, to Rosier Bluff Point; thence in a straight line northerly to the intersection with the District of Columbia line at Fox Ferry Point; thence following the boundary line of the District of Columbia southwesterly to a point on the lower or southern shore of the Potomac River, said point being the intersection of the boundary line of the Commonwealth of Virginia with the boundary line of the District of Columbia; thence following the mean low water line of the Potomac River on the southern, or Virginia shore, as defined in the Black-Jenkins Award of 1877 and as laid out in the Mathews-Nelson Survey of 1927, beginning at the intersection of the Potomac River and the District of Columbia line at Jones Point and running to Smiths Point; and thence in a straight line across the mouth of the Potomac River on the established line from Smiths Point to Point Lookout, to the mean low water mark at Point Lookout, the place of beginning.

"Article III

"Commission Powers and Duties

"SECTION 1. OYSTER BARS.—The Commission shall make a survey of the oyster bars within its jurisdiction and may reseed and replant said oyster bars as may from time to time be necessary.

"SEC. 2. FISH AND SEAFOOD.—The Commission may by regulation prescribe the type, size and description of all species of finfish, crabs, oysters, clams and other shellfish which may be taken or caught, within its jurisdiction, the places where they may be taken or caught, and the manner of taking or catching.

"SEC. 3. RESEARCH.—The Commission shall maintain a program of research relating to the conservation and repletion of the fishery resources within its jurisdiction, and to that end may cooperate and contract with scientists and public and private scientific agencies engaged in similar work, and may purchase, construct, lease, borrow or otherwise acquire by any lawful method such property, structures, facilities, or equipment as it deems necessary.

"SEC. 4. LICENSES.—(a) The Commission shall issue such licenses as it may prescribe which shall thereupon be required for the taking of finfish, crabs, oysters, clams or other shellfish from the waters within the jurisdiction of the Commission, and for boats, vessels and equipment used for such taking. Recognizing that the right of fishing in the territory over which the Commission shall have jurisdiction is and shall be common to and equally enjoyed by the citizens of Virginia and Maryland, the Commission shall make no distinction between the citizens of Virginia or Maryland in any rule, regulation or the granting of any licenses, privileges, or rights under this compact.

"(b) Licenses for the taking of oysters and clams and the commercial taking of finfish and crabs within the jurisdiction of the Commission shall be granted only to citizens of Maryland or Virginia who have resided in either or both States for at least twelve months immediately preceding the application for the license. Within six months after the effective date of this compact, the Commission shall adopt a schedule of licenses, the privileges granted thereby, and the fees therefor, which may be modified from time to time in the discretion of the Commission.

"(c) The licenses hereby authorized may be issued at such places, by such persons, and in accordance with such procedures as the Commission may determine.

"Sec. 5. Expenditures.—The Commission is authorized to expend funds for the purposes of general administration, repletion of the fish and shellfish in the Potomac River, and the conservation and research programs authorized under this compact, subject to the limitations provided in this compact.

"Sec. 6. Grants, contributions, etc.—The Commission is authorized to receive and accept (or to refuse) from any and all public and private sources such grants, contributions, appropriations, donations, and gifts as may be given to it, which shall be paid into and become part of the General Fund of the Commission, except where the donor instructs that it shall be used for a specific project, study, purpose, or program, in which event it shall be placed in a special account, which shall be administered under the same procedure as that prescribed for the General Fund.

"Sec. 7. Cooperation of State Agencies.—The Commission may call upon the resources and assistance of the Virginia Fisheries Laboratory, the Maryland Department of Research and Education, and all other agencies institutions, and departments of Maryland and Virginia which shall cooperate fully with the Commission upon such request.

"Sec. 8. Regulations.—The Commission shall have the power to make, adopt and publish such rules and regulations as may be necessary or desirable for the conduct of its meetings, such hearings as it may from time to time hold, and for the administration of its affairs.

"Sec. 9. Inspection Tax.—The Commission may impose an inspection tax, in an amount as fixed from time to time by the Commission, not exceeding 25 cents per bushel, upon all oysters caught within the limits of the Potomac River. The tax shall be paid by the buyer at the place in Maryland or Virginia where the oysters are unloaded from vessels and are to be shipped no further in bulk in vessel, to an agent of the Commission, or to such officer or employee of the Virginia Fisheries Commission or of the Maryland Department of Tidewater Fisheries, as may be designated by the Commission, and by him paid over to the Commission.

"Article IV

"Commission Regulations—Procedure and Review

"Section 1. Notice, Hearing, Vote.—No regulation shall be adopted by the Commission unless:

"(a) A public hearing is held thereon;

"(b) Prior to the hearing the Commission has given notice of the proposed regulation by publication thereof at least once a week for three successive weeks in at least one newspaper published, or having a general circulation in each county of Maryland and Virginia contiguous to the waters within the Commission's jurisdiction, the first such publication to be at least thirty days but not more than forty-five days prior to the date of the hearing;

"(c) A copy of the proposed regulation is mailed at least thirty days but not more than forty-five days prior to the hearing, to the clerk of the court of each county of Maryland and Virginia contiguous to the waters within the Commission's jurisdiction, who shall post the same in a conspicuous place at or in the courthouse; and

"(d) The regulation is approved by at least four members of the Commission.

"Sec. 2. Recording, Effective Date.—(a) Regulations of the Commission shall be exempt from the provisions of Chapter 1.1 (§ 9–6.1 et seq.) of Title 9 of the Code of Virginia (1950 Edition, as amended from time to time), and of section 9 of Article 41 of the Annotated Code of Maryland (1957 Edition, as amended from time to time). Copies of Commission regulations shall be kept on public file and available for public reference in the offices of the Commission, the office of the clerk of court in each county of Maryland and Virginia contiguous to the waters within the Commission's jurisdiction, the office of the Virginia Division of Statutory Research and Drafting, the office of the Maryland Department of Legislative Reference, the office of the Virginia Fisheries Commission, and the office of the Maryland Department of Tidewater Fisheries.

"(b) No regulation of the Commission shall become effective until thirty (30) days after the date of its adoption, or such later date as may be fixed by the Commission.

"(c) Leasing, dredging or patent tonging shall be authorized by the Commission only if such authorization is granted by joint action of the Legislatures of Maryland and Virginia.

"Sec. 3. Review.—Any person aggrieved by any regulation or order of the Commission may at any time file a petition for declaratory judgment with respect to the validity or construction thereof, in the circuit court of any county in Maryland or Virginia contiguous to the waters within the Commission's jurisdiction. A review of the final judgment of the circuit court may be appealed to the court of highest appellate jurisdiction of the State in accordance with the rules of procedure in each State.

"Sec. 4. Revision by Legislative Action.—Regulations of the Commission may be amended, modified, or rescinded by joint enactment of the General Assembly of Maryland and the General Assembly of Virginia.

"Sec. 5. Revision of Compact.—At any time subsequent to the adoption of this compact the Governor or Legislature of either Maryland or Virginia may call for the appointment of a Commission to make further study and recommendations concerning revision and amendments to this compact, at which time the Governors of the respective States shall act forthwith in compliance with the request for the appointment of said Commission.

"Article V

"Enforcement of Laws and Regulations: Penalties

"Section 1. Responsibility for Enforcement.—The regulations and orders of the Commission shall be enforced by the joint effort of the law enforcement agencies and officers of Maryland and Virginia.

"Sec. 2. Penalties.—The violation of any regulation of the Commission shall be a misdemeanor. Unless a lesser punishment is provided by the Commission, such violation shall be punishable by a fine not to exceed one thousand dollars ($1,000.00) or confinement in a penal institution for not more than one (1) year, or both, in the discretion of the court, and any vessel, boat, or equipment used in the taking of finfish, crabs, oysters, clams, or other shellfish from the Potomac River in violation of any regulation of the Commission or of applicable laws may be confiscated by the court, upon the abandonment thereof or the conviction of the owner or operator thereof.

"Sec. 3. Jurisdiction of Court.—The officer making an arrest or preferring a charge for violation of a regulation of the Commission or an applicable State law respecting the waters within the Commission's jurisdiction shall take the alleged offender to a court of competent jurisdiction in either State in a county adjacent to the portion of the Potomac River where the alleged offense occurred, which shall thereupon have jurisdiction over the offense.

"Sec. 4. Disposition of Fines and Forfeitures.—All fines imposed for violation of regulations of the Commission or applicable State laws respecting the waters within the Commission's jurisdiction shall be paid into the court in which the case is prosecuted, and accounted for under the laws applicable to that court. Any property confiscated under the provisions of this compact shall be turned over to the Commission, which may retain, use, or dispose of it as it deems best.

"Article VI

"Commission finances

"Section 1. Budget.—The Commission shall approve and adopt a proposed annual budget showing estimated income, revenues, appropriations, and grants from all sources, and estimated necessary expenditures and shall send a copy thereof to the Governors of Maryland and Virginia.

"Sec. 2. Appropriations.—The said Governors shall place in the proposed budget of their respective States for each year the sum of not less than fifty thousand dollars ($50,000.00) for the expenses and the other purposes of the Commission for that year, except that none of the sum so appropriated shall be used for law enforcement purposes; and the General Assembly of each of the two states agrees to appropriate annually not less than this sum to the Commission.

"Sec. 3. General Fund.—(a) The General Fund shall consist off:

"(1) All income and revenue received from the issuance of licenses under this compact;

"(2) The proceeds of the disposition of property confiscated pursuant to the provisions of this compact;

"(3) The proceeds of the inspection tax upon oysters imposed pursuant to this compact; and

"(4) The funds appropriated to the Commission by the two States.

"(b) The General Fund of the Commission shall be kept in such bank or depository as the Commission shall from time to time select. The General Fund shall be audited annually by the Auditor of Public Accounts of Virginia and the State Auditor of Maryland acting jointly, and at such other times as the Commission may request.

"Article VII

"Effect on existing laws and prior compact

"Section 1. Existing Rights.—The rights including the privilege of erecting and maintaining wharves and other improvements, of the citizens of each State along the shores of the Potomac River adjoining their lands shall be neither diminished, restricted, enlarged, increased nor otherwise altered by this compact, and the decisions of the courts construing that portion of Article VII of the Compact of 1785 relating to the rights of riparian owners shall be given full force and effect.

"Sec. 2. Existing Laws.—The laws of the State of Maryland relating to finfish, crabs, oysters, and clams in the Potomac River, as set forth in Article 66C of the Annotated Code of Maryland and as in effect on December 1, 1958, shall be and remain applicable in the Potomac River except to the extent changed, amended, or modified by regulations of the Commission adopted in accordance with this compact.

"SEC. 3. EXISTING LICENSES.—The rights and privileges of licensees to take and catch finfish, crabs, oysters, clams, and other shellfish in the Potomac River, which are in effect at the time this compact becomes effective, shall continue in force for a period of six months at which time every such license and every such right and privilege shall be abrogated.

"Article VIII

"Effect of Ratification

"These articles shall be laid before the Legislatures of Virginia and Maryland, and their approbation being obtained, shall be confirmed and ratified by a law of each State, never to be repealed or altered by either, without the consent of the other.

"Article IX

"Effective Date

"This compact, which takes the place of the Compact of 1785 between Maryland and Virginia, shall take effect at the expiration of sixty days after the completion of the last act legally necessary to make it operative, and thereupon the said Compact of 1785 shall no longer have any force or effect."

SEC. 2. (a) The right to alter, amend, or repeal this joint resolution is hereby expressly reserved.

(b) The right is hereby reserved to the Congress or any of its standing committees to require of the Potomac River Fisheries Commission the disclosure and furnishing of such information and data as is deemed appropriate by the Congress or any committee thereof having jurisdiction of the subject matter of this resolution.

The resolution was ordered to be engrossed and read the third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DELAWARE-NEW JERSEY COMPACT

The Clerk called the resolution (H.J. Res. 783) granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay.

Mr. WIDNALL. Mr. Speaker, reserving the right to object, I would like to ask a question about this.

Do you know whether or not this resolution has been amended to take care of the situation in Cape May, N.J.?

Mr. WILLIS. If the gentleman will yield, Mr. Speaker, I do not know exactly the amendment the gentleman has in mind. I would say this to him, that the Governors of these two States, Delaware and New Jersey, appeared before the committee. They made certain recommendations which we adopted. The Department of the Interior and the Department of Commerce made certain recommendations; and, very happily, we were able to get everyone together, and as far as I know everybody is satisfied.

As I say, I do not know exactly the amendment the gentleman referred to, but I can tell him what the amendments are. There are five, and as far as I know, everyone is satisfied.

Mr. WIDNALL. Senator Sandman, of Cape May, N.J.——

Mr. WILLIS. If he was the gentleman who appeared as a witness, my answer to the House is that the two State senators, one from each State, appeared, and they were satisfied. Again I state I do not know exactly what amendment the gentleman is talking about, but I do know that the Governors and the State senators, the Department of the Interior, and the Department of Commerce were all satisfied.

Mr. WIDNALL. The project has to do with a proposed ferry running from Cape May to Delaware. Senator Sandman seemed to feel that under the bill as offered there was some question.

Mr. WILLIS. The question of the operation of the ferry is not involved in this bill, I would say to the gentleman from New Jersey.

Mr. WIDNALL. And it would be possible still to go ahead with the project and have terminal facilities?

Mr. WILLIS. That would depend on the local laws. This bill would not have any effect on it.

Mr. WIDNALL. They would not be barred from having terminal facilities?

Mr. WILLIS. The bill does not deal with that.

Mr. AUCHINCLOSS. Mr. Speaker, will the gentleman yield?

Mr. WIDNALL. I yield.

Mr. AUCHINCLOSS. The project the gentleman refers to is to come before another committee in separate legislation. If this bill is passed today it will have a definite bearing on the legislation which is before the Public Works Committee covering the Cape May operation which he has in mind. I think it will specifically meet the objections that have been raised by the State senator in New Jersey who probably communicated with the gentleman. He has communicated with me, at least.

Mr. WIDNALL. Mr. Speaker, I withdraw my reservation of objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

Mr. McDOWELL. Mr. Speaker, the purpose of House Joint Resolution 783 is to grant the consent of Congress to the States of Delaware and New Jersey to enter into a compact to establish the Delaware River and Bay Authority for developing the area in both States bordering the Delaware River and Bay.

The compact has been adopted by identical legislation of the States of Delaware and New Jersey.

In summary, the compact establishes the authority for the purposes of: (a) Planning and constructing crossings; (b) planning and constructing transportation and terminal facilities; and (c) performance of other functions hereafter entrusted to Delaware and New Jersey.

The compact details the powers to be exercised by the authority and also permits it to be given additional powers.

The authority will be authorized to collect tolls on crossings and facilities and to pledge tolls for the repayment of borrowings. The aggregate of such tolls must be at least sufficient to defray operating and acquisition costs and the establishment of reserves.

Section 1 of the joint resolution gives the consent of Congress to Delaware and New Jersey to enter into the compact, reserving the right and jurisdiction of the United States in and over the area which forms the subject of the compact.

In addition, the compact contains the following reservations and conditions:

First. Projects of the authority shall be subject to the requirements of the Fish and Wildlife Coordination Act.

Second. Nothing in the resolution amends or supersedes the Delaware River Basin compact resolution.

In the 84th Congress I introduced legislation to amend the act entitled "An act authorizing the State of Delaware by and through its State highway department to construct, maintain, and operate a toll bridge across the Delaware River near Wilmington, Del."

The need for a second bridge and for new access roads in Delaware leading to the bridge were fully outlined by me and by others at the July 12, 1956 hearings held by the Subcommittee on Rivers and Harbors.

New Jersey insisted at that time that the construction and operation of transportation facilities between Delaware and New Jersey must be a joint project of the two States.

Delaware and New Jersey subsequently ratified legislation to permit the tolls to remain on the Delaware Memorial Bridge, the construction of a second bridge, and authorize the establishment of a ferry across that part of the Delaware Bay which is so wide that the construction of a bridge would not be economically feasible.

This legislation also provided that these vital projects could be financed by revenue bonds without the use of either tax money or bonds backed by the credit of the States of Delaware and New Jersey.

The Delaware-New Jersey compact fully recognizes what is so clearly obvious, that neither Delaware nor New Jersey can by themselves alone provide for the operation and development of such great and expensive transportation facilities as bridges, ferries, tunnels, or other crossings, and that the planning and operation of such vital facilities takes a good many years to work out.

Traffic surveys indicate that the present Delaware Memorial Bridge will reach its peak traffic capacity within the next 2 years.

The new bistate authority will require a reasonable time to plan for the construction of an additional crossing; a new bridge to facilitate the expected flow of traffic over this important waterway will require at least 5 years to plan and build.

Both Delaware and New Jersey have completed legislative action to prepare for planning and constructing this additional crossing. It only remains for the Congress to ratify the Delaware-New Jersey compact.

I urge you to pass this House joint resolution, which I am proud to have authored, so that the traveling public may not be inconvenienced by a bottleneck which would stifle interstate travel and commerce.

In doing so, you will be providing for the present and the future.

The SPEAKER. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Whereas, the State of Delaware and the State of New Jersey, pursuant to legislative authority adopted by each State, being 53 Laws of Delaware, chapter 145, and P.L. 1961, chapter 66 of the Laws of New Jersey, have provided, subject to the consent of Congress, for a compact, known as the Delaware-New Jersey Compact, establishing "The Delaware River and Bay Authority" for the development of the area in both States bordering the said Delaware River and Bay; and

Whereas, said compact reads as follows:

DELAWARE-NEW JERSEY COMPACT

Whereas, The States of Delaware and New Jersey are separated by the Delaware River and Bay which create a natural obstacle to the uninterrupted passage of traffic other than by water and with normal commercial activity between the two States thereby hindering the economic growth and development of those areas in both States which border the River and Bay; and

Whereas, the pressures of existing trends from increasing traffic, growing population and greater industrialization indicate the need for closer cooperation between the two States in order to advance the economic development and to improve crossings, transportation, terminal and other facilities of the area; and

Whereas, the financing, construction, operation and maintenance of such crossings, transportation, terminal and other facilities of commerce and the over-all planning for future economic development of the area may be best accomplished for the benefit of the two States and their citizens, the region and Nation, by the cordial cooperation of Delaware and New Jersey by and through a joint or common agency or authority;

Now, therefore, the State of Delaware and the State of New Jersey, do hereby solemnly covenant and agree, each with the other as follows:

Article I

Short Title

This Compact shall be known as the "Delaware-New Jersey Compact."

Article II

Definitions

"Crossing" means any structure or facility adapted for public use in crossing the Delaware River or Bay between the States, whether by bridge, tunnel, ferry or other device, and by any vehicle or means of transportation of persons or property, as well as all approaches thereto and connecting and service routes and all appurtenances and equipment relating thereto.

"Transportation facility" and "terminal facility" mean any structure or facility other than a crossing as herein defined, adapted for public use within each of the States party hereto in connection with the transportation of persons or property, including railroads, motor vehicles, watercraft, airports and aircraft, docks, wharves, piers, slips, basins, storage places, sheds, warehouses, and every means or vehicle of transportation now or hereafter in use for the transportation of persons and property or the storage, handling or loading of property, as well as all apurtenances and equipment related thereto.

"Appurtenances" and "equipment" mean all works, buildings, structures, devices, appliances and supplies, as well as every kind of mechanism, arrangement, object or substance related to and necessary or convenient for the proper construction, equipment, maintenance, improvement and operation of any crossing, transportation facility or terminal facility.

"Project" means any undertaking or program for the acquisition or creation of any crossing, transportation facility or terminal facility, or any part thereof, as well as for the operation, maintenance and improvement thereof.

"Tunnel" means a tunnel of one or more tubes.

"Governor" means any person authorized by the Constitution and law of each State to exercise the functions, powers and duties of that office.

"Authority" means the Authority created by this Compact or any agency successor thereto.

The singular whenever used herein shall include the plural, and the plural shall include the singular.

Article III

Faithful Cooperation

They agree to and pledge, each to the other, faithful cooperation in the effectuation of this Compact and any future amendment or supplement thereto, and of any legislation expressly in implementation thereof hereafter enacted, and in the planning, development, financing, construction, operation, maintenance and improvement of all projects entrusted to the Authority created by this Compact.

Article IV

Establishment of Agency; Purposes

The two States agree that there shall be created and they do hereby create a body politic, to be known as "The Delaware River and Bay Authority" (for brevity hereinafter referred to as the "Authority"), which shall constitute an agency of government of the State of Delaware and the State of New Jersey for the following general public purposes, and which shall be deemed to be exercising essential governmental functions in effectuating such purposes, to wit:

(a) The planning, financing, development, construction, purchase, lease, maintenance, improvement and operation of crossings between the States of Delaware and New Jersey across the Delaware River or Bay at any location south of the boundary line between the State of Delaware and the Commonwealth of Pennsylvania as extended across the Delaware River to the New Jersey shore of said river, together with such approaches or connections thereto as in the judgment of the Authority are required to make adequate and efficient connections between such crossings and any public highway or other routes in the State of Delaware or in the State of New Jersey; and

(b) The planning, financing, development, construction, purchase, lease, maintenance, improvement and operation of any transportation or terminal facility within those areas of both States which border on or are adjacent to the Delaware River or Bay south of the aforesaid line and which in the judgment of the States is required for the sound economic development of the area; and

(c) The performance of such other functions as may be hereafter entrusted to the Authority by concurrent legislation expressly in implementation hereof.

The authority shall not undertake any project or part thereof, other than a crossing, without having first secured approval thereof by concurrent legislation of the two States expressly in implementation hereof.

Article V

Commissioners

The Authority shall consist of ten Commissioners, five of whom shall be residents of and qualified to vote in, and shall be appointed from, the State of Delaware, and five of whom shall be residents of and qualified to vote in, and shall be appointed from, the State of New Jersey; not more than three of the Commissioners of each State shall be of the same political party; the Commissioners for each State shall be appointed in the manner fixed and determined from time to time by the law of each State respectively. Each Commissioner shall hold office for a term of five years, and until his successor shall have been appointed and qualified, but the terms of the first Commissioners shall be so designated that the term of one Commissioner from each State shall expire each year. All terms shall run to the first day of July. Any vacancy, however created, shall be filled for the unexpired term only. Any Commissioner may be suspended or removed from office as provided by law of the State from which he shall be appointed.

Commissioners shall be entitled to reimbursement for necessary expenses to be paid only from revenues of the Authority and may not receive any other compensation for services to the Authority except such as may from time to time be authorized from such revenues by concurrent legislation.

Article VI

Board Action

The Commissioners shall have charge of the Authority's property and affairs and shall, for the purpose of doing business, constitute a Board; but no action of the Commissioners shall be binding or effective unless taken at a meeting at which at least three Commissioners from each State are present, and unless at least three Commissioners from each State shall vote in favor thereof. The vote of any one or more of the Commissioners from each State shall be subject to cancellation by the Governor of such State at any time within 10 days (Saturdays, Sundays, and public holidays in the particular State excepted) after receipt at the Governor's Office of a certified copy of the minutes of the meeting at which such vote was taken. Each State may provide by law for the manner of delivery of such minutes, and for notification of the action thereon.

Article VII

General Powers

For the effectuation of its authorized purposes, the Authority is hereby granted the following powers:

a. To have perpetual succession.

b. To adopt and use an official seal.

c. To elect a chairman and a vice-chairman from among the commissioners. The chairman and vice-chairman shall be elected from different States, and shall each hold office for two years. The chairmanship and vice-chairmanship shall be alternated between the two States.

d. To adopt by-laws to govern the conduct of its affairs by the Board of Commissioners, and it may adopt rules and regulations and may make appropriate orders to carry out and discharge its powers, duties and functions, but no by-law, or rule, regulation or order shall take effect until it has been filed with the Secretary of State of each State or in such other manner in each State as may be provided by the law thereof. In the establishment of rules, regulations and orders respecting the use of any crossing, transportation or terminal facility owned or operated by the Authority, including approach roads, it shall consult with appropriate officials of both States in order to insure, as far as possible, uniformity of such rules, regulations and orders with the law of both States.

e. To appoint, or employ, such other officers, agents, attorneys, engineers and employees as it may require for the performance of its duties and to fix and determine their qualifications, duties, compensation, pensions, terms of office and all other conditions and terms of employment and retention.

f. To enter into contracts and agreements with either State or with the United States,

or with any public body, department, or other agency of either State or of the United States or with any individual, firm or corporation, deemed necessary or advisable for the exercise of its purposes and powers.

g. To accept from any government or governmental department, agency or other public or private body, or from any other source, grants or contributions of money or property as well as loans, advances, guarantees, or other forms of financial assistance which it may use for or in aid of any of its purposes.

h. To acquire (by gift, purchase or condemnation), own, hire, lease, use, operate and dispose of property, whether real, personal or mixed, or of any interest therein, including any rights, franchise and property for any crossing, facility or other project owned by another, and which the Authority is authorized to own and operate.

i. To designate as express highways, and control public and private access thereto, all or any approaches to any crossing or other facility of the Authority for the purpose of connecting the same with any highway or other route in either State.

j. To borrow money and to evidence such loans by bonds, notes or other obligations, either secured or unsecured, and either in registered or unregistered form, and to fund or refund such evidences of indebtedness, which may be executed with facsimile signatures of such persons as may be designated by the Authority and by a facsimile of its corporate seal.

k. To procure and keep in force adequate insurance or otherwise provide for the adequate protection of its property, as well as to indemnify it or its officers, agents or employees against loss or liability with respect to any risk to which it or they may be exposed in carrying out any function hereunder.

l. To grant the use of, by franchise, lease or otherwise, and to make charges for the use of, any crossing, facility or other project or property owned or controlled by it.

m. To exercise the right of eminent domain to acquire any property or interest therein.

n. To determine the exact location, system and character of and all other matters in connection with any and all crossings, transportation or terminal facilities or other projects which it may be authorized to own, construct, establish, effectuate, operate or control.

o. To exercise all other powers not inconsistent with the Constitutions of the two States or of the United States, which may be reasonably necessary or incidental to the effectuation of its authorized purposes or to the exercise of any of the foregoing powers, except the power to levy taxes or assessments, and generally to exercise in connection with its property and affairs, and in connection with property within its control, any and all powers which might be exercised by a natural person or a private corporation in connection with similar property and affairs.

Article VIII

Additional Powers

For the purpose of effectuating the authorized purposes of the Authority, additional powers may be granted to the Authority by legislation of either State without the concurrence of the other, and may be exercised within such State, or may be granted to the Authority by Congress and exercised by it; but no additional duties or obligations shall be undertaken by the Authority under the law of either State or of Congress without authorization by the law of both States.

Article IX

Eminent Domain

If the Authority shall find and determine that any property or interest therein is required for a public use because in furtherance of the purposes of the Authority, said determination shall not be affected by the fact that such property has theretofore been taken over or is then devoted to a public use, but the public use in the hands or under the control of the Authority, shall be deemed superior to the public use for which it has theretofore been taken or to which it is then devoted.

In any condemnation proceedings in connection with the acquisition by the Authority of property or property rights of any character in either State and the right of inspection and immediate entry thereon, through the exercise by it of its power of eminent domain, any existing or future law or rule of court of the State in which such property is located with respect to the condemnation of property for the construction, reconstruction, and maintenance of highways therein, shall control. The Authority shall have the same power and authority with respect thereto as the State agency named in any such law; provided that nothing herein contained shall be construed as requiring joint or concurrent action by the two States with respect to the enactment, repeal or amendment of any law or rule of court on the subject of condemnation under which the Authority may proceed by virtue of this Article.

If the established grade of any street, avenue, highway or other route shall be changed by reason of the construction by the Authority of any work so as to cause loss or injury to any property abutting on such street, avenue, highway or other route, the Authority may enter into voluntary agreements with such abutting property owners and pay reasonable compensation for any loss or injury so sustained, whether or not it be compensable as damages under the condemnation law of the State.

The power of the Authority to acquire property by condemnation shall be a continuing power, and no exercise thereof shall be deemed to exhaust it.

Article X

Revenues and Application

The Authority is hereby authorized to establish, levy and collect such tolls and other charges as it may deem necessary, proper or desirable, in connection with any crossing, transportation or terminal facility or other project which it is or may be authorized at any time to construct, own, operate or control, and the aggregate of said tolls and charges shall be at least sufficient (1) to meet the combined expenses of operation, maintenance and improvement thereof (2) to pay the cost of acquisition or construction, including the payment, amortization and retirement of bonds or other securities or obligations assumed, issued or incurred by the Authority, together with interest thereon and (3) to provide reserves for such purposes; and the Authority is hereby authorized and empowered, subject to prior pledges, if any, to pledge such tolls and other revenues or any part thereof as security for the repayment with interest of any moneys borrowed by it or advanced to it for its authorized purposes and as security for the satisfaction of any other obligations assumed by it in connection with such loans or advances. There shall be allocated to the cost of the acquisition, construction, operation, maintenance and improvement of such facilities and projects, such proportion of the general expenses of the Authority as it shall deem properly chargeable thereto.

Article XI

Covenant With Bondholders

The two said States covenant and agree with each other and with the holders of any bonds or other securities or obligations of the Authority, assumed, issued or incurred by it and as security for which there may be pledged the tolls and revenues or any part thereof of any crossing, transportation or terminal facility or other project, that the two said States will not, so long as any of such bonds or other obligations remain outstanding and unpaid, diminish or impair the power of the Authority to establish, levy and collect tolls and other charges in connection therewith, and that neither of the two said States will, so long as any of such bonds or other obligations remain outstanding and unpaid, authorize any crossing of the Delaware River or Delaware Bay south of the line mentioned in Article IV (a) of this Compact, by any person or body other than the Authority; unless, in either case, adequate provision shall be made by law for the protection of those advancing money upon such obligations.

Article XII

Securities Lawful Investments

The bonds or other securities or obligations which may be issued by the Authority pursuant to this Compact, or any amendments hereof or supplements hereto, are hereby declared to be negotiable instruments, and are hereby made securities in which all State and municipal officers and bodies of each State, all banks, bankers, trust companies, savings banks, building and loan associations, saving and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of either State, may properly and legally invest any funds, including capital, belonging to them or within their control; and said obligations are hereby made securities which may properly and legally be deposited with and shall be received by any State or municipal officer or agency of either State for any purpose for which the deposit of bonds or other obligations of such State is now or may hereafter be authorized.

Article XIII

Tax Status

The powers and functions exercised by the Authority under this Compact and any amendments hereof or supplements hereto are and will be in all respects for the benefit of the people of the States of Delaware and New Jersey, the region and nation, for the increase of their commerce and prosperity and for the enhancement of their general welfare. To this end, the Authority shall be regarded as performing essential governmental functions in exercising such powers and functions and in carrying out the provisions of this compact and of any law relating thereto, and shall not be required to pay any taxes or assessments of any character, levied by either State or political subdivision thereof, upon any of the property used by it for such purposes, or any income or revenue therefrom, including any profit from a sale or exchange. The bonds or other securities or obligations issued by the Authority, their transfer and the interest paid thereon or income therefrom, including any profit from a sale or exchange, shall at all times be free from taxation by either State or any subdivision thereof.

Article XIV

Jurisdiction; Use of Lands

Each of the two States hereby consents to the use and occupancy by the Authority of any lands and property of the Authority in such State for the construction, operation, maintenance or improvement of any crossing, transportation or terminal facility or other project which it is or may be authorized at any time to construct, own or operate, including lands lying under water.

Article XV

Review and Enforcement of Rules

Judicial proceedings to review any by-law, rule, regulation, order or other action of the Authority or to determine the meaning or effect thereof, may be brought in such court of each State, and pursuant to such law or rules thereof, as a similar proceeding with respect to any agency of such State might be brought.

Each State may provide by law what penalty or penalties shall be imposed for violation of any lawful rule, regulation or order of the Authority, and, by law or rule of court, for the manner of enforcing the same.

Article XVI

No Pledge of Credit

The Authority shall have no power to pledge the credit or to create any debt or liability of the State of Delaware, of the State of New Jersey, or of any other agency or of any political subdivision of said States.

Article XVII

Local Cooperation

All municipalities, political subdivisions and every department, agency or public body of each of the States are hereby authorized and empowered to cooperate with, aid and assist the Authority in effectuating the provisions of this Compact and of any amendment hereof or supplement hereto.

Article XVIII

Depositaries

All banks, bankers, trust companies, savings banks and other persons carrying on a banking business under the laws of either State are authorized to give security for the safe-keeping and prompt payment of moneys of the authority deposited by it with them, in such manner and form as may be required by and may be approved by the Authority, which security may consist of a good and sufficient undertaking with such sureties as may be approved by the Authority, or may consist of the deposit with the Authority or other depositary approved by the Authority as collateral of such securities as the Authority may approve.

Article XIX

Agency Police

Members of the police force established by the Authority, regardless of their residence, shall have in each State, on the crossings, transportation or terminal facilities and other projects and the approaches thereto, owned, operated or controlled by the Authority, and at such other places and under such circumstances as the law of each State may provide, all the powers of investigation, detention and arrest conferred by law on peace officers, sheriffs or constables in such State or usually exercised by such officers in each State.

Article XX

Reports and Audits

The Authority shall make annual reports to the Governors and Legislatures of the State of Delaware and the State of New Jersey, setting forth in detail its operations and transactions, and may make such additional reports from time to time to the Governors and Legislatures as it may deem desirable.

It shall, at least annually, cause an independent audit of its fiscal affairs to be made and shall furnish a copy of such audit report together with such additional information or data with respect to its affairs as it may deem desirable to the Governors and Legislatures of each State.

It shall furnish such information or data with respect to its affairs as may be requested by the Governor or Legislature of each State.

Article XXI

Boundaries Unaffected

The existing territorial or boundary lines of the States, or the jurisdiction of the two States established by said boundary lines, shall not be changed hereby.

Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of Congress is hereby given to the States of Delaware and New Jersey to enter into the compact set forth in this resolution, except that nothing contained in such compact shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the area which forms the subject of such compact.

SEC. 2. In addition to any other requirement of law, any project constructed by the Delaware River and Bay Authority in or over the navigable waters of the United States shall be subject to the procedural requirements of section 2(a) of the Fish and Wildlife Coordination Act, as amended (48 Stat. 401; 16 U.S.C. 662(a)).

SEC. 3. Nothing in this resolution shall be construed as—

(a) amending or superseding the provisions of the Act of September 27, 1961 (75 Stat. 688), or

(b) granting the consent of Congress to the use of tolls collected on any crossing for the financing of any transportation or terminal facility constructed or operated by the Authority, or

(c) granting advance consent of Congress for the performance by the Authority of other functions, as contemplated by Article IV, paragraph (c) of the Compact or for the assumption by the Authority of additional powers, as contemplated by Article VIII of the Compact.

SEC. 4. The right is hereby reserved to the Congress or any of its standing committees to require of the Authority the disclosure and furnishing of such information and data as is deemed appropriate by the Congress or any committee thereof having jurisdiction of the subject matter of this resolution.

SEC. 5. The right to alter, amend, or repeal this joint resolution is hereby expressly reserved.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BYRD ARCTIC EXPEDITION OF 1926

The Clerk called the bill (H.R. 8419) to provide for the presentation of medals to the officers and men of the Byrd Arctic Expedition of 1926.

Mr. GROSS. Mr. Speaker, reserving the right to object, I should like to ask the gentleman if there is any monetary award whatever in connection with the presentation of these medals?

Mr. RIVERS of South Carolina. There is no monetary award. There were approximately 41 men who participated in this event which led to the first aerial flight over the North Pole by the late Richard E. Byrd and Floyd Bennett. These are the last remaining members of that 1926 expedition.

I think the cost would be merely that of designing and casting the medals, not more than a few hundred dollars. There is no monetary award involved.

Mr. GROSS. We will be confronted later in the day under suspension of the rules with a bill that would establish monetary awards. I will oppose it.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy shall present to the officers and men of the Byrd Arctic Expedition of 1926 medals of appropriate design and suitably inscribed to express the high admiration of the Congress and the American people for their heroic services in connection with such expedition, including the first aerial flight over the North Pole by then Commander Richard E. Byrd and Floyd Bennett. The Secretary of the Treasury shall cause to be struck such medals as the Secretary of the Navy may determine to be necessary to carry out the provisions of this Act. In the case of a posthumous presentation of any medal authorized by this Act, the Secretary of the Navy shall determine the appropriate recipient thereof.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REQUIRE FILING OF SETTLEMENTS IN PATENT INTERFERENCES

The Clerk called the bill (H.R. 12513) to provide for public notice of settlements in patent interferences, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives by the United States of America in Congress assembled, That section 135, "Interferences", title 35 of the United States Code, is amended by adding thereto the following paragraph:

"No agreement or understanding between parties to an interference proceeding made in connection with or in contemplation of the termination of the proceeding, shall be enforceable unless in writing and a copy thereof filed in the Patent Office before the termination of the proceedings between said parties. A true copy of the agreement or understanding, including any collateral agreements referred to therein, must be filed; and, if the party filing the same so requests, the copy shall be kept separate from the file of the interference, and made available only to Government agencies on written request, or to any person on a showing of good cause. Failure to file the copy of such agreement of understanding shall render permanently unenforceable any patent, of such parties, involved in the interference or any patent subsequently issued on any application, of such parties, so involved. The Commissioner may, however, on a showing of good cause for failure to file within the time prescribed, permit the filing of the agreement or understanding during the six-month period subsequent to the termination of the proceeding as between the parties to said agreement or understanding."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

USE OF PUBLIC SPACE OVER AND UNDER 10TH STREET SW., DISTRICT OF COLUMBIA

The Clerk called the bill (H.R. 12398) to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space over and under 10th Street SW., in the District of Columbia.

Mr. FORD. Mr. Speaker, reserving the right to object, it seems to me this bill would be in violation of the Consent Calender rules and regulations.

I would like to have an explanation of the bill.

Mr. McFALL. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from California.

Mr. McFALL. The bill permits the use of public space over 10th Street for public building No. 5, which has been approved in the regular manner by the House and Senate Public Works Committees. Did the gentleman have any specific question in mind with regard to the violation of the rules of the Consent Calendar procedure?

Mr. FORD. I note that the estimated cost of the building is about $42 million. It is certainly a unique and unusual type of construction. I do not know of any other similar type of construction in the District of Columbia.

I wonder if we should not just let it go by for a couple of weeks and see if there are any bona fide objections to this unusual and unique approach to the utilization of this space.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Iowa.

Mr. GROSS. I would also like to know if this bill authorizes construction in any way, shape, form, or manner, by way of the Consent Calendar. I would like also to know if there is any restriction against Federal employees bringing their dogs to the offices in the building if one is to be constructed?

Mr. FORD. I suspect the new approach is to provide adequate and proper space for any purpose.

Mr. GROSS. The gentleman from Iowa likes dogs, but he thinks dogs belong in their proper place. And he doubts that a Federal office building, including the Justice Department, is the proper place. I wonder, too, about the number of secretaries that are necessary to take Attorney General Kennedy's dog outside periodically for air.

Mr. BROWN. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Ohio.

Mr. BROWN. Perhaps they are going to construct this building for the dogs, because the country seems to be going to the dogs anyway.

Mr. FORD. I did not intend to get into this aspect of the problem at the time I reserved the right to object. I think there are enough serious questions involved that we ought to pass it over for a few weeks, and in the meantime take a good look at it. There have been so many delays on these projects that another 2 weeks I do not think is material.

Mr. McFALL. Whether or not the gentleman wants to ask unanimous consent to put it over for 2 weeks is within his own discretion, but in reply to his question: This building has previously been fully authorized by the Public Works Committee in the procedure required by the Public Buildings Act of 1959. This bill does not authorize the building, so that it does not authorize a $42 million building, and it is not prohibited by the Consent Calendar procedure. All the bill does is to specifically permit the use of the public space over 10th Street. It does not have anything to do with the building itself. It permits the use of the public space so that a new type of design that has been approved by the agencies might be used in this manner.

Mr. FORD. We are having such a controversy in the other body about the public interest in space and related areas. Our colleagues in the other body went on for 5 or 6 days, not discussing the merits of the issue but rather some procedural matters, making a spectacle over there, in my opinion. I think we ought to let this go over. I therefore withdraw my reservation of objection and ask unanimous consent that the bill be passed over without prejudice.

Mr. AUCHINCLOSS. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from New Jersey.

Mr. AUCHINCLOSS. May I say to the gentleman that this measure has had the very careful consideration—and I speak for the minority—by the Committee on Public Works. I think it is in the interest of economy and efficiency. I do not believe that if we postpone consideration of it for a few weeks longer there will be any change in the situation whatsoever. Therefore, I hope the gentleman from Michigan [Mr. FORD] will think that over and, perhaps, withdraw his reservation.

Mr. FORD. The gentleman from New Jersey [Mr. AUCHINCLOSS] is one of the most persuasive and effective Members in the House of Representatives. Solely and exclusively because of his intercession I will withdraw my reservation.

Mr. AUCHINCLOSS. I thank the gentleman.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services, in connection with the construction and maintenance of a Federal office building on the south side of Independence Avenue Southwest in the District of Columbia, is authorized to use the public space over and under that portion of Tenth Street Southwest which is adjacent to such property as has been or may be acquired by the Administrator of General Services as a site for said building. Such authority shall be exercised only to the extent that such use is not inconsistent with the use of said street by the general public for the purpose of travel.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that S. 3525, to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW. in the District of Columbia, and for other purposes, an identical bill, be considered in lieu of H.R. 12398, the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services, in connection with the construction and maintenance of a Federal office building on the south side of Independence Avenue Southwest in the District of Columbia, is authorized to use the public space over and under that portion of Tenth Street Southwest which is adjacent to such property as has been or may be acquired by the Administrator of General Services as a site for said building. Such authority shall be exercised only to the extent that such use is not inconsistent with the use of said street by the general public for the purpose of travel.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

PROTECTION OF CLASSIFIED INFORMATION

The Clerk called the bill (H.R. 11363) to amend the Internal Security Act of 1950 to provide for the protection of classified information released to or within U.S. industry, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LINDSAY. Mr. Speaker, reserving the right to object, I would like to ask the author of the bill a couple of questions about bringing this bill up under the Consent Calendar.

I objected to this bill on May 21 when the bill was then brought up under the Consent Calendar. I suggested, in view of the doubtful constitutionality of this bill and its extremely controversial nature, that it would be proper only to consider it under suspension of the rules or under a rule itself, but not by unanimous consent on the Consent Calendar.

Mr. Speaker, unless I, perhaps, misunderstood the gentleman from Pennsylvania, I got the impression from the colloquy we had on May 21 that the bill would be brought up under a procedure which would permit full debate.

Am I correct in thinking that?

Mr. WALTER. If the gentleman will yield—I know the gentleman is under a wrong impression. Actually, the matter here is so very simple that no one on our committee felt that the time of the House should be taken up by doing more than merely explaining what was in the bill. After all, what the bill provides is now contained in an Executive order. If the security of the United States is to be protected and if security risks and unauthorized people are to be deprived of the opportunity to know the secrets of the Department of Defense, then we must have legislation on this subject. As to the now existing Executive order covering this area, the Supreme Court in the case of Greene against McElroy indicated that any such order ought to be supported by legislation. Now, they did not go so far as to say they would nullify any Executive order. But they made it abundantly clear, especially to those of us who are not so sure about what the Supreme Court is going to do on tomorrow, that it was necessary to enact legislation in order to protect the vital defense secrets of our Republic.

Mr. LINDSAY. As I read Greene against McElroy, the Supreme Court did not pass on the constitutionality of the procedures that were in question.

Mr. WALTER. But the gentleman has passed on the constitutionality himself.

Mr. LINDSAY. The Court did not pass on it, but it indicated, I think pretty clearly, that the constitutionality of a procedure that does not provide for cross-examination and Court review, are under very grave doubt, and under those circumstances it seems to me that this bill ought to be fully debated. It is serious enough when men can be separated from their employment through procedures which do not permit confrontation and the opportunity to cross-examine in the Government establishment itself, but when this procedure goes into the whole economy of the country, then you have something that is quite serious, in my judgment.

Mr. WALTER. I am afraid that the gentleman does not understand what the bill provides, because it does——

Mr. LINDSAY. I have read the bill and understand it.

Mr. WALTER. It does provide for confrontation. It deprives a person of confrontation when, in the judgment of the Secretary of Defense, it is not in the public interest to permit a person against whom charges have been filed to know who the people are who are working for the United States in the security field. But confrontation is generally mandated in all other cases. Furthermore, everyone is entitled to judicial review under the provisions of this law.

Mr. LINDSAY. The gentleman just is not correct about that. I have read the bill a dozen times. There is no judicial review written into this bill. The only possible court review for a person who has been discharged from employment would be through nonstatutory attempts at court review, possibly by an injunction suit attacking the constitutionality of the bill. But the bill has no provision for judicial review written into it. It seems to me that it should have.

Mr. WALTER. Of course, the general basic principles of law apply to this. If there has been an abuse and if a decision has been capricious and arbitrary, of course the general law applies.

Mr. LINDSAY. Mr. Speaker, when President Eisenhower retired from the Presidency he made a very important farewell address in which he issued a stern warning to "guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex." He went on:

> We must never let the weight of this combination endanger our liberties or democratic process.

Mr. WILLIS. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman.

Mr. WILLIS. The gentleman will concede, I think, however, that this bill would implement an executive order either issued by or certainly effective during the administration of the recent great President, Mr. Eisenhower. So he is in favor of it. That was the rule while he was in office. And this carries out the suggestion of the Supreme Court in the case of Greene against McElroy that it would be best for Congress to give its blessing to this Executive order. That is all the bill does.

Mr. LINDSAY. Of course, I think the gentleman has not stated accurately what the majority opinion of the Supreme Court was. The Court said that Congress had not authorized the procedures——

Mr. WILLIS. That is right.

Mr. LINDSAY (continuing). That were being used by the executive branch at that time.

Mr. WILLIS. That is right.

Mr. LINDSAY. And then it went on to say:

> We do not say whether or not those procedures that are being used are constitutional.

Then it went on and further indicated that they were of doubtful constitutionality.

Mr. WILLIS. Mr. Speaker, will the gentleman yield further?

Mr. LINDSAY. I yield further.

Mr. WILLIS. Of course, the Supreme Court acted as the gentleman described; namely, it said in that case that what was before it was simply an order of the Secretary of Defense, not an Executive order of the President, and without congressional approval. Then it proceeded to say:

> Well, we, of course, want to know what we may have before us if and when Congress acts.

But it could not anticipate the bill that we would pass to carry out its own suggestion.

Mr. LINDSAY. Does not the gentleman think it would be desirable to have the bill on the floor for debate so that those who are opposed to the bill in its present form, which would include myself, would have full opportunity to lay out an argument, and the gentleman from Louisiana and the chairman of the Committee on Un-American Activities likewise would be able to lay a foundation which the Court could later read which would argue just why the procedures established in the bill are necessary and constitutional?

Mr. WILLIS. I would never be in favor of depriving a Member of his rights. We are now on the Consent Calendar and a Member has the right to object. I think we can debate it today. I have no objection to debating it. I think these few remarks at least help tell us what this bill is all about.

Mr. LINDSAY. I have amendments that I would like to offer to the bill, if amendments were permitted. I think perhaps some other Members might have amendments that they would like to offer.

Mr. SCHERER. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman.

Mr. SCHERER. The fact is that the Executive order issued by President Eisenhower followed the case of Greene against McElroy. It was not the procedures now in existence under the Executive order by President Eisenhower that were under attack in the Greene against McElroy case.

Mr. LINDSAY. Will the gentleman answer this question: Why is it necessary to have the bill at all?

Mr. SCHERER. Because the Supreme Court said in Greene against McElroy that the matter could be handled by Executive order, and it preferred that the Executive order be backed by legislative authority. That is all the Committee on Un-American Activities is doing in this bill, implementing by legislation the Executive order which is now in existence. This Executive order was issued by President Eisenhower following the decision of the Supreme Court in Greene against McElroy. All we are trying to do now is further comply with that decision by implementing the Executive order with legislation. It is just that simple, as the chairman of the committee has said.

Mr. LINDSAY. Going back to the question of what the Court said, I think the gentleman from Pennsylvania would agree that if a case under the procedures established in this bill came before the Supreme Court, it is not at all certain that the procedures would be sustained as constitutional. I, myself, think they would be thrown out as a violation of the Fifth Amendment. I assume the gentleman thinks that it would get by.

Mr. WALTER. Mr. Speaker, I have the feeling that a decision of the Supreme Court is like an excursion ticket—"Good for today only." That is why I think it is important that we make it abundantly clear what is being done and what we intend to do by this legislation.

Mr. LINDSAY. I think it is important that we make it abundantly clear that we know what we are doing. If we pass a bill of this kind, I think it should be debated on the floor with the opportunity to offer amendments.

So, Mr. Speaker, I am going to have to object to the bill being considered on the Consent Calendar.

The SPEAKER. Objection is heard.

Mr. WALTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALTER. In view of the fact that this bill was objected to previously, and was rereferred to the committee for the purpose of amplifying the report, that this was done and it was then reinstated on the calendar, are not three objections necessary?

The SPEAKER. The present bill is on the calendar de novo. It has a new number and a new report. At this stage one objection is all that is necessary.

Mr. LINDSAY. Mr. Speaker, in his farewell address to the Nation, President Eisenhower issued a stern warning on how the acquisition of unwarranted influence can endanger American rights and liberties. President Eisenhower said:

> This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence—economic, political, even spiritual—is felt in every city, every statehouse, every office of the Federal Government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society.
>
> In the councils of Government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.
>
> We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together.

Mr. Speaker, this bill, H.R. 11363, which seeks to establish a defense plant security program, embodies the essence of what President Eisenhower so eloquently warned us about.

I object to the consideration on the Consent Calendar of this bill, an amendment to the Internal Security Act of 1950. A bill of this sort should not be approved by the House by automatic unanimous-consent procedures. I objected to this bill also on May 21, 1962, when the Committee on Un-American Activities then sought to put it through by unanimous consent. I urged that because of the bill's doubtful constitutionality, it be debated on the House floor. The gentleman from Pennsylvania assured the House that he would be delighted to debate the bill, and yet here it is again on the Consent Calendar.

This bill purports to provide procedures for denying employees of the private arena access to classified material involved in certain Government contracts. The arena includes by definition "any industrial or educational research organization, institution, enterprise, or other legal entity, located in the United States, whether or not operated for profit."

The danger of this bill is that it makes possible the forceable separation of a man from his private employment by the Government without due process. Scientist X or educator Y can be denied access to matters essential to his work within a company or university without confrontation, or cross-examination of evidence used against him.

It has been serious enough when procedures of this kind have been used in the governmental establishment itself. Now it is extended to the general economy.

A further deficiency in this bill is that it does not spell out procedures for court review. The consequences of a bill of this kind and the procedures contained in it are most serious for the whole country. Therefore, provisions for court review should be carefully written into the legislation and not left to the vague possibility of some nonstatutory proceeding.

COMPENSATION FOR USE OF KWAJALEIN AND DALAP ISLANDS

The Clerk called the bill (H.R. 11952) to assure payment of just compensation for the use and occupancy of certain lands on Kwajalein and Dalap Islands, Trust Territory of the Pacific Islands, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would simply like to observe that there are no cost estimates whatever with reference to this bill. I would like to point out further that the United Nations holds the trusteeship over the Kwajalein and Dalap Islands.

I wonder why the United Nations does not take care of these claims instead of saddling them on the United States.

Mr. ASPINALL. The Trust Territory of the Pacific Islands is under the mandate of the United States of America. We already have the islands under our control.

Mr. GROSS. We are the administrator of the islands, and that is all.

Mr. ASPINALL. Those people we are administering and whose rights we are protecting are protected in their own loss of property. It so happens that the moneys which have been set aside for this have already been taken care of. They have been offered $500 an acre for their claims. Because of some misunderstanding between the natives and their attorney, I think their attorney decided we should give them an opportunity to go before the Court of Claims, but in no instance could they be given more than $500.

Mr. GROSS. Is it not a fact that the United Nations is pressuring us to settle those claims?

Mr. ASPINALL. No. We have been endeavoring to settle these claims since 1946, when we took over the islands under the mandate.

Mr. GROSS. Does not the gentleman think the United Nations should have the responsibility for settling these claims? Does the gentleman think the United Nations in this case or any other will ever face up to its responsibilities?

Mr. ASPINALL. I do not think the gentleman from Colorado is in a position to answer that at the present time. I will say this: Whenever the decision is made by these people as to what is going to happen to them and their islands, I hope they are on our side because it is a security region.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. FORD. Will the gentleman from Colorado answer this question: In this legislation are the claimants and their attorneys completely and totally willing to accept the verdict? They will not appeal? As I understand it this is an offer to give them a further opportunity to have their case adjudicated, but are they willing and are they on record to accept the decision without any further appeals or controversy?

Mr. ASPINALL. If the gentleman will yield, the action or proceeding under the terms of this legislation would be final. There was written into the report, as I am sure my colleague from Michigan has found out, a statement against arbitration. In other words, we freeze out the matter of arbitration. This is the final action.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any person from whom the United States or the government of the Trust Territory of the Pacific Islands has taken rights of possession, use, and occupancy of lands on Kwajalein and Dalap Islands within the said trust territory to which he was entitled under the traditions and customs of the Marshallese people and who or whose iroij elab has not accepted compensation in full satisfaction for all of his claims and demands against the United States and the government of said trust territory arising out of said taking may, within one year from the date of this Act, file a petition for the determination by the United States Court of Claims of his claim for just compensation. Upon the timely filing of such petition, the said court shall have jurisdiction to hear aind determine the value of the rights taken in the same manner and under the same rules as any other cause before it and in the light of such principles of equity, justice, and fair dealing as are pertinent to the cause. Any such claim may be heard and determined notwithstanding laches or the expiration of any period of limitations which would be applicable thereto in the absence of this Act. The judgment of the Court of Claims may provide either for payment of a lump sum for the indefinite possession, use, and occupancy by the United States and the government of the trust territory of the lands subject thereto or for the payment of an annual sum for such possession, use, and occupancy. Any judgment of the Court of Claims shall be subject to review by the Supreme Court of the United States on writ of certiorari and shall, whether against the United States or against the government of the trust territory. or both, be paid in accordance with the provisions of title 28, United States Code, section 2517, and of section 1302 of the Act of July 27, 1956 (70 Stat. 694, as amended; 31 U.S.C. 724a). The payment of any claim, after its determination in accordance with this section, shall be a full discharge of the United States and the government of the trust territory of all claims and demands touching any of the matters involved in the controversy and the failure to prosecute a claim as hereinbefore provided shall forever bar such claim.

Sec. 2. The iroij elab of any wato shall be a necessary party to any suit instituted under this Act. The alab and rijerbal of such wato shall be proper but not necessary parties to any such suit. The iroij elab shall be responsible for proper distribution among himself, the alab, the rijerbal and any others interested in such wato of any payment made to him. Any dispute among them with respect to such distribution which cannot be resolved otherwise than by litigation shall be determined by the courts of the trust territory in accordance with the laws of the trust territory and the traditions and customs of the Marshallese people.

Sec. 3. The Attorney General of the United States or his assistant shall represent the United States and the government of the trust territory in all cases arising under this Act and may call upon the attorney general of the trust territory for such assistance as he is able to render, and shall have authority, with the approval of the Court of Claims, to compromise any such case. Any such compromise settlement shall be reported to the Congress by the Attorney General, stating the name of each claimant, the amount claimed, and the amount awarded.

Sec. 4. The fees of any attorney or attorneys representing Marshallese claimants in any action brought pursuant to this section, shall be fixed by the Court of Claims at such amount as the court, in accordance with standards obtaining for prosecuting similar contingent claims, finds to be adequate compensation for services rendered and results obtained, plus reasonable expenses incurred in the prosecution of the claim. In fixing such fees, the court may give due weight to the fact that appropriated funds in the amount of approximately $500 per acre have heretofore been made available and are now available for a nonlitigious settlement of the claims referred to in section 1 of this Act, but the appropriation and availability of such amount shall not be construed as an admission by the United States or the government of the trust territory that this is the value of the rights of possession, use, and occupancy taken by them or be admitted as evidence to prove the same.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That any person from whom the United States, on or before April 1, 1946, took rights of possession, use, occupancy, or usufruct of lands on Kwajalein Atoll or Dalap Island within the Trust Territory of the Pacific Islands to which he or his predecessor in interest was entitled under the traditions and customs of the Marshallese people and to whom or whose representative compensation in full satisfaction for all of his claims against the United States and the government of said Trust Territory arising out of said taking has not been paid may, within one year from the date of this Act, file a petition for the determination by the United States Court of Claims of his claim for just compensation. Upon the timely filing of such petition the said court shall have jurisdiction to hear and determine the value of the rights taken in the same manner and under the same rules as any other cause before it, or as near thereto as is feasible in the circumstances, and in the light of such principles of equity, justice, and fair dealing as are pertinent to the cause. Any such claim may be heard and determined notwithstanding laches or the expiration of any period of limitations which would be applicable thereto in the absence of this Act. The judgment of the Court of Claims may provide for payment of a lump sum for the possession, use, and occupancy (including indefinite possession, use, and occupancy) by the United States and the government of the Trust Territory of the lands subject thereto and/or for the payment of an annual sum for such possession, use, and occupancy, but shall not include compensation for any period prior to that date during or after World War II on which the island where the land in question is located was finally determined by competent military authority to be secure. If the judgment includes provision for payment of an annual sum, the Court shall retain jurisdiction of the cause and may, on motion of either party, redetermine the amount thereafter payable from time to time, but no such redetermination shall be sought or made more often than once every 10 years. Any judgment of the Court of Claims shall be subject to review by the Supreme Court of the United States on writ of certiorari and shall be paid in accordance with the provisions of title 28, United States Code, section 2517, and of section 1302 of the Act of July 27, 1956 (70 Stat. 694), as amended (31 U.S.C. 724a). The payment of any claim, after its determination in accordance with this section, shall be a full discharge of the United States and the government of the Trust Territory of all claims and demands touching any of the matters involved in the controversy. No claim which could be prosecuted as hereinbefore provided but is not so prosecuted may thereafter be entertained by any court of the United States or the Trust Territory or, except as provided in section 6 of this Act, by any administrative agencey thereof.

"Sec. 2. It is the purpose of this Act to assure every person who or whose representative has not been compensated for deprivation of rights of possession, use, occupancy, or usufruct, as described in section 1 of this Act, of an opportunity to have his claim judicially determined. To this end, the interests of any such person who is not himself a party to a suit instituted under this Act shall be represented by the persons named in Marshall Islands Congress resolution numbered 16 of 1956. Any dispute with respect to distribution of sums paid to parties under any judgment in their favor or under any compromise settlement made as provided in section 4 of this Act which cannot be resolved otherwise than by litigation shall be determined by the courts of the trust territory in accordance with the laws of the trust territory and the traditions and customs of the Marshallese people.

"Sec. 3. Any judge or commissioner of the Court of Claims may, for the purposes of this Act, sit at a convenient place or places in the United States or the trust territory to take evidence. Subpenas issued out of said court upon persons residing in the trust territory shall be served by the sheriff of the Marshall Islands district or his deputy, and a failure to comply therewith shall be punishable by the high court of the trust territory in accordance with the laws thereof in the same manner as if said subpena had issued out of said high court. The government of the trust territory shall, for the purposes of this Act, be deemed an agency of the United States within the purview of section 2507 of title 28 of the United States Code.

"Sec. 4. The Attorney General of the United States or his assistant shall represent the United States and the government of the trust territory in all cases arising under this Act and may call upon the attorney general of the trust territory for such assistance as he is able to render, and shall have authority, with the approval of the Court of Claims, to compromise any such case. Any such compromise settlement shall be reported to the Congress by the Attorney General, stating the name of each claimant, the amount claimed, and the amount awarded.

"Sec. 5. The fees of any attorney or attorneys representing Marshallese claimants in any action brought pursuant to this Act shall be fixed by the Court of Claims at such amount as the court, in accordance with standards obtaining for prosecuting similar contingent claims, finds to be adequate compensation for services rendered and results obtained, plus reasonable expenses incurred in the prosecution of the claim.

"Sec. 6. Nothing contained in this Act shall be construed to forbid the payment by the High Commissioner of the Trust Territory from funds heretofore appropriated and made available for this purpose of approximately $500 per acre in full satisfaction of all claims relating to any specified tract of land or of not more than $250 per acre in partial satisfaction of such claims, but neither the appropriation and availability of the first of said amounts nor any other offer by an officer of the United States or of the government of the Trust Territory shall be construed as an admission by the United States or the government of the Trust Territory that the same is the value of the rights of possession, use, occupancy and usufruct taken or be admitted as evidence to prove the same. Any claimant by whom or on whose behalf suit could be but is not instituted within one year, as provided in this Act, shall thereafter be paid a proper portion of such appropriated funds and such payment shall constitute full satisfaction of all of his claims and demands with respect to the land to which it pertains."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

AMENDING SECTION 2 OF THE MATERIALS ACT

The Clerk called the bill (H.R. 9280) to amend section 2 of the Act of July 31, 1947 (61 Stat. 681), and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of July 31, 1947 (61 Stat. 681; 30 U.S.C. 602), is hereby amended to read as follows:

"Sec. 2. Except where he determined that the public interest will not be served thereby, the Secretary shall dispose of materials under this Act to the highest responsible qualified bidder by competitive bidding after adequate public notice."

Sec. 2. The Act of March 4, 1913 (37 Stat. 1015), as amended by the Act of July 3, 1926 (44 Stat. 890; 16 U.S.C. 614-615), is hereby repealed. Rights and liabilities existing under that Act on the date of the enactment of this Act shall not be affected thereby.

With the following committee amendment:

On page 1, strike out lines 5 through 9 and insert in lieu thereof the following:

"Sec. 2. (a) The Secretary shall dispose of materials under this Act to the highest responsible qualified bidder after formal advertising and such other public notice as he deems appropriate: *Provided, however,* That the Secretary may authorize negotiation of a contract for the disposal of materials if—

"(1) the contract is for the sale of less than 250,000 board-feet of timber; or, if

"(2) the contract is for the disposal of materials to be used in connection with a public works improvement program on behalf of a Federal, State, or local governmental agency and the public exigency will not permit the delay incident to advertising; or, if

"(3) the contract is for the disposal of property for which it is impracticable to obtain competition.

"(b) A report shall be made to Congress on January 1 and July 1 of each year of the contracts made under clauses (2) and (3) of subsection (a) during the period since the date of the last report. The report shall—

"(1) name each purchaser;

"(2) furnish the appraised value of the material involved;

"(3) state the amount of each contract;

"(4) describe the circumstances leading to the determination that the contract should be entered into by negotiation instead of competitive bidding after formal advertising."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

PETRIFIED WOOD

The Clerk called the bill (H.R. 10540) to exclude deposits of petrified wood from appropriation under the U.S. mining laws.

The **SPEAKER**. Is there objection to the present consideration of the bill?

Mr. **SHORT**. Reserving the right to object, Mr. Speaker, may I inquire from the gentleman from Oklahoma if this bill would prevent the filing of a mining claim on Federal land for the removal of petrified wood?

Mr. **EDMONDSON**. That is the purpose of the bill.

Mr. **SHORT**. We have a huge amount of petrified wood, one of the few deposits in the United States, so I have an interest in this legislation. I thank the gentleman.

Mr. **EDMONDSON**. It would have that purpose. There would still be authority for people to come in and take out specimens of rock, but this would take it out from under the Mining Claims Law.

Mr. **SHORT**. I thank the gentleman.

The **SPEAKER**. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Act of July 23, 1955 (69 Stat. 368; 30 U.S.C. 611), is amended to read: "No deposit of common varieties of sand, stone, gravel, pumice, pumicite, or cinders and no deposit of petrified wood shall be deemed a valuable mineral deposit within the meaning of the mining laws of the United States so as to give effective validity to any mining claim hereafter located under such mining laws: *Provided, however,* That nothing herein shall affect the validity of any mining location based upon discovery of some other mineral occurring in or in association with such a deposit. 'Common varieties' as used in this Act does not include deposits of such materials which are valuable because the deposit has some property giving it distinct and special value and does not include so-called 'block pumice' which occurs in nature in pieces having one dimension of two inches or more. 'Petrified wood' as used in this Act means agatized, opalized, petrified, or silicified wood, or any material formed by the replacement of wood by silica or other matter."

SEC. 2. The Secretary of the Interior may provide by regulation that limited quantities of petrified wood may be removed without charge from any public lands which he may specify.

With the following committee amendment:

Page 2, line 10, strike out all of section 2 and insert in lieu thereof:

"SEC. 2. The Secretary of the Interior shall provide by regulation that limited quantities of petrified wood may be removed without charge from those public lands which he shall specify."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

AMENDING THE MINERAL LEASING ACT

The Clerk called the bill (H.R. 11049) to provide for the relief of certain oil and gas lessees under the Mineral Leasing Act.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 31 of the Mineral Leasing Act of February 25, 1920 (41 Stat. 450), as amended (30 U.S.C. 188), is further amended by designating the first paragraph thereof as subsection "(a)", the second paragraph as subsection "(b)", and adding a new subsection to read as follows:

"(c) Where any lease has been or may be terminated automatically by operation of law under this section for failure to pay rental timely and it is shown to the satisfaction of the Secretary of the Interior that the failure to pay timely the lease rental was justifiable or not due to a lack of reasonable diligence, he in his judgment may reinstate the lease subject to the following conditions:

"(1) A petition for reinstatement, together with the required rental, for any lease (a) terminated prior to the effective date of this Act must be filed with the Secretary of the Interior within one hundred and eighty days after the effective date of this Act; or (b) terminated after the effective date of this Act must be filed with the Secretary of the Interior within ninety days after such termination;

"(2) No valid lease has been issued affecting any of the lands in the terminated lease prior to the filing of the petition for reinstatement."

SEC. 2. Nothing in this Act shall be construed as limiting the authority of the Secretary of the Interior to issue, during the periods in which petitions for reinstatement may be filed, oil and gas leases for any of the lands affected.

Amend the title so as to read: "A bill to amend the Mineral Leasing Act of February 25, 1920."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That section 31 of the Mineral Leasing Act of February 25, 1920 (41 Stat. 450), as amended (30 U.S.C. 188), is further amended by designating the first paragraph thereof as subsection '(a)', the second paragraph as subsection '(b)', and adding a new subsection to read as follows:

"'(c) Where, prior to the effective date of this subsection, any lease has been terminated automatically by operation of law under this section for failure to pay rental timely and it is shown to the satisfaction of the Secretary of the Interior that the failure to pay timely the lease rental was caused by reasonable reliance by the lessee on information or data furnished by the United States or one of its officers or agents, the Secretary shall reinstate the lease if—

"'(1) A petition for reinstatement, together with the accrued rental, is filed with the Secretary of the Interior within ninety days after the effective date of this subsection; and

"'(2) No valid lease has been issued affecting any of the lands in the terminated lease prior to the filing of the petition for reinstatement.'

"SEC. 2. Section 31 of the Mineral Leasing Act of February 25, 1920, supra, is further amended by deleting the proviso at the end of the section and substituting therefor the following: '*Provided, however,* That when the time for payment falls upon any day in which the proper office for payment is not open, payment may be made the next official working day and shall be considered as timely made: *And provided further,* That the deposit with the Post Office Department, by registered or certified mail of a correctly addressed and sealed envelope containing a valid check or money order in the correct amount of the rental on or before the anniversary date of the lease for any lease on which there is no well capable of producing oil or gas in paying quantities shall, for the purposes of this section, constitute payment of rental to the United States and be considered as timely made.'

"SEC. 3. Nothing in this Act shall be construed as limiting the authority of the Secretary of the Interior to issue, during the periods in which petitions for reinstatement may be filed, oil and gas leases for any of the lands affected."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Mineral Leasing Act of February 25, 1920".

A motion to reconsider was laid on the table.

AUTHORIZE VIRGIN ISLANDS TO ISSUE CERTAIN BONDS

The Clerk called the bill (H.R. 11953) to authorize the government of the Virgin Islands to issue general obligation bonds.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (b) of section 8 of the Revised Organic Act of the Virgin Islands, as amended (68 Stat. 497, 500; 48 U.S.C. 1574(b)), is redesignated as paragraph (i) of such subsection (b), and is amended by deleting the last sentence thereof and by striking out the word "subsection" and inserting in lieu thereof the word "paragraph (i)".

(b) Subsection (b) is further amended by adding the following new paragraph (ii):

"(ii) (A) Subject to the provisions of this paragraph (ii), the legislature of the government of the Virgin Islands may cause to be issued such negotiable general obligation bonds or other evidence of indebtedness as it may deem necessary and advisable to construct, improve, extend, better, repair, reconstruct, acquire, and operate any and all types of public works, which shall include, but not be limited to, schools, streets, bridges, wharves, harbor facilities, sewers, sewage-disposal plants, municipal buildings, libraries, gymnasia and athletic fields, firehouses, electric distribution systems or other projects pertaining to electric systems, and other public utilities, or to clear slums, accomplish urban redevelopment, or provide low-rent housing: *Provided,* That no public indebtedness of the Virgin Islands shall be incurred in excess of 10 per centum of the aggregate assessed valuation of the taxable real property in the Virgin Islands. Bonds issued pursuant to this paragraph (ii) shall bear such date or dates, may be in such denominations, may mature in such amounts and at such time or times, not exceeding thirty years from the date thereof, may be payable at such place or places, may be sold at either public or private sale, may be redeemable (either with or without premium) or nonredeemable, may carry such registration privileges as to either principal and interest, or principal only, and may be executed by such officers and in such manner, as shall be prescribed by the legislature of the government of the Virgin Islands. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signature, whether manual or facsimile, shall nevertheless be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery. The bonds so issued shall bear interest at a rate not to exceed that specified by the legislature, and shall be payable semiannually. All such bonds shall be sold for not less than the principal amount thereof plus accrued interest. All bonds issued by the government of the Virgin Islands, including specifically interest thereon, shall be exempt from taxation by the Government of the United States, or by the government of the Virgin Islands or any political subdivision thereof, or by any State, territory, or possession or by any political subdivision of any State, territory, or possession, or by the District of Columbia.

"(B) The proceeds of the bond issues or other obligations herein authorized shall be expended only for the public improvements set forth in the preceding subparagraph, or for the reduction of the debt created by such bond issue or obligation, unless otherwise authorized by the Congress.

"(C) Bonds or other obligations issued pursuant to this paragraph (ii) shall not be a debt of the United States, nor shall the United States be liable thereon."

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

SETTLEMENT OF CLAIMS, TERRITORY OF THE PACIFIC ISLANDS

The Clerk called the bill (H.R. 12078) to provide for the settlement of claims of certain residents of the Trust Territory of the Pacific Islands.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby assumes compassionate responsibility to compensate inhabitants of the Rongelap Atoll, in the Trust Territory of the Pacific Islands, for radiation exposures sustained by them as a result of a thermonuclear detonation at Bikini Atoll in the Marshall Islands on March 1, 1954.

Sec. 2. There is authorized to be appropriated for such purpose out of the Treasury of the United States the sum of $1,000,000 to remain available until expended under the supervision of the Secretary of the Interior (hereafter referred to as the "Secretary") for the general benefit of the affected inhabitants of Rongelap. The Secretary may segregate a portion of the sum for each affected individual, and hold it in trust for the individual or his heirs or legatees (hereinafter referred to as the "beneficiary" or "beneficiaries"), subject to the provisions of this Act. The amounts segregated and held by the Secretary in trust for individual beneficiaries, and the unsegregated balance, shall, if invested by him, be invested in a manner that in his judgment is prudent.

Sec. 3. (a) The interest or dividends earned from each trust held for an individual beneficiary shall be paid at least annually by the Secretary to such beneficiary. When, in the opinion of the Secretary, there appears to be a substantial benefit to be derived therefrom by any beneficiary, the Secretary may, upon request of the beneficiary, and under such conditions as he may deem appropriate, make the principal sum, or any part thereof, available for expenditure by such beneficiary. Any payment under this subsection may be made directly to a beneficiary who is twenty-one years of age or older. In the case of a beneficiary who is less than twenty-one years of age or who is, in the opinion of the Secretary, mentally incompetent, payment may be made in the discretion of the Secretary to the beneficiary, a parent, relative, other person, or institution for his benefit.

(b) The principal, interest, and dividends from funds held for the general benefit of the affected inhabitants of Rongelap shall be used for such purposes as the Secretary deems appropriate.

Sec. 4. A trust for an individual beneficiary created pursuant to this Act may be terminated by the Secretary at any time, and if after reasonable search the beneficiary cannot be located, the principal and accumulated interest and dividends may be added to the unsegregated balance of the funds held for the general benefit of the affected inhabitants of Rongelap.

Sec. 5. The Secretary is authorized to pay reasonable attorney fees for legal services rendered on behalf of a beneficiary, or beneficiaries, prior to the date of enactment of this Act. Such fees shall be paid out of the funds authorized to be appropriated in section 2 of this Act, but the total of such fees paid shall not exceed 5 per centum of the appropriated funds.

Sec. 6. The decisions of the Secretary in carrying out the provisions of this Act shall be final and not subject to review.

With the following committee amendment:

Page 1, line 11, strike out the figure "$1,000,000" and insert in lieu thereof "$950,000".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ASSISTANCE FOR CERTAIN FEDERALLY IMPACTED AREAS

The Clerk called the bill (S. 3327) to make certain federally impacted areas eligible for assistance under the public facility loan program.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

Mr. RAINS. Mr. Speaker, reserving the right to object, this bill, if I may say to the gentleman from Michigan, was originally introduced by my colleague, Senator Sparkman. The Senate passed the bill. It came out of the Committee on Banking and Currency, both the subcommittee and the full committee, without a single objection.

The purpose of the bill is to remove the 50,000 population ceiling under the Community Facilities Act for two cities only, Huntsville, Ala., and Hampton, Va. It is limited to these two cities and they are places where hospitals are desperately needed because of the NASA space programs going on in these areas. It enables them to borrow money under the community facilities program which other cities are now doing which do not have missile programs. I might point out that depressed areas or redevelopment areas are eligible for community facility loans if their population does not exceed 150,000.

I hope the gentleman will see his way clear not to object to the bill. We are anxious to get it passed as quickly as possible.

Mr. FORD. I may say to the gentleman that I probably will ask that the bill be passed over without prejudice so we will have a chance to take a little closer look at it. I think, however, it is appropriate at this time to note specifically that we are extending this legislation for two cities that are allegedly impacted under the national aeronautics and space program. If my information is accurate, last week the House Committee on Education and Labor in effect approved legislation which approved Federal aid to education by the expansion of Federal aid to impacted areas under our defense work from a point where it took in from 3 to 5 percent to one where it takes in 7 to 10 percent of our metropolitan areas which is in reality aid to education but under the guise of aid to impacted areas.

Now you are doing much the same thing in a much more restricted and limited way. I do not like this approach any more than I do the approach under the Federal aid to education program.

I simply want to record my position on the legislation.

Mr. RAINS. If I may point out to the gentleman from Michigan, the gentleman referred to impacted areas under legislation affecting schools and providing Federal funds. That is not true in this case. This is merely a loan which these two cities need desperately to build these hospital facilities. I repeat, this is a repayable loan, not a grant. It would not cost the taxpayer a cent.

Mr. FORD. A loan at an interest rate higher or lower than it costs the Government to borrow, or at cost?

Mr. RAINS. It would be at a rate to cover what the Federal Government has to pay for its money.

Mr. FORD. Plus a service charge?

Mr. RAINS. There is a small service charge in it, that is correct.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. GROSS. I note that there are no departmental or agency reports in connection with the report on this bill, not a line from any department or agency of the Government.

Mr. RAINS. I cannot imagine, I will say to the gentleman from Iowa, in a matter of this type why there should be anything from the departments. It is a matter for the Congress to determine whether or not these two cities participate because of population increases.

Mr. FORD. The gentleman from Iowa has called to my attention, and I appreciate what he said, that there are no departmental views. About 2 or 3 weeks ago we forewarned committees—and I think in that case it was the Banking and Currency Committee—that had not followed the procedure of getting departmental views and including them in the committee report, we would have to ask that the bill be passed over.

For that reason, Mr. Speaker, I withdraw my reservation of objection and ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Michigan?

There was no objection.

PONCA TRIBE OF NATIVE AMERICANS OF NEBRASKA

The Clerk called the bill (S. 3174) to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the membership roll of the Ponca Tribe of Native Americans of Nebraska shall be closed at midnight of the date of enactment of this Act, and no child born thereafter shall be eligible for enrollment. The Secretary of the Interior with advice and assistance of the tribe is authorized and directed, pursuant to such regulations as may be issued by him, to prepare a final roll for the purposes of this Act of the members of the tribe consisting of the persons whose names appear on the census roll of April 1, 1934, with the supplement thereto of January 1, 1935, and their descendants of not less than one-fourth degree Indian blood of the Ponca Tribe of Native Americans of Nebraska, regardless of place of residence, who are living at the time the roll is closed, and in so doing shall provide a reasonable opportunity for any person to protest against the inclusion or omission of any name on or from the roll. The Secretary's decision on all protests shall be final and conclusive. After all protests are disposed of, the final roll shall be published in the Federal Register. Upon publication of the roll in the Federal Register, the Secretary shall give the adult members an opportunity to indicate their agreement to the division of tribal assets in accordance with the provisions of this Act and when a majorty of the adult members have indicated their agreement, the Secretary shall publish in the Federal Register a notice of that fact.

SEC. 2. Each member whose name appears on the final roll of the tribe as published in the Federal Register shall be entitled to receive in accordance with the provisions of this Act an equal share of the tribe's assets that are held in trust by the United States. This right shall constitute personal property which may be inherited or bequeathed, but it shall not otherwise be subject to alienation or encumbrance.

SEC. 3. (a) All property of the United States used for the benefit of the Ponca Tribe of Native Americans of Nebraska is hereby declared to be a part of the assets of the tribe, and all of the tribe's assets shall be distributed in accordance with the provisions of this section. The distribution shall be completed within three years from the date of this Act, or as soon thereafter as practicable.

(b) The tribe shall designate any part of the tribe's property that is to be set aside for church, park, playground, or cemetery purposes, and the Secretary is authorized to convey such property to trustees or agencies designated by the tribe for that purpose and approved by the Secretary.

(c) Each member may select for homesite purposes and receive title to not to exceed five acres of tribal land that is being used for homesite purposes by such member, or that is not used and selected by some other member. The member shall pay the current market value of the homesite selection excluding any improvements or repairs constructed by such member, his wife, children, or ancestor, as determined by the Secretary of the Interior.

(d) All assets of the tribe that are not selected and conveyed to members shall be sold by competitive bid at not less than the current market value, and any member shall have the right to purchase property offered for sale for a price not less than the highest acceptable bid therefor. If more than one member exercises such right, the property shall be sold to the member exercising the right who offers the highest price.

(e) The net proceeds of all sales of tribal property, and all other tribal funds, shall be used to pay, as authorized by the Secretary, any debts of the tribe. The remainder of such proceeds and funds shall be divided equally among the members whose names are on the final roll, or their heirs or legatees. Any debt owed by a member, heir, or legatee to the tribe or to the United States may be set off as authorized by the Secretary against the distributive share of such person. Any member of the tribe who purchases tribal property in accordance with this section may apply on the purchase price his share of the proceeds of all sales of tribal property, and the Secretary of the Interior shall adopt sales procedures that permit such action.

SEC. 4. (a) The Secretary of the Interior is authorized to partition or to sell the complete interest (including any unrestricted interest) in any land in which an undivided interest is owned by a member of the Ponca Tribe of Native Americans of Nebraska in a trust or restricted status, provided the partition or sale is requested by the owners of a 25 per centum interest in the land, and the partition or sale is made within three years from the date of this Act. Any such sale shall be by competitive bid, except that with the concurrence of the owners of a 25 per centum interest in the land any owner of an interest in the land shall have the right to purchase the land within a reasonable time fixed by the Secretary of the Interior prior to a competitive sale at not less than its current market value. If more than one preference right is exercised, the sale shall be by competitive bid limited to the persons entitled to a preference. If the owners of a 25 per centum interest in the land so request, mineral rights may be reserved to the owners in an unrestricted status. The Secretary of the Interior may represent for the purposes of this section any Indian owner who is a minor, or who is non compos mentis, and, after giving reasonable notice of the proposed partition or sale by publication, he may represent an Indian owner who cannot be located.

(b) All restrictions on the alienation or taxation of interests in land that are owned by members of the Ponca Tribe of Native Americans of Nebraska three years after the date of this Act shall be deemed removed by operation of law, and an unrestricted title shall be vested in each such member.

SEC. 5. The Secretary of the Interior is authorized to make such land surveys and to execute such conveyancing instruments as he deems necessary to convey marketable and recordable title to the individual and tribal assets disposed of pursuant to this Act. Each grantee shall receive an unrestricted title to the property conveyed.

SEC. 6. Nothing in this Act shall affect any claims heretofore filed against the United States by the Ponca Tribe of Native Americans of Nebraska.

SEC. 7. Nothing in this Act shall affect the rights, privileges, or obligations of the tribe and its members under the laws of Nebraska.

SEC. 8. No property distributed under the provisions of this Act shall at the time of distribution be subject to any Federal or State income tax. Following any distribution of property made under the provisions of this Act, such property and income derived therefrom by the distributee shall be subject to the same taxes, State and Federal, as in the case of non-Indians: *Provided,* That for the purpose of capital gains or losses the base value of the property shall be the value of the property when distributed to the grantee.

SEC. 9. Such amounts of tribal funds as may be needed to meet the expenses of the tribe under this Act as approved by the Secretary of the Interior, shall be available for expenditure. There is authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as may be necessary to reimburse the tribe for such expenditures, and carry out the responsibilities of the Secretary under the provisions of this Act.

SEC. 10. When the distribution of tribal assets in accordance with the provisions of this Act has been completed, the Secretary of the Interior shall publish in the Federal Register a proclamation declaring that the Federal trust relationship to such tribe and its members has terminated. Thereafter, the tribe and its members shall not be entitled to any of the special services performed by the United States for Indians or Indian tribes because of their Indian status, all statutes of the United States that affect Indians or Indian tribes because of their Indian status shall be inapplicable to them, and the laws of the several States shall apply to them in the same manner they apply to other persons or citizens within their jurisdiction. Nothing in this Act, however, shall affect the status of any Indian as a citizen of the United States.

With the following committee amendment:

Page 1, line 3, through page 2, line 17, strike out all of section 1 and insert in lieu thereof the following: "That the Secretary of the Interior shall, with the advice and assistance of the Ponca Tribe of Native Americans of Nebraska and pursuant to such regulations as he may prescribe, prepare a roll of the members of the tribe and record thereon persons whose names appeared on the census roll of April 1, 1934, and the supplement thereto of January 1, 1935, and their descendants of not less than one quarter degree Indian blood of the Ponca Tribe, regardless of place of residence, who are living on the date of this Act. He shall provide a reasonable opportunity for any person to protest against the inclusion or omission of any name on or from the roll and his decision on such protests shall be final and conclusive. After all protests are disposed of, the roll shall be published in the Federal Register. The Secretary shall thereupon give the adult members of the tribe whose names appear on the roll an opportunity to indicate their agreement or disagreement with a division of tribal assets in accordance with the provisions of this Act. If a majority of those indicating agreement or disagreement are favorable to such division, the Secretary shall publish in the Federal Register a notice of that fact and the roll prepared by him shall thereupon become final and the following sections of this Act shall become effective."

The committee amendment was agreed to.

Mr. HALEY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Haley: On page 4, line 14, strike out the comma, insert a period in lieu thereof, and strike out the remainder of the line.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

DISPOSITION OF JUDGMENT FUNDS OF THE CHEROKEE NATION OR TRIBE OF INDIANS OF OKLAHOMA

The Clerk called the bill (H.R. 11590) to provide for the disposition of judgment funds of the Cherokee Nation or Tribe of Indians of Oklahoma.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to distribute per capita to all persons whose names appear on the rolls of the Cherokee Nation, which rolls were closed and made final as of March 4, 1907, pursuant to the Act of April 26, 1906 (34 Stat. 137), and subsequent additions thereto, all funds which were appropriated by the Act of September 30, 1961 (75 Stat. 733), in satisfaction of a judgment that was obtained by the Cherokee Tribe in the Indian Claims Commission against the United States in docket numbered 173, together with the interest accrued thereon, except $1,432,084.17 which by stipulation of the parties has been set aside for the payments of any offsets that are finally determined to be due the United States, and except the amount allowed for attorney fees and expenses.

Sec. 2. (a) Except as provided in subsections (b) and (c) of this section, a share or proportional share payable to a living adult shall be paid directly to such adult; (b) a share payable to a deceased enrollee shall be distributed to his heirs or legatees upon the filing of proof of death and inheritance satisfactory to the Secretary of the Interior, or his authorized representative, whose findings and determinations upon such proof shall be final and conclusive: *Provided*, That proportional shares of deceased heirs amounting to $5 or less shall not be distributed, and no inherited share amounting to $2 or less shall be paid, and the money shall revert to the tribe; (c) a share or proportional share payable to a person under twenty-one years of age or to a person under legal disability shall be paid in accordance with such procedures as the Secretary determines will adequately protect the best interests of such persons.

Sec. 3. (a) All claims for per capita shares, whether by a living enrollee or by the heirs or legatees of a deceased enrollee, shall be filed with the Area Director of the Bureau of Indian Affairs, Muskogee, Oklahoma, not later than three years from the date of approval of this Act. Thereafter, all claims and the right to file same shall be forever barred and the unclaimed shares shall revert to the tribe, and such tribal funds may be advanced or expended for any purpose that is authorized by the principal chief of the Cherokee Nation and approved by the Secretary of the Interior.

Sec. 4. No part of any funds which may be distributed in accordance with the provisions of this Act shall be subject to Federal or State income tax or inheritance tax.

Sec. 5. No part of any of the funds which may be so distributed shall be subject to any lien, debt, or claim of any nature whatsoever against the tribe or individual Indians except delinquent debts owed by the tribe to the United States, or owed by individual Indians to the tribe or to the United States.

Sec. 6. Payments made under this Act shall not be held to be "other income and resources", as that term is used in sections 2(a)(10)(A), 402(a)(7), 1002(a)(8), and 1402(a)(8) of the Social Security Act (42 U.S.C. 302(a)(10)(A), 602(a)(7), 1202(a)(8), and 1352 (a)(8)).

Sec. 7. All costs incident to making the payments authorized by this Act shall be paid by appropriate withdrawals from the judgment funds and interest on the judgment fund, using the interest fund first, but there are authorized to be appropriated not to exceed $500,000 to reimburse the judgment fund and the interest fund.

Sec. 8. The Secretary of the Interior is authorized to prescribe rules and regulations to carry out the provisions of this Act.

With the following committee amendments:

Page 2, line 14, strike out "$5" and insert "$10".

Page 2, line 16, strike out "$2" and insert "$5".

Page 2, line 22, strike out "Sec. 3." and insert "Sec. 3. (a)".

Page 3, line 3, change the comma to a period, strike out the remainder of the sentence and add a new subsection to read as follows:

"(b) Tribal funds that revert to the tribe pursuant to this Act, including interest and income therefrom, may be advanced or expended for any purpose that is authorized by the principal chief of the Cherokee Nation and approved by the Secretary of the Interior."

Page 3, line 9, strike out the words "or inheritance tax".

The committee amendments were agreed to.

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, this is a day of justice long awaited and long prayed for by the Cherokee people. It takes another long step toward righting a wrong that dates back to the 19th century, when the Government forced the Cherokees to sell at an unconscionably low price a great tract of land in what is now western Oklahoma.

I am proud and happy, Mr. Speaker, that this bill has passed by unanimous vote in the House and with the unanimous recommendation of the great Committee on Interior and Insular Affairs. My special thanks go to the able chairman of that committee, the gentleman from Colorado, the Honorable Wayne Aspinall, and to one of the best friends of the American Indian in Washington, the chairman of the Subcommittee on Indian Affairs, the gentleman from Florida, the Honorable James Haley.

There can be no doubt of the overwhelming support of the Cherokee people for this bill, which represents the final result of many months of meetings, conferences, and tribal consideration. This bill was recommended for passage by the distinguished principal Chief of the Cherokee Nation, the Honorable W. W. Keeler, and by the executive committee of the tribe.

It has also had the strong support of the great Secretary of the Interior, Stewart Udall, and of the Commissioner of Indian Affairs, the Honorable Philleo Nash. The Office of President Kennedy has given the direct and helpful support of the White House to expediting the appropriation of funds to discharge this longstanding obligation, and to early passage of this legislation.

All members of the Oklahoma delegation, in both the House and the other body, have joined in support of this bill.

I earnestly hope it will reach the President's desk in the near future, in order that distribution of these funds may get underway without further delay.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FINAL DISPOSITION OF THE PROPERTY OF THE CHOCTAW TRIBE

The Clerk called the bill (H.R. 12355) to amend the law relating to the final disposition of the property of the Choctaw Tribe.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of August 25, 1959 (73 Stat. 420), is amended as follows: The words "three years", which appear twice in section 1(a), once in section 1(d), once in section 11, once in section 12(a), and once in section 12(b) are changed to "six years".

Sec. 2. Section 12(c) of such Act is amended by changing the period to a comma and adding "and for a period of three years after such legal entity is organized it shall have the same immunity from the defense of laches or a statute of limitations that the Choctaw Tribe had prior to such time."

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, unanimous approval by the House of this measure helps make possible an orderly and complete preparation of the steps necessary to carry out the provisions of the act of August 25, 1959, with respect to the tribal lands of the Choctaw Tribe.

Like the Cherokee bill on which we also acted today, this measure has had the unanimous support of the Oklahoma delegation, all of whom have been aware of the great injustice which would result if additional time were not permitted under the 1959 act.

While this measure bears the name of Oklahoma's Second District Congressman, a member of the House Subcommittee on Indian Affairs, it was introduced at the request of our distinguished colleague from the Third Congressional District in Oklahoma, the Honorable CARL ALBERT, and at the further request of Choctaw tribal representatives.

It is imperative that final action be secured upon it in advance of a deadline date of August 25, 1962, and for this reason we are doubly appreciative of the priority which has been given this bill by the great Committee on Interior and Insular Affairs and by this body.

I know of no objection to this measure from any quarter and trust it will be speedily advanced in the other body and signed into law by the President.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INCORPORATION OF THE NAVAL SEA CADET CORPS

The Clerk called the bill (S. 1308) to incorporate the Sea Cadet Corps of America, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following named persons: John J. Bergen, William J. Catlett, Junior, Morgan Fitch, George Halas, John S. Leahy, Junior, and J. Paull Marshall; members of the Navy League National Sea Cadet Committee and their associates and successors, are hereby created and declared to be a body corporate by the name of the Naval Sea Cadet Corps (hereinafter referred to as the "corporation") and by such name shall be known and have perpetual succession and the powers, limitations, and restrictions herein contained.

OBJECTS AND PURPOSES OF THE CORPORATION

SEC. 2. The objects and the purposes of the corporation shall be, through organization and cooperation with the Department of the Navy, to encourage and aid American boys to develop an interest and skill in basic seamanship and in its naval adaptations, to train them in seagoing skills and to teach them patriotism, courage, self-reliance, and kindred virtues.

COMPLETION OF ORGANIZATION

SEC. 3. The persons named in the first section, their associates and successors are hereby authorized to complete the organization of the corporation by the selection of officers, the adoption of a constitution and bylaws, the promulgation of rules or regulations that may be necessary for the accomplishment of the purposes of this corporation, and the doing of such other acts as may be necessary for such purposes.

CORPORATE POWERS

SEC. 4. The corporation shall have power—

(1) to have succession by its corporate name;

(2) to sue and the sued, complain and defend in any court of competent jurisdiction;

(3) to adopt, use, and alter a corporate seal;

(4) to choose such officers, managers, agents, and employees as the business of the corporation may require;

(5) to adopt, amend, and alter a constitution and bylaws, not inconsistent with the laws of the United States or any State in which the corporation is to operate, for the management of its property and the regulation of its affairs;

(6) to contract and be contracted with;

(7) to take by lease, gift, purchase, grant, devise, or bequest from any private corporation, association, partnership, firm or individual and to hold any property, real, personal or mixed, necessary or convenient for attaining the objects and carrying into effect the purposes of the corporation, subject, however, to applicable provisions of law of any State (A) governing the amount or kind of property which may be held by or (B) otherwise limiting or controlling the ownership of property by, a corporation operating in such State;

(8) to transfer, convey, lease, sublease, encumber and otherwise alienate real, personal, or mixed property; and

(9) to borrow money for the purposes of the corporation, issue bonds therefor, and secure the same by mortgage, deed of trust, pledge or otherwise, subject in every case to all applicable provisions of Federal and State laws.

PRINCIPAL OFFICE, SCOPE OF ACTIVITIES; DISTRICT OF COLUMBIA AGENT

SEC. 5. (a) The principal office of the corporation shall be located in Tacoma, Washington, or in such other place as may be later determined by the board of directors, but the activities of the corporation shall not be confined to that place, but may be conducted throughout the various States, territories, and possessions of the United States.

(b) The corporation shall have in the District of Columbia at all times a designated agent authorized to accept service of process for the corporation; and notice to or service upon such agent, or mailed to the business address of such agent, shall be deemed notice to or service upon the corporation.

MEMBERSHIP

SEC. 6. Eligibility for membership in the corporation and the rights, privileges, and designation of classes of members shall, except as provided in this title, be determined as the constitution and bylaws of the corporation may provide.

BOARD OF DIRECTORS: COMPOSITION, RESPONSIBILITIES

SEC. 7. (a) Upon the enactment of this title, the membership of the initial board of directors of the corporation shall consist of the present members of the board of directors of the Sea Cadet Corps of America, the corporation described in section 17 of this Act, or such of them as may then be living and are qualified members of said board of directors, to wit: John J. Bergen, William J. Catlett, Junior, Morgan Fitch, George Halas, John S. Leahy, Junior, and P. Paull Marshall.

(b) Thereafter, the board of directors of the corporation shall consist of such number (not less than three and not more than fifteen), shall be selected in such manner (including the filling of vacancies), and shall serve for such term as may be prescribed in the constitution and bylaws of the corporation.

(c) The board of directors shall be the governing board of the corporation, and shall be responsible for the general policies and program of the corporation and for the control of all funds of the corporation.

OFFICERS; ELECTION AND DUTIES OF OFFICERS

SEC. 8. (a) The officers of the corporation shall be a president, one or more vice presidents (as may be prescribed in the constitution and bylaws of the corporation), a secretary, and a treasurer, and such other officers as may be provided in the constitution and bylaws.

(b) The officers of the corporation shall be elected in such manner and for such terms and with such duties as may be prescribed in the constitution and bylaws of the corporation.

USE OF INCOME: LOANS TO OFFICERS, DIRECTORS, OR EMPLOYEES

SEC. 9. (a) No part of the income or assets of the corporation shall inure to any of its members, directors, or officers as such, or be distributable to any of them during the life of the corporation or upon its dissolution or final liquidation. Nothing in this subsection, however, shall be construed to prevent the payment of compensation to officers of the corporation in amounts approved by the board of directors of the corporation.

(b) The corporation shall not make loans to its officers, directors, or employees. Any director who votes for or assents to the making of a loan or advance to an officer, director, or employee of the corporation, and any officer who participates in the making of such a loan or advance, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

NONPOLITICAL NATURE OF CORPORATION

SEC. 10. The corporation, and its officers and directors as such, shall not contribute to or otherwise support or assist any political party or candidate for public office.

LIABILITY FOR ACTS OF OFFICERS AND AGENTS

SEC. 11. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

PROHIBITION AGAINST ISSUANCE OF STOCK OR PAYMENT OF DIVIDENDS

SEC. 12. The corporation shall have no power to issue any shares of stock or to declare or pay any dividends.

BOOKS AND RECORDS: INSPECTION

SEC. 13. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any authority under the board of directors, and it shall also keep at its principal office a record of the names and addresses of its members entitled to vote. All books and records of the corporation may be inspected by any member entitled to vote, or his agent or attorney, for any proper purpose, at any reasonable time.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 14. (a) Annual audits shall be made by an independent licensed or certified public accountant or a firm of independent licensed or certified public accountants, in accordance with generally accepted auditing standards. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(b) A report of such audit shall be made by the corporation to the Congress not later than March 1 of each year. The report shall set forth the scope of the audit and shall include a verification by the person or persons conducting the audit of statements of (1) assets and liabilities, (2) capital and surplus or deficit, (3) surplus or deficit analysis, (4) income and expense, and (5) sources and application of funds. Such report shall not be printed as a public document.

USE OF ASSETS ON DISSOLUTION OR LIQUIDATION

SEC. 15. Upon dissolution or final liquidation of the corporation, after discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets, if any, of the corporation shall be distributed in accordance with the determination of the board of directors of the corporation and in compliance with the constitution and bylaws of the corporation and all Federal and State laws applicable thereto.

EXCLUSIVE RIGHT TO NAME, EMBLEM, SEALS, AND BADGES

SEC. 16. The corporation shall have the sole and exclusive right to the name "Naval Sea Cadet Corps" and to have and to use in carrying out its purposes, distinctive insignia, emblems, and badges, descriptive or designating marks, and words or phrases, as may be required in the furtherance of its functions. No powers or privileges hereby granted shall, however, interfere or conflict with established or vested rights.

TRANSFER OF ASSETS

SEC. 17. The corporation may acquire the assets of the Sea Cadet Corps of America, a corporation organized under the laws of the State of Washington, upon discharging or satisfactorily providing for the payment and discharge of all of the liability of such corporation and upon complying with all laws of the State of Washington applicable thereto.

ANNUAL REPORT

SEC. 18. The corporation shall report annually to the Secretary of the Navy concerning its proceedings and activities for the preceding calendar years. The Secretary of the Navy shall communicate to Congress the whole of such reports, or such portion thereof as he shall see fit.

RESERVATION OF RIGHT TO AMEND OR REPEAL CHAPTER

SEC. 19. The right to alter, amend, or repeal this title is expressly reserved.

Amend the title so as to read: An Act to incorporate the Naval Sea Cadet Corps."

With the following committee amendments:

1. On page 4, line 23, insert after the word "title" the following: "and for not more than one year thereafter,".
2. On page 5, line 8, strike out the word "three" and insert the word "ten".
3. On page 5, line 9, strike out the word "fifteen" and insert "twenty-five".
4. On page 7, strike out the sentence beginning on line 20 and insert:

"The accounts of the corporations shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulator authority of a State or other political subdivision of the United States."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to incorporate the Naval Sea Cadet Corps."

A motion to reconsider was laid on the table.

GREETINGS TO THE BETHEL HOME DEMONSTRATION CLUB

The Clerk called House concurrent resolution (H. Con. Res. 474) extending the greetings and felicitations of the Congress to the Bethel Home Demonstration Club of Bethel Community, Sumter County, S.C.

There being no objection, the Clerk read the House concurrent resolution, as follows:

Whereas the Bethel Home Demonstration Club, founded in Sumter County, South Carolina, in March of 1915, was the first home demonstration club in the United States; and

Whereas home demonstration clubs have been of great value to the people of the United States by aiding in the diffusion of knowledge and skills among the women of rural America; and

Whereas Winthrop College, the South Carolina college for women, pioneered in developing the concepts and in providing leadership for the home demonstration club movement; and

Whereas the year 1962 is the one hundredth anniversary year of the United States Department of Agriculture and of the land-grant college system: Now, therefore, be it

Resolved by the House of Representatives (*the Senate concurring*), That the Congress of the United States recognizes that the Bethel Home Demonstration Club of the Bethel Community, Sumter County, South Carolina, was the first such club to be established in the United States, and extends its greetings and felicitations to the Bethel Home Demonstration Club on the occasion of the one hundredth anniversary year of the establishment of the United States Department of Agriculture and the land-grant college system.

The House concurrent resolution was agreed to.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the gentlewoman from South Carolina [Mrs. RILEY] may extend her remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mrs. RILEY. Mr. Speaker, it gives me great pleasure to support House Concurrent Resolution 474, which is before the House for consideration today.

Several days ago I appeared before the House Judiciary Committee, and I submit for the RECORD the statement which I made at that time concerning this bill:

JULY 19, 1962.

Mrs. RILEY. Mr. Chairman and members of the committee, Bethel Home Demonstration Club, Sumter County, S.C., was the first Home Demonstration Club established in the world. The date was March 1915.

This has been made a matter of record by resolution adopted on March 21, 1962, by the State of South Carolina House of Representatives and concurred by the State Senate as per attached resolution.

Nineteen hundred and sixty-two is both the 100th anniversary of the U.S. Department of Agriculture and the land-grant college system and the 47th year of the Bethel Home Demonstration Club, Sumter County, S.C.

They would like to celebrate this this fall with a memorial service for the charter members.

On May 7, 1962, at the request of the president of Bethel Home Demonstration Club, Sumter County, S.C., I introduced House Concurrent Resolution 474 now pending before your committee, the two South Carolina Senators, THURMOND and JOHNSTON concurring and introducing Senate Concurrent Resolution 75 for the purpose of establishing officially on a national basis the fact Bethel Home Demonstration Club of Sumter County, S.C. was the first Home Demonstration Club established in the world.

I shall appreciate very much your careful consideration of this bill and your cooperation in favorably reporting it.

I thank you.

Mr. Speaker, I hope that this legislation passes the House and becomes law.

DIRECTING SECRETARY OF INTERIOR TO CONVEY CERTAIN PUBLIC LANDS IN STATE OF NEVADA

The Clerk called the bill (S. 3089) to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to direct the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada acting for the State of Nevada", approved March 6, 1958 (72 Stat. 31), is amended as follows:

(1) in section 2, strike out "five years" and insert in lieu thereof "ten years"; and

(2) in section 3, strike out "five-year" and insert in lieu thereof "ten-year".

With the following committee amendments:

Page 1, line 8, through page 2, line 2, strike out all of the present language and insert in lieu thereof the following:

"(1) in section 2, strike out 'five years' and insert in lieu thereof 'ten years';

"(2) in section 3, strike out 'five-year' and insert in lieu thereof 'ten-year'; and

"(3) at the end of section 4(c) add: 'The appraisal shall be of the fair market value of the lands as of the effective date of this Act.'."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DIRECTING SECRETARY OF INTERIOR TO CONVEY CERTAIN PUBLIC LANDS IN THE STATE OF CALIFORNIA

The Clerk called the bill (H.R. 2952) to direct the Secretary of the Interior and the Administrator of General Services to convey certain public and acquired lands in the State of California to the city of Needles.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior or the Administrator of General Services, if the lands herein described come within his jurisdiction for disposal purposes, shall issue to the city of Needles, in the county of San Bernardino, State of California, upon payment by the city into the Treasury of the United States, not more than five years after the Secretary or the Administrator has notified the city of the purchase price which shall be an amount equal to the fair market value of the lands as determined by the Secretary or the Administrator after the appraisal of the lands by contract appraisal or otherwise, a patent or deed for the following described lands situated within the city limits of said city of Needles or adjacent thereto, in the State of California comprising a total of

492.6 acres more or less (all range references are to San Bernardino base and meridian):

(a) The southwest quarter of the northeast quarter of section 29 in township 9 north, range 23 east, comprising 12.6 acres more or less.

(b) The southwest quarter of the northwest quarter of section 30 in township 9 north, range 23 east, subject to Atchison, Topeka, and Santa Fe Railway right-of-way, comprising 40 acres more or less (otherwise described as Government lot 2 in said section 30).

(c) The southeast quarter of the northwest quarter of section 30 in township 9 north, range 23 east, subject to Atchison, Topeka, and Santa Fe Railway right-of-way, comprising 40 acres more or less.

(d) The south half of the southeast quarter of the southwest quarter of section 30, township 9 north, range 23 east, comprising 20 acres more or less.

(e) The north half of the north half of the northeast quarter of the northwest quarter of section 31 in township 9 north, range 23 east, comprising 10 acres more or less.

(f) The northeast quarter of section 31 in township 9 north, range 23 east, comprising 160 acres more or less.

(g) The southeast quarter of the northwest quarter of section 32 in township 9 north, range 23 east, comprising 40 acres more or less.

(h) The southeast quarter of the southeast quarter of section 32 in township 9 north, range 23 east, subject to United States Highway 66–95 right-of-way, comprising 40 acres more or less.

(i) All premises described in lease from United States to city of Needles, dated June 7, 1960:

PARCEL 1. Those portions lying west of the present west bank of the Colorado River of the lands acquired by the United States from Monaghan and Murphy Company, a California corporation, by grant deed recorded August 20, 1947, in book 2069 at page 128 of the official records of San Bernardino County, California.

PARCEL 2. Those lands acquired by the United States from said Monaghan and Murphy Company by grant deeds recorded August 20, 1947, in book 2063 at page 479 and book 2065 at page 195 of said official records.

PARCEL 3. Those lands acquired by the United States from Daniel J. Murphy and others by grant deed recorded September 17, 1947, in book 2133 at page 215 of said official records.

PARCEL 4. The following lots and blocks in the city of Needles, county of San Bernardino, State of California:

(A) Lots 1 to 12 inclusive, and 20 to 24, inclusive, in block 40, saving and excepting therefrom those portions of lots 22, 23, and 24 in said block 40, lying north and east of a line drawn from the northwest (northeast) corner of said lot 22, to a point in the east boundary of said lot 24, distant 75 feet south from the northeast corner of said lot 24, as conveyed to California, Arizona, and Santa Fe Railway Company, as per deed recorded in book 630 of deeds, page 105, records of said county.

All of blocks 41, 42, 43, together with the easterly half of Water Street as shown on the hereinafter referred to map of Needles from the south lines of Pinney Avenue to the northerly line of the station grounds of the Atchison, Topeka, and Santa Fe Railway Company, and the alley lot 25 feet wide lying within said block and extending from the south line of Pinney Avenue to the northerly line of said station grounds,

Lot 1 of block 44, together with the westerly one-half of Water Street as shown on said map from the south line of Pinney Avenue to the northerly line of said station grounds,

Lot 8 in block 51.

Lots 7 and 8 in block 52.

All of block 53, excepting therefrom lots 17 and 18,

All of block 54,

All of block 55, excepting therefrom lots 8 and 9,

Lots 1 to 4, inclusive, in block 101, and

Lots 1 to 6, inclusive, in block 102,

according to map of Needles, in the city of Needles, in said county and State, as per plat recorded in book 13 of maps, pages 17 and 18, and in book 19 of maps, pages 65 and 66, records of said county.

(B) Lots 2 to 6, inclusive, and lots 9 to 12, inclusive, in block 1.

Lot 1 in block 2, saving and excepting therefrom the following: Beginning at a point 120 feet north of the southeast corner of lot 1, block 2 of Pinney addition to city of Needles; thence north 30 feet; thence west 20 feet on the north boundary line of said lot; thence south 30 feet to a point 20 feet west of the point of beginning; thence 20 feet to the point of beginning.

Lots 1 and 2 in block 6, except from said lot 2, the northerly 60 feet thereof; all in Pinneys addition to Needles, in the city of Needles, county of San Bernardino, State of California, as per plat recorded in book 11 of maps at page 38, records of said county.

(C) All of blocks 21, 38, and 39 and lots 21 to 31, inclusive, in block 48 of Denair's subdivision, sometimes called Denair's subdivision numbered 2, in the city of Needles, in said county and State, as per plat recorded in book 16 of maps, at pages 53 and 54, records of said county,

together with any lands adjoining said parcels 1 to 4, inclusive, acquired by the United States by reason of abandonment of streets and alleys.

SEC. 2. The conveyance authorized and directed by this Act shall be made subject to any existing valid claims against the lands described in the first section of this Act, and to any reservations necessary to protect continuing uses of said lands by the United States.

SEC. 3. All moneys received from the conveyance of lands under the terms of this Act shall be disposed of in the same manner as moneys received from the sale of public lands, except that moneys received as reimbursement for costs of appraisal, survey, and extinguishing adverse claims may be used by the Secretary for said purposes without appropriation.

SEC. 4. The lands described in the first section of this Act shall be segregated from all forms of appropriation under the public land laws including the mining and mineral leasing laws, from the date of approval of this Act, until the Secretary shall provide otherwise by publication of an order in the Federal Register.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following language:

"That the Secretary of the Interior shall issue to the city of Needles, in the county of San Bernardino, State of California, upon payment by the city into the Treasury of the United States, not more than five years after the Secretary has notified the city of the purchase price which shall be an amount equal to the fair market value plus the cost of any appraisal of the lands as of the effective date of this Act as determined by the Secretary after the appraisal of the lands by contract appraisal or otherwise, a patent or deed for the following described lands situated within the city limits of said city of Needles or adjacent thereto, in the State of California comprising a total of 340 acres more or less (all range references are to San Bernardino base and meridian with a reservation to the United States of the coal, phosphate, sodium, potassium, oil, gas, oil shale, native asphalt, solid and semisolid bitumen and bituminous rock (including oil-impregnated rock or sands from which oil is recoverable only by special treatment after the deposit is mined or quarried), together with the right to prospect for, mine, and remove the same under applicable provisions of law:

"(a) The southwest quarter of the northwest quarter of section 30 in township 9 north, range 23 east, subject to Atchison, Topeka, and Santa Fe Railway right-of-way, comprising 40 acres more or less (otherwise described as Government lot 2 in said section 30) whenever the Secretary of the Interior determines that there is no further Federal need for this parcel.

"(b) The southeast quarter of the northwest quarter of section 30 in township 9 north, range 23 east, subject to Atchison, Topeka, and Santa Fe Railway right-of-way, comprising 40 acres more or less.

"(c) The north half of the south half of the southeast quarter of the southwest quarter, and the southwest quarter of the southwest quarter of the southeast quarter of the southwest quarter, and the southeast quarter of the southeast quarter of the southeast quarter of the southwest quarter section 30, township 9 north, range 23 east, comprising 15 acres more or less.

"(d) The northeast quarter of the northeast quarter of the northeast quarter of the northwest quarter, and the northwest quarter of the northwest quarter of the northeast quarter of the northwest quarter section 31, township 9 north, range 23 east, comprising 5 acres more or less.

"(e) The northeast quarter of section 31 in township 9 north, range 23 east, comprising 160 acres more or less.

"(f) The southeast quarter of the northwest quarter of section 32 in township 9 north, range 23 east, comprising 40 acres more or less.

"(g) The southeast quarter of the southeast quarter of section 32 in township 9 north, range 23 east, subject to United States Highway 66–95 right-of-way, comprising 40 acres more or less.

"SEC. 2. The conveyance authorized and directed by this Act shall be made subject to any existing valid claims against the lands described in the first section of this Act, and to any reservations necessary to protect continuing uses of said lands by the United States.

"SEC. 3. The lands described in the first section of this Act shall be segregated from all forms of appropriation under the public land laws including the mining and mineral leasing laws, from the date of approval of this Act, until the Secretary shall provide otherwise by publication of an order in the Federal Register.

"SEC. 4. The execution of the patents or deeds described in section 1 of this Act shall not relieve any person of any liability to the United States arising prior to the date of such conveyances for unauthorized use of the conveyed lands."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read as follows: "A bill to direct the Secretary of the Interior to convey certain public lands in the State of California to the city of Needles."

A motion to reconsider was laid on the table.

INVESTIGATION OF CLAIMS FOR PROPERTY DAMAGE DUE TO ARTIFICIAL RAISING OF WATER LEVEL OF LAKE ONTARIO

The Clerk called the bill (H.R. 10955) to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, does this open the door to payment of damages out of the U.S. Treasury because the Canadian Government artificially raised the water level in Lake Ontario? Does this open the door to our payment of damages that have been inflicted by the Canadian Government or by Canadian interests?

Mr. LANE. Mr. Speaker, may I say to the gentleman there is nothing in this bill that will authorize us to pay any of these claims. This is merely an authorization that the Government seeks to have the Foreign Claims Settlement Commission investigate these claims, because, after all, there was an agreement back some years ago that Canada would reimburse those who were damaged as a result of the flooding of this area. This has been under consideration for some period of time.

Our Government felt that the only way to find out here what the situation was was to have the Foreign Claims Settlement Commission review the claims of these citizens of the United States who suffered this damage back in 1951.

Mr. GROSS. Is there any question about the fact that damages were sustained by citizens of the United States by virtue of the construction of this dam in the St. Lawrence River?

Mr. LANE. As I understand it, there are about 1,000 claims.

Mr. GROSS. Is there any question about the fact that they did suffer damage?

Mr. LANE. As I answered the gentleman, there is a question as to whether or not the damages they claim come especially from the flooding or whether they were from other particular reasons.

Mr. GROSS. Let me ask the gentleman this question:

Is it not true that the Canadian Government now refuses to arbitrate?

Mr. LANE. Yes; at the present time. I will say further to the gentleman that this matter was taken into court and claims were filed there, and the decision was rendered not on the claims themselves or the validity of any of these claims but, rather, on the service that was made on the Canadian Government. We feel now that much of this information is available to the Foreign Claims Settlement Commission through the Corps of Engineers, because when these claims were filed some time ago—a few years back——

Mr. GROSS. Yes; 10 or 12 years ago, was it not?

Mr. LANE. Yes; that is right. Much of this information is available, but it has to be gathered together.

Mr. GROSS. Does the gentleman think we could refer this to the United Nations for settlement?

Mr. LANE. I hardly doubt that.

Mr. GROSS. This is an international case, is it not?

Mr. LANE. To a certain extent, but it just goes back to this agreement.

Mr. GROSS. Does the gentleman suppose we could get the United Nations Emergency Police Force to collect from the Canadians, as the U.N. is now trying to put the pressure on Tshombe in Katanga? Does the gentleman suppose we could get the United Nations police force to collect from the Canadians, if it is found that they do owe American citizens for damages?

Mr. LANE. All the bill does is to authorize the Claims Commission to investigate the claims of the citizens and to give them consideration so we will know whether or not our citizens are entitled to claims.

Mr. GROSS. The Canadian Government absolutely refuses to arbitrate a matter of this kind, is that not correct?

Mr. LANE. At the present time the Canadian Government has not done anything.

Mr. GROSS. Mr. Speaker, in the hope that someone somewhere can work out a settlement that will be acceptable and provide justice to the Americans who have suffered damage in this case—a settlement that will not come out of the U.S. Treasury—I am going to withdraw my objection.

However, I would like to observe that had the U.S. Government or American interests caused damage to Canadian property owners—had the situation been reversed—the State Department and others would have long since rushed to Congress and secured legislation to pay all claims. This ought to be a real good lesson for those who are so free with the dollars gouged out of American taxpayers.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. LANE. Mr. Speaker, I ask unanimous consent that S. 2978 to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario, an identical bill, be considered in lieu of H.R. 10955, the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the Foreign Claims Settlement Commission of the United States (hereinafter referred to as the "Commission") is authorized and directed to accept claims of citizens of the United States for damages caused during 1951 and 1952 by the construction and maintenance of Gut Dam in the Saint Lawrence River by the Canadian Government, and the Commission is further authorized and directed with respect to each such claim to determine the validity thereof and the amount of damages caused by Gut Dam.

SEC. 2. Within sixty days after the enactment of this Act the Commission shall give public notice by publication in the Federal Register of the time when, and the limit of time within which, claims may be filed, which limit shall not be more than twelve months after such publication.

SEC. 3. The Commission shall, as soon as practicable after all claims are determined by it, submit to the President a report and a list of claims determined to be valid, and the amount of each such claim and a list of claims determined to be invalid, for such action by the President as he may deem appropriate.

SEC. 4. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

(b) The Commission is authorized and directed to utilize its existing personnel and facilities to the maximum extent practicable to carry out the provisions of this Act.

(c) Nothing herein shall be construed as authorizing the Commission to pay or certify for payment any claim filed hereunder.

SEC. 5. If the Government of Canada enters into an agreement with the Government of the United States providing for arbitration or adjudication of the claims filed under this Act, the Commission shall discontinue its investigation and determination of the claims and transfer or otherwise make available to the Secretary of State all records and documents relating to the claims or, on the request of the Secretary of State, return to claimants documents filed in support of their claims.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H.R. 10955, was laid on the table.

PROVIDING FOR THE RELIEF OF CERTAIN ENLISTED MEMBERS OF THE COAST GUARD

The Clerk called the bill (H.R. 12459) to provide for the relief of certain enlisted members of the Coast Guard.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I would like to ask someone on the committee a question concerning this proposed legislation.

Does this legislation, if enacted into law, absolve everybody of any responsibility for the error that was made?

Mr. LANE. Will the gentleman yield?

Mr. FORD. I would be glad to yield to the gentleman from Massachusetts.

Mr. LANE. I would like to answer the gentleman from Michigan by saying that it certainly would. I know the gentleman's interest with reference to the disbursing officer who has certified these payments to these servicemen, and I realize the gentleman's interest in absolving the disbursing officers from time to time in such cases, but in this particular case may I say, Mr. Speaker, in answer to the gentleman from Michigan [Mr. FORD] that these payments were certified on the basis of a determination by the military commander—the officer who was in charge of the base there. There was no Government mess available to those units concerned. This was made on the basis of the particular military mission of the units and their required high state of operational readiness, and it would be equitable not to relieve the officers.

What I am trying to say, Mr. Speaker, is that the commanding officer has certified these payments and the disbursing officer had to take his order from the commanding officer. For that reason, these payments for this mess were taken care of because of these enlisted men who were there on this emergency service.

Mr. FORD. The enlisted men were completely without fault in this case, were they not?

Mr. LANE. That is very true; in each of these cases.

Mr. FORD. But in each of these instances there is someone at fault, and unless we start pinning responsibility on somebody—I do not care whether it is the commanding officer or the disbursing officer—we are not going to get the job done properly according to the law or regulations. The people who received the money were the unfortunate beneficiaries of the error of someone else.

The gentleman from Massachusetts and I have gone round and round on these problems. I want him to know that unless we start pinning the responsibility on somebody, whether it is the commanding officer, or some disbursing officer, I will not permit these bills to pass on the Consent Calendar.

Mr. GROSS. Mr. Speaker, will the gentleman yield for one observation?

Mr. FORD. I yield to the gentleman from Iowa.

Mr. GROSS. I will say to the gentleman that he should take a look at the Private Calendars if he wants to see this sort of thing being carried on. I want to commend the gentleman for his protest on this bill.

Mr. FORD. I am delighted to have the gentleman from Iowa alert me to things that are going on on the Private Calendar about which I was not informed. All I can do as a member of the Consent Calendar objector's committee, is to handle the problems we have here. The gentleman from Massachusetts [Mr. LANE] knows my attitude. He does seek to hold these bills under some control. But I just want to alert him again that unless we pin the responsibility on someone, these problems are going to grow, they are going to be more numerous and be more prevalent rather than otherwise.

So, Mr. Speaker, I withdraw my reservation and ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AMENDING THE HATCH POLITICAL ACTIVITIES ACT

The Clerk called the bill (H.R. 12661) to amend section 9(b) of the act entitled "An act to prevent pernicious political activities"—the Hatch Political Activities Act—to eliminate the requirement that the Civil Service Commission impose no penalty less than 90 days' suspension for any violation of section 9 of the act.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would point out that this bill strikes out the 90 days' suspension for violation of the Hatch Act and leaves it completely discretionary with the Civil Service Commission whether an employee is suspended for 5 days or 500 days. I do not like leaving it discretionary so that the Civil Service Commission can make fish of one and fowl of another for violating the Hatch Act.

Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER pro tempore. This concludes the call of the eligible bills on the Consent Calendar.

NATIONAL BANK BRANCHES IN FOREIGN COUNTRIES

Mr. SPENCE. Mr. Speaker, I move to suspend the rules and pass the bill (S. 1771) to improve the usefulness of national bank branches in foreign countries.

The Clerk read as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 25 of the Federal Reserve Act, as amended, is amended by adding the following new paragraph at the end thereof:
>
> "Regulations issued by the Board of Governors of the Federal Reserve System under this section, in addition to regulating powers which a foreign branch may exercise under other provisions of law, may authorize such a foreign branch, subject to such conditions and requirements as such regulations may prescribe, to exercise such further powers as may be usual in connection with the transaction of the business of banking in the places where such foreign branch shall transact business. Such regulations shall not authorize a foreign branch to engage in the general business of producing, distributing, buying, or selling goods, wares, or merchandise; nor except to such limited extent as the Board may deem to be necessary with respect to securities issued by any 'foreign state' as defined in section 25(b) of this Act, shall such regulations authorize a foreign branch to engage or participate, directly or indirectly, in the business of underwriting, selling, or distributing securities."

The SPEAKER pro tempore. Is a second demanded?

Mr. McDONOUGH. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

Mr. SPENCE. Mr. Speaker, this bill is designed to increase the usefulness of foreign branches of our national banks. We have an expanding economy in a world that is growing smaller all the time. Our foreign trade means much to us. These foreign branches of American banks are helping to carry out the policy of our national goals. They help to encourage the same purposes as the Export-Import Bank, the Inter-American Bank, the International Bank for Reconstruction and Development, and the International Monetary Fund. They help us in our competition in foreign trade. They help to increase our foreign trade. Our competition in foreign trade is growing greater all the time. This has been caused in part by international agreements of which the European Common Market is an example.

Mr. Speaker, there was no substantial opposition to the bill and I ask that it be passed.

Mr. McDONOUGH. Mr. Speaker, I asked for the second for the purpose of informing the House of the pertinent parts of this bill and the purpose and intent of it.

The bill, as the chairman of the committee explained, provides for branches of national banks in foreign countries. To remove any doubt in the minds of any Member of the House that this may provide any tax evasion opportunities, it is definitely not for that purpose and will not provide any such opportunity for any bank that operates a branch in a foreign country.

It does provide for a broader facility for foreign trade and the foreign exchange. There was no objection to the bill as far as the committee was concerned. There were no negative witnesses. There is no particular reason in my mind why the bill should not pass. I wanted this opportunity of explaining our side of the question.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Iowa.

Mr. GROSS. It is my understanding that the Federal Reserve System is continuing to buy a substantial amount of foreign currency to bolster the position of the dollar in the international money market. It seems to me I read over the weekend, if I recall the figures correctly, that $468 million was purchased in a comparatively recent time of foreign currencies. I notice gold is continuing to leave this country despite the fact we are investing in foreign currencies. Is this bill intended to encourage the purchase of foreign currencies?

Mr. McDONOUGH. No, there is nothing in the bill that would stimulate that. The bill does not prevent that, but there is nothing in the bill to stimulate it. As a matter of fact, the bill is designed to help the facilities of banks which have branches in foreign countries. I would not say that it would encourage the reduction of our gold balance or our balance of payments.

Mr. GROSS. The gentleman would not say this was just another step along the path of one-world government, one-world association, or as some people call it, the independent interdependent one world?

Mr. McDONOUGH. I would not say it would move in that direction. However, many of the things we are doing move in that direction, there is no question about it.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the bill S. 1771?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

REAL ESTATE AND CONSTRUCTION LOANS APPLICABLE TO NATIONAL BANKS

Mr. SPENCE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7796) to amend certain lending limitations on real estate and construction loans applicable to national banks.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the fourth sentence of the first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended to read as follows: "No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 70 per centum of the amount of its time and savings deposits, whichever is the greater."

SEC. 2. The first sentence of the third paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended to read as follows:

"Loans made to finance the construction of industrial or commercial buildings and having maturities of not to exceed eighteen months where there is a valid and binding agreement entered into by a financially responsible lender to advance the full amount of the bank's loan upon completion of the buildings and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed eighteen months, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed: *Provided,* That no national banking association shall invest in, or be liable on, any such loans in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund."

The SPEAKER pro tempore. Is a second demanded?

Mr. McDONOUGH. I demand a second, Mr. Speaker.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

Mr. SPENCE. Mr. Speaker, national banks can now lend upon real estate only the amount of their unimpaired and paid-in capital stock and unimpaired surplus or 60 percent of their time and savings deposits. This bill increases the amount they can lend upon real estate mortgages from 60 to 70 percent of their time and savings deposits. The bill also increases the maturity of construction loans on residential and farm dwellings from 9 to 18 months. It will enable the banks to make more loans for the building of homes for our people. The amount for this purpose would be theoretically increased by $4 billion. Under this legislation banks in smaller communities would be enabled to make more mortgage loans for much needed homes.

This bill was endorsed by all interested governmental agencies.

Mr. McDONOUGH. Mr. Speaker, I asked for a second in order that we might be sure that the House was advised of the purpose and intent of the bill.

The bill provides for additional funds to be made available in the construction and real estate market. There is an increase of 60 to 70 percent in the time and savings deposits of the national banks, and of the time from 9 to 18 months on loans.

There is no opposition that I recall in the committee, none of any consequence.

I do not object to the bill's passing. I merely wanted to have its purpose and intent explained.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill H.R. 7796?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

ANNOUNCEMENT

Mr. TEAGUE of Texas. Mr. Speaker, I would like to announce to the House that I have asked the Speaker to withdraw from consideration under suspension this afternoon the next bill. This request was made because of a number of requests that have come to the gentleman from Texas that this bill be considered under a rule. I have asked the chairman of the Rules Committee for a hearing and I do not contemplate that this will delay the legislation in any way, shape, or manner.

LIBERALIZING EFFECTIVE DATES

Mr. TEAGUE of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7600) to amend title 38, United States Code, to revise the effective-date provisions relating to awards, and for other purposes, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3010 of title 38, United States Code, is amended to read as follows:

"§ 3010. Effective dates of awards

"(a) Unless specifically provided otherwise in this chapter, the effective date of an award based on an original claim, a claim reopened after final adjudication, or a claim for increase, of compensation, dependency and indemnity compensation, or pension, shall be fixed in accordance with the facts found, but shall not be earlier than the date of receipt of application therefor.

"(b) The effective date of an award of disability compensation to a veteran shall be the day following the date of his discharge or release if application therefor is received within one year from such date of discharge or release.

"(c) The effective date of an award of disability compensation by reason of section 351 of this title shall be the date such injury or aggravation was suffered if an application therefor is received within one year from such date.

"(d) The effective date of an award of death compensation, dependency and indemnity compensation, or death pension, where application is received within one year from the date of death, shall be the first day of the month in which the death occurred.

"(e) The effective date of an award of dependency and indemnity compensation to a child shall be the first day of the month in which the child's entitlement arose if application therefor is received within one year from such date.

"(f) An award of additional compensation on account of dependents based on the establishment of a disability rating in the percentage evaluation specified by law for the purpose shall be payable from the effective date of such rating; but only if proof of dependents is received within one year from the date of notification of such rating action.

"(g) Subject to the provisions of section 3001 of this title, where compensation, dependency and indemnity compensation, or pension is awarded or increased pursuant to any Act or administrative issue, the effective date of such award or increase shall be fixed in accordance with the facts found but shall not be earlier than the effective date of the Act or administrative issue. In no event shall such award or increase be retroactive for more than one year from the date of application therefor or the date of administrative determination of entitlement, whichever is earlier.

"(h) Where an award of pension has been deferred or pension has been awarded at a rate based on anticipated income for a year and the claimant later establishes that income for that year was at a rate warranting entitlement or increased entitlement, the effective date of such entitlement or increase shall be fixed in accordance with the facts found if satisfactory evidence is received before the expiration of the next calendar year.

"(i) Whenever any disallowed claim is reopened and thereafter allowed on the basis of new and material evidence resulting from the correction of the military records of the proper service department under section 1552 of title 10, or the change, correction, or modification of a discharge or dismissal under section 1553 of title 10, or from other corrective action by competent authority, the effective date of commencement of the benefits so awarded shall be the date on which an application was filed for correction of the military record or for the change, modification, or correction of a discharge or dismissal, as the case may be, or the date such disallowed claim was filed, whichever date is the later, but in no event shall such award of benefits be retroactive for more than one year from the date of reopening of such disallowed claim. This subsection shall not apply to any application or claim for Government life insurance benefits.

"(j) Where a report or a finding of death of any person in the active military, naval, or air service has been made by the Secretary concerned, the effective date of an award of death compensation, dependency and indemnity compensation, or death pension, as applicable, shall be the first day of the month fixed by the Secretary as the month of death in such report or finding, if application therefor is received within one year from the date such report or finding has been made; however, such benefits shall not be payable to any person for any period for which such person has received, or was entitled to receive, an allowance, allotment, or service pay of the deceased."

SEC. 2. Section 3012 of title 38, United States Code, is amended by striking out subsection (b), and by amending subsection (c) to read as follows:

"(b) The effective date of a reduction or discontinuance of compensation, dependency and indemnity compensation, or pension—

"(1) by reason of marriage or remarriage, or death of a payee shall be the last day of the month before such marriage, remarriage, or death occurs;

"(2) by reason of marriage, divorce, or death of a dependent of a payee shall be the last day of the month in which such marriage, divorce, or death occurs;

"(3) by reason of receipt of active service pay or retirement pay shall be the day before the date such pay began;

"(4) by reason of change in income or corpus of estate shall be the last day of the month in which the change occurred;

"(5) by reason of a change in disability or employability of a veteran in receipt of pension shall be the last day of the month in which discontinuance of the award is approved;

"(6) by reason of change in law or administrative issue, change in interpretation of a law or administrative issue, or, for compensation purposes, a change in service-connected or employability status or change in physical condition shall be the last day of the month following sixty days from the date of notice to the payee (at his last address of record) of the reduction or discontinuance;

"(7) by reason of the discontinuance of school attendance of a payee or a dependent of a payee shall be the last day of the month in which such discontinuance occurred;

"(8) by reason of termination of a temporary increase in compensation for hospitalization or treatment shall be the last day of the month in which the hospital discharge or termination of treatment occurred, whichever is earlier;

"(9) by reason of an erroneous award based on an act of commission or omission by the beneficiary, or with his knowledge, shall be the effective date of the award; and

"(10) by reason of an erroneous award based solely on administrative error or error in judgment shall be the date of last payment."

SEC. 3. Section 351 of title 38, United States Code, is amended by striking out "; except that no benefits shall be awarded unless application be made therefor within two years after such injury or aggravation was suffered, or such death occurred", and by adding at the end thereof the following: "Where an individual is hereafter awarded a judgment against the United States in a civil action brought pursuant to section 1346(b) of title 28, United States Code, or hereafter enters into a settlement or compromise under section 2672 or 2677 of title 28, United States Code, by reason of a disability, aggravation, or death treated pursuant to this section as if it were service-connected, then no benefits shall be paid to such individual for any month beginning after the date such judgment, settlement, or compromise on account of such disability, aggravation, or death becomes final until the aggregate amount of benefits which would be paid but for this sentence equals the total amount included in such judgment, settlement, or compromise."

SEC. 4. (a) Chapter 53 of title 38, United States Code, is amended by adding the following new section:

"§ 3110. Payment of benefits for month of death

"If, in accordance with the provisions of section 3010(d) of this title, a widow is entitled to death benefits under chapter 11, 13, or 15 of this title for the month in which a veteran's death occurs, the amount of such death benefits for that month shall be not less than the amount of benefits the veteran would have received under chapter 11 or 15 of this title for that month but for his death."

(b) The analysis of chapter 53 of title 38, United States Code, is amended by adding at the end thereof the following:

"3110. Payment of benefits for month of death."

SEC. 5. (a) Sections 3004 and 3011 of title 38, United States Code, are repealed.

(b) The analysis of chapter 51 of title 38, United States Code, is amended by striking out "3004. Disallowed claims." and "3011. Effective dates of increases".

SEC. 6. Sections 110 and 359 of title 38, United States Code, are amended by adding the following sentence at the end of each section: "The mentioned period shall be computed from the date determined by the Administrator as the date on which the status commenced for rating purposes."

SEC. 7. This Act shall take effect on the first day of the second calendar month which begins after the date of enactment of this Act, but no payments shall be made by reason of this Act for any period before such effective date. Payments for any period before such effective date shall be made under prior laws and regulations. The provisions of this Act with respect to reductions and discontinuances shall be applicable only where the event requiring such reduction or discontinuance occurs on or after such effective date. If such event occurred before such effective date, action shall be taken pursuant to the prior laws and regulations.

The **SPEAKER** pro tempore. Is a second demanded?

Mr. **GROSS**. Mr. Speaker, I demand a second to be sure that there may be some explanation of the bill.

The **SPEAKER** pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The **SPEAKER** pro tempore. The gentleman from Texas will be recognized for 20 minutes and the gentleman from Iowa for 20 minutes.

The gentleman from Texas is recognized.

Mr. **TEAGUE** of Texas. Mr. Speaker, this bill, H.R. 7600, requested by the Veterans' Administration and supported by the American Legion, Veterans of Foreign Wars, Disabled American Veterans, and AMVETS, primarily makes certain desirable modifications in the provisions of existing laws governing the effective dates of awards, reductions, and discontinuances of monetary benefits—service-connected disability and death compensation, non-service-connected disability and death pension, educational payments, and so forth.

Enactment of this bill would make more nearly uniform all effective date provisions and resolve a number of problem areas. Generally, the basic changes fall under five headings:

First. Disability benefits, in the event of the veteran-payee's death, would be discontinued the last day of the month before such death occurs, and death benefits would be awarded effective the first day of the month in which the death occurs—if claim therefor is filed within 1 year from death. Currently, disability benefits are discontinued as of the date of the veteran's death and benefits to his survivors are awarded effective the next day—if claim therefor is filed within 1 year from death. This change would considerably simplify administration. In the light of a savings provision in section 4 of the bill, no eligible widow would be adversely affected by this change.

Second. The 2-year statute of limitation—set forth in 38 U.S.C. 351—within which claim must be filed for disability or death compensation or dependency and indemnity compensation authorized by that section for disability or death suffered as a result of hospitalization or medical or surgical treatment, or the pursuit of a course of vocational rehabilitation, would be repealed. Also, duplicate recoveries from the United States for the same disability or death under section 351 and the Federal Tort Claims Act would be precluded by providing a setoff against compensation benefits of the amount of any recovery pursuant to a civil judgment, settlement, or compromise.

Third. A uniform rule would be provided, for the first time, governing the effective dates of liberalizing laws or administrative issues that are enacted or promulgated in the future. This provision would, in many cases, obviate the necessity of a potential beneficiary filing a specific claim for the new benefit and would instead permit the Veterans' Administration, where feasible, to identify such beneficiaries and apply the provisions of the liberalized law and administrative issue on its own initiative. The provision would permit a retroactive period of payment of not more than 1 year, but in no event prior to the effective date of the law or issue.

Fourth. A 1-year period would be provided for the submission of necessary evidence to perfect a claim for compensation and pension reopened after final adjudication as well as a claim for increased monetary benefits, similar to, and under the same circumstances as, the period currently provided by law for the perfection of original claims for such benefits.

Fifth. Uniform rules would be established for the reduction or discontinuance of erroneous awards first, based upon acts of commission or omission by beneficiaries—as of the date of the erroneous award; and, second, based upon administrative error or error in judgment—as of the date of last payment. The latter category would include errors arising from a misunderstanding of instructions, regulations, or the construction of statutes.

The Veterans' Administration advises that there might be some slight additional cost and at the same time there would be a slight savings, roughly offsetting each other, thus there would not be any substantial impact on the present cost levels.

The **SPEAKER** pro tempore. The question is, Will the House suspend the rules and pass the bill, H.R. 7600, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

HOSPITAL AND MEDICAL CARE FOR CERTAIN PEACETIME VETERANS

Mr. TEAGUE of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3109) to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities. I may say that H.R. 9922 is identical with this Senate bill.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of section 610(a) of title 38, United States Code, is amended to read as follows:

"(1) (A) any veteran for a service-connected disability; or

"(B) a veteran of any war for a nonservice-connected disability if he is unable to defray the expenses of necessary hospital care;".

SEC. 2. Section 612(a) of title 38, United States Code, is amended to read as follows:

"(a) Except as provided in subsection (b), the Administrator, within the limits of Veterans' Administration facilities, may furnish such medical services as he finds to be reasonably necessary to any veteran for a service-connected disability. In the case of any veteran discharged or released from the active military, naval, or air service for a disability incurred or aggravated in line of duty, such services may be so furnished for that disability, whether or not service connected for the purposes of this chapter."

The SPEAKER pro tempore. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas will be recognized for 20 minutes and the gentleman from Iowa for 20 minutes.

The gentleman from Texas is recognized.

Mr. TEAGUE of Texas. Mr. Speaker, this proposal, which is favored by the Veterans' Administration, seeks to provide hospital and medical care to peacetime veterans who are suffering from noncompensable service-connected disabilities. Under existing law wartime veterans are entitled to hospitalization under these conditions. Peacetime veterans, on the other hand, must have a disability which is compensable; that is, 10 percent or more in degree.

Enactment of this legislation will permit a peacetime veteran to receive medical and hospital care for this disability even though he is not receiving service-connected compensation for it.

The Veterans' Administration estimates that the cost will be $1,562,000 for the first year, with the cost generally decreasing over the succeeding 4 years.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the bill S. 3109?

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider and a similar House bill (H.R. 9922) were laid on the table.

CERTAIN VETERANS BLINDED BY REASON OF A SERVICE-CONNECTED DISABILITY AFFORDED VOCATIONAL REHABILITATION TRAINING

Mr. TEAGUE of Texas. Mr. Speaker, the bill H.R. 10857 is identical to a Senate bill, S. 2869, which has passed the Senate.

Mr. Speaker, I move to suspend the rules and pass the bill (S. 2869) to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 31 of title 38, United States Code, is amended by adding after section 1502 the following new section:

"§ 1502A. Blinded veterans

"A veteran who is found to be in need of vocational rehabilitation to overcome the handicap of blindness resulting from a service-connected disability which affords basic eligibility for vocational rehabilitation under section 1502(a) of this title may be afforded such vocational rehabilitation after the termination date otherwise applicable to him, but not beyond June 30, 1975, if—

"(1) he had not previously been rehabilitated (that is, rendered employable) as the result of training furnished under this chapter, or

"(2) his blindness either has worsened, or has developed as a result of the worsening of his service-connected disability, since he was declared rehabilitated to the extent that it precludes his performing his duties of the occupation for which he was previously trained under this chapter."

SEC. 2. The table of sections at the head of chapter 31 of title 38, United States Code, is amended by adding immediately below item 1502 thereof the following:

"1502A. Blinded veterans."

The SPEAKER pro tempore. Is a second demanded?

Mr. SAYLOR. Mr. Speaker, I demand a second.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE of Texas. Mr. Speaker, the vocational rehabilitation and education program ends for World War II veterans on July 25, 1965, and for the Korean group on January 31, 1968. This bill would extend these termination dates for blinded veterans of World War II and Korea until June 30, 1975, in the following two instances: First, where the veteran has not been previously rehabilitated; and second, where his blindness has worsened since he received rehabilitation training so as to prevent him from pursuing his occupation for which he was trained.

Under date of March 7, 1961, the Committee on Veterans' Affairs reported H.R. 848 which sought to place the vocational rehabilitation program on a permanent basis. It passed the House on March 21, 1961. A clarifying amendment to that bill would have covered blind veterans and all others in this category. That bill was and still is, favored by the Veterans' Administration and is pending in the Senate Labor and Public Welfare Committee.

The Blinded Veterans' Association strongly urges approval of this bill and the Veterans' Administration estimates that the cost would not exceed $500,000 in any one year.

Mr. SAYLOR. Mr. Speaker, S. 2869 would extend the present termination dates for vocational rehabilitation for certain blinded World War II and Korean conflict veterans to June 30, 1975. The extension would be applied only in instances where the veteran has not previously been rehabilitated or his blindness has become severe enough to preclude the pursuit of the occupation for which he was previously trained.

The cost of this benefit, according to the Veterans' Administration, would not exceed $500,000 in any one year. I am pleased to endorse this bill.

Mrs. PFOST. Mr. Speaker, I rise to speak in favor of the two pieces of veterans legislation which are before us for a vote today.

I strongly urge the Members to approve both measures. The first, H.R. 9922 on hospital and medical care for service-connected peacetime veterans, would resolve a minor inequity in the program which, in effect, discriminates against the cold war soldier. And the second bill, H.R. 10857, a highly commendable measure, would extend until June 30, 1975, the time limit for blinded veterans of World War II and the Korean conflict to receive vocational rehabilitation. This program had been scheduled to expire in July 1965 for World War II veterans and January 1968 for Korean veterans.

The Veterans' Administration now provides hospital care and outpatient treatment for the war veteran who was wounded or injured while in uniform, regardless of whether or not the veteran was given a disability discharge or awarded compensation. This means, in short, that the war veteran is always eligible to receive treatment for minor service-connected injuries.

It will apply even though the injury is less than 10 percent disabling and the particular veteran is not being awarded compensation for the injury.

This is a fair arrangement, and only proper, in the light of the sacrifices which the war veteran has made and the risks he has taken in the defense of democracy and freedom in the world.

But it is also well to keep in mind while considering veterans' legislation that where the Korean conflict and World War II left off, the cold war took over. To term the veteran who served his time in the Armed Forces of our country a "peacetime" veteran during these years of the cold war is hardly appropriate. Even this war, as every Member of the House knows, has often had the stillness shattered by the crackle of machinegun fire and the heavy thump of mortars—witness southeast Asia today. Hence the young man who serves his country during this period of world tension is also entitled to fair treatment from his country should he be injured, even slightly, in the line of duty.

By contrast to the war veteran, these cold war ex-servicemen are not eligible for hospitalization or outpatient treatment unless they were released from service for disability or are receiving compensation for a service-connected disability. These eligibility requirements clearly discriminate against this group of former servicemen and should be corrected. That is what this bill would do—right this inequity.

The cost, moreover, would be very modest. The Veterans' Administration says it would cost an estimated $1.5 million during the first year, with the costs decreasing over the next 4 years. Surely this is a small sum to provide for men who have shouldered arms on behalf of our Nation during these times.

The second bill provides an extended program of vocational rehabilitation for blinded veterans, and deserves quick passage by the House.

The measure would extend the maximum period during which vocational rehabilitation could be given to blinded veterans of World War II by 10 years and of the Korean conflict by more than 7 years.

The time extension is warranted by the fact that some veterans with sight injuries still face the prospect of future blindness and will need help when this eventuality occurs. The cost of the program, as I understand it, will be less than $500,000 in any single year. It is a small program, but it will do so much good, and I urge the bill's passage here today.

In conclusion, I would also urge the House Veterans Committee to undertake studies on other specialized injuries incurred by our veterans—such as paraplegics and others—so that similar long-range programs could be worked out on their behalf should the nature of their injuries deprive them of the means of livelihood in which they might now be engaged.

Mr. Speaker, these bills afford Members of the House an opportunity to show our appreciation to these deserving veterans who have done so much for us. I hope the bills will carry overwhelmingly.

The SPEAKER pro tempore. The question is on suspending the rules and passing the bill.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A similar House bill (H.R. 10857) was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have 5 legislative days in which to extend their remarks in the Record on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDING THE ACT AUTHORIZING NATIONAL MEDALS OF SCIENCE

Mr. ANFUSO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4055) to amend the act of August 25, 1959, to authorize the payment of a monetary award to recipients of the National Medal of Science.

The Clerk read as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 2(a) of the Act entitled "An Act to establish a National Medal of Science to provide recognition for individuals who make outstanding contributions in the physical, biological, mathematical, and engineering sciences", approved August 25, 1959 (Public Law 86–209), is amended by adding at the end thereof the following new sentence: "Each individual awarded the medal shall also receive as a part of such award a lump-sum payment of such amount, not exceeding $10,000, as the President may prescribe in the case of such individual."

The SPEAKER pro tempore. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second.

Mr. ANFUSO. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANFUSO. Mr. Speaker, the purpose of this bill is to provide additional incentives for scientific achievement and particularly to encourage more young people to undertake the necessary training to follow careers in science and engineering. It is believed that a monetary award to the National Medal of Science would provide a much more meaningful incentive than the medal alone. The 86th Congress enacted Public Law 86–209, which authorized the President to award National Medals of Science to a maximum of 20 individuals in any one calendar year for outstanding contributions to knowledge in the physical, biological, mathematical, or engineering sciences.

Mr. Speaker, that bill which became public law was passed unanimously by the House Science and Astronautics Committee. At that time the committee also provided for the $10,000 cash award. It was brought up on the Consent Calendar in the 86th Congress, and after an objection that portion of the bill providing for a cash award was withdrawn and the bill was passed without the cash award.

The bill was again presented in the 87th Congress. This time, it was again passed unanimously by the committee and the committee authorized that this $10,000 cash award be made. The bill has been approved by the Bureau of the Budget, the National Science Foundation, the National Aeronautics and Space Administration, and the Department of Health, Education, and Welfare.

Mr. Speaker, the National Science Foundation, speaking for the bill on June 14, 1962, and speaking through its Director, Dr. Alan T. Waterman, had this to say:

> We believe that, while the honor is more important than the stipend, additional recognition of the contributions to science made by recipients of the National Medal of Science, through payment of a monetary award, would be desirable, particularly since they may thus be enabled to engage in additional scientific activities. Other awards recognizing outstanding scientific achievement, such as the Nobel Prizes and the Enrico Fermi Award, provide substantial stipends. We feel that provision of stipends would also be appropriate in the case of the National Medal of Science.

Mr. Speaker, Assistant Secretary of the Department of Health, Education, and Welfare, Mr. Wilbur J. Cohen, speaking for the Department of Health, Education, and Welfare, in a letter to the committee dated November 20, 1961, had this to say:

> In our opinion, a cash award, such as that proposed in this bill, is a logical and desirable complement to the National Medal of Science. The prestige and honor associated with the receipt of this medal would, we believe, be enhanced by such a tangible indication of the recognition accorded to outstanding scientists by the Federal Government.
>
> We would also like to point out that the Fermi and Lawrence Awards made by the Atomic Energy Commission for outstanding accomplishments in the field of atomic energy include both medals and cash awards. The provisions of H.R. 4055 would enable the Government to provide more equivalent recognition to outstanding scientists across the entire spectrum of physical, biological, mathematical and engineering sciences.

I might say, Mr. Speaker, that since Public Law 86–291 was passed, so far there have not been any awards made, because the President has had the matter under study. He has appointed a committee of very eminent scientists who at the present time are considering the awards which may be made under this act and would consider cash awards in addition to the medal if authorized under this bill, H.R. 4055.

I would like to mention to the House that the Chairman of this Committee is Prof. Frederick Seitz, of the University of Illinois, who is the head of the National Academy of Sciences.

Other members of the Committee are: Prof. Hans A. Bethe, Department of Physics, Cornell University; Dr. Frank Brink, Jr., the Rockefeller Institute; Dean Gordon S. Brown, School of Engineering, MIT; Prof. Harrison S. Brown, Division of Geological Sciences, California Institute of Technology; Dean Kenneth E. Clark, College of Arts and Sciences, University of Colorado; Prof. Paul M. Doty, Department of Chemistry, Conant Laboratory 308, Harvard University; Dr. Sterling B. Hendricks, U.S. Department of Agriculture—plant physiology; Dr. August B. Kinzel, Union Carbide & Carbon Research Laboratory—metallurgy; Dean Frederick C. Lindvall, Division of Engineering, California Institute of Technology; Prof. W. Albert Noyes, Jr., Department of Chemistry, University of Rochester; and Prof. Albert W. Tucker, Department of Mathematics, Princeton University.

I am sure everyone will agree that this is a very outstanding Committee. I can assure the House that no individual will receive this award unless he has made an outstanding contribution in the field of science, technology, and engineering.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to say I favored this bill. It came out unanimously from our Science and Astronautics Committee. However, I would like to ask the gentleman a question: There are 20 medals which may be awarded for scientific achievement by the President each year, but it is not expected that the full 20 will be issued. Likewise, the $10,000 limit per medal as the stipend that goes along with the medal is the maximum. It is not expected that the full $10,000 will be awarded with each medal in every case, and this will be a highly unusual top award? Is this not a fact?

Mr. ANFUSO. The gentleman is absolutely right. At the present time I understand there are only several awards being considered. I might say to the Members of the House that if any one of these gentlemen who is deserving of this award makes a scientific breakthrough it could save the country millions of dollars and possibly even run into billions of dollars.

Mr. FULTON. Actually, this stipend, with an upper limit of $10,000, is a moderate amount compared to the Nobel Prize and other awards, it is not?

Mr. ANFUSO. The Fermi Award, as the gentleman knows, is $50,000, and the Nobel Award is approximately $50,000.

Mr. FULTON. This award which is to be made by the President is not a worldwide program? It is a program limited to the citizens of the United States?

Mr. ANFUSO. This is restricted to American scientists, engineers, and technicians to inspire them to greater achievements for the benefit of mankind.

Mr. FULTON. They must be U.S. citizens and not just visiting here?

Mr. ANFUSO. That is correct.

Mr. FULTON. I would have one criticism of the President's Committee, if you let this open for a criticism.

Mr. ANFUSO. The gentleman certainly may have that opportunity.

Mr. FULTON. I think it is an excellent Committee but, first, I would like a few more people from both industry and labor who are operating in the scientific field as members of this Committee and, second, I am sure the President did not intend it, but he did not include a woman. Women should be encouraged in the scientific field as well.

Mr. ANFUSO. I might say to the gentleman from Pennsylvania, who has worked very hard for the passage of this bill, and also for the general progress made by the House Science and Astronautics Committee, that I shall be glad to join with the gentleman in making further recommendations.

Mr. FULTON. May I compliment my friend, the gentleman from New York [Mr. ANFUSO], on a good statement, and say that he, too, has been trying to give women their adequate place in space.

Mr. GROSS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, it is indeed interesting to discover that the gentleman from Pennsylvania [Mr. FULTON], after a lapse of 2 short years, finds money awards are now very much in order. On August 17, 1959, he joined with our late colleague, the gentleman from Louisiana, Mr. Brooks, who was then chairman of the so-called Space Committee, that it was not at all necessary to provide cash awards to the winners of these medals. Now he has become very liberal, or at least more liberal than he was in the past.

Mr. FULTON. Mr. Speaker, will my good friend yield?

Mr. GROSS. I yield to the gentleman.

Mr. FULTON. The question came up of the method of operation of the funds. We did not then have the assurance that these would be moderate amounts.

Mr. GROSS. The amounts, by the way, are exactly the same as proposed in 1959—$10,000 each to 20 individuals or $200,000 of the taxpayer's money each year.

Mr. FULTON. I might say to my good friend from Iowa that there was an attempt on the floor at that time to cut it out completely. We wanted the award bill, but we were not foreclosing completely the giving of monetary stipends. My feeling is—and I am glad the gentleman brought up the point—that the awards should be moderate in amount and that $10,000 should not be the uniform amount of the award, that $10,000 should be highly unusual. So I am moving along the same line that the gentleman is speaking of.

Mr. GROSS. How many medals have been awarded?

Mr. FULTON. There have been no medals awarded as yet. The Committee has been appointed by the President.

Mr. GROSS. Then how important is this program on which it is asked that we spend $200,000 a year in addition to the awarding of medals?

Mr. FULTON. May I say to the gentleman that I do not expect this program to run more than $15,000 to $25,000.

Mr. GROSS. Then why have you not put that limitation in the bill? It provides for $200,000.

Mr. FULTON. The $10,000 referred to is a maximum for each stipend, not the customary amount. As the gentleman will remember in my colloquy with the gentleman from New York, we already made the point that that would be very unusual. There is a limit of 20 medals that can be awarded under the previous legislation.

Mr. GROSS. Mr. Speaker, let me turn to somebody else for an answer to a question or two. I did not yield for a speech.

Mr. FULTON. I am glad that we agree as much as we do, let me say to the gentleman.

Mr. GROSS. Let me ask the gentleman from New York a question. Why have there been no awards of medals that were authorized in 1959? The House was told then that it was the medals, not money, that was so important.

Mr. ANFUSO. Let me say to the gentleman that the President has been extremely cautious in the selection of an outstanding committee, such as I read off a few moments ago. Now that that Committee has been appointed, we have had the cooperation of the Department of Defense.

Mr. GROSS. What President is the gentleman talking about? This bill was first passed under President Eisenhower.

Mr. ANFUSO. This bill was passed right at the end of the 86th Congress; it was passed in August. When the new Congress came in, the bill was reintroduced. We conducted hearings again. We brought back Dr. Waterman; we brought back the Department of Health and all of the necessary departments. All of them, including the scientific adviser to the President, said that this would be a good thing. I might add also that at the present time these people who are being considered for an award have made outstanding contributions, and if any one of these contributions should prove helpful or effective it would save the country millions of dollars.

Mr. GROSS. Mr. Speaker, let me remind the gentleman that his speech is on my time.

Mr. ANFUSO. I shall be glad to yield the gentleman any additional time he may require.

Mr. GROSS. Let me ask the gentleman, why is it necessary to set this precedent of giving these people $10,000 each in addition to a medal? Why cheapen the medal by giving them a cash award of $10,000 each and this out of a busted U.S. Treasury?

Mr. ANFUSO. The precedent has already been established by the Fermi and the Laurence Awards.

Mr. GROSS. The taxpayers are not paying for those. Mr. Speaker, I decline to yield further to the gentleman.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I do not want a speech, I want answers to a few questions, if I can get them.

Mr. FULTON. We all make our living as speakers, so I am surprised at the gentleman's attitude.

I should like to say this seriously to the gentleman. Would the gentleman like a limit in this bill of maybe $50,000 a year in total expenditures?

Mr. GROSS. No. Let me say to the gentleman that I do not believe there should be any cash award. It is not necessary to establish a cash award. If we are going to do that, let us give every winner of the Distinguished Service Cross or any other medal that is awarded by the various military services for exceptional bravery or exceptional duty a $10,000 award. Where is it proposed to stop if you start paying out $10,000 for awards such as these? Just where do you stop? Why should this group be treated differently than those who are willing to lay down their lives for their country? Must we put a dollar sign on everything we do?

Mr. FULTON. If the gentleman is asking me a question, I will answer it. My point is that this would be $50,000 in awards, and then you could say to the Appropriations Committee, "I do not think you should spend that amount."

Mr. GROSS. Why do you not say that in the bill? I say again you cheapen the medal by handing out a cash award. But tell me, where do you expect this thing to end. The taxpayers of the United States do not pay the cash award that goes with the Nobel Prize. We are talking here about tax money.

Mr. FULTON. One of our problems in this country is meeting this new challenge of this new scientific role that is coming on us so fast that we should encourage and we should honor the scientific men who are meeting this challenge.

Mr. GROSS. This Government is already spending all kinds of money to encourage scientific studies. There are supergrades and scientific and professional grades, Public Law 313. Where do you expect this thing to end?

Mr. FULTON. As the gentleman well knows, I have asked our chairman to refer to the gentleman's committee the matter of hiring extra scientists at higher salaries than the regular grades get. When that came up I asked the Committee on Post Office and Civil Service to look into it. So I do think we have a point on that. On the other hand, we should not be honoring these people who are jazz artists and twist artists in this country. We should give every honor and appropriate stipends to these tremendous scientists who are doing a wonderful job.

Mr. ANFUSO. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. ANFUSO. I think if I said the money for these awards will go to complete the research that is now being conducted, the gentleman would withdraw his objection. This award is to give incentives to these people to continue their research in or out of Government. They now do it on their spare time.

Mr. GROSS. Do you advocate giving those who are awarded the Congressional Medal of Honor $10,000 or $50,000 to try to encourage others to show exceptional bravery on the battlefield? Why not give awards to any number of people for exceptional service? Where do you think this sort of thing is going to stop?

Mr. ANFUSO. The gentleman is interested in saving the taxpayers' money. In the long run it will save the taxpayers millions of dollars.

Mr. GROSS. That is strictly an assumption on the gentleman's part. This is your theory. Give more people more money and maybe there will be a dollar saved somewhere.

Mr. ANFUSO. Does the gentleman think this will come out of the budget of the National Science Foundation? It spends millions of dollars in research. To spend $50,000 for scientific research, is not an unreasonable amount.

Mr. GROSS. What was the figure the gentleman used? $50,000?

Mr. ANFUSO. I say this is the figure the committee could arrive at. I do not think we should limit it. If they can find $50,000, that is the limit, but if they can find $20,000, that is a different story.

Mr. GROSS. The gentleman has not answered my question. How much further do you suggest the Government go in paying cash awards on this basis? If you get this through, and I hope you will not, and you are not going to get it through today, I promise you that, where do you expect this thing to end? Why not do this for everybody else throughout the country who provides some outstanding service?

Mr. ANFUSO. In the gentleman's own committee, the House Committee on Post Office and Civil Service, you are asking for $20,000 to $25,000.

Mr. GROSS. For what?

Mr. ANFUSO. Incentive awards. Here is a bill through which we are trying to encourage scientists and young men and women to enter the field of science.

Mr. GROSS. The incentive awards program is for those who have made suggestions that result in savings or more efficiency.

Mr. ANFUSO. We have it on the best authorities that these inventions will save the taxpayers an awful lot of money.

Mr. GROSS. What inventions? You say you are going to give $10,000 to inventors.

Mr. ANFUSO. That is right, that is correct. The man might be a technician working for $10,000 or $12,000 a year. He may be working at night, he may be working at home. I think the man who makes an important discovery under such conditions should receive an incentive award.

Mr. GROSS. Mr. Speaker, I yield to the gentleman from California [Mr. HOSMER].

Mr. HOSMER. I think the gentleman from Iowa has very cogently expressed it. There is an emphasis, of course, on science today, but there is also an emphasis, or should be, on excellence in all fields which could make a contribution to the welfare of the country.

The awards system which has been adopted by some foreign governments, and I refer to the National Academy system which for many decades has been an institution in France whereby a person who makes a particularly significant contribution in any of the fields of science or learning is recognized with membership in the academy but he does not receive a monetary stipend. It resolves around the prestige of the award and not the monetary stipend.

Mr. GROSS. That is right.

Mr. HOSMER. I think the time is ripe for something like that in this country.

Mr. GROSS. Our late colleague, the gentleman from Louisiana, Mr. Brooks, said on August 17, 1959, when this same bill ran into trouble on the floor of the House:

> The important thing is the award of the medal, not the money.

So the monetary award was eliminated from the bill in 1959, but here it comes crawling back in under the rug.

Mr. SCHWENGEL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. SCHWENGEL. I rise in support of the gentleman's position. I am opposed to the monetary award. I feel that even though it is insignificant it should not be granted.

There has been quite a little agitation recently for the creation of a National Medal of Merit, but we have heard no monetary standards provided.

All the people who have studied this question have come to the conclusion, and I agree with them, that the monetary stipend would be insignificant compared to the award presented by Congress or a committee set up by Congress for that purpose.

One of the objections I have to this bill is that it does not provide any way by which these people shall be selected or chosen. Even if we disregard and took out the monetary stipend the bill still does not provide for a properly constituted committee to give due consideration to those who make application or for whom application is made.

I think the bill is drawn up in too poor form for us to consider.

Mr. GROSS. Mr. Speaker, I am opposed to the monetary award. I am not opposed to the issuance of medals. I was opposed to the bill in 1959, opposed to the issuance of medals coupled with this kind of monetary award. I say to you that once this bill is passed with this monetary provision in it there will be no stopping it from reaching into the rest of the Government. I am opposed to it.

Mr. Speaker, I reserve the balance of my time.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield.

Mr. FULTON. These awards are not specifically to employees of the Federal Government. These awards are made to U.S. citizens whoever or wherever they may be, whether in Government research, private industry, universities, schools, colleges, high schools, or grade schools; and have no fixed educational requirement or qualification. If a young person makes a tremendous discovery—and some of these young people in the field of research are exceptionally intelligent—I think they should be recognized even in a small amount as well as being given a medal, if the contribution is outstanding in science and research. So youth or age is no barrier or qualification.

In all good humor, I would compliment the gentleman from Iowa because I know of his interest in research and development, as well as balancing the budget. He was one of those who voted "aye" on the 23d of May for the increase of $2 billion in the National Aeronautics and Space Administration budget for the fiscal year 1963 increasing the budget to $3,787 milion, including a deficiency authorization. Likewise, the gentleman from Iowa voted for the compromise with the Senate, in the conference report that passed last week on the National Aeronautics and Space Administration budget.

The gentleman is generous in research and development and we should not underestimate him or his interest on programs of that type. So that when he does say he opposes an amount that will equal in all about $50,000 a year as stipends to accompany science medals, he has a right to do it, considering the gentleman from Iowa's past generosity to the Science and Astronautics Committee, for which we thank him humbly.

If the President makes these awards in the spirit that we know the President will, no matter whether the President is a Republican or a Democrat, they will be awarded to national figures, towering figures in science and research for work that we as citizens of the United States are proud of when we face the world. Second, they will have been awarded for tremendous benefits for humanity or revolutionary science progress in every field of basic and applied research and development in this country. The award is a small amount. But it is something more than just pinning a medal on a man. We say, "Here is some money you may have to go ahead with future research and development, or spend for equipment, travel, study, or your family or rest, as you like." We in Pittsburgh are very proud of Dr. Salk for his polio vaccine and the great accomplishment in the field of polio so far as young people are concerned particularly. We feel a man of that stature is a person of the type we are talking about in reference to this kind of a science award.

May I finish with a question. Has not this bill passed our committee unanimously?

Mr. ANFUSO. This bill passed our committee unanimously twice. I might say, to keep the record straight, that Mr. Brooks voted for the $10,000 stipend. The only reason he made the statement he did on the floor was because there was objection and we wanted to pass the bill from the Consent Calendar.

Mr. FULTON. The gentleman joins me in thanking the gentleman from Iowa for his generosity on May 23 of this year when he was one of the 342 who voted unanimously, with no opposition, for the authorization of the NASA budget when it passed $3.78 billion, an increase of $2 billion in 1 year. Such generosity should not be overlooked by any of us. Does the gentleman not compliment the gentleman from Iowa?

Mr. ANFUSO. I not only compliment the gentleman but I think he is a very distinguished Member of the House and he voted to bring about unanimous passage of a bill which the whole country will recognize as being beneficial.

Mr. FULTON. May I ask the gentleman from New York, Does he think the $2 billion increase this year in NASA authorizations over last year was necessary and that the country will understand that even conservative Members of the Congress, such as the gentleman from Iowa, from New York, and myself, nevertheless voted for the necessary $2 billion increase for research and development in the space field?

Mr. ANFUSO. I do, and the entire House agrees, I am sure.

Mr. FULTON. We of the House Science and Astronautics Committee are appreciative of the gentleman from Iowa having gone along with us on our full research and development program for the current fiscal year, 1963, and should not complain too much when he does not agree on these few small items for moderate stipends for recipients of science medals awarded by the President under this legislation.

Mr. GROSS. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I am overwhelmed by all of this kindness. Let me say that if you want to reward me for my generosity with respect to space exploration, you will take this bill back to the committee and knock out the $10,000 awards to these individuals. That will be the best reward I could have for supporting the space program. Furthermore, if you do not have someone showing signs of getting to the moon next year, do not count on me to support another $2 billion increase.

You had better be getting somebody up there awfully close to the moon, or I will be running out of votes in support of your program.

Mr. ANFUSO. I thank the gentleman.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I had been a member of the House Foreign Affairs Committee of this House for 14 years before I left to become one of the ranking members of the Science and Astronautics Committee. The gentleman from Iowa should be given a vote of thanks for his vote for the foreign aid program before this House in 1950 when it passed unanimously. We really appreciate the gentleman more than the gentleman thinks today.

Mr. GROSS. Mr. Speaker, if I ever voted for the foreign giveaway program, I do not know when it was. If I did so, it was because I could not get a chance to go on the record against it, if I am ever considered to have been for it.

I will have to go back and look up that record.

Mr. FULTON. It was in 1950. I compliment the gentleman because the gentleman did vote for it.

Mr. GROSS. Voted for the foreign giveaway bill?

Mr. FULTON. Yes. It went through unanimously.

Mr. GROSS. I do not believe that. If it went through unanimously, it was on one of those voice votes where the voice votes are not recorded, because I have never yet voted for it, and never intend to.

The SPEAKER. The question is on the motion of the gentleman from New York [Mr. Anfuso] that the House suspend the rules and pass the bill, H.R. 4055.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Iowa [Mr. Gross] makes the point of order that a quorum is not present. In accordance with the unanimous-consent request adopted on last Thursday by the House, further consideration of the bill will be postponed until Wednesday next.

Does the gentleman from Iowa withdraw his point of order?

Mr. GROSS. I withdraw my point of order, Mr. Speaker.

COMMITTEE ON RULES

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight tonight to file certain privileged reports for printing under the rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

COOPERATIVE FORESTRY RESEARCH

Mr. GRANT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12688) to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes, with amendments.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby recognized that research in forestry is the driving force behind progress in developing and utilizing the resources of the Nation's forest and related range lands. The production, protection, and utilization of the forest resources depend on strong technological advances and continuing development of the knowledge necessary to increase the efficiency of forestry practices and to extend the benefits that flow from forest and related range lands. It is recognized that the total forestry research efforts of the several State colleges and universities and of the Federal Government are more fully effective if there is close coordination between such programs, and it is further recognized that forestry schools are especially vital in the training of research workers in forestry.

Sec. 2. In order to promote research in forestry, the Secretary of Agriculture is hereby authorized to cooperate with the several States for the purpose of encouraging and assisting them in carrying out programs of forestry research.

Such assistance shall be in accordance with plans to be agreed upon in advance by the Secretary and (a) land-grant colleges or agricultural experiment stations established under the Morrill Act of July 2, 1862 (12 Stat. 503), as amended, and the Hatch Act of March 2, 1887 (24 Stat. 440), as amended, and (b) other State-supported colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school; however, an appropriate State representative designated by the State's Governor shall, in any agreement drawn up with the Secretary of Agriculture for the purposes of this Act, certify those eligible institutions of the State which will qualify for assistance and shall determine the proportionate amounts of assistance to be extended these certified institutions.

Sec. 3. To enable the Secretary to carry out the provisions of this Act there are hereby authorized to be appropriated such sums as the Congress may from time to time determine to be necessary but not exceeding in any one fiscal year one-half the amount appropriated for Federal forestry research conducted directly by the Department of Agriculture for the fiscal year preceding the year in which the budget is presented for such appropriation. Funds appropriated and made available to the States under this Act shall be in addition to allotments or grants that may be made under other authorizations.

Sec. 4. The amount paid by the Federal Government to any State-certified institutions eligible for assistance under this Act shall not exceed during any fiscal year the amount available to and budgeted for expenditure by such college or university during the same fiscal year for forestry research from non-Federal sources. The Secretary is authorized to make such expenditures on the certificate of the appropriate official of the college or university having charge of the forestry research for which the expenditures as herein provided are to be made. If any or all of the colleges or universities certified for receipt of funds under this Act fails to make available and budget for expenditure for forestry research in any fiscal year sums at least as much as the amount for which it would be eligible for such year under this Act, the difference between the Federal funds available and the funds made available and budgeted for expenditure by the college or university shall be reapportioned by the Secretary to other eligible colleges or universities of the same State if there be any which qualify therefor and, if there be none, the Secretary shall reapportion such differences to the qualifying colleges and universities of other States participating in the forestry research program.

Sec. 5. Apportionments among participating States and administrative expenses in connection with the program shall be determined by the Secretary after consultation with a national advisory board of not less than seven officials of the forestry schools of the State-certified eligible colleges and universities chosen by a majority of such schools. In making such apportionments consideration shall be given to pertinent factors including, but not limited to, areas of non-Federal commercial forest land and volume of timber cut annually from growing stock.

Sec. 6. The Secretary is authorized and directed to prescribe such rules and regulations as may be necessary to carry out the provisions of this Act and to furnish such advice and assistance through a cooperative State forestry research unit in the Department of Agriculture as will best promote the purposes of this Act. The Secretary is further authorized and directed to appoint an advisory committee which shall be constituted to give equal representation to Federal-State agencies concerned with developing and utilizing the Nation's forest resources and to the forest industries. The Secretary and the national advisory board shall seek at least once each year the counsel and advice of the advisory committee to accomplish effectively the purposes of this Act.

Sec. 7. The term "forestry research" as used in this Act shall include investigations relating to: (1) Reforestation and management of land for the production of crops of timber and other related products of the forest; (2) management of forest and related watershed lands to improve conditions of waterflow and to protect resources against floods and erosion; (3) management of forest and related rangeland for production of forage for domestic livestock and game and improvement of food and habitat for wildlife; (4) management of forest lands for outdoor recreation; (5) protection of forest land and resources against fire, insects, diseases, or other destructive agents; (6) utilization of wood and other forest products; (7) development of sound policies for the management of forest lands and the harvesting and marketing of forest products; and (8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources.

Sec. 8. The term "State" as used in this Act shall include Puerto Rico.

The SPEAKER. Is a second demanded?

Mr. HOEVEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. GRANT. Mr. Speaker, the purpose of this bill is to establish research in forestry as a definite and specific part of the agricultural research programs which are carried out cooperatively with the U.S. Department of Agriculture, the land-grant colleges, experiment stations, and other State-supported educational institutions.

Mr. Speaker, in the hearings we have the endorsement of the Department of Agriculture, the Association of State Foresters, the American Association of Land Grant Colleges and State Universities, the Commission on Forestry at Land Grant and Other State Institutions, the American Paper & Pulp Association, the American Pulpwood Association, the National Lumber Manufacturers Association, the Society of American Foresters, and the Forest Farmers Association.

Mr. Speaker, briefly, this adds emphasis to the present experiments carried on in research by the land-grant colleges and other colleges in the respective States where they have courses in forestry and courses which lead to forestry degrees.

Mr. Speaker, the gentleman from Maine [Mr. McIntire], a member of the subcommittee, has worked very diligently on this subject. I am sure that the gentleman shall be glad to further explain this legislation to the Members of the House.

Mr. HOEVEN. Mr. Speaker, this bill was unanimously reported by the Committee on Agriculture.

Mr. Speaker, I yield to the gentleman from Maine [Mr. McIntire].

Mr. McINTIRE. Mr. Speaker, H.R. 12688 is designed to advance the very desirable end of forestry research, doing this by providing Federal matching grants to land-grant colleges and other State-supported institutions qualified for research work in forestry.

In a large sense, this legislation represents a goal long sought after, and it seeks to lend vitality and dynamics to a research force that presently is functioning at considerably less than optimum capacity. The legislation before this House would do this by providing a "line item" authorization directed toward forestry research in the forestry schools and experiment stations of our land-grant colleges and through the facilities of other qualified State-supported educational institutions.

I am convinced that this approach is superior to one that would authorize additional funds for the expansion of forestry research through the Hatch Act and the Forest Service, and I have arrived at this decision through consultation and association with representatives of the U.S. Forest Service, land-grant colleges, and others interested and involved in forestry research work.

I would like to direct attention to the fact that the approach embodied in H.R. 12688 is neither new nor unique, for money flowing from this authorization would be directed to forestry research in much the manner that Hatch Act funds are apportioned for agricultural research. I would further say that presently under the Hatch Act there are some funds extended for furthering forestry research; however, the research permitted through this facility falls far short of the clear-cut and direct approach to forestry research implicit to the legislation before this House of Representatives.

Mr. Speaker, I would like to place particular emphasis on the fact that it is not the object of this legislation to interfere or conflict with existing Federal-State programs; instead, this legislation provides a vehicle for implementing an even stronger than present research service, doing this in coordination with, rather than in opposition to, those Federal-State research programs operating in forestry and agriculture.

In summary, then, this legislation gives recognition to outstanding results that have been, and are being, accomplished through Federal-State cooperative programs. It moves forward to capitalize on the splendid cooperation that presently is in evidence among the States, the U.S. Forest Service, and our schools of forestry. And this very desirable objective would be attained merely by extending support to those programs of forestry research which presently are in process at our land-grant and other State-supported academic institutions.

I heartily urge the approval of H.R. 12688.

Mr. HOEVEN. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. Gavin].

Mr. GAVIN. Mr. Speaker, I want to take this opportunity to associate myself with the remarks of the distinguished gentleman from Maine [Mr. McIntire]. When the hearings were conducted, as I understand it, on the previous bill, testimony in strong support of this forestry research legislation was offered by representatives of the following interests: Department of Agriculture; Association of State Foresters; American Association of Land Grant Colleges and State Universities; Commission on Forestry at Land Grant and Other State Institutions; American Paper & Pulp Association; National Lumber Manufacturers Association; the Society of American Foresters; and Forest Farmers Association.

Also I understand there was no witness who appeared in opposition to this proposed legislation. May I ask the gentleman if that is correct?

Mr. McINTIRE. That is correct.

Mr. GAVIN. Mr. Speaker, I want to say that I wholeheartedly support this legislation and I am pleased at the opportunity to vote for it. The committee deserves our hearty commendations for their work as this is a very worthwhile piece of legislation.

Mr. GRANT. Mr. Speaker, I yield to the gentleman from Florida [Mr. SIKES] such time as he may require.

Mr. SIKES Mr. Speaker, I wish to compliment the distinguished gentleman from Maine [Mr. McINTIRE] and the Committee on Agriculture for bringing this legislation to the floor. It is sound and worthwhile legislation for which there is a definite need. I have introduced an identical bill.

There are many States in which timber resources are among the most important assets. Mine is one of them. Timber and timber products constitute one of Florida's most important industries. Yet in Florida and in many other States where forestry is so important, we do not have a State forestry research program which measures up to the need. The program is handicapped by lack of money and lack of facilities. H.R. 12688 would help to correct these deficiencies.

It is easy to understand also that this bill would provide for the first time close coordination between forestry research programs being carried on in the different States. Possible duplications can be eliminated and a more effective overall approach to the problems of forestry can be provided. It is notable that this is a matching fund program which will require a realistic interest on the part of the participating States.

A well-rounded, progressive program of forestry research certainly is needed to supply the knowledge required to meet the expanding future needs for the resources derived from forest lands of the Nation. This bill can help to provide such a program in all its various aspects of improvement of forestry and related lands and resources and of growing, utilizing, and marketing timber and other products and services of the forest. The support shown for this measure is very widespread, and I am confident there will be no serious opposition to its passage here today.

Mr. GRANT. Mr. Speaker, I yield such time as he may require to the gentleman from Louisiana [Mr. WAGGONNER].

Mr. WAGGONNER. Mr. Speaker, I take this moment or two to ask a question or two of the gentleman from Maine [Mr. McINTIRE]. It is intended, I am sure, that these moneys that will be expended on research will not be spent for duplicated research. What plans have been made to see that identical or similar research projects are not undertaken by more than one school within any one State or area by the State-supported college or university?

Mr. McINTIRE. Mr. Speaker, the legislation provides that the Governor of the State shall designate someone within the State to be the person who shall advise the Secretary of Agriculture which of the institutions within the State that are otherwise eligible shall receive funds and what the proportion of funds available to that State shall be as respecting the institutions designated to participate.

There is provided in the legislation also that the officials of the schools of forestry shall, from among themselves, select a committee which shall advise the Secretary relative to the apportionment of funds. This is a committee, not appointed by the Secretary, but selected by the officials of the eligible schools.

There is also a provision that there shall be another advisory committee within this framework of legislation that the Secretary shall appoint, one-half of whom shall come from the public side, so to speak—the Federal and State representatives in the forestry area of interest—and the other from the nonpublic side. These men will coordinate with the Secretary in examination of the research program and make recommendations to it. There will be the same supervision of the character of research projects to avoid overlapping that we have now as between our agricultural experiment stations, largely under the Hatch Act.

The report also states very specifically that as suggested by the witness from the Department of Agriculture, the administration of these funds will be put into the framework of what is now in the Department, the cooperative experiment stations' services.

The head of this group within the Department has a specific responsibility in making sure there is a minimum contribution.

Mr. WAGGONNER. I have one other question, and it is this. Am I led to believe from the report that undergraduate schools of forestry would be eligible for participation?

Mr. McINTIRE. This is strictly a matter of whether they are publicly supported.

Mr. WAGGONNER. If they are publicly supported and have undergraduate work only and would be approved by the State official, they would be able to participate?

Mr. McINTIRE. Our idea is that this will probably to a large extent support work and research which would be above the baccalaureate degree, but there is no provision on this point.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. WAGGONNER. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, I rise in support of this bill. I hold in my hand telegrams and communications similarly in support of it. Therefore, I would like to compliment the chairman of the Forestry Subcommittee of the House Committee on Agriculture, as well as the author of the bill—Hon. CLIFF McINTIRE, of Maine—for this worthwhile legislation.

Few realize that we have two of the great national forests in the district I am privileged to represent, the Clark and the Mark Twain. We have a farm advisory committee which has been in the field doing research on this matter on two occasions, because it is important to restore the bluestem grass in this area, where certain diseases have taken over, in addition to the ravages of cultivation and man. They are the winged elm and cedar trees. For example, we have studied chemical defoliating agents vis-a-vis selected "burning" at chosen times, and in prescribed conditions. To our surprise the University of Missouri-U.S. Forestry research findings agree with ours, that under such conditions the controlled burn technique is best, if followed by reseeding and minimal fertilizing so the native bluestem can regain its hold on the thin soil of the hills and valleys. This is essential to our great dairy, grazing and livestock producing areas. The experimental field stations, our committee, and the University of Missouri—a land-grant college—all support this legislation under State guidance.

Mr. GRANT. Mr. Speaker, I yield to the gentleman from West Virginia [Mr. BAILEY] such time as he may desire.

Mr. BAILEY. Mr. Speaker, I should like to advise my colleagues of the House that there is legislation now pending before the Rules Committee which will greatly enlarge the activities of the land-grant colleges and State universities to permit them to receive Federal support for extension work in fields in which Federal funds have not previously been authorized. I think this legislation might be of the kind that would fit in very well with the enlargement of the authority of these colleges. My State of West Virginia, like the State of the gentleman from Maine who has sponsored this legislation, is one in which a large part of the acreage is covered in forest lands. We have two extensive national forests in West Virginia. Naturally, the forests are one of the natural resources of the State of West Virginia and will continue to be so.

I should like to associate myself with the gentleman who sponsored this bill and the activities of the committee which reported it.

Mr. GRANT. Mr. Speaker, I yield such time as he may desire to the gentleman from Montana [Mr. OLSEN].

Mr. OLSEN. Mr. Speaker, I desire to commend the gentleman from Maine [Mr. McINTIRE] for introducing this legislation and the committee for bringing it to the floor. The first district of Montana is extensive in its acreage of national forest reserves and private forests. I rise in support of the bill. I think this legislation will very much broaden and extend research activity in support of the forest products industry so vital to my district and so vital to this country.

I see H.R. 12688 as a kind of decentralization of research in forestry. Until now, research in forestry has been dominated by the Forest Service of the Department of Agriculture, and they have done a most excellent job. However, I think more divergent ideas and a multiplicity of ideas will be obtained by enlisting the State-supported forestry schools of the Nation.

While I am on my feet, I wish to also endorse the other legislation being brought by this Committee on Agriculture to the floor of the House today. H.R. 9728, a bill to authorize an increase in appropriations and in activities in cooperative forest management, deserves support of all of us. One-half of all of the privately owned commercial forest land is in private ownership of small holdings. These are the "woodpile" for tomorrow, and technical assistance is greatly needed to make poorly managed areas more productive. These holdings comprise the most accessible and potentially some of the most productive woodland. This bill will do great service to the Nation by assisting these forest lands to furnish its share of the Nation's future timber supply.

Further, I wish to remark with regard to S. 3064 that it is vital to the Nation that we have an adequate national survey of the forest resources. The additional authorization for a survey, I am sure, we can unanimously agree to.

I recommend all of these bills to my colleagues.

Mrs. HANSEN. Mr. Speaker, I would like to join my colleagues in commending the gentleman from Alabama, Congressman GRANT, chairman of the Subcommittee on Forestry, as well as the gentleman from Maine, Congressman McINTIRE, for their work on behalf of H.R. 12688. I would also like to again commend the gentleman from Alabama for H.R. 9728 and the entire committee for S. 3064. These three bills are of particular importance to the forest economy of the State of Washington and our Nation.

Each supports a different and essential phase of Federal participation in forest management and development. Two are based on a continuing program of proven usefulness and the third is based on a well-demonstrated need.

I trust the House will pass these pieces of legislation as they were reported from the Agriculture Committee—without objection.

H.R. 9728

H.R. 9728 is a bill to amend the Cooperative Forest Management Act to authorize an increase from $2,500,000 to $5 million in Federal participation in Federal-State technical assistance programs for small forest and woodland owners.

Under this act, Federal funds are made available on a 50–50 matching basis. State and private expenditures, however, have been exceeding Federal outlays at a ratio of about 2 to 1.

As the committee report points out, three-fourths of the 435 million acres of State and private forest lands in the United States are held by nearly 4.5 million small woodland owners.

These holdings, properly managed, will provide an important part of the future timber supply of this Nation. I have been advised that 49 States are participating in the Cooperative Forest Management Act and that soon there will be 50.

The Federal Government should be prepared to meet its share.

H.R. 10853

H.R. 10853 is a bill to amend the act of May 22 relating to the comprehensive survey of timber and forest products required to be made by the Secretary of Agriculture.

The amendment raises the authorization ceiling for appropriations necessary to keep the survey current from $1,500,000 to $2,500,000.

The present authorization was set in 1949. The increase allows for rising costs involved in carrying out this important work.

H.R. 12688

H.R. 12688 is a bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research.

For the past 100 years such assistance has been provided in fields of agriculture research, of which forestry has received a small amount.

The need is great to step up the total research effort in the production, protection and utilization of forest resources. Land grant and forestry colleges are in a position to participate in such effort on a 50–50 matching funds basis, which this measure provides.

This and the two measures previously mentioned have my wholehearted support. I hope the House recognizes the need for their enactment.

Mr. ULLMAN. Mr. Speaker, the bill now before us is designed to advance forestry research by providing Federal matching grants to land-grant colleges and other State-supported institutions qualified to conduct research in forestry.

This bill has the strong support of the Forest Service, officials of the land-grant colleges, as well as members of the private lumber industry. The distinguished gentleman from Maine [Mr. McINTIRE], who is the author of this bill, states that in the hearings held by the House Subcommittee on Forests not a single witness appeared to offer testimony in opposition to this legislation.

If enacted, it will mark another forward step in the field of forestry research and will no doubt result in many long-range benefits to the lumber industry, the general economy, and to the Nation.

Mr. Speaker, I am happy to support this bill and I urge its passage.

Mrs. GREEN of Oregon. Mr. Speaker, the forest-related industries are a principal economic artery of the Pacific Northwest. They account for the largest single bloc of workers as well as the largest payroll. Thus it is vital that these industries be assisted in a continuing program of research, modernization, and improvement.

Thus, Mr. Speaker, it is on this basis that I support H.R. 12688, designed to assist forestry research by providing Federal matching grants to land-grant colleges and other State-supported institutions qualified to conduct forestry research. I will add that I am delighted as a Representative from the Portland area of the State of Oregon to support this legislation by my distinguished colleague, the gentleman from Maine, Representative CLIFFORD G. McINTIRE, from the State of Maine which also contains a city by the same name. The gentleman from Maine, Representative McINTIRE, and I sit on opposite sides of the political aisle and live on opposite coasts of our great country, but we are joined together in support of this bill.

I have received telegrams and letters supporting this legislation from private and public groups in my home State. The director of a very fine forest and agricultural research unit at Oregon State University, Mr. F. E. Price, wholeheartedly endorses the bill. The measure has the support of the Forest Service, the land-grant colleges and the private lumber industry. I understand that not a single opposing witness appeared during hearings on the bill.

Existing programs, such as the Hatch program, do not provide sufficient funds for a forestry research. The bill before us today will strengthen and supplement existing programs. The legislation would stimulate both forestry schools and graduate work in the field. I commend H.R. 12688 for passage, Mr. Speaker.

Mrs. PFOST. Mr. Speaker, I want to thank the gentleman from North Carolina [Mr. COOLEY], chairman of the Committee on Agriculture, for his action in bringing three bills relative to our forest program to the floor today. I know the people of Idaho are grateful to the distinguished chairman and are appreciative of his deep understanding of the problems relative to our forest resources. Idaho ranks second only to Alaska in national forest acreage and that is why every bill affecting forests becomes of special concern to the people there.

The three bills on which the Members will vote today involve cooperative forestry research—H.R. 12688; a forest survey authorization—S. 3064; and an amendment to the Cooperative Forest Management Act—H.R. 9728. I will take them up in that order.

The purpose of the research measure is to specifically establish research in forestry as a definite part of the agricultural research programs now being cooperatively carried out by the Agriculture Department, the land-grant colleges, and their experiment stations and other State-supported educational institutions.

This program as it now stands is on a rather modest scale and it must be broadened considerably if it is to have any kind of meaningful impact on the future.

Research may, indeed, be the key to helping the depressed lumber industry in the Northwest by developing new wood products in the laboratory. I know that this area holds exciting promise for the future in terms of finding yet undreamed of uses for the byproducts of our forests. These studies are being carried out in the Gem State at the University of Idaho, along with other colleges and experimental stations, as well as by private industry.

This bill would enable Congress to specifically set aside appropriations for cooperative foresty research under the guidance of the Agriculture Department. These funds would then be made available to the States on a matching basis, and would be used to widen this research and bolster the programs which now might be underway in the various States.

The second bill to which I wish to address myself is the forest survey authorization.

This measure would increase from $1.5 to $2.5 million the amount authorized to be appropriated annually to keep the timber and forest products survey current. This survey has been undertaken annually since the Congress first initiated the program back in 1928. The data gathered in the survey is the only comprehensive source of basic information on this most important natural resource.

The Congress, from time to time, has increased these authorizations as the need has arisen. The present cost ceiling on this survey program was established in 1949 and costs since then have risen by more than 50 percent.

In addition there is an increasing need for more extensive inventories of our forest and timber resources. What with cuttings, fire losses, and so on, these resources are in a constant state of flux and it is imperative for the various policymaking public agencies to have up-to-date information regarding the production and uses of timber.

I would therefore urge enactment of the bill so that the survey could be effectively continued, with allowance for increases to be made as the demand arises. The production, manufacture, and use of timber products today generates an estimated $20 billion of gross national product annually.

The third bill—and I am happy to see so many forest bills on the floor in a single day, and believe me this is a rare pleasure—would amend the Cooperative Forest Management Act.

This measure would authorize an increase from $2.5 to $5 million in appropriations for Federal participation in the act. Under this program, technical assistance is made available to small forest and woodland owners, of which there are many in Idaho.

It is a fact, for example, that three-fourths of the 435 million acres of State and private forests in this country are held by nearly 4.5 million small woodland owners. An estimated 3.5 million of these are farmers with an average of 49 acres per farm. These small owners hold the "woodpile" of tomorrow in their hands. The technical assistance is needed in order to enrich these areas, which are often poorly managed and neglected, in order to bring them up to a more productive level.

This program is important because it is the only one of its kind. It is geared to help the owner of a small chunk of timberland. Added up, these small chunks are a sizable resource which the Nation will need in the years ahead.

State and private sources have been making increasing expenditures for these small timber farmers with each passing year. The bill officially recognizes that trend and then sets out to nourish the program with a small increase in Federal funds. These funds will be expended on a 50–50 matching basis with the States taking part in the program.

This, and the other two measures I have discussed, should be passed, for they are important to the people and the future of our country.

Mr. PIRNIE. Mr. Speaker, the dramatic advances in agricultural technology underscore the importance of Federal leadership in stimulating expanded research. The proposed bill would assure for forestry research comparable recognition and progress. The program would be administered on a cooperative basis with emphasis on the role of land-grant colleges which have constituted a major force in the scientific development of our land and forestry resources. Increasing demands upon wood products by our growing population require proper preservation and efficient utilization of our Nation's forests.

The concern of my State of New York in such matters spans the entire history of the conservation movement. The contribution of Theodore Roosevelt in this field is well known as well as the leadership of our great land-grant college, Cornell University at Ithaca, N.Y.

Especially commendable is the dedicated, capable leadership provided by our distinguished colleague, CLIFFORD G. MCINTIRE, whose close association I enjoyed while serving as a member of the House Committee on Agriculture. I wish to congratulate him for his untiring effort in behalf of this bill.

Mr. JOHNSON of California. Mr. Speaker, the Second Congressional District of California, which I am proud to represent, contains some 12½ million acres of national forest lands plus several other millions of acres of forest administered by the Bureau of Land Management and in private ownership. I, therefore, have had an excellent opportunity to see firsthand the great need for expanded research in the field of forestry. This legislation would authorize the appropriation of funds which can be made available to land-grant colleges or agricultural experiment stations and to other State-supported colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school. The Federal contribution must be matched by other forestry research funds obtained from State and non-Federal sources. All of the various fields of forestry research are eligible for support, including timber management research, watershed management research, range and wildlife management research, forest recreation research, forest protection research, and research in forest products utilization and marketing.

This legislation has great significance to my State. Most of our water comes from forests and related rangelands. Many of our people are dependent upon the timber and range resources and all of us, as well as many visitors from other States, enjoy the wonderful opportunities for outdoor recreation that are to be found in our forested regions.

Our land-grant college is the University of California at Berkeley, one of the foremost universities in the world. Its school of forestry, its forest products laboratory, its wildlands research center and its other scientific schools and departments offer numerous and varied opportunities for research in the sciences basic to forestry. The capabilities and willingness to expand forestry research at the University of California are excellent. Such an expansion is needed and this bill will help to stimulate it.

Finally, I would like to mention the close working relationships in forestry research that have long existed between the University of California and the U.S. Forest Service. For some 25 years the Forest Service maintained an experiment station on the campus at Berkeley in quarters provided by the university. A few years ago, the Forest Service Experiment Station moved into its new laboratory-office building, two blocks away from the campus, but cooperative research relationships with the university are carried on as before. Some 50 different research projects are being carried on, or have been completed jointly by the Federal Forest Experiment Station and the university. Many university students, particularly graduate students training for careers in forestry research, find part-time and summer employment with the Forest Service Experiment Station. This bill will make this coordination even more effective, it will promote the training of more research scientists who are badly needed in forestry and it will benefit my entire State by expanding the fine program of forestry research at the University of California.

Mr. GRANT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks in the RECORD on the bill now under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill H.R. 12688, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

FOREST SURVEY AUTHORIZATION

Mr. GRANT. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3064) to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources, as amended.

The Clerk read the bill, as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the last sentence of section 9 of the Act of May 22, 1928, as amended (45 Stat. 669, 702; 16 U.S.C. 581h), is hereby amended by striking out "$1,500,000" and inserting in lieu thereof "$2,500,000".

The SPEAKER. Is a second demanded?

Mr. HOEVEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HOEVEN. Mr. Speaker, will the gentleman from Alabama explain the purpose of this legislation?

Mr. GRANT. This is indeed a very short bill. It simply amends the present act, directing a national survey of forest resources. At the present time there is an authorization of appropriation of $1,500,000. The pending bill would increase that sum to $2,500,000.

There was no objection when the bill was reported out by the full committee. It has the approval of the Department of Agriculture and all the allied timber and forest industries.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill, S. 3064, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AMENDING THE COOPERATIVE FOREST MANAGEMENT ACT

Mr. GRANT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9728) to amend the Cooperative Forest Management Act.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Cooperative Forest Management Act (64 Stat. 473; 16 U.S.C. 568c, 658d) is amended by striking out of the first sentence of section 2 thereof "$2,500,000" and inserting "$5,000,000".

The SPEAKER. Is a second demanded?

Mr. HOEVEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

Mr. HOEVEN. Mr. Speaker, I think it should be pointed out that this is a bill for the small forest and woodland owners. I think it is important to note that three-fourths of the 435 million acres of State and private forest lands in the United States are held by nearly 4.5 million small woodland owners. Of these, 3.5 million are farmers with an average of 49 acres per farm. One-half of all the privately owned commercial forest land is in private ownership. It is these small holdings which comprise the "woodpile" of tomorrow and where technical assistance is badly needed to make poorly managed areas more productive.

This is the only forestry program designed specifically to assist these small timberland ownerships on which the Nation must rely for an important part of its future timber products.

Mr. GRANT. Mr. Speaker, the gentleman from Iowa is correct. I think this is much-needed legislation.

Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Speaker, I wish to congratulate the distinguished gentleman from Alabama [Mr. GRANT] and the Subcommittee on Forests of the Committee on Agriculture for their favorable report on the bill amending the Cooperative Forest Management Act. I have been interested in this farm forestry cooperation between our U.S. Forest Service and the State forest services since it began in 1937. And I am proud that I do not stand alone in this, one of our most popular forestry activities. In fact, many of us who have been in Congress more than a dozen years will remember that when this original legislation was broadened in 1949 and 1950 there was a great deal of bipartisan support. Congressman GRANT will remember, I am sure, because he and I and at least two dozen other Congressmen and Senators had bills which ultimately resulted in the Cooperative Forest Management Act. Furthermore, during the hearings in 1949 there were 27 personal appearances by Congressmen and Senators and 58 statements were recorded. There were no party lines involved, and now, 13 years later, we can be proud that the program has been a success. As a cosponsor of this bill, I strongly support it.

Never have the farm foresters caught up with the demand for their services to the small woodland owners. Each time a farm forester helps a woodland owner put his land under good management, he is helping to make sales which put money in the farmer's pockets. When this happens the neighboring woodland owners also call for the services of a farm forester. It is practical, down-to-earth benefit which makes the States willing to go ahead of us nationally and provide two to four times as much money as the Federal Government. Ten years ago in Florida we had 11 farm foresters; now we have 30 and still not nearly enough. In fiscal year 1961 Florida spent $205,517 for this program, while the Federal contribution was only $53,312. Our budget for the fiscal year just past, 1962, was $213,850 State and $100,000 Federal. Florida and other States would like to have this program on a 50-50 basis as intended in the original act; not to cut back on the program but to secure the needed expansion which additional Federal funds would provide for a valuable program. In order to work toward 50-50 matching, the first step is to amend the act from $2½ to $5 million. This our Subcommittee on Forestry has wisely done, and I sincerely hope that the entire Congress and the President will agree.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill H.R. 9728?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

THE SOBLEN CASE

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, I believe that American public opinion ought to be alerted to the fact that a strange combination of forces is in the process of succeeding to thwart American legal processes and prevent the incarceration of the convicted Soviet spy, Robert Soblen.

Every applicable law and proper procedure were applied in this country before Soblen was convicted and sentenced for the hideous crime he committed against the country which granted him asylum, a safe haven, and a very prosperous existence. After the Supreme Court of the United States rendered its final decision, someone in this country neglected to place Soblen under surveillance so as to prevent his escape. This neglect occurred notwithstanding the fact that some years ago, in a similar case, that of the Soviet agent Gerhard Eisler, a very similar flight from justice occurred.

As soon as Soblen succeeded in giving our law enforcement agencies "the slip," a strange series of events began to develop abroad, all pointing to the reluctance of some of our professed friends to recognize the decisions of the courts of the United States. Between the political dissertations and the legal niceties, one thing seems to emerge with most disturbing clarity—the desire not to return Soblen to the United States where he was sentenced to pay his debt to the American society.

I believe, Mr. Speaker, that any friendly country, or any agency of such a country, including a commercial enterprise controlled by the government of that country, must be immediately notified that they will be held responsible for preventing the decision of the U.S. courts to be carried out.

If the Israel El Al Airline, or any other airline, cooperates in the scheme to liberate this convicted spy, it must be notified that its landing privileges in the United States will be revoked instantly. The United States did this when it revoked the landing privileges of the Polish liner *Batory* after it took Eisler aboard in New York and to this day, fortunately, these privileges have not been restored.

An unfriendly act committed by a friend calls for a retaliation just as strong—or stronger—than that which is meted out a hostile government. I call upon the Secretary of State to cause that such notification of intended retaliation be forthwith served upon responsible officials of the El Al Airline.

DUKE DAM AND STEAMPLANT

Mr. DORN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, this Congress should authorize, without further delay, Duke Power Co. to build a retaining dam across the Savannah River at Middleton Shoals in my district so that Duke Power Co. can build the largest steamplant in the world in Anderson County.

This proposal by the dynamic, progressive, Duke Power Co. is in keeping with the administration's announced policy of getting the economy moving in the 1960's. The construction of this $280 million steamplant will not only focus the attention of the industrial world on South Carolina and Georgia, but will aid the unemployed coal miners of Virginia, West Virginia, Kentucky, Pennsylvania, and throughout the East. It will be a shot in the arm to our depressed railroads. Mr. Speaker, may I remind the House again that Duke's proposed steamplant when finally completed will use $26 million worth of coal annually—9,500 tons of coal daily, which must be brought in by rail.

Mr. Speaker, the only real solution to our lagging economy is for the Congress and our Federal Government agencies to give the green light at every opportunity to such free enterprise projects as the fantastic Duke proposal. Great fears have been expressed by many Members of the Congress and people throughout the country about milking the cow dry, about killing the goose that lays the golden egg, of taxing our industries and payrolls out of existence; now Mr. Speaker, here is an opportunity for the Congress to give the nod of approval to a taxpaying project, to approve more cheap power, to create more jobs and larger payrolls. Duke, upon completion of this steamplant, will pay approximately $10 million in taxes annually to the Federal Government. It will also pay annually to the State of South Carolina $7 million in taxes, and to Anderson County $1 million annually, all of this in addition to the increased revenue from larger payrolls and the related industries.

H.R. 6789 is a very simple bill which authorizes a retaining dam across the Savannah to furnish cooling water for Duke's gigantic steamplant. There is no opposition to H.R. 6789. I have not received one telephone call, nor one letter, nor one telegram from anyone in the United States opposing H.R. 6789. Duke has agreed to spend an additional $1,300,000 to raise the level of its dam in order to make its operation compatible with any further development of the Savannah River in the future.

This bill must be approved during this session of the Congress so that Duke can complete its planning, build or acquire railroad facilities in 1963 in order that construction may begin promptly in 1964. I trust and believe H.R. 6789 will be approved before adjournment.

THE POSTAL WORKERS OF THE CITY OF CHICAGO

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a letter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, words carelessly spoken can destroy reputations that good men and women have built by years of dedication.

I know of no finer group of public servants and of God-fearing Americans, as a whole, than those who are employed as postal workers in the city of Chicago. I am much distressed by a story that I find carried nationwide in an Associated Press dispatch. This is to the effect that there is a possibility that thousands of drug addicts may be employed in the Chicago Post Office, and this statement is made on the authority of an unidentified party on what he says are statistics that indicate that 80 percent of Chicago's unprivileged population use some form of dope.

Mr. Speaker, I am sure that this unidentified party did not intend this insult to the postal workers of Chicago. But it is a statement that I cannot permit to go unchallenged. There are bad eggs in every group. No decent person condones wrongdoing, and surely there should be the greatest vigilance in exposing and prosecuting any person, regardless of the group to which he belongs, engaged in the vicious drug trade.

But to indict an entire group of fine, honest Americans because of the conduct of a few is reprehensible. This is not in the spirit of American fairplay. I absolve this unidentified person and the Asosciated Press from any such intent. But I do think that both this unidentified person and the Associated Press should make it crystal clear that the intent was not to cast reflection upon men and women whose reputation is beyond reproach and who are held high in the esteem and affection of the people of Chicago. Mr. Speaker, I am extending my remarks to include a letter from W. C. Doherty, president of the National Association of Letter Carriers:

NATIONAL ASSOCIATION OF
LETTER CARRIERS,
Washington, D.C., August 2, 1962.

Hon. BARRATT O'HARA,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN O'HARA: As a Congressman from Chicago and as an old and valued friend of the National Association of Letter Carriers, I feel that you will be gratified to know that there was not a single letter carrier involved in the dope ring which the Federal Narcotics Bureau recently uncovered in the Chicago Post Office.

The fact that a dope ring of any size or dimension whatsoever exists in a Federal post office is shameful, no matter what employees are participating. However, I deeply resent the implication carried in an Associated Press dispatch of July 28, and attributed to a Narcotics Bureau official, that "there may be thousands of addicts employed in the (Chicago) post office." This is a gross and insulting exaggeration. The Narcotics Bureau official bases his estimate on "statistics published in Washington which indicate that 80 percent of Chicago's underprivileged population use some form of dope." As a Representative from Chicago of many years' standing I know that you will agree that any such statistics, if they exist, are nothing more than vicious nonsense.

I feel that, in defense of the honor of the postal service and in defense of the honor of Chicago, the official making such a wild statement should be identified and the statistics he quotes should be investigated.

The Chicago Post Office (and its substations) employs 25,000 persons. In any such group one is going to find some vicious individuals and some weak characters. These must be rooted out effectively. But no conceivable good, and a great deal of harm, can come from slandering the entire employee force of the Chicago Post Office by making headline-grabbing and sensational statements such as those that have been made.

With warmest personal regards, I remain,
Yours cordially,
W. C. DOHERTY,
President, National Association of Letter Carriers.

IN MEMORY OF JOHN B. LITTLE

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, some persons become widely known by name and face because of the prominent roles they play in the drama of life. History records the passing fame of most; and the enduring fame of a few.

For the multitude who serve as their public there are no cheers, no headlines, no titles of leadership. They are the anonymous ones who find humble satisfaction in helping others, seeking no credit for themselves. They find their sense of worth in doing the job well, in the happiness of family life, and the hobbies they cultivate in their spare time.

John B. Little was one of these self-effacing persons whose patient labor and unswerving faith make up the true strength of our free society. There were not many people outside the Capitol who knew John. Here he was listed as an assistant document clerk.

But John developed a special knowledge that was invaluable to the Members of the House. And as the word spread, more and more Members sought out Johnny for the answers that came from his well-documented memory.

His position was not influential, but he did inspire confidence. In so many small ways he was helpful to the Members that they came to regard him as a trusted friend to whom they could unburden themselves. He was the understanding listener—this humble man who enjoyed our well-placed trust.

Some years ago, Johnny's boy was a student at Sacred Heart Boarding School in Shawsheen Village, next door to my home city of Lawrence, in Massachusetts. On a number of occasions he visited his son and from these experiences he gained both knowledge and affection for the Bay State, its history, traditions, and its people. Johnny liked to exchange reminiscences with me about Massachusetts.

Life is not alone measured by the success of our personal ambitions, the surplus of achievement over failure, the number of eminent and powerful individuals whom we know on a first-name level, the accumulation of this world's goods, or the fulfillment we find in our homes and with our families. It is the little people whom we meet frequently in the course of our work, upon whom we depend so much without realizing it, who become a part of our own lives.

Johnny was one of these.

He called himself a civil servant of this House, but he was much more than that to us.

In the "busyness" of each day and the traffic of details that claim our attention, we have no time to speak from the heart until it is too late.

Friends suddenly depart and we mourn them with regrets for the things we meant to do and the words we meant to speak.

John B. Little is no longer with us. He has gone to his heavenly rest. Saddened by the loss of his presence, I think of the following prayer-poem by James

J. Metcalfe, which comforts me as I am sure it will comfort Johnny's survivors:

MY SYMPATHY

The grief of sudden tragedy
Is poignant as can be
And all that I can offer you
Is friendly sympathy.

But my condolence really comes
Directly from the heart,
Because I know how sad it is
When loved ones have to part.

I know you will be lonely
As the days and nights go by
And there will be a thousand tears
That you will want to cry.

And yet we must remember that
There is a will divine
And we may never question it
Or fathom God's design.

And so I grieve with you today
And say a fervent prayer
That God will bless and always keep
Your loved one in His care.

—*James J. Metcalfe.*

A SECOND CHANCE FOR VETERANS TO SIGN UP FOR NATIONAL SERVICE LIFE INSURANCE

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, many men and women who served in the Armed Forces of the United States during World War II and the Korean war, did not realize the value of national service life insurance and did not avail themselves of the opportunity to secure this protection for their survivors. Others mistook the advice of the military to sign up for NSLI as a form of pressure; complied in order to conform; but let their policies lapse after they were discharged.

One of the most frequent regrets I have heard expressed by veterans in recent years is:

> The biggest mistake that I made was in passing up the bargain-rate Government insurance. A man needed his small service pay for other things. It was a time of war and a man lived from day to day, not thinking of the future. Now that I'm older and with increased responsibilities, I miss this protection for my survivors. Do you think the Government will ever give us a second chance to obtain this coverage?

Military service in war is more rugged than peacetime service, even for those who are never called upon for combat duty. Many a veteran dies before his time because of the demands made upon his physical health during his military service, and the consequences could not be foreseen.

Americans have become more insurance conscious than ever in the past 17 years.

H.R. 12333 does not provide direct financial benefits to a living veteran. It is distinct from disability compensation, or a pension. It recognizes the right to life insurance based upon military service that will provide some security for his survivors.

And it generously recognizes that those veterans who failed to take out such policies, or dropped them in civilian life, should not be deprived of such protection because of their indifference or neglect. Upon submission of evidence of good health satisfactory to the Administrator and payment of the required premiums, any person heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, shall upon application in writing, be granted insurance under the same terms and conditions as are contained in standard policies of national service life insurance.

The Veterans' Affairs Committee has unanimously approved this bill as amended. It will include the service-connected totally disabled, but will not include those veterans of the two wars who still are in service during the 12-month period provided for the proposed reinstatements.

The records show that most men become aware of the need for insurance after the age of 35. However, the right of many veterans to take out national service life insurance ended before that age, when they had neither the earning ability nor the family responsibility that would move them to seek protection.

I find that the Government itself was lax in failing to explain to the veterans the advantages of securing and maintaining coverage under this program. In a sense, therefore, this bill will make amends for that oversight by reopening national service life insurance for a period of 1 year.

It is supported by the veterans' organizations and by the general public. As one of the Members who have sponsored similar or identical bills, I look forward to the enactment of H.R. 12333, as one of the most constructive accomplishments by the 2d session of the 87th Congress in the field of veterans' legislation.

FARM RESEARCH AS A FARMER SEES IT

Mr. KING of New York. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. SCHWENGEL] may extend his remarks at this point in the body of the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, the citizens of this great Nation are becoming increasingly aware of what a tremendous job our farmers are doing in providing food and fiber for a healthy percentage of the world's population. They do this in spite of Government interference and regulation. The rapid strides are possible because of the program of research which is carried out to improve quality and quantity, increase the uses for our farm products, and develop new uses.

The distinguished president of the Iowa Farm Bureau Federation, Mr. E. Howard Hill, recently appeared before the annual convention of the American Farm Research Association in Ames, Iowa, and pointed out in a wonderful speech what has been accomplished in his lifetime and what lies ahead.

Because these remarks may not have had too great a circulation beyond the convention publications, I feel that they should be brought to the attention, not only of my colleagues in the Congress who wrestle with farm legislation each session, but all readers of the CONGRESSIONAL RECORD. I request that Mr. Hill's speech, "Farm Research as a Farmer Sees It" appear at this point in the RECORD.

FARM RESEARCH AS A FARMER SEES IT

(By E. Howard Hill, president, Iowa Farm Bureau Federation)

Farm research ranks with space research as one of the great miracles of the 20th century. When E. O. Johnston told me last winter that Dr. Scarseth had requested me to speak at this banquet, I accepted primarily because of my great love and admiration for Dr. George. Since his passing, I have thought of him many times—of his philosophy, his love of America, his pioneering in ideas, his challenges to all of us. And so, the first thing I want to do in this talk is to pay tribute to a great leader—a great scientist—and a great American, whom we miss at this meeting and will miss down the years ahead in the field which he loved and to which he gave so much: Farm research.

We, in Iowa, want to welcome AFRA to our State. It is a real honor for us to have you here. You represent the leaders in farm research. We feel it is appropriate that we meet at Iowa State University, for we are proud of its role in the advance of agricultural science. Our president here has a genuine heartfelt interest in agriculture. He and Dean Andre have won a place of respect and affection in the hearts of Iowa farmers.

I want to take two approaches to my subject, "A Farmer Looks at Farm Research." First, I want to recall some of the changes in the past three decades. Then I want to do a little dreaming about the future, forecasting perhaps, some changes I see ahead. This will probably be the least technical presentation made at this conference.

I. CHANGES

In September of 1930, my wife and I moved to the farm where we now reside, and I started working for my father, for $75 a month. In March of 1931, he and I went into partnership, and I went into debt for my half of the inventory—which was $7,900. This included our horses, machinery, a few steers, and a few hogs. It took me about 8 years to pay off this debt.

We have fed cattle and raised hogs every year since 1931. I well remember when I sold my first batch of hogs. I had bought them at $6 on March 1, was offered $5.95 about April 1, and finally sold around May 15 at $4.75. Economic lesson No. 1. Cattle market predictions were made at Cattle Feeders' Day, August 1, in the early thirties, and we were advised to hold our cattle for $10. We took $4.75 in Chicago in January. Economic lesson No. 2.

For the first several years, we had no electricity, and no refrigeration (kept the milk down in the well pit). We had no tractors, no mechanized cornpickers and our water was pumped with a windmill.

Much of our corn was harvested as fodder. I hired men from Perry at 10 cents per shock—and a good man could cut and shock about 13 shocks per day. As you have already figured, I paid the men $1.30 per day—about what a common laborer makes today in many of the South American countries I visited this spring. Their agriculture down there is still pretty much in the hand labor stage.

Near Lima, Peru, where, incidentally, it hadn't rained since 1934, I saw 11 men involved in feeding an old Ghel cutter loose green corn, which was being blown into high-wheeled carts pushed by 3 to 5 men, and which would hold about half a ton. Another place I saw seven men involved in taking silage out of circular pit silos 30 feet deep with a rope and using a big oxhide as a basket. They were using forks. Human resources are cheap down there. They were pretty cheap here 30 years ago.

I remember we improved our operation in the thirties by putting in a 100-foot trench silo. All the fodder was fed by hand into a stationary cutter. We used two horses in the trench to pack the silage.

Our threshing was done with a 22-inch Red River special. A neighbor, Floyd Burkett, and I owned one jointly. He is still one of my closest friends, a friendship which started with this enterprise.

Sometimes I wonder whether—in all of our mechanization—we haven't lost something we had in doing things together, as we used to do years ago. Or has mechanization given us more time to work together in other areas—such as farm bureau and the various commodity organizations. But hand labor was slow and left little time for anything off the farm.

One of the most dramatic breakthroughs of the thirties was hybrid seed corn. Our yield jumped from about 40 to 50 bushels per acre. My father had been growing a few bushels purely on an experimental basis, that he had got from Henry Wallace at what was then Johnston Station. We were still picking most of our seed corn by hand, hanging it with strings from the corncrib rafters and hoping the mice wouldn't cut the strings during the winter.

We had plenty of barnyard manure to put on our corn ground, but we ran into a lot of difficulty which we thought was drought. The corn would fire along in July and August, and the yield would be hurt. Today, we know this was a lack of nitrogen.

There were two ways to handle weeds. In pastures, we could use a horsedrawn mower. Around the outside of the fields, we used a scythe, and, of course, every acre was gone through by hand to get rid of butterprint, cockleburs, shoofly, etc. We had quite an infestation of shoofly on the farm when we moved up there, and I remember my father offered me $100—which was a mint of money—if I would pull these by hand and clean them out. Fortunately, I passed up the offer. Today, with weed sprays, I wouldn't know where to take you to show you shoofly in any of our fields.

There were very few soybeans grown in those days. In fact, they were practically nonexistent. Their production has increased approximately ten-fold since 1940. Their development and use is a fantastic story in itself. Soybeans is one of our large commercial and profitable crops today. We have developed not only varieties, but machines to harvest them and uses for them as food for humans and livestock. In addition, they have many uses in industry, in plastics, paints, oils, etc.

The only fertilizer I can recall using was potash around the rims of our ponds, and a little superphosphate. The entire fertilizer industry in Iowa has developed during this period. This includes introduction of its use, soil tests, rates of application, forms of materials, time of application, etc.—until today, we've raised the yield per acre to new highs.

I remember 10 years ago Dr. Scarseth predicted we might be growing continuous corn. In fact, I believe I had done some of this experimentally. This was about the time I started using an area which has now been in corn continuously for 12 years. Through selection of hybrids and proper use of plant food, and other management practices, farmers have actually been able to increase yields with continuous corn.

Another breakthrough has been in the area of herbicides and insecticides. My father passed away in 1940, and if he were to return today he would have to acquire a whole new agricultural vocabulary. He had never heard of 2,4-D, D-D-T, Stilbestrol, Methoxochlor, Aldrin and many other chemicals in common use today.

Farm chemicals have really hit the field since World War II, and here again research has brought us many blessings in herbicides, insecticides, pesticides, preemergence herbicides, fungicides, grain fumigants and seed treatments.

When we used to plant corn, it was a very simple operation. It was a two-row planter, and the only thing we put on was corn. We did have the complication of a wire. Today, there are four operations involved in corn planting, corn, fertilizer, insecticide, and a herbicide. The cornplanter has become a complicated machine, and nearly as much time is spent in filling the boxes with the various ingredients as in actual planting.

All these developments have resulted in more than doubling our average yields of corn. Last year our 218 acres yielded 124 bushels per acre adjusted to 15 percent moisture. Our corn is processed as high moisture shelled corn, high moisture corn and cobmeal. Some of it is dried, and some of it goes in as silage.

Twenty years ago, it took nearly 5½ pounds of feed to produce a pound of poultry. Now, through breeding and feeding, a pound of poultry can be produced with slightly over 1½ pounds of feed.

The story of producing a dozen eggs through improved breeding and feeding is just as fantastic. On our way home from Des Moines one evening, Lorraine and I stopped and bought some chickens—at 23 cents per pound. Up near Spirit Lake, our daughter and her husband were given some partly raised chicks by a hatchery. They fed them out and kept track of their costs. When they were finished, they could have bought them cheaper, drawn and dressed, than what they had spent on feed for them.

The whole field of antibiotics, serums, vaccines and bacterins have been developed to prevent diseases, cure diseases, increase longevity, and improve efficiency. When hog cholera vaccination first was introduced, my father cooperated with the Department of Agriculture on some tests to prove that vaccination would prevent hog cholera. The number of livestock diseases he had to cope with (or was familiar with) have multiplied many times, and the treatments for diseases are multitudinous compared with those he knew.

Breeding and nutrition have increased the weight of pigs at birth and the size of litters farrowed.

In the dairy industry, artificial insemination has made it possible for the small and large dairy farmers to improve their herds and production through using the top breeding stock in the country.

The mechanization of feeding processes has made it possible for one man to care for hundreds of animals. Man-hours of labor for raising of hogs, beef, and poultry continue to decrease through the use of more mechanization.

Just as the space age has brought a revolution to modern science—so science and the men who have devoted their lives to research in chemicals useful to agriculture have revolutionized American agriculture in the past few years. The farmer himself has become a scientist, an inventor, an economist, and an accountant. The first piece of equipment bought by my son-in-law Ken Joslin was a calculator.

II. TURNING TO THE FUTURE

It is always risky to try to predict what will happen, but it's always rather interesting and entertaining. You see things you want to see—sometimes things you shouldn't see.

Some of you probably wouldn't want to go out on a limb and make predictions. You are scientists—with a great deal more scientific knowledge than I have. But that's what makes my position easier, you see. It's always easier to form opinions if you don't have all the facts. So—recognizing that it's impossible to schedule inventions or discoveries, I am willing to enjoy the luxury of dreaming a little about the future as I see it. There is a legend on the Archives Building in Washington which reads, "All That Is Past Is Prologue." A visitor to Washington asked his taxi driver what it meant. The driver answered, after a little thought, "You ain't seen nothin' yet." I wonder if that isn't true in the area of farm research. Yet I doubt that change or progress in agriculture will be as dynamic during the next 30 years as it has been during the last 3 decades. I do look for some great changes, though, in our thinking and in our techniques.

One thing I predict sounds almost like heresy. This is the disposition of barnyard manure. Already, we are using lagoons for the disposition of hog manure. However, almost every farmer is still hauling cattle manure to the fields. We have been doing some figuring at our place. It takes a very high-quality manure to be equal to 10-5-10, and by the time most of the manure can be moved it is probably equal to half of this, at least from the standpoint of nitrogen. This means that the average ton is probably worth $1 to $1.50. There are very few days in the spring of the year when this material can be hauled to the field without compacting the soil or when the average farmer shouldn't be plowing or preparing the ground. This soil compaction plus the cost of the labor involved raises a real question in our minds as to the economy of hauling manure. This year, we plan to get a bulldozer, clean off our lots, and push the material up into some huge piles as they do in the West and Southwest for the cattle to lie on in the winter. We will haul some manure this fall and winter where we have taken off corn silage.

At our farm, we cultivate the corn once and the soybeans twice. I predict that in the not too distant future we won't be cultivating corn at all. We have been experimenting with four or five preemergent sprays. One or two look pretty good. Undoubtedly, better and cheaper ones will be forthcoming as a result of research.

Ken Joslin is planting about 22,000 kernels per acre. I think we will see hybrid corn varieties adapted for much higher planting populations than this; varieties that will be adapted for wet corn storage, that will be disease resistant, and also resistant to certain insects. I believe that very soon 200 bushel yields will not be uncommon here in Iowa.

While we have had this overwhelming expansion in the production of corn, one of the jobs research has yet to conquer is the handling of hay. Farmers are going to have equipment and processes that involve less labor, less time, and less expense or they are going to go out of the hay business. We consider it one of our most unsatisfactory crops. By feeding 30,000 units of vitamin A per day per steer in our protein supplement, we have been able to get by with corn and cobmeal and about 2 pounds of hay per day to mature cattle. I question whether, with present equipment, we can justify the putting up of hay on the basis of the pure economics of the operation.

In the cattle-feeding area, I would guess that the discussion of quality grading is but the first step in a change in the grading of beef cattle. My guess is that lines will be selected genetically for their ability to produce lean, tender meat without the present excess of fat which the market demands for well-finished cattle.

I predict many more bulls will be fed. They gain faster than steers and produce leaner carcasses. There are times when bull carcasses actually sell at a premium. Europe is rapidly moving in this direction.

As producers we are going to have to realize that the housewife calls the shots. We will have to produce the type of product she wants to buy.

We have tried to mechanize our cattle-feeding operation. We have a 150-foot auger and bunk. We think it's a good investment not only from the standpoint of saving labor, but also saving feed. We have been happy with it, but of course, we never know how soon it will be obsolete.

As I indicated earlier, we have always raised hogs on our place. We will have about 150 litters this year. Here again we have tried to mechanize, converting our old horse barn into a 24-crate farrowing setup and converting our old dairy barn into a nursery. We have been very fortunate on disease, except for some staph infections which are very common, but which can play havoc with a fresh sow.

We are all familiar with the tremendous progress that has been made in feeding efficiency through better rations and the effort we are all trying to make in producing a meat-type hog. I predict one of the biggest developments in the swine area will be artificial insemination. Here, I think, lies the possibility of eliminating some disease and infection and a tremendous opportunity to improve quality. One top boar can sire half the pigs in an entire township under this program.

Another area, which is not really research, but is one of the things we will all have to work at, is to develop better marketing of our products. This is particularly true in the case of hogs, but it applies to all our farm products. I am sure there will be a continued growth of cooperatives both in the marketing and purchasing fields.

I am not a dairyman, but here again tremendous progress has been made and will be made in the years ahead. The dairyman, too, is going to have to produce what the housewife wants. He must encourage research into more uses for his products, if there is going to be a continued diminished market for butterfat.

In South America, I visited two dairy farms—one, in Lima, had 1,200 cows; the other, in Chile, 500 cows. All of these cows were milked by hand. One man milks 10 cows. This creates quite a labor force on the farms. The social security tax in Chile amounts to 50 percent of the wages—39 percent paid by employers, 11 percent by employees.

Over in Argentina, the national law requires a dairy farmer to pay his cowman 45 percent of the milk check. This cowman doesn't help with the crops. He has no investment. But he receives 45 percent of the milk check. So, you see the dairy farmers in those areas have difficulties, too.

I have referred to my trip to South America several times. Perhaps you would be interested in why I made it. The American Farm Bureau Federation was invited to send four representatives to the meeting of South American farm organizations, which was to be held in Santiago, Chile. President Charles Shuman, Vice President Walter Randolph, L. B. Martin, president of Idaho Farm Bureau, and I were appointed to attend the meeting. It was extremely interesting, and it afforded me the opportunity to return to some of the South American countries which I had visited back in 1940, and to see the progress they have made in their agriculture.

They, too, have made a lot of progress—but, of course, it cannot be compared to ours. Today, 80 percent of the corn in Argentina is picked by mechanical pickers. When I was there before, it was all done by hand. The quality of the cattle has improved. In Argentina, their prices were 7 to 8 cents per pound. There is no rural electrification program down there, and very few Delco-type plants. In Argentina, which is probably the most advanced, the interest rates on land are 12 percent. On operating loans, the interest is 24 percent. Not many can buy land or develop their operations at these rates.

Nevertheless, the extension-type of help which our Government has been providing has encouraged the farmers to make some changes. I visited several farms in company with Agricultural officials and educators who had received their training here at Iowa State University. So, the research done here is paying off for South America as well as for us—but to a limited degree.

South American countries have problems in the way of illiteracy, socialism, unstable currencies, unstable governments. Their farm organizations are responsible organizations. Some of them have long histories and traditions. The farm organization of Chile, for instance, was founded in 1838. But through long dependence on government direction, they are more willing to accept socialistic intervention than we would be.

I am no 10-day expert on South American affairs, but I came home with a renewed appreciation of the system we have here—of our right to make our own decisions on what we will grow and how we will grow it on our own farms.

I visited a large ranch in Argentina which has been owned for many years by two Italians who have never seen it. I visited another, near Lima, that has probably been in the same family since the days of the Spanish conquerors. I visited an irrigated valley in Chile, which owes its life to a tunnel 2 miles long, which was chiseled through the Andes mountains in the late 1800's to intercept a river and bring the water into the valley for irrigation. At one time one man owned the several thousand acres in this valley. Now, it is divided among about 30. One of these men has 17 grandchildren.

On the way to this farm we passed an area which the Government had taken over and broken up into small farms. These are now operated by German farmers, but they have not been successful because they were too small to be efficient and there was too much Government redtape.

I saw other farms which the Government had appropriated from large land owners and distributed to families selected by a Government bureau. I was told that most of these families, even though carefully selected, were ill equipped to handle the responsibilities of ownership, and within a few years the original owners could usually buy back their lands after the new owners had had sad experiences trying to operate them.

Here in the United States we have freedom—freedom to buy land, freedom to plant it, freedom to experiment, freedom to learn, freedom to decide what to do with that learning—these are basic to our way of life. And we take them all for granted.

From time to time we get kind of emotional—especially when the prices get low—and there are pleas to discontinue research which will mean greater production. It is said that research will just mean cheaper production, that the more we raise the less it will be worth, etc. I do not subscribe to this.

Perhaps it will mean fewer people on farms. Is this necessarily bad? In most countries of the world those on the farms are the worst off. Increased efficiency results in higher standards of living for the people in the towns—who, in the last analysis, are our customers. These are the people on whom we really depend.

That is why I feel so strongly about farm programs that would go the quota route—like the turkey referendum would have done—or the farm bill defeated recently. These programs are not conducive to a continuation of the kind of progress that has built the agriculture we have today—the agriculture which this land grant college has helped build, that AFRA has envisioned.

I am optimistic about the future of the efficient family-sized farm. We have an ever expanding market. The development of the European Common Market, our intelligent acceptance of freer trade, and the dramatic increase in population can all contribute to a prosperous agriculture. With the present birth rate of three babies per second being born into the world today, there are 90,000 more people in the world every day, 49 million more people every year. For every 18 deaths, there are 33 births. Every 4 months, the equivalent of the population of Australia is added to the world. We are told that the present world population of 2.8 billion is expected to soar to 6 or 7 billion by the end of this century, which is only a short 38 years from now. The U.S. Department of Commerce figures show that we now have a net population growth in the United States of 1 person every 12 seconds. From 1940 to 1950 the U.S. population was expected to increase 8 million, whereas in actuality it increased 19 million. In the 1950–60 decade, the net increase in U.S. population was 28 million. Since 1950 the population under age 21 in the United States has grown from 53.7 million to 74.4 million at the end of 1961, an increase of 39 percent.

There are many byproducts from living on a farm that have to be taken into consideration. It's a great place to rear a family. We have two little grandsons growing up on our farm. The oldest is already taking an interest in the livestock and the garden. As I watch these boys, I find myself hoping they will see a future in farming, too—and that there will always be an attraction and a challenge in American agriculture.

MANDATORY LIFE SENTENCE FOR ANY PERSON CONVICTED FOR FOURTH TIME OF A FELONY

Mr. KING of New York. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BECKER] may extend his remarks at this point in the body of the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, in line with previous statements I have made on the floor of the House, I have introduced today what is known as the "four-time-loser bill." The bill provides for a mandatory life sentence for any person convicted for the fourth time of a felony, in the District of Columbia.

Mr. Speaker, I do not believe for one moment that this is the cure-all for crime, nor do I believe that heavy punishment is the only deterrent for crime, but I do believe that it will stop a great deal and cause many others to hesitate long before committing a felony. When a person has been convicted of three major crimes, certainly, it is reasonable to assume that he is beyond rehabilitation and should be removed from society and preying on his fellowman. The American people are entitled to this protection from the habitual criminal.

Mr. Speaker, our whole system of law and order is deteriorating, not only in the

District of Columbia, but in most major cities throughout the country and unless we get tough and enforce discipline on these lawless elements, they will soon control society through fear. Does anyone have any doubt that people, and women particularly, living in the District and nearby, are not living in fear? The incidence of rape alone is so prevalent that fear has spread through the community. Some steps have to be taken, now, and then let studies and investigations be made to determine other methods and other approaches to these problems.

Mr. Speaker, I have also introduced today a resolution to have a congressional committee investigate every phase of the crime conditions in the District. It is my understanding that the Congressional District Committee did make an investigation in 1950 and did bring about a number of very fine advances in this field. I believe with an investigation at this time, further advances can be made.

Mr. Speaker, further legislation has to be prepared and introduced to help the police department in their investigative work. At present they are hampered by the Mallory decision and other recommendations and restrictions. I will cover this ground in a few days when I have bills prepared. I sincerely hope the two items introduced today will receive fast action of the committees of the House.

H.R. 8845—OBSTRUCTION OF INVESTIGATION

Mr. KING of New York. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. MEADER] may extend his remarks at this point in the body of the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEADER. Mr. Speaker, Wednesday, we are scheduled to take up H.R. 8845, the so-called obstruction of investigation bill.

I studied this proposed grant of power requested by the Attorney General, both as a member of the Antitrust Subcommittee and the full Judiciary Committee. I believe the bill is a bad bill and should not become law. I also believe if the Members understand the implications inherent in this grant of power, they will not support it.

Accordingly, I am sending today to each Member of the House the following letter and memorandum:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 6, 1962.

DEAR COLLEAGUE: Wednesday, August 8, 1962, we are scheduled to consider H.R. 8845, the so-called obstruction of investigation bill.

This extremely controversial measure was debated and amended extensively in the subcommittee and in the House Judiciary Committee, and there is substantial opposition to it among the members of the Judiciary Committee.

I think it is a bad bill and ought to be defeated. I have set forth my reasons in the attached memorandum which I hope you will have time to read before you vote.

Sincerely,

GEORGE MEADER.

MEMORANDUM BY HON. GEORGE MEADER RE H.R. 8845, OBSTRUCTION OF INVESTIGATION, AUGUST 6, 1962

H.R. 8845, the so-called obstruction of investigation bill, is listed first on the program for Wednesday, August 8, 1962.

A technical, Federal criminal matter, this bill and some of its vague and ambiguous phraseology will be difficult to explain in debate. For that reason, some of us who oppose the bill believe Members should be as fully advised as possible.

H.R. 8845 provides a $5,000 fine, 5 years in jail, or both, for interfering (in certain ways) with "authorized" (?) "investigations" (?)—whatever these words may mean—of the Federal Bureau of Investigation, the Narcotics Bureau, the Internal Revenue Service and the Secret Service (to be added by amendment on floor), into the following Federal crimes: (1) Murder, (2) kidnaping, (3) gambling, (4) narcotics, (5) liquor, (6) prostitution, (7) extortion, (8) bribery, (9) counterfeiting (to be added by amendment on floor), (10) national security.

On the surface this seems desirable. Everyone hates the criminal, particularly the organized, syndicated, interstate racketeer, and wants to do everything necessary to apprehend and punish him.

Looked at more closely, however, it becomes apparent that this bill would vest in Justice and Treasury investigators a weapon, the use of which would not be limited to a few thousand racketeers but would also be available to harass 185 million citizens of the United States.

This widespread effect would have been obviated and could have been restricted to organized, syndicated crime if we had adopted the approach of Representative CRAMER, of Florida, in his omnibus bill, H.R. 6909.

The United States, and many States, long have forbidden the bribery, intimidation, assaulting, threatening, forcing or suborning of witnesses, court officers, jurors and others to interfere with judicial, grand jury or congressional proceedings and to cause a miscarriage of justice.

But for the first time in history, in either State or Federal jurisdictions, a proposal now is seriously advanced to extend the sanctions protecting the integrity of formal court proceedings, these inhibitions on citizen behavior, to support, dignify and enhance the informal, sometimes clandestine, investigative activities of a sleuth.

The Justice Department has failed to show that this additional power in H.R. 8845 is needed. They have not met the burden of proof. The three instances they cited, *Scoratow* (false statement to FHA), *Appalachian* (conspiracy of underworld) and *Scuttles* (auto theft) were investigations of crimes other than those enumerated in H.R. 8845. If H.R. 8845 had been law at the time of these investigations, it would have been no help to the Justice Department.

This legislation has had a stormy history in this Congress. August 2, 1961, after amending S. 1665 (companion Senate bill), the House Judiciary Committee, by a vote of 16 to 10, refused to report it.

This year, in meeting after meeting, both of the subcommittee and the full Judiciary Committee, H.R. 8845 was debated and debated and amended and amended. Finally, on April 3, 1962, a wholly new version, not even printed, with only one typewritten copy being available, was substituted by a vote of 17 to 15, and that is the present H.R. 8845, reported on a voice vote.

This language not being satisfactory to the Justice Department, still further amendments are now in the process of being drafted to be presented during debate on the bill, without having been considered by the Judiciary Committee.

Since a rule was granted May 24, 1962, H.R. 8845 has appeared on the program three times (June 4, 18, 25) and has disappeared three times without explanation. Ordinarily three times is enough.

H.R. 8845 is but one of about a score of bills granting more power requested of this Congress by the Attorney General.

Eleven of these requests became law in the first session of this Congress:

1. Public Law 87-338, amending section 35 of title 18—conveying of false information concerning the doing of any act violating those chapters of title 18 dealing with aircraft, shipping, and railroads.
2. Public Law 87-368, amending section 1073 of title 18—flight to avoid prosecution or giving testimony.
3. Public Law 87-216, amending chapter 50 of title 18—transmission of bets, wagers, and related information.
4. Public Law 87-218, amending chapter 61 of title 18—providing means for the Federal Government to combat interstate crime and to assist the States in the enforcement of their criminal laws by prohibiting the interstate transportation of wagering paraphernalia.
5. Public Law 87-306, amending section 1362 of title 18—to further protect the internal security of the United States by providing penalties for malicious damage to communications lines, stations, and systems.
6. Public Law 87-228, amending chapter 95 of title 17—prohibiting travel or transportation in interstate commerce in aid of racketeering enterprises.
7. Public Law 87-371, amending chapter 713 of title 18—prohibiting transportation of fraudulent State tax stamps in interstate and foreign commerce.
8. Public Law 87-336, amending section 5021 of title 18—the Federal Youth Corrections Act.
9. Public Law 87-353, amending chapters 25, 31, and 47 of title 18—the forging, counterfeiting, embezzling or stealing of bonds and obligations of certain lending agencies, and the making of false statements thereof.
10. Public Law 87-197, amending chapter 20 of title 49—violations of Federal Aviation Act.
11. Public Law 87-221, creating chapter 31 of title 15—destruction of property moving in interstate commerce.

During this session of Congress, there has already been another item of criminal legislation enacted:

1. Public Law 87-486, amending section 2385 of title 18—defining the term "organize" as used in the chapter on "advocating the overthrow of Government."

The following four bills have passed the House and are awaiting action in the other body:

1. H.R. 6691, amending sections 871 and 3056 of title 18—providing penalties for threats against the successors to the Presidency and to authorize their protection by the Secret Service.
2. H.R. 8140, amending various chapters of title 18—to strengthen the criminal laws relating to bribery, graft, and conflicts of interest.
3. H.R. 7037, amending section 3238 of title 18—providing for offenses not committed in any district.
4. H.R. 8038, amending section 491 of title 18—prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and

shape to the lawful coins or other currency of the United States.

Two bills have passed the House and Senate and are now in conference:

1. S. 167, civil investigative demand (returned by the House July 18, 1962, by a vote of 202 to 200) with instructions to insist on the House limitations on the Attorney General's subpena power.

2. S. 1658, prohibition against interstate transportation of gambling devices containing immunity grants and authorizing the Attorney General to adopt regulations having the force of criminal laws.

And pending in the House Judiciary Committee are three important bills:

1. S. 1655, authorizing grant of immunity of witnesses in labor racketeering cases.

2. H.R. 10185, authorizing wire tapping, including the authority to tap wires, at the sole fiat of the Attorney General without court approval.

3. H.R. 2852, premerger notification.

In the last session, the Judiciary Committee reported and the House defeated (by a vote of 223 to 172) on August 29, 1961, H.R. 6242, a request of the Attorney General for power to fix salaries in his Department without regard to the Classification Act.

The manner in which powers granted for one purpose can be used in concerted action to accomplish a wholly different purpose than that for which the grant is made was demonstrated to the country in the calling of grand juries and the FBI agents knocking on doors before dawn in the steel dispute.

Further grants of power (however worded) should be withheld until confidence is established that such power—

1. Is necessary to maintain order;

2. Does not infringe the liberties of citizens more than is essential to accomplish a law enforcement objective for which existing authority is inadequate;

3. Will not be employed to accomplish ends other than that for which delegated.

H.R. 11496: A BILL TO EXTEND TO THE DISTRICT OF COLUMBIA THE ASSISTANCE PROGRAM FOR FEDERALLY IMPACTED SCHOOL AREAS

Mr. KING of New York. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. MATHIAS] may extend his remarks in the body of the RECORD at this point and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MATHIAS. Mr. Speaker, on July 31, 1962, I submitted a statement to the General Subcommittee on Education of the House Committee on Education and Labor in support of H.R. 11496 which would extend to the District of Columbia the assistance program for federally impacted school areas. This bill is vitally necessary to the educational system of the District of Columbia which is seriously handicapped for funds due to the extraordinary amount of Federal activity in Washington. The bill would allow the District to receive compensation from the Government for revenue lost from private sources due to this activity and would fulfill the pledge undertaken by Congress to education in 1950. The money would not be a mere windfall, but a compensation for services rendered by the city. The alternatives to this program are first, to decrease the educational facilities, which, as I point out below, is an unwise decision in this day and age; or second, to increase the taxes on the non-Federal segments of the District's population, a patently unfair solution to the problem.

H.R. 11496 is a most important bill for the educational system in the District of Columbia. It is designed to extend to the District of Columbia the provisions of 20 U.S.C. 244(8), entitled "An act to provide financial assistance for local educational agencies in areas affected by Federal activities."

By every standard, irrespective of whether the children reside on or off Federal real estate, the National Capital area, and especially the District of Columbia, is truly an impacted area. The activity of the Federal Government creates a strain on the local budget which is not present when the commensurate activities are carried on by taxpaying private enterprise.

Under the provisions of the act, the Government has an obligation to aid such impacted areas and the failure to enact this amendment would result in the failure of the Federal Government to fulfill its duty to the citizens of the Nation. We cannot in this day and age afford to cut back our educational facilities especially in the Nation's Capital. Therefore, it is most important that this legislation be enacted to enable the District of Columbia to have an educational system that will meet the needs of the city.

ADDITIONAL JUDGES FOR THE DISTRICT OF COLUMBIA JUVENILE COURT

Mr. MATHIAS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. MATHIAS. Mr. Speaker, from time to time I have commented on the backlog of cases pending in the Juvenile Court for the District of Columbia and on the failure of the administration to appoint judges to try these cases. I have noted that the delay in making these appointments has been extended throughout a period of nearly 5 months.

I am now glad to be able to comment on the fact that the President has appointed two judges of the court as provided by the Congress last winter. I extend to the new judges my personal best wishes. They will need the best wishes of all of us if they are successfully to overcome the initial handicap imposed upon them by the tremendous backlog of cases which faces them.

I should also like to say that it will be the continuing responsibility of the Congress to watch the operation of the court in the coming months. I intend to observe carefully how the expanded court is meeting its responsibilities to all the people of the District of Columbia. It may be that further legislation will be required, and, if it is, the Congress should be prepared to provide it without unnecessary delay.

FEDERAL AVIATION AGENCY

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. GONZALEZ] is recognized for 25 minutes.

Mr. GONZALEZ. Mr. Speaker, last Tuesday I submitted to the CONGRESSIONAL RECORD an extension of my remarks made in connection with the debate on the Federal Aviation Agency's portion of the independent offices appropriation bill. In this submission I called attention to the fact that we have a "sick" situation within FAA that is in bad need of some doctoring.

I mentioned that this Agency operates under a cloud of concealment and for reasons of its own prefers not to be forthright with the public or this Congress. Indeed, it has developed a patronizing attitude toward Congressmen, as a number of you can testify. I am convinced that the Agency has acquired this attitude by simply adopting or reflecting the attitude of its Administrator, Mr. Najeeb Halaby.

It is Mr. Halaby, and Mr. Halaby alone, who must take the responsibility for having damaged employee morale and security to the dreadful extent to which this has been done in the Agency. I base this remark on my personal conversation with the air traffic control employees both within my district and from a variety of points outside it.

The damage to employee attitudes has now come to the point where it affects the interests of the flying public, and for this Halaby should answer.

In the extension of my remarks in last Tuesday's RECORD I called attention to the fact that FAA was sugar-coating the effectiveness of our air traffic control system. The effectiveness of that system is not fully told in the raw statistics of airplane crashes and passenger fatalities. I called your attention to the fact that Mr. Halaby has reported to you less than one-half the number of near-misses which are occurring in our airlanes. This fact has not yet been published, but I am confident that this will soon be generally known. It is well that it should, for there is no question but that the controllers and coordinators who operate our air route traffic control system should have more modern equipment and better working conditions than they now possess. I am for the Agency having these, and I also feel strongly that the Agency should have a management that inspires confidence and cooperation—something that is absent from the present picture.

Let me give you a timely example of the inadequacy and the dangers latent in the present system. Keep in mind that the Congress created FAA a few years ago giving it broad, unilateral powers greater than those possessed by most Federal agencies, and that it did this in the wake of a deadly and shocking air accident over the Grand Canyon. The disaster stirred this Nation and the conscience of the Congress produced the powers to prevent future disasters and has provided an ever-increasing budget that will soon approach a billion dollars a year. We must, of course, make allowances for the fact that this was being done at a time when there was lots of catching up to do, for the Nation's air traffic controls were geared to visual flights or the relatively slow-moving DC-3. With the jet age already here, there was much ground to cover in a hurry.

Now we are getting warnings, almost daily, that we have not been in enough of a hurry.

When I remarked on these things last Tuesday, I was dismayed to learn from a telephone call that very night that the Nation had almost been confronted with the worst air mishap of our history. This was another so-called near miss. Let me describe it for you:

Visualize two jet passenger planes, a TWA 880 jet going from St. Louis to Los Angeles and an American Airlines 707 jet bound from Los Angeles for St. Louis. These planes were probably each flying 600 miles an hour. They were approaching each other. Both planes on jet route 80 had been assigned the same 33,000 foot altitude by the FAA air traffic control and were in the same air corridor. They were set on a collision course with each other unbeknown to either pilot and they were approaching each other over Salinas, Kans., at a probable 1,200 miles per hour.

At 5 miles distance an approaching plane is but a tiny speck on the pilot's windshield. Yet, at such a speed, if the pilot sees the speck at all, he has but 15 seconds in which to get instructions from the ground to vector around, or to do it on his own motion. As it happens, the TWA pilot altered his course and missed the other plane by a reported several hundred feet. It was similar to the head-on collision hazard that occurred near Cleveland on March 19, and was reported on almost 3 months later on July 5.

But have you wondered how this incident over Kansas became known and found its way into the press? My information is that it came not from Mr. Halaby or by decision of the Agency. It came from a tip to a reporter who confronted an FAA public relations office with his queries and got confirmation.

But however it came, I say to this House that there are more facts to be related about this Agency and it is our duty to give them attention. We can be grateful that we know about the Kansas incident, if we will take it as a timely warning and a providential reminder that FAA needs and should receive our scrutiny and attention.

Tomorrow the Senate will take up hearings on this Agency's appropriations. I trust it will seize its opportunity to give us some of the answers and some of the facts that Mr. Halaby thinks are none of our business.

SOUTH AFRICA'S POSITION ON THE AFRICAN CONTINENT

The SPEAKER. Under previous order of the House, the gentleman from Mississippi [Mr. WILLIAMS] is recognized for 15 minutes.

Mr. WILLIAMS. Mr. Speaker, among the strange disharmonies in the conduct of the foreign relations of the United States over a period of many years are its contradictions, so well illustrated by our dealings with the Republic of South Africa, the only effective pro-Western nation on the African Continent.

Long recognized by our more far-visioned military and naval planners for its strategic importance in event of closure of the Suez Canal and for its logistical value, South Africa has a location with respect to ocean transportation that makes that country vital to Western security. In contrast with the realistic appraisals of our strategists, certain elements in our Department of State have engaged in reckless meddling in the internal affairs of this friendly power.

Unfortunately, the mass media of the United States and their publicists have generally failed to give our people a true picture of South Africa and its problems, thereby contributing toward bringing about serious misunderstandings and confusion that could impair the vital interests of our country and, indeed, of the entire free world.

It was, therefore, refreshing to read an illuminating paper on South Africa, delivered on March 12, 1962, by W. J. LeRoux of the South African Embassy before the distinguished membership of the Cosmos Club in Washington, D.C.

I insert Mr. LeRoux's remarks at this point in the RECORD:

SOUTH AFRICA'S POSITION ON THE AFRICAN CONTINENT

The story of the ever-changing political face of Africa during the last few years and the anticipations and prophesies of further changes to come in the future, reads more like a chapter in a storybook than in a book on international constitutional development. The years 1960 and 1961 were Africa's years and brought about an entirely new picture and vision of dark Africa as it was known up to recent times. It has also brought about a severe impact on world affairs and world philosophies, the full extent of which has not yet been filled. The African metamorphosis of this decade is still in the melting pot and only the foolish may dare to prophesy the influence of the African Continent and the African peoples on world affairs of tomorrow. It may, nevertheless, be said that this situation—the awakening of this continent from its centuries-old slumber—presented a vastly different outlook to world powers with their struggles for allies and alinements in the ever-continuing struggle of balance of power. Africa has, over a few years, forced itself on the attention of even the least observant person in the Western World and probably also in other parts of the globe. Let there be no doubt Africa, in its present stage of development, may be underdeveloped—may in certain places, be uncivilized—but it will, relatively speaking, play a more vital part in the affairs of man on this earth than any other continent. It stands as a buffer between two great ideologies from the East and the West, and the one who eventually conquers Africa could be the victor in world affairs.

This young giant is gradually awakening and at the moment its mood is one of anger and frustration—at times a blind and unrealistic anger. Nevertheless it should be taken into consideration whether this anger is of the masses of Africa or whether it is the anger of a few peoples and groups from this continent, the fact that Africa has emerged, some may think prematurely, to international stature and the fact that it has become an important factor between East and West are the direct results of the actions of the world powers themselves. It is only the foolish who may still argue that Africa, with its recently achieved freedoms, has not become involved in the cold war. It is in the middle of the cold war and it will, in the near future, play an even more important part in the world struggle. With it came a new phenomenon of appeasements and accommodation which is covering up the real problems of Africa—which will not bring about a solution. It is unrealistic and is based on the concept of bargaining with both sides, playing the lowest bidder against the highest and becoming more and more demanding, and less loyal.

For the world, however, the efforts of the white man—who has really developed Africa up to now and who has done most for the development of black Africa's underdeveloped masses, these white men are pushed to the background for the price of African appeasement. The number of independent countries in Africa grew from a few not many years ago to 29 at the present time, and to this number more will have to be added during 1962 and 1963. In the United Nations, whose main objective is the preservation of peace, this new bloc of independent African countries has already claimed for itself an important role—a factor to be reckoned with in the lobbies and voting chambers of this world organization. At times its angers and frustrations, and also its ambitions and inhibitions, are apt to be shortsighted when it comes to the inherent rights of other peoples who have lived on the African Continent for centuries and who can claim to be as much African as the black peoples from that continent.

South Africa is a charter member of the old League of Nations and the United Nations. It has been an independent state long before many of the new African leaders were even born. It has always realized that sooner or later the peoples of Africa will be growing and developing toward nationhood and that the stage would come where the new emerging states of Africa will take their stand, side by side, with other world nations. South Africa has however at all times stressed the important fact that independence should not be granted prematurely and that it should be based on the inherent abilities of these new African nations to rule themselves without outside interference.

Outside assistance should not became more important and more vital than the peoples' own abilities to rule and to govern themselves. This sober attitude has, in postwar years, not always been adhered to and as may have been anticipated brought about scores of basic problems, not only for these new African nations themselves, but also for the world powers, world blocs and the United Nations as such. It is still South Africa's belief that no people worthy of their existence can be oppressed indefinitely but it would, at the same time, be a greater sin to give or to grant independence to such people before they have developed to the extent that they can rule and govern themselves. That has always been our policy and still is and we sincerely hope to be able to continue to act in a sober and healthy attitude toward the future independence of the African peoples within South Africa's own borders. It is my intention to give you later on a picture of South Africa's efforts toward development of her own African nations, but at the moment please allow me to give you a little background of present-day South Africa—how it has developed to become a bastion of Western civilization, and the strongest fort against communism on the African Continent.

I am addressing you today as an African, a white African—as much an African as any other human being from that continent can claim to be.

What makes an African?

What makes an American?

I am as much an African as you are Americans. At least six generations of my family were born in South Africa. They came to my fatherland centuries ago.

The histories of both our countries go back to about three and a half centuries. The vanguard of our European ancestors of three and a half centuries ago—seeking new continents to discover and new horizons to explore—spread from Europe over the western and southern seas. At about the same time pioneers from the same origins migrated to North America, while others braved the southern oceans. When the Dutch West India Co. sailed to the Americas, the Dutch East India Co. went southward and in 1652 established a halfway station at the Cape of Good Hope and built the Fort of Good Hope—the same time that your Fort Amsterdam was built, which later became New York.

In the same way as peoples from Europe came to the United States of America to form a new nation here, so peoples of different nations and groups came to South Africa to form a nation on African soil.

With the peoples from Europe came their great ideals, values, aspirations, religion and culture which eventually formed the basis of the American nation. In the same way "Europe" with everything it stood for in its great eras of civilization, came to South Africa and with those same values, the new South African nation emerged. As in the case with America, where English Puritans came here first, the first Dutch settlement in South Africa was later strengthened by arrivals from France, Germany, the Scandinavian countries, England, Scotland, and Ireland—thus the new nation was born on African soil.

In the United States of America one language, namely English, survived—in South Africa we today have two languages, English and Afrikaans, with the latter the youngest and one of the most dynamic of Western languages.

The same Atlantic Ocean that brought the greatest civilization the world has ever seen, the civilization of Western Europe, to North America, also brought the civilization to the African Continent—to South Africa, where the Atlantic meets with another great ocean, the Indian Ocean. Here on the southern tip of Africa, where oceans and civilizations meet, the roots of the Western civilization of the Atlantic Ocean, thrived on the soil of a vastly strange continent.

So Europe grew in Africa and with it a new frontier of Western culture was established.

But the parallel goes on.

In the United States the people went west over the prairies until they reached the seas, taking along with them development and civilization. In South Africa the pioneers went north over the plains of southern Africa and with them they also took along their great values, religion, and culture.

Moving through the uninhabited areas of South Africa, the white pioneers encountered many remnants of tribes fleeing from other stronger tribes. Unless attacked themselves these pioneers moving further north into South Africa never destroyed these underdeveloped tribes. They were protectors and gave guidance.

It is essential for the purpose of perspective that we should examine what men of European origin have achieved in South Africa.

Their numbers were, and still are, small, but they have left an unmistakable impression on this part of Africa.

Under the leadership of the white man, his know-how and enterprise, South Africa has been developed to (1) the only industrial giant on the African Continent; (2) the country where the per capita income is 50 percent higher than that of the next African country and three times as high as the average in the rest of Africa; (3) the country which produces three times as much steel (always a criteria of development) than the rest of the African States combined; (4) the country with electrical power generating double that of the rest of Africa; (5) a country which produces 87 percent of the coal in Africa; (6) a country which takes more than one-third of all U.S. exports to Africa; (7) the country which has more U.S. capital invested than any country in the African Continent; (8) the country with railway freight traffic more than half of the total in Africa with the largest network of electric railroads outside Europe and the United States; (9) the country which possesses 41 percent of the motor vehicles in Africa and about 50 percent of its telephones; (10) the country which produces 60 percent of the world's gold annually; (11) the country with the largest oil from coal plant in the world; and (12) the country with political stability without precedent on the African Continent.

Who are the people who developed this industrial giant, this Western civilization and fortress against communism in Africa?

They are (1) 3 million whites; (2) about 10 million Bantu, i.e., blacks, divided into at least seven basic ethnic groups speaking amongst themselves dozens of languages and scores of dialects; (3) about 1½ million coloreds; and (4) about half a million people of Asiatic origin—the descendants of indentured laborers who were brought by the English to South Africa between 1860 and 1910 to work in the sugarcane fields of the then English colony of Natal. The great problem facing South Africa is how to work out a system, a way to live, a modus vivendi, for these different peoples to live in harmony together, taking into consideration (1) the different levels of development and civilization which vary from the very, very primitive to the highest form of Western civilization; (2) the different cultures, with the different backgrounds and languages spoken by all these people—Western, African, and Oriental in outlook; and (3) the different areas in which these peoples have lived for centuries and which could be called their traditional homelands.

In view of all these factors what do we suggest?

Firstly, we reject integration which must mean the eventual submergence of the numerically smaller white nation and his cultures.

We reject a multiracial country because history has shown that it has never worked in the past with majorities and minorities within the same state. Instead of a multiracial society which must lead to the swamping of the developed minority by the underdeveloped majority we suggest a permanent "live and let live" program—a white state setting an example to and adding well-founded, orderly development to neighboring black states within South Africa. Each group, white and black, having full rights and privileges to live the lives to which they are entitled and have developed over the centuries in their own fashion, without the danger of one being destroyed by the other and without the fear of one being subservient to the other.

Secondly, we believe that the development to full nationhood of the Bantu should proceed systematically, in pace with his capabilities.

Unlike other authorities in Africa we did not start at the top—we reversed the process of starting with a small group of the finished product. Instead, we are carefully preparing our Bantu masses for an ever-growing share of responsibility.

Thirdly, we believe in upliftment through self-help and self-rule, leading to truly independent states with truly independent state of minds of the people, contrasting with independence in name only. Independence demands responsibility. The Bantu are being trained to become cognizant of what these responsibilities entail.

Whether a state may stand independently depends entirely on whether its citizenry is capable of handling, and ready for, that responsibility. Spoon feeding has never, in the history of man, created a new nation. Nationhood must come from within the soul of a group or nation, it must come from the inherent or attained abilities of a group of people brought together by the same ideals, the same culture and the same way of life. This must apply not only to political development but also to cultural and economic development. It does not mean that such a new nation should do everything itself—surely it should be aided in its desires—but it must, at all times, be within their capabilities and scope.

Before coming to the present-day developments in South Africa toward nationhood for her black peoples so that white and black can live together in peace, without the one being a danger to the other—I would like to point out a few of the foundation stones on which these structures of nationhood for our black peoples have been built.

The basis of Western society is family life. The same applies to the Bantu peoples. But proper family life is not possible without proper housing.

That was target No. 1 in the upliftment and development not only of individuals but also of families and, eventually, nations. A housing program without parallel on the African continent and one of the most ambitious ever tackled in the world, was started in South Africa about a decade ago. It has advanced to the stage where within 2 years South Africa will have no slums left in the urban areas. More than 150,000 houses were erected in the major cities of South Africa for her Bantu peoples. Thousands of houses in entirely new townships of the Bantu homelands are now being built—more than 89,000.

Target No. 2: An important cornerstone in helping people to help themselves is education. South Africa was not so much interested in the training of a few of the Bantu peoples. It realized that success would lie in the education of the masses. From 1930 to 1960 the number of Bantu pupils increased five times, to 1,500,000. Expenditure on education increased 16 times. It was realized too, that once education had reached this scale, it would be most unfair not to provide education up to the highest levels, and apart from over 6,000 schools for the Bantu and 46 industrial schools there are, at the moment, 2,500 Bantu students enrolled at the various universities, including three universities established during recent years solely for Bantu students in their own future states, for their own people. We have also provided amply in the fields of medical care and amongst the many hospitals—the Baragwanath Hospital for the Bantu, with 2,500 beds, stands out as the biggest on the whole African Continent and Southern Hemisphere. As far as a specialized institution is concerned, it is one of the leading hospitals in the world. We provide free medical and hospital care for those who require it.

But here again we try to stress the importance of self-help and, apart from more than 200 Bantu medical doctors in South Africa, we also provide for the training of Bantu nurses. At Durban we are training nonwhite doctors and at the various hospitals there are already a few thousand Bantu nurses and trainees.

I can also touch on our efforts as far as social welfare and other services are concerned, including pensions for the aged, but I want to come to one of the most crucial questions and problems of developing the Bantu people of South Africa on a broad basis toward full nationhood.

Having looked after the interests and having provided development for our black people on all these different levels and in these different spheres we are now ready to hand over to some of those capable of handling them, the first responsibilities which will lead to eventual independence.

About a month ago our Prime Minister, Dr. H. F. Verwoerd, announced the first steps toward self-rule and self-government of the peoples of the Transkei territory.

The self-government announcement for the Transkei by the Prime Minister is the natural outcome and follow-through of our policy of separate development. Perhaps we have been misunderstood by many and we have also suffered attacks which quite clearly spring from selfish interests and objectives of countries and individuals with Communists and fellow travelers who have only one goal in mind, and that is to create as much chaos as possible in the most stable country on the African Continent. Destruction of present-day South Africa, the only reliable independent African friend of the West and one of the very few anti-Communist bastions on that continent, will make the conquest of this strategically situated continent much easier for the enemies of the West.

Statements are often made which indicate to an incorrect appreciation of the position of South Africa, as well as the true aims of the Government's policy. For example it is said that it is Government policy to oppress its nonwhite peoples; to insure everlasting domination by the white; to perpetuate a system which denies fundamental human and political rights to nonwhites; and that it will never allow them any form of franchise.

I would like to answer these accusations with documentary evidence of what is being done by showing you a film at the end of my address.

To insure human rights for the Bantu and to make it possible for them not only to participate fully in the affairs of their countries but to be able to achieve absolute authority in their traditional homelands, at present within the borders of South Africa, the South African Government has evolved the policy of separate development.

The situation perhaps becomes clear when one realizes that in the southern portion of Africa, a large, practically uninhabitated area was settled almost simultaneously by the whites from the south and the Bantu from the north, the greater part by white people and a variety of smaller parts of the land by black people from central Africa and further northward.

Fundamentally, white rule, first by the British Government and later by the South African Government, was generally recognized as right until the Second World War when, for reasons well known, the movement for granting separate statehood to national units which were formerly governed by others, grew.

In most cases this did not mean the creation of multiracial states. When minorities of great racial divergence were linked, it soon appeared that they had very little chance of surviving, and certainly none of them retained control even though they may have had experience and a great degree of development.

South Africa wished to fall in line with the new trend of granting separate statehood to national units formerly governed by others. Its problem was how to achieve justice with regard to political rights for each different group, including their right of survival.

The South African Government has, in the light of all this, chosen the only alternative to integration, it has chosen the self-realization, to the utmost extent possible, for each group.

This means that it is willing to grant to the Bantu nations of South Africa the opportunity to work out their own destinies as this was desired by, and granted to, new states in other parts of Africa. Against this background the Prime Minister recently announced details relating to the granting of self-government to the Transkei, the first Bantu homeland. In accordance with the principles of self-determination the Government of the Republic is complying with the request cf this Bantu homeland by aiding it, in every possible way, on the road to independence.

The Government is prepared to grant the Transkei a new constitution which will create a parliament and a cabinet of ministers for that territory, based on the principles of Western democracy, and also based on historical political development of this Bantu people, with philosophies at times strange to our Western way of life.

In consultation with the leaders of the Transkei, the details of the constitution is being worked out. It will be a wholly Bantu parliament and cabinet since white South African inhabitants of that area will have no political rights there but will exercise their votes within the Republic of South Africa. In the same way, the Transkei Bantu in the Republic will exercise their votes in the Transkei parliament. A separate Transkei citizenship for the Bantu will be granted. The powers now being entrusted to this new Bantu parliament will be substantial and will increase as the organization becomes capable of undertaking the remaining duties. It is hoped that the new system of self-rule which must lead to political independence, can become operative early in 1963.

Political development must naturally be accompanied by economic development on a substantial scale. Various plans, including a 5-year program for development in the economic sphere of the Transkei, amounting to well over $100 million, were announced. The South African Government will give assistance, too, in the building up of a proper civil service for this new state and others that may follow. White officials will be placed at the disposal of the government of the Transkei in order to train and consult with Bantu civil servants, who will eventually fill all the posts in this new state.

What has been announced for the Transkei is an example of how the South African Government will fully implement its policy of separate development for each of the Bantu nations as soon as they feel capable of taking the same step.

An enormous program for the development and political self-realization of each national group is therefore being entered upon. This must destroy the fallacy that white extremists hold sway in South Africa. The cooperation already being obtained for these programs give lie to the misconception that there is an ever-widening chasm between whites and nonwhites in South Africa. Although external and some internal forces, as well as agitation, have succeeded in creating ill feeling, the white people, with few exceptions, practice great tolerance and are genuinely trying to fulfill their commitments. Provocation from outside South Africa and provocation and criticisms of a small body of nonwhites in the country often inspired by a still smaller body of South African whites, with some very strong leftish leanings—the product of continual incitement and subversion from abroad—have not diminished the Government's determination to solve this unique racial problem calmly and with sincerity. There can be no doubt whatsoever that the stability and even tranquillity which are still characteristic of South Africa in contrast to the conditions of chaos and turbulence in some other parts of Africa, as well as in certain parts of the world, could not have been possible had it not been for the cooperation and the good feeling which exists between most whites and blacks in the country.

This new era in South Africa which is being envisaged by the measures announced holds in it great promise for the building of friendship and cooperation between the races, and gives them all the assurance of the retention of their own identities. We ask of you but understanding and the acceptance of our sincerity.

POLISH MILLENNIUM

The SPEAKER. Under previous order of the House, the gentleman from Nebraska, Mr. CUNNINGHAM, is recognized for 10 minutes.

Mr. CUNNINGHAM. Mr. Speaker, in a short time worldwide celebrations will mark the 1,000th anniversary of Poland as a Christian nation.

This Polish millennium marks the beginning years of Poland's conversion from a pagan state to a Christian state. It was in the early 960's that this change occurred, and so it is that 1,000 years later there will be local, State, and national celebrations to mark the millennium.

This fall, a dignified and impressive service is planned in Omaha, Nebr., to mark this millennium. At the close of my remarks, I will include details of these services as they are described by an article in True Voice, official newspaper of the Omaha archdiocese.

Mr. Speaker, the people of Poland who have come to this country have made great contributions to America. They have joined the melting pot which has brought to all Americans their greatest gift—freedom of thought and action. The list of accomplishments by Polish Americans is endless.

Throughout history it has been the Polish tradition to defend other nations in distress and to take the side of the weak and oppressed. This long tradition in Poland makes us in America feel close to the Polish people, for these are things for which America is also known.

The fierce desire of the Polish people for freedom and their desire to uphold the highest ideals led to the death of many of these patriotic people before and during the onslaught from east and west during World War II. Still today there is the foreign control ever present from the Soviet Communists. A small measure of freedom was restored to the people of Poland following the uprisings of several years ago, yet we know that the hope of real freedom and independence is still nurtured and remains steadfast in the hearts of the people of Poland.

To commemorate this ideal of freedom which has burned in the hearts of its people for 1,000 years, Polish-American groups are marking this millennium. In Nebraska, the Polish-American Congress of Nebraska is preparing to observe the millennium with public thanksgiving to God and with reflections on Poland's noble and brave past, its present plight as a captive nation, and its future.

These activities will culminate in a series of events which are detailed in the True Voice article which follows:

Poles To Observe Millennium

Omaha.—Local observance of the Polish millennium—the 1,000th anniversary of Poland as a nation and its conversion to Christianity—will be launched here September 16 with a pontifical Mass at 4 p.m. in Immaculate Conception Church. The Most Reverend Gerald T. Bergan, archbishop of Omaha, will be celebrant.

Nationwide, the celebration is continuing over a 4-year period (1962–66) culminating in the blessing and dedication of the new chapel of Our Lady of Czestochowa, patroness of Poland, in the National Shrine of the Immaculate Conception, Washington, D.C.

In Omaha, a 6:30 p.m. banquet in the ICC auditorium will be held after the pontifical Mass. Toastmaster for the banquet will be Theodore L. Kowalski with the principal speaker to be named later. Tickets will cost $3, including entertainment.

Officials handling the local observance are Dr. B. J. Koszewski, president and honorary chairman; Dr. E. A. Novak, general chairman; Allan V. Kula, vice chairman, and Father Edmund Placek, chairman of religious affairs.

Similar observances will be held in various U.S. cities, including a mammoth affair scheduled for Chicago to be attended by high church and government officials from around the Nation.

Recently Richard Cardinal Cushing, speaking at services honoring Our Lady of Czestochowa, lauded Poland as "the most religious country in the world" despite efforts of its Communist overlords and its scarcity of priests.

Cardinal Cushing urged Americans to participate in a 9-year novena begun in 1957 by Stefan Cardinal Wyszynsky, primate of Poland.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Sikes for 30 minutes tomorrow, August 7, 1962.

Mr. Williams (at the request of Mr. Albert) for 15 minutes today and to revise and extend his remarks and include therein extraneous matter.

Mr. Gonzalez (at the request of Mr. Albert) for 25 minutes today and to revise and extend his remarks.

Mr. Cunningham (at the request of Mr. King of New York) for 10 minutes today.

Mr. Quie (at the request of Mr. King of New York) for 1 hour on Wednesday, August 8.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mrs. Sullivan and to include extraneous matter.

Mr. Johnson of Wisconsin.

(The following Members (at the request of Mr. King of New York) and to include extraneous matter:)

Mr. Fino.

Mr. Alger.

(The following Members (at the request of Mr. Albert) and to include extraneous matter:)

Mr. Celler.

Mr. Rosenthal.

Mr. Powell.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3340. An act to repeal a portion of the Second Supplemental National Defense Appropriation Act, 1943, as approved October 26, 1942 (56 Stat. 990, 999), as amended, and for other purposes; to the Committee on Public Works; and

S. 3544. An act authorizing modification of the project for Gloucester Harbor, Mass., to the Committee on Public Works.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3822. An act for the relief of Ahsabet Oyunciyan; and

H.R. 10904. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes.

SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled bill and joint resolution of the Senate of the following titles:

S. 405. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes; and

S.J. Res. 91. Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 2, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 10526. An act making appropriations for the Treasury and Post Office Departments, the Executive Office of the President, and certain independent agencies for the fiscal year ending June 30, 1963, and for other purposes;

H.R. 10786. An act to establish standards for hours of work and overtime pay of laborers and mechanics employed on work done under contract for, or with the financial aid of, the United States, for any territory, or for the District of Columbia, and for other purposes;

H.R. 10802. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1963, and for other purposes;

H.R. 11289. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; and

H.R. 11737. An act to authorize appropriations to the National Aeronautics and Space Administration for research, development, and operation; construction of facilities; and other purposes.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 39 minutes p.m.) the House adjourned until tomorrow, Tuesday, August 7, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2370. A letter from the Acting Administrator, General Services Administration, transmitting a notice of a proposed disposition of approximately 12,245 long tons of chestnut tannin extract now held in the national stockpile, pursuant to 50 U.S.C. 98b(e); to the Committee on Armed Services.

2371. A letter from the President of the Board of Commissioners of the District of Columbia, transmitting a draft of a proposed bill entitled "A bill to authorize the Commissioners of the District of Columbia to sell a right-of-way across a portion of the District Training School grounds at Laurel, Md., and for other purposes"; to the Committee on the District of Columbia.

2372. A letter from the Acting Administrator, General Services Administration, transmitting the report of the Archivist of the United States on records proposed for disposal under the law; to the Committee on House Administration.

2373. A letter from the Director, Office of Emergency Planning, Executive Office of the President, transmitting a report of a claim paid by the Office of Emergency Planning during fiscal year 1962, pursuant to the Federal Tort Claims Act of 1946; to the Committee on the Judiciary.

2374. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 11, 1962, submitting a report, together with accompanying papers and illustrations on a review of the report on the Kanawha River at and in the vicinity of Charleston, South Charleston, and Dunbar, W. Va., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted May 24, 1958, July 10, 1958, and July 1, 1958; to the Committee on Public Works.

2375. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 1, 1962, submitting a report, together with accompanying papers and illustrations on a feasibility report on the Big Sioux River at Sioux Falls, S. Dak.; to the Committee on Public Works.

2376. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 22, 1962, submitting a report, together with accompanying papers and an illustration on a review of the report on Bayou Bonfouca, La., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted January 20, 1959 and June 3, 1959; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SISK: Committee on Rules. House Resolution 745. Resolution for consideration of H.R. 3460, a bill to amend section 9(a) of the Trading With the Enemy Act, as amended; without amendment (Rept. No. 2138). Referred to the House Calendar.

Mr. SISK: Committee on Rules. House Resolution 746. Resolution for consideration of H.R. 7283, a bill to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses; without amendment (Rept. No. 2139). Referred to the House Calendar.

Mr. SISK: Committee on Rules. House Resolution 747. Resolution for consideration of S. 2135, an act to authorize the Securities and Exchange Commission to delegate certain functions; without amendment (Rept. No. 2140). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARING:

H.R. 12769. A bill to amend the Trading With the Enemy Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. BECKER:

H.R. 12770. A bill to provide, under the laws of the District of Columbia, for the life imprisonment of any person convicted of four felonies; to the Committee on the District of Columbia.

By Mr. BYRNES of Wisconsin:

H.R. 12771. A bill to amend the Internal Revenue Code of 1954 to provide a 20-percent credit against the individual income tax for certain educational expenses incurred at an institution of higher education; to the Committee on Ways and Means.

By Mr. COHELAN:

H.R. 12772. A bill to amend the Internal Revenue Code of 1954 to provide that amounts received as certain awards under the Japanese-American Evacuation Claims Act of 1948, as amended, shall not be included in gross income; to the Committee on Ways and Means.

By Mr. DONOHUE:

H.R. 12773. A bill to amend title 35 of the United States Code to permit a written declaration to be accepted in lieu of an oath, and for other purposes; to the Committee on the Judiciary.

By Mr. KEOGH:

H.R. 12774. A bill to amend the Internal Revenue Code of 1954 to provide carrybacks and carryovers for losses arising from restorations of substantial amounts held under claims of right; to the Committee on Ways and means.

By Mr. MACDONALD:

H.R. 12775. A bill to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to assure the safety, efficacy, and reliability of drugs, authorize standardization of drug names, establish special controls for barbiturate and stimulant drugs, and clarify and strengthen existing inspection authority with respect to any articles subject to the act; and to amend related laws; to the Committee on Interstate and Foreign Commerce.

By Mr. MULTER:

H.R. 12776. A bill to revise the District of Columbia Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. OSMERS:

H.R. 12777. A bill to amend the Uniform Code of Military Justice; to the Committee on Armed Services.

H.R. 12778. A bill to amend the Internal Revenue Code of 1954 to provide for personal and corporate income tax reductions, to encourage the establishment of voluntary pension plans by self-employed individuals, to liberalize certain deductions and provide deductions for certain additional expenditures, to provide additional personal income tax exemptions for handicapped taxpayers, spouses, and dependents, to repeal certain excise taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. ROSENTHAL:

H.R. 12779. A bill to authorize the payment of certain claims for structural or other major defects in homes covered by Federal Housing Administration insured mortgages, and to require indemnification bonds in the case of certain new construction under Federal Housing Administration insured mortgages; to the Committee on Banking and Currency.

By Mr. SCRANTON:

H.R. 12780. A bill to prevent the use of stopwatches, work-measurement programs or other performance standards operations as measuring devices in the postal service; to the Committee on Post Office and Civil Service.

By Mr. STEPHENS:

H.R. 12781. A bill to amend the Internal Revenue Code of 1954 to provide that an election to be treated as a subchapter S corporation may be valid for subsequent years although not initially effective; to the Committee on Ways and Means.

By Mr. VINSON:

H. Con. Res. 509. Concurrent resolution providing the express approval of the Congress, pursuant to section 3(e) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(e)), for the disposition of certain materials from the national stockpile; to the Committee on Armed Services.

By Mr. BECKER:

H. Res. 744. Resolution to authorize the Committee on the District of Columbia to conduct an investigation and study of crimes in the District of Columbia; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLANCY:

H.R. 12782. A bill for the relief of Robert Wilkes; to the Committee on the Judiciary.

By Mr. FEIGHAN:

H.R. 12783. A bill for the relief of the children of Mrs. Elizabeth A. Dombrowski; to the Committee on the Judiciary.

By Mr. HEALEY:

H.R. 12784. A bill for the relief of Salomon Darauche; to the Committee on the Judiciary.

By Mr. MAILLIARD:

H.R. 12785. A bill for the relief of Patricia Ruth Woolverton; to the Committee on the Judiciary.

By Mr. ROONEY:

H.R. 12786. A bill for the relief of Mrs. Shoshana Baruchov; to the Committee on the Judiciary.

By Mr. ROSENTHAL:

H.R. 12787. A bill for the relief of Irina Semenovna Novikova; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H.R. 12788. A bill for the relief of Mrs. Susan C. O'Connor; to the Committee on the Judiciary.

SENATE

Monday, August 6, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Lord of all being, we would join the undaunted pilgrims of the ages whose God is our salvation. We would claim kinship with the innumerable company who, in darkness drear, hath found in Thee the one true light.

In the dusty caravan of another day's journey across trackless sands, we would pause at this altar our fathers builded, and where from the birth of our liberty there has burned the sacred fire, that we may keep the bright torch of truth and faith aflame amid the encircling gloom that shuts us in.

May that truth make us free from the prejudices which so often blind our eyes to the things which are excellent, and thus raise false barriers of misunderstanding. May that faith lead us on, as a pillar of cloud and of fire, to the shining city of human brotherhood, whose ways are peace, whose citizenship rests only on character, and whose laws rest on human good.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Friday, August 3, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 405. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes;

H.R. 3822. An act for the relief of Ahsabet Oyunciyan;

H.R. 10904. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes; and

S.J. Res. 91. Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes.

CALL OF THE CALENDAR DISPENSED WITH

On request of Mr. MANSFIELD, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

COMMISSIONER OF NARCOTICS

The Chief Clerk read the nomination of Henry L. Giordano, of Maryland, to be the Commissioner of Narcotics.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

TAX COURT OF THE UNITED STATES

The Chief Clerk proceeded to read sundry nominations to the Tax Court of the United States.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

COLLECTOR OF CUSTOMS

The Chief Clerk read the nomination of Raymond F. Hufft, of Louisiana, to be collector of customs for customs collection district No. 20, with headquarters at New Orleans, La.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

REPORT ON NORTH LOUP DIVISION, MISSOURI RIVER BASIN PROJECT, NEBRASKA

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the North Loup division, Missouri River Basin project, Nebraska, which, with the accompanying report, was referred to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Government Operations, without amendment:

H.R. 6984. An act to provide for a method of payment of indirect costs of research and development contracted by the Federal Government at universities, colleges, and other educational institutions (Rept. No. 1826).

By Mr. McCLELLAN, from the Committee on Government Operations, without amendment:

H.R. 8100. An act to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the General Supply Fund (Rept. No. 1827).

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, without amendment:

S. 2369. A bill to release the right, title, or interest, if any, of the United States in certain streets in the village of Heyburn, Idaho, and to repeal the reverter in patent for public reserve (Rept. No. 1829).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 3507. An act to provide for the withdrawal and reservation for the Departments of the Air Force and the Navy of certain public lands of the United States at Luke-Williams Air Force Range, Yuma, Ariz., for defense purposes (Rept. No. 1830).

By Mr. ALLOTT, from the Committee on Interior and Insular Affairs, with amendments:

S. 3100. A bill to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Georgetown, Colo., to Frank W. Whitenack (Rept. No. 1847).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 3071. A bill for the relief of Hidayet Danish Nakashidze (Rept. No. 1832);

H.R. 2139. An act for the relief of Suraj Din (Rept. No. 1834);

H.R. 2176. An act for the relief of Salvatore Mortelliti (Rept. No. 1835);

H.R. 3127. An act for the relief of Amrik S. Warich (Rept. No. 1836);

H.R. 7549. An act for the relief of Lewis Invisible Stitch Machine Co., Inc., now known as Lewis Sewing Machine Co. (Rept. No. 1837); and

H.R. 10308. An act for the relief of Elizabeth A. Johnson (Rept. No. 1838).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 689. A bill for the relief of Karl Heinz Agar (Rept. No. 1831); and

S. 3090. A bill for the relief of Antonio da Costa (Rept. No. 1833).

By Mr. DIRKSEN, from the Committee on the Judiciary, without amendment:

S. 3380. A bill to designate the second Monday in October as National Teachers' Day (Rept. No. 1840).

By Mr. DIRKSEN, from the Committee on the Judiciary, with amendments:

S. 3338. A bill to incorporate the American Symphony Orchestra League (Rept. No. 1841); and

S.J. Res. 179. Joint resolution authorizing and requesting the President to designate May 1, 1962, as a day for observance of the courage displayed by the uprising in the Warsaw ghetto against the Nazis (Rept. No. 1839).

By Mr. BYRD of Virginia, from the Committee on Finance, with an amendment:

H.R. 852. An act to amend chapter 3 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to establish medical advisory panels to resolve conflicts of evidence in questions involving service connection of disabilities or deaths (Rept. No. 1844); and

H.R. 5234. An act to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes (Rept. No. 1842).

By Mr. BYRD of Virginia, from the Committee on Finance, with amendments:

H.R. 857. An act to amend section 4005 of title 38, United States Code, to provide that cases appealed to the Board of Veterans' Appeals shall contain a brief statement of the facts of the case appealed, with a citation and application of the law, together with the recommendations of the office appealed from, and for other purposes (Rept. No. 1843); and

H.R. 3728. An act to amend title 38, United States Code, so as to authorize the Administrator to assign a total rating for compensation to a veteran granted service-connection for blindness of one eye who subsequent to separation from active duty incurs blindness in the remaining eye (Rept. No. 1845).

ESTABLISHMENT OF A COMMISSION ON SCIENCE AND TECHNOLOGY—REPORT OF A COMMITTEE (S. REPT. NO. 1828)

Mr. McCLELLAN. Mr. President, from the Committee on Government Operations, I report favorably, with amendments, the bill (S. 2771) for the establishment of a Commission on Science and Technology, and I submit a report thereon.

Mr. President, this proposed legislation is the result of 5 years of study by the committee and its subcommittees in an effort to strengthen Federal programs in the fields of science and technology, and to eliminate unnecessary duplication and overlapping between Government departments and agencies engaged in scientific and technological research.

There have been three separate hearings before the committee, beginning in 1958. In 1959 a somewhat similar bill was reported to the Senate. Further hearings were held on May 10 and July 24 of this year. These hearings have reflected that there is a steady and relentless increase in the cost of research and development programs of the Federal departments and agencies, amounting to $9 billion in each of the 2 past fiscal years, and now will exceed $12 billion in the present fiscal year, or more than the entire expenditures of the Federal Government prior to World War II.

Mr. President, this bill provides for the establishment of a Hoover-type commission composed of representatives from the legislative and executive branches of the Government and of persons from private life who are eminent in one or more fields of science or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities.

The objectives of the proposed Commission, which are set forth in detail in the report, provide for a study of all of the programs, methods, and procedures of the Federal departments and agencies which are operating, conducting, and financing scientific programs, with the purpose of bringing about more economy and efficiency in the performance of these essential activities and functions. Deficiencies in some of these programs and the problems relating thereto have been outlined on numerous occasions before the Committee on Government Operations and other committees of the Congress by informed authorities, who have stressed the urgent need for improvement in effecting necessary reorganizations and better coordination of existing programs. Emphasis has also been directed toward the need for developing a program for the elimination of duplication in science efforts, where one agency of Government works on programs which are underway in other agencies, or where research is being done on problems which have already been solved by other scientists. There is reason to believe that this occurs extensively, due primarily to serious deficiencies in the science information retrieval programs of the Federal Government.

The Commission, if established, would be specifically directed to study and recommend ways and means of meeting our scientific manpower needs, which President Kennedy described as one of the most critical problems facing our Nation. There are probably many other critical needs which will require study and exploration, even beyond those included in the objectives of the proposed legislation.

In undertaking its studies the Commission would be vested with authority to set up a Science Advisory Panel of outstanding science, engineering, and technological authorities from all sections of the Nation to assist it in the performance of the functions outlined in the bill. The Commission is further directed to conduct a study of Federal scientific and technical activities, such as the deficiencies in scientific, engineering, and technical information programs, including acquisition, processing, documentation, storage, retrieval, and distribution of scientific information; the urgency for accelerating scientific, engineering, and technical progress in a number of Federal agencies which perform some functions in these areas; and to recommend necessary reorganizations of scientific and technological activities of the Federal Government to improve their operations and to better coordinate their activities.

One of the basic objectives of the bill is to provide a medium through which individual Members and committees of the Congress can obtain information which is not now available to enable them to take appropriate legislative action to establish definite Federal policies in the field of science and technology. The reports and recommendations of the Commission will also provide a basis for an evaluation of programs which are presently in operation as well as those which are being proposed.

Evidence was submitted at the hearings on S. 2771 which indicated that the Bureau of the Budget has found that a detailed evaluation of existing science and technological operations of the numerous agencies operating in these fields has been found to be too difficult. The result has been that the agencies interested in procuring appropriated funds are not required to submit an evaluation of achievement under existing programs, but merely attempt to justify further appropriations of funds. Under this procedure, it was pointed out that Congress is required to appropriate funds on faith alone, since the appropriate committees and individual Members of Congress have no information which would permit them to evaluate the programs or to take the necessary action to eliminate excessive duplication and waste.

Should the Congress enact the bill into law, it will be provided with a means of obtaining information upon which it can develop facts, thus enabling it to perform its normal constitutional functions. The committee is firmly convinced that there is a real need for a bipartisan Commission to study all of the science and technological programs of the Federal Government as proposed by this bill. It is further convinced that its enactment will insure maximum utilization of the resources of private industry and nonprofit research organizations, including universities and other educational or technological institutions, in the formulation of a properly coordinated program with the maximum utilization of the resources of private industry, nonprofit and other technological institutions at a reduced cost.

The committee in recommending this legislation considers it to be an essential first step in achieving these objectives so that the Congress and the President may have the benefit of the recommendation of qualified experts in the fields of science, engineering, and technology upon which appropriate legislative action may be taken to promote more efficiency in the operation of these programs and to effect economies that are essential in conserving Federal funds and technological manpower.

The continued safety and growth of our Nation is the prime concern of the committee in reporting S. 2771. This bill is being reported with the sincere hope that it will be enacted into law in the present Congress so that improved programs in science and technology may be developed which will assist us, as a nation, in meeting the challenge of world communism.

The PRESIDENT pro tempore. The report will be received and printed, and the bill be placed on the calendar.

TEMPORARY SUSPENSION OF THE JONES ACT—REPORT OF A COMMITTEE (S. REPT. NO. 1846)

Mr. MAGNUSON, from the Committee on Commerce, reported an original bill (S. 3614) to authorize the temporary suspension of the Jones Act (46 U.S.C. 883) upon certain findings by the Secretary of Commerce, and submitted a report thereon; which report was order to be printed, and the bill was read twice by its title and ordered to be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DOUGLAS:

S. 3612. A bill to provide that it shall be unlawful to use improperly for certain purposes the key, insignia, or name of the Phi Beta Kappa Society; to the Committee on the Judiciary.

By Mr. BEALL:

S. 3613. A bill to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes; to the Committee on Armed Services.

By Mr. MAGNUSON:

S. 3614. A bill to authorize the temporary suspension of the Jones Act (46 U.S.C. 883) upon certain findings by the Secretary of Commerce; placed on the calendar.

(See the reference to the above bill, which appears under the heading "Reports of Committees.")

RESOLUTION

INVESTIGATION OF COSTS OF CONDUCTING RESEARCH BY GRANTS OR OTHERWISE THAT SHOULD BE PAID BY THE FEDERAL GOVERNMENT

Mr. KEATING (for himself, Mr. BENNETT, Mr. CASE, Mr. JAVITS, Mr. KUCHEL, Mr. MCCARTHY, and Mr. SALTONSTALL) submitted a resolution (S. Res. 371) to investigate the costs of conducting research by grants or otherwise that should be paid by the Federal Government, which was referred to the Committee on Government Operations.

(See the above resolution printed in full when submitted by Mr. KEATING, which appears under a separate heading.)

COST STUDY ON FEDERAL RESEARCH GRANTS

Mr. KEATING. Mr. President, on behalf of myself, the Senator from Utah [Mr. BENNETT], my colleague from New York [Mr. JAVITS], the Senator from New Jersey [Mr. CASE], the Senator from California [Mr. KUCHEL], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Massachusetts [Mr. SAL-

TONSTALL], I submit a resolution to provide for a congressional study of indirect costs of Government research projects borne by colleges and universities, and ask that it be appropriately referred.

In the discussion on the Defense Department appropriations bill, considerable dissatisfaction was expressed over the action of the conferees in setting a 20-percent ceiling on the indirect costs of Government research performed by universities. The dissatisfaction, let me make perfectly clear, was not with the Senate conferees, who did the very best they could under the circumstances.

Nevertheless, I am dissatisfied with the manner in which ceilings on indirect costs are dealt with on an agency-by-agency basis, rather than with a consistent policy for the entire Government. For instance, on the Defense bill, the other body placed a 15-percent ceiling, having on a floor vote rejected a 30-percent limit. A few days ago the House acted on the independent agencies appropriation and, again by a floor vote, set a ceiling of 25 percent. What this means is that research grants by the Defense Department will have a 20-percent ceiling, those by NASA may have a 25-percent ceiling.

What is clearly needed is a careful congressional study, preferably by a neutral committee such as the Government Operations Committee with access to information from all Government agencies. In this way guidelines may be laid down not only for the various appropriation subcommittees, but for all such problems on the part of all agencies and universities. These indirect costs, which included administration, space, heat, lighting, library facilities, and which vary very greatly depending on the nature of the study, can be a serious additional burden on university finances.

The Bureau of the Budget, first under President Eisenhower and again under this administration has opposed an arbitrary ceiling and has provided a number of recommendations as to which indirect costs should be included and which should not. Percentages can be misleading, because each university computes them in a different manner, but a full study by the Government Operations Committee would be an excellent guide and clarification for the Senate in this matter. Perhaps the other body might wish to cooperate or conduct a similar study so that common congressional policies can be worked out.

This is a matter of real concern to a number of universities, not only in New York, but throughout the Nation. In my State the Universities of Rochester and Cornell have been particularly affected, but others involved include Harvard, Princeton, and many of the large State universities. We owe it to these institutions to review the situation thoroughly and determine whether a limit is desirable, and if so what that limit should be.

Mr. President, I am pleased to have as cosponsors of the resolution the Senators I have named.

The PRESIDENT pro tempore. The resolution will be received and appropriately referred.

The resolution (S. Res. 371) to investigate the costs of conducting research by grants or otherwise that should be paid by the Federal Government, was referred to the Committee on Government Operations, as follows:

Resolved, That the Committee on Government Operations, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified in rule XXV of the Standing Rules of the Senate to make a full and complete investigation and study of indirect costs involved in conducting research, by grants or otherwise, for Government departments and agencies for the purpose of determining what part, if any, of such costs should be paid by the Government.

SEC. 2. For the purposes of this resolution the committee is authorized through January 31, 1963, (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its finding, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date.

SEC. 4. The expenses of the committee under this resolution, from the date of its agreement through January 31, 1963, shall not exceed $——— and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

GUARANTEE TO ELECTRIC CONSUMERS IN PACIFIC NORTHWEST—AMENDMENTS

Mr. MUNDT submitted amendments, intended to be proposed by him, to the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes, which were ordered to lie on the table and to be printed.

REIMBURSEMENT OF CERTAIN VESSEL CONSTRUCTION EXPENSES—AMENDMENT

Mr. WILLIAMS of Delaware submitted an amendment, intended to be proposed by him, to the bill (H.R. 11586) to amend section 502 of the Merchant Marine Act, 1936, as amended, which was ordered to lie on the table and to be printed.

NOTICE OF HEARING ON S. 3118 BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. JACKSON. Mr. President, I should like to announce that the Interior and Insular Affairs Committee will hold a hearing on Tuesday, August 14, at 10 a.m., on Senate bill 3118, the conservation fund bill submitted to Congress by the President, to implement the report of the Outdoor Recreation Resources Review Commission. The annual tax or fee on pleasure boats originally proposed in the legislation has been withdrawn, so testimony on this provision will not be heard.

The bill still contains a provision to divert 2 cents a gallon of the tax collected on fuel used in motorboats to the conservation fund, for recreation land acquisition. It is the intention of the Interior Committee to refer this matter to the Finance Committee before the measure finally reaches the floor.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, August 6, 1962, he presented to the President of the United States the following enrolled bill and joint resolution:

S. 405. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes; and

S.J. Res. 91. Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Excerpts from address prepared by him for delivery at Mukwonago, Wis., picnic on August 5, 1962.

OHIO'S FISHING INDUSTRY

Mr. YOUNG of Ohio. Mr. President, after many years as the world's second largest producer of fish, the United States now finds itself in fifth place, behind Japan, Russia, Red China, and Peru. The decline has been reflected in Ohio's fishing industry. From 1932 to date the population in Ohio has grown from 6 million to nearly 10 million. Contrasting with this population growth has been the decline of Ohio's fishing industry from 28.5 million pounds of fish in 1932 to 18 million pounds in 1960.

This condition in an important industry is serious. What are its causes? A primary reason for our Nation's decline in its fishing industry lies in obsolete vessels and fishing gear and processing equipment. In contrast, the Soviet fishing fleet uses a combination of radar, modern netting techniques, and floating processing factories to outfish the older and obsolete American fleets. Another difficulty, especially on the Great Lakes, is a decline in the number of available fish. This is due mainly to water pollution and invasion of the lamprey. As a result, fishermen on the Great Lakes who formerly caught pike, whitefish, trout, and other fine species, are now reduced to trying to market smelt, carp, and lesser value fish.

The remedies for this condition are many and complex. Tax relief and incentives for the industry—both in Ohio and throughout the Nation—when companies modernize their fishing vessels and processing equipment, and Federal and State Government efforts in increasing the number of available fish, are needed. In addition, a direct increase in the market for fish could easily be achieved by a review of the Food and Drug Administration's ruling that fish protein, for esthetic reasons, cannot be sold in the United States for human consumption.

Mr. President, it is a fact that fish protein concentrate is a cheap food that meets a pressing human need in our country as well as in poorer nations. We should help our limping fish industry. Incidentally, the consuming public would benefit with more good fresh fish available at modest prices if and when we in Congress take action to protect, encourage, and expand our fishing industry.

Mr. President, last Friday three of our colleagues, the senior Senator from Washington [Mr. MAGNUSON], the senior Senator from Alaska [Mr. BARTLETT], and the junior Senator from Massachusetts [Mr. SMITH], introduced two bills—S. 3610 and S. 3611—which if passed will go far toward reversing the shocking decline of our fishing industry. This legislation would greatly strengthen the American fishing fleet and enable our fishermen to keep our share of the world's markets and to compete effectively with the fishermen of other nations. Furthermore, it provides for research to test advanced fishing methods. We cannot afford to let our fishing industry die. In our early years as a nation it was one of our major industries. Today it is still a billion dollar industry employing nearly half a million people.

Our colleagues are to be commended on this legislation. They have performed a great public service for the benefit of all Americans. I fervently hope that these bills will be enacted into law before this session of the Congress adjourns.

WARNING SIGNALS ON TRADE LEGISLATION

Mr. BUSH. Mr. President, warning signals to "stop, look, and listen" before rushing into a drastic revision of trade legislation have been hoisted.

This morning's Washington Post carries a dispatch from Brussels, Belgium, under the headline, "Bitter British-French Rift Broke Up Market Talks." The dispatch reports a breakdown in negotiations on the United Kingdom's entry into the European Common Market, and postponement of further discussions for a period of 2 months.

House bill 11970, the proposed Trade Expansion Act of 1962, is based largely upon the assumption that the United Kingdom will join the Common Market. For example, the provisions of the bill permitting the President to eliminate duties on commodities in which the United States and the Common Market jointly control 80 percent of the free world trade are predicated upon that assumption, for unless the United Kingdom joins the Common Market, few commodities will reach the 80 percent bench mark.

The deadlock in the negotiations at Brussels suggests that it may be the course of wisdom for the Senate to set aside House bill 11970 until it is known what the future of the Common Market will be, and whether Great Britain and the Commonwealth nations will be associated with it.

Mr. President, this morning, before the Senate Finance Committee, Prof. Patrick M. Boarman, of Bucknell University, representing the Economists' National Committee on Foreign Trade Policy, outlined dangers which would threaten the domestic economy if House bill 11970 were to be enacted in its present form and if internal economic reforms were not simultaneously undertaken.

Professor Boarman's testimony, coupled with the news from Brussels, emphasizes the desirability of a simple extension of the present Trade Agreements Act until both the international situation and the future of our domestic economy can be more clearly foreseen. Should the Senate decide otherwise, it is essential, in my judgment, that the amendments to House bill 11970 which I submitted, for myself and other Senators, last Thursday, August 2, be adopted.

Mr. President, I ask unanimous consent that Professor Boarman's summary statement and the full declaration of principles by the economists' committee which he represents may be printed in the RECORD following these remarks, together with the article from the Washington Post to which I have referred, and another article from the same newspaper.

There being no objection, the statement, declaration, and articles were ordered to be printed in the RECORD, as follows:

SUMMARY STATEMENT—DECLARATION OF PRINCIPLES BY THE ECONOMISTS' NATIONAL COMMITTEE ON FOREIGN TRADE POLICY, PRESENTED TO THE SENATE COMMITTEE ON FINANCE ON AUGUST 6, 1962, BY PATRICK M. BOARMAN

My name is Patrick Boarman. I am associate professor of economics at Bucknell University. I am representing here the Economists' National Committee on Foreign Trade Policy which is opposed to the trade liberalization and expansion bill known as H.R. 11970.

It is our belief that unless there are substantial changes in the proposed legislation and unless it is accompanied simultaneously by thoroughgoing internal reforms (which we shall specify), its net effect will be to harm the Nation's domestic economy and worsen its already weak international posture.

Let it be said at the outset that all of us as economists subscribe to free trade, the law of comparative advantage, and all that these terms imply. We oppose protectionism in principle. This much said, however, it behooves us to inquire into the conditions under which the gross gain to the world from free trade will be fairly shared by the participating countries. Free trade was never supposed to operate in a vacuum, but only within the context of certain conditions. There is much loose talk about the invigorating and dynamic impact of foreign competition on the domestic economy. We are told in effect that since the reduction or abolition of tariffs will increase competition, and since competition is per se good, tariffs ought to be abolished whenever and wherever possible. This seemingly unexceptionable economic truism nevertheless holds within it a logical pitfall of the gravest import to the United States.

There is a world of difference between the competition which originates within a country and competition which comes from without via imports. The consumer will admittedly be the beneficiary of increased competition regardless of whence it comes. But to the consumer in his ultimate role as jobholder and as sharer in the general health or sickness of the national economy, the domestic or foreign guise which competition may assume cannot be a matter of indifference. The intensification of competition from within as the result of increased vigilance in the prevention of industrial concentration and more effective legislation to maintain competition both in the labor and in the product markets will normally have the effect of increasing the flexibility and vitality of the system; sales at home and abroad will tend to be stimulated, foreign capital attracted, and job opportunities multiplied.

Competition which takes the form of increased imports, on the other hand, while it may in the short run prove to be a boon to the consumer and subject domestic monopolistic excesses to effective restraint comes at a cost: The dislocation and disemployment of domestic factors of production, stagnation of the domestic economy, excess capacity, outflow of capital in search of the more profitable factor combinations available abroad, and—as a result of all these movements—a worsening of the balance-of-payments situation, increased outflows of gold, and a decline of international confidence in the currency of the affected country.

Let there be no misunderstanding: we believe that competition from abroad is good, provided that it does not continue indefinitely to be the dominant form of competition. The latter will tend to be the case, however, where a nation's domestic economic policies inhibit confidence, risk-taking, and growth, and where its lack of homegrown competition generates a vacuum which is persistently filled by competition from the outside.

To ask for tariff reduction or tariff abolition on the grounds that such action will increase competition and at the same time to refuse to correct the basic maladjustments which make the domestic economy internationally noncompetitive is to ask for the administering of a medicine which, while it may banish the symptoms of disease (in this case, reduce domestic manifestations of monopoly), may simultaneously cripple or perhaps even kill the patient.

It should be added that a most important assumption of a genuinely free trade world is that the participating countries are all following roughly the same fiscal and monetary policies. The postwar period has provided us with some egregious examples of the problems which result where this is not the case.

The notorious chronic export surpluses of West Germany in the 1950's were due primarily to the fact that Germany, remembering her disastrous inflations, was pursuing a determinedly anti-inflationary policy, whereas Britain, France, and the Scandinavian countries, remembering the great depression, were pursuing policies of monetary ease, tolerating inflation for the sake of promoting full employment and the objectives of the welfare state. Equally notorious and annoying, in consequence, were the chronic balance-of-payments deficits registered by these countries. Indeed, so acute did intra-European imbalance become in the middle 1950's, so scarce the D-mark, that the painfully reerected system of partial multilateralism in Europe was on the point of collapse. It was only when the British in 1957 abandoned the long-dominant cheap money policy (the Bank of England raised its rediscount rate in that year to an all-time high of 7 percent) that a semblance of equilibrium was restored.

More particularly, it was because France, at the end of 1958, put a stop to inflation and devalued the franc, coupling these acts with certain drastic reforms of the domestic economy, that the Common Market became possible. In effect, the Common Market countries all adjusted their internal policies to those of the most disciplined member, West Germany. Had France, the deficit member, not so adjusted its internal price and income levels, the opening of the Common Market on January 1, 1959, would have bankrupted that nation in very short order.

Events proved that the French economy needed only the right policies in order to come alive and realize its full potential; following closely on the heels of the drastic reforms of 1958, the French balance of payments turned from deep deficit to substantial surplus. It was not the establishment of the Common Market which made the Common Market countries economically strong. On the contrary, it was the return to monetary and economic discipline of these countries which made possible the Common Market and the associated benefits of tariff cutting and expanded trade. The Common Market experiment has demonstrated that free trade (or freer trade) and the tariff reductions which it implies, are but pleasant byproducts of prior monetary and fiscal integration and harmonization.

It is now the United States which has moved into the deficit position in the international economy. The dollar shortage—which so mesmerized the attention of economists until a very short while ago—has been converted into a dollar glut. And, if the chronic dollar shortages of the early postwar period were due chiefly to the refusal of some deficit countries to remove excess demand from their economies by appropriate monetary and fiscal policies, the dollar glut must be attributed in great part to the persistent failure of the United States to make the internal adjustments, in particular the stopping of inflation, and the reduction or restraint of labor union monopoly, necessary to maintain balance with the changed world surroundings of the fifties and sixties.

The real issue confronting the United States today in its international economic relationships is not, therefore, whether we should have tariff reform or no tariff reform. It is whether we should have tariff reform with, or tariff reform without simultaneous (or, better still, prior) internal fiscal, monetary, and economic reforms. But, concern for such reforms is conspicuously absent from H.R. 11970.

Free trade is being urged as the answer to almost all our problems, domestic and international. It is important to note that there is a very large assumption on which this expectation is based. The assumption is that the proposed legislation will not only cause exports to increase to an extent equal to the expected increase in imports, but that it will yield a net increase in exports over imports. Only if exports increase faster than imports will it be possible to increase domestic employment, step up the national growth rate, and maintain our present rate of expenditure abroad for national defense and foreign aid without further aggravation of our existing and cumulative balance-of-payments deficits.

There is, however, no guarantee whatsoever that unilateral tariff reduction by the United States, no matter how sweeping, will yield the expected net increase in exports. The reasons for this (which are spelled out in detail in our full statement) are, first, the improbability of the proposed drastic tariff reductions being matched by our neighbors abroad, in particular by the Common Market countries, and, secondly, the slowdown of exports and increases in imports which persistent stagnation-with-inflation in the United States relative to other countries will bring about.

We object especially to the sweeping powers granted to the President to reduce or eliminate at his sole discretion any or all remaining tariffs on U.S. imports, without review or supervision by Congress. It is of significance that the President is also authorized in the proposed legislation "to proclaim such increases in or imposition of, any duty or other import restriction" as he wishes. In short, the incumbent President or some future President could raise tariffs as well as lower them, could use his new powers for protectionism as well as for free trade. In the area of tariff manipulation, the consequences of any given action are not easy to predict and to estimate; if mistakes are made, the damage to the Nation could be considerable and irreparable. Hence, we strongly urge that any legislation which is enacted provide for adequate review by Congress of the President's actions in this field. The grant of powers should be in any case limited to 2 rather than 5 years. This will provide each new Congress with a chance to examine the record and to determine if changes in the program are indicated.

Our committee is disturbed at the structural dislocations in our economy—the unemployment and the underutilization of industrial capacity—which the radical changes in tariffs proposed in H.R. 11970 might cause. It is not at all certain that our economy will be able to handle these dislocations without cyclical upset, especially if the tariff reductions are to be accomplished in as large amounts and within as short a period of time as the proposed legislation implies. But our deepest concern is with the short-run balance-of-payments effects of the anticipated increases in imports. Clearly, increases in imports at this time, where not accompanied by rises in exports (and such rises are based on pure hypothesis) can only enlarge our already alarming payments deficit, aggravate the outflow of gold, and increase the pressures leading to a devaluation of the dollar. There can be little doubt that the latter occurrence would be a catastrophe for the free world and might very well trigger an international liquidity crisis of the kind which ushered in the great depression in 1929.

We believe that the overriding task of the present hour is for our Government and all citizens to do whatever is necessary to activate the full and unquestionably enormous economic potential of the United States. It is a "grand illusion" to believe that, by knocking down a few already low tariffs, we are going to solve all the problems of the U.S. economy at home and abroad.

Other more powerful and elemental forces are at work in the world than the law of comparative advantage, valuable though this principle be. It is the anti-inflationary and anticollectivist free enterprise systems which have emerged in various parts of the free world which are challenging our long dominance of the international economy. If these forces are to be met successfully, they must be met on their own terms, viz., in the area of internal policy, not by engaging all our energies in the tariff issue.

To sound the trumpets on tariff reform, as is now being done, appears courageous on the surface. And it is very popular. Who wants to be called a protectionist? In fact, it is taking the line of least resistance, politically and economically. For such action, and the spirit of righteousness with which it can be undertaken, becomes a substitute for facing up to the real issues: the need to undertake internal reforms, to end domestic inflation, to put a stop to wage and price increases which make our commodities increasingly noncompetitive in world markets, to apply equal energy to the restraint of both business monopoly and labor union monopoly, and to establish strict priorities in Federal spending to the end that deficits of the Federal budget shall be avoided.

DECLARATION OF PRINCIPLES BY THE ECONOMISTS' NATIONAL COMMITTEE ON FOREIGN TRADE POLICY PRESENTED TO THE SENATE COMMITTEE ON FINANCE ON AUGUST 6, 1962

Chairman, Dr. O. Glenn Saxon; cochairman, Dr. James Washington Bell; vice chairman, Prof. Patrick M. Boarman.

THE ECONOMISTS' NATIONAL COMMITTEE ON FOREIGN TRADE POLICY

Chairman, O. Glenn Saxon, professor emeritus, Yale University, New Haven, Conn.; cochairman, James Washington Bell, professor emeritus, Northwestern University, Evanston, Ill., presently secretary, American Economic Association; vice chairman, Prof. Patrick M. Boarman, Bucknell University, Lewisburg, Pa.; Herman H. Beneke, professor emeritus, Miami University, Oxford, Ohio; Prof. Frederick A. Bradford, Lehigh University, Bethlehem, Pa.; Prof. Lewis E. Davids, University of Missouri, Columbia, Mo.; Prof. L. E. Dobriansky, Georgetown University, Washington, D.C.; Prof. Roy L. Garis, University of Southern California, Los Angeles, Calif.; Prof. Harold Hughes, West Virginia Wesleyan College, Buckhannon, W. Va.; J. H. Kelleghan, economic consultant, Chicago, Ill.; Prof. Donald M. Kemmerer, University of Illinois, Urbana, Ill.; Prof. Russell M. Nolen, University of Illinois, Urbana, Ill.; Prof. Clyde W. Phelps, University of Southern California, Los Angeles, Calif.; Prof. Arthur Sharron, C. W. Post College, Long Island University, Brookville, N.Y.; Charles S. Tippetts, professor emeritus, University of Pittsburgh; Prof. J. B. Trant, Louisiana State University (vice president, Guaranty Life Insurance Co.), Baton Rouge, La.; Edward J. Webster, professor emeritus, American International College, Springfield, Mass.; Prof. G. Carl Wiegand, Southern Illinois University, Carbondale, Ill.; Prof. Ivan Wright, University of New York City, New York, N.Y.; and Hudson B. Hastings, professor emeritus, Yale University, New Haven, Conn.

U.S. FOREIGN TRADE POLICY

(A declaration of principles by the Economists' National Committee on Foreign Trade Policy presented to the Senate Finance Committee August 6, 1962, by Patrick M. Boarman, associate professor of economics, Bucknell University.)

I

The committee of economists whom I have the privilege to represent (their names are prefixed to this statement) is not concerned with the special interest of any particular group or entity—firm, industry, occupation or geographical region. Our concern is rather with the interest of the Nation as a whole as we judge this interest to be affected by the proposed tariff reform legislation known as H.R. 11970.

It is our belief that unless there are substantial changes in the proposed legislation and unless it is accompanied simultaneously by thoroughgoing internal reforms (which we shall presently specify), its effect will be to harm the Nation's domestic economy and worsen its already weak international posture.

Let it be said at the outset that all of us as economists support the ideal of universal free trade and all that it implies. All of us will agree with Adam Smith that "it is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy" and that "what is prudence in the conduct of every private family can scarce be folly in that of a great kingdom."

We favor free trade (or freer trade) and the measures which will promote such trade for reasons which are derived directly from the first principles of economics. Free trade increases economic welfare for all the participating countries. It expands consumers' choices, giving them the possibility of acquiring goods which cannot be had at home, or which can be had at home only at higher prices. Free trade makes it possible for each country to specialize in those lines of economic endeavor in which it is most efficient, thus maximizing the gross gain to the world from the world's resources.

This much said, however, it behooves us to inquire into the conditions under which this gross gain to the world from free trade will be fairly shared by the participating countries. Free trade was never supposed to operate in a vacuum, but only within the context of certain conditions. These are, first, that there will be no quantitative restrictions of trade (quotas) imposed by the trading countries. Reductions of tariffs on specified items will be meaningless where there are limitations on the quantity of the commodity which may be imported.

Secondly, it is assumed that full and complete convertibility of currencies prevails, i.e., that the free trade area in question constitutes, in effect, one homogeneous payment community. Were this not to be the case, reductions in tariffs, whether undertaken unilaterally or multilaterally, could be deprived of any real significance. Of what use would it be to have the tariff reduced on a given import if one cannot freely acquire the foreign exchange needed to buy the import in the first place?

Thirdly, for free trade not to result in unfavorable advantage being taken by one country of another, it is assumed that no special advantages are reserved to one country by virtue of its tax structure, the subsidies it pays to domestic producers, or the domestic monopolies and cartels its laws may permit to exist.

Fourth, while it is not necessary for wages in a multilateral system to be the same in every country—indeed, the existence of trade is to a large extent predicated upon such differences—it is necessary that the ratio of money wage increases to productivity increases be approximately uniform in the free trade area. It is easy to see what the consequence would be if this condition were not met. If the general level of wages in country A is increasing faster in relation to the increases in its productivity than wages are increasing relative to productivity elsewhere, A will find that its cost of production in respect to labor will place it at an increasing disadvantage in the world's markets, leading to a relative fall in its exports. Moreover, where the unfavorable wages-to-productivity ratio is maintained, a general rise in imports will ensue as A's industries lose out to foreign producers even in their own home markets.

These issues are of particular concern to the United States at the present time since the wage-productivity relationship has become increasingly unfavorable for us. The statistics cited by Emile Benoit in his study "Europe at Sixes and Sevens"[1] show that while wages in manufacturing rose 31 percent in the United States between 1953 and 1960, they rose 34 percent in France, 45 percent in Italy, 49 percent in Japan, 60 percent in Great Britain, and 69 percent in West Germany. However, the apparent modest increase in the level of U.S. wages was more than offset by the relative stagnation of U.S. productivity in the same period. Thus, U.S. productivity in manufacturing rose only 15 percent as compared with a rise of 53 percent in Germany, 54 percent in France, 58 percent in Italy, and 71 percent in Japan. Even Great Britain, where productivity growth has lagged, registered an increase of 29 percent, a rate almost twice that of the United States.

It may be argued that in the long run these developments will cease to be a matter of concern as the law of comparative advantage will cause the structure of production to adjust to the new international wage-productivity relationships. Specifically, the United States will be forced ultimately to shift resources into activities where it is most productive and in which its high general level of wages is justified. This is correct but two vital considerations impose themselves in this case.

The first is the extent and the duration of the transitional process involved in the reallocation of the factors of production. A sudden displacement of factors from present employments, where there are no immediate prospects of reemployment, is a situation attended always by the danger of cyclical upset. The larger the quantity of factors involved and the longer the time needed to reabsorb them into other lines of activity, the greater is the likelihood of a domestic collapse of confidence, leading, via the multiplier effect, to the perverse dynamics of a recession. Moreover, the fewer are the alternative uses to which the factors can be put, the more likely it is that factor displacement due to imports will be chronic (for example, sheet-glass factories can be used only to produce sheet glass; there is no other use to which they can be put should imports make domestic sheet-glass production unprofitable). Widespread and chronic underuse of labor and other factors, and the economic stagnation which accompanies unemployment of this kind, must be regarded as a heavy price to pay for the gains of free trade. Indeed, the gains of free trade will in this case accrue only to one segment of the population, namely, those who are still employed and who have incomes available to expend on goods and services, whether of domestic or foreign origin.

The second consideration is that it is at least theoretically conceivable that a wage-to-productivity ratio could become so unfavorable for a given country (in this case, the United States) that there would be continuous shrinkage of domestic employment to industries of the highest productivity. The more unfavorable the overall wage-productivity ratio becomes, the smaller will be the volume of domestic employment that it can support. In an extreme case, 50 percent of our labor force could conceivably be put out of work with the employed 50 percent earning the exceptionally high wages that it is possible to pay in the remaining most productive industries.

A fifth, and most important, basic assumption of a free trade world is that the participating countries are all following roughly parallel fiscal and monetary policies. The postwar period has provided us with some egregious examples of the problems which result where this is not the case. If country A follows a persistently inflationary course whereas country B follows a strictly anti-inflationary course, the resulting relative excess demand in A will tend to consume exportable resources, thus slowing exports to B, and to suck in imports, often regardless of price. Conversely, the relatively restrained level of demand in B will free resources for export to A while simultaneously slowing B's consumption of imports. The combined effects of these movements will be to cause A to have a chronic deficit and B a chronic surplus in its balance of payments. To the extent that tariffs and other barriers to trade are lowered, these imbalances will tend to become even more pronounced.

Other characteristics of a free trade world would be the absence of barriers to the free flow of labor and capital across national borders and security for capital investments against nationalization without just compensation. These and all of the preceding conditions which have been mentioned are indispensable to the operation of a free trade system which is not to result in the exploitation of one country by another or in chronic international disequilibrium, or both. But it is patent that today not one of the conditions mentioned is fulfilled, at least as far as the trade between the United States and the rest of the world is concerned. In particular, there is a glaring lack of parallelism in the monetary and fiscal policies of the United States and other countries. It is this circumstance which will undoubtedly give us the most trouble as we embark upon any program of trade liberalization.

II

Among the most dramatic recent examples of what happens where there is sharp divergence in internal monetary and fiscal policies amongst the members of a trading system is provided within the European complex itself. The notorious chronic export surpluses of West Germany in the 1950's were due primarily to the fact that Germany, remembering her disastrous inflations, was pursuing a determinedly anti-inflationary policy whereas Great Britain, France, and the Scandinavian countries, remembering the great depression, were pursuing policies of monetary ease, tolerating inflation for the sake of promoting full employment and the objectives of the welfare state.

Equally notorious and annoying, in consequence, were the chronic balance of payments deficits registered by these countries. Indeed, so acute did intra-European imbalance become in the middle 1950's, so scarce the deutsche mark, that the painfully re-erected system of partial multilateralism in Europe was on the point of collapse. It was only when the British in 1957, under the leadership of Macmillan, the "great deflationist," abandoned the long-dominant cheap money philosophy (the Bank of England raised its rediscount rate in that year to an all-time high of 7 percent) that a semblance of equilibrium was restored.

More particularly, it was because France at the end of 1958 put a stop to inflation and devalued the franc, coupling these acts with certain drastic reforms of the domestic economy, that the Common Market became possible. In effect, the Common Market countries all adjusted their internal policies to those of the most disciplined member, West Germany. Had France not so adjusted its internal price and income levels, the opening of the Common Market on January 1, 1959, even with the relatively modest tariff reductions which then occurred, would have bankrupted that nation in very short order. Frenchmen, with their inflated incomes and prices, would have rushed to buy German goods, whereas Germans, with their relatively lower incomes and lower prices, would have had no particular urge to purchase French commodities in spite of lower French tariffs.

The point is that France in the pre-Common Market era did not suffer from progressively larger deficits because she was poor—she was and is potentially one of the richest nations of Europe. And Germany did not enjoy progressively larger export surpluses because she was rich. Two things—wrote Wilhelm Roepke[2] apropos of the French difficulties of 1957—must be kept distinct.

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[1] Emile Benoit, "Europe at Sixes and Sevens" (New York: Columbia University Press, 1961).

"* * * on the one hand, the economic potential of a country or what may be called the foundations of its wealth and, on the other, its economic-monetary order upon which depends the degree to which this potential is activated. * * * Attention must be directed to the undeniable fact that the economic potential of France is in spite of everything greater than that of Germany by a not inconsiderable margin. * * * Against this, however, Germany was more fortunate in the activation of its economic potential than France * * * the former country succeeded by means of a clearly conceived and for the most part effectively executed economic policy in solving the economic problem No. 1 of every economic system, viz, the problem of economic order.

"This is the secret of everything which has occurred since the reform of summer 1948 under the rubric of the Germany 'economic miracle.' * * * The principle which requires that one not confuse economic potential with economic order, nor superiority of economic condition with economic equilibrium was especially pertinent in the case of German balance-of-payments surpluses and recent French balance-of-payments deficits. The differences in economic condition between France and Germany—differences which are in France's favor—remained in spite of the disturbance to the balance of payments. * * * But it was precisely the perverse effect of the disturbance to balance-of-payments equilibrium between France and Germany and of the associated differences in inflationary pressure between them that the poorer country was forced to become the creditor of the richer country."[3]

It is perhaps unnecessary to add that Professor Reopke's analysis and his prophecy that the French economy needed only the right policies in order to come alive and realize its full potential were fully vindicated in the turnabout in the French balance of payments from deep deficit to substantial surplus. What is of significance here is that it was not the establishment of the Common Market or the lowering of tariffs as such which made the Common Market countries economically strong. On the contrary, it was the return to monetary and economic discipline of these countries and their individual efforts to adjust their internal policies to a common international standard which made possible the Common Market and the associated benefits of tariff-cutting and expanded trade. The Common Market experiment has demonstrated that free trade (or freer trade) and the tariff reductions which it implies are but pleasant byproducts of prior to monetary and fiscal integration and harmonization.[4]

III

It is now the United States which has moved into the deficit position in the international economy once held by certain of our European neighbors. The dollar shortage—which so mesmerized the attention of economists until a very short while ago—has been converted to a dollar glut. And if the chronic dollar shortages (and D-mark shortages) of the early postwar period were due chiefly to the refusal of some nondollar (and non-D-mark) countries to remove excess demand from their economies by appropriate monetary and fiscal policies, the dollar glut must be attributed in great part to the persistent failure of the United States to make the internal adjustments, in particular, the stopping of inflation, necessary to maintain balance with the changed world surroundings of the 50's and 60's.

The real issue confronting the United States today in its international economic relationships is not, therefore, whether we should have tariff reform or no tariff reform. It is whether we should have tariff reform with, or tariff reform without simultaneous (or better still prior) internal fiscal, monetary, and economic reforms. But concern for such reforms is conspicuously absent in H.R. 11970.

If the appropriate conditions under which free trade can work to our advantage in the present world situation seem to us to have been unduly neglected in the proposed legislation, it is nevertheless clear that what the proponents of this legislation have in mind is something far more than the simple economic gains to consumers here and abroad which more free trade will bring. The trade expansion program is supposed to achieve in one fell swoop nothing less than the following ambitious goals:

1. Increase in consumer welfare;
2. Increase in employment;
3. Accelerated growth of the U.S. economy;
4. Maintenance of U.S. economic leadership of the free world;
5. Aid to the developing nations;
6. Overcoming of U.S. balance-of-payments deficits and ending of the drain on U.S. gold reserves. (This has been implied by spokesmen for H.R. 11970; there is no specific mention of this objective in the bill itself.)

Free trade, in fact, is being urged as the answer to almost all our problems, domestic and international. It is important to note that there is a very large assumption on which these expectations are based. The assumption is that the proposed legislation will not only cause exports to increase to an extent equal to the expected increase in imports, but that it will yield a net increase in exports over imports. Obviously, if exports increase only at the same rate as imports, none of the stated objectives, except perhaps increased consumer welfare, can be attained. Only if exports increase faster than imports will it be possible to maintain our present rate of expenditure abroad for national defense and foreign aid without further aggravation of the existing and cumulative balance-of-payments deficits. And only if there is a net increase in exports can employment be increased and growth rates accelerated.

There is, however, no guarantee whatsoever that unilateral tariff reform by the United States, no matter how sweeping, will yield the expected net increase in exports. This is evident if we consider, first, the improbability of the proposed drastic tariff reductions being matched by our neighbors abroad, in particular, by the Common Market countries, and secondly, the slowdown of exports and increases in imports which persistent inflation in the United States relative to other countries will bring about.

U.S. tariffs are already at exceptionally low levels as compared both with U.S. tariffs in earlier periods and with the tariffs of other industrial countries now. Using the (admittedly imprecise) gage found in the ratio of total duties collected to dutiable imports, it would appear that the present U.S. tariff level is only one-fifth of what it was in the unlamented days of Smoot-Hawley. And from the Joint Economic Committee of the Congress has come a set of figures which shows the averages of posted tariff rates imposed on industrial goods by various key countries, including the Common Market and the United States taken as a unit. The pertinent rates are shown in the accompanying table:

Industrial tariffs (weighted averages)

	Percent
Japan	19
Austria	19
United Kingdom	17
New Zealand	17
Italy	16
Canada	16
France	15
EEC	14
Australia	12
United States	11
Norway	11
Benelux	11
West Germany	9
Sweden	8
Switzerland	8
Denmark	6

Source: Joint Economic Committee.

The table indicates that only four countries, including one member of the Common Market (Germany), have a lower average tariff than the United States. This being the case, it may be asked why the many benefits (in particular, the expected tariff concessions by other countries) which are alleged to follow a program to reduce tariffs have not as yet become apparent?

At the same time, however, it is needful to emphasize that the low average U.S. tariff is an average, i.e., the resultant of the addition of high tariffs, medium tariffs, and low tariffs. The average figures thus conceal the highly selective nature of many tariffs, the total elimination of which—on those categories of goods covered by the so-called 80 percent rule—could cause havoc in the affected industries. Nor can the psychological reverberations of unfavorable developments in these industries on other industries and, through the multiplier mechanism, on the whole economy, be lost sight of. If factors of production disemployed by imports could be as readily reabsorbed as the theory of international trade has traditionally argued, there would be no cause for concern. But the chronic stagnation of the U.S. economy clearly attests that we have not even succeeded in reabsorbing factors disemployed due to purely domestic shifts in demand and supply functions. What will it benefit the country to deliberately add to the present overall condition of excess capacity as the proposed legislation, consciously or unconsciously, will tend to do?

It is to be noted, nonetheless, that the existing low level of U.S. tariffs on a wide variety of imported commodities gives our negotiators relatively little leeway in making future concessions for the purpose of getting other countries' tariffs against the U.S. reduced. A representative example of the difficulty which confronts us here is the tariff on automobiles. Our import dues on foreign automobiles were reduced recently from 8.5 percent to 6.5 percent in exchange for a much-touted reduction by the EEC group of automobile duties from a proposed high of 29 percent to 22 percent. The actual duty paid by U.S. automobile exporters to Germany and to the Benelux countries, to which the bulk of our automobile exports go, has been 18 percent but will be increased to 22 percent under the new common external tariff of the EEC. Is it likely that reduction of our tariff from 6.5 percent to zero, for example, will bring a reduction of the EEC tariffs from 22 percent to zero?

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[2] Wilhelm Roepke, professor at the University of Geneva, is an internationally respected authority on European trade problems.

[3] Wilhelm Roepke, "Zahlungsbilanz and Nationalireichtum," in Gegen die Brandung (Erlenbach-Zurich: Eugen Rentsch Verlag, 1960), pp. 306–312.

[4] The Belgian economist, Alexander Lamfalussy, has shown convincingly that recent European progress cannot be ascribed to reductions of tariffs within the Common Market; in fact, the postwar record levels of output, employment, exports, and general economic growth of the Continental economies commenced years before the opening of the Common Market on January 1, 1959. See Alexander Lamfalussy, "Europe's Progress: Due to Common Market?" Lloyds Bank Review (Oct. 1961) pp. 1–16.

It would be naive to expect such more-than-proportionate reciprocity from the Common Market group. This being so, the implications of lowered U.S. automobile tariffs are disturbing in the extreme. Demand by Americans for European vehicles is already relatively intense as compared with European demand for American vehicles which is slack. Further lowering of our tariffs on foreign automobiles will bring these close to zero and increase the already significant U.S. demand for such imports. A proportionate lowering of European duties would still leave exports of U.S. vehicles handicapped by a substantial tariff obstacle, not to mention the discriminatory use taxes and horsepower taxes imported on American vehicles in European markets.[5]

But there is no guarantee that even proportionate reciprocity will be forthcoming from the Common Market. It is certainly no secret that the lowering of duties amongst the Common Market countries and the simultaneous raising of external tariffs against outsiders is aimed at creating a mass market in which the economies of scale of mass production—heretofore a U.S. monopoly—will become possible. Moreover, this economic unification and consolidation is viewed only as a way station on the road to the more substantial goal of political unification.

It is thoroughly unrealistic and unreasonable to suppose that the Common Market countries, out of their sheer love for the United States and a desire to help us retain our economic primacy, will veer away from their stated economic and political objectives. It is not to be expected, in short, that our friends abroad will be willing to pull American balance-of-payments chestnuts out of the fire. George Washington's wise words are worth recalling in this connection: "There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion, which experience must cure, which a just pride ought to discard."—Farewell Address.

The truth is that the Common Market has a good thing going and will undoubtedly strive to keep it going. This is an uncomfortable prospect in some ways, so uncomfortable that many of us will wish we had not been so precipitate in encouraging and supporting the closed economic bloc (as contrasted with the original more broadly conceived free trade area) which is now emerging. But it is a prospect which realism requires us to entertain. One of the strangest and most paradoxical omissions in H.R. 11970, in the judgment of our committee, is its almost total failure to make provision for genuine trade reciprocity. This omission is naive and it is dangerous.

IV

Even if these guarantees of full reciprocity in tariff reductions by other countries are obtained; even, to use an extreme case, if other countries were to reduce their tariffs to zero, are there other factors involved which would hold back U.S. export growth? The truth of the matter is that it is not primarily foreign tariffs which are keeping our goods out of foreign markets. Large categories of American goods are noncompetitive in the world's markets even where they have no tariffs or other trade barriers to hurdle. In the production of these commodities, other countries simply have lower unit costs that we do, primarily due to their substantially lower wage costs. And in those commodity areas where superior American capital endowment and productivity still gives us an edge in spite of our wage scales, the trends indicate that the U.S. advantage is diminishing; that is, European capital endowments in these areas are increasing substantially. The resulting cost reductions which will be realized will be intensified to the degree that increasing economies of scale are achieved, as will certainly be the case in the European Common Market.

The hope that foreign wage levels will rise and thus make U.S. goods more competitive is at once unrealistic and cynical. It is unrealistic because wages in Germany, for example, are already at inflationary levels, causing great concern to the authorities there, and because the amount of increase in German wages (which are now about 27 percent of average earnings in U.S. industry) needed to bring about equality would be enormous and completely unacceptable to the Germans. Thus, last year, German labor costs increased about 10 percent while U.S. costs increased only 5 percent. But a 10-percent increase of a 75-cent wage is only 7½ cents an hour while a 5-percent increase of a $3 wage is 15 cents an hour. This gap may be closed over a period of years; it certainly will not be closed in the near future. The hope placed in foreign wage-rate increases is cynical because the assumption is that other countries should have inflation merely because we have not had the fortitude or the determination to put an end to it.

It is worth remembering that the unusual political stability of West Germany and her resulting very substantial contribution to the stability and strength of the whole free world is due in no small measure to the singleminded and largely successful German fight against inflation in all its forms. Does our rescue from the consequences of our own homemade inflation require that one of the most dependable of our allies permit the erosion of the monetary foundations of its economic and social order?

What must be recognized is that inflation in the United States, and its continued toleration, will tend to cancel out any increased advantages our goods may enjoy in foreign markets due to reduced foreign tariffs (assuming our tariff reductions are fully matched abroad). Where U.S. inflationary pressures are greater than those abroad, as they are in respect to the Common Market countries and Japan, U.S. producers will tend to concentrate their selling efforts in the domestic rather than in the foreign market. They will do so because, given the relatively high level of domestic costs and the associated relatively high level of domestic incomes, sales in the home market yield more profit than sales abroad. Pep talks to American businessmen to interest themselves in the "vast opportunities" abroad cannot substitute for the fundamental economic incentives for enterprise, whether at home or in foreign markets.

But domestic inflation dampens these incentives. Exports fall off in this situation because the interest in foreign markets diminishes and other countries are increasingly able to undersell and outsell us in third markets. In addition, otherwise exportable resources are diverted to American home consumption because of the inflationary expansion of domestic demand. Conversely, imports tend to rise in a context of inflation, both because they may be more competitive costwise than comparable domestic product and because, apart from price-level differences, they serve to fill "the inflationary gap" (which occurs when the total monetary claims on a nation's resources exceed what is available to satisfy them).

Occasionally, it is asserted that inflation can hardly be the cause of our present international economic difficulties since the U.S. cost of living (the most commonly used barometer of the inflation) has not moved up significantly faster than this same index in the countries now drawing off our gold, e.g., West Germany and France. The answer is that the movement of the cost-of-living index (or of other similar indices) only very imperfectly and partially reveals the extent of domestic inflation. Indeed, it is perfectly possible for severe inflation to coexist with prices stability. For inflation need not, though it often does, take the form of rising prices.

Inflationary pressures emerge in the first instances, where the economy's liquidity i.e., the total monetary claims on its resources, is increasing disproportionately to the rate of increase of real, i.e., physical product. For such over-liquidity (or latent excess demand) two principal escape valves, apart from increased saving, are available: (1) a rise in prices, which offsets or absorbs the increased liquidity and/or (2) an increase of imports over exports, which has the same effect. It is precisely our foreign deficits—the excess of imports over exports[6] which, together with whatever price rises have occurred, reveal the full measure of our home-made inflation. Price stability, in short, is no proof by itself that inflation has been halted.

V

H.R. 11970 is concerned with increasing exports, but it makes no attempt to come to grips with a major and continuing cause of the U.S. balance of payments deficit, viz., the outflow of private capital. It is necessary, however, that the cause of this large and rapid outflow of funds from the United States be analyzed and acted upon if the deficit is to be brought under control. The outflow of private capital is, like the relative diminishment of our export surplus, not unrelated to the domestic inflation of costs, prices, and incomes. Entrepreneurs everywhere seek to invest their capital in projects which will yield the highest return. But returns will tend to be higher—other things being equal—where costs, especially wages, are lower.

While there is in principle no reason to be concerned at the outflow of private capital from a country so plentifully endowed with it as the United States, the close dependence of employment upon capital—the instruments of production—cannot be overlooked. Capital outflow, where it occurs in sufficiently large amounts and rapidly enough to depress opportunities for employment of domestic labor, is something about which one has a right to be alarmed, particularly where the outflow is occurring because inflation makes it uneconomic to invest in the home country.

It is ironic that the same persons who lament the "slack" in the domestic economy tend to favor precisely that course of action—the toleration of inflation for the sake of alleged "growth"—which is creating the slack by forcing domestic capital into foreign enterprises. This is not intended to imply that we should raise artificial barriers to the export of American capital or in any other way interfere with freedom of investors to place their money wherever they choose.

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[5] The diminished international competitiveness of the American automobile industry for reasons other than tariffs is reflected in the fact that in 1951, when tariffs and other foreign obstacles to all classes of American goods were relatively high, U.S. firms produced 72 percent of the world's total output of passenger vehicles. In 1950, despite the intervening substantial reductions of barriers to American exports, the U.S. share of the world auto market was only 48 percent. (Source: George Romney, "Customer Sharing and the Nation's Economy" (verbatim transcript of New York press conference), American Motors Corp., Dec. 15, 1960.)

[6] Exports are defined here as all transactions which give rise to U.S. claims against other countries; imports are defined as all transactions which give rise to foreign claims against the United States.

In this light, it is our contention that to impose a discriminatory tax on undistributed earnings from foreign investments would be a mistake. It would not stop the outflow as such for the bulk of this capital is not going abroad for tax advantages. It is going abroad because costs of production abroad are substantialy lower than in the United States.

If American firms withdrew from foreign production operations, the repatriated capital would not necessarily be used to expand American production of the commodities in question. Rather, foreign firms would move in to fill the vacuum left by the departed American concerns. The competition of American subsidiaries abroad, that is to say, is not with U.S. producers of the same commodities. It is with other foreign producers. A punitive tax on U.S. earnings abroad would place U.S.-owned firms at a tax disadvantage with their real competitors abroad.

What is important is that conditions within the domestic American economy which are giving rise to what may be an unhealthily large capital outflow should be corrected. It is hard to see how our international accounts can be brought into better balance until these issues and the need for internal reforms which they imply are faced and effectively dealt with; it is, however, even more difficult to see how drastic reductions in tariffs will enable us to deal with them.

VI

In sum, U.S. inflationary pressures coupled with a probably lack of full reciprocity by other countries in tariff reductions make it likely that the Nation will experience an increase not of exports, but of imports. Two important consequences may be expected from such a net increase in imports: (1) the disemployment of domestic labor and other factors; (2) the aggravation of the U.S. balance of payments deficit.

There can be no question but that with a significant portion of the labor force already unemployed and with the existing substantial amounts of unused industrial capacity, a further deliberate disemployment of domestic factors would be a reckless course of action. For this would slow down our already low rate of economic growth, demoralize the labor force, and reduce the output of the economy precisely at a time when the fullest possible mobilization of our potential is required.

The "adjustment assistance" portion of H.R. 11970, which is intended to deal with expected dislocations, represents in our judgment a vast and ill-considered scheme to substitute bureaucratic government administration of business for the private-enterprise system. If the adventures of the U.S. Government in agricultural "adjustment and assistance" are any criterion of what may be expected in this field, the prospect of having such a system applied even more extensively throughout the economy must arouse deep misgivings. Our committee strongly urges the most serious consideration of the ultimate implications—in terms of cost, efficiency, and of survival of the free-enterprise system—of a nationwide "dole system" such as the proposed legislation envisages.

Even if exports were to increase pari passu with imports, the problems created by the need to transfer resources disemployed by imports to export industries could be severe. Indeed, not all resources now employed in producing for home consumption are so transferable. Certain tools, certain machines, certain factories, certain workers are suited to do one thing only. No amount of "adjustment assistance" will avoid the losses, possibly substantial, that would be suffered here.

It is in any case clear that too sudden disemployment of domestic factors of production, such as would ensue from large and extensive tariff reductions accomplished in a short period, would cause a catastrophic disruption of existing patterns of consumption, production, and employment. It is on this account that our committee strongly urges that the staging requirements of the present bill be strengthened; reduction in duties should be limited in amount to a reasonable figure, say 5 percent a year. This would allow at least some time for a cushioning of the impact on the economy of the inevitable structural dislocations of reduced tariffs.

VII

What is of deepest concern to our committee is not alone that long-run structural consequences of the radical change in our tariffs proposed in H.R. 11970, but the short-run balance of payments effects of the anticipated increases in imports. It is these effects, as we are all aware, which demand attention as never before. Clearly, increases in imports at this time, where not accompanied by rises in exports (and such rises, as we have seen, are based on pure hypothesis) can only enlarge our already alarming payments deficit and aggravate the outflow of gold.

In the first 6 months of this year alone, the United States experienced net gold losses of $420 million, bringing the total gold stock of the Nation to a new low of $16.4 billion. For its part, Western Europe increased its monetary gold reserves (excluding dollar assets) to more than $18 billion, thereby clearly displacing the United States as No. 1 in monetary strength. Moreover, European gold stocks are mostly free of short-term liabilities; the U.S. stock, however, is doubly mortgaged, both by the statutory 25 percent gold cover requirement of over $11 billion and by foreign short-term claims in excess of $21 billion.

The crucial question is: how much larger can the cumulative deficit become and how much more gold can flow out before international confidence in the dollar, already on very shaky foundations, collapses, and the pressures leading to a devaluation of the dollar become irresistible? The latter occurrence, it seems fair to assume, would be both a national and an international catastrophe. If our reasoning is correct, the proposed legislation, far from helping to cure the ills of the dollar, may have short-run consequences—an inrush of imports—which could precipitate a flight from the dollar and thereby wreck the monetary foundations of the free world. The alleged gains from the proposed tariff reform legislation are too small and too uncertain by far to justify the assumption of risks of such magnitude.

VIII

To sound the trumpets of tariff reform, as is now being done, appears courageous on the surface. And it is very popular. Who wants to be called a protectionist? In fact, it is taking the line of least resistance, politically and economically. For such action, and the spirit of righteousness with which it can be undertaken, becomes a substitute for facing up to the real issues: the need to undertake internal reforms, to end domestic inflation, to put a stop to wage and price increases which make our commodities increasingly noncompetitive in world markets, and to establish strict priorities in Federal spending to the end that deficits of the Federal budget shall be avoided.

There is much loose talk about the invigorating and dynamic impact of foreign competition on the domestic economy. We are told in effect that since the abolition of tariffs will increase competition, and since competition is per se good, tariffs ought to be abolished whenever and wherever possible. This seemingly unexceptionable economic truism nevertheless conceals a logical pitfall of the gravest import to the United States. There is a world of difference between the competition which originates within a country and competition which comes from without via imports. The consumer will admittedly be the beneficiary of increased competition regardless of whence it comes. But to the consumer in his ultimate role as a jobholder and as sharer in the general health or sickness of the national economy, the domestic or foreign guise which competition may assume cannot be a matter of indifference.

The intensification of competition from within as the result of increased vigilance in the prevention of concentration and more effective legislation to maintain competition both in the labor and in the product markets will normally have the effect of increasing the flexibility and vitality of the system: sales at home and abroad will tend to be stimulated, foreign capital attracted, and job opportunities multiplied. Competition which takes the form of increased imports, on the other hand, while it may in the short run prove to be a boon to the consumer and subject domestic monopolistic excesses to effective restraint comes at a cost: the dislocation and disemployment of domestic factors of production, stagnation of the domestic economy, excess capacity, outflow of capital in search of the more profitable factor combinations available abroad, and—as a result of all these movements—a worsening of the balance of payments situation, increased outflows of gold, and a decline of international confidence in the currency of the affected country.

Let there be no misunderstanding: competition from abroad is good, provided that it does not continue indefinitely to be the dominant form of competition. The latter will be the case, however, where a nation's domestic economic policies inhibit confidence, risktaking, and growth, and where its lack of homegrown competition generates a vacuum which is persistently filled by competition from the outside. To ask for tariff reduction on the grounds that such action will increase competition and at the same time to refuse to correct the basic maladjustments which make the domestic economy internationally noncompetitive is to ask for the administering of a medicine which, while it may banish the symptoms of disease (in this case, reduce domestic manifestations of monopoly) may simultaneously cripple or perhaps even kill the patient.

Since there is no formally stated intention to accompany tariff reforms with the vital internal reforms mentioned above, we believe the passage of H.R. 11970 in its present unamended form to be fraught with severe economic risk to the Nation.

We object especially to the sweeping powers granted to the President to reduce or eliminate at his sole discretion any or all remaining tariffs on U.S. imports, without review or supervision by Congress. The effect of this would be to substitute arbitrary Executive discretion for rule of law in what is a critical area of national life. The President is also authorized in the proposed legislation "to proclaim such increases in or imposition of, any duty or other import restriction" as he wishes. This means that the incumbent President or some future President could raise tariffs as well as lower them, or impose new tariffs, or subject imports to any kind of other restriction or control he deemed necessary. As someone has remarked, this section of H.R. 11970 is the granddaddy of all escape clauses. By granting such drastic powers to the President, which he could use either for protectionism or free trade, the Congress in effect would be abandoning its sovereignty in matters upon which in the present conjuncture, a very large part of the national welfare is dependent. In the area of tariff reduction, the consequences of any given action are not easy to predict and to estimate; if mistakes are made, the damage to the Nation could be considerable and irreparable. Hence, we strongly urge that any legislation which is enacted provide for adequate review by Congress of the President's actions in this field.

One consideration which has been consistently overlooked in the euphoric glow which has surrounded the discussion of tariff reduction is the possibility that U.S. tariff concessions which are not fully matched by the Common Market countries will result in a diversion of third countries' exports to the United States. It is the part of prudence therefore to amend the present bill in such a way that beneficiaries of U.S. tariff concessions be required to admit goods from Asia, Latin America, and Africa on terms (whether these involve tariffs, quotas, or licensing) equal to those accorded by the United States to these areas. European countries will in this way not be able to continue to exchange low-cost goods from the underdeveloped countries with resulting diversion of such goods exclusive into the U.S. market.

It is important in the above connection to note a similar difficulty which could arise as a result of the so-called 80-percent rule. According to this rule, U.S. tariffs will be abolished on all commodities, 80 percent of the world export of which is accounted for by the combined trade of the United States and the Common Market countries. The intent of this section (sec. 211) of the bill is ostensibly that with respect to certain categories of commodities the United States and the Common Market countries are each principal suppliers, so that elimination of duties as between these two suppliers would not benefit third countries primarily.

But the present bill would allow for the reduction of U.S. tariffs to zero even on commodities in which the trade of the United States accounted for only a small fraction of the 80 percent. However, where the United States is not a significant supplier of commodities falling in the 80-percent category (e.g., in cases where the United States supplies 5 percent and the Common Market countries 75 percent), the reason may be that the United States is not competitive in these product categories with the Common Market countries. Hence, the elimination of duties on such product categories would not benefit U.S. exports. On the contrary, reduction of duties in such case might have the effect of worsening our trade balance in such commodities by making it substantially easier for important third-country suppliers to enter U.S. markets. At the very least, the proposed legislation should be amended to require that at least one-quarter of the 80-percent figure be accounted for by trade of the United States.

On the same reasoning, it is essential to eliminate from the estimate of export value for the purposes of the 80-percent rule, agricultural surplus crops donated or exchanged for counterpart funds. These exports, which are not a true measure of U.S. export competitiveness, should not be included in data used to determine those categories of commodities for which all tariff protection may be eliminated. Rather, the domestic policies (parity programs) which make such "dumping" necessary should be drastically revised or abolished. Here as elsewhere, what is required for the internal and external health of the U.S. economy is an internal adjustment of basic economic, monetary, and fiscal policies, not an external gimmick such as is represented by tariff manipulation.

We urge, finally, that the grant of powers be in any case limited to 2 rather than 5 years. This will provide each new Congress a chance to examine the record and to determine if changes in the program are indicated.

Our recommendations

1. The Federal budget should be balanced (by economies in nondefense spending) with the purpose of ending debt monetization and inflation; for inflation raises prices, stimulates imports, reduces exports and employment, and reduces our gold reserves.

2. Our tax structure should be thoroughly overhauled to provide adequate incentives for the modernization of American plant and equipment. The tax burden should be shifted as far as possible from the producers of income and wealth to the consumption and trade sector of the economy. In West Germany's economy, to take that one outstanding example of rapid and steady growth and full employment, more than three-quarters of total tax revenues are derived from consumption taxes and business turnover taxes, less than one-quarter from direct taxes on income and wealth. In the United States, the tax burden is distributed in an exactly opposite ratio, with three-quarters of the tax revenue derived from direct taxes on income and wealth and only one-quarter from consumption and use taxes. We have enjoyed a high-consumption economy as a result, but by the same token we have seriously dampened the incentives that make for growth and prosperity in a free society. We must gain a new appreciation of the truth, long since learned by heart by our European competitors, that it is more important to increase the size of the national cake than to quarrel about the more equal distribution of any smaller cake.

3. Foreign aid funds should be expended in the United States to the maximum extent practical; they will naturally tend to be spent in the United States if domestic inflation is stopped and our goods and services are made otherwise competitive with those elsewhere.

4. Annual productivity gains of U.S. industries should be used primarily to reduce prices, thereby stimulating consumption and employment, encouraging exports, and increasing the real wages and incomes of all Americans.

5. The President should have the authority, with congressional review made mandatory, to negotiate elimination of all trade barriers (not merely tariffs) in amounts and at a rate which will not jeopardize our own economic development and the maintenance of an adequate Defense Establishment.

We believe that the overriding task of the present hour is for our Government and all citizens to do what is necessary to activate the full and unquestionably enormous potential of the United States. In doing this, we must abandon the techniques and the catchwords which were designed especially for the depression phase of our economic history and which have dominated policymaking in the United States in the postwar era.

We must adopt a radically new approach, such as was adopted originally in West Germany, and is now being applied in the other Common Market countries and in Japan, and the results of which are visible to all. It is a "grand illusion" to believe that by knocking down a few already low tariffs we are going to solve all the problems of the U.S. economy at home and abroad. The benefits of H.R. 11970 have been extravagantly overadvertised, in our opinion. Free trade is fine but it cannot save the world. Free trade did not save Europe from the cataclysm of World War I, nor did it insure the economic dominance of Great Britain, the first trade nation. Other more powerful and elemental forces are at work in the world than the law of comparative advantage, valuable though this be. It is the anti-inflationary and anticollectivist free-enterprise systems which have emerged in various parts of the free world which are challenging our long dominance of the international economy. If these forces are to be met successfully, they must be met on their own terms, viz., by adjustments of our internal economic and monetary policies, not by engaging all our energies in the tariff issue.

Tariff reductions coupled with the internal reforms we have specified and within the context of the new approach we have mentioned could go far toward restoring to the United States the economic leadership of the free world of which it is undoubtedly capable. Tariff reductions of the sort envisaged in H.R. 11970, applied without the needed internal reforms, could spell disaster both internally and internationally.

[From the Washington Post, Aug. 6, 1962]

BITTER BRITISH-FRENCH RIFT BROKE UP MARKET TALKS

(By Gaston Coblentz)

BRUSSELS, August 5.—A bitter clash between Britain and France emerged as the direct cause of this morning's abrupt 2-month postponement of further negotiations on Britain's entry into the European Common Market.

The result was new uncertainty over the ultimate success or failure of the negotiations, in which great stakes are involved. The interruption of the talks occurred in unusual circumstances at 7:15 a.m. after an all-night session between Britain and the six Common Market nations, during which Luxembourg Foreign Minister Eugene Schaus, the chairman, became ill with fatigue and had to be replaced in the chair.

It was a night of violently seesawing expectations. At about 2 a.m. the talks appeared to be so close to success that correspondents started filing hold-for-release dispatches on the imminent conclusion of a momentous accord that would have marked a turning point in European and world history.

DISAGREEMENT REVEALED

However, as dawn began to rise, the bad news trickled out. The trouble began after Britain and the six seemed to have gone a long way toward solving the most controversial issue of the nogotiations—the problem of offering reasonable markets in Europe for the vast food exports of Australia, Canada and New Zealand. These are the three members of the British Commonwealth with which London has the strongest economic and sentimental ties.

However, at this point France's Foreign Minister Maurice Couve de Murville presented Britain with an allegedly new document on another extremely intricate aspect of the Common Market's agricultural arrangements—the massive common fund to be derived from agrarian levies.

Lord Privy Seal Edward Heath, Britain's chief delegate, replied that he was stunned at being confronted with a document of such complex ramifications at 3:10 a.m. He said he was not prepared to sign anything of the sort without extensive legal advice.

The French replied that the agrarian fund issue, potentially a pool of money involving hundreds of millions of dollars, was so closely linked to the issue of Commonwealth farm produce that it was impossible for France to agree to the latter without a simultaneous accord on the former.

NEGOTIATIONS FOUNDER

This caused the negotiations to founder in an embittered atmosphere.

France has insisted that every obstacle which its tough negotiating position has created for the British has been based on scrupulous observance of the terms of the Common Market treaties.

The French argument has been presented with such logic and skill that it has compelled acquiescence by the other Common Market members most of the time.

[From the Washington Post, Aug. 6, 1962]

FRENCH INTERNAL FACTORS PLAYED ROLE AT BRUSSELS

(By Waverley Root)

PARIS, August 5.—An exhausted Foreign Minister returned to Paris today after winning an obstacle race to keep Great Britain out of the Common Market—if one assumes France wants to keep her out, as some observers here do.

Maurice Couve de Murville's obstacle race turned into a marathon last night which kept the weary delegations of the six Common Market countries plus Britain at the conference table until 7:15 this morning.

The reason for this punishing session was the realization that failure to agree now might mean that Britain's entry into the Common Market would be blocked for years if not forever. Yet the conferees failed to reach agreement.

Britain needed the issue settled before the vacation lull of August in order to present a success to the meeting of Commonwealth Prime Ministers scheduled for September 10 in London.

This is a serious situation for a government which has more or less staked its existence on entry into the Common Market.

CONCESSIONS DIFFICULT

From the French point of view, concessions were politically difficult, but in addition there is here a discernible opposition to the British entry.

Official French statements have always expressed willingness to welcome Britain into the Common Market, but always with reservations. If you take the words of welcome for the essential part of these statements, then Couve de Murville did not win a victory because France did not want to put impediments in Britain's way. But if you consider, as many do, that the meat of the French utterances is to be found in the reservations—then the French have won a victory.

The theory that France does not really want Britain in the Common Market rests on a view of Gen. Charles de Gaulle's long-range policy for European organization as based on an initial solid construction of the Six, directed primarily by France through the France-Germany partnership. At this stage, it is held, De Gaulle does not want a rival power in on the organizing. Once he has shaped Europe to his mold, and laid down the laws which any future member must observe, then perhaps he might be pleased to see Britain come in.

ATTITUDE TOWARD BRITAIN

Even this is hardly certain, since De Gaulle is reported to have said in private conversation that "Britain is an island. She never has been and never will be European."

There are strong reasons for the French position. The logical reason is the objection on principle to allowing Britain now to amend the Rome Treaty, signed March 15, 1957, after long and difficult negotiations during which every comma of the document was subjected to minute scrutiny.

There are also practical reasons why France, which, like Britain, is limited as to the concessions it can make by the domestic political situation, is obliged to stick obstinately to its positions. It may not therefore have been entirely fair of Belgian Foreign Minister Paul-Henri Spaak to upbraid Couve de Murville last night—while the British representatives were out of the room—for making insufficient concessions. In any case, before the British returned the French had won their point and the Six presented a united front against the British proposals.

ARGUE OVER AGRICULTURE

The subject of last night's argument was agricultural imports from the "White Commonwealth"—Canada, Australia, and New Zealand. It is precisely on the agricultural front that France is now experiencing difficulties at home which certainly would not lessen if concessions to Great Britain were made in this field. There is already a vaguely anti-Common Market element in the French peasant movement, where competition from the six present members has already resulted in misgivings.

In the recent Breton disorders, a poultry farm whose chickens were slaughtered and a hog-raising establishment whose pigs were let loose to run over the countryside had both been set up with Belgian capital, which the French farmers resented.

To admit wheat from the British Commonwealth duty free would level a particular threat at French agriculture. An exporter of wheat, France counts on the other Common Market countries to absorb her surplus. This will become even more vital for her in the next few years.

VIEWS ON MEAT IMPORTS

Commonwealth meat imports would also affect France, particularly beef. France is the only Common Market country which breeds beef cattle. The others slaughter cows for beef. France also has the problem of disposing of the cheaper cuts of beef, which French eating habits make a drug on the French market, despite governmental attempts to popularize them. She counts on such Common Market countries as Germany and Holland, where stews are popular, to absorb some of her surplus meat. Accordingly she does not relish the prospect that low-priced Commonwealth imports might compete in this market.

Whatever they may think it expedient to say in public, it seems probable that some French ministers are far from dismayed at last night's failure to agree in Brussels. Their opposition is not likely to disappear even if Prime Minister Harold Macmillan succeeds in mollifying his Commonwealth ministers in September. Seen from here, the prospects do not seem good for British entry into the Common Market this year. Some observers doubt that the British will ever make it.

UNITED STATES URGED TO RESIST PROTECTED PRODUCE

The National Planning Association urged yesterday strong U.S. efforts to persuade Western Europe against embarking on trade policies which would set up a protected agriculture.

Such efforts, it said, should be linked with those of Great Britain.

In a policy statement by its agriculture committee, the association said trade decisions made in the near future by the European Common Market area could have disastrous effects on exports of American farm products to the area. The Common Market area consists of France, West Germany, Italy, Luxembourg, Belgium, and the Netherlands.

Great Britain is negotiating for membership in the market area, but it has been urging the adoption of policies which would lower tariffs and trade restrictions on farm products produced outside the area.

The association describes itself as a nonprofit, nonpolitical organization interested in planning by Americans in agriculture, business, labor, and the professions.

MOUNTAIN SHEEP DAM

Mrs. NEUBERGER. Mr. President, proper development of the middle Snake River section of the Columbia Basin has been involved in controversy for many years. Recently, Secretary of the Interior Stewart L. Udall suggested to the Federal Power Commission that the matter be decided by Congress by determining whether the Federal Government should authorize construction of a high dam at the Mountain Sheep site.

In the July 13, 1962, issue of the Oregon Labor Press, an editorial had favorable comment on Secretary Udall's proposal. I ask unanimous consent to include the editorial along with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Oregon Labor Press, July 13, 1962]

FOR FISH AND POWER

Secretary of the Interior Stewart Udall's recommendation for a Federal High Mountain Sheep dam makes good sense.

It is not surprising that the Pacific Northwest Power Co., a group of four private utilities that want the High Mountain Sheep site on the middle Snake River, should oppose it. Private power companies have always sought, for profit motives, the best hydroelectric sites on our river systems.

They have done so (as they did in the case of Hells Canyon) even when these sites are obviously better suited for Federal multipurpose development. It is too much to hope that the private companies would put the interests of their region and their own customers ahead of profits for their investors.

It is a little surprising, however, and highly ironical that the Washington Public Power Supply System (WPPSS) and other public power spokesmen should be hollering just as loudly as the private utilities over the Udall recommendation.

WPPSS, a group of 16 public utility districts, filed for permission to build a dam on the Nez Perce site (an alternative to High Mountain Sheep), in order to keep this stretch of the Snake River open to public development.

Later they filed for the High Mountain Sheep site, too. But they seem to have forgotten their reason for filing in the first place. If Secretary Udall's recommendation is implemented, and a Federal dam is built, these PUD's will have won their fight for public development. The entire Northwest will owe them a debt of gratitude, and the entire region will profit from lower cost power.

The PUD group should take another look at its hole card. It should consider the damage its opposition may be doing to the Federal power program that has sustained the PUD's and the consumer electric co-ops from their beginnings.

The WPPSS should also consider the fact that if the Federal Power Commission does recommend to Congress a Federal High Mountain Sheep dam, and if Congress rejects such a recommendation, WPPSS will be left as the logical "compromise" choice for licensing by the Federal Power Commission.

(Secretary Udall did not recommend that the pending applications be finally and completely dismissed. WPPSS is still in the ball game.)

Finally, the commercial and sport fisheries interest of the Northwest should take heart from Secretary Udall's recommendation. There is no question that the fisheries resources of our region can best be protected through Federal development of this stretch of the Snake River.

Here is one issue where the public power and fisheries people of the Northwest should stand together for full multipurpose Federal development. With their combined support, the Federal High Mountain Sheep project can win the necessary congressional approval.

And when that happens, the Federal comprehensive river development program that has helped build the Northwest will be back on the track.

FORD FOUNDATION REPORT

Mrs. **NEUBERGER**. Mr. President, the report of the board of trustees of the Ford Foundation reviews the purpose of that great organization, and itemizes the program upon which it is embarked. Close reading of the program impressed me with the stress that this report makes regarding education. The itemized list of tenets is prefaced by this remark:

> The reflections on the foundation's future course have also been influenced by some of the profound changes that have taken place in the past decade, or that are now clearly foreshadowed.

This simple sentence takes into account the rapid changes that are going on about us and which we may not be in touch with as we become embedded in following traditional patterns of government, economy, and social welfare. I hope that the Congress of the United States can at least be in the race with equal footing with the Ford Foundation as it looks at:

> 1. The growing demands of American society on an educational system that requires major adjustment, conceptually and physically;
> 2. The need for greater concern regarding the quality, content, and moral fiber of life in our society;
> 3. The growing concentration of American population in and around great cities and the resulting implications for the content of American life;
> 4. The impact of modern weapons, space exploration, and science and technology generally on domestic as well as international relations; and
> 5. The growing role of the Federal Government in such fields as basic research, foreign assistance, education, health, and possibly the arts.

A few other points in the program follow this line; and they include such things as the problems brought about by the rapid growth of population, growth of the Soviet power, development of a united Europe, and, finally, "the explosion of knowledge."

The entire report is a mere 16 pages and contains much food for thought for those of us in the legislative process. I only call attention to a few items which develop the program points on which I have just commented. One of these had a subtitle which especially appealed to me, "Educational Innovations." Here the foundation expresses its interest in developing new learning and teaching techniques. What does this mean? It means that the old classroom method that was good for our fathers and grandfathers, and even for us, may not suit the need of the sixties. How can we use our teachers more effectively? Can there be greater flexibility in scheduling classes and variety in choice of curriculum? I presume such research and experimentation may even result in a report as to the year-round use of school buildings, rather than having these million-dollar structures idle for 3 months each year. Furthermore, the innovations will experiment with the use of television for educational purposes, and suggest ways of incorporating the results of their studies into existing school systems.

In the area of international training and research I was particularly interested in the emphasis on the assistance that will be given to improving the teaching of foreign languages. Those of us who have traveled abroad, and who are so uneducated as not to speak a second language, are aware of our shortcomings, individually and as a nation, in this area of linguistics. No better use could be made of some of our school funds than to include a foreign language as an integral part of the curriculum, running parallel with the study of English. This project should be one of the simplest ones for the foundation to develop, as it merely has to look at any of the public school systems in eastern Europe where the dual language system has been a matter of course for years and years.

Every item in the report suggests that the Ford Foundation has embarked upon a program of objectivity in many areas, and has the opportunity to make a great contribution to our Nation.

BIG GOVERNMENT AND OUR PRICELESS HERITAGE OF FREEDOM

Mr. **LAUSCHE**. Mr. President, in a letter addressed to me and signed by Mr. J. B. Johnson, of Grafton, Ohio, my attention has been called to a statement made by the Honorable Benjamin Harvey Hill, U.S. Senator from Georgia, in this Chamber on March 22, 1878.

Mr. President, many miles have been traveled since the warnings of Senator Hill were made and, regrettably, in the direction that the esteemed and learned Senator feared.

Mr. President, I ask unanimous consent that Mr. Johnson's letter to the Chronical-Telegram of Elyria, Ohio, containing excerpts from Senator Benjamin Hill's speech of 1878 be inserted in the body of the Record as part of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Chronicle-Telegram:

I am including in this letter an editorial from the Augusta, Ga., Courier of January 21, 1952. It has reposed in one of my correspondence files for many years and only recently came to light in a research for material on another, but related subject.

It seemed so apropos as relating to current history that it might well be called to the notice of your readers; if "big" government ever prevails over the freedoms we have so long enjoyed the responsibility for the loss will rest squarely upon each and every American who has taken our priceless heritage of freedoms for granted and relinquished all personal responsibility to keep them intact.

It would seem that Senator Hill's warning on March 27, 1878, has long been forgotten but now the "storm warnings" are up and are plainly to be seen. Will they also go unheeded until our priceless freedoms are but a memory of what we used to have but have no more?

BEN HILL'S PROPHECY

Benjamin Harvey Hill was a U.S. Senator from Georgia. In some ways he was wise beyond his times. On one occasion he displayed the powers of perception beyond that of most men. He was able to see down through the years and recognize the dangers inherent in the power of the Federal Government. Speaking before the Senate on March 27, 1878, he said:

"But sir, I have said I do not dread these corporations as instruments of power to destroy this country, because there are a thousand agencies which can regulate, restrain, and control them; but there is a corporation we may all well dread. That corporation is the Federal Government. From the aggressions of this corporation there can be no safety, if it is allowed to go beyond the well defined limits of its power. I dread nothing so much as the exercise of ungranted and doubtful powers by this Government. It is in my opinion the danger of dangers to the future of this country. Let us be sure we keep it always within its limits. If this great, ambitious, ever-growing corporation become oppressive, who shall check it? If it becomes wayward, who shall control it? If it becomes unjust, who shall trust it? As sentinels on the country's watchtower, Senators, I beseech you—watch and guard with sleepless dread that corporation which can make all property and rights, all States and people, and all liberty and hope its plaything in an hour, and its victims forever."

Respectfully submitted.

J. B. Johnson.

The **PRESIDING OFFICER** (Mr. Young of Ohio in the chair). Is there further morning business? If not, morning business is closed.

FRYINGPAN-ARKANSAS PROJECT, COLORADO

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and be made the pending business.

There being no objection, the Senate resumed consideration of the bill (S. 284) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

Mr. **MANSFIELD**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

DEATH OF FORMER AMBASSADOR WHITING WILLAUER

Mr. **DIRKSEN**. Mr. President, it is with some distress that I inform the Senate of the death this morning, of a heart attack, on Nantucket Island, of former Ambassador Whiting Willauer. Many of us knew and admired him.

Ambassador Willauer served with distinction in Honduras, from 1954 to 1958, and in Costa Rica from 1958 into 1961. He was one of those who from the start insisted that Castro was a Communist and should be dealt with as such.

Ambassador Willauer spent the latter years of his life combating communism, which he knew and understood. Before becoming an ambassador, he was chairman of the board of General Claire Chennault's Civil Air Transport in China, and previous to that in charge of the Far East branch of the Foreign Economic Administration and of China Defense Supplies, Inc., during the war.

Ambassador Willauer graduated cum laude from Princeton in 1928, and obtained his law degree from Harvard in 1931.

He was a distinguished admiralty lawyer, and at one time served as special assistant to the U.S. Attorney General, dealing with criminal matters.

We have lost a strong fighter against communism.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. I wish to join the distinguished minority leader in his remarks about the passing of our mutual friend, former Ambassador Whiting Willauer. I had known Ambassador Willauer for about 20 years. He was a good public servant, and contributed much to the welfare of the Government and the country, and to the future of our foreign relations in Latin America and the Far East. I regret his passing. I was shocked at the news. I express to Mrs. Willauer and his family our deepest sympathy.

Mr. ELLENDER. Mr. President, I wish to join the minority leader and the majority leader in their tribute to former Ambassador Willauer.

I had occasion to visit each of the nations of Central America at least twice during the past 10 years, and as a consequence was able to watch Ambassador Willauer at work in the field. I found no better man than our Ambassador. He was very much interested in the work he was doing, and, as my good friend from Illinois has said, he was a great fighter against communism.

I also wish to add, Mr. President, that the Ambassador was instrumental in finding ways and means of constructing the very important Inter-American Highway which will ultimately connect the United States with the Panama Canal. I often discussed with the Ambassador the advisability of creating a commission which would supervise maintenance of work on the Inter-American Highway. He took the position that it would be folly for us to spend millions of dollars in building one road in Costa Rica and another, let us say, in Guatemala, unless we could get those countries to maintain the road from one end to the other.

Mr. Willauer was one of the leaders in his advocacy of creating a commission, to be composed of members from the various countries, to see that this road would always be kept in top condition.

If I may, I would like to read from the report I filed with the Senate Appropriations Committee following my inspection trip of U.S. Government operations in Latin America in 1958.

This portion deals with Ambassador Willauer's advocacy of the creation of this type commission:

> It is my judgment that ways and means should be devised now to maintain the road after its construction. The actual building of the Inter-American Highway will mean nothing at all to the economies of all of Central America and North America if it is not properly maintained.
>
> The old saying that a chain is as strong as its weakest link can also be applied to the Inter-American Highway.
>
> Should one country fail to properly maintain its one section of the highway then the value of the entire highway will be seriously affected.
>
> In my judgment some type of authority, composed of representatives of all the countries through which the road passes, should be created and made responsible for keeping the entire highway in good repair. In order that the authority would have enough money to make sure that the highway is in proper condition at all times, each country should be assessed a proportionate share of the overall amount needed to provide proper maintenance for the road. Ambassador Willauer of Costa Rica is a strong advocate of such a plan. As far as I know he is the originator of such a plan.
>
> The authority should be empowered to use these funds as it might see fit to insure that the road remains in proper condition for travel at all times.
>
> As a talking point to the individual countries through which the road passes, they should be reminded that each will benefit greatly, particularly by such things as increased values alongside the highway.
>
> With this in mind, the individual countries could assess commercial establishments which use the highway within their respective boundaries, with the proceeds turned over to the Inter-American Highway Authority. On the other hand, an equitable gas tax could be imposed by all countries and the proceeds set aside for maintenance.
>
> However this problem may eventually be handled, planning should begin now.

Mr. President, during my visits to Latin America, I also had the pleasure of meeting Mrs. Willauer, whom I found to be a charming, lovely woman. In this moment of grief, I extend to her my deepest sympathies. We are all poorer by his passing.

INDUSTRIAL CAPACITY HEARINGS VITAL TO INTELLIGENT DECISION ON TAX CUT

Mr. PROXMIRE. Mr. President, in view of the importance of the issues surrounding such proposals as the investment tax credit and the general tax revision, as a member of the Statistics Subcommittee of the Joint Economic Committee, of which subcommittee I am chairman, I call to the attention of the Senate a timely report on the measures of productive capacity. I believe that the report can make a very important contribution to the current discussion in Congress about the merits of the pending tax measures, as well as other suggestions for altering the Nation's fiscal and monetary policy.

I am sure that Senators share my own concern that frequently the information used for important decisions leaves much to be desired in terms of relevance, consistency, and validity. Last December's hearings on unemployment statistics covered one source of information which satisfied most of these necessary characteristics.

Incidentally, during the course of our hearings on plant capacity, it was alleged—and I think generally supported by economists—that the status of our capacity utilization statistics is in about the same position as was true with respect to unemployment statistics more than 40 years ago. Of course, capacity utilization statistics are essential when it comes to making an intelligent conclusion with respect to such measures as investment tax credit, because the level of capacity utilization is the most crucial factor in determining whether or not the country is likely to have an investment boom or bust.

The large array of varying statistics on capacity utilization revealed by the recent hearings is another useful mine of such information. However, statistics in this area are still seriously inadequate. That should continue to command the attention of the committee until further improvement comes about.

The report makes useful suggestions for the improvement of utilization statistics. It is my hope that the publication of this report will provoke and hasten fundamental improvements in the gathering and processing of statistics in this important area.

I feel so strongly about the report that I ask unanimous consent to have a brief excerpt from the report—the "recommendations," on pages 4 and 5; and the "summary of testimony," on page 6—printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

RECOMMENDATIONS

> Because of the importance and usefulness of statistics on capacity and its rate of utilization, and the unsatisfactory state of present data and of programs to produce such data, the subcommittee makes the following recommendations:
>
> I. The Office of Statistical Standards of the Bureau of the Budget should take the lead in organizing a cooperative effort, involving both public and private agencies and individual experts, directed toward early development of generally acceptable standards covering the definition of capacity, and setting forth conventions to be generally followed in the construction of standardized measurements of capacity and its utilization. Such standards might well cover also any new standards or conventions which may be necessary for the measurement of inputs into capacity measures, such as the stock of plant and equipment, labor force, materials inputs, etc. It is clear that this is the first and most essential task if substantial improvement is to be achieved in the foreseeable future. Evidence presented in the subcommittee hearings suggests that this can now be done expeditiously, at least on an interim basis, subject to later refinement as experience dictates.
>
> II. The Federal Government should devote increased attention and resources toward the

development of adequate measures of the stock of capital along the lines which already are being pursued and which were outlined at the hearings by the Director of the Office of Statistical Standards, Raymond T. Bowman. The work outlined in the field of measuring capital stocks by the perpetual inventory method appears to deserve aggressive exploitation.

Reliable benchmarks for this work of measuring capital stock by the perpetual inventory method requires an inventory of the Nation's capital whenever the technical problems can be solved. Efforts, therefore, should be made through both public and private channels to solve the problems involved in taking a census of the Nation's wealth, or capital assets, at the earliest date that would be practicable—which, on the basis of the testimony of Mr. Bowman, would appear to be toward the end of the present decade. In connection with this census of national wealth, consideration should be given to the development not merely of data covering the asset side of the national balance sheets but also of data covering the claims or liability side.

III. The Federal Government, under the stimulation and guidance of the Office of Statistical Standards, should devote increasing resources to the exploration and testing of the feasibility of obtaining additional data on capacity through census procedures in connection with the Census Bureau's regular surveys of the American economy. The method now being explored by the Census, as explained by Mr. Bowman at the hearings, certainly deserves attention. We would also urge that study be given to the techniques suggested by Mr. Norton and possibly to an adaptation of the McGraw-Hill technique of direct measurement. It appears an exploration of this latter technique would offer an excellent opportunity for a joint public-private project in which McGraw-Hill, the pioneer in this technique, might work in cooperation with a suitable Government agency.

IV. Both public and private efforts could be usefully devoted to increased research into the analysis of the significance of capacity utilization data for the analysis of public and private economic policies, particularly those in such fields as inventories, prices and costs, monetary policies, and tax policies. Public and private policies influence both the rate at which capacity is expanded and the rate at which demand expands to call into use this capacity. The development of a balance between the consequences of various public and private policies in these two directions is essential to the survival of a system of individual freedom, and, as the Employment Act states among its objectives, "of a system of free private and competitive enterprise."

V. We recommend that the committee continue to probe this field of economic information and analysis, not only through this subcommittee's future work but also in connection with other committee investigations.

MIDWEST TAKES IT ON CHIN AGAIN IN MAN-TO-MOON PROJECT

Mr. PROXMIRE. Mr. President, on Saturday the New York Times concluded its superb series of articles analyzing Project Apollo, the man-to-the-moon space program of the Federal Government. I am deeply concerned about the cost of this program, as are many other Senators, I am sure.

This analysis of the program shows its effect on our entire economy. Those of us who live in the Midwest have expressed for a long time our deep concern over the concentration of research and development contracts on the west coast and also, to a certain extent, on the east coast, ignoring the Midwest.

This fine analysis by the New York Times of Project Apollo shows that the space program, with regard to construction and hardware, is being concentrated in the southern part of our country, resulting also in ignoring the Midwestern part of our country.

I ask unanimous consent, Mr. President, that the last of the series of articles may be printed in the Record at this point; together with an article written by Richard Witkin, entitled "Pace of Program Stirs Opposition."

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 4, 1962]

Apollo: Economic and Social Impact

(By David Binder)

For a thousand miles along the southern crescent of the United States, from Florida's palmetto thickets to the Texas ranchlands below Houston, the Nation's space industry has become a catalyst.

With huge launching pads and rocket vehicle factories. With battalions of scientist-technicians and regiments of construction workers, the space program is causing profound changes on this part of the earth.

One of the major space programs is Project Apollo, by which the United States hopes to land men on the moon, 239,000 miles away, by 1970.

The focal points for the Federal space effort are Cape Canaveral, New Orleans, and Houston.

But the space industry is also altering the economic structure of broad areas on the Florida mainland and in southern Mississippi. All along the crescent it is changing the patterns of living and labor.

"This is foreverland," said a lieutenant colonel at Patrick Air Force Base on Cocoa Beach, just south of the Canaveral launching complexes. "It may be hard to accept, but this loud beach is going to be a piece of Americana for the next five hundred years."

In some areas, like the Florida counties around the cape, the impact will be sharp on housing, schools, hospitals, and roads. The reasons include the peculiar geography of the coast with its small, independent cities strung along the shores for 70 miles.

Already, rocket activity at Canaveral has made the 8-mile, two-lane causeway from Cocoa, on the mainland, to Cocoa Beach a miniature version of the Long Island Expressway. Commuters complain of 50-minute drives to their nearby homes.

In the New Orleans area the space impact will be partly absorbed by the Louisiana metropolis and partly by the vast timber and bayou hinterlands across the State line in Mississippi. These are the places where the Advanced Saturn launching vehicles will be manufactured and tested.

In southeastern Texas the space industry is piling on top of a half dozen booms that have already made Houston the sixth largest city in the country—cotton and cattle, timber and oil, shipping and petrochemical plants.

The space industry will be more an accelerator than a prime mover in the Houston economy—at least for the time being.

However, Texas boosters are quick to point out that the location of the Manned Spacecraft Center 20 miles south of downtown Houston is sure to be a magnet for the next generation of space industries.

Officials of the National Aeronautics and Space Administration try hard to play down the boom talk along the southern crescent. Their policy is caution.

They make population forecasts and community development studies with care and precision in an attempt to dampen enthusiasm with hard facts.

MISSILE CITIES

Nothing the space agency says or does can halt communities like Titusville, Fla., or Picayune, Miss., or Houston from laying claim to titles like "Missile City," "Gateway to the NASA Test Site," and "Spaceport, U.S.A."

Nor can the agency deny that it expects to spend more in a year—one budget forecast is $2 billion a year for the next 20 years—than the entire Federal investment in the Tennessee Valley Administration. The total expenditure on TVA was $1,200 million.

To be sure, a large portion of the space budget will be spent at west coast and Middle West rocket plants and on electronics hardware made in Minnesota, Massachusetts, New York, and Maine.

But the major share to be spent on new space installations will be in the southern crescent.

This, in turn, has engaged the Government space people in a wide range of physical and social endeavors.

They will be digging a new 4-mile channel for the Intracoastal Waterway above the cape, building a private access causeway to the moon launching areas on the Florida coast and participating in a Federal wildlife conservation project to guard 60 varieties of ducks that live on Merritt Island, just inland from the moon launching pads.

RESIDENTS MOVED OUT

In Mississippi, the space people, aided by the Army Corps of Engineers, are engaged in moving 2,695 residents out of a 142,000-acre area that will be the static testing site for Advanced Saturn rocket stages.

They are drawing plans to straighten some sharp bends in the placid Pearl River. This runs through the site and will be used to barge the heavy rockets to the firing line.

Some of the impact is easy to gage in terms of dollars, acreage and population. Some is not.

For example, the Canaveral projects are using large amounts of construction sand from Ocala, Fla., 100 miles away, and steel from Alabama mills, more than 200 miles distant. Demand is growing and suppliers are benefiting accordingly.

More than 50 percent of the employees working on space projects in the New Orleans area are local residents. And the space agency has announced a policy of ordering as much equipment as possible from manufacturers in the immediate area. The same goes for Houston.

Thus, the dollars spent and the dollars generated—for haircuts, medical attention, and groceries—are affecting large areas around the space program sites.

By the same token, some of the human dislocations are relatively simple to measure. Others are sociological problems that defy precise analysis.

The space agency has a good idea of how many people it will be moving in and out of the cape, New Orleans, and Houston areas. But it is not at all sure what is going to happen to the new arrivals or the old residents.

Along the Florida coast, for instance, the space developments have given impetus to the demands of Brevard County's 10,000 Negroes for equal rights in housing, employment, and schools. Resistance to these demands is also mounting. Both Florida whites and Florida Negroes predict violence.

Add to this population an increment of thousands of engineers and technicians—a large number coming from the North—and what happens? The answer is unknown.

Or, take the serene Mississippi and Louisiana communities of Hancock County and St. Tammany Parish, draped in Spanish moss and aglow with brilliant crepe myrtle—crimson, purple, and pink.

What happens to the people in these towns around the new test site or to the evacuees who have spent their lives in antebellum homes along the Pearl River?

What happens to those dwellers in the slash pine forests to the west who divided their carefree days between angling for green trout and tending cornmash stills, locally reputed to be among "the finest in the country"?

Or what happens to the little theater in Bay St. Louis, the recreation program in Picayune and the school system in Slidell when the space operations people begin settling in the next few months?

Will the program quicken the stately quadrille of business activity in New Orleans? Will it change Rice and Houston Universities in Texas?

Space agency authorities are deeply concerned with most of these questions. And they have answers to a few of them. So do a number of communities that have prepared for the bold changes in the impact areas.

As to the overall effects on communities and regions in the southern crescent, there are already guidelines to be found at Cape Canaveral and Huntsville, Ala., where the space business has been expanding for the last decade.

Here is a closeup of the southern crescent:

CAPE CANAVERAL

To a first-time visitor the cape presents a visual shock with its billboards and gaudy motel facades accentuated in the southern sunlight.

There is a gold rush air of hard work and hard play in the saloons and honky tonks that line the beach strip. And despite the engineers and scientists that live here, the hard-hat society of the construction workers seems to prevail.

A European industrial designer who makes frequent trips to the cape recently termed it a "cultural desert." He added that the highly trained and educated newcomers had arrived with "little or no cultural baggage."

The designer, Jaap Penraat of the Netherlands, concluded: "It is as though we were launching a man to the moon from a billion dollar junk heap."

Yet in Cocoa Beach, the Surfside Players claim sellout audiences for their amateur theatrical productions. The local library has a booming circulation and an amateur artists' group is also active.

Strangely, the dramatic rocket launches have drawn no poets and no novelists to sing the songs of space.

The cape atmosphere is a combination of teamwork and transience. "There is a sense of identity here," said a Cocoa Beach physician who arrived 7 years ago. "Everyone feels they are part of the space team—I love it." Yet the turnover of team members is high. Contract crews move in and out.

One keynote is youth. In Brevard County, the heart of the cape impact area, the median age is 26 years. A long-time resident remarked that Ponce de Leon had passed by Canaveral in 1513 during his search for the fountain of youth and added, "He was 450 years too early."

In the decade from 1950 to 1960, Brevard, home of the Air Force Missile Test Center, grew in population from 23,000 to 111,000. The present population is over 140,000.

Part of this increase could be attributed to the general growth of Florida's coastal counties, which added about 35 percent to their population in the same decade.

But Brevard's growth was more than 200 percent. This was due mainly to the influx of more than 20,000 space program employees who worked at the 17,000-acre Air Force launching area on the cape.

Now, the space agency is enlarging the launching area by 88,000 acres above and inland from the cape for the man-in-the-moon shots.

According to estimates by the Air Force Operations Analysis Office, the new facilities will raise the launching site work force from 24,451 at present to 38,162 permanent employees in 1967. Counting family members, this will add more than 50,000 to the area's population.

During the same period the cape payroll will rise from $150 to $200 million.

FACILITIES WERE STRAINED

The initial space impact severely strained Brevard County's community facilities. Thanks to generous injections of Federal and State aid, it has largely been absorbed.

It would see that the cape area is better prepared for the Apollo impact. Last year Brevard joined with five adjoining counties—Indian River, Volusia, Orange, Osceola, and Seminole—to form the Joint Community Impact Coordinating Committee. Later there will be a regional planning council.

The impact has manifested itself in hundreds of places, not the least in real estate values. Beach property was going at $20 a front foot at the end of World War II. Now some owners are asking $1,000 a front foot—or more in Cocoa Beach.

NEW ORLEANS

In Washington and in other parts of the country, legislators have asked why the Space Administration is concentrating its prime operations along the southern crescent.

The most obvious reply is that ice-free water transportation routes were available here—a must for barging heavy rocket hardware.

But anyone who has had a chance to view the enormous Michoud plant in New Orleans, where Saturn first-stage boosters are to be built, or the future test site across the State line in Mississippi, gains dramatic proof of the fortuitous nature of these locales.

The first windfall was the Michoud plant, an Army Ordnance factory that has nearly 2 million square feet of manufacturing space. Until now it had been a white elephant.

Located 15 miles northeast of downtown New Orleans, the 844-acre site has its own airstrip, access to a barge canal, broad parking areas, a nearby powerplant—just about everything the space agency could desire.

The plant is tooling up for construction of the Saturn boosters under a contract with the Chrysler Corp. Soon the Boeing Co. will take up work on Advanced Saturn stages in the western half of the plant.

Current employment at Michoud is about 1,200, with an annual payroll of $14 million. Peak employment, in the summer of 1963, is expected to be 7,000 with a payroll of $69 million.

Space agency officials are reckoning on a $175 million expenditure on Apollo hardware at Michoud.

Thirty-five miles northeast across Lake Ponchartrain and the five estuary branches of the Pearl River is the space agency test site. Centered in Hancock County, it will take in small corners of Pearl River County to the north and St. Tammany Parish in Louisiana to the west.

Here was another windfall, a sparsely settled area easily reachable from Michoud by water, rail, and road. On the edge, in Slidell, La., was another white elephant, a $2 million, brandnew Federal Aviation Agency computer center being abandoned in favor of a Houston facility. The space agency gratefully took it over.

PROPERTY IS APPRAISED

Already, many of the 195 families in the center of the test site area have cleared out, their property having been paid for following elaborate appraisals by the Army Corps of Engineers. The majority have moved to Picayune, a handsome industrial town of 10,000 on the northern rim of the site.

The rest expect to leave in the next few weeks. They have accepted the change, but few of the citizens of on-site towns like Gainesville are pleased with their prospects.

"They're gypping us," said John Furey, 19 years old. "Where we're going the fishing is no good."

Cora Davis, who is in her nineties and is known locally as Miss Blue, gazed out her window with moist eyes and said to a visitor, "See that oak tree out there—I've watched it grow for 75 years—if I could take it with me I wouldn't mind."

A space agency community specialist, Marion Kent, who has traveled up and down Hancock County, knows exactly how many churches, cemeteries, egg farms, taverns, garages, and schools are being moved out of the test site.

The Mississippi test site will cost about $93 million. It will require a peak of 6,000 construction workers in 1964 and between 1,500 and 2,000 technicians and engineers will be needed to operate it.

Some construction personnel will be drawn from nearby towns, and the bulk of the operations people are expected to settle in neighboring towns of Bay St. Louis and Pass Christian on the gulf coast and Picayune and Slidell farther inland.

These cities appear well prepared for the impact. New schools and hospitals are already established in Bay St. Louis, Picayune, and Slidell. Reasonably priced housing developments are going up.

The only sour note seems to have been struck by the Mississippi State government. In Hancock County, community leaders told a visitor that the officials in Jackson had not lifted a finger to help them prepare for the space impact or to aid in resettling the test site families.

Instead, the Mississippi leaders have busied themselves trying to lure private industries to locate in the southern part of the State.

Over in New Orleans, the space program has drawn an enthusiastic response from city officials, particularly Mayor Victor H. Schiro. Shortly after the site selection, Mr. Schiro appointed a special coordinating committee to deal with impact problems.

The committee, which has more than a hundred members, including three Negro community leaders, is working closely with the space agency.

A New Orleans member of the National Association for the Advancement of Colored People told a visitor that Negroes were satisfied with their share in the program so far.

A visitor leaves the New Orleans-Mississippi area with the feeling that both the urban and rural areas will absorb the space impact without sacrificing either their charm or their culture.

HOUSTON

Ever since Houston was picked as the site of the Manned Spacecraft Center last September there has been talk of pork barrel tactics in Washington and other quarters.

Critics pointed accusing fingers at Vice President JOHNSON, a loyal Texan who is also Chairman of the National Aeronautics and Space Council, and at Texas Representative ALBERT THOMAS, Democrat of Houston, who is chairman of the House Subcommittee on Independent Offices Appropriations which deals with the Nation's space expenditures.

Yet an official who was a member of the site selection team last year said that Houston ran a close second following a location in California for the proposed Spacecraft Center. The selection team also agreed that Houston's water-route proximity to New Orleans and Canaveral made it particularly desirable.

Another prime requisite filled by the Texas locale was the presence of two universities, Houston and Rice.

Both institutions have been asked to provide graduate training facilities and to make available technical publications for engineers and scientists at the Spacecraft Center.

Houston's share of the pie-in-the-sky is also supposed to include the $30 million Mission Control Center for the lunar landing program.

Both facilities will be on a 1,600-acre site next to Clear Lake, which has a channel opening into Galveston Bay on the gulf coast. Eventually this area will be annexed by Houston, according to local officials.

At present, 575 construction workers are engaged on the project, most of them from the Houston area. The work force is expected to increase to 2,500 within a year as the second and third phases of construction are undertaken. The total budget: about $123 million.

Thus the major portion of Houston's official space industry will be concentrated in a relatively small area and will employ a relatively small number of workers.

But Houston is counting on a large space impact from private industry. Robert Brewer of the chamber of commerce said that five electronics concerns planned to build factories.

The space industry has catalyzed Houston's real estate market. Land prices near Clear Lake have risen from $3,000 an acre to more than $50,000 an acre, according to Mr. Brewer.

QUESTION FOR COMPUTER: WHERE WILL MOON BE?

Calculating where the moon will be when our men get there will not be easy. The moon's orbital movement is simple in gross terms, but extremely complicated in precise terms.

It is affected by such factors as the lopsided shape of both the earth and moon, as well as the constantly changing relative positions of earth, sun, moon, and planets.

Another difficulty, in long-term prediction, is that the moon itself causes time on earth, as we usually define it, to slow down. This is because the tides generated on earth by the moon cause friction, slowing down both the earth's speed of rotation (our "day") and the moon's orbital speed (the traditional "month").

PACE OF PROGRAM STIRS OPPOSITION

(By Richard Witkin)

The wisdom of spending $20 billion this decade to land American astronauts on the moon is questioned by some respected scientists and public figures.

They ask whether it is necessary to move so far so fast.

They express concern that the greatly accelerated effort on manned space flight will hurt other vital programs—scientific, industrial, educational, and military—by absorbing an excessive portion of the available scientific manpower and of the national budget.

A significant part of the general public has felt similar uneasiness about the wisdom of rushing to the moon.

The answer most frequently offered the doubters is that the United States must race the Soviet Union into space because of requirements of prestige, scientific and technical knowledge and, perhaps most important, military advantage.

At the moment, opposition to the accelerated space program is relatively subdued.

This is proved by the fact that authorization of a huge increase in appropriations for the National Aeronautics and Space Administration for the current fiscal year was approved unanimously in both Houses of Congress.

There are two main lines of thought about whether congressional support can be maintained in the future.

Some predict that Congress will be in a much less generous mood as further large increases are sought and as the flush of enthusiasm generated by the first manned Mercury space flights wears off.

QUESTIONS PROGRAM'S PACE

Others, while recognizing this possibility, are looking for new Russian achievements in space. They believe these will help insure congressional approval of more funds for the space program.

In the current Congress, it has been Senator WILLIAM PROXMIRE, Wisconsin Democrat, who has reflected most clearly and insistently the doubts felt about the space program.

In addressing the House Committee on Science and Astronautics at his own request, he said:

"I do not object to our effort to land men on the moon. * * * The significant question is * * * at what rate such a program is carried on and what specific goals are set for it."

Senator PROXMIRE urged the committee to request the space agency to make alternate proposals to show how a slower expansion of funds would affect the timetable for reaching the moon and for other agency programs.

The Senator quoted Dr. James R. Killian, Jr., chairman of the Massachusetts Institute of Technology corporation and science adviser to former President Dwight D. Eisenhower, as saying:

"The Nation must seek to determine whether it is now proceeding too rapidly in this area and whether it can manage the present man-in-space program without weakening other important national programs, including defense."

Another scientist who has expressed doubts about the pace of the program is Dr. James A. Van Allen, whose research led to discovery of the earth-circling radiation belts that bear his name.

He said last fall that the Nation's ambitions in space exploration had greatly outrun its basic scientific competency in space.

CONGRESS THROWAWAY: EXCESSIVE HEW APPROPRIATIONS

Mr. PROXMIRE. Mr. President, there was also published in the New York Times this morning a thought-provoking article discussing the serious problem which Mr. Celebrezze faces as the new Secretary of Health, Education, and Welfare, stating what a nightmare the administration of that Department is, partly resulting from the fault of the Congress in forcing more appropriations on the Department than it can spend efficiently.

Dr. Luther Terry is reported to feel that this has been a serious and very important problem for the Department of Health, Education and Welfare.

Mr. President, I ask unanimous consent that the article may be printed in the RECORD, along with an excellent editorial from the Wall Street Journal on the same subject.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

MANY TASKS FACING CELEBREZZE IN A "DEPARTMENT OF HEADACHES"

WASHINGTON, August 4.—The Department of Health, Education, and Welfare—sometimes called the Department of Headaches for short—got its fifth Secretary in a little more than 9 years this week.

He is Anthony J. Celebrezze, former mayor of Cleveland, who was sworn in at ceremonies Tuesday. He succeeds Abraham A. Ribicoff, former Governor of Connecticut, who resigned 2 weeks ago to run for the Senate.

Good auguries have surrounded Mr. Celebrezze's appearance on the national scene. His nomination went through the Senate without opposition. Last week, Congress passed a welfare reform bill sponsored by his predecessor that the experts acclaim as the most significant legislative advance in the field in 20 years. And a generous appropriation that may go a few million above the $4,985,100,000 that the Department sought is expected to be voted almost any day.

However, experienced hands here have warned the new Secretary not to be misled by these portents. Whether Congress blows hot or cold, they have said, the Department remains the Department of Headaches in all temperatures, and is one of the toughest major agencies to run with administrative efficiency and political skill.

As most of his predecessors have done, Mr. Celebrezze will discover in time that there are three stubborn and fundamental reasons for this.

First, the Department is the inevitable vehicle for many highly controversial programs. This year alone it has borne the brunt of two of the most damaging political battles the Kennedy administration has fought: aid to education and medical care for the aged. Both were lost.

Second, the Department is less a unified administrative command than a loose confederation of bureaucracies that cling stubbornly to their separate identities. This has blunted the efforts of Secretaries before Mr. Celebrezze.

And third, influential Members of Congress have carved much of the Department up into small, highly personal fiefdoms over which they assert a control equal to, and sometimes surpassing, that of the Secretary.

The Department was born under a cloud of suspicion and distrust, and the shadow has followed it into maturity.

The constitutional injunction upon the Government "to promote the general welfare" has always been viewed with skepticism by some, and by political conservatives of the middle decades of this century, in particular. The injunction was, however, observed grudgingly and piecemeal over the years—a children's bureau, vocational education, social security—by the pressures of political necessity. But the effort to put the pieces together into an administrative whole was blocked through four Presidential administrations—from 1933 through 1952—by cries of "dogoodism," "socialism" and States rights.

It took the first Republican President in 30 years, Dwight D. Eisenhower, to persuade these objectors that a single department to handle the Government's welfare obligations would not result in a headlong plunge to a "welfare state." The Department was voted into being as the 10th Cabinet Department April 1, 1953. But there are stalwarts of the middle and right in and out of Congress who still wonder today if it wasn't all a mistake.

The depot is the fifth largest in manpower—73,000—and about midway of the list in expenditure of appropriated funds—$4,605 million in the last fiscal year. But it almost certainly touches more people in their more sensitive nerve endings than any agency.

In any given month, the beneficiaries of its largess—old-age pensioners, dependent mothers and children, college students on scholarships, research scientists in their laboratories, poor families in public health clinics—run into the many millions. And numbered among them, too, are most Governors, mayors, and public officials with their hands out for Federal grants for a host of welfare and educational programs.

The Department is responsible for administering 112 programs, sometimes in fields that seem unrelated. There are allocated among these five major divisions.

PUBLIC HEALTH SERVICE

Its two major functions are the operation of one of the world's largest and most diversified medical research programs through the National Institutes of Health, and assisting the States in carrying on their own health services. It has 30,000 employees and in the last fiscal year it was budgeted at $1,391,083,000.

SOCIAL SECURITY ADMINISTRATION

This includes such major operations as old-age and survivors insurance (61 million persons are covered); grants to the States for a variety of public welfare programs ($2,167 million last year), and the Children's Bureau, which is principally an advisory service on child welfare.

OFFICE OF EDUCATION

This dates from 1867, helps to formulate broad educational policies and administers Federal grants-in-aid to the States under the National Defense Education Act of 1958. These grants totaled $436 million in 1961.

OFFICE OF VOCATIONAL REHABILITATION

This provides grants to the States ($55 million last year) and technical guidance in the training of handicapped persons for useful employment.

FOOD AND DRUG ADMINISTRATION

Established in 1906, this unit is the Government's chief enforcement agency to insure the purity of foods, drugs, and cosmetics. With a relatively small staff of 2,260 and a budget last year of $26,323,000, it is frequently embroiled with the powerful industrial groups it is supposed to regulate.

Political controversy is inherent in nearly every area of the Department's responsibility. The conservative-liberal dialog is more easily triggered by the question of the citizen's reliance on Government—paternalism, "creeping socialism," States rights versus centralization, etc.—than by any other topic. And the Department is the "big brother" of Government benevolence.

Mr. Celebrezze's predecessors have fought many memorable battles with Congress, with "the interests" and with public opinion, and this issue has been at or near the heart of each one. To recall a few: compulsory health insurance, extension of social security coverage, the contaminated cranberry episode of 1959, aid to education and, of recent vintage, medical care for the aged.

In the nature of things, he will face similar battles himself.

A former high department official said in an interview recently:

"A Secretary of HEW is never sure his flanks are safe when he goes out to battle. He can be sure of his troops' competence, but he can't always be sure of their loyalty."

His allusion was to the laminated structure of the agency; its composition as a confederation of small, highly professional, ingrown bureaucracies preoccupied with their individual traditions, loyalties and objectives. Dominating the top policy levels of each division and bureau are careerists of long tenure and fixed professional viewpoints. They know their fields, and they have seen Secretaries come and go. In many subtle ways they can frustrate a Secretary's broad objectives when they happened not to agree with them.

It is significant that in the page-and-one-half roster of top Department officials in the current U.S. Government Manual, only seven can be identified as political appointees of Secretary Ribicoff's own choice. Custom dictates that the top policy and executive slots be filled from the career or professional ranks.

The committees of Congress, their chairmen and subchairmen, have an inordinate influence on Department operations. As one old hand in the agency described it:

"This place is chopped up like the map of Africa, the way all the congressional duchies and fiefdoms are staked out.

"And from where they (the chairmen) sit, they can make things run about the way they want them to run."

This is evident in many aspects of operations, but nowhere is it more conspicuous than in the affairs of the Public Health Service and its medical research programs.

Year after year Senator LISTER HILL, Democrat, of Alabama, chairman of the Committee on Labor and Public Welfare, and Representative JOHN E. FOGARTY, Democrat, of Rhode Island, chairman of the Appropriations Subcommittee on HEW, to mention two outstanding examples, have forced unwanted millions of research money on the NIH.

In 1961 the agency asked $400 million; Congress gave it $560 million. Last year it asked $583 million; Congress gave it $738 million. For the current year, it asked $780 million; to date the House has voted for $840,800,000, and the Senate for $900,800,000, with the final sum to be worked out in conference.

So much generosity has come close to gagging some of the research specialists at NIH. They complain privately that they are being forced to waste money. It has created problems, too, for Surgeon General Luther L. Terry, the NIH chief. He confessed recently to the chairman of another congressional committee that the poor administrative record of his agency was largely owing to its continued and unasked for affluence.

The Department is not only prey to a multiplicity of lobbies—the field of welfare nourishes a host of popular crusades—but it is also prey to a multiplicity of congressional interests.

Most executive departments are the "territory" of a single legislative committee; Foreign Affairs for the State Department, for example. But Secretary Celebrezze will have to deal, in the House alone, with Ways and Means, Education and Labor, Public Works, Interstate and Foreign Commerce, and most importantly of all, Appropriations, to keep his varied programs afloat.

Mr. Ribicoff thought that a good way to solve the problems of HEW was to break it up in smaller, more manageable pieces. Mr. Celebrezze may be ready for even more drastic measures when he has had a chance to look over his domain.

POOR MR. RIBICOFF

A tale with significance for every head of a Government agency lies behind passage by Congress of the bill providing funds to run the Health, Education, and Welfare Department in fiscal 1963.

The story begins last fall when Abraham Ribicoff, then Welfare Secretary, heeded a Presidential directive on frugality. Addressing all Federal agency chiefs, the President said Congress had made it clear on many occasions that "appropriations are only a ceiling, not a mandate to spend." And he added firmly: "Agency heads are not required to spend every dollar appropriated."

With this exhortation ringing in his ears, Mr. Ribicoff went back to his office and, looking for a place to economize, ordered more than $76 million whacked from his agency's Public Health Service fiscal 1962 spending program.

Now the scene changes to the Senate Appropriations Committee, weighing agency fund requests for fiscal 1963. When they came to Health, Education, and Welfare, the Senators tumbled to the fact that, thanks to Mr. Ribicoff, this agency had failed to spend millions of dollars previously appropriated.

Greatly disturbed, the Senators said it was "impossible to assess what damage had been done" by Mr. Ribicoff's "arbitrary restraint." And with that they voted the Welfare Department's health unit a fat $182 million more than it had even asked for. Both Houses subsequently went along with the boost.

Mr. Ribicoff, now resigned to enter another political arena, perhaps can shrug off this slap at his good intentions with a wry smile. But its implications certainly won't be lost on any incumbent administrator with a passing inclination to save money.

GRUENING'S EXTRAORDINARY SPEECH ON LATIN AMERICAN MILITARY AID

Mr. PROXMIRE. Mr. President, the outstanding speech by the Senator from Alaska [Mr. GRUENING] opposing our military assistance program to South America, which was one of the finest speeches delivered in the Senate this year, has won editorial comment all over the country and there has been a great deal of discussion all over the United States concerning it. It is one of the rare speeches which is likely to change the policy of the U.S. Government—and I think to improve the policy substantially.

One of the most recent and thought-provoking editorials was published in the Washington Post and Times Herald on Saturday, and I ask unanimous consent that the editorial may be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GUNS WITHOUT BUTTER

In a thoughtful speech excerpted elsewhere on this page, Senator ERNEST GRUENING raises some trenchant objections to our military-aid program in Latin America. The program is only a decade old, yet in that brief period has climbed spectacularly from a $200,000 appropriation in fiscal 1952 to $91.6 million in fiscal 1961. Doubtless some useful purposes have been achieved through the half-billion dollars spent over a decade—but have the benefits outweighed the harm?

Mr. GRUENING thinks not; he draws attention to the lamentable symbolism in Peru, where a U.S.-supplied Sherman tank captained by a U.S.-trained Peruvian officer rammed through the presidential palace in a military coup. Clearly this is not the purpose for which military aid was designed. But this episode of itself could be minimized if the overall program contributed in a meaningful way to hemisphere security.

Where the Senator draws the most blood is in his devastating account of how the military-aid program has fanned an arms race among countries that lack the resources to meet minimum public needs. Country after country has acquired flashy jet planes and costly naval aircraft which were obsolete when purchased, which have been poorly maintained and which have contributed only distantly to a system of hemisphere defense. In addition to receiving $4.9 million in military assistance from Washington, Argentina, for example, has been obtaining planes from Britain, Italy, Canada and Germany. And at the same time Argentina is desperately appealing for U.S. loans to bail the country out of a fiscal crisis.

One does not have to go down the line with Senator GRUENING in urging that the program be completely dropped. But there is surely room for a reappraisal, not only here but also in Latin America. Several years ago, President Alessandri of Chile proposed a hemisphere conference on arms limitation in order to halt a meaningless competition for prestige weapons. The suggestion unfortunately came to nothing, as did a similar proposal made by Costa Rica in the Organization of American States.

In the wake of the Peruvian coup, the proposal might be appropriately reconsidered. The three countries in Latin America that have smallest proportionate military budgets are Mexico, Costa Rica and Uruguay—three of the most progressive and stable republics in the hemisphere. It may be that countries now spending too much on weaponry cannot be persuaded that the hemisphere could be better defended by spending more on economic development. But this does not mean that U.S. policy should abet a wasteful competition for costly status symbols. As Mr. GRUENING remarks:

"If the Latin American governments feel they must sacrifice their precious, meager resources for the maintenance of oversized and obsolete military establishments, I say—let them. But let us not contribute to their folly from our own hard-pressed Treasury, and our mounting debt and our unfavorable balance of payments."

ANTI-SEMITISM IN THE SOVIET UNION

Mr. KEATING. Mr. President, reports of anti-Semitism in the Soviet Union are growing louder as an increased crackdown on so-called black marketeers is taking place. The Communists are seizing this great opportunity to blame the members of the Jewish religion for the failure of their own economic system. Mr. President, it is becoming increasingly clear that the persecutions of the Jews in the Soviet Union are a deliberate act on the part of the Communist central government to find scapegoats for an economic system that is full of flaws and inefficient.

What the Soviet Union is trying to do is to put all the blame on a small minority, when the failure of Communist planning, Communist management, and indeed the very ability of the Communist economic system to meet modern industrial needs is involved. In many areas communism has been a failure. The food industries, and the consumer industries are wholly inadequate to meet the needs of the Soviet people. The heavy industry and manufacturing interests which have received such tender nurture under communism are still incapable of the technical skill and flexibility of Western industry. True, the Soviets can get results, in some areas, such as space work and missilry, but it is at the cost of many other sacrifices throughout the whole structure.

Today, Mr. President, I surmise that the Soviet people, who incidentally have not even been informed by their government that it has set off large scale nuclear explosion in the atmosphere, are beginning to get impatient with hardship and scarcity. Years ago, Khrushchev promised they could catch up with the United States. The average Russian is still waiting, and he is getting more and more anxious to enjoy the fruits of his own labors.

How to distract the Russian people from their lacks, and above all, how to find a scapegoat for the inadequacy of Communist economics are the real reasons behind the new outbreak of anti-Semitism in the Soviet Union. This is an area where the United Nations Human Rights Commission could very profitably conduct a thorough hearing and investigation, to bring to light the depths of deceit and persecution to which the rulers of the Kremlin have stooped to cover their own failure. It would be useful not only as proof of the complete scorn of human rights in the U.S.S.R., but also as strong evidence of the economic failure of communism.

Mr. President, in this respect there is little difference between the Communist regime and the old czarist Russia. Neither dares face the fact of its own inadequacy. Both turn upon the Jewish people as an outlet for government mistakes. In this matter, the Soviet Union is certainly one of the most backward and barbaric nations in the modern world. Its present actions deserve the condemnation of all civilized peoples and nations.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, an article on the subject from the Washington Post by Edward Crankshaw.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JEWS CHIEF TARGET IN SOVIET DRIVE

(By Edward Crankshaw)

LONDON, August 4.—Rather more than half those executed in the Soviet Union for embezzlement and currency offenses between May 1961 and July of this year were Jews.

At the mass trial in Frunze, the capital of Khirgizia, which ended a fortnight ago, something like 60 percent of the accused were Jews. So far there has been no detailed report of the sentences. At least nine were shot, but the Central Press gave only four of their names, two of them being Jewish.

At many other trials which have taken place throughout the Soviet Union during the past year, the evidence has been so arranged as to emphasize the Jewish blood of the chief accused when this was not evidenced from their names.

Because of this some Western observers have come to the conclusion that the decree of May 6, 1961, which extended the death penalty to those convicted of large-scale embezzlement and persistent speculation in foreign currency, was conceived as part of an anti-Jewish campaign. The Soviet man-in-the-street, above all in White Russia and the Ukraine where anti-Semitism is better and endemic, is inclined to believe this too. The word has gone round that "they are shooting the Jews," regardless of the fact that nearly half of those shot have in fact been gentiles, some of them in fairly high places.

NOT DISCOURAGED

The Soviet Government has done nothing to discourage this sort of talk; it may even be said to have fostered it. But it is almost certainly an oversimplification and an exaggeration to think of the new attitude toward gross racketeering as a manifestation of a calculated drive against the Jews.

(The Associated Press reported from Moscow today that two Jews, convicted of masterminding a currency speculation ring, have been sentenced to death by shooting in the Ukraine. Four others, all with Jewish names, were sentenced to prison terms.)

The continued shortages of goods of all kinds in the Soviet Union, the absence of an effective distribution system outside a handful of great cities, the centralized control of all production with its proliferation of redtape, all inevitably lead to widespread corruption and to irregularities of every kind. The Soviet Government knows perfectly well that if everyone in trade and industry obeyed the letter of the law the economy would soon break down; it has to turn a blind eye on all sorts of infringements, and it will continue to do so.

But organized swindling in the grand manner is another story. In past years the state has been robbed of huge sums by determined and ingenious racketeers exploiting to their own advantage, and with extreme boldness, the tolerated weaknesses of the system.

SERIOUS CRACKDOWN

Khrushchev showed his outraged awareness of this, somewhat belatedly, early in 1961. The decree of May 1961 was, on the face of it, the first serious attempt by any Russian Government in any age to differentiate between permitted graft and corruption and wholesale racketeering.

Russia's return to capital punishment should be seen not as a reversion to terror but, rather, as a characteristically melodramatic attempt to bring stern measures to bear against violent crime and excessive corruption.

So far there is no sign of any concerted violence against the Jews. Certainly, for familiar historical reasons, one would expect to find a disproportionately large number of Jews among those engaged in financial and commercial pursuits. No less certainly the proportion reflected in the Soviet death sentences is too high; there are at most 3 million Jews in the Soviet Union today. They are clearly being picked on.

FRYINGPAN-ARKANSAS PROJECT, COLORADO

The Senate resumed the consideration of the bill (S. 284) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

Mr. CARROLL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARROLL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARROLL. Mr. President, a parliamentary inquiry. What is the pending business before the Senate?

The PRESIDING OFFICER. S. 284, the so-called Fryingpan bill.

Mr. CARROLL. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as amended be considered as original text for purpose of amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments, agreed to en bloc, are as follows:

On page 3, line 1, after the word "on", to insert "Castle Creek, a tributary of"; on page 5, line 17, after the word "Numbered", to insert "130"; on page 8, line 4, after the word "reclamation", to strike out "laws, and" and insert "laws"; on page 11, line 7, after the word "or", where it appears the second time, to strike out "otherwise, and any person or entity whose rights may be affected, impaired, or infringed upon by reason, or as a result, of such noncompliance may maintain an action, suit, or proceeding in the United States District Court in and for the District of Colorado seeking appropriate relief, and consent is hereby given to the joinder of the United States, the Secretary of the Interior, and his subordinate officials, employees, and agents as a party or parties to such action, suit, or proceeding, as a defendant or"; on page 12, line 4, after the word "years", to strike out "thereafter" and insert "thereafter, the expense of said studies to be no part of the financial obligation of the Fryingpan-Arkansas project"; and in line 9, after "$170,000,000", to insert "(June 1961 prices)"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of supplying water for irrigation, municipal, domestic, and industrial uses, generating and transmitting hydroelectric power and energy, and controlling floods, and for other useful and beneficial purposes incidental thereto, including recreation and the conservation and development of fish and wildlife, the Secretary of the Interior is authorized to construct, operate, and maintain the Fryingpan-Arkansas project, Colorado, in substantial accordance with the engineering plans therefor set forth in House Document Numbered 187, Eighty-third Congress, modified as proposed in the September 1959 report of the Bureau of Reclamation entitled "Ruedi Dam and Reservoir, Colorado", with such minor modifications of, omissions from, or additions to the works described in those reports as he may find necessary or proper for accomplishing the objectives of the project. Such modifications or additions as may be required in connection therewith shall not, however, extend to or contemplate the so-called Gunnison-Arkansas project; and nothing in this Act shall constitute a commitment, real or implied, to exportations of water from the Colorado River system in Colorado beyond those required for projects heretofore or herein authorized. In constructing, operating, and maintaining the Fryingpan-Arkansas project, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902; 32 Stat. 388, and Acts amendatory thereof or supplementary thereto).

(b) A reservoir at the Ruedi site on the Fryingpan River with an active capacity of approximately one hundred thousand acre-feet shall be constructed in lieu of the reservoir on the Roaring Fork River at the Aspen site contemplated in House Document Numbered 187, Eighty-third Congress. The Secretary shall investigate and prepare a report on the feasibility of a replacement reservoir at or near the Ashcroft site on Castle Creek, a tributary of the Roaring Fork River above its confluence with the Fryingpan River with a capacity of approximately five thousand acre-feet, but construction thereof shall not be commenced unless said report, which shall be submitted to the President and the Congress, demonstrates the feasibility of said reservoir and is approved by the Congress. The Secretary shall expedite completion of his planning report on the Basalt project, Colorado, as a participating project under the Act of April 11, 1956 (70 Stat. 105), and said report shall have the priority status of the reports to which reference is made in section 2 of said Act.

(c) No part of the single purpose municipal and industrial water supply works involved in the Fryingpan-Arkansas project shall be constructed by the Secretary in the absence of evidence satisfactory to him that it would be infeasible for the communities involved to construct the works themselves, singly or jointly. In the event it is determined that these works, or any of them, are to be constructed by the Secretary, a contract providing, among other things, for payment of the actual cost thereof, with interest as hereinafter provided, as rapidly as is consistent with the contracting parties' ability to pay, but in any event, within fifty years from the time the works are first available for the delivery of water, and for assumption by the contracting parties of the care, operation, maintenance, and replacement of the works shall be a condition precedent to construction thereof.

SEC. 2. (a) Contracts to repay the portion of the cost of the Fryingpan-Arkansas project allocated to irrigation and assigned to be repaid by irrigation water users (exclusive of such portion of said cost as may be derived from temporary water supply contracts or from other sources) which are entered into pursuant to subsection (d), section 9, of the Reclamation Project Act of 1939 (53 Stat. 1187), as amended, shall provide for a basic repayment period of not more than fifty years after completion of construction and shall not provide for any development period. Such contracts shall be entered into only with organizations which have the capacity to levy assessments upon all taxable real property located within their boundaries.

(b) Rates charged for commercial power and for water for municipal, domestic, or industrial use or for the use of facilities for the storage and/or delivery of such water shall be designed to return to the United States, within not more than fifty years from the completion of each unit of the project which serves those purposes, those costs of constructing, operating, and maintaining that unit which are allocated to said purposes and interest on the unamortized balance of said construction allocation and, in addition, within the period fixed by subsection (a) of this section, so much of the irrigation allocation as is beyond the ability of the water users and their organizations to repay.

(c) The interest rate on the unamortized balance of the commercial power and municipal, domestic, and industrial water supply allocations shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction is initiated, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations, which are neither due or callable for redemption for fifteen years from the date of issue.

SEC. 3. (a) The Fryingpan-Arkansas project shall be operated under the direction of the Secretary in accordance with the operating principles adopted by the State of Colorado on December 9, 1960, and reproduced in House Document Numbered 130, Eighty-seventh Congress.

(b) The Secretary may appoint the two representatives of the United States to the Commission referred to in paragraph 19 of said principles and may, upon unanimous recommendation of the parties signatory to the operating principles, adopt such modifications therein as are not inconsistent with the provisions of this Act.

(c) Any and all benefits and rights of western Colorado water users in and to water stored in the Green Mountain Reservoir, Colorado-Big Thompson project, as described, set forth and defined in Senate Document Numbered 80, Seventy-fifth Congress, shall not be impaired, prejudiced, abrogated, nullified, or diminished in any manner whatever by reason of the authorization, construction, operation, and maintenance of the Fryingpan-Arkansas project.

(d) Except for such rights as are appurtenant to lands which are acquired for project purposes, no valid right to the storage or use of water within the natural basin of the Colorado River in the State of Colorado shall be acquired by the Secretary of the Interior through eminent domain proceedings for the purpose of storing or using outside of said basin the water embraced within that right, and no water, the right to the storage or use of which is so acquired by anyone other than the Secretary, shall be transported through or by means of any works of the Fryingpan-Arkansas project from the Colorado River Basin to the Arkansas River Basin.

SEC. 4. (a) The Secretary is authorized and directed (1) to investigate, plan, construct, operate, and maintain public recreational facilities on lands withdrawn or acquired for the development of said project, (2) to conserve the scenery, the natural, historic, and archeologic objects, and the wildlife on said lands, (3) to provide for public use and enjoyment of the same and of the water areas created by this project by such means as are consistent with the purposes of said project, and (4) to investigate, plan, construct, operate, and maintain facilities for the conservation and development of fish and wildlife resources. The Secretary is authorized to acquire lands and to withdraw public lands from entry or other disposition under the public land laws necessary for the construction, operation, and maintenance of the facilities herein provided, and to dispose of them to Federal, State, and local governmental agencies by lease, transfer, exchange, or conveyance upon such terms and conditions as will best promote their development and operation in the public interest: *Provided,* That all lands within the exterior boundaries of a national forest acquired for recreational or other project purposes which are not determined by the Secretary of the Interior to be needed for actual use in connection with the reclamation works shall become national forest lands: *Provided further,* That the Secretary of the Interior shall make his determination hereunder within five years after approval of this Act or, in the case of individual tracts of land, within five years after their acquisition by the United States: *And provided further,* That the authority contained in this section shall not be exercised by the Secretary of the Interior with respect to national forest lands without the concurrence of the Secretary of Agriculture.

(b) The costs, including the operation and maintenance costs, of the undertakings described in subsection (a) of this section shall be nonreimbursable and nonreturnable under the reclamation laws. The funds appropriated for carrying out the authorization contained in section 1 of this Act shall, without prejudice to the availability of other appropriated moneys for the same purpose, also be available for carrying out the investigations and programs authorized in this section.

SEC. 5. (a) The use of water diverted from the Colorado River system to the Arkansas River Basin through works constructed under authority of this Act shall be subject to and controlled by the Colorado River compact, the Upper Colorado River Basin compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, the Colorado River Storage Project Act, and the Mexican Water Treaty (Treaty Series 994), and shall be included within and shall in no way increase the total quantity of water to the use of which the State of Colorado is entitled and limited under said compacts, statutes, and treaty, and every contract entered into under this Act for the storage, use, and delivery of such water shall so recite.

(b) All works constructed under authority of this Act, and all officers, employees, permittees, licensees, and contractees of the United States and of the State of Colorado acting pursuant thereto, and all users and appropriators of water of the Colorado River system diverted or delivered through the works constructed under authority of this Act and any enlargements or additions thereto shall observe and be subject to said compacts, statutes, and treaty, as hereinbefore provided, in the diversion, delivery, and use of water of the Colorado River system, and such condition and covenant shall attach as a matter of law whether or not set out or referred to in the instrument evidencing such permit, license, or contract and shall be deemed to be for the benefit of and be available to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming and the users of water therein or thereunder by way of suit, defense, or otherwise in any litigation respecting the waters of the Colorado River system.

(c) None of the waters of the Colorado River system shall be exported from the natural basin of that system by means of works constructed under authority of this Act, or extensions and enlargements of such works, to the Arkansas River Basin for consumptive use outside of the State of Colorado, and no such waters shall be made available for consumptive use in any State not a party to the Colorado River compact by exchange or substitution; nor shall the obligations of the State of Colorado under the provisions of the Arkansas River compact (63 Stat. 145) be altered by any operations of the Fryingpan-Arkansas project.

(d) No right or claim of right to the use of the waters of the Colorado River system shall be aided or prejudiced by this Act, and the Congress does not, by its enactment, construe or interpret any provision of the Colorado River compact, the Upper Colorado River Basin compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, the Colorado River Storage Project Act, or the Mexican Water Treaty or subject the United States to, or approve or disapprove any interpretation of, said compacts, statutes, or treaty, anything in this Act to the contrary notwithstanding.

(e) In the operation and maintenance of all facilities under the jurisdiction and supervision of the Secretary of the Interior authorized by this Act, the Secretary of the Interior is directed to comply with the applicable provisions of the Colorado River compact, the Upper Colorado River Basin compact, the Boulder Canyon Project Act, the Boulder Canyon Project Adjustment Act, the Colorado River Storage Project Act (and any contract lawfully entered into by the United States under any of said Acts), the treaty with the United Mexican States, and the operating principles, and to comply with the laws of the State of Colorado relating to the control, appropriation, use, and distribution of water therein. In the event of the failure of the Secretary of the Interior to so comply, any State of the Colorado River Basin may maintain an action in the Supreme Court of the United States to enforce the provisions of this section and consent is given to the joinder of the United States as a party in such suit or suits, as a defendant or otherwise.

SEC. 6. The Secretary of the Interior is directed to continue his studies of the quality of water of the Colorado River system, to appraise its suitability for municipal, domestic, and industrial use and for irrigation in the various areas in the United States in which it is used or proposed to be used, to estimate the effect of additional developments involving its storage and use (whether heretofore authorized or contemplated for authorization) on the remaining water available for use in the United States, to study all possible means of improving the quality of such water and of alleviating the ill effects thereof, and to report the results of his studies and estimates to the Congress on January 3, 1963, and every two years thereafter, the expense of said studies to be no part of the financial obligation of the Fryingpan-Arkansas project.

SEC. 7. There is hereby authorized to be appropriated for construction of the Fryingpan-Arkansas project, the sum of $170,000,000 (June 1961 prices), plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved herein. There are also authorized to be appropriated such additional sums as may be required for operation and maintenance of the project and for future costs incurred under section 4 of this Act.

Mr. CARROLL. Mr. President, the committee report states:

> The Fryingpan-Arkansas project has been under study and consideration for over 30 years. It has been ready for authorization for 8 years. However, it was not until recently that all interested parties in the State of Colorado were able to agree on the development.
>
> During the prolonged effort on the part of the State of Colorado and the people of the Arkansas Valley to secure authorization of this project they have expended over $700,000 of their own funds preparing project studies and doing the additional groundwork necessary in getting the conservancy district organized. The greatest portion of this sum came from the people of the Arkansas Valley. In 1958, they organized themselves into the largest water conservancy district in the history of Colorado, in terms both of population and assessed valuation. By doing so, they have demonstrated their willingness to raise from ad valorem taxes approximately $420,000 annually, based on present assessed values, to assist in project repayment and operation.

Legislation to authorize the Fryingpan-Arkansas project passed the Senate in the 83d, 84th, and 85th Congresses.

Mr. President, S. 284 would authorize the Secretary of the Interior to construct, operate, and maintain the Fryingpan-Arkansas project in the State of Colorado.

Fry-Ark is a multiple-purpose development of Colorado's water and land resources which will provide supplemental irrigation water and municipal and industrial water, flood protection for the Arkansas Valley, electric power and energy, fish and wildlife resources, and recreation opportunities.

The Senate Select Committee on National Water Resources has stated:

> If bold programs for the construction of storage reservoirs, reclamation projects, flood control facilities, and other works which have been conceived by the agencies involved are carried out, and if new techniques for desalting, evaporation control, and waste disposal now developed or being developed are applied, adequate water, both in quality and quantity, will be available. If we add to these programs the possibility that underground aquifers may be used for additional storage and that necessary interbasin transfers can be worked out, it will be seen that vigorous all-out water resource development will enable the water-short areas to play their full part in the future development of the national economy.

Mr. President, in the terms of the Senate Select Committee on Water Resources, the Fryingpan-Arkansas is a bold program. It is a vigorous, all-out development. It incorporates every facet recommended in the magnificent report from which I have just quoted.

The Senate has passed this project on three previous occasions. The proposal before us today is vastly improved over the ones we have previously considered.

PEOPLE OF ARKANSAS VALLEY WILL PAY FOR PROJECT

This project has vigorous support from the people of the Arkansas Valley.

Such support is evidenced by the fact that the people of the valley have pledged themselves to raise, by ad valorem taxes, about $500,000 a year to help repay the cost of this project. As I have stated, they have already spent over $700,000 in planning the development of the project.

SUPPLEMENTAL CROP WATER

This project will provide about six-tenths of an acre-foot of water per year to 280,000 acres of presently irrigated land. This will allow for two late season irrigations which will provide the vital water necessary to make a crop mature. The crops now have a water deficiency of about 30 percent, which means that as late summer approaches the farmers begin to lose a whole year's income from crops.

All irrigation water will go to presently irrigated lands.

Mr. President, I wish to emphasize this point. All irrigation water will go to presently irrigated lands.

No new lands will be irrigated. I repeat, Mr. President: No new lands will be irrigated.

The surplus crop problem will not be aggravated.

With a firm supply of water, a greater percentage of garden and vegetable crops will be grown, crops not in the surplus category. What are those crops? They are cantaloups, tomatoes, onions, potatoes, sugarbeets, and cucumbers. The Arkansas Valley is well known throughout the Nation for the wonderful crops which are grown there. In effect, this project will be a rescue operation to provide a firm supply of water to a chronic water-short area.

One of the prime purposes of the project is to furnish water to people for domestic use. Twenty thousand five hundred acre-feet of water will be distributed to cities from Colorado Springs and Pueblo to the Kansas line. Colorado Springs alone—and I wish to emphasize this—with its vital defense installations, such as North American Air Defense Command, Fort Carson, Ent Air Force Base, and the Air Force Academy, will get about 10,000 acre-feet of municipal water.

Water for industrial use will become available on the western side of the Continental Divide through the Ruedi Reservoir. It is hoped that this water will help to develop a great oil shale industry in western Colorado.

WATER QUALITY

Now I shall take a moment to discuss the quality of water. The project water going to Arkansas Valley cities will help to improve the quality of their drinking water. The quality of the drinking water of some cities in the valley has been criticized by the U.S. Public Health Service because of its mineral content which is excessively high. Actually, in some places the mineral content is so high that the water is approaching a level where it will be unfit for human consumption. Some of the people of that area realize this and are taking steps to correct the condition. The water coming from the Fryingpan-Arkansas project will dilute the salinity and mineral content of that water and will provide a water supply having an acceptable mineral content level.

Recently the Committee on Interior and Insular Affairs held hearings on the salinity of Colorado River water delivered to Mexico. This is a subject of serious international dispute. It is under conference today between the Mexican Government and the United States Government. Why? Because the Mexican Government says that the water which is going into Mexico has a high salinity content.

I point out that the drinking water in some Arkansas River Valley cities has a higher saline content than the irrigation water about which Mexico is complaining; but Mexico is talking about irrigation water, while we are talking about water for human consumption.

BENEFIT-TO-COST RATIO

The benefit-cost ratio on the project is higher than most reclamation projects in recent years.

Under the now outmoded Budget Bureau Circular A-47 the benefit-cost ratio is 1.64 to 1.

However, under the newly announced criteria the ratio for Fryingpan-Arkansas is 1.87 to 1.

This is a highly feasible project.

PROJECT REPAYMENT

Of the $169 million to be loaned to the people of Colorado to build this project, all but $19 million will be repayed.

About $75 million will be repaid with interest at a rate of 2.632 percent.

Eleven percent of the project cost is allocated for flood control, fish and wildlife, and recreation purposes, and is nonreimbursable.

Sixty-six million dollars, or 38.9 percent, is allocated to irrigation. As is always the case with such projects since the beginning of this program, when the money is loaned for irrigation purposes, the money is repayable with interest.

Twenty-two million two hundred thousand dollars, or 13 percent, is allocated to municipal and industrial water supply, and it also is repayable with interest. When I talk about industrial and municipal water supply, I am speaking about the military establishment in Colorado Springs; I am talking about the great CFI plant in Pueblo, which will receive this water for industrial purposes; I am talking about water to be used by the people of Pueblo; and also drinking water for the people in the Arkansas Valley.

To summarize, 89 percent of the authorized amount will be repaid. I do not know of another project which repays such a high percentage.

PROJECT POWER

The House and Senate hearings contain clear expressions of support from both private and public power interests. With both public and investor-owned electric utilities enthusiastically supporting the project, there can be no power issue. Not one person appeared before the Senate Committee on Interior and Insular Affairs in opposition to the bill. I remind the Senate that although the bill has passed the Senate three times in the course of many years, for the first time, and only a short time ago, the House of Representatives passed the bill with an overwhelming vote, for which we from Colorado are delighted, because, as I previously said, this project has been the dream of Colorado for 30 years. I myself have spoken for this measure ever since 1954. So after 12 years we have reached the point where the bill can become law. Thus we have before us a bill which has had full committee hearings, at which no adverse testimony was given.

This proposal was supported by President Eisenhower. It is a part of the reclamation program of the present administration. All Secretaries of the Interior with whom I have had any contact have favored the project. Reclamation engineers, scientists, and technicians have favored it. Now, in a relatively new administration, we find a new Secretary of the Interior, a new Director of the Bureau of the Budget, and a new President giving full support to this important proposal.

The Bureau of Reclamation is given full authority in the bill to build the necessary backbone transmission lines, and there is no controversy over this phase of the project.

The operating criteria, now formalized as House Document No. 130, together with provision for the construction of the Ruedi Reservoir in lieu of the Aspen Reservoir have resolved the questions and needs of the people of the Western Slope of Colorado. Now the entire State is unified and is 100 percent behind this project.

The former fears of the State of California were largely satisfied by negotiations resulting in protective provisions which are incorporated in the bill before the Senate today.

Mr. President, I express the hope of the people of Colorado that this project will be approved. In Colorado, this is not a partisan issue. Republicans, Democrats, and independents on both sides of the Continental Divide have given their full approval to the bill. The House of Representatives has passed the bill. Shortly, the distinguished senior Senator from Colorado [Mr. ALLOTT] will speak on the bill, and I am sure he will bear out what I have said.

This is not a political issue in our State. It is vital to the economy of southeastern Colorado, not only because it provides irrigation water, but also because it makes water available for municipal and industrial purposes. This water is essential to meet the population increase needs of our State with its expanding industry. Our State is growing. The population increase during recent years is phenomenal. I hope the Senate will pass this bill. This is a project of utmost importance to the people of Colorado.

Mr. PROXMIRE. Mr. President, will the Senator from Colorado yield for a question?

Mr. CARROLL. I am happy to yield.

Mr. PROXMIRE. First, I wish to say that I think the junior Senator from Colorado is a very eloquent and a very effective champion of his State in connection with many issues, and I know how dear to his heart this particular measure is. So it is with great hesitation that I indicate any opposition.

But I wish to obtain some answers; and I am sure the Senator from Colorado can give them, if anyone can.

PROJECT WILL BOOST CROPS ALREADY SURPLUS

It is my understanding that if the project is undertaken, the yield of alfalfa, feed grains, and other agricultural commodities will be substantially increased.

It is estimated that the production of alfalfa will increase by 115,000 tons—from 400,000 tons to 515,000 tons; and that the increase in the production of feed grains will be in the order of 2 million bushels. Of course this project will lead to the production of more agricultural commodities than those produced there now.

I am sure the Senator from Colorado is well aware of the fact that the taxpayers are being burdened by programs to take land out of production. In Colorado alone, 1,299,000 acres are in the Soil Bank, and over 4,700 farms have been taken out of production; and the total national cost of this reduction in production to the taxpayers is over $330 million.

Perhaps the Senator from Colorado will concede that this raises serious questions for Senators who represent other States, particularly States such as Wisconsin. In Wisconsin we now have a serious problem, and we are confronted with the possibility of having a limitation placed on our production of feed grains. What answer can I give to the farmers and the taxpayers in Wisconsin when they wonder about having the Federal Government spend $170 million on a project which will increase agricultural production; and when they will be confronted with a much greater cost than that in the future in paying for the storage and the cost of this additional agricultural production?

Mr. CARROLL. The Senator from Wisconsin can tell the farmers of his State that the increases in the production of wheat, corn, and sorghums will be only a drop in the bucket, because very little will be produced in this area. In the whole valley wheat is produced on only 30,000 acres. In the conservancy district we are talking about—which has pledged itself to repay the irrigation cost of the project—the figure is only 15,000 acres for wheat; and that is only a drop in the bucket for the entire national wheat program. Furthermore, we expect the farmers, once they get irrigation water, to substitute other crops for the wheat. These will be nonsurplus crops.

The corn in this district—which has pledged itself to pay for the water—amounts to only about 30,000 acres. The sorghum amounts to only 35,000 acres.

I wish to say to the Senator from Wisconsin that part of this area was known as the dust bowl in the days of Franklin D. Roosevelt. It is a very difficult area for farmers to live in. Some of the land in the valley is dry land, not irrigated land. The wheat is grown on dry land. The project water will go as supplemental water to land now under irrigation.

The farmers in the Arkansas Valley need water, because their income comes largely from what are called truck garden crops—cantaloups, onions, tomatoes, cucumbers, sugarbeets—although production of sugarbeets is being reduced. These are the crops this valley is noted for. No water will be put on new land. Instead, we are attempting to supplement the water now available there. In the late season, when the farmers need it, there is a deficiency of water; and because of that lack of water, the farmers' income for the entire year may be destroyed.

I refer to page 9 of the House committee report:

> Five crops constitute the bulk of farm commodities under loan or in the inventories of the Commodity Credit Corporation. * * * Of these, only corn and sorghums are produced to any extent on irrigated land in the Arkansas Valley. Wheat is not an irrigated crop in the valley, and only about 25 percent of the sorghums are irrigated. There are about 33,000 acres of irrigated corn in the Arkansas Valley. However, the records show—

And I think this is important—

> that there has been no CCC loan on corn in the Arkansas Valley in the last 2 years that has not been redeemed by the farmer. This is also true of an estimated 45,000 acres of irrigated sorghums in the Arkansas Valley. In other words, the Arkansas Valley uses its corn and sorghums for feeding operations where it is grown. The other crops produced and used in the valley for feeding—

And the Senator from Wisconsin mentioned alfalfa—

> are alfalfa and hay, silage, barley, oats, rye, and the byproducts from sugarbeets.

What will this mean? I will tell the able Senator from Wisconsin, and he can tell the farmers in Wisconsin. I repeat a quotation from a letter written by the Secretary of Agriculture Orville Freeman to the chairman of the Senate Interior Committee:

> We recognize that most of the farm products coming from irrigated land are not those for which there are serious overproduction problems. The provision of additional water to supplement present inadequate water supplies, as is proposed by the Fryingpan-Arkansas project, helps enable project farmers to adjust their production plans so they can respond to variations in production needs.

This is really why the farmers want this water; but this is not the sole purpose of this program.

Mr. PROXMIRE. I understand. But in regard to this particular subject, let me ask what will happen to the alfalfa and the hay. Obviously, eventually, it will be fed to cows and beef cattle and sold—through the milk pail and through the beef cattle that are slaughtered.

Mr. CARROLL. Let us say they will be consumed in the area.

Mr. PROXMIRE. They may be consumed in the area to a great extent, but that does not alter the economic impact.

Mr. CARROLL. They will be consumed in cattle feeding.

Mr. PROXMIRE. But to provide for this additional production seems to me to be illogical, in view of the fact that more than 4,700 farms in Colorado, I repeat, in Colorado itself, are now in the soil bank, and the owners of those farms are receiving payments from the Federal Government because they have taken their land out of production. Incidentally, I understand that those farmers are under contract not to graze their land or to cut hay on it.

So this situation seems to me to be a very clear case of the Government's paying money to the owners of the 4,700 farms not to produce crops on their land, and then turning around and paying an additional amount—which amounts, directly, to more than $230 an acre—to other farmers, so they can produce more crops. Though no additional acres will be brought into production by this project, the farmers who now are producing on the 280,000 acres will be able to obtain a greater yield from the acres they are now using. So these farmers will produce more; other farmers will produce less; and the result will be a very great drain on the taxpayers. It is hard for me to make much sense out of that.

Mr. CARROLL. The Senator from Wisconsin does not understand the geography of the Arkansas Valley. What he suggests would be true if we were to assume the premise the Senator from Wisconsin assumes. In that case, there would be some logic to what he says. But that has no application to this case. This valley is deficient in grains. It has to bring in grains to feed the livestock.

Mr. PROXMIRE. Exactly, and where do those grains come from?

Mr. CARROLL. Additional grain must be brought in—some from Kansas or from New Mexico.

Mr. PROXMIRE. Or from other parts of Colorado.

Mr. CARROLL. Let us assume that. But that is a very small part of what we are talking about. The great productive crops in this area are onions, tomatoes, and Rocky Ford cantaloups, about which I assume everybody has heard. Those crops are shipped all over the Nation. The water is needed for those kinds of crops. The other crops the Senator from Wisconsin is talking about are insignificant. Their production is not substantial in this area.

Mr. PROXMIRE. Certainly a 2-million-bushel increase in production is a substantial increase.

Mr. CARROLL. The Senator uses the figure 2-million-bushel increase in production. How does he arrive at it?

Mr. PROXMIRE. On page 26 of the House report there is a table which reveals that the yield for grains without the additional irrigation is 4,900,000 bushels, and the yield with it will be 6,900,000-plus bushels. The difference is over 2 million bushels a year.

Mr. CARROLL. The Senator is reading from the minority views.

Mr. PROXMIRE. I know that.

Mr. CARROLL. There has been some very vigorous opposition in the House, for reasons that do not pertain to crops at all.

Mr. PROXMIRE. Regardless of who is behind it, this table has been printed in the House report. If the table is not accurate, I would like to know. Is it or is it not accurate?

Mr. CARROLL. If it is, I will tell the Senator later. I will consult with persons who know about it. Any time anyone reads a minority report, he can find reasons for opposition.

This project has been a hotly contested reclamation program for 10 years. There was division even in our own State, because this is a transmountain diversion, and people in the western part of Colorado were concerned about water going out of their area and into the Arkansas River Valley.

The State of California had some qualms about the project, too. It has taken all these years to get this transmountain water diversion program. To do what? Some water will help the farmers, of course. But this water is also for municipal purposes in Colorado Springs. This is water for Pueblo. This is drinking water for people who are now drinking low quality, high mineral content water. As a matter of fact some of this domestic water is so bad the Office of Saline Water in the Department of Interior is looking into the possibility of small saline water pilot plants in the area.

I appreciate the concern of the Senator from Wisconsin about going home and telling his own farmers about this. I can remember when we brought up Colorado-Big Thompson 25 years ago. We had the same arguments against that project then, except in those days they said we were on the road to socialism. The private utilities fought the project. Now that wonderful transmountain project—and this is not Republican or Democratic propaganda—has brought $1 billion of wealth to the land and made the countryside prosperous. It has given us a great power grid. A part of the purpose of the Fryingpan-Arkansas project is to give us a great power grid which will help the farmers as we have helped them since the days of Franklin Roosevelt. The REA's and municipals will receive some of this power. The private utilities will participate by wheeling some of this power on their lines.

I appreciate the sincerity of the Senator from Wisconsin. There may be a small crop increase in the categories he has mentioned, but they are insignificant, believe me. The real purpose of the water will be to firm up the vegetable production of farmers where the water comes late in the season. The farmers in the State of the Senator from Wisconsin understand that if farmers do not get the water when they need it, their whole year's income is gone. To meet the farmers' needs is the basic purpose of the bill.

Assuming there will be some increase in the categories mentioned by the Senator from Wisconsin, it will be insignificant and incidental. We cannot have a perfect bill. We cannot shut off water from use by the people who will be drawn into the district. But the great percentage of the benefits will go to people who are not growing crops in surplus.

Mr. PROXMIRE. But of the total cost of $170 million, the portion allocated to irrigation is about $66 million.

Mr. CARROLL. That is true.

Mr. PROXMIRE. That is a tremendous amount of money. It is a high proportion. It is not insignificant. It is substantial and significant.

Furthermore, I understand the $66 million investment will bear no interest.

So it is interest-free. Therefore, there is a direct interest subsidy involved, in addition.

Furthermore, the fact remains, as the Senator has so well said, that without additional irrigation, feed grains have to be imported, perhaps from Kansas and other States, or from elsewhere in Colorado. But right now thousands of Colorado farmers are in the soil bank. They are in the soil bank and are getting a direct subsidy from the Federal Government for taking land, feed grain producing land, out of production. At the same time, we are asked to provide for a project that will permit other Colorado farmers to produce more, so they will not have to buy feed products from the outside.

POLICY IS CONTRADICTORY

I consider this a contradictory policy, although I have the greatest admiration and respect for the Senator from Colorado. I think he makes the best case possible out of the situation. It is difficult for me to see how he can justify the expenses under those circumstances.

If there were a shortage of production of feed grains or alfalfa, or any of these commodities, I could see where there would be some merit in the program; but when there are heavy surpluses, which are the heart of our whole farm problem, it is difficult for me to see how we can, in good conscience, vote for a $170 million project, $66 million of which will be for irrigation to bring more food production into operation.

Mr. CARROLL. I appreciate the Senator's remarks. I am only going to add for the Record this statement: We are talking about 280,000 acres. Of those 280,000 acres, about 80,000 are in the category about which the Senator from Wisconsin has commented. The Senator from Wisconsin can go home and tell his farmers this: We are talking about today's surpluses which may not be with us 8 years from now. This series of eastern slope Fry-Ark dams will not be completed for 8 years. As a matter of fact, under the operating criteria, we first have to build the Ruedi Reservoir which is on the western slope of the divide. It is a reservoir to gather water for future use in western Colorado and in no way effects the flow of the river to California. In effect it protects the interstate compact of 1922.

So it is going to take us years.

This is not an appropriation bill. It is an authorization. What we are trying to do is to set this program up so we may get it moving. Thousands of people are coming into our State each month. There is a great growth in the population of America, an increase of 3 million a year.

Mr. PROXMIRE. The Secretary of Agriculture has said that 20 years from now we will need less land than is used now. Because of dramatic improvements in soil chemistry and animal husbandry, we can produce more crops on less land. With a far larger population we are using less land now than we did 20 years ago.

Mr. CARROLL. That is not true of the Arkansas Valley. I have great respect for the Secretary of Agriculture. He is talking about an entirely different type of land.

Mr. PROXMIRE. I am sure it is not true of the Arkansas Valley, but the fact is that, if production is increased in the Arkansas Valley, that is going to contribute to the increased food production throughout Colorado, and therefore the rest of the country.

Mr. CARROLL. I thank the Senator. I have watched him month after month and year after year. He is one of the great fighters to save the taxpayers' money. The people of Wisconsin ought to know he is probing, as he has a right to do. But, after having probed here, I hope he can go home and explain to his farmers why the farmers of Colorado need help to put water on their crops.

Mr. AIKEN. Mr. President, will the Senator yield to me so that I may ask a question?

Mr. CARROLL. I yield to the Senator from Vermont.

Mr. AIKEN. Reference has been made to the Colorado River compact. Can the Senator advise me what States are signatories to the Colorado River compact?

Mr. CARROLL. There are the upper basin States and the lower basin States.

What we are seeking to do in this project, as I understand by the Ruedi Reservoir, is to provide a method of gathering water for western slope industrial, municipal, and irrigation use.

The water would be released as needed and would not effect the flow of the river.

Mr. AIKEN. Would this be operated under a commission?

Mr. CARROLL. Yes.

Mr. AIKEN. Would each State have a member on the commission?

Mr. CARROLL. The Upper Colorado River Basin Commission; that is correct.

Mr. AIKEN. How many members of the commission would the Federal Government have?

Mr. CARROLL. I will be frank with the Senator in saying that I do not know offhand, but I shall provide the answer for the Record.

Mr. AIKEN. Does the Senator know whether the Government will have any?

Mr. CARROLL. I shall find out in just a moment.

Mr. ALLOTT. Mr. President, will the Senator yield to me?

Mr. CARROLL. I understand the Government has one.

Mr. ALLOTT. Only one.

Mr. AIKEN. The Government has one?

Mr. CARROLL. I understand the Government has one; yes.

Mr. AIKEN. That would be because there are large areas of public domain involved?

Mr. CARROLL. I do not know the reason for it.

Mr. AIKEN. Or because of the involvement of the Department of the Interior?

Mr. CARROLL. I would suspect so.

Mr. AIKEN. Is the Federal member to be in an advisory capacity, or is he to be a voting member? Perhaps the senior Senator from Colorado could answer.

Mr. ALLOTT. My recollection, subject to correction, is that the Federal member is to be the chairman and to vote in case of a tie vote.

Mr. AIKEN. That would be a membership resulting from the Federal development involved?

Mr. ALLOTT. I say to the distinguished Senator that actually there are two main compacts. The first is the Colorado River compact of 1922; of which California, Arizona, New Mexico, Nevada, Utah, Colorado, and Wyoming are signatories. Then there is the Upper Colorado River compact; which is among Utah, Wyoming, Colorado, and New Mexico.

Each of the compacts has a separate commission. One is called the Colorado River Compact Commission and the other is called the Upper Colorado River Compact Commission. I presume the commissions were organized along these lines for the same reason that there was a compact commission between Kansas and Colorado. A Government representative serves on that commission.

There are areas of bureau lands involved. Of course, there has been a certain amount of Federal development of the river.

Mr. AIKEN. Because the Federal reclamation projects enter the picture, because the Federal lands come into the picture, and because the Federal Government really is heavily involved in the area, there is a Federal member?

Mr. ALLOTT. The Senator is correct.

Mr. AIKEN. That would be a reason for having a Federal representative on the commission.

Mr. ALLOTT. The Senator is correct.

Mr. AIKEN. I am asking these questions because a proposal has been made for a New England compact with six members representing the six New England States, and seven Federal members, which is a long way from my idea of an interstate compact. I wondered if the people of the Upper Colorado River Basin were quite as foolish or clever as some of my friends in New England appear to be.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. AIKEN. I was merely seeking information.

Mr. ALLOTT. If the Senator will permit me to answer, I would agree with the tenor of the Senator's remarks entirely.

Mr. AIKEN. I thank the Senator.

Mr. CARROLL. Mr. President, I wish to say to the able Senator from Vermont that the reason why I brought up the Colorado River compact of 1922 was to show the great fight it was necessary to make to draw the people together. There was some worry at one time about the people of California and the people of western Colorado.

The Ruedi Reservoir in western Colorado will be the first feature to be constructed. This will represent a storage of water for future development. This will take care of the needs of some of the irrigation needs of our western slope farmers.

Mr. AIKEN. Yes.

Mr. CARROLL. I was merely attempting to show the difficulties we encountered with respect to getting the whole project together, including the uniting of our own people in Colorado.

Mr. AIKEN. I think the States of the Colorado River Basin took a perfectly logical step in organizing the two compacts which now exist in that basin. That is a good way to bring about interstate cooperation and to settle interstate disputes.

Mr. CARROLL. I thank the able Senator from Vermont.

Mr. AIKEN. I would have no objection whatever to seeing similar compacts created in different parts of the country, in which similar problems exist.

Mr. CARROLL. I am inclined to agree with the Senator from Vermont. I do not know why there should be a predominant Federal group on such compacts.

Mr. AIKEN. There should not be.

Mr. CARROLL. Mr. President, I yield the floor.

Mr. WILLIAMS of Delaware. Mr. President, one of the main purposes of the bill before the Senate is to bring additional water to some 280,000 acres of agricultural crop-producing land at a time when the farmers in the United States already are producing more crops than we know how to use or take care of.

I recognize that there might be some good to the project if there were a need for the increased productive capacity of agriculture. Certainly at this particular time I see no need whatsoever in that regard.

Furthermore, the total cost involved under the bill, as listed in the report, is $170 million, but I doubt that even the sponsors of the proposal think the cost will stop anywhere near that figure. The best evidence of that is that the authorization carries some $170 million plus or minus such amounts, as may be justified at a later date. It would be an open-end authorization for an appropriation. It would be almost unlimited in amount.

With respect to the irrigation project alone, the cost of putting additional water on the 280,000 acres of land would average $236 per acre or a total of nearly $70 million. As the Senator from Wisconsin has pointed out, why should we pay $236 per acre to increase the productive capacity of 280,000 acres of agricultural land when at the same time in the same State the Federal Government is paying $40 or $50 an acre to farmers to take some 2 million acres out of production? It seems to me that the two programs cannot be reconciled.

Why pay $236 per acre to bring land into production only to have another Government agency pay $40 per acre annually to take the same type of land out of production?

I disagree completely with the argument that the crops to be raised are not crops which are in surplus. Of the 280,000 acres of irrigated land, 113,000 acres are for feed grains. Last year the Federal Government spent a total of approximately $700 million to retire 20 million acres of feed grain acreage from production. Now we are asked to spend some $60 million to bring in another 280,000 acres of cropland of which 113,000 acres will be for feed grain production. I suppose, after that has been brought into production we will be asked to pay the same farmers so much per acre in order to take it out of production.

Certainly this additional water will increase the annual yield of feed grains by several million bushels. This increased production would have to be supported by the Department of Agriculture.

The project would increase the annual production of alfalfa by 115,000 tons. There would be increased production of livestock, which would then be in competition with livestock of other areas.

I see no justification at all for this increased production at this particular time.

It is interesting to note that most of the witnesses who testified this year in favor of the bill, in preceding years had disagreed with the argument that the project was economically feasible or that it could be paid off.

This year these same agencies reversed their testimony without producing any basic reason.

As a result of rearranging some of the figures, allocating more of the cost to some other phase of the program, it has now been possible for the proponents to come up with an answer which, they say, proves the project economically feasible. In so doing, the argument is made that all of the cost of this irrigation project will be repaid. The $70 million cost is to be repaid how? It is to be repaid over a period of 50 years with no interest.

If Senators will consider the interest on $67 million over a period of years they will note that the interest cost in itself represents a substantial subsidy by the American taxpayers.

I have great respect for my two friends from Colorado. I can appreciate that in the area of which we speak, as is true of many other areas of the West, water is all important. If this were a time when we really needed an increase in acreage and an increase in agricultural production I would be wholeheartedly in support of the project. I could then see merit to the proposal. However, I do not see any merit to a proposal that under present conditions we spend $67 million to increase the productive capacity of 280,000 acres of cropland. This will only result in the increased production being put into Government warehouses.

In my opinion the bill as it is written and is now before the Senate should be defeated.

Mr. ALLOTT. Mr. President, it is with both great pleasure and firm conviction that I rise to speak in favor of S. 284, the bill which is presently before the Senate for consideration. This bill, sponsored by me and my junior colleague, would authorize the construction, operation, and maintenance of the Fryingpan-Arkansas Federal reclamation project in Colorado. This is a multipurpose project which would produce significant benefits not only for a large and populous area along the Arkansas River Valley, in Colorado, but also for the entire State and Nation.

The Arkansas Valley in Colorado was developed many years ago as one of the early irrigated areas in this Nation. It has become well known over the years for the irrigated specialty crops which it produces, such as vegetables, fruits, seed crops, berries, and famous Rocky Ford melons. As a lifelong resident in this valley, I have become intimately acquainted with the area's needs and problems, particularly with respect to the importance of irrigation to the economy, having practiced water law there for many years.

THE NEEDS OF THE AREA

There are in this valley several thousand miles of irrigation canals and ditches, almost all of which were constructed with private funds over a period of several decades. However, over the years the existing irrigation water supplies have proved to be inadequate and have amounted to less than 70 percent of the actual needs. As a result crop failures have occurred all too frequently.

Basically, the problem confronting farmers in the Arkansas Valley is a shortage of water at the critical moment in the growing season. On an overall basis, the area produces high-value specialty crops which are irrigated adequately during the forepart of the season by the spring runoffs. However, during July and August, at a time when these crops require moisture to see them through, water is not always available. From year to year, availability of water in July and August has spelled the difference between harvesting or not harvesting a good crop. Production records for the Arkansas Valley indicate this fluctuation very clearly and, translated into graph form, would show the highs and lows depending upon the presence or absence of water. The Fryingpan-Arkansas project would have a very salutary effect upon this situation. The supplemental water furnished by the project would fill the void and bring a greater measure of consistency to crop production.

In addition to these critical water shortages for lands presently under irrigation, there has been an extremely rapid growth of population in the municipalties in the area, including Pueblo, Colorado Springs, and other valley cities and towns. Additional water supplies for these cities will be necessary if these cities are to continue to grow. The only source of new water supplies adequate to meet these growing demands lies on the other side of the Continental Divide, unless the already short agricultural water supply is diverted to municipal use, thus further disrupting the agricultural economy of the area. The Fryingpan-Arkansas project, by means of transmountain diversion, will provide substantial quantities of additional water to help meet the increasing municipal demands.

Further needs in the Arkansas River Valley are for more effective flood-control protection and water-pollution abatement. Floods in the upper reaches of this river annually threaten the loss of property and discourage investment. The Fryingpan-Arkansas project would prevent a large part of the flood damages that occur with regularity. The project would also help materially in improving water quality.

These are the principle needs in the important Arkansas Valley of Colorado, needs which would be largely fulfilled by the Fryingpan-Arkansas project. There are in addition other functions which would be served by the project, and some of these are described in the report on the bill.

PREVIOUS CONSIDERATION OF PROJECT

Leaders of the area and of the State of Colorado have long recognized these needs and have been working long and hard to arrive at a solution. The Fryingpan-Arkansas project has been under study and consideration for more than 30 years, and the project has been ready for authorization for 8 years.

During all this period of time, the project has had the full support and unqualified endorsement of the administration, both under President Eisenhower and President Kennedy. The Senate has consistently recognized the great need for this project during this period by passing bills to authorize the project in the 83d, 84th and again in the 85th Congress. In each instance attempts to get authorization were stalemated in the other body because of expressions of concern that adequate protection was not contained in the project plan for users of water in the basin of the Colorado River from which water would be diverted to the basin of the Arkansas River.

The concern has now been laid at rest by the present bill, S. 284, which would incorporate revised operating principles and provide for increased storage capacity on the western side of the Continental Divide and contains other language designed to afford added protection to water users in the Colorado River Basin. The project is now envisioned by S. 284 has the firm support and endorsement of all principal water agencies in the State of Colorado, including the Colorado Water Conservation Board, and all State officials. This wide basis of support for the present bill is demonstrated by the fact that this year, for the first time in hearings on this project before the Irrigation and Reclamation Subcommittee of the Senate Interior Committee, no witnesses appeared in opposition to the bill.

DESCRIPTION OF PROJECT

I would like to turn now to a description of main physical features of this project and point out how the project will help meet the needs of the area which I have mentioned earlier.

One of the principal features of the project is a water collection system at high elevations on the western side of the Continental Divide. The water thus collected would then be carried through a 6-mile tunnel to the eastern slope of the mountains where it would be emptied into tributaries of the Arkansas River. I might say at this point that there is nothing new or novel about this type of transmountain diversion of water from one river basin to another. There are numerous examples of transmountain water diversions all over the West, some of them involving tunnels of far greater length. The amount of water that would be diverted through this tunnel would amount to an average of less than 70,000 acre-feet annually.

On the eastern side of the mountains, this new water would be stored along with other waters of the upper Arkansas River Basin in two reservoirs which will be enlarged from their present small capacities and a third reservoir to be constructed on the Arkansas River west of Pueblo. These enlarged reservoirs would be the Sugar Loaf Reservoir with a capacity of 117,000 acre-feet, the Twin Lakes Reservoir with a capacity of 260,000 acre-feet, and the Pueblo Reservoir with a capacity of 400,000 acre-feet. These reservoirs would serve important functions of river regulation, flood control, and water storage for irrigation and municipal use.

The project would also include hydroelectric power facilities consisting of seven powerplants having a combined installed capacity of 123,900 kilowatts, together with canals, switchyards, substations, and transmission lines. These power facilities will help meet the ever-increasing demands for electric power and energy in the project area and will produce revenues which will repay a major portion of the construction cost to the Federal Government.

There is included within the project plans for specific municipal water delivery facilities for furnishing additional muncipal water to Colorado Springs and several Arkansas Valley towns; however, these delivery facilities would be constructed by the United States only if construction by the communities themselves prove infeasible.

An important feature of the project which differs from plans contemplated by the proposed legislation in earlier Congresses is the construction of Reudi Dam and Reservoir on the western side of the Continental Divide. Reudi Dam and Reservoir, with a storage capacity of 100,000 acre-feet, would provide replacement storage to protect existing water users in the Colorado River Basin and would provide storage capacity to serve future multiple purposes in western Colorado. This unit would be a substitute for a smaller Aspen Dam and Reservoir proposed in earlier bills.

FINANCIAL ASPECT OF PROJECT

A study of the financial features of this project will reveal that this not only is a good project, it is not only a project that is completely sound from a financial standpoint, but it is in many respects one of the best reclamation projects that has come before the Senate for a long time. Some of the outstanding features of the project are the following:

First. Of the total cost of the project, estimated to be $169,905,000, approximately $151 million—or 89 percent—is reimbursable to the Federal Government. I want to point out that 89 percent is an unusually high percentage to be reimbursed. The Senate has considered and approved other reclamation projects during this Congress in which as little as 66 percent of the cost was reimbursable to the Federal Government, the remainder of such cost being allocated to flood control, fish and wildlife, or recreation purposes.

Second. Another important feature is that most of this money, actually 56 percent of it, will be reimbursed to the Federal Government, with interest. Under many projects coming before Congress a far smaller percentage of the reimbursable cost will be repaid with interest.

Third. A third outstanding financial feature of the project is that of the portion of the cost allocated to irrigation, and which under standard reclamation policies is to be reimbursed without interest, over 70 percent will be repaid by water users.

Recently a project was reported from the Senate Committee on Interior and Insular Affairs with respect to which 6 percent of the irrigation costs were to be paid by the water users.

This repayment will start immediately upon completion of construction, without awaiting the usual 5 or 10 years development period provided in many projects. This is a definite constrast to the typical reclamation project under which 70, 80, and even 90 percent of the interest-free irrigation allocation is to be repaid through assistance from power revenues which may not be available for such purposes for another 25, 50, or even 75 years. Because 70 percent of the irrigation allocation is to be repaid in this project by the water users and local conservancy district tax revenues, a substantial interest saving to the Federal Government will be realized. I believe this project calls for one of the highest rates of return by the water users of any project that has been before Congress for many years.

These financial features of the Fryingpan-Arkansas project combine to make this an outstanding example of sound multipurpose reclamation development.

IRRIGATION

Because all of us in the Senate are justifiably concerned about the problems of agricultural surpluses, I want to say to my colleagues that the irrigation features of this project would not add to the surplus problems. The irrigation water provided by this project would be used solely as a supplemental water supply to help eliminate the present irrigation water shortages on 280,000 acres of lands which are and have been irrigated for many, many years. This will make the difference between crop failures and successful farming in the area, and it will stabilize the agricultural economy. I wish to reemphasize that not 1 acre of new land will be brought under irrigation by this project.

With assurances of adequate irrigation water supplies from the Fryingpan-Arkansas project, farmers will turn ever more to the high-value specialty crops, and thus the project will help correct the problem of farm surpluses to some extent rather than contribute to it.

CONCLUSION

In conclusion, I wish to emphasize that there are critical needs in this area for the many and diverse benefits which this project will provide. This bill, S. 284, is the culmination of many years of study and planning—of give and take among the varied interests involved. In its present form it will amply fill these needs. It has the full support and endorsement of all major groups who have been involved in the study and planning for the future of this area and the State of Colorado.

Because of these factors and the sound financial aspects of the project, I am happy and proud to recommend the bill to my colleagues in the Senate. I hope the Senate will see fit to act promptly and favorably upon this important legislation.

Mr. President, for the sake of the record I have procured various figures which I think we should place in the RECORD at this point.

First, the bill provides not an open-end appropriation, but provides, on page 12, line 9 "plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved herein. There are also authorized to be appropriated such additional sums as may be required for operation and maintenance of the project and for future costs incurred under section 4 of this Act"—all of which is in accord with the reclamation laws of the United States.

I should like to discuss for a moment the grain problem. In the area there are approximately 30,000 acres of corn, 35,000 acres of sorghum, and 15,000 acres of wheat. That is in the irrigated section of the Arkansas Valley. It amounts to about 80,000 acres altogether. As my colleague said awhile ago, the area is a feed grain importing area. In the Arkansas Valley, where I have lived all my life, we import feed grains because of the feeding operations.

When we are provided with a supplemental supply of water, the water which is devoted to the raising of crops will go into the specialty high-production crops—not wheat, not corn, and not feed grains. No man in his right mind would be raising those crops when he could raise specialty crops, such as onions, tomatoes, vegetables, and produce of that sort. In that respect I think we must keep in mind an overall picture of the project.

First, it is now contemplated that 20 percent of the water would go to supply municipal needs. In my opinion, before the project is completed, at least 50 percent of the water will go to municipalities and the rest will go to make a supplemental water supply. Distributing approximately 35,000 acre-feet to more than 280,000 acres could not possibly contribute to overproduction.

We are talking about two types of crops. First, we are talking about crops which are surplus. The supplemental water would help to diminish the amount rather than increase it.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. ALLOTT. I am happy to yield to the distinguished Senator from North Dakota.

Mr. YOUNG of North Dakota. I commend the distinguished Senator from Colorado for making a strong case for the project. The arguments against projects of this kind are usually based on the question of food surpluses. If we waited to start irrigation projects in the United States until the time had arrived when we did not have food surpluses, we would not have started an irrigation project in the last 100 years. Ever since the beginning of our Nation we have had surplus food. If it had not been for the great irrigation projects in the West, we would not have been able to provide opportunity for tens of millions of people in the great empire of the western part of the United States.

Mr. ALLOTT. I thank the distinguished Senator from North Dakota. He is entirely correct. As he knows, we are able to produce wheat and feed grain on our dry land with much better facility than it can be done on irrigated acres, particularly so far as the economics of the operation are concerned. I am sure that the Senate from North Dakota is well aware of that fact.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. ALLOTT. I am happy to yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. I wish also to commend the senior Senator from Colorado for so eloquently explaining the purposes of the project. I am very happy to support him in his effort, for I come from a portion of the country that would be desert if it were not for reclamation.

I point out that in listening to the debate this morning, I observed what I believe to be a misunderstanding on the part of Senators who do not live in reclamation areas. The argument is that we would bring substantial amounts of new land into production. While some new land would be involved, what we would really do is merely to firm up the supply of water we must have in that particular portion of the West to guarantee that producing acres will continue to produce.

It is natural that in doing so we expect some additional acres to be put into production. But I point out, in agreement with what my distinguished friend from North Dakota has just mentioned, that our country has always been a surplus producer of agriculture. Those of us who complain about surpluses in agriculture today are complaining about tremendous surpluses. We could not operate an agricultural economy such as ours without some surplus. We have always had a surplus. The surplus has been America's great contribution to the world and to world trade. If it were not for the surplus condition that has existed in American agriculture ever since our country began to produce, many areas of the world today would be faced with famine.

We, with our ability to produce all that we need in agriculture, and with only 8 percent of our people engaged in agriculture—and probably only half of that 8 percent engaged in the actual production—are showing the world what can be done.

Reclamation, I might say, has been the great producer.

In closing this part of the argument for the project in Colorado, I might mention that even though we produce surpluses today in about 30 percent of our agricultural production, to the extent that we feel are overbearing, every acre that we have in production now will have to produce six times as much as is now being produced within 20 years, or we will have to find new land. I believe that in the land effort that is being made throughout the West, where we can substantiate the projects by feasibility and logic, lies the answer.

I thank my friend from Colorado for having pursued this matter assiduously and carefully through the Interior Committee in the years that he has been in the Senate. His contribution to his own State of Colorado and to the entire West has been immeasurable. I thank him.

Mr. ALLOTT. Mr. President, I thank my good friend from Arizona, particularly for his kind remarks.

As a part of my remarks, and in substantiation of what the distinguished Senator from Arizona has stated, I ask unanimous consent to have placed in the RECORD at this point the tables shown at pages 18 and 19 of the hearings; also a letter from the Secretary of Agriculture to the Honorable WAYNE N. ASPINALL, chairman of the House Committee on Interior and Insular Affairs.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE I.—*Assessed property value, total property tax revenue, and total sales tax revenue for counties influenced by Colorado-Big Thompson project, 1950 and 1961*

Counties	1950			1961		
	Assessed property value [1]	Total tax revenue [2]	Sales tax [3]	Assessed property value [1]	Total tax revenue [2]	Sales tax [3]
Boulder	$49, 126, 125	$2, 335, 150	$604, 174	$145, 948, 030	$9, 213, 434	$1, 856, 230
Grand	6, 205, 200	279, 950	75, 623	11, 798, 080	617, 234	133, 925
Larimer	47, 149, 245	2, 296, 810	606, 318	104, 394, 860	5, 924, 697	1, 344, 907
Logan	27, 140, 915	1, 358, 143	213, 971	61, 135, 160	3, 329, 648	464, 694
Morgan	25, 000. 550	1, 134, 257	259, 554	73, 752, 190	3, 054, 413	550, 025
Sedgwick	10, 012, 210	450, 829	64, 921	14, 805, 360	839, 045	91, 660
Summit	4, 417, 360	179, 056	9, 687	6, 458, 580	327, 130	23, 551
Washington	13, 479, 771	622, 849	62, 438	46, 537, 150	1, 732, 175	99, 914
Weld	87, 200, 360	4, 314, 625	798, 486	153, 365, 790	8, 535, 440	1, 528, 599
Total	269, 731, 736	12, 971, 669	2, 695, 172	618, 195, 200	33, 573, 216	6, 093, 505
Adjusted to 1961 [4]	334, 467, 353	16, 084, 870	3, 342, 013	618, 195, 200	33, 573, 216	6, 093, 505
Percent increase 1961 over 1950				84	109	82

[1] Assessed valuation of all taxable property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

[2] Total tax revenues from assessed property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

[3] From State of Colorado Department of Revenue.

[4] Obtained by multiplying 1950 values by index of 1.24, based on purchasing power of the dollar measured by consumer prices: 1950=97.3; 1961=78.3.

TABLE II.—*Assessed property value, total property tax revenue, and total sales tax revenue for counties influenced by proposed Fryingpan-Arkansas project, 1950 and 1961*

Counties	1950			1961		
	Assessed property value [1]	Total tax revenue [2]	Sales tax [3]	Assessed property value [1]	Total tax revenue [2]	Sales tax [3]
Bent	$12,336,827	$502,277	$69,169	$15,367,690	$710,477	$107,745
Chaffee	8,234,425	411,576	101,874	13,991,310	741,362	171,065
Crowley	6,651,040	312,537	42,602	7,401,170	409,842	51,132
El Paso	72,958,150	3,824,949	1,200,400	216,407,470	14,219,178	3,007,580
Fremont	18,764,500	835,685	167,709	31,468,822	1,990,054	323,032
Otero	27,627,395	1,354,223	302,538	38,662,740	2,572,395	541,762
Prowers	19,448,380	835,531	244,672	28,410,405	1,535,981	339,618
Pueblo	78,980,733	7,110,959	1,059,633	176,486,530	12,376,852	2,408,573
Total	245,001,450	15,187,737	3,188,597	528,196,137	34,556,141	6,950,507
Adjusted to 1961 [4]	303,802,000	18,833,000	3,954,000	528,196,137	34,556,141	6,950,507
Percent increase 1961 over 1950				74	83	76

[1] Assessed valuation of all taxable property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

[2] Total tax revenues from assessed property from annual reports of the Colorado State Tax Commission for 1950 and 1961.

[3] From State of Colorado Department of Revenue.

[4] Obtained by multiplying 1950 values by index of 1.24, based on purchasing power of the dollar measured by consumer prices: 1950=97.3; 1961=78.3.

TABLE III.—*Retail sales, 1948 and 1958, and estimated Federal taxes paid by Colorado-Big Thompson counties, 1950 and 1960*

State and county	1948 retail sales		1950 Federal taxes paid [2]	1958 retail sales		1960 Federal taxes paid [2]
	Total [1]	Percent of State		Total [1]	Percent of State	
	Thousands		*Thousands*	*Thousands*		*Thousands*
Colorado	$1,252,585	100.00	[3] $272,506	$2,105,110	100.00	[3] $1,056,000
Boulder	42,343	3.38	9,211	81,230	3.86	40,761
Grand	4,727	.38	1,036	5,863	.28	2,957
Larimer	40,134	3.20	8,720	64,174	3.05	32,208
Logan	19,360	1.55	4,224	25,583	1.22	12,883
Morgan	18,932	1.51	4,115	26,272	1.25	13,200
Sedgwick	5,459	.44	1,199	7,059	.34	3,590
Summit	550	.04	109	1,549	.07	739
Washington	5,654	.45	1,226	6,138	.29	3,062
Weld	58,954	4.71	12,835	75,138	3.57	37,699
Total	196,113	15.66	42,675	293,006	13.93	147,099
Adjusted to 1961 dollars [4]			52,917			148,570
Percent increase 1950 to 1961						181

[1] Source: "Retail Trade, Census of Business," Bureau of the Census, 1948 and 1958.

[2] County revenues estimated in same proportion of State total as county retail sales are of total Colorado retail sales.

[3] Source: "Statistical Abstract of the United States, 1955 and 1961," includes individual income and employment taxes and corporation income and profit taxes.

[4] Obtained by multiplying 1950 values by index of 1.24 and 1960 values by 1.01, based on purchasing power of dollar measured by consumer prices.

TABLE IV.—*Colorado State income tax data by counties for the Colorado-Big Thompson and the Fryingpan-Arkansas areas and the State total, 1960*

County	Adjusted gross income	Net taxable income	Personal income tax paid
Colorado-Big Thompson counties:			
Boulder	$119,690,000	$40,984,000	$1,640,000
Grand	5,156,000	1,690,000	65,000
Larimer	69,067,000	21,742,000	861,000
Logan	26,719,000	8,343,000	341,000
Morgan	26,656,000	8,621,000	369,000
Sedgwick	5,307,000	1,730,000	70,000
Summit	3,227,000	1,148,000	43,000
Washington	8,242,000	2,719,000	118,000
Weld	90,403,000	29,751,000	1,218,000
Total	354,467,000	116,728,000	4,725,000
Per capita	1,374	453	18
Fryingpan-Arkansas counties:			
Bent	6,188,000	1,811,000	70,000
Chaffee	9,508,000	2,731,000	101,000
Crowley	3,540,000	970,000	37,000
El Paso	176,113,000	58,074,000	2,421,000
Fremont	19,588,000	5,429,000	200,000
Otero	25,369,000	7,567,000	295,000
Prowers	15,440,000	4,974,000	213,000
Pueblo	167,367,000	63,715,000	2,075,000
Total	423,113,000	145,271,000	5,412,000
Per capita	1,238	441	16
Colorado State total	2,746,209,000	965,337,000	39,627,000
Per capita	1,566	580	23

Source: Statistician, Colorado Department of Revenue.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 8, 1962.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives.

DEAR MR. ASPINALL: This is in reply to your letter of June 2, 1962, about the relationship between the proposed Fryingpan-Arkansas reclamation project in Colorado and the projected need for land to meet future national agriculture production requirements.

As is indicated in your letter, we understand the project would not bring new lands into production but would involve the reorganization of existing irrigation facilities and the supplying of supplemental water to make possible increased efficiency in the management of existing irrigated farms in the project area and minimization of waste that comes from losses in years of short water supply.

This is consistent with a major objective of this Department to provide appropriate and needed services for improvement of the family farm pattern and of farm and rural living. It is in keeping with the provision of technical assistance to individual farmers and ranchers, taking into account present national production needs, to help develop efficient use of soil and water resources, and to protect productive agricultural land to meet future national needs.

To attempt to balance agricultural production with market needs by eliminating sound reclamation and irrigation projects would, a I have publicly stated, be tantamount to deliberately promoting inefficient use of agricultural resources.

We feel that reclamation and irrigation have a highly necessary role to play in the wise present and future use of national land and water resources for the economic growth of the Nation.

We recognize that most of the farm products coming from irrigated land are not those for which there are serious overproduction problems. The provision of additional water to supplement present inadequate water supplies, as is proposed by the Fryingpan-Arkansas project, helps enable project farmers to adjust their production plans so they can respond to variations in production needs.

We consider that sound reclamation and irrigation projects and the land use adjustment proposals of the food and agriculture program for the 1960's to be compatible with each other.

Sincerely yours,

ORVILLE L. FREEMAN.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. WILLIAMS of Delaware. I understood both Senators from Colorado to say that in their opinion this was not an open-end appropriation and that they thought the $170 million represented a realistic estimate of the approximate cost of the project. I therefore wonder if the Senators would agree to an amendment so as to strike out on page 12, line 9 of the bill all after "$170,000,000."

This would have the effect of putting a ceiling on the cost.

In other words, the amendment would strike out the remainder of the language which authorizes additional appropriations without the necessity of coming back to Congress.

Mr. ALLOTT. I will have to say to my distinguished friend from Delaware that he must realize that at the moment we are in a rather delicate situation so far as Congress is concerned, and, regretfully, I could not agree to any such amendment. I understand the Senator's concern, namely, that there is a little something left open, based upon construction costs. However, it is my interpretation that it is meant to be limited in the way described in the last section of the bill; namely, that the only modification can be on ordinary fluctuations in construction costs, as indicated by the engineering cost indexes.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. CARROLL. I should like to have the Senator from Delaware conclude his questioning first. Then I shall yield to the Senator from Wisconsin.

Mr. WILLIAMS of Delaware. The Senator knows that the ultimate cost of some of these projects ofttimes double the original estimate. I have heard some estimates that the additional costs of this project will ultimately be increased by another $100 million. Some think that this project might ultimately cost $270 million instead of $170 million.

Both Senators from Colorado have stated that they feel that $170 million is a reasonable figure. If it is, then let us strike out the remainder of the language on page 12, which gives additional authority.

Mr. ALLOTT. There is no additional estimate of that kind in the bill. I do not believe anyone could put that interpretation on the language in the bill. In the second place, I should like to call to the attention of my friend from Delaware what appears in the hearings before the subcommittee in the House of Representatives, at page 10:

> The total estimated cost of the project of $169,905,000, based upon October 1958 prices, has not been indexed nor changed. Review of reclamation cost indexes from October 1958 to October 1960 shows that the composite construction cost index declined slightly during the 2-year period from 1.26 to 1.25 (1949–1951=1). Application of component indexes to the major types of features in the Fryingpan-Arkansas project indicated an overall decline of about 1 percent of the total project cost. The insignificant downtrend does not warrant a detailed estimate revision at this time; therefore, the previous project estimate of $169,905,000 has been retained for this evaluation.

As I said, personally I would not object to any minor amendment like this, except my good friend from Delaware knows, as I do, that I am not in a position to accept the amendment, because to accept an amendment at this time would mean that we would have to go to conference with the House, and this would, in effect, lose us the bill.

Mr. WILLIAMS of Delaware. I most respectfully suggest to my good friend from Colorado that there are several amendments in the bill already, and therefore it will be necessary to go to conference with it anyway. This would merely be one more amendment.

In replying to my argument supporting the limiting of the amount to $170 million the Senator from Colorado has agreed that the original estimate was adequate in that the prices have declined over the years; therefore, why not accept the amendment if this amount is more than adequate? To accept the amendment would solve the problem; it would eliminate the possibility of the cost of the project being raised without coming back to Congress.

Mr. ALLOTT. I will not accept any amendment. The Senator has an interpretation of the last section of the bill entirely different from mine.

Mr. WILLIAMS of Delaware. I shall offer the amendment. While I appreciate that the Senator may not be able to accept it on behalf of the committee, I hope that he will remain silent and not oppose it. Both he and his colleague made an excellent argument in favor of the amendment when they said that the cost will not exceed the $270 million figure anyway. If so, why not accept the amendment?

Mr. ALLOTT. If the Senator thinks I have made a speech in favor of his amendment, he is certainly laboring under a misapprehension. He has an entirely different interpretation of that language from mine.

Mr. PROXMIRE. Mr. President, will the Senator yield for a question?

Mr. ALLOTT. I yield.

Mr. PROXMIRE. Would not the Senator from Colorado agree that the amendment offered by the Senator from Delaware makes good sense, in limiting the authorization, in view of the similar experience that was had with the Colorado-Big Thompson project? I read from the minority views in the committee in the House of Representatives:

> Under similar conditions on the Colorado-Big Thompson project in Colorado a few miles to the north, the Bureau of Reclamation found it necessary to substitute tunnels and covered conduits for the open canals originally proposed. This change in plans has been stated to be one of the major reasons why the construction cost of that project to date has nearly quadrupled over the estimates offered to Congress.
>
> The former Secretary of the Interior has reported that if covered conduits are found to be required, the total construction cost of the Fryingpan-Arkansas project would be increased about $64 million and that such an increase would render the project infeasible.

In view of that possibility, as shown by those who vigorously protested this possible increased cost in the House committee, and who felt that it seemed to them to be a real possibility, the amendment of the Senator from Delaware would be good protection against higher costs.

Mr. ALLOTT. I may have a hard time explaining this point to my friend, unless he has seen reclamation projects and irrigation projects operating under these circumstances. The Department of the Interior and numerous witnesses—in fact all of the technical witnesses as well—have said that covered conduits or enclosed conduits are not necessary for the operation of this project. What they do when they operate them in the winter is to run in the water, the ice freezes over, and then they run water under the ice.

This may sound extremely simple, but it is an operation which is used all the time in all the irrigated areas of our country. It is true that the cost of the Big Thompson increased, but it is also true, as the figures which I have just placed in the RECORD will show, that far beyond that amount was recovered in income taxes from this one area alone. In addition, I hope the Senator from Wisconsin will give us the benefit of the fact that the period between the time when the Big Thompson was first authorized and the year it was finally completed was one of the fastest inflationary periods this country has ever seen.

Mr. PROXMIRE. If it happened that conduits which had not been expected were needed for the Big Thompson, why could not the same situation also happen with respect to this project?

Mr. ALLOTT. They are entirely different types of operation. The Fryingpan operation consists only of gathering water. It is a collection system on the western side of the mountain, on the Fryingpan. It is slightly over into the Roaring Fork. The water would then be conducted by a tunnel through the Continental Divide, from which, because of the fall, it can be conducted through open ditches. There is no reason in the world why that cannot be done. This sort of thing is being done all the time in Colorado and in other places. There is no reason to believe that the law of physics may suddenly be reversed.

Mr. PROXMIRE. Once again, if the Senator from Colorado is correct, and there will not be a problem of covered conduits which will result in increasing costs, I can see no harm in the amendment proposed to be offered by the Senator from Delaware [Mr. WILLIAMS]. It makes sense.

Mr. ALLOTT. It does not make sense, in this respect. Regardless of whether there are closed conduits, we do not have control of the cost of construction index. As I understand the bill, anything such as the Senator from Wisconsin has in mind could not be done.

Mr. PROXMIRE. The Bureau of Reclamation project and planning report in 1950 designated the Fryingpan project as the initial development of the potential Gunnison-Arkansas project.

Mr. ALLOTT. Who made that statement?

Mr. PROXMIRE. The Bureau of Reclamation project and planning report in 1950.

Mr. ALLOTT. That is correct.

Mr. PROXMIRE. It designated the Fryingpan project as the initial development of a potential Gunnison-Arkansas project. The Gunnison-Arkansas project would, I believe, involve a construction cost, according to the minority, of $1 billion. It would involve 900,000 acre-feet annually from the Colorado River Basin, or almost 10 times the amount of water proposed for diversion by this bill. If we leave a loophole that allows for additional construction, I want to have it clear in the record that the Senator from Colorado is assuring the Senate that this particular authorization bill could not be applied to an expansion of the Fryingpan-Arkansas project into the Gunnison-Arkansas project.

Mr. ALLOTT. I am very happy to give the Senator from Wisconsin such assurance. I call his attention particularly to page 2 of the bill, between line 8 and the end of that paragraph, which specifically provides:

> Such modifications or additions as may be required in connection therewith shall not, however, extend to or contemplate the so-called Gunnison-Arkansas project; and nothing in this Act shall constitute a commitment, real or implied, to exportations of water from the Colorado River system in Colorado beyond those required for projects heretofore or herein authorized.

Does that answer the Senator's question clearly and unequivocally?

Mr. PROXMIRE. I thank the Senator from Colorado.

Mr. CARROLL. I have only a few other remarks to make concerning the bill. I wish to quote from the foreword of Report No. 29 of the Senate Select Committee on National Water Resources:

> An ample supply of good quality water is essential to the continued welfare of modern civilization. If the economy of the United States is to continue to grow and prosper there must be adequate supplies of water available for our population, our agriculture, and our industry.

Mr. President, the Fryingpan-Arkansas project will be a living example of the wisdom contained in the foregoing quotation. This project makes water available for all of our population through the wonderful recreation facilities which will be provided by its construction. It will furnish irrigation water for the farmers in the Arkansas Valley and will alleviate the chronic shortages experienced in this area, thus permitting the agricultural economy to move forward and help to stimulate the economic growth of this Nation, which is so vital toward maintaining our leadership in the free world. The quantity and quality of water necessary to maintain industrial progress in this valley will also be enhanced. The dispersion of necessary industrial development, so vital to our defense effort, will be one of the intangible benefits to be derived from this undertaking.

As Senators know, a project similar in nature to the one which we are considering today has been approved by the U.S. Senate on three different occasions. Previously the House of Representatives has not seen fit to concur in the action of the Senate. This lack of concurrence was brought about by the fact that unanimity of support had not been achieved in the State of Colorado. Some of the States of the lower basin of the Colorado River were fearful of the effects this project might have on their future development. This made it necessary for the proponents of this project to improve the project plan to a point where it would be acceptable to the objectors. In many respects the lack of favorable action by the House of Representatives has been a blessing in disguise. The project we have before us today is vastly improved over those previously considered and by the promulgation of operating principles and changes in the authorizing legislation we have before us now an undertaking which has the unanimous support of the State of Colorado and which has answered practically all of the previous objections of the States of the lower basin of the Colorado River system.

The vigorous support in the Arkansas Valley has never wavered. The seed for this project was developed over 30 years ago. The careful, continuous nurturing of this seed by the people of the Arkansas Valley has permitted it to germinate and with favorable action by this body today the seed can ripen into a harvest of bounty which will go on far beyond the expected life span of any of us here today. These people, together with the State of Colorado, have invested over $700,000 in the study, design, and development of this project. The citizens of the Arkansas Valley have a good realization of the indirect benefits which they will receive from this development. The Southeastern Colorado Water Conservancy District, which will be the contracting entity for repayment of the reimbursable costs of this project, encompasses an area of approximately 350,000 acres. Included in this area are the second and third largest cities in the State of Colorado. Although only 280,000 acres of this area will receive water from the operation of this project, the entire conservancy district has pledged themselves to raise, by ad valorem taxes, about $500,000 a year to help repay the cost of this project. Their total contribution will exceed that of the United States Government during the life of the project. The stimulus to the overall economy of this Nation will provide benefits many times the nonreimbursable items contained in the project repayment report.

Now let us examine, on a use-by-use basis, what this project will do.

First let us consider the irrigation use, which is the dominant purpose. The people of this valley are plagued by a chronic shortage of late season irrigation water. This makes it necessary for the farmers to plant corps which will mature early and thus avoid the risk of crop failure due to the lack of late season water. This has, historically, forced many of these farmers to the production of crops which are now classified in the surplus category. The provision of late season water will increase the variety of crops which can be grown and will undoubtedly result in a greater percentage of specialty crops such as common vegetable and garden crops which are not in the surplus category. This then could be classed as a rescue operation not only as regards the economy of the Arkansas Valley but also includes the agricultural surplus problem. I submit to you that the increased diversity of agricultural operations, which the late season water will permit, will ultimately result in the dimunition of the very, very small percentage of surplus crops now produced in the Arkansas Valley. The operation of this project will provide about six-tenths of an acre-foot of water a year to 280,000 acres of presently irrigated land. For you who are not familiar with irrigation procedures let me say that this will allow for two late season irrigations which will extend the effective growing season in this area from 15 to 30 days. Thus, the water necessary for maturing later season crops, which generally provide a higher cash return, will be available. These good citizens are not amateurs in the field of farm economics. They will raise the crops which will provide them with the highest return per acre.

What does this project do in the field of municipal and industrial water uses? An annual increase in the municipal and industrial water supply in the amount of 20,500 acre-feet will be made possible. The water from this project will have a quality which will be a vast improvement over the water supplies generally used by the municipal and industrial complexes in the Arkansas Valley. This will be a firm supply which will permit continued growth and development of municipal and industrial operations in the valley.

As you may recall, early last fall the Government of the Republic of Mexico protested vigorously to the Government of the United States with respect to the quality of water which was then being delivered to the Republic of Mexico in the limitrophe section of the Colorado River. The deliveries of the Colorado River water to Mexico were primarily for the irrigation of winter crops in the Mexicali Valley in Baja California. The Mexicans were complaining about water which had a total salinity of approximately 2,500 parts per million.

Recent publications of water supply papers, by the U.S. Geological Survey, relating to the quality of water in the Arkansas Valley revealed that some of the cities and towns in the Arkansas Valley were forced to use water with a total salinity of up to 3,300 parts per million. I think it would be shocking for the U.S. Government to spend time and money to assist in alleviating a problem in the Republic of Mexico without giving equal concern to a problem far more distressing, which is faced by the citizens of our own great Nation. The enhancement of the quality of water for the citizens of the Arkansas Valley will not be in the nature of an aid program.

Under existing laws and policy every dime advanced for the development of municipal and industrial water supply will be repaid together with the interest cost to the Government. This is in no sense a grant-in-aid but is a loan. This loan will enable our people to pull themselves up by their own bootstraps to a place where they may receive domestic water at least equal in quality to the irrigation water presently delivered to our sister Republic to the south.

Now as to flood control—the city of Pueblo is perennially plagued by flash floods in the Arkansas River. These floods historically have resulted in substantial damage to property and in loss of life. It is essential that the city of Pueblo be provided protection from these devastating floods. The flood control portion of the Pueblo Reservoir will result in alleviating flood damage, estimated by the Corps of Engineers to amount to an average of $720,000 per year. The incorporation of reservoir capacity for controlling floods into this project will result in controlling the flow of the river so that additional uses will be possible in addition to the alleviation of damages resulting from flooding. The high sediment load carried by these flash floods and later deposited in the form of sandbars, etc., in the lower reaches of the river raise havoc with headgates, bridges, waste disposal outflows, and other necessary channel uses. The sediments which will be trapped in the sediment storage capacity incorporated into the Pueblo Reservoir will benefit the valley to the extent of $141,000 per year, as estimated by the Corps of Engineers.

Fish and wildlife benefits will be provided not only in that portion of the Arkansas Valley affected by the project but also in the reach of the Fryingpan River at and below the Ruedi Reservoir site. The Fish and Wildlife Service has estimated these benefits to amount to $172,000 per year. In addition to the fish and wildlife benefits the National Park Service has estimated recreation benefits amounting to $80,000 per year in the reaches of the streams affected, on both sides of the Continental Divide.

Now let us examine the power potential of this project. The water from the Fryingpan River, carried by tunnel through the Continental Divide, emerges in the Arkansas drainage at a high elevation. This water, mingled with the waters of the Arkansas River drainage also originating at high elevations, must fall thousands of feet before it reaches the area of use. This quantity of water falling through the rocky, precipitous gorges of the Arkansas River contains tremendous amounts of energy. It would be uneconomic, from a national standpoint, to waste this energy. Therefore, powerplants have been provided in the project plan to extract the energy from this falling water and convert it to electric energy for the use of all citizens within economic transmission distance of the powerplants. A ready market exists for all of the energy which can be generated by this project at prices which will be attractive to the potential users. It is estimated that power benefits amounting to $3,600,000 per year will be realized by converting the falling water energy to electric energy for use by people.

My purpose in citing the annual benefits attributable to the various uses of water is to let you see more clearly the tremendous benefit to cost ratio realized in this understaking. The benefit to cost ratio, estimated under the provisions of the now outmoded Circular A-47, is established at 1.64 to 1. If we were to analyze the benefit-cost ratio under the newly announced policy for determination of this factor, the ratio would increase to 1.87 to 1. The ratio of benefits to cost on this fine project have, however, never been at issue. This is one of the most feasible projects we have had the good fortune to consider in many years.

Now let me briefly describe the project plan of development. A system of canals and tunnels would be constructed on the upper tributaries of the Fryingpan and Roaring Fork Rivers in western Colorado for collecting an average of about 69,000 acre-feet of water annually which would be diverted to the Arkansas River Valley through the 5.3 mile Fryingpan-Arkansas tunnel. On the eastern slope the water would be stored initially in the Sugarloaf Reservoir, which is to be enlarged under the project plan from its present capacity of 17,000 acre-feet to 117,000 acre-feet. From there the regulated water would flow through the Elbert Canal and powerplant into the Twin Lakes Reservoir which would be enlarged from its present active capacity of 56,000 acre-feet to 260,000 acre-feet. In addition to the imported water, water from the Arkansas River would be diverted into the Twin Lakes Reservoir by construction of the Snowden Diversion Dam and Canal. The enlargement of the Twin Lakes Reservoir would also permit the Twin Lakes Canal Co. to export an additional 14,000 acre-feet of water annually. From the Twin Lakes Reservoir the water would be diverted through five additional powerplants before reaching the Arkansas Valley service area.

The principal storage facility on the Arkansas River would be the 400,000 acre-foot Pueblo Reservoir where the flows would be regulated for irrigation, for municipal use, and for flood control. An additional powerplant would be constructed at the outlet of the Pueblo Reservoir.

The entire power system, consisting of seven powerplants and related facilities, would have an installed capacity of 123,900 kilowatts. These powerplants would generate approximately 503 million kilowatt-hours per year. Specific municipal water facilities for conveying water to the city of Colorado Springs and other Arkansas Valley towns would be constructed by the United States only if construction by the communities themselves proved unfeasible.

In western Colorado the Ruedi Dam and Reservoir would be constructed on the Fryingpan River, about 14 miles above the town of Basalt, Colo. The Ruedi Dam and Reservoir with a capacity of about 100,000 acre-feet, would provide the replacement water for the water diverted to the Arkansas Basin and would also provide additional regulatory storage capacity to serve future multiple uses in western Colorado. Only about 28,000 acre-feet of capacity is needed in connection with the diversion to the Arkansas Basin. It is this feature of the project which provides for development and use of water in both eastern and western Colorado. The legislation also requires the Secretary of the Interior to investigate and report on the need for an additional reservoir of about 5,000 acre-feet capacity on the Roaring Fork River above its confluence with the Fryingpan River. The purpose of such an additional reservoir would be to offset any adverse streamflow conditions on the Roaring Fork River in the vicinity of Aspen, Colo., which might occur as a result of the Fryingpan-Arkansas project operations. The entire cost of the Ruedi Dam and Reservoir is included in the cost of the Fryingpan-Arkansas project for repayment purposes even though three-quarters of the storage capacity will be available to serve future needs in western Colorado.

The Salida powerplant, named for the nearby town of Salida, Colo., will be the largest plant of the group of seven to be constructed. This powerplant will be the key to the power generating facilities and is located immediately adjacent to the proposed extra-high-voltage transmission system scheduled for construction in connection with the Colorado River storage project.

Utilizing the capacity in this transmission line, together with capacities in transmission facilities made available by the Southern Colorado Power Co. and the Public Service Co. of Colorado, both investor-owned utilities, will make possible the distribution of project energy to REA cooperatives in the area who will purchase most of the power and energy generated. These include the Southeast Colorado Power Association at La Junta, the San Isabel Electric Association at Pueblo, and the Sangre de Cristo Electric Association at Salida. These REA associations serve more than 35,000 rural people living in 17 counties in southeastern Colorado, comprising approximately one-fourth of the State's total area. The investor-owned utilities have also offered to purchase all of the power and energy not required by the aforementioned preference customers.

The Fryingpan-Arkansas project which you are considering today is designed as a completely self-contained unit. Its approval by the Congress implies no commitment for any future transmountain diversion project from the Colorado River Basin to the Arkansas River Basin, and there are no plans for any such project.

Eighty-nine percent of the cost of this project will be repaid to the Federal Government. Of this 89 percent to be repaid more than half will be repaid with interest. Nineteen million dollars or 11 percent of the project cost is allocated for flood control, fish and wildlife, and recreation purposes—these are nonreimbursable items under existing policy; $66 million or 38.9 percent is allocated to irrigation, repayable within 50 years without interest; $66,700,000 or 36.8 percent is allocated to power production, repayable within 50 years with interest; $22 million or 13.1 percent is allocated to municipal and industrial uses, repayable with interest within 50 years. You can readily see, therefore, that the $170 million, the estimated construction cost of the project, is, with the exception of the 11 percent nonreimbursable item, a loan to these people in the Arkansas Valley which will enable them to take their proper place in the economic structure of the State of Colorado and these great United States.

The bill before us today is noncontroversial. The operating principles formalized as House Document No. 130, together with the construction and operation of the Ruedi Dam and Reservoir, provide protection to interests on the western slope of Colorado who have previously opposed the authorization of this project. The construction of the Ruedi Dam and Reservoir will provide substantial benefits to these people on the western slope of the Continental Divide in Colorado which would be extremely difficult, if not impossible, for them to provide with their own resources. The combination of the protection afforded by House Document No. 130 and the benefits from the Ruedi Dam and Reservoir have resulted in support, rather than opposition, to the proposed project now under consideration. The operating principles and the proposal for the Ruedi Dam and Reservoir are the result of a long series of negotiating sessions conducted under the able leadership of Felix L. Sparks, director of the Colorado Water Conservation Board. It is my firm conviction that without the able leadership of Mr. Sparks the support of the western slope of Colorado would never have been attained for this worthwhile project. The State of California has been, in the past, fearful of the effects that potential and expansion of this project would have upon the uses, by California, of Colorado River water in the southern part of California. Again, under Mr. Sparks' able leadership, protective language has been incorporated into this bill which has satisfied practically all of the objections previously voiced by southern California interests who are dependent upon the Colorado River for their existence. The best evidence of this is contained in a document entitled "California's Stake in the Colorado River," published by the Colorado River Board of California, which I understand is the official agency for the State of California in Colorado River affairs, and which states at page 27 of the fifth revision, 1961, 11th printing:

> Fryingpan-Arkansas project bills were passed by the Senate in several different Congresses, but failed of passage in the House, primarily because of the criticism voiced by California and western Colorado interests. Following a series of conferences, representatives of the two States reached substantial agreement in 1960 on amendments proposed by California which are deemed essential to the protection of California's interest in the Colorado River, including a restriction of the annual use of water by the project to a relatively small amount (90,000 acre-feet). Such amendments were incorporated into the project bills introduced in the 87th Congress, 1961. Thus the things about which the California interests were most fearful have been corrected in this legislation.

Mr. President, in the files of the Committee on Interior and Insular Affairs of the U.S. Senate is a letter from the Public Service Co. of Colorado indicating their wholehearted support of this project. The committee files are also replete with expressions of support from public power groups representing both State and national interests. With both public and investor-owned electric utilities enthusiastically supporting this project there can be no power issue involved. In fact, there has never been an issue concerning the power features of this project.

I am compelled to point out the fact that during the hearings on this bill, held in July of this year, there was no testimony presented in opposition to the bill. This has not been the case in previous bills to authorize this project. In my estimation this is ample evidence that the negotiations, so ably conducted by Mr. Sparks of the Colorado Water Conservation Board, have resulted in correcting alleged deficiencies in the previous bills. I submit to you once more that this bill is so vastly improved over bills previously considered that objections thereto have been answered and we will be privileged, at long last, to vote on a measure to which there is no record objection in the Senate of the United States.

Mr. President, my colleague from Colorado [Mr. ALLOTT] and I have been emphasizing that the Fryingpan-Arkansas project is not the usual type of reclamation program. True, it is a program for water on land, but not on new land. It is a program to provide people with drinking water. It will provide water for cities and for industry. It is not really a farm program. In the true sense, it is a water-for-people program. I hope the project will be understood in that light.

As I have said before, I am compelled to point out that during the hearings on the bill in July of this year, no testimony was presented in opposition to the project. This has not been true with respect to previous bills to authorize this project. There was bitter opposition to previous bills, not only from the people on the western side of Colorado but from California people, as well. In my estimation, this is ample evidence that the negotiations which have been so ably conducted by the director of water conservation, Mr. Felix L. Sparks, who, in a sense, is the architect of this project, are the result of his excellent work in correcting the deficiencies in previous bills.

I submit that the bill now before the Senate is so vastly improved from bills previously considered, and previously passed three times by this body, that it is the finest bill that has ever been considered for this project by the Senate, as it now comes up for the fourth time. There has never been any real opposition to the bill on the floor of the Senate. Some questions have been asked, and I think the questions asked today were most intelligent questions. I believe the objections have been answered. I now hope we may have the privilege, at long last, to vote on this measure to which there is no objection of record in the Senate.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Colorado yield?

Mr. CARROLL. I yield.

Mr. WILLIAMS of Delaware. Does the Senator from Colorado believe that the authorization of $170 million in the bill would be adequate to finance the construction cost of the project?

Mr. CARROLL. I believe the able senior Senator from Colorado [Mr. ALLOTT] has made that so crystal clear that there could be no objection. Again, drawing on experience going back 25 years, I remember when the Colorado-Big Thompson project was started. I know the price was low then; but many changes expanded the cost. In addition, World War II intervened. I was a member of the House Committee on Public Lands when the project was stopped at one time. The Committee on Appropriations cut the amount from $14 million to $4 million. At least, the project progressed through the years. It is true that it cost that amount. The bill was passed in 1936 or 1937, but the project was not completed, according to my recollection, until the fifties.

In any event, to answer the Senator's question specifically, I think the able senior Senator from Colorado has answered the Senator from Delaware. It is my belief that $170 million should take care of the situation.

Mr. WILLIAMS of Delaware. I thank the Senator from Colorado for his frankness in answering my question.

Mr. President, with that statement in mind I ask that my amendment be read.

Mr. CARROLL. Mr. President, I have the floor, if the Senator please.

Mr. WILLIAMS of Delaware. Very well. I thought the Senator from Colorado had finished. I will offer the amendment later.

Mr. CARROLL. Here is what I propose to do. The Senate is now considering S. 284. If the able Senator from Delaware wishes to kill the bill, all he has to do is to amend it, and it will be dead—I think. We are going to try to keep him from amending it, if possible.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Colorado yield?

Mr. CARROLL. I yield.

Mr. WILLIAMS of Delaware. The Senator's own committee has amended the bill on page 12, lines 4 and 5, and also line 9.

Mr. CARROLL. If the Senator from Delaware will be patient, I shall try to clarify the parliamentary situation. This is how I intend to do it.

Madam President, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from the further consideration of H.R. 2206, and that the Senate proceed to the consideration of that bill now.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Is there objection to the request of the Senator from Colorado?

There being no objection, the Senate proceeded to consider the bill (H.R. 2206) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. WILLIAMS of Delaware. Madam President, I have at the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment submitted by the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. On page 11, beginning in line 22, after the figure "$170,000,000", it is proposed to insert a period, and to strike out the rest of the language on that page, through line 25, and lines 1 through 4 on page 12.

Mr. WILLIAMS of Delaware. Madam President, this amendment, if adopted, will merely restrict the total authorization under this bill to $170 million—the amount which both the Senators from Colorado have said will be adequate. If the amendment is not adopted, this measure will contain an open-end authorization. There is no ceiling on the amount authorized without this amendment. The bill now authorizes appropriations of $170 million "plus or minus." Without this amendment there will be no ceiling at the $170 million level.

In light of our experience with some earlier projects, some of which have cost two or three times the original estimates, I believe it would be most unwise not to adopt this amendment.

I do not question the sincerity of either of the Senators from Colorado, but if the $170 million is adequate, why make it possible to have much more than that amount spent on the project?

In this connection, I read from page 30 of the minority views of the House Committee on Interior and Insular Affairs:

> The costs disclosed by this bill are not all that would be necessary.

So there is some question of whether the project will cost another $100 million or $150 million.

We can solve that problem very easily by accepting the amendment which limits the cost to the figure which sponsors of the bill have stated will be adequate—in other words, by striking out the language following the figure "$170,000,000" on page 11 and all of page 12, thus keeping the limitation at $170 million.

The junior Senator from Colorado has indicated that there was no opposition to this bill. However, I call attention to the fact that seven members of the House Committee on Interior and Insular Affairs joined in submitting the minority views, and in their minority views they questioned the wisdom of enacting the bill.

Madam President, I ask unanimous consent that those minority views, which raise some very valid objections to the enactment of the bill at this time, be printed at this point in the RECORD.

There being on objection, the excerpt from the report (No. 694, House of Representatives, 87th Cong., 1st sess.) was ordered to be printed in the RECORD, as follows:

MINORITY VIEWS

The following summary of views, in opposition to the enactment of this bill, is submitted as a minority report:

1. The project is the forerunner of the huge Gunnison-Arkansas project. The Bureau of Reclamation's project planning report (1950) designated the Fryingpan project as the "initial development of the potential Gunnison-Arkansas project." The Gunnison-Arkansas project would probably involve a construction cost approaching $1 billion. Although it is stated that the Fryingpan project would stand by itself, and the bill indicates that the Gunnison-Arkansas project is not contemplated, it seems probable the people of the Arkansas Valley will not and cannot be satisfied with the very small amount of irrigation water furnished by the project (one-half acre-foot per acre or less than the area to be served) and will demand the Gunnison-Arkansas project which, according to previous Bureau reports, would divert upward of 900,000 acre-feet annually from the Colorado River Basin or about 10 times the amount of water proposed for diversion by the Fryingpan-Arkansas project.

2. The project is substantially the same proposal that has been previously rejected for consideration by the House of Representatives. Consideration of this legislation to authorize this development started in the 82d Congress with the introduction of a bill upon which a Department report was requested but not received and no hearings were held. In the 83d Congress, on a bill covering this project, the Subcommittee on Irrigation and Reclamation held 5 days of hearings and ordered the bill reported to the full committee. The bill was reported to the House and a rule granted. The House refused to consider the rule and on July 28, 1954, by a vote of 195 to 188, defeated the rule.

In the 84th Congress, a similar bill, after 9 days of hearings by the Subcommittee on Irrigation and Reclamation, was reported by the Committee on Interior and Insular Affairs to the House of Representatives. A rule was granted and the House, on July 26, 1956, by a vote of 194 to 179, again refused to consider this legislation. In the 85th Congress, the Subcommitte on Irrigation and Reclamation held 8 full days of hearings and also field hearings, reported the bill to the full committee, and the full committee reported the bill to the House. A rule was granted on August 15, 1958, but no action was taken before adjournment. In the 86th Congress, substantially the same bill was again introduced. The subcommittee held 2 days of hearings, but no further action was taken by the Committee on Interior and Insular Affairs. H.R. 2206, in the words of its author, has "* * * very little new to be brought into the hearings * * *." While the changes are an attempt to bring the bill into line with reclamation law, the basic defects which have caused Congress to refuse to consider this bill still remain. This statement is substantiated by the testimony offered by the Department witnesses because the substitution of the Ruedi Dam and Reservoir in lieu of the Aspen Dam and Reservoir makes no changes whatsoever. Either of these facilities would furnish regulation of replacement water for the Colorado River Basin uses. The water supply aspects of the project are unchanged. The hydropower generation remains unchanged and the irrigation benefits remain unchanged. It is remarkable that the same Bureau witnesses who appeared in prior years and stated that it was impossible to bring this project within the existing reclamation law now state that by a mere shifting of a few figures and a slight increase in the cost of energy to preference and nonpreference customers, which heretofore the same witnesses said could not be justified, the project is feasible.

The project is of questionable engineering feasibility, is financially unsound and lacks economic justification.

(a) The excessive cost of the transmountain diversion feature of the proposed project—$63 million to develop an annual supply of 69,000 acre-feet of water for irrigation and municipal use—is unwarranted and without economic justification.

The cost to the Federal Government would be about $23 per acre-foot or 4.5 times the estimated project revenue for irrigation water. The supply for irrigation furnished by the transmountain diversion would be only about 2 inches or one-sixth of an acre-foot per acre. The large cost of such a small supply would far outweigh its value.

(b) The $62.7 million power development features of the project are of highly questionable financial feasibility. The cost of power from five of the seven plants would be materially greater than the assumed price of 6.5 mills per kilowatt-hour. The estimated power output and power revenues from the plants are unsupported and appear exaggerated. Furthermore, there is no assurance that the power could be sold at the required rate of 6.5 mills or more per kilowatt-hour over the protracted repayment period of about 50 years, considering the availability of other competing sources of power and possible obsolescence of hydroplants.

(c) There is grave doubt as to the engineering feasibility of the Arkansas power canal—one of the major features of the proposed hydroelectric development. The project plans propose to construct and operate this unit as an open canal (actually a series of open canals aggregating 60 miles in length) to convey water to a series of six powerplants between the vicinity of Leadville and Salida, located along the canyon of the Arkansas River at elevations of over 7,000 to nearly 10,000 feet above sea level in a rugged mountain region where, for several months of winter, severe ice and snow conditions prevail. The practicability of operating an open canal under such conditions is highly questionable. Under similar conditions on the Colorado-Big Thompson project in Colorado a few miles to the north, the Bureau of Reclamation found it necessary to substitute tunnels and covered conduits for the open canals originally proposed. This change in plans has been stated to be one of the major reasons why the construction cost of that project to date has nearly quadrupled over the estimates offered to Congress.

The former Secretary of the Interior has reported that if covered conduits are found to be required, the total construction cost of the Fryingpan-Arkansas project would be increased about $64 million and that such an increase would render the project unfeasible. An additional cost of $64 million for the power development would raise the total project cost to $234 million or more—an increase of about 40 percent over the Bureau's estimate.

It is interesting to note that no Bureau witness contradicted testimony offered in prior hearings of the increased cost of construction if covered conduits are found to be required.

In view of the foregoing, the economic justification and financial feasibility of the power development as proposed for the project is highly questionable, which casts doubt on the feasibility of the entire project.

(d) The high cost of the irrigation features of the project—now $236 per acre construction cost for a supplemental water supply of 0.6 acre-foot per acre, which is equivalent to $1,156 per acre for a full water supply—present a serious question as to the justification for the project as a Federal reclamation undertaking. As compared to this cost, the average value of irrigated farmland in the area does not exceed $225 per acre. If, as indicated by testimony of Bureau of Reclamation witnesses, the service area were reduced from the originally proposed 322,000 acres to 280,000 acres or less, the cost per acre would be increased proportionately by 10 percent or more.

There is no assurance that the irrigators could or would pay the proposed rate of $5.40 per acre-foot for project water. (The project planning report found that the irrigators would be able to pay only $3.60 per acre-foot.) Moreover, estimated repayments from conservancy district taxes appear to be over-optimistic and not fully assured. It appears improbable, therefore, that irrigation revenues as estimated could or would be realized.

(e) The economic justification of the project is claimed on the basis of an unrealistic evaluation of benefits and costs with benefits estimated over a period of 100 years, which is highly speculative. Large indirect benefits are included.

One of the most startling features of the testimony offered to the Congress this year is the report from the Bureau of Reclamation that the benefit-cost ratio of the irrigation features of the project based on estimated direct benefits are in excess of 1 to 1 ratio. This is the same project on which the same witnesses have appeared before prior Congresses and stated that the benefit-cost ratio of the irrigation features of the project, based on estimated direct benefits on the basis of a 50-year payout period, to be substantially less than 1 to 1. This complete change of testimony by the same people on the figuring of cost-benefit ratio is further evidence of the fact that their economic justification is based on an unrealistic evaluation of benefit costs.

3. The Arkansas River development features of the project appear to be a feasible reclamation undertaking which could be authorized as a separate unit, excluding the costly and uneconomic transmountain diversion and power features of the project.

It appears from the report of the Bureau of Reclamation (H. Doc. 187, 83d Cong.) that the Arkansas River development features of the Fryingpan-Arkansas project could be carried out independently of the proposed transmountain diversion features as a financially feasible undertaking under existing reclamation law. A capital cost of $50 million would cover the entire cost of such a development, including the cost of municipal water-supply delivery systems. The reimbursable cost of the water supply itself aggregating 92,000 acre-feet a year would be only $19,699,000.

The Bureau's report indicates that the Arkansas River development by itself would have substantial benefits. A large benefit would be realized from the flood control provided by the Pueblo Reservoir. In addition, the project could provide municipal water in the same amount as estimated for the proposed project (namely, 20,500 acre-feet) as well as 71,500 acre-feet for supplemental irrigation, which would materially relieve present shortages in supply.

The remainder of the project as proposed, including the transmountain diversion features and the power system and involving a cost of about $110 million, should be deferred for further consideration of questions of feasibility and economic justification. Such a procedure would be in line with the recommendations originally made by both the Budget Bureau and the Department of Agriculture in reporting on the project.

4. Testimony before the committee during extended hearings last year as well as this year indicates beyond refute that this project is not in the best interest of either our national economy or the agricultural problem that confronts the entire Nation. This was substantiated by facts and figures presented to the subcommittee in prepared statements and in response to questions raised during the course of the testimony.

The following utilization of the 280,000 acres was submitted by the Bureau of Reclamation:

Crops, acreages, yields, and returns to farmers, Southeastern Colorado Conservancy District, Fryingpan-Arkansas project, Colorado

Crop	Acreage—		Yield—		Unit
	Without	With	Without	With	
	Thousands	*Thousands*	*Thousands*	*Thousands*	
Alfalfa	126.9	119.8	400	515	Ton.
Forage	5.0	5.0			
Grains	109.1	113.6	4,907	6,964	Bushel.
Sugarbeets	15.9	22.6	203	355	Ton.
Beans	4.8	5.4	4,924	7,149	Pound.
Fruit-vegetables	11.5	9.9	1,204	1,594	Hundredweight.
Seed crops	3.4	1.0	1,005	355	Pound.
Popcorn	4.0	3.3	7,618	8,744	Do.
Total	280.6	280.6			

It was further stated by Mr. Young, president of the Southeastern Water Conservancy District that the Arkansas Valley presently produces approximately 80,000 head of cattle, 140,000 lambs, 850,000 turkeys and chickens, and 14,500 milk cows each year. In response to questioning he indicated that there would be substantial increases in the production of each of these livestock categories were the project to become a reality.

Without further details relative to each of these specific products, let us examine briefly the degree to which the present agricultural surplus problem would be aggravated by the increased production of these agricultural commodities.

First, we note that there would be in addition to the anticipated increase in livestock production, an annual increase of 115,000 tons of alfalfa hay, 2 million bushels of small grains, 152,000 tons of sugarbeets, and 2.2 million pounds of beans. These increases would come about in direct conflict to actions that have been taken by the Congress during recent months as well as all of the years in which the Congress has legislatively tried to reduce agricultural surpluses.

There are presently in the soil bank in the State of Colorado 1,299,881 acres while throughout the entire Nation there are under similar contracts roughly 22 million acres. A very high percentage of these acres have been seeded to alfalfa and other hay crops, and farmers who have contracts for these acres are not permitted to either cut hay or graze this land. In other words, it has been necessary to take 4,767 farms in Colorado and 303,413 farms throughout the Nation out of production at a total cost to the taxpayer of $337,986,884. This is the amount of money that is paid to participating farmers for not harvesting any agricultural commodity or cutting hay (alfalfa) on these acres. It is rather obvious that the authorization of this project costing $170 million in order to increase the production of hay is in direct conflict with the soil bank contract expenditures.

Figures indicate an increased production of over 2 million bushels of small grains per year. Here, again, we see the same kind of direct conflict. Figures released by the Department of Agriculture on June 1, 1961, indicate that the State of Colorado had a signup to comply with the newly enacted feed-grain program which would divert 313,000 acres at an immediate cost of over $2 million to the taxpayer. For the entire Nation the diverted acreage amounts to over 24 million acres at a cost of over $312 million. Again, we see a direct conflict and a doubling up of expenditures.

The production of sugarbeets would be increased by 152,000 tons annually at the taxpayers' expense, while as recently as May 17 and 18, the Agriculture Committee held hearings, and heard testimony for 2 days from farmers who expressed a desire to raise sugarbeets at no cost to the taxpayer if legislation could be enacted which would only permit them to do so. As yet there has been no response to these requests which have been prevalent for more than 20 years. In fact, these farmers have been denied this desire for all of these years because of existing limitations in the production of sugarbeets.

Let us look briefly at the livestock situation, and it is of interest to note that the project will substantially increase the production of sheep and lambs. According to a release by the Department of Agriculture on June 1, 1961, it has been necessary for the Department to purchase 11,928,000 pounds of lamb at a cost to the taxpayer of $4,333,000 in order to improve lamb prices to producers. This cost represents purchases during the short period of time from the 27th of February 1961 to June 1, 1961.

In addition, the Department of Agriculture indicates as of June 21, 1961, that for the 1960 marketing year, in order to bring the average wool price up to previously announced levels, it has been necessary for them to make payments which amount to 47.6 percent of the returns that each producer received from the sale of wool during this year. The total cost of this program for the 1959 marketing year was $53,888,000. There have been like expenditures in other categories of livestock production, most notably in the production of turkeys and chickens.

These figures surely exemplify most explicitly the degree to which the American taxpayer by the approval of this project will be called upon to furnish dollars that will only aggravate and cause additional expenditures in other areas where we are trying to reduce surpluses. Just as significant is the fact that if we have any hopes of effecting an improvement in our agricultural problem or even holding our own, it will be necessary for farm families in other areas to make comparable reductions in the production of alfalfa hay, small grains, sugarbeets, and livestock. This they will be called upon to do at great sacrifice to their individual farm operation and at expense to the taxpayer. It seems not only unfair but discriminatory that on the one hand we ask farm families to make substantial sacrifices in order to alleviate a surplus problem and in other instances we provide large expenditures of public funds so as to permit others to expand their production capacities. Such a program surely does not leave any indication of either fiscal responsibility or equity among farm families throughout the Nation.

While this program calls for an initial appropriation of $170 million, this is only a small part of what the actual cost of this project will be to the Nation during the years ahead. For it will be necessary to expend additional large sums in order to pay for the storage of surplus commodities produced by virtue of this project or to make payments to other farm families for reductions in their production that may be comparable to these increases.

This project indicates the degree to which the Department of the Interior, Bureau of Reclamation, in recommending this project, is in direct conflict with all recommendations and suggestions to improve the agricultural situation made by the Department of Agriculture. While this project proposes increases in production of agricultural commodities, the Department of Agriculture is very vigorously proposing programs that place restrictions and controls on segments of agriculture to produce less.

Therefore, it is our opinion that this project is not in compliance with either the agricultural or the economic needs of the Nation, now or in the foreseeable future.

5. From evidence which has been submitted over the years from a number of persons and organizations on the western slope of Colorado, from where the water involved would be diverted, strong objections to the entire project have been registered. The changes in the present bill from prior bills have not eliminated the adverse testimony. The people on the western slope of Colorado feel that the economy of the western slope will be damaged by the taking of water from the Colorado River Basin, where the supply is already short, and placing it in the Arkansas River Basin, where the present supply has not been fully used. They, as well as some of the members of

the Committee on Interior and Insular Affairs, have no confidence in the operating principles in the bill in connection with uses of water on both the eastern and western slopes of Colorado. Residents of the western slope are fearful that this and future transmountain diversions will stunt the economic development of an area which holds enormous industrial potential assuming there is water to serve it.

It is rather interesting to note that while the Colorado Water Board appeared and testified in favor of this project, the same board for years questioned the advisability of transmountain diversion in the San Juan-Chama project heretofore considered by the Committee on Interior and Insular Affairs, pointing out that if the San Juan-Chama diversion were authorized it might adversely affect the development of a portion of the western slope of Colorado.

6. This bill for the first time puts the Secretary of the Interior and the Bureau of Reclamation in the business of subsidizing public schools in the district served by the Fryingpan-Arkansas project.

Despite its adverse report on this provision by both the Department of the Interior and the Bureau of the Budget, the committee has continued to keep this provision in the bill.

7. In prior bills no attempt was made to protect existing water rights. In an effort to show that these rights were now being protected the committee went far beyond protection and now has made this bill a vehicle for institution of a multiplicity of suits under any and all circumstances and by any and all persons.

Section 6(e) of the bill, beginning on line 10 through the end of the section on page 12 contains the following language:

"Any person or entity whose rights may be affected, impaired, or infringed upon by reason, or as a result, of such noncompliance may maintain an action, suit, or proceeding in the U.S. District Court, in and for the District of Colorado seeking appropriate relief, and consent is hereby given to the joinder of the United States, the Secretary of the Interior, and his subordinate officials, employees, and agents as a party or parties to such action, suit, or proceeding, as a defendant or otherwise."

This language constitutes an open invitation to unnecessarily burden the operation of this project, intended for the benefit of all the people, with a multiplicity of individual suits with diverse claims for relief, which could well involve the actual operation of the project in the injunctive processes of the courts.

Despite the request of the Department of the Interior to delete this language it was retained by the committee.

8. The changes in the present bill from former bills by substituting the Ruedi Reservoir for the Aspen Reservoir will work an undue hardship on the Aspen area for a number of reasons:

(a) It leaves the Aspen area without any replacement storage, while at the same time containing the same collection system which can only help those downstream from the Basalt project.

(b) The bill directs the additional diversion above Aspen of 14,000 acre-feet through the Twin Lakes diversion.

9. The original development plan and a water right decree of June 20, 1958, for the basalt project provided for full use of the waters of the Fryingpan River in western Colorado. The supplemental consent decree, approved by the district court of Garfield County, Colo., August 3, 1959, established an equal priority date of July 29, 1957, for the use of the Fryingpan River water for serving both projects.

Obviously, in reaching this consent agreement it was necessary that a part of the water previously decreed to the basalt project for maximum development under the project be surrendered to make possible a decree of equal date for Fryingpan River water needed for the Fryingpan-Arkansas project.

On the basis of testimony submitted to the committee in prior Congresses, this decree in and of itself makes the water supply uncertain. The Bureau of Reclamation gave testimony that they only had records over a 34-year period. To be workable, the project required all of the waters collected from the collection system on the Fryingpan and the Aspen Reservoir on Hunter Creek to make the necessary diversions. The consent decree clearly shows that the necessary water for this project is therefore unavailable.

10. The costs disclosed by this bill are not all that would be necessary because the bill authorizes a study of a reservoir to be built at a later date on Castle Creek.

For the foregoing reasons, as well as many others reflected in the material which was presented to the committee, this legislation, which involves an expenditure of $169,905,000 together with an additional $64 million if covered conduits are found to be required, should not be approved until there is a real economic justification which to date has not been presented.

John P. Saylor.
John Kyl.
J. Ernest Wharton.
Odin Langen.
Craig Hosmer.
James A. Haley.
D. S. Saund.

Mr. WILLIAMS of Delaware. Madam President, I also ask unanimous consent to have printed at this point in the Record, in connection with my remarks, an editorial recently published in the Washington Daily News.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Misleading the Taxpayer

The House in Washington has almost certainly put something over on the taxpayers by authorizing $170 million for construction of a reclamation project in Colorado. Even before any appropriation is added, it is admitted that this figure is at least $100 million below the final cost.

There is a precedent for skepticism about the whole project. This would bring water from the upper Colorado River through the Continental Divide to the basin of the Arkansas River in southeastern Colorado, where it would be used for power and irrigation. The need for more irrigated land in a time of gigantic surpluses may also be questioned, though some farsighted observers think it may be needed within 15 years.

The precedent which causes doubts is the Colorado-Big Thompson project, northwest of Denver. Here the same legislative tactics were used. The Colorado River is dammed at Granby, the water is pumped into a huge reservoir and flows by gravity through the divide to irrigate the eastern slope.

This started, too, as a somewhat modest project, but more and more money was added in succeeding years. By the time the tunnel was driven and water was flowing, the operation's cost had mounted to close to a billion dollars.

The so-called Fryingpan-Arkansas undertaking looks like a case of "here we go again."

Mr. WILLIAMS of Delaware. Madam President, I hope the Senators who are advocating the passage of this bill will at least accept this amendment. Then we will know that the project will not cost more than the $170 million, the amount which has been presented to the Senate.

Mr. CARROLL. Madam President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Colorado will state it.

Mr. CARROLL. The Senator from Delaware has submitted an amendment. To what bill is the amendment submitted?

Mr. WILLIAMS of Delaware. Madam President, the amendment is submitted to House bill 2206, which we have now taken up in lieu of Senate bill 284. I understand that House bill 2206 is now before the Senate. Is that correct?

The PRESIDING OFFICER. That is correct. The amendment is submitted to page 11, beginning in line 22, and page 12 of House bill 2206.

Mr. CARROLL. That is what I understood, Madam President. So we now have this amendment, which has been submitted to House bill 2206.

I have tried to make clear the parliamentary situation in the other body. If this amendment were adopted, with the result that this bill would have to go to conference, that would be a good way to kill the bill. So I hope the Senator from Delaware will withdraw his amendment.

Now, in regard to the cost of reclamation projects, let me describe the history of some of the recent projects under the Upper Colorado River Storage Project Act: Contracts for the Glen Canyon, Flaming Gorge, the Navajo, and participating projects today are $50 million below the estimated costs—below the estimated authorizations. It is my hope and belief that in connection with this project—which has been studied and restudied—we can keep well below the $170 million. I do not know whether that will be possible; but I think it is not good business sense to impose such a limitation. Suppose, after years of construction and after the Government had invested $170 million in the project, a point were reached where it was found that a small additional amount would be needed if the project were to be efficiently completed. This amendment would then make it impossible for the project to be finished. That almost happened with the Colorado-Big Thompson project, which now is way ahead of schedule, and has brought great revenues to the U.S. Treasury.

I say to the able Senator from Delaware and to the able Senator from Wisconsin that I appreciate the fact that they are great fighters in the interest of economy and in the interest of the taxpayers, and I commend both of them for it. But I say this amendment is not the proper way to proceed.

This bill should be voted either up or down, on its merits; but we should not kill the bill by adopting an amendment of this sort—and it could happen that the bill would thus be killed, because adoption of the amendment would require a conference with the House. We now have the House bill before us; and we should vote it either up or down, on its merits.

My able colleague [Mr. Allott] is a member of the Appropriations Committee, and that committee can watch these expenditures.

By the same token, if the point were reached where only a few additional million dollars were needed, it would be senseless to strangle the project and lose the investment, in view of the fact that the project is so vital to the West.

We know how difficult is the parliamentary situation in the other body; and I hope that situation will be considered by all Senators.

Mr. WILLIAMS of Delaware. Madam President, I do not think the Senator from Colorado intended to give the impression that from now on the Senate should not attempt to amend any House bill for fear of the necessity for holding a conference with the House.

Why cannot there be a conference with the House on this bill? What is there in the bill which would result in its death in a conference?

One of the major points made by the House committee members who filed the minority views was that the bill did not disclose the true costs of the project; they feared that the project would cost substantially more than $170 million.

Now the junior Senator from Colorado says their fears are unfounded. If so, we should adopt the amendment and thus allay their fears. Perhaps then they would look more favorably upon the bill.

I do not see why there should be any objection to the amendment, unless, as those seven members of the House committee have said, the project will cost substantially more than $170 million.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. DOUGLAS. Madam President, is the vote now to be taken on agreeing to the amendment or on the passage of the bill?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware. [Putting the question.]

Mr. WILLIAMS of Delaware. Madam President, on this question I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Madam President, when I came to the Chamber this afternoon, I expected to vote against this bill. For a long time I have felt we were spending excessive amounts of money for irrigation in high-altitude regions of the Mountain States. When I first came to this body I opposed a big irrigation project for Idaho where the costs were, in my judgment, very excessive. I opposed the irrigation features of the Upper Colorado project, where the expenditures per acre in some cases ran over $1,000, and where, with interest, in many cases, the costs were even more than that.

I feel that in the past the political power of the Mountain States Senators has been thrown around in an excessive fashion. The eight Mountain States, with their 16 Senators, have tremendous bargaining power on the floor of this body. And, as a result, in the past they have been able to get appropriations for irrigation projects to bring more land into cultivation and to grow more wheat and feed grains, at a time when we in the Middle West are being compelled to retire grain land. They have caused us to help finance direct injuries to us.

Furthermore, the cost of most of these irrigation projects, as we get away from the low altitudes and get into altitudes where the growing season is short, run extremely high.

While the principal of Government expenditures for reclamation is returned over a long period of time, no interest is returned, and the money which is returned then goes into a pool which is used for more reclamation. There is therefore a very heavy subsidy which the taxpayers have to meet.

All this is done at a time when the Middle West is compelled to suffer from low farm prices and lack of supports because, for some reason or another, we do not seem to make much of an impression on the administration in power or on Senators from the Mountain States. And so I have felt that both the interests of my section and the interests of my country dictated opposition to these reclamation projects.

In the last hour or two I have had the opportunity to study the statement of the junior Senator from Colorado [Mr. CARROLL] and to read his colloquy with the Senator from Wisconsin [Mr. PROXMIRE]. I have reached a tentative conclusion to support this bill, for certain reasons.

In the first place, while I do not think the Senator from Colorado stressed this fact particularly, though he mentioned it, a large portion of the expenditures will be to provide added water for the great air center at Colorado Springs. I do not think the air center should have been located in Colorado, but it is located there, and it is highly important that it should have adequate water.

The city of Colorado Springs, hitherto a pleasure and vacation resort, is obviously going to be a very large city; and, in the national interest, as the junior Senator from Colorado stressed, it is important that it be furnished with adequate water.

I have also believed that the Mountain States and the Pacific coast should have steel plants, and the historic steel plant at Pueblo needs water.

Furthermore, as the junior Senator from Colorado has pointed out that no new land is going to be brought under cultivation. I think perhaps that has been the decisive factor entering my mind. We should not bring new land into cultivation through these irrigation projects. But I can well understand how farmers on land now cultivated, many of whom went through the Dust Bowl experience of the 1930's, should have some degree of protection, and I think the addition of about five-eighths of an acre-foot for 280,000 acres will help to stabilize their production and give them a chance to survive.

The junior Senator from Colorado has been very persuasive in getting me to change my position.

Let me say that I have been pained, however, by the attitude of other Senators from the Mountain States who have turned a deaf ear to the plight of Middle West agriculture and to the problems of our cities, and, in a sense, I am trying to return good for evil. This is not a criticism of the junior Senator from Colorado, because he has always supported these measures from a broad national point of view, but this has not been universally true.

But I do want to serve notice that this vote of mine is an exception. I am not converted to the general principle of spending more money to bring into cultivation additional land not now needed.

If we should ever reach the point where we do need the land, I am ready to consider it; but it is certainly an insane policy to retire land on the one hand at the same time we are bringing additional land into cultivation on the other.

So, somewhat reluctantly, but persuaded by the arguments of the junior Senator from Colorado, I shall vote "yea" on the bill, and I hope that the willingness of the Middle West to cooperate with the Mountain States may cause some change in the attitude of certain other Senators from the Mountain States.

Mr. PROXMIRE. Madam President, the Senator from Wisconsin intends to vote "Nay." I shall do so notwithstanding that I have great admiration and respect for the Senator from Colorado [Mr. CARROLL], who has made an eloquent and extremely persuasive statement for the bill. It is difficult for me to vote against a project so eloquently and sincerely supported by him.

There are a number of reasons why I shall vote against the bill. I hope the fine fight the Senator from Delaware has made against this kind of proposal serves notice that when the Gunnison-Arkansas project, which would expand this project and make it almost 10 times as expensive and 10 times as abundant in water, comes up for consideration, we will resist it at every step.

Congress is fooling itself if it feels that projects of this sort are self-liquidating and self-supporting in a financial sense. It is true that the irrigating farmers will return about $46 million of the cost of the irrigation features of this project, while the power users will return the other $20 million of the total $66 million cost of the irrigation. But the use of this money is interest free. The rest of the Nation is giving a subsidy to these farmers, above and beyond the subsidies they are already getting, in order to grow more surpluses such as sugarbeets.

The amount of this interest subsidy has been estimated to be at least $50 to $60 million over the 50-year repayment period. It would be more than this if the recent increases in the Government borrowing rate were taken into account.

It is very difficult for this Senator to understand—and we have asked the Agriculture Department how it can justify it—how they can use 2.5 percent as a discount factor in order to calculate the benefit-cost ratio, when the risks, the alternative return available, and the cost of the long-term borrowing to the Federal Government are all higher. Yet the benefits which were placed in the benefit-cost ratio of this project are very high as the result of using this low discount rate which has the effect of inflating the amount of benefits discounting for the difference in time.

It is also strange that in the cases where the beneficiaries are required to reimburse the Treasury for the use of the Federal funds, unlike the case of the irrigation beneficiaries, they are required only to pay interest calculated at 2.6 percent a year. Again, the fact that the Government has not been able to borrow long-term funds at this rate since the forties, suggests that those who allegedly are to repay all the costs of the project should be required to pay the full costs of borrowing the money which the Federal Government itself has been forced to pay.

Some of these calculations are included in a study by Otto Eckstein, entitled "Water Resource Development."

In the course of his discussion of irrigation, Dr. Eckstein says this is referring to devices which are used to justify these projects:

> All of these devices interfere with sound formation of public policy. They mislead the public and the Congress into thinking that the projects as a whole are self-supporting. By their technical obscurity they hide both the size and the source of the subsidy. They make it impossible for the public and the Congress to see the financial issues clearly, and they prevent a judgment on the question whether irrigation projects are worth the subsidies which they entail.
>
> It would be desirable to change irrigation law to correspond to the actual conditions of project finance. Congress might appropriate funds to build a project, to indicate what share of the cost is to be repaid by irrigators, what share is to be financed out of power revenues, and finally, what share is to be a subsidy out of general revenues. If the present laws are accepted to be beyond change, the issue could still be made to emerge in its true proportions if the financial analysis of each project report would include figures which indicate the size and the source of the various studies.

Madam President, I ask unanimous consent that the portion of Mr. Eckstein's book devoted to "Financial Analysis," pages 226 through 236, may be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

B. FINANCIAL ANALYSIS

9. Subsidies in irrigation

Federal irrigation projects are usually only authorized if it can be shown that the total revenues which can be collected exceed the total costs except for the costs allocated to navigation, flood control, or other nonreimbursable purposes.[1] The requirement does not mean that each reimbursable purpose must be financed out of funds received in payment for that purpose; it applies only to the sum of revenues versus total reimbursable costs. Irrigation revenues must be collected in 40 annual payments which need not start till a development period of 10 years has passed.[2]

There are a number of reasons which make it impossible for irrigation revenues to be sufficient to meet the cost of irrigation on most Federal projects of recent years. At first glance one might expect that if the benefits exceeded the costs, it should be possible to raise revenues equal to costs, but it is quite obvious that the collection of revenue from those who reap public or indirect benefits would require a form of collection other than the contractual payments of water users. Even direct benefits, which measure the increase in income of the settlers, do not provide a measure of revenue potential since it is impossible to charge a price for water which would leave the incomes of irrigators unchanged. Since one of the main objectives of the program is the creation of new family-farm opportunities and of a new life for relatively poor farmers, payments for irrigation water must be sufficiently low to leave them significantly better off. In accordance with these objectives, the irrigation benefits are spread over many families, each of whom is to enjoy an increase in its standard of living. If we suppose that a typical family's income is raised from $1,000 to $4,000 before water charges, payments of more than $2,000 are hardly possible, which would produce revenues equal to only two-thirds of direct benefit.

The Bureau of Reclamation computes the repayment capacity of a project by subtracting a family living allowance for every family from the net income of the project. This allowance, which varies from project to project, but which has frequently been set equal to $2,250, is based on the cost of a certain standard of living. In the example of table 38, direct benefits of $426,000 produce a repayment capacity of $277,500, 65 percent of direct benefits.

With the somewhat contradictory objectives of full repayment and of raising living standards for the people on the project, a number of devices have been invented which make it possible to justify projects despite these obstacles. All of these devices are some form of subsidy to irrigation and reduce the amount of repayment which the settlers have to meet.

The original Reclamation Act of 1902 embodied provision for the most important of the subsidies now in use.[3] It called for the repayment of all costs, but did not consider interest to be a cost. This means that the total of the repayments is equal to the money cost, or one-fortieth of the total a year.

In fact, there is an interest cost to the country of course—at the least equal to the government bond rate and probably equal to twice that figure, as we saw in chapter IV. On a typical irrigation project, with a development period of 10 years and repayment in 40 annual installments, the resultant subsidy can easily be estimated. The actual payment under present procedures will be 2½ percent of the investment, which will total 100 percent after 40 years. If the project were to pay its own interest cost at a rate of 2½ percent, including interest during the development period and on the unamortized balance, it would have to pay a total of 5.1 percent for interest and amortization. Thus the payments of the settlers for the investment in the project would double. In terms of present values, if the 40 actual payments of 2½ percent were discounted to the period of construction, they would be worth 49 percent of the actual construction cost. Thus this one element alone leads to a subsidy of half the cost, paid by the Nation's taxpayers for the benefit of the irrigation settlers, even if they meet their repayment schedules, and assuming only a minimal interest rate.

But the subsidy from the taxpayer is often much larger, though the form is more obscure and misleading. There is a group of subsidies to irrigation, which, at first glance, appears to be paid by the beneficiaries of other purposes, but which in fact is still paid by the taxpayer. Until 1952, these subsidies took the following form: The price of power was set on the basis of cost, including the cost of interest at 3 percent plus repayment over 50 years; but the interest component of the resultant revenues was considered to be helping to repay the construction cost of irrigation. This practice was considered justified by interpreting the provisions of the Reclamation Act of 1902, which freed irrigation projects from interest payments, in such a way that the power features were also part of the irrigation project. The resultant subsidy is quite large; on a typical project, with power investment equal to the irrigation investment, the interest component of the charge for the investment is 49 percent of the total charge for capital; and if all of it is applied to aid in repayment of an irrigation investment that is not charged interest, it is almost adequate to repay the entire irrigation investment. In fact, power was never assigned more of the irrigation cost than the excess above computed repayment capacity; but for the 16 projects which include both power and irrigation, $512 million out of the expected power revenues of $1,032 million were assigned to the repayment of irrigation costs as of January 1, 1947, which is 50 percent of all power revenues.[4] The formula suggests that it is power revenues which help repay the irrigation cost. In fact, power users pay rates which are designed to do no more than return the power investment with interest; the rates do not include any charge for irrigation repayment. By crediting irrigation with the interest component of power revenues, the total revenues to be received by the Treasury are diminished and this portion of the cost of irrigation is shifted to the general taxpayer.

In 1952, the "interest component formula" was replaced by a new device which appears to answer some of the objections raised against its predecessor, though it is essentially very similar. It was first applied to the

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[1] "Water Resources Law," the President's Water Resources Policy Commission, pp. 195, 202–212.

[2] Many projects have been granted much longer periods of payment, up to 200 years in some cases. See Moley, "What Price Federal Reclamation?" p. 38; and U.S. Congress, House Committee on Interior and Insular Affairs, "Construction Costs and Repayment on Federal Reclamation Projects," committee print, September 1952, p. 18.

[3] For a historical account of repayment requirements and subsidies see Commission on Organization of the Executive Branch of the Government, "Task Force Report on Water Resources and Power," vol. II, "Report of the Task Group on Reclamation and Water Supply" (June 1955), especially pp. 669–671. Also see "Application of the Interest Component of Power Revenue from Reclamation Projects Under the Solicitor's Opinion and the Collbran Formula," by C. D. Curran, in "Task Force Report on Water Resources and Power," vol. III, pp. 1205–1214. For an enonomic analysis of the pricing principles implicit in the present system of charges based on repayment capacity, see J. Margolis, "Welfare Criteria, Pricing and Decentralization of a Public Service," Quarterly Journal of Economics (August 1957), pp. 448–463.

[4] U.S. Bureau of Reclamation, "How Reclamation Pays" (1947), p. 111.

Collbran, Colo., project[5] and is known as the Collbran formula. It provides for repayment of all power costs including interest at 3 percent and of the costs of industrial and municipal water supply with interest at the prevailing long-term Government bond rate. After these purposes have completed their own repayment, the further revenues that they will produce will be applied toward repaying that part of irrigation cost which is beyond the repayment ability of the settlers. The formula limits the repayment period of water supply to 50 years, the same as the usual practice for power. Thus, for the first 50 years of the project's life, no payments are made for irrigation above those of which the settlers are capable. From the sixth decade on, power and water supply will turn over all their revenues, except for small operating expenses, to repay irrigation.

Once again, the impression is created that power will aid irrigation, and that the project as a whole is self-financing. In fact, it is still the taxpayer who can be expected to pay most of the subsidy, the magnitude of which will be little changed. The reasons are not far to seek; in the first place, the size of the total subsidy to irrigation will remain the same since the irrigation payments are still determined by repayment capacity, and nothing else. Second, the subsidy from the failure to charge interest on the irrigation investment is much compounded. If part of the irrigation cost is not repaid for 50 to 100 years, the interest charge which has been shifted to the taxpayer becomes very large. For every dollar sunk into irrigation which is repaid without interest after 75 years, the taxpayer must make interest payments of 2½ cents a year for 75 years.

The present worth of these payments is 84 cents, leaving only 16 cents which could be shifted to other purposes. Whether it will be shifted cannot be discovered for 50 years, but there is good reason to doubt it, for it presupposes that it will be possible to set power rates and rates on water supply in the remote future which will be adequate for this purpose. In the case of power, the rapid rate of technological progress which is driving down the costs of power from alternative sources, which is bringing atomic energy toward competitive levels, and which may make solar energy an economic source, makes lower rates probable. A period of 50 years, which is the basis for repayment of the power investment, is already a very optimistic assumption about the competitive position of hydroelectric power based on current design; to stretch the assumption to apply for 80 or 100 years is absurd. If it turns out to be impossible to charge the necessary power rates in the first and second decades of the 21st century, the Government will surely lower the rates toward operating costs, and if that proves impossible, it will abandon the power installations altogether. As for municipal water supply, technological progress which would present cheap alternative sources is not as clearly in sight, though controlled rainmaking would be a step in this direction. The revenues from this source are of a smaller order of magnitude than of power, and it could shoulder no more than a small part of the remaining irrigation cost, even if the users, who are largely municipalities, do not balk at the payments when the time comes. Thus, there will be little choice but to write off any unamortized irrigation investment as a Government loss, unless the contracts with the water users are changed to incorporate a provision extending the period of payments. And even this possibility involves some strong assumptions about the technological progress in agriculture.

TABLE 43.—*Summary of cost and repayment of irrigation investment, Fryingpan-Arkansas project, using interest component formula (ignoring interest)*

Allocated cost	$59,930,000
Repayment by water users, 40 years	10,881,600
From power revenue, 40 years	35,478,000
From municipal water revenue, 40 years	13,570,400
Total	59,930,000

Source: "Report on Fryingpan-Arkansas Project," pp. 13, 34.

Let us contrast the effect of the two formulas. The "interest component formula" results in payment of all irrigation cost above repayment capacity by the taxpayer. The "Collbran formula" results in payment of at least 80 percent of the excess above repayment capacity by the taxpayer, with the remainder paid by power and water supply in the unlikely event that technological progress has not precluded sufficiently high power and water rates for the first decades of the next century.

The effect of the two formulas can be seen from a study of the financial features of the project discussed earlier, the Fryingpan-Arkansas project, which was first planned with the old formula but was revised to conform to the "Collbran formula" by the Republican administration. Table 43 summarizes the repayment plan as outlined in 1951.

To show the actual costs, table 44 gives the division of the burden on the assumption that the Treasury pays interest of 2½ percent and that this cost should be included. The table gives the present values of the series of future payments to be made by the irrigators, and the present value of the extra one-half percent above average Treasury borrowing cost to be paid by the power users. The table does not include the rest of the interest component on power nor any of the 2-percent interest component collected on municipal water supply, since these revenues must be set aside for the payment of interest on the investments for those purposes.

TABLE 44.—*Cost, present value of revenues to be collected to repay irrigation investment, and Federal subsidy on irrigation features of Fryingpan-Arkansas project*[1]

[Interest component formula]

	Amount	Percent
Construction cost	$59,930,000	
Payments of irrigators ($272,040 annually for 40 years)	6,838,057	11.4
Interest premium on power revenues (estimated to be $150,000 a year for 40 years)	4,254,300	7.1
Federal subsidy through absence of interest charge on irrigation and diversion of interest component on power and municipal water supply	48,837,643	81.5
Total	59,930,000	100.0

[1] The table is computed by discounting the series of payments at 2½ percent to the present. The estimate for the annual value of the extra ½ percent on the power investment is derived by assuming that all of the power facilities are amortized over 50 years and by calculating the difference in the annual interest and amortization charge at the 2 rates. The Federal subsidy is the remainder of the irrigation construction cost.

The repayment provisions under the Collbran formula, as proposed by the Department of Interior in 1953, are summarized in table 45. There is still no interest charge on the irrigation investment; irrigators are expected to pay $622,000 a year for 69 years. All the net power revenues from the 53d to the 69th year are applied to irrigation, as well as the revenue from water supply in the 62d to the 69th year. The rates on the latter two purposes are based on full repayment including interest of 2½ percent in 53 years for power and in 63 years for water supply.

TABLE 45.—*Summary of cost and repayment of irrigation Fryingpan-Arkansas project, using Colbran formula (ignoring interest)*

Construction cost, irrigation	$75,128,000
Repayment by water users in 69 years	42,918,000
By power revenues in years 53–69	25,472,000
By water supply revenues in years 63–68	6,738,000
Total	75,128,000

Source: "Report on Fryingpan-Arkansas Project," p. 8.

TABLE 46.—*Cost, present value of revenue to be collected to repay irrigation investment, and Federal subsidy to irrigation features of Fryingpan–Arkansas project*[1]

[Collbran formula]

	Amount	Percent
Construction cost (including interest during construction)	$78,271,000	
Payment by irrigators	20,352,028	26.0
Payments from power revenues	5,678,351	7.3
Payments from water supply revenues	1,311,627	1.7
Federal subsidy through failure to charge interest	50,928,994	65.0
Total	78,271,000	100.0

[1] The table has been computed by discounting at 2¼ percent the set of payments stated in the project report, "Report on Frying Pan-Arkansas Project," p. 8.

Table 46 shows the actual distribution of the cost, including interest at 2½ percent, discounting all payments to the present. It can be seen from the table that the Federal subsidy will be between 65 and 74 percent, depending on the fulfillment of the revenue expectations on power and water supply in the sixth and seventh decade of the project. This contrasts with a Federal subsidy of 81 percent under the interest component formula. But the small reduction in the subsidy was purchased at the price of extending the repayment period by 30 years.

The Federal subsidy to irrigation under the two formulas is little influenced by the use of power revenues because the basic rates for power are unaffected at least during the first 50 years of the project. The President's Advisory Committee on Water Resources Policy recommends that excess power revenues be used to repay irrigation if the power is sold within the same area.[6] The Committee sees such excess revenues as a method of taxing indirect beneficiaries. This intention is carried out if power rates are set above power costs from the beginning. In the case of the Upper Colorado River storage project, authorized in 1956, power rates were set in this manner and so one can legitimately speak of power revenues helping to repay irrigation costs. Table 47 summarizes the repayment analysis and recomputes it, including an interest cost charged at 2½ percent. It can be seen that irrigators will pay only 5.4 percent of the irrigation cost if they can meet their contractual charges and that the rest of the cost is divided about evenly between power users who pay rates above power cost and taxpayers who must meet the interest subsidy.

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[5] A statement can be found in "Report on Collbran Reclamation Project, Colorado," S. Rept. 1719, 82d Cong., 2d sess.

[6] The President's Advisory Committee on Water Resources Policy, "Water Resources Policy," pp. 31–32.

A closely related device for subsidy is the basin account, which has been widely advocated for projects in the Columbia Basin, though not yet written into law, and which has been interpreted to apply to water-resource activities in the Missouri Basin.[7] This device would merge the finances of all projects in the basin. Not only would it make the formulas discussed above apply to the power and irrigation of a project, but it would make it possible to subsidize irrigation anywhere in the basin through diversion of power revenues from any power project in the same basin. It is clear that the basin account multiplies the possibilities of the hidden subsidies which are paid by the taxpayer, besides opening the door to subsidies from strong purposes to weak and from good projects to bad.

Finally, the cost allocation proceedings which are used to assign the costs of common facilities to the different purposes have served to reduce the total cost of irrigation. Because of the complexity and importance of the cost-allocation problem we shall treat it separately;[8] in the present connection, let it only be pointed out that the "priority of use method" which the Bureau of Reclamation has applied widely in the past but which has now been eliminated, is particularly suitable for lightening the burden on irrigation. Under this method, different purposes are assigned priorities of use, and the first purpose is allocated all costs necessary for its operation as long as costs do not exceed benefits. The second purpose need only bear the cost of the additional facilities needed, and so on for the third. If a nonreimbursable purpose is assigned priority, total repayment is minimized; if irrigation is the top priority purpose, total repayment is reduced by putting most of the common costs on an interest-free basis.

TABLE 47.—*Summary of repayment analysis of irrigation investment of Colorado River storage project*

Source	Total payments ignoring interest (in millions)	Present value of total payments [1] (in millions)	Percent distribution of total payments including interest
Payments of irrigators [2]	$36.6	$15.2	5.4
Contribution from power revenues [3]	246.2	139.7	49.4
Contribution of taxpayers		127.9	45.2
Total	282.8	282.8	100.0

[1] We assume an interest rate of 2½ percent.

[2] Assumes equal annual payments for 50 years after a development period of 10 years. No specific development period has been authorized as yet, but 10 years is the usual figure.

[3] Assumes equal payments for 50 years. Since actual power revenues will build up gradually, the contribution from power is overstated slightly.

Source: "Report on Colorado River Storage Project," H. Rept. 1087, 84th Cong., 1st sess. Our analysis assumes that the cost allocation is correct.

All of these devices interfere with sound formation of public policy. They mislead the public and the Congress into thinking that the projects as a whole are self-supporting. By their technical obscurity they hide both the size and the source of the subsidy. They make it impossible for the public and the Congress to see the financial issues clearly, and they prevent a judgment on the question whether irrigation projects are worth the subsidies which they entail.

It would be desirable to change irrigation law to correspond to the actual conditions of project finance. Congress might appropriate funds to build a project, to indicate what share of the cost is to be repaid by irrigators, what share is to be financed out of power revenues, and, finally, what share is to be a subsidy out of general revenues. If the present laws are accepted to be beyond change, the issue could still be made to emerge in its true proportions, if the financial analysis of each project report would include figures which indicate the size and the source of the various studies. Such figures might be computed and presented in the manner of tables 46 and 47.

Mr. PROXMIRE. Madam President, without the interest subsidy the cost of the irrigation project would be about $236 an acre, assuming that the cost allocation procedures are legitimate. This amount would provide only supplemental irrigation service to the acres, since none of the acres are new, so the direct cost roughly is $230 an acre.

The interest subsidy cost is about $60 million, or another $220 an acre.

The total cost per acre, therefore, would be about $450.

The purpose of this project, of course, is only to make the present acres, which are already producing, a little more productive.

On the basis of the calculation which I have made, recognizing the amount of increased production for feed grains, for sugarbeets, for popcorn, and so forth, the acres would be made from 20 to 30 percent more productive, on the average.

The minority, in the House report, estimated that the direct cost on this basis would be equivalent or more than $1,000 an acre; and, with the interest cost involved, the direct cost, if it were allocated, over full production or each acre proposed of only the increased production would be more than $2,000 an acre.

I have talked with the Senator from Illinois, who tells me that the best land in his State—and Illinois, as we know, is one of the very richest farm States in the country—sells for about $600 an acre. This is true also in southern Wisconsin. There is some land which is valued as high as $600 an acre.

SUBSIDIES PILED ON TOP OF SUBSIDIES

The Congress, by passing the bill, would be providing a subsidy, if we allow for the fact that this is not new land being brought into production, of $2,000 an acre, far more than three times the value of the best farmland one can find in the Midwest or in the Nation.

Madam President, the irrigation benefits of the project are extremely limited. The study of the reports reveals that they involve one-sixth of an acre-foot—in other words, about 2 inches of water for each acre of land. Two inches, or one-sixth of an acre-foot, is pitifully small.

While the $230 per acre would be repaid by the farmers themselves and by the power users, the $220 per acre of subsidized interest would have to be paid by the other taxpayers of the country over the course of the 50-year repayment period.

What is more, since the Sugar Act payments to growers amount to about $2.30 a ton of sugarbeets, and since from 16 to 20 tons can be grown on each acre, especially with ample water, the annual subsidy to the sugarbeet acres would be about $40 an acre. If this were to continue over the 50-year period, another $2,000 an acre would be paid by the taxpayers to those farmers in order to grow more surplus sugarbeets.

This is really an Alice-in-Wonderland approach, I say with the greatest of respect and admiration for the Senators from Colorado—admiration for their sheer political ability, because they are going to win on this wasteful and unjustified project.

I recognize that the farmers of Colorado, in the Fryingpan-Arkansas Valley, are concerned, since this project is important and vital to them. Nevertheless, judging the project from the national standpoint, it makes no sense whatsoever. This is one of the most obviously extravagant undertakings in which the Senate has indulged. This Senator is definitely going to vote against passage of the bill.

I hope, if the bill should pass—which it probably will—that at long last Senators will begin to take a look at the whole operation and begin to recognize that if we should go forward into the Gunnison project and the other projects, which will be so fantastically expensive, we must appraise them on a realistic dollars-and-cents basis and seriously consider for a change their clearly adverse effects on taxpayers and farmers in other parts of our country.

ONCE AGAIN MIDWEST IS SHORTCHANGED

I want to conclude by again pointing out that this is another example of the Midwest taking it right on the chin. This is one more example of Federal Government activity for which the Midwest pays but from which it does not benefit. In fact, because of the farm surplus problem, it injures the farm economy of my area.

The Midwest is similarly shortchanged in defense contracts, in military installations, in Federal spending for schools through the impact program. The east coast and west coast get the defense contracts. The South gets the space contracts. The West gets the water and hydroelectric projects. All the Midwest gets is the bills.

I want to serve notice right now on behalf of the beleaguered citizens of my State that I intend to take action to change this situation. I intend to protest and protest and protest until Wisconsin and other parts of the Midwest get a better break.

Madam President, I ask for the yeas and nays on the question of passage of the bill.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. PROXMIRE. Madam President, I suggest the absence of a quorum.

Mr. KUCHEL. Madam President, will the Senator from Wisconsin withhold his suggestion for a few minutes?

Mr. PROXMIRE. I am happy to withhold my suggestion.

Mr. KUCHEL. Madam President, on behalf of the State from which I come, California, in connection with the pending bill, I raised the question of transmountain diversion. There was brought out in the hearings, as appears in the committee report, the fact that the diversion contemplated by the proposed project would amount to 2 percent of the water available to the State of Colorado under the Colorado River compact and the Upper Colorado River Basin compact.

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[7] Huffman, "Irrigation Development and Public Water Policy," p. 174.

[8] See ch. IX.

I mention that point in connection with this debate merely to indicate that the committee which sat in judgment on the pending bill and reported it favorably to the Senate is not in the least unmindful of the legal, engineering, and practical problems arising in connection with any alleged or actual transmountain diversion in the States which together form the Colorado River compact and which exist today by the use of its waters.

In that connection I ask unanimous consent that the section of the report on page 11 under the subheading "Water Supply" may be printed in the Record in full at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

WATER SUPPLY

> The State of Colorado is a party to the Colorado River compact of 1922 and the Upper Colorado River Basin compact of 1948. The use of Colorado River water for the Fryingpan-Arkansas project is well within the allocation to the State of Colorado under the provisions of these two compacts. The amount of Colorado River water that would be diverted by the Fryingpan-Arkansas project is only about 2 percent of Colorado's share of the upper basin's expected entitlement.
>
> Studies by both the Bureau of Reclamation and the Colorado Water Conservation Board indicate there is no question as to the physical availability of the annual average amount of water planned to be diverted to the Arkansas Basin through the project works.
>
> In this respect, the Senator from California [Mr. Kuchel] quite appropriately raised the transmountain diversion problem in committee.
>
> The committee is completely mindful of the questions that have been raised with respect to transmountain diversion of Colorado River waters.
>
> However, the Fryingpan-Arkansas project will utilize not more than 2 percent of the waters allocable to Colorado under the terms of the Colorado River compact, and the Upper Colorado River Basin compact and this particular diversion would not impair the rights of any downstream States under any interpretation of these compacts. Nor does the transmountain diversion of this relatively minor amount of water raise any problem as to the physical water supply available to existing projects.

Mr. KUCHEL. Madam President, as a part of the comment which the committee made in its report, the committee stated:

> In this respect, the Senator from California [Mr. Kuchel] quite appropriately raised the transmountain diversion problem in committee.
>
> The committee is completely mindful of the questions that have been raised with respect to transmountain diversion of Colorado River waters.
>
> However, the Fryingpan-Arkansas project will utilize not more than 2 percent of the waters allocable to Colorado under the terms of the Colorado River compact and the Upper Colorado River Basin compact and this particular diversion would not impair the rights of any downstream States under any interpretation of these compacts. Nor does the transmountain diversion of this relatively minor amount of water raise any problem as to the physical water supply available to existing projects.

In my judgment, the committee is completely mindful of the problem of transmountain diversion. In this case, by reason of the very small—almost minuscule—amount of water to be diverted from the basin, I think it quite fair to say that the committee applied the Latin maxim of de minimis non curat lex.

I want that to be a part of the Record, Madam President, as an indication for future projects, when that type of problem arises.

PRIVILEGE OF THE FLOOR

Mr. JACKSON. Madam President, I ask unanimous consent that Mr. J. K. Kaseberg may be permitted the privilege of the floor during consideration of S. 3153, the bill the Senate will consider following action on the pending bill. Mr. Kaseberg is on the legal staff of the Bonneville Power Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

FRYINGPAN-ARKANSAS PROJECT, COLORADO

The Senate resumed the consideration of the bill (S. 284) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

Mr. KEFAUVER. Madam President, I take this opportunity to express my strong support for the Fryingpan-Arkansas project. I have visited the area in which the project would be of very great benefit to the people of Colorado and to the people of other States. I have had the privilege of visiting that section with the distinguished Senator from Colorado [Mr. Carroll] on two occasions. The project is highly justified. It would have a good cost-benefit ratio. The project has been discussed and fully considered on many occasions. I know that the Senator from Colorado [Mr. Carroll] was active in support of the project when he was a Member of the House of Representatives, and that in the 85th Congress, he worked hard, both in the committee and on the floor of the Senate, to secure passage of the bill authorizing the Fryingpan-Arkansas project. The bill passed the Senate in the 85th Congress but did not pass the House.

I know that the strategy this time was to secure passage of the bill in the House first. The project has now been authorized by the House of Representatives.

In seeking the support of the House of Representatives, the distinguished Senator from Colorado [Mr. Carroll], and others who have been interested in the project have left no stone unturned. The Members of the House are to be congratulated upon the success achieved there. In the present Congress the leadership of the Senator from Colorado [Mr. Carroll] and others who have been associated with him has resulted in favorable consideration of the bill by the committee, and a good record in the Senate for the passage of the bill.

The project is highly deserving. We are growing rapidly in population. The project is the kind of development of which we need more in order to build up our resources and opportunities for people in the United States.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. KEFAUVER. I am happy to yield to the distinguished deputy majority leader, the Senator from Minnesota.

Mr. HUMPHREY. I wish to associate myself with the comments of the Senator from Tennessee in relation to the program and project. The project has been before the Senate on another occasion. It is my present hope that the bill will be passed and will be sent on to the White House so that the Fryingpan-Arkansas project can render the benefits which it is designed to provide. The proposed legislation is a good measure and a sound investment. I commend Senators who have advanced the proposal.

Mr. KEFAUVER. Madam President, I thank the Senator from Minnesota. As is almost always the case, the Senator from Minnesota is in the front rank of leadership fighting for worthwhile things.

I did not hear the speech of the distinguished Senator from Colorado [Mr. Carroll] today. However, I have had an opportunity to read it. The Senator has presented a convincing and documented argument for the passage of the bill. I congratulate him and other Senators who have presented the issue so clearly and persuasively. I hope the bill will be passed by the Senate on this occasion, as it has been passed on three previous occasions, by an overwhelming majority.

The PRESIDING OFFICER (Mr. Hickey in the chair). The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 2206) was ordered to a third reading and read the third time.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senator from Colorado [Mr. Carroll] for the diligence with which he has pursued the Fryingpan-Arkansas project. The Senator called me 2 weeks ago, during luncheon of the Democratic policy committee, to urge the committee to consider and clear the bill, which was being reported that day. The policy committee responded by clearing the bill, and authorized me to bring it up at the earliest opportunity.

I commend also the distinguished Senator from Colorado [Mr. Allott], who was instrumental and diligent in obtaining the reporting of the bill, and who, in effect, has been quite assiduous in trying to urge early and serious consideration of the proposal. It is my hope that on the basis of the work of these two outstanding Senators the bill will pass overwhelmingly.

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass?

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Once again I renew my request for the yeas and nays on the passage of the bill.

The yeas and nays were not ordered.

Mr. PROXMIRE. Mr. President, I ask for a division.

The PRESIDING OFFICER. The question is on the passage of the bill. A division has been requested.

On a division, the bill was passed.

Mr. CARROLL. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. I move to lay that motion on the table.

Mr. ALLOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CARROLL. Mr. President, I ask unanimous consent that S. 284 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARROLL. I thank the distinguished senior Senator from Illinois [Mr. DOUGLAS] for his very gracious and generous remarks with respect to this project. Everyone knows of his reputation for fighting projects of a similar nature, and it was a very great and generous act on his part to give us his support on the bill. I personally thank him for it.

I also thank the senior Senator from Tennessee [Mr. KEFAUVER] who all through the years has been a fighter for Fryingpan-Arkansas project. I also extend my thanks to him for his gracious and generous remarks and help through the years on this project.

The chairman of the Committee on Interior and Insular Affairs, the able junior Senator from New Mexico [Mr. ANDERSON] is necessarily absent today. He asked me to help lead the fight on behalf of the bill. I wish to say that under his leadership and his chairmanship the bill became possible in the Senate. I tender him my hearty thanks and congratulations on behalf of the people of Colorado.

I also thank the senior Senator from New Mexico [Mr. CHAVEZ] and the able senior Senator from Arizona [Mr. HAYDEN] for the help they have given us through the years. After all these years this project now becomes a reality for the people of Colorado.

I have spoken of the contribution of the chairman of the Committee on Interior and Insular Affairs. However, two other Members of the Senate made a great contribution to the success of the bill. The majority leader, the Senator from Montana [Mr. MANSFIELD], has always been a stalwart supporter of the bill, even during the days when he was a Member of the House. My good friend, the assistant majority leader, the Senator from Minnesota [Mr. HUMPHREY], has lent his strength to the passage of this important piece of legislation. I tender them my hearty thanks.

Mr. KEFAUVER. Mr. President, I have been in Congress for almost 24 years. I served in the House of Representatives for many years with the Senator from Colorado [Mr. CARROLL]. I fought with him on many occasions for worthwhile projects. I do not believe that I have ever seen a project which received the overwhelming vote which this bill received in the Senate. It speaks well for the outstanding leadership of the Senator from Colorado [Mr. CARROLL].

The Senator from Colorado [Mr. ALLOTT] has done a great deal to secure votes for the bill. I know that to the Senator from Colorado [Mr. CARROLL] this is the answer to a dream on which he has been dreaming and working and planning for many years. I do not believe that any legislation has ever been passed which affects Colorado and that general area with greater significance or which will be of greater value to the people than the Fryingpan-Arkansas legislation. I congratulate him upon his valiant work.

Mr. CARROLL. I thank the able Senator from Tennessee for his gracious remarks. The people of Pueblo and of the Arkansas Valley and all the people of Colorado know how he has stood for this project through the years.

The able Senators from California have also shown the same vision and wisdom. I commend both of them. They have protected the interests of their State. They have been fighting in the interests of their State for years. In a sense this project involves the Colorado River; but I believe they have seen the light and have helped others see the light, with the result that the bill has become a reality.

Mr. ENGLE. Mr. President, I appreciate the kind remarks of the Senator from Colorado. I was chairman of the House Committee on Interior and Insular Affairs for a number of years while this legislation was pending. Also, I was chairman of the House Subcommittee on Irrigation and Reclamation. As my friend the distinguished Senator from Colorado, knows, I supported the Upper Colorado Basin project, and in every instance I have felt that the upper basin had a right to use the water which it owned. I have noted in the committee report language which indicates the infinitesimal amount of water which will be used for this great project. I compliment my friend from Colorado and his colleague the gentleman from Colorado [Mr. ALLOTT] for the great effort they have made. I am glad that their efforts over these long years have led to fruition, and that today they can celebrate the passage of a project which has been long dreamed of and, which has been consummated largely through the persistence and ability and intelligent management of my friends the gentlemen from Colorado [Mr. CARROLL and Mr. ALLOTT].

Mr. CARROLL. Mr. President, I thank the able Senator from California. As a result of the powerful position he occupied in the other body, notwithstanding the fact that he came from California, he knew that the water was ours and that we had a right to use it, and that it would not be used in such fashion as to do harm to the economy of the people whom he represents in the Senate.

Mr. McGEE. Mr. President, first, I commend the distinguished Senator from Colorado [Mr. CARROLL] for his leadership on this project and associate myself with the remarks of the distinguished Senator from California [Mr. ENGLE]. Those of us in the Rocky Mountain West are continually mindful of the great support and unselfish role that he played in our interest at a time when it was unpopular for him to do so, and when it meant that he had to have real confidence in the potential of the West and in our ability to deepen the economic base on which our Nation was operating. It is in that context that the real meaning of the passage of this legislation must be assessed.

As neighbors of the State which the Senator from Colorado represents, we in Wyoming—and I am sure I can speak for the occupant of the chair, my colleague from Wyoming [Mr. HICKEY] who very propitiously presides over the Senate at this moment—salute our neighbors in Colorado for this development. We feel that it will not only enrich and enhance the economic potential of the Rocky Mountain West, but will also make a contribution to the Nation's economy as a whole.

In the history of our land and in the development of our country, a great deal of time has been devoted to research and development, in making our Nation great and rich. We in the West believe that we are continuing this great effort and that we have continued the same kind of research and development that characterized our earlier years. The resource potential lies now more and more in the West. It is within that same frame that the achievement today must be fitted.

The West, indeed, offers a vast opportunity for America to enhance its economic potential in meeting its obligations both at home and abroad. In that sense, we commend the Senator from Colorado for his part in carving out this new milestone along the road that leads to a greater United States.

Mr. CARROLL. Mr. President, I think it is most fortunate for the people of Colorado that on this auspicious occasion we have heard the remarks of the able senior Senator from Wyoming [Mr. McGEE] while at the same time the distinguished junior Senator from Wyoming [Mr. HICKEY] is presiding over the Senate as the Senate voices its approval of the bill. I hope it augurs well for the solving of the problems of our part of the country. Wyoming, too, has reclamation projects it needs, such as Savery-Pot Hook, and the junior Senator from Colorado will try to help Senator HICKEY with early hearings on Savery-Pot Hook, which affects both Wyoming and Colorado. I thank the Senators from Wyoming for their excellent support.

Mr. KUCHEL. And California, too.

Mr. CARROLL. And California, too.

I always listen to the wise recommendations from the leadership on both sides of the aisle.

Mr. JACKSON. Mr. President, will the Senator from Colorado yield?

Mr. CARROLL. I yield.

Mr. JACKSON. I have had the privilege of supporting the Fryingpan-Arkansas project in the past. I was happy to be able to support the bill just passed. We who have served in both the House and the Senate for a long time know that the Fryingpan-Arkansas project has been one of continuing controversies. We are all happy that at last the House has approved the bill. The Senate has approved it on previous occasions.

I commend the distinguished junior Senator from Colorado [Mr. CARROLL] and the distinguished senior Senator from Colorado [Mr. ALLOTT], and other Senators, who have made possible the legislation which has been passed today.

Mr. CARROLL. I thank the able junior Senator from Washington for his remarks and for his continuous support of this project over a long period of time.

Mr. President, I have previously referred to my friend, the distinguished senior Senator from New Mexico [Mr. CHAVEZ], and the help he has given us through the years. In behalf of the people of Colorado, I acknowledge openly and publicly the fine work and strong support which the able senior Senator from New Mexico has given us.

Mr. CHAVEZ. Mr. President, will the Senator from Colorado yield?

Mr. CARROLL. I yield.

Mr. CHAVEZ. It was not easy to accomplish this result. There was much opposition to the project, but we knew the project was a deserving one. That if why we stood for the Fryingpan.

Mr. CARROLL. I thank the able Senator from New Mexico. He knows the people of Pueblo. He knows the Arkansas Valley. He knows that this project was needed by them.

Mr. CHAVEZ. I know it was needed.

Mr. DIRKSEN. Mr. President, will the Senator from Colorado yield?

Mr. CARROLL. I yield.

Mr. DIRKSEN. I think it should be observed that years ago this Chamber was graced by a distinguished Senator from Colorado, the late Honorable Eugene Millikin. Not only was he a great Senator; in my book, he was a courageous statesman. For many years he served as chairman of the Republican Conference. He begot the love, affection, respect, and esteem of every Member of the Senate. He was, indeed, a brilliant person.

Eugene Millikin first manifested interest in the Arkansas-Fryingpan project. He carried on as best he could, even though the project was not consummated in his lifetime. But the distinguished Senator who followed him, the Honorable GORDON ALLOTT, carried on, and now carries on, in that great, fine tradition. I know of the work he has done among Members of the Senate and Members of the House of Representatives in order to assure the consummation of this legislation.

So to him and also to his worthy friend and colleague from Colorado [Mr. CARROLL], congratulations are quite in order for the work that was done on this project.

Mr. CARROLL. Mr. President, I thank the minority leader for his gracious remarks. I heartily concur in his estimate of the character, ability, and intelligence of the late Hon. Eugene Millikin.

Also a Member of the Senate at the same time as Senator Millikin was the Honorable Edwin C. Johnson. He was the senior Colorado Senator, a great Senator, a man of wide experience and vision. In the Senate he was known as "Mr. Wisdom." Senator Johnson was a key man in the first passage of Fryingpan-Arkansas. His influence in the Senate was wide. His years of experience helped propel the first Fryingpan-Arkansas through, along with the dedicated work of his colleague, Senator Millikin.

Senator Johnson had the benefit of vast experience in working for passage of the Colorado-Big Thompson project. His knowledge of our State and its people was, and still is, unsurpassed. He devoted great energy to Colorado water projects and nursed their development in the Congress for years. He was a powerful force in the early development of Fryingpan-Arkansas. I saw him only last week and he is still, I am happy to tell his old friends in this body, a vigorous and knowledgable Colorado leader and statesman.

If my memory serves me correctly, Edwin C. Johnson had returned to the governorship of Colorado when the second Fryingpan-Arkansas bill passed the Senate. Eugene Millikin and my senior colleague, GORDON ALLOTT, were responsible for its passage the second time.

The third time the bill came before the Senate, it fell to the lot of the present junior Senator from Colorado to share with the senior Senator from Colorado [Mr. ALLOTT] the privilege of having the bill passed. I think that was in the 85th or 86th Congress.

Today the passage of the bill by both Houses has finally become a reality. I commend my able senior colleague for his vigorous and intelligent work on the bill.

I also extend commendations to the Governor of Colorado, Steve McNichols, who has worked long and hard to see this project become a reality. Governor McNichols, during the crucial days preceding House passage, came to Washington and stayed here almost 2 weeks with his water experts, meeting the questions and objections of the Congress until the project was fully understood. Along with Governor McNichols, great credit for hard and effective work must go to Len Kuiper, acting director of the Colorado Water Board and Charley Boustead, executive secretary of the Southeastern Colorado Water Conservancy District. I have already mentioned Felix L. Sparks, who almost singlehandedly pulled the long-dissident Colorado water factions together on this project. More than any man, Mr. Sparks, who returns from military service this month, deserves the praise of all Coloradans.

All of the Colorado delegation in both the Senate and the House have pulled together on this measure. There was no partisanship in this effort. We drew the people of Colorado together first; then the delegation came together. In my humble opinion, that is the reason why the bill is now on its way to the President of the United States.

Mr. ALLOTT. Mr. President, I am very happy that the distinguished minority leader spoke as he did—I was about to do so—concerning the late distinguished Senator from Colorado, Gene Millikin, who so ably shepherded a similar bill through the Committee on Interior and Insular Affairs when he was a Member of the Senate.

I commend my distinguished junior colleague from Colorado for his work on the bill.

I also wish to compliment Judge CHENOWETH, a Member of Congress from the Third Congressional District of Colorado, for his work on the project since its inception.

So many persons have had a part in bringing about the passage of the bill that I believe this is one time when we may all say that it is a job that has been well done, because the project has the complete backing of the State of Colorado. We are very happy at last to see this project, for which the people of Colorado have worked so long, and which is of such vital necessity to the actual development of southeastern Colorado for municipal water, for supplemental irrigation water, come to pass. I am sure that everyone will be happy about the result today.

Mr. CHAVEZ. Mr. President I have participated in this proposal for many years. My good friend, the senior Senator from Colorado, is our next-door neighbor. He lives only a few miles away from New Mexico. Lamar is only a few miles from the boundary between our two States.

I know the Fryingpan as I know the Rio Grande; as I know the Navajo Reservation. I know the Colorado very well. I congratulate both Senators from Colorado upon their efforts.

Mr. ALLOTT. Mr. President, will the Senator from New Mexico yield?

Mr. CHAVEZ. I yield.

Mr. ALLOTT. I thank the distinguished senior Senator from New Mexico. He is truly a good neighbor. I always call him my neighbor to the south. Not only is he sympathetic to such projects as the Fryingpan-Arkansas; he understands how necessary projects of this kind are to the development of the West. He has spoken of the Navajo project and of the Rio Grande, which rises in Colorado. Having lived in that region all his life, he has a knowledge of what reclamation projects can mean in the development of the Western States. He knows that they are absolutely necessary for their development.

I pay him my own thanks and appreciation for his support of this subject during all the years it has been in contemplation.

Mr. CHAVEZ. To me this is not a Republican or a Democratic project; it is an American effort.

Mr. ALLOTT. That is entirely correct. I appreciate the Senator's statement.

So far as Colorado, New Mexico, and the other Western States are concerned, I know that those in the Middle West and elsewhere complain about their using water to grow more food. The people in New Mexico complain; they say that the Mountain States cannot produce food as well as New Mexico can.

Let me tell my good friend, the Senator from Colorado, the history of the Rio Grande irrigation project in New Mexico and Texas, and also the history of the Elephant Butte project, and the history of the El Paso Water and Improvement District, in Texas. The average production of cotton in the Deep South is 370 pounds an acre. But in the irrigation districts in New Mexico, Texas, Arizona, and California, it is as much as four bales—or 2,000 pounds—an acre. That shows what irrigation does.

Mr. ALLOTT. The Senator from New Mexico is entirely correct, and I appreciate very much his kind remarks.

NECESSITY FOR STRENGTHENED FEDERAL DRUG LAWS

Mr. HUMPHREY. Mr. President, the Nation welcomes the continued leadership so ably demonstrated by President John F. Kennedy.

Once again, in the area of new drug legislation, the President has taken the initiative. He has renewed his sound appeal of April, in which he recommended to the Senate substantial strengthening of existing drug statutes.

The President's statement greatly increases the likelihood of the adoption of adequate amendments to present drug statutes. We shall, thereby, close intolerable loopholes in the law. Today, the President has submitted to the Senate a number of amendments designed to strengthen S. 1552.

The Nation also welcomes the encouraging demonstration that our new Secretary of Health, Education, and Welfare, Anthony Celebrezze, has promptly mobilized his Department to carry out the President's program.

FAVORABLE REACTION TO SUBCOMMITTEE

It has been personally gratifying to me to note the prompt, enthusiastic response from all parts of the country to the hearing of the Senate Government Operations Subcommittee on August 1.

Our subcommittee, I may say, has only begun its efforts to bring to light certain conditions and problems which have long concerned us. These conditions and problems, so grimly illustrated by the thalidomide tragedy, are part of an international, a national, and a governmentwide pattern, involving almost all scientific research.

I refer, of course, to critical weaknesses in scientific information and communication. This is the undramatic story behind the dramatic thalidomide tragedy. Information and communication deficiencies represent the hidden culprit responsible for innumerable scientific administrative flaws.

THE HUGE FINANCIAL STAKE IN RESEARCH

For 4 long years, I have urged the Federal Government to coordinate the information generated by its scientific research.

In the 1962 fiscal year, the Federal Government is spending 1 out of every 9 budget dollars—$10 billion for scientific research, development, testing, and evaluation. In the 1963 fiscal year, it will spend $12 billion for this purpose.

Perhaps as many as 160,000 federally financed projects are now underway in the 50 States and overseas.

Amazingly enough, there still is not available as of today any systematic means whereby even the President of the United States could secure prompt, reliable, comprehensive information as to all the research which is now in process—or which has been completed—in any one of a dozen broad, major headings.

To identify all the research, even the President, or his able Director of the Office of Science and Technology, Dr. Jerome Wiesner, would have to and does have to ask each Federal agency to compile its own information in its own way—at its own speed—with its own varying definitions.

There is really no Government-wide information system. There is no real system of separate agency systems. There is only a patchwork, a hodgepodge. This is true of interagency drug research. It is true of interagency space science and military research.

Agency information systems do exist and by the dozens. They vary from "excellent"—in the case of, say, the Atomic Energy Commission — to "average," "poor" or "awful."

For 4 years, I have urged reform. I have often felt somewhat like a voice crying in the wilderness. At long last, some reforms are beginning to be made, but, invariably, at a pitifully slow rate.

One would think the Federal agencies felt they were doing Congress a favor by adopting information reforms.

These reforms are actually for the agencies' own good. But they do not seem to view improvements that way. They offer every conceivable excuse for delay and inaction.

AGENCY PACE OF A "TRANQUILIZED TURTLE"

In the subcommittee's approach to these agencies, we have been exceedingly tolerant and patient. We held hearings in 1958 in which we urged them to reform. We held a hearing in 1960 in which we did likewise.

In between and thereafter, we sent a stream of letters, memoranda, mimeographed, and printed reports. We urged; we pleaded; we implored reform.

The agencies, particularly the Department of Health, Education, and Welfare, have made only limited halfhearted response. They are proceeding with the pace of a tranquilized turtle. There is little sense of urgency; there is little interagency teamwork; there is endless buckpassing.

SIRUPY GOVERNMENT COMMITTEE REPORTS

Dr. Wiesner has fortunately empaneled an information group of private experts under the President's Science Advisory Committee. Its report will be out in a few months.

I have been hoping and expecting meanwhile a report from an interagency career group, the Federal Council for Science and Technology, as regards the information problem.

It remains to be seen whether this Council report will be the same "standard sirup" such as usually emerges from Government committees.

ACTION REGARDING APPROPRIATION REPORTS

Meanwhile, this year, I started a new effort. I have gone down the line—appropriations subcommittee after subcommittee—to urge that appropriation reports contain mandates for reform.

My appeal has been heeded. Two such reports, on health and defense, do fortunately now contain such mandates.

I intend to make sure that the agencies are called to account during the 1964 fiscal year appropriation hearings for what they have or have not done by that time.

MESSAGE OF AGREEMENT FROM PHARMACEUTICAL MANUFACTURERS ASSOCIATION

Now, let me turn to the August 1 hearing and its significance in relation to drug research information.

For a reaction to the hearing, I should like to quote but one of many sources which promptly and graciously communicated with me thereafter.

I refer now to a fine message from Dr. Austin Smith, president of the Pharmaceutical Manufacturers Association.

That same day, August 1, Dr. Austin Smith wrote to me. He expressed agreement with a series of statements which I made at the hearing, that is, on the need for improved coordination and communication among agencies of the U.S. Government, between American and foreign agencies, American and foreign drug companies, American and foreign researchers and practitioners.

Dr. Smith likewise expressed agreement with the view which I suggested on the need for systematizing "increased safeguards," so as to reduce the degree of risk which will always, to some extent, be present.

Dr. Smith advised that:

> The subject matter of your hearings deserves examination and discussion throughout the world.

He stated, therefore, that he is—

> taking steps immediately to provide the public record of your subcommittee to the headquarters of associations of the pharmaceutical industry elsewhere in the world.

I am very gratified to receive word of this splendid action.

It is clear that all of us face, in the information and communication problem, a common challenge which merits the best effort of all interested parties.

The medical profession, the pharmaceutical industry, the pharmaceutical profession throughout the world have everything to gain and nothing to lose from strengthening communication on drugs in the interest of better health for mankind.

I ask unanimous consent that the text of Dr. Smith's letter to me be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PHARMACEUTICAL MANUFACTURERS
ASSOCIATION,
Washington, D.C., August 1, 1962.
The Honorable HUBERT H. HUMPHREY,
Chairman, Subcommittee on Reorganization and International Organizations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: Permit me to comment on statements which you made this morning in connection with the hearing conducted by your Subcommittee on Interagency Coordination in Drug Research Information.

You stated that there may well be serious problems of lack of coordination and communication among agencies of the U.S. Government, and between American and foreign agencies, American and foreign drug companies, and American and foreign researchers and practitioners.

Speaking for the member prescription drug manufacturing firms of this association, I agree with those statements.

Further, in commenting on the fact that the thalidomide problem has been prevented in the United States, you stated a need to systematize increased safeguards and to reduce the degree of risk which will always be present to some extent. You also stated that both Government and private reviewers and investigators must be given better, prompter, more reliable access to the world's medical literature, in all principal languages.

Again, I agree with those statements.

Repeated, continuous and sometimes costly efforts by the U.S. pharmaceutical industry to help solve some of these serious problems are well known in scientific circles.

For example, in 1958, through its association, the industry began a pilot study of mechanical indexing and retrieval of literature references to steroid compounds. In 1961, after expenditure of $35,000, the project was turned over to the U.S. Patent Office, which had been kept advised of its results.

In addition, the Scientific Literature Committee of the PMA Research and Development Section, composed of leading industry scientists, has worked with the National Science Foundation for a number of years in the latter's continuing assignment to expedite indexing and retrieval of scientific research information within the U.S. Government.

In my judgment you are to be commended for your renewed approach to a matter of prime importance in today's climate of rapid scientific advances.

The subject matter of your hearings deserves examination and discussion throughout the world. With this in mind, I am taking steps immediately to provide the public record of the proceedings of your subcommittee to the headquarters of associations of the pharmaceutical industry elsewhere in the world.

Sincerely yours,
AUSTIN SMITH, M.D.

AN ACTION PROGRAM TO PREVENT FUTURE TRAGEDY

Mr. HUMPHREY. Mr. President, we need bold national and international action programs so that a thalidomide-type tragedy will never recur. I speak of the tragedy of malformed babies resulting from the use of a drug.

I should like to suggest a five-point program for this purpose:

First. Enactment of an amendment to assure thorough control of investigational testing on humans by the Food and Drug Administration. The amendment should require adequate testing of drugs on laboratory animals prior to testing on humans, with maintenance of complete records.

Second. A broad-scale, interagency and intra-agency cooperative effort in drug research, to include thorough reporting of drug reactions in the Federal Government's three hospital systems—Veterans' Administration, Department of Defense, and the Public Health Service.

Third. An educational campaign by the Public Health Service, cooperating with medical organizations, to caution physicians and patients against casual, needless use of drugs, particularly on the part of women of childbearing age.

Fourth. Establishment of a medical and drug research information center, under the auspices of the U.S. Public Health Service. At this center, public information and, to the extent that proprietary rights may permit, private information should be gathered, recorded, indexed, evaluated, and made available to pharmaceutical manufacturers, doctors, and hospitals.

The center should, in effect, be the central station of a network of centers. It should be able to draw upon and contribute to Federal inhouse and extramurally supported centers, as well as other public and private resources—medical, pharmaceutical, and others.

Fifth. On the initiative of the United States, an international request to the World Health Organization to provide for exchange of up-to-the-minute information on drugs between the United States and other governments, as well as with the healing arts professions of the respective nations.

INCREASED FEDERAL COORDINATION

Since the Committee on Government Operations, is, per se, interested in efficient Federal activities, we will continue to insist upon the Federal Government putting its own "drug information house in order."

Up to now there has been a shocking lack of coordination within and between U.S. agencies on drug information.

Throughout the executive branch, we need faster, more complete, better indexed, and evaluated information.

We also need a stronger overall drug law—particularly for experimental drugs—stronger food and drug regulations, and more aggressive FDA administration of the regulations.

HAZARDS TO PREGNANT WOMEN

Priority must be given to improvement of information coordination on drugs intended for pregnant women.

Aside from Dr. Frances Kelsey's courage and vision and a few other cases, the Food and Drug Administration does not appear to have been aggressive in protecting the unborn.

Genuine miracle drugs have contributed immeasurably to maternal and child health, but adverse effects are often suspected and must now be thoroughly explored, and suitable safeguards taken.

The Food and Drug Administration should request a report, as soon as feasible, from the National Institutes of Health on drug-related findings in 23,000 pregnancies, now being studied in a nationwide project.

The principal damage to the central nervous system of an unborn baby apparently occurs during the first few weeks after conception.

It is during this time that the woman herself may not know she is pregnant and for trivial reasons may be taking drugs which could affect the child.

It will take unprecedented international teamwork and research to unlock the mysteries of whether, how, and why certain so-called harmless drugs do affect pregnancies.

SUPPORT OF KEFAUVER AMENDMENT ON ANIMAL TESTING

The Senator from Tennessee [Mr. KEFAUVER] is proposing an important amendment for thorough animal testing of investigational drugs, prior—I emphasize, prior—to testing on humans.

I strongly support the principle of this amendment.

I urge that it include thorough testing on pregnant laboratory animals particularly large animals—not only rats or mice—wherever and whenever there is likelihood that pregnant women may ultimately use the drug.

Let me make this point clear. I propose that a vast spectrum of drugs, which may or may not be intended for pregnancy, but which may be regarded as likely to be used by pregnant women—that is, for headaches, insomnia, and so forth—should be thoroughly tested on pregnant laboratory animals.

Of course, even if there is the most thorough testing of investigational drugs on pregnant animals, there is no assurance that the results will prove applicable to human beings. Nevertheless results of such animal tests could alert general practitioners, obstetricians and pediatricians to possible dangers.

Then, too, when the investigational drug is judged ready for testing on humans, such testing should be on a phased basis. This would avoid premature testing on needlessly large populations—male or female, adult or child—before results became available and were evaluated from smaller human samples.

JUSTIFICATION FOR ANIMAL TESTING AMENDMENT

Let me note at this point a documentated justification for the overall amendment and for my stress on tests on pregnant animals, in particular.

First. Louis Lasagna, M.D., division of clinical pharmacology, Johns Hopkins University, stated on July 19, 1961 (hearings, Senate Judiciary Subcommittee, on S. 1552, 87th Congress, p. 1083):

> * * * present FDA prerogatives do not satisfy me with regard to toxicity either. It is shocking that experimental drugs are subject to no FDA regulation of any sort before patients receive them. Some drug houses perform extensive animal tests before a drug is first put into man; others perform almost none. It is reprehensible for man to be the first experimental animal on which toxicity tests are run, simply because bypassing toxicity tests in laboratory animals saves time and money.

Section 2. On July 25, 1961, Dr. Lasagna wrote to the subcommittee—hearings, ibidem, pages 973–974—and I ask unanimous consent to have extracts from the subcommittee hearings printed at this point in the RECORD.

There being no objection, the extracts were ordered to be printed in the Record, as follows:

(1) At present, the Food and Drug Administration has essentially no jurisdiction over experimental drugs until a new drug application is filed. This leaves the decision as to the nature and extent of animal toxicity tests performed prior to human testing up to the drug house (or other proponent of the drug) and, to a lesser degree, to the clinical investigator who is to put the drug into man.

(2) The variation between drug houses in preclinical toxicity testing is tremendous. I have been approached to start human testing of a drug with the only information available being the amount of drug required to kill 50 percent of mice receiving the drug in one intravenous dose. In contrast, it is not infrequent to have a firm supply toxicity information on a proposed drug which runs to many pages in length. The toxicity tests recommended by such experts as Dr. Lehman of the Food and Drug Administration in this country, and Drs. Paget and Spinks of the Imperial Chemical Industries, Ltd., in England, are not infrequently lacking in the toxicity data sent to us by pharmaceutical firms.

(3) Although enough acute animal toxicity data may be available to justify short-term experiments in man, there are often unavailable at the start of human testing adequate chronic toxicity data in animals. This leads to chronic toxicity tests being performed in man first, since for many disease states the repeated use of the drug must be investigated. Clinicians who are impressed by the effect of one or two doses of a new drug will often start chronic administration of the drug, even when the drug has not been cleared for such prolonged human trials by the drug houses supplying the agent. This phenomenon is well known to the industry.

(4) It is, according to FDA officials, a not uncommon occurrence for new drug applications to be filed with extensive clinical data included, but without adequate supporting animal toxicity data being simultaneously available. In fact, it has been made a matter of public record that drugs have been cleared for sale on the market with chronic toxicity tests still pending.

It is easy to understand why drug houses are reluctant to spend the considerable time and money involved in routine toxicity testing unless the drug shows "promise," i.e., until the first human tests are encouraging. It is also, for reasons described above, easy to understand why human testing can "get ahead" of animal testing. In my opinion, therefore, a minimal amount of toxicity testing should be required by law before a drug ever gets put into man.

There are, I suspect, other reasons for inadequate animal toxicity tests besides those mentioned above. Drug houses vary greatly in the caliber of their staffs. Some have excellent pharmacologists, toxicologists, and pathologists, whereas others are deficient in these regards. Therefore on occasion it is likely that poor judgment and ineptitude also enter the picture, instead of (or in addition to) pressures for speed and accuracy.

The very existence of the broad discrepancies in toxicity testing described above testify to a troublesome state of affairs. Are the drug houses who perform extensive toxicity tests before ever going to man merely overcautious conservatives? I think not. Predicting human toxicity is by no means a simple matter, but it is preferable to take all reasonable steps to escape untoward reactions in man that could be predicted from animal work. Somewhere between the extreme care and effort suggested by some pathologists and the inadequacies of the worst of the preclinical evaluation now being done in this country lies a reasonable middle ground which should be standard for all drugs.

Mr. HUMPHREY. Third, Mr. President, Dr. Helen Taussig has written "The Thalidomide Syndrome," Scientific American, August 1962, page 35:

Until recently, no thought has been given to the need for the testing of drugs for potential harmfulness to the human embryo.

Fourth. Senator Kefauver has stated in a letter of July 31, 1962, to several Members of the Senate:

The most tragic aspect of the entire thalidomide history is that, had such studies been made, the horror could have been averted. This is proved beyond doubt by studies of rabbits by the British seller of the product, Distillers Corp., made unfortunately after the drug had been widely used in humans and after it had been identified as the cause of the malformed infants. Reporting in the English medical journal, the Lancet, April 28, 1962, Dr. G. F. Somers notes that experiments in rats showed no malformations but that, "Now we have succeeded in producing deformities in rabbits remarkably similar to those seen in humans." More than half of the litter of the mother rabbits given thalidomide were born deformed. None of the litter of the control rabbits, that is, those of the same colony not given thalidomide, were born deformed. Dr. Somers goes on to state, "No deformities of this kind have been previously observed in the colony, involving the breeding of over 1,000 progeny, and our chief animal technician, Mr. R. E. Hughes, states that he has never seen anything like this during 50 years' experience of rabbit breeding."

Fifth. I am reprinting in the Government Operations Subcommittee hearing various pertinent exhibits on this subject, including the following article from the journal, Pediatrics, which I ask unanimous consent to have printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From Pediatrics, October 1961]

Effect of Drugs Upon the Fetus and the Infant

(Statement by Committee on Fetus and Newborn)

It is a basic premise of pediatrics that physical size is not the most important difference between children and adults. There is increasing awareness that it is also necessary to make more than a quantitative distinction between infants and children. The fetus and the newborn infant often behave so differently as to warrant consideration as separate categories of the human species. This necessitates reevaluation of the effects of drugs independently in each category of the human so that they may be used safely.

Existing drugs and agents that are developed in the future for use in the fetus and in infants must be subjected to more extensive preclinical investigation than is being carried out at the present time. The pharmacologic responses of the immature human may differ greatly both quantitatively and qualitatively from those of the adult. As a result, data obtained from tests in mature animals and human adults or older children cannot be accepted as a satisfactory basis for recommendations concerning the fetus and infant.

The pharmacologic properties of drugs should be studied in vitro and in vivo in the fetus and newborn animal and compared with those in the adult of the same animal species. Of particular importance would be a knowledge of the LD_{50}, dose response, metabolism, and distribution and disposition of the drug. These determinations should be performed in two or more animal species (a rodent and nonrodent species). Pharmacodynamic actions and clinical effects of drugs in humans should be assessed in clinical situations in which they may be useful.

In order to pursue these principles, it is recommended that drug labels should specifically indicate the extent of existing information concerning the use of the agent in the fetus and the infant. When there have been no pharmacologic studies of a drug in immature subjects, an explicit statement of this fact should be indicated on the drug label or in a readily available package leaflet. Physicians who administer drugs to the fetus and the infant must be alert to unusual effects in this subdivision of the human species.

William A. Silverman, M.D., Chairman; Fred H. Allen, Jr., M.D.; J. Edmund Bradley, M.D.; Eugene H. Crawley, M.D.; Paul A. Harper, M.D.; David Y. Hsia, M.D.; Benjamin M. Kagan, M.D.; Joseph A. Little, M.D.; Henry K. Silver, M.D.; Samuel Spector, M.D.; J. R. Fouts, Ph. D., Consultant; William H. Kessenich, M.D., Consultant; James M. Sutherland, M.D., Consultant, Committee on Fetus and Newborn.

MY EFFORTS FOR PERINATAL RESEARCH

Mr. HUMPHREY. Mr. President, for 4 long years, I have been urging the strengthening of what has come to be known as perinatal research—the study of the processes of life during the period following conception and into the first month after birth.

On December 1, 1958, I discussed this subject with Premier Nikita Khrushchev in Moscow. At that time, I urged a U.S.-U.S.S.R. partnership in finding the answers to the mysteries of how life develops and how so often and so tragically it emerges with defects.

In the years which have followed, I have been a strong supporter of the perinatal collaborative research project, as supported by NIH.

This project is the greatest effort of its kind ever made in medical history.

I want every U.S. agency and every doctor to gain the greatest insight which may become available through this project.

Meanwhile, in my judgment, evidence gained at the hearing and other evidence which the subcommittee has compiled—but which we have not yet presented—demonstrates that there is an imperative need for a massive Governmentwide effort to reduce to an absolute minimum whatever drug dangers now exist or may in the future develop to pregnant mothers and unborn babies.

Laboratory animals must be utilized; they must be utilized first; and they must include larger animals—not just rats and mice.

I am neither a physician nor a pharmacologist. I am a pharmacist, and I do not presume to have an expertness on issues of toxicity to animals.

Even the greatest experts caution as to applicability of animal findings to human findings.

I do know, however, that it is best to observe every reasonable safeguard before permitting testing on humans.

THE MANY POINTS WHICH THE HEARING CONFIRMED

The hearing which we conducted on August 1 established, I believe, a great many points which bear followup on the part of the executive branch, the drug companies, and the international scientific community.

At the start of the hearing, it may be recalled, I issued a public statement in which I indicated certain tentative observations. I pointed out that confirmation of these observations would await upon the receipt of definitive proof. In every single instance, I believe, that proof was received.

The hearing has, I believe, strengthened the basis on which the Congress can now proceed to examine the legislation which has been so carefully explored in the Senate Judiciary Subcommittee on Antitrust Activities, as headed by the distinguished Senator from Tennessee [Mr. KEFAUVER].

I ask unanimous consent that there be printed, at this point in the RECORD, a memorandum in which I have listed those tentative judgments on which I had commented prior to the hearing, and which were subsequently confirmed.

In this memorandum, I cite the verbatim questions and answers from particular pages of the unedited transcript of the hearing.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM BY SENATOR HUBERT H. HUMPHREY SHOWING THE CONFIRMATION BY THE AUGUST 1 SUBCOMMITTEE HEARING OF TENTATIVE JUDGMENTS WHICH HAD BEEN EARLIER FORMULATED AND SUBMITTED

Tentative judgment: There is inadequate communication and coordination between Federal agencies.

Confirmation: The hearing confirmed the inadequacy of communication and coordination in an appalling number of respects. Let me cite just a few:

1. Dr. James Shannon, Director of the National Institutes of Health, confirmed the lack of a systematic, inter-Institute drug information research system upon which FDA could draw and which, in turn, could contribute to FDA.

2. Dr. Shannon confirmed that only three of the seven NIH categorical Institutes maintain even partial drug information research systems within their own organizations.

Page 102:

"Senator HUMPHREY. I would like to ask, Has the Public Health Service, and particularly the National Institutes of Health, established a centralized, coordinated system for handling research information on the many hundreds and thousands of drugs that are seeking a place in the market?

"Dr. SHANNON. We have not, sir—except in those areas that we are—except in those areas that we have accepted as more or less specific responsibility for development."

Page 105:

"Senator HUMPHREY. Now, doctor, I understand that there is no comprehensive system of handling research information in the National Institute of Allergy and Infectious Diseases. Yet literally hundreds of drugs have adverse allergic effects.

"Dr. SHANNON. That is correct, sir."

Page 107:

"Dr. SHANNON. Senator, fundamentally, Senator HUMPHREY, I am as unhappy as you are about the situation. But I would emphasize that it is not a simple problem that will find simple solutions."

Few important problems are simple. But that is no reason to defer action on them endlessly.

The problems are not getting any simpler. They are getting more complicated. The time to act is now.

3. Dr. Frank Rogers, Director of the National Library of Medicine, confirmed (p. 130) that he had not consulted with the Food and Drug Administration in preparing the plans for the Medical Literature Analysis and Retrieval Service, known as MEDLARS, which will become operational in September 1963.

He said, page 129, "We cannot consult with everybody."

No one asked him to consult with "everybody." There was definite reason, however, for him to consult with an agency in his very own Department which has a vital stake in the National Library's output, namely, the Food and Drug Administration.

4. The Food and Drug Administration was unable to indicate (p. 132) why it did not register research projects with the Science Information Exchange.

Two years ago, it promised the subcommittee to do so, at least with respect to nonconfidential projects.

Why did it not keep its promise?

When does it expect to cooperate with other Government agencies in this exchange?

Does anybody in the executive branch care whether FDA or other agencies cooperate with the exchange?

5. Food and Drug Administration officials confirmed (p. 49) that their Adverse Drug Reaction Reporting System included only 44 of the Nation's 6,000 hospitals. This includes only 8 of the 15 Public Health Service hospitals; none of the Veterans' Administration hospitals; none of the Department of Defense hospitals.

Why, I ask?

The absence of formal Veterans' Administration participation is, I might add, particularly distressing.

VETERANS' ADMINISTRATION'S OTHERWISE EXCELLENT RECORD

I should like to make it perfectly clear that the Veterans' Administration has, in many respects, an excellent record of research cooperation with other Federal health agencies.

The Veterans' Administration clearly recognizes its responsibility and opportunity for the most careful type of clinical testing. It was Veterans' Administration-Department of Defense testing of drugs which has produced so dramatic a decline in TB incidence, and, as a result, in the number of TB hospitals and TB beds. There is excellent cooperation in cancer chemotherapy programs between VA and National Cancer Institute.

The Veterans' Administration now has 171 hospitals—with 112,000 patients—as well as 94 clinics. These represent a controlled population which offer opportunity for rigorous "double-blind" testing, such as is not available and is not practiced in a great deal of investigational testing supported by pharmaceutical companies through individual clinicians. The Veterans' Administration hospital system offers unexcelled opportunity for lifetime followup of patients.

We, in the United States, fortunately, have the finest program of medical care for exservicemen in the world.

It is extremely unfortunate the VA has marred an otherwise outstanding record by a failure to follow through with the Food and Drug Administration. Initial discussions were held in 1960 between VA and FDA for formal participation in the latter's adverse drug reaction reporting program. The arrangements regrettably floundered over the issue of lack of an FDA budget to cover expenses for VA participation.

I am hopeful, however, that neither this nor any other "reason" will prevent VA participation in this program on a formal and systematic basis in the future.

NO LIAISON BETWEEN NINDB AND FDA

(6) Food and Drug Administration officials confirmed that they had had no contact with the perinatal collaborative research project now being conducted by the National Institute for Neurological Diseases and Blindness with 15 hospitals across the Nation.

This project offers a golden opportunity for systematic understanding of, among other phases, the relationship, if any, between drugs, pregnancy difficulties, pregnancy wastage, congenital defects, and related problems.

But regrettably, the National Institute for Neurological Diseases and Blindness, in turn, has had no plans for systematic output to the Food and Drug Administration.

It should be noted that the vast perinatal collaborative research project has been one of the most difficult programs ever to be attempted. It is still too early to draw any definitive conclusions, based upon the initial pregnancies, registered with the cooperating hospitals.

Only relative crude data is available, and it must be analyzed in greatest detail by NINDB's scientific advisers.

The fact, however, that there was apparently no forethought of cooperation between FDA and NINDB is, to say the least, unfortunate.

I have urged Commissioner Larrick to request NINDB to make available initial results as soon as NINDB's scientific panel feels that some judgment can be expressed.

In addition, I am urging the strongest collaboration between NINDB and an American Medical Association's research project, analyzing birth experiences in hundreds of thousands of cases.

It seems clear that infinitely more can be learned and should be learned from birth statistics in the 50 States and abroad. The birth certificate itself should contain, in all the States, information as to congenital malformations. In that way, medical science would be able to spot promptly both longtime or epidemic-type dangers to the birth of healthy babies.

The Director of NINDB, Dr. Richard Masland, is a world-renowned authority on mental deficiency; he has publicly referred to possible relationships between chemical agents and congenital defects. See for example his comments on "The Discovery of Teratogenic Agents" in "The Prevention of Mental Retardation—Part II," a survey, sponsored by the National Association for Retarded Children, Journal of Diseases of Children, volume 95, January 1958, No. 1.

LACK OF INTERNATIONAL COORDINATION

Tentative judgment: There is inadequate international communication and coordination of information with respect to new drugs.

Confirmation: The hearing confirmed a wide array of gaps with respect to information on new and old drugs on the world scene.

In page after page, it confirmed that there is indeed inadequate exchange between the (a) U.S. Government and foreign governments; (b) drug companies at home and abroad; (c) investigational researchers, drug companies, and the medical profession, among the various nations.

Let me cite just one illustration:

Page 33:

"Senator HUMPHREY. At least the immediate evidence that we have, the surface evidence, indicates that there was a lag, if not a total inadequacy, in communication between the West German manufacturer to the British manufacturer, and to the American licensee.

"And apparently no interchange of information between official bodies, such as the World Health Organization, or other international organizations, nor, according to the testimony thus far, has Commissioner Larrick or yourself indicated that either the British or the German Governments present any information to the Government of the United States, to the Food and Drug Administration.

"Is that a correct statement, Commissioner Larrick?

"Commissioner Larrick. That is correct.

"Senator Humphrey. Would you suggest that it might be a good idea for the Congress to look into the possibility of improving this international communication on an official basis?

"Commissioner Larrick. Yes I think it would be well to look into it. I do not know how much of it could be done under present law, how much more law would be indicated. I have personally been to Geneva, and have talked to some of the people over there, about some of these things. I think very much that it would be extremely helpful if there were to be an exchange of information of this sort, preferably through the WHO. I have a letter on my desk from a very important public health official in one of the South American countries, who is obviously very hungry for information about all of the drugs the Food and Drug Administration has taken off the market during the current year, and the reasons for it. And I am sure that that sort of an exchange of information would advance world health."

NEED TO IMPROVE INFORMATION

Tentative judgment: Information systems to record and index the effects of thousands of drugs must be improved.

Confirmation (pp. 34–36):

"Senator Humphrey. What has been disturbing to me is the fact that with all of the international activities that we have, and the exchange of information in a host of fields, that with this new technology—what one might call the new breakthrough in miracle drugs, and all sorts of new drug compounds, that there has not been a more determined effort to make all of this information available as to the testing of the drugs.

"Now, you, Mr. Commissioner, said in your opening statement that one of the reasons that we have this problem that we are dealing with now is because there are so many new drugs, and there is such a tremendous advance in the field of pharmaceuticals, which is true. And may I say that our country has led the world in a very real sense in terms of the perfection and the improvement of new drugs and pharmaceuticals, which have been a blessing to mankind.

"Nevertheless, with this breakthrough, of new drugs busting out all over, does it not appear that one of the great needs today for the scientific community and the pharmaceutical community and the medical community is communication, coordination, the indexing of the effects or drugs, the coordination between countries and manufacturers, the translation from foreign languages into English and vice versa, and the retrieval of information?

"So what we really need to get at here is buckling down to the proposition of how do you perfect a system of communication which includes indexing, which includes the recording of the side effects of drugs, which includes retrieval of this information, so it can be promptly put on the desk of Dr. Kelsey and others in your establishment or in other countries.

"Commissioner Larrick. There is no question about the value of that sort of thing, Senator."

SYSTEMATIC CROSS-INDEXING OF NAMES

Tentative judgment: There must be made available a systematic cross-reference to trade and generic names of new and old drugs.

Confirmation (pp. 46–48): The testimony brought out the need for careful setting forth of generic names. Such action has been contemplated in preceding drug amendments. But prompt, systematic, cross-referencing of trade and generic names in international drug handbooks and in abstracting and indexing journals, has not been previously discussed, unfortunately.

"Senator Humphrey. Now, here is one of the problems we have, Mr. Commissioner. This is a matter of great concern to the medical profession, the pharmacist, and the pharmaceutical industry. I do not quite know what you do about it. There are no less than 16 different trade names of the drugs which do contain thalidomide.

"Now, in the United States this particular compound—I would like to get the chemical analysis of this compound, so at least we can put it in the record, so we know what we are talking about.

"Senator Javits. And also that part of it which causes these bad effects. Can we have that, too?

"Senator Humphrey. Dr. Kelsey can get that for us.

"Dr. Kelsey. The formula of the drug is given in Dr. Taussig's paper. However, it has not been definitely determined what actually causes the side effects. It may be the drug itself, it may be a breakdown product. We just do not know yet.

"Senator Humphrey. Well, now—we will get Dr. Taussig's statement recorded.

"But here is the point that needs to be emphasized. There are 16 different names of this same drug. This shows why it is so difficult to keep track of the pertinent literature. No one knows whether a given drug with a given name is the same or different from other drugs. And it is entirely probable with a doctor that does not possibly have all of the literature on particular drugs, that if he received, for example, in West Germany—if he received information that the contergan drug, the 25-milligram tablet, for example, had some bad side effects, he might very well prescribe grippex, which is the same drug under a different name, or he might very well prescribe peracon expectorans, which is again the same basic preparation.

"There are several trade names within West Germany itself, all of which contain the same basic ingredients insofar as the drug is concerned.

"Now, here is one of the problems that we have today—unless you have the most accurate form of labeling, with the full chemical analysis of the product as dispensed, or the generic term.

"Commissioner Larrick. Senator, you will recall, I am sure, that the President of the United States sent a message to the Congress recommending certain basic changes in our drug laws in this country. And among them was a recommendation with respect to a simple common name for all drugs, which would be displayed in the package with the trade name.

"There is a certain requirement in the present statute with respect to that. But this proposal, which I may say is a bipartisan proposal—would meet the problem that you have raised.

"Senator Humphrey. That is correct, I understand. That is why I wanted to emphasize this particular point.

"Now, there happens to have been some misinformation in the United States relating to this particular incident of the thalidomide compound.

"For example, several drugs have been erroneously identified as containing thalidomide, been erroneously identified in the press. And certain companies are quite up in arms about the fact that their tranquilizer, which does not have thalidomide in it, has been erroneously identified as having it. This has had a very serious effect upon the companies and the product."

PREMATURE TESTING ON TOO MANY HUMANS

Tentative judgment: There probably is a great deal of premature testing of investigational drugs and on too large a population sample.

Confirmation: page 61:

"Commissioner Larrick. I think, I am convinced by this episode, and by some others, that our present regulations need to be reexamined and tightened. And I agree with you that there have been instances where the number of doctors, in my opinion, who have been selected to do experimental work, has been substantially greater than they should have been."

INADEQUATE REPORTING ON INVESTIGATIONAL DRUGS

Tentative judgment: There is inadequate reporting on investigational drugs to the drug company, as well as to the U.S. Government.

Confirmation: page 89:

"Senator Humphrey. Are you fully satisfied that in these experimental drugs, in which there are investigative physicians administering these drugs, that there is adequate reporting procedures back to the companies that have released the drug for experimental purposes?

"Commissioner Larrick. No.

"Senator Humphrey. You think there ought to be a requirement that under experimental drugs, which you are required ultimately to either license or reject, the reporting procedures should be improved or strengthened?

"Commissioner Larrick. Yes."

Pages 109–110:

"Dr. Shannon. A deficiency here, I think, in our reporting systems is the physician who accepts a drug for study has no more than a casual obligation to the pharmaceutical concern who makes the material available in fact to report his total experience with the drug.

"Senator Humphrey. This is the point to which Dr. Taussig referred in her article.

"Dr. Shannon. Yes. So that pharmaceutical manufacturer is placed in the position of receiving only a partial historical résumé of the activity. And I think it is only human that this will be colored by the enthusiasts, rather than those who became disappointed and dropped the use of it, and left the drug on the shelf.

"Although perhaps the most critical information may be in the hands of the physicians who have begun investigations and discarded it for one reason or another.

"So the one thing is one has a lack of total information on the preliminary definitive careful study of the drug."

STRENGTH COMMUNICATION BETWEEN UNITED STATES AND FOREIGN COMPANIES

Tentative judgment: There is inadequate communication between American drug companies and foreign drug companies.

Confirmation: The hearing thoroughly confirmed the need for improved communication between companies. Testimony on the case history of thalidomide confirmed that information was not promptly and systematically exchanged between the German company, the British company, and the American company.

The followup letter from Dr. Smith, president of the PMA, indicated on a general basis the need to strengthen such communication.

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COORDINATED HEW INFORMATION SYSTEMS

Mr. HUMPHREY. Mr. President, there will follow at this point excerpts of my statement of June 20, 1961, on a few of the many information inadequacies in the HEW information situation, and in the National Institutes of Health, in particular:

STATEMENT BY SENATOR HUBERT H. HUMPHREY

The case, as I see it, for the objectives of the amendments being recommended today will be found in the record of the House Appropriations Subcommittee (pp. 710 ff).

A few additional points are elaborated herein, and several relatively new phases are cited.

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SURGEON GENERAL'S OFFICE

The next amendment, 6-14-61B, is designed to accomplish three purposes:

(a) Provide for the first time a line-item sum for information-communications research; and

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FIXING INFORMATION RESPONSIBILITY

Over and above my amendment, may I respectfully suggest that the Appropriations subcommittee, in its report, make known to the Department of Health, Education, and Welfare, the absolute need for fixing responsibility for information research management within the Department.

In other words, I am not simply recommending that there be given $3½ million in communications research funds to the Public Health Service. In my judgment unless there is a greater degree of centralization and identification of responsibility for handling information research policy, we will not accomplish our real purpose.

The fact of the matter is, at least in my view and that of the Senate Government Operations Subcommittee staff, that information management within the Department has tended to be handled on a relatively routine basis. It has consisted of distribution, by offices of public information, of printed materials, leaflets, reports, monographs, etc. This is a necessary and important function, but it is not information research.

In terms of studying the major policies involved, and in terms of interagency information research, there has been no fixed responsibility. For example, there is apparently no single place in the National Institutes of Health where one or more experts, continuously charge with information policy per se, has or have had a clear mandate to serve as liaison with the National Library of Medicine, with other units of the Public Health Service, and with other Federal agencies, including the National Science Foundation and its Office of Science Information Service.

The National Institutes of Health have not been adequately represented, according to my understanding, on the interagency Federal Advisory Committee on Scientific Information. The information responsibility is still apparently blurred and diffused among the seven categorical Institutes and the Division of General Medical Sciences. But in my judgment, we will never get the full advances which we need in the information-communications field, until responsibility is definitely pinpointed in one or more individuals, offices and panels for NIH intramural, as well as NIH-supported extramural effort, in this growing area of activity.

"Everybody's business is and has been nobody's business." The time is overdue for information policy to become somebody's continuous business at NIH and elsewhere in PHS and in the Department. At stake is the efficiency and coordination of future information-communications research. At stake too is the speed with which hundreds of millions of dollars of research findings can be capitalized upon.

NEED FOR COORDINATED LITERATURE SEARCH ON DRUGS

There is a specific instance of a need for clear-cut and coordinated decision on information policy which I should like to bring to your attention. It concerns the need for comprehensive NIH-supported review of thousands of articles in professional journals on the main and side effects of drugs.

There have now been published two precedent-making volumes entitled "Volume II, Parts 1 and 2: Cardiovascular Agents," issued under the auspices of the National Academy of Sciences-National Research Council, under the splendid support of the National Heart Institute.

The cardiovascular literature project, responsible for this great effort, has diligently reviewed, abstracted, and indexed in an imaginative new way, some 400 biomedical journals on a page-by-page basis. But unfortunately, the project was only given the responsibility of reporting upon those drugs which are of cardiovascular significance.

The fact of the matter is, however, that many drugs such as the rauwolfia alkaloids, used in the treatment of hypertension (and, thus, of interest to the National Heart Institute), are also of great interest in terms of effects on behavior and mental disease (and therefore are of interest to the National Institute of Mental Health).

Compounds of hormonal origin, which play a role in hypertension (National Heart Institute) are also of interest to the National Institute of Arthritis and Metabolic Diseases.

Some antibiotics, which are promising as anticancer treatments (and are of interest to the National Cancer Institute), are also of interest to the National Institute of Allergy and Infectious Diseases. Anesthetics and analgesics (painkillers) have important cardiovascular effects (National Heart Institute) and are of interest to the National Institute of Neurological Diseases and Blindness, as well. Obviously, there is need for inter-Institute cooperation in funding joint projects.

Thus far, I understand, only three of the Institutes, the National Heart Institute, the National Cancer Institute, and the National Institute of Mental Health, have established systematic, large-scale programs for reporting on the experimental effects of drugs, as reported in the professional literature.

Here, however, is an ideal instance where NIH as a whole, by adopting an Institute-wide policy, could search not just part of the literature but all of the literature, so to speak. This could and should be done definitively, once—not eight separate times—by eight different projects.

The alternative is to comb hundreds of journals (including many of the same journals repeatedly), once for reports on drug effects on the heart, a second time for effects on a second organ system, then for effects on a third system, etc.

This repetitious search represents poor use of skilled manpower.

The cardiovascular literature project has now proved what can be done in indexing and in abstracting main and side effects. I, for one, feel, based on data compiled by the Government Operations Subcommittee staff, that its historic effort should now be broadened and extended. Limited, piecemeal literature searchers should now give way to an NIH mandate for comprehensive and coordinated inter-Institute searches, such as this project team, supported by the National Heart Institute, has proved it can handle.

Automatic data processing methods, such as are contemplated by the project team, should be examined.

What I am urging in effect, is not only a more coordinated approach, a more scientific approach, but a more modern, high-speed, high-reliability approach in place of obsolete techniques.

NIH and other units of PHS, particularly the National Library of Medicine, fortunately have able experts in communications and EDP problems. These experts should be given the green light to move ahead.

I have concentrated, I may say, on this information phase, because it has been the special field of interest of our subcommittee. It is, I believe, fair to say, that no committee of the Congress has studied science information problems more intensively than we have. (See for example, S. Rept. 263, 87th Cong., on "Coordination of Information on Current Scientific Research and Development Supported by the U.S. Government.")

Only last Thursday, I met with Dr. Jerome Wiesner, Special Assistant to the President for Science and Technology, to review science information problems.

COMMITTEE MEETINGS DURING SENATE SESSIONS

Mr. JACKSON. Mr. President, I yield to the distinguished minority leader [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. President, first, I ask unanimous consent that a special subcommittee of the Committee on the Judiciary be permitted to conduct a hearing during the session of the Senate on Tuesday, August 7, 1962, for the purpose of considering the nomination of Irving Ben Cooper, to be a U.S. district judge for the southern district of New York.

Mr. KEATING. Mr. President, reserving the right to object—and I shall not object, because I believe this hearing should be concluded—I wonder, since the Senator from South Carolina [Mr. JOHNSTON], chairman of the subcommittee dealing with the Thurgood Marshall nomination is on the floor, if I may ask that this permission be extended to include the hearing scheduled for the following day with reference to the nomination of Thurgood Marshall.

Mr. DIRKSEN. I certainly would have no objection.

Mr. JOHNSTON. I have no objection to the request of the Senator from Illinois, but I do have objection with respect to the nomination of Thurgood Marshall, which is scheduled not for Tuesday, but for Wednesday morning. I understand the full committee is going to be sitting on that day on a matter that the administration wants, a drug bill.

Mr. KEATING. Mr. President, reserving the right to object, obviously this is something which requires unanimous consent, but my request was to enlarge the unanimous consent to permit the subcommittee sitting on the nomination of Thurgood Marshall to sit on Wednesday. It is true that the full committee is considering a drug bill. We discussed it in committee today. My understanding is that those hearings or discussions may continue tomorrow. They will probably be continued during the hearing on the nomination of Judge Cooper. I do not believe there is any difference in the circumstances in this respect and I do not see why we could not sit on the nomination of Judge Marshall even if the drug bill is being considered just as we may sit on the nomination of Judge Cooper while the drug bill is being considered. It is time we brought to a conclusion the subcommittee's hearings on Judge Marshall. His nomination has been pending since January and he has actually been sitting on the court for more than 9 months without confirmation. The subcommittee has had more than ample time to consider this nomination and it is time steps were taken to bring this matter to a conclusion.

I ask unanimous consent that permission be included for the Judiciary subcommittee to sit during the session of the Senate on Wednesday to conduct the Thurgood Marshall hearing.

Mr. MANSFIELD. Mr. President, has the Senator made a unanimous-consent request to that effect?

Mr. JOHNSTON. Mr. President, I am objecting to the subcommittee's meeting on Wednesday when the Senate is in session. That morning we are meeting on the Thurgood Marshall nomination at 10:30, and will be in session until the Senate meets, but I would object to the committee's meeting after that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mr. DIRKSEN. Mr. President, I submit two requests: One for the subcommittee to meet on the nomination of Judge Cooper on Tuesday, tomorrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. And the other a request for the subcommittee hearing the nomination of Judge Thurgood Marshall to meet on Wednesday at 10:30.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSTON. I only object to the last request, the meeting to consider the Thurgood Marshall nomination on Wednesday while the Senate is in session.

The PRESIDING OFFICER. The Chair hears objection.

Mr. JOHNSTON. We are being asked to pass on something we know nothing about.

The PRESIDING OFFICER. The Chair has heard objection to the Senator's second request.

NECESSITY FOR STRENGTHENED FEDERAL DRUG LAWS

Mr. DIRKSEN. Mr. President, with reference to the drug discussion by my distinguished friend, the Senator from Minnesota, the full Judiciary Committee met this morning, and we had in attendance at the meeting Mr. George Larrick, Commissioner of the Food and Drug Administration, and also Dr. Kelsey.

A few specific things developed amidst a great deal of confusion. The first was that the Food and Drug Administration under existing law has authority to issue regulations, which authority has never been used. I think Dr. Larrick made that concession at least three different times this morning, so when he was asked, "Why has not the authority been used?" he had no answer. We can only prescribe this to some kind of bureaucratic inertia, if that is not too harsh a term.

Second, we had the latest report this morning on the new drug, very much in the public eye, with respect to 3,700 pregnant mothers, to all of whom the drug was administered. There was a report of no malformity and no deformity whatsoever.

There were other things. Questions arose with regard to the Presidential request and with respect to proprietary drugs.

I think I should say for the RECORD that the distinguished chairman, the Senator from Tennessee, at the outset of the hearings excluded proprietary drugs from consideration. Our entire hearing was directed toward what are known as ethical drugs. The proprietary drug people have never been heard. If they are to be included, the question is, Should the hearings be opened up for further testimony? Should they be deferred until some later date?

At least I wish to have the RECORD clear that there was no inclusion of proprietary drugs in the hearings on the first proposal of S. 1552, and they are not included at the present time.

I add, Mr. President, that the bill has now been on the calendar for a considerable period of time. It came from the committee by a vote of 14 to 0. If it is to be amended—if there is a necessity for amendments—I am sure the distinguished chairman of the committee will take cognizance of that fact.

We had a meeting this morning. There will be another meeting of the Judiciary Committee tomorrow. I presume there will be as many meetings as are necessary to adequately deal with the whole problem.

Mr. KEFAUVER and Mr. HUMPHREY addressed the Chair.

Mr. DIRKSEN. If I may do so, I am glad to yield to the Senator from Tennessee.

Mr. KEFAUVER. I was going to talk about the amendments submitted by the President, which I have discussed with the Senator from Mississippi [Mr. EASTLAND]. He agrees that I should put them in the RECORD and give a short explanation.

I agree with the Senator from Illinois about proprietary drugs. The hearing we had was on ethical or prescription drugs. The proprietary drug people could have been heard. They did not request to be heard and were not heard during the course of the hearings. It was stated on occasion that the bill, in certain of its provisions, would not apply to proprietary drugs. Now they wish to be heard and have been promised a hearing.

While they are entitled to a hearing on the factory inspection provision, I do not think passage of S. 1552, together with any amendments which might be accepted, should be endangered by a request to have hearings in the Senate and on the proprietary drug issue.

It will be my purpose to introduce a bill, as soon as it can be prepared, so that that matter can be separated from S. 1552, and also so that the proprietary drug people can be given an opportunity for a hearing. I do not think the passage of the bill, which is so urgent for the protection of the people who have to take drugs, ought to be delayed by virtue of hearings which would have to be held if proprietary drugs were to be included in the factory inspection provision.

Mr. President, if the Senator will permit, I wished to speak on my own.

Mr. DIRKSEN. Mr. President, I thank the distinguished Senator from Washington for yielding to me.

Mr. JACKSON. Mr. President, I yield briefly to the distinguished Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee may proceed.

Mr. KEFAUVER. Mr. President, as has already been stated, on Saturday, August 4, the President sent to the Senator from Mississippi [Mr. EASTLAND] seven amendments to S. 1552, the Drug Industry Act. The Senator from Mississippi [Mr. EASTLAND] has given me permission to introduce into the RECORD these amendments, together with the brief explanations which accompanied them.

I think this is important, because all the news media do not have copies of the seven amendments. Undoubtedly, they will be considered by the Senate shortly. They should be printed in the RECORD, so that all Senators, the press, and the public can have an opportunity to study them. I shall ask unanimous consent that they may be printed in the RECORD, together with the explanation of them as they came from the President.

I wish to compliment the President of the United States upon sending these recommendations to the chairman of the Committee on the Judiciary of the Senate. They will improve the bill insofar as powers needed by the Food and Drug Administration are concerned. We will have a better law to protect the people. We will have safer and better drugs, which are properly tested. Everyone will be able to place greater reliance on the quality of drugs. The danger that a drug such as thalidomide would get to the market will be greatly reduced.

I commend the President for awarding a medal to Dr. Kelsey for her courageous performance in not letting thalidomide get on the market in the United States. This medal will be presented tomorrow. Many of us made recommendations to the President. I so urged the President and Mr. Macy, the Chairman of the Civil Service Commission, describing in some detail the pressures to which she had been subjected and which she had resisted.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KEFAUVER. I wish to say, before I yield to the Senator, I am glad that his subcommittee of the Committee on Government Operations is going further into the question of intergovernmental relations in connection with the exchange of information on drugs, particularly drugs with potentially serious side effects. The Antitrust Subcommittee of the Committee on the Judiciary went into the problem of side effects at some length.

I should like to commend to all pages 198 to 222 of the subcommittee's report on the drug industry. The report describes side effects, which have caused illness, and even cost lives when there was no indication in the drug's advertisements that there were any side effects at all, or that the drug was as dangerous as it was known to be.

This is a field which needs to be further explored. I am glad the Senator from Minnesota is going to do so. What nearly happened in connection with thalidomide, while more dramatic, is illustrative of what has actually happened in connection with many other drugs, which are discussed in the report of the subcommittee and on page 43 of the report on the bill, representing the individual views of Senators CARROLL, HART, LONG of Missouri, DODD and myself. I know that much good will come from the Senator's inquiry.

I am happy to yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Mr. President, my purpose in asking the Senator to yield was, first, to say that I believe the moment is at hand when we must have effective action on the question of strengthening our laws relating to drugs, and particularly the investigational processes that are involved in the marketing of a new drug.

I join the Senator in saluting Dr. Kelsey of the Food and Drug Administration for her outstanding example of attention to duty, her vigilance, and her alertness. However, I believe it should be noted that it was only by a stroke of good fortune that Dr. Kelsey was able to intercept certain information about the drug called thalidomide and to bring that information to the attention of her superiors and, in turn, to keep the drug off the American market. She happened to read a letter to the editor of the British Journal of Medicine.

Mr. KEFAUVER. Lancet.

Mr. HUMPHREY. That letter to the editor alerted Dr. Kelsey to some problems relating to thalidomide. The tragic fact is that the drug has been used widely in West Germany.

The manufacturer had not given information to a manufacturer in Great Britain who was using the same formula for a compound that was to be sold under a different name, but which was the same as the drug manufactured in West Germany. So we had the peculiar situation of a drug which was widely used, supposedly as a tranquilizer or sleeping pill, one which had wide acceptance, but which had never been tested upon pregnant women, and had never been tested as to its effect upon an unborn child.

The drug had been reported in West Germany only by the manufacturer. No report had been given to Great Britain, where the drug was being manufactured, and no report was made to the United States, where the drug was under license. So there was a complete breakdown in the dissemination of information. We have better information on airline schedules. We have better information, of course, on weather. On an international basis we have better information available on chewing gum than we had on the drug thalidomide. The Senator from Minnesota and his subcommittee are involved in studying that situation.

I wish to make it quite clear that the substance of the proposed legislation has been under the jurisdiction of the distinguished Senator from Tennessee, and he has done an excellent job. The subcommittee over which I am privileged to serve as chairman looks at the interagency coordination and the international coordination efforts. There is no interagency coordination on drug research in our Government between the National Institutes of Health and the Food and Drug Administration, between the Veterans' Hospital and the Food and Drug Administration, or between the U.S. Public Health Service and the Food and Drug Administration.

Everyone goes his own way, runs his own train, has his own show. If there is any coordination, it comes about only because there are a couple of friends in different departments who talk with each other. The lack of coordination is a situation which must be remedied.

If the bill as reported from the Committee on the Judiciary, or any of the amendments proposed by the Senator from Tennessee or the amendments proposed by the President today would bring the agencies into an exchange of coordinated information, they should be adopted at once, before there is more tragedy in our country.

I thank the Senator.

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. KEFAUVER. Before I yield to the Senator from Oregon, I wish to comment that while our Subcommittee on Antitrust and Monopoly did conduct hearings and consider the entire drug problem over a period of almost 3 years, there is a great deal yet to be considered, particularly in the area of intergovernmental relations. That whole area is an exceedingly important one. The cost of drugs and devices is greater than the cost of medical fees. I am glad that the Senator from Minnesota will hold hearings on the subject. But it is absolutely imperative that we enact legislation now.

In connection with the remarks of the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], that no malformed children had yet been reported as a result of thalidomide dispensed in our country, I wish to say that a number of such children have been reported as a result of thalidomide purchased elsewhere. Moreover, the new drug application was not withdrawn in the United States until March 28, 1962. Up to that time 1,200 doctors were still giving the drug to their patients to test it on a clinical or experimental basis. So we shall not know until the first of next year whether the drugs that the doctors have put out on an experimental basis have caused malformed children.

In connection with the remarks of the Senator from Minnesota, I wish to say also that in this country the manufacturer was going to put it on the market without testing it on any animal except mice and rats. Yet, as reported in Lancet of April 28, 1962, it was discovered in England after the drug had been taken off the market there that if the drug were tested on pregnant rabbits, their offspring displayed the same kind of deformities which have occurred in children.

Thus the entire tragedy would not have arisen if those tests had been given before the drug was given to human beings. The danger would have been discovered.

One amendment, which I shall discuss later, would authorize the Food and Drug Administration to test new drugs on animals before they are issued for clinical testing on humans.

I yield to the distinguished Senator from Oregon.

Mrs. NEUBERGER. Apropos to the discussion, the other day a little item published in the Northwest Medical Journal for July 1962 came to my attention which I believe would be of interest to the Nation. I should like to read the article for the attention of Senators at this time. The article states:

> The American pharmaceutical industry * * * has served this country and the world very well, and still is. And the present powers of the FDA are still adequate. And free enterprise is still preferable to medication according to the wisdom of Mr. Ribicoff or any of his probable successors. Nineteen hundred and eighty-four is approaching fast enough; let's not hurry it.

Imagine making that statement in the light of all the evidence. One line I have read and reread. I still do not understand it. It states:

> And free enterprise is still preferable to medication—

What does that statement mean?

Mr. KEFAUVER. What the Senator has read is a sample of what members of the committee have had thrown at us by the bushel for more than 3 years. I am for free enterprise. But free enterprise involves some responsibility, and that responsibility in the ethical drug field means seeing that people have reasonably priced, safe, effective, and properly advertised drugs, which the American people have not had in recent years.

As I said the other day, S. 1552, which is on the calendar, and has been there for 2 or 3 weeks, is a considerably watered-down version of the bill approved by the Antitrust Subcommittee. I invite Senators to the original bill as they consider the one on the calendar.

However, S. 1552, as reported, has many good provisions, although they generally do not go far enough and can be improved with amendments such as those the President has submitted.

I was talking about the amendments sent to the Senator from Mississippi [Mr. EASTLAND] by the President on Saturday. These are excellent proposals, which, if adopted as amendments to S. 1552 as reported by the Judiciary Committee, will go a long way toward insuring the American people that any drug which they purchase is safe and effective and has been manufactured in plants which have been adequately inspected. The adoption of these amendments will represent a great step forward in protecting the public interest in this critical field.

Let me make it clear here that there is little in the amendments which will reduce the price of drugs. Price reductions would come about principally from changes in the patent laws, covered in provisions which were taken out of the bill in the Judiciary Committee, and which I will discuss at a later time.

Three of the amendments are virtually identical to amendments proposed in the individual views in the report on S. 1552 by Senators CARROLL, DODD, HART, LONG of Missouri, and myself. These are the amendments (a) that claims as to the efficacy of drugs be adequately supported by evidence and approved by the FDA; (b) that all advertisements for prescription drugs carry statements—or summaries thereof—of their side effects and safety and in addition show the generic name in type at least half as large as that of the trade or brand name; and (c) that all time limitations upon the FDA for the approval of a new drug be eliminated, so that no drug can be marketed until the FDA is satisfied that it is safe and effective.

Dr. Kelsey testified today before the Judiciary Committee and stated that this change is absolutely necessary. Mr. Larrick, the Commissioner of the Food and Drug Administration, was of the same opinion.

The President has proposed amendments relating to factory inspection and quality manufacturing controls. While less stringent than the amendments contained in S. 1552 in the form in which it was approved by the Antitrust Subcommittee, these amendments represent a substantial improvement over the provisions approved by the full Judiciary Committee. The ability of FDA to do its job in inspecting drug plants and in seeing to it that such plants conform to adequate standards will be substantially enhanced by the adoption of these two amendments.

The President's amendment to the factory inspection provision would apply to all drug plants, regardless of whether they are manufacturers of prescription or over-the-counter drugs. Although manufacturers of over-the-counter drugs did not request a hearing on this matter during the consideration of S. 1552, they have recently been seeking and have been promised a hearing. That is true in the Senate, and perhaps the same is true in the House.

It would be unfortunate if action on all of the other amendments were to be delayed until such a hearing could be held. Therefore, it is my view that the Senate should act now on the factory inspection provision relating to prescription drugs and hold hearings and take action as quickly as possible on a separate but identical bill relating to proprietary drugs. I plan to introduce such a companion measure tomorrow.

Another Presidential recommendation relates to the certification of antibiotics. The President is particularly desirous of eliminating from S. 1552 an exemption for antibiotics for veterinary purposes adopted in the Judiciary Committee. If this exemption were removed, the section of S. 1552 dealing with antibiotics would be substantially identical with the President's recommendations.

Finally, there is one area in which I think that the provisions of S. 1552 as reported by the Judiciary Committee have important advantages which should not be lost. Under the President's recommendations the authority to designate generic names would simply be lodged with the Secretary of HEW. A generally similar provision was contained in the original version of S. 1552. As a result of hearings, we decided that the Secretary should have that authority but would exercise it under only two conditions: (a) where requested to do so by a compiler of an official compendium, and (b) upon reviews to be made by the Secretary of generic names. These conditions have been carefully worked out in cooperation with the U.S. Pharmacopoeia and should, in my opinion, be retained.

The U.S. Pharmacopoeia, which is a very fine organization, and the American Medical Association have set up a committee on this subject, that under the committee bill they would have the initial obligation of trying to agree with the manufacturer upon a proper generic name. If they were not successful, they would refer the matter to the Secretary of Health, Education, and Welfare, and he would have to designate the generic name. In reviewing the generic name, he would also have the power to designate generic names upon a review. I think it is important that these conditions be maintained.

Finally, the other majority members of the Antitrust Subcommittee are joining me in offering an amendment authorizing the Secretary of HEW, where he deems it necessary, to require animal testing before a drug is given to humans for clinical testing. Man has been, but should not be, the first creature on whom a drug is tested. It is very doubtful whether the present law, even as modified by the Harris bill, in the House would confer this authority upon the Department of Health, Education, and Welfare. If there is one lesson to be learned from the thalidomide tragedy, it is the importance of requiring appropriate animal tests before a drug is given to humans. As I have said, animal tests performed by the Distillers Corp. of England disclosed the horrible abnormalities in the legs of rabbits, but these tests were conducted after the effect of thalidomide on humans had been identified and after the drug had been taken off the market in England.

It was stated that Mr. Larrick had not used his present authority to make regulations governing clinical testing. I do not believe he has sufficient authority under present law, or even under the present version of S. 1552, to require the testing of animals when he thinks it necessary before a drug is put out to doctors for experimental administration.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. KEFAUVER. I am happy to yield.

Mr. KEATING. Is it not a fact that under existing law the head of the Food and Drug Administration, if he sees fit, can issue such a regulation, requiring the testing on animals?

Mr. KEFAUVER. No. I say to the Senator from New York that in my best judgment—and this has been studied by lawyers on the staff—he could not do so. Section 505 of the Food and Cosmetics Act contains a subsection which reads:

> The Secretary shall promulgate regulations for exempting from the operation of this section drugs intended solely for investigational use by experts qualified by scientific training and experience to investigate the safety of drugs.

That is a regulation relative to exemption. It does not give him the affirmative authority which in my opinion he would need to require testing on animals before a drug is put out to doctors for experimentation. In any event, this authority ought to be clearly spelled out, so there can be no question about it.

Mr. KEATING. I agree it should be spelled out. My interpretation of existing law is that he has had that power right along. However, it is a legal question.

Mr. KEFAUVER. In my judgment he does not have the authority.

Mr. HART. Mr. President, will the Senator yield?

Mr. KEFAUVER. I am glad to yield to the distinguished Senator from Michigan.

Mr. JACKSON. Mr. President, I have yielded with the understanding that I would not lose the floor. I started to do so about an hour ago, when I yielded for 5 minutes. I yield to the Senator from Michigan.

Mr. HART. I did not know that the Senator had yielded for this purpose. I thank him for his consideration, and will shorten my questions.

Mr. KEFAUVER. I thank the Senator from Washington for yielding to me, and I wish publicly to express my appreciation to the Senator from Michigan for his work and interest and his support for legislation designed to give us safer and better and more reasonably placed drugs. He has been a real battler for the people in this fight all the way through.

Mr. HART. Mr. President, needless to say, I appreciate the kind remarks of the Senator from Tennessee, but in a way it destroys the effect of my next point, the only point for which I sought the floor.

S. 1552 is the Kefauver-Hart bill. During the many months that have intervened since the introduction of that bill, many beatings have been absorbed by some of us. No one likes to think that vindication is at a high cost. Surely none of us seeks to have the bill enacted because of tragic consequences that were not possible for us in conversation and debate on the floor to portray or suggest might happen. I have sought the floor at this time only to commend again the Senator from Tennessee for the courage which he has displayed throughout many months.

This has not been a particularly easy period for any of us. Criticisms have ranged from "Evidently you have no conception of the responsibility of the producers of these drugs, or you would not suggest there was any need for improving the requirements of the law," to the much more critical and far more harsh suggestions with respect to our failure to understand the virtue of free institutions.

I feel, as I know the Senator from Tennessee feels, that every member of the committee sought fully to understand the implications which attached to every section of the bill as we considered it. But

I am sure, too, that in the light of the tragic chapter which is being written these days on the front pages of the newspapers, the study will now be more careful, the feeling of personal responsibility fully to understand what is proposed far deeper. As a consequence of this, I am certain that the future of S. 1552 is a much brighter one.

The Senator from Tennessee and I, and other Senators, have always been convinced that if S. 1552 became law, the future of the public health of America would be brighter.

So I really rose to congratulate the Senator under whose leadership this effort has been undertaken, and whose leadership has brought it to the point where now, I think, we can reasonably expect its passage.

Mr. KEFAUVER. I thank the Senator from Michigan. Many Senators, many doctors, and many thoughtful citizens have played a more important part in this inquiry than I have; but I am glad to be a part of the team.

Mr. President, I ask unanimous consent to have printed at this point in the Record an explanation of the President's amendment No. 1, factory inspection, and the amendment.

The PRESIDING OFFICER. Without objection, the explanation and amendment will be printed in the Record.

The explanation and amendment are as follows:

AMENDMENT 1—FACTORY INSPECTION

Section 4, of S. 1552, amends section 704 of existing law to clarify and strengthen FDA's present inspection authority over prescription drug plants. The provision is overly restrictive in terms of the type of records that can be inspected and is limited to prescription drug plants only. The President has said this new authority to inspect records, etc. "* * * cannot feasibly be limited to a particular class of drugs and should therefore be made applicable to over-the-counter as well as prescription drugs."

On June 12 the full committee approved a factory inspection provision covering all drugs and food, cosmetics, and devices as well. At a later meeting (June 18) the full committee reversed this vote, limited the expanded authority to prescription drug plants only and added further restrictions.

It is proposed that the Harris bill inspection provisions be substituted but limited to drugs (including nonprescription drugs). This would include provisions to strengthen safeguards in existing law against disclosure of information obtained by inspection. Also, a refusal to permit lawful inspection would be made subject to injunction so as not to require criminal action in all cases as under existing law.

The attached factory inspection amendment to S. 1552 would be identical in effect with title II of the Harris bill insofar as factory inspection relating to drugs is concerned.

FACTORY INSPECTION AMENDMENT

On page 27, line 18, strike out "; and (3)", and insert in lieu thereof ": *Provided*, That".

On page 27, lines 20 and 23, strike out "prescription".

One page 28, line 5, insert after the word "violation" the words "or potential violation".

On page 28, line 5, strike out the words "No inspection" and strike out all that follows down through "Secretary.", line 21.

On page 29 strike out lines 1 through 24.

On page 30, insert the following between lines 2 and 3:

"(c) Subsection (a) of section 302 of such Act is amended by striking out '(f),'.

"(d) Paragraph (j) of section 301 of such Act is amended by—

"(1) inserting 'or as authorized by law,' after 'Act,'; and

"(2) striking out the following: 'concerning any method or process which as a trade secret is entitled to protection'.

"(e) Nothing in the amendments made by subsections (a) and (b) of this section shall be construed to negate or derogate from any authority of the Secretary existing prior to the enactment of this Act."

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the Record an explanation of the President's amendment No. 2, quality manufacturing controls, and the amendment. The language of the amendment is somewhere between that of the bill proposed by the Subcommittee on Antitrust and Monopoly and the language of the Judiciary Committee bill. In my opinion, it is an improvement upon the latter.

The PRESIDING OFFICER. Without objection, the explanation and the amendment will be printed in the Record.

The explanation and the amendment are as follows:

AMENDMENT 2—QUALITY MANUFACTURING CONTROLS

Section 5, of S. 1552, amends existing law to authorize FDA to promulgate regulations requiring drug manufacturers "to maintain facilities and controls that will assure the reliability of their product." Failure to maintain such facilities and controls would deem a drug (both prescription and nonprescription) adulterated and subject it to the enforcement provisions of the act (multiple seizure, etc). To this extent the provision is consistent with the Harris bill, but it falls short in that the FDA regulations would be merely interpretive in nature, establishing only prima facie evidence of what constitutes current good manufacturing practices in any court test. This would create endless de novo litigation on the question of what constitutes good manufacturing practices each time there is enforcement action. Under the Harris bill, these regulations, issued through formal rulemaking and subject to judicial review on the record, would be binding in enforcement proceedings. In addition, S. 1552 fails to require that the manufacturing controls be such as to insure proper labeling and also to insure that the efficacy of the drug will be what it purports to be.

The attached quality manufacturing control amendment to S. 1552 would be identical to section 101 of the Harris bill. It would make the regulations binding. In addition, the amendment would make clear that personnel responsible for establishing and carrying out the necessary manufacturing methods and controls must be adequately qualified and that the manufacturer's controls must be such as to assure that the product meets all the requirements of the act, including the claimed efficacy and proper labeling.

AMENDMENT ON QUALITY MANUFACTURING CONTROLS

On page 30, line 10, strike out all following the semicolon down through line 23 and insert in lieu thereof the following: "or (B) if it is a drug and the methods used in, or the facilities or personnel or controls used for, its manufacture, processing, packing, or holding were inadequate (as determined in accordance with regulations promulgated by the Secretary on the basis of good manufacturing practice) (i) to insure that its identity and strength do not differ from, and that its purity, quality, and efficacy do not fall below, those which it purports or is represented to possess, or (ii) to insure that it will not be injurious to health when used in accordance with directions for use on its labeling, or when used in accordance with a prescription of a licensed practitioner (which prescription is consistent with its labeling), or (iii) to insure that its labeling is not such as to cause it to be adulterated or misbranded;".

(b) Section 701(e) of such Act is amended by striking out, in the first sentence, "501 (b)" and insert in lieu thereof "501 (a) or (b)".

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the Record an explanation of the President's amendment No. 3, relating to new-drug clearance procedure, and the amendment. The amendment is identical to the provisions of the original version of S. 1552.

The PRESIDING OFFICER. Without objection, the explanation and the amendment will be printed in the Record.

The explanation and the amendment are as follows:

AMENDMENT 3—NEW-DRUG CLEARANCE PROCEDURE

It is possible, under existing law, for a new-drug application to become effective automatically (60 or 180 days after filing) without approval by FDA and before that agency is satisfied as to the safety of the product. In so critical an area as drug safety, no automatic clearance should be possible, theoretically or in practice.

Section 6 of S. 1552 does not foreclose this possibility. Moreover, the bill, while eliminating the present statutory time limit insofar as the actual hearing period is concerned if a formal hearing is held on the application, still places an arbitrary time limit (90–180 days) on initial action by the Department and on the Department's preparation for hearing thereafter (30 days).

We fully support the attached amendment which eliminates all time limits with respect to a new-drug application. No new drug could be marketed legally unless and until the Secretary (subject to judicial review) was satisfied as to its safety and efficacy no matter how long it took him to reach that conclusion (so long as he did not act in an arbitrary or capricious manner).

In addition, the judicial review procedures of this Harris bill (sec. 104(d)) should be incorporated in S. 1552. These provisions would permit direct appeal to the U.S. court of appeals as provided in other comparable parts of the Federal Food, Drug, and Cosmetic Act. The attached amendment includes the necessary language.

AMENDMENT 3—NEW-DRUG CLEARANCE PROCEDURE

On page 31, insert "(a)" after "Sec. 6." in line 2; and strike out lines 5 through 18 and insert in lieu thereof the following:

"(c) No application filed under subsection (b) shall become effective until the Secretary has (1) determined, after the conduct of such investigation and tests as he may consider necessary, that the new drug described in that application is safe for use and is effective in use, under conditions prescribed, recommended, or suggested in the labeling thereof, and (2) transmitted to the applicant in writing notice of his determination."

(b) (1) The first four sentences of subsection (h) of such section 505 are amended to read as follows:

"(b) An appeal may be taken by the applicant from an order of the Secretary refusing to declare an application to be effective or revoking the effectiveness of an application under this section. Such appeal shall be taken by filing in the United States court of appeals for the circuit wherein such applicant resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia Circuit, within sixty days after the entry of such order, a written petition praying that the order of the Secretary be set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by him for that purpose, and thereupon the Secretary shall certify and file in the court the record upon which the order complained of was entered, as provided in section 2112 of title 28, United States Code. Upon filing of such petition such court shall have exclusive jurisdiction to affirm or set aside such order, except that until the filing of the record the Secretary may modify or set aside his order."

(2) The ninth sentence of such subsection (h) is amended to read as follows: "The judgment of the court affirming or setting aside any such order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28 of the United States Code."

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an explanation of the President's amendment No. 4, effectiveness and safety of new drugs. The amendment is virtually the same as that contained in the original bill approved by the Subcommittee on Antitrust and Monopoly.

The PRESIDING OFFICER. Without objection, the explanation and the amendment will be printed in the RECORD.

The explanation and the amendment are as follows:

AMENDMENT 4—EFFECTIVENESS AND SAFETY OF NEW DRUGS

Definition of "new drug"

Section 8 of S. 1552 does not add to the definition of the term "new drug" in existing law the concept of "effectiveness." This is necessary in order to assure that all new drugs will have to be proved effective as well as safe for the uses for which they are offered as is provided in the Harris bill.

The Harris bill also contains appropriate transitional provisions which would require a commercially established drug to go through the "new drug" process only (a) where we find that there is substantial doubt as to its efficacy, (b) where the new-drug clearance has been withdrawn on other grounds, or (c) where an amended new-drug application is submitted. With these provisions, it would make clear that the amendment to the definition of "new drug" would not require the resubmission of all the thousands of "new drugs" hitherto cleared for the market in order to obtain reclearance for efficacy.

Standard of proof of effectiveness

Section 8 of S. 1552 requires "substantial evidence" of effectiveness to be submitted with each new-drug application. This standard of proof is inadequate in terms of assuring that drugs that reach the market have been shown to be effective for the claims made for them.

Additional grounds for suspension or withdrawal of approved new-drug applications

Section 8(c) of S. 1552 authorizes the Secretary, after notice and opportunity for hearing, to suspend the effectiveness of a new-drug application when new evidence raises a "substantial doubt" as to the safety of the product.

The Harris bill grants similar authority, but does not require new evidence. In addition, the Harris bill extends this authority to suspend when—

(a) records and reports, such as are required in section 7 of S. 1552, are not maintained;

(b) quality manufacturing controls, such as are required in section 5 of S. 1552, are not maintained; and

(c) a substantial doubt of efficacy exists.

Also, the Harris bill would authorize the immediate suspension of a new drug application on a finding that there is an iminent hazard to the public health.

Attached are amendments to section 8 of S. 1552 which would bring it into conformity with the Harris bill insofar as the effectiveness and safety of new drugs are concerned.

AMENDMENT 4—EFFECTIVENESS AND SAFETY OF NEW DRUGS

Amend section 8 (beginning on p. 35, line 15, down through p. 38, line 11) to read as follows:

"Effectiveness and safety of new drugs

"(a) Section 201(p)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(p)(1) defining the term 'new drug', is amended by (A) inserting therein, immediately after the words, 'to evaluate the safety', the words 'and effectivness', and (B) inserting therein, immediately after the words 'as safe', the words 'and effective'.

"(b) Section 201(p)(2) of that Act is amended by inserting therein, immediately after the word 'safety', the words 'and effectiveness'.

"(c) (1) The first sentence of Section 505(b) of such Act (21 U.S.C. 355(b)) is amended to read as follows: 'Any person may file with the Secretary an application for determination by the Secretary of the safety and effectiveness of any drug subject to the provisions of subsection (a).'

"(2) The second sentence of such section 505(b) is amended by inserting the words 'and effective' after 'safe' in clause (1) thereof.

"(d) Section 505(d) of such Act (21 U.S.C. 355(d)) is amended by—

"(1) inserting 'and effective' after 'safe' in clause (1) thereof;

"(2) inserting in clause (2) thereof the words 'or ineffective' after the word 'unsafe' and the words 'and effective' after the word 'safe';

"(3) striking out the words 'and purity' in clause (3) thereof and inserting in lieu thereof the words 'purity, safety, and effectiveness';

"(4)(A) inserting in clause (4) thereof the words 'and effective' after the word 'safe';

"(B) striking out in such clause the phrase ', he shall, prior to the effective date of the application, issue an order refusing to permit the application to become effective', and inserting in lieu thereof the following: 'or (5) the proposed labeling of such drug is false or misleading in any particular, he shall issue an order refusing to declare the application to be effective. If, after such notice and hearing, the Secretary finds that clauses (1) through (5) do not apply and makes the determination required under subsection (c), he shall issue an order declaring the application to be effective'.

"(e) Section 505(e) of such Act (21 U.S.C. 355(e)) is amended to read as follows:

" '(e) The Secretary shall, after due notice and opportunity for hearing to the applicant, revoke the effectiveness of an application with respect to any drug under this section if the Secretary finds (1) that clinical or other experience, tests, or other scientific data show that such drug is unsafe or ineffective, or show that there is substantial doubt as to the safety or effectiveness of such drug, for use under the conditions of use upon the basis of which the application was approved, or (2) that the application contains any untrue statement of a material fact, or (3) that the applicant has failed to establish or maintain any required records, or to make any required report, in accordance with an applicable regulation or order under subsection (j), or that the applicant or any person under his control has refused to permit access to, or copying or verification of, any such record as required by paragraph (2) of such subsection, or (4) that the methods used in, or the facilities and controls used for, the manufacture processing, and packing of such drug are then inadequate to assure and preserve its identity, strength, quality, purity, safety, and effectiveness, or (5) that the labeling of such drug is false or misleading in any particular, or (6) that any condition attached to approval of the application has been violated: *Provided*, That if the Secretary finds that there is an imminent hazard to the public health, he may suspend the effectiveness of such application immediately upon notice, pending the opportunity for hearing required by this subsection. The order shall state the findings upon which it is based.'

"(f) Section 505(f) of such Act (21 U.S.C. 355(f)) is amended to read as follows:

" '(f) An order refusing to declare an application with respect to any drug to be effective shall be revoked, and such application declared to be effective, whenever the Secretary finds that the facts so require.'

"(g)(1) Except as otherwise provided in this subsection, the amendments made by the foregoing provisions of this section shall take effect on the date of enactment.

"(2) The amendments made by section 6 and by this section to section 201(p), and to subsections (b), (c), and (d) of section 505, of the Federal Food, Drug, and Cosmetic Act, insofar as such amendments relate to the effectiveness of drugs, shall not apply to any drug intended for use under conditions prescribed, recommended, or suggested in labeling covered by an application with respect to such drug under section 505 of such Act which application was effective on the day immediately preceding the date of enactment of this Act, so long as amendment of such application is not proposed and the effectiveness of such application has not been suspended or revoked under section 505 of such Act as amended by this Act."

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an explanation of the President's amendment No. 5, relating to conspicuousness and standardization of official names. I have already discussed this matter.

The PRESIDING OFFICER. Without objection, the explanation and the amendment will be printed in the RECORD.

The explanation and the amendment are as follows:

AMENDMENT 5—CONSPICUOUSNESS AND STANDARDIZATION OF OFFICIAL NAMES

Conspicuousness of official names

Section 9 of S. 1552 provides that the "official name" of a drug (either the one established by the Secretary in section 10 or the one identified in an official compendium) be printed in a manner complying with existing law which requires, in general terms, "prominence and conspicuousness". This adds nothing to existing law and in fact rolls it back in two respects:

First, section 9 would repeal the requirement of existing law that the "common or usual" name appear on the label if there is no official name. This would allow virtually all proprietary drugs to be marketed without a declaration of the ingredients.

Second, section 9 would exempt small packages from the name disclosure requirement of existing law.

The Harris bill (sec. 112) contains neither of these "rollbacks" and, in fact, requires the "generic" name to be printed in type at least as large and prominent as that used for the trade name and be given precedence in position as well, as is already true of biological drugs.

Attached is an amendment substituting section 112 of the Harris bill for section 9 of S. 1552.

Standardization of official names

Section III of the Harris bill should likewise be substituted for section 10 of S. 1552 inasmuch as the procedures for drug nomenclature standardization of that section are unnecessarily cumbersome.

Attached is an amendment substituting section 111 of the Harris bill for section 10 of S. 1552.

AMENDMENT ON CONSPICUOUSNESS AND STANDARDIZATION OF DRUG NAMES

Commencing on page 38, line 12 strike out all down through and including line 24, page 41, and insert in lieu thereof the following:

"Name to be used on drug label

"SEC. 9. (a) Paragraph (e) of section 502 of such Act is amended by—

"(1) inserting the subparagraph designation '(1)' after '(e);'

"(2) striking out the words 'If it is a drug and is not designated solely by a name recognized in an official compendium unless its label bears (1) the common or usual name of the drug, if such there be; and (2), in case it is fabricated from two or more ingredients, the common or usual name of each active ingredient', and inserting in lieu thereof 'If it is a drug, unless (A) its label bears, to the exclusion of any other nonproprietary name (except the applicable systematic chemical name or the chemical formula), (i) the established name (as defined in subparagraph (2)) of the drug, if such there be, and (ii), in case it is fabricated from two or more ingredients, the established name and quantity of each active ingredient;

"(3) striking out the words 'the name' and inserting in lieu thereof the words 'the established name';".

Commencing on page 38, line 12, strike out all down through and including line 24, page 41, and insert in lieu thereof the following:

"Name to be used on drug label

"SEC. 9. (a) Paragraph (e) of section 502 of such act is amended by—

"(1) inserting the subparagraph designation '(1)' after '(e);'

"(2) striking out the words 'If it is a drug and is not designated solely by a name recognized in an official compendium unless its label bears (1) the common or usual name of the drug, if such there be; and (2), in case it is fabricated from two or more ingredients, the common or usual name of each active ingredient', and inserting in lieu thereof 'If it is a drug, unless (A) its label bears, to the exclusion of any other nonproprietary name (except the applicable systematic chemical name or the chemical formula), (i) the established name (as defined in subparagraph (2)) of the drug, if such there be, and (ii), in case it is fabricated from two or more ingredients, the established name and quantity of each active ingredient';

"(3) striking out the words 'the name' and inserting in lieu thereof the words 'the established name';

"(4) inserting before the colon preceding the proviso the following: '; and (B) the established name of such drug or ingredient, as the case may be, on such label (and on any labeling on which a name for such drug or ingredient is used) is given precedence in position over any proprietary name or designation for such drug or ingredient and is in type at least as large and prominent as that used for such proprietary name or designation';

"(5) striking out the words 'clause (2) of this paragraph' in the proviso to such paragraph and inserting in lieu thereof 'clause (A)(ii) or clause (B) of this subparagraph'; and

"(6) adding at the end of such paragraph the following new subparagraph:

"'(2) As used in this paragraph (e), the term "established name", with respect to a drug or ingredient thereof, means (A) the applicable standard name established pursuant to section 509, or (B), if there is no such name and such drug, or such ingredient, is an article recognized in an official compendium, then the official title thereof in such compendium, or (C) if neither clause (A) nor clause (B) of this subparagraph applies, then the common or usual name, if any, of such drug or of such ingredient: *Provided further*, That where clause (B) of this subparagraph applies to an article recognized in the United States Pharmacopoeia and in the Homoeopathic Pharmacopoeia under different official titles, the official title used in the United States Pharmacopoeia shall apply unless it is labeled and offered for sale as a homoeopathic drug, in which case the official title used in the Homoeopathic Pharmacopoeia shall apply.'

"(b) Section 502(g) of such Act is amended by inserting immediately before the period at the end thereof a colon and the following proviso: '*Provided further*, That, in the event of inconsistency between the requirements of this paragraph and those of paragraph (e) as to the name by which the drug or its ingredients shall be designated, the requirements of paragraph (e) shall prevail.'

"(c) This section shall take effect on the first day of the seventh calendar month following the month in which this Act is enacted.

"Authority to standardize names

"SEC. 10. The Federal Food, Drug, and Cosmetic Act, as amended by this Act, is further amended by adding at the end of chapter V the following new section:

"'SEC. 509. Whenever in the judgment of the Secretary such action is necessary or desirable in the interest of achieving usefulness or simplicity of drug nomenclature, or because of the existence of two or more nonproprietary names (other than the systematic chemical name) for the same drug (or for two or more drugs which are identical in their active ingredients and substantially identical in their pharmacological action, strength, quality, and purity), or because the common or usual name of a drug is misleading, confusing, or not sufficiently informative, or because there exists no common or usual name for a drug, he may promulgate regulations establishing a single standard name for such drug (or for such identical drugs), together with any related or additional information which in the judgment of the Secretary is desirable to facilitate the correct and effective uses of such standard name.'"

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an explanation of the President's amendment No. 6, relating to advertising, and the amendment.

The **PRESIDING OFFICER.** Without objection, the explanation and the amendment will be printed in the RECORD.

The explanation and the amendment are as follows:

AMENDMENT 6—ADVERTISING

S. 1552 contains no provision designed to eliminate misleading drug advertisements directed to doctors. Such advertisements should be required to make fair disclosure to physicians of the information (good or bad) needed to permit them to do a better job of selecting drugs for use in their practice.

We are in complete support of the attached amendment to S. 1552 which would deem a drug "misbranded" unless advertisements and other descriptive printed matter with respect to such drug contain the official name thereof prominently in addition to information on harmful side effects and effectiveness.

ADVERTISING AMENDMENT

On page 42, line 5, change the word "paragraph" to "paragraphs", and immediately after line 18 add the following new paragraph:

"(p) In the case of any prescription drug distributed or offered for sale in any State, unless the manufacturer, packer, or distributor thereof includes in all advertisements and other descriptive printed matter issued or caused to be issued by the manufacturer, packer, or distributor, with respect to that drug (A) the official name thereof printed prominently and in type at least half as large as that used for any trade or brand name thereof, (B) a warning or summary thereof prepared with the approval of the Secretary as to any dangerous or harmful property or effect thereof, and (C) a full and correct statement of its efficacy, or summary thereof prepared with the approval of the Secretary."

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an explanation of the President's amendment No. 7, relating to certification of antibiotics, and the amendment.

The **PRESIDING OFFICER.** Without objection, the explanation and amendment will be printed in the RECORD.

The explanation and the amendment are as follows:

AMENDMENT 7—CERTIFICATION OF ANTIBIOTICS

Section 12 of S. 1552, while extending certification requirements of existing law to all antibiotics, is objectionable in that—

(a) the extension excludes veterinary antibiotics, thus complicating the enforcement problem in tracking down food contaminated by use of unfit veterinary antibiotics;

(b) the criteria required to be considered in granting exemptions from the certification requirements unnecessarily substitute rigid standards for the scientific judgment of FDA; and

(c) the prohibition against referring on the labeling to the fact that the antibiotic is from a certified batch works unfair disadvantage to small manufacturers, who cannot afford large promotional campaigns.

Section 105 of the Harris bill contains none of these restrictive limitations and should be substituted for section 12 of S. 1552. The attached amendment on certification of antibiotics would bring the bill into conformity with the Harris bill.

CERTIFICATION OF ANTIBIOTICS AMENDMENT

Amend section 12, page 43, line 9, to page 45, line 15, to read as follows:

"Certification of all antibiotics

"SEC. 12. (a) The heading of section 507, as amended, of such Act is further amended to read 'Certification of Drugs Containing Antibiotics', and the first sentence of subsection (a) of such section 507 is amended to read as follows: 'The Secretary of Health, Education, and Welfare, pursuant to regulations promulgated by him, shall provide for the certification of batches of drugs composed wholly or partly of any kind of penicillin, streptomycin, chlortetracycline, chloramphenicol, or bacitracin or any derivative thereof, or composed wholly or partly of any other kind of antibiotic substance (including the chemically synthesized equivalent of any such substance).'

"(b) Paragraph (l) of section 502 of such Act is amended to read as follows:

"'(l) If it is, or purports to be, or is represented as a drug composed wholly or partly of any kind of penicillin, streptomycin, chlortetracycline, chloramphenicol, or bacitracin, or any derivative thereof, or a drug composed wholly or partly of any other kind of substance within the purview of section 507, unless (1) it is from a batch with respect to which a certificate or release has been issued pursuant to section 507, and (2) such certificate or release is in effect with respect to such drug: *Provided*, That this paragraph shall not apply to any drug or class of drugs exempted by regulations promulgated under section 507 (c) or (d).'

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of a further amendment proposed to be offered by Senators CARROLL, HART, DODD, LONG of Missouri and myself. The Senator from New York [Mr. KEATING] and I have discussed this subject. The amendment authorizes the Secretary of Health, Education, and Welfare to require animal testing, if the Secretary seems it necessary, and to require that those engaged in clinical testing maintain and submit to the Department records and reports. I ask unanimous consent that the amendment and a letter of explanation from me to the above Senators be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the letter and amendment will be printed in the RECORD.

The letter and amendment are as follows:

JULY 31, 1962.

DEAR SENATOR: As a member of the Judiciary Committee who joined me in urging the adoption of several strengthening amendments to S. 1552, the Drug Industry Act, I request your support for an additional strengthening amendment which an investigation into the facts surrounding the thalidomide disaster has now convinced me is necessary. This is an amendment to authorize the Secretary of Health, Education, and Welfare to require "adequate tests in animals" and to give him the authority to approve such tests "before a new drug may be distributed by a manufacturer to scientific experts for testing and evaluation of its effects in human beings."

Amendment No. 3 of our report on the drug bill would go a long way toward meeting the problem raised by the thalidomide episode, but after studying the FDA file on this drug I believe there is need for a further amendment.

The reasons why I have come to this conclusion may be briefly summarized as follows: Under the present law a new drug application becomes effective automatically in 60 days unless it is disapproved or the Secretary postpones its effective date "to such time (not more than 180 days after the filing thereof) as the Secretary deems necessary to enable him to study and investigate the issue." The substantive change in the bill as reported by the Judiciary Committee is to extend the 60-day period to 90 days. Under S. 1552 as originally reported by the Antitrust Subcommittee and under our amendment No. 3 no time limit would be imposed; the new drug application would not become effective until the Secretary had determined the drug to be "safe for use and * * * efficacious in use under conditions prescribed, recommended, or suggested in the labeling thereof."

As is set forth in our dissenting views, the need for this amendment is to remove the cruel dilemma under which the physicians in the new drug division now labor: either the drug is approved for sale automatically or they must formulate and be able to support objections within an unduly short period of time. The problem would be much the same regardless of whether the time period was 60 days or 90 days.

With the automatic approval feature removed, it had been my expectation that the FDA's physicians would be able to call for, receive, and have time to analyze those types of data which they would regard as necessary for a careful appraisal of each individual drug. Presumably the types of data required would vary somewhat from drug to drug. Where, as in the case of thalidomide, there are grounds, theoretical or otherwise, for suspecting its lack of safety or effectiveness, they could not only require animal testing but make it quite clear that no consideration would be given to tests on humans until satisfactory animal studies had been completed.

While such a change in the law, accompanied by an increase in funds for the new-drug division, would in most cases provide adequate protection for the public, my inspection of the thalidomide file has convinced me of the need for a further amendment. Although most drug companies, I am sure, would defer to a request from the FDA for animal tests prior to tests on humans, there may be others who would do so only if the request were backed up by specific statutory power. The zeal of the Wm. S. Merrell Co. to get thalidomide on the U.S. market, its noncooperative attitude toward the FDA displayed throughout the file, and its continuous and high-handed pressures on the physician handling the application, Dr. Frances Kelsey, raise a serious question as to whether the company would have deferred to a request, not specifically required by law, which would have further delayed the introduction of the drug.

This is particularly the case since the company did make animal tests on mice and rats. But to disclose whether thalidomide had the specific side effect feared by Dr. Kelsey, the company would have been required to make studies on larger animals in the early stages of pregnancy.

The most tragic aspect of the entire thalidomide history is that, had such studies been made, the horror could have been averted. This is proved beyond doubt by studies of rabbits by the British seller of the product, Distillers Corp., made unfortunately after the drug had been widely used in humans and after it had been identified as the cause of the malformed infants. Reporting in the English medical journal, the Lancet, (Apr. 28, 1962), Dr. G. F. Somers notes that experiments in rats showed no malformations but that, "Now we have succeeded in producing deformities in rabbits remarkably similar to those seen in humans." More than half of the litter of the mother rabbits given thalidomide were born deformed. None of the litter of the control rabbits, i.e., those of the same colony not given thalidomide, were born deformed. Dr. Somers goes on to state, "No deformities of this kind have been previously observed in the colony, involving the breeding of over 1,000 progeny, and our chief animal technician, Mr. R. E. Hughes, states that he has never seen anything like this during 50 years' experience of rabbit breeding."

The question is how to require that this very type of testing be done, where FDA regards it as necessary, before the drug is released for use in humans, either on an experimental basis or for sale on the market. It is my judgment, with which I hope you will concur, that the seriousness of the problem warrants an additional amendment along the lines of the proposal which I am attaching hereto in draft form.

Sincerely yours,

ESTES KEFAUVER,
Chairman.

AMENDMENT TO S. 1552

On page 32, line 17, add after "Secretary" the following new sentences:

"Such regulations shall include provisions for adequate tests in animals and approval by the Secretary of the results of such tests before a new drug may be distributed by a manufacturer to scientific experts for testing and evaluation of its effects in human beings. Such regulations shall also include provisions requiring said experts to register with the Secretary, to keep records with respect to the tests performed, and to furnish to the Secretary simultaneous copies of their reports to the manufacturer and, upon request of the Secretary, reports at other times."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S.1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities; and

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes.

PACIFIC NORTHWEST POWER PREFERENCE

Mr. JACKSON. Mr. President, I fully appreciate the importance of the discussion of subject which has occupied the attention of Senators. We are all deeply aware that what has happened in recent days and weeks requires the need for urgent action on the part of the Senate. However, I wish to suggest that the Senate now proceed with another subject.

Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1707, Senate bill 3153.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 8, line 12, after the word "thereof.", to insert "Nothing in this Act shall be construed to modify the geographical preference of power users in the State of Montana which is established by the Hungry Horse Dam Act (Act of June 4, 1944, 58 Stat. 270), as amended."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, as used in this Act—

(a) "Secretary" means the Secretary of the Interior.

(b) "Pacific Northwest" means (1) the region consisting of the States of Oregon and Washington, the State of Montana west of the Continental Divide, and such portions of the States of Nevada, Utah, and Wyoming within the Columbia drainage basin and of the State of Idaho as the Secretary may determine to be within the marketing area of the Federal Columbia River power system, and (2) any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region.

(c) "Surplus energy" means electric energy generated at Federal plants in the Pacific Northwest which would otherwise be wasted because of the lack of a market therefor in the Pacific Northwest at any established rate.

(d) "Surplus peaking capacity" means electric peaking capacity at Federal plants in the Pacific Northwest for which there is no demand in the Pacific Northwest at any established rate.

(e) "Non-Federal utility" means any utility not owned or controlled by the United States, including any entitly (1) which such a utility owns or controls, in whole or in part, or is controlled by, (2) which is controlled by those controlling such utility, or (3) of which such utility is a member.

(f) "Energy requirements of any Pacific Northwest customer" means the full requirements for electric energy of (1) any purchaser from the United States for direct consumption in the Pacific Northwest, and (2) any non-Federal utility in that region in excess of (i) the hydroelectric energy available for its own use from its generating plants in the Pacific Northwest, and (ii) any additional energy available for use in the Pacific Northwest which, under a then existing contract, the utility (A) can obtain at no higher incremental cost than the rate charged by the United States, or (B) is required to accept.

Sec. 2. Subject to the provisions of this Act, the sale, delivery, and exchange of electric energy generated at, and peaking capacity of, Federal plants in the Pacific Northwest for use outside the Pacific Northwest shall be limited to surplus energy and surplus peaking capacity.

Sec. 3. (a) Any contract for the sale or exchange of surplus energy for use outside the Pacific Northwest, or as replacement, directly or indirectly, within the Pacific Northwest for hydroelectric energy delivered for use outside that region by a non-Federal utility, shall provide that the Secretary, after giving the purchaser notice not in excess of seven days, will not deliver electric energy under such contract whenever it can reasonably be foreseen that such delivery would impair his ability to meet, either at or after the time of such delivery, the energy requirements of any Pacific Northwest customer. The purchaser shall obligate himself not to take delivery of or use any such energy to supply any load under such conditions that discontinuance of deliveries from the Pacific Northwest in seven days would cause undue hardship to the purchaser or in his territory, and, further, the purchaser shall acknowledge full responsibility if any such hardship occurs. Deliveries by a non-Federal utility from its generating plants in the Pacific Northwest for use on its own distribution system in an area outside but contiguous to the Pacific Northwest (not including any extension of its outside service area by merger or acquisition after the effective date of this Act) shall not be deemed deliveries by such utility for use outside the Pacific Northwest.

(b) Electric energy generated at Federal plants in the Pacific Northwest which can be conserved, for which there is no immediate demand in the Pacific Northwest at any established rate, but for which the Secretary determines there may be a demand in meeting the future requirements of the Pacific Northwest, may be delivered for use outside that region only on a provisional basis under contracts providing that if the Secretary determines at a subsequent time that, by virtue of prior deliveries under such contract, the Secretary is or will be unable to meet the energy requirements of any Pacific Northwest customer, the purchaser will return the full amount of energy delivered to him, or such portion or portions thereof as may be required, at such time or times as may be specified by the Secretary, except that the Secretary shall not require return during the purchaser's daily peak periods. The Secretary shall require the return of the energy provisionally delivered hereunder, to such extent and at such times, as may be necessary to meet demands at any established rate for use within the Pacific Northwest.

(c) Any contract for the disposition of surplus peaking capacity shall provide that (1) the Secretary may terminate the contract upon notice not in excess of forty-eight months, and (2) the purchaser shall advance or return the energy necessary to supply the peaking capacity, except that the Secretary shall not require such advance or return during the purchaser's daily peak periods. The Secretary may contract for the sale of such energy to the purchaser, in lieu of its return, under the conditions prescribed in subsection (a) of this section.

(d) The Secretary, in making any determination of the energy requirements of any Pacific Northwest customer which is a non-Federal utility having hydroelectric generating facilities, shall exclude any amounts of hydroelectric energy generated in the Pacific Northwest and disposed of outside the Pacific Northwest by the utility which, through reasonable measures, could have been conserved or otherwise kept available for the utility's own needs in the Pacific Northwest. The Secretary may sell the utility as a replacement therefor only what would otherwise be surplus energy.

Sec. 4. Any contract of the Secretary for the sale or exchange of electric energy generated at, or peaking capacity of, Federal plants in marketing areas outside the Pacific Northwest for use within the Pacific Northwest shall be subject to limitations and conditions corresponding to those provided in sections 2 and 3 for any contract for the sale or exchange of electric energy or peaking capacity generated within the Pacific Northwest for use outside the Pacific Northwest.

Sec. 5. Without regard to the limitations specified in sections 2 and 3 of this Act, the Secretary may enter into contracts for the exchange with areas other than the Pacific Northwest of (1) surplus energy during the Pacific Northwest storage refill period, (2) any energy during the Pacific Northwest storage refill period which will be returned to the Pacific Northwest in equal amounts during the same Pacific Northwest refill period or the succeeding storage drawdown period, (3) any energy which will be returned to the Pacific Northwest in equal amounts during the same Pacific Northwest storage drawdown period, (4) peaking capacity, or (5) surplus peaking capacity for energy. All benefits from such exchanges, including resulting increases of firm power, shall be shared equitably by the areas involved, having regard to the secondary energy and other contributions made by each.

Sec. 6. Any capacity in Federal transmission lines connecting, either by themselves or with non-Federal lines, a generating plant in the Pacific Northwest or Canada with the other area or with any other area outside the Pacific Northwest, which is not required for the transmission of Federal energy or the energy described in section 8, shall be made available as a carrier for transmission of other electric energy between such areas. The transmission of other electric energy shall be at equitable rates determined by the Secretary, but such rates shall be subject to equitable adjustment at appropriate intervals not less frequently than once in every five years as agreed to by the parties. No contract for the transmission of non-Federal energy on a firm basis shall be affected by any increase, subsequent to the execution of such contract, in the requirements for transmission of Federal energy, the energy described in section 8, or other electric energy.

Sec. 7. The Secretary shall offer to amend, without imposing any other requirement as a condition to such amendment, all existing contracts for the sale or exchange of electric power generated at Federal plants in the Pacific Northwest to include, and shall include in all new contracts, provisions giving the purchaser priority on electric power generated at such plants in conformity with the provisions of this Act.

Sec. 8. The provisions of this Act shall not be applicable to (1) the Canyon Ferry project and (2), except as provided in section 6, downstream power benefits to which Canada is entitled under the treaty between Canada and the United States relating to the cooperative development of the water resources of the Columbia River Basin, signed at Washington, January 17, 1961, nor to energy or capacity disposed of to Canada in any exchange pursuant to paragraph 1 or 2 of article VIII thereof. Nothing in this Act shall be construed to modify the geographical preference of power users in the State of Montana which is established by the Hungry Horse Dam Act (Act of June 4, 1944, 58 Stat. 270), as amended.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I shall state the reasons why the Committee on Interior and Insular Affairs reported S. 3153 to the Senate.

The purpose of this bill is to provide a means for the Pacific Northwest to solve a rather complicated problem of marketing its surplus of seasonal, or dump, hydroelectricity. At the same time, the bill would clear the way for other areas to benefit from the purchase of this surplus hydroelectricity.

This problem is unique to the Northwest which unlike any other area, generates 96 percent of its electricity by waterpower.

The region has a predicted shortage in 1965–66 of firm power—that is, power, that its dams could produce if critical waterflows would reoccur in the Columbia River that year.

On the other hand, the Northwest now has, and for many years will continue to have, large surpluses of seasonal or dump power—power which is available when streamflows are normal, but is not available in a critical water year.

This year, and last year, for example, the region produced about 15 billion kilowatt-hours of this secondary energy which had to be wasted.

In terms of dollars, the Bonneville Power Administration was forced last year, and again this year, to waste more than $30 million of this seasonal power by spilling it over the dams.

From a national standpoint, as well as a regional standpoint, this waste of energy and dollars should stop. All segments of the electric industry in the Northwest—public power and private power—agree that this bill is necessary to help end such waste.

The marketing of hydroelectricity produced at Federal dams on the Columbia River system is different from that of any other Federal dam in the West. Whereas other Federal projects sell virtually all of their firm power to public agencies and cooperatives, the Bonneville Power Administration does not.

BPA, of course, serves all of the public agencies and cooperatives in its marketing area—which presently includes the States of Washington and Oregon; northern Idaho, and western Montana. Most of these public agency customers, I might say, are located in the State of Washington. Presently about 38 percent of BPA's power sales are to preference customers.

Historically, a large proportion of the BPA's sales—more than 50 percent—have been to private utilities and private industries. At the present time its sales to these nonpreference customers comprise approximately 51 percent of its total energy sales.

With the concurrence of Congress, Bonneville Power Administration has built one of the greatest high voltage transmission systems in the world to serve these public and private loads. This system represents an investment of $500 million being paid for by the customers of the Bonneville Power Administration.

In reliance on a continued supply of firm power from Bonneville, industrial companies have made large investments in plant facilities—investments of approximately $450 million. These factories, directly and indirectly, employ 40,000 men and women. Such companies as these: Carborundum—silicon carbide; Alcoa—aluminum pig, rods, and wire; Pennsalt—chlorine, ammonia, and other chemicals; Union Carbide—ferromanganese; Victor Chemical—phosphorus.

We have, therefore, this situation: Our area needs to sell the seasonal or dump energy now being wasted to the extent of $30 million every year. But, at the same time, these sales must be made on such a basis that they do not threaten the firm power supply on which long-established industries and private utilities rely.

The difficulty under existing laws of accomplishing these two goals has been recognized for many years. In the 80th Congress, the distinguished junior Senator from California [Mr. ENGLE] introduced the first bill attempting to solve the problem—H.R. 6367, 80th Congress, 2d session.

In 1959 and 1960, the Senate Committee on Interior and Insular Affairs held hearings on a proposal of the Pacific Gas & Electric Co. to build a line interconnecting with the Bonneville transmission system. At the hearings, we received statements from the Governors of Oregon, Washington, and California, and from many of the public and private utilities in these three States.

The 1959–60 hearings revealed that if the proposed interconnection were built, it could result in an extension into California of the Bonneville Power Administration's marketing area. This, in turn, could result in demands from California public agencies, serving from 20 to 25 percent of the State's electric loads, that would threaten the industrial power base of the Northwest.

To put it another way: The Bonneville Power Administration under present law could not sell its seasonal or dump power to California customers and be assured that it could terminate such sales in the event of a recurrence of low-water conditions in the Columbia River.

The committee therefore requested the Secretary of the Interior not to sign a power sales contract with P. G. & E.—but, instead, to draft a proposed bill to remedy this difficulty in the present laws. S. 3153 is what the Secretary and the President have recommended in response to the committee's request.

This bill has been drafted and redrafted many times after the most careful study by Bonneville, the public agencies, the private utilities, Bonneville's industrial customers, and the Governors of Oregon, Washington, and California. It was supported before the committee by the public agencies and private utilities of the Northwest, by BPA's industrial customers, and by the public agencies of California. Governor Rosellini of Washington and Governor Hatfield of Oregon have endorsed the bill—the latter, subject to clarifying amendments which he feels desirable.

In summary, Senate bill 3153 sets forth a legislative definition of the Bonneville marketing area. It includes all of BPA's present marketing area, and leaves to the discretion of the Secretary of the Interior the addition of the parts of the Columbia Basin not presently served by Bonneville.

As the law now stands, Congress has placed no limit on Bonneville's marketing area, other than "economic transmission distance". In 1937, when the Bonneville Project Act was adopted, the economic transmission distance was about 200 miles. The Bonneville Administrator testified before the committee that today the economic transmission distance is 2,000 miles.

Obviously, Bonneville could not take care of all the electric loads of public bodies and cooperatives within 2,000 miles, or even 1,000 miles, of the Columbia River. There is not that much power to be developed in the Northwest. Furthermore, it would be economically foolish to shut down industries now served by Bonneville, in order to serve a new customer located 1,000 miles away.

The marketing area described in Senate bill 3153 was carefully chosen because it makes economic sense. It is not a small area; in fact, it is probably the largest marketing area of any utility in the United States. It is three times the area of the TVA. On the other hand, the defined marketing area is of such a size that Bonneville can economically continue to serve the loads within it, and not spread so thin as to do no one any good.

Senate bill 3153 expressly permits BPA to sell surplus electric energy and peaking capacity outside its described marketing area but subject to recall when such electricity is needed within the marketing area.

There is a large market in California for this seasonal power. California, unlike the Northwest, generates most of its electricity by steam. Both public and private utilities in California want to purchase Northwest dump power for steam displacement.

Senate bill 3153 also permits larger term contracts for the shipment of seasonal surpluses of power back and forth between other areas. Large electrical interties permit utilities to make the most economic use of generating plants by taking advantage of seasonal or even daily diversities of loads between interconnected systems. Senate bill 3153 has been carefully drawn to allow this to be done. The result, of course, is that more power is made available to each interconnected system when it is needed.

This bill would assist the Bonneville Power Administration to solve the difficult financial problem now facing it. Bonneville has a surplus, estimated at $20 million at the close of the fiscal year ending June 30, 1962. But 5 years ago this surplus was almost $79 million. And here is the paradox: In every one of the past 5 years, while the surplus has been reduced, BPA has had to waste dump power worth far more than the annual deficit. In 1961, for instance, its annual deficit was about $15 million, and it spilled more than $30 million worth of water.

Senate bill 3153 is a key measure in Administrator Luce's program for turning BPA's current deficits into annual surpluses. Those who are genuinely concerned about Bonneville's financial problems should support this proposed legislation.

Let me correct a misimpression that a few persons seem to have about this bill and its relationship to the construction of extra-high-voltage interties by Federal agencies. This bill does not authorize the construction of such interties. Bonneville already has legal authority to construct lines anywhere within economic transmission distance of Columbia River plants. The bill is equally necessary regardless who constructs interties between the Bonneville system and other regions. Two private utilities have already announced a plan for building the first link in a Northwest-California intertie at 500,000 volts. Public agencies in both the Northwest and California are known to be considering the construction of as large or larger intertie between the two regions. It matters not who owns the lines—the need for this bill is the same.

In summary, these are the main points that commend S. 3153 for enactment by the Congress:

First. It will help end a waste of seasonal power presently worth $30 million per year.

Second. It will provide assurance to investors and employees of the basic industries that sales of seasonal power will not threaten their investment or their jobs.

Third. It will make practicable the shipment of large quantities of surplus power to other regions, with great savings to electric consumers of both public and private utilities.

Fourth. It has been carefully worked out by all segments of utility industry to provide a sensible, homogeneous Bonneville marketing area, and ground rules for the shipment of surpluses of power in and out of the area.

Mr. President, I recommend S. 3153 for passage by the Senate.

Mr. GOLDWATER. Mr. President, I call up my amendment.

The **PRESIDING OFFICER.** The Senator's amendment is not in order until the committee amendments have been acted upon.

The Clerk will state the committee amendment.

The Legislative Clerk. On page 8, line 12, insert language, beginning with the word "Nothing," down to page 8, line 16.

The **PRESIDING OFFICER.** Is there objection to the amendment?

Mr. METCALF. Mr. President, may I make a couple of comments on the committee amendment before the Senator from Arizona calls up his amendment?

The **PRESIDING OFFICER.** The Senator from Montana.

Mr. METCALF. Mr. President, the Senator from Washington has discussed the huge Bonneville power system, which is, as he has said, three times the area of the TVA. The purpose of the bill is to provide that the status quo in the Bonneville system will be maintained, and at the same time we will be able to dispose of the surplus power generated in the Bonneville system in other marketing areas outside the Columbia Valley region.

In the Columbia we have a happy marriage, a marriage of private, public, and non-Federal public power, of marketing the power there through the Northwest Power Pool.

For instance, in Montana we have Hungry Horse, the northernmost and the highest dam in the region, a Federal dam. Farther down the river we have Kerr Dam, one of the oldest Montana Power Co. dams in the area. Farther down the river there are Noxon Rapids Dam and Cabinet Gorge, built in Montana by the Washington Power Co. All of them are members of the Northwest Power Pool. All of them get along and benefit from the storage we have provided at Hungry Horse, and at the same time generate power for western Montana, northern Idaho, and eastern Washington and Oregon.

We want to maintain that status quo.

When Hungry Horse Dam was built, in the act authorizing Hungry Horse, which is chapter 234, 78th Congress, the following language is contained.

I ask unanimous consent that section 1 of that chapter be incorporated in the Record at this point in my remarks.

There being no objection, the section was ordered to be printed in the Record, as follows:

CHAPTER 234

An Act to provide for the partial construction of the Hungry Horse Dam on the South Fork of the Flathead River in the State of Montana, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of irrigation and reclamation of arid lands, for controlling floods, improving navigation, regulating the flow of the South Fork of the Flathead River, for the generation of electric energy, and for other beneficial uses primarily in the State of Montana but also in downstream areas, the Secretary of the Interior is authorized and directed to proceed as soon as practicable with the construction, operation, and maintenance of the proposed Hungry Horse Dam (including facilities for generating electric energy) on the South Fork of the Flathead River, Flathead County, Montana, to such a height as may be necessary to impound not less than one million acre-feet of water.

Mr. METCALF. When Hungry Horse was authorized, Congress provided that it was "for the purpose of irrigation and reclamation of arid lands, for controlling floods, improving navigation, regulating the flow of the South Fork of the Flathead River, for the generation of electric energy, and for other beneficial uses primarily in the State of Montana."

Since then we have had many acts dealing with Hungry Horse Dam. We have had appropriations. We have had discussions on the floor. We have had administrative decisions.

I have prepared a brief summary of the preference for Hungry Horse power, which was contained on pages 19 and 20 of the hearings, and I ask unanimous consent that it be incorporated in the Record at this point as a part of my remarks.

There being no objection, the extract was ordered to be printed in the Record, as follows:

PREFERENCE TO MONTANA FOR HUNGRY HORSE POWER

1. Montana preference for Hungry Horse power is explicit in the authorizing legislation, and in justification of the appropriations for constructon.

2. Authorization for construction, the Mansfield Act (act of June 5, 1944, ch. 234, 53 Stat. 370) authorizes and directs construction of Hungry Horse Dam (including power-generation facilities) for, among other purposes "* * * the generation of electric energy, and for other beneficial uses primarily in the State of Montana * * *."

3. The priority position of Montana thus accorded in the authorizing legislation rests on—

(a) Full discussion by the project sponsors in the congressional hearing on H.R. 3570, 78th Congress;

(b) The report and testimony of the Department of the Interior; and

(c) The report of the House Committee on Irrigation and Reclamation that recommended enactment.

4. In the 78th Congress, Congressman (now Senator) Mansfield placed in the Congressional Record (Mar. 4, 1944, p. 2395) a full statement of the justification for Hungry Horse Dam authorization on the basis, among other reasons, of the needs of Montana for additional power supply.

5. In the hearings on H.R. 3570 (which became law) statements by (then) Congressman Mansfield (p. 6) and Senator Murray (pp. 16–22) explicitly state the purpose of providing electric generation to meet Montana needs. Comments during the hearing by committee members, Congressman (now Senator) Barrett and (former) Congressman O'Connor (p. 16 et seq.), clarify the intention to afford priority to Montana. Excerpts from testimony in the hearing relevant to Montana's priority for Hungry Horse power are in the Congressional Record (Apr. 20, 1944, p. 3663).

6. The report of the Department of the Interior on H.R. 3570 (letters of February 19, 1944, from Abe Fortas, Acting Secretary of the Interior, to Hon. Compton L. White and J. N. Bankhead, chairmen of the House and Senate Committees on Irrigation and Reclamation) also are explicit in recognition of Montana priority to Hungry Horse power. This recognition is shown in the Department report, by the recommended amending language that repeats the phrase "* * * primarily in the State of Montana * * *." The Department report further states that by marketing the energy through the Bonneville Power Administration "* * * abundant low-cost electric power can be made available throughout the area, including western Montana." Testimony in the hearing on H.R. 3570 by William E. Warne (then Assistant Commissioner of Reclamation), stated as a purpose of Hungry Horse Dam "* * * power production for use in Montana."

7. In the report of the House Committee on Irrigation and Reclamation recommending enactment (H. Rept. 1193, 75th Cong.), amending language was adopted including explicitly the phrase "* * * primarily in the State of Montana * * *." Agreement of the House and the Senate is reported in the Congressional Record (May 26, 1944, pp. 5105–5106).

8. Appropriations for construction of Hungry Horse Dam have repeatedly been made on the basis of explicit disclosure to the Congress that the electric power generated is primarily for use in the State of Montana. Examples of such disclosure include:

Congress	Appropriation for fiscal year	Bill No.	Witness	Hearing page No.
79th	1947	6335	Murray	(House) 702.
79th	1947	6335	D'Ewart	(House) 705.
79th	1947	6335	Murray	(Senate) 1154.
80th	1948	3123	D'Ewart	(House) 1409.
80th	1948	6705	Gov. Ford Murray Mansfield	(Senate) 1044. (Senate) 1046. (Senate) 1056.

> Another example is that the appropriation for construction of Hungry Horse Dam was increased over the budget estimate with disclosure by (then) Congressman MANSFIELD of Montana's priority to Hungry Horse power (CONGRESSIONAL RECORD, May 27, 1948, p. A2992). Similar disclosure was made by (then) Congressman MANSFIELD on July 5, 1949 (CONGRESSIONAL RECORD, p. 4465).

Mr. METCALF. With reference to this amendment, which was adopted by the committee, as Mr. Norwood said, as appears on page 65 of the hearings:

> I would like to emphasize that the Montana amendment would underline and strengthen the Hungry Horse preference and create a further legislative record in favor of enabling the cooperatives in central Montana to have the right to Hungry Horse power which they have never been able to obtain up to this time.

Mr. President, this committee amendment is merely an amendment to carry out the basic purpose of the bill to maintain the status quo on the river. The amendment was obtained by a series of administrative decisions, legislative reports, and statements and colloquies on the floor, and is based on the proposition that I have outlined and previously read.

We are not putting anything new into this bill by this amendment. We are not getting anything new for the State of Montana. We are merely, by submitting the amendment to the committee—and I am very grateful to the committee for bringing it to the floor—carrying out the provisions of the bill and, by this amendment, not taking anything away from Montana.

I make that point because other amendments will be offered that will vary the purpose of the bill, or will vary the status quo of the power situation in the Northwest, and will vary the distribution of power insofar as it is provided as between the Columbia Basin and other basins. This amendment does not vary any of that distribution, but merely carries out what is established law under the previous decisions of the Bonneville Power Authority and the provisions of law.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. Without objection——

Mr. MUNDT. Mr. President, reserving the right to object, what is the specific language before the Senate now?

The PRESIDING OFFICER. The specific language is on page 8, beginning at line 12.

Mr. MUNDT. I would like to raise the question, then, with the author of the bill, or the Senator from Montana, or with some Senator who understands, what is intended here, and as to what impact, if any, this language would have concerning a very similar geographic preference which was established by law for the power users of the Big Bend project in South Dakota.

It would seem to me, as I read the bill, that it is not designed at present to make it necessary for this language to be written concerning Hungry Horse. If there is something in the bill which is tucked away or hidden by implication which would make such a reservation for Montana with regard to Hungry Horse, then it seems a similar provision should be applicable to power produced at Big Bend.

Mr. JACKSON. I shall be glad to respond to the question of the Senator from South Dakota. This amendment will not have any effect on the Big Bend project.

Mr. MUNDT. I know that. Why was the committee amendment added?

Mr. JACKSON. The committee amendment was added for clarification. A preference for Montana was in the original law authorizing the Hungry Horse project, but there had been some question raised as to the exact language, especially in the report accompanying the act. This allocation has always been recognized by the Department of the Interior. The purpose of the amendment was to reaffirm existing law. That was the judgment of the committee.

Mr. MUNDT. Does the Senator from Montana want to add anything to that statement?

Mr. METCALF. The only addition is that Hungry Horse is in the Columbia Basin and is affected by this bill, and when the Department sent up the proposed bill, it said, "We think this bill would change the Hungry Horse preference." That is the only act the bill would have changed. The Hungry Horse Preference Act would give preference first to the Columbia Basin, including western Montana, the second preference to the marketing area in California, Nevada, and Utah, where this dump power is going to be sold, and, third, eastern Montana.

The Hungry Horse Preference Act at the present time applies to the entire State of Montana. We do not want to build a wall one way or the other. We merely want to see that we have the same preference for the entire State of Montana that we had in the original act. This would not destroy a preference we have had before. Neither Big Bend Dam, Oahe, nor any other dam, would be affected by passage of the bill. There would be no preference which would be altered or changed by passage of the bill. Therefore, there was no necessity for such an amendment.

Mr. MUNDT. What the Senator says is completely true of all the other Missouri River dams in South Dakota and North Dakota except with respect to the construction of Big Bend. In that act there are provisions which tend to reserve for that area certain of the power which is produced, up to the extent of 50 percent. Our legislation was modeled and passed, very frankly, as a followup to the Hungry Horse legislation. We used that as a model, as a guide, as a precedent. Our legislation, therefore, did for Big Bend, to the extent of 50 percent of its power potential, precisely the same thing which the reservation did for the Hungry Horse project in Montana.

I merely wish to be positive that we establish by legislation or by legislative history the fact that although there will appear in S. 3153 an amendment specifically stating that nothing in the act is going to affect in any way the geographical preference for power users in the Hungry Horse Dam vicinity, by saying nothing and remaining silent it does not become established policy that something in the act conceivably might change the preference clauses so far as Big Bend is concerned.

Mr. METCALF. I say to the Senator from South Dakota that if the act were to be applicable to the Missouri River Basin, the Senator from Montana would be on the Senator's side, preserving his rights in regard to Big Bend, exactly as I hope the Senator will be on our side with regard to the Columbia River, to preserve our rights in the Hungry Horse project.

Mr. MUNDT. Quite apart from the merits of the bill—I shall have something to say about that later—since we are dealing with this particular amendment, may I have from the Senator from Montana, first, a categorical statement that there is nothing in the proposed legislation and that there would be nothing by the adoption of the amendment, if it is adopted, which in any way, shape, or form would change in any degree the existing considerations, legislation, and policies obtaining at Big Bend.

Mr. METCALF. The Senator has that assurance from the Senator from Montana. So far as I know, that is true, and I have carefully examined the bill.

Mr. JACKSON. Mr. President, as previously stated the bill will have no effect whatsoever on the Big Bend project. That is about as unequivocal a statement as one could make.

Mr. MUNDT. The Senator is talking about the bill?

Mr. JACKSON. I am talking about the bill, which includes the amendment adopted by the committee now pending before the Senate.

Mr. MUNDT. In other words, as the author of the bill the Senator is stating for the record that there is nothing in S. 3153, as presented to the committee or including the amendment affecting Hungry Horse Dam, which in any way would alter the prevailing policies and regulations and programs as they have prevailed concerning Big Bend.

Mr. JACKSON. The Senator is precisely correct. It would not affect Big Bend one iota. Is that unequivocal enough?

Mr. MUNDT. The Senator, as always, speaks with conviction and with certainty.

Mr. JACKSON. I speak with the facts, if that statement is in order. I give only the facts, nothing else.

Mr. MUNDT. The facts are what we want.

Mr. JACKSON. That is precisely the situation. As the distinguished junior Senator from Montana stated, the bill relates only to the Columbia Basin.

Mr. MUNDT. I wanted that established for the legislative record. I have no objection to the amendment per se, but only to its implications.

I think there are some serious flaws in S. 3153, quite apart from the amendment the Senate is about to consider, but I wanted this established for the legislative record at the time the amendment affecting Hungry Horse is considered.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committtee amendment was agreed to.

Mr. GOLDWATER. Mr. President, I call up my amendments designated "8-1-62—A."

The PRESIDING OFFICER. Does the Senator from Arizona want to have the amendments printed in the RECORD rather than read?

Mr. GOLDWATER. I can explain the amendments briefly. I ask unanimous consent that the amendments may be printed in the RECORD, and that the clerk need not read them.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

The amendments ordered to be printed in the RECORD are as follows:

On page 1, in line 1 of the title to the bill, insert after the words "Pacific Northwest", the words "and in the State of Arizona".

On page 1, in lines 2 and 3 of the title to the bill, strike out the words "that region" and insert in lieu thereof the words "those areas".

On page 2, line 9, after the words "Pacific Northwest" insert the words "and in the State of Arizona".

On page 2, line 11, strike out the words "the Pacific Northwest" and insert in lieu thereof the words "those areas".

On page 2, line 13, after the words "Pacific Northwest" insert the words "and in the State of Arizona".

On page 2, line 14, strike out the words "the Pacific Northwest" and insert in lieu thereof the words "those areas".

On page 3, after line 7, insert a new subparagraph (g) as follows:

"(g) 'Energy requirements of any State of Arizona customer' means the full requirements for electric energy of (1) any purchaser from the United States for direct consumption in the State of Arizona, and (2) any non-Federal utility in that State in excess of (i) the hydroelectric energy available for its own use from its generating plants in the State, and (ii) any additional energy available for use in the State which, under a then existing contract, the utility (A) can obtain at no higher incremental cost than the rate charged by the United States, or (B) is required to accept."

On page 3, line 10, after the words "Pacific Northwest" insert the words "and in the State of Arizona".

On page 3, line 11, strike out the words "the Pacific Northwest" and insert in lieu thereof the words "those areas".

On page 3, line 14, after the words "Pacific Northwest" insert the words "or the State of Arizona".

On page 3, lines 15 and 16, after the words "Pacific Northwest" insert the words "or the State of Arizona".

On page 3, lines 16 and 17, strike out the words "that region" and insert in lieu thereof the words "those areas".

On page 3, line 23, after the word "customer" insert the words "or the energy requirements of any State of Arizona customer".

On page 4, line 1, after the words "Pacific Northwest" insert the words "or from the State of Arizona".

On page 4, line 5, after the words "Pacific Northwest" insert the words "or in the State of Arizona".

On page 4, line 7, after the words "Pacific Northwest" insert the words "or the State of Arizona".

On page 4, line 10, after the words "Pacific Northwest" insert the words "or the State of Arizona".

On page 4, line 12, after the words "Pacific Northwest" insert the words "and in the State of Arizona".

On page 4, line 13, after the words "Pacific Northwest" insert the words "or in the State of Arizona".

On page 4, line 16, after the words "Pacific Northwest" insert the words "and the State of Arizona".

On page 4, line 17, strike out the words "that region" and insert in lieu thereof the words "those areas".

On page 4, line 21, after the word "customer" insert the words "or the energy requirements of any State of Arizona customer".

On page 5, line 5, after the word "Northwest" insert the words "or within the State of Arizona".

On page 5, line 17, at the end of the line, insert the following words "or the energy requirements of any State of Arizona customer".

On page 5, line 20, after the words "Pacific Northwest" insert the words "or in the State of Arizona".

On page 5, line 21, after the words "Pacific Northwest" insert the words "or the State of Arizona".

On page 5, line 24, after the word "Northwest" insert the words "or in the State of Arizona".

On page 6, line 13, after the words "contracts for" insert the letter "(a)".

On page 6, line 22, after the word "energy" insert the following language: "and (b) the exchange with areas other than the State of Arizona of (1) surplus energy during the State of Arizona storage refill period, (2) any energy during the State of Arizona storage refill period which will be returned to the State of Arizona in equal amounts during the same State of Arizona refill period or the succeeding storage drawdown period, (3) any energy which will be returned to the State of Arizona in equal amounts during the same State of Arizona storage drawdown period, (4) peaking capacity, or (5) surplus peaking capacity for energy."

On page 7, line 11, after the word "energy" insert the words "in the Pacific Northwest".

On page 7, line 15, after the word "energy" insert the words "in the Pacific Northwest".

On page 7, line 24, between the words "west" and "to include" insert the words "and in the State of Arizona".

On page 8, add a new section 9, as follows:

"SEC. 9. In the case of Federal hydroelectric power projects now or hereafter situated at points on streams which form the boundary of the State of Arizona with an adjoining State, the State of Arizona shall be allotted one-half of the energy and capacity of such Federal power projects and such capacity and energy shall be subject to the provisions of this Act."

Mr. GOLDWATER. Mr. President, we are considering a regional preference bill, S. 3153, a bill that would limit an Interior Department curtain around all of the power produced by the Federal Government in the Pacific Northwest and retain it in the Bonneville system for all users in that area—that is retain all that those users, public and private alike, want or need to meet all of their requirements.

Laws applying to the disposal of electric power produced by the Federal Government carry preference provisions that say the power shall first be made available to public agencies of States, municipalities, and nonprofit rural electric cooperatives. Those provisions, as discriminatory and unjust as they may be, have been zealously defended by the Government power advocates. But now there is a situation where the preference provisions interfere with another objective of the Government power advocates. They want the Government to construct a high-voltage transmission line that would extend from the Bonneville system down to Los Angeles. But if the Government built the line, under present preference laws, those qualifying as preference customers in California would have equal rights to preference customers in the present Bonneville marketing area and superior rights to the nonpreference customers in that area.

Some of our friends from Washington and Oregon want to have their cake and eat it, too. Being ardent Federal power advocates they would like to see the Government build the tieline but they do not want to see preference customers in California cutting in on power produced in the Bonneville system so long as there is any need for it in their area. Mr. President, I do not blame these people for wanting to keep first call on this power—it is the cheapest in the country with Government subsidy, of course. But it is interesting to note how these great defenders of preference are willing to shade such obstacles as principle a little bit if it interferes with something else they want to do.

It is also interesting to see how other advocates of Government power are willing to bend principle a little bit too and to note how they attempt to reconcile these things. Assistant Secretary of Interior Kenneth Holum, in a speech out in Nebraska on August 2, 1962, had this to say:

> Now, for this regional preference matter. As you know, the legislation is related to the proposed construction of an extra high voltage common carrier transmission line between the Pacific Northwest and Pacific Southwest.

I hope you will note, Mr. President, that according to Mr. Holum, an administration spokesman, the purpose of this legislation is to clear the way for construction of a Federal transmission line down the west coast which, incidentally, would be an important link in a federally owned national grid which is the ambition of those who favor the nationalization or socialization, whichever you want to call it is immaterial, of our electric power industry.

Mr. Holum continued:

> The legislation we propose is nothing new. The uniqueness of the Northwest situation has been recognized for some time—both in Congress and under the previous administration. The record shows that since May 1959 the Senate Interior Committee has been concerned with the question of need for regional preference in the Northwest, should an intertie with Pacific Southwest markets be constructed. It also shows that in August 1960 the Secretary of the Interior sent a letter to that committee indicating the Department had assisted Senator Lusk, of Oregon, in preparing a regional preference bill.

How do you like that, Mr. President? We are supposed to be gullible enough to accept that sort of doubletalk. What does he mean when he says legislation that would bottle up power in one marketing area despite preference laws is nothing new. I am sure the Interior Department recognized the necessity of this legislation if it was going to build the west coast intertie. But the necessity is a political one. The Interior Department does not want to offend or enter into a contest with the Government power advocates of the Pacific Northwest—people who support every attempt to expand Federal power and who defend the preference concept unless it conflicts with their ambitions.

The Assistant Secretary said further:

> The Northwest's situation is unique because a number of important industrial concerns dependent upon cheap and abundant power have settled here and are now large customers of the Federal system. Because of their unique operations they are dependent upon the low-cost Bonneville power rate to stay in business. Their purchases have ranged from a high of 60 percent of Bonneville's sales in 1945 to an average of about 36 percent in the last 4 years.
>
> These firms employ 15,000 Pacific Northwest citizens directly and another 30,000 indirectly. Obviously, in such a unique situation, where the very life of a region is concerned, commonsense dictates the necessity of protecting that area's long range power needs through legislation. Organizations such as the American Public Power Association have endorsed this position by appropriate resolution.

Mr. President, here we have a very strange and unusual situation. Mr. Holum, a spokesman for the Interior Department, is expressing concern for the future welfare of some investor-financed businesses. I am sure that I have every bit as much interest in private business as anyone connected with the present administration and especially that incubator of socialized electric power, the Interior Department. But, Mr. President, here we are being asked to pass a special law to give business in one section of the country advantages over businesses elsewhere. These businesses Mr. Holum is so solicitous of have been enjoying electric rates subsidized by the taxpayers of this country for a long, long time and I have no inclination to pass a special law to continue that subsidy. The Bonneville Power Administration has been losing money for several years with the loss increasing yearly. I understand the Administrator admits it faces a $17 million loss this year. The unit costs of the new projects being added to the Bonneville system greatly exceed the costs of Bonneville and Grand Coulee which were built during depression days and yet the selling price of power is still based on the cost of those two projects. Instead of considering legislation to reserve this low-cost power for a specific area we should be passing legislation to require the Bonneville and all other Federal power marketing agencies to increase rates in a sufficient amount to keep the taxpayers whole. The new prices of power should also include an allowance for taxes forgone.

Mr. Holum included another interesting paragraph in his speech:

> While we have recommended regional preference legislation to meet the Northwest's special problems, we just as strongly assert that we firmly oppose the establishment of regional preference fences around any other portion of the United States. We believe that our position is consistent with our strong beliefs in the preference clause.

Mr. Holum believes that this special preference the administration now requests is consistent with their strong beliefs in the preference clause. In other words, they have a strong belief in preference but they also have a strong belief in another preference within the preference clause. Just how inconsistent can these people get, Mr. President? It would be amusing if the question was not so serious to observe the tortuous reasoning these people use to try to uphold something they have been defending for years while at the same time trying to alter it in order for them to do something else. You will also note that they will firmly oppose such special provisions for any other portion of the United States.

Mr. President, I have never believed in the preference clause because I do not believe in special privileges for any of our citizens. There has been entirely too much of that already. Each time we give any group of citizens special privileges over another we violate our Constitution and thereby weaken our whole form of government. But if there is going to be discrimination for any section of the country, then I am going to insist that my constituents receive like advantages. That is the reason for my amendment. All that my amendment does is reserve for use in Arizona power which the Federal Government generates in Arizona. That is exactly what the bill we are considering does for the present Bonneville marketing area. If such legislation is good for the Pacific Northwest, then my amendment is good for Arizona, and similar amendments would be good for other sections of the country.

Mr. President, I must start out my explanation of my amendments by stating that I cannot blame the States from the northwest region for wanting to see passage of the bill. If it has the merit they seem to feel it has, I see no reason why it should be confined to the Northwest. My amendments would merely add the name of the State of Arizona to the Northwest territory, so that we would not be damaged by anything the Senate does today.

I suggest that my colleagues from other States would do well to study the bill and to listen to my few remarks, or to read them, because I feel that if this proposal is good for one section of the country it is good for other sections of the country. To be fair to all States and to all people, I suggest that the provisions of the bill could well be and should be extended to all of the States in the country.

The PRESIDING OFFICER. If the Senator from Arizona will yield at that point, the Chair is advised by the Parliamentarian that there are a series of amendments offered by the Senator from Arizona, each relating to a specific portion of the bill. Does the Senator from Arizona wish to have the amendments considered en bloc?

Mr. GOLDWATER. Mr. President, when it is time to consider my amendments they should be considered en bloc. There are a series of amendments which merely provide that my State, Arizona, would be included in the bill. I think, by the time we are through, other States will wish to be included also.

This is merely a series of technical subamendments which constitute an overall amendment to the bill.

Mr. KEATING. Mr. President, will the Senator from Arizona yield to me for a parliamentary inquiry?

Mr. GOLDWATER. I am happy to yield.

Mr. KEATING. My parliamentary inquiry is, Mr. President: Suppose the amendments of the distinguished Senator from Arizona are agreed to. Would that preclude adding the names of other States to the bill? Must those States be added in amendments to the Senator's amendment?

The PRESIDING OFFICER. That would not preclude adding any other amendment to the bill.

Mr. GOLDWATER. Mr. President, I would suggest it might be easier if the Senators who want their States added to this protective device should merely add the name of the States to my amendment. There are a number of places where the addition of the name of the States must be provided.

This looks like a rather complicated series of amendments, but I assure the Senate it is not. This would protect Arizona, as well as protecting the States of Washington, Oregon, and other States in the Northwest.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. MUNDT. I should like to ask the Senator from Arizona, in line with what he has said, if he is willing to modify his amendment, which is now at the desk, to include after "the State of Arizona" the words "the States of South Dakota and of North Dakota" at every place appropriate in the amendments? I shall discuss the reasons for that later, but this seems to be the propitious time to make the modification and to have the whole thing placed before the Senate.

Mr. GOLDWATER. The Senator from Arizona would be very happy to modify his amendment in the manner suggested by the Senator from South Dakota.

Mr. MUNDT. I thank the Senator. Mr. President, does that conclude all that needs to be done in order to have it now a part of the Goldwater amendments?

The PRESIDING OFFICER. The Senator from Arizona has a right to modify his amendment. That is all that is necessary.

Mr. MILLER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arizona has the floor.

Mr. GOLDWATER. I yield for that purpose.

Mr. MILLER. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. MILLER. Would the junior Senator from Arizona be in order, in view of what the Presiding Officer has stated, to further modify his amendment?

The PRESIDING OFFICER. The Senator from Arizona can modify his amendment further.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. MILLER. In line with the comments made by the distinguished Senator from South Dakota, I invite the attention of my colleague to the fact that the State of Iowa borders on the State of South Dakota, and that we are likewise deeply interested in the regional power development of the area.

I wonder if the Senator from Arizona would be agreeable to a further modification of his amendments so as to include the State of Iowa.

Mr. GOLDWATER. The junior Senator from Arizona would be very happy to modify his amendments, as the Senator has requested.

The PRESIDING OFFICER. The amendments are so modified.

Mr. MILLER. I thank the Senator from Arizona.

Mr. KUCHEL. Mr. President, will the distinguished Senator from Arizona yield?

Mr. GOLDWATER. I am happy to yield to my friend from California.

Mr. KUCHEL. As I understand the amendments of the Senator from Arizona, they deal with the bill before the Senate in a number—perhaps in most—respects, but not entirely so. Am I correct in my understanding that the Senator from Arizona has included in the last section of his amendments an extraneous provision from the standpoint of the bill before the Senate?

Mr. GOLDWATER. Does the Senator refer to section 9?

Mr. KUCHEL. Yes.

Mr. GOLDWATER. I do not believe that the section is extraneous. I think it is in keeping with the tenor of the bill. In section 9, I have proposed:

> SEC. 9. In the case of Federal hydroelectric power projects now or hereafter situated at points on streams which form the boundary of the State of Arizona with an adjoining State, the State of Arizona shall be allotted one-half of the energy and capacity of such Federal power projects and such capacity and energy shall be subject to the provisions of this Act.

I point out to Senators, as my friend from California well knows, that the boundary between California and Arizona is the Colorado River. Hoover Dam, Davis Dam, and Parker Dam are all situated on the Colorado, half in my State and half in the State of the distinguished Senator from California.

I assure the Senate that the State of Arizona does not enjoy 50 percent of the power produced. By the amendments I would merely provide that what has happened could never happen again. I remind my friend from California that a filibuster by Arizona's two Senators was required in 1927 or 1928 in order to insure that Arizona would get any power from Hoover Dam. It has been a continuing struggle. I do not want to see my State or, for that matter, any other State, have the problems that we have had in getting our just share of power from dams constructed half in my State and half in the State represented by the able Senator.

Mr. KUCHEL. Up to the last provision in the amendments of the Senator from Arizona, his amendments deal with Bonneville and the Pacific Northwest. The last provision interjects another problem. It is different subject matter than is covered in the remainder of his amendments. Is that not correct?

Mr. GOLDWATER. I believe the Senator might be able to construe it that way, but the junior Senator from Arizona does not agree that the provision is extraneous. For example, a question I wish to ask during the period of debate is, What is the definition of "Pacific Southwest"?

I believe that if the definition were correctly interpreted to include the State of Arizona, it would then apply directly. But I have a feeling that the Pacific Southwest is to be considered by the Federal Power Commission and by the authors of the bill as being southern California. If that is the case, it puts an entirely different light on the bill. I can well understand the concern of the senior Senator from California. However, I do not believe that the provision is different or outside the boundary of the bill. If the Senator can convince me in the interim, I shall be very glad to consider a modification.

Mr. KUCHEL. No. The Senator has a perfect right to offer the amendments as written. I respect that right. My point in raising the question, however, is that I shall object to having the amendments considered en bloc. I want the Record to show that. I wish to preserve my rights to have the last section of the amendments offered by my friend from Arizona considered separately and independently. I do not quarrel with a proposal to consider the other items of the amendments, if I correctly understand that they deal with the Pacific Northwest and the surplus power energy being generated today at Bonneville. But, proceeding from an abundance of caution, I wish to preserve my right to consider separately the last section of the amendments apart from any other section of the amendments having to do with the problems of hydroelectric projects—"now or hereafter situated at points on streams which form the boundary of the State of Arizona with an adjoining State."

I wish to make a little clearer to the Senate the views that I have on that portion of the amendments.

Mr. GOLDWATER. I should be happy to withdraw my unanimous-consent request that the amendments be considered en bloc, and we can proceed through them one at a time.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. JACKSON. I think the Senator from California will find, if he reads the amendments offered by the Senator from Arizona, that they are inseparable, and that he would not accomplish what he has in mind by merely separating the section. I think it is all one amendment. I make that statement in all fairness.

Mr. GOLDWATER. I agree, but I can understand the position of my friend from California.

Mr. JACKSON. The amendments would have a substantial effect on the relationships that now exist in the disposition of power from Federal dams in that area even if the two proposals were separated.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. KUCHEL. I agree with what my friend from Washington has said. However, because the implications in the last section of the proposed amendments of the Senator from Arizona present to the Senate a considerably different and certainly not less important issue than the other provisions of the bill, I think it would be easier to state my position as best I can, were they separated.

Mr. GOLDWATER. Mr. President, as I said, I will withdraw my request to have the amendments considered en bloc. I recognize that the distinguished Senator from California [Mr. Kuchel] is giving his usual careful attention to the problems of his State. It is a question with which probably only four Members of the Senate have great association. We cannot make the situation any worse.

Mr. ALLOTT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Colorado?

Mr. GOLDWATER. I yield.

Mr. ALLOTT. Does the Senator construe the bill S. 3153, as it is now before the Senate without the amendments of the Senator from Arizona, as providing that hereafter, except for surplus energy and surplus peaking energy, both of which are described or defined in the bill, the Pacific Northwest would erect a fence around itself for the use of its own power?

Mr. GOLDWATER. The Senator has correctly interpreted the bill. As I said at the outset, I cannot find fault with any Senator attempting to do what is best for his own State or section. I am merely trying to get my State in the act.

Mr. ALLOTT. Mr. President, will the Senator yield for another question?

Mr. GOLDWATER. I yield.

Mr. ALLOTT. The Senator is aware, I believe, that the Bonneville system has been operating at a deficit.

Mr. GOLDWATER. Yes. If the Senator is interested, I shall read from the 1961 report on the U.S. Columbia River power system, U.S. Department of the Interior. On page 1 the following statement appears:

> Four years ago, BPA was $78,800,000 ahead of schedule in repaying its obligations to the

> Treasury. However, 4 successive deficit years—$15,300,000 last year, alone—have reduced this surplus to $37,800,000. Future deficits are predicted for the next 4 or 5 years.

I add this merely as an interesting comment. As shown on page 2, construction during an 8-year period has had no new starts, and there have been large amounts of generation by public and private utilities, which have reduced Bonneville sales. This seems to speak rather well for private development in this area. However, there has been a deficit, and it is predicted it will continue.

Mr. ALLOTT. Is it not also true that Bonneville's power rates, which are effective for 5 years, have not been increased?

Mr. GOLDWATER. From what I have been able to ascertain, the Senator is correct.

Mr. ALLOTT. I am reading from a committee print of the Committee on Interior and Insular Affairs, dated May 3, 1960, in which the statement is made that the present rates are to continue in effect until December 20, 1964. Therefore, with a system which is operating at a loss now, and so far with a refusal to raise rates, to which the Federal Government is, in effect, adhering, they are putting a fence around themselves to keep any power from going outside their area, and in that way have all of it remain with them. Is that the Senator's interpretation?

Mr. GOLDWATER. That is my interpretation. That is the reason for my amendment; it is the only reason for it.

Mr. ALLOTT. To go one step further, if the Senator does not mind answering my questions, what the pending bill does is create a preference within a preference. Is that correct?

Mr. GOLDWATER. If the Senator does not use "preference" as it is interpreted by the law. If we use it in its dictionary meaning, the Senator is correct. However, I hope to develop that this proposal would actually destroy preference where it exists.

Mr. ALLOTT. What it does is to give a preference to the customers in the Pacific Northwest, whether they are preference customers as we use the term with relation to Government projects, or whether they are private customers. Is that correct?

Mr. GOLDWATER. The Senator is absolutely correct. I read further from the Bonneville report, at page 2:

> As a result of the foregoing circumstances, we have shaped our program to achieve two paramount purposes: (1) To maintain our low rates; (2) to meet the load growth requirements of the region, including those for new industries whose location in the region is dependent upon the availability of low-cost power.

This should be of great interest to my friend from New York [Mr. KEATING], and Senators from other Eastern States. This is the development of power below cost to draw industries away from other sections of the country.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GOLDWATER. Has the Senator from Colorado finished with his questions to me?

Mr. ALLOTT. I have one or two more questions to ask, if the Senator will yield. The amendment of the Senator from Arizona is very intriguing. Of course, we all have an interest in the same question. He is aware of the Upper Colorado River Project Act. He is just as aware as I am, I am sure, that the Glen Canyon Dam will be located in the State of Arizona. Would the Senator from Arizona construe the effect of his amendment as keeping power from the Glen Canyon Dam from going along the transmission lines of the Government into the State of Colorado?

Mr. GOLDWATER. No; I would not construe it in that way. We are talking now about the upper and lower basin. We are talking about a single compact which created the Colorado River Basin, and then divided it. We already have entered into agreements with respect to lines and wheeling, and so forth. Therefore we would be treating the Colorado River Basin as the pending bill is treating the Columbia River Basin. I do not believe it would affect the language. We already have entered into agreements along that line. Before I conclude my argument on this point, let me say that when we were drafting the amendment we tried to do it by basins. However, we found, in our opinion, that it was impracticable to do so. For example, the Mississippi River system would have to be broken up into a number of components. The Missouri River Basin is a constituent part of the Mississippi River Basin; and it, in turn, would have to be broken into segments. The Columbia River Basin is broken into segments in the pending legislation when we consider provisions for the State of Montana as separated from the remainder of the Columbia Basin.

That is the reason why I did not offer the amendment based on the basin concept, because I think it would be impossible properly and minutely to define the areas of concern. Then, too, I believe we would encounter a problem such as the Senator from Colorado has mentioned.

Mr. ALLOTT. Therefore, this point should be made clear, particularly with respect to the legislative history on the bill: In offering the amendment the Senator in no way would affect the Upper Colorado River Project Act or any of the participating projects under it. Is that correct?

Mr. GOLDWATER. I agree to that. I believe the safest way to be sure of that would be for the State of Colorado to have its name attached to the amendment.

Mr. ALLOTT. It would be impossible to do that, of course, unless the legislative history made it absolutely clear as to what the intent of the Senator's amendment is, because I would not want the name of Colorado on the amendment if there were any question that the amendment might be interpreted in the way suggested by the questions I have asked the Senator. Therefore, I should like to ask, in light of the legislative history, whether the Senator would have any objection to including the State of Colorado in his amendment.

Mr. GOLDWATER. No; I would be very happy to have the great State of Colorado added to the amendment.

Mr. ALLOTT. Would the Senator make such a request?

Mr. GOLDWATER. I do not have to make the request. I am told that I can modify my own amendment at any time. I ask the Chair whether I am correct.

The PRESIDING OFFICER. The Senator is correct. Until the yeas and nays have been ordered on his amendment, the Senator may modify his amendment.

Mr. GOLDWATER. I am very happy to modify my amendment to include the State of Colorado.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. MUNDT. With respect to this same point, the Senator from Colorado is well advised to have his State added, in the same way that the amendment was modified earlier when the States of South Dakota and North Dakota were included. We had looked at this problem from the original standpoint of dealing with it by basins, because lines are not clearly defined. However, it was thought best to do it by naming the States.

From the big dams in South Dakota, we have been transmitting power to the State of Minnesota and to other neighboring States, other than to North Dakota.

I did not see either Senator from Minnesota on the floor at the time I offered my amendment. I believe the State of Minnesota should be entitled to continue to receive the power it is now getting from our dams. However, if we enact the proposed legislation, Minnesota will be cut off from South Dakota dams, as will Nebraska, Iowa, and other States, because they are not mentioned in the bill. Those States will not be cut off because we want to be unneighborly, but because we are forced to adopt a program which I believe is highly improper and highly injurious to the development of a national power system.

I wish to protect South Dakota and North Dakota. We have consulted on this subject; and if this proposal is to become policy for the others, it will become policy for us.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HUMPHREY. In my effort to defend the interest of my State I should like to ask the Senator from South Dakota where he finds anything in the proposed legislation—in the bill, not in the amendments—which would affect the right of the people of Minnesota to enjoy the same power benefits from the Missouri River development?

Mr. MUNDT. The bill—not the amendment—proposes to Balkanize the power grids of this country for the first time. It starts in the Northwest by establishing around the Northwest a Chinese wall. It provides that none of the power which is generated from the dams, in which Federal funds have been employed—and I think that even includes private generating plants in this instance—shall be transmitted beyond the boundaries of the areas into other areas not located in the area in which the power is generated.

So the Senator from Arizona very wisely and prudently, in my opinion, sought, because his State and North Dakota and South Dakota are located in areas which are producing this power—and those are the four States in the country which primarily produce power, so far as the location of generating plants is concerned——

Mr. HUMPHREY. Only the location of generating plants. The States do not produce the power; the Federal Government produces the power.

Mr. MUNDT. Precisely; just as in the Northwest the States do not produce the power; it is produced by Federal money.

The Senator from New York [Mr. KEATING] is on his feet. He is concerned because New York pays healthy taxes—and it will pay even healthier taxes if this bill is passed—to subsidize industry in the Northwest with cheap power, because there will be no possibility of transmitting power outside the grid.

So the Senator from Arizona has acted on the old axiom that what is sauce for the goose is sauce for the gander, because obviously if this is to be a new Federal policy, if this is to be considered proper for the Northwest—I do not consider it to be proper—but if it is to be the policy, it should be equally proper for Arizona and certainly for North Dakota and South Dakota.

So in the absence of Minnesota's inclusion in the amendment, if the bill should become law, and the amendment should prevail, and the precedent should prevail, we would find that adjacent States which are receiving the benefits of hydroelectric power will cease to receive them.

In that context, I mentioned Minnesota, because we have worked together. Many transmission lines have been built into Minnesota. We are hoping to have an interchange of power. But under the concept established by S. 3153, I think that happy relationship would be brought to an end.

Mr. HUMPHREY. Mr. President, will the Senator further yield?

Mr. MUNDT. I yield.

Mr. HUMPHREY. It is my understanding that the proposal to be offered by the Senator from South Dakota would provide for making North Dakota and South Dakota an area separate unto themselves, and would exclude Minnesota.

Mr. MUNDT. Only because, as I stated when we were discussing this proposal, when I learned what was involved, neither Senator from Minnesota was present. Although I admire that State, where I attended college, I did not think it would be proper to include Minnesota in the amendment. But I am sure the Senator from Minnesota, upon inquiry, will want to include Minnesota, as well.

Mr. HUMPHREY. Senators suggest the inclusion of their own States; but if a Senator is not present, his State is forgotten.

Mr. MUNDT. The Senator from Minnesota usually gets around.

Mr. HUMPHREY. Do not worry. The Senator from Minnesota will be present to protect the vital interests of the State which he is privileged to represent in part.

What disturbs me is that the Senator handling the measure, the distinguished junior Senator from Washington [Mr. JACKSON], finds nothing in the measure which adversely affects the interests of either North Dakota, South Dakota, or Minnesota; but he finds that a few monkeywrenches are being thrown into the gears of the bill by one State after another being mentioned by name, which is an exclusive reference, and means that those not mentioned are left outside the arrangement. It seems to me that this is a rather hodgepodge way to legislate. If we want to legislate concerning the Missouri River Basin, we can do so. I know what States are in the Missouri River Basin. One of them is Minnesota.

Mr. MUNDT. The Senator is correct. The Senator from Washington bases his proposal upon the specific line of reasoning that Congress should enact a pattern of legislation regarding power which shall become applicable for that area only. I do not believe the Senator from Minnesota needs to be told that when we adopt a policy which would become a precedent, it will spread. If it is proper to enact legislation to meet the criteria established for a certain area, it is equally proper and appropriate to establish criteria in our area; so I think the best time to protect against this situation is while the bill is being discussed.

Mr. JACKSON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. JACKSON. Let us keep the record straight. Every region is different. The situation in which we find ourselves today with respect to the bill before the Senate develops from a situation which occurs in the Northwest, a situation not applicable to any other area of the United States.

Mr. MUNDT. Will the Senator spell that out?

Mr. JACKSON. The Northwest has 96 percent hydropower. We are producing a vast amount of dump power. The Bonneville Power Administration has been criticized because the dump power is not being sold. Thirty million dollars worth of power is being dumped into the Pacific Ocean each year because of water going over our dams.

On the one hand, we hear people say, "Look at Bonneville, it is running a deficit." The reason we are here is to correct that deficit. There is no other reason. This bill is the result of resolutions adopted in 1959 and 1960, when the Pacific Gas & Electric Co. wanted to buy power from the Bonneville Power Administration without any protection being offered to the consumers in the Northwest. We obtained a ruling—and this was under the previous administration—which held that if power was sold in California, it would open the Bonneville marketing area to California. Sales to preference customers in California would interfere with long-term contracts with private industry and public bodies, and with short-term contracts with private utilities.

We want to be able to sell the power which is being dumped into the Pacific Ocean over the tops of our dams, so that we can make up a deficit which is running about $15 million a year. California wants to buy it. The marketing area of Bonneville Power Administration has been defined in the present law as the economic transmission distance. When the act was passed, that meant a distance within 200 miles. Because of advances in technology and the state of the art, Bonneville can now deliver power almost anywhere in the United States.

Would the distinguished Senator from South Dakota want the power from his State delivered to Florida or some other State? It is necessary to deal with this situation by regions. Every region has a different problem.

That is the only reason why we are here. We want to sell power to private and public bodies of California, if they want the power. No effort is being made to discriminate. What worries the Pacific Gas & Electric Co. is that they will not get all the power. The private utilities, the public bodies, and the private industries of the Northwest unanimously endorse the proposed legislation. What is taking place is, I think, obvious. Let us be completely candid. There was no appearance before the committee when hearings were held to change this area and include other sections of the United States. We know that the disorderly way to legislate on this subject is to bring in State after State, without hearings being held—and all the interested and affected States having an opportunity to be heard.

I know that the Pacific Gas & Electric Co. does not want the proposed legislation. I know it has been lobbying day and night to kill this bill because it hopes to get all of the power.

Mr. KUCHEL. Mr. President, will the Senator from Washington yield?

Mr. JACKSON. I do not have the floor.

Mr. GOLDWATER. I have the floor.

Mr. MUNDT. Mr. President, I wish to correct a misstatement the Senator from Washington inadvertently made; namely, that no statement was made about this matter. On July 12, I wrote a letter about it to the Senator from New Mexico [Mr. ANDERSON], chairman of the Committee on Interior and Insular Affairs.

Mr. JACKSON. But that was after the hearings were completed.

Mr. MUNDT. Yes; but I wrote the letter when we found out what some Senators were endeavoring to do, and the letter was written before the committee had acted on the bill.

Mr. JACKSON. The bill was introduced on April 11, and has been pending all this time.

Mr. MUNDT. That may be; but when I learned that the committee was finally going to act on this particular bill, as one of a small handful among the whole basketful which were introduced, I became concerned about the reservation, and I wrote the letter. It is dated July 12; and it appears in the CONGRESSIONAL RECORD of July 13, on page 13534. In the letter I questioned the wisdom of trying to Balkanize the power grids in this country—which is what would be done if this arrangement were to be applied in connection with the same problems on the Missouri River. We have the problem of the transmission of hydroelectric power, the problem of dump power, and the problem of sales across State lines. These problems are as characteristic of our areas as they are of the areas in the Pacific Northwest. There is nothing particularly unique about these problems. They exist both under the Bonneville Power Administration and under the systems handled by the Department of the Interior.

Mr. JACKSON. If the Senator from South Dakota wishes to use the word "Balkanization," I point out, with all due respect, that the power in his area is sold within a given area. Is that not true?

Mr. MUNDT. Yes.

Mr. JACKSON. Then why is the Senator from South Dakota talking about "Balkanization"?

Mr. MUNDT. The power in our area is sold under a power transmission system, as is the power in the Pacific Northwest, although in regard in the Pacific Northwest the bill is narrowed down, so as to define a specific area geographically.

Mr. JACKSON. I am sure the Senator from South Dakota is misinformed about the problem of surplus power or dump power. That problem does not exist in the Missouri River Basin. But I am sure the Senator from South Dakota would not want it to be held that if in the Missouri Basin it was possible to sell dump power, all existing rights to take care of their own customers would be lost.

Mr. MUNDT. But that problem is not before us.

Mr. JACKSON. But that is precisely the situation. The Solicitor of the Department of the Interior has ruled that if Bonneville power is transmitted to California, in the absence of the enactment of this bill, our marketing area will be extended all the way to the Mexican border. That would jeopardize the power supply of private industry and all private utilities in the Pacific Northwest. That is the only reason why we are seeking to have this bill enacted, and it was for that reason that the bill was introduced.

Mr. GOLDWATER. Mr. President, our concern, and also the reason we have offered this amendment, is not so much over what is provided by the bill as it is over what is outside the bill. It was a part of a message from the President. The bill was introduced by request. In my opinion, it is a part of a program to federalize power in this country. All that is needed to start that is a high-voltage transmission line out of any basin into any other basin or region, and then it will not be long before there will develop the problem of what will happen to Minnesota, North Dakota, South Dakota, or Arizona or any other area in the United States.

With the completion of this line—and I am not insinuating that the bill has any reference to a high-voltage line from the Pacific Northwest to the Southwest—there will be completed an important part of an interconnecting grid that would need only a relatively short transmission line in order to reach into the TVA area, and then the creation of a relatively few reactor-type generators in the Pacific Northwest in order to completely take over the power industry in the United States. When that happens, my area, which happens to be a power-starved area—and it will continue to be, even with the completion of the Glen Canyon Dam—would find that the power available there could be used to supply power wherever it might be wanted.

Arizona is not a customer of the Pacific Gas & Electric Co.; that company does not operate in my State.

Mr. JACKSON. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I am glad to yield.

Mr. JACKSON. Let me explain that at the present time the Pacific Gas & Electric Co. has entered into an agreement with the Pacific Power & Light Co., of the Pacific Northwest, for the construction of an interconnecting line and for P.P. & L. to send its surplus power to California.

This line could be made available to public bodies in California. If it were, the Solicitor of the Department of the Interior under both administrations has ruled that such public bodies in the State of California would become preference customers under the Bonneville Act and the Bonneville marketing area would be extended to California.

So the proposed legislation is needed, regardless of whether there is a Federal line or a non-Federal line. The question of a Federal line is not involved here, as has been properly pointed out; this bill does not authorize any Federal transmission line.

Mr. GOLDWATER. It does not need to.

Mr. JACKSON. True, because that is authorized by previous Federal law. But I point out that the enactment of this bill is needed, even if the present plans go through. I refer to the plans of the private utilities. I have no objection to having the Pacific Gas & Electric Co. obtain surplus power from Bonneville. That will be fine. If they want to buy it there, that will be fine. We want to be able to reduce the $30 million annual waste of dump power that is going to the Pacific Ocean. In order to stop that waste and end that deficit, we need the proposed legislation.

If the bill is not enacted, the firm power supply of both the private utilities in the Northwest will be affected most disadvantageously.

I wish to make clear that in the Pacific Northwest the private utilities and industries get more than half of all the power produced by Bonneville. So the proposed legislation is absolutely essential if we are to reduce the deficit which now is being incurred because we cannot market dump or waste power, which has an annual value of $30 million.

Mr. GOLDWATER. But under the Senator's argument the area could very easily be extended; all that would be needed would be a few short miles of transmission line between that high-voltage line and either Hoover Dam or Davis Dam, in order to connect into the Glen Canyon grid and connect all the Rocky Mountain States with that basin, and then extend into the southeastern area; and then, under the argument the Senator from Washington is using, it could be required that Federal power flow from our area into all those States—both the power we have now and the power we shall have when Glen Canyon Dam is completed.

Mr. JACKSON. Mr. President, the Senator from Arizona is basing his argument on what can be done now.

Mr. GOLDWATER. I do not follow the Senator's point.

Mr. JACKSON. Let me explain. The Pacific Power & Light Co., in connection with the Pacific Gas & Electric Co., is building a large tieline into California, and can interconnect it with another system elsewhere, and have a private utility grid throughout the country. This is sound engineering practice—so that power flows can be reversed to carry maximum loads. We do this in the Pacific Northwest. The Bonneville Power Administration has invested over $500 million in transmission lines in the Northwest, connecting with private and non-Federal utilities. This makes it possible to maximize the power available in that area, so we do not waste it, and so that each utility does not operate as a separate entity. This is sound engineering practice.

The bill is needed for the purpose of making it possible to sell such power to private utilities or to public bodies in such a way as not to jeopardize or upset the marketing practices which now exist in the Pacific Northwest.

Mr. GOLDWATER. Mr. President, if what the Senator from Washington says is true—and I know it to be true, because we have worked out similar agreements between the Upper Basin and the Lower Basin in Arizona, Utah, and Colorado—why should there be objection to the inclusion, if not on a regional or basin basis, on a State-by-State basis? If it is good for the Pacific Northwest, it is good for the Southwest and the Middle West.

Mr. JACKSON. I will state why. It is because the situation confronting the Pacific Northwest does not exist anywhere else in the Nation. In the Pacific Northwest there is a vast amount of surplus or dump hydroelectric power. That situation does not exist anywhere else in the Nation. But if the proposed legislation is not enacted, it will be possible to arrive at a precedent for any Federal dam to sell power 1,000 or 2,000 miles away from the State in which it is located; and I am sure the Senator from Arizona is not arguing that that should be done. I am sure he does not want to ask for a Federal grid system to bring that about.

Mr. GOLDWATER. No; the Senator from Arizona is trying to prevent that.

Mr. JACKSON. That matter about which he is concerned is not involved in the pending bill.

Mr. GOLDWATER. I recognize that, but I cannot help but read in the report and read in the hearings the intent. The intent is interconnection. That is a part of the report made on December 15 from the task force. I remember mentioning my concern about it. It is a blueprint.

Mr. JACKSON. That is an entirely separate matter of appropriations.

Mr. GOLDWATER. I do not argue that, but I think this is merely getting the nose under the tent, getting the foot in the door. It is part of the measure, and it did not come from any Senator's pen; it came from the White House in a message that is a part of the overall Federal power program. If it is good for the Northwest, it is good for other parts of the country.

Mr. JACKSON. It is good for the Treasury of the United States, because we are now wasting $30 million worth of power, virtually all of which could be sold.

Mr. GOLDWATER. Perhaps the Federal Government ought to get out of the generation and sale of electric power.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield to the Senator from New York.

Mr. KEATING. I appreciate the Senator's courtesy in yielding to me. I commend him for his diligence in protecting the State of Arizona, and commend the Senator from South Dakota for his diligence. I commend also the Senator from Colorado, and the Senator from Iowa. They have put all their States into the amendment. So far we are only as far east as Iowa, but I assume we will go farther east. I will not add an amendment yet to include New York.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. HICKENLOOPER. By all means, I want Iowa scheduled.

Mr. KEATING. Iowa is included.

Mr. HICKENLOOPER. Are we in?

Mr. KEATING. Iowa is in.

Mr. HICKENLOOPER. I am sorry; I just entered the Chamber. I think we have as much right to be in as any other State.

Mr. KEATING. I agree. I commend the Senator from Washington. He is diligently looking out for the interests of his own State. He wants to keep all his power in that small area.

This is a very revealing letter from the Administrator of the Bonneville Administration to the Honorable Stewart Udall, Secretary of the Interior. This sentence has been read once before, but it had better be read again. There may be some Senator who will take an interest in it, including the Senator from Vermont, and perhaps other Senators from other areas around our vast and glorious country:

> As a result of the foregoing circumstances, we have shaped our program to achieve two paramount purposes: (1) to maintain our low rates; (2) to meet the load growth requirements of the region, including those for new industries whose location in the region is dependent upon the availability of low-cost power.

We know that that area has been trying to lure industries away from other States, but now it is down in black and white that, "We want all of the taxpayers of this country to agree, through their representatives in Congress, that we will keep this power in our own little hot hands in this area; we will not let it get out of there, so we can attract some industries from the States of New York, Connecticut, and Ohio." My friend the Senator from Ohio [Mr. LAUSCHE] will be present tomorrow to say something on this subject, and I shall have much more to say on it in due course.

This is an alert to all Senators who happen to represent areas which are not entirely within the Federal public power complex, that they had better be present tomorrow to look into this bill very carefully, because there is a warning in writing to them that their industries are to be taken away and they are being asked to pay for moving their own industries into this area.

Think of it, Mr. President, they are being asked to contribute their tax dollars in order that this area can hold this power, within its confines, and can assure X corporation, "This bill has gone through. You do not have to worry any more. We can assure you of cheap power. We will not raise our rates. We have been maintaining our low rates. We will never raise our rates on you. Move in here, and you will have these low rates forever. We will take good care of you, and we will make all the taxpayers in the United States pay for it. And we will see that they never have to share our riches and resources."

It is a great thing if one can do it.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. HICKENLOOPER. I am surprised to hear the Senator's argument. Is there any objection on the part of anyone to having all the States get some of the electricity paid for by all the taxpayers?

Mr. KEATING. I do not know about that. The Senator from Washington does not want to have specific States added. He does not like to have Arizona and Colorado added. I am sure he is going to object when I try to add New York.

Mr. JACKSON. Will the Senator explain what the law is with respect to Niagara?

Mr. KEATING. What I am objecting to is that all the taxpayers, including those in the State of New York, are being asked to subsidize this purloining of their own industries by the cheap power areas.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. KEATING. I do not have the floor.

Mr. GOLDWATER. I yield to the Senator from Washington.

Mr. MAGNUSON. Before we become too excited about this proposal, I think one thing should be made clear. I suppose I have had as much to do with appropriations for the development of hydropower as any other Member of the Senate.

Mr. KEATING. The Senator is an effective spokesman for his State.

Mr. MAGNUSON. I hear these statements continually sometimes even in the Appropriations Committee. The Senator from South Dakota knows about the taxpayers paying for hydro development in the Columbia Basin. We have paid back every nickel, with interest, and we are ahead of our payment schedule. That is not true of Niagara, but I am for Niagara, too. We happen to have a great resource in our area, a great river that is available to develop low-cost power in the Northwest. Pennsylvania has coal. Some States have gas. The State of New York has the St. Lawrence. We went down the line to help New York develop it. It is not on a payback basis. This is the only investment the Federal Government has ever made which pays back with interest.

I have supported all the reclamation and irrigation projects. Some of the early projects in Arizona have paid back. I think the Salt River project has paid back, in taxes alone, more than its cost. I have supported projects in South Dakota and Nebraska. They have paid back, but without interest. We are the best investment the Federal Government has ever made.

Mr. KEATING. In view of the generosity of the Senator, I cannot understand why the Senator is saying, "We want to keep the power here."

Mr. MAGNUSON. We are trying to sell our dump power down south. We have to do it. River basins must be kept intact. The whole river basin area is usually a development that includes reclamation, navigation, and all kinds of uses, even recreation. It has become a part of this development. It is not a question of whether we want to keep something. What we want to do is not to keep something, but to leave there what we had. We did not get it, ourselves. The taxpayers loaned the money. We are paying it back, and we are ahead of the repayment schedule.

Mr. GOLDWATER. If the Senator will yield to me——

Mr. MAGNUSON. Bonneville Dam is now 50 percent paid for, with 3 percent interest.

Mr. GOLDWATER. Mr. President, I have the floor.

Mr. MAGNUSON. I merely wanted to keep the record straight, in respect to the taxpayers.

Mr. GOLDWATER. I do not mind yielding to Senators. What my friend from Washington has been discussing does not enter into the question today. We are happy to have him discuss his projects, but now the Senator is talking about an amendment I have offered, which would include my State.

Mr. MAGNUSON. I know.

Mr. GOLDWATER. And any other State which wishes to be added.

Mr. MAGNUSON. Yes.

Mr. GOLDWATER. We could debate later about Bonneville, about the TVA, and any other project later.

Mr. MAGNUSON. I was merely answering the question of my friend from Iowa and of my friend from New York, who talked about the taxpayers of the United States putting up money, to be taken to the State of Washington, for the purpose of developing low-cost power, thus bringing industry to Washington.

Mr. HICKENLOOPER. Are they not doing so?

Mr. MAGNUSON. The money has been loaned to us. I have voted for many projects on the Mississippi River, on the Missouri River, and in the whole of the Columbia Basin. Congress has helped to support those projects, and has worked for them.

Mr. HICKENLOOPER. Mr. President, will the Senator yield to me?

Mr. GOLDWATER. I am happy to yield.

Mr. HICKENLOOPER. We have never tried to put into law, for the Mississippi River Basin or for the Missouri River Basin, anything to provide that the power would be exclusively for the use of the States nearby.

Mr. MAGNUSON. I will obtain some information to present tomorrow to show certain instances in which Senators have tried to write various proposals into law. At one time there was a request to build a transmission line out of South Dakota into the area of Minnesota. Everyone from South Dakota and neighboring areas opposed it.

Mr. HUMPHREY. It received seven big votes.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield to the Senator from Montana.

Mr. METCALF. Mr. President, I come from an area where the great rivers of America rise. The Missouri River rises in the State of Montana. Some of the hydroelectric dams ship power all the way to the Mississippi River. Many of the headwaters of the Columbia River are in the State of Montana.

I am as concerned as is the Senator from South Dakota with respect to the development of power and other resources of eastern Montana, which is three-fifths of the State I represent.

There is a power shortage in the Missouri River Basin. If we could develop the coal resources of South Dakota, Wyoming, and Montana, to supplement the hydroelectric power, we could take care of the power shortage which exists.

The Senator from Montana [Mr. MANSFIELD], the majority leader, and I have asked for a survey as to how to make use of the Columbia River power in the Missouri River Basin. The situation has been the same as it is in the area of the Senator from Arizona, and as it was in previous authorization for the Fryingpan-Arkansas project.

When Glen Canyon power comes on the line, it is possible that there will be a surplus of dump power for a while, which it would be the wish of the people to dispose of in some other power-hungry area, thus helping to pay off the debts to the Federal Government.

At the same time, the people will wish to preserve for the State, as the Senator's amendment would seek to do in this instance, or for the region, the benefits of the resources of that region.

So what we are saying to the people of the United States, from the western two-fifths of Montana and the Pacific Northwest, is "Give us an opportunity to help pay off the Federal Government by the shipment of our surplus power into power-hungry regions. Then, when Glen Canyon power comes on the line, when a survey of that region or river basin is needed, and when some of the other power dams are on the line in the Missouri River Basin, so that there is a surplus of power, we can devise a program for that river basin. We have an exceptional and, so far as we are concerned at this time, a unique situation in the Bonneville Power Administration and in the development of the Columbia River, which is one of the great resources of our country. We want to share it with other people. We want to share the surplus power with the people of our neighboring States. At the same time, we want to have the advantage of a great resource which we possess, exactly as we wish to maintain an advantage for the Missouri River Basin when the Senator from South Dakota gets his power from the line, and exactly the same as other people wish to have the advantage of Glen Canyon power when that power comes on the line."

I predict that there will be a power surplus, with regard to Glen Canyon similar to that which we have, for a temporary time, in the Columbia River Basin.

Mr. GOLDWATER. In answer to the Senator's remarks, by the adoption of the committee amendment, he has taken care very adequately of Montana. I congratulate the Senator. I am merely trying to do the same for my State by offering an amendment. That is the extent of what my amendment would do.

So far as the possibility of Glen Canyon producing surplus power is concerned, I assure the Senator that that will never happen. We shall be fortunate if sufficient power is produced to pay back.

Mr. METCALF. I hope the Senator is correct. If he will yield for a moment more, the point at which we got the amendment for Hungry Horse was when Hungry Horse was authorized and when the appropriations for it were made. We did not get that amendment in an omnibus bill of this sort. The amendment with respect to Arizona should have been obtained in connection with the Upper Colorado River authorization bill; or in the same manner in which the Senator from South Dakota got the preference clause for Big Bend, in the authorization bill and in the appropriation bill.

This is not the time to divide the territory State by State and say, "Let us add one other State, even though we do not have a survey as to what would happen to the other river basins and to the other regions in the Nation."

Mr. GOLDWATER. I say to my good friend from Montana that hindsight is the only 20-20 legislative vision of which I know. When we pressed for the Glen Canyon project, had we known of the report which was to be submitted, which came to the committee on December 15 of last year, certainly we would have asked to have this plan agreed upon and probably it could have been done on a basin basis.

But we were not intelligent enough to do so. We could not visualize that the Federal Government would ever want to get into a national grid, or that it would ever want to construct high voltage lines across the country. Had we then realized it, we would have objected to not having an exclusive clause, such as the Northwest basin is suggesting now, and which Hungry Horse has had, as the Senator correctly observes, ever since the passage of the original bill.

The Representatives from Montana must have had some foresight at that time which we were not possessed of, because they did precisely what I now seek to do at this late hour.

Mr. METCALF. If any foresight was involved, it was exercised by the majority leader when he was a Member of the House of Representatives.

Mr. GOLDWATER. The majority leader has always had excellent foresight. I saw that when I saw the committee amendment. I said, "Oh, oh; here comes a long-range look again."

Mr. MANSFIELD. No. Mr. President, will the Senator yield?

Mr. GOLDWATER. He is not looking backward. He is not even looking at the New Frontier. He is looking far out in front. I admire him.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. MANSFIELD. I wish to support in full what my distinguished colleague has said relative to the preference clause in the Hungry Horse Dam Act. I point out that this is almost absolutely necessary for our part of the country. As the Senator from Montana [Mr. METCALF] pointed out, both the Columbia River and the Missouri River have their origins in Montana, but the Hungry Horse project in Montana has the prior use of only approximately 200,000 kilowatts of power. Downstream the people get 700,000 or 800,000 kilowatts of power, because of storage as a result of the impounding of the Hungry Horse Reservoir.

Insofar as the Garrison Dam is concerned—and I note that the Senator from North Dakota is in the Chamber—their power is implemented because of impounding of waters behind Fort Peck Reservoir.

What happens, in effect, is that we have all these resources and we get very little by way of return. What we are asking the Senate to do is to protect us and strengthen us in the rights we already have, because this is a question of life and death.

Mr. GOLDWATER. We have already done that, by adopting the committee amendment. All the junior Senator from Arizona is attempting to do is to get a little of that which the Northwest and Montana now are to have. I believe in spreading the benefits around. In this respect I follow the preachments of the New Frontier. I want to get some action on this proposal, and not to see the benefits confined to one region.

It may be a partial answer to the remarks of my friend from Minnesota to point out that under section 1 of the bill the report refers to preference:

> This subsection, together with sections 2 and 3, superimposes a regional geographic priority on existing preference and priority statutes.

I suggest that this is something which should give the REA people great concern.

It should give preference customers more concern, because it superimposes a regional geographic priority that does not now exist. I am sure that is the reason the distinguished Senator from Montana suggested the amendment to the committee bill in the committee. I merely mention that point as further food for thought for those who wish to study the question tonight before action is taken on the bill.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. MUNDT. I am glad the Senator has touched upon an issue which had not previously been mentioned this afternoon, but has greatly disturbed many of the REA people in South Dakota. The issue is the impact that the new kind of community preference will have on the established preference-customer concept which has done so much to develop, build, perpetuate, and expand REA. I am frank to say that the committee report skips over that subject lightly. But I have received through the mail from an REA constituent back home a speech which the REA Administrator, Norman Clapp, delivered in San Juan, P.R., on May 17, which I had printed in the Record on July 13, and in which he raised some very serious questions about the "Balkanization" of power—that was not his term, but is mine—which proposes a new concept of preference.

Let me explain the way the plan would inevitably work if the bill should become law and there were preference customers—rural people, rural REA's and public bodies outside of the periphery which is being fenced in by the bill. Before such people could get their power, the power needs of all the people in the Northwest area, from the smallest REA to the biggest Kaiser aluminum plant, would have access to the power. I seriously fear that if we enact the proposed legislation as it is presently presented, we shall jeopardize, if not destroy, the preference-customer concept which has done so much to develop farm electricity and REA's throughout America, and which, I submit, is as much needed now as when REA was in its infancy, because there was nothing to protect the preference customer outside the preference area.

I doubt the wisdom of developing preference communities, which is what the bill would do. I believe we ought to adhere to our preference-customer legislation. But certainly if we should pass the bill without amendment, we would protect preference customers outside the preference communities, and then we would begin to sound the death knell to the preference-customer legislation and regulations in America.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. DIRKSEN. I should like to ask the assistant majority leader the program for the remainder of the day. I also would like to know whether he expects to have the Senate convene at an earlier hour tomorrow.

Mr. HUMPHREY. Mr. President, it is hoped that the Senate can adjourn very shortly and reconvene at 11 o'clock tomorrow morning. I gather that considerable more discussion is desired on the amendments that are being offered. There would be little or no opportunity to vote on the amendments at any early hour tonight. Rather than to ask the Senate to remain in session late tonight, if it is agreeable, I suggest that the debate be concluded in another half hour or so for the evening, the Senate to reconvene at 11 a.m. tomorrow.

Mr. DIRKSEN. Mr. President, if the Senator will yield further, I should like to ask a question.

Mr. GOLDWATER. I yield.

COMMITTEE MEETING DURING SENATE SESSION

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet tomorrow morning notwithstanding the session of the Senate, because the committee is now considering the drug bill.

The PRESIDING OFFICER. Is there objection?

Mr. HRUSKA. Mr. President, reserving the right to object, some of us who are interested in the hearing of the Committee on the Judiciary are also interested in the pending bill. It will be a little difficult for us to be in two places at the same time.

Mr. DIRKSEN. I respectfully suggest to my distinguished friend from Nebraska that there will doubtless be discussion on the bill. There will be a quorum call, and by the hour of 12 o'clock we should be back in the Senate Chamber. I do not make the request for the afternoon, but only for the morning.

Mr. HRUSKA. There is a hearing also scheduled for 2 o'clock on the confirmation of the nomination of Judge Irving Cooper.

Mr. DIRKSEN. That is correct.

Mr. HRUSKA. Would the Senator's request include that hearing also?

Mr. DIRKSEN. Yes. I obtained that consent earlier today.

Mr. HRUSKA. The hearing was postponed from last week when we had an extended discussion on another bill in the Senate.

Mr. HUMPHREY. Mr. President, we might be able to accommodate Senators if the Senate were to meet at noon tomorrow.

Mr. HRUSKA. That would help.

ORDER FOR ADJOURNMENT

Mr. HUMPHREY. Mr. President, I move that when the Senate completes its business today it stand in adjournment until 12 noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, will the Senator yield so that I might ask the acting majority leader a question?

Mr. GOLDWATER. I yield.

COMMITTEE MEETINGS DURING SESSION OF SENATE TOMORROW

Mr. HICKENLOOPER. Mr. President, I should like to ask the acting majority leader whether the Committee on Foreign Relations will be authorized to meet tomorrow?

Mr. HUMPHREY. I shall make a special unanimous-consent request to continue the hearings, which are being held without too much interference with the work of the Senate.

Mr. President, I ask unanimous consent that the Senate Committee on Foreign Relations may be authorized to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate Committee on the Judiciary be authorized to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate Subcommittee on Permanent Investigations be authorized to sit during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. GOLDWATER. Mr. President, I had no idea that the amendments would create so much interest. I had a prepared statement to make on the amendments themselves. A great deal of interesting discussion has taken place today. When Senators who were not present read it, it will give them some pause in the consideration of the bill. Frankly, I do not think the bill is needed. Even if my amendments were agreed to, I would be reluctant to vote for the bill, because I think the Secretary has all the authority that is needed today. I further feel that we would jeopardize very seriously the preference clauses in our Federal construction. That statement comes from one who does not happen to believe in the preference concept.

Mr. HUMPHREY. Mr. President, will the Senator from Arizona yield for a point of information?

Mr. GOLDWATER. I yield.

Mr. HUMPHREY. Does the Senator wish to press his amendments to a vote tonight?

Mr. GOLDWATER. No; the Senator will not press his amendments for a vote tonight.

Mr. HUMPHREY. I thank the Senator.

Mr. GOLDWATER. I understand that certain Senators who are out of the city today are vitally interested in the amendments of the Senator from Arizona and other amendments that will be offered by Senators on both sides of the aisle.

Mr. HUMPHREY. I so understand. For the information of Senators, there will be no votes tonight.

Mr. GOLDWATER. That is correct.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. DIRKSEN. I would regard it as rank discrimination if the State of Illinois were not included in the amendments of the Senator from Arizona.

Mr. GOLDWATER. I think the Senator is absolutely correct. I think he would find it rather difficult to explain to some of his constituents why Illinois did not feel just as entitled to the benefits as the Pacific Northwest, Arizona, Iowa, and Colorado.

Mr. DIRKSEN. Is the Senator from Arizona agreeable to the inclusion of an amendment that would include also the great Commonwealth of Illinois?

Mr. GOLDWATER. I modify my amendments to include the great Commonwealth of Illinois.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. KEATING. We are coming farther and farther east all the time. I wish to think the question over. I do not want to act precipitately by asking for the inclusion of New York. There are arguments on both sides. But I now congratulate the distinguished Senator from Illinois for looking after his State. One upon whom I neglected to heap encomiums was our distinguished majority leader, who acted before the bill ever reached the floor of the Senate. That is the time to protect a State. We have all learned that. He did a fine job, as he has always done, representing Montana. I congratulate him and my friend, the chairman of the committee. I shall not ask the distinguished Senator from Arizona to modify his amendments tonight.

Mr. GOLDWATER. I would be most happy to do so.

Mr. KEATING. I am sure the Senator would be happy to do so, but I do not want to make that request until I am sure it is in the best interest of my State. Senators are all looking out for their own States. After all, I feel we should do something about it. I wish to confer with my friend, the Senator from Vermont.

Mr. GOLDWATER. I cannot consider a better axis than a New York-Arizona axis.

Mr. KEATING. I agree with the Senator. I think it would be absolutely unbeatable.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. MUNDT. For the information of the Senate, since my request was made to the committee before the committee had marked up the bill, and because I received no consideration for my proposed amendment at that time, I have been working rather diligently on the problem. It is a very real problem for anyone outside the Pacific Northwest. So, working with the legislative counsel, I have had prepared in my office an amendment which I shall now read. The amendment would apply the same criteria to every State in the Union meeting the same problems as they arise.

I hope the Senator from Washington will listen to my reading of the amendment, because he is a very fair-minded individual, and perhaps after reading the amendment in the RECORD he may desire to become a cosponsor of it tomorrow, in which case I shall be glad to add his name. I read the amendment:

> At the end of the bill insert a new section, as follows:
>
> "SEC. 9. (a) Any contracts of the Secretary for the sale or exchange of electric energy generated at, or peaking capacity of, Federal plants in any State for use outside such State shall be subject to limitations and conditions corresponding to those provided in sections 2, 3, 6, and 7 for any contract for the sale, exchange, or transmission of electric energy or peaking capacity generated within the Pacific Northwest for use outside the Pacific Northwest.
>
> "(b) The provisions of this section shall apply only to States and parts of States not included in the Pacific Northwest."

What we do here is to apply precisely the same situation that is proposed for the Pacific Northwest.

I would also amend the title to read, as follows: "A bill to guarantee electric consumers in the Pacific Northwest region and in any State or part of a State outside such region first call on electric energy generated in Federal plants in such region or in such State, respectively, and for other purposes."

I send the amendment to the desk and ask that it be printed for use at the time the Senate enters upon consideration of amendments to the bill.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. MUNDT. Mr. President, I have a second amendment, which I also send to the desk, which I read, as follows:

> At the end of the bill insert a new section as follows:
>
> "SEC. 9. Any contracts of the Secretary for the sale or exchange of electric energy generated at, or peaking capacity of, Federal plants in the States of North Dakota, South Dakota, and Arizona for use within any area outside such States shall be subject to limitations and conditions corresponding to those provided in sections 2, 3, 6, and 7 for any contract for the sale, exchange or transmission of electric energy or peaking capacity generated within the Pacific Northwest for use outside the Pacific Northwest."

Amend the title to read as follows: "A bill to guarantee electric consumers in the Pacific Northwest region and in the States of North Dakota, South Dakota, and Arizona first call on electric energy generated in Federal plants in such region or such State, respectively, and for other purposes."

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MUNDT. Therefore, tomorrow we will present for consideration two proposals: One, to provide for Arizona, North Dakota, South Dakota, and the Pacific Northwest, as the major power-producing States of the area, precisely the same criteria, considerations, and protective measures; the other, to provide for every State this new pattern of protection which would be established by precedent in the proposed legislation as affecting the Pacific Northwest.

I submit these amendments reluctantly, because I believe that our present program of preference customers for public purposes and for REA's is better than the proposed substitution of regional preference or community preference for preferred customers. I believe it is undesirable to start balkanizing the great power systems of this country, which are brought about by the expenditure of public funds or by money borrowed from the Public Treasury.

However, I submit that if it is wise to do this under certain considerations in the Pacific Northwest, it is equally wise to meet the same problems as they arise, and to cure the same conditions, in the other States of the Union.

The criteria should be made applicable to all of them, but certainly to the other big power producing States like Arizona, North Dakota, and South Dakota.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. AIKEN. Am I correct in understanding that the Senator's amendment would apply to storage dams and reservoirs which are constructed with public funds but which are utilized for the generation of power at privately owned plants?

Mr. MUNDT. If they are constructed by public funds; yes.

Mr. AIKEN. Or if they were constructed to take care of flood conditions and later used as storage basins. Would that entitle the people of that area to the preference use of power?

Mr. MUNDT. I presume it would, although I should probably yield on that question to the distinguished Senators from Washington, who are the authors of the pending bill, because we would apply precisely the same criteria, whatever they are, to other States which are proposed for the Pacific Northwest.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. JACKSON. I believe it is perfectly clear what is involved in the Senator's amendment. The purpose is to change completely all existing law with relation to the distribution of power from Federal dams throughout the United States.

Mr. MUNDT. Only if the conditions which the Senator says are unique to the Pacific Northwest can be shown to prevail in the other areas.

Mr. JACKSON. I believe the amendment should be considered as a separate bill, after proper hearings have been held, with opportunity given to all interested parties to testify.

Mr. MUNDT. We would make applicable the same desiderata to our proposal as to the Senator's proposal. The Senator may wish to become a cosponsor, as I have said.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MAGNUSON. Who prepared the amendments?

Mr. MUNDT. I prepared the amendments in my office, in cooperation with the legislative counsel, who put them into legislative language.

Mr. MAGNUSON. The concept of area preference is not a new one. In one form or another it has been a part of Federal power policy for nearly 35 years. The Boulder Canyon Project Act (45 Stat. 1057) grants a preference to Arizona, California, and Nevada. I do not believe anyone would want to change that. Perhaps Arizona would like to change the percentages.

Mr. GOLDWATER. We want to protect that situation.

Mr. MAGNUSON. We want to protect it also.

Mr. GOLDWATER. I agreed at the outset that the Senator from Washington was wise. We merely want to get hitched to the Senator's wagon.

Mr. MAGNUSON. Hungry Horse Dam Act (58 Stat. 270) grants a preference to the State of Montana.

Mr. MUNDT. Which is recited in the pending bill.

Mr. MAGNUSON. The Priest Rapids Project Act (68 Stat. 573, 574) requires that the Federal Power Commission license of the project must offer a reasonable portion of the capacity and energy of the project for sale within the economic market area in neighboring States. The Niagara Power Project Act (71 Stat. 401) requires that any Federal Power Commission license of the project must make a portion of the power available for use within reasonable economic transmission distance in neighboring States. The River and Harbor Act of 1958 (72 Stat. 297, 311) provides that the States in which future Corps of Engineers dams in the Missouri basin are located shall have preference to a portion of the power.

Mr. MUNDT. That is correct. That has been reaffirmed in the legislative history today.

Mr. MAGNUSON. Most recently, the 1959 amendments to the Tennessee Valley Authority Act (73 Stat. 280) define the marketing area of the Authority and thereby grant a form of regional preference to that area. There is nothing conceptually new in the proposal. Congress has provided a power reservation on a number of occasions. But it is important to note that the reservations have not been uniform. Each area or region is different and Congress, after a careful study, tailored, and should tailor, the power reservation to meet the needs and problems of the particular area or region involved. That is what is being done here. This is nothing new.

Mr. MUNDT. It was done in the Pacific Northwest originally.

The Senator's colleague pointed out that now, to use a happy phrase, the state of the art has reached the point where the power can be pumped a little farther than at the time of the enactment of that act. However, the state of the art which creates a new situation in the Northwest also creates it in the Missouri Valley.

Mr. JACKSON. Mr. President, we can debate this issue tomorrow, but it is clear that what is involved is a change in the fundamental law which is applicable now to the distribution of power from the various Federal dams. These laws were passed after careful and detailed hearings. It is clear that if we wish to approach this problem intelligently, it is necessary to approach it by regions.

This is what Congress had done throughout the years. We have approached this problem by a Pacific Northwest regional approach. It seems to me it is commonsense that other areas which have problems that are unique to those areas should approach them on that basis. We cannot legislate in an orderly fashion by doing what is proposed in the various amendments.

Mr. GOLDWATER. As I stated on August 1, when I submitted this amendment, I explored at great length the possibility of acting on a regional or a basin basis. In my own judgment and the judgment of my legal advisers, that could not be done, because it would not be definitive enough. For example, there are existing contracts and agreements in the Colorado basin, which my amendment would not alter. In the basin from which the Senator from Washington comes, there are agreements which my amendment would not alter.

Mr. JACKSON. But it would alter them.

Mr. GOLDWATER. No, I do not think so. I do not think Senators have fully realized the situation. Subsection (b) of section 1, together with sections 2 and 3, would impose a regional geographic priority on existing preference priority statutes. In other words, if the bill were passed, it would then be a niche above the existing statutes and preference agreements.

I did not intend to enter into a discussion of this subject today, because it is only remotely related to my bill; but I think it is something the Senate should consider. We should consider whether we want to superimpose regional geographic priorities or the priorities we have already established between the States of the Upper and Lower Basins of the Colorado River, and whether we want to do the same thing with respect to the Pacific Northwest.

If there had been any other way in which to offer my amendment, I would have offered it in that way.

I must admit that it is difficult to act State by State; but I see no other way of acting if we are to prevent other areas of the United States from taking power out of my State, which is now a power-starved State, and will be even after the completion of the Glen Canyon Dam.

Mr. JACKSON. Nothing in the pending bill takes anything away from Arizona.

Mr. GOLDWATER. But an extension of this idea would make it possible eventually to apply not only to Arizona, but to any other State where a grid would touch. I remind the Senator from Washington that the grid comes very close to the Columbia basin right now. It could be connected clear up into Idaho.

Mr. JACKSON. This proposal has nothing to do with the Federal grid.

Mr. GOLDWATER. I have agreed with the Senator as to that.

Mr. JACKSON. It has nothing to do with it.

Mr. GOLDWATER. One reason why I have been apprehensive about this type of legislation, even though I recognize the Senator's problem in the Pacific Northwest, where large amounts of power have to be dumped, is that the argument might be extended to TVA. TVA might say, "Let us build 10 more steamplants."

Mr. JACKSON. Congress has limited the transmission distance of TVA. That is what we are seeking to do in this instance. Private utilities were concerned in the Tennessee Valley. They wanted to have the area distribution limited. In this proposal, we seek to limit the area of distribution.

Mr. GOLDWATER. That is all I am asking. I do not blame the Senator.

Mr. JACKSON. But we are not proposing to change any basic law in relation to the distribution of power from Federal dams. However, the amendments which have been proposed turn upside down all the laws which have been passed over the last 50 years providing for the allocation and distribution of power from Federal dams. Those laws were passed after careful and detailed hearings, in which witnesses from the various areas within a region had an opportunity to be heard. The proposed amendment denies that opportunity.

Mr. GOLDWATER. The Senator's bill imposes, in his own area, a regional, geographic priority over existing agreements that the Northwest district might have. The Senator from Arizona does not like that. I do not like the idea of the Federal Government disturbing any arrangement that has been made by agreement among the States or within the States or by the districts.

If this were to happen in the case of the Pacific Northwest, it would not be many years or many Congresses until some kind of preferential treatment were sought by some other area. It may not seem to be a problem, but a problem can be found. Those in the Federal Government who want to federalize the power system of this country are hard at work, day after day, trying to find a way to do it. In the case of the Senator from Washington, there is too much water; in our case, there is too little water and too little power. We have many steamplants.

Mr. JACKSON. All the private utilities of the Pacific Northwest participated in the drafting of the bill. They agree with it. I do not suppose they would be parties to the bill if they believed they were to be federalized. Their worry is that if the proposed legislation is not passed and the dump power is sold in California, they will lose their present contractual rights to buy firm power from the Bonneville Power Administration. That is very important, because more than half of all the power from the Bonneville system goes to private utilities and private industries in the Northwest.

Mr. GOLDWATER. The Senator has said that the private power interests of the Pacific Northwest have participated in the drafting of the bill. In my own State, my attention has been called to the bill by the Arizona Power Authority, a State body which controls the power in that State.

While I have had no direct contact with our own large private utility, Arizona Public Service Co., I believe I am correct in stating that they share the position of the Arizona Power Authority with respect to the bill.

One might not expect a State body to be opposed. However, the Arizona Power Authority is. They believe that if it is good for the Northwest—which I have recognized—it is also good for our section of the country, the Southwest.

I wish that sometime the Senator from Washington would define what "Pacific Southwest" means. I have a suspicion it ends at the Colorado River going east. If it excludes the State of Arizona, that might make some difference in future consideration, but not at this time.

Mr. MUNDT. Mr. President, I must admit to the Senators from Washington that I am always predisposed to support any proposed legislation bearing the names of JACKSON and MAGNUSON, and that I have sought to propose amendments which would get the bill into an affirmative position on the floor of the Senate.

The junior Senator from Washington [Mr. JACKSON] said the bill had its genesis in the fact that the Bonneville Power Administration wants to sell dump power in California, but that two different solicitors have ruled that if power were sold into southern California, they would have a vested interest on the part of the consumer and could never withdraw it.

Mr. JACKSON. Preference consumers.

Mr. MUNDT. I can see that this is a problem. It is something that should be solved.

I am concerned about the other ramifications involved in the bill. I do not see the particular implication between the private power and public power problem that the Senator from Arizona is concerned about, because I do not believe this proposal would create any new transmission lines or develop any new problems in that area. But it seems to me that the Senator from Washington is using a sledge hammer when a tack hammer would solve the problem just as well. Why not devise a piece of legislation which would upset the opinion of the Solicitor of the Department of the Interior and would provide solely for that kind of recapture, instead of extending into the area into which this bill would go, for the bill covers a much larger field, and would, I believe, by creating a new kind of preference, upset the customers' preference clauses which have been created in this country.

Mr. JACKSON. No, that is not the case at all. We are taking care of a need to sell surplus, dump power without changing the pattern which has been established over all these years.

The Senator's argument amounts to saying that when a dam is built and when power from it is to be allocated, we should pass a law to allocate it to the entire country. Certainly when dams were built in the Missouri basin, each dam was handled separately.

Mr. MUNDT. No; only the Big Bend was handled separately; and that was based on the precedent developed at Hungry Horse, and later applied to Niagara Falls.

Mr. JACKSON. When the legislation in regard to the Missouri basin was passed, it was not applied to all power throughout the United States.

Mr. MUNDT. It did until the development of the precedent at Hungry Horse, which was reaffirmed at Niagara Falls.

I point out that if this precedent is established, it will apply to other areas, just as the precedent established at Hungry Horse was applied to other areas. So we must protect the power developed in other areas, as is being done with respect to the Pacific Northwest.

Mr. JACKSON. I think the Senator from South Dakota will find that when legislation affecting dams in the Missouri basin was passed, it was geared only to dams in that area.

The late Senator Case of South Dakota was responsible for the special allocation to the Big Bend, in South Dakota. No attempt was made to apply such a yardstick throughout the country. We have never attempted to legislate on that basis.

That is why we have brought this bill before the Senate—to deal with a situation which is unique to the Pacific Northwest.

ADJOURNMENT

Mr. JACKSON. Mr. President, if there is no further business to come before the Senate at this time, I move that the Senate adjourn, pursuant to the order previously entered, until tomorrow, at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 2 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, August 7, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 6, 1962:

JUDGES OF JUVENILE COURT OF THE DISTRICT OF COLUMBIA

Morris Miller, of the District of Columbia, to be judge of the juvenile court for the District of Columbia for the term of 10 years; new position.

Marjorie McKenzie Lawson, of the District of Columbia, to be judge of the juvenile court for the District of Columbia for the term of 10 years; new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 6, 1962:

COMMISSIONER OF NARCOTICS

Henry L. Giordano, of Maryland, to be Commissioner of Narcotics.

TAX COURT OF THE UNITED STATES

Howard A. Dawson, Jr., of Maryland, for the unexpired term of 12 years from June 2, 1958, to be judge of the Tax Court of the United States.

Austin Hoyt, of Colorado, for a term of 12 years from June 2, 1962, to be judge of the Tax Court of the United States.

COLLECTOR OF CUSTOMS

Raymond F. Hufft, of Louisiana, to be collector of customs for customs collection district No. 20, with headquarters at New Orleans, La.

EXTENSIONS OF REMARKS

FHA Mortgage Loans

EXTENSION OF REMARKS

OF

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 6, 1962

Mr. ROSENTHAL. Mr. Speaker, I introduce today a bill to authorize payment of certain claims for major defects in homes protected by Federal Housing Administration insured mortgages, and to require indemnification bonds in the case of certain new construction under such mortgages. The scope of this bill is confined to one- to four-family dwellings covered by FHA mortgage insurance, so it deals with the family resident or the small piece of investment property.

In the case of such dwellings previously or subsequently covered by FHA mortgage insurance, this bill would permit the Commissioner to reimburse the mortgagor, within 3 years after issuance of the insured mortgage, for the reasonable costs of correcting structural or other defects in the dwelling that are necessary to bring it into substantial conformity with the Commissioner's plans and specifications, or to make the dwelling safe and habitable. The bill would confer a maximum of administrative latitude upon the Commissioner, who would be empowered to prescribe the terms and conditions under which he would honor mortgagors' claims.

With respect to dwellings on which the mortgage is insured by FHA after enactment of this measure, the Commissioner would be empowered to require that a bond be posted, by the builder or seller, for example, to indemnify the Commissioner in the event that he is subsequently required to reimburse the mortgagor for correction of structural or other defects.

I believe that this bill will provide a workable and economical procedure for correcting what often are tragic and sometimes unavoidable situations which leave a helpless homeowner saddled with a defective dwelling and without a legal or financial remedy. I urge its favorable consideration and enactment.

Mukwonago, Wis., Picnic

EXTENSION OF REMARKS
OF
HON. ALEXANDER WILEY
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES
Monday, August 6, 1962

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD excerpts from an address prepared by me for delivery at the Mukwonago, Wis., picnic, on August 5, 1962.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Friends: The "happy air" of a picnic—wonderful in itself—does not provide an atmosphere in which to easily discuss the great, solemn and sometimes grave, challenges of the times. For you might rather be eating another hotdog; the children might rather be scampering around the playgrounds; and I, too, might rather be slicing another delicious piece of the watermelon.

Even at such a festive time, however, perhaps we justifiably could pause to think of a few of the achievements which make possible our freely picknicking here; some of the wonders around us in our national life and the world; the challenges of the times in which we live.

Through the ingenuity, creativity, imagination and hard work and sweat of a forward-striding people, we: Agriculturally, feed more and more people on less and less land than ever before; industrially, turn out millions of types and kinds of products and goods to provide the best standards of living in the history of humanity; scientifically, too, we are literally "reaching for the stars"—talking and televising through satellites such as Telstar—traveling almost at supersonic speeds in jet planes—rocket-powering manned X–15's upward into space—orbiting the earth—planning trips to the moon, and perhaps ultimately, to the other planets of the universe. On earth, too, we enjoy ever-better homes, food, clothing, schools, cars, and other good things of life.

In such a miraculous age then, our heads, at times, may be in the stars; however, we must "keep our feet on the ground." Why? Despite great benefit—much still unknown—from such progress, there are also serious built-in problems. These must be resolved: If we are to adequately meet the needs of our people; if we are to maintain a strong, forward-striding nation; and if we are to create and preserve peace in the world.

AGRICULTURAL OUTLOOK

First, let us take a look at agriculture. According to the Secretary of Agriculture, we—in the next 20 years—will be feeding 77 million more people on 50 million acres less land than is now in production.

Normally, high efficiency and productivity would—and should—be considered a great national asset—not a liability—as, indeed, for the most part, it is. Unfortunately, however, inadequate consumption, lack of effective distribution channels, and too little effort to utilize farm commodities for commerce—industrial purposes have resulted in:

A national surplus stockpile of about $9 billion worth of farm commodities, including now about 93 million pounds of cheese, 376 million pounds of butter, and 472 million pounds of dry milk.

Too low returns to farmers for the sale of produce—even though the farmer, himself, has to meet ever-higher taxes and costs of labor, machinery and equipment, and general operations of the farm; and for the future, other serious readjustments in farm life itself.

Now, what can be done?

In Congress, the outlook for miracle-type, problem-solving legislation is extremely dim.

Recently, the House of Representatives passed its version of the Food and Agriculture Act of 1962.

As of now, the Senate bill is still pending.

In general, the Senate Agriculture Committee recommended legislation to create a revised land-use program, including: Permanent agricultural conservation programs on a national basis; assistance to producers under long-term agreements (not to exceed 15 years) to conserve and develop soil, water, forest, wildlife, and recreational resources; appropriations would be restricted to $10 million annually. A loan program to State and local public agencies for carrying out more effective land utilization programs; special assistance for Federal participation in installation costs of recreation projects and in land costs for fish, wildlife and other purposes.

The committee also recommended extension of the existing law relating to feed grains; a modified wheat program; revised laws for shipping surplus food abroad; liberalization of farm credit; and expanding research for industrial uses of agricultural products.

The pending bill, then, contains some highly controversial provisions—particularly those relating to extending Federal control.

Consequently, the outcome at this point is unpredictable.

Regrettably, the outlook for price improving legislation for dairying—of major interest to Wisconsin—however, is extremely poor. To the contrary, the existing policies have resulted in (a) greater surpluses, and (b) lower prices. As things stand now, there is little hope for immediate legislative action for improving the dairy farm income—significant, of course, not only to the farmer, but to the whole economy, particularly that depending upon farm buying power.

For the days ahead, we need, then, a more realistic, imaginative and creative effort to improve the outlook in agriculture. Among the proposals I included the following:

1. Expanding research, as I mentioned, for greater industrial-commercial utilization of dairy and other farm commodities.

2. Greater utilization of food, as a strategic weapon in the cold war.

3. Establishment of an Advisory Production Board within the Department of Agriculture—utilizing existing, not hiring new, personnel. The purpose would be to provide better guidance to farmers in long-range production planning.

4. Promoting greater efforts to sell, not just give away, food elsewhere in the world. As of now, about two-thirds of the world is hungry. During World War II, you—the Wisconsin and American farmer—produced food for the people of many nations. Why can't we try this now? The idea would be to explore for contracts—by individuals, organizations, and government—for the sale of food to nations that have an inadequate food supply. Wisconsin, for example, could well supply a whole country with high-quality milk and other dairy products, for 1, 2, 5 or 10 years. Unfortunately, a great many of the food deficient countries are poor. Nevertheless, the available resources could be invested in no better way than providing healthful food for their people.

5. Finally, early completion of the family farm study—now underway by the Department of Agriculture—is essential. The purpose would be to help solve some of the great problems, particularly those confronting the farm family in the years ahead.

MUTUAL FARM-CITY INTERESTS

As a nation, we—after a long time, perhaps too long—are also realizing that farm-city interests are mutual—not conflicting. Realistically, a dynamic, forward-moving economy depends upon: Greater town-farm cooperation on communitywide development projects; stimulating greater industrial growth in both city and rural communities; expanding rural development programs for improving the economic outlook in chronically low-income areas; improvement in rural buying power, of course, affects the growth and development of local villages and towns; and improving town planning, development and administration to better meet the needs of the citizens.

GETTING OUT OF THE RUT

Unfortunately, we, as citizens, farmers, businessmen, professionals, teachers, conservationists, sportsmen: all of us—often get into a rut—adhering to, and practicing, outworn and outmoded ideas.

For this reason, we need, from time to time, to take a new look at ourselves; to reevaluate our progress; to reassess our potential; and to determine whether or not we are best utilizing our citizen and community resources to serve the well-being of our people and promoting progress.

How could this be done? Possibly by:

First. Reestablish the town-meeting-type council—for farm; for city; for farm-city groups and then appoint special community committees to undertake the following action: Study economic problems and trends; reevaluate the pace, and direction, of progress; consider alternative steps for solving problems and getting ahead faster; and encourage local citizens to pool efforts, material, and finances to undertake needed projects.

Second. In attempting to speed up progress, obtain guidance and assistance from the available outside sources, such as: State agencies, educational institutions, bureaus of business research; bureaus of economic research; etc.; the Area Redevelopment Administration of the Department of Commerce; the Small Business Administration; agricultural or conservation programs that may be applicable to local problems; and rural development programs, particularly in developing farm-village projects for mutual benefit.

Third. After determining the needs of the community, and establishing plans to promote progress, there must be efforts to mobilize the people, in spirit and action, as well as resources, for promoting economic and other types of progress.

ECONOMIC ILLITERACY

Historically, free enterprise—the establishing and successful operation of business—has represented a fundamental working principle of action, of progress, of our way of life.

Over the years, however, we have gradually diminished our appreciation of the significance of our economic system to our progress and security.

How then, can we better understand and strengthen free enterprise?

This can, I believe, be done by the following steps:

1. By better educating our citizens, adult, and in school, of the significance and working principles of our economic system.

2. By encouraging more people, not only to understand and appreciate—but also confidently invest in—enterprises, small and

large, serving as a hub of economic life for a community.

3. By undertaking renewed efforts to brighten the economic prospects for enterprise, over 95 percent of which fall into the category of small business, such as: by encouraging community support of community development corporations to provide financing for necessary projects; formation of farm, small business and other type pools—to undertake research, tackle production problems too large for single operations, or shoot for higher goals; cooperative efforts to foster new enterprises under the area redevelopment program—now beginning to get underway in Wisconsin and elsewhere; by reawakening our citizens' enterprising spirit, full of faith and confidence, to improve the economic status of existing, and creating new enterprises for a strong, free economy.

President Kennedy Hails Representative Farbstein's Aid

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 6, 1962

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the Record, I am pleased to include an article which appeared in the New York Times, Thursday, July 26, 1962. The article, which follows, reports President Kennedy's appreciation of Representative Farbstein's support of his program:

LETTER MAY BE FIRST IN PLEDGE BY PRESIDENT TO HELP THE SUPPORTERS OF PROGRAM

(By Richard P. Hunt)

Representative Leonard Farbstein, of Manhattan, who is running for reelection, made public yesterday a letter from President Kennedy praising him for his work in Congress.

The letter, dated July 20 and addressed to "Dear Congressman," was the first of its kind to come to light here since the President said on Monday that he was "going to help elect Democrats" who supported his legislative program.

Although the President did not specifically endorse Mr. Farbstein for reelection, he praised the Representative for "clear judgment, wisdom, dedication, and energy." Mr. Farbstein left no doubt that he considered it an endorsement.

BACKED KENNEDY BILLS

Although the Representative has voted consistently for administration bills, he faces a contest for the Democratic nomination in the 19th Congressional District. The winner will run against Richard S. Aldrich, a cousin of Governor Rockefeller, who is unopposed for the Republican nomination.

The letter, written on White House stationery, said:

"Dear Congressman: Thank you for sending me a copy of your bill which would provide for a Domestic Peace Corps to aid in combating juvenile delinquency. I shall be watching its progress with interest.

"I would like to take this opportunity, at this point late in the second session, to express my personal appreciation for your sustained support of our legislative program. In the important Foreign Affairs Committee and on the floor, your clear judgment, wisdom, dedication, and energy have significantly furthered our advancement toward our common goal of greater progress at home and the attainment of a peaceful world of free and independent nations.

"With warm regards and best wishes,

"Sincerely,

"John F. Kennedy."

The 19th Congressional District includes most of the area between the southern tip of Manhattan and 14th Street on the East Side and 86th Street on the West Side.

I hope that Representative Farbstein will be successful in his endeavors. He has been a most loyal supporter of the Kennedy administration and President Kennedy's letter signifies his appreciation.

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 6, 1962

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the Record, I include the following newsletter of August 4, 1962:

THE REPUBLIC WITHIN A DEMOCRACY

(Washington Report, by Congressman Bruce Alger of Texas)

A republic is representative government, wherein at all levels the people (the components of the democracy) are represented by elected officials—the Republic in action. Elected officials must exercise their judgment based on the facts as they see them and then subject their decisions and the facts as they know them to the electorate for acceptance or rejection—every 2 years for House Members and 6 years for the Senate. Naturally, the Representatives are expected to be knowledgeable. To the extent their knowledge exceeds the knowledge of the electorate collectively the Representatives at any time on any issue may seem to be out of step. At that point, they must explain satisfactorily their conduct. So the element of choice is present always in each of these (1) to get the facts, (2) to act judiciously, (3) to explain. The danger (and politics encourages such weakness) is to take the easy way: (1) be loose with (not be bound by) facts, (2) act expediently and politically, (3) dodge or curtail explanation. The question unanswered—at least satisfactorily by our generation—will elected officials pursue courses not politically popular even though facts and moral rightness dictate the proper course? As a result deficit financing, debt, and staggering taxes have grown, wartime programs have not been terminated, and politically expedient (not commonsense) programs have been the rule. Without study and self-discipline by elected officials and constituents representative government will fail. Is this to be our course? I say not, but I cannot now prove when or how we'll take the right course to prevent it. In my own case, I make every endeavor to relate my conduct and votes to facts, use my best judgment, and do my best to report to the people of Dallas by newsletter, radio, and television, beyond the normal correspondence in soliciting of views and answering inquiries. The time is ripe for constituents throughout the United States to subject our Government (the body politic) to scrutiny, to determine how the Republic is functioning, just as we submit our physical body to the doctor for examination to restore good health, or our car to a trained mechanic for a tuneup.

The independent offices appropriations bill 1963 passed overwhelmingly (Alger against). This bill involved appropriations totaling $11,501 million for 26 executive agencies and is approximately $2 billion more than appropriations for similar purposes last year, which is approximately $1 billion less than the President asked in the budget. (Note: Increased expenditures over last year but reduced expenditures below the budget request permit any Member of Congress to be for increased spending or reduced spending while voting for the bill). For my part, I disapprove the increase in size of the Federal Government which has averaged 6,500 people per month since President Kennedy came into office. Also the bill contained $155 million for 33 new public buildings, which, as I see it, is downright immoral in a period of deficit financing. Funds for the Dallas Federal Building are lacking in the bill. This is a glaring omission from any listing of new Federal buildings and makes it obvious that some projects have been included for reasons other than meritorious. Some new buildings approved in the bill, such as a Federal building in Boston, Mass., home of the President, and Austin, Tex., the political headquarters of the Vice President, seem to be far less necessary and far less carefully considered than the Dallas project.

The Department of Labor and Health, Education, and Welfare appropriation bill 1963 conference report between House and Senate compromising differences passed 348 to 35. Disagreement centered around an increase of $120 million above the budget of the National Institutes of Health which by the testimony of responsible leaders was more money than was necessary to accomplish the task. Once again, it is obvious that the only solution for the liberals is to throw money into all the programs, a solution which has failed so many times as to have taught many of us the lesson that money alone will not solve problems confronting us.

The payment of balance of awards under Philippine Rehabilitation Act of 1946 provoked sharp differences of viewpoint on the floor during debate. Admittedly the United States has repaid war claims for Philippine war damage and this bill was in the nature of gifts for rehabilitation to specific companies and individual groups. Many of those opposing this bill are not against further aid to the Philippines for rehabilitation but strongly object to financially aiding other countries when the United States itself is borrowing the money in order to give it away (through deficit financing). It's time we thought about strengthening the economy of our own country.

The Public Relations Society of America is composed of leading executives of large corporations in public relations and members of public relations organizations who meet annually to be informed on and to discuss isues of the day in all fields of our domestic economy. It was my pleasure to address this group at Cornell University this week. It was a most rewarding experience for me and, I hope, for them.

The National Lottery of Bolivia

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 6, 1962

Mr. FINO. Mr. Speaker, I would like to tell the Members of this House about the national lottery of Bolivia. This lottery is operated solely for the benefit of health and welfare agencies in the country.

In 1961, the gross receipts of the Bolivian lottery came to over $1 million. The profits in that year amounted to over $400,000. This income was not retained by the Government but was distributed to several welfare and charitable organizations. Half of the money went to the Bolivian Red Cross.

Bolivia is not a rich country by any means, and a national lottery offers needed revenues. These moneys are well used. America, with all its affluence, could derive tremendous financial benefits from a lottery. Why are we holding back?

Mr. Speaker, if we could operate a national lottery in the United States we would raise over $10 billion a year in additional revenue. This needed income could bring happiness to our overtaxed wage earners.

"This Problem Is Much More Serious With Drugs"—Testimony in Opposition to Bills To Relax Delaney Clause on Animal Feeds

EXTENSION OF REMARKS
OF
HON. LEONOR K. SULLIVAN
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Monday, August 6, 1962

Mrs. SULLIVAN. Mr. Speaker, I appeared this morning as the first witness before the Subcommittee on Health and Safety of the House Committee on Interstate and Foreign Commerce on legislation to relax some of the provisions of the Delaney anticancer clause in the Food Additives and Color Additives Acts as it applies to animal feeds. While the legislation has one important redeeming feature—that is, in authorizing the Government to remove quickly from the market any previously approved animal feed ingredient if there should arise substantial doubt as to safety—primarily, it is legislation to aid some feed manufacturers to overcome a competitive and technical business problem, and is not, in any sense, consumer legislation.

It seems to me that in view of the urgent need for strengthening our laws to protect the consumer, we should get to that task quickly and not diffuse our efforts and energies by selecting out for special attention at this time just one obscure provision of the administration bills to amend the Food, Drug, and Cosmetic Act.

In my testimony, I tried to outline the vital areas of the law which require corrective action at this time, including changes intended to strengthen the hand of Dr. Kelsey and her associates in the FDA in evaluating new drug applications. Because of the widespread interest in this whole issue as a result of the thalidomide incident, I am submitting my testimony this morning for inclusion in the CONGRESSIONAL RECORD. It stresses the need for action on H.R. 1235, which I introduced 19 months ago, or on H.R. 11581 and H. 11582, the two administration bills introduced recently to cover some of the same ground included in H.R. 1235. I do not think we should be diverted into consideration of a minor amendment of interest primarily to only one inudstry when so many major changes are needed in the Food, Drug, and Cosmetic Act—and needed urgently.

The statement follows:

STATEMENT BY CONGRESSWOMAN LEONOR K. SULLIVAN OF MISSOURI

Chairman ROBERTS and members of the subcommittee, I have mixed feeling about appearing this morning to oppose a bill introduced by the chairman of this subcommittee, whom I regard not only as a good friend and an outstanding Member of Congress but as one who has probably done more than any single American to protect the safety of the American people on the highways of this Nation. The attack on exhaust fumes and the increasing use of seat belts in automobiles can be attributed largely to the work of this subcommittee and its chairmen. And in the general field of health legislation, hospital construction, and health professions education, this subcommittee has a proud record.

Thus, I would never take the position that this subcommittee, under Congressman KENNETH A. ROBERTS, is interested in weakening the protections of the American consumer from dangerous food products, or that it is interested in undermining, in any way, the effectiveness of the Food, Drug, and Cosmetic Act. On the contrary, I am sure the subcommittee joins me in wishing to see the Food, Drug, and Cosmetic Act 1938 brought up to date and made much more effective in protecting our lives and health and safety.

Nevertheless, I feel I must go on record here that I believe strongly that we should not enact as a separate piece of legislation H.R. 12437 by Chairman ROBERTS or H.R. 12420, the bill introduced by Congressman NELSEN, even though the language of these bills was taken out of one of the administration bills to amend and strengthen provisions of the Food, Drug, and Cosmetic Act. When I testified before the full Committee on Interstate and Foreign Commerce in June on H.R. 11581, the administration bill on drugs, and H.R. 11582, the bill dealing with cosmetics and therapeutic devices, containing together most of the major provisions of my own bill introduced 19 months ago—H.R. 1235—I raised some questions about the validity and the justification for this particular provision of H.R. 11582, the feed additives amendment, which has now been reintroduced as a separate bill. After mentioning approvingly some of the few provisions of H.R. 11581 and H.R. 11582 which are not in H.R. 1235 but which I would be willing to see added on to my bill, I turned to this particular provision on feed additives, relaxing the Delaney clause, and said:

"However, I have strong doubts, I must admit, over the retreat on the Delaney anticancer clause on feed additives, as contained in H.R. 11582, particularly in view of the Government's experience several years ago with the hormone-treated chickens. It cost us $10 million to remove from the market the fowl treated with a drug considered safe for the purpose—after it was learned that there were residues of the cancer-inducing substance in the skin of the chicken. Too often for complacency, new testing methods disclose the existence of harmful residues which had not shown up in earlier tests, but by then the damage is done."

NOT INCLUDED IN PRESIDENT'S CONSUMER MESSAGE

Mr. Chairman, it will be noted that my comments at the time on this particular provision of one of the administration bills were mild indeed. I thought I recognized why this provision had been included in the package of administration proposals making drastic changes to close loopholes and eliminate unsafe features in the 24-year-old Food, Drug, and Cosmetic Act. Most of the administration proposals, like nearly all of those in H.R. 1235, are tough changes in the law—necessarily so—to cope with increasing evidences of danger to the consumer. The President touched on some of these in his March 14 message to Congress on consumer protection, but there was not a single word in the President's message about relaxing or changing the Delaney anticancer clause in either the food additives or color additives sections of the law.

On the other hand, he strongly endorsed proposals—all of them in H.R. 1235—for requiring pretesting for safety of all cosmetics; for requiring proof of efficacy as well as safety of all new drugs; for requiring proof of safety and efficacy for all new therapeutic devices; for tightening up drastically our powers to cope with the illicit sale of pep pills and sleeping pills; for rewriting the factory inspection authorization to enable the Food and Drug Administration inspectors to ferret out dangerous conditions in the manufacture, distribution, warehousing and sale of foods, drugs, and cosmetics; for promoting the feasibility of having doctors prescribe by generic terms instead of trade names as a means of bringing down the cost of prescription drugs, and, for enabling the Government to move quickly—immediately—in taking off the market any previously approved drug about which serious doubts have developed after the drug has gone on sale.

These are the major provisions of H.R. 1235 and of those sections of H.R. 11581 and H.R. 11582 which amend the Food, Drug, and Cosmetic Act. None of these purposes would be accomplished by passage of either of the two bills now before you this morning.

LEGISLATION BENEFITS ONLY SOME BUSINESS FIRMS

Instead, you propose in this legislation to take out of the administration package of proposals to strengthen the Food, Drug, and Cosmetic Act one obscure provision which does nothing whatsoever for the consumer, but puts profits into the pockets of some businesses making animal feeds.

Perhaps there are inequities in the feed additives "grandfather" clause which permit some feed manufacturers to continue to use cancer-inducing substances or coloring matter in their animal feed products if the particular firms were permitted to do so prior to the passage of the Food Additives Act of 1958 and the Color Additives Act of 1960, and as long as the Government cannot prove danger to the consumer on the other hand, a feed manufacturer not authorized before 1958 to use cancer-inducing chemical substances and not authorized before 1960 to use cancer-inducing coloring matter in animal feed cannot use them now, because of the Delaney clause, contained in both the 1958 and 1960 acts. So it is a competitive inequity.

But, gentlemen, let us look at it from the consumer standpoint. There is no value whatsoever to the consumer—none—in having our meat and poultry supply fattened for market with the aid of feed additives containing materials which could cause cancer. Some of the hormones are of economic value to the producer—fattening his livestock quicker with less feed.

I don't believe it means a single cent's difference in the consumer price of the meat, and it could endanger the consumer's health.

That is why the stilbestrol-treated chickens had to be taken off the market several years ago at huge cost to the taxpayers. The Government had sanctioned the use of the stilbestrol pellets on the basis of evidence that no residue was found in the edible portions of the meat. Later—much later—with better testing methods, traces of this dangerous and cancer-inducing substance were found in the skins, and also in the livers and kidneys of the chickens. Who among us can guarantee that the further improvement of tasting methods in the near future—or the distance future—will not demonstrate similar consequences from use of the cancer-inducing materials now permitted in some animal feeds under the "grandfather's" clause?

PROBLEM MUCH MORE SERIOUS IN NEW DRUGS

I did not come here to be obstructive. I know there is a competitive problem among feed manufacturers based on when a particular firm happened to begin marketing a particular feed additive which competitors later going into the field could not legally use. But the problem goes much deeper than the competitive situation in the animal feed industry.

Our present law on new drugs requires very stringent proof of the safety of a new drug before it can be marketed. Thalidomide could not be marketed in this country because the manufacturer was not able to convince Dr. Frances Kelsey of FDA that such beyond-a-doubt proof existed. She has testified that, for a long time, she could not put her finger on the exact danger.

If she had approved the drug, based on what appeared to be very convincing proof of safety as a result of widespread usage abroad, she would not have been the heroine she is now, but I am sure she would not have been criticized for accepting the scientific proof presented to her as sufficient. This is a terribly complex scientific problem in the clearing of new drugs, since, as we know, any new drug carries dangers with it and the question is whether the good it can do—under proper medical supervision—outdoes the potential danger. Think how long it took before researchers connected this drug to the sudden increase in the birth of malformed infants.

But here is my point: If Dr. Kelsey had approved the application for sale of this drug, the Food and Drug Administration would then have had to wait for legal and incontrovertible proof of its danger before it could then have removed it from the market. The "tingling sensation" Dr. Kelsey had read about in a letter to the editor of the British Medical Journal—a piece of information which alerted her suspicions—would hardly have been the proof necessary to stop sale of the drug if it had already been approved for sale in this country.

That is the big loophole in our new drug law. The bills you are considering this morning seek to meet this problem as it involves feed additives by providing that the Secretary can quickly move to withdraw from sale any feed additive containing a chemical or color additive which he has once approved, if later he has substantial doubt of its safety. That part of the Roberts-Nelsen bill is all to the good.

OTHER CHANGES NEEDED IN DRUG LAW

But this problem is much more serious with drugs than it is with feed additives. We should not call forth a mouse when we need a massive solution to this problem of removing from the market drugs once approved but later found to be dangerous. Thus, if we are going to do anything on this, we should change all of the appropriate provisions of the food, drug, and cosmetic law to cover not only feed additives, but all drugs—in fact, I believe the feed additives involved in this matter are technically drugs under the act, and the safety feature of H.R. 12437 would be accomplished by H.R. 1235 or the administration bills.

Dr. Kelsey's experience points up the need for another important change in the drug laws: extending the period during which the Government has to act on a new drug application, as H.R. 1235 and H.R. 11581 both provide. Secretary Ribicoff and Commissioner Larrick testified on this during the full committee hearings in June. Dr. Kelsey herself has said that such a change in the law is needed to give her and other FDA scientists sufficient time for evaluating new drug applications. We don't need legislation to tighten up on experimental testing of drugs—FDA can now do that. But we need legislation to close other loopholes in the drug laws and it is urgent that we pass such legislation as I have proposed and the President has called for.

I know the present jurisdiction of the subcommittee is somewhat limited by the fact that H.R. 11581, H.R. 11582 and H.R. 1235 are pending before the full committee, and that this feed additives amendment alone, rather than any of the omnibus bills, is all that is before you right now.

But I think it would be most unfortunate if, out of all of the truly vital, urgent—changes needed in the Food, Drug, and Cosmetic Act right now, the Congress should rush to pass only a bill giving profits to feed manufacturers who happened to have run into a technicality in the law which prevents them from marketing feeds containing cancer-inducing substances, while other firms may still do so.

Furthermore, I refer you to the information I supplied this committee 2 years ago in connection with the color additives bill—information from experts at the NIH—that there is no such thing as a harmless portion of a cancer-inducing substance in food or in drugs or in anything which might be ingested. Tests so far have shown that small quantities of some cancer-inducing substances fed to or injected in some classifications of meat animals, notably beef cattle, in animal feed, to speed the fattening process or for similar economic purposes, do not show up in the edible meat and apparently also do not harm the animal. But please keep in mind that the same "proof" existed on the use of stilbestrol pellets in chickens. That "proof" was faulty, just as the "proof" of the safety of thalidomide was faulty.

GIVE THE CONSUMER "SOMETHING FOR SOMETHING"

I ask that you put this legislation aside as a separate bill. If the Food and Drug Administration can give you incontrovertible evidence that this proposed change in the law is important or necessary, then—even then—I would say, make it part of an omnibus bill which also does something for the consumer. This is one of the few sections of any of the omnibus bills which any industry will enthusiastically support. I say: If you're going to go out of your way to provide relief, as this bill would, to some feed manufacturing companies, make it, to use the Latin, a quid pro quo—something for something—in other words, as part of the price the consumer must pay for getting a whole lot more consumer protection in the law. Otherwise, the industry gets what it wants, and the consumer gets nothing.

Mr. Chairman, I have the whole story of what happened on the stilbestrol pellets case involving chickens several years ago. This consists of a statement by former HEW Secretary Flemming, at a news conference December 10, 1959, when HEW announced its agreement with Agriculture that stilbestrol would not be used in chickens and that the Government would then buy up all fowl which had been treated with this previously approved drug. Also, at the same time, Mr. Flemming released a chronological report on how the crisis had developed. This is my only copy. I believe it should be part of the hearing record on this legislation. I ask that you include this material—that you obtain copies from HEW and insert this information in your hearings. It shows what happened when it was discovered that this harmless use of stilbestrol in chickens was not harmless after all—and why the Government could not move quickly on its own authority when the evidence indicated substantial doubt as to safety. The lesson we should learn from it is this: We should be extremely wary about authorizing any cancer-inducing substance under any circumstances in food, drugs, or cosmetics, as the Delaney clause provides. I do not believe the Delaney clause should now be weakened. We fought too hard to get it into law to see it weakened merely to help some animal feed manufacturers improve their competitive situation.

Kastenmeier of Wisconsin: A Profile in Courage

EXTENSION OF REMARKS

OF

HON. LESTER R. JOHNSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 6, 1962

Mr. JOHNSON of Wisconsin. Mr. Speaker, few newspapermen have done as admirable a job of catching the quality of a man as has Ivan Kaye, in his recent feature report "KASTENMEIER of Wisconsin: A Profile in Courage."

In printing this article on July 30, 1962, the Capital Times, of Madison, Wis., has done a service to many Wisconsin people. I firmly believe that we must remain true to our finest traditions. I think that the Members of the House of Representatives will benefit from this article and will agree that the United States cannot condone brutality in any fashion in any part of the world.

After reading this article, Mr. Speaker, I asked Congressman KASTENMEIER for a copy of the letter he sent to the President which I believe will be of interest to the Members of the House. I include the article and letter under leave granted me so to do:

KASTENMEIER: A PROFILE IN COURAGE—YOUNG CONGRESSMAN FROM WATERTOWN ASKS UNITED STATES TO BE TRUE TO ITS FINEST TRADITIONS

(By Ivan Kaye)

WASHINGTON.—The capacity for true moral outrage is about as rare in this city as a balanced budget.

There are any number of Congressmen who can work themselves into oratorical tantrums over trivia, but there are only a few, who can focus an aroused conscience on those issues that must be brought to the national attention if Americans are to be able to look themselves in the eye.

One of the few is ROBERT WILLIAM KASTENMEIER, of Watertown, Wis., and last week he applied his unyielding moral sensitivity to one of the real dilemmas of the cold war.

It all started when he opened a copy of Time magazine and found a picture of an American soldier standing by while a couple of good Vietnamese exhibited a little patriotic brutality toward a couple of bad Vietnamese.

The bad Vietnamese were two teenage boys who had some Communist songbooks in their possession. The good, or pro-American, Vietnamese wanted their captives to tell them certain things, and when they refused, several gallons of water were poured down one boy's throat as a way of inducing cooperation.

The fact that the boys survived the ordeal, and the fact that there are admittedly worse ways to torture a prisoner were beside the point, as far as KASTENMEIER was concerned. So was the suspicion that there may be worse brutalities that have not yet come to light.

What he was really concerned about was the American in the picture, and the well-known fact that the Vietnamese are under the influence of our military advisory group there.

The question KASTENMEIER would now like answered, and it is perhaps the fundamental question about American posture in the cold war, is: How far are we willing to go?

To what extent, that is, are we as a nation willing to look away from these and other similar acts, and to rationalize them as a necessary aspect of the confrontation with Russia and China?

KASTENMEIER wants to know whether our complicity in such practices will be justified in official quarters on the basic of expediency.

He has fired off a letter to President Kennedy and a copy to Defense Secretary McNamara urging an immediate end to such goings-on as the water episode.

In the letter, written with a bright and burning eloquence, he left no doubt that if such acts could be justified officially as part of cold war policy, we would then have lost something of our essence as people dedicated to fairplay—something that no totalitarian ever could have taken from us.

If brutality to children were to be accepted as a component of our foreign policy, KASTENMEIER wondered, how long would it be before the United States were called before the bar of world opinion as France was for its inhuman treatment of the Algerian rebels?

"It matters not whether the men are Algerian or Vietnamese, young or old; nor indeed how hostile may be their political views," KASTENMEIER wrote, "they are human beings and should not be treated in this way."

What he was asking, in essence, was for Americans to make a judgment.

They must decide whether there are some acts that cannot be justified under any circumstances, or whether, in a time of national peril, there are some otherwise reprehensible practices that will now be tolerated.

Wiretapping is another example, and KASTENMEIER has come out completely against it in every case.

It takes a kind of courage even to ask the question. It is so much easier to paint the Nation's enemies as devils, and thus to justify any inhumanity toward them.

It also takes a rare kind of fortitude to remind one's countrymen that they cannot evade responsibility when an American soldier—a representative of the Government, and thus of the people themselves—supervises the sadistic treatment of prisoners.

Since a great many citizens may not want to accept this responsibility, and since the electorate has never exactly idolized those who reminded it of its obligations, this is not an issue that has what the professionals here call political mileage.

Yet, if it does not have political mileage, KASTENMEIER obviously feels that it has moral mileage.

It is the sort of issue that may reveal only too well the real composition of the American conscience.

The way litmus paper tells a chemist when there is acid present, the public attitude on this may tell a sensitive Congressman the temper of the society he represents. And, more important, it may also tell the people something about themselves.

KASTENMEIER has a reassuring faith in his countrymen. He is certain that a great many of them have not been raised in this civilization to accept sadism as a means to any end.

There are those here who would disagree with him—who would say that we have become so progressively brutalized over the past generation, and so dedicated to creature comforts, that practically nobody is going to be willing to put himself out over the water torture of a couple of pink Vietnamese.

If some would call KASTENMEIER naive for expecting any better conduct from American soldiers in southeast Asia, it could be said in his defense that he is also naive enough to take American ideals seriously.

"There is no room for indifference to the value of the individual in American history, tradition, or mortality," he wrote to the President.

If KASTENMEIER turns out to be wrong—if there is now room for indifference to the value of the individual in a new American cold war morality—then he may have to ask one more question: If we must become brutalized in order to save our way of life, what have we saved?

JULY 20, 1962.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: A picture in the July 20, 1962, issue of Time (p. 29) shows two young Vietnamese boys being led off to be tortured under the watchful gaze of an American adviser.

The story explains that the youths, who are said to be 15 and 19 (but look no older than 11 and 13) were captured with Communist songbooks in their possession: "The older boy was pinned to the ground and—as the Rangers call it—'taken for a swim.' His jaw was forced open and 5 gallons of water from a rusty old can gradually poured into his mouth. The youth gagged and screamed, but refused to talk, even when prodded with a rifle butt."

The fact that this scene took place under the eyes and camera of an American newsman indicates a callous indifference to the opinion of the world. It also indicates a strange insensitivity to the inhumanity of the actions, for these are men who do not seem to care who is watching as they supervise the brutal treatment of youths. To what depths must men sink before they feel shame and the fear of other men's judgments? And if we are permitted to witness these acts, we might well ask what is now being done that may be hidden from our view.

The U.S. soldiers advising the Vietnam soldiers represent both the Government and the people of this country. I am shocked to see them associated with these practices. There is no place for our help or cooperation, or even our complacency in the face of such facts. The world is fully aware of our deep involvement in Vietnamese affairs. We publicly proclaim that we are advising, training and, indeed, supervising the actions of the Vietnamese forces. We cannot escape responsibility for our participation in these less than human acts.

It was not long ago that we read with disgust of the tortures of Algerians by the French Army. Then the French clergy and men of conscience throughout the world joined in the protest against inhuman acts done in the name of necessity. I would hope our country will not be the next to be called before the judgment of the world. For it matters not whether the men are Algerian or Vietnamese, young or old; nor, indeed, how hostile may be their political views: they are human beings and should not be treated in this way.

In the past our men have been criticized for their lack of morale and fighting spirit in Korea and elsewhere. I have never doubted the courage or dedication of our soldiers. But these recent stories force me to question whether or not some really understand what they are fighting for. I do not understand how men brought up in America can condone the practice of torture in Vietnam or elsewhere. There is no room for indifference to the value of the individual in American history, tradition, or morality. And I am forced to the conclusion that these men must be instructed once more in the real meanings and demands of democracy.

I need not point out that the ends cannot justify the means in this situation. Nor need I say that the excuse of necessity or expediency should not be offered, and cannot be accepted in America. I can only ask that, before we begin the slow descent to a moral level where men pass off reports of torture with indifference and impatience, actions be taken to halt our complicity in these inhuman practices.

Mr. President, I respectfully request your response on this matter.

Yours respectfully,
ROBERT W. KASTENMEIER.

CC.: Secretary of Defense.

Hon. ROBERT S. MCNAMARA,
Secretary of Defense,
The Pentagon,
Washington, D.C.

DEAR MR. SECRETARY: I am enclosing a copy of a letter describing the brutal treatment of prisoners in Vietnam which I sent to the President today. I hope that on your trip to Vietnam you will have an opportunity to fix responsibility for these practices and call a halt to them.

Yours sincerely,
ROBERT W. KASTENMEIER,
Member of Congress.

Independence Day of Upper Volta

EXTENSION OF REMARKS
OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 6, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the President of the Republic of Upper Volta, Maurice Yameogo; and His Excellency the Ambassador of Upper Volta to the United States, Frédéric Fernand Guirma, on the occasion of the second anniversary of Upper Volta's independence.

On August 5, 1960, the former French West African Territory of Upper Volta became the independent Republic of Upper Volta. Like the other now independent states of former French Africa, its Government is based on the principle of popular sovereignty, and legislative power is exercised by an assembly elected by direct universal suffrage. In 1959 Upper Volta joined with three other French West African territories—Ivory Coast, Niger, and Dahomey—to form the Conseil de l'Entente, a loose cooperative association which was continued after independence and which has resulted in the coordination of development plans and of various social, fiscal, and economic policies. The Conseil has set up a customs union providing for free trade among the four members and a solidarity fund for financial assistance. Thus, in political development the Republic of Upper Volta has not only become a modern democratic state but with three of its sister states has formed a unique cooperative association especially adapted to the African scene where economic and social development is of prime importance.

The land itself, which has no outlet to the sea, is a vast plateau rising from a low of 650 to a high of 1,000 feet. It is a land of wooded hills and harsh desert, of cattle-grazing savannahs and lowland rice paddies. Its history before the advent of the European is the tale of the empire-building Mossi, a people believed to have come from East Africa sometime in the 11th century and gradually to have created feudal empires throughout Upper Volta. In the 19th century it became a French protectorate, and later a territory of French West Africa. Now as an independent state and a member of the United Nations it is a respected participant in the world community.

Since the economy of Upper Volta is based on agriculture and animal husbandry, the increase of agricultural and livestock production has been one of the main goals of the country's economic development plans. The new republic has made concentrated efforts to intensify production through the adoption of soil conservation measures, the initiation of agricultural research programs, and the establishment of animal breeding centers. These measures attest to the clear sightedness of Upper Volta's economic planners.

And in the fields of health, education, and welfare Upper Volta has also exerted intensive efforts since independence. A program aimed at expanding primary and secondary education is underway, and it is hoped that full enrollment will be achieved within 15 years. Health conditions are steadily improving, and through the introduction of compulsory innoculations epidemics of infectious diseases such as yellow fever and the plague have been checked. Social welfare programs have been developed in urban areas. A workingman's compensation fund handles accident compensation and allowances to families of incapacitated workmen.

Thus, Upper Volta has quickly assumed the responsibilities of a sovereign state. In foreign relations it is peace loving and trustworthy. In domestic affairs the Government has willingly accepted its obligations toward its citizens and is devoting its every effort toward raising their standard of living as quickly as possible. We congratulate the Government and people of Upper Volta on the second anniversary of their independence.

SENATE

TUESDAY, AUGUST 7, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O God, whose spirit searcheth all things, and whose love beareth all things: For this dedicated moment, turning from our often divisive loyalties and our party cries, we would humbly bow in a unity of spirit, realizing our oneness in Thee.

Forgive us for praying that Thy kingdom may come, and then, by our own selfish stubbornness, barring the way when it has sought to come through us.

Deliver us from the hypocrisy of giving lipservice to the golden goals of Thy kingdom, as if we looked for it without, in others, and not in our own hearts. Grant us a fundamental fealty to the common good, expressing itself in divergent attitudes and convictions which are the glory of our national heritage, yet putting always above partisan advantage the weal and welfare of the commonwealth to which we solemnly pledge our supreme allegiance. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, August 6, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on August 6, 1962, the President had approved and signed the following acts:

S. 1074. An act for the relief of Chao Yao Koh;

S. 1889. An act for the relief of Mrs. Geohar Ogassian; and

S. 2339. An act for the relief of George Ross Hutchins.

REPORT OF NATIONAL CAPITAL HOUSING AUTHORITY—MESSAGE FROM THE PRESIDENT

The **PRESIDENT** pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on the District of Columbia:

To the Congress of the United States:

In accordance with the provisions of Section 5(a) of Public Law 307, 73d Congress, approved June 12, 1934, I transmit herewith for the information of the Congress the report of the National Capital Housing Authority for the fiscal year ended June 30, 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 7, 1962.*

EXECUTIVE MESSAGES REFERRED

As in executive session,

The **PRESIDENT** pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 3064. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources; and

S. 3089. An act to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands.

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 1308. An act to incorporate the Sea Cadet Corps of America, and for other purposes; and

S. 3174. An act to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7796. An act to amend certain lending limitations on real estate and construction loans applicable to national banks;

H.R. 8419. An act to provide for the presentation of medals to the officers and men of the Byrd Arctic Expedition of 1926;

H.R. 9280. An act to amend section 2 of the act of July 31, 1947 (61 Stat. 681), and for other purposes;

H.R. 9728. An act to amend the Cooperative Forest Management Act;

H.R. 10540. An act to exclude deposits of petrified wood from appropriation under the U.S. mining laws;

H.R. 11049. An act to amend the Mineral Leasing Act of February 25, 1920;

H.R. 12078. An act to provide for the settlement of claims of certain residents of the Trust Territory of the Pacific Islands;

H.R. 12355. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe;

H.R. 12513. An act to provide for public notice of settlements in patent interferences, and for other purposes; and

H.R. 12688. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 474) extending the greetings and felicitations of the Congress to the Bethel Home Demonstration Club of Bethel Community, Sumter County, S.C., in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities;

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes; and

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 7796. An act to amend certain lending limitations on real estate and construction loans applicable to national banks; to the Committee on Banking and Currency.

H.R. 8419. An act to provide for the presentation of medals to the officers and men of the Byrd Arctic Expedition of 1926; to the Committee on Armed Services.

H.R. 9280. An act to amend section 2 of the act of July 31, 1947 (61 Stat. 681), and for other purposes;

H.R. 10540. An act to exclude deposits of petrified wood from appropriation under the U.S. mining laws;

H.R. 11049. An act to amend the Mineral Leasing Act of February 25, 1920;

H.R. 12078. An act to provide for the settlement of claims of certain residents of the Trust Territory of the Pacific Islands; and

H.R. 12355. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe; to the Committee on Interior and Insular Affairs.

H.R. 9728. An act to amend the Cooperative Forest Management Act; and

H.R. 12688. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes; to the Committee on Agriculture and Forestry.

H.R. 12513. An act to provide for public notice of settlements in patent interferences, and for other purposes; to the Committee on the Judiciary.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 474) extending the greetings and felicitations of the Congress to the Bethel Home Demonstration Club of Bethel Community, Sumter County, S.C., was referred to the Committee on the Judiciary, as follows:

Whereas the Bethel Home Demonstration Club, founded in Sumter County, South Carolina, in March of 1915, was the first home demonstration club in the United States; and

Whereas home demonstration clubs have been of great value to the people of the United States by aiding in the diffusion of knowledge and skills among the women of rural America; and

Whereas Winthrop College, the South Carolina college for women, pioneered in developing the concepts and in providing leadership for the home demonstration club movement; and

Whereas the year 1962 is the one hundredth anniversary year of the United States Department of Agriculture and of the land-grant college system: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States recognizes that the Bethel Home Demonstration Club of the Bethel Community, Sumter County, South Carolina, was the first such club to be established in the United States, and extends its greetings and felicitations to the Bethel Home Demonstration Club on the occasion of the one hundredth anniversary year of the establishment of the United States Department of Agriculture and the land-grant college system.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. Mansfield, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. Mansfield, and by unanimous consent, the Public Roads Subcommittee of the Committee on Public Works was authorized to meet during the session of the Senate today.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SENATOR FROM IDAHO

Mr. CHURCH. Mr. President, I advise the Senate that the Governor of Idaho, on the 6th day of August, appointed Hon. Len B. Jordan, a Senator from Idaho, to represent the State in the Senate of the United States until the vacancy therein, caused by the death of our beloved colleague, Henry C. Dworshak, is filled by election as provided by law.

I send the certificate of appointment to the desk.

The certificate of appointment was read and ordered to be placed on file, as follows:

CERTIFICATE OF APPOINTMENT

STATE OF IDAHO,
EXECUTIVE DEPARTMENT,
OFFICE OF THE GOVERNOR.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Idaho, I, Robert E. Smylie, the Governor of said State, do hereby appoint Len B. Jordan, a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the death of Henry C. Dworshak, is filled by election as provided by law.

Witness His Excellency our Governor, Robert E. Smylie, and our seal hereto affixed at Boise, our capital, this sixth day of August, in the year of our Lord 1962.

ROBERT E. SMYLIE,
Governor.

[SEAL]

By the Governor:

ARNOLD WILLIAMS,
Secretary of State.

The PRESIDENT pro tempore. If the Senator-designate will present himself at the desk, the oath of office will be administered to him.

Mr. JORDAN of Idaho, escorted by Mr. Church, advanced to the Vice President's desk.

The oath of office prescribed by law was administered to Mr. Jordan by the President pro tempore, and was subscribed by him.

[Applause, Senators and occupants of the galleries rising.]

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

NOTICE OF PROPOSED DISPOSITION OF CERTAIN CHESTNUT TANNIN EXTRACT

A letter from the Acting Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a notice to be published in the Federal Register of a proposed disposition of approximately 12,245 long tons of chestnut tannin extract now held in the national stockpile (with an accompanying paper); to the Committee on Armed Services.

SALE OF CERTAIN RIGHT-OF-WAY BY COMMISSIONERS OF THE DISTRICT OF COLUMBIA

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to authorize the Commissioners of the District of Columbia to sell a right-of-way across a portion of the District Training School grounds at Laurel, Md., and for other purposes (with an accompanying paper); to the Committee on the District of Columbia.

REPORT ON TORT CLAIMS PAID BY OFFICE OF EMERGENCY PLANNING

A letter from the Director, Office of Emergency Planning, Executive Office of the President, reporting, pursuant to law, on tort claims paid by that Office, during fiscal year 1962; to the Committee on the Judiciary.

ADJUSTMENT OF STATUS OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered relating to the adjustment of status of certain aliens (with accompanying papers); to the Committee on the Judiciary.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Acting Administrator, General Services Administration, Washington, D.C., transmitting pursuant to law, a report of the Acting Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the convention of the Knights of St. John, at Cleveland, Ohio, favoring the enactment of a constitutional amendment to define the status of religion in relation to government; to the Committee on the Judiciary.

A resolution adopted by the convention of the General Federation of Women's Clubs, at Washington, D.C., relating to prayer in schools; to the Committee on the Judiciary.

THE 200TH ANNIVERSARY OF THE UNITED STATES—RESOLUTION

Mr. CLARK. Mr. President, I present, for appropriate reference, a resolution adopted by the Descendants of the Signers of the Declaration of Independence, of Philadelphia, Pa., relating to the 200th anniversary of the United States, and favoring the proposal that that anniversary be in the nature of a world's fair to be held in Philadelphia in 1976. I ask that the resolution be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Whereas, on the historic date of July 4, 1776, was born a new nation, of the people, by the people and for the people; conceived in liberty and founded on justice; a nation dedicated to the ennobling principles of democracy and representative government—the United States of America; and

Whereas the approaching bicentennial, in 1976, of the adoption of the Declaration of Independence of the United States of America, as our charter of liberty, will afford an occasion for celebration and jubilation, not only in Philadelphia and the United States, but also among all those nations that cherish our national ideals of freedom and justice, and of respect for the dignity and rights of the individual in the pursuit of happiness; and

Whereas the city of Philadelphia is extending to all the peoples of the world its invitation to join in its celebration of our Nation's bicentennial in 1976 and has proposed that this sublime anniversary be signaled by a great world's fair of freedom in which the virtues and blessings of liberty and justice for all will be enshrined and extolled: Now, therefore, be it

Resolved, That we, the direct, bloodline descendants of the Signers of the Declaration of Independence of the United States of America, do hereby declare our desire and intent to cooperate in every way in the celebration of our Nation's 200th anniversary, and particularly to endorse and support the proposal of the city of Philadelphia, as the most eminently fitting place for the World's Fair of 1976; and be it further

Resolved, That we pray the approval of the Bureau of International Exhibitions, Paris, France, for the proposal of the city of Philadelphia to serve as host for said World's Fair of 1976; and that we do also commend to the nations of the world preparation for participation on a grand scale in said World's Fair of 1976, as evidence of their people's dedication to the principles of freedom and justice for all.

Surely in this coming bicentennial year of freedom, bells will ring all over the world, as did the Liberty Bell in Philadelphia in 1776, "to proclaim liberty throughout the land, and to all the inhabitants thereof."

PERCY HAMILTON GOODSELL, Jr.,
President General.
THOMAS GRAHAM,
Secretary General.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with an amendment:

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes (Rept. No. 1848).

By Mr. GRUENING, from the Committee on Interior and Insular Affairs, with amendments:

S. 1065. A bill to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Unalakleet, Alaska, to Mrs. William E. Beltz (Rept. No. 1849).

By Mr. KUCHEL, from the Committee on Interior and Insular Affairs, with amendments:

S. 103. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom south unit, American River division, Central Valley project, California, under Federal reclamation laws (Rept. No. 1859).

By Mr. McGEE, from the Committee on Commerce, without amendment:

S. 3504. A bill to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes (Rept. No. 1856).

By Mr. McGEE, from the Committee on Commerce, with an amendment:

S. 1542. A bill to authorize and direct the Secretary of the Interior to conduct studies of the genetics of sport fishes and to carry out selective breeding of such fishes to develop strains with inherent attributes valuable in programs of research, fish hatchery production, and management of recreational fishery resources (Rept. No. 1857).

By Mr. McGEE, from the Committee on Commerce, with amendments:

H.R. 1171. An act to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes (Rept. No. 1858).

By Mr. ENGLE, from the Committee on Commerce, with amendments:

S. 3389. A bill to promote the foreign commerce of the United States through the use of mobile trade fairs (Rept. No. 1850).

By Mr. SMITH of Massachusetts (for Mr. BIBLE), from the Committee on the District of Columbia, without amendment:

S. 3428. A bill relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia (Rept. No. 1851).

By Mr. CLARK, from the Committee on Labor and Public Welfare, without amendment:

S. 3529. A bill to amend the Manpower Development and Training Act of 1962 with regard to reimbursement of the railroad unemployment insurance account (Rept. No. 1853).

By Mr. CLARK, from the Committee on Post Office and Civil Service, with amendments:

S. 2937. A bill to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act (Rept. No. 1854); and

S. 3164. A bill to amend the Civil Service Retirement Act so as to increase, in the case of children attending school, from 18 to 21, the maximum age for receiving benefits under such act (Rept. No. 1855).

URBAN MASS TRANSPORTATION ACT OF 1962—REPORT OF A COMMITTEE—INDIVIDUAL VIEWS (S. REPT. NO. 1852)

Mr. WILLIAMS of New Jersey. Mr. President, I have been requested by the chairman of the Committee on Banking and Currency to report for the committee a bill entitled "Urban Mass Transportation Act of 1962," which would authorize the Housing and Home Finance Administrator to provide assistance for the development of mass transportation systems in metropolitan and other urban areas of our Nation.

This bill is a result of extensive hearings and consideration by members of the Banking and Currency Committee. I was asked by the committee to report the bill today with the hope that it could be given consideration for passage by the Senate at the earliest opportunity. Committee prints were prepared on the bill as passed by the committee, and copies are available in the committee room of the Banking and Currency Committee for any Senator who may want to read the bill in detail prior to its being printed tomorrow.

I ask unanimous consent that a section-by-section summary of the bill be included at the end of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit I.)

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that the individual views of Senators ROBERTSON, CAPEHART, and BUSH, members of the committee, with respect to the bill may be filed as late as midnight tonight.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAMS of New Jersey. Mr. President, I also ask unanimous consent that these views may be included as a part of the committee report.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, may I ask the distinguished Senator from New Jersey: Is the report ready?

Mr. WILLIAMS of New Jersey. The report is ready. I believe the materials are in the committee room. The report will be printed tonight, and will be available to the minority leader tomorrow.

The **PRESIDENT** pro tempore. The report will be received, and the bill will be placed on the calendar.

The bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes, was read twice by its title, and ordered to be placed on the calendar.

Exhibit I

Section-by-Section Summary of Urban Mass Transportation Act of 1962

Section 1. Title of bill: "Urban Mass Transportation Act of 1962."

Section 2. (a) Findings, (b) purposes.

Section 3. Federal financial assistance.

(a) Eligibility for assistance:

Eligible applicants: States and local public bodies and agencies thereof. Applicants must have or will have (a) the legal, financial, and technical capacity to carry out proposed project and (b) satisfactory continuing control of use of facilities and equipment; with respect to private mass transportation companies, applicant shall give full consideration to such continuing control being exercised by an existing regulatory agency.

Eligible projects: Facilities and equipment, acquired, constructed, reconstructed and improved, for use in mass transportation service in urban areas (including commuter service into or between such areas) and in coordinating such services with highway and other transportation in such areas. (No funds shall be used for payment of ordinary governmental or nonproject operating expenses).

Eligible facilities and equipment: Any real or personal property including land (but not public highways), buses and other rolling stock, needed for an efficient and coordinated mass transportation system.

(b) Compensation to private companies:

No grants or loan shall be made for a project involving acquisition of facilities or property of private enterprise motor transit systems unless (1) such assistance is essential to the program for a unified coordinated urban transportation system; (2) the program provides for participation of private mass transportation companies to the maximum extent feasible; and (3) just compensation will be paid to such companies for their franchises or property to the extent required by applicable State or local laws.

Section 4. Long-range program:

(a) Planning requirements: Complete preparation of a program meeting criteria established by the Administrator for a unified coordinated urban mass transportation system as a part of a comprehensively planned development of the urban area, encouraging to the maximum extent feasible, the participation of private enterprise.

Grant Formula:

Federal share: Two-thirds of net project cost (that portion of project cost that cannot be financed on reasonable terms from revenues).

Local share: One-third of net project cost in cash from sources other than Federal funds.

Refunds: Refund of local share permitted provided a proportional refund of Federal share is made.

(b) Grant authorization: Authorizes Administrator to enter into contracts for grants of up to $100 million upon enactment; an additional $200 million on July 1, 1963; and an additional $200 million on July 1, 1964. Full faith and credit of United States pledged upon contract appropriations for payments authorized.

(c) Loan authorization: Extends for an indefinite period the uncommitted portion of the $50 million Treasury borrowing authority under existing law. Loans are subject to restrictions and limitations as provided by the Public Facility Loan program (a term of 40 years and an interest rate of 3¾ percent at the present time).

Loans would be authorized for projects where private loans cannot be obtained on reasonable terms if such loans would make effective mass transportation possible without grant assistance.

Section 5. Emergency program:

Eligible facilities and equipment: Same as the items listed in section 3 above, provided there is an urgent need for their preservation or provision and such items can reasonably be expected to be required for a long-range program.

Federal share: One-half of net project cost (defined same as in sec. 4(a) above) plus additional one-sixth of net project cost if long-range program planning requirements are fully met within 3 years after execution of grant contract.

Local share: One-half of net projects cost in cash or one-third if conditions of long-range program are met within 3 years after execution of grant contract.

Financing: Grants or loans may be used to finance emergency program. Funds would come from the same authorizations described in section 4 above.

Expiration date: No emergency program may be entered into on or after July 1, 1965.

Section 6. Research, development, and demonstration programs:

(a) Eligibility: Administrator authorized to undertake development and demonstration projects for all phases of urban mass transportation which will result in the improvement of mass transportation service and needs at a minimum cost.

(b) Financing: The unobligated balance of the present $25 million demonstration grant authority would be made available to finance such projects, plus up to $30 million of the new $500 million grant authority under section 4 above.

Section 7. Relocation requirements and payments:

(a) Relocation program: Requires adequate relocation for families displaced by mass transportation programs as a prerequisite for financial assistance.

(b) Relocation payments: Requires payment of not to exceed $200 to families, or $3,000 (or if greater, total certified actual moving expense) to businesses or nonprofit organizations for relocation expenses. Federal Government to reimburse applicant for full amount of relocation expenses.

Section 8. Coordination of Federal assistance for highways and mass transportation facilities:

Requires Administrator of HHFA and Secretary of Commerce to consult and exchange information on proposed projects in urban areas.

Section 9. Interstate compacts to implement comprehensive urban planning:

Amends section 701 program to authorize interstate compacts for comprehensive mass transportation planning purposes or for carrying out mass transportation programs.

Section 10. General provisions:

(a) Gives HHFA Administrator the necessary functions, powers, and duties to carry out the purposes of the bill.

(b) Empowers the Administrator and the Comptroller General or their representatives to have access to and audit the books and records of all pertinent contracting parties.

(c) Defines certain terms applicable to the act.

(d) Authorizes funds to be appropriated for administrative expenses of program and funds appropriated for other than administrative expenses shall remain available until expended.

(e) Provides a ceiling to any one State for grants of 12½ percent of section 4(b) authorization ($500 million), except that Administrator could distribute an additional 10 percent of such amount among States.

Section 11. Labor standards:

Makes applicable the prevailing wage scale provisions of Davis-Bacon Act, and requires that time and one-half be paid for all hours worked in excess of 8 hours in any 1 day or 40 hours in a workweek. Also gives Secretary of Labor authority to issue regulations and provide for enforcement of labor standards.

Section 12. Air pollution control.

Provides that Administrator, in approving grants and loans shall take into consideration whether facilities and equipment will be designed or equipped to prevent and control air pollution in accordance with criteria established by the Secretary of Health, Education, and Welfare.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WILLIAMS of New Jersey:

S. 3615. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes; placed on the calendar.

(See the remarks of Mr. Williams of New Jersey when he reported the above bill, which appear under a separate heading.)

By Mr. McCARTHY:

S. 3616. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from the highway use tax in the case of certain trucks and other vehicles which are used primarily for hauling unprocessed farm and forest products from their place of production to market or mill; and

S. 3617. A bill to provide for the abatement of certain penalties and interest otherwise payable with respect to the highway use tax in the case of certain motor vehicles used primarily for hauling unprocessed farm and forest products from their place of production to market or mill; to the Committee on Finance.

By Mr. YOUNG of North Dakota:

S. 3618. A bill to amend the Internal Revenue Code of 1954 so as to provide an additional income tax exemption for a taxpayer or spouse who is totally disabled; to the Committee on Finance.

By Mr. BYRD of West Virginia (for himself and Mr. Randolph):

S.J. Res. 213. Joint resolution to provide for the actual participation of the United States in the West Virginia Centennial Celebration; to the Committee on the Judiciary.

By Mr. CLARK (for himself, Mr. Fulbright, and Mr. Saltonstall):

S.J. Res. 214. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; to the Committee on the Judiciary.

(See the remarks of Mr. Clark when he introduced the above joint resolution, which appear under a separate heading.)

DESIGNATION OF NATIONAL CULTURAL CENTER WEEK

Mr. CLARK. Mr. President, on behalf of the distinguished Senator from Arkansas [Mr. Fulbright], the distinguished Senator from Massachusetts

[Mr. Saltonstall], and myself, I introduce, for appropriate reference, a joint resolution authorizing the President of the United States to designate the period from November 26 through December 2, 1962, as National Cultural Center Week.

The National Cultural Center, on whose Board of Trustees my two colleagues and I sit, has, since its inception in 1958, been struggling with two problems.

The first is that of developing its program to carry out the intention of Congress that the Center serve as a national forum of the arts. The Center is endeavoring to develop programs which will symbolize the importance of the arts in our national environment and will relate the National Cultural Center to the entire country, so that it will serve as a memorial to the art of every segment of American society and every geographic area.

The second problem is that of raising funds to plan, build, and operate the Center—a task which Congress left solely in the hands of the American people. The trustees of the National Cultural Center have planned a nationwide fundraising campaign, to allow the American people to express their support for this institution.

This fundraising program will reach a climax on November 29, 1962, in a coast-to-coast closed-circuit telecast entitled "An American Pageant of the Arts," which will be a presentation of the regional art of our national heritage; and from which local sponsoring committees will keep up to 50 perecnt of the proceeds. This dual support of both national and local cultural institutions is in keeping with the Center's intentions of strengthening cultural organizations everywhere.

I urge all my colleagues to join in supporting this measure as evidence of our bipartisan support for the realization of the National Cultural Center and its goals.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 214) authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week, introduced by Mr. Clark (for himself, Mr. Fulbright, and Mr. Saltonstall), was received, read twice by its title, and referred to the Committee on the Judiciary.

STRENGTH OF THE MILITARY AND AIR FORCE ACADEMIES—AMENDMENTS

Mr. LONG of Louisiana submitted amendments, intended to be proposed by him, to the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength, which were ordered to lie on the table and to be printed.

TRADE EXPANSION ACT OF 1962—AMENDMENTS

Mr. JAVITS. Mr. President, I send to the desk eight amendments to H.R. 11970, the Trade Expansion Act of 1962 for printing under the rule and ask unanimous consent to have them remain on the table until the end of business on August 10, in the event any of my colleagues desire to join me in sponsoring any of them. I am pleased to state that the distinguished Senator from West Virnigia [Mr. Randolph] is joining me in sponsoring the last amendment which would set up a council of advisers from major industry, agriculture and labor groups for the purpose of giving counsel and advice to our trade negotiators.

An August 9, this Thursday, I shall appear before the Committee on Finance to discuss these proposed amendments in detail. Therefore, I should like to confine myself today to saying only that I support the objectives of the President's trade program and that these proposals are intended to improve its ability to serve the domestic and foreign economic policy of the United States. These proposed amendments are intended to strengthen the program of trade expansion. Indeed, the challenges facing our Nation are so great that we cannot afford halfhearted forays into foreign economic policy. We must place all of our strength and capacity into the meeting of these challenges.

Mr. President, I ask unanimous consent to have the text of these eight amendments and a brief summary explanation of them printed in the Record at this point.

I have asked unanimous consent to have printed at this point in the Record an explanation of the importance of the amendments, so that any who wish to join me, may notify me in advance of the 10th of their desire to join.

There being no objection, the amendments and explanations were ordered to be printed in the Record, as follows:

A

On page 3, beginning with line 21, strike out all through line 14, on page 6, and insert in lieu thereof the following:

"CHAPTER 2—SPECIAL AUTHORITY WITH RESPECT TO FULLY DEVELOPED COUNTRIES OR AREAS

"Sec. 211. Basic Authority.

"(a) The President may, in carrying out any trade agreement with fully developed countries or areas, issue proclamations as to articles or categories of articles without regard to the limitation expressed in section 201(b)(1): *Provided,* That the more substantial concessions shall be made on products of industries which the President determines to have the greatest demonstrated capacity and potential for export expansion and the greatest growth potential and highest productivity.

"(b) As used in this chapter, the term 'fully developed country or area' means (1) the European Economic Community, and (2) any other foreign country or area, or any group of such countries or areas operating as a customs union or free trade association (other than any country or area described in section 231) which the President has, by Executive order, designated as a fully developed country or area: *Provided,* That such an Executive order shall have been in effect for at least 180 days prior to the entering into of any trade agreement with respect to which the provisions of subsection (a) are applicable. In making any such designation the President shall consider the output per worker engaged in manufacturing and the extent of manufacturing activity in the country or area to be considered for such designation, as compared to such output and the extent of such activity in the United States."

On page 6, line 15, strike out "(e)" and insert "(c)".

On page 6, lines 20 and 21, strike out "European Economic Community" and insert in lieu thereof "fully developed countries or areas".

On page 7, strike out lines 12 through 15, and insert the following:

"(3) the fully developed countries or areas have made a commitment with respect to duties or other import restrictions which is likely to assure access for such article to the markets of such countries or areas."

On page 20, between lines 12 and 13, insert a new section as follows:

B

"Sec. 253. Utilization of Authority To Enter Into Trade Agreements.

"The authority conferred by section 201 (a) shall, subject to the provisions of this title, be utilized by the President—

"(1) so as to base any concession made by the United States substantially on the effectiveness of such a concession in obtaining the extension of any concession made by fully developed countries or areas to the United States to all other countries or areas which are not referred to in section 231; and

"(2) in any trade agreements entered into pursuant to such authority, so as to establish special arrangements (including the lowering of tariffs on specified quantities of products and the rendering of marketing and servicing assistance) to aid in the development of stable and growing markets in fully developed countries or areas for the products of other countries or areas which are not referred to in section 231 with a minimum of economic dislocation and a maximum of economic benefit to such markets."

On page 20, line 13, strike out "253" and insert "254".

On page 20, line 15, strike out "254" and insert "255".

On page 21, line 18, strike out "254" and insert "255".

On page 21, line 22, strike out "253" and insert "254".

On page 22, line 4, strike out "255" and insert "256".

On page 22, line 15, strike out "256" and insert "257".

On page 24, between lines 12 and 13, insert the following:

"(8) The term 'fully developed country or area' means (A) the European Economic Community, and (B) any other foreign country or area, or any group of such countries or areas operating as a customs union or free trade association (other than any country or area described in section 231) which the President has, by Executive order, designated as a fully developed country or area. In making any such designation the President shall consider the output per worker engaged in manufacturing and the extent of manufacturing activity in the country or area to be considered for such designation, as compared to such output and the extent of such activity in the United States."

On page 24, line 13, strike out "257" and insert "258".

On page 20, between lines 12 and 13, insert a new section as follows:

C

"SEC. 253. UTILIZATION OF AUTHORITY TO ENTER INTO TRADE AGREEMENTS.

"It is the sense of the Congress that the President should utilize the authority conferred by section 201(a) to negotiate an agreement under which all countries receiving trade concessions pursuant to trade agreements entered into, and all contracting parties to the General Agreement on Tariffs and Trade, report annually to the appropriate organ established pursuant to said general agreement on the progress achieved in (1) improving working conditions in those industries the products of which have been subject to such concessions, and (2) raising living standards in those countries or areas which are dependent on such industries."

On page 20, line 13, strike out "253" and insert "254".

On page 20, line 15, strike out "254" and insert "255".

On page 21, line 18, strike out "254" and insert "255".

On page 21, line 22, strike out "253" and insert "254".

On page 22, line 4, strike out "255" and insert "256".

On page 22, line 15, strike out "256" and insert "257".

On page 24, line 13, strike out "257" and insert "258".

D

On page 19, line 18, strike out "tolerance of international cartels" and insert in lieu thereof "infringements of United States patents, copyrights, or registered trademarks, or tolerance of such infringements or of international cartels".

E

On page 33, between lines 12 and 13, insert a new section as follows:

"SEC. 303. TERMINATION OF AUTHORITY TO ISSUE CERTIFICATES OF ELIGIBILITY.

"(a) No certification of eligibility shall be issued under section 302 with respect to any firm or group of workers after June 30, 1974, or such earlier date as the Congress may by concurrent resolution prescribe.

"(b) The termination of the authority to issue certifications of eligibility, as provided in subsection (a), shall not affect the eligibility of any firm or worker to apply for or to receive adjustment assistance pursuant to a certification of eligibility duly issued prior to the date of such termination."

F

On page 75, line 5, after the period insert the following: "Such report shall also show the amount of funds which have been appropriated pursuant to sections 312(d) and 337 and have been expended or committed for each type of adjustment assistance authorized by chapters 2 and 3 of title III."

G

On page 75, between lines 21 and 22, insert the following:

"(d) The Tariff Commission shall bring up to date and publish, at intervals of not to exceed five years, the 'Summaries of Tariff Information'."

H

On page 16, between lines 10 and 11, insert the following:

"(c)(1) The Special Representative for Trade Negotiations shall appoint a Council of Advisers which shall consist of not to exceed fifty appointive members to be selected from the major organizations in the United States representing industry, agriculture, and labor. In addition, the congressional delegates to negotiations, selected pursuant to section 243, shall, during any period in which they are accredited members of a United States delegation to any negotiation under this title, serve as ex officio members of such council. The Special Representative shall serve as chairman of such council. Members appointed to such council, while attending meetings or otherwise engaged in the performance of their duties as members of the council, shall be entitled to receive compensation and reimbursement as provided in section 401(3), and the provisions of section 1003 of the National Defense Education Act of 1958 (20 U.S.C. 583) shall apply to such members.

"(2) Members of the Council of Advisers shall give advice and counsel with respect to products of direct interest to them to members of any United States delegation to negotiations under this title, and to the United States delegates to any other international meeting dealing with modifications of existing trade restrictions. The Special Representative for Trade Negotiations shall provide members of the council with such information with respect to such negotiations and meetings as he determines will enable such members to fully and effectively discharge their functions under this subsection."

SUMMARY OF AMENDMENTS TO THE TRADE EXPANSION ACT OF 1962 (H.R. 11970) PROPOSED BY SENATOR JAVITS

Proposed amendment A would authorize the President to eliminate tariffs on a mutual basis with all fully developed countries or areas of the free world, provided that the most substantial concessions are made on the products of the strongest U.S. industries. The determination by the President of what is a fully developed country or area shall be based on output per worker engaged in manufacturing and on the extent of industrialization. Agricultural products which are dealt with separately in H.R. 11970 are excluded from this authority.

Comment: H.R. 11970 authorizes tariff elimination only with the European Economic Community (EEC), and only in categories of products in which the United States and the members of the EEC account for 80 percent or more of world exports. I believe that this concentration on the EEC and on present or past levels of international trade has three serious disadvantages: (1) While the EEC members remove trade barriers among themselves, the United States could be left in the position of being unable to do so with any nation, if the EEC decides to shut us out or if the United Kingdom does not become a member of the EEC; (2) effective U.S. bargaining power with the EEC, whatever its composition, would be diminished, if the United States were unable to negotiate for the broadest possible concessions with other nations; (3) shaping negotiating authority to existing trade patterns places artificial and often unrealistic constraints on our negotiators, who must bargain for future benefits in the context of rapidly changing international economic conditions. The proposed amendment is designed to free U.S. trade policy from overdependence on the EEC and from criteria patterned on a bygone era of world trade.

Proposed amendment B would direct the President to shape the nature of U.S. concessions to fully developed countries or areas in such a way as to obtain the extension of most-favored-nation treatment to the less developed nations from the fully developed ones; would direct the President to utilize his negotiating authority in order to bring about the establishment of special arrangements for the orderly expansion of markets for the exports of the less developed nations.

Comment: H.R. 11970 provides for no directions on the use of authority for the purpose of getting the fully developed nations to share the burden of providing markets for the developing nations—a burden which the United States has been carrying to a large extent alone. The two parts of this proposed amendment are designed to accomplish this either through a multilateralization of most-favored-nation treatment or through special arrangements on a multilateral basis—or both.

Proposed amendment C would express the sense of the Congress that the President enter into agreements with all our trading partners for the submission of annual reports to an organ of the General Agreement on Tariffs and Trade (GATT), on the progress achieved in raising wage and living standards.

Comment: This proposed amendment is designed to facilitate the escalation of international labor standards and to place greater pressure on exporting nations to refrain from subsidizing their exports through artificially depressed wages. This idea was suggested by the AFL–CIO delegation to a meeting of the Trade Union Section of the European Productivity Agency in March 1960. It also reflects the principle of proposals made by George Meany, president of the AFL–CIO, in his testimony before the Senate Finance Committee on July 24, 1962.

Proposed amendment D would specify infringements of U.S. patents, copyrights and registered trademarks as actions unjustifiably restricting U.S. commerce and as cause for retaliatory action by the United States.

Comment: It is doubtful that the problem of patents, etc., has ever been considered in a meaningful way in the context of our trade policy. Yet, infringements of these United States held rights have materially interferred with our ability to export and have even resulted in the U.S. Government's purchase, under the statutory requirement to buy at the lowest price, of foreign goods made according to pirated patents.

Proposed amendment E would provide for a termination date for the certification of firms and workers eligible for adjustment assistance; would provide for such termination through concurrent resolution of the Congress.

Comment: H.R. 11970 has no such provision for termination and no such congressional control. I believe that the termination date of June 30, 1974, provides for a reasonable limit to the program. It allows for the establishment of injury from imports resulting from the last stage of tariff reductions under agreements made up to the June 30, 1967, termination date of the President's negotiating authority, plus 2 additional years. Furthermore, it seems to me that congressional control should be more firmly established than is contemplated by the "open end" authority for expenditures in the present bill.

Proposed amendment F would require the President to submit a detailed report on expenditures and commitments under the adjustment assistance program, in connection with the annual report on the administration of the entire Trade Expansion Act now required by H.R. 11970.

Comment: This proposed amendment is designed to permit stricter congressional oversight on the expenditure of adjustment assistance funds and would enable the Congress and the public to obtain a better perspective on the real implications of the trade program in terms of domestic adjustments.

Proposed amendment G would require the Tariff Commission to keep up to date and publish at least every 5 years the "Summaries on Tariff Information."

Comment: These "summaries" have not been published since 1948 and, even though the data is kept current in the Tariff Commission files, it is difficult for students of trade policy and for industry to obtain this data which is vital to their research.

Proposed amendment H would establish a council of advisers, composed of representatives of major industry, agriculture, and labor groups. Its chairman would be the special representative for trade negotiations provided for in section 241 of H.R. 11970. Congressional delegates to negotiations would be ex officio members of the council. Any or all members of the council with a direct interest in an article under negotiation would have such access to U.S. negotiators as is determined by the special representative to be necessary to give advice and information to the negotiators. Members of the council would receive a per diem allowance while serving.

Comment: H.R. 11970 does not appear to provide the status for representatives of the private sector, necessary for the best utilization of the detailed knowledge of trade and economic conditions which these representatives dispose of. I believe that this proposed amendment would give them the necessary status without subjecting our trade negotiators to undue pressure from special interests.

The PRESIDING OFFICER. The amendments will be received, printed, and referred to the Committee on Finance; and, without objection, the amendments will lie on the desk as requested by the Senator from New York.

NOTICE OF HEARINGS BY SUBCOMMITTEE ON TRADING WITH THE ENEMY ACT

Mr. JOHNSTON. Mr. President, the Subcommittee on Trading With the Enemy Act of the Senate Committee on the Judiciary will hold public hearings on proposals to amend section 9(a) of the Trading With the Enemy Act at 10:30 a.m. on Wednesday, August 22, 1962, in room 2228, New Senate Office Building. Only Government witnesses will be heard on this day.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. SPARKMAN:

"Ready Reference Guide to Senate Press Aides," published in the July 1962 issue of the National Publisher.

DEATH OF FORMER AMBASSADOR WHITING WILLAUER

Mr. SALTONSTALL. Mr. President, with the death of Whiting Willauer at his summer home on Nantucket Island, Mass., on Monday, the Nation lost an outstanding public servant who made important contributions to his country, especially in the field of foreign affairs.

Mr. Willauer served as Ambassador to Honduras from 1954 to 1958, and then became Ambassador to Costa Rica, where he remained until 1960. He also served as a special assistant to former Secretary of State Christian Herter. Ambassador Willauer was among the first of our envoys in the Caribbean area to sense the true nature of Fidel Castro's government in Cuba, and urged that our Government speak out against it.

A graduate of Princeton University, Mr. Willauer received his law degree at Harvard University. Following his graduation from Harvard, he joined the Boston firm of Bingham, Dana & Gould, where he specialized in admiralty law. Later he was employed by the Civil Aeronautics Board, the Department of Justice, and the Federal Power Commission.

During World War II he worked to get support for Gen. Claire Chennault's Flying Tigers, which flew supplies from India to China, and in 1946 he and General Chennault established the Civil Air Transport Co. Mr. Willauer became president and vice chairman of the board of that company. During the Korean conflict this group helped move supplies into Korea. He resigned from the organization in 1954, when President Eisenhower appointed him Ambassador to Honduras.

I knew Mr. Willauer and respected his judgment. His passing is a serious loss to the Nation.

To his wife, the former Louise Knapp Russell of Nantucket, his son Whiting Russell Willauer of Washington, and his daughter, Mrs. Peter W. Nash of Dedham, Mass., Mrs. Saltonstall and I extend our sympathy.

THE ESTABLISHMENT OF RELIGION CLAUSE OF THE FIRST AMENDMENT

Mr. ERVIN. Mr. President, the Charlotte News, of Charlotte, N.C., carried a very thoughtful editorial entitled "Church and State: Why the People Should Define the First Amendment" in its issue of July 12, 1962. This editorial ought to be made available to all the Members of the Congress for consideration in connection with various resolutions to amend the interpretation placed upon the first amendment by the recent decision of the Supreme Court in the Engel case. For this reason, I ask that this editorial be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. METCALF in the chair). Is there objection to the request of the Senator from North Carolina?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CHURCH AND STATE: WHY THE PEOPLE SHOULD DEFINE THE FIRST AMENDMENT

Reaction to the Supreme Court decision on prayer in public schools breaks down roughly into three categories: (1) Those content with the decision and its implications of a religiously sterile state. (2) Those concerned by the decision, as exemplified by our morning contemporary, but content to accept it. (3) Those concerned, as the News is, to the point of favoring positive consideration of a constitutional amendment to protect governmental recognition of the Nation's pervasive and immensely valuable religious tradition. Because of the importance of the question, and the community's interest, we think it worthwhile to consider the amendment question from both sides.

The argument for acceptance of the decision is pinned to the claim that, in the Regents Prayer case, the Court made a narrow decision or, as the Observer puts it, a relatively narrow decision. It is said in addition that debate of a constitutional amendment would be divisive in a pluralistic society such as ours. This latter, of course, is a mere debater's point; all issues of substance are divisive. A mature democracy cannot draw back from great questions in fear of controversy.

Certainly the Court, capping the divisive desegregation and reapportionment cases with provocative language in the prayer case, shows no disposition toward reticence. The plea for patience and restraint, if valid at all, should more properly be addressed to the Court itself.

The Court perforce is ingenious in leaving constitutional hairs unsplit when it deems avoidance of an issue the wiser course. It waited, for example, 58 years before finding in the 14th amendment a constitutional stricture against segregation of the races in education and, by swift extension, in parks, swimming pools, buses, pools, et cetera.

The Court, in sum, has the power of discretion in constitutional matters; the fact that it did not use that discretion wisely in the prayer case cannot reasonably be converted into an argument for timid acceptance by responsible citizens whose intelligence and convictions may be offended by the Court's holding.

No, the main argument for acceptance is that the Court's decision, being relatively narrow, does not raise issues worthy of constitutional debate among the citizens who are the ultimate arbiters of constitutional questions. And this argument, in our opinion, goes directly counter to the evidence; it is contrary to what the Court has done and said in the few first amendment cases that have been decided.

What the Court is about is the process of defining the first amendment for the first time and establishing its meaning for future generations. Moreover, it is asserting a meaning in a sensitive field that is contrary to what Justice Reed once called the accepted habits of our people, and doing so in a manner capable of upsetting practices embedded in our society by many years of experience. Now, of course, the Court upsets traditions in many fields; it must do so if the Constitution is to remain a living document. And it would be unthinkable to propose that the people intervene in murky matters such as taxation, criminal procedures, or international agreements.

But for two principal reasons, the present Court cannot claim any overriding competence in deciding the meaning of the first amendment:

1. The Court is without the guidance of a body of precedent. Rather than drawing upon the distillation of decades or argument and thought, the justices are relying upon their own opinions plus those lay views to which they may cleave. Because the first significant first amendment case came to the Court in 1947, Justice Black cannot quote Marshall, Holmes, Brandeis, or any of the other great shapers of constitutional doctrine. Justice Black quotes Justice Black. And Justice Douglas, regretting the holding in that first case, *Everson* v. *Board of Education*, reverses Justice Douglas.

2. The Court is without the guidance of the intent of the framers. In the debates of the constitutional convention there is little evidence as to what the framers meant by an establishment of religion. What evidence there is has been sifted throughly, of course, but there is nothing approaching agreement among scholars or lawyers. Having been through it, Harvard professor of government Robert G. McCloskey notes that one of the most impressive things about the literature on the subject is the comparative

ease with which each partisan demolishes the positive arguments of his opponents and the corresponding difficulty each has in establishing his own interpretation of the amendment's intention on irrefutable ground.

Finally, we return to the phrase "narrow decision" and ask what that means—if anything. John Marshall, deciding to require then Secretary of State James Madison to deliver papers of appointment to two justices of the peace (*Marbury* v. *Madison*, 1803) established the Supreme Court's right to review acts of the Congress and the legislatures. In upholding conviction of a man for selling lottery tickets (*Cohens* v. *Virginia*, 1821) Marshall established the right of a citizen convicted in a State court to carry his case into Federal courts.

All Supreme Court decisions are narrow in the sense that they pronounce upon a specific question posed by one or more individuals. In the original desegregation decision (*Brown* v. *Board of Education*, 1954) the Court specifically ordered the admission of a few Negro children to a few schools. The important question is not the decision, but the doctrine, which the decision asserts.

Our reading of the first amendment cases convinces us—barring amendment or the meaningful assertion of opposition through consideration of an amendment—that the Court is framing, and will continue to frame, a doctrine of rigid and absolute separation of church and state. Justice Black, to be sure, has not yet accepted Justice Douglas' radical strictures against the employment of chaplains, for example, but he is coming that way fast enough under his own momentum. Norfolk Ledger-Star Editor William Fitzpatrick, a close student of the Constitution, notes correctly "the general expectation * * * that the Court decision (on prayer) will reach to all religious expression in the public schools."

With the deepest respect for the indispensable institution that is the Supreme Court, we submit that it is entirely proper for the people to participate in defining the first amendment for themselves and their children. To disagree with the Court is not to attack or demean it. The 12 amendments following those embodied in the Bill of Rights are, some of them, of far less consequence than the question of whether the Nation will continue to recognize the influence of religion on its origins and its history in a time of great testing with a fanatic philosophy of materialism.

Whether or not Mecklenburgers favor or disapprove consideration of an amendment, they deserve to know that the Court has made no narrow decision; indeed, that such a decision is highly improbable, if not impossible, in the barely touched field of the first amendment.

BIRTHDAY CONGRATULATIONS TO SENATOR JOE H. BOTTUM

Mr. MUNDT. Mr. President, on behalf of his many old friends in South Dakota and his many new friends in the Senate of the United States, it is my pleasure to announce that South Dakota's junior Senator, JOE BOTTUM, is today celebrating his 59th birthday.

I think it is highly appropriate that on the occasion of his 59th birthday Senator BOTTUM no longer wears the mantle of the "baby Senator" of the United States, but that on this occasion he moves up one notch on the important ladder of seniority.

I suspect that, due to the tragic and unfortunate passing of our beloved friend, Henry Dworshak, JOE BOTTUM will go down in history with one designation attached to his name, at least, and that is that he has been the bearer of the designation of "baby Senator" probably for a shorter period of time than any other Senator who has taken the oath of office, because it was less than 3 weeks ago that his name was presented to the Senate for confirmation.

Mr. SCOTT. Mr. President, will the Senator yield at that point?

Mr. MUNDT. I yield.

Mr. SCOTT. I take it the Senator is saying that Senator BOTTUM is about the quickest man off the bottom in the Senate for some time.

Mr. MUNDT. The Senator is correct. He is also a fast man toward the top.

Mr. MILLER. Mr. President, I wish to join with my distinguished colleague, the senior Senator from South Dakota, in conveying congratulations to the junior Senator from South Dakota [Mr. BOTTUM] on the occasion of his 59th birthday. I express the hope that he will continue to represent our sister State, adjacent to my own State of Iowa, in the U.S. Senate, and that he will climb to the top in the years to come.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MILLER. I am glad to yield.

Mr. DIRKSEN. The distinguished junior Senator from South Dakota is a man of great vigor. I know how he comported himself when I campaigned in that great State. I know the vitality and vigor he possesses. I am sure he will use it in addressing himself to the public business. May his energy never diminish, even though his years will accumulate.

I congratulate him.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MILLER. I yield to my colleague from California.

Mr. KUCHEL. I merely say to my good friend from South Dakota, I hope very much that the U.S. Senate 1 year from today will salute my friend on the occasion of his next birthday, and that he will enjoy the same health and vigor he now enjoys. I hope that he may spend many future birthdays on the floor of the Senate as a Member of the U.S. Senate.

Mr. BEALL. Mr. President, it is a very real privilege to join in congratulating the junior Senator from South Dakota, Senator JOSEPH H. BOTTUM, on the occasion of his birthday anniversary.

The late Senator Francis Case, for whom I had the highest respect, used to tell me of JOSEPH BOTTUM's remarkable ability and diligence, and in the short time I have known Senator BOTTUM I have been highly impressed by the manner in which he has more than lived up to his excellent reputation. Our Nation, as a whole, and South Dakota in particular, are fortunate in having such a man in this body, and I sincerely hope we will be privileged to have his services for many years.

FOREIGN AID "FUMBLES"

Mr. MILLER. Mr. President, I ask unanimous consent to have printed in the RECORD a recent editorial from the Davenport Daily Times entitled "Congress Fumbles Its Opportunity."

In the editorial is presented the view that Congress should be a little more careful with respect to the foreign aid program, and specifically three points are made.

The first is that expenditures should be reduced in order to assist this Nation to preserve its financial integrity. The second is that the amount of foreign assistance should be reduced to alleviate some of the pressure on the balance-of-payments problem. The third is that more attention should be given to curbing assistance to Communist-dominated nations.

I might point out, Mr. President, with respect to the third point, the language in the bill as passed by the Congress does place considerably more restrictions on the President's powers to dispense aid to Communist countries than heretofore existed.

With respect to the first two points, the Congress will have an ample opportunity to cut down when it considers the appropriation bill relating to foreign aid.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CONGRESS FUMBLES ITS OPPORTUNITY

President Kennedy signed the bill Wednesday by which Congress authorized $4,672 million in foreign aid. It was a case of turning the key in the lock barring the best opportunity the United States had in 1962 to remedy several ills.

There had been signs earlier that Congress might this time fulfill its responsibility first to cut down on the expenditures which have helped perpetuate the Nation's financial disorder. Specifically, in the second place, a reduction in foreign aid would help to bring foreign payments near a balance which would stem the dangerous outflow of gold. Third, the chance was frittered away to put some sort of a check on the use of such funds to benefit Communist countries.

On any of the three counts, or all, there is no question of popular support. In the course of the battle over the restrictions which were proposed and then allowed to be chopped from the foreign aid bill, there was strange reasoning that some of the Members of Congress were lending support because they felt it would be popular at home, but that they were confident such limitations would not survive conference committee action.

If this is to be accepted as reliable, it reflects an appalling disregard upon the part of the legislators for the will of the people they are supposed to represent.

The average American finds that Congressman JOHN M. ASHBROOK, an Ohio Republican, made sense when he expressed wonder:

"The interesting facet (of the bill's victory in Congress) was the fact that the ability to dispense taxpayers' money to Communist countries was hailed as a victory for the President. In many other areas of the country, this action would be acknowledged with shame."

This takes into account the plain fact that economic assistance extended those Red countries supposed not to be completely under the domination of the Soviet does not bring them into accord with the United States any more than do the handouts to the others looking for bribes not to go Communist.

If the results thus far indicate what can be expected of giving the President, whoever he may be, unfettered freedom in foreign policy, there is every reason why Congress, serving the American people, should take a hand.

INTEGRITY OF THE AMERICAN DOLLAR

Mr. MILLER. Mr. President, the lead editorial in the July 2 issue of the Evening World-Herald of Omaha, Nebr., entitled "Inflation Push," indicates the concern which is increasingly being expressed in my part of the country over the future integrity of the purchasing power of the American dollar. I ask unanimous consent that the editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INFLATION PUSH

A dollar bill that has been shrunken to about half its original size is a joke item in Washington these summer days.

But the shrunken dollar is no joke outside America, where the sudden deterioration of U.S. currency is big news.

Donald I. Rogers, financial editor of the New York Herald Tribune, writes:

"The outside world is refusing to accept the obligations of private firms that specify payment in dollars after the first of next year."

He goes on to say that European central banks have set December 31 as the deadline past which they will no longer add to their holdings in dollars.

Why 6 months?

That apparently is the time which has been allowed the American Government to improve its economic affairs.

Europeans are afraid of the mounting Federal deficit and of signs that President Kennedy may stampede the United States into deeper deficit spending and a policy of low interest rates.

Treasury officials are well aware of the foreign pressures, says Mr. Rogers. The Federal Reserve System recently swapped currencies with countries which have reserves of American gold and balances of American dollars. This swap provides partial and temporary restraint against a disastrous run on America's gold supply, but it only buys time.

The fact, says Mr. Rogers, is this: "Forces beyond political control appear ready to place a new, lower value on the American dollar, occasioning further deep drains on American gold reserves."

So what's to be done?

Mr. Rogers, Senator HARRY BYRD, and others urge that the Government use the 6-month grace period to cut Federal spending and get the Federal budget back in balance.

But this obviously is not going to happen. The Government ended the fiscal year Saturday some $7 billion in the red. Spending this fiscal year will be even heavier. Only a complete reversal of fiscal policy would bolster the dollar by December 31. So some kind of dollar devaluation seems likely.

In the last few days, says Mr. Rogers, there has been talk in Wall Street of something called simultaneous revaluation. It's a gimmick by which European central banks and the U.S. Government would simultaneously announce an upward revaluation of gold, perhaps by 50 percent. This would have the effect of devaluing all the participating currencies.

It is reasoned that this would take the curse off devaluation of the dollar only. All countries would benefit from increased commodity prices. It would take the slump out of the American stock market, get money in circulation, move prices swiftly ahead of wages so that unions would be justified in demanding wage increases.

In short, it would create great inflationary pressures everywhere, but especially in the United States, and supposedly would delay the day of reckoning. There is no sign that Washington takes this simultaneous revaluation scheme seriously at present, but Mr. Rogers cites it as the kind of thing that may come because the administration refuses to follow a course of fiscal prudence.

"GOLDWATER THE JEFFERSONIAN: MR. CONSERVATIVE"—BOOK REVIEW

Mr. TOWER. Mr. President, the Senator from Arizona [Mr. GOLDWATER] as a most eloquent spokesman for conservative and Republican causes, is much talked about and widely written about. At present, if my information is correct, and I am confident it is, there are five Goldwater books on the newsstands or in the bookstores. Two of these are by the Senator himself: "Conscience of a Conservative," and "Why Not Victory." Three have been written about him: "Freedom Is His Flight Plan," by Steve Shadegg; "Biography of a Conservative," by Dean Smith and Robert Wood; and "Mr. Conservative," by Jack Bell, the distinguished dean of the Senate staff of the Associated Press.

Mr. President, this thoughtful and provocative newly published volume by Mr. Bell is being favorably reviewed and enthusiastically received by readers everywhere. One such review, by Joe Benham, the discerning political writer of the San Antonio, Tex., Express, has just come to my attention. It is well-turned and incisive, and I ask unanimous consent, Mr. President, to have this review, titled "Goldwater, the Jeffersonian: Mr. Conservative," printed in the RECORD.

There being no objection, the review was ordered to be printed in the RECORD, as follows:

GOLDWATER THE JEFFERSONIAN: MR. CONSERVATIVE

(By Joe Benham)

In the realm of politics, one finds few people able to take a dispassionate look at BARRY GOLDWATER, the Arizona businessman-turned-politician who has become the symbol and spokesman of conservatism. People interested in politics either love him or hate him, as a rule.

But Jack Bell, chief political writer for the Associated Press, has managed to stand back and look at the controversial GOLDWATER without being blind either to his virtues or to his faults, in "Mr. Conservative: BARRY GOLDWATER" (Doubleday).

And it's an oft-fascinating picture that he paints, of an almost accidental recruit of Republicanism in his youth, in whom "there reside some of the swashbuckling qualities of Theodore Roosevelt."

GOLDWATER, grandson of a Russian Jewish peddler who had roamed the arid lands of California and Arizona, also bears a resemblance to one John F. Kennedy, in the view of Bell, who comments: "They are alike in their ability to arouse the emotions of the electorate * * * the people who back them are for Jack Kennedy or BARRY GOLDWATER."

Freed from newspaper space limitations and deadline pressures, Bell takes a long and thoughtful look not only at where BARRY GOLDWATER came from and what he is like, but, more important, what he stands for and where he is likely to go.

Many of the precepts of the tanned, rugged-looking photographer-flier-folklorist are familiar: opposition to deficit spending, impatience with the failure of the United Nations to act in sympathy with U.S. aims, antagonism toward labor racketeers, opposition to Federal aid to education and to socialized medicine, opposition to the growth of centralized government at the expense of local and State control.

But less well known, perhaps, is the fact that GOLDWATER, sometimes unwilling spokesman for the archconservatives of the Republican party, actually regards himself as Jeffersonian Democrat.

Bell quotes him: "I would agree with Bob La Follette nearly all of the time, with Thomas Jefferson practically all of the time." The reason he is a Republican rather than a Democrat, he says, is that the Democratic party no longer represents the ideals of Jefferson.

"He is not above suggesting," Bell observes, "that the Democrats populate a war party and are mighty soft on communism."

What of the future? A Rockefeller-GOLDWATER ticket is by no means out of the question, says Bell, with the observation "the Democrats had demonstrated with their Kennedy-Johnson ticket that political cynicism is not necessarily repellent to the average voter."

TRIBUTE TO SENATOR ROBERT S. KERR

Mr. TOWER. Mr. President, the Longview, Tex., Daily News on July 31 gave editorial recognition to a man "nationally recognized as one of the most distinguished products of a State renowned for its distinguished citizen leaders."

The Longview Daily News was referring to the senior Senator from Oklahoma, the Honorable ROBERT S. KERR.

Mr. President, this editorial is a justified and well-earned tribute to our friend and colleague. It reflects, I am sure, the consensus of the Senate. I ask unanimous consent to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE MAKINGS OF OPPORTUNITY

It is seldom that more than once during a lifetime does the opportunity present itself for a man to achieve true national greatness. U.S. Senator ROBERT S. KERR, of Oklahoma, stands on the fiery threshold of such an opportunity today.

Senator KERR is no novice, nor is he without high personal achievement. He is today nationally recognized as one of the most distinguished products of a State renowned for its distinguished citizen leaders.

Now at the peak of a career that has included oversea military service in the field artillery, successful business and industrial operations, Governor of his State, and Democratic national committeeman, Senator KERR today occupies a strategic position in the senior body of the national administration.

It is precisely this position of trust and honor and high responsibility that affords Senator KERR his unusual opportunity. For, standing as he does in a key position of senatorial power and influence in the high councils of the administration, the Oklahoman in the next several days can give enlightened direction to policy for an administration which has been sadly lacking in understanding and responsible direction toward the business and industrial community—the basis on which American strength and progress rests.

Senator KERR's unusual opportunity arises by virtue of his key position concerning the major questions of national policy affecting the vital extractive industries—oil and gas, other minerals and commercial earth elements of an exhaustible nature.

One of the major questions is the necessity for greater protection for oil and other mineral industries in President Kennedy's trade expansion bill. Senator KERR believes, as do most of the domestic leaders of these industries, that the national security section of this bill must be strengthened. He is reported in news dispatches to believe that technical changes in the wording of the security section can achieve the desired security, and he has wisely said that any language in the bill must be broad enough to cover all domestic industry.

The Oklahoma Senator, one of the most knowledgeable men in the U.S. Senate concerning the minerals industries by reason of his own successful personal experience, believes the domestic oil industry is entitled to and should be assured its rightful and proportionate share of the domestic market. This objective he hopes to achieve through negotiation. He makes it clear he is going to support the trade bill, recognizing national needs and interests in this direction.

The other major issue—which is not officially before the Congress but which is being broadly considered in government agency circles and widely discussed in national news media—is that of Federal tax treatment of the minerals industries.

The whole complicated field of taxation is under study and consideration. News and opinion column theorists and comic pundits are attacking the time-proved principle of depletion credit as a tax loophole which they say must be closed before any tax reform can be worked out. Other liberal self-anointed social reformers vie for hearing in the rising din of attack on depletion. Some even suggest that depletion be replaced by a system of Federal subsidies at taxpayer expense—a la the Federal agricultural program.

President Kennedy wisely has not called for abandonment of the depletion principle. Congress instituted this principle long ago and has stood by it for more than a generation—while domestic industry has given this Nation the greatest abundance of low-cost fuel and energy the world has ever known, and at no cost to the taxpayer.

Without a doubt, the President wants the Nation to go forward. One of his chief aims has been to increase the rate of economic growth. He has made some unfortunate blunders. He cannot now afford and would not knowingly adopt a course that would halt the progress of nearly 100 minerals industries which provide the basic employment, payrolls, and economic backbone of some 35 States.

This is where Senator KERR faces his great opportunity. Out of his broad personal experience in business and industry, he can render the administration most valuable advice and counsel. By his skill as a legislator, he can properly represent the legitimate interests of business and industry. Through his knowledge of economics, gained in both private business and in Government, he can serve the consumer interests of the Nation in an enlightened and effective manner.

This is a complicated and difficult assignment. But we believe Senator KERR has the experience and the judgment to realize that—politics and social reform to the contrary notwithstanding—any solution of these problems that does not strengthen and safeguard the vital minerals industries is in neither the short-term nor long-term public and national interest, and that which is not in the public and national interest surely is not and never can be in the best interest of good politics or good reform.

It is under just such trying circumstances and such great pressures as Senator KERR faces today that men of courage and faith and dedication down through the ages have forged these characteristics into the stalwart stature of statesmen. The valiant-hearted Oklahoman can seize in these makings the opportunity of a lifetime to confirm for historians and posterity his right to the eminent honor of true statesmanship.

GOOD NEWS FOR WEST COAST SHIPBUILDING PROGRAM

Mr. KUCHEL. Mr. President, since the glorious autumn day over four centuries ago when the Spanish explorer, Cabrillo, took his men ashore at San Diego, the colonization, growth, and economic stability of my native State of California have been influenced immeasurably by the sea which washes our extended coastline and by ocean transportation. Our Nation, likewise, has historically been a nautical power since the early colonists began fabricating sailing vessels of timbers from the New England forests.

America's position on the high seas has ranged from preeminence during the clipper-ship days to nearly disastrous inadequacy to transport men and supplies vital to the defense of freedom-loving peoples on distant fronts across the Atlantic and the Pacific.

These facts prompted me early this session to voice alarm at curtailment of the long-range program for replacement of merchant ships in the face of unmistakable Russian determination to become a major ocean trader.

The fiscal year 1963 budget items for merchant marine construction now are being reviewed by the Senate Appropriations Committee. Shortly, this body will have before it the bill providing funds for the Federal Maritime Administration and the payment of vital construction subsidies for replacement of obsolescent and aging ships.

Details of the replacement program to be carried out during the present fiscal year recently have been revised and are reflected in a supplemental budget estimate requesting an additional $14,200,000 in the disappointingly small amount originally proposed to Congress.

I was gratified to learn upon inquiry that this recent increase recognizes appreciation of the importance of providing new, faster, larger vessels for service on the Pacific. The revised program takes cognizance of the opening of potential new markets, intensified foreign competition, and prospects for expanded trade with countries off our western shores upon which we have focused ever-increasing attention since our involvement in World War II.

Under the supplemental estimates now before the Senate Appropriations Committee, it is proposed to build five ships for the Pacific trade. Originally none were scheduled but following a reappraisal of the needs of commerce, three are to be constructed for the globe-girdling American President Lines and two for the American Mail Line. Both of these companies are based on and operate services primarily from the west coast.

I was pleased to see that the total planned construction-differential payments of more than $100 million for ships to be started in fiscal year 1963, some $31 million is earmarked for those intended for these two Pacific operators.

This is indeed good news for California and the entire West. It is important for the Nation, since the tempo of foreign-flag operations in the Pacific has stepped up greatly in the postwar era. The volume of commerce through Pacific ports is mounting. Within months, upon completion of a deepwater channel, California's inland capital city, Sacramento, will have direct access to the ocean. More than 10,000 families on the west coast derive their living from work in shipbuilding and ship repair industries. It is to be hoped that Pacific seaboard shipyards will be successful in competition for some of this new construction.

With more modern ships, it should be possible to step up our seaborne commerce with our allies—Australia, New Zealand, the Philippines, and others—in the distant reaches of the world and with the developing countries of Asia, the expanding populations of the southeastern Asian islands, and the Orient. This will be significant to longshore workers, who number some 25,000 in California alone. It should give new impetus to growing Western industry and to agriculture over a wide area.

The increased emphasis upon the condition of our merchant fleet in the Pacific is recognition of the importance of this trade and presents a challenge as well as an opportunity for California and her people.

INTERNAL REVENUE SERVICE RULING UNFAIR TO AMERICAN JAPANESE

Mr. KUCHEL. Mr. President, the Register-Pajaronian and Sun of Watsonville, Calif., observed a few days ago:

> No group in American history, with the possible exception of the native Indians, was more shamefully treated than our people of Japanese ancestry at the outbreak of World War II.

I agree. I think the Members of Congress agree. Indeed, I think the citizens of the United States agree.

It is regrettable, Mr. President, that the Internal Revenue Service has now seen fit to announce that it will go forward with plans to levy a tax against the small moiety awards which were made to the American citizens of Japanese extraction after World War II. I have submitted an amendment, cosponsored by some of my colleagues on both sides, to prevent that from happening.

Mr. President, I ask unanimous consent that the excellent editorial to which I have referred may be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INTERNAL REVENUE SERVICE SLASHES OPEN A WOUND

No group in American history, with the possible exception of the native Indians, was more shamefully treated than our people of Japanese ancestry at the outbreak of World War II.

There was no difference, declared the military commander of this area, between an enemy alien and a citizen descended from immigrants from a country then an enemy. "A Jap's a Jap," said Gen. John L. DeWitt.

And General DeWitt's troops, with the blessing of the national administration, proceeded to clear the California coast not only of citizens of Japan but also citizens of the United States whose ancestors happened to be born in Japan. Our schools were partly emptied, our farms partly evacuated. Whole families were torn from their roots in this community, and they were thrown into concentration camps euphemistically labeled "relocation centers."

There was no need for it, as a sober look at the record after the war indicates. Not a single instance of sabotage or espionage was detected in Hawaii, not a single act of disloyalty uncovered in Watsonville by the FBI and Army agents who ruthlessly turned homes inside out, viewing with horror young boys' .22-caliber rifles and their elders' ancestral ceremonial swords as though they were about to be used to capture the city hall. We know; we saw it.

Now the Internal Revenue Service is about to reopen an old wound, to offend once again good American citizens who proved their loyalty over and over again in World War II—families which in some cases gave the lives of their sons in combat.

When the Japanese and Japanese-American population was so cruelly jerked out of the Pajaro Valley and other parts of California at the outbreak of war, many of this group suffered measurable and admittedly unnecessary financial loss. Some sold their homes at panic prices; some left their farm machinery and their household goods on the land.

After the war ended and the hysteria was over, a Congress, shamefaced for us all, acknowledged injustice. It passed the Evacuation Claims Act, which only partially compensated the rudely handled Japanese and Japanese-Americans for their provable losses.

The Nisei are back among us now, most of them. They have shown more forbearance than most of us would exhibit under the circumstances; and to the credit of the Anglo-Saxon part of the population it must be said that these uprooted Americans were received back home with a minimum of incident and that they are once again a respected and accepted part of the community. No one begrudged them the small settlements some of them received from the U.S. Government—with the possible exception of a few despicable people who were not above theft and fraud at the expense of the "relocated" Americans of Japanese ancestry.

And at this point, when the wound is mostly healed (although the scar will remain forever on the sensibilities of these people and on the conscience of America), the Internal Revenue Service brandishes the knife. It decrees now, 17 years after war's end, that these indemnity payments, insofar as they exceeded the original cost of the property, are subject to income tax, and proposes to take a part of them back.

Perhaps that's how it reads in the book. Perhaps, as the IRS men put it, there is no difference in the law between an indemnity payment to a shamefully mistreated citizen yanked from his home and placed behind barbed wire and the taxpayer whose land is taken for a freeway.

If there isn't a difference in the law, then Congress should move speedily to draw a line. The Kennedy administration shows great concern for the rights of minorities in Dixie; let it now move speedily to protect the rights of a minority in California. Let the administration, as the San Francisco Examiner has it, "put an end to the absurdity that Government can admit a wrong, offer indemnification for it, and then take it back in taxes."

The story of the miserable treatment meted out to those of Japanese ancestry in California in early 1942 was well told in a book by Morton Grodzins entitled "Americans Betrayed." Let's hope he does not find it necessary to write a sequel.

MEDICARE—IT IS BOUND TO COME

Mr. KUCHEL. Mr. President, the Santa Barbara News-Press in an editorial which was published in that estimable newspaper on Thursday, July 19, states:

> We believe the American people are bound to get some kind of health cost protection through their Government, because they need it and demand it. They are not frightened by the term "socialized medicine," for it has been tossed about much too loosely by the medical and insurance spokesmen.
>
> The American people want a reasonable, peaceable, workable plan to meet a very real and present need. And they expect their doctors and their elected representatives to find and agree on such a plan.

I commend a reading of the editorial to Senators. I ask unanimous consent that the text of the entire editorial be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MEDICARE—IT'S BOUND TO COME

The administration's medical care bill, modified to gain the support of liberal Republicans, has been killed for this session of Congress. The 52–48 vote in the Senate, while close, was enough to block any further action this year, in view of the fact that the House bill on the subject is bottled up in the Ways and Means Committee.

The American Medical Association and its allied groups can chalk up a victory, for the moment. Its reputed $7 million lobby and propaganda fund was used effectively, according to the rules of the political game as it is played.

But in the end it may turn out to be a Pyrrhic victory—too costly to bear repetition. Congressmen persuaded against their own political judgment do not always stay persuaded next year, and next. Some of those won over to the American Medical Association's side may be defeated in November. A $7 million fund may not be enough to assure victory in 1963, and attempts to raise it may backfire.

The medical organization has won a holding action, but if it is wise in strategy it will prepare a safe line of retreat, giving some ground in order to avoid a rout in the next encounter. It did this when it accepted the Kerr-Mills Act, to provide medical care for the elderly indigent, last year.

It is not impossible for reasonable men to work out some new medical aid legislation that will go a long way to meet the health insurance needs of millions of our older citizens—people who are not indigents, but who may speedily become so if unprotected against the increased health hazards of age.

If the American Medical Association remains stiffnecked in its brief victory, it will see the issue taken to the people in black-and-white terms by a popular President who has everything to gain and nothing to lose in campaigning for health protection for the people.

There has been complaint in some quarters about the President applying pressure in the effort to get this medicare program adopted. The pressure he has used, and can use, is weak compared with the pressures exerted by the rich and powerful insurance interests—the real strength behind the American Medical Association political action movement. The doctors should pause now and consider whether they are being used by the insurance interests, pawns in a war over private or public insurance, not in a war over private or public medicine.

The doctors, as a matter of fact, were not affected in the least by the provisions of the medicare bill. They were not to be paid by the Government, nor their practice of medicine touched in any respect. The bill was concerned only with helping the aged meet their hospital and nursing costs. Any doctors who felt in this a threat to the freedom of medical practice were simply deluded by the propagandists of their own association and of the insurance interests.

If the organized doctors refuse to budge over Government aid for the people's health security, and if the insurance interests continue to use their resources of wealth and power to block any public insurance at all costs, the time may come when the people will cry "a plague on both your houses" and demand both Government insurance and Government medicine.

We would deplore such an outcome. We are against true socialized medicine, and against Government monopoly of insurance. We are for effective partner-combinations of public and private enterprise in these two areas, as in various other areas where private initiative and Government agencies work together for the mutual welfare of workers, employers, investors, and the public.

We believe the American people are bound to get some kind of health cost protection through their Government, because they need it and demand it. They are not frightened by the term "socialized medicine," for it has been tossed about much too loosely by the medical and insurance spokesmen. They are not wedded to the social security system of financing it, but are willing to go along with it if this seems the most workable. The Saskatchewan spectacle has made them equally distrustful of radical Government action and of doctors who go on strike against their own patients.

The American people want a reasonable, peaceable, workable plan to meet a very real and present need. And they expect their doctors and their elected representatives to find and agree on such a plan.

JAMES H. KINDELBERGER, CHAIRMAN OF THE BOARD OF NORTH AMERICAN AVIATION, INC.

Mr. KUCHEL. Mr. President, a few days ago, the American people lost a distinguished American patriot, James Howard (Dutch) Kindelberger, age 67, chairman of the board of North American Aviation, Inc., in California. Many Senators called him friend. I was proud to do so. "Dutch" Kindelberger was one of those gallant and supremely efficient and dedicated American businessmen who, during the dark days of the 1930's, as World War II approached, conceived new means by which the defense of the American people might be greatly strengthened.

During World War II it was "Dutch" Kindelberger who, with his fast-growing and farflung defense industry, created such aircraft for the Defense Department and the U.S. Air Force as the Mitchell bomber and the Mustang fighter, and during the Korean war created the superb F–86 Sabre Jet. Today the amazing X–15 rocket plane has come from the mind of that great man.

We have lost a very great American. The citizens of the free world have lost one whose entire lifetime was given over to providing strength for the cause of free peoples against Communist imperialism.

I ask unanimous consent that an article touching on the background and life of Mr. Kindelberger published in the Los Angeles Times of July 28 be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KINDELBERGER, NORTH AMERICAN CHAIRMAN, DIES

James Howard (Dutch) Kindelberger, 67, chairman of the board of North American Aviation, Inc., died early Friday at his home, 14880 Corona Del Mar, Pacific Palisades.

Death was believed caused by congestive heart failure. He had been ill several months.

Mr. Kindelberger was one of the great figures of the American aviation and aerospace industries and one of the aircraft production giants of World War II.

He was president of North American from its fledgling days in 1935 until 1948, and its chief executive officer until 1960.

TREMENDOUS GROWTH

Under his direction North American grew from a small Maryland plant employing 75 on a single airplane to the present $1-billion-a-year corporation employing 96,000 in 6 divisions, including projects in electronics, rocketry, atomic energy, and space vehicles.

Mr Kindelberger's name was stamped on the development of such historymaking aircraft as the Mitchell bomber and Mustang fighter of World War II, the F–86 Sabre jets of the Korean war, and today's space-conquering X–15 rocket plane.

With other aviation figures, Mr. Kindelberger led the Nation into wartime superiority over Germany and Japan, and in postwar years retooled the industry for the jet and missile age.

One of his last important coups for North American was the winning of a $2 to $3 billion contract to build the forthcoming moonship Apollo.

Mr. Kindelberger was born May 8, 1895, in Wheeling, W. Va.

He quit high school after 1 year to work in a factory, studying drafting at night. He enlisted in the Army in 1917 and served with the Signal Corps, winning a pilot's wings in what was then the Army's flying branch.

WAS DRAFTSMAN

In 1918 he went to work as a draftsman under Donald Douglas, chief engineer of the Glenn L. Martin Co. in Cleveland. When Douglas came here to launch his company, Mr. Kindelberger followed in 1925 to become his chief engineer.

He helped Douglas develop the world's leading passenger planes until 1934, when he became president of General Aviation Manufacturing Co., a General Motors subsidiary.

In 1935 General Motors cut the subsidiary loose, and it became North American Aviation, with Mr. Kindelberger as president and general manager. It started with a one-plane contract in Dundalk, Md.

OBVIOUS ADVANTAGE

"We started with an obvious advantage," the president recalled later. "It couldn't have been worse."

North American sold its unfinished plane for scrap and got into military production with a $1 million contract for Army trainers. In 1936 he moved the company to Los Angeles, predicting this would soon be the aircraft center of the Nation.

After a tour of German aircraft plants in 1938, Mr. Kindelberger came back with a contract to build fighters for Britain. In 127 days he completed the first P–51 Mustang. It was the first American plane to take the sky against the Nazi Luftwaffe.

During the war North American built 15,603 Mustangs, 9,817 Mitchells, and more than 15,400 AT–6 Texans.

HIGHEST HONORS

Mr. Kindelberger received many of this country's highest civilian honors and others from Allied Nations for his role in arming the Allies.

Mr. Kindelberger leaves a daughter, Mrs. Joan Kindelberger Graham, and three grandchildren.

He was divorced by his first wife, Mrs. Thelma Knarr Kindelberger, in 1945. He married Mary Louise Allen in 1946. They were divorced in 1960.

Mr. KUCHEL. Mr. President, I believe I may say, not merely for this California Senator, but for the Congress of the United States and the American Government, that we salute a great and gallant American patriot, and we extend to his family our most sincere condolences.

THE EFFECTS OF SMOKING

Mr. MOSS. Mr. President, there could be no more conclusive argument for the passage of Senate Joint Resolution 174, which asks the President to create a Commission on Tobacco and Health to conduct a massive educational campaign, than the article which appears in the July issue of Scientific American entitled "The Effects of Smoking."

The article was written by E. Cuyler Hammond, director of the statistical research section of the American Cancer Society. It presents no new scientific findings, but puts together in one place the most important conclusions reached on the association between cigarette smoking and lung cancer, and between cigarette smoking and heart failure. It is essential reading for everyone concerned with this grave problem.

I have been heartened by the announcement that the U.S. Public Health Service has undertaken a comprehensive review of all data bearing on cigarette smoking and health risks, and I hope the evaluation can be made public soon. But meanwhile I feel it would be wise for Congress to set up the machinery for an extensive educational campaign to spread the facts that can be proved. I feel it only fair to the American people that they be widely apprised of the conclusions reached and then let them decide for themselves what—if anything—they wish to do about them personally. England and some of the other European countries are way ahead of us in doing this for their citizens.

I commend Mr. Hammond and the American Cancer Society for gathering together for us the evidence linking various ailments to heavy cigarette smoking, and the Scientific American for printing it. I ask unanimous consent that the article—although rather long—be printed in the body of the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE EFFECTS OF SMOKING

(By E. Cuyler Hammond)

In 1560 Jean Nicot, the French ambassador to Portugal, wrote that an American Indian herb he had acquired had marvelous curative powers. For a time his view was widely accepted, and in his honor the herb was given the generic name Nicotiana. The species Nicotiana rustica, first introduced into Europe for smoking in pipes, was harsh and rather disagreeable. Later it was supplanted by Nicotiana tabacum, which produces a pleasanter smoke. N. rustica is still grown in the U.S.S.R. and other parts of Asia, but N. tabacum is now the chief source of smoking tobacco and is the only species cultivated in the United States.

Skepticism about the medical value of tobacco developed near the end of the 16th century; not long thereafter smoking was condemned as a pernicious habit responsible for all manner of ills. This did not prevent smoking from becoming an almost universal habit among men in Europe and the American colonies. Actually there was no scientific evidence for any harmful effects of tobacco until the middle of the 19th century.

It appears that M. Bouisson, an obscure French physician, deserves credit for the first well-documented clinical study of the matter. In 1859, reporting on patients in the hospital at Montpellier, he observed that of 68 patients with cancer of the buccal cavity (45 of the lip, 11 of the mouth, seven of the tongue and 5 of the tonsil) 66 smoked pipes, 1 chewed tobacco, and 1 apparently used tobacco in some form. He noted that cancer of the lower lip ordinarily developed at the point where the pipe was held in the mouth. He further noted that lip cancer occurred more frequently among individuals who smoked short-stemmed pipes (then called "mouth burners") than among those who smoked long-stemmed clay pipes or pipes with stems made of a substance that does not conduct heat. He suggested that the cancer resulted from irritation of the tissue by tobacco products and heat.

Bouisson's observations were confirmed repeatedly over the next half century, but since mouth cancer did not loom as a major medical problem the effect on smoking habits was insignificant. Another statistically unimportant problem early recognized as being associated with smoking was Buerger's disease, a rare affliction of the peripheral arteries. It was found to occur exclusively among smokers and to subside when the patient stopped smoking. In 1936, however, two New Orleans surgeons, Alton Ochner and Michael E. De Bakey, observed that nearly all their lung cancer patients were cigarette smokers. Noting that lung cancer seemed to be on the increase and that it was paralleled by a general rise in cigarette smoking, they suggested a casual connection between the two phenomena. In 1938 Raymond Pearl, the noted Johns Hopkins University medical statistician, reported that smokers had a far shorter life expectancy than those who did not use tobacco. The effect was so great as to indicate that smoking must be associated with diseases other than cancer. The first experimental evidence for an association between tobacco and cancer came in 1939, when A. H. Roffo of Argentina reported that he had produced cancer by painting tarlike tobacco extracts on the backs of rabbits. After World War II there was renewed interest in the subject of smoking and health, due partly to trends in tobacco consumption and partly to trends in death rates.

Before 1914 tobacco had been consumed mainly in pipes, cigars, chewing tobacco, and snuff. Cigarettes began to be popular during World War I. In the period from the early 1920's to 1960 the consumption of manufactured cigarettes in the United States rose from about 750 per adult per year to 3,900 per adult per year. During the same period the consumption of tobacco in all other forms declined by about 70 percent. The net result was that consumption of all tobacco products rose about 30 percent.

The changes in smoking habits are more significant than the overall rise in tobacco consumption. Smoke from cigars and pipes is heavy and as a rule slightly alkaline. Few people can inhale it without coughing or becoming dizzy or nauseated. Cigarette smoke, on the other hand, is relatively light, nearly neutral, and can be inhaled readily. Most habitual cigarette smokers inhale to some degree, and heavy cigarette smokers tend to inhale deeply. In a recent study conducted by the American Cancer Society detailed information has been obtained on the smoking habits of 43,068 men and women. Only 7 percent of the cigarette smokers among the men said that they did not inhale, whereas noninhalation was reported by 53 percent of the pipe smokers and 71 percent of the cigar smokers. Deep inhalation was reported by 24 percent of the cigarette smokers compared with only 3 percent of the pipe smokers and 1.5 percent of the cigar smokers. Women who smoke inhale to a lesser degree than men smokers do. Furthermore, women over the age of 40 smoke far fewer cigarettes than men of the same age do, and few women over 55 smoke as much as a pack a day. Among current cigarette smokers now over 50, the majority of the men started the habit before they were 20, whereas the majority of the women did not begin until they were over 35.

During the past half century, total death rates—including death rates from almost all infectious diseases and some noninfectious ones—have declined rapidly. Lung cancer is a striking exception. Deaths from lung cancer in the United States have climbed from 4,000 in 1935 to 11,000 in 1945 and to 36,000 in 1960. The toll in 1960 was approximately equal to the number of deaths caused by traffic accidents. In 1960, 86 percent of those who died from lung cancer were men. Between 1935 and 1960 the age-standardized death rate from lung cancer among U.S. men (the death rate adjusted for age differences in the composition of the population) increased 600 percent; among women it increased 125 percent. And for the past several years lung cancer has been the principal form of fatal cancer among men.

Painstaking studies have clearly demonstrated that the increase in lung cancer is real and not attributable merely to improvement in diagnosis. Lung cancer (that is, bronchogenic carcinoma) arises in the epithelium, or lining of the bronchial tubes. The increase seems to be confined to two closely related forms of the disease: epidermoid carcinoma and undifferentiated carcinoma. There seems to be little, if any, increase in another form of the disease: adenocarcinoma. (In adenocarcinoma the diseased cells assume an arrangement resembling that of the cells in a gland.)

Lung cancer accounted for about 2 percent of all U.S. deaths in 1960, and for about 6 percent of deaths among men in their late fifties and sixties. The leading cause of death in the United States is coronary artery disease of the heart, which accounted in 1930 for nearly 29 percent of all deaths, and for about 35 percent of deaths among men still in their 40's and 50's. As in the case of lung cancer, coronary artery disease is less common among women, accounting for only about 16 percent of the deaths occurring between the ages of 40 and 59.

In the late 1940's, when a number of investigators became concerned with lung cancer, cigarette smoking was only one of several factors suggested as possible causes for the increase in the disease. It was already well known that lung cancer could result from prolonged and heavy occupational exposure to certain industrial dusts and vapors. These include chromates, nickel carbonyl and dusts containing radioactive particles. Moreover, they result in epidermoid or undifferentiated carcinoma of the bronchial tubes and not in the less common adenocarcinoma.

This led to the hypothesis that the increase in lung cancer was due to increased exposure of the human population to air contamination of some sort. The factor involved had to be widespread and not confined to any particular occupational group. (In all countries with adequate mortality statistics lung cancer was found to have increased.) Three factors that met the requirements were: fumes from the combustion of solid and liquid fuels, dust from asphalt roads and the tires of motor vehicles, and cigarette smoking. The first two have not been ruled out as possibly contributing somewhat to the occurrence of lung cancer. It is the third that concerns us here.

As a first step a number of studies were made comparing the smoking habits of lung cancer patients with the smoking habits of individuals free of the disease. The results confirmed the 1936 observation of Ochsner and De Bakey. In every such study a far larger percentage of cigarette smokers was found in the lung cancer group than in the control group. Indeed, virtually all patients with epidermoid or undifferentiated carcinoma of the bronchial tubes admitted to smoking. There appeared to be less association, if there was any at all, between smoking habits and adenocarcinoma of the lung.

Cancer was not the only disease studied in relation to smoking habits. Knowing the acute effects of nicotine on the circulatory system, many physicians believed that smoking might be bad for patients with heart disease. In fact, a study made at the Mayo Clinic in 1940 by John P. English, Fredrick A. Willius, and Joseph Berkson had indicated a considerable degree of association between smoking habits and coronary artery disease. Furthermore, many doctors were under the impression that smoking had a bad effect on patients with gastric and duodenal ulcers.

A number of investigators, myself among them, were uncertain as to the validity of these clinical impressions and retrospective studies. A useful way to minimize bias and other difficulties in looking for an association between a disease and its possible causes is to employ the prospective, or followup method of investigation. The method consists of questioning a large number of presumably healthy individuals, keeping in touch with them for a number of years and finally ascertaining whether or not deaths in later years are associated with habits reported by the subjects before they became ill.

Two such prospective studies were undertaken in the fall of 1951, one in Britain by W. Richard Doll and A. Bradford Hill and the other in the United States by Daniel Horn and me. Under the auspices of the British Medical Research Council, Doll and Hill initiated their investigation by mailing questionnaires on smoking habits to all British physicians. They obtained information on all deaths among British physicians by checking death certificates. Their study is still in progress. Several years later similar investigations were undertaken by Harold F. Dorn, who studied U.S. veterans holding life insurance; by E. W. R. Best, G. H. Josie, and C. B. Walker, who are studying Canadian veterans and pensioners; and by John Edward Dunn, Jr., George Linden and Lester Breslow, who are studying men employed in certain occupations in California. In 1959 I started a new and more extensive prospective study in which smoking is included as only one of many factors under investigation.

The findings in all these investigations are remarkably similar; indeed, they are as close as could possibly be expected considering that the subjects were drawn from different populations and were of different ages. In the interest of brevity, therefore, I shall present data only from two studies with which I am personally concerned. The first of these was carried out as follows:

After designing and pretesting a questionnaire in the fall of 1951, we trained more than 22,000 American Cancer Society volunteers as researchers for the study. Between January 1 and May 31 of 1952 they enrolled subjects in 394 counties in 9 States. The subjects, all men between the ages of 50 and 69, answered a simple confidential questionnaire on their smoking habits, both past and present. A total of 187,783 men were enrolled, filled out usable questionnaires and were successfully kept track of for the next 44 months. Death certificates were obtained for all who died, and additional medical information was gathered for those who were reported to have died of cancer. Altogether 11,870 deaths were reported, of which 2,249 were attributed to cancer.

The most important finding was that the total death rate (from all causes of death combined) is far higher among men with a history of regular cigarette smoking than among men who never smoked, but only slightly higher among pipe and cigar smokers than among men who never smoked.

Men who had smoked cigarettes regularly and exclusively were classified according to their cigarette consumption at the time they were enrolled in the study. It was found that death rates rose progressively with increasing number of cigarettes smoked per day, as shown in the second chart in the series. The death rate of those who smoked two or more packs of cigarettes a day was approximately two and a quarter times higher than the death rate of men who never smoked.

Being a heavy cigarette smoker myself at the time, I was curious to know the death rate of ex-cigarette smokers. The death rate of men who had given up cigarette smoking a year of more prior to enrollment was considerably lower than that of men who were still smoking cigarettes when they were enrolled in the study.

Next we analyzed the data in relation to cause of death as reported on death certificates. Such information is subject to error, but on checking medical records we found that the diagnosis of cancer had been confirmed by microscopic examination of tissue in 79 percent of the deaths ascribed to this disease. Even in some the these cases, however, the site of origin of the cancer was unknown or open to question. This is because cancer, unless successfully treated at an early stage, spreads through the body and its source is often difficult to determine. There is another difficulty that has to do with other causes of death. People in the older age groups not infrequently suffer from two or more diseases, one or another of which could be fatal. Since death can result from the combined effects of these diseases, it is difficult, and perhaps illogical, to ascribe death to one alone. These difficulties should be kept in mind in evaluating the following findings.

During the course of the study 7,316 deaths occurred among subjects with a history of regular cigarette smoking (some of whom smoked pipes and/or cigars as well as cigarettes). We divided these deaths according to primary cause as reported on death certificates. Only 4,651 of the cigarette smokers would have died during the course of the study if their death rates had exactly matched those of men of the same age who had never smoked.

Since coronary artery disease is the leading cause of death among men in the United States today, it is not surprising that we found it to be the leading cause of death among nonsmokers as well as among cigarette smokers. But the rate was 70 percent higher among cigarette smokers.

Lung cancer is an extremely rare cause of death among nonsmokers, except for those who have had prolonged and heavy occupational exposure to certain dusts and fumes. Taking death-certificate diagnosis at face value, the lung cancer death rate was more than 10 times higher among cigarette smokers than among nonsmokers. On obtaining medical records we found that, of 448 deaths attributed to this cause, the diagnosis of bronchogenic carcinoma was established by microscopic examination in addition to other evidence in 327 cases, of which 32 were adenocarcinoma. The rate was very low for men who had never smoked, it increased with the amount of cigarette smoking, and it was very high for men who smoked two or more packs of cigarettes a day. When standardized both for age and for the amount of smoking, the rate for ex-cigarette smokers who had given up the habit for a year or more was considerably lower than the rate for men who were smoking cigarettes regularly at the start of the study. The lung cancer death rate of cigar and pipe smokers was very low compared with that of cigarette smokers, although higher than the rate for nonsmokers.

Altogether 127 deaths were attributed to cancer of other tissues (mouth, tongue, lip, larynx, pharynx, and esophagus) that are directly exposed to tobacco smoke and material condensed from tobacco smoke. In 114 of these cases the diagnosis was confirmed by microscopic examination. Of these 114 men, 110 were smokers and only 4 had never smoked. The figures suggest that pipe and cigar smoking may be more important than cigarette smoking in relation to cancer of one or more sites included in this group, but the number of cases was not sufficient for a reliable evaluation of this point. Nevertheless, these cancers were the only causes of death for which the death rate of pipe and cigar smokers was found to be far higher than the death rate of nonsmokers.

Other reported causes of death showing a fairly high degree of association with cigarette smoking were gastric and duodenal ulcers, certain diseases of the arteries, pulmonary diseases (including pneumonia and influenza), cancer of the bladder and cirrhosis of the liver. Many other diseases appeared to be somewhat associated with cigarette smoking.

In 1959 I started a new study considerably larger than the first one. By securing the services of some 68,000 volunteer workers of the American Cancer Society in 1,121 counties in 25 States, we enrolled as subjects 1,079,000 men and women over the age of 30. Each of them filled out a lengthy confidential questionnaire including questions on family history, diseases and physical complaints, diet, smoking and other habits, residence history, occupational exposures, and many other factors not included in previous studies. We plan to follow these subjects for 6 years. So far followup information is available only for the first 10½ months of observation.

The early findings on smoking are in close agreement with findings in all previous studies. In this study smokers were asked the degree to which they inhaled the smoke. It was found that, in relation to total death rates, the degree of inhalation is as important, and perhaps more important, than the amount of smoking.

The new study has also revealed a high degree of association between cigarette smoking and a number of physical complaints, most particularly coughing, shortness of breath, loss of appetite and loss of weight. These complaints were related to the degree of inhalation as well as to the amount of smoking. They were reported less frequently by cigar and pipe smokers (most of whom do not inhale) than by cigarette smokers (most of whom inhale either moderately or deeply).

Two prospective studies of smoking in relation to the occurrence of coronary artery disease have been carried out in Framingham, Mass., and Albany, N.Y. The combined findings from these studies were published on April 19 in the New England Journal of Medicine by Joseph T. Doyle, Thomas R. Dawber, William B. Kannel, A. Sandra Heslin, and Harold A. Kahn. On enrollment in these studies each subject was given a medical examination. No symptoms of coronary artery disease were initially found in 4,120 men. These men were reexamined from time to time for a number of years. Symptoms of coronary artery disease (as well as death from this disease) were found far more frequently among those who smoked cigarettes regularly than among those who did not smoke. The total death rate was more than twice as high among men who smoked more than 20 cigarettes a day as among men who had never smoked. Ex-smokers and cigar and pipe smokers had morbidity and mortality records similar to the records of those who had never smoked. Thus the findings in this study based on medical examination of subjects were in close agreement with findings in the other U.S. studies.

Although all the studies have shown essentially the same results, there are some interesting differences between the results in Britain and the United States. Lung cancer death rates are about twice as high in Britain as they are in the United States, chronic bronchitis is reported to be a common cause of death by British physicians but is seldom mentioned as a cause of death in the United States; death rates from coronary artery disease (as reported on death certificates) are far lower in Britain than they are in the United States. No one really knows the reasons for these differences. Speculations on the subject may be briefly summarized as follows:

Climate, the method of heating houses, exposure to air pollutants and occupational exposure to dusts and fumes have all been suggested as possible reasons why both lung cancer and chronic bronchitis appear to occur more frequently in Britain than in this country. Differences in smoking habits have also been suggested as a possible factor. Doll and Hill have studied the length of discarded cigarette butts in England and Wales, and Ernest L. Wynder of the Sloan-Kettering Institute for Cancer Research and I have made similar studies on this side of the Atlantic. The average length of the butts was found to be 18.7 millimeters in England and Wales (where cigarettes are quite expensive), compared with 27.9 millimeters in Canada and 30.9 millimeters in the United States. Therefore British smokers consume more of each cigarette and so receive a higher amount of nicotine and tobacco tar than Canadian and U.S. smokers do.

Diet has been suggested as a possible reason why death rates from coronary artery disease appear to be higher in the United States than they are in Britain. This apparent difference may be at least partly due to difference in diagnosis of the cause of death. Death can result from the combined effects of heart disease and lung ailments, particularly in older people. In the case of heart failure in a person suffering from a lung disease it is sometimes difficult to decide which to record as the principal cause of death. Thus the apparent high death rate reported as due to chronic bronchitis in Britain may be related to the comparatively low death rate reported as due to coronary artery disease in that country. Be that as it may, the Doll and Hill study showed less of a relation between smoking and coronary artery disease than did our U.S. study. On the other hand, Doll and Hill found a very high relation between smoking and death from chronic bronchitis.

In recent years considerable attention has been given to the chemical composition of tobacco smoke. A great many compounds have been identified, most of which are present in very small amounts. Some are distilled out of the tobacco and others are products of combustion. Included are numerous poisons (such as nicotine), various agents that are highly irritating to mammalian tissues, several carcinogenic (cancer-producing) compounds and some carcinogenic compounds (materials that increase the potency of carcinogens). Most of this material is suspended in small particles, which together with carbon monoxide, air and other gases constitute tobacco smoke.

Ernest Wynder and his various collaborators have shown that tobacco-smoke condensate, or tar, produces cancer in mice and rabbits if applied repeatedly to the skin over a long period of time. A number of investigators have confirmed these findings. The cancers so produced in rodents are of a type known as epidermoid carcinoma. (A synonym is squamous cell carcinoma, because the cells tend to be flattened, or squamous.) Different strains of animals vary in susceptibility, some being highly susceptible and others highly resistant.

Many investigators who have tried to produce lung cancer in rodents by exposing them to tobacco smoke have not succeeded in doing so. This may be because of two serious difficulties. Whereas a human smoker takes in smoke through his mouth, mice and other small rodents breathe through their noses, and in rodents this organ has developed into a remarkably efficient filter for preventing particulate matter from being drawn into the lung. Moreover, mice are sensitive to the acute toxic effects of tobacco smoke.

Several years ago I exposed mice to cigarette smoke under such conditions that they were forced to breathe smoke of approximately the same concentration as that of smoke taken in by human cigarette smokers. Unfortunately many of my animals went into convulsions and died within a few minutes. The remaining animals lived only a short time. By reducing the concentration of smoke the animals can be kept alive, but under such conditions it is doubtful whether or not their lungs are any more heavily exposed to the particulate matter of cigarette smoke than are the lungs of a nonsmoker sitting in a small room with several heavy smokers.

Nevertheless, by subjecting mice to tolerable concentrations of tobacco smoke Cecilie and Rudolph Leuchtenberger and Paul F. Doolon of the Children's Cancer Research Foundation in Boston have succeeded in producing various changes in the lining of the bronchial tubes of mice. These changes are similar to changes found in the bronchial tubes of human cigarette smokers. So far no cancers have been produced in mice thereby. This is consistent with the finding that lung cancer rarely occurs in human beings who are only slightly exposed to tobacco smoke.

During smoking the tissues first exposed to tobacco smoke are the lips, the tongue and the muccous membrane of the mouth. Some of the components of tobacco smoke (including known carcinogens) fluoresce under ultraviolet light. Robert C. Mellors of the Cornell University Medical College has shown that this material penetrates the cells of the lining of the mouth. The type of cancer that arises in this tissue is epidermoid carcinoma—the same type of cancer that is produced when tobacco tar is applied to the skin of experimental animals. Furthermore, the amount of tar required to produce epidermoid carcinoma of the skin in mice is roughly comparable to the exposure of a heavy smoker who develops epidermoid carcinoma of the lip or mouth.

In study after study a high degree of association has been found between smoking of all types (as well as the chewing of tobacco) and the occurrence of cancer of these tissues. It is hard to escape the conclusion that this association reflects a direct causal relation. This does not preclude the possibility that other factors (such as host susceptibility or exposure to other carcinogenic materials) are involved in at least some cases.

What has just been said of smoking in relation to cancer of the lips, mouth, and tongue also applies to cancer of the pharynx and cancer of the larynx. The situation is slightly different in cancer of the esophagus; this passageway is exposed to ingested tobacco-smoke condensate but not directly to the smoke. The strong association between smoking and epidermoid carcinoma of the esophagus, however, would seem to point to the same conclusion.

When inhaled, tobacco smoke travels down the trachea to the bronchial tubes of the lungs. All but a few cases of lung cancer originate in the lining, or epithelium, of these tubes. This is remarkable tissue, well worth describing here. Normally it consists of just two layers of cells that rest on a thin mat of tiny fibers called the basement membrane. This membrane separates the epithelium from the underlying tissue. Directly on top of the basement membrane is a layer of small, round cells with relatively small nuclei. They are called basal cells. On top of the basal cells is a single layer of cells known as columnar cells (because from the side they look like columns) interspersed with a few goblet cells (which look like little wine goblets). The goblet cells secrete a sticky fluid onto the surface. This is augmented by fluid secreted by glands located below the basement membrane. Protruding from the top of the columnar cells are short, hairlike cilia, which constantly move in a whiplike manner. This causes fluid on the epithelium to move up through the bronchial tubes and the trachea into the mouth, where it is either swallowed or expectorated.

The cilia and the fluid perform an extremely important function in cleansing the lungs. Small particles of dust or smoke that settle on the surface of the bronchial tubes are trapped in the fluid and, together with the fluid, are moved up and out of the lungs.

It has been shown by Anderson C. Hilding of St. Luke's Hospital in Duluth, Minn., by Paul Kotin of the University of Southern California School of Medicine and by others that tobacco smoke inhibits the movement of the cilia to such a degree that the flow of fluid is slowed down, if not stopped altogether. This allows an accumulation of tobacco-smoke products and whatever other material happens to fall on the lining of the bronchial tubes. Smokers and nonsmokers alike—particularly those living in cities with polluted air and those engaged in certain occupations—inhale dust of various types, and some of the dusts contain carcinogenic substances.

For a number of years I have been cooperating in an extensive study of human lung tissue with Oscar Auerbach, a pathologist at the Veterans' Administration hospital in East Orange, N.J., and with Arthur Purdy Stout of the Columbia University College of Physicians and Surgeons. Some of our findings can be summarized as follows.

At the East Orange Veterans' Hospital and at a number of hospitals in upstate New York the lungs are routinely removed at autopsy. The trachea and bronchial tubes are dissected out of the lungs and systematically divided into 208 portions, each of which is embedded in paraffin. A thin section of tissue is cut from each of these portions, mounted on a glass slide, and stained with a suitable dye for microscopic examination. Independently, under the supervision of Lawrence Garfinkel of my staff, an interviewer is sent to the home of each patient to obtain information on his or her occupational history, residence history, and smoking habits. We do not include a case unless this information can be obtained. All told, we have studied tissue from the bronchial tubes of more than 1,000 individuals.

In each of our studies microscope slides from a number of different patients have been put in completely random order by the use of a table of random numbers. They are then labeled with a serial number that gives no clue to their identity. All the slides are studied microscopically by Auerbach and samples of them are checked by Stout. After the slides are examined, the serial numbers are decoded so that the microscopic findings can be analyzed in relation to other information about the subjects.

Three major types of change occur in bronchial epithelium: hyperplasia (an increase in the number of layers of cells), loss of ciliated columnar cells and changes in the nuclei of cells. Hyperplasia is the usual reaction of surface tissues to almost any type of irritation, either chemical or mechanical. A familiar example is the formation of calluses on the hands. We found some degree of hyperplasia in 10 to 18 percent of slides from nonsmokers, in more than 80 percent of slides from light cigarette smokers, and in more than 95 percent of slides from heavy cigarette smokers. Extensive hyperplasia (defined as five or more layers of cells between the basement membrane and the columnar cells) was frequently found in heavy cigarette smokers but rarely in other subjects.

Loss of ciliated columnar cells was observed in nonsmokers but far more frequently in cigarette smokers, and the frequency of this observation increased with the amount of cigarette smoking. The implication is that foreign material tends not to be removed, and thus can accumulate where the cilia have been destroyed.

An important finding was the occurrence of cells with atypical nuclei. The nuclei of cancer cells are usually large, irregular in shape and characteristically have many more than the normal number of chromosomes. A few cells with nuclei that have such an appearance are occasionally found in the bronchial epithelium of men and women who have never smoked. Presumably they result from somatic mutation or some similar process. In nonsmokers the frequency of such cells does not increase with age.

Large numbers of cells with atypical nuclei of this kind were found in slides from cigarette smokers, and the number increased greatly with the amount of smoking. In heavy cigarette smokers we found many lesions composed entirely of cells with atypical nuclei and lacking cilia. Fewer such lesions were found in light cigarette smokers and none were found in nonsmokers. Among heavy cigarette smokers the number of cells with atypical nuclei increased markedly with advancing age.

In our latest study of bronchial epithelium we matched 72 ex-cigarette smokers, 72 men who had smoked cigarettes regularly up to the time of their terminal illness and 72 men who had never smoked. None of the men had died of lung cancer. Within each of the 72 triads, the 3 men were the same age, had similar employment histories and similar residence histories. Somewhat more changes were found in slides from ex-cigarette smokers than in slides from men who had never smoked. The important finding, however, was that the cellular changes, particularly the occurrence of cells with atypical nuclei, were fairly rare in ex-cigarette smokers compared with men who had smoked up to the time of their terminal illness. The study indicated that the number of cells with atypical nuclei declines when a cigarette smoker gives up the habit. This probably occurs slowly over a period of years.

The location of lesions is also significant and correlates with an observation one can make by passing cigarette smoke through glass tubing. Some years ago I found that when smoke was passed through a tube with a Y-shaped bifurcation, more tar precipitated where the tube branched than elsewhere. Acting on this lead, we have studied changes in bronchial epithelium in relation to bifurcations. There are numerous such points in the bronchial tree, because the tubes divide and redivide into smaller and smaller tubes. We found that lesions composed entirely of cells with atypical nuclei occur far more frequently at bifurcations than elsewhere.

In order to determine the significance of these changes we studied the bronchial epithelium of men who had died of bronchogenic carcinoma. Carcinoma is defined as a tumor, composed of cells with atypical nuclei, that originated in the epithelium and has penetrated the basement membrane and invaded the underlying tissue. Once such an invasion has occurred, the tumor grows—often to considerable size—and spreads to many parts of the body. In men who had died of lung cancer we found large numbers of cells with atypical nuclei, as well as many lesions composed entirely of such cells, scattered throughout the epithelium of the bronchial tubes of both lungs. In a few instances we found tiny independent carcinomas in which the tumor cells had broken through the basement membrane at just one small spot. These carcinomas looked exactly like many of the other lesions composed entirely of cells with atypical nuclei, except that in the other lesions we did not find any cells that had broken through the basement membrane. We are of the opinion that many, if not all, of the lesions composed entirely of atypical cells represent an early, preinvasive stage of carcinoma. This is a well-known occurrence in the cervix of the uteri of women and is called carcinoma in situ.

Judging from experimental evidence as well as from our findings in human beings, we are of the opinion that carcinoma of bronchial epithelium originates with a change in the nuclei of a few cells; that by cell division the number of such cells gradually increases; that finally lesions composed entirely of atypical cells are formed; and that occasionally cells in such a lesion penetrate the basement membrane, producing the disease known as carcinoma. Apparently the process is reversible up to the time the cells with atypical nuclei break through the basement membrane.

Where does the inhalation of tobacco smoke fit into this picture? There appear to be three possibilities:

1. It may be that exposure to tobacco smoke induces changes in the nuclei of cells. This would account for the increase of such cells both with the amount of smoking and with the number of years of smoking. It would not, however, in itself account for the finding of a decrease in the number of such cells when a cigarette smoker gives up the habit.

2. It may be that exposure to tobacco smoke simply increases the probability of changes taking place in the nuclei of cells as a result of exposure to inhaled carcinogenic agents other than those in tobacco smoke. The inhibition of ciliary movement by tobacco smoke may be the major factor

involved in such a relation. Again this would not in itself account for the decrease in cells with atypical nuclei following cessation of cigarette smoking.

3. It may be that exposure to tobacco smoke produces a change in the local environment of bronchial epithelium so as to favor the survival and reproduction of certain mutant cells that have atypical nuclei of the type observed, as opposed to the survival and reproduction of normal cells. On this hypothesis the development of cancer results from natural selection under conditions of greatly altered environment. It is unnecessary to assume that tobacco smoke causes mutations, since a few cells with atypical nuclei are sometimes found in the bronchial epithelium of nonsmokers. This hypothesis suggests that normal cells are best adapted to an environment free of tobacco smoke, whereas cells with atypical nuclei are best adapted to an environment that includes smoke. The hypothesis thus accounts for the decline in the number of cells with atypical nuclei on the cessation of cigarette smoking.

I favor the last of these three hypotheses. It appears to account for all the findings, whereas the other two hypotheses account for only some of them. The three hypotheses are not, however, mutually exclusive.

To account for the association between cigarette smoking and certain other diseases, such as lung infections and coronary artery disease, other plausible mechanisms exist. On inhalation, air and any smoke it may contain passes through bronchial tubes of decreasing diameter, which finally deliver it to the tiny sacs called alveoli. The alveoli have thin walls supported by fibers of connective tissue. These walls contain capillary tubes through which blood flows from the pulmonary arteries to the pulmonary veins. During its passage through these capillaries the blood releases carbon dioxide and absorbs oxygen. At the same time carbon monoxide, nicotine and other impurities that may be present in the air or smoke are absorbed into the blood.

The small bronchial tubes are subject to being plugged with mucus. This frequently occurs in infectious diseases of the lung, with the result that secretions and bacteria are trapped in the alveolar spaces, thereby producing pneumonia. In cigarette smokers the interior diameter of the small bronchial tubes is considerably reduced by hyperplasia, so that the opening is very small indeed. In addition we find that smoking results in increased activity of the glands that secrete mucus into the bronchial tubes. This combination almost certainly increases the likelihood of the tubes being plugged by mucus. In my opinion this is enough to explain the finding that death rates from infectious diseases of the lung are considerably higher among cigarette smokers than among nonsmokers.

The occlusion of a bronchial tube by mucus (or by a spasm) often traps air in the alveoli to which that tube leads. If the person then happens to cough, the pressure of the trapped air can be increased to such a degree that the thin walls of the alveoli rupture. Coughing, excess mucus, and reduction in the diameter of the small bronchial tubes increase the likelihood of such rupture.

Recently we have studied the alveoli in relation to cigarette smoking. We found extensive rupturing of the walls of a great many alveoli in the lungs of heavy cigarette smokers, a considerable amount in lighter cigarette smokers and very little in nonsmokers. The rupturing of the walls is usually accompanied by a fibrous thickening of the remaining alveolar walls, together with a fibrous thickening of the walls of the small blood vessels in the vicinity. This probably results from the mechanism outlined above, since cigarette smoking produces coughing as well as hyperplasia of the bronchial tubes and increased secretion of mucus.

Ruptures in the walls of the alveoli destroy the capillary tubes located in the walls. If many are destroyed, far greater pressure is required to force the same quantity of blood through the remaining capillaries. All the blood must pass through them each time it circulates through the body, and the right ventricle of the heart has to supply the pressure. As a result the work load of the heart is increased in proportion to the degree of destruction of the alveoli.

Since oxygen is supplied to the blood through the capillaries in the alveoli, destruction of this tissue reduces the oxygen supply on which all the tissues of the body depend. In smokers this is compounded by the inhalation of carbon monoxide, which combines with hemoglobin more readily than oxygen does. This combination is enough to account for the shortness of breath often reported by cigarette smokers.

Beçause of its great activity heart muscle requires an abundant supply of oxygen. The inhalation of tobacco smoke increases the work load of this muscle and at the same time reduces the quantity of oxygen available to the muscle. In addition the action of nicotine on the nervous system produces a temporary increase in the heart rate and a constriction of the peripheral blood vessels, which in turn produces a temporary increase in blood pressure. This also puts an added strain on the heart. Since a normal heart has extraordinary reserve powers, it can probably withstand these effects of smoking. A diseased heart may not be able to do so.

Autopsy studies (including a study of young men killed in the Korean war) have shown that the great majority of American men have at least some degree of atherosclerosis of the coronary arteries that supply blood to the muscle of the heart. Atherosclerosis consists of the progressive development of plaques (composed largely of cholesterol) within the walls of these relatively small blood vessels, which thereby reduces their interior diameter. This in turn reduces the supply of blood to the heart muscle. Eventually it may completely cut off the supply of blood to a portion of the heart muscle, and this portion dies. Moreover, blood clots often form in diseased coronary arteries. This can also shut off the blood and cause death of heart tissues. The common symptom of a stoppage in coronary blood flow is a heart attack.

As described above, cigarette smoking decreases the quantity of oxygen per unit volume of blood. Atherosclerosis of the coronary arteries tends to reduce the volume of blood delivered to the heart muscle per minute. Therefore if a person with atherosclerosis of the coronary arteries is also a cigarette smoker, his heart muscle receives far less than the normal supply of oxygen per minute. At the same time, because of the effects of smoking, a heavy work load is placed on his heart muscle. In my opinion this combination of conditions is sufficient to account for the finding that the death rate from coronary artery disease is higher in cigarette smokers than it is in men who never smoked, that the rate increases with the amount of cigarette smoking, and that it is lower in ex-cigarette smokers than it is in men who continue to smoke cigarettes.

Not only the heart but also all other organs of the body require oxygen obtained through the alveoli of the lungs and distributed by the blood. Thus a reduction in oxygen supply resulting from smoking may have a serious effect on any diseased organ, and in some instances it can make the difference between life and death. Perhaps this accounts for the finding that death rates from a multiplicity of chronic diseases are slightly higher among cigarette smokers than among nonsmokers.

I shall touch only briefly on two other diseases that appear to be significantly associated with cigarette smoking: gastric and duodenal ulcers and cancer of the bladder. In our first study cigarette smokers, compared with nonsmokers, had four times the relative death rate from the two kinds of ulcer and twice the death rate from cancer of the bladder. Doll and his associates in England recently performed a controlled clinical experiment demonstrating that smoking is indeed harmful to patients with gastric ulcer. Eighty patients who were regular smokers were divided at random into two groups, one allowed to continue smoking, the other advised to stop. Among the 40 patients who continued to smoke, the ulcers healed at a significantly slower rate than they did among the 40 patients who cut down on their smoking or stopped altogether. The mechanism by which smoking evidently retards recovery is unknown. It may be due to indirect effects, such as the effect of nicotine in the bloodstream, or to direct action of ingested tobacco smoke on the lining of the stomach.

As for cancer of the bladder, it is well known that exposure to carcinogenic agents can produce cancer in parts of the body remote from the tissue to which the agent is applied. For example, prolonged exposure to beta-naphthylamine often produced cancer of the bladder in workers in aniline dye plants. Conceivably some agent in tobacco smoke works in the same way, but until the problem is thoroughly investigated, judgment should be deferred.

After reviewing the evidence, the mildest statement I can make is that, in my opinion, the inhalation of tobacco smoke produces a number of very harmful effects and shortens the life span of human beings. The simplest way to avoid these possible consequences is not to smoke at all. But one can avoid the most serious of them by smoking cigars or a pipe instead of cigarettes, provided that one does not inhale the smoke. An individual who chooses to smoke cigarettes can minimize the risks by restricting his consumption and by not inhaling.

The individual solution to the problem apparently requires more willpower than many cigarette smokers have or are inclined to exert. I am confident, however, that more generally acceptable solutions can be found. There is good reason to suppose that the composition of tobacco smoke, both qualitative and quantitative, is a matter of considerable importance. Until several years ago the mainstream smoke of most U.S. cigarettes contained about 35 milligrams of "tar" per cigarette, of which about 2.5 milligrams was nicotine. The smoke from filter-tip cigarettes now on the market ranges in tar content from as low as 5.7 milligrams per cigarette to nearly 30 milligrams and the nicotine content from .4 to 2.5 milligrams. It is apparent that by selection of tobacco and by means of an effective filter, the nicotine and tar content of cigarette smoke can be markedly reduced. Some filters are selective in their action. For example, Wynder and Dietrich Hoffmann have recently found that a certain type of filter, which passes a reasonable amount of smoke, removes almost all the phenols. This may be important since the same investigators have reported that the phenols in cigarette smoke strongly inhibit the action of cilia in the bronchial tubes, and that some phenols increase the action of known carcinogenic agents. Furthermore, by various processes it is possible to alter the chemical composition of the smoke before it reaches the filter.

Considering this, I believe that extensive research should be undertaken to determine the effects of various constituents of cigarette smoke and to find means of removing those that are most harmful. Until this has been accomplished it seems advisable to reduce the total tar and nicotine content of cigarette smoke by the means now available.

CLINICAL EVIDENCE OF THE EFFECTS OF SMOKING

Mrs. NEUBERGER. Mr. President, a few minutes ago the Senator from Utah had printed in the body of the RECORD an article—from the Scientific American magazine—about the effects of smoking. I ask unanimous consent that my remarks appear in the RECORD following those of the Senator from Utah, so that I may comment further on the article.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. NEUBERGER. Mr. President, for at least 10 years the American tobacco industry has conducted a campaign to discredit the findings and conclusions of responsible scientists regarding the health hazards of smoking. To each succeeding discovery closing the link between smoking and disease, the industry's spokesmen have replied "Not proved."

Perhaps the most frequently voiced quibble of the tobacco industry is that the evidence relating smoking to disease has been merely statistical—not clinical. Although responsible statistical studies are as probative as the most carefully controlled laboratory experiments, the tobacco industry, by incessant repetition of its charges, has succeeded in averting public acceptance of the evidence.

Dr. E. C. Hammond, director of the statistical research section of the American Cancer Society, and his associates have now produced the clinical evidence that the tobacco industry has hitherto found lacking. In the July issue of the Scientific American, Dr. Hammond presents clinical proof of the ruinous transfigurations in human lung tissue caused by the inhalation of cigarette smoke.

Dr. Hammond's article, which also summarizes the present status of knowledge on the physiological effects of smoking, contains as compelling an indictment of tobacco as any material yet printed in this country. I suggest that all who yet doubt the lethal qualities of tobacco smoke read this article.

SENATOR WAYNE MORSE AT SALT LAKE CITY, UTAH

Mr. MOSS. Mr. President, on July 28 the senior Senator from Oregon [Mr. MORSE] came to Salt Lake City to address the Democratic State convention. He delivered a very eloquent and excellent address.

I point out that the senior Senator from Oregon performed something of a physical feat in coming to Salt Lake City at that time. He left Baltimore at 12:50 a.m. Saturday and arrived in Salt Lake City at 5:25 a.m. the same morning. He then not only had breakfast with the party leaders and with other visitors in Salt Lake City, but he also addressed the convention, held a lengthy press conference, appeared on television, and at 6 p.m. the same day he was aboard an airplane headed back to Washington. He landed at the Baltimore airport at about 3:40 in the morning.

That sort of devotion to an assignment deserves notice. The important thing to which I wish to invite the attention of Senators, and which I ask unanimous consent to have printed at this point in the RECORD, is the remarks made by the senior Senator from Oregon in Salt Lake City to the convention.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM REMARKS OF SENATOR WAYNE MORSE, AT THE DEMOCRATIC CONVENTION, SALT LAKE CITY, UTAH, JULY 28, 1962

Senator Moss, my friends in Utah, and fellow Democrats, there is never a time when I am not most eager to visit Salt Lake City, to visit Utah, to enjoy the company of my good friend and colleague, TED MOSS, and to talk to a convention of Democrats. This is one time when I can do all those things at once. So this occasion is a great pleasure.

We Democrats have our job cut out for us this year. It is to break down for the first time since 1934 the so-called tradition that the party in power loses votes and seats in a nonpresidential year. I am here today to tell you that we can break that pattern and that we need to break it if the welfare of the American Nation and the American people is to be served.

The Democratic administration of President Kennedy has sent to Congress the messages and recommendations necessary to the carrying out of the great bulk of the 1960 Democratic platform. He has done about as much as any President can do to persuade individual Members of the Congress of both parties to help put those recommendations into effect. We all know that while we obtained the Area Redevelopment Act, and an outstanding housing bill in the 1st session of the 87th Congress, most of the rest of the domestic program is bottled up somewhere in Congress.

It is interesting to note that in nearly every case where a rollcall has been taken that failed to carry for the Democratic majority, it was not a rollcall on the merits of the issue involved, but on a procedural device. We did not get a clear vote in the Senate on the medical issue—we got a vote to table it when it was offered as an amendment to another bill. We did not get a clear vote on the establishment of a Department of Urban Affairs, we got a vote on bypassing a Senate committee in order to speed up action in the House. And we have never gotten a vote in the House of Representatives on medical care, aid to elementary and secondary education, reestablishment of the GI bill for veterans, the Youth Conservation Corps, and the wilderness bill, among others.

Why? Because the Rules Committee of the House of Representatives is one of the last oligarchs of American politics.

There is no test for candidates for the House of Representatives more important than the test of whether they are ready and willing to vote to bring the Rules Committee back under the dome of the Capitol, and make it the servant rather than the master of the House of Representatives.

Let me say that I expect Democrats to be judged as harshly on this issue as Republicans. It does our party no good to elect Democrats who give lipservice to the principles and platform of our party, and then take the expedient escape route of establishing a Rules Committee which will bury the legislation necessary to effectuate our principles and platform.

But every Democratic candidate, and officeholder, also has the obligation to take the issues to the voting public. I shall do it in Oregon, you will be doing it in Utah, and I expect President Kennedy to do it across the length and breadth of the Nation.

The American people need an education on what is involved in the medical care issue, to take one major example. They need to be told just where and how the opponents of medical care under social security are deluding the elderly by holding out the promise that the Kerr-Mills program will assure decent medical care in their later years.

Those of us who voted for the Kerr-Mills bill did so because we considered it an addition to the social security approach, not a substitute for it. We recognized that taxes paid to finance the Federal portion of the Kerr-Mills program are just as compulsory as are social security taxes, and so are the State taxes needed to finance the State share of Kerr-Mills. We knew that those who do not want to apply for the hospitalization benefits under social security do not have to do so, any more than they are compelled to apply for Kerr-Mills medical care.

The great difference is that under an insurance program, benefits are accrued as a right, which the beneficiary may exert, or not. This means that there is no pauper's oath, no means test for the recipient or for his relatives, as so many States require under the Kerr-Mills program. As for socialized medicine, public welfare is pure socialized medicine. What is to stop Utah, or Oregon, or any other State from upping its public assistance under Kerr-Mills to the point where virtually any citizen over 65 may obtain medical services, including those of a doctor, paid for by the State? The answer is, nothing. And the taxes to pay for it will be compulsory.

I should mention that only 24 States have any Kerr-Mills program at all, so we are talking about less than half the country when we talk about its benefits at all.

What the American Medical Association is counting on is that State governments can be more easily influenced, to use the polite word, and lobbied, to use the not-so-polite word, into restricting their public welfare to a tiny handful of desperate old folks. I think that society has a higher duty than that. Sometimes we exercise these social obligations through a fraternal group, perhaps through a church, or perhaps through one level of government or the other. In our latest version of hospital insurance under social security, we have provided that it can be administered in large part through nonprofit agencies already in the field, including Blue Cross.

All we are seeking through the Anderson-Javits proposal is hospitalization insurance that will be available to all elderly people who want to make use of it. That is all the bill provides. They may have a private insurance policy which they prefer to use and if so, the equal benefits provided will be reimbursed without the beneficiary coming directly under social security.

Let the Democratic Party remember that respect and honor for our fathers and mothers is not the invention of Franklin Roosevelt or the New Deal, but of the Ten Commandments. We have a personal responsibility, and we have a social responsibility. For too long we have met the first and not the second.

So I say that the Democratic Party must keep faith with this tenet of our platform, and our candidates must keep faith with it.

A second major domestic issue which Democrats must take to the people this fall is that of conservation of our natural resources. Like my own State, Utah has water problems. Oregon has a water surplus in one-half of the State and a shortage in the other half. You have the need everywhere in Utah to utilize water not once but many times over. It serves to irrigate, to produce power, to serve living needs, to serve industrial needs, to provide recreation, and to provide sewage disposal. This means that the same drop of water must be used for many of these purposes, not just for one.

Reuse of water requires abatement of pollution. It requires storage of runoff. It requires the kind of program we began in 1956 and tried to expand in 1959. You have a contest this year for the U.S. Senate in which Democrats seek to replace one of the Senators who voted in 1959 against the expansion of the water pollution control program. I hope he will be replaced by a citizen of Utah who recognizes that water supply is a test not of a city, a State, or even a nation, but of a civilization.

There has never been a civilization that progressed beyond the point to which it conserved its water supply. Two thousand years ago, China was a dominate civilization of humankind. It was forested; its plains and woodlands were covered with grass and trees. As its population expanded, it decimated these resources, and with them its water supply was decimated. Today, the scientists from the West who have visited Communist China tell us that the most grievous crime against the land by the Communist rulers of China has been the further depletion of woodland, grass, soil, and water which has reduced the water table of China even further than it was when Mao Tse-tung came to power, and it was too low then. Writing in the New Leader, Valentin Chu, a native of Shanghai, tells us, and I quote: "After many centuries of exploitation, by a vast farming population, China has very little natural vegetation left. Forests make up one-tenth of its total area. The water-holding capacity of the soil is therefore extremely poor, and excessive runoff is a major cause of floods. Another major cause is the breaching of dikes. The Yellow River, the world's siltiest, deposits enough sediment on its delta to fill up one-and-a-half Empire State Buildings daily. For hundreds of miles it flows between dikes on a riverbed high above the surrounding countryside, with the silt raising the bottom continuously. A single breach can empty the entire river on to the flat, densely populated Yellow Plain as far as the eye can see, sometimes inundating the region for as long as a year. * * * When too much water goes to one place, there is bound to be too little elsewhere.

"Each year," he continues, "since the Communists came to power in 1949, the total area of farmland affected by natural calamities has risen steadily. * * * What China is now facing is no common natural disturbance, affecting a few provinces for a short time. It is a nationwide exhaustion of the land and the people, the cumulative result of 12 years of abusing nature and human nature."

While the Communist plans for reforestation have fallen through, deforestation of what remains of woodlands in that unfortunate country has continued rapidly. Mr. Chu continues: "While forestation surged up and died off, deforestation seemed to progress systematically. Forest fires and the incidence of tree diseases have increased. Artificial deforestation has also been on the increase, especially since 1958. Farm cooperatives and communes have set their cattle to graze on saplings, and have chopped down roadwide trees and whole forests for timber or to 'open virgin land.'"

"During the 1958 steelmaking campaign many mountains were stripped bare for fuel. A commune in Kwangtung closeshaved 13 forest-covered hills in one swoop. Timber industries in forest areas * * * competed with each other in cutting down big and small trees without replanting. Even saplings were not left to protect the soil, which soon became barren. Since the 1958 great leap, the Chinese have been too busy making steel, digging canals and fighting calamities to worry about reforestation. But deforestation is continuing at an even faster pace, reducing the soil, extending the erosion area, heightening excessive runoff of rainwater, and insuring severe damage from floods and droughts for generations to come. * * * The entire hydrologic cycle in China is now upset by faulty water conservation and deforestation. Communist China has unwittingly changed nature."

Needless to say, the change has not been for the better, for we have read nothing but bad news from China about famine and the desperate flight of Chinese into the western conclaves of Hong Kong and Macao.

I recite this unfortunate history of a part of the human race because it is a lesson that should not be lost upon the United States. For every time we have legislative action to preserve the soil, the water, and the forest resources of the United States, you hear it said that this is a budget-busting expenditure that the taxpayers cannot afford.

My answer is that the American people cannot afford not to conserve our soil, our water, and our forest resources. It would also point out that few modern nations follow the kind of budget we do that places such conservation expenditures on the debt side of their national budgets.

It is nothing less than a national calamity, in my opinion, that the United States still follows budgeting practices which no business corporation follows, which few large cities follow, which States are increasingly dropping, and which has long been abandoned in Europe. That is the practice of listing as operating expenses investments in capital improvements. Reforestation, water pollution control, soil conservation, and indeed, most forms of conservation, are the capital improvements of a civilization. Yet they appear in our national budget as undistinguishable from operating expenses.

Our 1960 Democratic platform calls for a capital budget for the Federal Government which will follow the practices of corporations in separating capital investments from operating expenditures. I mention this partly because I have been advocating this kind of addition to our present budget since 1947. It would simply show the American people how much of their tax money was going for investments which would increase our wealth, increase our Nation's tax base, and repay themselves to the Treasury, and would separate those expenditures from the expenditures of defense, and for other operating expenses which do not repay themselves.

One of the most interesting accusations made against the Democratic Party today is that we are the party of deficits. Sometimes you even hear it said that the European nations we have so long financed have found the secret of progress and prosperity, and that while their indebtedness is small, ours is mounting. Well, let me point out that a lot of this has to do with budget practices. Most of these European countries have a capital budget, which separates their capital expenditures from their operating expenses, and does not include as deficit their capital investments in education, in conservation, and in other wealth-producing activities.

That is why many of them show a balanced budget while we show a deficit. It is a matter of bookkeeping. Yet the Democratic platform is not calling for any form of bookkeeping which is not practiced by any corporation in the country.

I need not mention to residents of Utah the importance of conservation as it relates to recreation. In Oregon, recreation is replacing agriculture, and running a close second to lumber as the primary industry of our State. A national park is an investment in recreation and relaxation, and it means a substantial income for the community in which it is located.

TED MOSS has pending a bill to create a Canyonland National Park. His bill is a recognition of the rising need among the American people for recreational opportunities, and of the wealth-creating capabilities of our national parks. These facilities are needed not only by the community in which they are located for the business opportunities that result, but by our population for the opportunities for water and outdoor recreation they afford. I hope that the Senate will have a chance to adopt the Moss bill this year before adjourning, because it will be in the public interest to do so.

Let me repeat that there is no higher obligation of Democrats and the Democratic Party than the preservation, the conservation, of both our human and natural resources. But in international affairs, we also have a historic obligation.

It is that we recognize and respect the rights of human beings everywhere to aspire to a better life and to a better living standard. We have seen the former colonies of Asia and Africa secure their independence and take their rightful place in the community of nations. We have no special obligation to them; we have no obligation beyond that of a Christian nation that we are our brother's keeper, and that which our history teaches that we turn our backs upon aggression only at the risk of our own safety and well-being.

So as a member of the Senate Foreign Relations Committee, I remind you that the United States turned its back on the League of Nations and paid the price of World War II; and today, we are the primary and no longer the secondary target of World War III. To the extent that we recognize that the rule of law must now be extended to international affairs, we will save ourselves. To the extent that the people of Utah recognize the foresightedness of its great statesman and honored colleague of mine, the late great Elbert Thomas, we will follow his advice and his example. This Nation of Americans has no designs upon its neighbors or on the rest of the world. We ask only that others contribute to the cause of world peace what we are willing to contribute. This means the recognition of the rule of law in world affairs. It means that we appreciate the parallel between our own history of the winning of the West and the history of international justice. For where there is no peace officer, the law of the claw prevails.

Our party, dating back to Woodrow Wilson, is the harbinger of world peace through the rule of law. Those who fear the United Nations must stand in fear of the entire world. For let them never forget that the United Nations is nothing but the reflection of the world which exists today. Yes, we could withdraw from the U.N. But we cannot withdraw from the human race. We cannot withdraw from the world in which we were born and in which we find ourselves placed, for better or for worse.

Let Democrats in every State of this Union remind our fellow citizens that the world will include the Congo, and Katanga, and Communist China, and the Soviet Union, and Yugoslavia, and Poland, and Cuba, and Latin America, and Laos, and Israel, and the multitude of other nations, no matter whether we belong to the United Nations or not. The United Nations is not the world forcing itself upon us, but our own recognition of the world that exists outside our own borders. That world will not disappear nor improve itself merely by our withdrawal from the one organization to which we all belong.

I suggest to citizens of Utah that the next world war will spare you any more than it will spare Oregon, or New York, or Chicago, or Washington, D.C. We will either find a means of preventing such holocausts in the future, or we will perish together, with the people of the Soviet Union and Communist China.

We find ourselves confronted in nearly every State with a minority of those who still believe that the United States lives alone in the world, able to predict our own future and to prescribe our own fate. Those who hold to this mistaken belief do not seem to realize that there is no destruction we can visit upon an enemy that the enemy cannot visit upon us. They do not understand that there is a vast number of people who are more interested in their daily bread than in communism as opposed to capitalism.

We have no alternative, as the party which holds the highest of elective offices in the United States, but to pledge ourselves and to carry out a policy of securing the peace of the world through the United Nations. Whatever its shortcomings and deficiencies, they will not be improved on outside the United Nations.

That is why I believe we should be acting on the situation in southeast Asia through the U.N.; why we should be urging a solution of the Berlin problem through the U.N.

These are conditions and situations to which our Republican friends have no alternatives except a resort to the kind of force that will be visited upon ourselves as surely as it will be visited upon our adversaries. Let us take these issues to the people. When they understand what is at stake, we will understand that the fate of the world is the fate of the United States, and that the effort we put forth to preserve the peace is put forth on behalf of ourselves as well as on behalf of humanity.

THE NATION'S ECONOMY—NEW YORK BOARD OF TRADE

Mr. JAVITS. Mr. President, later in the day I expect to speak at greater length concerning the state of our Nation's economy. Just this morning the Joint Economic Committee began hearings on this subject which is of the most profound concern to us all.

As a further contribution to this discussion I now ask unanimous consent to have inserted in the Record a letter which I have recently received from Mr. Philip F. Swart, chairman of the board of the New York Board of Trade, Inc. This letter is a cogent presentation of the views of a broadly representative and important group of New York business leaders. I believe that it deserves the careful attention of all of us in the Congress.

There being no objection, the letter was ordered to be printed in the Record, as follows:

New York Board of Trade, Inc.,
New York, N.Y., July 27, 1962.

Hon. Jacob K. Javits,
Senate Office Building,
Washington, D.C.

Dear Senator Javits: The New York Board of Trade, joining the President of the United States in the desire to "get the country moving again," commends the following program and principles, unanimously adopted by the board's committee on taxes and government economy:

1. An immediate tax cut of 10 percent "across the board" for individuals and corporations, but only if matched by an immediate expenditure cut of equivalent amount. To have a tax cut without an expenditure cut is to endanger the economy, not improve it. We don't get stronger by depleting the Treasury. If budget deficits were the way out, we should now be enjoying economic stability since we have had sizable deficits in 25 of the last 31 years. But we know from history what happens to nations that persist in living beyond their means.

2. Budget balance alone is not enough. What counts is to achieve it at the lowest possible level of expenditures and revenues. That is what releases the Nation's full productive energies. That is what imparts strength. That is what instills confidence.

3. The complete opposite of that is a deliberately created, substantial deficit piled on an already huge debt. A deficit does put more dollars into the economy. That is not of itself the equivalent of more purchasing power or more purchases. A deep-rooted anxiety, reaching out to the entire Western World, is not about the quantity of our dollars, but their quality. Quantity without quality places in jeopardy the savings bonds, life insurance policies, bank balances, and pension benefits of our own people. Adding deficit on deficit may get the country moving again—but in the wrong direction.

4. The road to tax reduction is in expenditure reduction. Expenditure reduction requires determination and forthrightness by all. Lip service and pious resolutions won't do it. Everyone must recognize that expenditure reduction may curb or eliminate advantages that certain groups, areas, or parties now unwarrantedly enjoy.

5. The President properly put it to the Nation when, at his inauguration, he said it is time for the people to ask: "What can we do for the Government?" Here are some of the things we can do if we are serious about having our economy advance:

(a) We must stop calling for, or condoning, the spending of money that we don't have.

(b) We must realize that today's promises become tomorrow's taxes. We must therefore turn a deaf ear to candidates painting rosy pictures of lavish "welfare" programs, and other spending that we can't afford.

(c) We must recognize that nothing impoverishes us, as a nation, more than to pay out a dollar without geting a dollar's worth in return. Featherbedding, or sloughing off of any sort, comes at a high cost to all of us. We must therefore instill or restore in ourselves an interest in work, a pride in work, a sense of responsibility about work. We must stop trying to get the most and give the least. Otherwise our economy and our jobs are imperiled.

(d) By the same token, we must insist that our elected representatives scrutinize every public program or activity, and measure it in terms of dollar's worth in results, efficient administration, and elimination of waste. The same rigid analysis, support, and yardsticks must be applied to public expenditures, as is expected of business in its expenditures. The space age is no excuse for a dollar of unneeded expenditure. Noteworthy areas that could pay off handsomely by this approach, without having the programs themselves suffer, are foreign aid, public welfare and assistance, the whole gamut of business activities engaged in by Government through about 700 agencies. Furthermore, priority should be assigned to the different expenditure requests to permit postponements or eliminations as need be. Congressional staff facilities should be improved to afford this sort of thoroughgoing, incisive review.

(e) We must not only welcome, but insist upon, tax reform. The tax structure lacks stability in its excessive reliance on the income tax. The income tax, in turn, leaves a great deal to be desired in simplicity, equity, certainty, and administrability. More important, we must get away from the present situation under which taxes, rather than common sense or good judgment, run our personal and business lives. The cost to the Nation in manhours devoted to taxes, instead of productivity, is too great.

Very respectfully,

Philip F. Swart,
Chairman of the Board.

PUERTO RICO'S 10TH ANNIVERSARY

Mr. JAVITS. Mr. President, I invite attention to the 10th anniversary of the establishment of Puerto Rico as a Commonwealth. That is one of the most important and interesting experiments in government with which we are associated by agreement between Governor Muñoz-Marín of Puerto Rico and the President of the United States. The people of the island will have a new opportunity to decide on their next step of either seeking statehood, or independence, or continuing their historic and important Commonwealth experiment in government. The entire nation will watch the contest, satisfied that it may look upon it with pride as a further evidence of the political maturity of Puerto Rico. I believe the nation will be heavily influenced by the record as well as by the campaign performance itself.

This has been a decade of progress for the industrious people of Puerto Rico. The success of their remarkable program of industrial development has enabled them to make great strides in reducing the poverty that once afflicted this beautiful Caribbean island and spurred the exodus of many Puerto Ricans to New York and other mainland cities. Puerto Rico provides an extraordinary demonstration of what American assistance can accomplish in an underdeveloped country in an atmosphere of freedom and democracy. Today, the country has a very high literacy rate and American industry, first attracted by tax exemption inducements, has been able to help create prosperity because of the capacity for fine work of the Puerto Rican people. Tourists are attracted in increasing numbers by the scenic beauty of the island, the mountain and beach facilities that are available to them, and the friendliness of the Puerto Rican people. Tourism is an important industry and it is growing.

Most important of all are the strong bonds of understanding that exist between the Puerto Ricans, who are American citizens, and other Americans. They rely on us in matters of foreign policy, and their sons have served loyally and with outstanding courage and skill in our Armed Forces. Puerto Rico is not only an important link in our hemispheric defense scheme but also an outstanding example of the kind of development that the United States can make possible.

Now, with the encouragement of the President of the United States, the people of this neighboring island will have a new opportunity to decide on the next step of seeking statehood or independence, or of continuing their historic and important Commonwealth experiment in government. Governor Muñoz-Marin, who has led Puerto Rico in the Commonwealth and has become known worldwide for his services, will contest the issue with Luis Ferre and other distinguished Puerto Ricans. The people of the United States will look with pride on this contest as further evidence of the political maturity of Puerto Rico and will be heavily influenced, I believe, by the result and the campaign performance itself.

And so, we salute Puerto Rico and our brother Americans on its 10th birthday. As the New York Times of July 25, 1962, said in an editorial entitled "Puerto Rico's Birthday":

> A generation ago Puerto Rico was one of the problem children of the Caribbean, although its problem was not violence or revolutionary tendencies but poverty. If the island had not been so poor, we would not have so many Puerto Ricans in the city of New York. We are having fewer such migrants now and presumably will have fewer still, for the little country is not so poor as it used to be. When it became a Commonwealth 10 years ago, its per capita income in current dollars was about $318. Today it is about $621.
>
> As a political device the Commonwealth experiment has worked out smoothly. The Puerto Ricans are citizens of the United States, although they do not vote for President unless they migrate to the mainland; they rely on us for their protection, and their citizens serve in our Armed Forces. On this, the birthday of the Commonwealth, we hopefully wish the island and its people well.

JAMAICAN INDEPENDENCE

Mr. JAVITS. Mr. President, yesterday marked the emergence of Jamaica as an independent nation and it is fitting that we in America extend our congratulations to the people of Jamaica and their new Premier, Sir Alexander Bustamente.

Relations between this country and Jamaica have always been cordial. Most recently this friendly entente has received further stimulus through the operation of a Peace Corps program to aid Jamaica's efforts to achieve economic improvement.

Jamaica needs our aid but she has a firm foundation to make good use of that help with her well-developed financial, educational, and political institutions and an advanced money economy. The major problem is underemployment and unemployment in relation to the current amount of economic activity.

America's aid to our neighbor to the south includes development loans and grants, the bulk of which are going toward accomplishment of the first two priority goals; housing and water supply. Other fields of aid include education, health, agriculture, and industrial development.

Here is a nation worthy of assistance, a country, small but indomitable, which cast off the shackles of slavery in the 19th century and has made steady progress through the decades to emerge today in the light of freedom.

I believe I speak the feeling of all the people of New York in extending them a welcome. Many of us have been to Jamaica for a visit or holiday. Our neighbor to the south has enormous potentials. She will be a great friend of the United States and also a great experiment in self-determination in the Caribbean. I am confident that she will have our help, support, and cooperation. We welcome her to the world community of free nations.

WHERE WILL IT ALL END?

Mr. GRUENING. Mr. President, a new nation has been born. There have been many in recent years. In 1960 there were 17 in Africa, 3 more in 1961, and in 1962, 2 more—Rwanda and Burundi. What bright Senators can tell where these two are or anything about them?

This time the new nation is in the Western Hemisphere—Jamaica.

"There is rejoicing," we are told editorially in numerous dailies. Under the heading: "A New Nation: Jamaica," the New York Times says:

> Today the world welcomes a new arrival in the island of Jamaica.

Says the Washington Post editorially—

> There is rejoicing in the Caribbean as Jamaica becomes the first of Great Britain's territories in that area to achieve independence.

Perhaps there is rejoicing in Great Britain, too. A new story in today's New York Times from Kingston, the island's capital, reveals that hitherto Jamaica has been receiving funds for schools, housing, and water systems from Britain's colonial development and welfare fund. This aid will now cease. Likewise, the payroll of some 1,200 British troops has been removed and shortly diplomatic and consular representation, with their attendant costs, formerly borne by the mother country, will be borne by the new Government.

The New York Times paints a realistic picture of this new nation's economy. It says:

> Life is not going to be easy for Jamaica. It is a very poor country, largely dependent on exports of bauxite and sugar and on the expenditures of some 225,000 tourists a year. The rate of economic growth since World War II has been gratifyingly high, but the population growth at 3 percent annually is also one of the highest in the world.
>
> So there is much poverty, much unemployment, a shortage of skilled labor and a relatively high cost of living. Emigration, formerly a traditional relief for the population pressure, has gradually been closed off and now Britain's Commonwealth Immigrants Act threatens to reduce one of the main outlets.
>
> The island is backward—

Says the Washington Post editorially—

> its population growing by giant steps and its prospects hampered by Britain's decision to limit immigration from the nonwhite Commonwealth areas.

It looks like a gloomy picture. But no. There is hope. In the same editorial the Post says:

> Jamaica is expected to participate in the Alliance for Progress.

And the news story previously referred to in the New York Times, says:

> Jamaica has opened negotiations with the United States for a loan for $2½ million. It is expected that the loan will be granted within the next few weeks.

Presumably, this is only the beginning. A nation so poverty stricken as Jamaica is alleged to be can scarcely repay loans, and doubtless loans will be followed by grants.

Time was when the leaders of nations seeking independence realized that independence brought its blessings but also its responsibilities and that the burdens of self-maintenance were obligations that would have to be borne. It has become customary of late in some government and other circles to equate the independence of these new mid-20th century nations with our own in 1776 and the statesmen of these emerging peoples with Washington, Hamilton, Franklin and Jefferson. No one mentions that the United States got no foreign aid.

Nowadays it is different. Whenever a new nation is born, simultaneously, as in the case of Jamaica—or maybe even in anticipation—arrangements are made for Uncle Sam to pick up the tab. The mother country is promptly relieved of this burden.

We advanced $10 million to Cheddy Jagan, the Premier of British Guiana, before that nation had even received its independence, and it was still a British colony. There was chaos and the colony has not yet become independent—but it still has Uncle Sam's $10 million—and is asking for more.

With the two score or more of new nations born in the last few years, and more to come, we can, on the basis of present and past performance, reasonably expect that Uncle Sam will be waiting, checkbook in hand. Meanwhile, our national debt is increasing, our balance-of-payments situation is not improving materially, and our gold reserves are dwindling.

The question no one has seemed to ask is: "Where will it all end?"

THE USE OF THE MAILS FOR COMMUNIST PROPAGANDA

Mr. LAUSCHE. Mr. President, from a constituent in Ohio I have received a copy of a Czechoslovakian publication known as Ceskoslovensky Svet. The constituent called my attention to the fact that this newspaper came to him from Czechoslovakia. How the sender got his address the writer does not know.

However, he asked me to have the article translated to see what is being written in Czechoslovakia and being sent through the mails free of charge to U.S. citizens.

Before I ask unanimous consent to include in the RECORD a translation of the article, I would like to read a few excerpts from it:

> The Fifth World Congress of Trade Unions which met at the close of the past year, pointed out that in the center of all tasks of the trade unions of the world lie the immediate tasks of the international labor movement in its struggle for peace, against imperialism and militarism, for the complete termination of colonialism, for the economic and social demands of the workers, against monopolies, in the defense and for the broadening of labor union rights and democratic liberties of the workers.

The article contains this further statement:

> The international class of workers and the broad masses of people, relying on the strength and influence of the Socialist and other peace-loving states, in their active and determined fight, will bring about the isolation of the aggressive circles. They have and will have influence on the termination of the feverish armament. They will force the imperialists to conclude an agreement on general disarmament, and they will prevent the outbreak of a new world war.

The point I wish to make is that gratuitously our Post Office Department is carrying articles in newspapers written by Communists. This article clearly is directed at our country. It is labeled as an imperialist nation, a military nation, a nation that does not want to ban nuclear tests, a nation that wants war.

My blood boils when I realize that we are subsidizing these writers when they use without charge our postal service in having this material sent to readers and citizens of the United States who did not ask for it. I do not know where their addresses are obtained. I believe we had better return to the system which was in vogue 2 years ago, that mail may be sent free of charge under the reciprocity agreement only when the citizen of the United States has asked for the particular material, and not allow our Post Office Department to force it unwillingly upon citizens of the United States.

I ask unanimous consent to have the translation of the article printed in the RECORD at this point.

There being no objection, the translation was ordered to be printed in the RECORD, as follows:

THE UNITY OF WORKERS IN THE STRUGGLE FOR PEACE, DISARMAMENT, AND BETTER LIFE FOR PEOPLE

(By Vaclav Pasek, Secretary of the Central Council of Trade Unions and member of the General Council of the World Trade Union Federation)

The whole world, and all progressive people, watch with the greatest interest the incessant struggle of the Soviet Union and of all other peaceloving and progressive states against the attempts to push humanity into another world war. Before all workers there is the task: To see to it that the peace be not just a quiet moment or a short recess between two wars, and that conditions are created under which the inflammation of a new world war be forever impossible.

The unity of the working people of the whole world is an important factor which plays and will play an outstanding part in this struggle. The history of the two recent wars showed that it is the toiling people who are most affected by wars and who are most burdened by the effects of wars.

The Fifth World Congress of Trade Unions which met at the close of the past year, pointed out that in the center of all tasks of the Trade Unions of the world lie the immediate tasks of the international labor movement in its struggle for peace, against imperialism and militarism, for the complete termination of colonialism, for the economic and social demands of the workers, against monopolies, in the defense and for the broadening of labor union rights and democratic liberties of the workers.

These are the basic demands which have to be fought for by a united action of all trade unions on the national and international level. The international fraternal relations between the unions of the world should be developed and strengthened. Tireless continuation in the struggle for an allover unity of action of the labor movement should become a common task of the workers of all continents. The opponents of this unity should be rebuked with determination and conviction, the reasons and effects of the position of all those who stand against it or break it should be exposed.

The solidarity of the workers of the whole world is an important weapon in the fight for the preservation of peace. The international class of workers and the broad masses of people, relying on the strength and influence of the socialist and other peaceloving states, in their active and determined fight, will bring about the isolation of the aggressive circles. They have and will have influence on the termination of the feverish armament. They will force the imperialists to conclude an agreement on general disarmament, and they will prevent the outbreak of a new world war.

Disarmament is today the most important problem of humanity. We can put a question. If a worldwide referendum could be staged concerning this problem, what would be the answer of the majority? It is easy to guess. It would be an overwhelming majority that would be voting for an immediate disarmament, and the unconditional destruction of all weapons. The majority of people would at once reject those who think that they can postpone disarmament by diplomatic ways and so to cheat the masses of workers. To those who think so, we should say that the cause of peace cannot be tied to a dress coat when human life is at stake. This dress coat must be torn and the tophat thrown away, because the majority of people still wear caps and do not live on dividends but on honest work, do not profit from wars but, on the contrary, war brings its plight, suffering, and unhappiness.

Struggle for peace, disarmament, against military bases, is today the unconditional and most important task of every man who does not want that human civilization be thrown back for hundreds of years, who wants to live and work in peace. This is a struggle which has to be conducted on the broadest possible base, because the majority of people, the fate of hundreds on millions are at stake. A world war should be averted by a common effort to achieve the unity of all workers of the world. This is supported by the fact that, on the side of peace there stands the Soviet Union and, along with it, the powerful masses of workers and other progressive people of all continents of the world. Step by step, these forces gain advantage over the old society and are able to stop everybody who intends to set new war ablaze. The cause of peace and the friendship of peoples will triumph and the plans of the aggressive powers will be foiled.

Source: Ceskoslovensky Svět (Czechoslovak World) Prague, April 19, 1962, page 1.

THE COMMUNICATIONS SATELLITE

Mr. DOUGLAS. Mr. President, during the initial debate on the satellite communications bill, I addressed certain questions to the junior Senator from Tennessee [Mr. GORE] concerning the probable quality of television programs under the corporation contemplated to be set up.

I ask unanimous consent that a letter to the editor, written by Russell Baker and published in the New York Times of August 2, 1962, subsequently expressing many of the same reservations, be printed in the RECORD at this point.

There being no objection, the letter to the editor was ordered to be printed in the RECORD, as follows:

OBSERVER

WASHINGTON, August 1.—Now that the novelty of Telstar has worn off, the best brains of American television will have to apply themselves to the problem of holding the European audience against the competitions of Soho, the Rue Pigalle, and the Via Veneto.

TELSTAR TROUBLE AHEAD

Obviously, you can get away with showing them Mount Rushmore, the Statue of Liberty, and the Chicago Cubs while they still are fascinated by the gadgetry involved. But can you hold them long enough to sell soap?

As domestic television found it necessary to progress from wrestling to "I Love Lucy," world television will have to grow out of the Mount Rushmore stage if it, too, is not to become another wasteland.

The challenge is grave, as the politicians say, but not insuperable. For example, what better solution than to fall back on the rich experience of nearly 20 years in our own country and beam the Europeans what Americans are shown? Anyone who has dozed an evening away in front of the electronic tube can probably dredge a usable script out of his subconscious.

Sunday programing would be harder. One immediately thinks of Lawrence E. Spivak interrogating David Susskind, but would the Italians really like it? Church services have to be considered, but domestic experience suggests that the most acceptable time for religion is after the late show. Baseball seems out of the question. Would the Italians really like it? Every politician from STROM THURMOND to JACOB JAVITS would be willing to talk for 18 minutes, but would the State Department permit it? And if it did, would the Italians really like it?

WILL IT SELL IN NAPLES?

The afternoon orbit is a cinch with a giveaway show. Housewives might compete for a trip to Rome. The Italians would like that. Viewer interest could be sustained by offering a trip to New York to any Italian who recognized the contest winner in Rome, provided he could convince the U.S. Immigration authorities of good moral character and no intent to take up residence.

Everybody will have strong feelings about what commercials should be shown in Europe. In view of the anticipated advertiser pressure to get in, it might be necessary to establish a nonprofit commission to select commercials particularly illuminating of American life.

The danger here is that irrelevant questions of taste will be allowed to interfere with the accurate portrayal of American life. The high national incidence of stomach hyperacidity, for example, may be a revealing fact about American life that the Pecksniffs would withhold from Europe because of esthetic reservations about digestive-tract diagrams on TV screens.

So, too, the commercials for sewer-cleaning services might be ruled out by the squeamish despite their clear message that clogged sewer drain is an omnipresent factor in American life. The rule of thumb on taste should be: If Americans can take it, so can the Italians.

GOOD TASTE MISPLACED

On the other hand it might be misleading to spread abroad the picture of love in America that engrosses so many TV commercials.

Take the typical detergent ad as an example: Husband is cold, indifferent, even hostile to young wife. One day in the laundry room while sighing over husband's perspiration-stained collar, young wife is surprised by a charming male housebreaker. Stay. There is no cause for alarm. He is merely presenting her with dynamic new miracle Sudso. "Darling," husband cries ecstatically a second later, "my shirts have never been so white. Those deep-down perspiration stains are gone." He embraces her hungrily. Love is saved.

Obviously, this is the sort of thing to be kept off Telstar on the ground that it spreads malicious distortions about why American man and his mate sulk and make up. Besides, what would the Italians think of us?

RUSSELL BAKER.

PROPOSED CHANGE IN THE CLOTURE RULE

Mr. DOUGLAS. Mr. President, I ask unanimous consent that an article which appeared in the Washington Evening Star on August 2, written by J. A. O'Leary, be printed in the Record at this point in my remarks. Mr. O'Leary's article states that observers believe that the effort which will be made in January to bring about a change in the antifilibuster rule might succeed.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Evening Star, Aug. 2, 1962]

Antifilibuster Move Planned at 1963 Session

(By J. A. O'Leary)

Advocates of a new rule to curb Senate filibusters are planning a drive to achieve that goal on the opening day of the next Congress in January.

They served notice of this intention after the Senate reached an agreement which ended a 5-day fight against taking up the satellite communication bill.

Similar attempts to write a new rule have failed on the opening day in other recent years, but some observers believe it might succeed in January 1963.

In another development yesterday President Kennedy made it clear that his administration is standing by the private enterprise method of handling the satellite communication problem, despite the drive by a small group of liberal Democrats for Government ownership.

At his press conference, the President said the pending bill was carefully drawn to preserve the responsibilities of the Federal Government, and he regarded it as the most effective way to handle the problem.

THREE PLEDGE HELP

Senators Douglas, Democrat of Illinois; Humphrey, Democrat of Minnesota, and Javits, Republican of New York, announced they would join in the January move for a new antifilibuster rule.

But Senator Douglas made it clear he was not critical of the Senators who held the floor for 5 days to prevent the satellite bill from being taken up.

On the contrary, Senator Douglas said, it ill behooves Senators who have always opposed a change in the rules and who have always voted against curbing debate on civil rights bills to denounce other Senators because they have discussed another subject for about 1 week.

He said that while he had not taken much part in the satellite debate he believes much of the discussion was "very helpful" in clarifying the issues.

PASS FIVE MAJOR BILLS

Once the filibuster against the satellite bill was ended by the agreement to put it off for a week, the Senate quickly passed five other major bills.

It completed and sent to the White House three appropriation bills carrying $48 billion for the Defense establishment, $5.4 billion for the Treasury and Post Office Departments, and $885 million for the Interior Department. These were the first money bills for the new fiscal year to be completed.

The Senate also took final action on a $3.7 billion authorization for the research and development projects of the National Aeronautics and Space Administration, and sent to the House a $232 million authorization program for the Atomic Energy Commission.

Meanwhile, the satellite bill was sent to the Senate Foreign Relations Committee for further hearings with the understanding it will be brought back to the Senate floor for debate not later than August 10. The committee is meeting at 2:30 o'clock this afternoon to make plans for the hearings, expected to start tomorrow morning.

TEN-YEAR EFFORT

For about 10 years the supporters of a stronger antifilibuster rule have been proceeding on the theory that on the opening day of a new Congress the Senate has the same right as the House to adopt rules for that Congress by majority vote. The House always adopts the rules for each Congress, but the Senate has proceeded on the doctrine that it is a continuing body and that its rules can be changed only on recommendation of its Rules Committee.

Up to now, Senate liberals never have been able to muster a majority to support their opening day contention, but the number voting with them has increased steadily.

On the last attempt in January of 1961 the new rules introduced for this Congress lost by only a few votes. They were referred to committee, 50–46, and never acted upon.

Two years earlier, in 1959, only 36 votes were cast for a rules change. This showed a gain of 10 votes in 2 years, and in 1961 a switch of 3 additional votes would have provided a majority for a new rule.

NO UPSET IN 35 YEARS

As the rules now stand, it requires two-thirds of those present and voting to break a filibuster by curbing debate, and this percentage has not been achieved in 35 years.

One of the changes advocated by a group headed by Senator Douglas would permit a majority of the entire Senate—51 Senators—to limit debate after it has continued for 15 days.

Another proposal sponsored 2 years ago by Democratic Senator Anderson of New Mexico and Republican Senator Morton of Kentucky would change the requirement from two-thirds to three-fifths. With all Senators voting, this would mean 60 could limit debate.

COMMUNICATIONS SATELLITE BILL FILIBUSTER

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed at this point in the Record an article entitled "Trouble in the Filibuster's Wake," written by Doris Fleeson, and published in the Washington Evening Star of August 3, 1962. I do not agree with all the statements made by Miss Fleeson, but I think she opens up some very interesting questions for thought and consideration.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Star, Aug. 3, 1962]

Trouble in the Filibuster's Wake—Mansfield's Accord With Republicans on Farm Bill Is Viewed as Risky

The Senate has won some surcease from its satellite communications sorrows but is nowhere near the end of its troubles with the issues raised.

A major one concerns the price paid by Democratic Majority Leader Mansfield for conservative Republican consent to sending the satellite bill to the Foreign Relations Committee for further study of its international implications.

Senator Mansfield is understood to have made a gentlemen's agreement with Senators Goldwater, Hickenlooper, Tower, and others not to take up the farm bill if they would help to expedite satellite legislation. To some Democrats the farm bill is of much greater importance than communications and they will not go along with Senator Mansfield on the question of ditching it.

Republican spokesmen are threatening their own filibuster should the farm proposals reach the calendar. They will find Democrats ready to join that issue with them.

The prophet in the situation is Senator Clark, Pennsylvania Democrat. He has steadily warned the Senate that it is operating under antiquated rules that, given certain circumstances, can easily be turned into fratricidal as well as party warfare of the worst kind. Today's mess, so apt to be repeated in this heated home stretch, proves his case.

The Senate can go ahead in the short term on piled-up appropriations and noncontroversial bills ready for action. This will help serve orderly government but disposes of nothing on which factions within the Senate disagree.

Democratic Whip Humphrey has called for top level and searching testimony before Foreign Relations to answer the misgivings of filibusterers against the present satellite proposal. With Chairman Fulbright safely renominated in the Arkansas primary, which is tantamount to election, it should be possible to do the job fairly quickly.

A difficulty is that the White House has committed itself out of disinclination to cross swords with Chairman Kerr of the Space Committee. Senator Kerr, as ranking Democrat on the Finance Committee, is expected to reciprocate on the trade bill and taxes, both of which President Kennedy ranks much higher on his priority list than the satellite bill.

It may be difficult, therefore, to get the frank expressions from the Messrs. Rusk, McNamara, and Robert Kennedy that are looked for. The first committee move of opponents of the bill will be for open hearings. These would receive wide coverage and create interest in amendments certain to be offered.

It is unclear why Senator Mansfield chose to press the satellite bill at this time. Possibly Senator Kerr pressed him for action now while Kerr still held the power of life or death for the President's most favored measures. It may simply be that the Montana Senator decided on it as the vehicle for demonstrating the strong leadership he has been accused of lacking.

This is only one of many uncertainties Senators are discussing as they face renewal of the satellite battle.

FRYINGPAN-ARKANSAS PROJECT—REFUSAL BY SENATE OF YEA-AND-NAY VOTE

Mr. PROXMIRE. Mr. President, yesterday the Senate passed a bill to authorize $170 million for the construction of the Fryingpan-Arkansas project. I, together with the distinguished Senator from Delaware [Mr. Williams] strongly protested that bill. We were very much opposed to it, particularly feeling that it is foolish to spend so large a sum of money to increase the fertility and productivity of land already in production, at a time when hundreds of millions of dollars are being spent to take land out of production.

The reason why I am speaking today on this particular issue is that although three times yesterday I requested a yea-and-nay vote, we were unsuccessful in securing such a vote. The absence of a quorum was suggested in an effort to bring enough Senators into the Chamber in order to secure a yea-and-nay vote, but the effort was unsuccessful. We had the complete cooperation of the leadership.

Under these circumstances, it is possible to get a yea-and-nay vote only if a Senator is willing to keep talking and to insist on having live quorums, even if that takes 2 hours or 2 days. Then we can have such a vote.

I wish to make it clear that in the future I shall insist on yea-and-nay votes on measures of such great importance as the Arkansas-Fryingpan project, a project which will create a financial drain on the taxpayers of my State and will be an injustice, in my opinion, to the farmers of Wisconsin.

Under such circumstances, I believe it is only fair that all Senators be recorded on measures of this kind. I say this with regret. The reason why I did not insist on a yea-and-nay vote yesterday was that a number of Senators on both sides of the aisle said it would not be fair to have one because some Senators could not be present and most Senators did not expect that there would be a yea-and-nay vote on a measure of that kind.

The reason for my statement this morning is to make it clear that in the future, even if Senators wish to be absent when projects of this kind, costing large sums of money, and having a strong impact not only upon our economy but on the taxpayers and farmers, are brought up, I shall ask for yea-and-nay votes.

THE PROPOSED TAX CUT

Mr. PROXMIRE. Mr. President, there has been much discussion about a tax cut; but in connection with such a proposal, I think too few of us realize the tremendous drain which would be imposed on the Treasury in order to have a tax cut which would really be substantial enough to stimulate the economy.

In order to provide $1 more in the pockets of people earning $5,000 a year, it would be necessary to have a 2-percent tax cut, which would be a $4 billion tax reduction—$4 billion to get $1 more into the pockets of the people so that they might buy more.

It is clear to me that that kind of effect upon the American consumer will not result in a substantial increase in national income or a stimulation of the economy.

Also, a reduction in the corporate income tax of 1 percent would cost the Treasury $500 million. I think these figures should be kept in mind when we discuss tax cuts, because there is no question that while a tax cut may stimulate the economy, it will also have a direct and inevitable impact on the national debt and the deficit.

FORMER PRESIDENT EISENHOWER'S CATTLE

Mr. DIRKSEN. Mr. President, under date of August 3, 1962, I have received a letter from Mr. Bryce N. Harlow, former secretary to President Eisenhower, which I wish to read into the RECORD:

THE PROCTOR & GAMBLE
MANUFACTURING CO.,
Washington, D.C., August 3, 1962.

The Honorable EVERETT M. DIRKSEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DIRKSEN: Perhaps you noted the two recent columns by our esteemed friend, Mr. George Dixon, who asserted, more or less whimsically, that one of General Eisenhower's cattle is or was a gift from Mr. Billie Sol Estes. You may also recall his assertion that when Mr. Estes came under Senate scrutiny the gift animal was slaughtered and consumed at the Eisenhower farm in an effort to conceal the general's relationship with Mr. Estes.

I suspect Mr. Dixon had tongue in cheek in making these comments, and on that presumption these comments probably ought to go unanswered. I find, however, that on July 5 the first of the columns in question was placed in the CONGRESSIONAL RECORD. The unavoidable result is that General Eisenhower stands charged in the official record of the Congress of receiving this Estes gift.

Now that Mr. Dixon's second column has again associated General Eisenhower with Mr. Estes, it might be well to spread the actual facts on the record to avoid possible misunderstandings in future years. I have taken it upon myself to obtain these facts, General Eisenhower being presently out of the country.

The facts, I can assure you categorically, are these:

First, not one of General Eisenhower's cattle is or was a gift from Mr. Billie Sol Estes, whether from Mr. Estes alone or as a member of a group of donors.

Second, no animal has been slaughtered at the Eisenhower farm since October 9, 1961. The animal slaughtered on that date was born on the farm.

Third, no such Estes gift having been received by General Eisenhower, obviously none of the Eisenhower cattle was slaughtered and consumed to conceal a relationship with Mr. Estes.

I intrude upon your time respecting this matter because of your years of close association with General Eisenhower and because I know you would not want the RECORD open to misunderstanding in respect to a matter of this kind.

Sincerely,

BRYCE N. HARLOW.

Mr. President, the letter requires no further comment from me. I ask unanimous consent that the articles written by my whimsical, delightful friend, Mr. George Dixon, dated July 4 and July 18, be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the CONGRESSIONAL RECORD, July 5, 1962]

GOP VISITS TO THE OLD FARM

(Extension of remarks on Hon. MELVIN PRICE, of Illinois, in the House of Representatives, Thursday, July 5, 1962)

Mr. PRICE. Mr. Speaker, under unanimous consent to extend my remarks, I offer for the attention of my colleagues an interesting article from the typewriter of the well-known columnist, Mr. George Dixon, which appeared in the Washington Post of Tuesday, July 3, 1962:

"WASHINGTON SCENE: VISIT TO THE OLD FARM

"(By George Dixon)

"GETTYSBURG, PA.—All us big Republican leaders were gathered here at the farm of former President Dwight D. Eisenhower, and I was looking for the Black Angus that was given Ike by Billie Sol Estes, when former Vice President Richard M. Nixon arrived.

"I was distracted from my quest of the Estes gift cow because I wanted to see if Mr. Eisenhower and Nixon knew each other by sight.

"I had reason to be uncertain about this because a few days ago one of my Washington correspondent colleagues asked Ike, 'Who do you think will win the race for Governor in California?' and Ike replied: 'Whatsisname will beat Brown.'

"Ike and Dick seemed to recognize each other, however, because they shook hands without first studying the name badge that all us GOP leaders were required to wear. Many of the rest of us took a sneak peek at a badge before offering a hand. After all, a grand old leader of a Grand Old Party can't afford to give a big 'Hello' to a mere follower entitled only to a small one.

"It was like old times being back at the Eisenhower place. Gentle nostalgia assailed me as we drove down the avenue of trees, all bearing small, tasteful plaques with the name of the donor. All the plaques, save one, bore the names of gift-givers not immediately connected with the Eisenhower family. The lone exception was attached to a fence surrounding the guest house, which lies between the mansion and the barn. This plaque bore the uxorial legend: 'This fence was taken from the home of Mamie Doud Eisenhower, Lafayette Street, Denver.' However, I couldn't spend the day reliving the scenes of my political childhood, because we were at Ike's place to revitalize the Republican Party—and we only had 3 hours in which to do it.

"Ike revitalized it first. He said that having us here was a heart-warming experience. Having a wormy heart, I applauded madly.

"I wanted to sneak from the big conference tent and inspect the Black Angus that Billie Sol Estes bestowed upon Ike away back when Estes was not so widely known.

"Nixon had replaced Mr. Eisenhower at the battery of microphones—the significant event was on a tentwide hookup—and I fancied Dick was staring at me as if daring me to cut and run.

"Nixon disclosed he is campaigning hard to be Governor of California.

"'I practice the piano every morning,' he said. 'and every day I jump into the swimming pool—with my clothes on.'

"If you doubt that Nixon opened his remarks with those exact words, please write the Republican National Committee, 1625 I Street NW., Washington 6, D.C., for a transcript. Phone: National 8-6800.

"Republican National Chairman WILLIAM E. MILLER said we should have broad participation, although at this meeting only males were participating.

"Senate Republican Leader EVERETT MCKINLEY DIRKSEN began by saying: 'A minority leader's lot is not a happy one—I think you can find that in Gilbert and Sullivan.'

"I'm not sure you can.

"DIRKSEN challenged my credulity further by asserting: 'I used to use a slogan against the Democrats that consists of six words, the six words are: Idle hands, idle acres, and idle dollars.'

"I counted and recounted. Always came out seven.

"As we left the tent, Host Eisenhower remarked to a senatorial friend that he was having trouble keeping farm help. The friend suggested that Secretary of Agriculture Orville L. Freeman might be available before long.

"Ike did not seem to find it uproariously funny."

[From the Washington Post, July 18, 1962]

WASHINGTON SCENE—PLAYING WITH FIREARMS

(By George Dixon)

I have decided not to shoot myself five times with a .22-caliber long-barreled rifle. I don't want to put Senator JOHN L. MCCLELLAN, of Arkansas, to the bother of clutching a fowling piece to his side to demonstrate I couldn't have done it.

Time was when a "guy" could "scrag" himself with a firelock and bring in only the police, or maybe a sheriff's posse. Now he's in danger of involving himself with a congressional committee.

This is enough to make a chap stop and think. It is especially thought provoking to me because I am essentially a considerate type, and I would hate to think I was responsible for making Senator McClellan stand up before his Senate investigations committee, and all those photographers, with a breechloader rammed into his midriff.

Another thing about it gives me pause. I don't like to see our Senators playing with firearms.

I presume you saw the picture in the papers of Chairman McClellan with the muzzle of a shooting iron pressed into his flesh and his arms straining in their sockets in efforts to reach the trigger. If you didn't, you missed a picture that I would hitherto have considered almost as improbable as former President Eisenhower posing beside the Black Angus given him by Billie Sol Estes.

McClellan's demonstration was doubly captivating because sometimes whole days go by on Capitol Hill without the chairman of a committee getting the drop on himself with a .22 long rifle.

McClellan explained to the photographers—who probably would have played along with him, even without an explanation—that the rifle was identical with the one that killed Henry H. Marshal, an official of the Department of Agriculture, on June 3, 1961, and that Marshal could not possibly have shot himself five times with it.

It was clearly up to McClellan to arrive at this deduction because, unannounced in the public prints, every law-enforcement agency in the land has been secretly disbanded. The local, State, and county police in and around Franklin, Tex., where the murder or suicide took place, had been exchanged for cotton allotments, and the FBI had been merged with the Peace Corps and sent to Nigeria to write postcards.

If I'd only been on my toes, and put two and two together, I might have been the only non-Senator with advance knowledge that all the "cops" in the country, except members of the McClellan committee, had been plowed under. Horace McMahon, who plays Lt. Mike Parker in TV's "Naked City," visited me, and I took him to lunch in the Senate dining room. The professorial Senator Paul Douglas, of Illinois, joined us for lunch and told Horace there was nobody like him left.

That should have tipped me off.

The abolition of all types of lawmen was withheld from the American people because it was classified, along with certain details of strategy in Custer's Last Stand.

(Parenthetical note: You may not believe that about Custer, but it was classified by the Pentagon until Chairman John E. Moss, of the House subcommittee investigating unwarranted secrecy in government, forced its declassification.)

I was too preoccupied to decode the awful truth from Senator Douglas' encrypted message to Actor McMahon, because of new intelligence that just had come to me in the case of the Billie Sol Estes gift cow to former President Eisenhower. I learned why spokesmen for Ike were insisting with such apparent candor that there was no Estes Angus on the Eisenhower farm at Gettysburg.

There isn't—now.

Estes wasn't known very far beyond the environs of Pecos when he and "a group of Texas admirers" presented the prize Angus to the then Chief Executive. But when the McClellan investigators made the name of Billie Sol a national byword, they also doomed the proud cow.

The beast was slaughtered at Ike's place and eaten.

KELSEY, KEFAUVER, AND KENNEDY

Mr. GRUENING. Mr. President, today President Kennedy honored Dr. Frances O. Kelsey, of the Food and Drug Administration, by awarding her the highest civilian award authorized. Dr. Kelsey is worthy of such an award for her courageous stand against intense pressures to permit the licensure for sale of the disastrous drug thalidomide, which has tragically resulted in the birth of deformed children.

The President does well to honor Dr. Kelsey for her devotion to duty. But here in the Senate there is one who deserves equal commendation today. I refer to the able and distinguished senior Senator from Tennessee [Mr. Kefauver], who has fought an equally valiant fight in the Halls of Congress not only to protect the American public from untested, dangerous drugs, but also to bring within their economic reach drugs of proven medicinal worth. On this day, when Dr. Kelsey is being honored, it is only fitting that tribute should also be paid to Senator Kefauver. I wish him to know that I, as one Senator, will be by his side, fighting for the enactment of legislation which will prevent any possibility that the American public will ever be used as guinea pigs for the greater profit of drug manufacturers.

It is my sincere hope that Dr. Kelsey's efforts have been entirely successful. I hope that time will not reveal that, despite her watchfulness, some of this dreadful drug was actually used in this country by physicians, unbeknown to their patients, and without their consent.

It is also my hope that the new Secretary of Health, Education, and Welfare in particular will take immediate steps to make certain that the left hand of his Department knows what the right hand is doing. We have a right to expect that when representatives of that Department appear before Senate committees, they are sufficiently knowledgeable of the President's program to present that program clearly and concisely, and not to agree to provisions gutting that program. The President can expect no less. I hope that a new drug bill, along the lines recommended by President Kennedy, will be speedily enacted.

I ask unanimous consent that an article relating to the work of Dr. Kelsey, appearing in the Washington Daily News for August 6, 1962, may be printed in the Congressional Record at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Daily News,
Aug. 6, 1962]

A Medal to Dr. Kelsey—How Letter Resulted in Exposé of Drug

(By John Troan)

One wintry day 18 months ago Dr. Frances O. Kelsey was thumbing through the British Medical Journal and spotted a letter from a doctor about a drug called thalidomide.

Tomorrow, the chain of events set off by this accident of reading will be climaxed at the White House when Dr. Kelsey receives from President Kennedy the highest award a Federal employee can get.

Called the "President's Distinguished Federal Civil Service Award," it will be conferred for her key role in keeping off the U.S. market a drug that turned out to be a deformer of babies.

In her unauspicious office, on the second floor of a rickety World War II barracks building that also houses a medical museum, Dr. Kelsey recalled the day it all began.

SIX MONTHS

She had been with the Food and Drug Administration (FDA) only 6 months. She had disposed of one new-drug application, seeking approval of a cathartic. She was working on her second—a case dealing with thalidomide, a mild sedative that already had become a bestseller in Europe.

It was February 1961, and she was sitting in on an FDA hearing—regarding a drug she can't even recall—when a messenger brought her a copy of the British Journal.

The doctor leafed through the journal. Suddenly, her eyes fastened on a letter from a physician suggesting thalidomide might be causing a peculiar kind of neuritis—an undesirable effect not previously suspected.

The rest is history. For 13 months, Dr. Kelsey—with the support of her FDA superiors—staged a legal delaying action that kept thalidomide off the U.S. market. Last March, by which time mounting evidence established the drug was unsafe, even experimental use was halted.

DID RIGHT THING

The aftermath has left the shy Dr. Kelsey quite bewildered. But it also has convinced her she did right when she decided on a change of career in her senior year at Montreal's McGill University.

"I first wanted to be a zoologist," Dr. Kelsey relates.

"We always had cats and dogs around our house" (she was born in Canada 48 years ago), "and I was always interested in animals. In fact, I'm still a cat fancier."

Dr. Kelsey finished college as a zoology student but a course she took in her senior year veered her into pharmacology—the science of how drugs work and what they do. She stayed on a year to earn a master's degree in this field.

She then went to teach at the University of Chicago, where she not only got a doctor's degree in pharmacology but also became an M.D. It was there, too, she met her husband, Dr. F. Ellis Kelsey, now a special assistant to Surgeon General Luther L. Terry.

Sudden fame, which has brought Dr. Kelsey hundreds of laudatory letters, hasn't changed her. She prefers to be regarded as a plain jane rather than a glamor gal.

When she isn't tied down by her job, she likes to play tennis.

And as if the world didn't know it by now, she adds with a twinkle: "I also like to read."

THE PLIGHT OF THE RAILROADS

Mr. BUTLER. Mr. President, the ability to make things appear to be other than what they really are is no longer the exclusive property of those skilled in the use of mirrors and sleight-of-hand. The same results are being attempted with mere words—taking a given set of facts and presenting them in such fashion as to make them appear to support conclusions that are contrary to those facts.

One of the most remarkable demonstrations of this is currently underway. It involves the railroad industry and is designed—believe it or not—to convince the Congress, and the public as well, that railroads are not really ailing at all but are, in fact, highly prosperous.

Precisely what is hoped to be gained by those attempting to create this illusion is not entirely clear. What is clear, however, is that it threatens to lull both Congress and the general public into a false sense of security regarding this indispensable artery of transportation, to the great detriment of the Nation as a whole. For that reason, it is important, I believe, that we set the record straight as to those matters which have been grossly misrepresented.

It has been suggested, for example, that bookkeeping methods used by railroads fail to show accurately their true financial condition; that simple changes in the profit and loss statement would magically convert a railroad from a deficit operation to one that is highly profitable. This is a claim that should appeal especially to shareholders in the bankrupt New Haven Railroad, for it suggests that the company may not be bankrupt after all; that it only appears to be so on paper because some vaguely defined "improper" bookkeeping methods are being used.

Actually, of course, the accounting methods by the railroad industry are those prescribed and policed by the Interstate Commerce Commission. They are entirely consistent and compatible with standard methods and practices followed by industries of all kinds throughout the Nation in appraising their financial positions.

Next we are told that railroad financial ills are nothing more than "misleading railroad propaganda"; that in fact railroads in recent years have enjoyed the highest prosperity and net income in their history.

In reality, of course, railroad net income has declined sharply in every year since 1955. Following are the figures based on reports by the Interstate Commerce Commission:

	Millions
1955	$959
1956	908
1957	765
1958	630
1959	608
1960	473
1961 (partly estimated)	406

The railroads' total net income in that 7-year period was $4,749 million. This was actually $735 million below the amount earned in the 7 years immediately preceding the depression of the 1930's—and in that period the purchasing power of the dollar was nearly double what it is today. In fact, stated in dollars of constant value, the railroads' net income in 1961 was barely one-fourth of what it was in 1929.

The attempt to make this anemic performance seem healthy is based largely on a single statistical table appearing on page 196 of the Interstate Commerce Commission's 1960 Annual Report to Congress. Among other information presented, the table relates railroad net income to the nominal or stated value of railroad capital stock—common and preferred—outstanding in the years 1949 through 1959. But it is significant that the ICC itself did not suggest that such a relationship constitutes a proper measure of the profitability or lack of profitability of a railroad's operations.

And indeed it is not a proper measure. For a rate of return based only on capital stock outstanding completely ignores the major part of shareholders' equity in railroads, namely, the part represented by capital surplus and by earnings withheld from shareholders for reinvestment in plant and equipment. Such amounts, whether accrued by railroads or any other business enterprise, are as much a part of shareholders' equity as is stock outstanding—and through 1959 they aggregated for the railroad industry over $11.2 billion.

Thus, instead of $7.5 billion, which represents only the nominal or stated value of railroad capital stock, the total shareholders' equity in railroads in 1959 was actually $18.7 billion. On this proper basis of comparison, the ratio of railroad net income to shareholders' equity in 1959 was a mere 3.25 percent. In 1960 it dropped to 2.52 percent and in 1961, to about 2.16 percent.

Since World War II, the railroad industry has been studied probably more often, more thoroughly, and by more qualified authorities, both within Government and outside, than any other industry in history. Almost without exception, these studies have confirmed that the industry is in deep and steadily worsening financial distress. Not one study has ever supported the capricious theory that the railroads' rate of return should be measured by the amount of their capital stock outstanding.

The inescapable fact is that railroad earnings have been and continue to be grossly inadequate to support necessary railroad modernization and improvement.

Conservative estimates place railroad capital improvement needs at about $2 billion a year, and only about one-third of that amount is obtained through annual depreciation allowances.

Where are railroads to get the remaining two-thirds?

In a prospering industry, it could be obtained by borrowing or from the sale of capital stock. The availability of funds from either source, by railroads or any other industry, depends largely upon the record of earnings or the prospect of earnings. The best evidence that railroad earnings have been grossly inadequate is that both sources have been largely denied to most railroads for many years, just as they are today.

The only remaining alternative is to finance needed capital improvement directly out of earnings—and this railroads have done by holding down dividends to their owners. But even if railroads used every penny of current net income; even if they paid no dividends, or set nothing aside for required sinking funds, the total amount available for capital improvements would be little more than half the amount needed to provide adequately for the future.

Such an approach would not only be grossly unfair to shareholders, it would also be tantamount to "taking the gas pipe." For if railroads paid no dividends or accrued no sinking fund charges, what little credit they now have, and what little appeal they hold for investors, would entirely disappear. Yet this is the dead end road which a poor and worsening credit position and inadequate depreciation allowances have forced more and more railroads to travel.

It is easy enough for those having no responsibility for obtaining the money to criticize railroads for not having more and better equipment and for not giving better service. I for one am confident that no one more earnestly desires and strives to do these things than those responsible for railroad operations. However, their task is greatly complicated, not helped, by irresponsible self-serving statements, such as those to which I have referred, which seek only to confuse rather than clarify.

Making things appear to be other than what they really are can be entertaining, but the sleight-of-hand technique should be left to those whose business it is to entertain. When it is used to distort and bemuddle our thinking on a subject as vital to the national welfare as transportation, the results can be disastrous.

OPPRESSION OF CAPTIVE NATIONS BY SOVIET UNION

Mr. SCOTT. Mr. President, at this time I would like to pursue a little further the question of the significance of Captive Nations Week. On July 6 of this year I joined many of my colleagues in the Senate in calling on President Kennedy to issue a Captive Nations Week proclamation, and thus to follow a tradition initiated by President Eisenhower in 1959. The July issue of World presented, side by side, the core of both President Eisenhower's 1960 and President Kennedy's 1962 proclamation. I now ask unanimous consent that these two excerpts be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

PRESIDENT EISENHOWER

"Whereas many nations throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism; and

"Whereas the peoples of Soviet-dominated nations have been deprived of national independence and individual liberties; and

"Whereas the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent; and

"Whereas it is appropriate and proper to manifest to the peoples of the captive nations the support of the Government and people of the United States for the just aspirations for freedom and national independence;

"I invite the American people to study the plight of the Soviet-dominated nations and to recommit themselves to support of their just aspirations."

PRESIDENT KENNEDY

"Whereas there exist many historical and cultural ties between the people of these captive nations and the American people; and

"Whereas the principles of self-government and human freedom are universal ideas and the common heritage of mankind;

"I invite the people of the United States to observe this week with appropriate ceremonies and activities and I urge them to give renewed devotion to the just aspirations of all people for national independence and human liberty."

Mr. SCOTT. Mr. President, I would now like to ask every Senator to scrutinize closely with me these two statements to see whether or not they contain an indication, some slight hint, at our changed attitude toward Soviet colonialism. Upon examination, we must conclude that there is indeed a hint present. The 1960 message makes explicit the name of the captor—the Soviet Union—and the nature of the crime, whereas the 1962 declaration fails to mention the offender and the offensive act. Whose feelings are being protected?

That the Soviet Union oppresses its captive nations cruelly, that justice in any meaningful sense is absent in these nations, that the Soviet Union has a long record of aggressive actions and broken promises—these are not unproven and unsupported theories, but clear historical facts. Why then are these facts absent in the 1962 message? The message does not satisfy me nor anyone else who supports the real purpose of the Captive Nations Week. Has the administration finally arrived at the abysmal position of ignoring the facts because of fear of embarrassing the enemy?

WANTED: THE "UNCOMMON MAN"

Mr. WILEY. Mr. President—

> The true test of civilization is not the census, nor the size of cities, nor the crops—no, but the kind of man the country turns out—

Once stated Ralph Waldo Emerson.

In a special article for This Week magazine, former President Herbert Hoover also reflected thoughtfully that—

> The future of America rests not upon mediocrity, but upon constant renewal of leadership in every phase of our national life.

On August 10, Mr. Hoover will celebrate his 88th birthday.

For the occasion, America will pay well-deserved tribute to this distinguished citizen—himself a most "uncommon man"—for a lifetime of unstinting service to his country.

I ask unanimous consent to have Mr. Hoover's article entitled "The Uncommon Man" printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE UNCOMMON MAN

(By Herbert Hoover)

"The true test of civilization is not the census, nor the size of cities, nor the crops—no, but the kind of man the country turns out."—Ralph Waldo Emerson.

In my opinion, there has been too much talk about the common man. It has been dinned into us that this is the century of the common man. The idea seems to be that the common man has come into his own at last.

Thus we are in danger of developing a cult of the common man, which means a cult of medocrity. But there is at least one hopeful sign: I have never been able to find out who this common man is. In fact, most Americans, and especially women, will get mad and fight if you try calling them common.

This is hopeful because it shows that most people are holding fast to an essential fact in American life. We believe in equal opportunity for all, but we know that this includes the opportunity to rise to leadership—in other words, to be uncommon.

Let us remember that the great human advances have not been brought about by mediocre men and women. They were brought about by distinctly uncommon people with vital sparks of leadership. Many of the great leaders were, it is true, of humble origin, but that alone was not their greatness.

It is a curious fact that when you get sick you want an uncommon doctor; if your car breaks down you want an uncommonly good mechanic; when we get into war we want dreadfully an uncommon admiral and an uncommon general.

I have never met a father and mother who did not want their children to grow up to be uncommon men and women. May it always be so. For the future of America rests not in mediocrity but, in the constant renewal of leadership in every phase of our national life.

PUBLIC RIGHTS SAVED BY UNLIMITED DEBATE IN THE SENATE

Mr. YARBOROUGH. Mr. President, time after time in the history of the U.S. Senate, the right of full debate has saved the rights, property, and privileges of the American people. Such full debate gives an opportunity for the people to become acquainted with the issues, and slows up odious measures whose bad features have not been presented to the public.

Those Senators fighting the effort to steamroller the space satellite giveaway monopoly bill through the Senate, have been subjected to considerable public abuse lately. However, only 5 days' debate were consumed in the past month on the issue of monopoly and antimonopoly control of the space satellites so that the matter has not really developed into a full-fledged debate.

It should be fully discussed before this great heritage is filched from the American people. An informative article by Milton Britten, Scripps-Howard staff writer, was printed in the Washington Daily News for Monday, August 6, 1962. Its lesson should be remembered by all of the American people. Note there that three Senators held up a bill, originally drawn by President Wilson's administration, but amended in compromise, that would have taken away the Nation's waterpower sites. The resolute action of three Senators, led by Senator Robert La Follette, of Wisconsin, saved this great resource for the people and a subsequent filibuster by Senator George Norris, of Nebraska, and a threatened filibuster by him, saved the same heritage until the TVA could be created.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the informative article from the Washington Daily News under the title, "If They Protect the People's Rights, Are All Filibusters Bad?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IF THEY PROTECT THE PEOPLE'S RIGHTS, ARE ALL FILIBUSTERS BAD?

(By Milton Britten)

This is a "devil's advocate" piece about filibusters.

The "extended educational campaign," as last week's filibuster was called, against the communications satellite bill got a bad press, as most of them do, because the technique is defensible only within carefully defined limits.

Its only real claim to defense depends on the essential virtue of the motive that inspired it—a highly subjective standard.

However, it can be argued that not all filibusters have proved bad.

Thus, it may be claimed that several States would not now be enjoying the prosperity they do without the filibuster, which was used in Congress to pave the way for creation of the Tennessee Valley Authority.

DIRTY WORD

The southern bloc has made filibuster a dirty word for most Americans. They have used it against Federal intervention in the civil rights field and earlier in this session, to kill a literacy test bill.

However, moderates and liberals, as well as diehard southerners, have in times past used the filibuster to preserve what they believed to be the public interest.

One filibuster, considered an outrage at the time, preserved a natural resource policy that led to Federal operation of the World War I munitions plant at Muscle Shoals as a nitrogen fertilizer producer. This became the keystone on which TVA was finally built.

That filibuster made last week's abortive skirmish look like a nursery pillow fight.

At the end of World War I private power interests were backing a Senate bill, which would have empowered the Federal Government to lease navigable waters for hydroelectric power production, with no preference given public bodies, no effective Federal regulation, no charge for the use of public waters, no meaningful provisions for recalling the leases.

CONTRAST

In contrast, the House had passed a bill drawn by President Wilson's administration that would have also permitted 50-year leases, but would have given preference to public applicants, provided careful review of their use by a Federal commission, and would have also permitted the Federal Government to develop power sites on its own initiative.

The contrasting bills went to conference. The compromise that emerged would have, in effect, removed from U.S. jurisdiction most of the Nation's waterpower sites.

(The criterion: The United States would have jurisdiction only over rivers already navigable for steamboats. This would have removed Muscle Shoals.)

The House overwhelmingly adopted the compromise: 263–65. It was still pending in the Senate, however, on the last day of the 65th Congress. Also stacked up were some $3.6 billion in appropriation bills.

The Senate went into session at 10:30 a.m., March 3, 1919, with President Wilson waiting hopefully in an adjoining room to sign bills as they were rushed through before the scheduled adjournment deadline.

But at 2:30 a.m. on March 4, Senator Robert La Follette, of Wisconsin, gained the floor and he kept it for 3½ hours. A filibuster was on to block the conference report. Two like-minded men joined him; Senator France, of Maryland, relieved him at 5:30 a.m. and then Senator Sherman of Illinois, took over until the Senate adjourned at noon.

FROM BOOK

In his book, "The Conservation Fight: From Theodore Roosevelt to the Tennessee Valley Authority," Judson King wrote: "Whatever the judgment of history upon the wisdom of this filibuster. * * * Except for it, the compromise waterpower bill would have passed and under the tremendous pressure of the moment it might have been signed immediately. The waterpower policy approved by both President [Theodore] Roosevelt and President Wilson would have been ditched.

"The States would have taken over, and many priceless waterpower sites over the Nation probably would have passed into private possession."

Some 5 years later, Senator George Norris, of Nebraska, "father" of the TVA, needed only to threaten an end-of-the-session filibuster to block another conference report that would have authorized lease of the Muscle Shoals property.

TVA CREATED

By the filibuster and the threat of it, therefore, source development stalled battlers for integrated giveaways of natural resources until, in the early thirties F.D.R. asked for and got creation of the TVA. It has since proved one of democracy's most dramatically successful experiments.

Thus, it might be argued, last week's brief legislative delay involving another and vaster natural resource—the communications potential of outer space—may contribute at least to more careful scrutiny and improvement of the pending bill.

It has already resulted in the bill's referral to the Foreign Relations Committee, which should have been closely consulted in the first place.

Filibusters are an aggravating lot, particularly if they read Sears, Roebuck catalogs in lieu of debating the matter to which they object (not the case last week). But history sometimes gives them pretty good marks on their efforts.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PACIFIC NORTHWEST POWER PREFERENCE

Mr. MANSFIELD. Mr. President, I ask that the unfinished business be made the pending business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

AMENDMENT OF THE ATOMIC ENERGY ACT OF 1954

Mr. MANSFIELD. Mr. President, I move that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1639, Senate bill 3491.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I may say that this bill is being taken up after its clearance by both sides and with the members of the Joint Committee on Atomic Energy.

Mr. PASTORE. Mr. President, so far as I know, there is no objection to the bill. It is noncontroversial. We have held considerable hearings, and I think the bill is satisfactory to both the Republican members and the Democratic members of the Joint Committee.

Mr. President, Senate bill 3491 is a Joint Committee omnibus bill which makes miscellaneous amendments to the Atomic Energy Act of 1954. The amendments may be grouped into four general categories:

First. Sections 1 through 3 of the bill amend the regulatory provisions of the Atomic Energy Act by authorizing the establishment of one or more Atomic Safety and Licensing Boards, and by modifying the AEC regulatory procedures in other respects.

Second. Sections 4 through 7 of the bill amend the indemnity provisions of the Atomic Energy Act, so as to extend Government indemnity to contractors of the U.S. Government for incidents occurring outside the United States.

Third. Section 8 of the bill incorporates into permanent law the boilerplate clauses on "advanced planning and design," "restoration and replacement," and "substitutions," which in the past have appeared each year in the annual AEC authorization acts.

Fourth. Sections 9 through 12 of the bill make minor changes in several sections of the act, to correct certain drafting errors or omissions.

Under section 1, the Commission is authorized to use an Atomic Safety and Licensing Board in lieu of a hearing examiner to conduct hearings and make decisions in atomic-energy licensing cases. The licensing of atomic reactors involves very complicated technical and scientific determinations. A study by the staff of the Joint Committee on Atomic Energy in 1960–61 pointing up the need for technical expertise in making these determinations, and the committee considered the problem during hearings in 1961 and again in 1962. The Atomic Safety and Licensing Board will consist of two persons with technical backgrounds and one person "skilled in the conduct of administrative proceedings." The Commission is given wide flexibility in selecting members for the Board, in deciding in which cases to use the Board, and in deciding on the amount of authority to be delegated to it. The Commission may also utilize the Board in an advisory capacity on rulemaking and other regulatory functions. It is the belief of the Joint Committee on Atomic Energy that the use of an Atomic Safety and Licensing Board, if properly implemented by AEC, will further improve the AEC regulatory process.

Section 2 of the bill relaxes the mandatory hearing requirement in section 189 of the Atomic Energy Act. Under existing law, a hearing must be held on the application for a construction permit and on the application for an operating license. Under the terms of the committee's amendment, a hearing will be required only on the construction permit, which is really the critical point in reactor licensing—the point at which the suitability of the reactor site is determined. This amendment in no way limits the right of an interested party to intervene and request a hearing at some later stage, nor does it affect the right of the Commission to hold a hearing on its own motion.

Section 3 of the bill relaxes the requirement for referral of license amendments to the Commission's Advisory Committee on Reactor Safeguards. It is the committee's hope that by relieving the very capable Advisory Committee on Reactor Safeguards of the responsibility for reviewing minor amendments, this distinguished group may be able to devote its full attention to safety questions of more far-reaching importance.

Sections 4 through 7 will extend the indemnity provisions of the Atomic Energy Act to cover contractors of the United States who are engaged in activities outside the continental limits of the country. The primary purpose of these amendments is to protect contractors of the AEC who are engaged in the nuclear submarine, nuclear rocket, and remote military reactors program. Under the terms of the amendment, these contractors will be eligible for $100 million of Government indemnity, with a comparable limitation of liability for incidents occurring outside the United States. This is in contrast to the $500 million indemnity which the AEC now makes available to licensees and contractors of the Commission for incidents occurring within the United States.

Section 8 of the bill incorporates into permanent law a number of standard provisions which appear each year in the AEC authorization act.

Sections 9 through 12 merely correct minor drafting omissions, and are not intended to have any substantive effect on the Atomic Energy Act.

In connection with section 9 of the bill, Mr. President, on page 8, line 4, where the words "11b.(2)" appear, the reference should, instead, be to "11v.(2)." This is an error in the bill as prepared for printing, and the proper reference should be included in the bill as passed by the Senate. I ask unanimous consent for this purpose.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, this bill is in keeping with the Joint Committee's continuing effort to keep the Atomic Energy Act up to date with new developments in the field of atomic energy. The bill has been reported from the Joint Committee without any dissenting vote, and I urge its passage by the Senate.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3491) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Atomic Energy Act of 1954 is amended by adding thereto the following new section:

"SEC. 191. ATOMIC SAFETY AND LICENSING BOARD.—

"a. Notwithstanding the provisions of sections 7(a) and 8(a) of the Administrative Procedure Act, the Commission is authorized to establish one or more atomic safety and licensing boards, each composed of three members, two of whom shall be technically qualified and one of whom shall be qualified in the conduct of administrative proceedings, to conduct such hearings as the Commission may direct and make such intermediate or final decisions as the Commission may authorize with respect to the granting, suspending, revoking or amending of any license or authorization under the provisions of this Act, any other provision of law, or any regulation of the Commission issued thereunder. The Commission may delegate to a board such other regulatory functions as the Commission deems appropriate. The Commission may appoint a panel of qualified persons from which board members may be selected.

"b. Board members may be appointed by the Commission from private life, or designated from the staff of the Commission or other Federal agency. Board members appointed from private life shall receive a per diem compensation for each day spent in meetings or conferences, and all members shall receive their necessary traveling or other expenses while engaged in the work of a board. The provisions of section 163 shall be applicable to board members appointed from private life."

Sec. 2. The second sentence of subsection 189a. of the Atomic Energy Act of 1954, as amended, is deleted and the following is inserted in lieu thereof: "The Commission shall hold a hearing after thirty days' notice and publication once in the Federal Register, on each application under section 103 or 104b. for a construction permit for a facility, and on any application under section 104c. for a construction permit for a testing facility. In cases where such a construction permit has been issued following the holding of such a hearing, the Commission may, in the absence of a request therefor by any person whose interest may be affected, issue an operating license or an amendment to a construction permit or an amendment to an operating license without a hearing, but upon thirty days' notice and publication once in the Federal Register of its intent to do so. The Commission may dispense with such thirty days' notice and publication with respect to any application for an amendment to a construction permit or an amendment to an operating license upon a determination by the Commission that the amendment involves no significant hazards consideration."

Sec. 3. Subsection 182b. of the Atomic Energy Act of 1954 is amended to read as follows:

"b. The Advisory Committee on Reactor Safeguards shall review each application under section 103 or section 104b. for a construction permit or an operating license for a facility, any application under section 104c. for a construction permit or an operating license for a testing facility, any application under section 104 a. or c. specifically referred to it by the Commission, and any application for an amendment to a construction permit or an amendment to an operating license under section 103 or 104 a., b., or c. specifically referred to it by the Commission, and shall submit a report thereon which shall be made part of the record of the application and available to the public except to the extent that security classification prevents disclosure."

Sec. 4. Subsection 11o. of the Atomic Energy Act of 1954 is amended to read as follows:

"o. The term 'nuclear incident' means any occurrence within the United States causing within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of source, special nuclear, or byproduct material: *Provided, however,* That as the term is used in subsection 170l., it shall include any such occurrence outside of the United States: *And provided further,* That as the term is used in section 170d., it shall include any such occurrence outside the United States if such occurrence involves a facility or device owned by, and used by or under contract with, the United States."

Sec. 5. Subsection 11r. of the Atomic Energy Act of 1954 is amended to read as follows:

"r. The term 'person indemnified' means (1) with respect to a nuclear incident occurring within the United States and with respect to any nuclear incident in connection with the design, development, construction, operation, repair, maintenance, or use of the nuclear ship Savannah, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability; or (2) with respect to any other nuclear incident occurring outside the United States, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability by reason of his activities under any contract with the Commission or any project to which indemnification under the provisions of section 170d. has been extended or under any subcontract, purchase order or other agreement, of any tier, under any such contract or project."

Sec. 6. Subsection 170d. of the Atomic Energy Act of 1954 is amended by adding before the period at the end of the second sentence thereof the following proviso: ": *Provided,* That in the case of nuclear incidents occurring outside the United States, the amount of the indemnity provided by the Commission shall not exceed $100,000,000."

Sec. 7. Subsection 170e. of the Atomic Energy Act of 1954 is amended to read as follows:

"e. The aggregate liability for a single nuclear incident of persons indemnified, including the reasonable costs of investigating and settling claims and defending suits for damage, shall not exceed the sum of $500,000,000 together with the amount of financial protection required of the licensee or contractor: *Provided, however,* That with respect to any nuclear incident occurring outside of the United States to which an agreement of indemnification entered into under the provisions of subsection 170d. is applicable, such aggregate liability shall not exceed the amount of $100,000,000 together with the amount of financial protection required of the contractor. The Commission or any person indemnified may apply to the appropriate district court of the United States having venue in bankruptcy matters over the location of the nuclear incident, except that in the case of nuclear incidents occurring outside the United States, the Commission or any person indemnified may apply to the United States District Court for the District of Columbia, and upon a showing that the public liability from a single nuclear incident will probably exceed the limit of liability imposed by this section, shall be entitled to such orders as may be appropriate for enforcement of the provisions of this section, including an order limiting the liability of the persons indemnified, orders staying the payment of claims and the execution of court judgments, orders apportioning the payments to be made to claimants, orders permitting partial payments to be made before final determination of the total claims, and an order setting aside a part of the funds available for possible latent injuries not discovered until a later time."

Sec. 8. Section 261 of the Atomic Energy Act of 1954 is amended by adding thereto the following new subsections:

"c. Funds are hereby authorized to be appropriated for advance planning, construction design, and architectural services in connection with any plant or facility not otherwise authorized, and for the restoration or replacement of any plant or facility destroyed or otherwise seriously damaged, and the Commission is authorized to use available funds for such purposes.

"d. Funds hereafter authorized to be appropriated for any project to be used in connection with the development or production of special nuclear material or atomic weapons may be used to start another project not otherwise authorized if the substituted project is within the limit of cost of the project for which substitution is to be made, and the Commission certifies that—

"(1) the substituted project is essential to the common defense and security;

"(2) the substituted project is required by changes in weapon characteristics or weapon logistic operations; and

"(3) the Commission is unable to enter into a contract with any person on terms satisfactory to it to furnish from a privately owned plant or facility the product or services to be provided by the new project."

Sec. 9. Section 109 of the Atomic Energy Act of 1954 is amended by striking out the words "11p.(2) or 11v.(2)" and substituting therefor the words "11t.(2) or 11aa.(2)".

Sec. 10. Subsection 145f. of the Atomic Energy Act of 1954 is amended by striking out the comma after the word "investigation".

Sec. 11. Section 152 of the Atomic Energy Act of 1954 is amended by striking out the word "allowances" in the first paragraph thereof and substituting therefor the word "allowance".

Sec. 12. Subsection 161n. of the Atomic Energy Act of 1954 is amended by striking out the words "145e." and substituting therefor the words "145f.".

PACIFIC NORTHWEST POWER PREFERENCE

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendments, as modified, of the Senator from Arizona [Mr. Goldwater].

COOPERATIVES OFFER EMERGING NATIONS A PRIVATE WAY

Mr. McCARTHY. Mr. President, I ask unanimous consent that there may appear at this point in the Record an article written by Jerry Voorhis, who has been the executive director of the Cooperative League of the U.S.A. The article is entitled "Cooperatives Offer Emerging Nations a Private Way," and appears in the spring issue of the publication Business and Society.

There being no objection, the article was ordered to be printed in the Record, as follows:

Cooperatives Offer Emerging Nations a Private Way

(By Jerry Voorhis)

(Note.—The former U.S. Congressman from California has been for some years executive director of the Cooperative League of the U.S.A.)

In no country on earth are there as many different kinds of cooperative or mutual enterprises as exist in the United States. Three-quarters of all the farmers in our country are member-owners of one or more cooperative businesses. Electric cooperatives, almost unknown in the rest of the world, have nearly 5 million member-owners to whom they deliver close to a billion dollars of electric energy each year.

Cooperative health plans, again almost unknown in other countries, provide most of the medical care needed for hundreds of thousands of American families. There are more than 12 million members of credit unions in the United States. Except for Canada, rural Germany, the West Indies, and perhaps rural Japan, the credit union movement is only starting in most of the countries in the world. Consumer cooperative shopping centers in American cities are now growing at a rapid rate.

Yet many Americans don't know precisely what a cooperative enterprise is. A few think it is a form of socialism. Some think it is something farmers do—but no one else. Others believe, falsely, that forming a cooperative business is a way of avoiding taxes.

What then is a cooperative?

It is a form of business enterprise which is owned by the customers of the business. Usually a cooperative is brought into being, capitalized, and organized by a group of people who feel some unmet need and set out to supply it for themselves. They form their own cooperative business for that purpose. Clearly, therefore, cooperatives are privately owned, nongovernmental institutions. They are far from being socialistic because socialism means, by definition, ownership by the state; whereas the very essence of true cooperatives is their voluntary character and the initiative of the people in forming them.

NOT PROFIT ORIENTED

But neither are cooperatives of the same character as profit-oriented businesses. In such businesses the owners or investors seek to sell their wares or services to other people and to realize a profit from so doing. Cooperatives on the other hand, being owned by their very customers have no incentive for profit taking. They exist instead to supply goods or render services to their owner-customers at the most economical net cost consistent with fair dealing. They do not ordinarily accomplish this by price cutting. Instead they allocate and pay each customer his proportionate share of earnings, based upon his use of or purchases from the cooperative.

Americans will probably hear more about cooperatives in the years ahead than they have in the past. For, especially in the newly developing countries cooperation is one of the most acceptable words and concepts. To people who want to avoid communism and also to throw off colonial exploitation the cooperative form of economic organization offers a practical middle way.

Cooperatives flourish best and grow fastest where a deep need for their benefits and help is clear to everyone.

And so in countries where peoples are fighting their way out of poverty and sometimes oppression, "cooperative" and the word "cooperation" are good, strong, meaningful words—words that become rallying points for people who want to be free and at the same time raise their standards of living.

SOME QUICK EXAMPLES

A few quick examples: Under her official 5-year plan, India seeks so broad a development of cooperatives that they will comprise one-third of the entire economy of that country. India has for decades had a nationwide pattern of agricultural cooperative credit societies. So she does not start from scratch.

In Indonesia the very constitution of the nation calls for making cooperatives a major element in her economy. Partly at least this is prompted by the desire to put an end to the control of outsiders and money lenders. A structure of multipurpose cooperatives has been built. The question is whether it is big enough and strong enough to stem the tide of Communist influence and to survive political controversy.

One of the finest accomplishments of the American occupation of Japan was the development of a truly democratic structure of cooperatives, particularly among Japanese farmers. Today those cooperatives are the backbone of Japanese agriculture. The magazine of the federation of agricultural cooperatives has the largest circulation of any periodical in Japan.

In almost every newly free nation of Africa, the development of cooperatives, particularly credit cooperatives and cooperatives to market farmers' crops, is a principal hope and a principal reliance for a better day. In the Cameroons marketing cooperatives have eliminated middlemen, captured the full market price for farmers, led to new cropping practices and better quality, and even brought about a new interest in education and the building of schools.

QUICKENED LATIN INTERESTS

In Latin America, with Puerto Rico as an example of what can be accomplished, there is quickened interest in all kinds of cooperatives with the hope that they can become a mainstream in the development of the economies of South and Central America. For example, the whole pattern of life of many of the mountain Indian people in Peru is being changed for the better through the organization of credit unions, largely by Catholic priests.

But the foregoing examples are by no means the whole story. It is one thing to declare in a 5-year plan that "cooperatives shall be developed to a point where they comprise a third of the national economy". It is quite another thing to arouse the peoples' faith and interest and to provide the education and technical guidance to a point where this policy will become reality.

The task of developing viable, beneficial, economically strong cooperative institutions requires skilled, trained leadership such as exists in few of the new countries. It requires some capital—probably more than most of these peoples can themselves supply. And it requires the overcoming of suspicion and distrust of what may seem to be a new and untried device.

There are increasing numbers of inspiring success stories about development of cooperatives in many parts of the world. But there are also instances of failure and the dashing of premature hopes. And the reasons for such failures—and here we can generalize for almost all the new countries—where they have taken place have been these: lack of good management, lack of trained leadership, inadequate education of members, and lack of capital; in approximately that order.

The fact is that cooperation in many forms and expressions has been part of the life of mankind from the very beginning of civilization.

Indeed man cannot live without some degree of cooperation with his fellows.

COOPERATION EQUAL MUTUAL AID

Cooperation is another word for mutual aid. And mutual aid lies at the root of every worthwhile human institution—the family, the clan, the tribe, the town meeting, the State, the Nation, the school, the church, the village council.

In most of the newly developing countries, very old forms of cooperation and mutual aid exist. In some of them, experience with cooperation is very much older than in the West.

But there is considerable difference between the ancient and traditional forms of cooperation in the villages of the world and the modern cooperative as a form of economic organization and institution.

The likelihood of success in developing cooperatives on a broad scale in most of these countries will therefore depend upon the degree to which the indigenous local community organizations are used as the base upon which to build.

For this will put the cooperative, in the minds of the people, in a familiar framework. Suspicion and distrust of the untried can thus be overcome. And this is essential as a first step.

INTELLECTUALS COMMITTED

There is no question about the fact that most of the intellectual leaders of the newly developing countries are deeply committed to the development of a strong cooperative sector in their economies. Where feeling against colonialism and capitalism runs high, as it does in most of these countries, cooperatives are the only acceptable form of voluntary, privately owned enterprise. They are therefore, in the minds of these leaders, the one alternative to state ownership. The only question is whether the social gap between the intellectual leaders and the masses of people can be bridged in a reasonably short time.

Cooperatives to be useful and successful must be economic enterprises that are formed by, partly at least capitalized by, serve the needs of, and are controlled by—the people who need them. Unless they feel a sense of responsible participation, success is unlikely.

Outside leadership can help. Many a Catholic priest, some Protestant missionaries and a few technical assistance workers have helped develop cooperatives and credit unions in many parts of the world. As long as the priest or technician is present to stand as sponsor, to assure honest dealing, to give guidance, all will probably go well. If he is removed, the enterprise is in danger.

Basically what must happen is a building of association in the minds of people between the modern cooperative and their traditional forms of village organization and cooperation in their daily lives.

TRAINING CRITICAL

Thus education and training are of primary and critical importance. And they must precede—in any case parallel—the organization of functioning economic institutions. One kind of training is needed for the trainers who will train others. Another kind is needed for the leaders of the cooperatives. Still another kind, less extensive, of course, is needed for the members of the cooperatives.

Most of this education and training must be done in the new country itself. It cannot be accomplished on anything like the needed scale by transporting large numbers of people to the United States or Denmark or any other of the so-called advanced countries. One of the best examples of what can be done within a country and by and for its own people is found in South Vietnam. There exists there today an institution known as the Cooperative Research and Training Center. This center is the result of the careful, wise, understanding work of one American coupled with the intense desire of the Vietnamese leaders to develop cooperatives as a major tool for their economy. The American, Carl Hutchinson by name, went to Vietnam at the request of its Government and was chosen and sent by the Cooperative League of the U.S.A. Mr. Hutchinson was for years educational director of Ohio Farm Bureau.

During the first half of the year 1961, this Cooperative Training Center in Saigon was providing a 1-year course for 39 cooperative leaders, had completed 4-month courses for 63 managers, 27 bookkeepers, and 34 field agents, and had given to 596 cooperative members a 2-week training course.

It was planned in the course of the next year to provide 60 2-week conferences for some 3,000 group leaders in the villages of Vietnam. The leaders who have been naturally chosen by Vietnamese villagers will be given training in cooperatives.

This is the kind of grassroots education which is needed in almost all the newly developing countries if cooperatives are to make the contribution they should to their economic and social life.

This is not, however, to say that for a certain number of the top leaders in these countries training abroad is not desirable and probably necessary. Each year for the past decade and more, several hundred people from the newly developing countries have been brought to the United States partly at least because of their interest in cooperatives. A wide variety of agencies, mostly departments of the government, have brought them. The cost has run from $9,000 to $20,000 for each of these persons.

U.S. JUNKETS TOO SHALLOW

But their experience here has in few cases justified either the expense or the time spent. They have traveled about the country, spent a day or two or three with some of our cooperatives, received a general impression of our country and its great variety of cooperative enterprises—and gone home.

What should be provided for these people is a training course that will benefit them and their countries after they return home. Seeing this the Cooperative League started several months ago to develop an international cooperative training center on a selected university campus in the United States. At such a center carefully planned courses, including several weeks of practical observation with the kind of cooperatives most necessary for their country could be provided for cooperative leaders from the new countries. In the course of time, we might begin to complement the remarkable work of this same sort that has been carried on for so many years at St. Francis Xavier University in Nova Scotia.

CANNOT STOP WITH TRAINING

We cannot, of course, stop with training and education. In some countries there is already enough experience and knowledge to make possible the launching or expansion of cooperative enterprises. But there is seldom enough capital or enough technical know-how to put such enterprises on the road to assured success. These should be supplied by countries like our own and through our own cooperative institutions. The relationship should be so far as possible on a people-to-people basis rather than a government-to-government one. But most of the money will have to come from technical assistance funds of governments.

NEED SELECTED TASK FORCE

There should be selected task forces of highly competent cooperative executives in this country to work with similar people in Latin America, for example, in carefully selecting projects of special merit and need in the different countries. But once such projects have been agreed upon, redtape should be cut to the bone and our cooperative organizations should be authorized to stand sponsor for and to handle the dispensation of necessary funds to carry them out.

Such projects might be the sending of credit union organizers to Bolivia or Peru. Or assistance to the already established cooperative housing organizations in Chile, or the support of the work of a certain remarkable young priest in Venezuela who is striving to develop a model pattern of cooperative organization in his section of that country. Or to go around the world, the project might be the building of 10 fertilizer plants in Pakistan to be owned by the agricultural cooperatives there. Or a cooperative college in east Africa.

In some of the newly developing countries cooperatives are already key factors in the political struggle—nongovernmental institutions though they are.

HATTA AND SUKARNO

For example, one of the master keys to understanding of Indonesian politics at present lies in these facts. Mohammed Hatta, former Vice President of that country, wrote into its Constitution a provision for promotion of credit, marketing, supply, and production cooperatives as one core of the nation's economic progress. President Sukarno is a political rival of Hatta. Before Sukarno took over the almost complete power he now holds, cooperatives were growing very rapidly indeed. They were performing great services to the people—quadrupling in some cases the returns to agricultural producers over what they formerly received when they sold their crops to middlemen—usually Chinese.

By 1958, 15,000 cooperatives had been organized, from a start with only about 1,000 in 1950. The villagers were voluntarily putting their small savings into their credit cooperatives each week, to a total of very substantial sums.

VICTIM OF POLITICS

But because cooperatives are so closely associated with his political rival, Hatta, Sukarno has tried to retard, if not stop their progress and has advocated a taking over by the state of many functions which have been performed so well by the cooperatives. It is probable that should the Sukarno government fall, the resentment of people who found cooperatives good, will be a main reason. And there are many people in Indonesia who await the day when a change in government will take place so progress in building cooperatives can again be resumed. The naturally peaceful, gentle, trusting Indonesians are a people adapted very well indeed to the employment of cooperatives. It will be a major tragedy, thus far all too little heeded, if political prejudice bars their way.

It should be evident that from the viewpoint of the West, the development of strong cooperatives in the new countries should be a matter of high policy. In none of the Western countries, however, has this been the case—thus far. But in the United States, there are strong indications that with the coming of the Kennedy administration, this coolness toward aid to cooperatives has changed to a rather intense interest.

In fact on June 23, 1961, the Department of State issued a press release quoting Henry R. Labouisse, Director of the International Cooperation Administration, as saying that "greater emphasis on the development and assistance of cooperatives in underdeveloped countries will be among the major objectives of the administration's new foreign aid program."

THE TOP IS NOT ENOUGH

Unfortunately, however, decisions at the top are not enough. Neither the heads of governments and the intellectual leaders of the new countries, nor the foreign aid programs of the United States and other Western countries can bring good cooperative institutions into being simply by deciding to push a program for their development. Training and education, careful selection of projects and programs to be developed, and the furnishing of more capital—all these are going to be required if the rich potential for freedom which lies in cooperative ideals and practices is to be realized.

PASSING OUT OF SUBSISTENCE STAGE

The needs and opportunities for the development of self-help, mutual and cooperative institutions in the new countries are almost unlimited. Without them, land reform programs are likely to leave the farmers to whom land is allotted little better off than before. For the farmers—and 80 percent of the people of these countries are farmers—are right now passing out of the stage of subsistence, direct-consumption farming and into an agricultural economy which produces for markets, sometimes far away.

Unless marketing, credit, supply, and service cooperatives are organized to enable these farmers to control their own economic destiny, this transition will be tragic. With wise and courageous development of cooperatives, it can be the dawn of a new and better day.

THE MUTUAL AID VALUE

And there is one more value—intangible perhaps, but probably the most important of all. Between people who have experienced the use of mutual aid, there does exist an intangible but very real relationship of understanding and confidence. This is true wherever these people are, whatever the color of their skin, and whatever their economic condition. It is a force for good in the world which can bridge national boundaries and out of which can grow the substance of the peace which mankind must achieve.

DIGEST OF REMARKS BY DR. ARTHUR R. UPGREN ON ECONOMIC PROBLEMS

Mr. McCARTHY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a digest of remarks by Dr. Arthur R. Upgren, Frederic R. Bigelow professor of economics; director, bureau of economic studies, Macalester College, St. Paul, Minn., which summarizes the economic progress which has been made in the United States and raises some questions and problems which have not been satisfactorily solved.

There being no objection, the digest was ordered to be printed in the RECORD, as follows:

DIGEST OF REMARKS OF DR. ARTHUR R. UPGREN, FREDERIC R. BIGELOW PROFESSOR OF ECONOMICS; DIRECTOR, BUREAU OF ECONOMIC STUDIES, MACALESTER COLLEGE, ST. PAUL, MINN.

The people of the United States have been solving a great many important and difficult economic problems. They are not always aware of this. Therefore, the problems which have been solved deserve this enumeration:

1. Achieving a thoroughly satisfactory control of inflation.
2. Achieving a thoroughly satisfactory control of the national debt.
3. Maintaining adequate immediate liquidity of the financial system.
4. Reducing substantially the declines in postwar business cycles.
5. Achieving economic recoveries following postwar recessions and achieving them in much larger measures than the declines in the recessions.
6. Fair establishment of a guide for wages.
7. Fair but precarious management of reasonable equilibrium in the international balance of payment.

The economic problems which are not satisfactorily solved at this time include:

1. Achieving higher rates of employment and reducing unemployment.
2. Achieving more satisfactory rates of economic growth.
3. Creating a national urge on the part of labor to increase productivity and to reduce featherbedding.
4. Securing that more satisfactory level for business profits which will enlarge investment in plant facilities to promote from capital greater gains in our productivity.

These problems are discussed in order of their presentation above.

I. ECONOMIC PROBLEMS SATISFACTORILY SOLVED IN THE POSTWAR YEARS

In a free society it is probable that no problem is at any time completely satisfactorily solved. A free society will have creaks and jerks but as with human health, the total result promotes a healthier economy. The result may be as satisfactory as can be expected in a dynamic free enterprise society. It is in this sense that the following, first group of problems is judged to have been satisfactorily solved.

The fact that these problems are judged to have been satisfactorily solved in the postwar period will not be readily accepted by some people. They persist in giving support to the views which Artemas Ward stated as follows:

"It ain't so much what the American people don't know that hurts, as it is what they know that ain't so."

As an illustration there are many people who think inflation is still a very serious matter despite the fact that we have been doing 90 percent better in stopping it. At most colleges including mine, a 90 percent gives the student an A, ability to enter any graduate school, and probably a Phi Beta Kappa key thrown in. Another example is the national debt. There are so very many people including editorial writers who state and state again that the national debt, like inflation, is soaring to new high levels. The fact is, as we shall see below neither the price levels nor the national debt is soaring. These are some of the things which some of the American people know and "that ain't so."

1. Achieving a thoroughly satisfactory control of inflation: The rate of inflation or increase in the price level (consumers prices and cost of living index) was almost 10 percent a year from 1940 to 1948. From 1948 to 1962 this increase has been at a rate considerably below 2 percent a year. Here we have been doing about 83 percent better. In the past 4 years the rate of increase in prices has been about 1 percent a year or almost 90 percent better than from 1940 to 1948. The index does not allow for improvement in quality so even if the index should continue to rise at the rate of 1 percent a year, the index would require 72 years, or two generations to double. Surely, we can all agree in the following two propositions: (A) qualities improve at a faster rate than 1 percent a year; (B) we, the American people, would not accept or want the older qualities of goods at prices that would not be increased at all. We want better goods and for that we should be prepared to pay a better price.

Here in brief, without elaboration, are the methods by which we had stopped inflation almost completely by 1952 and by which we have kept the price level under reasonably satisfactory control for the past 10 years (this is by no means a short period).

A fairly satisfactory balancing of the budget in the postwar years. The "cash consolidated budget," probably the significant budget for considering inflation forces, has had a net deficit of less than $15 billion since 1946. This budget measures total cash out payments and total cash receipts in the total of the Federal Government's relations with the public.

While the better known administrative budget has had larger deficits in the postwar years, even here, relative to the size of the economy this deficit has not been unduly large. In fact, the deficits for the 10 postwar years in which there have been deficits, have amounted to $51.5 billion and the surpluses in the 6 years in which surpluses have been recorded, added up to $17 billion. Thus, the net deficit has been $34.5 billion, 1947–62 inclusive (fiscal years). Thus, the net deficit has not averaged as much as $2.25 billion a year for the past 16 years. This is not a very substantial figure in relation to the gross national product, which in these years has averaged about $450 billion. In fact, the deficit amounted to about one-half of 1 percent. This is the relation of the average annual deficit in the 10 postwar years to the average annual level of our GNP in the same period.

It is true that a better performance in the budget is desired but there certainly has been no evidence of the recklessness so widely charged.

2. Achieving a thoroughly satisfactory control of the national debt: With respect to the national debt, the figures alone tell a story. The national debt on December 31, 1945, was $278.7 billion. However, in the last bond drive about $20 billion more was borrowed than was needed. Approximately this sum was used to reduce the debt in the first 6 months of 1946. As a result we may take the postwar debt at $260 billion. For the past year the average debt has been about $299 billion. (The debt increases in the second half and is frequently reduced in the first half of the year.) Thus the increase in the debt from 1945 to 1962 has been 15 percent in this 16½-year period. This is an increase at a rate of less than 1 percent a year.

Against this increase of 16 percent in national debt since the end of World War II every other form of debt has increased from 216 percent for corporate debt to 600 percent for house mortgage debt.

This is not in criticism of the much higher rates of increase in all forms of private debt. That increase in debt is a completely necessary accompaniment to economic growth. We have, however, managed the national debt since the end of the war in satisfactory condition. A much better performance should have been achieved during the war. Perhaps that unsatisfactory war-time fiscal performance has thoroughly alerted us as a nation to reasonable carefulness in the postwar period. It may be added that while service on the national debt requires about 10 percent of the Federal budget and net of returns from interest on the national debt into tax revenues and cash receipts, about 6 percent, this burden is not unduly large. Furthermore, the national debt ranks along with total commercial bank deposits, savings and demand deposits, as a source of absolutely necessary financial liquidity for satisfactory lubrication for satisfactory performance of the American economy.

The figures for the growth in the national debt which have now been given reconcile satisfactorily with the figures given above for the net deficits of the postwar years.

3. Maintaining adequate immediate liquidity of the financial system: In the 1930's and in the war years following an enormous financial and banking liquidity was built up up in the United States. This was the result of devaluating the dollar, which increased the price of gold, which attracted to the United States a sixfold increase in this basic monetary reserve in 10 years from 1934 to 1944. The large stock of our reserves produced basic liquidity but not inflation. This came in the war years and immediately after. The cause was financing a large part of the cost of the war at the commercial banks. These banks in the war years acquired $100 billion of U.S. securities. This lifted the deposits from a prewar level of $80 billion to $180 billion at the end of the war. Here was the increase in the money supply which caused inflation.

This increased liquidity of the banks has facilitated an excellent record of bank lending since the end of the war. This liquidity will suffice us until 1970. Thereafter, we will have the liquidity problem anew domestically just as we are facing a liquidity problem internationally.

4. Reducing substantially the declines in postwar business cycles: In the postwar period we have had four economic recessions. These have ranged from 1 percent to 3¾ percent recessions. None have had a duration of more than 12 months and the last two were 8 months. The recoveries have been due to the great forces of the automatic economic stabilizers. The recoveries have been quick and substantial. In fact, the recoveries have ranged from 3 to 6 times the amount of the decline and in the same length of time as that in which the decline occurred. The stabilizers are adequate enough to preserve a reasonably stable economy for the remainder of the decade.

5. Achieving economic recoveries following postwar recessions and achieving them in much larger measure than the declines in the recessions: As pointed out above our recoveries from recessions have been very much greater than the extent of the decline in the recession. This has been largely because the families of America maintain consumption throughout the recession, thus necessitating a quick recovery. As soon as there has been substantial liquidation of inventories, these recoveries have been greatly reinforced by the wage-increased incomes flowing to labor. As a result of the automatic increase in rates of labor pay which originate in 2 or 3 years and customary wage increases so widely granted.

6. Fair establishment of a guide for wages: The guide for wages is now being fought out in labor negotiations, now requiring recognition for restraint in demands for labor (as we had in the price of steel). The guide for wages was well stated in the Economic Report of the President for January 1962, page 189:

"The general guide for noninflationary wage behavior is that the rate of increase in wage rates (including fringe benefits) in each industry be equal to the trend rate of overall productivity increase. General acceptance of this guide would maintain stability of labor cost per unit of output for the economy as a whole—though not of course for individual industries.

"The general guide for noninflationary price behavior calls for price reduction if the industry's rate of productivity increase exceeds the overall rate—for this would mean declining unit labor costs; it calls for an appropriate increase in price if the opposite relationship prevails; and it calls for stable prices if the two rates of productivity increase are equal.

"These are advanced as general guideposts. To reconcile them with objectives of equity and efficiency specific modifications must be made to adapt them to the circumstances of particular industries."

This report is in complete harmony with statements made by President Eisenhower during his administration. The Council of Economic Advisers, both Republican and Democratic, also place the rising average per worker productivity for the country as a whole at 2.6 percent. Thus annual wage increases must be held to an approximate 2½-percent annual increase. This is the view of the economist. It is a more conservative view than that of the businessman as indicated by the actual wage increases credited up to 1962. It is, of course, much more conservative than the demands of labor so that the education task ahead is to enlighten labor that any group in labor demanding a higher rate of wage increase is demanding the right to take a part of the product for themselves and to take it away from other groups in our society. If a wage rate increases more than the national average gain in worker productivity, then other groups including fixed income groups are able to buy a lesser amount of product. This is because of the excess of the labor demanded. Many wage increases over productivity gains will bid prices up to deprive the fixed income and other groups receiving lower rates of income of the goods which the high wage increasing demands of the powerful groups are able to buy with that excess of their pay over the national contribution of all labor to an average rising national productivity.

7. Fair but precarious management of reasonable equilibrium in the international balance of payment: The international liquidity problem is a separate problem and it is of serious proportions. Our balance

of trade is reasonably adequate running more than $5 billion favorable balance in 1961 and 1962. Our balance of payments has not been so satifactory. This is because we spend abroad for military purposes, we make grants abroad and businessmen invest more abroad so that the excess of these payments over the amount of the net balance of trade requires gold to be shipped, or dollar balances to be granted. The loss of gold has lowered our central bank liquidity from a gold reserve ratio of 90 percent in 1941 to less than 35 percent at the present time. Consequently, it is imperative that we encourage still larger exports or reduce payments abroad. These two objectives can be reached by that labor restraint in wage demands which will permit a favorable cost structure here to enlarge exports and to ask the countries of Western Europe, now eminently able to do so, to take over military expenditures and grants to foreign countries in part. Labor costs are rising somewhat more rapidly abroad. However, the U.S. gold stock at $16½ billion today, is somewhat less than foreign quick claims upon us amounting to $18 billion in gold and dollars and practically no liabilities such as we have. We must tread very carefully in this area and develop new financial cushions to meet balance-of-payment shocks before they arise or occur.

II. ECONOMIC PROBLEMS WHICH ARE NOT SOLVED AT THE PRESENT TIME

1. Achieving higher rates of employment and reducing unemployment: This problem has been so widely discussed only mention of it is needed here. Whatever remedies are now being seriously considered must be strengthened within 3 years because in 1965 we shall have 1 million more young people reaching each year the age of 18 than have been reaching that age in the first half of this decade. That 1 million increase is now destined to continue each year for at least 15 years. This problem of economic growth to increase employment adequately and to reduce unemployment requires far more consideration than is yet being given to it.

2. Achieving more satisfactory rates of economic growth: Our rate of economic growth has not been satisfactory to yield high employment and to reduce unemployment in terms of our gross national product (GNP). The one component which has not increased in the past 5 years is business investment in new plant equipment. Present step to encourage this must be very greatly enlarged. "Investment credits" of the size now proposed are helpful in a small way. So is the completed increase in depreciation allowances. A better improvement would be the gradual abolition of the corporate income tax. This abolition over a 16-year period or at an annual rate of about 6 percent would reduce revenues about $1.5 billion. Even this could lead to increased investment by business in new plant facilities—and these are certainly needed—in an amount of $2.5 billion a year. The resulting total economic expansion would produce tax revenues fully adequate to offset the loss of tax revenues from this gradual abolition of the corporation income tax.

It is because business investment is the present weak component in GNP and the only weak component and because expansion in terms of productivity requires large increased plant investment, that this recommendation becomes appropriate at this time. The education required is for labor to recognize that possible gains in national output will reward labor far more than any gain which labor could derive by increased income tax exemption.

3. Creating a national urge on the part of labor to increase productivity and to reduce featherbedding: It has been so widely understood that increased productivity alone cannot benefit the members of our society and particularly labor, that labor should direct an affirmation of methods of exploring improvements in productivity and eliminate featherbedding and eliminating present demands for a shorter workweek.

4. Securing that more satisfactory level for business profits which will enlarge investment plant facilities to promote from capital greater gains in our productivity: From 1950 to 1960 the total compensation of all employees in the United States increased $139.5 billion. In the same 10 years the total tax revenues of all governments, Federal, State, and local increased $71 billion. In the same decade total corporation profits fell $100 million. The increase in total pay of labor was 80 percent.

The increase in tax revenues was 125 percent. Even if slightly different years are used the increase in corporation profits was less than 10 percent. The total amount of corporation profits is not large and the increase in corporate profits which would represent a genuine stimulus to business investment in improved and better plant equipment, would be insignificantly small, even judged as a cost to labor, a small price to labor for the continuing resulting gains in productivity in which labor shares so generously.

CONCLUSION

The foregoing sketches, in brief in some instances, are what could become the agenda for a present-day report on the performance of the American economy since the end of World War II with views suggesting the agenda for the future.

THEY DON'T THINK MUCH OF SCHWARZ DOWN UNDER

Mr. YOUNG of Ohio. Mr. President, the increased activity in the last few years of what is commonly referred to as the radical right, or the rightwing lunatic fringe, and the publicity given it has proven to be a virtual gold mine for a few opportunistic rabble rousers. These circuit riders of the new anti-Communist evangelism have discovered that spreading their messages of prejudice and hate can be a very profitable occupation.

One of the foremost among them is Fred Charles Schwarz, a part-time doctor from Australia, who in the United States has become a plain medicine man. The cure-alls of this witch doctor are fear, suspicion, hate, and hysteria. He is a flamboyant fakir.

Schwarz recently announced that he is bringing his show known now as the Christian Anti-Communist Crusade to my home city of Cleveland, Ohio, where he will stage a 5-day anti-Communist school. These so-called schools are in reality exercises in revivalist emotion and hysteria rather than exercises in logic and understanding. His teachers are for the most part extremists of the radical right who see Communists under every bed. Also associated with this witch doctor may be a few retired high-ranking military officers who want our Nation to wage preventive war tomorrow, if not today—plus some plain old-fashioned rabble rousers.

President Eisenhower, on leaving the Office of Chief Executive, delivered a sort of farewell address, which contained a grave warning to his fellow countrymen. He stated the fact that our Nation is threatened from within by an enormous and insidious power—the combination of a huge number of officers in our Armed Forces and retired officers, and powerful industrialists and retired industrialists. He termed this "a military-industrial complex." Some of its rightwing leaders are urging preventive war against the Soviet Union. If they could muster the full force of this complex, they might start such a war, despite the fact that it should seem unthinkable to any American for us to unleash our jet bombers and missile power upon Soviet cities, airfields, and missile installations and engage in a day of infamy such as we suffered at Pearl Harbor. He stated that this segment of our population wields "the power of fantastic billions of dollars, developing an influence that is felt in every city, every statehouse and every office in the Federal Government." It is well for us to be vigilant against any alliance of war-minded military, of eccentric ex-military leaders, along with a war-oriented segment of big business.

Attorney General Mosk, of California, who is well acquainted with the activities of the lunatic rightwing fringe in that State, has aptly referred to the Schwarz movement as patriotism for profit. In 1961, his record year, Schwarz collected a total of almost $1,300,000. Through appearances this year, such as he has scheduled in Cleveland, he hopes to boost this record. Pretty good for a fellow who arrived in this country in 1953 with just $10 in his pocket.

In Cleveland, he recently addressed more than 2,000 persons who paid $1 each to hear this demagog of the right deliver a 2-hour address. His take at the gate—as they say regarding prize fights—was $2,000 or more. Hawkers sold anti-Communist literature at 25 cents a pamphlet. In addition, a radio station broadcast his address—this under sponsorship of a so-called chairman of the Northern Ohio Freedom Forum.

This director, according to a newspaper report, "cued the audience to applaud, shout, and whistle to make it sound like 10,000."

It is interesting to note that in his own country of Australia, Schwarz has been virtually ignored when he tries the same promotional stunts that have been reaping big rewards for him in the United States. In Sydney, Australia, a city of over 2 million people, his meeting resulted in only $70 in receipts. No wonder he prefers to ply his trade in our country.

Mr. President, this man and his sponsors had the temerity to ask the Cleveland Board of Education to excuse junior and senior high school students from school to attend his classes, so called, next October. It would be inexcusable and an injustice to public school students attending important classes to require that they waste valuable time listening to an Australian demagog, now in this country plying his profitable rabble rousing.

I hope that Walter L. Davis, president of the Cleveland school board, and William B. Levenson, as leader of the public school system, will unhesitatingly reject any suggestion that students be excused from classroom work to listen to the pseudopatriotic lectures of the Christian anti-Communist crusade, so called, led by Dr. Schwarz.

Our public schools are dedicated to the search for truth and to teach the youth of America to think. I denounce this as an attempt to apply pressure on our youth and to indoctrinate them with unreasoning hysteria. The next project of the present-day witch hunters could well be, and probably will be, to censor history books and other textbooks and try to direct what courses are to be given in our public schools. In many communities throughout the Nation they have already tried to accomplish this.

Administrators of our public school system would do well to keep in mind the statement made by Dr. Robert Hutchens as president of the University of Chicago. Some self-appointed vigilante, evidently fearing that Communists were infiltrating the parent-teachers' association and university faculties, asked, "Dr. Hutchens, is it really true that you teach communism in the University of Chicago?" He responded, "Yes, lady, and we teach cancer in our medical school."

Unfortunately, Dr. Schwarz and his instructors have very little to say against the threat of aggression from the Soviet Union and Red China. They retreat from emphasis on opposition to the grave Communist aggressions from the Soviet Union and Red China. Instead, they prefer to denounce Communists at home, where they are weakest and well under control. They try to create the suspicion that many of our neighbors are Communists or Communist sympathizers.

In an ominous voice, this unscrupulous demagog, Fred Charles Schwarz, opened his recent address in Cleveland stating that he was repeating the words of Nikita Khrushchev, "Tomorrow the Red flag will fly over the United States." Of course, he is resorting to the big lie. He could not prove where and when Khrushchev made that boast, if he ever did. In his meetings, he spends most of his time denouncing Communists he claims are boring from within. Of course, no one in the audience asked the speaker regarding the recent report of the Federal Bureau of Investigation on the decline of the Communist Party in the United States.

The report stated that the Communist Party in the United States has lost 90 percent of its membership since reaching its numerical strength peak 18 years ago. The FBI report is that there were 80,000 Communists in the United States in 1944. The Soviet Red army was crushing Hitler's supermen in Europe, and in America there was some slight tolerance for homegrown Communists, I am told. It happens I was overseas in Italy at that time. At present, the FBI estimates the numerical strength of the Communist Party has nosedived and is between 8,000 and 10,000 in our entire country. At most, there is 1 Communist in the United States for every 18,000 noncommunists. The odds in favor of free institutions being 18,000 to 1.

Suppose 80,000 people were witnessing a Big Ten football game in Columbus, Ohio, or watching the Cleveland Browns in the Cleveland Municipal Stadium. The chances are that 4 would be Communists and 79,996 would not. What can we do to prevent these four from harming the rest of us? We have on our side the city and State police, the FBI, and the Army, Air Force, and Navy—never forgetting the Marines. Shades of Valley Forge and Iwo Jima. Do we need Robert Welch and Fred Charles Schwarz to gallop to our aid? Do they claim that we no longer are the land of the free, or the home of the brave? Personally, I consider that we in the United States have been too hospitable to this rightwing demagog from down under. It is evident he is held in low esteem in Australia.

In addition to Fred Schwarz, other rightwingers are haranguing the American people, preaching the doctrine of suspicion against their fellow Americans. Such persons as Billy James Hargis allege Americans should look carefully at their neighbors for fear they are harboring Communists, and that the American way of life and our political system will go under unless buoyed up by suspicion and hate.

They propose repeal of the income tax, and to get the United Nations out of the United States and the United States out of the United Nations. They would destroy our NATO alliance and, incidentally, impeach a loyal and distinguished American, Chief Justice of the United States, Earl Warren.

Mention the word "negotiations," and they cry appeasement.

They propose, in fact, to repeal the 20th century. Whoever does not swallow their brand of Americanism, they say is a Communist.

I am reminded of a couplet:

> Last night I saw upon the stair
> A little man who wasn't there.
> He wasn't there again today—
> Oh, how I wish he'd go away.

Some Fascist-minded people say communism comes from socialism, which they claim in turns stems from liberalism which comes from democratic ideas written in our Declaration of Independence by Thomas Jefferson.

Mr. President, not one nation which has achieved a reasonable measure of economic well-being and social justice has been taken over by Communists. Except for those satellite nations, which should really be termed "colonies," where the Soviet army has imposed Communist regimes, communism has moved to power only in nations whose governments were oppressive and reactionary, where people were jobless and hungry, and where they had given up hope that their problems could be solved by the governing authorities. The answer, therefore, to any Communist challenge, is more democracy, more progress—not less.

Speaking of the radical right, J. Edgar Hoover, Director of the Federal Bureau of Investigation, whose own anti-Communist record is beyond reproach, warned that "attributing every adversity to communism is not only irrational but contributes to hysteria and fosters groundless fears. The way to fight it is to study it, understand it and discover what can be done about it. This is neither the time for inaction nor vigilante action."

Mr. President, there is plenty of room in the United States for responsible conservatism. However, groups such as the Christian Anti-Communist Crusade do not seek to conserve anything. Instead, their purpose is to confuse, to incite, to destroy. They are at odds with the purposes which are our strength and our hope—democracy and freedom.

Attorney General Robert F. Kennedy said, in speaking of Robert Welch and his associates of the John Birch society, so called:

> "I think that they are ridiculous, and I don't think that anybody should pay too much attention to them. I think that they make no contribution. * * * To the fight against communism here in the United States. * * * In fact, I think, if anything, they are a hindrance."

It is high time that these purveyors of fear and outspoken exponents of the big lie be denounced and rejected as conscienceless demagogs of the right, and mercenaries profiting by preying on the fears of the unwary.

Free discussion is the lamp that lights democracy.

Dr. Schwarz and those who think as he does have every right to expound their views, much as I or anyone else may disagree with them. However, they do not have the right to have school children advised to listen to them, nor to be excused from classes for that purpose. I hope that their request of this nature in Cleveland will be denied.

The people of Cleveland are becoming more and more aware of Dr. Schwarz and his organization. Thanks to the efforts of courageous journalists such as Forrest Allen, of the Cleveland Press, they are well informed as to its true nature. Mr. Allen on July 12, 1962, wrote an excellent column on Dr. Schwarz entitled "They Don't Think Much of Schwarz Down Under." I ask unanimous consent that this excellent article be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

They Don't Think Much of Schwarz Down Under

(By Forrest Allen)

Fred Charles Schwarz used to be a man of medicine in Australia. In 1953 he shifted to the greener pastures of the United States and became a medicine man. His principal nostrums ($1 per admission, 25 cents per pamphlet) are hate and suspicion.

Schwarz is not the sole peddler of these patent medicines in the United States. But currently he's the loudest and Cleveland is doomed to hear considerably more of him before quiet is restored.

Schwarz is the Australian psychiatrist who is running the Christian anticommunism crusade. He is going to stage a 5-day anticommunism school in music hall, and his sponsors have asked the school board to excuse junior and senior high school pupils from class so they can attend.

Through such appearances as he has scheduled here he hopes to boost his 1961 collection record, which totaled $1,273,492—as compared with the modest $23,356 when he first came to the United States in 1953.

Schwarz never took on very well in Australia, I was told there earlier this year. And his blatant promotion of himself in this country hasn't boosted his Australian popularity.

In newspaper circles down under, in fact, Schwarz is described as "Australia's gift to America—in return for Harry Bridges."

In the country of his birth, education, and present citizenship, Schwarz makes little impact, has no influence, and doesn't receive much attention on his visits there. He returns every year and made one of his visits in April.

I called an Australian editor and asked how he was received. In his hometown of Brisbane a ballyhooed meeting brought out 1,500. In Sydney he conducted a long, dull meeting before 200. His Sydney collection was $70, it was announced—not enough to pay meeting expenses.

While his gross and net take in 1962 may exceed last year's, it is my hunch that the sun is setting on the multimillion-dollar pickings for Schwarz and his fellow drumbeaters. I think the reason for their comedown is found in the product they peddle—hatred.

To me, it is highly ironic that Schwarz dubs his fundraising campaign "Christian." In His Sermon on the Mount, Jesus said:

"Ye have heard it said, thou shalt love thy neighbor and hate thine enemy: but I say unto you, love your enemies and pray for them that persecute you."

Schwarz revives the old preachments of the days of rampant McCarthyism. "Suspect thy neighbor and hate thine enemy." And if your neighbor doesn't daily demonstrate hatred for Russia, Red China, Castro—you don't just suspect him, you hand him over to the authorities.

This country grew great and strong on more solid, more truly Christian fare. We don't need narcotics to give us courage or to show us the way to our destiny.

Mr. YOUNG of Ohio. Mr. President, I hold in my hand a program of a so-called Central Ohio School of Anticommunism. It represents a residue of the debris of that period some years back of pointless suspicion, fear, character assassination, and ruined careers.

What I have here is a red, white, and blue program of the Central Ohio School of Anticommunism, so called, which Fred Schwarz inflicted upon Ohio in November 1961. Of course, an important part of the program is the registration form, which commences with the following statement, "Enclosed is a Check or Money Order for Blank Dollars."

From November 6 through November 10, he directed a full course, so-called, for a $20 donation, a night course for a $10 donation, and a 1-day course for a $5 donation—the word "donation" presumably being used for purposes of evading payment of taxes. Then, to add prestige, no doubt, to the sort of gathering he hoped to have, he provided that ministers, teachers, policemen, students, firemen, and servicemen be admitted for half price. The language of his circular evidently made a slip by stating "half price" instead of "half the donation."

Dr. Fred Charles Schwarz, president of the Central Ohio School of Anticommunism, has evidently changed the name of his traveling troupe of havoc criers to the Christian Anti-Communist Crusade.

Now, referring to this fancy program of the Central Ohio School of Anticommunism, I note that an advisory committee is printed in red and blue letters. Senator John Bricker is listed as a member.

Then, as a member of the faculty, I note the familiar name of my colleague and friend, the junior Senator from Connecticut [Mr. DODD]. In the list of members of the faculty there is this statement:

> THOMAS J. DODD, U.S. Senator, Member of Senate Internal Security Committee and vice chairman of the Committee of the Judiciary.

As the distinguished Senator was first elected to the U.S. Senate in 1958, at the same time Ohio citizens elected me, and is seventh in seniority of the Democratic membership of the Judiciary Committee, I was somewhat surprised to read in this program that he is "vice chairman of the Committee on Judiciary." Doubtless, the distinguished senior Senator from Mississippi [Mr. EASTLAND], chairman of the Senate Committee on Judiciary, would also be surprised were he to read this.

Reading the program, it is to be noted that Dr. Schwarz delivered many of the addresses, and on one evening only our distinguished colleague, the junior Senator from Connecticut was listed for an hour and a quarter's address on the subject "America's Internal Security."

Frankly, I do not know whether or not my distinguished senatorial colleague is to be listed as a member of the faculty of the Christian Anti-Communist Crusade of which Dr. Schwarz is president. The same Dr. Schwarz, as executive director, appeared to be the governing figure in the Central Ohio School of Anticommunism.

I do take issue, however, with a statement made not many months ago in Cleveland by our colleague addressing a forum called Project Responsibility, before an audience of 375 individuals from the greater Cleveland area. According to a Cleveland newspaper, the distinguished junior Senator from Connecticut [Mr. DODD] asserted at this meeting:

> Enlightened men and women are deeply disturbed, not by the mysteries of the cold war, but by the clear, simple, demonstrable fact that our policy is failing and we are losing.

Of course, my colleague and friend has the right to express his opinion in Cleveland—or anywhere else—on the foreign policy of this administration in connection with the cold war that is being waged against us, but I respectfully differ with his statement—if the newspaper accurately quoted him. I hope it did not.

It is my considered judgment that the foreign policy of this administration—when we are confronted with Communist aggression from the Soviet Union or Red China—is bold, firm, resolute, and determined. I assert that we are winning the cold war and not losing it. The Kennedy administration is pursuing a firm no appeasement policy in Berlin, in South Vietnam, and throughout the world. I respectfully differ from any statement—if made—that "our foreign policy is failing and we are losing."

Also, in the same newspaper it is stated, referring to this recent meeting, that—

> DODD, a member of the Senate Foreign Relations Committee said: 'Our task now is to stop losing [the cold war]. Our task is to start the tide running in our favor."

My colleague has every right to entertain these views, which are certainly opposite to the views I hold. He has every right to come into my State and make the statements he is quoted as having made—if he did make them. On the other hand, I definitely do not concur in the statement he is quoted as having made that "we have become so fearful in this that we are practically immobilized" in response to a questioner who asked how we are to "get off dead center and active in this."

The real danger to our Nation is the continued and continuing aggressive threats from Communist Russia relentlessly waging a cold war against us in Berlin, southeast Asia, Cuba, and virtually every corner of the globe. This at all times poses a danger to the free people of the world who are our friends and allies, and to all Americans.

The Communist dictators of the Soviet Union and Red China are constantly seeking to throw us off balance by forcing one crisis after another—first over Berlin, then, if that quiets down momentarily, in South Vietnam, then possibly in South America, or in the China Sea. Yet, those who agree with Fred Charles Schwarz largely ignore this real danger which might suddenly blow up into a shooting war. Why frighten our people over the threat of communism where it is weakest, and ignore that threat from Communist Russia and Red China where it is strongest?

ADDRESS BY SENATOR SCOTT AT 27TH ANNUAL NATIONAL CONVENTION OF THE CATHOLIC WAR VETERANS OF THE UNITED STATES OF AMERICA

Mr. SCOTT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD my statement on the occasion of the 27th Annual National Convention of the Catholic War Veterans of the United States of America.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR HUGH SCOTT ON THE OCCASION OF THE 27TH ANNUAL NATIONAL CONVENTION OF THE CATHOLIC WAR VETERANS OF THE UNITED STATES OF AMERICA

The Catholic War Veterans of the United States of America will hold their 27th annual convention in Philadelphia beginning August 14. Elaborate preparations have been made to make this 27th convention one of the largest ever held by this organization. It is anticipated that the extensive program planned will attract more than 7,000 members of the Catholic War Veterans and its auxiliaries. I assure them a warm welcome from Philadelphia, the City of Brotherly Love and the Cradle of Liberty.

The convention committee has set up an agenda calling for a full schedule of committee meetings that will study and prepare resolutions for action by the entire body. Hundreds of resolutions have already been received covering many phases of American life including "veterans affairs," "youth welfare," "Catholic action," "Americanism," "membership," and many other subjects in which an organization of war veterans is vitally interested.

At various times throughout the convention, prominent Americans are scheduled to address joint sessions of the Catholic War Veterans and its auxiliaries. These men, all outstanding in their particular field, will bring to the Catholic War Veterans and through them, to all veterans and Americans, messages on national security, veterans affairs, international relations, and other vital subjects.

Although the convention will have many serious aspects, varied and interesting recreational events have been arranged for the members of the organization, their wives and families. Among the programs planned are a tour of the historical sites, visit to the tomb of Bishop Newmann, buffet luncheon at Valley Forge Park. Throughout the week there will be other interesting activities and ceremonies including a parade on Friday evening and on Saturday morning a pontifical high mass. Closing events of the week-long gathering will include the commander's banquet on Saturday evening to be followed by the convention ball.

The Catholic War Veterans of the United States came into existence in the year 1935, when it was founded by a former Army chaplain, the Right Reverend Monsignor Edward J. Higgins, L.L.D., of Astoria, Long Island, N.Y. Recognizing a need for a militant veterans organization composed of Catholic men and women who served their country in time of war, Monsignor Higgins founded an organization that has grown throughout the years and now has posts in more than 40 States.

Over the past quarter of a century the Catholic War Veterans has been a bulwark against many of the tyrannical "isms" that constantly threaten our country and its freedoms. Since its beginning the Catholic War Veterans have brought their greatest force against the evils of communism and its insidious designs to destroy Christianity and create a godless world. For the 27 years that this organization has been in existence it has steadfastly supported and protected the traditions that have made America the great country that it is.

As well as fighting relentlessly against communism the Catholic War Veterans have been active on other fronts sponsoring such programs as Americanism, Catholic action, leadership, membership, and veteran's affairs. In addition, through its publications and other media of communication this organization has encouraged active civil defense programs, educational activities, and youth programs as well as the establishment of scholarships.

In the field of veteran's affairs the Catholic War Veterans has always exerted its influence. Each year the organization has sponsored or lent its support to legislation that would be beneficial to veterans, their widows, or dependents. Through welfare and rehabilitation officers located throughout the country it has assisted countless veterans in obtaining benefits under the laws of the Veterans' Administration. The Catholic War Veterans have maintained a strong and active hospital program giving comfort to our thousands of hospitalized veterans. These and many other programs stand as a tribute to the Catholic War Veterans on this, its 27th anniversary.

The Catholic War Veterans have received the acclamation of numerous Government agencies, business groups and patriotic, veteran and fraternal organizations. It has the approbation of the present Pope, John XXIII, and all Popes from the date of the founding of the organization. It has been lauded by every President of the United States and by numerous legislators and other statesmen.

Article II, section 1, of its constitution best describes the aims and purposes of this great organization:

"This organization of Catholic War Veterans is established to promote zeal and devotion for God, for country, and for home:

"(a) For God: To promote through aggressive organized Catholic action a greater love, honor, and service to God; an understanding and application of the teachings of Christ in our everyday life; recognizing the wisdom of the church in all matters of faith and morals.

"(b) For country: Through a more vivid understanding of the Constitution of the United States of America and through active participation in the promotion of its ideals of life, liberty, and the pursuit of happiness, to develop a more zealous citizenship; to encourage morality in Government, labor, management, economic, social, fraternal, and all other phases of American life; to combat aggressively the forces which tend to impair the efficiency and permanency of our free institutions.

"(c) For home: To promote the realization that the family is the basic unit of society; to aid in the development of an enlightened patriotic American youth; to assist all veterans and widows and dependents of deceased veterans.

"(d) These objectives are encouraged without regard to race, creed, or color."

As they celebrate this anniversary, the Catholic War Veterans can look back upon a history of accomplishment and to the future with a feeling of confidence.

I am sure all their many friends join in wishing for them the best convention in their history and continued success in working for their high ideals.

SELF-DETERMINATION IN GERMANY

Mr. SCOTT. Mr. President, as this Congress hopefully draws closer to adjournment, I think it is essential that it consider an important segment of our foreign policy.

Within the past few weeks we have again heard Premier Khrushchev propose that French, British, and American troops withdraw from Berlin and be replaced by troops from the smaller nations of the NATO and Warsaw Alliances.

The administration is to be complimented for continuing the policy of previous administrations that the presence of allied troops in West Berlin is not negotiable.

Now we have again reached the point in our relations with the Soviets when Khrushchev is "beating the drum" for a separate peace treaty with Communist East Germany unless some solution for the Berlin situation under Russian terms is found. East Germany Communist Leader Ulbricht has been summoned to the Kremlin, and there are indications of new Communist provocation in Berlin.

Mr. President, the solution to Berlin is obviously not to be found in Berlin. This country, as did France and England, pledged to preserve the freedom of the people of West Berlin pending the reunification of Germany in peace and freedom. In June of 1961, at the conclusion of the President's meeting with Khrushchev in Vienna, the United States, in answer to another Soviet demand for a solution of the German problem under their terms, emphasized that the "U.S. Government continues to believe that there will be no real solution of the German problem, nor any real tranquility in Central Europe, until the German people are reunified in peace and freedom on the basis of the universally recognized principle of self-determination." It is my hope, Mr. President, that the administration will call for free elections in all of Germany.

Self-determination, Mr. President, is a familiar term used daily in the halls of the United Nations, in the remote islands of the South Pacific and in minute outposts of the new Africa. The Soviets are constantly spreading their gospel of "self-determination" throughout the free world and yet we find millions of captive people denied this God-given right under the shadow of Russian occupation troops and their satellite stooges. There is no better example of Communist hypocrisy in speaking of "self-determination" than the living example of the Russian rule of East Berlin and East Germany.

Vice President JOHNSON, at the time of his historic visit to Berlin in August of 1961, said at the Berlin City Hall:

> Self-determination, this word which the slavemasters fear like no other, will come also to those to whom it is now denied.

At the time Gen. Lucius D. Clay appeared on my television program, on Sunday, May 27, as in the past, he advocated that the United States should announce our position that free elections, adequately supervised, be held in all of Germany. General Clay said:

> Actually, the commitment made at Potsdam was that there would be established a single government of Germany and that it would be a freely elected government. Until that comes about, the Soviet Government is not living up to the Potsdam agreement.

Of course, it is not living up to the Potsdom agreement. It has not lived up to any agreement with the United States, if it was to its advantage to do otherwise, since it was recognized by this Government in 1933.

Why now, Mr. President, on this date should we ask our Government to again call for "self-determination" for all of Germany? Is it any more proper now than it was 2 months ago, or 2 years ago? No, the propriety of the right is based on agreements of long standing, entered into by the Allies and the Soviet Government. These agreements were won with the efforts and lives of many. They were made at a time when the Soviets needed our aid, needed our alliance and feared our power. No, it is no more right now than it was then except for the passing of the years and the unquestionable living proof that given the chance East Germans will escape from the slavery of Communist domination.

Mr. President, I feel that the problem of Berlin, the problem of access rights, the existence of the immoral "wall of shame" is again reaching the boiling point and will reach the crescendo of another crisis.

I have never, Mr. President, adopted the belief that the Soviets would go to war over Berlin just for the sake of Berlin per se. But what a wonderful lever the Communists have to use provocation especially graduated to undermine the Western position in West Berlin and to attempt to split the NATO Alliance.

Give the Soviets the chance and they will use Berlin as their diversion when they wish to move elsewhere on their board of Communist worldwide strategy.

Within the past week we have reports of increased Soviet air activity in the air corridors from West Germany to Berlin. American planes and lives are at stake when such provocations take place. No doubt we must and will take action to protect our rights. But what will be the next Soviet-Communist move? Will the Soviets or East German Communists stop new convoys along the Autobahn at the Helmstedt checkpoint? Will the Communists Vopos detain U.S. Army personnel in East Berlin?

Will the Soviets jam the air to ground radio facilities? We cannot, Mr. President, read the Communist mind. But we can expect provocation whenever the Soviets desire to divert our attention from another tentacle of the Communist octopus. The Reds takeover of China in 1948 at the time of the Berlin airlift should be a living reminder of this type of strategy. The second Berlin crisis in 1958 was again coupled with the Chinese Communist probe against Quemoy and Matsu. The diversionary tactics of the Soviets in Berlin have left clear historical marks on the world map.

I do not mean to imply that the threat of signing a peace treaty nor the actual signing between the Soviets and the German Communists regime would set off a new Berlin crisis. I do not wish to imply that I am naive enough to hope that any action we might take can sway the Communist leaders from their planned strategy of salami tactics, but I do feel that by our action through the Allied Powers, now charged with the security of Berlin, we can spell out the hypocrisy of the Communist position. "Self-determination," Mr. President, is or should be a strong argument with our friends in Africa and the Middle and Far East. Their battle cry of "self-determination" rings in the ears of every ex-colonial power. Who should, more consistently, endorse the position of this country in that cry than the newly independent countries of the world? Will they do so? We ought to find out.

It is unnecessary, Mr. President, at this time to delay the Senate with the legal basis for the holding of free elections in all of Germany. That right and that agreement is a matter of record. But is it necessary, Mr. President, to point out why such a renewal of treaty agreements would be to the best interest of the United States and the free world?

Such a renewal would, as I have mentioned heretofore, gives the Soviets another opportunity to live up to their treaty obligations. It would give the newly formed countries of the world an opportunity to express their continuing belief in "self-determination" for all people. It would enable this country to reassure our friends throughout the free world that we have not forgotten the agreements entered into as a result of hard-won victories. It would reemphasize the U.S. position so ably represented in other areas of the world that each people of their own free will should determine their own destiny and their own form of government.

I cannot help but feel, Mr. President, that the people of the NATO Alliance might need reassurance that we do have an interest in a free Europe, that we do have the determination of protecting not only our own interest but their interest as well. I do not intend to direct my remarks at what I feel have been failures in recent foreign policy and the effect they have had on the NATO Alliance but we would be tagged with political blindness if we did not heed the warnings that are on the international horizons that there is concern, real or imaginary, that the United States and its military relationship with NATO has taken a definite turn not necessarily favorable to West European desires. Perhaps it has not, Mr. President. The next few months should indicate to some extent what the new military strategy of the United States holds for Europe and NATO.

The Soviets, I am sure, have some indication, based on the change of tone of how we would meet a Soviet probe or overt act in Europe. But one thing is clear, we have stood fast that we will not negotiate our rights in Berlin. We will, I hope, meet the Soviets with firmness. We will, I hope, reassure our European friends that we are beside them and will reinforce them in their demands for self-determination. There are elements in Europe which hope for a weak U.S. stand, not only to advance the Communist cause but to undermine present strong pro-American and pro-Western governments. A weakness in U.S. relationship with its NATO Allies only plays in the Soviet scheme of things. The dangling carrot of expanded Eastern trade could be most tempting to a country that had doubts of our determination to maintain a free Europe.

Let us not make the mistake of impeding the growth of NATO power but rather to strengthen and continue this partnership. Let us call upon the Governments of France and Great Britain to join us in calling upon the Soviet to live up to the tenets of the Potsdam Agreement and grant under adequate supervision the opportunity for the German people of self-determination.

Now is the time to remind the Soviet of past agreements. I sincerely hope that before a new crisis develops, the administration, by acting, will point out the hypocrisy of the Soviet Union to the whole world. An appeal for the realization of self-determination by the German people is in order.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SCOTT. I am very happy to yield to the distinguished senior Senator from New York.

Mr. JAVITS. I assume that the Senator has completed his prepared statement.

Mr. SCOTT. I have finished with my prepared statement.

Mr. JAVITS. First I should like to state to the Senator that I believe he has conferred a distinct service upon us today by making his address. I believe that there are all too few of us, even in the Senate, alert as we are to what is occurring in the world, who realize as keenly as does my distinguished friend from Pennsylvania the fact that the Berlin crisis remains a crisis pregnant with danger for all mankind.

I hope that his words will rouse others of us to similarly inquire into the situation in order to realize this portent of danger.

If we were to classify dangers qualitatively, rather than quantitatively—obviously quantitatively Communist China is our greatest problem—I believe there is no greater danger in the direction of war than Berlin.

Therefore, the mere fact that the Senator from Pennsylvania has expressed his views so eloquently is in itself significant.

The Senator has made a second very important point, and that is, that it is not enough for us to react. The Senator has given us a position which the United States can espouse. It is a position of forward motion, of assertion; not reaction. For that, too, the country is very grateful to the Senator from Pennsylvania.

The Senator calls attention to the fact—and this is too often forgotten—that the Soviet Union is the one that has defaulted on its obligations; not that the United States, France, and the United Kingdom have stayed too long in Berlin. They have stayed that long because the Soviet Union has not honored the Potsdam Agreement.

The Senator bears upon one point which I do not believe any of us can ever cease to assert, and that is that no agreement is better than a bad agreement. I would hope very much to have the Senator express his view on that point. There is altogether too much feeling in the country and in the world generally that we must find some basis of agreement with the Soviet Union. A basis for what? To excuse the Soviet Union from what the Senator has so eloquently pointed out as its own default and its own imposition upon the world? We have lived that way for a long time, and we may have to live that way for a long time to come. As the Senator says, the sooner Mr. Khrushchev understands that fact, the better it will be for all concerned.

Mr. SCOTT. I thank the distinguished Senator from New York. I appreciate what he has said, and I agree with it.

Again, I think we have an opportunity to stress what the Senator from New York has taken the lead in stressing so many times, on and off the floor of the Senate; namely, as he says, no agreement with the Soviet Union is a great deal better than a bad one.

I have tried here to speak objectively, with the realization that much of our foreign policy transcends the period of any administration. What I fear and what I am most concerned about is the feeling one gets in Washington that many persons, some of them new to positions of responsibility in various Government departments, appear to favor a policy of accommodation to the Soviets; they appear to feel it is somehow bad judgment, or perhaps even bad taste, or perhaps is not socially good form, to admit the existence of an enemy.

Certainly there is an attitude now in some quarters that we ought to be so accommodating to the Soviets that we should not raise such unhappy questions as the fact that the Soviet Government does not keep its agreements except when it is in its own interest to do so; that we ought not, perhaps, to be going around saying there ought to be free elections in the captive nations of the world, although that is what they live and hope for, and why they listen to their radios in continued, not-yet-abandoned belief that perhaps the great United States of America still believes what it said it believed in past years. It concerns me that there seems to be in Washington nowadays a feeling that we ought not to engage in a dialog which implies that we have a Communist enemy abroad. I disagree with this viewpoint. I feel firmly that we should not provoke the Soviet Communists by exacerbation or by unnecessary friction; but I do not equate that with the necessity for reminding all the world, including all those who live in slavery, that freedom is a better deal for all the world; that it is the Russians who maintain slave states; that it is the Russians who broke their word; that it is the Russians who deny free elections; that the Russians cannot be trusted, even by their Red Chinese allies; that if truth is the strongest weapon, we should be making the maximum use of the truth.

What I do find is a feeling: "Well, let's not push the Soviet too hard on the business, for example, of the inspection of nuclear weapons tests. Let's try to find a reason for saying we will not insist on inspecting Russian soil any more. Let us claim, instead, that we have developed new instruments which can detect what goes on in Russia, without our having to go into Russia." If we can sell the American people on that phony hypothesis, then the next step is to say that we do not have to go into Russia because we have wonderful new inventions which will tell us what is taking place in Russia. Then the Russians will not have to let us enter their country.

In the first place, I do not believe we have any such inventions. In the second place, the Russians are conducting their tests in areas which are subject to frequent earthquakes, or temblors, as they are called. We do not have evidence which would warrant us in saying that we can tell what is taking place in Russia without our going into Russia to see it. We should not withdraw or abandon our own protections and protective devices or our own defenses in any system of a ban on nuclear weapons unless we have an adequate, reasonable, and protective system to determine what the Russians are up to.

I anticipate that we are getting from sources in the executive branch a kind of trial balloon. I have seen trial balloons. After 20-some years, I can tell a trial balloon when I see one, before it leaves the rooftop. The trial balloons are up. They are getting ready to condition the American people right now into believing that it will not be necessary for the United States to go into Russia to inspect. We will be told, "It will not be necessary. We have wonderful new inventions that will tell us what is taking place."

I believe that is false. I say it is misleading. I say it now, before someone comes along and says it as a fact, and then has his statement reprinted in his favorite stooge columns, so as to promote the ascension of the trial balloon by the addition of his own hot air.

Mr. JAVITS. I do not wish to expand the ambit of my discussion with the Senator from Pennsylvania so as to include nuclear testing. That is a subject upon which we may or may not be able to agree. Therefore, I would not wish to intrude that subject into what I think has been a most significant contribution by the Senator from Pennsylvania. I know the Senator will join with me in that feeling.

Mr. SCOTT. I do not undertake to associate the Senator from New York with the views which I expressed after the completion of my prepared speech, because I know the Senator will want to be heard on that subject in his own time.

Mr. JAVITS. I thank the Senator from Pennsylvania. I wish to end my colloquy with him by pointing specifically to one sentence in his remarks which I hope and pray will sound as a tocsin to all the American people. The Senator from Pennsylvania said—and I hope he will forgive me for repeating his words, but I think they are absolutely critical and historic:

> Mr. President, I feel that the problem of Berlin, the problem of access rights, the existence of the immoral "wall of shame" is again reaching the boiling point and will reach the crescendo of another crisis.

Mr. President, it is easy enough to call crises when they come. What we need are Senators who can call crises before they come. I think this is one that is so clearly written on the wall that all Senators should be grateful to the Senator from Pennsylvania [Mr. SCOTT] for his very timely, seasonal word of warning and for his definite, constructive ideas as to the direction which our policy must take.

Mr. SCOTT. Again I thank the Senator from New York. I believe that a crisis is developing in Berlin. I believe we should meet it with some preplanning. We should meet it with foresight. We should recognize it as a part of a worldwide Communist conspiracy to control and dominate the world.

I again say that I think the administration is entirely right in the strength and resolution which it demonstrates in keeping our forces in Berlin. I would not want to be understood otherwise.

RADIO CLEAR CHANNELS

Mr. HART. Mr. President, on July 2, 1962, the House of Representatives adopted House Resolution 714 dealing with radio clear channels. This "sense of the House" expression was specifically directed at a September 13, 1961, decision of the Federal Communications Commission which proposed duplication or breakdown of 13 of the existing 25 I-A AM radio clear channels by adding another station to each of these channels, thus destroying a substantial portion of their present and potential usefulness. This Commission decision also deferred action on the question of whether power in excess of 50 kilowatts should be authorized for use on radio clear channels. In a broader sense, this action by the House points the way toward the possible establishment of a long needed national clear-channel policy.

The skywave service of stations operating on clear channels is the only AM radio nighttime service available to over 25 million Americans, who live in nearly 60 percent of the Nation's land area. These are the people who live in the thinly populated sections of the country. It includes all of upper Michigan. And even though the Communications Act of 1934 specifically directs that all Americans, to the maximum extent possible, be provided with good radio signals, it is freely admitted by all that nighttime service to a substantial portion of millions has been entirely inadequate for four decades.

The reason for this inadequacy is that the Commission has destroyed by duplication too many of the original 40 clear channels and the skywave service of the remaining clear channels lacks sufficient signal strength satisfactorily to reach the great distances required to bring service to these people. There is one way and one way only that nighttime AM radio service to these rural and small town millions may be improved. That is by increasing the signal strength through the use of power in excess of 50 kilowatts on a sufficient number of I-A clear-channel stations.

The addition of any number of AM stations to the national scene will not begin to solve the problem. For instance, the number of AM stations licensed to operate on a full-time basis has doubled during the past 15 years without appreciable reduction in the areas or populations which depend solely upon clear-channel stations for nighttime radio listening. This is no reflection on any class of radio station. It is simply a physical fact that radio signals at night behave differently than during the daylight hours.

It should be noted too that additional millions depend upon clear-channel stations for any choice of radio nighttime programs—not to mention the millions of car radio owners who live or travel in remote regions and who also depend solely upon this service for radio listening. Radio clear channels adequately powered furthermore, have great present and potential military and civil defense value.

It is clear that this problem has gone unsolved too long. This is particularly true since the problem may now easily be solved without harm to anyone, and with nothing but good coming to the American scene, through the use of adequate power on a sufficient number of clear channels. The Commission has done a good job of bringing daytime radio service to most Americans. It should now solve the nighttime problem.

I should add, Mr. President, that clear-channel stations are generally noted for sound public service programing and tasteful entertainment.

Hopefully, congressional resolutions will insure improved nighttime service to rural America. I would hope that the FCC quickly authorize the power increases necessary for this improved service—taking care, of course, to protect other stations from interference. I am told this is not a major problem.

It should be noted that practically all countries around the world, on a rapidly expanding basis, are using higher power for the same reasons that the United States should use it.

One basic reason given by the Commission for delaying the use of adequate power on radio clear channels is the existence of an old 1938 Senate resolution—Senate Resolution 294, 75th Congress, 3d session. This resolution opposes such an authorization. It is clearly apparent, however, that the conditions which lead to the adoption of this Senate expression in 1938 are nonexistent today, a fact that the House of Representatives recognized in the language of House Resolution 714. This resolution suggests that the FCC is free to authorize the use of power in excess of 50 kilowatts on clear channels where the use of such power is in the public interest including the bringing of much needed improvement in nighttime radio signals to remote rural regions.

A second feature of House Resolution 714 urges a 1-year moratorium on the Commission's September 1961 decision in the clear channel case in order to give all class I-A clear-channel stations an opportunity to file with the Commission an application to go to higher power.

It is my hope, Mr. President, that the Commission would comply with this House resolution. I would hope it would authorize the use of power sufficient to bring improved service to rural America and that a substantial number of clear-channel stations will take advantage of the opportunity to serve their country better by applying for such an authorization.

I would call your attention also to the fact that the initial legislation leading to House Resolution 714 was introduced and supported strongly by, among others, two distinguished Members from Michigan, the Honorable John D. Dingell, and the Honorable John B. Bennett. It is noteworthy too that similar legislation has been introduced in the Senate by the distinguished Senators from Georgia and Indiana [Mr. Talmadge and Mr. Capehart].

ADDRESS BY VICE PRESIDENT LYNDON B. JOHNSON ON THE 10TH ANNIVERSARY OF THE COMMONWEALTH OF PUERTO RICO

Mr. HUMPHREY. Mr. President, it is my distinct pleasure to bring to the attention of my colleagues in the Senate, the speech delivered by Vice President Lyndon B. Johnson on the 10th anniversary of the Commonwealth of Puerto Rico. I ask unanimous consent that it be printed at this point in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

The Commonwealth of Puerto Rico: Land of Challenge and Promise

(Remarks of Vice President Lyndon Johnson on the 10th anniversary of the Commonwealth of Puerto Rico, July 25, 1962)

Governor Muñoz, distinguished guests, and fellow citizens, it is my great honor and privilege to be with you on this memorable day and to bring to the people of Puerto Rico the cordial greetings and heartfelt congratulations of the President of the United States, John F. Kennedy.

The letter from President Kennedy which Governor Muñoz has just read is an important expression of the respect and affection in which the people of this Commonwealth are held. President Kennedy's letter is, even more, a historic reaffirmation of our belief in the self-determination of peoples, exercise with the acceptance of the responsibilities of freedom. Puerto Rico stands as a shining example of this principle.

For President Kennedy, Governor Muñoz, myself—and all of us here—it is matter of great pride and satisfaction that on the 10th anniversary of the Commonwealth of Puerto Rico we can be looking ahead with such complete confidence to the future.

The Commonwealth which Puerto Ricans have created on this island in these 10 years stands as a world example to mankind of what a people can achieve by the strength of their spirit and the sweat of their brow under freedom.

The problems of Puerto Rico are the problems faced by most of the world's people: problems of limited area, dense population, low productivity, one-crop economies, outworn agricultural methods. To all the tens of millions afflicted by these curses, Puerto Rico shines as a beacon and inspiration—a proof that transformation is within their power under freedom.

What imaginative, practical, hard-working Puerto Ricans have wrought here offers the challenge and promise that a people determined to raise themselves by their own bootstraps can do so. Land of Challenge and Promise: that is Puerto Rico.

The enduring historic importance of this 10th anniversary of the Commonwealth is that Puerto Rico by its own achievement offers a roadmap for a completely successful revolution to be carried out by completely peaceful means. The lesson is greatly important but impressively simple. There must be leaders, yes. But the basic requirement of this revolution is that if it is to be truly complete, truly successful, and truly peaceful, it must embody the total determination of the people. The Commonwealth has endured and succeeded because Puerto Ricans were totally determined that it should endure and succeed. The promise of freedom can neither flourish nor survive anywhere without such a commitment by the people.

The way of freedom is never an easy way—for the large or the small, for the old or for the young. But we choose freedom not because it is easier but because it is better. It is better to bear the responsibilities of freedom, heavy as they are, than to be burdened by oppressive shackles of systems which permit no freedom for the body or the soul.

Freemen must commit both—both their labor and their spirit—and this you have done totally with matchless and marvelous vigor in the Commonwealth.

I am proud tonight to salute you for your example. Ten years ago, the Preamble to the Constitution of the Commonwealth of Puerto Rico set forth these objectives:

"We consider that the determining factors in our life are citizenship in the United States of America and the aspiration continually to enrich our democracy through the individual and collective use of its rights and prerogatives; loyalty to the postulates of the Federal Constitution; the coexistence in Puerto Rico of the two great cultures of the American hemisphere; the desire for education; the faith in justice; the devotion for a full, laborious, and pacific life; loyalty to the value of the human being regardless of social position, racial differences, and economic interests; and the hope for a better world based on these principles."

The United States from its own constitutional beginnings has consistently reaffirmed the belief of its citizens in this principle of self-determination of peoples, so eloquently stated in this passage from your own Constitution.

Throughout our mutual history there have been remarkable links between this Caribbean island and the North American mainland. As you well know, it was your first Governor, Ponce de Leon, sailing from your shores, who was the discoverer of Florida. During our Revolutionary War vessels commissioned by our Continental Congress more than once found security and a friendly welcome in the harbors of Puerto Rico when hard pressed by the enemy. And none of us, whether living on this island or on the mainland, can ever forget that of the 60,000 Puerto Ricans who fought with such valor in Korea, only 6,000 were draftees—the other 54,000 were volunteers.

Puerto Rico is no less notable in the annals of peace. I believe Puerto Rico accomplished a diplomatic and political feat unparalleled in history by twice establishing under other flags autonomy on terms drawn up by Puerto Rico; and again, under the U.S. flag in 1952. Both times this was accomplished by no force other than intelligence, logic, and good will.

What has been achieved during the 10 years completed today fully affirms your faith in yourself—and the faith all the people of the United States have in you also. But more than that, in these 10 years Puerto Rico has kept faith with its heritage and with the hopes of its neighbors throughout the hemisphere. As President Kennedy has indicated, your Operation Bootstrap helped blaze the trail for the Alliance for Progress. It was only logical that President Kennedy should choose as U.S. Coordinator of the Alliance for Progress Puerto Rico's own Teodoro Moscoso. And I would also mention proudly that constructive contributions to our hemisphere policy in planning and enactment are being made by a man with us today, Deputy Assistant Secretary of State, Arturo Morales Carrion.

The greatest of all your resources are your people. I am proud that this generation of Puerto Ricans is playing a broader role in the affairs of the world and the shaping of history. I am sure that role will grow far greater in many fields throughout the years to come.

I would like to recall the commencement address Governor Muñoz delivered at Harvard University 7 years ago. He said on that occasion:

"In the Declaration of Independence of the United States, the young Republic was dedicated to the rights of life, liberty, and the pursuit of happiness. In Puerto Rico we are trying, in our modest setting, to bring to a harmonious success, for the good of our souls and bodies and for the observation of our fellow citizens of such parts of the world as may care to look, Operation Bootstrap—the right of life; Operation Commonwealth—the right of liberty; and Operation Serenity—the pursuit of happiness with some hope of really catching up with her."

The right of life—the right of liberty—the pursuit of happiness—these are the common aspirations of men everywhere—whatever their heritage, their present circumstance, or their future horizon. Governments may speak in many tongues but these aspirations are the common language of the souls of mankind. This we must not forget.

The perils of our times are many. The trials of our times are great. But the promise of this century of freedom is the greatest promise ever known to man on this earth. It must be our continuing total determination to commit ourselves to fulfillment of that promise everywhere—and especially in this hemisphere.

A new day has risen over this island in this past decade. By the light of what we see here, we can believe that the morning sun will shine brightly over all the lands of the Americas. We can believe that the tide of democracy and self-determination is running in—not out—in this hemisphere and that this will be the beginning of a century of fulfillment for all who call themselves Americans, North or South.

"THE CHESSBOARD"

Mr. WILLIAMS of New Jersey. Mr. President, we often spend much time in this Nation discussing ways in which we can interest our citizens in major issues before local, State, and National Governments. The Democratic Club of Maywood, N.J., has come forward with a very ingenious and apparently a very successful way to accomplish this. As the enclosed article from the Record—Hackensack, N.J.—of June 28, 1962, describes it, speakers are given time at a public gathering to debate major issues; then the members of the audience are asked to give their reactions on a ballot. The originator of the program, Mr. Thomas L. Costello, has given a further description in a letter to me:

> Eight of the twelve speakers will remain a permanent core of this program, which we expect to move from place to place: hence the name, The Chessboard. Included in this number are a congressional candidate, two freeholder candidates, two mayoral candidates, and other promising young men. We hope a program of this type will be well-received.

To judge from the first meeting, the idea seems to appeal to the audience. Of the 38 persons at the meeting, 30 sent back signed ballots.

Mr. President, it seems to me that the example set by the Maywood Democrats might be followed elsewhere. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FROM MEDICARE TO POSTAL RATES, DEMOCRATS RUN FORUM ON BILLS

MAYWOOD.—If you haven't made up your mind about the King-Anderson bill, you might be interested in the result of an opinion survey conducted last night in this community.

Following a debate on the controversial measure, a small audience assembled in Borough Hall was asked to vote for or against its passage.

Fifteen feel it should be adopted. Thirteen feel otherwise. One abstained.

The signed ballots will be sent to U.S. Senator HARRISON A. WILLIAMS, Democrat, of New Jersey.

It was all part of a program conceived by Thomas L. Costello and sponsored by the Democratic Club. Costello unsuccessfully sought the nomination for Congress in the Seventh District.

In addition to medicare, the pros and cons of State and national issues were discussed. These included the McClellan bill to prohibit areawide transportation strikes; Senate bill 159 on fair trade; Presidential tariff agreements; a bill to increase postal rates; and a State sales or income tax.

Each speaker was limited to 5 minutes. Some said this wasn't sufficient to air the issues fully.

J. Emmet Cassidy, candidate for Congress in the Seventh District, argued in favor of medicare.

THREE SOURCES

He said senior citizens have only three sources to pay for sickness: private income, private insurance, and children.

Those 65 and over covered by social security would be eligible and would have the freedom to choose doctors and hospitals.

"And don't let the American Medical Association tell you anything else," he said.

Dr. Marshall F. Driggs, an internist at Englewood Hospital, claimed the bill would not help those most in need.

"The working man will have to pay for his benefits," he said. "The private enterprise system, such as Blue Cross, can do the job, and there's nothing growing faster."

FAVORS KERR-MILLS

Driggs said he favors the Kerr-Mills and suggested it be given a worthwhile trial.

Passage of the King-Anderson bill, he added, would injure what he termed a personal relationship between the doctor and his patient.

With respect to the State sales tax issue, Costello recommended the establishment of a State lottery.

"By setting up off-track betting centers, millions would pour into the Treasury and would drive bookmakers out of business," he said.

FAIR SOLUTION

Marc Joseph, of Englewood Cliffs, defeated Democratic Assembly candidate, said the imposition of a sales or income tax is the only fair solution to the problem.

He said New Jersey is one of two States without such a tax. Its imposition would be equitable, based on the ability to pay, he asserted.

Teaneck Councilman John K. Walsh claimed the way to erase the Post Office Department deficit is to increase postal rates.

He said it would mean an additional $520 million in revenue and would help the Department be self-sustaining.

A hike in postal rates will not correct the situation, according to Michael Ramundo of Oakland, Democratic Freeholder candidate.

He said its passage would hurt specific industries, especially publications.

Third-class mail, he continued, is an important sales media for small business and an increase would force a number of publications into a loss.

TARIFF BILL

On the bill which would grant the President greater power to reduce tariffs, Dr. Bennett Mazur of Fort Lee, Democratic Freeholder candidate, urged passage.

He said it would enable the United States to compete with the European Common Market and thus benefit Americans.

Charles J. Sakany, Jr., Democratic mayoral aspirant in Closter, said passage could mean mass unemployment. He argued that some industries would not be able to compete with producers elsewhere, especially in Western Europe where there is a pay differential.

Favoring the McClellan bill on area-wide transportation strikes, Frank Connors said the legislation is necessary to avoid financial losses. He serves on the Borough's Transportation Committee.

Paul R. Huot, Democratic mayor of Ramsey, said such legislation would weaken the power of collective bargaining.

Taking the pro position on the fair trade bill, Joseph Murphy, past Democratic mayor and council candidate here, said the measure would protect the consumer and assure him of an item of quality.

Arthur Uscher, seeking a council seat on the Democratic ticket, said the bill would restrict certain basic freedoms.

"This bill would, in effect, put a tremendous amount of power in the hands of big companies," he said.

Herbert Goodwin, club vice president and council candidate, was moderator.

MIGRANT PUPILS MISS SCHOOLING

Mr. WILLIAMS of New Jersey. Mr. President, of the many migratory farmworker problems, none are more harshly inconsistent with American ideals than the grossly inadequate educational opportunities available to these citizens. Their educational needs are so severe that former Secretary of Health, Education, and Welfare, Abraham Ribicoff, has, without exaggeration described them as "the most educationally deprived group in the Nation."

The educational deprivation of migratory farm families results from a complex of factors, such as the migratory way of life, residence requirements, and various cultural barriers. Nevertheless, efforts on Federal, State, and local levels would indicate that the problem is not insoluable. One of the most remarkable and encouraging manifestations of such efforts is the migrant education workshop currently meeting at Adams State College in Colorado. The purpose of this workshop, which is attended by educators throughout the country, is the creation of a model plan for States to follow in enrolling migrant children in school wherever they are.

Because of my work with the Subcommittee on Migratory Labor, I have a real interest in this type of activity, and I am pleased that the workshop and the problems it must resolve in developing its education plan are given an excellent review in a New York Times article by Donald Janson, entitled "Migrant Pupils Miss Schooling," which appeared on July 22.

The article is, I believe, of particular interest and merit because of its informative exposition of a problem which is the subject of legislation currently pending in the Congress. This legislative measure is S. 1124, which was one of five migratory farmworker bills passed by the Senate during the last session of the Congress. Now before the House Rules Committee, S. 1124 would provide Federal funds to assist States in developing improved programs of education for migratory farm children and adults.

Mr. President, I ask unanimous consent that the Times article appear in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MIGRANT PUPILS MISS SCHOOLING

(By Donald Janson)

ALAMOSA, COLO.—Twelve-year-old Anthony Ortega's black eyes flashed.

"It's hard," he said, recalling his long hours in the potato fields last fall.

"But," he added, breaking into a dimpled grin, "my father gets a check."

In October Anthony and his father, Praxcedes, and older brothers will leave their "home base," the nearby village of San Luis, and join the migrant stream again to pick potatoes in other sections of southern Colorado's San Luis Valley.

Anthony is one of more than 100,000 American children who accompany their parents from community to community and State to State each year in search of agricultural employment.

TOTAL EARNINGS BELOW $1,000

Even with their children laboring all day in the fields when the crops are ready to be harvested, annual family earnings of migrants are less than $1,000.

Mr. Ortega breaks no law in pressing his youngest son into stoop labor. The child labor law applies to farmwork only during regular school hours. Many schools in this 7,500-foot-high valley close for "crop vacation" in the fall.

While the Ortegas may go only a hundred miles to find work, many of the Nation's 400,000 domestic migrants travel thousands, moving from one crop to another for months at a time before returning to their home base.

Many of their children stay "home." For those who go along, it means very little schooling. This summer Anthony is attending makeup classes, but he is one of fewer than 3,000 migrant children in the country who have an opportunity to go to a State-supported summer school.

By the time migrant children drop out of school for good, their average achievement is below the fourth-grade level, the minimum standard for literacy in the United States.

Educationally, they are the most deprived group in the Nation. Frequent moves force them to fall further and further behind in their studies. When they do seek to enter school during pauses in their travels, they sometimes are rejected.

There are other reasons why their schooling gets short shrift. Parents need their earnings. Language can be a formidable barrier for children who learned only Spanish at home. Some localities fail to enforce school attendance and child labor laws. Transportation may be lacking to and from their temporary, isolated shacks on farms outside of town.

FUNDS AND LAWS CITED

Many communities plead insufficient funds to provide school facilities for migrants. Since the children are not residents in the States in which they travel, compulsory attendance laws usually do not apply to them.

As a result, these children remain in the migrant stream as adults, earning less than federally established minimum wages on the days they do work because minimum wage laws do not apply to farm labor. For lack of educational opportunity they seldom acquire job skills and fail to rise above the disheartening life of the migrant. Frequently they wind up on welfare rolls or become involved in crime and delinquency.

Educators from throughout the country have been meeting at Adams State College here on the Rio Grande since Monday to see what can be done to change the plight of this ragged army of boys and girls. By the time the migrant education workshop ends July 27, the experts hope to have drawn up a model plan that could be followed by States to get the children into school wherever they are, if only for a week at a time.

Alfred M. Potts of the Colorado Department of Education, director of the workshop, outlined some of the key planks in the program.

Essential, he and the 70 other participants believe, is State or Federal financing of education for migrants.

A Senate-passed bill now in the House Rules Committee would provide Federal funds to school districts, through the States, to pay much of the costs of educating migratory children during both regular school terms and special summer sessions.

House opposition to the bill, 1 of 10 pending measures introduced by Senator Harrison A. Williams, Jr., Democrat, of New Jersey, to aid migrants, follows the reasoning expressed in the Senate by Barry Goldwater, of Arizona, and John G. Tower, of Texas, both Republicans.

"We are opposed to the passage of this legislation," they said in a minority report of the Committee on Labor and Public Welfare, "because it represents still another step in a series of attempts to interject the Federal Government into the educational systems of the States and local communities."

The bill guarantees that State and local agencies shall have sole responsibility for developing and carrying out their migrant education programs.

School districts, usually dependent upon local property taxes for financing, can seldom afford the added burden of educating here-today-gone-tomorrow children. During peak local harvest seasons, the number of school-age children in a community may increase as much as 200 percent.

Seven States, including New York and New Jersey, operate summer schools for migrants. But George E. Haney of the U.S. Office of Education, said that even some of them find local school districts refused to apply for aid on the ground that such a summer session would make a special-privilege group of the migrants.

He said nine States, including New York and New Jersey, have laws providing State aid for educating migrant children during the regular school year.

Most comprehensive, he said, is the law passed last year by Colorado. Under it, the State pays for the rental of extra space, hiring of extra teachers, and transporting the migrants in regular sessions. It pays all costs of special summer terms.

And very important, in the eyes of the workshop experts, it states that for purposes of education the residence of the migrant child shall be the school district "where he is receiving shelter and the necessities of life" from the day he arrives there, regardless of the State where he has permanent residence.

The law requires the local school boards to enforce attendance of migrant children during regular terms and encourages them to operate special summer sessions where there are summer concentrations of migrant families.

As in the few other States that have taken similar action, success is dependent upon reaction of the local boards and school authorities. Some wait for the migrant parents to bring their children in. Others go out and get them.

Lynn Dulmon, principal of the Liberty Elementary School of Rocky Ford, Colo., is one of the latter. His section of the Arkansas River Valley in southeastern Colorado produces world-famous melons, as well as vegetables and sugarbeet. Hundreds of Texans of Mexican ancestry arrive annually to harvest them, bringing their families along.

"We go out and beat the bush to find them," Mr. Dulmon said, "because they don't find us. By seeking them out and welcoming them we get 90 percent of the children. If we didn't, we'd get zero."

Mr. Dulmon said he had found that the migrant children had as much capacity to learn as anyone else if given the opportunity. This summer he logged 4,000 miles in home calls to make sure they were aware of the opportunity. He knows every shack in his 30-mile-long stretch of the valley.

An aid to finding newcomers quickly, he said, is the practice of Colorado principals of mailing notices to the next school district the migrant family plans to visit. These notices also give school authorities enough information about the migrant pupil so he can be assigned to the proper grade or classes.

The workshop may recommend interstate cooperation of this type. To a limited extent it exists now.

Besides the Colorado residence and attendance regulations, the workshop also favors special preparation of teachers for handling students of different cultural backgrounds. Many of the domestic migrants in this country are Negroes, Indians, Puerto Ricans, mountaineers and citizens of Mexican ancestry.

Another suggestion is that any new State laws for aid to migrant education include provision for placing an expert on migrants in the State department of education. He would work with local districts to see that they were well aware of the availability of funds and the need to get migrant children into school. Only Colorado and Oregon have full-time coordinators now.

PRESIDENTIAL LEADERSHIP AND A TAX CUT

Mr. JAVITS. Mr. President, I have a fairly long speech to deliver on what ought to be done about our domestic economy. I do not wish to take the time of the Senate to have a quorum call, so I respectfully suggest that the attachés on both sides of the aisle might wish to advise any Senators who they think would be interested that I have begun to speak.

The Joint Economic Committee has today started a series of hearings on the condition of the domestic economy and what ought to be done about it. I am very proud to say that, in association with a number of other Senators, led by the distinguished senior Senator from Connecticut [Mr. Bush], on this side of the aisle, these hearings were requested. I think they will be very important to the country. It is because I think the hearings will be most helpful if we have a thesis against which to match the testimony which is adduced in the hearings that I should like to set forth my own views of the economic situation which we face, and what ought to be done about it. There will be ample opportunity in the days ahead to develop and implement the thesis which I am about to lay before the Senate.

The title of my remarks today is "Presidential Leadership and a Tax Cut." I should like to emphasize that what I shall have to say has equal pertinence to Presidential leadership itself and the separate issue of a tax cut as representing, in the amount of money, a way in which to deal with the dangers which are seen to confront us in economic terms.

Mr. President, while the indexes, including the most recent reports on employment, would not seem to warrant pessimism, nonetheless the whole country is deeply concerned about the state of the domestic economy, which is moving sidewise in such a way as to present a clear and present danger of another recession.

Mr. President, at this point I should like to make two observations. One is that this morning our committee received testimony from as fine a panel of experts on this subject as I have ever heard. They generally agreed that we are in danger of having a recession; but, generally speaking, they expressed two conflicting points of view in regard to what to do about this situation, which, in my opinion, is most likely to be an issue in the fall campaign. They also confirmed the fact that, although the indexes generally indicate an upward movement, it is not as much of an upward movement as we should hope to have at this time. In fact, when one of our committee members pointed out that in July the indexes had generally lagged, the answer of the economists was that that was probably nothing but part of the normal rise and fall or the normal flow of the indexes. They stated that generally there was an upward projection; nevertheless, they agree that the upward rise indicated by the indexes is not as much of an upward rise as we should expect; and they also point out that overhanging the minds of the public is the fear of another recession, or perhaps worse than that. I think there is agreement that the danger of a recession will be the No. 1 political issue in the fall campaign.

One of two points expressed was that the way to deal with this danger—and I think there is general admission that it does exist; and the committee received testimony on this point by an able witness for the Meat Cutters Association—is to buttress aid in such fields as medical care for the aged, and education, and to enact aid to education bills and bills to open new opportunities for our youth, including the beginnings of a Civilian Conservation Corps or an organization relatively like it, and to provide new opportunities for housing, especially urban renewal. That was one point of view; and it also involved incurring the budgetary consequences which would follow.

The other point of view was expressed most eloquently by Mr. Ellis, the economist for the Du Pont organization. His view is that the best way to insure against a new recession is to provide more attractive opportunities for American business, in terms of the expectation of profits from engaging in new ventures, so that business will be able to recoup. When asked whether these views can be reconciled—whether they are mutually antagonistic or whether they are mutually accommodating one to the other—the answers were that they are mutually accommodating one to the other and that they do not mutually exclude each other. I believe that is a fair way to characterize them.

Mr. President, in this exposition of my own views, I shall endeavor to accommodate these two points of view. I believe that both have some validity, and I believe that both can fit into a true antirecession program, for although the indexes may show that we are making advances—although not beyond our normal rate of advance for a number of decades, and very definitely we need a greater rate than that—it clearly appears that an erosion of confidence alone could bring on a recession.

So, Mr. President, in my opinion, one of the first things required, in view of the fact that erosion of confidence, certainly of business confidence, is a very material factor in our economic situation, is that under these circumstances we have a right to expect purposefulness and clear direction at the top. But, instead, we are plagued and, on occasion, bewildered by the vacillation of a President who has as yet failed to come to grips with this paramount domestic problem.

The distasteful fact is that the attention of the American people is being focused on a tax cut alone by the agonizing indecisiveness of the President in this matter. Moreover, the extraordinary way the President is seemingly transferring his leadership on this tax cut issue to committee chairmen only dramatizes his indecision. Instead of telling the Nation what is needed, the President seems more interested in telling the Nation what committee chairmen, of his own party, will approve. The President cannot expect to gain the confidence of Congress and the Nation with such a display of inadequate leadership.

Mr. President, if I can serve no other purpose, as a member of the opposition, at least I can point out that I think the President should be impressed with the fact that the Nation cannot be expected to follow his leadership if he gives the impression that the committee chairmen of either body of Congress can veto what is essentially the President's program for the Nation.

The attention the White House has given to the consideration of a tax cut has given the impression that if the application of the tax cut magic gets the go-ahead from committee chairmen, the economy will spurt forward. This is a dream unsupported by reality. And in the very center of this "Midsummer Night's Dream" is a Congress bedeviled by internecine warfare among its Democratic Members. The failure of administration leaders to settle family differences is preventing Congress, as a body, from moving forward to help resolve the economic problems at hand. The best example of that is the fact that here we are at the end of the session, but still we do not have the tax bill before us, and the Senate has not yet passed on the trade expansion bill, which is still pending in our committee.

The hard fact is that the President and his administration have not begun to sense the nature of the total effort required.

Here let me point out that I want the President to succeed as President of the United States, because his success is bound up with the success of the country. But, as will be noted as I continue with my remarks, I have very practical suggestions to make about what can be done. My suggestions may not be to the liking of the President; and perhaps they may not even be good or sound, although I believe they are, or otherwise I would not make them. Nevertheless, I say with humility—and I am not trying to be any bigger than I am as a Senator from one of the largest States—that I hope one thing the administration will sense from this expression of my own views and from the expressions of the views of many of the rest of us is that if there is an erosion of confidence—and I think there is no question about that—the way to restore confidence is by purposefulness; and I point out that even if defeat is encountered, the important thing is to let the people of the country know what the purpose is, and why, rather than "run all over the lot" looking for clues as to what should be done. Certainly the President should not let his program be interpreted by the chairman of one congressional committee or another. Much as I respect and admire my colleagues who are the chairmen of our committees, I make this statement strictly in a policy sense.

As recently as a press conference on Wednesday last, the President could only say that he was waiting for July figures, which will be available August 10, to decide if we are economically on a plateau "or in more serious difficulty." I quote those words from the President's remarks. And the President's prescription for dealing with the domestic economy is to give him the power to make a tax reduction himself—an unprecedented request for a transfer of power from Congress to the President—and for the standby public works and the youth opportunities bills, including a skeletonized civilian conservation corps. It is my view that no such prescription will be adequate; and an inadequate prescription for the existing economic fears will only aggravate them.

The country has not started moving forward, as the President has, quite frankly admitted—and I think we must admire that frankness—notwithstanding his 1960 campaign promises. And it will take Presidential leadership, not only of the Government, but also of the private sector, including management, labor, investors, and farmers, each making a contribution, to get us moving forward and to give us a true antirecession program.

The truth of the matter is that the present administration, as I see it, is nothing but a warmed-over New Deal. The New Frontier, without the promised boldness, has not begun to function with new ideas, except as to the admirable proposal of the Peace Corps, with which I thoroughly agree. Other than that, there are no new ideas which were promised to the American people.

As I said a minute ago, I want the President to succeed as President and I believe that Republicans, being first Americans, want the same thing. Therefore, I feel it my duty, while stating there is a default in leadership, to state also what leadership must do to reestablish its authority and direct the Nation along the right path.

I hope and pray that the President of the United States will take encouragement from statements like this from our side of the aisle and from others on the other side of the aisle, and reestablish his authority and direction over the Nation and its purposes.

It is often said that the Republican Party is the party of business. If that means that it has the confidence of business, then it can turn this asset to enormous usefulness for our people. I propose that it should use the confidence of business for the purpose of giving leadership to the operation of business in the public interest. Both at home and abroad our posture requires the operation of business in the public interest on the highest priority. It can be a decisive factor at home in avoiding a recession, about which there is so much concern now, and abroad in decisively winning the cold war, where the absence of the effective utilization of the resources and personnel of the U.S. private economy is one of our greatest deficiencies. This offers a tremendous opportunity which Republicans should embrace in observance of the principle enunciated by President Eisenhower that our party should win because it deserves to win.

I divide my views into three parts: First, what the Government ought to do; second, what labor ought to do, under the leadership of Government, in my opinion, with a fair chance of realizing that objective; and, third, what management ought to do, also under the leadership of Government.

Now, subject No. 1, what the Government ought to do:

As to a tax cut, an effective effort for economic advance does not involve just any kind of tax cut, but an incentive tax cut having the components to stimulate investment and consumption where needed most. Also, such a tax cut would have to be accompanied by administration action in abandoning negative, wasteful, and bureaucratic procedures on the part of executive and regulatory agencies, so that laws will be administered in the interest of economic growth and free competition. It calls for a thorough reevaluation of antitrust policies so that they may serve the national interest in growth and modernization, rather than to carry out abstract principles derived from a preceding and obsolescent era of U.S. economic development.

Furthermore, the disarray in the congressional majority, so vividly shown in debate on the satellite communications bill and in the vote to kill medicare for the aged, must give way to order. Expenditures have to be reappraised in the light of the desire for a tax cut.

I see in the Chamber the distinguished Senator from Wisconsin [Mr. **Proxmire**]. I pay tribute to him—even though he and I do not always agree on the need for cuts—for the indefatigable, and, in my opinion, almost unbelievable, study and work he has given to detailed appropriations, making him an extremely hopeful instrument for the Senate in view of the study and care which he has given to these matters.

The expected new foreign-aid program and the manpower retraining and distressed areas programs need to be imaginatively implemented and supplemented.

Other things the Government can do: Defense procurement policies, especially as to competitive bidding on negotiated contracts, which represent, it is my understanding, well over 80 percent of the total $25 billion in hard goods procurement engaged in by the Armed Forces, need to be especially reviewed and modernized.

Even greater efforts to modernize equipment of American industry need to be encouraged. For example, the President has just caused to be issued by the Treasury Department new depreciation schedules in two parts, one containing the specific depreciation figures for specific items of equipment; the other creating guidelines where items are not specifically set forth.

I refer to the Internal Revenue Code of 1954, as amended, and as in force on January 3, 1961, section 167, depreciation, as a very general rule with respect to depreciation allowances. Hence, American industry, which is now having the benefit of it—and I think this is all to the good; I think it is a great thing which the administration has done in modernization and revision of the depreciation schedules—nonetheless has no assurance that there is any new policy on the part of our Government beyond the schedule itself.

In addition, the schedules which now have been changed to give a benefit for buying new equipment may be changed back again tomorrow, or next month, or next year, to take away that benefit, because the rulemaking power determines completely what shall be the rates of depreciation.

As a matter of fact, one criterion in the law is contained in the two words "reasonable allowance." The law states that:

> There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence) of property used in the trade and business,

And so forth. I think it would be useful to have incorporated as a part of my remarks at this point in the **Record** the whole section 167; and I ask unanimous consent to have it incorporated at this point in the **Record**.

There being no objection, the section was ordered to be printed in the **Record** as follows:

SECTION 167. DEPRECIATION

(a) *General rule*

There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)—(1) of property used in the trade or business, or (2) of property held for the production of income.

(b) *Use of certain methods and rates*

For taxable years ending after December 31, 1953, the term "reasonable allowance" as used in subsection (a) shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the Secretary or his delegate, under any of the following methods: (1) the straight line method; (2) the declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (1); (3) the sum of the years-digits method; and (4) any other consistent method productive of an annual allowance which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in paragraph (2). Nothing in this subsection shall be construed to limit or reduce an allowance otherwise allowable under subsection (a).

(c) *Limitations on use of certain methods and rates*

Paragraphs (2), (3), and (4) of subsection (b) shall apply only in the case of property (other than intangible property) described in subsection (a) with a useful life of 3 years or more—(1) the construction, reconstruction, or erection of which is completed after December 31, 1953, and then only to that portion of the basis which is properly attributable to such construction, reconstruction, or erection after December 31, 1953; or (2) acquired after December 31, 1953, if the original use of such property commences with the taxpayer and commences after such date.

(d) *Agreement as to useful life on which depreciation rate is based*

Where, under regulations prescribed by the Secretary or his delegate, the taxpayer and the Secretary or his delegate have, after the date of enactment of this title, entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the Secretary in the absence of facts or circumstances not taken into consideration in the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the taxable year in which notice in writing by certified mail or registered mail is served by the party to the agreement initiating such change.

(e) *Change in method*

In the absence of an agreement under subsection (d) containing a provision to the contrary, a taxpayer may at any time elect in accordance with regulations prescribed by the Secretary or his delegate to change from the method of depreciation described in subsection (b)(2) to the method described in subsection (b)(1).

(f) *Basis for depreciation*

The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in section 1011 for the purpose of determining the gain on the sale or other disposition of such property.

(g) *Life tenants and beneficiaries of trusts and estates*

In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust, the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each. In the case of an estate, the allowable deduction shall be apportioned between the estate and the heirs, legatees, and devisees on the basis of the income of the estate allocable to each.

(h) *Depreciation of improvements in the case of mines, etc.*

For additional rule applicable to depreciation of improvements in the cases of mines, oil and gas wells, other natural deposits, and timber, see section 611. (Aug. 16, 1954, 9:45 a.m., e.d.t., ch. 736, 68A Stat. 51; Sept. 2, 1958, Public Law 85–866, title I, sec. 89(b), 72 Stat. 1665.)

Amendments

1958—Subsection (d) amended by Public Law 85–866, which inserted "certified mail or" preceding "registered mail".

Effective date of 1958 amendment

Amendment of subsection (d) by Public Law 85–866 as applicable if mailing occurred after September 2, 1958, see section 89(d) of Public Law 85–866, set out as a note under section 7502 of this title.

Cross references

Adjusted gross income as gross income minus, among others, depreciation deduction, see section 62 of this title.

Allowance of deduction for depletion, see section 611 of this title.

Capital expenditures not deductible, see section 263 of this title.

Depreciation—Adjustments to basis for determining gain or loss, see section 1016 of this title; allocation among partners, see section 704 of this title; allowed before 1952, election in respect of, see section 1020 of this title; consolidated returns, see section 1715 of this title; development expenses, see section 616 of this title; estates or trusts, see section 642 of this title; exploration expenses, see section 615 of this title; payments to encourage exploration, development and mining for defense purposes, see section 621 of this title; property used in trade or business as property subject to depreciation allowance, see section 1231 of this title; undivided interest in property contributed to partnership, see section 704 of this title.

Taxable year deductions to be taken, see section 461 of this title.

Mr. JAVITS. It seems to me it would be very useful if there could be developed some new statutory approach and some new statutory direction from the Congress.

I digress for a moment in that regard. For example, one of the great matters to which is attributed the extraordinary recovery of Germany is this. I am not one of those who believe that the recovery was quite the miracle which it is represented to be. The fact is, first, that the Germans were recovering from literal prostration in terms of the destruction of their country, I think quite deservedly under the circumstances of World War II. Second, they are a hard working people, an extraordinarily hard working people, accustomed to labor standards very different from our own. Third, and perhaps determinative, they had no defense expenditures, since they were being defended by us and our allies. Hence, they did not have the enormous drain on their economy which is represented by the equivalent of a $50 billion defense bill on the part of the United States.

Nevertheless, there was a phenomenal recovery, and it was attributed very heavily to their depreciation policies, which were extremely liberal for the acquisition of new equipment, where as much as much as 50 percent of the cost could be charged off in the first year.

We are all acquainted with the Swedish method, by which the purchasers of equipment can take their own choice as to how quickly they can charge the equipment off to depreciation, the tax collector feeling that the sooner it is charged off, the sooner there will be charged a tax on earnings.

I feel a change in the statutory base of depreciation is necessary, notwithstanding the welcome revision of the depreciation schedules, which also could be a constructive contribution which could come from the Government.

Finally, Mr. President, I think we have to make even greater efforts than we have yet made to expand foreign trade. This is quite apart from the expected new trade expansion bill. It seems to me, for example, that we should undertake prompt action to revise, to implement, and to upgrade even further the export credit guarantee program of the Export-Import Bank, so that it can serve the needs of smaller businesses, which have the greatest potential for export expansion.

Mr. President, I digress again to refer to our splendid hearings of this morning. I hope my colleague from Wisconsin [Mr. PROXMIRE] found them to be as tremendously interesting as I did. He was present, as I was.

It seems to me, Mr. President, the hearings demonstrated three things: First, that the growth of the U.S. economy at the normal rate of 3 percent per annum is inadequate, not because it is organically inadequate, but because it is inadequate to the international responsibilities of the United States as the leader of the free world. The point is that, being responsible, as we now are, in a very heavy way for the economic stability of the whole free world, we have to provide far more expansion and growth than was necessary before, when we did not have to carry that major responsibility. That is evidenced by our military expenditures and by our aid expenditures. We have a responsibility for a stable currency, since the dollar has succeeded the pound as the standard currency of the world. We also have responsibility as to the maintenance of the whole economy, any weakening of which immediately has repercussions on all mankind, wherever mankind may be located in the free world. That is point one.

The second point is that these ideas, which I started to enunciate when I began these remarks, with respect to labor on the one hand and management on the other hand, as to what is needed to reassure our economy, are not irreconcilable.

It is a fact that we must build up consumption in our own country. There are many areas in which we are backward. Education is a very marked one. There are certainly some phases of the youth opportunities bill which should be passed. It is a fact, as has been pointed out by the splendid economists who appeared this morning, that we are lagging in youth opportunity in terms of employment in the whole economy.

It is a fact that, notwithstanding a fine record on construction, we are still far behind in terms of what we ought to have in respect to decent, safe, sanitary, pleasant accommodations as homes for the American people, and that enormous progress can be made along those lines.

It is a fact that, whatever may be said for the Kerr-Mills Act or any other measure, people who are older do not have medical care consonant with the opportunities for longer life which are now available, through the brilliant successes of medicine, and that this is attributable to economic reasons. This is something which really should hurt every one of us. It is intolerable in our society that we should allow people to die sooner than they should or to become ill merely because they do not have the means and we do not have the wit to develop an organization to deal with that problem. That is one aspect of the problem.

On the other hand, Mr. President, the idea that greater profits would encourage greater investment and greater enterprise on the part of business is also valid. But greater profits, Mr. President, do not necessarily come from higher prices. Indeed, the history of the American mass production system is precisely to the contrary. Prices have been reduced, and luxuries have been brought within the means of everyone. One of the most striking examples is the small motorboat, which has become very accessible to the most modest American family, and has made the yacht completely obsolescent. That is a good thing, Mr. President, in terms of progress and the satisfaction which our citizens derive from their country.

There are great possibilities in respect to broadening markets, both in numbers of people and in areas. A great possibility exists not only in the United States, where we have made such progress in regard to the standard of living, but also abroad, where there is a market of unfathomable consequence to the development of American and free world industry generally.

We know, considering the absence of needed technical assistance and the fact that we have not adequately put the private enterprise system into the whole development of oversea areas which need development, that there are many techniques of technical assistance from private industry which would make our technical assistance activities in government, in the United Nations, and in the Peace Corps look picayune, considering the potential of industry. Those have not begun to be implemented or exploited.

Our concepts of credit are primitive, almost, in their attitude toward what needs to be done for world development. We are still talking in terms of 10- or 20-year credits, when probably the world needs 50-year credits, provided they are substructured with proper assurances—let us say an investment code or other document—for investment, when finally made. This is the kind of enterprise which we have the right to expect from a dynamic American administration, whatever may be its party, with its eye on the ball—which is the development and peace in the world.

Finally, it has become almost a tragic axiom that American industry is not only undermachined, in terms of modern machinery, but also dangerously obsolescent, and is getting more so every day. We must work out—and again we must have the wit to do it—techniques which will automate American business and enable it to compete with any business in the world, at the same time not taking the toll out of the backs of the workers, who should not bear it. There is no reason why they should, in our society.

Mr. President, those are the avenues and aspects in which the greatest potential exists for our country, which are the challenges to the kind of leadership I have described. Taken within that frame of reference, Mr. President, an incentive tax cut, in my opinion, is needed. I support one, to take effect sometime before January 1, 1963. Therefore, the bill should be passed in this session of Congress.

However, it would be a grave mistake to consider that a panacea or a guaranteed cure-all for our economic dangers. It is only one element in a required cohesive program.

An incentive tax cut is not just another way to achieve deficit financing; rather, we need a structural tax change to encourage investment risk and consumption in major items such as new equipment, hard goods, and construction. It should:

First. Give business the incentive to invest more in plant modernization and product innovation.

Second. Strengthen the weakest sectors of demand in our economy—that of the lowest income groups.

I do not know that too many Americans realize that even those who have a net income per year of $2,000 or less are also paying a basic 20-percent income tax rate.

Third. Restore the rewards for individual entrepreneurial and investment risk.

Fourth. Prepare the base upon which sound expectations of relatively permanent future tax policies can be built by business and the consuming public.

In carrying out these principles, an incentive tax cut should be tailored to cost about $5.5 billion in revenue—including the $1 billion estimated cost of the revised investment credit provision in the tax bill about to be reported to the Senate. If one adds to this the estimated $1.5 billion cost of the new equipment depreciation schedules, the total tax cut would come to about $7 billion.

I propose the following guidelines for such a tax program:

First. Eliminate all income taxes of those earning less than $2,000 a year. This would involve a Federal revenue loss of about $500 million.

Second. Reduce the burden of other taxpayers, with emphasis on those earning between $2,000 and $5,000 annually, to the extent of about $2.7 billion in revenue.

Third. Reduce the maximum tax on the top personal income brackets from the present 91 percent to 65 percent. This would account for a loss of $300 million in revenue.

Fourth. Lower the corporate income tax from the present 52 percent to 50 percent, thus incurring a revenue loss of about $1 billion. By putting a statutory base under the recently issued depreciation schedules and adding the investment tax credit, in effect an incentive tax cut of $3.5 billion for business would be established.

Mr. President, I make two observations on the tax-cutting program I have just laid out. First, it demonstrates what we mean by "using our heads."

For example, it would be possible to eliminate the income taxes of those who are earning less than $2,000 a year by accepting a revenue loss of only $500 million. At the same time it would be possible to answer another group of serious complaints by eliminating the 91 percent and 65 percent brackets and suffering a revenue loss of $300 million.

With a tax take of approximately $76 billion to $78 billion a year, those would be pretty minor losses compared with the great burst of satisfaction to those in the lowest and highest income levels in the community.

As to corporate income taxes, I know that there has been a great deal of talk about reducing corporate income taxes from 52 percent to 47 percent. In my view it is unnecessary. What we are seeking to do is to give business encouragement. We can give it the necessary encouragement without accepting the additional revenue loss of $1.5 billion. We would give it the two-point tax break, which would take $1 billion. We would have a right to add to that the already-taken reduction in taxes attributable to the new depreciation schedules, as well as the contemplated income tax credit which would give business an aggregate tax break of $3.5 billion. That is appreciable and, in my opinion, all we would need to do.

That would be my program for government, providing not only a tax cut, but an incentive tax cut, and the other actions which I have described.

Labor has a very important role to play in this connection. With respect to labor, it seems to me the desirable point is to secure cooperation to effectuate automation and remachining of the U.S. industrial plant without taking it out of the backs of American labor. Such action would involve—

First. The development of methods for adjustment assistance and retraining so that workers do not suffer from job shifts due to two factors; namely, the factor of being relieved of work temporarily because of automation, and the need for retraining. I would be generous in that regard. I think we can well afford to be generous, as any businessman will state. When we have a one-shot expense—that is, one which occurs but once—when related to a continuous economy which goes on and on, no matter what is paid, it is within the reasonable bounds of business judgment. It always works out to be cheaper than haggling about the one-shot initial cost. That is one of the lessons of business management which I think we should learn with respect to the need for automation.

Second. I think labor should support proposed legislation to deal more effectively with strikes which bring about nationwide economic paralysis, or endanger public health, safety, or the national interest. This legislation is necessary, since the tenets of the Taft-Hartley law, devised for that purpose, are demonstrably inadequate.

There are many ways in which that can be done. They range all the way from my suggestion for seizure and operation to the extent required by the national health and safety, to the suggestion of the Senator from Oklahoma [Mr. MONRONEY], with relation to the strike which affects one of our great airlines now, and which would apply to labor generally what in my opinion would amount to the mandatory arbitration provisions of the Railway Labor Act. But whatever may be the ground the Congress chooses, I think it is greatly in the interest of labor and in the interest of stimulating the economy to arrive at some basis for legislation which would assure the American business world that an irreconcilable labor conflict does not mean that everything stops.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. LAUSCHE. I wish to comment on the last thoughts expressed by the Senator from New York. I agree with what he has said. My hope is that hearings will be started on the bill which would require mandatory arbitration of labor-management disputes in commercial enterprises engaged in carrying the public. My fear is that while we are talking about action now, when the strike is ended, we may forget the need to enact legislation on this vital subject.

Mr. JAVITS. Mr. President, the Senator from Ohio and I might not agree on the specific legislation needed. He knows how much I respect his views and my affection for him personally. But certainly we do agree—and I am delighted to hear my colleague make the statement he did—upon the need for a better approach than we have.

When I was a Member of the House of Representatives several years ago, I was one of the few Members of my party who voted against the Taft-Hartley bill. It was a subject of great interest to me that one of the reasons which I gave for my vote was quite surprising to most people. That reason was that the provisions to deal with national paralysis strikes in the Taft-Hartley bill were entirely inadequate. Labor thought the provisions were too strong in some respects. Probably they were. I did, too. But in some respects the bill was much too weak, and the provision to which we have referred was one of them. It seems to me that we waited an inordinate amount of time in order to tighten up on that issue, both in the interest of labor and in the interest of the Nation.

Mr. LAUSCHE. My view has been that with relation to public utilities, rates are regulated and a different rule is justified from that which normally applies to industry in general with respect to labor-management disputes. Under existing law we are without any means to cope with the paralysis that has resulted from the strike on the two airlines which have been licensed by the Government to operate. Rates are controlled, and sometimes the lines are subsidized. I feel that some measure is necessary to stop the recurrence of that type of problem. I thank the Senator.

Mr. JAVITS. I thank the distinguished Senator from Ohio for his very pertinent observation.

The third helpful thing that I think labor could do in the situation would be to bring about an end to any vestiges of bias and discrimination in apprenticeship programs, hiring opportunities, or union membership.

It seems to be that that offers a great opportunity for labor, which is liberal in its views as to the relations between people of different races, creeds, and color. I hope very much that it will be availed of. I think labor could be greatly helpful in giving even a stronger basis for the economic prosperity of our country.

If the President will activate the mechanism to carry out the public interest in wage and salary negotiations—as he said he would; I think that is a very constructive point—and couple this with the advisory guidelines laid down by the Council of Economic Advisers and the program which I have promulgated here, then I am confident we will have an adequate program to stabilize wages and salaries and help our sluggish economy on the road to progress.

What about management? I think the President would find that Presidential leadership in that area would pay him much more handsome dividends than he has had in that area so far. In respect of management I advocate the following:

First. Acceptance of the responsibility for lessening the impact of technological change through open reporting to employees, adequate leadtime, adequate adjustment assistance, within the means of particular companies, and worker retraining; liberal—I emphasize the word "liberal"—severance pay and the use of early retirement mechanisms; also working with employee representatives to meet individual problems; assigning to workers displaced by automation of priorities for new job placement, coordinating closely with public employment services; and timing changes to cushion potential layoffs with the expansion of operations and normal job attrition.

Second. Management can give full and effective participation in the programs of foreign aid and trade through the investment of capital, manpower, and technical skills. I interject at that point to say that in the course of my congressional career I have been responsible for a great majority of the private enterprise amendments to foreign aid bills.

I have not yet seen business knocking down the door of the Government to break in. I call attention to it as I call attention to the fact that Government should enlist business in its own interest and in the interest of world peace, since that is our objective. The first time I have seen business moving in this regard is in the activities attributable to the Alliance for Progress, which we encouraged here by an amendment which will give the agency called Comap, in the Department of Commerce, some resources and some personnel. That is a fine thing. However we have not even begun to exploit these possibilities. Much as I wish to encourage Government to open the door, I believe that at the same time we ought to insist on business knocking on the door very loudly and clearly.

Third. Establishment of a permanent mechanism through which private sector economic decisions and governmental policies can be coordinated.

I have myself called for the establishment of a Peace Production Board. The President has sponsored his Labor-Management Advisory Council. Whatever it may be technically, certainly it is agreed that coordination is essential. Business must get over its fear of working with Government, and Government must help business get over its fear of Government.

Fourth. A major effort to eliminate job and training discrimination based on race, creed, color, age, or sex.

The challenge before the private sector and the Government in terms of our international and domestic economic positions is great. It can only be resolved through an adjustment of attitude and practices on the part of both.

I conclude with this observation:

The crabwise movement of American economy perhaps may best be shown by a comparison with that of the European Economic Community. The United States still accounts for more than one-half of the free world's annual production and still commands a gross national product nearly three times greater than the European Economic Community's. But economic power does not reside in sheer weight alone. It resides in the kind of forward thrust which can be clearly demonstrated by some basic statistics in constant 1954 dollars about the EEC but cannot be similarly demonstrated about us. Between 1954 and 1961 the members of the EEC increased their annual gross national product 91 percent faster than the United States. During the 1954–60 period EEC exports and imports of goods and services increased 80 percent faster than U.S. trade—so that by 1960 EEC trade in goods and services stood at $84 billion annually as compared to $49 billion for the United States.

The key to our appreciation of what is happening, however, resides in this: since 1954 U.S. expenditures for new producers' durable equipment underwent some severe fluctuations, but were at a level of $22.7 billion in 1960, as compared to $20.8 billion in 1954.

That was hardly any advance at all in that period of tremendous international growth. Let us contrast that with what took place in the European Economic Community. Such expenditures increased over this period, rising by 66 percent to $18 billion annually in 1960.

So that, notwithstanding the relatively smaller size of their economies—something like one-half of ours—they nonetheless have improved their situation so that they are very close to us in their expenditures in reequipping, automation, and new equipment. Preliminary estimates for 1961 show no diminution of the widening gap in progress in trade and production between the United States and the European Economic Community.

Our antitrust laws, our tax structure, and our industrial plant have been aging for half a century. Seventeen years ago they still sufficed to catapult this Nation through the vacuum of world destruction after the Second World War, to unprecedented heights of prosperity. But, for too long, these heights isolated us from the surging reality of progress gathering strength in the very nations we taught and aided. Now the exigencies of our time demand a reappraisal of our laws and a rapid renewal of our plant, for, to a shocking degree, the United States has lost the mastery of using the genius of the free enterprise system to achieve national goals.

In all of these areas we have much to learn from our erstwhile pupils in the European Common Market. We should look into why in the EEC business expenditures for new producers' durable goods have steadily risen to 10 percent of the gross national product while in the United States they have dropped to less than half that rate.

Directly related to success in economic expansion is a required, active effort by the U.S. private sector at the request of and with the cooperation of the Federal Government, to throw its tremendous potential of capital and skills into the economic development of the free world. Demand for manufactured goods as well as for food products which the U.S. economy produces so abundantly is a direct factor in the living standards of the purchasers. The per capita income of the more than 1 billion chronically poor inhabitants of the world, now taking some $6 billion of U.S. exports, varies between 5 and 10 percent of the per capita income of the peoples of Western Europe. The latter now also take about $6 billion of our exports. Thus, the potential inherent in rising living standards among the less developed countries is clear. It is essential that the American businessman and worker pull together in the creation of an economy which will produce goods of a quality and at a price able to sustain demand at home and abroad. Only this kind of production can support the free world leadership position of the United States.

Let us give our private sector the opportunity to work and the freedom to breathe. I do not think that it will be long before our endemic unemployment problem will be a thing of the past and our competitive abilities reach into the markets of the world, restoring the economic momentum which had swept the United States into its position of peace leader of the free world.

I look toward the inspired leadership of the President in that direction.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PROXMIRE. In the first place, I believe that the Senator has made an unusual, praiseworthy, and brilliant analysis of our economy. We have too few speeches of this caliber, of this breadth, and of this sweep. It is a tremendously useful contribution to the Senate that a man of the outstanding attainment and intelligence and understanding of the Senator from New York should participate in a discussion of this subject.

I have been a Member of the Senate for 5 years, and on few occasions have Senators undertaken to make an overall appraisal of our economy; not in bits and pieces, but an overall appraisal, and not only with criticism, but also a statement of serious and constructive suggestions. Therefore, this is indeed a very fine speech which the Senator from New York has delivered. I should like to raise certain questions, but I hope the Senator understands that I am perfectly sincere in what I say about the quality of his speech.

Mr. JAVITS. If the Senator will let me interrupt at this point, I should like to say that it would not be Senator PROXMIRE, of Wisconsin, if he did not have some points of his own to make.

Mr. PROXMIRE. In the first place, the Senator from New York spoke about the erosion of confidence in President Kennedy, which, he feels, is a very serious economic problem throughout our country. I have been critical of the President on occasion with respect to some of his policies, but I honestly cannot accept the statement at all of the Senator from New York. I feel that President Kennedy is not only popular, but that our people have confidence in his ability and understanding and intelligence, and willingness to take advice. I should like to have the Senator from New York indicate some instances which demonstrate this lack of confidence. I would certainly challenge him if he said that the stock market is such an indication. If that is not it, where is there any indication of what the Senator has said with respect to the President?

Mr. JAVITS. When the Senator says the people have lost confidence in the President, I think that statement would defy the experts. In the sense that the surveys all show that although there has been some percentage diminution in the amount of support he can count on from the people, the amount is still very substantial—I think it is well over two-thirds. It is not 79 percent; it could be 69 percent; but the percentage is still very large.

I was talking about the erosion of confidence on the part of those who make the economy tick in terms of management, and in terms of investment. I think the best evidence of that, if the Senator from Wisconsin will bear with me, is the generally endemic feeling that is reflected, and as recently as this morning. There was a pattern of economic thinking, right across the board. Interestingly, they sat almost from left to right as they faced us, first those representing labor, then the academic people—two of them—and then the management man. Everyone of them agreed that there was a real sense of uneasiness in the country, whatever the indices showed; a feeling that we were facing every session.

Second, I think the President himself has indicated his feeling on that score by the way in which he has been casting about for a decision on the question of a tax cut, and the fact that he himself said, "Well, we are worried, too. We will see what the indices show for July"—as currently as that. I think that is calculated to reflect what he himself detects; namely, a spirit of uneasiness throughout the country.

Finally, I think it is true that the indices did not reflect what was expected by the President's own advisers. For example, the gross national product figure is disappointing, and they admit it. Again, that is a very important confirmation of the feelings of those who have had uneasiness.

Then, too, there is a considerable amount of unused capacity in the country, which shows that there is a lag in demand compared with the anticipation of business, considering the increase in our population and the expectation of demand to be built up in order to meet the anticipated demand.

Finally, and very importantly, there is uneasiness abroad. We are a world country. We are no longer an insulated nation. We have had a run on gold. We have very materially lost reserves. I am not afraid of that. I do not believe the Senator from Wisconsin is afraid of it. Neither of us feels that the loss of gold is too important. I cite that factor only as a thermometer for the evaluation of the world as to our economic condition. I think there is a note of uneasiness throughout the world as to our economic condition, which is reflected by the gold situation and by the fact that our domestic condition has not attracted a return of funds here, whether it is due to interest rates or some other cause.

Let us remember that we paid lower interest rates for a long time and that we had no difficulty retaining short-term funds in this country because of the superior security which people all over the world, who had money to move around, saw in the United States.

Now it is said that we are competitive in the world and what is happening indicates it more and more. Our security factor has absolutely diminished in its importance in terms of those who have the opportunity to shift funds from one place to another in the world. That no longer compensates for lower interest rates.

Perhaps the Senator from Wisconsin, who himself is an economist and an eloquent spokesman for lower interest rates, realizes that in a developing world the cost of money must go down. I could not agree more with the Senator than in that view. I should have said that myself when I spoke of new concepts of credit. I think the Senator from Wisconsin himself will see the significance of the security factor in securing lower interest rates.

It is rather to be deprecated that, as we stand today, we must compete in interest rates. So the security factor is no longer what it used to be.

Right off the top of my head, since the Senator from Wisconsin has asked me a challenging question, those are at least some of the specifics which back up my own assertion.

Mr. PROXMIRE. I think the answer of the Senator from New York suggests that the alleged lack of confidence is because we have had a diminution in the expansion of the economy; it is because the gross national product is not increasing at quite the rapid rate which the Council of Economic Advisers expected and on which they predicated their hope, but the falloff in the economy is not because of any lack of confidence in the President, at least the Senator has not adduced any evidence—and I admit it is hard to do so—but I challenge him because when any Senator of the caliber of the Senator from New York attacks the leadership of the President of the United States, I feel there ought to be some real evidence. I just do not believe there is any evidence, as was indicated this morning by Mr. Ellis, who is an able economist for Du Pont. He is certainly an able spokesman for business. He said we must expect fluctuations. Fluctuations in the economy are inevitable. If we are to have freedom, we must expect the economy to go down as well as up.

The Senator from New York used the term "agonizing indecisiveness" in respect to the President's not deciding whether he will ask Congress for a tax cut. The Senator from Wisconsin thinks the action of the President in this respect is the essence of prudence. If the Senator from New York were the President of the United States, before he decided to have a tax cut he would want to consult every bit, every scrap of information he could get. There is nothing more cloudy than the economic crystal ball. The economic forecasters were badly wrong last year when they predicted we would have the kind of expansion they expected. They have been wrong frequently in the past. Under those circumstances, why does it not make sense for the President of the United States to take as much time as he possibly can take to consult all the indicators; to wait as long as he can before he makes the fateful decision to ask for a tax cut, especially in view of the fact that the Gallup poll has indicated that the people of America are very undecided on a tax cut, particularly when some leading Senators and leading Members of the House of Representatives have indicated that they are opposed to a tax cut. Men of great wisdom, like Senator PAUL DOUGLAS; like Senator HARRY BYRD, chairman of the Committee on Finance; like Senator ROBERT KERR, the second-ranking Democratic member of the Committee on Finance; like Representative WILBUR MILLS, chairman of the House Committee on Ways and Means, are against a tax cut, or are very undecided about whether there should be one. Under those circumstances, for the President to stick his neck out and say, "I am for a tax cut, and I am going to fight all out to get it; I am not going to wait to try to persuade the people to support it; but based on my own judgment," would be bad economic and political judgment; it would be imprudent and might result in his inability to have a tax cut passed. I think that would have very dangerous consequences upon the economy.

Mr. JAVITS. I think the two factors which have made me feel the indecisiveness of the President are, first, that he was widely advertised as waiting for the indicators of last month. If this is as portentous a decision as it is, I think one would hardly expect the President, especially in view of what the Senator from Wisconsin says, to be sitting in his front parlor, waiting for the very last set of indicators, and then being unable to make the momentous decision that we should or should not have a tax cut.

Second, I believe the American people are rather proud of a type of leadership which will say to the country, "This is what we ought to have. Even if two committee chairmen are against it, and much as I love them—they are both good friends of mine—I will go out to the country and fight for a tax cut."

I might state one other factor which I believe has caused an erosion of confidence, whether justified or not. There is not the feeling in the country that the President went all out, with everything he had, to have passed the medicare bill, for example. I think it is rather singular to contemplate that there were 21 votes on the President's own side which were not available for the medicare bill. Let us remember that that bill had nothing in it with respect to civil rights. It did not have any built-in or ingrained reason why southern Senators should have voted against it.

I am well aware that most Republican Senators voted against the bill. I make no briefs about that. My thinking is different. But any votes the President got on the Republican side were just so many to be added to those which we expected the President to control.

The tax bill has been widely advertised. It has been pending for months and months. It has now been turned into a tax bill which will not provide an increase in revenue, but which will result in revenue diminution. As a matter of fact, its major provisions, in terms of the President's alleged leadership, have gone down the drain.

It seems to me that when the President is operating with such large majorities, his capability of delivering on the programs he has laid before the country is another aspect about which there can be uneasiness in regard to his real command of the helm.

So I return to the proposed tax cut. The President's first point of view in that connection was to wait until the indexes for July were available. But this decision is too important to be subjected to any such standard of values. Next, the President took the position that he would check with the committee chairmen, to ascertain what they think about a tax cut—instead of telling the country what the President thinks is needed, and then fighting for it; and if the chairmen of the committees do not favor it then and there, they might be persuaded and won over. But the important thing is to see to it that the people of the country understand the President's view.

So I think those factors have definitely contributed to this situation.

Mr. PROXMIRE. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from New York yield to the Senator from Wisconsin?

Mr. JAVITS. I yield.

Mr. PROXMIRE. It is a fact that the problem of Presidential pressure and how much to use is extremely difficult of solution. Many persons, in fact, I think perhaps the Senator from New York would agree, that most of the business community seemed critical of the President for using too much power in connection with the steel dispute. However, I think the President was 100-percent correct in that instance, and I believe the steel people were wrong. The President acted with decision, and he got results. I believe that is one of the reasons why the business community feels as it does about the President and why the business community has hardened its attitude and its opposition against the rest of the President's program.

But at Madison Square Garden the President took the medicare issue on national television and did so in the personal presence of 20,000 persons in New York. He appealed for medicare in a very stirring and emphatic way—something no other President has done, within my experience.

Some Members of Congress have said their arms were twisted all the way up to the shoulder by the President's pressure in connection with this matter. I think the President did about all he could in connection with this particular issue; and I think it is very difficult to criticize the President for not being able to control the Democratic Party at this time, in view of the fact that our party has been divided for years on many domestic issues. Certainly the President has tried extremely hard to get these measures through; but it is very difficult for him to do so without alienating many members of his own party.

Mr. JAVITS. But I point out that it is possible to be decisive at the wrong places and at the wrong times. For example, in connection with the steel price increase, I think the President massed a battery of very large guns when he blew down what, at that particular time, was a rather light target.

Mr. PROXMIRE. But no one expected the President to be successful in reversing that action. However, he was successful.

Mr. JAVITS. But the President scarcely waited an hour before he expressed what he believed to be the national will.

Incidentally, I agreed with him about that, even though I disagreed with him in regard to the advisability of then and there rolling up all the tremendous armament of the Government to blow it down. In other words, one of the qualities of leadership is to know when to fire one's weapons. The Senator from Wisconsin knows from his service, as I do from mine, that one of the most important command decisions for the commander of a company to make is when to commit his reserves. That requires timing, too. So even if the President gets "A" for effort, he must also have correct timing.

The fact is that the President has all that power and franchise; he has a great many powers, and he can confer a great many benefits; but he also has the responsibility of delivering at the correct time.

Mr. MILLER. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. MILLER. I should like to say that, so far as I am concerned, I believe that the phrase "agonizing indecisiveness" is a very excellent one, and I subscribe wholeheartedly to it. However, I suggest that the Senator from New York is, if anything, being a little bit charitable when he uses that phrase and when he ties it in with indecisiveness in regard to making a tax cut.

If I correctly detect the real problem here, I believe it has been compounded by what might be called ruthless decisiveness in the refusal to cut back Federal spending in order to make room for the tax cuts which are needed in order to get the country moving. It is common knowledge that advisers who have the President's ear have been trying to persuade him to make tax cuts without reducing the expenditures, and have been sending up trial balloons in an effort to determine how the public will react and how Members of Congress will react to, let us call it, the sophisticated theory that we can have tax cuts without making room for them by cutting back on spending. I may be a little old fashioned, but that does not sound like "sophisticated" economics to me. Instead, it sounds like hogwash, for we know that it is impossible to have meaningful tax cuts and at the same time to preserve the purchasing power of the people's money unless there is an equivalent cutback in spending.

So this is the problem the President faces. He has been listening to some of his advisers who think that "sophisticated economics" can be passed on to the American people; and they are trying to "sell" the President on the idea that we can have a tax cut without cutting back on Federal spending.

But the "ruthless decisiveness" took place last year; and the Senator from Wisconsin is one of those who has been aware of that, because he has been sounding off—although not often enough—on the excessive spending of the "New Frontier." But the decision has been made not to cut back on Federal spending, but to increase the spending.

Mr. President, there cannot be tax cuts unless there is a decrease in spending, in my book. The sampling has been undertaken in an effort to determine whether the public will favor such a theory. I suggest to the Senator from New York that this "agonizing indecisiveness" is nothing but the testing, by means of a trial balloon, to see whether the American people will "fall for it."

Fortunately, as the Senator has pointed out, some of the key members of the Finance Committee and the Ways and Means Committee are not buying it; and I sincerely trust that their valuable and experienced opinion will prevail.

It seems to me that what must be done is to transfer this agonizing indecisiveness in regard to tax cuts into real leadership decisiveness in regard to cutting back spending, in order to make room for the tax cuts. Once this is done, there will not be any agonizing indecisiveness, because then the cards will fall together perfectly.

I thank the Senator from New York for yielding to me.

Mr. JAVITS. I thank the Senator from Iowa for his observations. I am sure he knows that I am not necessarily committed to some of his views on these matters. I do not believe we can really condition the making of an incentive tax cut on what we may save by reducing spending. Yet I do believe that under these conditions it is necessary to keep a tighter rein on expenditures than one otherwise would keep, and that there are areas in which savings can be made. I do not believe in broadsword cuts without selectivity. For example, those who favor making deep cuts in a welfare program do not favor making cuts in the appropriations for defense. In fact, instead of making cuts in the appropriations for defense, they want increased appropriations made for that purpose. For my part, I believe that some of the welfare programs are as essential to the national defense, in terms of the morale of the people, as are the big bombers—which will cost more than the appropriations the President requested.

So although I cannot agree entirely with the Senator from Iowa, I do believe that if we are to have an incentive tax cut, we must keep a tighter rein on expenditures than perhaps we would like to do. For that reason I voted for a cut in the HEW program.

Mr. PROXMIRE. Mr. President——

Mr. JAVITS. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Let me say that the so-called erosion in confidence is based on the fact that the President has not yet asked for a tax cut, although he has indicated that probably he will ask for one next year.

My position is that it is prudent and wise for one who is going to go into this matter to obtain all the information and advice he possibly can, and consider all possible alternatives, and then make a fateful decision of this kind only on the basis of the best evidence available.

Now I would like to point this out to the Senator. The Senator said: "Here is the end of the session, and there is no trade bill or tax bill." Does the Senator have any real notion that Congress will not pass a trade bill, that it will not be a historical achievement, and that, together with the Peace Corps, will be a bright, unique, and constructive contribution to our country and our Government?

Mr. JAVITS. The Senator has asked me two questions. I will answer the first question first. I think the tax bill which is pending in the committee has been pretty well washed up. I think, therefore, whatever benefit we get in that regard will not represent affirmative aid to the economy of the major character which I contemplated when I referred to an incentive tax cut.

Mr. PROXMIRE. If the Senator will yield for a comment, I agree with him 100 percent. I was not referring to the tax bill at all.

Mr. JAVITS. As to the trade expansion bill, I think there will be a trade expansion bill, but I do not think it measures up to what I have said, because it is not strictly part of the New Frontier. I think it forces itself upon us by urgency of the European Common Market and its success, and the fact that we would have had to have a trade program. Incidentally, the Reciprocal Trade Agreements Act expired on June 30, 1962, so we had to have another bill.

But I do not want to detract from the President's activities in that regard. I think we will have a trade bill. I think we will have it before the end of the session. However, I say again, it is my judgment that a trade bill could have been gotten sooner and with greater impact on the economy in terms of the erosion of confidence, and that the President—although we can give him an "A" for effort—could have exercised a more effective leadership role in that regard.

However, that is not my main point. Nor is my main point the point which the Senator desires to wish on me as my main point, namely, that the tax proposal represents the erosion of confidence which I refer to. I think the erosion of confidence is the composite of everything that has occurred. It is not due to one thing. It is not due to the fact that the President has been indecisive about a tax cut. I think it started, in point of time, with the excessive means used in dealing with the steel price increase. I think that was a very serious clue to the American business community as to the temper of the President and what has been called decisiveness. I think it represented, to a degree, a lack of sophistication in terms of adequacy of the means and the purpose, which made a very serious impression on the American business community.

I think that event began the process of the erosion of confidence, which has been compounded by the other factors which I have discussed.

Also, I may say the Senator has not mentioned what was the main point of my speech, that we have not yet had any really major demonstration of what the New Frontier was going to do in order to get our economy moving. The only thing I was able to ascertain which could be clearly attributable to New Frontier initiative was the Peace Corps. In other respects I think we have had either no initiative or ideas, or they were carryovers from the previous administration and pretty much the general policy of the country. I have suggested, for example, a whole series of things.

The Senator from Wisconsin has been most gracious in what he has said about me. The Senator knows I reciprocate fully in my admiration for his diligence and his mind.

What I suggested was a whole kit of actions which could be done in government, in business, and in labor, which, when added to an incentive tax cut, could put us on that wonderful, hard road of moving the country forward.

I am talking about a composite of these aspects of the matter, and not one thing, the indecisiveness of the President on a tax cut.

Mr. PROXMIRE. With regard to the decision on the steel price, no President had been able to do it before. Steel companies had been able to increase prices automatically. Once one company decided to increase the price of steel, they all did by precisely the same amount. No President had had the power to stop it. President Kennedy did. It was an amazing achievement. I think almost everybody thought there would be no chance of getting the United States Steel Corp. to reverse its stand on the price increase, but it did.

The Senator referred to programs to get the economy moving. The Kennedy administration has a proposal to achieve this, for example, manpower retraining, youth opportunities, a public works bill, which I, incidentally, voted against but, nevertheless, there was a series of measures which were positive and which had a tendency to get the economy moving, in addition to the policies of tax reform and relief.

Mr. JAVITS. If the Senator will yield, those are essentially continuances of what had been done before. We had a manpower retraining bill before. We had a distressed areas bill. We had a youth program.

Mr. PROXMIRE. But we made very little progress on some of them.

Also, 4 years ago, when the reciprocal trade program came up, there was a terrific, knockdown fight. There was some question as to whether the bill would pass. This time we are going much further than reciprocal trade. Earlier some people thought it was impossible even to try to bring this proposal up, and they thought it possible that it might kill the whole Kennedy program. The President has handled the situation so well and has marshaled his forces so effectively that the bill has passed the House and is almost certain to go through the Senate. We are going to end up with a landmark trade bill which, 12 months ago, very few people would have thought possible.

Mr. JAVITS. As often happens in debate on the floor, naturally the Senator and I are not going to agree about the success of President Kennedy. Also, I would only say to the Senator, perhaps it would put our arguments in focus if I make my point, which is that in the game of being President of the United States, we do not pay for "place" or "show," we pay only for "win." That is the virtue and the strength of the Office.

I, myself, spoke of the Peace Corps. The Senator from Wisconsin prefers to add the trade bill. I think there probably are three or four matters which neither of us have thought of which could represent a leadership quotient. But I say, in summation, that the President, with the majority in Congress that he has, the tremendous support of the country in a program of moving the country ahead, came into office in a period when our indexes were high, and have gone higher, and yet, some of us have doubts—perhaps I could be excused for saying that the Senator from Wisconsin has entertained a few doubts—as to where the economy is going. This all relates to the Presidency's paying only for "winning," for being "first."

There is erosion of confidence for the reasons I have cited. The fact is that four witnesses before our committee this morning, from different fields of our economy, all seemed to have the same malaise; they were all trying to account for this lack of confidence.

Mr. PROXMIRE. And there was not one suggestion of a whisper of a shadow of a feeling of lack of confidence in President Kennedy. They did not consider the President's leadership—they advocated different steps to meet problems of the economy if it turns down at certain times—but there was no lack of confidence in the President or his leadership expressed, or that the major problem was due to inability on the part of the President.

Mr. JAVITS. I am sorry. Two people judge differently. I, on the other hand, got the distinct impression—though that is by no means my whole case—that the four men were worried about where our economy is going and fear a recession unless very determined means are taken to head it off. Indeed, the incentive tax cut idea is the one thing they all agreed on as being highly desirable and necessary.

Mr. PROXMIRE. Let me ask the Senator about the incentive tax cut. It is a good idea. I like the idea with respect to people making less than $2,000 and also with respect to the reduction from 91 to 65 percent.

However, I think perhaps the Senator would recognize that neither of those proposals would have a very serious economic effect. I think the proposals would have a desirable equity effect, but in terms of economic impact the $500 million tax cut for people making less than $2,000 a year would not be great. Very few people who are making less than $2,000 a year would buy a house, or buy a car, or make any other major investment or expenditure which would move the economy ahead very much. That money would be spent quite rapidly. I think it would be a good thing, but I cannot see that it would affect the economy seriously.

So far as the suggestion of a cut from 91 to 65 percent is concerned, I think the Senator recognizes that almost everybody who makes so much income that he is in that tax bracket, or could be, is able to get the kind of legal advice he needs and is able to arrange his efforts in such a way that he will not pay such a percentage, unless he is a ballplayer, a prizefighter or an entertainer, or happens to be caught by ignorance or lack of legal advice.

That part of the Senator's proposal is excellent, but from the standpoint of stimulating the economy I think the Senator would agree that it would be secondary to the other part, with respect to business, and particularly the tax cut for those who are making between $2,000 and $5,000 a year. The small cost of the 91 to 65 percent cut shows this.

If we consider the proposed $2.7 billion tax cut, as I calculate the figures it would mean about $1.50 more a week in the pockets of people who are making that much per year. With $1.50 a week more, very few people would buy a house, would buy a car, would buy a refrigerator, or do anything which would stimulate the economy very greatly. Is that not a correct assumption?

Mr. JAVITS. I cannot agree with the Senator on either of his premises, for this reason: In the first place, tax cuts are largely psychological. They make people feel a little more ample, that "this is the time to go forward." Beyond that, there is a facilitation of demand even in the lower income brackets, if not as a result of spending by those taxpayers then as the result of spending on goods, which has a material effect on the people with whom they do business. The people directly involved may not buy a house, but the tradesmen with whom they do business may buy houses. New equipment is responsive to new demand, and so on.

I think the most important part of the incentive tax cut idea, moving it into the lowest brackets and into the brackets above the lowest brackets, is in regard to a reestablishment of the feeling that there is a development in the economy, that there is spending power, that we can "move forward," to adopt the President's words.

I cannot agree with the Senator about the entrepreneurial practice. We are facing an issue of fact. I know we shall have very definitive evidence on that question.

I am a lawyer of some experience, as the Senator knows. I think I know a number of people who come into those tax brackets of from 65 to 91 percent. I will tell the Senator that there are many people who are in the upper levels of income, and that there is no way of avoiding the taxes, no matter how intelligent they may be tax-wise. This has a deleterious effect not so much as to what the Government takes, as the Senator knows from my figures—whether the figures are off $50 million or $100 million is immaterial, for they are in that magnitude—because the Government does not take so much in absolute money, but instead as representing a stop of a man's activity.

For instance, let us consider the case of a construction magnate in New York, who reaches a point, in the course of the year, when he says, "All right; what is the use of doing more? Why push myself? Why work late hours? Why get up early? Why go to Chicago, instead of staying home in Westchester County and playing golf? There is no use in doing so."

I am a person with some experience in that regard. New York is a very enterprising place and has a lot of people who are in that income group. I can testify to the Senator that this tax provision has an inordinate influence in terms of the creative mind and the drive and the push which are associated with American enterprise. I think it would be really a very helpful and salutary benefit to the economy if that incentive could be restored.

Mr. PROXMIRE. I say to the Senator from New York that anybody who is in that position has every incentive now for investing in an SBIC, so that he can get a very handsome tax advantage. He has every incentive to invest in an oil well, with respect to which the depletion is enormously valuable under these circumstances. He has an incentive to take a risk on capital gains, which would be of great benefit to people in that high income category.

The main emphasis I should like to leave is that the $5.5 billion tax cut which the Senator has proposed to the Senate today—which is only $4.5 billion, if he leaves out, as he did, the investment credit which is coming up—in respect to a $550 billion economy is only 1 percent, a drop in the bucket.

There was a tax cut in the United States in 1926, and 6 months later there was a recession.

There was a tax cut in 1929, and 6 months later there was the greatest depression the country ever experienced.

There was a tax cut in 1948, and a short time later the country experienced a recession.

The Senator said, of course, that the proposal is not to be considered a cure-all, but only as one part of a total package. I say that on the basis of the evidence we have seen there is no assurance that a tax cut will have a significant impact on the economy, when limited to only 1 percent of the gross national product.

If the Senator were talking about a $35 billion or a $40 billion tax cut, that, of course, would have a real effect. I am sure the Senator recognizes that could not be done.

Mr. JAVITS. I will say to my colleague that we have taken our fair proportion of the time of the Senate in discussing this problem. I should like to conclude my part of the discussion by using the words of Archimedes, who said:

> Give me a lever long enough, and a fulcrum strong enough, and single-handed I can move the world.

So in urging the establishing of what I consider to be a $7 billion tax cut rather than a $4½ billion tax cut, as a critical element of a package which is very much more inclusive than that, I speak in terms of a lever, which would get us going, which would give us the momentum, to which all other things can contribute.

Mr. PROXMIRE. One and one-half billion dollars of that has already been effected, by the decision of the administration. Congress does not have to act in that regard. Congress would have to act only on $5½ billion of it.

Mr. JAVITS. I know, but it is cumulatively $7 billion in toto. Often one can accelerate a vehicle by giving it added push, when it is already on its way.

Mr. PROXMIRE. I do wish to ask the Senator one or two more questions. The Senator from New York has held the floor for a long time, owing in part to questions from the Senator from Wisconsin, but nevertheless, I should like to ask the Senator two or three additional questions. This is a rare occasion. It is quite important that we discuss the economy. I should like, very quickly, to touch on the other elements of the package.

The Senator mentioned a reevaluation of the antitrust laws. This seems to be the area in respect to which many businessmen are suggesting constructive action. If this would get the economy moving, it could have merit. It would seem to me it would be very helpful if Senators who propose that would come in with a bill.

Mr. JAVITS. I have done so.

Mr. PROXMIRE. Those Senators should introduce bills affecting the Clayton Act or affecting the Sherman Act.

Mr. JAVITS. I have. Will the Senator yield to me so that I may interject.

Mr. PROXMIRE. I know the Senator has presented such a bill.

When we consider the very important effects of antitrust legislation in this country over the past 70 years, and the great progress which has been made in this country over that period of time, as compared with the progress in Europe, which has not had the same attitude toward monopoly, I think we ought to be very careful about rejecting the antitrust laws, although I am sure that the Senator's bill has great merit.

Mr. JAVITS. I wish to say to my colleague, with respect to the antitrust laws, I think the antitrust laws and the antitrust policies are one of the most critical determinants of economic movement forward in this country today.

I do not think my colleague ought to dismiss the European experience quite so lightly. Let us remember that the most spectacular advance in the postwar years has been in Europe. Europe was devastated by two World Wars, but we were not. We can easily understand the relative lethargy, industrially, of Europe. Certainly the tremendous thrust forward of Europe since World War II is some evidence of the fact that a nation does not need our kind of antitrust laws in order to have economic health and activity.

Beyond that, the pressure of our world position is making our antitrust laws really archaic. Let me give the Senator only two examples.

Again I apologize for delaying any of our colleagues who want the floor.

One example is the oil business, in respect to which there is really a very grave fear that the Communist activity, which now supplies 9 percent of Europe's oil—and in some countries could become an indispensable element of the operation, so as to give the Communists a real grip on the throat of industrial activity in a particular country—could be very much better dealt with if we had a different concept of antitrust laws.

Today we have extracted from the Defense Production Act even that section which gave to the Attorney General the authority to allow some kind of combination when it was needed in the national interest. That is out of the law. I have been trying to put it back in, as the Senator knows from our work on the Committee on Banking and Currency.

The second aspect of the antitrust laws which is so important is this: Everybody agrees that private enterprise must be brought into the newly developing areas. In order to divide the risk, the consortium idea is the best idea that anybody has ever thought of. That was done with brilliant success by international agencies with very little industrial participation—but some—in India and Turkey. Here, again, is an area in which business constantly runs afoul of the antitrust laws. In the field of economic warfare and the development of underdeveloped areas, the antitrust laws, as presently administered, are archaic. What I have said is not in criticism of administrations. Business felt that the Brownell administration and the Rogers administration were fully as tough on them as is the Kennedy administration and the Loevinger administration.

I am not standing here—and I know the Senator is not—as an apologist for business to secure for business relief from the antitrust laws. All I say is that as the antitrust laws are handled today, there is not a positive aspect to them. They hurt small business. They hurt our economic warfare activities. They hurt our development of the newly developing areas of the world. We must have some new antitrust policy which is consonant with the modern day. Of all the possible contributions to our economic life, aside from the question of national strikes, which I think is critically important, I believe that problems related to the antitrust laws are more important than anything else, including a tax cut.

Mr. PROXMIRE. The Senator from New York has made a strong and eloquent case on the question. But the fact is that we can explain German, French, and Italian recovery in all kinds of ways without saying that it was based so heavily, as the Senator seems to emphasize on, first, depreciation procedures; and, second, antitrust laws.

As the Senator well knows, the fact is European countries had the ideal situation in which to move ahead. Those countries had an ample supply of skilled labor and high education. They had a consumer desire for products which were not available. They had the capital from America. They had all of those things, and while they have moved ahead more rapidly than we have, they are still far, far behind us in terms of their productivity or even their satisfactions. If we should talk about television sets, automobiles, refrigerators, and like consumer satisfactions, those countries have a great way to go. They will expand more rapidly in the future in those areas.

I think we must recognize that certain pains have gone along with the development in those countries. Their inflation has been far more severe than inflation has been in this country. They have suffered. To say that we should follow a somewhat different depreciation policy, and that the European way is the best way, we would make a mistake.

I think it would be much wiser for us to go back to 1890 and consider comparative development since then. Europe was at least the economic equal of us at the beginning of that period. We are now well ahead of the countries of Europe. We have done it on the basis of vigorous antitrust prosecution, insistence on competition, and tax laws which have been sensible with respect to depreciation, although I agree that depreciation reform has been helpful.

I do not wish to delay the Senator longer except to ask him two questions. The first question pertains to the price we would have to pay to obtain a tax cut. The Senator has indicated that he thought expenditures should be readjusted. He has supported a number of economy efforts on the floor of the Senate. I ask him if it is not true that his proposal would really undermine business confidence both here in America and abroad in Europe? As the Senator has suggested, we would vote a tax cut which would amount to a $7 billion cut. Last year we had a $6 billion deficit and expect a $4 billion deficit this year, without a tax cut. If even in prosperity we cannot come closer to balancing the budget than a $10 billion deficit, might that not be a factor that would be very important to business confidence?

Mr. JAVITS. I cannot agree with the Senator for two reasons. First, a tax cut would not mean an increase in deficit. It might mean a very much smaller deficit when we extend the experience over a period of more than 1 year.

For example, history has shown such a result in 1954.

Second, the best evidence of what is thought by the business community is that the business community thinks exactly to the contrary. The U.S. Chamber of Commerce has come out for a tax cut even larger than the one I have proposed. The AFL–CIO has also done so.

If my memory serves me correctly, the other day we had a report from a rather conservative public banking institution in Europe. I think it is the Bank for International Settlements. I may be wrong about the source, but it is the same type of source which also carried out the same general point of view that the chamber of commerce has carried and that the AFL–CIO has carried. Whatever may have been their differences as to the terms of the tax cut, I might point out to the Senator the idea of a budget deficit is, in these relatively prosperous European countries, apparently much better understood and accepted than in ours. The question is the aggregate of economic activity. What people want to know is not only what the deficit of a country is—because, after all, a country can pretty much control its deficit, depending on how that country taxes itself—but the question is, What is the total aggregate of the country's worth? The worth of a country is attributable not only to its fixed assets but also its earnings, to use a business term. It is the business turnover that we are trying to generate by an incentive tax cut. I am not for a tax cut that would simply put money into the pockets of people so they can spend it. I am for a tax cut that would apply with the greatest selectivity at the point where it could do the most good in terms of engendering purchasing power which we want and the type of expansion which we want. That is my whole point.

Mr. PROXMIRE. There are times for a tax cut. There is no question about it. There are times when a tax cut would be beneficial to an economy. But at a time when we seem to be nearing the peak, when our gross national product is still moving ahead, as the Senator from Illinois [Mr. DOUGLAS], the only professional economist in the Senate, has said, we seem to be using up our ammunition at the wrong time.

Mr. President, I conclude by telling the Senator from New York once again that there is nothing tougher than having to do what he did this afternoon. He has come forward with a constructive and positive series of recommendations. There is nothing easier than to stand up, shoot at them, and try to knock them down. What the Senator has done, I think, has been helpful. I emphasize that I disagree with him with respect to Presidential leadership. The leadership has been constructive and effective. The country has a great asset in John F. Kennedy. He is leading the country very effectively. The Senator deserves a world of credit for the economic part of his remarks. It was a fine effort and the kind of historic speech which can be a real contribution to the country.

Mr. JAVITS. I am grateful to my colleague.

Mr. HUMPHREY. Mr. President, I deeply regret that I could not be present in the Chamber to hear all of the Senator's speech. I have listened with great interest to the colloquy between the Senator from Wisconsin and the Senator from New York, both of whom are strong advocates of their respective positions, and both of whom have agreed upon some measures and have honest disagreements over others.

First, let me say to the Senator from New York that it has been the position of the senior Senator from Minnesota for some time that a tax cut now would be a productive tax cut for our economy. I am more convinced than ever that a tax cut at a time when the economy seems to be doing fairly well would be an effective means of putting our economy in what might be called full power forward. In other words, the tax cut would provide the forward thrust which the economy needs.

My study of the question is not as a professional economist. Nevertheless, for several months the Senator from Minnesota has been conversing with well known and responsible economists, and members of the business community and the financial community who are knowledgeable on the subjects of fiscal and monetary policies.

I believe that the administration should advocate a tax cut. And I believe, even more so, that Congress should get in step with the realities of the time. The real problem here is not with the President, but, rather, with Congress. The President has indicated in previous statements his interest in and his support of a sensible tax cut, both corporate and individual. The President is having prepared recommendations to submit to Congress for action next year on basic tax reform, which includes reduction of tax rates, both corporate and individual.

The Senator from Minnesota has said that if the administration is committed to a tax cut next year, why not now? The effect would be greater now. We would relieve the uncertainty in the economic community if the tax cut were made now.

So what is the problem? The problem is that the word that comes from Capitol Hill, with the exception of a few of us who have spoken up on this subject, is that such a proposal would be rejected, and it would throw Congress again into a serious argument over basic economic policy.

I know that the answer will be, "Well, the President ought not to worry about what Congress will do." In this instance I say the President must worry about what Congress will do, because it will provide even greater uncertainty to the economic community if there is a basic conflict between the President of the United States and the Congress over tax policy.

If the Senator from New York will indulge me further, let me say this. On point No. 1, a tax cut now, my answer is "Yes." On point No. 2, the amount of the tax cut, I say that the amount must be sufficiently large so that it does have an immediate thrust or impact on the economy. In fact, I say most respectfully that a $5.5 billion tax cut, as advocated by the Senator from New York, with selective cuts, is to my mind, too modest. Many of the economists whom we hold in high regard, both in business and in Government, have suggested as high as a $10 billion cut. I made the proposal a week ago in the Senate that we provide a cut of $7 billion.

What would be the effect of a tax cut at this time? The Council of Economic Advisers estimates that the gross national product will increase by roughly two and a half times the amount of a tax cut. For example, a $10 billion tax reduction would result in a $25 billion increase in the amount spent by consumers and business for goods and services.

I believe that the Senator from New York has made a valid point so far as deficits are concerned. The deficit will be less if the economy moves at high velocity, if the production of goods and services can be stepped up. Even though the rate of taxation is lower, the amount of the revenue coming to the Government will over the long run be larger. If we can step up corporate profits, as a result of increased business activity, and if we can step up individual income, as a result of full employment tax revenue will increase sufficiently so as to have balanced budgets.

I would ask my friend from New York, for whom I have great admiration and friendship, to bear with me as I cite some of the things this administration has done to stimulate the economy. For example, there has been an improvement in agricultural income through the enactment of the farm program of last year with respect to feed grains and wheat. That had an effect on rural America, and it had an effect in the trade centers and in the distribution centers throughout rural America.

We have had the largest housing program authorized, larger than was ever authorized before by any Congress. Housing construction has been most heartening.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HUMPHREY. The area redevelopment program which was enacted last year, while slow in getting underway, has had beneficial effects in many distressed areas. And it will be making an increased impact on the economy as time goes on.

Loans by the Small Business Administration have doubled, as is true also under the Farmers Home Administration. There is a great need for these loans. They are paid back with interest. SBA makes money. It does not lose money. These Federal loans of the Small Business Administration improve the economy and do not hold it back. Unemployment compensation has been paid to the tune of almost a billion dollars.

The minimum wage law passed last year has been beneficial in certain parts of the country.

All of this has had an impact on the economy.

What are some of the problems that we have had to face? Well, first of all, we had to face an inflated stock market. I do not believe anyone would deny that a major reason for the fall in stock prices was that the stocks had gotten out of balance in terms of yield and earnings. It was inevitable that stock prices return to normal.

The men who have responsibility in the stock market have exercised a great deal of statesmanship and solid, good business sense in trying to bring the market back into balance.

The Federal Reserve Board also lowered the margin requirements, and this has been helpful.

Then we have the problem of the hard core of unemployment due to automation and due to technological improvements, which, with the three recessions we have suffered since 1950, has left us with a larger body of unemployed.

If I were to criticize this Government—and in doing so I would include Congress also—I would say that our major weakness and limitation has been the fact that we have not really gone after the problem of unemployment with the vigor with which we should have attacked it.

Then there is the Common Market and the competition that we are receiving from overseas. That has had an impact upon our economy.

Then, too, the uncertainty of the tax policy has had an impact.

I am hopeful that in this month of August the administration will make it crystal clear that we are going to have a tax cut or that we are not going to have a tax cut. There should be no doubt about it. There ought to be a clear cut line, a clear-cut policy laid out by Congress and the administration.

I would add that the biggest tax cut that we have had since 1954 was the revised depreciation schedule as released in the month of July. This gave the effect of a billion-and-a-half-dollar tax cut or immediate tax relief for those who are investors in plant and equipment and machinery.

So, by and large, decisions have been made and action taken that have been worthy and workable and helpful.

If anyone wishes to help the President now to arrive at the next decision, the best way to do it is to have one voice after another in Congress speak up on the importance and the need for an immediate tax cut. I believe it is not only economically desirable; I say it is an economic necessity. It will help the economy remain strong and become stronger.

It will take us over any condition that might be called a lull in our economy, and it will help us maintain our forward momentum.

I am not saying that we are in a recession: To the contrary, I am saying we are not doing as well as we could; we are doing well, but not the best we can do. We need to step up this economy of ours. I would call to the attention of the Senate the most recent report on the profits of corporations in the second quarter.

That report, which was printed in the Wall Street Journal, shows that the profits of 478 firms, in the second quarter of 1962, rose 15½ percent from those of the 1961 period. Practically every single line of endeavor shows an improvement in the profit picture of the corporations. At the conclusion of my remarks, I shall ask unanimous consent that the items to which I have referred be printed in the RECORD. The Chrysler Corp. shows a profit of $11,900,000 compared with a loss last year of $15,700,000. The Ford Motor Co. had its highest profit since 1929; in fact, it was 28 percent above a year ago. Its profits were $268 million.

These are examples of the fact that there are, in many sections of the American economy, genuine prosperity and genuine health.

But I believe, if I understand the Senator from New York correctly—and this is where I disagree with the Senator from Wisconsin—that there are areas in the economy which can be improved considerably, and that a wise tax policy of selective cuts would lend itself to a forward movement and a great movement in what might be called the weaker sectors of the American economy. I agree with that position. I agree that it would be financially prudent to do so. The way to waste money is to fail to make decisions when they should be made. A recession will cost the economy much more than a tax cut. A recession will cause a deficit in the Government's budget far beyond what any tax cut will cause, because there are certain costs of the Government which cannot be avoided. The defense cost is not going down; it is going up. The cost of the space program is not going down; it is going up. The cost of the atomic energy program is not going down; it is going up. Many programs of the Government have fixed costs. Those costs are not going down; they continue to go up.

In this situation, the reductions which can be made are modest in terms of the total budget. A recession of 5 percent in the economy will cost far more than any tax cut that has been estimated or suggested by any responsible person in or out of government. A 5-percent drop in production and a 5-percent drop in employment in this country would cost far more than the combined suggestions of the Senator from New York and the Senator from Minnesota for tax cuts. So I do not believe we have the neat little choice of saying, "Let us do nothing." The fact is that we must do something. We did something with the depreciation schedule. We are planning to do something with the investment tax credit. I do not believe this is a cure-all, but I think it is a desirable proposal.

I further believe that the suggestion to reduce the high individual income tax rate by some appreciable amount, as was suggested by the Senator from New York, is worth while. It might well be reduced from 91 to 65 percent. Whether 65 percent should be the figure, or whether it should be 70 percent, or whatever it should be, is not the point. The fact is that there is an incentive factor which must be taken into consideration.

Finally, I agree that the tax policy is not merely economics; it is psychological. The psychological impact of a tax cut now cannot be overestimated. The psychological effect of a decision on tax policy cannot be overestimated. I am hopeful that Congress will stop acting as if, somehow or other, the only kind of economics we understand is that when we get deep in trouble economically, we must rely on public works; when we get deep in trouble, so that little money is available for anybody, we look around to see if we cannot have bigger deficits. That is what I call 1930 economics. We are living in a different age. We cannot afford to get into trouble. We cannot afford a slump in our economy. We cannot afford a 5- or 10-percent drop in the economy. We have fixed costs for our national security and our national survival. We cannot think in terms of sharply reducing the security budget or the defense budget of the country. Because we have huge fixed costs, we cannot fool around with an economic policy that is 30 years old.

As a liberal, I submit that the kind of economic policy we need is one that permits the fullest possible expansion of the private sector of our economy. I believe in public works programs, but they should be supplemental; they cannot possibly take up the gap of unemployment and of unused plant capacity. We shall have to rely, for the forward movement and forward thrust of the American economy, upon the American business community and the American consumer.

What are the facts about the American consumer? The consumer spends the money that he gets, 93 cents out of every consumer dollar is spent in the marketplace in the period of time in which that money is received. That is as standard as the fact that Christmas comes once a year.

It is just a pattern. I believe that if individual taxes are reduced, the money will be spent in the marketplace. If corporate taxes are reduced, the money will be invested. Why do I say so? Because the facts over a long period of time prove it. This is no longer a question of conjecture; it is not a question of theory. There is a long table of statistics which reveals unmistakably that when consumers receive higher income almost all of it goes immediately into spending for goods and services. This was true last year in the case of accelerated payment of dividends to holders of GI life insurance, it was true in the case of the 1954 tax cut; it has been true of every major economic policy that the Government has enacted which put extra money in the pockets of consumers and businesses.

I thank the Senator from New York for being so considerate as to let me comment upon his address. I am sorry that the Senator was so sharply critical of the administration; but I recognize the fact that sometimes such criticisms have a beneficial effect.

But we ourselves might well examine—and I do not mean the Senator from New York—the institution which is the U.S. Senate. I have found very little modern, liberal economic thinking in the fiscal policies of the Senate. It seems to me it is very hard to move this body, which is cloaked in tradition. I suggest that we take a good, hard look at what the realities are and what is needed in terms of economic policy, in order to give this country the economic potential of which it is capable. Today we are working at about 85 or 90 percent of our potential, when we ought to be working at at least 95 to 100 percent. That is the reason for my advocacy of a tax cut.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD editorials and articles relating to tax reform; new guidelines for tax depreciation and business assets as proposed by this administration; an article published in the New York Times of July 15, demonstrating that new depreciation rules are seen as aiding small businessmen; and certain other editorials and articles which advocate and support the concept of a tax cut now, and holding that such tax cuts would have a beneficial effect upon the economy.

There being no objection, the articles and editorials were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 11, 1962]

NEW WEAPON AGAINST RECESSION

Too little attention has been paid to the administration's request for standby authority to reduce individual income taxes to combat recession.

Congress, of course, is jealous of its prerogatives to levy or cut taxes, and is understandably reluctant to consider any proposal, no matter how sound, that would affect its powers. But the proposal that is before the House Ways and Means Committee takes into account the rights of Congress by stressing the temporary nature of a reduction and providing a series of checks to prevent any abuse.

There is no more powerful antidote to recession than a cut in taxes. Yet this solution is seldom invoked. For one thing, a request for a tax reduction is always time consuming; it always seems much simpler and quicker to request additional expenditures. For another, there is rarely any unanimity on what taxes to cut, and by how much, so that the line of least resistance is to maintain the status quo.

The administration's proposal would get around the problem and make tax policy an effective contracyclical tool by injecting a measure of flexibility and speed that is now lacking. In essence, once the President decided that the economic situation called for a reduction in taxes to meet the objectives set out in the Employment Act, he would submit to Congress a request for a uniform and temporary cut in individual tax rate to a maximum of 5 percentage points below the permanent rate of 20 percent. The reduction would take effect within 30 days, unless it was rejected by a joint resolution of Congress; and it would remain in effect for six month, unless Congress decided otherwise. And if Congress were not in session, a tax cut could take immediate effect but would be terminated 30 days after Congress reconvened, and any further extension would require a fresh request.

This is a novel proposal, but it should not be rejected on that ground. Standby authority for temporary reductions would strengthen our defenses against an economic downturn by streamlining the most potent weapon in the Government's arsenal.

[From the Washington Post, July 23, 1962]

For a Tax Cut Now

When the postwar record of the economy is viewed in retrospect there is much of which to be proud. It has conferred upon the American people the highest living standard in the world and at the same time it has provided a substantive stimulus to the economic recovery and growth of the free world. But in recent years our rate of economic growth has been declining and at this time the economy is listlessly balanced on a high plateau. A stimulus is required to restore a healthy and vigorous rate of growth, and there is a remarkable unanimity of opinion among businessmen, labor leaders, and economists that the best stimulus available is a tax cut.

The compelling argument for a tax cut rests upon sound principles of economic anaylsis. If personal income taxes are cut while the current level of Government expenditures is maintained, the economy will be stimulated by the ensuing increase in the total expenditures for goods and services. It is important to bear in mind that the effects of a tax cut will be multiplied by successive rounds of expenditures so that a $1 tax reduction will, after about 6 months, result in a $2.50 increase in expenditures. In addition to this multiplier effect on the consumption side, there will be a powerful but not readily caculable stimulus to investment as the rising volume of sales presses upon productive capacity.

A token tax cut will not sufficiently stimulate the $550 billion American economy. What is required is a substantial reduction. The tax rates for all income brackets except the highest one should be reduced by 5 percentage points to increase after-tax income by $10 billion. The nearly confiscatory 91 percent rate for the highest bracket should be reduced to 65 percent, thus reducing tax revenues by an additional $650 million. This reduction for the highest income bracket, which has long been recommended by proponents of tax reform, will increase investment and diminish the efforts to establish tax shelters. In addition to the reduction in personal income taxes an across-the-board reduction in corporate income taxes by 2 percentage points would add $1 billion to business income which would be useful in financing the anticipated rise in the volume of investment.

In total these tax cuts would result in an $11.6 billion loss in Treasury revenues, but the personal-income tax reduction alone will increase the volume of total expenditures by $26.5 billion and the dynamic effects of these increases upon the volume of investment should add much more to the gross national product. Thus the fiscal deficit that is incurred will be sharply reduced as a rising level of economic activity generates greater tax revenues.

The administration, it will be recalled, planned a tax reduction for 1963 as a part of a broad program of fiscal reform. But it is now clearly evident that the stimulation of the economy must take precedence over reform. In any case, there is nothing in this proposal that should preclude tax reform in the future.

On countless occasions during the campaign of 1960, President Kennedy reiterated the necessity for getting America moving again. The time has come for injecting new vigor into the economy. The administration should advocate, with all the force that it can muster, an immediate tax cut.

[From the Washington Post, July 26, 1962]

Tax-Cut Alternatives

The discussion of a tax cut has been in the forum of public opinion for a little more than a month and it has already hardened along well-established ideological lines. Conflicting ideologies must always be aired in a democracy, but in this case there is a danger that in the heat of battle they may obscure the fundamental economic issues.

If one scans the political spectrum from left to right he begins with the proposal made by Mr. George Meany of the AFL–CIO. Meany voiced a vigorous opposition to either an across-the board reduction of personal income-tax rates or a cut in corporate income taxes. He recommended that a personal income tax cut be concentrated in the first individual income tax bracket. Moving toward the right, there are the suggestions by Ladd Plumley, president of the U.S. Chamber of Commerce, which would reduce the rate on the first $1,000 of taxable income from 20 to 15 percent and institute proportional reductions in all brackets taxed at rates between 15 and 65 percent. Plumley would reduce the maximum personal income tax rate from 91 to 65 percent and the top corporate income tax rate from 52 to 47 percent.

Should one choose between the Meany and Plumley proposals on purely political or ideological grounds? We think not, for there are economic considerations which transcend the traditional left-right schism in American political thought.

The primary purpose of an immediate tax cut is to inject a new vigor into the economy. That is why a proposal was recently made in these columns that was designed to stimulate both consumption and investment expenditures by reducing the maximum personal income-tax rate from 91 to 65 percent and cutting all other personal tax rates by 5 percentage points and reducing corporate income taxes by 2 percentage points.

Studies of consumers' behavior indicate that the propensities to spend vary inversely with income levels. Therefore, if the tax cut were concentrated in the upper income groups, as Mr. Plumley suggests, the impact upon the level of consumption expenditures would be smaller and the stimulus to investment weaker. Mr. Meany's proposal, which would benefit only those in the lowest income groups, is objectional on grounds of equity, and the hostility which it would engender among investment decisionmakers might defeat the purpose of a tax reduction.

The stimulation of the economy will work to the advantage of everyone, irrespective of income or ideology, and it would be unfortunate if the present discussion on how best to achieve that end degenerated into a sterile hassle over irrelevant ideological issues.

[From the Washington Post, July 17, 1962]

For a Tax Cut Now

(By Walter Lippmann)

On the question of a tax cut, with which the President is now wresting, the undecided issue is whether to ask for it this summer or to wait until next winter. The issue is as yet undecided for one reason only. There is some doubt whether in the few weeks that are left before adjournment, the chairmen of the two key committees, Representative Mills and Senator Byrd, will allow Congress to vote. The significant thing about their veto is that almost certainly the two chairmen will not have it next winter. For by that time, if as it now seems probable, our sluggish economy has begun to recede, tax reduction will go through Congress by acclamation.

The chance of a Mills-Byrd veto this summer, which is what causes the President to hesitate, is primarily due to the fact that as yet recession is only indicated and is not yet being experienced. Can the President induce Congress to act to prevent a recession, or are we doomed to wait for a recession and then try to reverse it? The fundamental question is whether we have a Government which can act with foresight, which can take the stitch in time that will save nine.

Since the Wall Street crash at the end of May there has been a sharp and rapid change of responsible and expert opinion. The crash altered those who watched the economy, causing them to ask whether the Kennedy recovery of 1961 was going to peter out before it went much further. There had been a very few who had predicted this last January when the administration, using what had proved to be erroneously optimistic estimates, adopted a restrictive and deflationary fiscal policy.

The unfounded optimism ended a few days after the crash. The business reports which have come in during June and the first half of July show that with a few exceptions, automobile sales and residential construction, the recovery is sluggish and is slowing down. Employment and industrial activity, profits, inventory replacement and capital investment are so sluggish that the recovery appears to be nearing its end. It would seem that by the onset of winter there will be a recession.

Professor Samuelson says that the peak of total profits was in fact reached at the end of last year and that the rate of unemployment, which has never gone below 5.4 percent, will from now on be rising.

We are not, let us repeat, as yet in a recession. But we are on the verge of one. This is the critically important time for the Government to act in order to stimulate the expansion of economic activity. The longer it waits, the stronger will the medicine have to be. It has already waited 6 months too long, and so it will need to use stronger medicine today than it would have needed last January. If it waits until the recession has actually begun, the chances are that the comparatively agreeable medicine of a tax cut will not be enough, and will need to be supplemented by more Government spending.

The reason for this is not complicated and it is of great significance to the question of whether to cut taxes now or to wait 6 months. The immediate effect of a tax cut is to stimulate consumer buying. If this takes place when industry is working somewhere near full capacity, the consumer demand will stimulate industry to modernize and enlarge its plant. This capital spending will sustain the recovery.

[From the Washington Star, June 8, 1962]

The Market and the Economy—Recovery Held Too Weak To Attain Full Employment Without Tax Cut

(By Sterling F. Green)

Unless the business recovery unexpectedly catches fire, the 1963 tax bill which President Kennedy plans to send to Congress later this year will call for tax relief totaling perhaps $5 billion a year for industry and consumers.

Tax rates from top to bottom would be cut in the broad program now being drawn up by the administration.

Secretary of the Treasury Douglas Dillon says the tax package is aimed as spurring maximum long-range economic growth. He says no decision has been made on how far to go in offsetting lower tax rates by broadening the base of the tax structure and closing loopholes.

Early tax reduction was not part of Mr. Kennedy's program to "get the economy moving."

The stock market's convulsions have reinforced a growing belief, however, that the business recovery—although steadily erasing old records for production and income—is not robust enough to carry the country to full employment on this upswing of the business cycle.

FAVOR SOLID TAX CUT

Most officials now are said to favor a solid tax reduction for business and consumers. It would be, in effect, a raise in take-home pay for workers, a source of fresh capital for investors and a boost in the after-tax profits of industry which would be available for reinvestment.

Estimates of the net tax relief are running as high as $7 billion. Five billion is more frequently mentioned, as being about the minimum cut which would make enough difference in consumers' paychecks to encourage purchases of new cars, homes and major appliances.

Reductions in the top income tax rate from 91 percent to perhaps 65 percent has been considered. At the other end of the taxable income scale, the basic 20 percent might be dropped to 16 or 18 percent.

The corporation tax rate of 52 percent probably would be cut to something below 50 percent. A range of 47 to 49 percent has been under discussion.

BAD NEWS WITH GOOD

Some bad news would accompany the good. A whole bundle of reforms is under consideration, to eliminate the patchwork of special concession and exemptions stitched onto the tax structure over the years for the benefit of special groups. But all taxpayers would come out ahead.

Such a tax reduction would mean at least 1 more year of budget deficit. Revenues presumably would be cut seriously in fiscal 1964, a year in which Government spending is expected to climb to $95 or $96 billion. The anticipated increase of about $3 billion from this year's budgeted outlays is mainly the result of built-in increases in the space and military programs.

Despite the prospective red ink, most administration advisers are said to be convinced that strong medicine is needed to fortify—if not to rescue—Mr. Kennedy's grand strategy for American growth in a world of heightened competition.

The primary goal is full employment. The basic approach is to forge an economic partnership, built on trade, with a prospering and economically unified Europe. Mr. Kennedy's first step, making possible the removal or reduction of tariff barriers between the United States and the Common Market, is on its way to enactment in Congress.

UNITED STATES MUST BE COMPETITIVE

But to trade, the country must be competitive. That means organizing factories and refineries, building new ones, bringing into production the 15 percent of plant capacity which now stands idle—and holding down wages and prices.

The Kennedy strategy is two sided. It involves:

First, enlisting the cooperation of labor and management in keeping wage settlements and price decisions noninflationary. The White House in January offered voluntary guidelines which, in the opinion of the President's Council of Economic Advisers, would keep wage increases within the bounds of the annual gain in output per manpower.

STEEL REBELS

Second, making it possible for business to amass the funds needed for modernization of the Nation's industrial plant. Tax incentives are being offered as an alternative to price increases which—in the administration's view—would simply discourage demand and price American goods out of the world's markets.

The first approach has run into grave trouble. Steelmakers rebelled at price restraint and set out to improve their profits in the traditional way—a price boost. Mr. Kennedy reacted angrily and forcefully to salvage his grand design.

Many businessmen felt he overreacted. The charge that Mr. Kennedy is antibusiness has gained wider acceptance; it apparently worsened the spectacular stock market break of 10 days ago and has contributed to the uncertainty evident in the market since then.

The second approach is faring better. The Treasury shortly will issue liberalized tax allowances for depreciation on machinery and equipment, and Congress seems likely to enact most of Mr. Kennedy's first phase tax revision program, built around a tax credit for big and little companies which invest in new plant equipment.

The administration is confident these measures will remove many of the financial obstacles to the cutting of costs and the improvement of efficiency. If so, they may incidentally make business less anti-Kennedy.

WHERE WILL SAVINGS GO?

There is no way to be sure, however, that the tax savings actually will be plowed back into the industrial economy. For any manufacturer, the best incentive to spend money is the promise of strongly rising demand. Such assurance is not evident in the moderately placed upturn now in progress.

Mr. Kennedy's advisers believe the obvious answer—and perhaps the only one since Congress would certainly reject massive Government spending as a stimulant when the economy was moving up—is tax reduction.

Their hope and expectation is that an initial deficit in the Federal budget would be more than offset in succeeding years by the rising tax collections generated by expansion of employment, income, and profits.

The accusation that the administration is buying votes with the tax cut, certainly will be made in this fall's congressional election campaign.

But on this question, at least, Mr. Kennedy is likely to find a majority of businessmen behind him. Last week, the Council of the U.S. Chamber of Commerce issued a study which said:

"Tax reduction and tax reform should take precedence over new spending programs as a means of stimulating the economy."

[From the Washington Post, July 12, 1962]

SOUND TAX REFORM

With the publication of its new guidelines for tax depreciation of business assets the administration has accomplished a sweeping fiscal reform that will confer enormous benefits upon the American economy.

For the past two decades American industry has operated under the severe handicap imposed by the regulations of the Internal Revenue Service's Bulletin F which were retrospective in spirit and frequently administered in an arbitrary or capricious fashion. Moreover, they made no provision for the rising costs of capital goods or the obsolescence induced by the rapid pace of technological change.

The new regulations are a most impressive example of modern fiscal craftsmanship for which Treasury Secretary Douglas Dillon and his staff deserve the highest praise. Their new guidelines, which establish flexible but objective criteria for determining the taxable lives of depreciable assets, forge a strong and significant link between the tax practices of business enterprises and their capital replacement policies. Firms which rapidly replace or augment their stock of capital assets will be entitled to commensurately larger depreciation allowances. By thus increasing the corporate cash flow, the new regulations should provide a powerful stimulus to investment. At the same time depreciation allowances will be reduced for those corporations whose reserves are excessive relative to the value of their assets.

The immediate impact of the new guidelines, which increase depreciation allowances by shortening the lives of business assets, will be a $1.5 billion corporate tax reduction. One may take exception to the administration's optimistic estimates of the short-term effects of this tax cut upon investment and the level of economic activity at a time when there is considerable excess capacity, but there can be little doubt that the longer term impacts will be salutary.

While the depreciation reform is a vital step in the right direction, Secretary Dillon ably demonstrated that it does not complete the task of placing American industry on an equal footing with foreign competition. There still remains a depreciation gap—the difference between the new depreciation allowances and the replacement costs of capital equipment—which can only be closed by the passage of the investment credit provision of the revenue act now pending before the Senate Finance Committee. President Kennedy underscored the importance of this vital legislation when he stated that—

"The reform announced today has been carried out as quickly as possible, and it goes as far as it is administratively possible to go to meet the investment needs of American business. I am hopeful that Congress will do its part by enacting the investment credit."

[From the New York Times, July 15, 1962]

EASED DEPRECIATION RULES SEEN AIDING THE SMALL BUSINESSMAN

(By Robert Metz)

Tax experts who have studied the Treasury's new maroon booklet that sets forth the number of years over which businessmen can offset the cost of machinery against earnings believe that the small businessman will be a principal beneficiary.

Under the old rules, laid down in Bulletin F, there were some 5,000 items of machinery and equipment listed, with their useful lives.

Larger businesses, with detailed records of purchases and sales of machinery, were often able to obtain faster writeoffs by convincing the Treasury that they wore out equipment at a faster rate than was prescribed. They could afford expert counsel to help them make their case. Small businessmen usually lacked both records and expert counsel.

AN EXAMPLE IS GIVEN

Maurice Peloubet, a certified public accountant, notes, for example, that a man with a small machine shop would be likely to benefit, since he uses a lot of equipment such as lathes, drill presses, shavers, and grinders. He therefore has quite a stock of depreciable equipment, but his records usually had not been sufficiently detailed to convince the Treasury that he had writeoff problems that needed correction.

On the other hand, the Treasury points out that, because of a lack of audit control over the small businessman, he often has taken shorter equipment lives than have big businessmen. And, since they were audited less frequently than were their bigger brothers, they often got away with it.

In many fields, such as railroading and printing, technological advances have made much equipment obsolete. Even the more favorable writeoff rates established by particular companies through negotiation with the tax agency over the years have proved inadequate. As a result, the Treasury has made its new composite rates even shorter, in many such areas, than had been negotiated.

Periodic reviews are to be undertaken by the Treasury to insure that the composite rates stipulated for the different industries keep pace with technological developments.

Taxpayers who have followed the more progressive policies on replacement of equipment may find that the new schedules will not permit them much added leeway. Still, progressive policies in the past have meant arguments with the tax agency, so these taxpayers will benefit, primarily, from the elimination of this controversy under the new schedule.

ELIMINATION OF CONTROVERSY

Furthermore, the Treasury has added another facet to the subject in its reserve-ratio tables. Under this very old accounting concept that has been incorporated into the depreciation rules, a businessman may be permitted even shorter lives than are prescribed in the tables.

The reserve ratio is the ratio of depreciation reserves to the purchase price of all depreciable property in a particular class. For a hypothetical company that is neither growing nor declining in size, this ratio always will be roughly 50 percent, because its assets will, on the average, always be half depreciated.

For a growing company, the ratio will be smaller than 50 percent—the faster the growth the smaller the ratio—because it will have a larger proportion of recently acquired assets that it has just begun to depreciate.

VARIATIONS ARE ALLOWED

The Government's program allows variations of several percentage points from the normal rate. Thus the company that is neither growing nor declining would not be challenged if its depreciation varied by several points on either side of 50 percent.

Similar leeway is given to growth companies, whose appropriate ratios may be 40 percent, 30 percent or some other percentage.

The Treasury is optimistic that this change and, in particular, the move to an objective test rather than an agent's judgment may bring to an end the long history of discord between business and Government over this aspect of taxation.

[From the Washington Post, May 28, 1962]

CORPORATE INCOME TAX RATE CUT COULD BE TONIC

(By Harold B. Dorsey)

Another spell of acute weakness in the stock market last week brought the decline in the stock-price averages to 16 percent since mid-March. This leaves little doubt in anybody's mind that investors' confidence has been hurt.

Price swings in the stock market in excess of 10 percent—whether up or down—often have an effect on business sentiment. Whatever the reason, statements by a fair number of business leaders in the past 10 days demonstrate a deterioration of confidence.

BIG STEEL LOWERS SIGHTS

The chairman of the United States Steel Corp. last week indicated that his company's expenditures for capital improvements this year would probably be $200 million less than anticipated in January. Sluggishness in the pace of new orders coming to the machine tool builders is attributed to a deterioration of confidence on the part of U.S. businessmen. Thus tangible evidence is beginning to accumulate that a deterioration in confidence is having an adverse effect on business decisions.

Unfortunately, there is also some evidence that deterioration may have started the process of breeding deterioration.

We can see an example of that behind Secretary of the Treasury Douglas Dillon's comment to a group of bankers in Rome 10 days ago that he was concerned about the increasing use of the various mechanisms of the U.S. capital market by European borrowers to raise funds for their own internal uses. Why don't these borrowers obtain their funds in their own backyards? Because they can get it cheaper here. Why is it cheaper here? Because we want an easy credit policy as part of the effort to stimulate our economy.

CAPITAL ATTRACTED ABROAD

Capital may be attracted to other countries for a wide variety of reasons. Maybe the combination of promised income and security is better abroad; maybe the growth prospects are better over there than they are here; maybe the various types of threats of profit margin squeeze—wage costs, tax costs, the Government interference, for example—seem less than they are here. Capital outflow—influenced in part by the confidence factor—tends to aggravate our international currency problem which, in turn, reduces confidence in the dollar.

This reminds us that there has been some weakening in the basis for hoping that the international currency matter could be patched up for a sufficient length of time to permit a correction of the fundamental causes of the balance-of-payments deficits. An important part of that basis was the anticipation that the recovery trend in our economy would be vigorous throughout the current year and that it might lead to a resumption of a dynamic growth for the economy.

On that basis, Dillon indicated at the Vienna Monetary Conferences last September that our national budget would be balanced for fiscal 1963. To the extent that there has been a change in the business prospects that will not permit a balanced budget for fiscal 1963, there has been a factual change in the basis for hoping that the currency problem could be patched up without too much difficulty. And this very same change has increased the threat of a capital outflow.

I have been asked frequently in recent weeks what steps I thought should be taken to counteract the deterioration in the confidence factor and to encourage an increase in the business capital expenditures which are the very source of growth in the standard of living and employment. No single step could possibly accomplish that objective.

The most dynamic stimulant, in my opinion, would be a cut in the corporation income tax rate to about 45 percent. Insofar as this tax is an element of cost, and therefore of price, a reduction in the tax would function first as a counter-inflationary pressure on prices. Where competition permitted it, there would be a widening of profit margins and an improvement in earnings, which would encourage larger capital investments in equipment.

PUTTING PEOPLE TO WORK

The building of that equipment would put more people to work, which would increase personal purchasing power and consumer demand for goods and services. A tax reduction would constitute tangible evidence that official Washington is not antibusiness in its attitude. It would probably cause a cessation of the extreme weakness in the stock market which is currently breeding a loss of confidence. It would increase the Government deficit for perhaps a year but favorable offsets should develop thereafter.

[From the Washington Star, July 27, 1962]

CHRYSLER TURNS LOSS INTO $11.9 MILLION PROFIT

DETROIT, July 26.—Chrysler Corp., which lost $15.7 million in the first half of last year, reported today a profit of $11.9 million for the first 6 months of 1962. The net was equal to $1.31 a share.

The turnaround came despite sub-par sales of $1,070 million which barely exceeded the $995 million total of the first half of 1961.

For the second quarter Chrysler reported earnings of $10.6 million, or $1.17 a share, on sales of $572 million. These figures compared with earnings of $6.2 million on sales of $563 million in the similar quarter a year ago.

The second quarter also showed improvement over the first 3 months of 1962, when the automaker earned $1.3 million on sales of $498 million.

The board of directors, meeting in New York, declared the usual 25-cent quarterly dividend.

In 1958, on an almost identical dollar sales volume, Chrysler lost $25.2 million in the first 6 months.

The corporation reported a rise in defense sales from $96 million in the first half of last year to $130 million in the comparable period this year. Worldwide car and truck sales were up 7.8 percent to 410,147 units, the company said.

Model-year production in United States and Canadian plants, which ends this week, will total about 813,000 cars and trucks, up 6,000 from the 1961 model year, the corporation said.

Today marked the end of the first year as president for Lynn A. Townsend, who succeeded L. L. (Tex) Colbert.

[From the Washington Star, July 27, 1962]

FORD'S FIRST-HALF PROFIT SET AT $268 MILLION

DETROIT, July 26.—Ford Motor Co. said yesterday it made $268.3 million in the first half of this year, its highest profit for the period since 1959, and 28 percent above a year ago.

Consolidated sales of $4,042,900,000 were the best since Ford revised its accounting system at the start of 1959. Figures this year include for the first time sales of Philco, acquired as a Ford subsidiary last December.

The first half earnings of $2.44 a share compared with $1.90 for the January-June period a year ago, after adjustments to take into account the recent two-for-one stock split.

For the second quarter Ford reported a profit of $140.6 million on sales of $2,043 million. This compared with $133.2 million profit on sales of $1,878,300,000 in the second quarter of 1961.

Chairman Henry Ford II and President John Dykstra said both sales and profits in the second quarter this year were adversely affected by a strike which occurred in June at the company's Walton Hills stamping plant near Cleveland.

Ford reported total worldwide vehicle sales of 1,705,502 units this year, up 200,000 from the first 6 months of 1961. Domestic factory sales were up 15 percent; sales of foreign subsidiaries rose 10 percent, highest for that period in the company's history.

Pontiac reported sales of 15,457 cars in mid-July compared with 9,934 in the similar period of last year. Buick said it sold 13,814 cars during the period, highest since July 1956.

Dodge said sales of 6,410 cars boosted the month's total to date to 11,667, up 16 percent from 1961.

[From the Wall Street Journal, Aug. 1, 1962]

PROFIT PLATEAU—EARNINGS HOLD NEAR PEACETIME RECORD, RISE 15 PERCENT FROM 1961 QUARTER—MOST FIRMS EXPECT TO RETAIN GAINS IN CURRENT PERIODS; EXCEPTIONS: STEEL, DRUGS—HOW 478 CORPORATIONS FARED

Corporate profits in the second quarter held close to the record peacetime rate achieved in the two preceding quarters, and seem likely to remain close to the same rate in the current 3 months.

These are the conclusions from the Wall Street Journal's quarterly survey of earnings results and prospects.

The results are those of the first 478 companies to report for the second quarter. They show net profits after taxes aggregating $2,719,344,000, a gain of 15.5 percent over the profits of the same companies in the second 3 months of 1961. (See table accompanying the end of this story.)

If this gain approximates that of all corporations in the United States, as has been the case in previous quarters, the Nation's total corporate profits for the quarter would be at an annual rate of $26.2 billion. This would compare with a rate of $25.9 billion estimated by the Government for the first quarter of this year, and with a rate of $26.5 billion in the final 3 months of 1961. That late 1961 figure was the largest on record except for that of one quarter early in the Korean war, when the annual net rose above $27 billion; and the average rate for 6 months to March 31, at $26.2 billion, was the largest for any peacetime half year.

THIRD QUARTER GAIN INDICATED

The expectation that profits will remain somewhere around the $26 billion-a-year rate in the third quarter is based on the prospect that a majority of important industries will again earn more than they did in the corresponding 1961 quarter. The gain for all industries together may not be up to the 15.5-percent improvement shown in the second quarter, because a few industries are likely to show substantial declines. But the annual rate estimated by the Government for last year's third quarter was $23.8 billion. A year-to-year increase of only 10 percent would be needed to produce a rate of $26 billion in the current quarter.

The second-quarter gain of 15.5 percent for 478 companies was not as large as the 28.3-percent gain from 1961 turned in by a similar group of 472 companies in the first quarter. But that was merely because this year's first quarter was compared with the 3 months when the 1960–61 general business recession was at its deepest. The Government put the rate of profits in that period at only $20 billion a year.

The second-quarter gains reflected general increases in sales. A second compilation, covering 146 companies which reported sales as well as earnings, shows profits up 17 percent—not far different from the results of the 478—and sales up 11.6 percent.

GAINS WIDESPREAD

Most industries shared in the second-quarter betterment over 1961. Out of 37 industries or groups into which the 478 companies may be divided, only 6 reported declines, and only 3 of these showed declines exceeding 5 percent.

These three were the moving picture group, with earnings down 7.6 percent because the new pictures of some companies attracted the public in smaller numbers than did last year's releases; the tobacco group, with net profits down 5.5 percent as a result of the expense of introducing new cigarettes by two producers; and the steel group, with earnings down 19.6 percent because of cost increases large enough to overcome the benefits of larger sales.

The steel mills may show an even greater decline from 1961 in the current quarter. An important factor in the second quarter's reduced earnings from a year earlier was a wage increase effective October 1. On top of that, further increases in costs as a result of this year's new labor contract took effect July 1. Thus, labor costs in the current 3 months will reflect a double increase over those of a year ago.

In addition, shipments of steel to customers probably will be lower, around 16 to 16.5 million tons as against 17.3 million in the 1961 third quarter. "If shipments are down, you can expect that earnings will be down too," says Alfred S. Glossbrenner, president of Youngstown Sheet & Tube Co. By contrast, second-quarter shipments were up a bit from a year earlier, between 17.5 and 18 million tons against 17.3 million.

Other industries which see the possibility of lower earnings in the current quarter than a year ago include building materials makers and drug producers. On the other hand, gains are indicated for auto makers, chemical companies, oil companies, and makers of electrical and farm equipment, among others. Expectations for some of these and for additional industries are set forth below:

All five auto producers reported better earnings for the second quarter than a year earlier, principally because retail sales of cars for the quarter were up 22 percent. Makers of automobile equipment naturally shared in the prosperity, and the two groups combined reported net income up a wide 42.9 percent. Another big gain is likely for the group as a whole in the present quarter, with the car manufacturers planning unit sales to dealers for the quarter as follows:

	1962	*1961*
General Motors	650,000	370,000
Ford	425,000	374,000
Chrysler	110,000	123,000
American Motors	70,000	68,000
Studebaker	12,000	16,000

Suppliers of building materials reported earnings up 11.6 percent from a year earlier in the second quarter, mainly as a result of a higher level of construction activity. Officials of most companies, however, are cautious for the current quarter. They foresee a tapering of homebuilding from the second-quarter rate, which would bring such activity down to or below that of a year ago. And they also are worried by weakness of materials prices because productive capacity exceeds demand. "Demand is there but people are giving products away," complains D. C. Fabiani, president of Crane Co., maker of plumbing ware.

The chemical group had increased sales and reported a 9.9-percent gain in earnings in the quarter. And it expects similar gains in the present quarter. Volume of business being done is greater than last year and, while the prices of some chemicals show weakness, others are strong. Allied Chemical, for example, recently raised the price of some grades of polyethylene, a big-volume plastic used in such things as squeeze bottles and utility wastebaskets.

Makers of drugs, which reported second-quarter earnings down 2.9 percent from 1961, say there's little reason for expecting gains in the current quarter. A special factor in the second quarter was that currencies of some countries where drugs are sold in large volume, principally Argentina and Brazil, were devalued. This action reduced the dollar worth of profits and bank deposits there. The makers also complain of recent price weakness in antibiotics, increased foreign competition, and a dearth of major new drugs. The companies depend heavily on bringing out new drugs to keep their sales rising. One executive says: "Like most companies, we're now awaiting Food and Drug Administration approval of an important new drug, but we can't be sure it will come in the third quarter."

Electrical manufacturers reported a combined increase of 25.2 percent in earnings for the second quarter, and seem likely to show an increase this quarter also, though it may not be as big in percentage because business strengthened substantially in the third quarter last year. Ralph J. Cordiner, chairman of General Electric Co., said recently the company "expects 1962 to continue to be a good business year."

Producers of aluminum earned 36.7 percent more in the second quarter than a year earlier and, with production up from a year ago and still rising, seem likely to show another wide gain in the current quarter. At the start of this quarter the primary aluminum industry was operating at 87 percent of capacity against 78 percent a year earlier, and Aluminum Co. of America is planning to start up a new production line, which would raise the industry's rate to 89 percent. The one possibility of trouble in sight at present is that Alcoa and Reynolds Aluminum are negotiating with the Aluminum Workers International Union, but the companies have already signed agreements with the United Steel Workers, representing a larger number of employees.

The outlook for the domestic oil industry is for somewhat higher earnings during the third quarter than in the like period of 1961, if prices for refined products hold fairly steady. If prices decline, as they did last summer in some areas, earnings gains would be reduced or eliminated. Demand for petroleum products in the second quarter was 3 percent higher than a year earlier, and this pace is being maintained. The outlook for international oil companies with large marketing facilities abroad is even better, with demand abroad strong and prices firm. Earnings of the oil group as a whole in the second quarter were up 4.5 percent from 1961.

In the paper and paperboard industry second-quarter earnings were up 12.5 percent. Alexander Calder, Jr., president of Union Bag-Camp Paper Corp., attributes his company's second-quarter gain to "generally better prices and improved product mix," that is, good demand for high-profit items. The third quarter he expects to be "substantially improved" over the 1961 period.

Rubber companies reported a gain of 2.4 percent from 1961 in second-quarter earnings. Foreign currency devaluations were costly to some of the group. In the third quarter, earnings are expected to be above those of last year, benefiting, as in the second quarter, from demand for tires on the larger number of new cars that will be produced.

The columns below show earnings for the second quarter of 1962 as compared with those of 1961, with percentage increases or declines by groups. Where individual company reports cover 3-month periods other than calendar quarters, the nearest comparable periods have been used.

Profits of 478 firms in 2d quarter rose 15.5 percent from those of 1961 period

	2d quarter 1962	2d quarter 1961	Change from year ago
Aircraft makers	$20,506,000	$17,072,000	+20.1
22 autos and equipment	595,367,000	416,629,000	+42.9
18 building materials	45,350,000	40,643,000	+11.6
10 building supplies	27,047,000	24,527,000	+10.3
8 cement companies	18,303,000	16,116,000	+13.6
12 chain stores	41,683,000	40,566,000	+2.8
4 apparel and clothing	9,399,000	7,789,000	+20.7
8 chain grocers	32,284,000	32,777,000	−1.5
22 chemicals	249,610,000	227,047,000	+9.9
16 department stores	50,172,000	38,808,000	+29.3
5 distillers	16,434,000	16,109,000	+2.0
13 drug manufacturers	37,255,000	38,383,000	−2.9
23 electrical equipment-electronics	114,352,000	91,334,000	+25.2
11 broad-line companies	106,175,000	84,246,000	+26.0
12 specialty companies	8,177,000	7,088,000	+15.4
8 farm equipment	59,767,000	55,439,000	+7.8

Profits of 478 firms in 2d quarter rose 15.5 percent from those of 1961 period

	2d quarter 1962	2d quarter 1961	Change from year ago
18 food products	59, 185, 000	56, 517, 000	+4.7
5 bakery products	10, 287, 000	10, 305, 000	−.2
3 dairy products	5, 146, 000	4, 928, 000	+4.4
10 general food products	43, 752, 000	41, 284, 000	+6.0
11 mining and metals	46, 205, 000	36, 095, 000	+28.0
3 aluminum companies	33, 899, 000	24, 802, 000	+36.7
8 copper and other metals	12, 306, 000	11, 293, 000	+9.0
8 movies and movie theaters	8, 928, 000	9, 663, 000	−7.6
12 office equipment	67, 450, 000	56, 351, 000	+19.7
14 petroleum products	601, 374, 000	575, 328, 000	+4.5
5 publishing companies	4, 140, 000	3, 706, 000	+11.7
23 pulp and paper products	62, 721, 000	55, 753, 000	+12.5
7 railway equipment	9, 210, 000	7, 661, 000	+20.2
6 rubber companies	24, 604, 000	24, 026, 000	+2.4
18 steel manufacturers	71, 107, 000	88, 400, 000	−19.6
10 textiles	30, 405, 000	19, 694, 000	+54.4
7 tobaccos	64, 334, 000	67, 971, 000	−5.4
23 tools and machinery	28, 810, 000	26, 401, 000	+9.1
124 other companies	228, 454, 000	192, 832, 000	+18.5
Total (434 industrials)	2, 537, 423, 000	2, 202, 428, 000	+15.2
21 railroads	49, 331, 000	21, 537, 000	+79.1
23 utilities	132, 590, 000	124, 301, 000	+6.7
Total (478 concerns)	2, 719, 344, 000	2, 354, 206, 000	+15.5

Mr. JAVITS. Mr. President, notwithstanding the fact that I have the floor, or at least I thought I did, I am glad to ask unanimous consent that the Senator from Minnesota may place these informative materials in the RECORD.

What the Senator has done is most interesting. I cherish, value, and appreciate the areas in which we concur. His support of the minority leader, and his own opinions as an outstanding, distinguished, and important Senator certainly endear him to me.

As to his campaign speech, I suppose that this is the season when all of us understand each other on that score; and just as I have felt very free to call attention to the campaign promises of the President which have not been fulfilled, I understand and stand by the remarks of the Senator from Minnesota, as he did with mine, in regard to making the best possible case for the progress which he believes has been made by the administration. But instead of bruiting that issue at this time—inasmuch as all of us will have an opportunity to do so this fall—I shall lay it aside for the moment.

I differ very materially with the Senator from Minnesota in regard to what has been done in the farm field, and perhaps in regard to what has been done in other fields, too. But I wish to emphasize the areas in which we are in agreement, and I thoroughly support the views of the Senator from Minnesota in regard to the psychological effect of a tax cut on the business community.

Mr. President, let me state the reason why we are talking about this matter at all—and quite apart from campaign promises, which for the moment I am willing to put in the same class as the Senator's very inclusive explanation of what the administration has accomplished. We must keep in mind, first, the fact that the present economic situation is such that a 3-percent growth rate is not adequate; and, second, we must realize the very serious effects of a recession on both our country and the entire world, and also that the development of a recession is so imminent that it is our duty to head it off if we possibly can. On that score, I find myself in very substantial agreement with the views of the Senator from Minnesota.

I point out that we have not sufficiently mentioned the endemic employment which exists in our country. It is now approximately 5½ percent. The President's economic advisers say 4 percent is acceptable. I do not like to see that much exist; in my opinion it should be less than that; and I believe that the Senator from Minnesota and other Senators believe as I do about that matter. However, somehow or other, notwithstanding the recovery that has been made, we still have that amount of endemic unemployment. When we also consider the 2½ million who are said to be working part time, and when we also consider the 1 million who cannot find jobs, we get the feeling that there is a real cancer in the economy, in terms of endemic unemployment. It is the confluence of all those challenges—the danger and the fear of recession, the international situation, and the unemployment situation—which enters into our attitude in regard to all these programs.

Much as I believe that we must have a tax cut—and that was the main burden of my remarks today—I also believe that, standing alone, a tax cut will not do the necessary job. Standing alone, it may do only what the Senator from Wisconsin says—in other words, may only add to the deficit.

It is the totality of the package—in terms of labor, government, and management—that must be considered in arriving at the determination of what lines of leadership must be exercised in order to have the necessary effect.

Mr. President, I should like to close this part of my remarks by repeating that the President is paid off only for winning in terms of success of the Nation. To come in second or third is not enough for the President. I want the President to succeed in the Presidency, because in that way the country will win success in attaining the objectives which we as a Nation are seeking to attain, it is in this spirit that I have spoken today.

I thank the Senator from Minnesota for his remarks, and I also thank the Senator from Wisconsin and the Senator from Iowa for their remarks.

Mr. MILLER. I thank the Senator from New York.

Mr. PASTORE Mr President, will the Senator from New York yield briefly to me?

Mr. JAVITS. Mr. President, let me ask whether the Senator from Iowa desires to obtain the floor.

Mr. MILLER. Yes.

Mr. JAVITS. In that case, I yield the floor so that the Senator from Iowa may be recognized.

Mr. MILLER. Mr. President, I have listened with great interest to the remarks of the Senator from Minnesota [Mr. HUMPHREY] about tax cuts. However, he did not refer to making any cuts in Federal expenditures. The Senator from Minnesota was not in the Chamber when, earlier today, I stated my conviction that we cannot have meaningful tax cuts without reducing expenditures sufficiently to make room for such tax cuts.

In view of the fact that the Senator from Minnesota did not say anything about reducing the expenditures, I wonder whether that was an oversight or whether it was intentional.

Mr. HUMPHREY. Mr President, will the Senator from Iowa yield?

Mr. MILLER. Yes, indeed.

Mr. HUMPHREY. I did say something about spending and about cutting back the spending.

I suggest, first, that there are certain fixed costs of Government; in fact, I believe they are increasing. For example, I refer to the costs of national security and the costs of outer space developments. Those costs will continue to increase sharply. There cannot be 100 percent American patriotism about who will first reach the moon and yet at the same time take an attitude which will obstruct that program. We are spending as much as $4 or $5 billion a year on that effort. In addition, we shall have to increase our spending in the field of atomic energy, because of the constant need for improvement in atomic weapons. We shall have at least to maintain our expenditures for the compensation of veterans and to meet the commitments the Government has made to the States and the localities. I see no way to make an appreciable cut in those expenditures of the Federal Government. We are obligated to interest payments on the national debt which we incurred in large measure in World War II.

I may add that we could make cuts in the Federal Government's expenditures for the farm program if we could get sufficient help from our Republican friends. But they like the feed grain program which requires that the Government purchase all the farmer's production. That costs us about $6 billion a year. We could get a little decrease in that part of the Government's expenditures if our Republican friends would be willing to end that gravy train.

However, in connection with the subject of making cuts in the Government's expenditures, we must realize that if a marked reduction were made in Federal expenditures this would be reflected in a drop in the gross national product, a drop in industrial production and an increase in unemployment; all of which would mean less tax revenue. I suggest that Senators who urge the making of cuts in the expenditures of the Federal Government start to list the areas in which such cuts can be made.

I hope the Senator from Iowa is not suggesting that cuts be made in the expenditures for old-age pensions or in the funds appropriated for aid to disabled veterans or for the highway program or for the health program.

Mr. MILLER. Oh, yes, indeed. If I may interrupt, I wish to state that I am very much suggesting that we make cuts in the last item the Senator from Minnesota mentioned. I suggest we reduce the expenditures for it to the amount the President requested.

Mr. HUMPHREY. That would save about $100 million, which may not be insignificant, but certainly will not balance the budget.

I think the time has come for some of the talk about cutting the cost of the Government to be pinned right down to specific cases.

There is only one way to cut the cost of the Federal Government in any substantial degree sufficient to bring the budget into balance, and that is to cut the costs of national security, atomic energy developments, and outer space research.

I am not ready to vote for that kind of cut and permit the Soviet Union to take the No. 1 place as a world power, in outer space, and in science. We have $9 billion devoted to scientific research, $50 billion to defense, $3½ billion to research in outer space, large programs, in the hundreds of millions of dollars, for our veterans which are needed, and, I may add, $8 billion for interest on the debt, much of that interest having been raised under the Eisenhower administration thanks to its high interest rate policy.

Mr. MILLER. And continued at the present time.

Mr. HUMPHREY. Interest rates have not gone up. They have gone down since the present administration has been in office.

May I pinpoint my suggestion: When my Republican friends talk about cutting costs, let them outline what costs and whom it is going to affect, because they cannot be anti-Communist on the public platform, and then talk about cutting costs in the Halls of Congress. They have to make up their minds. Are they willing to pay the bill to keep Mr. Khrushchev in his place, to keep him from dominating the world?

I for one am willing to pay the bill and go home and defend my action. I am still in the Senate. I have been up for three elections. I have not run away from the idea of spending, because I am not a spender; I am an investor in American freedom and in the American economy.

Mr. MILLER. If that is the position of the Senator from Minnesota, we may as well stop talking about tax cuts, because there cannot be meaningful tax cuts if they are going to make for an unbalanced budget. We know that, over a period of time, the result of deficit spending is inflation and shrinking purchasing power of the people's money. The only reason for having a tax cut is to put more purchasing power in the hands of the people; but if that purchasing power has shrunk as a result of inflation due to deficit spending, we will be on a treadmill. We shall be back where we started, and we shall merely have teased ourselves.

I may suggest that the Senator from Iowa certainly does not pretend to have the background of knowledge about the budget that the Senator from Minnesota has or that the President of the United States has. The Senator from Iowa has been around here long enough to see that hundreds of millions of dollars are being added to the President's own budget by the Appropriation Committees. This is one of the reasons why there was so much of an argument between the House and the Senate for some time this year. Perhaps the Senator from Minnesota does not think $100 million is very much money.

Mr. HUMPHREY. I did not say that.

Mr. MILLER. But the Senator from Iowa thinks it is a lot. It is one example that could be given where we are going to control the President's requests.

The Senator from Minnesota also knows that we passed a $700 million authorization bill for public works which was not even in the President's budget. I submit that it is not any small piece of change either.

The point I want to make is this—and I wish the Senator from Minnesota could agree, because I know we are shooting for the same objective; we want our economy to move on a solid basis—if we can cut taxes by $10 billion and generate $25 billion in additional national income, as the Senator from Minnesota has pointed out, why not cut spending on programs like the public works program and then have an additional tax cut which will generate additional national income? That would be done on a meaningful basis, and it would not be an inflated national income.

Will the Senator agree with that view?

Mr. HUMPHREY. Let me say we have had no inflation in the last 2 years. The wholesale price index has gone up one-tenth of 1 percent in 2 years. I do not call that inflation. We had the biggest peacetime inflation this country ever had, except immediately after World War II, under the "sound" money policies of the previous administration. That is when we had our big inflation and the record will bear me out.

Mr. MILLER. Mr. President, will the Senator yield on that point?

Mr. HUMPHREY. The Senator said the President did not recommend the public works bill. Of course he did.

Mr. MILLER. No; I said that was not in his budget——

Mr. HUMPHREY. In his original budget.

Mr. MILLER. That is correct.

Mr. HUMPHREY. My good friend has been around here long enough to know there have been supplemental messages.

Mr. MILLER. Yes. The Senator from Iowa knows there have been hundreds of supplemental messages under the New Frontier.

Mr. HUMPHREY. Since the Senator is interested in the recommendations of the President, I deduce—I judge from what he has said—that if we just go back to the health budget of the President, if we just follow the President's recommendation, the Senator from Iowa will become a loyal New Frontiersman. That day I want to see.

Mr. MILLER. The Senator from Iowa would have voted for some of the appropriation bills if that had been the case.

Mr. HUMPHREY. The Senator from Minnesota is not going to apologize for having voted for a little more money for health programs. I do not think the Government is going to go into bankruptcy because we have spent a little more money to stop the scourge of cancer. I am not going to apologize for having spent a little more money for heart research.

Mr. MILLER. The President of the United States is also interested in heart and cancer research. I do not think the President of the United States is any less concerned about those subjects than is the Senator from Minnesota.

Mr. HUMPHREY. I agree. I will just say he is a little too conservative on that subject.

May I suggest to the Senator from Iowa that if he will vote for the feed grains program, we can get the corn growers out of the Government business. That is what we have under the 1958 act—"produce all you want, and all you cannot sell, the Government will buy"—the great Republican program. If we can get rid of that monstrosity, we can save $8 billion. I urge the Senator to join with me in an effort to get rid of it.

Mr. MILLER. I thought the Secretary of Agriculture believed the emergency feed grains program was a smashing success.

Mr. HUMPHREY. The Senator from Minnesota was not talking about the emergency feed grains program. We had to have an emergency feed grains program because of the Eisenhower-Benson-Republican 1958 program. That was the No. 1 boondoggle, pork-barrel measure passed by the Congress, and I voted against it.

Mr. MILLER. May I ask who was in control of the Congress?

Mr. HUMPHREY. Let me tell the Senator who was in control of the Congress. The administration sent this measure down to a handful of Democrats plus a phalanx of Republicans and foisted it on the American people.

Mr. MILLER. The Republicans were in control?

Mr. HUMPHREY. No; the Democrats were in control, with a few of their allies, with a Republican President, and a Republican Secretary of Agriculture.

Mr. MILLER. What I am trying to get across here is the fact that I do not like to see arguments of this kind over tax cuts. As a tax lawyer, I have been in the business long enough, and I know how people would like to see tax cuts, but they have got to be meaningful, and they are not going to be meaningful unless we keep the purchasing power of the people's money up.

I know the President of the United States is acutely aware of that situation. That is the reason why he came out for a balanced budget for this fiscal year.

He also knows how important it is in connection with the international balance-of-payments problem.

So I do not criticize him for hesitating about tax cuts, but I do criticize him for not cutting back on spending to make room for some of these tax cuts.

The Senator from Iowa is not the one to make the suggestion as to where the cuts should come; the recommendations should come from the White House.

Mr. HUMPHREY. Madam President, will the Senator yield?

The PRESIDING OFFICER (Mrs. Neuberger in the chair). Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. MILLER. I yield.

Mr. HUMPHREY. If the Senator is going to talk about where we ought to cut the budget, I suggest he ought to give us a bill of particulars. One cannot say, "I am for a new building," and not give us any idea how many rooms there should be inside the building or what the cost should be.

The point is that there is a chorus of voices to cut spending, which is traditional. Every 2 years the Republicans get on the idea of cutting the budget. When we come to them and ask, "Where?" they say, "Oh, no, that is not for me. That is for you. You be the doctor. You be the surgeon. I just like to get around and deliver the flowers."

They are not going to have that privilege. If they want to cut the budget, say where. Do they want to cut grandma's pension? Do they want to cut veterans' pensions? Say so. But do not try to be economizers and then go to the Democrats and say, "Now you tell us where you are going to cut."

Mr. MILLER. Madam President, if that is the position of the Senator from Minnesota may I suggest, if he is for tax cuts, he should come out with the cuts in spending he proposes, and if he cannot find the places to cut spending let us stop talking about tax cuts, because we are only teasing ourselves.

Mr. PROXMIRE subsequently said: Madam President, I wish to comment factually on the interesting and dynamic speech of the Senator from Minnesota [Mr. Humphrey]. He talked about how a $10 billion tax cut would practically pay for itself because there would be a $25 billion increase in the gross national product.

Economists are divided on the question. The economists to whom I have talked say that a $10 billion tax cut would mean a $20 billion increase in the gross national product. Anyway the question is considered, the fact is that it could not possibly pay for itself. There is agreement among all economists that there would be a net diminution in tax revenues. Even if we took the assumptions of the Senator from Minnesota, the fact is that a $10 billion tax cut, resulting in a $25 billion increase in the gross national product, would mean about a $4 billion subsequent increase in tax revenues, or a net decrease of $6 billion.

That arithmetic may be dull and tedious, but it is vitally important to the discussion, because I think any responsible assessment of the situation must recognize that if we reduce taxes, we increase the national debt. We increase the deficit, and we increase the burden on the taxpayer in servicing the national debt.

CHALLENGE ON MONETARY POLICY

Madam President, I do wish to call attention to a statement which I made this morning before the Joint Economic Committee, of which I am a member. We started our hearings, as the Senator from New York pointed out, on the state of the economy. I challenged any witness who appears to testify to try to justify the fact that we are following a high-interest rate, tight-credit policy at a time when the economy has been slowing down.

I ask unanimous consent that the statement be printed in the Record, at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement of Senator William Proxmire Before the Joint Economic Committee on Tuesday, August 7, 1962

Mr. Chairman, on July 9 I wrote you suggesting that this committee hold hearings on the economy because I was deeply disturbed by the increasingly restrictive actions of the Federal Reserve Board at a time when our economy is standing still.

I challenge any witness to appear before this committee to justify the high interest rate economy slowdown policies of the Federal Reserve Board.

For the Federal Reserve Board to force up interest rates and reduce availabe bank reserves under present economic circumstances is sure to create further unemployment, especially in the home building and construction industries, which are highly responsive to changes in interest rates. Unemployment in construction has been seriously high for a long time.

Americans ranging from the U.S. Chamber of Commerce to the AFL–CIO have become so alarmed by economic stagnation that they have advocated a tax cut that would pile a huge deficit this year on top of last year's unbalanced budget.

Virtually every economist and business leader who has spoken out on the economy has expressed dissatisfaction with our present rate of growth, and concern that we may be about to drift into a recession.

Unemployment has continued at a seriously high level for more than 2 years and has failed to improve significantly during the past 7 months.

For the Federal Reserve Board to deliberately force up interest rates as it has been doing is to throw sand in the engine, when what we need is more fuel.

In 1929, we cut taxes at the same time interest rates were rising to high levels. This contributed to the worst economic crash in U.S. history.

Two significant effects occurred last week which have very profound implications for the problem into which this committee is inquiring.

On Friday it was reported that the Federal Reserve System had again tightened credit last week. This recent reduction in free reserves to $300 million is significant in that it confirms the suspicion of most analysts that the Fed is now committed to a tight-money policy. The indications of such a policy seemed to be clear in June, when for several weeks in a row the Fed reduced free reserves and maintained them at levels lower than had been reached since the tight-money policy prior to the last recession. This indication was confused by the temporary easing of credit that occurred in July. But now it is clear that the policy revealed by their actions in June does in fact reflect their basic outlook toward the need for credit restraint at this time.

It is thus particularly timely that this committee exercise its responsibility to provide the needed legislative oversight in this vital area. Monetary policy is too important to be left to the bankers. If there ever was a time for Congress to insure that the monetary policy is formulated and executed in the context of the public interest, it is now.

The chronically high levels of unemployment prevailing in this country and the chronic slowdown in our growth rates make it overwhelmingly clear that no monetary constraints whatsoever should be placed on economic activity.

Federal Reserve monetary policies could easily frustrate any attempt to stimulate the economy through a tax cut, in the same manner that proper monetary policies might possibly preclude the need for significant fiscal action at this time.

The second event that occurred last week which gives special meaning and timeliness to these hearings was the failure of the Treasury's attempt to float a new issue of long-term bonds. The Treasury was willing to sell up to $750 million worth of 30-year bonds which were priced to yield 4.19 percent. It is significant that subscriptions amounted to only $316 million. This fell far short not only of the $750 million that the Treasury was willing to sell, but it fell far short of the $500 million that the Treasury expected to sell.

This is a very strong indication that there is not the available liquidity at the long end of the market that many have talked about. If investors are not willing or able to take advantage of such attractive rates, they certainly must lack significant loanable funds which are seeking a place for profitable investment. The only other reason for the dismal failure of this recent attempt of the Treasury to attract long-term funds is that the investors feel that the rate of interest is about to go higher.

Either of these two possible explanations is very distressing in its implications. The deficiency of the availability of loanable long-term funds suggests that the restrictive policies of the Fed have already had an effect. In any case, it suggests that the Fed is in error if it feels that it must soak up a significant amount of excess liquidity at the long end of the market.

These recent events suggest why it is necessary for Congress to act quickly to prevent the misguided policies of the Fed from continuing to slow down the economy. It is my hope that these hearings, and further report will help to remedy this situation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 296. An act for the relief of Hanna Ghosn;

S. 1174. An act for the relief of Dr. Kwan Ho Lee;

S. 1882. An act for the relief of Assunta Bianchi;

S. 2455. An act for the relief of Mrs. Elizabeth Lovic;

S. 2572. An act for the relief of the Merritt-Chapman & Scott Corp.;

S. 2614. An act for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang;

S. 2675. An act for the relief of Yiannoula Vasiliou Tsambiras;

S. 2769. An act for the relief of Renato Granduc and Grazia Granduc;

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller; and

S. 2844. An act for the relief of Alice Amar Froemming.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 76) withdrawing suspension of deportation of Ibannis Constantelias.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 7600. An act to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes;

H.R. 11590. An act to provide for the disposition of judgment funds of the Cherokee Nation or Tribe of Indians of Oklahoma;

H.R. 11952. An act to assure payment of just compensation for the use and occupancy of certain lands on Kwajalein and Dalap Islands, Trust Territory of the Pacific Islands, and for other purposes; and

H.J. Res. 693. Joint resolution granting the consent and approval of Congress for the State of Maryland, the Commonwealth of Virginia, and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact, and for other purposes.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read by their titles, and referred, as indicated:

H.R. 7600. An act to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes; to the Committee on Finance.

H.R. 11590. An act to provide for the disposition of judgment funds of the Cherokee Nation or Tribe of Indians of Oklahoma; and

H.R. 11952. An act to assure payment of just compensation for the use and occupancy of certain lands on Kwajalein and Dalap Islands, Trust Territory of the Pacific Islands, and for other purposes; to the Committee on Interior and Insular Affairs.

H.J. Res. 693. Joint resolution granting the consent and approval of Congress for the State of Maryland, the Commonwealth of Virginia, and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact, and for other purposes; to the Committee on the Judiciary.

KENNEDY THE POLITICIAN

Mr. MILLER. Madam President, in the July 25 issue of the Christian Science Monitor, the lead editorial, entitled "Kennedy the Politician," properly takes the President to task for his trying to blame the Republicans for the failure of some of his New Frontier programs to pass the Congress. Of course, Madam President, I use the world "blame" advisedly—in the sense that the President has used the word. Actually, I believe that some of these measures of the New Frontier have been poorly conceived and that their defeat—by Democratic votes as well as Republican votes—merits the praise of the voters. I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD as follows:

KENNEDY THE POLITICIAN

Mr. Kennedy is now talking frankly partisan language about his stalled domestic legislative program. He blames the Republicans for his lack of success. There was a long series of statements to this effect in his latest press conference.

Mr. Kennedy respects both logic and objectivity but in this case he seems to be taking leave of both. Why should he blame members of the opposition party for predictably voting against bills with which they traditionally disagree? He could more logically blame the voters. The voters gave him an insufficient number of Democrats who agree.

And how can he shrug his shoulders so fatalistically about the conservative Democrats while pointing such an accusing finger at the Republicans? Where is consistency?

Mr. Kennedy also argues that because Republicans oppose his program they are for inaction. He is for action. But in many cases enough Republicans agree with the broad aims of Kennedy domestic bills to pass them, if they had been drafted with more attention to the national need and less to Democratic politics and power.

But his frankly partisan approach to most of the major domestic bills provoked a frankly partisan answer. He knew that the conservative Democrats would vote with the opposition. Logic would suggest that his strategy was at fault, and not either the conservative Democrats or the Republicans. He misjudged the election returns.

This is all the more curious because at the start of his second year in the White House the President told reporters he was going to follow an entirely different strategy. He recognized the need for emphasizing national needs and deemphasizing party politics.

A few weeks thereafter he proposed a Department of Urban Affairs in a highly political manner. For whatever reason, perhaps a rising political self-confidence, his approach to Congress radically changed. With this more recent approach, Mr. Kennedy created his own frustration.

He has now explicitly described his plan for the coming congressional campaign. To the degree that it can be separated from recrimination over the past, it is a partial return to logic again. The President is tackling the real cause of his difficulty in the narrow decision of the voters. "The areas I'll be campaigning in are seats * * * where there will be a very clear choice between Republicans who oppose these programs and Democrats who support them. That's where I am going to go."

The voters will be there waiting. It remains to be seen whether they will consciously choose to base their vote on what kind of Congress they want to give Mr. Kennedy. (Many of them probably didn't, last time.) But they have this opportunity now and they should use it.

Meanwhile it is curious that Mr. Kennedy should be gauche about allocating blame for his plight, when he is supposed to excel at the political arts. It could be that he misjudges the future voting as well as the past. He may find that the same actions on his part which drove the moderate votes in Congress into opposition will cause the voters in November to prefer more conservative candidates.

CITIES SEEK STATE CONTROL

Mr. MILLER. Madam President, in today's Washington Evening Star there is a timely and informative article by the distinguished columnist, Gould Lincoln, on the subject of reapportionment of the State legislatures. Mr. Lincoln emphasizes in his article that—contrary to the erroneous belief or misplaced hope of some so-called liberals—the United States is a representative republican form of government rather than a representative democratic form of government. He also points out that in the State of Michigan the matter of reapportioning the Michigan Senate to put it, as well as the State house of representatives, on a population basis has degenerated into a political issue between the Republicans, on the one hand, who believe that one house should remain on an area basis, and the Democrats, on the other hand, who believe that both houses should be on a population basis.

I am pleased to say that in my own State of Iowa, the issue thus far has not been reduced to such a partisan political situation. Most Republicans and most Democrats have believed that one house should be on a population basis and one house on an area or geographical basis. A few Republicans and a few Democrats believe that both houses should be on a population basis, but, honest though their convictions undoubtedly are, I suggest that their position might well be altered if they would think through the differences between a representative republican form of government and a representative democratic form of government; especially insofar as those differences apply to a capitalistic, economic system upon which our country's property rights were founded and have expanded. It is my position, Madam President, that the capitalistic economic system can best be guaranteed and can best prosper under the representative republican form of government, which is deeply imbedded in the traditions and constitution of our Federal Government and in the traditions and constitutions of most of our State governments.

I ask unanimous consent that Mr. Lincoln's article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CITIES SEEK STATE CONTROL

(By Gould Lincoln)

In the ever-growing demands for redistricting and reapportioning State legislatures, the cry today—an ever-increasing cry—is to redistrict in a manner to give greater representation to large urban centers of population. The big cities have been beating at this door for a long time in some of the States. Their claim has been that their people are discriminated against in the matter of legislative representation in favor of the smaller rural areas. Recently the Supreme Court entered the battle. It apparently has determined it is a prerogative of the Court to determine the constitutionality of the legislative apportionments and districting systems of the States. Carried to an ultimate end, this may mean the Court will determine the constitutionality of the apportionment and districting for Congress, the national legislative body.

The apportionment and districting for seats in State senates, as well as in the State assemblies or houses of representatives, are now under attack in the courts in several States, including Michigan. There the battle has become largely a Democratic-Republican fight—although there, too, the urban centers, particularly Detroit, are alined against the rural districts in this contest for greater senate representation. The Michigan State Supreme Court, in a 4-to-3 decision with four Democrats approving and three Republicans dissenting, held the apportionment of the senate unconstitutional.

The Republicans in the legislature have obtained a stay of the State court's order to redistrict by August 20. The primary elections—for State nominations for the November elections—are being held today. So the issue is expected to go over until next year.

The State court's order will be appealed and the appeal carried to the Supreme Court. The issue may become intense, as it is carried into the campaign by the expected candidates for Governor, George Romney, Republican, and Governor Swainson, Democrat. A redrafted State constitution will be voted on next April. It provides for an apportionment of house seats on the basis of population, more nearly meeting the urban demands, and leaves to a bipartisan commission a reapportionment of the senate seats. The Democrats do not like this, either.

THE FOUNDERS' PRINCIPLE

If the Supreme Court is to determine that population must be the basis for State senate seats as well as for house seats, it is argued, the principle adopted by the framers of the Federal Constitution for the apportionment of Senators among the United States will be completely disregarded. Under that principle, population has no place in the decision. Each State is given two Senators. New York and California, the most populous States, have two Senators each, and so do Alaska and Nevada, although their populations are the least among the 50 States of the Union. In round numbers, New York's population is 16 million plus, California's 15 million plus, while Alaska's is 226,000 and Nevada's 285,000, both plus. The Founding Fathers' had good reasons for giving each State equal representation in the Senate, no matter what their size. Carried into the States, the same principle, which gives protection to the small, may be necessary. Certainly, it is not expected that the Supreme Court will start tampering with the constitutional provision that each State is to have equal representation in the Senate of the United States, although it is difficult to predict what the Court will do in the future.

REPRESENTATIVE REPUBLIC

In some of the States, the urban centers are today strongly Democratic; the rural areas, strongly Republican. The Democrats in Michigan are fuming because, although they have held the governorship for nearly 14 years, they have not been able to control the State legislature, particularly the State Senate. In the past, there have been Democratic Presidents when the Congress was controlled by the Republicans, and vice versa. And on some occasions, the Republicans have controlled the Senate while the Democrats controlled the House—and again, vice versa. The United States has managed to get along despite these separate controls, perhaps the better for them on numerous issues. In fact, this is the operation of a representative republic. And this is what the United States was intended to be by the framers of the Constitution—not a representative democracy as many of the so-called liberals would have it. The individual States are better off with a republican form of government, too, despite the clamor for a democratic form.

The Supreme Court opened the way for the present contests over the constitutionality of State systems of apportioning membership in their legislative bodies in a Tennessee suit. The Court, however, merely held the Tennessee apportionment unconstitutional. It has not yet set standards or guidelines. Presumably it will have to deal with other cases. At present 22 States are seeking to revamp legislative apportionments—some directed to do so by courts. Among them are New York, Wisconsin, Maryland, Florida, Georgia, and Alabama.

KENNEDY'S "CONSERVATISM"

Mr. MILLER. Madam President, one of the most interesting and appropriate articles I have seen in a long time appeared in the February 5 issue of the Wall Street Journal. Written by Alan L. Otten and entitled "Kennedy's Conservatism," the article points out that this administration has taken some steps which so-called liberals would have condemned a conservative administration for taking. These steps include the encouragement of high interest rates, for which the Democrats were criticizing the Eisenhower administration; the promotion of airline mergers by the CAB; and the deferral of an Executive order to bar racial discrimination in housing. This is not to say that Mr. Kennedy is a conservative—or, for that matter, a middle-of-the-roader, as some sympathetic writers would have the general public believe. These labels do not apply to people who support an economic theory of spending our way into prosperity, or a political theory of centralizing governmental control in Washington. But the article does point out that some so-called liberals have a double standard, and that the double standard has finally caught up to them. I ask unanimous consent that the article may be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Kennedy's "Conservatism"

(By Alan L. Otten)

WASHINGTON.—President Kennedy is proving this political paradox: A liberal administration can frequently, with almost no criticism, take conservative actions for which a conservative administration would be roundly denounced by liberals.

In a variety of fields, the President and his fellow New Frontiersmen are doing and not doing things for which their leading liberal-labor supporters would have long and loudly lambasted an Eisenhower or Nixon administration. Now, however, those groups criticize in muted mumblings, if at all.

Item: The administration, via an intricate legal ruling covering certain refunding operations, has gotten around the 4½-percent interest rate ceiling on long-term bonds—an approach former President Eisenhower's Treasury Department considered and rejected not only as bad ethics but also, for a Republican administration, bad politics. Reason: The Democrats surely would have accused the GOP of promoting high interest rates to benefit banks at the expense of taxpayers.

Item: The Civil Aeronautics Board is actively promoting airline mergers with an intensity far beyond any that a Republican-dominated board would have dared attempt.

Item: The President has said he will defer issuing an Executive order to bar racial discrimination in housing until he "considered it to be in the public interest"—a rather cavalier disregard of a firm campaign pledge that, shown by a GOP President, would have produced a throbbing threnody from liberal groups instead of the pianissimo plaints raised against Mr. Kennedy.

A PRAGMATIC APPROACH

It would be grossly inaccurate to suggest the Kennedy administration is a conservative one; it is not. Administration decisions are based not on a conservative philosophy but rather on a pragmatic approach—perhaps to meet a balance-of-payments crisis, perhaps to cut unemployment. Clearly, in the overall view, the Kennedy team can be expected to tend toward the liberal side

But it certainly is true that any Democratic administration has a certain amount of credit in the bank with labor, civil rights, and other liberal groups. Thus, it can draw on this credit to stifle criticism of certain actions, so long as its overall record satisfies. Too, liberal groups are inhibited from criticizing a sympathetic administration too severely, even for conservative actions they don't like, for fear of losing more than they would gain by turning voters against a beneficial regime. On the other hand, Republicans, beset by worries that a "business party" label hurt them at the polls, are inhibited for political reasons from taking conservative steps they might believe necessary on economic or other grounds.

The reverse is true, too. Republicans can frequently push through liberal actions that Democrats can't. By winning the votes of usually conservative Republicans who hesitated to oppose a Republican President, Mr. Eisenhower, for example, was able to create a Cabinet-level Department of Health, Education, and Welfare. It's unlikely such a department would have been okayed by Congress back in 1953 if Democratic candidate Adlai Stevenson had won the White House, as Mr. Kennedy's current difficulties in creating a new Department of Urban Affairs suggest.

Moreover, Mr. Eisenhower was able to draw Republican support, denied to Mr. Kennedy, for foreign aid appropriations, public housing, and Federal aid for school construction. But right now, a Democratic administration is in power, and certainly it is producing some decisions pleasantly surprising some conservatives—and shocking some Democrats. And yet, as a result of the political double standard, these Democrats are prevented from objecting too loudly.

Take the recent Federal Reserve Board decision to permit commercial banks to pay higher interest rates on savings accounts. Prior to January 1961, liberals fought any hint of such a move as likely to lead to generally higher interest rates, one of their time-honored hobgoblins. But Mr. Kennedy's Treasury Department, focusing on the balance-of-payments problems, worked closely with the Federal Reserve on this move and promptly endorsed the action when taken. So far, Democratic protests have been few.

The balance-of-payments problems has been used by the administration to justify an increased emphasis on channeling more foreign aid buying to U.S. manufacturers—a policy congressional liberals used to attack as an unworthy protectionist device. Now, silence.

Or, consider the administration's proposed balanced budget for the coming fiscal year (whether the budget's final results will actually produce a surplus is, for the purposes of this discussion, a side issue). There has been a minimum of the traditional labor and liberal protest that the Kennedy budget will prematurely choke off economic recovery. A similar proposal from a GOP adminstration at this economic juncture would certainly have provoked violent Democratic diatribes. This is the worst recovery we have seen," declares one union official, "but we can't say so publicly because of the administration in the White House."

Taxes are another case in point. Politically, it's long been considered bad strategy to propose tax help for business without including reductions for individuals. The Eisenhower administration for several years ducked business pleas for more liberal tax depreciation allowances. Treasury Secretary Dillon, however, already has ordered depreciation tax help for textile firms, and is promising similar benefits this spring for many other industries. Moreover, he's proposed that Congress enact a $1.8 billion investment tax credit for business. Even though the administration proposes to recoup much of the revenue loss by tightening other tax rules, most of which affect business, the depreciation changes and tax credit would be a definite gain for industry. What's more, Kennedy planners argue the tax changes are needed to help create new jobs by stimulating investment. A GOP administration taking these lines would have been bitterly berated by northern Democratic Congressmen, labor leaders, and others for favoring business over individuals, for moving to stimulate investment when the "true" economic problem is underconsumption. There's little of this criticism now, though.

PAY POLICY FITS PATTERN

Wage policy also fits into the pattern. Mr. Kennedy and his top aids—publicly and privately—are taking a line at least as tough as Mr. Eisenhower's on the need for labor to moderate its wage demands—and clearly encountering far less open labor criticism. Perhaps labor is holding its fire because it doesn't expect much followthrough. But certainly Labor Secretary Goldberg has been waving the Taft-Hartley law and the possibility of new antistrike legislation at his old steelworker union clients far more vigorously than did Ike's Labor Secretary Mitchell.

Other examples of the political paradox:

The Kennedy Atomic Energy Commission has "indefinitely deferred" plans to develop two experimental civilian power reactor projects—without the instant attack that would have been made against a Republican administration for curtailing Government reactor development.

The Pentagon is expanding a previously limited policy of offering higher profits to defense contractors for extra-good performances; Democratic lawmakers hail this as evidence of sound management rather than objecting to it as business favoritism.

Certainly a Republican decision to increase Pentagon and space spending to the levels Mr. Kennedy has planned would have provoked considerable left-of-center comment that the military and moon-shot money should better be spent for mental health or public schools. There's been remarkably little of that criticism of the present administration.

Nevertheless, there's a tempering factor in this paradoxical political situation. If Mr. Kennedy does not draw as much "liberal" criticism as a Republican President would for some "conservative" actions, neither does he get as much "conservative" praise.

RATIONALIZATIONS FOR RECKLESSNESS

Mr. MILLER. Madam President, four recent lead editorials in the Wall Street Journal merit favorable comment.

In the July 9 issue, under the title "Rationalization for Recklessness," the administration is sharply criticized for its irresponsible conversation about tax cuts without any consideration for their impact on the Federal deficits—albeit that such conversation might be considered "sophisticated" by those who are engaging in it. The Journal sensibly calls for tax cuts that are geared to sharply lower spending.

In the July 11 issue, under the title "A Warning From Mr. Roosevelt," the Journal recalls that in 1935 President Roosevelt warned Congress against "extravagant action" in developing the social security program, and said that if the program were too ambitious, its whole future would be endangered. The Journal then goes on to show what has happened to the social security program in the intervening years, running up to the present unfair medicare proposal of the President and how the cost of this program bears most heavily on the lower income groups and how the present generations are getting by for much less than their share of the cost, with future generations having to pick up the tab.

In the July 25 issue, under the title "Of Sails and Anchors," the Journal wasted no time in taking up the President's challenge that the people will choose either to anchor down or to sail. Of course, this was political talk and everyone should know that it was. The statement's assumed that we were not sailing and were lying at anchor. It assumed that the reason we are not sailing fast enough is that inaction by Congress in following White House spending programs was responsible. It did, of course, recognize that all the wind that blows from political speeches and fine phrases does not mean that there will be good sailing. Putting things in proper perspective, the Journal points out that what needs to be anchored down is the Government itself, so that freemen can sail.

In the July 30 issue, under the title "An Impractical Pragmatism," the Journal demolishes the self-proclaimed label of the Kennedy administration that it is "pragmatic" by pointing out the fallacy in its economic program of the greatest possible Government spending. Such a program does not mean economic growth, the Journal points out, because it results in a misallocation of resources—a defect that has characterized all planned economies from India to Russia. The key to economic growth lies in lifting the burden of Government in order to release the energies of a free people.

Madam President, I ask unanimous consent that the four editorials may be printed in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

Rationalization for Recklessness

Though President Kennedy hasn't decided whether tax cuts should be recommended for this year or next year, one thing is clear: The impact of any reductions on the Federal deficits hardly ranks as a major consideration within the administration's councils.

Any hope of responsible tax cutting must therefore rest with Congress or public pressure or both. Congress unquestionably has the power to force Government spending down to the level of revenues lowered by tax reductions. If it would do so, in this era of inflated and wasteful Federal spending, that might be the best reason yet for advocating sizable tax reductions.

Admittedly, the record is not encouraging. It is the Congress, as well as the successive administrations, that presided over 25 Federal budget deficits in the 31 years through 1961. It is the Congress which gave its blessings to the additional deficit of $7 billion—more than the whole Government spent a little over 20 years ago—in the fiscal year just ended. It is the Congress which has now increased the public debt limit to an untidy $308 billion.

Still, the very enormity of the Government's financial condition might jolt Congress into using the lever of tax cuts to impose restraint on the administration's spending. In the informed estimate of Senator Harry Byrd, the deficit this fiscal year will be $6 billion without tax cuts; with prompt tax cuts of the reckless sort the chamber of commerce proposes, it could be a startling $15 billion.

Certainly if there were a good many more Byrds in Congress there would be a return to fiscal responsibility. But even as it is, many Members must realize by now that the administration, far from eschewing deficits even in principle, shows every sign of embracing deficit financing as a way of life—and going to amazing lengths to rationalize it. And many on Capitol Hill, regardless of their politics or pet projects, must be able to see through those rationalizations.

For one thing, there is no evidence to support the administration theory that, in today's economic circumstances, tax reductions accompanied by increasing Government spending would rocket the Nation into a new superboom. Accordingly Congress has scant justification for assuming that lower taxes might actually mean higher revenues in a booming economy.

Plenty of evidence exists, however, to show what happens to nations that persist in living beyond their means both at home and abroad. The nations of Western Europe finally had to turn from inflation before they could prosper; even the politicians had to admit it had become enonomically intolerable.

If Congress wants an example both recent and close, it can look at Canada, which thought it could inflate itself into ever more buoyant prosperity. Instead, the tough logic of economics pulled it up short; it had to take drastic corrective measures, including Government retrenchment.

Nothing in the U.S. economy makes it immune from the consequences of constant Federal abuse. Why so many Government officials are incapable of seeing this is difficult to understand. How else can they interpret the warning signs, like the persistent foreign expectation of dollar devaluation? How can they possibly hope to eliminate the international payments deficit while piling mountainous domestic deficits upon deficits?

Most Americans, we believe, do realize that the Government rationalizations fly in the face of common sense. If so, maybe they should respond to the President's request for an economic dialog.

What the administration and Congress need to be told is that the basic fiscal issue is not as sophisticated as Government economic advisers like to say. Specifically, the need is for tax cuts that are not designed to deepen deficits but are geared to sharply lower spending.

It would not be the first time the people had raised their voice against flagrantly unwise budget policies. And if Congress is at all concerned about the Nation's economic health, it will listen.

A Warning From Mr. Roosevelt

When Franklin Roosevelt proposed establishment of the social security program in 1935, he was careful to warn Congress against "extravagant action." If the program were "too ambitious," the President said, its whole future would be endangered.

As the years have gone by, the program has certainly grown a great deal more ambitious, and now there's this enormous political pressure to push it into the field of medical care. The House Ways and Means

Committee is scheduled to take up the administration medicare bill this week.

Now we realize that any criticism of the 27-year-old American social security "institution" is regarded in some quarters as somehow suspect, if not downright unpatriotic. Nonetheless, it's time we paused to ponder the meaning of Mr. Roosevelt's words.

In terms of its later growth, social security got off to a slow start. Farmworkers, domestic employees, and a number of other groups were excluded from coverage. Benefits for the aged were to range from $10 a month to $85, and no payments at all were to be made until 1942.

But this initial design was soon altered. Even before the first social security taxes were collected, organized labor was pressing for a liberalization of benefits. In 1939, Congress responded by broadening the program to include dependents and survivors of the aged and, in addition, advanced the date of first benefits to 1940 from 1942. And so it has gone from that time to this, with benefits and coverage being steadily enlarged and expanded—especially in election years.

How has Congress provided for payment of these growing benefits? In the beginning the plan was to build a giant reserve fund, invested in Government bonds, so that eventually interest income would shoulder a large part of the benefit burden. Taxes were to start at 1 percent each on employees and employers, based on the first $3,000 of each employee's wages, and were to rise to 1½ percent in 1940, and then by stages to an "ultimate" rate of 3 percent by 1949.

But politicians aren't anxious to boost taxes on voters if they think there's any way around it. And with tax receipts running far ahead of benefit payments in the early years of the program, Congress couldn't see anything urgent about tax boosts at all. As a result the tax rate didn't rise to 1½ percent until 1950, a decade behind schedule.

Soon things began closing in on social security and its manipulators. With reserve funds shrinking fast, Congress found that both old and new benefits called for new taxes. So the maximum tax on each employee now is $150 a year, compared with the $90 that the lawmakers first thought would be the ultimate.

And the end isn't even remotely in sight. The reserve fund, in any real sense, is no longer any reserve at all. Its interest earnings each year now equal only about 2 percent of benefits. To keep the program stumbling along on a hand-to-mouth basis, even without the added burden of medical care, tax rates are slated to rise by nearly 50 percent in the next 5 years. It's certain there will be pressure for more benefits, whether medical care or something else. That's the way politicians have been using social security for 27 years.

If the pressures continue to bring action, even higher taxes than those now envisioned will be needed to keep the system from sliding into insolvency. Ironically, the taxes bear hardest on the lower income groups; as things stand now, earnings above $4,800 aren't touched. Yet the benefits, because they are taxexempt, are most helpful to the wealthy. To a person in the 20-percent tax bracket, $800 of social security payments is equal to $1,000 in taxable income. To a 60-percent-bracket taxpayer, the $800 payment is equal to $2,000—twice as much.

There are other inequities. Middleaged and older workers who entered the plan in its early years had the prospect of getting back a good deal more than they put in. But an average worker under 40 who enters the plan now, with tax rates so high and rising, has little prospect of receiving benefits worth even as much as the taxes he paid. Not to mention that the more inflation we have the less his benefits will buy.

As time goes on, the people at work will take on more and more of the burden of paying growing benefits to people already retired. Is there no limit to the load American's active work force will accept?

For the average American, even now, social security is a costly way of buying insurance. That's because a true insurance system operates with a reserve fund, a fund that generates interest income to carry much of the load. Americans, especially labor union leaders who negotiate pension fund agreements, are becoming increasingly familiar with this principle. Will there, at some point, be a public outcry against the high cost of social security?

There is another worry, and this is one that should have special significance for an administration who so often voices concern about the rate of economic growth. To speed growth, the Nation must have more savings and investment. And social security cannot help but divert funds from savings, since it takes over many burdens that otherwise would be carried by insurance. When savings go into regular insurance companies, they are invested in productive enterprise. When funds go to the Government, they merely fuel nonproductive Government spending. Is there no limit to the diversion of savings the Nation can weather?

Entirely aside from all the social implications of expanding social security, the economic questions must be considered now. For the financial planning of most Americans centers on social security, and the system should not be lightly sacrificed for political gain.

In these Democratic days in Washington, you'd think there would be someone willing to listen to Mr. Roosevelt's warning.

Of Sails and Anchors

In President Kennedy's view, the choice before the voters in November is quite clear: Democratic action or Republican opposition to action. The people, he told his press conference, "will choose either to anchor down or to sail."

We agree that the Nation does face a serious choice in its domestic policies, though we would express it a little differently. It is a choice between more Government or more freedom from Government for individuals and businesses. And we are far from sure that the Republicans, as the opposition party, will prove capable of presenting it in clear political terms.

Not that the Democrats will have an easy time. The President reasons that if they could pick up only a few seats in Congress they could swing enough votes to efface this year's defeats on such notable matters as farm and medicare legislation. But Mr. Kennedy realizes any gain would go against the historical trend in off-year elections, that his own popularity is declining, according to the pollsters, while GOP hopes are rising, and that no less than 21 Senators of his own party voted against his medicare plan.

Consequently he plans to campaign especially in genuine two-party swing areas, harping on the theme of Republican destructionism on everything he wants, from more public works to medicare.

How exciting people find the President's domestic programs is another question. Certainly the record on Capitol Hill does not suggest that the Members of Congress have detected any thunderous ground swell for them. And it would be a little surprising if there were, since most of the proposals have the tired air of the thirties about them, hardly even touched up.

In all this, we think, is an opportunity for an opposition party, if the Republicans concede they are that, to make a forceful case for a different approach. It is not enough to promise the same things with slight modifications.

The real answer to compulsory social security medical insurance for the aged is the rapidly growing voluntary insurance plus public assistance where truly needed. The only real answer to the farm problem is not the administration's proposed regimentation but a gradual return to a free market.

There is much more. It stands to reason that the key to greater economic growth is not expansion of the Government but expansion of the economy. The Government has demonstrated over the years that all its spending and deficits and controls cannot prevent or cure recessions, much less produce a major advance in sound economic growth.

The proper Federal function is to create the climate in which the economy can flourish. That primarily requires lessening the pressure the Government exerts on the economy through excessive spending and regulation.

The Republicans have often been timorous about making that case. But they should be able to remember that the idea of freedom from Government, so long applied in this country, is the most dynamic idea in political history. It ought to be worth a try as a political program in opposition to the dreary doctrine of Government expansion and compulsion.

What needs to be anchored down is the Government itself, precisely so that freemen can sail.

An Impractical Pragmatism

The Kennedy administration is often described as pragmatic rather than theoretical. If so, let us put theories aside for the moment and look at its economic policy in coldly practical terms. How effective is it?

First of all, it is true the policy is an unfinished work, since Congress has neglected to enact parts of it. As one of President Kennedy's closest aids, Theodore Sorenson expressed it on Howard K. Smith's television show the other night, "We have submitted to the Congress last year and this year an extensive program to stimulate the economy."

The President's legislative program includes farm controls, medicare, depressed areas, manpower retraining, youth employment, and discretionary Presidential authority to boost public works spending.

Mr. Sorenson apparently feels that if Congress had passed every last bit of the program, instead of only parts of it, the economy would now be booming. As it is, the officials regard the economy's blood as so tired that they are seriously thinking of asking Congress for tax cuts to build it up.

Yet if one examines the proposals to date, it is evident they have nothing to do with economic growth. Whatever else may be said of the farm plan that failed, its purpose was to regiment the farmer into producing less, not stimulate more output. And whatever the pros and cons of medicare on other groups, not even its advocates could very well claim it was a growth hypodermic.

Aid to depressed areas, unemployed youth, manpower retraining, public works—all these are by definition palliatives designed at most to soothe sore spots. They have no more connection with economic growth than did similar programs in the thirties, when all the considerable efforts of Government, year after year, were unable to significantly alleviate mass unemployment, much less lift the whole economy out of the mire of depression.

So, as a practical matter, blaming Congress for "inaction" doesn't get the administration far. Anyway, Congress has cooperated handsomely in the higher Federal spending and deficits which appear to be a key part of the administration's "growth" policy.

Spending has gone up many billions, and not just for defense and space, if even all those increases are justified. An imposing deficit was piled up last fiscal year, and another is in store this year. And yet the economy is said to be stagnating.

Since all this Federal medicine hasn't done the trick, the President is being urged to try much more of it, which seems rather curious advice. Outstanding "liberal" economists like Truman Adviser Leon Keyserling want him to quit temporizing and embark on a truly "expansionary" program.

That means the greatest possible spending Government officials can conceive, for any purpose anyone can dream up. The whole point, which is not without political overtones, is to spend, so as to put more people to work and put more dollars in people's pockets.

Assuming a willing Congress, such a program would certainly mean Government growth. But it could not mean economic growth because its premise is uneconomic.

A policy with the avowed objective of maximum Federal spending, directed from Washington, must cause a monstrous misallocation of resources. This defect has characterized every so-called planned economy in history and is glaringly plain in every one today from Socialist India to Communist Russia. Inevitably the wrong things are built and produced in the wrong places for the wrong needs.

The free-market economy's success is due above all to its practicality; it is simply the most effective means of channeling resources to productive and prosperous ends. The more its mechanisms are interfered with, the more impractical an economy is.

It would seem, then, that the administration and its advisers in and out of Government are barking up the wrong policy tree. The key to real economic growth lies where it always has, in lifting rather than increasing the burden of Government and so releasing the energies of a free people in a free market.

To figure it all out otherwise requires, we suggest, an extremely peculiar kind of pragmatism.

DEMOCRATS VERSUS DEMOCRATS IN TENNESSEE

Mr. MILLER. Madam President, in today's Wall Street Journal appears an article entitled "Democrats Call Medical Bill Key to Victory in Fall Elections, Based on Tennessee Vote."

It seems that in a Democratic primary in two heavy Democratic congressional districts, two Democratic incumbents were defeated by razor-thin margins by two younger Democratic opponents. The winners supported the Kennedy medicare bill. The losers opposed it.

I would be among the first to recognize that the clever play upon emotions which the proponents of the Kennedy medicare program are not above using could have accounted for the difference between winning and losing in these districts, especially when the incumbents did not have a real opportunity to get away from Congress to campaign among the people and tell them how unfair the Kennedy medicare program is.

But I am quite sure that if the voters are given an opportunity to become informed on this issue—and they will be during the fall campaign—they will not be casting their votes for a candidate just because he supports the Kennedy medicare program. Indeed, I suggest that they may well vote against a candidate because he supported this unfair program.

The Journal article points out that one of the incumbents who lost in Tennessee appeared to be hurt because he had supported the administration's proposal to withhold tax on interest. We may conclude from this that if that incumbent had opposed both the Kennedy medicare program and the Kennedy program for withholding taxes on interest he would have been reelected.

The other incumbent, according to the Journal article, was absent from his district representing it in Congress. This will not be the case in the fall election campaign.

I, for one, hope that the President and his Democratic campaign committee do not back down on their plans to make the President's unfair medicare bill an issue in the fall elections. If they can see in the Tennessee Democratic primary a result that will cause them to persist in making it an issue, then I will say that the Tennessee primary voters have done the Nation a great service—even though they may not have understood what they were voting about.

I ask unanimous consent that the article from the Journal be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEMOCRATS CALL MEDICAL BILL KEY TO VICTORY IN FALL ELECTIONS, BASED ON TENNESSEE VOTE

WASHINGTON.—Democratic leaders are generally convinced the subject of medical care for the aged is the party's best hope for a winning issue in this fall's congressional elections.

The surprise showing of two Democratic House candidates in Tennessee primaries has reassured party strategists who favor all-out advocacy of a medical aid program financed through the social security system. This was the course followed by challengers Wilkes T. Thrasher and Richard Fulton in their primary races against veteran Congressmen JAMES B. FRAZIER and J. CARLTON LOSER, both foes of the social security approach. Mr. Thrasher, 41 years old, defeated Mr. FRAZIER, 72, by an unofficial 323 votes for the Democratic nomination in the Third (Chattanooga) District, and Mr. Fulton, 35 years old, is leading Mr. LOSER, 69, by 80 votes in their disputed primary election in the Fifth (Nashville) District.

Because a compromise medical care bill was defeated last month in the Senate, there had been speculation that the issue was losing its appeal and that voters might be turning against the social security approach advocated by the Kennedy administration. But Democratic tacticians interpret the Tennessee primary results as confirming their belief that the medical care subject will help Democrats in their November election battles with conservative Republicans who reject the social security route.

"POLITICAL POTENCY" SEEN

"It certainly proves the political potency of the issue is still strong," asserts one jubilant Democratic chieftain. "And with President Kennedy taking it up this fall, we should be able to score some strikes with it."

Moreover, the defeat of Mr. FRAZIER may have the far-reaching effect of boosting next year's prospects for congressional approval of the administration's King-Anderson bill or some variation that retains social security-financing approach. Mr. FRAZIER is one of the 15 members of the 25-member House Ways and Means Committee who have opposed sending the King-Anderson measure to the House floor for a vote. His departure means two of the bill's foes will be gone next year, giving House Democratic leaders the opportunity to engineer replacements who are more sympathetic to the social security approach. The other departing member will be Representative BURR HARRISON, a conservative Virginia Democrat who is retiring. Should they be succeeded by two members favoring the social security route, the lineup against the King-Anderson bill would be reduced to 13 votes against, 12 for. In this event, the administration would be favored to pick up the extra vote needed to push the measure through the committee. Representative THOMPSON, Democrat, of Texas, who was among the opponents this year, has indicated he might be willing to soften his position and permit the measure to clear the committee next year and reach the floor for a showdown. That would leave only Chairman MILLS, Democrat, of Arkansas, Representative WATTS, Democrat, of Kentucky, and the committee's 10 Republican members opposing the bill and outvoted, 13 to 12.

AN UNCERTAIN CONVERT

However, Mr. THOMPSON cannot be counted on as a sure convert to the plan. He won renomination by a decisive margin in the Texas Democratic primary earlier this year by campaigning against the King-Anderson bill while a liberal Democratic foe favored it.

Moreover, there is some doubt that a medical care bill could clear the committee as long as Representative MILLS opposes it. Instead of being outvoted, it is believed Mr. MILLS would either propose some kind of compromise or switch enough votes to keep it bottled up.

To a great extent, of course, the medical care prospects for next year depend on the outcome of this year's House races. Should the Democrats hold their present 263–174 margin or perhaps gain a few seats, chances would improve for passage of a bill along King-Anderson lines in 1963. On the other hand, the loss of 10 to 20 or more Democratic seats would dim the chances for any kind of medical care legislation in 1963.

There seems little doubt the medical care controversy figured prominently in the primary election success of Messrs. Thrasher and Fulton in their dominantly Democratic districts. The medical care subject was the No. 1 issue in the Loser-Fulton battle because Mr. Fulton, a real estate broker, designed it that way. Mr. Thrasher, an attorney, stressed it along with several other campaign planks in his contests with Mr. FRAZIER, a 14-year veteran in Congress. In both races the upstarts received considerable assistance from labor unions and members of local "senior clubs" affiliated with the National Council of Senior Citizens. Two days before the election, the Railway Labor Political League withdrew its endorsement of Mr. FRAZIER because he opposed the Social Security route.

DOCTORS BACKED INCUMBENTS

The medical profession generally was strong for Messrs. FRAZIER and LOSER and many individual doctors worked for their renomination. In some instances notes were included with patients' bills urging support for the incumbents. Some doctors made speeches to civic groups, and Thrasher forces reported finding pictures of Mr. FRAZIER on the walls of some doctors' offices, "I've never seen such a militant group working so hard for a candidate," Mr. Thrasher remarked.

There were, of course, other issues that figured in both races. Mr. FRAZIER appeared to have been hurt by his support of the Kennedy administration's tax revision plans including the proposal for income tax withholding from dividend and interest payments. Mr. LOSER's absenteeism from his district hurt his campaign.

While Mr. Thrasher supported the administration's position on medical care, he did not run as a 100 percent New Frontiersman, stressing his disagreement with some of the measures advocated by the administration. But Mr. Fulton did run as a full-fledged Kennedy Democrat, telling voters he embraced the program laid out in the Democratic Party's 1960 platform.

THE KERR-MILLS ACT—WHAT IS SO BAD ABOUT IT?

Mr. MILLER. Madam President, in the Monday, June 25, issue of the Christian Science Monitor, the lead editorial, entitled "What's So Bad About It?" discusses the Kerr-Mills Act and some of the differences between the Kerr-Mills Act and the Kennedy medicare program. The editorial also brings out a thought which I think should be passed on to our people. The thought is expressed as follows:

> Has that society—

Namely ours—

> come so far from concepts of individual and family responsibility that it prefers to rely on a supposedly impersonal, but potentially political, Federal mechanism to do on an indiscriminate scale what State and local agencies can do with more precision and flexibility?

I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHAT'S SO BAD ABOUT IT?

Naturally, for its purpose, the staff report of the Senate Committee on Aging makes as bad a showing as it can for the operation of the Kerr-Mills Act, adopted by Congress in 1960 to assist States in providing medical care for the elderly.

The main function of the committee and its staff since its inception has been to provide arguments in favor of the Forand bill and now the King-Anderson bill for hospital care through the social security system.

The chief indictment hurled is that, in each of the 24 States thus far cooperating, the State giving Kerr-Mills aid requires the applicant to undergo a means test, an investigation of income and assets, before receiving assistance.

What is so wrong about this? The social security system applies means tests. Up to $4,800 a year, it collects its payroll tax according to what an employee earns and what an employer pays. If a beneficiary under 72 earns more than $1,800 a year he forfeits his payments.

Labor unions employ a kind of means test when they argue that because a certain company makes large profits it can pay a higher wage. Would they want a wage level established at which every firm in an industry could be assured a profit, with no questions asked about its management?

The proponents of hospital care on social security are asking the United States to set up a large and expensive bureaucratic system to assure benefits to every covered person, indigent or affluent, "as a matter of right." This could prove to be a luxury purchased at the cost of many sacrifices made as a result of the payroll deductions.

Particular exception is taken in the committee staff report to the fact that nine States "have recovery programs extending to the homes of people receiving help and collectible after death." Also to the fact that 12 States apply family responsibility provisions under which children, if able to do so, are expected to contribute to their parents' support.

Actually the relief lien is one of the most practical plans under which people in need but who own their homes can be given assistance while in possession and enjoyment of their homes. They can feel that to this extent they have provided by their own thrift for this need.

And is any injustice done by enforcing the lien after the recipients of the aid are gone? If they have no immediate heirs, no one is deprived. If children or other near relatives have been spared a serious expense, should the State pass along intact an inheritance to them while it waives its own claim?

These practices are not nearly so black as they have been painted. They are methods which may be ill administered on occasion; but so may a more massive "insurance" program. They are processes which have the imprint of commonsense and by which American society has done extremely well for those who depend upon it.

Has that society come so far from concepts of individual and family responsibility that it prefers to rely on a supposedly impersonal, but potentially political, Federal mechanism to do on an indiscriminate scale what State and local agencies can do with more precision and flexibility?

LACK OF PROGRESS IN THE ALLIANCE FOR PROGRESS PROGRAM

Mr. MILLER. Madam President, in yesterday's Wall Street Journal the lead editorial entitled "No Cause for Celebration" comments on the frustrating lack of progress in the Alliance for Progress program. The editorial criticizes the policy of our Government of encouraging development in the underdeveloped countries through socialism or state planning, which, unlike the capitalistic economic system, tends to stifle initiative and ignore the wants of the consumer.

I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Aug. 6, 1962]

NO CAUSE FOR CELEBRATION

No fanfare will mark the first anniversary of the signing of the Alliance for Progress charter this month. The reason candidly given by Alliance Director Moscoso is that there is little if anything to celebrate about a program facing obstacles that "are staggering and frustrating almost beyond endurance."

The Alliance, which is the Latin American facet of our bounteous foreign-aid efforts, has indeed suffered from excessive fanfare. But, as is the case in the rest of the underdeveloped world, that overselling is only symptomatic of more basic mistakes. The most basic of all, we believe, is a failure of economic understanding in Washington.

With or without U.S. aid, the obstacles to economic progress in a Bolivia or an India would be "staggering and frustrating." Mass poverty, illiteracy, sickness, lack of skills, populations growing so fast they eat up any gains—these are among the more notable impediments. They are not of America's devising and in their nature they are beyond America's power to cure.

Yet successive U.S. Governments of both political parties have tended to compound the difficulties of development. It is as though, in a magnificent irony, the American officials have sternly put aside the experience of the United States itself in developing from nothing to the richest economy in history. Instead they advocate a species of socialism or state planning that never yet has met the tests of economic development.

In part, of course, this defect is political. The United States sometimes, as in Latin America, aids a particular government out of fear that a successor government might be worse. Besides, it is easier for the U.S. administrators of aid to deal with governments than with people, and the two are by no means synonymous. Since the ends of economic development are not served, though, this seems shortsighted even as a political policy.

But in large part the direction of our aid is governed by economic theory. It has become a kind of gospel that underdeveloped nations must go in for planning on a scale not so far countenanced in this country. Our Ambassador to India, for example, is an advocate of planning and general aggrandizement of the "public sector," and he does advocate it in India.

Here is how one Indian commentator views Ambassador Galbraith's proselytizing; in an article for distribution in India, the eminent economist B. R. Shenoy observes:

"The logical basis of Professor Galbraith's conviction, which is widely shared in India, is simple. A country facing the problem of lifting itself from poverty and providing a better life for its people would be condemned to frustration 'without planning'; from the 'discontent' born of the tyranny of unrelieved poverty they might fall an easy prey to the promises of communism. This danger can be averted by a 'proper planning of its resources'."

Unfortunately, as Professor Shenoy notes, state planning is not the way to eradicate poverty. Its controls and bureaucracy stifle initiative; its emphasis is customarily on heavy industry projects. The realistic hope of development is first to encourage the buildup of agriculture and consumer-goods industries; in short, it is to set out to make the consumer king instead of the state, because in that way it is possible to generate the capital for internal development.

Whatever the possibilities for development in some of the backward areas, it is a strange business for the United States to insist on exporting statism, to the tune of scores of billions of dollars over the years and over the world, rather than the consumer revolution whose workability its own experience attests.

So long as that is the policy, we fear that neither the Alliance for Progress nor the rest of the foreign aid program will soon offer cause for celebration.

SOCIAL INJUSTICE IN INDIA

Mr. MILLER. Madam President, in the July 16 issue of the Wall Street Journal, tied in with the editorial to which I just referred, is an excellent article by B. R. Shenoy and Patrick M. Boarman entitled "Social Injustice in India," pointing out that one of the effects of the socialistic program in India has been an adverse effect on the economic growth of the country.

I should like to read a brief portion of that article. At the conclusion the article states:

> Statist policies have led to Himalayan concentrations of economic power in the Indian Government. All imports, most exports, and the bulk of investment resources are subject to state control and direction. This has endowed privileged groups of people—state functionaries—with arbitrary power (including police power) over the employment, the livelihood, and the well-being of virtually the entire nation.

For all these reasons the present policies being pursued by the Indian Government are likely to perpetuate social injustice.

I ask unanimous consent that the article be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, July 16, 1962]

Social Injustice in India—It's Increased, Not Eliminated, by the Efforts of Planners

(By B. R. Shenoy and Patrick M. Boarman)

(Mr. Shenoy is director of the School of Social Sciences at India's Gujarat University, while Mr. Boarman is associate professor of economics at Bucknell University.)

Concern for social justice dominates the practice of economic planning in India. The planners have set themselves the fourfold task of abolishing poverty, liquidating unemployment, increasing the rate of industrialization, and establishing a Socialist society.

In this society, so it is believed, economic power will be dispersed rather than concentrated, the distribution of income will be equitable, and talent will not be stifled for lack of opportunities and rewards. These objectives constitute a large part of the concept of social justice as currently understood in India.

But there is an ominously large gap between theory and reality, between wish and fulfillment. Will the methods now being used by the planners achieve social justice in any meaningful sense? In attempting to answer this important question, it is necessary to consider in some detatil the performance of the Indian economy to date.

What must be made clear, in the first place, is that a mere piling up of output, regardless of its appropriateness to actual consumer needs—whether the consumers in question live in India or in countries to which she exports—cannot abolish poverty. Even where full employment exists, a nation will remain poor if the bulk of its resources are used to erect great pyramids, forts, or palaces, as in some earlier civilizations, or are diverted to the construction of mammoth river valley and power projects, steel plants, heavy engineering products or heavy chemicals, as is the practice in many underdeveloped countries today.

Abolition of poverty means raising the living standards of the people. To raise living standards, economic activity must be geared to producing the consumer goods needed by the people. In the Indian case, the resources of the nation should be directed to the production of necessaries such as food and cloth. The urgency of the situation in India is reflected in the fact that the country's consumption of food grains is well below the nutritional norm of 18 ounces per head per day, while the consumption of cloth is deplorably substandard.

The method which experience shows is best calculated to insure progress in overcoming poverty simultaneously with the expansion of production is unfettered consumer sovereignty over production. When economic activity is subject to the sovereignty of the consumer, it naturally serves his needs, for his daily purchases in the market steer productive resources in directions appropriate to his preferences. If the sovereignty of the consumer over the economic system is tampered with, there is less guarantee that the consumption of the people will increase with increases in the national product. Typically, the consumption needs of the people are among the first things to be sacrificed in a statist economy, though statist slogans deify the "public good."

As a result of the acceleration of economic planning in India after 1955, the gross national product rose in 6 years by 22 percent. But per-capita consumption of food grains and cotton cloth fluctuated downward: The former was 15.7 ounces per head per day in 1954, but only 15.4 ounces in 1960; the latter was 14.63 meters in 1955 but only 14.36 meters in 1959.

How did this contrary movement in the people's standard of living and in the national income statistics come about? The answer is readily discoverable. Investment activity in India is guided in the first instance by the needs of the state (as determined by the planning commission), and only secondarily and partially by reference to the needs of consumers.

LIVING STANDARDS REMAIN LOW

In the second 5-year plan (1956–61), the public sector appropriated 58 percent (46 billion rupees) of the available investment resources for the production of capital goods, intermediate products, and social overheads. The corresponding figure in the third plan is 66 percent (80 billion rupees). A share of the remaining resources is also directed arbitrarily into capital goods production by virtue of the government's existing controls over securities issues and import licensing, and its power, in consequence, to control the establishment or expansion of most industrial undertakings. Because of the increasing divorce of production from consumer needs, the living standards of the people have remained at low levels despite substantial increases in the gross output of the economy.

Government control of investment means that justice to consumers will be indefinitely deferred, given the insatiable demands of the public sector. The outlay of 19.6 billion rupees for the needs of the public sector in the first plan was more than doubled in the second plan (46 billion rupees) and more than quadrupled (80 billion rupees) in the third plan.

Seemingly inherent in the statist economic system is a built-in investment accelerator akin to Parkinson's law. The larger the volume of government investment today, the larger it will be tomorrow. In Russia, after 45 years of planning, acute scarcities of meat, clothing, shoes, and housing persist because of the unabating demands of heavy industries, mammoth power and irrigation projects, rocketry systems, nuclear weapons, and space science. Though it may take less time for an industrial system to grow from sputniks to socks than from socks to sputniks, under planning, socks seem to receive too little attention all the time.

Social injustice is writ large in the trend of the Indian pattern of production. During the decade ending in 1960, the output of capital goods increased as follows: Machine tools, 2.2 times; commercial vehicles, 4.1 times; coal, 1.6 times; caustic soda, 9 times. By contrast, the output of consumer goods used by the lower and the middle income groups rose by much smaller multiples: Matches, 1.1 times; cotton cloth, 1.4 times; soap, 1.8 times.

WELL-TO-DO BENEFITS

The needs of the comparatively well-to-do people, a fraction of the population, have been very well looked after, however. The output of goods entering into their consumption, which are mostly curios to the masses, rose steeply: Electric lamps, 2.9 times; electric fans, 5.1 times; radios, 5.9 times; sewing machines, 9.6 times, and rayon yarn, 21 times.

Social injustice is reflected, too, in the price structure. The output of consumer goods in common use is abnormally restricted by the forced transfer of resources into nonconsumer goods industries. During the past 6½ years, the prices of nongrain foodstuffs rose by 48 percent, grains by 53 percent, and textiles by 28 percent. The prices of luxuries and semiluxuries, on the other hand, remained comparatively steady until recently, when some relatively slight increases occurred.

We have here a case of double injustice. The money incomes of those in the lower and middle income categories have risen but slowly, whereas the incomes of the remaining groups of traders, businessmen and industrialists—a thin upper crust of the community—have gone up much faster, perhaps by several times the rise in the incomes of the lower classes. Moreover, the poorer people are required to pay a substantially larger share of their increased income for their basic needs than the well-to-do classes pay out of their increased incomes for luxury and semiluxury commodities. This would seem to be a queer road to the goal of social justice.

MAXIMIZING OUTPUT

Social justice through the liquidation of unemployment demands maximization of output from the available resources. And since expansion of employment rests on the expansion of aggregate production, not in increases in the volume of investment alone, the aim of policy should be to maximize the size of the national product, whether this be intended for domestic use or for export.

There are two factors to be considered in selecting the appropriate socio-economic model needed to maximize the national product. There is, first, the prevailing pattern of production and the occupational pattern corresponding to it. Fifty percent of Indian national income is derived from agriculture and 70 percent of the population draws its living from this pursuit, with manufacturing industries accounting for less than 20 percent of economic activity. Peasant farming dominates agriculture, the number of farm families being 67 million and the average holding per family 5.5 acres.

The rest of the economy, too, has tens of millions of independent production units. Cotton textiles, which account for 38 percent of industrial activity, comprise 2 million hand looms, 80 to 90,000 power looms, and 478 large scale mills. This occupational structure cannot change or be changed overnight. It is a structure, moreover, which rules out control of investment and production by a central planning authority. This leaves the modernization of agriculture as the only effective alternative means of increasing production.

But even more fundamental issues must be faced if social justice in real terms is to be realized. Each consumer represents a unique and changing structure of values and demand. It follows that where the market consists of several hundred million consumers, output must consist of an innumerable and everchanging variety of wares.

Demand may be satisfied and production may be organized in manifold ways. The demand for wearing apparel, for instance, may be met from several varieties of cloth, and cloth may be produced in various ways. This necessitates on-the-spot attention to demand. Optimum results in production, as far as consumer satisfaction goes, are achieved by the voluntary cooperation of innumerable independent entrepreneurs via the market mechanism, not by statist planning. This is especially true with respect to those processes of production which serve for the direct satisfaction of the ultimate consumer.

During the past decade, the Indian Government has utterly disregarded both of these policy guides. To the accompaniment of high-sounding slogans and pretentious oratory, economic activity is regimented in ever greater degree. Unconscionably large amounts of investment resources are forced into the public sector and the nonconsumer trades as a result. Heavy industries are promoted at the expense of consumer goods industries and both are favored at the expense of agriculture, though it is in agriculture that production and employment potentials are the highest.

It is consequently no cause for surprise to learn that, despite phenomenal expansion of investment, Indian national income rose, from 1955 on, at an annual rate of but 2.9 percent; that unemployment rose from 5.3 million at the close of the first plan (1956) to 9 million at the close of the second plan (1961) and might be as much as 12 million at the close of the third (1966). Under policies of economic freedom, national income might have risen at an annual rate of 9 to 10 percent and unemployment, instead of mounting, might have declined and in due course disappeared.

LESSONS OF HISTORY

Indian experience confirms the lessons of history. Revolution in agriculture has nearly always preceded industrial revolution. Progress in lighter industries has nearly always preceded the development of heavy industries. The growth of agriculture provides a broadly based demand for the output of industry, and the growth of lighter industries provides an assured demand for the output of heavy industries. This pattern of economic development, in which one sector aids the progress of the others, makes for rapid but painless growth, because it avoids the colossal waste of resources which results from central planning of the Indian type.

These considerations suggest that the surest road to maximum economic progress and maximum social justice in an underdeveloped economy is the promotion of economic freedom coupled with emphasis on the development of agriculture and the consumer goods industries, with the heavy industries receiving attention thereafter.

The view that heavy industries "stimulate" development "all around" is a popular delusion. Genuine economic growth depends upon investment of savings in the most efficient sectors of the economy. Savings increase with income, not with the growth of heavy industries. Logic and experience show that in underdeveloped economies, incomes increase fastest where agriculture is modernized and the lighter industries promoted. Where the bulk of the underdeveloped economy's resources are diverted to heavy industry, economic and social progress will be retarded since the income and employment potentials of this sector are generally the lowest.

A major error is to suppose that a policy of economic freedom will lead to capitalist exploitation of the weak and hence to social injustice. This view, which is extensively held in India, is logically untenable and historically untrue. There is no better protection against exploitation—of workers by employers and of consumers by producers—than the ever-vigilant twin tribunals of the price system and competition. For they are continuously in session requiring competing entrepreneurs continuously to justify their prices, the quality of their goods, their wage payments and their other costs.

PROTECTION FOR EXPLOITERS

If the tribunals are supported by the rule of law—a prime responsibility of the State—the essential prerequisites are established for the realization of economic and social justice. On the other hand, tampering with the functioning of these tribunals or with the rule of law will expose the weaker sectors of the community to the forces of exploitation; where statist controls over economic activity predominate, the State, in effect, provides legal and police protection to the exploiters.

The economic aberrations and inhumanities of feudalism, colonialism, and monopoly capitalism cannot be attributed—as the advocates of interventionism and collectivism so often attempt to attribute them—to the competitive free market economy. The latter, as Prof. Lionel Robbins has pointed out, "is not a plan that has been tried and failed. It is a plan that has never yet had a full chance." The Erhardian system of West Germany (currently being copied in other European countries, in Japan, and elsewhere) represents perhaps the closest contemporary approach to a genuinely competitive market economy. And the success of the German experiment has been universally acknowledged, if not everywhere applauded.

It is unfortunate that the statist system, despite its false theoretical foundations and the mounting empirical evidence against it, should be in such great vogue in underdeveloped economies. For it is precisely in such countries, with their characteristic lack of savings and of technological know-how, that the need for a competitive free market—which alone can direct scarce resources to the maximization of consumer welfare—is greatest.

Statist policies have led to Himalayan concentrations of economic power in the Indian Government. All imports, most exports, and the bulk of investment resources are subject to state control and direction. This has endowed privileged groups of people—state functionaries—with arbitrary power (including police power) over the employment, the livelihood, and the well-being of virtually the entire nation.

For all these reasons, the present policies being pursued by the Indian Government are likely to perpetuate social injustice. There can be not better guarantor of genuine social justice than the policies of economic freedom such as have been applied in the Common Market countries and in Japan. In these countries, state planning is confined to its natural and exceedingly important role in the framework of the market economy of assuring the conditions which make such an economic system viable. Social justice pursued after the manner of the Indian planners becomes a will-o'-the-wisp which is always frustratingly in sight but never attained.

PUBLICITY OBSESSION OF KENNEDY

Mr. MILLER. Madam President, in the August 3 issue of the Des Moines Register, the distinguished columnist, Arthur Krock, has an article entitled "Publicity Obsession Weakens Kennedy?" in which Mr. Krock joins the list of the disenchanted, independent-thinking members of the press corps who are concerned over the efforts by the White House to unduly influence the free press in seeking to mold public opinion to conform to a preconceived image of what it should be. With his characteristic perception, Mr. Krock shows how the publicity obsession has made for lack of decisiveness and for inconsistency in statements by the President, such as the indecisiveness pointed out by the distinguished Senator from New York [Mr. JAVITS] earlier today. I ask unanimous consent that this excellent article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Des Moines Register, Aug. 3, 1962]

PUBLICITY OBSESSION WEAKENS KENNEDY

(By Arthur Krock)

MIDDLETOWN, R.I.—A participant in the great affairs of government has identified one root of President Kennedy's troubles as follows: "Indecision between hard choices of acts and policy, and an inordinate concern over how commentators will react to things done or contemplated." This personage has a rare and constant opportunity to observe Kennedy in the awesome process of making up his mind.

The Washington dispatches have told and are telling the story of indecision when they have not been telling of decisions revamped from the old ones which the President in 1960 vowed he would replace with fresh new ideas that would move the United States and the world into "forward motion" again. But what has not yet been established is whether the flaw of indecision is congenital that he first depressingly revealed when, at the point of landing in Cuba, he, withdrew from the anti-Castro expedition the U.S. military supply and transport he had given the invaders and his own chiefs of staff every reason to count on.

PRESIDENTIAL UNCERTAINTY

The President has ample time, and an abundance of the gifts of nature and fortune, to demonstrate that this flaw is not inherent. The highest interests of the United States and the world, not to mention the Democratic Party, require that he shall.

But successive displays of Presidential uncertainty, repeated firm avowals of fixed positions followed by open retreats, have surrounded him with an atmosphere of ineffectiveness in political achievement both at home and abroad.

AGGRESSION CONDONED

In matters of foreign policy, the President has asserted fidelity to the basic principle that the U.S. would never assist or even countenance annexation by external aggression or threat of it. Nevertheless the administration was the active agent in helping Indonesia to annex Dutch West Irian, to which it has neither an ethnic nor historical claim.

The administration has been the principal backer and banker of the U.N.'s bloody military intervention to forestall the Congo confederation system which the other leaders promised Moise Tshombe at Tananarive, then repudiated and now have been compelled to promise him again.

On the domestic front President Kennedy has frequently abandoned legislative provisions which he, or his spokesmen, or both, had constantly asserted were indispensable to the attainment of the objectives.

Two examples are the administration drafts of the measures for unconditional U.S. purchase of U.N. bonds and for setting up under Social Security the medicare system without allowing individuals the option to use private health services. But when Congress insisted on fundamental modifications of both measures the President readily found the indispensable was dispensable.

FALTERED UNDER THE SPOTLIGHT

It is old stuff for Presidents and their spokesmen to draw terrifying pictures for Congress and the people of the consequences of altering a line in an administration legislative draft, to use their unmatched publicity channels to aline public opinion behind them and, failing in the attempt, to consent to what they swore they never would. But few had faltered in the full view of audiences they diligently had assembled on promises to show how tenacious they would be in battle.

It is this very buildup of himself, beginning with the charges that lack of leadership and tenacity by Eisenhower had brought the nation to a standstill and damaged its world prestige, that has thrust Kennedy's faltering into glaring and adverse spotlight.

PRESIDENTIAL OBSESSION

This buildup by publicity has become a presidential obsession, and it is shared by the advisers who seem to have the most influence with him. A natural result has been concentration on what is written and broadcast about Kennedy personally and subordination of much more important considerations. These advisers, because an unusual number have been drawn from classrooms, are among the most articulate and communicative propagandists that have ever dealt with the press in Washington.

The paradoxical result has been that the President and they have become victims of their own drive for everfavorable publicity. Even his most responsible surveys before action, such as that dealing with tax reduction, are open to the impression that they are aspects of the indecision he has in other instances revealed.

LEGISLATIVE AND EXECUTIVE BRANCHES OF THE GOVERNMENT ARE INDEPENDENT

Mr. MILLER. Madam President, in the July 29 issue of the Des Moines Register, its noted Washington correspondent presents another aspect of the shortsightedness which has characterized the White House in recent months. This is, as Mr. Wilson states, that the President is supposed to impose party discipline to force Congress to do his bidding—in the same manner that the Prime Minister is supposed to be able to have the House of Commons enact a program. The White House forgets that in the American form of government the legislative branch is a separate and independent branch of the Federal Government—or at least it should be. I hope that the voters will make this very clear this fall by rejecting those congressional candidates who ask for their votes on the blind, unthinking excuse that they propose to rubberstamp everything the executive branch of the Government directs them to enact. I ask unanimous consent that the Register article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Des Moines Register, July 29, 1962]

Congress Complaints Against Kennedy

(By Richard Wilson)

Washington, D.C.—Congress can be and often is, balky and mulish, especially when driven too hard from the White House. The plain fact of the matter at this particular moment is that many congressional leaders have very little respect for White House officials, many years their junior, who are trying to sit in the driver's seat.

But this is not all. Congress as a whole lacks confidence in the methods and measures proposed, entirely aside from annoyance with the juniors in the White House who rehash and rerun old ideas as if they were brilliant new conceptions.

This is quite exasperating to oldtimers in Congress who have been through all this so many times before. The Kennedy people are trying their best to innovate. But they progress slowly through the various pre-natal stages and have not yet arrived at a maturity of ideas which could be described as truly modern.

It is absolute doctrine, for example, that a reduction of taxes and an increase in deficit spending, will produce magical results in the economy, though there is much modern evidence to the contrary.

It is absolute doctrine also that cradle-to-the-grave social security and medical care is the pattern of the future, though the new development in a modern industrial society is the large growth of private pension and medical care programs.

Now, it is coming to be Kennedy doctrine that the U.S. Congress is not representative of the people, is overburdened with conservative and rural representation and stands in the way of progress because of a hateful combination of Midwestern Republican and Southern Democratic Members.

CONSERVATIVE REPRESENTATION

In some circles it is accepted as divine truth that if there were a square deal in congressional representation there would be a vast upsurge in liberal sentiment in Congress. A detailed and careful study by the private publication, Congressional Quarterly, has exploded this myth.

What seems to be nearer to the mark about Congress, particularly the House of Representatives, is that it is under the control of its senior Members who have had many years of experience. They have dealt with many Presidents, considered many reforms, survived many crises. It is said of these seniors that they are inbred conservatives mainly from the South when the Democrats are in power, and for the Midwest when the Republicans are in power. This is considered in some way to be reprehensible.

These experienced Members are no less concerned with the national welfare than newer Members and no stupider.

President Kennedy has adopted an insupportable attitude toward Congress on the issue he chooses for a big national test, the medicare question. It is his contention that the Republicans and a handful of Democrats killed the bill; therefore it is necessary to replace the Republicans.

However, Kennedy passes over as not worthy of comment the central fact that Senator Robert S. Kerr, the wealthy Oklahoma Democrat, led the opposition to medicare. Kennedy has been showering Kerr with blandishments.

Nor does Kennedy comment on the opposition to medicare of the best man at his wedding, Senator George Smathers, Democrat, of Florida.

SEES ADDITIONAL CONTRADICTIONS

Kennedy's position is insupportable in other ways. He thinks that just a little swing toward the Democrats in the congressional election will change the whole atmosphere in Congress. This would change Senator Harry Byrd, Democrat, of Virginia, or frighten Senator Herman Talmadge, Democrat, of Georgia.

But, beyond all these contradictions, the most insupportable aspect of Kennedy's position is that he can impose party discipline, as in the House of Commons, to force Congress to adopt his programs. Congress is not and never was intended to be the instrument of the political party in power in the White House. It is a separate branch of the Government.

WRONG REMEDY AT WRONG TIME

All this grows from a misconception of the function of Congress, and of its real makeup. This should be borne in mind when President Kennedy starts to campaign this fall to defeat Republicans who opposed medicare and elect Democrats who will support it, presumably ignoring both the Republicans who support medicare and the Democrats who oppose it.

Kennedy is involved in many contradictions, not the least of which is that he is applying the wrong remedy at the wrong time. He has a better remedy, which is to submit to Congress sounder programs in the field of medical insurance, urban improvement and reform of the agricultural laws looking toward the ultimate restoration of a free market.

The President could make a start toward remedying his problem with Congress by submitting legislation which can be adopted rather than used merely to sharpen up political issues

BUSINESSMAN'S ROLE

Mr. MILLER. Madam President, two other excellent articles by Mr. Wilson merit attention. I refer to one entitled "Businessman's Vital Role Is Told," appearing in the July 18 issue of the Des Moines Register, and another entitled "Suggests Steps To Cut Spending Abroad," appearing in the July 22 issue of the Register.

The first article wisely points out that social services cannot exist long without flourishing business, and that until our Government faces up to the need to ease the cost-price squeeze of private business, to make meaningful tax cuts, and to restore margins of profit, private enterprise will not be able to create the job opportunities we need to have a sound economy, or, Madam President, to achieve the income upon which to pay the income taxes needed to finance the necessary progressive programs of our Government.

In the second article, Mr. Wilson calls for a serious, sustained drive to reduce expenditures for foreign aid, military assistance, and maintenance of U.S. troops abroad as a means of relieving our serious balance-of-payments deficit. I ask unanimous consent that these two articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Des Moines Register, July 18, 1962]

Businessman's Vital Role Is Told

(By Richard Wilson)

Washington, D.C.—The Government's tax cut—really a postponement—to stimulate new investment in plant and machinery by American business brings to attention certain realities which are not commonly understood. Maybe they never will be understood in this generation, heavily indoctrinated as it is by the common-man emotions so badly outdated by the sweep of events.

Every advanced and sophisticated government is vitally concerned with increasing the investment of risk capital by private corporations and individuals and with the modernization of plant and equipment.

Some governments are more concerned with these problems now than with the extension of social services, benefits, guarantees and cradle-to-the-grave security for the common man, the AFL–CIO notwithstanding.

Lavish social services cannot exist long without flourishing business, while the earth's tenants multiply and remultiply to demand more and more government services. Government cannot supply this demand except by taking the funds to supply it from those who work and invest. If everyday life were to be reduced to the simplicities of 200 years ago, where would the funds come from for national social services?

IN UNITED STATES, IT'S 74 PERCENT

The Socialist countries of Western Europe seem to understand this better than it is commonly understood in the United States. One proof of this is the eagerness with which the Socialist governments have extended to private enterprise tax benefits which are not yet available to American business.

In Sweden, for example, manufacturers can write off for tax purposes 100 percent of their investments in plant and machinery in 5 years. The same is true in Italy and, for all practical purposes, in Belgium. In France three-fourths of the cost can be written off in 5 years, and in Britain two-thirds.

Under the new guidelines announced by the Treasury the average writeoff in the United States in 5 years is expected to be about 60 percent. If the 7 percent tax credit for investment is passed by Congress, the average total writeoff from both sources would be about 74 percent.

Why are these tax benefits granted? They are granted to give industrial managers and investors the courage to lay out their capital because they know they can recover it through tax reduction at a fast rate. Over any long term in an established business the tax liability will still remain, for depreciation runs out finally and then there is none to charge against income. This too, may force industrial managers to make new investments for the improvement of their processes.

THEY NEED THAT FELLOW

But for the time being governments desperately need the expansion of private enterprise which can be brought about by the prospect of quick recovery of capital investment. Governments need the expansion so as to increase the standard of living and remove possible threats to the stability of the government.

So it comes back to the businessman again, that fellow who is accused of gouging the public, hogging profits, living it up at the club, and exploiting the common man. Governments have found that they cannot get along without this troublesome fellow. They need him to create more jobs and more national income and to manage the everyday working of the economy so that the national income will rise. In fact, governments are very interested in having him make a profit so that there will be a substantial tax rise from which to draw revenue to operate the government.

The next step is clear, if the Government will only take it. Business expansion is retarded by a steady decline in the margin of profit. The margin is squeezed by increasing costs of manufacture and doing business in which the cost of labor is the major factor. The same thing is happening in Western Europe.

It may be a long time coming but the Government is being forced by events to consider additional restraints on the power of labor organizations to force up the costs of labor. It will take more than exhortation from the White House.

[From the Des Moines Register, July 22, 1962]

SUGGESTS STEPS TO CUT SPENDING ABROAD

(By Richard Wilson)

WASHINGTON, D.C.—One of the ironies of modern times is that in order to reduce the flow of dollars abroad the Government has to spend more.

It costs money to buy American.

The Kennedy administration does not shrink from this, though there were other ways of reducing the gold outflow.

One of these ways was to reduce expenditures on dependents of servicemen abroad. President Kennedy reversed President Eisenhower's order for that purpose.

Another way is to reduce substantially both the numbers of U.S. troops stationed abroad and the volume of foreign economic aid.

Kennedy will not do either.

Instead, Secretary of Defense Robert McNamara is energetically trying to effect economies in the $3 billion spent abroad for military maintenance. He is ordering that supplies be bought in America at a higher cost, up to 50 percent higher, and shipped to troops stationed in some 25 localities scattered over the world.

It should not be assumed that the $3 billion is the total cost of our oversea commitments. This is merely the sum which has been spent in foreign countries for maintenance. The total cost runs far above $3 billion. McNamara is trying to reduce to a level of $1 billion the amounts spent in foreign countries for supplies, housing, and other support for our troops.

If he can do it, he will have importantly reduced the claims on America's dwindling gold supply. All of this illustrates the unaccustomed position America finds herself in.

It is a change which is widely noted among the Government's financial experts but little talked of elsewhere. Our policies have become subject to scrutiny by the international banking community. We have to pay attention to the opinions of bankers in Zurich and Basel. They can pull the plug on the gold supply which underpins the dollar as a world currency.

STRANGE PROBLEM FOR A PRESIDENT

The mighty United States with its once invincible currency has had to go hat in hand to the International Monetary Fund for permission to borrow from that fund, if necessary, to support the wobbly dollar.

President Kennedy cannot, as a matter of prudence, initiate domestic and foreign fiscal policies without regard for the reaction of bankers in Zurich, Basel, Bonn, Paris, and London. This is a strange and unfamiliar problem for a President of the United States in this century.

It is wholly due to huge expenditures for foreign aid and for defending the free world's outposts. As a trading nation we are not doing badly. The problem is that we pile on top of our advantageous export balance the immense foreign expenditures for which there is little return, and we end up with a big deficit in our international balance of payments.

It is a deficit that affects the stability of the dollar, for, potentially, those bankers in Zurich and Basel can arrange to have their credits at the Chase National Bank, and elsewhere, converted into demands for American gold.

Even as it is, the gold is flowing out (recently at a reduced rate) in a volume that seriously and immediately endangers the value of U.S. currency. The wise men of Wall Street are saying that the United States will inevitably have to devalue its currency though President Kennedy has made a public international political commitment not to do so.

PROPOSALS ON AID NOT ACCEPTED

Since the nature of the problem is so well known, it is surprising that more determined efforts are not made to reduce the volume of foreign aid. In the present atmosphere, even to suggest this tentatively arouses the suspicion that he who suggests it must be a secret member of the John Birch Society.

The reply of high administration officials on reducing aid is instantaneous: No, it cannot be done. There are too many Vietnams over the world. But it is recalled that at the inception of the Eisenhower administration in 1952 the stated aim was a steady reduction to the vanishing point of foreign aid; in fact, an administrator was appointed who had a long record of opposing foreign aid. The original Eisenhower objective was soon forgotten.

General Eisenhower recently suggested a reduction in military spending. Again the Kennedy answer was "No." Kennedy officials did not doubt that Eisenhower had in mind ground troops some stationed abroad.

COUNTLESS CASES OF AID WASTE

It is common talk in Washington that the foreign aid program is a mess. Countless examples of waste have been pointed out. Doubts on projects such as the Volta Dam in Ghana are usually resolved in favor of the project. The Kennedy brothers wanted, and still want, more hardheaded administration of the program; one administrator was removed because he was thought to be too easygoing.

Instead, however, of really serious and determined efforts to cut the volume of foreign aid, we are resorting to gimmicks like McNamara's current plan which cannot help but cost more money though it does alleviate the gold outflow problem.

What is called for now is a serious, sustained, Government-wide drive to reduce expenditures for foreign aid, military assistance and the maintenance of U.S. troops abroad.

The alternative in a year or two could easily be a practical devaluation of the already shrunken dollar which would automatically have an effect on the American standard of living.

THE NOMINATION OF THURGOOD MARSHALL

Mr. JAVITS. Madam President, tomorrow the Senate Judiciary Committee will resume hearings on the nomination of Thurgood Marshall to the Court of Appeals for the Second Circuit. This is the circuit, part of which I have the honor to represent. These hearings have dragged on since October of 1961, when Mr. Marshall was named by President Kennedy.

I urge the committee, in the name of justice and the national interest, to report favorably Judge Thurgood Marshall's nomination. The delays before the committee have left in abeyance the confirmation of the nomination of a jurist whose abilities, qualifications, and experience are beyond question.

The dalliance before the committee with this important judicial appointment is intolerable, and I feel the Nation should insist that this hearing tomorrow shall be the last one, and that the committee shall take action to report the nomination now.

I point out to my colleagues in the Senate two matters which are very important by way of comparison.

Judge William H. Cox, of Mississippi, was nominated June 20, 1961, and his nomination was confirmed by the Senate on June 27, 1961—7 days later. Mississippi is the home State of the chairman of the Committee on the Judiciary.

Judge J. Robert Elliott, of Georgia, who has attained national prominence in presiding over the current Albany, Ga., cases, was nominated January 23, 1962, and his nomination was confirmed by the Senate on February 7, 1962—2 weeks later.

Yet the reporting of the nomination of Judge Thurgood Marshall has now been delayed for 10 months. To what other conclusion can we come than that delaying tactics are being used?

My able colleague from New York [Mr. KEATING], a member of the Committee on the Judiciary, last week stated to the Senate that he was considering making a motion to discharge the Committee on the Judiciary from the further consideration of Judge Marshall's nomination. I wholeheartedly support Senator KEATING in this contemplated acmittee on the Judiciary from the further the ends of justice. I shall do all in my power to see to it that action is taken on this well-deserved nomination, if not by committee action, then by the Senate as a whole.

I pledge myself to a course of action such as that proposed by Senator KEATING and other Senators, and seasonably, so that the Senate will not adjourn sine die and cause Judge Marshall to be removed from the bench because of the lack of confirmation of his nomination. If such action is not taken by my colleague from New York and other Senators, I shall employ those techniques myself.

The Senate owes it to the country to vote on the nomination of Judge Marshall. I am confident that if it does, the nomination of Judge Marshall, who will make an exemplary judge, as he has already shown, will be resoundingly confirmed.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MILLER. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLER. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Arizona [Mr. GOLDWATER], as modified.

Mr. MILLER. Will the Chair please repeat the question?

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Arizona, as modified.

Mr. MILLER. The amendments to Senate bill 3153?

The PRESIDING OFFICER. The Senator is correct.

Mr. MILLER. I thank the Chair.

Madam President, I wish to address a few remarks at this time to the bill, S. 3153, to which proposed amendments are now pending. The bill, according to its title, would "guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes."

Madam President, I oppose the bill. It is my belief that S. 3153 needs further consideration and study before the Senate is asked to act on this measure.

The bill makes no reference to construction of Federal lines from the Pacific Northwest to other regions. There is some doubt as to authorization for the construction of such lines, but this question was not considered by the committee. According to the Secretary of the Interior this legislation's purpose "is to assure consumers of electricity in the Pacific Northwest permanent priority to the electric power and energy now or hereafter generated at Federal plants in that region." To carry out this purpose the bill purports to establish a system of regional preference for all power now or ever produced in the Pacific Northwest for the benefit of all present and future electric consumers in that area as against consumers in the regions outside of that area.

This is unfair legislation and wrong in principle. Among the basic reasons why we believe this bill should not be acted upon by the Senate at this time are:

First. The concept of regional preference is incompatible with the best use of the Nation's power resources.

Second. Enactment of this legislation would serve as a precedent for similar priorities in other areas.

Third. The principle of this bill would lock in all present and future Federal power for all present and future consumers in the region of origin to the detriment of those outside the region.

I intend to comment on each of these points.

First. The concept of regional preference is incompatible with the best use of the Nation's power resources. In appearing before the Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee in the hearings on S. 3153, Mr. Joseph Swidler, Chairman of the Federal Power Commission said:

> We do say that in principle we are against preferences because they stand in the way of the best use of the Nation's resources for the benefit of the whole country.

On the same occasion Mr. Swidler said:

> Each time you provide for a preference, you have to provide for taking care of the other fellow too, so that I think you have here a problem of protecting the essential interests of the Northwest, while somehow, bringing the situation back to sound national principle.

FPC Commissioner, Mr. Charles R. Ross, as quoted by the Oregonian of Portland, Oreg., on June 15, took the same position saying:

> I think it could be very dangerous and would set a precedent for other areas. I don't like to see the local interest concept increased any more than it is.

According to the Portland Reporter of June 18 in an article entitled "Majority of FPC Opposes Regional Preference":

> The majority of the FPC are opposed to the regional preference clause in the bill now before Congress for protecting the Northwest against exporting of Federal power needed at home.
>
> These views were brought out late Sunday when the Commission was in Portland for the first time.
>
> Commissioner Charles R. Ross has been here since Friday and the four others, headed by Chairman Joseph C. Swidler, arrived Sunday for the start, Monday, of the Commission's tour of the Columbia Basin power facilities.
>
> Swidler indicated that he concurred with Ross who, Friday, told the City Club that water in the Columbia River belongs to the Nation, and it should not be limited to an artificial area.
>
> Though Commissioners Laurence J. O'Connor and Harold C. Woodward did not meet with the press with the others, it was indicated that they likewise did not approve of the regional preference principle.

The Administrator of the Rural Electrification Administration, Mr. Norman M. Clapp, in a speech to the American Public Power Association in San Juan, P.R., said on May 17 of this year:

> Yet we must not overlook the responsibility of the Federal Government to serve all regions. The taxes which develop Federal projects from which low-cost electricity is generated come from all regions. The ultimate benefits should be available with equal impartiality.
>
> To accept as permanent legal restrictions upon the free flow of Federal power benefits where the economic restrictions have disappeared would be an equally tragic mistake. It would not only violate the basic rights of American citizens to share in the development of their natural resources as a nation, but would also undoubtedly hamper the full utilization of the economies available to the consumer in the advancing technology of the electrical industry.
>
> We have long recognized the value of developing a free flow of trade and commerce among the States. The Constitution is expressly committed to it. The same values are to be found in the free flow of electricity from region to region. We cannot afford provincialism and parochialism in our power supply planning. We may need some temporary devices to cushion the adjustment from present patterns of marketing to the new ones soon to be available, but we must also plan ahead for the ultimate utilization of our power resources on a national—not regional—scale.

Second. Enactment of this legislation would serve as a precedent for similar priorities in other areas. At the committee hearings on this bill the chairman, the Senator from New Mexico [Mr. ANDERSON], in commenting on this point said:

> All I said is that it is a dangerous principle to start laying down that because water falls in a certain geographical area, that the people living in that State, no matter where they may be, have preference rights above what others might have gotten.
>
> I am telling you we would be in a very tough situation in the Colorado River Basin if we had to give Colorado 56 percent of all the water in the river and 56 percent of the power. There would not be much left for Hoover Dam, which would naturally dry up under those circumstances, and there might be people that would not regret that, but there are people in California who would, I am sure of that.

The Senator from New Mexico [Mr. ANDERSON] went on to say that should a "Chinese wall" be built around the Pacific Northwest by this bill, other areas would have equal claims to the construction of similar Chinese walls around them. He said:

> The statement was they did not want to build a Chinese wall around Montana, but obviously they want to build a Chinese wall of some nature. If you are going to put all these amendments in, there is not a reason why we should not have an amendment for Oregon, Washington, Idaho, if Idaho gets any power, and then we should go back and put a Chinese wall around Colorado River power that is generated at Hoover Dam.

Similar concern was also expressed by Senator J. J. HICKEY, of Wyoming, in the following exchange with Mr. Ed. Weinberg, Associate Solicitor of the Department of the Interior:

> Senator HICKEY. I have just one question. It has been suggested by the chairman, and the question is: Is it possible to so expand this particular legislation; for example, those of us who are in the Upper Colorado River Basin would have the kind of, whatever you care to call it, first preference or preference use or hold or claim on the percentage of power which is generated, for example, at the Flaming Gorge Dam?
>
> Could you prepare legislation which would give this special claim to Senator BURDICK's area in the Missouri Basin, to Senator ANDERSON in my area in the upper basin of the Colorado, as well as to the Pacific Northwest area, that is sought now by the Senators from Washington and from Montana?

> Mr. WEINBERG. As a matter of legal draftsmanship, it would be possible to prepare such legislation; yes.

Senator BURDICK, of North Dakota, also saw the potentiality of such a precedent for the Missouri Basin:

> Senator BURDICK. We have in the Missouri River Basin now not only hydropower, but we also have the possibility of thermal power.
>
> Mr. WEINBERG. Yes.
>
> Senator BURDICK. Would this preference for the region entitle the Missouri Basin to preference sometime in the future?
>
> Mr. WEINBERG. If there were similar legislation.

The concern expressed in the hearings by Senators ANDERSON, HICKEY, and BURDICK, has proved to be well founded. On July 17, Senator MANSFIELD, of Montana, introduced proposed legislation, S. 3558, which would guarantee Montana a first right to any power developed in that State. At that time he said, among other things:

> Montana is an upstream State; and, because of its developed and underdeveloped reservoir sites, it contributes a great deal in power generation and flood control downstream. Montana is a State which is just beginning to flex its muscles in its transition from a largely rural State to one with growing metropolitan areas and potential industrial development. Many of us see low-cost hydroelectric power as one of the major instruments in this development. Therefore, we have come to be sensitive about keeping a reasonable amount of the power generated at these large upstream projects for use within our own State, and not merely to permit the energy and benefits to flow downstream.
>
> This attitude may appear to be somewhat parochial, but I am sure that my colleagues here in the Senate find similar attitudes in each and every State. If they have a resource of which they are justly proud, they want to see that the major benefit is realized in their own immediate area. This statement is not being made without a full awareness of the problems that arise from regional development and cooperation. We live in a Federal system, and the interests of our sister States must be and should be considered.

This bill obviously will affect the regional priority bill now before us. Not only will it apply to Hungry Horse, already built and for which some preference has been granted to Montana, but also to authorized but unbuilt dams such as Libby and other projects now under consideration, including Paradise. It would also affect Federal hydroplants in the Missouri River Basin, including those outside of Montana.

Senator KARL E. MUNDT, of South Dakota, saw the implications of S. 3153 for the States of North and South Dakota in the Missouri River Basin. On July 13 he said:

> The principle of the public agency preference has been premised on the reasoning that since Federal power projects are financed by taxes collected from all regions, the power produced should be available with equal impartiality within as large an area as is economically feasible. S. 3153 violates this principle and attempts to give a priority call on Federal power to the immediate area in which that power is produced. If this new principle governing the utilization of Federal power is to be established for the Pacific Northwest, then it should also be established for every other Federal power-producing region in the United States. If the Senate moves to consider S. 3153 I intend to offer amendments granting all power users in North and South Dakota a first call on the power produced by our great hydroelectric projects on the Missouri River. (CONGRESSIONAL RECORD, July 13, 1962, p. 13533.)

Madam President, the distinguished senior Senator from South Dakota fulfilled that commitment by offering an amendment to the amendment offered by the Senator from Arizona in the Senate yesterday afternoon. To carry out this idea he has suggested an amendment to S. 3153 which would reserve to consumers in North and South Dakota the same protection as that accorded Northwest consumers.

The regional preference principle embodied in S. 3153 has brought forth other demands for similar protection. The Arizona Power Authority has asked Senator GOLDWATER to offer an amendment to the bill designed to extend the regional preference idea to Federal power produced in all major river basins. The Senator from Arizona took such action yesterday in offering the amendment which is now the pending business.

According to Senator GOLDWATER, the Arizona Power Authority contends:

> If regional preference as proposed for the Pacific Northwest is to become Federal policy, Arizona should be fully protected not only in the marketing of Glen Canyon power, but also in the future marketing of Bridge Canyon power as part of the central Arizona project.

According to his release—

> They pointed out that already under the marketing criteria of the Colorado River storage projects, the power produced and proposed for sale in Arizona can be withdrawn to meet demands in the upper division States of the Colorado River Basin.
>
> At the present time the large amount of the power generated at Federal hydroelectric plants located in Arizona is being exported to other areas. Areas of southern California, for example, that are completely outside the Colorado River Basin are major beneficiaries.

The Senator's release goes on to point out that under the proposed amendment:

> Power now being exported to these southern California areas would, upon expiration of present contracts be reserved for use by consumers in the basin of origin of which Arizona is a part. (Press release from office of Senator BARRY GOLDWATER, June 29, 1962.)

Still another request for similar protection was made by Representative GUBSER, of California, in a letter to Senator ANDERSON on June 18, 1962, in which he proposed establishing a regional priority for power produced in the Central Valley project in California—CONGRESSIONAL RECORD, June 18, 1962, page 10935. His proposal is that power from the Central Valley project should be subject to the same limitations as in sections 2, 3, 6, and 7 of this bill.

Representative HARRY R. SHEPPARD, Democrat, of San Bernardino, Calif., and dean of the California delegation in Congress, in a letter to Chairman ANDERSON warned:

> Policy which would be established by this legislation is not in the overall national interest and is certainly not in the best interest of my congressional district, as the attached editorial (the San Bernardino (Calif.) Evening Telegram of May 26, 1962) states:
>
> "Under such a national policy Colorado River power, now used extensively in California, could be withdrawn at the expiration of existing contracts and used exclusively in the area of the Colorado River."

Senator HRUSKA in a statement on the Senate floor on June 7, 1962, pointed out that the precedent set by S. 3153 could be detrimental to his State, Nebraska. That State has few if any hydroelectric Federal projects, but it now obtains Federal power from other States. Senator HRUSKA said:

> Most outstanding authorizations and appropriations for such projects as these were made upon the basis of justifications which included multipurpose uses and benefits which were regional in character. There certainly would be a distortion of such original authorization and appropriation to modify the course of benefits at this late date in any given situation. Naturally, if such benefits are now to be confined closely in a geographic way, there will be a great reluctance on the part of many Members of Congress to appropriate on future occasions since it would be Federal money that would be used and the benefits should be spread to as wide an area as practicable.
>
> Mr. President, let us not set region against region, watershed against watershed, State against State without thorough study, consideration and debate for the purposes of overall national policy. Let us not act piecemeal. It may be that the preference clause should be modified since, as it is sometimes argued, it gives preference to distributing systems rather than to consumers. But in a measure such as we are now concerned with, such broad considerations pro and con cannot be raised. (CONGRESSIONAL RECORD, June 7, 1962, p. 9961.)

He also pointed out that Nebraska had been subjected to a regional preference provision in the Rivers and Harbor Flood Control Act of 1959. A provision in that legislation provided that a reasonable amount of power produced at authorized projects in the Missouri Basin not yet under construction shall be made available in the State where such project is located. This was aimed at the Big Bend Dam, located in South Dakota; and it was designed primarily to preclude Nebraska from getting a large portion of the power produced at the Federal installation. Some of the comments made April 12, 1958, when the provision was debated are apropos to this bill. For example, Senator CURTIS, of Nebraska, said:

> This proviso modifies the power preferance clause. I think it should be brought in the front door and debated as such and all the equities weighted.

He said later in the debate:

> If we are to have a preference law, it should apply the same all over, in every State and to all people.
>
> This proposal establishes a precedent. It will follow that the next time preference will be given to the State in which the dam is located or so many miles from it.

Senators Humphrey, of Minnesota, Young of North Dakota, Symington, of Missouri, Carlson, of Kansas, and Thye, of Minnesota agreed with Senator Curtis in his criticism of that reservation. Senator SYMINGTON said that it was "the beginning of a leak in the dike of the preference clause." Senator HUMPHREY said that in his opinion "the language creates a change in the preference clause that can have far-reaching consequences."

The argument made by the proponents of this legislation that the Northwest is "unique" is specious. The fact that this is true has been well demonstrated by the numerous requests that have been made by other areas for similar protection. Senator MUNDT covered this point in his letter to the chairman when he said:

> Some have argued that the Northwest situation is "unique" in that the area is solely dependent on hydroelectric power. This power has always been extremely low cost power. In fact, in view of the 1961 BPA deficit of approximately $15 million, it would seem that rates charged are actually below cost.
>
> Some large power-consuming industries have undoubtedly located in the Northwest because of this low-cost power. Half of all the Federal power in the United States is located in the Northwest.
>
> However any "uniqueness" of the Northwest situation stops here. It certainly does not extend to all future Federal power installations or future power consumers in the Northwest. But S. 3153 would extend this Chinese wall to include both future powerplants and future consumers.

Madam President, in this connection I point out that the distinguished Senator from New Mexico [Mr. ANDERSON] at the committee hearings on May 21 of this year exposed the "uniqueness" argument when he said:

> The Northwest is not dependent upon hydro. It can generate all the power it wants by coal. They have just simply got a low price for hydro. We would be glad to have the same thing.

Madam President, if the entire country were to be Balkanized by legislation such as this bill, vast islands would be left with little or no Federal power available for their consumers. This situation would be accentuated and repeated many times over, should the principle of S. 3153 be extended.

Finally, Madam President, my third point is that the principle of this bill would lock in all present and future Federal power for all present and future consumers in the region of origin, to the detriment of those outside. The enactment of a regional preference bill assumes that the power facilities installed now or in the future in the Bonneville area were installed primarily for the benefit of the people living now or in the future in the Pacific Northwest. This is a false premise. These facilities were built for the people of the United States as a whole. Consumers of electricity located within economic transmission distance of these facilities have just as much right to the electric power produced at any one of these dams as have the people who are within only a mile or two of such installations. This proposed legislation assumes that it is perfectly proper to discriminate against consumers of electricity located at some distance from these projects. This is unfair and contrary to the American principles of fairness and equality.

Greatly increased demands will be made upon the taxpayers of the country to pay for the development of additional electric facilities in undeveloped hydroelectric power sites in the Pacific Northwest. Half of the entire water and power resources of the Nation are located in the Pacific Northwest. Half of all Federal hydroelectric facilities are situated here. Taxpayers throughout the country already have invested $1,700 million in Northwest power facilities. In the future this investment may well be doubled. Taxes paid by all the people build Federal power projects; so all the people should share to the maximum extent practicable in the benefits their taxes have created.

In the Pacific Northwest, according to the Federal Power Commission, there are still 37,129,700 kilowatts of undeveloped hydroelectric generating capacity. Should the Nation's taxpayers as a whole be asked to provide out of tax revenues large appropriations to develop the hydroelectric resources of the Pacific Northwest for the benefit solely of the present and future inhabitants of that area?

Madam President, I yield the floor.

Mr. MUNDT. Madam President, I earnestly hope that the U.S. Senate will not rush pellmell into approval of S. 3153, a bill guaranteeing all power users in the Pacific Northwest—both preference and nonpreference—a first call or priority on the electric energy generated at Federal plants in that region. I hope that there will not be any precipitous action on this bill, for I am fearful that many of my colleagues are not fully acquainted with the far-reaching questions involved in this bill.

S. 3153 is by no means a minor piece of legislation although we seem to be treating it as though it were. This is not just a bill to facilitate the marketing and allocation of electric energy generated at Federal facilities in the Pacific Northwest; this bill proposes a major and fundamental modification of the longstanding principle which has governed the marketing and allocation of federally produced power across the Nation. I refer to the user preference principle, under which public agencies and rural electric cooperatives have been given a "first call" or "preference" in the allocation of power generated at federally operated facilities.

S. 3153 seeks to set aside the existing preference principle for the power produced in the Pacific Northwest and to replace that traditional principle with a new arrangement, specially tailored for the Pacific Northwest, under which every user in the Pacific Northwest, present and future, would be given a "first call" on all federally produced power in the Pacific Northwest—present and future—before any "preference" customers outside this region would be considered for allocation.

Thus we inject an altogether new principle, a principle of community preference, which would erase the principle of preference customers in the area in which it operates.

Not only do the preference and nonpreference customers of the Pacific Northwest get a first call on that power, S. 3153 goes still further and provides that any Federal power marketed outside that geographic area will be subject to termination on not to exceed 7 days notice. Even the sale of peaking capacity outside the Pacific Northwest will be subject to contract conditions allowing the arrangement to be terminated on 48 months' notice. What S. 3153 does, Madam President, is to build a Chinese wall of preference around the Pacific Northwest for the benefit of the public and private power users in that area.

One may ask, why I am so concerned by this neat little arrangement which is proposed for the power users of the Pacific Northwest by S. 3153. I am concerned because we are being asked to play the game under an entirely different set of rules which are in effect out in the territory which I represent. We are being told, "You folks out in North and South Dakota go ahead and give up literally hundreds of thousands of valuable ranching and farming acres for Federal hydroelectric dams, and you export the power produced at those dams to every preference customer within the radius of economic transmission, but we in the Pacific Northwest will keep for our own use all of the several million kilowatts of power produced at Federal plants in the Pacific Northwest."

Now, Madam President, I come from an area which has gained a favorable reputation for the fairmindedness of its people. We are willing to abide by the user preference principle for the allocation of the many thousand kilowatts of power produced at Federal dams situated in our State—and, indeed, we feel the user preference principle is probably the fairest which can be developed for this power produced at facilities financed by all of the Nation's taxpayers—but we do ask that all other areas be governed by the same rule.

Incidentally, it was these rules which gave rise to the growth and expansion of the greatest rural electric system in the world, operated by the REA's of America, who depend upon this preference customers clause to have ready access, at proper rates, to Federal power.

In a way, I do not blame my good friends from Washington and Oregon for trying to reserve the federally produced power for use in their area, because such low-cost hydropower is a real drawing card for many large and important industries. I can appreciate the benefits they see for their area should S. 3153 be adopted, for I can visualize the almost limitless vistas for industrial development in North and South Dakota were we able to assure for power customers in our area a "first call" on the 1.8 million kilowatts of power which will ultimately flow from the generators at the great hydroelectric dams in North and South Dakota. But S. 3153 does not propose to give us any such regional preference; it does not propose to give the good and forward-looking people of Arizona any geographic preference or "first call" on the 900,000 kilowatts of power which will be generated at the mighty Glen Canyon project; it limits its special treatment to the Pacific Northwest and thereby gives to that area a distinct economic advantage over every other area in the United States.

Indicating the importance to the rest of the country, especially industrial States like Ohio, Illinois, Michigan, Pennsylvania, New Jersey, Connecticut, New York, and other States where industries are now located, of this special preference arrangement for power users in the Pacific Northwest is the fact that the Administrator of the Bonneville Administration himself, in a letter written to Hon. Stewart Udall, Secretary of the Interior, advocating the preservation of the power for that area, said this:

> As a result of the foregoing circumstances, we have shaped our program—

This is the program, S. 3153—

> to achieve two paramount purposes: (1) To maintain our low rates; (2) to meet the load growth requirements of the region, including those for new industries whose location in the region is dependent upon the availability of low-cost power.

I say this only so that Senators representing industrial States who vote for the legislation may have no reason later to complain, when the industries are drained out of their areas into the low-cost power areas, that they had not been forewarned by the man who conceived the legislation and initiated the proposal for the program, the Director of the Bonneville Administration, who states this as the specific purpose. So let every Senator consider the interest of his own State as he considers this proposal.

Mr. SYMINGTON rose.

Mr. MUNDT. Madam President, I understand that the Senator from Missouri would like to have me yield for a unanimous consent request, without my losing the floor. I shall be happy to do so.

Mr. SYMINGTON. Madam President, I appreciate the distinguished Senator's courtesy in yielding to me.

First, I am much impressed with the statement made by the Senator from South Dakota. My State is a State which, in my opinion, has a favorable tax program which, as set up by its government, draws business. Therefore, I intend to read with careful consideration the statements of the distinguished Senator from South Dakota, as well as other statements that have been made on this measure.

Mr. MUNDT. I thank the Senator.

AUTHORITY FOR STOCKPILING SUBCOMMITTEE TO MEET DURING SENATE SESSIONS, WEEK BEGINNING AUGUST 13, 1962

Mr. SYMINGTON. Madam President, I ask unanimous consent that during the week beginning August 13 the Subcommittee on National Stockpile and Naval Petroleum Reserves of the Committee on Armed Services may be allowed to meet during the sessions of the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri? The Chair hears none, and it is so ordered.

Mr. SYMINGTON. I thank the Senator from South Dakota.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MUNDT. Madam President, perhaps those of us representing States which have Federal power facilities within their borders are more sensitive to the special treatment granted another Federal power-producing region by S. 3153 than are our colleagues from power-importing States. Our colleagues from power-importing States face quite a different problem; that is, the problem of protecting their own industries and protecting their own interests. In the power-producing States, we are concerned primarily that all power-producing States live under the same rules and under the same considerations. I should like to caution my friends from the power-importing States that they had better give close scrutiny to the provisions of S. 3153, for the precedent being established by S. 3153 is one which could have a profound effect on the economic and industrial potential of their States in the future. Let no one be deceived into believing that we can break faith with the user preference principle for a region like the Pacific Northwest and then expect things to stop there. The Pacific Northwest has more federally produced power than any other geographic sector in the United States; as a matter of fact, on the basis of plant capacity in operation or under construction, the Pacific Northwest has over 60 percent of all of the Federal hydroelectric power in the entire United States. I base my contention on figures contained in a Federal Power Commission report issued this year, which shows that for Federal hydroelectric plants in operation or under construction the Pacific Northwest has an ultimate generating capacity of 11,518,310 kilowatts as compared with an ultimate capacity for all other areas of 7,233,810 kilowatts.

I submit, for those Senators who will read the Record tomorrow morning before they vote, or for the consideration of Senators who should read the Record tomorrow morning before they vote, that they would do well to understand the dimensions of the problem to be decided when the time to vote on the proposed legislation arrives.

This is not to be minor legislation. This is to be legislation which can affect the trend of industry across this country in perpetuity.

The proposed legislation could determine whether States like Missouri—we have just heard from the Senator from Missouri [Mr. Symington]—Ohio, and other States which are now industrialized, or States which seek to become industrialized, will have an opportunity to compete against a permanent setup of low-cost power in a certain area of the country, which could not be duplicated in any other area of the country.

Madam President, is any Senator so credulous as to believe that we can create an exception to the user preference rule which is larger than the rule itself and then expect the rule to stand?

Does anyone really believe that we could exempt from the rule 60 percent of all the power involved and make the rule applicable only to the lesser portion, to the 40 percent? It is no wonder that the REA interests are concerned about the ramifications and implications of S. 3153, because it will have a direct bearing on the future of the rural electric cooperative movement in America. I speak as one who has supported that movement from the very beginning. I speak as a member of the subcommittee of the Appropriations Committee of the Senate, which provides money for the rural electric cooperatives—for their loans, for their development, for their generating plants, for their transmission lines. I speak as one who, through personal observation, has come to realize the importance of the customer preference provision in order to protect the rural electrification movement in America.

So I speak as at least one Member of the Senate who refuses to sit idly by when the customer preference rule is to be abrogated for 60 percent of the hydroelectric power produced in the country.

Madam President, if the Congress of the United States strikes down the user preference principle for the Pacific Northwest, which is what we are being asked to do in S. 3153, then it had better be prepared to abandon that principle providing for preference customer priorities all across the country. We might just as well take a yea-or-nay vote tomorrow, or the next day—whenever a vote is taken—on the preference principle itself, for once we start the ball rolling with S. 3153 we are setting in motion an irreversible process which must ultimately result in total abandonment of the preference principle as the governing rule for the marketing and allocation of federally generated power. We shall then have sperimposed a system of regional preference, of community preference; which, wherever it operates, will obliterate the effectiveness of the customer preference principle. I wonder how many Members of this body representing States outside the geographic boundaries of the Pacific Northwest have queried their municipalities and their rural electric cooperatives, who are presently purchasing Federal power or are potential purchasers of Federal power, to see whether they favor national abandonment of the user preference principle and its replacement by a new geographic preference principle. My distinguished friends had better check with the folks back home before they cast their votes on S. 3153, for as certainly as the waters will continue to flow down the great Columbia River so total abandonment of the user preference principle will flow from enactment of S. 3153.

Perhaps there are some who will say that user preference has served its purpose—I have heard expressions on the floor of the Senate from Senators who say they oppose now the customer preference concept—that it is out of step with the New Frontier, that some new principle is needed to guide the marketing of federally produced power; that REA's have already been installed and are operating profitably and no longer need this assistance or protection.

Madam President, I do not say that the standing preference to public agencies and rural cooperatives in the allocation of power generated at Federal plants does not operate without some inequities.

I do not say it is a perfect solution to the problem, but I should be very interested to hear the arguments of anyone in this body who wants to tell me that a principle of inflexible regional preference for the marketing of Federal power produced at facilities financed by all of this Nation's taxpayers is a more equitable guideline.

I should like to hear the exhortations and explanations of the Senators from Pennsylvania, New Jersey, or New York, from any of the States of New England, from the great central area of our country, or from any industrial area of the country, when they try to describe the equities involved, which compel the taxpayers to provide Federal power to an area which then puts a veto on the capacity of anybody outside the area to use the power generated with public funds.

I do not believe the Senators from Minnesota, whose preference customers as of 1965 will be allocated 247,000 kilowatts of energy produced at Federal hydroelectric facilities in my State, want to make the argument for striking down the existing preference principle.

I do not believe the Senators from Iowa—we have heard from one of them—whose preference customers will be purchasing 137,000 kilowatts of the power generated in South Dakota, or the Senators from Nebraska, whose public agencies have allocated 226,000 kilowatts by 1965, really want to vote for a principle and a concept which would eventually exclude them from access to the power produced in the two Dakotas. I should be greatly surprised if there were any Member of this body who wanted to assume the burden of arguing directly against the user preference customer principle, which means so much to our public bodies, our municipalities, and, above all, to the great network of the REA facilities in the United States.

Yet when we take the frills from S. 3153, when we read it carefully, when we analyze its portents and its potentialities, we find that we are in fact considering the life expectancy of the user preference principle. If S. 3153 should be passed without amendment, I doubt that even Lloyds of London would sell an insurance policy on the life of the preference principle, for it is likely that death would come before the first premium could be paid.

Lest my position on S. 3153 be misinterpreted as one of total opposition to some type of special consideration for those areas which surrender many thousands of productive acres so that hydroelectric projects can become a reality, let me hasten to say that I strongly support such special consideration within reason.

I have supported it for Hungry Horse. I have supported it for Big Bend. I have supported it for Niagara Falls. I have supported it on other projects. I am perfectly willing to support it now, within reason, for the great Pacific Northwest.

In my own State of South Dakota we have received some special consideration with respect to the electric energy output from one of the four great hydroelectric dams which span the Missouri River in South Dakota. I refer, of course, to the Big Bend Reservation which reserves for use in South Dakota 50 percent of the 468,000 kilowatt capacity which will eventually be generated at the Big Bend Dam.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. It should be pointed out that the Senator from South Dakota has been a consistent supporter of the Hungry Horse project in the Northwest ever since we both served in the House together.

Mr. MUNDT. The Senator is correct.

Mr. MANSFIELD. The Senator has mentioned the fact that there are only two projects which have a particular type of onsite preference clause.

Mr. MUNDT. Three. Niagara Falls has also.

Mr. MANSFIELD. Hungry Horse in Montana has guaranteed to it an on-site or at-site capacity of 200,000 kilowatts of power, but because of Hungry Horse and its reservoir capability, 800,000 additional kilowatts of power goes downstream to feed Bonneville, Grand Coulee, and the other projects in the lower Columbia.

It appears to me that the Big Bend has an even better preference clause than does the Hungry Horse because, as I recall, it guarantees 50 percent of the power produced at the site. The remainder, of course, goes downstream or upstream and depends on the lines that can be used.

The Senator has mentioned Niagara Falls, which I did not know about. He has indicated that there have been, at least in our part of the country, two projects which for a number of years have had a priority, which, in effect, gives to our States a certain amount of security so far as the power produced in those States is concerned.

I emphasize the fact, which the distinguished Senator has mentioned, and to thank him again for the fine work he did in behalf of Hungry Horse down through the years, and especially in obtaining for us the priority which has meant so much to us in Montana.

Mr. MUNDT. I appreciate what the Senator has said. It should be pointed out with respect to both Montana and South Dakota that while 200,000 kilowatts from Hungry Horse and about the same number of kilowatts which would come out of Big Bend for South Dakota represent a sizable percentage of the power produced from those particular sites, both Montana and South Dakota have contributed other sites for big hydroelectric projects from which no reservations have been made, and which are available to the whole general area.

Mr. MANSFIELD. The Senator is correct.

Mr. MUNDT. While this reservation of power authored by my late and distinguished colleague, Francis Case, is, indeed, an exception to the normal application of the preference principle, as discussed by the Senator from Montana, it is nevertheless an exceedingly modest consideration to the people of South Dakota for the several hundred thousand acres of farm and ranch land to be inundated by the reservoirs behind the Oahe, Big Bend, Fort Randall, and Gavins Point Dams. Certainly this modest reservation, representing less than one-sixth of the ultimate installed hydro capacity in South Dakota cannot be compared to the gigantic concession made to the Pacific Northwest by S. 3153, which grants "first call" to that area on all—"A-L-L," italicized and underscored—of the 11,518,310 kilowatt capacity at generators presently in operation or under construction and all other Federal power which may in the future be produced in the northwest region.

I point out that the proponents of S. 3153 seek to justify this unequaled special consideration for the Pacific Northwest on the grounds that the power situation in that region is unique. The "uniqueness" claimed is that 96 percent of the Pacific Northwest's total power supply is hydro-produced and 60 percent of their total capacity is generated at Federal plants. Thus the proponents contend there is always a danger under the normal operation of the preference principle that portions of their power supply will be exported to other regions.

If there is, in fact, any present "uniqueness" about the power situation of the Pacific Northwest—and I frankly question the validity of this claim—it is a singleness of circumstance soon to vanish. Already elaborate plans are being laid for thermal generation in the Pacific Northwest. Only last week the Senate adopted the Jackson amendment to the AEC authorization, which authorizes construction of an 800,000-kilowatt-capacity thermal unit at the Hanford production reactor. Next year construction is scheduled to begin on a 500,000-kilowatt-capacity steam generation plant at Cle Elum, Wash.—a plant, I might point out, which will be fueled by coal from bituminous deposits in that State. These two facilities alone have a combined capacity of 1.3 million kilowatts of thermally generated electric energy, the equivalent of one-fifth of the presently installed hydrocapacity in the Columbia River Basin.

We have heard much said by the spokesmen from the Pacific Northwest that each year millions of dollars of dump power from their hydrofacilities is going to waste. This is not a unique problem; we face the same dilemma in the Missouri division, and we are moving to meet that problem through the construction of thermal capacity and various pooling arrangements directed at "firming up" our "dump" hydropower.

I see no reason why the Pacific Northwest cannot take similar action. There is nothing prohibiting the production of thermal power in that region. As I pointed out, there are bituminous coal deposits in that area, and I am advised that two major natural gas lines now traverse that region, drawing on abundant natural gas reserves in Canada. The Pacific Northwest has much greater potential for the production of thermally generated power than we have in the upper Missouri basin. However, I do not see the Secretary of the Interior rushing to Congress with a regional preference bill for eastern Montana, North Dakota, South Dakota, and the neighboring States.

It is vividly apparent that neither the present nor the future power situation in the Pacific Northwest is in any way unique, save for the fact that that region is blessed with an abundance of cheap hydropower; and it should be clearly understood that the Chinese wall of regional preference proposed in S. 3153 applies not only to present plants and present customers, but to future plants and future customers as well. It would Balkanize the power system of America into perpetuity. S. 3153 would indeed make the Pacific Northwest situation unique—a uniqueness which is not today apparent from the facts, a uniqueness which would provide benefits to one area and which are denied to other areas of America, unless the proposed legislation is amended.

Even on the point of some future loss of power presently allocated to nonpreference users in the Pacific Northwest, the circumstances confronting that area seem to be anything but critical. We are told that many millions of dollars of industrial plant investment have been made in Washington and Oregon because of the low-cost power available there. I am sure that this is true. We are further told that unless the Pacific Northwest is granted regional protection for its hydropower that with the construction of transmission interties these plants stand in grave and immediate danger of losing their present cheap power allocations to preference customers outside the region, with the result that these plants would be forced to close and workers would be left jobless. I am just as sure that this is not true.

If anyone questions my skepticism on this point, he has only to refer to page 57 of the Senate Interior Committee hearings where Chairman ANDERSON was questioning Mr. Charles F. Luce, Administrator of the Bonneville Power Administration, about the contracts presently held with the BPA by nonpreference customers. Mr. Luce admitted that these contracts had an average remaining life of from 12 to 15 years with an option to renew—contracts, mind you, the terms of which cannot be abrogated without just compensation. Now, Mr. President, I do not think I am being too unreasonable when I suggest that this testimony by Mr. Luce hardly presents a picture of urgently critical circumstances, demanding that the Senate rush headlong forward to adopt legislation which has the practical effect of reserving for the Pacific Northwest literally millions of kilowatts of "firm power" produced at Federal plants in that area.

If this is not enough to convince my colleagues that the Pacific Northwest is not on the verge of economic collapse, let me quote some further comments from this Mr. Luce, who seems to be grim about Life, short on Time, and lacking in Fortune.

Referring again to the industrial power customers, Chairman ANDERSON asked this question, "How do you know they would be shut down if you stopped your 2-mill, postage-stamp rate? Suppose they had to pay 4 mills?"

To which Mr. Luce replied, "We know they would be shut down if that happened."

Senator ANDERSON reiterated, "How do you know?"

Here Mr. Luce emitted a most remarkable reply. He said:

> They would be shut down because the Pacific Northwest is so far from the large markets of the United States and, therefore, has such large transportation expense getting raw materials to these plants and the finished product back to the market, that 4-mill power is prohibitive for the aluminum companies.

Lo and behold, I think we have found a fugitive of the 18th century on the New Frontier. Perhaps when our forefathers broke across the Oregon Trail for the Pacific Northwest that region was, in fact, far removed from the major markets of the Nation, but I think that in the scintillating sixties of the 20th century the good people of California, which claims to be fast on its way to becoming our Nation's largest State, might take mild offense if they heard their neighbors to the north saying that they are far removed from the large markets of the United States. We in South Dakota would be eternally grateful if we had markets adjacent to us that were even one-tenth the size of those available in California. No; this testimony does not bring tears to my eyes.

While the Senate is bestowing its sympathy on the tragic plight confronting the sad-eyed and heavy-hearted people of the Pacific Northwest, I earnestly hope that it will reserve a modicum of its solicitude for the upper Missouri basin, which has given far more of its productive acres to Federal hydroelectric projects than has the Pacific Northwest and has received far less in return. I asked the Corps of Engineers to prepare some figures for me comparing the land acquisition figures for the North Pacific division with the land acquisition figures for the Missouri River division. This chart also includes total construction costs for the various hydroelectric projects in these two areas. I ask unanimous consent that this chart may appear at this point in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Analysis of land costs for hydroelectric projects (as of June 30, 1962)

NORTH PACIFIC DIVISION

Name and location of project	Land area (acres)			Land costs			Types of land	Construction costs		Total project cost
	Private	Government owned	Total	To Jan. 30, 1962	To complete	Total [1]		To date	Remaining	
COMPLETED PROJECTS										
Albeni Falls Reservoir, Idaho [2]	13,379	5,140	18,519	$2,219,391	----------	$2,219,391	Urban, 50 percent; tillable, 50 percent.	$28,632,398	----------	$30,851,789
Bonneville lock and dam, Oregon [2]	7,270	723	7,993	4,664,707	----------	4,664,707	Urban, 3 percent; timber, 60 percent; tillable, 27 percent; grazing, 10 percent.	78,574,688	----------	83,239,395
Chief Joseph Dam, Wash.[2]	10,029	1,857	11,886	667,721	----------	667,721	Grazing, 90 percent; tillable, 5 percent; urban, 5 percent.	143,981,522	----------	144,649,243
Detroit Reservoir, Oreg.[2] (including Big Cliff).	4,239	3,039	7,278	1,349,212	----------	1,349,212	Timber, 90 percent; urban, 10 percent.	61,380,488	----------	62,729,700
Hills Creek Reservoir, Oreg.[2]	1,593	1,258	2,851	2,317,540	----------	2,317,540	Timber, 95 percent; tillable, 5 percent.	44,006,600	$1,077,628	45,900,000
Ice Harbor lock and dam, Washington.[3]	7,921	588	8,509	678,382	$300	678,682	Grazing, 90 percent; tillable, 10 percent.	121,299,318	1,722,000	123,700,000
Lookout Point Reservoir, Oreg. (including Dexter).[3]	7,107	3,235	10,342	2,317,540	----------	2,317,540	Timber, 70 percent; tillable, 25 percent; urban, 5 percent.	85,533,012	----------	87,855,552
McNary lock and dam, Oregon-Washington.[3]	25,345	3,548	28,893	10,873,658	3,000	10,876,658	Grazing, 15 percent; tillable, 71 percent; urban, 14 percent.	275,358,542	7,764,800	294,000,000
The Dalles, Oreg.-Wash.[2]	6,854	183	7,037	32,160,025	5,000	32,165,025	Grazing, 85 percent; tillable, 14 percent; urban, 1 percent.	213,480,496	1,271,000	246,916,521
UNCOMPLETED PROJECTS										
Cougar Reservoir, Oreg.	82	1,700	1,782	8,300	----------	8,300	Timber, 100 percent	37,990,600	16,701,100	54,700,000
Green Peter-Foster Reservoir, Oreg.	7,505	870	8,375	3,587,062	2,149,000	5,736,062	Timber, 90 percent; tillable, 5 percent; urban, 5 percent.	4,962,700	62,401,238	73,100,000
John Day lock and dam, Oregon-Washington.	37,121	8,070	45,191	5,061,456	10,226,932	15,288,388	Grazing, 81 percent; tillable, 12 percent; urban, 7 percent.	62,605,044	322,106,568	400,000,000
Lower Monumental lock and dam, Washington.	9,129	317	9,446	225,508	2,220,400	2,445,908	Grazing, 75 percent; tillable, 24 percent; urban, 1 percent.	8,468,392	146,085,700	157,000,000

See footnotes at end of table.

Analysis of land costs for hydroelectric projects (as of June 30, 1962)—Continued

MISSOURI RIVER DIVISION

Name and location of project	Land area (acres)				Land costs			Types of land	Construction costs		Total project cost
	Private	Indian	Government owned	Total	To June 30, 1962	To complete	Total [1]		To date	Remaining	
COMPLETED PROJECTS											
Fort Randall, S. Dak.[2]	96,345	17,415	173,	113,933	$5,835,775	$6,238	$5,842,013	Grazing, 59 percent; tillable, 17 percent; timber, 24 percent.	$183,719,625	$4,938,362	$194,500,000
Fort Peck, Mont.[2] (including 2d powerplant).	168,016	--------	422,069,	590,085	2,085,926	----------	2,085,926	Grazing, 91 percent; timber, 6 percent; tillable, 3 percent.	154,117,074	1,870,800	158,073,800
Garrison Reservoir, N. Dak. and Mont.[2]	304,047	152,519	6,534,	463,100	21,388,024	51,976	21,440,000	Grazing, 44 percent; tillable, 38 percent; timber, 17 percent; urban, 1 percent.	266,273,076	3,286,924	291,000,000
Gavins Point Reservoir, S. Dak. and Nebr.	34,652	--------	--------	34,652	2,828,897	47,103	2,876,000	Grazing, 35 percent; tillable, 47 percent; timber, 18 percent.	44,812,889	561,300	48,250,189
UNCOMPLETED PROJECTS											
Big Bend Reservoir, S. Dak.	22,468	20,874	1,743	45,085	721,395	6,181,605	6,903,000	Grazing, 63 percent; tillable, 17 percent; timber, 20 percent.	29,409,905	75,687,095	112,000,000
Oahe Reservoir, N. Dak.-S. Dak., 2 of 7 units producing power.	242,733	154,170	13,097	410,000	21,495,450	2,836,550	24,332,000	Grazing, 80 percent; tillable, 5 percent; timber, 15 percent.	267,865,350	52,802,650	345,000,000

[1] Exclusive of Government acquisition costs.

[2] In power production.

Mr. MUNDT. Madam President, the figures on land acquisition are, indeed, interesting, to say the least. They show that for projects either completed or under construction in the North Pacific division, 168,102 acres of land will ultimately be required, while for the projects in the upper Missouri basin the required acreage will total 1,656,855 acres.

This means that the States of Montana, North Dakota, and South Dakota have given up nearly 10 times the number of productive acres—acres which produced crops, livestock, timber, and local tax base—for Federal hydroelectric dams than have our good friends from Washington, Oregon, and Idaho, yet no one is suggesting that we should have a regional preference wall built around eastern Montana, North Dakota, and South Dakota for the over 2 million kilowatts of power that will be generated by the Federal plants in our region.

I cannot avoid the conclusion that the Pacific Northwest is, indeed, being granted some very special treatment and some highly valuable rights by the regional preference arrangement proposed in S. 3153. It is being given a distinct competitive advantage over all other States and all other regions which have Federal power production facilities located within their boundaries. A competitive advantage, I may say, that promises to pay real dividends from the standpoint of future industrial and economic development.

It is my earnest belief that this bill should be recommitted for further study and consideration, because the claims made in its support simply do not comport with the facts. But if it is the will of this body to adopt this bill, then I am prepared to ask my colleagues that they also provide geographic protection for the Federal power produced in my area and for all other States and areas in which Federal power-production facilities are situated. I have already had amendments printed which provide for uniform treatment respecting Federal power, and if this measure is not recommitted I intend to offer those amendments and ask for a rollcall vote at the appropriate time.

Mr. COTTON. Madam President, the proposed legislation, the so-called regional preference bill, S. 3153, is deeply disturbing to me. It has major implications for the entire Nation which cannot be overlooked.

Initially, I was inclined to regard this bill as a kind of back-fence argument on the west coast between the Pacific Northwest, where tremendous quantities of electric power are generated cheaply at federally built dams, and southern California, which must rely on the more expensive steam generation of electricity. But much more, in fact, is involved, and I want to address my comments to the effects that the principle of this legislation would have on the rest of the country.

Behind this bill lies recent technological advances which now make it possible to transmit large blocks of electric power economically over very long distances. The Bonneville Power Administrator, Mr. Charles Luce, indicated that the economic transmission distance may extend for 2,000 miles. Under these circumstances, low-cost hydropower could be made available over a substantial region of the country, giving citizens some direct benefit from the billions which they have paid for the Federal power developments in the Northwest and elsewhere. We ought to be free to do this, provided that these benefits can be made available to all with sufficient safeguards to make sure that we do not exclude isolated islands in distant or sparsely settled areas that will thereby be forced to pay even higher electric rates or to compete against even greater odds than now.

The bill turns its back on this possibility. It is not designed to spread the benefits of low-cost power, but instead to confine them.

As I understand the bill, it draws a line around and in some cases through portions of half a dozen States, reaching as far east as Montana and Wyoming, and defines that area as the Pacific Northwest. Then it provides that all present and future Federal power produced in that region shall belong to that region exclusively; that it shall be used for present and future private industry as well as for public purposes, and that no power can be exported across the region's border, even for public purposes, unless the Northwest permits it, and then only on a severely restricted basis.

On that point, let me declare it bewildering from any national point of view, and certainly from a New Englander's view, that Federal power which has been developed and paid for by all the people could thus be reserved for only a privileged few and denied to all others. In my State of New Hampshire, in fact in all of New England, there are no Federal powerplants. Many other States share with us this "have not" status. Under the precedent which this legislation would set, no "have not" States or regions could ever get any firm Federal power from any of the Federal plants located in the "have" regions, even though their tax dollars helped build them.

According to data in the hearings, half of all the hydroelectric power developed by the Federal Government is in the Northwest. The bill would restrict all that power to an area comprising less than six States. That power would be locked up tight in a Northwest power preserve.

To date, the Nation's taxpayers have invested $1.7 billion in Federal power facilities in the Northwest. The Bonneville Power Administration, which runs the Federal system there, is operating in the red and is losing millions of dollars each year. Thus, the power is being sold to privileged northwesterners at below-cost rates. No wonder they want to keep it to themselves—all of it.

The determination as to what power is available for export, when it may be available, who can have it, where the exact borderlines of the preserve shall be located, and many other powers, would be left to the discretion of the Secretary of the Interior. The bill would give the Secretary virtually dictatorial power over half the Federal hydroelectric power in the Nation, and would usurp much of the control over the Federal power policy which now properly resides in Congress.

This is what Senate bill 3153 proposes.

It is important to point out that the Bonneville Power Administration, which markets the Federal power in the Pacific Northwest, is not the sole source of power in the region. More than 150 non-Federal generating plants also serve the area, and provide about 40 percent of the region's total power supply. This is more than a statistic. It means that the Bonneville Power Administration does not have a utility responsibility for the area. It is under no legal or moral obligation to provide 100 percent of the region's needs for electric power now and into the future. It operates solely as a wholesale supplier of large blocks of power.

The role of Bonneville is thus in sharp contrast to the role of the Tennessee Valley Authority, which has a complete utility responsibility for its area, and is the sole source of electric power for its service area. In the case of TVA, Congress has limited its service area by statute in much the same way as most public utilities have limited and defined service areas under their franchises. As an original proponent of an area limit for TVA, I can state that its purpose was to define the area in which it was to be the sole supplier of power so that TVA could plan, budget, and build efficiently to meet the growing demands for power within its area.

The TVA area limitation—16 U.S.C. 831n-4—clearly and expressly permits the sale and transmission of blocks of power to other utilities outside the service area. It thus permits TVA to do what the bill would bar in the Pacific Northwest, and the TVA area limitation is, in fact, a sound precedent for the defeat of the bill.

I should like to call upon my colleagues in the Senate to search their souls as they contemplate what such a proposal as this could do to the Nation. In full conscience, we must consider how such a bill would affect all of the United States. We must rise above local interests; we must look beyond the administration's nose as it tries to satisfy conflicting demands among Federal power supporters; we must regard the proposed legislation from the viewpoint of all the people of all our 50 States, and we must look to the future welfare of the Nation.

With these obligations in mind, the bill poses many questions which call for answers based on equality, justice, and the general welfare. The conflicting and contradictory nature of some of these questions reflects the confusion and contradictions in the bill itself.

First. Why should the United States set aside tax-subsidized power that belongs to all the people and reserve it exclusively for just a few people?

Second. When it is economically feasible to transmit electric energy 2,000 miles, why should not the power from all Federal generating installations in all sections of the country be made available to all the people within reach?

Third. Why should Congress lock up all present and future Federal power in the Northwest, permitting the Northwest to lure more industry and payrolls from other areas with its below-cost electric power?

Fourth. Why should the Senate fall prey to the contention that somehow and for some reason the situation in the Northwest is unique and therefore deserves a special handout? We must bear in mind that the bill not only reserves present Federal power for present Northwest customers but also applies to all future Federal power and all future Northwest customers. Nor are the provisions limited to Federal hydroplants. Coal-fired steamplants and maybe even Federal nuclear plants also would be reserved in the privileged sanctuary of the Northwest.

Fifth. Why should the Senate Interior Committee have to adopt an amendment to the bill with regard to power from Hungry Horse Dam on the basis that "existing rights, established by prior legislation should not be infringed upon" when this very bill itself infringes upon the existing rights of customers outside the fences which would be erected by this bill?

Sixth. Why should Congress permit a Chinese wall to be erected around one region in the Northwest and not permit similar Chinese walls around every other region in which a Federal electric plant is located?

Seventh. Why should Congress give any Secretary of the Interior the discretionary power of a czar over half the Federal hydroelectric power in the Nation?

Eighth. Why should Congress create economic or marketing regions which would ignore State borders, and could form superstates under the control of an executive department of the Government?

Ninth. Could the Senate allow the Northwest to have its way, and then reject the similar demands for regional protection, or for exclusive regional rights? These demands are now before us in amendments. They come from the State of Montana, from the State of Arizona, from the Missouri River basin, from the northern California region of the Central Valley project, and unquestionably will come from many other regions of origin of Federal power.

Tenth. Why should the law of preference be abrogated in just one region, for the purpose of satisfying purely local special interests?

Eleventh. Why should the Congress consider any bill that penalizes the great majority of the people, to give more special privileges to an already privileged few?

I submit that in reaching responsible answers to these questions, we can make no finding with respect to this bill except that it is highly dangerous to the national welfare.

The principle of the bill is vicious.

The use of Federal money and Federal power would be confined to certain States and regions. States and regions, like my own, that do not have and are not blessed with the potentiality for power development, would find themselves completely starved by the creation of special privilege facilities whose benefits would be confined to more fortunate sections of the country, despite the fact that they are paid for by our people. Such a situation would be so monstrous that it would compel only one solution: Complete Federal power over the entire Nation. Make no mistake about it, that is what this bill aims at. That is why it must be defeated.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate concludes its business tonight, it adjourn to meet at 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Judiciary Committee be permitted to sit during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Judiciary Committee's subcommittee on the nomination of Thurgood Marshall to be a judge of the U.S. circuit court be permitted to meet during the session of the Senate tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Public Works Committee's Subcommittee on Roads be permitted to meet during the session of the Senate tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MANSFIELD. Madam President, after discussing the matter with the distinguished minority leader and others interested, I am about to propound a unanimous-consent agreement: I ask unanimous consent that at the conclusion of the morning-hour business tomorrow, there go into effect the following time limitation: 2 hours on each amendment—or 1 hour to a side—and 4 hours on the bill.

Mr. SYMINGTON. Let me ask which bill will be the subject of the proposed agreement.

Mr. MANSFIELD. The Northwest power bill.

Mr. SYMINGTON. I thank the majority leader.

The PRESIDING OFFICER. Is there objection to the proposed agreement?

Mr. DIRKSEN. And to include not only amendments, but also motions?

Mr. MANSFIELD. Yes, including motions to recommit.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

The agreement as subsequently reduced to writing is as follows:

Unanimous-Consent Agreement

Ordered, That, effective on Wednesday, August 8, 1962, at the conclusion of routine morning business, during the further consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided,* That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

THE YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Madam President, I ask unanimous consent to have printed in the body of the Record an editorial relating to the Youth Conservation Corps. The editorial was published in the Washington Post.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Washington Post, June 17, 1962]

Youth Corps

It is a pity that the bill to create a Youth Conservation Corps, warmly supported by President Kennedy, has been mired in that legislative quicksand, the House Rules Committee. The measure won approval in the Committee on Education and Labor. It has considerable backing among Congressmen, Republicans as well as Democrats. A great many national organizations interested in youth welfare and job opportunities have pressed heartily for its adoption. We think the House ought to be given a chance to debate it and decide whether to put it into effect.

The proposal seems to us thoroughly sensible and constructive. It would establish two bodies—a 12,000-member corps based on the highly successful Civilian Conservation Corps of New Deal days which would give youngsters between 16 and 22 years of age a chance to engage in healthful and useful outdoor work such as reforestation; and a 25,000-member "Home Town Peace Corps" in which young people could work on local public projects while living at home.

Here is a formula for dealing with dropouts and delinquents which is much more likely to be helpful than pushing them around, subjecting them to curfews and antiloitering ordinances or denouncing them as beatniks. Surely it is worth a try on a small scale as the bill proposes. Let the House act on it.

Mr. HUMPHREY. Madam President, it is my hope that this measure will soon receive action by Congress and will become public law.

A NEW BASIS FOR CONCLUDING A NUCLEAR TEST BAN AGREEMENT

Mr. HUMPHREY. Madam President, for the second time in the last 8 or 9 months, shock waves from Soviet nuclear explosions are reverberating throughout the Arctic wastes around Novaya Zemlya. By exploding a weapon second in magnitude only to the 50-megaton monster of last October, the Russians have proved once more that their interest lies in terror, and intimidation, rather than in technical progress. Once again, press reports indicate that the Soviet leadership cannot look the Russian people in the eye: as was the case last year, the Russian man-in-the-street is the last person in the world to learn of the resumption of Soviet nuclear testing. The contrast between Soviet furtiveness and our own frank, yet reluctant, decision to resume testing this spring is too obvious to be dwelt upon. According to certain press reports, traces of radioactive fallout from the current Soviet test series may show up in U.S. milk supplies "in the next 10 to 14 days." How much longer will the world be exposed to such insidious and heedless experiments, when a basis already exists for bringing them to a halt forever? Clearly, Madam President, the time is at hand for both the Soviet Union and the United States to live up to their responsibility not only to their own national security, but also to the safety of mankind.

Madam President, the security of the United States is clearly the overriding concern of all of us in the Congress, all in the executive branch, and all in every level of the government in this country. We in this Chamber know very well that the burdens imposed upon the American people are for the sake of keeping this country and the entire free world militarily strong and free.

The American people have shown by their willingness to shoulder these burdens that they, too, completely understand the need for this country to be strong when it is faced by a challenge which is both ideological and military in nature. However, I sometimes think that in our preoccupation with our own defense, we tend to forget that the weapons we rely upon for national security are at the same time a risk to our civilization and to our way of life.

War by accident—by miscalculation—will always remain a definite possibility and must be constantly borne in mind in our thinking about military problems. In this country we have taken many unilateral steps to diminish the chances that war by accident or miscalculation will ever occur.

We must also bear in mind that nuclear war becomes increasingly likely as the number of countries which independently possess and control nuclear weapons continues to grow. It is almost axiomatic that suspicion, misunderstanding, miscalculation, and plain mistakes will increase—some say geometrically—as the number of governments which can unilaterally push a button to start a nuclear war increases in number.

This is one of the very important reasons why I have always supported our Government's efforts to secure an adequately monitored, nuclear-test-ban agreement. I have also felt that if we could achieve a ban on nuclear testing, this would be a very important step toward curtailing the spread of national nuclear weapons capabilities. Indeed, without such an agreement the "*n*th country" problem will never be solved.

It is not the only step that could be taken. There are others which are important also, but the nuclear test ban has always struck me as one type of agreement which would provide a platform on which to build other arms-control and disarmament agreements. The problems of monitoring a nuclear-test-ban agreement are difficult, but they are not so difficult as the inspection of many other kinds of conceivable disarmament arrangements.

The above does not exhaust the advantages to be derived from a test-ban agreement. An end to radioactive fallout would be desirable, whatever one thinks of the dangers to mankind represented by fallout. Clearly, as we move on into the nuclear age, the amount of contamination from the peaceful uses of atomic energy will increase; and it would be desirable, as a general principle, to keep to a minimum the unnecessary contributions to the reservoir of background radiation in the human environment.

Moreover, a beginning toward controlling the nuclear arms race between the two superpowers could be made through a nuclear test ban. Not only the development of a control system, but also the practical experience of a working arms-control agreement would have a catalytic effect in promoting further agreements of the same type.

The President and his principal advisers on national-security affairs in both this administration and the last administration have believed that an agreement banning nuclear weapons tests under adequate safeguards would be in the interests of the United States. As President Kennedy stated on March 2, 1962, when he announced the resumption of U.S. nuclear tests in the atmosphere:

> Our real objective is to make our own tests unnecessary, to prevent others from testing, to prevent the nuclear arms race from mushrooming out of control, to take the first steps toward general and complete disarmament.

To prevent the spread of nuclear weapons to additional countries is one area where the United States and the Soviet Union appear to have a clear common interest. In fact, in this respect, Soviet and American language is identical. Yet, at the 18-Nation Disarmament Conference now going on at Geneva, the Soviet attitude toward a nuclear-test-ban agreement, which would halt the spread of nuclear weapons, has not been encouraging. The Soviet Union has opposed the location of any internationally operated control posts on its territory, and it has accepted the principle of onsite inspection only if it invites the inspection team in each case. In other words, an international inspection team would be invited across the Soviet border to have what amounts to a cup of tea. Tea and sympathy would be the only practical result of such a performance. Obviously, the proposal of the Soviet Union is not acceptable.

The U.S. position has been based up to now on the United States-United Kingdom draft treaty submitted on April 18, 1961, which was slightly modified in later discussions. This draft provides that the control posts in the United States and U.S.S.R. would be operated one-third by U.S. nationals, one-third by Soviet nationals, and one-third by nationals of other countries. This draft also provides for a number of obligatory onsite inspections in cases where earth tremors shown by seismograph readings raise suspicions of a nuclear explosion.

The principal recent political development in this area at the 18-Nation Disarmament Conference was the tabling on April 16, 1962, of a memorandum by the 8 non-NATO, non-Warsaw Pact delegations—in other words, the nonalined powers. This memorandum suggests that nationally operated seismic stations should be the principal basis for a control system, working in conjunction with an international commission of scientists. It contains a statement concerning onsite inspections which has been interpreted by the United States as making them obligatory and by the Soviet Union as making them invitational. The pertinent passage of the eight-nation memorandum states that:

> All parties to the treaty should accept the obligation to furnish the Commission with the facts necessary to establish the nature of any suspicious and significant event.

And further:

> Should the Commission find that it was unable to reach a conclusion on the nature of a significant event * * * the party on whose territory that event had occurred should consult with the Commission as to what further measures of clarification, including verification in loco, would facilitate the assessment. The party concerned would * * * give speedy and full cooperation to facilitate the assessment.

Frankly, I do not understand how the Soviet Union can interpret these words in the sense that the party carrying the burden of proof can impose a veto on the movements of an international inspection team—up to the maximum number of inspections provided for in the treaty. As I have said before, inspection by invitation is a meaningless social convention. Clearly, no Senator in this Chamber could accept it and look his constituents in the eye next fall, or next election year, or any time in the foreseeable future.

Nevertheless, certain new technical developments indicate the feasibility of a simpler control system than was proposed in our draft treaty of April 18, 1961. The first of these key developments is a reassessment indicating an improved capability for long-range seismic detection which will make it possible to detect, at long distances, earth tremors which might have been caused by nuclear explosions. From their research and experience, our technical experts have concluded that a widely spaced network of a smaller number of stations than we originally proposed could detect earth tremors even in the low kiloton yield.

I digress to note that the Soviet Union's recent tests were monitored and recorded by the United States long before it was known that there was a 40- or 50-megaton explosion in the atmosphere within the past few days. The Atomic Energy Commission has informed the world that we were able to detect earlier low kiloton yield explosions in the Soviet Union, explosions that were not reported by the Soviet Union. So our detection system has again demonstrated its capability.

The second key technical development is the determination that the number of earthquakes which might produce earth tremors comparable to an underground nuclear test of a given magnitude has been reduced severalfold from the previous estimate.

It should be noted that our previous estimate was decidedly off in terms of the number of earth tremors that are anticipated in a particular area of the Soviet Union.

These developments are significant in several ways. First, the increase in the long-range detection capability makes it possible to develop a simplified and more economical system of internationally supervised but largely nationally manned stations. This system would have a detection capability not significantly different from that originally contemplated for the stations proposed in the April 18, 1961, United States-United Kingdom treaty draft. This system would cost far less to construct and operate, would be simpler to manage, more efficient in its operations, and could be put into effect in a much shorter period of time. Second, the decrease in the number of unidentified earth tremors with which a detection system will have to cope will make it possible to decrease the number of onsite inspections required for verifying that the observed earth tremors are caused by earthquakes.

Despite these welcome scientific advances, it would be futile for the Soviet negotiators to assert that national detection systems would suffice to establish the nature of each and every unidentified seismic event. The fact is—and I cannot emphasize this point too strongly—that these developments do not provide a means of determining from seismic data, in all cases, that a particular observed earth tremor is an earthquake rather than an underground explosion. They do not and cannot eliminate the need for an international system of verification and control, however ardently the Soviet spokesmen might want to draw the teeth of any conceivable test ban treaty.

With these few, but essential, caveats, I am personally gratified to learn that new technical findings have permitted us to adjust our control proposals for a nuclear test ban agreement in a direction which might be less expensive, more manageable, more efficient, and which also might and should bring agreement somewhat nearer. I have long urged that research in this area be pushed vigorously. Now that this research has yielded certain definitive results, it is incumbent upon us to keep our control requirements in line with the latest technological developments. For example, as automation becomes increasingly important in our civilization, we should determine how inspection techniques can be improved through the process of using automated equipment. Scientists, in fact, are looking into the application of modern computer techniques in the interpretation of data produced by seismographs.

Every time that new findings about natural forces in the earth and in space are made, we should immediately look for a way of applying these new findings to the problems of arms control and disarmament.

I think it is entirely proper, when new discoveries are made which show that the number of unidentified earth tremors would be far less than previously expected, that we should trim our inspection requirements accordingly. What this discovery means is that there are fewer chances of an underground nuclear explosion being concealed in the midst of naturally occurring earthquakes. We should, therefore, be able to reduce our requirements for onsite inspections to verify the nature of such unidentified events.

We can also reduce our requirements for the numbers of control posts to detect these earth tremors. Why? Because of improvements in detection devices and because our capability for long-range detection of seismic events is far superior to what we once thought it would be. Consequently, there can be a considerable reduction in the number of control posts deemed necessary inside the borders of the Soviet Union, and, indeed, in other areas of the world.

At his news conference last Wednesday, President Kennedy referred to these technical developments and described in broad outline the position we would take at Geneva. He said:

> We are completing a careful review of the technical problems associated with an effective test-ban treaty. This review was stimulated by important new technical assessments. These assessments give promise that we can work toward an internationally supervised system of detection and verification for underground testing which will be simpler and more economical than the system which was contained in the treaty which we tabled in Geneva in April 1961.

The President continued:

> I must emphasize that these new assessments do not affect the requirement that any system must include provision for onsite inspection of unidentified underground events. It may be that we shall not need as many as we have needed in the past. But we find no justification for the Soviet claim that a test-ban treaty can be effective without onsite inspection.
>
> We have been conducting a most careful and intensive review of our whole position with the object of bringing it squarely in line with the technical realities. I must express the hope that the Soviet Government, too, will reexamine its position on this matter of inspection. In the past it has accepted the principle, and if it would return to this earlier position we, for our part, will be able to engage in an attempt to reach

agreement on the number of onsite inspections which is essential.

Thus, the President has challenged the Soviet Union to accept the principle of obligatory onsite inspections. If it does so, we will then be prepared to negotiate a simpler, more efficient, and more economical control system for a test-ban treaty. While not technically foolproof, such a system would adequately serve the interests of all parties concerned, it could halt the dangerous proliferation of nuclear weapons, and it would respect in every instance the national sovereignty of the signatory powers. It should be negotiated and signed as soon as possible.

Senators will note that President Kennedy said that this control system would be "internationally supervised." This might mean, for example, that an international control organization would arrange for the communication of data, specify calibration procedures, supply time signals, and set standards for the equipment. It might also help train the personnel utilized at the various stations and provide additional personnel to assist these stations. It would receive data from each of the stations and coordinate that data with data received from other stations. Some of its personnel would be assigned to stations as observers, and others could make periodic visits to the stations.

These are examples of what we mean by international supervision. If the Soviet Union is really interested in negotiation, we will consider other ideas of international supervision. Let me assure the Members of this body, however, that if other ideas are to be put forward by the United States at Geneva, there will be further consultation here with leaders of both Houses of Congress and with all appropriate congressional committees.

Madam President, I have insisted, as chairman of the Subcommittee on Disarmament, that these negotiations be frequent and continuous. It is my view that any change in American policy on the subject of disarmament must be carefully discussed with Members of Congress, particularly those who have responsibility in committee assignments for atomic energy, for the armed services, and for foreign relations.

Some people question the idea of adjusting our control requirements to the actual technical situation. To call such adjustments concessions is a misnomer.

I have noticed that in any discussion of the Geneva disarmament talks, the comment in the press, radio, or television indicates we are prepared to make concessions, which is a way of saying that we are prepared to retreat from our former positions and thereby to sacrifice our national security. Let me give an example of how wrong this interpretation of our position can be.

If a million units of penicillin were first thought necessary to cure pneumonia and new scientific discoveries showed that 500,000 units would do the job, we would not think of labeling this reduction in the treatment a concession to pneumonia.

We would call it a great medical advance. We would take into consideration the new scientific data, the new medical information developed thereby. There are involved in the matter of a test ban agreement significant new improvements in detection and control, on the lines of the analogy I have used. We are adjusting our position to the technical realities. If this makes negotiation of a test ban treaty easier, so much the better for us. Because of new improvements in the detection and control systems—particularly in the field of seismographic operations and facilities—we can have a more prudent and more reliable inspection system.

Madam President, our new test ban proposals have been the subject of extensive review by the President with his top advisers in the national security area, including the Secretary of Defense, the Chairman of the AEC, the Director of CIA, the Secretary of State, and the Director of the Arms Control and Disarmament Agency. The proposals were concurred in by all of these officials. The alternatives which the President and his advisers considered were presented to the Joint Committee on Atomic Energy and to the Disarmament Subcommittee of the Senate Committee on Foreign Relations both while they were under consideration and before a final decision was made.

The committee and the subcommittee were informed of the attitude of the executive branch and were assured that no major change in the U.S. position will be made, over and above the suggestions which have been placed before the committees, unless there is further consultation.

I wish to commend the executive branch for following this procedure. I wish also to state that I intend, as the chairman of the Disarmament Subcommittee, to invite members of the Armed Services Committee and the Joint Committee on Atomic Energy to sit in on hearings on disarmament subjects in the future as I did in this present instance. A number of us have responsibilities in this area. We should work together so that the executive branch can obtain the combined judgment of Senators who are most directly concerned. In this way we can fulfill our duty to the Nation while serving the interest of our constituents and our fellow human beings in every corner of the globe.

Madam President, I ask unanimous consent that certain articles and editorials relating to the recent nuclear test series may be printed in the Record at this point.

There being no objection, the articles and editorials were ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 3, 1962]

Legislators Back U.S. Test-Ban Plan—Administration's New Offer to Moscow Satisfies Joint Atom Unit in Congress

(By John W. Finney)

Washington, August 2.—The administration won general support today from the Joint Congressional Atomic Energy Committee for its new approach to a test-ban agreement with the Soviet Union.

Committee members, who in the past have represented the center of opposition to any concessions on terms for a test ban, said they were satisfied that the administration did not contemplate any significant retreat from the principles of international controls and inspection.

[The first reaction in Moscow was cool to President Kennedy's offer to revise the U.S. terms.]

The administration's spokesman on Capitol Hill was Ambassador Arthur H. Dean, U.S. representative to the disarmament and test-ban negotiations in Geneva,

MEMBERS REASSURED

Mr. Dean will return to Geneva tomorrow. He will carry a promise by the United States to modify its terms for a ban if the Soviet Union would agree to the principle of international inspection on its territory.

But before he left the administration saw to it that Mr. Dean, accompanied by State Department, disarmament agency and Defense Department officials, appeared before the Joint Atomic Energy Committee, a potential source of opposition at home.

In his 90 minutes of testimony behind closed doors, Mr. Dean reassured and notified the committee members about the new proposals to be offered by the administration.

Representative Chet Holifield, of California, the committee chairman, said after the meeting that the committee was "substantially in accord with what the President said yesterday."

The President said that if the Soviet Union would accept on-the-spot inspections, the United States would be prepared to offer such modifications as a reduced number of control posts and inspections and a national control system which would be internationally monitored or supervised.

The administration thus won the first and a critical round in its new bargaining offer, which for the moment it was keeping deliberately conditional and vague.

GESTURE TO NEUTRALS

In modifying American proposals, the administration wanted to return to Geneva with an offer that would put the Soviet Union on the spot, particularly as it prepared to renew atmospheric testing. It was also making a gesture to the neutralist bloc, which has been pressing for a compromise.

At the same time, the administration did not want to appear to go so far as to alienate the congressional forces that must ultimately pass on any treaty.

In principle, the administration has moved toward the demands of the neutral nations and the Soviet bloc for acceptance of national control systems to monitor a test ban. But it was vague about what was meant by international supervision or monitoring of national control stations.

Both during and after the hearings, Mr. Dean declined to be specific on the nature of the international supervision. He explained to the committee members that this would be a point of negotiation with the Soviet Union.

Committee members, however, came away from the meeting reassured that the administration would insist upon some form of international supervision that would prevent control stations in the Soviet Union from withholding or tampering with detection information.

ACCEPTANCE NOT EXPECTED

If committee members were not particularly concerned about the apparent shift in American position away from demands for internationally manned control stations, it was largely because they were convinced that the Soviet Union would not accept U.S. demands for onsite inspection to check on suspicious events detected by the control stations.

Committee members felt that all discussion about modifications and compromise would prove fruitless.

The feeling that the new U.S. offer will not lead to an immediate break in the negotiations is said to be widely shared within the administration. Disarmament officials believe the Soviet Union will not retreat from its opposition to international inspections, at least until it has completed its new test series.

The only openly critical reaction to the administration's new approach came from Representative Craig Hosmer, of California, a ranking Republican on the committee.

In a statement issued before the hearing, Mr. Hosmer said "The deliberate vagueness" of the administration proposals "hides from the U.S. public just what is in the President's mind and denies Americans the opportunity to determine just how far the administration intends to go in caving in and surrendering to Soviet demands for a one-sided treaty upon which it could cheat and gain overwhelming surprise nuclear weapons superiority while the United States and other free world nations bask in a false feeling of security."

[From the New York Times, Aug. 3, 1962]

Soviet Reaction Cool

Moscow, August 2.—The first Soviet reaction was cool today to President Kennedy's expressed readiness to modify U.S. terms for agreement on banning nuclear tests.

The account of the President's news conference yesterday sent by the Washington bureau of Tass, the official Soviet press agency, stressed the U.S. continued insistence on onsite inspection for controlling observance of a test-ban treaty.

The Tass report did not mention Mr. Kennedy's willingness to accept a system of national control posts subject to international supervision. It said the U.S. position still does not take into account the latest scientific achievements that permit detection of underground nuclear blasts by means of national detection systems.

POSITIONS CALLED UNCHANGED

"Positions remain unchanged" was the headline used tonight by Izvestia, the Government newspaper, over the Tass dispatch.

The Soviet Union has insisted that national means of detection are adequate to police a test ban. The United States has insisted on a system of on-the-spot inspection to investigate unidentified underground explosions. The Russians have charged that the United States demands are a pretext for spying on Soviet rocket bases.

Tass quoted from Mr. Kennedy's opening statement in which he said: "It may be that we shall not need as many (onsite inspections) as we have needed in the past. But we find no justification for the Soviet claim that a test-ban treaty can be effective without onsite inspection."

EARLIER INDICATION

The Soviet Union was not hopeful about any United States shift was indicated in earlier dispatches on a strategy meeting held in Washington Monday.

The Tass report on the conference at which President Kennedy met with Arthur H. Dean, the U.S. delegate to the Geneva disarmament conference, and other disarmament advisers to discuss modifications in U.S. proposals was printed in the Soviet Union press under such headlines as "White House maneuvers" and "New Plot."

Soviet newspaper headlines usually reflect an editorial position in contrast to U.S. headlines, which usually give the gist of an article.

[From the Washington Post, Aug. 3, 1962]

New Bid for a Test Ban

President Kennedy has made a strong new bid for a nuclear test ban in his offer to modify previous U.S. demands for controls to guard against secret atomic explosions. In its last unsuccessful negotiations the United States had held out for 19 control posts in the Soviet Union. Now the President appears to be saying that, if the U.S.S.R. will accept the principle of onsite inspection, the United States would be willing to rely upon a system of national control posts "internationally monitored or supervised" and to negotiate on the question of the number of onsite inspections to be permitted.

While this shift of ground should notably enhance the outlook for an agreement, it can scarcely be regarded as a concession. Rather, it is an adjustment of the U.S. position, as the President noted at his news conference, "squarely in line with the technical realities." In other words, the previous offer made by this country was based on scientific data which seemed to indicate that a more elaborate control system would be necessary to prevent cheating. Improved scientific data now show that fewer control centers and onsite inspections are necessary for this purpose. The United States would not be negotiating in good faith if it should continue to demand more rigid and far-reaching controls than are actually needed for reasonable security against violations.

The President wisely refused to spell out how far the administration would be willing to go in relying upon national control posts and in reducing onsite inspections. These are questions that must be threshed out at Geneva. But he has opened up a large field for negotiation and demonstrated this country's urgent desire for a test-ban treaty. If any comparable flexibility is evident on the Soviet side, a hopeful new approach can be made.

It would be a mistake, however, to minimize the obstacles that remain. Onsite inspection continues to be a vital element in the American policy and an obnoxious idea to the Russians. With the most effective kind of seismic instruments to detect underground shocks, there would remain strong possibilities of controversy over whether a given disturbance might have been caused by an earthquake or by an underground bomb. In the case of such a dispute, the country not guilty of any infraction of the ban would doubtless welcome inspectors to verify the facts. But if a country had violated the proposed test ban, it would be loath to admit inspectors. Consequently, it would be hazardous to make the movements of the inspectors upon an invitation from, or the consent of, the country under suspicion.

Here is the nub of the chief nuclear issue to be negotiated at Geneva. Will the Soviet Union now return to its previous offer of three onsite inspections a year? No doubt that will depend upon how eager Moscow is for a test-ban treaty. With the United States now nearer to the views advanced by the neutral nations, at least the Soviet Union will be under pressure to make a comparable shift in the interests of halting the tests which are contributing so much to the arms race and to the anxiety of the world.

[From the New York Times, Aug. 1, 1962]

Disarmament and Security

President Kennedy is holding top-level conferences with his military and diplomatic advisers to review our disarmament policy. The aim is, if possible, to devise a new strategy, starting with modifications of our stand on a nuclear test ban that is the key to further agreements on actual disarmament and even solution of some cold war burning issues.

The President is now weighing two major decisions. One is whether to offer further concessions to the Soviets on test ban controls to break the deadlock. The other is whether to end our Pacific tests before they can be completed because of three rocket failures in high-altitude experiments.

There is tremendous pressure on the President from both scientists and diplomats, especially in neutralist quarters, to do both. The recent scientific advances in detecting underground explosions, such as the French test in the Sahara and our own tests in Nevada, have convinced even high administration officials that it is now possible to simplify the international control system, which the Soviets reject as "espionage," and to reduce the number of annual onsite inspections. And the psychological disadvantage of extending the test period beyond the tentative deadline first suggested by the President is cited as reason for ending the tests now.

The United States has certainly neither reason nor any intention to obstruct or delay a test-ban agreement. Such an agreement would be a first step toward averting a nuclear war which President Kennedy has again characterized as "insane." For that reason the United States has made continuous concessions whenever scientific developments made them possible, and it may well be able to make more.

But all concessions must be subject to one overriding consideration. That is the security of both this Nation and the free world. Should the balance of military and especially nuclear power ever be tipped against us, the Communist world might well be tempted to plunge into an atomic Armageddon. That is why, with all readiness to make further concessions, the United States and the West generally must continue to insist on an international control system of both a test ban and all disarmament steps to prevent Soviet cheating. That is why all concessions must be kept within the bounds of scientific certitude that violations can and will be detected and this country will not be put at a disadvantage.

[From the Washington Sunday Star,
July 29, 1962]

Detection Advance Spurs Test-Ban Talk

(By Bernard Gwertzman)

President Kennedy and his top advisers wrestled most of last week with an urgent and thorny question—should the United States reduce its inspection requirements for a nuclear test-ban treaty with the Soviet Union?

At present, discussions about such a ban have reached an impasse in Geneva. The Soviet Union refuses any form of international inspection, and has announced a new series of tests that probably will start very soon.

Normally, in view of general world tensions, this would not be a time when the United States would alter its long-established test-ban policy. Preliminary findings from a long-awaited Defense Department study, however, have developed new information. This has led to the urgent round of high-level discussions here and in London about a change in the West's stand.

FROM ARPA REPORT

The information came to light on July 7, when the Advanced Research Projects Agency (ARPA) of the Defense Department released a preliminary report on Project Vela, a 2-year intensive study of earthquakes and underground nuclear explosions. The report said:

Sensitive seismic devices can be operated in abandoned oil wells or at the bottom of the ocean with considerably more accuracy and range than on the land.

New methods may make it easier to tell the difference between a small-scale underground explosion (1 kiloton or lower) and an earthquake.

New "depth of focus" techniques can tell how deep an explosion was, making it easier to learn if a seismic disturbance was manmade (usually less than a mile deep) or an earthquake.

It may be possible to detect a nuclear explosion from as far as 3,000 miles away. (Last week, it was learned that a U.S. seismic device detected a secret French underground explosion in the Sahara, 5,000 miles away.)

THE WEST'S PRESENT POSITION

The Pentagon scientists emphasized that their findings were still preliminary, but disarmament officials immediately realized the impact of the report.

Presently, the West insists on a nuclear test ban treaty that would provide a network of manned control posts around the world. Nineteen such posts would be on Soviet soil, and 16 on American territory. These posts would have seismic devices to record any earth disturbances.

The West also wants the right to hold from 12 to 20 onsite inspections a year. Such inspections would be held if a control post could not verify a particular explosion was an earthquake. Although once approving this double-inspection plan, the Russians now reject it completely.

It is obvious that the control posts would not be needed on Soviet or American territory if devices in neutral countries, or in the ocean, could detect them just as well. Likewise, if these devices could, without a doubt, detect the difference between an earthquake and a nuclear explosion, few, if any, onsite inspections would be needed.

Apparently taking the Pentagon report as his cue, Arthur H. Dean, the top U.S. delegate at Geneva, indicated on July 15 that the West might drop its control station requirement. This view—obviously premature—was disavowed by the State Department. Observers noted, however, that the Department was more embarrassed than angry by Mr. Dean's remarks.

KENNEDY COMMENTS

At his press conference last week, President Kennedy said Mr. Dean's statement did not reflect American policy at this time. He said top officials were studying the Vela data and would make appropriate recommendations.

Mr. Kennedy originally intended to make a decision by the end of the week, but he and his advisers wanted to discuss the matter further this week. A White House announcement on Friday, after a top-level meeting, said the President requested supplemental assessments.

These reports—presumably on diplomatic and military matters—will also be discussed with Mr. Dean, who was asked by the President to return for these policy talks.

It was learned last week that the top policymakers on disarmament feel in no rush to dispose of more than 3 years of scientific study that has supported the control-station policy.

William C. Foster, the director of the Arms Control and Disarmament Agency, was called before two congressional committees last week to explain the administration's view.

SEES SOME MODIFICATION

In an interview on Tuesday, Mr. Foster said the ARPA report might lead to some modification of the present "elaborate system" of detection. When all the data are analyzed, he said, the United States would present the results to the Geneva conference.

Improvements in detection, he added, might allow somewhat fewer onsite inspections, and possibly fewer control stations. But he indicated that the basic framework of inspection should remain.

This "conservative" approach to the Vela report will disappoint many scientists who believe the United States could now propose abolishing the control-post system on Soviet territory.

They will argue—as they have in the past—that present instruments are sensitive enough to detect possible explosions from beyond Soviet territory. Thus, so long as onsite inspections can be made on Soviet territory, the posts are not necessary.

The policymakers considered this approach last week but apparently will vote against it. They reportedly feel such a plan would be misunderstood by Congress as a sign of "softness" to the Russians, and might be a bad precedent at a time when the West is demanding strict inspection over all phases of disarmament.

Instead, the policymakers seem to favor a network of fewer stations, possibly including several unmanned stations controlled only by electronic subsurface instruments.

Congressional leaders, wary of any radical shift in policy, have pressured the administration to remain firm. Senator HUMPHREY, chairman of the Senate Disarmament Subcommittee, called a press conference after talking with Mr. Foster and said there would be no change in the demand to have onsite inspections.

The ARPA report was received with considerable interest in Great Britain. The British generally have supported more flexible test-ban terms than the United States.

[From the New York Times, July 20, 1962]

DEAN BIDS SOVIET JOIN MOVE TO BAR ACCIDENTAL WAR—U.S. DELEGATE AT GENEVA SAYS STOCKPILING OF ARMS INCREASES THE DANGER

GENEVA, July 19.—The United States urged today that immediate action be taken to reduce the threat of war "by accident, miscalculation or failure of communications."

Arthur H. Dean, of the United States, warned the 17-nation disarmament conference here that the "danger of inadvertent war had acquired a new dimension because of the growth of stockpiles of modern weapons."

Measures for reducing this danger, he declared, would not be a substitute for disarmament.

However, he added, "they would facilitate our efforts to reach agreement in the general disarmament field and would also bring increased stability to the process of initiating general disarmament."

Mr. Dean made his appeal when the delegates came together as a committee of the whole. They met to discuss steps for facilitating negotiations on a treaty for general and complete disarmament by reducing international tensions.

ZORIN ASSAILS GERMANS

Valerian A. Zorin of the Soviet Union bitterly attacked the West German Government while he was pressing for an accord seeking to stop the spread of nuclear weapons.

West German militarists, he charged, are designating the Soviet Army as the "enemy," while they are demanding nuclear arms.

Mr. Dean characterized the Soviet attack on Bonn as slanderous. Sir Michael Wright of Britain said the accusations were unjustified and only served to distract the conference.

At the session's outset the U.S. delegate accused the Soviet Union of "bowdlerizing" the conference records.

By having insisted on "very substantial deletions" from the verbatim account of an earlier committee meeting, the Soviet delegation had "completely" distorted the record, Mr. Dean said.

DRAFTED BY DEAN AND ZORIN

The Soviet delegation had had the United Nations Secretariat, which staffs the conference, delete all the statements in which he had warmly endorsed a declaration condemning war propaganda. He and Mr. Dean, as the conference's cochairmen, had drafted the declaration.

"The committee of the whole," Mr. Zorin said at that time, "will be entitled to record a success when it adopts this declaration."

* * * * *

[From the New York Times, July 18, 1962]

CONFUSION AT GENEVA

The Geneva disarmament talks have resumed in the usual atmosphere of confusion. For the Soviet Union, Mr. Zorin opened with minor changes in position, which he termed an "act of good will." But if good will was intended, it was not increased by the almost simultaneous release of Premier Khrushchev's boasts about his power to destroy us. If we believe the Premier, he has an antimissile missile so precise it could be used as an atomic fly swatter out in space, plus a global rocket nothing can stop. To cap this clumsy exercise in rocket-rattling, the Soviet press distorted the position of the American newspaper editors who interviewed the Premier. More candor in the Soviet press would be a more convincing sign of Kremlin good will than anything Mr. Zorin said at Geneva.

The United States has contributed its meed to the confusion. Chief American delegate Arthur H. Dean's hint that this country may yet accept a system of national control posts, such as Moscow has proposed, drew a prompt State Department repudiation. The entire incident was bewildering and maladroit. It must raise serious question about how well U.S. policy was thought through before the discussions.

The net result for the moment is to leave the impression that neither of the world's major nuclear powers is ready to yield an inch on the major issue of how to ban nuclear tests. Continuation of these frozen positions will, of course, doom the talks to the futility that has attended all previous efforts. That will mean we will continue with endless rounds of testing and ever-increasing radioactive contamination of the atmosphere. It will also mean that the two great powers are holding the door open for others to join the atomic arms race until nuclear weapons eventually become as common as artillery is today. Can any sensible policymaker in Washington or Moscow really believe that such a course will increase the security of either the United States or the Soviet Union?

ATTACK ON FBI CHIEF J. EDGAR HOOVER

Mr. HICKENLOOPER. Madam President, the speech made yesterday by W. H. Ferry, vice president of the Fund for the Republic, at the Western States' Democratic Conference, attacking FBI Chief J. Edgar Hoover, was reprehensible.

I read in this morning's New York Times that the luncheon speaker, Mr. Ferry, at the Democratic conference in Seattle accused the respected Mr. Hoover of "sententious poppycock" in building a false legend of communism's strength.

I have known and respected Mr. Hoover for many years. His work in defense of America, against organized crime in our country, against the Nazis in World War II, and against the Communists today is a monument to the dedication of one man.

I am amazed that any speaker, at any Democratic rally, would refer to J. Edgar Hoover's work as a "mischiefmaking tapestry of legend and illusion if there ever was one."

I am sure repudiation of this attack will be forthcoming shortly from Democratic national headquarters. At least, I fervently and sincerely hope it will.

Madam President, in connection with these remarks I ask unanimous consent to have printed in the RECORD the article from the New York Times of August 7, written by Wallace Turner, reporting on this rather surprising statement made at Seattle.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FUND OFFICIAL ATTACKS FBI CHIEF ON RED "LEGENDS"

(By Wallace Turner)

SEATTLE, WASH., August 6.—The vice president of the Fund for the Republic accused J. Edgar Hoover today of "sententious poppycock" in building a false legend of communism's strength.

W. H. Ferry, of Santa Barbara, Calif., the fund official, referred to the Director of the Federal Bureau of Investigation in a luncheon address at the Western States' Democratic Conference.

He said he was speaking of "a mischief-making tapestry of legend and illusion if there ever was one." He recalled President Kennedy's speech at Yale University urging that legends and myths about Government and business be avoided.

"What is the legend that haunts and cripples us here (in considering communism)?" Mr. Ferry asked. "Is it that the Communists are 9 feet tall, craftier than Satan, the most expert managers the world has ever seen, not human beings like ourselves but a race apart, determined to put man and God into jail forever."

SCOFFS AT OLD LINE

The legend "shrinks in the washing," Mr. Ferry asserted, as he cited Communist problems in Yugoslavia, China, and in Soviet agriculture. He described Mr. Hoover as "the indubitable mandarin of anticommunism in the United States" and "our official spy-swatter."

Mr. Hoover's warnings against Soviet espionage are "an old line of the FBI chief," he went on.

"Its success year after year is a tribute to the trance into which his sermons throw Americans, not excepting Congressmen," he commented.

Noting that "Congress never grudges Mr. Hoover a penny," Mr. Ferry asked whether "in these persistent reports about espionage and sabotage, is he delicately telling us that he isn't up to the job, that Red spies are running loose despite his best efforts?"

He scoffed at a statement he attributed to Mr. Hoover that the Communists had an advance guard in the United States with the capacity to destroy the American freedom.

"Our institutions are nowhere nearly as fragile as Mr. Hoover thinks they are," he said.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 7, 1962, he presented to the President of the United States the following enrolled bills:

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from non-compensable service-connected disabilities; and

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes.

ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. HUMPHREY. Madam President, if there is no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 30 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Wednesday, August 8, 1962, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 7, 1962:

ATOMIC ENERGY COMMISSION

The following-named persons to be members of the Atomic Energy Commission for the terms indicated:

James T. Ramey, of Illinois, for the remainder of the term expiring June 30, 1964, vice John S. Graham, resigned.

John Gorham Palfrey, of New York, for a term of 5 years expiring June 30, 1967, vice Loren Keith Olson, term expired.

IN THE NAVY

The following-named officers of the staff corps of the Navy, as indicated, for temporary promotion to the grade of rear admiral, subject to qualification therefor as provided by law:

MEDICAL CORPS

Martin T. Macklin
William N. New

SUPPLY CORPS

Elton W. Sutherling
William A. Evans
Bernhard H. Bieri, Jr.

CHAPLAIN CORPS

James W. Kelly

CIVIL ENGINEER CORPS

Alexander C. Husband

DENTAL CORPS

Frank M. Kyes

HOUSE OF REPRESENTATIVES

TUESDAY, AUGUST 7, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

James 5: 16: *The supplication of a righteous man availeth much.*

Almighty God, in whose fellowship our spirits are renewed and exalted, grant that in these moments, set aside for prayer, we may find ourselves fortified and sustained as we encounter grave and critical days in world affairs.

May we never become hysterical and panic stricken when we think of the magnitude of the issues that are involved or feel the agony of suspense as we anxiously wait for the better and brighter days of peace and good will.

We humbly confess that we do not know what value and relevancy our prayers may have in the course and issue of events but we are appropriating by faith the testimony of the ancient apostle that "the supplication of a righteous man availeth much."

Give us a deeper and profounder insight into Thy ways and will and may we understand that the secret of knowing that we are being divinely guided is to be found in our willingness to obey and follow Thee.

Hear us in Christ's name. Amen

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On August 2, 1962:

H.R. 6374. An act to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings, and for other purposes; and

H.R. 9520. An act to continue for 2 years the suspension of duty on certain alumina and bauxite.

On August 6, 1962:

H.R. 2129. An act for the relief of John Calvin Taylor;

H.R. 2187. An act for the relief of Augustin Ramirez-Trejo;

H.R. 2198. An act for the relief of Carlos Sepulveda Abarca;

H.R. 2664. An act for the relief of Mrs. Irena Ratajczak;

H.R. 3000. An act for the relief of Lea Min Wong;

H.R. 3501. An act for the relief of Mrs. Hasmik Arzoo;

H.R. 3821. An act for the relief of Ivy Gwendolyn Myers;

H.R. 4718. An act for the relief of Bogdan Kusulja;

H.R. 6833. An act for the relief of Frantisek Tisler;

H.R. 6967. An act to provide for the incorporation of certain nonprofit corporations in the District of Columbia, and for other purposes;

H.R. 8214. An act to permit the use of certain construction tools actuated by explosive charges in construction activity on the U.S. Capitol Grounds;

H.R. 8992. An act to amend administrative provisions of title 38, United States Code, relating to the Department of Medicine and Surgery in the Veterans' Administration;

H.R. 9186. An act for the relief of Eladio Aris (also known as Eladio Aris Carvallo);

H.R. 9522. An act for the relief of certain members of the U.S. Marine Corps who incurred losses pursuant to the cancellation of a permanent change of station movement;

H.R. 10069. An act to amend section 216 of title 38, United States Code, relating to prosthetic research in the Veterans' Administration;

H.R. 10184. An act to amend section 130 (a) of title 28, United States Code, so as to reconstitute the Eastern Judicial District of Wisconsin to include Menominee County, Wis.;

H.R. 10525. An act for the relief of Francis L. Quinn;

H.R. 10526. An act making appropriations for the Treasury and Post Office Departments, the Executive Office of the President, and certain independent agencies for the fiscal year ending June 30, 1963, and for other purposes;

H.R. 11127. An act for the relief of Ernst Haeusserman;

H.R. 11735. An act authorizing the change in name of the Beardstown, Ill., flood control project, to the Sid Simpson flood control project; and

H.J. Res. 417. Joint resolution to designate the lake formed by Terminus Dam on the Kaweah River in California as Lake Kaweah.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

THE HENRY C. DWORSHAK DAM AND RESERVOIR

Mr. HARDING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. HARDING. Mr. Speaker, the State of Idaho was shocked and grieved late last month at the sudden passing of our senior Senator Henry D. Dworshak who had represented Idaho in the Halls of the U.S. House of Representatives and Senate for nearly 24 years.

The people he served so long will miss his concern and interest in their problems. We in the Idaho congressional delegation who worked with him regard his death as a personal loss.

Conscientious in discharging his legislative responsibilities to the State and the Nation, Senator Dworshak served in a manner which reflected great credit on our western area. There are those who would disagree with the Senator's political philosophy, but few would question his dedication, high ideals, and integrity.

At his death he was the 10th ranking Republican member of the U.S. Senate. He held important posts on the Appropriations, Atomic Energy, and Interior Committees.

The respect with which he was held in Washington as well as Idaho is demonstrated by these statements of regret:

President John F. Kennedy: "Senator Henry C. Dworshak was a man who served his State honorably and with dignity for almost a quarter century. I knew him to be one of the hardest working men in all of the Congress. I mourn his passing."

Senate Democratic Leader Michael J. Mansfield: "Mrs. Mansfield and I extend to Mrs. Dworshak and her family our deepest condolences; and we know that the Senate will be far poorer because of the passing of Henry Dworshak."

Senate Republican Minority Leader Everett Dirksen: "He was uncompromising toward evil wherever he found it. His chuckling laugh was as hearty and as contagious as that of an Idaho lumberjack as he was coming out of the timber after a long stay there. He had the courage of a crusader and the determination of a missionary."

Senator Frank Church: "Senator Dworshak's long tenure in Washington is a fine example of public service honorably rendered. Few, indeed, are the men, throughout the whole history of my State, who have dedicated so many years to so faithful a discharge of the public trust."

Congresswoman Gracie Pfost: "I had known Senator Dworshak for many years. While we sat on the opposite sides of the political aisle, and we disagreed on many policies and issues, I always had the greatest respect for his integrity and energy as a legislator on the national scene."

Gov. Robert E. Smylie: "Senator Dworshak's untimely death is a great loss to all Idaho and to the Nation. He was Idaho's most distinguished public servant and his loss will be deeply mourned throughout the State and Nation."

Republican Minority Leader in the House, Charlie Halleck: "Henry Dworshak was a strong, courageous exponent of those things in which he believed. But as firm as he was in his convictions, I never knew him to be anything but completely fair toward those with whom he differed on principle. And above all, may I say that never, to my knowledge, did anyone ever question his sincerity or his honesty."

Robert McLaughlin: "He was truly a great American who unselfishly gave of his energies for the causes in which he believed."

Senator Hubert Humphrey: "Mr. Dworshak was a voice of honest conservatism in Congress who was known for his frankness and courage. The American political system needs these honest differences of opinion."

Ezra Taft Benson: "The passing of Senator Henry C. Dworshak is a truly great loss to Idaho, the Nation, and the free world. He was a valiant fighter for constitutional principles."

Congressman J. Edgar Chenoweth: "It was a distinct privilege to have Senator Dworshak as a friend. He was truly a great American. He was a man who believed in the fundamental principles of our Government and was willing to fight for them. I never heard anyone question his sincerity or his motives."

Republican State Chairman John O. McMurray: "Henry Dworshak was truly one of the greatest Senators in Idaho's history. He was a true patriot in every sense of the word, a bulwark of his party, and the most devoted of all public servants. His passing will leave a great void."

State Democratic Chairman Lloyd Walker: "There have, of course, been disagreements and campaigns in the past, but at no time could or did anyone ever question the love and devotion which Senator Dworshak so clearly held for the people of Idaho. The Republican Party has lost a trusted leader and we have all lost a fine citizen and neighbor."

Former Gov. Len Jordan, of Boise: "The Senator's death is an extremely tragic loss for Idaho, the West and the Nation. He was a public servant of real stature, a dedicated man who believed in constitutional government. He was fearless in the defense of right."

Madison County Democratic Central Committee Chairman Howard Potter: "I have not always agreed with Senator Dworshak, but I recognize him to be a great statesman, a sincere political leader and a true friend of all Idahoans. Republicans and Democrats alike mourn his passing and will miss his devoted leadership."

More than any other achievement in his political career, Senator Dworshak would probably be most proud of his role in the area of reclamation, particularly his efforts on the Palisades project.

The Senator recognized, as do all westerners, that water is the key to thriving communities, prosperous business centers, and productive farmland. Water has transformed overnight what previously had been merely desert or semiarid lands.

As early as 1941, Senator Dworshak, who then held the seat I now hold in the House, began the long, hard steps necessary to secure congressional authorization for the Palisades project.

Approval had to be sought from the Corps of Engineers, the Bureau of Reclamation and the Secretary of Interior. On December 9, 1941, approval was forthcoming.

However, with Pearl Harbor and a Second World War requiring all of the Nation's efforts for defense, construction of this vital project had to be delayed for several years.

When the Nation could once again concentrate on domestic needs, it was Congressman Dworshak, as a member of the House Appropriations Committee, who secured the first appropriation of $250,000 to complete engineering and provide construction plans for the Palisades project in 1945.

Again in 1946 Congressman Dworshak succeeded in winning approval of $1,450,000 to provide for the preliminary construction facilities at the Palisades Dam site.

The years 1947 and 1948 found him continuing this effort as a member of the Senate Appropriations Committee, where he obtained $650,410 and $930,750 for the construction of powerline and relocation of highways at the Palisades Dam.

A serious delay in the construction of the project arose over the finding by Bureau of Reclamation officials in early 1949 that because of plan changes, the Palisades project would have to be reauthorized by the Congress.

At that time Senator Dworshak was not serving in the Senate or the House, but upon his return in late October of that year resumed his fight for this desperately needed water which would result from the project.

Within 1 month from the time the Bureau of the Budget approval made final action by the Congress possible, Senator Dworshak was able to obtain favorable action by the Senate.

In view of the fact that Senator Dworshak devoted nearly a quarter of a century of his life to Idaho and the Nation in the House and the Senate, in view of the fact he was a great proponent of western reclamation; and in view of the vital part he played in winning congressional approval of the Palisades project I believe there would be no more fitting memorial or tribute to this man than for the Palisades Dam and Reservoir to bear his name.

Therefore, I urge the House to designate the Palisades Dam and Reservoir, the Henry C. Dworshak Dam and Reservoir and hope that early approval will be forthcoming on the resolution I am introducing today for this purpose.

OUTLAW STRIKES IN DEFENSE

Mr. DORN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, I have today introduced a bill which will make it unlawful for employers or employees to strike in any plant or activity essential to the national defense of the United States. Our soldiers, sailors, marines, and airmen standing guard throughout the world are not permitted to strike. The least we can do at home is to see that they get the weapons to defend themselves and to defend our country without delays, walkouts, and strikes. The American people have been shocked recently with strikes at our nuclear plants, submarine bases, and other defense installations essential to our national security.

The wages and working conditions of employers and employees at our nuclear and other defense plants are far superior to the operating conditions of our men in Thailand, Laos, and Vietnam.

Mr. Speaker, if it is right to take the lives of our young men in defense of our country, it is also right to require employers and employees working in essential defense industries to remain on the job. The world situation is critical. It is urgent that Congress meet this threat to our national security at this session.

PUBLICITY ACCOMPLISHMENTS OF SECRETARY OF LABOR ARTHUR GOLDBERG

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New york?

There was no objection.

Mr. BECKER. Mr. Speaker, yesterday I addressed myself to the great publicity accomplishments of the Attorney General. Today, I would like to compliment the Secretary of Labor, Mr. Arthur Goldberg, for his great accomplishments in the field of publicity. Hardly a day goes by when the American people do not read about Mr. Goldberg, shooting all over the country, interesting himself in one labor dispute after another.

Why, last year he was reported to have made great strides in settling the Metropolitan Opera strike. This was hailed by opera lovers everywhere.

But this week, I read in the papers that strike idleness in 1962 is 60 percent above 1961 period. Perhaps, if less attention and effort was paid to creating images through publicity, and this same energy and talent devoted to the job, perhaps Mr. Goldberg, could accomplish part of his mission.

I notice also by the press that President Kennedy stated in his press conference:

> I don't think there has been an increase in strikes.

This was in response to a question why he has not sent up a labor message to Congress.

It seems, that with all the publicity, both the Secretary of Labor and the President could get together on the facts, and then perhaps the interests of the American people might be given some consideration and get the country moving, forward, that is.

OVERTIME PAY FOR CUSTOMS AGENTS

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, in view of the fact that debate is not permitted on the Private Calendar I would like to call the attention of Members of the House to several bills on today's Private Calendar which would provide overtime pay to customs agents. Some of these bills go back several years. Some of the claimants are widows.

Mr. Speaker, the Treasury Department in almost all cases is opposed to the payment of overtime in this manner, and it seems to me there ought to be some clear policy established by Congress with respect to payments of this kind.

Mr. Speaker, I am going to object to some of the bills and I understand my colleague, the gentleman from Illinois [Mr. ANDERSON], will object to others of these bills, until some policy in this respect can be worked out that is fair.

SUBCOMMITTEE ON HEALTH AND SAFETY, COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

NATIONAL CAPITAL HOUSING AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on the District of Columbia.

To the Congress of the United States:

In accordance with the provisions of section 5(a) of Public Law 307, 73d Congress, approved June 12, 1934, I transmit herewith for the information of the Congress the report of the National Capital Housing Authority for the fiscal year ended June 30, 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 7, 1962.*

PRIVATE CALENDAR

The SPEAKER pro tempore (Mr. ALBERT). This is Private Calendar day. The Clerk will call the first bill on the Private Calendar.

MRS. WILLIAM W. JOHNSTON

The Clerk called the bill (H.R. 9942) for the relief of Mrs. William W. Johnston.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CLARA B. FRY

The Clerk called the bill (H.R. 7615) for the relief of Clara B. Fry.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MARGARET MACPHERSON, ANGUS MACPHERSON, RUTH MACPHERSON, AND MARILYN MACPHERSON

The Clerk called the bill (H.R. 1660) for the relief of Margaret MacPherson, Angus MacPherson, Ruth MacPherson, and Marilyn MacPherson.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CARLETON R. McQUOWN, THOMAS A. PRUETT, AND JAMES E. ROWLES

The Clerk called the bill (H.R. 4950) for the relief of Carleton R. McQuown, Thomas A. Pruett, and James E. Rowles.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DANIEL WALTER MILES

The Clerk called the bill (H.R. 7469) for the relief of Daniel Walter Miles.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MRS. MARY E. O'ROURKE

The Clerk called the bill (H.R. 3624) for the relief of Mrs. Mary E. O'Rourke.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 6709) for the relief of Dr. and Mrs. Abel Gorfain.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THEODORE ZISSU

The Clerk called the bill (H.R. 8550) for the relief of Theodore Zissu.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

ARIE ABRAMOVICH

The Clerk called the bill (S. 2736) for the relief of Arie Abramovich.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. WALTER. Mr. Speaker, I will have to object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. HEMPHILL. I object, Mr. Speaker.

The SPEAKER pro tempore. This bill requires two objections. Is there further objection? The Chair hears none.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrant of arrest, and bonds, which may have issued in the case of Arie Abramovich. From and after the date of the enactment of this Act, the said Arie Abramovich shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued.

With the following committee amendment:

At the end of the bill, change the period to a colon and add the following: *"Provided,* That nothing in this Act shall be construed to waive the provisions of section 315 of the Immigration and Nationality Act.

The committee amendment was agreed to.

Mr. GROSS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 1, line 8, after the word "deportation" insert the word "solely".

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

ALFRED C. ALTUM

The Clerk called the bill (H.R. 6822) for the relief of Alfred C. Altum.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the limitations of time prescribed in section 2104 of title 38, United States Code, shall not apply with respect to any claim for mustering-out payment under chapter 43 of title 38, United States Code, filed with the Secretary of the Navy by Alfred C. Altum, former storekeeper, third class, United States Navy (service number 3587345) within the six-month period which begins on the date of enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMBEST B. SILLS

The Clerk called the bill (H.R. 8062) for the relief of Combest B. Sills.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

GEORGE H. PETERS

The Clerk called the bill (H.R. 8549) for the relief of George H. Peters.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MARVIN M. GREENLEE

The Clerk called the bill (H.R. 10111) for the relief of Marvin M. Greenlee.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

ANGELO A. RUSSO

The Clerk called the bill (H.R. 10678) for the relief of Angelo A. Russo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Angelo A. Russo, of Burlington, Massachusetts, the sum of $200. Such sum represents reimbursement to the said Angelo A. Russo for paying out of his own funds judgments rendered against him in the third district court of Eastern Middlesex, Massachusetts, as a result of an accident occurring when Angelo A. Russo was operating a Government vehicle in the course of his duties as an employee of the Corps of Engineers, Department of the Army: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NORMAN R. THARP

The Clerk called the bill (H.R. 1410) for the relief of Norman R. Tharp.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Norman R. Tharp, Falls Church, Virginia, a civilian employee of the Department of the Air Force, is hereby relieved of liability to the United States in the sum of $940.80. Such sum represents the aggregate amount of salary overpayments received by him from the United States for the period beginning August 24, 1958, and ending July 9, 1960, as a result of administrative error and without fault on his part. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for the amount for which liability is relieved by this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN, AND HELPERS OF AMERICA LOCAL 863 PENSION FUND

The Clerk called the bill (H.R. 8205) to provide tax relief to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 pension fund and the contributors thereto.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local Union 863 pension fund, created January 10, 1955, and retroactively effective to September 1, 1954, as a result of an agreement between the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 and the A. & P. Contract Carriers Association, which fund has never been operated in a manner which would jeopardize the interests of its beneficiaries, shall be deemed to have met the requirements of section 401(a) of the Internal Revenue Code of 1954 and shall be deemed to have been and to be exempt from tax under section 501(a) of the Internal Revenue Code of 1954 for the period beginning September 1, 1954, and ending December 31, 1956.

With the following committee amendments:

Page 1, line 9, and page 2, lines 1 and 2, strike "which fund has never been operated in a manner which would jeopardize the interests of its beneficiaries,".

Page 2, line 7, strike "December 31, 1956." and insert: "December 31, 1956, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interest of its beneficiaries."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REXFORD R. CHERRYMAN

The Clerk called the bill (H.R. 10720) for the relief of Rexford R. Cherryman, of Williamsburg, Va.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy is authorized and directed to pay, out of current appropriations available for the payment of severance pay, to Rexford R. Cherryman, who was discharged from the United States Navy on June 30, 1959, an amount equal to the difference between (a) the amount of severance pay which would have been paid to him upon his discharge from the United States Navy if the computation of such severance pay had been based upon his actual commissioned service in the United States Navy, and (b) the amount of severance pay actually paid to him.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARL ADAMS

The Clerk called the bill (H.R. 11058) for the relief of Carl Adams.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Carl Adams, of Mexico, Missouri, is hereby relieved of liability to the United States in the amount of $550.34, the amount by which he was overpaid as a regular clerk in the postal service during the periods from October 1, 1953, to August 23, 1957, inclusive, and from October 4, 1958, to April 15, 1960, inclusive. Such overpayments were made as a result of an administrative error on the part of the Post Office Department in determining the longevity increases to which he was entitled. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Carl Adams, of Mexico, Missouri, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THOMAS C. BARRINGER

The Clerk called the bill (H.R. 10196) for the relief of Thomas C. Barringer.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Thomas C. Barringer, of McLean, Virginia, is hereby relieved of liability to the United States for excess salary payments received by him, covering the period June 14, 1959, through December 9, 1961, as a result of an administrative error in the determination of his longevity step increases. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Thomas C. Barringer, of McLean, Virginia, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ISABEL K. LANNING

The Clerk read the bill (H.R. 11183) for the relief of Isabel K. Lanning.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Isabel K. Lanning, of Spokane, Washington, is hereby relieved of liability to the United States for excess salary payments received by her, covering the period January 12, 1958, through December 9, 1961, as a result of an administrative error in the determination of her longevity step increases. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Isabel K. Lanning, of Spokane, Washington, an amount equal to the aggregate of the amounts paid by her, or withheld from sums otherwise due her, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provision of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, lines 8 and 9, strike "in excess of 10 per centum thereof".

The committee amendment was ageed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MERRITT-CHAPMAN & SCOTT CORP.

The Clerk called the bill (S. 2572) for the relief of the Merritt-Chapman & Scott Corp.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Merritt-Chapman and Scott Corporation, of Cleveland, Ohio, the sum of $192,500. The payment of such sum shall be in full satisfaction of all claims of the said Merritt-Chapman and Scott Corporation against the United States for compensation for damages sustained by such corporation when, on August 5, 1959, a federally owned aircraft assigned to the 128th Fighter Group of the Wisconsin Air National Guard, General Mitchell Field, Milwaukee, Wisconsin, crashed into a barge owned by the said Merritt-Chapman and Scott Corporation while such barge was anchored in Milwaukee Harbor, Milwaukee, Wisconsin: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARY J. PAPWROTH

The Clerk called the bill (H.R. 11334) for the relief of Mary J. Papwroth.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Civil Service Retirement Act, Mary J. Papwroth shall be held and considered to have received congressional employee salary at the rate of $9,455.88 per annum on the day prior to her employment with the International Atomic Energy Agency (which employment ended December 4, 1960) if the additional deposit due to civil service retirement and disability fund by reason of the enactment of this Act is paid to the United States Civil Service Commission not later than the ninetieth day following the date of enactment of this Act. Notwithstanding any other provision of law, annuity benefits payable by reason of the enactment of this Act shall be paid from the civil service retirement and disability fund.

With the following committee amendment:

Page 1, line 4, strike "Papwroth" and insert "Papworth".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Mary J. Papworth."

A motion to reconsider was laid on the table.

MR. AND MRS. GORDON C. BRYANT

The Clerk called the bill (H.R. 10604) for the relief of Mr. and Mrs. Gordon C. Bryant.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mr. and Mrs. Gordon C. Bryant, of Thomasville, Georgia, jointly, the sum of $10,000, as a gratuity by reason of the death of their son, Bobby Jack Bryant, steelworker third class (5190447, United States Navy), on June 22, 1961, as the result of negligence of personnel of the United States Navy while he was working on a pipeline at Midway Island: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 1, line 6, strike "$10,000" and insert "$5,000".

Page 2, line 1, strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HENRY ARMSTRONG, ADMINISTRATOR OF THE ESTATE OF ELLA ARMSTRONG

The Clerk called the bill (H.R. 6940) for the relief of Henry Armstrong, administrator of the estate of Ella Armstrong.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

Mr. TOLL. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GROSS and Mr. ANDERSON of Illinois objected and the bill was recommitted to the Committee on the Judiciary.

MARIA ODELIA CAMPOS

The Clerk called the bill (H.R. 1450) for the relief of Maria Odelia Campos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(3) and 205 of the Immigration and Nationality Act, the minor child Maria Odelia Campos, shall be held and considered to be the natural-born alien child of Zeferino Antonio and Lucy Maria Campos, lawfully resident aliens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was order to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Maria Odelia Campos."

A motion to reconsider was laid on the table.

MRS. JANE R. MOORE

The Clerk called the bill (H.R. 2659) for the relief of Mrs. Jane R. Moore.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Jane R. Moore shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Mrs. Jane R. Moore. From and after the date of the enactment of this Act, the said Mrs. Jane R. Moore shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOAO DE FREITAS FERREIRA DE VASCONCELOS

The Clerk called the bill (H.R. 3125) for the relief of Joao de Freitas Ferreira de Vasconcelos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Joao de Freitas Ferreira de Vasconcelos, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Manuel Vasconcelos, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendments:

On page 1, line 7, after the name "Mrs. Manuel Vasconcelos" insert the following: ", citizens".

On page 1, line 7, after the words "the United States" change the colon to a period and strike out the remainder of the bill.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAURIZIO PLACIDI

The Clerk called the bill (H.R. 6653) for the relief of Maurizio Placidi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Maurizio Placidi, shall be held and considered to be the natural-born alien child of Aurora Placidi, a citizen of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

On page 1, line 7, after "United States" change the colon to a period and strike out the remainder of the bill.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STELLA ROSA PAGANO

The Clerk called the bill (H.R. 7437) for the relief of Stella Rosa Merello.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Stella Rosa Merello shall be held and considered to be the minor natural-born alien child of Mr. and Mrs. Luigi Pagano, citizens of the United States.

With the following committee amendment:

On page 1, line 4, strike out the name "Stella Rosa Merello" and substitute in lieu thereof the name "Stella Rosa Pagano."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Stella Rosa Pagano."

A motion to reconsider was laid on the table.

KAZIMIERZ KRUPINSKI

The Clerk called the bill (H.R. 10796) for the relief of Kazimierz Krupinski.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212(a)(9) of the Immigration and Nationality Act, Kazimierz Krupinski may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. KWAN HO LEE

The Clerk called the bill (S. 1174) for the relief of Dr. Kwan Ho Lee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Kwan Ho Lee shall be held and considered to have been lawfully admitted to the United States for permanent residence as of December 13, 1952.

SEC. 2. The time Doctor Kwan Ho Lee has resided and has been physically present in the United States since December 13, 1952, shall be held and considered to meet the residence and physical presence requirements of section 316 of the Immigration and Nationality Act, as amended.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STEPHEN S. CHANG

The Clerk called the bill (S. 1849) for the relief of Stephen S. Chang.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Stephen S. Chang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of October 2, 1954, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

On page 1, line 6, strike out the date "October 2, 1954" and substitute in lieu thereof the language "the date of the enactment of this Act."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SU-FEN CHEN

The Clerk called the bill (S. 2208) for the relief of Su-Fen Chen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Su-Fen Chen shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Su-Fen Chen. From and after the date of the enactment of this Act, the said Su-Fen Chen shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. ELIZABETH LOVIC

The Clerk called the bill (S. 2455) for the relief of Mrs. Elizabeth Lovic.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (4) of section 212(a) of the Immigration and Nationality Act, Mrs. Elizabeth Lovic may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General be deposited as prescribed by section 213 of that Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MR. AND MRS. ALFREDO HUA-SING ANG

The Clerk called the bill (S. 2614) for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mr. and Mrs. Alfredo Hua-Sing Ang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RENATO GRANDUC AND GRAZIA GRANDUC

The Clerk called the bill (S. 2769) for the relief of Renato Granduc and Grazia Granduc.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Renato Granduc and Grazia Granduc shall be held and considered to be the natural-born alien minor children of Captain William L. O'Neal and Mary Granduc O'Neal, citizens of the United States: *Provided,* That the natural parents of the said Renato Granduc and Grazia Granduc shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUSPENSION OF DEPORTATION OF IOANNIS CONSTANTELIAS

The Clerk called the resolution (S. Con. Res. 76) withdrawing suspension of deportation of Ioannis Constantelias.

There being no objection, the Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress, in accordance with section 246(a) of the Immigration and Nationality Act (8 U.S.C.A. 1256(a)), withdraws the suspension of deportation in the case of Ioannis Constantelias (A–2044661) which was previously granted by the Attorney General and approved by the Congress.

The resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MISS ANKA GRAHOVAC

The Clerk called the bill (H.R. 1427) for the relief of Miss Anka Grahovac.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Anka Grahovac shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Amend the title so as to read: "A bill for the relief of Ann Super, formerly Anka Grahovac."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Ann Super, formerly Anka Grahovac, shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Steve Super, citizens of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended to read: "A bill for the relief of Ann Super, formerly Anka Grahovac."

A motion to reconsider was laid on the table.

GENNARO PRUDENTE

The Clerk called the bill (H.R. 3619) for the relief of Gennaro Prudente.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 212(a)(4) of the Immigration and Nationality Act, Gennaro Prudente may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act.

With the following committee amendment:

On page 1, line 7, at the end of the bill, change the period to a colon and add the following: "*Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAGONA PASCOPOULOS

The Clerk called the bill (H.R. 3719) for the relief of Pagona Pascopoulos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Pagona Pascopoulos shall be held and considered to be the natural-born minor alien child of Peter Pascopoulos, a citizen of the United States: *Provided,* That the natural parents of Pagona Pascopoulos shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALDO FRANCESCO CARBONE

The Clerk called the bill (H.R. 4478) for the relief of Aldo Francesco Carbone.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provision of section 212(a)(1) of the Immigration and Nationality Act, Aldo Francesco Carbone may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act: *Provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOTIOS SAKELAROPOULOS KAPLAN

The Clerk called the bill (H.R. 4628) for the relief of Fotios Sakelaropoulos Kaplan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Fotios Sakelaropoulos Kaplan shall be held and considered to be the natural-born alien child of Mrs. Helen Kaplan, a citizen of the United States: *Provided,* That the natural parents of Fotios Sakelaropoulos Kaplan shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOTINI CONSTANTINOS VOGGAS

The Clerk called the bill (H.R. 5331) for the relief of Fotini Constantinos Voggas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Fotini Constantinos Voggas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Fotini Constantinos Voggas. From and after the date of the enactment of this Act, the said Fotini Constantinos Voggas shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYING MINERAL INTERESTS IN SOUTH CAROLINA

The Clerk called the bill (H.R. 7364) to provide for the conveyance of certain mineral interests of the United States in property in South Carolina to the record owners of the surface of that property.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior shall convey to those persons who, on the date of enactment of this Act, are the record owners of the surface rights thereof, all of the right, title, and interest of the United States in and to the real property consisting of fifty-three and three-tenths acres and more particularly described in the conveyance entered into between Gus Loskoski and Ola Loskoski as grantors and L. T. Vaughn and Sheron K. Vaughn as grantees, which conveyance is recorded in the office of the clerk of court for Anderson County, South Carolina, in deed book A–9 at page 257. Such conveyance shall be made only if application is made therefor by a record owner of the surface rights within one year after the date of enactment of this Act and upon payment to the United States by such record owner of the fair market value, as determined by the Secretary, of the right, title, and interest of the United States being conveyed under this Act.

With the following committee amendment:

Page 2, strike out all of lines 7, 8, and 9 and insert in lieu thereof the following: "the sum of $200 to reimburse the United States for the administrative cost of the conveyance plus the fair market value of the minerals as determined by the Secretary."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

HANNA GHOSN

The Clerk called the bill (S. 296) for the relief of Hanna Ghosn.

There being no objection the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Hanna Ghosn shall be held and considered to be the minor natural-born alien child of Mrs. Louisa Assaff, a United States citizen: *Provided,* That the natural parents of Hanna Ghosn shall not by virture of such parentage be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ASSUNTA BIANCHI

The Clerk called the bill (S. 1882) for the relief of Assunta Bianchi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Assunta Bianchi, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Bernard A. Lange, citizens of the United States: *Provided,* That the natural mother of Assunta Bianchi shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and the motion to reconsider was laid on the table.

SUSAN GUDERA AND OTHERS

The Clerk called the bill (S. 2751) for the relief of Susan Gudera, Heinz Hugo Gudera, and Catherine Gudera.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

MRS. JULIANE C. ROCKENFELLER

The Clerk called the bill (S. 2807) for the relief of Mrs. Juliane C. Rockenfeller.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (3) of section 212(a) of the Immigration and Nationality Act, Mrs. Juliane C. Rockenfeller may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

YIANNOULA VASILIOU TSAMBIRAS

The Clerk called the bill (S. 2675) for the relief of Yiannoula Vasiliou Tsambiras.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Yiannoula Vasiliou Tsambiras, shall be held and considered to be the natural-born alien child of Jerry Simos and Helen Chamber Simos, citizens of the United States: *Provided,* That the natural parents of the said Yiannoula Vasiliou Tsambiras shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SIEU-YOEH TSAI YANG

The Clerk called the bill (S. 2835) for the relief of Sieu-Yoeh Tsai Yang.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Sieu-Yoeh Tsai Yang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of the status of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof, the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Sieu-Yoeh Tsai Yang. From and after the date of the enactment of this Act, the said Sieu-Yoeh Tsai Yang shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BARTOLA MARIA S. LA MADRID

The Clerk called the bill (S. 3039) for the relief of Bartola Maria S. La Madrid.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Bartola Maria S. La Madrid shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof, the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond which may have issued in the case of Bartola Maria S. La Madrid. From and after the date of the enactment of this Act, the said Bartola Maria S. La Madrid shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SOON TAI LIM

The Clerk called the bill (H.R. 2125) for the relief of Soon Tai Lim.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Soon Tai Lim shall be deemed to be a nonquota immigrant and may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof, the following: "That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, Soon Tai Lim, shall be held and considered to be the natural-born alien minor child of Mr. Shi Kyun Lim, a citizen of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. SUN YEE

The Clerk called the bill (H.R. 5317) for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou).

There being no objections, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Mrs. Sun Yee (also known as Mrs. Tom Goodyou), the widow of a United States citizen, shall be deemed to be within the purview of section 101(a) (27) (A) of the Immigration and Nationality Act, and the provisions of section 205 of that Act shall not be applicable in this case.

Amend the title so as to read: "A bill for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee."

With the following committee amendments:

On page 1, line 4, after the word "citizen," insert the following: "and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee,".

On page 1, line 7, strike out the words "this case" and substitute in lieu thereof the words "their cases".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

The title was amended to read as follows: "A bill for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee."

A motion to reconsider was laid on the table.

DARIO TACQUECHEL

The Clerk called the bill (H.R. 7582) for the relief of Dario Tacquechel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dario Tacquechel shall be held and considered to have been lawfully admitted to the United States for permanent residence as of September 2, 1953.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

KIM JUNG IM

The Clerk called the bill (H.R. 9589) for the relief of Kim Jung Im.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Kim Jung Im, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Wilmer J. Mensink, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES GAMBINO

The Clerk called the bill (H.R. 11914) for the relief of Charles Gambino.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Charles Gambino, shall be held and considered to be the natural-born alien child of Angelo Curto and Rose Curto, citizens of the United States.

With the following committee amendments:

Page 1, line 6, strike out "Angelo Curto and".

Page 1, line 6, strike out "citizens" and insert "a citizen".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALICE AMAR FROEMMING

The Clerk called the bill (S. 2844) for the relief of Alice Amar Froemming.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Alice Amar Froemming shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available: *Provided,* That the natural father of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRANCIS X. FOLEY AND DORIS W. FOLEY, HIS WIFE

The Clerk called the bill (H.R. 1659) for the relief of Francis X. Foley.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MRS. HELEN VESELENAK

The Clerk called the bill (H.R. 8000) for the relief of Mrs. Helen Veselenak.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the requirements relating to time in section 202(h) (1) (B) and 202(p) of the Social Security Act that proof of support be filed by the dependent parent of an insured individual within a specified period after the date of such individual's death in order to qualify for parent's insurance benefits on the basis of such individual's wages and self-employment income shall not apply with respect to the application of Mrs. Helen Veselenak, Byesville, Ohio, for parent's insurance benefits under section 202(h) of such Act on the basis of the wages and self-employment income of her son Joseph Veselenak, Junior (Social Security Account Number 275-16-7991), if she files such application, together with such proof of support, within the six-month period beginning on the date of the enactment of this Act.

With the following committee amendment:

Page 1, line 3, after "requirements" insert the words "relating to time".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DWIGHT W. CLARAHAN

The Clerk called the bill (H.R. 9995) for the relief of Dwight W. Clarahan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dwight W. Clarahan, of Sigourney, Iowa, the sum of $227.02 in full settlement of all his claims against the United States for the difference between the salary which he was paid and the salary to which he was lawfully entitled as an employee in the Sigourney, Iowa, post office, during the period from April 1, 1948, through April 1, 1950. Such underpayment was the result of administrative error, which was not corrected within the time allowed by statute because of the failure of the postmaster at Sigourney to comply with a memorandum directing corrective action: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 5, strike "in excess of 10 per centum thereof".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JUDY JOSEPHINE ALCANTARA

The Clerk called the bill (H.R. 1463) for the relief of Josephine Abuan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Josephine Abuan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Judy Josephine Alcantara shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Camilo George Alcantara, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The title was amended to read as follows: "A bill for the relief of Judy Josephine Alcantara."

A motion to reconsider was laid on the table.

JACQUES TAWIL

The Clerk called the bill (H.R. 1678) for the relief of Jacques Tawil.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Jacques Tawil shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KENYON B. ZAHNER

The Clerk called the bill (H.R. 10501) for the relief of Kenyon B. Zahner.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

HENRY E. KEISER

The Clerk called the bill (H.R. 11552) for the relief of Henry E. Keiser.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 15 through 20, inclusive, of the Federal Employees Compensation Act are hereby waived in favor of Henry E. Keiser of Seattle, Washington, and his claim for compensation and disability benefits arising out of injuries alleged to have been received by him on or about October 24, 1945, in an automobile accident, while in the performance of his duties as an employee of the Department of the Navy, shall be acted upon under the remaining provisions of such Act if he files such claim with the Bureau of Employees' Compensation, Department of Labor, within the six-month period which begins on the date of enactment of this Act: *Provided,* That no benefits shall accrue by reason of the enactment of this Act for any period prior to its enactment, except in the case of such medical or hospitalization expenditures as may be deemed reimbursable.

With the following committee amendment:

Page 1, lines 3 and 4, strike "Employees" and insert "Employees' ".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SHELBURNE HARBOR SHIP & MARINE CONSTRUCTION CO., INC.

The Clerk called the bill (H.R. 11773) for the relief of the Shelburne Harbor Ship & Marine Construction Co., Inc.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Shelburne Harbor Ship and Marine Construction Company, Incorporated (hereafter in this Act referred to as the "company"), of Shelburne, Vermont, is hereby relieved of all liability to pay to the United States the principal amount of $19,793.76, together with all accrued interest thereon. Such liability of the company arose from an order of March 10, 1958, of the Renegotiation Board with respect to profits of the company from a contract between the company and the Department of the Navy.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that the further call of bills on the Private Calendar be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

HENRY ARMSTRONG, ADMINISTRATOR OF THE ESTATE OF ELLA ARMSTRONG

Mr. TOLL. Mr. Speaker, I ask unanimous consent that the bill (H.R. 6940) for the relief of Henry Armstrong, administrator of the estate of Ella Armstrong, be restored to the Private Calendar on its next call.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE ON APPROPRIATIONS

Mr. CANNON. Mr. Speaker, as the Members of the House are aware, the Committee on Appropriations has been endeavoring to report out the annual supply bills at the rate of one a week.

However, we are now in a position to report out two bills this coming week. The military construction appropriation bill for the fiscal year 1963 has already been scheduled for floor action on Tuesday, August 14. In order to report out the public works appropriation bill in the same week we would like permission to consider it on the floor on Thursday, August 16. It will be reported by the full committee on Tuesday, the 14th. So, instead of waiting 3 days, we would like to bring it to the floor with 2 days' notice.

Therefore, Mr. Speaker, I ask unanimous consent that it be in order for the Committee on Appropriations to report to the House the public works bill which will be reported by the full committee on Tuesday, August 14, and to bring it to the floor on Thursday, August 16, in order to get two bills passed next week instead of one.

The SPEAKER pro tempore. In order to consider it on Thursday of that week?

Mr. CANNON. In order to consider it on Thursday of that week.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. GROSS. Mr. Speaker, reserving the right to object, I trust that all of the information that the committee has with respect to this bill will be available as promptly as possible so that in view of the shortness of time Members may do their best to acquaint themselves with the action taken by the committee.

Mr. CANNON. Yes; the hearings are now available, and on Tuesday, August 14, the bill itself, as well as the report, will be available to any Member of the House.

Mr. GROSS. Mr. Speaker, I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

UNIFORM LIMITED PARTNERSHIP ACT IN THE DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 11019) to provide that the Uniform Limited Partnership Act shall apply in the District of Columbia.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act to provide for the formation of limited partnerships in the District of Columbia and to make uniform the law with respect thereto, shall be in effect in the District of Columbia on and after the date of the enactment of this Act.

LIMITED PARTNERSHIP DEFINED

SECTION 1. A limited partnership is a partnership formed by two or more persons under the provisions of section 2, having as members one or more general partners and one or more limited partners. The limited partners as such shall not be bound by the obligations of the partnership.

FORMATION

SEC. 2. (1) Two or more persons desiring to form a limited partnership shall—

(a) sign and swear to a certificate, which shall state—

I. the name of the partnership,

II. the character of the business,

III. the location of the principal place of business,

IV. the name and place of residence of each member; general and limited partners being respectively designated,

V. the term for which the partnership is to exist,

VI. the amount of cash and a description of and the agreed value of the other property contributed by each limited partner,

VII. the additional contributions, if any, agreed to be made by each limited partner and the times at which or events on the happening of which they shall be made,

VIII. the time, if agreed upon, when the contribution of each limited partner is to be returned,

IX. the share of the profits or the other compensation by way of income which each limited partner shall receive by reason of his contribution,

X. the right, if given, of a limited partner to substitute an assignee as contributor in his place, and the terms and conditions of the substitution,

XI. the right, if given, of the partners to admit additional limited partners,

XII. the right, if given, of one or more of the limited partners to priority over other limited partners, as to contributions or as to compensation by way of income, and the nature of such priority,

XIII. the right, if given, of the remaining general partner or partners to continue the business on the death, retirement, or insanity of a general partner, and

XIV. the right, if given, of a limited partner to demand and receive property other than cash in return for his contribution;

(b) file for record the certificate in the Office of the Recorder of Deeds of the District of Columbia.

(2) A limited partnership is formed if there has been substantial compliance in good faith with the requirements of paragraph (1).

BUSINESS WHICH MAY BE CARRIED ON

SEC. 3. A limited partnership may carry on any business which a partnership without limited partners may carry on.

CHARACTER OF LIMITED PARTNER'S CONTRIBUTION

SEC. 4. The contributions of a limited partner may be cash or other property, but not services.

A NAME NOT TO CONTAIN SURNAME OF LIMITED PARTNER; EXCEPTIONS

SEC. 5. (1) The surname of a limited partner shall not appear in the partnership name, unless—

(a) it is also the surname of a general partner, or

(b) prior to the time when the limited partner became such the business had been carried on under a name in which his surname appeared.

(2) A limited partner whose name appears in a partnership name contrary to the provisions of paragraph (1) is liable as a general partner to partnership creditors who extend credit to the partnership without actual knowledge that he is not a general partner.

LIABILITY FOR FALSE STATEMENTS IN CERTIFICATE

SEC. 6. If the certificate contains a false statement, one who suffers loss by reliance on such statement may hold liable any party to the certificate who knew the statement to be false—

(a) at the time he signed the certificate, or

(b) subsequently, but within a sufficient time before the statement was relied upon to enable him to cancel or amend the certificate, or to file a petition for its cancellation or amendment as provided in section 25(3).

LIMITED PARTNER NOT LIABLE TO CREDITORS

SEC. 7. A limited partner shall not become liable as a general partner unless, in addition to the exercise of his rights and powers as a limited partner, he takes part in the control of the business.

ADMISSION OF ADDITIONAL LIMITED PARTNERS

SEC. 8. After the formation of a limited partnership, additional limited partners may be admitted upon filing an amendment to the original certificate in accordance with the requirements of section 25.

RIGHTS, POWERS, AND LIABILITIES OF A GENERAL PARTNER

SEC. 9. (1) A general partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of the specific act by all the limited partners, a general partner or all of the general partners have no authority to—

(a) do any act in contravention of the certificate,

(b) do any act which would make it impossible to carry on the ordinary business of the partnership,

(c) confess a judgment against the partnership,

(d) possess partnership property, or assign their rights in specific partnership property, for other than a partnership purpose,

(e) admit a person as a general partner,

(f) admit a person as a limited partner, unless the right so to do is given in the certificate,

(g) continue the business with partnership property on the death, retirement, or insanity of a general partner, unless the right so to do is given in the certificate.

RIGHTS OF A LIMITED PARTNER

SEC. 10. (1) A limited partner shall have the same rights as a general partner to—

(a) have the partnership books kept at a principal place of business of the partnership, and at all times to inspect and copy any of them,

(b) have on demand true and full information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable, and

(c) have dissolution and winding up by decree of court.

(2) A limited partner shall have the right to receive a share of the profits or other compensation by way of income, and to the return of his contribution as provided in sections 15 and 16.

STATUS OF PERSON ERRONEOUSLY BELIEVING HIMSELF A LIMITED PARTNER

SEC. 11. A person who has contributed to the capital of a business conducted by a person or partnership erroneously believing that he has become a limited partner in a limited partnership is not, by reason of this exercise of the rights of a limited partner, a general partner with the person or in the partnership carrying on the business, or bound by the obligations of such person or partnership: *Provided,* That on ascertaining the mistake he promptly renounces his interest in the profits of the business, or other compensation by way of income.

ONE PERSON BOTH GENERAL AND LIMITED PARTNER

SEC. 12. (1) A person may be a general partner and a limited partner in the same partnership at the same time.

(2) A person who is a general, and also at the same time a limited, partner shall have all the rights and powers and be subject to all the restrictions of a general partner, except that, in respect to his contribution, he shall have the rights against the other members which he would have had if he were not also a general partner.

LOANS AND OTHER BUSINESS TRANSACTIONS WITH LIMITED PARTNER

SEC. 13. (1) A limited partner also may loan money to and transact other business with the partnership, and, unless he is also a general partner, receive on account of resulting claims against the partnership, with general creditors, a pro rata share of the assets. No limited partner shall in respect to any such claim—

(a) receive or hold as collateral security any partnership property, or

(b) receive from a general partner or the partnership any payment, conveyance, or release from liability, if at the time the assets of the partnership are not sufficient to discharge partnership liabilities to persons not claiming as general or limited partners.

(2) The receiving of collateral security, or a payment, conveyance, or release in violation of the provisions of paragraph (1) is a fraud on the creditors of the partnership.

RELATION OF LIMITED PARTNERS INTER SE

SEC. 14. Where there are several limited partners the members may agree that one or more of the limited partners shall have a priority over other limited partners as to the return of their contributions, as to their compensation by way of income, or as to any other matter. If such an agreement is made it shall be stated in the certificate, and in the absence of such a statement all the limited partners shall stand upon equal footing.

COMPENSATION OF LIMITED PARTNER

SEC. 15. A limited partner may receive from the partnership the share of the profits or the compensation by way of income stipulated for in the certificate: *Provided,* That after such payment is made, whether from the property of the partnership or that of a general partner, the partnership assets are in excess of all liabilities of the partnership except liabilities to limited partners on account of their contributions and to general partners.

WITHDRAWAL OR REDUCTION OF LIMITED PARTNER'S CONTRIBUTION

Sec. 16. (1) A limited partner shall not receive from a general partner or out of partnership property any part of his contribution until—

(a) all liabilities of the partnership, except liabilities to general partners and to limited partners on account of their contributions, have been paid or there remains property of the partnership sufficient to pay them,

(b) the consent of all members is had, unless the return of the contribution may be rightfully demanded under the provisions of paragraph (2), and

(c) the certificate is canceled or so amended as to set forth the withdrawal or reduction.

(2) Subject to the provisions of paragraph (1) a limited partner may rightfully demand the return of his contribution—

(a) on the dissolution of a partnership, or

(b) when the date specified in the certificate for its return has arrived, or

(c) after he has given six months' notice in writing to all other members, if no time is specified in the certificate either for the return of the contribution or for the dissolution of the partnership,

(3) In the absence of any statement in the certificate to the contrary or the consent of all members, a limited partner, irrespective of the nature of his contribution, has only the right to demand and receive cash in return for his contribution.

(4) A limited partner may have the partnership dissolved and its affairs wound up when—

(a) he rightfully but unsuccessfully demands the return of his contribution, or

(b) the other liabilities of the partnership have not been paid, or the partnership property is insufficient for their payment as required by paragraph (1a) and the limited partner would otherwise be entitled to the return of his contribution.

LIABILITY OF LIMITED PARTNER TO PARTNERSHIP

Sec. 17. (1) A limited partner is liable to the partnership—

(a) for the difference between his contribution as actually made and that stated in the certificate as having been made, and

(b) for any unpaid contribution which he agreed in the certificate to make in the future at the time and on the conditions stated in the certificate.

(2) A limited partner holds as trustee for the partnership—

(a) specific property stated in the certificate as contributed by him, but which was not contributed or which has been wrongfully returned, and

(b) money or other property wrongfully paid or conveyed to him on account of his contribution.

(3) The liabilities of a limited partner as set forth in this section can be waived or compromised only by the consent of all members; but a waiver or compromise shall not affect the right of a creditor of a partnership, who extended credit or whose claim arose after the filing and before a cancellation or amendment of the certificate, to enforce such liabilities.

(4) When a contributor has rightfully received the return in whole or in part of the capital of his contribution, he is nevertheless liable to the partnership for any sum, not in excess of such return with interest, necessary to discharge its liabilities to all creditors who extended credit or whose claims arose before such return.

NATURE OF LIMITED PARTNER'S INTEREST IN PARTNERSHIP

Sec. 18. A limited partner's interest in the partnership is personal property.

ASSIGNMENT OF LIMITED PARTNER'S INTEREST

Sec. 19. (1) A limited partner's interest is assignable.

(2) A substituted limited partner is a person admitted to all the rights of a limited partner who has died or has assigned his interest in a partnership.

(3) An assignee, who does not become a substituted limited partner, has no right to require any information or account of the partnership transactions or to inspect the partnership books; he is only entitled to receive the share of the profits or other compensation by way of income, or the return of his contribution, to which his assignor would otherwise be entitled.

(4) An assignee shall have the right to become a substituted limited partner if all the members (except the assignor) consent thereto or if the assignor, being thereunto empowered by the certificate, gives the assignee that right.

(5) An assignee becomes a substitued limited partner when the certificate is appropriately amended in accordance with section 25.

(6) The substituted limited partner has all the rights and powers, and is subject to all the restrictions and liabilities of his assignor, except those liabilities of which he was ignorant at the time he became a limited partner and which could not be ascertained from the certificate.

(7) The substitution of the assignee as a limited partner does not release the assignor from liability to the partnership under sections 6 and 17.

EFFECT OF RETIREMENT, DEATH, OR INSANITY OF A GENERAL PARTNER

Sec. 20. The retirement, death, or insanity of a general partner dissolves the partnership, unless the business is continued by the remaining general partners—

(a) under a right so to do stated in the certificate, or

(b) with the consent of all members.

DEATH OF LIMITED PARTNER

Sec. 21. (1) On the death of a limited partner his executor or administrator shall have all the rights of a limited partner for the purpose of settling his estate, and such power as the deceased had to constitute his assignee a substituted limited partner.

(2) The estate of a deceased limited partner shall be liable for all his liabilities as a limited partner.

RIGHTS OF CREDITORS OF LIMITED PARTNER

Sec. 22. (1) On due application to a court of competent jurisdiction by any judgment creditor of a limited partner, the court may charge the interest of the indebted limited partner with payment of the unsatisfied amount of the judgment debt; and may appoint a receiver, and make all other orders, directions, and inquiries which the circumstances of the case may require.

(2) The interest may be redeemed with the separate property of any general partner, but may not be redeemed with partnership property.

(3) The remedies conferred by paragraph (1) shall not be deemed exclusive of others which may exist.

(4) Nothing in this Act shall be held to deprive a limited partner of his statutory exemption.

DISTRIBUTION OF ASSETS

Sec. 23. (1) In settling accounts after dissolution the liabilities of the partnership shall be entitled to payment in the following order:

(a) Those to creditors, in the order of priority as provided by law, except those to limited partners on account of their contributions, and to general partners.

(b) Those to limited partners in respect to their share of the profits and other compensation by way of income on their contributions.

(c) Those to limited partners in respect to the capital of their contributions.

(d) Those to general partners other than for capital and profits.

(e) Those to general partners in respect to profits.

(f) Those to general partners in respect to capital.

(2) Subject to any statement in the certificate or to subsequent agreement, limited partners share in the partnership assets in respect to their claims for capital, and in respect to their claims for profits or for compensation by way of income on their contributions respectively, in proportion to the respective amounts of such claims.

WHEN CERTIFICATE SHALL BE CANCELED OR AMENDED

Sec. 24. (1) The certificate shall be canceled when the partnership is dissolved or all limited partners cease to be such.

(2) A certificate shall be amended when—

(a) there is a change in the name of the partnership or in the amount or character of the contribution of any limited partner,

(b) a person is substituted as a limited partner,

(c) an additional limited partner is admitted,

(d) a person is admitted as a general partner,

(e) a general partner retires, dies, or becomes insane, and the business is continued under section 20,

(f) there is a change in the character of the business of the partnership,

(g) there is a false or erroneous statement in the certificate,

(h) there is a change in the time as stated in the certificate for the dissolution of the partnership or for the return of a contribution,

(i) a time is fixed for the dissolution of the partnership, or the return of a contribution, no time having been specified in the certificate, or

(j) the members desire to make a change in any other statement in the certificate in order that it shall accurately represent the agreement between them.

REQUIREMENTS FOR AMENDMENT AND FOR CANCELLATION OF CERTIFICATE

Sec. 25. (1) The writing to amend a certificate shall—

(a) conform to the requirements of section 2(1)(a) as far as necessary to set forth clearly the change in the certificate which it is desired to make, and

(b) be signed and sworn to by all members, and an amendment substituting a limited partner or adding a limited or general partner shall be signed also by the member to be substituted or added, and when a limited partner is to be substituted, the amendment shall also be signed by the assigning limited partner.

(2) The writing to cancel a certificate shall be signed by all members.

(3) A person desiring the cancellation or amendment of a certificate, if any person designated in paragraphs (1) and (2) as a person who must execute the writing refuses to do so, may petition the United States District Court for the District of Columbia to direct a cancellation or amendment thereof.

(4) If the court finds that the petitioner has a right to have the writing executed by a person who refuses to do so, it shall order the Recorder of Deeds of the District of Columbia where the certificate is recorded to record the cancellation or amendment of the certificate; and where the certificate is to be amended, the court shall also cause to be filed for record in said office a certified copy of its decree setting forth the amendment.

(5) A certificate is amended or canceled when there is filed for record in the office of the Recorder of Deeds of the District of Columbia where the certificate is recorded—

(a) a writing in accordance with the provisions of paragraph (1) or (2), or

(b) a certified copy of the order of court in accordance with the provisions of paragraph (4).

(6) After the certificate is duly amended in accordance with this section, the amended certificate shall thereafter be for all purposes the certificate provided for by this Act.

PARTIES TO ACTIONS

SEC. 26. A contributor, unless he is a general partner, is not a proper party to proceedings by or against a partnership, except where the object is to enforce a limited partner's right against or liability to the partnership.

NAME OF ACT

SEC. 27. This Act may be cited as the "Uniform Limited Partnership Act".

RULES OF CONSTRUCTION

SEC. 28. (1) The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this Act.

(2) This Act shall be so interpreted and construed as to effect its general purpose to make uniform the law of those States which enact it.

(3) This Act shall not be so construed as to impair the obligations of any contract existing when the Act goes into effect, nor to affect any action on proceedings begun or right accrued before this Act takes effect.

RULES FOR CASES NOT PROVIDED FOR IN THIS ACT

SEC. 29. In any case not provided for in this Act the rules of law and equity, including the law merchant, shall govern.

PROVISIONS FOR EXISTING LIMITED PARTNERSHIPS

SEC. 30. (1) A limited partnership formed under any statute of this State, prior to the adoption of this Act, may become a limited partnership under this Act by complying with the provisions of section 2: *Provided*, That the certificate sets forth—

(a) the amount of the original contribution of each limited partner, and the time when the contribution was made, and

(b) that the property of the partnership exceeds the amount sufficient to discharge its liabilities to persons not claiming as general or limited partners by an amount greater than the sum of the contributions of its limited partners.

(2) A limited partnership formed under any statute of this State, prior to the adoption of this Act, until or unless it becomes a limited partnership under this Act, shall continue to be governed by the provisions of Thirty-first Statutes at Large, page 1415, chapter 854, sections 1498–1506, 1508, 1510–1528, as amended, except that such partnership shall not be renewed unless so provided in the original agreement.

REPEAL

SEC. 31. Except as affecting existing limited partnerships to the extent set forth in section 30, Thirty-first Statutes at Large, page 1415, chapter 854, sections 1498–1506, 1508, 1510–1528, as amended, is hereby repealed.

With the following committee amendments:

On page 19, line 8, following the word "formed", strike "under any statute of this State", and insert in lieu thereof the following: "under the Act approved March 3, 1901, as amended,".

On page 19, line 21, following the word "formed", strike "under any statute of this State", and insert in lieu thereof the following: "under the Act approved March 3, 1901, as amended,".

The committee amendments were agreed to.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I would be happy to yield to the gentleman from Iowa.

Mr. GROSS. What is the difference between this bill, H.R. 11019, and H.R. 12675? They both deal with partnerships, do they not?

Mr. WHITENER. Yes. But there is as much difference in the two bills as there is between an airplane and an automobile. One deals with limited partnerships, and one deals with general partnerships, which are entirely different types of legal creatures.

Mr. GROSS. One deals with limited partnerships and the other deals with general partnerships; are those the words the gentleman used?

Mr. WHITENER. That is right. This bill deals with limited partnerships. It is the Uniform Limited Partnership Act which is now in effect in 40 States of the Union, including Maryland, Virginia, and Iowa.

Mr. GROSS. I thank the gentleman.

Mr. WHITENER. Mr. Speaker, the purpose of the bill is to substitute the Uniform Limited Partnership Act for the present law in the District—act of March 3, 1901, 31 Stat. 1415; District of Columbia Code, 1961 edition, sections 41–101 and the following.

Present law has not been revised in the 60 years of its existence, and despite the growth of multiple and complex business and professional interrelationships, no effort has been made to modernize the law to facilitate the organization of limited partnerships which would have practical application in the expanding economy.

The Uniform Act was approved by the National Conference of Commissioners on Uniform State Laws—chosen from the legal profession—46 years ago, and since then the Uniform Act, approved by the American Bar Association, has been adopted and is in effect in 40 States, including Maryland and Virginia.

H.R. 11019 incorporates the Uniform Act in its entirety, and its enactment would conform the District's law to that of other jurisdictions. The bill repeals present law with respect to limited partnerships formed subsequent to the effective date of its enactment, and substitutes a precise and comprehensive formula for establishing limited partnerships, carefully delineating the rights and obligations of the limited partners inter se and in relation to the partnership as a whole.

The bill also provides for filing of certificate of limited partnership, and any amendment or cancellation thereof, with the recorder of deeds. Present law contains a provision, anomalous in these times, requiring the filing of the certificate of limited partnership in the office of the clerk of the U.S. District Court for the District of Columbia.

Need for the adoption of the Uniform Act was stressed at the hearings because:

First. Of the inadequacy of existing law under which limited partnerships may be formed only for mercantile, mechanical, or manufacturing businesses, and have not more than six limited partners who must contribute cash in order to obtain limited liability. H.R. 11019 would enable the use of limited partnerships in various fields, such as real estate, construction, and ownership.

Second. To meet economic growth in this area, businessmen and investors have long been forced to resort to more unusual and complex forms of business arrangements to achieve some of the benefits of limited partnership form of business organization. The bill would obviate such arrangements.

Third. Of desire for uniformity in this area, bringing the law of the District into conformity with that of Virginia and Maryland, so that business ventures may be conducted in any one or all three jurisdictions without difficulty, and the disparity among their laws will be eliminated.

No opposition to the bill was expressed at the hearings. It is endorsed by the Bar Association of the District of Columbia, the Board of Commissioners of the District of Columbia, and by the Metropolitan Washington Board of Trade.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. WHITENER. Mr. Speaker, I ask unanimous consent that I may insert in the RECORD at the time of consideration of each of these bills an explanatory statement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FORMATION OF PARTNERSHIPS IN DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (H.R. 12675) to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto shall be in effect in the District of Columbia on and after the date of the enactment of this Act.

PART I

Preliminary provisions

SECTION 1. NAME OF ACT.—This Act may be cited as the "Uniform Partnership Act".

SEC. 2. DEFINITION OF TERMS.—In this Act, "court" includes every court and judge having jurisdiction in the case.

"Business" includes every trade, occupation, or profession.

"Person" includes individuals, partnerships, corporations, and other associations.

"Bankrupt" includes bankrupt under the Federal Bankruptcy Act or insolvent under any law of the District of Columbia.

"Conveyance" includes every assignment, lease, mortgage, or encumbrance.

"Real property" includes land and any interest or estate in land.

Sec. 3. Interpretation of Knowledge and Notice.—(1) A person has "knowledge" of a fact within the meaning of this Act not only when he has actual knowledge thereof, but also when he has knowledge of such other facts as in the circumstances show bad faith.

(2) A person has "notice" of a fact within the meaning of this Act when the person who claims the benefit of the notice—

(a) states the fact to such person, or

(b) delivers through the mail, or by other means of communication, a written statement of the fact to such person or to a proper person at his place of business or residence.

Sec. 4. Rules of Construction.—(1) The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this Act.

(2) The law of estoppel shall apply under this Act.

(3) The law of agency shall apply under this Act.

(4) This Act shall be so interpreted and construed as to effect its general purpose to make uniform the law of those jurisdictions which enact it.

(5) This Act shall not be construed so as to impair the obligations of any contract existing when the Act goes into effect, nor to affect any action or proceedings begun or right accrued before this Act takes effect.

Sec. 5. Rules for Cases Not Provided for in This Act.—In any case not provided for in this Act the rules of law and equity, including the law merchant, shall govern.

PART II

Nature of a partnership

Sec. 6. Partnership Defined.—(1) A partnership is an association of two or more persons to carry on as coowners a business for profit.

(2) But any association formed under any other statute of this jurisdiction, or any statute adopted by authority, other than the authority of this jurisdiction is not a partnership under this Act, unless such association would have been a partnership in this jurisdiction prior to the adoption of this Act; but this Act shall apply to limited partnerships except insofar as the statutes of the District of Columbia relating to such partnerships are inconsistent herewith.

Sec. 7. Rules for Determining the Existence of a Partnership.—In determining whether a partnership exists, these rules shall apply:

(1) Except as provided by section 16 persons who are not partners as to each other are not partners as to third persons.

(2) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not of itself establish a partnership, whether such coowners do or do not share any profits made by the use of the property.

(3) The sharing of gross returns does not of itself establish a partnership, whether or not the persons sharing them have a joint or common right or interest in any property from which the returns are derived.

(4) The receipt by a person of a share of the profits of a business is prima facie evidence that he is a partner in the business, but no such inference shall be drawn if such profits were received in payment—

(a) as a debt by installments or otherwise,

(b) as wages of an employee or rent to a landlord,

(c) as an annuity to a widow or representative of a deceased partner,

(d) as interest on a loan, though the amount of payment varies with the profits of the business,

(e) as the consideration for the sale of the goodwill of a business or other property by installments or otherwise.

Sec. 8. Partnership Property.—(1) All property originally brought into the partnership stock or subsequently acquired by purchase or otherwise, on account of the partnership, is partnership property.

(2) Unless the contrary intention appears, property acquired with partnership funds is partnership property.

(3) Any estate in real property may be acquired in the partnership name. Title so acquired can be conveyed only in the partnership name.

(4) A conveyance to a partnership in the partnership name, though without words of inheritance, passes the entire estate of the grantor unless a contrary intent appears.

PART III

Relations of partners to persons dealing with the partnership

Sec. 9. Partner Agent of Partnership as to Partnership Business.—(1) Every partner is an agent of the partnership for the purpose of its business, and the act of every partner, including the execution in the partnership name of any instrument, for apparently carrying on in the usual way the business of the partnership of which he is a member binds the partnership, unless the partner so acting has in fact no authority to act for the partnership in the particular matter, and the person with whom he is dealing has knowledge of the fact that he has no such authority.

(2) An act of a partner which is not apparently for the carrying on of the business of the partnership in the usual way does not bind the partnership unless authorized by the other partners.

(3) Unless authorized by the other partners or unless they have abandoned the business, one or more but less than all the partners have no authority to—

(a) assign the partnership property in trust for creditors or on the assignee's promise to pay the debts of the partnership,

(b) dispose of the goodwill of the business,

(c) do any other act which would make it impossible to carry on the ordinary business of a partnership,

(d) confess a judgment,

(e) submit a partnership claim or liability to arbitration or reference.

(4) No act of a partner in contravention of a restriction on authority shall bind the partnership to persons having knowledge of the restriction.

Sec. 10. Conveyance of Real Property of the Partnership.—(1) Where title to real property is in the partnership name, any partner may convey title to such property by a conveyance executed in the partnership name; but the partnership may recover such property unless the partner's act binds the partnership under the provisions of paragraph (1) of section 9, or unless such property has been conveyed by the grantee or a person claiming through such grantee to a holder for value without knowledge that the partner, in making the conveyance, has exceeded his authority.

(2) Where title to real property is in the name of the partnership, a conveyance executed by a partner, in his own name, passes the equitable interest of the partnership, provided the act is one within the authority of the partner under the provisions of paragraph (1) of section 9.

(3) Where title to real property is in the name of one or more but not all the partners, and the record does not disclose the right of the partnership, the partners in whose name the title stands may convey title to such property, but the partnership may recover such property if the partners' act does not bind the partnership under the provisions of paragraph (1) of section 9, unless the purchaser or his assignee is a holder for value, without knowledge.

(4) Where the title to real property is in the name of one or more or all the partners, or in a third person in trust for the partnership, a conveyance executed by a partner in the partnership name, or in his own name, passes the equitable interest of the partnership, provided the act is one within the authority of the partner under the provision of paragraph (1) of section 9.

(5) Where the title to real property is in the names of all the partners a conveyance executed by all the partners passes all their rights in such property.

Sec. 11. Partnership Bound by Admission of Partner.—An admission or representation made by any partner concerning partnership affairs within the scope of his authority as conferred by this Act is evidence against the partnership.

Sec. 12. Partnership Charged With Knowledge of or Notice to Partner.—Notice to any partner of any matter relating to partnership affairs, and the knowledge of the partner acting in the particular matter, acquired while a partner or then present to his mind, and the knowledge of any other partner who reasonably could and should have communicated it to the acting partner, operate as notice to or knowledge of the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

Sec. 13. Partnership Bound by Partner's Wrongful Act.—Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the partnership or with the authority of his copartners, loss or injury is caused to any person, not being a partner in the partnership, or any penalty is incurred, the partnership is liable therefor to the same extent as the partner so acting or omitting to act.

Sec. 14. Partnership Bound by Partner's Breach of Trust.—The partnership is bound to make good the loss:

(a) Where one partner acting within the scope of his apparent authority receives money or property of a third person and misapplies it; and

(b) Where the partnership in the course of its business receives money or property of a third person and the money or property so received is misapplied by any partner while it is in the custody of the partnership.

Sec. 15. Nature of Partner's Liability.—All partners are liable—

(a) jointly and severally for everything chargeable to the partnership under sections 13 and 14,

(b) jointly for all other debts and obligations of the partnership; but any partner may enter into a separate obligation to perform a partnership contract.

Sec. 16. Partner by Estoppel.—(1) When a person, by words spoken or written or by conduct, represents himself, or consents to another representing him to anyone, as a partner in an existing partnership or with one or more persons not actual partners, he is liable to any such person to whom such representation has been made, who has, on the faith of such representation, given credit to the actual or apparent partnership, and if he has made such representation or consented to its being made in a public manner he is liable to such person, whether the representation has or has not been made or communicated to such person so giving credit by or with the knowledge of the apparent partner making the representation or consenting to its being made.

(a) When a partnership liability results, he is liable as though he were an actual member of the partnership.

(b) When no partnership liability results, he is liable jointly with the other persons, if any, so consenting to the contract or representation as to incur liability, otherwise separately.

(2) When a person has been thus represented to be a partner in an existing partnership, or with one or more persons not actual partners, he is an agent of the persons consenting to such representation to bind them to the same extent and in the

same manner as though he were a partner in fact, with respect to persons who rely upon the representation. Where all the members of the existing partnership consent to the representation, a partnership act or obligation results; but in all other cases it is the joint act or obligation of the person acting and the persons consenting to the representation.

Sec. 17. Liability of Incoming Partner.—A person admitted as a partner into an existing partnership is liable for all the obligations of the partnership arising before his admission as though he had been a partner when such obligations were incurred, except that this liability shall be satisfied only out of partnership property.

PART IV

Relations of partners to one another

Sec. 18. Rules Determining Rights and Duties of Partners.—The rights and duties of the partners in relation to the partnership shall be determined, subject to any agreement between them, by the following rules:

(a) Each partner shall be repaid his contributions, whether by way of capital or advances to the partnership property and share equally in the profits and surplus remaining after all liabilities, including those to partners, are satisfied; and must contribute toward the losses, whether of capital or otherwise, sustained by the partnership according to his share in the profits.

(b) The partnership must indemnify every partner in respect of payments made and personal liabilities reasonably incurred by him in the ordinary and proper conduct of its business or for the preservation of its business or property.

(c) A partner, who in aid of the partnership makes any payment or advance beyond the amount of capital which he agreed to contribute, shall be paid interest from the date of the payment or advance.

(d) A partner shall receive interest on the capital contributed by him only from the date when repayment should be made.

(e) All partners have equal rights in the management and conduct of the partnership business.

(f) No partner is entitled to remuneration for acting in the partnership business, except that a surviving partner is entitled to reasonable compensation for his services in winding up the partnership affairs.

(g) No person can become a member of a partnership without the consent of all the partners.

(h) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners; but no act in contravention of any agreement between the partners may be done rightfully without the consent of all the partners.

Sec. 19. Partnership Books.—The partnership books shall be kept, subject to any agreement between the partners, at the principal place of business of the partnership, and every partner shall at all times have access to and may inspect and copy any of them.

Sec. 20. Duty of Partners To Render Information.—Partners shall render on demand true and full information of all things affecting the partnership to any partner or the legal representative of any deceased partner or partner under legal disability.

Sec. 21. Partner Accountable as a Fiduciary.—(1) Every partner must account to the partnership for any benefit, and hold as trustee for it any profits derived by him without the consent of the other partners from any transaction connected with the formation, conduct, or liquidation of the partnership or from any use by him of its property.

(2) This section applies also to the representatives of a deceased partner engaged in the liquidation of the affairs of the partnership as the personal representatives of the last surviving partner.

Sec. 22. Right to an Account.—Any partner shall have the right to a formal account as to partnership affairs—

(a) if he is wrongfully excluded from the partnership business or possession of its property by his co-partners,

(b) if the right exists under the terms of any agreement,

(c) as provided by section 21,

(d) whenever other circumstances render it just and reasonable.

Sec. 23. Continuation of Partnership Beyond Fixed Term.—(1) When a partnership for a fixed term or particular undertaking is continued after the termination of such term or particular undertaking without any express agreement, the rights and duties of the partners remain the same as they were at such termination, so far as is consistent with a partnership at will.

(2) A continuation of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is prima facie evidence of a continuation of the partnership.

PART V

Property rights of a partner

Sec. 24. Extent of Property Rights of a Partner.—The property rights of a partner are (1) his rights in specific partnership property, (2) his interest in the partnership, and (3) his right to participate in the management.

Sec. 25. Nature of a Partner's Right in Specific Partnership Property.—(1) A partner is coowner with his partners of specific partnership property holding as a tenant in partnership.

(2) The incidents of this tenancy are such that:

(a) A partner, subject to the provisions of this Act and to any agreement between the partners, has an equal right with his partners to possess specific partnership property for partnership purposes; but he has no right to possess such property for any other purpose without the consent of his partners.

(b) A partner's right in specific partnership property is not assignable except in connection with the assignment of rights of all the partners in the same property.

(c) A partner's right in specific partnership property is not subject to attachment or execution, except on a claim against the partnership. When partnership property is attached for a partnership debt the partners, or any of them, or the representatives of a deceased partner, cannot claim any right under the homestead or exemption laws.

(d) On the death of a partner his right in specific partnership property vests in the surviving partner or partners, except where the deceased was the last surviving partner, when his right in such property vests in his legal representative. Such surviving partner or partners, or the legal representative of the last surviving partner, has no right to possess the partnership property for any but a partnership purpose.

(e) A partner's right in specific partnership property is not subject to dower, curtesy, or allowances to widows, heirs, or next of kin.

Sec. 26. Nature of Partner's Interest in the Partnership.—A partner's interest in the partnership is his share of the profits and surplus, and the same is personal property.

Sec. 27. Assignment of Partner's Interest.—(1) A conveyance by a partner of his interest in the partnership does not of itself dissolve the partnership, nor, as against the other partners in the absence of agreement, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any information or account of partnership transactions, or to inspect the partnership books; but it merely entitles the assignee to receive in accordance with his contract the profits to which the assigning partner would otherwise be entitled.

(2) In case of a dissolution of the partnership, the assignee is entitled to receive his assignor's interest and may require an account from the date only of the last account agreed to by all the partners.

Sec. 28. Partner's Interest Subject to Charging Order.—(1) On due application to a competent court by any judgment creditor of a partner, the court which entered the judgment, order, or decree, or any other court, may charge the interest of the debtor partner with payment of the unsatisfied amount of such judgment debt with interest thereon; and may then or later appoint a receiver of his share of the profits, and of any other money due or to fall due to him in respect of the partnership, and make all other orders, directions, accounts, and inquiries which the debtor partner might have made, or which the circumstances of the case may require.

(2) The interest charged may be redeemed at any time before foreclosure, or in case of a sale being directed by the court may be purchased without thereby causing a dissolution:

(a) With separate property, by any one or more of the partners, or

(b) With partnership property, by any one or more of the partners with the consent of all the partners whose interests are not so charged or sold.

(3) Nothing in this Act shall be held to deprive a partner of his right, if any, under the exemption laws, as regards his interest in the partnership.

PART VI

Dissolution and winding up

Sec. 29. Dissolution Defined.—The dissolution of a partnership is the change in the relation of the partners caused by any partner ceasing to be associated in the carrying on as distinguished from the winding up of the business.

Sec. 30. Partnership Not Terminated by Dissolution.—On dissolution the partnership is not terminated, but continues until the winding up of partnership affairs is completed.

Sec. 31. Causes of Dissolution.—Dissolution is caused: (1) Without violation of the agreement between the partners—

(a) by the termination of the definite term or particular undertaking specified in the agreement,

(b) by the express will of any partner when no definite term or particular undertaking is specified,

(c) by the express will of all the partners who have not assigned their interests or suffered them to be charged for their separate debts, either before or after the termination of any specified term or particular undertaking,

(d) by the expulsion of any partner from the business bona fide in accordance with such a power conferred by the agreement between the partners;

(2) In contravention of the agreement between the partners, where the circumstances do not permit a dissolution under any other provision of this section, by the express will of any partner at any time;

(3) By any event which makes it unlawful for the business of the partnership to be carried on or for the members to carry it on in partnership;

(4) By the death of any partner;

(5) By the bankruptcy of any partner or the partnership;

(6) By decree of court under section 32.

Sec. 32. Dissolution by Decree of Court.—(1) On application by or for a partner the court shall decree a dissolution whenever—

(a) a partner has been declared a lunatic in any judicial proceeding or is shown to be of unsound mind,

(b) a partner becomes in any other way incapable of performing his part of the partnership contract,

(c) a partner has been guilty of such conduct as tends to affect prejudicially the carrying on of the business,

(d) a partner willfully or persistently commits a breach of the partnership agreement, or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable to carry on the business in partnership with him,

(e) the business of the partnership can only be carried on at a loss,

(f) other circumstances render a dissolution equitable.

(2) On the application of the purchaser of a partner's interest under sections 27 and 28—

(a) after the termination of the specified term or particular undertaking,

(b) at any time if the partnership was a partnership at will when the interest was assigned or when the charging order was issued.

Sec. 33. General Effect of Dissolution on Authority of Partner.—Except so far as may be necessary to wind up partnership affairs or to complete transactions begun but not then finished, dissolution terminates all authority of any partner to act for the partnership—

(1) with respect to the partners—

(a) when the dissolution is not by the act, bankruptcy or death of a partner; or

(b) when the dissolution is by such act, bankruptcy or death of a partner, in cases where section 34 so requires;

(2) with respect to persons not partners, as declared in section 35.

Sec. 34. Right of Partner to Contribution From Copartners After Dissolution.—Where the dissolution is caused by the act, death, or bankruptcy of a partner, each partner is liable to his copartners for his share of any liability created by any partner acting for the partnership as if the partnership had not been dissolved unless—

(a) the dissolution being by act of any partner, the partner acting for the partnership had knowledge of the dissolution, or

(b) the dissolution being by the death or bankruptcy of a partner, the partner acting for the partnership had knowledge or notice of the death or bankruptcy.

Sec. 35. Power of Partner To Bind Partnership to Third Persons After Dissolution.—(1) After dissolution a partner can bind the partnership except as provided in paragraph (3)—

(a) by any act appropriate for winding up partnership affairs or completing transactions unfinished at dissolution;

(b) by any transaction which would bind the partnership if dissolution had not taken place, provided the other party to the transaction,

(I) had extended credit to the partnership prior to dissolution and had no knowledge or notice of the dissolution; or

(II) though he had not so extended credit, had nevertheless known of the partnership prior to dissolution, and, having no knowledge or notice of dissolution, the fact of dissolution had not been advertised in a newspaper of general circulation in the place (or in each place if more than one) at which the partnership business was regularly carried on.

(2) The liability of a partner under paragraph (1)(b) shall be satisfied out of partnership assets alone when such partner has been prior to dissolution—

(a) unknown as a partner to the person with whom the contract is made; and

(b) so far unknown and inactive in partnership affairs that the business reputation of the partnership could not be said to have been in any degree due to his connection with it.

(3) The partnership is in no case bound by any act of a partner after dissolution—

(a) where the partnership is dissolved because it is unlawful to carry on the business, unless the act is appropriate for winding up partnership affairs; or

(b) where the partner has become bankrupt; or

(c) where the partner has no authority to wind up partnership affairs; except by a transaction with one who,

(I) had extended credit to the partnership prior to dissolution and had no knowledge or notice of his want of authority; or

(II) had not extended credit to the partnership prior to dissolution, and, having no knowledge or notice of his want of authority, the fact of his want to authority had not been advertised in the manner provided for advertising the fact of dissolution in paragraph (1)(b)(II).

(4) Nothing in this section shall affect the liability under section 16 of any person who after dissolution represents himself or consents to another representing him as a partner in a partnership engaged in carrying on business.

Sec. 36. Effect of Dissolution on Partner's Existing Liability.—(1) The dissolution of the partnership does not of itself discharge the existing liability of any partner.

(2) A partner is discharged from any existing liability upon dissolution of the partnership by an agreement to that effect between himself, the partnership creditor and the person or partnership continuing the business; and such agreement may be inferred from the course of dealing between the creditor having knowledge of the dissolution and the person or partnership continuing the business.

(3) Where a person agrees to assume the existing obligations of a dissolved partnership, the partners whose obligations have been assumed shall be discharged from any liability to any creditor of the partnership who, knowing of the agreement, consents to a material alteration in the nature or time of payment of such obligations.

(4) The individual property of a deceased partner shall be liable for all obligations of the partnership incurred while he was a partner but subject to the prior payment of his separate debts.

Sec. 37. Right To Wind Up.—Unless otherwise agreed the partners who have not wrongfully dissolved the partnership or the legal representative of the last surviving partner, not bankrupt, has the right to wind up the partnership affairs: *Provided, however,* That any partner, his legal representative or his assignee, upon cause shown, may obtain winding up by the court.

Sec. 38. Rights of Partners to Application of Partnership Property.—(1) When dissolution is caused in any way, except in contravention of the partnership agreement, each partner, as against his copartner and all persons claiming through them in respect of their interests in the partnership, unless otherwise agreed, may have the partnership property applied to discharge its liabilities, and the surplus applied to pay in cash the net amount owing to the respective partners. But if dissolution is caused by expulsion of a partner bona fide under the partnership agreement and if the expelled partner is discharged from all partnership liabilities, either by payment or agreement under section 36(2), he shall receive in cash only the net amount due him from the partnership.

(2) When dissolution is caused in contravention of the partnership agreement the rights of the partners shall be as follows:

(a) Each partner who has not caused dissolution wrongfully shall have—

(I) all the rights specified in paragraph (1) of this section, and

(II) the right, as against each partner who has caused the dissolution wrongfully, to damages for breach of the agreement.

(b) The partners who have not caused the dissolution wrongfully, if they all desire to continue the business in the same name, either by themselves or jointly with others, may do so, during the agreed term for the partnership and for that purpose may possess the partnership property, provided they secure the payment by bond approved by the court, or pay to any partner who has caused the dissolution wrongfully, the value of his interest in the partnership at the dissolution, less any damages recoverable under clause (2)(a)(II) of this section, and in like manner indemnify him against all present or future partnership liabilities.

(c) A partner who has caused the dissolution wrongfully shall have—

(I) if the business is not continued under the provisions of paragraph (2)(b) all the rights of a partner under paragraph (1), subject to clause (2)(a)(II) of this section,

(II) if the business is continued under paragraph (2)(b) of this section, the right as against his copartners and all claiming through them in respect of their interests in the partnership to have the value of his interest in the partnership, less any damages caused to his copartners by the dissolution, ascertained and paid to him in cash, or the payment secured by bond approved by the court, and to be released from all existing liabilities of the partnership; but in ascertaining the value of the partner's interest the value of the goodwill of the business shall not be considered.

Sec. 39. Rights Where Partnership Is Dissolved for Fraud or Misrepresentation.—Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one of the parties thereto, the party entitled to rescind is, without prejudice to any other right, entitled—

(a) to a lien on, or right of retention of, the surplus of the partnership property after satisfying the partnership liabilities to third persons for any sum of money paid by him for the purchase of an interest in the partnership and for any capital or advances contributed by him; and

(b) To stand, after all liabilities to third persons have been satisfied, in the place of the creditors of the partnership for any payments made by him in respect of the partnership liabilities; and

(c) To be indemnified by the person guilty of the fraud or making the representation against all debts and liabilities of the partnership.

Sec. 40. Rules for Distribution.—In settling accounts between the partners after dissolution, the following rules shall be observed, subject to any agreement to the contrary:

(a) The assets of the partnership are—

(I) the partnership property,

(II) the contributions of the partners necessary for the payment of all the liabilities specified in clause (b) of this paragraph.

(b) The liabilities of the partnership shall rank in order of payment, as follows:

(I) Those owing to creditors other than partners,

(II) Those owing to partners other than for capital and profits,

(III) Those owing to partners in respect of capital,

(IV) Those owing to partners in respect of profits.

(c) The assets shall be applied in the order of their declaration in clause (a) of this paragraph to the satisfaction of the liabilities.

(d) The partners shall contribute, as provided by section 18(a), the amount necessary to satisfy the liabilities; but if any, but not all, of the partners are insolvent, or, not being subject to process, refuse to contribute, the other partners shall contribute their share of the liabilities, and, in the relative proportions in which they share the profits, the additional amount necessary to pay the liabilities.

(e) An assignee for the benefit of creditors or any person appointed by the court shall have the right to enforce the contributions specified in clause (d) of this paragraph.

(f) Any partner or his legal representative shall have the right to enforce the contributions specified in clause (d) of this paragraph, to the extent of the amount which he has paid in excess of his share of the liability.

(g) The individual property of a deceased partner shall be liable for the contributions specified in clause (d) of this paragraph.

(h) When partnership property and the individual properties of the partners are in possession of a court for distribution, partnership creditors shall have priority on partnership property and separate creditors on individual property, saving the rights of lien or secured creditors as heretofore.

(i) Where a partner has become bankrupt or his estate is insolvent the claims against his separate property shall rank in the following order:

(I) Those owing to separate creditors,

(II) Those owing to partnership creditors,

(III) Those owing to partners by way of contribution.

Sec. 41. Liability of Persons Continuing the Business in Certain Cases.—(1) When any new partner is admitted into an existing partnership, or when any partner retires and assigns (or the representative of the deceased partner assigns) his rights in partnership property to two or more of the partners, or to one or more of the partners and one or more third persons, if the business is continued without liquidation of the partnership affairs, creditors of the first or dissolved partnership are also creditors of the partnership so continuing the business.

(2) When all but one partner retire and assign (or the representative of a deceased partner assigns) their rights in partnership property to the remaining partner, who continues the business without liquidation of partnership affairs, either alone or with others, creditors of the dissolved partnership are also creditors of the person or partnership so continuing the business.

(3) When any partner retires or dies and the business of the dissolved partnership is continued as set forth in paragraphs (1) and (2) of this section, with the consent of the retired partners or the representative of the deceased partner, but without any assignment of his right in partnership property, rights of creditors of the dissolved partnership and of the creditors of the person or partnership continuing the business shall be as if such assignment had been made.

(4) When all the partners or their representatives assign their rights in partnership property to one or more third persons who promise to pay the debts and who continue the business of the dissolved partnership, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(5) When any partner wrongfully causes a dissolution and the remaining partners continue the business under the provisions of section 38(2)(b), either alone or with others, and without liquidation of the partnership affairs, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(6) When a partner is expelled and the remaining partners continue the business either alone or with others, without liquidation of the partnership affairs, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(7) The liability of a third person becoming a partner in the partnership continuing the business, under this section, to the creditors of the dissolved partnership shall be satisfied out of partnership property only.

(8) When the business of a partnership after dissolution is continued under any conditions set forth in this section, the creditors of the dissolved partnership, as against the separate creditors of the retiring or deceased partner or the representatives of the deceased partner, have a prior right to any claim of the retired partner or the representative of the deceased partner against the person or partnership continuing the business on account of the retired or deceased partner's interest in the dissolved partnership or on account of any consideration promised for such interest or for his right in partnership property.

(9) Nothing in this section shall be held to modify any right of creditors to set aside any assignment on the ground of fraud.

(10) The use by the person or partnership continuing the business of the partnership name, or the name of a deceased partner as part thereof, shall not of itself make the individual property of the deceased partner liable for any debts contracted by such person or partnership.

Sec. 42. Rights of Retiring or Estate of Deceased Partner When the Business Is Continued.—When any partner retires or dies, and the business is continued under any of the conditions set forth in section 41 (1), (2), (3), (5), (6), or section 38(2)(b), without any settlement of accounts as between him or his estate and the person or partnership continuing the business, unless otherwise agreed, he or his legal representative, as against such persons or partnership, may have the value of his interest at the date of dissolution ascertained, and shall receive as an ordinary creditor an amount equal to the value of his interest in the dissolved partnership with interest, or, at his option or at the option of his legal representative, in lieu of interest, the profits attributable to the use of his right in the property of the dissolved partnership; provided that the creditors, or the representative of the retired or deceased creditors of the dissolved partnership as against the separate partner, shall have priority on any claim arising under this section, as provided by section 41(8) of this Act.

Sec. 43. Accrual of Right to Account.—The right to an account of his interest shall accrue to any partner, or his legal representative, as against the winding up partners or the surviving partners or the person or partnership continuing the business, at the date of dissolution, in the absence of any agreement to the contrary.

Mr. WHITENER. Mr. Speaker, the purpose of the bill is to establish statutory authority for the formation and conduct of partnerships in the District of Columbia, and to make the law more certain and uniform with respect thereto by enacting into law the Uniform Partnership Act, already in effect in three-fourths of the States.

Existing law in the District of Columbia was enacted over 60 years ago—act of March 3, 1901, 31 Stat. 1414; District of Columbia Code, 1961 edition, sections 41-201 through 41-204—and has been in effect without change or modification since. Inadequate of itself, nevertheless it will be retained as a desirable supplement to the more basic and fundamental provisions of H.R. 12675.

The Uniform Partnership Act was approved by the National Conference of Commissioners on Uniform State Laws in 1914, and by the American Bar Association the following year. Since then, it has been adopted by and is in effect in 39 States, including Maryland—in 1916—and Virginia—in 1918.

The present statutory law in the District of Columbia is most inadequate and extremely limited in application. It applies solely to the composition by a partner of his liability to a partnership creditor upon dissolution of the partnership.

This aspect of partnership law, though important, is only a small part of the general body of partnership law as developed through the centuries by courts in this country and abroad. Existing law in the District does not cover the more basic and fundamental facets of partnership law such as, first, the nature of the partnership relationship itself; second, the relationship of the partners inter se; third, the property rights of partners; fourth, the dissolution and termination of the partnership; and, fifth, relations of the partners to third persons dealing with the partnership other than the composition of liability therewith upon dissolution of the partnership. These are embodied in the Uniform Partnership Act embraced within H.R. 12675.

Uniformity of law becomes a practical necessity in a metropolitan area such as this, where the zone of commercial activity spans three separately governed jurisdictions. Frequently, residents of Virginia and Maryland desire to join together with District of Columbia residents to conduct a partnership business which may be located in any one or all three jurisdictions. Enactment of the reported bill would eliminate many incongruities and inequities implicit in such circumstances by bringing the law of the District into conformity with the laws of its neighboring States, Maryland and Virginia.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONCERNING GIFTS TO MINORS IN DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 11018) to amend the act concerning gifts to minors in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act concerning gifts of securities to minors in the District of Columbia", approved August 3, 1956 (70 Stat. 1028; D.C. Code, sec. 21-214), is amended to read as follows:

"Section 1. As used in this Act, the following terms shall have the meaning ascribed to each:

"(1) 'Adult': one who has attained the age of twenty-one years.

"(2) 'Bank': any person or association of persons carrying on the business of banking, whether incorporated or not, in the District of Columbia.

"(3) 'Broker': one who is lawfully engaged in the business of effecting transactions in securities for the account of others; a bank which effects such transactions; and one who is lawfully engaged in buying and selling securities for his own account, through a broker or otherwise, as a part of a regular business.

"(4) 'Court': The United States District Court for the District of Columbia.

"(5) 'Custodial property':

"(A) All securities and money, under the supervision of the same custodian for the same minor as a consequence of a gift or gifts made to the minor in the manner prescribed in this Act;

"(B) The income from the custodial property; and

"(C) The proceeds, immediate and remote, from the sale, exchange, conversion, investment, reinvestment, or other disposition of such securities, money, and income.

"(6) 'Custodian': one so designated in the manner prescribed in this Act.

"(7) 'Guardian of a minor': the general guardian, guardian, tutor, or curator of the minor's property, estate or person.

"(8) 'Issuer': one who places or authorizes the placing of his name on a security (other than as a transfer agent) to evidence that it represents a share, participation or other interest in his property or in an enterprise or to evidence his duty or undertaking to perform an obligation evidenced by the security, or who becomes responsible for or in place of any such person.

"(9) 'Legal representative': the executor or the administrator, general guardian, committee, conservator, tutor, or curator of a person's property or estate.

"(10) 'Member of a minor's family': any of the minor's parents, grandparents, brothers, sisters, uncles, and aunts, whether of the whole blood or the half blood, or by or through legal adoption.

"(11) 'Minor': one who has not attained the age of twenty-one years.

"(12) 'Security': any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, collateral trust certificate, transferable share, voting trust certificate, or, in general, any interest or instrument commonly known as an interim certificate, receipt, or certificate of deposit for, or any warrant or right to subscribe to or purchase, any of the foregoing. 'Security' does not include a security of which the donor is the issuer. A 'security' is in 'registered form' when it specifies a person entitled to it or to the right it evidences and its transfer may be registered upon books maintained for that purpose by or on behalf of the issuer.

"(13) 'Transfer agent': one who acts as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of transfers of its securities or in the issue of new securities or in the cancellation of surrendered securities.

"(14) 'Trust company': a bank authorized to exercise trust powers.

"SEC. 2. (a) An adult may, during his lifetime, make a gift of a security or money, to one who is a minor on the date of the gift, if the subject of the gift is a security—

"(1) in registered form, by registering it in the name of the donor, another adult, or a trust company followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act';

"(2) not in registered form, by delivering it to an adult other than the donor or a trust company, accompanied by a statement of gift in the following form, in substance, signed by the donor and the designated custodian:

"GIFT UNDER THE DISTRICT OF COLUMBIA UNIFORM GIFTS TO MINORS ACT

"I, (name of donor), hereby deliver to (name of custodian) as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act, the following security(ies); (insert an appropriate description of the security or securities delivered sufficient to identify it or them).

____

(signature of donor)

Dated:______________

(Name of custodian) hereby acknowledges receipt of the above described security(ies) as custodian for the above minor under the above Act.

____

(signature of custodian)

Dated:______________

"(3) If the subject of the gift is money, by paying or delivering it to a broker or a bank for credit to an account in the name of the donor, another adult, or a bank with trust powers, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'.

"(b) Any gift made in the manner prescribed in subsection (a) may be made to only one minor.

"(c) A donor who makes a gift to a minor as prescribed in subsection (a) shall promptly do all things within his power to put the subject of the gift in the possession and control of the custodian, but neither the donor's failure to comply with this subsection, nor his designation of an ineligible person as custodian, nor renunciation by the person designated as custodian shall affect the consummation of the gift.

"SEC. 3. (a) A gift made as prescribed in this Act shall be irrevocable and convey to the minor indefeasibly vested legal title to the security or money, given, but no guardian of the minor shall have any right, power, duty, or authority with respect to the custodial property except as provided in this Act.

"(b) By making a gift in the manner prescribed in this Act, the donor incorporates in his gift all the provisions thereof and grants to the custodian, and to any issuer, transfer agent, bank, broker, or third person dealing with a custodian, the respective powers, rights, and immunities provided in this Act.

"SEC. 4. (a) Only one person may be the custodian. He shall collect, hold, manage, invest, and reinvest the custodial property.

"(b) The custodian shall pay over to the minor for expenditure by him, or expend for the minor's benefit, so much of or all the custodial property as the custodian deems advisable for the support, maintenance, education, and benefit of the minor in the manner, at the time or times, and to the extent that the custodian in his discretion deems suitable and proper, with or without court order, with or without regard to the duty of himself or of any other person to support the minor or his ability to do so, and with or without regard to any other income or property of the minor which may be applicable or available for any such purpose.

"(c) The court, on the petition of a parent or guardian of the minor or of the minor, if he has attained the age of fourteen years, may order the custodian to pay over to the minor for expenditure by him or to expend so much of or all the custodial property as is necessary for the minor's support, maintenance, or education.

"(d) To the extent that the custodial property is not so expended, the custodian shall deliver or pay it over to the minor on his attaining the age of twenty-one years or, if the minor dies before attaining that age, he shall thereupon deliver or pay it over to the estate of the minor.

"(e) The custodian, notwithstanding statutes restricting investments by fiduciaries, shall invest and reinvest the custodial property as would a prudent person of discretion and intelligence who is seeking a reasonable income and the preservation of capital, except that he may, in his discretion and without liability to the minor or his estate, retain a security given to the minor in the manner prescribed in this Act.

"(f) The custodian may sell, exchange, convert, or otherwise dispose of custodial property in the manner, at the time or times, for the price or prices, and upon the terms he deems advisable. He may vote in person or by general or limited proxy a security which is custodial property. He may consent, directly or through a committee or other agent, to the reorganization, consolidation, merger, dissolution, or liquidation of an issuer, a security which is custodial property, and to the sale, lease, pledge, or mortgage of any property by or to such an issuer, and to any other action by such an issuer. He may execute and deliver any and all instruments in writing which he deems advisable to carry out any of his powers as custodian.

"(g) The custodian shall register each security which is custodial property and in registered form in the name of the custodian, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'. He shall hold all money which is custodial property in an account with a broker or in a bank in the name of the custodian, followed, in substance, by the same words. He shall keep all other custodial property separate and distinct from his own property in a manner to identify it clearly as custodial property.

"(h) The custodian shall keep records of all transactions with respect to the custodial property, and make them available for inspection at reasonable intervals by a parent or legal representative of the minor or by the minor, if he has attained the age of fourteen years.

"(i) A custodian shall have and hold as powers in trust, with respect to the custodial property, in addition to the rights and powers provided in this Act, all the rights and powers which a guardian has with respect to property not held as custodial property.

"SEC. 5. (a) A custodian shall be entitled to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties.

"(b) A custodian may act without compensation for his services.

"(c) Unless the custodian is a donor, he may receive from the custodial property reasonable compensation for his services determined by one of the following standards in the following order:

"(1) A direction by the donor when the gift is made;

"(2) Any statute of the District of Columbia applicable to custodians;

"(3) Any statute of the District of Columbia applicable to guardians;

"(4) An order of the court.

"(d) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

"(e) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act.

"SEC. 6. (a) Only an adult member of the minor's family, a guardian of the minor, or a trust company shall be eligible to become successor custodian. A successor custodian shall have all the rights, powers, duties, and immunities of a custodian designated in the manner prescribed by this Act.

"(b) A custodian, other than the donor, may resign and designate his successor by—

"(1) executing an instrument of resignation designating the successor custodian; and

"(2) causing each security which is custodial property and in registered form to be registered in the name of the successor custodian followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'; and

"(3) delivering to the successor custodian the instrument of resignation, each security registered in the name of the successor custodian, and all other custodial property together with any additional instruments required for the transfer thereof.

"(c) A custodian, whether or not a donor, may petition the court for permission to resign and for the designation of a successor custodian.

"(d) If the person designated as custodian is not eligible, renounces or dies before the minor attains the age of twenty-one years, the guardian of the minor shall be successor custodian. If the minor has no guardian, a donor, his legal representative, the legal representative of the custodian, an adult member of the minor's family, or the minor, if he has attained the age of fourteen years, may petition the court for the designation of a successor custodian.

"(e) A donor, the legal representative of a donor, an adult member of the minor's family, a guardian of the minor or the minor, if he has attained the age of fourteen years, may petition the court that, for cause shown in the petition, the custodian be removed and a successor custodian be designated or, in the alternative, that the custodian be required to give bond for the performance of his duties.

"(f) Upon the filing of a petition as provided in this section, the court shall grant an order, directed to the persons and returnable on such notice as the court may require, to show cause why the relief prayed for in the petition should not be granted and, in due course, grant such relief as the court finds to be in the best interests of the minor.

"SEC. 7. (a) The minor, if he has attained the age of fourteen years, or the legal representative of the minor, an adult member of the minor's family, or a donor or his legal representative may petition the court for an accounting by the custodian or his legal representative.

"(b) The court, in a proceeding under this Act or otherwise, may require or permit the custodian or his legal representative to account and, if the custodian is removed, shall so require and order delivery of all custodial property to the successor custodian and the execution of all instruments required for the transfer thereof.

"SEC. 8. No issuer, transfer agent, bank, broker, or other person acting on the instructions of or otherwise dealing with any person purporting to act as a donor or in the capacity of a custodian shall be responsible for determining whether the person designated by the purported donor or purporting to act as a custodian has been duly designated or whether any purchase, sale, or transfer to or by or any other act of any person purporting to act in the capacity of custodian is in accordance with or authorized by this Act, and shall not be obliged to inquire into the validity or propriety under the provisions of this Act of any instrument or instructions executed or given by a person purporting to act as a donor or in the capacity of a custodian, and shall not be bound to see to the application by any person purporting to act in the capacity of a custodian of any money or other property paid or delivered to him.

"SEC. 9. (a) The provisions of this Act shall be construed to effectuate the general purpose thereof to make uniform the law of those States which enact such provisions.

"(b) This Act shall not be construed as providing an exclusive method for making gifts to minors.

"SEC. 10. If any provision of this Act or the application thereof is held invalid, the other provisions or applications of such provisions shall not be affected thereby.

"SEC. 11. This Act may be cited as the 'District of Columbia Uniform Gifts to Minors Act'."

SEC. 2. (a) All laws or parts of laws in conflict with any provision of this Act are hereby repealed.

(b) The amendments made to the Act of August 3, 1956 (70 Stat. 1028; D.C. Code, secs. 21-214 et seq.), by the first section of this Act shall not affect any right or liability under such Act of August 3, 1956, existing on December 31, 1962.

SEC. 3. This Act shall take effect January 1, 1963.

With the following committee amendments:

On page 2, line 12, strike out "and money" and insert in lieu thereof ", money, life insurance and annuity contracts".

On page 2, line 21, following the word "money," insert "life insurance and annuity contracts,".

On page 3, immediately after line 13, insert the following:

" 'Life insurance and annuity contracts': shall include only insurance and annuity contracts on the life of a minor or a member of the minor's family as herein defined."

On page 3, lines 14, 18, and 20, strike out "(10)", "(11)", and "(12)", and insert in lieu thereof "(11)", "(12)", and "(13)" respectively.

On page 4, line 2, strike out the word "an" and insert in lieu thereof: "a security, or any certificate of interest of participation in, any temporary or."

On page 4, lines 10 and 15, strike out "(13)" and "(14)", and insert in lieu thereof "(14)" and "(15)", respectively.

On page 4, line 18, strike out "or money" and insert in lieu thereof ", money, life insurance or annuity contract".

On page 5, immediately before line 5, insert the following:

"(3) If the subject of the gift is a life insurance or annuity contract, the ownership of the contract shall be registered by the donor of such contract in his own name or in the name of an adult member of the guardian of the minor, followed by the words minor's family or in the name of any 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act', and such contract shall be delivered to the person in whose name it is thus registered as custodian. If the contract is registered in the name of the donor, as custodian, such registration shall of itself constitute the delivery required by this section."

On page 5, line 5, strike out "(3)" and insert in lieu thereof "(4)".

On page 6, line 7, strike out "or money" and insert in lieu thereof ", money, life insurance or annuity contract".

On page 6, line 14, immediately after "broker," insert "insurance company,".

On page 7, line 13, immediately after "or pay" insert "it".

On page 9, immediately after line 8, insert the following:

"(j) If the subject of the gift is a life insurance or annuity contract, the custodian shall have all of the incidents of ownership in the contract which he may hold as custodian to the same extent as if he were the owner thereof personally. The designated beneficiary of any such contract held by a custodian shall be the minor or, in the event of his death, the minor's estate."

On page 10, lines 11 and 12, strike out "member of the minor's family".

On page 10, line 22, immediately after "registered form" insert "and each life insurance or annuity contract".

On page 11, line 5, immediately after "successor custodian," insert "each life insurance or annuity contract registered in the name of the successor custodian,".

On page 12, line 20, immediately after "broker," insert "insurance company,".

The committee amendments were agreed to.

Mr. WHITENER. Mr. Speaker, the purpose of the bill is to substitute the "Uniform" Gifts to Minors Act for the present District of Columbia "Model" Gifts to Minors Act, approved August 3, 1956—70 Stat. 1028; District of Columbia Code, 1961 edition, sections 21-204 and the following. The effect will be to broaden the old "model" present law to permit gifts of money and insurance, as well as securities, to a minor; to enlarge the choice of custodians; and to permit compensation to said custodians.

Early experience in various States—14—with the Model Act led to the drafting of a shorter, improved version, called the Uniform Gifts to Minors Act, which was approved by the National Conference of Commissioners on Uniform State Laws and by the American Bar Association, and is the basis of H.R. 11018. The Uniform Act has had almost nationwide acceptance. As of today it has been enacted and is in effect in 47 States; only three—Alaska, Georgia, and New Jersey—and the District of Columbia still use the earlier model law.

H.R. 11018, as reported, defines "custodial property" to mean "securities, money, life insurance, and annuity contracts." Eight of the States which have adopted the Uniform Act, Illinois, Kentucky, New Hampshire, North Carolina, Ohio, Wisconsin, Massachusetts, and Michigan—likewise include "insurance" in their Uniform Acts. It is recommended by the American Life Convention and the Life Insurance Association of America, having a combined membership of 306 life insurance companies—representing 94 percent of the legal reserve life insurance business in the United States—150 of which do business in the District of Columbia.

The committee intends the phrase "life insurance" to include endowment policies, it having been advised by the local insurance associations that this is a proper interpretation of said language in this jurisdiction. The specific amendments reported with respect to insurance follow closely the provisions in the North Carolina and Kentucky statutes, and they restrict the life insurance under the bill to insurance on the life of a minor or a member of the minor's family.

With respect to custodians, the bill, as reported, provides that the donor may select as custodian any adult person in whom he has confidence, and this includes banks and trust companies. These, as well as the guardian of the minor, may also qualify as successor custodian.

Under present law, a custodian receives no compensation unless he is a court appointed guardian, and the property is held by him as guardian. To compensate the nonfamily types of custodians, permitted under the reported bill, provision is made to permit compensation to the custodians.

As with present law, the bill provides that the gifts permitted under the bill vest indefeasible legal title in the minor, and may not be revoked by the donor. The bill also follows the Uniform Act by broadening existing law to permit gifts of money for investment under the "prudent man" rule prescribed in section 4(e).

No opposition to the bill was expressed in the public hearings held. In addition to those mentioned, the Bar Association of the District of Columbia, the Association of Stock Exchange Firms of New York, and the Board of Commissioners of the District of Columbia also urge the passage of this bill.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REPORTS OF COLLISIONS IN DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill—H.R. 8737—to amend section 10 of the District of Columbia Traffic Act, 1925, as amended, so as to require reports of collisions in which motor vehicles are involved, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The **SPEAKER.** Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 10 of the District of Columbia Traffic Act, 1925, as amended (43 Stat. 1124; sec. 40-609(a), D.C. Code, 1951 ed.), is amended (a) by adding at the end of the first paragraph the following: "In addition to the preceding requirements with respect to the action to be taken immediately in cases involving personal injury or substantial damage to property, every person who, in the District of Columbia, operates a motor vehicle which is involved in a collision with any person or object, shall, within forty-eight hours from the time such collision occurs, make a written report thereof to the Chief of Police, on a form prescribed by him. Such written report shall be made without regard to the extent or amount of the damage or degree of personal injury resulting from such collision. In the event the operator of a motor vehicle involved in a collision is injured or otherwise disabled to such an extent as to render him incapable, in the opinion of his attending physician, of making any report of the collision within the time required by this subsection, such operator shall make such report within forty-eight hours after the date on which, in the opinion of his attending physician, he can reasonably be expected to have recovered from his injury or other disability to the extent of being able to prepare and submit the required report."; and (b) by striking "substantial" in the third paragraph.

SEC. 2. Nothing in this Act shall be construed so as to affect the authority vested in the Commissioners by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Commissioners or in any office or agency under the jurisdiction and control of said Commissioners may be delegated by said Commissioners in accordance with section 3 of such plan.

With the following committee amendments:

Page 2, beginning line 1, strike out the words "with any person or object, shall, within forty-eight hours from the time such collision occurs" and substitute in lieu thereof the words "which has resulted in damage to the property of any one person in excess of $100 or in bodily injury to or in the death of any person, shall immediately".

Page 2, line 5, strike out the words "extent or amount of the damage or".

Page 2, line 10, strike out the words "within the time" and substitute in lieu thereof the word "as".

The committee amendments were agreed to.

Mr. WHITENER. Mr. Speaker, at present, only those motor vehicle collisions in the District of Columbia which involve personal injury are required to be reported to the Police Department. In addition, collisions which result in property damage in excess of $100 must be reported to the District of Columbia Safety Responsibility Officer, who functions as part of the Department of Motor Vehicles. However, these reports do not reach the Police Department, and hence the only motor vehicle accidents not involving personal injury which come to the attention of the District of Columbia Police Department are those which are voluntarily reported to them.

This situation came to our attention a year or more ago, when it developed in a hearing that the Police Department was unable to furnish statistics as to the frequency of motor vehicle accidents in a certain heavily traveled area of the city, because only those accidents resulting in personal injury would necessarily have been reported to them.

We were informed that during fiscal year 1962, some 9,000 motor vehicle accidents involving substantial property damage in the District of Columbia were never reported in any way to the Police Department. This situation is unsatisfactory for several important reasons.

The safety responsibility officer's chief function is to ascertain the financial ability of the drivers of the vehicles in collisions to satisfy claims which are brought against them as a result, and in some cases to take steps which may lead to the suspension or revocation of drivers' permits. While this is of course a useful and important service, the fact remains that the Safety Responsibility Division cannot initiate court action against any of the drivers in these 9,000 accidents per year, and in many such cases, particularly those involving repeat offenders, legal prosecution is the only adequate means of serving the interest of public safety.

Also, the Police Department's accident reports are made available to the Bureau of Traffic Engineering of the District of Columbia Highway Department, where they serve as an invaluable guide to the identification of dangerous areas in the city's street system. The reports to the safety responsibility officer, on the other hand, are said not to be suitable for this purpose, and hence 9,000 possible indications of need for correction of perilous street conditions are lost each year.

I feel that these conditions should not be allowed to continue, and that the protection of the public demands the improvements which will be possible only when all such motor vehicle accidents are required to be reported immediately to the Chief of Police.

Mr. GROSS. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, will the gentleman give us a brief explanation of the purpose of this bill?

Mr. WHITENER. I am happy to. At present in the District of Columbia only those motor vehicle collisions which involve personal injury are required to be reported to the Police Department. In addition, collisions which result in property damage in excess of $100 must be reported to the safety responsibility officer through a functionary of the Department of Motor Vehicles. These reports do not reach the Police Department and therefore the only motor vehicle accidents not involving personal injury which come to the attention of the Police Department are those which are voluntarily reported to them.

Briefly, I can tell the gentleman that according to the testimony before the committee there were some 9,000 motor vehicle accidents involving substantial property damage in the District of Columbia during 1962 fiscal year which were never reported to the Police Department. This came up in the hearings on another matter before the subcommittee of which I am the chairman and hence this bill was introduced. While we feel that the reporting to the Safety Responsibility Division is important from the standpoint of civil damages and statistical data as to highway safety we also feel that the Police Department should be the recipient of this information where the damage exceeds $100 to the property of any person involved.

Mr. GROSS. The bill states as follows, "shall immediately make a written report thereof to the Chief of Police, on a form prescribed by him."

I take it that in the case of an accident involving an estimated damage of $100 or more, it would be sufficient for the person or persons involved in the accident to go to any precinct police station, and this would meet the requirement of making a report to the Chief of Police?

Mr. WHITENER. There is no question about that. In many cases the report can be made at the scene of the collision to the investigating officer.

Mr. GROSS. There is nothing in the bill to that effect. It says only that the report must be made to the Chief of

Police. The bill does not state that the report can be made to the investigating officer or to any precinct station. I am confident the gentleman is correct and it is my purpose only to establish legislative intent.

Mr. WHITENER. We have to presuppose as we use the words "Chief of Police" that we are referring to the Department. That is the intent, and I am sure that there will be no problem created by the legislation such as the gentleman means to convey.

Mr. GROSS. The gentleman probably cannot answer this question and I am not addressing it to him, but I assume that had the accident in which a Mr. Powers, an employee at the White House, and his family, was involved last Friday evening, using a White House car and an Army chauffeur to drive him to the President's rest haven up at Camp David, occurred in the District the details would have been reported to the police since there was at least one serious injury. I am sure the gentleman from North Carolina and the gentleman from Iowa regret injury to anyone in an accident, but otherwise we seem to be unable to find out how White House cars and White House rest havens are being used for the weekend pleasure of White House employees and their families. So if this bill will require a reporting of information that the public might not otherwise obtain, I am glad to support the legislation.

Mr. WHITENER. I am not familiar with the case the gentleman mentions.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 12708) to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the names of the court, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the court established by the first section of the Act entitled "An Act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'the Municipal Court for the District of Columiba', to create 'the Municipal Court of Appeals for the District of Columbia', and for other purposes", approved April 1, 1942, as amended (56 Stat. 190; D.C. Code, sec. 11-751), hereafter shall be known as the "District of Columbia Court of General Sessions". Whenever reference is made in any Act of Congress (other than this Act or the amendments made by this Act) or in any regulation to the Municipal Court for the District of Columbia, such reference shall be held to be a reference to the District of Columbia Court of General Sessions.

Sec. 2. Subsection (a) of section 4 of such Act, approved April 1, 1942, as amended (D.C. Code, sec. 11-755(a)), is amended to read as follows:

"(a) The District of Columbia Court of General Sessions, as established by this Act, shall consist of the criminal, civil, and small claims and conciliation, and domestic relations branches. The court and each judge thereof shall have and exercise the same powers and jurisdiction as were heretofore had or exercised by the Municipal Court for the District of Columbia or the judges thereof on the day before the effective date of this amendatory subsection, and in addition the said court shall have exclusive jurisdiction of civil actions commenced after the effective date of this amendatory subsection, including such actions against executors, administrators and other fiduciaries, in which the claimed value of personal property or the debt or damages claimed, does not exceed the sum of $10,000 exclusive of interest and costs, and, in addition, shall have jurisdiction of all cross-claims and counterclaims interposed in all actions over which it has jurisdiction regardless of the amount involved: *Provided, however,* That nothing herein shall deprive the United States District Court for the District of Columbia of jurisdiction over counterclaims, cross-claims, or any other claims whether or not arising out of the same transaction or occurrence and interposed in actions over which the United States District Court for the District of Columbia has jurisdiction. The District of Columbia Court of General Sessions shall also have jurisdiction over all cases properly pending in the Municipal Court for the District of Columbia on the effective date of this amendatory subsection."

Sec. 3. Subsection (a) of section 5 of such Act approved April 1, 1942, as amended (D.C. Code, sec. 11-756(a)), is amended to read as follows:

"(a) If, in any action, other than an action for equitable relief, pending on the effective date of this amendatory subsection or thereafter commenced in the United States District Court for the District of Columbia, it shall appear to the satisfaction of the court at or subsequent to any pretrial hearing but prior to trial thereof that the action will not justify a judgment in excess of $10,000, the court may certify such action to the District of Columbia Court of General Sessions for trial. The pleadings in such action, together with a copy of the docket entries and of any orders theretofore entered therein, shall be sent to the clerk of the said Court of General Sessions, together with any deposit for costs, and the case shall be called for trial in that court promptly thereafter; and shall thereafter be treated as though it had been filed originally in the said Court of General Sessions, except that the jurisdiction of that court shall extend to the amount claimed in such action, event though it exceed the sum of $10,000."

Sec. 4. Subsection (c) of section 5 of such Act approved April 1, 1942, as amended (D.C. Code, sec. 11-756(c)), is amended to read as follows:

"(c) The District of Columbia Court of General Sessions shall have the power to compel the attendance of witnesses by attachment and any judge thereof shall have the power in any case or proceeding whether civil or criminal to punish for disobedience of any order, or contempt committed in the presence of the court by a fine not exceeding $50 or imprisonment not exceeding thirty days. At the request of any party subpenas for attendance at a hearing or trial in the District of Columbia Court of General Sessions shall be issued by the clerk of the said court. A subpena may be served at any place within the District of Columbia, or at any place without the District of Columbia that is within one hundred miles of the place of the hearing or trial specified in the subpena. The form, issuance and manner of service of a subpena shall be as prescribed by Rule 45 of the Federal Rules of Civil Procedure."

Sec. 5. (a) Section 1114 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901 (31 Stat. 1189; D.C. Code, sec. 11-1520), is hereby repealed.

(b) The paragraph relating to witness fees under the heading "District of Columbia" in the Act entitled "An Act making appropriations to supply deficiencies in the appropriations for the fiscal year ending June thirtieth, nineteen hundred and two, and for prior years, and for other purposes", approved July 1, 1902 (32 State 552, 561; D.C. Code, sec. 11-1520a), is amended by striking "cases in the police court of the District of Columbia" and inserting in lieu thereof "criminal cases in the District of Columbia Court of General Sessions".

(c) The fees and travel allowances to be paid any witness compelled by subpena to attend any branch of the District of Columbia Court of General Sessions other than the criminal branch shall be the same amount as paid a witness compelled to attend before the United States District Court for the District of Columbia.

Sec. 6. The court established by section 6 of the Act of April 1, 1942 (56 Stat. 190; D.C. Code, sec. 11-771), hereafter shall be known as the "District of Columbia Court of Appeals". Wherever reference is made in any Act of Congress (other than this Act) or in any regulation to the Municipal Court of Appeals for the District of Columbia, such reference shall be held to be a reference to the District of Columbia Court of Appeals.

Sec. 7. This Act shall take effect on the first day of the first month which begins after the sixtieth day following the date of its enactment.

Mr. WHITENER. Mr. Speaker, the pending measure, H.R. 12708, a bill to increase the jurisdiction of the municipal court for the District of Columbia, to change its names, and for other purposes, is a clean bill. Following hearings on the original bill, H.R. 12202, by a subcommittee of the Committee on the District of Columbia, changes were approved by the subcommittee and H.R. 12708 was introduced.

The purposes of H.R. 12708 are the following: First, to change the name of the municipal court of the District of Columbia to the District of Columbia Court of General Sessions; second, to change the jurisdiction of the court as to the value in controversy by increasing the amount from the present maximum of $3,000 to $10,000; to give the court of general sessions the power to secure the attendance of witnesses within a radius of 100 miles of the place of the hearing or trial; and third, to change the name of the municipal court of appeals of the District of Columbia to the District of Columbia Court of Appeals.

The present maximum jurisdiction amount for the municipal court was established at $3,000 by the act of April 1, 1942—56 Stat. 190. In 1958, when Congress was studying methods of relieving the U.S. district courts of their increasing burden, it was proposed that the jurisdictional amount of the U.S. district courts be increased to a minimum of $10,000.

Such legislation—Public Law 85-554; 72 Stat. 415—was approved and the new jurisdictional minimum has been operative in other U.S. district court jurisdictions but not in the District of Columbia.

The question of increasing the jurisdictional amount of the municipal court of the District of Columbia from $3,000 to $10,000 and the proposal to empower the court to secure attendance of witnesses within a radius of 100 miles came before the Judicial Conference for the District of Columbia in May 1960. Thereafter, study committees were set up to review the problems involved in the proposed changes and to make recommendations for legislative action. The study committee recommendations were reviewed and further views and recommendations were expressed by the judicial council, the judicial conference and the bar association. The pending bill, H.R. 12708, represents the product of this careful legislative effort.

At hearings on the legislation, the committee was advised that the bill was approved by the Judicial Conference for the District of Columbia, the Bureau of the Budget, the Commissioners for the District of Columbia, and the bar association. Favorable testimony was received by the committee in behalf of the chief judge of the U.S. District Court for the District of Columbia, and the chief judge of the U.S. Court of Appeals for the District of Columbia. Similar approval and support for the bill was expressed by representatives of the municipal court of appeals and the municipal court for the District of Columbia. No witness nor any communication to the committee expressed any objection to the legislation.

The first section of the bill provides that the municipal court established by the act of April 1, 1942, shall be known as the District of Columbia Court of General Session. This, the committee believes, is in keeping with the dignity and importance of the court.

Section 2 of the bill provides that the court of general sessions and its judges shall have the same powers and jurisdictions as were available to the court immediately preceding the effective date of these amendments. In addition, the court shall have exclusive jurisdiction of civil actions, including actions against executors, administrators and other fiduciaries where the value in controversy does not exceed $10,000, exclusive of interest and costs. The court of general sessions shall also have jurisdiction of all cross-claims and counterclaims interposed in all actions regardless of the amount of such claims. The section also assures that the U.S. District Court for the District of Columbia shall continue to exercise the same powers as to all actions over which it has jurisdiction.

Section 3 provides that in any action for other than equitable relief, pending on the effective date of these amendments or commenced thereafter in the U.S. District Court for the District of Columbia, if the court is satisfied at or after any pretrial hearing but before trial that the action will not justify a judgment in excess of $10,000, the court may certify the action to the District of Columbia Court of General Sessions. In such case, the pleadings, docket entries, court orders, and any deposit for costs shall be sent to the clerk of the court of general sessions. The case shall be treated as though it had been originally filed in the court of general sessions which shall have jurisdiction even though the amount claimed is in excess of $10,000.

Under the terms of section 4, the court of general sessions is given the power to compel the attendance of witnesses in cases pending before it and enforce its orders. The court may serve subpenas within a 100-mile radius of the place of hearing or trial. The procedure for the service of subpena shall be as prescribed in rule 45 of the Federal Rules of Civil Procedure.

Section 5 of the bill repeals the present provisions of law as to the payment of fees and travel allowances to witnesses in civil cases who are compelled to attend the municipal court of the District of Columbia and provides that such fees and travel allowances shall be the same as in cases before the U.S. District Court for the District of Columbia. This section also continues the present witness fees for the court of general sessions as are provided for the municipal court in criminal cases.

Section 6 of the bill provides for the changing of the name of the "District of Columbia Municipal Court of Appeals" to the "District of Columbia Court of Appeals."

Section 7 provides the effective date for the act. This date is the first day of the first month which begins 60 days after the enactment of the bill.

This bill, H.R. 12708, was reported to the House by the full Committee on the District of Columbia, all members present concurring in recommendation of its approval by the House.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF FOREIGN SERVICE BUILDINGS ACT, 1926

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 741 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. DAVIS of Tennessee. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 190]

Abernethy
Andersen, Minn.
Avery
Baring
Barrett
Bass, N.H.
Battin
Blitch
Bolling
Boykin
Breeding
Brewster
Bromwell
Broomfield
Buckley
Cannon
Casey
Celler
Chamberlain
Clark
Coad
Collier
Colmer
Conte
Cook
Corman
Cunningham
Curtis, Mass.
Curtis, Mo.
Derwinski
Diggs
Dingell
Dole
Dooley
Dulski
Durno
Ellsworth
Farbstein
Findley
Flood
Flynt
Frazier
Garland
Giaimo
Gilbert
Goodell
Granahan
Grant
Gray
Green, Oreg.
Griffiths
Gubser
Hansen
Harrison, Va.
Harrison, Wyo.
Harsha
Harvey, Ind.
Healey
Hébert
Hoffman, Ill.
Hoffman, Mich.
Hull
Ichord, Mo.
Inouye
Jarman
Jonas
Jones, Mo.
Karsten
Kearns
Kilburn
King, Utah
Kitchin
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Landrum
Lankford
Latta
Lesinski
Loser
McSween
McVey
Macdonald
Martin, Mass.
Martin, Nebr.
Mason
Merrow
Minshall
Moeller
Moore
Moorhead, Pa.
Mosher
Moss
Moulder
Multer
Nedzi
O'Brien, N.Y.
O'Hara, Mich.
Osmers
Powell
Purcell
Randall
Reece
Riley
Rogers, Tex.
Santangelo
Saund
Schadeberg
Scott
Scranton
Seely-Brown
Shelley
Sheppard
Shipley
Shriver
Smith, Miss.
Smith, Va.
Spence
Stephens
Stratton
Taber
Thompson, La.
Thompson, N.J.
Thornberry
Tuck
Tupper
Van Zandt
Weis
Whitten
Wickersham
Winstead
Yates
Younger
Zelenko

The SPEAKER pro tempore. On this rollcall, 303 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDING THE FOREIGN SERVICE BUILDINGS ACT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH]; and pending that I yield myself such time as I may require.

Mr. Speaker, House Resolution 741 provides for the consideration of H.R. 11880, a bill to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations for the acquisition of sites and buildings in foreign countries for use by the United States, and for other purposes. The resolution provides for an open rule with 2 hours of general debate.

The purpose of H.R. 11880 is to authorize an appropriation of $31,806,000 for the purchase, construction, major alteration, and long-term leasing of buildings overseas needed by the Department of State in connection with the operation of its 293 posts. The amount authorized in the reported bill will make available to the Department sufficient funds to carry out the 2-year building program justified to the committee. The bill also authorizes the appropriation of such additional sums as may be necessary for the operational activities of the building program such as maintenance, repair, and furnishing. Finally, the bill deletes from existing law all references to the Foreign Service Buildings Commission.

Mr. Speaker, I urge the adoption of House Resolution 741.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 741 provides for the consideration of H.R. 11880, on an open rule with 2 hours of general debate.

The purpose of H.R. 11880 is to authorize an appropriation of $31,806,000 for the purchase, construction, major alteration and long-term leasing of buildings overseas which are maintained by the Department of State in connection with the operation of its 293 posts. This is a 2-year building program. In addition to this money there will be approximately $11 million per year for alterations, repairs and the like.

There is undoubtedly some waste in this program. There are undoubtedly some buildings that will cost more than perhaps we should pay to construct them. But this is the type of program, in my opinion, that is extremely difficult to police. Certainly the Members of the House individually are not able to go around the world and check on the building of these various buildings to determine whether the cost is correct or whether we especially need them. In that regard we rely upon the committee.

The report, in my opinion, is a very good report. I think the testimony of the members of the committee before the Committee on Rules was entirely honest and straightforward.

When this program was originally submitted to the committee on a 4-year basis with $100 million requested, they sent it back to the administration, as I understand it, and said, "We will not do it on a 4-year basis, we are going to reduce this to a period of 2 years. You are asking for too much money." The administration came in with the request for a little over $40 million, and the committee has reduced that to about $32 million.

They have said in all honesty that there are too many people overseas. If they provide fewer facilities for them they think there may be less desire to send more people overseas.

I was impressed by the gentleman from Indiana [Mr. Adair] who stated that in his 10 years on this committee he believes this is the most thorough review this program has ever had. The gentleman from Ohio [Mr. Hays] was very straightforward in saying that the committee intended to police this program to see that there are no waste or unnecessary expenditures therein. We will probably have some questions on Africa, as to whether the buildings there are necessary.

I think the program was considered in a very able way by the committee. I support the bill, and I know of no objection to the rule.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. HAYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11880, with Mr. Davis of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HAYS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I well realize that this piece of legislation is not one which will grip the Committee with consuming interest all the way through it, but I will say that the subcommittee of which I am chairman was faithful in its attendance. We did hear the administration witnesses and examined them thoroughly.

As has been stated in the debate on the rule, we told them to submit a 2-year program, that we felt 4 years was too long for us to give an authorization and try to police it. They did come back with a 2-year program.

We were concerned with the foreign buildings. We hope that we can reduce the amount of money we pay out in rents and quarters allowance and by acquisition we can save the Government money.

In the case of Africa which caused the most questioning in the Committee on Rules, we pointed out that we are paying at the present time in Africa the sum of $1,236,802 for leases. Many of these leases are written in such a way that when they expire, the rental goes up. Space is in very short supply in Africa and rentals are exceedingly high. We have a 2-year program of $5,747,000 for residential buildings which will take care of about half of the personnel that are presently in Africa. I might say, we lectured the Department at length about keeping the number of personnel down. If this building program is carried through, it will result in an annual savings in rents of $707,303 per year; or in 8 years we will have saved enough to pay for the cost of the building program.

The committee felt that this makes sense. We, therefore, have cut the requests for Africa less percentagewise than in any other area.

There were some questions about the situation in Paris. This is a matter to which the committee has given a good deal of study. The problem in Paris as it exists today is that the offices for American personnel are scattered all over the city. We own a lot of property in Paris. There are four different major locations. It is proposed to consolidate and to dispose of some of the property so as to get away from so much driving around from place to place, by consolidating our activities in one place. Although the total appropriation in the bill may seem large, actually the sale of property, the money from which will revert to the Treasury will cut that down to a rather negligible figure.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman.

Mr. CEDERBERG. With reference to this Paris situation, can the gentleman enlighten us on just what is contemplated? As a member of the appropriations subcommittee handling this very same question, I wonder if the Department of State has really come to a decision as to what they are going to do in the way of consolidation and whether the matter of a new residence for the Ambassador has come up for discussion.

Mr. HAYS. As the gentleman, perhaps, knows, we have an embassy residence on the Avenue Gabrielle. At the moment it is proposed to sell that at quite a good price which is, I believe, approximately a million dollars. We also own property known as the Rothschild property which is about two doors from the chancellery. This property will need extensive rehabilitation, if it is to become usable. But, at the moment it is standing there almost unused. It is one of the most valuable pieces of real estate in Paris. Even by spending a considerable amount of money—more than we will get from the Avenue Gabrielle property—to rehabilitate it, it will be property which will be worth more and which, in my opinion, will go up in value all the time.

The gentleman is familiar with the situation in the Bois de Boulogne where the NATO building is. The French Government has just about agreed to let us have a piece of property directly across the circle which is now part of a park where we can put up an office building so that the people who are directly concerned with the NATO operations will be able to save a lot of time instead of having to drive through Paris from the Talleyrand Palace and other places through heavy traffic. This way they can merely walk across the street to NATO headquarters. But it is the opinion of the subcommittee that it will make a difference of about a million dollars which will be released from the sale of the property from what this program would cost not including the cost of construction of a new office building.

Mr. CEDERBERG. The reason I raise the question is because on this matter of consolidation, I believe, we have about five properties there now and, if I understand correctly, on the Avenue Gabrielle where the main Embassy is at the present time, that will remain intact and we will build another building to be used for the NATO building.

Mr. HAYS. That is correct.

Mr. CEDERBERG. So we will still have two buildings instead of five?

Mr. HAYS. That is right. Then the Ambassador's residence will be moved to the Rothschild property, which is about a half block from the chancellery. This will not require travel through heavy traffic.

Mr. CEDERBERG. The reason I have questioned the Ambassador's residence is because I recognize that in the neighborhood of the present Ambassador's residence you have a traffic problem that does cause some concern. However, in 1948 we paid $1,459,000 for this building and the gentleman knows that if we were to restore the present property it would cost another million and a half. I am taking figures from the hearings in the gentleman's committee. So the expense would be considerable.

I was over there with my colleague, the gentleman from California [Mr. LIPSCOMB]. We went through that Rothschild property. It seemed to us that this would be a good place to build an office building. I understand, however, that they want to be closer to NATO. I realize there are a lot of employees of the present Embassy working under almost intolerable conditions, but I have a deep and serious concern about the fact that we would have some $4 million tied up in a residence for the Ambassador, and that just seems to me exorbitant.

Mr. HAYS. I am sure the gentleman knows the nature of the property. It would be used not only for a residence but many offices would be in the area, so we would get some additional office space. It looks high as the gentleman states it, and his figures are as sound as anything any of us have, but when the gentleman realizes that the purchase of this property was made with counterpart funds, and they are funds we could not use except for acquisitions of this kind that we would probably have lost on conversion, the price is not so high, especially when it is realized we can sell the Avenue d'Ilena property.

Another factor that has to be considered is that it must be in keeping with other buildings in the area—the British Embassy is next to ours. Another factor is adequate space for conferences at the Presidential level and the secretarial level, a problem which arose, as the gentleman will remember, when former President Eisenhower was there with his staff.

The figures look high as the gentleman states them, but as you evaluate them further they do not seem so high.

Another factor that has to be taken into consideration is the Paris Beaux Arts Commission. While the Rothschild mansion may be a shell, French authorities do not want it turned into a high-rise office building.

Mr. CEDERBERG. I realize there is some question with the Beaux Arts people, but I understood that the office could be erected on the back side of the Rothschild property. I had understood the project could be handled so it would be in line with the regulations.

Mr. HAYS. The exterior would have to conform at least to the wishes of the Beaux Arts Commission. You cannot build a high-rise office building within the limitations. I do not know whether the gentleman is familiar with the site by the NATO building. There is space for an office building there no matter what we do with the Rothschild site.

Mr. CEDERBERG. If the gentleman will yield for another question, there is no escaping the fact that the present property needs modernizing; I think it certainly needs it. Is there any thought of moving the entire Embassy out to this NATO area now that we are getting this international complex out there?

Mr. HAYS. If there is, it has not been brought out. We feel this is a sensible solution. The committee was unanimous in its decision as was the subcommittee, and I am sure this can be testified to by the gentlewoman from Ohio [Mrs. BOLTON], and the gentleman from Ohio [Mr. ADAIR], who were very regular in attendance.

We were convinced that is the feasible thing to do, with a very little cash expenditure when you consider what we would be taking in.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New York.

Mr. BARRY. The gentleman stated that this property was purchased with counterpart funds. Would the construction of a new building in NATO and the repair of the Rothschild Building be also with counterpart funds?

Mr. HAYS. We put in the report we expected them to use local currency funds whenever it was available and feasible. I understand there will be an amendment submitted which will write that into the bill. The committee is prepared to accept that amendment. We thought putting it in the report would do the job, but if it is written into the bill, that is fine with me and fine with the other members of the committee, because we consulted with them. Exactly what local currency funds are available in France I do not know, but I think there is sufficient that would probably see this thing through.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. On page 2 of the report it is stated that the subcommittee recommends $31,806,000. On page 5 of the report there is a table which states that the committee recommendation is $27,250,000. Can the gentleman tell me why this difference in figures?

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Indiana.

Mr. ADAIR. I have a copy of the bill here and I may say to the gentleman if he will turn to page 2 of the bill, paragraphs (F) and (G) will total to the amount necessary to increase the $27 million figure to the $31.8 million figure.

Mr. GROSS. So it is then as the committee report states on page 2, $31,806,000?

Mr. HAYS. Yes. That includes the U.S. Information Agency funds. The first figure included only the State Department.

Mr. GROSS. Is this the total expenditure for these buildings or is there other money authorized to be expended by way of counterpart funds that do not show up here?

Mr. HAYS. No. I will say to the gentleman we had intended, and had written into the bill, a continuing authorization for maintenance and repairs. In other words, under the present law, if the wind blows the roof off a building, they have to have money authorized and appropriated to fix it. We met with some questions and resistance in the Rules Committee, I will be very frank with the gentleman, so the committee has an amendment authorizing a specific fund for annual maintenance and repairs for 2 years. I propose at the proper place to offer that amendment. It will be on page 3, line 8, of the bill and will make specific authorization for each of the fiscal years 1963 and 1964. That will run in the neighborhood of $11 million a year. So that the total amount authorized and including new construction, the U.S. Information Agency, maintenance and repairs will total $53 million.

Mr. GROSS. The maintenance and repair item is in addition to the $31 million?

Mr. HAYS. Yes. The $31,806,000 is for acquisition and new construction.

Mr. GROSS. That will total around $50 million.

That would be, then, the total expenditure for new construction, for maintenance and repair, and for renovation and remodeling; is that approximately correct?

Mr. HAYS. That is correct.

Mr. GROSS. What is the situation then with respect to counterpart funds? Will they be purchased out of these funds?

Mr. HAYS. That is right. The local currency funds are held by the Treasury. If we authorize $53 million and if the Committee on Appropriations appropriates substantially that amount, wherever they use local currency funds, it would actually be a bookkeeping transaction. They would take dollars appropriated and pay the Treasury for the like amount of local currency funds and use that currency in construction.

I might tell the gentleman the total amount expended over the years for this program is about 85 percent in local currency funds and not in dollars. Page 4 of the committee report gives the details. We have had a very fine record on that. We have accumulated a substantial amount of property around the world for which we are not paying rent and which we obtained with money which we could not otherwise have used.

I might say further that out of around $241 million total expenditures—all but about $32 million have been local currency funds. About $209 million have been local currency funds.

Mr. GROSS. If the gentleman will yield further, we can thank the farmers of this country and their surpluses disposed of under Public Law 480 for some help in this direction—a small part of the help in this direction?

Mr. HAYS. Yes; very definitely. I would anticipate—and I am speaking only for myself—that there would be some Public Law 480 funds used in this particular program.

Mr. GROSS. I would hope so.

Mr. HAYS. And, the amendment will provide that to the maximum extent possible they be used. We hope that that will represent a very high and substantial amount.

Mr. GROSS. The gentleman spoke of space and rentals. I do not want to take all of the gentleman's time. Does the gentleman care to yield further?

Mr. HAYS. I would be glad to yield further to the gentleman from Iowa.

Mr. GROSS. The gentleman spoke of space being scarce and rentals high in Africa. The space would not be so scarce and the rentals so high if this Government did not have so many people over there. Does the gentleman agree or disagree with that statement?

Mr. HAYS. The gentleman will agree, and I am sure the distinguished gentleman from Iowa has probably read the hearings more thoroughly than anyone not on the committee.

Mr. GROSS. Yes, I have read the hearings, I will say to the gentleman and they are the most informative that have come out of the Foreign Affairs Committee in years. I commend the gentleman from Ohio and his subcommittee.

Mr. HAYS. The gentleman I think would find in the hearings that the chairman of the subcommittee who is now speaking lectured the representatives of the various agencies and departments repeatedly about the number of people they have. I think we have made some impression upon them, and we are going to keep on doing it, because I could not agree more that many of these African countries, as small as they are, with a small population require a certain basic number of people to run any kind of embassy, but there is no use ballooning the staffs. Therefore, we have made it perfectly clear that within a period of 2 years they are going to get into serious trouble if that situation is not corrected and if these staffs are not brought within reasonable figures.

Mr. GROSS. Is there any evidence of a change in this sort of a situation—and I gleaned this from your hearings—in the request for a $70,000 residence for the Ambassador in Uganda as well as a $175,000 house for the Ambassador in Somalia? Did the committee take a position with respect to changing those plans?

Mr. HAYS. Yes. The committee told them that it thought these figures were too high. I am sure the gentleman can gather this from the hearings: No one was harder on them than I was.

Mr. GROSS. I agree with that. The gentleman repeatedly made his position clear.

Mr. HAYS. But, taking Somalia, for example, it looks like a high figure, and it is a high figure. But one has to take into consideration the fact that there is no water supply, no sewage system, and there is no electricity for this Ambassador's residence and compound. We have to provide our own electrical plant, water system, and a sewage disposal system. These items are what runs the price up in that particular instance. I am against that kind of money being expended in any country like that. We made it clear to them that we expect those figures to be cut down. I am sure the gentleman read about the fight with reference to the Ambassador's residence in Cypress where they wanted $300,000 for the Ambassador's residence.

We told them that this was ridiculous and to forget the plans which they had for such construction, and to obtain some new ones and start over and cut it down at least by 50 percent or better.

If these people who represent the Department will do as we suggest—and frankly I say this without any fear of reservation—they will all try, and if I am chairman of the subcommittee when they come back in the next Congress and they have not done as the subcommittee has indicated or tried to save money, and hold down costs, they will have a real rough time getting any funds at all on which to operate in the future.

Mr. GROSS. Mr. Chairman, I hope that through this and other devices they will be impressed with the necessity of getting rid of some of the surplusage of personnel they have in these foreign countries. As the gentleman from Ohio well stated in the hearings time after time, "You have altogether too many chiefs for the number of Indians you have." I hope the committee will bear down and bear down hard upon this surplus of personnel overseas that brings about unnecessary spending to house and otherwise take care of them.

With respect to Somalia, the gentleman made a very good point in the hearings, I thought, that within 10 years or even less, there may be no Somalia as an independent country, as an entity. If that is true then this Government is going to spend a lot of money to really no good purpose.

Mr. HAYS. Mr. Chairman, I might tell the gentleman an interesting little story about that, and I think I shall take a minute to do it. He might be interested to know that the deskman for Africa came up and wanted me to delete that remark from the hearings because it might offend somebody in Somalia. I said, in the first place, I do not think anybody in Somalia is going to read these hearings; if they do and they are offended by an actual statement of fact, that is just too bad; they would have to be offended.

In other words, the people from the Department did not dictate to the subcommittee. We listened to them, we criticized them, sometimes we sympathized with them. But I think, and I am sure my colleagues on the gentleman's side of the aisle can testify, we made an impression on them.

Mr. GROSS. I thank the gentleman for yielding so much of his time and for his frankness in dealing with this subject.

Mrs. BOLTON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I simply want to say that I echo in every regard what the chairman of the subcommittee has said. I have been on this committee some time and I can truthfully say that we have never had such thorough hearings, nor have we ever had such a responsive group from the administration. They listened to our complaints and assured us they would conform. We are going to see how much they really digested of what they were given.

The gentleman from Ohio [Mr. HAYS] is an exceedingly hard taskmaster, but he is exceedingly just. There were several times when he and I disagreed, but that is all right, too. The justice of his final word has been very much appreciated in the Department as well as by the other members of the subcommittee.

Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I would urge the committee and the House to adopt this bill. It is a very carefully thought out and worked over piece of legislation. There are two or three things, perhaps, that might be pointed out about it in addition to what has already been said.

In the first place, when this legislation was brought before the subcommittee, it called for a 4-year program costing in the neighborhood of $100 million. It was immediately sent back with the admonition that we did not want that much of a program. When it was returned to us as a 2-year program, it called for the approximate amount of $40 million for the building and long-term leasehold aspects of it.

As has been pointed out, the subcommittee reduced that part of the bill to something over $31 million, a reduction of between $8 and $9 million.

The question always presents itself, I suppose, as to whether an authorization of this sort should be for the world at large without any regional political boundaries or whether it should be made for specific countries. The subcommittee chose neither. It chose, upon reflection and discussion, to make this authorization available by regions of the world. Those who are interested may refer to page 5 of the report and there find the five regions of the world, the amount of the executive request, and the committee recommendations for these various regions. It was felt, Mr. Chairman, that by this device certain elasticity and flexibility would be provided to the Committee on Appropriations to work within these boundaries. We would not be hampering them by tying them down to specific countries but we would be giving them the opportunity to work within these regions of the world. That is what we desire to do.

Reference has been made here earlier this afternoon to the use of local foreign currencies. It has been suggested that possibly an amendment along this line would be offered, and it is my intention to offer such an amendment. In the hearing before the Committee on Rules the gentleman from Kansas [Mr. AVERY] and others suggested that although we have wording in the report and although the hearings are replete with statements that local currencies would be used, and although the record indicates that such has been the case in the past, many would feel more assurance if we did actually write into the legislation the stipulation that these currencies must be used to the extent possible. Therefore, at the appropriate time this will be done.

Mr. Chairman, I should like to conclude by echoing a statement that has been made here today, that is, that I think within the experience of most of us now serving on the Committee on Foreign Affairs this proposal has received the most careful consideration by all odds of any such proposals as have come before us. We went over the situations country by country, city by city, and project by project. It is true that in many of these areas, and I would refer particularly to some of the newly independent nations of Africa, the costs seem excessive, but we made the closest inquiry upon these matters. We required assurance that the U.S. Government was not paying more than other countries or other individuals. In case after case we went into it on this basis. So that although the costs do seem high, as the chairman of the subcommittee has indicated, in practically all instances we believe they are comparable with costs for similar developments in the respective countries.

On the basis of the study that has been made and the assurances which have been given, and upon the further basis of the amendments which are to be offered, I would urge the adoption of this legislation.

Mr. HAYS. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. MONAGAN].

Mr. MONAGAN. Mr. Chairman, I rise in support of this bill.

This is really a housekeeping bill. It is something that we as a nation are compelled to consider and act upon as a result of the many branches of our Foreign Service which represent us throughout the world. Certainly, it costs us a great deal of money but it is a necessity for the proper carrying on of our diplomatic service that the members of the Foreign Service and the office in which they do their work should be physically adequate. This is a somewhat complex matter because the buildings with which we are concerned are located all over the world. Many of them are situated in Africa, as the chairman has said, and the need for action there has come suddenly.

The birth of these new governments is something over which we have no control. That is beyond our power, but it is necessary, when governments are created, that we have representatives to deal with them and, therefore, this housekeeping or functional activity is necessary.

I want to express my appreciation too for the careful manner in which the hearings on this bill were conducted. I am proud to be on this committee which has so carefully gone into this very complex and difficult matter. The chairman was extremely cautious and extremely searching in his questioning of the witnesses who appeared before the subcommittee.

I should like to say too that the representatives of the Department of State were, in my opinion, exceedingly forthright and frank and cooperative. They are not often the recipients of bouquets on this floor, but I should like to be an exception to the rule and pass on a few compliments. I feel that the procedure in this committee might well serve as a model for other relations between the executive and legislative branches of Government in important matters such as the considerations with which this bill is concerned.

With reference to the use of foreign currency which was previously referred to, I should like to point out the table on page 4 of the committee report which shows that throughout the years from 1946 until the present time, the sum of $209 million has been appropriated for the use of foreign currency as against a U.S. dollar appropriation of $32,525,000. This is an important and constructive use of counterpart and has saved us many dollar expenditures.

I should like to say, too, that the Public Law 480 funds which the gentleman from Iowa [Mr. GROSS] referred to amount to $9,150,000 and that this sum in foreign currencies is in addition to the amounts contained in the table to which I refer.

There is one other point which I should like to mention and it is an important point. That is the interest that the committee has had, and this interest is set forth specifically on page 5 of the report, in requiring that buildings abroad be furnished with materials and equipment of American manufacture. Certainly, we do not want to be chauvinistic about this matter, but the fact remains there are many times when it is unnecessary that exclusively foreign materials be bought for our buildings and there are many times instead when it is appropriate from an esthetic point of view that American furniture and American equipment be used in these buildings. This has been pointed out in our report and, I am sure that the representatives of the department will bear this in mind in future purchases. It has importance at a time when we are concerned with our balance of payments.

So, Mr. Chairman, I believe this is a very constructive bill. I would call to the attention of the committee in closing the table on page 5, in which there is set forth a division of authorizations into regions and where the African countries, the American republics and so forth are considered separately rather than on a worldwide basis. I think this contributes to clearer thinking and better legislation than otherwise might be the case.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. BOLTON. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BARRY].

Mr. HAYS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I take this time to say just one word about something I forgot that the gentleman from Connecticut [Mr. MONAGAN] brought out, that is the matter of furnishings and equipment for some of these embassies.

We made it very plain to the people in the State Department that an American Embassy was a bit of America abroad. When we found that they were buying their silver, for example, in Peru, their glassware in Sweden or some other foreign country, and the same with other things, we told them that American silver and glass manufacturers had a product which is beautiful, which is unique, and which should be used in the Embassy. I cited as an example the British Embassy here in Washington. They are very proud to serve visitors on British china and other products of the British Empire. I do not see any reason why we should not be proud to have our Embassy not exclusively using everything American, but at least a substantial part. It would have an effect on the outflow of gold, but also it would reflect some of the art and industry of America.

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I think the cart is before the horse in this bill and I doubt very much that I can support it to the tune of $53 million.

When I say the cart is before the horse, I think Congress ought to have some clear assurance that the State Department and other agencies will cut the personnel they have overseas before we build residences, apartments, and embassies to accommodate the surplus.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. ADAIR. It can be said that by the reduction the committee has made in some of the requests in all probability a reduction in personnel will result; in other words, if there are not places to house people in a good many of these countries abroad, the newly independent ones particularly, in my opinion they are not going to send people there. I think that will serve as a governor upon the number of people.

Mr. GROSS. I will say to the gentleman that I am pleased to see the ranking members of the Appropriations Subcommittee on the floor at this time, the gentleman from New York [Mr. ROONEY] and the gentleman from Ohio [Mr. BOW]. It is my hope that when this bill is approved and goes to the Appropriation Committee for funds that they wade in, as I am sure they will, and find out the why of this overstaffing in so many oversea posts.

Mr. ADAIR. As I pointed out to others this afternoon, we certainly would welcome a very close scrutiny on the part of the Subcommittee on Appropriations that deal with this matter. We have tried by this legislation to set guidelines and general philosophy, but there is certainly plenty of room for the Committee on Appropriations to operate in.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentlewoman from Ohio.

Mrs. BOLTON. I want to make it very clear that the State Department itself does not occupy all of this property. You will note in the report that the Department of Agriculture, the USIA, and various other departments, including

Defense, have representatives over there. Instead of making it necessary for them to go out on their own and find housing for these people, which would be difficult, we have taken them all into this bill and we are insisting on a cut of personnel.

Mr. GROSS. I may say to the gentlewoman from Ohio that my remarks are not confined to the State Department. They are directed to all other agencies, including the Peace Corps, which I notice is coming in for quarters in some of these compounds and residences that are in existence and proposed to be built.

Mrs. BOLTON. I thank the gentleman for his assistance.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. This committee has no jurisdiction over authorizing money to pay the salaries of personnel. That is a continuing authorization. The committee headed by the gentleman from New York [Mr. ROONEY] and the gentleman from Ohio [Mr. BOW] has done a very good job in holding these figures down. I told the witnesses I did not mean any reflection of the two gentleman I just mentioned. However, these were ceilings and on past performance we expect they may not get up to the ceiling. I will say to the gentleman from New York [Mr. ROONEY] that his committee passes on the amounts to be allocated for salaries. I am sure the gentleman has read this in the testimony. When we questioned them about the number of people at a post, we found a minor number of them were State Department people. There were people over there from every other agency of Government. I am talking from memory now, but in Liberia we found in that country of a few million population that there were 501 American personnel.

Mr. GROSS. That is right.

Mr. HAYS. Which is one for every 2,000 Liberians. Again I am speaking from memory, but I think Mr. ROONEY and Mr. Bow had only authorized money for a very small number. The rest of the 501 came from the Department of Agriculture, the Department of Commerce, AID, and other departments and agencies. I think the State Department is getting into a crossfire not only from this subcommittee but also from the Subcommittee on Appropriations.

Mr. GROSS. What we are doing here, at least to some extent, is providing accommodations, residence, and what have you for all of these people.

Mr. HAYS. I may say to the gentleman not nearly all of them were State. We told them that they would have to cut their personnel down to fit the buildings.

Mr. GROSS. Your hearings show—and correct me if I am wrong—that 4 years ago the State Department had one officer in Brazzaville, however it is pronounced. I cannot pronounce any number of these names.

Mr. HAYS. The gentleman is right.

Mr. GROSS. Today, how many? Ten officers of one description or another. Do I understand that with other and lesser American employees and natives it all adds up to 501 people on our payroll in Brazzaville?

Mr. HAYS. No. That was in Liberia. I may say to the gentleman I brought that out in committee because I had been in Brazzaville 4 years ago. There was one person at that time. Now there are 32. But let me say I am not defending them because I was rough on them. Brazzaville is directly across the river from Léopoldville. Brazzaville is the capital of the Congo, which we knew as the French Congo.

The explanation was—and I think it was at least partially justified—that they had more people over there because of the sensitivity of the situation across the river. Once that quieted down they would not need nearly so many on the French side of the Congo. But these are two separate countries. You can cross the river there within 15 or 20 minutes by boat. This is the reason we have some people over there, which is another country where they are safe and where they can conduct their business without shooting in the streets, and what have you.

Mr. GROSS. In connection with Dakar—if that is the way it is pronounced—you questioned State Department officials and they stated that aside from the Deputy Chief of Mission they had two political officers, an economic officer as well as an administrative officer. I do not know whether one of those was the labor officer or not. You questioned whether there should be a labor officer in such a post, and so do I.

Mr. HAYS. I say to the gentleman again that I did question them. I again say that we have no authority in this committee to make them cut down. If they have too many at many of these posts, and I am sure, based upon what I have heard on the floor year in and year out, that the members of the Committee on Appropriations and others think so. I cannot say anything else to the gentleman.

Mr. GROSS. I agree with the gentleman. But it adds up to one thing: We are building housing accommodations for a substantial number of unnecessary employees and with servants' quarters so they will have them at their beck and call. Some of them never had it so good.

Then, there is another reason why there is apparently some overstaffing, which reason is to be found on page 86 of the hearings when Mr. Dumont said "Whether we like it or not in the Foreign Service, we have people come in under the recommendation of the Government—Agriculture, Members of Congress—and we have to take care of them. We are glad to take care of them. A lot of them are chores." Perhaps Congress can take credit for at least a little of this.

I am not opposed to oversea travel on the part of Members of Congress if those who engage in it work at the job of trying to ascertain how the taxpayers' money is being spent. I think the value of some of the traveling showed up in the questioning by various members of the subcommittee in eliciting information that we did not previously have out of the Foreign Affairs Committee. So I do not think all of this is bad. It is the outright junketing to which I take exception.

Mr. HAYS. If the gentleman will yield further, Mr. Dumont had a pretty rough time in the committee. He was probably a little provoked in what he said and, perhaps, what he said was right. But I will say this to the gentleman: I have traveled a good deal. As the gentleman said, many of the questions there came about because I had some personal knowledge of the situation. But in all the traveling I have done I have stayed exactly two nights at an American Embassy or American consulate. During all the rest of the time—the other 14 years—I have stayed at hotels. I will say something else which we have done: When I have traveled as chairman of the subcommittee, if there was any entertainment, we always sent out a telegram requesting that such entertainment be kept to a minimum. But on one occasion I remember in one of the African countries the Chief of State gave a dinner for us and we felt we had to reciprocate. I think it did some good. We found it was going to take most of the amount that the post had for representation. I ordered the staff to pay for the cost of that, which I think came to $150, out of counterpart funds authorized to us, and not to take it from the Embassy. Whenever the gentleman talks about freeloaders the gentleman is not talking about the chairman of this subcommittee, or others.

I think, anyway, what Mr. Dumont said is exaggerated. I have observed members of other committees who were traveling and I think they do the same as I do; they stay in hotels, and pay their bills out of funds allocated to them, so that it does not come out of the State Department's pocket.

Mr. GROSS. Mr. Chairman, I will say in conclusion that I think the bill is pretty rich under the circumstances. I do not see how I can support it. I hope that the Appropriations Subcommittee when it gets to the business of providing the cash will use a sharp pruning knife on it.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BARRY. I would like to say to the gentleman that even though the costs may appear high, especially in Africa, a great deal of it is for land costs. It may surprise us in America to think of land costs being high in some of these cities in Africa, but the fact is that they are high and if the United States wants to be represented in a location where other nations' embassies are, in the heart of the city, we have got to pay those costs.

Mr. HAYS. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY. Mr. Chairman, I am very happy to be a member of the Committee on Foreign Affairs and also happy to be a member of this Subcommittee on State Department Organization and Foreign Operations. I am proud to have the gentleman from Ohio [Mr. HAYS], as chairman of this subcommittee. In addition, the following members serve on the subcommittee: the gentleman from Wisconsin [Mr. ZABLOCKI], the gentleman from New York [Mr. FARBSTEIN], the gentleman from California [Mr. SAUND], the gentleman from Connecticut [Mr. MONAGAN], the gentlewoman from Ohio [Mrs. BOLTON], the gentleman from Indiana [Mr. ADAIR], and the gentleman from Connecticut [Mr. SEELY-BROWN].

We worked diligently in bringing to the House an outstanding bill. The administration requested $110 million for a period of 4 years. The subcommittee wisely decided on a 2-year authorization. The administration requested authorization of approximately $62 million. This request was reduced to $31 million.

Mr. Chairman, I would like to answer some of the questions raised by my colleague the gentleman from Iowa [Mr. GROSS]. There may be a large number of people representing the United States in many small countries. Nevertheless I only wish that we had one or more additional in Cuba before the Castro takeover and in Peru before the elections, including representatives of labor, so that we would know more what has happened or is expected to happen.

Mr. Chairman, I see on the floor the very able chairman of the Appropriations Subcommittee, the gentleman from New York [Mr. ROONEY]. I think he performs very nobly in his position. The seniority he has attained as a Member of the House and as chairman of the subcommittee is a tribute to the great service he has rendered to his country. I want to say to the Members of this House that I hope he will pay sympathetic attention to the revision of the Foreign Service Act by the Committee on Foreign Affairs for I feel that in some cases reductions on specific embassy projects have been too deep. I understand he has granted practically every cent requested by the State Department for the administration of our embassies abroad, which I think was very noble of him, but also I think some items should be increased, such as representation allowances for our ambassadors.

When I was in Yugoslavia, the amount allocated to our Ambassador at that time for entertainment was only $1,000. He had to take money out of his own pocket for entertainment in that country. I was very happy to reimburse him for my stay at the Embassy since hotels were not available. This was embarrassing to the Ambassador.

I have heard that our present Ambassador to France was forced to resign for the very same reason, finances. I think the time has come when we would like to have our ambassadors given a sufficient amount of money to run their embassies and that personal wealth should not be the basis for the selection of ambassadors. There are many in this country, meritorious civil servants, who would like to serve at these posts but are prevented because of their financial limitations.

Mr. Chairman, I think this is an outstanding bill. The committee did a very good service to our country by offering it and I hope it will pass as it was brought to the floor.

Mrs. BOLTON. Mr. Chairman, I yield such time as he may require to the gentleman from Indiana [Mr. BRUCE].

Mr. BRUCE. Mr. Chairman, I shall take only a minute or two to say that I do share some of the apprehensions expressed by the gentleman from Iowa [Mr. GROSS]. Also I would like to express my appreciation as a Member of the House to the chairman of this subcommittee and the members of the subcommittee for a very thorough and penetrating hearing.

As I read the hearings, for one of the few times I became encouraged at the decisiveness of the questioning. Anyone who could read these hearings and reach the conclusion that the subcommittee was a rubberstamp of the State Department or the Executive would be reading between the lines better than I could.

I want to express my thanks to the chairman and the members of the subcommittee for a very thorough piece of work in these hearings and in presenting this proposal.

Mr. HAYS. Mr. Chairman, I have no further requests for time.

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY of Indiana. Mr. Chairman, I should like to direct this question to the chairman of the subcommittee, the gentleman from Ohio. I am sure the gentleman from Ohio recalls that several years ago we served together on a subcommittee that investigated the facility needs of our Foreign Service in the Middle East. I am sure the gentleman's interest in this problem has been a continuing one since that time.

At that time we found a great deal of diversity of opinion as to what type of facilities were needed and the extent of the facilities neded for the Information Agency. I have not had an opportunity to study the hearings, but I note that some of the provisions of authorization in here are for the Information Agency. I wonder if the gentleman would tell me just a bit in brief as to what type of facilities is proposed here and whether he feels that a better scheduling of the plans and arrangements for the use of these facilities is in being than has prevailed in the past.

Mr. HAYS. I may say to the gentleman that because of other commitments of the full committee, and I want to be very candid and honest about this, the subcommittee just simply did not have the time to go into the U.S. Information Agency request in detail as we did the others. We asked the building people what was the minimum amount they could usefully use, and they came up with a figure. Most of it is for reading rooms, places for dissemination of information about the United States. Most of the money will be used in new places where we have not had such facilities, such as in Africa. In their justifications they point out that there is need in these newly created nations for the dissemination of information. Also, being very candid, these new countries have one vote apiece in the United Nations. Not all the work of selling our point of view in the United Nations is done in the United Nations. A considerable amount of it is done in the nations themselves. We felt that the way they outlined their needs the money would be well spent, and we allotted it. We do plan on going into this in much greater detail in the next session, when they will be coming up with a bill for the fiscal years 1965 and 1966.

Mr. HARVEY of Indiana. I am not in any way criticizing the gentleman or the subcommittee. I hope he understands that. By way of suggestion I am saying that I think there is probably a considerable need in some of the nations that have recently become members of the United Nations to have more adequate facilities there. I am also at the same time suggesting that possibly some of the rather obvious errors we made in our initial efforts in this area can be overcome, and that we will thereby not continue making some of the mistakes we made in the past.

Mr. HAYS. I well recall this at the time it started in 1949, and I have followed this very closely since then.

Mr. HARVEY of Indiana. I am sure the gentleman has.

Mr. HAYS. I am sure the gentleman will agree they made a lot of mistakes then, and have continued to do so, but they have improved over the years.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Indiana. I yield to the gentleman from Indiana.

Mr. ADAIR. May I say to the gentleman from Indiana that most of this information service money provided in this bill goes for three categories.

Principally, it goes for information centers where information relative to our Nation and our philosophy can be disseminated and made available to the peoples of the countries in which these centers are located. There is a little money for cultural centers and a little money for residences of public relations officers. In those three categories, however, lie almost all of the money, with emphasis on information centers.

Mr. HARVEY of Indiana. I thank the gentleman. In conclusion, I want to reiterate the fact that too often in the past we have been guilty of the error of feeling that if we hire so many people and build so many buildings, we are going to solve the problems. If there has been any one area where we have been remiss, it has been in this area and that is evidenced by the reaction I get from people in whom I have a good deal of confidence who have returned from visits to these various areas who have complained to me that they do not feel that we, as a country, have been putting forth our best image—that we have not projected ourselves properly and while they are not entirely critical, they feel in many respects we have done a good job, but there is always a feeling that we have not done nearly as good a job as we can. So I hope that we will improve in our tactics and our efforts as we move along.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORSE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MORSE. Mr. Chairman, although I will support H.R. 11880, I would like to call to the attention of this body an example of what I regard as a totally indefensible policy that concerns the furnishing of our embassies throughout the world.

I was troubled when I read in the New York Times of Friday, July 20, 1962, an article appearing on page 11 of that issue, entitled "Elegance Prevails in U.S. Embassies Throughout the World." In the course of the article, which appeared under the byline of Charlotte Curtis, appears a very disturbing paragraph. Let me read it:

> Although most furnishings ordered by the State Department are designed and made in the United States, some are bought abroad. Most of the sterling silver platters, trays, and flatware used in the official buildings abroad are made in Lima, Peru.

I cannot help but wonder what our American silversmiths, many of whom are located in my home State of Massachusetts, might think upon reading this report. I am reliably informed that for many years other nations have been pirating American patterns, producing exact duplicates which are heavy in silver but otherwise of inferior quality. Can the purchase by the State Department of Peruvian silver for use in our embassies be regarded as other than discrimination against the silverware industry of the United States which helps to pay the taxes that contribute to the support of those very embassies?

Although I supported the Trade Expansion Act which this House passed recently, I am convinced that the purchasing policies of the State Department require an immediate examination, as well as a continuing review.

And, it seems to me, when guests at our embassies abroad examine their shrimp forks, they should reasonably expect to find that they are American-made products, and I will welcome an explanation of this purchasing policy by the Secretary of State.

Mrs. BOLTON. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 295), is amended by adding at the end thereof the following new subsection:

"(d) In addition to amounts authorized before the date of enactment of this section, there is hereby authorized to be appropriated to the Secretary of State—

"(1) for acquisition, by purchase or construction (not including acquisition of leaseholds) of sites and buildings in foreign countries under this Act, and for major alterations of buildings acquired under this Act, the following sums—

"(A) for use in Africa, not to exceed $10,500,000, of which not to exceed $6,000,000 may be appropriated for the fiscal year 1963;

"(B) for use in the American Republics, not to exceed $4,300,000, of which not to exceed $1,800,000 may be appropriated for the fiscal year 1963;

"(C) for use in Europe, not to exceed $7,500,000, of which not to exceed $2,250,000 may be appropriated for the fiscal year 1963;

"(D) for use in the Far East, not to exceed $2,250,000, of which not to exceed $2,000,000 may be appropriated for the fiscal year 1963;

"(E) for use in the Near East, not to exceed $2,800,000, of which not to exceed $2,100,000 may be appropriated for the fiscal year 1963;

"(F) for facilities for the United States Information Agency, not to exceed $1,854,000, of which not to exceed $759,000 may be appropriated for the fiscal year 1963; and

"(G) for facilities for agricultural and defense attaché housing, not to exceed $800,000, of which not to exceed $400,000 may be appropriated for the fiscal year 1963;

"(2) for acquisition of leaseholds under this Act, for payments under such leaseholds, and for contingencies, not to exceed $1,802,000, of which not to exceed $802,000 may be appropriated for the fiscal year 1963 for leaseholds; and

"(3) such additional sums as may be necessary to carry out the other purposes of this Act.

Sums appropriated pursuant to this authorization shall remain available until expended."

Sec. 2. (a) Section 2 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 293), is repealed.

(b) The first section of such Act (22 U.S.C. 292) is amended—

(1) by striking out ", subject to the direction of the commission hereinafter established,";

(2) by striking out "under such terms and conditions as in the judgment of the commission may best protect the interests of the United States,";

(3) by striking out ", to the extent deemed advisable by the commission,"; and

(4) by striking out ", which buildings shall be appropriately designated by the commission, and the space in which shall be allotted by the Secretary of State under the direction of the commission" and inserting a period and the following: "The space in such buildings shall be allotted by the Secretary of State".

(c) Section 3 of such Act (22 U.S.C. 294) is amended—

(1) by striking out ", subject to the direction of the commission," and "in the judgment of the commission,"; and

(2) by inserting immediately before the period at the end thereof the following: "and without regard to section 3648 of the Revised Statutes of the United States (31 U.S.C. 529)".

(d) Section 4 of such Act (22 U.S.C. 295) is amended by striking out ", subject to the direction of the commission,".

(e) Section 9 of such Act (22 U.S.C. 300) is amended—

(1) by striking out "with the concurrence of the Foreign Service Buildings Commission,"; and

(2) by striking out ", as in the judgment of the Commission may best serve the Government's interest".

(f) Section 1(e) of Reorganization Plan Numbered II of May 9, 1939 (53 Stat. 1432), is repealed.

(g) All references to the Foreign Service Buildings Commission, originally established by the Foreign Service Buildings Act, 1926, in all laws of the United States are hereby repealed.

Mr. HAYS (during the reading of the bill). Mr. Chairman, this is a short bill, and I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HAYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Hays: On page 3, strike out lines 8 and 9 and insert in lieu thereof the following:
>
> "(3) for use to carry out the other purposes of this Act, not to exceed $22,093,000, of which not to exceed $10,893,000 may be appropriated for the fiscal year 1963."

Mr. HAYS. Mr. Chairman, this amendment, as I said in general debate, sets a specific ceiling for money to carry on the necessary maintenance, repairs, and other operating expenses for the next 2 years. We encountered some opposition to an open-end authorization in the Committee on Rules, and I gave an implied promise that we would correct that situation. This amendment attempts to do that. I want to say in all candor this is a ceiling. We did not go over these item by item, but we do know that the Appropriations Subcommittee will. This is a maximum amount that they can appropriate. They can appropriate any amount under that that they think is necessary to carry on these functions.

Mr. Chairman, I ask that the amendment be adopted.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentlewoman.

Mrs. BOLTON. May I say that the committee members on our side are happy to accept this amendment.

Mr. HAYS. I thank my colleague.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. I understand that the gentleman cannot commit the conferees on this bill, if a conference is called for, and a conference probably will be necessary in view of the upping nature of the other body. I wonder if the gentleman can give us any assurance—this bill being $8 million below the administration's request—whether we could have assurance that the conferees will stand firm against the other body putting that money into the bill?

Mr. HAYS. I will say to the gentleman as chairman, and I assume I will be, of the House conferees, you can have every assurance that we will stand firm. In the conference on foreign aid, the other body came down $690 million and we went up $3,500,000. So I think that was a pretty good deal—$3,500,000 for $690 million—and I expect to be about as generous in compromising with the other body on this bill as we were on that bill.

Mr. GROSS. I thank the gentleman for his statement.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Adair: On page 3, line 11, immediately before the quotation mark insert the following new sentence: "To the maximum extent feasible, expenditures under this Act shall be made out of foreign currencies owned by or owed to the United States."

Mr. ADAIR. Mr. Chairman, this is the amendment to which I made reference earlier in the debate. It simply would write into law an understanding we have with representatives of the State Department. As was said earlier this was suggested in the Rules Committee. We on the committee had felt that the matter was sufficiently well understood. However, it was suggested that to assure that foreign currencies were continued to be used to the extent possible it might have a wholesome effect to have it stated in the bill. That is the purpose of the amendment. I urge its adoption.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HAYS. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

NEAR-TRAGIC AIRPLANE ACCIDENT

Mr. HAYS. Mr. Chairman, I just wanted to remark that I am very happy to have the Chairman of the Committee of the Whole with us today. We have been reading in the newspapers recently of tragic airplane accidents, and we read of the near-tragic accident last evening in which our Chairman and one other Member were involved, an accident which could have been another disaster save for the intervention of the Almighty. He and 66 passengers and crew were spared.

Our Chairman was a member of my NATO committee last year and did yeoman service. I am always glad to have him with me, for he seems to bear a charmed life. He was present when the shooting occurred here several years ago and a number of Members were shot down, among them the Chairman who is presiding today. Fortunately his wound turned out to be not serious and he recovered rapidly.

So my advice to you if you are going on a trip is to take the gentleman from Memphis with you to insure your safety.

The CHAIRMAN. Thank you.

Under the rule the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. Davis of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes, pursuant to House Resolution 741, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Pursuant to the previous order of the House further proceedings on the bill will be postponed until tomorrow.

Mr. GROSS. Mr. Speaker, I withdraw my point of order.

WARS OF NATIONAL LIBERATION

The SPEAKER. Under previous order of the House, the gentleman from Florida [Mr. Sikes] is recognized for 30 minutes.

Mr. SIKES. Mr. Speaker, I wish to discuss a matter of current singular importance in the national defense—the development of our capability to counteract the wars of national liberation so glowingly praised by Chairman Khrushchev. I recognize that a great deal of thought and effort, numerous studies, and other activities are in progress in this area. My investigation of the present situation leads to the conclusion that there is some confusion and misunderstanding in the minds of civilians as well as the military with regard to the relationship of the Air Forces counterguerrilla organization and the missions of the other services. In essence, the Air Force considers their counterinsurgency organization to be an aspect of one of their longstanding missions, that of conducting air operation in support of the ground forces.

I consider it most important that there be an air element in our modern-day counterguerrilla forces.

The Air Force, in April of last year established the so-called Jungle Jim organization at Eglin Air Force Base. This original Jungle Jim unit, equipped with propeller-driven aircraft specially modified for low-altitude, unprepared field operations, has practiced incessantly in developing techniques of airlifting personnel into guerrilla-infested areas, and identifying and attacking guerrilla units from the air.

The Jungle Jim unit has recently been succeeded by the Special Air Warfare Center with the mission of developing tactics and techniques for the application of airpower in operations against guerrillas. This organization is intended to provide a capability of accomplishing only those tasks which logically fall within the airpower spectrum. In order to support these tasks, the Air Force proposes to develop equipment, tactics, and techniques which would apply the scientific and technical capabilities of the United States to counterinsurgency air problems.

I might digress at this point to state that we cannot ever expect to meet Communist aggression throughout the world on a man-to-man basis. Accordingly, we must seek other areas in which to gain superiority. Our acknowledged technical and operational capabilities in the air warfare spectrum certainly deserve consideration as a counter to the Communist hordes.

This is not to say that we can expect miraculous results from airpower or any other approach in countering guerrilla operations. It is a slow, tedious task. However, there are specific airpower missions which can make major contributions in securing mobility for friendly forces, and delaying, harassing, and inflicting casualties on the insurgents. In order to accomplish these objectives the Air Force counterinsurgency organization will contain airlift, reconnaissance, and strike capabilities. Primarily, their purpose will be to train indigenous forces in order that local defense capabilities may be developed. Also, they will be able to conduct counterinsurgency operations on their own in support of host countries requesting this type of assistance. The organization will have no infantry capabilities. On the other hand, because of the remote areas in which these forces will be operating, the ground support personnel will have to be trained to protect themselves. The organization will also have combat control teams consisting of airmen who are trained parachutists who will have the job of marking airdrop and air-landing zones, and establishing airheads in the case of an airborne or air assault operation.

Eglin Air Force Base has been selected as the home of the Special Air Warfare Center. This center, commanded by Brig. Gen. Gilbert L. Pritchard, has two subordinate operations: a combat applications group whose purpose will be to seek out and develop equipment, tactics, and procedures for air operations in the counterinsurgency field, and an air commando group which will train Air Force personnel to apply these tactics and procedures in field operations.

The air commando group traces its parentage to the versatile and highly successful air commando organization of Col. Philip Cockran in the World War II Burma campaign. This successful application of airpower to surmount dense, virtually impassable, jungles and defeat an enemy who was living on the land is an inspiration to the present-day air commando unit.

The air commando unit will draw from the large reservoir of highly experienced and skilled pilots in the Air Force inventory. We can count on their years of training in propeller-driven aircraft to enable them to quickly orient themselves in this activity.

I am proud that the Air Force has chosen the unique Eglin Air Force Base area, with its 464,831 acres of superb training facilities as the home of this extremely important adjunct of our national defense capability. Eglin, in addition to its unequaled environmental testing facilities, has large areas suitable for exercises under both controlled conditions and those which might be expected to occur in the developing nations.

The total Eglin complex represents an investment of about $900 million. Not only is there the completely modern heavy bomber base at Eglin main base, but scattered throughout the reservation are a number of auxiliary airstrips ideally suited for training in counterinsurgency operations.

In summary, we must be prepared to meet the Communist challenge throughout the spectrum of warfare. Air Force recognition of the fact that this spectrum extends from guerrilla operations to thermonuclear warfare and their vigorous approach to all phases of the problem is a source of great personal satisfaction to me.

PUERTO RICO

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BOW. Mr. Speaker, the Congress has in the past and will again in the future be called upon to give attention to the political status of Puerto Rico.

President Kennedy has suggested that action should be taken to determine the ultimate solution to its status.

Gov. Muñoz Marín will convene the legislative assembly to put before it the need to hold a plebiscite.

The President and the Governor of Puerto Rico have every right to discuss these matters. The legislative assembly has the right to direct that a plebiscite be held.

However, the final determination will be the legislative responsibility of the U.S. Congress.

I suggest, Mr. Speaker, that orderly procedure would require that Congress be fully informed during the progress of these proceedings and that hearings also be held by the appropriate committees of Congress and that before a plebiscite be held, a resolution be passed by the Congress indicating that it be the sense of Congress that such plebiscite be submitted to the people of Puerto Rico.

Mr. Speaker, I believe in the political maturity of the people of Puerto Rico. I believe in the right of the people of Puerto Rico to express their desired political status. They have since the days of Public Law 600 proven their ability of self-government and have made rapid strides in their development.

My great concern is the probability of a plebiscite held without congressional accord that might later be found unacceptable. Such a situation would be to the detriment of all concerned and cause a serious blight on the long history of our relations with our loyal and patriotic citizens of Puerto Rico.

I trust that we approach this historic action with careful appraisal of all of the many problems it entails.

I call to the attention of the House an editorial from the newspaper El Mundo, of San Juan, P.R., of July 30, 1962, which I believe to be a sound approach:

PINPOINTING

Due to their vital and far-reaching results it is necessary to pinpoint, without delay, different aspects of the projected plebiscite.

Firstly, there is no reason to push these proceedings with undue haste especially since they have lain abandoned and ignored for so many years.

It is absurd to speed up the plebiscite as if it were a boat race. Such a step, of exceptional importance to the life of a country, requires time for thought and analysis. Time to orient. Time to think deeply of the far-reaching results of the vital decision to be taken.

We fail to understand the haste with which the legislative assembly is to be convened and even the idea of holding the plebiscite before the year ends.

We believe that the plebiscite requires at least several months to set up and could never be held before April 1963.

This is no matter to be disposed of in fit of rage as a question of little importance to which risks and errors are of no account.

Secondly, it must be made clear why this plebiscite is initiated in Puerto Rico, without the prior intervention of the Congress of the United States.

For obvious reasons, during many years we favored that the plebiscite should be originally sponsored by the Congress.

A plebiscite proposed by the Congress would mean prior recognition besides all the moral and effective support of the Nation. In fact, its results would bind the Congress.

On the other hand, a plebiscite originating in Puerto Rico, even with all the moral force it would muster, is not binding on the Congress.

Puerto Rico, however, cannot keep on disregarding an ultimate solution to its political status. We Puerto Ricans must know and are under the obligation to settle, once and for all, where we are going and what we are going to be. Thus, we must put our demands before the nation with the support of all the Puerto Rican people. A people that need to establish their destiny as the most important step toward the solution of all their other problems.

In the third place, a plebiscite is the supreme responsibility of all the people and should not be aired among the passions of political partisanship.

If the plebiscite is to be promoted and agitated among the political parties, it would be best not to hold it at all because that would mean deceiving the right of the people to settle its political future without the fatal pressures of opportunism and compromise.

Governor Muñoz-Marín will convene the legislative assembly to put before it the need to hold a plebiscite.

Whose need is it? Is it the need of the governing party? Does the so-called Commonwealth need to buttress itself as a political formula? Or, as it should be, is it not the need and the supreme obligation of the people of Puerto Rico to settle its political destiny?

The Governor has told President Kennedy that it would be convenient to show the whole world and especially Latin America, that Puerto Rico supports, through a plebiscite, this accommodating formula.

This is no legitimate reason to justify a plebiscite. The ultimate solution of our political destiny should not be used as a show for such and such a purpose.

The only reason to hold a plebiscite is the vital need of Puerto Ricans to settle what we are to be, now and forever. And this decision must be made on the basis of eternal formulas which would run no risk of withering or growing as transitory things.

That is why we have always insisted that the plebiscite must be held on the basis of statehood or independence since these are not formulas that would merely grow because in practice each means sovereignty. And if we have said that we would accept the plebiscite hindered by the ballast of Commonwealth it is only because we refuse to believe that, in this grave hour when we are about to settle our destiny forever, Puerto Ricans will disgrace themselves by voting for accommodating and transitory formulas subject to the seesaw of political partisanship.

We have already heard highly authorized voices from the Congress of the United States asking whether Puerto Rico wants a sweetened independence on the basis of an easy plebiscite to be shown to the world as evidence of American democracy and how it operates in Puerto Rico.

These voices would never dare to use such language were we to demand our inalienable right to settle our destiny within the time-honored and sovereign formulas of statehood or independence.

We proudly accept the plebiscite to definitely settle our political status. We repudiate the idea of a plebiscite based exclusively on the so-called need to buttress and to give more prestige to an accommodating formula.

DISARMAMENT COMMITTEE AT GENEVA

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the RECORD.

Mr. SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HIESTAND. Mr. Speaker, I wish to bring to your attention a recent statement by Secretary of State Rusk. He told the 18-nation Disarmament Committee at Geneva on July 24:

> The U.S. does not insist on foolproof arrangements in a disarmament agreement and is ready to share certain risks.

This statement, Mr. Speaker, is tragically absurd and should be repudiated. This country cannot afford to leave any loose ends when considering a disarmament agreement. I am shocked by Secretary Rusk's admission that this country is willing to share certain risks in a disarmament plan.

I do not like the militant nature of today's world any more than the ivory tower boys, but I realize that the surest way to invite disaster is to disarm by sharing certain risks without foolproof arrangements. The Soviet Union has shown itself to be wholly unreliable in honoring treaties and international agreements.

The Soviet Union's decision to resume nuclear testing is evidence they are only stringing us along at Geneva. The President said recently that we are very reluctant to test again. In my opinion, we must do whatever is necessary to protect ourselves—including nuclear testing. While I realize that disarmament negotiations seem to have become a permanent fixture of our tense world, we must never consider accepting any agreement that does not give us absolute guarantees.

The Secretary has also pointed out that studies are underway in the United States on all aspects of disarmament and that new possibilities were continually under consideration.

Mr. Speaker, I must emphasize that, in my opinion, the Secretary of State should, in the Nation's interest, repudiate his certain-risks statement.

ANOTHER BOOST

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. MORSE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MORSE. Mr. Speaker, the following editorial from my hometown newspaper, the Lowell Sun, describes the finest sort of teamwork between private, civic, and Federal efforts in solving the economic problems besetting so many communities:

ANOTHER BOOST

The expansion of Lowell Industrial Park through the reclamation of 63 acres of what might be called wasteland provides another insurance policy for the future of the city and the area in general.

There is a potential of 2,500 jobs according to the plans and expectations of the Lowell Industrial Commission and the Area Redevelopment Administration. A grant of $166,500 by the Federal Government has already been approved and there should not be too great a delay in getting this land, with roads and utility installations, ready for bids by industry.

According to the present needs of industry, this area is unquestionably one of the best in New England. Major highways stretch in all four directions of the compass and access to the city will be simple, convenient, and fast when the connector is opened several weeks hence.

Route 3, going north and south, and Route 495, running east and west, offer just about the best combination of modern, two-barreled roads at this intersection. For that reason, it is probable that Lowell industrial agents will have little difficulty in attracting industry.

And if Lowell and the nearby towns are going to have an additional 2,500 jobs right in their own backyard, we need have no fear about the economic stability of the area in the immediate future.

CAPTIVE NATIONS WEEK

Mr. HAYS. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. ST. GERMAIN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ST. GERMAIN. Mr. Speaker, there are few individuals in our Nation who have taken a more active interest in the tragic difficulties which are faced by those who suffer under Communist oppression than has Mayor Robert F. Wagner, of New York City.

On Tuesday, July 17, the city of New York commemorated Captive Nations Week. Mayor Wagner was in Europe on that occasion visiting the divided city of Berlin. He was struck, as I was on my visit to that city last fall, with the awesome separation of the free from the enslaved which is symbolized by the Communist-erected wall which partitions the city.

Mr. Speaker, I will insert a cablegram, which Mayor Wagner sent to the Captive Nations Week observance, and the address delivered at the ceremony by Acting Mayor Paul R. Screvane at this point in the RECORD:

FRANKFURT, GERMANY,
July 16, 1962.

Hon. PAUL R. SCREVANE,
Acting Mayor, City of New York,
New York, N.Y.:

I know that tomorrow you will be officiating at a gathering on the steps of city hall, observing Captive Nations Week. My heart is with you.

I have just looked over the wall in Berlin and into the eyes of tyranny and slavery. There the tyrant forces have sought to build a structure high enough and strong enough to separate the free from the enslaved and to keep the enslaved from escaping to freedom. That wall in itself is a monument to slavery. In the name of the people of New York City, you are proclaiming Captive Nations Week. I join with you in vowing in the name of freedom's cause shall prevail against the total threat of slavery and enslavement. On the basis of what I have seen we may all be confident that one day all who love and still hope for freedom will enjoy its blessings.

ROBERT F. WAGNER.

CAPTIVE NATIONS WEEK

(By Acting Mayor Paul R. Screvane)

As acting mayor of the city of New York, I am honored to continue the tradition established last year by Mayor Wagner in proclaiming "Captive Nations Week" and holding this ceremony on the steps of city hall.

New York can rightly claim, in one sense, the proud title of being the capital city of the free world. It has earned this right, not only for its preeminence in many social, economic and cultural fields, but through the historic tradition it has established for all the world of hospitality and sanctuary for the homeless and friendless stranger. The upraised arm of the Statue of Liberty at the gates to our city beckons and bids the newest refugee from Cuba and Hungary welcome with the same humanity with which this city has welcomed its new arrivals for nearly three centuries. New York City has been the gateway to a new life for most of the millions who sought freedom from oppression by coming to this land of the United States. Many have remained here and, with the tender threads of memory, tradition and language, still keep a web of sympathy stretched between this, their new homeland, and the distant places whence came many of them and their forefathers.

The last 20 years has witnessed the greatest flood of refugees from tyranny in the whole history of mankind. Except for the barbed wire and watchtowers which wall in the totalitarian world, millions more would certainly have fled to the freedom they are denied. For those who escape and for that who long to escape, America remains a living beacon to their hopes.

In commemorating Captive Nations Week, we are, thus, living up to both our noblest traditions and highest ideals. It is a frightening thought that through modern technology, ill used, modern tyranny has become far more sinister and total than any tyranny dreamt of, by Nero or Caligula. There has never been a tyranny as complete as that fostered by the modern totalitarian state.

But it is unlikely there has ever been a time in history in which the love of liberty, which we sometimes take for granted, has burned as clearly and fervently as it does behind the walls which enemies of freedom have built as unknowing prisons for themselve. No wall can last as long as man's love of liberty. Eventually the walls will come down and tyranny, which is contrary to the spirit of man, must crumble with them.

In celebrating this Captive Nations Week, we are not acting as New Yorkers alone, but as Americans. We are carrying out the letter and the spirit of the congressional resolution of 1959 which established Captive Nations Week and the proclamation of President John F. Kennedy which he has issued again this year.

In his Fourth of July speech on the steps of Independence Hall in Philadelphia, President Kennedy issued a new declaration of interdependence of all free nations and eloquently reaffirmed America's dedication to the freedom of the peoples behind the Iron Curtain. He said that the union of the Atlantic world "would serve as a nucleus for the eventual union of all freemen, those who are now free and those who are vowing that someday they will be free."

And the President went on to explain the great issue which differentiates us from the Communists. He said: "If there is a single issue which divides the world it is independence—the independence of Berlin, or Laos, or Vietnam; the longing for independence behind the Iron Curtain, the peaceful transition to independence in those newly emerging areas whose troubles some hope to exploit."

"This Nation," the President concluded, "conceived in a revolution, nurtured in liberty, maturing in independence, has no intention of abdicating its leadership in that worldwide movement for independence to any nation or society committed to systematic human oppression."

The spirit of these words is a legacy that has been handed down to us from the days of Thomas Jefferson and Thomas Paine. It is today the continuing spirit and principle of American foreign policy. It is today the cause to which we rededicate ourselves during this commemoration of Captive Nations Week.

SET-ASIDES FOR SMALL BUSINESS IN THE CONSTRUCTION INDUSTRY MUST BE CONTINUED

Mr. HAYS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MULTER. Mr. Speaker, 15 bills have been introduced in the Congress of the United States which provide that the program under which Government contracts are set aside for small business concerns shall not apply to construction, maintenance, and repair procurements. The number of these bills indicates that the program, commonly known as the construction set-aside program, has engendered some controversy.

I shall directly demonstrate that it is based on erroneous information, doctored statistics, and misconceptions. I shall further demonstrate that, if enacted, these bills would be harmful to the Government, harmful to small business, harmful to the building construction industry, harmful to labor, and harmful to the country as a whole.

First, I should like the RECORD to show that under existing SBA size standards 90 percent of the construction industry contractors qualify as small business concerns. It follows, that those who oppose the construction set-aside program are doing battle for and on behalf of only 10 percent of the industry, and that all that sound and fury concerning the alleged injustices of the set-aside program in the construction industry originates with a handful of firms, the giants of the industry, who are using the Associated General Contractors of America—AGC—as their mouthpiece.

Who, you may ask, is this vociferous AGC, which seeks the elimination of the small contractor from the American scene? Does it speak for the industry, as it alleges that it does? Does its views on the construction set-aside program square with those of the 455,000 small construction contractors whose livelihood the AGC is threatening?

There are, Mr. Speaker, some 479,000 construction firms in the United States. Of these, only 7,300, or less than 2 percent, are AGC members, and the AGC does not speak even for all of these. In fact, the small contractors among the AGC members are frightfully aware of the AGC's assault upon their livelihood. Their deep concern is expressed in the multitude of letters pouring in from all over the country. Of these, I shall take the liberty of reading but three or four. One such letter, for instance, reads:

> It has been brought to my attention, that there are organizations, working to abolish the small business set-aside program.
>
> I trust that the Small Business Administration will do everything in its power to keep this program in operation.

Another letterwriter states briefly:

> We have heard that some pressure is being brought about to discontinue the set-a-side [sic] program for small business. We ask that you do everything you can so that this program is continued.

Another correspondent says:

> We understand that there has been a movement to try and abandon the Small Business Administration set-aside program. Being in this small business capacity, we are definitely opposed to this good program being abandoned.
>
> If this is done, it will put the bulk of the construction work back under the control of the major companies in their respective fields, leaving the smaller contractors to again fight a losing battle for survival.

Other letters from AGC members go even further, and directly disavow the position taken by their organization. One such letter, for instance, states:

> For some time we have been following the controversy between the Associated General Contractors and the Small Business Administration involving the reserving of the smaller construction contracts for the smaller firms.
>
> As our letter indicates, we are members of the Associated General Contractors and are a relatively small organization. Our views are not at all represented by the National Associated General Contractors organization. This is an extremely competitive field today, and a small organization with limited resources has a very difficult time surviving the cutthroat competition.
>
> I think you will find that all the noise and commotion is being caused by 5 or 10 percent of the AGC membership that represents the large, long-entrenched organizations that have the resources to survive in these competitive times and would like nothing better than to see their weaker and smaller competitors fall by the wayside.

A director of the Portland, Oreg., chapter of the AGC feels that the program has never been fully presented to the AGC membership. AGC opposition, he says, is that of the "large contractors who dominate the thinking and actions of the AGC."

I could go on reading many more such letters, but I believe that this sampling sufficiently conveys the idea that the AGC is out to establish a monopoly for its big wire pullers and that its small members know it and fear it.

The AGC's assumed position as an alleged spokesman for the construction industry has, thus, been severely shaken. In fact, a recent survey conducted by the SBA has clearly demonstrated that the AGC speaks neither for the industry nor for its small members. Although it does speak, it does not speak the truth.

Invited by the SBA to join it in an industrywide survey regarding AGC's members' views on the construction set-aside program, the AGC dodged participation. SBA thereupon proceeded with the survey on its own, polled 976 small business construction firms, including 401 AGC members.

Of these, Mr. Speaker, 86.7 percent favored the small business set-aside program while only 7 percent were against it.

How many small contractors were coerced into being AGC's yesmen I cannot say. I do venture to say that of the relatively few votes against the program, the majority came from the industry barons who, notwithstanding the set-aside program, are still receiving the lion's share of the dollar value of all Government construction contracts.

Although representing but 10 percent of the industry, big business is still receiving over 60 percent of all construction awards; and not only would they like to keep it thus, but their insatiable appetite is still growing.

Mr. Speaker, the sad truth is that at a time when 90 percent of the industry—all small business firms—is receiving less than 40 percent of all military construction awards; and, worse yet, when its share is still on the decline, a concerted effort is underway to accelerate this decline still further.

There was a time when small business concerns were awarded 72.8 percent of the dollar value of all military construction procurements. That was in fiscal year 1958.

A hue and cry was then raised against the small contractor, and successfully.

We knew then, as we know today, that giving in to big business clamor would ultimately result in the displacement of the little fellow. We were right. Immediately after suspension, in May 1959, of the construction set-aside program, the small business share of military construction contracts declined from the previous 72.8 to 65 percent. When it dropped still further to 50 percent in fiscal year 1960, the Department of Defense agreed to the reactivation of the set-aside program for construction contracts. But, even after this was done, an increase to only 54 percent was achieved in fiscal year 1961. Moreover, this small increase was only temporary. Since then a steep decline has set in anew, and during the first 9 months of fiscal year 1962 the figure sank to 39.6 percent.

These statistics speak for themselves. The small business share of military construction is still steadily declining and small construction firms, representing 90 percent of the industry's membership, are rapidly being displaced from Government work by the monopolists of the industry.

The construction set-aside program, Mr. Speaker, constitutes but one means, if not the only effective one, of arresting this dangerous trend. Without it, the figures cited would doubtlessly plunge to new lows.

The proposal, therefore, to discontinue the construction set-aside program is most inappropriate.

Such a step would be entirely inconsistent with the repeatedly expressed intent of Congress that small business shall share equitably in Government contracts. It would also be inconsistent with the expressed desire of the President of the United States that all Government procurement agencies adopt every feasible measure to increase the small business share of the procurement dollar.

In the light of this, and in the face of the continuing decline in the small business share of Government procurement, now is certainly not the time to tamper with the construction set-aside program. In its present phase it is a new program. It is, therefore, necessary that it be given a fair trial. It has been operational only since the latter part of 1960, and it is too young yet to be appraised properly as regards its effects on either large or small business.

The large construction firms and AGC know this to be true. In fact, I believe that their primary concern is really not the military construction program, although they would not mind gobbling this up too. The real purpose of their maximum effort, Mr. Speaker, is much bigger. It is designed to nip in the bud possible and well justified efforts that must be made to extend the set-aside program into those areas where big construction firms have today an almost absolute monopoly. I refer to the proposed programs for school construction, for highway construction, and for public housing.

The Honorable RUSSELL B. LONG, the distinguished Senator from Louisiana, in a hearing held by the Senate Select Committee on Small Business said:

> Why did you leave out Capehart housing? I know that down our way Capehart housing is one area where you should have made small business get some of it. It is a program in which one big fellow can get it all. If you break it up into 100 units at a time, the small fellows can get it.

> Why should not Capehart housing be included? That is one thing small business can do. (Hearings, Senate Select Committee on Small Business, 87th Cong., 1st sess., June 21, 1961, p. 25.)

That question, Mr. Speaker, was and still is a good one, and the answer thereto, supplied by SBA's capable Deputy Administrator for Procurement, Mr. Irving Maness, is simply that Capehart housing is now being excluded from the set-aside program solely because the military construction set-aside has created such a furor and controversy that SBA does not want to add new fuel to the already burning fires.

Let there be no mistake about it. The giants of the construction industry are not really concerned with the measly share of military construction awards made to the small construction firms of the country. The truth of the matter is that they are not dissatisfied with their present near monopolization of all Government construction contracts, including highway and public housing construction. Their clamor serves but one purpose, and one purpose only—to frighten the little fellow from reaching out for a share of Capehart housing and highway construction. This is now big business' exclusive domain, which it has, thus far, succeeded in keeping to itself. Theirs is, therefore, a policy of intimidation.

If you do not believe that their aim is monopoly on housing and school construction, read please the resolution adopted last January by the Montana Building Chapter of AGC. There, they openly state that they are determined "to prevent the set-aside program of the Small Business Administration from being extended to—the public housing program, the proposed school construction program—or future Federal construction programs that would in the future be awarded under this set-aside program."

Read please, also, a fairly recent issue of the Constructor, an official AGC publication. There, again, it is openly stated:

> SBA is increasing the already devastating competition in the industry by bringing in many new small firms, and now is getting into the highway program.

No one can doubt the true purpose of this anti-set-aside campaign. The cat is out of the bag. The issues raised are artificial, the criticisms unfounded, the statistics in support thereof manufactured. The only thing that is not fictitious in this whole sordid matter is tne purpose to destroy the set-aside program.

Although the issues raised are artificial, the arguments advanced in support thereof are even more so. They are based, as I said before, on erroneous or misinterpreted statistics, erroneous and misleading assumptions, and outright untruths. I shall not take up your time with the many inane and self-defeating accusations broadcast by the AGC in a widely distributed pamphlet of February 1962, entitled "What Every Taxpayer Should Know About the Small Business Administration." I will limit myself to the refutation of those statements which, without knowledge of the facts one might take seriously. Here they are:

First. They falsely claim that small contractors performing set-aside contracts are less efficient.

It is asserted that the small business set-aside program, as it relates to the construction industry, is subsidizing inefficient and marginal small business contractors at the expense of solid and responsible businessmen. Paralleling this allegation is the one that the set-aside program is bringing new contractors into a field in which competition is already acute and where the existing firms are by no means fully occupied. This, it is alleged, is accomplished by grants of loans to people who cannot obtain them elsewhere, because they are unable to show the loans would be sound investments. These firms, it is further said, are without sufficient skills, knowledge, and background, and, therefore, inferior in job performance; and they are only able to compete as a result of SBA's issuance of certificates of competency.

The facts are, of course, otherwise. SBA is not setting up anybody in business, nor does it make business loans unless there is a reasonable assurance that the loan can and will be repaid in full.

You are aware, no doubt, that the law does not authorize the making of a direct loan to a small business loan applicant, unless his inability to obtain such from a private lending institution has been satisfactorily evidenced. Those who interpret this as an indication that SBA is financing bad credit risks, overlook the fact that credit standing is not the sole determining factor of a bank's loan policies. The maturity length of loans, for instance, has a great effect upon their lending willingness. It is common knowledge that banks do not customarily make commercial loans in excess of 3 or 4 years. In fact, we hear repeatedly from the banks that bank examiners scrutinize their portfolios, and if they find too many long-term loans, these become criticized assets. This is one of the foremost reasons given by banks to prospective small business borrowers of reasonably good credit standing requiring loans for 7, 8, or up to 10 years. It is in cases like these, and where there is reasonable assurance of repaymnt of the loan, that SBA steps in and renders the necessary financial assistance. More often than not it is done in conjunction with private lending institutions on a participating or a deferred basis.

All loans, whether granted by SBA alone or in conjunction with a private lending institution must be of such sound value and so secured that there is reasonable assurance of repayment. In no event does SBA extend credit to a borrower who is considered a poor credit risk.

Please note, Mr. Speaker, in this connection, that due to the prudence exercised by SBA in this respect, the dollar rate of loss evaluated as of December 31, 1961, was only 1.6 percent in construction loans as against 1.3 percent of all other business loans. These figures are most significant in view of the false impression created by AGC and its satellites that 18 percent of SBA's construction loans will result in a dead loss. This is just not true.

Furthermore, the law and regulations require that all bidders, large or small, must be responsible and competent.

A new company finds it most difficult to prove its competency. Part of the proof of competency is past successful operation in the very field of business in which the award is to be made.

Part of the proof of responsibility is evidence of financial ability to perform. Just as the procurement office must find these facts, so too must the SBA official find them in order either to issue a certificate of competency or to approve an application for a loan.

The two applications by the same firm are rarely simultaneous or coincidental or dependent one on the other.

Second. They falsely assert that set-asides lower performance standards.

Neither is there any valid basis for big business' assertion that furnishing assistance to small business concerns lowers performance standards. The fact that a contractor obtained a contract under a set-aside procurement, or the fact that a contractor has an SBA loan, has no bearing whatsoever on his efficiency. His efficiency must be established in advance of either event.

I invite your attention to the fact that construction work inspection is a responsibility of the contracting agency and is carried on to the same degree with all contractors, large or small. This was established beyond question at a hearing before the House Appropriations Subcommittee last May, and at a February joint meeting of staff members of the Senate Committee on Banking and Currency and the Senate Select Committee on Small Business with representatives of the Small Business Administration, the Department of Defense, and the General Services Administration.

The Department of Defense and General Services Administration representatives indicated that contracts awarded under the construction set-aside program have been satisfactorily performed; that inspection by the procuring agency during the performance of the contract, as well as the inspection after the completion of the job, is the same in set-aside contracts as in other construction contracts entered into by the Government; and that these contractors are bonded by private bonding companies in the same manner under set-aside contracts as in other construction contracts.

Generally, the decision whether a particular firm can handle a contract is made by the contracting officer. The great bulk of the small concerns to which such contracts have been awarded, obtained them not because of SBA's intervention, but because the contracting officer made a favorable finding respecting their ability to perform. In these cases SBA did not participate in the award decision.

Where there is a doubt as to the capability of a small contractor—and such doubts are sometimes expressed by contracting officers—SBA pursuant to section 8(b)(7) of the Small Business Act, is empowered to certify that a small business concern has the capacity and credit to perform a specific contract. Such certification must be accepted by the procuring agency as conclusive.

In carrying out this certificate of competency program, SBA conducts a thorough and careful investigation and analysis of a small business concern's financial and technical ability to perform the specific contract. A certificate of competency will not be issued unless this investigation and analysis establish a reasonable assurance that the contract will be satisfactorily performed.

In the construction industry, where from 1953 to date SBA issued some 30 certificates of competency, not one of the contracts involved in these certifications have been terminated for default. This, I suggest, sufficiently proves that SBA does not certify competency unless it is there, nor does it bring into the program inefficient contractors.

It is, therefore, absurd to charge that the construction set-aside program places Government defense construction in the hands of less capable, less efficient contractors. Admiral Peltier, in testimony before the House Appropriations Subcommittee last May, was asked:

> To what degree do you exercise the same prerogative of checking competence in the award and set-aside with small business as compared to what you had in the regular routine procedure where you selected contractors in the usual way?

His answer was:

> We make the same check. Since so many people in the construction field are small business, they are competent. There is no question about that.

Third. They falsely claim that construction set-asides result in higher costs to the Government.

Another AGC misrepresentation relates to the claim that construction set-asides result in additional costs to the Government.

To my knowledge, there is no evidence to support this view. The evidence is to the contrary. People who make this allegation do not seem to realize that protection against unreasonable prices lies in the fact that pertinent regulations authorize the contracting officer to reject all bids and readvertise any proposed procurement, including a small business set-aside, if he determines that the prices submitted are unreasonable. The final determination in this regard rests with the Government procuring agency. Once all bids are rejected, the award based on the new bidding must go to the lowest competent, responsible bidder, big or small.

In this connection it is to be noted that the Government engineers designing the technical specifications for a construction contract, normally prepare an advance estimate of the costs involved. In fact, such an estimate is required in case of construction contracts which are expected to cost more than $10,000. The estimate, which is kept secret until the bids are opened, provides contracting officers with reliable guidance in determining whether the lowest bid received represents a reasonable price. This safeguard is just as effective in the set-aside program as it is in every other procurement program.

The procurement agencies of the Government have repeatedly asserted that they have no evidence that the small business construction set-aside program involves additional costs to the taxpayer. Former Secretary of the Navy Connally, in testifying not so long ago before the Senate Procurement Committee said:

> I do not know of a case where the Navy or the Government has wound up paying more money for an item as a result of doing business with small business firms.

And, in a report to the Senate Small Business Committee, on February 5, 1962, the Department of Defense included the following statement:

> Some questions have, in fact, been raised as to whether we have not overemphasized the role of small business in our construction programs at the cost of paying unreasonable prices to effectuate set-asides. We have, however, conducted a thorough review of construction contracts awarded during the 6 months ending June 1961, and have concluded that this allegation is unfounded.

And just the other day, on July 19, 1962, to be specific, in a hearing before the Senate Armed Services Committee, the Assistant Secretary of the Department of Defense, the Honorable Thomas D. Morris, reiterated that there is no evidence bearing out a charge of higher cost to the Government as a result of set-asides.

Where, then, does the higher prices allegation by those who parrot the AGC line stem from? I believe that it stems from the isolated few instances where a large contractor has submitted a lower, nonresponsive bid on a set-aside procurement. Since under a small business set-aside unsolicited bids by large contractors cannot be accepted, and large contractors are aware thereof, some have submitted lower than normal bids knowing that they can do so with impunity, for they cannot be called upon to perform at the low bid price. These ineligible large firms are, thus, free to bid unrealistically or even at a loss in order to discredit the bids offered by small firms who are bound by the prices they quote.

On the other hand, the records affirmatively disclose that during the last fiscal year alone, the SBA certificate of competency program saved our Government $4.5 million and at the same time provided employment to 1,360 workers who might have had no jobs.

Fourth. They also claim there is too much subcontracting.

Still another irresponsible complaint made against construction set-asides is that small firms which receive the contract subcontract too much of the work.

The AGC knows that in the construction industry a prime contractor rarely handles the whole project himself. They have no reason to believe that small construction firms subcontract more of the work than is customary in the industry. No less than their large competitors, these small firms assume all of the risks and burdens of prime contractors, and they deserve recognition as such. The fact is that the larger the contractor, the more the subcontracting.

Fifth. They falsely assert that SBA makes the set-asides.

Another charge, a double-barreled one, is that first, SBA arbitrarily determines the size of contracts to be set aside for small business; and second, SBA takes away from contracting authorities most of their discretionary power.

Neither of these charges is true. The dollar value is not one of the criteria.

Congress in sections 2(a) and 15 of the Small Business Act declared it to be the Government policy, and directed that all Government agencies utilize all means properly available to set aside a portion of all Government contracts exclusively for small business participation so as to assure small businesses the opportunity to bid on and receive a fair share thereof.

In order to effectuate this congressional mandate small business set-aside criteria have been developed not by SBA alone, but by it in cooperation with the military and civilian agencies of the Government.

The program is a relatively simple one. Its purpose being to assure small business the opportunity to bid on and receive a fair share of Government contracts, SBA has assigned representatives to as many major Government purchasing offices as can be covered by the agency's limited staff. These SBA representatives and the purchasing officials screen proposed purchases. Some of the agencies have small business specialists. These men are not employed by or resonsible to SBA. They are responsible only to the agency employing them. The representatives of the procurement agency and those of SBA jointly determine whether small firms can supply the items or services. They jointly evaluate the small business competition; and, if there is a reasonable expectation that sufficient responsible small business competition can be obtained, earmark the purchases for bidding by small firms. If they do not find at least three responsible and competent small business firms who will bid, there is no set-aside. If at least three do not bid, the set-aside is revoked.

Although the above procedure is followed in setting aside maintenance, repair, and construction contracts, AGC is persistently fostering a misunderstanding to the effect that all construction contracts between $2,500 and $500,000 are automatically set aside for small business. It is claimed, or at least suggested, that procurement officials have been deprived of discretion with respect to the award of such contracts. That is untrue, for no purchase can be set aside for small business by anyone but the procuring agency. SBA can only recommend, period.

When the set-aside program was first established, it was necessary for the SBA procurement center representative to review each procurement and to initiate individual set-aside action on each procurement meeting the established statutory and regulatory criteria for a set-aside—the availability of a sufficient number of qualified small business concerns to assure competition at fair and reasonable prices. Furthermore, it was necessary to repeat this action even when the same items were purchased recurrently and there had been no changes in conditions which justified the original set-aside. This resulted in a duplication of effort. In order to simplify and expedite the program the Congress amended the Small Business Act in 1958 to authorize set-asides, not only with respect to individual awards or contracts, but also for classes of awards or contracts.

Now, where SBA has reason to believe that the criteria are generally applicable to a class of contracts, it requests the procurement agency to treat each contract in such class as if it had been the subject of a specific set-aside recommendation by SBA. In no respect does this impair the right of procurement officials to reject a recommendation. In fact, they can and do call SBA's attention to those contracts in which the particular circumstances would not justify a set-aside. Where warranted the recommendation is rescinded.

In cases of disagreement section 15 of the Small Business Act specifically provides that—

> The matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency.

Thus, all SBA can do in such cases is to appeal. The final authority is in the procuring agency.

The application of this procedure to construction contracts is merely an extension of the class recommendations made in other industries for items such as adhesives, ready-mix asphalt, boxes and crates, cement, various types of containers, and for services such as drycleaning, janitorial, guard, and watchman services.

As the procurement agencies gained experience in the field of construction, it became apparent that the class set-aside procedures are applicable to the bulk of construction contracts between $2,500 and $500,000. Accordingly it was agreed that the contracting officer should consider each requirement for construction within these dollar limitations as if SBA had made a specific recommendation to restrict it to small business. But he still retains full jurisdiction to exercise his own discretion.

An analysis prepared by the Department of Defense covering the first half of calendar year 1961 illustrates the workings of the system. During this period the Department of Defense awarded 5,291 construction contracts under $500,000. In approximately 20 percent of these cases the Department of Defense determined with the concurrence of SBA that the governing facts would not justify a set-aside. This record will hardly sustain the contention either that SBA arbitrarily determines the size of contracts to be set aside for small business or that it is taking away from the contracting authorities most of their discretionary power.

Sixth. Another falsehood is the claim that the small business size criteria are unrealistic.

Complaints have been voiced by the AGC and its minions, regarding SBA's definition of "small business" in the construction industry, especially that the criteria established are unrealistic.

In the construction industry, SBA's former size criteria were independent ownership and operation, nondominance in the field, and annual average receipts for the past 3 years not exceeding $5 million. SBA changed its size definition, effective as of August 1, 1962, thus allowing firms with average annual receipts of up to and including $7½ million to qualify as small construction firms. Although the changed definition will give an additional number of contractors an opportunity to participate in Government construction, the AGC is continuing its drum beating.

Anyone having a just complaint as to size standards may present it and get a full hearing and relief, if justified, either on a specific case basis or on an industrywide basis.

Seventh. Labor opposition is not justified.

In a separate category entirely is the grievance voiced by some representatives of labor against the construction set-aside program. This, Mr. Speaker, is the most painful aspect of this entire matter. The AGC and the enemies of labor have succeeded in persuading some labor representatives that labor's interests lie with the large construction firms. I am confident, however, that when all the facts are bared and understood, better judgment will prevail and the few opposing labor leaders will realize that their interest and that of the public lies not in the destruction, but in the support of the small construction firms of the country.

Let us examine for a moment the allegations concerning labor.

(a) They mistakenly assert that small contractors are not required to pay prevailing wage scales.

They say that contractors performing set-aside contracts are not required to pay prevailing wage scales and therefore the set-aside program is undermining union wage rates.

This criticism is as unjust as it is untrue. Nothing could be further from the truth, and labor should be well aware of that. Witness the legislative program of 1962 of their building and construction trades department presented at the eighth annual legislative conference held March 5–8 at the Sheraton Park Hotel in Washington, D.C.

Although they there opposed the set-aside program, they did not do so on the wage account, but for the alleged and equally unjustified reason that the program causes unemployment.

If unemployment, however, is labor's concern, little do they realize that their opposition to the small business set-asides equally spells the death knell of the labor set-asides, a measure designed solely to alleviate unemployment in labor surplus areas. Their position, then, is contrary to their very own vital interests and demonstrates incomprehensible shortsightedness. This is why I say that if all facts are bared, and the impact of the proposed bills understood, the misguided will retreat from their too hastily occupied position.

But until then let me return to the alleged detrimental impact of the set-asides on wages.

The small construction concerns are not enjoying any preferential treatment as regards compliance with the prevailing wage provisions of the Davis-Bacon Act—49 Stat. 1011. Compliance therewith is required, regardless of size, of all contractors performing Government construction contracts in excess of $2,000. I am confident that there is no method whereby a small construction contractor can legally avoid the provisions of the act. Labor in response to my request has failed to identify a single instance where that has occurred.

(b) They also mistakenly say that set-asides cause unemployment of union labor.

Since the wage charge falls of its own weight, it is asserted that the set-aside program hurts the members of building trade unions who become unemployed.

Let me analyze that validity of this complaint.

First, the matter of whether or not employees are unionized or not has, as the Congress well knows, nothing whatsoever to do with whether a Government contract is awarded by the method of set-aside or otherwise. Unionization is a matter for consideration by the industry and the trade unions, and there are simply no grounds for the assumption that set-asides have an effect on unionization. But, they do have an effect upon employment. In fact, they constitute one of this administration's most effective weapons in its struggle against the continuing national plight of unemployment. Based on past experience, I concluded that if the objectives of the set-aside program were to be achieved, there would be an increased need, and not a lessening one, for construction workers, especially in areas other than metropolitan.

The law very properly requires set-asides in labor distress areas even at higher prices in order to give work where otherwise there would be none.

I do not stand alone in this view on the beneficial effect of the set-aside program on the employment situation. Only recently the Oklahoma Department of Highways and the Oklahoma Highway Commission submitted a joint resolution to the Congress, urging confinement of highway construction bidding to small business as one means of alleviating unemployment in that State.

Any hopes anybody may have that an increase in construction contracts awards to large firms will result in an increased demand for labor are illusionary. Experience shows that large concerns are often able to perform additional contracts with their existing labor force, whereas small concerns are almost always hiring additional labor when awarded a Government contract.

CONCLUSION

In closing, I should like to reiterate emphatically, Mr. Speaker, that opposition to the construction set-aside program stems from only a few large contractors and association officers and directors, not rank and file members, of the various branches of AGC. Letters I have seen bear this out fully.

I exhort the opponents of the program to ask themselves what would happen if set-asides were really to be discontinued and construction contracts awarded on the basis of competitive bidding open to small and large firms alike.

Theoretically the idea sounds great. The fact of the matter, however, is that large companies have the mobility which enables them to enter any State of the Union where contracts are available and bring with them many of their employees, and bid against the local small contractor. This possibility is denied to the little firm by virtue of its very smallness. Thus, deprived by the powerful outsider of its local opportunities and unable to seek work elsewhere, the small contractor is doomed to economic extinction.

This, Mr. Speaker, is the reason why I, the SBA, and 90 percent of the construction industry feel that in the face of the continuing decline in the small business share of Government procurement, the program must be maintained and strengthened as well.

The alternative, I submit, is a stunting of the economic growth of the industry, and absolute concentration thereof in the hands of a few. I urge you to believe me when I say that the 90 percent of the construction industry cannot be preserved unless the actual and potential capacity of small business is encouraged and fostered under the set-aside program. Small business has the technical know-how and resourcefulness but is in no position to compete with big business. It looks to this Congress to help it stay viable and share in the defense and well-being of our country.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CUNNINGHAM (at the request of Mr. ARENDS) from August 7 through August 14, on account of official business.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

(The following Members (at the request of Mr. KEITH) and to include extraneous matter:)

Mr. JOHANSEN.
Mr. GLENN.
Mr. FINO.

(The following Members (at the request of Mr. HAYS) and to include extraneous matter:)

Mr. MULTER.
Mr. POWELL.
Mr. MORRIS K. UDALL.
Mr. BARING.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities; and

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 6, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 3822. An act for the relief of Ahsabet Oyunciyan; and

H.R. 10904. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes.

ADJOURNMENT

Mr. HAYS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 28 minutes p.m.) the House adjourned until tomorrow, Wednesday, August 8, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2377. A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1963 involving an increase in the amount of $80 million for the Agency for International Development (H. Doc. No. 503); to the Committee on Appropriations and ordered to be printed.

2378. A letter from the Secretary of Defense, relative to the loan of one destroyer to the Government of Pakistan, pursuant to section 7 of Public Law 87-387; to the Committee on Armed Services.

2379. A letter from the Secretary of the Army, transmitting the annual report of the U.S. Soldiers' Home for the fiscal year 1961, pursuant to an act approved March 3, 1883, as amended (24 U.S.C. 50 and 60); to the Committee on Armed Services.

2380. A letter from the Comptroller General of the United States, transmitting a report on the examination of the pricing of spare engines for fire-crash vehicles under Department of the Air Force fixed-price prime contracts with Continental Motors Corp. (Continental), Muskegon, Mich.; to the Committee on Government Operations.

2381. A letter from the Assistant Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to authorize the acquisition of lands for addition to the Adams National Historic Site"; to the Committee on Interior and Insular Affairs.

2382. A letter from the executive secretary, National Music Council, New York, N.Y., transmitting the financial report of the National Music Council for the year ending April 30, 1962, pursuant to Public Law 873, 84th Congress; to the Committee on the Judiciary.

2383. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PRICE: Committee on Armed Services. H.R. 5423. A bill to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes; with amendment (Rept. No. 2141). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE: Committee on Armed Services. S. 2020. An act to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes; without admendment (Rept. No. 2142). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARING:

H.R. 12789. A bill to direct the Secretary of the Interior to convey to the city of Henderson, Nev., at fair market value, certain public lands in the State of Nevada; to the Committee on Interior and Insular Affairs.

By Mr. BELL:

H.R. 12790. A bill to provide, for purposes of income taxes under the Internal Revenue Codes of 1939 and 1954, that awards received under the Japanese-American Evacuation Claims Act of 1948 shall not be included in gross income; to the Committee on Ways and Means.

By Mr. BREWSTER:

H.R. 12791. A bill to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes; to the Committee on Armed Services.

By Mr. DORN:

H.R. 12792. A bill to prohibit strikes in certain strategic defense facilities; to the Committee on Education and Labor.

By Mr. HOLLAND:

H.R. 12793. A bill to authorize modification of local participation in flood control projects; to the Committee on Public Works.

By Mr. JOELSON:

H.R. 12794. A bill to provide for the sale of the U.S. Animal Quarantine Station, Clifton, N.J., to the city of Clifton to provide for the establishment of a new station and for other purposes; to the Committee on Agriculture.

By Mr. MATHIAS:

H.R. 12795. A bill to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes; to the Committee on Armed Services.

H.R. 12796. A bill to amend the act entitled "An act to provide for a mutual-aid plan for fire protection by and for the District of Columbia and certain adjacent communities in Maryland and Virginia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. MOORE:

H.R. 12797. A bill for the relief of the State Centennial Commission of West Virginia; to the Committee on the Judiciary.

By Mr. MURPHY:

H.R. 12798. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. O'HARA of Michigan:

H.R. 12799. A bill to provide Federal assistance for programs in the States for projects which will benefit older persons; to the Committee on Education and Labor.

H.R. 12800. A bill to extend for two additional years the temporary provisions of Public Laws 815 and 874, 81st Congress, to eliminate certain limitations on the applicability of such acts, and for other purposes; to the Committee on Education and Labor.

By Mr. SEELY-BROWN:

H.R. 12801. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. SMITH of Iowa:

H.R. 12802. A bill to provide further for cooperation with States in administration and enforcement of certain Federal laws; to the Committee on Agriculture.

By Mr. WHARTON:

H.R. 12803. A bill to amend section 1461 of title 18 of the United States Code with respect to the mailing of obscene matter to minors, and for other purposes; to the Committee on the Judiciary.

H.R. 12804: A bill to protect postal patrons from obnoxious mail matter; to the Committee on Post Office and Civil Service.

By Mr. CRAMER:

H.J. Res. 844. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian religious observances founded upon the recognition of God in public schools or other public places, if participation therein is voluntary; to the Committee on the Judiciary.

By Mr. HARDING:

H.J. Res. 845. Joint resolution designating the dam and reservoir constructed as a part of the Palisades Dam and Reservoir Federal reclamation project, Idaho, as the "Henry C. Dworshak Dam and Reservoir"; to the Committee on Interior and Insular Affairs.

By Mr. ST. GERMAIN:

H.J. Res. 846. Joint resolution requesting and authorizing the President of the United States to officially proclaim the week beginning November 4, 1962, as National Folk Music Week; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.J. Res. 847. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HARDY:

H.R. 12805. A bill for the relief of Lt. Claude V. Wells; to the Committee on the Judiciary.

By Mr. KILBURN:

H.R. 12806. A bill for the relief of Bok Hi Lee; to the Committee on the Judiciary.

By Mr. MICHEL:

H.R. 12807. A bill for the relief of Eugene Ahrends; to the Committee on the Judiciary.

By Mr. MURPHY:

H.R. 12808. A bill for the relief of Elvira V. Sommers; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H.R. 12809. A bill for the relief of Tom You Hong, Wai Kuen Wong (also known as Alice Tom), and Peter Tom; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Labor Dumps Baring for Stand Against Socialized Medicine

EXTENSION OF REMARKS
OF
HON. WALTER S. BARING
OF NEVADA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, August 7, 1962

Mr. BARING. Mr. Speaker, under leave to extend my remarks, I should like to have inserted in the CONGRESSIONAL RECORD a reprint of a speech I made which was reprinted and circulated by friends who have the same belief as I do regarding medicare under the social security system, which appears to me to be the start of socialized medicine.

This speech was made at the AFL–CIO convention in Las Vegas, Nev., which endorsed my opponent after I had been told in advance that such endorsement would be mine if I would vote for the King-Andersen bill:

NEVADA LABOR BOSSES DUMP CONGRESSMAN BARING FOR HIS COURAGEOUS STAND AGAINST SOCIALIZED MEDICINE PLAN

This will be the eighth time in 16 years that it has been my pleasure to appear before your group and seek labor's support for my candidacy for the Congress of the United States.

Seven times over a period of 14 years your group has overwhelmingly supported my candidacy. Labor has always joined with me and I with them in facing our common foe at election time. The results generally have been quite favorable but we have always had a pretty rough road to travel. The record of that 14 years speaks for itself.

Your national representatives have been high in their acclaim of my stand on matters affecting organized labor. Within the State itself, your leaders and members of the various locals have from time to time contacted me and have expressed their satisfaction with my representation not only of the State of Nevada, but of organized labor itself.

I have journeyed here for the purpose of receiving my eighth consecutive endorsement. I have read and heard of criticism in some quarters as to my standing on some present matters of legislation. Frankly, I was not too concerned. I attributed the apparent misunderstandings to an unfavorable press.

However, shortly after arriving in town I had a visit from two of the leaders of this State organization, and was advised by them that unless I came forward and made an out-and-out commitment to be in favor of the King-Anderson bill, otherwise known as medicare, my continuing support by your organization would be in jeopardy.

Let's see what my stand on this matter is.

The King-Anderson bill was introduced in both the House and the Senate, and in neither body were the proponents of the bill able to get it out of committee. (For your information, I did not serve on the House committee which had the bill under consideration. At the time the King-Anderson bill was introduced, it contained certain language and methods which I did not feel were in the interest of the majority of the people in either the State of Nevada or the United States of America. I therefore announced to the press that I was opposed to the King-Anderson bill in its original form. Let's see what happened.)

The proponents of the bill, who had the strong support of President Kennedy, and after consultation with him themselves decided that the bill in its original form had no chance of passing.

They amended and watered down the King-Anderson bill substantially through legislative maneuver, and put it on as a rider to the welfare bill in the Senate. The Senate defeated the measure by a narrow margin. Those voting against were 21 Democratic Senators, constituting a third of the Democrats in the Senate, and 31 Republican Senators. This bill has never been voted on in the House and will not be presented until the next session of the Congress.

I am as compassionate as anybody living for the fine elderly and needy people in our country who are now in the golden years of their life, and I am very cognizant that we do have quite a problem in this sphere. Something must be worked out to help them, but the manner in which we act is the deciding point.

The King-Anderson bill wants to put medicare under the Social Security Act, which makes the whole program one of compulsory health insurance. This is not in line with the American way of life and while, as I have said, we must have something to help, it must be on a voluntary basis or else the whole program is labeled as socialized medicine.

Having served on the scene for 10 years, I have lived with this situation, for the subject matter is not a new one. It started under President Truman's administration, continued through President Eisenhower's administration, and the same forces are still fighting to pass this compulsory health insurance under this administration.

I want to point out to you that in each successive Congress from and including Truman's administration until now the majority of the legislators in the National Congress have turned compulsory health insurance down because of the fear of socialized medicine.

I want to say that I know the proponents of the King-Anderson bill personally, and that their intention is to have a public law passed and signed so that it is on the books, and then they will remove the age limit of 65 so that the bill will encompass everyone of all ages. This is unconstitutional, for it would become a direct change in our American way of life.

The bill itself, as it stands today, only covers those people who are presently under the social security system. Those who have never had any social security do not get the benefits, and I think a much more appropriate plan would be to perhaps cut down our budget on some unnecessary foreign aid spending and make outright grants to those people who actually are in need of medical care, then it would not be compulsory insurance.

It would answer the problem and, surely in view of the light that we are taking care of foreigners all over the globe, we could take care of our own elderly people.

Now, one of my Democratic opponents has openly stated that he will be a rubberstamp to the administration, and has stated that I talk as a Republican. My Republican opponent has publicly stated that I vote as a New Dealer. This is an unusual situation, and I'm telling you right here and now that both men are wrong.

I talk and vote as an American who believes in the Constitution of the United States, and I have stated publicly that I will conduct my campaign on an Americanism platform in defense of the Constitution.

How can anyone challenge this if he is a real American, unless he himself is a rubberstamp?

Where does loyalty start, to your country or to your party?

My party background is one of Jeffersonian Democracy, believing in States rights. I do not like to see centralized government become so strong that it is only a hop, skip, and a jump from socialism, and we all know what the next step is after socialism.

Thomas Jefferson said: "The best government is the least government." He also said: "I place economy among the first and foremost virtues, and public debt as the greatest of dangers to be feared. To preserve our independence we must not let our rulers load us with perpetual debt. If we run into such debts we must be taxed in our meat and drink, in our necessities and in our comforts, in our labor and our amusements. If we can prevent the Government from wasting the labor of the people, under the pretense of caring for them, they will be happy." I repeat, "under the pretense of caring for them"—for I think this to be a most important thought.

This country has become most lethargic, and most people have gone along over the past two decades thinking that Uncle Sam is a magician and can do this and that at will via the public expense method. Somebody has to pay these bills, and that somebody is you, or you and me.

The national debt is now $308 billion, and this makes our financial system a very lopsided and dangerous state of affairs. Yet, there is a group of very powerful thinkers who are now in high Government places—in fact, some 33 in number—who are left of center and are all members of the ADA, a group which propounds Fabian socialism.

They are mixed into both parties, so I am critical of this group as it exists in both parties. This is not political, it is bipartisan. They have almost discarded American patriotism and to their way of thinking, such great Americans as Patrick Henry, Henry Clay, Thomas Jefferson become nothing but "bums" or, if you please, modern-day John Birchers. And yet, since I was a boy I was taught that patriotism for my country was the highest and greatest thing that one could show.

You have heard this same group label me and other good Americans with some fantastic name such as McCarthyites, Birchers or anything else fantastic, so as to throw the blame and suspicion of what they are actually doing, stating that these ultra-ultra rightists are bad for the country.

Somebody has to challenge them and show how bad this group of leftists is for our country, for they are not Americans at heart but are power hungry and are desirous of creating a one-world welfare state. Instead of trying to keep America sound the way it grew up, on supply and demand, free enterprise, and labor, they have thoroughly brainwashed many unsuspecting citizens into thinking that the Government should take care of them.

Let me remind you what Abraham Lincoln said: "You cannot build character and courage by taking away a man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves." While Lincoln was a Republican, and I have now quoted Jefferson and Lincoln, I want you to know that I stand firm in both men's beliefs. They were good Americans.

Delegates to this convention, I made an open stand to the people I represent in Nevada, which means all the people. I am frankly alarmed at this sudden turn to the left in government, and I want to leave this thought with you today—that a government that is big enough to give you everything you want is a government big enough to take everything you've got.

I am not McCarthy reborn, as was expressed in one of our local morning newspapers. I am not a John Bircher, or any other fantastic name. I am a legislator who studies cause and effect, and I vote what I think will do the best good for the majority of the people.

Above all, let me state to you here today that I am not a rubberstamp, for if we had a rubberstamp Congress you would not need a Congress. You would be under a dictatorship form of government.

Men have disagreed, parties have disagreed, over the last 200 years, and this is a healthy condition if we want to preserve our American way of life.

During the 10 years that I have represented you in the Congress, I can proudly say that I have always represented you with dignity and honesty.

If after 10 years I cannot get your support, with you knowing how I have worked for the working people of America, then I cannot come into your convention and ask your support under the provision that I must vote for one particular piece of legislation, or else.

I repeat, delegates, that I am not a rubberstamp—I am a representative of all the people.

I thank you for allowing me to appear before you today and make my position known to you. Thank you again.

Independence Day of the Ivory Coast

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency, the President of the Republic of the Ivory Coast, Felix Houphouet-Boigny; and His Excellency, the Ambassador of the Ivory Coast to the United States, Konan Bédié, on the occasion of the second anniversary of the Ivory Coast's independence.

The Ivory Coast, which first became known to Europeans as a result of exploratory voyages by the Portuguese in the 14th and 15th centuries, was administered by France from the end of the 19th century until 1958. At that time its people voted in favor of the constitution of the Fifth French Republic, thus making the Ivory Coast an autonomous state in the French Community. On August 7, 1960, the Ivory Coast became an independent republic, while remaining in the French Community. Today its 3 million citizens, many descendants of ancient kingdoms, are striving to consolidate their young nation.

We were recently privileged to welcome the President of the Ivory Coast, M. Felix Houphouet-Boigny, who came on a state visit. President Houphouet-Boigny, formerly a physician, has become known to the world for his efforts to achieve freedom for the Ivory Coast and for his faith in cooperation with other nations. After the Second World War he was a founder and leader of the African Democratic Rally—RDA—an interterritorial political party which assumed the lead in the movement for independence of the French-African territories. For many years he represented the Ivory Coast in the French National Assembly. President Kennedy has praised his extraordinary efforts in promoting African unity and cooperation within the Council of the Entente, the Union of African and Malagasy States, and through a conference of 20 African nations held recently at Lagos, Nigeria. We trust that President Houphouet-Boigny's visit to the United States and the conversations between the two Presidents have strengthened the friendly relations between our two countries. President Houphouet-Boigny's visit followed a trip by Attorney General Robert Kennedy to the Ivory Coast, where he represented the United States at the first anniversary of that nation's independence last August.

The Ivory Coast has cooperated closely with France in its economic and social development. Attractive housing is being vastly expanded. The proportion of children receiving elementary education has increased ninefold during the last few years. Until 1958, higher education was available only in the universities of France or nearby Senegal; now a university is being established in Abidjan, the capital city of the Ivory Coast. Public health services are being strengthened both at Abidjan and in the interior administrative subdivisions. Meanwhile, an economic boom is in progress, and President Houphouet-Boigny, who successfully led the struggle for African emancipation, is now embarked on a bold experiment of cooperating with foreign governments and investors. We salute the Ivory Coast on the second anniversary of its independence.

Count Your Freedoms

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. MULTER. Mr. Speaker, I commend to the attention of our colleagues the following article written by our distinguished Secretary of Commerce, the Honorable Luther H. Hodges.

Secretary Hodges has reminded us of one of the most important freedoms we have under a democratic form of government: the freedom of choice.

The article, which appeared in the July 1, 1962, issue of This Week magazine, follows:

COUNT YOUR FREEDOMS

(By Luther H. Hodges, U.S. Secretary of Commerce)

(NOTE.—One of our most exciting American freedoms is one we seldom discuss: Freedom of choice. In a new kind of Fourth of July message, the Secretary of Commerce talks about its meanings for you.)

WASHINGTON.—When I was a boy in North Carolina, the Fourth of July was the most exciting holiday of the year. The whole town turned out for the races in the morning—sack races, three-legged races, and the wild race to capture a greased pig. Then we ate picnic lunches, bought lemonade at the refreshment stands and settled down for the speeches.

Thundering oratory was much admired in that pre-World War I time. We listened, entranced, to the rolling phrases celebrating the glorious declaration of liberation from tyranny and despotism which took place on July 4, 1776. The inspiring words still echoed in our minds hours later when brilliant fireworks exploded in the night sky.

The years passed and the Fourth of July emphasis gradually shifted from the independence as a Nation, won for us by our forefathers, to the precious individual freedoms that we ourselves must guard constantly against attack and erosion. The four freedoms of Franklin D. Roosevelt—freedom of speech, freedom of worship, freedom from want and freedom from fear—became the focus of our celebration.

This year I'd like to bring up a fifth freedom—a freedom we enjoy every minute of every day of our lives, yet one we rarely mention—freedom of choice.

What does this fifth freedom mean? Simply that in our personal, our business, and our community lives, we Americans have a range of free choices unmatched and almost undreamed of in many other parts of the world. For example:

FREEDOM OF CHOICE: WHERE WE LIVE

Americans are free to live wherever they please. One family moves from the city to a suburb. Another goes from a rented apartment to a house of its own. Still another heads west or north to a different State—in pursuit of a new job, a better school, fresher air, or merely a change of scene. People in many countries today do not have this freedom.

When I visited the Soviet Union in 1959 as one of nine State Governors, a man working in a factory told me, through an interpreter, that he came from a very beautiful, distant part of Russia where there were many vineyards.

"Would you like to work in the vineyards?" I asked.

"Oh yes," his face lit up.

"Then why don't you?" I inquired.

He shook his head. Later someone explained to me that in order to buy a railroad ticket to that distant place, the man would be required to show proof that he had a job there. But to obtain a job, he would have to be there. So the idea was hopeless, because he had no choice as to his location or his job.

Last fall in Berlin I noticed a dozen West Berliners standing on a mound near the East-West dividing line waving their handkerchiefs—some occasionally wiping away tears. I asked a woman to whom she was waving.

"To my daughter and her baby and my elderly mother," she told me.

I looked and saw another group of people 500 feet away in East Berlin—imprisoned behind the 7-foot wall topped by barbed wire and broken glass. The divided members of this family had written to each other making a date to wave at that particular time on that Sunday morning.

By contrast, our freedom to move about and live wherever we please is illustrated by a delightful letter received recently at the Department of Commerce census field office in Kansas City. A young woman, licensed to teach school anywhere in the State of Nebraska, asked the census people a simple and sensible question before accepting a job offer: "What city in Nebraska has the highest proportion of unmarried men between 30 and 40?"

FREEDOM OF CHOICE: WHAT WE BUY

The abundance of goods in our supermarkets and department stores is so overwhelming that we tend not to be aware of it until we travel to a place where scarcity prevails. In many parts of the Communist world there is outright famine today—no food to be had at any price. Even the poorest of our people, choosing an ice cream cone for a child from numerous flavors, has difficulty imagining mass starvation striking a country like a Biblical plague.

In East Germany, where the shops are nearly empty, a woman goes from queue to queue and spends half a day assembling the barest necessities for the next 24 hours. In the Soviet Union, everyone I saw appeared to be healthy and well-fed, but the diet is about 60 percent bread and 10 percent potatoes. Not much choice there. In fact, nearly everything of a luxury nature seemed to be pretty much out of reach of the average person.

But let us not be fat, dumb and happy about our good fortune. The graveyard of history is filled with the bones of people who became too complacent, and were overrun by the lean and hungry have-nots. We must help other nations, some of whose citizens exist on as little as $50 each year, to improve their lot. In so doing we will also help ourselves, because some day they will be able to buy automobiles and television sets from us.

FREEDOM OF CHOICE: HOW WE RUN A BUSINESS

The Americans who make and sell all those automobiles, desks, radios, and bicycles enjoy broad freedoms of choice which we call free enterprise. Of course, our commercial society is complex today and sometimes redtape and collisions of public and private interest tend to confuse us. I find this true in Government work, but the fundamental freedoms are always there and the goals are worth all our impatience and inconvenience.

An industrialist can make up his mind at lunch, "I'll build a front-wheel drive car that goes 150 miles an hour." A storekeeper can abruptly decide, "I'm bored with children's clothes—I'd rather sell hobby kits." A salesman can walk out of his job at an appliance company and look for work in the soft drink field. All three can set about their new projects that very afternoon, without the slightest thought of clearances, permits or authorizations.

The one person who exercises an ultimate veto over them is the consumer. He must freely choose to buy what they offer, or they'll soon have no factory, no store, no job. Essentially, ours is a consumer-controlled economy.

When I traveled in Communist countries, it took effort of will to grasp the idea that all business, trades, and industries are run and owned by the State. A workingman cannot casually change jobs. Neither can a factory operator make shirts instead of skirts, replace machinery or open new branches. These are official, not individual, choices.

FREEDOM OF CHOICE: THE WAY WE ADVERTISE

An important free choice of the American businessman is how he sells his product. He can put a sign in his window and hope the neighbors will see it. Or he can buy space in a publication or time on the air and, with the unique sales tool called advertising, try to sell to millions of people.

Of course this freedom is sometimes abused, but blanket criticism of advertising reflects a profound ignorance of its essential role in our economy. Without advertising to stimulate a constantly expanding demand for goods and services, we wouldn't be the wealthiest nation that has ever existed.

Under our system, profits make possible the investments that create jobs and increase production. To keep this cycle spiraling upward, potential demand must be transformed into actual sales. Advertising does this by informing purchasers of the choices offered them.

A single example will show the service rendered to our whole economy by the right kind of advertising. When the first manmade fabrics came out, they were referred to slightingly as "artificial silk" or "synthetic." The word "synthetic" was equivalent of "fake" and the public was disposed to think of the new materials as worthless.

But carefully thought-out advertising informed buyers of the special merits of each of the new fibers. The goods lived up to the promises made for them, and today the production of manmade fibers has reached an astonishing 2 billion pounds a year.

FREEDOM OF CHOICE: WHERE WE SELL

The American businessman can freely choose to sell locally or to faraway markets. Since the Department of Commerce began its current drive to raise our level of exports from 4 percent of our gross national product (Belgium-Luxembourg exports over 31 percent), many smaller businessmen have been amazed to learn that this choice is, as a practical matter, open to them.

One Midwest manufacturer of work clothes asked us if he really could sell his garments abroad. We put him in touch with agents in the United Kingdom and Germany. The salesman he sent to England wrote enough orders to swamp the factory and saved Germany for a later trip.

The 10 American exhibitors at our London Trade Center's lamps and home-lighting show this March wrote $125,000 in initial orders. The hit of the show was the three-way light bulb and switch, an everyday item for us, but a novelty in Britain. American factories are now rushing three-way units for shipment abroad.

I feel that far too few of our businessmen are taking advantage of their freedom to sell overseas. A recent U.S. trade mission to eight new West African Republics ran into many German and French salesmen, wide awake to the commercial potential of these new markets, but not a single American. Yet a 10-percent increase in our exports would virtually eliminate the deficit in our international accounts and create new jobs and profits.

FREEDOM OF CHOICE: WHAT KIND OF TOWN

Finally, I want to talk about the choices a community can make. As citizens you are free to decide what kind of town yours will be—residential or industrial, fast growing or slow to change, a place where people come to study, retire, get rich or kick up their heels.

And when things go wrong, you can choose remedies. Certain areas today are sorely depressed because resources have been depleted, industries have moved away, or leaders of the community have grown careless and indifferent. When this happens, people can simply bemoan their fate and accept relief, or they can leave and start somewhere else. Or they can act in concert to improve their condition.

I think particularly of a Maryland city with a real can-do spirit. In 1960, Cambridge, on the Eastern Shore, was in a decline after the closing of a major food plant. More than 12 percent of the labor force was idle. Stores were failing. The prospects were indeed bleak when four young businessmen formed an industrial committee and by ringing doorbells collected $15,000, partly in $1 and $5 bills.

With this money, hard work, and enthusiasm, they "sold Cambridge" to a manufacturing company, two boat companies and a publishing house. Later, a new sewage system was needed to serve expanding industry. The new area redevelopment program of the Department of Commerce assisted the city with a $68,000 loan and a $204,000 grant, and 875 more new jobs came into being. The people of Cambridge are taxpayers again instead of tax users—because they chose to do something about their problems. They made their choice.

FREEDOM OF CHOICE: LET'S KEEP IT

I get impatient with people who say we Americans have lost our freedoms, lost our momentum, lost our way. We have not. Sometimes I wish for a little of that rousing Fourth of July oratory of my boyhood so we could feel again the heady excitement and throbbing sense of our destiny.

I think we need to remind ourselves that we are not forced to go where we are sent, do what we are told, or eat what we are given—because 186 years ago, we declared for life, liberty, and the pursuit of happiness.

And as we exercise our freedom of choice in scores of ways, we can, by the unselfishness and the farsightedness of our choices, assure the continuation of the freedoms we cherish and their extension to others.

Ready Reference Guide to Senate Press Aids

EXTENSION OF REMARKS

OF

HON. JOHN SPARKMAN

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Tuesday, August 7, 1962

Mr. SPARKMAN. Mr. President, the National Editorial Association, publisher of the National Publisher, has compiled for the first time a ready reference guide to Senate press aids. This guide appeared in the July 1962 National Publisher, which is distributed to newspapers nationwide.

I believe that publication of this list in the Congressional Record will be helpful to the many fine reporters who work in the Senate and House press, radio-TV, and periodical galleries, as well as to the many newspaper editors around the country who receive the Congressional Record by mail.

Accordingly, I ask unanimous consent to have printed in the Congressional Record the "Ready Reference Guide to Senate Press Aids."

There being no objection, the guide was ordered to be printed in the Record, as follows:

Ready Reference Guide to Senate Press Aids

(Revised through July 20, 1962)

President of the Senate, Vice President Lyndon B. Johnson; press secretary, George Reedy

State	Senator	Press contact
Alabama	Lister Hill, Democrat	Bob Smith.
	John Sparkman, Democrat	Grover C. Smith.
Alaska	E. L. (Bob) Bartlett, Democrat	Miss Mary Lee Council.
	Ernest Gruening, Democrat	George Sundborg.
Arizona	Carl Hayden, Democrat	Fritz Kessinger.
	Barry M. Goldwater, Republican	Tony S. Smith.
Arkansas	John L. McClellan, Democrat	Ralph Matthews.
	J. W. Fulbright, Democrat	Pat Fleming.
California	Thomas H. Kuchel, Republican	Warren Francis.
	Clair Engle, Democrat	Charles Bosley.
Colorado	Gordon L. Allott, Republican	Jack Ware.
	John A. Carroll, Democrat	Harmon Kallman.
Connecticut	Prescott Bush, Republican	David S. Clarke.
	Thomas J. Dodd, Democrat	James P. Boyd.
Delaware	John J. Williams, Republican	Miss Eleanor R. Lenhart.
	J. Caleb Boggs, Republican	William Hildenbrand.
Florida	Spessard L. Holland, Democrat	Oscar Elder.
	George A. Smathers, Democrat	William McHale.
Georgia	Richard B. Russell, Democrat	Earl Leonard.
	Herman Talmadge, Democrat	William H. Burson.
Hawaii	Hiram L. Fong, Republican	Miss Leila Villada.
	Oren E. Long, Democrat	Paul Southwick.
Idaho	Henry C. Dworshak, Republican	Edward Woozley.
	Frank Church, Democrat	Porter Ward.
Illinois	Paul H. Douglas, Democrat	Howard E. Shuman.
	Everett Dirkson, Republican	Harold E. Rainville.
Indiana	Homer E. Capehart, Republican	Gene Dawson.
	Vance Hartke, Democrat	John Munger.
Iowa	B. B. Hickenlooper, Republican	Dan O'Brien.
	Jack Miller, Republican	Loyal Meek.
Kansas	Frank Carlson, Republican	Miss Betty Rosness.
	James B. Pearson, Republican	John Conard.
Kentucky	John S. Cooper, Republican	Bailey Guard.
	Thruston B. Morton, Republican	Albert B. Brooke, Jr.
Louisiana	Allen J. Ellender, Democrat	C. B. Morrison.
	Russell B. Long, Democrat	William E. Leonard.
Maine	Margaret C. Smith, Republican	Bill Lewis.
	Edmund S. Muskie, Democrat	Donald Nicoll.
Maryland	J. Marshall Butler, Republican	Lee Edwards.
	J. Glenn Beall, Republican	Ben Whitehurst.
Massachusetts	Leverett Saltonstall, Republican	Charles Clapp.
	Benj. A. Smith II, Democrat	Robin L. Pell.
Michigan	Pat McNamara, Democrat	Edwin N. Winge.
	Philip A. Hart, Democrat	William B. Welch.
Minnesota	Hubert Humphrey, Democrat	Winthrop G. Griffith.
	Eugene J. McCarthy, Democrat	Clinton Boo.
Mississippi	James O. Eastland, Democrat	Courtney Pace.
	John Stennis, Democrat	Phil Stroupe.
Missouri	Stuart Symington, Democrat	Fred McGhee.
	Edward V. Long, Democrat	S. William Brown, Jr.
Montana	Mike Mansfield, Democrat	Raymond Dockstadter.
	Lee Metcalf, Democrat	Merrill Englund.
Nebraska	Roman L. Hruska, Republican	Dean Pohlenz.
	Carl T. Curtis, Republican	Lynn Mote.
Nevada	Alan Bible, Democrat	Alan Jarlson.
	Howard W. Cannon, Democrat	Chester B. Sobsey.
New Hampshire	Norris Cotton, Republican	Kenneth Roberts.
	Maurice Murphy, Jr., Republican	Norman E. Bailey.
New Jersey	Clifford P. Case, Republican	Sam Zagoria.
	H. A. Williams, Jr., Democrat	William E. Oriol.
New Mexico	Dennis Chavez, Democrat	Henry R. Smith.
	Clinton P. Anderson, Democrat	Howard Bray.
New York	Jacob K. Javits, Republican	Richard Aurelio.
	Kenneth B. Keating, Republican	Mrs. Vera R. Glaser.
North Carolina	Sam J. Ervin, Jr., Democrat	W. Hall Smith, Jr.
	B. Everett Jordan, Democrat	William B. Whitley.
North Dakota	Milton R. Young, Republican	Bill Wright.
	Quentin N. Burdick, Democrat	William O. Scouton.
Ohio	Frank J. Lausche, Democrat	Ray M. White.
	Stephen M. Young, Democrat	Herbert Jolovitz.
Oklahoma	Robert S. Kerr, Democrat	John Meek.
	A. S. Monroney, Democrat	Mrs. Beth Short.
Oregon	Wayne Morse, Democrat	Miss Phyllis Rock.
	M. B. Neuberger, Democrat	Lloyd Tupling.
Pennsylvania	Joseph S. Clark, Democrat	Bernard E. Norwitch.
	Hugh Scott, Republican	Eugene S. Cowen.
Rhode Island	John O. Pastore, Democrat	C. J. Maisano.
	Claiborne Pell, Democrat	Raymond N. Nelson.
South Carolina	Olin D. Johnston, Democrat	Thomas W. Chadwick.
	Strom Thurmond, Democrat	Harry S. Dent.
South Dakota	Karl E. Mundt, Republican	Walter Conahan.
	Joseph H. Bottum, Jr., Republican	John S. Arnold.
Tennessee	Estes Kefauver, Democrat	Charles Caldwell.
	Albert Gore, Democrat	Jack W. Robinson.
Texas	R. W. Yarborough, Democrat	Louie E. Mathis.
	John G. Tower, Republican	C. Herschel Schooley.
Utah	Wallace F. Bennett, Republican	Edwin C. Bliss.
	Frank E. Moss, Democrat	Grant W. Midgley.
Vermont	George D. Aiken, Republican	Charles Weaver.
	Winston L. Prouty, Republican	Robert Donihi.
Virginia	Harry Flood Byrd, Democrat	J. Heywood Bell.
	A. Willis Robertson, Democrat	William Foster.
Washington	W. G. Magnuson, Democrat	Carl Downing.
	Henry M. Jackson, Democrat	Brian Corcoran.
West Virginia	Jennings Randolph, Democrat	James W. Harris.
	Robert C. Byrd, Democrat	Louis I. Freed.
Wisconsin	Alexander Wiley, Republican	Herbert Kirstein.
	William Proxmire, Democrat	Jerry P. Clark.
Wyoming	Gale W. McGee, Democrat	Richard Cook.
	J. J. Hickey, Democrat	Miss Louise Love.

Unique Jewish Farm Colony

EXTENSION OF REMARKS
OF

HON. MILTON W. GLENN

OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, August 7, 1962

Mr. GLENN. Mr. Speaker, I wish to bring to the attention of my colleagues a very excellent article by Mr. Gary Shenfeld in the Atlantic City Press about a unique farm colony founded by Jewish refugees in south Jersey 80 years ago. One hundred refugee families from Russia settled a few miles west of Vineland and founded the first colony of Jewish farmers in this country. The area later developed into the three towns of Alliance, Norma, and Brotmanville.

These people persevered over almost indescribable hardships. Originally they lived in a large barracks under the worst of conditions when they arrived at Alliance, which is on the Maurice River in the southeast corner of Salem County, about 5 miles northwest of Vineland. The area was covered with woodland over its thousands of acres. The owners, the Leach brothers, cut off timber, sawed it into lumber and sold the land to the Alliance Land Trust for $15 an acre.

From the lumber the people erected shanties 14 feet square and 14 feet high, lined with one thin board and plastered inside. In the winter the settlers suffered from cold and in the summer they sweltered in the heat. Each shanty sold at $150.

The refugees chose the Alliance area because it was located on the Jersey Central Railroad, about 100 miles from New York and about 40 miles from Philadelphia. In the early days, in addition to farming, the settlers opened a cigar factory which operated only briefly, and also went into the tailoring of cheap summer coats and vests which proved profitable. Then berries and grapes came into bearing.

In the meanwhile, A. Brotman, of New York, took over the Gartman farm and built a large shop, eventually building up Brotmanville. While the farms were being cleared of stumps, the settlers were learning the rudiments of farming with the help of books and the advice of neighbors. Mostly they learned through experience. A major problem was education of the children. To get their children into Vineland High School, the immigrants had to pay the tuition personally. The youngsters usually rode their bicycles to school and when that was impossible a wagon had to be hired.

Originally there were four synagogues, and a Sabbath school was inaugurated. Later there were Friday night gatherings at the hall of the big synagogue where also was conducted a public library. There was a night school for adults.

Brushland was still being cleared as late as 1900. The farmers had no running water or electric lights. The "richer" homes might have a kitchen pump, but the water usually came from an outside well. Homes were heated with a wood range. Bathing was done in a homely washtub. Kolman Krassenstein ran a general store and post office, but the bulk of the shopping was done on the weekly horse-and-buggy trip to Vineland every Saturday.

Herman Eisenberg, raised in Norma and graduated from Rutgers and the University of Pennsylvania Law School, is now a Philadelphia lawyer. He recalls his early education in "the little red schoolhouse of Union Grove which consisted of two rooms housing all eight grades." There were four classes in each of the two rooms.

Jacob D. Spiegel, better known as "Jake," was the organizer of the Norma Athletic Association in 1904. In later years, according to Mr. Eisenberg, Jake was to be the guiding spirit of almost everything that took place in Norma. The NAA included residents of Norma, Alliance, and Brotmanville, with its main activity the baseball team.

Only two of the original settlers are left, William H. Levin, about 88, who lives across from the Alliance Cemetery, and Isaac Helig, about 86, who lives on Garden Road.

Mr. Spiegel said:

> Normally, the Jewish people are industrialists, businessmen, and tradesmen. Here, the only thing they had was a piece of land and a home. They worked in neighboring towns to supplement their incomes; in Vineland, Deerfield, and Sharptown's canneries to support themselves.

Elizabeth Rudnick Levin, daughter of one of the original settlers, married Dr. Samuel F. Levin. She was born in Alliance and graduated from Vineland High School. On the 50th anniversary of the immigrants' coming, Mrs. Levin wrote about the prematurely old women who plodded along, day after day through the hot summer, doing the work of man and beast. During the strawberry season, children trudged along with their mothers going from farm to farm under the blazing sun to pick the perishable berries for an insatiable market.

The only recreation of these women was the Saturday morning service at the synagogues and they made yearly contributions toward beautifying the interiors of the "schule."

Sam Berkowitz, who runs the Berkowitz Feed Mill in Norma, says that in the three little villages poultry and general farming are still the biggest industry although the poultry industry is going sour. There are three poultry dressing plants in the area, a pearl button factory and two feed mills.

Mrs. Herman Spector, a Norma resident, says that conditions have changed in the area but the land remains fertile. Many of the old farms have disappeared, replaced by poultry farms now threatened with extinction. New scientific methods of farming have proved that the sweet potato is not profitable enough for the farmer so the basic crops have changed to more garden vegetables.

The spirit of these settlers was summed up on their 50th anniversary when they wrote:

> Our farms are all paid for; we have a good name and credit in the bank, befitting industrious and thrifty people. We feel prosperous and can keep our heads up; we are employed steadily; we are our own bosses.
>
> We are well and fairly comfortable and happy. Even the crisis which played such havoc in the cities with our brethren who were gambling in real estate and in stocks and bonds didn't hurt us very much.
>
> We lost neither our heads nor our homes. Indeed, we have less temptations, albeit less luxuries. We lead a natural life.

Sermons could be written on that last sentence, "We lead a natural life." If every human being could say that, I am sure most of the world's ills would disappear and we could all enjoy "life, liberty, and the pursuit of happiness."

Needed: A Reappraisal of the Veterans Pension Principle

EXTENSION OF REMARKS
OF

HON. MORRIS K. UDALL

OF ARIZONA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, August 7, 1962

Mr. MORRIS K. UDALL. Mr. Speaker, in recent months the Members of Congress have been the target of an effective, well-organized campaign by veterans of World War I to obtain signatures on a discharge petition which would bring their special pension bill, H.R. 3745, to the House floor. While I have many fine friends who endorse this legislation, I cannot in good conscience sign this discharge petition. Since I know many of my colleagues have wrestled with this same decision, I want to share with them my thoughts contained in a letter addressed to a veterans' barracks in my hometown.

The letter follows:

AUGUST 6, 1962.

Mr. ALFRED B. MILLER,
Public Relations Officer, Veterans of World War I, Tucson, Ariz.

DEAR MR. MILLER: Thank you for your letter of July 28 in response to my letter of July 18 addressed Mr. Paul Russell.

I am sure you appreciate the fact that at any time I am under pressure from conflicting groups on dozens of matters before the Congress. Those on one side are just as vigorous in presenting their views as those on the other. Your fine organization has been doing a good job of making its views known to the Congress, and I must commend your national officers for their effectiveness. Nevertheless, I must say that, as in all other matters, I would be fulfilling less than my public trust if I simply listened to their arguments and ignored what others are saying or failed to make a study of the broad implications involved in H.R. 3745.

A question that concerns me greatly is the premise on which non-service-connected veterans' pensions are based. I understand that veterans of the Civil War and Spanish-American War received pensions. Some of their widows are still living, and they are continuing to receive pensions. Now World War I veterans seek a special pension of their own, and they base their claim on the fact that veterans of previous wars received them. I say this is not sufficient reason and that it is time as a nation we took a second look at the veterans' pension concept. Because we did a thing once doesn't mean that we must or should go on doing it forever.

The principle your organization advocates is this: A minimum of 3 months of military service in one particular war entitles a man to a special tax-free pension when he reaches 65 years of age. Does this make sense? I am not persuaded that it does.

Just to put this request in perspective, consider this fact: When World War I ended, most of its participants left the service and returned to civilian life. But a few remained and made a career of military service. In 1947 some of those who enlisted in 1917 retired after 30 years of active duty and service in two wars. Those who had risen to the rating of master sergeant retired with pensions of $185.63 per month. Now your organization is asking $102.37—or 55 percent of a 30-year pension—for those of their fellow servicemen who left the service 29 years earlier. What kind of sense does this make?

I have refused to sign the discharge petition for these reasons:

1. I don't believe this is the way to enact legislation unless there is clear evidence of bad faith on the part of a committee and its chairman. While some of the members of this committee have signed the discharge petition under great pressure from this veterans' group, a majority have not, and the chairman is firmly opposed to this legislation. I have a high regard for these colleagues of mine, I think they have served the veterans of this country exceedingly well, and I do not believe other Members of Congress have the specialized knowledge of veterans' legislation possessed by members of this committee.

2. I fail to see how one can justify paying veterans of one particular war (and not other wars) a pension merely for having served 90 days or more during that war (the average service in World War I was 12 months). If there were a way to compensate the men who died in that war, the sky would be the limit; but the men who came back from camp or overseas hale and hearty clearly have not earned the right to pensions for which other people must work all their lives.

3. There already is a law providing non-service-connected old-age benefits to veterans (of all wars) who are in need.

4. There already are laws providing benefits to veterans with service-connected disabilities.

5. Veterans of the First World War comprise 15 percent of all U.S. veterans and have received 28 percent ($30 billion) of all expenditures for all veterans. In spite of the GI bill of World War II, veterans of World War I have received nearly twice as much per capita ($7,000 compared to $3,700) as veterans of the Second World War.

6. If the principle of pensions for war service is right, then there can be no logical ground for refusing pensions to veterans of World War II and the Korean war who now or in the future are of retirement age. If this bill passed, American taxpayers would pay out an additional $4.3 billion by 1966 and $11.6 billion by the year 2000. If World War II and Korean war veterans were to receive the same pension (and passage of this bill would certainly make this a likely possibility), the additional cost might ultimately exceed $100 billion, or more than half the total debt this Nation incurred fighting a war on two fronts from 1941 to 1945.

7. The American Legion, Amvets and other veterans' groups oppose this kind of veterans' pension and rightly believe the enormous cost of such a program (an extra $1 billion the first year alone) would incur the wrath of taxpayers and hurt other necessary veterans' legislation.

8. If improvements are needed in benefits for needy veterans or those with service-connected disabilities, this is the wrong way to make them.

In the past few months I have received hundreds of letters and petitions urging me to sign the discharge petition for H.R. 3745, the pension bill. Various arguments are used by sincere people who believe wartime service gives a man a right to a lifetime pension. Perhaps the main argument is that veterans of World War I were badly treated, that they never received anything like the generous educational opportunities received by veterans of World War II. In part, this is true. In the years between the two great wars this country came to recognize more of an obligation to the men who risk their lives in war. As a veteran of World War II, I know that this country was most generous in helping veterans complete their interrupted education and to find places for themselves once again in society. I can understand the regret of World War I veterans that they had not received similar opportunities.

However, these facts should be recalled:

1. The average length of service in World War II was 2½ years, compared to 12 months for World War I.

2. Seventy-seven percent of World War II veterans served overseas, compared with 50 percent of World War I veterans.

3. Educating a man to reenter normal civilian life is a proper function of a nation that has taken years out of that man's life; providing him a lifetime pension when he retires is a very different kind of thing having no direct relationship to his military service.

I am sorry to see you citing my support of foreign aid as a vote against World War veterans. I voted for foreign aid, most of which is military assistance, because I believe this program is a positive way to prevent another war and to protect our country—not to engage in free handouts or meaningless generosity to unappreciative people, which is the usual senseless charge made against this program. My vote for foreign aid was cast along with the votes of the patriotic leaders of both political parties, and I am somewhat displeased to have you suggest that I was placing the interests of our country second to the interests of nameless foreigners.

With regard to the American Legion position I am enclosing a statement that is self-explanatory. I recognize that some Legion chapters and departments support the bill, but the position of the organization nationally is very much in opposition.

The statement is made so often that the chairman of the Veterans' Affairs Committee is single-handedly holding up H.R. 3745 that I decided to look into this claim. I find, in the newspaper of your own organization, a list of Congressmen who reportedly have signed the discharge petition. Seven of them and only seven, are members of the Veterans' Affairs Committee. The ranking Republican member, Congressman William H. Ayres, of Ohio, not only has refused to sign the petition but has been outspoken in opposing the bill. Of the 25 Congressmen on the committee 18 have refused to sign the petition. This is not evidence of one-man dictatorial rule.

In addition, I might comment that I have talked personally and privately with members of this committee, and I can assure you that their unwillingness to bring this bill out stems from their own judgment, and not from dictatorial pressure from the chairman.

H.R. 3745 would not give pensions to every World War I veteran, but it would to most. There are limitations, to be sure. To receive a pension a veteran must have annual income of less than $2,400, if single, or $3,600 if married. However, he can exclude from his income all pensions, annuities, social security payments and the like—the sources of most retirement income. Thus, this bill would provide a pension of $102.37 per month to a married veteran already receiving $5,000 of income, provided only that $1,401 of that income came from social security and other public or private annuity plans (including insurance policies).

I greatly regret that I cannot justify signing this discharge petition. Nothing would please me more than to be able to comply with the wishes of many good friends who have asked me to do so. Unfortunately, a sound case has not been made for this bill. There are no adequate answers yet provided to the questions that arise concerning such legislation. It doesn't make sense to enact pensions for one set of retired war veterans and not another. Extending the pension principle to yet another war, with demands of World War II and Korean war veterans around the corner, makes very little sense. Giving a man a tax-free pension because he served 3 months or more during wartime is a concept that needs far more complete study than this discharge procedure would permit. For these and other reasons I must repeat that I am not ready to throw over the standard committee processes of this Congress in order to pass H.R. 3745.

Sincerely,

Morris K. Udall.

Key Targets of the Communists

EXTENSION OF REMARKS

OF

HON. AUGUST E. JOHANSEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. JOHANSEN. Mr. Speaker, no Members of this House regret more deeply than do his colleagues on the Committee on Un-American Activities the decision of Hon. Gordon H. Scherer, of Ohio, to retire from office at the end of his present term.

As an extremely valuable addition to his uniformly useful service on this committee for the past 10 years, Congressman Scherer has authored an informative article on current Communist activities in the United States which was published in the August 1962 issue of the American Legion magazine.

Because of the value of this article to Members of Congress and the American people, I include it in full under permission to extend and revise my remarks.

The article follows:

KEY TARGETS OF THE COMMUNISTS

(By Hon. Gordon H. Scherer, Member of Congress)

A short time ago a professor in one of our midwestern universities was lecturing to his class in political science. After a few sarcastic references to the Committee on Un-American Activities, J. Edgar Hoover, and the Federal Bureau of Investigation, he smirkingly said: "This fellow Hoover talks out of both sides of his mouth. One day he admits that the membership of the Communist Party has reached an alltime low in this country. The next day, when he is before the Appropriations Committee of Congress asking for more money for the FBI, Hoover charges that the threat from internal communism in this country is greater than ever."

The professor then continued to parrot the Communist line. He said: "Since there are so few Communists in this country, why should we become so excited over them?

What possible harm can 10,000 Communists do in a nation of 180 million people?"

This professor was not a Communist although he belonged to some Communist-front organizations. Of course, his students did not know that. But here we have a man who, because of his position of influence—and there are thousands more like him in the United States—is doing more harm to this country than many in that group of 10,000 Communists.

In evaluating the extent of the danger of the threat from within, we must multiply this 10,000 many times because of synthetic Americans like the professor. We must be ever cognizant of the fact that most Communists operate from key and strategic positions where their subversive activities have the maximum effect on the greatest number.

Let me cite just a few of hundreds of examples from hearings of the Committee on Un-American Activities in order to prove the point which the professor either did not understand or did not want to understand.

Edward Yellin, a rather brilliant young man, while in college and most likely under the influence of a man like our professor, became a dedicated, fanatical Communist. Let's see how the Communist Party used him in its colonization program. First, we must understand what colonization is. It is a highly developed, successful technique of the Communist conspiracy. As an example, a well-educated young Communist with one or more university degrees makes application to a basic industry for a menial job in an industrial plant. In his application for employment he misrepresents his educational attainments by downgrading them. His job application shows only 1 year's attendance at high school whereas he has a master's degree. A person operating as a colonizer obtains a job on the assembly line where his Communist connections are unknown. He is then in a position to indoctrinate fellow workers and stir up strife and dissension in the plant, at the direction of the Communist apparatus.

It does not take much imagination to see that one red colonizer might be the cause of a slowdown, a strike, and even espionage and sabotage in a vital defense plant. Again, who can say that a single professor such as I have mentioned did not start a chain reaction like this in many directions over the years?

Getting back to Edward Yellin. When he was called before the Committee on Un-American Activities in Gary, Ind., in 1958, he defied the committee and refused to answer questions about his activities as a Communist colonizer in the Chicago area. He was subsequently convicted in the Federal court for contempt of Congress. (Mr. Yellin's appeal from same will be reargued in the Supreme Court in the new term beginning next October 1.) During the litigation he went back to college as a graduate student at the University of Illinois on a Ford Foundation scholarship. The following year—believe it or not—the National Science Foundation which was set up by the Congress in the interest of national defense gave Yellin a fellowship from taxpayers' money to continue his research.

This however was revoked after the Committee on Un-American Activities investigated the National Science Foundation's policies in granting fellowships.

During this investigation it was disclosed that one of the great universities in this country—some people refer to it as one of the more liberal—received from the Federal Treasury, through the National Science Foundation, over a 3-year period, $235,500 for scientific research projects. These projects were requested by and were under the supervision and direction of a professor who, when before our committee not too long ago, invoked the fifth amendment in refusing to answer questions concerning his membership in the Communist Party.

In another case, one Lee Lorch, a brilliant mathematician—but also an identified, hard-core Communist, who was fired from three universities, subsequently received a grant from the National Science Foundation.

Now the National Science Foundation has been set up by your Government primarily in the interests of national defense—and note I say in the interests of national defense—to advance scientific study and research in this country. Its action in granting a fellowship to Yellin seemed incomprehensible.

Professors in the university who knew about Yellin's conviction and Communist Party activities and who recommended him to the National Science Foundation for the fellowship, failed to disclose his conviction in their recommendations. Their excuse was that they were only interested in his proficiency as a scientist.

This same attitude was expressed by people with whom I discussed the award in the National Science Foundation. They said in substance that they were concerned only about Yellin's ability and suitability as a scientist; that some scientists were a different breed of cats than the rest of us, and that they would not give the Government the benefit of their scientific knowledge and research if we inquired too closely into their backgrounds and political beliefs.

To those who continue to peddle the Communist line that 10,000 Communists in this country are of little or no consequence, may I remind them that at the time Russia was taken over, less than one-seventh of 1 percent of the people in that unhappy country were Communists. Poland had only 4 percent. When Castro seized Cuba and took it behind the Iron Curtain, there were only a handful of Communists pulling the strings. Even today in Czechoslovakia, which has the largest percentage of Communists in any country in the world, we find it with only 11 percent.

It should be obvious to the least informed that, if the Communists had attempted to take Cuba by outward or military aggression, they would have failed miserably because we would have moved in with everything we had. Yet today, Havana is as Communist-dominated and controlled as are Peiping and Moscow. Why? Because a corporal's guard of Communists in key positions were able to enlist the help of thousands of Cubans and many Americans by concealing their identity and their real objective. Cuba was taken by internal subversion. Its people and their possessions were taken intact and put to use by international communism. It is now the base of operations for more takeovers in Central and South America.

There are other instances where a relatively few Communists in strategic positions in government were able to flip a country from the Western into the Communist orbit after just a few murders and assassinations. This is what happened in Iraq.

I'm sure that if one of the leftwing crowd accidentally got hold of this American Legion magazine and read this article in the dark of night where none of his ADA friends would catch him, he would say: "Well, none of these things can happen in these United States."

The leftwing crowd in England said the same thing. We all know that England has just completed a penetrating and extensive investigation of Communist infiltration into its Government agencies (called in England, the civil service). The results rocked the British Isles and shocked them out of their complacency. Even Prime Minister Macmillan who, like many people in this country, had heretofore not been too concerned about the Communist internal threat, did a rightabout-face.

Since the United States is the prime target in the current struggle with international communism, is anyone so naive as to believe that only the British are the targets of internal subversion?

In order to prove the tremendous danger of only a few Communists in Government, I am not going to beat an old bag of bones by dragging out the Hiss, Remington, Judith Coplon, Rosenberg, and Abel cases, etc. Instead, let's take a look at the dire results of one of the most recent penetrations of the Government service by just two security risks.

Not too many months ago Bernon Mitchell and William Martin, two brilliant young mathematicians, from good American homes, educated in our best universities, obtained highly sensitive jobs in the top-secret, hush-hush National Security Agency. They defected to the Soviet Union and revealed to the Kremlin that we had broken the Russians' secret code and that of other satellite nations. Of course, these countries immediately changed their codes. This meant months and perhaps years when the United States would be deprived of valuable intelligence information, since it might take that long to decipher their new codes.

In addition to their traitorous act, Mitchell and Martin went on radio and television in the Soviet Union and bitterly attacked and condemned the United States. Yes, they were only two men, but they did incalculable harm to the security of the United States and furnished volumes of effective, insidious propaganda to the Communists in the cold war.

Because the matter is still under investigation, I cannot name names at this time, but I do know that a disreputable character who for many years was, to say the least, closely associated with Communist causes, occupies a position today where he has high-level influence in agencies of this Government.

I am convinced in my own mind that not all of the failures in our missile launchings are due to oversights by our scientists and technicians. Recently, I listened to witnesses under oath who charged that defects found in a highly complex weapon resulted from sabotage in a plant where Communist activity is under investigation. The actual saboteur has not been found.

J. Edgar Hoover, who is perhaps the outstanding authority in this country on Communist objectives and techniques, said:

"Soviet espionage activities in this country expose the fallacy of so-called peaceful coexistence. In recent years, pseudoappeals for peace by Communists have been more than matched by intensified Communist espionage efforts in the United States. Using blackmail, bribery, and similar techniques, Communist agents, many with diplomatic immunity, are stepping up their efforts to obtain our military, scientific, and industrial secrets for use against us. * * * Foremost in the present battle plans of the Communist Party, U.S.A., are well-calculated efforts to embarrass the American economic system; to infiltrate and gain control in our labor organizations; and to secure footholds in basic American industries, such as transportation, manufacturing, communications, and chemicals. Success of these Red objectives will be destruction for our way of life."

The Defense Department, in requesting legislation to help it combat espionage and possible sabotage in defense plants, told the Committee on Un-American Activities:

"U.S. industry is a prime target of the Communist movement in the United States. It is a primary concern to the Communist movement that it obtain from American industry information concerning the defense structure of the United States, particularly with reference to modern weapons of war. To this extent, the Communist Party has been consistently interested in penetrating defense industries where classified work is being performed and also basic industries which, while not engaged in classified work, may be in support of industries performing modern weapons manufacture.

"The potential for bringing defense production to a halt by sabotage of power facilities is enormous and the repercussions would be, I think, disastrous because, if the power itself is cut off, defense plants cannot produce, and we would thus be denying ourselves the weapons which are so essential to our national defense effort."

Here the Defense Department among other things makes the point that it is possible for one Communist in a key position in an electric powerplant in time of crisis to put out of commission not only defense plants but an entire city.

In connection with the Defense Department's request to give it legislative tools to enable it to deal with security risks in defense plants, the Committee on Un-American Activities conducted extensive hearings. I was told by representatives of the Defense Department that there are 2,000 potential espionage agents and potential saboteurs working in defense plants today.

The committee found that in the Pittsburgh area alone there were five plants which had vital defense contracts and in which the United Electrical, Radio, and Machine Workers of America, known as UE, had bargaining rights for employees. UE was expelled from the CIO because it was Communist dominated and controlled. Numerous officials of this organization were identified as members of the Communist apparatus.

Then again, let us look at Michael Mignon who at one time was an official of the American Communications Association. At the same time he was a functionary of the Community Party. The American Communications Association has also been expelled from the CIO, because it was Communist dominated and controlled. Michael Mignon, who later broke with the Communists, testified that the Communist apparatus wanted Communists working on our communications system so that in time of internal or external conflict with the Soviet Union, tielines and cables could be sabotaged in a matter of minutes.

Today this American Communications Association has bargaining rights for some of the employees of Western Union and Radio Corp. of America and of course this is because under provisions of the Labor Relations Act the companies have no alternative but to employ such people. These are the companies that operate and maintain the tielines coming out of the Pentagon and the nine transatlantic cables to Europe. Persons have been identified as Communists who are members of the American Communications Association, who are employed by Radio Corp. of America and Western Union, and whose job it is to maintain and operate these vital lines of communications.

Recently, the committee developed evidence to show that there are Communists who have radio operators' licenses from the Federal Communications Commission. These operators—whether working on ship or shore installations—are in a position to disrupt our whole Conelrad warning system should this country be attacked.

The Communists want the American people to believe that their party in this country is fading and dying. That is part of their current strategy.

To those who consider themselves loyal Americans yet continue to parrot this line—to those who argue that there are so few Communists left that we should abolish the Committee on Un-American Activities and weaken the Federal Bureau of Investigation—let me continue to present some additional cogent evidence.

The overwhelming majority of the men who serve in the merchant marine are hardworking, dedicated, loyal Americans, but the evidence is clear that a few are not. The question arises: How dangerous to our security are these very few?

When the courts held (due to a deficiency in the law) that the Coast Guard lacked authority to screen security risks off merchant vessels, hundreds who had been denied seamen's papers were again permitted on our ships. When the Committee on Un-American Activities started to correct or plug this loophole in the law the Communists and the leftwing sobsisters cried loudly. They charged the committee with trying to prevent men from earning a living because of their political beliefs.

It developed at the hearings just how dangerous a Communist could be aboard a merchant vessel. It was shown that we are building extremely costly and highly complex mechanisms and weapons to protect this Nation from potential Soviet aggression. Some of these are being shipped to various parts of the world. In a crisis one saboteur, with or without modern electronic devices, could sabotage these weapons on board a ship. In fact, he could sink the ship in the Panama Canal, the St. Lawrence Seaway, or one of our harbors, putting them out of commission for many, many months. There are still those, I repeat, who want to equate danger with numbers.

I can hear some diehards charge that very few of these 10,000 Communists in the United States hold key positions. Let me just give you one example of how effective a so-called "average Joe" Communist can be. Some 20 million pieces of vicious Communist propaganda are coming into this country each year through the U.S. mail.

One of the many techniques used in connection with Communist propaganda is to get nationality groups in this country to take a position on a current political issue involving the Soviet Union.

This nationality group is then flooded with propaganda directed to this issue. It is printed in the language of that group. It is addressed and mailed from Iron Curtain countries directly to individuals in this country.

"Average Joe" Communist is given the job of getting the names and current addresses of individuals belonging to their specific group. When he transmits such a list to his superiors, "average Joe" Communist completes one of his assignments and then eagerly waits for another.

Another key target of the Communists is the field of entertainment. It is a means by which they can reach millions of people with propaganda that subtly and cleverly presents the Communist program. The Communist Party line may be found in a lengthy soliloquy on social injustice. It may be presented in a movie which will be shown around the world, or it may be only a snide crack about patriotism delivered by a "sick" comedian in a popular night club. No detail or opportunity is missed by the Communists to use the play or movie for their purposes.

The script for a scene in a satire called for Stalin and Hitler to dance together, each holding a knife in the back of the other. The director of the play was a Communist. He removed the knife from the Communist leader's hand.

Of course, the Communists over the years also had a practical reason for snaring show people into the Communist apparatus. Show people made unusually good dupes for Communist-front activities within the entertainment field. Their talents were used to bring large sums of money into the coffers of the Communist Party. Many of them with sizable incomes contributed substantially to the Communist treasury. Robert Rossen, a prominent Hollywood director, for a time was a member of the Communist movie set. Eventually he became disenchanted and disillusioned with the Communist offensive. He testified that out of his salary he contributed $40,000 to Communist causes.

Again, we can see that, while only a comparatively few people in the entertainment field served Communist causes, yet the total effect of such service was tremendous.

Let me give you just one more example of the point I have been trying to make in this article before I close.

Two years ago the Committee on Un-American Activities was holding hearings in San Francisco. A substantial number of students, although a handful compared to the student body in the San Francisco Bay area, picketed the hearings. Most of them honestly felt hostile to the committee, largely as the result of some clever brainwashing by some leftwing professors and a few clergymen. The student picketing and demonstrations were turned into riots and mob violence by a handful of hardcore, trained Communist agents. These are the facts, in spite of what some of the "soft-on communism" clique contend. These demonstrations, like the ones against Eisenhower in Tokyo and against Nixon in Caracas were used by the Communist propaganda machine around the world in an effort to show that all students were opposed to the American Government and its activities. They were used to create hatred and ill will toward the United States. These demonstrations were effective propaganda battles in the cold war.

They were instigated and directed by an unbelievably few trained Communists who cleverly used others to do the job. The victory for international communism's propaganda assault throughout the world was tremendous.

We must never forget that big oaks from little acorns grow.

Don't plant or nurture any of those acorns unwittingly. Don't permit yourself to be used by the Communists in any way to advance Communist-inspired projects. To avoid being so used, you should be very careful about the organizations you join, the meetings you attend, the petitions you sign, contributions you make, and the use of your name.

More than one person has been embarrassed to learn, too late, that his name, his prestige, or his money was used to help push a cause that had its origin in top Communist circles. Before you become involved, check carefully the organization that wants your help and the people who are tied up with it. And if you have any doubts whatsoever, stay clear of it.

Many Red-inspired projects look innocent on the surface, some of them with expressed goals that are highly commendable. The party line in some cases will be so skillfully camouflaged that it hardly shows. However, some manifestations will always be apparent to the vigilant, and you have a responsibility to be vigilant about such things.

So that you can exercise intelligent vigilance, learn everything you can about communism, and get your education from qualified sources, not from people who are ill informed or who may be exploiting legitimate fears of communism for ulterior purposes. The more you know about communism, its history, and the way it operates, the easier it will be for you to spot organizations and individuals who do the bidding of the Communist Party.

To avoid giving any sort of help to Communist promotions, a negative approach is necessary. If the 10,000 Reds in this country want to call for things desired by the Kremlin, let it be clear that they speak for themselves. Since most Americans are by now aware that these people are determined to bury us, why should we assist in our own interment?

However, more than a negative approach is necessary if we are to turn the Red tide and win out in this struggle. There is one area in which we have to give due credit to the Communists, and that is their utter dedication to the cause represented by the Red conspiracy. Obviously it is a wrong cause and an evil one, but we cannot deny that Communinsts work at promoting it in a way that, to most of us, is absolutely incredible.

The time has come when Americans are going to have to show some of the same kind of dedication. We have a nation and a way of life that should inspire such dedication.

We must understand that we are engaged in a life-or-death struggle for survival with the international Communist apparatus; that we cannot hope to prevail in this struggle unless all Americans in every field of endeavor are absolutely convinced beyond any doubt that we are not engaged in a popularity contest with a competing economic system; that we are not faced merely with certain annoying adjustments which should be made so that we may coexist with a different system of government; but that we are now in a death grip with an enemy the like of which, for debasement and inhumanity, the world has not seen since the time of the Dark Ages. We can ignore, appease, and negotiate with this enemy only at the cost of our survival.

This is the challenge of our day to all patriots of this Republic. We must accept this challenge. We shall either dedicate ourselves to it or, like the countries already behind the Iron Curtain, face slavery and eventual destruction.

The National Charity Lottery of Panama

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. FINO. Mr. Speaker, in this country, it is all too often true that gambling is a pillar of organized crime. I would like to bring to the attention of the Members of this House the example of Panama in order to show that gambling does not have to serve such evil ends. The national charity lottery of Panama functions, as its name would indicate, to provide funds for the support of hospitals, welfare institutions, and orphanages.

The national charity lottery plays quite an important role in the everyday life of Panama, and although that nation has a population of only 1 million, gross receipts from the national charity lottery were over $34 million in 1961. In that year, the profit to the Government was close to $6 million.

In Panama, the gambling urge is centralized and channeled so as to achieve beneficial ends. Gambling dollars in Panama are not used to shore up racketeers as in the United States. Instead, they are used to promote the public welfare. When we realize the merits of a national lottery, we too will be able to siphon funds from the pockets of gangsters into the pockets of hard-pressed taxpayers.

Mr. Speaker, how much longer must the American taxpayer continue to be the victim of hypocrisy?

HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 8, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 85: 8: *I will hear what God the Lord will say unto me.*

Eternal God, in obedience to the promptings of Thy Holy Spirit and the pressures of our own human nature, we are turning to Thee in prayer that we may identify our minds and hearts with Thy gracious plans and purposes.

Inspire us with the wish and the will to listen eagerly to what Thou art waiting to say unto us for we humbly confess that we frequently have such conflicting thoughts and find ourselves wavering between opposite decisions.

Help us to banish all frets and fears and may we seek to repose and rest our distraught and disquieted spirits in a boundless trust in Thy divine wisdom and all-conquering love.

Daily Thou art placing at our command those moral and spiritual resources which will transform tragedy into triumph and sighing into song if we are only willing to make trial of them.

To Thy name we shall ascribe all the praise. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3491. An act to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

PROVIDING FOR THE CONSIDERATION OF H.R. 8874 TO AUTHORIZE CERTAIN BANKS TO INVEST IN CORPORATIONS WHOSE PURPOSE IS TO PROVIDE CLERICAL SERVICES FOR THEM, AND FOR OTHER PURPOSES

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 748, Rept. No. 2143), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8874) to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Banking and Currency now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

PROVIDING FOR THE CONSIDERATION OF S. 1005, A BILL TO AMEND SECTION 10 AND SECTION 3 OF THE FEDERAL RESERVE ACT, AND FOR OTHER PURPOSES

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 749, Rept. No. 2144), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

KENYON B. ZAHNER

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 10501), for the relief of Kenyon B. Zahner.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $36,852 to Kenyon B. Zahner of Atlanta, Georgia, in full settlement of his claims against the United States for reimbursement of the wages lost because he was unlawfully deprived of his employment in the Government of the United States through the application of an unlawful standard as found by the United States District Court for the District of Columbia in a judgment filed November 10, 1959, in Civil Action Numbered 1396–58: *Provided*, That no part of the amount appropriated in this Act in excess of 33⅓ per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 3, strike "33⅓" and insert "25".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

J. EDGAR HOOVER AND THE FBI

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. MORRIS. Mr. Speaker, I was both shocked and proud this morning upon reading an article in the local morning newspaper. I was shocked that the leadership of the Western States Democratic Conference, now in progress, in Seattle, Wash., would invite Mr. W. H. Ferry, vice president of the Fund for the Republic, Inc., to speak to the convention. I was proud when I read the Attorney General, Robert Kennedy, spoke out clearly and concisely that he differed with Mr. Ferry and that apparently, Mr. Ferry's thinking does not represent the thinking of this administration.

Mr. Ferry spoke very critically of the Federal Bureau of Investigation and its Director, J. Edgar Hoover. Mr. Hoover has completed over 38 years of honorable service as Director of this outstanding law-enforcing agency. Mr. Ferry was also critical of the activities of the Federal Bureau of Investigation with regard to the internal security of this Nation. Perhaps, Mr. Ferry and a great many other people do not realize the Federal Bureau of Investigation was given the responsibility for preserving the internal security of this Nation by Executive order in 1939. The President of the United States who issued this Executive order was Franklin Delano Roosevelt. This Executive order has been confirmed by every President both Democrat and Republican since that time.

I want to assure the Members of this House and the people of our Nation that the nitwit thinking espoused by Mr. Ferry certainly does not represent my views and I do not believe it represents the views of the western Democrats of our country.

PROBLEMS OF POLICE DEPARTMENT, WASHINGTON, D.C., IN LAW ENFORCEMENT

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RIVERS of South Carolina. Mr. Speaker, the Metropolitan Police of Washington have apprehended that thug, thief, rapist, and murderer who attacked a young lady who was praying in the middle of the day in a church a block from the Capitol of the United States. I venture the prophecy that this frustrated police department that has been discouraged more ways than a country boy can go to town, will find that some court somewhere in the District of Columbia, may turn this murderer, this rapist, this thief, loose.

He has confessed, in the presence of his father, to two rapings after he attacked this lady. They have a jacket and a knife he had in his possession at the time of one of these attacks. Knowing our local court, I wonder whether the evidence will be sufficient to convict this criminal.

Mr. Speaker, this is a sad commentary on our Nation's Capital and the District of Columbia, when the courts continue to frustrate the dedicated efforts of its police department to protect and safeguard the lives and property of its residents. The courts, in their avowed effort to protect individual liberties, have so narrowly construed the law so as to practically invite criminal activities in the District of Columbia. The release of criminals by the courts on the basis of an absurd interpretation of a technicality in the law simply makes a mockery of the best efforts of our law enforcement officers to protect our community. I believe it high time that the Congress take affirmative and positive action to correct this tragic state of affairs.

Mr. Speaker, enclosed is the saga of Harry Sylvester Jones—Negro:

RE HARRY SYLVESTER JONES, JR., NEGRO, 23 YEARS, OF 1400A CARROLLBURG PLACE SW., CHARGED WITH RAPE OF MRS. ———, WHITE, FEMALE, 60 YEARS, OF 1616 18TH STREET NW., ON JULY 25, 1962

Mrs. ———, white, female, 30 years, of 2528 Q Street NW., reports that about 4 p.m., July 16, 1962, while in the laundry room, basement of that address, she was approached by a Negro male who asked her where the janitor was. She replied she did not know and that as she started to leave the area this colored subject put his left hand over her mouth and held a knife in her side and told her not to scream. She expressed fear for her young baby and pleaded with her assailant not to kill her. He walked her back toward the boilerroom under threat of the knife, removed her undergarments, forced her to lie on the floor, and raped her.

Miss Mary Louis Kosterlitzky, white, female, 45 years, of 110 Maryland Avenue NE., reports that about 2 p.m., on July 23, 1962, while she was kneeling at the altar in St. Peter's Church, Second and C Streets SE., she was approached by a Negro male who she at first thought was also coming to the altar to pray. However, this individual grabbed her from behind, placed his hand over her month, and said "don't scream or I'll kill you." During the ensuing struggle she told her assailant she was sickish and told him to take her money and leave her alone. She handed over $7, all the money she had, to her assailant. Her assailant then forced her to a confessional booth at the rear of the church and began choking her, saying he was going to kill her. As she struggled against this man she fell to the floor and felt him begin to strike her on the back. After striking her several times he ran out and she then noticed blood running down her arm. She ran to the front of the church and knocked on some large doors that are normally locked and got help from the sexton who took her into the kitchen of the rectory and notified the police.

Mrs. ———, white, female, 60 years, of 1616 18th Street NW., reports that about 8:30 p.m., July 25, 1962, she went to the basement laundry room of this address to get a blanket out of the dryer. After obtaining the blanket and walking to the elevator to return to her apartment she was followed by a Negro male who was in the laundry room at the time she entered. As she looked up to check the floor level where the elevator was located she was grabbed from behind by this same subject. The complainant told her assailant that her husband was expecting her back in a few minutes. He let her go momentarily but grabbed her by the throat again, dragged her backward into the basement garage, threatening to kill her with a knife he held, forced her down on the concrete floor and raped her. Complainant states that after this assault she got to her feet and was forced into an automobile by her assailant who then cut her skirt down the side with the knife he held, cut the straps to her slip and brassiere and removed them, then forced her onto the floor of the garage where he raped her a second time.

Miss ———, white, female, 54 years, of 510 21st Street NW., reports that about 10 p.m. August 4, 1962, she drove her automobile into the basement garage of her apartment building and as she took the groceries out of the automobile she noticed a Negro male in the opposite end of the garage. As she reached the elevator this subject had approached from behind and as she entered the elevator he did also and stood behind her. After the elevator started this subject grabbed the complainant from behind and told her not to scream or he would kill her. He held her around the throat with one arm and held a knife in the other hand in front of her. As she was being choked and from the force of her assailant's knee in her back she slipped down to the floor of the elevator. As her assailant began to cut the buttons from the front of her dress she pleaded with him to take her money and leave her alone. Her assailant continued to remove her clothing, cutting the straps on her girdle, and raped her on the floor of the elevator.

In addition to the usual police procedures in such reports such as general lookouts, presenting photographs of known offenders to the complainants and searching files and checking modus operandi and descriptions for possible suspects, fingerprints examinations of the area developed latent fingerprints at 510 31st Street NW., and 1616 18th Street NW., which prints matched and were therefore made by the same individual. The latent fingerprints appeared to have been left by two fingers of the individual. Then began a tedious search of fingerprint files which resulted in the identification of these latent fingerprints as belonging to Harry Sylvester Jones, about 7 p.m., August 7, 1962. A search of pertinent files and records developed the most recent address on file for the subject as 1400A Carrollburg Place, SW.

After inquiry determined that subject was not at home and usually stayed out until the early hours of the morning, officers were placed at the premises to await his return.

The subject arrived home about 1:40 a.m., August 8, 1962, at which time he was placed under arrest and a knife and jacket described as having been worn by him in one of the cases was recovered from him at this time. The subject was taken to the police cruiser to be transported to headquarters. At his request Harry Jones, Sr., was permitted to talk to his son during which period he orally admitted the four cases enumerated in this report. He was then transported to headquarters and being mindful of the severe restrictions of the Mallory doctrine, the officer in charge telephoned the designated U.S. attorney at 2:20 a.m., to set in motion the procedure for immediate arraignment of the subject. During the period when the marshal's office was arranging to open court and notify other court personnel as well as the judge, typewritten statements of the subject's confession were being obtained.

During this period also the complainants were awakened and although naturally reluctant, arrangements were made for transporting them to headquarters to view the subject in a lineup and for confronting the defendant. During this period also the defendant was put through the identification bureau for fingerprinting and photographs. It was found that several of the complainants were very reluctant to respond to police headquarters at this hour of the night for the necessary procedures in preparing the case for presentation in court. The defendant was arraigned in municipal court at 6 a.m. and the judge presiding at this hearing continued the hearing until 10 a.m., in order that the defendant might obtain counsel which was not available to him at this hour of the night.

The criminal files of this department reflect a record on the subject dating back to September 1953 when he was committed to the National Training School for Boys on a charge of housebreaking. He subsequently has been arrested for unauthorized use of auto, grand larceny, peeping Tom, attempted housebreaking, and indecent assault.

On September 23, 1955, the subject, then 17 years old, was arrested by officers of the third precinct and charged with three cases of indecent assault. About 10:45 a.m., September 9, 1955, a 39-year-old white female complainant reported that she had been grabbed on the buttocks by a Negro male who muttered an incoherent phrase while she was walking in the 2000 block of I Street NW. About 11 a.m., on the same date, a 62-year-old white female reported that while walking in the 800 block of 21st Street NW., she was grabbed on the buttocks by a Negro male. About 7 p.m., September 22, 1955, a 40-year-old white female reported that while walking in the 2000 block of F Street NW., she was grabbed on the buttocks by a Negro male.

The defendant Jones was arrested when found peeping in the window at a woman in premises 1901 New York Avenue NW. He admitted that since his parole from the National Training School he had grabbed about six women, both white and colored, at various locations in the third precinct. He stated that he had an urge to grab women by the buttocks and that after committing such an assault he would run into the nearest alley and masturbate.

Mr. Speaker, this is what these courts in the District of Columbia have turned loose to prey on the innocent women of Washington, District of Columbia, United States of America.

ALLIANCE FOR PROGRESS

Mr. DEVINE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. DEVINE. Mr. Speaker, they are still at it, apparently. A constituent of mine recently sent me a copy of a syndicated column that appeared in my local newspaper. I do not know whether it is going to replace touch football or not, but this is what it says:

> Taxpayers who found it difficult to get up the required loot for the Government and still buy baby's shoes will be thrilled by an item in the July 16 issue of a Brazilian newspaper called Diario De Noticias, which announces that the Flamengo Soccer Club of Rio de Janiero is about to receive $280,000 from the Alliance for Progress.
>
> The gazette notes that "in a country where soccer is so popular, financial help for one of the largest clubs must be received with applause," and adds that Ambassador Lincoln Gordon is catering to the Brazilian ego by recommending such impressive financial aid to the American authorities.

I might suggest the soccer players in this country and Latin America probably do not constitute those in the underdeveloped areas, the depressed areas, the people that need help, the help this so-called Alliance for Progress is supposed to give. I think the Members of the House should keep this in mind when the foreign aid appropriation bill is presented in the next few weeks.

WASHINGTON POLICE DEPARTMENT

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, my colleague, the gentleman from South Carolina [Mr. RIVERS], told you a few minutes ago that the assailant who stabbed my administrative assistant a couple of weeks ago in St. Peter's Roman Catholic Church just two blocks from the Capitol, was apprehended during the night.

My particular reason for calling this to your attention is to prove to you the great handicap that the police of the District of Columbia are working under. This is a fine police department. They are to be commended by the Congress for the work they are doing without having the necessary tools to do it. In order for them to do this job they had to get the witnesses out of bed at 3:30 this morning, because they were unable to hold this suspect, even though they had evidence. They were not able to hold him for hours until witnesses could get up at a reasonable hour. At 3:30 I was called by the police. I wanted to see first hand, as we should, just how this Mallory decision affects police work. These witnesses, not only Miss Kosterlitzky, but others, at 3:30 this morning had to go down to police headquarters for identification purposes.

I say to you that we should amend these laws and give our police department the proper tools to work with. We should not circumvent the very forces of law and order you and I stand for. Our police department is our first line of defense against crime on the home front just as our Military Establishment is our first line of defense against attack from abroad. This has hit newspapers all over the country. I call your attention to the front page of the Mexican newspapers. They called attention and could not understand how we allow these things to happen in the Capital of the United States. I think we should have legislative action to correct this problem.

CALL OF THE HOUSE

Mr. ANFUSO. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 191]

Abernethy
Albert
Andersen, Minn.
Avery
Bass, N.H.
Blitch
Bolling
Boykin
Bromwell
Celler
Chamberlain
Chiperfield
Collier
Colmer
Cunningham
Curtis, Mass.
Dent
Diggs
Dingell
Dooley
Elliott
Flynt
Frazier
Garland
Harris
Harsha
Hébert
Hoffman, Mich.
Ichord, Mo.
Inouye
Jones, Mo.
Karsten
Kilburn
Kitchin
Landrum
Lesinski
Loser
McMillan
McSween
McVey
Martin, Mass.
Mason
Merrow
Moulder
Powell
Purcell
Reece
Rogers, Tex.
Santangelo
Saund
Scranton
Seely-Brown
Shelley
Shipley
Shriver
Smith, Miss.
Spence
Taber
Thompson, La.
Winstead
Yates

The SPEAKER. On this rollcall 373 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE LATE HOMER ALBERT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS. Mr. Speaker, I take this time to announce with deep regret the passing of Mr. Homer Albert, the brother of our distinguished majority leader, the gentleman from Oklahoma, the Honorable CARL ALBERT. The brother of the gentleman from Oklahoma [Mr. ALBERT] died suddenly in Arkansas early this morning. It was necessary for the distinguished majority leader to leave unexpectedly.

I am sure I express the sentiments of the leadership and all of the Members of this body in extending to the gentleman from Oklahoma, CARL ALBERT, and to Mrs. Kathryn Peacock, his sister, and to his two brothers Earl and Noal our deepest sympathy at their great loss.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the distinguished minority leader.

Mr. HALLECK. Mr. Speaker, I want to assure the gentleman that the sentiments he has expressed are shared by all of us on this side. We have the highest regard for the distinguished majority leader. It is a sad thing, indeed, that this tragedy should come his way.

Mr. BOGGS. I thank the gentleman.

Mr. McCORMACK. Mr. Speaker, I wish to take this opportunity to extend my sympathy to our distinguished majority leader, the gentleman from Oklahoma, the Honorable Carl Albert, in the tragic loss of his beloved brother. I know that I speak the mind and heart of all Members of the House in extending to him and all the members of his family our deepest and most heartfelt sympathy.

Mr. STEED. Mr. Speaker, I want to add my own expression of heartfelt sympathy to those which have already been made here today to my colleague and good friend, the gentleman from Oklahoma, Carl Albert, in the passing of his brother, Homer Albert.

Those of us who have known our distinguished majority leader through the years are aware of the close bond which existed between him and his three brothers and his sister. Since the passing of both their parents, the tie which has bound them together has been even closer. Carl is extremely proud of his brothers and sister and has spoken of them with affection on many occasions. His brother, Homer, served in World War II with distinction, displaying the same devotion to duty and principle that we have come to know and appreciate in Carl. These characteristics, deeply instilled in the Albert family, draw them close in attitude and affection, distinguishing them as leaders and as individuals.

Mrs. Steed joins with me in extending our deepest sympathy to Carl and to the Albert family.

Mr. EDMONDSON. Mr. Speaker, I am sure that every Oklahoman, as well as every Member of this body, will join today in extending deep sympathy to our majority leader in the loss of his brother, Homer Albert.

Few ties in life are closer than those which bind brother to brother.

Few losses are more grievous than the untimely death of a beloved younger brother.

This is the blow just suffered by our colleague, which accounts for his absence from the floor and for his sad flight homeward this afternoon.

Homer G. Albert, whose death was reported today at the U.S. Veterans Hospital in Little Rock, Ark., was the second youngest son in a family of four boys and one girl, the children of Ernest Homer and Leona Ann (Scott) Albert.

He was born at Flowery Mound, Okla., on May 13, 1917, and was educated in the McAlester public schools and at Oklahoma State University.

A babe during World War I, Homer was a young man still in his early twenties at the outbreak of World War II.

Like his brother Carl, he saw duty in the U.S. Army. Homer served with bravery and distinction with the 358th Infantry Regiment of the 90th Infantry Division.

On the 10th of June 1944—D-day plus 4—Homer was wounded in action in Normandy, after participating in some of the heaviest fighting which occurred during the invasion of Europe.

For this he received the Purple Heart—and with it a lifetime total disability.

Homer Albert wore the European-African-Middle East Campaign Medal with the prized Bronze Arrowhead for participation in the invasion battles of June 6 to June 9, 1944.

He was also entitled to the Combat Infantryman's Badge and the Bronze Star, but Army records indicate he never applied for these honors.

Funeral arrangements are still incomplete, but have been tentatively scheduled for Friday in McAlester, Okla.

On that date, his neighbors, friends, and family will honor as well as mourn another son of Ernest and Leona Albert who has given most of his life to the brave and unselfish service of his country.

AMENDMENT OF ATOMIC ENERGY ACT OF 1954

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 750, Rept. No. 2145), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12336) to amend the Atomic Energy Act of 1954, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

MOTOR VEHICLE PURCHASES BY THE FEDERAL GOVERNMENT

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 751, Rept. No. 2146), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1341) to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDING TRADING WITH THE ENEMY ACT

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 752, Rept. No. 2147), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9045) to amend the Trading With the Enemy Act, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDMENT OF ACT AUTHORIZING NATIONAL MEDALS OF SCIENCE

The SPEAKER. The unfinished business is the question on suspending the rules and passing the bill (H.R. 4055) to amend the act of August 25, 1959, to authorize the payment of a monetary award to recipients of the National Medal of Science.

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GROSS. Is this the bill which was debated on Monday of this week, and which would, in addition to giving a medal to certain selected individuals, give them $10,000 monetary awards, and thereby create a very bad precedent?

The SPEAKER. This is the bill that was reported by the Committee on Science and Astronautics, the Chair understands unanimously. It was debated on Monday last. Objection was made to the vote on the ground that a quorum was not present. Under the unanimous-consent agreement previously entered into, further consideration of the bill was postponed until today.

Mr. FULTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FULTON. Is not this the bill that would pay up to a $10,000 limit to the recipients of the Science Medal?

The SPEAKER. The Chair is a little liberal in allowing parliamentary inquiries which are really debate, but the Chair does not want to extend that any further.

The question is Will the House suspend the rules and pass the bill H.R. 4055?

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 100, noes 50.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 193, nays 177, not voting 65, as follows:

[Roll No. 192]

YEAS—193

Addabbo
Alexander
Alford
Anfuso
Ashley
Aspinall
Bailey
Barrett
Bass, Tenn.
Beckworth
Boggs
Boland
Brademas
Breeding
Brewster
Brooks, Tex.
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Cahill
Cannon
Carey
Casey
Chamberlain
Chelf
Chenoweth
Clark
Coad
Cohelan
Conte
Cook
Cooley
Corman
Daddario
Daniels
Davis, James C.
Davis, John W.
Dawson
Delaney
Denton
Donohue
Doyle
Dulski
Dwyer
Edmondson
Elliott
Everett
Fallon
Farbstein
Fascell
Feighan
Finnegan
Flood
Forrester
Friedel
Fulton
Gallagher
Garmatz
Gathings
Giaimo
Gilbert
Gonzales
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Hagen, Calif.
Halpern
Hansen
Harding
Harris
Hays
Healey
Hechler
Holifield
Holland
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Karth
Kastenmeier
Kee
Kelly
Keogh
King, Calif.
King, Utah
Kluczynski
Kowalski
Lane
Lankford
Latta
Libonati
McDonough
McDowell
McFall
Macdonald
Mack
Magnuson
Mahon
Marshall
Mathias
Miller, Clem
Miller, George P.
Mills
Moeller
Monagan
Montoya
Moorhead, Pa.
Morgan
Morris
Morse
Moss
Multer
Murphy
Natcher
Nedzi
Nix
Norblad
Norrell
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmers
Ostertag
Patman
Pelly
Perkins
Peterson
Philbin
Pike
Pilcher
Pirnie
Poage
Price
Pucinski
Randall
Reuss
Rhodes, Pa.
Riehlman
Riley
Rivers, Alaska
Roberts, Ala.
Rodino
Rogers, Colo.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Rousselot
Rutherford
Ryan, N.Y.
St. Germain
Shelley
Sheppard
Sikes
Sisk
Slack
Smith, Miss.
Stafford
Staggers
Stratton
Stubblefield
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Tupper
Udall, Morris K.
Ullman
Vanik
Van Zandt
Waggonner
Wallhauser
Weaver
Weis
Westland
Wickersham
Willis
Wright
Zablocki
Zelenko

NAYS—177

Abbitt
Adair
Alger
Anderson, Ill.
Andrews
Arends
Ashbrook
Ashmore
Auchincloss
Ayres
Baker
Baldwin
Baring
Barry
Bates
Battin
Becker
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Betts
Bolton
Bonner
Bow
Bray
Broomfield
Brown
Broyhill
Bruce
Burleson
Byrnes, Wis.
Cederberg
Church
Clancy
Corbett
Cramer
Curtin
Curtis, Mo.
Dague
Derounian
Derwinski
Devine
Dole
Dominick
Dorn
Dowdy
Downing
Durno
Ellsworth
Evins
Fenton
Findley
Fino
Fisher
Ford
Fountain
Frelinghuysen
Gary
Gavin
Glenn
Goodell
Goodling
Griffin
Griffiths
Gross
Gubser
Hagan, Ga.
Haley
Hall
Halleck
Hardy
Harrison, Va.
Harrison, Wyo.
Harvey, Ind.
Harvey, Mich.
Hemphill
Henderson
Herlong
Hiestand
Hoeven
Hoffman, Ill.
Horan
Hosmer
Huddleston
Hull
Jarman
Jensen
Johansen
Jonas
Judd
Kearns
Keith
Kilgore
King, N.Y.
Knox
Kornegay
Kunkel
Kyl
Laird
Langen
Lennon
Lindsay
Lipscomb
McCulloch
McIntire
McMillan
MacGregor
Mailliard
Martin, Nebr.
Matthews
May
Meader
Michel
Miller, N.Y.
Milliken
Moore
Moorehead, Ohio
Mosher
Murray
Nelsen
Nygaard
O'Konski
Passman
Pfost
Pillion
Poff
Quie
Rains
Ray
Reifel
Rhodes, Ariz.
Rivers, S.C.
Roberts, Tex.
Robison
Rogers, Fla.
Roudebush
Ryan, Mich.
St. George
Saylor
Schadeberg
Schenck
Schneebeli
Schweiker
Schwengel
Scott
Selden
Short
Sibal
Siler
Smith, Calif.
Smith, Iowa
Smith, Va.
Springer
Stephens
Sullivan
Taylor
Teague, Calif.
Thomson, Wis.
Tollefson
Tuck
Utt
Van Pelt
Vinson
Walter
Watts
Whalley
Wharton
Whitener
Whitten
Widnall
Williams
Wilson, Calif.
Wilson, Ind.
Younger

NOT VOTING—65

Abernethy
Albert
Andersen, Minn.
Avery
Bass, N.H.
Blatnik
Blitch
Bolling
Boykin
Bromwell
Celler
Chiperfield
Collier
Colmer
Cunningham
Curtis, Mass.
Davis, Tenn.
Dent
Diggs
Dingell
Dooley
Flynt
Fogarty
Frazier
Garland
Harsha
Hébert
Hoffman, Mich.
Ichord, Mo.
Inouye
Jones, Mo.
Karsten
Kilburn
Kirwan
Kitchin
Landrum
Lesinski
Loser
McSween
McVey
Madden
Martin, Mass.
Mason
Merrow
Minshall
Morrison
Moulder
Powell
Purcell
Reece
Rogers, Tex.
Santangelo
Saund
Scherer
Scranton
Seely-Brown
Shipley
Shriver
Spence
Steed
Taber
Thompson, La.
Winstead
Yates
Young

So (two-thirds not having voted in favor thereof) the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Martin of Massachusetts and Mr. Hébert for, with Mr. Hoffman of Michigan against.

Mr. Scranton and Mr. Fogarty for, with Mrs. Reece against.

Mr. Kirwan and Mr. Celler for, with Mr. Seely-Brown against.

Mr. Blatnik and Mr. Morrison for, with Mr. Taber against.

Mr. Lesinski and Mr. Madden for, with Mr. Mason against.

Mr. Inouye and Mr. Davis of Tennessee, for, with Mr. Kilburn against.

Mr. Dent and Mr. Diggs for, with Mr. Bass of New Hampshire against.

Mr. Powell and Mr. Santangelo for, with Mr. Merrow against.

Mr. Thompson of Louisiana and Mr. Spence for, with Mr. Scherer against.

Mr. Dingell and Mr. Frazier for, with Mr. McVey against.

Mr. Yates and Mr. Karsten for, with Mr. Harsha against.

Until further notice:

Mr. Loser with Mr. Minshall.

Mr. Colmer with Mr. Avery.

Mr. Winstead with Mr. Shriver.

Mr. Flynt with Mr. Chiperfield.

Mrs. Blitch with Mr. Collier.

Mr. Rogers of Texas with Mr. Curtis of Massachusetts.

Mr. Shipley with Mr. Cunningham.

Mr. Landrum with Mr. Bromwell.

Mr. Kitchin with Mr. Garland.

Mr. Abernethy with Mr. Andersen of Minnesota.

Mr. Young with Mr. Dooley.

Mr. ASHMORE and Mr. GAVIN changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

AMENDMENT OF FOREIGN SERVICE BUILDINGS ACT, 1926

The SPEAKER. The further unfinished business is the question on the passage of the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes.

The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that any Member who desires to extend his remarks following the remarks of the gentleman from Indiana [Mr. HALLECK] relative to the passing of the brother of the distinguished majority leader may have such permission.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMPENSATION FOR AMERICAN NATIONALS FOR CERTAIN WORLD WAR II LOSSES

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 746 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 746 provides for the consideration of H.R. 7283, a bill to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses. The resolution provides an open rule with 2 hours of general debate, waiving points of order against the bill and committee amendment, making it in order to consider the committee amendment as the original bill, with a separate vote on any amendment to the bill or the committee amendment.

The purpose of H.R. 7283 is to provide, more than 16 years after the close of World War II, for determination of the amount and validity, and for the payment of claims of American nationals who suffered injury or death under circumstances specified in the legislation, or who suffered property losses as a result of military operations during World War II in certain European countries and in areas attacked by Japan.

Payments will be made to claimants under the bill out of the War Claims Fund, which consists of proceeds resulting from the sale of vested property, and not out of appropriations. The balance presently available for transfer to the war claims fund is approximately $100 million.

Mr. Speaker, I urge the adoption of House Resolution 746.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, as stated by the gentleman from California [Mr. SISK], House Resolution 746 will make in order the consideration of H.R. 7283 on a 2-hour open rule with the exception that points of order are waived because a sum of money will be transferred from one fund to another. Without repeating the remarks of the gentleman from California [Mr. SISK] I agree completely with his statements as to the purpose of the bill and what it will do. May I simply enlarge and state there are four classifications for which these damages may be paid.

One is damage to or destruction of property located in certain European countries. The four classifications are:

First. Damage to or destruction of property located in certain European countries and in areas attacked by the Japanese resulting from military operations or special measures against property—claims for losses arising in the Philippines are allowable where the claimant received no compensation by prior legislation.

Second. In relation to damage to, or loss or destruction of, ships or ship cargoes as a result of military action.

Third. Net losses under war-risk insurance or reinsurance policies or contracts covering ships, and

Fourth. Death or disability and property losses suffered by civilian passengers on vessels attacked on the high seas before December 11, 1941.

These people have to be U.S. citizens at the time of the damage or loss. They are allowed 18 months within which to file claim, and it must be processed within 4 years subsequent thereto.

A couple of provisions of the bill leave some questions in my mind. One is section 203 which provides that the assignee or the person to whom one of these claims is transferred—one or more for that matter—can file claim. I cannot help but think that some attorneys, and I am an attorney and I am not objecting to attorneys making fees, but I can see that they might buy up a lot of these claims for a small amount on the dollar and make themselves a considerable amount of money; or in representing these claimants, they can receive up to 10 percent for their representation. I do feel it is high time we started taking care of our own citizens after 16 years that we have been taking care of everybody else in the world on their claims so it is nice to start once and for all to help to take care of our own people.

I would like to make one thing clear for the record here for the purpose of history or intent so far as I am concerned. That is, we had the Philippine bill here a couple of weeks ago, and somebody used the argument at that time as to whether or not when the original legislation was passed, we actually legally or morally bound ourselves to go ahead and pay up to 75 percent. It is my understanding that these claims will be paid out of this war claims fund. It is my understanding that there is no intent here today of anybody in support of this measure, if claims running into many, many millions or maybe even billions of dollars which will be a vast amount more than the $150 million—that there is no intent that we will come back here 8 or 10 years from now after the claims are processed and be asked to pass legislation appropriating millions and millions of dollars out of the Treasury on the thought that we are here today morally or legally or in some other way binding ourselves to pay each and every claim that will be filed on the basis of these categories of losses. In other words only money in the war claims fund is to be applied and used toward paying all claims.

I know of no objection to the rule, I will say to the gentleman from California, but I do have some requests for time on my side.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman.

Mr. BOW. Do I understand that points of order have been waived on this bill because of the transfer of funds from one account to another?

Mr. SMITH of California. That is my understanding as to why we waive points of order; and I will say to the gentleman that a similar bill was passed in the 86th Congress. At that time the rule waived points of order. The Rules Committee adopted the same type of rule today.

Mr. BOW. If the gentleman will yield for a further question, in the matter of administrative costs the bill says these funds are to be paid from the Treasury. I read this language:

> SEC. 217. There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses in carrying out their respective functions under this title.

It seems to me this indicates it will come out of the Treasury rather than being paid out of the fund as it has been in the past.

Mr. SMITH of California. My understanding is that it is going to be paid out of the fund. Is that not right, I ask my colleague from California [Mr. SISK]?

Mr. SISK. If the gentleman will yield, it is my understanding that administrative costs of the fund would come from the fund itself and would not be appropriated from the Treasury.

Mr. BOW. It seems to me that while we have appropriated in the past some $500,000 for the cost of administering these funds it has come from the funds themselves and not from the taxpayers. We are making a mistake here when we authorize this appropriation from the Treasury for the administration of the funds.

Mr. SISK. I have just been informed by counsel for the committee that administrative costs will be paid out of assets of the funds and not from appropriated funds.

Mr. BOW. Section 217 under the heading "Administrative Expenses," says this is authorized to be appropriated from the Treasury.

Mr. SISK. If the gentleman will yield further, I will say that the gentleman's question had much better be directed to the Committee on Interstate and Foreign Commerce. It was my understanding at the time this was discussed before the Committee on Rules that all expenses would be taken from the fund from moneys which are being transferred, and would not be appropriated funds of the Congress or out of the Treasury.

Mr. BOW. I thank the gentleman.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield.

Mr. HARRIS. I think perhaps it might be well at this point to clear this up if we can. I call the gentleman's attention to section 5 on page 33. The gentleman has referred to section 217 on page 32.

In section 5 it is provided:

> There shall be deducted from each such deposit five percent thereof for expenses incurred by the Foreign Claims Settlement

Commission and by the Treasury Department in the administration of title II of the War Claims Act of 1948.

In order for it to be used to pay the expenses it must go through the appropriations process.

Mr. BOW. That is correct, if the gentleman from California will yield. I think that is what we have done in the past with this fund. This has gone to the Subcommittee on Appropriations and they have appropriated administrative costs from the funds.

The point I am now raising is that we have language under which administrative expenses are to be paid out of the Treasury rather than out of the fund. I will go into that more in detail when the bill is before the House.

Mr. SMITH of California. Mr. Speaker, I reserve the balance of my time and yield 5 minutes to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

NEED FOR ENACTMENT OF H.R. 3248 CLARIFYING THE MALLORY DECISION SHOWN BY RECENT RAPIST CASE IN DISTRICT OF COLUMBIA

Mr. CRAMER. Mr. Speaker, earlier in the day reference was made by the gentleman from New York [Mr. BECKER] and by the gentleman from South Carolina [Mr. RIVERS] with regard to the fact that the rapist and the attempted murderer of the administrative assistant to the gentleman from New York [Mr. BECKER] has been apprehended and has confessed. Because of the Supreme Court Mallory decision and other subsequent decisions in the District of Columbia ruling that the voluntary confession of a rapist becomes involuntary and inadmissible in evidence solely because of a delay in time between arrest and arraignment, which, incidentally, are affecting the law-enforcement processes throughout the country, orderly law-enforcement processes are subverted. Witnesses of necessity because of the Mallory decision had to be gotten out of bed at 3:30 or 4 o'clock in the morning in order to provide substantiating evidence and to confront the suspect, the purpose of which was the attempt to elicit a confession by the attacker and the rapist as a result did confess.

I want to point out to the attention of the Members of the House the fact that the reason why it was necessary to get these witnesses out of bed at 3:30 or 4 o'clock in the morning, and why it was necessary to confront the suspect in the middle of the night in order to get a confession which was voluntary from the attacker and the rapist was because of the Mallory rule or Supreme Court decision made back in 1957 which permitted a confessed rapist in the District of Columbia to go scott free because his confession was ruled inadmissible on the basis that he was held 8 hours between his arrest and his arraignment, and prior to his confession, even though the confession he made was totally voluntary and there was not the slightest evidence of any coercion during the period of time in which the admitted rapist was held by the police department.

This decision has caused not only the District of Columbia law-enforcement officials and the police force but the law-enforcement officials throughout the United States a great deal of obviously grave concern and procedural uncertainty.

In 1958 I happened to have been the ranking Republican member of a special subcommittee on Supreme Court Decisions of the Judiciary looking into that and other Supreme Court decisions in 1957 and 1958 and after lengthy consideration of this decision a bill to clarify the Mallory decision was voted out by the subcommittee, passed by the House, but died in the languishing hours of the session as a result of opposition in the other body. I felt it was a good bill. I felt that the Congress has a responsibility to clarify this decision so that law-enforcement officials throughout the Nation will know what their responsibilities are and would be able to elicit noncoercive confessions from persons believed to be guilty of a crime without being hampered unduly as in this recent Washington, D.C., rape and attempted murder case.

The so-called duckpin killer in the past, under the Mallory ruling, had his conviction set aside. His confession was ruled inadmissible on the same basis. This man had brutally beat a woman to death with a duckpin. Mallory himself was later accused of and found guilty of an equally serious crime. He turned right around and committed another crime. No wonder these problems are increasing here in the District of Columbia.

In the last session of Congress the House voted a bill out, the Senate killed it. In the 86th Congress the House voted a bill nearly unanimously, but the other body killed it.

During this session, apparently because of the unwillingness of the other body to act in the previous two sessions, the Committee on the Judiciary of the House has not acted. But the Subcommittee on the Judiciary on which I serve has reported a bill out and it now languishes before the Judiciary Committee. The bill is H.R. 3248, which I had the privilege of offering.

It is my hope, in view of the circumstances that have now developed, the factual circumstances in this particular case will show the obvious necessity for Congress taking action on my bill H.R. 3248.

Mr. Speaker, what does the bill provide? The bill simply provides that a confession elicited between an arrest and an arraignment shall not be determined involuntary solely because of the period in which the party involved is held prior to his arraignment. It permits the court to determine whether that period is unreasonable and whether that period in itself could be coercive. Therefore, there should not be any question about the denial of anyone's rights, under the Federal Rules of Criminal Procedure or otherwise, involved in this legislation.

Mr. Speaker, it is my hope that the full Judiciary Committee will again consider this bill, that the House will consider it favorably as it did twice before, and that the other body, having again additional evidence of the necessity of something being done in this field will do likewise, so that if a person believed to be guilty of such a heinous crime and confesses to it will not be permitted to go scot free solely because of the passage of the short period of time often reasonable and justified between his arrest and arraignment.

Mr. Speaker, I think this further illustrates the need for further congressional investigation in this field.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE BRANCH APPROPRIATION BILL FOR 1963

Mr. STEED. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H.R. 11151, the legislative branch appropriation bill for 1963, with Senate amendments thereto, and consider the same.

The SPEAKER. The Clerk will report the title of the bill and the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, after line 6, insert:

"SENATE"

Page 1, after line 6, insert:

"COMPENSATION OF THE VICE PRESIDENT AND SENATORS, MILEAGE OF THE PRESIDENT OF THE SENATE AND SENATORS, AND EXPENSE ALLOWANCES OF THE VICE PRESIDENT AND LEADERS OF THE SENATE"

Page 1, after line 6, insert:

"COMPENSATION OF THE VICE PRESIDENT AND SENATORS

"For compensation of the Vice President and Senators of the United States, $2,471,140."

Page 1, after line 6, insert:

"MILEAGE OF PRESIDENT OF THE SENATE AND OF SENATORS

"For mileage of the President of the Senate and of Senators, $58,370."

Page 1, after line 6, insert:

"EXPENSE ALLOWANCES OF THE VICE PRESIDENT, AND MAJORITY AND MINORITY LEADERS

"For expense allowance of the Vice President, $10,000; Majority Leader of the Senate, $2,000; and Minority Leader of the Senate, $2,000; in all, $14,000."

Page 1, after line 6, insert:

"SALARIES, OFFICERS AND EMPLOYEES

"For compensation of officers, employees, clerks to Senators, and others as authorized by law, including agency contributions and longevity compensation as authorized, which shall be paid from this appropriation without regard to the below limitations, as follows:".

Page 1, after line 6, insert:

"OFFICE OF THE VICE PRESIDENT

"For clerical assistance to the Vice President, at rates of compensation to be fixed by him in basic multiples of $5 per month, $127,645."

Page 1, after line 6, insert:

"CHAPLAIN

"Chaplain of the Senate, $8,810."

Page 1, after line 6, insert:

"OFFICE OF THE SECRETARY

"For office of the Secretary, $720,460: *Provided*, That effective July 1, 1962, the Secretary may appoint and fix the compensation of a second assistant parliamentarian at not to exceed $5,700 basic per annum."

Page 1, after line 6, insert:

"COMMITTEE EMPLOYEES

"For professional and clerical assistance to standing committees, and the Select Committee on Small Business, $2,551,200."

Page 1, after line 6, insert:

"CONFERENCE COMMITTEES

Page 1, after line 6, insert:

"For clerical assistance to the Conference of the Majority, at rates of compensation to be fixed by the chairman of said committee, $77,325."

Page 1, after line 6, insert:

"For clerical assistance to the Conference of the Minority, at rates of compensation to be fixed by the chairman of said committee, $77,325."

Page 1, after line 6, insert:

"ADMINISTRATIVE AND CLERICAL ASSISTANCE TO SENATORS

"For administrative and clerical assistants and messenger service for Senators, $12,676,275."

Page 1, after line 6, insert:

"OFFICE OF SERGEANT AT ARMS AND DOORKEEPER

"For office of Sergeant at Arms and Doorkeeper, $2,522,780: *Provided*, That effective July 1, 1962, the Sergeant at Arms may employ a chief messenger at $2,460 basic per annum, and a truck driver at $2,700 basic per annum."

Page 1, after line 6, insert:

"OFFICES OF THE SECRETARIES FOR THE MAJORITY AND THE MINORITY

"For the offices of the Secretary for the Majority and the Secretary for the Minority, $126,350."

Page 1, after line 6, insert:

"OFFICES OF THE MAJORITY AND MINORITY WHIPS

"For four clerical assistants, two for the Majority Whip and two for the Minority Whip, at rates of compensation to be fixed in basic multiples of $60 per annum by the respective Whips, $14,170 each; in all, $28,340."

Page 1, after line 6, insert:

"OFFICIAL REPORTERS OF DEBATES

"For office of the Official Reporters of Debates, $214,990."

Page 1, after line 6, insert:

"OFFICE OF THE LEGISLATIVE COUNSEL OF THE SENATE

"For salaries and expenses of the Office of the Legislative Counsel of the Senate, $232,240."

Page 1, after line 6, insert:

"CONTINGENT EXPENSES OF THE SENATE"

Page 1, after line 6, insert:

"LEGISLATIVE REORGANIZATION

"For salaries and expenses, legislative reorganization, $125,940."

Page 1, after line 6, insert:

"SENATE POLICY COMMITTEES

"For salaries and expenses of the Majority Policy Committee and the Minority Policy Committee, $163,975 for each such committee; in all, $327,950."

Page 1, after line 6, insert:

"JOINT ECONOMIC COMMITTEE

"For salaries and expenses of the Joint Economic Committee, $250,000."

Page 1, after line 6, insert:

"JOINT COMMITTEE ON ATOMIC ENERGY

"For salaries and expenses of the Joint Committee on Atomic Energy, $294,010."

Page 1, after line 6, insert:

"JOINT COMMITTEE ON PRINTING

"For salaries and expenses of the Joint Committee on Printing, $114,125; for expenses of compiling, preparing, and indexing the Congressional Directory, $1,600; in all, $115,725."

Page 1, after line 6, insert:

"AUTOMOBILES AND MAINTENANCE

"For purchase, exchange, driving, maintenance, and operation of four automobiles, one for the Vice President, one for the President Pro Tempore, one for the Majority Leader, and one for the Minority Leader, $36,000."

Page 1, after line 6, insert:

"FURNITURE

"For service and materials in cleaning and repairing furniture, and for the purchase of furniture, $31,190, and an additional amount for furniture, fiscal year 1962, $8,340: *Provided*, That the furniture purchased is not available from other agencies of the Government."

Page 1, after line 6, insert:

"INQUIRIES AND INVESTIGATIONS

"For expenses of inquiries and investigations ordered by the Senate or conducted pursuant to section 134(a) of Public Law 601, Seventy-ninth Congress, including $380,000 for the Committee on Appropriations, to be available also for the purposes mentioned in Senate Resolution Numbered 193, agreed to October 14, 1943, $3,797,210."

Page 1, after line 6, insert:

"FOLDING DOCUMENTS

"For the employment of personnel for folding speeches and pamphlets at a gross rate of not exceeding $1.90 per hour per person, $34,295."

Page 1, after line 6, insert:

"MAIL TRANSPORTATION

"For maintaining, exchanging, and equipping motor vehicles for carrying the mails and for official use of the offices of the Secretary and Sergeant at Arms, $16,560."

Page 1, after line 6, insert:

"MISCELLANEOUS ITEMS

"For miscellaneous items, exclusive of labor, $2,390,565, including $85,000 for payment to the Architect of the Capitol in accordance with section 4 of Public Law 87–82, approved July 6, 1961."

Page 1, after line 6, insert:

"POSTAGE STAMPS

"For postage stamps for the offices of the Secretaries for the Majority and Minority, $140; and for airmail and special-delivery stamps for office of the Secretary, $160; office of the Sergeant at Arms, $125; Senators and the President of the Senate, as authorized by law, $55,550; in all, $55,975."

Page 1, after line 6, insert:

"STATIONERY REVOLVING FUND

"For stationery for Senators and the President of the Senate, $181,800; and for stationery for committees and officers of the Senate, $13,200; in all, $195,000, to remain available until expended."

Page 1, after line 6, insert:

"COMMUNICATIONS

"For an amount for communications which may be expended interchangeably for payment, in accordance with such limitations and restrictions as may be prescribed by the Committee on Rules and Administration, of charges on official telegrams and long-distance telephone calls made by or on behalf of Senators or the President of the Senate, such telephone calls to be in addition to those authorized by the provisions of the Legislative Branch Appropriation Act, 1947 (60 Stat. 392; 2 U.S.C. 46c, 46d, 46e), as amended, and the First Deficiency Appropriation Act, 1949 (63 Stat. 77; 2 U.S.C. 46d–1), $15,150."

Page 6, line 3, after "$150,000" insert: ", of which such amount as may be necessary may be transferred to the appropriation under such heading for the fiscal year 1962."

Page 12, after line 12, insert:

"JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

"For an amount to enable the Joint Committee on Reduction of Nonessential Federal Expenditures to carry out the duties imposed upon it by section 601 of the Revenue Act of 1941 (55 Stat. 726), to remain available during the existence of the committee, $26,790, to be disbursed by the Secretary of the Senate."

Page 15, after line 13, insert:

"RESTORATION OF OLD SENATE CHAMBER AND OLD SUPREME COURT CHAMBER IN THE CAPITOL

"To enable the Architect of the Capitol to prepare working drawings, specifications, and estimates of cost for restoration of the Old Senate Chamber on the principal floor of the Capitol and the Supreme Court Chamber on the ground floor of the Capitol substantially to the condition in which these Chambers existed and were furnished when last occupied in 1859 and 1860, respectively, by the United States Senate and the United States Supreme Court, $37,500."

Page 15, after line 22, insert:

"SENATE OFFICE BUILDINGS

"For maintenance, miscellaneous items and supplies, including furniture, furnishings, and equipment, and for labor and material incident thereof, and repairs thereof; for purchase of waterproof wearing apparel, and for personal and other services; including eight female attendants in charge of ladies' retiring rooms at $1,800 each; for the care and operation of the Senate Office Buildings, including the subway and subway transportation systems connecting the Senate Office Buildings with the Capitol; uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131); to be expended under the control and supervision of the Architect of the Capitol; in all, $2,235,000."

Page 18, line 21, strike out all after "clothing;" over to and including "amended;" in line 1, page 19.

Page 19, line 3, strike out "$8,930,000" and insert "$9,906,350".

Page 19, line 6, after "1963" insert ": *Provided further*, That not to exceed $1,100,000 shall be available for reimbursement to the General Services Administration for alterations, including air conditioning, of space to be occupied by the Library of Congress in the Naval Weapons Plant".

Page 21, line 18, strike out "$678,000" and insert "$758,000".

Page 21, line 19, strike out "$630,000" and insert "$710,000".

Page 26, after line 2, insert:

"SEC. 105. No part of any amount appropriated in this Act shall be available to finance, under authority of section 4167(a) of title 39, United States Code, the mailing and delivering of mail matter sent through the mails with a simplified form of address under the franking privilege by any Member or Member-elect of Congress to postal patrons, including those partons on rural or star routes."

Page 26, after line 2, insert:

"SEC. 106. (a) This section shall apply to—

"(1) Each employee of the Senate whose compensation is paid from the appropriation for Salaries, Officers and Employees under the heading 'Office of the Secretary', except the Assistant to the Majority, and the Assistant to the Minority.

"(2) Each employee of the Senate whose compensation is paid from such appropriation under the heading 'Office of Sergeant at Arms and Doorkeeper', except employees designated on the rolls as 'special employees'.

"(3) Each employee of the Senate whose compensation is paid from such appropriation under the heading 'Official Reporters of Debates'.

"(4) Each employee of the Senate whose compensation is paid from such appropriation under the heading 'Offices of the Secretaries for the Majority and the Minority'.

"(5) Each employee of the Senate authorized by Senate resolution to be appointed by the Secretary or Sergeant at Arms, except employees designated on the rolls as 'special employees'.

"(6) Telephone operators, including the chief operator and assistant chief operators, on the United States Capitol telephone exchange.

"(7) Members of the Capitol Police.

"(b) An employee to whom this section applies shall be paid during any period of continuous service as such an employee additional basic compensation (hereinafter referred to as 'longevity compensation') at the rate of $120 per annum if at the time of such payment the annual rate of basic compensation (exclusive of longevity compensation) of the position in which employed is less than $1,800, or $180 per annum if at such time such rate is $1,800 or more, for each five years of service performed as such an employee during such period. No employee shall receive more than four such increases upon the basis of any period of continuous service, and nothing in this section shall be construed to authorize the payment to any employee of total compensation, including longevity compensation, in excess of the maximum amount prescribed by law for Senate employees generally. In computing length of continuous service for the purposes of this section only service performed subsequent to August 31, 1957, shall be credited, and in the case of employees of the Official Reporters of Debates of the Senate there shall be credited any service as such an employee performed during the period beginning on September 1, 1957, and ending on June 30, 1960, whether or not compensated from the appropriation referred to in subsection (a). Continuity of service for the purpose of this subsection shall not be deemed to be broken by separations from service of not more than thirty days or by the performance of service as an employee, other than an employee subject to the provisions of this section, whose compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives, but such separations and service shall not be credited for the purposes of this section. Longevity compensation under this section shall be payable on and after the first day of the first month following completion of the five-year period upon which such compensation is based.

"(c) The Act of February 13, 1945 (Public Law 2, 79th Cong.; 2 U.S.C. 60i), is repealed, and no longevity increase payable under authority of such Act prior to the effective date of this section shall be payable on or after such date.

"(d) Section 105 of the Legislative Branch Appropriation Act, 1959 (Public Law 85–570) is repealed. Any member of the Capitol Police who prior to the effective date of this section completed service entitling him to be paid at a rate specified in such section 105 shall be entitled, so long as he continues to serve without break in service of more than thirty days as a member of the Capitol Police, to continue to be paid at such rate and, in addition, to receive any longevity increases for which he may become qualified under subsection (b) of this section, except that while receiving compensation at a rate specified in such section 105 (1) no such member shall receive more than three longevity increases under subsection (b) based upon any period of continuous service, and (2) in computing length of service for the purpose of such longevity increases, only service performed subsequent to the date on which such member began receiving compensation at a rate prescribed by such section 105 shall be counted.

"(e) This section shall become effective on September 1, 1962."

Mr. STEED (interrupting the reading of the Senate amendments). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, I trust that the gentleman from Oklahoma [Mr. Steed] is going to explain this conference report.

Mr. STEED. If the gentleman will yield, we have no conference report. We are just trying to do the preliminaries in order to get into conference.

Mr. GROSS. This is the legislative appropriation bill wherein the other body adds its items and this procedure is necessary in order to take care of their part of this bill; is that correct?

Mr. STEED. This procedure is necessary in order to go to conference with the Senate on the bill.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma that the Senate amendments be considered as read?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma to consider the Senate amendments?

There was no objection.

Mr. STEED. Mr. Speaker, I ask unanimous consent that the House concur in the amendments of the Senate numbered 1 through 35 inclusive; and an amendment No. 38; that the House disagree to the amendments of the Senate numbered 36, 37, and 39 through 45, inclusive, and that the House agree to the conference asked by the Senate.

Mr. GROSS. Mr. Speaker, reserving the right to object, just what are we agreeing to here?

Mr. STEED. If the gentleman will yield, permit me to put the question this way——

Mr. GROSS. If we agree to that request of the gentleman to agree to the Senate amendments, then these amendments will not again be before the House as a result of the conference which the gentleman requests, and when the conference report comes back to the House, is that correct?

Mr. STEED. That is correct. The amendments to which we are asked to agree here are those that are solely matters affecting the Senate and its operations. It is the same situation as we had last year. Under the rule of comity we always go along with this part of the bill.

Mr. GROSS. That means, then, we are simply rubberstamping what the other body wants by way of appropriations without any knowledge of what it is, is that correct?

Mr. STEED. These are items that are solely items of the Senate and have nothing to do with the House. They are the items that were the same as those in the bill last year. The ones we are asking to disagree on are those involving the House and in which the House does have an interest. However, under the rule of comity we always go along with the Senate on matters which affect solely that body.

Mr. GROSS. That is a wonderful word, the word "comity." But when I find out about some of the purposes for which money is being spent around here, I wonder how far this comity business ought to be stretched. I would sort of like to know or have some idea about what is going on with respect to the other body, and I am sure they are interested in what we do over here by way of spending money. But I do not know exactly how to get at it, if the rule of comity is going to be the overriding rule.

Mr. STEED. The amendments we are asking to agree to here involve no additional emoluments or other benefits other than routine ones which the Senate has had all along. The amendments we want to take to conference are those that I think the gentleman would find that the House has an interest in and in which he would have an interest.

Mr. GROSS. Mr. Speaker, I shall discuss the matter further with the gentleman but do not want now to further take the time of the House.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

The Chair hears none and appoints the following conferees: Messrs. Steed, Kirwan, Cannon, Horan, and Taber.

COMPENSATION FOR CERTAIN WORLD WAR II LOSSES

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 7283, with Mr. Rooney in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HARRIS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the Committee on Interstate and Foreign Commerce reported the bill, H.R. 7283, what is referred to as the war claims bill, and recommends its approval to the House. This legislation has been before the House heretofore. As a matter of fact, we have considered war claims legislation for many years. It is an important bill, very important to a lot of people.

The Subcommittee on Commerce and Finance, headed by the distinguished gentleman from Illinois [Mr. Mack] held hearings again in this Congress on the legislation, and reported the bill with amendments. The Committee on Interstate and Foreign Commerce considered the recommendation of the subcommittee and unanimously reported the bill for the consideration of the House. We bring this legislation to you by a unanimous report of our committee.

Some 17 years have now passed since the end of World War II. Still American nationals who suffered injury or death under the circumstances specified in this legislation or who suffered property damage or loss as the result of military operations, have been waiting for compensation for the losses they have suffered.

The bill, H.R. 7283, which the Committee on Interstate and Foreign Commerce has brought before the House today, is the result of many years of efforts of writing comprehensive legislation in the field of World War II claims of American nationals. It is largely identical to the bill—H.R. 2485—which passed the House in the 86th Congress.

If Congress does not act soon many of the persons who suffered these losses will have died and thus only the heirs will secure benefits from this legislation.

Other nations have long since paid their own citizens for similar losses and it is high time that our own citizens be similarly compensated.

What is responsible for the fact that comprehensive war claims legislation has not been enacted almost 17 years after the close of World War II?

The explanation lies in the circumstances that war claims legislation has been tied in closely with enemy property legislation. The writing of adequate and comprehensive war claims legislation is difficult enough a task but the tie-in of this legislation with the highly controversial problem of return of enemy property has proven an almost insuperable stumbling block to prompt and effective legislative action on the subject of war claims.

Let me attempt to give you a brief and very sketchy outline of the history of this legislation up to the present time.

At the beginning of World War II assets located in the United States belonging to the German Government and German nationals and to the governments of other enemy countries and their nationals were vested in the Alien Property Custodian by virtue of the authority granted to the President under the Trading With the Enemy Act as amended by the First War Powers Act of 1941.

At that time the United States seized an estimated $54 million of Japanese-owned assets and $541 million of German-owned assets.

The Trading With the Enemy Act provides that after the end of the war such property shall be disposed of "as Congress shall direct."

Already during World War II Congress gave consideration to the problem of the ultimate use and disposition of these assets.

In so doing, the Members of the Congress concerned with the problem of ultimate disposal of enemy property were mindful of the history of the World War I alien property program.

I do not want to go into detail of that history. I want to state only that during World War I, as during World War II, the United States placed under the control of the Alien Property Custodian assets of the German Government and of German nationals. These assets were to be retained as security for Germany's obligation to pay war damage claims of the United States and of its nationals.

In 1923 Congress passed the Winslow Act, which authorized the return of vested property up to $10,000 in value to all former owners of such property. It was assumed at the time of the passage of this law that the remaining enemy assets would be sufficient to pay the war claims of American citizens as adjudicated by the Mixed Claims Commission, United States and Germany.

In 1928, Congress enacted further return legislation providing for the return of 80 percent of all vested property still held by the Alien Property Custodian after returns made under the earlier Winslow Act of 1923.

Germany assumed the obligation to make periodic payments over a period of years for the purpose of paying the war claims of American citizens. After making three of these payments, Germany defaulted on her obligation in 1931, and as a result of this default Congress in 1934 stopped further returns to Germany under the Settlement of War Claims Act of 1928.

The result of the alien property program and the war claims program after World War I was that 80 percent of the assets held by the Alien Property Custodian were returned while the remaining 20 percent have never been returned.

On the other hand, Germany defaulted on her obligation to pay the war claims of the United States and of our American nationals.

This World War I experience must be kept clearly in mind if we are to understand the events following World War II with regard to international agreements and legislation dealing with the twin problem of enemy property and war claims.

Already during World War II bills were introduced in the House, which sought to prevent a recurrence of the events which led to the unfortunate experiences with war claims and enemy property following World War I.

The various bills which were referred to our committee culminated in the enactment of the War Claims Act of 1948, which provided that no property or interest of Germany or Japan or any national of either such country shall be returned to former owners thereof or their successors in interest and that the United States shall not pay compensation for any such property or interest therein.

Furthermore, the Congress provided in 1948 that vested enemy property should be liquidated and the proceeds paid into the war claims fund in the Treasury.

Thus, the War Claims Act of 1948 established first of all the principle of "no return." In enacting this legislation the Congress followed the policy incorporated in the Paris Reparation Agreement of 1945 in which the United States and 17 allied nations—other than Russia and Poland—agreed to limit their war claims against Germany largely to the assets located in their respective countries and agreed to dispose of such assets in such a way as to preclude their return to German ownership or control.

This policy decision was reached because the Allies agreed that it was in the best interest of all concerned not to burden the vanquished nations with obligations to pay reparations which would hinder the rehabilitation of these nations in such a way that these nations might become a fertile ground for economic and political unrest.

In the second place this policy decision was also based on the recognition that industrial properties owned by German corporations and individuals had been used by their owners for the purpose of advancing the political and economic aims and objectives of the German Government, and thus had been used to advance the war aims of the German Government.

In establishing the war claims fund and in providing that the proceeds resulting from the liquidation of vested enemy property should be paid into this fund, Congress established a tie-in between enemy property and war claims.

This was done in the War Claims Act of 1948 and in the same act it was provided that certain categories, of war claims of U.S. citizens, and particularly claims of American military and civilian personnel who had suffered great hardships and privations in enemy prisoner-of-war and concentration camps should be paid out of the newly established war claims fund.

This legislation was a result largely of the outstanding efforts made of two members of the Interstate and Foreign Commerce Committee who concerned themselves with this legislation.

One of these members is still with us in the Congress today—our esteemed colleague, the gentleman from Texas, Representative LINDLEY BECKWORTH. The other member, who many of you will remember, was our beloved colleague, Representative Carl Hinshaw, of California. Due to their efforts largely, American citizens who were imprisoned and interned were compensated, insofar as they could be compensated, for the cruel hardships, tortures, and privations suffered by them at the hands of our enemies in prisoner-of-war camps and civilian concentration camps.

Since 1948 numerous amendments have been enacted by the Congress to the War Claims Act of 1948 adding additional categories of claimants but thus far no comprehensive war claims legislation has been enacted designed to provide a measure of compensation for other Americans who suffered injury, death, or property losses.

The bill, H.R. 7283, then today represents the culmination of the effort which began during and shortly after World War II.

The distinguished gentleman from Illinois [Mr. MACK], who is chairman of the Subcommittee on Commerce and Finance of the Committee on Interstate and Foreign Commerce, conducted extensive hearings on this legislation and he will explain the bill in detail.

This gives you, Mr. Chairman, the background of this program.

With the permission of my distinguished friend on the minority side, at this time I would like to recognize the distinguished gentleman from Illinois [Mr. MACK], chairman of the Subcommittee on Commerce and Finance to explain in more detail the provisions of the bill, so that the discussion can all be together in this record.

Mr. BALDWIN. Mr. Chairman, I would like to ask the gentleman a question if he will yield, with reference to taxability of these claims.

Mr. HARRIS. I yield.

Mr. BALDWIN. The reason I do so is that on the Pacific coast a group of claims have recently been paid to people who qualified under the Japanese Evacuation War Claims Act passed in 1948, who were evacuated from the west coast to their great detriment and loss.

They have been paid claims under that act. The Internal Revenue people are now endeavoring to collect income tax on these claims that have been paid, and this has caused great concern on the west coast.

I am one of those who feel that there should not be any tax levied on the payment of such claims, and I would like to ask whether claims paid under the terms of the present bill are going to be subject to taxation by the Treasury Department. There is a provision in the bill dealing with losses; I am not basing my question on that point. My question is whether if a claim is paid under this bill it is going to be subject to income tax by the Internal Revenue Service on the payment of the claim.

Mr. HARRIS. I would say in response to the gentleman that I am not familiar with the specific provisions of the Internal Revenue Code that would apply. I assume that if there were income it would be taxable and that if there were no income it would not be.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. YOUNGER. The matter to which my colleague, the gentleman from California [Mr. BALDWIN], refers is the capital gains tax where the amount awarded was more than the value of the property at the time of the taking. It is a capital gains tax. That only applies to an excess over its previous value. I do not think there is any possible chance of there being capital gains in the cases involved under the bill we are now considering.

Mr. BALDWIN. There is nothing in the bill itself to indicate that there might not be a gain involved. If there were a gain, theoretically it would be subject to taxation.

Mr. HARRIS. Our committee did not have jurisdiction to incorporate any provisions affecting internal revenue.

Mr. BALDWIN. In answer to the gentleman, I would like to refer to section 206 of the bill, on page 26, where you specifically say:

> Any payments made on an award reduced by reason of this subsection shall be exempted from Federal income taxes.

This is where a claimant has already taken a loss on his income tax. Then you deduct that loss and pay the difference and you say that any payment made by reason of this subsection shall not be subject to Federal income taxes.

So your committee has taken jurisdiction in that field, but you have made a statement only on cases where they have taken a loss. I am asking about another proposition. Your committee would have the same right to insert a provision in the bill in reference to that.

Mr. HARRIS. The committee felt it was perfectly within its jurisdiction to do as it did in the bill.

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Illinois.

Mr. MACK. May I say to the gentleman this provision was included to make certain this would not be a windfall for certain corporations operating under the excess profits tax during World War II. They deducted most of the loss. We are giving protection in these instances and, therefore, we have included in here any payments made on an award reduced by reason of this subsection shall be extended to the Federal income tax. We are reclaiming the amount that was deducted by a corporation.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARRIS. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. MACK].

Mr. MACK. Mr. Chairman, almost 17 years have passed since the end of World War II and we still have not taken care of the claims of American citizens and nationals who have suffered injury or death under circumstances specified in this legislation, or who have suffered property losses as a result of military operations during World War II in certain European countries and in areas attacked by Japan.

The bill which is before the House today will take care of these claims. It is almost identical to the bill which the House passed in the 86th Congress on March 1, 1960—H.R. 2485, 86th Congress. The Senate, however, failed to pass this legislation and so we are back again with this problem.

AUTHORIZED CATEGORIES OF CLAIMS

The four general categories of claims whose determination and payment are authorized by this legislation are as follows—payment of these claims has not been authorized in other legislation or treaties:

First. Damage to or destruction of property located in certain European countries and in areas attacked by the Japanese resulting from military operations or special measures against property—claims for losses arising in the Philippines are allowable where the claimant received no compensation under prior legislation;

Second. Damage to or destruction of ships and ship cargoes as a result of military action;

Third. Net losses of insurers under war risks insurance contracts covering ships; and

Fourth. Death or disability, and property losses, suffered by civilian passengers on vessels attacked on the high seas before December 11, 1941—date on which Germany declared war against the United States.

In addition, this bill provides for payment of up to 40 percent of awards heretofore made on war damage claims against Hungary.

Losses must have been suffered originally by American nationals, and the claims based thereon must have continuously remained American-owned up to the time they are filed.

Where a corporation does not qualify for payment, its American national stockholders may receive payment in proportion to their ownership interest in the corporation. Awards in excess of $10,000 on corporate claims will be reduced by the Federal tax benefits received by the corporation in prior years arising out of the loss on account of which the claim is filed.

Claims for disability or death will be paid in full; all other claims will be paid in full up to $10,000, with pro rata reduction thereafter if the war claims fund is not sufficient to pay all awards.

Payments will be made to claimants under the bill out of the war claims fund—which consists of proceeds resulting from the sale of vested property—and not out of appropriations. The balance presently available for transfer to the war claims fund is approximately $100 million.

PROCEDURE AND ORGANIZATION

The bill provides that claimants will be given 18 months in which to file their claims and the Foreign Claims Settlement Commission would be required to complete the processing of these claims within a 4-year period.

Each award or denial of a claim must be accompanied by a specific statement of the facts and the reasoning of the Foreign Claims Settlement Commission.

EXPLANATION OF COMMITTEE AMENDMENTS

The committee adopted an amendment which, aside from technical and clarifying corrections, provides for, first, recertification of awards heretofore made with respect to claims of citizen or nationals of the United States based on war damage losses in Hungary; second, authorizes the Foreign Claims Settlement Commission to fix attorney fees at less than 10 percent in connection with any claim filed with the Commission; and, third, eliminates from the bill the provision that not more than two members of the Foreign Claims Settlement Commission may be from the same political party.

NEED FOR LEGISLATION

Since the end of World War II American property owners who suffered war damages have been looking for some way of recouping their losses. Some of the owners have been compensated in whole or in part under the domestic laws of other countries. Some have been compensated pursuant to peace treaties, and others by laws enacted by the Congress of the United States.

Moreover, under the War Claims Act of 1948, as amended, compensation has already been made available to, first, members of our Armed Forces detained as prisoners of war; second, American civilians interned by the Japanese in the

Philippines, Midway, Wake, and Guam; third, religious organizations in the Philippines which furnished aid and services to our troops and civilians during the occupation, or which sustained damages to their hospitals, schools, or welfare units; fourth, Americans whose bank accounts were sequestered by Japanese; fifth, Americans who served in allied forces and who were detained as prisoners of war; and, sixth, American merchant seamen captured on the high seas.

By virtue of peace treaties, international agreements, or foreign domestic legislation war damage claims attributable to Italy, those arising within the territorial limits of Japan, and those arising in some European nations have been or are being settled.

H.R. 7283, as amended, would provide a measure of relief to American war damage claimants in areas in Europe and Asia not heretofore covered. Categories of war claims authorized by this legislation would be paid out of proceeds resulting from the sale of German and Japanese assets located in the United States which were taken over—vested—by the alien property custodian. In all, an estimated $54 million of Japanese-owned assets and $541 million of German-owned assets were seized.

It is extremely difficult to measure the cost of the program contemplated by the bill. Of course, in the end the size of the program will be governed by the amounts available for transfer to the war claims fund.

I hope that the House will again pass this legislation and that the Senate will also consider this legislation and pass it so that we may arrive at some satisfactory settlement to the problem which has been pending here for so many years.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. MACK. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Will the gentleman be good enough to advise this Member of the House what happened with reference to the testimony before the committee concerning damages to people who are now American citizens but at the time of the war were prisoners of war in the various European camps and who suffered great personal and physical damages?

Mr. MACK. The gentleman is referring to those individuals who served with friendly nations or forces during World War II?

Mr. PUCINSKI. That is correct.

Mr. MACK. And who later came to this country, some of whom are now citizens of this country?

Mr. PUCINSKI. That is correct.

Mr. MACK. There was such an amendment proposed by the gentleman from Michigan [Mr. Dingell], which the committee considered but did not approve.

If we had an unlimited amount of money to spend we could take care of those individuals. But the funds are very limited and we should, as a matter of equity and justice, take care of our citizens first.

Mr. PUCINSKI. I thank the gentleman.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MACK. I yield to the gentleman from New York.

Mr. LINDSAY. Mr. Chairman, I should like to compliment the distinguished gentleman on the work he has done, and all members of the subcommittee, for bringing this bill to the floor. I should like to thank the gentleman for his attention to the detail of this bill. I, myself, was privileged to testify before the gentleman and his subcommittee and urged passage of an amendment which was subsequently accepted as a committee amendment, with respect to Hungarian claims. I think a highly equitable result was reached.

Mr. MACK. I thank the gentleman.

Mr. BENNETT of Michigan. Mr. Chairman, I yield myself such time as I may consume.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. BENNETT of Michigan. I yield to the gentleman from New York.

Mr. LINDSAY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LINDSAY. Mr. Chairman, I ask in support of this bill, H.R. 7283, to provide compensation for American nationals for certain World War II losses.

This bill is to provide for determination of the amount and validity, and for the payment, of claims of American nationals who suffered injury or death under circumstances specified in the legislation, or who suffered property losses as a result of military operations during World War II in certain European countries and in areas attacked by Japan.

I wish to express my appreciation to the committee and particularly to the distinguished chairman of the subcommittee, the gentleman from Illinois [Mr. Mack], for their diligence in drafting and reporting this bill. And I would like especially to thank the gentleman and the members of the subcommittee for including in this bill an amendment that I pressed for in my testimony before the subcommittee, which would rectify awards theretofore made with respect to claims of citizens or nationals of the United States based on war damage losses in Hungary. If the bill had not included the Lindsey amendment it would have been most inequitable. It would have been an inequity that hardly could have been classified as the result of any design. Because of the hodgepodge of other laws, without this amendment the Hungarian claimants would be severely prejudiced.

Under Public Law 84-285 the Attorney General was directed to vest the American assets located in the United States of the governments of the satellite countries as well as of the corporations of those countries domiciled there. Those assets were used to pay American war damage claimants in those countries as well as the losses sustained through postwar nationalization. During consideration of the 1955 legislation it was anticipated that the Hungarian claims fund would amount to $3.1 million and war damage awards would be slightly under $12 million.

The actual figures later developed showed vested assets at less than $2 million and war damage and nationalization awards in excess of $60 million. The anticipated payment ratio of 25 percent for Hungarian claimants amounted to a mere 1 percent. The payment ratios for Rumania was 35 percent and for Bulgaria 53 percent.

No new Hungarian claims need be adjudicated as a result of the Lindsay amendment. The bill simply provides for a recertification of the Hungarian claims awards previously made. The satisfaction received under the previous Hungarian program will be deducted from payments made under the German claims program.

Mr. Chairman, I also pressed for an amendment which would provide that awards on corporate claims would be reduced by the Federal tax benefits, if any, received by the corporation in prior years arising out of the loss on account of which the claim is filed. I am pleased that the committee included this amendment, although in modified form, as the committee limited it to claims in excess of $10,000. In any event, the amendment is better than nothing, is fair, and will leave a larger amount in the "pot" for the satisfaction of claims of individuals who received no tax benefit as a result of their loss.

I think also, Mr. Chairman, that the bill should be further strengthened by removing the arbitrary cutoff date which provides that claimants must be nationals of the United States at the time of the loss in order to be eligible. I will support the amendment that will be offered by my friend, the gentleman from California [Mr. Cohelan], to remove this limitation.

This is important legislation, Mr. Chairman, and I am pleased to support it. I am especially pleased to have authored the amendment to the bill, which is accepted by the Committee, with respect to Hungarian claims.

Mr. BENNETT of Michigan. Mr. Chairman, I am opposed to the bill H.R. 7283, which has been reported from our Committee on Interstate and Foreign Commerce. I am opposed to this legislation on the same grounds on which I opposed almost identical legislation during the 86th Congress.

Mr. Chairman, I want to stress today as I did then that I have no personal interest in this legislation. To my knowledge no constituent of mine is personally interested in this legislation.

I am opposed to this legislation because in my opinion it violates an important principle which we have every reason to uphold; namely, the principle of protecting private property.

Prior to World War II this Government never endorsed a policy of permitting property of private citizens of foreign countries to be confiscated for public use without paying compensation to such citizens. Unfortunately, at the close of World War II, our Government deviated from this principle and agreed with the German Government that property of German citizens taken by us should be retained here in order to pay American citizens who suffered property losses in Germany during World War II. The German Government further agreed to repay German property owners whose property we have taken over in this country.

Up to now, the German Government has not carried out this obligation. Legislation to carry out this obligation to compensate German citizens is still pending in the German legislature.

Mr. Chairman, I am opposed to this legislation because in my judgment it violates a very simple and I think a very fundamental principle of justice insofar as private property is concerned. Putting this bill in its simplest terms, what it would do is to take property and money that was confiscated by our Government from a handful of German and Japanese citizens after the outbreak of World War II, which is now in the war claims fund, and use the money of those private citizens to pay off the claims of private citizens of the United States who happened to have property in Germany or one of the other enemy countries during World War II.

It is the first time, as far as I can find, that this country ever has sanctioned such a principle and has come to Congress asking Congress to confirm it.

This bill was passed by the House in 1960 but it did not pass the Senate, fortunately from my standpoint. It is probable it will pass the House again, but I hope the other body will do to it what it did before.

I want the record to show, Mr. Chairman, that as far as I am concerned I believed American citizens who lost property as a result of the war machine of Adolf Hitler and the Nazis or the Japanese or any of their allies and our enemies during World War II ought to be compensated, but I believe they ought to be compensated in either one of two ways. Either our Government ought to assume it as an obligation to our citizens as it has assumed so many other obligations that are lesser obligations insofar as their moral justification is concerned in my opinion than these obligations, as an alternative, our Government ought to see to it that through negotiations with Germany and Japan that the German and Japanese Governments as distinguished from a handful of German or Japanese citizens will be paying the just debts of the the German Nation.

I do not think anybody who wants to be fair about this situation will argue that a handful of German citizens who happened to own property in this country at the outbreak of World War II are responsible for everything that the German war machine did or any of its allies. Yet, this bill is based upon that principle, because it is taking the money, the assets and the property confiscated from those few German and Japanese people which is now in the war claims fund and the bill would authorize that money to be used to pay American citizens who lost their money in foreign countries.

I simply say this: The obligation, as far as the property losses of our citizens from enemy action overseas are concerned, is either an obligation of our Government or an obligation of the governments that caused the losses. We ought to see to it that governments and not individual property owners pay these losses in one way or another.

To establish the precedent that this bill establishes would, in my judgment, be one that all of us would regret in the years to come. I think it would establish a precedent that would enable people who are not our friends and who are not our allies today to take similar action against our citizens who happen to have property in those countries. These people will use this legislation as a precedent, and, therefore, as a matter of principle we should not enact the legislation which is sought to be enacted here in the House of Representatives today.

I oppose it on that basis, and that is the only basis on which I oppose it, Mr. Chairman.

This is the second time that the House of Representatives has an opportunity to pass on this legislation. I realize that there is tremendous pressure and justified pressure to secure compensation for American citizens who suffered property losses during World War II. However, as a matter of principle we should under no circumstances jeopardize private property rights. If we ourselves fail to observe the sanctity of private property, we cannot expect other countries to protect American private investments abroad.

Today some $60 billion of private American capital is invested in foreign countries. If we establish the precedent of taking private property for public purposes we cannot expect other countries to protect American investments.

Mr. Chairman, I believe this is unwise legislation and I am only consistent in raising my voice once more in opposition to this legislation. I would favor, as I say, legislation which would pay American claimants for their losses, but I refuse to accept the principle that a few citizens of one country should accept the financial obligations of their Government to pay for the damage that their Government perpetrated in time of war on the citizens of another country.

Mr. BENNETT of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Chairman, I rise in support of this bill. I do not subscribe, unfortunately, to the philosophy of the gentleman from Michigan. It was well understood at the end of the Second World War that we would take the funds from the sale of confiscated property and take care of the claims of our citizens and that the Germans and Japanese would take care of the claims of their citizens rather than subscribe to the policy of reparations. This is a bill that has followed the policy in the last 17 years of settlement of the war claims. There is nothing new in the bill except that we are now beginning to satisfy the claims and pay to the citizens of our own country the losses that they sustained on property which they owned in these foreign countries as a result of the war machine action on the part of either the Japanese or the Germans. So that so far as the principle which the gentleman from Michigan mentions, that has been established by the Congress in every act in alien property legislation since World War II. So that I think that particular point can be overlooked. I hope the House will pass this long-needed legislation and that we will be able to have the other body accept this legislation during this session so that we may settle with our own citizens a claim which they legitimately have and which should legitimately be paid out of the funds we now have on hand in the alien property funds.

Mr. Chairman, I yield back the balance of my time.

Mr. BENNETT of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman and my colleagues, many of you have discussed this legislation with me during the last several years. I know there has been a feeling among some Members of this body and some Members, may I say, of the other body that private property which has been sequestered during a wartime period should not be taken from those individuals even though they be foreigners and, in effect, transferred to a trust fund for the payment of claims of American nationals. All of you will remember, at the end of World War I we had, with our allies of World War I, rather large reparation demands against Germany. Much of that was paid by Germany until Germany went financially insolvent in the early twenties. When World War II was over in Europe, devastation was rather widespread. Germany was one of the worst sufferers. Our Government felt that in order to get the German nation back on its feet, the best thing we could do would be not to demand reparations but to make a treaty regarding damages and reparations and that is what we did. We entered into a treaty whereby we kept the property which we had confiscated during the wartime and whereby we would pay our own nationals. In turn, West Germany undertook its own obligation of taking care of the residents of West Germany who were claimants for all types of war damage. In 1957 I was in Bonn and I took this up with the West German Government. They were very frank. This is not a political issue in West Germany at the present time. There is no great demand for return of this property. It is not an issue between the two countries which can affect us diplomatically. It is simply in West Germany as of today more or less a dead issue. The West German Government was glad to make the treaty by which they received a substantial benefit in taking care of their own people and not having to pay reparations.

May I say that the West German Government has done an excellent job. I believe that as of the last count the payment in damages to their own nationals was in the neighborhood of $25 billion. Almost $3 billion of this, at the last count, was payable to German nationals who are no longer living in Germany but are residents of Israel.

I give you this background in order that you may understand that the claimants in Germany are not without recourse. Claims are still being settled in West Germany as fast as they are being adjudicated. A very large portion of the national budget in the 10 years immediately after World War II of the West German Government went for the payment of war damages of their own nationals.

I think it is well to get the whole picture and to realize that people who had their property confiscated by this country have some recourse. I am talking to those in this body who still believe that this is private property and ought to be returned to them. The German national does have recourse to his own Federal Government in Bonn. He can make his application, and under the law he is paid. He is not paid in full, but he is paid a reasonable sum in settlement of war damages he sustained in World War II—by his own German Government.

Mr. Chairman, this legislation has been before our committee for a number of years. We have had this matter up and down the hill almost as often as Napoleon's army. I believe the subcommittee has done about as good a job as could be done. It seems that 17 years after the war there ought to come a time when these claims are finally adjudicated and settled.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. COHELAN. Can the gentleman tell me whether some of the claims were by citizens of Israel?

Mr. SPRINGER. I would say that to my best recollection most of them originally were German nationals but are now citizens of Israel. They are paying claimants who live in other countries, but mostly only those who lost property in Germany by reason of the Nazi regime and its atrocities.

Mr. BENNETT of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. Bow].

Mr. BOW. Mr. Chairman, I take this time in order to ask questions of members of the committee.

The first question I would like to ask is whether or not in the hearings on this bill any estimate was made as to the cost of administration?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Ohio.

Mr. HARRIS. I do not believe there was any question in the committee relating to the cost of administration. I do not recall that we asked for any such estimates from the Foreign Claims Settlement Commission.

I would remind the gentleman the bill provides that 5 percent of the amount transferred to the war claims fund out of the vested assets shall be used for the administrative expenses under title II of the War Claims Act.

Mr. BOW. May I point out also, for the first time under the act we have an authority for an appropriation from the Treasury. So we have a situation that if the 5-percent deposits are not sufficient to pay administrative expenses, we would then be called upon to make an appropriation from the Treasury, imposing a tax on the people of all the country, whereas under the bill you are now amending there is the provision:

> There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses in carrying out their respective functions under this title.

Under the law as it now stands all administrative costs must be paid from the fund itself. If the 5 percent is not sufficient, if there was a buildup of this Commission and the number of employees who would get on the payroll, we would find ourselves getting to the position where the 5 percent may not be sufficient.

When we consider this bill under the 5-minute rule I will offer an amendment to section 217 which will provide that moneys may be appropriated from the Treasury but not to exceed the 5 percent deposits in the Treasury. This would bring us back to where we were in connection with existing law where the administration of these funds would be paid out of the fund itself rather than from the general taxpayers of the country.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Iowa.

Mr. GROSS. May I say to the gentleman I certainly support his amendment, because section 217 is wide open.

Mr. BOW. It leaves it wide open for them to go over 5 percent by any amount and there would be another big buildup of an agency. It seems to me we should limit this to payments from the fund for the benefit of these people and these payments should come from that fund.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Texas.

Mr. BECKWORTH. I want to commend the gentleman for the point he is making. One of the important things in connection with this legislation is to find out ultimately what the cost will be. It has been my experience in the past that rather frequently that is very difficult information to obtain. I do hope as this legislation progresses we can get some round figures that all of us may understand as to the ultimate cost to the American taxpayer this legislation will bring about.

FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES,
Washington, D.C., August 7, 1962.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D.C.

DEAR MR. BECKWORTH: Reference is made to your telegram of August 6, 1962, in which you inquire concerning H.R. 7283 and H.R. 3460. The figures in the latter bill were apparently transposed in transmission reading H.R. 3640.

The Trading With the Enemy Act is administered by the Office of Alien Property, Department of Justice. Inasmuch as H.R. 3460 is amendatory to the latter act the information you request is within the specific knowledge of the Department of Justice. Accordingly, the Commission is not in a position to comment thereon.

Under H.R. 7283 there would be entirely no cost to the U.S. Treasury, if enacted. It is understood that there are approximately $100 million derived from the liquidated proceeds of vested enemy assets available for deposit into the war claims fund which H.R. 7283 contemplates utilizing in carrying out its provisions.

Inasmuch as there has never been a registration of claims which would be eligible under H.R. 7283 the 50 largest claimants thereunder are unknown. Estimates made in the course of the hearings on the bill anticipated a claim load of from 35,000 to 75,000 claims. In studies made in 1956 and 1957 on the subject, the Commission did prepare a list of the large potential claimants under similar legislation. A copy of that memorandum is enclosed for your information.

Commission records disclose that similar information was furnished you on May 18, 1960, in relation to H.R. 2485 which was passed by the House of Representatives in the 86th Congress.

The Commission is pleased to be of assistance in this matter.

Sincerely yours,

ANDREW T. MCGUIRE,
General Counsel.

LIST OF POTENTIAL CLAIMANTS

Arden Investing Co., 681 5th Ave., New York, N.Y	$250,000
Chase National Bank, 18 Pine St., New York, N.Y	209,220
Colgate-Palmolive-Peet Co., 105 Hudson St., Jersey City, N.J	919,898
Corn Products Refining Co., 17 Battery Pl., New York, N.Y	780,918
Denver Chemical Manufacturing Co., 163 Varick St., New York, N.Y	100,000
Firestone Tire & Rubber Co., Akron 17, Ohio	154,386
General Milk Co., 19 Rector St., New York, N.Y	1,500,000
General Motors Co., 1775 Broadway, New York, N.Y	18,800,000
Greeneveld, Manni, Box 722, Pullman, Wash	125,000
International Business Machines Co., 590 Madison Ave., New York, N.Y	7,000,000
Intertype Corp., 360 Furman St., Brooklyn, N.Y	200,000
International Button Hole Co., Boston, Mass	483,944
Judd, Lincoln T., care of Allen J. Krouse, Esq., 902 Hill Bldg., Washington, D.C	230,000
King, Mrs. Frederick, care of Millard H. Ellison, Esq., 535 5th Ave., New York, N.Y	154,927
Krants, Marian Reed, care of Clarence E. Hall, 1527 Land Title Bldg., Philadelphia, Pa	125,000
Klingelhofer, Dr. Charles, 6809 Glenbrook Rd., Bethesda, Md	176,000
Kundman, Carl George, care of Heft, Brown, Stewart & Coats, Esqs., 201 6th St., Racine, Wis	55,600
Liengne, Clara Busch, address unknown	1,216,632
Nolte Schlag, Hilda, care of John Vanialst, Esq., 416b West 8th St., Los Angeles, Calif	201,212
Powers, Steele, 116 John St., New York, N.Y	335,000
Schoenberger, Eugene, 4616 Lindell Blvd., St. Louis, Mo	200,000
Standard Commercial Tobacco Co., care of Col. T. L. Palmer, 22 Luddington Rd., West Orange, N.J	820,800

LIST OF POTENTIAL CLAIMANTS—Continued

Standard Oil Co., Inc., 30 Rockefeller Plaza, New York, N.Y.	$54,000,000
Bank of America, 300 Montgomery St., San Francisco, Calif.	5,725,479
Chemical Bank & Trust Co., 165 Broadway, New York, N.Y.	890,708
City Bank Farmers Trust Co., 22 William St., New York, N.Y.	1,847,904
Ertengen Schied Co., Inc., address unknown	537,232
French American Banking Corp., 31 Nassau St., New York, N.Y.	3,492,800
Guaranty Trust Co. of New York, 140 Broadway, New York, N.Y.	1,875,944
Manufacturers Trust Co. of New York, 55 Broad St., New York, N.Y.	8,769,236
National Shawmut Bank of Boston, 40 Water St., Boston, Mass.	6,187,907
Schoder, J. Henry Banking Corp., 46 William St., New York, N.Y.	250,069
Security First National Bank of Los Angeles, 6th and Spring St., Los Angeles, Calif.	478,004
Stein, Robert A., 33 Riverside Dr., New York, N.Y.	1,200,000
Tidewater Associated Oil Co., Inc., 17 Battery Pl., New York, N.Y.	1,039,034
Underwood Corp., 1 Park Ave., New York, N.Y.	200,000
Union Properties Inc., Cleveland Ohio	505,468
United Shoe Machinery Corp., 140 Federal St., Boston, Mass.	2,551,864
Wells Fargo Bank & Union Trust Co., San Francisco, Calif.	155,440
Birnbaum, Mrs. Hilde, care of Friedman, Lobe & Block, 613 Jones Bldg., Seattle, Wash.	100,000
Brzesinski, Wolf, 37 Eagle Ave., New York, N.Y.	1,000,000
Dreyfuss, Fritz, 134–14 Franklin Ave., Flushing, N.Y.	144,000
Ehrmann, Dr. Rudolph, 3706 72d St., Jackson Heights, Long Island, N.Y.	600,000
Frenkel, Richard B., 211 West 106th St., New York, N. Y.	299,400
Hanauer, Frederick, 1130 Lake Washington Blvd., South, Seattle, Wash.	478,400
Heidenheimer, Moses, estate of, care of J. M. Heidenheimer, Anson, Tex.	137,340
Haller, Walter E., Bankers Bldg., Chicago, Ill.	297,600
Holtman, Ernest, 8739 Kingston Ave., Chicago, Ill.	282,000
Kaulhausen, Paul, 2822 Andrews Ave., Fresno, Calif.	400,000
Kieffer, Anna, 270 Park Ave., New York, N.Y.	121,500
Levite, Eric A., estate of, address unknown	3,000,000
Marcuse, Therese, address unknown	580,000
Nash, Edward, care of Jos. Haskell, Esq., 39 Broadway, New York, N.Y.	229,000
Otto, Frieda W., 305 West 98th St., New York, N.Y.	192,480
Paretzkia, Julie, 76–66 Austin St., Forest Hills, N.Y.	323,600
Salm, John, 200 West 102d St., New York, N.Y.	160,000
Schwars, Alfons, care of Leopold Landenberger, Esq., 1501 Broadway, New York, N.Y.	1,000,000
Schwars, Leo, 158 West 81st St., New York, N.Y.	126,000
Sichel, Edgar, 50 South 2d St., Mount Vernon, N.Y.	150,000
Sielcken-Schwarts, Mrs. Clara, 45 Waldron Ave., Summit, N.J.	120,000
Simon, Kate, address unknown	200,000
Stern, William B., et al., 3085 St. George St., Los Angeles, Calif.	393,000
Speyer, Nilda, 112–41–72 Rd., Forest Hills, Long Island, N.Y.	$1,231,172
Teichman, Wilma, address unknown	100,000
VonBoecklin, R. B., 40 Wall St., New York, N.Y.	256,440
VonMuelfingen, Karl, et al., address unknown	200,000
Wiesen, Rudolph and Erich, 1206 Cortelyou Rd., Brooklyn, N.Y.	193,000
Wilson, Leopold, address unknown	600,000
Rudisch, Florence M., estate of, address unknown	120,000
Offe, Mrs. Martha D., 261 Ortega Ridge Rd., Santa Barbarba, Calif.	125,000
Otten, Albert, 547 North Umberland Rd., West Englewood, N.J.	2,000,000
Pintus, Richard, 3053 30th Ave. West, Seattle, Wash.	125,000
Rockach, Irma & Solomon, address unknown	740,000
Rosenbaum, Theodore 120 West C St., Beckley, W. Va.	138,018
Schussler, Max, 15 Central Park West, New York, N.Y.	360,000
Siefer, Julius, care of A.H. Allen, 9441 Wilshire Blvd., Beverly Hills, Calif.	295,000
Spingarn, Bruno, 84 Main St., Brockport, N.Y.	100,000
Barber & Coleman Co., Rockford, Ill.	180,000
Berg, Saul J., 4811 Wilbers Ave., Baltimore, Md.	165,000
Bergere, Leon F., 1775 Broadway, New York, N.Y.	700,000
Boehn, Frank, 164–05 Hillside Ave., Jamaica, Long Island, N.Y.	240,000
Fleigenheimer, Eugene, 436 North Rogers, Olympia, Wash.	509,956
Freundich, Dr. Hugo, 834 West End Ave., New York, N.Y.	100,000
Gordon, Paul, 1000 Larrabee, Hollywood, Calif.	300,000
Gumpel, Gustav, 2460 Lyon St., San Francisco, Calif.	1,135,940
Haas, Ernest J. and Adolph, 181 11th St. North East, Alanta, Ga.	122,631
International General Electric Co., 570 Lexington Ave., New York, N.Y.	105,000
Isner, Emil, care of F. P. Anderwald, Esq., 77 West Washington St., Chicago, Ill.	109,400
Moreley, Ernest, 854 Glenmont Ave., Los Angeles, Calif.	168,000
Morris, Bertha K., care of Louis K. Frost, Esq., 1212 Chapman Bldg., Los Angeles, Calif.	110,000
Muenzesheimer, Meta, care of Riegelman, Strasser, Schwarz & Spiegelberg, 160 Broadway, New York, N.Y.	148,000
Nelson, Albert D., 1368 Cook St., Denver, Colo.	400,000
Newman, Leo, care of Ignatz Rosenot, Esq., 233 Broadway, New York, N.Y.	2,752,000
O'Donovan, Leo J., Jr., 116 John St., New York, N.Y.	1,787,684
Pscheidt, Ferdinand, 221 West Girard Ave., Philadelphia, Pa.	180,960
Sauer, Joseph, 847 East 156th St., Bronx, N.Y.	100,000
Samson, William, 1 Harrison St., New Rochelle, N.Y.	534,000
Schlomer, Dr. George M., care of David M. Watchmaker, Esq., 44 School St., Boston, Mass.	120,000
Walbaum, Margot, 37 East 64th St., New York, N.Y.	327,432
Westinghouse Air Brake Co., Wilmerding, Pa.	865,469

WASHINGTON, D.C.,
August 8, 1962.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D.C.:

The Treasury has never been asked to report on H.R. 3460 and it is impossible for us to furnish you immediately with the information that you have requested. May I suggest that the responsibility in the area lies with the Department of Justice.

If we can be of further service let us know.

JOSEPH W. BARR,
Assistant to the Secretary.

U.S. DEPARTMENT OF
JUSTICE, OFFICE OF THE
DEPUTY ATTORNEY GENERAL,
Washington, D.C., August 8, 1962.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BECKWORTH: Reference is made to your telegram received in the Office of the Attorney General on August 6, with regard to H.R. 7283, a bill to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses and H.R. 3460, a bill to amend section 9(a) of the Trading With the Enemy Act, as amended.

You have requested information as to the total cost to the U.S. Treasury of each bill, the total amount of assets which would be returned under their provisions and a list of 50 of the largest claimants under such bills.

With respect to H.R. 7283, as you know, the Foreign Claims Settlement Commission administers all claims under the War Claims Act and is the agency charged with the responsibility of receiving, processing and adjudicating such claims. Therefore, the information you have requested is not in the possession of the Department of Justice. However, we have been advised informally by the Commission that such information has been forwarded to you in response to your request directed to that agency.

With regard to H.R. 3460, which would permit the sale of vested shares of General Aniline & Film Corp. notwithstanding the pendency of a suit for their recovery under section 9(a) by a Swiss company, it does not appear that the questions raised by you would be applicable to this bill. In this connection House report 2046 on this bill sets forth in detail the background and need for such legislation. A copy of that report is attached for your ready reference.

It is hoped that the foregoing will be of assistance to you.

Sincerely yours,

WILLIAM A. GEOGHEGAN,
Assistant Deputy Attorney General.

DEPARTMENT OF STATE,
Washington, August 8, 1962.

Hon. LINDLEY BECKWORTH,
House of Representatives.

DEAR CONGRESSMAN BECKWORTH: Thank you for your telegram of August 4, 1962, requesting certain information about H.R. 3460 and H.R. 7283 which are pending before the present session of the Congress.

H.R. 3460, which would authorize the sale of certain property by the Alien Property Custodian, is amendatory of the Trading With the Enemy Act. As that act is administered by the Department of Justice the information you desire is known to it and this Department is not in a position to comment thereon.

H.R. 7283 would not appear to involve any cost to the United States as it specifically provides in section 217 that "there shall be deducted from each such deposit 5 per centum thereof for expenses incurred by the Foreign Claims Settlement Commission and by the Treasury Department in the administration of title II of the War Claims Act of 1948."

The Department has no independent information concerning the total amount of funds available for distribution but according to a letter dated July 17, 1962, from the Department of Justice to the House Committee on Interstate and Foreign Commerce, the estimated free balance after final liquidation of the Office of Alien Property is $100 million. A breakdown of the report of the Department of Justice may be found at pages 8 and 9 of Report No. 2035 which was submitted by the House Committee on Interstate and Foreign Commerce on July 25, 1962.

The Department of State does not have information concerning individual claims which would be filed with the Foreign Claims Settlement Commission for determination if H.R. 7283 is enacted and is, therefore, unable to furnish a list of the 50 largest claims. The Department has been informed by the Foreign Claims Settlement Commission, however, that it furnished some information on the matter to you on July 7, 1962.

I regret that I am unable to furnish all of the information you desire but if I can be of any further assistance in connection with this matter, please do not hesitate to let me know.

Sincerely yours,
FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

Mr. BOW. I might say that the appropriation for this fiscal year by the subcommittee of which the gentleman who now occupies the chair is the chairman, and I happen to be a member of the committee, was $690,000. We are beginning to deal in big figures. If we provide authority to take this out of the Treasury, I think we may be getting into larger figures. We should retain the theory that these payments shall be made out of the fund and not from the General Treasury of the United States.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HARRIS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. Chairman, I do this in order that we may make the RECORD perfectly clear. I do not believe, as a matter of fact, that there is a difference in the views of the committee and the actual action taken by the committee in this regard and what the gentleman from Ohio [Mr. BOW] has said as well as what the gentleman from Texas [Mr. BECKWORTH] has said with reference to the administration of this program.

The committee felt that a transfer of 5 percent from the funds available for the administration would be sufficient to take care of it. Now, we still feel that way. The gentleman from Ohio [Mr. BOW], I think, is technically correct with reference to his statement regarding the possibility of appropriating more funds than the 5 percent. But I remind the gentleman that he appropriates money out of the Treasury of the United States for this purpose—has in the past and will continue to do so in the future. That is the only way it can be paid.

Mr. BOW. But I would point this out to the gentleman.

Mr. HARRIS. Permit me to finish. The gentleman quoted the law correctly when the gentleman stated "to be appropriated out of any money in the Treasury." That is true. But the funds have got to be transferred by the Attorney General first before they can be appropriated. I think, as I say, technically there is no difference between what the gentleman offers here and between what the bill provides, and if we can clarify it and make it more certain, as far as I am personally concerned, I would have no objection to it at all.

Mr. BENNETT of Michigan. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I shall not consume much time. I have no objection to the amendment suggested by the gentleman from Ohio [Mr. BOW]. But the gentleman's proposed amendment brings up a significant point to which I alluded earlier in the debate. Eventually, even if Congress adheres to the principle enunciated in this bill of making private individuals responsible for the claims of their government, the fund is going to be exhausted. Then when it is exhausted we still have pending before our committee—I do not have the exact number of bills—claims of one kind or another. There are hundreds of thousands of claimants of one description and another who are making eyes at this fund and who claim they are entitled to some of this money.

Mr. Chairman, our committee over the years has considered some of these bills, but most of them have not been considered. Eventually, of course, the thing that the gentleman from Ohio mentioned regarding the Appropriations Committee's concern here may occur. The thing that worries him is not the principle of whether we make a private individual pay for the claims of his government. The gentleman from Ohio [Mr. BOW] is not worried about that. The gentleman from Ohio, is worried about how much is coming out of the U.S. Treasury. That is a good thing about which to be worried. I can tell the gentleman that this fund is going to be exhausted if this kind of legislation is passed. One of these days bills are going to come up here to the extent if they are approved, they are going to have to be paid out of the U.S. Treasury.

If we want to be perfectly honest and perfectly decent insofar as the sanctity of private property is concerned, we would do the straightforward thing that needs to be done; namely, tell the German Government we need *x* millions of dollars to pay off American citizens whose property they damaged during World War II, and we want that matter settled. That would end the argument. If we do not do that, what are we going to do about Dictator Castro in Cuba who is confiscating American property and who has confiscated American property for the last several years? If we follow the principle enunciated in this bill, then we can send the FBI out to look for some Cuban citizens who happen to have some property in this country and then pass a law to expropriate the property of those private citizens of Cuba to pay for the property of the U.S. citizens that Castro has expropriated under his regime. That is the principle and philosophy enunciated in this bill. That is the reason I am against it, Mr. Chairman.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. COHELAN].

Mr. COHELAN. Mr. Chairman, I rise in support of this long overdue measure to provide relief to American nationals for certain losses suffered during World War II. I would like to compliment the distinguished chairman of the full Committee on Interstate and Foreign Commerce [Mr. HARRIS] and the distinguished chairman of the subcommittee [Mr. MACK] for their efforts in bringing this bill before the House at this time.

Mr. Chairman, more than 16 years have elapsed since the end of World War II—16 years in which legitimate claims for substantial wartime losses have gone unfilled. This delay, with all due respect for the procedures of international law, is too long to ask any American to wait for fair treatment from his Government. It is a delay which with every day increases the degree of individual injustice and compounds both the administrative and the legal problems involved.

Mr. Chairman, at the appropriate time I intend to offer an amendment which I believe will correct a serious defect in this bill—a defect which would exclude thousands of American citizens from receiving just and due compensation. I believe that the amendment which I will offer should be adopted and that this legislation we are considering today should be passed without further delay.

Mr. Chairman, may I say that I had an example in point which I would like to take this opportunity to share with the House, a specific illustration that comes right out of my own district. Mr. Edward Gans from Berkeley, Calif., arrived in this country from Germany in January 1938, and took out the first papers for citizenship in February of that year. Under normal conditions Mr. Gans would have received his citizenship papers in 5 years time or 1943. Due to the wartime conditions, however, Mr. Gans did not receive citizenship papers until November 1944. Mr. Gans' property in Germany was destroyed by a bomber attack in January 1944 and consequently, he would not be eligible to file a claim under the present provisions of this bill.

Mr. Chairman, my amendment would correct this gross inequity by permitting all American citizens and all those who had taken out their first citizenship papers prior to the date of their loss to participate in the benefits of a war claims program. This is a moderate, reasonable and wholly justifiable amendment. It would reject an arbitrary division of our fellow citizens as discriminatory and indefensible, and it would provide appropriate relief to many who are deserving but who would otherwise be neglected.

Mr. Chairman, I urge that this amendment be adopted and that the bill as amended be passed.

Mr. YOUNGER. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. GLENN].

Mr. GLENN. Mr. Chairman, I rise in support of this bill. As a member of the subcommittee, let me say we have sat through many, many days of hearings during this last session of Congress. Some of the cases which have been brought to our attention have been pitiful. Some of the claimants have passed on.

There was one thing which was paramount to the committee in its consideration of this matter, and that is that it is time to bring this matter to an end. Therefore, while the legislation we are reporting out may not be perfect, we do feel it is the best we could come up with. In view of the situation that has carried over for the past 16 years, we think we should now bring it to a conclusion. We thought this in the last session of Congress, when we passed a similar bill, but, unfortunately, it died in the Senate.

This bill provides that all claims by nationals under this bill must be made within 18 months, and the Foreign Claims Settlement Commission would be required to complete the processing of these claims within a 4-year period. We hope that will then be the end of it.

Mr. YOUNGER. Mr. Chairman, we have no further requests for time.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Chairman, I rise in support of H.R. 7283.

This bill would amend the War Claims Act of 1948 to authorize settlement of several classes of meritorious World War II claims which were not covered by the original law or its subsequent amendments. These are claims which had their origin on the high seas or in the European or Pacific theaters of war. Four general types of claims are covered:

First. Physical loss or destruction of, or damage to, property in the described areas, occuring as the result of military operations, or special measures against property.

Second. Damage to or destruction of ships and ship cargoes as a result of military action.

Third. Net losses of insurers under war-risk insurance contracts covering ships.

Fourth. Death or disability, and property losses suffered by civilian passengers on ships torpedoed between September 1, 1939, and December 11, 1941.

The purpose of H.R. 7283 is corrective. It aims to rectify a condition which has existed for 17 years. American citizens who suffered injury, death, or property losses in certain areas during World War II have not yet been compensated, despite the fact—and this is rank injustice—that we have the funds, and have had the funds, to satisfy their claims. Not only are the funds available, but we have already established the Foreign Claims Settlement Commission to pay out the funds. All that is lacking is the necessary legislation. Mr. Chairman, I commend the distinguished chairman of the committee [Mr. HARRIS] and the distinguished chairman of the subcommittee [Mr. MACK] for bringing this legislation to the floor.

The United States has on hand a sizable amount of liquidated assets, approximately $100 million. I do not think there are convincting arguments in favor of returning these assets to countries which were our enemies at the time of liquidation, regardless of whether or not the present governments of those countries are our enemies today. In agreements between the United States and the Allies, Germany and Japan relinquished all rights to these assets.

In January 1946, the United States and 17 Allies entered into the Paris Reparation Agreement under which the signatories agreed to hold or dispose of German external assets in such a way as to preclude returning them to German ownership or control. Subsequently, in 1948 Congress amended the Trading With the Enemy Act to provide:

> No property or interest therein of Germany, Japan, or any national of either such country * * * shall be returned to former owners thereof or their successors in interest and the United States shall not pay compensation for any such property or interest therein.

In the Treaty of Peace Between the Allied Powers and Japan, signed at San Francisco on September 8, 1951, Japan agreed that:

> * * * each of the Allied Powers shall have the right to seize, retain, liquidate, or otherwise dispose of all property, rights, and interests * * * now blocked, vested, or in the possesion or under the control of enemy property authorities of Allied Powers.

And that:

> Except as otherwise provided in the present treaty the Allied Powers waive all reparations claims of the Allied Powers * * * and their nationals.

And, in the Bonn Convention of 1952 and the Paris Agreement of 1954 between Germany, France, England, and the United States, Germany similarly agreed that it and its nationals would assert no claim to external assets seized by the three powers and would compensate the former German owners for their losses. The three powers in turn agreed to assert no claims for reparations against German current production.

In addition, the losses under consideration were suffered by American citizens at the hands of our enemies during World War II, and tradition and justice both demand that they be compensated. There is no more appropriate way of using the funds. Those entitled to repayment have been denied compensation for too long a time, and there is certainly no cause, reason, or explanation for further delay. American war damage claimants who have been waiting 17 years for legislation are owed a debt by this Government. The time to inaugurate the program is now by the passage of the bill before us today. In transmitting a similar bill for this purpose the Eisenhower administration strongly emphasized:

> In our judgment the settlement of the claims, which would be authorized under the bill, should not be delayed any longer. With the passing of time the difficulties of establishing titles, successions, and valuations keep on mounting to increase administrative costs attending claims processing.

Mr. Chairman, while I support the purpose of this bill, I feel that there is a serious defect in this legislation, a defect which I have sought to correct by introducing H.R. 9464.

H.R. 7283 authorizes payment of a war claim only if the claimant, and all predecessors in interest, were on the date of the loss nationals of the United States. An exception is made for persons who lost U.S. citizenship by marriage and later reacquired it. Thus, the claims of persons who were nationals of another country at the time of the loss but later came to the United States and became citizens of this country will not be recognized. Nor will claims of persons, who were residents of the United States but not yet citizens at the time of loss be recognized.

Such discrimination against these newer citizens is wholly unwarranted. It is a violation of the spirit, if not the letter, of the Constitution. The Supreme Court of the United States has repeatedly said that naturalized citizens are not second-class citizens. With the single exception of eligibility for the Presidency, they are entitled to equal treatment with natural-born citizens.

Moreover, these new citizens have a strong equitable claims to equality of treatment in the payment of war claims. As productive members of our society, they pay taxes to support our Government and its defense effort. In acquiring U.S. citizenship, they renounced their former allegiances. As a consequence, they cannot look to any other government for redress. If the United States, to which they have sworn allegiance and undertaken the same obligations of citizenship as those resting upon naturals born citizens, does not include in the provision made for other citizens, they will be left without a remedy.

The chief argument advanced in favor of excluding them is based on a principle of international law requiring continuous ownership from the date of loss to the time of filing with respect to claims one government asserts against another on behalf of its nationals. That argument is inapplicable to the situation to which this bill is addressed. The claims with which it deals are not ordinary international claims. They are war claims for destruction and damages resulting from military operations. They are not claims for which our Government will negotiate with any foreign government to obtain redress from that government. Therefore, the determination as to what claims shall be paid is strictly a matter of domestic policy. That policy should be governed by the constitutional principle that all citizens, whether naturalized or natural-born, should be treated alike.

Accordingly, I intend to offer an amendment to H.R. 7283 which will allow claims to be filed by all American citizens, no matter when or how they obtained their citizenship, unless they were members of the armed forces of the enemies of the United States during World War II.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. RYAN of New York. I yield to the gentleman.

Mr. FARBSTEIN. I will say to the gentleman, I am in complete accord with the position he has taken. However, I would like to make inquiry, if it is within the knowledge of the gentleman, to what degree this amendment would eat into the fund or to what degree any such amendment, if adopted, would reduce the proportionate amount that would be paid to these American nationals whose claims existed prior to the date in question. Does the gentleman have any idea as to that?

Mr. RYAN of New York. I cannot answer the gentleman's question with certainty. I attempted to ascertain from the proper agencies how many claims this would involve, and the estimates are speculative.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. RYAN of New York. I yield to the gentleman.

Mr. BAILEY. Would your amendment be broad enough to include the valid claims now pending before the Commission and on which no action has been taken; or would it be just broad enough to allow new claims to be filed.

Mr. RYAN of New York. It would encompass any claims permissible under the pending bill. My amendment does not broaden the category of claims. All it does is to extend the eligibility of the claimants.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I listened to the statements of the various members of the committee who have discussed this legislation. Repeatedly, I hear the expression that this is to be the final legislative action having to do with the War Claims Commission. If that is true, Mr. Chairman, I would be remiss in my duty if I failed to call the attention of the committee handling this legislation to a rather unusual situation that occurred at the close of World War II. It has to do with the husband of a constitutent of mine from Sutton, W. Va., who was serving as a member of the Air Force and who was a pilot in one of our fighter planes.

On the morning of the cessation of hostilities which ended the war between the United States and Japan, he was aboard a carrier in Tokyo Bay. They received orders to bomb a certain Japanese objective. His squadron left for that purpose, but before reaching the point where they were to begin their bombing operations, they received notice that we had arranged an armistice with Japan. However, the Japanese Government failed to notify the leader of a Japanese air squadron that such an armistice had been agreed to. On their way back to their carrier in the harbor, the American planes which were flying out of their regular squadron formation, the pilots and crew enjoying the thought that the war was over, were attacked by a Japanese squadron. Four planes were shot down and 16 airmen drowned, including the husband of my constituent. The situation was such at the time that the widow had to go back to teaching to support their two young boys. She had been a schoolteacher prior to her marriage. The effect of the tragedy was such that the wife became ill, and only after considerable time was she able to go back to teaching. Throughout the intervening years she educated those two youngsters. I think she has a valid claim against the Japanese Government for their failure to notify their squadron commanders that there had been a cessation of hostilities. The negligence of the Japanese Government caused the death of this young American flier and I think there is compensation due from the Japanese Government. However, I am at a loss to know just where to start to amend this bill. This is a rather intricate bill and I am at a loss to know how to amend it to make it broad enough to cover such a deserving case as this.

Might I say, Mr. Chairman, this claim has been filed with the War Claims Commission, and they advise me that that act is not broad enough to cover this type of claim. Surely we are not going to close this out and leave out a deserving case of this kind. It seems to me we are committed to make it broad enough to cover such a claim.

Thank you very much for the opportunity to place this matter before you.

Mr. CURTIN. Mr. Chairman, I take this time to add my voice to that of my colleagues who are speaking today in support of H.R. 7283.

The subcommittee of the House Committee on Interstate and Foreign Commerce, of which I am privileged to be a member, spent much time in hearings and executive sessions on this legislation, and the bill which is before us today is the result of very careful work.

The bill, of course, is to distribute approximately $100 million presently in the war claims fund, and additional assets of $150 million, or a total of approximately $250 million, to nationals of the United States who suffered damages as a result of World War II.

The claims are in four categories and are for repayment, to some extent, for losses suffered by American nationals, and whose status has not changed since the time of the original loss. The act provides, after death claims and other claims up to $10,000 are paid in full, that all other claims are to be prorated until the fund is exhausted. The act further provides for a statutory period of 18 months to file such claims, and no further claims can be filed after this period under this act. This definitely will prevent applicants from filing war claims ad infinitum. Each claim must be accompanied by a certificate from the War Claims Commission.

From this very brief résumé of H.R. 7283, it can be seen that it is a very fair and equitable approach to what has been an extremely vexing problem. Obviously, it is for the distribution of money to American nationals who suffered losses as a result of a situation over which they had no control. The bill will not cost the United States Treasury any money, and consequently, it answers this problem frequently raised by the membership of the House.

Some may ask why so many years have elapsed before such legislation was brought before us. Of course, there have been a number of bills on this general problem which have been presented to the Congress over the years, many of which have been enacted into law. Obviously a considerable period of time had to elapse before the enactment of this final bill, to enable all persons, estates of deceased persons, and firms to have the same thoroughly checked and certified. Now this has been done, and the opportunity is before us to do justice to these persons, who through all these years have had such claims. I, therefore, urge the passage of H.R. 7283.

Mr. PHILBIN. Mr. Chairman, I am very thankful to the leadership for bringing this bill to the floor because there are many worthy people interested in it who have waited for a long time and are still waiting for a just and equitable settlement of their war claims.

I compliment the able and distinguished gentleman from Arkansas [Mr. HARRIS], chairman of the Committee on Interstate and Foreign Commerce, and the able and distinguished gentleman from Illinois [Mr. MACK] and the other members of the committee upon the excellent committee report and the admirable way in which the bill has been handled and debated.

I am not desirous of setting forth extensive views on this bill at this time as I believe the House fully understands from the splendid presentation made here what the basic problems are, and I am anxious to expedite action in every way possible.

There is little, if any, real controversy about the principle of the bill. While there are some disagreements, I believe that the bill in its present form, with perhaps some brief clarifying language, represents about the best legislative result that can be achieved in the interest of the people concerned and this Government.

The questions involved are complex and extremely difficult. It has, therefore, been only after the untiring efforts and careful penetrating work and a painstaking consideration that the committee has been able to formulate standards for the prosecution and settlement of these claims that will work substantial justice.

It is unfortunate that in this process the claims of many worthy people cannot be considered at this time. It may well be that at a later date, it will be possible to take legislative action that will permit the consideration of their claims.

In any event, I believe that we will enact this measure in the House, which will permit substantial recovery for loss, damage, and destruction of property belonging to nationals of the United States and provide for maximum fairness and equity for those who have sustained serious losses, damage, and destruction.

While the remedy is somewhat late, the prospects for completed action in this measure seem to be promising, and I hope and urge that when the House passes the bill today, it may be promptly considered by the other body and cleared for final enactment by the Congress.

I have some very dear friends who are personally interested in this legislation, and they have been waiting for years to secure redress of their just claims, and I have been striving over a period of time now to try to assist them with a solution to their problems. For that reason, I am especially privileged today to support this measure and feel confident that it will be enacted by the House, and I certainly propose to continue my efforts to help secure favorable action by the other body at the earliest possible time.

Mr. STRATTON. Mr. Chairman, I rise in support of H.R. 7283. Passage of this legislation is a big step toward our goal of making just compensation to all Americans who suffered damage at the hands of our enemies during World War II.

I am seriously concerned, however, with our failure to adopt the amendments proposed by the gentleman from California [Mr. COHELAN] and the gentleman from New York [Mr. RYAN]. We are still overlooking the very valid claims of other Americans who fought by our side during World War II and who suffered damages or injuries, but who were not then citizens of this country.

In fact, Mr. Chairman, I have long been fighting for a bill, H.R. 3178, which would not only provide the added coverage included in the amendments offered by my colleagues, Mr. RYAN and Mr. COHELAN, but which would also extend the provisions of the War Claims Act to any individual who is a citizen or national of the United States on the date of enactment, or to any individual who was lawfully admitted to the United States for permanent residence during or after World War II and who is a lawful resident on the date of enactment.

I believe this extension should be made as a matter of justice. I am hopeful that the other body, when considering this legislation, will adopt amendments along these lines so that full justice can be achieved on this subject.

Mr. HARRIS. Mr. Chairman, we have no further requests for time. I suggest that the Clerk read.

The CHAIRMAN. Pursuant to the rule the Clerk will now read the substitute committee amendment printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the War Claims Act of 1948, as amended, is further amended by inserting after section 1 thereof the following:

"TITLE I"

SEC. 2. The word "Act" wherever it appears in title I except in section 13(a) in reference to the War Claims Act of 1948, as amended, is amended to read "title".

SEC. 3. The War Claims Act of 1948, as amended, is further amended by adding at the end thereof the following:

"TITLE II

"Definitions

"SEC. 201. As used in this title the term or terms—

"(a) 'Albania', 'Austria', 'Czechoslovakia', 'the Free Territory of Danzig', 'Estonia', 'Germany', 'Greece', 'Latvia', 'Lithuania', 'Poland', and 'Yugoslavia', when used in their respective geographical senses, mean the territorial limits of each such country or free territory, as the case may be, in continental Europe as such limits existed on December 1, 1937.

"(b) 'Commission' means the Foreign Claims Settlement Commission of the United States established pursuant to Reorganization Plan Numbered 1 of 1954 (68 Stat. 1279).

"(c) 'National of the United States' means (1) a natural person who is a citizen of the United States, (2) a natural person who, though not a citizen of the United States, owes permanent allegiance to the United States, and (3) a corporation, partnership, unincorporated body, or other entity, organized under the laws of the United States, or of any State or the District of Columbia and in which more than 50 per centum of the outstanding capital stock or other proprietary or similar interest is owned, directly or indirectly, by persons referred to in clauses (1) and (2) of this subsection. It does not include aliens.

"(d) 'Property' means real property and such items of tangible personalty as can be identified and evaluated.

"Claims authorized

"SEC. 202. The Commission is directed to receive and to determine according to the provisions of this title the validity and amount of claims of nationals of the United States for—

"(a) loss or destruction of, or physical damage to, property located in Albania, Austria, Czechoslovakia, the Free Territory of Danzig, Estonia, Germany, Greece, Latvia, Lithuania, Poland, or Yugoslavia, or in territory which was part of Hungary or Rumania on December 1, 1937 but which was not included in such countries on September 15, 1947, which loss, destruction, or physical damage occurred during the period beginning September 1, 1939, and ending May 8, 1945, or which occurred in the period beginning July 1, 1937, and ending September 2, 1945, to property in territory occupied or attacked by the Imperial Japanese military forces (including territory to which Japan has renounced all right, title, and claim under article 2 of the Treaty of Peace Between the Allied Powers and Japan) except the island of Guam: *Provided*, That claims for loss, destruction, or damage occurring in the Commonwealth of the Philippines shall not be allowed except on behalf of nationals of the United States who have received no payment, and certify under oath or affirmation that they have received no payment, on account of the same loss, destruction, or damage under the Philippine Rehabilitation Act of 1946, whether or not claim was filed thereunder: *Provided further*, That such loss, destruction, or damage must have occurred, as a direct consequence of (1) military operations of war or (2) special measures directed against property in such countries or territories during the respective periods specified, because of the enemy or alleged enemy character of the owner, which property was owned, directly or indirectly, by a national of the United States at the time of such loss, damage or destruction;

"(b) damage to, or loss or destruction of, ships or ship cargoes directly or indirectly owned by a national of the United States at the time such damage, loss, or destruction occurred, which was a direct consequence of military action by Germany or Japan during the period beginning September 1, 1939, and ending September 2, 1945; no award shall be made under this subsection in favor of any insurer or reinsurer as assignee or otherwise as successor in interest to the right of the insured;

"(c) net losses under war-risk insurance or reinsurance policies or contracts, incurred in the settlement of claims for insured losses of ships directly or indirectly owned by a national of the United States at the time of the loss, damage, or destruction of such ships and at the time of the settlement of such claims, which insured losses were a direct consequence of military action by Germany or Japan during the period beginning September 1, 1939, and ending September 2, 1945; such net losses shall be determined by deducting from the aggregate of all payments made in the settlement of such insured losses the aggregate of the net amounts received by any such insurance companies on all policies or contracts of war-risk insurance or reinsurance on ships under which the insured was a national of the United States, after deducting expenses; and

"(d) loss or damage on account of—

"(1) the death of any person who, being then a civilian national of the United States and a passenger on any vessel engaged in commerce on the high seas, died or was killed as a result of military action by Germany or Japan which occurred during the period beginning September 1, 1939, and ending December 11, 1941; awards under this paragraph shall be made only to or for the benefit of the following persons in the order of priority named:

"(A) widow or husband if there is no child or children of the deceased;

"(B) widow or husband and child or children of the deceased, one-half to the widow or husband and the other half to the child or children of the deceased in equal shares;

"(C) child or children of the deceased (in equal shares) if there is no widow or husband; and

"(D) parents of the deceased (in equal shares) if there is no widow, husband, or child;

"(2) injury or permanent disability sustained by any person, who being then a civilian national of the United States and a passenger on any vessel engaged in commerce on the high seas, was injured or permanently disabled as a result of military action by Germany or Japan which occurred during the period beginning September 1, 1939, and ending December 11, 1941; awards under this paragraph shall be payable solely to the person so injured or disabled.

"(3) the loss or destruction, as a result of such action, of property on such vessel, as determined by the Commission to be reasonable, useful, necessary, or proper under the circumstances, which property was owned by any civilian national of the United States who was then a passenger on such vessel; and in the case of the death of any person suffering such loss, awards under this paragraph shall be made only to or for the benefit of the persons designated in paragraph (1) of this subsection and in the order of priority named therein.

"Transfers and assignments

"SEC. 203. The transfer or assignment for value of any property forming the subject matter of a claim under subsection (a) or (b) of section 202 subsequent to its damage, loss, or destruction shall not operate to extinguish any claim of the transferor otherwise compensable under either of such subsections. If a claim which could otherwise be allowed under subsection (a) or (b) of section 202 has been assigned for value prior to the enactment of this title, the assignee shall be the party entitled to claim thereunder.

"Nationality of claimants

"Sec. 204. No claim shall be allowed under subsection (a), (b), or (c) of section 202 of this title unless the property upon which it is based was owned by a national or nationals of the United States on the date of loss, damage, or destruction and unless the claim was owned by a national or nationals of the United States continuously thereafter until the date of filing with the Commission pursuant to this title. Where any person who lost United States citizenship solely by reason of marriage to a citizen or subject of a foreign country reacquired such citizenship before the date of enactment of this title, then if such individual, but for such marriage would have been a national of the United States at all times on and after the date of such loss, damage, or destruction until the filing of the claim, such individual shall be treated for all purposes of this title as having been a national of the United States at all such times.

"Claims of stockholders

"Sec. 205. (a) A claim under section 202 of this title based upon an ownership interest in any corporation, association, or other entity which is a national of the United States shall be denied.

"(b) A claim under section 202 of this title, based upon a direct ownership interest in a corporation, association, or other entity which suffered a loss within the meaning of said section, shall be allowed, subject to other provisions of this title, if such corporation, association, or other entity on the date of the loss was not a national of the United States, without regard to the per centum of ownership vested in the claimant in any such claim.

"(c) A claim under section 202 of this title, based upon an indirect ownership interest in a corporation, association, or other entity which suffered a loss within the meaning of said section, shall be allowed, subject to other provisions of this title, only if at least 25 per centum of the entire ownership interest thereof at the time of such loss was vested in nationals of the United States.

"(d) Any award on a claim under subsection (b) or (c) of this section shall be calculated on the basis of the total loss suffered by such corporation, association, or other entity, and shall bear the same proportion to such loss as the ownership interest of the claimant bears to the entire ownership interest thereof.

"Deductions in making awards

"Sec. 206. (a) In determining the amount of any award there shall be deducted all amounts the claimant has received on account of the same loss or losses with respect to which an award is made under this title.

"(b) Each claim in excess of $10,000 filed under this title by a corporation shall include a statement under oath disclosing the aggregate amount of Federal tax benefits derived by such corporation in any prior taxable year or years resulting from any deduction or deductions claimed for the loss or losses with respect to which such claim is filed. In determining the amount of any award where the allowable loss exceeds $10,000 there shall be deducted an amount equal to the aggregate amount of Federal tax benefits so derived by the claimant. For the purposes of this subsection, such Federal tax benefits shall be the aggregate of the amounts by which the claimant's taxes for such year or years under chapters 1, 2A, 2B, 2D, and 2E of the Internal Revenue Code of 1939, or subtitle A of the Internal Revenue Code of 1954 were decreased with respect to such loss or losses. Any payments made on an award reduced by reason of this subsection shall be exempt from Federal income taxes.

"Consolidated awards

"Sec. 207. With respect to any claim which, at the time of the award, is vested in persons other than the person by whom the loss was sustained, the Commission may issue a consolidated award in favor of all claimants then entitled thereto, which award shall indicate the respective interests of such claimant therein; and all such claimants shall participate, in proportion to their indicated interests, in the payments authorized by this title in all respects as if the award had been in favor of a single person.

"Certain awards prohibited

"Sec. 208. No award shall be made under this title to or for the benefit of (1) any person who has been convicted of a violation of any provision of chapter 115, title 18 of the United States Code, or of any other crime involving disloyalty to the United States, or (2) any claimant whose claim under this title is within the scope of title III of the International Claims Settlement Act of 1949, as amended (69 Stat. 570), except any claimant whose award under section 303 (1) of title III of the International Claims Settlement Act of 1949, as amended, is recertified pursuant to subsection (b) of section 209 of this title.

"Certification of awards

"Sec. 209. (a) The Commission shall certify to the Secretary of the Treasury, in terms of United States currency, for payment out of the War Claims Fund each award made pursuant to section 202.

"(b) The Commission shall recertify to the Secretary of the Treasury, in terms of United States currency, for payment out of the War Claims Fund, awards heretofore made with respect to claims against the Government of Hungary under section 303(1) of title III of the International Claims Settlement Act of 1949, as amended. Nothing contained in this subsection shall be construed as authorizing the filing of new claims against Hungary.

"Claim filing period

"Sec. 210. Within sixty days after the enactment of this title or of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later, the Commission shall give public notice by publication in the Federal Register of the time when, and the limit of time within which claims may be filed, which limit shall not be more than eighteen months after such publication.

"Claims settlement period

"Sec. 211. The Commission shall complete its affairs in connection with the settlement of claims pursuant to this title not later than four years following the enactment of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title.

"Notification to claimants

"Sec. 212. Each award or denial of a claim by the Commission, whether rendered before or after a hearing, shall include a specific statement of the facts and of the reasoning of the Commission in support of its conclusion.

"Payment of awards; priorities; limitations

"Sec. 213. (a) The Secretary of the Treasury shall pay out of the War Claims Fund on account of awards certified by the Commission pursuant to this title as follows and in the following order of priority:

"(1) Payment in full of awards made pursuant to section 202(d) (1) and (2).

"(2) Thereafter, payments from time to time on account of the other awards made pursuant to section 202 in an amount which shall be the same for each award or in the amount of the award, whichever is less. The total payment made pursuant to this paragraph on account of any award shall not exceed $10,000.

"(3) Thereafter, payments from time to time on account of the unpaid balance of each remaining award made pursuant to section 202 or recertified pursuant to subsection (b) of section 209 which shall bear to such unpaid balance the same proportion as the total amount in the War Claims Fund and available for distribution at the time such payments are made bears to the aggregate unpaid balances of all such awards. No payment made pursuant to this paragraph on account of any award shall exceed the unpaid balance of such award. Payments heretofore made under section 310 of title III of the International Claims Settlement Act of 1949, as amended, on awards made against the Government of Hungary under section 303(1) of title III of the International Claims Settlement Act of 1949, as amended, and recertified under subsection (b) of section 209, shall be considered as payments under this paragraph and no payment shall be made on any recertified award until the percentage of distribution on awards made under section 202 exceeds the corresponding percentage of distribution on such recertified award: *Provided,* That no payment made on awards recertified under subsection (b) of section 209 shall exceed 40 per centum of the amount of the award recertified.

"(b) Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury shall prescribe.

"(c) For the purpose of making any such payments, other than under section 213(a) (1), an 'award' shall be deemed to mean the aggregate of all awards certified for payment in favor of the same claimant.

"(d) If any person to whom any payment is to be made pursuant to this title is deceased or is under a legal disability, payment shall be made to his legal representative, except that if any payment to be made is not over $1,000 and there is no qualified executor or administrator, payment may be made to the person or persons found by the Comptroller General to be entitled thereto, without the necessity of compliance with the requirements of law with respect to the administration of estates.

"(e) Payment on account of any award pursuant to this title shall not, unless such payment is for the full amount of the award, extinguish any rights against any foreign government for the unpaid balance of the award.

"(f) Payments made under this section on account of any award for loss, damage, or destruction occurring in the Commonwealth of the Philippines shall not exceed the amount paid on account of awards in the same amount under the Philippine Rehabilitation Act of 1946.

"Fees of attorneys and agents

"Sec. 214. No remuneration on account of services rendered on behalf of any claimant in connection with any claim filed with the Commission under this title shall exceed 10 per centum (or such lesser per centum as may be fixed by the Commission with respect to any class of claims) of the total amount paid pursuant to any award certified under the provisions of this title on account of such claim. Any agreement to the contrary shall be unlawful and void. Whoever, in the United States or elsewhere, demands or receives, on account of services so rendered, any remuneration in excess of the maximum permitted by this section shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both.

"Application of other laws

"Sec. 215. To the extent they are not inconsistent with the provisions of this title, the following provisions of title I of this Act and title I of the International Claims Settlement Act of 1949, as amended, shall apply to this title: The first sentence of subsection (b) of section 2, all of subsection (c) of section 2 and section 11 of title I of this Act, and subsections (c), (d), (e), and (f) of section 7 of the International Claims Settlement Act of 1949, as amended.

"Transfer of records

"Sec. 216. The Secretary of State is authorized and directed to transfer or otherwise make available to the Commission such records and documents relating to claims authorized by this title as may be required by the Commission in carrying out its functions under this title.

"Administrative expenses

"Sec. 217. There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses in carrying out their respective functions under this title."

Sec. 4. (a) Section 2 of the War Claims Act of 1948, as amended, is amended by adding at the end thereof the following:

"(d) The term of office of members of the Foreign Claims Settlement Commission holding office on the date of enactment of this subsection shall expire at the end of the one-year period which begins on such date, but during such one-year period each such member shall continue to hold office at the pleasure of the President. The President shall thereafter appoint, by and with the advice and consent of the Senate, three members of the Commission. The term of office of each member of the Commission shall be three years, except that of the members first appointed after the end of the one-year period which begins on the date of enactment of this subsection, one shall be appointed for a term of three years, one for a term of two years, and one for a term of one year."

(b) Nothing in this section shall be construed to preclude the reappointment as a member of the Foreign Claims Settlement Commission of any person holding office as a member of such Commission on the date of enactment of this Act.

Sec. 5. Section 39 of the Trading With the Enemy Act is amended by adding at the end thereof the following new subsection:

"(d) The Attorney General is authorized and directed to cover into the Treasury from time to time for deposit in the War Claims Fund such sums from property vested in him or transferred to him under this Act as he shall determine in his discretion not to be required to fulfill obligations imposed under this Act or any other provision of law, and not to be the subject matter of any judicial action or proceeding. There shall be deducted from each such deposit 5 per centum thereof for expenses incurred by the Foreign Claims Settlement Commission and by the Treasury Department in the administration of title II of the War Claims Act of 1948. Such deductions shall be made before any payment is made pursuant to such title. All amounts so deducted shall be covered into the Treasury to the credit of miscellaneous receipts."

Sec. 6. If any provision of this Act, or the application thereof to any person or circumstances, shall be held invalid, the remainder of this Act, or the application of such provisions to other persons or circumstances, shall not be affected.

Mr. HARRIS (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be open to amendment at any place.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. SCHENCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Schenck: On page 18, line 13, strike out "or the District of Columbia" and insert in lieu thereof the following: ", the Commonwealth of Puerto Rico, the District of Columbia, or any possession of the United States".

Mr. SCHENCK. Mr. Chairman, I have discussed this amendment with the chairman of the committee, and I understood the chairman of the committee was agreeable to the amendment.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield.

Mr. HARRIS. Mr. Chairman, I had occasion to observe the amendment offered by the gentleman from Ohio and the privilege of discussing it with him. I understand this is the amendment suggested by the Resident Commissioner from Puerto Rico. It seems to me to be in line with the general purposes of the bill and although I am not authorized to speak on behalf of the full committee, we have discussed it among ourselves, and as far as we are concerned we have no objection to the amendment.

Mr. SCHENCK. Mr. Chairman, I ask unanimous consent that the gentleman from Puerto Rico [Mr. Fernós-Isern] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FERNÓS-ISERN. Mr. Chairman, in studying H.R. 7283, as reported, I became aware that the present language of the bill would not authorize valid claims by a corporation, partnership, unincorporated body or other entity organized under the laws of the Commonwealth of Puerto Rico, or for that matter, organized under the laws of the Virgin Islands, of Guam or of Samoa. The reason is that the bill requires that corporations, partnerships, unincorporated bodies or other entities making claims under the provisions of the bill, be organized under the laws of the United States or of a State or the District of Columbia in addition to filling certain other requirements. Such business entities in Puerto Rico are not organized under the laws of the United States, or of any State, or the District of Columbia, and would therefore be excluded.

My assistant called this to the attention of Mr. Andrew McGuire, of the Foreign Settlement Claims Commission, who agreed that Puerto Rico, as well as the other offshore areas of the United States had apparently been omitted inadvertently and that if a claim by such entities arose within one of the offshore areas, the Foreign Settlement Claims Commission, under the present language of the bill, would feel it necessary to memorize Congress at that time to include them.

I do not know whether any valid claim will be presented by an individual or a corporation or partnership, or other business entity from Puerto Rico or from one of the possessions of the United States, but I feel that the Congress would want to make provision for all valid claims of such entities under the flag, provided all of the other qualifications were met. Consequently, I should like to propose that H.R. 7283 as reported be amended as follows:

On page 18, line 13, strike out "or the District of Columbia" and insert in lieu thereof the following: ", the Commonwealth of Puerto Rico, the District of Columbia, or any possession of the United States".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on page 3 of the bill there is reference to the Philippine Rehabilitation Act of 1946, and I believe there are references to this same act in other portions of the bill. My question to the chairman of the committee is this: I understand that the legislation last week by the House involving another $73 million windfall to the Philippines is not yet law. I am wondering, however, what provision, since the bill takes into account the Philippine Rehabilitation Act of 1946, is to be made for this latest addition to war claims payments to the Philippines?

Mr. MACK. Mr. Chairman, I might say to the gentleman from Iowa that any claim under this act would not be payable to citizens who have been reimbursed for losses by reason of the other act; also, this bill would cover those individuals, those American citizens, who own property in the Philippines, but because of the fact they did not rebuild their property following World War II they were not entitled to benefits under the Philippine Rehabilitation Act. They are covered under this bill.

Mr. GROSS. I understand that, but the reference in the bill is, at least to some extent, in the nature of an exclusion, to the Philippine Rehabilitation Act of 1946. Now comes the other $73 million payment of a few days ago. Is there any necessity for taking cognizance of this latest payout to the Philippines at this time or should some provision be written in the bill by the other body or in conference?

Mr. MACK. I do not believe any other provision is necessary. Under the provisions of this bill there will be no duplication of claims.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman from Illinois is correct, there would be no duplication. As I understand the bill that was passed last week was to take care of or pay claims which have already been proven and there is no fund available to take care of them. This is to take care of such claims that have not been approved, and consequently they are two separate categories altogether.

Mr. GROSS. I thank the gentleman for his explanation. I would like to ask the gentleman another question. How much is in the war claims fund as of today?

Mr. HARRIS. Approximately $100 million.

Mr. GROSS. How much would you anticipate there will be in the fund on the basis of the property being disposed of?

Mr. HARRIS. We have had various estimates, but the best estimate that we think we could give the gentleman is probably around $250 million.

Mr. GROSS. A total of $250 million or $300 million? Which is it?

Mr. HARRIS. Two hundred and fifty million dollars.

Mr. GROSS. Two hundred and fifty million dollars?

Mr. HARRIS. That is the best estimate we have. There is a bill following this one to provide for the sale of General Analine. It would depend on what we could get in the sale of that property.

Mr. GROSS. Would that be in addition to the $250 million?

Mr. HARRIS. No; that is part of the $250 million.

Mr. GROSS. That is included in the $250 million?

Mr. HARRIS. Yes.

Mr. GROSS. Someone has talked today in terms of $500 million as the total payout under this bill. Is it $500 million or $600 million and where is it proposed to get the difference between $500 million in payouts and the estimated $250 million as previously stated?

Mr. HARRIS. That was the original estimate. When we seized these funds during the war it was thought, as I indicated earlier today, there would be something over $500 million from German assets and something above $50 million from Japanese assets. That was the original estimate of the funds seized during the early part of the war.

Mr. GROSS. Is it the intention of anyone on the committee or anyone interested in this matter to eventually go to the Federal Treasury to pay any difference between the claims that will be submitted and the amount in the fund?

The **CHAIRMAN.** The time of the gentleman from Iowa has expired.

(By unanimous consent, at the request of Mr. GROSS, he was allowed to proceed for 2 additional minutes.)

Mr. HARRIS. Let me say to the gentleman that has been a question before the Congress and our committee for years. I refer to the discussion with the gentleman from Texas [Mr. BECKWORTH earlier today, and I refer to our distinguished colleague, the late Carl Hinshaw, back in 1940 that was an issue. Throughout the years, up until now, and including this moment, our committee has been overwhelmingly opposed to giving any authorization that would require payment out of the Treasury of the United States. In other words, the position of the committee has been that no claims can be paid except out of this fund.

Mr. GROSS. We foreswore any reparations from Germany?

Mr. HARRIS. Yes.

Mr. GROSS. I guess we were the only nation that foreswore war reparations so far as Germany is concerned?

Mr. HARRIS. I do not believe that is true.

Mr. GROSS. What other country did?

Mr. HARRIS. I think the other Allies at that time.

Mr. GROSS. Did the British collect reparations from the Germans?

Mr. HARRIS. They were a part of the agreement, yes.

Mr. GROSS. Did they collect reparations?

Mr. MACK. No.

Mr. GROSS. Did the French collect any reparations?

Mr. MACK. They did not.

Mr. GROSS. They did not?

Mr. MACK. They joined with us in foregoing reparations.

Mr. GROSS. The Russians collected reparations, did they not?

Mr. MACK. That I am unable to answer.

Mr. HARRIS. If the gentleman will yield further, I might say that the information we have is they did of a kind, and that is property which they took themselves.

Mr. GROSS. So, it is the feeling of the committee, and has been, that it will not recommend going to the U.S. Treasury to make up any differential?

Mr. HARRIS. The committee has consistently refused to adopt that principle.

Mr. GROSS. I hope the committee will continue to hold to that line of thinking.

Mr. HARRIS. I would like to say to the gentleman from Iowa that I shall do so.

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. MACK. This is not a new proposal. This has been with us for several years. Our committee has made an excellent record with regard to this matter. The last administration proposed that $10 million be deposited into the War Claims Fund for the payment of Japanese claims. We, I think unanimously or almost unanimously, opposed that. We have been opposed to direct appropriations for this purpose all the time during which I have served as chairman of this particular subcommittee.

Mr. BOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BOW: On page 32, line 6, after the word "necessary", insert "(but not to exceed the total covered into the Treasury to the credit of miscellaneous receipts under section 39 subsection (d) of the Trading with the Enemy Act)".

Mr. BOW. Mr. Chairman, this is the matter about which I spoke earlier in the general debate. Under the Trading With the Enemy Act and under the Alien Property Provision there was in the law a provision that "there is hereby authorized to be appropriated out of any money of the war claims fund such sums as may be necessary to enable the Commission to carry out its functions under this act."

Mr. Chairman, actually, with that language the Committee on Appropriations has always appropriated the administrative funds from the fund in the Treasury belonging to the Alien Property Division. Under the bill as it is now before us, under section 217 on page 32, there is a provision which would authorize appropriations to be made from the funds of the Treasury. The bill, however, on page 33, under section 5, has a provision requiring the Attorney General to deposit into miscellaneous receipts up to 5 percent of the deposits made from these funds. That 5 percent is supposed to take care of these expenses, as we have done in the past, and we have been so assured by the committee that this 5 percent is to come out of the fund to pay the administrative costs.

Mr. Chairman, my amendment simply makes it very clear that these costs will come from the fund and not from the Treasury. There would be no question about it. This does not involve a dispute with the bill. It is simply in my opinion clarifying the fact that it is the intent of Congress that the fund itself will pay the administrative expenses. These are not small expenses. The appropriations we made this year for the operations of this fund out of the fund amounted to $690,000.

Mr. Chairman, I believe it is proper when we have funds for a particular group of people and money to be paid out of that, that it should come from the fund rather than from the general Treasury. I would urge the Committee to adopt this amendment which is in line with the language of the former act, and there is nothing new to it.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I would be delighted to yield to the gentleman from Arkansas.

Mr. HARRIS. I would like to say to the gentleman first that if the gentleman will yield to the gentleman from Illinois [Mr. MACK], for his statement as soon as I have made a brief statement, and after I explain this—I think we can work this out and can no doubt accept the gentleman's amendment.

The Foreign Claims Settlement Commission sent this bill up as an administration proposal. Therefore, they are familiar with this item and acquainted with the provisions of this bill. It was, therefore, intended that not more than 5 percent be allocated for administrative purposes. That was the reason this provision was written into the bill and appears on page 33, of the reported bill.

Now, I think what the gentleman has offered here is merely a clarifying amendment, perhaps, for a tightening up, we might say, if we want to use that term, in order to be sure that the administrative expenses will be held within the 5 percent that is transferred by the Attorney General. That being true, so far as I am concerned, as chairman of the committee, with the explanation which the gentleman from Illinois [Mr. MACK] will give you very briefly, I would be willing to accept the amendment.

Mr. BOW. Mr. Chairman, I thank the gentleman and I yield to the gentleman from Illinois [Mr. Mack].

Mr. MACK. Mr. Chairman, I agree with the statement made by my distinguished chairman. I think that the administrative cost would not exceed the 5 percent of the claims. However, I would like to clarify a statement the gentleman made. The gentleman said that this was a new idea we brought up this year. It is not.

Mr. BOW. It is new to the Alien Property Act.

Mr. MACK. No. This was included in the International Claims Settlement Act of 1949. The title III of this act, which deals with claims against Bulgaria, Hungary, Rumania, and other countries, there is a provision in section 302 which reads:

> The Secretary shall deduct from each claims fund 5 per centum thereof as reimbursement to the Government of the United States for the expenses incurred by the Commission and by the Treasury Department in the administration of this title.

And in section 315 of this title we find the following language:

> There are hereby authorized to be appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses incurred in carrying out their functions of this title.

This is almost identical language we find in this bill.

My point is that this is the law today and I am of the opinion that the 5 percent referred to in the International Claims Settlement Act of 1949 was sufficient to pay the administrative expenses. I think also that the 5 percent referred to in this bill will be sufficient to pay these administrative expenses.

Mr. BOW. I think since we have the conflict between the other law to which I have referred which takes the appropriation from the fund itself, it is well to have this amendment to clarify it and keep it within the 5 percent.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The amendment was agreed to.

Mr. COHELAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Cohelan: Page 18, line 10, strike out "and (3)" and insert in lieu thereof the following:
>
> "(3) for the purposes of section 204 only, a natural person who has filed a declaration of intention to become a citizen of the United States and before the date of enactment of this title became such a citizen, and (4)".
>
> Page 18, line 17, insert immediately after "aliens" the following: ", except as provided in clause (3) of this subsection".

Mr. COHELAN. Mr. Chairman, as I have already pointed out, I strongly endorse this bill. I believe, however, that it should be amended to correct one fundamental weakness—a weakness which would limit claims to those who were nationals of the United States on the date their property was lost or damaged.

Mr. Chairman, there are American citizens today who lost their homes, their property, and their savings in World War II who would not be covered by this bill. There are Americans who fought for the future of their country in that war who would be excluded.

We have never countenanced or accepted a distinction between American citizens based on their date of naturalization. We have never accepted the fact that there are first- and second-class Americans. But this is exactly what the present language in section 204 of this bill would do. It would prevent thousands of men and women who are American citizens today from recovering losses which to them were tangible, significant, and heartbreaking. It would prevent them from participating even though they were living in this country at the time of their loss and had applied for citizenship.

Mr. Chairman, my amendment would correct this gross inequity by permitting all Americans who filed for citizenship and became citizens before enactment of a war claims program to participate in its benefits. It would reject an arbitrary division of our fellow citizens as discriminatory and indefensible, and it would provide appropriate relief to many who are deserving but who would otherwise be neglected.

Mr. Chairman, I urge that this amendment be adopted and that the bill as amended be passed.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. COHELAN. I yield to the gentleman from New York.

Mr. LINDSAY. I want to compliment the gentleman on his amendment. I am for the amendment. I have had a number of constituents come to me on the very inequity about which the gentleman is speaking. I think it is only equitable that this arbitrary cutoff be adjusted. I hope the gentleman's amendment is adopted.

Mr. COHELAN. I thank the gentleman.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. COHELAN. I yield to the gentleman from New York.

Mr. FARBSTEIN. I want to join the gentleman in support of his amendment because I think it is merely a matter of common justice that those individuals who are in this country, who are refugees, and who are deprived of their property unjustly, should not at this time be again deprived of that which is their due.

Mr. COHELAN. I thank the gentleman from New York.

Mr. Chairman, I urge the adoption of this amendment.

Mr. WHITENER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am very much interested in the presentation of our friend from California. At this time may I ask the chairman of the Committee on Interstate and Foreign Commerce something about the provisions of subsection (c) of section 201, particularly subsubsection (2), where a national of the United States is defined in part as "a natural person who, though not a citizen of the United States, owes permanent allegiance to the United States."

Then we go to section 204 and we find language along the same line, where it states:

> Any person who lost U.S. citizenship solely by reason of marriage to a citizen or subject of a foreign country.

Can the gentleman tell us who would fall under this rather broad language, "who, though not a citizen of the United States, owes permanent allegiance to the United States."

Mr. MACK. That would be a very limited category. It would cover any area where people were not citizens at the time but were residing in the territory of the United States.

Mr. WHITENER. The gentleman means that even though they had not applied for citizenship but were merely domiciled in this country that would meet the standard of owing permanent allegiance to the United States?

Mr. MACK. They would not have to be domiciled in this country. As a matter of fact, they probably would have been residing in some other country. The citizens of Guam were nationals until the Guam Organic Act passed. This language is to cover that category of persons.

Mr. WHITENER. Is it to cover any other than this group of individuals mentioned in section 204 and the persons in the situation of the Guam residents?

Mr. MACK. It is not.

Mr. WHITENER. I thank the gentleman.

Mr. YOUNGER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if you want to kill the effect of this bill, all that is necessary is to accept or to adopt this amendment. Let me give you an example of what happened in a case where we passed a similar bill, I think it was 2 years ago, known as the Czech claims bill. At that time the Alien Property Custodian and the State Department recommended and said that there would be somewhere near about $13 million in claims. The Treasury had at that time $9 million which we secured by the sale of a steel plant which was owned and paid for by the Czech Government. Those claims were to be paid out of that fund from the sale of the steel plant.

Later on, it was discovered by the State Department that the bill was not clearly defined as to whether a claimant should be a citizen at the time of the loss or later on. It was finally determined that a person who became a citizen after the loss was to be included. As a result, claims were filed to the extent of about $123 million, and we discovered that all of the Czechs who escaped from the country when Hitler first moved in, before we were ever at war or before the Second World War had begun and who came to this country and had subsequent to that time acquired citizenship, under the State Department interpretation they were entitled to be included. Now those people were not citizens of the United States at the time of loss. They left their country because of Hitler and they had no intention of ever receiving any award. In one case, the person received property back when the Czech Government was turned back for a short time when Mr. Beneš was in charge. He got the property back and then sold part of his property. In fact, one piece of property was sold to our own Government for some $4 million as an embassy. The balance of the claims filed by this particular claimant amounted to some $15 million. If you are going to open this up to everybody who has acquired citizenship since that time, in my opinion, you are going to have claims that will far exceed anything that we now have money for or we may have money for.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the chairman.

Mr. HARRIS. I want to join the gentleman in expressing strong opposition to this amendment. I have the greatest sympathy for people who were victims of war and suffered from war. If we have any human kindness in our hearts at all, we must have sympathy for them. But, we speak of equity. Let us see where the equity lies. What does Mr. English who testified before our committee say? Mr. English was the assistant legal adviser for international claims in the Department of State. He is testifying to the facts. His testimony before our committee is as follows:

> If there are not sufficient funds in this fund to pay people who have valid international claims—

And I spoke about the international agreement earlier today—

> then we submit to permit individuals who were not nationals at the time their claims arose to share in the fund which is inadequate to pay the claims of individuals who were nationals when their claim arose is, in effect, to take away funds from a latter group of claimants who have valid claims and give it to people who do not have valid international claims.

Mr. Chairman, it is just that simple. Now, if we are going to give in to the claims of so many people over the years——

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent (at the request of Mr. HARRIS) Mr. YOUNGER was given permission to proceed for 2 additional minutes.)

Mr. HARRIS. I submit to you that it is a matter of equity and justice to our own people as much sympathy as we have, as much kindness as we have in our hearts for people who would like to get into this fund, and as I said earlier, that has been the trouble during the 16 years, so many people want a cut in the funds—to adopt these amendments the limitation—if the gentleman will permit a further trespass on his time—the limitation that we are placing on individual claims or people who are entitled to perhaps a certain amount we are saying here that the funds cannot take care of them and you have got to be limited to a certain amount. It just is not right, in my judgment, to go back and take in somebody else who was not a part of it at that time and say we are going to cut you in on it. If you want to open up the Treasury, as the gentleman from Ohio and the gentleman from Iowa said earlier, if you want to open up the Treasury you may do so if you adopt this amendment.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield.

Mr. COHELAN. I am aware of what our distinguished chairman has pointed out; we want to limit this sort of thing, but the fact of the matter is that many more of the same class of claims are eligible and are going to make valid claims against this fund. All my amendment proposes to do is to try to include a small group, a relatively small group who would otherwise be qualified. Obviously if we are going to compound the problem in respect to the size of the fund——

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. COHELAN. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. YOUNGER] may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COHELAN. The point I am making is that I obviously tried to limit this amendment and keep it confined to a small group who have a just and equitable claim. There are many cases of legitimate claims similar to the one I described on the floor in general debate.

But there is still another question that disturbs me in connection with this matter. I tried to find out how many people would be eligible—if my amendment were adopted—how many people would be involved. Although unfortunately I have not been able to get any information from the committee I think this can be reasonably estimated. The rough estimate I come up with is something in the neighborhood of 2,200 claimants. It could be much less. As to the size of their claims I have no way of knowing. While it seems to me that this class of claimant should be included, in any case, we should base our action on fairly accurate data.

Mr. YOUNGER. Mr. Chairman, my answer to my colleague from California is that this is the same proposition we had in the Czech claims bill. They estimated there would be $13 million of claims filed but it turned out that over $113 million of claims were filed. If this amendment is adopted the gentleman will find the same thing will happen in this situation.

We had this matter under discussion in the committee and it was unanimously turned down by the committee with the exception of the man who proposed the amendment. This problem has received full consideration by the committee. We have settled it, and "no" is our opinion.

Mr. COHELAN. May I suggest that in this case it is just a relatively small group?

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. MACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. MACK. I yield to my distinguished chairman.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MACK. I would like to speak briefly in opposition to the amendment offered by my good friend, the gentleman from California. I know the amendment was offered in good faith. I know of the particular cases which he has referred to and which he would like to have included in this bill.

Mr. Chairman, this is not a new problem. It has been with us now for about 5 years. My friend has suggested that we take care of 2,000 claimants that he has. If those 2,000 claimants have claims only up to $10,000, that is a total of $20 million. If you include this additional category and spend the money for this purpose, you will have that much less money left in the fund to pay our own citizens.

I believe that we ought to deal with our own citizens first. Then if there are any other categories to deal with, we can have special legislation at a later date to take care of them.

I am opposed to this amendment for another reason. It violates international law. International law in principle has continuously recognized nationality at the time of the loss. Our agencies and the Congress itself have recognized nationality at the time of the loss.

Title 4 of the International Claims Settlement Act, which was passed in 1958, so recognized this. I maintain that we would be doing a great injustice to the American claimants if we, at this time, include all of these other categories.

I should like to refer to one other problem that would arise under the gentleman's amendment. As I understand it, and I am sure I understand it correctly, a person residing in England who had been reimbursed by England for a loss in Germany could have come over here during the 1950's, become a citizen of this country, and file a claim for the identical loss under this proposal. I am opposed to that provision as well.

Mr. Chairman, if we include this amendment, we will be defeating the entire purpose of the bill. I say we have waited too long. We have waited 17 years to reimburse our citizens for losses during World War II, and I believe we ought to proceed with this problem. If we have additional problems at a later date, I am sure the Committee on Interstate and Foreign Commerce will deal with them at the proper time.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. MACK. I yield to the gentleman from Arkansas.

Mr. HARRIS. Mr. Chairman, at this time I want to compliment the distinguished gentleman from Illinois for the tremendous job he has done on this very difficult subject. Not only in this Congress has he given a lot of attention to it but in preceding Congresses he has conducted thorough hearings with other members of the committee. He has gone into the equity of these claims and contentions, and they are innumerable. It deals with the question of the return of property, as the gentleman has stated, which is becoming more of a complicated problem. The gentleman has done an excellent job and I want to thank him and commend him for it.

Mr. MACK. I thank the gentleman. May I say that every year that we have had this bill before us we have some problem that is a stumbling block to keep us from proceeding to pay our American claimants. We should pass this bill. It has been prepared by our subcommittee and full committee to take care of our American claimants who were citizens at the time of the loss.

I maintain that we ought to pass this bill. It has been approved by our subcommittee and our full committee to take care of our American claimants who were citizens at the time of the loss. I am sure that the distinguished chairman of the Committee on Interstate and Foreign Commerce would give careful study to any other suggestions.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. MACK. I yield to the gentleman from California.

Mr. COHELAN. I, too, would like to take this opportunity to compliment the distinguished chairman of the subcommittee. I am sure the gentleman knows my admiration for him. However, I feel in connection with my amendment and the subject about which we are talking; that is, Americans and classes of claimant Americans, it is pretty hard to make these distinctions. As the gentleman so well knows, there are many naturalized claimants who will qualify and be compensated under this bill.

The CHAIRMAN. Under the unanimous-consent agreement the gentleman from New York [Mr. Farbstein] is recognized for 2½ minutes.

Mr. FARBSTEIN. Mr. Chairman, I do not think I will take the full 2½ minutes. There is just one point I want to make. In the definition of American citizens sometimes you are restricted. However, it should be remembered that people with their first papers were drafted into the Army and fought on behalf of the United States, and perhaps gave up their lives. These people are going to be deprived of the right, or their families or their heirs are going to be deprived of the right, to recover under any claims that may have existed without this amendment.

Mr. Chairman, I would like to see the bill pass. Here is a grave injustice that is going to be perpetrated upon those who sustained losses and some who may have lost their lives. They will be deprived of the right to any compensation because of confiscation, under the bill as presented here.

For that reason it appears to me that the amendment should prevail.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Iowa [Mr. Gross] is recognized for 2½ minutes.

Mr. GROSS. Mr. Chairman, in the previous colloquy with the gentleman from Illinois [Mr. Mack] and the gentleman from Arkansas [Mr. Harris], I got the impression that there will be a $150 million deficiency as between the known assets and the payouts—$250 million of known assets and an estimated $500 million of payouts.

Am I correct or incorrect in that impression?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from Arkansas.

Mr. HARRIS. I would say to the gentleman that the gentleman would be incorrect. If I left such an impression it was all my fault. We talked about the estimate that we had in the fund during the war and following the war, which was in the neighborhood of some $600 million. Now, by action of the Congress, we have paid out of that fund several hundred millions of dollars for claims, such as prisoner of war claims, and so forth. I intended to convey to the gentleman from Iowa [Mr. Gross] that we have in liquid assets here an estimated $100 million, and it is estimated that an additional $150 million will be available for the fund, or an estimated total of $250 million. We cannot pay any more claims than what we have out of this fund to pay with.

Mr. GROSS. But the gentleman is estimating, is he not, a payout of around $500 million?

Mr. HARRIS. No, sir.

Mr. GROSS. No?

Mr. HARRIS. No; an additional payout of $150 million, approximately, is what it turns out to be.

Mr. GROSS. I am glad to have that explanation, because I could not understand from what source the money to pay would be available to make up a deficiency of $150 million.

Mr. HARRIS. That is right. It gets back to the other question which the gentleman raised. If it is, it will have to be paid out of the Treasury, and a lot of people say we ought to do it. But I have never come to that viewpoint myself.

Mr. GROSS. I am opposed to the pending amendment for the reason I think it would impose additional burdens that might cause another one of these $73 million Philippine payout bills to be enacted by the House. To this I would be very much opposed. I would hope that the gentleman from Arkansas would be very much opposed to it.

Mr. HARRIS. I am very much opposed to it.

Mr. GROSS. Mr. Chairman, I have a great deal of confidence in the members of the House Committee on Interstate and Foreign Commerce, but as with all other Members of the House they are elected every 2 years. I appreciate the assurances that have been given by the present members of the committee that payment of these war claims will not eventually become an obligation of the U.S. Treasury and the taxpayers who were once called upon to finance the most expensive war in history. I know, too, that no act of this Congress is completely binding upon a subsequent Congress.

Moreover, I would point out that there is no bill of particulars with respect to the claims that will be made. It seems to me that this is the time to put before Congress a list of the claims that are held to be valid as well as a clear statement of the funds available and only then confront Congress with a bill of this nature.

This is legislating altogether too much in the dark. It is because of this and the feeling that I have that in the not distant future there will be a demand on the U.S. Treasury for money to pay unsatisfied claims that will cause me to vote against this bill. I want to make it clear that I would vote for a bill which set forth clearly the valid claims, the payouts, and the amount of funds available, as well as a strict prohibition against any recourse to general funds of the Treasury.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. Cohelan].

The amendment was rejected.

Mr. RYAN of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Ryan of New York: On page 23, strike out line 14 and all that follows down through line 5 on page 24, and insert in lieu thereof the following:

"Sec. 204. No claim shall be allowed under subsection (a), (b), or (c) of section 202 of this title unless the claim is owned by a person (other than a former member of the armed forces of the enemy of the United States during World War II) who is a national or nationals of the United States on the date of enactment of this title."

Mr. RYAN of New York. Mr. Chairman, this amendment is designed to cure substantially the same defect which the previous amendment, offered by the gentleman from California [Mr. Cohelan], was designed to cure. It would provide, as I outlined during the general debate, that claims could be and should be recognized from those who are citizens at the date of the enactment except—and I think this is an important exception—it would not recognize the claim of any person who was a member of the armed forces of the enemy during World War II.

Under H.R. 7283 as presently drafted, those persons who suffered losses at the hands of Nazi Germany and Japan but were not citizens at the time of the loss cannot make any claim. The effect of this would be a declaration by the Congress that the U.S. Government has a greater obligation to those citizens who achieved citizenship earlier than their fellow citizens. This concept is alien to our basic philosophy, tradition, and American jurisprudence. With the single exception of eligibility for the Presidency, all citizens, no matter when they achieved citizenship, are entitled to equal treatment. The present bill in reality creates two classes of citizenship which, I am sure we all agree, is inconsistent with our democratic ideals.

To justify this distinction among citizens, it is said that an international law doctrine applies which holds that claimants must have been citizens at the time they lost their property. If this doctrine is applied, many naturalized Americans with otherwise valid claims for damages would be excluded from compensation. Such a procedure would be doubly unjust because this is not an international matter. No foreign power is being sued or appealed to, and none is any longer involved. The assets are vested in our Government and have been for 16 years. The disposition of the assets is a matter of U.S. domestic policy, not an international question. If this doctrine is applied, the result will be domestic legislation which actually discriminates against certain citizens merely because of the date of their naturalization. This distinction is antithetical to established legislative policy with regard to domestic matters. Besides, if such a distinction were recognized, claimants naturalized after World War II would be deprived of any remedy. Foreign powers cannot be expected to repay American citizens for losses because of their former nationalities. It is absurd to contemplate a claim of this sort against countries which are now under Communist control.

It is unjust to create two classes of citizens, and it violates our fundamental insistence upon the equality of all citizens before the law. Under my amendment compensation must be extended to all valid war claims by anyone who is an American citizen at the time when the bill is enacted, except that my amendment specifically excludes as a claimant any person who was a member of the armed forces of the enemy during World War II.

Mr. Chairman, I cannot stress the need for this legislation too strongly. But I also believe that compensation should be made in accordance with constitutional principle and legislative tradition, so that equality of citizenship in this country is maintained.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 5 minutes, one-half of that time to be used by the gentleman from Illinois [Mr. Pucinski], and one-half by myself.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. Pucinski].

Mr. PUCINSKI. Mr. Chairman, I rise to congratulate my colleague from Illinois, Congressman Mack, for the splendid job he did in presenting this legislation to us today. I think the debate this afternoon has demonstrated what a thoroughly complicated subject this is. I think Congressman Harris, chairman of the full committee, Congressman Mack, chairman of the subcommittee, and the entire committee certainly have given us a bill that is worthy of our support because it will help to pay these many Americans who have been waiting too many long years for their compensation.

I could not help, however, express a desire that the other body may include an amendment to this bill which would provide some form of reparations to allied soldiers who fought on our side throughout World War II and are now American citizens. These people fought gallantly in the cause of freedom; they saved the lives of countless American soldiers; they provided a stubborn resistance to our enemies. After the war, these great heroes could not return to their native countries overrun by the Communists. Such an amendment was presented to the House committee. The committee, in its wisdom, decided to reject this amendment, for reasons known best to the committee. I disagree with the committee in this decision, even though I shall support this bill. I believe the debate today demonstrates what strange paradoxes occurred after World War II. The bill before us would pay reparations only to those people who were American citizens at the time the losses occurred. It would deny payment for losses to those who were our allies, suffered losses, were not citizens at the time they suffered the losses but are American citizens today. I am afraid such a concept creates a double standard of citizenship in America. It would appear to me that the citizenship status of these people at the time they suffered their losses—as long as they were fighting for our cause—is not important if they are American citizens now.

We have very strict immigration laws, and properly so. But I am under the impression that once a person becomes a citizen of the United States, whether by natural birth or by naturalization, he is a full-status American. I keep hearing references in this debate to "our citizens." But are not those Americans who have became citizens through naturalization also "our citizens"? They are all Americans, sworn to preserve and uphold the Constitution. This Nation was built by immigrants who came here from all over the world in search of freedom and dignity, going all the way back to the Mayflower or the Jamestown Colony. I will be happy to yield to anyone who wants to answer this, because I am under the impression we are all Americans once we become accepted by this country as citizens.

Mr. YOUNGER. If the gentleman will yield, we are talking about citizens at the time of the loss. Were the individuals about whom the gentleman is speaking able to vote at the time the loss was taken?

Mr. PUCINSKI. What is the difference? They are American citizens now. This country has accepted them as fully qualified citizens. Certainly they vote now, as do any other citizens. To accept the committee's theory, the only way these people could now recover compensation for any losses they may have suffered while they were helping us fight a common enemy, is for these people to renounce their American citizenship, go back to their native country and seek redress through that country. But what about these people who have subsequently become naturalized American citizens because they could not return to their homeland after the war because their native lands were overrun by the Communists? Are we saying these people must submit to Communist rule to seek redress? I am sure this is not what we intend. Yet, under this law in its present form, we say that even though they are Americans now, they cannot benefit from the legislation because they were not citizens then. It just does not seem fair to me to impose this type of a double standard on American citizens.

There is no American tax money involved here. These are all frozen assets. I think all American citizens who have suffered losses should be permitted to share in the compensation.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. Harris].

Mr. HARRIS. Mr. Chairman, I hope the committee will disapprove this amendment. The committee did not accept the amendment offered by the gentleman from California. This one broadens it much more than that one would have. Obviously our distinguished colleague from Illinois [Mr. Pucinski], who has just spoken to you, has missed the point completely as to what we are doing here with this legislation. We are talking about our own people. He is talking about any and everybody that might come to this country since then, regardless of any international agreement and what country he might have owed allegiance at the time. He would accept them, if they could not get relief over there. Maybe such a person got it over there, and then he comes here and obtains it again. How ridiculous can we get? As I said before, I have sympathy for people in need and who have lost their property, but how far can we go as citizens of the United States in trying to spread this out all over the world and take in everybody? I think the amendment ought to be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr Ryan].

The amendment was rejected.

Mr. RYAN of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Ryan of New York: On page 23, line 20, immediately after the period, insert the following new sentence: "Notwithstanding the preceding sentence, the claim of an individual under subsection (a) of section 202 may be allowed if such individual had been lawfully admitted to the United States for permanent residence and was a resident of the United States at the time the loss, damage, or destruction of the property on which the claim is based occurred, if the claim was owned by such individual continuously thereafter until the date of filing with the Commission pursuant to this title, and if such individual is a citizen of the United States on such date of filing."

Mr. RYAN of New York. Mr. Chairman, during the debate on the last two amendments we discussed two amendments which, as the distinguished chairman of the committee and the distinguished chairman of the subcommittee pointed out, were broad in scope. Now I am offering an amendment which is more limited in application and, yet, will right a basic injustice. This amendment would permit a person to file a claim, if he was, in fact, admitted as a permanent resident at the time of the loss. In other words, it would cover those individuals who fled from the Nazi tyranny and who came to our shores in 1938 and 1939, for example, and who began the process of becoming citizens—which is a long process, and during that time they lost property in Nazi Germany. They are not covered in the bill we have before us. Perhaps the distinguished chairman of the subcommittee would be willing to accept this amendment. It is limited in its application and is not as broad as the previous amendments. Yet, it does cover this particular category of American citizens who were permanent residents at the time of the loss and who will not be compensated under this bill. I urge that all members of the committee support this amendment in order to provide a measure of justice for those who suffered at the hands of Nazi and Japanese enemies.

Mr. Chairman, I urge the adoption of this amendment.

Mr. MACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to state again, I have a great deal of sympathy for the amendments that have been proposed this afternoon by my colleague, the gentleman from New York, and my colleague, the gentleman from California. I find myself in the position of opposing these amendments because I feel our primary obligation is to take care of the claims of those individuals who were citizens at the time of the loss. I must concede that this amendment does narrow the field, but I feel we must stand with our international law and with the previous declarations made by this Congress and we must require that they be citizens at the time of the loss. Therefore, I oppose this amendment and hope it will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Ryan].

The amendment was rejected.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time that I might become enlightened. I might say that for many years, when I have been in doubt, I have gone for counsel to the gentleman from Illinois [Mr. Mack], whom I regard as one of the ablest Members of this body. He comes from the district once represented by Abraham Lincoln, in fact, was sworn in as the Congressman from that district just 100 years after the swearing in of the Great Emancipator.

Section 202 refers to the claims that are authorized by this bill. It authorizes claims for damage to property caused by the imperial Japanese military forces, in all places seized or occupied by them—except the island of Guam. I wonder if the gentleman, my good friend from Illinois, could tell me why little Guam is left out?

Mr. MACK. If the gentleman will yield, I will say that Guam was covered by the Guam Relief Act which was passed by this Congress.

Mr. O'HARA of Illinois. I thought that there must be something of that nature. But I wanted to be enlightened. The gentleman has enlightened me and I shall return to my seat a wiser man. I thank the gentleman for putting in the Record the explanation that Guam already is covered. I know the members of this committee have a very warm feeling toward Guam, to which Speaker Won Pat and his colleagues in the legislature of Guam have contributed greatly on the occasion of their visits with us.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. Hagen] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HAGEN of California. Mr. Chairman, I wish to state that it is my intention to vote "present" on H.R. 7283.

It is my understanding that this bill will permit the reimbursement of U.S. nationals for property losses and other damages suffered by them by reason of Japanese activity against Shanghai and other areas of the Far East during World War II.

I have a brother-in-law who suffered such damages in Shanghai and who, I trust, will recover for such damage under this legislation. It is for this reason that I will vote "present." Were it not for this close personal relationship with one of the beneficiaries thereof, I would vote for the bill.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. Rooney, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses, pursuant to House Resolution 746, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the Speaker announced that the ayes appeared to have it.

Mr. BENNETT of Michigan. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 355, nays 15, answered "present" 1, not voting 64, as follows:

[Roll No. 193]

YEAS—355

Adair
Addabbo
Alford
Alger
Anderson, Ill.
Andrews
Ashley
Aspinall
Auchincloss
Ayres
Baker
Baldwin
Baring
Barrett
Barry
Bass, Tenn.
Bates
Battin
Becker
Beermann
Belcher
Bell
Bennett, Fla.
Berry
Betts
Blatnik
Boggs
Boland
Bolling
Bolton
Bonner
Bow
Boykin
Brademas
Bray
Breeding
Brewster
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Casey
Cederberg
Celler
Chamberlain
Chelf
Chenoweth
Church
Clancy
Clark
Coad
Cohelan
Conte
Cook
Cooley
Corbett
Corman
Cramer
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Denton
Derounian
Derwinski
Devine
Dole
Dominick
Donohue
Dowdy
Downing
Doyle
Dulski
Durno
Dwyer
Edmondson
Elliott
Ellsworth
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton
Findley
Finnegan
Fino
Fisher
Flood
Fogarty
Ford
Forrester
Fountain
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Gavin
Giaimo
Gilbert
Glenn
Gonzalez
Goodell
Goodling
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Gubser
Hagan, Ga.
Haley
Hall
Halleck
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Va.
Harrison, Wyo.
Harvey, Ind.
Harvey, Mich.
Hays
Healey
Hechler
Hemphill
Herlong
Hiestand
Hoeven
Hoffman, Ill.
Holifield
Holland
Horan
Hosmer
Huddleston
Hull
Jarman
Jennings
Jensen
Joelson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jonas
Jones, Ala.
Judd
Karth
Kastenmeier
Kearns
Keith
Kelly
Keogh
Kilgore
King, Calif.
King, N.Y.
King, Utah
Kirwan
Kluczynski
Knox
Kornegay
Kowalski
Kunkel
Kyl
Laird
Lane
Langen
Lankford
Latta
Libonati
Lindsay
Lipscomb
McCulloch
McDonough
McDowell
McFall
McIntire
MacGregor
Mack
Mahon
Mailliard
Marshall
Martin, Nebr.
Mathias
Matthews
May
Meader
Michel
Miller, Clem
Miller, George P.
Miller, N.Y.
Milliken
Mills
Minshall
Moeller
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morse
Mosher
Moss
Multer
Murphy
Murray
Natcher
Nedzi
Nelsen
Nix
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Osmers
Ostertag
Patman
Pelly
Perkins
Peterson
Pfost
Philbin
Pike
Pilcher
Pillion
Pirnie
Poage
Poff
Price
Pucinski
Quie
Rains
Randall

Reifel
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. George
St. Germain
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Selden
Shelley
Sheppard
Short
Shriver
Sibal
Sikes
Siler
Sisk
Slack
Smith, Calif.
Smith, Iowa
Smith, Va.
Springer
Stafford
Staggers
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Utt
Vanik
Van Pelt
Van Zandt
Vinson
Wallhauser
Walter
Watts
Weaver
Weis
Westland
Whalley
Wharton
Wickersham
Widnall
Williams
Willis
Wilson, Calif.
Wilson, Ind.
Wright
Young
Younger
Zablocki
Zelenko

NAYS—15

Abbitt
Ashbrook
Ashmore
Beckworth
Bennett, Mich.
Dorn
Gross
Henderson
Lennon
Macdonald
Ray
Scott
Waggonner
Whitener
Whitten

ANSWERED PRESENT—1

Hagen, Calif.

NOT VOTING—64

Abernethy
Albert
Alexander
Andersen, Minn.
Anfuso
Arends
Avery
Bailey
Bass, N.H.
Blitch
Bromwell
Chiperfield
Collier
Colmer
Cunningham
Curtis, Mass.
Dent
Diggs
Dingell
Dooley
Flynt
Frazier
Garland
Harsha
Hébert
Hoffman, Mich.
Ichord, Mo.
Inouye
Jones, Mo.
Karsten
Kee
Kilburn
Kitchin
Landrum
Lesinski
Loser
McMillan
McSween
McVey
Madden
Magnuson
Martin, Mass.
Mason
Merrow
Morrison
Moulder
Passman
Powell
Purcell
Reece
Riley
Rogers, Tex.
Santangelo
Saund
Scranton
Seely-Brown
Shipley
Smith, Miss.
Spence
Steed
Taber
Thompson, La.
Winstead
Yates

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Scranton.
Mr. Morrison with Mr. Martin of Massachusetts.
Mr. Rogers of Texas with Mr. Kilburn.
Mr. Thompson of Louisiana with Mr. Collier.
Mr. Inouye with Mr. Garland.
Mr. Dent with Mr. Seely-Brown.
Mr. Dingell with Mr. Cunningham.
Mr. Frazier with Mr. Arends.
Mr. Powell with Mr. McVey.
Mr. Colmer with Mr. Avery.
Mr. Winstead with Mr. Dooley.
Mr. Abernethy with Mr. Harsha.
Mr. Kitchin with Mr. Mason.
Mr. Loser with Mr. Andersen of Minnesota.
Mr. Shipley with Mrs. Reece.
Mr. Santangelo with Mr. Bromwell.
Mr. Bailey with Mr. Merrow.
Mr. Anfuso with Mr. Curtis of Massachusetts.
Mr. Alexander with Mr. Taber.
Mr. Lesinski with Mr. Bass of New Hampshire.
Mrs. Riley with Mr. Hoffman of Michigan.
Mr. Madden with Mr. Chiperfield.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks during general debate.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. BECKWORTH] may revise and extend his remarks and to include therein certain communications on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TEACHING ABOUT COMMUNISM

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, in our Nation's life-and-death struggle against the formidable menace of international Soviet communism, it has become increasingly essential for all Americans to thoroughly understand the true nature of this insidious enemy. I always have believed that in order to combat communism intelligently, one must first make a detailed study of Marxist-Leninist ideology and other Soviet dogma. Every citizen should learn communism's basic doctrines, its strategy and tactics, its line on current national and international affairs, the names of major Communist fronts, and the identities of leading Communists and fellow travelers.

While American adults should be fully cognizant of the dangers we face from godless communism, there has also been growing realization of the fact that children of school age, too, must receive instruction concerning this ever-increasing threat to the sovereignty and very existence of the United States.

Educators taking part in a recent meeting under the auspices of the U.S. Office of Education agreed that schools must teach an understanding of the nature of communism.

In a recent survey of courses on communism in U.S. schools, the New York Times reported:

> Instruction about communism, as part of the public school curriculum, is gaining in popularity and professional respectability. But the effectiveness of the teaching is hampered by confusion over objectives and ignorance of facts.

Mr. Speaker, I would like to bring to the attention of my colleagues a great stride that has recently been taken in the area of educating our youth to the gravest danger confronting their—and this Nation's—future. Under the sponsorship of two fine organizations, the American Legion and the National Education Association, a 28-page publication entitled "Teaching About Communism—Guidelines for Junior and Senior High School Teachers," was released last month. This pamphlet fills a vital need for appropriate instructional literature by providing guidelines and other assistance which will enable teachers to select materials and to make presentations which will be effective, honest, and realistic. Though not designed for use as a teaching unit per se, this pamphlet will aid teachers in developing authentic source material for the study of communism in the classroom and thus help eliminate the confusion over objectives and ignorance of facts referred to by the Times which now hamper progress in this field.

The American Legion and the National Education Association are to be commended for their foresight and patriotism in publishing such a scholarly manual. Both organizations have long histories of cooperative effort in planning for the betterment and improvement of American public education.

The manual accurately points out:

> American youth must examine the framework of its freedom, look around the world it has inherited, become acquainted with conflicting ideologies and then make knowledgeable comparisons. It is the teachers' responsibility to challenge them to do so.

Forearmed with the knowledge they will receive through these comparative study courses, young students will develop into maturity as responsible and alert citizens.

Americans cannot possibly comprehend what we stand to lose, should we ever yield to international Soviet communism, unless we first fully appreciate what we now have. Therefore, it is important for all citizens, especially our youth, to study the historical values of our country and understand the reasons why the United States is such a great nation. The manual rightfully declares:

> Our loyalties must be rooted in knowledge and understanding, not in ignorance and prejudice. Thoughtful American citizens realize that our institutions will not suffer by comparison with those of any Communist country or of any country under the domination of communism. The more American citizens know about communistic doctrine and purposes, as well as the advantages offered by our own democratic Government, the deeper will be the loyalties to our Government and to its traditions and ideals.

The timely publication by the American Legion and the National Education Association of this manual as an invaluable guide for educators, will give our children in secondary schools the opportunity to acquire sufficient facts regarding communism to enable them, the upcoming leaders of this country, to face the Soviet threat with intelligence, courage and determination.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAM

Mr. LIPSCOMB. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LIPSCOMB. Mr. Speaker, I am sure that many Americans will be shocked to learn that they have helped foot the bill for a recent 3-month tour around the United States by a high-ranking, hard-core Polish Communist who during the tour visited defense plants and other industrial plants, and participated in numerous other discussions and activities in key areas and cities across the Nation.

This trip was carried out under the auspices of the State Department foreign leader program which in turn is part of the mutual educational and cultural exchange program administered by the State Department.

The purpose, according to Department of State, for bringing leaders from Eastern European Communist countries is to allow "influential people to see that the United States does not threaten the best interests of the Eastern European peoples and that the American system is capable of resisting Communist aggression."

The way this tour was scheduled and the loose manner it was planned and carried out certainly is not in keeping with the best interest of the United States and its citizens. This episode again points to the need for close attention by Congress and all citizens to every facet of the costly educational and cultural exchange program, including its basic concepts and the purposes for which it is set up. It indicates the need for a complete reevaluation of the administration of and policies followed in carrying out this huge program of systematized cultural and educational activities, so dear to the hearts of idealistic planners who apparently believe in it as the panacea for most difficulties in the world.

The Polish Communist who took the trip was Mr. Stanislaw Kuzinski. He was originally awarded a travel grant for 60 days. Even before he left Poland, however, the trip was extended to 100 days at the insistence of the American Embassy in Warsaw. Kuzinski had been selected to come here by the U.S. Embassy in Poland, with the concurrence of the Department of State.

According to the State Department, it approved the trip "on the basis of the importance, in terms of the United States-Polish relations, of having a Pole of his current and potential power and influence sufficiently acquainted with the United States to interpret it accurately in his own country."

Who is this Stanislaw Kuzinski whom the State Department professes to believe can and will carry the truth back to his country?

Mr. Kuzinski is a member of the Polish United Workers' Party—PZPR—which is the official Communist Party in Poland. He is Deputy Chairman of the Economic Department of the Central Committee and a member of the Economic Council of Ministers of the Polish United Workers' Party. He is also a member of the Polish Parliament and chairman of its Foreign Trade Committee. Kuzinski was born in 1921 in Poland, was graduated from the Central School of Planning and Statistics, and served as an instructor at the Institute for Training of Scientific Personnel.

Perhaps the State Department can explain how it expects a Polish representative of such "current and potential power and influence," to use the Department's own words, to carry the true facts back to the Communist Polish government and to be frank, honest, and outspoken about America without losing his power and influence in Poland. I would like to know. It is all too well known that for a person such as this to be eligible to come over here representing a Communist government he must be a firm and unyielding servant of the international Communist conspiracy.

All-out efforts seem to have been made to accommodate Mr. Kuzinski's every whim. When he received the invitation in fiscal year 1961 to visit the United States, he indicated he would like to travel in the spring of 1962. This was granted and he arrived here March 12, 1962. Normally a foreign leader grant is awarded for a period of no longer than 60 days, but he requested 120 days and on the strong recommendation of the American Embassy in Warsaw, the State Department agreed to an extension of his grant to 100 days. Why this request for an extension was made, who in the Embassy felt so strongly, and on what valid basis the taxpayer should be put to this expense are questions the State Department has yet to give answers to.

As for the main purpose of his trip, Mr. Kuzinski stated that he wished to familiarize himself in detail with the organization of production and distribution in industry. He planned to do this, he said, by extensive discussion with academic leaders in the field of industrial organization and observing the actual industrial process and consulting with industrial leaders.

An extensive itinerary was arranged by the Governmental Affairs Institute. This is a private organization which holds a sizable contract with the Department of State. The Department of State, Office of Cultural Exchange, the Soviet and Eastern European Exchanges Staff, and the Office of Eastern European Affairs were supposed to have been consulted.

A highly significant fact is that the brochure produced by the Governmental Affairs Institute outlining background information on Mr. Kuzinski, the objectives of his visit, and his itinerary, did not mention his membership in the Communist Party. I think it is of vital importance that all those who come in contact with visitors under the program have all the facts about them, such as in this case the information that Mr. Kuzinski is a high-ranking Communist in Poland.

In a recent article entitled "Why Reds Make Friends With Businessmen," FBI Director Hoover discussed the Communist campaign to develop friendly contacts with American businessmen for the purpose of, as Mr. Hoover stated, "begging, borrowing, or stealing the industrial secrets of America." I wonder if those in charge of this program do not realize many of such visitors may be trained in espionage? What evidence did we have concerning this man's background in this regard?

Mr. Kuzinski was accompanied by an escort-interpreter who is employed by the Department of State periodically as interpreter of Polish. Mr. Kuzinski speaks French, German, and some English.

He spent the first month of his tour in Washington, D.C., Boston, and New York City. During his visits to New York he stayed at the permanent Polish Mission to the United Nations. Contrary to the usual procedures in connection with foreign leaders' visits, Mr. Kuzinski showed a strong preference for staying with official Polish representatives here and he was allowed to use such facilities on various occasions.

The schedule for the rest of his trip was not disclosed by the Governmental Affairs Institute until almost the end of that month. Mr. Kuzinski, it is said, preferred to delay final arrangements for the rest of his itinerary until after his program in these cities was completed. He said he wished to devote considerable time preparing for his discussions with scholars and company officials.

After the first month he visited Pittsburgh, Detroit, Chicago, and Seattle, Wash. Tentative plans had been made for him to go directly from Boston to Pittsburgh. Mr. Kuzinski however later decided that he would stop off again in New York and go to Pittsburgh several days later than originally planned. Although the Pittsburgh sponsor knew that the dates for his stay in Pittsburgh were still tentative the sponsor made program arrangements for Kuzinski that later had to be canceled.

After 1 day at the Seattle World's Fair, plus a day of general sightseeing in Seattle, Mr. Kuzinski chose to fly to San Francisco on a Sunday evening rather than take a train on a Monday evening as had been scheduled.

While there, without informing the escort or the sponsor of his plans Mr. Kuzinski apparently spent most of a day in San Francisco with officers of the Longshoremen's Union, possibly including Mr. Harry Bridges. Mr. Kuzinski had told the escort the night before that he planned to spend the day resting. When the escort made the first of several calls to his room, at 10 a.m., Kuzinski had already left the hotel. He refused to say how he spent the day. But the escort, based on remarks Mr. Kuzinski made during the days that followed, expressed the thought that perhaps he was with Longshoremen's Union officials.

How many other times Kuzinski took off on his own is hard to say. It appears a good bet that he did on a number of occasions. A 3-month tour arranged as this one was certainly allowed plenty of occasion for Kuzinski to make other such forays to contact various persons and organizations.

The Department states it is its policy to encourage sponsors throughout the country to offer our foreign visitors opportunities to be received informally in American homes and to encourage the visitors to accept these invitations. Mr. Kuzinski was often offered such hospitality but usually refused it. During his stay in San Francisco, he reluctantly accepted an invitation, arranged by the Department's Reception Center, to dinner at a private home.

Mr. Kuzinski was occasionally invited to luncheon or dinner by those with whom he had professional appointments. For example, he was a luncheon guest of the Westinghouse Electric Co. in Pittsburgh and the General Motors Co. in Detroit, and was the dinner guest in Seattle of an officer of the Pacific Northwest Trade Association.

From the reports, it appears Kuzinski was argumentative, uncooperative, and ungrateful. On at least one occasion he engaged in heated discussions with persons on whom he was calling. One who spent an entire day with him reported that there was almost continuous discussion of controversial matters. One can pretty well imagine what kind of propaganda he was trying to spread. It certainly could have made a significant difference also if those he spoke with knew he was speaking as a Communist, rather than just as Polish leader-specialist grantee under this program.

A 2-day program at the Tennessee Valley Authority had originally been scheduled at the suggestion of the Polish Embassy in Washington but this was canceled at the last minute. When Kuzinski discovered that in order to visit TVA he would have to leave Denver at 7:45 a.m. on June 3, making two changes with stopovers of 50 and 60 minutes each before arriving in Knoxville at 5:22 p.m., he decided this was too strenuous and nixed this part of the tour. These arrangements, therefore, were canceled and Mr. Kuzinski flew directly to Washington, his next scheduled stop. Because of his stature and position, he had an opportunity to make frequent contacts with the Polish Embassy in Washington.

On June 9 he left Washington, D.C., for New York City where the Department of State understood he wanted to stay for some days prior to his departure for Europe on or about June 19. He very likely again stayed at the permanent Polish Mission to the United Nations.

It is claimed Mr. Kuzinski's industrial visits were cleared with the Department of Defense and Commerce and other interested agencies before they were scheduled. The factories visited were Emerson Television & Radio Corp., Jersey City, N.J.; Westinghouse Radio and Television Division, Metuchen, N.J.; International Division, Koppers Co., Inc., Pittsburgh, Pa.; East Pittsburgh Works, Westinghouse Corp., Pittsburgh, Pa.; General Motors Technical Center, Detroit, Mich.; Cadillac Division, General Motors Corp., Detroit, Mich.; John Deere Co., Moline, Ill.; Crown Zellerbach Corp., San Francisco, Calif.; and Joseph Love Co., children's apparel, New York, N.Y.

The Department of State claims that defense work was being done at only one of these plants, at the Westinghouse Corp.'s Radio and Television Division, in Metuchen, N.J., and that Mr. Kuzinski was not allowed to visit this area of the plant. However, at least two other plants he visited have performed defense contracts. Evidently the State Department felt no special security precautions were needed at those plants.

The Department of State told the State, Justice, Commerce, and Judiciary Appropriation Subcommittee that the average cost for grantees under the foreign leader program amounts to $1,920. Mr. Kuzinski's tour, including interpreter services ran around $10,000. And this does not include many administrative costs.

Mr. Speaker, Poland is an integral member of the Soviet bloc. It is bound to the U.S.S.R. through formal instrumentalities such as the Warsaw Pact, through heavy economic and political dependence, and through its exposed geographical position. Even more important is the fact that Soviet troops are still present in Poland. The Polish position on international issues is rarely distinguishable from the Soviet-bloc position.

Under the program an estimated 148 leaders and specialists from the Communist countries of Eastern Europe were to be brought to the United States. Plans are to increase this number to 202 for fiscal 1963. How many grants have been given to leaders such as Kuzinski? Limited information is made available about such activities and the people generally have little knowledge about these visitors.

The Department of State has grandiose plans for the mutual educational and cultural exchange program. The appropriations bill for fiscal 1963 passed recently by the House proposes an appropriation of $40 million for the program. In addition to this, the Department plans to utilize an additional $8,043,798 which is available from the unexpended balances of prior years appropriations.

I believe a complete reevaluation and overhaul of the program, the way it is administered, and the policies adopted is necessary. It is high time the Department of State and those in charge of these programs take a more realistic approach.

If we do not have the opportunity or cannot figure out a way to make grants for exchange of leaders and specialists, and also teachers, professors, scholars, and students who are of a type that could be instilled with a desire to break away from the yoke of communism, we simply should not waste our time and resources, which could be utilized to better advantage in winning the cold war.

It seems illogical to bring visitors to our country who may well be, for example, commercial or other intelligence espionage specialists, just because such persons are the only ones the Communist government will permit to be exposed to our way of life. Such activities certainly cannot do us any good, but to the contrary could represent significant harm to the welfare and security and, ironically, all at the expense of the American taxpayer.

THE LATE WHITING WILLAUER

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. McCormack] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I am saddened to have to report to the House the death of Whiting Willauer, a Massachusetts man from Nantucket. He was a right hand of Gen. Claire Chennault of the famous Flying Tigers in the war in China against Japan and the war in China against the Chinese Communists. He was the first foreign economic administrator in China and the Philippines after the war. Because of his knowledge of international communism he had acquired during the Chinese struggle, he was especially picked to become Ambassador to Honduras in Central America by Gen. Bedel Smith who had noticed his ability in Asia. When the same Communist forces that were later to be successful in the triumph of Castro in Cuba were making an early attempt to establish themselves at our backyard in Guatemala and Honduras, he was one of the chief architects of the defeat of that early communistic attempt and one of the first to warn of the real nature of Castro in his disguise as another agrarian reformer like the Chinese Communists before him. It is a source of great regret that Willauer's warnings and Willauer's talents were not used in time in meeting the threat of Castro. He was a gallant, gifted, and farseeing public servant and we shall miss him greatly in his fight, fought for all of the causes of freedom which he so briefly and effectively served.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight Saturday to file certain reports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MRS. EDITH BENHAM HELM

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Virginia [Mr. Harrison] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. HARRISON of Virginia. Mr. Speaker, I know many longtime Members of this House share my sadness at the passing of one of the truly great ladies of the Capital scene, Mrs. Edith Benham Helm, White House social secretary during the administrations of Presidents Wilson, Franklin D. Roosevelt, and Truman.

For a total of 25 years, she served in close and responsible association with Presidential families. Her character, capacity, refinement and wit contributed significantly to the success of countless functions in the social program which is a traditional appanage of national leadership and diplomacy.

Mrs. Helm was a native of New York City who maintained homes for many years in Clarke County, Va., and in Washington. Prior to her first association with the White House in the Wilson administration, she was social secretary to several members of the foreign diplomatic corps.

Through the years, Mrs. Helm demonstrated a high degree of diplomatic skill in dealing with the press. Her blend of dignity and charm retained the respect and friendship of reporters whose questions about Presidential family matters she often found trivial or, in her well-mannered view, impertinent.

Mrs. Wilson, Mrs. Roosevelt, and Mrs. Truman paid high tribute to her service in handling the multitude of details in White House protocol. She retired in 1953, and, when persuaded to write her memoirs the next year, set down her recollections, characteristically, in good humor and all propriety.

MRS. EDITH BENHAM HELM

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Roosevelt] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, I wish to share with my colleague from Virginia [Mr. Harrison] the deep regret and sadness which we feel with the loss of Mrs. Edith Benham Helm. Mrs. Helm was the kind of person who fulfilled her public responsibilities so efficiently and with so little fanfare that many people did not realize her contribution to the success and smoothness of so many White House and Presidential affairs.

I speak for not only the members of my family, but particularly for my mother when I say she was also a warm and close personal friend whose capacity and seemingly infinite knowledge, sense of humor, and innate kindness were unfailing characteristics. We all felt, and always will, a very deep affection for Mrs. Helm.

It would be possible to go on at length in reciting the many instances of her official and of her private contributions to the welfare of the White House families, Presidents and their ladies, that she served so well. She also was able to combine these personal contributions with the never-failing remembrance that she also served her country. Those who have read her memoirs know this already. The many who have not will enjoy an experience giving an insight into history and the fact that history is made by warm human beings.

Mrs. Helm will be missed by all who had the privilege of knowing her. To her family she has left a heritage of the highest degree and an inspiration to men and women everywhere.

WALL OF PRIVACY AROUND THE FEDERAL AVIATION AGENCY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. Gonzalez] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, I have recounted on several other occasions the difficulty I have encountered in securing meaningful information from the Federal Aviation Agency. I have cited some of those instances to illustrate the wall of privacy this Agency has constructed around itself, and particularly the office of the Administrator, Mr. Najeeb Halaby. I credit Mr. Halaby with being the engineer who has converted this public Agency into a private instrument of Government which he has marked as "off limits" to Members of the Congress.

One cannot help but be a bit curious about what is taking place in a public agency that removes itself from the scrutiny of Congress. I confess that I am possessed with that curiosity.

Recently I wrote to Mr. Halaby and asked politely for a listing of the locations of over 100 safety installations for which he had requested funds from this House. It seemed to me that it was entirely proper that a Congressman who is being asked to vote on an appropriation bill should want to know where certain projects are to be built when he is being asked to approve money for those projects.

Mr. Halaby did not think so. He wrote me back and said that the information was "privileged" and that he could not give me the locations of the proposed projects. Now, it seemed to me that this was an odd way in which to conduct the people's business, especially on the part of a civilian agency such as FAA.

I mentioned my puzzlement to a senior colleague in this House who acknowledged that it is not infrequent that Members sometimes experience difficulty in securing the precise information they require from Federal agencies. I was told by my colleague that the House of Representatives had accordingly established its own means of expediting the getting of useful information from the agencies. I was told that the Special Subcommittee on Government Information could readily secure the listing I sought from Mr. Halaby. I, therefore, placed my request with this committee, whose staff confirmed that there would be no real problem in securing the list I requested.

Mr. Speaker, this was some days ago and despite assurances from the committee that the information would be forthcoming last week, it is not yet here. I can only conclude that Mr. Halaby is as skillful in frustrating the purposes of the Special Subcommittee on Government Information as he is in concealing the activities of FAA from this "freshman" Congressman.

This response, or lack of response, appears to be a modus operandi. It appears from another recent exchange I have had with the Agency. I went through all the proper channels of contacting the congressional liaison officer to request a copy of the report of the system design team which was recently published by the Federal Aviation Agency for inter-Government study and use. This, too, appeared to me to be an entirely proper request inasmuch as I have been schooled in the belief that Members of the Congress are a part of the Government and that, therefore, any study of this important Agency could be a legitimate concern of a Congressman. To make my story short: The Agency refused to let me see a copy of this report. Now, Mr. Speaker, since coming to Washington I have been very pleased with the ready response of almost every Federal agency or officer to whom I have made a request for facts on a given situation. Everyone from the Defense Department to the doorkeeper, and I do not low rate the Honorable Fishbait Miller in composing this example, have been exceedingly helpful in giving me whatever data I requested. The single exception has been the Federal Aviation Agency. For reasons best known to Mr. Halaby, this Agency is less than forthright. It has a sound barrier built around it. I think it is time that we break the sound barrier if for no other reason than to determine the motives of Mr. Halaby in having created it.

CONGRESS SHOULD UPDATE THE TARIFF ACT CLASSIFICATION OF RUBBER FOOTWEAR IMPORTS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. Brademas] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I am today introducing a bill designed to correct an inconsistency in the classification of rubber footwear imports in the Tariff Act of 1930. The inconsistency which my bill seeks to correct is one which thwarts the intention of Congress at the expense of the American rubber footwear industry.

It is, moreover, an inconsistency which is recognized by the U.S. Tariff Commission. Let me explain by citing the comment of the Commission contained in its Second Supplemental Report, Tariff Classification Study, of June 29, 1962:

> The distinctions made under existing law with respect to the valuation of this footwear are technical in nature and result in an anomaly. Footwear of natural rubber or synthetic rubber, or combinations thereof, are not commercially distinguishable and should receive like treatment for value purposes. In view of the significant trade involved, and the fact that the Commission's present study is primarily a classification revision and consolidation, any correction of this valuation anomaly is a matter for legislative consideration.

Mr. Speaker, in view of the anomaly to which the Tariff Commission refers, the definition of rubber footwear in the Tariff Act of 1930 should be revised by Congress in order to include the new footwear composed of synthetic rubbers and plastics, both of which are now being increasingly utilized in the production of rubber shoes.

It seems to me clear that Congress originally intended that the classification of rubber footwear should be based upon the type of footwear and not upon the material of which the footwear is composed.

DUTY HIGHER ON NATURAL RUBBER

Under paragraph 1537(b) of the Tariff Act of 1930, imported footwear of natural rubber is dutiable on the basis of the wholesale selling price of American-made footwear of the same type. Imported footwear composed of synthetic and plastic materials, on the other hand, as distinguished from natural rubber, even though of the same type of shoe, is dutiable only on the basis of the wholesale price of the imported shoe, not the wholesale price of the American-made shoe of the same type.

For example, the duty required to be paid on a synthetic rubber import is 12.5 percent of its wholesale value. But the duty which must be paid on a natural rubber import is 12.5 percent of the wholesale price of an American-made shoe of the same type.

Let me be still more specific and use an illustration to make my point. A Japanese natural rubber tennis shoe import with a wholesale market value of 40 cents in the United States is dutiable not on the basis of the 40 cents but rather on the basis of the wholesale price of the same type of American-made tennis shoe which, let us say, has a value of $2. The duty on this imported natural rubber shoe would thus be 25 cents and would therefore have the effect of raising the price of the shoe by more than half.

But the duty on a similar type of 40-cent Japanese tennis shoe composed of synthetic rubber would be 12.5 percent of only 40 cents, not 12.5 percent of $2. In the case of the synthetic rubber shoe, therefore, the duty would be only one-fifth of the duty incurred on the natural rubber shoe.

HISTORY OF INCONSISTENCY

How did this inconsistency in the classification of rubber footwear arise? In 1933 when rubber footwear imports were by Presidential proclamation first made dutiable on the basis of the wholesale price of the American-made shoe, natural or crude rubber was the principal material in a rubber shoe.

At the time of this proclamation, of course, synthetic materials were little used for the manufacture of waterproof footwear. Natural rubber was the only significant component of such production. Synthetic rubber was still in the test tube stage and elastomeric synthetic plastics were still being developed.

With the more recent development of these new materials, it is easy to understand why the Presidential proclamation only included india rubber, which has been interpreted by the Bureau of Customs to mean only natural or crude rubber.

Mr. Speaker, I think it is time that the Tariff Act on this matter of the classification of rubber footwear be brought up to date with technological change. It is time that the clear intention of Congress on the proper classification of such footwear be recognized.

INTRODUCES BILL TO UPDATE TARIFF ACT

I agree with the U.S. Tariff Commission that this is a matter for legislative consideration and for this reason, I am today introducing a bill which would simply update paragraph 1537(b) of the Tariff Act of 1930 by stating that natural rubber, synthetic rubber, plastics, or any combination of two or more of these materials, shall be deemed to be footwear wholly or in chief value of india rubber.

Today, Mr. Speaker, the protection given the American rubber footwear industry through the 1933 Presidential proclamation is being nullified for a large and important segment of the industry because of the inconsistency I have described. Passage of this legislation is, I believe, of great importance if the American rubber footwear industry is to enjoy the equitable treatment which it deserves and which the law intended.

THE ADOPTIVE PROGRAM FOR AGRICULTURE PROPOSED BY THE COMMITTEE FOR ECONOMIC DEVELOPMENT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. JOHNSON] may extend his remarks at this point in the body of the RECORD and include tables.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, the House Agriculture Committee is currently holding hearings on the adaptive program for agriculture proposed by the Committee for Economic Development—CED. As a member of the Agriculture Committee and its Subcommittee on Family Farms, I have listened with a great deal of interest to the testimony presented on this staggering and callous proposal to drive 2 million farm families off the land and into the cities during the next 5 years—a proposal which has frightening implications when viewed in the light of our treasured democratic principle of freedom as well as the hard, cold economic fact that our industrial areas are already facing serious unemployment problems.

The statements on the CED proposals given by James Patton, president of the National Farmers Union, Leonard Kenfield, president of the Montana Farmers Union, and Lewis Johnson, president of the Arkansas Farmers Union, sum up in an excellent and concise fashion the reasons why this proposal is neither a practical solution to the problems of American agriculture nor a solution which is in keeping with our American traditions of freedom and fair play. I would like to have these statements printed in the RECORD at this point:

STATEMENT OF JAMES G. PATTON, PRESIDENT OF NATIONAL FARMERS UNION, PRESENTED TO THE HOUSE COMMITTEE ON AGRICULTURE, AUGUST 8, 1962

Mr. Chairman and members of the committee, in all the years I have served as president of National Farmers Union—since 1940—there has never been a time that presented the great danger to our farm programs as that of the present day.

I am surprised and shocked by the report of the Committee for Economic Development. I commend this committee for holding hearings to analyze the CED report on agriculture and its effect on our family farm structure.

The family farm subcommittee is to be commended for their interest and concern and I commend you, Mr. Chairman, for your good judgment in appointing such a subcommittee and naming such distinguished Members of the Congress and friends of agriculture as CLARK THOMPSON the first chairman and PAT JENNINGS the present chairman.

In case there has been doubt about who is on the bandwagon of the cult of so-called freedom for farmers we now have the answer.

The Committee for Economic Development is composed of 200 industrialists and businessmen. Among the members of the Research and Policy Committee who signed the report there is not one representative of family agriculture. The only member who can lay claim to being a farmer is the president of the King Ranch Corp., one of the largest corporate structures in agriculture in the world.

This industrial group recommends a "massive" population shift of farmers into cities, a move that would uproot a third of our farmers. In order to do this they recommend Federal aid programs in low-income States to educate farmers, Government loans for moving, elimination of price supports, a soil bank program and a subsidy program to take 20 million acres of western land out of production.

The CED report embraces these proposals in the name of "freedom for farmers," but they call for "police state" measures unequaled in the history of the development of farm programs.

Their proposals call for the deliberate forcing of farm prices and income so low that farmers will have to leave their farms. They would then keep price and income so low that farmers will not be able to come back. The effect is to force consolidation of farms, making them part and parcel of vertically integrated units so that if farmers do come back they would be hired hands instead of owner-managers as they are now.

The report presumes that by reason of these large farm units, farm income may be better for farmers who remain—if you could call them farmers—but in case a bad guess is made the report states "the willingness of labor to remain in agriculture after a period of maximum opportunity to move out, with the incomes they can earn at these lower prices, will be objective evidence that these incomes are satisfactory."

By the "maximum opportunity to move out," we take it that "opportunity" means starvation income levels.

I don't object per se to industrialists telling farmers what to do but never in my lifetime have I ever seen this crowd come out with a constructive idea relating to agriculture. Moreover, Mr. Chairman, I'm about ready to suggest that their big industrialists go back and run their own profitable businesses and to leave farm policy and programs to farmers and their representatives in the Congress.

I think the industrialists could use a few suggestions for their own businesses. In the name of "efficiency" they want farmers to produce at a lower price but they neglect the fact that efficiency is one of the prime reasons for low farm prices and incomes. The productivity of the American farmworker increased in the 1950's by 6½ percent a year as compared to the nonagriculture worker's 2-percent increase in efficiency. I would also like to suggest that the CED give some thought and study on how to increase output in the industrial sector of the economy in an effort to match that of the American farmer. While 3.7 million farmers compete with each other in the production of our great abundance of food at the lowest real prices to consumers in the history of the Nation, the industrial sector sets up their own supply management system so that they produce just what the market will take and administer prices in the process.

We farmers realize that we can't do this for ourselves and that is the reason we support Government programs. Parenthetically, Mr. Chairman, the CED and other business people should realize that they operate under the license of government in the exercise of their supply management programs.

Over the years farmers have attempted to balance production with demand by voting in referendums to accept production cuts in return for price supports which resulted in income being higher than the free market price multiplied by an unlimited number of acres.

The CED wants the opposite of this. They want chaos on the free market. If they had their way cotton would be 22 cents per pound, rice $3 per hundredweight, wheat $1.35 per bushel, and corn $1 with other feed grains priced at the feed value equivalent ratio. These levels are substantially below any fair and reasonable returns. The result would quite obviously be to drive out of farming many of the so-called commercial farmers who have modern equipment and adequate facilities for efficient production. These constitute the backbone of the up-to-date efficient family farm structure for which the U.S. agriculture is envied throughout the world. It would have an equally disastrous effect on the economy as a whole by establishing in this country the final essential ingredient for a corporate socialism. The family farm structure, with its hundreds of thousands of independently managed units, has been the strongest bulwark against such a development. If the recommendations of the report should, by some remote chance, be adopted, this traditional democratic structure would end for all time.

The CED plan, although using more direct words, differs very little from the disastrous programs advocated by former Agriculture Secretary Ezra Taft Benson and his processor friends. The major planks in both programs are low farm prices, unlimited production, and "kick the little fellow off the farm." These policies have failed completely.

All of us have lived through 8 years of this. We are now suffering the disastrous results of such thinking. It is my sincere contention that this is the so-called farm problem today. Had there never been a Mr. Benson or the ideas that he represented, we would not have suffered from the illogical dilemma of abundance. We would not be paying $1 billion annually in storage bills. Farmers would still be farming instead of competing for the limited number of jobs in the cities.

(See apps. A, B, E, F.)

I think it is significant to our study that the increase in unemployment during the 1950's is almost identical in number to the farmers who were forced off their farms during those years. The CED report acknowledges that high employment would be helpful in reaching their goal of moving 2 million farmers into towns and cities. But they obviously are only giving lip service to what I consider of great importance to the agricultural economy—a full employment economy—because they say further that "there has been significant movement of people from agriculture even in recent years—and even in such circumstances measures to facilitate the out movement will have corrective results."

During the years 1959, 1960, and 1961, unemployment compensation benefits paid to unemployed workers by the States amounted to $2.3 billion, $2.7 billion and $3.4 billion, respectively. In addition, the 0.4 percent Federal unemployment tax for 1962 and 1963 produced $984 million in revenue of which $800 million has been expended to assist the unemployed whose benefits were exhausted. (See app. D.)

Mr. Chairman, these costs would be increased tremendously under the CED plan. Considering the failure of businesses along Main Street in rural America and the unemployment that would result, plus the 2 million farmers who would be potential recipients of unemployment compensation, cost of unemployment compensation would soar. Already the annual cost is far in excess of the $2.4 billion spent on the price support operations of the USDA in 1962. Keep in mind also that when we had effective farm programs we were running the entire Department of Agriculture for less than the cost of price-support operations today. This is not to criticize the efforts we have made to take care of the unemployed, but simply to point out that a transfer of the farmers into cities does not, as CED implies, result in any less costly program for agriculture. This makes me wonder if the industrialists are just looking for an even greater surplus labor market.

We do not object to the training for new jobs of rural people who really want to leave agriculture—although we don't see why that work should be charged to the farm budget—but all of this emphasis is negative, not positive.

What is really needed is much more credit at reasonable interest rates to enable young people to enter the modern highly capitalized business of farming and to enable perfectly capable farmers to expand their less-than-economic operations into units which would return a fair standard of living. This is the positive approach, both in terms of agriculture and in terms of industry.

The possibilities of increasing net farm income by taking much larger areas out of production are dubious. Idling acres is a temporary solution at best. And I remind you that the Eisenhower-Benson administration poured more money into its soil bank than any previous administration had ever thought of spending on all of agriculture, with the results being a negligible improvement in farm income and even greater accumulations of surpluses.

Eight years of lowering price supports in the false expectation that farmers would or could reduce production accordingly has resulted in several years of expenditures which set new records every year. It is totally unreasonable to expect that the farm program costs can be arbitrarily tailored to a budget balancer's figure under these abnormal conditions.

It appears that the CED proposals are pointed to the 2 million farms that produce but 13 percent of the farm products marketed. In the connection I raise this question: What effect would there be on the so-called farm problem if we did away with these 2 million farms? Many are operated by farmers who live in rural areas and work off the farm. They live in rural areas because they choose to do so and, consequently, the chances are that any outmigration of these rural farm families would further aggravate the problem of overproduction because these farms would become part of larger operations. What we need is more action along the lines of the rural areas development and areas redevelopment administration, together with ample credit, to put more resources, both farm and nonfarm, into these marginal farm areas.

It is especially disturbing to note that missing from the CED report is any affirmative policy for encouraging and protecting the efficient commercial family farms which make up for most part membership in Farmers Union. As I have already stated the price policies would make it impossible for these farm families to survive and would completely destroy opportunity for young people to enter the business of farming.

In closing, Mr. Chairman, I want to raise the question with this distinguished committee and pose it especially for the family farm subcommittee, that is: how we can encourage and protect the family farm structure that still is the heart of our agriculture from encroachment by the factory-in-the-field agriculture? These large farms, many of which are operated by chainstores,[1] receive the benefit of Government programs on all their production. They are seeking to expand their allotments by acquiring other farms and they are aggravating the problem of carryover in the process. But the biggest problem of all is the control many of them now have over the production, processing and marketing chain. If we don't devise some effective way to deal with these developments it will become more and more difficult for the independent family farm operator to compete.

The entire CED report brings to mind a definition of our farm economic dilemma enunciated by John Kenneth Galbraith several years ago in Madison, Wis.:

"The problem of agriculture is not one of transition or readjustment. These phrases were also used in the 1920's and the 1930's when the farmer was in trouble. The farm problem is the result of the fundamental and continuing weakness in agricultural bargaining power. Agriculture's weakness is that of the great unorganized industry in a world of highly organized corporate industry and a highly organized labor force. It is the problem of the one major industry which does not have any effective control over the prices at which it sells its products or the supply it offers."

Mr. Chairman, I am happy to have with me today two of my associates in Farmers Union, Mr. Leonard Kenfield, president of Montana Farmers Union, and Mr. Lewis J. Johnson, president of Arkansas Farmers Union. I would like to request that they be afforded the opportunity to make a brief statement after which we will be glad to respond to your questions.

Appendix A

Value of commodities under loan and in inventory of the Commodity Credit Corporation, 1952–61

[In millions of dollars]

Year	CCC investment, July 1		
	Pledged for loans	In inventory [1]	Total
1952	$364	[1] $1,073	$1,437
1953	1,138	2,158	3,296
1954	2,337	3,430	5,767
1955	2,098	4,572	6,670
1956	2,285	5,384	7,669
1957	1,967	4,738	6,705
1958	1,575	4,703	6,277
1959	2,448	5,259	7,077
1960	1,302	6,021	7,323
1961	1,475	5,563	7,039

[1] Inventory revalued 1953-61 to correspond to fiscal year 1962 basis as published in "Report of Financial Condition and Operation" of the Commodity Credit Corporation. 1952 inventory figure is on old basis.

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[1] See app. C.

APPENDIX B

Realized net income from farming, farm purchasing power, and parity ratio, 1952–61

[Dollars in billions]

Year	Realized net income from farming		Parity ratio 1910-14=100 (percent)
	Actual	Purchasing power in 1957-59 dollars	
1952	$14.4	$15.2	100
1953	13.9	14.8	92
1954	12.2	13.0	89
1955	11.5	12.2	84
1956	12.0	12.5	83
1957	11.0	11.1	82
1958	12.6	12.6	85
1959	11.3	11.2	80
1960	11.7	11.6	80
1961	12.8	12.6	80

APPENDIX C

EXAMPLES OF THE EXTENT OF VERTICAL INTEGRATION AND CORPORATE CONTROL OF AGRICULTURE—COLORADO

Any long-range plan for agriculture must make provision to halt the now rapid entry of nonfarm corporate interests into farm production, where such corporations are, through favorable tax advantages coupled with the advantages of concentrated economic power in buying, able to control both producer and consumer prices and gradually destroy competitive enterprise in farming and farm marketing.

Studies conducted by Rocky Mountain Farmers Union in Colorado reveal—

Peaches, pears, apples: In 1950 there were several hundred small buyers on these markets and 40 large buyers. In 1962 there are fewer than 10 large buyers buying for groups and chains, and a dwindling number of small buyers.

Poultry; egg production: In 1950 all eggs were family farm produced or brought into the State from other family farms outside. Today the family farm producers are being pushed out by:

(1) The entry of the giant Gates Rubber Co. of Denver into the egg business with a plant to produce 80,000 eggs a day. This operation theoretically will replace 50 to 100 family farm egg producers.

(2) The entry of the Pepper Packing Co. integrated with the Mountain States Mixed Feed Co. into egg production 3 years ago with a plant designed to handle 250,000 hens laying an estimated 210,000 eggs a day. Eight such units will replace every family farm egg producer in the State as eight will supply the entire egg production.

(3) The entry of Armour & Co. into egg production through conversion of former packing plant facilities into caged layer facilities—estimated 30,000 eggs daily.

Cattle feeding and ranching: Research in Colorado reveals that in 1961 one-half of all the fat cattle slaughtered in the Denver livestock slaughtering area were fed by eight large corporate feeders. Denver slaughters 800,000 head. The eight corporations fed-out more than 400,000 head.

Estimated cattle feed by largest corporations 1960, Colorado: Monfort-Capitol Packing Co., 75,000 to 100,000 head; National Tea Co., 75,000 head; Farr Farms Corp., 35,000 head; and American Stores, 40,000 head.

In addition to the above, Food Fair, Armour, Swift, Frier & Stillman, meat packers all feed cattle.

In the last 12 months, Winn-Dixie stores have purchased a cattle ranch near Cowdry in Colorado (North Park) with a capacity of 125,000 prime cattle annually.

Another corporate feeder Wisebart at Brush, has recently "put together" 10 former family size ranches in Baca County as one ranch unit to integrate with their 40,000 feeding operation near Brush.

Corporate wheat farms—Colorado (three examples only):

(1) Baufman farms; incorporated as Baufman & Baufman, Clyde Baufman, Ella Baufman, Baufman Estate, John Baufman Estate, J. W. Baufman Estate, Baufman Farms Co., J. W. Baufman Farms Co., J. W. Baufman Estate, Baufman Farms, R. V. Baufman, R. C. Baufman, Ralph Baufman and William Baufman.

These holdings include 16,143 acres in Adams County, Colo; 3,610 acres in Arapahoe County; 25,154 acres in Baca County; 70,486 acres in Cheyenne County; 62,200 acres in Kiowa County; 50,603 acres in Kit Carson County; 49,052 acres in Lincoln County; and, 6,338 acres in Prowers County.

A total 283,586 acres of farmlands in eastern Colorado. Their holdings in Kansas are also extensive. (In Cheyenne and Kiowa Counties, Baufman acreage equals 8 percent of all farmland in production in the county.)

(2) Garvey farms—Garvey, a second large corporate farm operator in Colorado, now owns 60,000 acres in Kiowa County; 4,707 acres in Cheyenne County, and 3,361 acres in Lincoln County. A combination of Baufman and Garvey interests in Kiowa County account for ownership of 15 percent of all the farmland in this county.

(3) Farr farms—The Farr farms comprise a combination of 9 of the best irrigated farms in Weld County with a 35,000-head cattle-feeding operation, seedhouse, fertilizer interests, feed business, bean brokerage business, and financing. Harry Farr serves as board member on one Greeley bank while his son serves as head of the competing bank. One also serves as a board member on the First National Bank of Denver, the other as a board member of the Denver U.S. National Bank.

APPENDIX D

UNEMPLOYMENT COMPENSATION BENEFIT EXPENDITURES

The Temporary Extended Unemployment Compensation Act of 1961 expired on March 31, 1962. The purpose of this bill was to extend unemployment compensation to persons who had exhausted their benefits under State and Federal unemployment laws, and to provide reimbursement to certain States in meeting their cost of long-term unemployment compensation. The program cost approximately $800 million. An increase in the Federal unemployment tax of 0.4 percent for taxable years 1962 and 1963 was enacted to pay for the program and produced $984 million in revenue.

During the years 1959, 1960, and 1961, total unemployment compensation benefits paid under State laws were $2,279,017,000, $2,726,767,000, and $3,422 million. For the first 6 months of 1962, the figure was $1.5 billion.

Unemployment insurance under State laws, Jan. 1, 1962

States	Average weekly benefit paid for total unemployment, 1961	Maximum weekly benefits [1]	Average weekly wages in covered employment, 1960	Basic maximum weekly benefit as a percentage of average weekly wages		Duration of benefits by weeks [2]	Percentage of claimants who exhausted benefits, 1961	Average employer tax rate, 1961	
				1941	1939			Percentage of taxable payrolls [3] (1939=2.72 percent)	Percentage of total payrolls (1939=2.66 percent)
United States	$34		$93				30	2.1	1.3
Alabama	23	$32	76	42	87	13-26	43	1.5	1.0
Alaska	37	45-70	152	30	41	15-26	29	2.9	2.5
Arizona	31	35	94	37	61	10-26	27	1.3	.8
Arkansas	23	30	64	47	95	10-26	32	1.3	1.0
California	41	55	106	52	50	[4] 15-26	28	1.9	1.2
Colorado	38	[5] 47-59	91	52	62	15-32	27	.8	.5
Connecticut	37	45-67	98	46	56	[4] 12-26	34	2.1	1.2
Delaware	36	50	103	48	58	11-26	33	1.8	1.1
Washington, D.C	27	30	92	33	59	11-26	37	.8	.5
Florida	28	33	81	41	81	10-26	40	1.6	1.1
Georgia	27	35	73	48	87	9-26	39	1.4	1.0
Hawaii	35	55	79	70	85	26	20	1.1	.8
Idaho	35	[5] 43	82	53	82	[4] 10-26	31	2.3	1.5
Illinois	35	38-59	103	37	56	[4] 10-26	35	2.2	1.2
Indiana	32	36	97	37	58	6-26	38	1.2	.7
Iowa	31	30-44	86	35	67	10-26	35	.6	.4
Kansas	34	[5] 44	85	52	66	10-26	31	1.0	.6
Kentucky	29	37	81	46	69	15-26	35	2.5	1.6
Louisiana	30	35	83	42	90	12-28	48	1.6	1.0
Maine	22	33	76	43	74	26	18	1.8	1.3
Maryland	31	35-43	85	41	65	26	27	3.1	2.0
Massachusetts	37	[6] [7] 40	88	46	57	8-30	26	2.2	1.4
Michigan	37	30-55	110	27	53	9-26	34	3.1	1.7
Minnesota	30	38	91	42	62	18-26	30	1.1	.7
Mississippi	24	30	65	46	97	12-26	32	2.1	1.6
Missouri	29	40	91	44	61	10-26	25	1.4	.8
Montana	28	34	83	41	60	13-26	34	2.1	1.4
Nebraska	30	34	83	41	66	8-26	29	1.2	.8
Nevada	37	37.50-57.50	99	38	57	10-26	30	2.4	1.7
New Hampshire	27	40	77	52	70	26	13	1.7	1.2
New Jersey	34	50	101	50	55	13-26	32	2.4	1.4
New Mexico	29	36	87	41	73	18-30	27	1.2	.8
New York	37	50	102	49	51	26	22	3.0	1.7
North Carolina	22	35	69	51	89	[4] 26	22	1.5	1.1
North Dakota	29	36	78	46	69	24	24	2.1	1.4
Ohio	42	42-53	102	41	54	18-26	32	1.5	.8
Oklahoma	26	32	85	38	61	10-39	36	1.4	.9
Oregon	35	40	92	44	53	10-26	26	2.7	1.7
Pennsylvania	33	40	90	44	60	30	26	3.2	2.3
Rhode Island	30	36-48	80	45	70	12-26	28	2.7	1.6
South Carolina	23	[5] 34	67	51	99	10-22	38	1.1	.8
South Dakota	29	33	78	43	69	7-24	35	.7	.5

See footnotes at end of table.

APPENDIX D—Continued

Unemployment insurance under State laws, Jan. 1, 1962—Continued

States	Average weekly benefit paid for total unemployment, 1961	Maximum weekly benefits [1]	Average weekly wages in covered employment, 1960	Basic maximum weekly benefit as a percentage of average weekly wages [4]		Duration of benefits by weeks [2]	Percentage of claimants who exhausted benefits, 1961	Average employer tax rate, 1961	
				1941	1939			Percentage of taxable payrolls [3] (1939=2.72 percent)	Percentage of total payrolls (1939=2.66 percent)
Tennessee	$24	$32	$76	42	78	22	39	1.7	1.1
Texas	24	28	85	33	65	8-26	42	.9	.6
Utah	34	[5] 43	86	50	70	10-36	26	1.5	.9
Vermont	29	[5] 40	79	51	66	[4] 26	24	1.6	1.0
Virginia	25	32	76	42	74	8-20	40	1.2	.8
Washington	32	42	98	43	57	15-30	23	2.7	1.8
West Virginia	23	32	92	35	59	26	32	2.7	1.6
Wisconsin	40	[5] 50	95	53	55	12-34	37	1.5	.9
Wyoming	41	[6] 49-55	88	56	78	12-26	29	1.4	.9

[1] Where 2 figures are shown, the smaller does not include dependents' allowances.

[2] Where 2 figures are shown, the lower represents the shortest possible duration. In most States this is the entitlement of a claimant with minimum weekly benefits and minimum qualifying wages. But in 10 States a higher than minimum weekly benefit amount may result in shorter duration where the distribution of earnings are concentrated in the high quarter.

[3] Taxable wages have remained at the first $3,000 of employees' earnings since 1939, except in Delaware, Hawaii, Massachusetts, Nevada, Rhode Island, West Virginia ($3,600), California ($3,800), Alaska ($7,200), and Oregon ($3,600 or $3,800, depending on level of reserve).

[4] Benefits are extended when unemployment in State reaches specified levels—in California, Connecticut, Idaho, Illinois, and Vermont, by 50 percent, and in North Carolina, by 8 weeks.

[5] Maximum weekly benefit is determined as specified percent of average weekly covered wages: Kansas (50 percent), South Carolina (50 percent), Utah (50 percent), Vermont (50 percent), Idaho (52½ percent), and Wyoming (55 percent); semiannually in Wisconsin (52½ percent), and Colorado (50 percent) of average weekly wage in selected industries). The base years used for setting the maximum are not necessarily the calendar 1960 used in this table.

[6] Augmented amount includes $6 per dependent up to individual's average weekly wage.

[7] $40 and up.

APPENDIX E

Farm population loss 1952–61, (In terms of 1960 farm definition)

[In millions]

Year	Farm population	Net loss from previous year
1952	21.7	
1953	19.9	1.8
1954	19.0	.9
1955	19.1	−.1
1956	18.7	.4
1957	17.7	1.0
1958	17.1	.6
1959	16.6	.5
1960	15.6	1.0
1961	14.8	.8
Total		6.9

APPENDIX F

EXPENDITURES FOR FARM PROGRAMS

Cost of price support program, 1949–62

	Million
1949	$1,597.5
1950	1,606.1
1951	[1] 781.5
1952	[1] 242.3
1953	1,831.3
1954	1,334.1
1955	3,074.9
1956	2,893.8
1957	1,086.8
1958	986.8
1959	2,774.9
1960	1,480.2
1961	1,330.6
1962	[2] 2,444.8

[1] This represents an actual profit on price support operations.

[2] Preliminary.

Total net budget expenditures, USDA, 1947–62

	Million
1947	$1,529.5
1948	1,224.5
1949	2,743.6
1950	2,966.9
1951	640.8
1952	1,151.2
1953	3,217.2
1954	2,917.1
1955	4,636.5

APPENDIX F—Continued

EXPENDITURES FOR FARM PROGRAMS—Con.

Total net budget expenditures, USDA, 1947–62—Continued

	Million
1956	$5,176.8
1957	5,005.9
1958	4,874.9
1959	7,091.4
1960	5,418.9
1961	5,929.4
1962	6,667.2

STATEMENT BY LEONARD KENFIELD, PRESIDENT, MONTANA FARMERS UNION, ON THE COMMITTEE FOR ECONOMIC DEVELOPMENT'S FARM REPORT PRESENTED TO THE HOUSE AGRICULTURE COMMITTEE, AUGUST 8, 1962

Mr. Chairman, I am pleased to have an opportunity to make some comments about the Committee for Economic Development report before this distinguished committee.

First of all, I think the persons who wrote this report should be reminded that in the 20th century we speak of human beings as "people" and not as "resources"; nor should they be considered as pawns to be moved about by the millions at the will of big business or Government.

The type of planning which says 2 million people are to be moved out of agriculture into other industries is something that may go on in totalitarian countries but should not in America. Such planning is comparable to what Hitler did to the Jews in Germany.

And another thing—before representatives of the monopolistic business community attempt to tell farmers, farm leaders and agriculturists in general how farming and farm programs should be run, I should like to recommend a few proposals for the business community.

1. Before American agriculture would be placed entirely on the free market, I strongly suggest we take big business back to the free market. This would involve eliminating tariffs designed to keep the American public from benefiting from foreign imports. It would also involve eliminating a great variety of other Government aids and subsidies. It would assume full production at capacity as long as the public would consume industrial products. It would eliminate from the Federal budget all funds that go to stabilize business and commerce. In short, the free market for big business would remove all restrictive measures that control production and artificially support prices.

2. Require business to equal the increased efficiency that has been achieved by American farmers during the last 40 years before trying to tell farmers how to achieve more efficiency.

3. Require all Government defense contracts to be let on a competitive bid basis.

4. Insist that business demonstrate it can maintain full employment of the labor force now living in urban areas before suggesting the moving of additional people looking for jobs into those areas. Contained in the Committee for Economic Development report is the statement: "We believe, of course, that high and growing employment can be maintained in the nonfarm economy." We believe that too, but we have never seen it done, except in time of war.

Now as to answering the main part of the report, first, let me say that it differs very little from the Benson program for putting the economic squeeze on farmers in order to drive them off the land so that giant corporations can take over there as they have in most other industries. It differs from Mr. Benson's ideas in that it would let the farmer down with a bigger jolt and less cushion. The end result would be the same. The Benson price toboggan-slide was not as steep.

If we assume that the Committee for Economic Development objective is to create economic chaos in this country and add to the numbers of unemployed and eliminate the middle class, then the whole plan makes tragic meaning. If, on the other hand, we want to assume that the big business economists have the welfare of this Nation at heart and would really like to promote some constructive programs, let me point out a few of the fallacies in their approach:

1. Removing people from agriculture does not get at the real problem. The increased efficiency of farming tools and methods permits one farmer to do the work that four farmers did 40 years ago. Efficient production is one of the most outstanding developments in modern agriculture. So effective is modern agricultural technology that every time a farmer is removed his place is taken by a machine or by a hired man operating a machine.

2. Uprooting 2 million farmers from rural areas will result in the removal of an additional number of people who have been rendering service to these farmers, so that the total number of unemployed to be thrown on the labor market in urban areas will be considerably in excess of the 2 million condemned farmers. In this connection it is futile and heartless to even contemplate throwing additional unemployed on the urban labor markets until the present 4 to 5 million unemployed are given an opportunity to earn a modern-day American standard of living.

3. The idea of retraining the people for other pursuits is excellent if there is any prospect for employment opportunities in these other pursuits. Until that is demonstrated, however, all the training in the world cannot help solve the problem. May I be so bold as to suggest retraining for some Committee for Economic Development gentlemen.

4. The report points out the fewer numbers of farm youth graduating from high school, entering college and graduating from college. This is a matter of simple arithmetic. Farmers simply cannot afford to send their young people to school.

5. Criticism is made of the vocational educational training of rural youth for farming and home economics. Would the Committee for Economic Development theorists have us discontinue preparing our farm youth for doing their best in agriculture? Are we to turn our backs on technology in agriculture?

Committee for Economic Development says "vocational education in farming areas should be mainly for industrial, not agricultural skills." Does this mean more subsidy for industry at the expense of agriculture and the rural communities?

6. There is indication that too many people have already moved out of rural areas and that actually a vacuum has been created. Rural America has lost too many vigorous, intelligent youth, able leadership, and skilled workers. Rural America needs more teachers, more doctors, and more community leaders.

7. Some high-sounding language is used in the report on the subject of prices to disguise the fact that the authors are recommending a brutal slashing of farm prices as means of driving more people out of agriculture. Here is some of the language: "and related products now supported should be allowed to reflect the estimated longrun 'adjustment price' of these products." Again: "Gradual price reductions in recent years have not affected the resources used in farming fast enough and have not allowed total production to flow into use." This is a polite way of expressing a downgrading of the farmer and of preparing the way for his liquidation.

8. The thing the Committee for Economic Development planners ignore is that even the most efficient farmer has a limit at which he can produce profitably, and when that limit has been passed by millions of farmers it can result only in wholesale bankruptcies. A reading of the history of the great depression reminds us of the terrible tragedy that comes from prolonged farming below the cost of production.

9. We would like to point out, the Department of Agriculture in cooperation with farm and ranch operators is engaged in a continuous effort to adjust land to its best use—not enough, of course.

10. Another point on which we disagree with the Committee for Economic Development is in the recommendation to reduce current price supports, already too low, to vague adjustment levels under the condition that "(1) loans should not be large enough to result in carryover of stocks in the hands of the Government from one year to the next."

Unless there were very strict straitjacket control of farm production accompanied by mandatory recruitment for the soil bank the Government carryover of stocks would surely continue to pile up because farmers, traditionally, when prices decline try to make up lost income per unit of production by increasing volume of production.

Some important points which the report failed to deal with are the following:

1 Farmers should have ample opportunity to benefit from the progress in technology. That they have been able to make 10 blades of grass grow where only 1 grew before should not invite penalty, but should bring adequate reward. Laboring people and management people have benefited from technology by shorter hours and higher pay. Farmers, too, are entitled to shorter hours and more pay—not liquidation.

2. Reduction of the price of farm commodities at the farm gate will not reduce price of food on the consumer's table.

3. Reduction of farming to a relatively few very large agricultural combines will invite more Government subsidies rather than less, if bigness in agriculture follows the pattern similar to bigness in business.

4. The Committee for Economic Development program of moving 2 million farmers out of agriculture would dangerously deflate the rural economy and have a chain reaction blighting rural towns and many agriculturally oriented cities. The big business scheme for rural America offers no replacement of the loss of billions of dollars in farmer purchasing power. Thus, the big business Committee for Economic Development would ruin not only the farmers but many small businessmen.

5. In brief, while the Committee for Economic Development report does not express it, the blueprint that emerges is an economic structure that on one hand would increase the supply of cheap labor for industry by driving 2 million operators off the farms and on the other hand seeks to provide cheaper food by knocking out Government farm programs.

The Committee for Economic Development report is unfair:

1. The report refers to "the waste * * * in huge stocks of commodities for which there is no use." As long as there are hungry people in the world this statement is simply not true. It is the distribution system that is wasteful and ineffective, not the producing end of agriculture. If the distribution system were to operate as efficiently as the productive section of agriculture, there would likely be no piling up of excessive carryovers.

2. Hammering away on the waste theme, Committee for Economic Development declares, "Waste is present and is the root of the problem." If we want to talk about waste, let's talk about the unused capacity of our industrial plants, for example, with 50 percent of the steel plants standing idle. Or perhaps we should talk about oil wells in Texas that are allowed to pump only 2 days in the month. Or maybe we ought to mention light bulbs and other electrical appliances with built-in obsolescence. Or we could talk about the $9 billion worth of so-called nonfarm strategic materials the Nation has stockpiled.

3. The Committee for Economic Development report labels Government efforts to maintain fair income for farmers as promoting inefficiency. It seems strange that representatives of big business who have plenty of inefficiency to worry about in their own establishments, despite very productive and highly skilled workers, should worry about American farmers whose efficiency in food production has set a mark of high achievement that is a marvel to all the world.

Yet the authors are bold enough to say our farm and ranch families are not as efficient as they ought to be. On page 16 we are told, "It would have been more efficient to have used still less farm labor."

Does this mean that farmers should have used more fertilizer? Do the big business farm experts know how much fertilizer soil and plants can use effectively? What do those who tend the flocks on the pastures of Wall Street know about the dirt farmer's problems in getting enough credit to buy the fertilizer needed? Many farmers will tell you they know how to farm much better than they can afford to.

Anyway, Committee for Economic Development logic is hard to follow.

4. When all the exalted language of the Committee for Economic Development report is translated, it means that what this business group wants to do is uproot more people from their homes (by artificial economic pressures if necessary, such as withholding credit) in order to create a vast force of mobile ("migrant") workers that can be shunted back and forth from one industry to another to create surplus labor—now here, now there—to break the backs of labor unions and bid down wage rates. This is particularly revealed in a statement on page 19: "Although the exodus from agriculture in the past decade or longer has been large by almost any standards, it has not been large enough * * *. The excessively high level of urban unemployment in the 4 years 1958 to 1961 tended to keep the movement of labor out of agriculture less than it should have been."

5. The persistent reference to people as "resources" has a metallic and unfriendly ring to anyone with any feeling for human beings.

6. Page 21 states, "The agricultural resources that had met wartime demands could produce much more than could be sold at the existing prices." Here again is a left-handed way of saying farmers did a tremendous job in meeting and even in exceeding wartime demands.

7. Is this an economic report or a partisan report? The text on page 21 says, "Federal expenditures * * * rose from about $1 billion in 1948 to over $5 billion in 1961." Why did it not say that the Federal expenditures rose from about $1 billion in 1952, which is what the chart shows?

8. One of the slick phrases (page 22), "most prices were declining as productivity rose," would be meaningful if the report simply came out and said "surplus production beat down prices."

9. Page 24, item 8 states: "Underdeveloped countries have received more assistance from the United States in the form of agricultural commodities than they would have otherwise received * * * they might have received other assistance more valuable to them." We might ask here: What could be more valuable to a hungry man than food?

In conclusion, it must be said farmers, through their Government, are endeavoring to develop a sensible farm program. They are greatly hampered in their efforts by the pontifications of big business spokesmen. Without fancy phraseology here is what farmers, with the help of the USDA, and we hope with more help from Congress, are attempting to do:

1. Adjust acreage and production to meet demand to reduce Government costs of farm programs and increase family farmer income while maintaining adequate supplies of wholesome food for the Nation.

2. Assure farmers and ranchers on the land a chance to continue in agriculture by providing adequate credit to meet their needs.

3. Assist a natural and normal turnover in the farming profession by providing through credit and other means, opportunities for young farmers to step in to replace those elder farmers retiring.

4. Put unneeded crop acres to productive uses, such as forestry, grasslands, and recreation.

5. Assist rural people in starting new industries that will employ people where they are instead of dislocating vast populations.

6. Preserve rural communities and rural institutions as a basic framework of democracy.

Farmers Union rejects the strange notion that everything small is inefficient and everything big is efficient. We believe that people are most important.

Thank you kindly for your attention.

Statement of Lewis J. Johnson, President of the Arkansas Farmers Union, Before House Agriculture Committee Regarding the Report, "An Adaptive Program for Agriculture," as Prepared by the Committee for Economic Development, August 8, 1962

Mr. Chairman and members of the committee: For the record, I am Lewis J. Johnson, president, Arkansas Farmers Union. I would like to express my appreciation to you and the other members of this committee for the fine work you are now doing and have done in the past on behalf of the family farmers of our country.

We have read a report submitted by the Committee for Economic Development. We want to make it clear that the Arkansas Farmers Union does not agree with this report, except in very few instances. Therefore, we will only mention a few of the many items which we disagree with.

It seems to us that their philosophy of doing away with one-third of our farmers in order that it might advance the incomes of the remaining two-thirds is not in keeping with the family farm tradition of our country. To use Arkansas as an example, the 1959 census showed that we had some 95,007 farms in operation. To remove one-third of them and try to put them in the labor market would be disastrous. Basically, it would be striking a blow against the very roots of our democracy.

The unemployment figures for Arkansas in 1961 averaged 7 percent of the labor force. For the first half of 1962, it still is 7 percent. It is to be assumed that there would be no room in the labor market for these unfortunate families that were forced to leave their farms.

The committee's recommendation in regard to the soil bank has already been tried and found wanting.

The removal of all Government regulations and price supports on farm commodities would destroy our national economy. The committee [Committee for Economic Development] mentioned getting the farmer back to the free market. It is our thinking that it would mean "free" for everyone but the farmer.

Mr. Chairman, we have heard it argued before this committee many times before today that cheaper prices would help us to get more of the foreign market. We have found in the past that this committee has never accepted this philosophy and we feel sure that you will not accept this type of thinking in the Committee for Economic Development report today.

The Committee for Economic Development report shows Arkansas uses 76.9 percent of their vocational agriculture funds for agricultural training. These are not the facts in the case. Attached to this report is a breakdown of the total expenditures which shows that only 40.9 percent is spent for agricultural training. These figures were taken from the records of the Arkansas State Department of Education for 1961 and 1962.

We believe that vocational education plays a tremendous part in our rural life; not only in agriculture but in the human resources as well, in working with our young men and women through Future Farmers of America and Future Homemakers of America. We doubt seriously if a dollar-and-cent valuation can be placed upon this program. We in Farmers Union would like to see vocational education strengthened rather than weakened. Additionally, we think additional emphasis should be placed on adult vocational training.

We have just completed construction of one adult vocational training school in Arkansas and have appropriations made for a second one. We find that education is never finished and in our modern-day way of life, it is necessary that we continue to train our adults as well as the young people of this country. Arkansas has launched upon this additional training program.

Mr. Chairman, Arkansas is still an agricultural State. There is a lot to be done in agriculture in our State, yet. We see the trend of more farm people working as tenant farmers than ever before. Large farm operators tell us that the most efficient farmer is the family farmer who grows some 100 acres of cotton or rice and 200 to 300 acres of soybeans. They are able to operate the majority of their farm with family labor. This has not only proven to be an efficient way of farming, but we believe it is the basic foundation of our American democracy—helping to keep our family farmers on their farms.

It seems to us that the whole scheme of the Committee for Economic Development report is to do away with the small operator and that everything had to be on a large scale. We do not believe this and this is not new, because you and the rest of this committee have heard it all before. In our opinion, this report does not offer anything to the family farmers of our country. It would seem to us that there was someone in the group who was projecting the ideas and philosophy of those who have always farmed and the farmer. We believe in staying by the farm programs that have been tried and proved, such as the cotton, tobacco, and rice programs—where the farmers, themselves, have had an opportunity to vote on the type farm program they wanted and needed.

We should always remember that the farmers feed us, not only America but a large part of the rest of the world.

Mr. Chairman, the Committee for Economic Development report has positively stated that a third of our farm families must go. Now for the information of your committee, I have here a breakdown on the cotton farms and acreage and rice farms and acreage for Arkansas. I would like to have this made a part of the record.

This report poses some questions that we need to ask the Committee for Economic Development.

What part of this cotton group and rice group do they intend to do away with? How and where do they propose to compensate for the crime which they are about to commit on this group of people? We call it a crime because to us that is exactly what it is. These people are being driven from the land that they inherited from their grandfathers and fathers—a land that has sustained them through the years with food. The roots of their family life run deep in the community, their spiritual life is founded here. This is the land that is the final resting place of their departed loved ones. However, the Committee for Economic Development reports that they must go. This report from the Committee for Economic Development is a black day in American history, that such a coldblooded proposition is proposed against our farm families.

In closing let me say we are thankful for this agricultural committee, because we know this Committee for Economic Development report will wind up in its proper place—in the wastebasket.

APPENDIX A

Upland cotton: Number of farms and final planted acreage, Arkansas, 1961

	Effective allotment (acres) [1]									
	Total	0.1 to 4.9	5 to 10	10.1 to 14.9	15 to 29.9	30 to 49.9	50 to 99.9	100 to 199.9	200 to 499.9	500 and over
Number of farms	37,941.0	4,973.0	8,739.0	5,468.0	8,319.0	3,890.0	2,893	1,514.0	919	231.0
Total acres planted	1,384,316.3	12,624.5	57,319.1	62,658.4	188,656.2	152,249.9	200,426	216,521.1	269,340	224,520.7

[1] Effective allotments refer to those established for all farms after any adjustments in farm allotments resulting from the release and reapportionment program. These were the final allotments for compliance purposes.

Rice: Number of farms and acreage allotted, Arkansas, 1960

	Acres														
	Under 6	6 to 10.9	11 to 15.9	16 to 20.9	21 to 25.9	26 to 50.9	51 to 75.9	76 to 100.9	101 to 150.9	151 to 200.9	201 to 300.9	301 to 400.9	401 to 500.9	501 to 1,000.9	1,001 and over
Number of farms [1]	437	411	352	269	183	917	719	593	563	284	230	62	43	33	8
Acres [2]	1,366	3,672	4,659	4,896	4,212	35,495	45,237	51,623	60,232	48,937	56,312	21,306	19,229	21,772	10,988

[1] Total number of farms 5,134.

[2] Total number of acres 398,936.

APPENDIX B

Funds expended for program of vocational education, Arkansas, 1961–62

	Total	Local	State	Federal	Percent service expenditure bears to total expenditure
Agriculture	$1,508,446.98	$833,746.88	$281,307.34	$393,392.76	40.9
Home economics	1,540,690.47	969,890.53	416,472.74	154,327.20	41.7
Distributive	98,948.46	42,065.30	31,937.73	24,945.43	2.7
Trade and industrial	309,520.95	126,398.38	97,769.77	85,352.80	8.4
Practical nurse training	130,459.12	32,286.64	28,172.48	70,000.00	3.5
Title III (technical)	103,593.81	955.90	51,000.00	51,637.91	2.8
Total	3,691,659.79	2,005,343.63	906,660.06	779,656.10	

NOTE.—The 1961 General Assembly of the State of Arkansas appropriated $275,000 to build a 2d vocational-technical school in the State. This school will be constructed during 1962–63, and it is anticipated that the 1963 general assembly will appropriate funds for equipping the school.

APPENDIX C

Enrollment in vocational education classes, Arkansas, 1961–62

	High school	Adult	Total
Agriculture	18,256	9,512	27,768
Distributive education	571	1,539	2,110
Home economics	27,948	22,718	50,666
Trade and industrial	1,365	8,072	9,437
Practical nurse training	0	1,415	1,415
Title III (technical)	9	783	792
Total	48,149	44,039	92,188
Number, Arkansas chapters, Future Farmers of America			260
Number, Arkansas members, Future Farmers of America			13,513
Number, Arkansas chapters, Future Homemakers of America			323
Number, Arkansas members, Future Homemakers of America			18,951

Number of vocational teachers, Arkansas, 1961–62

	White	Negro	Total
Agriculture	269	60	329
Home economics	315	87	402
Distributive education	26	0	26
Trade and industrial education	53	17	70
Practical nurse training	23	0	23
Title III (technical)	33	0	33
Total	719	164	883

APPENDIX D

Cost of sites and buildings	$536,426.00
Cost of equipment	244,286.00
State and local funds (fees, etc)	194,322.49
Federal funds, title III	42,856.52
Expenditures, 1961–62	237,179.01

Enrollment

	Year ended June 30—		
	1960	1961	1962
Regular	394	478	452
Extension	378	522	940
Total	772	1,000	1,392

REGULAR (PREPARATORY)

Air conditioning and refrigeration.
Auto body repair and painting.
Mechanical technology.
Drafting technology.
Electronics.
Machine technology.
Radio and TV repair.
Welding technology.
Practical nursing.
Woodworking.

EXTENSION

Automotive.
Rapid reading.
Transportation and traffic management.
Mathematics-electronics.
Supervisory and foreman training.
Air cooled engines.
Nurses extension.
Business management.
Blueprint reading.

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION PROGRAM—TEUC

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Arkansas [Mr. MILLS] may extend his remarks at this point and include extraneous materials.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. MILLS. Mr. Speaker, there follows for the information of the Members of the House, the latest information available on the operation of the temporary extended unemployment program—TEUC—which terminated March 31 last.

It will be noted that this information, which was compiled by the Department of Labor, gives not only the total number of workers involved, the total payments and cost, and the total tax collections but also a State-by-State breakdown of the tax collections and benefit payments.

Department of Labor summary of information—Temporary extended unemployment compensation program (TEUC), August 8, 1962

TEUC PAID TO WORKERS WHO EXHAUSTED REGULAR BENEFITS AFTER JUNE 30, 1960, AND BEFORE APR. 1, 1962, FOR WEEKS OF UNEMPLOYMENT BETWEEN APR. 9, 1961, AND JUNE 30, 1962

	Million
Total number of workers who received TEUC (includes Federal claimants, but does not include claimants who received only reimbursed benefits) (workers [1])	2.99
Total amount of TEUC paid out (that would not have been paid out in absence of TEUC program)	[1] $767
Total cost to United States, including reimbursements and TEUC to Federal claimants	[1] $812
Total TEUC chargeable to Federal tax (includes reimbursement but excludes TEUC paid to Federal claimants)	[1] $780
TEUC tax collections	[1] $952

[1] Estimated.

Estimated TEUC collections and benefits by State

[In thousands]

State	Estimated TEUC collections [1]	Estimated TEUC benefits [2]
Total	$952,000	$780,000
Alabama	11,630	9,360
Alaska	1,110	1,180
Arizona	5,880	2,300
Arkansas	5,200	3,140
California	95,300	98,710
Colorado	8,310	2,920
Connecticut	18,030	16,200
Delaware	3,100	2,010
District of Columbia	5,230	1,620
Florida	20,800	11,100
Georgia	16,220	12,040
Hawaii	3,300	2,010
Idaho	2,430	1,560
Illinois	65,990	50,590
Indiana	26,910	18,770
Iowa	10,420	3,790
Kansas	8,090	3,920
Kentucky	10,120	10,800
Louisiana	12,410	11,330
Maine	4,390	2,040
Maryland	15,390	12,020
Massachusetts	33,980	28,040
Michigan	44,990	53,660
Minnesota	15,670	8,650
Mississippi	5,570	3,940
Missouri	22,750	11,870
Montana	2,470	1,840
Nebraska	5,260	1,570
Nevada	2,060	1,430
New Hampshire	3,400	1,270
New Jersey	38,870	38,440
New Mexico	3,700	2,070
New York	117,000	93,860
North Carolina	19,570	10,500
North Dakota	1,520	650
Ohio	59,710	74,900
Oklahoma	8,650	5,160
Oregon	9,090	7,000
Pennsylvania	68,220	75,520
Puerto Rico	3,100	2,850
Rhode Island	5,250	4,390
South Carolina	8,980	5,040
South Dakota	1,660	396
Tennessee	14,510	12,990
Texas	$40,740	$16,070
Utah	3,990	1,740
Vermont	1,680	1,180
Virginia	14,710	5,010
Washington	14,540	11,490
West Virginia	7,800	6,360
Wisconsin	20,780	13,670
Wyoming	1,520	1,034

[1] State breakdown based on estimated distribution of wages taxable under Federal Unemployment Tax Act for calendar year 1960.

[2] Excludes benefits to workers under Federal unemployment insurance programs.

FEDERAL GRANTS TO PRIVATE INSTITUTIONS

The SPEAKER. Under the previous order of the House the gentleman from Minnesota [Mr. QUIE] is recognized for 1 hour.

Mr. QUIE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. QUIE. Mr. Speaker, today I would like to present a few observations on H.R. 8900—the College Academic Facilities Act—a bill which this House, in its wisdom, passed last January 30. A week after we passed it the Senate completely replaced our language, cut out our grants title, and added a scholarship provision similar to previous scholarship provisions which this House and the House Committee on Education and Labor have found objectionable and excluded. The House paid me the honor of appointing me to the conference committee which was agreed to on May 9.

After three meetings of the conference committee, the House and Senate conferees have still not resolved their differences. A great deal of new testimony has been presented, and a number of new constitutional objections have been raised by the Senate conferees. There has also been a great deal of uninformed and misrepresented publicity connected with this bill. I would like, if the House will spare me the time, to review this bill in the light of the new testimony which I have collected and that which has been presented to the conferees. It is my hope in doing so to refocus our attention on the real needs which this bill was intended to provide for, and the real problems which are now blocking it in conference.

The need for college academic facilities was amply documented in hearings before the Special Subcommittee on Education of which I am a member. College enrollments, which now stand at 3,610,000, will increase by 30 percent in the next 5 years, and by 1970 they will total an estimated 6,006,000—an increase of 66 percent. These estimates are accurate. The children are already in our elementary and secondary schools, and if they are not to be denied a college education, the capacity of the Nation's institutions of higher learning will have to be doubled within the next decade. To provide the needed additional academic facilities will cost $12.9 billion by 1970. The Nation's colleges and universities will fall short of this need by about $1.5 billion in 1965 and $2.5 billion in 1970. H.R. 8900 is designed to meet this need by supplying the $1.5 billion needed in the next 5 years in the form of loans and grants. It would be a huge supplement to the Federal loan program assisting the construction of dormitories and other income producing buildings. This has been in operation since 1950 and is available to public and private institutions alike.

But why are both grants and loans provided in our House bill? This is one of the major points in the controversy between the House and Senate bills. The Senate tacitly recognizes the indisputable fact that public institutions alone could not begin to cope with the huge expansion in enrollments which is taking place. Private institutions will of necessity bear much of the burden of providing for the need. Yet at the same time the Senate believes that grants for academic facilities should not be given to private institutions. Believing this, and also realizing that aid should be given to both public and private institutions if the need is to be met, the Senate bill provides $300 million yearly limited to loans for both public and private institutions.

But will $1.5 billion in loans suffice as a means of financing the $1.5 billion need for academic facilities? Unfortunately such is not the case. Testimony showed that in 45 of the 50 States statutory or State constitutional prohibitions prevented public institutions of higher learning from taking Federal loans. In other words, the public colleges and universities in 95 percent of the States cannot finance their much needed academic facilities through Federal loans no matter how much money is made available in Federal loans. Besides, in most States loans are already available to public institutions at as low a rate of interest as would be available from the Federal Government. Loans, then, are certainly not the answer to financing the need for academic facilities in public institutions of higher learning.

There is another reason why loans for academic facilities would not provide the needed construction for the clearly increasing enrollments in our colleges and universities, while loans for dormitories and other income-producing buildings have proved quite effective. This stems from the fact that academic facilities produce no income. If an institution secured a large Federal loan, whether it is one of the few public institutions which could qualify, or a private institution, the only source of revenue it would have for repaying the loan would be increased tuition or reduced professors' salaries, neither one of which in my estimation is desirable. In the last decade, great advances have been made in improving the salaries of our college and university professors. This should be continued rather than retarded. Secondly, tuition at some private institutions has already reached prohibitive levels, averaging about $1,600. If grants were provided as in the House version of H.R. 8900, they would serve as an incentive, either for encouraging State legislatures and school boards to assist public institutions, or to encourage private sources to further endow private colleges. Having borrowed to their limits, and finding an increase in tuition charges undesirable, many institutions have reached an impasse in finding ways to finance new facilities. Yet we are depending heavily on these institutions to absorb the growing number of enrollments in the years ahead, and the Federal Government will continue to make increasing demands for the professional personnel produced by these institutions. Therefore, I believe that 60 percent of the authorization for academic facilities construction should be provided in the form of grants if the purpose of this bill is to be effectively carried out.

Considering the fact that for the most part neither public nor private institutions of higher education can utilize Federal loans, the Senate's plan to provide for academic facilities through loans only appears, in actuality, to be a denial of the needed aid which nevertheless gives the appearance of providing for it. In contrast, the House version of this bill faces squarely up to the fact that Federal grants and loans, rather than simply loans, are necessary to effectively finance the $1.5 billion need for academic facilities in the next 5 years. After hearing the overwhelming testimony to this effect, when the bill was considered in the Special Subcommittee of the House Education and Labor Committee, I proposed, as the educators recommended, that 70 percent of the $1.5 billion be given in the form of grants and 30 percent be given in the form of loans. This is the reason why our House bill now contains provisions for both grants and loans.

So far, I have discussed the need for academic facilities, the possible ways of providing for it, and how far the House and Senate bills go in actually providing for it. I would now like to turn to the particular objections which have been leveled at the House version of the bill, and especially at the grants provision which the Senate deleted.

The primary objection which the Senate and its conferees have put forth is that Federal grants of taxpayers' money should not be given to private institutions of higher education. Why they hold this position is not entirely clear. Some seem to feel that it would be a radical departure from our past national policy if we were to give outright grants of public money to private institutions of higher learning. Others believe that because many private colleges and universities claim a particular church affiliation they are ineligible to receive Federal funds. These opponents hold that it is unconstitutional to grant taxpayers' money for the support of any institution which claims a religious disposition—denominational or nondenominational—and they point to Justice Douglas' concurring decision in the school prayer case as the validation for this view—which Justice Douglas probably would hold. Still others are against Federal grants for academic facilities because they feel that grants should be given only for the support of specific projects or curriculum which is directly related to defense, and they have arbitrarily decided that only science, mathematics, and modern foreign language fit into this category. Some of this type of opponents hold that all past Federal aid to higher education has been given either for specific projects and purposes or for strengthening subjects directly related to defense. I have looked very thoroughly into the factual basis of each of these positions and have found that a great many misconceptions prevail concerning both the way Federal aid has been given in the past and is given at present. I think my colleagues will find this material of great interest and importance in dealing with all higher education legislation.

First and perhaps most important, is the fact that never in the history of Federal aid to higher education have private and public institutions been treated separately or even distinguished between. I repeat, never in the history of Federal aid to higher education have private and public institutions been treated separately or even distinguished between. Yale, Brown, MIT, and Cornell, all private institutions at the time, were made land-grant colleges under the Morrill Act of 1862, and in the many programs during and since World War II, the Navy's V–5 and V–12 programs, the GI bills, the National Science Foundation's regular and cooperative fellowships and institutional grants, Atomic Energy Commission grants, title IV grants under the National Defense Education Act, and the new National Aeronautics and Space Administration grants to mention but a few, never have private institutions been discriminated against.

Hundreds of millions of dollars in grants for the construction and equipment of educational facilities and for payments to institutions educating students on Federal fellowships have been made and are being made to private institutions every year. An idea of just how extensive Federal grants to private colleges and universities really are can be gained from looking at the percentage of Federal grants allocated to private institutions under the following nine Government programs. I take this following information from a memorandum prepared by Dr. John F. Morse for the conferees.

The first program, like H.R. 8900, provides for facilities; in this case it provides grants for the construction of health research facilities. This program, authorized under Public Law 84–835, title VII, is described by the National Institutes of Health as designed "to provide Federal assistance in the construction and/or equipping of facilities for research and related purposes—including research training." During the past 6 years, $180 million has been given in 872 grants to 336 institutions in 48 States. Of these institutions 46 percent are non-Federal public institutions, and 54 percent are private nonprofit institutions.

A second program involves the transfer of Federal surplus real property. During the past 3 years real property with a value of $51 million has been transferred to nonprofit institutions. There are no current breakdowns of these figures except for fiscal year 1961. In that year when real property transfers amounted to $28,773,000, $10,048,000 was transferred to institutions of higher education; 11 percent went to private institutions and 89 percent went to public institutions.

A third program is the National Science Foundation's institutional grants. This program is described by the National Science Foundation as being "aimed specifically at providing participating colleges and universities with funds that could be used flexibly for strengthening and balancing all the scientific activities. The funds granted under this program foster local initiative in the development of plans and programs for self-improvement in scientific activities and strengthening the independence of institutions of higher learning." The grants go to "institutions granting M.S. and Ph. D. degrees in science and to undergraduate science degree-granting institutions, which prepare students for graduate study." During fiscal year 1961 $1.5 million was used in grants of which 45 percent went to private institutions and 55 percent went to public institutions. The level of the program has been raised to $5 million for the current fiscal year and it is anticipated that it will be at $10 million in fiscal 1963.

A fourth program, the National Institutes of Health general research support grants, is a new program instituted this year, designed according to Dr. Shannon "to provide institutions with a steady source of funds uncommitted to any particular research or training project, to be used by them for the general strengthening and adjustment of their health research and research training programs in the manner which they judge to be most effective." The program is supported this year at a level of $20 million. Fifty-nine percent of the grants have gone to private institutions and 41 percent to public institutions.

A fifth program is the Atomic Energy Commission's grants, designed according to Dr. Seaborg "to cover purchase of laboratory equipment and fabrication of neutron sources to initiate or expand curricula in the life and physical sciences and engineering related to nuclear energy." In the past 6 years $22.8 million have beeen granted to 505 educational institutions. During the current fiscal year $2,452,000 in grants have been made. Of these 50.1 percent have gone to private institutions and 49.9 percent to public institutions.

A sixth program is that of the National Science Foundation which provides for specialized facilities and graduate research laboratories. Grants under this program must be matched by at least 50 percent from non-Federal sources. In explaining the purpose and need of this program, Dr. Waterman has said that research laboratories are "of paramount importance in serving the needs of graduate and postdoctoral students working on thesis and independent research problems. As undergraduate student population increases, the number of students entering upon graduate training should reflect a proportionate growth. This growth is in danger of being seriously impeded by the shortage of graduate research facilities. The financial resources at most institutions of higher learning are being strained to the utmost to meet the constant rising cost of operating their education programs, particularly in the undergraduate level." During fiscal year 1961 this program operated at a level of $13 million. Of this total 53 percent went in grants to private institutions and 47 percent to public institutions.

A seventh program is one of those set up by the National Defense Education Act—the national defense fellowships. During the past 4 years, 550 fellowships have been awarded in a variety of disciplines including 25 percent to the humanities, 8 percent in education, 26 percent to social sciences, 14 percent in biological sciences, 17 percent to physical sciences, and 10 percent to engineering. Sixty-four percent of all fellowships have been awarded to public institutions and 36 percent to private institutions. In terms of dollars, with a maximum grant of $2,500 to the institution for each fellow, figures are available for the first 3 years of the program. Payments made directly to institutions, not including payments to students for their support, totaled $18,061,000. Of this amount 65 percent went to public institutions and 35 percent to private institutions.

The National Aeronautics and Space Administration fellowships, announced this year, but not yet awarded, No. 100, with an initial cost figure of $2 million anticipated for fiscal 1963. Each of 10 institutions has been awarded 10 fellowships. Of these, seven are public institutions and three are private institutions. The same general provisions as in National Defense Education Act fellowship payments to institutions have been announced for the program except that there is no $2,500 ceiling on the grant that may accompany each fellow.

An eighth program is the research career award program. This program is a revision of a program which was announced in fiscal year 1961 as the career research professorship program. Its purpose, according to Dr. Shannon, "is to enlarge significantly the opportunity for full-time research careers. This program for the Federal selection and career support of individuals who are appointed to academic or career research positions in universities, medical schools, or research institutions is a unique venture on the part of the Federal Government in the furtherance of research. These awards are intended to finance positions for able scientists who plan to pursue careers in independent research and teaching." Research career awards are made in 5-year increments "with the firm intention to continue Federal support for the full career of the individual." This year, with more awards to be made before the end of the fiscal year, 551 awards totaling $7.7 million have been made in institutions of higher education. Of these 57 percent have gone to private institutions and 43 percent to public institutions.

A final example is the National Institutes of Health training grants. The objective of this program "is to aid training institutions to increase the quality and quantity of persons interested in research and academic careers in the biomedical sciences and related fields. Grantee institutions are not restricted to any set plan or pattern in developing training programs, but are free to propose programs of any nature which best reflect training needs as seen by the institutions." In fiscal year 1961, $107.6 million were granted through this program. Of this total $92 million went to institutions of higher education; 45 percent of the grants were to public institutions and 55 percent to private institutions.

These nine examples of the large extent to which Federal grants are already given to private institutions are but a few of the 40-odd programs under which Federal aid is given to private institutions just as it is given to public institutions. This evidence, I hope, is enough to convince anyone that giving Federal grants to private institutions of higher education is nothing new, and certainly not a radical departure from the previous national policy. To the contrary, giving grants to both public and private institutions has been the national policy for a century. Those who claim that giving grants to private institutions is now in some way illegal should realize that to institute a new policy under which grants are given to public institutions only would mean that 100 years of constructive legislation in the field of higher education would have to be discarded and a new start made. The laws under which colleges and universities receive some $1.5 to $2 billion of Federal income annually would have to be completely rewritten and changed—a change which I think would not be for the better.

Why do I not think the change would be for the better? Simply because I believe it as necessary and desirable for private institutions to provide the needed professional manpower in the national interest as it is for public institutions to do so. Privately administered institutions of higher learning would certainly seem to be as capable as public institutions if one is to judge them by their performance. Private institutions, in fact, seem to offer some of the best professional teaching staff, libraries, laboratories, and facilities in almost every field of education—science and engineering at MIT, Stanford, and Rensselaer; English, history, philosophy, and the social sciences at Harvard, the University of Chicago, Yale, Columbia, and Princeton, to name but a few. A person would be hard put, I think, to argue that these valuable and well-developed facilities should not be encouraged to increase enrollments the same as public institutions. I have heard it estimated that 75 to 80 percent of the increase in enrollments in institutions of higher learning will come about in public institutions, but it is impossible for them to cope with all of the increased enrollments, and it hardly seems in the national interest to change our national policy of the last 100 years and encourage expansion only in public institutions.

The three Republican Senate members of the conference committee have joined the House in supporting the House position of grants and loans for academic facilities for both private and public institutions. This was indicated by a compromise proposal which was to be submitted on June 22, 1962. In a press release which I would like to quote we said the following:

> The compromise proposal would (1) provide grants and loans for the construction of academic facilities to both public and private institutions of higher education; (2) provide similar grants to qualified junior colleges and technical institutes, both public and private.

We are convinced that this realistic approach will give substantial assistance to all colleges and universities, both public and private, and will enable the other conferees to resolve their differences with respect to these two important issues.

There is sound historical precedent for this proposal. The Federal Government is now and has been for many years making available substantial grants running into hundreds of millions of dollars to all nonprofit institutions of higher education without regard to whether they are public or private. To draw a distinction now between the public and private college would reverse established practice and cast such a shadow on present aid programs as to require their complete overhauling. Our program follows a nondiscriminatory policy of long standing and avoids the ineffectiveness of a program limited exclusively to loans. Such a program would deprive most of the public and many of the private institutions of assistance.

It is the testimony of these institutions that a majority of States have statutory or State constitutional restrictions which make it difficult or impossible for public institutions to borrow funds for nonrevenue producing facilities. Moreover, many of the private institutions indicate they cannot borrow any more without raising tuition fees so high that the door would be slammed in the faces of young men and women who really want a college education.

Consistent with our view that tradition ought not to be abandoned, our program provides direct assistance to all nonprofit junior colleges without regard to whether they are public or private. We have also clarified the concept of junior college to emphasize that it includes 2-year technical institutes at the college level.

Aid of this kind will help the Nation meet a tremendous demand for semiprofessional technicians. The shortage of such technicians is becoming increasingly acute in engineering and space technology.

This vital need can only be met by providing both grants and loans to both public and private institutions.

This view is shared by six national organizations in higher education: the American Council on Education, the American Association of Junior Colleges, the Association of American Colleges, the Association of State Colleges and Universities, the Association of State Universities and Land-Grant Colleges, and the State Universities Association. These organizations stated—

> With striking unity, organizations in higher education have recommended to congressional committees that both grants and loans be provided for construction of academic facilities. This is provided in the House bill. Without grants, most public institutions, owing to statutory or constitutional restrictions on borrowing, will be unable to benefit from the new Federal programs.

With such striking unanimity of opinion on this subject from all sources I find it hard to believe that the Senate could write a bill completely disregarding it.

For the benefit of both those opponents who believe that giving Federal grants to private, church-related institutions is unconstitutional, and those opponents who believe that all past Federal grants were given for specific or defense-related purposes I would like to present a closer look at two of the Federal programs I mentioned a minute ago; first of all the National Science Foundation's institutional grants program. These are "grants for use at the discretion of colleges and universities to help meet their needs in science." They "are intended by the foundation to provide general and flexible support to develop and maintain sound, well-balanced programs of research, education or related activities in the sciences. The use of the funds is undesignated in the belief that the staffs of institutions of higher education are best able to determine their needs in the sciences and to know the best means to answer them." Unlike the grants which would be provided by H.R. 8900, these Federal grants are given to both private and public institutions "undesignated." A grantee institution could teach a particular religion in classrooms constructed mainly to strengthen the school's science program, and be entirely within the meaning of the law. The House version of H.R. 8900 has a section which states that this law would not include facilities which (a) are or will be used for "sectarian instruction" or for "religious worship"; (b) are or will be used primarily in connection with a school or department of divinity; or (c) are intended primarily for physical education or events for which admission is charged to the public.

The maximum grant for an indiviual institution under this program which was enacted in 1960 is $50,000. The allocation of some of these "undesignated" Federal grants to private, church-related institutions for the coming year should be of particular interest to the Senate and its conferees. In the States of the Democratic Senate conferees a few examples in this one program are: In Oregon, Linfield Research Institute, Baptist-affiliated, receives an undesignated institutional grant of $6,160; the University of Portland, which is Roman Catholic, receives $3,100; and Willamette University, which is Methodist, receives $5,100.

In Pennsylvania, Duquesne University, which is Roman Catholic, receives $6,253; Lafayette College, which is Presbyterian, receives $5,178; Muhlenberg College, which is Lutheran, receives $3,200; Thiel College, also Lutheran, receives $4,700; and Villanova, which is Roman Catholic, receives $5,705.

In Texas, Austin College, Presbyterian, receives $3,800; Baylor University, Baptist, receives $5,515; Lubbock Christian College, a Christian Church college, receives $5,010; St. Mary's University of San Antonio, Roman Catholic, receives $5,250; Southern Methodist University, Methodist, receives $6,980; and Texas Christian University, Christian Church, receives $5,010.

In Michigan, Albion College, a Methodist college, receives $5,150.

In the States of the Republican Senate conferees:

In New York, the following Roman Catholic colleges receive undesignated Federal grants in the following amounts: Canisius College, $1,700; Fordham University, $6,184; Le Moyne College, $1,800; Manhattan College, $6,340; College of New Rochelle, $400; St. Bonaventure University, $4,500; St. John's University, $5,350. The largest grant to a church-affiliated institution in New York, $19,308, went to Yeshiva University, a Jewish university.

I should reiterate here, however, that the Senate Republican members of the conference committee favor grants to both public and private institutions.

At this point, I would like to read a table which I have prepared which shows the allocation of all of these undesignated Federal institutional grants for the coming year.

Undesignated National Science Foundation institutional grants

State	Name of institution	Amount of grant	Type of institution
Alabama	University of Alabama	$6,255	State controlled.
	Auburn University	5,710	Do.
Alaska	University of Alaska	24,492	Do.
Arizona	University of Arizona	38,141	Do.
	Arizona State University	8,120	Do.
Arkansas	University of Arkansas	8,389	Do.
California	Alameda County State College Foundation.	$5,005	Do.
	University of California:		
	Berkeley	50,000	Do.
	Los Angeles	50,000	Do.
	Davis	23,080	Do.

Undesignated National Science Foundation institutional grants—Continued

State	Name of institution	Amount of grant	Type of institution
California—Con.	University of California—Con.		
	San Diego	$50,000	Do.
	Riverside	14,335	Do.
	San Francisco	11,033	Do.
	Santa Barbara	7,893	Do.
	California Institute of Technology	46,267	Private.
	San Francisco State College	6,460	State controlled.
	Harvey Mudd College	5,300	Private.
	Loma Linda University	5,044	Seventh-day Adventist.
	Long Beach State College Foundation.	6,880	State controlled.
	Los Angeles State College of Applied Arts & Sciences.	6,645	Do.
	Mills College	5,190	Private.
	Occidental College	5,085	Do.
	Orange County State College Foundation.	5,120	State controlled.
	University of the Pacific	6,615	Methodist.
	Pomona College	6,955	Private.
	Sacramento State College	5,305	State controlled.
	St. Mary's College of California	4,500	Roman Catholic.
	San Diego State College	9,345	State controlled.
	San Fernando Valley State College	6,280	Do.
	University of San Francisco	5,680	Roman Catholic.
	San Jose State College Foundation	5,850	State controlled.
	University of Southern California	30,513	Private.
	Stanford University	50,000	Do.
Connecticut	University of Connecticut	9,108	State controlled.
	Connecticut College	2,500	Private.
	Trinity College	5,020	Do.
	Wesleyan University	8,685	Do.
	Yale University	50,000	Do.
Delaware	University of Delaware	10,936	State controlled.
District of Columbia	American University	6,040	Methodist.
	Catholic University of America	9,440	Roman Catholic.
	Dunbarton College of Holy Cross	2,400	Do.
	Gallaudet College	5,200	Private.
	Georgetown University	6,580	Roman Catholic.
	George Washington University	8,840	Private.
	Howard University	8,229	National and private.
Florida	University of Florida	29,523	State controlled.
	Florida Presbyterian	5,385	Presbyterian.
	Florida State University	17,914	State controlled.
	University of Miami	18,198	Private.
	Rollins College	5,250	Do.
	University of South Florida	5,160	State controlled.
Georgia	Emory University	8,168	Methodist.
	University of Georgia	17,020	State controlled.
	Georgia Institute of Technology	19,605	Do.
	North Georgia College	5,175	Do.
Hawaii	University of Hawaii	15,190	Do.
Idaho	University of Idaho	7,053	Do.
	Idaho State College	5,625	Do.
	Northwest Nazarene College	5,935	Nazarene.
Illinois	University of Chicago	50,000	Private.
	DePaul University	5,505	Roman Catholic.
	University of Illinois	50,000	State controlled.
	Illinois Institute of Technology	12,355	Private.
	Illinois State Normal University	5,100	State controlled.
	Illinois Wesleyan University	3,900	Methodist.
	Loyola University	5,675	Roman Catholic.
	Northern Illinois University	5,030	State controlled.
	Northwestern University	36,376	Private.
	Principia College	5,363	Do.
	Roosevelt University	5,225	Do.
	Southern Illinois University	13,208	State controlled.
	Western Illinois University	4,700	Do.
Indiana	Butler University	5,310	Disciples of Christ Church.
	DePauw University	1,200	Private.
	Earlham College	6,600	Society of Friends.
	Evansville College	5,165	Private.
	Goshen College	2,900	Mennonite.
	Indiana University	31,941	State controlled.
	Manchester College	5,380	Church of Brethren.
	University of Notre Dame	17,000	Roman Catholic.
	Purdue Research Foundation	48,645	State controlled.
	Rose Polytechnic Institute	5,600	Private.
	Valparaiso University	5,510	Lutheran.
	Wabash College	5,135	Private.
Iowa	Coe College	5,150	Do.
	Cornell College	4,500	Do.
	Grinnell College	6,685	Do.
	Iowa State University of Science and Technology.	22,322	State controlled.
	State University of Iowa	14,740	Do.
Kansas	University of Kansas	27,822	State controlled.
	Kansas State Teachers College	5,705	Do.
	Kansas State University of Agriculture & Applied Science.	11,075	Do.
	University of Wichita	5,271	Community.
Kentucky	Berea College	5,000	Private.
	Kentucky Research Foundation	14,305	
	University of Louisville	11,825	Community.
Louisiana	Louisiana State University	13,676	State controlled.
	Loyola University	5,080	Roman Catholic.
	University of Southwestern Louisiana.	5,700	State controlled.
	Tulane University of Louisiana	21,943	Private.
Maine	Bowdoin College	5,255	Do.
Maine—Con.	Colby College	$5,120	Do.
	University of Maine	6,520	State controlled.
Maryland	Goucher College	6,770	Private.
	Johns Hopkins University	48,331	Do.
	University of Maryland	16,826	State controlled.
Massachusetts	Amherst College	9,975	Private.
	Atlantic Union College	5,180	Seventh-day Adventist.
	Boston College	5,880	Roman Catholic.
	Boston University	12,970	Private.
	Brandeis University	33,740	Do.
	Clark University	5,801	Do.
	Harvard University	50,000	Do.
	Massachusetts Institute of Technology.	50,000	Do.
	University of Massachusetts	11,825	State controlled.
	Mount Holyoke College	6,515	Private.
	Northeastern University	8,225	Do.
	Smith College	7,828	Do.
	Tufts University	10,270	Do.
	Wellesley College	2,700	Do.
	Williams College	5,460	Do.
	Worcester Polytechnic Institute	5,140	Do.
Michigan	Albion College	5,150	Methodist.
	University of Michigan	50,000	State controlled.
	Michigan State University	32,318	Do.
	Wayne State University	15,134	Do.
Minnesota	Augsburg College & Theological Seminary.	3,200	Lutheran.
	Carleton College	6,095	Private.
	Macalester College	3,825	Do.
	Mankato State College	2,400	State controlled.
	University of Minnesota	50,000	Do.
	St. Mary's College	4,000	Roman Catholic.
	St. Olaf College	5,295	Lutheran.
	Winona State College	4,950	State controlled.
Mississippi	University of Mississippi	6,255	Do.
	Mississippi State University	5,100	Do.
Missouri	University of Kansas City	5,140	Private.
	Lincoln University	3,400	State controlled.
	University of Missouri	19,254	Do.
	St. Louis University	9,080	Roman Catholic.
	Washington University	28,983	Private.
Montana	Montana State College	6,695	State controlled.
	Montana State University	7,826	Do.
Nebraska	Creighton University	2,000	Roman Catholic.
	University of Nebraska	14,364	State controlled.
	Nebraska State Teachers College	5,100	Do.
Nevada	University of Nevada	8,655	Do.
New Hampshire	Dartmouth College	32,924	Private.
	University of New Hampshire	6,550	State controlled.
New Jersey	Princeton University	50,000	Private.
	Rutgers, the State University	27,710	State controlled.
	St. Peter's College	3,400	Roman Catholic.
	Stevens Institute of Technology	7,923	Private.
New Mexico	University of New Mexico	10,430	State controlled.
	New Mexico Institute of Mining & Technology.	7,925	Do.
	New Mexico State University	7,470	Do.
New York	Adelphi College	6,140	Private.
	Alfred University	5,825	State and private.
	Brooklyn College	6,935	Community.
	University of Buffalo	11,040	Private.
	Canisius College	1,700	Roman Catholic.
	The City College	6,230	Community.
	Colgate University	5,980	Private.
	Columbia University	50,000	Do.
	Cornell University	50,000	State and private.
	Elmira College	5,005	Private.
	Fordham University	6,184	Roman Catholic.
	Hamilton College	5,065	Private.
	Le Moyne College	1,800	Roman Catholic.
	Manhattan College	6,340	Do.
	College of New Rochelle	400	Do.
	New York University	42,027	Private.
	Polytechnic Institute of Brooklyn	9,889	Do.
	Rensselaer Polytechnic Institute	19,215	Do.
	Research Foundation of State University of New York.	18,171	State controlled.
	University of Rochester	22,848	Private.
	Rockefeller Institute	14,008	Do.
	St. Bonaventure University	4,500	Roman Catholic.
	St. John's University	5,350	Do.
	St. Lawrence University	5,400	Private.
	Syracuse University	21,160	Do.
	Union College & University	4,000	Do.
	Vassar College	5,485	Do.
	Wells College	2,600	Do.
	Yeshiva University	19,308	Jewish.
North Carolina	Agricultural & Technical College of North Carolina.	5,330	State controlled.
	Duke University	32,415	Private.
	University of North Carolina	18,093	State controlled.
	North Carolina State College	16,980	Do.
	Pfeiffer College	5,300	Methodist.
North Dakota	University of North Dakota	8,220	State controlled.
	North Dakota State University of Agriculture & Applied Sciences.	6,745	Do.
Ohio	University of Akron	6,080	Community.
	Antioch College	5,495	Private.
	Case Institute of Technology	16,530	Do.
	Central State College	1,700	State controlled.
	University of Cincinnati	8,775	Community.
	University of Dayton	5,740	Roman Catholic.
	Denison University	3,150	Baptist.
	Kent State University	6,155	State controlled.

Undesignated National Science Foundation institutional grants—Continued

State	Name of institution	Amount of grant	Type of institution
Ohio—Con.	Kenyon College	$5,065	Private.
	Miami University	5,920	State controlled.
	Oberlin College	6,495	Private.
	Ohio University	5,980	State controlled.
	Ohio State University	38,741	Do.
	Ohio Wesleyan University	6,945	Methodist.
	Western Reserve University	20,576	Private.
	Wittenberg University	5,025	Lutheran.
Oklahoma	University of Oklahoma Research Institute.	23,148	State controlled.
	Oklahoma State University	11,565	Do.
	University of Tulsa	800	Private.
Oregon	Linfield Research Institute	6,160	Baptist.
	University of Oregon	30,910	State controlled.
	Oregon State University	33,706	Do.
	University of Portland	3,100	Roman Catholic.
	Portland State College	5,670	State controlled.
	Reed College	7,414	Private.
	Warner Pacific College	5,110	
	Willamette University	5,100	Methodist.
Pennsylvania	Bryn Mawr College	6,755	Private.
	Carnegie Institute of Technology	22,173	Do.
	Dickinson College	5,570	Do.
	Drexel Institute of Technology	5,025	Do.
	Duquesne University	6,253	Roman Catholic.
	Franklin and Marshall College	7,090	Private.
	Hahnemann Medical College and Hospital at Philadelphia.	7,151	Do.
	Haverford College	6,460	Do.
	Jefferson Medical College and Medical Center.	4,000	Private and State.
	Lafayette College	5,178	Presbyterian.
	Lehigh University	11,900	Private.
	Muhlenberg College	3,200	Lutheran.
	University of Pennsylvania	50,000	Private.
	Pennsylvania State University	42,290	State controlled.
	University of Pittsburgh	26,980	Private.
	Swarthmore College	6,945	Do.
	Temple University	9,525	Do.
	Thiel College	4,700	Lutheran.
	Villanova University	5,705	Roman Catholic.
	Wilkes College	5,063	Private.
	Wilson College	5,360	Do.
	Woman's Medical College of Pennsylvania.	5,060	Do.
Rhode Island	Brown University	33,323	Do.
	University of Rhode Island	9,730	State controlled.
South Carolina	College of Charleston	4,400	Private.
	Clemson College	5,175	State controlled.
	Furman University	4,600	Southern Baptist.
	University of South Carolina	8,100	State controlled.
	Winthrop College	1,000	Do.
	Wofford College	4,300	Methodist.
South Dakota	South Dakota State College of Agriculture & Mechanical Arts.	5,755	State controlled.
South Dakota—Continued	State University of South Dakota	$6,180	Do.
Tennessee	Southern Missionary College	6,250	Seventh-day Adventist.
	University of Tennessee	16,520	State controlled.
	Vanderbilt University	16,395	Private.
Texas	A. & M. College of Texas	16,866	State controlled.
	Austin College	3,800	Presbyterian.
	Baylor University	5,515	Baptist (Southern).
	University of Houston	9,333	Private.
	Lamar State College of Technology	5,022	Controlled by district government.
	Lubbock Christian College	5,010	Christian Church.
	Pan American College	5,050	County.
	St. Mary's University of San Antonio.	5,250	Roman Catholic.
	Southern Methodist University	6,980	Methodist.
	University of Texas	49,742	State controlled.
	Texas Christian University	5,010	Christian Church.
	Texas Southern University	5,300	State controlled.
	Texas Technological College	6,091	Do.
	Texas Women's University	3,625	Do.
	William Marsh Rice University	12,454	Private.
Utah	Brigham Young University	11,033	Latter-day Saints.
	University of Utah	19,006	State controlled.
	Utah State University of Agriculture & Applied Science.	7,455	Do.
Vermont	Middlebury College	5,100	Private.
	University of Vermont & State Agricultural College.	8,205	State controlled.
Virginia	Hollins College	5,115	Private.
	Longwood College	5,155	State controlled.
	Medical College of Virginia	5,550	Do.
	Norfolk College of William & Mary	5,060	Do.
	University of Virginia	10,694	Do.
	Virginia Polytechnic Institute	8,925	Do.
	Washington & Lee	5,135	Private.
	College of William & Mary	5,815	State controlled.
Washington	University of Puget Sound	5,040	Methodist.
	Seattle Pacific College Institute for Research.	3,500	Free Methodist.
	University of Washington	50,000	State controlled.
	Washington State University	18,011	Do.
	Western Washington State College	5,100	Do.
	Whitman College	4,966	Private.
	Whitworth College	5,855	Do.
West Virginia	West Virginia University	9,717	State controlled.
Wisconsin	Lawrence College	5,955	Private.
	Marquette University	11,220	Roman Catholic.
	University of Wisconsin	50,000	State controlled.
Wyoming	University of Wyoming	5,080	Do.

This table shows some interesting results. Of the institutions receiving these Federal grants, 89 are private; 53 are private, church related; and 104 are public. This means that of all institutions receiving Federal grants under this program, 42 percent are public and 58 percent are private. Only 22 percent of these institutions are church related, and only 7 percent are Roman Catholic. Institutions with religious affiliations other than Roman Catholic received more than twice the number of Federal grants that Roman Catholic institutions received.

At present the Senate opposes grants to private institutions. Yet they voted for the appropriations which provide these undesignated grants to private and church-related institutions. Why have they changed their minds? No decision by the Supreme Court has said that these grants are unconstitutional, and there are many laws on the books, as demonstrated by the examples I have presented, which make the giving of such grants the law of the land. In view of these actual facts about Federal grants to private institutions, I can only say that a few of the Senate conferees take a pretty weak position when they base their objections to this bill solely on their own opinion of how Justice Douglas' concurring opinion might be extended—and Justice Douglas' is not even the majority opinion. I am urging that they take a look at the record of Congress, at what Congress has decided to make our law and our national policy in this field, and leave the work of the Supreme Court to the Supreme Court.

In connection with the church-state constitutional question which some seem to think is involved here, I would like to read a memorandum which the Health, Education, and Welfare Department, in consultation with the Justice Department, prepared for Senator WAYNE MORSE. In it Senator MORSE is strongly advised that the constitutional question, as it pertains to institutions of higher education, is far less likely to encounter constitutional difficulty than aid to primary and secondary schools:

> This memorandum has discussed first amendment principles, relevant judicial decisions, and criteria for determining the constitutionality of specific legislative proposals all in the context of elementary and secondary education. Since proposals are currently being advanced in the field of higher education, it is appropriate to give consideration to the significantly different context in which any constitutional problem concerning these proposals might arise.
>
> The constitutional principles involved are obviously the same whether the subject is elementary and secondary school education or higher education, but the factual circumstances surrounding the application of the principles are dramatically different. The reasons are largely historical.
>
> There are thus important differences between school and college, not only in terms of history and tradition but also in terms of the compulsory nature of attendance. There are differences, too, from the standpoint of the national interest involved. At the college and graduate levels the public institutions alone could not begin to cope with the number of young men and women already in pursuit of higher education, and expansion of these institutions or the creation of new ones sufficient to meet the expected increase of enrollment is out of the question. The effort which it is agreed must now be made in the field of higher education would, if confined to public institutions, force an evermore intensive selection of students and evermore concentrated effort to guide them into fields of study deemed important to the national defense and welfare. It would likely induce these institutions to overemphasize particular fields of study to the detriment of a balanced curriculum. Such warping of our educational policies is not to be contemplated lightly, and, to the extent that Congress finds it appropriate to encourage expansion of our university and college facilities, Congress must be free to build upon what we have, the private as well as the public institutions.
>
> All these considerations indicate that aid to higher education is less likely to encounter constitutional difficulty than aid to primary and secondary schools. The same considerations apply even more forcefully to graduate and specialized education.
>
> Loans for construction of facilities may be less constitutionally vulnerable than grants for the same purposes. But this distinction is not here the only one or perhaps even the

crucial one. More important are the distinctive factors present in American higher education: the fact that the connection between religion and education is less apparent and that religious indoctrination is less pervasive in a sectarian college curriculum; the fact that free public education is not available to all qualified college students; the desirability of maintaining the widest possible choice of colleges in terms of the student's educational needs in a situation no longer limited by the necessity of attending schools located close to home; the extent to which particular skills can be imparted only by a relatively few institutions; the disastrous national consequences in terms of improving educational standards which could result from exclusion of, or discrimination against, certain private institutions on grounds of religious connection; and the fact that, unlike schools, the collegiate enrollment does not have the power of State compulsion supporting it.

The second program I would like to deal with in some detail is the National Institute of Health's grants for the construction of health research facilities. Since December 31, 1961, 68 private institutions have received $61,075,624 in Federal grants for building health research facilities. Ten of those private institutions are Roman Catholic, 5 Lutheran, one Jewish, one Baptist, and one Methodist. This is noteworthy, not only for the large amount of grants going to such institutions in the past 6 months, but also because it shows that only 18 out of 68 of the private institutions, 26 percent, are church-affiliated. I believe this also holds true in the other Federal grant programs. This would seem to disprove again the popular misbelief that most of the private institutions seeking aid and grants of the kind proposed by H.R. 8900 are Catholic institutions, or even church-related institutions. Under this National Institute of Health program providing grants for research facilities, less than 15 percent of those private institutions receiving grants were Roman Catholic.

The question certainly does not boil down to whether or not Federal grants should be given to Roman Catholic institutions. They are already given extensive grants as demonstrated above. Notre Dame alone received the following Federal grants for 1 year: from the Department of Defense, $543,100; from the Atomic Energy Commission, $714,300; from the National Institute of Health program, $213,800; from the Department of Health, Education, and Welfare, $68,500; from the National Science Foundation, $662,200; and from the Peace Corps, $3,300: a total of $2,205,200.

I hope all the preceding information will help to clarify the true relation of the Federal Government and its grant programs to private and church-related institutions of higher learning, both in the past and at present. I also hope that the realization of this information will clear the way for a realistic consideration of the House's grant provision—a provision which, if left out, would make this bill ineffectual.

Now there is another provision of the Senate bill which, while not formally at issue in conference, may nevertheless come back to the House for a vote. This is the scholarship provision—title II of the Senate bill. It provides $900 million for 212,500 scholarships of up to $1,000 for up to 4 years.

One reason I strenuously opposed and objected to this provision is because of the hidden grant provision it contains. A $350 "cost of education" allowance would accompany every Federal scholarship given, whether of $100 or $1,000. Federal scholars would be free to attend the college or university of their choice, so that what the $350 payment following them amounts to is an outright grant to both the public and the private institutions they choose to attend. The $350 is above and beyond tuition and fees, and is equivalent to a gift to any institution that will take the Federal scholar. It is estimated that the total of such payments would be about $75 million. Needless to say, this payment would make the Federal scholar far more attractive to any institution than an equally talented student who holds a private scholarship or whose parents can afford to pay the tuition. The $350 accompanying Federal payment is in every way equivalent to the case of the parent who offers a $350 gift or bribe, as you will, to a college if it will accept his son. This is not, I believe, the way the Federal Government should conduct itself in its dealings with institutions of higher education.

I also find it impossible to understand why the Senate holds that this type of grant to private institutions for use as they please is constitutional, while at the same time it holds that the grants provided by the House to meet a specific proven need are unconstitutional. Personally, I believe that if grants are to be made available to both public and private institutions, we should not be deceptive and hide them as the Senate has done. The need can be better provided for if it is provided for directly—for it certainly cannot be assumed that Federal scholars will go to those institutions which need academic facilities in proportion to the facilities needed.

In conclusion, I would like to impress upon my colleagues the importance of the decision Congress is making with regard to Federal grants to private institutions of higher education. To date the national policy has been to provide Federal grants impartially to both public and private institutions according to their needs. No Supreme Court decision has held that such grants are unconstitutional. Yet the Senate has proposed to change this national policy and make all our legislation in accordance with the principle that it is unconstitutional to give Federal grants to private institutions, even though their own bill would provide hidden grants of $75 million yearly, some of which would go to private institutions. I cannot see that this change of national policy is at all warranted. Indeed, in view of the invaluable contribution which our private institutions of higher education have made and are continuing to make, I do not see how we can afford to abandon our support of them. I hope that we will not abandon them, and that instead we will meet the vital need to provide facilities for the increasing enrollments of our institutions of higher education with honest and open legislation in line with our national policy. The House version of H.R. 8900 is just that kind of legislation.

This legislation has traveled a long road. It was originally proposed as H.R. 5266 and hearings were held on March 15, 16, and 17 of 1961. The bill was greatly revised as a result of the hearings and a clean bill H.R. 7215 was reported by the Committee on Education and Labor on May 26, 1961. The bill resided in the Rules Committee until July 18, 1961 at which time it was tabled. The Education and Labor Committee then took up H.R. 8900, which included only the aid for academic facilities title of H.R. 7215, and reported it on August 29, 1961. H.R. 8900 was not sent to the floor by the Rules Committee until January 30, 1962. It passed the House by a vote of 319 to 79. It then went to the Senate where, as I have explained, the grants provision which the House found so necessary was formally erased and the administration aid to higher education bill was substituted. This bill included the scholarship title plus grants amounting to $350 to go to any institution for each Federal scholar. These were the provisions which the House Committee on Education and Labor had found objectionable and excluded in May of 1961. The Senate passed this amended bill on February 6, 1962, and requested a conference. If the House had agreed to a conference at this time and the conferees had agreed with the Senate's amended bill, H.R. 8900 would have been returned to the floor with all the inequities and objectionable features which the House Committee had so painstakingly ironed out of the bill. This would have denied the House the right to work its will on a student assistance program and would have left the House with a choice only between legislation which its committee would not accept and no legislation at all. To prevent this turn of events I objected, and the bill was sent to the Rules Committee. In the Rules Committee the conferees agreed that the scholarship provision would not be considered in conference, and that any student assistance compromise would be sent back to the House for a separate vote. The House agreed to a conference on May 9, but the leaders then did not call a meeting of the conference for more than a month, and have held only three meetings, the first on June 19, the second on June 22, and the last on July 18. In view of the facts I have presented here today I think it is fairly obvious that the constitutional objections and the objection to grants to private institutions are largely contrived. The House and Senate vote hundreds of millions of dollars in Federal grants to both public and private institutions every year. I hope that the information I have presented here today will make it very clear to the House that there is no real constitutional issue in this legislation and that neither the House nor the Senate bill would change our national policy of providing aid for higher education to all institutions. Both bills provide some grants for all institutions. If the Democratic Senate conferees would only face up to these facts, I believe the House and Senate could easily resolve their differences of opinion on this bill, which almost everyone in higher education considers to be of the highest priority of all legislation affecting education before the Congress. I think it is of the utmost importance that we do so.

Mr. GOODELL. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. GOODELL. Mr. Speaker, first I would like to commend the gentleman from Minnesota for his statement and for the great contribution which he has made on this issue of aid to higher education. I have the privilege of serving on the conference committee with the gentleman from Minnesota. I have read his remarks and I have listened to them here today and I agree completely with the statement he has made. Also I would like to emphasize, and I believe the gentleman from Minnesota will agree with me, that the problem of higher education and its needs is completely bipartisan.

Mr. QUIE. That is correct, as has been the case throughout our committee hearings. If this had not been the case, the House Committee on Education and Labor would not have accepted the amendment that I offered which provided loans and grants for academic facilities, and the amendment the gentleman from New York offered which provided for a different type of academic facilities. Also, talking about a bipartisan approach, the chairman late last year appointed an advisory committee on higher education on which both the gentleman from New York and I served, and in which we came up with recommendations which are truly bipartisan and which, if adhered to, would be a great push forward for higher education in this country.

Mr. GOODELL. I know it is a fact that since this bill was first considered in the subcommittee the gentleman from Minnesota [Mr. QUIE] and the gentleman from New York, have both worked very hard to develop a bipartisan strategy, whereby an effective and constructive bill could pass both Houses of the Congress. I know that the gentleman from Minnesota has presented a number of proposals as compromises with a view to trying to get some legislation this year. This has been particularly true since the bill originally passed the House in January of this year; but unfortunately, as the gentleman has indicated, the bill seems to be bogged down in conference.

Mr. Speaker, I want to pay tribute to the House conferees, both Democratic and Republican, who have approved this legislation from a bipartisan point of view. I disagree with some of the strategy decisions made by the leadership in our subcommittee, as I think the gentleman from Minnesota has, and we have expressed ourselves very strongly in this regard.

Nevertheless, I think we have had a generally bipartisan approach to the matter.

I want to emphasize what the gentleman has pointed out, that the Republican conferees on the Senate side have agreed completely with both the Democrats and Republicans on the House side with reference to this issue of aid to both public and private institutions. As a matter of fact, the Senate Republican conferees joined with us in presenting an alternative, urging it upon the conferees in June.

Unfortunately, this issue may come to a question of placing responsibility for failure. I hope it does not reach that stage. If it does, I think it will be very clear from the facts the gentleman has enunciated here where the responsibility lies for our failure to get aid to higher education this year, in view of the bipartisan nature of the legislation and the bipartisan support it has had.

In brief, the Democratic conferees in the other body have held out against aid to any private schools. I believe they have held out unanimously. They are the only conferees who are taking that position. Does the gentleman agree to that?

Mr. QUIE. Yes, I agree. That is the reason why today I have brought before the House all of the facts of the situation, so the Members may appraise it themselves to see that this is really an unreasonable position. Over the last hundred years we have had a national policy that whenever there is aid given to higher education it has been given indiscriminately, and the Republicans are in favor of this position. There is no good reason for the Senate conferees to take a different position.

Mr. GOODELL. I commend the gentleman for his action in sending this bill to the Committee on Rules before sending it to conference. This was a courageous action, because I know the gentleman favors student assistance and favors the grant and loan program for academic facilities. In fact, what the gentleman was trying to do when he sent this to the Rules Committee was to get this House off a collision course which we were following at that time and which would have led to disaster and failure as far as aid to education is concerned.

Mr. QUIE. That is correct. If I had not stood up and objected there would have been objection from people who would have no desire to see the aid to higher education bill become law this year. I wanted it because I think this bill is of highest priority. I began supporting aid to students back in 1958 with the National Defense Education Act. We refused to be a rubber stamp here in the House and accept just what the administration sent up. We developed a student assistance program that we considered superior and that many people in higher education have agreed with.

We wanted an opportunity for the House to work its will on a student assistance program to meet the needs of the country. Unless we took this action and sent it to the Rules Committee we would have been prohibited from doing this.

Mr. GOODELL. The question of student assistance, whether it should be in scholarships or some other form, has not been an issue in conference.

Mr. QUIE. No, it has not been at all.

Mr. GOODELL. It is entirely focused on the question of whether there should be grants and loans to private as well as public institutions.

Mr. QUIE. That is correct.

Mr. GOODELL. As a practical matter, historically this country in giving aid has never distinguished between public and private institutions at the higher educational level, in any aid program which has been enacted in this Congress.

Mr. QUIE. It is interesting that in some newspaper articles it is said we are just trying to give aid to Catholic colleges. I might point out right here that Catholic-affiliated colleges receive less than half the number of grants which church-related colleges of other religious denominations receive under the programs of Federal grants which I have just outlined.

The private colleges that are not church related far outnumber the church-related private colleges, and the amount of aid that goes to public institutions far surpasses the amount that goes to all private institutions, and in the future it is expected that probably 75 to 80 percent of the increased enrollment will come about in public institutions.

Mr. GOODELL. I would also refer to the fact here to emphasize the bipartisan nature of this problem, that the gentlewoman from Oregon [Mrs. GREEN] has made statements to the Congress in recent weeks emphasizing this very point that the gentleman from Minnesota has just made, that the aid to the private schools is not a question of aid to Catholic schools at all, and that this is a misstatement of the issue.

As a practical matter, most of the private institutions are not affiliated with any religious denomination, and there are more Protestant and Jewish institutions than there are Catholic institutions involved. It certainly is unfair and unjust to try to characterize this as just an issue of aid for Catholic schools or of aid just for private or public schools.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I, too, as a member of the Committee on Education and Labor, would like to commend the gentleman for his discussion of the situation which is, indeed, regrettable, if not inexcusable, because we have had many months in which to agree on matters which essentially should not only not be controversial, but which have already received substantial bipartisan support, as the gentleman has pointed out. I would like to say just for the sake of the RECORD that the original recommendations for providing additional assistance to our institutions of higher education came first, if I am correct in my recollection, from President Eisenhower, and a number of us, as long as 3 years ago, introduced legislation that would carry out his recommendations. So it is quite obvious that Congress has been somewhat slow in responding to a generally recognized need in an area where, as has been said, there has been little disagreement between the parties. So that that does not afford us an excuse for the lack of action. I would like to ask the gentleman if he happened to notice the newspaper accounts yesterday which indicated that the Democratic leadership in the Congress had sat down with the President and had developed a list of so-called must legislation to be enacted before the end of this session. I read the list with interest and with considerable regret because it was conspicuous that the college aid program was not on that must list.

Mr. QUIE. That is correct.

Mr. FRELINGHUYSEN. It appears to me that something seems to have happened to have provoked what I would still consider an unjustifiable feeling of pessimism. If the Democratic leadership has already written off college aid legislation, when there is relatively little controversy about the advisability of legislative action in this area, and if the chairman of the full House Committee on Education and Labor can hold a press conference to say, in effect, if I am correct, that college aid legislation is dead for this session, it would seem to me that, perhaps, there was more to it than meets the eye. I recognize that those of you who are conferees have had a substantial job, but I can only join in urging that prompt attention still be given to this problem so that a compromise may be worked out and that both Houses may see fit to enact legislation which, I am sure, President Kennedy would only be too anxious to sign even though he no longer, at the moment, considers it to be must legislation.

Mr. QUIE. I thank the gentleman. I was astounded that this was not considered as one of the must pieces of legislation. In one newspaper account which I read, it was just an added paragraph at the end put in by the reporter that, evidently, this piece of legislation is now bogged down in conference and that there does not seem to be any way that it can be brought out. That is why I have given this talk to show the House what really is at stake, because the differences are not that great. There is no reason why we cannot get together. We have indicated a willingness on the part of the House to compromise our differences within the facts that we have laid out, and if both sides will face up to this responsibly, there is no reason why we cannot provide this legislation this year.

Mr. GOODELL. Will the gentleman agree, if this legislation is dead, it is dead because the leadership has surrendered without a battle? They would surrender without a willingness to face an admittedly difficult issue, one that has bipartisan support.

Mr. QUIE. It seems to me there is plenty of time to do that before the Congress adjourns. It has also been stated, I understand by the leadership yesterday, that Congress does not plan to adjourn before September 15; so we have ample opportunity to meet day after day in conference and finally iron out our differences. You and I have already worked out some proposals which could meet the objections of both sides. What we need here is to get together and work out those differences.

Mr. GOODELL. I may say at that point that some proposals that have been worked out are based upon a bipartisan citizenship group to which the gentleman referred earlier, under the chairmanship of Mr. Pratt, in which recommendations were made in a unanimous report for aid to higher education. We are working around that report as a possible compromise.

We hope the Democratic and Republican conferees on the House side will agree, and the Republican conferees on the Senate side agree with the House position.

I think this is such critically important legislation with all the things we have done not only in this session but the two past sessions, that if we now neglect aid to higher education we will, as a consequence, be subject to very severe and to perfectly justifiable criticism. It will be, since there is a religious tendency in some of those controversies, along the lines of the Book of Common Prayer:

> We have left undone those things which we ought to have done, and have done those things which we ought not to have done; there is no good in us.

I think that very aptly describes the situation of this Congress with reference to this important issue. We must not fail to act at this time.

Mr. QUIE. I thank the gentleman for his comment.

The gentleman and I last fall had an opportunity to take this up with educators in a unique way in the hearings held by the Advisory Committee on Higher Education chaired by the gentleman from Indiana [Mr. BRADEMAS]. Instead of sitting down and interrogating each person in turn with questions and answers, we brought them in in groups of six or eight for a roundtable discussion.

I assure the House that the action we developed was of the utmost importance not only for the colleges but for the future of this country and the need of this country. It was brought to the attention of many, I think, that unless this country progresses through professional people not only in science, mathematics, and modern foreign languages, but also in the other disciplines, we cannot continue to be the greatest Nation in the world.

This is of such importance that we must act now, because it will take a long time to wait until another session can develop legislation to the point where it would become effective. The need is right here and now. The challenge is before us. It is necessary that we take this step for the progress of this Nation.

Mr. GOODELL. I agree with the gentleman. Knowing the thorough examination that has been made of the problems involved in aid to higher education, the bipartisan approach that has been taken on this legislation in our subcommittee and the full committee, it is hard to believe that aid to higher education is dead. I have no doubt in view of the press reports and statements that have apparently been leaked by the leadership, that it is dying, but I think the gentleman will agree with me that it would not take a great deal of courage and action to resuscitate it; and, especially, I believe that is the position that caused the gentleman to take the floor today, in an effort to resuscitate it.

Mr. QUIE. I thank the gentleman. That is exactly my purpose.

Mr. GRIFFIN. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield.

Mr. GRIFFIN. I rise in order to commend the gentleman for taking the floor to discuss this subject I am very much interested in the question. I also want to commend both the gentleman in the well and the gentleman from New York [Mr. GOODELL], who are serving so diligently and ably on the conference committee. I know they have been doing everything in their power to try to bring out a bill. I was very sorry to read in the press remarks attributed to the chairman of the Committee on Education and Labor that he does not think any legislation is going to appear during this session. I do not see any reason why that should be the result.

Both the gentleman in the well and the gentleman from New York are to be complimented. I urge them to continue their efforts.

Mr. QUIE. I thank the gentleman.

The **SPEAKER** pro tempore (Mr. BURKE of Massachusetts). Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 5 minutes.

Mr. HALPERN. Mr. Speaker, as this session of Congress heads toward the homestretch, I wish to call to the attention of my colleagues a bill which I have sponsored, H.R. 7013, which would in substance protect the public from credit deception.

This bill is the same as the one sponsored in the other body by the distinguished Senator from Illinois, the Honorable PAUL H. DOUGLAS, who has provided such outstanding leadership in this vital consumer problem.

The legislation is popularly known as the truth in lending bill. It would require installment dealers, banks, and other lenders to disclose in advance the true annual interest rates and total finance charges for loans and time purchase. I fervently appeal to you, my colleagues, to support this legislation and to urge committee action on it before the session of Congress adjourns.

Mr. Speaker, to briefly summarize the bill, it would make it mandatory that a clear, written statement of total interest, fees, service costs, discounts, and other charges be stipulated to the borrower and installment buyer before the transaction is consummated.

Too often the average person is unaware of the full amount of interest charges and other costs he must pay when he borrows. The borrower, whether it be for a home, a car, a television set or any appliance or acquisition of property, ought to have the opportunity of knowing how much his total cost is going to be. And this should be mandatory in writing, and as simple as possible.

A true interest and credit carrying charge disclosure law will protect the public against the credit deceptions that have brought misery to so many families. Installment purchasing abuses are one of the biggest consumer problems of our times. And, with some $52 billion in consumer credit, exclusive of mortgages, outstanding in this country, it is obvious this represents a tremendous portion of our economy and it is essential to inform the borrower of his commitment.

Mr. Speaker, the proposed law would go a long way toward correcting abuses by requiring credit grantors to tell the truth about the cost of credit. It would make lenders and dealers tell you both the true annual interest rates and the total finance charges, including fees, service costs and discounts and other charges when you borrow or buy on time. The bill would require that any lender would have to furnish each borrower prior to the completion of the transaction a clear statement in writing setting forth the total amount of each charge to be borne by the borrower and the percentage that such amount bears to the outstanding principal obligations or unpaid balance expressed in terms of simple annual interest.

No longer then could the credit grantor merely say that the loan costs you "only 3 percent a month" or "you pay only 7 percent" or "you can buy this car for just $60 a month." If the consumer buys a car on time the monthly payments would have to be broken down to show what part is for the auto, what part is for service fees, what part represents interest charges each month, and what the true rate of interest is, and so forth. This certainly seems reasonable enough.

If lenders and dealers are required to tell the simple truth the public will know how much interest and charges it pays and can compare these rates with those charged by others. In other words, when the consumer goes into a transaction, he will do so with his eyes wide open. It is important to note that the proposed law does not tell any creditor that he cannot levy the charges in question. All it does is simply require that the consumer be simply informed how much he is paying for and what for.

Mr. Speaker, enough time has gone by for every aspect of this legislation to have been considered. Ample opportunity has been given to all sides for a full study and evaluation of the legislation. I trust my colleagues will urge the committee to report the bill to the House in order that all Members may have the opportunity to vote on it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Albert (at the request of Mr. McCormack) for an indefinite period on account of a death in the family.

Mr. Inouye (at the request of Mr. Boggs) for Tuesday, Wednesday, and Thursday of this week on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Lipscomb (at the request of Mr. Keith) for 30 minutes on Thursday, August 9, 1962.

Mr. Halpern (at the request of Mr. Keith) for 5 minutes today.

Mr. Clem Miller for 45 minutes on Monday, August 13, 1962.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks was granted to:

Mr. Lane in two instances and to include extraneous matter.

Mr. Pelly in two instances and to include extraneous matter.

Mr. Montoya.

Mr. Anfuso.

(The following Members (at the request of Mr. Keith) and to include extraneous matter:)

Mr. Curtis of Missouri.

Mr. Hoeven.

Mr. Dooley.

Mr. Fino.

Mr. O'Konski.

Mr. Fulton.

(The following Members (at the request of Mr. Boggs) and to include extraneous matter:)

Mr. Kowalski.

Mr. Flood.

Mr. Dent.

Mr. Boland.

Mr. Morris.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 296. An act for the relief of Hanna Ghosn.

S. 1174. An act for the relief of Dr. Kwan Ho Lee;

S. 1882. An act for the relief of Assunta Bianchi;

S. 2455. An act for the relief of Mrs. Elizabeth Lovic;

S. 2572. An act for the relief of Merritt-Chapman and Scott Corp.;

S. 2614. An act for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang;

S. 2675. An act for the relief of Yiannoula Vasiliou Tsambiras;

S. 2769. An act for the relief of Renato Granduc and Grazia Granduc;

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller; and

S. 2844. An act for the relief of Alice Amar Froemming.

BILL PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 7, 1962, present to the President, for his approval, a bill of the House of the following title:

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Frying-pan-Arkansas project, Colorado.

ADJOURNMENT

Mr. NEDZI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 56 minutes p.m.) the House adjourned until tomorrow, Thursday, August 9, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2384. A letter from the Secretary of the Army, transmitting a letter from the Chief Engineers, Department of the Army, dated June 22, 1962, submitting a report, together with accompanying papers and illustrations on a review of the reports on the Gulf Intracoastal Waterway Channel to Palacios, Tex., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted September 13, 1944 (H. Doc. No. 504); to the Committee on Public Works and ordered to be printed with two illustrations.

2385. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 7, 1962, submitting a report, together with accompanying papers and illustrations on an interim hurricane survey of Port Arthur and vicinity, Texas, authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 505); to the Committee on Public Works and ordered to be printed with two illustrations.

2386. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 19, 1962, submitting a report, together with accompanying papers and illustrations on an interim report on the Clear Fork of the Brazos River, Abilene area, Tex., requested by a resolution of the Committee on Public Works, House of Representatives, adopted July 29, 1953 (H. Doc. No. 506); to the Committee on Public Works and ordered to be printed with two illustrations.

2387. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 28, 1962, submitting a report, together with accompanying papers and illustrations, on a survey of the Salt River, Mo., authorized by the Flood Control Act approved June 22, 1936 (H. Doc. No. 507); to the Committee on Public Works and ordered to be printed with 10 illustrations.

2388. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 16, 1962, submitting a report, together with accompanying papers and illustrations on a review of the report on Cape Fear River Basin, N.C., requested by a resolution of the Committee on Flood Control, House of Representatives, adopted May 2, 1946 (H. Doc. No. 508); to the Committee on Public Works and ordered to be printed with five illustrations.

2389. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and an illustration, on the Great Lakes harbors study—interim report on the Rouge River, Mich., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted May 18, 1956, March 16, 1954, and June 27, 1956 (H. Doc. No. 509); to the Committee on Public Works and ordered to be printed with one illustration.

2390. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 20, 1962, submitting a report, together with accompanying papers and illustrations on a review of the reports on Little Neck Bay, N.Y., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted November 14, 1957, and July 16, 1958 (H. Doc. No. 510); to the Committee on Public Works and ordered to be printed with two illustrations.

2391. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 22, 1962, submitting a report, together with accompanying papers and illustrations on an interim hurricane survey of Wrightsville Beach, N.C., authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 511); to the Committee on Public Works and ordered to be printed with five illustrations.

2392. A letter from the Secretary of the Army, transmitting a letter from the Acting Chief of Engineers, Department of the Army, dated March 22, 1962, submitting a report, together with accompanying papers and an illustration on an interim report on the Pinal Creek and tributaries, Arizona, authorized by the Flood Control Act approved June 28, 1938 (H. Doc. No. 512); to the Committee on Public Works and ordered to be printed with one illustration.

2393. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 4, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on, and a survey of the harbors on the Mississippi River between the mouth of the Missouri River and Minneapolis, Minn., requested by resolutions of the Committee on Public Works, U.S. Senate, adopted March 4, 1947, and August 26, 1955, and by a resolution of the Committee on Public Works, House of Representatives, adopted April 22, 1947. It is also in review of reports on surveys authorized by the River and Harbor Acts approved March 2, 1945, and July 24, 1946, and the Flood Control Act approved July 24, 1946 (H. Doc. No. 513); to the Committee on Public Works and ordered to be printed with six illustrations.

2394. A letter from the treasurer, National Shrine to the Jewish War Dead, Washington, D.C., transmitting a copy of the financial report of the Jewish War Veterans, U.S.A., National Memorial, Inc., for the period April 1, 1961, to March 31, 1962, pursuant to Public Law 85–903; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DELANEY: Committee on Rules. House Resolution 748. Resolution for consideration of H.R. 8874, a bill to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes; without amendment (Rept. No. 2143). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 749. Resolution for consideration of S. 1005, an act to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes; without amendment (Rept. No. 2144). Referred to the House Calendar.

Mr. THORNBERRY: Committee on Rules. House Resolution 750. Resolution for consideration of H.R. 12336, a bill to amend the Atomic Energy Act of 1954, as amended, and for other purposes; without amendment (Rept. No. 2145). Referred to the House Calendar.

Mr. THORNBERRY: Committee on Rules. House Resolution 751. Resolution for consideration of H.R. 1341, a bill to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards; without amendment (Rept. No. 2146). Referred to the House Calendar.

Mr. THORNBERRY: Committee on Rules. House Resolution 752. Resolution for consideration of H.R. 9045, a bill to amend the Trading With the Enemy Act, as amended; without amendment (Rept. No. 2147). Referred to the House Calendar.

Mr. BURLESON: Committee on House Administration. House Joint Resolution 712. Joint resolution to authorize and direct the Franklin Delano Roosevelt Memorial Commission to raise funds for the construction of a memorial; with amendment (Rept. No. 2148). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Armed Services. H.R. 11887. A bill to provide for the conveyance of all right, title, and interest of the United States reserved or retained in certain lands heretofore conveyed to the city of El Paso, Tex.; with amendment (Rept. No. 2149). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE: Committee on Armed Services. H.R. 12081. A bill to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property; without amendment (Rept. No. 2150). Referred to the Committee of the Whole House on the State of the Union.

Mr. GEORGE P. MILLER: Committee on Science and Astronautics. Report on Project Anna Geodetic Satellite System; without amendment (Rept. 2151). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. Twenty-second report pertaining to Tennessee Valley Authority urgent purchases; without amendment (Rept. No. 2152). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. H.R. 9957. A bill to amend section 7 of the Administrative Expenses Act of 1946, as amended (72 Stat. 1274; 5 U.S.C. 73b–3), relating to travel expenses of civilian officers and employees assigned to duty posts outside the continental United States; without amendment (Rept. No. 2153). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. H.R. 11594. A bill to extend for 2 years the period for which payments in lieu of taxes may be made with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments; without amendment (Rept. No. 2154). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 12712. A bill to assist the States to provide additional facilities for research at the State agricultural experiment stations; without amendment (Rept. No. 2155). Referred to the Committee of the Whole House on the State of the Union.

Mr. EDMONDSON: Committee on Interior and Insular Affairs. S. 981. An act to extend certain authority of the Secretary of the Interior exercised through the Geological Survey of the Department of the Interior, to areas outside the national domain; with amendment (Rept. No. 2156). Referred to the Committee of the Whole House on the State of the Union.

Mr. VINSON: Committee on Armed Services. House Concurrent Resolution 509. Concurrent resolution providing the express approval of the Congress, pursuant to section 3(e) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(e)), for the disposition of certain materials from the national stockpile; without amendment (Rept. No. 2157). Referred to the Committee of the Whole House on the State of the Union.

Mr. BATES: Committee on Armed Services. H.R. 12416. A bill to authorize the sale, without regard to the 6-month waiting period prescribed, of chestnut extract proposed to be disposed of pursuant to the Strategic and Critical Materials Stock Piling Act; with amendment (Rept. No. 2158). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY:

H.R. 12810. A bill to amend the Public Health Service Act in order to provide a broadened program in the field of mental health and illness of grants for prevention, research, training, salaries, facilities survey, and construction of facilities for treatment of the mentally ill and mentally retarded; to the Committee on Interstate and Foreign Commerce.

By Mr. COOLEY:

H.R. 12811. A bill to facilitate the work of the Department of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. DADDARIO:

H.R. 12812. A bill to amend the National Aeronautics and Space Act of 1958 with respect to property rights in inventions; to the Committee on Science and Astronautics.

By Mr. DELANEY:

H.R. 12813. A bill to provide an exemption from the Federal admissions tax in the case of admissions to the forthcoming New York World's Fair; to the Committee on Ways and Means.

By Mr. FINDLEY:

H.R. 12814. A bill to amend section 104(s) of Public Law 480, 83d Congress, as amended, to require that 5 percent of the foreign currencies hereafter acquired by the sale of U.S. surplus agricultural commodities be set aside for the sale for dollars to American tourists abroad; to the Committee on Agriculture.

By Mr. HALPERN:

H.R. 12815. A bill to amend and supplement the antitrust laws with respect to the manufacture and distribution of drugs, and for other purposes; to the Committee on the Judiciary.

H.R. 12816. A bill to authorize the construction of a Federal building in Queens County, Long Island, N.Y.; to the Committee on Public Works.

By Mr. KING of California:

H.R. 12817. A bill to amend section 7608 of the Internal Revenue Code of 1954, relating to authority of internal revenue enforcement officers; to the Committee on Ways and Means.

By Mr. McDOWELL:

H.R. 12818. A bill to amend the act of July 13, 1946, to authorize the construction, maintenance, and operation of certain additional toll bridges over or across the Delaware River and Bay; to the Committee on Public Works.

By Mr. McDONOUGH:

H.R. 12819. A bill to provide, for purposes of income taxes under the Internal Revenue Code, that awards received under the Japanese-American Evacuation Claims Act of 1948 shall not be included in gross income; to the Committe on Ways and Means.

By Mr. MILLS:

H.R. 12820. A bill to validate the coverage of certain State and local employees in the State of Arkansas under the agreement entered into by such State pursuant to section 218 of the Social Security Act; to the Committee on Ways and Means.

H.R. 12821. A bill to implement the Agreement on the Importation of Educational, Scientific, and Cultural Materials, opened for signature at Lake Success on November 2, 1950; to the Committee on Ways and Means.

H.R. 12822. A bill to prevent the smuggling of watches and watch movements; to the Committee on Ways and Means.

By Mr. BYRNES of Wisconsin:

H.R. 12823. A bill to prevent the smuggling of watches and watch movements; to the Committee on Ways and Means.

By Mr. MURRAY:

H.R. 12824. A bill to amend the Retired Federal Employees Health Benefits Act with respect to Government contribution for expenses incurred in the administration of such act; to the Committee on Post Office and Civil Service.

By Mr. SPENCE:

H.R. 12825. A bill to amend section 5155 of the Revised Statutes relating to bank branches which may be retained upon conversion or consolidation or merger; to the Committee on Banking and Currency.

By Mr. WILLIAMS:

H.R. 12826. A bill to amend the Federal Airport Act to extend the time for making grants thereunder, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CHELF:

H.R. 12827. A bill to establish the Linden Grove Cemetery National Memorial at Covington, Ky.; to the Committee on Interior and Insular Affairs.

By Mr. WALTER:

H.R. 12828. A bill to amend section 1108 of the Federal Aviation Act of 1958 to prohibit certain foreign air carriers from operating aircraft within the United States; to the Committee on Interstate and Foreign Commerce.

H.R. 12829. A bill to amend section 243 of the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. BRADEMAS:

H.R. 12830. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. MARTIN of Nebraska:

H.R. 12831. A bill to amend the act of August 3, 1956, to authorize the Secretary of the Interior to acquire certain land in Sherman County, Nebr.; to the Committee on Interior and Insular Affairs.

By Mr. MONAGAN:

H.R. 12832. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. ROBERTS of Alabama:

H.R. 12833. A bill to amend the act of July 14, 1955, relating to air pollution control, to authorize appropriations for an additional 2-year period, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ASHBROOK:

H.J. Res. 848. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. DOOLEY:

H.J. Res. 849. Joint resolution proposing an amendment to the Constitution of the United States relating to the power of the Congress to make any law respecting an establishment of religion; to the Committee on the Judiciary.

By Mr. HALPERN:

H. Con. Res. 510. Concurrent resolution providing for the development through the United Nations of international educational programs; to the Committee on Foreign Affairs.

By Mr. DAVIS of Tennessee:

H. Res. 753. Resolution authorizing the Speaker of the House of Representatives to appoint a special committee to investigate and report on campaign expenditures of candidates for the House of Representatives; to the Committee on Rules.

By Mr. MILLS:

H. Res. 754. Resolution providing for printing as a House document the "Compilation of Social Security Laws"; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 12834. A bill for the relief of Mrs. Hesna Akkoc; to the Committee on the Judiciary.

H.R. 12835. A bill for the relief of Juana V. Cadorna McNinch; to the Committee on the Judiciary.

By Mr. CELLER:

H.R. 12836. A bill for the relief of Yom Tov Yeshayahu Briszk; to the Committee on the Judiciary.

By Mr. FINNEGAN:

H.R. 12837. A bill for the relief of Konstantinos Binteris; to the Committee on the Judiciary.

By Mr. GARY:

H.R. 12838. A bill for the relief of Jacob J. Gubbay; to the Committee on the Judiciary.

By Mr. JOHNSON of Maryland:

H.R. 12839. A bill for the relief of William Herbert vom Rath; to the Committee on the Judiciary.

By Mr. O'NEILL:

H.R. 12840. A bill for the relief of Ying Tang Lee; to the Committee on the Judiciary.

H.R. 12841. A bill for the relief of Edoardo L. D. Grossi; to the Committee on the Judiciary.

By Mr. POAGE:

H.R. 12842. A bill for the relief of John R. Dalrymple; to the Committee on the Judiciary.

By Mr. ROONEY:

H.R. 12843. A bill for the relief of Pasquale Evangelista; to the Committee on the Judiciary.

By Mr. SIBAL:

H.R. 12844. A bill for the relief of Jacob I. Bellow; to the Committee on the Judiciary.

SENATE

WEDNESDAY, AUGUST 8, 1962

The Senate met at 11 o'clock a.m., and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O merciful God, whose law is truth, and whose statutes stand forever: We beseech Thee to grant unto us, who in the morning seek Thy face, fervently to desire, wisely to trace, and obediently to fulfill all that is pleasing unto Thee.

In these days so freighted with destiny, grant that those who here speak to the Nation and for the Republic may be so true to their high calling as servants of the common good that radiant joy may transfigure the drudgery of duty, and that on this new day appointed tasks may be met with purity of purpose, without moral compromise or craven fear.

In the dear Redeemer's name we ask it. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., August 8, 1962.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, August 7, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 1849. An act for the relief of Stephen S. Chang;

S. 2208. An act for the relief of Su-Fen Chen;

S. 2835. An act for the relief of Sieu-Yoeh Tsai Yang; and

S. 3039. An act for the relief of Bartola Maria S. La Madrid.

The message also announced that the House had passed the bill (S. 2736) for the relief of Arie Abramovich, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1410. An act for the relief of Norman R. Tharp;

H.R. 1427. An act for the relief of Ann Super, formerly Anka Grahovac;

H.R. 1450. An act for the relief of Maria Odelia Campos;

H.R. 1463. An act for the relief of Judy Josephine Alcantara;

H.R. 1678. An act for the relief of Jacques Tawil;

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 2659. An act for the relief of Mrs. Jane R. Moore;

H.R. 2952. An act to direct the Secretary of the Interior to convey certain public lands in the State of California to the city of Needles;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

H.R. 4478. An act for the relief of Aldo Francesco Carbone;

H.R. 4628. An act for the relief of Fotios Sakelaropoulos Kaplan;

H.R. 5317. An act for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee;

H.R. 5331. An act for the relief of Fotini Constantinos Voggas;

H.R. 6653. An act for the relief of Maurizio Placidi;

H.R. 6822. An act for the relief of Alfred C. Altum;

H.R. 7364. An act to provide for the conveyance of certain mineral interests of the United States in property in South Carolina to the record owners of the suface of that property;

H.R. 7437. An act for the relief of Stella Rosa Pagano;

H.R. 7582. An act for the relief of Dario Tacquechel;

H.R. 8000. An act for the relief of Mrs. Helen Veselenak;

H.R. 8205. An act to provide tax relief to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 pension fund and the contributors thereto;

H.R. 8737. An act to amend section 10 of the District of Columbia Traffic Act, 1925, as amended, so as to require reports of collisions in which motor vehicles are involved;

H.R. 9589. An act for the relief of Kim Jung Im;

H.R. 9995. An act for the relief of Dwight W. Clarahan;

H.R. 10196. An act for the relief of Thomas C. Barringer;

H.R. 10604. An act for the relief of Mr. and Mrs. Gordon C. Bryant;

H.R. 10678. An act for the relief of Angelo A. Russo;

H.R. 10720. An act for the relief of Rexford R. Cherryman of Williamsburg, Va.;

H.R. 10796. An act for the relief af Kazimierz Krupinski;

H.R. 11058. An act for the relief of Carl Adams;

H.R. 11183. An act for the relief of Isabel K. Lanning;

H.R. 11334. An act for the relief of Mary J. Papworth;

H.R. 11552. An act for the relief of Henry E. Keiser;

H.R. 11773. An act for the relief of the Shelburne Harbor Ship & Marine Construction Co., Inc.;

H.R. 11914. An act for the relief of Charles Gambino;

H.R. 11953. An act to authorize the government of the Virgin Islands to issue general obligation bonds;

H.R. 12675. An act to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto; and

H.R. 12708. An act to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the names of the court, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 296. An act for the relief of Hanna Ghosn;

S. 1174. An act for the relief of Dr. Kwan Ho Lee;

S. 1882. An act for the relief of Assunta Bianchi;

S. 2455. An act for the relief of Mrs. Elizabeth Lovic;

S. 2572. An act for the relief of Merritt-Chapman and Scott Corp.;

S. 2614. An act for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang;

S. 2675. An act for the relief of Yiannoula Vasiliou Tsambiras;

S. 2769. An act for the relief of Renato Granduc and Grazia Granduc;

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller; and

S. 2844. An act for the relief of Alice Amar Froemming.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles and referred, or placed on the calendar, as indicated:

H.R. 1410. An act for the relief of Norman R. Tharp;

H.R. 1427. An act for the relief of Ann Super, formerly Anka Grahovac;

H.R. 1450. An act for the relief of Maria Odelia Campos;

H.R. 1463. An act for the relief of Judy Josephine Alcantara;

H.R. 1678. An act for the relief of Jacques Tawil;

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 2659. An act for the relief of Mrs. Jane R. Moore;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

H.R. 4478. An act for the relief of Aldo Francesco Carbone;

H.R. 4628. An act for the relief of Fotios Sakelaropoulos Kaplan;

H.R. 5317. An act for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee;

H.R. 5331. An act for the relief of Fontini Constantinos Voggas;

H.R. 6653. An act for the relief of Maurizio Placidi;

H.R. 6822. An act for the relief of Alfred C. Altum;

H.R. 7437. An act for the relief of Stella Rosa Pagano;

H.R. 7582. An act for the relief of Dario Tacquechel;

H.R. 9589. An act for the relief of King Jung Im;

H.R. 9995. An act for the relief of Dwight W. Clarahan;

H.R. 10196. An act for the relief of Thomas C. Barringer;

H.R. 10604. An act for the relief of Mr. and Mrs. Gordon C. Bryant;

H.R. 10678. An act for the relief of Angelo A. Russo;

H.R. 10720. An act for the relief of Rexford R. Cherryman, of Williamsburg, Va.;

H.R. 10796. An act for the relief of Kazimierz Krupinski;

H.R. 11058. An act for the relief of Carl Adams;

H.R. 11183. An act for the relief of Isabel K. Lanning;

H.R. 11334. An act for the relief of Mary J. Papworth;

H.R. 11552. An act for the relief of Henry E. Keiser;

H.R. 11773. An act for the relief of the Shelburne Harbor Ship & Marine Construction Co., Inc.; and

H.R. 11914. An act for the relief of Charles Gambino; to the Committee on the Judiciary.

H.R. 2952. An act to direct the Secretary of the Interior to convey certain public lands in the State of California to the city of Needles;

H.R. 7364. An act to provide for the conveyance of certain mineral interests of the United States in property in South Carolina to the record owners of the surface of that property; and

H.R. 11953. An act to authorize the government of the Virgin Islands to issue general obligation bonds; to the Committee on Interior and Insular Affairs.

H.R. 8000. An act for the relief of Mrs. Helen Veselenak; and

H.R. 8205. An act to provide tax relief to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 pension funds and the contributors thereto; to the Committee on Finance.

H.R. 8737. An act to amend section 10 of the District of Columbia Traffic Act, 1925, as amended, so as to require reports of collisions in which motor vehicles are involved; and

H.R. 12675. An act to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto; to the Committee on the District of Columbia.

H.R. 12708. An act to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the names of the court, and for other purposes; placed on the calendar.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, speeches during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Government Operations be permitted to meet during the session of the Senate today.

Mr. KUCHEL. Mr. President, reserving the right to object, may I ask the majority leader if that request has been cleared with the Republican side?

Mr. MANSFIELD. Oh, yes.

Mr. KUCHEL. I have no objection.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Commerce, with an amendment:

S. 3517. A bill to authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce (Rept. No. 1860).

By Mr. McGEE, from the Committee on Commerce, without amendment:

S. 2358. A bill to improve the administration of transfers of certain real property for wildlife or other purposes by repealing the act of May 19, 1948, and incorporating the essential provisions thereof in the Federal Property and Administrative Services Act of 1949, as amended (Rept. No. 1865).

By Mr. HAYDEN, from the Committee on Rules and Administration, without amendment:

H.J. Res. 439. Joint resolution authorizing the State of Arizona to place in the Statuary Hall collection at the U.S. Capitol the statue of Eusebio Francisco Kino (Rept. No. 1861).

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

H. Con. Res. 500. Concurrent resolution authorizing the printing of additional copies of parts 2, 3, 6, and 7 of the hearings held before the Committee on Education and Labor on the impact of imports and exports (Rept. No. 1863);

H. Con. Res. 503. Concurrent resolution to authorize the printing as a House document the report of the Joint Committee on Arrangements To Commemorate the One Hundredth Anniversary of the First Inaugural of Abraham Lincoln (Rept. No. 1864);

S. Res. 365. Resolution to pay certain funeral expenses of the late Senator Henry C. Dworshak, of Idaho; and

S. Res. 367. Resolution authorizing the printing as a Senate document of a study entitled "Trial Program of Public Land Range Appraisal" (Rept. No. 1862).

COMMITTEE SERVICE—REPORT OF A COMMITTEE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 372) electing a member on the part of the Senate to the Joint Committee on the Library, which was placed on the calendar, as follows:

Resolved, That Mr. BOTTUM be, and is hereby, elected a member on the part of the Senate of the Joint Committee on the Library, vice Mr. PEARSON.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

James P. Alger, of Utah, to be U.S. attorney for the district of Guam.

By Mr. SCOTT, from the Committee on the Judiciary:

James R. Berry, of Pennsylvania, to be U.S. marshal for the western district of Pennsylvania.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JACKSON:

S. 3619. A bill for the relief of Frederick Ho Wolf; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3620. A bill for the relief of CPO Boniface H. Diekman; to the Committee on Armed Services.

By Mr. KEFAUVER:

S. 3621. A bill to amend the Federal Food, Drug, and Cosmetic Act to assure the safety, efficacy, and reliability of nonprescription drugs by providing greater factory inspection; to the Committee on Labor and Public Welfare.

By Mr. WILLIAMS of New Jersey:

S. 3622. A bill for the relief of Mendel List, Rachel List, Fischal List, and Efraim List; to the Committee on the Judiciary.

By Mr. CARROLL:

S. 3623. A bill to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes; to the Committee on Armed Services.

(See the remarks of Mr. CARROLL when he introduced the above bill, which appear under a separate heading.)

RESOLUTIONS

COMMITTEE SERVICE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 372) electing a member on the part of the Senate to the Joint Committee on the Library, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. JORDAN of North Carolina, which appears under the heading "Reports of Committees.")

COMMITTEE SERVICE

Mr. DIRKSEN submitted a resolution (S. Res. 373) making changes in the minority membership of the standing committees of the Senate, which was considered and agreed to.

(See the above resolution printed in full when submitted by Mr. DIRKSEN, which appears under a separate heading.)

STRENGTH OF THE MILITARY AND AIR FORCE ACADEMIES—AMENDMENTS

Mr. LONG of Louisiana submitted amendments, intended to be proposed by him, to the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength, which were ordered to lie on the table and to be printed.

AMENDMENT TO HIGHWAY AUTHORIZATION MEASURE; MONONGAHELA NATIONAL FOREST ROAD PROPOSED

Mr. RANDOLPH. Mr. President, for myself and my colleague the Senator from West Virginia [Mr. BYRD], I have sent to the desk to be printed and appropriately referred an amendment intended to be proposed to the bill H.R. 12135, to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; namely, on page 3, beginning with line 9, strike out all through line 11 and insert in lieu thereof the following:

(8) For public lands highways, $7,000,000 for the fiscal year ending June 30, 1964, of which $4,000,000 is for a highway between U.S. numbered Highways 19 and 50 through the Monongahela National Forest in West Virginia, and $7,000,000 for the fiscal year ending June 30, 1965, of which $4,000,000 is for such a highway between U.S. numbered Highways 19 and 50 through the Monongahela National Forest in West Virginia.

Mr. President, H.R. 12135, having been passed by the other body, was referred to our Committee on Public Works on July 19, 1962. Hearings presently are being held by our Subcommittee on Roads, under the chairmanship of the Senator from Michigan [Mr. MCNAMARA]. The purpose of this amendment would be to have authorized the implementation of a recommendation of the Forest Service of the U.S. Department of Agriculture contained in its preliminary reconnaissance report on a highland scenic highway in West Virginia through the Monongahela National Forest.

Mr. President, I request unanimous consent to have printed in the RECORD in connection with these remarks extracts from the introduction and general description of the proposed route from the Forest Service preliminary reconnaissance report on the proposed scenic highway through the Monongahela National Forest in our State.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and referred to the Committee on Public Works; and, without objection, the extracts will be printed in the RECORD.

The extracts are as follows:

INTRODUCTION

For many years, periodic proposals have been made by responsible individuals and organizations for construction of a scenic skyline drive through the heart of the Monongahela National Forest. Those who have advocated this construction feel that it would be a great tourist attraction as it would traverse some of the most spectacular mountains of the East and would open up vast new areas for recreation—camping, picnicking, photography, sightseeing, hunting, and fishing.

The Monongahela terrain consists of a series of long mountain ridges and valleys running from northeast to southwest. Principal highways serving the forest were originally built to handle light, slow-moving traffic. Although improvements in width, alinement, and grade have provided safer standards and accommodation for greater volumes of traffic so that these roads are now important links in the forest transportation system, none of them meets the qualifications of a scenic route with nationwide attraction.

Under the multiple-use program on the Monongahela, this scenic road would serve to tap extensive hardwood forests and would provide access for intensive development of water, wildlife, timber, and other renewable natural resources.

Estimates of acreages to which access for timber harvest and management would be improved, were based on the conditions that no activities that would impair esthetic values would be conducted within visual distance of the road; that a protective buffer zone would be maintained along the entire length of the route and that necessary operator-built spur roads could connect with the main highway only at those points where complete safety and a minimum of interference would be assured.

GENERAL DESCRIPTION OF ROUTE

The proposed "highland scenic highway" would extend for 160 miles through the Monongahela National Forest along the crests of the highest mountains in West

Virginia. Its southern terminus would be on State Route 39, one mile east of Richwood. Its northern terminus on U.S. 50, between Mount Storm and Gormania. Access to its southern end would be 32 miles from Inter-State Route 64 (present U.S. 60) via State Route 20 or 26 miles from U.S. 19 (proposed L.S.H.) via State Route 39.

In its 160-mile course the highway would climb from an elevation of 2,200 feet at Richwood through mature hardwood forests, previously inaccessible except by foot travel, past Summit Lake and potential impoundment sites to the top of 4,000-foot Kennison Mountain before dropping down to the unique Cranberry Glades. From this point, potential spur roads would carry the traveler to many nearby points of interest, including the newly developed 165-acre Sherwood Lake with its companion camp and picnic areas.

From Cranberry Glades, the road climbs again to follow the top of Black Mountain for 6 miles at an elevation of 4,500 feet. After dropping down to Williams River (good fishing) it climbs again to the top of Gauley Mountain with its vast area of coal strip mines, then down again to U.S. 219 at Slaty Fork.

Leaving U.S. 219 on top of Cheat Mountain, for 33 miles the road follows the meanders of the mountaintop, at elevations of 3,500 to 4,500 feet, past the headwaters of the Tygart Valley River and the Shavers Fork of the Cheat River. Short side trips over present or proposed roads would lead to such major attractions as the Greenbank Radio Astronomy Observatory, Seneca State Forest, and Stuart Reservation Area and Memorial Drive.

After dropping down to Shavers Fork of Cheat River at Bemis, the route follows the river to Glady before crossing Middle Mountain to drop again to the Laurel Fork of Cheat River (good fishing in both streams). Climbing again, the route reaches 3,500 feet at the famous Sinks of Gandy and 4,000 feet at Spruce Knob Lake and the top of Allegheny Mountain.

From Spruce Knob Lake the location follows the top of Allegheny Mountain for 50 miles (crossing U.S. 33, 8 miles from Seneca Rocks, passing the headwaters of the South Branch of the Potomac River with its famous Smoke Hole country; and passing within easy driving distance of Blackwater Falls) to its junction with U.S. 50.

The proposed highway extends through some of the best hunting territory on the Monongahela, much of it presently inaccessible. Because the road follows the ridge tops, fishing will rarely be found closely adjacent to the road. However, some of the finest trout fishing in West Virginia will be found within 5 miles of the highway via already existing access roads. In addition, 35 potential impoundment sites have been suggested on national forest land that lies within 2 miles of the proposed route.

Almost limitless possibilities exist along the proposed location for the development of forest recreation facilities of all kinds as well as for providing better access and expanded use of those already in existence. In addition, many areas of historical interest dealing with the Indian era and subsequent pioneering and early logging could be shown.

This highway would provide improved access and transportation to and from at least 270,000 acres of present and potential timber-producing land. It would create opportunity for increased timber management and improvement activities and increase the value and usefulness of present stands in supplying nearby forest products mills and markets.

The proposed highland route is readily susceptible to stage or "section" construction. Each completed section would be a valuable and usable link to the present road system.

Rights to the minerals underlying present national forest lands were reserved by the previous owners along several sections of the route. Especially important are the sections from Richwood to the Cranberry Glades, on Black and Gauley Mountains and in the headwaters of Shavers Fork. Where those minerals are susceptible to stripping or other forms of open pit operations the desirability of preserving esthetic, recreation and water quality values along the route may dictate the need for acquiring the mineral rights or adopting some form of zoning.

HOSPITAL MODERNIZATION ACT OF 1962—ADDITIONAL COSPONSOR OF BILL

Mr. CLARK. Mr. President, at its next printing, I ask unanimous consent that the name of the Senator from Colorado [Mr. Carroll] be added as a cosponsor of the bill (S. 3407) to provide for Federal assistance on a combination grant and loan basis in order to improve patient care in public and other nonprofit hospitals and nursing homes through the modernization or replacement of those institutions which are structurally or functionally obsolete, and for other purposes, introduced by me, for myself and other Senators on June 13, 1962.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF ANTIDUMPING ACT OF 1921—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of August 3, 1962, the name of Mr. Scott was added as an additional cosponsor of the bill (S. 3606) to amend the Antidumping Act of 1921, introduced by Mr. Humphrey on August 3, 1962.

TRADE EXPANSION ACT OF 1962—ADDITIONAL COSPONSORS OF AMENDMENT

Under authority of the order of the Senate of August 3, 1962, the names of Mr. Yarborough and Mr. Morse were added as additional cosponsors of the amendment submitted by Mr. Bartlett (for himself and Mr. Magnuson) on August 3, 1962, to the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

NOTICE OF HEARING ON NOMINATION OF JOHN DE LAITTRE TO BE A MEMBER OF THE FEDERAL HOME LOAN BANK BOARD

Mr. ROBERTSON. Mr. President, as chairman of the Committee on Banking and Currency, I wish to give notice that a public hearing has been scheduled for Thursday, August 9, at 10 a.m., in room 5302 New Senate Office Building, on the nomination of John de Laittre, of Minnesota, to be a member of the Federal Home Loan Bank Board.

All persons who wish to appear and testify on this nomination are requested to notify Mr. Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, telephone Capitol 4-3121, extension 3921.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. HRUSKA:

Article entitled "The Lesson of the Preamble," written by Senator Mundt and published in Highway Highlights magazine for June–July 1962.

TRIBUTE TO SENATOR McNAMARA

Mr. WILLIAMS of New Jersey. Mr. President, recently our distinguished colleague, the Senator from Michigan, Pat McNamara, chairman of the Senate's Special Committee on Aging, was presented with a citation from the National Retired Teachers Association and the American Association of Retired Persons.

The remarks made by Dr. Ethel Percy Andrus, president of the association, in presenting the citation, so typify the esteem in which the senior Senator from Michigan is held by all who know him that I ask unanimous consent that they be set forth at this point in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks Made by Dr. Ethel Percy Andrus, Area 3 Conference of the National Retired Teachers Association and the American Association of Retired Persons, Manger-Hamilton Hotel, June 25, 1962, Washington, D.C.

Presenting a citation to Senator Pat McNamara in the form of a certificate of service for his contribution to the enrichment of retirement living, Dr. Andrus said:

"Senator Pat McNamara, a distinguished member of the board of education of the city of Detroit, dedicated exponent of labor, benefactor of the ill, the aged, as well as the youth of our Nation;

"U.S. Senator and official representative of the U.S. Senate for the International Labor Conference Convention at present in Geneva, Switzerland;

"The demands of service in your field as constructive statesman are all absorbing, yet you have always found time and energy to give to social reform and progress. You have brought to the solution of the problems of our time your concern and your tireless devotion.

"The accomplishments of your life are many; they have won for you our admiration and our affection.

"We delight, therefore, to honor you."

Mr. RANDOLPH. Mr. President, will my colleague yield?

Mr. WILLIAMS of New Jersey. I am pleased to yield.

Mr. RANDOLPH. It is a privilege to join with the Senator from New Jersey in commendation of the Senator from Michigan [Mr. McNamara]. I am fully conversant, as a member of the Committee on Aging, of the leadership of the capable Senator who chairs our group. These organizations act properly in citing our colleague for his humanitarism and service.

WISCONSIN'S LAW ENFORCEMENT OFFICERS ASSOCIATION

Mr. WILEY. Mr. President, the Wisconsin law enforcement officers—about a year ago—created an association, chartered by the State of Wisconsin.

The objective of the association is to promote more effective, efficient, and just enforcement of laws.

As a nation—dedicated to preserving maximum freedom of liberty for citizens—the quality of law enforcement determines, to a large degree, not only (a) effectiveness in combatting crime; but also (b) protecting the rights of individuals and preserving a climate of freedom.

As a nation, however, I believe we need to develop a greater respect for laws and law enforcement. Commensurate with our progress in this direction, I believe we can then reasonably expect, first, progress in reducing the ever-climbing rate of crime; second, greater citizen cooperation in crime prevention, detection, and punishment; and, third, a more nonviolent, serene climate in which to live in our respective communities.

Recently, the Wisconsin Law Enforcement Journal published an article relating to the splendid objectives of the Wisconsin Law Enforcement Officers Association.

I ask unanimous consent to have this article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FACTS ABOUT THE WISCONSIN LAW ENFORCEMENT OFFICERS ASSOCIATION

The Wisconsin Law Enforcement Officers Association is a nonpolitical, nonsectarian, nonprofit corporation chartered by the State of Wisconsin and having these principal objectives:

(a) To encourage the highest degree of skill and efficiency in police work and the highest standards of conduct by police officers.

(b) To strive for public recognition of police work as a serious profession and to encourage police officers to make a career of their profession.

(c) To help attract into police ranks the highest type of men by supporting a program for statewide civil service, adequate pay, fair tenure of office, ample retirement, and death benefits.

(d) To gather and disseminate useful and educational information pertaining to scientific crime detection, traffic control, gathering and preparing evidence, the laws of arrest, crime prevention, and similar police problems.

(e) To actively combat juvenile delinquency.

(f) To encourage wholehearted cooperation between all Federal, State, county, and local law enforcement officers and agencies; between those agencies and the general public, and between the various police associations and organizations in the State of Wisconsin.

Any full-time city police, chief of police, sheriff, highway patrolman, or agent of any Federal, State, county, municipal, or other local law enforcement agency or closely associated agency upon approval by the executive committee, police department, or investigating unit within the State of Wisconsin is eligible for active membership.

The Wisconsin Law Enforcement Officers Association is managed by its board of directors, which represents all ranks of the police profession—from patrolmen to commanding officers—and all sections of the State. Board meetings are held annually and at other times when needed. Between board meetings the association affairs are managed by its executive committee.

The Wisconsin Law Enforcement Officers Association owns and publishes an official magazine—the Wisconsin Law Enforcement Journal—which is circulated among its officers, directors, and members. It also is sent to highway patrolmen, city policemen, county policemen, wardens, sheriffs, and their deputies, Federal agents, judges, mayors, legislators, and other public officials throughout the State.

The Wisconsin Law Enforcement Officers Association is the only statewide police organization in Wisconsin in which all active law enforcement officers qualify for membership. It is the only association in which officers from all branches of the law enforcement profession are afforded equal voting rights, equal benefits, and equal representation.

The association was created by law enforcement officers. It does not duplicate the efforts or activities of any other law enforcement organization, but supplements the activities of those associations which comprise specific groups.

"WHY REDS TRY TO MAKE FRIENDS WITH BUSINESSMEN"

Mr. WILEY. Mr. President, dedicated to world conquest, communism continues its aggressiveness in all fronts—domestic and global.

The distinguished Director of the Federal Bureau of Investigation published a thought-provoking article entitled: "Why Reds Make Friends with Businessmen." Reflecting constructively upon Red techniques to clandestinely invade U.S. economy and steal our secrets of progress, I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHY REDS MAKE FRIENDS WITH BUSINESSMEN

(By J. Edgar Hoover, Director, Federal Bureau of Investigation, U.S. Department of Justice)

Communist agents may try to get your secrets or sway your opinion. At this moment the Russians are doing everything they can to make friendly contacts with American businessmen—to meet them personally, to cultivate their friendship, to establish cordial relations.

Why? Because the Communists have changed their view that the businessman is a monopolist or exploiter? No.

Because the Russians want to become like American businessmen? No.

It is because the Russians want to obtain—by begging, borrowing, or stealing—the industrial secrets of American business.

For this reason American industrial firms are today a priority target of Russian and satellite espionage, especially businessmen handling scientific and technical information. Perhaps you have been contacted as part of this campaign.

Not long ago a business firm ran a routine newspaper advertisement saying that it would send upon request a free booklet about the American aircraft industry. Shortly afterward an official of the Soviet Embassy requested a copy. The firm's Washington representative mailed it to him.

Approximately 3 months later, the local representative received an invitation to a social function at the Russian Embassy. He accepted. While he was there, the Soviet official who had originally requested the booklet sought him out. The Russian was most affable and during a brief conversation alluded to the information about the aircraft industry. He commented that the data was most interesting and wondered whether the businessman had more.

PERSONAL CONTACTS IMPORTANT

The request for a free booklet is a technique often utilized to make an initial contact. Sometimes the Russians write a letter on their own initiative requesting pamphlets, books, maps, and other material from business firms. They may visit a company personally. They want to obtain literature but also—and this is most important—they want to make personal contacts with you, a businessman.

Attending conventions, especially those of a scientific and technical nature, is a favorite way of making contacts. Soviet officials systematically cover conventions throughout the country. Here they gather material of every possible description—anything they can lay their hands on. It is amazing to see the voracious Soviet appetite—everything from telephone directories to radar devices, from aerial photographs to scientific textbooks. If the convention provides carry-home folders for the convenience of visitors, the Russians stuff them with material. Often they make trips to their automobiles, dumping out their collections. On the west coast two Soviet officials lugged an estimated 250 pounds of material from a scientific convention.

Individual exhibition booths receive special attention from the Communists. Here they gather literature, sign their names for free samples or brochures and make personal contacts. As a rule they make no secret of their identity—registering for the convention and wearing name tags. They love to exchange business cards. The businessman's card gives them a name for a possible future contact.

At one technical exhibition, a Soviet official took motion pictures, including some of jet aircraft, guided missiles and an atomic cannon. The Soviets especially exploit social affairs connection with conventions, such as banquets, receptions, luncheons, cocktail hours. They mingle, shake hands and introduce themselves. These functions provide excellent opportunities to size up the businessman.

The Soviets capitalize on the friendliness and gregariousness of Americans. Soviet officials are socially polished, well educated and speak good English. Some years ago it was easy to spot a Soviet official in a crowd—from his clothes and behavior. This is no longer true. They dress in American style and are thoroughly acquainted with our customs and etiquette. Above all, they are socially aggressive. They don't hesitate to stop a stranger and introduce themselves. Within a few minutes they have a conversation going.

REDS EXPLOIT FREEDOMS

These Soviet activities are entirely legal. Under our form of government the Russians have every right to visit conventions, talk to Americans, use our mail. They buy patents by the thousands, subscribe to technical, scientific, and other journals, belong to scientific societies, travel widely, make speeches. In typical Communist fashion they are exploiting our freedoms to the hilt—freedoms which they would immediatedy deny us if they seized control of this country.

A casual contact achieved at a convention, through the mail, or by a chance acquaintance, however, is not enough. The next step is to develop it. How is that done?

Of course, many of the initial contacts remain just that. However, if the Soviets feel they can benefit, they will follow through. This may not come for several months. One day the businessman gets a telephone call:

"This is ———. Remember you met me at such and such a convention or affair."

Or the caller may say, "I'm ———, a friend of ———," referring to another Russian who had met the American.

The second contact may come in a matter of hours or days. The businessman may receive an invitation to a Soviet social function. He may receive presents (as at Christmas)—a bottle of vodka, a tin of caviar, or some kind of trinket. The official often delivers these in person. Why in person? The gift is merely a technique to establish or renew a personal contact. Bringing it provides the opportunity for a person-to-person meeting and almost invariably creates a grateful feeling in the recipient.

Then there is the invitation to lunch. The Soviets have expense accounts and do not hesitate to pay the bill. Also they are happy to accept invitations to visit American homes. There is no better way of creating a feeling of familiarity and trustworthiness.

BLACKMAIL MAY RESULT

The Soviets capitalize on the curiosity of Americans. One individual happened to be seated at a banquet table with a Russian official. Since this was the first Russian he had ever met, he asked a great number of questions—a natural reaction. By the time the dinner was over, mutual social invitations had been extended.

If the Soviets learn that a businessman has a hobby such as fishing, playing golf or traveling, they happen to have similar hobbies. Remember these people are well educated and well traveled and can talk with authority and persuasiveness in many fields. If an American was born or lived in Russia or an Iron Curtain country, the Soviets quickly try to turn these facts to their advantage.

Who is this businessman? What's his background? To what information does he have access? Can he guide the Russians to other individuals in the scientific field? Does he have friends in the military services or the Government? These are the questions the Russians are trying to answer. The businessman, of course, doesn't realize how closely he's being scrutinized by this affable, smiling, trusting Soviet. To the American, this is merely a social or business contact (the Russian may actually place some business orders) and, as good etiquette, he's trying to be as friendly as possible.

That's why the Russians ask the businessman many questions—some directly, some obliquely. Is the businessman in the Naval Reserve? Where has he previously worked? Does he ever enter classified areas in plants having defense contracts? Has he ever been in trouble? (The Russians want to know personal details of the American's life. Among other things they are alert for a possible weakness which can be exploited. Blackmail is not above their practices.)

In one conversation with a Russian, a business executive happened to mention the name of an employee in an aircraft plant. Immediately the Soviet wanted to know how to spell the name. He might be a new contact.

In the back of the Soviet mind—in all these contacts—is the possibility that highly secret, classified material can be obtained. Public source intelligence is important. Tons of American documents, patents, maps, magazines, publications go to Moscow each year. But a basic concern of the Russian intelligence system is to steal America's classified military, technical, scientific, and industrial secrets.

That's the purpose of the Russian spy apparatus. That's why these men have been so carefully trained. That's why the FBI's experience indicates that an extremely high percentage of Soviet officials in the United States have espionage assignments.

WHEN ESPIONAGE BEGINS

Take, for example, a businessman who, after the initial contact, was invited to social functions and luncheon appointments. Almost a year had elapsed since the Russians originally obtained his name. Then the Soviet, at the luncheon table, went into more detail. He was preparing, he said, a report on economic conditions in the electronics industry—and would be in a position to pay money for information. He wanted the data quickly.

Obviously the Russian felt he had played along with this businessman far enough so that he could ask for detailed information. Note that the request is still innocuous, nothing yet dealing with classified data.

In another instance, at a meeting with a businessman, the Soviet was more specific. He indicated that he was no longer interested in public material and specifically requested information about certain aircraft models, production rates and performance evaluations. The Russian was now entering the realm of espionage, violating the laws of the United States.

The Soviet interest also encompasses the businessman not engaged in scientific and technical fields. For example, in an eastern city a Soviet official frequented a certain bookstore. He soon made friends with the proprietor and later invited the businessman and his wife to dinner. But this was not to be money just wasted for entertainment. The Russial had an inquiry. Could he use the businessman's store as a place to receive mail? In espionage language this was a mail drop, and an important part of the spy apparatus.

Besides Soviet espionage, the businessman is also the target of the Communist Party, U.S.A. The party denounces the businessman as an enemy, yet it does everything it can to influence his opinion. The party, for example, urges businessmen to take a favorable view of the Soviet Union, to trade with Communist nations, to realize that communism is the wave of the future. This is part of the party's propaganda campaign.

Also you may have received in the mail unsolicited copies of party pamphlets, literature, and newspapers. Sometimes you may receive—again unsolicited—letters from organizations you never heard of—but, if you took the time to investigate, you would learn they are Communist fronts. They are sending you propaganda and urging, this never fails, a financial contribution. The party likes nothing better than to have a businessman, not realizing the identity of the organization, contribute to a front, sign one of its petitions, or publicly support a Communist-sponsored campaign.

Where does the party obtain your name? Perhaps from the newspaper, mailing lists, telephone directory. This is part of its unending effort of pressing forward its position, hoping to benefit its cause.

The party is also interested in infiltrating and controlling labor unions. This has been a major Communist policy since Lenin. Labor unions have done a magnificent job in ridding themselves of Communist influence, but party pressure continues. If possible, the party would like to infiltrate business firms and has been known to operate businesses as covers. Members of the party who are businessmen—and there are some—lend their facilities to Communist use, if the party desires. Financial angels in business ranks are highly esteemed by party leaders.

Businessmen, of course, are not the only targets of Russian espionage and the Communist Party, U.S.A.—so are Government employees, labor officials, scientists, skilled technicians, farmers. Businessmen do represent a priority target—and because you rate such an important target you, as a businessman, can do much to help the FBI defeat this Communist effort to weaken our Nation.

What can you do?

1. Know more about communism, its strategy and tactics and how the Communists are working to destroy our democratic principles. If you are an employer, encourage your employees to take the time to learn about the evil of this way of life. The distribution of reading material within your company is most desirable.

2. Be familiar with basic Communist newspapers, magazines, and periodicals. If they arrive in your plant, you and your staff will be able to recognize them. Perhaps you can help your employees identify them.

3. Know how Communist fronts operate. Take the time to be informed about how fronts are formed, how they propagandise, issue literature, and collect money.

4. Realize that business enterprises and labor unions are prime targets. The Communists detest both business and labor unions. They regard both as part of the hated bourgeois society. Many people feel that because they are anti-Communists the Communists are not interested in them. This is wrong. The Communists are constantly trying to influence the thinking of non-Communists.

5. Businessmen who are employers should be extremely conscious of plant security, realizing that the Communists (especially Russian espionage agents) try to find weak points—both in personnel and physical facilities. Effective plant security is a vital and continuing responsibility.

6. Report to the FBI any information pertaining to espionage, sabotage, and subversive activities. The FBI is the Government agency charged with protecting the internal security of the Nation.

You, as a businessman, stand today in a key position to help the FBI and protect our Nation from the Russian espionage agent and the Communist. Perhaps you may feel the information you possess is inconsequential. Resolve your doubts by reporting it immediately to the FBI. Many times a small piece of information, when placed with data already in our possession, may solve an important case.

We can defeat the Communists by working together as a team. That is our challenge.

NATIONAL HIGH SCHOOL ORCHESTRA

Mr. HART. Mr. President, on Monday President Kennedy was host to the National High School Orchestra of the National Music Camp at Interlochen, Mich.

I read, without surprise, that it was a flawless performance. We in Michigan have learned to expect flawless performances from these youngsters.

Each year, their director, Dr. Joseph Maddy, manages to draw from the Nation a collection of talent just a little greater than the previous year's.

It seems unlikely that he will be able to surpass yesterday's performance but I refuse to go on record as saying so. There is nothing Dr. Maddy will tackle with more enthusiasm than an impossible achievement. In fact, sometimes we in Michigan suspect that is the only kind he will bother with.

We in Washington are not known to be ungenerous with superlatives when we discuss constituents. But when I call this orchestra "magnificent," I am merely repeating the opinion of expert musicians who are far more sparing with praise than any politician.

Mr. President, I am hopeful that the Department of State and the U.S. Information Agency will be able to arrange for this orchestra to join other American orchestras that have toured the world as part of our cultural exchange program.

Europeans are not unused to great music. But I am sure they will be impressed by great music played by musicians so young.

The members of this 103-piece orchestra come from across the Nation. No group could better represent the cultural achievements of our 50 States.

They have captivated everyone they have played for. I propose an oversea tour not to do these youngsters a service, but to do our Nation a service.

The ACTING PRESIDENT pro tempore. Morning business is in order. Is there any further morning business? If not, morning business is closed.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. Under the unanimous-consent agreement previously entered into, the pending business, the Pacific Northwest power preference bill, automatically comes before the Senate at this time, under the debate limitations agreed to.

Mr. MANSFIELD. Mr. President, I yield 20 minutes on the bill to the Senator from Delaware [Mr. WILLIAMS].

The ACTING PRESIDENT pro tempore. The Senator from Delaware is recognized for 20 minutes.

PROPOSED EXTENSION OF 1961 KENNEDY-FREEMAN FEED GRAINS PROGRAM

Mr. WILLIAMS of Delaware. Mr. President, there is now pending on the Senate Calendar a bill providing for an extension of the 1961 Kennedy-Freeman feed grains program. Under this program, the Government pays farmers as high as $50 per acre to retire grain-producing acreage from production.

At the time of its enactment in 1961, it was claimed that this program was designed to help the small family farm; but the results have been quite the contrary. Its benefits have largely accrued to the corporate type of farming operation. Only the very large farmers could really cash in.

This program definitely does not benefit the small farmer. A small family-type farmer cannot so readily curtail his operation. He must still keep a tractor, combine, planters, and other types of equipment in operating condition. His equipment and labor costs are not lessened if he puts a part of his acreage under lease to the Government under the feed grains program. His expenses are the minimum fixed liabilities, and they continue even though he lets a part of his farm lie idle.

On the other hand, the corporate-type owner and a large operator can take their acreage out of production, put some of their tractors, combines, and other equipment in the barn, dismiss their employees, and spend the winter in Florida on the cash benefits which they collect from the Federal Treasury for the land being retired from production.

On July 18 of last year, I called attention to the fact that in 1961 the Department of Agriculture had contracted to pay the American farmers around $680 million to retire 20 million acres of corn-producing land from production; but based upon their own figures, while they paid $680 million to retire this 20 million acreage from corn production, the 1961 corn acreage actually received a reduction of only 15,379,000 acres. Thus they paid approximately $150 million to retire 4.5 million phantom acres of cropland.

As evidence of the complete failure of the Kennedy-Freeman farm program, last week the Department of Agriculture released its annual report showing an increase of 20 million bushels of corn placed under loan over the preceding year.

Upon my request, the Department of Agriculture has compiled a list of the payments under the 1961 feed grains program in excess of $10,000. This report shows that eight "farmers" received in excess of $50,000 apiece, with the Farmers Investment Co., Tucson, Ariz., receiving the largest payment—$94,092.30.

Nine "farmers" were paid between $40,000 and $50,000. In this group are the Northern Trust Co., Chicago, Ill., and the Louisiana State Penitentiary, with payments of $41,253.68 and $45,414, respectively. Under the Kennedy-Freeman farm program, as recommended in 1962 to the Congress, these payments not only would have continued, but it would have been mandatory that the farmers participate, even under the threat of fines and the penitentiary for noncompliance. This raises a most interesting question: Just how would Secretary Freeman put a penitentiary in the penitentiary for noncompliance?

Fourteen farmers received between $30,000 and $40,000. Billie Sol Estes was in this group, with a $22,875.24 payment.

I shall place in the RECORD a complete list of the payments, under the 1961 Kennedy-Freeman feed grains program, in excess of $10,000 each. However, as I incorporate this report in the RECORD it should be pointed out that while we may be critical of this law as recommended by the Kennedy administration, these payments were authorized by the Congress. Yes, these payments were legal; and the only way Congress can stop this wasteful program is to defeat the proposed extension of the law, which legislation is now pending on the Senate Calendar.

Our criticism of these extravagant payments should be directed against the administration and the Congress which approved the program, rather than against the parties receiving the payments.

In fact, as has already been pointed out, should President Kennedy and Secretary Freeman get their farm program, as recommended to the Congress, enacted into law, not only would these payments continue, but in most instances their acceptance would be mandatory. The Kennedy administration recommends a program which will force these corporations, banks, individuals, penitentiaries, and so forth, to participate in the farm program, and thereby establish their eligibility for the payments. The Kennedy-Freeman farm program, as recommended to the Congress in 1962, actually provided penalties should the farmers refuse to curtail their operations and accept these gratuities.

Unquestionably the Kennedy-Freeman farm program will bankrupt the Treasury unless it bankrupts the farmers first; and to prove that point, I shall cite just a few examples of how the taxpayers' dollars were poured out to corporations whom the Kennedy-Freeman group classified as eligible farmers under the 1961 feed grains program. Some of these payments were itemized in a report which I made to the Senate on June 8.

For example, that report showed several major corporations qualified as "farmers" under the 1961 feed grains program, and thereby they collected substantial payments. They were:

California Packing Corp.:	
Woodland, Calif	$7,298.28
Crystal City, Tex	7,881.95
Total	15,180.23
Reynolds Metals Co., Henderson, Ky	12,984.32
American Crystal Sugar Co., Rocky Ford, Colo	10,791.54
Ford Motor Co., Belleville, Mich	5,394.88

Two large banks likewise qualified as "farmers" eligible for payments under the 1961 feed grains program. These were:

Milliken Trust Co., Decatur, Ill	$6,434.62
Northern Trust Co., Chicago, Ill	41,253.68

Two colleges also established eligibility as "farmers," and thereby were eligible for payments under the Kennedy-Freeman program.

University of Illinois, Urbana, Ill	$6,598.43
St. Benedict's College, Atchison, Kans	11,575.69

Two penitentiaries qualified as "farmers" under the 1961 Kennedy-Freeman farm program, and were thereby eligible for payments.

Glades State Prison Farm, Belle Glade, Fla	$6,818.40
Louisiana State Penitentiary, Angola, La	45,414.00

Two airports are listed as eligible "farmers" under this program, and received payments as follows:

Waterloo Municipal Airport, Waterloo, Iowa	$5,846.75
Kearney Municipal Airport, Kearney, Nebr	6,707.70

Even the city of St. Louis, Mo., was classified as a "farmer" under the 1961 Kennedy-Freeman feed grains program, and collected $12,203.91; and a motel—Sand & Sage Motel, Inc.—in Dimmitt, Tex., was listed as a "farmer," and collected $9,409.04.

The Delta & Pine Land Co., of Scott, Miss., qualified as a "farmer," and collected $11,409.68. This operation is not even owned by Americans; it is owned by the Fine Spinners & Doubles, Ltd., of Manchester, England. Just how a British corporation in Manchester, England, owning land in America, could qualify as an American farmer eligible for subsidy payments is something only the imagination of a New Frontiersman could comprehend.

The wonder boy from Texas was on this gravy train: Billie Sol Estes qualified as a farmer, and collected $22,875.24 from the Department of Agriculture, under the 1961 Kennedy-Freeman feed grains program. This payment to Mr. Estes appears in the report in the name of Agriculture Inc., Post Office Box 155, Girvin, Tex., but the record shows that this was one of Mr. Estes' operations.

As further evidence that this feed grains program is designed to help the large operator, rather than the small farmer, I call attention to this interesting point: The Farmers Investment Co., of Tucson, Ariz., with its $94,092.30 payment, received more money under the 1961 feed grains program than did all of the 68,000 farmers in the five States of Maine, New Hampshire, Vermont, Massachusetts, and Rhode Island combined. Billie Sol Estes' payment of $22,875.24, under the 1961 feed grains program, represented more than was received by all of the 35,000 farmers in the three States of Maine, New Hampshire, and Rhode Island.

The Louisiana State Penitentiary received more money under the 1961 Kennedy-Freeman feed-grains program than was received by all of the 38,000 farmers in the four States of Maine, New Hampshire, Rhode Island, and Nevada.

The city of St. Louis under the New Frontier definition qualified as a bona fide farmer and collected under the 1961 feed-grains program more money than was paid to all of the 17,000 farmers in the State of Massachusetts.

The Ford Motor Co., the California Packing Co., and the Reynolds Metals Co., all listed on the New York Stock Exchange, were qualified as farmers under the 1961 Kennedy-Freeman feed-grains program and collected more than was paid to all of the 52,000 farmers in the four States of Maine, New Hampshire, Massachusetts, and Rhode Island.

Within the next few days the Senate will be voting upon the question of extending this same feed-grains program another year, and if it is extended these same type payments will continue. Let there be no misunderstanding on that point. The only way to stop this wasteful practice is to defeat the bill.

This is not a program for the real farmers. This is just another "New Frontier boondoggle" designed to let a lot of large corporations and landowners qualify as "family farmers" for the purpose of getting a free ticket on the Kennedy-Freeman gravy train.

It is time that Congress and the Kennedy administration recognize the folly of this program, and the proposal which will be before the Senate in the next couple of weeks providing for its further extension should be overwhelmingly defeated.

At this point I ask unanimous consent to have printed in the RECORD a complete list of payments in excess of $10,000 made under the 1961 feed-grains program.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Value of payment-in-kind feed grain certificates issued to producers under 1961 feed grain program

Name	Address	Value of payment-in-kind certificates	Name	Address	Value of payment-in-kind certificates
OVER $50,000					
Farmers Investment Co	288 South Stone, Tucson, Ariz	$94,092.30	RLDS Church Farms	Independence, Mo	$65,183.58
Mace, C. Bruce, Ranch, Inc	Box 187, Davis, Calif	53,039.28	Hill Farms	Hart, Tex	65,320.06
Nichols, A. H	724 East 3d, Dixon, Ill	51,816.42	Mills, J. C	Box 726, Abernathy, Tex	65,113.00
Gehring, Wm., Inc	Route 1, Rensselaer, Ind	64,670.70	Tatton, V. H. and J. M	Salt Creek Ranch, Refugio, Tex	58,413.78
BETWEEN $40,000 AND $50,000					
Gila River Ranch	Post office box 67, Gila Bend, Ariz	$40,478.90	Louisiana State Penitentiary	Angola, La	$45,414.00
Knaggs, Layton	Box 970, Woodland, Calif	42,819.00	Halsell Cattle Co., care of W. F. Rowland.	Amherst, Tex	40,823.71
Gumz, Arthur P	North Judson, Ind	44,289.20	Moore, Tom	Navasota, Tex	46,042.10
Northern Trust & Co	50 South La Salle St., Chicago, Ill	41,253.68	Moser Ranch	Route 4, DeKalb, Tex	45,980.01
Overmeyer Farms, Inc	Wolcott, Ind	40,379.00			
BETWEEN $30,000 AND $40,000					
Eaton Fruit Co., Inc	2030 West McDowell, Phoenix, Ariz	$34,831.14	Lawrence, W. V	Star Route A, Hobbs, N. Mex	$31,933.80
Adams, Charles	Snow Lake, Ark	34,475.72	Swindell, A. D	Pantego, N.C	34,148.40
Cote Farms, Inc	St. Anne, Ill	34,904.92	Case Farms	Richwood, Ohio	33,193.17
Savich, Emil	Route 1, Rensselaer, Ind	30,437.87	Clay, E. Bass	3214 Hayden, Amarillo, Tex	32,699.80
Watland Farms, care of Robert Johnson.	Rural Route 1, Fowler, Ind	32,864.60	Moore, Harry H., & Son	Box 7, Navasota, Tex	33,101.64
Glenn, Vivian	Johnson, Kans	35,659.44	Porter, R. L	Box 1055, Spearman, Tex	34,256.98
Evans, Harrison	Shuqualak, Miss	30,251.27	Ware Farms	Box 865, Dimmitt, Tex	30,519.86
BETWEEN $20,000 AND $30,000					
Sherrill & La Follette	867 First National Bank Bldg., Phoenix, Ariz.	$24,461.50	Crist, Leland L	Holcomb, Kans	$20,585.76
Kuhn, Mrs. Mary K	Marion, Ark	27,889.32	Garden City Co	Box 435, Garden City, Kans	28,386.87
Harrell, H. J	2621 West Main St., Visalia, Calif	28,818.64	Ellis, James C., estate, Lester Yeager, manager.	Owensboro, Ky	21,538.29
Heidrick Bros	Route 1, Box 1215, Woodland, Calif	29,214.32	Albert Painton Co	Painton, Mo	21,487.56
Hudson Ranches	Box 201, Calexico, Calif	23,730.00	Burke Bros	Charleston, Mo	23,454.96
Victoria Island Farms	Box 248, Byron, Calif	22,542.72	Saline County Farms	Marshall, Mo	22,197.46
Bartels Farms, Inc	St. Marys, Mo	23,067.90	Biegert Bros	Shickley, Nebr	20,673.84
Moore, C. H., trust, estate	Clinton, Ill	28,973.27	Broadwell, Frank and Jas. A	York, Nebr	21,024.88
Tallmadge Ranch, Inc	1290 South Lincoln, Kankakee, Ill	24,022.48	Hundahl Farms	Tekamah, Nebr	23,086.14
Blood, John	206 East 5th St., Mount Carmel, Ill	25,203.90	H & G Ranch	Box 111, Brownfield, Tex	20,043.00
Moore, Fred and Auston	Route 1, Rensselaer, Ind	24,290.40	Bell, J. B	Route 1, Pantego, N.C	27,483.25
New Harmony Realty, care of Melvin Fisher.	New Harmon, Ind	25,152.40	Roberts Bros	Gregory, N.C	28,876.57
Adams, W. P	II Land Trust, Odebolt, Iowa	27,063.84	Agricultural Lands, Inc	Route 1, London, Ohio	28,876.44
Garst Co	Coon Rapids, Iowa	26,549.46	Orelton Farms, Inc	Box 391, London, Ohio	27,271.60
Good, R. C	Glenwood, Iowa	23,253.44	Fullen, Jim	Ashport, Tenn	21,521.74
Hamilton, J. C	318 2d Ave. NE., Hampton, Iowa	26,396.46	Agriculture, Inc	Post Office Box 155, Girvin, Tex	22,875.24
Huxsol, Julius	Route No. 4 Charles City, Iowa	20,727.80	Cowles, Ruth E	Chapman Ranch, Tex	27,715.88
Bott, Herman	Palmer, Kans	20,877.22	Friemel, Herbert	Route 1, Canyon, Tex	23,177.05
Christy, R. B., estate, care of Donald Christy, administrator.	Box 278, Scott City, Kans	20,214.28	Gentry, W. H	Route 1, Hereford, Tex	21,467.60
			Givens, Ercell	Box 817, Abernathy, Tex	21,235.72
			Glenn, M. T	Box 447, Tulia, Tex	23,540.12
			Green, James L	Route 2, Hereford, Tex	21,284.26

Value of payment-in-kind feed grain certificates issued to producers under 1961 feed grain program—Continued

BETWEEN $20,000 AND $30,000—Continued

Name	Address	Value of payment-in-kind certificates
Grusing, Herman	32 Oldham Dr., Amarillo, Tex	$21, 799. 86
Hays, A. C., Jr	Box 668, Dimmitt, Tex	22, 939. 04
Hill, Homer	Hart, Tex	28, 161. 32
McGee, Taft	Box 69, Hereford, Tex	29, 141. 48
Miller Farms Co	Box 728, Tulia, Tex	25, 133. 48
Osborn, Sloan	Friona, Tex	25, 009. 55
Perrin Bros	Box 12, Hereford, Tex	28, 894. 00
Reid, Warner	Box 694, Tulia, Tex	$22, 152. 12
Smith, Rodney	Hart, Tex	21, 590. 19
Varisco, Joe	Route 4, Box 161, Bryan, Tex	24, 633. 18
Wheeler, John A	Route 1, Lorenzo, Tex	27, 416. 34
White, James M., Sr	Box 622, Hereford, Tex	21, 162. 92
Winterrowd Bros	Box 1049, Pecos, Tex	21, 020. 30
Malbon, W. R., Jr	London Bridge, Va	24, 697. 73

BETWEEN $10,000 AND $20,000

Name	Address	Value of payment-in-kind certificates
Barnes, M. H	San Simon, Ariz	$12, 624. 69
Boyd Bros	Route 1, Willcox, Ariz	12, 354. 88
Chatham & Chatham	Box 566, Peoria, Ariz	16, 161. 34
Cowden, E. Ray	Box 1550, Phoenix, Ariz	15, 597. 36
Eaton Cattle Co	Route 4, Box 84, Phoenix, Ariz	10, 006. 20
Gerhart, Herbert	Route 3, Box 55, Willcox, Ariz	10, 136. 88
Hilburn, O. L	Box 622, Bowie, Ariz	13, 581. 98
Jay Bros	Route 3, Box 34A, Willcox, Ariz	16, 614. 40
Kai, John	Box 488, Marana, Ariz	12, 481. 56
Kidd, J. L., Jr	Route 3, Box 40, Willcox, Ariz	17, 700. 13
Kinard, R. G	Route 3, Box 7, Willcox, Ariz	12, 309. 46
Maryvale Land & Cattle Co	Post Office Box 986, Glendale, Ariz	14, 245. 10
Pima Community Farms	Sacaton, Ariz	17, 186. 40
Rogers, Leroy	Route 4, Box 356, Phoenix, Ariz	11, 589. 80
Simmons, Ben	Post Office Box 167, Parker, Ariz	11, 117. 44
Stewart, James, Co	707 Mayer Central Bldg., Phoenix, Ariz	10, 010. 80
Texas Hill Farms, care of Sid Woods.	P.O. Box 1283, Yuma, Ariz	17, 415. 12
Wilson, James A	3841 East Elm, Phoenix, Ariz	17, 661. 52
Miller Lumber Co	Marianna, Ark	16, 745. 30
Wunderlich, Alvin	Box 1236, Memphis, Tenn	11, 871. 72
Amend & Walter	Route 2, Box 492A, Chico, Calif	15, 249. 39
Balsdon & Balsdon	Box 274, Grimes, Calif	12, 139. 67
Black, E. H	405 Midland Dr., Visalia, Calif	11, 748. 16
Bogetti, John and Robt	Route 2, Box 254, Tracy, Calif	19, 444. 58
Bright's Nursery	5642 South Plainsburg Rd., Le Grand, Calif.	12, 314. 00
Bryant, D. M., Jr	Box 540, Pond, Calif	11, 416. 14
Butte Creek Farms	Box 549, Colusa, Calif	11, 967. 49
Choperena, Pete	600 Monterey St., Chowchilla, Calif	10, 721. 46
C. M. Ranch	Box 191, Calexico, Calif	13, 734. 24
Gomes, John	Route 1, Box 9, Byron, Calif	14, 380. 86
Harrell, R. E	405 Midland Dr., Visalia, Calif	12, 923. 52
Imperial Land & Cattle Co	Box B, Brawley, Calif	16, 374. 02
Jacobs, Del, executor, estate of James Lucy, deceased, and Klein Bros	Box 609, Stockton, Calif	10, 462. 00
Jessup, Roger, doing business as Jessup Farms.	5431 West San Fernando, Glendale, Calif.	11, 006. 70
Massoni Bros	Box 156, Byron, Calif	10, 023. 76
Miller & Lux	311 East St., Lemoore, Calif 830 6th St., Los Banos, Calif	10, 596. 19
McCormack, Thomas, estate	Box 707, Rio Vista, Calif	15, 469. 45
Narducci, Olinto	832 Rose Marie Lane, Stockton, Calif	16, 583. 94
Pedrick, W. S	Route 1, Box 1370, Davis, Calif	13, 862. 25
Pratt, G. L	31599 Road 132, Visalia, Calif	12, 637. 76
Pylman, Harvey, & Sons	Route 1, Box 312, Clarksburg, Calif	11, 218. 72
River Farms Co. of California	Knights Landing, Calif	15, 087. 38
Terhel Farms	Box 491, Colusa, Calif	18, 862. 92
Turnbow, Grover, doing business as Triangle T Ranch.	4208 Ave. 18½, Chowchilla, Calif	16, 292. 82
Wallace, E. L., & Sons	Route 2, Box 360, Woodland, Calif	11, 026. 22
Western Farm Co., care of Enrico Lambi.	Box 235, Byron Calif	15, 316. 50
Willoughby, George B	Box 860, El Centro, Calif	11, 212. 80
American Crystal Sugar Co	Rocky Ford, Colo	10, 791. 54
Broyles Farms Co.. care of Jake O. Broyles.	907 South 7th, Lamar, Colo	11, 030. 21
Feldhausen, Leonard	Burlington, Colo	10, 660. 74
Hoskins, L. A	Yuma, Colo	10, 321. 03
Penny Ranch	Burlington, Colo	16, 906. 62
Rutherford, R. R	949 Tipton, Springfield, Colo	15, 225. 88
Willhite, C. E	Holly, Colo	12, 051. 90
Zweygardt, Delmar	Burlington, Colo	10, 391. 23
Cellon, Roy	Route 2, Alachua, Fla	13, 085. 40
Terry, I. C., Farms	Route 2, Lake City, Fla	12, 044. 08
Vandergrift Williams Farms, Inc.	Box 619, Pahokee, Fla	14, 401. 80
Ward, Aubrey L	Route 1, McAlpin, Fla	11, 478. 54
Ward, Henry M., & Sons	Route 4, Live Oak, Fla	18, 981. 66
Dykes, James M	Cochran, Ga	11, 314. 22
Millhaven Co., J. Knapp Boddiford, manager.	Millhaven, Ga	16, 876. 73
Ackerman, Frank H	Carmi, Ill	11, 803. 38
Adwell Corp., John Mathias, manager.	Box 87, Pekin, Ill	11, 982. 48
Braner, Vincent	Pleasant Plaines, Ill	14, 819. 33
Brehn, C. E	Mount Vernon, Ill	11, 341. 20
Burnidge Bros	Elgin, Ill	15, 088. 52
Chausse, W. A., & Sons, care of D. M. Chausse.	Route 1, Nokomis, Ill	10, 355. 04
Churchhill, James S	Beecher, Ill	11, 830. 49
Coon, Robert	Winchester, Ill	11, 034. 44
Curry, A. E., & Son	Route 5, Jacksonville, Ill	14, 268. 80
Dowson, Bros	Divernon, Ill	13, 005. 92
Drolsom, G. A., director	Sandwich, Ill	11, 575. 96
Duvall, Wilburn	Rural route 3, Carmi, Ill	10, 503. 65
Englum, Jerry	Rural route 1, Paris, Ill	10, 338. 48
Fewell, Willard	Rural route 2, Marseilles, Ill	10. 112. 85
Fisher, Emil Russell Allen	Rochelle, Ill	18, 345. 92
Freitag, Ward	Stanford, Ill	10, 386. 90
Funk Farm Trust, care of Theodore Funk.	Shirley, Ill	$15, 780. 45
Gingrich, Herbert	Sheffield, Ill	10, 625. 98
Glendenning, George	Stillman Valley, Ill	14, 888. 30
Gummow, Edward A	Rockton, Ill	10, 341. 92
Gummow, Lester	do	14, 478. 09
Hamilton, Inez	Campus, Ill	15, 504. 27
Hancock Land Co	Warsaw, Ill	12, 890. 11
Hill, Martha, Jess, and Edgar, County National Bank of Paris, cotrustee for the estate of Cora L. Epps, deceased, care of Epps office.	Chrisman, Ill	12, 188. 79
Kilton, W. D	Litchfield, Ill	16, 091. 48
Kinsella Farms, A., partnership, care of W. H. Kinsella.	Cooksville, Ill	10, 073. 90
Larry, L. J	East Conron Ave., Danville, Ill	12, 373. 56
Layden, Edward, Sr	Hoopeston, Ill	12, 147. 65
Lewis, Norman	New Liberty, Ill	13, 624. 18
Light, Rex	Rural Route 1, Durand, Ill	10, 026. 00
Luster-Deal, Inc., care of Russell Deal, president,	Rural Route 4, Taylorville, Ill	12, 630. 16
McLaoughlin, C. L., owner Stonehurst Farms.	Hillview, Ill	14, 324. 42
Mahrenholz, Herbert	Vincennes, Ind	10, 054. 01
Martin Implement Co	Roanoke, Ill	14, 481. 72
Morris, E. H	Crossville, Ill	10, 903. 20
Napier, L. O	Route 1, Marengo, Ill	11, 284. 00
Nesset, Thelma, Elm Tree Farm.	300 West Dundee, Palatine, Ill	10, 230. 00
Norfleet, Austin and Dale, a partnership, by Dale Norfleet.	Cisco, Ill	13, 843. 68
O'Neil, John F	Route 2, 1st St. Rd, Champaign, Ill	14, 179. 20
Parks, Harold	Rural Route 3, Lincoln, Ill	15, 729. 91
Raffety, Hunter	Wyatt, Mo	11, 257. 92
Ravnaas, Martin	Rural Route 3, Rochelle, Ill	10, 904. 92
Rumbold, Ezra	Princeville, Ill	15, 874. 76
Schmidt, Henry W	Route 1, Belknap, Ill	12, 343. 81
Scully Trust	Dwight, Ill	14, 703. 50
Seabert Bros. & Sons, a partnership, by Leonard Seabert, a partner.	Rural Route 3, Dwight, Ill	10, 181. 22
Shuff, Chas. B	New Berlin, Ill	10, 287. 25
Smith Farms, care of Jesse Dowell.	1st National Bank Bldg., Champaign, Ill.	10, 350. 12
Sumner, Jessie, John G., and Edward C., care of E. C. Sumner, Jr.	Box 288, Milford, Ill	10, 129. 60
Sunny Acre Farm, care of Wrenn Bros.	Rural Route 1, Momence, Ill	12, 142. 00
Swarts, Keith, & Sons, care of Duane Swarts.	Rural Route 1, Dixon, Ill	10, 902. 90
Warner, Ward	Lawrenceville, Ill	10, 484. 85
Watson, James, Jr., by L. L. Norton, agent.	Sibley, Ill	10, 431. 48
White, George, estate, by John L. White, administrator.	New Holland, Ill	14, 818. 52
Albrecht, Louise and Jacob	Francisville, Ind	11, 132. 00
Bower, James C	421 Walnut St., Evansville, Ind	14, 676. 75
Brown, Holton, and Sons	Route 1, Lowell, Ind	12, 681. 36
Churchill, Robert A	Route 1, Lake Village, Ind	10, 090. 44
Churchill, R. S	do	10, 090. 44
Clodfelter, Oscar	Rural Route 1, Russellville, Ind	10, 469. 30
Creighton Bros	Rural route 5, Warsaw, Ind	17, 654. 16
Farmer, Peter A	Route 1, Terre Haute, Ind	11, 039. 53
Gumz, Richard	North Judson, Ind	14, 426. 49
Hamstra, Sam G	Route 1, DeMotte, Ind	11, 429. 90
Harlan, James	Route 1, Terre Haute, Ind	13, 136. 91
H. F. K.—Pinelands and Spring Grove Farms.	4823 Lima Rd., Fort Wayne, Ind	14, 037. 45
Hitchcock, Ben	1625 North St., Bedford, Ind	11, 016. 00
Holloway, Keith and Lawrence, care of.	Care of Keith Holloway, Rural Route 5, Frankfort, Ind.	10. 343. 92
Johnson, August, and Harold Haberlin.	Hebron, Ind	10, 677. 70
Kellerman, James	Rural Route 1, Romney, Ind	11, 224. 47
Knowles & Sons, Inc	Rural Route 4, Attica, Ind	15, 291. 97
Kolb, Donald	Rural Route 2, Evansville, Ind	10, 244. 08
Little Verle	Route 2, Hebron, Ind	10, 843. 15
Longview Farms, care of Lorene, Erickson.	Route 1, Windfall, Ind	16, 358. 86
Maid Marion Farms	Route 1, Shelburn, Ind	15, 997. 51
Madison, Everett	Momence, Ill	18, 236. 68
Mahan, Earl	Lake Village, Ind	13, 008. 20
Meadowlark Farms, Inc	Sullivan, Ind	14, 589. 28
Morrow, Neil	Route 2, Hebron, Ind	10, 418. 60
Mumford Farms	Griffin, Ind	13, 059. 08
Potter, George	1902 State St., Lafayette, Ind	11, 315. 58

Value of payment-in-kind feed grain certificates issued to producers under 1961 feed grain program—Continued

BETWEEN $10,000 AND $20,000

Name	Address	Value of payment-in-kind certificates
Princeton Mining Co	Princeton, Ind	$12, 164. 40
Ramsey, Kenneth	Judson, Ind	11, 276. 69
Riffe & Berger	Windfall, Ind	17, 635. 08
Steckler, E. C. and G. A	Route 4, Vincennes, Ind	14, 067. 87
Stewart, Donald and Dorotha E.	210 East Dr., Lebanon, Ind	10, 723. 05
Taylor, Dan	Rural Route 2, Noblesville, Ind	16, 325. 48
Thompson Bros., care of Roy Thompson.	Worthington, Ind	10, 454. 68
Thompson, Charles, Jr	Route 1, Decker, Ind	15, 155. 29
Thompson, Paul	Linton, Ind	18, 177. 22
Tolen, Herman	Rural Route 3, Fowler, Ind	13, 847. 24
Tompkin, Darrell, and Moody, Granville.	Fair Oaks, Ind	11, 412. 30
Wathen, Elvis	5601 Pollack Ave., Evansville, Ind	10, 369. 00
Walker, Chris	Francesville, Ind	12, 271. 64
Willkie Farms	Route 5, Rushville, Ind	13, 065. 00
Ahart, Louis J	Dow City, Iowa	12, 412. 98
Apel, Melvin A	Rudd, Iowa	10, 433. 91
Baur Bros	Van Meter, Iowa	13, 157. 98
Carlson, Elmer	Audubon, Iowa	10, 810. 16
Carpenter Farms, Inc., Russell Sherlock, manager.	1712 Main St., Grinnell, Iowa	14, 286. 21
Cresap, Martha P., estate, care of M. M. Payne III, manager.	Hamburg, Iowa	12, 525. 43
Eblen, Orville	Atlantic, Iowa	10, 111. 08
Ericksen & Ericksen, by Bob Ericksen.	Salix, Iowa	10, 180. 80
Good, R. C., and Jane Gammon, by R. C. Good, trustee.	Glenwood, Iowa	13, 093. 91
Groth, Harold O	Fairview, S. Dak	11, 591. 24
Hamilton, Robert T., and William.	Route No. 3, Hampton, Iowa	11, 207. 22
Heline, John	Pierson, Iowa	15, 707. 52
Hurst, Ralph W., and Kenneth E., partnership.	Cresco, Iowa	10, 736. 81
Lakin, Chas. E	Emerson, Iowa	19, 574. 94
Levsen, Carl M., & Son	Clarence, Iowa	13, 035. 52
Litchfield Realty	412 Hubbell Bldg., Des Moines, Iowa	11, 716. 25
McGrew, Everett	Henderson, Iowa	10, 121. 24
McGrew, Edwin	Emerson, Iowa	
Merrill, Geo	Duncombe, Iowa	11, 919. 70
Myer, E. F	123 North Maple Ave., Logan, Iowa	11, 695. 10
North, Tracy	Vail, Iowa	12, 848. 04
Osterman, Gus, & Sons, by Rueben Osterman, partner.	Ocheyedan, Iowa	10, 890. 24
Payne, M. M., estate, by M. M. Payne III, one of administrators.	Hamburg, Iowa	13, 535. 98
Pollert, Ray	Rural Route 4, Clarinda, Iowa	10, 200. 98
Prior, Lester V., Hannan, Chas., Pester, Geo. H., care of City National Bank.	Council Bluffs, Iowa	10, 211. 84
Ransay, Wm. H	104 West Thomas Ave., Shenandoah, Iowa.	10, 220. 02
Reeves Farms, by J. E. Good, agent.	Hamburg, Iowa	13, 868. 57
Rischer, Chev. & Impt. Co	Rockford, Iowa	10, 187. 48
Risvold, J. A	2115 North Shore, Clear Lake, Iowa	10, 105. 50
Seitzinger, Franklin	Blencoe, Iowa	10, 922. 78
Small, C. P	Rural route No. 1, Clinton, Iowa	12, 226. 72
Staley, Glen	118 1st NE, Hampton, Iowa	16, 085. 54
Stewart, Gaylen	Hudson, Iowa	11, 274. 76
Thompson, Fred & Sons	South Omaha Highway Bridge Rd., Highway 275, Council Bluffs, Iowa.	10, 373. 82
Trowbridge, D. L	Box 311, Charles City, Iowa	11, 021. 92
Van Duzer, Wayne	Nora Springs, Iowa	11, 858. 10
Warman, Thelma L	Alden, Iowa	12, 062. 68
Welty, George K	Essex, Iowa	10, 633. 22
Beach, Ronald	Box 27, Scott City, Kans	15, 606. 64
Borell, Edwin A., & Sons	Shields, Kans	10, 700. 55
Bressler, Norval	Elkhardt, Kans	13, 453. 65
Cottrell, W. R	Plains, Kans	15, 221. 00
Crist, Harold	1302 Church, Scott City, Kans	12, 109. 90
Crist, R. L	812 College, Scott City, Kans	10, 204. 77
Crist, Ted	520 North 10th, Garden City, Kans	11, 761. 70
Daniels, Otis L	Rolla, Kans	11, 502. 36
Dienst, Raymond	Lakin, Kans	11, 574. 30
Evans Bros., partnership, by G.R. Evans, a partner.	Lebo, Kans	12, 363. 84
Foster, Wm. D	702 Pats Dr., Garden City, Kans	15, 050. 48
Garvey, James S. and Shirley, care of Don D. Fadely.	Colby, Kans	10, 879. 95
Garvey, R. H., estate, care of Don D. Fadely.	do	15, 284. 65
Garvey, W. W., and Jean, care of Don D. Fadely.	do	10, 769. 63
Geeseka, Otto	Rural route 2, Scott City, Kans	13, 077. 89
Hall, Ed	Sublette, Kans	11, 592. 31
Hobart Farms, care of Nelson Hobart.	Hutchinson, Kans	19, 067. 86
Hughes, Claude	202 West 9th, Scott City, Kans	17, 751. 10
Hume, Max H	Manter, Kans	12, 665. 68
Josserand, O. E	Johnson, Kans	10, 109. 14
Knotny, Lloyd	Julesburg, Colo	12, 740. 37
Larson, Andrew	1018 North 7th, Garden City, Kans	12, 291. 36
Lightcap Bros	Hugoton, Kans	11, 636. 24
Martin, Kenneth	Moscow, Kans	11, 216. 59
Mercer, Clyde F	901 Center, Garden City, Kans	14, 725. 32
Persinger Partnership	Hugoton, Kans	11, 146. 80
Ratzlaff, Dan B	Lakin, Kans	$10, 111. 15
Roberts, Wayne	Rural route 2, Scott City, Kans	10, 075. 50
St. Benedict's College, care of Father Angelus Lingenfelser.	Atchison, Kans	11, 575. 69
Winger, Clarence, & Sons	Johnson, Kans	12, 654. 70
Selfridge & Sons	Dighton, Kans	10, 026. 15
Shore, John	Johnson, Kans	16, 478. 35
Stevenson, Ray	Ulysses, Kans	12, 329. 84
Sullivan, J. David	do	15, 238. 82
Taylor, J. L	Douglas, Kans	10, 326. 60
Ulrich, Wilbur	Holcomb, Kans	16, 514. 46
Wilson, Melvin S	Johnson, Kans	10, 190. 86
Anderson Bros	Morganfield, Ky	17, 790. 76
Broadbent, S. D	Route 1, Cadiz, Ky	12, 643. 68
Clark, H. Z	Clay, Ky	13, 782. 50
Reynolds Metals Co	Route 3, Henderson, Ky	12, 984. 32
Smith, Charles B	1020 Merritt Dr., Henderson, Ky	10, 955. 10
Wathen, S. S	1531 Frederica St., Owensboro, Ky	13, 863. 07
Wilson, James	Wickliffe, Ky	14, 483. 44
Kilball estates, care of Garrard Mountjoy.	8308 Cantrell Rd., Little Rock, Ark	10, 019. 84
Scopena Plantation	Boxxier City, La	16, 646. 56
Fairfield Farms, Inc	Route 2, Cambridge, Md	12, 376. 02
Beebe, N. P., Farms, W. H. Coles manager.	533 Oak St., Niles, Mich	11, 936. 40
Heppner, Carl	Route 2, Pinconning, Mich	10, 170. 66
Wright, Gerald	Vandalia, Mich	10, 884. 08
Anderson, Ted	Springfield, Minn	10, 081. 40
Boote, J. C	Worthington, Minn	12, 400. 70
Bustad, Martin	1302 4th St. SW., Austin, Minn	15, 640. 36
Cashman Nurseries	Box 239, Owatonna, Minn	14, 752. 15
Ellefson, Gerdon, and Werner, Ronald.	Jackson, Minn	16, 017. 96
Mulso, Elmer	Sherburn, Minn	13, 851. 56
Nielson Bros., care of Hans Nielson.	Jackson, Minn	12, 874. 14
Rauenhorst, George	Olivia, Minn	12, 958. 92
Taylor Bros	Adrian, Minn	12, 472. 30
Bartlett, Donald	Como, Miss	11, 580. 69
Conner, H. D., Produce Co	Route 2, Rolling Fork, Miss	15, 469. 74
Delta Farms (Corrine P. Long, owner).	Box 455, Fayette, Miss	13, 412. 24
Delta & Pine Land Co., Fine Spinners & Doubles, Ltd., Manchester, England, owners.	Scott, Miss	11, 409. 68
Falls, Jerry	Webb, Miss	11, 412. 00
G.R. & S. Cattle Co., Inc	Cary, Miss	13, 831. 20
Hays Bros. & Hall	Route 2, Sardis, Miss	16, 826. 40
Kline, Milton	Anguilla, Miss	13, 730. 76
Scott, A. E., Jr	Mayersville, Miss	13, 986. 00
A. C. Farms	Mexico, Mo	15, 771. 90
Aressar Ranch, Inc., care of Wm. M. Milne.	Burlington Junction, Mo	14, 295. 00
AuBuchon, Elmer and Peter	Festus, Mo	14, 324. 82
Batman, Ray	Grain Valley, Mo	17, 739. 20
Bergman, Fred A	Perryville, Mo	11, 207. 43
Bert Offutt Co	Orrick, Mo	18, 946. 19
Big Oaks Farms	East Prairie, Mo	13, 187. 26
Bradley, Charles	Annada, Mo	16, 053. 92
Bramble, C. S	Glasgow, Mo	16, 452. 68
Bruckerhoff, N. H	Perryville, Mo	13, 773. 08
Burns & Smith, L. W. VanDyke, agent.	Marshall, Mo	12, 779. 36
Carlile Bros	Pleasant Hill, Mo	13, 063. 14
Carpenter, Ernest	New Madrid, Mo	10, 782. 29
Choate, Wendell	Charleston, Mo	10, 492. 04
City of St. Louis	City Hall, St. Louis 1, Mo	12, 203. 91
Daniels, W. F	Fayette, Mo	10, 202. 05
Davis, R. E	Boonville, Mo	13, 576. 88
Davis-Noland-Merrill Grain Co., care of Ken Parsons.	Carrollton, Mo	19, 608. 39
Dickinson, W. L	Keytesville, Mo	13, 951. 55
Donath, C. O	Palmyra, Mo	13, 436. 33
Douglass, Thomas M	Columbia, Mo	14, 524. 84
Drinkwater, A. J., Jr	Charleston, Mo	10, 122. 33
Duenne, H. and D	do	14, 848. 53
Elson, Eugene	Hughesville, Mo	12, 928. 86
Goodin Bros	Charleston, Mo	14, 670. 50
Green Top Farms	Richmond, Mo	17, 683. 11
Griffin, Wm. M	Rock Port, Mo	15, 685. 33
Harrison, George	Charleston, Mo	12, 007. 40
Hoechst, Emil E	16 Country Life Acres, St. Louis, Mo	18, 884. 88
Hudgins Bros	Forbes, Mo	10, 731. 99
Hunter, S. L., & Sons	New Madrid, Mo	14, 628. 48
Jacoby, J. J. and L. F	Marshall, Mo	10, 323. 00
Kincaid Bros	Plattsburg, Mo	14, 668. 80
Lankheit, R. J	Charleston, Mo	16, 721. 51
Loida Bros	St. Genevieve, Mo	15, 397. 12
Long, Elwood	Fayette, Mo	10, 576. 62
Low, Jimmie	Tarkio, Mo	17, 298. 29
Mackey, Marion	Clarksville, Mo	13, 196. 50
Manley Farms, care of O. C. Swackhamer, attorney.	Tarkio, Mo	16, 603. 40
Marshall, Edward & Son	Charleston, Mo	15, 340. 92
Maxwell, Leland, and Harland.	East Prairie, Mo	16, 544. 11
Meadow Brook Farm, care of Robert A. Black.	St. Louis, Mo	15, 101. 60
Meyer, Theodore	Marthasville, Mo	11, 307. 96
Midwest Feeders	Marshall, Mo	12, 288. 51
Moore Bros	Charleston, Mo	12, 038. 64
Morris, Donald E	Fortescue, Mo	10, 341. 98

Value of payment-in-kind feed grain certificates issued to producers under 1961 feed grain program—Continued

BETWEEN $10,000 AND $20,000

Name	Address	Value of payment-in-kind certificates
Norman, Norbert, and Cora Quinn.	Salisbury, Mo.	$16,006.40
Norton, Russell	Kansas City, Mo.	10,411.15
Oliver, Dearmont	East Prairie, Mo.	15,874.97
Opp, George	Rock Port, Mo.	11,541.32
Ottman, Raymond	do	13,441.65
Parkville Farms	Parkville, Mo.	14,984.13
Rasse, Louis, estate, Fred Klinge, agent.	Marshall, Mo.	19,914.22
Rhoades, E. E	Slater, Mo.	13,443.57
Riley, A. C	New Madrid, Mo.	18,125.87
St. Albans Farms, Inc., care of P. S. Kilpatrick.	St. Albans, Mo.	16,663.39
Schmidt, Earl and Lloyd	Ewing, Mo.	17,311.66
Schulze, Walter, estate of	Troy, Mo.	11,819.37
Spicknall Farms	LaBelle, Mo.	10,425.84
Stock, Walter, Kenneth & Harold.	Levasy, Mo.	10,556.63
Stonner Bros	Miami, Mo.	14,491.97
Thurmond, James	Charleston, Mo.	11,177.70
Vandiver Bros	Camden, Mo.	13,807.29
Waggoner, Harry K	Independence, Mo.	10,857.17
Wallace, E. R	Peculiar, Mo.	13,347.76
Wiese, R. E	DeWitt, Mo.	15,996.04
Wilcoxon, H. J. and J. M	Carrollton, Mo.	12,073.95
Windle, Jack	Nebraska City, Nebr.	14,931.54
Wolfe, John	Ashburn, Mo.	11,256.96
Adams, Walter E	Fremont, Nebr.	14,159.44
Andersen, Leo C	Dakota City, Nebr.	10,790.32
Anderson, Dewey	Omaha, Nebr.	14,082.85
Brinkman, Karl and Wm	Geneva, Nebr.	11,395.53
Brown, Jean	Clarks, Nebr.	18,830.62
Chaney Bros	Geneva, Nebr.	12,944.07
Cook Livestock Co.	Scottsbluff, Nebr.	13,980.36
Cover, Noel	Cozad, Nebr.	13,638.77
Curry, Wm. A	Columbus, Nebr.	12,793.82
Dondlinger, John	Shickley, Nebr.	10,099.77
Eriksen, G. B. (Jr.) and Theo.	Craig, Nebr.	10,863.01
Eriksen, Leonard	do	18,802.81
Faeh, Del, & Sons	Central City, Nebr.	13,484.06
Farms, Inc	Aurora, Nebr.	13,275.52
Flo-Wal Farms, Inc	DeWitt, Nebr.	11,391.96
Hammond, F. Lucille	Nebraska City, Nebr.	19,726.34
Hanousek, Louie	Shelton, Nebr.	11,179.02
Herr Bros	Humboldt, Nebr.	10,972.08
James, John and Vantine A	Nebraska City, Nebr.	15,159.32
Jessen, John	Bloomfield, Nebr.	10,730.76
Johnson Bros. & Jones	Cambridge, Nebr.	15,281.00
Johnson, Roy	Elkhorn, Nebr.	10,942.84
Keifer, Oswin	Bostwick, Nebr.	15,301.52
Kreutz, Roger R	Giltner Nebr.	10,642.51
Lambie, Wallace	Fairfield, Nebr.	11,788.40
Langworthy, Jessie T. (establishment).	Seward, Nebr.	10,877.08
Lovegrove, Dale	Fairmont, Nebr.	11,344.04
Mercer Farms, Inc	Gibbon, Nebr.	11,071.00
Myers, Adair and Arden	McCook, Nebr.	10,512.18
Neumeyer, Hans	Bennington, Nebr.	11,320.26
O'Connor Bros	Fairmont, Nebr.	11,977.46
Packer, P. H	Wood River, Nebr.	10,528.05
Palmblade, Roger	Minden, Nebr.	14,786.39
Patterson, Murl E	Kearney, Nebr.	15.537.81
Palser, W. H	Big Springs, Nebr.	10,225.60
Potadle, Gilbert	Herman, Nebr.	13,527.21
Rogers, R. T	Gibbon, Nebr.	13,173.10
Rogge, W.M.E	Auburn, Nebr.	10,218.02
Schliep, Ed C., & Sons	Fairfield, Nebr.	10,228.50
Schneider, John	Tekamah, Nebr.	11,557.50
Swanson, Russell E	Clay Center, Nebr.	13,465.05
Tobin Bros	Tekamah, Nebr.	10,047.68
Tobin, John, & Sons	do	12,366.94
Tyson, Ned	Herman, Nebr.	18,528.44
Vencil, Tony	Waterloo, Nebr.	10,590.07
Wagner, Leonard	Creighton, Nebr.	12,096.29
Waring, Robert B., Jr	Geneva, Nebr.	10,231.03
Warner Hereford Farms	Waverly, Nebr.	10,735.98
Wirth, Paul, John and Anton.	Nebraska City, Nebr.	12,448.71
Woods Bros. & Ells	Fairfield, Nebr.	11,578.41
Ziebarth, Wayne	Wilcox, Nebr.	16,875.60
Snyder Bros	Englishtown, N.J	13,453.92
Garrett, John	Box 271, Clovis, N. Mex	17,779.20
Hammond Bros	2813 Axtell, Clovis, N. Mex	19,103.14
Lovelace, Gene	Box 365, Texico, N. Mex	11,731.14
Schiller, C. C	1316 Piedmont St., Clovis, N. Mex	11,826.14
Allen, W. A	Farmville, N.C	11,722.33
Blount, J. H., Jr	Greenville, N.C	11,583.00
Braswell, M. C., Farms, by Thos. J. Pearsall, agent.	Battleboro, N.C	17,664.48
Chambers, Ben	Route 3, Hertford, N.C	13,097.18
Clark, S. N. and D. R	Tarboro, N.C	12,394.20
Veck, Bill	Animas, N. Mex	11,803.12
Shaul, Max	Fultonham, N.Y	14,777.16
Parrott, James M	Kinston, N.C	16,527.82
Spruill Farms, Inc	Windsor, N.C	12,191.92
Sutton, Robert E	Route 3, Hertford, N.C	16,593.24
Williams, W. F	South Mills, N.C	10,712.77
Botkins, M. E	Route 1, Urbana, Ohio	14,345.24
Bowling, Frank, & Sons	Route 2, Circleville, Ohio	10,394.49
Bowman, J. Craig	437 South Sandusky Avenue Upper Sandusky, Ohio.	16,336.56
Chaswil Farms	Route 3, Sabina, Ohio	12,774.48
Cornelius, J. A	Route 4, Harrison, Ohio	11,382.35
Dunlap, John H., Jr	Williamsport, Ohio	11,062.74
Guthery, W. S., & Son, Inc	Route 2, La Rue, Ohio	$10,019.34
Gries, B. J	Route 4, Fremont, Ohio	11,129.87
Hall Growers	145 Harris St., Lodi, Ohio	13,975.92
Hartman, Samuel, estate	London, Ohio	10,982.37
K Double R. Farm	Route 1, Irwin, Ohio	10,602.24
Linville, Avery	Route 1, Cable, Ohio	14,589.84
Locke, Gayle	Box 86, Catawba, Ohio	11,107.76
Miller Bros	Route 1, Circleville, Ohio	11,345.50
Needs, David J	Route 4, Upper Sandusky, Ohio	13,094.68
Pickaway Farms	do	15,424.75
Stadler, William	Route 2, Urbana, Ohio	10,675.33
Walton, Dale	Route 4, Upper Sandusky, Ohio	18,227.85
Walton, Ward W	do	15,845.59
Wensink, Norbert	Route 1, Monroeville, Ohio	11,459.46
Wing, David G	Mechanicsburg, Ohio	10,883.88
Hitch, H. C	Box 831, Guymon, Okla	11,388.77
Green Acre Farms	Nazareth, Pa	17,433.00
Kemmerer, Morris	Rural Delivery 1, Mertztown, Pa	17,512.43
Keystone Dehydrators	Box 204, Nazareth, Pa	10,067.57
Schoeneck Farms, Inc	Route 3, Nazareth, Pa	18,213.00
Rouse, G. L	Luray, S.C	10,332.46
Christiansen, Helen	Kimball, S. Dak	10,136.50
Eddlemon, C. C	Route 2, Tiptonville, Tenn	11,152.00
Adkins, Ivan W	Box 173, Friona, Tex	11,998.29
Allen, Mike	Route 1, Friona ,Tex	14,959.41
Allison, J. R	113 North Texas, Hereford, Tex	10,320.60
Allred, Glen	Box 81, Wildorado, Tex	10,720.30
Armes, J. E	5401 28th St., Lubbock, Tex	10,743.00
Armstrong, Charles	Box 875, Dimmitt, Tex	11,667.21
Armstrong, William E	Route 2, Lubbock, Tex	13,810.06
Awtry, Deon	Box 511, Friona, Tex	13,302.26
Babb, Tom J	Route 1, Edna, Tex	16,035.14
Baker, H. H. and Edgar	Route 2, Somerville, Tex	17,573.67
Barnes, W. B	Box 1135, Spearman, Tex	10,803.97
Barton, Joe, and Barton, J. P.	Star Route, Hale Center, Tex	13,465.83
Barton, Russell	Star Route, Kress, Tex	13,339.68
Benefield, J. Fred	611 West 11th, Plainview, Tex	10,635.19
Bennett, G. R	Box 394, Hart, Tex	10,798.53
Bergner, John C	Stinnett, Tex	12,757.65
Big Four Farms, The, care of C. T. Beckham, partner.	510 North 1st, Lamesa, Tex	12,672.00
Bippus, Herbert	401 25 Mile Ave., Hereford, Tex	13,009.20
Black, M. A	Route 1, Friona, Tex	14,959.41
Blodgett, Deta and Ralph	Box 638, Spearman, Tex	11,188.12
Brittain, Chester	Box 345, Taft, Tex	10,929.38
Brooks & Allison	101 Douglas, Hereford, Tex	10,535.25
Brown Bros	Route 2, Gonzales, Tex	13,385.37
Busby Farms	Star Route 2, Olton, Tex	16,903.92
Buske, W. D	Route 2, Friona, Tex	11,974.59
Butler, Virginia D	50 Travis Rd., Tulia, Tex	17,994.02
Byrd, Earl B	Box 403, Sunray, Tex	12,658.45
Byrd, Wylie A	Route 2, Tulia, Tex	10,849.19
Campbell, Truvis	Route 4, Dimmitt, Tex	10,143.40
Carnahan, C. D	Box 64, Hereford, Tex	18,978.77
Carter, C. E. & Son	2107 West 11th St., Plainview, Tex	13,100.79
Carter, Coleman, Jr	Oakwood, Tex	10,204.36
Carver, Charles S	Box 140, Hillsboro, Tex	13,093.50
Chapman, P. A., Jr., estate	Chapman Ranch, Tex	10,828.21
Clawson, Rodney, Max, and Kirby.	Gruver, Tex	12,942.39
Clayton, Bros., care of Billy Clayton.	Route 2, Springlake, Tex	15,690.22
Clements Corp	Box 304, Plainview, Tex	12,531.98
Cluck, Jimmy	Route 2, Hart, Tex	19,673.02
Court, Vince	Route 4, Box 349, Bryan, Tex	10,269.95
Cowan, W. C	Drawer P., Tulia, Tex	11,930.68
Cox, Wesley	2508 5th Ave., Canyon, Tex	12,179.47
Daniel, Roy P	Route 1, Friona, Tex	11,267.26
Davis, J. W. and Ulys. L	Dimmitt, Tex	13,469.58
Dellinger, J. M., Jr	Drawer 4227, Corpus Christi, Tex	16,185.18
Denson, Vernon	5301 West 21st, Amarillo, Tex	13,943.32
Devin, Delbert L	Route 2, Tulia, Tex	11,352.84
Devin, Devin, Patterson	2116 Taylor, Amarillo, Tex	12,757.33
Dewey, Thornton G	Route 1, Box 141, Canyon, Tex	12,842.31
Dillard, A. R	Route 5, Hereford, Tex	11,034.84
Draper, Robert	Box 1285, Seagraves	15,370.12
Durrett, Delmar	Box 1081, Amarillo, Tex	13,900.81
Edwards, E. A	Route 2, Hereford, Tex	17,827.45
Emanuel, V. R	3801 Lenwood Dr., Amarillo, Tex	10,518.73
Fagan, Mrs. Zilpha E	Tivoli, Tex	11,634.08
Fangman Farms, Inc	Route 3, Friona, Tex	10,438.28
Fangman, S. A	Route 5, Hereford, Tex	12,185.82
Farris, Loyd	Route 2, Hart, Tex	13,349.32
Field, Leo. J	Route 2, Dalhart, Tex	13,122.47
Fisher, Thurman E	Box 191, Sunray, Tex	10,476.34
Floerke Bros	Box 38, Taft, Tex	10,358.96
Frio Grain & Cotton Co	Pearsall, Tex	11,200.12
Garner, Tracy	White Deer, Tex	10,698.28
Gilbreath, J. T., Jr	303 East 5th St., Hereford, Tex	12,153.60
Godwin, R. C	Box 1026, Hereford, Tex	18,747.75
Goodpasture, Grady	902 West Broadway, Brownfield, Tex	13,210.40
Green, Jos. F., heirs of, care of John W. Hunt.	Route 1, Box 7, Taft, Tex	13,829.00
Griffith, J. K	Star Route 2, Morton, Tex	18,422.86
Guerra Bros	Linn, Tex	10,056.57
Halsell, Ewing	Box 494, Eagle Pass, Tex	11,389.83
Hargrove-Williams	Farwell, Tex	16,460.24
Harris, A. J	216 Bruce, Dumas, Tex	11,207.48
Head, A. A. and Harold	Route 5, Hereford, Tex	14,392.14
Hefley, Alvis	Route 2, Tulia, Tex	11,822.43
Heflin, Joe	1810 W. 18th St., Plainview, Tex	10,125.62
Hendricks, Ray	Box 186, Roscoe, Tex	13,568.10
Higgins & London	Route 4, Hereford, Tex	11,000.40

Value of payment-in-kind feed grain certificates issued to producers under 1961 feed grain program—Continued

BETWEEN $10,000 AND $20,000

Name	Address	Value of payment-in-kind certificates
Hilburn, Verlon	East Star Route, Lovington, N. Mex	$17, 779. 52
Houston, E. A	Box 846, Abernathy, Tex	12, 096. 07
Howell, C. G	Star Route, Wildorado, Tex	10, 036. 64
Ivey, C. W	Box 386, Van Horn, Tex	11, 023. 19
Jackson and Stripling	Box 1064, Sinton, Tex	15, 949. 50
Jarvis, Billy	Route 1, Stinnett, Tex	10, 002. 24
Jennings, Arthur H	Route 1, Tulia, Tex	12, 280. 51
Jennings, Finis E	Route 1, Muleshoe, Tex	13, 612. 70
Johnson, Glen	Box 1185, Dalhart, Tex	10, 976. 00
Johnston, L. S	Box 570, Canyon, Tex	10, 834. 39
Jones, Buddy	Farwell, Tex	11, 683. 44
Keast & Groendycke, care of Joe D. Keast.	Box 1413, Dalhart, Tex	11, 332. 22
Kemp, Carl E	Dimmitt, Tex	15, 936. 76
Kotara, Sam S	Groom, Tex	11, 067. 21
Kropp, Paul	Route M, Lockney, Tex	18, 452. 17
Leake, Iverson	Box 346, Canyon, Tex	17, 093. 76
Lee, Weldon	Star Route, Hale Center, Tex	10, 691. 87
McCartt Bros	Box 190, Amarillo, Tex	11, 998. 55
McClellan & McClellan	Sunray, Tex	12, 128. 28
McDaniel, Daniel D	Box 536, Tulia, Tex	12, 514. 00
Marion & Martin partnership.	Box 187, Hereford, Tex	15, 134. 21
Marsh, V. F	Route 5, Hereford, Tex	10, 125. 20
Mason R. M	do	10, 021. 11
Massey & Harper	Route 1, Robstown, Tex	18, 288. 51
Mattiza, Walter	Box 906, Robstown, Tex	11, 395. 47
Mauritz, M. W	Ganado, Tex	12, 947. 95
Maxana Corp	1500 South Fillmore, Amarillo, Tex	11, 669. 11
Millen, W. T	Route 1, Box 124, Muleshoe, Tex	10, 057. 57
Minchew, C. T	Star Route, Hale Center, Tex	10, 103. 18
Moody, W. L., III, M 3 Ranch, care of Les Ljungdahl.	Route 2, Carrizo Springs, Tex	17, 064. 00
Morgan, George B	Route 2, Tulia, Tex	11, 760. 44
Muse, M.C. and B. J	Vega, Tex	11, 023. 19
Myers Bros	Wildorado, Tex	11, 353. 42
Naylor, W. E	Post Office Box 1278, Refugio, Tex	11, 798. 04
Neely, Hinton T	Box 174, Amarillo, Tex	13, 083. 81
Nelson, Woodrow	Route 2, Dimmitt, Tex	12, 686. 59
Nichols, Van E	Route 1, Friona, Tex	10, 516. 16
Perry, Tyline N	Star Route, Kress, Tex	12, 197, 92
Phillips, Carl	Box 907, Abernathy, Tex	12, 058. 19
Porter & Wentz, Inc	Post Office Box 870, Brownsville, Tex	18, 341. 28
Powell & Craig	Sunray, Tex	10, 379. 12
Reinauer Bros	Box 1537, Hereford, Tex	14, 517. 74
Reistino, Frank	Route 1, Box 2B, Hearne, Tex	11, 674. 38
Roberts, B. L	Pearsall, Tex	11, 672. 76
Roberts, Elliott and Roberts, Elliott B.	Route 1, Box 301, Rio Hondo, Tex	11, 685. 52
Robinson, Frank	Panhandle, Tex	12, 647. 77
Roseta Farms, care of Morrison-Quirk Grain Corp.	Box 745, Hastings, Nebr	17, 731. 48
Sampson, R. C., Jr	Bushland, Tex	13, 075. 80
Sanders, R. E. and Rue	515 South Bernice, Spearman, Tex	10, 580. 13
Schueler, R. H	Route 2, Friona, Tex	10, 769. 40
Shamrock Farms, care of Billy Hardberger.	206 Hillside Drive, Lamesa, Tex	$10, 383. 00
Shelton, S. L	801 Laurel St., Uvalde, Tex	13, 844. 32
Shepard, Grady	Route 1, Hale Center, Tex	19, 507. 18
Shurbet, Marvin	Route 1, Petersburg, Tex	11, 671. 00
Silverthorne, R. Q	Drawer 2031, Plainview, Tex	13, 368. 24
Simmonds & Perry	Box 466, Robstown, Tex	10, 419. 94
Sisson, Billy Wayne	Route 5, Hereford, Tex	12, 166. 19
Slaughter, C. C., Farms	Morton, Tex	18, 307. 71
Smith, Marshall N	642 A. Tulia, Tex	16, 330. 87
Smith, Ocie	Box 895, Dimmitt, Tex	12, 658. 71
Standefer & Gray	Box 711, Lubbock, Tex	10, 378. 50
Staniforth, W. M. and Gert	South Plains, Tex	17, 316. 19
Stavlo, Arthur B	Box 272, Sunray, Tex	10, 370. 81
Stephens, Elmo	Box 2488, O'Brien, Tex	11, 042. 59
Stout, W. C	Route 1, Muleshoe, Tex	15, 233. 31
Stovall, A. L	Panhandle, Tex	11, 772. 80
Stringer & Mount	Route 1, Floydada, Tex	11, 983. 09
Taylor, George, and Forgenberry, Tom.	Route 2, Lockney, Tex	12, 740. 45
Taylor, T. F	Bovina, Tex	12, 114. 15
Terrell, J. P., & Son	Navasota, Tex	12, 574. 28
Vahlsing, F. H., Inc	Elsa, Tex	17, 563. 95
Varisco, Brazos	Varisco Bldg., Bryan, Tex	10, 218. 78
Veigel, Robert	511 Roosevelt, Hereford, Tex	19, 047. 60
Vincent, Jack R. C	3213 Ong, Amarillo, Tex	13, 891. 11
Ware & Sons	Route 2, Texico, N. Mex	13, 261. 70
Warner Farms, care of James M. Warner.	Box 7186, Waco, Tex	18, 812. 28
Weaks, L. O	Route V, Silverton, Tex	12, 087. 44
Webb, Allen	Dimmitt, Tex	10, 130. 97
Wells, H. C	Route 3, Friona, Tex	11, 545. 18
White Face Farms, Inc	3215 Knox St., Dallas 5, Tex	14, 193. 37
Willis, G. L., Jr	Box 458, Dimmitt, Tex	19, 086. 71
Wimberley, W. S	605 Southwest 2d, Seminole, Tex	11, 239. 07
Wiseman, Everett	Vega, Tex	15, 696. 72
Worsham Bros	Box 1411, Pecos, Tex	12, 071. 20
Wright, J. M. and E. B	Summerfield, Tex	17, 195. 63
Williams, Frank	Back Bay, Va	14, 394. 49
Jarrell, Dan R., estate, Jarrell, Martha, administratrix.	Henderson, W. Va	10, 162. 98
Bishop Farms, Inc	Mukwonago, Wis	10, 642. 19
Flying Dollar Ranch, care of Harold Clark.	Oakfield, Wis	13, 292. 96
Inman, Ogden	Clinton, Wis	10, 606. 68
Len Mar Farms	Avalon, Wis	11, 450. 00
Light, Glen L., and Nadine Harvey.	Brodhead, Wis	10, 665. 00
Nehls, Willard	Juneau, Wis	15, 630. 16
Schmitt, J. J., Farms	Sun Prairie, Wis	10, 003. 86
Shadel, Stuart, Jr	Avalon, Wis	13, 092. 24
Vollmer, Clarence	10030 South Howell Ave., South Milwaukee, Wis.	12, 446. 28
Vosby Farms	Cambridge, Wis	11, 063. 80

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. JACKSON. Madam President, I suggest the absence of a quorum, and I ask unanimous consent that the time taken for the quorum call be divided equally between the two sides.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JACKSON. Madam President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. Madam President, so that there may be no misunderstanding, I am sure it is agreeable with my good friend the acting majority leader [Mr. JACKSON] that the time used for the call of the roll be charged equally from the time allocated to argument on the bill.

The PRESIDING OFFICER. That is the understanding.

Mr. JACKSON. Madam President, I yield such time as the distinguished minority whip desires to use in connection with the pending amendments.

Mr. KUCHEL. I thank the Senator.

Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. What is the pending question?

The PRESIDING OFFICER. The pending question is on agreeing to the amendments of the Senator from Arizona, as modified.

Mr. KUCHEL. Madam President, I have spoken on this floor previously with respect to the amendments of the Senator from Arizona, for it is my intention to move that the last of the amendments proposed by the Senator from Arizona, which appears on page 5 of the Goldwater amendments, denominated as section 9, be considered separately from the others. I should like to have a separation of Senator Goldwater's amendments, so that pending before the Senate will be the amendments of the Senator from Arizona except that designated as section 9. This amendment, that is, section 9, should be debated separately.

The PRESIDING OFFICER. The Senator has a right to have a division made.

Mr. KUCHEL. I ask, then, that the proposed amendment relating to section 9 be eliminated from the other amendments proposed by the Senator from Arizona.

The PRESIDING OFFICER. It is so ordered.

Mr. KUCHEL. Madam President, I make the further parliamentary inquiry: The pending question is on agreeing to the amendments of the Senator from Arizona, as modified, except that amendment relating to section 9, on page 5?

The PRESIDING OFFICER. The question is on agreeing to the first part of the amendments of the Senator from Arizona, as modified, which does not include the amendment to add a new section 9 to the bill.

Mr. KUCHEL. I thank the Presiding Officer.

Madam President, the pending proposal is of unique importance to the people of the great Northwest, served today by the Bonneville Power Administration, and to the people of California, a State which I have the honor, with my colleague from California [Mr. Engle], to represent in the U.S. Senate.

The problem is not a new one. Over the past several years the Senate Committee on Interior and Insular Affairs has considered it, as has, indeed, the Department of the Interior. The problem also has been considered by the State governments of Oregon, Washington, and California, and by the Governors of those three great Western States. The Governor of California, a Democrat, Edmund G. Brown; the Governor of Oregon, a Republican, Mark Hatfield; and the Governor of Washington, a Democrat, Albert Rosellini, all have requested that some action be taken by which the industries and other consumers of the Pacific Northwest may be protected, and by which surplus energy now wasting may be utilized by the people of the State from which I come.

THIRTY MILLION DOLLARS' WORTH OF SURPLUS POWER

The testimony is that today, in this farflung Northwest, with its tremendous opportunities for growth and for development, there is capacity to generate $30 million worth of electric energy surplus to its present needs.

The people and industries of California need additional power. They desire an opportunity to purchase that surplus power now produced by the great hydroelectric generating plants of the Bonneville Power Administration, much of which now is going to waste.

During the hearings before the Senate Committee on Interior and Insular Affairs there was received a statement from Samuel B. Nelson, general manager and chief engineer, Department of Water and Power, City of Los Angeles. I refer to page 100 of the hearings on S. 3153.

The city of Los Angeles is one of the great metropolitan areas of the entire Nation. The people of Los Angeles have determined to market power for the use of the people residing in that city. Mr. Nelson is a distinguished engineer working for the people of the city of Los Angeles as general manager and chief engineer of the department of water and power. I wish to read what he said:

> The Department of Water and Power of the City of Los Angeles favors the construction by the Federal Government of an extra-high-voltage, high-capacity transmission line or lines from the Pacific Northwest to the Pacific Southwest, to constitute an intertie between the power resources of the two regions. This will enable the maximum utilization of the power resources of each region, for the benefit of the Nation as a whole.
>
> I am not undertaking at present to comment on the details of S. 3153, but to state our general position on the proposed intertie.
>
> In general, we favor the type of financing for this line which was provided in the Boulder Canyon Project Act with reference to the construction of Hoover Dam, that is to say, contracts with power purchasers, made in advance of construction, which would assure the liquidation of the Government's investment, with interest, over a reasonable period of years. The Department of Water and Power of the City of Los Angeles is prepared to contract for power and transmission capacity on reasonable terms and in substantial quantities to make such an enterprise a success, as it did, in cooperation with others, in the case of Hoover Dam. It is reasonable to expect that Pasadena, Glendale, and Burbank would do likewise, as in the case of Hoover power.

I add parenthetically that the communities to which he adverted likewise are engaged in the distribution of electricity to their residents.

Continuing with the statement:

> We have no objection to the Government's offering similar contracts to the privately owned utilities that might make use of it; the line or lines would be sized accordingly.
>
> In this particular instance, because of the unique factors involved, we endorse legislative and contractual safeguards which would limit the interchange to the amounts of exportable power for which there is no market in the region of origin during the period of export. In certain seasons excess power would flow south, in other seasons north; the largest seasonal excesses are in the north at present.
>
> We favor Federal construction of the proposed intertie, in view of the magnitude of the undertaking and the desirability of equitable treatment to a considerable number of potential users, but the self-liquidating character of the investment should be assured in advance of construction. We will cooperate to that end.

Thus the largest city in western America has "put it on the line" and has said it is prepared now to contract with the Government of the United States to buy such interruptible surplus power from the Bonneville authority as the Bonneville authority would be permitted to sell under the proposed legislation.

Why does this great city want to do so? It wants to do it because of the interest of the people who live in the city of Los Angeles. It wants to do it because the people of Los Angeles have determined, as is their right under the constitution of California, to serve themselves with respect to electric power.

DECISION BY PEOPLE OF CALIFORNIA

I come from a State which has both great private utilities and great public utilities. I come from a State in which the people in various communities have made their own decision, as is their right, as to transmission and sale of electric energy. Thus, on the floor of the Senate I take the position that in this difficult and knotty problem we have before us, the interest of the people would be served by the passage of the proposed legislation and by the rejection of the amendment which has been offered.

The city of Los Angeles has suggested, as I read in its statement, that by reason "of the unique factors involved," it endorses the legislative and contractual safeguards which appear in the bill.

In the interest of time, I refer to the report of the Senate Committee on Interior and Insular Affairs, pages 3, 4, and 5, which discusses the plans for interconnection and the need for the proposed legislation. I ask unanimous consent that the portion of the report to which I have referred be printed at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

Excerpt From Report

PLANS FOR INTERCONNECTION

> Whether an extra-high-voltage line will be constructed is no longer a matter of speculation. Pacific Power & Light Co. and Pacific Gas & Electric Co. earlier this year indicated they intend to construct 110 miles of line in northern California and southern Oregon as a further interconnection of their two systems.
>
> The December 15, 1961, report of the task force appointed by the Secretary of the Interior makes clear that an extra-high-voltage interconnection between the Pacific Northwest and the Pacific Southwest will be constructed. The economic benefits to be derived are so great that the question is not if such an interconnection will be built—only when and by whom. The task force made no recommendation as to what entity or entities should construct the interconnection.
>
> The benefits found by the task force include the following:
>
> First: Power could be sent back and forth between the two regions to help each meet its peak loads, the Pacific Southwest in the summer and the Pacific Northwest in the winter. This diversity of loads would permit each region to save $90 million, or a total of $180 million, in steamplants which would otherwise be required if each region had to carry its own peak without help from the other. If two lines are built, the saving in steamplant investment was estimated at $350 million.
>
> Second. For a number of years, the Pacific Northwest could sell surplus secondary energy to displace steam-generated energy in the Pacific Southwest. Revenues were estimated at between $9 million and $15 million per year. The amount of energy sold would gradually decrease as the demand for secondary energy increases in the Pacific Northwest.
>
> Third. By moving a relatively small amount of offpeak Pacific Southwest steampower to the Pacific Northwest, an interconnection would firm up 200,000 kilowatts of Pacific Northwest secondary power with one line and 400,000 kilowatts with two lines. This new firm power in the Pacific Northwest was estimated to be worth at least $3.5 million or $7 million a year, depending on whether one or two lines are built.
>
> Fourth. The interconnection would permit the Pacific Southwest to make use of the surplus hydroelectric peaking capacity of the Pacific Northwest dams and thereby postpone the construction of thermal peaking capacity plants in the Pacific Southwest. The amount of peaking capacity which could be marketed in the Pacific Southwest would vary over the life of the transmission lines and would be directly dependent on whether one or two lines are constructed. The maximum amount was estimated at over 1,100,000 kilowatts which could be sold for about $13 million per year.
>
> In addition to these four uses, the interconnecting lines would make possible other benefits, such as savings in reserves in each region, savings in fuel, more efficient use of the steamplants in each region, the construction of larger and more efficient steamplants, national defense, daily diversity in the loads of the two regions as distinguished from the seasonal diversity already referred to, and diversity of streamflows in the two regions as distinguished from daily and sea-

sonal diversity of loads. Each of these uses could be accomplished under the terms of S. 3153.

NEED FOR LEGISLATION

Presently, there is no geographical limitation on the marketing area of the Bonneville Power Administration. The only limit is that of economic transmission distance. If a preference agency in the Pacific Southwest, or elsewhere in the West, has access to the Columbia River power system over an extra-high-voltage interconnection between the two regions, under existing law it can demand power that is needed in the Pacific Northwest to carry the loads of nonpreferred utilities and direct industrial customers in that region. This is true not only of secondary power, but firm power as well. This fact, coupled with economic and physical factors unique to the Pacific Northwest, is the basic reason why S. 3153 is necessary.

When the Bonneville Project Act was enacted in 1937, the distance which power could be transmitted economically was 200 or 300 miles. Today, power can be transmitted from the Pacific Northwest to the Mexican border or to the Mississippi River. The technological limitations on economic transmission distance that existed when the Bonneville Project Act became law have been greatly extended and no longer afford the regional protection that they once did. S. 3153 will maintain the marketing area of the Columbia River system at approximately the same point that physical limitations did when the Bonneville Dam was authorized.

There are a number of reasons for establishing the Pacific Northwest as the primary marketing area for the Columbia River power system. The Pacific Northwest is a tremendous area by itself, approximately 259,000 square miles. It is nearly three times the size of the Tennessee Valley, where the Congress limited the marketing area of another Federal power-marketing agency. The Pacific Northwest would constitute one of the largest, if not the largest marketing area for any utility in the United States.

While the Federal powerplants account for about 60 percent of the power supply of the Pacific Northwest, more than 150 non-Federal generating plants serve the area also. The Federal and non-Federal plants are tied together, primarily by the Federal transmission system, and are being operated as one integrated unit to obtain the maximum power supply for the region. Each utility supports the others in such a way that the overall benefit to the region is greater than the sum of the individual parts contributed by each utility. If some of the energy resources are removed from the area at a time when they are needed in the coordinated operation, the Pacific Northwest as a whole will suffer a loss greater than the individual part removed.

This operation of Federal and non-Federal plants in the Pacific Northwest as a single integrated unit is expressly recognized in the proposed treaty with Canada signed at Washington on January 17, 1961, and is a part of the yardstick for determining the portion of the downstream power benefits to which Canada will be entitled.

The Administrator of the Bonneville Power Administration testified that the United States has invested over $500 million in transmission facilities for that system. These facilities were designed and constructed to meet loads in the Pacific Northwest in the most efficient and economical manner possible. If the operation of the Columbia River power system should be changed to meeting the loads of only preference agencies in the western half of the United States, much of the existing transmission system and the huge investment therein would be unnecessary and useless.

The Columbia River power system sells as firm power only the power that could be generated with the water available in the lowest water year of record. In most years, the system generates tremendous quantities of additional power because water conditions are better than those of the historically low year. This power is sold as secondary or dump power because deliveries cannot be guaranteed. At the present time, there is no market in the Pacific Northwest for much of this power, and the water is being wasted into the ocean. This year approximately $32 million worth of power, most of it secondary, will be unsold and spilled. The Pacific Southwest provides a ready market for this power where it can be used to displace steam-generated power. The Pacific Southwest will benefit from the use of the less expensive secondary hydropower, the Pacific Northwest will benefit from the revenues derived from this new market, and the Nation will have an additional gain in the saving of exhaustible fuel resources which otherwise would be burned in the Pacific Southwest steamplants. But once the interconnecting lines are constructed and available, the preference customers in the Pacific Southwest could demand that the secondary power continue to flow to them even though it might be needed in the Pacific Northwest. They also could demand that firm power needed by nonpreference utilities and by the electroprocess industries in the Pacific Northwest be delivered to them. This bill is necessary to permit the sale of the dump power to the benefit of everyone without endangering the power supply of people in the Pacific Northwest who depend upon the Federal Columbia River system for an economic supply of power.

Industrial customers of Bonneville Power Administration have invested more than $350 million in their plants. The cost today would be double that amount. They have purchased annually from 31 to 62 percent of the energy sold by the Federal system. They employ 15,000 Pacific Northwest citizens directly and another 30,000 indirectly. The Pacific Northwest has no low-cost alternative to its hydroelectric power. If Federal power generated in the Pacific Northwest is diverted to other regions, many of these industries would be seriously affected.

Virtually all its generation is hydroelectric generation and over 60 percent of the hydro generating facilities are federally owned. No other area in the United States is so heavily dependent on hydroelectric power and, with the exception of the Tennessee Valley, on federally owned generating facilities. Other factors unique to that region include the substantial cost differential between Columbia River hydro power and hydro or steam power in neighboring regions, and the previously mentioned dependence of electroprocess industries, with hundreds of millions of capital investment and employment for tens of thousands of Pacific Northwest citizens, upon a continued low-cost Federal power supply.

Mr. KUCHEL. To sum up, the bill S. 3153 would permit the sale of surplus electric energy to the people of California. But at the same time it would preserve to the people of the great Northwest now served by Bonneville their right to recapture that surplus energy when—and it is an irresistible fact—the people of the great Northwest require the full capacity of that great Federal repayable project. I cannot quarrel with that position. I cannot quarrel with the wisdom of the Congress of the United States which planned the construction of repayable projects, not merely for today or tomorrow, but for the future which we pray will come to the people of the United States.

COLORADO RIVER VITAL TO SOUTHERN CALIFORNIA

I come now to the pending amendment. A while ago I asked that a section of the amendment offered by my friend the Senator from Arizona [Mr. GOLDWATER] be deleted from the rest of the amendment so that the section might be considered separately by the Senate. I have received from another great public agency, the Metropolitan Water District of Southern California, a letter signed by its chairman. The metropolitan water district takes water from the Colorado River under the Colorado River compact and spreads it as best it can over all of southern California. Without the great reclamation multiple-purpose project which is Hoover Dam, there would be no basis upon which the life and economy we now know in southern California could be maintained.

The people of my State are grateful for Federal reclamation law, and particularly in the present instance for the wisdom and courage of the Congress of the United States in finally overcoming selfish opposition and enacting into law the authorization for the great Hoover Dam. But the metropolitan water district has fear that the Senate and the House of Representatives might now enact legislation which would hamstring southern California, and attempt to take away our rights to both water and power from Hoover Dam or other reclamation projects which, in the future, might be built on the Colorado River.

Madam President, I ask unanimous consent that a telegram I have received from Joseph Jensen, chairman of the board of directors of the Metropolitan Water District of Southern California, expressing these fears, be printed in the RECORD at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

LOS ANGELES, CALIF., *July 26, 1962.*

Senator THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.:

Respectfully wish to inform you board of directors of Metropolitan Water District of Southern California went on record yesterday in opposition to S. 3153 and H.R. 11264 and 11265, the Pacific Northwest regional power preference bills. Board is deeply concerned that such legislation would establish precedent which could result in eventual loss of hydroelectric power to district from Colorado River facilities such as Hoover Dam and from other facilities to be built on the Colorado River and in other areas. This power urgently needed to pump water over Tehachapis from northern and central California to M.W.D. areas in southern California. Hoover energy alone helps pump 1 billion gallons a day of supplemental water for 8 million people within district's boundaries on southern California coastal plain. Strongly urge you exert every effort to prevent passage of this proposed legislation.

JOSEPH JENSEN,
Chairman, Board of Directors, the Metropolitan Water District of Southern California.

Mr. KUCHEL. Madam President, I can understand the apprehension, because a part of the amendment offered by my friend from Arizona would indeed, hamstring the development of southern California. That part of the amendment which is not now before the Senate by reason of my request for a division reads as follows:

> SEC. 9. In the case of Federal hydroelectric power projects now or hereinafter situated at points on streams which form the boundary of the State of Arizona with an adjoining State, the State of Arizona shall be alloted one-half of the energy and capacity of such Federal power projects and such capacity and energy shall be subject to the provisions of this Act.

Do Senators realize what that means? It mentions Federal hydroelectric projects now or hereafter situated at points on streams which form the boundary between Arizona and an adjoining State, and refers to projects past, present, and future. It provides that the State of Arizona shall be alloted one-half of the energy and capacity of such Federal power projects.

That is a cruel amendment.

Mr. HICKEY. Madam President, will the Senator yield at that point?

Mr. KUCHEL. I yield.

Mr. HICKEY. Does the Senator from California conclude that by virtue of that particular provision, 50 percent of the hydroelectric power produced at a dam such as the Flaming Gorge, which is being constructed in the State of Utah, but borders on the State of Arizona, would be allocated to Arizona by virtue of the amendment?

Mr. KUCHEL. I do. I do not think there is any doubt but that the Senator has set forth the specific manner in which the section of the amendment which I read would operate with respect to the generating capacity of Flaming Gorge.

Mr. HICKEY. Therefore, despite the criterion which was suggested by former Secretary of the Interior, Mr. Seaton, and later adopted by the present Secretary, Mr. Udall, the amendment, if written into law, would allocate to the State of Arizona 50 percent of that power which is just below the Wyoming border, but in the State of Utah, which borders on the State of California, and thereby deny the State of Wyoming a portion of the power.

CONTRACTS REQUIRED BEFORE CONSTRUCTION

Mr. KUCHEL. Yes; indeed it would. Indeed, it would do more than that. This is not the time for me to review the long history of the fight for construction of the Hoover Dam, except to say that a requirement was laid down in the law, the Boulder Canyon Project Act, that firm contracts for the purchase of electricity from that dam had to be entered into before a single shovelful of earth could be turned. Who entered into them? It was the people of the city of Los Angeles, and a great private utility, the Southern California Edison Co.

I ask unanimous consent that a memorandum prepared by the able chief counsel of the Senate Committee on Interior and Insular Affairs, including section 4(b) of the Boulder Canyon Project Act, may be incorporated in the RECORD at this point in my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
August 8, 1962.

To: Senator KUCHEL.
From: Stewart French, chief counsel.
Subject: Hoover Dam power contracts.

Section 4(b) of the Boulder Canyon Project Act (Public Law 642, 70th Congress; found in 43 U.S.C. 617c(b)) provides:

"(b) Before any money is appropriated for the construction of said dam or power plant, or any construction work done or contracted for, the Secretary of the Interior shall make provision for revenues by contract, in accordance with the provisions of this Act, adequate in his judgment to insure payment of all expenses of operation and maintenance of said works incurred by the United States and the repayment, within fifty years from the date of the completion of said works, of all amounts advanced to the fund under subdivision (b) of section 2 for such works, together with interest thereon made reimbursable under this Act."

As is pointed out in "The Hoover Dam Documents," official publication of the Department of the Interior under Secretary Ray Lyman Wilbur, the only possible way of fulfilling this requirement for contracts, in advance, sufficient to pay for the entire cost of the project in 50 years, was for the Secretary to contract with suppliers of the populous Southern California market, which is outside the Colorado River Basin, geographically. Mr. Herbert Hoover, then Secretary of Commerce, stated this fact categorically.

The contracts in effect under the legislation, the kilowatt hours, and the net amount paid, for the contract year ending May 31, 1962, are as follows:

Name of contracting party	Kilowatt-hours	Net amount paid	Percentage of firm energy
City of Burbank	18, 190, 723	$37, 131	0. 5773
Glendale	58, 214, 725	118, 819	1. 8475
Pasadena	49, 933, 897	101, 915	1. 5847
Los Angeles	531, 062, 555	1, 776, 653	17. 5554
Metropolitan Water District	1, 111, 164, 408	2, 124, 773	35. 2517
California Electric Power	27, 812, 347	162, 800	. 8813
Southern California Edison	200, 115, 743	911, 460	7. 0503
State of Nevada	555, 392, 109	1, 533, 992	17. 6259
State of Arizona	555, 392, 100	1, 499, 191	17. 6259

The term of these contracts is until May 31, 1987. Under section 5(b) of the Boulder Canyon Project Act, there is a vested right of renewal. This subsection provides:

"(b) The holder of any contract for electrical energy not in default thereunder shall be entitled to a renewal thereof upon such terms and conditions as may be authorized or required under the then existing laws and regulations, unless the property of such holder dependent for its usefulness on a continuation of the contract be purchased or acquired and such holder be compensated for damages to its property, used and useful in the transmission and distribution of such electrical energy and not taken, resulting from the termination of the supply."

The total Federal investment in Hoover Dam and facilities, including interest during construction, is reported by the Department of the Interior to total $174,682,000 as of the close of fiscal 1961. This figure includes the $25 million allocated to flood control, and some $3 million in "nonproject" costs. All of this cost is being repaid from the power revenues, the greater part of which comes from the citizens of California.

STEWART FRENCH,
Chief Counsel.

Mr. KUCHEL. The contracts required by the Boulder Canyon Project Act were entered into. They were firm contracts. They were entered into and will continue to run, according to their terms, until 1987. In those contracts there is a fixed right of renewal.

The amendment of the Senator from Arizona would purport to shear away those contracts and abrogate them. It would provide that now and hereafter the State of Arizona shall have the right to half of the electricity generated at Hoover Dam, although the dam could have been built only as a result of these contracts with the agencies of the people of California. The dam is on the Colorado River on the boundary between the States of Nevada and Arizona. It is now on California's boundary.

AMENDMENT CONSTITUTIONALLY INVALID

The amendment is completely unconstitutional. It is, indeed, an affront not only to the people of California, but also to the U.S. Government. I trust that it will be defeated when it is brought before the Senate for action.

The remainder of the amendment makes a mockery of what we, with painstaking endeavors, seek to accomplish. The whole history of reclamation in the deserts of western America has been one of helping western America, area by area, to bring water and power to the lands of the West, so that life might be sustained and so that that part of our country might be given the means by which to grow and prosper.

Yesterday the Senator from Washington [Mr. JACKSON] made a very good speech in the Senate. He told how, when reclamation projects are authorized by Congress, the moneys utilized in the construction of those projects is returned to the Federal Treasury by the beneficiaries of those projects. The water users and the power users pay back to the Government of the United States, with interest, what the Federal Government has invested. They do indeed constitute the finest investment which the people of the United States through their representatives in Congress can make.

COSTS OF PROJECTS REPAID

Congress on many occasions has voted for flood control projects, which our good friend from New Mexico [Mr. CHAVEZ] has brought to the floor from his excellent committee, the Committee on Public Works. I believe in Federal flood control. I shall continue to vote in favor of authorizations and appropriations to eliminate the hazards of floods on the eastern seaboard, in the South, in the Midwest, and across America. I shall do so knowing that not one penny of the money authorized and expended for flood control ever comes back to the Federal Treasury in the form of direct repayment. The indirect, ultimate benefits of flood control are incalculable, but they do not make the direct repayments that power and reclamation projects make.

It ill becomes Senators to stand on the floor and criticize multipurpose reclamation projects in America.

I say most sincerely that the amendment now pending, offered by the Senator from Arizona [Mr. GOLDWATER], would destroy the interest of the people which we try to serve.

Madam President, that is all I have to say at this time. I thank my able friend from Washington for yielding to me.

Mr. JACKSON. Madam President, first I wish to commend the distinguished minority whip for the excellent way in which he has presented the arguments in connection with the pending measure and his very clear explanation of the economic monstrosity involved in the pending amendments and the other amendments.

S. 3153 is a carefully drafted bill recommended by the administration and supported by the entire utility industry, public and private, in the Pacific Northwest.

The purpose of the bill is to permit the Bonneville Power Administration, which last year had to spill $30 million worth of dump power, to sell that power outside the region on a recallable basis. The Solicitor of the Department of the Interior has ruled that this cannot be done without a change in the present law.

S. 3153 would not affect any existing contracts and it applies only to sales of Columbia River power to be used outside the Northwest marketing area—and presently there are no such contracts.

This bill does not set up State-by-State power preferences. It establishes a sensible regional marketing area for Bonneville Power Administration which can include all or parts of seven States.

If we were to fractionalize the Columbia River power system on a State-by-State basis, we would create, as I have said, an economic monstrosity.

Yet opponents of this bill, my colleague from South Dakota [Mr. MUNDT], has offered amendments to the bill—seeking to kill it—which if adopted would fractionalize the Missouri River on a State-by-State basis. And my colleague from Arizona [Mr. GOLDWATER] proposes to fractionalize the power development of the Colorado River Basin, State by State.

Let us see what is really involved in the Goldwater and Mundt amendments.

Each State would become a separate marketing area. It would have first call on the power from any Federal plant in that State. States in which there are no Federal plants would receive no Federal power whatever, except for surplus dump power when available.

Do the Senators from Iowa, for instance, who have expressed support for the Goldwater amendment, realize that they have joined in a proposal to deprive Iowa of power in the Missouri Basin? Iowa has been allocated nearly 140,000 kilowatts of Missouri Basin power, with additional allocations yet to be made for dams still under construction. Principally this is for REA cooperatives. I cannot believe they are aware that the amendments now before the Senate would deprive Iowa of every kilowatt of that power. I am sure the citizens of Iowa would have a great deal to say to the Congress if they were aware of a proposal to take their share of the Missouri Basin power away from them.

Let us turn to Colorado for a moment. The Senator from Colorado [Mr. ALLOTT] has joined in the Goldwater amendment. Under this amendment Colorado would lose all claim to any firm power from Glen Canyon Dam. That dam and its powerhouse are located in Arizona. Under this amendment Arizona would have that power reserved for its use to the exclusion of Colorado. The same will be true of power from the Marble Canyon and Bridge Canyon Dams which are located in Arizona. Is Colorado ready to renounce all claims to firm power from those projects?

What about North Dakota? It is true that North Dakota would have first call on power from Garrison Dam. But is it ready to surrender all claims for firm power from the other dams in the Missouri Basin—the Canyon Ferry, Fort Peck, and Yellowtail Dams in Montana; the Oahe—Oh-ah-ee—Big Bend, Fort Randall, Angostura, and Gavins Point Dams in South Dakota?

Mr. HICKEY. Madam President, will the Senator from Washington yield?

Mr. JACKSON. I yield to the Senator from Wyoming.

Mr. HICKEY. Considering the situation described relating to the Colorado River, where the Flaming Gorge Dam is located in Utah, just beyond the Wyoming State line, and Glen Canyon Dam is located as indicated by the Senator, would Wyoming, which supplies the waters for those dams, be precluded from participation in the power generated by them?

Mr. JACKSON. Absolutely; Wyoming would be completely excluded.

Let me point out still another disastrous effect of each State being a separate marketing area. All the dams in a river basin are coordinated and operated together as a part of a single system. The total amount of power generated by such a system operation is greater than the sum of the generation of each plant operating by itself. But with this amendment, power from each dam would be reserved for use in that State, and system operation would not be possible.

These great projects were conceived, developed, and built on the basis of geography, so that the engineers could make the best possible use of the great resources which were available. They were not developed according to State lines. If that had been done, it would obviously have prevented the sound engineering operation of those plants. Certainly no private utility would have proceeded in that way, and the Federal Government cannot afford to proceed in that way. Each river basin would lose power because it could not utilize its plants to the best advantage.

These examples—and I could cite others—demonstrate that these amendments, with their State-by-State approach, would make a shambles of existing Federal power marketing statutes and policies. I might point out that my State would gain by this approach. Washington would receive three-fourths or more of the Federal generation in the Columbia River Basin. But we would not be a party to such irresponsible action.

If the Goldwater-Mundt, State-by-State approach to power marketing were to become law, it would break, for example, the TVA apart—into seven separate State marketing States. It would fractionalize the Southeastern Power Administration and the Southwestern Power Administration.

The Tennessee Valley Authority serves a power marketing area which includes most of the State of Tennessee and portions of the States of Kentucky, Mississippi, Alabama, Georgia, North Carolina, and Virginia. There are power generating facilities, hydro or steam, in Tennessee, Kentucky, Alabama, Georgia, and North Carolina. No TVA generating capacity of any kind exists in Mississippi or Virginia. Mississippi and Virginia, therefore, receive greater power loads from TVA than they produce. Georgia also receives greater power load than it produces, even though it has two TVA hydro generating facilities within its borders. Under the amendments offered by Senators GOLDWATER and MUNDT, Georgia, Mississippi, and Virginia would be deprived of their present power service from the TVA.

In one fell swoop, the Goldwater-Mundt amendments would repeal 60 years of Federal power policy, and disrupt the power supply of public power agencies all over the United States.

Speaking of the TVA, I find the attitude of some Senators difficult to understand. Only a few years ago they were insisting that the marketing area of TVA be defined by Congress. They objected to TVA extending its marketing area to include new municipalities or co-ops. I do not recall that they were worried about "balkanizing" the TVA, to use the term of my friend the Senator from South Dakota [Mr. MUNDT].

As a matter of fact, they were arguing with all their might that TVA's marketing area should be circumscribed by the Congress—"balkanized," as the Senator from South Dakota [Mr. MUNDT] would say.

I urge that the Senate reject these irresponsible amendments. They are presented for only one reason—to defeat the bill which they would amend. For 3 years the Committee on Interior and Insular Affairs has had before it the problem of defining an economic power marketing area for the Pacific Northwest. We have reported S. 3153 to the Senate as a sensible economic solution. If the proponents of the amendments have problems of Federal power marketing which genuinely concern them and their States, the committee will be happy to consider them in the same careful way it has considered S. 3153.

Mr. HICKEY. Madam President, will the Senator from Washington yield for the purpose of permitting me to ask him some questions on the bill?

Mr. JACKSON. I am happy to yield for that purpose to the distinguished Senator from Wyoming.

Mr. HICKEY. On page 1 of the bill, I note a definition of "Pacific Northwest," which includes Wyoming within the Columbia drainage basin, and indicates that the Secretary may determine what is within the marketing area of the Federal Columbia River power system.

Last evening I had an opportunity to examine a map which included western Wyoming within the Federal Columbia River power system—the general area of Jackson, Wyo., and the Afton-Star Valley area of western Wyoming. Is it the conclusion of the Senator from Washington that those areas, falling within the description of section (b), which includes Wyoming, would be given a preference in the Bonneville power use?

Mr. JACKSON. They would, upon the extension of the Bonneville marketing area by the Secretary of the Interior. This area is subject to executive order on the part of the Secretary of the Interior.

At present, that area is not within the Bonneville marketing area because it is not delivering power in that area; but the area would be eligible for that coverage.

Mr. HICKEY. Is it a fact that the uniqueness of the bill which has been introduced by the Senator from New Mexico [Mr. Anderson], and for which the Senator from Washington is speaking, is based primarily upon a unique provision written into the basic reclamation law in some of the States; namely, a provision which was proposed and subsequently adopted as a committee amendment, referring to the Hungry Horse Dam Act?

Mr. JACKSON. Yes, the Hungry Horse project situation is a unique one. It stemmed from extensive hearings by this committee at the time when the Hungry Horse project was authorized by Congress. The Hungry Horse project produces a little more than 200,000 kilowatts at site; however, it contributes, downstream, more than 800,000 kilowatts of power. Hungry Horse points up dramatically the importance of regional development of power, because each dam in a coordinated river system is related to the others. The Hungry Horse project contributes, downstream, almost four times the amount of power that is produced at site.

Under the pending amendment, this concept would be thrown out the window, and we would "Balkanize" the project by States—to use the expression which was used by the Senator from South Dakota [Mr. Mundt].

However our entire program, going back to the days of that great American, Theodore Roosevelt, is based on the premise that when Federal funds are invested, natural geographical regions—not just State lines—are taken into consideration.

We would not be requesting the enactment of this bill, except for the fact that the private utilities in the Pacific Northwest and some of the plants built there during the war have contracts with the Bonneville Power Administration; if the BPA sells this extensive surplus energy to public bodies in California in the absence of this legislation, its marketing area would be extended to California, and the preference clause would apply.

As the Senator knows, we have opinions from the Solicitor of the Department of the Interior in both the present administration and the previous administration.

Mr. HICKEY. Is it the opinion of the Senator from Washington that the intent of the amendment known as the Goldwater-Mundt amendment might be to attempt retroactively to put the various States in the same position that the Hungry Horse project legislation puts Montana in?

Mr. JACKSON. I do not know what is intended, but it would not do that.

Mr. HICKEY. My suggestion is that the Hungry Horse project legislation gives a State preference to Montana for the power generated therein.

Mr. JACKSON. At the site.

Mr. HICKEY. Yes, at the site; and that was a portion of the basic legislation which created the Hungry Horse project.

Mr. JACKSON. Yes, that is correct.

Mr. HICKEY. Many of the States, including my own, have had basic legislation, but have not had written into it a provision similar to the one included in the Hungry Horse project legislation—thereby putting them in the position of the areawide use of streams, in which I fully concur, as the Senator from Washington has explained it.

But I thought perhaps the pending amendment might be an effort to back up and to write into the basic law that which has always been called retroactive legislation, which we know is not valid.

Mr. JACKSON. That is what they are trying to do.

Mr. HICKEY. And it would not be valid legislation.

Mr. JACKSON. That is correct.

Of course, the only sensible approach is to examine each region's problems at public hearings, so that the interested States can present their testimony and all the private utilities and public bodies can be heard. But we should not attempt to alter in one stroke all the Federal legislation in this field which has been enacted since the first public project was built in 1907: the Roosevelt Dam, in Arizona. This amendment would upset all those laws, without affording an opportunity for the States and the individual customers in those areas to be heard.

Mr. CHURCH. Madam President, will the Senator from Washington yield?

Mr. JACKSON. I am happy to yield.

Mr. CHURCH. The distinguished Senator from Wyoming has mentioned the Hungry Horse project, in Montana. I think it might be useful to point out that the priority right to the use of power generated at Hungry Horse Dam was originally derived from the authorization act for that particular project, was it not?

Mr. JACKSON. That is correct.

Mr. CHURCH. And if in connection with any given project, by virtue of its contribution to downstream power within the region, or for any other consideration, it might prove desirable to write into the authorization bill the same reservation for priority use of the onsite power, is it not correct that the place to do that is in the authorization bill, in connection with which all the factors which relate to that particular project are given careful consideration by the committee?

Mr. JACKSON. Certainly. That has been the record in the past when we have had to adopt special rules in given situations. The late Senator Francis Case, of South Dakota, I believe, put an amendment of that nature into the Big Bend Project Act.

My point is that all we are requesting is an opportunity for the Pacific Northwest to sell $30 million worth of dump power without jeopardizing the power supply which Bonneville Power Administration provides private utilities and private industry. No other issue is at stake—although I think an effort is being made to confuse this matter. An effort is being made to tie this measure to a Federal transmission grid. That is regrettable; nothing could be further from the truth. We simply want to sell this surplus power to either public bodies or private bodies outside the Pacific Northwest; and certainly we should not be penalized because we want to save the Federal Treasury millions of dollars each year and stop dumping large amounts of power into the Pacific Ocean.

Mr. CHURCH. Will not the Senator from Washington also agree that if the pending amendment were to be adopted, owing to the retroactive effect it would have upon established systems all over the country, the result might very well be chaotic?

Mr. JACKSON. Oh, there is no question about that; it would disrupt established marketing arrangements all around the Nation.

If those who submit these amendments wish to follow the pattern we have suggested, they should request consideration on a region-by-region basis and should ask that their region too, be permitted to sell secondary or dump power under similar conditions as those provided in this measure, without endangering the power supply of private utilities and private industry.

Instead, the pending amendment proposes to fractionalize, on a State-by-State basis, these power-development projects throughout the Nation. In the past no one ever thought of developing projects in that manner. To do so would ignore the geography of the country. No sound proposal could be worked out in a river basin by simply making arbitrary decisions based on State lines. That is the vice of the pending amendment.

I would not object for a moment if Senators would offer amendments providing for similar treatment of Federal projects in their regions. That would be logical. But that is not being attempted here. Instead, the attempt is to create a monstrosity out of this bill, by creating 50 separate marketing areas, an absurd proposition.

I may say that our State would benefit from this attempt. Washington would have a "corner" on hydroelectric power, if the decision were to be based on State lines. But we believe the development should be regional.

All of us know that there is more than one way to attempt to kill a bill; and yesterday and today we have witnessed one of the ways of attempting to kill a bill. We have seen an attempt to make an economic monstrosity out of a measure which is solely for the purpose of helping the Federal Treasury.

Yesterday it was said that we are attempting to "steal" industries. Now I wish to state this emphatically. We in the Northwest are not stealing industry. Most of the great industrial plants that were built there were constructed during the war. Aluminum plants were built in the Northwest because of the power from Grand Coulee not available elsewhere. The result was that the Northwest was able to contribute greatly to our war effort, by supplying aluminum for 50,000 airplanes a year. Some have forgotten that fact, just as they have forgotten that the Hanford atomic plant was located in the Northwest because the power was there. We can thank God that it was.

We have not been stealing industry. The great plants of the Northwest were put there because of the amount of power available; they were put there by the United States during the war. The fact is that in recent years American aluminum companies are building plants abroad.

I do not know whether my colleagues realize it or not, but American companies are now constructing aluminum plants outside the United States, in foreign countries, far in excess of all the aluminum plants operating in the Pacific Northwest. Why? Because we have run out of cheap power, so to speak, and they are going to Africa and other areas to get cheap power to produce aluminum.

The argument that we are taking away industry is without foundation. We have had only the ordinary growth that every other area has had.

I hope Senators will not oppose this measure because of parochial feelings. Some Senator may object to a project, in New England, for example, because it will not benefit his area. If a project will benefit New England, I am for it. If it helps a particular area, it helps the whole country, and we should all support it.

I have supported flood control projects. The cost of these projects is taken entirely out of the Treasury. There is no repayment. On the other hand, the ratepayers in the Pacific Northwest pay back every dime expended for power projects, with interest. The ratepayers include private utilities, private industry, and public bodies.

Let us lay aside, once and for all, the specious argument that we are stealing industry. It is not true. The whole country pays for flood control and navigation projects. But the ratepayers in our region pay all of the cost of our projects, with interest.

I hope the Senate will vote down all the pending amendments, because they involve the same tactic of attempting to making an economic monstrosity out of the pending measure.

The President of the United States has requested this measure. I wish to mention further that the Senate Committee on Interior and Insular Affairs went into this question in a previous Congress. We received an opinion from the Department of the Interior, a ruling, in effect, that without this legislation sales to California preference customers would jeopardize the power supply of industrial customers and private utilities in the Pacific Northwest. We found this legislation was necessary in order to avoid that result.

I trust the Senate will vote down the pending amendments and the other amendments without hesitancy.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The time for the quorum call is to be charged to which side?

Mr. JACKSON. To come out of the time of both sides in the general debate on the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 143 Leg.]

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bottum
Burdick
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dirksen
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Connecticut [Mr. DODD], the Senator from Missouri [Mr. LONG], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent because of illness in the family.

The PRESIDING OFFICER. A quorum is present.

Mr. YARBOROUGH. Madam President, will the Senator from Illinois yield 2 minutes to me?

Mr. DIRKSEN. I yield 2 minutes on the bill.

GIVEAWAY IN THE SKY

Mr. YARBOROUGH. Madam President, today there reached my desk a short letter in the personal handwriting of Maury Maverick, Jr., son of a former Member of Congress, a distinguished leader in Texas in his own right, and a member of a family that has defended American freedoms since colonial days.

Since he has so well expressed the cherished hopes and dreams and ideals of Democrats in America, I ask unanimous consent to have printed in the RECORD a letter from Maury Maverick, Jr., of San Antonio, Tex., of August 6, 1962.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAVERICK BUILDING,
SAN ANTONIO, TEX.,
August 6, 1962.

DEAR JUDGE: My old father stood on a high bluff alongside of George Norris when Franklin Roosevelt pointed to TVA and thanked Mr. Norris. The great Senator from Nebraska wept that day.

Now we Democrats are going against our heritage with the satellite bill.

Keep on fighting that giveaway in the sky.

MAURY MAVERICK, Jr.

VIRGINIA SENATOR A. WILLIS ROBERTSON HONORED FOR 46 YEARS OF WILDLIFE CONSERVATION SERVICE

Mr. YARBOROUGH. Madam President, yesterday evening it was my privilege to attend the 25th anniversary banquet honoring our distinguished colleague from Virginia, Senator A. WILLIS ROBERTSON, as one of the authors of the Pittman-Robertson Act approved 25 years ago.

Senator A. WILLIS ROBERTSON, in 1916, as a member of the Virginia State Senate, helped enact into law the first comprehensive State law on hunting and fishing in Virginia. It is still the foundation of the wildlife laws of the Old Dominion.

In 1926, the administration of commercial fishing was divorced from fresh water fishing and upland game, the latter two being put under a game commission, consisting of five members. Governor HARRY F. BYRD appointed ROBERTSON as the first chairman of that new commission, in which capacity he served for the next 6 years.

In 1934, Senator ROBERTSON organized in the House of Representatives the Select Committee on Wildlife Conservation, on which he served as chairman for the next 12 years.

That committee sponsored the Duck Stamp Act for the protection of migratory birds, the Pittman-Robertson Act, giving Federal aid to States for wildlife conservation, the Coordination Act, which was designed to protect wildlife interests in all water impoundments by the Army Engineers, the development of hunting and recreational areas in the national forests, the construction on farm ponds by the Civilian Conservation Corps and later by the Soil Conservation Service, and so forth.

Last evening at the 25th anniversary banquet, the President of the United States, John F. Kennedy, sent a telegram to Senator A. Willis Robertson, congratulating Senator Robertson for his leadership in the Pittman-Robertson Act in the conservation and restoration of wildlife in America.

Madam President, I ask unanimous consent that President Kennedy's message be printed at this point in the Record.

There being no objection, the message was ordered to be printed in the Record, as follows:

President's Message to Senator Robertson by Telegram, 25th Anniversary Pittman-Robertson Dinner, August 7, 1962

Senator Willis Robertson: I am pleased to add my personal congratulations to you and all the others gathered to commemorate the 25th anniversary of the Federal aid in wildlife restoration program. You can be rightly proud of the Pittman-Robertson Act. It has certainly come to be recognized as one of our major conservation achievements.

At the time the act was signed by President Franklin D. Roosevelt, no one but the farsighted sponsors of legislation predicted the contribution that the act would make to wildlife conservation and outdoor recreation. It is most significant that a major portion of the $219 million that has been made available to the States under this act has been invested in land acquisition and as a result almost $2.5 million acres of land has been purchased and made available for public use.

Our hope is that history will recognize that our administration has made equally significant contributions to wildlife conservation.

John F. Kennedy.

Mr. YARBOROUGH. Madam President, last evening also, in the 25th anniversary banquet, a scroll was presented, signed by Secretary of the Interior Stewart L. Udall, to our colleague, Senator A. Willis Robertson, in grateful recognition and appreciation to him. I ask unanimous consent that the wording of that scroll be printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Presented in grateful recognition and appreciation to Hon. A. Willis Robertson for outstanding effort and contribution to 25 years of wildlife restoration and management in the United States under the Pittman-Robertson program.

Stewart L. Udall,
Secretary of the Interior.

Presented at the National Press Club in Washington, D.C., on the 7th day of August 1962.

Mr. YARBOROUGH. Madam President, also last evening, the Virginia Commission of Game and Inland Fisheries presented to our distinguished colleague from Virginia a beautiful scroll announcing the dedication to U.S. Senator A. Willis Robertson of the Gathright game management area in grateful recognition and appreciation of his many contributions to the sportsmen of Virginia.

Madam President, I ask unanimous consent that this scroll be printed at this point in the Record.

There being no objection, the scroll was ordered to be printed in the Record, as follows:

The Gathright Game Management Area, dedicated to U.S. Senator A. Willis Robertson in grateful recognition and appreciation of his many contributions to the sportsmen of Virginia and the Nation.

Commission of Game and Inland Fisheries.
July 1962.

Mr. YARBOROUGH. Madam President, this 25th anniversary commemoration of Federal aid to wildlife restoration held last evening was sponsored by the Izaak Walton League of America, the National Audubon Society, the National Wildlife Federation, the Sport Fishing Institute, the Wilderness Society, and the Wildlife Management Institute.

This stirring program was presented by an overflow crowd of those who have served for 25 years in programs of wildlife conservation. I ask unanimous consent to have printed at this point in the Record the program of last evening with a brief résumé of Federal aid in wildlife restoration program.

There being no objection, the program was ordered to be printed in the Record, as follows:

Program

Presiding, C. R. Gutermuth, vice president, Wildlife Management Institute.

Presentation of scrolls by Hon. Frank P. Briggs, Assistant Secretary of Interior for Fish and Wildlife.

Hon. A. Willis Robertson, U.S. Senator from Virginia.

Carl D. Shoemaker, secretary, Senate Special Committee on Conservation of Wildlife Resources, 1930–48.

Dr. Ira N. Gabrielson, Chief, Bureau of Biological Survey, 1935–40; first Chief, U.S. Fish and Wildlife Service, 1940–46.

Dr. Albert M. Day, first Chief, Branch of Federal Aid, 1938–42.

Robert M. Rutherford, Chief, Branch of Federal Aid, 1942–57.

Sporting Arms & Ammunition Manufacturers' Institute, Egbert C. Hadley, president.

Special presentation by C. F. Phelps, executive director, Virginia Commission of Game and Inland Fisheries.

Address by Hon. Stewart L. Udall, Secretary of the Interior.

FEDERAL AID IN WILDLIFE RESTORATION PROGRAM

A nationwide action program to give all States urgently needed financial assistance in their efforts to improve conditions for wildlife was launched by this act. Now, 25 years later, it is an outstanding example of how the Federal and State Governments can work with industry and sportsmen to perpetuate valuable natural resources and to provide untold hours of wholesome outdoor recreation.

One of the most significant wildlife enactments of all time—approved September 2, 1937—it is known widely as the Pittman-Robertson program, after its authors, the late Senator Key Pittman, of Nevada, and the then-Congressman and now Senator A. Willis Robertson, of Virginia. Its accomplishments are many.

More than 2,370,000 acres of land have been bought and developed for wildlife and public hunting; nearly 900,000 acres of prime waterfowl habitat given permanent protection; water provided in the arid West; food and cover planted for upland game; and deer and elk winter range purchased and improved.

Research projects have provided understanding and new techniques for wildlife enhancement. The eastern wild turkey, Merriam's turkey, white-tailed deer, antelope, bighorn sheep, elk, and many other mammals and birds have been restored over large areas. More than $275 million of Federal and State moneys have been channeled into essential wildlife restoration activities.

The history of the Pittman-Robertson Act parallels the expansion of State wildlife programs. During its span, and largely under its influence, wildlife management has emerged as a recognized natural science and hundreds of trained specialists now are engaged in State and Federal programs.

The act continues to bring stature and achievement to the entire field of wildlife management, with everlasting benefits to American sportsmen.

The 25th anniversary commemoration is sponsored by Izaak Walton League of America, National Audubon Society, National Wildlife Federation, Sport Fishing Institute, the Wilderness Society, and Wildlife Management Institute.

Mr. YARBOROUGH. Madam President, because of his leadership in Virginia for 46 years and in the Nation for more than 25 years in wildlife conservation work, I ask unanimous consent to insert at this point in the Record a brief biographical sketch of our distinguished junior Senator from Virginia, Senator A. Willis Robertson.

There being no objection, the sketch was ordered to be printed in the Record, as follows:

Biographical Sketch of A. Willis Robertson, U.S. Senator From Virginia

Taxes, tariffs, foreign trade, appropriations, and legislation dealing with fiscal, monetary, and defense production problems are the subjects to which Senator A. Willis Robertson has devoted his primary attention during more than a quarter century of service in Congress.

It was as a Member of the House of Representatives that this Virginian became recognized as an expert on collecting Federal revenue. In the Senate he has been concerned with the spending functions of the Government and its management of fiscal affairs. This double-sided experience has made him a consistent advocate of efforts to balance the national budget and an opponent of inflationary spending schemes.

His political philosophy has been shaped by his admiration for Thomas Jefferson, Woodrow Wilson, Cordell Hull, whose trade program he championed, and Carter Glass, his predecessor in the Senate, who was the "father" of the Federal Reserve System.

The Financial Institutions Act, popularly known as the Robertson bill, which was passed by the Senate in 1957 was described by Banking magazine as "the greatest single piece of banking legislation in our time—certainly the greatest since the Federal Reserve Act," which was sponsored by Senator Carter Glass. Although this bill was not accepted by the House of Representatives in its unit form, many sections from its 250-page text subsequently have been passed and it continues to furnish the basis for proposals to codify and modernize the laws under which financial institutions operate.

A longtime ambition was fulfilled in February 1959 when Senator Robertson became chairman of the Banking and Currency Committee, with which Carter Glass had been so prominently connected. This committee has responsibility for legislation dealing with banking, international finance, Federal Reserve, securities, housing, small business, and production and stabilization.

In addition to holding the committee chairmanship, ROBERTSON continues to act as chairman of the Subcommittee on Banking.

He continues also as a member of the Appropriations Committee, of which Senator Glass had been a chairman. In addition to being chairman of the subcommittee handling Treasury and Post Office appropriations, Senator ROBERTSON serves on the Agriculture, Defense, Independent Offices, and Public Works Subcommittees. He has estimated that these groups handle bills covering more than 95 percent of the Federal budget.

He remains a member of the Joint Committee on Defense Production, which he had headed as chairman during 1957–58 under a Senate-House alternating arrangement and is vice president of the U.S. group in the Interparliamentary Union, of which a House member is president.

WILLIS ROBERTSON first entered politics in 1912 as a delegate to the Virginia Democratic convention pledged to the candidacy of Woodrow Wilson for President.

His interest in Wilson and in political affairs had been stimulated, he said, by Dr. S. C. Mitchell, his history teacher at Richmond College, who stressed the obligations of public office.

But behind this college inspiration, ROBERTSON said, was the influence and the attitude toward the responsibilities of citizenship of his father, the Reverend Franklin Pierce Robertson, of Albemarle County, a Baptist minister, and his mother, the former Josephine Willis, of Culpepper County, a descendant of Col. James Gordon of Lancaster and Nathaniel Harrison of James City County, son of the first Benjamin Harrison of Virginia.

Born in Martinsburg, W. Va., where his father was pastor of a church at the time, WILLIS was one of six children. Part of his boyhood was spent in Lynchburg, Va., where he became an admirer of Carter Glass, whose elder son was his school classmate and a close friend. Thereafter he followed with deep interest Glass' progress as a State senator, Member of the House of Representatives, Secretary of the Treasury, and finally U.S. Senator.

The high school in Rocky Mount from which WILLIS ROBERTSON graduated was the first one established in Franklin County and was made possible by efforts of his mother who headed an organization to raise funds to pay for the building.

Enrolling in Richmond College at the age of 16, ROBERTSON became a campus leader, especially in athletics. As a tackle on the football team he played the entire time through every game for two seasons. He was tennis champion and established a Virginia record in the hammer throw which became permanent when that event was eliminated from Virginia college track meets.

In 5 years at Richmond College he received both academic and law degrees and he was subsequently honored by award of an honorary degree of doctor of laws from this college as well as membership in Phi Beta Kappa (scholarship). Both Washington and Lee University and William and Mary College have conferred honorary degrees upon him and he holds an honorary membership in the Washington and Lee Chapter of Omicron Delta Kappa—a campus leadership fraternity.

After graduation from college, ROBERTSON entered the practice of law at Buena Vista and in 1915 he was elected to represent Rockbridge and Bedford Counties in the State senate.

Volunteering for military service at the outbreak of World War I, ROBERTSON attended officers' training camp, was commissioned a first lieutenant of infantry and assigned to the 80th Division, then in training at Camp Lee. He served as assistant camp adjutant and was discharged in June 1919 with the rank of major.

Resuming his place in the State senate after his military service, ROBERTSON served on the finance, courts of justice, public institutions, and education committees. He was patron of the bill creating the State highway department, a member of the commission that laid out the State highway system and patron of the Robertson Act, under which the first $14 million for State highway improvement was obtained.

In 1922 ROBERTSON left the State senate to become Commonwealth's attorney of Rockbridge County, an office he held for 4 years.

In 1926, when the Virginia Department of Game and Inland Fisheries was reorganized under a commission whose chairman was its executive and administrative head, ROBERTSON, who had sponsored during his first year in the State senate the bill creating the department, was named as chairman. The appointment was made by Gov. HARRY F. BYRD, who had entered the State senate at the same time as ROBERTSON and served on some of the same committees.

During ROBERTSON's 6 years with the game and inland fisheries commission its receipts were doubled, without increasing license fee rates, and its services were greatly expanded, including a more efficient warden service, enlargement of the farm for restocking quail and establishment of the first hatcheries for propagation of trout and bass.

ROBERTSON's interest in outdoor life and conservation began with a boyhood interest in hunting and fishing, and these sports have remained his favorite sources of recreation.

He gave up the game commission post in 1932 when he became a candidate for the congressional seat vacated by the death of Representative Henry St. George Tucker, another Lexington resident. Elected that year as a Congressman at large, because a Court decision had invalidated existing congressional districts, ROBERTSON was reelected to represent the newly constituted Seventh (Valley) District in 1934 and continued to serve in that capacity until he transferred to the Senate in 1946.

Continuing to demonstrate his interest in wildlife after he went to the House of Representatives, ROBERTSON sponsored a resolution setting up a special committee to study and coordinate agencies dealing with wildlife resources. He was made chairman of that committee—the only first-term Congressman to hold a committee chairmanship—and continued as its chairman throughout his service in the House. He was sponsor of the Pittman-Robertson Act, under which more than $180 million collected from Federal taxes on sporting arms and ammunition has been returned to the States for game restoration and conservation projects. In 1945 he received awards from the Hunting and Fishing Club of the Air and from Field and Stream magazine as the outstanding conservationist of the year.

Looking back on this record Senator ROBERTSON has said: "My wildlife conservation work is the happiest I have attempted to do. While my time and efforts in the Congress have been devoted primarily to taxation, foreign trade, banking, currency and allied economic problems, I would be happy if history records my efforts on behalf of conservation as being a worthwhile contribution to my day and generation."

While in the House of Representatives ROBERTSON served on the Committee on Expenditures in the Executive Departments, Insular Affairs, Immigration and Naturalization and Post Offices and Post Roads, but his major assignment was on the Ways and Means Committee. He was the first Virginian in 34 years to serve on that top committee which drafts all tax bills.

During his 10 years on the Ways and Means Committee, ROBERTSON helped to write 12 tax bills, including those required to meet the unprecedented demands for revenue during World War II. His views prevailed over those of a majority of his powerful committee in 1943 when the Robertson-Forand bill set the pattern for putting Federal income taxes on a pay-as-you-go basis. It was as spokesman for the committee, however, that he led recurring floor fights on behalf of the Hull Reciprocal Trade Agreements program. Later, as a Member of the Senate, he continued to advocate Hull's concept of mutually beneficial foreign trade.

The death of Senator Carter Glass in 1946 created a vacancy for which ROBERTSON was chosen by the Virginia Democratic convention which met in September of that year. After completing Glass' term ROBERTSON was elected for a full 6-year term in 1948 and again in 1954.

The fact that Senate rules will not allow two men from a State to serve on the same committee and that Senator HARRY F. BYRD of Virginia was a member of the Finance Committee prevented ROBERTSON from continuing in the Senate the type of work on tax bills he had done in the House but he was successful in obtaining appointment to both of Senator Glass' former committees—Appropriations and Banking and Currency.

On the Appropriations Committee, Senator ROBERTSON demanded close scrutiny of all Federal spending proposals and voted regularly with those trying to keep fund allowances below the total of budget recommendations.

Although he had supported the original Marshall plan for foreign aid as necessary for the rehabilitation of war-ravaged nations, in later years he insisted that foreign loans and grants were continuing at too high a rate. He was instrumental in having foreign aid appropriations cut below budget proposals for several successive years and continued to urge that as a substitute for such aid there be stimulation of private investments abroad and loans from international funds handled on a sound business basis.

As a member of the Banking and Currency Committee he helped to draft inflation control bills needed during the War in Korea and as a member and as chairman of the Joint Committee on Defense Production he had responsibility for checking on administration of price and wage controls and stockpiling programs.

In 1949 ROBERTSON was designated by the Banking and Currency Committee to conduct an investigation of monopolistic practices by labor organizations, especially as applied to the coal industry. The results of his study were submitted to the Labor Committee which handles legislation on that subject, but that committee refused to report the bill he introduced.

Several years of work on the part of Senator ROBERTSON culminated in 1956 in enactment of a bank holding company bill—the first successful effort to obtain legislation to curb monopolistic expansion in that field.

In 1956 ROBERTSON again was designated by the Banking and Currency Committee to handle a study, this time of the Federal laws under which financial institutions operate. The result of this study was the Financial Institutions Act of 1957, designed to codify financial laws, bringing them all together for the first time in one place in the Federal Code, and also to bring them up to date by dropping out obsolete statutes and giving recognition to modern business practices. When this bill passed the Senate the president of the American Bankers Association called it a monumental achievement.

Although the House of Representatives failed to pass the 1957 bill it became the basis for important financial legislation in later years.

In 1958 the Small Business Investment Act was amended as proposed in the Financial Institutions Act.

In 1959 laws dealing with Federal Reserve member bank reserve requirements, savings and loan associations, holding companies controlling stock savings and loan associations, and Federal credit unions—all were revised along lines recommended in the 1957 bill.

Also passed by the Congress in 1959 were 2 bills containing a total of 35 amendments to financial laws which were taken from the Robertson bill. One of these bills simplified and improved laws relating to national banks so as to enable them to carry on their work more efficiently. The other bill contained provisions to improve the efficiency of the Office of the Comptroller of the Currency, who supervises the national banking system, and to give more flexibility to national bank lending powers.

Senator Robertson, who makes his home in Lexington, Va., married Gladys Churchill Willis. They have two sons, A. Willis Robertson, Jr., and Marion Gordon Robertson.

TAX CUT—PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. JAVITS. Madam President, will the Senator yield some time on the bill to me?

Mr. KEATING. Madam President, I yield to my colleague from New York 3 minutes on the bill.

Mr. JAVITS. Madam President, I call the attention of the Senate today to a lead editorial in the New York Herald Tribune entitled "Tax Cut Not the Only Remedy" because I think it bears out so very strikingly the speech which I delivered yesterday on that subject. A tax cut is not the only remedy. I could not agree more. But it is a very important part of a package, and a good deal of that package is laid out in the lead editorial exactly as I laid it out yesterday.

A package to deal with what? The uneasy fear in the hearts of many Americans that we are coming to a time of another recession, and that it should be avoided. Our economy is not moving forward with the velocity which is required by our international responsibilities or by the well-being of the American people, notwithstanding the President's promise in 1960, on which he was elected, that that is precisely what he would do.

So as long as that is the situation, and it is evidenced by a rise in our gross national product not equal to our own or the President's expectation, by the continuance of a very hard and apparently unyielding endemic unemployment which continues with us, by the absence of an opportunity for an estimated 1 million young people to get jobs in that economy, all of those things add up to the fact that we do not have to wait until a recession is upon us, nor do we have to engage in such transient activities as awaiting the figures for a particular month in order to decide a question as big and as important as that.

We ought to have an incentive tax cut. There has been a great deal of talk about a tax cut without recognizing the difference between a tax cut which would merely put money into the pockets of people and a tax cut which would provide an incentive to build, initiate, construct, and employ, as I described yesterday.

But more important than anything else is the fact that other things must be done. These are also questions to which the President must direct his attention. For example, among them is the fact that we have no effective way today to deal with strikes which affect the national interest. It is very much in the interest of labor itself to work with the rest of us in trying to develop a better method of dealing with strikes than we have today. That is one of the real weaknesses of our society.

Second, that the administration of the antitrust laws both in the preceding administration and in the present tends to inhibit and frustrate instead of facilitate, and that therefore the administration should direct its views and activities toward that end.

Third, and very important, American business has not developed an effective technique for seeing workers through the transition period when automation is adopted in order to cut costs.

These urgent matters are urged for action on the part of our Congress and on the part of our President.

The editorial sets forth all of these ideas, with the exception of one, and that is that it urges the application to trade unions of the antitrust laws, or their principle. I do not agree. I believe the prescription I have given with respect to strikes is a much better one. Other than that it poses the issue to the American people and says that here is an opportunity to act in order to avoid a recession before it is upon us. I am in favor of that. An incentive tax cut is not the whole answer; it is only one part of the total package which I urge upon the President and the country. I ask unanimous consent that the editorial may be printed in the Record as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the New York Herald Tribune, Aug. 8, 1962]

Recipe for Recovery—Tax Cut Not the Only Remedy

It seems pretty clear by now that there is going to be no quick tax cut to spur the economy.

Mr. Kennedy has repeatedly said he would wait for the July figures on economic activity, due this week, before deciding whether to recommend one. But he also, and perhaps more particularly, wanted to take the pulse of Congress. It would be damaging, as he well know, to recommend a cut and then have Congress reject it. To assert officially that a cut was needed, then not get it, would be to invite a real crisis of confidence in the Nation's economic future.

In Congress the key man is Wilbur Mills, who has never been enthusiastic about the idea. And the closed-door hearings being held by his House Ways and Means Committee have done nothing to sway him toward the wisdom of cutting. Meanwhile, powerful opposition has developed in the Senate, and a Gallup poll has shown 72 percent of the electorate against cutting taxes now if it means increasing the debt—a figure not likely to be lost on campaigning Congressmen.

But if taxes are not to be cut, what can be done?

The answer: A lot.

The basic ingredient of growth remains what it has been right along: the confidence quotient of thousands of individual businessmen, whose separate investment decisions are what add up to national zip or stagnation.

It is questionable how much their confidence would, in any case, have been stimulated by a quickie tax cut. This is going to have to be built by long-range reforms, and by evidence of Government attitudes rooted not in the urge to manipulate but in the realities of economic experience. In planning capital investments, businessmen are looking less to the next 6 months than they are to the next 6 years. Here there are several critical factors, about all of which something can be done:

Taxes: What's needed is not a shot in the arm, but a comprehensive overhaul of the structure which brings a sharp reduction in rates. The President has promised to recommend such action. Mr. Mills favors it. Its prospects could well have been torpedoed by a tax cut now; to effect it, the President is going to need substantial room for maneuvering in engineering an overall reduction of revenues. It's going to take a massive campaign, such as was mounted in behalf of the trade bill, to get it through Congress. Further, if it is to accomplish its aims, it's going to have to be the kind of restructuring that acts to reward initiative, not, as the present tax laws do, to stifle it. This is going to take political courage. There are sure to be enormous pressures brought to concentrate cuts in the lower brackets, thus further exacerbating the present imbalance and further penalizing achievement. This also, by making Federal benefit programs cheaper for the mass of voters (at others' expense), would further enhance the long-range political pull of more and more Government spending, and thus invite a greater drain on the private sector. These pressures have to be resisted, and a courageously creative reform pressed.

Regulation: The antitrust laws, loosely worded and even more loosely interpreted, have too often lately been used as vehicles of harassment. They are meant to preserve competition, not to hobble growth. For too many of those who choose the business of regulating, regulations becomes an end in itself. Both the laws and the philosophy that guides their enforcement need critical review.

The dollar: Maintaining its stability is vital. And, as a confidence-restorative, clearly evident determination to do so at whatever cost is essential.

Labor: Unions have far outgrown the structure of special privileges and exemptions they were granted when they were fighting for their existence. Now theirs has become the most egregious monopoly, theirs the unchecked power that flouts the public interest for private gain and gets away with it. The time has come to cut back their powers, and to devise a means of applying to unions the principle, if not the letter, of the antitrust laws that long have applied to business.

Profits: These have been badly squeezed, but more is needed than a boost in balance-sheet figures. There has to be a clear, positive and public recognition of the creative role profits play in the free enterprise system. When Mr. Kennedy says he's for profits because the Government gets 52 percent of them, he doesn't make much mileage. Instead, he arouses apprehension that he sees business in the role of provider for government rather than an independent force with its own rights. Profits are the fuel of progress, and if the country is to be got moving its economic engine has to be provided with the fuel it's designed to run on.

Government: What saps business confidence as much as anything else is fear of the unknown in the area of government activity, a fear which both Mr. Kennedy and his top advisers have fed. The antifree enterprise sentiments among liberal Democrats that surfaced so dramatically in the Senate filibuster didn't help. The administration has clamped a lid on public statements by top economic officials in an effort to contain these fears. But the men who have repeatedly pressed for greater Federal intrusion on private decisionmaking still hold their posts, and have not recanted their views; presumably, even though their mouths are publicly shut, they flap as busily as ever within the administration's councils. If confidence is to be restored, there has got to be solid assurance that their advice is not being taken, and will not be taken.

The economic indicators continue mixed; in the present state of the economy, chances are they will continue so for a while to come. Many predict that the present slow recovery will turn to mild recession by early 1963. But it need not—if business can be given assurance of a climate in which its creative force will be unshackled, its initiatives rewarded and its role respected.

AID TO GOVERNMENT-OWNED MASS TRANSPORTATION SYSTEMS

Mr. KEATING obtained the floor.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. KEATING. The time is controlled. Would the Senator ask for some time?

Mr. LAUSCHE. I should like to speak for about 4 minutes.

Mr. KUCHEL. How much time is available to both sides on the bill?

The PRESIDING OFFICER. Ninety-seven minutes are available to the proponents of the bill and 104 minutes are available to the opponents.

Mr. KUCHEL. I am glad, in a gesture of friendship, to yield 4 minutes to the Senator from Ohio.

Mr. LAUSCHE. California and Ohio join hands. [Laughter.]

Mr. KUCHEL. I am glad to join hands for 4 minutes.

Mr. LAUSCHE. A few days ago the Committee on Banking and Currency recommended to the Senate the passage of a bill which would make available $500 million over a period of 3 years in the subsidization of mass transportation systems in local communities. The bill provides that this aid shall only be given to those transportation systems which are operated by the Government.

It is interesting to note that in the country there are 1,272 local transportation systems, and that of the 1,272, 60 are operated by the Government.

As I said a moment ago, the aid will go only to governmentally operated transportation systems. That brings us to the interesting question of what will eventually happen to the privately operated systems if it is declared that to get Federal aid they must be publicly or governmentally owned.

I submit that the proposal means the eventual conversion of all transportation systems from private into governmental operations. Perhaps it is in accord with the trend of the times. Perhaps it conforms with the judgment of many in high places of public office, that the private operations of our railroads and mass transportation systems back home ought to be destroyed and converted into governmentally owned operations.

I cannot subscribe to that philosophy. I cannot dismiss from my mind that the great abundance which we have in this country, especially when compared with the paucity of the economic strength around the world in Communist and Socialist countries, would not justify any course of action which would change our system.

The bill, if passed, means the socialization of the local transportation systems throughout the country. Sixty of these 1,272 systems are operated by Government. These 60, in the buying of equipment and in the buying of roadbeds, would receive from the Federal Government $2 for every dollar they spent.

The PRESIDING OFFICER. The 4 minutes of the Senator from Ohio has expired.

Mr. KEATING. I yield 2 more minutes to the Senator on the bill.

Mr. LAUSCHE. I understand that in the Committee on Banking and Currency four of the members dissented. They could not subscribe to that program. Their views will be filed with the report. If it is to take 3 years and $500 million to partially take care of the 60 systems, how much more is it going to cost to take care of 1,212 more? I suggest that it will not be $500 million, but that there will be a program which will last through the years, and the cost of which will run into billions of dollars.

The Senator from New York [Mr. JAVITS] has just spoken about a tax cut. How wonderful it would be if we could prudently give the people of our country a tax cut. However, if we are to give them a tax cut, we will not be able to do it if the Government increasingly enters into subsidization. A tax cut would increase deficits, and increased deficits produce a cheapening of the buying power of the dollar. Deficits cause a blanket of fear to fall upon our short-term foreign creditors throughout the world, who demand that they be paid, not in American dollars, but in gold. It is just poppycock to talk about strengthening the dollar on the one hand and on the other engage in a policy of the type proposed.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. KEATING. I yield 1 more minute to the Senator from Ohio.

Mr. LAUSCHE. In due time I will ask unanimous consent to have the bill referred to the Committee on Commerce. If I cannot procure unanimous consent, I will submit to the Senate a motion that the bill be referred to the Committee on Commerce, where it rightly belongs.

I thank the Senator from New York. I yield the floor.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. KEATING. Madam President, I offer an amendment to the Goldwater amendments as revised, to add the words "or any other State." I yield myself such time as I may need on that amendment.

Before discussing it, I wish to refer briefly to a few other matters.

WORLD TRADE CENTER ILLUSTRATES SIGNIFICANCE OF PRACTICAL STEPS TO EXPAND WORLD TRADE

Mr. KEATING. Madam President, at a time when the importance of international trade is becoming ever more apparent, it is significant to note the recent action of the States of New York and New Jersey in authorizing the development of a great World Trade Center for the port of New York. This $270 million center, to be developed by the joint agency of the two States, the Port of New York Authority, will be located in lower Manhattan, an area long identified as the principal headquarters of the international trade community. The World Trade Center is tangible evidence of State and local cooperation in the field of international trade.

The basic purpose of the World Trade Center is to promote and to expedite the flow of goods of foreign trade. International businessmen, both American and foreign, will find the center an integrated facility of commerce bringing together the offices of a great variety of agencies and businesses involved in the marketing and service aspects of world trade. By centralizing these functions, the center will greatly simplify and expedite the administrative processing involved in international trade. The result will be better service to the buyer and seller as well as dollar and time savings.

It is expected that the center will include a wide variety of public and private agencies concerned with trade, including the U.S. Customs Service, customs brokers, freight forwarders, foreign consulates, international banks, marine insurance firms, and, of course, exporters and importers. All will be involved in negotiating, financing, arranging and clearing the movement of export-import cargoes through the great port of New York.

Equally important, the World Trade Center will provide a focal point for exhibiting and marketing products from all corners of the globe. It will be a huge marketplace attracting both U.S. and foreign buyers and sellers. The ease with which international buyers will be able to inspect and buy goods on display in the center will stimulate the movement of American products to oversea destinations.

An unmatched source of world trade information will also be available to businessmen at the center through the consolidation of trade information services now located in various and sometimes widespread parts of the bistate port of New York.

Like the trade bill now before a Senate committee, the World Trade Center will serve as a constructive symbol of the importance of international trade. I am confident it will benefit tremendously the people of the port of New York, who rely heavily on port operations as a principal factor in their economic well-being. The Nation as a whole also will clearly benefit since the port of New York is the principal gateway for international trade.

It is important that we realize that trade is more than legislation and negotiations. Trade involves people, businesses, money, transportation, and, above all, hard work. If our Nation's drive for expanded trade is to succeed, it will require practical efforts like those being devoted to the trade center in New York, as much as anything else. Another good example of practical effort in this area that comes to mind is the Commerce Department's "Export E" award program.

Madam President, I commend the officials of the State and city of New York and of the State of New Jersey. I am delighted to call attention to the wonderful progress they have made and to the ambitious and vital goals which they have set for themselves in the months and years ahead.

Madam President, I ask unanimous consent to have printed at this point in the RECORD two articles written by Mr. Alan Schoedel which are a part of an excellent series published in the Journal of Commerce of April 2–6, 1962. The first article quotes extensively Mr. Richard Sullivan, the new director of the trade center, who is extremely well qualified for this key post and who, I feel confident, will do a fine job in it.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

WHEELS SET IN MOTION—BIG TRADE CENTER BENEFITS DUE

(By Alan Schoedel)

Governor Rockefeller's signing of the bill to authorize a World Trade Center in Manhattan sets in motion a project that can transform and modernize the whole vast shipping industry of New York.

COMPANION BILL

Governor Hughes of New Jersey signed a companion bill on February 13. Now the bistate Port of New York Authority can begin brass-tacks negotiating with prospective tenants for what many trade experts believe will be the greatest focal point of international commerce in the world.

OBJECTIVE SIMPLE

The World Trade Center envisioned for Manhattan's lower West Side has one simple and immensely practical business objective. It is to liberate New York's import-export industry from the incalculable waste, the costly delays, the inefficiencies, which stem from the existing helter-skelter pattern of offices and agencies concerned with moving cargo through the Nation's No. 1 port.

INFORMATION CENTER

In addition, its planners say, it will provide an unparalleled source of all types of information bearing on world trade; a center for the exhibiting of goods available for import and export; a "one-stop" meeting ground for buyer and seller.

Right now, the port authority is embarking on one of the most complex assignments ever to face a builder. In virtually simultaneous operations, lease commitments will be negotiated and architects will be designing the World Trade Center to fit the demand for space.

SET FOR WEST SIDE

About the only thing decided on for sure at this juncture is that the World Trade Center—originally slated for an East Side location—will be on the West Side, on a site covering about nine small blocks, bounded generally by the West Side Highway, Church Street on the east, Vesey Street on the north, and Liberty Street on the south.

How many buildings will it contain? How tall will they be? What will they look like? What proportion of New York's foreign commercial attachés will be in the center when it opens?

No one knows yet. Within a few months, the port authority will begin getting the answers.

SULLIVAN IS DIRECTOR

"The one thing that's certain," said Richard Sullivan, newly appointed director of the $270 million project for the port authority, "is that there are a lot of variables."

Like all port authority projects, the World Trade Center must pay its own way. Technically, this will not be established until all the contracts and leases are down in black and white—but the port authority as a whole and Mr. Sullivan in particular are confident that the center will be economically feasible.

What about rents, then? Mr. Sullivan can say only that they will be—must be—at a level comparable with other new buildings in lower Manhattan.

Commercial builders of the usual Manhattan skyscraper line up two or three big "anchor" tenants, then fill in around them with smaller renters. The port authority's job will be just the opposite.

KEY TO SUCCESS

"The success of the World Trade Center will depend on the number of people we get in it," Mr. Sullivan explained. "I would rather have five tenants taking 1,000 square feet than one tenant taking 5,000 square feet."

An exception, of course, would be U.S. Customs, now in cramped, divided, and obsolescent quarters in Manhattan. Unifying the customs operation for the port of New York and providing it with desperately needed space will be one of the basic purposes of the World Trade Center—a purpose that has everyday dollars-and-cents significance for all firms engaged in import-export business in New York.

EAST SIDE PLAN

When the World Trade Center was originally proposed in 1961, it was estimated that 4,000 workers could build it in 5 years. That was for an East Side location. The new site is about 15 percent smaller and the proposed new stock exchange has been eliminated, so it should take less time.

For the East Side project, the port authority had worked out a schedule of phases or stages, so that it could be put into use section by section. This procedure will be followed on the West Side, too, but the staging schedule has not been prepared.

The World Trade Center is part of a package, the other part of which calls for the port authority to take over the bankrupt Hudson & Manhattan Railroad. In fact, the center will rise above the underground terminal of the H. & M. in lower Manhattan.

Two large buildings owned by the H. & M. at 30 and 50 Church Street will be among those demolished to make room for the project.

DELAY HELD WORTHWHILE

New Jersey's Legislature balked at the original package bill adopted in Albany, which called for a World Trade Center on Manhattan's East Side and port authority rescue of the H. & M.—an important line for New Jersey commuters. In the process of reaching a compromise, the center was moved to the H. & M. terminal location. All this dickering caused a year of delay, but the final result makes it seem decidedly worth while.

Shifted from the East Side to the West Side, the World Trade Center will be much more accessible.

Several subway lines have stations directly at the site or close by, in addition to the H. & M. terminal itself. (It is estimated that well over 25 percent of the center's employees will come from New Jersey.)

This convenient access is naturally important to a development that will be visited by many strangers to New York, including foreign businessmen. It may even make it easier for tenants of the center in such a simple necessity as finding secretarial help.

"We have trouble enough getting secretaries to come here," said one freight forwarder in the shipping district at the lower tip of Manhattan. "They don't want to come this far to work. We never could have gotten them to go over to the East Side."

A MECCA FOR BUYERS, SELLERS—TRADE CENTER SEEN AS MARKET

(By Alan Schoedel)

Of all the obstacles to foreign trade, authorities in New York agree, none is greater than the simple lack of essential information.

These authorities, businessmen and Government commercial officials alike, are increasingly aware that countless opportunities for import or export sales are missed only because the buyer and seller never make contact.

AID FOR TRADERS

Expediting such trade contacts, helping the producer find out about foreign markets and helping the buyer find out what is available, will be a primary function of the World Trade Center which the Port of New York Authority proposes to build on Manhattan's lower West Side.

A large area is to be set aside for exhibits of products by private firms and by governments.

Beyond that, it will house what almost certainly will be the biggest library of foreign trade information in the country, perhaps the world. It will be, in effect, a briefing center where the businessman wishing to trade abroad can obtain expert guidance on the needs and requirements of each market, each country.

QUICK CONTACTS SOUGHT

Talks with persons who are daily engaged in some aspect of international trade in New York brought frequent references to this situation:

A businessman from overseas, looking for certain products to buy in this country, arrives in New York. His time is limited. So, of course, is his budget for the trip.

He wants to make contact with the largest possible number of companies in his field.

Scrambling around New York to the offices of a few concerns of which he knows is one possibility, but it takes a lot of time. He may, with luck, find a specialized industrial exhibit that suits his needs.

With enough time, he can get around to some of the trade promotion offices maintained by various States in New York.

But nowhere does he find everything that he really wants to know. He calls a business association or a government agency, in hopes of getting the facts he needs.

Often they can give some help. All too often, say trade experts, he finds his time here has run out before he really can cover the ground he should.

RESERVOIR OF INFORMATION

It is this situation which the World Trade Center could remedy, to a large degree, its advocates say. The center is envisioned as a matchless reservoir of information, more nearly complete than anything now available to the import-export trader.

"There are hundreds of foreign businessmen who come to New York every week," said one official of the Commerce & Industry Association of New York. "They have limited time. The very nature of the inquiries they make to us—at the last minute—makes it obvious that they haven't covered their trade as they should."

More than 2,000 inquiries about trade, most of them from overseas, are received every month at the New York office of the New York State Department of Commerce. These are processed, cataloged, and published. The department even seeks out foreign customers for New York State products.

AID FOR VISITOR

Even so, Thomas J. Higgins, assistant director of the office, and Henry Dodge, its foreign trade consultant, are familiar with the problem of the foreign visitor on a tight business schedule. A World Trade Center, they said, would make it unnecessary for him to go "traipsing all over the New York metropolitan area."

Every morning, their department receives new evidence that world trade depends largely on reaching the small businessman with limited resources.

Some of the trade inquiries arriving in the mail from points as distant as Hong Kong may be on the finest stationery, expertly typed by an excellent secretary. But others are laboriously printed in ink on a page torn from a looseleaf notebook, or scribbled on foolscap.

WIDER INTEREST SEEN

Not only would a World Trade Center simplify the handling of such inquiries, said the New York department officials, but it would encourage even wider interest in trade. They are particularly concerned at the lack of interest in world trade among many American businessmen.

Louis Birnbaum, of the New York office of the U.S. Department of Commerce, also spoke of foreign businessmen whose trade-hunting visits could be "more fruitful" than they often are.

"A great deal of trade results from just finding a product," he added, in commenting on the importance of a centralized exhibit area. At present he indicated, the tendency is to let the businessman "wander around" in search of a needed product, and maybe "stumble on it."

BROADER BASE

Of a centralized exhibit and information area, Mr. Birnbaum observed: "The commercial base is broadened. If the selection is widened, chances are the customer will buy more goods in the long run."

The same view is taken by N. Charles Guccione, secretary of the National Council of American Importers, Inc., and formerly import manager for a large chain of department stores.

"I'm a great believer in permanent exhibits," he said, in talking about the World Trade Center. He cited the permanent display maintained by the giftware industry in a Fifth Avenue building to which buyers come all the year round.

Keith S. McHugh, New York State commissioner of commerce, predicted that the World Trade Center will establish "beyond a reasonable doubt" that the city and port of New York "is the real center of world trade."

"New York always possessed the basic resources for such a claim," said Mr. McHugh. "It has the port, the financial institutions, the private carriers, the brokers, the freight forwarders and, most important, the buyers and sellers.

"But these many resources have been scattered and diffused. The new World Trade Center will provide the physical facilities to centralize all these many interests and greatly facilitate doing business in world commerce."

Mr. KEATING. Madam President, the trade center is tangible evidence of the kind of practical efforts we need to expand trade. These efforts serve as a reminder that world trade goes beyond legislation and economic theory. Trade is business and requires our best efforts if our overall trade position is to improve in the years ahead.

It is in this light that I regard the most important changes in the trade bill made by the other body to be the feature providing for a "special representative" to be the President's chief trade negotiator. This makes sense. It pins responsibility on one man and gives citizens in all walks of life—labor, management, consumers, and taxpayers—a real opportunity to find out what is going on in the field of trade. I shall support this provision enthusiastically, and I ask unanimous consent to have printed at this point in the RECORD a recent statement which I made about it, stressing the importance of practical steps like this, which give meaning and substance to our Nation's trade policies.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNETH B. KEATING ON SPECIAL REPRESENTATIVE FOR INTERNATIONAL TRADE

A law is only as good as the men who administer it. This is especially true of trade legislation now coming before the Senate.

It's time for us to turn over a new foreign trade leaf. Traditionally the United States has relied on career State Department officials to handle the bulk of our trade negotiations. Other nations rely heavily upon hard-boiled business experts. For the sake of millions of workers in this country, we should follow their example and this is not intended to be in any way a reflection on the integrity or ability in their proper sphere of those who have heretofore represented us in trade negotiations.

The President's trade bill, I predict, will pass the Senate in much the same form as it passed the House, and it may well be recorded as the single most important achievement of the 87th Congress.

The House approved a special provision for a chief trade negotiator, to be appointed by the President and confirmed by the Senate, who would hold ambassadorial rank. This major change in the law gives the President an opportunity to place a highly qualified person in the driver's seat for tariff negotiations. Assuming that the Senate goes along with the House—I strongly urge that he be a businessman, experienced in trade.

Since 1934 the United States has led the way toward expanded trade among the nations of the free world. The principle of reciprocal trade was a tremendous innovation for which the United States can take full credit.

Now, under the proposed new legislation, the President will be granted power to negotiate further tariff reductions. These would be based upon a simple assumption:

If we lower our trade barriers, other nations will lower theirs. If, for example, we negotiate a lower tariff on Dutch tulip bulbs, the bill requires that the Dutch reciprocate by granting an equivalent tariff cut on American goods moving into their markets—say, machine tools.

This is the true meaning of reciprocal trade. Rather than a giveaway, it is a joint venture in prosperity. To make it effective, however, we must negotiate in a determined, hard-hitting manner. We must act with firmness to insure that other nations lower their tariffs as much as we do. Trade is business and every one knows that unless you strike a fair bargain, you can't stay in business.

In recent months we have been hearing a great deal about misunderstandings between the President and the business community. I can think of no single step which would go farther to reassure business and also the workers of this country than the appointment of a recognized business expert on foreign trade as chief trade negotiator for the United States under the new trade law.

Such an action would dramatically demonstrate the President's oft-professed concern for and confidence in the business community. It would underscore before the world our adherence to the basic principles of a free enterprise economy. Certainly I would not wish to disparage the hard work of the public servants who have carried the burden of our negotiations thus far. But realistically speaking, they have not been tough enough in their insistence upon truly reciprocal trade.

Let the President appoint a qualified businessman to this vital post. Let him ignore the man's politics. In that way, he will best serve the many jobholders and businessmen whose well-being is so intimately tied to the success of any new trade legislation.

The President already has indicated that he does not object to naming a chief tariff negotiator—has implied, moreover, that he intends to rely heavily on such a man.

This is a constructive attitude, which I believe could be brought to constructive reality by the appointment of the type of man I have described. A businessman would bring to bear practiced commercial judgment. He would see to it that American industry, as well as American labor, gets a fair shake. He would make certain that our longrun national interest is served.

Unless we are firm, unless we take a businesslike stand, unless we insist upon equal value for any concessions we grant, the nations of the free world will not respect us, and this bold, new drive for expanded trade—involving the lives and fortunes of millions of Americans—will fail. We must not let it fail. The welfare of thousands of industries and millions of workers requires its success.

Mr. KEATING. Madam President, I have placed this statement in the RECORD because I also believe it is very relevant to the program for the new trade center in New York City. The work of the "special representative" on trade to the President will be made much easier by the fact that we will soon have in New York City, our Nation's greatest port, a huge, concentrated source of information and services which relate to foreign trade. I am anxious to have the Federal Government participate through the relevant agencies in the development of this center, and I think it would be appropriate if, when we pass the trade bill (H.R. 11970), the Federal Government would consider locating an office for the "special representative" to the President and other relevant and related agencies at the trade center. This will be a logical and appropriate setting for information gathering and administrative offices and staff of the Nation's top men in the field of foreign trade.

COMMERCE DEPARTMENT DESCRIBES AGGRESSIVE SOVIET OIL MARKETING TACTICS

Mr. KEATING. Madam President, Monday's issue of the U.S. Government publication International Commerce contains a fine article which discusses the great strides which the Soviet Union has made in the expansion of its petroleum industry. According to the informative and well-documented article, the Soviets have been aggressive in broadening their markets, even though it is estimated that in 1960 Soviet exports accounted for only about 5 percent of the total world petroleum trade. The article makes clear that "the economic-political advantages that the Soviets derive from their petroleum exports were considerable." The article, written by Ferdinand F. Pirhalla, points to the significant development of Soviet oil and gas pipelines to increase the extent of oil exports to Western Europe and undoubtedly also to the rest of the free world.

What the article does not mention is the action being taken by the United States to meet this new Soviet economic threat. The omission is undoubtedly made for a very good reason. So far the United States has done next to nothing. Quite the contrary, in fact, the Department of Justice, through a rigid interpretation of conflict-of-interest regulations, has made it impossible even for the oil companies represented in the National Petroleum Council to prepare a factual report on the problem.

Madam President, in all too common bureaucratic fashion, the right hand of our Government either does not know what the left hand is doing or is incapable of helping it. While the Commerce Department prepares a serious study of the problem, the Justice Department holds back the publication of an already prepared report on the subject, and the Interior Department denies that the report has yet been prepared.

Madam President, this would be a comedy of errors if it did not involve the serious issue—to which I have addressed myself so often on this floor—of economic and political competition with the Soviet Union. Under present circumstances it is a highly regrettable situation under which American businesses are being directly blocked in their efforts to meet Soviet economic threats.

I ask unanimous consent to have printed in the RECORD at the conclusion of these remarks the article by Mr. Pirhalla.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIETS PUSHING PETROLEUM PRODUCTION AND EXPORTS; GAP WITH UNITED STATES NARROWING RAPIDLY

(By Ferdinand F. Pirhalla)

The Soviet Union has made great strides in expanding its petroleum industry since the beginning of the fourth 5-year plan in 1946. The 1960 production mark of about 148 million tons more than quadrupled the 1949 figure, and made the Soviet Union the world's second largest producer of crude petroleum (the United States was first).

Although the United States surpasses the Soviet Union in crude production by a wide margin, the gap is narrowing rapidly. In 1946, Soviet production was about 10 percent of U.S. production, whereas in 1960 it was around 42 percent.

The difference between United States and U.S.S.R. production is expected to get smaller in future years.

The Soviet 7-year plan calls for increasing production of crude petroleum from about 148 million tons in 1960 to 230 to 240 million tons in 1965. The goal of 230 to 240 million tons appears to be attainable on the basis of annual rates of growth which averaged 16 percent during 1956–60. Realization of the maximum goal of 240 million tons will put Soviet production in 1965 at about two-thirds of United States 1960 production. To meet this goal an average annual increase in production of slightly less than 10 percent during 1961–65 will be required.

PETROLEUM PRODUCTS

The rapid growth in crude production since 1946 was accompanied by a corresponding growth in production of petroleum products. In 1960 production of the latter amounted to 119.6 million metric tons as compared with an estimated production of 19 million tons in 1946. Planned production for 1965 is 197 million metric tons, or about 64 percent over 1960 production. The bulk of production during 1946–60 consisted of light products—gasoline, kerosene, and light diesel fuels.

The substantial increases in Soviet production of crude and petroleum products since the end of the war resulted chiefly from: successful exploitation and development of immense rich oil deposits in the Ural-Volga region and consequent increases in proved reserves; efficient methods and techniques in drilling and producing; and increased refining capacity.

Because of the exploitation and development program in the Ural-Volga region, production of crude oil in that region increased in 1960 from about 4 million tons, or 21 percent in 1946, to an estimated 104 million tons, or 70 percent of Soviet total production. Concomitant with the development of the Ural-Volga region the Soviet Union's oil reserves expanded significantly. Proved reserves at the end of 1960 amounting to an estimated 24 billion barrels more than tripled proved reserves available at the end of 1946.

Rehabilitation and modernization of old refineries and construction of new ones increased the Soviet Union's primary refining capacity to about 157 million tons in 1960 from an estimated 24 million metric tons in 1946. The goal of the 7-year plan is to increase the refining capacity to an estimated 252 million tons in 1965. The attainment of this goal calls for an annual rate of growth of 10 percent; this is about 4.5 percent less than the increase in the refining capacity in 1960 from the 1959 level.

The Soviet Union maintained a virtual blackout on statistical data regarding its economy from 1939 to 1955. Official Soviet data, therefore, of Soviet foreign trade in petroleum for that period are not available. Primarily because of the war damage to its petroleum industry it is inferred that for several years after the war the Soviet Union was a net importer of petroleum, mainly from Rumania. (It is estimated that Rumania delivered as reparations to the Soviet Union about 9 million tons of petroleum and petroleum products between 1944 and 1948.)

Estimated production of petroleum products in the U.S.S.R., by type of product, 1960, and 1965 planned production

[Million metric tons]

Products	Quantity	
	1960	1965
Gasoline	26.0	35.4
Kerosene	15.3	24.0
Light diesel fuel	24.2	31.8
Heavy diesel fuel	4.9	11.2
Lubricant base oils	5.5	7.9
Residual and other products	43.7	86.7
Total nongas products	119.6	197.0

EXPORT-IMPORT FIGURES

In 1955 the Soviet Union again became a net exporter of petroleum; total exports of about 7 million tons exceeded imports by approximately 3 million.

Since 1955 Soviet exports have risen rapidly. In 1960 they reached 33.2 million tons, almost five times the 1955 figure, and about a 32-percent increase over 1959.

Imports in 1960, on the other hand, remained at about 4.4 million tons, almost the same as in 1955, and consisted chiefly of crude oil from Austria and gasoline from Rumania.

Of the 33.2 million tons exported in 1960, 17.8 million tons consisted of crude and 15.4 million tons of petroleum products. That exports of crude were substantially greater than exports of petroleum products is contrary to the traditional distribution of Soviet petroleum exports but is a continuation of a trend beginning at least in 1955. It may be a development indicating that the greatest markets for future petroleum exports will be for crude.

The bulk of petroleum products exported during 1955–60 consisted of diesel oil and fuel oil. In 1960 these two accounted for about 70 percent of total exports of petroleum products and were exported in almost the same proportion. The free world during 1955–60 took most of Soviet petroleum products in this form. In 1960 about 57 percent consisted of fuel oil and 36 percent of diesel oil. The Sino-Soviet bloc during the same period imported mostly gasoline (about 43 percent in 1960) and diesel oil (about 32 percent in 1960).

EXPORTS TO FREE WORLD

Soviet exports of petroleum to the free world in the postwar period were negligible until 1955. In that year they amounted to about 3.3 million tons and since then have shown significant gains.

It became apparent in 1958 that the Soviets had begun a drive to increase exports to the West. In that year a 50-percent increase over 1957 was noted, amounting to about 8.9 million tons. In 1959 exports jumped about 54 percent over the previous year's level and in 1960, when they amounted to about 20.5 million tons, they were about 50 percent above 1959 exports.

In 1958 the free world took about 49 percent of the Soviet petroleum exports. In 1959 exports to the free world were about 54 percent of total exports and in 1960 they increased to about 62 percent. In 1960 exports of crude petroleum exceeded exports of petroleum products to the free world for the first time since World War I.

Most of the Soviet oil exports to the West have been going to the industrialized countries of Western Europe. In 1960, 66 percent went to Western Europe, 13 percent to Africa and the Near East, 11 percent to South America, and 6 percent to Asia. The leading recipients in 1960 in the Sino-Soviet bloc were: China (23 percent), Czechoslovakia (20 percent), East Germany (16 percent), Poland (16 percent), and Hungary (11 percent).

BROADEN MARKETS

The Soviets have been aggressive in broadening their markets. In 1955, 20 countries were supplied by Soviet petroleum, whereas in 1960 there were 32 countries.

Notwithstanding the substantial increases in Soviet exports during the past several years, the volume of Soviet exports have been relatively small compared to the total volume of petroleum in international trade. It is estimated that in 1960 Soviet exports accounted for about 5 percent of total world trade in petroleum. The economic-political advantages that the Soviets derived from their petroleum exports, however, were considerable. Oil earns valuable foreign exchange for the U.S.S.R. enabling it to import essential goods and equipment which it desires from Western European countries. Increased capability to export oil has enabled the Soviets to make trade arrangements whereby a few Western countries are taking substantial proportions of their petroleum supplies from the U.S.S.R.

The Soviet Union has enhanced its competitive position in certain less-developed countries by accepting soft currencies and hard-to-dispose-of commodities in exchange for oil. In some cases the Soviets have used oil exports to establish ties with free world countries.

The large sedimentary basins of the Soviet Union are expected to provide several new oil provinces in the future. Development of such areas within the U.S.S.R. should lead to substantial increases in production of petroleum. Consequently, it appears that the capability of the Soviet Union to export petroleum will continue to increase.

BACKGROUND INFORMATION

The Soviet Union has a long history as a producer of petroleum. Although a petroleum producer several years before 1871, it is generally believed that Russia drilled its first well in that year. Recently, however, Soviet writers have been claiming that drilling of the first well in their country antedated the first well successfully drilled in the United States in 1859.

It was not until 1925, however, that the Soviet Union made its first serious effort to modernize its oil industry. Up to that time a considerable part of production was from hand-dug shallow wells.

There was a substantial increase in production of crude petroleum from 1871, when production amounted to 26,000 tons, to 1901, when Czarist Russia reached its production peak of 11.6 million tons. In the latter year czarist Russia was the leading producer of crude oil, accounting for 47 percent of total world production.

Subsequently, for almost three decades, production of crude petroleum was below the level reached in 1901. A principal factor for the decrease in the years immediately after 1901 was civil unrest in the country which manifested itself in labor strikes and destruction of facilities in the principal oil producing area. The industrial upsurge beginning in 1908 and the increased demand for petroleum during the initial year of World War I brought a rise in production. From 1908 to 1916, however, production was still below the 1901 level.

Unsettled economic and administrative conditions prevailed for a few years following the overthrow of the czarist regime in 1917. Virtually all industrial production was disorganized. Crude oil production of less than 4 million tons in 1920 and 1921 reflected the conditions of political and economic chaos. The new economic policy under the new Soviet regime, initiated in 1921, promoted economic recovery. Under this program petroleum production began to increase. It was not until 1928, however, that crude oil production reached the 1901 level.

The 5-year plans, the first of which began in 1928, encouraged increased petroleum production by providing for new pipelines, building of new refineries and the creation of new markets. By 1941, the year of the German invasion, production of crude oil reached a new peak of 33 million tons. This was equivalent to about 17 percent of U.S. production in that year.

World War II, however, resulted in severe damage to the petroleum industry and in 1945, the year in which the war ended, production amounted to about 19.4 million tons or about 60 percent of what it had been in 1941.

Except during World War II and in the immediate postwar years, the Soviet Union has been historically a net exporter of petroleum, especially petroleum products. Prior to World War II imports of crude petroleum were about zero and imports of petroleum products were insignificant. Exports of crude petroleum were not of particular importance. After reaching a peak of about 526,000 metric tons in 1932, exports of crude petroleum declined and in 1939 were almost nil. Exports of petroleum products, however, were of considerable significance and played an important part in earning foreign exchange for the country's industrialization program. In 1932 about 5.6 million metric tons of petroleum products were exported—an interwar peak. In that year they accounted for about 17 percent of the total value of Soviet exports. As with crude petroleum, exports of petroleum products after 1932 declined and in 1939 amounted to about 474,000 metric tons.

The decline in exports from 1932 until the beginning of World War II was probably attributable to a combination of several factors, such as decreased demand because of the world depression and recession, increased competition from other countries, increased Soviet consumption, and stockpiling for war purposes. The principal markets for Soviet petroleum during these years were Italy, France, Germany, the United Kingdom, Belgium, Spain, and Sweden.

ROCHESTER APPRENTICE PROGRAM BOASTS MANY ACCOMPLISHMENTS

Mr. KEATING. Madam President, August has been designated as National Apprenticeship Month. My home city of Rochester was among the first cities in the Nation to establish training programs under the provisions of the National Apprenticeship Act of 1937. Rochester was the first city in the Nation to establish apprentice standards for machinists, plumbers and steamfitters, as well as for apprentices in graphic arts and the printing trades.

In Rochester the program since its initiation in 1940 has been under the active leadership of George L. Green. In its 22 years, the Rochester office has processed and registered 3,345 apprentices, representing approximately 240 employers. One hundred and eighty-eight apprenticeship programs covering 83 different trades, have been established. Both management and union have joined enthusiastically in the program, and 103 joint apprentice labor and management committees have been established. The gratifying success of this program in Rochester can be seen from the fact that since 1940, apprentice graduates have put in 13,000 working years or, computed in other terms, 26 million working hours.

This is indeed a proud record by the city of Rochester, and at this time I am delighted to take notice of the city and it leaders.

Madam President, I ask unanimous consent to have printed at this point in the RECORD, an excellent article on the subject, which appeared on July 29 in the Rochester Democrat and Chronicle.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

APPRENTICE TRAINING PROGRAM TO CELEBRATE 22 YEARS HERE

Rochester, one of the first cities in the Nation to establish training programs authorized by the National Apprenticeship Act approved by Congress August 16, 1937, will join in the 25th anniversary next month with an outstanding record of achievement.

The local office of the U.S. Department of Labor, Bureau of Apprenticeship and Training, was set up here December 7, 1940, by George L. Green of 15 Church Street, Le Roy. Green has directed the program for more than 21½ years.

PROCLAIMED BY KENNEDY

August was designated National Apprenticeship Month in a proclamation by President Kennedy. He asserted that "in this era of rapidly changing industrial techniques and new approaches to many aspects of our economic life, the development of this Nation's skilled craftsmen is of vital importance to the continued national security and economic growth of the United States."

Mayor Gillette also issued a proclamation hailing August as Rochester Apprenticeship Month.

The U.S. Post Office will issue a 4-cent apprenticeship postage stamp August 31 to commemorate the 25th anniversary of the program.

TWO DECADES OF PROGRESS

Green summed up more than two decades of progress locally by declaring, "I have found both management and labor very friendly and very cooperative" in initiating and expanding apprentice programs. He termed their contributions outstanding.

In a summary of the apprentice and employee training program, Green disclosed that 188 apprenticeship systems in 83 trades were developed and registered; 78 unions were participating in the registered programs; 103 joint apprentice committees (labor and management) have been established.

The Rochester office has processed and registered 3,345 apprentices in the following categories, representing approximately 240 employers, most of them in the city and county: Building industry, 1,797; machine tool, 1,077; printing, 309; miscellaneous, 162.

Besides Monroe, Green also serves as apprenticeship representative in Orleans, Wayne, Genesee, Wyoming, Livingston, Ontario and Yates counties.

GRADUATES TOTAL 1,506

Apprentice graduates have totaled 1,506 since the first apprenticeship program was registered December 10, 1941, by the Liberty Tool & Die Corp., which graduated its first class at the Powers Hotel, April 27, 1944.

Besides on-the-job training under skilled craftsmen, all apprentices are required to take additional related instruction, at least 144 hours each year, during 4- to 6-year apprenticeships.

The magnitude of the apprenticeship training processes is revealed in figures disclosed by Green.

Since 1940 to July 1 last year, 1,506 graduates put in 13,000 years or 26,000,280 hours, Green said.

Rochester has its share of "firsts" in the apprenticeship program.

WILMONT-CASTLE FIRST

Wilmont-Castle Co. was the first Rochester industry to register standards of apprenticeship for machinists. The company employed the first woman apprentice registered with the New York State Apprenticeship Council, Miss Vivian Holcomb, who received her certificate of completion of apprenticeship November 8, 1947.

As further indications of the impact on the apprenticeship programs, the first such standards in the building trades were developed and registered with the New York State Apprenticeship Council through the Rochester office February 27, 1942. The group was the plumbers and steamfitters. The city now has apprenticeship programs in all 18 building trades.

And the first State apprenticeship standards for the graphic arts or printing trades were established here for the compositors, July 28, 1945, the pressmen, December 10, 1945, the stereotypers on January 1, 1946, and photoengravers, May 24, 1946, at the Democrat and Chronicle and the Times-Union.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. **KEATING**. Madam President, how much of the time available on the amendment has been consumed?

The **PRESIDING OFFICER**. The proponents of the amendment have used 12 minutes.

PACIFIC NORTHWEST POWER GRAB

Mr. **KEATING**. Madam President, in my judgment the pending bill is one of the most astonishing and restrictive measures which has ever come before the Congress of the United States in my experience. As I understand the provisions of this bill, it would guarantee a permanent preference for power consumers in the Pacific Northwest area, over power consumers anywhere else in the country. As I understand the bill, it would guarantee electric power consumers in primarily the States of Oregon, Washington, Montana, Nevada, Utah, Wyoming, and Idaho first call on electric energy generated at Federal plants in that region. Other users in other regions would have what is called reciprocal priority, or reciprocal protection, which would only mean that those consumers could also give themselves priority for the use of the electric energy and peaking capacity within their areas.

Madam President, what this bill basically means is that the hydroelectric energy generated by the Bonneville Power Administration will be reserved and restricted for the people in that area, regardless of whether it may be feasible or economic or useful to transmit this power to any other part of the country.

The Bonneville Dam, like other public power installations in the United States, was constructed with the funds of all the taxpayers of the United States. It was not constructed with funds from the States of Washington and Oregon alone. It was not even constructed primarily with funds of the Pacific Northwest. Rather, Madam President, this dam, and the public power works which are a part of it were constructed with money from the pockets of every American taxpayer. New Yorkers, who then contributed about one-fourth of the Federal taxes, undoubtedly paid more for this dam than did any of those who now wish to monopolize its benefits.

It seems quite clear to me that our friends from the States of Oregon and Washington not only are asking too much, but also are placing themselves in a paradoxical position. On the one hand, as ardent Federal power advocates they want the Government to build a high-voltage transmission line which would extend from the Bonneville system down to the Los Angeles area. On the other hand, according to this proposed legislation, it seems clear that our friends from the States of Washington and Oregon do not want to have preference customers in the California area get any guarantee of future power from the Bonneville system, so long as there may be a necessity for the power in the Washington-Oregon area. The desire of these people to retain priority on this Government-subsidized power is certainly understandable. After all, it is the least expensive power in the country. But how can they resolve the principle of a fair distribution of power with their own desires to retain priority or first call on this power?

Madam President, as was pointed out yesterday, the Assistant Secretary of Interior, Kenneth Holum, stated in a speech he made in Nebraska on August 2, 1962:

> As you know, the legislation is related to the proposed construction of an extra-high-voltage common carrier transmission line between the Pacific Northwest and Pacific Southwest.

Mr. Holum went on to say that this legislation is nothing new, that that situation in the Northwest is unique, and that its uniqueness has been recognized for some time by both the Congress and the previous administration. Then Mr. Holum stated that the Senate Interior and Insular Affairs Committee had been concerned with the necessity of regional preference in the Northwest, should an intertie with the Pacific Southwest be constructed.

Madam President, Mr. Holum justified the proposed bottling up of Federal power by saying that a number of important industrial concerns which are dependent upon cheap and abundant power are established in the area, have become dependent upon the low-cost Bonneville power rate, and must continue to have the benefit of it if they are to remain in business. This reasoning astonishes me. In my judgment, any legislation which guarantees regional priority merely on that basis is not only unreasonable, but also is restrictive, and denies the rest of the country any benefits, whether small or large, which they might get from a fairer distribution of the electric energy generated at Federal plants. For example, consider the State of New York. New York wants low-cost electric energy just as much as do Washington, Idaho, Oregon, Montana, Nevada, and Utah, to mention only a few. As proven by the States in the Pacific Northwest, this low-cost electric energy has attracted new industries—industries which have thrived on the low cost. Well, New York would like some share of electric energy to attract and keep our own industries.

Madam President, this bottling of electric energy—"Balkanizing" this Nation, as has been referred to by some persons—is neither reasonable nor economic. Giving regional preference to one section of the country on the basis of an expressed concern for the future welfare of some investor-financed businesses, just does not hold water. I am concerned, as are the rest of my colleagues here in the Senate, with the future of investor-financed businesses all over the country. And I oppose any legislation which attempts to corner Federal electric energy to the detriment of the rest of the country.

That is the reason for my amendment to add the words "and/or any other State" to the amendment submitted by the distinguished Senator from Arizona in the interest of his own State of Arizona, which has been added to by several of my other colleagues, representing their own States.

In another part of his speech, Mr. Holum, speaking for the Interior Department, confirmed one of my greatest fears about this legislative proposal now before us. He said:

> While we have recommended regional preference legislation to meet the Northwest's special problems, we just as strongly assert that we firmly oppose the establishment of regional preference fences around any other portion of the United States.

He further states that he believes his position is consistent with the strong beliefs in the preference clause.

Madam President, if this is the feeling of Mr. Holum, as a spokesman of the administration and the Interior Department, how can the other States ever hope to get even a fair share of Federal electric power? As was further pointed out yesterday, there seems to be another preference within the preference clause. They want preference for their own region and they want to deny preference to all other regions in the country. Madam President, does it seem feasible to guarantee regional preference to one section of the country by passing this legislation? On the contrary, it seems quite clear from the record and from the text of Mr. Holum's statement that this area would vote against any future preference legislation which might benefit another section of the country.

Madam President, I cannot support the preference clause, because I cannot reasonably justify special privileges for any of our citizens. Preferences and privileges create unrest, even antagonism, and thereby weaken our whole form of government. For this reason, I must insist that if there is to be preference, as clearly there would be if this proposed legislation were passed, my constituents must receive similar advantages.

I do not express any lack of confidence in the present Secretary of the Interior in my objection to this measure, but I cannot go along with any measures which would allocate such extensive authority to him or contribute in any way to this further effort at enlarging Federal power.

I have had many occasions to call attention to what I have called the Washington reflex. Too often, it is proposed that all we have to do to solve our problems is pour Federal money on to it. This has always reminded me of the fable of the ostrich who buries his head in the sand and all his troubles fade away. Of course, we all know the moral of this childhood fable—the ostrich's problems, and ours, will only come back to haunt us in ever-increasing proportions.

The problem facing us today is not necessarily one of money—although it cannot be disputed that a huge amount of public revenue has gone into the construction of the basic power facilities. The problem we must meet at this point is one of power, and here again, we seem to think that if we pour a lot of power into the Secretary of the Interior everything will be fine. We cannot solve this problem by granting excessive or additional power to the Secretary to discriminate against some parts of the country in favor of others.

The hearings on this bill, without any reflection on the conduct of them, by and large, gave a very one-sided picture of the situation, since the rest of the country has not been alerted to the nature of the power grab.

The hearings reveal that this preference would undoubtedly be bad for the remainder of the country.

Madam President, we have heard of walls being built in various parts of the world—the great wall of China, the wall around East Berlin—but this is a new kind of wall. It is a wall designed to guarantee one part of the country a substantial hydroelectric power supply, while the rest of the country has no access, or only a very restricted access, to that power. It is a wall to shut in the resources of one area. It is a wall to prevent people from the Pacific Northwest from sharing their hydroelectric riches with any other part of the country. It is a wall to prevent cooperation and mutual development of power resources. In short, it is a wall to deprive the people of the United States of the resources of this country which have been developed with the taxpayers' money, taken from the pockets and pay envelopes of everyone in this country.

Madam President, one may ask what particular considerations have been raised in this case to justify such a power grab in the Northwest. The excuse that was put forward, the pretext for this giveaway, is simply that the Pacific Northwest region is very dependent upon hydroelectric power. The reason this area has become dependent upon waterpower is clear. It is the cheapest form of power that is available in the area. My colleagues from the Northwest are very fortunate that they have such ample supplies of cheap hydroelectric power. It is said that the area does not have any other sources of power, and that it is therefore completely dependent on hydroelectric power.

Madam President, let me say this: In this great country of ours, with all the methods of transportation which we have and with all the different kinds of fuels which are available to us, there is no reason why the Pacific Northwest should be so wholly dependent upon hydroelectric power if it does not wish to be. The truth of the matter is this: Hydroelectric power is cheaper in the Northwest and they have never developed any alternative source. Under the circumstances, perhaps this is very reasonable. But there is no reason why the people of other States who are not so blessed with hydroelectric power should be prepared to exclude themselves permanently from the resources which the Northwest has enjoyed.

Madam President, the Northwest area is not only trying to conserve the power sources already at its command, but it is also trying to maintain and to monopolize the long-term rights to a cheap source of power that will put it at a competitive advantage with virtually every other part of the country. It is clear from some of the testimony presented at the hearings that the Northwest region is not only concerned to maintain its present level of prosperity, but also to expand at the expense of other parts of the country.

Of course, no one can criticize them for that. No one can criticize them for not wanting to stand still and for wanting to progress.

As the senior Senator from Montana so candidly pointed out:

> We want Montana power used for the benefit of Montana people, for the attraction of industries.

Madam President, I cannot complain that the distinguished majority leader wishes to attract industries away from other States, including the State of New York. But I can say here and now that the people of New York do not want the power resources of any part of the United States used to attract industries out of New York to such power surplus areas as this, and, indeed, they protest bitterly against not only having the industries lured away, but also having to pay 20 percent of the cost of the luring of those industries away.

Madam President, it is clear from this testimony that the purpose of this bill is to guarantee the Pacific Northwest a source of power so cheap that it will be in a position to pirate industry from other parts of the country.

Basically, what the Northwest wants to do now is to sell its power in California, because at this point it is profitable to do so. Yet, at the same time, the Northwest wants to keep legislative strings attached to these sales so that when they want extra power all to themselves, they can get it back. That is the gist of this bill. And if this does not constitute a monumental power grab, I do not know what else it can be called. Certainly I do not know when that term could be more properly applied.

(At this point Mr. Burdick assumed the chair as Presiding Officer.)

Mr. KEATING. Mr. President, it is particularly surprising to me that this bill should have the support of the senior Senator from Oregon. He has regaled the Senate for many days with his description of the proposed satellite communications bill as a monopoly. What could be more of a monopoly than this boldfaced legislative attempt to deny to the people of the United States the resources which belong to the Nation? What could be more of a monopoly than the guarantee that only a few States, and parts of others, shall have access to one of the God-given natural riches of our land? What is more, Mr. President, at least in the satellite communications bill, it is anticipated that the new corporation to be created would have to expend much of its own funds before any return would come in. Yet the funds which built the Bonneville Dam were essentially the contribution of the American Federal taxpayer. The State of Oregon and the State of Washington did not build this facility or spend anywhere near the funds upon it that would have to be spent on satellite communications. And yet the Senators from Oregon do not even blush to take from the people of the United States, the returns of their investment and to give this valuable power virtually as a gift to their own constituents.

The amendments which I have offered would insure that the State of New York and all other States will also be guaranteed the right to use Pacific Northwest electrical energy. I am not under any illusions, Mr. President, that it would be economical today or in the near future to transmit the power generated at Bonneville Dam to New York State. But someday, such a transmission may be economical. Stranger things than that have happened in the scientific annals of our country.

Someday, New York might have a lot to gain from the ability to use this power. Moreover, the principle is important here. In all conscience, I could not today support any legislation that would deny forever to the people of my State the right to preferential use of this publicly constructed and publicly generated power.

The people of New York State pay nearly 20 percent of the Nation's Federal taxes. We do not ask for any special favors from the Government. We do not ask that New York taxes be spent in New York State alone. We are prepared to share the industry, the accomplishments, the talents, and the manufactures of our State with all the rest of the country. We do not want to erect artificial walls against the other 49 States of the Union. Frankly, the people of New York State are satisfied with the Federal Constitution as it now exists. We do not want to return to the Articles of Confederation. We do not want to repeal the interstate commerce clause. We are prepared to live and let live. We are prepared to share what we have with the people of the entire country. We are prepared to work with all the country for our common national strength and security. But in all conscience, Mr. President, we are not prepared to provide the other States of the Union on a silver platter with restricted access to power sources that will enable them to pirate our industry, steal our jobs, or underbid our manufacturers.

Mr. President, it is evident that others have observed the peculiarly selfish and restrictive motivation behind this legislation and have wished to gain their share. Both of the Senators from Montana, who are diligent and industrious in protecting the interests of the people of Montana, were among the first to observe that a Northwest power preference might unfavorably affect hydroelectric power within their State.

They got on the job a little quicker than some of the rest of us. They got into the committee. As a result of the persuasive arguments, an amendment was adopted to continue the preference of power users in the State of Montana, which was established by the Hungry Horse Dam Act of 1944. The Senators from Montana have thereby succeeded in protecting the people of Montana and retaining their own exclusive hold upon this power, or their hold shared with the other States in the Northwest.

For that reason, they are now strong supporters of this legislation. But I maintain, Mr. President, that it should be impossible for anyone else in the Senate outside of this small, limited area—naturally, they all support the proposal—to support the bill without a similar amendment to protect the interests of each and every State in our great country.

It would appear that if the amendment which I have offered were accepted, and the Goldwater amendments were then agreed to with my amendment added, it would reasonably take care of the interests of all the taxpayers.

It seems to me we should be very cautious before giving the Secretary of the Interior the authority which is embodied in the proposed legislation.

If the Senate is determined to pass the bill—and I am not at all certain that the Senate will pass it—I think we should at the very least insure that the principle of equality will operate.

Our distinguished majority leader, the Senator from Montana [Mr. MANSFIELD], whom we all admire, took pains to look out for the best interests of his State before the bill reached the floor. He did a fine piece of work, not only in the Senate Chamber, but in the committee room, where, as we all know, the most important work is done. I congratulate the distinguished majority leader, and I congratulate the chairman of the committee for zealously guarding the interests of their people. They have done some fine and important work with respect to the welfare of their own constituents. That is all I am trying to do. I do not consider it in the welfare of the taxpayers of New York State to take money out of their pockets to permit the Northwest to steal industries away from us.

Unfortunately, not all of us had the opportunity, or grasped the opportunity, to look out for the interests of our own States in the committee room.

The only place where we can meet this problem is on the Senate floor. This is our first opportunity to act. Several Senators have offered amendments to the Goldwater amendments to include their own States. The distinguished minority leader seeks to include the State of Illinois. The people of Illinois certainly deserve every benefit under this act. Illinois is a State very similar to my own Empire State. We have a big city also, a bit bigger, but roughly comparable to Chicago. We have miles upon miles of golden fields, a bit more fertile, perhaps, and certainly not as flat. I believe we can speak of the States of Illinois and New York as being roughly comparable in this respect. New York and Illinois are so comparable that it occurs to me that perhaps the amendment which I have offered, to include all States of the Union, might well cover Illinois, which is recognized as one of our great States. It might even appear that it was not necessary to have all of these separate States mentioned but that we could merely include all these States in the words "any other State." This debate has been moving farther and farther east all the time. We started with Arizona and we moved as far as Illinois. I said the other evening that I did not wish to rush in to add New York without thinking it over. The Senator from Arizona is not on the floor at the moment. Whether he has accepted the other amendments to include the other States and whether he will accept my amendment, remains to be seen.

Whether or not it is accepted as a part of the amendments, I shall wish to press the amendment to include all the other States, because it occurs to me, on reflection, that it would be rather selfish merely to add the State of New York, in which I must be pardoned for having a great interest, and that it might be a more equitable amendment simply to provide that every other State should be included in the benefits of the bill.

There is merit in the arguments advanced by all those Senators who have sought to add their individual States in this bill. I do not see how we can accept the Goldwater amendment without adding to it the amendment which I have proposed. It is simple. It is fair. It is certainly more in harmony with the original intent of our Federal system than the scheme of logrolling and selfish aggrandizement which we are now seeking to wrap up in a cloak of legislative legitimacy. It is much more sound, it seems to me, to add the words "any other State" than to limit ourselves to delineating exactly the States which are to benefit under the legislation.

I commend the amendment to the attention of my colleagues in the Senate. I hope my friend from Arizona will not feel that I have abrogated the Arizona-New York entente which was entered into the other day. We might make something quite spectacular out of that.

I feel that it is only fair to adopt my amendment.

I point out that in the entire hearings before the committee the only testimony which could in any way be said to have been critical of the proposed legislation was that given by Hon. CHARLES S. GUBSER, a Representative from California, who represents the 10th Congressional District. Certainly this bill could not be said to be noncontroversial. After all, we have been debating it for quite a while. As I say, only one witness appeared who expressed any opposition to the bill, and he was Representative GUBSER. He said:

> This bill gives too much power to the Secretary of the Interior. I do not say this in a partisan sense because I would oppose the grant of such unprecedented power to either a Republican or Democratic Secretary.
>
> I hold a copy of S. 3153—on which I have underlined the cases where the bill leaves major decisions to the discretion of the Secretary. Mr. Chairman, this is too much power for any one man.

Later in the testimony he said:

> Certainly if California is asked to contribute to support of Northwest power, it should receive some assurance that a marriage is intended which will last beyond the honeymoon.
>
> Bonneville serves a number of nonpreference industrial customers in the Northwest. These include aluminum plants, investor-owned utility companies and other industries. Some of these customers who have been lured into the Bonneville territory with its low power rates might have located in California, and, perhaps, in my district, where they would be paying unsubsidized rates for power, including the tax component which is not a factor in the lower Bonneville rates. Now the Northwest wants these nonpreference customers to have preference over genuine preference customers elsewhere.
>
> If the preference law is as sacred as its proponents have insisted, this is not the kind of perversion it deserves at the hands of Congress.
>
> First, let us see what the Pacific Northwest is supposed to embrace under the bill. According to this bill it is an area that includes: "the region consisting of the States of Oregon and Washington, the State of Montana west of the Continental Divide, and such portions of the States of Nevada, Utah, and Wyoming within the Columbia drainage basin and of the State of Idaho as the Secretary may determine to be within the marketing area of the Federal Columbia River power system, and (2) any contiguous areas, not in excess of 75 airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region."
>
> Some of these areas are as far, or farther, removed from the Bonneville plants than the California customers the Northwest wants to use temporarily while it denies them any insurance of lasting benefit.
>
> The facts are simply these: Bonneville has some surplus power. Bonneville is operating in the red. If it does not get into the black, it may have to raise its rates. It can sell surplus power in California. If it sells power to preference customers in California, the Northwest preference customers, and nonpreference customers, might not get it back when they need it in the future. So the Northwest wants to do business in California when it is profitable to do so, but it wants also to keep strings tied to the power to pull it back whenever anybody in the Northwest wants it.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. KEATING. Mr. President, I yield myself as much time as I may need, under the bill.

Representative GUBSER continued as follows:

This committee is well aware of the findings of a task force appointed by the Secretary of the Interior last December that a transmission line from Bonneville to southern California is feasible. That finding of feasibility by a Federal agency would presumably extend the Bonneville service area as far south as Los Angeles because the present Bonneville Act provides that preference agencies within economic transmission distance shall have first call on Bonneville power.

I interpret this finding as follows: California preference agencies now have the right to Bonneville power. Therefore, this bill asks us to give this right away at a time when it promises to become very valuable to California. And we are asked to give it away for no consideration at all.

Consider, for example, the Federal-State San Luis project in California. A proposed tunnel through the mountains which separate the Central Valley and the Santa Clara Valley in my district may be an essential part of that project if we are to get water needed for our orchards and to replenish the continually falling underground water table. Pumps will be needed to lift that water through the tunnel near Pacheco Pass, and they will require vast amounts of power. Congress should recognize a priority of preference for this sort of use over less worthy uses of Bonneville power elsewhere.

The CHAIRMAN. This is the one where you go to the back end of the dam and pull it the other way?

Mr. GUBSER. That is correct.

Some have made emotional appeals regarding the need for low-cost power for these pumps. We hope their voices will be heard now. Government power will soon be on the line from the Federal Trinity plants. But in the mad scramble by the Bureau of Reclamation to get all this power allocated to so-called preference customers, the needs of these pumping plants have been largely forgotten.

It will be some years before the water canals and other facilities which could use this power from the Northwest are completed. But when they are, we may want to exercise our right to this Bonneville power. California cannot afford to give away this right—which this legislation would do. There should be no giveaway with nothing in return.

Let us accept at face value the oft-heard plea that Federal power is for "all the people." These Bonneville plants were constructed with the Federal taxpayers' money for all the people so why should Congress build a Chinese wall around them and say, in effect, that all the benefits from the vast Federal expenditures shall be reserved in perpetuity to a favored few? This bill would make California a second-class State, insofar as preference is concerned.

Another example: The great linear electron accelerator project at Stanford University, in my area, will require vast amounts of electric power. This will be a Federal project. Its power requirements have been mentioned with concern in congressional hearings. Yet this legislation could cut off this Federal facility paid for by "all the people" from Federal Bonneville power.

Mr. President, that is a philosophy which is applicable to the State of New York or to any other States which are not included among the few to which the exclusive benefit of this power which is sought by the bill to be apportioned.

Representative GUBSER cited another example of a Federal project, or a project involving the Federal Government, as follows:

Mr. GUBSER. The Ames Laboratory of NASA at Sunnyvale, Calif., a Federal activity in my district, has a tremendous appetite for power. It is now getting only a portion of its power from the Central Valley project. The power needs of this important Government Laboratory have been previously brought to this committee's attention. My good friend, the senior Senator from California, a member of this committee pointed out to this committee the needs of the Ames Laboratory as one reason why he favored all-Federal development of the Trinity River project in California.

I submit that both Ames and Stanford are Government installations which should be given far greater consideration for Bonneville power than some of the preference and all of the nonpreference customers in the Pacific Northwest, now and in the future.

If Congress builds a fence around the Pacific Northwest, and if the Congress gives nonpreference Northwest customers preference over such thoroughly qualified preference customers as these I have mentioned—and many others in California—Congress would, with this legislation, be abrogating the very principle upon which the preference law is based.

Moreover, were the Congress to adopt this bill, would it not also have to build fences around all the other Federal power installations in the Nation? And if such fences were built, setting up islands of Federal power here and there with "don't tread on me" signs on the fenceposts, what would happen to the dream of the preference-clause proponents who advocate a nationwide network of Federal transmission lines so that more preference customers could be given preference?

I submit, Mr. Chairman and members of this committee, that the preference clause already has been distorted too far. It should not be emasculated so that it can be made to apply willy-nilly to the selfish interests of any region at the expense of the welfare of the Nation and all the people.

This is a personal opinion, Mr. Chairman, but if this bill is passed, preference in 5 years will be a thing of the past.

One last point: If this bill is passed, I want to serve fair notice of my future intentions. I shall be forced, as a matter of principle, to introduce amendatory legislation at the proper time to provide California power consumers the same right to Northwest power that this bill gives to Northwest customers. This amendment will include California within the charmed circle on an equal basis with the Northwest.

Senator JACKSON. Are you worried that California is being mistreated in this legislation?

Mr. GUBSER. Mr. Senator, I was always taught that when you give up a right which is yours today, for no consideration, you are guilty of bad business practice. So the answer to your question is "Yes."

On May 25, 1962, subsequent to his testimony, Representative GUBSER addressed a letter to the distinguished senior Senator from New Mexico [Mr. ANDERSON], chairman of the Committee cn Interior and Insular Affairs, in which he said:

DEAR MR. CHAIRMAN: At the hearings on May 21, 1962, during the course of my testimony regarding S. 3153, I conceded one of the points of my presentation in order to reach the main thrust of my argument; namely, that California is being asked to give up its present rights to Northwest power, and is getting nothing in return. This concession was made to save the committee's time and keep my main point in proper perspective, and was not, in any way, a modification of my position that the bill grants too much power to the Secretary of the Interior.

To implement the point passed over, the following examples are cited:

1. Section 1(b) grants the Secretary of the Interior the power to delimit the protected area within "such portions of the States of Nevada, Utah, and Wyoming within the Columbia drainage basin and of the State of Idaho as the Secretary may determine to be within the marketing area of the Federal Columbia River power system and * * * any contiguous areas, not in excess of 75 airline miles of said region, which are a part of the service area of a distribution cooperative" of a defined type. Thus, the Secretary can decide what sections of Nevada, Utah, Wyoming, within the Columbia drainage basin, what sections of Idaho—plus up to 75 miles of co-op area—he wants to protect, or to leave unprotected. This power is limited by geography rather than economics as under the present law.

2. Under section 3(a), the Secretary cannot deliver energy for use outside the Pacific Northwest whenever "it can reasonably be foreseen" that such delivery would impair his ability to meet the energy requirements of any Pacific Northwest customer. The Secretary by interpretation of "reasonably be foreseen" has the authority to decide when energy may be delivered outside the Northwest.

3. Under section 3(d), in making a determination of energy requirements of non-Federal utilities having generating facilities in the Northwest, the Secretary must determine whether such a utility had disposed of any energy outside the Northwest "which, through reasonable measures could have been conserved." If the Secretary determines that the utility could have conserved some of the energy which it sold outside the region, he can withhold replacement power from the utility. The Secretary can substitute his own judgment using hindsight for the business judgment the utility management was required to make using foresight. The bill does not indicate how the Secretary will determine "reasonable measures to conserve" for any utility. Through an interpretation of this phrase, the Secretary could withhold power from any Northwest utility which sells power outside the Northwest. With such authority he could prevent any non-Federal utility which purchases any type of Bonneville power from making deliveries to a purchaser outside the Northwest.

4. Section 5 allows the Secretary to exchange power and energy with regions outside the Northwest "without regard to the limitations" of section 2 (which would limit exchange to surplus energy and peaking capacity) and of section 3 (which would require the Secretary to withdraw energy from other areas whenever it was needed in the Northwest). Section 5 purports to impose other limitations which, in fact, are illusory. For instance, subsections (4) and (5) allow the Secretary to exchange "peaking capacity" or "surplus peaking capacity for energy." These exchanges are not limited as to time or quantity. These matters are left to the Secretary.

The foregoing are only four examples which support my statement. Others could be made.

Sincerely yours,

CHARLES S. GUBSER,
Member of Congress.

Mr. President, it seems to me that Representative GUBSER's arguments are well taken.

Let me ask the Chair how much time on the bill remains available to this side.

The PRESIDING OFFICER. Eighty minutes.

Mr. KEATING. Mr. President, I yield the floor.

Mr. CURTIS. Mr. President——

Mr. KEATING. Mr. President, I yield the Senator from Nebraska 10 minutes on the bill.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

Mr. CURTIS. Mr. President, S. 3153, the bill to give the Pacific Northwest first call on electric power from Federal plants there, harms other regions, for the benefit of this one region. That is not a characteristic of good legislation, and this is not good legislation.

In 1958, the Senate was confronted with a similar situation, to which I shall refer at more length in a few moments. That measure also involved a modification of the preference principle, in particular favor of South Dakota. I said at the time that that proposal should be brought in the front door and debated. I said then that it would set a precedent. The bill now pending, S. 3153, is an example of the sort I had in mind. Furthermore, this bill has set in motion a train of other demands for special treatment for local areas. Therefore, this bill would profoundly affect the entire preference structure as it has been developed during the past half century.

As is well known, Nebraska has been in the forefront of this development, and, as an entirely public-power State, is served exclusively by districts which are preferred customers for Federal electric power.

So long as all Federal taxpayers contribute to the construction of these multiple-purpose Federal developments, all citizens should share to the greatest possible extent in the benefits coming from them. But let us consider the meaning of this bill, S. 3153. In effect, it says to customers who happen to live anywhere outside the Pacific Northwest, "You can have power from the Bonneville Power Administration only so long as we don't need it here where our dams produce it; but we will take it back whenever we do need it."

Furthermore, the bill provides that the Secretary of the Interior may recall to the Pacific Northwest any energy already offered and sold outside that region. He could exercise this right if he subsequently determined that this energy is now required there. Purchasers outside the Northwest would be required to accept this power under such conditions at their own risk.

Mr. President, the preference customers in the Northwest would not be the only ones to get the benefit of this proposed exclusive right to Northwest Federal power which Congress is asked to confer. The industrial customers and the privately owned utilities located in the Northwest would also have a prior right to the Federal power, over preference customers in the "have not" States, such as Nebraska, outside that region. That would not be merely a "modification" of preference. If applied universally, it would destroy preference.

In defense of this bill, much has been made of the assertion that the situation of the Pacific Northwest is unique, because of the region's dependence on hydroelectric power at low Federal rates, and its lack of suitable fuels for steam-electric generation. According to this argument regional preference would not need to be applied elsewhere. The Assistant Secretary of the Interior, Mr. Kenneth Holum, advanced this thesis last week, in a speech to the Loup River Public Power District, of Columbus, Nebr.

Mr. Holum said:

> The Northwest's situation is unique, because a number of important industrial concerns dependent upon cheap and abundant power have settled here and are now large customers of the Federal system. Because of their unique operations they are dependent upon the low cost Bonneville Power rate to stay in business. Their purchases have ranged from a high of 60 percent of Bonneville's sales in 1945 to an average of about 36 percent in the last 4 years.

That argument, which is the principal one made in support of S. 3153, is strained, for it is not merely based on preservation of the existing industries of the region, with which the people of the Northwest are concerned. The regional preference for the Northwest which is provided by the bill would apply to all future Federal plants and all future power consumers, industrial and otherwise. It would not apply solely to the plants and customers presently existing. I am informed that in the testimony which Mr. Charles F. Luce, the Bonneville Power Administrator, gave to the House committee, he specifically said, in response to a question, that he would not be satisfied simply with protection of the present Bonneville industrial customers to the extent of their original investment.

As for the statement that the Northwest is so heavily dependent upon hydroelectric power that it differs from other regions of the Nation, by the admission of Mr. Luce in the hearings on this bill the time is fast approaching when reliance in the Northwest, just as in other sections of the country, will have to be placed on steam-electric generation. That time is no more than 10 or 15 years away, Mr. Luce stated. According to a report published in the Portland Oregonian, and reprinted in the daily Congressional Record on August 2, at page A5939, that the Cle Elum steamplant, now in the design stage, in the State of Washington marks the beginning of the end of hydroelectric dominance in the Pacific Northwest. The plant is expected to be completed by the end of 1965. The newspaper commented as follows:

> The region, no longer fat with undeveloped cheap waterpower sites, will begin turning to fuels to solve its power problems, power engineers have pointed out. A beginning is being made at Cle Elum in central Washington. Bituminous coal mined here will be burned to produce power which will firm up enough production to equal the installation of all major Columbia River hydroelectric projects. And the cost of this power will be competitive with most water-produced generation now going on the line. Washington and Montana, both far richer in coal deposits than Oregon, are expected to provide the bulk of future coal-fired steam generation plants as the end of the hydroelectric road is reached.

The coal reserves at Cle Elum, this article went on to observe, are of high grade, nonslacking bituminous coal and are estimated at 282 million tons. Because of this high quality fuel supply, the article says, the Cle Elum plant will be a high-performance steamplant, nearly equal to any plant in the Nation.

It also has been argued in support of S. 3153 that the flow of electricity back and forth between regions to take advantage of seasonal differences in the supply and demand for power among the regions would create additional firm power with existing capacity above what there is available now.

Here again, Mr. Luce testified that this condition cannot be attained in the Pacific Northwest for another 12 to 15 years, until the demand grows in that region. This is approximately the period of time during which the remaining hydroelectric power is expected to be fully developed and after which the region will be dependent for its future growth on steam-electric generation. Thus the alleged uniqueness of the Pacific Northwest in its dependence on low-cost Federal hydroelectric power is seen to be an argument without foundation.

The proposal to establish Pacific Northwest regional Federal power preference is creating dissension and working much harm throughout the remainder of the country. What is happening is exactly what was predicted in 1958 in the debate to which I referred.

At that time the matter in question was the reservation of one-half the electric output of Big Bend Dam on the Missouri River for use in the State of South Dakota, in which the dam is located. South Dakota now enjoys that reservation, which was made in its favor at the insistence of the late, respected Senator, Francis Case. My colleague, Senator Hruska, did me the courtesy of quoting my remarks on that occasion in his statement on S. 3153, the Pacific Northwest bill, on June 7, as reported on page 9960 of the Record. I said in 1958, as he recalled:

> This proviso modifies the power preference clause. That is its purpose; that is what it does. If the power preference clause is to be adopted, that is all right. I think it should be brought in the front door and debated as such, and all the equities weighed.
>
> I add that it is a modification of the preference law. This time it is modified by the location of the dam. To say the least, it lacks uniformity. If we are to have a preference law, it should apply the same all over, in every State, and to all the people.
>
> This proposal establishes a precedent. It will follow that the next time preference will be given to the State in which the dam is located, or so many miles from it.
>
> Although the hour is late, I call to the attention of the Senate the fact that we are approving a modification of the preference clause with respect to federally financed hydroelectric projects.

In 1962 we confront another proposal to modify preference for another reason. I say again, as I did 4 years ago, let us bring it in through the front door.

My forebodings then over the mischief that could result from the precedent of the Big Bend power preference for South Dakota were shared by Senators SYMINGTON, of Missouri; CARLSON, of Kansas; and HUMPHREY, of Minnesota. I take leave to quote them in part:

Senator SYMINGTON said:

> I should like to say to my good friend, the Senator from South Dakota [Mr. Case], that the people of my State are very much worried about this matter because they believe it is the beginning of a leak in the dike of the preference clause; and in our State we purchase a great deal of power from other States.

Senator CARLSON agreed with this view when he said:

> If we open the door, the next thing will be a request to keep the water back and use it to develop electric power inside the one State when the water is for the use of the entire Missouri River Basin. I think if we open a hole in the dike, our action can have far-reaching import in future years.

One of the possible hurtful results of this kind of tampering with the customary preference principle was pointed out by Senator HUMPHREY, of Minnesota. The Senator said:

> But I am not satisfied when a Senator argues that the so-called preference customers in his State will get a preference over the private utilities in his State and also a preference over the preference customers in the regional river valley.
>
> These rivers involve systems; they do not flow only through one State. The Missouri River belongs to the people of the United States. The funds for the Missouri River development are not taken only from the people of South Dakota; they are taken from all the people of the 48 States.
>
> * * * if Senators start to play around with the preference clause in the case of these flood-control projects—and the Missouri River program is under the Flood Control Act—they will run into difficulties in the case of the appropriations, because it is rather difficult for some of us from areas outside the immediate vicinity to justify projects when there will be discrimination in terms of the availability of power.

The report on Pacific Northwest power preference published July 20 by the Committee on Interior and Insular Affairs to accompany S. 3153 said that:

> All existing preference and priority statutes will continue unaffected within the Pacific Northwest and without the Pacific Northwest.

This statement is misleading, for preference customers in Nebraska now have preference for Pacific Northwest power whenever it shall be made available to them. Under this bill Nebraska's preference will be lost. This is so, not only by terms of the bill itself, but even more importantly by its cascading effects.

If preference is not to be equally applied to all qualified groups of citizens, as it is now, there can be no hope that the inequality can be limited to one geographic area, as Mr. Holum urged at Columbus, Nebr., last week in his speech to which I referred. Mr. Holum said further on August 2:

> While we have recommended regional preference legislation to meet the Northwest's special problems, we just as strongly assert that we firmly oppose the establishment of regional preference fences around any other portion of the United States.

It is a pious but a useless hope that regionalism can be limited. Since the introduction of this mischievous Pacific Northwest preference bill there already has been a chain reaction of amendments to apply it to other "have" regions against neighboring "have not" regions.

The majority leader, the Senator from Montana [Mr. MANSFIELD] and his colleague [Mr. METCALF], were first in line with an amendment to preserve for Montana the priority their State was given in 1944 for power from Hungry Horse Dam. The Hungry Horse power reservation is a parallel of the Big Bend reservation for South Dakota. Mr. MANSFIELD has also introduced a separate bill to reserve for use in Montana the capability of power and energy generated at Federal projects now under construction or hereafter constructed within the State, thus laying claim to the power of the proposed Libby and Knowles projects and in part to that of the Yellowtail project which is under construction. If this Montana bill were passed along with S. 3153, Nebraska preference customers could not hope to benefit from Federal power from these sources.

The Senator from Arizona [Mr. GOLDWATER] has offered an amendment to protect Arizona as to power generated at Federal dams in his State, much of which is now used for pumping Colorado River water to southern California. Senator GOLDWATER's amendment is so phrased that each State in turn can insert its own name after that of Arizona and reserve to itself all Federal power generated within the State.

The Senator from South Dakota [Mr. MUNDT] previously had offered an amendment to apply State priority on behalf of South Dakota and North Dakota to power from Federal plants in those two States. The Missouri Basin plants in the Dakotas aggregate nearly 2 million kilowatts of capacity, and Nebraska relies upon its allocation of their power.

Gov. Frank Morrison of Nebraska termed Senator MUNDT's amendment "ridiculous and unthinkable." But it is not the amendments which are at fault. They are logical if the bill itself is logical, which it is not. It is S. 3153 that is illogical and at fault.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. I yield myself 5 additional minutes on the bill.

Nebraska is no stranger to this kind of squeeze play. We have always had to resist discrimination against Nebraska in the allocation of Federal power. In 1959, when the Committee on Interior and Insular Affairs held hearings on the reallocation of Missouri Basin power, the Omaha Public Power District, which serves about 40 percent of all power in the State, had been trying for 11 years to get its first kilowatt of electricity from the Missouri River plants. The Nebraska Public Power System, which is the agent for more than 400 public power systems that serve the eastern two-thirds of the State except the Omaha vicinity, protested the formula that was then advanced by the Bureau of Reclamation for the reallocation. Mr. Dewey J. DeBoer, of Columbus, the executive director of the Nebraska Public Power System, said at that time, in the committee hearings on March 5, 1959—report, page 165:

> Under the proposal then the Nebraska Public Power System and the Omaha Public Power District, serving the eastern two-thirds of Nebraska, would be entitled to 23 percent of their requirements as against all of the other preference customers throughout the basin of somewhere between 75 and 85 percent.
>
> We have raised the point that this would indicate that there are two kinds of preference customers in the thinking of the Bureau of Reclamation; namely, those who under this formula would be entitled to approximately 23 percent and those who would be entitled to the large amounts of 75 and 85 percent. We feel that the Congress did not intend that there would be more than one kind of preference customers in the Flood Control Act of 1944.

This past history is pertinent today, because the Senate is here considering a bill which would countenance just such discrimination. The bill draws a distinction between citizens who live in the Pacific Northwest and citizens who live outside the Pacific Northwest, all of whom are Federal taxpayers who have helped build these immensely costly Federal installations and should share equally in the benefits from them.

Senator ANDERSON himself expressed his fears about the bill in the committee hearings over which he presided as chairman. He said:

> It is a dangerous principle to start laying down that because water falls in a certain geographical area, that the people living in that State, no matter where they may be, have preference rights above what others might have gotten.
>
> I am telling you we would be in a very tough situation in the Colorado River Basin if we had to give Colorado 56 percent of all the water in the river and 56 percent of the power. There would not be much left for Hoover Dam, which would naturally dry up under those circumstances, and there might be people that would not regret that, but there are people in California who would, I am sure of that.

A majority of the Federal Power Commission has stated its opposition to the idea of regional preference. Chairman Joseph C. Swidler testified for the Commission at the Senate hearing as follows:

> In principle we are against regional preferences because they stand in the way of the best use of the Nation's resources for the benefit of the whole country.
>
> We have initiated a national power survey which is intended to show how we can make the best and most economical use of all of the Nation's resources for the benefit of the Nation as a whole, and I cannot say that the philosophy of this bill is consistent with the responsibilities of the Commission or with the power survey that we are undertaking.
>
> We hope that this will not be the start of more regional preferences, because one preference breeds another.

The Rural Electrification Administration is opposed to the principle of S. 3153. Administrator Norman M. Clapp said last May 17 in Puerto Rico at the annual meeting of the American Public Power Association, in part:

> Provincialism and parochialism must be avoided among regions if we are to realize the maximum benefit of the electrical revolution.

I trust I have made it crystal clear that Nebraska stands to be gravely injured by the twisting of the meaning of preference represented in this bill, S. 3153, and the destruction of preference by the amendments which it has inevitably and logically invited.

Nebraska, of course, is not alone. I have quoted Senator CARLSON, of Kansas, Senator SYMINGTON, of Missouri, and Senator HUMPHREY, of Minnesota, from the 1958 debate on Big Bend purposely as illustration of the common interest these have-not States share with Nebraska, Iowa, Oklahoma, Illinois, and similarly situated States within areas adjacent to large Federal power developments. Nevada, as well as southern California, is affected by the amendment of Senator GOLDWATER. The list of injured States is certain to grow.

S. 3153 has so many faults, raises so many questions, and does so much harm that its enactment would be a tragic mistake. The bill should be killed.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. CURTIS. I yield briefly to my colleague.

Mr. HRUSKA. I commend the Senator for a splendid and analytical presentation, which is in keeping with other statements he has made on the floor, as well as elsewhere, on this subject.

Am I to understand the Senator's position to be as follows, with reference to the statutory preference clause, which has been in existence 50 or 60 years? If there is to be a modification, revision, or amendment of that statutory preference clause, it should be considered as such, and for that purpose, rather than be considered in a piecemeal manner such as is embraced in the pending bill.

Mr. CURTIS. Very definitely. If the preference clause is to be changed, a bill for that purpose should be introduced, the public should be informed, hearings should be had, and various proposals weighed.

Mr. HRUSKA. Is it not true that all the existing hydroelectric power projects have been justified, both economically and politically, upon the basis of the statutory preference clause?

Mr. CURTIS. Yes.

Mr. HRUSKA. Therefore, if that clause is to be changed now, it should be changed uniformly and on a national policy basis rather than on a regional or parochial basis; should it not?

Mr. CURTIS. I agree. I would go further to say that the preference clause as it now stands is in essence a contract. People have relied upon it and have made other contracts on the basis of it. It should not be disturbed. Certainly it should not be disturbed without approaching the issue in full.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. Mr. President, will the Senator from Illinois yield me 10 minutes?

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from Oregon.

Mr. MORSE. I thank the Senator very much. I appreciate his courtesy, for I must rush to a hearing at the Committee on Foreign Relations at 2:30.

Mr. President, it is my hope that S. 3153, as reported to the Senate by the very able floor leader of this bill, the Senator from Washington [Mr. JACKSON], will be passed by the Senate.

As the Senator from Washington [Mr. JACKSON] has pointed out in the course of the debate, S. 3153 is designed to provide a legislative definition of the Bonneville marketing area. Of tremendous importance is the fact that the bill permits the Bonneville Power Administration to sell surplus electric power and peaking capacity outside the defined marketing area, subject to recall when electricity is needed within the marketing area.

S. 3153 reflects good business sense in a Government operation, in that it will enable BPA to take advantage of the heavy demand for seasonal power in California. Public and private utilities alike in the State of California need this power to displace higher cost steampower. This fortunate arrangement will be a major step in the direction of preventing the threat of the reduction of the surplus in BPA revenue which has accumulated over the years.

S. 3153 is designed to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in the region and to assure electric consumers in other regions reciprocal priority. The Senate should give thorough consideration to the following factors:

First. The Pacific Northwest's economic growth—past, present, and potential—is inseparably linked with the development of Federal hydroelectric power. Secretary of the Interior Udall recently pointed out the importance of this low-cost power to industrial growth in the Bonneville Power Administration's marketing area. He noted that:

> In BPA's present marketing area, for example, there are 19 large electroprocess industries which are direct consumers of BPA. They are located in the BPA marketing area because of availability of low-cost power, which is a major factor in their choice of location. These industries have an original plant investment of $350 million, which would be double at today's prices. They employ directly 15,000 Northwest residents with an annual payroll of $80 million, and indirectly another 30,000 whose salaries and wages approximate $160 million. They purchase between $50 and $60 million worth of Northwest goods and services, and they pay between $6 and $7 million annually in State and local taxes. Altogether, these industries purchase about 36 percent of BPA's power supply—1 million kilowatts of firm power and 250,000 kilowatts of interruptible industrial power.

Second. Prime income-producing activities in the Northwest are timber, agriculture and tourism. All three are subject to the whims of weather. All three exhibit severe seasonal fluctuations and are highly sensitive to business cycles. Electroprocess industries provide stable payrolls. Low-cost power compensates for our long distances from major markets and supplies industrial incentive for creation of new jobs.

Third. Water is the source of our electricity. We have no proven reserves of gas or oil, and known coal resources are limited. Approximately 96 percent of our firm energy capability is hydro and 62 percent of this hydro is owned and operated by the Federal Government. As Charles F. Luce, BPA Administrator, has already told the committee:

> No other area in the United States is so heavily dependent on hydropower. With the exception of the Tennessee Valley, no other region has such a high percentage of federally owned generation.

Fourth. The people of the Northwest are paying off the Federal Government's power investment there—with interest. To date they have returned to the Treasury over three-quarters of a billion dollars.

Fifth. An interconnection between the Northwest and California was outlined in 1935 by the Pacific Northwest Regional Planning Commission, which included a representative of the State of Oregon. The most recent report on this intertie, issued by the Department of the Interior in 1961, shows that such a transmission link is technically and economically feasible.

Sixth. A common-carrier, high-capacity interconnection linking the electrical systems of the two regions can provide enormous benefits to both areas. With public and private electric systems participating and with optimum facilities, it is currently estimated benefits would exceed costs by a ratio of more than 3 to 1.

Seventh. The Senate Committee on Interior and Insular Affairs has recognized the need for proper protection of the interests of power consumers in any energy or capacity interchange involving Federal power. In a resolution of June 21, 1960, the committee requested that no contract be made for transfer of BPA power to California pending completion of further studies and consideration of legislation to preserve the position of BPA customers in the Northwest. I joined with other Northwest Senators in writing then Secretary of the Interior Fred A. Seaton urging that he act in accordance with that resolution.

Gov. Mark O. Hatfield, of Oregon, in June 1960 submitted to the Senate Interior and Insular Affairs Committee a statement declaring that—

> Oregon feels legislation is necessary to carry out the expressed desire of all concerned to give, or obtain full protection to the Pacific Northwest.

The Governor submitted a draft bill to deal with this question.

Eighth. Interconnection of the Northwest and California by major transmission facilities is inevitable. Already two private power companies have announced plans for a 500-kilovolt line hooking together the two regions. A Federal proposal for an intertie is now before Congress. New technology makes it possible to use such lines to transmit power from northern Washington to southern California.

Integrated operation can produce benefits for individual electric systems which are impossible with isolated operation. Power pooling in the Northwest provides a practical demonstration of this fact. Coordination has produced benefits impossible of achievement by power producers operating singly, and this has been accomplished without infringement upon the basic rights and responsibilities of particular utilities. Technology has increased the opportunities for mutually advantageous cooperation. Organizational and operational patterns must keep pace.

It is my sincere hope that the Senate will reject crippling amendments offered from the other side of the aisle. I am satisfied that if these amendments were to be adopted they would upset power marketing arrangements throughout the country. Power marketing has been handled on a regional basis, and if the proponents of amendments to these power marketing programs wish to offer major amendments, they can do so through the orderly process of going before the Senate Interior and Insular Affairs Committee and presenting their arguments and proposals for consideration on the merits.

I sincerely hope that the bill will be passed by the Senate this afternoon as it was submitted to the Senate in the first place.

I thank the minority leader for his cooperation.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Do I correctly understand that the vote first will come on the amendment offered by the distinguished Senator from New York [Mr. Keating]?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. That amendment, Mr. President, as I understand, is an amendment to the first branch of the so-called Goldwater amendments, as modified.

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Do I also correctly understand that a division of the Goldwater amendments was asked to separate the last portion from what is, substantially, most of the amendments?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. In the event of a vote on the Goldwater amendments, would a separate vote occur on that portion on which the distinguished Senator from California has asked for a division?

The PRESIDING OFFICER. The vote first would come on to the first portion of the Goldwater amendments, as modified. After that was disposed of, there would be a vote on the second portion of the Goldwater amendments.

Mr. DIRKSEN. A further parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. I understand the distinguished Senator from Nevada has in mind the offering of an amendment to the second portion of the Goldwater amendments. That would have to occur, I believe, after action on the so-called Keating amendment to the first portion of the Goldwater amendments.

The PRESIDING OFFICER. That is correct; and also after action on the first portion of the Goldwater amendments.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, and that the time necessary for the call of the roll not be charged to either side. I shall ask that the roll be called only so long as necessary.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, is any time available? I need only 1 minute.

Mr. DIRKSEN. Mr. President, I yield 1 minute on the bill to the Senator from Vermont.

Mr. AIKEN. Mr. President, after consultation with the attorney for the Department of the Interior, it is my understanding that the amendment offered by the Senator from New York would nullify the contract between the New York Power Authority and the State of Vermont whereby the State of Vermont obtains St. Lawrence and Niagara power. Therefore it goes without saying that I am unalterably opposed to the amendment.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. KEATING. I disagree completely with that statement. The amendment relates only to the Pacific Northwest, and provides that the power from that area may be available to any State in the Union.

Mr. AIKEN. It appears now that lawyers disagree on that matter; and when lawyers disagree, I shall play safe and vote against the amendment of the Senator from New York.

Mr. KEATING. The amendment would not nullify the Niagara contract?

Mr. AIKEN. I hope that it would not, but I cannot take any chances.

Mr. MILLER. Mr. President, will the Senator yield 3 minutes to me?

Mr. DIRKSEN. Mr. President, I yield 3 minutes under the bill.

STARS AT OUR FINGERTIPS

Mr. MILLER. Mr. President, at a time when there is so much materialism in the world, and when there seems to be a tendency to overlook the fact that our Nation was founded on a belief in God, it is refreshing to come across a baccalaureate sermon such as the one delivered on June 3 at the commencement exercises of Simpson College, Indianola, Iowa, by Rev. Glen W. Lamb, pastor of the First Methodist Church at Indianola. I ask unanimous consent that this timely and truly great sermon be printed in the Record.

There being no objection, the sermon was ordered to be inserted in the Record, as follows:

Stars at Our Fingertips

(By Rev. Glen W. Lamb)

I visited a young man the other day in Paris who is attending the University of Sorbonne. He will soon be receiving his Ph. D. degree in his chosen field. He told me a little about the history and greatness of the university and among other things he mentioned the name of such a great person as Madame Curie as being one of the most illustrious graduates of his school. "It was in this great university," he said, "that Madame Curie as a young student heard a professor say in a classroom 'some of you may have stars at your fingertips.'" We now know her as having been a great devotee for discovering more truth. She fell in love with a Dr. Pierre Curie who was equally devoted to the discovery of more truth and the two of them searched together for a new element. The way was long and rugged; they were laughed at and almost starved. Almost ready to admit failure they walked into their laboratory one night late, to see their evaporation dishes aglow in the darkness. It was radium. Their search was rewarded; a great star at their fingertips was plucked for humanity's good. You may recall that a great tragedy befell Marie Curie; her husband was killed. As she walked through the "valley of the shadow" with confidence, she was sustained by two things, the memory of a great and devoted love which they had shared and which death could not sever, and her devotion to the discovery of still more truth. And then there came that dramatic moment when she stood in the Academy of Science in Paris and delivered a thrilling speech including these words: "No one of us can do much; each of us can perhaps catch some gleam of knowledge which added together shall bring nearer man's dream of truth. It is by these small candles in our darkness that we see the outlines of the dream, and that great plan which shapes the universe. I think science has great beauty, and its spiritual strength will sometime cleanse this world of its evils, its ignorance, its poverty, its diseases, its wars and heartaches. Every age has its own dreams—leave then the dreams of yesterday. Take the torch of knowledge and build the palace of the future." This has been a source of inspiration for countless numbers of persons across the years. Certainly from that discovery of the Curies have come blessings in great numbers—the star at the fingertips of the Curies was grasped and used, and its purpose—revealed—shines ever so brightly because it has opened the doorway into a new world known as the atomic age. And so atomic energy for good or ill, is a part of our common experience.

In like manner, we can look back over two centuries and see the scientist picking stars by the score from the great constellation of knowledge and truth. John W. Klottz, professor of natural science, at Concordia Senior College, Fort Wayne, Ind., says it this way as he reveals the part the scientist has played in the gathering of the stars: "One of the most important agents of God in bringing blessings to those living in the middle of the 20th century has been the scientist. Through his hands the windows of heaven have been opened and God's gifts have rained on us in abundance. Luxury, leisure, and ease are so much a part of our life that we take them for granted. We have a standard of living higher than ever before in the world's history. The average American of 1776 had the help of 1 servant for 2 weeks a year; today through the energy harnessed by the scientist, he has the equivalent of 60 servants all year round. We have been relieved of almost all toil and drudgery. Our work is done for us by machines. No longer are we dependent upon the energy released by human muscles and the muscles of animals, the source of energy in ancient civilization and society. This dependence made slavery almost a necessity. It made a middle class unthinkable. There could only be exploited and exploiters. Society had to be organized as a pyramid with many at the bottom and a few on the top. Only a few men could be wealthy. Only a few could enjoy luxury and ease. The privileges of the wealthy were possible only because the masses were poor.

And then there came a day when the scientist succeeded in harnessing the energy God had placed in coal and it became available to human beings. The industrial revolution was a result. England became a wealthy nation because she had large coal deposits and quickly learned how to utilize them. About a hundred years ago the energy of petroleum was offered to us after the drilling of the first commercial oil well by Colonel Drake at Titusville, Pa., in 1859. In the years following World War II natural gas became widely available as long-distance transportation of the fuel by pipeline became feasible.

And he continues on to remind us of several other things in that book. For instance, he mentions that the scientist has also made living itself more agreeable. He has conquered many of the scourges which once swept through nations and even continents. Many an irrevocable death sentence has been revoked. Even 50 years ago a diagnosis of pernicious anemia or of diabetes was a sentence of death. Today this is no longer true. These disorders are in most instances only nuisances. As a consequence life expectancies have moved steadily upward. In colonial America a baby could expect to live but 30 years. Today a newborn American looks forward to a life expectancy of 70 years, relatively free from sickness.

Scientists have also met the challenge on increasing population in the United States. While it is true that in many lands there is a real population problem this is not the case in our country. Our population has increased substantially, particularly in the years since World War II, but our ability to produce the food has increased even faster. The problem in the United States is not shortages but surpluses. In spite of efforts to decrease food production and limit it, more food is being produced than ever before. By selective breeding, better crop plans have been developed. More wheat, more corn are being produced on fewer acres than ever before.

All of this has represented a tremendous step forward. We are living better than ever before. And these things have come through the research of scientists. The scientists have been God's agents in showering down these blessings on us. The countless stars that have been at the scientist's fingertips have also become a part of our common experience.

Because of this progress we are increasingly aware of the important roles the scientist has played in our society. Our civilization could not have arisen without science, basic and applied, and it could not long continue without it. We owe a tremendous debt to our scientists. We ought to be thankful to God for the blessings they have brought and will continue to bring us for science does not stand still. It is always moving upward and forward. One research builds upon another. Scientific progress moves at an ever-quickening pace. And it is likely that this will continue in the years before us. As a matter of fact, it is probable that science will move forward at what might be called a geometric rate for we know that science has a broader base than ever before. There are more and more bits of research to build on. The result is that we may expect to move forward even faster in the future than we have in the past. So over the past 50 years there have been stars for the picking most everywhere—bringing more light and optimism to everyone.

For the most part it was limited to the earth and then in October 1957 the space age became a reality for it was on October 4, in that year we heard the startling announcement that the Russians had succeeded in launching an earth satellite. And in this way the word "sputnik" came into our language. From that time until now there has been an ever-increasing number of satellites and spacecraft including those historic ones which have carried human beings into outer space. On October 12, 1961, Maj. Yuri Gagarin circled the earth in space. Later two Americans, Alan Shepard, Jr. and Virgil Grissom, traveled shorter distances than Gagarin and still a little later Gherman S. Titov, a Russian air force captain, made 17½ orbits of the earth, spent 25 hours and 18 minutes aloft, and traveled in that time a distance equal to a round trip to the moon and back or a distance of almost 435,000 miles. It was then that man was able almost literally to reach out and pick the very stars in space. Countless new constellations of truth immediately became available as a result of scientific information found by the trips around the earth or into outer space.

There is one cluster or constellation of stars at our fingertips which seem always to elude us, seems always to be just out of reach, and without the light of the stars in this constellation we have discovered a new darkness which comes and with it a new fear—man's fear of his own discoveries and inventions.

Dr. Henry Link, speaking at the celebration of the tercentenary at Harvard said, "In September 1936 a great tragedy was unearthed at Harvard more profoundly tragic than the World War. For 2 weeks learned men reported the findings in various fields of learning and their net conclusion was that while the physical sciences had made tremendous contribution to man's physical well-being, the social sciences had contributed little or nothing to his understanding of himself. As Dr. J. Wallace Hamilton, noted minister and author, indicates, "The darkness is still about us and our hearts are still chilled with foreboding and fear. For the new Eden which science has created is no paradise." And then Hamilton goes on to remind us again of that list which Will Durant set forth which gives a very depressing commentary of what has happened to our world: "We build airplanes and turn them into bombers, we make amazing discoveries in the world of the atom and the first use we make of it was to turn it into a bomb. We created the movies and with it degraded our morals with sex and slapstick. We invented machinery to lighten burdens in our factories and the factories turned our cities into slums in many places. We dreamed up the radio and the TV and filled the airwaves with soap operas and with dreary hours of advertising ballyhoo. There is an awful disproportion between the magnificent possibility of man's inventions and trivial immoral use to which they have been put. God gave us bricks to build a new Jerusalem and out of them we have made this Babylon." So we have a profound skepticism concerning the value of these things. We have cursed the machine. Spengler said, "The time will come when man will so hate his machine civilization that he will block the whole thing from his memory." Philosophers have urged a moratorium on science, at least until morals catch up, and even the scientists themselves are wary of the military mind lest the fruits of their labors be turned into further and more hateful destruction. For a long time I have heard it said, and you have too, that the universe is a great tinderbox from which "God has hidden the matches and now man has found the matches."

All this is the voice of defeatism, the voice of despair. God would never want us to declare a moratorium on science. He would, of course, admonish us less we misuse the power which it makes available to us. But we can never park our brains to save our souls, for the scientist has done nothing in all his efforts to hurt mankind. It has been God's idea from the beginning that we discover His secrets. The energy in the atom bomb that would blow us to bits, should never worry us nearly so much as the ideas that are in our heads as related to what we do with or how we use God's secrets once discovered. It is our complete misconception regarding the material world; that denial in practice that this is God's world and to be used for His purpose, that assumption that it is ours to serve our ends and to do with as we please. Whenever anybody uses this as the ultimate idea then nothing will come out right. It is starting from the wrong assumption.

It is not for us to believe that the inventive genius which has brought us the machine is purely secular, quite apart from divine meaning. It is not those who have made the discovery and laid hold upon the new truths, who have made this world of ours a lopsided, secular civilization. It is rather the generation that has used the discovery, the new inventions, by living a pagan philosophy, believing that the world was theirs to do with as they please.

The greatest constellation of stars yet available to man, the one that has been so elusive, is that one which helps us to realize in our mind and heart that there is no such thing as secular science. The stuff of stars never comes from the devil. It is the gift of God, coming from minds which God has quickened to the truth. And through the inventive genius of man and his product God is trying to say something about his divine purpose. Pascal said, "When God wants to carry a point with his children he plants it in the instinct." When we look at all the marvelous stars that have been grasped we see one great purpose running through all of them, that of breaking down barriers and creating a unity of man. The poet says it, "Something there is that doesn't love a wall." And that something working in the breast of man has been urged on by God himself to pull down walls that separate man from man, and man from God. So one by one stars at our fingertips have been grasped and the world, yea, the very universe, has become a great workshop in which we create our own heaven or hell, for it is as we will, that the earth becomes a cinder or a paradise. The stars at our fingertips for tomorrow—toward which we would reach, are those found in the "moral law within," and we will "leave the dreams of yesterday and its secularism, its materialism, and its clarion call for security and take the torch of knowledge that leads to the moral laws of the universe and build there a palace of the future" out of the stuff of the stars which long has waited our grasping.

FARM SHOWDOWN

Mr. **MILLER.** Mr. President, in the Tuesday, August 7, issue of the Wall Street Journal, there is an excellent article by Mr. Paul Duke entitled "Farm Showdown," which does a good job of pointing up the practical legislative problems facing any comprehensive farm program. Although I would not be so sure as Mr. Duke is that the farm legislative road must turn either to the Benson right or to the Freeman left, and would be more inclined to hope that a suitable program of voluntary acreage reduction could be worked out which, coupled with an expanded program of research to find new industrial uses for agricultural products, will eliminate the farm surplus problem, nevertheless I believe that Mr. Duke's article places the so-called farm problem in reasonable perspective. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARM SHOWDOWN—ALL SIGNS POINT TO IT AS CAPITOL MOOD, MAKEUP CHANGE

(By Paul Duke)

WASHINGTON.—The day is approaching, slowly or not, when Congress will fundamentally alter Federal farm laws.

At first glance, such a prediction seems preposterous. The major farm organizations are deeply split in their approaches to the problems of Uncle Sam's agricultural overabundance. Republicans and Democrats are more divided than ever. Far from moving toward a solution, the current legislative session again is postponing the day of reckoning and in its anguish is devising little more than another palliative based on expediency. The result almost certainly means more of the vast commodity surpluses and more billions for price props and storage fees.

Nevertheless, these days of drift seem numbered. For all its dallying, Congress seems inevitably headed toward accepting the challenges laid down by two successive Secretaries of Agriculture.

These challenges of Ezra Taft Benson, Republican, and Orville L. Freeman, Democrat, agreed on just one crucial point: The Government cannot go on forever giving farmers both artificially high prices and freedom to produce. Secretary Benson's proposals essentially aimed at denying them the former. Secretary Freeman's planning basically aims at denying them the latter.

Congress, unwilling to accept either harsh prescription, has year after year voted a mishmash—headed neither toward a consistent low-price, free-market agriculture nor toward a tightly regimented high-price farm economy. Yet the course of historic events now makes it practically certain the lawmakers will at least turn down either one road or the other. Not this year, and perhaps not next year. But before long.

Underlying this forecast is the steady decline of the rural bloc's power in Congress—and the likelihood the decline will be intensified. When the Government first started price propping the farmer in the 1930's, 1 of every 4 Americans lived on a farm; today only 1 of every 12 does. More than 800,000 abandoned farming in 1961 and the number of farms, roughly 3.9 million, is only about one-half the total that existed 25 years ago.

This changing of the old order has been accompanied by a diminution of the farmer's ballot box strength. Fewer than 50 of the 437 House Members are now elected from districts having a farm population of 25 percent or more. As more and more of their rural constituents take jobs in cities, Congressmen become less concerned about farmer demands because their votes no longer are so crucial to election.

Moreover, two recent developments bid to hasten this trend.

RISING URBAN INFLUENCE

First, urban areas will score a sizable increase in congressional representation in this year's elections under redistricting plans necessitated by population shifts. The big Corn and Wheat Belt States of Iowa, Kansas, and Nebraska will have fewer House Members to uphold the farmer's causes; so, too, will such predominantly rural States as Alabama, Arkansas, and Mississippi. In contrast, the major gainer is industrially burgeoning California, whose eight new seats have been parceled out to metropolitan areas. Overall, urban dominance of the House is expected to rise from a 6-to-4 to a 7-to-3 ratio.

A second, even more significant, factor is the Supreme Court's recent decision against legislative representation overweighted in favor of rural regions. While the ruling primarily affects State legislatures, it may have an equally profound bearing on further altering House district alinements.

In Wisconsin, for example, a Federal court has decreed a shakeup of the 10 districts that now give a disproportionate share of representation to rural areas. Likelihood: Abolition of one of the three agriculture districts across the northern top of the State and creation of a new Milwaukee urban district.

Thus, more than ever, the growing influence of city lawmakers will be felt in congressional actions. And, with urban delegations increasingly hostile to costly makeshift programs for such surplus-producing crops as wheat and corn, it's not inconceivable they soon will demand reforms—or else.

Some urban Members already are showing their disgust by voting against almost all farm bills. At one stage of the House's recent debate over continuing the current gaping in disbelief as the Chamber actually patchwork wheat and corn programs, the city revolt boiled over and left farm forces gaping in disbelief as the Chamber actually voted to abolish feed grain supports. Only a hasty bit of arm twisting by Majority Leader CARL ALBERT swung enough city Democrats back into line to overturn the stunning verdict.

The action left Farm Belt members quavering in their boots. For the first time some began voicing fears that the ramshackle legislative structure built up over the years might soon come tumbling down. Thus the swing of the congressional power pendulum cityward may stir the squabbling farm bloc to get together on some solution acceptable to urban Congressmen.

Several younger, more flexible Republicans and Democrats already have started huddling to explore ways of achieving bipartisanship in future fights. So far their views are divergent, with near unanimous agreement on just one point: Any sudden removal of supports and controls would produce chaos. A hurried return to free markets, it is argued, would touch off a nightmarish survival-of-the-fittest scramble, precipitate wildly fluctuating prices and bankrupt thousands of farmers.

This fear of a free market is a factor which Secretary Freeman clearly hopes to exploit when he renews in 1963 his fight for rigorous control of farm output and marketings.

SHARP ALTERNATIVES

Though his plans got only one GOP vote in the House when he was trounced this year, Mr. Freeman has at least an outside chance of doing better next time. After all, numbers of the farm State Republicans stubbornly refused to move down the Benson road toward a solution of the farm problem—and if it comes to a choice between sharp alternatives some of them may prefer to go down the Freeman freeway.

And with enough bipartisan farm bloc votes in his pocket, the Agriculture Secretary could realistically figure a Democratic White House and the leaders of a heavily Democratic Congress should be able to drum up enough support from unenthusiastic legislators to put his program into law.

Such a prospect could represent future realities, especially if autumnal elections produce such impressive Democratic gains that they seem to be a mandate for Kennedy programs. But it might equally well prove illusory.

For one thing, the farm bloc's Balkanization could well defy all unity efforts. There is grave doubt such major organizations as the conservative American Farm Bureau Federation and the liberal National Farmers Union can reach a policy rapprochement. Hosts of other groups large and small—the small wheatgrowers of Ohio and the big wheatgrowers of Kansas, for example—remain far apart on legislation. Despite the peace talks, animosity between Democrats and Republicans on the congressional Agriculture Committees won't be easily assuaged.

Chances for Congress agreeing on Mr. Freeman's proposed stern controls of agriculture are open to doubt when the querulous lawmakers cannot even concur on the need for eliminating the outmoded 55-million-acre national minimum wheat planting allotment, written into the law in 1938 when yields per acre were 13.3 bushels compared to today's 26.3.

Though all concerned agree present laws are a crazy quilt, counterpressures automatically are set in motion when new proposals are offered. Thus, the administration's attempt to impose mandatory controls for corn has encountered fervent opposition from cattlemen and poultry raisers who fear a rise in feed prices because of diminished stocks.

Thus it is entirely possible that the farm bloc will continue so splintered that it will remain a force of stalemate, capable only of coming up with more stopgaps. And if this proves true, it's entirely possible that city Democrats in Congress will refuse to endure continued costly chaos.

TURKEY GROWERS VOTE

In some crucial moment of intense frustration, seeing that Mr. Freeman's schemes are doomed, they could well wheel about and team up with a core of GOP conservatives who favor almost complete Government withdrawal from the farm mess. In fact, Republican gains in this fall's elections would make this all the more likely. The result could be a coalition powerful enough to take a sharp turn down the Benson road.

Despite prevailing qualms about a free market agricultural economy, a number of Farm Belt legislators think the Government should at least head in that direction. Younger Midwest Republicans are much less wedded to rural protectionism than their elder brethren; Representative FINDLEY, GOP freshman from Illinois, openly urges a gradual abolition of supports.

Many farmers themselves seem more dubious of Uncle Sam's help. Administration farm planners were stunned recently when turkey growers overwhelmingly rejected marketing restraints. Congressmen report increases in mail protesting the complex of controls and some feel the day is drawing nigh when a majority of growers will prefer to take their chances on the open market.

Many think, too, the transition to a freer market economy wouldn't be as hard as depicted, at least if the Government took a hand in the adjustment. The Committee for Economic Development, a business-financed research group, suggested recently it could be accomplished over a 5-year span. Instead of pouring out billions to keep inefficient producers in business, the committee proposed a variety of steps to encourage people to leave the farm and undertake new pursuits. It suggested Government training programs could channel farmhands into trades needing more personnel.

It would be hazardous to wager whether the past or the present Secretary of Agriculture represents the wave of the future. But it would seem a good bet that Congress, which has given both Mr. Benson and Mr. Freeman such a mauling, will within the next few years be converted to the gospel of one or the other.

Mr. MILLER. Also, Mr. President, Mr. Duke calls attention to the results of the turkey producers' referendum which, as he put it, "stunned" administration farm planners. The editorial in the Journal on July 5, however, entitled "Coming Home To Roost," well points out that the outcome of this referendum reveals a growing awareness that Government intervention in production and marketing creates more problems than it solves. These administration planners would do well to heed this vote instead of pressing for the ill-conceived Kennedy-Freeman farm program which the House recently rejected. I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

COMING HOME TO ROOST

Secretary of Agriculture Freeman had every reason to be confident that the Nation's turkey growers would approve national marketing controls. The Government seemed to have everything working in its favor.

For one thing, turkey prices were averaging even lower than a year ago, although this year's production is expected to be about 12 percent below last year's record output. However, heavy stocks of frozen birds left over from last year are helping to depress prices. A vote for controls would certainly have pushed them upward.

For another, under terms of the referendum the 8,000 eligible voters represented only about 15 percent of all growers in the United States. The other 85 percent are in the small producer class, marketing less than 3,600 pounds, or about 200 birds, a year. Controls would have meant that a smaller grower could not have sold more than 3,600 pounds unless a national committee said he could, so presumably he was against them. But he wasn't allowed to cast a ballot, and his future was in effect in the hands of the big growers.

In spite of all this, only 43 percent of the more than 7,000 ballots cast favored controls, for which a two-thirds "yes" vote was needed. The result reportedly stunned the administration's farm planners.

The vote, to be sure, represents the views of a pretty small and rather specialized sector of farm producers. But we think that if the Agriculture Department regards it as some sort of fluke, it will be making a mistake.

For what the outcome reflects is the growing awareness that Government intervention in production and marketing creates more problems than it solves. And that such intervention inevitably erodes and finally destroys the producer's freedom to manage his own operation and make his own decisions. The results of decades of farm regimentation are beginning to come home to roost.

THALIDOMIDE AND OTHER DRUGS

Mr. KEFAUVER. Mr. President, yesterday several of us had the privilege of being present when the President of the United States bestowed an appropriate medal on Dr. Frances Kelsey, as one of our outstanding public servants, along with a number of other civil servants who were entitled to the recognition that they received. I was very glad to see recognition of the fine work of Dr. Kelsey, whose courage and thoughtfulness prevented thalidomide from reaching the market.

I asked the Food and Drug Administration to grant the Antitrust Subcommittee and its staff access to their new drug application file on thalidomide, aside, of course, from those parts which they are prohibited by law from disclosing. In that file I found a history of the FDA activities on this drug, including a chronology of the correspondence and the calls between Merrell & Co.—the firm that applied for permission to sell thalidomide—and Dr. Kelsey and her superiors in the Food and Drug Administration. I have that chronology. The Dr. Smith referred to therein is Dr. Ralph G. Smith, Director of the New Drug Division of the Food and Drug Administration. Dr. F. Joseph Murray is with the Division of Scientific Relations of the William S. Merrell Co.

The chronology shows the telephone calls, the letters, the pressures, and the influence employed in trying to get approval of the medicine. Prepared by Dr. John D. Archer, of the Food and Drug Administration, it illustrates the need to free the FDA's physicians from pressures which are engendered by the present law under which new drug applications are approved automatically in 60 days unless the FDA acts to the contrary. This automatic approval feature would be removed under one of the President's proposed amendments to S. 1552, which is now on the calendar.

I ask unanimous consent that the memorandum may be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

U.S. GOVERNMENT MEMORANDUM

APRIL 17, 1962.

To: George P. Larrick, Commissioner; W. B. Rankin, Assistant Commissioner.
From: Bureau of Medicine.
Subject: Kevadon (NDA 12-611).

The following is a chronology of transactions with the William S. Merrell Co. regarding Kevadon (thalidomide). (Dates of correspondence from the firm are listed by date of receipt and, therefore, may not correspond with the firm's date of correspondence.)

September 12, 1960: The application was submitted.

September 15, 1960: We issued a routine letter of acknowledgment.

October 25, 1960, or sometime later: Dr. Murray called Dr. Smith to learn what medical officer was reviewing the application

November 10, 1960: Our letter found the application incomplete and inadequate to demonstrate safety. The chemist's data also were incomplete. The proposed labeling was unsuitable, and appropriate comments were given insofar as possible.

November 30, 1960: Firm submitted some of the data (on chemistry) to partially complete the application.

December 16, 1960: Dr. Murray and Mr. Muhlenpoh met with several of our representatives to submit further data and to present verbal information in support of their application.

December 28, 1960: Mr. Casale submitted additional clinical data; a covering letter from Dr. Murray anticipated another conference.

December 29, 1960: Dr. Kelsey called Dr. Murray to point out a deficiency in the submission of the previous day. Some material was not in duplicate. Dr. Murray said this material was intended for her personal information and not for inclusion in the application. Dr. Kelsey did not agree with this procedure, so another copy was promised. Dr. Kelsey explained the delay and confusion entailed by personal submissions of material. Dr. Murray urged her to set a conference date soon and expressed the applicant's hurry to prepare for marketing the drug. (Presumably the duplicate material was later submitted; it would be in the duplicate copy of the NDA.)

January 9, 1961: Dr. Murray called both Dr. Kelsey and Miss Geismar (the chemist reviewing the application). He gave certain information on chemistry and inquired whether certain other data were sufficient; these had not been reviewed but were thought probably sufficient. He asked for an appointment with Dr. Kelsey to discuss new proposed labeling. Dr. Kelsey agreed to attempt to see him if her schedule permitted. The merits of certain data were also discussed in this telephone call.

January 11, 1961: Dr. Murray personally submitted an amendment to Dr. Kelsey containing chemical, pharmacological, and clinical data.

January 17, 1961: Revised proposed labeling was submitted together with clinical information. Dr. Murray's covering letter requested that he be called if the material were satisfactory so that the applicant might proceed with its plans for production and marketing.

January 17, 1961: Our letter stated that the application was considered withdrawn and resubmitted.

January 25, 1961: Dr. Murray called Dr. Smith. He said he had tried to phone Dr. Kelsey but had learned she would not be available for an indefinite period. Dr. Smith confirmed this fact. Dr. Murray said that NDA awaited only review of revised labeling which they were waiting to have printed. Dr. Smith promised to investigate.

January 31, 1961: Dr. Murray called Dr. Smith and asked if he had anything to report on Kevadon. Dr. Smith said he had spoken with Dr. Kelsey about it and had learned that there was more to review than a few labeling changes. Considerable material submitted before our last letter had not yet been reviewed. Dr. Murray indicated that the firm would have to postpone its marketing schedule and asked to be called if he could help us.

February 1, 1961: Dr. Murray told Dr. Kelsey by telephone that "release" was scheduled for Kevadon on March 6 and wanted to print labeling. Dr. Kelsey indicated that she would review the material as soon as possible but explained the press of other matters keeping her busy.

(Dr. Kelsey's preoccupation with other business is very understandable; this was the time of the hearing to suspend the application for Altafur.)

February 15, 1961: Dr. Murray called Dr. Smith and referred to a recent conversation with Dr. Kelsey. He said Dr. Kelsey told him the application was probably all right if specified labeling changes had been made, but that review was still pending. Dr. Murray spoke of being under pressure to "get it through" because of the need for preparation for marketing. He said the firm's vice president had advised a trip to Washington, but agreed with Dr. Smith that this would be of no use since Dr. Kelsey was not available. Dr. Smith thought Dr. Kelsey would be available after that week.

February 16, 1961: Dr. Murray called Dr. Kelsey, referred to yesterday's call to Dr. Smith, and "wondered about Kevadon." Dr. Kelsey hoped to get to it the next week. Dr. Murray referred to a previous promise to get to it in 1 day; Dr. Kelsey disagreed that such a promise had been made, and Dr. Murray decided he probably had misunderstood.

February 23, 1961: Our letter found the application incomplete. We had learned of reports of neurological toxicity from the medical literature. Therefore, data from further animal studies, which were in progress, were needed. Further clinical information was needed. We asked for a list of the investigators to whom the drug had been furnished and for information on the composition of a combination dosage form of Kevadon referred to the NDA. (It appears that two almost identical letters issued on this date. Apparently, the purpose of the second letter was to take the precaution of correcting an administrative error in the other.)

February 23, 1961: Dr. Murray called Dr. Kelsey to inquire about Kevadon. Dr. Kelsey elaborated on some points made in the letters issuing on that same day. Dr. Murray said the animal studies that were in progress were planned for 2 years with a view to over-the-counter distribution. (Previously, he had stated these were for 1 year.) He said the English company distributing this drug was merely adding a warning in their brochure about the neurological toxicity. Dr. Kelsey, however, believed that more knowledge about the drug was needed before we could permit an effective application.

March 2, 1961: The firm submitted a letter giving some of the information specified in our letter of February 23 and debating the matter of the further animal studies. It appears that Dr. Murray assumed from the telephone conversation of February 23 that pharmacological studies as outlined in the letter were not needed but could be submitted later at the end of the lifetime experiment. Further clinical information was promised when it could be obtained in England.

(Undated memorandum obviously between Mar. 2, 1961, and Mar. 30, 1961. Eventual date of typing was Jan. 9, 1962.)

Dr. Murray called Dr. Kelsey to say that on his recent trip to Europe he found that neurological symptoms did occur with prolonged use of Kevadon. If discovered in time, the effects apparently were reversible. His firm had written their investigators in this country and had obtained some further reports of toxicity. He sought an appointment to discuss proposed labeling. Dr. Kelsey informed him that we regard the toxicity of Kevadon as serious. Dr. Murray said he would be accompanied by the medical director of the firm.

March 30, 1961: Dr. Murray submitted further data and discussed clinical aspects of the application with Dr. Kelsey and Miss Geismar. A revision was proposed in the amendment to provide a warning about the neurological reactions. The visitors indicated the toxicity was low in incidence and rapidly reversible. (Brief perusal of one report indicated this was not always the case.) They pressed for a verbal commitment that the application would become effective with the precautionary information in the labeling. Dr. Kelsey specified the need for a review of the material and indicated that the value of the drug would not warrant untoward reactions. (Dr. Kelsey's memorandum of this conference explained some suspicion of a lack of complete frankness by the firm.)

March 30, 1961: Dr. Murray and Dr. Jones visited Dr. Smith following their conference with Dr. Kelsey and Miss Geismar. They gave him information verbally about the neurological toxicity, believed the advantages of the drug outweighed the risk, and expressed concern about our delay. Dr. Smith offered no commitment, stated the need for serious consideration of the matter and said we might discuss it with investigators or other experts.

March 30, 1961: Our letter stated that the application was considered withdrawn and resubmitted.

April 5, 1961: Additional clinical data were submitted. A covering letter submitted a labeling change regarding dosage, expressed hope of early review, pointed out the age of the application, expressed concern about a possible plan of Dr. Kelsey's to learn more about this or related drugs at a scientific meeting and in the literature, expressed the opinion that the data had provided adequate documentary proof of the relative safety of the drug for use as claimed, and requested to be advised of the decision by telephone as soon as possible.

April 13, 1961: Dr. Murray called Dr. Smith and said that in a previous interview with Dr. Kelsey she had doubted the need for a new hypnotic. In answer to this, they had compiled information on side effects of barbiturates. He expressed hope for early action in view of his management's dissatisfaction with his own efforts about "pushing the application." Dr. Smith advised him that Dr. Kelsey was out of town and probably would want to consult some investigators or experts before reaching a decision.

April 19, 1961: Dr. Murray called Dr. Smith and asked about the application. He said his firm thought some pressure should be exerted. Accordingly, their vice president intended to see Mr. Larrick if nothing were going to be done. They wanted a "yes or no" decision so that they could prepare to go to a hearing if necessary. No answer was given; Dr. Kelsey planned to talk to some of the investigators. Dr. Murray mentioned age of the application and said that Dr. Kelsey earlier had suggested only minor labeling changes, then extended the time, and following this, the matter of neurological reactions had come up. They mentioned their investigation of this and their report to us and discussed the matter of precautionary labeling information. He discussed the experience in other countries, and the acceptability there. They believed Dr. Kelsey was avoiding a decision. Dr. Smith disagreed. Dr. Smith also pointed out that the reactions may be more frequent than is presently known.

April 20, 1961: The firm submitted information on the toxicity of barbiturates and argued in their covering letter that Kevadon compared favorably.

May 5, 1961: Our letter found the application incomplete and inadequate. Further animal studies and additional clinical information were needed to evaluate the seriousness of neurological toxicity. Inadequacy of proposed labeling to warn sufficiently of the reaction was noted. Concern was expressed that evidence of neurological toxicity apparently was known to the applicant without being forthrightly disclosed in the application.

May 9, 1961: Dr. Murray called Dr. Smith and referred to the recent letter signed by Dr. Kelsey and considered it somewhat libelous. He inquired whether the firm was dealing personally with Dr. Kelsey in this connection and if so, whether the letter was subject to reconsideration. Dr. Smith told him that the letter should be considered as from the FDA but that regardless of who signed it, it could be reconsidered if the applicant thought he had sufficient reason for such.

May 5, 1961: Dr. Kelsey wrote a letter to one of the clinical investigators answering a letter she had received from him about Kevadon. She agreed with him (at that time) that the only serious complication with respect to the safety of the drug was pheripheral neuritis. She explained to him that we were not satisfied that we had sufficient information that the reaction is completely reversible and also pointed out that the incidence may be very much greater than he had suggested. Dr. Kelsey stated briefly the responsibility of this Administration regarding new drugs.

May 10, 1961: Dr. Murray and Mr. Woodward visited Dr. Kessenich. The new drug procedure was discussed. The visitors presented their problems in failing to obtain an effective application for Kevadon. Dr. Kessenich gave the visitors no specific remedy for their problems with this application. He referred them back to the Division of New Drugs and made an appointment for them with Dr. Smith and Dr. Kelsey for May 11, 1961.

May 11, 1961: Dr. Murray met with Dr. Smith, Dr. Kelsey and Dr. Archer. He asked what could be done to expedite his application. He explained a failure of communications between his company and the European companies regarding neurological toxicity. Dr. Kelsey, following this conference, was inclined to accept Dr. Murray's statement that he had only learned of the toxicity when he read the British Medical Journal of December 1960. We discussed certain points as being ones on which more information was necessary. These included both animal studies and clinical information. It was at this conference that we specified a need for evidence that the drug would be safe during pregnancy. (Handwritten note on original reads: This was based on peripheral neuritis symptoms in adults.) At this time our concern was only on theoretical grounds.

May 15, 1961: A letter of May 12, 1961, to Dr. Kessenich from Mr. Woodward was received. Mr. Woodward thanked Dr. Kessenich for seeing him and expressed his intention to complete the Kevadon application.

May 25, 1961: Dr. Murray called Dr. Smith and Dr. Kelsey to arrange an appointment to bring in more data.

May 31, 1961: Dr. Murray submitted an amendment to Dr. Kelsey personally containing clinical data. A long explanatory covering letter included, among other things, reference to data in the amendment and previous submissions demonstrating that Kevadon was safe for the fetus when administered to pregnant women. (It should be mentioned that these studies generally were conducted late in pregnancy; I have not determined in this review whether all involved only late pregnancy.)

June 8, 1961: Dr. Murray called Dr. Kelsey to ask "how Kevadon was." He was told the application was in our Division of Pharmacology, and was asked about certain further data.

June 29, 1961: Doctors Murray and Bunde visited Doctors Siegel, Smith, Kelsey, Talbot, and Weiss and Mr. Hauser. (Dr. Archer also was present, but this was inadvertently omitted from the memorandum.) This conference was largely on a separate subject, although Kevadon was discussed. The firm conceded some toxicity but pointed out certain advantages. The discussion centered around whether we would ever grant an effective application. We pointed out the need for further specified studies.

July 10, 1961: A manuscript of a paper based upon data previously submitted was received from the firm.

July 19, 1961: An amendment was submitted containing pharmacological data.

July 26, 1961: Our letter stated that the application was regarded as withdrawn and resubmitted.

July 27, 1961: Dr. Murray called Dr. Kelsey to determine whether we had received certain pharmocological data. We had, but it was not all that was needed. Dr. Murray denied memory of the further requirement. A publication on Kevadon toxicity was discussed.

July 31, 1961: We received a letter from the firm discussing the paper and data mentioned in the memorandum of telephone call on July 27.

August 2, 1961. We received an amendment pointing out neurological toxicity from barbiturates.

August 10, 1961: The firm wanted to bring in a group of investigators to present their experience with Kevadon. Dr. Murray, in a telephone call to Dr. Kelsey, suggested holding this conference in a Washington hotel; she told him to contact Dr. Kessenich. (Although no document is available regarding the telephone call, Dr. Kessenich specified that the conference should be in our own building.)

August 16, 1961: Dr. Murray called Dr. Kelsey regarding details of the forthcoming meeting with investigators.

August 23, 1961: We received a protocol regarding the forthcoming meeting.

August 25, 1961: Dr. Murray called Dr. Kelsey about the conference, which was to be held on September 7, 1961.

September 7, 1961: Our representatives met with Doctors Murray and Jones together with a group of clinical investigators that the firm had brought in. (I do not find a list of names, but our representatives included Doctors Kessenich, Siegel, Smith, Kelsey, Nestor and Archer.) The investigators presented their experience with Kevadon. This included evidence that the drug is effective, has certain advantages over other hypnotics regarding safety, does cause neurological reactions, and some evidence but not conclusive evidence that the reactions are necessarily reversible. There was only a little evidence that the drug would be harmless to the fetus if given during pregnancy, and this evidence was not adequate. (Our concern with this matter of pregnancy was still only on a theoretical basis at that time.)

September 12, 1961: We received a letter from the firm proposing labeling revision regarding dosage and adverse effects.

September 13, 1961: Our letter found the application still incomplete. In particular, we were awaiting receipt of the data relative to the safety of the drug presented orally in the conference of September 7, 1961.

September 18, 1961: Dr. Murray called Dr. Kelsey to determine what additional data were needed. She told him we needed the toxicity data reported at the recent conference.

September 26, 1961: Dr. Murray called Dr. Smith to ask whether he could predict when the application would become effective. He wanted the drug on the market by the middle of November and, in this case, they should commence printing the labeling early in October. He discussed a revised warning statement in the labeling and stated that case reports mentioned at the recent conference would be submitted in a day or so. Dr. Smith offered no prediction; he checked with Dr. Kelsey and informed Dr. Murray that other labeling changes would be necessary including advice against administration in pregnancy. (Our concern with pregnancy still was on theoretical grounds; convincing evidence of safety had not been submitted—we still had no direct evidence of toxicity in this regard.) The telephone call then was switched to Dr. Kelsey. Dr. Murray tried to get a deadline for "release" of Kevadon. She repeated Dr. Smith's statements about labeling. Dr. Murray wondered if he could record labeling changes by telephone and then print labeling for the October deadline (to get the product on the market by Christmas) or bring the labeling in for an "OK." Dr. Kelsey explained that his procedure was unsatisfactory and rejected it.

September 29, 1961: We received revised labeling and additional data, including information on administration during pregnancy, but essentially late pregnancy.

October 2, 1961: We received a letter correcting an accidental omission from the proposed labeling received September 29.

October 19, 1961: We received a further submission relating to the neurological reactions.

October 23, 1961: Dr. Jones talked with Dr. Nestor by telephone to obtain suggestions of who would be good investigators to study Kevadon in children.

November 2, 1961: The firm submitted revised labeling discussed in a recent telephone conversation with Dr. Kelsey. Further published data were promised by the covering letter.

November 7, 1961: Our letter stated that the application was considered withdrawn and resubmitted.

November 13, 1961: National Drug Co. (which had a similar application) submitted a publication on the usefulness of the drug in behalf of Merrell.

November 15, 1961: We received a submission containing papers and translations from the literature and commentaries on these papers. The letter refers also to a submission of samples and to an authorization for inspection of the premises of another firm as required by current regulations.

November 30, 1961: Dr. Murray called Dr. Kelsey and informed her that the drug had been withdrawn from the German market because of recent reports of congenital abnormalities associated with use of the drug in pregnancy. He expressed hope that the association would prove to be only coincidental. Dr. Kelsey pointed out that recent reports indicated the incidence of neurological reactions was higher than previously believed. We questioned the safety of the drug in view of its proposed use.

December 27, 1961: Our letter found the application incomplete in the absence of data relative to the deformities in newborn babies.

March 8, 1962: We received a letter from the firm requesting withdrawal of the application.

March 14, 1962: Our letter acknowledged the withdrawal of the application.

April 11, 1962: Our letter inquired whether Kevadon was still undergoing investigational use. If so, we wanted information on what had been done to warn physicians of its toxic potentialities. We asked what measures were taken by the company to inform physicians of the association between fetal abnormalities and ingestion of Kevadon by mothers during pregnancy, at the time the association first became known to the firm. We also asked for a complete and up-to-date list of all physicians who were supplied with the drug for investigational purposes.

JOHN D. ARCHER, M.D.

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a letter which I sent to President Kennedy, recommending that the President's Award for Distinguished Federal Civilian Service be granted to Dr. Frances Kelsey and a copy of a letter to the same effect which I sent to the Honorable John W. Macy, Jr., executive secretary of the Distinguished Civilian Service Awards Board.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 24, 1962.

Hon. JOHN F. KENNEDY,
The President,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: I recommend that you confer upon Dr. Frances Oldham Kelsey of the Food and Drug Administration the gold medal of the President's Award for Distinguished Federal Civilian Service. Her tremendous accomplishment in preventing an epidemic of births of malformed babies in the past year deserves the highest appreciation of the Government and people of the United States.

Dr. Kelsey's work has been widely publicized these past few days in the press in Washington and throughout the country. In the Senate on Wednesday, July 18, I took occasion to commend her, to insert into the CONGRESSIONAL RECORD an account of her achievement appearing in the Washington Post of July 15, 1962, and to state my belief that she deserves a medal at your hands.

Her contribution flows from a rare combination of factors: a knowledge of medicine, a knowledge of pharmacology, a keen intellect, and inquiring mind, the imagination to connect apparently isolated bits of information, and the strength of character to resist strong pressures.

Up to a point, the story is a fairly routine one. A new drug was synthetisized by the German drug company, Chemie Grunenthal, which appeared to be the ideal sleeping pill. It had a sedative effect without any apparent side effects. Overdoses were not fatal. Because of its presumed safety, it was recommended for alleviating "morning sickness" of women in the early stages of pregnancy. Thalidomide was widely marketed in Germany, Great Britain, elsewhere in Western Europe, Australia and Canada, as well as in Japan and South America.

The Wm. S. Merrell Co., a subsidiary of Richardson-Merrell, Inc. (formerly Vick Chemical Co.), obtained a license to sell the drug on the American market, and filed a new drug application with the Food and Drug Administration on September 12, 1960. In the normal course of events, the drug would have been released for marketing on prescription in a few months.

Dr. Kelsey, however, noted that the animal pharmacology data in the application showed the drug did not put the test animals to sleep. She reasoned that human side effects also might not show up in those tests. Perhaps the drug had been tested on the wrong animals. She declared the application incomplete and called for additional animal tests to establish safety. In February 1961 she still found the data incomplete and withheld release. Meanwhile, Dr. Kelsey noted in the British Medical Journal for December 30, 1960, a letter from a doctor in Scotland suggesting that thalidomide was associated with symptoms suggesting damage to nerves in adults.

Here she brought both her knowledge and her imagination into action and took a step the company and its medical investigators had presumably never done. She reasoned that if the drug would cause damage to adult nerve tissue, a relatively tough substance, it might cause much greater damage to the delicate growing tissues of embryos in the first few weeks of their development. Thalidomide might not be the drug to prescribe for pregnant women. She demanded test data from the company as to its effect on pregnant animals.

Meanwhile, the company was exerting pressure on the Food and Drug Administration—a fairly routine procedure. It wanted approval, and was quite willing to press Dr. Kelsey, as well as her superiors. The company made some 50 efforts, in 14 months, to get a favorable decision. Once they used the term "somewhat libelous" about a letter Dr. Kelsey wrote to Merrell concerning the case.

In November, a German physician, Dr. Widukind Lenz, showed enough evidence of connection between the taking of thalidomide by pregnant women and the wave of births of malformed infants occurring in Germany that Chemie Grunenthal withdrew the drug from the German market. Similar findings were being made in England, Scotland, Australia, and elsewhere, and the drug was either withdrawn or restricted in use in most of the countries which had permitted its sale.

The action of the drug has now been analyzed, and the effects are just as feared by Dr. Kelsey. The drug, circulating in the bloodstream of the newly pregnant women, penetrates the placenta and reacts upon the embryo. The effects is to inhibit growth of the buds that begin to form to make arms and legs, when the embryo is but an inch or so long. The damage is permanent.

I have set forth these matters at some length in order to show the horror of thousands of such births which Dr. Kelsey has prevented, to show how she correctly predicted the kind of damage that occurred, and how she stood by her guns in the face of strong pressures by the company. Estimates of malformed births resulting from the use of this drug in Europe run 3,500 to 5,000 and the time limits have not yet run out. Considering the widespread use of sleeping pills in the United States there can be no doubt that Dr. Kelsey averted a major disaster.

Dr. Kelsey's work was made more difficult by the weakness in the present law which provides for automatic release of a new drug unless the FDA acts to the contrary in the all too short period of 60 days. Because the company had claimed the drug to be useful in treating pregnant women, she was provided with a basis of demanding more information. Her basis for delaying action had been virtually exhausted at the time the reports began to appear in Germany associating the drug with the malformations. Had the company not made the claim with respect to pregnancy and had the reports in Europe not begun to appear when they did, the drug would undoubtedly have been introduced in the United States.

There are countless others in the Federal service who, endeavoring to protect the public interest, constantly resist the pressures of private companies and other special groups. They are not only unnoticed and unsung; they are constantly denounced and maligned as obstructionists and petty bureaucrats. Their accomplishments, while less dramatic, are of critical importance in our increasingly complex society. An award to Dr. Kelsey, such as I have proposed, will not only constitute a recognition of her splendid achievements but will be symbolic of the debt which the entire Nation owes to dedicated individuals throughout the Federal service.

Sincerely yours,

ESTES KEFAUVER.

AUGUST 2, 1962.

Hon. JOHN W. MACY, Jr.,
Executive Secretary, Distinguished Civilian Service Awards Board, Washington, D.C.

DEAR MR. MACY: I am sorry that before I had to leave for Tennessee in order to vote I was unable to return your call. The subject which I wanted to discuss with you was my conviction that Dr. Frances O. Kelsey of the Food and Drug Administration deserves a gold medal representing an award for distinguished civilian service. It is my understanding that section 2123 of title 5 of the United States Code provides for honorary recognition of civilian officers of the Government who perform special services in the public interest. Executive Order No. 10717, issued under the authority of this section, provides a gold medal known as the President's Award for Distinguished Federal Civilian Service.

As more and more information develops concerning the thalidomide disaster, Dr. Kelsey's accomplishment appears increasingly remarkable. In Germany the drug thalidomide was literally manufactured by the ton. It was sold in other countries throughout the world, including Canada, which, like the United States, has a Food and Drug Administration. As a sedative the drug appeared to have many attributes, and there can be little doubt that, had the new drug application been approved, the use of the drug in this country would have been immense. The latest estimates by Dr. Helen Taussig of the Johns Hopkins University of the number of children which will be born with deformities as a result of the use of thalidomide elsewhere is 6,000 in Germany and 1,000 in other countries. One can only speculate from these facts as to the number of malformed births which would have occurred in this country had it not been for Dr. Kelsey's courageous action.

Dr. Kelsey's achievement appears all the more remarkable in the face of the high-handed and continuing pressures to which she was subjected by the American licensee, the Wm. S. Merrell Co. It so happens that the Food and Drug Administration prepared on April 17, 1962, a history of the handling of the thalidomide application by that agency, which shows in detail the types of pressures exerted on Dr. Kelsey and her superiors. That an award to Dr. Kelsey is richly deserved should be proved beyond a shadow of a doubt by the events recounted in this history, a copy of which is attached.

Sincerely yours,

ESTES KEFAUVER.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. JACKSON. Mr. President, what is the pending question?

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from New York [Mr. KEATING] to the amendments of the Senator from Arizona.

Mr. JACKSON. I am ready to yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has been yielded back or has expired. The question is on agreeing to the amendment of the Senator from New York to the amendments of the Senator from Arizona.

Mr. KEATING. Mr. President, I ask for a division.

On a division the amendment was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the first portion of the amendments offered by the Senator from Arizona [Mr. GOLDWATER].

The first portion of the amendments was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the second portion of the Goldwater amendments.

Mr. BIBLE. Mr. President, I offer an amendment to the second portion of the Goldwater amendment appearing on page 5, in line 13, to strike out the word 'shall" and to insert in lieu thereof the words "and the adjoining State shall each".

The amendment as it now reads, if adopted, would result in the State of Arizona receiving one-half of the electrical output of Hoover Dam, based upon the fact that Arizona is the adjoining State. It will result in half of the power going to Arizona from Davis Dam, which is in the adjoining State. It so happens, contrary to the record that has been made—inadvertently, I am sure—either yesterday or the day before, that the adjoining State to Arizona, insofar as both Hoover Dam and Davis Dam are concerned, is the State of Nevada.

Therefore if it is a fair proposal insofar as the State of Arizona is concerned, based upon the fact that it is the adjoining State, then it would be equally fair insofar as the State of Nevada is concerned. I am offering the amendment to make it clear that if this power is to be allotted it should be divided 50–50 based upon the fact that the dam is located between these two States, with Arizona to receive half and the State of Nevada to receive the other half.

I am frank to say that the entire situation of the power from Hoover Dam is controlled by contractual relationships with the U.S. Government. These are contracts which run until 1987. In any event, therefore, a provision such as this, in my opinion, would not be effective until at least after the expiration of the contracts.

The Davis Dam situation is somewhat different. It operates under a 10-year contract, and it is presently under negotiation and will be negotiated for a new 10-year period starting as of the first of January 1963.

Therefore, I submit that if it is fair to allot to the State of Arizona one-half of the energy based upon the fact that the dam is located partly in Arizona, it is equally fair to give the other half to the State of Nevada. I ask the Senate to adopt the amendment.

Mr. KUCHEL. My friend from Nevada has correctly suggested that the contractual relationships run until 1987. These contracts provide for an ironclad legislative guarantee that they are renewable. The Goldwater amendments, I say respectfully, are contemptuous amendments, and ought to be tabled. I therefore move that the second portion of the Goldwater amendments be tabled, knowing that tabling of the amendments will carry with them the Bible amendment.

Mr. BIBLE. I yield back the remainder of my time.

Mr. JACKSON. I yield back the time in opposition to the Bible amendment.

Mr. DIRKSEN. I yield back the remainder of the time on the second portion of the Goldwater amendment.

Mr. JACKSON. I yield back the remainder of the time on that amendment.

The PRESIDING OFFICER. All time has been yielded back, and has expired. The question is on agreeing to the motion to table.

The motion to table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JACKSON. I yield such time to the Senator from Pennsylvania as he may require.

Mr. SCOTT. Mr. President, I move to recommit the bill to the committee.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. SCOTT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SCOTT. I should like to yield some time to the minority leader. I would like to know how much time he will need.

Mr. DIRKSEN. I should like to speak for about 10 minutes.

Mr. SCOTT. I yield 10 minutes to the minority leader.

Mr. DIRKSEN. Mr. President, it is my conviction that the motion to recommit should prevail. This is indeed a bad bill. The distinguished Senator from South Dakota yesterday used the word "Balkanize" in the course of his speech. Frankly, that is an applicable term, because if the proposed preference is expressed in the statute it is bound to breed legislation for preferences in other areas of the country, and in due course of time we will have a whole conglomeration of areas each looking after its own particular needs.

The term "Chinese wall" has also been applied, and I believe on one occasion it was used by the distinguished Senator from New Mexico [Mr. ANDERSON].

It applies equally well, because if we are to fence in the Northwest area and the Columbia drainage basin, and they are to be given a preference as against all other consumers, and if we are to make it possible, after 7 days' notice, to shut off power to all consumers and make the power, in a sense, interruptible power, there is only one word that will apply, and that is "discrimination."

It is interesting to note that the Chairman of the Federal Power Commission, who I believe is rather liberal in his views, has grave misgivings about the bill. When he testified before the Senate subcommittee, he stated:

> We hope that this will not be the start of more regional preference, because one preference breeds another.

Coming from the Chairman of the Federal Power Commission, in whose general jurisdiction and domain this subject falls, that statement ought to be rather persuasive upon the Senate with respect to the bill.

But I go further. There was another Commissioner on the Federal Power Commission, Mr. Charles R. Ross, who, when he was out in the Northwest last June, was quoted as follows in the Portland Oregonian of June 15, 1962:

> I think it could be very dangerous and would set a precedent for other areas. I don't like to see the local interest concept increased any more than it is.

So we have a statement by the Chairman of the Federal Power Commission, who looks upon the bill with a baleful eye; a statement by Commissioner Ross, of the Federal Power Commission, who takes an equal view of the matter.

Now I shall turn to a statement by Mr. Norman M. Clapp, Administrator of the Rural Electrification Administration. On May 17 of this year, when the American Public Power Association held its convention in Puerto Rico, this is what Mr. Clapp said with respect to the question of regional preference:

> The taxes which develop Federal projects from which low-cost electricity is generated come from all regions. The ultimate benefit should be available with equal impartiality.

Mr. Clapp puts his finger on the important point, because the taxes which are required or the credit which is required whenever funds are loaned belong to all the people in all 50 States, not merely to a segment of States in the Northwest; and when the financial burden which makes these projects possible is placed upon these States, whether it is in the form of cash out of the Federal Treasury or whether by pledging and hypothecating the credit of the people, all the people then should be treated impartially, as Mr. Clapp says, and there should be no discrimination.

So the Chairman of the Federal Power Commission has his misgivings about the bill; Commissioner Ross has his misgivings about it; and the Administrator of the Rural Electrification Administration has his doubts about it.

Former Secretary of the Interior Fred Seaton, of Nebraska, also attacked the bill and the concept, and his comments may be found in the RECORD.

I allude to only one other person, the distinguished senior Senator from New Mexico [Mr. ANDERSON], chairman of the Committee on Interior and Insular Affairs, who conducted the hearing. In a general way, he referred to the geographic preference as "a dangerous principle." I agree with him.

Many other areas are concerned: the Southwestern Power area; the Tennessee Valley power area; the Niagara power area. Probably there are others. Establish this principle and give these preferences to a portion of the people, and it constitutes rank discrimination. In the language of the distinguished Senator from South Dakota [Mr. MUNDT], it constitutes a kind of financial Balkanization of the country.

So, the basic principle being wrong, this concession should not be made, and the bill ought to be sent back to committee for further consideration. It is quite evident from the testimony of representatives of the administrative branch of the Government, who must deal with these problems, that this proposal merits far more thoughtful consideration than it has received. Therefore, I hope that the motion to recommit will prevail and that the bill will go back to committee.

Yesterday we had an excellent example of what could happen, because everyone is interested, first, in his own section of the country, to make sure that there is no discrimination. The committee itself wrote into the bill an exception for the State of Montana. The Senator from Arizona [Mr. GOLDWATER], to make sure that his State would not be bypassed, asked that Arizona be included. He was open to suggestions, so in rapid succession Iowa, North Dakota, and South Dakota were included. Illinois was included when I asked the Senator from Arizona to yield and accept a modification of his amendment, which he did.

Then came the proposal of the distinguished Senator from New York [Mr. KEATING]: Why not include all States? That would be exactly the thing to do. But, of course, the proponents of the bill argue for the principle of the bill and say that if all States were included, the bill and its purposes would be destroyed.

Mr. SCOTT. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the distinguished Senator from Pennsylvania.

Mr. SCOTT. I call the attention of the Senator from Illinois to a reference on page 15 of the hearings to the Hungry Horse Act of June 5, 1944, as establishing a power preference in one State. I suggest to the Senator that since the precedent here seems to be Hungry Horse, possibly this is a question of hungry States, and that some hungry States are not quite willing to admit the remaining States, which, while perhaps not quite so hungry, find themselves stimulated to a degree by the demands of the hungry States acting on the Hungry Horse precedent. Does the Senator from Illinois agree that that is substantially the situation?

Mr. DIRKSEN. Indeed so; but over and above all else, the overriding consideration here is that this is a rather alien principle, one which should not be written into the statute, because, in my judgment, it is an affront to all the other people of the country who do not share the benefits proposed by the bill. For that reason, the bill should be referred back to committee. It is not necessary for me to detain the Senate longer. I think the case is clear. The yeas and nays have been ordered on the motion to recommit.

Mr. SCOTT. Mr. President, I understand the distinguished senior Senator from South Dakota has asked permission to speak for 5 minutes on the motion, so I yield 5 minutes to him.

Mr. MUNDT. The Senator from South Dakota was seeking 10 minutes.

Mr. SCOTT. Mr. President, I yield 10 minutes to the senior Senator from South Dakota.

Mr. MUNDT. Mr. President, it seems to me that the Senator from Illinois has made an eloquent argument for sending back to committee, for further consideration, proposed legislation which is of major importance to every State in the Union, but which is obviously clearly misunderstood by a great number of Senators.

Unhappily, Mr. President, a great many Senators will not listen to this debate. So unless they read the arguments made during the last 2 days, many Senators are likely—either through inadvertence or through a lack of adequate information—to vote for this measure; but if they vote for it, their votes will certainly return to plague them in the future.

I point out that this measure received only 1 day of committee hearing during this session. So Senators are asked to vote in favor of writing a new public power policy for the Nation; and they are asked to do so on the basis of only 1 day of committee hearing and 2½ days of Senate debate, listened to by less than 20 percent of the Members of the Senate.

Mr. President, this matter is a very serious one. At least three different areas of serious consequence are involved in the bill. The Senator from Illinois [Mr. DIRKSEN] touched upon one of them when he emphasized the fact that the bill proposes a policy of regional preference and the changing of the Nation into a series of dis-United States with walls around them, so that the

States in which these hydroelectric dams are located will—if the preference policy requested by the Pacific Northwest is followed—have exclusive right to the power which is provided by these projects, paid for by all the taxpayers of the Nation. I do not think that would be a good American policy. But if it is to be adopted for the Pacific Northwest, I believe it should, in simple equity, be made available to the other power-producing States of the Union.

Mr. MAGNUSON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MAGNUSON. I am sure the Senator would not mind my suggesting that when he uses the phrase "paid for by all the taxpayers of the Nation," he point out that the money was loaned, and was paid back.

Mr. MUNDT. That is correct. The taxpayers' money created these projects; and certainly it is well understood that the money was a loan which was paid back, together with 3 percent interest; and certain other attendant costs were also paid.

Mr. MAGNUSON. Yes.

Mr. MUNDT. I do not know how Senators who live in States outside the Pacific Northwest can in good conscience vote for a bill which would perpetuate for that area 2-mill power, to be available to every industry in that area, but not to be available to any industry outside that area. This bill is a direct invitation to industries to leave Michigan, Ohio, Illinois, and States on the east coast, and move to the Pacific Northwest, because nowhere else in the Nation would they be guaranteed in perpetuity a preferential power rate so essential to the success of a manufacturing business.

South Dakota has no particular interest in that connection, insofar as losing industries is concerned; but we believe that certainly South Dakota should have the same right to provide a magnet to attract industry that would be provided by this bill for the Pacific Northwest.

So, Mr. President, if the pending motion to recommit is rejected, I shall immediately offer an amendment providing for South Dakota, North Dakota, and other States in their situation the same privilege which the bill would provide for the Pacific Northwest—no more and no less.

The Chairman of the Federal Communications Commission, Mr. Swidler, stated at the hearing that each time a preferential privilege is granted, it is necessary to provide for the development of others. Certainly that is correct.

So, Mr. President, if the motion to recommit is rejected, I contemplate submitting an amendment to provide similar privileges for South Dakota and North Dakota, so as to give them the advantages and privileges which this measure, if enacted as it now stands, would present as a fait accompli to the States of the Pacific Northwest.

Furthermore, Mr. President, it is significant to note that the distinguished majority leader, the senior Senator from Montana [Mr. MANSFIELD] has introduced a bill, S. 3558, which proposes for Montana precisely what the pending bill proposes for the States of the Pacific Northwest, and precisely what I now propose, by means of the amendment to which I have referred, for South Dakota and North Dakota. I salute the Senator from Montana for his diligence.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. I thought we made clear yesterday that, so far as the two projects—the Hungry Horse project, in Montana, and the Big Bend project, in South Dakota—are concerned, they are projects which are unique, and also that the Niagara project has that sort of preference. So I would call attention to the fact that the Big Bend project, in South Dakota, and the Hungry Horse project, in Montana, are already in existence.

Mr. MUNDT. That is correct; and about one-sixth of all the power produced at Hungry Horse and about one-sixth of all the power produced at Big Bend——

Mr. MANSFIELD. One-fifth of the power produced at Hungry Horse.

Mr. MUNDT. Yes, I accept the correction—one-fifth of the power produced at Hungry Horse—would be covered in that way. But, Mr. President, one does not have to be a mathematical wizard using a calculating machine to distinguish between one-fifth of all the power developed at the Hungry Horse project in Montana and one-sixth of all the power developed at the Big Bend project in South Dakota and 100 percent of all the power developed in the Pacific Northwest. So I think the Senator from Montana was justified in introducing that measure. In other words, if such a precedent is to be established, similar treatment for other regions should be provided.

Furthermore, Mr. President, the second reason for agreeing to the motion to recommit the bill, so that it may receive further committee consideration, is that no Senator knows what impact the bill would have on the REA's and the entire concept of preference customers, because the bill would operate to the disadvantage of preference customers outside this geographic area, but to the protection of the preference customers in this geographic area; and when we begin to establish regional preference with superpower over user preference, we begin to vitiate and destroy the customer preference concept which is so important to the Nation.

Mr. President, there is a reason for providing that preference for REA's. It is that it is very costly and difficult to make power available to private customers in rural areas; and the more scattered the population, the more difficult that becomes. So part of this power, developed with the use of the money of the taxpayers of the Nation, was made available to the rural customers. But now it is proposed to begin to destroy that preference, and to give industry a preference over the REA customers, and to extend that privilege to those just outside the sacred circle enclosing the power area.

I do not think it is necessary, in order to meet the problem confronting the Pacific Northwest, to go to this extent, and to tend to Balkanize the power system of the Nation, and to provide such special consideration which would induce business and industries to flow into the Pacific Northwest because of this particular guarantee of power there.

I think this privilege could be made available to customers outside the area, without forever losing the right to bring back the power.

The Senator from Washington has said that the Solicitor for the Department of the Interior has held that once the power is allowed to go beyond this region, it can never be brought back. But, Mr. President, others find it possible to disagree with that conclusion. Therefore, I do not see why we should base legislation of this sort merely on the fact that one Solicitor of the Department of the Interior has said "Yes," whereas another says "No."

Mr. JACKSON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. JACKSON. Will the Senator from South Dakota indicate the name of the Solicitor who has so ruled? We have been working on this matter since 1959, and I would be interested to know what Solicitor made such a statement, and when.

Mr. MUNDT. On June 28, 1960, Secretary of the Interior Seaton, in a letter to the late Senator Murray, who at that time headed the committee which has this proposed legislation in charge, declared that "no preference consequences would attend" power purchased by the Pacific Gas & Electric Co. from the Bonneville Power Administration, and said:

> Pacific Gas & Electric Co. is, of course, not a preference customer. It is, therefore, not entitled to the protection of the preference clause. It follows that withdrawal of power from Pacific Gas & Electric Co. would leave the company without any right to its restoration. Power sold to Pacific Gas & Electric Co. either at Yamsay or at the California-Oregon border would become the company's property; at that point it would lose its identity as Government power and be in the same class as all other power available for sale by Pacific Gas & Electric Co. No preference consequences would attend such power, the chain of connection with the United States having been severed at the point of sale to the company.

Mr. JACKSON. Who signed the letter?

Mr. MUNDT. It was signed by the Secretary of the Interior, Fred Seaton.

Mr. JACKSON. If the Senator from South Dakota will examine the hearings held in 1960, at page 27, he will find there an opinion dated November 4, 1959, and signed by Raymond C. Coulter, Regional Solicitor of the Department of the Interior. In that opinion he held that sales to California by means of an interconnection would extend the marketing area of the Bonneville Power Administration.

Mr. MUNDT. That is correct.

Mr. JACKSON. I understood the Senator to say that the Solicitor had ruled to the contrary.

Mr. MUNDT. The Senator from Washington quoted a regional solicitor's opinion in 1959.

Mr. JACKSON. That is correct.

Mr. MUNDT. I quoted the opinion of the Secretary of Interior in 1960——

Mr. JACKSON. No.

Mr. MUNDT. Which is clearly a revision of the 1959 opinion from the field.

Mr. JACKSON. With all due respect, I think the Senator is reading from a letter of the Secretary of the Interior, but I want the RECORD to show that lawyers held that it would extend the preference clause to California, and that decision was reaffirmed in the new administration.

Mr. MUNDT. Let me read the Senator another statement supporting my position.

Mr. JACKSON. Very well.

Mr. MUNDT. I go back.

On May 5, 1960, the distinguished Senator from Washington [Mr. JACKSON], noting that preference would attach if a Federal Bonneville Power Administration-California intertie were constructed, asked the Senator from California [Mr. KUCHEL]:

> Would not the same thing apply if you sell power by a private line?

That is to be found at page 24 of the hearings of May 5, 1960.

The Senator from California requested Assistant Secretary Aandahl "to inquire into that." In reply, Secretary Aandahl submitted the following statement for the record:

> Statement re question as to whether proposed sales contract between Bonneville Power Administration and Pacific Gas & Electric Co. establishes any preference rights in California to power so sold?
>
> I am advised by the Solicitor's Office of the Interior Department that the proposed sale of secondary energy by Bonneville Power Administration to Pacific Gas & Electric Co. for delivery, whether at Yamsay, Oreg., or at the Oregon-California border, will not establish any preference rights in California to power sold under such contract over any customers of the Bonneville Power Administration in the Pacific Northwest.

So there is disagreement among the solicitors.

Mr. JACKSON. I do not want to be too technical but I think that particular letter related to sale of power at the border or within Oregon.

Mr. MUNDT. No; it related to sale to the Pacific Gas & Electric Co.

Mr. JACKSON. But within Oregon or at the Oregon-California border.

Mr. MUNDT. The solicitor said "will not establish any preference rights in California." So it must have been dealing with California. Be that as it may, suffice to say that the solicitors have held varying opinions as to whether or not this power could be recaptured.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JACKSON. I will yield the Senator 5 minutes, if I do not lose my right to speak later.

The legislation will certainly clarify the whole situation.

Mr. MUNDT. There is no question about that. The point I am making is that we are legislating on a permanent matter, to establish a new power policy which can be detrimental to every State in the Union outside of this area, which creates a pattern which is not permissible in the other surplus power-producing States, such as Arizona, North or South Dakota, but which will create a resounding demand for equal treatment by those States.

So the second reason for referring the bill back to committee is that there should be a more simple and a more specific manner for meeting the particular problems involved other than creating this new power program in America.

In that feeling I am upheld by the Federal Power Commission, because in the committee's report, on page 14 of the report, the Federal Power Commission itself has some very interesting language in this connection. Certainly, the Federal Power Commission's statement to the committee cannot be considered as a glowing endorsement of the bill. I am fascinated by the adroit circumstances, the adroit language, and the circumspection involved, for example, in the first sentence, which reads as follows. Note this now. This is supposed to be the department of Government most intimately involved in, most knowledgeable about, the problems, which was asked to submit an opinion to Congress. What does it say?

> As an agency functioning under statutes which impose upon it a national perspective in appraising problems in the electric power field, the Commission is unable to be helpful in commenting on the specific terms of a statute providing for regional preferences.

To call that damning by faint praise is indeed the understatement of the year. This is ducking under the cover. But they hedge a little at the end of the statement on page 14, because they suggest an alternative, which is embodied in the motion to recommit:

> The Commission is requesting funds from Congress to undertake a comprehensive national power survey designed to develop a long-range program for meeting the Nation's rapidly expanding electric power requirements through a coordinated and interconnected system. It would suggest in broad outline how the Nation's 3,600 electric systems (private, municipal, cooperative, State, and Federal) can key their future expansion plans to a national scale rather than to a local or area basis. It is the Commission's hope that the construction of such a national network would alleviate regional pressures for preferences and make possible the flow of energy within the Nation, on the basis of the best overall use of electric system resources.

In other words, they plead with Congress not to act precipitately. They throw out a warning light to Senators not to vote to create a policy they do not understand, which can work to the economic disadvantage of every industry in their States, and can work to the economic disadvantage of all the electrical consumers outside of this regional preference area, and give them an opportunity to come up with a long-range answer which will solve the problems not only of the Pacific Northwest but the problems of all America, as the demand for power becomes greater and as the need for interties becomes greater and as the need for coordinated action in the field of complicated power needs and projects can be recommended to Congress for overall action.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. AIKEN. In looking over the report, the hearings on the part of the committee, and some 25 communications, I fail to find anyone who testified against this bill. Were opponents given a chance to testify, or was the hearing put through with only affirmative witnesses?

Mr. JACKSON. May I answer?

Mr. MUNDT. Yes.

Mr. AIKEN. It seems to me only one side was heard.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JACKSON. I yield 5 minutes more.

The record will disclose that we started on this matter in 1959 with the first hearings. We held hearings again in 1960. We held them again this year. All the interested parties were before us. We heard representatives of the utilities, publicly and privately owned, industrial users, and others. All supported the bill. The only individual who appeared before the committee in opposition was Representative GUBSER, of California. If the Senator reads his testimony, I think it will speak for itself.

Mr. MUNDT. In further response to the Senator from Vermont, I will say that, while I did not find anybody opposing the legislation outright, I would consider the report I just read from the Federal Power Commission to be in opposition.

Mr. AIKEN. He questioned it.

Mr. MUNDT. He questioned it.

Mr. JACKSON. He did not oppose it. He raised some questions.

Mr. MUNDT. He did not approve it.

Mr. JACKSON. He simply raised questions.

Mr. MUNDT. He did not approve it. It is on page 14. Anybody can read it.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. JACKSON. I would be very happy to give all regions of the country the same right to sell surplus or secondary power. That is the only question involved here.

We should be happy to go through the orderly process of holding hearings, to consider the problem area by area.

Senators should bear in mind, when there is talk about Balkanization, that some of the same people fighting the bill came in and said, "You must not let the TVA expand." We put the "Balkan wall," if Senators wish to use that term, around TVA. Many people who raised the question with regard to Balkanization are the same people who supported the limitation on TVA.

I merely wish to have the RECORD show that, because there has been much misunderstanding.

I should be the first to grant to the Missouri Basin or to any other area the right to do the very thing we request, but the fact is there is not another situation like ours in the United States.

Mr. MUNDT. At the moment that situation does prevail in North Dakota and South Dakota, and it will prevail increasingly. The people from Arizona tell me it is likely to develop there, as well as in Colorado.

Mr. JACKSON. We can arrange to hold hearings immediately. No request has ever been made for hearings in that regard, since I have been in the Senate.

Mr. MUNDT. It would be much simpler and a much more orderly procedure for the Senate to approve my amendment, if the bill is not recommitted. I shall have to offer the amendment in defense of the area I represent, although I shall do so believing that the basic concept of the proposed legislation is improper and wrong. If this right is to be provided for the Pacific Northwest, I see no reason why Congress should not then say, "If, as, and when the same conditions prevail in the other areas, they shall be entitled to the same."

That is all the amendment would provide.

Mr. JACKSON. The Senator's amendment would break up the Missouri Basin, rather than treat it as a region. It would fractionalize the whole area, and would destroy the very thing the Senator wishes to do in the basin.

Mr. MUNDT. Is it not correct to say that the Senator's proposed legislation would go beyond surplus power and would relate to all power in the future; firm, peaking, or surplus power?

Mr. JACKSON. May I point out what an absurd position we can take in this regard?

Mr. MUNDT. Will the Senator answer my question?

Mr. JACKSON. Would the Senator please state it again?

Mr. MUNDT. Is it not true that the Senator's proposed legislation would go beyond the question of surplus power, and would relate to the future, to whatever power is developed in the Pacific Northwest, whether it be firm power, peaking power, or any other type of power?

Mr. JACKSON. The legislation would permit sales of any power which is surplus to the area, but would do so without prejudice to customers in the Pacific Northwest; such power would be surplus to the needs of the area and would be sold so that it would not be wasted.

Mr. MUNDT. There is some merit to the basic argument which the people from the Pacific Northwest make, which is that because they are the host area of these great Federal developments they should be entitled to some special consideration. I doubt that, however, because these projects were financed by the Federal Government. If we accept that premise, then we must accept it for South Dakota and North Dakota, which have provided many times more the number of fertile acres to be inundated and flooded by some kind of project.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. JACKSON. Would the Senator be willing to have power taken away from the regular customers in South Dakota, to have transmission lines built, and to have the power of South Dakota sent to New Orleans, to Chicago, or to New York, if there were preference customers in those areas?

Mr. MUNDT. We would be willing to abide by whatever should be established as a national power policy, under the study recommended by the Federal Power Commission. We are not ready now to be discriminated against as a result of proposed legislation which would deal with one area in one way and provide that an identical condition would not prevail for other areas.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. SCOTT. Mr. President, I yield the Senator 1 more minute.

Mr. JACKSON. I am quite willing to hold hearings tomorrow. If the Senator wishes to come before the committee and to ask for consideration of proposals for disposing of surplus power, which his area wishes to sell outside that area, with the provision that its customers will be properly protected, I am willing to hold hearings immediately. Such a proposal would be a commonsense proposal. I am ready to hold hearings on it tomorrow.

Hearings have been held on this question since 1959, and no one has bothered to come before the committee except the customers in the Pacific Northwest who are confronted with a situation which applies only to the Pacific Northwest.

Mr. MUNDT. A much more ideal situation, from the standpoint of the Senator from South Dakota, Mr. President, would be for the Senate to accept the offer of the Senator from Washington and to make it immediately applicable by sending the bill to the committee for reconsideration now, so that those hearings could be held, thereby wrapping everything up in one ball of wax, to get it all done now.

I should much rather follow that procedure, than to follow the tandem concept.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. SCOTT. Mr. President, I yield the Senator another minute.

Mr. MUNDT. I would not wish to have the pending bill passed and to have our situation considered at some date far in the future.

Mr. SCOTT. Mr. President, I am ready to yield back my remaining time.

Mr. LAUSCHE. Mr. President, will the Senator yield me 3 minutes?

Mr. SCOTT. Mr. President, I yield 3 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, to begin my statement I wish to point out that in the middle 1940's, when I was Governor of my State, I received a communication from a southern Governor asking me to oppose any extension of the Bonneville Power Administration generating project. In reply to that Governor I stated that whatever was good for Washington would eventually be good for the United States and for Ohio as well. I did not at that time oppose what was being promoted.

I am now faced with the proposition that Ohio, as one of the Midwestern States, is suffering an erosion of its businesses and industries, those businesses moving into areas in which they can buy power cheaper and in which they have other advantages. I do not like to take this position because of the gentle and affable qualities of the Senator from Washington, but unless I did I would not be acting in the best interests of my State.

I take the position that I shall vote for the recommittal of the bill to the committee on the ground that when the original law was passed there was no purpose to limit the supply of electricity to any geographical area. The only limitation was one of economic transmission. The Congress stated, "This power shall be available to all areas provided it is economically feasible to make the transmission."

It is now contemplated to change the original concept.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield me 2 more minutes?

Mr. SCOTT. I yield 2 more minutes to the Senator from Ohio.

Mr. LAUSCHE. It is now contemplated to change the intent which was written into the original law. Instead of limiting the area which is to have the electricity available only to where it is economically justified to transmit the energy, it is contemplated to limit it geographically. I cannot go along with that.

I live in the Midwest. Arguments have been made on this floor concerning the erosion we are suffering, especially in respect to procurement contracts. To subscribe to a revision of this law, in my opinion, would not be in the best interests of my State. Therefore, I shall vote to have the bill recommitted to the committee.

Mr. JACKSON. Mr. President, I should like to take about 3 minutes. After I conclude, I understand, the Senator from Pennsylvania will be willing to yield back his remaining time, as I shall be.

First, Mr. President, I wish to yield 1 minute to the distinguished minority whip, the Senator from California [Mr. KUCHEL]. Then I shall use 3 minutes.

The PRESIDING OFFICER. The Senator from California may proceed.

Mr. KUCHEL. Mr. President, waste is completely without justification, whether it be in private business or in government. There is a surplus of electricity in the great Northwest amounting to $30 million worth a year. Some day there will be no surplus there.

Today there is a ready market for that surplus power. In the State from which I come there is a ready market, and there may be a market in many other areas also. As I said earlier, one such area is the city of Los Angeles. The city of Los Angeles is now prepared to enter into a contract not only to purchase surplus energy from Bonneville, but also to underwrite the cost of a transmission line to bring the power to that community.

Thus, because of the unique situation involved; and because the proposed legislation which has come from the committee and is now before the Senate is the only way to eliminate the waste which now plagues the Northwest and protect the future of the Northwest, I vigorously oppose the motion to recommit.

Mr. JACKSON. Mr. President, I yield myself 3 minutes with the understanding that my friend the Senator from Pennsylvania [Mr. SCOTT] will yield back the remainder of his time, as I shall yield back the remainder of my time.

Mr. SCOTT. Mr. President, I am prepared to yield back the remainder of my time at the conclusion of the time used by the Senator from Washington.

Mr. JACKSON. I thank the Senator.

Mr. President, first, I wish to make clear that the bill has not been handled in slipshod manner.

We have held three separate hearings dating back to 1959. We have gone into the question thoroughly. All the interested parties have been before the committee. We have given everyone an opportunity to be heard. I think we have done a thorough and careful job.

What we find here is a situation that does not exist in any other place in the country. In the Northwest there is an electric energy system that is 96 percent hydroelectric. There is no other area like it. We are dumping and wasting $30 million a year in power. The water is going over the dams and into the ocean. All our customers in the Northwest, including the private utilities, the public utilities, and industry are pleased to join in a proposal that will make it possible for the Federal Government to recoup the $30 million that is being wasted each year if their power supply is properly protected.

We have had opinions from the proper legal authorities in the Eisenhower administration and in the Kennedy administration, making it clear that if we sell the surplus power in California, we will have extended the preference clause, and the power supply of customers in the Northwest will be in jeopardy. It is that clear. There is no other situation like it in the country.

Mr. President, I am rather surprised at the remark that we should sell power any place in the country, regardless of cost of transmission and administration. My good friend from Ohio is interested in economy. It is possible that we could sell power to users in New York City. Would the Senator wish to have the Bonneville Administration maintain offices all over the United States to administer such a program? Would he want to disrupt the $450 million worth of transmission lines integrating the private and public utilities in the Northwest so that power can be conserved?

A hydroelectric system is of such a nature that it is very important that all hydroelectric producers, public and private, coordinate their systems. By doing so we greatly increase our load-carrying capability.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. LAUSCHE. I would desire it, provided the power could be transmitted economically. That was the purpose of the original legislation. If it is economically feasible to transmit the power, it should be transmitted to the extent that it can be.

Mr. JACKSON. I point out to the Senator that at the time the act was passed and those words were used, the economical transmission distance was the extent of the basin—200 miles. Now the economical distance is 2,000 miles.

I wish to say a word about industry. If my friend from Ohio can name a single industry that has moved from any part of the United States to the Northwest because of the availability of power, I would like to know about it.

Mr. LAUSCHE. I cannot do so. But I do know that industry settles where electric power or other power rates are low.

Mr. JACKSON. Does my friend know how the industry he has discussed was established in the Northwest?

Mr. LAUSCHE. I think it got there substantially on the basis of the power available from the Bonneville generating plant.

Mr. JACKSON. I wish to be fair with the Senator. Does he know under what circumstances the large aluminum plants were established in the Northwest?

I wish to help by reminding the Senate that the plants were established in that area by Presidential order at the outset of World War II, because only in the Northwest was sufficient power available to produce a substantial portion of the aluminum used in building 50,000 planes a year.

We have not taken any industry away from any area.

It has been intimated that because there are power projects in the Northwest, we have taken industry from some other part of the country. The truth is, as I pointed out earlier, that U.S. aluminum companies are going abroad and are building aluminum plants in Africa and other places.

The aluminum companies now have under construction or have built outside the United States, aluminum plants whose production aggregates more than the total production of the aluminum plants in the State of Washington.

Thank God for the Northwest's power. It made possible the Hanford project during World War II. We are not taking industry away. I have heard this argument time and again. I have heard Senators say, "You took an industry from my State." The fact is that such a thing has not occurred in the Northwest.

I wish to add one further point. We are paying for projects such as the one we are discussing in the Northwest. I have voted for projects in the State of Ohio for which the people of the State represented by the Senator did not alone pay. All the people pay for flood control projects. Who pays for flood control projects? All the people of the United States. Who pays for the power projects? Power projects, all of them, are paid for by the ratepayers with interest.

Mr. LAUSCHE. Mr. President, will the Senator yield for 1 minute?

Mr. SCOTT. I yield for the purpose of a question.

Mr. LAUSCHE. There is no question that Ohio has been losing industry to other areas of the country in which publicly generated power is available at a price below the price at which it is available in Ohio. I cannot recall exactly the names of the plants, but a search of the record would undoubtedly show that while they may not be moving into the Bonneville area, they are moving into other areas.

Mr. JACKSON. They are moving into Ohio.

Mr. LAUSCHE. Just one moment. I have the floor.

The Senator from Washington has not explained my charge that the bill is an effort to change the purpose and intent of the law which was enacted by the Congress.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield 2 additional minutes?

Mr. SCOTT. I yield 2 additional minutes.

Mr. LAUSCHE. At the time it was intended that there should be no limitation on the distance to which power could be transmitted. The only limitation was that the transmission be economically feasible. Under such language California can get all the power it wants. If it can be sent to a user on an economically feasible basis, the user is entitled to it. I am for that.

But the proposal contemplates that a user shall have the power only if it is available on a secondary surplus basis. When the act was passed, it provided that there should be no limitation upon the right of any citizen of the United States to acquire power if it could be transmitted to the user on the basis of economic feasibility. Now it is contemplated that a provision should be written into the act that, even though such transmission is economically feasible, it shall not be permitted if the transmission would impair the supply of primary power, or otherwise, to the Northwest territory. I do not agree with that. As I said a moment ago to the Senator from Washington, I should like to go along with his proposal. However, I cannot do so. I think I owe it to the citizens of Ohio to express myself on a proposal in the manner in which I see fit.

Mr. JACKSON. I wish to conclude my remarks. The Senator from Ohio has discussd the loss of industry. The Northwest lost aluminum plants to his State and to other States in the Ohio Valley. After considering locating in the Northwest, the Oremet Corp. located at Clarington, Ohio; Alcoa located at Evansville, Ind.; and the Kaiser Aluminum Co. located at Ravenswood, W. Va. I thought my friend from Ohio would like to know that Ohio is getting some industry instead of our area.

Another example of Ohio industrial development is the Portsmouth gaseous diffusion plant, a tremendous Federal investment, which was located in that State because power was available.

Industry is moving into Ohio. The RECORD should so indicate. These charges are made without support. I am offering evidence. Aluminum companies considering expansion in the Northwest located in Ohio instead.

Mr. SCOTT. Mr. President, I yield 1 minute to the Senator from Maryland.

Mr. BEALL. Mr. President, I am asked to vote for a bill which will take tax dollars from Maryland citizens to provide low-cost power for people in the Pacific Northwest. This low-cost power for the Northwest, we are told, will help attract new industries—perhaps from my State.

I do not criticize the proponents of this legislation for looking out for the best interests of their States. I hope they will appreciate my desire to similarly serve the people of Maryland.

During the past 4 years, the Bonneville Power Administration has operated under a deficit. Yet I have not heard of any plans to increase rates to meet these deficits. The States of the East have just as much need for new industry as do those of the West. We welcome the opportunity to compete for new industry. But, I, for one, shall not vote to handicap my State in this competition.

Mr. President, I shall vote against passage of S. 3153. I shall also support the motion to recommit.

Mr. JACKSON. Mr. President, I yield back the remainder of my time.

Mr. SCOTT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the motion of the Senator from Pennsylvania to recommit the bill.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the motion to recommit. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Connecticut [Mr. Dodd], the Senator from Missouri [Mr. Long], the Senator from Wyoming [Mr. McGee], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], and the Senator from Alabama [Mr. Sparkman] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Pennsylvania [Mr. Clark], and the Senator from Minnesota [Mr. Humphrey] are necessarily absent.

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from Minnesota [Mr. Humphrey] is paired with the Senator from New Hampshire [Mr. Murphy]. If present and voting, the Senator from Minnesota would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Missouri [Mr. Long] is paired with the Senator from Utah [Mr. Bennett]. If present and voting, the Senator from Missouri would vote "nay," and the Senator from Utah would vote "yea."

On this vote, the Senator from Wyoming [Mr. McGee] is paired with the Senator from Arizona [Mr. Goldwater]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Arizona would vote "yea."

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Connecticut [Mr. Dodd], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], and the Senator from Alabama [Mr. Sparkman] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senator from New Hampshire [Mr. Murphy], and the Senator from Kansas [Mr. Pearson] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is absent because of illness in the family.

On this vote the Senator from Utah [Mr. Bennett] is paired with the Senator from Missouri [Mr. Long]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Missouri would vote "nay."

On this vote, the Senator from Arizona [Mr. Goldwater] is paired with the Senator from Wyoming [Mr. McGee]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from New Hampshire [Mr. Murphy] is paired with the Senator from Minnesota [Mr. Humphrey]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Kansas [Mr. Pearson] is paired with the Senator from Pennsylvania [Mr. Clark]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 33, nays 53, as follows:

[No. 144 Leg.]

YEAS—33

Allott
Beall
Boggs
Bottum
Bush
Butler
Byrd, Va.
Capehart
Carlson
Case
Cotton
Curtis
Dirksen
Fong
Fulbright
Hickenlooper
Hruska
Javits
Jordan, Idaho
Keating
Lausche
McClellan
Miller
Morton
Mundt
Prouty
Saltonstall
Scott
Smith, Maine
Tower
Wiley
Williams, Del.
Young, N. Dak.

NAYS—53

Aiken
Bartlett
Bible
Burdick
Byrd, W. Va.
Cannon
Carroll
Chavez
Church
Douglas
Eastland
Ellender
Engle
Ervin
Gore
Gruening
Hart
Hartke
Hayden
Hickey
Hill
Holland
Jackson
Johnston
Jordan, N.C.
Kefauver
Kerr
Kuchel
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McNamara
Metcalf
Monroney
Morse
Moss
Muskie
Neuberger
Pastore
Pell
Proxmire
Randolph
Robertson
Smith, Mass.
Stennis
Symington
Talmadge
Thurmond
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—14

Anderson
Bennett
Clark
Cooper
Dodd
Goldwater
Humphrey
Long, Mo.
McGee
Murphy
Pearson
Russell
Smathers
Sparkman

So the motion to recommit was rejected.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. DIRKSEN. Mr. President, I yield 2 minutes on the bill to the distinguished senior Senator from South Dakota.

Mr. MUNDT. Mr. President, several Senators have inquired whether I propose to call up either or both of my two amendments which are at the desk. For their information and for the benefit of other Senators who may have duties off the floor of the Senate, since the issues involved in my amendments are precisely the issues which were involved in the motion to recommit, which has now been defeated upon a yea-and-nay vote, I do not believe in engaging in exercises of futility.

It is obvious that approximately the same vote would obtain on each of my amendments.

The issues have been thoroughly ventilated in the course of the debate during the last 3 days, and the debate on them will be available to Members of the other body when this bill is considered there, and is available now to the people of the respective States whose interests are involved. They can make their wishes known to the Members of the other House.

I repeat that I think the bill would embark us on a dangerous course—when we begin to rewrite the preference clause involving the availability of power in the Nation. I do not propose to vote in favor of following such a course. I do not propose to call up my amendments now, because they were amendments for defensive purposes only, and were discussed in an attempt to bring under this canopy—one which I do not approve—the States of my area, in order to give them the privilege which the bill, as it now stands, would make available only to the States of the Pacific Northwest.

Mr. President, I think there is a better and more available method to cure the problems of the Pacific Northwest. Although I fear that the pending bill will shortly be passed by the Senate, I hope that when the effect of the bill becomes public knowledge and when Members of the other body consider it, more careful attention and more thoughtful study will result in the defeat of the bill there and the substitution for the bill of a measure providing an equitable power policy under which all the States will be dealt with equitably.

Mr. COTTON. Mr. President——

Mr. DIRKSEN. I yield 1 minute to the Senator from New Hampshire.

Mr. COTTON. Mr. President, it is difficult for me to believe that the Senate fully realized the significance of this bill. If the measure were to be enacted, it would reach far into the future and would involve some very sacred and precious rights of many of the States.

I agree with the distinguished Senator from South Dakota [Mr. MUNDT] that it would be an exercise in futility to indulge in offering amendment after amendment to the bill. That would only prolong the debate and would unnecessarily hold up the work of the Senate.

However, I hope—and this is not with any idea of placing any Senator on record, but because I do believe that the vote about to be taken will be a landmark in connection with the future power picture in the nation—that even though a yea-and-nay vote was taken on the motion to recommit, a yea-and-nay vote should also be taken on the question of passage of the bill.

Therefore, Mr. President, on the question of the passage of the bill, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, before the yea-and-nay vote is taken, I should like to ask the distinguished majority leader about the program for the remainder of today and also for tomorrow.

Mr. MANSFIELD. First, Mr. President, let me take this opportunity to thank the distinguished Senator from Washington [Mr. JACKSON] and Members of the Senate as a whole for the consideration shown in connection with this bill, and especially for the consideration shown in the remarks by the Senator from South Dakota [Mr. MUNDT], the Senator from New Hampshire [Mr. COTTON], and the distinguished minority leader [Mr. DIRKSEN] about this measure. I hope this will serve as a model to be used in connection with other measures which may come before the Senate during the remainder of the session.

It had been anticipated that the Senate would take up the San Diego land bill, following the pending measure. However, because the hearings are still being conducted in the Foreign Relations Committee, and will be for perhaps another hour or so, it is hoped that, with the consent of the Senate and with the concurrence of the distinguished minority leader, the leadership will be allowed to call up some measures on the calendar to which there is no objection.

ORDER FOR ADJOURNMENT TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the session today, the Senate adjourn until tomorrow morning, at 10 a.m.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

COMMITTEE SERVICE

Mr. DIRKSEN. Mr. President, if it is in order, I now submit a resolution for which I request immediate consideration.

The PRESIDING OFFICER. The resolution will be read. The resolution (S. Res. 373) was read, as follows:

Resolved, That the Senator from New York, Mr. JAVITS, is hereby excused from further service on the Committee on Banking and Currency and that the Senator from New Hampshire, Mr. MURPHY, is hereby excused from further service on the Committee on Labor and Public Welfare; and be it further

Resolved, That the Senator from New York, Mr. JAVITS be and he is hereby assigned to service on the Committee on Appropriations; that the Senator from New Hampshire, Mr. MURPHY, be and he is hereby assigned to service on the Committee on Banking and Currency, and that the Senator from Idaho, Mr. JORDAN, be and he is hereby assigned to service on the Committee on Interior and Insular Affairs and to the Committee on Labor and Public Welfare.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 373) was considered and agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House concurred in the amendments of the Senate numbered 1 through 35, inclusive, and in amendment numbered 38, to the bill (H.R. 11151) making appropriations for the legislative branch for the fiscal year ending June 30, 1963, and for other purposes; that the House disagreed to the amendments of the Senate numbered 36, 37, and 39 through 45, inclusive, to the bill, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEED, Mr. KIRWAN, Mr. CANNON, Mr. HORAN, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 11018. An act to amend the act concerning gifts to minors in the District of Columbia;

H.R. 11019. An act to provide that the Uniform Limited Partnership Act shall apply in the District of Columbia;

H.J. Res. 659. Joint resolution granting consent of the Congress to a compact entered into between the State of Maryland and the Commonwealth of Virginia for the creation of the Potomac River compact of 1958; and

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED OR PLACED ON CALENDAR

The following bills and joint resolutions were severally read twice by their titles and referred or placed on the calendar, as indicated:

H.R. 11018. An act to amend the act concerning gifts to minors in the District of Columbia; placed on the calendar.

H.R. 11019. An act to provide that the Uniform Limited Partnership Act shall apply in the District of Columbia; to the Committee on the District of Columbia.

H.J. Res. 659. Joint resolution granting consent of the Congress to a compact entered into between the State of Maryland and the Commonwealth of Virginia for the creation of the Potomac River Compact of 1958; and

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay; to the Committee on the Judiciary.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader what business he contemplates for the session tomorrow, assuming that the calendar measures he has in mind are disposed of this afternoon.

Mr. MANSFIELD. If the San Diego land bill is disposed of this afternoon—although at the moment that is doubtful—it will be followed by the bill for additional elements for the Military Academy, and perhaps the bill for the establishment of a Commission on Science and Technology, and some other bills which have been reported from the Committee on Government Operations.

For the benefit of the Senator from Delaware [Mr. WILLIAMS], let me say that I do not know whether we shall be ready to take up some of the Commerce bills tomorrow; but if we are, I will give him all the notice I can.

Mr. WILLIAMS of Delaware. Mr. President, will the distinguished Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. WILLIAMS of Delaware. As the majority leader knows, it is perfectly agreeable to me to have the Senate take up those bills, if the majority leader wishes that done. I shall be glad to cooperate.

Mr. MANSFIELD. Yes, the Senator from Delaware has made that clear for some time.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. HRUSKA. Mr. President, will the Senator from Illinois yield 5 minutes to me?

Mr. DIRKSEN. I yield 5 minutes to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, earlier this year I spoke at some length in this Chamber on the reasons why the pending bill, S. 3153, should not be enacted.

At that time I characterized the measure as an unfortunate expedient that gives all power consumers in the Pacific Northwest a priority to Federal power generated at Federal powerplants in that area.

Nebraska has a vital stake in this matter. It is the only State located entirely within the Missouri River basin. We do not have an abundance of Federal hydroelectric facilities. Federal power is obtained from generating facilities in South Dakota and Colorado. Obviously, an abrogation of the present preference arrangements could have serious economic consequences for Nebraska.

The Federal power Nebraska receives from the main stem dams has been allocated in accordance with a preference clause which has been on the statute books for more than a half century.

Up to now, this clause has withstood efforts to modify it. This is not accidental. The clause has remained virtually intact for sound political and economic reasons. Each project consisting of dams, reservoirs, and generating equipment was authorized and later funded only when it could be justified by the same considerations.

The problem now confronting Nebraska by the pending proposal will also face other States in the Missouri River basin, notably Iowa, Minnesota, Kansas, Colorado, and Wyoming. The preference clause which has been on the statute books since the enactment of the first Reclamation Act, affording a first claim to power generated by such Federal projects to publicly owned electric utilities, will be lost. Up to now, the general applicability of the statute assures protection to these preferred users. The present exceptions are quite restrictive in scope and raise few problems concerning the power to be distributed.

However, S. 3153 undertakes to re-do and virtually repeal the preference clause by seeking to confine all power generated in a certain area to that area. Furthermore, it gives preferences to customers who heretofore have not enjoyed a preference. By the same token the bill will deprive certain presently preferred customers of the priority granted them by law.

The report on the bill spells out this design and objective in unmistakable terms. Quoting from page 4 of the report:

> Presently, there is no geographical limitation on the marketing area of the Bonneville Power Administration. The only limit is that of economic transmission distance. If a preference agency in the Pacific Southwest, or elsewhere in the West, has access to the Columbia River power system over an extra-high-voltage interconnection between the two regions, under existing law it can demand power that is needed in the Pacific Northwest to carry the loads of nonpreferred utilities and direct industrial customers in that region. This is true not only of secondary power, but firm power as well. This fact, coupled with economic and physical factors unique to the Pacific Northwest, is the basic reason why S. 3153 is necessary.

Reading further from page 5 of the report:

> But once the interconnecting lines are constructed and available, the preference customers in the Pacific Southwest could demand that the secondary power continue to flow to them even though it might be needed in the Pacific Northwest. They also could demand that firm power needed by nonpreference utilities and by the electroprocess industries in the Pacific Northwest be delivered to them. This bill is necessary to permit the sale of the dump power to the benefit of everyone without endangering the power supply of people in the Pacific Northwest who depend upon the Federal Columbia River system for an economic supply of power.

Mr. President, it is clear that the bill will substantially amend existing law relating to preferences in allocating power generated in any one region of our country.

The impact of this change is enormous. Let us be frank on that score. No longer will the ultimate generating capacity of the Federal hydroelectric plants in operation or under construction in the Pacific Northwest—some 11,500,000 kilowatts—be allocated by the long-established and time-honored principle which now applies.

By contrast, the ultimate capacity of all other areas is about 7,250,000 kilowatts.

Thus, approximately 60 percent of the Federal hydroelectric power in the country will be governed by a newly fashioned, specially designed preference arrangement if this bill passes.

Clearly, S. 3153 cannot be considered an insignificant bill of merely local interest. It affects a substantial portion of industry and a sizable part of our economy. In short, it is a radical change.

The consequences of this course of action have been fully discussed in the debate the past 2 years. I wish to emphasize, however, that the greatest impact of the measure, and its greatest danger as well, is the precedent which would thus be established for similar revisions of the preference clause in other areas.

The warning flag is already up. We have heard the demands for such legislation in this Chamber these past 2 days.

If this comes to pass, we will witness a repudiation of the essential justification for the flood control and reclamation projects in our Nation.

It will mean each State for itself.

These large power projects are justified because of their multipurpose uses and benefits. They are financed with moneys collected from all the Nation's taxpayers. With the adoption of the new formula, however, such major improvements will be reduced to serve the interests of a given region in which they are located.

Surely this does violence to, and repudiates, the basis upon which such projects were made possible. It amounts to a breach of faith with the taxpayers of the Nation who contributed to the heavy cost for such construction.

Senator Miller spoke quite effectively on this point in his remarks yesterday. They are worth recalling here:

> Finally, Madam President, my third point is that the principle of this bill would lock in all present and future Federal power for all present and future consumers in the region of origin, to the detriment of those outside. The enactment of a regional preference bill assumes that the power facilities installed now or in the future in the Bonneville area were installed primarily for the benefit of the people living now or in the future in the Pacific Northwest. This is a false premise. These facilities were built for the people of the United States as a whole. Consumers of electricity located within economic transmission distance of these facilities have just as much right to the electric power produced at any one of these dams as have the people who are within only a mile or two of such installations. This proposed legislation assumes that it is perfectly proper to discriminate against consumers of electricity located at some distance from these projects. This is unfair and contrary to the American principles of fairness and equality.
>
> Greatly increased demands will be made upon the taxpayers of the country to pay for the development of additional electric facilities in undeveloped hydroelectric power sites in the Pacific Northwest. Half of the entire water and power resources of the Nation are located in the Pacific Northwest. Half of all Federal hydroelectric facilities are situated here. Taxpayers throughout the country already have invested $1,700 million in Northwest power facilities. In the future this investment may well be doubled. Taxes paid by all the people build Federal power projects; so all the people should share to the maximum extent practicable in the benefits their taxes have created.
>
> In the Pacific Northwest, according to the Federal Power Commission, there are still 37,129,700 kilowatts of undeveloped hydroelectric generating capacity. Should the Nation's taxpayers as a whole be asked to provide out of tax revenues large appropriations to develop the hydroelectric resources of the Pacific Northwest for the benefit solely of the present and future inhabitants of that area?

In 1958 Senator Humphrey, a member of the Senate Appropriations Committee, phrased the issue in even more pointed terms:

> If Senators start to play around with the preference clause in the case of these flood-control projects—and the Missouri River program is under the Flood Control Act—they will run into difficulties in the case of the appropriations, because it is rather difficult for some of us from areas outside the immediate vicinity to justify projects when there will be discrimination in terms of the availability of power.

Mr. President, S. 3153 will have incalculable repercussions for power-importing States, for States with expanding industries, for States which hope to attract industries on a competitive basis, and for States which still have undeveloped hydroelectric power.

Mr. Fred Seaton forecast the danger of this bill in language which bears quoting here:

> While the announced purpose of this proposed legislation is to deal with the sale of surplus power in the Pacific Northwest to other adjacent areas, including California, it can, if passed without amendment, create a dangerous precedent which would be extremely harmful to the future of the State of Nebraska.

I ask unanimous consent, Mr. President, that there be printed in the Record at this point an article published in the May 25, 1962, issue of the Omaha World-Herald in which Mr. Seaton's concern about this bill is reported in full.

There being no objection, the article was ordered to be printed in the Record, as follows:

Seaton: Power Bill Threat to State's Priority Status

Hastings, Nebr.—Fred A. Seaton, Republican nominee for Governor, said Thursday night that a Senate power bill introduced by Senator Clinton Anderson, Democrat, of New Mexico, chairman of the Senate Interior and Insular Affairs Committee, is a potential threat to Nebraska.

Mr. Seaton said the bill is S. 3135 which Senator Anderson introduced at the request of Interior Secretary Stewart Udall.

The Hastings publisher said, "While the announced purpose of this proposed legislation is to deal with the sale of surplus power in the Pacific Northwest to other adjacent areas, including California, it can, if passed without amendment, create a dangerous precedent which would be extremely harmful to the future of the State of Nebraska."

Mr. Seaton said that Senator Anderson appeared to recognize the dangers.

He quoted Senator Anderson as saying that "it is a dangerous principle to start laying down that because water falls in a certain geographical area, that the people living in that State, no matter where they may be, have preference rights above what others might have gotten."

Mr. Seaton commented that if the bill passed as it stands, the Secretary of Interior could restrict electrical energy now flowing into western Nebraska from the Big Thompson project of Colorado to sale on a surplus recallable basis.

The same, said Mr. Seaton, could apply to power coming into Nebraska from Fort Randall and Big Bend Dams in South Dakota.

"Nebraska, as a public power State, now has a priority preference status under Federal law and we must not lose it. Nebraska public power districts, REA's, municipalities, and other preference customers have a tremendous interest at stake," he said.

Mr. HRUSKA. Mr. President, finally, I fully subscribe to the cogent statement of my colleague, Senator Curtis, voiced during the debate in the Senate on April 1958 on similar effort to modify the preference clause. Senator Curtis focused attention on the basic weakness of such a proposal, the self-defeating effect of regional or local preferences:

> This proviso modifies the power preference clause. That is its purpose; that is what it does. If the power preference clause is to be adopted, that is all right. I think it should be brought in the front door and debated as such, and all the equities weighed. * * *
>
> I add that it is a modification of the preference law. This time it is modified by the location of the dam. To say the least, it lacks uniformity. If we are to have a preference law, it should apply the same all over, in every State, and to all the people.
>
> This proposal establishes a precedent. It will follow that the next time preference will be given to the State in which the dam is located, or so many miles from it.
>
> Although the hour is late, I call to the attention of the Senate the fact that we are approving a modification of the preference clause with respect to federally financed hydroelectric projects.

It is for such reasons, Mr. President, that I am convinced the pending legislation should not be enacted. It introduces the divisive issue of sectionalism. It distorts the logic of preference clause practices. It destroys the justification for supporting, with Federal funds, locally needed projects. I yield the floor.

The PRESIDING OFFICER. Do Senators in charge of the time on the bill yield back the remaining time?

Mr. DIRKSEN. Mr. President, I yield back the remainder of the time under my control.

Mr. JACKSON. Mr. President, I yield back the remainder of the time under my control.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question now is, Shall the bill pass?

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Connecticut [Mr. Dodd], the Senator from Missouri [Mr. Long], the Senator from Florida [Mr. Smathers], and the Senator from Alabama [Mr. Sparkman] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Pennsylvania [Mr. Clark], and the Senator from Minnesota [Mr. Humphrey] are necessarily absent.

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Kansas would vote "nay."

On this vote, the Senator from Minnesota [Mr. Humphrey] is paired with the Senator from New Hampshire [Mr. Murphy]. If present and voting, the Senator from Minnesota would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Missouri [Mr. Long] is paired with the Senator from Utah [Mr. Bennett]. If present and voting, the Senator from Missouri would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Florida [Mr. Smathers] is paired with the Senator from Arizona [Mr. Goldwater]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Arizona would vote "nay."

I further announce that if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Connecticut [Mr. Dodd], and the Senator from Alabama [Mr. Sparkman] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senator from New Hampshire [Mr. Murphy] and the Senator from Kansas [Mr. Pearson] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is absent because of illness in the family.

The Senator from Kentucky [Mr. Morton] is detained on official business.

On this vote the Senator from Utah [Mr. Bennett] is paired with the Senator from Missouri [Mr. Long]. If present and voting, the Senator from Utah would vote "nay," and the Senator from Missouri would vote "yea."

On this vote, the Senator from Arizona [Mr. Goldwater] is paired with the Senator from Florida [Mr. Smathers]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from Florida would vote "yea."

On this vote, the Senator from New Hampshire [Mr. Murphy] is paired with the Senator from Minnesota [Mr. Humphrey]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Kansas [Mr. Pearson] is paired with the Senator from Pennsylvania [Mr. Clark]. If present and voting, the Senator from Kansas would vote "nay," and the Senator from Pennsylvania would vote "yea."

The result was announced—yeas 51, nays 36, as follows:

[No. 145 Leg.]

YEAS—51

Aiken
Bartlett
Bible
Burdick
Cannon
Carroll
Chavez
Church
Douglas
Eastland
Ellender
Engle
Gore
Gruening
Hart
Hartke
Hayden
Hickey
Hill
Holland
Jackson
Johnston
Kefauver
Kerr
Kuchel
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McGee
McNamara
Metcalf
Monroney
Morse
Moss
Muskie
Neuberger
Pastore
Pell
Prouty
Proxmire
Russell
Smith, Mass.
Stennis
Symington
Talmadge
Thurmond
Williams, N.J.
Yarborough
Young, Ohio

NAYS—36

Allott
Beall
Boggs
Bottum
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Capehart
Carlson
Case
Cotton
Curtis
Dirksen
Ervin
Fong
Fulbright
Hickenlooper
Hruska
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Lausche
McClellan
Miller
Mundt
Randolph
Robertson
Saltonstall
Scott
Smith, Maine
Tower
Wiley
Williams, Del.
Young, N. Dak.

NOT VOTING—13

Anderson
Bennett
Clark
Cooper
Dodd
Goldwater
Humphrey
Long, Mo.
Morton
Murphy
Pearson
Smathers
Sparkman

So the bill (S. 3153) was passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, as used in this Act—

(a) "Secretary" means the Secretary of the Interior.

(b) "Pacific Northwest" means (1) the region consisting of the States of Oregon and Washington, the State of Montana west of the Continental Divide, and such portions of the States of Nevada, Utah, and Wyoming within the Columbia drainage basin and of the State of Idaho as the Secretary may determine to be within the marketing area of the Federal Columbia River power system, and (2) any contiguous areas, not in excess of seventy-five airline miles from said region, which are a part of the service area of a distribution cooperative which has (i) no generating facilities, and (ii) a distribution system from which it serves both within and without said region.

(c) "Surplus energy" means electric energy generated at Federal plants in the Pacific Northwest which would otherwise be wasted because of the lack of a market therefor in the Pacific Northwest at any established rate.

(d) "Surplus peaking capacity" means electric peaking capacity at Federal plants in the Pacific Northwest for which there is no demand in the Pacific Northwest at any established rate.

(e) "Non-Federal utility" means any utility not owned or controlled by the United States, including any entity (1) which such a utility owns or controls, in whole or in part, or is controlled by, (2) which is controlled by those controlling such utility, or (3) of which such utility is a member.

(f) "Energy requirements of any Pacific Northwest customer" means the full requirements for electric energy of (1) any purchaser from the United States for direct consumption in the Pacific Northwest, and (2) any non-Federal utility in that region in excess of (i) the hydroelectric energy available for its own use from its generating plants in the Pacific Northwest, and (ii) any additional energy available for use in the Pacific Northwest which, under a then existing contract, the utility (A) can obtain at no higher incremental cost than the rate charged by the United States, or (B) is required to accept.

Sec. 2. Subject to the provisions of this Act, the sale, delivery, and exchange of electric energy generated at, and peaking capacity of, Federal plants in the Pacific Northwest for use outside the Pacific Northwest shall be limited to surplus energy and surplus peaking capacity.

Sec. 3. (a) Any contract for the sale or exchange of surplus energy for use outside the Pacific Northwest, or as replacement, directly or indirectly, within the Pacific Northwest for hydroelectric energy delivered for use outside that region by a non-Federal utility, shall provide that the Secretary, after giving the purchaser notice not in excess of seven days, will not deliver electric energy under such contract whenever it can reasonably be foreseen that such delivery would impair his ability to meet, either at or after the time of such delivery, the energy requirements of any Pacific Northwest customer. The purchaser shall obligate himself not to take delivery of or use any such energy to supply any load under such conditions that discontinuance of deliveries from the Pacific Northwest in seven days would cause undue hardship to the purchaser or in his territory, and, further, the purchaser shall acknowledge full responsibility if any such hardship occurs. Deliveries by a non-Federal utility from its generating plants in the Pacific Northwest for use on its own distribution system in an area outside but contiguous to the Pacific Northwest (not including any extension of its outside service area by merger or acquisition after the effective date of this Act) shall not be deemed deliveries by such utility for use outside the Pacific Northwest.

(b) Electric energy generated at Federal plants in the Pacific Northwest which can be conserved, for which there is no immediate demand in the Pacific Northwest at any established rate, but for which the Secretary determines there may be a demand in meeting the future requirements of the Pacific Northwest, may be delivered for use outside that region only on a provisional basis under contracts providing that if the Secretary determines at a subsequent time that, by virtue of prior deliveries under such contract, the Secretary is or will be unable to meet the energy requirements of any Pacific Northwest customer, the purchaser will return the full amount of energy delivered to him, or such portion or portions thereof as may be required, at such time or times as may be specified by the Secretary, except that the Secretary shall not require return during the purchaser's daily peak periods. The Secretary shall require the return of the energy provisionally delivered hereunder, to such extent and at such times, as may be necessary to meet demands at any established rate for use within the Pacific Northwest.

(c) Any contract for the disposition of surplus peaking capacity shall provide that (1) the Secretary may terminate the contract upon notice not in excess of forty-eight months, and (2) the purchaser shall advance or return the energy necessary to supply the peaking capacity, except that the Secretary shall not require such advance or return during the purchaser's daily peak periods. The Secretary may contract for the sale of such energy to the purchaser, in lieu of its return, under the conditions prescribed in subsection (a) of this section.

(d) The Secretary, in making any determination of the energy requirements of any Pacific Northwest customer which is a non-Federal utility having hydroelectric generating facilities, shall exclude any amounts of hydroelectric energy generated in the Pacific Northwest and disposed of outside the Pacific Northwest by the utility which, through reasonable measures, could have been conserved or otherwise kept available for the utility's own needs in the Pacific Northwest. The Secretary may sell the utility as a replacement therefor only what would otherwise be surplus energy.

Sec. 4. Any contract of the Secretary for the sale or exchange of electric energy generated at, or peaking capacity of, Federal plants in marketing areas outside the Pacific Northwest for use within the Pacific Northwest shall be subject to limitations and conditions corresponding to those provided in sections 2 and 3 for any contract for the sale or exchange of electric energy or peaking capacity generated within the Pacific Northwest for use outside the Pacific Northwest.

Sec. 5. Without regard to the limitations specified in sections 2 and 3 of this Act, the Secretary may enter into contracts for the exchange with areas other than the Pacific Northwest of (1) surplus energy during the Pacific Northwest storage refill period, (2) any energy during the Pacific Northwest storage refill period which will be returned to the Pacific Northwest in equal amounts during the same Pacific Northwest refill period or the succeeding storage drawdown period, (3) any energy which will be returned to the Pacific Northwest in equal amounts during the same Pacific Northwest storage drawdown period, (4) peaking capacity, or (5) surplus peaking capacity for energy. All benefits from such exchanges, including resulting increases of firm power, shall be shared equitably by the areas involved, having regard to the secondary energy and other contributions made by each.

Sec. 6. Any capacity in Federal transmission lines connecting, either by themselves or with non-Federal lines, a generating plant in the Pacific Northwest or Canada with the other area or with any other area outside the Pacific Northwest, which is not required for the transmission of Federal energy or the energy described in section 8, shall be made available as a carrier for transmission of other electric energy between such areas. The transmission of other electric energy shall be at equitable rates determined by the Secretary, but such rates shall be subject to equitable adjustment at appropriate intervals not less frequently than once in every five years as agreed to by the parties. No contract for the transmission of non-Federal energy on a firm basis shall be affected by any increase, subsequent to the execution of such contract, in the requirements for transmission of Federal energy, the energy described in section 8, or other electric energy.

Sec. 7. The Secretary shall offer to amend, without imposing any other requirement as a condition to such amendment, all existing contracts for the sale or exchange of electric power generated at Federal plants in the Pacific Northwest to include, and shall include in all new contracts, provisions giving the purchaser priority on electric power generated at such plants in conformity with the provisions of this Act.

Sec. 8. The provisions of this Act shall not be applicable to (1) the Canyon Ferry project and (2), except as provided in section 6, downstream power benefits to which Canada is entitled under the treaty between Canada and the United States relating to the cooperative development of the water resources of the Columbia River Basin, signed at Washington, January 17, 1961, nor to energy or capacity disposed of to Canada in any exchange pursuant to paragraph 1 or 2 of article VIII thereof. Nothing in this Act shall be construed to modify the geographical preference of power users in the State of Montana which is established by the Hungry Horse Dam Act (Act of June 4, 1944, 58 Stat. 270), as amended.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. DIRKSEN. Mr. President, I ask unanimous consent that tomorrow the Senate Committee on the Judiciary may be permitted to meet during the session of the Senate.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Illinois? The Chair hears none——

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. YARBOROUGH. What was the request by the Senator from Illinois?

The ACTING PRESIDENT pro tempore. The Senator from Illinois will repeat his unanimous-consent request.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Committee on the Judiciary may be permitted to meet during the session of the Senate tomorrow.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. CARROLL. Mr. President, I ask unanimous consent that the Subcommittee on Minerals, Materials, and Fuels of the Committee on Interior and Insular Affairs may be permitted to meet during the session of the Senate tomorrow. The subcommittee has a number of small bills to consider, as to which Senators have been pressing for action. It should not require long.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Colorado? The Chair hears none, and it is so ordered.

CONVEYANCE OF CERTAIN PROPERTY IN THE CITY OF SAN DIEGO, CALIF.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1590, S. 1108.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with amendments.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside, so that the Senate may proceed to consider some measures on the calendar to which there is no objection.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

BARBARA W. TROUSIL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1720.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (H.R. 3372) for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the the bill (H.R. 3372) for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil, which was ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1761), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of the proposed legislation is to provide that the Foreign Claims Settlement Commission is to have jurisdiction to determine the validity and amount of the claims of Barbara W. Trousil and her sons, Edward G. Trousil and Robert E. Trousil, filed under the provisions of title IV of the International Claims Settlement Act of 1949 for property lost through its nationalization by the Government of Czechoslovakia. The bill would authorize the consideration of such claims without regard to the applicable statute of limitations, and would provide for a certification to the Secretary of the Treasury of the amount due under the law.

The circumstances which gave rise to this legislation are set forth in House Report No. 1377, as follows:

"At a hearing conducted on this bill it was stated that the relief provided for in this bill is required since the beneficiaries named in the bill were misled as to the fate of their property through the deceit and fraudulent concealment of fact by a court-appointed guardian acting in collusion with the Communist government of Czechoslovakia. As a result of this fraudulent concealment this family has been denied relief under the provisions of the International Claims Settlement Act of 1949 for they were thereby kept from filing their claim in time under that act.

"All three of the beneficiaries of this bill are U.S. citizens. Barbara Trousil, the widow, was naturalized on January 27, 1928. Her twin sons, Edward G. Trousil and Robert Emil Trousil are citizens by birth.

"The Trousil family lived in Czechoslovakia during World War II. The father, Bohumil Trousil, now deceased, operated the family business and managed other family holdings which were owned jointly with his mother, Emilie Trousil, now deceased. The sequence of events leading up to the discovery of the fraudulent acts of the court-appointed guardian are as follows:

"During 1944, the father established substantial bank accounts in various Prague savings banks in the names of his twin sons, Edward and Robert Trousil who were then 14 years of age. Thereafter, on February 28, 1945, the family was notified by the Swiss consulate in Prague that as American citizens their property would be protected against confiscation or destruction.

"After cessation of hostilities, Barbara Trousil returned to the United States in 1946, while the boys remained in boarding school. The father, Bohumil Trousil, died intestate on February 1, 1948. The administration of the father's estate was undertaken by the district civil court in Prague, which in due time appointed one Slavomira Ledererova, a friend and employee of the Trousils, as guardian for Edward and Robert Trousil who were 18 years of age at the time of their father's death.

"Upon graduation from school, Edward and Robert Trousil joined their mother in the United States in November 1950. The guardian, in addition to other estate matters, continued operating the family business, and not until November 12, 1953, did the court enter its decree of distribution of the father's estate. Thereafter, the guardian continued to manage the estate in a fiduciary capacity, sent periodic remittances to the Trousils in the United States, and represented the two boys as their guardian in the proceedings related to the estate of their grandmother who died testate on June 23, 1956.

"During the period after November 1950 in response to specific queries sent to the guardian as to the status of their property, the Trousils received assurances from the guardian that all was well. As recently as 1959, the guardian assured the Trousils that the circumstances regarding their property was unchanged, and that the Trousils were not receiving income from their business only because of high taxes and a ruling by the Communist government of Czechoslovakia that prohibited sending any part of the net income out of the country. Attempts to verify the status of their property by written inquiries directed to the Government of Czechoslovakia produced neither an answer to their question nor even an acknowledgment from that Government.

"Finally, in 1960, despite the repeated assurances of the guardian, the Trousils suspected that they were being erroneously informed as to the status of their property, and Barbara and Edward Trousil made arrangements to visit Czechoslovakia to determine the facts for themselves. Although first denied by the guardian, in subsequent confrontations the guardian admitted the true facts and produced papers showing that the Trousils' property had been confiscated or 'nationalized' by the Communist government of Czechoslovakia in 1953. These papers indicated that the confiscation was accomplished with the knowledge, if not the connivance of the guardian. The efforts made by Edward Trousil to ascertain the facts while visiting Czechoslovakia are reflected in the following quotation from an affidavit furnished the committee:

" 'That while in Czechoslovakia in August 1960, Edward Trousil, through his wife, sought information from the Czechoslovak Government, and received no answer; that he contacted the U.S. consul in Prague, and was told that whenever the consul had made inquiries regarding nationalization on behalf of American citizens, they had never received a reply from the Czechoslovak Government.'

"The Trousils filed claim within 30 days of the actual discovery of the concealment of fact, but their claim has been denied by the Foreign Claims Settlement Commission for the sole reason that their claims 'had not been timely filed.'

"On the basis of the foregoing facts it is concluded that a waiver of time limitations to permit the consideration of the claims is justified in this case. It is apparent that the claimants in this country were dependent upon the Czechoslovak guardian for guidance and information. A grandmother who died in Czechoslovakia in 1953 was moved by that country's government to a state home for the aged near Bozice, Moravia, in Czechoslovakia; had never been associated with the business, and therefore had no opportunity to know of the seizure of the business."

The committee notes that the Foreign Claims Settlement Commission considers the granting of relief in this case to be a matter of legislative policy, but the Commission does oppose the bill on the grounds that there are pending in Congress three general House bills designed to extend the time for filing under the Czechoslovak claims program. The committee has no information as to prospects for enactment of any one of such bills.

Under the circumstances above cited from the House report on this bill, it seems clear that the claimants are not chargeable with laches in the sense that they knowingly slept on their rights. Instead, they are the innocent victims of a conscious deception. The contention of the claimants that they were unable to obtain any information or assistance from the Communist government in Czechoslovakia is supported by a statement in the semiannual report from the Foreign Claims Settlement Commission for the period ending June 30, 1961. It is there stated (p. 5):

"The Government of Czechoslovakia refused to furnish any assistance to the Commission, or to claimants seeking to obtain evidence in support of their claims."

If the claimants here are permitted to file their claim, the United States would not seem to be prejudiced in any way by the delay brought about by the deception. The burden of proof in establishing ownership and the extent of loss rests upon the claimants. The amount of recovery will necessarily be small because of the wide discrepancy, noted in the Commission's report, between the $9 million in the Czechoslovak claims fund and the total of potential awards in the amount of $100 million. Title IV of the International Claims Settlement Act provides for an initial payment of $1,000 and thereafter payments on a pro rata basis.

Having already suffered substantial losses at the hands of the Communist government in Czechoslovakia, the claimants ought not, in the committee's opinion, be made to suffer further because they did not claim damages for a loss they did not know had occurred until after the period for filing claims had expired. The committee believes that the beneficial purpose of the Czechoslovak claims program will be served by permitting the claimants the relief provided in the bill, and accordingly recommends that H.R. 3372 be given favorable consideration.

AMENDMENT OF THE UNITED STATES CODE WITH RESPECT TO FEES OF U.S. MARSHALS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1743.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (H.R. 10651) to amend title 28, United States Code, with respect to fees of U.S. marshals, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (H.R. 10651) to amend title 28, United States Code, with respect to fees of U.S. marshals, and for other purposes, which had been reported from the Committee on the Judiciary, with an amendment, on page 2, after line 4, to strike out:

" "Where service is requested to be made on a Saturday, Sunday, or holiday, the fees prescribed in the preceding two paragraphs shall be increased by 100 per centum;".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1785), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

STATEMENT

Section 1921 of title 28, United States Code, specifies the fees to be charged by U.S. marshals for the service of various types of process on behalf of private litigants. Those fees have remained substantially the same since they were prescribed by the act of February 26, 1853 (10 Stat. 164), over 100 years ago.

At the time the fee schedule was established, U.S. marshals did not receive salaries. Instead, they were allowed such fees and percentages as they collected, not in excess of $6,000 a year. Deputy marshals received an amount equal to three-fourths of the fees collected by them, subject to reduction by the Attorney General if the earnings appeared unreasonable. The excess of fees collected over the amounts retained by marshals and their deputies was used to defray office expenses or deposited in the Treasury.

In the past, the fees charged under this system were adequate to pay for the services and travel expenses of marshals. The result was that service of process on behalf of private litigants cost the Government little or nothing.

In 1896, this system for the payment of marshals was changed. All fees were to be paid into the Treasury. Marshals and gradually all deputy marshals were put on a salary basis and were paid for their expenses in accordance with general regulations.

Since 1896 both salaries and expense allowances have increased substantially. However, the fees charged by the Government for the services of marshals have, with the exception of mileage, remained the same as they were in the middle of the 19th century.

Recently the Department of Justice and the General Accounting Office conducted a joint survey of the cost of serving process. The survey disclosed that the annual cost of serving process on behalf of private litigants exceeded the fees charged by approximately $411,000.

The committee believes that the bill which would make modest increases in fees charged to private litigants for the services of U.S. marshals is meritorious and recommends it favorably.

Attached and made a part of this report are (1) a letter, dated March 20, 1961, from the Department of Justice, transmitting a legislative proposal to permit the Attorney General to establish a table of fees for the services of U.S. marshals; (2) a letter, dated March 28, 1962, from the Department of Justice, transmitting a legislative proposal identical with the bill, H.R. 10651; and (3) a letter, dated June 11, 1962, from the Department of Justice in regard to the bill, H.R. 10651.

Office of the Attorney General,
Washington, D.C., March 20, 1961.

The Vice President,
U.S. Senate, Washington, D.C.

Dear Mr. Vice President: Enclosed for your consideration and appropriate reference is a legislative proposal to amend title 28 of the United States Code with respect to the fees of U.S. marshals.

Section 1921 of title 28 enumerates specifically the fees to be charged private litigants for services rendered them by U.S. marshals. These fees have not been changed substantially in the past 100 years. However, a joint study concluded several years ago by the General Accounting Office and the Department of Justice disclosed that the annual cost to the Government for handling Federal court process for private litigants exceeds the charges made for such service by approximately $411,000.

It was apparent that the statute relating to marshals' fees was in need of amendment and based thereon the Department of Justice proposed to the 84th Congress and to each succeeding Congress the enactment of appropriate legislation. It is the view of the Department that it is desirable to abandon the present approach of the statute; that is, the specific fixing of fees, and to substitute instead a grant of authority to the Attorney General periodically to promulgate a table of fees. In this way the fee schedules would be more flexible, easily being increased or decreased to approximate the cost to the Government for the service being rendered.

A plan similar to that suggested is now provided for by section 1914(b) of title 28, relating to fees to be collected by the clerks of the district courts.

Section 1921 now provides that for marshals' services in a criminal case there may be taxed as costs a sum to be fixed by the court within certain limits. The proposed legislation would make no substantive change in this provision, but would relocate it in section 1920, the section which pertains to taxation of costs.

The Bureau of the Budget has advised that there is no objection to the submission of this recommendation.

Sincerely,

Robert F. Kennedy,
Attorney General.

DISPOSAL OF PROPERTY AT LOS ALAMOS, N. MEX.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1749.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (S. 3580) to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 3580) to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Atomic Energy Community Act of 1955, as amended, is hereby further amended in the following respects:

Section 21 b. is hereby amended by striking the period after the words "General Manager" in subsection (2), by inserting after the quotation mark: "; or (3) Los Alamos, New Mexico, designated on a map on file at the principal office of the Commission, entitled 'Minimum Geographic Area, Los Alamos, New Mexico,' bearing the legend 'Boundary Line, Minimum Geographic Area, Los Alamos, New Mexico' and marked 'Approved, April 5, 1962, A. R. Luedecke, General Manager.' "

Sec. 2. Section 21 l. is hereby amended for striking therefrom the period appearing after the words "Hanford, Washington" by inserting a comma in lieu thereof and by adding thereafter: "or that area which, on the date Los Alamos is included within this Act, constitutes the County of Los Alamos, New Mexico, excluding therefrom, however, that land which is, on said date, under the administrative control of the National Park Service of the Department of the Interior."

Sec. 3. Section 21 l. is hereby amended by inserting "any natural gas distribution system," after the comma following "electrical distribution system".

Sec. 4. A new subsection is hereby added to section 21, as follows:

"m. The terms 'single' and 'single family' when used in connection with 'house' or 'residential property' shall include each separate unit of a residential structure which the Commission has classified as a residential structure containing two or more separate single family units pursuant to section 41 c. of this Act."

Sec. 5. Section 32 is hereby amended by striking therefrom the third sentence and substituting in lieu thereof the following: "The Federal Housing Commissioner shall be reimbursed from the Community Disposal Operations Fund for the cost of such appraisals."

Sec. 6. Section 36 b. is hereby amended to read as follows:

"b. An occupant of a single family or duplex house shall, upon application therefor, be entitled to a credit, against the purchase price of any residential property purchased through the exercise of a priority right established under the provisions of section 42, for the amount by which the current fair market value of the Government's interest in the single family or duplex house of which he was an occupant is enhanced as a result of improvements to the premises of such single family or duplex house made by, or at the expense of, such occupant."

SEC. 7. Section 41 a. is hereby amended by inserting between the word "Act" and the comma: ", or, in the case of Los Alamos, upon its inclusion within this Act".

SEC. 8. A new subsection is hereby added to section 41, as follows:

"c. Prior to the date any residential property is first offered for sale at Los Alamos, the Commission shall further classify each residential structure within the community of Los Alamos either as a single family house, a duplex house, an apartment house, a dormitory, or as a residential structure containing two or more separate single family units and shall post, at the offices of the Commission at Los Alamos, a list, available for public inspection at reasonable times, showing the classification of each such residential structure. For the purposes of this Act, each such residential structure will thereafter be deemed to be a single family house, a duplex house, an apartment house, a dormitory, or a residential structure containing two or more separate single family units in accordance with its classification. In determining the classification of each such residential structure containing two or more single family units, the Commission shall consider (1) the practicability of selling separately the single family units, and (2) the insurability of mortgages under section 223(a) of the National Housing Act, as amended."

SEC. 9. Section 52 a. is hereby amended by striking the period after the words "chapter 8" in subsection (2) and by inserting thereafter: "; or (3) property which in the opinion of the Commission should be retained by the Commission for its own use."

SEC. 10. The first sentence in section 53 b. is hereby amended by striking everything after the word "bids" and inserting a period at the end thereof.

SEC. 11. Section 53 c. is hereby amended by striking everything after the word "appropriate" and inserting a period at the end thereof.

SEC. 12. Section 55 d. is hereby amended by inserting between the word "community" and the semicolon "or after June 30, 1966, in the case of Los Alamos".

SEC. 13. Section 57 b. is hereby amended by adding the following sentence: "The zoning restrictions to be taken into account at Los Alamos shall be those which the local government is likely to enact with respect to those lots."

SEC. 14. A new section is hereby added, as follows:

"SEC. 58. COOPERATIVES.—The Commission may grant to cooperatives, the entire initial membership of which is restricted to project-connected persons, such priorities for the purchase of apartment buildings as the Commission determines fair and reasonable. The priority with respect to each cooperative shall terminate if within such time as the Commission may prescribe the cooperative has not obtained one hundred per centum initial membership consisting of project-connected persons. The 15 per centum deduction specified by subsection 35 a., the deduction provided by 36 d., the financing provisions of section 62, and the indemnity provided by sections 63, 64, 65, and 66 shall be applicable to priority sales of apartment buildings to such cooperatives. The term 'cooperative' as used herein means a corporation or a trust of the character described in section 213(a)(1) of the National Housing Act, as amended."

SEC. 15. Section 62 a. is hereby amended by deleting "house, apartment building, or dormitory" and by inserting in lieu thereof "such property".

SEC. 16. Section 62 d. is hereby amended to read as follows: "d. The Commission may sell any notes and mortgages acquired under subsections a. and c. of this section on terms set by the Commission. Notwithstanding any other provisions of law and without regard to the provisions of section 3709 of the Revised Statutes, the Commission may, in accordance with such terms and conditions as it may prescribe, (1) enter into contracts for servicing any of the notes and mortgages it has acquired, and (2) sell or enter into contracts to sell to a servicer any notes and mortgages with respect to which a servicing contract has been entered into by the servicer with the Commission: *Provided*, That with respect to sales of notes and mortgages under (2) the Commission shall comply with section 3709 of the Revised Statutes unless it determines that such compliance would not be feasible."

SEC. 17. Section 63 is hereby amended by inserting the following between the word "Act" and the comma: ", or, in the case of Los Alamos, not more than fifteen years after the date it is included within this Act".

SEC. 18. Section 64, clause (a) is hereby amended by inserting between the word "Richland" and the semicolon: "for four thousand six hundred and twenty in the case of Los Alamos".

SEC. 19. Section 64, clause (b) is hereby amended by inserting between the word "Richland" and the period: "or eleven thousand seven hundred and sixty-nine in the case of Los Alamos".

SEC. 20. Section 72 is hereby amended by inserting between the word "Act" and the period: "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not later than five years after the date it is included within this Act".

SEC. 21. Section 75 is hereby amended by striking the period after the word "transferee", by inserting a colon in lieu thereof and by adding thereafter: "*Provided*, That at Los Alamos, utilities may be given to the county or other local governmental entity."

SEC. 22. Section 81 is hereby amended by inserting the following between the words "Act" and "to cooperate": "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not to extend beyond five years after the date it is included within this Act,".

SEC. 23. Section 83 is hereby amended by inserting between the word "Act" and the period: "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not later than five years after the date it is included within this Act".

SEC. 24. Section 118 b. is hereby amended by striking the word "and" between the words "Oak Ridge" and "the sum of", by inserting a comma in lieu thereof, by inserting between the words "at Richland" and "for": "and the sum of $8,719,000 at Los Alamos", by inserting between the words "installations" and "authorized": "and utilities", and by inserting between the words "pursuant to" and "chapter": "chapter 7 and ".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1792), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

BACKGROUND

1. Establishment of the atomic energy communities

When the atomic energy projects were started in secrecy during World War II by the Manhattan Engineering District (MED) at Oak Ridge, Tenn., Richland, Wash., and Los Alamos, N. Mex., many factors entered into the selection of the sites. One principal factor was distance from existing communities due to the need for extremely stringent security. It was therefore decided that towns would have to be built to house the employees at these installations. It was the desire of MED, and later the Atomic Energy Commission, to make these towns attractive to the large number of scientists and skilled employees whose abilities were, and still are, of vital importance to the progress of the atomic energy program.

2. Disposal of Oak Ridge and Richland

In 1955, the Congress enacted the Atomic Energy Community Act of 1955, providing for the disposal of the Government-owned communities at Oak Ridge and Richland. A determination was made at that time that security requirements no longer made it necessary for continued Government ownership and that the communities were otherwise ready for disposal. The disposal operation at Oak Ridge is now complete and the Richland disposal has been virtually accomplished.

In the case of Los Alamos, disposal was deferred on four principal grounds which were set forth in a 1952 advisory panel report:

(1) Security required close area control;

(2) There was little demand for incorporation and private homeownership;

(3) The fiscal requirements of the community indicated a continuing need for high Federal subsidies; and

(4) The nature of the housing in the community (only one-third were single units) was an obstacle to disposal.

In recent years, the matter has been reviewed periodically. In 1961-62, at the request of Senator ANDERSON, the Housing and Home Finance Agency conducted an extensive survey and concluded:

"We believe a disposition program for Los Alamos is possible and can be accomplished with a minimum of disruption to the Commission's principal activities."

The Atomic Energy Commission, after reviewing the disposal question, similarly concluded that disposal was feasible and would not impede the work of this vital national defense facility. On this basis, the AEC recommended the necessary legislation to the Congress.

3. Disposal legislation

Because the disposal of the Oak Ridge and Richland communities had proceeded successfully under the authority of the Atomic Energy Community Act of 1955, the legislation recommended by the AEC followed closely the pattern of that act with some modifications based upon prior disposal experience and the special requirements of the Los Alamos community.

The legislation was introduced by Senator ANDERSON (for himself and Senator PASTORE) (S. 3129) and by Representative MORRIS (H.R. 11185) on April 10, 1962. Two clean bills, S. 3580 and H.R. 12718, incorporating certain amendments, were introduced by Senator ANDERSON and Congressman MORRIS, respectively, on August 1 and July 30, 1962.

4. Hearings

Public hearings on the proposed disposal of the Los Alamos community and on S. 3129 and H.R. 11185 were held by the Subcommittee on Communities at Los Alamos on April 23, 1962.

Thirty-eight witnesses testified at the hearings, representing the principal Government agencies involved (AEC and HHFA), as well as public officials and private citizens in the community. In addition, a large number of statements for the record were submitted by residents of Los Alamos.

Among the witnesses who testified were the following:

Brig. Gen. A. W. Betts, Director, Division of Military Application, AEC.

John J. Burke, Manager, Los Alamos Area Office, AEC.

Joseph Brown, Director, Community Disposition Program, HHFA.

Dr. Norris E. Bradbury, Director, Los Alamos Scientific Laboratory.

Ellis Stout, Chairman, Los Alamos Board of County Commissioners.

Mrs. Carol Roberts, chairman, Los Alamos County Planning Committee.

As a followup to the hearings, extensive written interrogatories were submitted to AEC and HHFA. These questions and the written responses of the agencies are included in the record of the hearings. In addition, the record contains an exhaustive compilation of descriptive and financial data pertaining to the Los Alamos community.

5. *Subsequent committee action*

On August 1, 1962, the Subcommittee on Communities met and voted to report S. 3580 and H.R. 12718 to the full committee.

The Joint Committee met on August 1, 1962, and voted to report out S. 3580 and H.R. 12718 with the recommendation that they do pass.

JOINT COMMITTEE COMMENTS

1. *General disposal pattern*

The Atomic Energy Community Act of 1955 is essentially authorizing legislation. It establishes the basic framework of congressional guidance for disposal operations, leaving to the responsible administrative agencies, AEC and HHFA, the task of establishing priorities and completing the detailed pattern of disposal, taking into consideration the individual requirements of the atomic energy communities. Because this is the nature of the Community Act, it may be useful for the Members of the Congress to obtain some view of how disposal was actually implemented at Oak Ridge and Richland. For this purpose, the committee has attached, as appendix I to this report, a brief report prepared by the Atomic Energy Commission on the process of disposal at Oak Ridge and Richland.

2. *Sale and donation of Government property*

The net value of property to be sold for private use at Los Alamos is estimated at $39,091,000 and it is expected that the net proceeds from the sales of these properties will total about $38 million. In addition, it is expected that certain hospital, school, and municipal installations with a net value of $24,712,000 will be donated to the community. (If utilities are sold, rather than donated to the community, this figure would be approximately $22 million.) Donation of such municipal installations to the local government is consistent with the practice followed at Oak Ridge and Richland. To require these communities to pay for these installations, in view of their one-industry nature and their limited taxing and bonding bases, would saddle the new local governments with an almost insurmountable debt, which would only increase the costs of the assistance payments to be made under section 91 of the act.

3. *Construction authorization*

Under section 24 of the bill, approximately $8.7 million would be authorized for necessary plant additions and modifications to be undertaken over the next several years during the period of predisposal and disposal operations. Among the items included in this authorization are municipal government facilities, fire station, road and street rehabilitation, and certain lot development.

Because of its unusual economic characteristics as noted above, it is not possible for Los Alamos to sustain these heavy capital expenditures. It should be noted further that this authorization would be necessary even if Government ownership continued and is not occasioned by the disposal of the Los Alamos community. The AEC, in response to an inquiry from the Joint Committee on this point, stated:

"In summary, all of the construction, modification, and rehabilitation of plant included in the requested authorization will probably be required over a period of several years, even if no action is taken toward disposal of the Government's interests in the Los Alamos community."

Moreover, this authorization should be viewed in the context of the purpose of disposal, which is not only to remove the Government from the community management and real estate business and establish a privately owned independent community with local self-government, but also to preserve a viable, attractive community after disposal.

In the case of Oak Ridge, $518,000[1] was authorized for these purposes, while at Richland the figure was $2,215,000. The reasons for the larger authorization at Los Alamos are as follows:

(1) There is a 30-percent difference in construction costs between Richland in 1955 and Los Alamos in 1962.

(2) The housing shortage at Los Alamos, which did not exist at the other communities, requires some Government lot development and construction to facilitate private home development.

(3) Los Alamos has extensive projected school requirements. Each item of school construction requested by the Commission has been reviewed, and is supported by the Department of Health, Education, and Welfare.

(4) Los Alamos has an increasing population which is projected to reach 18,000 from the present 13,000 over the next 10 years. Richland and Oak Ridge had already passed their population peaks in 1955.

Testimony before the Subcommittee on Communities indicated that Los Alamos Scientific Laboratory has a bright future and that it will continue to play a vital role in diverse scientific fields such as atomic energy for peaceful and military purposes and the Nation's nuclear space program. It must be able to attract and retain the finest scientific minds in the Nation and it is the belief of the Joint Committee that the authorized capital items will materially assist in this endeavor.

In a letter from the General Manager of the Atomic Energy Commission to the chairman of the Joint Committee on April 9, 1962, the following breakdown of proposed construction authorizations was furnished:

1. County court and administrative facility	$750,000
2. Fire station facility	179,000
3. Road and street rehabilitation	904,000
4. Water and sewer systems	958,000
5. Barranca Mesa development	750,000
6. Schools	2,335,000
7. Gas distribution system	2,054,000
8 Electric distribution system	789,000
Total	8,719,000

Of the foregoing items, approximately $2.8 million is for the purpose of improving the gas and electric distribution systems in the event they were donated to the community. However, if the utilities were sold to private entities, as discussed below in paragraph 6, authorization for these purposes would not be required, since the utilities would be sold on an "as is" basis.

In the event the utilities are sold to private companies on an "as is" basis, the Commission is authorized to use $2,843,000 for the purpose of additional lot development at Los Alamos in order to relieve the housing shortage, which is discussed below in paragraph 5.

In connection with the type of lot development to be pursued, it is the view of the committee based upon information developed during the hearings, that development could profitably be undertaken in such areas as the Pajarito acreage development area, North Mesa, and the townsite area.

The Pajarito development would provide acreage tracts, while the North Mesa area is apparently suitable for large-scale, low-cost tract development. The townsite area would provide other desirable locations for private housing. It should be emphasized that the Government would recover all, or substantially all, of its investment in lot development in these areas through the sale of the improved land.

It is the expectation of the committee that these development programs would be undertaken by the Commission after discussion and consultation with public officials and citizens in the Los Alamos community.

4. *Local assistance payments*

Under the terms of section 91 of the Atomic Energy Community Act, the AEC is required to contribute financially for a period of 10 years to the operation of the community. Generally, this payment is intended to reflect the burdens cast on the community both by the tax-exempt federally owned property in the community and by the Federal operations in the project area.

Although it is not possible to project the precise situation which will obtain in 1968—the first year in which it is anticipated that AEC ownership will be fully terminated and the first year in which assistance payments might be made—it is possible to make certain estimates of the costs of community operation versus local government revenues. The AEC has estimated that annual assistance payments for 1968 on this basis would be approximately $2.8 million. (If utilities were sold, rather than donated to the community, the figure would be $3,051,000.)

Local assistance payments at Oak Ridge are currently running approximately $1.25 million, while at Richland the figure is approximately $1.1 million. The reasons for higher projected payments starting in fiscal year 1968 at Los Alamos include the following:

(1) The projected 1968 figure for Los Alamos takes into account expected continuing increases in opertaing costs.

(2) As noted earlier, Los Alamos has an increasing population while Richland and Oak Ridge had already passed their population peaks in 1955.

It is moreover possible, because of Los Alamos' remote location, its one-industry nature, and its limited taxing and bonding bases, that local assistance would have to be sought beyond the statutory 10-year period. In this event, under the terms of section 91d., the Commission would have to present to the Joint Committee its recommendations as to further contributions and, if it recommended continued assistance, the Commission would be required to propose a definite schedule of payments providing for "an orderly and reasonably prompt withdrawal of the Atomic Energy Commission from participation in and contribution toward local government."

The words "orderly and reasonably prompt withdrawal" in section 91d. provide flexible criteria. The committee has been assured that the AEC would not be harsh or seek to escape responsibility for burdens thrown upon the community in exercising its discretion under section 91d.

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[1] In addition, $2,900,000 was spent at Oak Ridge for a new hospital which was turned over to a local organization upon completion.

5. Housing shortage at Los Alamos

The single factor which most concerned the committee in connection with the disposal of the Los Alamos community is the housing shortage. This shortage is both quantitative and qualitative, since two-thirds of the housing at Los Alamos is of a multiple-family character. The problem is further aggravated by the existence of some substandard housing.

A. Protective amendments: The Joint Committee considered this problem carefully and incorporated two amendments to the Atomic Energy Community Act to ameliorate the effects of any short-term housing shortage as follows:

(1) Section 9 of the bill permits the Commission to retain property which, in the opinion of the Commission, should be retained for its own use. Under the authority of this section the Commission would be able to retain for rental purposes such housing as the "Sundts" (temporary multiple-family wooden dwellings), the "Denver Steels" (metallic prefabricated homes), and the "Wingfoots" (small, trailer-type homes) until such time as this housing could be removed or otherwise disposed of without adverse impact on the community.

(2) Section 8 of the bill adds a new subsection c. to section 41 of the Atomic Energy Community Act, the effect of which is to permit individual sales of separate units of certain residential structures. It is recognized that the "splitting" of multiple-family dwellings will not provide the answer to the Los Alamos housing shortage. It will, however, maximize the opportunity for individual private homeownership. In the event of any individual occupant's dissatisfaction, relief could be obtained through the normal operation of the free enterprise system; namely, by buying out the other party.

B. Need for further home and lot development: The protective amendments discussed above will help to lessen the possibility of a short-term housing scarcity at Los Alamos. This possibility is further minimized by the fact that disposal and sale of Government-owned properties will not begin for approximately 2 years, which should provide time to solicit and encourage the interest of private homebuilders. It is also the view of the committee that disposal, in itself, will provide a stimulus to private development.

Nevertheless, further Government lot development is required at Los Alamos. The authorization now provides for the development of 150 lots at Barranca Mesa. In addition, it is hoped that the utility systems can be sold to private companies on an "as is" basis, thereby permitting the use of an additional $2,843,000 for Government lot development in such areas as the Pajarito acreage development area, North Mesa, and the townsite area, as discussed in paragraph 3. This entire program of lot development would be especially desirable in view of the fact that the Government would recover all, or substantially all, of its investment from the sale of the improved land.

C. Rent control: In the course of the hearings at Los Alamos the Subcommittee on Communities received other suggestions for ameliorating the effect of any possible short-term housing scarcity. There was some suggestion that the Government should institute rent control for a period of time to avoid rent gouging after disposal.

The HHFA has stated its belief that "sale of Government-owned residential property can be timed so as to avoid rent gouging without enforced controls." At the present time, there appear to be sufficient safeguards in the disposal plan to obviate the necessity for rent control. If, at some future point, a necessity for rent control is indicated, the committee will reeaxamine the question.

6. Disposition of utilities

Under the authority of section 73, the Commission is vested with broad discretion in determining the entity to which utilities may be transferred. The Commission can transfer the utilities to the city at the community, the State in which the community, is located, or any political subdivision or agency of the State, or any firm or corporation, or other legal entity. In determining the transferee for any utility the Commission must consider certain criteria set forth in subsection 73 b. of the act.

In the case of Los Alamos there are two principal utilities to be disposed of: the gas and electric distribution systems. With respect to the water distribution system, a municipal installation, the AEC has stated that it will be donated to the local government in accordance with section 84 of the Community Act although AEC will retain the water production system.

With respect to the gas and electric systems there are two alternatives: (1) donation to the community; or (2) sale to private companies.

Although donation to the community would provide a source of continuing revenue for the local government (approximately $200,000 per year), the Commission would be required to invest approximately $2.8 million to place the distribution systems in such a condition that they could be transferred to the community without placing an undue burden on the local government and the community might have difficulty in retaining competent operating personnel. In addition the Federal Government would realize no return for its investment in the utility systems if they were transferred to the local government.

On the other hand, if the Commission sold the utility systems to private companies the Government would realize approximately $2.5 million from the sale and the local government would receive a substantial amount—approximately $25,000 each year—in franchise taxes.

On balance it is the committee's belief that every effort should be made to find a suitable private purchaser or purchasers for the utility systems. This would relieve the community of the burden of having to operate substantial utility systems—a business in which it has no extensive experience. It would also provide a source of revenue to the community and be to the best financial advantage of the Federal Government.

7. Cooperative sale of apartments

The Subcommittee on Communities received some testimony at Los Alamos advocating cooperative sale of apartment buildings to the residents, on a priority basis without competitive bid.

The AEC did not advocate cooperative sales and the HHFA pointed out that "the demand by such purchasers may not be sufficient to make a priority sale feasible."

Although the demand for cooperative apartment purchases may be limited, the committee believes that the Commission should have the authority to meet such demand as may arise for cooperative ownership.

The committee has therefore in section 14 of the bill added a new section 58 to the Atomic Energy Community Act of 1955, authorizing the Commission to sell, on a priority basis, apartments, as appropriate, to cooperatives consisting wholly of project-connected personnel.

The cooperative entity will be entitled to the 15 percent deduction specified in subsection 35a. and the deduction provided in subsection 36d. of the Community Act. The financing provisions of section 62 and the indemnity provided by sections 63, 64, 65, and 66 shall also be applicable. It is the committee's intent that no person shall receive these benefits more than once.

No provision is made for the allowance of tenant improvement credits or for the shifting of such credits by an occupant of an apartment purchasing other property, or by the occupant of other property who seeks to buy into the cooperative.

8. Government financing of new home construction

It was suggested by the Los Alamos County Planning Committee, a local citizens group, that the Atomic Energy Community Act be amended to permit Government financing of new home construction. Both AEC and HHFA were opposed to this suggestion.

It is the committee's judgment that further action on this proposal should be deferred until the disposal situation is clarified. At the present time, approximately 12 financial institutions have indicated a willingness and ability to provide necessary mortgage money. If it appears that private sources of money are not attracted to Los Alamos or should they withdraw or place unreasonable restrictions on mortgage loans, then Government financing might be required.

9. Appraisals

Section 33 of the Community Act sets forth the requirement that the appraised value of Government property offered for sale shall be the current fair market value of the Government's interest in the property. Many persons at Los Alamos, as was the case at Oak Ridge and Richland, suggested that the method of arriving at the current fair market value of the property be spelled out in the legislation. In view of the uncertainties involved in property appraisal, the Joint Committee did not believe it advisable to spell out specific appraisal criteria in the statute. However, the committee expects that appraisals at Los Alamos will take into account a number of factors which were considered at the other atomic energy communities, such as:

(1) The wartime construction of the houses, when applicable;

(2) The wartime construction of the utilities serving the housing, where applicable;

(3) The "monotony effect" of having many identical houses in the same neighborhood; and

(4) The one-industry nature of the town.

In general, it is the committee's expectation that each property offered for sale will be appraised in the light of its individual characteristics, without regard to the housing shortage at Los Alamos, and that the general pattern of appraisal will be at least as favorable as the appraisals at Oak Ridge and Richland.

10. Retirement rights of Federal employees

The fire department at Los Alamos is composed of approximately 94 Federal employees while the police department employs approximately 27 Federal workers. It was brought out at the hearings, by the chairman of the subcommittee on public safety of the Los Alamos County Planning Committee, that if these functions were transferred to the local government, these employees would lose their retirement rights and other similar security benefits under Federal law.

At the hearings it was suggested that the AEC should continue to operate the Los Alamos Fire Department with Federal employees. The AEC concurs in this suggestion. The AEC pointed out that establishment of separate fire departments for the community and technical facilities would "involve expensive and unnecessary duplication of equipment and personnel." The AEC states that fire protection for the community can continue to be provided by the AEC under section 81 of the Atomic Energy Community Act until such time as municipal installations have been transferred to the local government. Authority to continue service beyond this period is questionable and the AEC might, at some future time, have to seek further authority to continue such services. In any event, AEC fire service would probably continue for approximately 5 years. This course of action would obviate any immediate problem in connection with the loss of retirement rights on the part of the 94 firemen.

With respect to the police department, a different problem is presented. The AEC points out that it would be desirable for as many of the experienced personnel as possible to be transferred to the local government. To induce such a transfer it may be necessary to provide retirement benefits which are comparable to those the employees would have under Federal Government.

In the hearings, one witness suggested that the AEC might purchase annuities. Under the Federal retirement system, any Federal employee who has over 5 years of service is entitled to a paid-up annuity and employees whose services have been terminated do have the option to retain this annuity or withdraw their paid-in contributions. Moreover, the AEC intends to encourage an active resettlement program for those Federal employees who decide to continue in Federal employment at Los Alamos.

In any event, the AEC has stated that it has sufficient statutory authority under section 81 to assist the local government in effecting transfers of Federal personnel to the local government and, further, to make section 91 assistance payments so that such personnel will suffer no substantial detriment with respect to pension benefits.

The Joint Committee will continue to follow the question of the retirement benefits of displaced Federal employees, as well as other aspects of the Los Alamos disposal program, very closely. The Joint Committee, through its Subcommittee on Communities, will give prompt consideration to any action necessary in order that disposal may proceed on an orderly and successful basis.

"FORT TOWN," "MAPLE CITY," AND "WINDMILL POINT"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1750.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 824) to admit the vessels *Fort Town, Maple City,* and *Windmill Point* to American registry and to permit their use in the coastwise trade.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 824) to admit the vessels *Fort Town, Maple City,* and *Windmill Point* to American registry and to permit their use in the coastwise trade, which was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding section 4132 of the Revised Statutes of the United States (46 U.S.C. 11) and section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883), the following three Canadian-built vessels, owned by the Prescott Ogdensburg Ferry Company, Limited, a Canadian corporation wholly owned by the Ogdensburg Bridge Authority, a public benefit corporation created by the State of New York, may, after their transfer to the Ogdensburg Bridge Authority and/or Ogdensburg Bridge and Port Authority, be admitted to American registry and documented under the laws of the United States, and shall be entitled to engage in the coastwise trade and to transport passengers and merchandise between points in the United States, including districts and possessions thereof embraced within the coastwise laws: Fort Town (Canadian official number 175,999), Maple City (Canadian official number 176,000), and Windmill Point (Canadian official number 198,041).

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1793) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE AND BACKGROUND OF THE BILL

The bill would provide that, notwithstanding section 4132 of the Revised Statutes (46 U.S.C. 11) and section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883), three Canadian-built vessels, owned by the Prescott Ogdensburg Ferry Co., Ltd., a Canadian corporation wholly owned by the Ogdensburg (N.Y.) Bridge Authority, a public benefit corporation of the State of New York, may, after their transfer to the Ogdensburg Bridge Authority and/or Ogdensburg Bridge and Port Authority, be admitted to American registry and documented under the laws of the United States, and shall be entitled to engage in the coastwise trade. The vessels for which such authority is sought are the *Fort Town,* the *Maple City,* and the *Windmill Point,* each 70 feet in length, each with a capacity of 10 automobiles and 200 passengers.

CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there may be a call of the calendar for the consideration of measures to which there is no objection, beginning with Calendar No. 1751, except for Calendar No. 1756.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none; and it is so ordered.

The clerk will state the first measure.

"JOHN ROEN, JR." AND "STEVE W."

The bill (H.R. 6456) to permit the tugs *John Roen, Jr.,* and *Steve W.* to be documented for use in the coastwise trade, was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1794) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

H.R. 6456 would authorize redocumentation under the American flag of the two tugs named, for use in the coastwise trade solely in connection with dredging operations, as long as the owner is a U.S. citizen as defined in section 2 of the Shipping Act, 1916. They would be subject to the usual penalty of forfeitures and fines for transporting merchandise or passengers except as incident to dredging operations.

REASON FOR THE BILL

Both vessels were constructed in U.S. shipyards, the *John Roen, Jr.,* at Chicago, Ill, and the *Steve W.* at Toledo, Ohio, but were transferred to Canadian registry in connection with two contracts with the U.S. Army Corps of Engineers, for dredging operations on the Canadian side of the Detroit River. The contracts required transfer of the tugs in order to permit operation by Canadian personnel in Canadian waters. Such transfer, under the applicable statutes, prevents redocumentation for use in the U.S. domestic trade, which made this bill necessary.

Your committee feels that the circumstances warrant readmission of the tugs, as long as they are restricted to operations incident to dredging. The report of the Department of Commerce offers no objection, for the following reasons:

"It is the opinion of the Department that since both tugs are of small size and horsepower, their use is necessarily restricted to harbors, rivers, and coastal waters. Inasmuch as they were taken out of U.S. documentation for a special purpose, and this special purpose is now finished, the Department has no objection to favorable consideration of the bill."

"BAR-HO IV"

The bill (H.R. 6219) to permit the vessel *Bar-Ho IV* to be used in the coastwise trade, was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1795) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The bill would provide that, notwithstanding the provision of section 27 of the Merchant Marine Act, 1920, which denies the right to engage in the coastwise trade to any vessel which had been entitled to coastwise privileges and later was sold to a noncitizen, the vessel now known as the *Bar-Ho IV,* U.S. Document No. 284309, built in 1950 at Port Clinton, Ohio, and later transferred to Canadian ownership, shall be entitled to engage in the coastwise trade for so long as it is owned continuously by a citizen of the United States. The vessel now is owned by Barr & Co., Inc., of New York City.

REASON FOR THE LEGISLATION

Since its construction in 1950 the vessel, a pleasure craft of less than 40-foot length, gross tonnage, 19 tons, has been in service almost exclusively in Florida area waters.

It was sold, in 1955, to a Canadian citizen who, your committee understands, reregistered the vessel with the Coast Guard, and used it for some 9 months as a pleasure craft in Florida waters. Under the 1920 act such a transfer to a noncitizen entailed loss of the vessel's former coastwise privileges, even though it was not, we understand, placed under Canadian registry.

The present owner, who acquired the vessel in 1961, applied for and was given a yacht license by the Bureau of Customs. Because of the loss of coastwise rights, due to the sale to the Canadian owner in 1955, the vessel cannot now be used on a charter-for-hire basis. The present bill would lift the restriction now applying, and permit the vessel again to engage in the coastwise trade, as long as it is owned continuously by a U.S. citizen within the meaning of section 2 of the Shipping Act of 1916, as amended.

"LUCKY LINDA"

The bill (H.R. 7741) to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade, was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1796) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL

H.R. 7741 would provide that, notwithstanding the provisions of section 4132 of the Revised Statutes, as amended (46 U.S.C. 11), and section 27 of the Merchant Marine Act, as amended (46 U.S.C. 883), the vessel *Lucky Linda*, built in Nova Scotia, shall be admitted to American registry and documented under the laws of the United States, and be entitled to engage in the coastwise trade for the carriage of passengers, not to exceed 20 miles to sea from a harbor between Block Island, R.I., and Fire Island Inlet, N.Y., for as long as the vessel is owned continuously by a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended.

REASON FOR THE BILL

The *Lucky Linda*, under American registry at the time, was purchased by the present owner, a U.S. citizen, in 1955, and was operated for 6 years under a Coast Guard certificate as a charter boat, carrying 12 passengers. The Coast Guard had renewed the certificate in 1959. However, at the expiration of the renewed certificate, on April 30, 1962, the owner was informed that the certificate could not be renewed because of a Bureau of Customs regulation, dated August 5, 1960, which provided:

"Foreign-Built Vessels, Prohibition Against Use in Party Fishing.—Operations of vessels carrying offshore fishing parties for hire, whether or not trips extend beyond territorial waters, are predominantly coastwise in the nature and object of their voyages and foreign-built vessels cannot be documented for such use."

Inasmuch as there had been no such ruling when the *Lucky Linda* was purchased and first certificated, and that the owner had substantially renovated the vessel in 1959, to afford increased safety and improved accommodations, your committee feels that it is only fair to permit him to continue operations by enacting the bill.

STANDARD DREDGING CORP. SCREWS AND BARGES

The bill (H.R. 8168) to admit the oil screw tugs *Barbara, Ivalee, Lydia*, and *Alice* and the barges *Florida, DB-8, No. 220*, and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1797) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL

H.R. 6168 would provide that notwithstanding the provisions of section 4132 of the Revised Statutes, as amended (46 U.S.C. 11), and section 27 of the Merchant Marine Act, 1920, as amended (46 U.S.C. 883), certain oil screw tugs and barges, all of which, except one tug, the *Alice*, had been both built in the United States and documented under U.S. registry before being transferred in 1957 by their owner, Standard Dredging Corp., a New Jesey corporation, to Standard Dredging de Venezuela, C.A., a subsidiary Venezuelan corporation, and to Venezuelan registry and flag, and are to be retransferred to the former owner, Standard Dredging Co., upon enactment of this act, shall all be admitted to American registry and be entitled to engage in the coastwise trade, solely as an incident to dredging operations, for so long as such vessels or any of them are continuously owned by the aforesaid Standard Dredging Corp., and as long as such corporation is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916. It is further provided that use of any of such vessels, while documented pursuant to this act, to transport merchandise or passengers except as an incident to dredging operations, shall entail forfeiture of vessel and merchandise to the United States, and the vessel owner shall be subject to a penalty of $200 for each such passenger transported. Any penalty or forfeiture thus incurred may be remitted or mitigated by the Secretary of the Treasury, the bill provides, in accordance with the provisions of section 5294 of the Revised Statutes (46 U.S.C. 7).

The tugs and barges covered by the provisions of the bill are as follows:

(1) The tug *Barbara*, formerly documented under U.S. registery with official No. 254901; built in 1948 at Tampa, Fla. (Venezuelan registry No. MA-3260).

(2) The tug *Ivalee*, former U. S. document No. 293505, built in 1940 at New Orleans (Venezuelan registry No. MA-3261).

(3) The tug *Lydia*, former U.S. document No. 240360, built in 1941 at New Orleans (Venezuelan registry No. MA-3262).

(4) The tug *Alice*, built at New Orleans by the Equitable Equipment Co., Inc., never documented under U.S. flag and registry, sold in 1957 to Standard Dredging de Venezuela, C.A.

(5) The barge *No. 220*, former U.S. document No. 264953, built in 1949 at Tampa (Venezuelan registry No. MA-3263).

(6) The barge *Florida*, former U.S. document No. 254043, built in 1932 at Mobile (Venezuelan registry, No. MA-3264).

(7) The barge *DB-8*, former U.S. document No. 265934, built in 1943 at Galveston (Venezuelan Registry No. MA-3265).

(8) The barge *No. 235*, former U.S. document No. 262984, built in 1950 at Mobile (Venezuelan registry No. MA-3266).

Your committee feels that the circumstances surrounding the transfers of these tugs and barges to Venezuelan registry were such as to be of benefit to U.S. shipping, in that the improvement to Maracaibo Bay entrance and harbor facilitates the activities of the the many U.S. tankers calling there, while the employment of these American-owned tugs, barges, and dredges was very much in the interest of the American economy. Precedent for such approval is found in the readmission to U.S. registry and domestic trade, during the 86th Congress, of the vessel *John F. Drew* which had been transferred to Canadian registry for the specific purpose of being utilized in connection with dredging and marine construction operations in the St. Lawrence Seaway and related power development project in which the U.S. Government was a participant.

The Department of Commerce report to the House offered no objection to favorable enactment of the bill if amended as the Department proposed, which the House did.

DEPARTMENTAL REPORTS

The reports of the Departments of the Treasury, Commerce, and Defense on H.R. 8168 are as follows:

THE GENERAL COUNSEL
OF THE TREASURY,
Washington, April 9, 1962.

Hon. HERBERT C. BONNER,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 8168, to admit the oil screw tugs *Barbara, Ivalee, Lydia*, and *Alice* and the barges *Florida, DB-8, No. 220*, and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation.

The bill states that all eight named vessels are American built, that all but the oil screw *Alice* were formerly documented as vessels of the United States and that all eight had been later sold foreign and placed under foreign registry. The proposed legislation would have the effect of authorizing the use of all eight vessels in the transportation of merchandise and passengers between points in the United States embraced within the coastwise laws. Under present law, vessels which have acquired the lawful right to engage in the coastwise trade, either by virtue of having been built in, or documented under the laws of the United States, and later sold foreign or placed under foreign registry, are precluded thereafter from acquiring the right to engage in the coastwise trade (46 U.S.C. 883). The bill, therefore, would confer upon the vessels and their owner certain privileges not available generally to other vessels now owned by citizens of the United States which may be subject to existing statutory prohibitions. Whether such privileges should be granted is a matter of policy on which this Department expresses no opinion.

Since the bill would waive only the prohibition against the use in the coastwise trade of vessels which have been placed under foreign registry, the Department would require the vessels to comply with the vessel inspection laws administered by the Coast Guard. The Department anticipates no administrative difficulty in carrying out the purposes of the bill.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,
ROBERT H. KNIGHT,
General Counsel.

DEPARTMENT OF COMMERCE,
Washington, D.C., April 17, 1962.

Hon. HERBERT C. BONNER,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department with respect to H.R. 8168, a bill to admit the oil screw tugs *Barbara, Ivalee, Lydia*, and *Alice* and the barges *Florida, DB-8, No. 220*, and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation.

With the amendments hereinafter proposed, the Department would have no objection to favorable consideration of the bill.

The bill would authorize the return to U.S. registry, with coastwise privileges, of the oil screw tugs *Barbara, Ivalee, Lydia*, and *Alice* and the barges *Florida, DB-8, No. 220*, and *No. 235*, so long as the vessels are continuously owned by the Standard Dredging Corp. of New Jersey, notwithstanding the provisions of section 4132 of the Revised Statutes of the United States, as amended (46 U.S.C. 11) (which forbids foreign-built vessels from engaging in the coastwise trade), and section 27 of the Merchant Marine Act, 1920, as amended (46 U.S.C. 883) (which forbids the transportation of merchandise, on penalty of forfeiture thereof, between points in the United States in other than domestic built and documented vessels, and provides that no vessel which is built in the United States and later sold foreign in whole or in part, or placed under foreign registry, may thereafter acquire the right to engage in the coastwise trade).

The characteristics of the vessels are as follows:

Name	Type	Tonnage	Length (feet)	Horsepower	Year built
Ivalee	Tug	20	42.0	170	1940
Barbara	do	24	44.9	120	1948
Lydia	do	41	53.5	180	1941
Alice	do	21	45.0	182	1957
No. 220	Barge	65	55.0	None	1949
No. 235	do	209	127.9	None	1950
DB-8	do	222	88.0	None	1942
Florida	do	204	99.8	None	1932

All of the above vessels were built in the United States and, with one exception, were documented under the laws of the United States. With approvals granted by the Maritime Administration in 1954, 1956, and 1957, pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended (46 U.S.C. 808, 835), these vessels were transferred to the Standard Dredging de Venezuela, C.A., a wholly owned Venezuelan subsidiary of a U.S. owner, and placed under Venezuelan registry and flag. The Standard Dredging Corp. of New Jersey is the parent of the Venezuelan corporation.

We have been informed that these vessels were transferred to the Venezuelan subsidiary of Standard Dredging Corp. of New Jersey at the insistence of the Venezuelan Government. The parent corporation was then engaged in performing a dredging contract in Venezuela, and was operating the said vessels as tenders and other auxiliary equipment for its dredge, the *Jamaica Bay*. As a prerequisite to the continuance of these dredging operations in that country, the Venezuelan Government insisted that all these attendant vessels be transferred to ownership in a Venezuelan corporation and to Venezuelan flag and registry. After obtaining permission from the Maritime Administration, these transfers were effected.

We have also been informed that since the end of World War II, Standard Dredging Corp. has performed dredging contracts in Cuba, Colombia, Jamaica, Aruba, Curacao, Egypt, and Iraq, and that none of these countries required the transfer of the tugs and barges to foreign ownership and registry.

It should be noted that section 4132 of the Revised Statutes of the United States, as amended (46 U.S.C. 11), would not be pertinent to the documentation of these vessels. This section forbids the registration of foreign-built vessels for use in the coastwise trade, whereas these vessels are all American built.

Section 27 of the Merchant Marine Act, 1920, as amended (46 U.S.C. 883), is applicable, since it prevents a U.S.-built vessel which is transferred to foreign ownership or registry from acquiring the right to reenter the coastwise trade.

It is our opinion that this bill and the surrounding circumstances with respect to these vessels are somewhat similar to those involved in Private Law 86-203, 86th Congress, which authorized U.S. redocumentation with coastwise privileges of the vessel *John F. Drew*, a then Canadian vessel utilized for dredging and marine construction operations in the St. Lawrence Seaway and power development project. It is the understanding of this Department that if the vessels specified in the bill were permitted to be redocumented in the United States with coastwise privileges, they would be used only to attend a large dredge in performing dredging operations in U.S. waters and not generally to engage in the coastwise trade. If the bill is amended to limit the operation of the vessels in this way, we would have no objection to enactment.

The bill could be amended to carry out our recommendation as follows:

1. Page 4, line 19, insert after the word "trade" a comma and the words "but only as an incident to dredging operations" and a comma.

2. Page 4, line 20, insert after the word "merchandise" a comma and the words "as an incident to dredging operations" and a comma.

3. Page 5, line 4, strike out the period and insert in lieu thereof a comma and the following: "and so long as such corporation is a citizen of the United States as defined in section 2 of the Shipping Act, 1916. If any such vessel, while documented pursuant to this Act, transports merchandise or passengers in the coastwise trade except as an incident to dredging operations, such vessel shall be forfeited to the United States, such merchandise shall be forfeited to the United States, and the vessel owner shall be subject to a penalty of $200 for each such passenger transported. Any penalty or forfeiture incurred under the provisions of this Act may be remitted or mitigated by the Secretary of the Treasury in accordance with the provisions of section 5294 of the Revised Statutes (46 U.S.C. 7)."

The penalties and forfeitures provided by the proposed amendments are the same as those provided by existing law for operation of a vessel in violation of its license and for violation of section 27 of the Merchant Marine Act, 1920.

Attached is a comparative test showing the changes our proposed amendments would make in the bill.

The Bureau of the Budget advises there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

C. D. MARTIN, Jr.,
Acting Secretary of Commerce.

"EUGENIE II"

The bill (S. 3264) to authorize and direct the Secretary of the Treasury to cause the vessel *Eugenie II*, owned by J. C. Strout, of Milbridge, Maine, to be documented as a vessel of the United States with full coastwise privileges, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 4132 of the Revised Statutes of the United States, as amended (46 U.S.C. 11), the Secretary of the Treasury is authorized and directed to cause that certain vessel now known as the *Eugenie II*, built in 1955 in New Brunswick, and now owned by J. C. Strout, of Milbridge, Maine, to be documented as a vessel of the United States with full coastwise privileges, upon compliance with the usual requirements, so long as the vessel is owned, and shall continue to be owned by a citizen of the United States.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1798) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

REASON FOR THE BILL

The *Eugenie II* was built in New Brunswick, Canada, in 1955, and hence is not eligible (1) under the provisions of section 27 of the Merchant Marine Act, 1927, to transport merchandise between points in the United States, and (2) under section 4132 of the Revised Statutes (46 U.S.C. 11) to be documented for operation in the coastwise trade. The vessel is owned by J. C. Strout, a U.S. citizen, of Milbridge, Maine, who proposes to use it to supply charter boat and mail service in that area if this bill is enacted. Your committee is informed that no such service is presently available, and that its initiation would be a welcomed addition to the economy of the area.

The vessel is 50 feet in length, and is of approximately 15 net tons.

The Department of Commerce reports that, in view of the small size of the vessel, it has no objection to favorable consideration of the bill, if there is no objection on the part of the Treasury Department whose responsibility it is to administer, through the Bureau of Customs, the navigation laws which cover the documentation of vessels.

FORT BOWIE NATIONAL HISTORIC SITE, ARIZONA

The bill (S. 55) to authorize the establishment of the Fort Bowie National Historic Site, in the State of Arizona, and for other purposes, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to designate, for preservation as the Fort Bowie National Historic Site, the site and remaining historic structures of old Fort Bowie, situated in Cochise County, Arizona, together with such additional land, interests in land, and improvements thereon, as the Secretary in his discretion may deem necessary to accomplish the purposes of this Act: *Provided,* That the Secretary shall designate no more than one thousand acres for inclusion in said site.

SEC. 2. Within the area designated pursuant to section 1 hereof, the Secretary of the Interior is authorized, under such terms, reservations, and conditions as he may deem satisfactory, to procure by purchase, donation, with donated funds, exchange, or otherwise, land and interests in land for the national historic site. When the historic remains of old Fort Bowie and all other privately owned lands within the aforesaid designated area have been acquired as provided in this Act, notice thereof and of the establishment of the Fort Bowie National Historic Site shall be published in the Federal Register. Thereupon all public lands within the designated area shall become a part of the Fort Bowie National Historic Site.

SEC. 3. The Fort Bowie National Historic Site, as constituted under this Act, shall be administered by the Secretary of the Interior as a part of the national park system, subject to the provisions of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916 (39 Stat. 535), as amended, the Historic Sites Act of August 21, 1935 (49 Stat. 666), and all laws and regulations of general application to historic areas within the national park system.

SEC. 4. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1800) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

HISTORICAL SIGNIFICANCE OF FORT BOWIE

Established in Arizona in 1862 and abandoned in 1894, Fort Bowie served in that period as the focal point of military operations during the subjugation of the hostile Apache Indians and the settlement of the Southwest. During that time, bloody campaigns were waged against the Chiracahua Apaches under their famed chieftain, Cochise, and later against the renegade Apaches under the leadership of Geronimo. Geronimo was captured and exiled in 1886 and peace was restored.

Fort Bowie was established in Apache Pass which was also the location of a stage station utilized by the Overland Mail Co. Apache Pass was considered the most hazardous point along the entire Butterfield Trail which extended some 2,651 miles along the wilderness between points of origin in St. Louis and Memphis to the western terminus in San Francisco. From 1858 until the Civil War forced its abandonment in 1861, the Butterfield Trail was an important link between the East and the West. It was the first mail and stage route to California from the eastern part of the United States.

PURPOSE OF S. 55

Enactment of the reported bill would authorise the Secretary of the Interior to designate for preservation as the Fort Bowie National Historic Site the site and remaining historic structures of Fort Bowie and such additional land as is deemed necessary to preserve the fort and its historic environs. Actual boundaries within a 1,000-acre limitation would be designated by the Secretary and such designation would be contingent upon the acquisition of privately owned lands within the boundaries. The lands presently proposed for development aggregate about 900 acres, of which approximately 630 acres are public lands and the remaining 270 acres are private lands.

Portions of the original adobe building at Fort Bowie are still standing and the substantial stone foundations are clearly defined. It would be relatively easy to locate and identify other fort structures so as to reconstruct this great chapter in our country's history. Presentation of the story could be accomplished by partial or complete restoration of some of the buildings or through appropriate museum and other interpretative features.

ESTIMATED COSTS

The value of privately owned lands involved in the proposal is estimated to be approximately $50 per acre, or $13,000. Costs of developing the area for public use and enjoyment are estimated at approximately $515,000 and annual administrative costs would approximate $26,000.

FIVE FORKS BATTLEFIELD

The bill (H.R. 10276) to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1801) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The principal purpose of this bill is to authorize the Secretary of the Interior to acquire 1,200 acres of land at the Five Forks battlefield site in Virginia and to administer them as part of the Petersburg National Military Park, a unit of the national park system. A further purpose is to change the name of this park to Petersburg National Battlefield.

H.R. 10276 was introduced by the Honorable WATKINS M. ABBITT following receipt of an executive communication requesting consideration of such a bill.

NEED

Petersburg National Military Park was established July 3, 1926. Its 1,531 acres, the present statutory limit, however, do not include the lands on which the Battle of Five Forks was fought. This battle is regarded by historians as the most important of the nine engagements which were fought during the Civil War to gain or retain control of Petersburg and thereby to dominate the railway approaches to Richmond. Five Forks, moreover, was the immediate forerunner of Appomattox, which marked the end of the Confederacy. It was at Five Forks that General Sheridan's 30,000 men overwhelmed General Pickett's Confederate forces on April 1, 1865.

A substantial part of the 1,200 acres proposed to be acquired are in such condition that they still display historic features associated with the battle. These features can readily be preserved. The acreage, which is in 11 ownerships, is for the most part undeveloped. There are indications that some parts of it will be donated to the Government if its acquisition is authorized.

Petersburg National Military Park already attracts well over half a million visitors a year. With inclusion of the Five Forks site in it, it will undoubtedly attract a much larger number and will thus serve to bring home to the American public the significance of one of the most important of the battles of the Civil War.

GOVERNMENT IMPROVEMENTS UNDER CONCESSION CONTRACTS

The bill (H.R. 11405) to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the Act of August 26, 1916 (39 Stat. 535), as amended, and for other purposes was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1802) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this bill is to authorize the Department of the Interior to continue its longstanding practice of requiring concessionaires who utilize Government-owned buildings in areas administered by the National Park Service to be responsible for the maintenance and repair of those buildings.

NEED

Throughout the national park system there are many buildings which have been constructed by the Government or which were acquired by it at the time the lands on which they stand were acquired. Some of these buildings are occupied by concessionaires furnishing services to the public—restaurants, sleeping accommodations, souvenir stands, service stations, and the like. There are also buildings occupied by such concessionaires which have been constructed by and for themselves but to which the Government holds the title.

It has been normal practice for many years for the National Park Service to include in its concessionaire contracts provisions obligating the concessionaire to keep the buildings he occupies in good repair. Such provisions serve to reduce the appropriations which would have to be made if the Government had to repair and maintain these buildings. They also permit the party who is actually in charge of the buildings to coordinate his maintenance work with his other operations.

Recently, however, the Comptroller General has held that the practice of including such provisions in concessionaire contracts is illegal. He did so notwithstanding the conclusions stated in his report to the House committee on H.R. 11405 that—

> Our reviews of National Park Service operations have not disclosed any findings that might lead us to a conclusion that the practice is objectionable from an accounting standpoint.

There is likewise no intimation that the practice involves any loss to the Government or has otherwise led to abuses. His holding appears to have been based solely on the inconsistency between such provisions and the terms of section 321 of the act of June 30, 1932 (47 Stat. 412), as amended (40 U.S.C. 303b), the text of which is set out in his report attached hereto.

In view of the advantages both to the Government and to the concessionaires which flow from the practice described above and the lack of any showing of disadvantage, the committee finds it desirable and necessary that H.R. 11405 be enacted.

BILL PASSED OVER

The bill (S. 3235) to facilitate the work of the Forest Service, and for other purposes, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

EXTENSION OF THE INTERNATIONAL WHEAT AGREEMENT ACT OF 1949

The bill (S. 3574) to extend the International Wheat Agreement Act of 1949 was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the International Wheat Agreement Act of 1949, as amended, is further amended as follows:

(1) The first sentence is amended by striking out the language in the first parenthesis and all that follows in such sentence and inserting in lieu thereof the following: "signed by the United States and certain other countries revising and renewing such agreement of 1949 for periods through July 31, 1965 (hereinafter collectively called the 'International Wheat Agreement')".

(2) There is inserted immediately before the last sentence the following new sentence: "Such net costs in connection with the In-

ternational Wheat Agreement, 1962, shall include those with respect to all transactions which qualify as commercial purchases (as defined in such agreement) from the United States by member and provisional member importing countries, including transactions entered into prior to the deposit of instruments of acceptance or accession by any of the countries involved, if the loading period is not earlier than the date the agreement enters into force."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1804) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3574) to extend the International Wheat Agreement Act of 1949, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would extend the International Wheat Agreement Act of 1949 to cover the International Wheat Agreement, 1962. Its sole purpose is to implement that agreement, which has already been ratified with the advice and consent of the Senate.

Under the agreement each importing country undertakes, when prices are within the agreement range, to purchase from member exporting countries a specified percent of its total commercial purchases from all sources, whatever that total may be. Exporting countries in association with one another undertake to make wheat available to member importing countries at prices within the range to enable them to fulfill their obligations, except that if prices reach the maximum, exporting countries then are obligated to furnish importing countries with certain quantities based on historical commercial trade during a previous period, before prices may move above the maximum. In the 1962 agreement, the maximum and minimum prices are 12½ cents per bushel and higher than those of the 1959 agreement; namely, $2.02½ and $1.62½, respectively, in terms of a basic wheat at a basing point at the head of the Great Lakes.

The act authorizes the President, acting through the Commodity Credit Corporation, to make available such quantities of wheat and wheat flour and at such prices as are necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States, and to take certain other action necessary in the implementation of the agreement.

Passage of the bill was requested by the Department of Agriculture.

BACKGROUND INFORMATION

The following constitutes background information pertinent to the extension of the International Wheat Agreement Act of 1949, as amended, to implement U.S. membership for the ensuing 3 years in the 1962 International Wheat Agreement. The Senate gave its advice and consent for ratification of the agreement on July 9, 1962.

SCOPE OF WHEAT AND FLOUR TRADE INVOLVED

The rights and obligations under the agreement are of necessity restricted to commercial trade, inasmuch as exports under special Government programs, notably Public Law 480 and noncommercial barter (United States) and under the Colombo plan and export credits insurance (Canada), by their very nature do not involve rights and obligations such as attach to trade under a multilateral agreement.

U.S. exports of wheat and flour for the crop year just ended June 30, 1962, are expected to total around 710 million bushels. A preliminary estimate of the composition of this trade is as follows:

	Million bushels
(1) Commercial sales to IWA member importing countries	160
(2) Commercial sales to other exporting countries and to nonmember countries	55
(3) Sales to all countries under title I, Public Law 480	410
(4) Sales to all countries under title IV, Public Law 480	7
(5) Noncommercial barter sales to all countries	28
(6) Donations to all countries	50
Total exports	710

Only the segment of trade in category (1) comes under the rights and obligations of the wheat agreement for the reasons mentioned above, and also inasmuch as trade so covered is restricted to exports to member importing countries, the concept of the agreement being one of a multilateral contract between importing purchasers and exporting suppliers.

Under the 1962 agreement, and likewise under the proposed implementing legislation, "member importing countries" is intended to include importing countries with "provisional" membership. The 1962 agreement recognizes a provisional membership to accommodate those countries which participated in the negotiations but whose legislatures do not find it possible to ratify before the agreement comes into force. In such a case an interim instrument is deposited; i.e., an intention to seek acceptance or accession in accordance with the country's constitutional procedures. This allows a country time to conclude those formalities, and the provisional membership expires upon deposit of the full instrument of acceptance or upon expiry of the period granted by the Wheat Council for its deposit, but in no case later than July 31, 1963.

The agreement also recognizes the practical necessity for the concluding of export transactions in advance of shipment, and the inevitable circumstance that some sales for loading the first crop-year in the agreement will be made before some countries have been able to deposit instruments of acceptance or accession. Accordingly, the criterion for recording transactions under the agreement is not the time of consummation of the transaction, but is whether or not the loading period falls within the term of the agreement.

It is the intention that the reimbursement to the Commodity Credit Corporation which in the proposed legislation is authorized to be appropriated, should include net costs to the Corporation with respect to all transactions which qualify as commercial purchases (as defined in the agreement) from the United States by member and "provisional" member importing countries, on the same basis recognized by the Wheat Council.

U.S. PROGRAM UNDER THE AGREEMENT

The Commodity Credit Corporation program which has been conducted pursuant to the International Wheat Agreement Act of 1949, as amended, enables commercial wheat exporters and millers to purchase wheat at domestic market prices and to sell the wheat, or wheat flour product, to purchasers in wheat agreement importing countries, at prices consistent with the agreement price range, in competition with other exporters in the world market. The program costs in connection with these exports are occasioned by reason of the U.S. domestic price of wheat being higher than the competitive world price. The cost per bushel—and this has been the case since 1953—is the difference between the domestic price at ports and the competitive world price as it moves within the limits of the agreement price range. Should prices advance to the maximum, then the program cost per bushel would be the difference between the domestic price and the U.S. equivalents of the agreement maximum, until the U.S. quantitative commitment had been fulfilled, and then prices could advance higher with a compensating reduction in the program cost.

The Wheat Agreement Act of 1949, as amended, requires the Commodity Credit Corporation, in making wheat available under the agreement, to have regard for its responsibility to utilize the usual and customary channels, facilities, and arrangements of trade and commerce to the maximum extent practicable. During the life of the 1959 agreement, all exports of wheat and wheat flour under the agreement were accomplished through the private trade. Insofar as practicable, practices and procedures applicable to ordinary commercial exports are permitted and encouraged. The program requirements are such as to make participation practicable for small business or for any exporter regularly engaged in the exportation of wheat or wheat flour.

Under the program, an exporter in the private trade negotiates a sale of wheat or wheat flour with a buyer in a wheat agreement importing country, in the knowledge of export payment rates which are publicly announced each day by the Commodity Credit Corporation after grain markets have closed. The exporter reports the sale by telegraph to the CCC, and if the transaction is eligible he receives registration under the program within a few hours. He later accomplishes the exportation and upon presentation of evidence of sale and proof of exportation he collects the export payment from an office in his area at the rate per bushel of wheat or hundredweight of flour which prevailed at the time the sale was made. In the case of wheat, the export payment is made in the form of a negotiable certificate which is redeemable only in wheat from Commodity Credit stocks at the domestic market price. This wheat is utilized only in connection with further exports under the program.

EXPORT PROGRAM COSTS

The average payment on combined wheat and flour exports under the wheat agreement during the fiscal year 1960–61 was 57 cents per bushel. This is approximately the low point for any annual average since the beginning of the agreements in 1949 except for 1953–54 when the average was 44 cents; the highest annual average was 79 in 1956–57; and the overall average since 1949 was 63½ cents. It is difficult to estimate the program costs during the life of the 1962 agreement due to the uncertainties inherent in two of the three principal determinative factors; namely, (1) the volume of trade, (2) the level of domestic market prices, and (3) the future export prices which will need to be established in order to remain fully competitive in the world market. The volume of commercial sales to member importing countries is expected to be about 160 million bushels annually. The domestic price factor may be expected to operate to increase unit costs although this depends upon the level of domestic market prices whereas present conditions would indicate that the third factor—the export price—may to some extent decrease unit costs. The closest estimate possible at this time is 65 cents per bushel with a possibility of reaching 70 cents if domestic markets rise materially; or conversely, a lowering of the cost per bushel, should conditions lead to a domestic market decline.

The following information relating to the 1962 International Wheat Agreement is pertinent to the proposed implementing legislation:

PROSPECTIVE MEMBERSHIP

Forty-eight countries participated in the 1962 United Nations Negotiating Conference, but seven of these were importing countries which did not subscribe a percentage obligation prior to the adjournment of the Conference; consequently, only 41 countries are inscribed in the agreement.

Under the terms of the agreement, it was brought into force in its administrative aspects on July 16, 1962, and operationally on August 1, 1962, by the deposit of instruments of acceptance or accession (including provisional instruments in some cases) by countries holding the requisite number of votes.

The membership status as of August 1, 1962, was as follows:

	Exporting countries	Importing countries	Total
Countries which had deposited final instruments of acceptance or accession	4	12	16
Countries which had deposited provisional instruments of acceptance or accession	4	10	14
Countries granted extension for the deposit of instruments	2	5	7
Countries not granted extensions (which did not sign the agreement) which may seek accession as new members		4	4
Total inscribed in agreement	10	31	41

NOTE.—The names of the countries in the foregoing categories are listed in "App. I: Exporting Countries," and "App. II: Importing Countries."

OBLIGATION OF IMPORTING COUNTRIES

Each member importing country undertakes to purchase from member exporting countries a specified percentage of its total commercial purchases from all sources, whatever that total may be. The weighted average of the percentages subscribed by all importing countries under the 1962 agreement is approximately 81 percent. This takes into account the prospective membership of the U.S.S.R. At the level of trade during the crop years 1959–60 and 1960–61, commercial purchases from all sources aggregated around 590 million bushels.

It is expected that the member importing countries will buy within the agreement a much greater proportion of their total commercial requirements than the 81 percent subscribed. Under the previous (1959) agreement, when the weighted average subscribed was 70 percent, the actual commercial purchases for the crop years 1959–60 and 1960–61 approximated 92½ percent.

The importers' obligation exists at the agreement minimum price and throughout the range up to the maximum price. The right of the United States and other exporting countries is to sell this guaranteed percentage that the member importers purchase. This benefit is global in the sense that exporting countries compete with one another in selling importing countries their requirements.

OBLIGATION OF EXPORTING COUNTRIES

The obligation of exporting countries exists if the price reaches the agreement maximum. Then they undertake to furnish any quantities not already purchased in that year, up to a moving average equal to importers' historical commercial purchases during a 4-year period. To purchase up to these quantities at the maximum price, before prices may go any higher, is the importing countries' right. The maximum obligation of the United States, at the maximum price, for the crop year 1961–62 was 168 million bushels. During the life of the 1962 agreement, the maximum obligation each year could be expected to continue at about this figure. Exporters' obligations are global in the sense that an exporting country may discharge its obligation by selling to any member importing countries until the exporter's overall commitment has been fulfilled.

It is interesting to note that commercial sales by the United States for the current year 1961–62 subject to the terms of the agreement, secured competitively under nonmaximum price conditions (projected on the basis of the volume recorded during the first 11 months), totals around 160 million bushels. This approximates the total quantity mentioned in the preceding paragraph which the United States could have been called upon to furnish had prices reached the maximum.

Exporting countries inscribed in the 1962 agreement

Exporting country	Member of 1959 agreement	Inscribed in 1962 agreement	Status as of Aug. 1, 1962		
			Instrument of full membership deposited	Instrument of provisional membership deposited	Granted extension for deposit of instrument of acceptance
1. Argentina	X	X		X	
2. Australia	X	X	X		
3. Canada	X	X	X		
4. France	X	X			X.
5. Italy	X	X		X	
6. Mexico	X	X			X.
7. Spain	X	X		X	
8. Sweden	X	X		X	
9. United States	X	X	X		
10. U.S.S.R	Nonmember	X	X		

Importing countries inscribed in the 1962 agreement

Importing country	Percent commercial purchases pledged		Status as of Aug. 1, 1962			
	1959	1962	Instrument of full membership deposited	Instrument of provisional membership deposited	Extensions granted	See footnote 1
1. Austria	45	60	X			
2. Belgium-Luxembourg	80	90		X		
3. Brazil	50	30		X		
4. Cuba	90	90		X		
5. Dominican Republic	90	90			X	
6. Federal Republic of Germany	70	87½		X		
7. India	70	70	X			
8. Indonesia	70	70			X	
9. Ireland	90	90	X			
10. Israel	60	60		X		
11. Japan	50	85		X		
12. Republic of Korea	90	90	X			
13. Netherlands	75	90		X		
14. New Zealand	90	90	X			
15. Nigeria	90	80	X			
16. Norway	60	90	X			
17. Philippines	70	80		X		
18. Portugal	85	85			X	
19. Rhodesia and Nyasaland	90	90	X			
20. Saudi Arabia	70	70	X			
21. South Africa	90	90	X			
22. Switzerland	80	87		X		
23. United Arab Republic	30	30		X		
24. United Kingdom	80	90	X			
25. Vatican City	100	100	X			
26. Venezuela	70	60			X	
27. Ceylon	([2])	80				X.
28. Iran	([2])	80				X.
29. Liberia	([2])	70			X	
30. Libya	([2])	70				X.
31. Poland	([2])	50				X.

[1] Seven additional importing countries participated in the 1962 Negotiating Conference but did not specify a percentage undertaking and consequently were not inscribed in the agreement. Two of these countries, Finland and Greece, applied to the International Wheat Council for accession after the agreement came into force on July 16, 1962. The applications were approved and the countries are now placing membership before their legislatures. The other 5 countries in this category may seek accession in the same manner in the future. These countries are Colombia, Denmark, Morocco, Pakistan, and Syria.

Nine importing countries which were members of the 1959 agreement did not participate in the 1962 Negotiating Conference. One of these countries, El Salvador, applied for accession after the agreement came into force on July 16, 1962. The application was approved by the Wheat Council and the deposit of the instrument of accession is pending. The other 8 countries in this category are Costa Rica, Guatemala, Haiti, Honduras, Iceland, Panama, Peru, and Sierra Leone. Sierra Leone has applied for accession but the Wheat Council has not yet had opportunity to act on it.

Of the 41 exporting and importing countries inscribed in the agreement, all but 4 have deposited instruments, either final or provisional, or have been granted extensions for deposit. The 4 which have not been granted extensions have not applied therefor, nor did they sign the agreement during the prescribed period. These countries are Ceylon, Iran, Libya, and Poland. They are privileged to apply to the Wheat Council for accession under art. 35(4) of the agreement which authorizes the Council by ⅔ votes of exporting countries and ⅔ votes of importing countries to approve accession by the government of any member of the United Nations or the specialized agencies or by any government which was a member of the 1959 wheat agreement.

[2] Not member of 1959 agreement.

THE PRICE RANGE

The basic maximum and minimum prices in the 1962 agreements are $2.02½ and $1.62½ per bushel, respectively, compared with $1.90 and $1.50 in the expiring agreement. These prices are on a gold basis (i.e., equal to U.S. currency) and are in terms of a basic grade and a basing point; namely, No. 1 Manitoba Northern wheat in bulk in store at the head of the lakes.

The equivalents of the agreement basic prices at U.S. ports are determined on the basis of prevailing transportation rates to destinations. As an example, the current f.o.b. equivalents at U.S. gulf ports of the new agreement basic prices are approximately $2.16 maximum and $1.76 minimum. For practical purposes of comparison, these prices must be further interpreted in terms of classes and grades in relation to the basic grade. The United States establishes differentials for its various classes and grades as required in the light of competitive world prices.

Shorter supplies of hard wheats in the higher protein brackets, and price advances of these qualities during the last half of 1961 and early 1962, were factors favorable to the obtaining of the increase in the agreement price range at the negotiating conference. However, this was accomplished in the face of remaining large supplies of ordinary protein wheats and a concerted resistance to price increase on the part of developing countries. Although purchases by developing countries are largely under Government-assisted programs rather than commercial, nonetheless they opposed a higher price range, and by and large it was the industrialized commercial buyers which enabled the United States and other exporting countries to negotiate the price increase.

AGREEMENT ADMINISTRATION

The agreement is administered internationally by a Wheat Council composed of member countries of the agreement. Votes are divided equally between exporting countries and importing countries, with each group having 1,000 votes. The United States holds 290 of the 1,000 exporter votes in the Council.

The U.S. pro rata proportion of the cost of administration under the 1959 agreement averaged $22,600 annually, which is about one-sixtieth of a cent per bushel of wheat exported under the agreement.

DEPARTMENTAL VIEWS

Department of Agriculture,
Washington, D.C., July 20, 1962.

Hon. Lyndon B. Johnson,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith for consideration by the Congress a draft of legislation which would amend the International Wheat Agreement Act of 1949, as amended, to extend the authority contained in the act to implement the 1962 International Wheat Agreement to which the Senate has given its advice and consent for ratification.

Enactment by the Congress of this proposed implementing legislation is recommended. Under its provisions certain action is authorized to secure the benefits and discharge the obligations of the United States under the agreement, upon the expected entry into force of the operational provisions of the agreement on August 1, 1962. This proposed legislation also is being submitted to the Speaker of the House of Representatives.

The current agreement, by its own terms, expires on July 31, 1962. The 1962 agreement in effect continues it, with some revisions, for a period ending July 31, 1965. The rights and obligations under the new agreement are similar to those in the 1959 agreement. Each importing country undertakes, when prices are within the agreement range, to purchase from member exporting countries a specified percent of its total commercial purchases from all sources, whatever that total may be. Exporting countries in association with one another undertake to make wheat available to member importing countries at prices within the range to enable them to fulfill their obligations, except that if prices reach the maximum, exporting countries then are obligated to furnish importing countries with certain quantities based on historical commercial trade during a previous period, before prices may move above the maximum. In the 1962 agreement, the maximum and minimum prices are 12½ cents per bushel higher than those of the 1959 agreement; namely, $2.02½ and $1.162½, respectively, in terms of a basic wheat at a basing point at the head of the Great Lakes.

The new agreement, like previous ones, covers commercial transactions. As defined in the agreement, this excludes such exports as those pursuant to Public Law 480, bilateral barter, and credit sales where the terms do not conform with those prevailing commercially.

The International Wheat Agreement Act of 1949, as amended, authorizes the President, acting through the Commodity Credit Corporation, to make available or cause to be made available, such quantities of wheat and wheat flour and at such prices as are necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States, and to take certain other action necessary in the implementation of the agreement. Pursuant to this authority the Commodity Credit Corporation has made wheat available by making export payments-in-kind on wheat and cash payments on wheat flour, to commercial exporters, and by the sale to commercial exporters of wheat acquired by the Commodity Credit Corporation under its price-support program; all in connection with exports to importing countries which were members of the wheat agreement. The rate of payment on commercial exports represents the difference between the price of wheat on the domestic market and the selling price of such wheat under the agreement. All transactions are reported to the International Wheat Council for recording.

The 1962 agreement recognizes provisional membership to accommodate those countries which participated in the negotiations but whose legislatures do not find it possible to ratify before the agreement comes into force. In such a case an interim instrument is deposited; i.e., an intention to seek acceptance or accession in accordance with the country's constitutional procedures. The provisional membership will expire upon deposit of the full instrument of acceptance or upon expiry of the period granted for its deposit, but in no case later than July 16, 1963.

The accompanying draft legislation is intended to cover all exports by the United States of wheat and wheat flour which qualify to be recorded by the International Wheat Council as commercial purchases by member, and provisional member, importing countries.

The President's budget for fiscal year 1963 assumes that the International Wheat Agreement will be extended, and a proposed appropriation of $81,218,000 is included for this purpose in the budget. In the event that the act is not extended, costs of wheat exports would be financed from funds of the Commodity Credit Corporation.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

Orville L. Freeman,
Secretary.

BILLS PASSED OVER

The bill (H.R. 8520) to amend the Soil Conservation and Domestic Allotment Act to limit financial and technical assistance for drainage of certain wet lands, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (H.R. 10743) to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes, was announced as next in order.

Mr. MANSFIELD. Over Mr. President.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3597) to amend title 38, United States Code, to permit for 1 year the granting of national service life insurance to certain veterans heretofore eligible for such insurance, was announced as next in order.

Mr. MANSFIELD. Mr. President, I believe the bill is not the type which should be considered on the basis of a call of the calendar, so I ask that it go over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

TWO-YEAR EXTENSION OF SUSPENSION OF DUTIES ON CERTAIN LATHES

The bill (H.R. 11400) to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing, was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1808) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of H.R. 11400 is to continue for 2 years, until August 7, 1964, the existing suspension of duties on copying lathes used for making rough or finished shoe lasts from models of shoe lasts and capable of producing more than one size shoe from a single size model of a shoe last.

GENERAL STATEMENT

Public Law 1012 of the 84th Congress, approved August 6, 1956, transferred from the dutiable to the free list of the Tariff Act for a period of 2 years, by amendment of paragraph 1643 of the Tariff Act of 1930, "Copying lathes used for making rough or finished shoe lasts from models of shoe lasts and, in addition, capable of producing more than one size shoe last from a single size model of a shoe last." The suspension of duties has been in effect continuously since that time, 2-year extensions having been enacted on May 16, 1958 (Public Law 85-416), and on June 30, 1960 (Public Law 86-562). H.R. 11400 would continue the suspension for a further 2-year period, until August 7, 1964.

The suspension of duty was made in order to make available to domestic shoe-last manufacturers highly specialized and expensive copying lathes which can only be obtained from foreign sources. The Commerce Department, in recommending enactment of this legislation advised that "the domestic shoe-last manufacturing industry is very much interested in these lathes, since they greatly increase the production of shoe lasts per unit of investment and production costs. This type of equipment is available only from foreign sources. The duty is 13¾ percent, and continuance of the suspension will benefit the shoe-last manufacturing industry without detriment to domestic equipment producers."

The U.S. Tariff Commission states that "it is believed that the lathes being imported are primarily for the use of last manufacturers who find it necessary to replace their older type lathes in order to remain competitive," and that the Commission "has been apprised of no complaints from domestic interests against the suspension of duties."

ARBUCKLE RECLAMATION PROJECT, OKLAHOMA

The Senate proceed to consider the bill (S. 892) to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, line 21, after "(72 Stat. 319)", to insert a comma and "as amended"; on page 3, line 19, after the word "purposes", to insert "so long as the space designated for those purposes may be physically available, taking into account such equitable reallocation of reservoir storage capacities among the purposes served by the project as may be necessary due to sedimentation,"; on page 4, line 10, after the word "to", to strike out "the project water users" and insert "a water users' organization"; on page 6, line 9, after the word "the", to strike out "preservation and propagation" and insert "conservation and development"; and after line 15, to strike out:

SEC. 9. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be required to carry out the purposes of this Act.

And, in lieu thereof, to insert:

SEC. 9. There is authorized to be appropriated for construction of the Arbuckle reclamation project the sum of $13,340,000 (March 1962 prices), plus or minus such amounts as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indices applicable to the type of construction involved herein. There are also authorized to be appropriated such additional sums as may be required for the operation and maintenance of the project.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to construct, operate, and maintain the Arbuckle Federal reclamation project, Oklahoma, in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), for the principal purposes of storing, regulating, and furnishing water for municipal, domestic, and industrial use, and for controlling floods and for the conservation and development of fish and wildlife, and the enhancement of recreational opportunities. The project shall consist of the following principal works: A reservoir on Rock Creek near Sulphur, Oklahoma, pumping plants, pipelines, and other conduits for furnishing water for municipal, domestic, and industrial use, and minimum basic recreational facilities.

SEC. 2. In constructing, operating, and maintaining the Arbuckle project, the Secretary shall allocate the costs thereof among different functions resulting from multiple-purpose development under the following conditions:

(a) Allocations to flood control, recreation, and the conservation and development of fish and wildlife shall be nonreimbursable and nonreturnable under the reclamation laws;

(b) Allocations to municipal water supply, including domestic, manufacturing, and industrial uses, shall be repayable to the United States by the water users through contracts with municipal corporations, or other organizations as defined by section 2, Reclamation Project Act of 1939 (53 Stat. 1187) under the provisions of the Federal reclamation laws, and to the extent appropriate, under the Water Supply Act of 1958 (72 Stat. 319), as amended. Such contracts shall be precedent to the commencement of construction of any project unit affecting the individual municipality or industrial users, and shall provide for repayment of construction costs allocated to municipal water supply in not to exceed fifty years from the date water is first delivered for that purpose: *Provided*, That the water users' organization be responsible for the disposal and sale of all water surplus to its requirements, and that the revenues therefrom shall be used by the organization for the retirement of project debt payment, payment of interest, and payment of operation and maintenance cost. The interest rate used for purposes of computing interest during construction and interest on the unpaid balance shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction is initiated, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations, which are neither due nor callable for redemption for fifteen years from date of issue;

(c) Upon the completion of the payment of the water users' construction cost obligation, together with the interest thereon, the water users, their designee or designees, shall (1) have a permanent right to the use of that portion of the project allocable to municipal water supply purposes so long as the space designated for those purposes may be physically available, taking into account such equitable reallocation of reservoir storage capacities among the purposes served by the project as may be necessary due to sedimentation, subject, if the project is then operated by the United States, to payment of a reasonable annual charge to the Secretary of the Interior sufficient to pay all operation and maintenance charges and a fair share of the administrative costs applicable to the project; (2) be conveyed title to such portions of the pipelines and related facilities as are used solely for delivering project water to the water users.

SEC. 3. Contracts may be entered into with the water users' organization pursuant to the provisions of this Act without regard to the last sentence of subsection (c) of section 9 of the Reclamation Project Act of 1939.

SEC. 4. The Secretary is authorized to transfer to a water users' organization the care, operation, and maintenance of the works herein authorized and, if such transfer is made, may deduct from the obligation of the water users the reasonable capitalized equivalent of that portion of the estimated operation and maintenance cost of the undertaking which, if the United States continues to operate the project, would be allocated to flood control and fish and wildlife purposes. Prior to taking over the care, operation, and maintenance of said works, the water users' organization shall obligate itself to operate them in accordance with criteria specified by the Secretary of the Army with respect to flood control and the Secretary of the Interior with respect to fish and wildlife and recreation.

SEC. 5. Construction of the Arbuckle project herein authorized may be undertaken in such units or stages as in the opinion of the Secretary best serve the project requirements and the relative needs for water. Repayment contracts negotiated in connection with each unit or stage of construction shall be subject to the terms and conditions of section 2 of this Act.

SEC. 6. The Secretary may (1) contract for the construction of any part of the minimum basic recreational facilities with any qualified agency of the State of Oklahoma or a political subdivision thereof, and (2) upon conclusion of a suitable agreement with any such agency or political subdivision for assumption of the administration, operation, and maintenance thereof at the earliest practicable date, construct or permit the construction of public park and recreational facilities on lands owned by the United States adjacent to the reservoir of the Arbuckle project, when such use is determined by the Secretary not to be contrary to the public interest, all under such rules and regulations as the Secretary may prescribe. No recreational use of any area to which this section applies shall be permitted which is inconsistent with the laws of the State of Oklahoma for the protection of fish and game and the protection of the public health, safety, and welfare. The Federal costs of constructing the facilities authorized by this section shall be limited to the nonreimbursable costs of the Arbuckle project for minimum basic recreational facilities as determined by the Secretary.

SEC. 7. The Secretary may make such reasonable provision in connection with the works of the Arbuckle Federal reclamation project, in accordance with section 2 of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended, 16 U.S.C. 661, and the following), as he finds to be required for the conservation and development of fish and wildlife.

SEC. 8. Expenditures for Arbuckle Reservoir, and the water supply aqueduct system, may be made without regard to the soil survey and land classification requirements of the Interior Department Appropriation Act, 1954 (43 U.S.C. 390a).

SEC. 9. There is authorized to be appropriated for construction of the Arbuckle reclamation project the sum of $13,340,000 (March 1962 prices), plus or minus such amounts as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indices applicable to the type of construction involved herein. There are also authorized to be appropriated such additional sums as may be required for the operation and maintenance of the project.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1809) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of S. 392, is to authorize construction by the Secretary of the Interior of the multiple-purpose Arbuckle project in south-central Oklahoma. Through the regulation and storage of the flows of Rock Creek, a tributary of the Washita River, the project is designed to provide municipal, domestic, and industrial water supplies, flood control, and fish and wildlife and recreational opportunities.

The communities in the area that would be served by this project have long recognized the need for a dependable water supply but the urgency of the situation became evident during the severe drought of the 1950's. During this period the communities experienced serious shortages of water, even for human consumption and fire protection. At the peak of the drought in 1956, the use of water had to be rationed in the project area. All springs in the area went dry and the water level in the wells dropped as much as 18 feet. While a number of new wells had been drilled recently, the underground water supply is not considered a firm source for meeting the needs in the project area.

In addition to the drought conditions which have prevailed in the area, the communities are experiencing a rapid expansion in population which creates an ever-expanding need for water.

Although the flood-control benefits from the project are not high, they are important. The reservoir would reduce periods of downstream flooding with the suffering and damage consequent thereto. The storage of floodwater in the reservoir during the period of the project operation study, 1922 to 1958, would have prevented all flooding along Rock Creek and reduced the magnitude of floods on the Washita River. Fishing, hunting, and other recreational opportunities in this area are inadequate and the Arbuckle project would assist in meeting these ever-expanding needs.

PLAN OF DEVELOPMENT AND OPERATION

The plan of development provides for construction of the Arbuckle Dam and Reservoir on Rock Creek, a tributary of the Washita River, about 6 miles southwest of the city of Sulphur. The dam would be a rolled-earth type, 139 feet in height, and the reservoir would have a capacity of about 226,000 acre-feet. A total of 45 miles of pipelines, consisting of three separate lines, would deliver water to the project water users. Water treatment and purification would not be a responsibility of the Federal Government.

Municipal and industrial water would be furnished to the cities of Ardmore, Davis, Sulphur, Wynnewood, and the nearby oil refinery. About 58,000 acre-feet of storage is assigned to conservation which would yield about 16½ million gallons of water daily for municipal and industrial use.

The amount of storage assigned to flood control is about 36,000 acre-feet. In addition, there is surcharge storage amounting to 120,000 acre-feet and about 4,000 acre-feet for sediment. The dead storage of the reservoir amounts to about 8,000 acre-feet.

The fish and wildlife plan includes 1,275 acres for wildlife habitat and provides for sport fishing opportunities at the reservoir. Basic recreation facilities for the protection and accommodation of the public are included as a part of the project. These facilities would include access roads, picnic areas, camping, and boating facilities. It is contemplated that recreational facilities will be administered and operated by an appropriate State agency.

The Department has under consideration the acquisition and development of additional lands and improved facilities for recreational purposes. In the discussion of this during the hearings, Assistant Secretary Holum stated that if the decision is made to recommend additional recreational facilities above the minimum basic requirements, the Department would come back to the Congress for the necessary authority.

The water rights necessary for the successful operation of the Arbuckle project have been assured by action of the Oklahoma Water Resources Board.

This legislation authorizes the transfer to the water users' organization of the care, operation, and maintenance of the project works. The organization which will assume this responsibility is the Arbuckle Master Conservancy District which is in the process of organization under Oklahoma State law. It is this organization which will also execute contracts with the United States establishing requirements for water delivery and repayment. The legislation provides that, upon the completion of payment of the water users' obligation, they will have a permanent right to use of that portion of the project storage allocable to municipal water supply purposes.

Mr. KERR subsequently said: Mr. President, I ask unanimous consent that the vote by which the Senate passed Calendar No. 1766, Senate bill 892, be reconsidered.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KERR. Mr. President, I now ask that the Committee on Interior and Insular Affairs be discharged from the further consideration of House bill 23, which has been passed by the House, and is now in the Committee on Interior and Insular Affairs, and is identical with Senate bill 892; and I ask that House bill 23 be considered and passed at this time.

The ACTING PRESIDENT pro tempore. Without objection the Committee on Interior and Insular Affairs will be discharged from the further consideration of House bill 23; and, without objection, the Senate will now proceed to the consideration of House bill 23.

The question now is on the third reading of the bill.

The bill (H.R. 23) to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes, was read the third time, and was passed.

The ACTING PRESIDENT pro tempore. Without objection, Senate bill 892 will be indefinitely postponed.

Mr. KERR. Mr. President, I move that the vote by which House bill 23 was passed be reconsidered.

Mr. ENGLE. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

MINERAL INTERESTS IN CERTAIN PUBLIC LANDS IN ARIZONA

The Senate proceeded to consider the bill (H.R. 10566) to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Ariz., which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 1, line 3, after the word "That", to strike out "(a)"; at the top of page 2, to strike out:

(b) Nothing in this Act shall be construed to preclude a surface owner of any lands described herein from granting to any person or firm the right to prospect or explore for any class of minerals for which mining locations may be made under the United States mining laws on such terms and conditions as may be agreed upon by the surface owner and the prospector, but no mining location shall be made thereon so long as the withdrawal made by this Act is in effect.

After line 8, to strike out:

(c) The surface owner of any lands may at any time after the effective date of the Act, make application to purchase, and the Secretary of the Interior shall sell to such owner, the interests of the United States in any and all minerals within the boundaries of the lands owned by such owner, which lands were patented or otherwise conveyed under the public land laws with a reservation of such minerals to the United States. All sales of such interests shall be made expressly subject to valid existing rights. Before any such sale is consummated, the surface owner shall pay to the Secretary of the Interior the sum of the fair market value of the interests sold, and the cost of appraisal thereof, but in no event less than the sum of $50 per sale and the cost of appraisal of the mineral interests. The Secretary of the Interior shall issue thereupon such instruments of conveyance as he deems appropriate.

And, after line 24, to strike out:

(d) In the event that any of the minerals to be conveyed under subsection (c) of this section are subject to any lease, permit, license, or contract issued under the Mineral Leasing Act, as amended (30 U.S.C. 181 et. seq.), or any other law, then such conveyance shall contain an assignment of all right, title, and interest of the United States in and to such lease, permit license, or contract, including the right to all rentals, royalties, and other payments accruing under such lease, permit, license, or contract after the effective date of such conveyance.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1810) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF BILL

H.R. 10566 as amended would effect a statutory withdrawal of a tract of some 425,000 acres of land in the outskirts of and near Tucson, Ariz. The surface of this land, much of it former stock raising homestead land, is owned by private individuals, but as required by the Stock Raising Homestead Act and Taylor Grazing Act, mineral rights remain in the Federal Government.

A substantial part of the area has been the subject of intensive urban development and private homes have been built on some tracts. Nevertheless, under the mining laws these lands are subject to mineral location, and the committee was informed that purported prospectors or locators have in fact entered upon the yards and land surrounding private dwellings and have dug holes and set up the markers required for staking out a claim.

While as far as is now known the lands have only nominal value, at best, for minerals, nevertheless these locations have a color of right until invalidated by formal action of the Bureau of Land Management for lack of bona fide discovery of commercially valuable minerals. Such action by an agency of the Federal Government necessarily takes time, and meanwhile the homeowners are subject to annoyance, loss of their privacy, and damage to their property. In some instances, homeowners have paid off purported prospectors to rid themselves of the nuisance.

The threat of such "nuisance locations" has deterred the development of the entire tract, and constitutes for practical purposes a cloud on the title.

SALE OF MINERAL ESTATE IN CERTAIN LANDS

The Senate proceeded to consider the bill (H.R. 8134) to authorize the sale of the mineral estate in certain lands, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 1, after the enacting clause, to strike out "That the Secretary of the Interior be, and he hereby is authorized, at his discretion to sell to the surface owners, and their successors in title, the mineral estate reserved to the United States in the following described lands which were patented under section 8 of the Taylor Grazing Act, as amended (43 U.S.C. 315g):" and insert "That, subject to valid existing rights, the mineral interests of the United States which have been reserved in patents or other conveyances, heretofore issued under the public land laws, in the lands herein described are hereby withdrawn from all forms of appropriation under the public land laws, including the mining and mineral leasing laws, and from disposal under the Act of July 31, 1947, as amended (61 Stat. 681; 30 U.S.C. 601–604):"; and on page 2, after line 18, to strike out:

All sales of the rights of the United States to the mineral estate under the provisions of this Act shall be on condition of payment of the fair market value for such rights, but in no event shall payment be less than $5 per acre, plus the cost of the appraisal thereof.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1811) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purpose of H.R. 8134, as amended, is to effect a statutory withdrawal of some 4,500 acres of land near Phoenix, Ariz., from all forms of entry under the public land laws, including the Mining and Mineral Leasing Acts. The lands are former Taylor Grazing Act lands, the surface of which now has passed into private ownership, but with the minerals retained by the Federal Government.

The surface owners desire to develop the area for high quality residential purposes, but are deterred by the possibility of nuisance locations under the mining laws. These laws give any citizen the right to enter upon and prospect for minerals on the lands, even though the surface may be under intensive use for other purposes. The committee was informed that the reservation of minerals to the Federal Government is hindering development of the area by private enterprise.

JURISDICTION OF MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA IN CIVIL ACTIONS

The Senate proceeded to consider the bill (S. 3322) to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the name of the court, and for other purposes, which had been reported from the Committee on the District of Columbia, with an amendment, to strike out all after the enacting clause and insert:

That the court established by the first section of the Act entitled "An Act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'the Municipal Court for the District of Columbia', to create 'the Municipal Court of Appeals for the District of Columbia', and for other purposes", approved April 1, 1942, as amended (56 Stat. 190; D.C. Code, sec. 11–751), hereafter shall be known as the "District of Columbia Court of General Sessions". Wherever reference is made in any Act of Congress (other than this Act or the amendments made by this Act) or in any regulation to the Municipal Court for the District of Columbia, such reference shall be held to be a reference to the District of Columbia Court of General Sessions.

Sec. 2. Subsection (a) of section 4 of such Act, approved April 1, 1942, as amended (D.C. Code, sec. 11–755(a)), is amended to read as follows:

"(a) The District of Columbia Court of General Sessions, as established by this Act, shall consist of the criminal, civil, and small claims and conciliation, and domestic relations branches. The court and each judge thereof shall have and exercise the same powers and jurisdiction as were heretofore had or exercised by the Municipal Court for the District of Columbia or the judges thereof on the day before the effective date of this amendatory subsection, and in addition the said court shall have exclusive jurisdiction of civil actions commenced after the effective date of this amendatory subsection, including such actions against executors, administrators and other fiduciaries, in which the claimed value of personal property or the debt or damages claimed, does not exceed the sum of $10,000 exclusive of interest and costs, and, in addition, shall have jurisdiction of all cross-claims and counterclaims interposed in all actions over which it has jurisdiction regardless of the amount involved: *Provided, however,* That nothing herein shall deprive the United States District Court for the District of Columbia of jurisdiction over counterclaims, cross-claims, or any other claims whether or not arising out of the same transaction or occurrence and interposed in actions over which the United States District Court for the District of Columbia has jurisdiction. The District of Columbia Court of General Sessions shall also have jurisdiction over all cases properly pending in the Municipal Court for the District of Columbia on the effective date of this amendatory subsection."

Sec. 3. Subsection (a) of section 5 of such Act approved April 1, 1942, as amended (D.C. Code, sec. 11–756(a)), is amended to read as follows:

"(a) If, in any action, other than an action for equitable relief, pending on the effective date of this amendatory subsection or thereafter commenced in the United States District Court for the District of Columbia, it shall appear to the satisfaction of the court at or subsequent to any pretrial hearing but prior to trial thereof that the action will not justify a judgment in excess of $10,000, the court may certify such action to the District of Columbia Court of General Sessions for trial. The pleadings in such action, together with a copy of the docket entries and of any orders theretofore entered therein, shall be sent to the clerk of the said Court of General Sessions, together with any deposit for costs, and the case shall be called for trial in that court promptly thereafter; and shall thereafter be treated as though it had been filed originally in the said Court of General Sessions, except that the jurisdiction of that court shall extend to the amount claimed in such action, even though it exceed the sum of $10,000."

Sec. 4. Subsection (c) of section 5 of such Act approved April 1, 1942, as amended (D.C. Code, sec. 11–756(c)), is amended to read as follows:

"(c) The District of Columbia Court of General Sessions shall have the power to compel the attendance of witnesses by attachment and any judge thereof shall have the power in any case or proceeding whether civil or criminal to punish for disobedience of any order, or contempt committed in the presence of the court by a fine not exceeding $50 or imprisonment not exceeding thirty days. At the request of any party subpoenas for attendance at a hearing or trial in the District of Columbia Court of General Sessions shall be issued by the clerk of the said court. A subpoena may be served at any place within the District of Columbia, or at any place without the District of Columbia that is within one hundred miles of the place of the hearing or trial specified in the subpoena. The form, issuance and manner of service of a subpoena shall be as prescribed by rule 45 of Federal Rules of Criminal Procedure."

Sec. 5. (a) Section 1114 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901 (31 Stat. 1189; D.C. Code, sec. 11–1520), is hereby repealed.

(b) The paragraph relating to witness fees under the heading "District of Columbia" in the Act entitled "An Act making appropriations to supply deficiencies in the appropriations for the fiscal year ending June thirtieth, nineteen hundred and two, and for prior years, and for other purposes", approved July 1, 1902 (32 Stat. 552, 561; D.C. Code, sec. 11–1520a), is amended by striking "cases in the police court of the District of Columbia" and inserting in lieu thereof "criminal cases in the District of Columbia Court of General Sessions".

(c) The fees and travel allowances to be paid any witness compelled by subpoena to attend any branch of the District of Columbia Court of General Sessions other than the criminal branch shall be the same amount as paid a witness compelled to attend before the United States District Court for the District of Columbia.

Sec. 6. The court established by section 6 of the Act of April 1, 1942 (56 Stat. 190; D.C. Code, sec. 11–771), hereafter shall be known as the "District of Columbia Court of Appeals". Wherever reference is made in any Act of Congress (other than this Act) or in any regulation to The Municipal Court of Appeals for the District of Columbia, such reference shall be held to be a reference to the District of Columbia Court of Appeals.

Sec. 7. This Act shall take effect on the first day of the first month which begins after the sixtieth day following the date of its enactment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1812) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on the District of Columbia, to whom was referred the bill (S. 3322) to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the name of the court, and for other purposes, after full consideration, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof a substitute amendment for the bill.

The purpose of this bill as amended is fourfold and its enactment would accomplish the following:

1. Increase the ad damnum jurisdiction of the municipal court of the District of Columbia in civil cases from $3,000 to $10,000;

2. Increase the subpena powers of the municipal court of the District of Columbia to an area without the boundaries of the District;

3. Allow the District Court for the District of Columbia to certify actions to the municipal court which will not justify a judgment in excess of $10,000; and

4. Change the name of the municipal court for the District of Columbia to the District of Columbia court of general sessions, and also change the name of the municipal court of appeals for the District of Columbia to the District of Columbia court of appeals.

The act of April 1, 1942 (56 Stat. 190), consolidated the police court of the District of Columbia and the municipal court of the District of Columbia. A provision of that act set the ad damnum jurisdiction of the newly established municipal court at $3,000. Since enactment of the 1942 statute, there has been a steady rise in costs incident to damage claims. Naturally this has resulted in a greater number of judgments being returned that are in excess of the $3,000 jurisdictional amount. The effect has been to preclude plaintiffs from filing their action in the municipal court. The enactment of S. 3322 will in some measure alleviate this situation and make it again possible for the municipal court to have jurisdiction more in keeping with the intent of Congress when the court was consolidated with the police court some 20 years ago. It also would have the effect of relieving the congested calendars of the U.S. District Court for the District of Columbia of the cases involving relatively small amounts claimed and thus free Federal judges for consideration of the many more and far-reaching classes of litigation that come before it as a Federal court. Further, it will make the minimum ad damnum jurisdiction conform generally with that of the other U.S. district courts.

At the present time, a civil jury action filed in the municipal court entails a waiting period of approximately 3 months before the case can proceed to trial, while in the district court the waiting period is about 20 months. By increasing the ad damnum jurisdiction of the municipal court for the District of Columbia, as provided in the bill, this will allow many cases to be filed in the municipal court, and consequently be brought to trial much sooner than if they were docketed in the district court.

Section 3 of the bill provides authority for the district court to certify actions to the municipal court if it shall appear to the satisfaction of the courts, at or subsequent to any pretrial hearing but prior to trial thereof, that the action will not justify a judgment in excess of $10,000. Under the terms of this section an action so certified shall be treated as though it had been filed originally in the said municipal court, except that the jurisdiction of that court shall extend to the amount claimed in such action, even though it exceeds the sum of $10,000.

In conjunction with the increased ad damnum jurisdiction of the municipal court, section 4 of the bill provides for subpenas to be served beyond the territorial limits of the District of Columbia. This particular section specifically provides that a subpena can be served within 100 miles of the place of the hearing or trial specified in the subpena. In connection with this increased subpena power the court has power to compel the attendance of witnesses by attachment and to punish for disobedience of any order. The aforementioned are important considerations for the reason that it will make possible the municipal court acquiring jurisdiction over witnesses in the entire Washington metropolitan area, and thus enable the court to dispose speedily and competently of the actions coming within its jurisdiction.

Section 5 of the bill makes provision for increasing fees and travel allowances of witnesses subpenaed to the municipal court in civil cases. This particular section amends existing law so as to enable such witnesses to receive the same compensation and travel allowances as are paid witnesses compelled to attend the U.S. District Court for the District of Columbia. The provision makes no change in the fees paid to witnesses subpenaed to the criminal branch of the court.

Sections 1 and 6 of the bill, respectively, provide for changing the name of the Municipal Court of the District of Columbia to the "District of Columbia Court of General Sessions"; and changing the name of the Municipal Court of Appeals for the District of Columbia to the "District of Columbia Court of Appeals."

In recognition of the fact that the jurisdiction of the municipal court for the District is broader and more diversified than the jurisdiction of municipal courts of most cities in the United States, it was the view of the supporters of the bill that by changing the name of the municipal court to the "District of Columbia Court of General Sessions" the court would be assuming a name that would be more appropriate and commensurate with the court's jurisdiction and related responsibilities. Likewise, the Municipal Court of Appeals for the District of Columbia was renamed in order to conform it to the renaming of the municipal court.

The Judiciary Subcommittee of this committee held public hearings on the bill on June 14, 1962, at which time the subcommittee was informed that the principal provisions of the bill were supported by the 1961 Judicial Conference of the District of Columbia Circuit. The subcommittee was further informed that during the 1961 judicial conference a resolution was adopted proposing the enlargement of the municipal court's jurisdiction, and also changing the name of the court to the "District of Columbia Court of General Sessions." After adoption of the resolution a special committee under the jurisdiction of the judicial conference was appointed to study and draft legislation to implement the intent of the resolution.

In late 1961, the special committee finished its study of the matter and also proposed drafts of enacting legislation. In its report, the special committee thought it wise to also include provisions allowing for extraterritorial service of subpenas and also establish a limitation on the time when the district court can certify actions to the municipal court for trial.

The subcommittee was informed at the public hearing that the Bar Association for the District of Columbia has reviewed the pending bill and strongly endorses its enactment. Likewise the Washington Bar Association, the Justice Department, the Bureau of the Budget, and the Commissioners for the District of Columbia have indicated to the committee their approval of the measure. In addition, the committee has been informed that the chief judges of the Municipal Court for the District of Columbia, the Municipal Court of Appeals for the District of Columbia, the U.S. District Court for the District of Columbia, and the U.S. Court of Appeals for the District of Columbia Circuit favor the enactment of this legislation.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the consideration of the companion bill, H.R. 12708.

The Senate proceeded to consider the bill (H.R. 12708) to increase the jurisdiction of the Municipal Court for the District of Columbia in civil actions, to change the names of the court, and for other purposes.

The ACTING PRESIDENT pro tempore. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 12708) was ordered to a third reading, was read the third time, and passed.

The ACTING PRESIDENT pro tempore. Without objection, S. 3322 will be indefinitely postponed.

GIFTS TO MINORS IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 3146) to amend the act concerning gifts to minors in the District of Columbia which had been reported from the Committee on the District of Columbia, with amendments, on page 4, line 2, after the word "as", to insert "a security, or any certificate of interest or participation in, any temporary or"; on page 9, after line 10, to strike out:

SEC. 5. (a) A custodian shall be entitled to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties.

(b) A custodian may act without compensation for his services.

(c) Unless the custodian is a donor, he may receive from the custodial property reasonable compensation for his services determined by one of the following standards in the following order:

(1) A direction by the donor when the gift was made;

(2) Any statute of the District of Columbia applicable to custodians;

(3) Any statute of the District of Columbia applicable to guardians;

(4) An order of the court.

(d) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

(e) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act.

And, in lieu thereof, to insert:

Sec. 5. (a) A custodian shall be entitled to reasonable compensation for his services and to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties: *Provided*, That a custodian may act without compensation for his services.

(b) Compensation shall be according to:

(1) Any statute of the District of Columbia applicable to custodians;

(2) Any statute of the District of Columbia applicable to guardians;

(3) An order of the court.

(c) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

(d) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act.

And, on page 14, after line 23, to insert:

(c) Nothing herein shall be deemed to repeal or modify the Internal Revenue Code of 1954, as amended, and the District of Columbia Income and Franchise Tax Act of 1947, as amended.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act concerning gifts of securities to minors in the District of Columbia", approved August 3, 1956 (70 Stat. 1028; D.C. Code, sec. 21–214), is amended to read as follows:

"Section 1. As used in this Act, the following terms shall have the meaning ascribed to each:

"(1) 'Adult': one who has attained the age of twenty-one years.

"(2) 'Bank': any person or association of persons carrying on the business of banking, whether incorporated or not, in the District of Columbia.

"(3) 'Broker': one who is lawfully engaged in the business of effecting transactions in securities for the account of others; a bank which effects such transactions; and one who is lawfully engaged in buying and selling securities for his own account, through a broker or otherwise, as a part of a regular business.

"(4) 'Court': The United States District Court for the District of Columbia.

"(5) 'Custodial property':

"(A) All securities and money under the supervision of the same custodian for the same minor as a consequence of a gift or gifts made to the minor in the manner prescribed in this Act;

"(B) The income from the custodial property; and

"(C) The proceeds, immediate and remote, from the sale, exchange, conversion, investment, reinvestment, or other disposition of such securities, money, and income.

"(6) 'Custodian': one so designated in the manner prescribed in this Act.

"(7) 'Guardian of a minor': the general guardian, guardian, tutor, or curator of the minor's property, estate or person.

"(8) 'Issuer': one who places or authorizes the placing of his name on a security (other than as a transfer agent) to evidence that it represents a share, participation or other interest in his property or in an enterprise or to evidence his duty or undertaking to perform an obligation evidenced by the security, or who becomes responsible for or in place of any such person.

"(9) 'Legal representative': the executor or the administrator, general guardian, committee, conservator, tutor, or curator of a person's property or estate.

"(10) 'Member of a minor's family': any of the minor's parents, grandparents, brothers, sisters, uncles, and aunts, whether of the whole blood or the half blood, or by or through legal adoption.

"(11) 'Minor': one who has not attained the age of twenty-one years.

"(12) 'Security': any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, collateral trust certificate, transferable share, voting trust certificate, or, in general, any interest or instrument commonly known as a security, or any certificate of interest or participation in, any temporary or an interim certificate, receipt, or certificate of deposit for, or any warrant or right to subscribe to or purchase, any of the foregoing. 'Security' does not include a security of which the donor is the issuer. A 'security' is in 'registered form' when it specifies a person entitled to it or to the right it evidences and its transfer may be registered upon books maintained for that purpose by or on behalf of the issuer.

"(13) 'Transfer agent': one who acts as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of transfers of its securities or in the issue of new securities or in the cancellation of surrendered securities.

"(14) 'Trust company': a bank authorized to exercise trust powers.

"Sec. 2. (a) An adult may, during his lifetime, make a gift of a security or money to one who is a minor on the date of the gift, if the subject of the gift is a security—

"(1) in registered form, by registering it in the name of the donor, another adult, or a trust company, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act';

"(2) not in registered form, by delivering it to an adult other than the donor or a trust company, accompanied by a statement of gift in the following form, in substance, signed by the donor and the designated custodian:

"GIFT UNDER THE DISTRICT OF COLUMBIA UNIFORM GIFTS TO MINORS ACT

"I, (name of donor), hereby deliver to (name of custodian) as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act, the following security(ies): (insert an appropriate description of the security or securities delivered sufficient to identify it or them).

------------------------ (signature of donor).

Dated:-------------------

(Name of custodian) hereby acknowledges receipt of the above described security(ies) as custodian for the above minor under the above Act.

------------------------ (signature of donor).

Dated:-----------------

"(3) If the subject of the gift is money, by paying or delivering it to a broker or a bank for credit to an account in the name of the donor, another adult, or a bank with trust powers, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'.

"(b) Any gift made in the manner prescribed in subsection (a) may be made to only one minor.

"(c) A donor who makes a gift to a minor as prescribed in subsection (a) shall promptly do all things within his power to put the subject of the gift in the possession and control of the custodian, but neither the donor's failure to comply with this subsection, nor his designation of an ineligible person as custodian, nor renunciation by the person designated as custodian shall affect the consummation of the gift.

"Sec. 3. (a) A gift made as prescribed in this Act shall be irrevocable and convey to the minor indefeasibly vested legal title to the security or money given, but no guardian of the minor shall have any right, power, duty, or authority with respect to the custodial property except as provided in this Act.

"(b) By making a gift in the manner prescribed in this Act, the donor incorporates in his gift all the provisions thereof and grants to the custodian, and to any issuer, transfer agent, bank, broker, or third person dealing with a custodian, the respective powers, rights, and immunities provided in this Act.

"Sec. 4. (a) Only one person may be the custodian. He shall collect, hold, manage, invest, and reinvest the custodial property.

"(b) The custodian shall pay over to the minor for expenditure by him, or expend for the minor's benefit, so much of or all the custodial property as the custodian deems advisable for the support, maintenance, education, and benefit of the minor in the manner, at the time or times, and to the extent that the custodian in his discretion deems suitable and proper, with or without court order, with or without regard to the duty of himself or of any other person to support the minor or his ability to do so, and with or without regard to any other income or property of the minor which may be applicable or available for any such purpose.

"(c) The court, on the petition of a parent or guardian of the minor or of the minor, if he has attained the age of fourteen years, may order the custodian to pay over to the minor for expenditure by him or to expend so much of or all the custodial property as is necessary for the minor's support, maintenance, or education.

"(d) To the extent that the custodial property is not so expended, the custodian shall deliver or pay it over to the minor on his attaining the age of twenty-one years or, if the minor dies before attaining that age, he shall thereupon deliver or pay it over to the estate of the minor.

"(e) The custodian, notwithstanding statutes restricting investments by fiduciaries, shall invest and reinvest the custodial property as would a prudent person of discretion and intelligence who is seeking a reasonable income and the preservation of capital, except that he may, in his discretion and without liability to the minor or his estate, retain a security given to the minor in the manner prescribed in this Act.

"(f) The custodian may sell, exchange, convert, or otherwise dispose of custodial property in the manner, at the time or times, for the price or prices, and upon the terms he deems advisable. He may vote in person or by general or limited proxy a security which is custodial property. He may consent, directly or through a committee or other agent, to the reorganization, consolidation, merger, dissolution, or liquidation of an issuer, a security which is custodial property, and to the sale, lease, pledge, or mortgage of any property by or to such an issuer, and to any other action by such an issuer. He may execute and deliver any and all instruments in writing which he deems advisable to carry out any of his powers as custodian.

"(g) The custodian shall register each security which is custodial property and in registered form in the name of the custodian, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'. He shall hold all money which is custodial property in an account with a broker or in a bank in the name of the custodian, followed, in substance, by the same words. He shall keep all other custodial property separate and distinct from his own property in a manner to identify it clearly as custodial property.

"(h) The custodian shall keep records of all transactions with respect to the custodial property, and make them available for inspection at reasonable intervals by a parent or legal representative of the minor or by the minor, if he has attained the age of fourteen years.

"(i) A custodian shall have and hold as powers in trust, with respect to the custodial property, in addition to the rights and powers provided in this Act, all the rights and powers which a guardian has with respect to property not held as custodial property.

"Sec. 5. (a) A custodian shall be entitled to reasonable compensation for his services and to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties: *Provided*, That a custodian may act without compensation for his services.

"(b) Compensation shall be according to:

"(1) Any statute of the District of Columbia applicable to custodians;

"(2) Any statute of the District of Columbia applicable to guardians;

"(3) An order of the court.

"(c) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

"(d) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act.

"Sec. 6. (a) Only an adult member of the minor's family, a guardian of the minor, or a trust company shall be eligible to become successor custodian. A successor custodian shall have all the rights, powers, duties, and immunities of a custodian designated in the manner prescribed by this Act.

"(b) A custodian, other than the donor, may resign and designate his successor by—

"(1) executing an instrument of resignation designating the successor custodian; and

"(2) causing each security which is custodial property and in registered form to be registered in the name of the successor custodian followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'; and

"(3) delivering to the successor custodian the instrument of resignation, each security registered in the name of the successor custodian, and all other custodial property, together with any additional instruments required for the transfer thereof.

"(c) A custodian, whether or not a donor, may petition the court for permission to resign and for the designation of a successor custodian.

"(d) If the person designated as custodian is not eligible, renounces or dies before the minor attains the age of twenty-one years, the guardian of the minor shall be successor custodian. If the minor has no guardian, a donor, his legal representative, the legal representative of the custodian, an adult member of the minor's family, or the minor, if he has attained the age of fourteen years, may petition the court for the designation of a successor custodian.

"(e) A donor, the legal representative of a donor, an adult member of the minor's family, a guardian of the minor or the minor, if he has attained the age of fourteen years, may petition the court that, for cause shown in the petition, the custodian be removed and a successor custodian be designated or, in the alternative, that the custodian be required to give bond for the performance of his duties.

"(f) Upon the filing of a petition as provided in this section, the court shall grant an order, directed to the persons and returnable on such notice as the court may require, to show cause why the relief prayed for in the petition should not be granted and, in due course, grant such relief as the court finds to be in the best interests of the minor.

"Sec. 7. (a) The minor, if he has attained the age of fourteen years, or the legal representative of the minor, an adult member of the minor's family, or a donor or his legal representatives may petition the court for an accounting by the custodian or his legal representative.

"(b) The court, in a proceeding under this Act or otherwise, may require or permit the custodian or his legal representative to account and, if the custodian is removed, shall so require and order delivery of all custodial property to the successor custodian and the execution of all instruments required for the transfer thereof.

"Sec. 8. No issuer, transfer agent, bank, broker, or other person acting on the instructions of or otherwise dealing with any person purporting to act as a donor or in the capacity of a custodian shall be responsible for determining whether the person designated by the purported donor or purporting to act as a custodian has been duly designated or whether any purchase, sale, or transfer to or by or any other act of any person purporting to act in the capacity of custodian is in accordance with or authorized by this Act, and shall not be obliged to inquire into the validity or propriety under the provisions of this Act of any instrument or instructions executed or given by a person purporting to act as a donor or in the capacity of a custodian, and shall not be bound to see to the application by any person purporting to act in the capacity of a custodian of any money or other property paid or delivered to him.

"Sec. 9. (a) The provisions of this Act shall be construed to effectuate the general purpose thereof to make uniform the law of those States which enact such provisions.

"(b) This Act shall not be construed as providing an exclusive method for making gifts to minors.

"Sec. 10. If any provision of this Act or the application thereof is held invalid, the other provisions or applications of such provisions shall not be affected thereby.

"Sec. 11. This Act may be cited as the 'District of Columbia Uniform Gifts to Minors Act'."

Sec. 2. (a) All laws or parts of laws in conflict with any provision of this Act are hereby repealed.

(b) The amendments made to the Act of August 3, 1956 (70 Stat. 1028; D.C. Code, secs. 21–214 et seq.), by the first section of this Act shall not affect any right or liability under such Act of August 3, 1956, existing on December 31, 1962.

(c) Nothing herein shall be deemed to repeal or modify the Internal Revenue Code of 1954, as amended, and the District of Columbia Income and Franchise Tax Act of 1947, as amended.

Sec. 3. This Act shall take effect January 1, 1963.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 11018.

The **ACTING PRESIDENT** pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 11018) to amend the act concerning gifts to minors in the District of Columbia.

The bill was ordered to a third reading, was read the third time, and passed.

The **ACTING PRESIDENT** pro tempore. Without objection, Senate bill 3146 is indefinitely postponed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1813) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Committee on the District of Columbia, to whom was referred the bill (S. 3146) to amend the act concerning gifts to minors in the District of Columbia, after full consideration, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 4, line 2, after the word "as" insert the words "a security, or any certificate of interest or participation in, any temporary or".

Page 7, line 13, after the word "pay" insert the word "it".

Pages 9 and 10, strike lines 9 through 23 and lines 1 through 10, respectively, and insert in lieu thereof the following:

"Sec. 5. (a) A custodian shall be entitled to reasonable compensation for his services and to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties: *Provided*, That a custodian may act without compensation for his services.

"(b) Compensation shall be according to—

"(1) Any statute of the District of Columbia applicable to custodians;

"(2) Any statute of the District of Columbia applicable to guardians;

"(3) An order of the court.

"(c) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

"(d) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act."

Page 14, after line 3, insert a new subsection (c) as follows:

"(c) Nothing herein shall be deemed to repeal or modify the Internal Revenue Code of 1954, as amended, and the District of Columbia Income and Franchise Tax Act of 1947, as amended."

The purpose of the bill is to amend existing law by substituting the Uniform Gifts to Minors Act for the present District of Columbia Model Gifts to Minors Act (Public Law 976, 84th Cong.; 70 Stat. 1028). The effect will be to broaden the old "model" law to permit gifts of money, as well as securities, and to enlarge the choice of custodians.

The Model Act, Public Law 976, 84th Congress, was enacted "to facilitate gifts of stock and other securities to minor children within the District of Columbia." It applied "only to gifts of securities to a minor child." (S. Rept. 2663; H. Rept. 2607, 84th Cong.)

The Model Act was enacted in 14 States and the District of Columbia. It removed certain legal obstacles and made possible outright gifts of securities to a minor by using prescribed words of registration and, at the same time, reserved the power of management to a custodian until the minor attained his majority. Of the 14 States which originally enacted the model law, 11 have replaced it with the Uniform Act. Forty-seven States as of now have adopted the Uniform Act. Only three States (Alaska, Georgia, and New Jersey) and the District of Columbia still use the model law.

BILL PASSED OVER

The bill (S. 3010) to amend the act entitled "An act to provide for commitments to, maintenance in, and discharges from, the District Training School and for other purposes," approved March 3, 1925, as amended, was announced as next in order.

Mr. MANSFIELD. Mr. President, over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

MOTOR VEHICLE AND TRAILER LIENS IN THE DISTRICT OF COLUMBIA

The bill (S. 3013) to amend the act of July 2, 1940, as amended, relating to the recording of liens on motor vehicles and trailers registered in the District of Columbia, so as to eliminate the requirement that an alphabetical file of such liens be maintained was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act entitled "An Act to provide for the recording and releasing of liens by entries on certificates of title for motor vehicles and trailers, and for other purposes", approved July 2, 1940, as amended (54 Stat. 736, 738; sec. 40–706, D.C. Code, 1951 edition), is amended by striking from the sixth sentence "each of two cards" and "cards" and inserting in lieu thereof respectively "a card" and "card", and by striking from the eighth sentence "each of the said cards" and inserting in lieu thereof "the said card".

SEC. 2. Section 7 of such Act approved July 2, 1940 (sec. 40–707, D.C. Code, 1951 edition), is amended by striking "cards" wherever such word appears in the first sentence and inserting in lieu thereof "a card", and by striking "each of said cards" in the second sentence and inserting in lieu thereof "said card".

SEC. 3. Section 8 of such Act approved July 2, 1940 (sec. 40–708, D.C. Code, 1951 edition), is amended by striking from the second sentence "each of the cards" and inserting in lieu thereof "the card", and by striking from the third sentence "each of the cards" and inserting in lieu thereof "the said card".

SEC. 4. Section 11 of such Act approved July 2, 1940 (sec. 40–711, D.C. Code, 1951 edition), is amended by striking from the first sentence "each of the cards" and inserting in lieu thereof "the card", and by striking from the last sentence "cards" and inserting in lieu thereof "card".

SEC. 5. Section 13 of such Act approved July 2, 1940 (sec. 40–713, D.C. Code, 1951 edition), is amended by striking "files wherein he shall file one set of the cards hereinbefore described alphabetically under the name of owner and the other", and inserting in lieu thereof "a file wherein he shall file a set of cards hereinbefore described".

SEC. 6. Alphabetical files established and maintained in accordance with the requirements of section 13 of such Act approved July 2, 1940, may, with the approval of the Commissioners of the District of Columbia, be destroyed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1815) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on the District of Columbia, to whom was referred the bill (S. 3013) to amend the act of July 2, 1940, as amended, relating to the recording of liens on motor vehicles and trailers registered in the District of Columbia, so as to eliminate the requirement that an alphabetical file on such liens be maintained, after full consideration, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of the bill is to amend the act of July 2, 1940, which requires the recording and releasing of liens by entries on certificates of title for motor vehicles and trailers registered in the District of Columbia. Provision is made in such act for the maintenance by the Recorder of Deeds of two card files, one an alphabetical file, the other a file by trade name and engine number of motor vehicles and trade name and serial number of trailers. The alphabetical file maintained by the Recorder of Deeds is in addition to an alphabetical file carrying identical information maintained in the Department of Motor Vehicles.

In view of the fact that the District of Columbia now is maintaining two alphabetical files relating to liens on motor vehicles and trailers, the committee believes it would be desirable both from the standpoint of conserving space and of saving the services of personnel if one of the two alphabetical files could be eliminated. Accordingly, enactment of this bill is recommended by the Commissioners of the District of Columbia, as it will amend the act of July 2, 1940, and thereby allow the Recorder of Deeds to dispense with the maintenance of an alphabetical file.

Enactment of S. 3013 will result in a saving to the District both in terms of space and in terms of personal services.

CUSTODY OF PERSONAL PROPERTY BY METROPOLITAN POLICE DEPARTMENT

The Senate proceeded to consider the bill (S. 3317) to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes which had been reported from the Committee on the District of Columbia with an amendment on page 8, line 25, after the word "liens", to strike out the period and "The proceeds of such sale, after deducting the expenses thereof and all other expenses incident to such custody, shall be deposited in the Treasury to the credit of the District of Columbia", and insert a semicolon and "except that the proceeds of such sale shall be available, first, for the payment of all expenses incident to such sale and custody; second, for the payment of such liens so declared null and void; third, for payment to the owner in accordance with subsection (a) of this section; and the remainder, if any, shall be deposited in the Treasury of the United States to the credit of the District of Columbia"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 413 of the Revised Statutes of the United States relating to the District of Columbia, as amended (sec. 4–156, D.C. Code, 1961 edition), is amended by adding thereto the following subsection:

"(e) Whenever the owner of property in the custody of the property clerk has been notified by the property clerk, by registered or certified mail, to take possession of such property within thirty days after the date of mailing of such notification, and such owner fails so to do within such period, such property shall be thereafter treated as other unclaimed, abandoned, or lost property and shall be disposed of as provided in section 417 of this chapter: *Provided,* That if, in the opinion of the property clerk, such property has no salable value, and if within thirty days after the date of mailing such notification such property is not reclaimed by its owner and removed by him from the custody of the property clerk, such property shall be disposed of by destruction or otherwise, as the Commissioners of the District of Columbia by regulation or order shall provide."

SEC. 2. Section 416 of the Revised Statutes of the United States relating to the District of Columbia, as amended (sec. 4–159, D.C. Code, 1961 edition), is amended to read as follows:

"SEC. 416. (a) All property or money taken on suspicion of having been feloniously obtained, or of being the proceeds of crime, and for which there is no other claimant than the person from whom such property was taken, and all lost property coming into possession of any member of the police force, and all property and money taken from pawnbrokers as the proceeds of crime or from persons alleged to be insane, intoxicated, or otherwise incapable of taking care of themselves, shall be transmitted as soon as practicable to the property clerk to be fully registered and advertised for the benefit of all parties interested, and for the information of the public as to the amount and disposition of the property so taken into custody by the police.

"(b) (1) Whenever any money or property of a deceased person of a value of less than $1,000 coming into the custody of the property clerk shall remain in his custody for a period of six months or more without being claimed and repossessed by the next of kin or the legal representative of such deceased person, such money or property shall be disposed of as lost or abandoned property as provided in section 417 of this chapter: *Provided,* That prior to the disposition of such property of a deceased person it shall be the duty of the property clerk to ascertain whether there is pending in the United States District Court for the District of Columbia any petition seeking the appointment of a legal representative of such deceased person, and, if such a petition is pending in such court, the property clerk shall not dispose of such property until final disposition by the court of such petition: *Provided further,* That in any case where the property clerk acquires actual knowledge that a petition for the appointment of a legal representative of such deceased person has been filed or is pending in a court outside of the District of Columbia, the property clerk shall not dispose of such property until final disposition by the court of such petition.

"(b) (2) Whenever any money or property of a deceased person shall be of a value of $1,000 or more and shall have remained in the custody of the property clerk for at least six months, all records pertaining to the same shall be referred by the property clerk to the Corporation Counsel of the District of Columbia for the purpose of instituting appropriate proceedings to effect the appointment of an administrator of the estate of such decedent: *Provided,* That upon expiration of the time for final settlement of such estate under law then in effect, the residue thereof in the absence of any claim by the heirs-at-law or next of kin of the decedent, as provided by law, shall be deposited into the Registry of the Probate Court, and upon the expiration of a period of three years, no demand having been made upon such funds by lawful heirs or other rightful claimants, the amount so deposited in such registry shall be deposited in the Treasury to the credit of the District of Columbia: *Provided further,* That if the administrator does not take possession of such property within three months from the date of his appointment, the property clerk may, after giving such administrator thirty days' notice by registered or certified mail, sell such property at public auction, and, after deducting the expenses of such sale, and expense incident to the maintenance of custody of such property, shall pay the remaining proceeds of such sale over to such administrator.

"(c) Whenever the property clerk has custody of any property belonging to any person who has been adjudged of unsound mind and a committee has been appointed for such person but fails to take possession of the property of such person in the custody of the property clerk within six months from the date of such committee's appointment, the property clerk shall give such committee sixty days' notice by registered or certified mail of his intention to sell such property at public auction or otherwise dispose of such property in accordance with law. If, upon the expiration of such sixty days' notice, the committee has not taken custody of such property, (a) the property clerk is authorized to sell such property at public auction, and, after deducting the expenses of the sale, expenses incident to the maintenance and custody of such property, and any amounts due the District of Columbia for care and maintenance of the adjudicated patient, shall pay the remaining proceeds of the sale over to such committee, or (b) if in the opinion of the property clerk any such property has no salable value, he is authorized to dispose of such property by destruction or otherwise as the Commissioners of the District of Columbia shall, by regulation or order, determine.

"(d)(1) The said Commissioners are authorized, in their discretion, to store in any commercial warehouse or garage in the District of Columbia, or in or on any facility under the jurisdiction of the District of Columbia, any property coming into the custody of the property clerk pursuant to this chapter, including vehicles impounded by any officer or member of the Metropolitan Police force.

"(2) The Commissioners are authorized to fix, by regulation, the fees to be charged to reimburse the District of Columbia for the cost of services rendered by the Metropolitan Police force in taking custody of and protecting such property and for the cost of storing such property in any commercial warehouse or garage, and whenever any such property is stored in or on any facility under the jurisdiction of the District of Columbia, the Commissioners shall fix the storage fee in an amount reasonably estimated by them to be the value of the storage service rendered for each day during which such property is so stored, and to collect all such fees due and owing for such property before releasing such property to its owner or his legal representative: *Provided,* That the Commissioners are authorized, in their discretion, to waive the charging and collecting of such fees for property taken into custody as evidence, the proceeds of crime, or from persons supposed to be insane: *Provided further,* That the property clerk is authorized to sell at public auction pursuant to subsection (a) of section 417 of this chapter any property stored in a commercial garage or warehouse, when the storage charges for such property exceed 75 per centum of its value as determined by the property clerk, regardless of the amount of time for which such property is required by other sections of this chapter to be held by the property clerk.

"(3) Fees collected by reason of this section shall be deposited in the Treasury to the credit of the District of Columbia."

Sec. 3. Subsections (a), (b), and (c) of section 306 of the Act approved June 29, 1953 (67 Stat. 101, ch. 159), are hereby repealed.

Sec. 4. Section 417 of the Revised Statutes of the United States relating to the District of Columbia, as amended (sec. 4-160, D.C. Code, 1961 edition), is amended to read as follows:

"Sec. 417. (a) All property, except perishable property and animals and property of insane persons, not otherwise disposed of in accordance with section 416 of this chapter, that shall remain in the custody of the property clerks for not less than ninety days, except motor vehicles which shall be held for not less than sixty days, without being claimed and repossessed, shall, after having been three times advertised in a daily newspaper of general circulation published in the District of Columbia, be sold at public auction, and the proceeds of such sale, after deducting the expenses of the sale, and all other expenses incident to such custody, having been retained by the said property clerk for a period of at least ninety days without being claimed and repossessed, shall be deposited in the Treasury to the credit of the District of Columbia: *Provided,* That if in the opinion of the property clerk any such property has no salable value, he is authorized to dispose of such property by destruction or otherwise as the Commissioners of the District of Columbia shall, by order or regulation, determine.

"(b) Whenever the property clerk shall have in his custody any motor vehicle upon which there is a lien or liens of record in the Office of the Recorder of Deeds of the District of Columbia he shall, prior to the sale thereof pursuant to this section, notify by registered or certified mail each lienor and lienee in any such case of such custody and impending sale, and if such lienor or lienee fail to remove such property from the custody of the property clerk within thirty days from the date of the mailing of such notification, such lien or liens shall be considered to have been abandoned, and shall be thenceforth null and void. Upon being notified in writing of such fact by the property clerk, the Recorder of Deeds of the District of Columbia is authorized to indicate on his records that such lien or liens are thenceforth null and void and the property clerk is authorized to sell any such motor vehicle at public auction free and clear of such lien or liens; except that the proceeds of such sale shall be available, first, for the payment of all expenses incident to such sale and custody; second, for the payment of such liens so declared null and void; third, for payment to the owner in accordance with subsection (a) of this section; and the remainder, if any, shall be deposited in the Treasury of the United States to the credit of the District of Columbia.

"(c) All money, except money of insane persons, that shall remain in the custody of the property clerk for six months shall be so advertised, and if not claimed and repossessed within thirty days, it shall likewise be deposited in the Treasury to the credit of the District of Columbia."

Sec. 5. Neither the government of the District of Columbia nor any officer or employee thereof shall be liable for damage to any property resulting from the removal of such property from public space, or the transportation of such property into the custody of the property clerk, Metropolitan Police Department, nor for damage to any such property while such property is in the custody of the property clerk, Metropolitan Police Department. When such custody is maintained pursuant to the requirements of law, except that the government of the District of Columbia or any such officer or employee may be liable for damage to such property as a result of gross negligence in the removal, transportation, or storage of such property: *Provided,* That should a judgment be entered for the District of Columbia against any commercial warehouseman or garagekeeper for damage to such property in his care, recovery on such judgment, less all administrative expenses and court costs to the District of Columbia involved in such litigation, shall be paid by the District of Columbia to the owner of the damaged property as determined by the property clerk. For the purpose of this section the term "gross negligence" means a willful intent to injure property, or a reckless or wanton disregard of the rights of another in his property.

Sec. 6. Nothing in this Act shall be construed so as to affect the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners may be delegated by said Board of Commissioners in accordance with section 3 of such plan.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1816) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Committee on the District of Columbia, to whom was referred the bill (S. 3317) to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes, after full consideration, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is:

On page 8, line 25, beginning with the period, strike out all through the period on line 3, page 9, and insert in lieu thereof a semicolon and the following: "except that the proceeds of such sale shall be available, first, for the payment of all expenses incident to such sale and custody; second, for the payment of such liens so declared null and void; third, for payment to the owner in accordance with subsection (a) of this section; and the remainder, if any, shall be deposited in the Treasury of the United States to the credit of the District of Columbia."

The purpose of the bill is to provide more efficient procedures for the disposition of lost, abandoned, and unclaimed property coming into the custody of the Metropolitan Police Department from the estates of deceased persons, insane persons, and unknown owners.

DISTRICT OF COLUMBIA HOSPITAL CENTER

The bill (H.R. 12547) to amend the act of August 7, 1946, relating to the District of Columbia Hospital Center, to extend the time during which appropriations may be made for the purposes of that act was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1817) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on the District of Columbia to whom was referred the bill (H.R. 12547) to amend the act of August 7, 1946, relating to the District of Columbia Hospital Center to extend the time during which appropriations may be made for the purposes of that act, after full consideration, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of this bill is to amend the Washington Hospital Center Act (Aug. 7, 1946, as amended), so as to extend the time during which appropriations may be made under such act from the last day of the 2d session of the 87th Congress to June 30, 1963.

The District of Columbia Department of Public Health, in cooperation with the Hospital Advisory Council, recently made a study and noted a demand in the District of Columbia for over 2,100 chronic and nursing home-type beds. As a step toward meeting this need, the Washington Hospital Center recently completed an initial planning study of long-term care hospital facilities. This study clearly establishes that there is need for a pilot project to develop a comprehensive system of care for hospitals specializing in treatment of chronic, convalescent, and rehabilitative patients.

This bill will preserve the Hospital Center Act as a possible vehicle for obtaining Federal aid in connection with the construction of such a convalescent and chronic disease hospital on the grounds of the Washington Hospital Center.

The Hospital Center Act (60 Stat. 896) authorizes appropriations for financing the construction of a hospital center and making of grants to private agencies for designing, constructing, and otherwise providing or improving private hospital facilities in the District of Columbia. Under the formula for grant authorization, the recipient hospital must match the total grant on a dollar-for-dollar basis. Of the total grant, the District of Columbia, under the act, is obligated to pay 30 percent and the Federal Government 70 percent.

Without prejudice to the merits of the proposed pilot project, the Department of Health, Education, and Welfare opposes the bill on the ground that the Washington Hospital Center Act is not the appropriate financial approach to the project. However, the committee is of the opinion that the decision of allowing the Hospital Center Act to expire should await the study and report of the newly formed Metropolitan Washington Health Facilities Planning Council; and, therefore, recommends enactment of this measure.

The Board of Commissioners of the District of Columbia do not object to this bill and its enactment will not result in additional expense for the District of Columbia.

BILLS PASSED OVER

The bill (S. 3313) to authorize an increase in the borrowing authority for the general fund of the District of Columbia was announced as next in order.

Mr. MANSFIELD. Mr. President, over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (H.R. 6413) to extend to fishermen the same treatment accorded farmers in relation to estimated income tax was announced as next in order.

Mr. MANSFIELD. Mr. President, over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

SUSPENSION OF DUTIES ON CERTAIN SPUN SILK YARN

The Senate proceeded to consider the bill (H.R. 10852) to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn which had been reported from the Committee on Finance, with an amendment, at the top of page 2, to insert a new section, as follows:

SEC. 2. The Secretary of the Treasury is authorized and directed to admit free of duty one towing carriage and appurtenances (whether arriving in one shipment or in separate shipments) imported for the use of the Virginia Polytechnic Institute.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, and to provide for the free entry of a towing carriage for the use of the Virginia Polytechnic Institute."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1820) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AND AMENDMENT

The purpose of H.R. 10852 is to continue for 3 years, until the close of November 7, 1965, the existing suspension of duties on certain classifications of spun silk yarn.

The amendment would provide for the free entry of a towing carriage for the Virginia Polytechnic Institute hydraulic laboratory.

GENERAL STATEMENT

Public Law 235 of the 86th Congress, approved September 8, 1959, suspended for 3 years the import duties imposed under paragraph 1202 of the Tariff Act of 1930 on spun silk or schappe silk yarn (not dyed or colored, singles of more than 58,800 yards per pound, or plied of more than 29,400 yards per pound). H.R. 10852 would continue the suspension for an additional 3-year period, until the close of November 7, 1965.

Spun-silk yarns are of two principal types: Standard spun-silk (schappe) yarn and silk-noil (bourrette) yarn. Standard or schappe spun-silk yarns for general textile use are manufactured from long parallelized silk fiber stock recovered from waste cocoons and silk filature waste and is used for making sewing thread, decorative stripings for fine worsteds, lacing cord for cartridge bags, and in combination with other fibers, certain types of necktie fabrics, shirtings, dress and suiting fabrics, upholstery and drapery materials.

The silk-noil type of yarn is made from shorter length, and hence cheaper, silk fiber stock than schappe and must be spun on wool-spinning machinery. The material used consists of silk noils discarded as byproducts in preparing silk waste for spinning in standard spun-silk yarns. Such yarns have few civilian uses except in mixture fabrics containing other fibers. Their chief use is in the weaving of silk cartridge cloth for powder bags for large-caliber ordnance.

The suspension of duty was made in order to enable domestic producers of fine yarn fabrics to import fine silk yarns free of duty so as to make it more economical for them to produce fine yarn fabrics in competition with imported similar fabrics. The Department of Labor reports that imports under the suspension of duty "amounted to approximately $855,400 for the last 2 months of 1959, $2,074,800 during 1960, and $743,100 during 1961. Most of these imports have come from Japan, and, to a lesser extent, from Italy."

The Department of Labor states further: "It appears that failure to continue the suspension of duties on these commodities would adversely affect domestic employment, since the domestic textile industry depends primarily upon imported spun-silk yarn for weaving silk fabrics. A reimposition of duties would therefore place the weaving industry at a competitive disadvantage."

The U.S. Tariff Commission reports that it "is unaware of any complaints regarding the operation of the suspension of duties."

The amendment would enable the Virginia Polytechnic Institute to import free of duty a towing carriage for use in its hydraulic laboratory. A letter from the dean of the school of engineering and architecture of that school contains the following information:

"The School of Engineering and Architecture of the Virginia Polytechnique Institute is building up its hydraulic laboratory that will be useful for all of the 3,300 engineering students of this school. This hydraulic laboratory will be especially valuable to the naval architecture and marine engineering students under the department of mechanical engineering. One of the pieces of equipment that we have in this new laboratory is a towing basin through which we can study all of the aspects of vehicles moving through water under varying conditions. This towing basin is 100 feet long, 5 feet wide, and has a depth of 5 feet."

The letter also states that only one company, located abroad, makes this type of equipment and that it could not be obtained in the United States except on a very costly custom-made basis.

The hydraulic laboratory which includes this towing carriage will serve to modernize and enhance the research facilities of the school and the knowledge and experience derived from its use will benefit the boatbuilders, shipping interests, and the Armed Forces of the whole country. The committee urges that the bill, as amended, be adopted.

TRANSFERRING CASEIN OR LACTARENE TO FREE LIST OF TARIFF ACT OF 1930

The Senate proceeded to consider the bill (H.R. 10928) to transfer casein or lactarene to the free list of the Tariff Act of 1930 which had been reported from the Committee on Finance, with an amendment, on page 1, line 10, after "Par.", to strike out "1827" and insert "1828".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1821) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL AND AMENDMENT

The purpose of H.R. 10928 is to transfer casein or lactarene to the free list of the Tariff Act of 1930.

The amendment is technical in nature. The bill as referred to the committee would have established paragraph 1827 of the Tariff Act and listed casein under that paragraph. However, since the bill was filed a new tariff paragraph 1827 has been established for other commodities placed on the free list. Following that, the next consecutive paragraph would be 1828 and the bill was amended to change the tariff paragraph number from 1827 to 1828.

GENERAL STATEMENT

Paragraph 19 of the Tariff Act of 1930 provides for casein or lactarene (lactarene being a term now obsolete which has in the past been used synonymously with casein) and also for mixture of which casein or lactarene is the component material of chief value not specially provided for. H.R. 10928 would transfer casein or lactarene to the free list, leaving the mixtures in paragraph 19.

Casein or lactarene, and the mixtures were originally dutiable under the Tariff Act of 1930 at 5½ cents per pound. This rate of duty was reduced to 2¾ cents per pound, effective November 15, 1941, pursuant to a concession granted in the trade agreement with Argentina. The reduced rate has been subsequently bound against increase pursuant to concessions granted in the trade agreement with Uruguay and in the General Agreement on Tariffs and Trade (GATT).

The duty imposed on imports of casein or lactarene and mixtures under the Tariff Act of 1930 was temporarily suspended, effective September 3, 1957 (Public Law 85–257), until April 1, 1960. The suspension was continued until July 2, 1960 by Public Law 86–405. Public Law 86-562 further continued the suspension until July 1, 1963, except that the suspension was made inapplicable after July 30, 1960, to "sodium caseinate, sodium phospho-caseinate, or other caseinates * * * of which casein or lactarene is the competent material of chief value."

Casein is a yellowish, medium-hard, granular solid classified chemically as a phosphoprotein. It comprises about 3 percent of cow's milk, and is extracted commercially from skim milk (milk from which the cream or butterfat has been removed) by precipitation, usually with acid but sometimes with rennet (an extract of the stomach of young animals). Acid casein is the more important; the use of rennet casein is relatively small. Skim milk is also the raw material for the manufacture of cottage cheese and powdered dry nonfat milk, both important food products.

Casein is used principally in the manufacture of coated paper, adhesives, emulsions, plastics, paints, and fibers. It is also used for making sodium caseinate and other edible casein derivatives, which are used in turn in sausages, bakery products, pharmaceuticals, and baby foods. These casein derivatives are classified for tariff purposes under the provision in paragraph 19 of the Tariff Act of 1930 for mixtures of which casein is the component material of chief value, and would remain so classified.

The apparent domestic consumption of casein and casein derivatives increased during the last decade from 65 million pounds in 1951 to 103.3 million pounds in 1961. However, whereas about one-third of the casein and casein derivatives consumed in the United States in 1951 had been produced domestically, less than 5 percent was so produced in 1961. The U.S. Tariff Commission states that the decline in domestic production of casein was a direct result of the milk price-support program of the Department of Agriculture, under which the price of nonfat dry milk solids is supported. The report of the Tariff Commission states that "Although the price-support program has operated to increase sharply the total production of whole milk, at the same time it has tended to reduce the relative profitability of converting skim milk to casein."

On the basis of the experience gained under the temporary suspension of duties on casein, which has been in effect continuously since September 3, 1957, it would seem that the transfer of casein to the free list is warranted.

Favorable reports on this legislation were received from the Department of State, Agriculture, Treasury, and Labor, as well as an informative report from the U.S. Tariff Commission.

DISTRICT OF COLUMBIA PUBLIC SCHOOL FOOD SERVICES ACT

The bill (S. 3314) to amend the District of Columbia Public School Food Services Act was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 5 of the District of Columbia Public School Food Services Act (65 Stat. 369; sec. 31–1404, D.C. Code, 1961 edition) is amended by striking the comma following "motor trucks" and inserting in lieu thereof a period, and by striking the remainder of such last sentence.

Sec. 2. The first sentence of section 6 of such Act, as amended (sec. 31–1405, D.C. Code, 1961 ed.), is amended to read as follows: "Appropriations are hereby authorized for all necessary expenses of the Office of Central Management, Department of Food Services, in the public schools of the District of Columbia, including the payment of compensation for personal services and Government contributions to related insurance costs; for the acquisition, maintenance, and replacement of equipment used or acquired for use in the conduct of the Department of Food Services in the public schools of the District of Columbia, and for reimbursement of the District of Columbia public school food services fund for lunches served in accordance with section 9 of the National School Lunch Act (60 Stat. 233; title 42, sec. 1758, U.S.C., 1952 edition), to children without cost to such children or at reduced cost."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1822) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Committee on the District of Columbia, to whom was referred the bill (S. 3314) to amend the District of Columbia Public School Food Services Act, after full consideration, report favorably thereon without amendment and recommend that the bill do pass.

The purposes of the bill are (1) to authorize appropriations of public funds to pay salaries and related costs of operating the Office of Central Management of the Food Services Department in the public schools and (2) to provide for appropriation of public money to pay for lunches furnished to all needy elementary and secondary public school children.

Under existing law (65 Stat. 369) the expenses, salaries, and related costs of conducting the Office of Central Management of the Department of Food Services of the public schools in the District of Columbia are paid from the food services fund. This fund is a revolving account into which all revenues from the operation of food services in the public schools are placed. These receipts are used for the purchase of foods, supplies, and all other services and expenditures of whatever nature which are necessary for the conduct of the Department of Food Services, including personal services, the operation and maintenance of motor trucks, "and the expenses of conducting the Office of Central Management."

In reporting on the bill, the Board of Commissioners made the following statement concerning the need for striking the above quoted language from the existing law:

"Experience has shown that these costs cannot continue to be borne by the school lunch program (salaries and related insurance costs of employees of the Office of Central Management) without this assistance. The Superintendent of Schools reports that conferences with officials of the Department of Agriculture and with food services directors of other cities and States tend to the conclusion that such costs should not be borne by the students any more than the other costs of administering the school system. The Superintendent points out that the staff of the Office of Central Management of the Food Services Department serves in a dual capacity of State and city administration for three Federal programs; namely, the national school lunch program, the special milk program, and the U.S. Department of Agriculture donated commodity program for District of Columbia schools and institutions. The Superintendent further notes that comparable functions in the States are administered by State officials of education, and administrative staff salaries are paid from State appropriated funds, whereas the District of Columbia school lunch program is forced to bear this expense."

In the District of Columbia public schools elementary needy lunch program, authorized by Public Law 86–104, all students certified as needy by the school principal, whether or not their families are receiving public assistance, have their lunches paid for them from public funds. In the secondary school program there is a distinction made between lunches served to needy pupils whose families receive public assistance and lunches served to needy pupils whose families do not receive public assistance.

Public Law 85–901, enacted by the 85th Congress, provides authorization for reimbursement to be made to the secondary schools only in cases where free lunches are served to children of families who are recipients of public assistance granted by the government of the District of Columbia.

During the school year, September 1961 to June 1962, 149,176 lunches were served without charge to needy children in the secondary schools. Of this number, 53,345 were reimbursed for from public funds in accordance with Public Law 85–901. Reimbursement is made at whatever the current student price is at a given time and for this year that price was 30 cents. The cost of the remaining 95,831 free lunches served was absorbed in the overall operation of the Department of Food Services. In other words sufficient "profit" was made on the lunches sold to nonneedy students in the elementary and secondary schools to defray the cost of furnishing free or reduced-cost lunches to the needy students whose families did not receive public assistance.

If the food services fund is reimbursed with public funds for all needy lunches served in the secondary schools, the Food Services Department will be able to improve the quality of the meals furnished, particularly with respect to the variety of food. It will also make it possible for the Department of Food Services to pay its cafeteria workers a better wage. These workers are currently receiving $1.10 an hour. The Department of Food Services wishes to increase this wage rate to $1.25 an hour, which is more in keeping with Federal wage standards.

The cost of the central office operation for the fiscal year 1962 is estimated to be approximately $72,400 for the salaries and related insurance costs for the Director and two assistant directors and for eight other employees, and the cost of providing free lunches to needy secondary school pupils whose parents do not receive public assistance payments from the District will be $31,500, making the total estimated annual cost of the bill of $103,900.

The Commissioners recommend enactment of the proposed legislation at this session of the Congress.

WASATCH NATIONAL FOREST, UTAH

The Senate proceeded to consider the bill (S. 1878) to add certain lands to the Wasatch National Forest, Utah, and for other purposes which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 1, line 11, after the word "States", to insert "or any other land acquired pursuant to this Act", and on page 2, line 4, after the word "any", to strike out "such lands" and insert "lands described in section 2 hereof and other lands within the national forest situated in the townships within which the described lands are located"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to aid in the control of floods that may originate thereon and the reduction of soil erosion through the restoration of adequate vegetative cover and to promote their management and protection as national forest lands under principles of multiple use and sustained yield, the lands described in section 2 hereof are hereby included in the Wasatch National Forest. Subject to any valid claims now existing and hereafter maintained, any of such lands owned or hereafter acquired by the United States or any other land acquired pursuant to this Act are hereby added to such national forest and shall be subject to laws and regulations applicable to the national forests. The Secretary of Agriculture is authorized to acquire any lands described in section 2 hereof and other lands within the national forest situated in the townships within which the described lands are located not owned by the United States which he finds suitable to accomplish the purposes of this Act.

SEC. 2. This Act shall be applicable to the following described lands:

SALT LAKE MERIDIAN

Township 2 north, range 1 east: Section 1, lots 1 to 4, inclusive, south half north half.

Township 3 north, range 1 east: Sections 1 and 2; section 3, lots 1 and 2, south half northeast quarter; section 11, east half; sections 12 and 13; section 35, northwest quarter, south half northeast quarter, southeast quarter; section 36, south half northwest quarter, northeast quarter, south half.

Township 4 north, range 1 east: Section 1, lots 3 and 4, south half northwest quarter, southwest quarter; sections 2 and 3; section 4, east half; section 9, east half; sections 10 to 15, inclusive; section 16, east half; section 21, east half; sections 22 to 27, inclusive; sections 34 to 36, inclusive.

Township 5 north, range 1 east: South half of sections 26 to 28, inclusive; section 29, southeast quarter; section 33, north half, southeast quarter; sections 34 and 35.

Township 2 north, range 2 east: Sections 6 and 7; section 18, north half; southeast quarter.

Township 3 north, range 2 east: Sections 18, 19, 30, and 31.

SEC. 3. There is hereby authorized to be appropriated not to exceed $400,000 to carry out the purposes of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1823) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this bill is to permit the addition of some 24,000 acres of land to the Wasatch National Forest in Utah. Of this acreage, 3,003 acres are national forest lands, 2,206 acres are unreserved public domain, 513 acres belong to the State of Utah, and 18,114 acres are privately owned. The bill would authorize the purchase of the privately owned land.

NEED

The major function of the Wasatch National Forest is watershed protection and the incorporation of the land described in this bill, most of which lies on mountain slopes above the national forest lands, is necessary in order that erosion control measures may be carried out on these lands to protect the existing national forest area and permit a more complete program of watershed protection.

HELENA M. GROVER

The bill (H.R. 5139) for the relief of Helena M. Grover was considered, ordered to a third reading, was read the third time, and passed.

COMMISSION ON SCIENCE AND TECHNOLOGY

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1784, Senate bill 2771.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2771) for the establishment of a Commission on Science and Technology.

The ACTING PRESIDENT pro tempore. The question is on the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Government Operations, with amendments, on page 2, line 5, after the word "information", to strike out "through the coordination of" and insert "by coordinating"; in line 6, after the word "the", to strike out "efforts" and insert "research and development programs"; in line 7, after the word "Federal", to strike out "Government," and insert "departments and agencies with those of"; in line 8, after the word "industry", to strike out "and our universities"; in line 9, after the word "and", to strike out "private research" and insert "with nonprofit organizations, including universities and other educational or technological institutions"; in line 14, after the word "necessary", to strike out "and desirable"; in line 23, after the word "automation", to strike out "and"; on page 3, line 2, after the word "manpower", to insert a semicolon and "and (h) assessment of how the executive and legislative branches can more effectively achieve common objectives in the legislative process."; in line 6, after "Sec. 2.", to strike out "Looking toward the effectuation of this policy," and insert "To determine the action necessary for implementing this policy,"; in line 9, after the word "to", to insert "studying the"; in the same line, after the word "means", to strike out "of" and insert "for"; in line 13, after the word "agencies", to strike out "operating" and insert "operating, conducting, or financing"; in line 18, after the word "of", to insert "undesirable"; in line 19, after the word "Government", to insert "departments and"; in line 23, after the word "private", to strike out "business and universities" and insert "industry and nonprofit research organizations, including universities and other educational or technological institutions"; on page 4, line 5, after "(4)", to strike out "To determine the desirability of" and insert "The determination of the need for"; in line 8, after the word "or", to insert "for"; in line 10, after the word "to", to strike out "other" and insert "existing or new"; in the same line, after the word "departments", to insert "or agencies"; in line 14, after the word "be", to strike out "desirable," and insert "necessary,"; in line 18, after the word "new", to strike out "function" and insert "functions"; in line 20, after the word "private", to strike out "business or universities" and insert "industry or nonprofit organizations, including universities and other educational or technological institutions"; on page 5, line 16, after the word "scientific", to insert "or technological"; in line 18, after the word "science", to insert "or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities"; in line 23, after the word "science", to insert "or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities"; on page 6, line 7, after the word "science", to insert "or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities"; on page 7, at the beginning of line 16, to strike out "Staff" and insert "Administration"; on page 8, line 2, after the word "exceed", to strike out "$50" and insert "$75"; in line 5, after the word "private", to insert "business and nonprofit research";

in line 6, after the amendment, just above stated, to strike out "organizations to carry out" and insert "organizations, including universities and other educational or technological institutions, to conduct"; in line 9, after the word "to", to strike out "carry out" and insert "discharge"; after line 10, to insert:

(d) Financial and administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) may be provided the Commission by the General Services Administration, for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Chairman of the Commission and the Administrator of General Services: *Provided*, That the regulations of the General Services Administration for the collection of indebtedness of personnel resulting from erroneous payments (5 U.S.C. 46d) shall apply to the collection of erroneous payments made to or on behalf of a Commission employee, and regulations of said Administrator for the administrative control of funds (31 U.S.C. 665(g)) shall apply to appropriations of the Commission: *And provided further*, That the Commission shall not be required to prescribe such regulations.

On page 9, at the beginning of line 5, to strike out "panel of" and insert "panel, including"; in line 6, after the word "scientific", to strike out "community" and insert "and technical communities"; in line 7, after the word "United", to strike out "States" and insert "States,"; in the same line, after the word "as", to strike out "scientific"; in line 11, after the word "of", to strike out "members" and insert "qualified persons drawn equally from Government, private industry and nonprofit organizations, including universities and other educational or technological institutions"; in line 15, after the word "adequate", to strike out the comma and "and" and insert "who"; at the beginning of line 16, to strike out "from Government officers and employees and from individuals in private life"; on page 10, line 9, after the word "than", to strike out "April 30, 1963" and insert "January 1, 1965"; in line 11, after the word "are", to insert "deemed"; at the beginning of line 12, to strike out "carry out" and insert "achieve"; and on page 11, line 4, after the word "and", to strike out "directed" and insert "directed, to the extent permitted by law,"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of the Congress to strengthen American science and technology as an essential resource toward the attainment of the highest potential of Government contribution toward (a) the promotion of the national security; (b) continued national progress in an era of universal scientific and technical development; (c) the procurement and training of the best qualified leadership to maintain and promote world peace; (d) insuring the maximum utilization of all available scientific know-how and information by coordinating the research and development programs of the Federal departments and agencies with those of American business and industry, and with nonprofit organizations, including universities and other educational or technological institutions; (e) the establishment of national policies which will require coordination of Federal science and technology programs and operations of the Federal Government through necessary reorganizations of departments, bureaus, agencies, boards, commissions, foundations, offices, independent establishments, and instrumentalities of the executive branch of the Government which relate directly to Federal science generally, scientific research, and technology; (f) insuring increased efficiency in establishing systems for acquiring, translating, storing, documenting, indexing, retrieving, and distributing scientific information through the establishment of the most modern systems of technology and automation; (g) improvement of policies for recruiting, training, and utilizing Federal scientific and engineering manpower; and (h) assessment of how the executive and legislative branches can more effectively achieve common objectives in the legislative process.

OBJECTIVES

SEC. 2. To determine the action necessary for implementing this policy, the Congress hereby declares that immediate consideration should be given to studying the means for attaining the following objectives:

(1) The establishment of programs, methods, and procedures for the effective reorganization of Federal departments and agencies operating, conducting, or financing scientific programs and supporting basic research in science and technology, with the purpose of insuring more effective performance of these essential services, activities, and functions;

(2) The elimination of undesirable duplication and overlapping between Government departments and agencies engaged in scientific and technological research, and in information storage, processing and distribution services, activities and functions, with particular emphasis upon effecting the maximum utilization of the resources of private industry and nonprofit research organizations, including universities and other educational or technological institutions;

(3) The assurance of the conservation and efficient utilization of scientific and engineering manpower;

(4) The determination of the need for establishing within the executive branch of the Government a Department of Science and Technology, or for the reorganization of existing Government scientific and technological functions through the transfer of such functions to existing or new executive departments or agencies, in order to provide more effective and better coordinated Federal science programs and operations; and

(5) If the establishment of a Department of Science and Technology is found to be necessary, the determination of functions now exercised by other departments or agencies of the Federal Government which should be transferred to that or other departments and what, if any, new functions should be given to such departments, as well as those which more properly should be transferred to and performed by private industry or nonprofit organizations, including universities and other educational or technological institutions.

SEC. 3. (a) In order to carry out the purposes of this Act, there is hereby established a commission to be known as the Commission on Science and Technology (in this Act referred to as the "Commission").

(b) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

MEMBERSHIP OF THE COMMISSION

SEC. 4. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two from the executive branch of the Government who are participating in Federal scientific or technological activities, and two from private life who are eminent in one or more fields of science or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities;

(2) Four appointed by the President of the Senate, two from the Senate and two from private life who are eminent in one or more fields of science or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life who are eminent in one or more fields of science or engineering, or who are qualified and experienced in policy determination and administration of industrial scientific research and technological activities.

(b) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 5. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 6. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 7. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive $100 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

ADMINISTRATION OF THE COMMISSION

SEC. 8. (a) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil service laws and the Classification Act of 1949, as amended.

(b) The Commission may procure, without regard to the civil service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $75 per diem for individuals.

(c) The Commission is authorized to negotiate and enter into contracts with private business and nonprofit research organizations, including universities and other educational or technological institutions, to conduct such studies and to prepare such reports as the Commission feels necessary in order to discharge its duties.

(d) Financial and administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) may be provided the Commission by the General Services Administration, for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Chairman of the Commission and the Administrator of General Services: *Provided*, That the regulations of the General Services Administration for the collection of indebtedness of personnel resulting from erroneous payments (5 U.S.C. 46d) shall apply to the collection of erroneous payments made to or on behalf of a Commission employee, and regulations of said Administrator for the administrative control of funds (31 U.S.C. 665(g)) shall apply to appropriations of the Commission: *And provided further*, That the Commission shall not be required to prescribe such regulations.

SCIENCE ADVISORY PANEL

SEC. 9. (a) The Commission shall establish an advisory panel, including competent and experienced members of the scientific and technical communities of the United States, to serve on request as consultants to the Commission or to individual members of the Commission while performing the duties of the Commission.

(b) The panel shall consist of such number of qualified persons drawn equally from Government, private industry and nonprofit organizations, including universities and other educational or technological institutions, as the Commission deems to be adequate, who shall be chosen on the basis of competence, experience, integrity, availability, and ability to communicate not only to professional scientists by to laymen.

(c) Any member of such panel who is a Government officer or employee shall receive no compensation for his services as such a member, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of his duties as such a member.

DUTIES OF THE COMMISSION

SEC. 10. (a) INVESTIGATION.—The Commission shall determine means of attaining the objectives of this Act as stated in section 2.

(b) REPORT.—The Commission shall submit interim reports to the President and the Congress at such time or times, as the Commission deems advisable, and shall submit its final report to the President and the Congress not later than January 1, 1965. The final report of the Commission shall propose such legislation and administrative actions as in its judgment are deemed necessary to achieve its recommendations.

POWERS OF THE COMMISSION

SEC. 11. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, independent establishment or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

EXPENSES OF THE COMMISSION

SEC. 12. There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

TERMINATION OF COMMISSION

SEC. 13. The Commission shall cease to exist thirty days after submitting its final report as required under section 10.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FPC WORKS TO BREAK CASE BACKLOG

Mr. CARROLL. Mr. President, as chairman of the Subcommittee on Administrative Practice and Procedure of the Committee on the Judiciary, I have been vocally critical, on the floor and in hearings, of the mountainous backlog of cases which exist in the independent agencies and executive departments of the Government which are responsible for carrying out the regulatory laws which have been passed by the Congress.

In April of 1961 I introduced, on behalf of myself and the Senator from Michigan [Mr. HART], S. 1734, to amend the Administrative Procedure Act. This bill was based upon the premise that hearing examiners can and should be given greater finality of decision in administrative procedures. This was our legislative approach. Hearings were held and various revisions have been made in the wording of that bill.

While I sponsored this legislation, I felt that the agencies, under existing law, could do more to expedite their proceedings. Whenever I referred to backlogs, the first agency which came to my mind and which I would invariably cite as the "horrible example" was the Federal Power Commission.

I am happy to report that the Federal Power Commission is making a determined effort to clear up its backlog of cases and to revise its hearing procedures. Some of these efforts and the future plans of the Commission were described by the Chairman of the Federal Power Commission, Joseph C. Swidler, before the American Bar Association at its convention in San Francisco, Calif. on Monday of this week. I am pleased to see the new proposed regulations which I am sure will serve to reduce the tremendous backlog which has plagued this Commission for many years.

Mr. President, I ask unanimous consent that I may have printed at this point the address by Chairman Swidler to which I have referred.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE CHALLENGE OF NATURAL GAS REGULATION

(An address by Joseph C. Swidler, Chairman, Federal Power Commission, before the American Bar Association, San Francisco, Calif., August 6, 1962)

The title announced for this talk, which I selected months before I knew what I was going to say, is broad enough to cover anything remotely touching upon the Federal Power Commission's functions in natural gas regulation. Perhaps I should disclose to you now that the corner of this very large field which I shall dwell upon today is the need for improvement in hearing procedures before the Commission.

The current interest in improving administrative procedures represents a healthy reaction to the increasingly apparent need for administrative reform. On all sides there are demands that the procedures in each agency be reviewed critically and objectively with a view to putting into effect whatever reforms may be required to enable them to do their jobs in their particular areas of activities. The establishment by President Kennedy of the Administrative Conference, under the leadership of Judge E. Barrett Prettyman, is perhaps the most important and potentially useful of the many current approaches to administrative improvement. Through the Administrative Conference it is possible to bring to bear upon the problems of Federal administrative agencies the insights and talents of practitioners, judges, and scholars as well as of the responsible officials of administrative agencies.

I do not mean to slight the study and effort which were devoted in the middle forties to the problem of insuring an impartial disposition of cases before administrative tribunals. As a result of this effort, Congress passed the Administrative Procedure Act, which dealt primarily with the problem of the fairness of the administrative process, and particularly with insulating the administrative process in contested proceedings from external pressures.

The present focus is on the efficiency of the administrative process. There need be nothing inconsistent between the objective of fairness in administrative adjudication and the objective of conducting the proceeding in such a way as to make the best possible use of agency staff and of the counsel and witnesses of the litigants, and to bring the case to a conclusion as soon as the nature of the case permits. On the contrary, a speedy trial is a basic element of fairness in any proceeding and in many types of administrative hearings it is just as true as in judicial hearings that justice delayed is justice denied.

Delay feeds on itself. After a segmented and protracted hearing the facts which were proven are likely to be out of date by the time the case is ready for decision. The test year upon which the case has been tried has become ancient history. According to their interests, counsel will urge disposition on a stale record or holding further hearing to consider later operating periods. The hearing examiner, or the Commission itself, is faced with the dilemma of making a decision on a record which is out of date or of starting the case on a new round of hearings.

The natural gas cases before the Federal Power Commission are too important to be permitted to drag on over the years. They are among the most important cases decided before any adjudicative tribunal in the country, judicial or administrative, except for courts of review. Natural gas rate cases involve the gas bills of 34 million consumers throughout the country. The sums of money at stake in rate suspensions in individual cases may accumulate with time so as to be the controlling factor in the financial strength of interstate pipelines and may strongly affect the value of the securities of the many thousands of stockholders in these companies. In the past year, there have been disposed of over a dozen pipeline rate cases each of which involved rate increases of more than $5 million annually collected subject to possible refund. We have still pending before the Commission one pipeline rate case in which the sums collected subject to refund over a period of years approaches the staggering figure of $400 million, and the amount increases at the rate of $9 million a month.

It is obvious that extended delay in these proceedings may cause great damage to all concerned. A company cannot plan its future with assurance and investors cannot determine the value of its securities when the potential refund obligation is equal to a large part of the equity capital. Consumers who have been forced to pay inflated gas bills for many years find little comfort in refund prospects which are hedged with contingencies, including the ability of the consumer to survive until the refunds are ordered and paid.

The aggregate of money collected by the interstate natural gas pipelines subject to refund in cases pending before the Federal Power Commission is still over $900 million, despite the success of the Commission's settlement program, because the accretion of additional amounts in the remaining cases almost offsets the large amounts involved in the cases which have been settled or decided. There are also pending certificate applications for a billion dollars of pipeline construction. This figure has smaller significance than the refund figure because much of the pipeline construction is covered by temporary authorizations, and some of the rest may represent duplicate facilities or may be disallowed for other reasons. There can be no doubt, however, as to the necessity for speedy disposition of FPC rate and certificate proceedings which have such a broad impact on a basic industry and the consumers it serves.

I am happy to be able to report that we are moving steadily to dispose of the mountain of pending pipeline rate cases and have in recent months ordered refunds of approximately $150 million including one individual case in which the refunds exceeded $40 million. The Commission is determined to clear up its existing backlog of cases and to revise its hearing procedures to insure that future cases are handled with dispatch.

I had the pleasure a few months ago of speaking to the members of the Federal Power Bar Association to which many of you here belong. In my talk I spoke of the vital role of the examiners in moving our cases along with dispatch. The handful of men in the Office of Examiners of the Federal Power Commission are basic to the discharge of the Commission's work.

I take this occasion to say that one of the most important contributions which Congress could make to the improvement in the administrative process would be to provide for adequate compensation to examiners in agencies such as the Federal Power Commission where the responsibilities of the examiners are so great and the benefits of improvement would mean so much to the public and to the great industries under FPC regulation. All of the suggestions for administrative reform assume an even greater degree of control of administrative proceedings by the examiner. Implicit in these recommendations is a basis of compensation which will make it possible to hold the excellent examiners already on our staff, and to attract candidates for examiner positions in whom the Commission could safely lodge broad additional responsibilities.

In my talk before the Federal Power Bar I also spoke of the need for the cooperation of the bar in eliminating wasted time and inflated transcripts in proceedings before the Commission. I urged practitioners to exercise restraint in introducing cumulative testimony and proof of limited or doubtful probative value. I urged a double dose of restraint in cross-examination, and especially with respect to evidence which might better have been dispensed with in the first place, pointing out that there was no point to loading a record with a mountain of material which a detached appraisal by counsel at the outset would have convinced him was most unlikely to be of controlling importance in winning his case, whether before the Commission or the courts.

Let me add on this score that cases before the Federal Power Commission are not likely to be won on technicalities. The Commission is just as much impressed with a solid point of law or of administrative policy whether it is based on 10 pages of record or a thousand and its conclusions of law and findings on the facts are not likely to be swayed by cumulative testimony no matter how elaborately developed. Extended arguments with expert witnesses in an effort to persuade them of the falseness of the theories upon which they have built their professional lives add bulk but not light to a transcript. Cross-examination of an expert witness on his qualifications or his testimony, of the kind used in attempting to sway a jury to discount what he says, is wasted in an FPC proceeding.

Sometimes the Commission finds in cases which have been in hearing for many months that basic issues have not been raised and important factual areas have not been touched upon, so that the Commission is' required to send the case back for further hearings. We have been forced to conclude that mass cannot be equated with thoroughness or completeness and may in fact represent a poor alternative for a carefully thought out presentation of a complete basic case.

Let me describe for you the tortuous hearing course of one of our rate cases. The original filing was made in February of 1957. The first hearings were held in April of 1957, recessed to July and continued off and on through the remainder of 1957. Hearings were held in January and February of 1958. The hearings then recessed again to October when a further recess until December was granted, and then yet another recess was granted until January and then further postponed to March, April, and May of 1959. Hearings were finally resumed during May of 1959 and then recessed until September.

Three days of hearings were held in September and then the case was recessed until November, at which time it was further postponed to December. In December of 1959 the record was closed on one issue and an examiner's decision on this issue was rendered in May of 1961. The Commission twice heard oral argument on this one issue and issued its final decision in February of 1962. The rest of this case, I regret to say, is still with us.

There is something radically wrong with this way of conducting a rate case. This was a complex case, true enough, but it was not that difficult, nor is its history unique. No one who participated has great reason for pride in the way the case has been handled thus far. I say this although all the counsel involved were able and dedicated and the examiner dealt skillfully with many issues in an elaborate record. The fault was not the fault of the individuals but of the system, or rather lack of system.

Our staff made a recent study of rate investigations, rate filings and abandonment applications. This study showed that from the date of filing to a final decision, it has taken an average of 1,782 days on rate investigations initiated by the Commission, 1,865 days on filings by pipelines for increased rates, and even in abandonment cases, which should be reasonably simple, it has taken an average of 493 days. The average rate investigation has accumulated 3,172 pages of transcript and 868 pages of exhibits. Any system which requires so much time for decision and such voluminous records must contain ample room for improvement.

What happened in these and similar proceedings is water over the dam, or perhaps to this audience I should say gas flared to the atmosphere. It becomes now our responsibility to distill the lesson from what has happened, and to avoid additional administrative monstrosities in the future.

The first conclusion one reaches from a study of the lugubrious record of the case whose 5-year history I have just reviewed, and of many similar cases, is that they were not planned that way; they just drifted. There was no early definition of the issues; there was no broad stipulation of the readily provable facts; there was no collaboration among the parties on the presentation of proof; there was no schedule of the presentation of testimony; there was no target date for each of the steps and for completion. Without such advance planning and preparation and without advance arrangements for cooperation in the presentation of the case, it is inevitable that there will be waste motion, confusion and delay, most of which could have been avoided by a well-organized prehearing conference at the inception of the case.

The Commission has long recognized the need for improvement in prehearing conference procedure. In November 1959, the Commission promulgated its Order No. 217 providing for the use of prehearing conferences and the early designation of the presiding examiner. However, Order No. 217 has not been invoked and the attempts to use prehearing conferences have been without great success. I do not know every factor which militated against successful use of such conferences, but I can point out some of the reasons they did not work.

In the first place, I am told that the parties who attended the few conferences that were held went into them with little preparation. Few of the parties were well enough prepared to be willing to agree to the undisputed facts, to identify the issues, or even to plan for an orderly hearing. Moreover, some of the participating counsel seemed to think of an administrative proceeding as a contest in the courtroom skills of counsel. They wanted to save their ammunition to ambush the opposition at the hearing, rather than to lay their forensic guns on the conference table and devote themselves to simplifying and expediting the process of bringing out all the relevant facts.

In addition, examiners were compelled to supervise the prehearing conference with little or no knowledge of the case and, being saddled with a predetermined hearing date, no room in which to operate with the degree of flexibility which I believe is the very essence of a successful use of the prehearing procedure. The prehearing conference was thus merely the anteroom to the hearing maze.

The Commission now proposes to revitalize the prehearing conference procedure. We are impressed by the fact that almost every group that has sought for ways to improve administrative procedures has agreed not only that the prehearing conference can be made a valuable part of the decisional process, but that it is essential to the prompt and effective disposition of complex cases, the kind which abound in the work of the Federal Power Commission. Order No. 217 was adopted as a result of suggestions by the American Bar Association and the Federal Power Bar. The House Subcommittee on Legislative Oversight strongly recommended that agencies make use of this procedure. Senator Carroll's Judiciary Subcommittee on Administrative Practices and Procedure also recommended it and the existing Administrative Conference, on which I am serving as a member, has under consideration strong proposals for more effective use of prehearing conferences.

It appears, therefore, that there is general agreement that prehearing conferences should be beneficial if we can make use of them properly. In order to make a prehearing conference procedure work we must first understand its objectives and then determine precisely how to achieve them.

I believe the first objective of a prehearing conference is to give every party an opportunity to know and evaluate the positions of the other parties. Its purpose is to eliminate the surprise element, which, I submit, has no place in administrative proceedings, and which is being progressively restricted even in Federal court proceedings under the Federal Rules of Civil Procedure, as well as in the courts of many of the States. The obligation of the parties in a prehearing conference is to identify the genuine and substantial issues, to reject the spurious ones at the outset, to stipulate all the relevant facts which cannot honestly be controverted, to arrange for the reconciliation of factual differences where this is feasible, and to list the key matters in factual dispute which can only be resolved in a hearing. Matters which can be fully investigated and resolved without open trial should be eliminated from the hearing.

As a basic step to attaining these objectives, Prof. A. J. G. Priest, of the University of Virginia Law School, in his report to the Administrative Conference, emphasizes the importance of identifying the big case at the outset, and of the use of the prehearing conference device in these cases. His advice is especially pertinent to the FPC because we have so many big cases and also because we have already perfected techniques for disposing of the routine cases expeditiously. The big cases, once identified, must be assigned to the examiner at once so as to enable him to provide the necessary control of the proceedings. With the examiner in control, Professor Priest suggests that there must be early definitions of the issues, confinement of discovery within the boundaries of the defined issues, and careful procedural planning.

These are excellent suggestions and I agree with all of them, but to make them work the pleadings must be adequate to permit detailed case analysis when the prehearing conference is held. This has not been required in the past in FPC proceedings, and this defect we propose to remedy. The Federal Power Commission, with the advice of all interested parties, is revising its regulations to provide that original pipeline rate filings shall contain sufficient information to allow all parties to a proceeding to identify the difficult cases, the issues therein, and to prepare their own cases with dispatch.

As many of you know, our proposed new rules provide that pipeline rate filings must be so complete as to provide in substance the pipeline's case-in-chief, should suspension of the filing prove necessary. On the basis of the applicant's exhibits and the supporting testimony, our staff and all interveners should at an early date prepare and file their own rebuttal exhibits and testimony.

As soon as our staff is ready to present its answer to the filed information of the applicant, an examiner should be assigned but no hearing date should be set.

The examiner could then call a prehearing conference, confident that an analysis of all the submitted evidence will refine and reduce to a minimum the issues which he must decide. Once assigned, the examiner would be in control. If it appeared at the first prehearing conference that some necessary evidence was missing, he could call a short recess to obtain that evidence and then resume the conference. As soon as he felt the issues and evidence had been refined as far as possible, he could set a date for a hearing confined to those matters on which cross-examination appeared to be necessary.

Where analysis of the issues and comparison of the testimony revealed that the differences were small, or lent themselves to compromise, there would be no point to proceed to trial. The exercise of complete control of the proceedings by a competent examiner who fully understands the unresolved issues is extremely important in deciding for the parties whether a trial or settlement conference is more appropriate as a next step.

I make a final suggestion for expediting hearings which may come as a shock to those of you who have become accustomed to recesses as a way of life in FPC hearings. I suggest a single continuous hearing directed to full cross-examination of all witnesses presented by all parties. Of course, the examiner would have wide discretion in handling the hearing and he might, where circumstances warranted, make use of "during the hearing" conferences. In general, however, once the prehearing conference has been concluded and the hearing scheduled and begun, counsel would be expected to present their entire case without substantial interruption for the preparation of testimony or cross-examination.

It seems to me that the use of continuous hearings is a logical outgrowth of the full filings now required by our regulations and of a revitalized and flexible prehearing conference procedure. Following a full presentation of a written case and an exploration of all issues in a prehearing conference, a continuous hearing should be less burdensome than in a court trial, where a continuous hearing is taken as a matter of course.

It should be clear that the procedure in which all parties will prepare their direct case in advance of a single continuous hearing will greatly deemphasize the role of cross-examination in the proceedings before the Federal Power Commission. This, in my judgment, will be all to the good. I do not mean to say that cross-examination is not an important part of the adversary process but I believe there has been far too much reliance by counsel on the use of cross-examination for making their own case. The new procedures will also have the salutary effect of forcing counsel for all parties to present their facts in a more orderly and concise manner.

Improvement in administrative adjudication means a constant search for improvement at every step of a proceeding. All who participate in a proceeding must be alert to take advantage of opportunities large or small to do a quicker or better job than we are now doing. The small improvements are important in total, but we cannot rely on them alone. We must also be willing to consider and adopt such major and radical changes as I have proposed.

Administrative reform cannot be achieved by any one device or stratagem. It can only result from an unremitting drive for excellence in every phase of the administrative process. An administrative agency is a unit. If the agency as a whole is deeply motivated to achieve a high standard of performance the results will show at every stage of its work including the conduct of its hearings. Conversely an agency operating on slack standards is not likely to be a model in the handling of its caseload. The Federal Power Commission is aiming at a high quality of administrative performance in every aspect of its work.

I do not doubt that the practitioners before the Federal Power Commission will have their problems of adjusting to the new procedures and quickened pace, many of which they themselves have long advocated. The bar which practices before the Commission is an integral part of the machinery for the discharge of the Commission's adjudicative functions. The bar and the Commission must now help each other in the quest for a system of administrative justice in natural gas cases of which we can all be proud.

A BASIS FOR PRIORITIES IN THE EXCHANGE OF ELECTRIC ENERGY BETWEEN REGIONS

Mrs. **NEUBERGER.** Mr. President, the Senate recently passed the Bonneville power bill, which was presented to the Senate under the able leadership of the Senator from Washington [Mr. JACKSON]. His able handling of the bill did not call for any comments from me at the time. His success in securing its passage attests to his ability. However, at this time I should like to make a few comments in regard to the bill, which is so vital to my part of the country. I evidence my support of S. 3153, the bill which will establish a basis of contractual understanding between electric consumers in regions of the West. This legislation is essential to spell out the reciprocal rights which will be in effect when electric energy is transported between the Pacific Northwest and the Pacific Southwest.

There is a sound reason for enactment of this bill. In the absence of legislation, it is conceivable that a Secretary of the Interior or a Bonneville Power Administrator could, through a contract, export power from Federal dams of the Columbia basin to other regions, thereby prejudicing sound long-range development of the Pacific Northwest. Enactment of S. 3153 will foreclose any such undesirable possibility.

The protection and priorities established under S. 3153 are the necessary forerunners to the valuable and beneficial interconnection of generating facilities of the Pacific Northwest and California. Construction of high voltage transmission facilities between these two western areas will mark a forward stride in conservation. Millions of kilowatts of secondary Columbia River power are wasted through lack of a market, while vast quantities of fuel are being consumed to generate energy in California. We can ill afford such profligate use of our resources.

I wish to emphasize that benefits will flow in two directions with the establishment of an interconnection. A high-capacity transmission line between the Pacific Northwest and the Southwest would make it possible to increase the firm power supply of the Northwest by some 200,000 to 400,000 kilowatts. This would be a very significant benefit to the people in Oregon. The firm power gain in the Northwest from such an arrangement alone is equivalent to the construction of a large-size dam.

The characteristics of our Pacific Northwest hydroelectric system, where we have little or no steam-generated energy, are such that we are able to generate tremendous amounts of secondary energy during periods of high streamflow. During periods of low streamflow—about the middle of September through the middle of April—water releases from storage reservoirs are made in order to increase our firm power capability. It is primarily the firm power capability of the system which determines our ability to market the power under long-term sales arrangements to rural, domestic, and industrial customers. The market for sales of secondary energy is quite limited in the Northwest.

By changing the operation of the storage reservoirs it is possible to "firm up" some of this Northwest secondary energy through use of an interconnection with California. The Northwest utilities could release water stored in their reservoirs faster than normal in order to produce firm power early in the storage drawdown period. Thermal-generated energy from California would then be used in the latter portion of the normal storage drawdown period to develop additional firm power needed at that time. By having the assurance of the availability of this steam-generated energy from the Southwest, we can create a new, firm, valuable resource in the Northwest.

The bill does nothing more than clarify the buyer-seller relationship. Power consumers in California should know precisely on what terms they can expect delivery of our surplus power; and we in the Pacific Northwest must have the same sort of assurances with respect to delivery of power to our region.

One point I should like to add is that some concern was expressed in respect to the manner in which the bill might be subject to misinterpretation because of uncertainty of meaning. But the testimony and the legislative history of the bill satisfied me. In case there is any question in respect to the meaning of terms, the 1949 glossary of important power and rate terms prepared under the supervision of the Federal Power Commission will be used in defining terms not expressly defined in the bill.

Another question directed to me by the Governor of Oregon had to do with prior notice to customers of the Bonneville Power Administration. I find from many inquiries that it is the established practice of the Bonneville Power Administration to give at least 30 days' prior notice to its existing customers when entering into contracts with new users. So it would seem unreasonable that the Secretary of the Interior would not give notice well in advance. I believe those people are protected.

NEW YORK CUSTOMS A DISGRACE

Mrs. NEUBERGER. Mr. President, last winter I received a telephone call from New York from an indignant taxpayer who had just gone through the frustrating experience of clearing customs in New York.

I reported her experience to the Treasury Department, Customs Division.

A month later this same civic-minded citizen, interested in encouraging foreign visitors to be our guests, went to the dock to meet a couple on their first visit to the United States. She reported the 2-hour delay in getting an inspector, the freezing temperature on the dock, and the inability to find one person who could speak German to help out a poor traveler who spoke no English.

Again I took this up with the Treasury, and received a courteous letter. Now, I call the attention of the Senate to a column in the August 7 issue of the Washington Post by Bill Gold, dealing with the same subject.

I ask unanimous consent to have printed in the RECORD the column written by Bill Gold.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 7, 1962]

COMMUNICATION

(By Bill Gold)

We have already established in previous columns that the filthy, frigid docks at which steamship passengers go through customs in New York are not under the control of the Bureau of Customs. However, the latest letter to reach me on this subject is interesting enough to warrant our attention, despite its misconceptions, chaotic language, lack of punctuation, and great length. Here is a brief sample, faithfully reproduced:

"Because you are honest and fair we will write this letter to you as we never write letters to the papers but we pray you can do something about our customs in New York, in the first place let us say we would not vote for the or any mayor of New York or the Governor or anyone that allows customs conditions as they exist in New York and I defy anyone to say what we are telling you is not the facts for it is more than the facts and no one should brag about America with the New York Customs the worst in any country, we have traveled in many countries, small and large and the customs in every country surpassed and some were wonderful and all better than the customs in New York City, N.Y.

"The last time we returned in December it was so cold that we almost froze, yes we were on a big liner and had some influence and prestige but it did not take away the heartache of crying cold children, the many from other countries cold and shivering and the time and the waste and the poor customs officers freezing and running into the little office to warm up and let the passengers wait and the awful sight of the suitcases and baggage open and clothes flying away in the wind and storm and the many friends packed like animals in the wire enclosure, cold and shivering waiting for their people, and the sick and in wheelchairs, some given more attention but one man in particular with a heart condition waiting until he fell and had to be taken away."

The description of conditions on the docks gets worse as it goes along. But it would run more than a column in length, and I think this much is enough to get the general idea across.

NATIONAL SERVICE LIFE INSURANCE

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1764.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3597) to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance.

The ACTING PRESIDENT pro tempore. The question is on the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with an amendment, to strike out all after the enacting clause and insert:

That subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 725. Limited period for acquiring insurance

"(a) Any person (other than a person referred to in subsection (e) of this section) heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, shall upon application in writing made within one year after the effective date of this section, submission of evidence of good health satisfactory to the Administrator at the time of such application, and payment of the required premiums, be granted insurance under the same terms and conditions as are contained in standard policies of national service life insurance except (1) five-year level premium term insurance may not be issued or renewed on the term plan after the applicant's fiftieth birthday; (2) the net premium rates shall be based on the "1958 Commissioners Standard Ordinary Basic Mortality Table", increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations, and thereafter such premiums may be adjusted as the Administrator determines to be so necessary but at intervals of not less than two years; (3) an additional premium to cover administrative costs to the Government as determined by the Administrator at time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto, and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (4) all cash, loan, and paid-up insurance values shall be based on the "1958 Commissioners Standard Ordinary Basic Mortality Table" and all extended term insurance values shall be based on 130 per centum of such table; (5) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3 per centum per annum; (7) all rights under such insurance and any total disability income provision attached thereto, whether in force or lapsed, shall terminate effective upon the date the policyholder enters on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more; (8) the insurance shall not be payable for death which occurs while the insured is on active duty or active duty for training under a call or order to such duty for a period of less than thirty-one days, if dependency and indemnity compensation is payable in such case at the time of death, however, the cash value, if any, less any indebtedness shall be paid to the designated beneficiary, if living, otherwise to the insured's estate; (9) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (10) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund established in the Treasury of the United States and the payments on such insurance and disability provision shall be made directly from such fund.

"(b) (1) There is authorized to be appropriated such sums as may be required to provide capital for the revolving fund to carry out the purpose of this section. Such appropriations shall be advanced to the revolving fund as needed and shall bear interest as determined by the Secretary of the Treasury, taking into consideration the average yield on all marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt and shall be repaid to the Treasury over a reasonable period of time.

"(2) The Administrator is authorized to set aside out of the revolving fund established under subsection (a) of this section such reserve amounts as may be required under accepted actuarial principles to meet all liabilities on insurance issued under subsection (a) of this section and any total disability income provision attached thereto. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

"(3) Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the revolving fund such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under subsection (a) of this section, and any total disability income provision attached thereto, for transfer to the appropriation, 'General Operating Expenses, Veterans' Administration,' or as may otherwise be specified in appropriation Acts.

"(c) Any person who applies for insurance under subsection (a) of this section and who cannot qualify for insurance thereunder solely because of a service-connected disability for which compensation would be payable, if 10 per centum or more in degree, shall be granted insurance under the same terms and conditions as are contained in standard policies of national service life insurance except (1) five-year level premium term insurance may not be issued or renewed on the term plan after the applicant's fiftieth birthday; (2) an additional premium to cover administrative costs to the Government as determined by the Administrator at the time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto (for which the insured may subsequently become eligible) and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (3) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (4) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949, and interest at the rate of 3 per centum per annum; (5) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (6) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the national service life insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this subsection are hereby authorized. Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the national service life insurance appropriation such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under this subsection, and any total disability income provision attached thereto, for transfer to the appropriation 'General Operating Expenses, Veterans' Administration,' or as may otherwise be specified in appropriation Acts.

"(d) Notwithstanding the provisions of section 782 of this title, a medical examination (including any supplemental examination or tests) when required of an applicant for issuance of insurance under this section or any total disability income provision attached thereto shall be at the applicant's own expense by a duly licensed physician.

"(e) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty under a call or order to active duty for a period of thirty-one days or more.

"(f)(1) Whenever insurance issued under subsection (a) of this section and any total disability income provision attached thereto is terminated as provided in such subsection, the cash value, if any, less any indebtedness, of a permanent plan policy shall be paid to the insured. Any person whose term or permanent plan policy, not including a reduced paid-up policy, was so terminated while it was not lapsed may, upon written application and payment of the required premium made within one hundred and twenty days after separation from active duty or active duty for training, replace such policy and any total disability income provision attached thereto which was in force at the time of termination. The policy and provision issued to replace the terminated insurance shall be on the same plan and shall not be in excess of the amount of insurance which was terminated. Any person whose permanent plan policy was so terminated while such insurance was not lapsed may reinstate such insurance and any total disability income provision attached thereto which was in force at time of termination, upon written application, payment of the required premium and reserve within the one hundred and twenty day period specified above. A person whose paid-up policy was so terminated may reinstate such paid-up insurance within the one hundred and twenty day period specified above, and any total disability income provision attached thereto which was in force at time of termination, upon written application and payment of the required premium and reserve. Waiver of premiums and total disability income benefits otherwise authorized under this chapter shall not be denied in any case of reinstatement or replacement of insurance or the disability provision under this paragraph in which it is shown to the satisfaction of the Administrator that the total disability of the applicant began before the date of his application.

"(2) Any person whose rights under a term or permanent plan policy or any total disability income provision attached thereto were terminated under subsection (a) of this section, while the insurance and provision were in a lapsed status, may upon separation from active duty or active duty for training, replace such policy and provision on the same plan and not in excess of the amount of insurance terminated, upon written application made within one hundred and twenty days after separation from such duty, payment of the required premium and submission of evidence of good health satisfactory to the Administrator.

"(3) Any person whose rights under a term or permanent plan policy or total disability income provision attached thereto were terminated under subsection (a) of this section, whether the insurance and provision were in force or lapsed, may upon separation from active duty or active duty for training (A) reinstate such permanent plan policy and provision upon written application, payment of the required premium and reserve, and submission of evidence of good health satisfactory to the Administrator; or (B) reinstate such term policy and provision (within the term period) upon written application, payment of the required premiums, and submission of evidence of good health satisfactory to the Administrator

"(4) Five year level premium insurance may be issued under this subsection but not renewed on the term plan after the applicant's fiftieth birthday. Insurance replaced under this subsection shall be issued at the premium rate for the applicant's then attained age."

SEC. 2. Section 704 of title 38, United States Code, is amended (1) by inserting "(a)" immediately before "Insurance"; and (2) by adding at the end thereof the following:

"(b) Under such regulations as the Administrator may promulgate a policy of participating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except (1) the premium rates for such insurance shall be based on the 1958 Commissioners Standard Ordinary Table of Mortality and interest at the rate of 3 per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based on the 1958 Commissioners Standard Ordinary Table of Mortality and interest at the rate of 3 per centum per annum; and (3) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium.

"(c) Under such regulations as the Administrator may promulgate, a policy of nonparticipating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except that (1) term insurance issued under section 621 of the National Service Life Insurance Act of 1940 shall be deemed for the purposes of this subsection to have been issued under section 723(b) of this title; and (2) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium. Any person eligible for insurance under section 722(a), or section 725 of this title may be granted a modified life insurance policy under this subsection which, subject to exception (2) above, shall be issued on the same terms and conditions specified in section 722(a) or section 725, whichever is applicable.

"(d) Any insured whose modified life insurance policy is in force by payment or waiver of premiums on the day before his sixty-fifth birthday may upon written application and payment of premiums made before such birthday be granted National Service Life Insurance, on an ordinary life plan, without physical examination, in an amount of not less than $500, in multiples of $250, but not in excess of one-half of the face amount of the modified life insurance policy in force on the day before his sixty-fifth birthday. Insurance issued under this subsection shall be effective on the sixty-fifth birthday of the insured. The premium rate, cash, loan, paid-up, and extended values on the ordinary life insurance issued under this subsection shall be based on the same mortality tables and interest rates as the insurance issued under the modified life policy. Settlements on policies involving annuities on insurance issued under this subsection shall be based on the same mortality or annuity tables and interest rates as such settlements on the modified life policy. If the insured is totally disabled on the day before his sixty-fifth birthday and premiums on his modified life insurance policy are being waived under section 712 of this title or he is entitled on that date to waiver under such section he shall be automatically granted the maximum amount of insurance authorized under this subsection and premiums on such insurance shall be waived during the continuous total disability of the insured."

SEC. 3. The amendments made by this Act shall take effect as of the first day of the first calendar month which begins more than one year after the date of enactment of this Act.

SEC. 4. The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"725. Limited period for acquiring insurance."

The **ACTING PRESIDENT** pro tempore. The question is on the committee amendment.

Mr. LONG of Louisiana. Mr. President, I believe some explanation of the bill would be desirable. The bill, S. 3597, contains the administration's version of a measure which I introduced on behalf of myself and a number of other Senators. There are some differences, but for the most part they do not change the general nature, intent, and purpose of that bill.

In effect, this bill provides that there shall be a 1-year period during which veterans of World War II and the Korean war may take out national service life insurance. The program will pay for itself entirely.

Furthermore, insurance rights for term insurance will terminate at age 50, but the option of veterans to convert the term insurance into a modified life insurance plan for any amount up to $10,000 insurance after their 50th birthday will be reserved.

In my opinion, the bill is an improvement over the bill which I introduced on behalf of myself and other Senators. It is what we have been working for a number of years. We have been seeking to obtain a vote in the House of Representatives. The House was scheduled to vote on a motion to suspend the rules to bring up a veterans' insurance bill on Monday. The question is now before the House Committee on Rules.

I have been assured by the chairman of the Veterans' Committee in the House that, in the event a rule is denied by the House Rules Committee, he will again seek a motion for a suspension of the rules and will endeavor to see that a measure is passed in that body.

I believe it would be well for the Senate to initiate action on the question and send to the House the measure in order that it may be considered. The House may see fit to substitute the House bill for S. 3597 and go to conference with us on this bill.

I therefore hope that the bill will be passed.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW MORNING

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services be permitted to meet during the session of the Senate tomorrow.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

THE PHILIPPINE WAR CLAIMS BILL MUST PASS

Mr. KUCHEL. Mr. President, our allies and friends in the Philippines constitute one of the great and last bastions against communism on the far side of the Pacific. Our two nations have much in common. We seek a shared goal of peace and freedom. Moreover, we have fought together to achieve that end.

Her sons stood with ours, shoulder to shoulder throughout the rigors and deprivations of the Second World War. Filipinos fought bravely at Bataan and Corregidor. During Japanese occupation of their islands, many of these proud people retreated to the hills where they carried on a fierce guerrilla warfare in the very midst of the enemy. Indeed, they constituted one of the greatest sparks of hope in the Pacific theater during the dark days of that war.

When we again view the turmoil of southeast Asia, we realize how valuable their continuing and unfailing friendship has been. And, because it is so clearly in our interest to retain the close spirit of cooperation which has bound together our two nations, we must be particularly careful not to endanger that friendship by failing to honor a rightful debt of the Second World War.

The Philippines sustained extensive damages and loss of life during the war. Much of this damage was done by American bombers, warships, and artillery units in the successful efforts to rout out the Japanese from the Philippine homeland. The United States pledged to help the Filipinos repair that damage. Our President made that promise during the war.

Subsequently, Congress provided for war damages through the enactment of the Philippine Rehabilitation Act of 1946. It set up a War Damages Commission, which carefully examined the claims presented to it. The 1946 bill required not only valid proof of claim but also proof that the claimants had already reinvested in the repair or reconstruction of their property a sum equal to that which they were to receive from the Commission. This insured that the money we paid out compensated claimants for real efforts they had made to rehabilitate the Philippine economy.

The plan was to authorize payment of up to 75 percent of the claims approved by the Commission. Congress appropriated $400 million, but funds ran out when only 52½ percent of the claims had been settled.

Year after year, Congress has failed to vote funds to pay the remaining $73 million still due, despite pleas of the State Department, as well as of Presidents Truman, Eisenhower, and Kennedy. The unpaid balance has been an irritant that is both unnecessary and morally unjust. The Philippine people and their Government have been repeatedly and justifiably dismayed and angered by the repudiations of this acknowledged debt.

Congress must face this problem and resolve it favorably before we adjourn. At the very least, the United States has a moral obligation to make final payment.

Earlier this year, the House failed to pass a Philippine war damages bill. I deeply regret that action. I am gratified that a revised version finally passed the House on August 1.

The House-passed bill, H.R. 11721, authorizes the payment of the outstanding balance of awards approved by the Philippines War Damages Commission under the authority of the 1946 law. No new claims can be filed. It simply provides for the discharge of an obligation—which has been outstanding for more than a decade.

I am hopeful that the Senate will now act speedily and enact this revised bill into law before this Congress adjourns. The passage of this bill may very well bolster the efforts of the new and progressive Macapagal administration to spur the Philippine economy. A strong and vigorous economy is the strongest bastion behind a vibrant democracy. It is also democracy's strongest weapon against the aggressive thrusts of international communism.

It is the good faith of the United States which is at stake. I am one Senator who does not think we should waste any more time in meeting this oft-deferred, recognized, and longstanding obligation.

I ask unanimous consent that the editorial entitled "Unfriendly Move," published in the Los Angeles Herald Examiner of May 15, 1962, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

UNFRIENDLY MOVE

Congressional action in disapproving war damage claims by the Philippines just does not make sense.

The Philippines are our firm ally in Asia; our bonds are tempered in tradition and battle.

In a surprise move, the House of Representatives has turned down—201 to 171—a bill to pay the Philippines $73 million. The funds would have completed our payments on claims arising from World War II combat between American and Japanese forces.

On the other hand, torrents of dollars are flowing to alleged neutrals and other nations of dubious attitudes toward the United States.

In the Philippines, the reaction is bitter. Vice President Emmanuel Palaez rightly comments that "It seems the United States treats her friends more shabbily than those who are not with her."

President Kennedy has expressed regret over the House action and hope that it will not change the plans of President Diosdados Macapagal to visit the United States next month. We join in that hope.

We are happy to note that there is a move afoot in Congress to reintroduce the payment bill at this session. We urge all Representatives and Senators to heal this rift between friends.

THWARTING THE CONGRESSIONAL WILL

Mr. HRUSKA. Mr. President, a profound feeling of shock and disappointment has followed in the wake of President Kennedy's curiously watered down proclamation of Captive Nations Week.

By studiously avoiding the word "communism," by failing to mention the captive nations by name, and by the generally accommodating language of the proclamation, the President has violated the spirit, if not the letter, of Public Law 86-90 in which the Congress authorized and requested the President to proclaim the third week in July as Captive Nations Week. This proclamation is to be issued each year until such time as freedom and independence shall have been achieved for all the captive nations of the world.

The original joint resolution, approved on July 17, 1959, had as a principal proposition the fact that enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the idea of peaceful coexistence between nations. It cited the imperialistic and aggressive policies of Russian communism and noted that these policies had led to the subjugation of more than a score of nations.

This is what the Congress had in mind, when it called on the President to proclaim Captive Nations Week. Both in the soft language he used and in virtual blackout of publicity, the congressional will has been thwarted. The document signed by Mr. Kennedy has even been viewed, not as a courageous condemnation of Communist aggression, but as a simple endorsement of anticolonialism policy in behalf of the so-called emerging nations of Africa and Asia.

Mr. President, in order that the comparison may be perfectly clear, I ask unanimous consent that there be inserted in the Record at this point, the text of Public Law 86-90 and the text of Mr. Kennedy's proclamation.

There being no objection, the material was ordered to be printed in the Record, as follows:

Public Law 86-90, 86th Congress, Senate Joint Resolution 111, July 17, 1959

Joint resolution providing for the designation of the third week of July as "Captive Nations Week"

Whereas the greatness of the United States is in large part attributable to its having been able, through the democratic process, to achieve a harmonious national unity of its people, even though they stem from the most diverse of racial, religious, and ethnic backgrounds; and

Whereas this harmonious unification of the diverse elements of our free society has led the people of the United States to possess a warm understanding and sympathy for the aspirations of peoples everywhere and to recognize the natural interdependency of the peoples and nations of the world; and

Whereas the enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the idea of peaceful coexistence between nations and constitutes a detriment to the natural bonds of understanding between the people of the United States and other peoples; and

Whereas since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat to the security of the United States and of all the free peoples of the world; and

Whereas the imperialistic policies of Communist Russia have led, through direct and indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Vietnam, and others; and

Whereas these submerged nations look to the United States, as the citadel of human freedom, for leadership in bringing about their liberation and independence and in restoring to them the enjoyment of their Christian, Jewish, Moslem, Buddhist, or other religious freedoms, and of their individual liberties; and

Whereas it is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive; and

Whereas the desire for liberty and independence by the overwhelming majority of the people of these submerged nations constitutes a powerful deterrent to war and one of the best hopes for a just and lasting peace; and

Whereas it is fitting that we clearly manifest to such peoples through an appropriate and official means the historic fact that the people of the United States share with them their aspirations for the recovery of their freedom and independence: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating the third week in July 1959 as "Captive Nations Week" and inviting the people of the United States to observe such week with appropriate ceremonies and activities. The President is further authorized and requested to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all the captive nations of the world.

Approved **July 17, 1959.**

Captive Nations Week, 1962—A Proclamation by the President of the United States of America

The White House, *July 13, 1962.*

Whereas by a joint resolution approved July 17, 1959 (73 Stat. 212), the Congress authorized and requested the President of the United States of America to issue a proclamation designating the third week in July 1959 as "Captive Nations Week," and to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all the captive nations of the world; and

Whereas there exist many historical and cultural ties between the people of these captive nations and the American people; and

Whereas the principles of self-government and human freedom are universal ideals and the common heritage of mankind: Now, therefore,

I, John F. Kennedy, President of the United States of America, do hereby designate the week beginning July 15, 1962, as Captive Nations Week.

I invite the people of the United States of America to observe this week with appropriate ceremonies and activities, and I urge them to give renewed devotion to the just aspirations of all people for national independence and human liberty.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 13th day of July in the year of our Lord 1962, and of the Independence of the United States of America the 187th.

John F. Kennedy.

By the President:

Dean Rusk,
Secretary of State.

Mr. HRUSKA. Mr. President, it is barely possible that references to communism and Russian imperialism were omitted through inadvertence. Yet this seems hardly likely when one considers the widespread chagrin, even outrage, which followed the issuance last year of a similarly innocuous proclamation. No; the omissions were not inadvertent.

Nor was the timing of the proclamation calculated to call the Nation's attention to the plight of those enslaved in Iron Curtain countries. This year's proclamation was issued on a Friday, just before the Kennedys left for Hyannis Port, and only 2 days before the beginning of Captive Nations Week.

Mr. President, typical of the resentment at Mr. Kennedy's action are two articles from the editorial page of the Los Angeles Herald-Examiner for August 5, by George Todt and Fulton Lewis, Jr. I ask unanimous consent that they be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Los Angeles Herald-Examiner, Aug. 5, 1962]

Curtain of Slavery

(By George Todt)

Not long ago I spoke to an SRO crowd at the Lithuanian Culture Center in Los Angeles. The occasion was Captive Nations Week.

How our hearts must go out to the people who have been conquered and enslaved behind the Iron Curtain today.

Especially the defeated countries of central Europe and the Baltic nations which have been cruelly oppressed—gobbled up by the international criminal Communist conspiracy.

This is the modern imperialism which seeks to incorporate an entire world under its totalitarian banner of Red slavery for all, freedom for none.

Why does the United Nations refuse to discuss this captive nations matter?

Why do we send billions of dollars worth of aid to Red tyrants like Tito of Yugoslavia and Gomulka of Poland—which will help keep them in power over those whose liberty has been shut off?

Why do we allow the fraudulent and deceitful Communist propaganda machine to label us "imperialists" to the emerging nations of the world—and do next to nothing in the U.S. Information Agency about explaining Captive Nations Week to these same worthies?

One of the big thrills at the ceremonies here in Los Angeles came when the proclamation of Mayor Sam Yorty was read by Dr. Emil Onaca, chairman of the committee in charge of events. These were the meaningful words:

"Whereas those of us who live in freedom have watched with deep concern the slow spread of a malignant social order that seeks to replace liberty with repressive regimentation; and

"Whereas we are shocked that by trick or by shoddy political device this enslavement by dictatorship has been extended to control nations with long histories of independence and freedom; and

"Whereas today our national objective is to keep this darkness of tyranny from engulfing the entire world; and

"Whereas as we stand firm we recall with pride and gratitude that in these captive nations most peoples did not surrender their hearts and minds to the oppressive rule imposed upon them: Now, therefore, be it

"*Resolved*, That to honor those who revere and cherish freedom even if their nation is enslaved, I hereby proclaim the week of July 15–22, 1962, as Homage to Citizens of Captive Nations Week, with the certain hope that one day right and justice will again prevail in these troubled countries."

Let all concerned Democrats and Republicans rally to the cause of freedom for mankind against totalitarian oppression wherever we may find it. We serve our Republic best that way.

Let us have an end to appeasement of the Red slave bloc in the United Nations—and insist on discussion of captive nations.

Let us demand around the world: "Ivan, go home."

[From the Los Angeles Herald-Examiner, Aug. 19, 1962]

TEETH PULLED IN CAPTIVE NATIONS WEEK

(Fulton Lewis, Jr.'s commentary)

WASHINGTON.—Three years ago an angry Nikita Khrushchev howled as Dwight Eisenhower proclaimed a Captive Nations Week and threw the spotlight of public indignation upon the enslaved millions of Eastern Europe.

Under a joint resolution of July 17, 1959, the President of the United States is authorized to designate the third week of July each year as Captive Nations Week. Thus did John Kennedy proclaim the week of July 15, 1962, as Captive Nations Week. But there was, this year, no outcry from Nikita Khrushchev.

It is possible the Soviet boss did not know of the President's proclamation. Mr. Kennedy made no public statement to indicate that Captive Nations Week had been announced.

Late on the afternoon of Friday, July 13, as the President made his way to Hyannis Port, the White House released a mimeographed copy of the proclamation to what few newsmen remained at 1600 Pennsylvania Avenue.

The proclamation received virtually no press coverage. It is just as well, for John Kennedy's declaration is a masterpiece of appeasement. It would be difficult to write a resolution on captive nations that does not mention by name the horrible imperialism of Soviet Russia.

But John Kennedy's does just that.

The resolution reads:

"Whereas there exist many historical and cultural ties between the people of these captive nations and the American people; and

"Whereas the principles of self-government and human freedom are universal ideals and the common heritage of mankind:

"Now, therefore, I, John F. Kennedy, President of the United States, do hereby designate the week beginning July 15, 1962, as Captive Nations Week."

The President's proclamation was drafted at the State Department by officials who do not, apparently, wish to "offend" the Soviet Union. They are the same men who have persuaded Secretary of State Dean Rusk to oppose the creation of a Permanent Congressional Committee of Captive Nations, Mr. Rusk wrote to Congress:

"It would likely be a source of contention and might be taken as a pretext for action by the Soviet Union which would interfere with the resolution of the present crisis concerning Berlin."

There were some in the State Department who urged the President not to proclaim a Captive Nations Week at all. Mr. Kennedy did not, apparently, wish to disregard the congressional resolution of 1959. So he did the next best thing and issued a proclamation without mentioning Soviet imperialism.

The captive nations declaration of Dwight Eisenhower is quite a contrast:

"Whereas many people throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism; and

"Whereas the peoples of the Soviet-dominated nations have been deprived of their national independence and their individual liberties; and

"Whereas the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent. * * *

"Now, therefore, I, Dwight D. Eisenhower, President of the United States of America, do hereby designate the week beginning July 19, 1959, as Captive Nations Week."

NOTE.—Gov. Nelson Rockefeller stole one up on President Kennedy with his own proclamation of Captive Nations Week. The New York chief executive made it crystal clear in his declaration who the captors were:

"The roll of nations held captive by Communist colonialism is one of appalling length and it is disheartening to note that the Reds are becoming ever more firmly entrenched in Cuba."

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ENGLE in the chair). Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO TOMORROW AT 12 O'CLOCK MERIDIAN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, instead of meeting at 10 o'clock tomorrow morning, as previously agreed to, when the Senate adjourns tonight, it adjourn to meet at 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Without objection, it is so ordered.

CONVEYANCE OF CERTAIN PROPERTY IN THE CITY OF SAN DIEGO, CALIF.

The Senate resumed the consideration of the bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. What is the pending business?

The PRESIDING OFFICER. The pending business is Calendar No. 1590, S. 1108, a bill authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

Mr. KUCHEL. Mr. President, I shall make a very short statement on the pending bill.

I introduced this proposed legislation, along with my colleague from California [Mr. ENGLE], and it was sent to the Senate Committee on Armed Services.

The facts, briefly, are these: Almost half a century ago, the city of San Diego made a gift of some 60 acres of property to the Government of the United States. Subsequent to that time, Mr. President, the Government of the United States wanted some additional property, and asked the city of San Diego for a gift of additional property. The city of San Diego responded, and the second parcel of property was transferred from the municipality to the Federal Government as a grant. No money was involved.

The Government of the United States, having no further need for the earlier transferred property, returned that property to the city of San Diego. In the intervening years, the U.S. Navy Department has used the second parcel of property. No further use is now contemplated by the Navy Department of that property.

Our bill would provide that the U.S. Government, acting through the Navy Department, would transfer this property, now known as Camp Matthews, to the University of California, provided that the University of California utilize this property for educational purposes only.

When the bill was introduced in the Senate, the Navy Department responded and interposed no objection.

The Department of Health, Education, and Welfare responded and interposed no objection.

The General Services Administration responded and interposed no objection.

The Budget Bureau has no objection to this legislation.

Hearings were held before the Senate Armed Services Committee, and the bill was unanimously reported by the Armed Services Committee to the Senate.

The University of California desires to use this property for a new campus for that great State institution, to be located in the San Diego area, at which it is contemplated that some 27,500 students will be enrolled. The University of California has gone forward with the acquisition of property in the vicinity of Camp Matthews.

Under present Federal law, the university could ask for a transfer administratively when the Secretary finally shall have determined that the transfer of the military functions of Camp Matthews north of Camp Pendleton shall have terminated. The university, however, seeks this means of being given the assurance now that it may acquire the property when the Secretary of the Navy has concluded his transfer.

This bill is in the public interest. The bill, I repeat, Mr. President, represents a request for a transfer of property by the Federal Government to a great public educational institution at no cost. That is the manner in which the Federal Government acquired the property from the city of San Diego, at no cost.

The city of San Diego has passed appropriate resolutions urging that this bill be adopted. The county of San Diego has done likewise. In the communications from all of the executive agencies downtown, as contained in the report, their recommendations have been unanimously in favor of this legislation.

That, I think, is a brief explanation of the bill which is now the pending business of the Senate.

Mr. ENGLE. Mr. President, I ask unanimous consent that tomorrow the morning hour proceed from 12 to 12:30, the Senate to meet at noon, by previous order of this body; that thereafter 15 minutes be allowed on each side on the Morse amendment which will be subsequently offered, and that the vote on the Morse amendment and all other amendments, and on the bill itself, be had at 1 o'clock p.m.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. MORSE. Mr. President, reserving the right to object——

The ACTING PRESIDENT pro tempore. The Senator from Oregon reserves the right to object.

Mr. MORSE. I want the Senator to take note of the fact that I started by saying "reserving the right to object."

I wish to make sure that I understand the request by my good friend the Senator from California [Mr. ENGLE]. The unanimous-consent agreement would begin to run on the amendment at 12:30, rather than 12 o'clock?

Mr. ENGLE. The Senator is correct. The unanimous-consent request would limit the morning hour to a half hour.

Mr. MORSE. Fine.

Mr. ENGLE. Otherwise, the morning hour would require a longer period of time.

Mr. MORSE. I thank the Senators from California for accommodating me in regard to this matter. As the Senators know, I am engaged in the hearing in the Committee on Foreign Relations with reference to the satellite communications bill. A hearing is scheduled for tomorrow morning. I am sure the committee will recess at 12:30. I can get to the Chamber in a minute or two, or can leave the committee meeting a minute or two in advance.

The ACTING PRESIDENT pro tempore. Without objection, the quorum call required by the rule will be waived; and, without objection, the unanimous-consent request offered by the Senator from California is agreed to.

Mr. KUCHEL. Mr. President, will the Presiding Officer restate the request which has been agreed to?

Mr. ENGLE. I shall be glad to restate it, for the benefit of all Senators.

The unanimous-consent agreement is that the morning hour tomorrow shall run until 12:30, the Senate having previously agreed to meet at 12 o'clock by unanimous consent; that, thereafter, 15 minutes shall be allowed on each side—15 minutes to the Senator from Oregon and 15 minutes to the opponents of his amendment—that thereupon, at 1 o'clock, a vote will occur upon the Morse amendment, all amendments to the bill, and the bill.

Mr. KUCHEL. I am not sure I fully understand.

Mr. MORSE. If the Senator will withhold a moment, we may have to reconsider that.

I say to the Senator from California, after there is a yea-and-nay vote on the Morse amendment I may not care whether there is a yea-and-nay vote on the bill. I have no objection to such a vote on the bill, but I do not wish to be put in the position that some Senator may be offended by my insisting on two yea-and-nay votes. I shall insist on a yea-and-nay vote on the Morse amendment.

Mr. ENGLE. Mr. President, I ask unanimous consent that a yea-and-nay vote be ordered on the Morse amendment.

Mr. KUCHEL. Mr. President, will the Senator withhold that request until tomorrow?

Mr. ENGLE. I am willing to withhold that request. I am prepared to tell the Senator from Oregon that I shall be glad to see that he gets a yea-and-nay vote on his amendment.

Mr. KUCHEL. Mr. President, so am I. My instructions, as acting minority leader, are never to consent to a request for a yea-and-nay vote in the absence of the stipulated, required number of Senators. I say to my friend that I shall be glad to urge a yea-and-nay vote.

Mr. ENGLE. We understand. I agree to that.

Mr. MORSE. Mr. President, I not only appreciate the assurances of the two Senators from California, but also our very able staff director, who is on the floor, has said to me he does not think I should hesitate to accept the unanimous-consent agreement because the Senate cannot, under the rules, bind itself to a yea-and-nay vote tomorrow.

Mr. President, let the record show that I am seeking to extend, as I always seek to do with respect to procedural matters in situations like this, every consideration to my colleagues in the Senate. I said to them a few moments ago that I consider this question to be of such importance to me, from the standpoint of my record in the Senate with respect to a formula for which I have fought since 1946 and to which I have never made an exception, that I would do everything I could to assure myself of a yea-and-nay vote.

I do not have to tell the present Presiding Officer [Mr. METCALF in the chair] that I would not have any difficulty, undoubtedly, in bringing that about, if I did not go along with the unanimous-consent agreement tonight and proceeded to use the floor for such time as I thought necessary, as I thought might be helpful to me in getting a yea-and-nay vote.

I have been sitting down all day. I am greatly in need of exercise. Therefore, I am in good condition to stand for quite some time and to discuss the question. But that is not what I wish to do. I think my friends from California know that.

I hope my colleagues will realize tomorrow that I am waiving that right and privilege tonight in order to accommodate my friends from California. I trust that when we ask for a yea-and-nay vote tomorrow we will have no difficulty in getting it. I am willing to take that gamble, along with my friends from California. Therefore, I am willing to accept the unanimous-consent request.

Mr. ENGLE. Mr. President, I withdraw the unanimous-consent request that the Senate agree to take a yea-and-nay vote tomorrow on the Morse amendment, when offered, for the reasons explained by the senior Senator from Oregon. In withdrawing that request, I give the Senator my assurance that I shall cooperate with him in getting the yea-and-nay vote.

Otherwise, I ask that my unanimous-consent request be agreed to.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from California? The Chair hears none, and the unanimous-consent request of the Senator from California is agreed to.

The unanimous-consent agreement, subsequently reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That on Thursday, August 9, 1962, at the hour of 12:30 p.m., the Senate resume the consideration of Calendar No. 1590 (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California, that debate on an amendment to be proposed by Mr. MORSE to said bill be limited to 30 minutes, to be equally divided between the proponents and opponents and controlled by Mr. MORSE and the majority leader, and at the conclusion a vote be taken on said amendment and all other amendments to said bill, if any, and on the final passage of the bill itself.

Mr. ENGLE. Mr. President, the purpose of this measure is to authorize and direct the Secretary of the Navy to convey without monetary consideration to the regents of the University of California, 544 acres of land at Camp Matthews, Calif., together with improvements and appurtenances thereon, when he determines that the said land is available for such conveyance. The bill provides that the property shall be used for educational and related purposes in perpetuity, or title thereto shall revert to the United States.

Mr. President, the lands described in this bill are located at Camp Matthews, Marine Recruit Depot, San Diego, Calif., and are now being used as a weapons training facility or rifle range.

Mr. President, I have been to that rifle range. The reason it has been necessary to abandon it is that the Marines are not sure of the marksmanship of all involved. I say this in no derogation to the Marines, because ordinarily they are very good marksmen. However, if some recruit should raise his rifle at the wrong angle, considering the present development around this particular area, he could shoot into a schoolhouse or into a local residence. Therefore, the Marine Corps has found it necessary to abandon this area and to move to Camp Pendleton.

The last military construction authorization bill, I believe, contained an item of some $5 million for the purpose of moving this particular installation to Camp Pendleton, farther north on the coast of California. This is why the area has become surplus to the needs of the Department of Defense.

The State of California has requested this area, to be used for a university campus near San Diego.

I emphasize that the property was exchanged with the city of San Diego in 1916. The Federal Government secured title to this property at no cost to the Federal Government. The Federal Government, over the 46 years, has used this property as a rifle range and for Marine Corps activities. After 46 years of use, with no compensation at all, the property is deemed to be surplus, and the State of California has asked to have it back, with the consent of the city of San Diego and with the consent of the County of San Diego, for the purpose of dedicating the property to the highest use to which any public lands can ever be put; namely, an educational use.

The university has acquired, through a transfer from the city of San Diego, 500 acres of land adjoining the Camp Matthews property and has initiated construction of its San Diego campus on this property. In laying out its long-range plans, the university has determined that it will be necessary to provide a campus which will ultimately accommodate 27,500 students. The presently owned site is insufficient for this major campus without the Camp Matthews property which, incidentally, is adjacent to it.

The university is not in a position to proceed with its long-range development plans unless it can be assured of its ability to acquire the Camp Matthews property. Such an assurance cannot be provided under the terms of existing law.

It is pertinent to point out that under the terms of the Federal Property and Administrative Services Act of 1949, the Department of Health, Education, and Welfare may convey such property for school purposes at 100 percent public benefit allowances.

Mr. President, the issue boils down to the fact that the United States owns approximately 500 acres in San Diego County adjacent to the city of San Diego. The State of California has acquired approximately 500 acres for the purpose of establishing a great university campus. The Federal Government acquired the property in 1916 at no cost to the Federal Government. In 1966 the State of California could again take back the property under existing law without paying a red cent or a thin dime. We have introduced the proposed legislation because it is necessary, first, for the State of California to be able to plan its campus. It cannot do so if it must wait until the State can act under the ordinary procedures of the General Services Act, which would permit the property to go to the State without cost. Second, it is necessary to readjust the boundary lines in order to make some changes in such boundary lines in order to fit the land into a university campus. That is all the bill amounts to. The present law would give the university the property at no cost in 1966. We cannot wait until 1966 because we must plan the university campus now.

In placing the proposed legislation before the Congress, we have made the bill more restrictive than present law. We would get a few years lead time, but in exchange for that, we would provide that, instead of the property reverting to the United States in 20 years if it is not used for educational purposes, as the present law provides, it would revert to the United States if the property were not used in perpetuity for educational purposes. In other words, under existing law, after 20 years the State of California would acquire fee title. Under the bill the University and the State of California would never acquire fee title because there is a reverter in the bill that if the property is ever used for other than educational purposes, it will have to come back to the Federal Government. That is the first restriction placed in the bill.

The second restriction is that we have an Air Force base in California from which jets are operated. It is the Naval Air Station at Miramar. There has also been concern that the noise from jets and the other hazards of jets might create liabilities to the Federal Government. The bill requires that the State of California insist on an absolute waiver of liability for hazard and noise, and that that waiver apply to all property that is exchanged for the purpose of lining up the boundaries. So in two important particulars we have put restrictions in the bill that do not exist in the present law, which would apply if we were to wait until 1966. We cannot wait until 1966 because we are trying to establish a great university campus.

I should like to address myself for a moment to my friend from Oregon and say that, much as I approve of the formula which he has enunciated in the Senate so many times, I do not believe that, in justice or in equity, it ought to apply in the present case to what we are doing.

In the first place, there is involved a piece of property which the Federal Government received for nothing in 1916. It used that property for 46 years without rent or cost as a rifle range. Now it is declared surplus for the needs of the Federal Government. The State of California, which owns 500 acres adjacent to that property, has stepped in and said, "Give it back to us in order that we may use it for the highest purpose for which public lands can be used, namely, the building of a great educational campus in the State of California."

I plead with my friend from Oregon not to insist upon the application of his formula in that instance. I believe that in the present case, although perhaps the bill would violate the technical legal aspects of his formula, the bill would not violate its spirit. As an educator and a former professor of a university, the Senator from Oregon must know—and I am sure he does—that public lands in our Nation cannot be used for any greater or better purpose than to build a great university campus. That is the purpose of the bill.

Mr. President, the reason we ask for passage of the bill is that we need action now in order that the State of California may plan. If we could wait until 1966, we would have no objection to going through the normal procedures of existing law, under which preferences are given. According to the statements already made by representatives of the Department of Health, Education, and Welfare we would be entitled to receive the property without any compensation to the Federal Government. We would have to wait those additional years. But we cannot wait. We must act now. In addition, we must be able to readjust the boundary somewhat, which will require an exchange of property, as provided for in section 4 of the proposed legislation.

I only hope that my good friend from Oregon, who has a formula under which from time to time he has asked that adequate compensation be paid to the Federal Government when Federal property is delivered to another, will not be too hard in the present case, because I believe morally and equitably we are entitled to what we are seeking under the circumstances stated.

Mr. MORSE. Mr. President, I send to the desk an amendment designated "A" to the bill (S. 1108) and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On the first page, line 10, it is proposed to strike out "without monetary consideration therefor but".

On page 2, line 18, immediately after "(a)", it is proposed to insert the following: "the regents of the University of California pay to the United States as consideration for the property conveyed an amount equal to 50 per centum of its fair market value as determined by the Secretary of the Navy after appraisal of such property; (b)".

On page 2, line 23, it is proposed to strike out "(b)" and insert in lieu thereof "(c)".

The ACTING PRESIDENT pro tempore. The question is on the amendment of the Senator from Oregon.

Mr. MORSE. Mr. President, I appreciate very much the presence of the Senator from California [Mr. ENGLE] on the floor of the Senate while I discuss my amendment and my opposition to the bill. I am disappointed that I do not have the pleasure of the attendance of his colleague on the other side of the aisle for this seminar, for I think this really amounts to a seminar on the legislative history. The Senator's colleague and I have frequently discussed the subject off the floor and I can well imagine that his colleague is of the opinion that there is nothing more that I could possibly tell him as to my reasons in opposition to the bill. So I fully understand his absence. I am not the least bit offended, only disappointed.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. ENGLE. Lest it appear in the RECORD that my senior colleague is inattentive to his business, let me say that he was present in the Chamber a few moments ago and he will be back immediately. I know he wishes to be present to hear the remarks of my friend the senior Senator from Oregon.

Mr. MORSE. I know he is a good reader, so he can read the RECORD whether he comes back or not. I am always happy to be in the company of the Senator's colleague as well as the Senator himself. I only wish to take note of the fact that I am disappointed that I have not up to this moment shared his companionship as we discuss the subject. But I am sure that if any reader of the cold print in the future might have any question as to the mood and attitude of the senior Senator from Oregon, the RECORD should show that the Senator speaks jocularly and in all good humor.

As the Senator from California [Mr. ENGLE] knows, there has been a great deal of conversation between the Senators from California and the senior Senator from Oregon on the subject. I think we all expected we would be together during the discussion of the bill.

First, in reply to my good friend from California, I am a strong proponent of Federal aid to education for institutions of higher learning.

My good friend, the senior Senator from California [Mr. KUCHEL], has returned to the Chamber. I want him to know that I am much happier now that he is here than I was 30 seconds ago.

Mr. KUCHEL. I am delighted.

Mr. MORSE. Now that I have his charming presence in the Senate, I am much happier than I was when he was absent from the Chamber.

Mr. KUCHEL. I know my good friend did not have any regrets that I was compelled to leave the floor for a few minutes.

Mr. MORSE. I always regret when the Senator from California [Mr. KUCHEL] is absent from the Chamber and I am engaging in a discussion of a matter of mutual interest. I thank him for his return.

As I was saying to the Senator from California [Mr. ENGLE], and now to both Senators from California, I am a strong advocate of Federal aid to education, elementary, and secondary, and higher education, with grants to public institutions and loans to private institutions, under such safeguards as can be found in the various pieces of Federal aid to education legislation which I have cosponsored or offered or supported over the many years that I have been in the Senate. I believe that as early as 1947, I was one of the cosponsors of the first Taft bill on Federal aid to education. I am in favor of Federal aid to education, however, on the basis of the principle of uniformity and equality. I do not believe in the application of a principle of Federal aid to education in which we select this institution or that institution or some other institution and give it a special benefit which is not to be enjoyed by all the educational institutions falling in the same classification.

Therefore, I say to my good friend, the Senator from California [Mr. ENGLE] that I do not yield to anyone in my desire to help institutions of higher learning. I could not possibly select the great University of California—and it is one of the greatest—and support what in my judgment the bill amounts to, namely, preferred treatment for that institution in contrast to other institutions.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. MORSE. I am delighted to yield.

Mr. ENGLE. The bill would cost the State of California $4 million, roughly, for the 543 acres that are involved. We resist the Senator's amendment because, in the beginning, the Government acquired this property free of charge. It has held it for more than 40 years. Now it is through with it. We say it ought to give it back to the State of California, which today is building three new university campuses and six new junior colleges. We are straining to the utmost to meet the educational requirements of our State.

The Governor of California is sweating out every dime of his budget for that purpose. If we were rich, I would say, "What is the difference?"

I recall that not long ago the Senator from Oregon protested and sought to apply his formula to a ship which I was trying to have turned over to the State of California. I cannot remember the exact cost, but it was something like $12,500 or $25,000, so far as the contribution was concerned, to meet the Morse formula requirements. He will recall that I met him outside the Chamber and said, "I will not argue with you about it. We will accept your amendment." However, here we have a case in which we believe we have great equity. We cannot afford to pay what would be required.

The property has not cost the Federal Government a dime. The Federal Government should not be an Uncle Shylock. I would like to see the property turned over for the finest and greatest public benefit that public lands can be used for, namely, educational purposes. I know that when I say that, my friend from Oregon, himself a university professor and the dean of a law school, will applaud the use of public property for that purpose.

Mr. MORSE. I had intended later in my discourse to cover the point my friend raises, but I will discuss it now. The Senator has said several times that the Federal Government obtained this property for nothing and therefore it would not cost the Federal Government anything to give it back. I say good naturedly that California has some of the great law schools of America. There are the law schools of the University of California and Stanford, and the law school of the University of Southern California. Then there are the standard law schools. There is also a law school in California with the greatest faculty, in my judgment, of all the law schools in America—greater than Harvard, Yale, Columbia, Michigan, Minnesota, Chicago, or Wisconsin, and all the rest. Even though it is not a standard law school, it is a great law school. I refer to Hastings Law School at San Francisco.

Mr. ENGLE. I thank the Senator. I am a graduate of Hastings.

Mr. MORSE. It is a great school. It has a great faculty. There is in effect generally in the law schools of the country a very unsound retirement principle. The principle is followed by a great many institutions of higher learning. There are various reasons for it. For example, a college president may not want to make a value judgment on the competency of teachers when they reach advanced years by saying to Professor Brown, for example, "I am sorry; however, I recommend that you voluntarily retire, because we are satisfied that you are no longer in possession of the abilities which you once possessed, and therefore it would be in the best academic interest of the institution for you to retire."

In other instances a college president may decide to permit such a professor to teach because he has reached the point in his life at which he can do the best teaching and is of greatest value to a college.

In many other institutions there is in effect a compulsory retirement age of 65. The age may vary, but as a general rule it is 65. In the case of a few, I understand, it is somewhat less, and in a few it is somewhat more. Retirement, however, is automatic at a certain age.

Hastings is the beneficiary of the automatic application of that rule in many of the law schools of the country. If the Senator wishes to check into the matter he will find that Hastings has on its faculty, for example, Edward Morgan, formerly of Harvard. He is probably one of the two or three greatest scholars in the field of constitutional law. The faculty also includes a great legal scholar, who, in my judgment, is far out in front among the legal scholars in the field of real property, my old law school dean at Minnesota, Everett Fraser.

Also, on the faculty at Hastings is one of the four or five greatest scholars of our time in the field of criminal law and criminal procedure, Professor Kidd, formerly of the University of California Law School.

Also we find on that faculty a brilliant scholar in contracts and also criminal law, the former dean of Illinois, Dean Harno.

Thus we could go down the list and find a remarkable faculty of brilliant legal scholars teaching on the staff of the alma mater of the distinguished junior Senator from California [Mr. ENGLE]. But the other California law schools I have mentioned are also good law schools. So there has been no paucity of legal talent in California.

Also, California has been served in recent years by great Attorneys General. For many years the great present Chief Justice of the United States, Chief Justice Warren, was the Attorney General of California. He was very active in the field of public law in 1937. The present Governor of the State was at one time its Attorney General.

The question might be running through the minds of the Senators from California as to what these comments of the Senator from Oregon have to do with the bill before the Senate. I respectfully suggest that my comments have more to do with the bill than the Senators may at first have thought. It is not the fault of the Senator from Oregon that when California and San Diego made this grant to the U.S. Government they attached no reservations or no conditions to it. The grant was a fee simple grant, and when the fee simple vested in the property, the property became the possession of every citizen of the United States from coast to coast.

The argument has been made over the years that because some State, some city, or some institution gave certain property to the Federal Government, therefore some years later the entity ought to be allowed to get the property back for nothing. But we are dealing here with the vestment of a property interest which belongs to all the people of the Nation, and there is no reason, from the standpoint of the original transfer, why the Federal Government should give it back at this time for nothing to the State of California for use by the University of California.

If that principle is ever adopted in the handling of Federal surplus property, there will be utter confusion.

Mr. ENGLE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. ENGLE. That is a provision of existing law.

Mr. MORSE. I will cover that.

Mr. ENGLE. Under present law, California could get the property back without any compensation whatever to the Federal Government.

Mr. MORSE. Not until 1966.

Mr. ENGLE. We are cutting off only a few years because it is necessary to plan the campus.

Mr. MORSE. I shall speak about the great difference between 1962 and 1966 from the standpoint of the interest rights of the taxpayers and the U.S. Government. The position of the Senator from California is based on the assumption that no possible unforeseen conditions could develop between now and 1966 which might make it desirable for some other agency of the Federal Government to retain this property. The time schedule of the existing law is a protection to the taxpayers of the Nation, and it is something of value. The interesting thing is that the Senators from California seek, in effect, by the bill to amend the existing statute so that instead of providing, in effect, for 1966, it will be 1962. But that just is not the law.

Mr. ENGLE. Will the Senator agree that if California waited until 1966 it could get the land for nothing?

Mr. MORSE. Only if between 1962 and 1966 no other agency of the Government exercised its rights to the property.

Mr. ENGLE. No other agency has displayed any interest in it.

Mr. MORSE. Not as of now; but how do we know what will happen between 1962 and 1966? We have not the slightest idea of what unforeseen condition may develop between 1962 and 1966 which might make it highly desirable that the Army, the Air Force, or some other agency of the Government use this property for Federal use. Until 1966 has arrived and the law has run its course, California is not entitled to the property for nothing, as a matter of law.

Mr. ENGLE. Mr. President, will the Senator yield for a further comment?

Mr. MORSE. I yield.

Mr. ENGLE. I cannot believe that the senior Senator from Oregon, himself an educator, would wish to see this property used for any other purpose than the highest purpose to which public land can be put, namely, an educational institution. I believe that if he had the decision to make, and even if some bureaucratic agency said it wanted to build a warehouse on the land in order to store goods for the General Services Administration, he would say, "Stand back and let the predominant purpose of government go forward, namely, the education of the people." I am convinced that if the Senator from Oregon had the right to make the decision now or in 1966, that would be his decision.

Mr. MORSE. I am sorry to tell the Senator from California that he could not be more wrong about the position of the Senator from Oregon. I take the position, as a Member of the Senate who has battled as I have for the Morse formula—and I shall shortly have something to say about the Morse formula—I have no right to waive the law as it now reads in light of all sorts of potentialities that might develop between now and 1966 which might make it highly advantageous for the Federal Government to exercise the present rights it has enjoyed under existing law to use the property for some Federal purpose other than for the educational purpose for which the Senator from California seeks to make use of the property.

I make this statement by way of résumé concerning the history of the Morse formula. I have discussed it so many times since 1946, when the formula first became effective, that I know it is repetitious to Senators; but also I am confronted with the fact that the controversy over the bill may cause some Senators after reading the RECORD, to look into the situation, and without an explanation of the Morse formula in the RECORD, they might find it difficult to understand the position of the Senator from Oregon.

In 1946 I was a member of the Committee on Armed Services. A subcommittee of that committee was appointed, of which I was the chairman. It was my first committee chairmanship following my election to the Senate in 1944.

My colleagues on that committee were the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Virginia [Mr. BYRD]. We were assigned the task of looking into the disposal of surplus military property and recommending a policy which the Committee on Armed Services and through it the Senate, should be asked to adopt in connection with the disposal of surplus property. The reason why the subcommittee was appointed was that the full committee had noted in 1946 that a large number of bills were being introduced in the Senate, seeking to obtain for nothing very valuable pieces of surplus military property.

That surplus military property took a variety of forms. In some instances it involved trucks and mechanical equipment; in other instances it involved office buildings. In many instances it involved large tracts of land. I remember that in some instances the value was very large. In fact, a few years ago a computation was made of the amount of money saved by means of application of the Morse formula, and the total came to more than $600 million. A computation of the total amount saved by means of the application of the Morse formula has not been made recently; but I am satisfied that if one were made now, it would be found that the application of the formula has saved the taxpayers of the Nation much more than $600 million.

We came from the subcommittee with a unanimous report; and the full Armed Services Committee adopted it unanimously, and it was adopted by the Senate. It simply provided that if a public body, such as a State, municipality, county, school board, or any other local government entity should seek, through a bill in the Senate, to obtain possession of and title to surplus military property, it would have to pay 50 percent of its appraised fair market value; but if, on the other hand, a private institution or agency sought to obtain possession of and title to a given piece of surplus military property, that entity would have to pay 100 percent of the appraised fair market value.

I was aware that the decision of the Senate Armed Services Committee applied only to surplus military property. So I took the position that in fairness and equity the same principle should apply to any bill, introduced by any Senator, in regard to any surplus property, regardless of the committee which had jurisdiction of the bill. Therefore, I announced that during the call of the Legislative Calendar, the so-called Consent Calendar, I would not agree to unanimous consent for the passage of a bill giving away, for nothing, surplus Federal property. I took the position that I would object to the passage of any bill—whether within the jurisdiction of the Armed Services Committee, within the jurisdiction of the Committee on Interior and Insular Affairs, within the jurisdiction of the Commerce Committee, or within the jurisdiction of any other Senate committee—which provided for giving away, for nothing, surplus property belonging to the Federal Government; and I have consistently, without exception, followed that course of action all these years. It has not been easy. In the earlier years it was rather difficult, for undoubtedly I offended some Senators. However, the Morse formula was not an instrumentality for the purpose of winning a popularity contest whenever such an issue arose. Yet, Mr. President, to the everlasting credit of most Senators it can be said that from the very beginning, Senator after Senator said to me, "You are right about this; and although on the floor I may have to oppose you, because in my State there is such a strong demand to obtain this piece of property for nothing, so long as you are consistent, and do not make exceptions, and so long as you insist upon a uniform application of the formula, I must admit that I cannot particularly resent your course of action." I have appreciated those expressions of friendship and understanding of the formula.

Mr. President, I have spoken of the many hundreds of millions of dollars that my formula has saved the taxpayers of the Nation. We do not know how many additional millions of dollars have been saved because Senators have said to constituent groups, "I cannot introduce a bill seeking to obtain this property for nothing, because Senator Morse will not agree; and the chances are that the bill will be handled on the Legislative Calendar, and thus can be passed only by unanimous consent."

All of us know that most of the measures passed by the Senate are not passed by means of a motion, but are passed by means of unanimous consent during the call of the Legislative Calendar. Many persons do not realize that, but I believe the point should be made on the Record of the debate tonight. My guess is that perhaps 85 percent, or probably 90 percent, of the bills passed by the Senate at each session are passed, not by means of a motion, but by means of unanimous consent during the call of the Legislative Calendar.

That procedure enables us to be familiar with the bills, for each side has its calendar committee and, in addition, I have in my office an employee who devotes probably two-thirds of his time to checking the Legislative Calendar and keeping me informed regarding the measures on it. He knows my policies and my legislative philosophy, and from time to time he advises me about some calendar bill which he believes I would not favor if I knew about it. And the distinguished Senator from California [Mr. Engle] has from time to time performed a great service for the Senate as one of the members of the Democratic Calendar Committee. He knows the procedure. If a Senator cannot be in the Chamber during the call of the Legislative Calendar, but if he is opposed to a particular calendar bill, he files his objection with the chairman of the Calendar Committee, and objection is made in his behalf—although I have taken a great deal of pride, over the years, in being on the floor of the Senate most of the time during the call of the Legislative Calendar, being absent only when official business has kept me away from the Chamber or when I have been in my State in connection with a campaign or for some other justifiable reason.

So, Mr. President, by and large the Morse formula has stood the test in the Senate, because I have made no exception to its application. Many times, Senators have told me that that caused them a little difficulty with some of their constituent groups, because when they were asked to introduce a bill which provided for obtaining for nothing some surplus Federal property, they insisted either that the bill not be introduced at all, because of the Morse formula, or that the Morse formula be written into the bill. I have always been very grateful to Senators who have cooperated in that way; and the two Senators from California are no exception. The Senator from California is quite correct. We had a difference over the so-called research ship bill earlier this year; and I stated to the two Senators from California the reasons for my objection to the bill. I wish to say, in their defense and in their behalf, and for the knowledge of their constituents, that they did their best to carry out the desire of their constituents in regard to the bill. They honestly believed there was enough difference between the facts in that case and the requirements of the formula to justify the making of an exception to the Morse formula in that case. However, I did not share their point of view; and the end result was that they accepted the formula, and it was written into the bill. That is typical of a good many scores of similar instances which have developed in connection with the application of this formula over the years, and it is typical of the relationships I have had in regard to it with other Senators.

Let me make very clear to the two Senators from California now that, so far as the senior Senator from Oregon is concerned, this is a completely impersonal matter. If I yielded to my inclinations to let friendship direct my course of action, I would accede to their request in regard to this bill. My interest is purely a professional and impersonal one. I want them to know that as I strive for the adoption of my amendment.

Sometimes, over the years, the leadership of the Senate, through various administrations, has been fit to take a bill that the senior Senator from Oregon thought involved the Morse formula off the unanimous-consent calendar and take it up by motion. That is the situation we are in tonight. Had this bill remained on the unanimous-consent calendar, the Senators from California would have had no chance to get the bill passed in this session of Congress, because I never would have given unanimous consent to its passage.

I have never agreed with the leadership in any session of the Congress past, any more than I do now, in its decision to do what, in my opinion, has amounted to circumventing the Morse formula by taking a given bill off the unanimous-consent calendar and bringing it up by motion.

It is true that some bills with respect to which that was done presented such special, extraordinary sets of facts that it was very difficult for the leadership in the Senate to refuse to take a bill off the unanimous-consent calendar and not bring it up on the floor of the Senate by motion.

The Senators from California may recall that one of the most difficult bills, involving an extraordinary set of facts, was the Boy Scouts bill, in which it was proposed to give a very valuable piece of property to the Boy Scouts of America with no compensation. It was not very easy to object to that bill, but I did, for it just could not be reconciled with the Morse formula—and I yield to no one in my enthusiastic support of the objectives and programs of the Boy Scouts. But, after all, if we start giving away, for nothing, surplus Federal property to the Boy Scouts of America, where are we going to start to draw the line? Are we going to make surplus Federal property available free to every organization with such laudable purposes as the Boy Scouts? Are we going to start giving it to various youth groups associated with various churches? Are we going to start giving it to various organizations that you, Mr. President, and I may believe have very laudable purposes, but which millions of our fellow citizens may be very much against?

As I recall, there was another bill, which involved the 4-H Club, or Future Farmers, or a similar organization, and I took the same position, that the formula should apply.

I cite these instances because the record is crystal clear that I insisted upon the application of the formula to the tough and hot cases as well as to the routine ones. That was the background in the Boy Scouts case. The bill was brought up by motion. In the youthful farmers case, the bill was brought up by motion. I was defeated, but my record was not defeated. My consistency was not destroyed.

So now I turn to this case, for it is another tough one. It is not an easy case, but, in my judgment, the bill does not meet the formula. Therefore I have to oppose it, and for these reasons.

Mr. President, I ask unanimous consent that S. 1108 and a copy of my amendments thereto be printed in the Record immediately following my remarks.

The PRESIDING OFFICER (Mr. Pell in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, S. 1108 would authorize the Secretary of the Navy "when he determines that—the 544 acres of land described in the bill—is available for conveyance to the regents of the University of California for educational and related purposes," to convey the land to the regents by quitclaim deed without consideration.

The deed, when issued, would contain conditions to the effect that the property could be held by the regents so long as it is used for educational purposes, and if not used for educational purposes, the title would revert to the United States without the payment of compensation. The deed of conveyance to the regents would be subject to such other conditions as the Secretary of the Navy might deem appropriate to protect the interest of the United States.

Title to the 544 acres in question was acquired by the Federal Government in 1937 through an exchange of 60 acres owned by the Government in the city of San Diego. The exchange was made between the Federal Government and the city.

As I implied before, it was made without the slightest reservation being attached to the conveyance. Despite the availability of capable legal counsel in the great State of California, they decided to give it without reservation.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. ENGLE. They should have had a graduate from Hastings acting as their legal counsel.

Mr. MORSE. They should have had a good lawyer acting as their legal counsel, and certainly one from Hastings would qualify.

But I want to make the point that this was an out-and-out fee simple transfer that vested the property in all the people of the United States, just like putting the equivalent of its value in the Treasury of the United States.

That is why I respectfully say I do not accept the argument—and it has been made on other bills in the past—that because it was given to the Federal Government for nothing, therefore California ought to get it back for nothing.

Furthermore, I point out something that I think may not be so apropos here, but I think it is to some degree. I am always interested in that argument, because, when we go into the history of many of these cases, we find that the property, in the first place, was given for nothing because the chamber of commerce, civic organizations, labor unions, and other organizations were anxious to get into the community, the Federal installation that would be developed from the grant made, because the use of the property by the Federal Government would enrich the community.

Therefore, they are perfectly willing to give the property to the taxpayers of the country for nothing.

I say, good naturedly and most respectfully, they ought to stand by their bargain and should not be what is so frequently referred to—I shall not use that term, because we have reached the point now that we cannot use some of the old adjectives or truisms without being charged with violating civil rights. The Senator knows what I mean when I say that, after all, we have recognized for a long time that when someone gives something away it should not be expected that some time later he will ask to get it back. A gift is a gift. A grant is a grant. Fee simple title is fee simple title.

As I said, this created additional wealth in the Treasury of the United States. The State of California has no more reason to get this property for nothing than it has reason to get any other piece of property which not a single subdivision of that government ever owned, for nothing.

Senate Report No. 1630 accompanying S. 1108 indicates that the property to be conveyed gratuitously is worth $6,000 to $8,000 per acre—an estimated $3,264,000 to $4,352,000.

That is no small amount. It gives some idea of what is the value of this property, in terms of the Treasury of the United States.

In addition, the Senate report indicates that improvements constituting an estimated $3.1 million have been placed on the land.

That is no small amount, either.

The 60 acres which was the subject of the exchange of 1937 had been acquired by the Government through donation from the city of San Diego. However, the original donor of the 60 acres—the city of San Diego—is not seeking the property. It is being sought by a third entity, namely, the University of California.

Let the record be clear. What really happened is that the Federal Government had 60 acres of land in the city of San Diego, or practically in the city of San Diego, and it was worth a large amount of money.

The city of San Diego wanted to be accommodated in regard to this 60 acres of land, so it went to the Federal Government, in effect, and said, "Will you not help us out by entering into a trade for property supposedly of equal value?" As I understand the record of this case, that is what happened. The Federal Government said, "Yes. We will trade you that 60 acres, practically in the boundaries of San Diego and very important for the expansion of the city in the meeting of its municipality needs. We will trade it to you for some 500 acres of land farther removed, which we will use for other purposes, if you consummate the trade."

And the trade was made.

I point out, Mr. President, that the land has not been declared excess to the needs of the Navy—although presumably it might be declared excess to the Navy needs in 1966—and it has not been declared surplus to the needs of other agencies of the Federal Government.

It is with respect to this vital operative fact that my two good friends from California [Mr. KUCHEL and Mr. ENGLE] and I part company. I wish to stress it, because it is the controlling fact so far as the senior Senator from Oregon is concerned, which makes it imperative for me to insist on the application of the Morse formula.

I repeat: the land has not been declared excess to the needs of the Navy—although presumably it might be declared excess to the Navy needs in 1966—and it has not been declared surplus to the needs of other agencies of the Federal Government.

I quite agree with the Senator from California [Mr. ENGLE], that if the conditions of today are the conditions of 1966, when we reach 1966 undoubtedly the land will then be available to the State of California under existing law, which I shall discuss momentarily, without cost.

But let me make it perfectly clear that we do not know what emergency, contingency, or unforeseen condition can develop between 1962 and 1966 which might make it highly desirable for the Federal Government to exercise its inherent right of ownership over this piece of property and to declare it not eligible for surplus characterization.

To illustrate by using a very extreme, imaginative set of facts which illustrate the point, let us suppose that between now and 1966 we find ourselves in a nuclear war and we find that such a set of operative facts develop that this particular piece of property is essential to meeting the needs of the Government of the United States for any one of a variety of purposes—for health purposes, for shelter purposes, or for defense purposes—after we have given it away to the University of California, contrary to any right to do so under existing law.

Does anybody think for a moment that if the Federal Government had the right to give this property away under existing law we would need to pass the bill of the two Senators from California. For the State to obtain the property now, the Senators from California find it necessary to have the bill passed. I cannot give more irrefutable proof of the fact that the State is not entitled to it now. The State cannot get it now without passage of the bill, for the simple reason that the land is not now surplus.

It is true, Mr. President, that if the property were declared excess to the needs of the Navy Department, the various Federal agencies would be screened and if it were found that no Federal agency needed the 544 acres in question, the land would be declared excess to the needs of the Government. At that point, the property could be transferred by the Administrator of the General Services Administration to the Secretary of Health, Education, and Welfare for disposal for educational uses and such disposal could include an educational institution such as the University of California. These disposals are authorized by title 40, United States Code, section 484(k)(1)(A). In fixing the sale value of the property, the Secretary of Health, Education, and Welfare is permitted to take into consideration the public benefit to accrue, from the transfer for educational purposes (title 40, United States Code, section 484(k)(1)(C)).

The committee report on S. 1108 and the letter by the Senator from California [Mr. KUCHEL] of July 19, which I shall discuss momentarily, both allude to the fact that "the University would be able to acquire it at no cost, and the University of California would be in a preferred position to do so according to information made available by the Department of Health, Education, and Welfare."

The proponents argue that the land will go to the University of California when the property is declared excess to the needs of the Navy and surplus to the needs of Federal Government agencies in 1966.

But 1966 is not 1962. If unforeseen conditions develop that make that piece of property necessary to the Federal Government, it will never go to the HEW under the law.

What the Senators from California by their bill are in effect doing is seeking to amend the law that has until 1966 to run in connection with the property by asking that it take effect now—not in 1966—because of the very laudatory desire to get on with the building of a branch institution of the University of California near San Diego, where the property is located. But the Senate cannot erase from the statute books the fact that they are not entitled to it as of now, and the language of the law as it exists has a very good purpose behind it. I do not know what will happen to any certainty in the law if, every time two able Senators see an opportunity to get some property for an educational institution in their State, they introduce a bill that in effect would waive the operation of existing law 4 years. I must object to it as a matter of principle. I object to it as matter of legislative policy. I object to it because I think it may open a Pandora's box of exceptions in many other phases of legislation on the books. I do not believe that is the way to legislate in the Senate.

Mr. President, under the law, other equally important needs such as hospital or public health uses could come into the picture and HEW might have to choose among several important public uses in making a transfer to the State of California or one of its subdivisions or instrumentalities.

I wish to stress that point. The Senators from California are given no assurance under the terms of the law that in 1966 HEW would automatically have to decree that the University of California should get the property. Under the law, in 1966, HEW might decide that a much more important public use exists than the educational needs of the University of California. As I have said, if some horrendous emergency should develop, such as a nuclear explosion on the west coast, or in the Pacific, the Federal Government through the HEW might decide that the property ought to be used for the building of a subsurface hospital. That does not require too much of a stretch of the imagination on the part of those of us who have some briefing information as to some of the steps that would have to be attempted at least in case of a nuclear holocaust. We might have to move quickly into building hospitals below the surface of the earth to take care of the afflicted. I use that example only to dramatize the point I wish to make. There is no guarantee to the Senators from California that if the law should run its course until 1966 the University of California would automatically obtain a decision from the Department of Health, Education, and Welfare that it, and no other user, would get the property.

That provision is placed in the law for a sound public policy purpose. What the Senators are seeking to do in effect is to get a waiver in 1962. In effect, they are seeking to have a bill passed that would take the discretion away from the Department of Health, Education, and Welfare. They are really seeking in 1962 to obtain the passage of a bill that in effect would say to the Department of Health, Education, and Welfare, if we were to let the law run its course until 1966, "You must give the property to the University of California and to no other user."

I do not think that is good public policy. I do not think that is a good precedent. I do not think that is sound legislative policy in the Senate.

The next point I wish to make is that despite the fact that the present bill would be more restrictive than would section 484(k) of the law, the bill, S. 1108, in its present form violates the Morse formula.

To date, the 554 acres covered by S. 1108 have not been declared surplus to the needs of the Federal Government. In addition, the Surplus Property Disposal Act provides an orderly and uniform method for disposing of Federal surplus property throughout the United States. Every bill such as S. 1108, that provides for an exception to the uniform operation of the law, weakens the surplus property disposal law and clears the way for future special relief bills. Each of these bills weakens the foundation of the uniform law.

S. 1108 is designed to "sew up" the property for the University of California if and when it is declared surplus in 1966. I feel that it is much better to follow the law even though in the long run the University of California may get a better deal under the law. The only difficulty from the university's standpoint is that it will have to worry about this matter for 4 more years and a lot may happen in that interval of time that will not entitle the University of California, from the standpoint of the best public interest in our country, to get the property in 1966.

Under date of July 19, my good friend, the Senator from California [Mr. Engle], sent me a letter in which he set forth his views on the bill and the history of the bill as he saw the bill. I am sure the Senator will not object if I ask unanimous consent that his letter be printed at this point in the Record, because I wish to allude to the Record and I want the Record to show the Senator's argument.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Committee on Appropriations,
July 19, 1962.

Hon. Wayne Morse,
U.S. Senate,
Washington, D.C.

Dear Wayne: This is in further reference to S. 1108 which Clair Engle and I have introduced to authorize and direct the Secretary of the Navy to convey for educational purposes without monetary consideration to the regents of the University of California 544 acres of land at Camp Matthews, Calif., when the Secretary determines that such land is available for conveyance.

As you know, the Committee on Armed Services amended our bill to provide that, if the property conveyed is not used for educational purposes in perpetuity, title shall immediately revert to the United States. We, of course, wholeheartedly agree with this amendment. The Camp Matthews property was granted to the United States without fee in an exchange with the city of San Diego for some 60 acres of Government-owned land in the city which itself had been originally given without cost by the city to the United States.

Under the terms of the Federal Property and Administrative Services Act of 1949, the Department of Health, Education, and Welfare may convey this property for school purposes at 100 percent public benefit allowances. Thus, when the land does become surplus, the university would be able to acquire it at no cost. Since the county and city of San Diego have endorsed the development plan of the university for this area, they have waived their own interest in the property for any other health or educational purposes and, thus, the University of California, according to the Department of Health, Education, and Welfare, would be in a preferred position to acquire the campus once these lands are declared surplus. The Department of the Navy has indicated that its weapons training facility will be removed to Camp Pendleton by 1966 and that the property would then become available for transfer.

As I have indicated, in 1966 this property would then go to the University of California at no cost. The purpose of this legislation is to assure the university that this transfer will be made so that they can now proceed with some assurance with their development plans for the San Diego campus which will ultimately accommodate 27,500 students. The university already has acquired 500 acres of land through transfer from the city of San Diego adjoining the Camp Matthews property and has already initiated construction of the campus. The Scripps Institute of Oceanography, a branch of the university, has long been located on other adjacent property.

Since, as I have indicated, this transfer would be made in 1966 and since adequate protection in the form of an exclusive grant of the property in perpetuity for educational purposes has been provided, I hope that you will agree with me as to the necessity for this legislation in order to permit the university to proceed with its development plans at this time.

With kindest regards.

Sincerely yours,

Thomas H. Kuchel.

Mr. MORSE. Mr. President, I will close by reading the letter which I wrote to the Senator from California [Mr. Kuchel] and by making a few comments about some of the observations set forth in the letter. Under date of July 24, 1962, I sent the following letter to the Senator from California:

July 24, 1962.

Re S. 1108.
Hon. Thomas H. Kuchel,
U.S. Senate,
Old Senate Office Building.

Dear Tom: This will acknowledge, with thanks, your letter of July 19 in which you provided me with very helpful background information concerning the proposed transfer of 544 acres of land at Camp Matthews, Calif., to the University of California. Upon receiving your letter I made a thorough review of S. 1108 and of Senate Report No. 1630. It is beyond question that the project for the acquisition of additional land to be used for the San Diego campus of the University of California is highly desirable; however, in fairness to you I should point out that I have serious reservations concerning the procedure that is being employed with respect to the proposed acquisition of Federal lands for use by the university.

As you know the Federal Property and Administrative Services Act of 1949, as amended, sets forth an orderly and uniform procedure for the disposal of surplus real property for educational uses. Title 40 U.S.C. section 484(k) sets forth the provisions of the law that are most germane to the matter under discussion. As I understand the procedure set forth in the law, the agency having jurisdiction of the Federal land (in this case the Department of the Navy) would have to make a determination that the land is excess property. In other words, the Navy Department would have to determine that the land is not required for the needs of the Navy.

After the property has been declared excess to the needs of the department having immediate jurisdiction, a report to that effect is submitted to the General Services Administration and other Federal agencies are then screened by GSA to determine whether the land is needed by them. After the screening process has been completed, it would then be appropriate to determine whether other public agencies such as States and their political subdivisions and instrumentalities or tax-supported institutions needed the property for educational, public health, or civil defense purposes. The manual issued by the GSA entitled "Disposal of Surplus Real Property" sets forth the relevant procedures, including the notice requirements, in considerable detail on pages 7–10.

The foregoing analysis constitutes a brief résumé of the procedures prescribed by the Federal Property and Administrative Services Act of 1959, as amended, for the disposal of real property such as the 544 acres covered by S. 1108. As the author of the so-called Morse formula, the problem that confronts me under the facts of this case is this: S. 1108 constitutes proposed special legislation to remove the disposal of the 544 acres of Federal property from the orderly procedures prescribed under the existing law; it constitutes a predetermination that the land is to go to the University of California the moment that the Secretary of the Navy determines that the land is available for conveyance to the University of California. Obviously, S. 1108 constitutes a shortcut and a bypassing of the provisions of the existing law, otherwise it would serve no useful purpose.

Under the Federal law providing for the uniform handling of these property disposal cases, the determination by the Secretary of the Navy that the property is excess to the uses of the Navy would be merely the first step of a procedure for a thorough screening of the property and for a possible disposal to the University of California.

We have no way of knowing what the situation, with respect to this real property, will be in 1966 when, according to Senate Report No. 1630, it is estimated that the Marine Corps will have completed the move from Camp Matthews to a new site selected for the training of recruits. We cannot guarantee with certainty today that some other agency of the Federal Government might have an urgent requirement for the 544 acres; we have no way of knowing today whether the land might be found more useful for public health or civil defense purposes. If S. 1108 were to be enacted by the Congress and signed by the President, it would foreclose a determination of other urgent Federal public health or civil defense uses of the land.

If we were to assume, for the purpose of discussion, that the 544 acres would be conveyed to the University of California about 4 years hence at a 100 percent public benefit discount—and I hasten to add that the assumption cannot be made with certainty—it would be true, as you point out, that the conditions imposed upon the proposed transferee by S. 1108 would provide advantages to the Federal Government that are not to be found under the existing Federal surplus property laws. However, I feel that these advantages are far outweighed by the disadvantages which would be occasioned by the enactment of S. 1108 at this time. Such enactment would prevent our giving consideration in 1966 to what might be higher and more important Federal or public uses of this extremely valuable real property.

The fact is that the 544 acres in question have not been declared excess property by the Navy and have not been found surplus to the needs of the Federal Government. We have on the Federal statute books a law providing a uniform and orderly method for the handling of such property disposals. Every bill such as S. 1108 that provides for an exception to the uniform operation of the law weakens the surplus property disposal law and clears the way for future special relief bills. Each of these bills weakens the foundation of the uniform law. The so-called Morse formula is designed to implement and to go hand in hand with the Federal property disposal law in those cases where the Congress, in its wisdom, determines that special relief legislation is essential.

As you know, for many years I have insisted upon the uniform application of the Morse formula in the State of Oregon as well as in the other 49 States. I assure you that this has not been a pleasant task but it is my opinion that it has been worth the effort because I am satisfied that the Morse formula, as now applied by individual Senators and Congressmen, by congressional committees and on the floor of the Senate through appropriate amendment has saved the taxpayers of the United States millions of dollars.

Under the circumstances of this case, I feel I have no alternative other than to ask for an application of the Morse formula if S. 1108 should be scheduled for action and discussion on the floor of the Senate. If I were to make an exception in this case, I would have to make exception in future cases wherein the formula is applicable and eventually the formula would become meaningless.

For your information, I enclose a copy of the Morse formula amendment which I propose with respect to S. 1108.

I am deeply appreciative of your having written to me and conferred with me on this subject, and I send my best personal regards.

Sincerely,

WAYNE MORSE.

As we lawyers say, after we have presented our evidence and our arguments, I rest my case.

EXHIBIT 1

S. 1108

A bill authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy, or his designee, is authorized and directed when he determines that the following described land at Camp Matthews, California, is available for conveyance to the regents of the University of California for educational and related purposes, to convey said land, together with all improvements and appurtenances, to the regents of the University of California by quitclaim deed without monetary consideration therefor but upon the conditions set forth in this Act.

SEC. 2. The property to be conveyed comprising approximately 544 acres of land is more particularly described as follows: The easterly half of pueblo lot 1300; all of pueblo lot 1309; all of pueblo lot 1310; all of that portion of pueblo lot 1311 lying easterly of Pacific Highway and southerly of Miramar Road; all that portion of pueblo lot 1314 lying southerly of Miramar Road; all that portion of pueblo lot 1315 lying southerly of Miramar Road; all that portion of the westerly half of pueblo lot 1316 lying southerly of Miramar Road; said pueblo lands being according to the map thereof made by James Pascoe of 1870, a certified copy of which is filed as miscellaneous map numbered 36 in the office of the county recorder of San Diego County, California; excepting therefrom any property previously conveyed to the State of California or the city of San Diego for highway purposes.

SEC. 3. The deed of conveyance executed pursuant to this Act shall include the conditions that (a) such property shall be held by the regents of the University of California so long as the property conveyed shall be used for educational purposes; (b) if at any time the Secretary of the Navy determines, upon advice received from the Secretary of Health, Education, and Welfare, that the property so conveyed, is not held for such purposes, title thereto shall immediately revert to the United States; and (c) in the event of any such reversion, title to all improvements made thereon by the regents of the University of California during its occupancy shall vest in the United States without payment of compensation therefor. Such deed of conveyance shall be subject to such other conditions as the Secretary of the Navy may deem appropriate to protect the interests of the United States.

SEC. 4. The regents of the University of California may exchange portions of the property described in section 2 for other adjacent lands of approximately equal value in order to develop such property boundaries as may be best suited for the purposes of the University of California.

SEC. 5. Section 3 shall be applicable in all respects to any land received by the regents of the University of California under the exchange provisions authorized in section 4, and any land conveyed by the regents of the University of California pursuant to such exchange shall be received by the grantee thereof free and clear of the conditions prescribed in the first sentence of section 3.

S. 1108

Amendments intended to be proposed by Mr. MORSE to the bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California:

On the first page, line 10, strike out "without monetary consideration therefor but".

On page 2, line 18, immediately after "(a)", insert the following: "the regents of the University of California pay to the United States as consideration for the property conveyed an amount equal to 50 per centum of its fair market value as determined by the Secretary of the Navy after appraisal of such property; (b)".

On page 2, line 23, strike out "(b)" and insert in lieu thereof "(c)".

On page 3, line 2, strike out "(c)" and insert in lieu thereof "(d)".

Mr. ENGLE. Mr. President, the bill before the Senate has certain committee amendments in it which have not been agreed to. I ask unanimous consent that the committee amendments be considered en bloc and be agreed to, without affecting the status of the pending amendment by the Senator from Oregon, and that the bill be treated as original text for further amendment, if any.

The PRESIDING OFFICER. Is there objection.

Mr. MORSE. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments, agreed to en bloc, are as follows:

On page 2, at the beginning of line 20, to strike out "for a period of twenty years after the date of such conveyance for educational purposes; (b) if at any time during that period" and insert "so long as the property conveyed shall be used for educational purposes; (b) if at any time"; on page 3, line 6, after the word "therefore.", to insert "Such deed of conveyance shall be subject to such other conditions as the Secretary of the Navy may deem appropriate to protect the interests of the United States."; and, in line 19, after the word "conditions", to strike out "established in section 3" and insert "prescribed in the first sentence of section 3"; so as to make the bill read:

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Navy, or his designee, is authorized and directed when he determines that the following described land at Camp Matthews, California, is available for conveyance to the regents of the University of California for educational and related purposes, to convey said land, together with all improvements and appurtenances, to the regents of the University of California by quitclaim deed without monetary consideration therefor but upon the conditions set forth in this Act.

"Sec. 2. The property to be conveyed comprising approximately 544 acres of land is more particularly described as follows: The easterly half of pueblo lot 1300; all of pueblo lot 1309; all of pueblo lot 1310; all of that portion of pueblo lot 1311 lying easterly of Pacific Highway and southerly of Miramar Road; all that portion of pueblo lot 1314 lying southerly of Miramar Road; all that portion of pueblo lot 1315 lying southerly of Miramar Road; all that portion of the westerly half of pueblo lot 1316 lying southerly of Miramar Road; said pueblo lands being according to the map thereof made by James Pascoe of 1870, a certified copy of which is filed as miscellaneous map numbered 36 in the office of the county recorder of San Diego County, California; excepting therefrom any property previously conveyed to the State of California or the city of San Diego for highway purposes.

"Sec. 3 The deed of conveyance executed pursuant to this Act shall include the conditions that (a) such property shall be held by the regents of the University of California so long as the property conveyed shall be used for educational purposes; (b) if at any time the Secretary of the Navy determines, upon advice received from the Secretary of Health, Education, and Welfare, that the property so conveyed, is not held for such purposes, title thereto shall immediately revert to the United States; and (c) in the event of any such reversion, title to all improvements made thereon by the regents of the University of California during its occupancy shall vest in the United States without payment of compensation therefor. Such deed of conveyance shall be subject to such other conditions as the Secretary of the Navy may deem appropriate to protect the interests of the United States.

"Sec. 4. The regents of the University of California may exchange portions of the property described in section 2 for other adjacent lands of approximately equal value in order to develop such property boundaries as may be best suited for the purposes of the University of California.

"Sec. 5. Section 3 shall be applicable in all respects to any land received by the regents of the University of California under the exchange provisions authorized in section 4, and any land conveyed by the regents of the University of California pursuant to such exchange shall be received by the grantee thereof free and clear of the conditions prescribed in the first sentence of section 3."

Mr. ENGLE. Mr. President, I will take only 2 minutes to summarize, for the interest of Senators who may read the Record, what our points are:

We gave this property to the Federal Government, and it did not cost Uncle Sam one single thin dime.

The Federal Government used this property for 46 years as a rifle range, not as a great plant which added to the tax rolls or to the employment of that particular area, and without paying rent or any cost.

The property is now surplus to the needs of the Federal Government.

The Federal Government is no longer able to use it.

Under existing law we could get this property in 1966 for no compensation to the Federal Government because it would be used for educational purposes.

The only purpose of our bill is to speed up the time, because time is of the essence in establishing the great university campus, which must be planned now, and for which the State of California has already acquired more than 500 acres of land.

Mr. President, that is our case; and, as the senior Senator from Oregon has said, we rest our case.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 8, 1962, he presented to the President of the United States the following enrolled bills:

S. 296. An act for the relief of Hanna Ghosn;

S. 1174. An act for the relief of Dr. Kwan Ho Lee;

S. 1882. An act for the relief of Assunta Bianchi;

S. 2455. An act for the relief of Mrs. Elizabeth Lovic;

S. 2572. An act for the relief of Merritt-Chapman & Scott Corp.;

S. 2614. An act for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang;

S. 2675. An act for the relief of Yiannoula Vasiliou Tsambiras;

S. 2769. An act for the relief of Renato Granduc;

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller; and

S. 2844. An act for the relief of Alice Amar Froemming.

ADJOURNMENT

Mr. ENGLE. Mr. President, in accordance with the order previously entered, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 50 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Thursday, August 9, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 8, 1962:

Federal Home Loan Bank Board

John deLaittre, of Minnesota, to be a member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1966, vice Ira A. Dixon.

Postmasters

The following-named persons to be postmasters:

ALABAMA

Max A. Hand, Autaugaville, Ala., in place of F. R. Gresham, deceased.

ARKANSAS

Ben W. Parham, Bald Knob, Ark., in place of O. H. Parham, retired.

Robert E. Richardson, Reyno, Ark., in place of E. E. Reynolds, removed.

CALIFORNIA

Mary E. Gwynne, Alamo, Calif., in place of B. V. Linhares, retired.

Barbara H. Potter, Avila Beach, Calif., in place of V. M. Canet, retired.

Thelma M. Lynch, Bethel Island, Calif., in place of V. E. Boxhill, deceased.

Helen M. Lowey, Downieville, Calif., in place of J. M. Costa, retired.

Jerome B. McKernan, Ridgecrest, Calif., in place of E. E. Fowler, retired.

Jettie R. Bean, Running Springs, Calif., in place of A. E. Kitselman, resigned.

CONNECTICUT

Carmine J. Grote, Chester, Conn., in place of J. L. Grote, retired.

Charles N. Doane, Jr., Essex, Conn., in place of P. D. Guptill, deceased.

John J. Falvey, Groton, Conn. Office established November 1, 1960.

James L. McPherson, Marble Dale, Conn., in place of S. M. Straight, retired.

FLORIDA

Madge C. Jones, Cross City, Fla., in place of M. E. Mills, retired.

William B. Dowling, Dunnellon, Fla., in place of G. W. Shuman, retired.

George W. Creamer, Jr., Eastpoint, Fla., in place of D. H. Tucker, resigned.

Percy E. Hardaker, Kathleen, Fla., in place of H. A. Harrelson, removed.

William K. Bryant, Longwood, Fla., in place of C. E. Nelson, removed.

Dorothy C. Lindelius, Loxahatchee, Fla., in place of E. P. Jarriel, retired.

Gladys S. Bland, Pinetta, Fla., in place of F. L. Bush, retired.

Jose A. Gonzalez, Tampa, Fla., in place of S. G. Harrison, retired.

Hoke S. Fitzgerald, Jr., Waverly, Fla., in place of M. P. Blanchard, retired.

GEORGIA

Blanton H. Knight, McDonough, Ga., in place of W. W. Turner, Jr., resigned.

Fred N. Stewart, Manchester, Ga., in place of E. L. Hanger, deceased.

Alonzo C. McCorvey, Pavo, Ga., in place of W. U. Scott, retired.

Herbert R. Coker, Sycamore, Ga., in place of W. F. Humphreys, deceased.

John E. Griffin, Tunnel Hill, Ga., in place of W. C. Griffin, retired.

HAWAII

Norman M. Kimura, Kalaheo, Hawaii, in place of J. A. Robello, resigned.

IDAHO

Orville J. Slette, Deary, Idaho, in place of G. H. Wylie, retired.

Robert E. Magnuson, Kendrick, Idaho, in place of F. O. Stedman, transferred.

Dale O. Pierce, Malta, Idaho, in place of J. H. Thompson, retired.

Melvin K. Pope, Richfield, Idaho, in place of T. M. Vaughn, resigned.

ILLINOIS

Eugene E. Boeckman, Bartelso, Ill., in place of J. C. Mueller, retired.

Arthur J. Lawrence, East Alton, Ill., in place of E. R. Hill, deceased.

Richard C. Hazer, Elizabeth, Ill., in place of E. J. Coveny, deceased.

Charles J. Nash, Greenville, Ill., in place of D. J. McAlister, retired.

Paul D. Jordan, Herscher, Ill., in place of A. C. Westphal, retired.

George L. McNamara, Lansing, Ill., in place of W. E. Erfert, retired.

Leonard A. Finnegan, Mattoon, Ill., in place of H. A. Lange, deceased.

Bernard C. Wilson, Minier, Ill., in place of H. E. Davis, retired.

Leo A. Hayes, Ramsey, Ill., in place of O. W. Hinton, removed.

Charles F. Schultz, Reynolds, Ill., in place of B. W. Sharp, retired.

Frank J. Wiedemann, Ringwood, Ill., in place of P. H. Eberle, transferred.

Rita F. Winkler, South Elgin, Ill., in place of Delbert Hood, Jr., removed.

INDIANA

Reynold W. Scudder, Dillsboro, Ind., in place of G. C. Gerster, retired.

Ernest W. Groves, Dunkirk, Ind., in place of E. D. Littler, retired.

Rex R. DeMoss, Edwardsport, Ind., in place of M. F. Shepard, retired.

Robert F. Seider, Fountain City, Ind., in place of F. L. Scarce, retired.

Malcolm Emswiller, Middletown, Ind., in place of R. A. Purdue, transferred.

Frank W. Stevanson, Moores Hill, Ind., in place of L. H. Barkley, retired.

Doris C. Lamott, Pershing, Ind., in place of C. E. Rodenberg, deceased.

Warren F. Buser, Roachdale, Ind., in place of W. E. Etcheson, retired.

Virgil E. Utterback, Trafalgar, Ind., in place of J. E. Truman, deceased.

Robert H. Meier, Westphalia, Ind., in place of Oscar Nierste, retired.

Ruth J. Schirr, Westville, Ind., in place of D. B. Schirr, resigned.

IOWA

John E. Rooney, Maxwell, Iowa, in place of E. L. Wood, retired.

KANSAS

Donald E. Strohmeyer, Axtell, Kans., in place of J. H. Jessee, retired.

Larry K. Earnest, Holcomb, Kans., in place of D. H. Clare, deceased.

Cyril F. Kraus, Ransom, Kans., in place of V. E. Schreiber, deceased.

LOUISIANA

Louis J. Andermann, St. James, La., in place of Emma Andermann, retired.

MAINE

Thomas W. Churchill, Kezar Falls, Maine, in place of S. H. MacDaniel, retired.

MARYLAND

George L. Hart, Sudlersville, Md., in place of E. W. Hart, retired.

MICHIGAN

Andrew J. Yalch, Honor, Mich., in place of E. S. Martin, retired.

Roberta B. Wernette, Mecosta, Mich., in place of E. E. Osborn, retired.

Clarke H. Jeffers, Milford, Mich., in place of V. E. Boyle, removed.

Ethelwyne M. Vaughan, Oscoda, Mich., in place of L. J. Hartel, resigned.

Donald F. Bowen, Palmyra, Mich., in place of A. C. Johnston, transferred.

Laverne H. Maginity, Thompsonville, Mich., J. O. McCarthy, deceased.

Curtis E. Heyman, Watersmeet, Mich., in place of E. A. Dickson, retired.

MINNESOTA

Robert J. Blair, Brownsville, Minn., in place of J. J. Serres, retired.

Raymond C. Wilkins, Glencoe, Minn., in place of C. T. Merrill, retired.

Robert D. Gunderson, Gonvick, Minn., in place of Emma Jones, retired.

Connie H. Crever, Hugo, Minn., in place of L. M. Muller, retired.

Vernon Hovelsrud, Trail, Minn., in place of T. T. Hamrey, retired.

Palmer J. Kyllo, Wanamingo, Minn., in place of B. C. Moe, retired.

MISSISSIPPI

Lorie D. Gollette, Jr., Biloxi, Miss., in place of E. V. Shove, retired.

MISSOURI

H. Buhler Sears, Bolckow, Mo., in place of Walter Fraser, retired.

Martin F. Moran, Milan, Mo., in place of M. B. Lee, retired.

NEBRASKA

Roy E. Boham, Bassett, Nebr., in place of F. C. Diehl, deceased.

NEVADA

Oman L. Olsen, Mesquite, Nev., in place of J. E. Hughes, retired.

N. Constance Gilmore, Zephyr Cove, Nev., in place of A. M. Gabler, resigned.

NEW HAMPSHIRE

Walter M. Plummer, Bristol, N.H., in place of H. L. Goodhue, retired.

Harry E. Moses, Haverhill, N.H., in place of A. S. R. Wells, retired.

NEW YORK

Eleanor J. Carmichael, Canandaigua, N.Y., in place of F. R. Cougevan, deceased.

James J. Connolly, Catskill, N.Y., in place of H. W. Becker, retired.

Donald P. McSweeney, Long Lake, N.Y., in place of E. J. McSweeney, deceased.

Fraser Bushey, Mooers Forks, N.Y., in place of L. T. LeDuc, retired.

Edna V. Monica, North Bangor, N.Y., in place of M. E. Shonyo, deceased.

NORTH CAROLINA

Jesse A. Tripp, Blounts Creek, N.C., in place of D. F. Sawyer, Jr., transferred.

Leo Mercer, Chadbourn, N.C., in place of E. I. Baldwin, retired.

William L. Sloop, Concord, N.C., in place of B. E. Harris, resigned.

McElree B. Hilliard, Macon, N.C., in place of A. L. Nicholson, deceased.

L. Penn Hunter, Marion, N.C., in place of J. A. Finley, deceased.

Noel D. Atkins, Mayodan, N.C., in place of J. V. Highfill, retired.

NORTH DAKOTA

Richard D. Grieve, Buffalo, N. Dak., in place of J. U. Pavlik, deceased.

OHIO

Carl C. Kindt, Bellville, Ohio, in place of C. C. Dill, transferred.

Edmund W. Reed, Malinta, Ohio, in place of G. L. Burkett, resigned.

Warren G. Reed, Morrow, Ohio, in place of William Corrigan, retired.

Madeline A. Wilson, Rawson, Ohio, in place of Pearl Burket, retired.

Jane G. Apfeld, Somerville, Ohio, in place of R. L. Bergamyer, retired.

OKLAHOMA

Hicks A. Smith, Jr., Ada, Okla., in place of M. H. West, deceased.

Gleason W. Roe, Agra, Okla., in place of M. C. Nixon, retired.

Grant W. Keeton, Bethany, Okla., in place of F. H. Stockton. deceased.

Woodrow W. Wilson, Carnegie, Okla., in place of W. F. Stratton, retired.

Robert B. Lovell, Dill City, Okla., in place of J. H. Hughes, deceased.

Bessie D. Zentz, Goodwell, Okla., in place of V. A. Little, deceased.

Mina M. Williams, Oakhurst, Okla., in place of S. L. Clayton, retired.

Woodrow F. Kolar, Prague, Okla., in place of W. C. Placke, deceased.

OREGON

Henry R. Kaiser, Jr., Corvallis, Ore., in place of W. W. Wooddy, retired.

PENNSYLVANIA

Robert I. Grove, Alexandria, Pa., in place of R. N. Lankard, resigned.

Bernard F. Cooney, Jr., Austin, Pa., in place of M. G. Collins, retired.

Michael A. Eannace, Burgettstown, Pa., in place of R. L. Bell, retired.

Daniel G. Phillips, Dunns Station, Pa., in place of J. D. Fulton, retired.

Russell G. Kratzer, Richfield, Pa., in place of O. G. Leitzel, deceased.

Kenneth A. Harrison, St. Thomas, Pa., in place of J. M. Martin, retired.

SOUTH CAROLINA

John W. Rogers, Pelzer, S.C., in place of Sue Scott, retired.

TENNESSEE

Bob S. Wray, Gleason, Tenn., in place of W. L. Newberry, retired.

James C. Savage, Linden, Tenn., in place of E. G. Harder, retired.

Onon E. Story, Monroe, Tenn., in place of L. G. Franklin, transferred.

Charles E. Stone, Union City, Tenn., in place of R. E. Rankin, deceased.

TEXAS

Lois M. Everheart, Bells, Tex., in place of Leta McElligott, retired.

Edward A. O'Kelley, Bloomburg, Tex., in place of H. I. Pettit, retired.

Clarence J. Hafernick, Lolita, Tex., in place of L. E. Seale, retired.

Jack E. Easton, Lovelady, Tex., in place of M. E. Gimon, retired.

Curtis R. Smith, Tatum, Tex., in place of B. K. Martin, retired.

UTAH

Clare S. Larson, Eureka, Utah, in place of F. B. Gear, deceased.

VERMONT

John P. Wellman, Readsboro, Vt., in place of A. J. Graiff, resigned.

VIRGINIA

Katherine A. Webb, Callaway, Va., in place of J. P. Fisher, transferred.

Dude W. Bowen, Duffield, Va., in place of E. P. Tompkins, retired.

Henry H. Downing, Front Royal, Va., in place of A. O. Haley, retired.

Harry S. Sommers, Paeonian Springs, Va., in place of E. N. Reed, retired.

Walter D. Wood, Powhatan, Va., in place of C. G. Coppedge, retired.

WASHINGTON

Melburn E. Mason, Battle Ground, Wash., in place of F. O. Keith, retired.

Wellington D. Duke, Vantage, Wash., in place of W. C. Duke, deceased.

Lester O. Johanson, Warden, Wash., in place of G. A. Therriault, retired.

WEST VIRGINIA

Beulah W. Ash, Buffalo, W. Va., in place of E. K. Beitz, resigned.

WISCONSIN

Gordon E. Mead, Dalton, Wis., in place of J. W. Moore, Sr., retired.

Richard P. Nelson, Jim Falls, Wis., in place of D. B. Mills, retired.

Beatrice J. Houtz, Somers, Wis., in place of C. C. Ruthe, resigned.

Douglas G. Runkel, Strum, Wis., in place of F. C. Spangberg, deceased.

WYOMING

Helen E. Wambeke, Deaver, Wyo., in place of R. A. Olsen, retired.

Ada D. Vogel, Lusk, Wyo., in place of A. B. Mills, retired.

EXTENSIONS OF REMARKS

The Lesson of the Preamble

EXTENSION OF REMARKS

OF

HON. ROMAN L. HRUSKA

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Wednesday, August 8, 1962

Mr. HRUSKA. Mr. President, in the June–July issue of Highway Highlights there is carried the text of an address given by our colleague, Senator Karl E. Mundt, of South Dakota, before the National Highway Users Conference earlier this year. This address is a splendid presentation and an excellent warning to all Americans. It urges them to guard the sovereignty of the individual States and the individual authorities against further encroachments by the Federal Government.

I ask unanimous consent to have the remarks of Senator Mundt printed in the Congressional Record for the information of all my colleagues.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Lesson of the Preamble—Americans Are Urged To Guard State Sovereignty, Individual Authorities Against Federal Encroachment

(By Senator Karl E. Mundt)

Back on the third day of July 1776, the day before the Declaration of Independence was signed, a great American wrote a letter to his wife, Abigail. This American was John Adams, and he wrote his wife and said, "Yesterday the greatest question was decided which ever was debated in America, and a greater problem will probably never be debated. A resolution was passed, without one dissenting colony, that these united Colonies are and of right ought to be free and independent States."

That sentiment was found in the Declaration of Independence, too: "these united Colonies are and of right ought to be free and independent States."

From that early beginning, there has been a continuing controversy in America as to what is the rightful position of the individual citizen; as to what is the individual position of the individual State, and as to what are the proper responsibilities and authorities to be delegated to the central state and to our Federal Government.

ONLY IN THE UNITED STATES

While we have sought to encourage other lands and other areas to follow our example in that regard, it is only in the United States where it is specifically put down in the charter of freedom that the rights of people in jobs like mine, your Federal politicians, shall be limited solely to those rights and authorities specifically delegated to us by the States or by the people.

While I am normally described as a Midwestern conservative, I am an advocate of a constitutional formula which is the greatest liberal document of government ever written or employed anywhere. Because down through history the liberal has always been opposed to a concentration of authority; that was the liberalism of Woodrow Wilson, that was the liberalism of Thomas Jefferson. That to me is the only kind of liberalism which is genuine, and anybody who describes liberalism as a device for giving fewer men more power over additional people is describing a synthetic form of liberalism and an error of semanticism. Because, as a liberal who believes that the functions should lie with the people in States and in individual offices and shops and businesses, and that Federal politicians in jobs like mine should be circumscribed in the powers we exercise over the average citizen, I submit that this is a concept which is, in fact, genuine liberalism.

That being true, I speak, as one who believes that instead of trying to delegate more power and more authority and more responsibility to the central state, somehow or other, we should learn as States and as individuals, as groups and as organizations and as entities, to assume the responsibilities and exercise the authorities which are essential to progress.

HIGHWAY PROBLEMS

I think that is true in the field of safety legislation, for example, in highways; I think it is true in the controversial problem of reciprocity. I think it is true in the field of uniform highway traffic signals. These are all important to all Americans. Somebody will have to solve the problem. Wherever a problem gets too tough, or remains unsolved, or the situation becomes too odious, a clamor arises at once for the Federal Government to step in, and pass a whole family of bills.

I think nobody will quarrel with the fact that reciprocity is desirable, that safety is desirable, that uniformity in traffic signals is desirable; but I don't think you have to go to the Federal Government to achieve these desirable objectives, because, when we pass legislation, we have to exercise controls. Inevitably, we have to do something to you when we are doing something for you. We can't just by a magic wand create utopia in a painless fashion.

I happen to be the owner of a nice new 1962 automobile. It is a mighty fine automobile. It is the best automobile I have ever driven, but some engineer, if you please, hid the signal lever, which indicates whether you are going to turn right or left, some place down on the dashboard, where I guarantee even an FBI agent couldn't find it.

A colleague in the Senate bought the same kind of car I had. He wants to have a Federal law making it illegal to hide the signal lever in that car, but I don't think it is the responsibility of the Federal Government to nurse these automobile manufacturers along and tell them how much horsepower they have to have and what is the maximum and minimum speed on the highway and how many layers of nylon or whatever to put in automobile tires.

UNIFORMITY

The matter of uniformity of traffic law happens to be a special fetish of mine, because on at least three occasions I have been privileged to visit in virtually all of the countries of Europe and on two occasions all of them. I was impressed, most of all, by something which I suppose escapes the eyes of many tourists, but the one lasting impact made upon me was the fact that throughout Europe with all its diversity of languages and flags and nationalities and passports and currencies and border controls, they have been able to develop a uniformity of traffic signals far exceeding anything we have in the United States.

I think it is a very desirable objective. In a part of the world that can agree on virtually nothing else, where you have a wall between East Berlin and West Berlin, the only thing the same on both sides of Germany today are the traffic signals on the highway.

I don't know how they did it, but I am glad they did it because that demonstrates to me that there certainly must be some way that in America we can develop a degree of uniformity in traffic signals without having Uncle Sam do the job, because they haven't any central government there. They did it somehow through conferences, somehow through private people working through their respective government to say, "This is a good idea." And they said, "Ja," or "Oui," or "Da-Da," or whatever the language happened to be, and they succeeded.

We can do that in our country. If we can do that in highways, we can do it in a great many other areas of activities, I think. Therefore, it is important that you guard your State sovereignties, that you guard your individual authorities, that you question with a jaundiced eye any—any—additional suggestion to expand the power of people in jobs like mine over people in jobs like yours, because, if you don't, we find this increased power to be a kind of heady and intoxicating wine. It is kind of enjoyable to be able to push a lot of people around and pass a lot of legislation and make everybody call you on the telephone to see whether they can buy a new automobile or whether they can do this or that. And the thing tends to grow.

It has been seriously suggested, and so far not acted upon either affirmatively or negatively by this session of Congress, that we should deliver to the Executive, power by his own decree and his own decision to modify the tax structure of America, to reduce, to change, to modify. This is a pretty serious encroachment to my way of thinking on the powers of the people and the powers of the Congress.

Another great controversy raging in this country involves tariffs, which would propose to give to the Executive the entire authority to levy tariffs, to increase them, to decrease them, to abolish them, or to impose them on any segment of the economy. Just as the power to tax is the power to destroy, the power to decide which industry has a tariff and which does not also is the power to compel or to coerce and to destroy.

TARIFF VIEW

Now, I say this as one who believes that our tariff legislation in operation is hopelessly out of date. I say that as one who was appointed to serve as a delegate to the NATO conference in Paris this last year, and served my good friend Lyndon Johnson.

Lyndon came to me and he said, "Karl, we have to have some Republicans among the delegates to the NATO Conference, and as long as I have an appointment, I might as well appoint a black one. How would you like to go?"

So I went. I visited for a long time with the members of the countries who are going into the Common Market. I think it is a wise decision on their part. I think Britain in self-defense is going to be compelled to go in. I think this faces us up to a whole new economic challenge in America.

That far I go along. Where I disagree is the fact that, having confronted this great serious new challenge, we ought to delegate its solution to a group of nameless, faceless individuals over whom you have no control at all.

I would like to do it by empowering the Tariff Commission, which is a branch of the Congress, with additional flexibility and authority, so when the thing goes wrong, you can still hold the people responsible closest to you and look to them for correction.

These are areas, it seems to me, in which highway users should be interested, because a drift or a drive or a tendency to build up this much concentrated power in the hands of people in Washington cannot possibly overlook for long the various particular aspects of freedom in which they are essentially interested. This age-old controversy about which John Adams wrote his wife in 1776 is still with us. It is still being decided.

We are an impatient group of people, sometimes in our impatience to get something done fast, we fail to recognize the damage that we are doing to a formula which has enabled us to get things done enduringly and successfully down through the ages.

THE DIFFERENCE

I think those who wrote the Constitution put it all pretty well in the preamble when they spelled out the eternal underlying difference between our concept of a private economy and individual responsibility and a division of powers between the Central Government and the States. When they wrote out the preamble as a reason for having a Constitution and a government, as justification of the Revolutionary War, as a lodestar toward which to move in this new Republic, along with talking about domestic tranquillity and many other things, they got around to the functions of the Federal state and part of the function of the Federal state, they rightly said, was to provide the common defense. And what is the next statement in the preamble? "In order to provide the common defense, promote the general welfare." Have you ever stopped to reflect how easy it would have been for those fellows at Philadelphia to have said "in order to provide the common defense and the general welfare," just a simple little conjunction, but those meticulous men and those linguistic masters, to whom every syllable meant a sermon in its own, carefully used a different word. The one that will provide is the central state; when it comes to the general welfare, our responsibilities are to promote the conditions, the environment, the opportunities for people and for States to help themselves.

I hope we don't forget the lesson of the preamble to the greatest Constitution ever written.

The Farmer's Market Is Worldwide

EXTENSION OF REMARKS

OF

HON. CHARLES B. HOEVEN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. HOEVEN. Mr. Speaker, we who represent the Midwest in Congress have a great responsibility to agriculture. One of the ablest spokesmen for the farmer is my colleague from Minnesota, Congressman ANCHER NELSEN. On August 6 Mr. NELSEN addressed the silver anniversary of soybean processing at Mankato, Minn., and I believe his remarks on that occasion will be of interest to all Members of Congress. Under leave to extend my remarks in the RECORD, I include his speech herewith:

THE FARMER'S MARKET IS WORLDWIDE

Some months ago, when the idea for this meeting began to take shape, I was intrigued with the proposal and delighted that I should be asked to participate. And, as I thought about it, it seemed to me to be a fine opportunity for all of us to talk awhile about the things that bring us together rather than the things that divide us. I've made this special trip from Washington in the midst of much turmoil, political and economic, where the angry heat of a Washington summer and the hot winds of campaign argument sometimes warp the judgments of the sanest man.

So in this atmosphere of southern Minnesota perhaps we can look at some of these matters with more objectivity, as we join in celebrating the silver anniversary of an industry which was nothing 30 years ago, and which now represents America's fifth biggest cash crop—a billion dollar soybean product with its countless ramifications in farm income, in industrial employment and in foreign trade.

I come to you, therefore, knowing that though we may differ sharply on matters which are close to us, we have a number of substantial common interests. Suppose, for my text, I recite some of these common interests:

First. I'm certain that I shall have no argument when I say that every person in this room is interested in a prosperous and successful agriculture.

Second. I am equally certain that every one of us accepts the fact that foreign trade is of vital importance to us all.

Third. There can be no argument, I know, that every one of us is for a strong, healthy, peaceful America.

And finally—you can argue this one with me if you like, but I offer it regardless—every last one of us is interested in his own personal well-being.

Now, suppose we take each of these points and look at the facts. First, that we agree we want a prosperous agriculture. Sometimes, I suppose, it doesn't look that way as we quarrel about how to achieve it, but I think it's fair to say that as you look back over the years, there has never been any program dealing with agriculture that has stabilized in any one pattern long enough to establish its worth as far as achievements are concerned. You don't have to dig very deeply into the record of farm programs for 30 years or more to find a bewildering maze of actions which range from plowing under corn to crusading for big production for war, to bemoaning the billion dollar surplus stocks of wheat.

And you don't have to dig very deep to find puzzlement in shifting proposals of high supports, low supports, flexible supports; of controlled production and freedom; of penalties and incentives.

And right on the surface are the obvious facts of political parties and farm organizations alike fighting perennial contests to prove that you're wrong and I'm right; of Farm Bureau with one story, Farmers Union with another, and the Grange frequently in the middle. Pity the poor city Congressman who tries to referee between these arguments, while he seeks to protect his consumers; while we who represent the farmers watch with constant concern as we strive for badly needed increases in farm income.

I do not propose to add to the turmoil in this discussion, because I am hopeful that we are getting a farm program at least for next year which will be good for most of us. That is, we may get an acceptable program, although the maneuvers between Senate and House the last week or two leave plenty of room for doubt. The feed grain bill of last year had many desirable features, actually very much like the bill which I and some of my Midwest colleagues introduced in the previous session. I, however, did not like the feature of the bill which was designed to interfere with the free marketing of grain. I do not believe the Secretary of Agriculture should have power to dump grain on the market at will, at prices of his choosing, setting aside normal marketing procedures to the injury of private trade and farmers alike. Similarly, I support extension of the law for the next year—a matter still pending between the two Houses—in the hope that sooner or later we could get earnestly to work on a long-range program.

I'd like to talk a little about my view of such a long-range program, but first it might be well to review briefly a few of the factors which have made this year's debate so involved.

In the first place, in considering the proposals presented by the administration, let's recall that Secretaries of Agriculture for many years had the right under the law to include corn in a controlled program. And yet, whether the Secretary was Henry Wallace or Claude Wickard or Clinton Anderson or Charles Brannan or Ezra Benson, never did he at any time submit corn and feed grains to a program of controls, and you must admit that this was indeed a diverse series of Secretaries of Agriculture.

So when the GTA Digest said as long ago as last February that "This may be too much for Congress to swallow in one gulp—it may even be more than farmers are ready right now to approve at the ballot boxes," it was, to say the least, prophetic. Because not only did Members of Congress find it impossible to swallow, but my mail and the mail of every Member with whom I talked ran tremendously against the compulsions of the program. And I want to tell you with all honesty that Farmers Union members showed very little more interest in the proposals than did their Farm Bureau friends down the road.

So by May of this year the GTA Digest was able to say, without shedding a visible tear, that the alternative is continuation of this year's program, and added simply, "It makes good sense."

Statements like this could be made because we farmers are, at least in small measure, learning to curtail production, and to make some adjustment to the realities of life. And we are demonstrating that we can do it if we are handed a workable combination of incentives and supports which we can buy of our own free will.

Perhaps the lessons of deals which developed when the House considered the administration bill should not quickly be forgotten. When it came before us after months of deliberation in committee, and when its sponsors accepted amendment after amendment simply to garner votes, the product was a measure which bore little resemblance to the bill they started with. Areas that were considered feed grain deficit areas were granted exemption from strict compliance features; producers having 40 acres or less of feed grain base were granted special treatment; then, to top it all off came the cynical offer to permit cottongrowers to plant feed grain when a cotton crop failed. When we were all through it was evident that some 13 Midwest States would bear the brunt of reduction in production, along with a phasing out of payments for retired acres.

Not only was it evident that the result would be discrimination against farmers of this area, but it would not produce the desired result in the way of a farm program. It seems to me that total participation as well as cross compliance are essential for an effective program.

At the same time we all know that as far as wheat is concerned, the United States is the only country in the world which is curtailing its production. We know, too, that it is Hard Winter wheat which is responsible for virtually all of the surplus, that most of the Government holdings are less than the best in quality, and that yields in recent years have increased sharply due to better varieties and methods. It, of course, was demonstrated sharply in the feed grains last year—and undoubtedly will this year—when fertilizer sales jumped upward to offset in some degree the decline in acreage.

What I've been trying to say is that your chances of being right when you attempt to draft farm legislation are next to nothing—at least, in the minds of some of our friends. If my friend Bill over here thinks I'm right, then the chances are my friend Tom over there will violently disagree. So I suggest, among other things, a bit of patience by all of us.

So with all that, I propose that the following be the basic ingredients of a farm program which I believe will work, which will be acceptable, and which will be good for the Nation, and which I would hope would be necessary only so long as we do not have the markets for the tremendous production and handling capabilities of American agriculture:

First. All farmers participate in a land retirement program. If a farmer refuses to take land out on a voluntary basis, he forfeits any and all payments and supports that come from the Federal Government.

Second. In dealing with land retirement we have in mind that each farm has individual characteristics adapted to different types of family-farm operation and that instead of dealing with separate commodities as we now are doing, we deal with total cultivated acres on each individual farm, requiring a certain percentage of reduction.

Third. The payment could be a modest one per acre if the farmer wishes to receive cash, and if the farmer operates a livestock farm where all of his feed is used on the farm, make a liberal payment out of surplus feed to replace the feed that he would have raised on his own acres. The requirement in this case would, of course, be that these commodities be not thrown back into the competitive market.

Fourth. Supports should be adjustable to meet requirements either of surplus or of deficit. I am sure we have all seen examples of supports set at such a level that surplus results; on the other hand, low supports can reduce surpluses but sharply reduce farm income as well. But an adjustable system without a vast army of policemen to enforce it should certainly be possible. You would have the wholesome attitude of voluntary participation which could be stimulated tremendously under a tillable acre approach. It would provide some flexibility of operation that could accommodate the individual characteristics of every farm in the country.

Fifth. Commodity Credit surpluses should not be dumped as permitted under the present program. We should revert to the previous level at 105 percent of supports—higher would be better.

Sixth. I recommend an on-the-farm storage program, liberalized over the present procedure and made more acceptable, reducing the redtape involved, where the farmer by signing proper agreements with the local ASC committee would build storage on the farm which could be amortized out of storage fees. This facility when fully amortized by fees collected becomes the property of the farmer but would be available for surplus grain on the farm at no cost to the Government. This could be a long-range program that would not violently disrupt commercial facilities but would progressively move toward a proper location of the stored grain; right on the farm where in many cases the farmer would buy it back at a later date. I have no objections to a reasonable commercial storage participation, but we have seen the extremes come about which is not good even for the grain trade.

Part of the acceptable and essential business of assuring a prosperous agriculture is undoubtedly a good system of farmer cooperatives. I don't suppose there is really any difference of opinion here, although the argument waxes heavy on equality, on taxes, on allegations of competitive advantage. I can recall that in my days in the Minnesota Legislature we did many things to encourage marketing cooperatives as part of the continuing task of assuring the farmer adequate access to markets and some measure of control over his markets.

I think most of us can agree that there is room in our great economy for both the cooperative method and private industry; that competition between them must be fair; that the middle ground requires that there be no monopoly on either side. It is out of this philosophy, of course, that the battle has been waged over the taxation of cooperatives, and out of it has come a proposal which would tax cooperative dividends—wholly satisfying neither side and therefore a compromise which is rather typical of the legislative process.

You will recall, of course, that President Kennedy has urged such a tax. He said in his tax message last year:

"Contrary to the intention of Congress substantial income from certain cooperative enterprises, reflecting business operations, is not being taxed either to the cooperative organization itself or its members. This situation must be corrected in a manner that is fair and just to both the cooperatives and competing businesses."

Of course, here too we remain in a state of uncertainty, because the proposed tax on cooperative dividends has become an incidental item in a protracted argument over the general tax bill—a bill which has already suffered defeat of withholding on dividends and interest, a bill which is getting extensive argument in the Senate while we wait to see what the President is going to ask for in the way of tax reductions—a bill which could yet wind up in the wastebasket. Whatever happens, it is apparent that if a tax bill is enacted, it will include a revision of the tax treatment of cooperatives.

I want to discuss foreign trade in a minute, but first a comment or two about this amazing soybean industry which we are celebrating tonight. When you stop to think of it, it's as glamorous as any other of the new ventures which spring up, whether it be television or space flight or whatever. Because here is a billion-dollar product which has sprung up in a quarter of a century, and which is a tremendous item in our foreign trade. We supply 75 percent of the soybean, soy oil, and cotton oil in world trade, so it is certainly a mighty factor. And I understand that 40 percent of the product of this Honeymead plant in Mankato goes abroad.

I voted for the Trade Extension Act a few weeks ago, but I did so with some hesitation because I am not at all sure that the United States will do such a good job of trading abroad that our farmers won't be left holding the sack. GTA Digest, for example, said just 5 months ago, with reference to negotiations of the last year and a half with Common Market countries, that "U.S. agriculture came out on the short end of the stick."

Yet, we have no choice but to gamble that we'll come out all right. Because, after all, one-fourth of our agricultural products are exported; American farmers have a market in Western Europe of nearly $3 billion—wheat, soybeans, and soy oil, dairy products, meats, cotton, and many other products; during the past decade Japan has bought more of our farm products than any other country; last year alone, for example, Japan bought $100 million worth of soybeans from the United States.

So we must protect what we have, develop marketing and trading arrangements with these good customers of ours, bargain to the best of our ability so that we don't run into the equivalent of a customs union in the Common Market which could shut us out. We must get our production and our costs in such shape that we can deal, and work toward a selling job that will give us an expanding market rather than one that might well decline.

The choices are not easy. We could develop domestic programs designed to achieve a higher unit price for our farm products, by curtailing production, and in the process flirt with the possibility of losing foreign markets because we would be unable to compete. Or we can let costs and prices drop for competitive purposes, making it easier to sell abroad, but endangering the income of our farmers—which certainly none of us want to do. Let's hope the happy medium will be our answer.

But let's not forget that virtually every other country in the world, from our Canadian neighbor to the primitive farms of Asia, is expanding production and encouraging farmers to raise more, while we alone are fighting to cut back. Let's not forget that some of our best friends are free to sell vast quantities of wheat to Red China—a market which we cannot touch. Let's keep in mind, too, that the loss of our foreign markets for farm products could cut our farm income by 40 percent and be disastrous to our entire economy.

So the great international game is full of hazards, aggravated, I must confess, by our domestic tendency to be careless with our own monetary policies, to be always willing to give until it hurts—and too often until it hurts us—and affected by the fact, which we must never forget, that every last one of these nations is developing its plans for their own sake, just as we must never forget our own interest.

And our own interest demands that we step up our own selling abroad, particularly of our agricultural products, in spite of the handicaps which confront us. Food for Peace, through Government channels, is most helpful in disposing of some of our surpluses, but if we leave it to Government to function for us in the world market, we are courting disaster. Here is indeed a selling job such as some of you in this room are familiar with and doing well at. But let's pool all the best brains in all branches of marketing so that we can bring out the best ideas for the good of all, so that we can really dig into our surplus problem, so that we can make our food and our influence felt with the needy of the world.

I want to add another point: I said earlier that we might find ourselves out-traded in the quest for markets under trade agreements. I suggest that those in positions of power whose responsibility the negotiations will be, make full use of the skills and the knowledge of men in the business of marketing so that we can really progress.

This leads me to my last two points which are not too unrelated. Certainly I know we all agree that our great Nation must be strong—economically, spiritually, militarily—yet peaceful in our aims and determined to prove our honorable intentions even to those who suspect us. To be these things, our agriculture must be healthy, our industry must be successful, our economic and fiscal structure in such fine shape that we can hold our heads high and serve both ourselves and the world. Therein lies our self-interest.

And similarly, I do not believe we need to be ashamed of the fact that every last one of us, as individuals, as companies, as organizations, are devoted to our own interest. We want success, we want progress for ourselves, whatever our occupation. Our problem always is to make that self-interest a mutual one in that we allow ourselves the luxury of believing that the other fellow has rights too; that it is possible to work together for the common goals which I have enumerated, while defending our own rights and positions.

I found in my tour of duty as head of the REA that it is possible by patience and reason, by convincing people that each point of view is deserving of consideration, that partnership is possible even between competitors. Despite the antagonisms, I found that utilities, REA cooperatives, municipalities, public-power groups could be brought together if an atmosphere of confidence could be developed, if it became possible to convince men that reason should prevail. We found it possible to provide the people with service, to reduce power costs, to reduce the burden on Government. I must confess, however, that this atmosphere could be developed only if those in positions of power were willing to be the umpires rather than the dictators.

So my plea tonight is that we think in terms of developing an atmosphere and an attitude of confidence, based on these things which we all are for, so that we can sit around together and consider how best to improve America, how best to assure that we perform wisely and well in the world in which we must lead, how best to serve agriculture in which we all are interested, and how best to reduce some of the suspicions and animosities which make progress so difficult.

This atmosphere of teamwork and dedication to common goals will put us in the position to meet the challenge which should be facing American agriculture today—that of finding and selling the markets to feed the hungry people in other nations of the world. The result then has to be a strong, prosperous agriculture in a greater, more prosperous America.

A Proposed Constitutional Amendment To Restore the True Intention of the Framers of the Bill of Rights Regarding the Establishment of a State Religion

EXTENSION OF REMARKS
OF

HON. EDWIN B. DOOLEY

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, August 8, 1962

Mr. DOOLEY. Mr. Speaker, I have today introduced a proposed amendment to the Constitution that is designed to restore to the Constitution the true intention of the framers of the Bill of Rights with regard to the establishment of a state religion. This proposed amendment would be completely unnecessary if the Supreme Court had only adhered to the philosophy of the Founding Fathers, instead of being beguiled and confused by slogans such as "a wall of separation between church and state."

Nothing could have been further from the minds of the godly statesmen of the 18th century than the setting up of a godless state, and I am sure that they would be horrified and scandalized if they could see how grossly their intentions have been twisted in recent years. Rt. Rev. James A. Pike, the Protestant Episcopal Bishop of California, has discerningly said that the actual effect of the Court's decision in the New York State Regents' prayer case was to establish a state religion, "namely, that of secularism." His Eminence, Francis Cardinal Spellman has asserted:

> The Supreme Court's decision to declare unconstitutional a simple and voluntary expression of dependence on God by our public school children is a tragic misreading of the prayerfully weighed words of our Founding Fathers, and strikes at the very heart of the godly tradition in which America's children have for so long been nurtured.

How can the recent Court decision be reconciled with the language of Article III of the Northwest Ordinance of 1787 which stated:

> Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged. * * *

This was drafted at the same time that our Founding Fathers were gathered in Philadelphia and, in fact, represented a statutory bill of rights for residents of the Northwest Territory of the United States.

When practically every other provision of the Constitution is being interpreted "liberally" by the Court with the result that many of our freedoms are being turned into licenses, the one provision that is receiving a rigid and stultifying interpretation "according to the letter" is that relating to the freedom of religion. The epistle to the Corinthians in which it was said "not of the letter, but of the spirit; for the letter killeth, and the spirit giveth life" is still sound today and is the basis of a canon of constitutional construction that certainly should be applied to the first amendment—that each clause of the Constitution must be construed according to the spirit of the entire document.

If the Constitution prohibits the Congress from establishing a state religion—and properly so—by what right and authority does the Court now do so, as Cardinal Spellman and Bishop Pike have suggested? In setting a precedent by which future courts may bar any mention of the Almighty from our public schools and facilities, the Court is, in effect establishing a state religion, for secularism is a creed espousing material and temporal values.

Mr. Speaker, my proposed amendment simply reaffirms and strengthens the original meaning of the first amendment in language that will clearly guide any present or future Court. This is precisely the reason why my resolution is designed specifically to amend the first amendment to the Constitution of the United States, to read as follows:

> Congress may not make any law establishing secularism or any religious denomination or sect, or prohibiting the free exercise of religion; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble and to petition the Government for a redress of grievances.

By eliminating the broad phrase "respecting the establishment of religion" my proposed amendment more clearly gives effect to the intention of the Founding Fathers to prohibit the establishment of a state church, while at the same time permitting the Congress to implement that intention by legislation should the need to do so ever arise. This the Congress could not do if the phrase were given a literal construction, because any law on the subject could be construed as a law "respecting the establishment of a religion."

Just as I deplore those who would destroy the Supreme Court because of this decision, so, too, do I hold no brief for those who regard the proposal of a constitutional amendment as a disparagement of the Court. In establishing the system of checks and balances our Founding Fathers saw clearly the need for orderly public veto over the judicial as well as the legislative and executive branches. To completely isolate one from the pulse of society would be to destroy the delicate balance of that system.

Yet, I do not offer my amendment in order to override the recent decision in the New York State Regents' prayer case alone. Rather, I do so because I fear the future judicial pronouncements emanating from it. Under similar misinterpretations of the intent of the first amendment's establishment clause, I fear for the future legality of such traditions as baccalaureate services in public schools and tax exemption for religious properties.

Indeed, I fear for the very survival of the spiritual and moral values which set our and other nations so far apart from the sterile materialism of our Communist enemies. While our Constitution properly forbids the promotion of any one form of worship, it likewise was never meant to preside over the decline of religion, for as Moses warned the people of Israel in the ancient Book of Deuteronomy:

> Beware lest you say in your heart, my power and the might of my hand hath gotten me this wealth. * * * And if you forget the Lord your God I solemnly warn you this day that you shall surely perish. Like the nations that the Lord made to perish before you, you shall surely perish.

Ins and Outs

EXTENSION OF REMARKS
OF

HON. THOMAS B. CURTIS

OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Wednesday, August 8, 1962

Mr. CURTIS of Missouri. Mr. Speaker, there is great concern among those who live by grace of the New Frontier to assure that they are always on the right—or perhaps I should say correct—side of the line that marks the New Frontier ins and outs. The gentleman from New Jersey [Mr. FRELINGHUYSEN] has done great service for those who must watch their step along these lines by devoting a part of his August 2 newsletter to an in-and-out guide of the New Frontier. The New York Herald Tribune, having learned the importance of knowing the ins and outs of the New Frontier, reprinted the gentleman's sage advice and, since those most interested in staying on the "in" side might not be on the gentleman's mailing list or might not be readers of the Herald Tribune, I am placing this handy guide in the RECORD to help separate the ins and outs.

THE INS AND OUTS OF THE NEW FRONTIER

(By Congressman PETER FRELINGHUYSEN, JR.)

(This is the newsletter sent to his constituents today by Mr. FRELINGHUYSEN, Republican, of Morristown, N.J.)

On the New Frontier you are either in or out.

Some of the people who are in are Robert Frost, Pablo Casals, and Harry Truman.

Roger Blough was out but he is now in. Senator SMATHERS was in but he may now be out. Bobby is so in he is way out. Teddy will soon be in, they hope.

Pool parties in Bobby's backyard are in, as are many of the guests. Harvard professors are in. Princeton professors are out. MIT, Minnesota, and Dartmouth are in. Rutgers, Columbia, Purdue, and Cornell are out.

Twisting on the New Frontier is obviously in, the mashed potato is out. Antiques are in, modern out.

Everyone thinks the ADA is in but it is really out. Needless to say, the AMA is out.

The white tie is out. At the Justice Department shirtsleeves are in.

Talk about the stock market is out. Africa is in. Spain is out. So are France, Belgium, the Netherlands, and Peru. Italy is in. Chiang Kai-shek is so far out that he is in. The United Nations is in.

Chester Bowles was in. Now he is out.

Testifying before congressional committees is out.

Pat Brown thinks he is in. Secretary Freeman has a feeling he is out.

It is in to refer to the New Frontier hospitalization bill as medicare. No one knows yet whether a tax cut is in or out. It is out to watch the "Ev and Charlie Show." It is in to make fun of it.

The Washington Post is so far in that it is almost out. The New York Herald Tribune is coming back in. To be mentioned in Reston's column is in but the New York Times may be on the way out.

Senators who want to be in are out. Only their votes are in. Southern Democrats are in. Doris Fleeson is out. Roscoe Drummond doesn't care whether he is in or out, so he is in.

Drew Pearson is out. But a Drew Pearson column is in.

Membership in the Metropolitan Club is out. The Capitol Hill Club can never be in. Neither can Richard Nixon, Barry Goldwater, or Nelson Rockefeller.

To be seen with one of the astronauts is in. Traveling with J.F.K. on the Presidential plane the *Caroline*, is in. It is better than a junket.

Nehru is in. Souvanna Phouma is in. So are two-button suits.

Touch football is going out but Bobby hasn't been told yet. Water skiing is in, for the summer. Golf is an enigma.

LYNDON JOHNSON is out. He always was.

Texas is out.

Billie Sol almost got in. Now even mention of him is out.

Remarking that the New Deal was grand is out.

The phrase "one term" is out. Because of Adlai Stevenson, New York is out.

Newport, Hyannis Port, Squaw Island, and Palm Beach are in. Glen Ora is going out fast. Pecos, Newark, and Gettysburg are out.

The fireside chat is out. The press conference is in. Reporters are in. Publishers are out. No exceptions.

Television is out, except when J.F.K. is on.

Sinatra is out for all time. Peter Lawford took care of that. Morton Downey may be taking his place.

Among Republicans it is fashionable to be out. Among Democrats it is fatal, unless they live south of the Mason-Dixon line.

Superpatriots are out.

Congress is out.

The watchword: Sophistication.

(With apologies to "The In and the Out Book," Viking, 1959, which you should read. If it is not in, it ought to be.)

We Are Running Out of Money So We Are Now Sending Our Jobs Overseas

EXTENSION OF REMARKS

OF

HON. ALVIN E. O'KONSKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. O'KONSKI. Mr. Speaker, at one time we had $30 billion worth of gold in our Nation. Because of our giveaway program, we now have about $16 billion left. If the nations of the world called in the gold that is due them, the United States of America would be "broke" with not a dollar's worth of gold; in fact, we would owe $7 billion in gold that we do not have.

Running out of money, we are now in the process of giving away the jobs of American workers. Iron ore mines are closing, one by one, and our ore is coming in from Liberia, Africa, Venezuela, and Canada.

Our plywood plants have closed and our plywood is coming in from Japan.

Our mink farmers are losing money and closing out while furs are shipped in from Red China and Russia.

Our shoe factories are closing and we are importing shoes from Czechoslovakia and Italy.

Our steel mills are running at 50 percent of capacity, and our Government is buying steel from Germany.

Our fishermen on the Great Lakes are going broke and we are importing fish from Canada.

Our farmers are barely making a living, yet we import a billion pounds of meat from Australia, Argentina, and Canada.

Our dairy farmers are going out of business and we are importing millions of dollars of dairy products.

Our shipbuilding on the Great Lakes is merely hanging on, while our Government pays subsidies to foreign shippers. American shippers are going broke, while our Government gives and loans money to countries so that they can subsidize foreign ships.

All of this is part of our foreign aid program where we have run out of money and now we are giving away the jobs of American workers.

This is the cost and the penalty that the American people are paying for giving their money in building factories all over the world except within the borders of our own Nation. Just how much more are the American people going to stand of this greatest and grandest giveaway of all time?

The American people are going to get unemployment compensation and dole. The American people are going to get retraining for other jobs already in surplus. The American people are going to get $200 to move out of town. While the American people are going to get this, our jobs are going to be given all over the world. The giveaway in America has been transferred from money to the giveaway of American jobs.

I have never voted for this type of giveaway just as I never voted for the money giveaway.

The Improved Philippine War Damage Claims Bill

EXTENSION OF REMARKS

OF

HON. THOMAS G. MORRIS

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. MORRIS. Mr. Speaker, on May 9 of this year I regretted that I had no alternative but to join my colleagues in defeating H.R. 8617 which aimed at completing payments due on outstanding war damage claims in the Philippines. I opposed H.R. 8617 not because it would have benefited some Filipinos, but rather because it was a weak bill and did not include sufficient safeguards against large windfall profits accruing to undeserving claimants.

The Philippine Rehabilitation Act of 1946, which initiated the payment of these war claims, contained very specific requirements that the funds we provided would either compensate those who had already rehabilitated their damaged property or else—when such previous investment was not feasible—those who committed themselves to reinvesting the amount they received in such a way as to benefit the Philippine economy. Section 104(c) of the 1946 act reads:

> All of the provisions of this title shall be subject to the requirement that, to the fullest extent practicable, the Commission shall require that the lost or damaged property be rebuilt, replaced, or repaired before payments of money are actually made to claimants under this title: *Provided*, That if the Commission determines it is impossible for any reason beyond the control of the claimant, or is impractical to rebuild, replace, or repair the lost or damaged property, the Commission may make payment to the claimant without making said requirement; *Provided, however*, That as a condition to the making of such payment, the Commission shall require that the whole of such payment shall be reinvested in such manner as will further the rehabilitation or economic development of the Philippines; *And provided further*, That nothing in this subsection shall preclude the partial payment of claims as the rebuilding, replacing, or repairing of the property progresses.

The basic weakness of H.R. 8617 was that it waived this requirement, except for those now living outside the Philippines. By not assuring that the funds actually were related to the development of the Philippine economy, the way was left open for certain interests to obtain windfall cash payments.

The new Philippine war claims bill, H.R. 11721, corrects this deficiency and requires that "all payments under this act in amounts over 25,000 pesos—about $6,400—or equivalent value in dollars shall be subject to the provisions of section 104(c) of the Philippine Rehabilitation Act of 1946." This amendment assures that the larger claimants have invested or will invest sums equal to the amount they will receive under this act in the rehabilitation and economic development of the islands.

Another way that the bill has been strengthened has been by a reduction in the time allowed the Foreign Claims Settlement Commission for the completion of the payments. In the earlier debate some of the Members feared that its affairs might drag on indefinitely. H.R. 11721 requires that the Foreign Claims Settlement Commission wind up its operations under this legislation within 2 years and 60 days after final passage of the bill.

Mr. Speaker, I am very pleased that the Foreign Affairs Committee took the trouble to bring out an improved bill during this session, particularly since some misunderstandings resulted from our earlier action. Passage of H.R. 11721 gives us an opportunity to demonstrate to the Filipinos that our previous defeat of H.R. 8617 was in no way a manifestation of any ill will or lack of appreciation of our just debt to them. Because this new bill answers the reservations I held concerning the poorly conceived H.R. 8617, I am happy to add my support to H.R. 11721.

The Venezuelan Lottery

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. FINO. Mr. Speaker, while we in Congress persist in refusing to capitalize on the natural gambling spirit of the American people and while we stubbornly continue to ignore the tremendous revenue-producing features of a national lottery in the United States, most of the countries throughout the world continue to treat and respect gambling as an instinctive and universal human trait which brings pleasure to the people and financial benefits to government treasuries.

I would like, Mr. Speaker, to bring to the attention of the Members of this House some interesting facts and figures which I have gathered from some of these countries where the wheels of fortune spin on behalf of the public welfare.

VENEZUELA

This small South American nation, with a population of less than 7 million, last year took in over $48 million, of which over $30 million was given out in prizes leaving about $19 million as revenue for the treasury.

Venezuela uses this income from gambling wisely. The great bulk of this revenue was used for the benefit of hospitals and schools, and the remainder was devoted to other government purposes.

Mr. Speaker, with our taxes rapidly rising and with the need for new sources of revenue to meet our public demands becoming more pressing, is there a more painless or sensible way of raising Government revenue than a national lottery? Venezuela does not think so.

Long Historic Friendship Between American and Spanish Peoples

EXTENSION OF REMARKS

OF

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. BOLAND. Mr. Speaker, ancient Spain, occupied for 800 years by the Moors, was a land where Moslem and Jewish philosophers transmitted to Christian Europe the heritage of the ancient world. The cities of Granada, Cordoba, and Seville are known today as symbols of the intellectual and cultural heritage of their country. The Christian reconquest of Spain at the turn of the 16th century marked the start of an era in which the Spanish nation played a remarkably important part in the growth of Christian belief. The attachment to catholicism provided the basis for the historic unity of a great nation. This was also the era of discovery and exploration, in which Spain became known as the discoverer of new worlds, the ruler of an imperial domain the like of which the world had never seen, the symbol of a civilization which at one time was a world civilization. The exploits of Spain's explorers, like the philosophical and religious contributions of its thinkers, demonstrated the greatness of Spain to the world. Art and architecture unmatched anywhere contributed to the splendor of European culture during the Middle Ages.

Spain was among the first of the European states to develop a modern army and administrative system. During the last two centuries, it has been a land in flux, a land in which abrupt changes in governments and forms of government contrasted with the historic continuity of the Spanish nation. This process reached a tragic climax during the thirties, when internal differences resulted in civil war. The Spanish Civil War of 26 years ago marked the first great setback to international communism.

In recent years, relations between Spain and the United States have been based on close cooperation between the two Governments. Negotiations between representatives of the two countries resulted in arrangements, concluded in 1953, for the building of U.S. Air Force and naval bases on Spanish soil, for the granting of economic aid to Spain, and for the modernization of the Spanish armed forces with American help. The American policy of seeking close relations with our Spanish ally is not a question of party politics. When Secretary of State Dean Rusk, speaking during a recent visit to Madrid, praised the Spanish Government for its efforts in defense of the Western alliance, he was reaffirming a policy which had been stated many times by the late John Foster Dulles. We are now in a period in which both Spain and the United States are deeply engaged in rising to the challenges of the modern world. The historic friendship between the Spanish and American peoples will ease the burden facing both nations.

REA's 5-Millionth Hookup

EXTENSION OF REMARKS

OF

HON. JOSEPH M. MONTOYA

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. MONTOYA. Mr. Speaker, it was my privilege, early last month, to be present when a miracle happened, and to participate in a ceremony which symbolized one of the most constructive accomplishments of the American people and their Federal Government.

Out in my State of New Mexico there lives a rancher named John McGuffin. John, and his wife Margaret, and her 87-year-old mother, Mrs. Margaretha Walter, have lived, for the last 20 years on a 12-section spread in a remote red sandhill area of blue sage and broomweed. John McGuffin runs about 90 head of cattle. His place is 30 miles from the nearest town—Tatum—and his nearest neighbor is nearly 5 miles away.

Until last July 2 these three sturdy people lived a life which would shock a good many average Americans. For the most part they went to bed with the chickens, because their only means of illumination after dark was kerosense lamps and lanterns. They used water sparingly, because it was pumped for them by a none-too-reliable windmill. Television was something they had heard about but could not use, because they did not have electricity. Refrigeration was not for them. They kept some beef and fryers in a locker plant at Tatum, and when they wanted to indulge in these delicacies, John McGuffin had to make a 60-mile round trip. Despite crippling arthritis, Mrs. McGuffin scrubbed the family laundry clean on an old-fashioned washboard, and smoothed it with sadirons heated on wood-burning stoves. Their means of communication were negligible, because they had no telephone, and their participation in the broader life of the country and the State was minimal.

The McGuffins and Mrs. Walter are proud, substantial, even heroic American citizens. Independent and resourceful, they met and mastered the challenges of their isolated life, and accepted its special burdens without complaint.

Last July 2 a miracle happened on the McGuffin ranch. The Lea County Electric Cooperative, of Lovington, N. Mex., ran a line 3½ miles out to the McGuffin ranch, and its was electrified. This was the 5-millionth electric hookup to be made by REA-financed rural electric systems. At the same time the Leaco Rural Telephone Cooperative—another REA borrower—installed modern dial equipment in the McGuffin home. Within minutes the McGuffins found a whole new way of life, and I was proud to be present, along with REA Administrator Norman M. Clapp and others, at the happy ceremony which marked this occasion. Today, for the first time in their lives, the McGuffins have abundant light and power. They have refrigeration. They have modern kitchen and laundry equipment and appliances. They can communicate. They live safer lives. Their horizons have broadened enormously.

To me, the electrification of the McGuffin ranch is a symbol of governmental responsibility and private initiative at their very best. Back in the philosophy of the Rural Electrification Administration is the principle of area coverage. And it was through the application of this principle of area coverage that the McGuffins finally were able to get electricity. The Lea County Electric Cooperative serves the town of Lovington. In such a populous area the consumer density is relatively high. For some distributors in the electric industry this would mean attractive profits. But REA-financed rural electric cooperatives do not work on the profit principle. They use the relatively high revenues from the populous areas to help offset the cost of extending electric service to the more remote sections. That's what area coverage means. John McGuffin will not have to dip down into his own pocket to pay for those lines which reached out to his remote ranch. He will pay only a modest bill each month.

I believe it will be a source of considerable satisfaction to many of us in Government to know that this 5-millionth hookup of a rural consumer by an REA-financed rural electric cooperative is a symbol of far more substantial achievement. It is a curious fact that, when the REA program first got underway some 27 years ago, many people thought there was no need for it. They said that all the farmers who needed electricity were getting it. At that time only about 11 percent of U.S. farms enjoyed central-station electric service. Today over 97 percent of U.S. farms receive central-station electric light and power, and systems financed by REA furnish service to more than 50 percent of the Nation's farm and other rural establishments.

This service is made possible through self-liquidating Government loans, and in the fall of last year the U.S. Treasury received the billionth dollar in repayment of the principal of these loans. Not only did this represent $172 million in principal payments ahead of due dates, but it was in addition to nearly a half-billion dollars paid in interest.

It should not surprise us to know—but I think that we should note—that the dimensions of the rural electrification challenge are changing. With 97 percent of the Nation's farms electrified the problem is no longer the simple business of running in a line and turning on the lights. The farm and rural resident has learned to live with electricity, and to rely upon electricity in doing his job. The power demands of farm and rural consumers double about every 7 years. This increasing consumer demand for power is a direct reflection not only of the substantial progress of farm and rural people in the United States, but of their attainment of ever-higher standards of living. The pressure of rural electrification is liquidating underprivilege in the remote sections of the Nation, and releasing a constructive dynamic into the economy and the culture of our land, in which we all share.

A quarter-century ago those who said this job did not need doing, were wrong. Today, those who say it is done are equally wrong. It is not done; it is only begun. Certainly the Rural Electrification Administration stands well up among those felicitous mechanisms of Government which contribute simultaneously, importantly, and consistently both to the economic and cultural stability and progress of our Nation.

The Soviet Union Resumes Atmospheric Testing

EXTENSION OF REMARKS

OF

HON. FRANK KOWALSKI

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. KOWALSKI. Mr. Speaker I read with profound regret the grim news that the Soviet Union has once again resumed nuclear testing in the atmosphere.

It is now nearly a year since the dialog of terror was begun again, with the breaking of the test moratorium by the Soviet Union. It is difficult to believe the world, through testing, has moved closer to disarmament and peace.

It is estimated that the latest Soviet nuclear explosion was in the 40-megaton range, a size calculated to appall anyone who entertains doubts about the massive power of the Soviet Union. In this respect, the Soviets have failed. No one seems to care very much.

A year ago the Soviet resumption of testing was greeted with shock and violent protest in this country and throughout the world. Today I hear very little protest in the United States. The newspaper editorials for the most part seem content to observe smugly that the tests are being kept secret from the Russian people.

It appears that in the space of a few months, conditioned by our own testing, we have become insensible to what we once branded as a crime against humanity. The terror bombs cease to hold any terror for us. We have stopped trying to think about the unthinkable prospect before us, the annihilation of the human race. We have become the victims of our own propaganda.

Many like to think this round of testing is the last round, and greet the latest news with a sense of relief. Each series is the last series and each war is the last war.

The widespread apathy among the American people toward Soviet testing and our own is an ominous as the tests themselves. It is as dangerous for our survival.

Continued testing by either side brings us closer to material and spiritual disaster.

Hospital and Medical Care for Service-Connected Peacetime Veterans

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. LANE. Mr. Speaker, within the past 20 years, Congress has accomplished more for the benefit of those who served in the Armed Forces during a time of war, than all the previous Congresses of our history.

In going all out for war veterans we had the support of public opinion and the satisfaction of knowing that we were doing everything possible to care for our sick and disabled war veterans—helping their comrades to improve their job-skills, or complete their higher education, or to buy a home or a farm.

The far-reaching and constructive program of benefits that we provided for millions of these veterans, assisted them in making a successful adjustment to civilian life, and contributed to the progress and prosperity of the Nation.

It was proof of our everlasting gratitude to those who had defended our free society with their lives.

But in concentrating on legislation to benefit them, we overlooked the smaller group of peacetime veterans who also served the Nation because they were ready to defend it if war should come.

No one maintains that wartime and peacetime veterans should be treated alike because there are unbridgeable differences in the respective risks and sacrifices that they experienced. By the same reasoning, however, we should not carry this distinction to extremes by generously rewarding one group while denying the legitimate rights of the other group.

Every Member of Congress has found himself in the uncomfortable position of trying to explain to a peacetime veteran suffering from a noncompensable disability incurred or aggravated by his service that he was not eligible for hospital and medical care at a facility operated by the Veterans' Administration.

To excuse it as an oversight on the part of Congress was unconvincing because this unintentional discrimination has closed the Veterans' Administration medical doors to these veterans for many years.

War veterans now are entitled to hospital care and outpatient treatment for disabilities which they incurred in service even in those cases where they were not discharged for disability, or were not awarded compensation.

I believe that the same consideration should be extended to peacetime veterans who, at present, are entitled to treatment only if they were discharged for service-connected disability or are receiving compensation for such disabilities. If they fail to meet one of these eligibility conditions, they may not be granted hospitalization or outpatient treatment for a service-connected condition that is rated as less than 10 percent disabling.

Authorization of hospital and medical care for service-connected peacetime veterans is long overdue, and S. 3109, awaiting the President's action, will correct that neglect.

Protection for Rainbow Bridge National Monument

EXTENSION OF REMARKS
OF
HON. THOMAS M. PELLY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Wednesday, August 8, 1962

Mr. PELLY. Mr. Speaker, as passed by the Congress the upper Colorado storage project contained a special provision forbidding the construction of any reservoir in a national monument. In addition, as a part of the specific authority for the construction of Glen Canyon Dam, the Secretary of the Interior was obligated and required to undertake whatever steps were necessary for the protection of the Rainbow Bridge National Monument.

Inasmuch as the preservation of this world-famous national phenomenon is of vital concern to millions of our fellow citizens, I wrote the following letter under date of July 17 to Secretary Udall:

> DEAR MR. SECRETARY: Under the Upper Colorado Storage Project Act, construction of any reservoir or national monument is forbidden. Also, as I recall, under the authority to construct Glen Canyon Dam, you, as Secretary of the Interior, are required to provide full protection from any physical damage to the Rainbow Bridge National Monument.
>
> I am also advised that the Department of the Interior considers the appropriation for the Rainbow Bridge protective project a closed issue in this Congress.
>
> In view of this fact, I shall appreciate being advised of how the Department of the Interior plans to meet its statutory obligation, if, as you predict, Congress fails to make the protective appropriation this year.
>
> I am sure you have some plans in this connection, such as preventing storage in the Glen Canyon Reservoir until the protective appropriation is provided, and I shall be most interested in hearing what they are.
>
> Sincerely,
>
> THOMAS M. PELLY,
> *Representative in Congress.*

So far the Secretary has failed to favor me with the courtesy of a reply.

Meanwhile I have come into possession of a well prepared and fully documented thesis on this whole matter by Dr. William R. Halliday, a national authority on conservation, residing in Seattle, Wash. Dr. Hallidays' thesis, generally speaking, is highly technical. Nevertheless, in view of the fact that the Department of the Interior considers the appropriation for the Rainbow Bridge protective project a closed issue in this Congress, and in view of Mr. Udall's refusal to disclose whatever plans he has, if any, to provide protection for the Rainbow National Monument, as required by law, I think it appropriate to read certain portions of Dr. Halliday's statements into the RECORD at this point:

> Like every feature of this planet, and probably of the universe, Rainbow Bridge is only a transient feature. At most, its life expectancy is measured in millions of years, and there is an infinitesimal chance that it might collapse at any time. However, its solid bases and the limitation of present forces of rapid erosion to the inner channel of the canyon, well away from the buttresses, strongly suggests that it is quite possible that under present conditions, Rainbow Bridge will outlast the human race, just as it undoubtedly predates human civilization. Rainbow Bridge is widely recognized as one of the world's greatest individual features. Any manmade interference with conditions now prevailing at the great span which might possibly shorten its longevity and reduce it to a period of time which can be measured appropriately in human lifetimes would be a matter of grave concern to every citizen.

In this connection, Dr. Halliday who has conducted a personal survey of the monument refers to studies that have been made and has this to say:

> As nearly as can be determined, geological studies of Rainbow Bridge and Rainbow Bridge National Monument have been conducted by three bureaus of the Interior Department. Each has been the subject of an "administrative report", an intradepartmental format not normally released for public distribution. In this case, however, the Bureau of Reclamation has distributed copies of two of these "Administrative Reports" rather widely (Bu. of Rec., 1959; Hansen, n.d.). The third report, which expressed radically different conclusions, has not been released, and is known to the public only through a fragmentary quotation of the report of an unnamed National Park Service geologist by an Interior Department official. That quotation stated in part:
>
> "However, by far the most serious effect of floodwaters reaching the bottom of the watercourse beneath the span would be the danger of undermining the buttresses of the bridge itself. Standing (sic) water would dissolve cementing materials in the rock causing the sides of the water (sic) to slough. It is conceivable that the water could be, in a relatively few years, sufficient to caues the weakening of the ledges beneath the ends of the bridge and the collapse of the bridge itself."
>
> As a result, the concern of the National Park Service was sufficient that it formally requested a great reduction in the height of Glen Canyon Dam to preclude any such danger.
>
> Details of this National Park Service study and report have never been made public. Nevertheless, in denying this request by the National Park Service, Congress took specific action to protect Rainbow Bridge and the national monument. Two sections of the Upper Colorado Storage Project Act specifically forbid any invasion of the national monument by the reservoir such as is now proposed (Halliday, 1961).
>
> The administrative restriction of the National Park Service report is in striking contrast to the wide distribution by the Interior Department and especially its Bureau of Reclamation of the two administrative reports quoted so widely as support for the opposite viewpoint. One of these "geologic reports" is a Bureau of Reclamation report; the other, the "Hansen report." The Hansen reconnaissance report refers to a further report on "the geological setting of the Rainbow Bridge area," by a Lloyd Calder, "BuRec Report No. G–126," but no such report has been distributed to the public, and it cannot be stated whether or not this is partially or entirely identical to the "preliminary report" (BuRec, 1959).
>
> That "preliminary report," devoted only 15 lines to the geology and 9½ lines to ground water conditions at Rainbow Bridge. It is a "brief presentation of the engineering analyses of field investigations of facilities for protection of the monument. Other important nonengineering phases of the overall problem are not appraised in this report, and consequently no recommendations are made herein as to the final solution of the problem" (BuRec, 1959, p. 3). It contains no data by which a judgment can be made of the adequacy of the investigation of the geology and ground water conditions in question. As will be pointed out below, certain undocumented assertions in this "preliminary report" are not in accord with those of the "Hansen report." In any event, its 24½ lines of rather cursory text on geology and ground water do not constitute an intensive study of the ground water and geological situation at Rainbow Bridge.
>
> The third governmental study, and the second widely quoted "geological report" was "a brief geological examination of Rainbow Bridge National Monument and vicinity," by Wallace R. Hansen, an engineering geologist of the U.S. Geological Survey. Hansen stated:
>
> "The purpose of this examination was to obtain an independent opinion as to the geologic feasibility of various proposed measures intended to protect the monument, under the provisions of Public Law 485, from impairment by the waters of Glen Canyon Reservoir" (Hansen, n.d., p. 1).
>
> In addition to his stated assignment, Hansen also conducted "examinations of Rainbow Bridge." It appears to be of some importance that although this was to be an "independent opinion," Hansen stated that "the sites of all proposed barrier dams described by the Bureau of Reclamation were visited, but only cursory examinations were made of sites A, C, and an additional site referred to as the 'Narrows,' inasmuch as these sites are discounted as impractical by both the National Park Service and the Bureau of Reclamation." (It is site C which has been chiefly discussed as the most effective protective project (Halliday, 1961)). Hansen also referred repeatedly to Forbidden Canyon as Forbidding Canyon—a curious error.
>
> Hansen spent only 3 days (Hansen, n.d., p. 1) in this reconnaissance of 8 well-separated areas: (1) Rainbow Bridge; (2) the intake portal site upstream from the National Monument; (3) the outlet portal site in upper Aztec Canyon; (4) damsite A; (5) damsite B; (6) damsite C; (7) damsite "Narrows" and (8) "the first major tributary downstream from Rainbow Bridge" (Hansen, n.d., p. 1 and p. 12).
>
> Hansen did not state how much time was devoted to Rainbow Bridge and its immediate surroundings, but on the basis of three 12-hour workdays, it seems doubtful that Hansen spent as many hours in this "intensive" study as I did in my admittedly inadequate study. The present Director of the Geological Survey (Nolan, 1962a and b), and the Secretary of the Interior (Udall, 1962) have refused to make public the length of Hansen's study of this or any of the other

seven areas. Since Hansen failed to mention the limestone member of the Navajo sandstone which I found so easily in 1953, it seems doubtful that this study termed "intensive" (Udall, 1962) by those concealing its actual length actually was an even more cursory reconnaissance than mine or that of the Bureau of Reclamation in 1959.

Further on in his report, Dr. Halliday outlines the four major threats to Rainbow Bridge as follows:

> Proximity of the fluctuating reservoir to Rainbow Bridge would pose at least four major threats to the stability and continued existence of Rainbow Bridge:
>
> 1. Undercutting of one or both buttresses by the altered flow of Bridge Creek atop the deposits within the zone of fluctuation.
> 2. Development and collapse of solution cavities and other karstic or pseudokarstic phenomena in limestone units of the formations beneath or adjacent to Rainbow Bridge, as a result of alterations in ground water flow as a result of the fluctuating reservoir.
> 3. Leaching out of the natural cementing materials in the canyon walls by the fluctuating reservoir.
> 4. Effects of the weight of the reservoir, including earthquakes, differential subsidence and other movement, and collapse of karstic or pseudokarstic cavities in nonlimestone rocks.

Finally, Dr. Halliday comes to the following conclusions:

> "Intensive" Interior Department studies supposedly assuring the safety of Rainbow Bridge in the presence of the fluctuating Glen Canyon Reservoir are inadequate and appear to have been distorted for political purposes. An additional Interior Department study with contrary conclusions has been suppressed except for a short quotation mentioned during a 1954 hearing. The present Secretary of the Interior and Director of the U.S. Geological Survey have refused to reveal the current status of Geological Survey knowledge on many vital matters pertaining to this problem. Contrary to widespread statements of political origin, there are at least four major reasons why the fluctuation of Glen Canyon Reservoir in Bridge Canyon would greatly expedite the collapse of Rainbow Bridge which otherwise may well outlast mankind.

Based on the above information, Mr. Speaker, and in view of the importance of preserving this world-famous geological phenomenon, it seems to me that Congress should call on the Secretary to disclose in detail his plans for the preservation of the Rainbow Bridge National Monument prior to the adjournment of this Congress and before undertaking water storage in the Glen Canyon Reservoir.

Spain's Struggle Against Communism

EXTENSION OF REMARKS

OF

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. FLOOD. Mr. Speaker, in the mid-1930's Spain was in political, economic, and social turmoil. In this confusion a leftwing, Communist-oriented group under the name Popular Front came into power early in 1936. This popular front government seemed determined to rule Spain with an iron hand, and in many of its moves, aims, and tactics the people detected the hands of Moscow-trained and Kremlin-oriented communism. In the course of a few months many churches, seminaries, monastic establishments and other public institutions were set on fire. General and partial strikes were rampant, and a veritable chaos broke loose. The country was in a serious crisis while Communist elements were working feverishly for securing a firm foothold there. Great numbers of the people, and certain key leaders became aware of the serious situation, and began their fight against their government, which turned out to be their long and successful fight against the agents of communism.

This historic and epoch-making revolt, this beginning of the Spanish Civil War in July of 1936, was the first real fight of a people in Western Europe against communism. This was not just a civil war in which Spaniards fighting Spaniards, but it was an ideological war in which great world forces were arrayed against each other. Today, 26 years after the beginning of that fight, and on the 23d year after its successful conclusion, we salute the freedom-loving and gallant people of Spain.

J. Edgar Hoover: A Tribute

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. PELLY. Mr. Speaker, the United States is blessed with many able and dedicated public servants, but few have served their country with the high distinction, uncompromising loyalty, and all-out devotion of J. Edgar Hoover. It is a privilege to pay tribute to this great American.

For 38 years, as Director of the Federal Bureau of Investigation, Mr. Hoover has been serving the cause of freedom and justice in the United States. He came to this post in 1924, a young lawyer 29 years of age. Today, at 67, he is one of our most revered public servants. He has literally devoted his entire life to the cause of keeping America free from her two worst enemies—crime and communism.

In building up the FBI over the years into what is today the finest crime detection agency in the free world, Mr. Hoover has, from the beginning, been meticulous in maintaining that justice must be above politics. When he accepted the directorship 38 years ago, he did so on condition that appointments to the FBI would be made solely on merit and promotions based on proven ability. Only men of spotless character are eligible for appointment as special agents, and nothing short of a college education, supplemented by training in the law, will suffice as prerequisites for these positions of public trust.

As a dedicated leader in the field of law enforcement, Mr. Hoover has been a prime mover in creating a professional stature for the American policeman. In so doing, he has increased the understanding of the responsibilities of law enforcement officers throughout the world.

He has been ever alert to the need to bring principles of science to bear on crime detection as well as law enforcement. The FBI Identification Division and the FBI Technical Laboratory are famous throughout the world. Today, the FBI has the world's largest collection of fingerprints—more than 150 million sets are on file. Every month, some 1,300 fugitives are identified through fingerprints.

In his 38 years as FBI Director, Mr. Hoover has created an agency which is the model of efficiency and effectiveness. Last year, the fines, savings, and recoveries made by the FBI totaled approximately $150 million—an amount exceeding the funds spent to operate the FBI for the entire year.

Mr. Hoover is proud, and all Americans can be proud, that conviction in FBI cases brought to trial average over 95 percent. It is in the category of the phenomenal that during World War II no successful act of enemy-directed sabotage occurred in the United States.

It is a singular commentary on Mr. Hoover's stewardship of the FBI that he has diligently and scrupulously avoided all roads that would lead to the FBI becoming a national police force—a hated Gestapo or a GPU. Mr. Hoover could have used his power to ask Congress to make the FBI an independent agency. He is the first to point out the dangers of a dictatorial national police agency to a free society. Today, the Federal Bureau of Investigation remains a department under the Attorney General of the United States.

Mr. Hoover's great love of freedom and his keen awareness of the subtle erosions of freedom which can take place through overcentralization has resulted in one of the finest examples of Federal-State-local cooperation in our history. Both the famous FBI Identification Division and the experts and facilities of the FBI Technical Laboratory—the largest of its kind in the world—are available to all law-enforcement agencies throughout the Nation. The FBI National Academy in Washington offers the same type of training given its own special agents to local, municipal, county, and State law-enforcement officers. Local agencies in every State in the Union have sent their men to the Academy—police organizations in many foreign countries have requested that the benefits of an FBI training be extended to their personnel. The FBI not only provides these and other cost-free cooperative services, but also, upon request, provides expert testimony in local courts in connection with evidence they have examined. Thus, the FBI is in partnership with every community across the Nation.

Not only has Mr. Hoover dedicated his life to combating organized crime; he has been a stalwart and articulate leader in our struggle against communism. Time and time again, he has availed himself of every opportunity to make Americans more fully aware of the dangers of communism and to exhort us to fight this menace not only by being against it, but by being for the American ideal and by working for the cause of liberty and justice.

Notwithstanding all this and the fact that Mr. Hoover is known as "Mr. Integrity" of the law enforcement world, occasionally we hear rumor that there are some in high political places who would like to have him replaced by someone more responsive to control and for exploitation of the 6,000 special agents in the FBI and their antiracketeering and antisubversion activities.

Public opinion, of course, as long as Mr. Hoover is in charge would rebel at any such political maneuver. Thus any smear attack on him should be examined to try and discover the motive behind it.

Mr. Speaker, one such recent attack on Mr. Hoover should be thus scrutinized. I refer to the remarks of Wilbur H. Ferry, vice president of the Fund for the Republic made on August 6, 1962, in Seattle as luncheon speaker at the Western States Democratic Conference.

In this speech the Director of the FBI was accused of having built a false legend of Communist strength.

The vicious distortions of facts in the "Ferrytale" should not be dignified were it not that the speech in question was to a formal and important political party conference. As such, it smacks of undermining a great American by a means of influence through the Democratic administration's policy.

On this account I point out that Mr. Ferry referred to J. Edgar Hoover's warning against Soviet espionage in the United States.

> This is an old whine of the FBI chief—

Commented Mr. Ferry, adding—

> and its success year after year is a tribute to the trance into which his sermons throw Americans, not excepting Congressmen.

Using the old technique of ridicule he described Mr. Hoover as "a spy swatter" and his work against communism as mischiefmaking.

Mr. Speaker, I am proud, let me say, to acknowledge having contributed through my vote in this House to the remarkable record of the past 10 years where we have appropriated every cent recommended by Mr. Hoover for operation of the FBI.

Finally, Mr. Speaker, as additional tribute to Mr. Hoover, because I believe him to be one of the great Americans of the 20th century and because I believe him to be as close to irreplaceable as any mortal man can be, I introduced legislation on August 14, 1962, H.R. 12898, which relates to the appointment of the Director and Associate Director of the FBI, when the present incumbent, J. Edgar Hoover, ceases to serve by reason of retirement or for reasons beyond the control of mortal man. This legislation, if enacted, would require that the new Director and any subsequent Director thereafter be appointed by the President, by and with the advice and consent of the Senate, for a term of 15 years, the same provisions applying also to the Associate Director.

Mr. Speaker, I realize it is too late to expect action on H.R. 12898 in this Congress, but I hope and plan if I am a Member of the 88th Congress, to reintroduce this legislation and push for its early consideration.

Respect for the service and achievement of one of America's greatest living patriots is not a partisan matter. Nor is contempt for those who ridicule patriotism.

Opportunity and freedom survive, thank God, in spite of those who belittle and besmudge the ideals and systems that America holds dear.

This is because of the high morals and dedication of men like J. Edgar Hoover to whom I pay this sincere tribute today.

All Americans owe a debt of gratitude to J. Edgar Hoover, a great American, and a great leader of the free world.

The Revere Journal, of Revere, Mass., Honored as the Best Weekly Newspaper of the 10,000 Circulation Class in the Nation

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. LANE. Mr. Speaker, this is not the first time that the Revere Journal, published in Revere, Mass., has been found worthy of mention in the pages of the Congressional Record.

The Journal is an independent and courageous weekly that is much closer to the heartbeat of its subscribers than the big city dailies. In an age where the trend toward centralization of power at the top is smothering the voice of the individual, the little Journal, loyally supported by subscribers who are better known as friends and neighbors, maintains the quality that reflects its New England character.

Being a weekly, it does not have to leap for the readers' attention with sensational headlines. The Journal has leisure to report some of the good things in community life, for it understands that true reporting must encompass more than the coverage of crime, corruption, disaster, and scandal.

Much of its modest success is due to the confidence it inspires in its readers. Most of them know the genial publisher, Sidney Curtis. When he stops to talk with them on the street, he asks about the boy who is serving with the Army in Germany, or the daughter's approaching marriage. Sidney's interest in people keeps him in touch with public opinion. He knows whether most of them favor or oppose the controversial motion that is coming up before the school committee at its next meeting. Because of his many personal contacts he knows where folks stand on the larger issues involving the State and the Nation. It is no wonder that the employees of the Journal are so proud of their paper and their publisher.

At the recent annual convention of the Accredited Home Newspapers of America that was held in Washington, D.C., the Revere Journal won national recognition. Sidney Curtis was presented with the top award for general excellence of weekly newspapers in the under 10,000 circulation class.

Congratulations to all who share in the accomplishments of the Revere Journal.

Crusade Against Narcotics

EXTENSION OF REMARKS

OF

HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. ANFUSO. Mr. Speaker, David Schulte, a distinguished New Yorker who has served his city and State in public life for many years and who now holds office on the city's board of correction, has long been a leader in combating crime and corruption in all walks of life. He has recently returned from an extensive trip to Europe where he studied the elements of crime and its effect on the societies of other countries and how their experiences can be put to use in solving our problems here in the United States.

Mr. Schulte also brought back with him an unusual idea which is now being put into effect in the city of New York. It is the "Citizens Crusade Against Narcotics," a program that is enrolling every interested citizen in a huge organization spread throughout the city with each member acting as a watcher, keeping an alert eye for the dope pusher and peddler as well as for the addict himself. It is hoped that every citizen of New York will eventually become a member of this crusade to help wipe out this scourge.

Mr. Schulte has asked the advice of such distinguished personalities as Mr. Kingsbury-Smith, publisher of the New York Journal American, a newspaper which many months ago was instrumental in beginning an all-out attack on the narcotics problem. The Journal American and Mr. Kingsbury-Smith should be commended for their forthrightness and distinguished public service.

I am also happy to serve on the board of advisers of this crusade along with other public officials of the city of New York. The crusade is in its beginning and may prove a most effective way of helping to stamp out this menace. Mr. Schulte should be commended as well for his courage in this undertaking.

I take note, also, of the Special Conference on Narcotics which the White House has scheduled for September 27 and 28. I hope the Attorney General, who is serving as General Chairman of this event, will make it a point to call upon Mr. Schulte to be present and to be a member of this distinguished Conference. His experience will be invaluable.

Foreign Motion Picture Production

EXTENSION OF REMARKS

OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. DENT. Mr. Speaker, my attention was recently called to a pamphlet being sent to many Members of Congress dealing with the problem of production of motion pictures abroad by American companies. Since I have some familiarity with this matter, many of my colleagues asked my views about it.

It will be recalled that our subcommittee on the impact of imports and exports on American employment, in the course of its investigations and hearings, had also studied this particular motion picture situation. This was done at the behest of numerous union groups in California who complained that American workers were suffering from this new type of foreign competition.

Our subcommittee held 2 days of hearings and I personally conferred with both employee and employer leaders in California and Washington before and after the hearings. Subsequently, we issued a report in which we made specific findings and recommendations, chief of which was that the most effective way to meet this so-called runaway motion picture production was for closer cooperation between the producers and the craft unions and guilds in Hollywood. I may add, parenthetically, that we found that the greatest spur to foreign production was not basically the much lower labor costs abroad as it is large government subsidies by certain foreign governments who use their movies as a powerful propaganda and communications medium in a world in which three-fourths of the people still do not have the doubtful privilege of radio and television.

Subsequently, in the 3 months since the issuance of our committee report, I was pleased to learn of several concrete and specific steps that had been taken in an effort to reduce the amount of American production abroad and at the same time actually to increase production of films in the United States.

As an example, one of the most expensive films now scheduled, the biblical story entitled "The Greatest Story Ever Told," is to be shot almost in its entirety in the United States. The unions know that on spectacle type pictures employing thousands of persons substantial savings could be made abroad and therefore they modified certain union contract provisions. Similarly, the producers always have recognized that the efficiency and expertness of Hollywood artisans resulted in lower costs despite higher wage rates.

Thus, a realistic appraisal of facts and a sincere consideration of each other's problems by both employees and employers resulted not only in shifting some pictures back from foreign locale but more importantly gives promise of even greater benefits. It was this type of constructive labor-management discussion and consideration that our committee had recommended, along with a number of other points which the people of Hollywood are now pursuing in a six-point jointly adopted labor-management program.

I was, therefore, surprised and dismayed when I read the pamphlet, entitled "Awake America," currently being circulated through the efforts of the officials of three Hollywood local unions, the photographers, the electricians, and the grips. The pamphlet would have the reader believe that American motion picture producers are involved in some kind of a conspiracy to move their production abroad; that they are monopolists but ironically also perfectly willing to yield this lucrative monopoly to foreign producers; that the Government ought to do something about this; and finally they advocate that all foreign-produced movies ought to be boycotted.

Now, I yield to no man on this floor in fighting for the protection of American labor and American industry against unfair foreign competition. I think my colleagues know something of my efforts along this line. But I just could not understand some of the absurdities in the pamphlet and so I promptly wired Hollywood for the facts. I sent identical telegrams to the head of all Hollywood movie labor unions and to the principal spokesman for the producers, asking them bluntly to tell me the facts.

Here is the text of the telegram to George Flaherty, president of the American Federation of Labor Film Council, and to Charles Boren, executive vice president of the Association of Motion Picture Producers:

> Are you aware that pamphlet entitled "Awake America" purporting to come from three Hollywood unions is being widely distributed here? The pamphlet is completely contrary to reports I have had that a series of joint labor-management conferences have been held with the object of finding ways and means to sharply reduce so-called runaway production. Has there been a change in the situation? In the light of our committee hearings and subsequent report and recomendations I would appreciate a progress report and your frank comments.

The next day I received a telegram signed by both Mr. Flaherty and Mr. Boren. This is what they said:

> In reply to your telegraphic inquiry concerning pamphlet entitled "Awake America" and your request for progress report on our joint labor-management conference to reduce so-called runaway production please be advised as follows:
>
> (1) Such pamphlet, signed by business agents of three local unions which are not affiliated with Hollywood AFL Film Council, was not authorized by and does not reflect the position or attitude of our joint labor-management committee representing 19 local unions of the International Alliance of Theatrical Stage Employees, with 12,000 members; 7 local unions of the basic crafts, with 6,000 members: The Screen Actors Guild, Screen Extras Guild, Directors Guild of America, Writers Guild of America, West; and the member companies of the Association of Motion Picture Producers and the Alliance of Television Film Producers.
>
> (2) Since February 1, 1962, frequent meetings of our joint labor-management committee representing these responsible elements in the motion picture industry have been held and additional meetings are scheduled to further implement this six-point program (with which you are familiar) adopted on April 17, 1962, to attack the principal causes of foreign runaway production and to encourage increased U.S. film production.
>
> (3) There has been no lessening of our joint determination to do everything possible to solve these pressing economic problems. To the contrary, at the last two committee meetings a far-reaching and effective plan was developed to seek removal of unfair trade barriers and competitive disadvantages which handicap American domestic film production. Eric Johnston, president of the Motion Picture Association of America, Inc., and Ralph Hetzel, executive vice president of the Motion Picture Export Association, personally came to Hollywood to participate in the development of this plan with members of our joint committee.
>
> (4) Our joint committee will continue to seek practical solutions of these difficult and complex problems, and will welcome the constructive assistance of the Congress and appropriate Government agencies along the lines of the six-point program referred to above.
>
> Thank you for your continued interest in this cooperative effort of our joint labor-management committee.

Mr. Speaker, I think the answer is pretty obvious.

The answer is that the overwhelming majority of the Hollywood craft unions and guilds are engaged in a serious and constructive program of cooperation with the producers aimed at reducing foreign production and increasing domestic production.

The answer is that the sponsors of the pamphlets are the officials of three unions not members of the Hollywood Film Council and that views expressed therein are the views of the minority—and certainly they have a right, even if they are the expressed views of the full membership of the three unions involved.

The answer is that the participating union officials and the responsible studio executives in Hollywood are equally concerned about the problem, are doing something about it together, and both are resolved that America shall remain, as it has been, the preeminent movie capital of the world.

Under the circumstances, Mr. Speaker, I believe that my colleagues should evaluate the pamphlet for what it is, not for what it seems, and not become unduly concerned. For myself, I prefer to await continuing reports of the progress made by those who are doing something about the problem instead of confusing the picture by hurling wild charges about it.

Representative Fulton's Stand on H.R. 12580

EXTENSION OF REMARKS

OF

HON. JAMES G. FULTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 8, 1962

Mr. FULTON. Mr. Speaker, on Friday, July 20, 1962, I left for Patrick Air Force Base at Cape Canaveral, Fla., on official business of the House Science and Astronautics Committee. This was in connection with the Mariner I Venus launch, and a meeting with Pratt & Whitney executive and research organization in regard to the difficulties encountered on the Centaur hydrogen engine program.

Had I been able to be present, I would have voted "aye" on rollcall No. 169 on the passage of H.R. 12580, the State, Justice, Commerce appropriations bill.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 9, 1962

The House met at 12 o'clock noon.

The Reverend William D. Slates, Fort Ashby, W. Va., offered the following prayer:

Almighty, all wise, all loving God, whom to know is life eternal, unto Thee we turn this day in grateful praise for Thy loving kindness. Open our minds to greater knowledge of Thee; then shall we render unto Thee a deeper love and fuller commitment of our lives.

Forgive us our national and personal sins. Grant us great sympathy with all the peoples of the earth in their quest for life and liberty. Help us share our blessings with others. Enable us to stand for righteousness and truth against their enemies. Lead us in paths of peace.

Bless, we pray, all those in seats of government. May they be guided and sustained by Thy Holy Spirit. In Jesus' name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 23. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes;

H.R. 3372. An act for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil;

H.R. 5139. An act for the relief of Helena M. Grover;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes;

H.R. 11400. An act to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing;

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes; and

H.R. 12547. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center, to extend the time during which appropriations may be made for the purposes of that act.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 8134. An act to authorize the sale of the mineral estate in certain lands;

H.R. 10566. An act to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Ariz.;

H.R. 10651. An act to amend title 28, United States Code, with respect to fees of U.S. marshals, and for other purposes;

H.R. 10652. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn; and

H.R. 10928. An act to transfer casein or lactarene to the free list of the Tariff Act of 1930.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 55. An act to authorize the establishment of the Fort Bowie National Historic Site, in the State of Arizona, and for other purposes;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2771. An act for the establishment of a Commission on Science and Technology;

S. 3013. An act to amend the act of July 2, 1940, as amended, relating to the recording of liens on motor vehicles and trailers registered in the District of Columbia, so as to eliminate the requirement that an alphabetical file on such liens be maintained;

S. 3153. An act to guarantee electric consumers in the Pacific Northwest first call on electrical energy generated in Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes;

S. 3314. An act to amend the District of Columbia Public School Food Services Act;

S. 3317. An act to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes;

S. 3574. An act to extend the International Wheat Agreement Act of 1949; and

S. 3580. An act to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes.

COMMITTEE ON APPROPRIATIONS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a report on the bill making appropriations for military construction for the Department of Defense, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HORAN. Mr. Speaker, I reserve all points of order on the bill.

COMMITTEE ON FOREIGN AFFAIRS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight Friday next to file a report on the bill S. 2768.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CRIME IN THE DISTRICT OF COLUMBIA

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, I rise to voice, in the strongest terms, my shock and indigation at the recent robbery of Mrs. Isabell Hathaway, of Lansing, Mich., only a few blocks from this Chamber. Such incidents—and they are apparently on the increase—cannot be tolerated, especially in the Nation's Capital. If American citizens cannot visit their seat of government without fear of being attacked and robbed, how can we talk of freedom in this country? How can we point to our Capitol dome as the symbol of freedom for the rest of the world?

Frankly, I am not certain as to just what the situation here requires in order to get results and to make the District of Columbia safe, but I do know that effective action can and must be taken. If an expanded police force is needed, then let us have it. If stronger procedures for dealing with criminal suspects are required, then let us permit them. Whatever is demanded—and I intend to make inquiries to find out—we, as Members of the Congress of the United States and as inhabitants of the District of Columbia, cannot permit ourselves to be insensitive to the needs of the District government necessary to assure the safety of all residents and visitors in the Nation's Capital. If we do not provide what is necessary to protect this community against criminal activity, we have breached our responsibility to the American people.

JOE GLEN SMITH, OF SAN MATEO, CALIF.

Mr. YOUNGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. YOUNGER. Mr. Speaker, this is an important day for thousands of Joe Smiths in this country, for one of their number has been selected to visit the Capital to see the workings of the Government, but more especially to see how the accounts of all Joe Smiths are kept separately by the Social Security Administration.

Our district was honored because one of our Joe Smiths was chosen for this experiment. He is Joe Glen Smith, of San Mateo, Calif., accompanied by his wife, Maxine, daughter Becky, 5, and son Hal, 3. Their tour will be recorded by news and television to the end that our citizens who are paying into social security will be better informed as to how their records are kept at the recordkeeping center in Baltimore and how their Government operates here in Washington.

This Joe Smith is an airline employee who spends his spare time in herb gardening and has over 35 varieties of herbs growing in his backyard under that wonderful California climate which we enjoy in San Mateo.

To their credit, these Joe Smiths are making this trip at their expense.

HERBERT HOOVER

Mr. BROWN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN. Mr. Speaker, tomorrow, August 10, is the 88th birthday of our beloved former President, Herbert Hoover, at which time, in the little community in which he was born, West Branch, Iowa, he will speak at the dedication of a Presidential library created by a recent act of Congress. It may be of interest to all of us to remember that the author of that particular act was the Speaker of the House of Representatives, the gentleman from Massachusetts [Mr. McCormack]. Former President Truman and other dignitaries will be present and will participate in the dedication of this tribute to a great American.

As Mr. Hoover's address cannot be used for a press release until noon Washington time on August 10, I shall request permission to insert a copy of his speech in the Appendix of the daily Congressional Record of August 10, which, of course, will not be printed and distributed to the public until after the dedicatory address has been delivered.

I am taking this action because I believe it most applicable that the Congressional Record carry the address of this great former President, Herbert Hoover, on the day he delivers it—his 88th birthday. I am sure that every Member of the Congress, regardless of political affiliation, joins me in expressing the hope that this great humanitarian and servant of the people, Herbert Hoover, may live to celebrate many more birthdays in good health.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Louisiana.

Mr. BOGGS. I should like to associate myself with the most appropriate remarks the distinguished gentleman from Ohio has made in connection with the 88th birthday of former President Hoover. He has lived a long, productive, and useful life and has been a great credit to our country.

Mr. BROWN. I thank the gentleman.

CALL OF THE HOUSE

Mr. ASPINALL. Mr. Speaker, I make the point of order that a quorum is not present.

The **SPEAKER.** Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 194]

Abernethy
Albert
Alexander
Andersen, Minn.
Ashley
Baring
Barrett
Bass, N.H.
Blatnik
Blitch
Bromwell
Celler
Chiperfield
Collier
Colmer
Cramer
Cunningham
Curtis, Mass.
Dawson
Dent
Diggs
Dooley
Durno
Flynt
Frazier
Gray
Halleck
Harrison, Va.
Harsha
Hébert
Hoeven
Hoffman, Mich.
Ichord, Mo.
Johnson, Md.
Jones, Mo.
Karsten
Kilburn
Kitchin
Landrum
Lesinksi
Loser
McSween
McVey
Madden
Magnuson
Martin, Mass.
Mason
Merrow
Moulder
O'Konski
Osmers
Passman
Powell
Purcell
Rains
Riley
Rogers, Tex.
Santangelo
Saund
Schwengel
Scranton
Seely-Brown
Shipley
Smith, Miss.
Spence
Stephens
Taber
Thompson, La.
Van Pelt
Wilson, Ind.
Winstead
Wright
Yates
Zelenko

The **SPEAKER.** On this rollcall 361 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERSONAL ANNOUNCEMENT

Mr. BAILEY. Mr. Speaker, on yesterday, on rollcall No. 193, I was absent due to an important conference with the new Secretary of Health, Education, and Welfare. Had I been present, I would have voted "yea."

OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 755, Rept. No. 2159) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Public Works now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of the bill H.R. 10113, it shall be in order in the House to take from the Speaker's table the bill S. 2965 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 10113 as passed by the House.

COMMITTEE TO INVESTIGATE AND REPORT ON CAMPAIGN EXPENDITURES

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 753, Rept. No. 2160), which was referred to the House Calendar and ordered to be printed:

Resolved, That a special committee of five Members be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3 1963, with respect to the following matters:

(1) The extent and nature of expenditures made by all candidates for the House of Representatives in connection with their campaign for nomination and election to such office.

(2) The amount subscribed, contributed, or expended, and the value of services rendered, and facilities made available (including personal services, use of advertising space, radio and television time, office space, moving-picture films, and automobile and any other transportation facilities) by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, to or on behalf of each such candidate in connection with any such campaign or for the purpose of influencing the votes cast or to be cast at any convention or election held in 1962 to which a candidate for the House of Representatives is to be nominated or elected.

(3) The use of any other means or influence (including the promise or use of patronage) for the purpose of aiding or influencing the nomination or election of any such candidates.

(4) The amounts, if any, raised, contributed, and expended by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, including any political committee thereof, in connection with any such election, and the amounts received by any political committee from any corporation, labor union, individual, individuals, or group of individuals, committee, or partnership.

(5) The violations, if any, of the following statutes of the United States:

(a) The Federal Corrupt Practices Act.

(b) The Act of August 2, 1939, as amended, relating to pernicious political activities, commonly referred to as the Hatch Act.

(c) The provisions of section 304, Public Law 101, Eightieth Congress, chapter 120, first session, referred to as the Labor Management Relations Act, 1947.

(d) Any statute or legislative Act of the United States or of the State within which a candidate is seeking nomination or reelection to the House of Representatives, the violation of which Federal or State statute, or statutes, would affect the qualification of a Member of the House of Representatives within the meaning of article I, section 5, of the Constitution of the United States.

(6) Such other matters relating to the election of Members of the House of Representatives in 1962, and the campaigns of candidates in connection therewith, as the committee deems to be of public interest, and which in its opinion will aid the House of Representatives in enacting remedial legislation, or in deciding contests that may be instituted involving the right to a seat in the House of Representatives.

(7) The committee is authorized to act upon its own motion and upon such information as in its judgment may be reasonable or reliable. Upon complaint being made to the committee under oath, by any person, candidate, or political committee, setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, the committee shall investigate such charges as fully as though it were acting upon its own motion, unless after a hearing upon such complaint, the committee shall find that the allegations in such complaint are immaterial or untrue. All hearings before the committee, and before any duly authorized subcommittee thereof, shall be public, and all orders and decisions of the committee, and of any such subcommittee, shall be public.

For the purpose of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Eighty-seventh Congress, to employ such attorneys, experts, clerical, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, and to take such testimony as it deems advisable. Subpenas may be issued under the signature of the chairman of the committee or any subcommittee, or by any member designated by such chairman and may be served by any person designated by any such chairman or member.

(8) The committee is authorized and directed to report promptly any and all violations of any Federal or State statutes in connection with the matters and things mentioned herein to the Attorney General of the United States in order that he may take such official action as may be proper.

(9) Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties prescribed by law.

That said committee is authorized and directed to file interim reports whenever in the judgment of the majority of the committee, or of a subcommittee conducting portions of said investigation, the public interest will be best served by the filing of said interim reports, and in no event shall the final report of said committee be filed later than January 3, 1963, as hereinabove provided.

LEGISLATIVE PROGRAM FOR WEEK OF AUGUST 13

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, I take this time in order to ask the acting majority leader if he can tell us the program for next week.

Mr. BOGGS. Mr. Speaker, at the conclusion of the legislative program for today it is my intention to ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The program for next week is as follows:

Monday is District Day, and we have scheduled eight bills from the Committee on the District of Columbia, as follows:

S. 1918: Retirement benefits, Park Police, firemen, Secret Service.

H.R. 12727: Medical care, police and fire departments.

S. 2357: Regulation, life and accident insurance.

S. 3315: Assessments of property.

H.R. 12689: Amend, an act to establish a code of law.

H.R. 8563: Amend, Life Insurance Act, veterans' organizations.

H.R. 11698: Appointment of new trustees in deeds of trust.

H.R. 10188: Regulation of buildings, Georgetown area.

These bills may not necessarily be called in the order to which I have just read them.

In addition, we have scheduled H.R. 1341, motor vehicles, safety standards, and H.R. 9045, Government interests in copyrights and trademarks.

For Tuesday and the balance of the week:

The military construction appropriation bill, 1963.

S. 1005: Federal Reserve branch banks, building construction.

H.R. 8874: Authorization, Bank Service Corporation Act.

H.R. 12336: Amend, Atomic Energy Act.

For Thursday we have scheduled the public works appropriation bill for 1963.

Conference reports may be brought up at any time, and any further program will be announced at a later date.

Mr. ARENDS. May I ask the acting majority leader if there will be rollcall votes on Monday or Tuesday of next week?

Mr. BOGGS. Yes. There are no contested primaries scheduled.

Mr. ARENDS. I thank the gentleman.

TRADING WITH THE ENEMY ACT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 745, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3460) to amend section 9(a) of the Trading With the Enemy Act, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 745 provides for the consideration of H.R. 3460, a bill to amend section 9(a) of the Trading With the Enemy Act, as amended. The resolution provides for an open rule with 1 hour of general debate.

H.R. 3460 would amend section 9(a) of the Trading With the Enemy Act to provide that upon a determination by the President, in time of war or national emergency, that the interest and welfare of the United States require the sale of any property or interest claimed in any suit filed under this subsection and pending on or after the date of enactment of this legislation, the Alien Property Custodian or any successor officer or agency may sell the same, with the net proceeds of such sale being deposited in a special Treasury account pending the entry of final judgment in the suit. Claimants would have the right to elect whether to accept the net proceeds of such sale or to waive their claim to such proceeds and seek just compensation instead. If just compensation is sought, the court hearing the pending suit would determine the amount which constitutes just compensation, and enter an order therefor, which would be a judgment against the United States, to be satisfied first out of the net proceeds of the sale, with any balance being paid in the same manner as are other judgments in cases arising under section 1346 of title 28, United States Code.

Insofar as the legislation will affect property vested during World War II, its principal purpose is to authorize the Attorney General to effect the sale of approximately 93 percent of the outstanding shares of stock of General Aniline & Film Corp., which is the sole remaining company in active operation under the supervision of the Office of Alien Property. These shares, which were vested in the Alien Property Custodian in 1942 under the provisions of the Trading With the Enemy Act, are presently the subject of a suit for their return under section 9(a) and cannot be disposed of pending the termination of the suit unless this bill is enacted.

General Aniline & Film is engaged in the manufacture and distribution of a variety of products in the photographic, dyestuff, and chemical industries. It is the second largest producer of photographic materials in the United States, one of the largest dyestuff producers and a leader in the manufacture of copying machines and allied products. The corporation has total assets of approximately $170 million, and employs over 8,000 people, being extremely important to the welfare of the areas in which its facilities are located, principally in New York, New Jersey, Kentucky, Alabama, Michigan, California, Illinois, and Colorado. A significant portion of its output goes to the defense agencies of the Government.

Mr. Speaker, I urge the adoption of House Resolution 745.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as stated by the gentleman from California [Mr. Sisk], House Resolution 745 is an open rule providing 1 hour of debate for the consideration of H.R. 3460. My understanding of this measure is precisely the same as that of the gentleman from California, so I will not repeat his statement but simply ask to be associated with his remarks.

May I simply say in addition to his remarks that the maintenance of General Aniline & Film Corp. as a strong, productive, and competitive organization under the control of nonalien interests is important to the public interest and welfare and would promote the national interest. The proposed legislation would accomplish this, while at the same time safeguarding private interests through its provision for substituting the proceeds of sale or just compensation for the property itself. Also important is the factor that this legislation would make it possible for the Government to rid itself of its unnatural role as owner of a private competitive business.

The property will be sold to the highest bidder. The money will go into the U.S. Treasury. In my opinion this legislation is long overdue. We ought to get rid of the ownership of this last piece of property which we are operating as a going concern and dispose of it in this particular way.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield.

Mr. GROSS. Will the proceeds of this sale be earmarked for the payment of war claims, or blanketed into the general funds of the Federal Treasury?

Mr. SMITH of California. At the hearing before the Rules Committee inquiry was made as to that. Our understanding is that it will be sold under the provisions of section 12 of the Trading With the Enemy Act which says it has to be an advertised sale.

I imagine it would be effected by the act we passed yesterday dealing with the war claims, but after a certain length of time any balance of the proceeds would be covered into the Treasury.

Mr. MACK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield.

Mr. MACK. The proceeds of the sale would be held in trust pending the outcome of suits now underway in the courts. The proceeds will be held in a special trust fund.

Mr. SMITH of California. When those suits are disposed of, any funds available would go into the Federal Treasury.

Mr. MACK. The gentleman is entirely correct. When the suit or suits are disposed of the funds will be available for the payment of war claims and would go into the war claims fund.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. SMITH of California. I yield to the gentleman.

Mr. GROSS. Is the pending legislation necessary in order for the Alien Property Custodian to sell this property? Or does it set up conditions which are not now available to the Alien Property Custodian?

Mr. SMITH of California. It is my understanding that this legislation is necessary because of this long, involved suit that is pending in the courts at the present time and that may go on for a great many years. We would like to get out of the operation of this General Aniline and Film Corp.

A great many properties have been sold under the Trading With the Enemy Act over the years. This is the last corporation we are operating. I understand it is now in the possession of the Attorney General who took over from the Alien Property Custodian.

Mr. ROBISON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield.

Mr. ROBISON. I think an answer to the gentleman's inquiry is found in the statement included in a letter from the Department of the Treasury, by Mr. Robert H. Knight, its General Counsel, in which the following statement is made:

> Under the present provisions of law any claim for the return of vested property, no matter how ill founded, can at any time before sale bring to a standstill the orderly process of liquidating vested property. The enactment of the proposed legislation would avoid the delay and waste involved in the present procedures and would allow disposition of vested property within a reasonable period of time after vesting.

If the gentleman will yield further, the litigation in this instance has gone on for 14 years. Those of us who are interested in this great corporation think it is time to return it to the free enterprise system.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I think we should be plain on the intent of Congress at this time because it is left up in the air by the remarks of the gentleman from Illinois. If this stock is turned into a fund, which is held in trust, and the fund is turned over to the Treasury to be paid into the war damage claims fund, it is taking away from these claimants the basis on which the suit is entered.

At this time we should make clear what the intention of the Congress is as to these funds. There has been an answer previously by the gentleman from Illinois. The gentleman from Arkansas was not present. The answer was, I believe, that the proceeds of these funds would first be put into a trust fund, then would go into a war claims fund. If that is the case, what is the intent of Congress? Are we depriving the claimants of the basis of their suit, first by authorizing the sale, then putting in the war damage fund the proceeds of the sale?

Mr. HARRIS. I was here a moment ago during the colloquy when the gentleman from Illinois very appropriately answered the question.

Let me say that we are not changing the policy on war claims legislation at all by this legislation. The intent of the Congress as to what will happen to the vested fund is not involved here at all. That was decided many years ago.

This legislation is for the purpose of selling a particular industry, the General Aniline & Film Corp.

Mr. FULTON. The intent of this act is not to change existing law in that respect?

Mr. HARRIS. Insofar as the claimants are concerned, they are not affected at all.

Mr. SMITH of California. Mr. Speaker, I have no further requests for time.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING SECURITIES AND EXCHANGE COMMISSION TO DELEGATE CERTAIN FUNCTIONS

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 747 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2135) to authorize the Securities and Exchange Commission to delegate certain functions. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. Smith], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 747 provides for the consideration of S. 2135, a bill to authorize the Securities and Exchange Commission to delegate certain functions. The resolution provides for an open rule with 1 hour of general debate.

S. 2135 would authorize the Securities and Exchange Commission by published order or rule to delegate certain of its functions to a division of the Commission, an individual Commissioner, a hearing examiner, or an employee or employee board, and provides for appeals of actions taken under certain of such delegations. The Commission would retain a discretionary right to review any action taken under delegated authority, and the vote of one member of the Commission would be sufficient to bring any such action before the Commission for review.

The enactment of this legislation would result in no additional cost to the Government.

Mr. Speaker, I urge the adoption of House Resolution 747.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as stated by the gentleman from California [Mr. SISK], House Resolution 747 does provide for 1 hour debate on an open rule for the consideration of S. 2135.

Mr. Speaker, my understanding of the purpose of this bill is precisely the same as that stated by the gentleman from California [Mr. SISK] and I associate myself with the gentleman's remarks. In addition to his statements may I call the attention of the Members of the House to the fact that last year we did pass Reorganization Plan No. 1 of 1961 which had for its purpose the same purpose as S. 2135. The other body thought that the reorganization plan went too far and it was not passed by that body. This bill, as passed by the other body, is designed to take care of its objection to Reorganization Plan No. 1 of 1961 which was passed last year by the House.

Mr. Speaker, I know of no objection to the bill and I know of no objection to the rule.

Mr. BROWN. Mr. Speaker, would the gentleman yield?

Mr. SMITH of California. I would be glad to yield to the gentleman from Ohio.

Mr. BROWN. In connection with the legislation which this rule will make in order to consider at this time, the legislation itself does provide for the establishment of new methods and new procedures in the Securities and Exchange Commission, somewhat in line with the provisions of Reorganization Plan No. 1 of 1961 which was submitted by the President, but after it eliminated some of the objectionable features of this reorganization plan which caused the Senate to reject it. Some of us who were on the Subcommittee on Government Organization at that time did oppose the reorganization plan then. I know of no objection to the legislation as it is now written and do not feel that it would be harmful in any way. I hope the bill will receive unanimous support.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. I regret that I have not read all the report—is the majority minus one provision, as contained in the reorganization proposals of last year contained in this proposal before us?

Mr. BROWN. If the gentleman will yield——

Mr. SMITH of California. I yield to the gentleman from Ohio.

Mr. BROWN. No. Any one member of the Commission can bring the matter up before the full Commission whether he has been connected with the investigation or not, and any one member of the Commission——

Mr. GROSS. The gentleman will recall that in the reorganization plan last year, as with other reorganization plans, there was the provision that a majority of the Commission, minus one—which meant a minority of the Commission—could control the Commission and would be dominant? That feature, the gentleman says, is out of this bill; is that correct?

Mr. BROWN. That is my understanding.

Mr. GROSS. I am glad to hear that.

Mr. SMITH of California. Mr. Speaker, I note that the gentleman from Arkansas [Mr. HARRIS] is shaking his head in the affirmative and perhaps he would like to respond to that statement.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman is correct. As it was passed in the House last year, two members of the five-member Commission could bring a matter before the full Commission. Under the provisions of this bill any one member can bring it to the Commission for consideration.

Mr. SMITH of California. Mr. Speaker, I have no further requests for time.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SALE OF VESTED ASSETS

Mr. MACK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3460) to amend section 9(a) of the Trading With the Enemy Act, as amended.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 3460, with Mr. ROONEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MACK. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the purpose of this bill is to take the Government out of the business of managing a large industrial firm; namely, the General Aniline & Film Corp.

Operation of this huge concern has been under Government control since the majority shares were vested by the Justice Department as enemy property at the start of American participation in World War II.

It seems likely that litigation over ownership of these shares will be prolonged for many years. This means that Government operation of this industry will continue indefinitely unless the pending bill is enacted.

General Aniline is a major company in a growth industry but the legal consequences of Government control have retarded its normal development. Because of its present status the company cannot raise the equity capital needed to expand. It cannot offer adequate inducements to attract and keep young executives. This is bad for its employees, the minority American stockholders, and for the communities across the country where General Aniline plants are located.

The prescription needed to restore this company to economic health is a strong dose of free enterprise.

It is time for the Government to get out of General Aniline and let free enterprise take over.

This is the solution offered by the pending bill, H.R. 3460.

Section 9(a) of the Trading With the Enemy Act—40 Stat. 419; 50 U.S.C. App. 9(a)—as amended, permits any person, other than an enemy or ally of an enemy, claiming interest in any vested property, to institute a suit for the return of such property. It also expressly enjoins the Attorney General—successor to the Alien Property Custodian—from disposing of any such claimed property prior to the final judgment in any such suit.

The reported bill would amend section 9(a) to provide that upon a determination by the President, in time of war or national emergency, that the interest and welfare of the United States require the sale of any property or interest claimed in any suit filed under this subsection and pending on or after the date of enactment of this legislation, the Alien Property Custodian or any successor officer or agency may sell the same, with the net proceeds of such sale being deposited in a special Treasury account pending the entry of final judgment in the suit. Claimants would have the right to elect whether to accept the net proceeds of such sale or to waive their claim to such proceeds and seek just compensation instead. If just compensation is sought, the court hearing the pending suit would determine the amount which constitutes just compensation, and enter an order therefor, which would be a judgment against the United States, to be satisfied first out of the net proceeds of the sale, with any balance being paid in the same manner as are other judgments in cases arising under section 1346 of title 28, United States Code.

Insofar as the legislation will affect property vested during World War II, its principal purpose is to authorize the Attorney General to effect the sale of approximately 93 percent of the outstanding shares of stock of General Aniline & Film Corp., which is the sole remaining company in active operation under the supervision of the Office of Alien Property. These shares, which were vested in the Alien Property Custodian in 1942 under the provisions of the Trading With the Enemy Act, are presently the subject of a suit for their return under section 9(a) and cannot be disposed of pending the termination of the suit unless this bill is enacted.

General Aniline & Film is engaged in the manufacture and distribution of a variety of products in the photographic, dyestuff, and chemical industries. It is the second largest producer of photographic materials in the United States, one of the largest dyestuff producers and a leader in the manufacture of copying machines and allied products. The corporation has total assets of approximately $170 million, and employs over 8,000 people, being extremely important to the welfare of the areas in which its facilities are located, principally in New York, New Jersey, Kentucky, Alabama, Michigan, California, Illinois, and Colorado. A significant portion of its output goes to the defense agencies of the Government.

Section 12 of the Trading With the Enemy Act provides the manner in which the property shall be sold. I should like to point to the significant portion of this section which says that any property sold under the Trading With the Enemy Act shall be sold only to American citizens, at a public sale to the highest bidder, after public advertisement of time and place of sale which shall be where the property or a major portion thereof is situated unless the President stating the reasons therefor, in the public interest, shall otherwise determine. In this connection, I would like to insert for the RECORD the history of previous sales of large companies which have been made by the Alien Property Custodian under the provisions of this law.

The first of the larger companies sold by the Alien Property Custodian was American Potash & Chemical Corp. The vested interest in this corporation, consisting of 90.8 percent of its outstanding capital stock, was sold as a result of a sealed bid public offering in March 1946 to a syndicate of Glore, Forgan & Co., Kuhn, Loeb & Co., and Lehman Bros. The sale price was approximately $15½ million.

The second company of substantial size sold by the Alien Property Custodian was the American Bosch Corp. The vested interest, consisting of 77.4 percent of its outstanding capital stock was sold in July 1948 as a result of a sealed bid public offering to Arma Corp. The sale price was approximately $6,100,000. The shares were registered with the Securities and Exchange Commission prior to the offering.

In December 1948 the Alien Property Custodian sold the American Bemberg Corp. and the North American Rayon Corp., for a combined price of $17,100,000. The sale was made as a result of a sealed bid public offering to Beaunit Mills, Inc. Prior to the offering the shares were registered with the Securities and Exchange Commission.

Maywood Chemical Works were sold as a result of public auction in January 1949 to the issuing corporation for $847,500.

In March 1952 the Schering Corp. was sold through the medium of a sealed bid public offering to the underwriting corporation headed by Merrill Lynch, Pierce, Fenner & Beane. The sale price was $29,132,000. These shares were registered with the Securities and Exchange Commission prior to the offering.

In 1953 the vested interest in the General Dyestuff Corp. consisting of 100 percent of its capital stock was sold to General Aniline & Film Corp. at a private sale for 65,000 shares of the class A stock of the purchasing corporation. The private sale was based on a finding that the interdependence and close business relationship of both corporations made such a sale desirable. General Dyestuff Corp. was subsequently merged into General Aniline & Film Corp.

NEED FOR LEGISLATION

Under existing law, the control of General Aniline & Film Corp. will remain in Government hands during the pendency of litigation. Under Government management, the company has been unable to raise new capital or pursue executive incentive plans in keeping with that of other large industrial corporations, and consequently it has been difficult for the company to maintain itself in a strong competitive position and to attract outstanding research and executive personnel. Indeed, the injunctive provision of section 9(a), which this bill seeks to amend, has itself been invoked to hamper the company in desirable expansion attempts. A recapitalization plan attempted in 1956 was enjoined at the behest of the plaintiff, and another attempt in 1960 to amend the charter was likewise enjoined on the plaintiff's motion. In each case the court ruled that the proposed company plans would alter the nature of the property which was the subject of the suit in violation of the retention provisions of section 9(a). Accordingly, the Attorney General was enjoined from voting his stock in favor of either of those plans.

The maintenance of General Aniline & Film Corp. as a strong, productive, and competitive organization under the control of nonalien interests is important to the public interest and welfare and would promote the national interest. The proposed legislation would accomplish this, while at the same time safeguarding private interests through its provision for substituting the proceeds of sale or just compensation for the property itself. Also important is the factor that this legislation would make it possible for the Government to rid itself of its unnatural role as owner of a private competitive business.

Unless this legislation is enacted, it is unlikely that at any time in the immediately foreseeable future it will be possible to return the operation of General Aniline & Film Corp. to private ownership and operation. Litigation concerning this vested asset first began in 1948, and has continued to the present time, with no end in sight at present. Over 250,000 documents need to be interpreted and analyzed, and somewhere in the neighborhood of 1,700 persons have intervened in the pending action. A summary of the complex litigation involving this company is set forth below.

SUMMARY OF LITIGATION

A summary of the litigation involving General Aniline & Film Corp. was set forth in the 1960 Annual Report of the Office of Alien Property, Department of Justice, as follows:

> The most important litigation in the Office and perhaps the largest case involving the U.S. Government is *Societe Internationale, etc.* (*I. G. Chemie*) (also known as "Interhandel") v. *Kennedy, et al.* (U.S. District Court for the District of Columbia).
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> This is an action under section 9(a) of the Trading With the Enemy Act by a Swiss holding company to recover approximately 93 percent of the stock of General Aniline & Film Corp. valued at approximately $123 million. The district court dismissed the complaint in December 1953 because of the plaintiff's failure to produce papers and documents as ordered. The court of appeals affirmed the dismissal but granted a period of grace within which the plaintiff could comply. The Supreme Court denied a petition for certiorari. After the expiration of the period of grace the district court concluded that the production made by the plaintiff was not complete and that full disclosure could not be made under Swiss law and affirmed its earlier dismissal. The court of appeals affirmed, and the Supreme Court granted certiorari. On June 16, 1958, the Supreme Court reversed the order of dismissal and remanded the case to the district court for further proceedings.
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> After remand to the district court, proceedings were instituted to modify the order of reference to remove from the authority of the special master the trial of the issues of law and fact in this case and to leave within his functions only the supervision of discovery and other pretrial matters. This motion was denied and, upon appeal to the court of appeals under the Interlocutory Appeals Act, the court of appeals by a divided court affirmed the denial. The Supreme Court denied certiorari on November 14, 1960.
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> In the fall of 1958 I. G. Farbenindustrie in liquidation sought to intervene in the district court action to assert and have adjudicated its prevesting ownership interest in the vested shares of stock. This motion was denied on December 19, 1958, because Farben, as an admitted enemy, was barred from asserting any interests which it might have in vested property under the Trading With the Enemy Act. No appeal was taken.
>
> Prior to the granting of certiorari by the Supreme Court, proceedings before the International Court of Justice were instituted against the United States by the Swiss Government to have that Court adjudge that the United States was under an obligation to restore to the plaintiff its assets in this country or, in the alternative, for an adjudication that the dispute should be submitted to judicial settlement, arbitration, or conciliation in accordance with outstanding treaties. The United States interposed preliminary objections to the petition of the Swiss Government challenging the jurisdiction of the International Court of Justice. These preliminary objections were heard at The Hague in November 1958. By its decision of March 21, 1959, the International Court upheld one of the five objections of the United States; namely, that the petition of the Swiss Government was not yet admissible before the Court because I. G. Chemie had not yet exhausted its judicial remedies in the courts of the United States. The Court did not reach the objection to its jurisdiction which had been based upon the Connally reservation.
>
> In the latter part of 1959, General Aniline & Film Corp. proposed to its stockholders a resolution to amend its certificate of incor-

> poration to remove the redemption features from the A shares. The purpose of such amendment was to permit the use of those shares in the acquisition of plants and other properties deemed necessary for the growth and continued competitive status of the company. This proposal failed because the Attorney General was enjoined by the district court on motion of the plaintiff from voting his stock in favor of that resolution. The district court ruled that the removal of the redemption features from the A stock would alter or change the character of the vested property in a manner prohibited by section 9(a) of the Trading With the Enemy Act.
>
> Beginning in the summer of 1958, after the reversal of the order of dismissal and the remand of the case to the district court, the plaintiff produced for the inspection of the Attorney General some 246,000 papers and documents of the N. Sturzenegger & Cie. Bank. The inspection of these papers still continues. In May 1960, the Attorney General sought, through the State Department, authorization from the Swiss Government for his officials and employees to enter upon Swiss soil to perform official functions there in the form of examining and copying the books of N. Sturzenegger & Cie. to the limited extent that such books were being made available. This application is still pending.

FURTHER PROCEEDINGS

Further proceedings relating to this litigation were set forth in the 1961 Annual Report of the Office of Alien Property, Department of Justice, as follows:

> The case of *Societe Internationale, etc.* (I. G. Chemie) (also known as Interhandel) v. *Kennedy, et. al.*, brought under section 9(a) of the Trading With the Enemy Act to recover approximately 93 percent of the stock of General Aniline & Film Corp., continues to be the most important litigation in the Office.
>
> Since reversal of the dismissal of the case by the Supreme Court in 1958 and its remand to the U.S. district court for further proceedings, the major efforts of the Office have been toward obtaining the production of the records of the plaintiff's private Swiss banking affiliate, H. Sturzenegger & Cie., ordered by the district court in 1949. Nearly 250,000 Sturzenegger documents have been produced by the plaintiff, the inspection of which is currently being carried on, but the books of account of the Swiss bank, numbering over 100, must be inspected by the defendants in Switzerland and this requires the permission of the Swiss Government.
>
> In May 1960 permission was sought through the Department of State for officials of this Office to enter Switzerland for the purpose of examining and copying the books of H. Sturzenegger & Cie.; and on February 10, 1961, the Swiss Federal Council granted the application of the Attorney General but so qualified its authorization that in April 1961 the Department of State was requested to obtain clarification or modification of the conditions imposed by the Swiss. One of the conditions was that the books and records inspected, or copies thereof, or information contained therein, were not to be transmitted to any third persons not parties to the suit and, in particular, not to I. G. Farben in liquidation.
>
> During the pendency of the application for permission to inspect the Sturzenegger books in Switzerland, plaintiff moved before the master for a protective order limiting the Attorney General in the use of all documents, books, and records produced and to be produced by the plaintiff by preventing the Government from showing or turning over such records or their contents to I. G. Farben or its representatives. This motion was granted on February 14, 1961, and an order was entered on March 21, 1961, which prohibits the defendants from exhibiting or delivering to Farben or its representatives any documents produced by the plaintiff under the order of discovery as a quid pro quo for the production of information by Farben, but it does not prevent the defendants from exhibiting or delivering copies of such papers to Farben in a bona fide effort to obtain discovery of relevant information. To the extent that this order permits the use of information obtained through discovery to obtain further discovery from third persons not parties to the suit, the authorization granted by the Swiss Federal Council is in conflict.
>
> The latest proceeding in this litigation is a motion for a protective order filed by the Attorney General on June 9, 1961, to stay the deposition of the executive vice president of General Aniline & Film Corp., started by the plaintiff on May 3. The Government's motion is based on the general rule of priorities in discovery procedures and seeks an order deferring the deposition of the General Aniline & Film official with its concomitant production of documents until defendants have been afforded an opportunity to inspect and copy the Sturzenegger books of account.
>
> The suits of some 1,700 stockholders in I. G. Chemie, who were permitted to intervene in the main action, are still in the pretrial discovery stage.

CONCLUSION

All agencies of the Government concerned with the disposal of alien property strongly favor this legislation, particularly the Department of Justice and the Treasury Department.

Mr. Chairman, I recognize that there is a constitutional question involved in the sale of this corporation. Some people will argue that we cannot sell this property until the litigation to which I have referred has been finally resolved. However, the present Attorney General of the United States and the Attorneys General in the previous administration, in recommending this legislation, are definitely of the opinion that the sale would be constitutional. I would accept the verdict of the Attorneys General in this respect.

I urge the House to pass this bill.

Mr. SPRINGER. Mr. Chairman, I believe the gentleman from Illinois [Mr. MACK] has explained the bill very well in detail. I would like to point out that the reports of the executive department and the agencies on the bill, H.R. 1078, a bill identical to H.R. 3460, are shown as an appendix to this report. The Departments of Justice and the Treasury favor the enactment of this legislation and the Department of State and the Bureau of the Budget have no objection. May I say so far as I know there were no objectors appearing to testify in opposition to the bill.

Mr. Chairman, I yield 5 minutes to the gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Chairman, the bill now pending before the House is an extremely important one, and I urge our colleagues to give it their serious and sympathetic consideration. The practical effect of H.R. 3460 would be to permit the Department of Justice to sell to private interests the approximately 93 percent of the outstanding shares of stock of the General Aniline & Film Corp. which the Department's Alien Property Custodian now holds under the authority of the Trading With the Enemy Act.

General Aniline & Film occupies an important place in the economy of Union County, N.J., and other areas in which its plants are located. As a leading producer of photographic, dyestuff, and chemical products, its position is particularly essential to the national security in times of war or national emergency. Today, in fact, a substantial portion of its production goes to Government agencies. There is every reason, therefore, for Congress to free this company from Government control, permit its stock to be purchased by private interests, and thereby encourage its healthy growth as a vital part of our economy.

It is significant, Mr. Chairman, that General Aniline & Film is the sole remaining company in active operation which is still controlled by the U.S. Government as a result of its seizure during World War II as enemy-controlled property. As the committee report explains, disposal of the company previously has been prevented under existing law by virtue of the long-pending suit against the Government brought by a large number of claimants to the company's assets. While the bill would amend the law in this respect, it would also protect the legitimate interests of the claimants, in the event the courts rule in their favor, by providing for just compensation to be paid from proceeds of the sale of company stock. Under the circumstances, I believe this is a completely fair solution for all concerned, especially since it is not in the best interests of the Government to allow this stalemated situation to continue.

Under Government management, it has been impossible for General Aniline & Film to raise new capital or to undertake an expansion of its operations. The company has been further handicapped in attracting and retaining executive and research personnel and a skilled labor force generally. Major company plans for reorganization and expansion have been blocked by appeals to the very provision of law which this bill seeks to amend. As a result, the company's competitive position has been greatly weakened.

One of the effects of this weakened position, Mr. Chairman, has been a disappointing employment situation at the company's various plants. Lagging employment at the General Aniline & Film plant in Linden, N.J., and elsewhere would be given much needed stimulus by passage of this legislation.

As the sponsor of a bill similar to the committee bill, I am pleased to note that the legislation has the wholehearted support of both labor and management. In addition, the Departments of Justice and the Treasury have reported that they favor enactment of the bill and the Department of State and the Bureau of the Budget have indicated they have no objections to its passage.

I believe the record shows, Mr. Chairman, that this is sound and constructive legislation. I hope the House will approve it without delay.

Mr. MACK. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. O'BRIEN].

Mr. O'BRIEN of New York. Mr. Chairman, I rise in support of H.R. 3460.

The district which I have had the honor to represent for the last 11 years is included in the territory, the home territory in a sense, of this corporation. I might say, Mr. Chairman, that if we had a bill here today proposing that the Government of the United States enter into a $200 million business engaged in the manufacture of dyestuffs, films, and so forth, there would not be a single affirmative vote for it. Conversely today we are asking you by passing this bill to help take the Government out of a large, in fact, enormous, private industry.

The company has been shackled for a number of years by legal maneuvers. The various cases have gone up and down to the Supreme Court like a legal yo-yo. Let me say I am not criticizing the activities of the Government in its management of this corporation, because the book value of General Aniline since the Government took it over has gone from approximately $37 million to $139 million, and it is estimated that a public sale might produce as much as $200 million.

The question might very well arise: Why, then, do we want to get the Government out of business?

In the first place, I do not think the Government should be in any more businesses than it has to be.

In the second place, this development, this growth, during these years, spectacular as it has been, is only, in my opinion, 50 percent of the growth which could have been accomplished if the company had been as free to operate as freely as other private industries.

We talk a great deal about the need in this country for business expansion. In my considered judgment, here is a business which is bursting to expand. This bill, in my opinion, is fair in its terms to those who have claims before the courts. Instead of the physical property, the stock, these people will be permitted under this legislation to continue their suit, but in this instance they will be fighting for a share of the money which goes into escrow, and that could be as much as $200 million. I would think that even the attorneys who have been very busy in this field during the last 14 years would consider $200 million a rather large pot of honey.

I might point out, too, that the bill was reported unanimously by the committee. As far as the employees in my particular area are concerned, their interest is mainly in job security. There is a feeling that while the possibility exists that this plant physically might be turned over to some alien government, that their jobs, their opportunities for advancement, are not secure. The passage of this bill would lift that cloud from their heads, as well as the heads of 7,000 other employees scattered around the country, employees of General Analine.

Mr. ROBISON. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the gentleman from New York.

Mr. ROBISON. As one who has cosponsored this legislation with the gentleman from New York for the past 5 years, it is a real pleasure to rise in support thereof on behalf of the 3,600 General Analine employees who live and work in my district.

I want to associate myself with the remarks of the gentleman from New York, and pay special tribute to him because he has worked long and diligently on behalf of our common goal; that is, the return of this great corporation to the free enterprise system.

I would like also to express my appreciation to the chairman of the full committee, Mr. HARRIS; also the gentleman from Illinois, Mr. MACK, chairman of the subcommittee, for his careful and thorough consideration.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the gentleman from New York.

Mr. FARBSTEIN. I would like to go to something more fundamental and irrespective of what the gentleman anticipates the future of the company may be.

I would like to know whether I understand correctly the situation as it will exist on the passage of this legislation. It is true that any claim anyone may have, irrespective of when it may have risen, those claims will be transferred from the property as it presently exists in physical assets to a fund that will be created as the result of the sale of the present property that is in the hands of the Alien Property Custodian? Is that a correct understanding of the situation?

Mr. O'BRIEN of New York. The gentleman is exactly correct. I might point out this fund, in my opinion, will be five times as great as the book value of the corporation when the U.S. Government took it over.

Mr. FARBSTEIN. I want to ask another question: I am singularly disturbed about the fact that this was enemy property at the time of the beginning of the Second World War. Now, is there any possibility that the I. G. Farben industries, or any of these German, these Nazi companies, will be permitted in any manner, shape, or form to come into possession of any of this property that you seek to dispose of by sale or otherwise?

Mr. O'BRIEN of New York. If this bill becomes law, they will be forever barred from taking over the physical properties involved.

Mr. FARBSTEIN. I thank the gentleman.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN of New York. Yes, I yield to the gentleman from California.

Mr. HOLIFIELD. As I understand the first lines on page 2 of the report, they preclude any enemy or an ally of an enemy from participating in the distribution of these funds; is that correct?

Mr. O'BRIEN of New York. It bars any enemy or allied enemy.

Mr. HOLIFIELD. If the gentleman will yield further, it says from instituting suit. But I assume that that would be their method of obtaining it—the waiving of suit, and not putting in a claim would not be a subterfuge by which a former investor in the I. G. Farben industry could come in and substantiate himself as a legal entity in court?

Mr. O'BRIEN of New York. To the same extent that I. G. Farben is barred now, they will be barred from getting any part of that money which is held in escrow.

Mr. HOLIFIELD. If the gentleman will yield further, then aliens other than enemy aliens or allies of enemy aliens who have claims against the German company would be eligible to file a claim, or would this be confined to American citizens who have claims against the former German Government?

Mr. O'BRIEN of New York. No. The principal claimant is a Swiss concern. So the nonenemy aliens would be entitled to bring suit for any part of this money that was placed in trust.

Mr. HOLIFIELD. In your investigation have you gone behind the facade of the Swiss corporation? As we all well know, in Switzerland there are a great many holdings vested in the names of gangsters and other undesirable characters under numbered bank accounts which are confidential as far as the Swiss law is concerned. So you have not gone behind the Swiss facade of the Swiss claimants?

Mr. O'BRIEN of New York. No, we have not. I would hope if behind that facade there were any of the characters which the gentleman mentioned that they would not get a penny of this money.

Mr. HOLIFIELD. I share the gentleman's hope, but I wonder what position we would be in if a Swiss corporation which, in fact, was a corporation in which these Nazis have an interest at the present time, applied as a claimant—if this would not be a subterfuge by which the funds would be distributed to former Nazi claimants too?

Mr. O'BRIEN of New York. If that could be proved in court I assume that existing law would bar any payments to them.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the gentleman from Arkansas, the chairman of the full committee.

Mr. HARRIS. I have asked the gentleman to yield in order to try to help clear up the question which has been asked, because I think it should be made very clear for the RECORD.

In the first place, this bill has nothing to do with the claimants insofar as the claims against the Government are concerned. In the second place, the bill provides for the placing of the proceeds of the sale into a special trust fund. This is made necessary because of the litigation to determine whether or not the owners or any part of the owners were enemies of our Government during the war. The Attorney General takes the position—permit me to say to the gentleman from California [Mr. HOLIFIELD]—that the owners of this industry were enemies of the United States at the time the property was seized, and that is the issue in litigation, which the courts will determine.

Mr. HOLIFIELD. Mr. Chairman, if the gentleman will yield further——

Mr. O'BRIEN of New York. I yield to the gentleman from California.

Mr. HOLIFIELD. And if they were proved to be enemies of the Government then what is the situation?

Mr. HARRIS. If they were proved to be enemies of the Government then they will be denied any part of these funds.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN of New York. I shall be glad to yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. The able chairman of our committee has pointed out that this has nothing to do with the right of an individual enemy or otherwise in making his claim. This only goes to the right of the Attorney General of the Government of the United States to dispose of this property. That is the only issue as I understand it. This bill is not confined alone to the so-called film company, is it?

Mr. O'BRIEN of New York. No.

Mr. ROGERS of Colorado. My question then is: Suppose a man says he was not an enemy and therefore his property should not have been forfeited, that the Government has no right to take it under the Trading With the Enemy Act, but the Attorney General proceeds under this bill to sell the property and the court subsequently finds that the Attorney General was wrong; now, has that citizen of the United States who may have been deprived of his property any right to anything other than the proceeds of the sale?

Mr. O'BRIEN of New York. I would say his only right would lie against the proceeds of the sale.

Mr. ROGERS of Colorado. Does not the gentleman think it is going quite a way to enact a piece of legislation which would permit officials without proper hearing of the individuals in a court to deprive those persons of their property?

Mr. O'BRIEN of New York. I might say to the gentleman that it is my understanding from the testimony of the Attorney General and others, that virtually all of the property in the category the gentleman mentions is covered by General Aniline & Film.

Mr. ROGERS of Colorado. If it is limited to that, that is one problem.

The CHAIRMAN. The time of the gentleman from New York [Mr. O'BRIEN] has again expired.

Mr. SPRINGER. Mr. Chairman, I yield the gentleman 3 minutes.

Mr. ROGERS of Colorado. Mr. Chairman, pursuing the matter further, if the objective of this legislation is to get the U.S. Government out of this business, that is one thing. The other question is the right of the U.S. Government to seize property and then sell it, within the discretion of the Executive, and limit the rights of the individual who owned the property and who in the first instance should not have had the property taken away from him. Because then his only recourse will depend on what they get out of the proceeds of the sale. What I want to make clear, so that there will be no misunderstanding about it, is this: Can the U.S. Government under this bill, if in its opinion the property belongs to an alien whose property is subject to forfeiture, seize the property and sell it; and then if it turns out they are wrong, what chance has a man got to get his property back?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the chairman of the committee.

Mr. HARRIS. Mr. Chairman, I would be glad to respond to the gentleman and will say to him that the individual who may find himself in the position the gentleman describes is protected, in my judgment. The bill itself provides on page 3:

> If the court finds that the claimant has established an interest, right, or title in any property in respect of which such an election has been served and filed, it shall proceed to determine the amount which will constitute just compensation for such interest, right, or title, and shall order payment to the claimant of the amount so determined.

And so forth. On page 2 of the report it is explained what the right of the claimant would be.

It states that the Alien Property Custodian may sell the property, with the net proceeds of such sale being deposited in a special Treasury account pending entry of final judgment in the suit. Further, claimants would have the right to elect whether to accept the net proceeds of such sale or to waive the claim to the proceeds and seek just compensation instead. So I think the answer to the gentleman's question is that the claimant is well protected.

Mr. O'BRIEN of New York. But he is not limited to the fund, and if the Chief Executive, or whoever proceeds to sell this property, makes a mistake and sells it too low, then the Treasurer of the United States would make it up.

Mr. HARRIS. That is true. He is protected by his own sale.

Mr. ROBISON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROBISON. Mr. Chairman, I rise in support of H.R. 3460, which is truly a bipartisan measure.

My distinguished friend and colleague, the gentleman from New York [Mr. O'BRIEN], and I, have introduced comparable bills in the 85th, the 86th, and in this, the 87th Congress. My bill in this Congress being known as H.R. 1078 which bill was the subject of the several departmental reports set forth in the committee report accompanying H.R. 3460.

However, the bipartisanship approach to this subject goes back further and extends beyond this. The gentleman from New York [Mr. O'BRIEN] and my congressional predecessor, the Honorable Sterling Cole, introduced comparable bills in both the 83d and the 84th Congresses, and, as the RECORD will also show, this type of legislation has been endorsed or requested by the last three administrations. The first such request was made in a letter, dated January 12, 1949, addressed to the Speaker of the House of Representatives of the 81st Congress and signed by the Assistant to the then-Attorney General of the Truman administration, a Mr. Peyton Ford.

Also, in 1952, the then-Attorney General, the Honorable Howard McGrath, appeared before the subcommittee of the Committee on Appropriations of the House of Representatives, and made a personal appeal in behalf of the Truman administration for the passage of such legislation. Later in the same year, his successor, Attorney General McGranery, likewise gave his endorsement to the proposal.

And so it has gone, with all Attorneys General from Mr. McGrath on down to the present Attorney General endorsing, in some fashion, the legislative proposal set forth in H.R. 3460.

What is that proposal, Mr. Chairman? Well, it is basically a very simple one, although that may seem a strange word to use considering the complexities surrounding the more general subject of vested enemy assets and of war claims, a portion of which were touched upon yesterday. However, this bill does not treat with the—for many of us—difficult philosophical questions involved in a consideration of the full or partial or the no return of such vested assets. It does not propose, indeed, to give anything to anyone, or to take away anything from anyone.

Instead, it has one simple purpose and one purpose alone. That is to permit the President—if he determines such action to be in the interest and welfare of the United States—to authorize the Alien Property Custodian, or his successor, to sell in accordance with applicable law any so-called vested asset which is in his custody pursuant to the workings of the Trading With the Enemy Act, notwithstanding the fact that litigation is pending for the return of such property.

Under the factual situation before us, this bill has an effect only on the majority interest which the Custodian presently holds in the General Aniline & Film Corp.—an interest which, as I understand it, amounts to some 93 percent of the Custodian's actual holding of some 97 percent of the outstanding shares of such company, which is the sole remaining company in active operation under the supervision of the Office of Alien Property. That stock cannot now, under existing law, be sold because of the existence of pending international litigation over the validity of the vesting thereof, which litigation began in 1948—some 14 years ago—and, like the fabled brook of Tennyson bids fair to go on forever. This is litigation which has been in and out of the International Court of Justice—the World Court—and has been before the Supreme Court of the United States on at least four different occasions. And, as Deputy Attorney General Byron R. White said in his letter of August 11, 1961, as set forth in the committee report:

> The termination of [such] litigation is not in sight.

The involved history of that litigation is set forth, rather briefly, in the committee report; there is no need for me to go into it further here except to point out that for so long as that litigation continues—unles this bill is passed—the various components of General Aniline & Film Corp. here in the United States will have to continue under the handicap of governmental ownership and operation.

Although those components have operated in the black under the supervision of the Custodian—which fact is a very real tribute to the loyalty and energies of the nearly 8,000 American citizens who are employed therein—I do not think there can be any question but that governmental control, which has of necessity been of the trusteeship type, has considerably hampered the realization of the full growth potential thereof even in their highly competitive fields.

This is a competition which, in the nature of things, is certainly bound to become ever more keen in the next few years as a resurgent Western Europe and Japan move further into the chemical, camera, and film industries. In view of that, I venture to suggest that it might very well be in keeping with our Government's trustee-like duty, here, to dispose of the General Aniline stock at a favorable time for doing so, which would be an added reason—apart from our own national interest—for enactment of this bill.

Most of us, I assume—at least on this side of the aisle—are also all in favor of getting the Government out of business. Well, here is an opportunity to do so, in legislation which—as Mr. White also says—will make "it possible for the Government to rid itself of its unnatural role as owner of a private competitive business."

And this can be done, under H.R. 3460, without adversely affecting the interests of any party to that seemingly endless lawsuit because our bill provides that the net proceeds of the sale—a public sale, by the way, to the highest bidder who, under the law, must be an American citizen or a business enterprise controlled by American citizens—must be covered into the U.S. Treasury where they would be held as trust funds against the eventual settlement of such litigation either by way of judicial proceedings or by negotiation. In other words, the net cash proceeds of such sale would substitute for the shares of stock now held by the Custodian, and this important and vital industry would finally be returned to the free-enterprise system—something that is dictated not only by the national interest but by the interests of General Aniline's faithful employees, some 3,600 of whom I am privileged to represent.

As I said at the start, Mr. Chairman, this is not a partisan measure. Everyone interested in the future growth and prosperity of this corporation—its management, insofar as they are free to speak, its employees, the AFL–CIO in behalf of some 16 affiliated local unions representing over half of those employees, the minority stockholders, and many organizations including the U.S. Chamber of Commerce—has endorsed this legislation. It is time it was passed because—as the report says on page 4 thereof:

> Unless this legislation is enacted, it is unlikely that at any time in the immediate forseeable future will it be possible to return the operation of General Aniline & Film Corp. to private ownership and operation.

In behalf of General Aniline's 8,000 employees and the communities in which its plants are located, I urge your favorable consideration of H.R. 3460.

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. Younger].

Mr. YOUNGER. Mr. Chairman, to me the answer to the gentleman from Colorado is shown in lines 17 and 18 on page 3, which reads:

> If there is a balance in excess of what the property is sold for, then the balance, if any, shall be payable in the same manner as are judgments in cases arising under section 12346 of title 28, United States Code.

So that if the claimant got a judgment in excess of what the Alien Property Custodian sold the property for, he could get the additional claim out of the U.S. Government.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield.

Mr. ROGERS of Colorado. If the chief objective of this legislation is to get the Government out of the business of running the General Aniline & Film Corp., why not limit it to that purpose and not make it a general piece of legislation?

Mr. YOUNGER. That might be done, but they have other properties also. This bill would cure not only this particular property but properties in future wars if we ever get into them and have the same situation.

Mr. ROGERS of Colorado. That brings us to a question that came from the gentleman's State in World War II, right after Pearl Harbor. The gentleman recalls that Japanese citizens and descendents thereof were immediately moved, some to my State, and their property taken. Is it possible that if you pass this legislation the same situation might arise as in 1942, when they seized all those people and their property? Under this bill the Chief Executive would have the authority to sell the property and, it having been sold, they would then be limited to a suit in damages.

Mr. YOUNGER. They are not limited at all.

Mr. ROGERS of Colorado. They are limited first of all in making an election. What is wrong with the courts' making a determination in the usual manner? The gentleman says there may be others than this case.

Mr. YOUNGER. I do not know of any, but it would cover other cases, I think, without question.

Mr. ROGERS of Colorado. Does not the gentleman think that is a dangerous precedent?

Mr. YOUNGER. No, I do not.

Mr. ROGERS of Colorado. When the only objective in this proposal is to permit the sale of the General Aniline & Film Corp.

Mr. YOUNGER. No. I think we ought to pass general legislation at this time. We ought not to have to come here to pass legislation every time the Property Custodian wants to move.

Mr. ROGERS of Colorado. After all, it may be American citizens whose properties are forfeited and sold, sold to somebody else in accordance with the procedures in this case. I am sure there is going to be some question in view of the magnitude of this corporation. Are we going to be able to sell it and get a fair market price for it under this legislation? Is it then to be left to the executive branch to say when it is right? Is that not the intent of this legislation?

Mr. YOUNGER. That is my intent and that is why I support it. I want to see a law passed here that would give the Alien Property Custodian the right to dispose of this property rather than be forced to keep it on hand or hold it just because somebody has filed a suit, whether the suit can be sustained or not. All this does is to give him the right to sell and it prescribes a method by which the claimant has the right to go into court, and if the claim amounts to more than the amount which was received from the sale of the property, he can get judgment against the Government.

Mr. ROGERS of Colorado. Of course, we recognize the U.S. Government has the right to condemn property under the principle of eminent domain, for governmental purposes. That is one right the Government has. But this is another matter in which it becomes the property, maybe, of the U.S. Government under the Trading With the Enemy Act; and then again it may not. Then, if the courts are not to be permitted to determine who is the proper owner then you are changing our form of government.

Mr. SPRINGER. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. King].

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KING of New York. I yield to the gentleman.

Mr. HARRIS. I have asked the gentleman to yield to me at this point so that we can clear up this question. Let us make it very clear to the gentleman from Colorado that there is no device being used here to try to bring in something in this legislation which was not intended. In the first place, for all practical purposes, there is nothing else involved here except the General Aniline property. The report on this bill sets out on page 2 that the sole remaining company in active operation under the supervision of the Office of the Alien Property Custodian is the General Aniline property. That is all that is involved.

In answer to the other question the gentleman raised as to why this bill was in general terms, I would say that this same bill has been pending before the Congress for several years. And at the time it was first introduced other properties may have been involved in similar suits. So the legislation was couched in general terms to amend section 9(a) of the act.

This provision of law expressly enjoins the Attorney General, successor to the Alien Property Custodian, from disposing of any property prior to the final judgment in any suits which may be pending. We had to do something to overcome that provision of law and this was the way it was done. So I can assure the gentleman, all rights are protected and there is no attempt to deprive anybody else of any of their rights regarding any property.

Mr. Chairman, I thank my colleague, the gentleman from New York, for yielding.

Mr. KING of New York. Mr. Chairman, I commend my colleague, the gentleman from New York [Mr. O'BRIEN], for bringing this important legislation before the House.

Several hundred residents of my district are employed at the Rensselaer plant of the General Aniline & Film Corp. Enactment of H.R. 3460 into law will give them job assurance—for others it will mean job opportunities.

There are two major arguments in support of this legislation. One has already been discussed by the distinguished gentleman who preceded me and that is the desirability of getting the Government out of a business it should not operate and does not desire to operate.

The second reason for approval of this bill lies in the fact that General Aniline & Film, freed of the shackles of Government control and operation and thus enabled to enter fully into the competitive market of private enterprise, surely will expand greatly.

This will provide more jobs and important business growth at a time when such growth is so essential to our economic well-being. I am happy to support the bill now before the Committee and urge its approval.

Mr. SPRINGER. Mr. Chairman, I have no further requests for time.

Mr. MACK. Mr. Chairman, I have no further requests for time. I suggest that the Clerk read the bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9(a) of the Trading With the Enemy Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided further,* That upon a determination made by the President, in time of war or during any national emergency declared by the President, that the interest and welfare of the United States requires the sale of any property or interest or any part thereof claimed in any suit filed under this subsection and pending on or after the date of enactment of this proviso the Alien Property Custodian may sell such property or interest or part thereof, in conformity with law applicable to sales of property by him, at any time prior to the entry of final judgment in such suit. No such sale shall be made until thirty days have passed after the publication of notice in the Federal Register of the intention to sell. The proceeds of any such sale shall be deposited in a special account established in the Treasury, and shall be held in trust by the Secretary of the Treasury pending the entry of final judgment in such suit. Any recovery of any claimant in any such suit in respect of the property or interest or part thereof so sold shall be limited to the net proceeds of such sale, or, if more than one claimant, then to each claimant's proportionate share of the net proceeds of such sale, unless such claimant, within sixty days after receipt of notice of the amount of the net proceeds of sale, or if more than one claimant, then notice of the amount of claimant's asserted proportionate share of the net proceeds of sale, serves upon the Custodian and files with the court an election to waive all claims to the net proceeds and to claim just compensation instead. If the court finds that the claimant has established an interest, right, or title in any property in respect of which such an election has been served and filed, it shall proceed to determine the amount which will constitute just compensation for such interest, right, or title, and shall order payment to the claimant of the amount so determined. An order for the payment of just compensation hereunder shall be a judgment against the United States and shall be payable first from the net proceeds of the sale in an amount not to exceed the amount the claimant would have received had he elected to accept his proportionate part of the net proceeds of the sale, and the balance, if any, shall be payable in the same manner as are judgments in cases arising under section 1346 of title 28, United States Code. The Alien Property Custodian shall, immediately upon the entry of final judgment, notify the Secretary of the Treasury of the determination by final judgment of the claimant's interest and right to the proportionate part of the net proceeds from the sale, and the final determination by judgment of the amount of just compensation in the event the claimant has elected to recover just compensation for the interest in the property he claimed."

With the following committee amendments:

On page 1, line 9, strike out "requires" and insert in lieu thereof "require".

Page 2, line 3, after "Alien Property Custodian" insert "or any successor officer, or agency".

Page 2, line 9, after "The" insert "net".

Page 3, line 13, strike out "Any recovery" and all that follows down through the period in line 23, and insert in lieu thereof the following: "Any recovery of any claimant in any such suit in respect of the property or interest or part thereof so sold shall be satisfied from the net proceeds of such sale unless such claimant, within sixty days after receipt of notice of the amount of net proceeds of sale serves upon the Alien Property Custodian, or any successor officer or agency, and files with the court an election to waive all claims to the net proceeds, or any part thereof, and to claim just compensation instead."

Page 3, line 20, after "Alien Property Custodian" insert "or any successor officer, or agency".

The committee amendments were agreed to.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on page 16 of the report I note that the purpose of this bill is to amend section 9(2) of the Trading With the Enemy Act to empower the President, in time of war or national emergency, to determine that the interest and welfare of the United States require the sale of any property or interest claimed in any suit filed under this subsection which is pending on or after the date of enactment. I am curious to know whether this is still considered to be a time of war or national emergency? And would this sale be conducted under the acceptance of the fact that this is a time of war or national emergency?

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MACK. Yes; we are in a time of emergency now.

Mr. GROSS. So this property, if the pending legislation is enacted, would be sold in a time of national emergency; is that it? The national emergency would be considered to exist?

Mr. MACK. The gentleman is correct.

Mr. GROSS. Would that be because of the Korean war or World War II? What constitutes the present national emergency? Let me put it that way.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. HARRIS. Proclamation No. 2194 issued by the President of the United States on December 16, 1950, proclaims the existence of a national emergency. This order has not been rescinded.

Mr. GROSS. Then the authority stems from the Korean war?

Mr. HARRIS. Yes.

I do not think we ever had the termination of the World War II emergency, because, as the gentleman may very well remember, after the Legislative Reorganization Act of 1946 was enacted we had a question each year as to whether or not the Congress was legally in session after the 31st of July. The gentleman remembers very well that history.

Mr. GROSS. So the Korean emergency still exists. I have heard from a number of people that insist the United Nations won the war in Korea. Evidently the war has not been won in Korea.

Does the gentleman agree to that? Evidently the United Nations did not win the war in Korea.

Mr. HARRIS. I may say to the gentleman I have my own views and my own feelings about that. Whatever you might call it, some call it police action.

Mr. GROSS. Yes, police action, quote and unquote.

Mr. HARRIS. I do not think that we could with this legislation, important as it is, try to settle an issue which the country has not been able to settle. The United Nations has not been able to settle it in 12 years.

Mr. GROSS. If it were left to the United Nations, it would never be settled. I think the gentleman will admit that. At any rate, I think this is a reasonable piece of legislation. However, I am interested in the fact that it is predicated upon a war emergency that some people like to tell you was ended long ago.

Mr. BRUCE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to my friend from Indiana.

Mr. BRUCE. I think the gentleman from Iowa has made an important point in bringing up this declaration of emergency. The chairman states that in his judgment it was Korea, but even elsewhere this country is still operating under that emergency proclamation, and that is why some of us have so many reservations as to policy.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ROONEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3460) to amend section 9(a) of the Trading With the Enemy Act, as amended, pursuant to House Resolution 745, he reported the bill back to the

House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

AUTHORIZING THE SECURITIES AND EXCHANGE COMMISSION TO DELEGATE CERTAIN FUNCTIONS

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2135) to authorize the Securities and Exchange Commission to delegate certain functions.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2135, with Mr. Rooney in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. Harris] will be recognized for 30 minutes, and the gentleman from Illinois [Mr. Springer] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arkansas [Mr. Harris].

Mr. HARRIS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill, which is a Senate bill, S. 2135, would authorize the Securities and Exchange Commission by published order or rule to delegate certain of its functions to a division of the Commission, an individual Commissioner, a hearing examiner, or an employee or employee board, and provides for appeals of actions taken under certain of such delegations. The Commission would retain a discretionary right to review any action taken under delegated authority, and the vote of one member of the Commission would be sufficient to bring any such action before the Commission for review.

Mr. Chairman, this legislation is not new. We have had this before the House heretofore; that is, the general plan. This House approved the reorganization plan of the President last year dealing with this subject matter. As has been said earlier today, the other body failed to concur, but they did precisely in connection with the reorganization of the Securities and Exchange Commission what we did in the House with reference to the reorganization plan of the Federal Communications Commission. We did not like it. So we killed it and we rewrote the reorganization plan ourselves, just as we did with the Interstate Commerce Commission. The Senate did rewrite the reorganization plan respecting the Securities and Exchange Commission plan and reported and passed it. We have it here today. Therefore, insofar as the House is concerned it is not a new problem at all. It is one that is recognized as having merit and as being justified.

Mr. Chairman, permit me to say this: A general explanation of it, incidentally, is going to be put in my remarks in case anyone has any calls or request for anything in connection with it. Permit me to say this, however: In our special subcommittee investigation in 1958, 1959, and 1960, among many problems that we developed, was one of efficient administration in these major regulatory agencies of the Government. Members have heard me talk about delays, redtape, bureaucratic action and many things that make it difficult for our people to get the service to which they are entitled and in some instances I might say that these administrative agencies or regulatory agencies have almost bogged down to a standstill.

That made it necessary that we do something about it, and our committee has done something about it. We have been working on it since. This is the fifth of the six major regulatory agency reorganizations. This means that in this Congress we have dealt with five of the six major regulatory agencies of this Government. The only one left is the Federal Power Commission. The Senate has passed a reorganization plan similar to these for the Federal Power Commission, and in the last few days I have been considering the scheduling of that in our committee, and perhaps before the end of the session we will get the benefit of whatever good may come from that, in order to expedite the work before it.

Furthermore, as a result of the work of our committee the question of ex parte representations has been one of the big problems. We made recommendations which our committee, I believe unanimously, approved in this regard. We proposed legislation on it. We got into a great deal of discussion and controversy over it, because the kind of discussion we had created a great deal of interest and brought to our attention the many complicated problems connected with it.

The other body took a different approach to it and endeavored to bring something out of it, as we did in the House with the legislation that is proposed here. Out of this whole activity came another approach. The President set up an administrative conference of the United States which is headed by Judge Prettyman, who is now retired, a former Chief Judge of the Circuit Court of Appeals of the District of Columbia, and a very able man. I cannot think of a man who would be more able to head such an important conference.

He has the confidence not only of those in Government but of the bar associations and the Judicial Conference as well. That Conference has been moving along to help expedite these problems and resolve this very knotty problem. I am glad to report to the House, I am glad to have this opportunity to report to the House that in a recent meeting of this Conference the provisions of H.R. 14 of the last Congress have virtually been adopted, with one or two minor exceptions. So you can see that our committee has been giving a lot of consideration and thought and study to these major regulatory agencies in order that they may be armed with the machinery more efficiently to perform their own duties.

I think I can say, Mr. Chairman, that these agencies, in view of these matters and others that I have referred to, are now, in my judgment, performing an excellent job, generally speaking. They are endeavoring to carry out their work and to perform their duties in the interests of the American people. I do not mean by that to imply that any former members of these commissions have not done so in a general way. There are certain individuals whose resignations were brought about, but generally speaking there is no implication to be taken adverse to the membership of the commissions. I do say that, generally speaking, today these commissions are endeavoring to perform their jobs in a manner permitted by their abilities and with the equipment and machinery they have.

Mr. Chairman, I do not mean to imply that there are not other things that can be done. I think there is a lot of delay yet and I am hoping, with constant attention, such as we are giving to these regulatory agencies, with the limited staff we have in the old Legislative Oversight Committee, that progress will be had.

The purpose of that is to keep a constant vigil over these administrative agencies in order that we may help them to improve their procedures and that the Congress will do its duty in bringing about better administrative processes and improve the procedures in these fields. So this proposal we have here today is another attempt at this broad objective of ours in ultimately bringing about the strengthening of our processes in the regulatory agencies of this Government in order that the people of this country may benefit thereby.

This is a good bill, it has merit, it is justified, and I heartily commend it to you for your consideration and approval.

EXPLANATION OF BILL

Section 1(a) of the bill would authorize the Commission, "by published order or rule" to delegate "any of its functions to a division of the Commission, an individual Commissioner, a hearing examiner, or an employee or employee board," with certain exceptions. Section 1(b), subject to certain limitations and restrictions, would require the Commission to "retain a discretionary right to review" delegated action within a time and in a manner to be prescribed by rule. Section 1(c) would provide that delegated action becomes final action if the Commission declines review or if no review is sought within the time specified by rule.

Section 2 would authorize the Chairman of the Commission to name the particular persons, including Commissioners, who are to perform functions once the whole Commission has determined that those functions are to be delegated.

The first proviso in section 1(a) would expressly limit the power to delegate by making that power subject to section 7(a) of the Administrative Procedure Act. Briefly, section 7(a) requires that hearings on all rulemaking where notice or hearing is required by the "basic" statute (the one which confers the rulemaking power) and on all adjudications required by the basic statute to be determined on the record after opportunity for an agency hearing, shall be presided over by the agency itself (the Commission), one or more members of the agency or a hearing examiner appointed in compliance with the Administrative Procedures Act.

Thus under this first proviso in section 1(a) of the bill the Commission could not delegate the function of conducting hearings of the type just described to staff personnel but only to Commissioners or to hearing examiners.

Under the second proviso in section 1(a) the function of general rulemaking, as distinguished from rules of particular applicability, may not be delegated to anyone.

The power to delegate all rulemaking, as well as all adjudication, was questioned at the hearings which preceded the Senate defeat of Reorganization Plan No. 1 of 1961. This proviso is to make it clear that general rulemaking is not to be delegated.

Section 1(b) contains six limitations on the Commission's discretion not to review delegated action. The first one was contained in the original Senate version of the bill; the second one was suggested by the Commission when the bill was before the Senate Banking and Currency Committee; and the remaining four were suggested by the New York Stock Exchange.

The first proviso in section 1(b), which was in the original draft of the bill, would make review by the full Commission mandatory if one of the five members requested review either on his own motion or on a petition by a party. Reorganization Plan No. 1 would have required a minimum of two Commissioners to compel a review.

The next proviso in section 1(b) would compel the full Commission to review upon request, whenever acceleration of a registration statement under section 8(a) or effectiveness of a posteffective amendment under section 8(c) of the Securities Act of 1933 was denied at any delegated level.

The remaining provisions of section 1(b) of the bill were suggested to the Senate by the New York Stock Exchange. These provisions cover for the most part areas in which the Commission contemplates delegation, if any, only to a limited extent.

Under section 12(d) of the Securities Exchange Act of 1934 an application for registration of a security to be listed on any registered exchange becomes effective 30 days after the Commission receives certification from the exchange, unless the Commission accelerates the effective date. The proviso in section 1(b) of the bill would compel full Commission review if a party adversely affected by denial of such an acceleration requested it.

The next proviso in section 1(b) would require full Commission review whenever requested by a person adversely affected by any delegated action which suspends, denies, or revokes a broker-dealer registration pursuant to section 15(b) of the Securities Exchange Act.

The next proviso would grant mandatory review by the full Commission to any party adversely affected by any delegated action which suspends, denies, or withdraws the registration of a stock exchange or which suspends or expels a member of such an exchange pursuant to section 19(a) of the Securities Exchange Act.

Finally, any delegated action which suspends trading on an exchange pursuant to section 19(a) of the Securities Exchange Act would have to be reviewed by the full Commission if an adversely affected party so requested.

The Committee on Interstate and Foreign Commerce conducted hearings on May 29 at which the members of the Securities and Exchange Commission appeared in unanimous support of the bill. Statements were received from the Bureau of the Budget, the Department of Justice, and the Civil Service Commission supporting the bill as being in accord with the objectives of Reorganization Plan No. 1 of 1961. A letter was received for the record from the New York Stock Exchange, which last year had appeared in opposition to the reorganization plan, supporting S. 2135, in view of the changes which had been made in it from the reorganization plan. No one appeared or submitted a statement opposing the measure.

The committee urges the passage of the bill.

Mr. SPRINGER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, after sitting for some 8 months as a member of the Oversight Committee a few years ago we came to certain conclusions. After having several of these agencies before us we did come to one definite conclusion, which was that the work simply had to be expedited. There were cases that had been there on the docket for years.

When we had the agencies before us, and the chairmen and commissioners of the various agencies testified, we found that the method of conducting the work under the rules of the commission simply made it impossible to push their work ahead and to expedite matters. As a result of all this, we came in in early 1961 with Reorganization Plan No. 1, and we had several weeks of hearings and coming to the House we thought that we had a reasonably good bill. The bill did pass the House. However, when it went over to the Senate there was strenuous opposition, and the plan was defeated. However, the Senate then did rewrite the bill, taking out most of the features to which there had been strenuous objections by various groups in the country.

Now we come to this particular bill. I think that we can expedite the work of this particular Commission. Section 2 would expressly authorize the Chairman of the Commission to name the particular persons, including Commissioners, who are to perform functions once the whole Commission has determined that those functions are to be delegated.

From this brief summary of the basic structure of the bill as to section 2, it is apparent that it would provide the broadest possible power to delegate, subject only to the limitations and safeguards which we have put in the bill.

The committee believes that the instant bill, S. 2135, is consistent with the objectives we have sought in our hearings in the House. This legislative measure looks toward the expediting of the work of this regulatory agency in the interest of the public. As the result of all this, the committee does urge the passage of the bill.

May I say to my colleague that I know of no opposition to the bill.

Mr. HARRIS. Mr. Chairman, I have no further requests for time, and I suggest the Clerk read.

Mr. SPRINGER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in addition to its existing authority, the Securities and Exchange Commission, hereinafter referred to as the "Commission", shall have the authority to delegate, by published order or rule, any of its functions to a division of the Commission, and individual Commissioner, a hearing examiner, or an employee or employee board, including functions with respect to hearing, determining, ordering, certifying, reporting, or otherwise acting as to any work, business, or matter: *Provided, however,* That nothing herein contained shall be deemed to supersede the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), as amended: *And provided further,* That nothing herein contained shall be deemed to authorize the delegation of the function of rulemaking as defined in the Administrative Procedure Act of 1946, as amended, with reference to general rules as distinguished from rules of particular applicability, or of the making of any rule, regulation, or order pursuant to section 19(b) of the Securities Exchange Act of 1934.

(b) With respect to the delegation of any of its functions, as provided in subsection (a) of this section, the Commission shall retain a discretionary right to review the action of any such division of the Commission, individual Commissioner, hearing examiner, employee, or employee board, upon its own initiative or upon petition of a party to or an intervenor in such action, within such time and in such manner as the Commission shall by rule prescribe: *Provided, however,* That the vote of one member of the Commission shall be sufficient to bring any such action before the Commission for review: *And provided further,* That in the event action at a delegated level (1) denies any request for action pursuant to section 8(a) or section 8(c) of the Securities Act of 1933 or the first sentence of section 12(d) of the Securities Exchange Act of 1934; (2) suspends, denies, or revokes a broker-dealer registration pursuant to section 15(b) of the Securities Exchange Act of 1934; (3) suspends, denies, or withdraws any registration or suspends or expels a member of a national securities exchange pursuant to section 19(a) of the Securities Exchange Act of 1934; or (4) suspends trading on an exchange pursuant to section 19(a) of the Securities Exchange Act of 1934, a person or party adversely affected by such action shall be entitled to review by the Commission.

(c) Should the right to exercise such review be declined, or should no such review be sought within the time stated in the rules promulgated by the Commission, then the action of any such division of the Commission, individual Commissioner, hearing examiner, employee, or employee board, shall, for all purposes, including appeal or review thereof, be deemed the action of the Commission.

SEC. 2. In addition to the functions transferred by the provisions of Reorganization Plan Numbered 10 of 1950 (64 Stat. 1265), there are hereby transferred from the Commission to the Chairman of the Commission the functions of the Commission with respect to the assignment of Commission personnel, including Commissioners, to perform such functions as may have been delegated by the Commission to Commission personnel, including Commissioners, pursuant to section 1.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. ROONEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2135) to authorize the Securities and Exchange Commission to delegate certain functions, pursuant to House Resolution 747, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

ADJOURNMENT OVER

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. GROSS. Mr. Speaker, reserving the right to object, a week ago today, I questioned the majority leader as to when we might expect some signs of a sine die adjournment, and he could not help me very much. Now we have the acting minority leader——

Mr. BOGGS. Majority—if you do not mind.

Mr. GROSS. The acting majority leader, I stand corrected—I wonder if he could give us any help. I note he has been down to the White House with our distinguished Speaker and others discussing the "must" bills that the President insists this Congress must enact. I wonder if the gentleman could give us any information as to when we might get to go home and smell the roses in the rose gardens in Iowa.

Mr. BOGGS. The gentleman is a conscientious Member and is always talking about how well we are taken care of here, and I am certain the gentleman does not mind staying here on the job until we complete the business that we must complete.

Mr. GROSS. Well, that is hardly encouraging. Could the gentleman give us any indication as to when we might expect sine die adjournment?

Mr. BOGGS. No; I would rather not hazard a guess. We could be here for quite a while—and I hope the gentleman is enjoying it.

Mr. GROSS. I hope the gentleman is wrong about being here quite a while.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

DISPENSING WITH BUSINESS IN ORDER UNDER CALENDAR WEDNESDAY RULE ON WEDNESDAY NEXT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent to dispense with the business in order under the Calendar Wednesday rule on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES OF CANDIDATES FOR HOUSE OF REPRESENTATIVES

Mr. BOLLING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution, House Resolution 753.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That a special committee of five Members be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3, 1963, with respect to the following matters:

(1) The extent and nature of expenditures made by all candidates for the House of Representatives in connection with their campaign for nomination and election to such office.

(2) The amount subscribed, contributed, or expended, and the value of services rendered, and facilities made available (including personal services, use of advertising space, radio and television time, office space, moving-picture films, and automobile and any other transportation facilities) by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, to or on behalf of each such candidate in connection with any such campaign or for the purpose of influencing the votes cast or to be cast at any convention or election held in 1962 to which a candidate for the House of Representatives is to be nominated or elected.

(3) The use of any other means or influence (including the promise or use of patronage) for the purpose of aiding or influencing the nomination or election of any such candidates.

(4) The amounts, if any, raised, contributed, and expended by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, including any political committee thereof, in connection with any such election, and the amounts received by any political committee from any corporation, labor union, individual, individuals, or group of individuals, committee, or partnership.

(5) The violations, if any, of the following statutes of the United States:

(a) The Federal Corrupt Practices Act.

(b) The Act of August 2, 1939, as amended, relating to pernicious political activities, commonly referred to as the Hatch Act.

(c) The provisions of section 304, Public Law 101, Eightieth Congress, chapter 120, first session, referred to as the Labor Management Relations Act, 1947.

(d) Any statute or legislative Act of the United States or of the State within which a candidate is seeking nomination or reelection to the House of Representatives, the violation of which Federal or State statute, or statutes, would affect the qualification of a Member of the House of Representatives within the meaning of article I, section 5, of the Constitution of the United States.

(6) Such other matters relating to the election of Members of the House of Representatives in 1962, and the campaigns of candidates in connection therewith, as the committee deems to be of public interest, and which in its opinion will aid the House of Representatives in enacting remedial legislation, or in deciding contests that may be instituted involving the right to a seat in the House of Representatives.

(7) The committee is authorized to act upon its own motion and upon such information as in its judgment may be reasonable or reliable. Upon complaint being made to the committee under oath, by any person, candidate, or political committee, setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, the committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after a hearing upon such complaint, the committee shall find that the allegations in such complaint are immaterial or untrue. All hearings before the committee, and before any duly authorized subcommittee thereof, shall be public, and all orders and decisions of the committee, and of any such subcommittee, shall be public.

For the purpose of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Eighty-seventh Congress, to employ such attorneys, experts, clerical, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, and to take such testimony as it deems advisable. Subpenas may be issued under the signature of the chairman of the committee or any subcommittee, or by any member designated by such chairman and may be served by any person designated by any such chairman or member.

(8) The committee is authorized and directed to report promptly any and all violations of any Federal or State statutes in connection with the matters and things mentioned herein to the Attorney General of the United States in order that he may take such official action as may be proper.

(9) Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties prescribed by law.

That said committee is authorized and directed to file interim reports whenever in the judgment of the majority of the committee, or of a subcommittee conducting portions of said investigation, the public interest will be best served by the filing of said interim reports, and in no event shall the final report of said committee be filed later than January 3, 1963, as hereinabove provided.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

Mr. BOLLING. Mr. Speaker, this is the usual resolution which passes the House about this time every year. It was reported out of the Rules Committee this morning unanimously. It provides for a select committee of five to oversee the elections this fall. I know of no objection to it from either side.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE CASE OF HARRY SYLVESTER JONES

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RIVERS of South Carolina. Mr. Speaker, I was shocked and outraged—but scarcely surprised—to read in this morning's Washington Post an editorial which asserts that Harry Sylvester Jones is "an unfortunate young man" who has become a "serious community menace" not because of his own depraved misconduct, but because he has been neglected by the community; because he has not been given special privileges.

Harry Sylvester Jones, Mr. Speaker, is the young Negro ex-convict who was arrested yesterday in connection with the brutal rapes of three white women and the vicious knife attack on Miss Mary Lou Kosterlitsky, a longtime able and respected employee of this body. He promptly confessed all these unspeakable crimes, explaining them away with the statement that he had committed them because he was "timid" and did not know how to ask a girl for a date. God help Washington if Jones had not been timid.

This is the man whom the Washington Post calls an unfortunate young man. I would wonder, Mr. Speaker, if the Washington Post regards the women who were violated by Harry Jones as fortunate women. From all I can read in the editorial, it probably does regard them as fortunate, for the editorial which expresses such deep concern about Harry Jones expresses no concern whatsoever for the women he has so viciously brutalized.

I predicted on this floor yesterday, Mr. Speaker, that the great diligence of the Metropolitan Police Department in running Harry Jones to earth would be thwarted and frustrated by some court in the District of Columbia which would somehow find a way to turn Harry Jones loose to continue his assaults on innocent women. I believe the editorial, which I include as a part of my remarks, is the first step in the campaign to free Harry Jones:

> COMMUNITY FAILURE
>
> The arrest of a 24-year-old former convict on charges of having raped three Washington women in the last month and with having stabbed a Congressman's aid as she was praying in a church brings to light another tragic failure on the part of this community. This man was sent to the National Training School for Boys in connection with housebreaking at the age of 15. Since then he has been repeatedly arrested and has served time in several Federal prisons. He is well known to the juvenile court, the board of public welfare, the police, the District of Columbia General Hospital, and the Youth Correction Center.
>
> Many of those who have studied the case of this unfortunate young man have been well aware of his need for psychiatric care. He is reported to have told the police and others who have had supervision over him that he has an irresistible sex urge. Yet he seems to have been shifted from one institution to another, from one set of officials to another, until, on his release last February without any supervision, because his term had expired, he became a serious menace to the community. Our judicial, penal, and psychiatric agencies failed to grapple effectively with a problem of the utmost interest to the entire city.
>
> The arrest was accomplished by the meticulous collection of fingerprints and careful detective work, apparently without any of the shortcuts in which the police sometimes indulge. For this the police are entitled to commendation and thanks from the community. But the total record of the case, as reported in this newspaper today, discloses gross inadequacies in dealing with a man who was known to be a grave community problem. How many times will crimes of this sort have to be repeated before this city will begin to provide the kind of constructive program that is needed?

THE TEAMSTERS UNION AND FREEDOM OF THE PRESS

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a letter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, on Monday of this week, I called the Attorney General's attention to the very fine and wonderful publicity he has had in certain areas of personal triumphs and expressed the hope that he might get around to doing something about the affairs of our people, Jimmy Hoffa, racketeers, and other criminals and lawbreakers.

Today I sent a letter to the Attorney General of the United States calling his attention—in the event he is not aware of it—to the restriction of freedom of the press in Cleveland, Ohio.

I read an article from the Wall Street Journal of August 8, 1962, as follows:

> Deliveries of the Cleveland Press were delayed by the Teamsters Union because of a comment in a full-page advertisement by the International Association of Machinists that was critical of the Teamsters. The Press is an afternoon Scripps-Howard newspaper. The Teamsters resumed deliveries of later editions after the Press removed two lines in the IAM advertisement. The ad was part of a campaign for votes in a representation election between the IAM and the Teamsters at Gabriel Co.

This evidence of the Teamsters Union in forcing the censoring of an advertisement in the Cleveland Press is certainly in violation of the Constitution of the United States.

I am wondering why our Attorney General, Robert Kennedy, has not taken proper action against Hoffa's Teamsters Union, for I remember at one time Hoffa was supposed to be a target of our present Attorney General.

AUGUST 9, 1962.

Hon. ROBERT F. KENNEDY,
Attorney General of the United States, Justice Department, Washington, D.C.

DEAR MR. ATTORNEY GENERAL: I am enclosing herewith an article appearing in the Wall Street Journal of August 8, 1962, that is self-explanatory. The article is as follows:

"Deliveries of the Cleveland Press were delayed by the Teamsters Union because of a comment in a full-page advertisement by the International Association of Machinists that was critical of the Teamsters. The Press is an afternoon Scripps-Howard newspaper. The Teamsters resumed deliveries of later editions after the Press removed two lines in the IAM advertisement. The ad was part of a campaign for votes in a representation election between the IAM and the Teamsters at Gabriel Co."

Isn't this in violation of the Constitution dealing with freedom of the press? Since when has any union or union leader the right to coerce any newspaper from printing advertisements or news items it sees fit to do?

Mr. Attorney General, are you going to prosecute the Teamsters Union for this violation? Certainly you must agree that Jimmy Hoffa and his teamsters have no right to suppress news or newspapers and prevent the truth from reaching the people.

What are you going to do? I haven't seen any statement from you about this in light of all the publicity you have been receiving in the past of which I made mention on the floor of the House on Monday, August 6, 1962.

Sincerely,

FRANK J. BECKER,
Member of Congress.

THE FEED GRAIN PROGRAM AND AGRICULTURAL LOANS

Mr. BECKWORTH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BECKWORTH. Mr. Speaker, I desire to call your attention to some facts and figures that were submitted for the CONGRESSIONAL RECORD by Senator WILLIAMS of Delaware, and are to be found on pages 15902, 15903, 15904, 15905, 15906, and 15907. These figures show that when the feed grain program was written it helped the small farmer in this way. Some of the amounts in dollars mentioned are roughly these: $94,000, $53,000, $64,000, $65,000—also some other very large amounts.

I hope the Members of the House will help me ascertain this: In addition to these amounts mentioned, assist me to find out how many of these companies or individuals received Commodity Credit Corporation loans on, not one crop, not on two crops, not on three crops, but on four crops.

For example, if the information furnished one is correct, we have one county in Texas where more than 2,200 farmers received commodity loans on 4 crops.

Mr. Speaker, I say that it is time that this Congress and the people of this country become interested in knowing just how huge are the Commodity Credit Corporation loans that go to very, very few people or companies. Help us to get the information.

I include some of the tables I have referred to and some other comments:

Value of payment in kind feed grain certificates issued to producers under 1961 feed grain program

Name	Address	Value of payment-in-kind certificates	Name	Address	Value of payment-in-kind certificates
OVER $50,000					
Farmers Investment Co	288 South Stone, Tucson, Ariz	$94,092.30	RLDS Church Farms	Independence, Mo	$65,183.58
Mace, C. Bruce, Ranch, Inc	Box 187, Davis, Calif	53,039.28	Hill Farms	Hart, Tex	65,320.06
Nichols, A. H	724 East 3d, Dixon, Ill	51,816.42	Mills, J.C	Box 726, Abernathy, Tex	65,113.00
Gehring, Wm., Inc	Route 1, Rensselaer, Ind	64,670.70	Tatton, V. H. and J. M	Salt Creek Ranch, Refugio, Tex	58,413.78
BETWEEN $40,000 AND $50,000					
Gila River Ranch	Post Office Box 67, Gila Bend, Ariz	$40,478.90	Louisiana State Penitentiary	Angola, La	$45,414.00
Knaggs, Layton	Box 970, Woodland, Calif	42,819.00	Halsell Cattle Co., care of W. F. Rowland.	Amherst, Tex	40,823.71
Gumz, Arthur P	North Judson, Ind	44,289.20			
Northern Trust & Co	50 South LaSalle St., Chicago, Ill	41,253.68	Moore, Tom	Navasota, Tex	46,042.10
Overmeyer Farms, Inc	Wolcott, Ind	40,379.00	Moser Ranch	Route 4, DeKalb, Tex	45,980.01
BETWEEN $30,000 AND $40,000					
Eaton Fruit Co., Inc	2030 West McDowell, Phoenix, Ariz	$34,831.14	Lawrence, W. V	Star Route A, Hobbs, N. Mex	$31,933.80
Adams, Charles	Snow Lake, Ark	34,475.72	Swindell, A. D	Pantego, N.C	34,148.40
Cote Farms, Inc	St. Anne, Ill	34,904.92	Case Farms	Richwood, Ohio	33,193.17
Savich, Emil	Route 1, Rensselaer, Ind	30,437.87	Clay, E. Bass	3214 Hayden, Amarillo, Tex	32,699.80
Watland Farms, care of Robert Johnson.	Rural Route 1, Fowler, Ind	32,864.60	Moore, Harry H., & Son	Box 7, Navasota, Tex	33,101.64
			Porter, R. L	Box 1055, Spearman, Tex	34,256.98
Glenn, Vivian	Johnson, Kans	35,659.44	Ware Farms	Box 865, Dimmitt, Tex	30,519.86
Evans, Harrison	Shuqualak, Miss	30,251.27			
BETWEEN $20,000 AND $30,000					
Sherrill & La Follette	867 First National Bank Bldg., Phoenix, Ariz.	$24,461.50	Biegert Bros	Shickley, Nebr	$20,673.84
			Broadwell, Frank and Jas. A	York, Nebr	21,024.88
Kuhn, Mrs. Mary K	Marion, Ark	27,889.32	Hundahl Farms	Tekamah, Nebr	23,086.14
Harrell, H. J	2621 West Main St., Visalia, Calif	28,818.64	H & G Ranch	Box 111, Brownfield, Tex	20,043.00
Heidrick Bros	Route 1, Box 1215, Woodland, Calif	29,214.32	Bell, J. B	Route 1, Pantego, N.C	27,483.25
Hudson Ranches	Box 201, Calexico, Calif	23,730.00	Roberts Bros	Gregory, N.C	28,876.57
Victoria Island Farms	Box 248, Byron, Calif	22,542.72	Agricultural Lands, Inc	Route 1, London, Ohio	28,876.44
Bartels Farms, Inc	St. Marys, Mo	23,067.90	Orelton Farms, Inc	Box 391, London, Ohio	27,271.60
Moore, C. H., trust, estate	Clinton, Ill	28,973.27	Fullen, Jim	Ashport, Tenn	22,521.74
Tallmadge Ranch, Inc	1290 South Lincoln, Kankakee, Ill	24,022.48	Agriculture, Inc	Post Office Box 155, Girivn, Tex	22,875.24
Blood, John	206 East 5th St., Mount Carmel, Ill	25,203.90	Cowles, Ruth E	Chapman Ranch, Tex	27,715.88
Moore, Fred and Auston	Route 1, Rensselaer, Ind	24,290.40	Friemel, Herbert	Route 1, Canyon, Tex	23,177.05
New Harmony Realty, care of Melvin Fisher.	New Harmon, Ind	25,152.40	Gentry, W. H	Route 1, Hereford, Tex	21,467.60
			Givens, Ercell	Box 817, Abernathy, Tex	21,235.72
Adams, W. P	II Land Trust, Odebolt, Iowa	27,063.84	Glenn, M. T	Box 447, Tulia, Tex	23,540.12
Garst Co	Coon Rapids, Iowa	26,549.46	Green, James L	Route 2, Hereford, Tex	21,284.26
Good, R. C	Glenwood, Iowa	23,253.44	Grusing, Herman	32 Oldham Dr., Amarillo, Tex	21,799.86
Hamilton, J. C	318 2d Ave. NE., Hampton, Iowa	26,396.46	Hays, A. C., Jr	Box 668, Dimmitt, Tex	22,939.04
Huxsol, Julius	Route No. 4, Charles City, Iowa	20,727.80	Hill, Homer	Hart, Tex	28,161.32
Bott, Herman	Palmer, Kans	20,877.22	McGee, Taft	Box 69, Hereford, Tex	29,141.48
Christy, R. B., estate, care of Donald Christy, administrator.	Box 278, Scott City, Kans	20,214.28	Miller Farms Co	Box 728, Tulia, Tex	25,133.48
			Osborn, Sloan	Friona, Tex	25,009.55
			Perrin Bros	Box 12, Hereford, Tex	28,894.00
Crist, Leland L	Holcomb, Kans	20,585.76	Reid, Warner	Box 694, Tulia, Tex	22,152.12
Garden City Co	Box 435, Garden City, Kans	28,386.87	Smith, Rodney	Hart, Tex	21,590.91
Ellis, James C., estate, Lester Yeager, manager.	Owensboro, Ky	21,538.29	Varisco, Joe	Route 4, Box 161, Bryan, Tex	24,633.18
			Wheeler, John A	Route 1, Lorenzo, Tex	27,416.34
Albert Painton Co	Painton, Mo	21,487.56	White, James M., Sr	Box 622, Hereford, Tex	21,162.29
Burke Bros	Charleston, Mo	23,454.96	Winterrowd Bros	Box 1049, Pecos, Tex	21,020.30
Saline County Farms	Marshall, Mo	22,197.46	Malbon, W. R., Jr	London Bridge, Va	24,697.73

California Packing Corp.:	
Woodland, Calif	$7,298.28
Crystal City, Tex	7,881.95
Total	15,180.23
Reynolds Metals Co., Henderson, Ky	12,984.32
American Crystal Sugar Co., Rocky Ford, Colo	10,791.54
Ford Motor Co., Belleville, Mich	5,394.88

Two large banks likewise qualified as "farmers" eligible for payments under the 1961 feed grains program. These were:

Milliken Trust Co., Decatur, Ill	$6,434.62
Northern Trust Co., Chicago Ill	41,253.68

Two colleges also established eligibility as "farmers," and thereby were eligible for payments under the Kennedy-Freeman program.

University of Illinois, Urbana, Ill	$6,598.43
St. Benedict's College, Atchison, Kans	11,575.69

Two penitentiaries qualified as "farmers" under the 1961 Kennedy-Freeman farm program, and were thereby eligible for payments.

Glades State Prison Farm, Belle Glade, Fla	$6,818.40
Louisiana State Penitentiary, Angola, La	45,414.00

Two airports are listed as eligible "farmers" under this program, and received payments as follows:

Waterloo Municipal Airport, Waterloo, Iowa	$5,846.75
Kearney Municipal Airport, Kearney, Nebr	6,707.70

Even the city of St. Louis, Mo., was classified as a "farmer" under the 1961 Kennedy-Freeman feed grains program, and collected $12,203.91; and a motel—Sand & Sage Motel, Inc.—in Dimmitt, Tex., was listed as a "farmer," and collected $9,409.04.

The Delta & Pine Land Co., of Scott, Miss., qualified as a "farmer," and collected $11,409.68. This operation is not even owned by Americans; it is owned by the Fine Spinners & Doubles, Ltd., of Manchester, England. Just how a British corporation in Manchester, England, owning land in America, could qualify as an American farmer eligible for subsidy payments, is something only the imagination of a New Frontiersman could comprehend.

The wonder boy from Texas was on this gravy train: Billie Sol Estes qualified as a farmer, and collected $22,875.24 from the Department of Agriculture, under the 1961 Kennedy-Freeman feed grains program. This payment to Mr. Estes appears in the report in the name of Agriculture Inc., Post Office Box 155, Girvin, Tex., but the record shows that this was one of Mr. Estes' operations.

ENTRY INTO UNITED STATES OF ALIEN SKILLED SPECIALISTS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. ST. GERMAIN] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ST. GERMAIN. Mr. Speaker, this bill will facilitate the entry into the United States certain relatives of our citizens and permit the immediate entry of alien skilled specialists who are needed by businesses and educational institutions throughout the Nation. The bill would permit the entry of sons, daughters, brothers, and sisters of U.S. citizens who have been on the waiting lists since 1954. This will help to protect the family ties of thousands of our citizens who have immigrated here. It is a humane liberalization of the existing statute that will help many Rhode Island families. There are several cases in my State that have been brought to my attention in the last several months which can be concluded successfully by approval of this bill.

The bill also provides for the entry of several hundred skilled specialists needed by businesses or educational and medical institutions throughout the Nation. This is not, however, a relaxation of our methods of immigration procedure. Before any of the specialist requests are approved for entry the Office of the Attorney General will make a full investigation and the American petitioner for the specialists must make full documentation of the need for the services of the person.

This, Mr. Speaker, is a bill to aid Rhode Islanders while providing a measure of flexibility that will prove functional for other areas of the country. Quick action by the Congress will be most beneficial to thousands of our immigrant citizens. Those who will be aided by the legislation join with me in urging action because of the time element. This bill should be given attention before the adjournment of this Congress.

STATE SENATOR RALPH C. MAHAR, OF ORANGE, MASS.

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. CONTE] may extend his remarks at this point in the RECORD and include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONTE. Mr. Speaker, on Saturday, August 4, the great Commonwealth of Massachusetts, lost one of its most distinguished public servants, State Senator Ralph C. Mahar, of Orange, Mass.

On very few occasions in a lifetime does a man like Ralph Mahar appear on the political scene. At the age of 25 he was elected to serve in the Massachusetts House of Representatives, and served in that august body until 1944, when he was elected to the State senate. It was during my service in the State senate that I met Ralph Mahar, and to him I am indebted for the excellent advice and guidance he gave to me in those early days of my political career. As he progressed in his climb to leadership my admiration and respect for him grew ever greater. He served as chairman of several major committees in the Massachusetts Legislature, and took a sincere interest in the educational system of his beloved Commonwealth. For his contributions in this field he became known as the father of the regional school program in Massachusetts.

His untimely death at the early age of 50 is a great shock to the thousands of people who knew him. Massachusetts has lost a leader without peer; and I have lost a dear personal friend.

Mr. Speaker, as evidence of the high esteem in which Ralph Mahar was held by fellow legislators, friends, and the man in the street, I include at this point in the RECORD the tributes paid to Ralph Mahar as appeared in the Greenfield, Mass., Recorder-Gazette on August 6, and a copy of an editorial from the Northampton, Mass., Daily Hampshire Gazette, on the same date:

[From the Daily Hampshire Gazette, Aug. 6, 1962]

SENATOR RALPH C. MAHAR

The sudden and unexpected death on Saturday of State Senator Ralph C. Mahar at his home in Orange has left Republican leaders in a state of shock and many other citizens mourning the loss of this man, a legislative leader for many years.

Although he was a quiet easygoing campaigner, Senator Mahar was the type of politician who kept in close touch with the people of his district and endeavored to reflect their composite views on matters that came before him while he was a member of both branches of the Great and General Court of the Commonwealth.

An indication of his political strength and the esteem in which he was held was seen in the fact that he was not being opposed by any member of his own party in his bid for reelection to the senate, and this despite the fact he was running in the Franklin-Hampshire district which had been revised to include Northampton 2 years ago.

He was only 25 years of age when he was first elected to serve his home district in the house of representatives and he served in that legislative branch until 1944 when he was promoted to a senate seat, a post he held until his death.

A leader in the fight for educational legislation, Senator Mahar was known as the father of regional schools in this State, and he was a spearhead in many battles to obtain much needed funds for the growth of the University of Massachusetts. He fathered the bill in 1947 that changed the State college to a university, considered this State institution his "pet project" and he fostered many other measures including the law to establish the Soldiers' Home in Holyoke, and a complete revision of the veterans' laws.

Senator Mahar was a lawyer by profession and it had been reported that he desired to top off his public career with an appointment to the Franklin County probate court judgeship. It was understood in the inner circles of politics that he was going to get renominated, and then withdraw to accept just such an appointment from Gov. John A. Volpe. During the past week a check on the possibility that this appointment would be made brought assurances from members of the Democratic Governor's Council that if the appointment was made it would be confirmed by the council.

The State senator from Orange carried a great deal of weight with members of both political faiths. He will be missed by members of his own family, his legislative friends and the people of his district.

[From the Greenfield Recorder-Gazette, Aug. 6, 1962]

TRIBUTES TO SENATOR MAHAR

ORANGE.—Numerous tributes poured in today from men in all stations of life on the death Saturday of State Senator Ralph C. Mahar.

They came from President John W. Lederle of the University of Massachusetts, from fellow legislators, Republican leaders and from the man in the street.

Dr. Lederle: "The news of Senator Mahar's death comes to me and all members of the university community as a profound shock. His quarter-century in public life has been marked by the highest integrity and competence, by a spirit and dedication that reflected citizenship at its best.

"From the very beginning of his public service, Senator Mahar recognized that education on all levels must have the constant attention of an enlightened government. During his distinguished career, Senator Mahar ably translated this conviction into major accomplishments that have benefited every city and town, every public school and college in this Commonwealth.

"We at the University of Massachusetts are particularly mindful of Senator Mahar's work in this area. It was he who submitted the bill that brought this institution to university level. It was he who with quiet persistence furthered the freedom bill legislation of 1956, by which the university was given the basic means to recruit an outstanding faculty. It was he who stood forthrightly for the granting of greater fiscal authority to the university trustees for the building of a greater University of Massachusetts.

"Over the many years of his service in the legislature, his chairmanship of a number of important legislative committees, notably the committee on education, the senate ways and means committee, and the committee on taxation, has served to indicate how enlightened public service can result in general public improvement.

"The Commonwealth has lost a dedicated servant, a citizen of highest character and strongest competence. I personally have lost a great and good friend. The university community joins me in extending to Mrs. Mahar and her family our deepest sympathy and most sincere regret."

John S. Raymond, chairman of Orange selectmen:

"Selectmen of Orange have lost an intimate, personal friend; the town, a faithful servant; the county, a hard-working individual; and the district, a conscientious legislator."

Carroll E. Adams, president of the Franklin County Republican Club:

"Senator Mahar was an enthusiastic supporter of the Franklin County Republican Club. The county will miss him more than is apparent at the present moment."

Emma L. Blizzard, executive secretary, Mohawk Trail Association:

"Senator Mahar was a stanch leader and supporter of the association. He was a leader in the fight for the alteration of the blue laws for the benefit of everybody. Also he was a leader in the effort to establish the Mohawk Trail vacation area as the 10th vacation area in the State of Massachusetts. Senator Mahar was a friend of everybody and will be greatly missed."

Representative Walter T. Kostanski, Jr.:

"The untimely death of Senator Mahar, my close and personal friend, was shocking, not only to me, but to the entire Commonwealth.

"Highly respected by members of both political parties, his legislative record on Beacon Hill was one of accomplishment, dedication, and perseverance. His contributions to legislation regarding education, taxation, and public health are only a few examples of his achievements during his 25 years in the general court.

"We, the Massachusetts Legislature, have lost a devoted leader and conscientious legislator."

Representative Allan McGuane:

"I join in the general feeling of loss of a very able and conscientious legislator. It was my pleasure to serve with Senator Mahar on the committee on education and to work with him for the location of the Community College in Greenfield. The area will feel the loss of his strong voice in the legislature and his many activities on behalf of the residents of Franklin County."

Raymond M. Trudel, president of the newly organized League of Cities and Towns:

"We have lost a very valuable public servant. He was a man with a rare combination of judgment and an acute awareness of the needs and feelings of his constituents as well as the feeling of the responsibilities of government to the people. He will be an extremely hard man to replace."

Attorney William T. Woodrow, chairman, Orange Republican Town Committee:

"Having been closely associated with Senator Mahar for over 25 years, it is extremely difficult to realize that such a dedicated personality has passed from our midst. The loss to the Commonwealth and the Republican Party is overshadowed only by the deep sense of personal loss to his family and others who so warmly cherished him for his profound convictions, wit, and wisdom."

Jacques Andre Istel, Orange:

"Senator Mahar is dead. The suddenness of this event increases our shock, but no forewarning could have diminished the void left in our midst by this great man. We depended upon his intelligence and experience for advice and upon his courage and integrity for statesmanship. Our loss is shared by the area and the Commonwealth. Our thoughts and friendship go to his wife and daughter at this unhappy time."

Robert A. Spatola, executive secretary, Massachusetts Sport Parachuting Commission:

"It was my pleasure and good fortune to work closely with Senator Mahar in the development of plans for the Sixth World Sport Parachuting Championships. From my brief experience I considered him to be perhaps the most outstanding citizen of Massachusetts. Certainly Franklin County and the sport parachuting movement in the United States owes a great deal to this man.

"He will not be able to see the results of his 2 years of work come to pass, only a short week away, when 25 nations will convene in Orange as a direct result of his efforts. Senator Mahar could well serve as a model and pattern for legislators not only in Massachusetts but throughout all free countries."

Attorney Delbert A. Witty, former county commissioner and Orange town counsel:

"For over 30 years Senator Mahar has been a close personal friend. For most of this period he has represented the people of western Massachusetts at the general court with honor and distinction. His intelligent devotion to his duties as a legislator and his tireless efforts in the service of his constituents has noticeably advanced the cause of good government in Massachusetts.

"The impact of his untimely passing will be realized for a long time, but his record of service will stand as a permanent memorial to a dedicated public servant."

Thomas Geary, sheriff of Franklin County:

"The Commonwealth of Massachusetts has suffered a stunning loss in the death of Senator Ralph C. Mahar. As an exceptionally able legislator he always had the best interest of the State at heart. He will be sorely missed by his legion of friends and my heartfelt sympathy goes out to them and particularly to his immediate family."

Robert W. Henderson, chairman of New Salem selectmen:

"The selectmen of New Salem, on behalf of the people and officials of the town, express their sincere sorrow and deep sense of loss over the death of Senator Ralph C. Mahar. He has been a constant source of information and assistance to this town for the many years he has represented us in the legislature. We will miss his complete knowledge of the working of government, his willingness to impart this knowledge and his assistance wherever and whenever it was needed. Above all we will miss his sincere friendship to the town and people of New Salem."

Ward M. Hunting, chairman, New Salem school committee, and vice president, New Salem Academy trustees:

"I was stunned to hear of Senator Mahar's death. His many contributions to education at all levels in Massachusetts stand as a monument to him. He will be sorely missed and his passing is a great personal loss to me."

Mrs. Carolyn H. Chouinard of New Salem, secretary of Swift River Valley Historical Society, Inc.:

"Senator Mahar, despite his many pressing responsibilities, always had time to advise and assist the Swift River Valley Historical Society. His friendship and interest will be sorely missed."

AMERICAN COMMUNISTS

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Hiestand] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HIESTAND. Mr. Speaker, it is inconceivable to me that no tangible results can be shown, 10 years after Congress declared members of the Communist Party must register as agents of a foreign government. Surely we are not completely surrounded by incompetence and indifference, as many citizens are compelled by the facts to believe.

I appreciate the difficulties which have faced the Attorneys General over the past 10 years. We have seen the Communists hide behind our own Constitution for their protection. We have seen our constitutional guarantees turned against the welfare of the American people. Judicial review is a valued precept of the Republic. It has contributed to the protection of individual rights. Many of us, however become impatient with its plodding pace.

Mr. Speaker, 10 years is long enough. We cannot afford forever to allow the international agents of the Communist conspiracy to operate within our Nation unidentified and unrestricted. We felt that the Supreme Court action declaring the Internal Security Act constitutional and binding would free the hands of the Attorney General.

To my knowledge, not a single Communist has registered. The people wonder about the future of the Republic when laws for its own protection can be so openly ignored. I submit that we should be taking aggressive action against Communists and communism in this country. We have a law and the people have the right to have that law enforced. If this Attorney General cannot cope with the Communists perhaps the people should demand a new Attorney General who can.

THE REDS—WHAT NOW?

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Derwinski] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, even though the appropriation bill as passed by the House and signed by the President permits aid to Communist countries, the facts continue to roll in, demonstrating the complete stupidity of this phase of the foreign-aid program.

I have repeatedly stated that aid to Communist governments perpetuates their false ideology and does not serve the best interests of the people of Poland, Yugoslavia, or any other Red nation. The only practical aid that might be provided the people of Poland and Yugoslavia is help administered by our Government or private groups directly to the public so that they understand the aid comes from us and not from their despotic governments.

The Brooklyn Tablet, an outstanding Catholic publication, in its issue of Saturday, August 4, included editorial comment by Louis F. Budenz entitled "The Reds—What Now?" which presents a clear-cut case of the fallacies of providing aid to Communist governments. The article follows:

The Reds—What Now?—Red Poland Takes Stand Against United States

(By Louis F. Budenz)

A very simple question can be put today. It arises from the summer's debate over whether the United States should give aid to Communist-controlled countries. Red Poland has immediately brought the matter to the fore. If you, Mr. Average American, were to furnish funds to a Mr. X, to repair his fortunes, what kind of conduct would you expect of him? Would you take it lightly if he secretly told a gang of rogues that he would use the money to work with them to damage you?

UNITED STAND

That is precisely what Red Poland is planning to do with American funds to the detriment of the United States. We have the word of the two most prominent Polish Communist leaders to this effect, as they have recorded their views in leading Communist directive organs.

Adam Rapacki is an important man in Communist-dominated Poland. He is known on the international stage as Minister of Foreign Affairs of the Polish People's Republic. He is also a leading member of the Central Committee of the Polish Communist Party.

At the very hour when the U.S. Congress was opening the doors of the U.S. Treasury for aid to the Soviet satellites, Rapacki was telling the comrades of Polish Red plans. He did this in a striking article in the June World Marxist Review, which was entitled "Socialist Diplomacy of Peace in the World Arena." In that article Comrade Rapacki associated Poland on all issues with Soviet Russia. He lined up that nation completely against the United States.

Rapacki's first words were: "The Socialist countries, by virtue of the nature of socialism and the laws of its development, pursue a policy of peace." We are aware by now that "the Socialist countries" are those countries under Communist control and by this declaration Rapacki places them all together in one united stand.

Whence does the danger of war come? Rapacki has the answer: "It is in the nature of imperialism to engender policies fraught with danger of war. Imperialism is the carrier of war."

Translated from Communist jargon, "imperialism" is the United States above all. And so it is that Rapacki insists that the only road to peace is by compelling the United States and other imperialist countries to yield, step by step, to the demands of Soviet Russia.

The central theme of Rapacki's secret intelligence to the comrades of the world is contained in one of those cleverly written statements which so often mark Communist writing. He says that Red Poland and all other Socialist states carry out international policies on the basis of Leninist principles of internationalism. We know from previous discussions that these words are nothing other than declarations of fealty to Soviet Russia.

The Polish Foreign Minister goes forward further to nail this down when he adds in the same sentence that Red Poland follows the decisions of the last two congresses of the Communist Party of the Soviet Union. And beyond that, in carrying out this unified action with Moscow, his country abides by the statement of the Moscow meeting of the 81 Communist Parties.

KEY PHRASES

It is a sign of the contempt which Rapacki has for American ignorance of Communist terminology that he resorts to this phrase. What he is telling the comrades is that Poland pledges itself to work against the United States as the chief bulwark of world reaction and as an enemy of the peoples of the whole world.

Those are the key phrases in the statement of the 81 Communist Parties. It is not then surprising that he follows up such a declaration with praise of Dictator Khrushchev as having brought forward the only plan for "general disarmament."

Rapacki's article is thus a 100-percent promise that Red Poland will continue to vote against the United States in the United Nations and will work elsewhere for our downfall. And that promise goes down to the very last words he writes when he promises our victory, which he has made clear must be a complete Communist victory.

What Rapacki has said is followed up in the Worker of July 15 and July 22 by Wladyslaw Gomulka, Premier of Red Poland. His first phrase is: "If it depended on the Soviet Union only, the prospect of peace would be very bright indeed." It is the United States which is the villian and which must be squelched.

From the words of these gentlemen, a prediction can be made. If the United States gives aid to Red Poland, the money will be used for the spread of communism.

MR. J. EDGAR HOOVER, DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. LIPSCOMB] is recognized for 30 minutes.

Mr. LIPSCOMB. Mr. Speaker, I would like to call to the attention of my colleagues the recent derogatory comments against a great American public servant, Mr. J. Edgar Hoover, Director, Federal Bureau of Investigation, made by Wilbur H. Ferry, vice president of the organization known as the Fund for the Republic.

According to the August 7, 1962, issue of the New York Times, Mr. Ferry, speaking before the Western States' Democratic Conference, accused Mr. Hoover of "sententious poppycock" in building a false legend of the strength of communism. Ferry then went on, according to this news story, to state that Mr. Hoover's remarks about the strength of communism are "a mischief-making tapestry of legend and illusion if there ever was one." He referred to the FBI Director—and listen to these highbrow words—as "the indubitable mandarin of anticommunism in the United States" and "our official spy-swatter."

I think my colleagues will agree that the Nation has been most fortunate for all these years to have Mr. J. Edgar Hoover and his organization as our "spyswatter." Mr. Hoover has performed—and is still performing—a magnificent service. Every home and individual in this Nation are more secure today because Mr. Hoover heads the FBI. His contribution has been nationwide; his dedication to duty has been superlative; his loyalty to democratic ideals has been above approach. He has been honored by our Presidents, by the Congress, by countless private organizations and individuals as a public servant who is a determined foe of the criminal and the subversive, who exemplifies the American tradition and works untiringly to make this a better country.

Mr. Ferry's comments reflect him as a highly unrealistic observer of today's world. To criticize Mr. Hoover as falsely representing the danger of communism, reflects a blind man trying to guide traffic at a busy intersection. He just doesn't know what it is all about. Communism today represents the greatest single danger to the existence of our democratic institutions. Communist-bloc powers—Soviet Russia, Red China, and all their satellites—are working vigorously to destroy our Government and set up a Red dictatorship. They would not hesitate to slaughter millions if that advanced their cause. And then to think of a man, supposedly educated, who says that communism is not a danger.

The Communist conspiracy extends to this country. In 1919, the Communist Party, U.S.A., was founded in Chicago. Ever since it has worked as a tool of Moscow. Today it espouses the Kremlin's line. Its highest leader, Gus Hall, is Moscow trained. When once asked in a court of law, "And are you willing to take up arms and overthrow the constituted authorities?" he answered, "When the time comes, yes." William Z. Foster, the old wheelhorse of communism, who served as national chairman of the party in this country, died last year in Moscow. What happened? The Russians gave him a state funeral. Even Nikita Khrushchev himself was there. Would this indicate to anybody but a dreamer that the Communist Party, U.S.A., does not have value for the Russians?

Over the years the Communists have tried to infiltrate many of our organizations and have exercised a strong influence in our Nation. Fortunately, because of the wisdom of the American people, the prosecutions of the Government, and the excellent work of the FBI, Communist influence has been driven back. But it is still there in dangerous form, with the Communist Party still operating.

Think of Harry Gold, the Rosenbergs, David Greenglass—these are Russian spies, and I am mighty glad—as are all patriotic Americans—to use Mr. Ferry's words, that Mr. Hoover "swatted them." The history of international relations might be different today if the Russians had not secured vital atomic secrets from Dr. Klaus Fuchs through Harry Gold.

To call Mr. Hoover's warnings about the danger of communism a "legend" is to distort reality. Mr. Ferry also went on to say that Mr. Hoover's warnings against Soviet espionage is an old line, designed to secure congressional appropriations. This is an insult to every Congressman who ever voted on FBI appropriations. It simply is not true. I am a member of the Subcommittee on Appropriations which passes on FBI appropriations. Mr. Hoover every year comes before our subcommittee and tells us about FBI operations. His presentation is one of the very best I have ever heard. He explains everything in detail, answers our questions, and gives the entire subcommittee a complete accounting of his stewardship. There is nothing secretive; there are no threats; there are no attempts to hoodwink us. Our subcommittee is not, as Mr. Ferry says, thrown into a "trance" about Mr. Hoover's comments about communism. We agree with him because we know that communism is a serious danger. That is the reason Congress very readily votes Mr. Hoover appropriations, because we know he is factually sound in his analysis of communism, that he is a man of vast experience and unquestioned integrity. I personally can state on this count that Mr. Ferry's comments are a fabric of falsehoods, spleen, and unrealistic dreams.

Who is Wilbur H. Ferry? His occupation as vice president of the Fund for the Republic betrays his identity. The Fund for the Republic for years has slyly been promoting the idea that communism is not a danger. It has financially assisted the publication of books and other material espousing this general theme. It is a tax-free foundation, utilizing money from the Ford Foundation for propaganda purposes.

Ferry, as vice president, has been a spearhead of this dangerous folly. In 1958, in a letter to the Citizen Register, Ossining, N.Y., Ferry criticized that paper for supporting Mr. Hoover. I might add that Ferry has been extremely critical of Mr. Hoover for a long time—obviously because in Mr. Hoover he finds a man whose knowledge about communism is far superior to Ferry's.

In 1960, in a letter to the Santa Barbara, Calif., News Press, Ferry more or less argues that unilateral disarmament is the only practical policy for the United States to adopt.

> Red domination of this and other free nations is at least "thinkable."

He apparently is of the "better Red than dead" school, which, to my mind, is a defeatist point of view. As Americans we want to be neither dead nor Red, but have confidence that, through our democratic processes of government, we can survive as a free nation and help other nations of the world—including Russia—attain true freedom. I reject Mr. Ferry's lack of confidence in America.

Perhaps that is why the Militant, organ of the Trotskyites, recently quoted Mr. Ferry very approvingly. In its March 26, 1962, issue, the Militant quoted from Ferry under the caption, "Thought for the Week."

May I say that I—and I believe all thinking Americans—will realize that Mr. Ferry's comments are mere rhetorical dribbles stemming from a lack of understanding of the realities of today's world. America is indeed fortunate to have in Mr. Hoover a man who has a realistic grasp of the subversive nature of communism. For this we say, "Thanks."

HON. HERBERT HOOVER

The SPEAKER. Under previous order of the House the gentleman from Massachusetts [Mr. Morse] is recognized for 5 minutes.

Mr. MORSE. Mr. Speaker, tomorrow a great American statesman and a beloved figure observes his birthday anniversary in the town he was born in 88 years ago. Herbert Hoover will participate in the dedication of the library, named for him, in West Branch, Iowa. There will be stored his official papers, documents which reflect a long and honorable career of public service, a career which I hasten to add he still tirelessly pursues. Not one facet of our rapidly shifting and perplexing world problems escapes his eye or defies his wise analysis and comment. I have been greatly honored in working for implementation of some of his recommendations for economy in government. But I have touched only the fringe of this great man's endeavors. When history records Herbert Hoover's name it will be as one of this century's greatest humanitarians, a man of vast personal courage and dignity, and an unshakeable American patriot.

A little more than a year ago, in an address to a group of young people, President Hoover expressed, in a few beautiful words, our present day need to protect our inheritance of individual freedom:

The Inheritance of the Next Generation

(Mr. Hoover's address as given at Freedom Week celebration, Independence Hall, Philadelphia, Pa., June 27, 1961)

Mr. Mayor, and our friends, big and little, it is a great honor to receive this distinguished medal from the city of Philadelphia.

And, Mr. Mayor, it is with great humility that I speak from this place so hallowed to every American.

It is a privilege to speak to this assembly of high school boys and girls. Your happy faces, your bubbling spirits assure the next generations of Americans.

Too often persons addressing our high school students speak at the level of "be good and you will be happy." I think you can take stronger stuff.

Our purpose here today is to pay tribute to those great men who established a transcendent heritage for the American people. Those men revived the noble concepts of independence of peoples, individual freedom, equality of opportunity, and the dignity of man.

Mankind, in all recorded history, had seldom before had the privileges of freedom. Its revival at that time by the Founding Fathers has now spread to a large part of the world.

You will inherit these freedoms and you will have the sacred duty to maintain them both at home and abroad.

Freedom is a thing of the spirit. But it is not an abstraction. From it comes love of our country. And the spirit of freedom releases the energies and creative impulses of mankind.

Out of this release of creative spirit in America came the homes, the farms, the factories, magnificent schools, great colleges, huge hospitals, superb libraries, museums, churches, highways, telephones, airplanes, radio, and TV. Someday you will inherit them free. They come to you—a gift from the labor and sacrifices of those who have gone before.

You will have the job to operate them, and the job of their improvement is never ended, because new scientific discoveries, new inventions, new ideas, will make all of today's physical things out of date within your lifetime.

It is difficult to believe how fast change comes upon us from the creative spirit of individual freedom.

When I was born—about 87 years ago—there were no electric lights, no telephones, no radio, no TV, no automobiles, no paved roads, no tall buildings, no airplanes, no atomic bombs. There were only small industries; and the railways had only just begun to spread nationwide.

But do not think that my boyhood was spent in privation. We had warm homes. We had good food. We had good homemade clothes. We had the joys of most of the games you play today—even marbles and a form of baseball.

We had inherited good schools, good teachers, and good universities. We had no fears for the future of our country. And every year on the Fourth of July there were repeated to us the inspiring words of the Declaration of Independence. From them came a renewed devotion to the great men who met in this hall 185 years ago, and a heightened faith in America.

Your inheritance of freedom brings you both rights and responsibilities. You have more rights than are spelled out in the Bill of Rights in our Constitution. They have been expanded over the years by law, and by common consent we have interpreted them to include the right of choice.

To retain your inheritance of these rights, you will need not only to know what they are, but to be alert to protest any infraction of them.

Your inheritance of individual freedom cannot be sustained without many restrictions. With changing forces and new inventions also come new methods of evil.

Legislatures devise more and more restrictions. But as to all these restrictions, there is one fundamental test of their wisdom. Do they restrict the creative spirit and the energies which freedom brings? For they are the major impulse of all progress. You should all your life test every legislative act, every social and economic proposal as to whether it unnecessarily limits the energy and the creative spirit in our people.

Today the validity of our beliefs in freedom is at stake over the whole world. You will need take part in that struggle.

You will also inherit the costly burden of our defense against the implacable foe who lurks in the Kremlin. While we hope for the cooperation of other nations in this defense of mankind, in the end the safety of America must rest upon our own armed right arm. Whatever sacrifice this entails, I am confident of your courage.

What I am saying to you is not a recital of trite banalities, for these rights and responsibilities are the base of our American way of life, and in fact, of our civilization.

Perhaps I may give you a note of confidence from my own inheritance of American freedoms. Our country gave me the opportunity of the public school and a training in my profession at a great university.

In my long life, I have lived and worked in countries of freemen, of tyrannies, and of Communist dictators. I have seen liberty die and tyranny rise. I have seen slavery again on the march. But every one of my homecomings from these journeys was for me a reaffirmation of the glory of America. Each time my soul was washed by relief from the grinding poverty of many nations. And I was inspired by the greater kindliness and frankness which come from acceptance of equality and wide open opportunity to all who want a chance. There is no place on the whole earth, except here in America, where every boy and girl can have such a chance.

God bless you.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Tupper (at the request of Mr. Arends), for Monday, August 13, 1962, on account of official business.

Mr. Zelenko (at the request of Mr. Boggs), for today and the balance of the week, on account of official business.

Mr. Dent (at the request of Mr. Boggs), for Wednesday and the balance of this week, on account of official business.

Mr. Stephens (at the request of Mr. John W. Davis), for the remainder of this week on account of the death of his mother.

SPECIAL ORDER GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. Morse (at the request of Mr. Keith) for 5 minutes today, to revise and extend his remarks, and to include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

(The following Members (at the request of Mr. Boggs) and to include extraneous matter:)

Mr. Morgan.
Mr. Stephens.
Mr. Anfuso.
Mr. Powell.
Mr. Toll.

(The following Member (at the request of Mr. Keith) and to include extraneous matter:)

Mr. Fino.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 55. An act to authorize the establishment of the Fort Bowie National Historic Site, in the State of Arizona, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 2771. An act for the establishment of a Commission on Science and Technology; to the Committee on Science and Astronautics.

S. 3013. An act to amend the act of July 2, 1940, as amended, relating to the recording of liens on motor vehicles and trailers registered in the District of Columbia, so as to eliminate the requirement that an alphabetical file on such liens be maintained; to the Committee on the District of Columbia.

S. 3153. An act to guarantee electric consumers in the Pacific Northwest first call on electrical energy generated in Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3314. An act to amend the District of Columbia Public School Food Services Act; to the Committee on the District of Columbia.

S. 3317. An act to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes, to the Committee on the District of Columbia.

S. 3574. An act to extend the International Wheat Agreement Act of 1949; to the Committee on Banking and Currency.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 12547. An act to amend the act of August 7, 1946, relating to the District of Columbia's hospital center, to extend the time during which appropriations may be made for the purposes of that act.

ADJOURNMENT

Mr. JOHN W. DAVIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 28 minutes p.m.), under its previous order, the House adjourned until Monday, August 13, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2395. A letter from the Assistant Secretary of the Interior, transmitting a proposed concession contract with Willow Beach Resort, Inc., which will authorize the corporation to provide concession facilities and services in Lake Mead National Recreation Area for the term from date of execution of the contract to December 31, 1982, pursuant to 70 Stat. 543; to the Committee on Interior and Insular Affairs.

2396. A letter from the Secretary of Commerce, transmitting a report relative to providing war risk insurance and certain marine and liability insurance for the American public as of June 30, 1962, pursuant to title XII of the Merchant Marine Act of 1936, as amended; to the Committee on Merchant Marine and Fisheries.

2397. A letter from the Secretary of Commerce, transmitting the quarterly report of the Maritime Administration of the Department of Commerce on the activities and transactions of the Administration under the Merchant Ship Sales Act of 1946 for the period April 1, 1962, through June 30, 1962; to the Committee on Merchant Marine and Fisheries.

2398. A letter from the Under Secretary of Commerce, transmitting a draft of a proposed bill entitled "A bill to amend the act entitled 'An act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes,' approved July 5, 1946, with relation to the importation of trademarked articles and for other purposes"; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DELANEY: Committee on Rules. House Resolution 755. Resolution for consideration of H.R. 10113, a bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes; without amendment (Rept. No. 2159). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 753. Resolution authorizing the Speaker of the House of Representatives to appoint a special committee to investigate and report on campaign expenditures of candidates for the House of Representatives; without amendment (Rept. No. 2160.) Referred to the House Calendar.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 2161. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. SPENCE: Committee on Banking and Currency. H.R. 12080. A bill to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors; without amendment (Rept. No. 2162). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. S. 538. An act to amend section 205 of the Federal Property and Administrative Services Act of 1949 to empower certain officers and employees of the General Services Administration to administer oaths to witnesses; with amendment (Rept. No. 2163). Referred to the House Calendar.

Mr. DAWSON: Committee on Government Operations. H.R. 11899. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for a Federal telecommunications fund; with amendment (Rept. No. 2164). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAWSON: Committee on Government Operations. H.R. 10134. A bill to authorize the Administrator of General Services to convey certain land in Prince Georges County, Md., to the American National Red Cross; with amendment (Rept. No. 2165). Referred to the Committee of the Whole House.

Mr. DAWSON: Committee on Government Operations. H.R. 7781. A bill to authorize the Administrator, General Services Administration, to convey by quitclaim deed a parcel of land to the Silver Hill Voluntary Fire Department and Rescue Squad; with amendment (Rept. No. 2166). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARING:

H.R. 12845. A bill to repeal section 13a of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

H.R. 12846. A bill to amend the Trading With the Enemy Act, as amended; to the Committee on Interstate and Foreign Commerce.

H.R. 12847. A bill to amend section 7 of the Clayton Act to give full force and effect to the operation of the provisions of that section applicable to certain railroad consolidations and mergers until December 31, 1963, and for other purposes; to the Committee on the Judiciary.

By Mr. BATES:

H.R. 12848. A bill to amend the act of June 12, 1960, for the correction of inequities in the construction of fishing vessels, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 12849. A bill to authorize the Secretary of the Interior to construct two modern stern ramp trawlers to be used for research, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CONTE:

H.R. 12850. A bill to amend title 38, United States Code, to provide vocational rehabilitation, education and training, and loan guarantee benefits to persons who served in the Armed Forces on or after January 1, 1962, in combat zones, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. JAMES C. DAVIS:

H.R. 12851. A bill to permit an officer or member of the Metropolitan Police force of the District of Columbia to detain and question persons suspected of committing crimes; and to require bond in the case of certain material witnesses; to the Committee on the District of Columbia.

H.R. 12852. A bill to amend the Juvenile Court Act of the District of Columbia to clarify the functions of the Corporation Counsel in the juvenile court, and for other purposes; to the Committee on the District of Columbia.

H.R. 12853. A bill to amend the Juvenile Court Act of the District of Columbia, in order to reduce the juvenile age limit, and for other purposes; to the Committee on the District of Columbia.

By Mr. HIESTAND:

H.R. 12854. A bill to limit the purposes for which funds appropriated or otherwise made available to the Department of Health, Education, and Welfare may be used; to the Committee on Education and Labor.

By Mr. JOHNSON of Wisconsin:

H.R. 12855. A bill to amend the Agricultural Adjustment Act of 1938 relating to the lease and transfer of tobacco acreage allotments; to the Committee on Agriculture.

By Mr. PETERSON:

H.R. 12856. A bill to amend the Social Security Act to provide a program of health care insurance, through the payment of premiums on private health insurance policies, for individuals aged 65 or over who are fully insured under the old-age, survivors, and disability insurance system; to the Committee on Ways and Means.

By Mr. PUCINSKI:

H.R. 12857. A bill to develop the American merchant marine and to promote the foreign commerce of the United States through the use of mobile trade fairs; to the Committee on Interstate and Foreign Commerce.

By Mr. RODINO:

H.R. 12858. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. ST. GERMAIN:

H.R. 12859. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. KEARNS:

H.J. Res. 850. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; to the Committee on the Judiciary.

By Mr. DAVIS of Tennessee:

H. Res. 756. Resolution authorizing expenditures incurred by the Special Committee To Investigate Campaign Expenditures to be paid from the contingent fund of the House; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BALDWIN:

H.R. 12860. A bill for the relief of Rolando de la Torre Arceo and John Antony Arceo; to the Committee on the Judiciary.

By Mr. CONTE:

H.R. 12861. A bill for the relief of Col. Carroll E. Adams; to the Committee on the Judiciary.

By Mr. CURTIS of Massachusetts:

H.R. 12862. A bill for the relief of Gloria J. Budge; to the Committee on the Judiciary.

H.R. 12863. A bill for the relief of Jeanette Kaloc; to the Committee on the Judiciary.

By Mr. DOOLEY:

H.R. 12864. A bill for the relief of Mrs. Maria Cecere Grande; to the Committee on the Judiciary.

By Mr. HALL:

H.R. 12865. A bill for the relief of Bienvenido Yikyekan Borromeo; to the Committee on the Judiciary.

By Mr. HOLLAND:

H.R. 12866. A bill for the relief of George Sakellariou; to the Committee on the Judiciary.

By Mr. RODINO:

H.R. 12867. A bill for the relief of Ronald C. Kiederling; to the Committee on the Judiciary.

By Mr. SHEPPARD:

H.R. 12868. A bill for the relief of Desmond M. Luck; to the Committee on the Judiciary.

By Mr. ZELENKO:

H.R. 12869. A bill to provide that the vessel *Montauk* may be a U.S.-flag commercial vessel for the purposes of section 901(b) of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

SENATE

THURSDAY, AUGUST 9, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

Rev. Frank C. Bourbon, S.J., dean of men, Loyola College, Baltimore, Md., offered the following prayer:

We humbly and sincerely call upon You, Almighty God, for the guidance which each passing day teaches us can come only from You. Without this guidance, which You alone can give, we move, but have no direction.

The signs which we are able to read along the way tell us unmistakably that the road ahead for us, as individuals and as a Nation, will not be easy. We are constantly reminded forcibly of the dangers which surround us. Were we not conscious of Your presence in our lives and in our affairs, we would walk a lonely and terrifying road.

Give us the courage to believe that though the future is hidden from our eyes, it yet belongs to You. Give us the strength to call upon You in all of our needs. Our firm trust in Your assistance at every turn, we pray, will merit for us timely help in every need. May we be led by You, that, in turn, we may lead others to You. In joy or in sorrow, we ask no other reward of You than that You be pleased with our service, and be waiting for us at the end of the path which was chosen for us by You. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 8, 1962, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7283. An act to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses;

H.R. 10501. An act for the relief of Kenyon B. Zahner; and

H.R. 11880. An act to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 12547) to amend the act of August 7, 1946, relating to the District of Columbia Hospital Center, to extend the time during which appropriations may be made for the purposes of that act, and it was signed by the President pro tempore.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles and referred or placed on the calendar, as indicated:

H.R. 7283. An act to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses; placed on the calendar.

H.R. 10501. An act for the relief of Kenyon B. Zahner; to the Committee on the Judiciary.

H.R. 11880. An act to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes; to the Committee on Foreign Relations.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Charles H. Carr, of California, to be U.S. district judge for the southern district of California.

By Mr. HRUSKA, from the Committee on the Judiciary:

Stanley A. Weigel, of California, to be U.S. district judge for the northern district of California.

By Mr. RUSSELL, from the Committee on Armed Services:

Gen. Maxwell D. Taylor, U.S. Army, for appointment as Chairman of the Joint Chiefs of Staff; and

Gen. Earle G. Wheeler, U.S. Army, for appointment as Chief of Staff, U.S. Army.

By Mr. STENNIS, from the Committee on Armed Services:

Capt. George G. Burkley, Medical Corps, U.S. Navy, assistant physician to the President, for temporary promotion to the grade of rear admiral while serving at the White House.

By Mr. SALTONSTALL, from the Committee on Armed Services:

Victor M. Longstreet, of New Jersey, to be an Assistant Secretary of the Navy.

ADDITIONAL EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mrs. SMITH of Maine. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: Temporary appointments of 23 rear admirals in the Navy; temporary appointment in the Marine Corps of 6 major generals and 7 brigadier generals; 3 generals and 1 lieutenant general, to be placed on the retired list of the Army, and the permanent appointment in the Regular Army of 49 brigadier generals. I ask that these names be placed on the Executive Calendar.

The PRESIDENT pro tempore. The nominations will be placed on the Executive Calendar, as requested by the Senator from Maine.

The nominations are as follows:

Levering Smith, and sundry other officers, for temporary promotion to the grade of rear admiral in the Navy;

William P. Battell, and sundry other officers, for temporary appointment to the grade of major generals in the Marine Corps;

Joseph L. Stewart, and sundry other officers, for temporary appointment to the grade of brigadier generals in the Marine Corps;

Gen. George Henry Decker, U.S. Army, to be placed on the retired list in the grade of general;

Gen. James Edward Moore, Army of the United States (major general, U.S. Army); and Gen. Herbert Butler Powell, Army of the United States (major general, U.S. Army), to be placed on the retired list, in the grade of generals;

Lt. Gen. Thomas John Hall Trapnell, Army of the United States (major general, U.S. Army), to be placed on the retired list, in the grade of lieutenant general; and

Brig. Gen. Walter August Jensen, Army of the United States (colonel, U.S. Army), and sundry other officers, for appointment in the Regular Army of the United States.

Mrs. SMITH of Maine. Mr. President, in addition to the above, I report favorably 209 appointments and promotions in the Navy and Marine Corps, in the grade of lieutenant commander and below, and 200 appointments in the Air Force, in the grade of major and below. All of these names have already appeared in the CONGRESSIONAL RECORD, so in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDENT pro tempore. The nominations will lie on the desk, as requested by the Senator from Maine.

The nominations are as follows:

William R. Walker, and sundry other officers, for appointment in the Navy;

John G. Matlack (Army Reserve Officers' Training Corps) for permanent appointment in the Marine Corps; and

Roger R. Bate, and sundry other officers, for appointment in the Air Force.

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

U.S. ATTORNEY

The Chief Clerk read the nomination of James P. Alger, of Utah, to be United States attorney for the district of Guam for a term of 4 years.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

U.S. MARSHAL

The Chief Clerk read the nomination of James R. Berry, of Pennsylvania, to be U.S. marshal for the western district of Pennsylvania.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

COMMITTEE MEETINGS DURING SENATE SESSION

On the request of Mr. MANSFIELD, and by unanimous consent, the Committee on Foreign Relations was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Internal Security Subcommittee of the Committee on the Judiciary.

The Subcommittee on Minerals, Fuels, and Materials of the Committee on Interior and Insular Affairs.

The Permanent Subcommittee on Investigations of the Committee on Government Operations.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON REPROGRAMING ACTION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on reprograming action by that Administration at Slidell, La.; to the Committee on Aeronautical and Space Sciences.

PROPOSED LOAN OF DESTROYER TO THE GOVERNMENT OF PAKISTAN

A letter from the Secretary of Defense, reporting, pursuant to law, on the proposed loan of a destroyer to the Government of Pakistan; to the Committee on Armed Services.

REPORT ON U.S. SOLDIERS' HOME

A letter from the Secretary of the Army, transmitting, pursuant to law, a report on the U.S. Soldiers' Home, Washington, D.C., for the fiscal year 1961 (with an accompanying report); to the Committee on Armed Services.

REPORT ON PROVISION OF WAR RISK INSURANCE AND CERTAIN MARINE AND LIABILITY INSURANCE FOR AMERICAN PUBLIC

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report on the provision of war risk insurance and certain marine and liability insurance for the American public, as of June 30, 1962 (with an accompanying report); to the Committee on Commerce.

REPORT ON ACTIVITIES UNDER MERCHANT SHIP SALES ACT OF 1946

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report on the activities and transactions under the Merchant Ship Sales Act of 1946, from April 1, 1962, through June 30, 1962 (with an accompanying report); to the Committee on Commerce.

REPORT ON EXAMINATION OF PRICING OF CERTAIN ENGINES UNDER CONTRACTS WITH CONTINENTAL MOTORS CORP., MUSKEGON, MICH.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of the pricing of spare engines for fire-crash vehicles under Department of the Air Force fixed-price prime contracts with Continental Motors Corp., Muskegon, Mich., dated July 1962 (with an accompanying report); to the Committee on Government Operations.

PROPOSED CONCESSION CONTRACT IN LAKE MEAD NATIONAL RECREATION AREA, ARIZ.

A letter from the Assistant Secretary of the Interior, transmitting pursuant to law, a proposed concession contract in Lake Mead National Recreation Area, Ariz. (with accompanying papers); to the Committee on Interior and Insular Affairs.

ACQUISITION OF LANDS FOR ADDITION TO ADAMS NATIONAL HISTORIC SITE

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the acquisition of lands for addition to the Adams National Historic Site (with an accompanying paper); to the Committee on Interior and Insular Affairs.

AMENDMENT OF ACT RELATING TO IMPORTATION OF CERTAIN TRADEMARKED ARTICLES

A letter from the Under Secretary of Commerce, transmitting a draft of proposed legislation to amend the act entitled "An act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," approved July 5, 1946, with relation to the importation of trademarked articles and for other purposes (with accompanying papers); to the Committee on the Judiciary.

REPORT OF JEWISH WAR VETERANS, U.S.A., NATIONAL MEMORIAL, INC.

A letter from the Treasurer, Jewish War Veterans, U.S.A., National Memorial, Inc., Washington, D.C., transmitting, pursuant to law, a report of that organization, for the period April 1, 1961, to March 31, 1962 (with an accompanying report); to the Committee on the Judiciary.

PETITION

The PRESIDENT pro tempore laid before the Senate a petition signed by Harry J. Duttman, and sundry other citizens of the State of Michigan, praying for an amendment to the Constitution of the United States to protect the right to practice freedom of religion in any and all public buildings, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. YARBOROUGH, from the Committee on Post Office and Civil Service, without amendment:

H.R. 11523. An act to authorize the employment without compensation from the Government of readers for blind Government employees, and for other purposes (Rept. No. 1866).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 3162. A bill to approve an amendatory repayment contract negotiated with the

Quincy Columbia Basin Irrigation District, authorized similar contracts with any of the Columbia Basin irrigation districts, and to amend the Columbia Basin Project Act of 1943 (57 Stat. 14), as amended, and for other purposes (Rept. No. 1872); and

H.R. 8567. An act to authorize the Secretary of the Interior to create trial boards for the U.S. Park Police, and for other purposes (Rept. No. 1867).

By Mr. GRUENING, from the Committee on Interior and Insular Affairs, without amendment:

S. 703. A bill to validate the homestead entries of Leo F. Reeves (Rept. No. 1869).

By Mr. BYRD of Virginia, from the Committee on Finance, with an amendment:

H.R. 860. An act to repeal certain obsolete provisions of title 38, United States Code, relating to unemployment compensation for Korean conflict veterans (Rept. No. 1868).

By Mr. THURMOND, from the Committee on Armed Services, with amendments:

H.R. 7932. An act to amend the act of July 2, 1958, so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Fla. (Rept. No. 1871).

By Mr. PELL, from the Committee on Labor and Public Welfare, with amendments:

S. 2511. A bill to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes (Rept. No. 1870).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ERVIN:

S. 3624. A bill for the relief of Dr. Diago Aranda; to the Committee on the Judiciary.

By Mr. BIBLE:

S. 3625. A bill for the relief of Zenon Zubieta; to the Committee on the Judiciary.

By Mr. PASTORE:

S. 3626. A bill for the relief of Irene Golato and Clorinda Golato; to the Committee on the Judiciary.

By Mr. MORSE:

S. 3627. A bill for the relief of Lee Sik Ning and Lee Ngar Wai; to the Committee on the Judiciary.

By Mr. SALTONSTALL (for himself and Mr. Jackson):

S. 3628. A bill to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy; to the Committee on Armed Services.

By Mr. YOUNG of Ohio:

S.J. Res. 215. Joint resolution authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America; to the Committee on the Judiciary.

(See the remarks of Mr. Young of Ohio when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTIONS

ANALYZATION OF BENEFIT-COST RATIO OF WATER RESOURCE DEVELOPMENT PROJECTS

Mr. PROXMIRE (for himself and Mr. Lausche) submitted a resolution (S. Res. 374) concerning the discount rate in analyzing the benefit-cost ratio of water resource development projects, which was referred to the Committee on Interior and Insular Affairs.

(See the above resolution printed in full when submitted by Mr. Proxmire, which appears under a separate heading.)

ESTABLISHMENT OF THE SENATE SELECT COMMITTEE ON THE ECONOMIC IMPACT OF NATIONAL DEFENSE

Mr. HART (for himself, Mr. Case, Mr. Clark, Mr. Douglas, Mr. Gruening, Mr. Hartke, Mr. Humphrey, Mr. Javits, Mr. Lausche, Mr. McCarthy, Mr. Muskie, Mr. Pell, Mr. Proxmire, Mr. Randolph, and Mr. Williams of New Jersey) submitted a resolution (S. Res. 375) establishing the Senate Select Committee on the Economic Impact of National Defense, which was referred to the Committee on Armed Services.

(See the above resolution printed in full when submitted by Mr. Hart, which appears under a separate heading.)

WINSTON CHURCHILL

Mr. YOUNG of Ohio. Mr. President, very few individuals in history have made as many notable contributions to their time as Winston Churchill has to the 20th century. The entire world is indebted to him for his leadership in the struggle of freemen against nazism, fascism, and communism.

He is one of the honored few whose names themselves speak for their achievements. As a writer, a historian, and orator—indeed, one of the great masters of all time in the use of the English language—he has earned himself a place among the literary giants of the English-speaking world. In addition, as the son of an American mother and English father, he—more than any other man of our time—truly represents the close friendship between the United States and England.

Mr. President, through the years, he has been one of our Nation's finest friends. He is deserving of the gratitude of all Americans for his contributions to freedom and democracy.

A thousand years from now people in far places will give thanks that in a dark and grave period in history this indomitable man grasped leadership of freemen and women and threw back in bitter defeat the powerful forces of tyranny. His enthusiasm, vigor, and leadership helped crush the terror of nazism, and people were restored to their simple dignity as creatures of God.

In his July 4 speech in Philadelphia, President Kennedy spoke of the hope of an eventual Atlantic Union. I suggest that one way in which we can inaugurate this great hope is by bestowing the high honor of honorary citizenship of the United States upon Winston Churchill. This is something that no man can buy or acquire in any way except through the grateful generosity of the American people. Accordingly, I introduce, for appropriate reference, a joint resolution which will bestow this honor upon Winston Churchill.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 215) authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America, introduced by Mr. Young of Ohio, was received, read twice by its title, and referred to the Committee on the Judiciary.

HONEST CONGRESSIONAL STANDARDS FOR FEDERAL PROJECTS

Mr. PROXMIRE. Mr. President, on behalf of myself and Mr. Lausche, I submit a resolution calling for honest standards for calculating the costs and benefits of Federal projects.

Mr. President, how would you like to pay for your house at 2½ percent interest—and take 100 years to pay?

Sounds pretty farfetched?

Yet the costs and benefits of all Federal water resource and construction projects are now calculated on the basis of these unrealistic assumptions.

This amounts to gross deception, and if anyone wants to know who is deceived, it is that forgotten man, the American taxpayer.

The outlays for cement and steel for Federal projects are made in present-value dollars, collected now from you, the present taxpayer.

The expected benefits, however, are calculated over a 100-year span—and a dollar's worth of benefits 10, 50, or a hundred years from now is worth a lot less than a dollar today, even if the price level stays constant.

No taxpayer in his right mind would invest funds if he got only 2½ percent interest on them. He could do far better than that by putting them in absolutely safe Government bonds or in a federally insured savings account.

But the return from tax dollars invested in the steel and concrete of Federal projects is discounted at that completely unrealistic 2½ percent figure—even though the lowest long-term rate on Government bonds, which the U.S. Government pays when it borrows money, is now over 4 percent.

Any private individual who has ever tried to borrow money knows that a hundred-year term is outrageously long. Forty years is the absolute maximum usually allowed, and that only in exceptional cases.

But in figuring the benefits on a Federal project, a 100-year lifespan is used automatically. Since many water resource projects and highway projects on the average end their useful life sooner than that, this means that others must be expected to last 200 or 300 years. This assumption is utterly ridiculous.

As a result of these assumptions, the benefits of Federal projects are grossly overstated. The costs are seriously understated. If meaningful assumptions were used, the cost of many multi-million-dollar projects would vastly exceed all alleged benefits.

But in the Alice-in-Wonderland world of Federal projects these economic fallacies and distortions continue. I am therefore submitting a resolution stating that if a longer-than-50-years project life is assumed to calculate benefits, then the minimum rate at which the U.S. Government can borrow money for long periods should be used to calculate the discount over time.

Unless this is done, and ridiculous as it sounds, the American taxpayer would be better off taking the money for these projects, investing it in Government bonds, and making lavish direct cash payments to the beneficiaries of the projects. This cost would be substantially less to the U.S. Treasury.

CONGRESS SHOULD HAVE OWN STANDARDS

It is becoming increasingly apparent to many that the Congress should establish its own methods of determining the economic value of water resource development projects. Three months ago the President made public the new set of criteria and procedures, standards, and policies to be used by executive agencies in the formulation and evaluation of alternative resource development projects. Yet the Congress has yet to consider these procedures to determine if it wants to adopt them as its own, or if it feels that congressional standards ought to be different in any way. There is no reason why Congress must be bound by the standards established in the executive branch of the Government. But there are many reasons why the Congress should have standards which it has explicitly considered and adopted. It may be that the President's set of economic standards for the evaluation of water resource projects will be found to be suitable for the purposes of congressional evaluation in this area. But until the Congress as a whole establishes its own standards, it will be forced to use those established by the executive agencies, regardless of their suitability for resolving the choices that must be made by Congress.

As a start toward the establishment of congressional standards, I am today submitting a resolution which would indicate the size and nature of the discount rate which Congress feels to be appropriate for use in this area. On previous occasions, the Senate has expressed itself on various features of the benefit-cost ratios which are the primary tool used in the evaluation of the economic merit of alternative water resource projects. But it has never explicitly considered and adopted a rate of discount which is a very crucial part of any benefit-cost ratio. A very small change in the size of the discount factor could cause very large changes in the benefit-cost ratio itself. In spite of the importance of the choice of the proper discount rate, Congress has no choice but to use the rate of discount used by the administrative agencies. A very long calculation process is required to work out a benefit-cost ratio using any particular discount factor. If the benefit-cost ratios presented to Congress by the executive agencies have been computed only on the basis of one discount rate, it is not feasible to expect individual Congressmen to repeat the long, involved calculation to obtain a benefit-cost ratio which uses a discount factor which might be felt to be more realistic.

ADMINISTRATION STANDARDS BADLY OVERSTATE VALUE OF PROPOSED PROJECTS

The discount factor and the period used for analysis:

It is not enough to estimate the benefits which are likely to result from some project over either a 50- or 100-year period. In order to compare the future benefits of a project with costs which have to be incurred in the present, it is necessary to obtain the present discounted value of all these future benefits. The only way a dollar receivable a year from now can be compared with a dollar today, is to apply some discount factor to that dollar which is receivable a year from now. The present discounted value of a dollar receivable a year from now is about 0.98 if the discount factor or rate of interest is 2.5 percent, but it is only about 0.96 if the discount factor or rate of interest is 5 percent. This suggests that while the process of discounting is important, the level of the discount rate used is very important.

The concepts behind this arithmetic relation are more difficult to isolate, especially in a particular problem such as this. What is the discount factor supposed to measure? What is the discounting procedure supposed to accomplish besides providing for the comparability of dollar amounts at different points in time?

PRESENT STANDARDS SERIOUSLY MISALLOCATES RESOURCES

One justification for a very high discount factor such as 10 percent is that it is the rate which indicates the rate of return or productivity on private capital, in real terms. The question concerns the best alternative uses of scarce capital. If real resources or real capital can be used in the private sector and yield a 10-percent rate of return, there is little justification for using those scarce resources in some Government project which would not be economically justified unless some very low rate of discount like 2.5 percent, was used. In these terms, the rate of discount used should reflect the real productivity of that capital in the best alternative use. If the alternative use in the private sector is quite profitable with a real rate of return of 10 percent on it, that should be the rate which is used to obtain the present discounted values of the future stream of benefits from the Government project. Otherwise it is possible that resources would be misallocated as the result of using those scarce resources in the Government project, rather than for the more profitable on the private project. The increased yield or profit, in real terms, on the private would tend to be better from the national point of view than would the Government project which would not be justified unless some much smaller rate of discount was used.

The size of the discount factor is thus one way of considering the full social costs of any Government project. The larger the private production which has to be foregone as the result of the Federal expenditure, the larger the discount factor should be, and the less the present value of the future benefits will be. This is just another way of saying that the more private production or benefits in the future which are foregone, the less the present value should be which is placed on the future benefits derived from the Government project.

RATE OF INTEREST ON NATIONAL DEBT IGNORED AS DISCOUNT FACTOR

Another alternative conceptual foundation for the selection of the proper rate of discount is the rate of interest on long-term debt. More specifically it is felt that the rate or yield on long-term marketable U.S. Government obligations can be considered the pure rate of interest; i.e., that rate which is free from any risk premiums and other distortions present in private rates of interest. At the moment this rate would be in the neighborhood of 4 percent. While this is less than the higher rates which reflect private profitability, it is more than the 2.5 percent which is currently being used, and therefore the use of this rate would lower the present value of all the benefits derived from this project.

This view of the proper discount factor has appeal in that the same rate is used to determine the repayment obligations of the power users and municipal water users as would be used to evaluate the benefits. In these terms it might be argued that unless the project has a yield at least as high as that which the Government has to pay to obtain the funds to build the project, the project is not justified. It may also be argued that unless the project yields additional output at the same rate which the Government imposes on those that have to repay to the Government on the reimbursable parts of the project, the project is not economically justified.

The issues involved in the use of this method of selecting the discount factor should not be confused with the issue concerning the repayment responsibility of the irrigating farmers. At the present time they are required to repay some small part of the costs which have been allocated to the irrigation part of the project. But they do not have to pay the interest on that part of the cost which has been allocated to them and which they are obligated to repay. This amounts to a significant subsidy in itself, but it is quite distinct from the issue of using a discount factor which is too low and therefore one which tends to overstate the present value of the benefits.

There is only one argument that is usually made in favor of such a low rate of discount as used by the Bureau of Reclamation. It is argued that any current rate of interest or yield on capital does give an indication or weight to the needs of future generations. Since the Government has a responsibility to look out for the future generations as well as for the present, the Government should not accept discount factors which reflect the present generation's desire to live well now at the expense of future generations. This, of course, is the same idea behind conservation laws which prevent the wasteful use of wasting resources such as timber and oil. There is no known way to objectively determine such a rate of social time preference. It is almost completely a value judgment which can be made only at the highest policymaking levels of Government, if it is made at all. Perhaps Congress is willing to rationalize the present 2.5-percent rate in these terms.

TWO AND ONE-HALF PERCENT DISCOUNT FACTOR SERIOUSLY WRONG

This notion is open to severe criticisms. In the first place, the savings done by individuals influence the rate of interest since such savings are, of course, part of the supply which determines the price of money when combined with the demand for loanable funds. Since the savings done by individuals is frequently for the education of their children and estates for them, the concern for future generations does enter into the present rate of interest. The Government should not be expected to be any more concerned about future generations than the existing electorate.

Also, these projects do not last forever. Sometimes they silt in after 50 years. Thus, we are talking about benefits to the present generation to a large extent, and therefore their preferences should be controlling. In fact, if we are concerned about the future generations, we should not build the dams, since by doing so we are using a scarce resource, damsites, and thus preventing the future generations from getting the most benefit out of them since they may silt up by the time the need for them is the greatest, for either flood control or irrigation.

PROJECT LIFE SERIOUSLY UNREALISTIC

At the present time the Bureau of Reclamation practice is to use the life of the project, or 100 years, whichever amount is shorter. Since it is difficult to predict the life of the project, practice has resulted in 100 years being used. The only benefit-cost ratio which appears in the justification given to the Appropriations Committee is the total benefit-cost ratio for 100 years. The definite plan report includes ratios for both 100 years and 50 years. Until recently, 50 years was used almost entirely. A table indicates the various benefit-cost ratios for various arbitrary periods of 50 and 100 years.

There was a great deal to be said for using a 50-year period instead of a 100-year period. This is especially true as long as the Bureau uses a discount factor which is completely free of any risk element. Whatever one can say about 2.5 percent, it does not approximate in anyway whatsoever a risk premium. Even the long-term Government bond rate of 4 percent might be considered free of any risk premiums. If such a risk premium-free discount factor is going to be used, the period of life should be more conservative. If 100 years is going to be used, the discount factor should contain a risk premium. It should be at least 5 percent if 100 years is going to be used.

A 50-year period should also be considered as the most realistic, since that is the period which is required by law for the irrigators to repay their cost responsibility.

CONGRESSIONAL RESPONSIBILITY REQUIRES ACTION

There are many different justifications, for many different discount rates and periods of analysis to be used in calculating benefit-cost ratios. This is a problem that has attracted much attention by economists, engineers, and other independent experts recently. While this diversity of approach characterizes the scholarly studies that have been made, all of them are similar in one important regard. All feel that the discount rate should be higher than the 2.5 percent currently being used by the executive agencies, and which obtained new administrative approval in the President's newly proposed standards. It is difficult to ignore the arguments and the conclusions of these studies. It would be irresponsible on the part of Congress to continue to use the economic discount rate standards suggested by the administration without explicitly considering these alternatives. It may very well be that there are good reasons why a 2.5-percent discount rate and a 100-year period of analysis can be accepted by Congress. If there are such reasons, they have not yet been made known to Congress, for the good reason that Congress has not yet carefully considered this matter.

The following quotes from these books and journal articles indicate the nature of the problem, and the alternatives which have yet to be considered by Congress.

RESOLUTION PRACTICAL

I feel that this resolution would provide a legitimate compromise between the present practice, and some of these alternative proposals which have so much merit in terms of affecting a more reasonable allocation of scarce tax dollars among alternative uses.

This resolution would make clear congressional intent in this vital area. It would permit the continued use of a 2.5-percent discount rate if the period of analysis is 50 years. This is reasonable since the shorter time period would result in more certain estimates of the future expected benefits being made. And the 2.5 percent might be justified by the reasons suggested earlier, that is such a low rate of discount might be said to reflect this generation's desire to leave more for the subsequent generations.

However, if a 100-year period of analysis is used, then this resolution would indicate that a larger discount factor should be used; namely, the discount factor determined by the current average yield on all long-term Government bonds that currently have more than 10 years to run before maturity. By using a higher discount rate, proper weight is given to the more uncertain benefits which are estimated to come about during the much longer period which has been attributed to the project for purposes of accruing benefits.

The effect of this would be to eliminate some very marginal projects that the administration is currently sending to Congress for approval. An example of this is the Glen Elder project. The following table indicates the benefit-cost ratios under these various assumptions of time period and discount rate. If marginal projects as this were eliminated from consideration, more funds would be freed for more worthy projects.

Benefit-cost of Glen Elder ratios under various assumptions

	Using 2.5 percent factor				Using 4 percent discount factor			
	100 years		50 years		100 years		50 years	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
Project	1.09	1.18	0.85	0.93	0.72	0.78	0.64	0.69
Irrigation	.71	1.01	.57	.80	.49	.69	.43	.61
Flood control	1.18	1.18	.92	.92	.77	.77	.68	.68
Municipal water	1.81	1.81	1.39	1.39	1.17	1.17	1.03	1.03

I ask unanimous consent that a series of studies be printed in the RECORD at this point from: First, "Water Supply—Economics, Technology, and Policy"; second, "Proposed Practices for Economic Analysis of River Basin Projects"—Report to the Joint Economic Committee on War Resources; third, "Federal Expenditure Policy," a compendium of papers presented to the Joint Economic Committee; fourth, "Magnitude of the Discount Rate for Government Projects," by William L. Miller, of Auburn University; fifth, "Practical Logic of Investment Efficiency Calculations"; and sixth, "Investment in Additional Water Supplies."

The PRESIDENT pro tempore. The resolution will be received and appropriately referred; and, without objection, the material will be printed in the RECORD.

The resolution (S. Res. 374) was referred to the Committee on Interior and Insular Affairs, as follows:

Whereas the sense of the Senate, stated in S. Res. 281, Eighty-fourth Congress and in S. Res. 148, Eighty-fifth Congress, is that the Congress will continue to exercise its constitutional powers to encourage the comprehensive conservation, development, and utilization of the land and water resources of the Nation, and that reports to the Congress in support of authorization of projects for such purposes should (1) include evaluations made in accordance with criteria prescribed by the Congress, and (2) fully disclose the results of studies and analyses of the potential utilizations, costs, allocations, payout, benefits, both direct and indirect;

Whereas previous statements of congressional intent have been silent on the important matter of the proper discount rate (the interest rate on the Federal investment) to be used in such economic analysis of the benefits and costs of prospective water resource development projects, in spite of the fact that a small change in the present discount factor could significantly alter the benefit-cost ratio of many projects, thus affecting the choice of alternative projects;

Whereas if public funds are to be used to best advantage, the most economically feasible projects should be selected for authorization, so that funds are not denied to prospective water resource projects which would yield larger economic benefits over the years, and to insure that public funds are properly allocated to all private and public uses;

Whereas the proper choice of the best projects from many alternative uses requires that a discount rate be used which is realistic in terms of the public interest and all economic factors;

Whereas it is important that any rate of discount used for these important economic choices should be determined by the Congress;

Whereas the estimation of benefits for any project for any future time period includes the evaluation of many uncertainties and imponderables, and the longer the time period for which the projection is being made, the more uncertain the estimated benefits will be;

Whereas the uncertainties associated with a longer period of analysis indicate that the discount rate should be higher so that the more uncertain benefits of the more distant future are not given the same weight as the more certain benefits which are estimated to come about in the near future in determining the selection of alternative water resource development projects; and

Whereas the present policy is to use the same discount rate, which currently is approximately 2.5 per centum, in analyzing the benefit-cost ratio of projects where the period of analysis is more than 50 years and as much as 100 years and of projects where such period is less than 50 years: Now, therefore, be it

Resolved, That it is the sense of the Senate that in cases where the period of analysis with respect to the useful life of a water resource development project is more than 50 years the discount rate used for the purpose of such analysis should be greater than in cases where such period is 50 years or less and should be at least equal to the average rate of interest payable by the Treasury on interest bearing marketable securities of the United States outstanding on the last day of the fiscal year preceding such analysis which on such day had 15 years or more remaining before reaching maturity, such average rate being currently approximately 4 per centum.

The material presented by Mr. PROXMIRE is as follows:

Water Supply—Economics, Technology, and Policy

OBJECTIONS TO THIS SOLUTION

Most of the objections considered earlier in connection with the economic theory of choice in general—in particular, the existence of extra-economic values, the problem of "higher" and "lower" tastes, the dependence of the solution upon the existing distribution of wealth and talents, the existence of market imperfections, and divergences between private and social costs—are also relevant for the economic theory of intertemporal decision; but, since they do not involve the latter in any unique way, we shall not attempt to discuss them further here. There are, however, a number of more or less cogent objections to the classical theory that apply exclusively or with particular force when intertemporal decisions are considered. In the former category is the question of how to weigh the claims of posterity properly as against the claims of current generations. Another, somewhat technical, consideration is the argument that the interest rate is not an outcome of market forces but rather a datum arbitrarily under control of government. In the latter category we will discuss market imperfections peculiar to the capital market itself.

THE CLAIMS OF POSTERITY

The allegation that market determinations of values as between present and future goods and services neglect the claims of future generations is at the heart of the more sophisticated expositions of "conservationist" philosophy. It is true that men do to some extent save for the benefit of their heirs and so do take the claims of future generations into account insofar as these make themselves indirectly felt through the affections of the present generation. But, conservationists may maintain, the market does not of itself provide any direct way for the needs and desires of unborn individuals to influence current choices between consumption for the benefit of the present and investment for the benefit of the future. Consequently, human selfishness being what it is, the decisions actually made through the market are almost bound to be one-sided. According to one view: "It is the clear duty of government, which is the trustee of unborn generations, as well as for its present citizens, to watch over, and if need be, by legislative enactment, to defend the exhaustible resources of the country from rash and reckless spoliation."[1] (We may, as an aside, reiterate the doubts we expressed earlier about such preaching of the "duties of government," with its implicit assumption that government is the repository and defender of social conscience on all economic questions rather than a complex institution composed of human beings with their own self-centered needs and desires.)

If, in fact, the Government seeks deliberately to act as the trustee of future generations, there is a variety of instrumentalities available. For preservation of fish and game resources there are license fees, season and bag limits, protected species, size limitations, and numerical quotas. Subsidies are granted farmers under a number of programs whose official purpose is to encourage them to undertake future-directed investments. Certificates of rapid tax amortization have had somewhat the same effect in the industrial sector, though the official purpose here is development of a mobilization base for national defense. In the case of oil and natural gas, monthly extraction quotas are established by a number of the major producing states. (In this and some other of the instances cited, the allegation has been made that the official purpose of conservation is rather less important than the actual purpose of holding down production for purposes of monopolistic gain.) In a few cases, regulation of one type or another has been applied to prevent drawing-down of underground water levels by pumping.

For the present, however, we want to restrict our consideration to the question of possible intervention through the interest rate to validate the claims of future generations.[2] There are two general ways by which the Government could attempt to counteract the effect of an "excessively" high interest rate or discount of future costs and benefits. The first is to let the market rate govern in the private sphere but, in the Government's own operations, to make decisions on the basis of a somewhat lower rate. This is actually done today, though as a more or less accidental consequence of tax legislation rather than as a deliberate policy. Thus, costs and benefits of Federal projects are normally discounted at rates between 2.5 and 4 percent, whereas even for conservative investments in the private sphere the future is likely to be discounted at a much steeper rate—6 percent after taxes or 10 percent before taxes may not be untypical.[3]

It is simple to show that the existence of differing rates of discount for public and private investments, after adjustment for risk, is undesirable on efficiency grounds. Assuming that the private and public spheres are divided on some principle which need not concern us here, the adoption, say, of a 3-percent discount rate in the public sphere and a 6-percent rate in the private sphere for investments of comparable risk means that there will be investments in the private sphere not undertaken because they will not be justified except for discount rates below, say, 5 percent. Meanwhile, however, projects yielding only 3 percent are being adopted in the public sphere. On efficiency grounds the disparity of interest rates will lead to the adoption of public projects that are less productive than private projects not being adopted. Note that the question of the claims of the future versus the present does not enter into this conclusion. The disparity of interest rates means that, given the aggregate amount of present sacrifice, less is provided for the future when less productive investments are undertaken.[4]

Proposed Practices for Economic Analysis of River Basin Projects

INTEREST AND DISCOUNT RATES AND RISK ALLOWANCES

The values attached to benefits and costs at their time of accrual can be made comparable only after conversion to an equivalent basis for time and degree of certainty of occurrence. Interest and discount rates and risk allowances provide a means for giving monetary expression to differences in the time and certainty of occurrence of benefits and costs.

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[1] A. C. Pigou, "Economics of Welfare" (4th ed.; London, 1932), p. 29. The views of Pigou and a number of other authors are described in A. Scott, "Natural Resources: The Economics of Conservation" (Toronto: University of Toronto Press, 1955), pp. 88–97.

[2] To the extent that the regulations cited above can be justified on economic grounds, they represent attempts to correct divergences between private and social costs. The magnitude of these divergences, granting that a correction is required, can still only be measured once a rate of discount for intertemporal comparisons is agreed on.

[3] The operative rates in the public and private spheres are discussed in more detail in later sections of this chapter.

[4] This argument implicitly assumes that the public investment is to be compared with the marginal private alternative, holding aggregate investment constant. Another possible approach would be to compare the public investment alternative with the private spending that would result if the tax moneys required for the public investment were left in private hands instead. This would lead to a somewhat different conclusion, since presumably part of the money left in private hands would then be spent for consumption purposes, thus quite possibly leaving less available for future generations despite the higher productivity of capital in the private sphere. Which comparison is the relevant one depends upon the purpose at hand.

Prevailing interest and discount rates for loans and investments usually reflect both the "time" and "risk" elements. The wide range in such rates arises largely out of differences in the estimated risk on various types of loans or investments. However, ways other than adjustments in the interest and discount rate are available in benefit-cost analysis for treating at least part of the risk associated with a particular project. To the extent feasible, direct or specific risk allowances should be made. This would leave the interest or discount rate with the primary function of adjusting estimates for time of occurrence plus residual risks. It would be expected, however, that the total allowance for risk and interest appropriate in the analysis of a Federal project would be comparable with such allowance for private undertakings involving similar risk, uncertainty, and longevity.

Risk allowances: Adjustments for risk take account of the hazards and uncertainties that intervene between the commitment or investment of resources and the accrual of benefits. There are two principal types or categories of risk for which allowance must be made in benefit-cost analysis. One type is predictable, since bases are available to calculate the probability or frequency of losses associated with its occurrence. For predictable risks, the value attached may be converted into a reasonably certain annual amount, either through insurance or an appropriate allowance. To the extent feasible, the value of all predictable risks should be converted to an annual or present worth basis and allowed for either as a deduction from benefits or as an addition to project costs. For example, where losses from fires, storms, pests, and diseases, or the costs of their prevention, if such is possible, can be estimated with reasonable assurance, the returns available to justify investment costs should be reduced accordingly. The estimate of the resulting net returns would thus be as free as possible of all predictable risks.

Risks in the form of uncertainties for which no appropriate basis is available for prediction include the probability of errors in estimating benefits and costs due to such factors as fluctuations in the levels of economic activity, technological changes and innovations, and other unforeseeable developments adversely affecting the cost or value of project services. Risk allowances for this group of uncertainties must be based largely upon judgment, since precise information is not available for calculating their value.

Methods of allowing for uncertainties or unpredictable risks include the use of estimates of benefits that are reasonably conservative; the assumption of a limited economic life, with minimum allowances for salvage, which results in amortization of costs within the limited economic life (see following section); a risk component in the discount rate, safety margin requirements in project formulation, such as designing projects short of the marginal limit on scale of development or including a contingency reserve in project costs to cover unforeseeable developments; and finally, selection only of the more desirable projects.

Summary of recommendations on risk: It is recommended that net returns exclude all predictable risks, either by deducting them from benefits or adding them to project costs, usually on a present worth or annual equivalent basis. Allowance for uncertainties or unpredictable risks in benefit accrual should be made indirectly by the use of conservative estimates of net benefits, requirement of safety margins in planning, or including a risk component in the discount rate.

Interest and discount rates: The monetary values of benefits and costs that accrue at varying times are comparable only if all are adjusted to a uniform time basis. The use of interest rates provides a means for converting estimates to a common time point or period.

Interest and discount arise because of the competing demands that exist for limited supplies of savings available for capital investments yielding returns in the future. The demand for savings stems largely from the opportunities for productive use of capital. With the supply of existing capital and savings limited, opportunities exist for new capital investment that over a period of time will yield a return in excess of the initial investment involved. Thus, the opportunities of obtaining net returns over costs from the utilization of income-yielding goods constitute a major source of demand for savings. The supply of individual savings available for investment is limited principally by the preference of individuals for present over future goods. Because of the higher valuations that individuals place on present goods, a payment in the form of interest is needed to induce savings and compensate for the current use that is forgone. Consequently, interest rates may be considered as an expression of the exchange relationship between present and future goods. This premium or interest rate is the added value of having resources presently available in comparison with future values. For comparison with present costs, the determination of the present worth of goods available in the future involves scaling down or discounting their future values.

With limited amounts of resources available for capital investment, the interest cost of investing such resources in a water development is measured by the rate of return that would be realized if the capital were invested in other uses of comparable risk and duration. This cost is over and above allowances for risk and arises whether a private or public viewpoint is involved. As explained in the preceding section, adequate allowance for risk should be made, to the fullest practicable extent, in the estimates of benefits and costs. On this basis, the minimum interest rate appropriate for use in project evaluation for converting estimates of benefits and costs to a common time basis is the risk-free return expected to be realized on capital invested in alternative uses. At a given time this rate is the projected average rate of return; i.e., yield, expected to prevail over the period of analysis, in the absence of inflationary or deflationary changes in the general price level, on such relatively risk-free investments as long-term Government bonds. Although apparently involving considerations generally similar to those in the projection of prices, only limited attention has been given to the problem of developing projected interest rates. Pending development of a projected rate, the average yield on long-term Federal bonds (preferably rounded to the nearest one-fourth of 1 percent) over a sufficiently long period of time to average out the influence of cyclical fluctuations might be uniformly used by all agencies as an approximation of the expected long-term, essentially risk-free rate.

Use of the minimum risk-free rate assumes that risk elements have been adequately accounted for in the calculations of benefits and costs. If it is found impracticable or impossible to make the estimates of project effects on a risk-free basis, the risk allowance would have to be accounted for by an increment in the interest or discount rate applied to deferred effects. These considerations are of particular significance in evaluating associated costs and converting benefits to present worth or to a uniform annual rate. Thus, in the evaluation of associated costs and irregularly accruing benefits it should be recognized that the relatively risk-free long-term interest rates are inappropriate. The recommended interest rates for evaluating these effects should be those considered to be applicable to participants after analysis of the specific situation.

The economic analysis should also include a comparison of the cost of a project or increment thereof with available alternative means of accomplishing the specific purposes involved. In making such comparisons the project basis for treating interest should also be used for the alternative, with any necessary adjustments for differences in risk.

Summary of interest rate recommendations: It is recommended that estimates of benefits and costs accruing at various times should be made comparable by adjustment to a uniform time basis through the use of projected long-range interest rates. Pending the development of such rates, the average rate of return; i.e., yield, on long-term Federal bonds over a sufficiently long period of time to average out the influence of cyclical fluctuations is considered appropriate for uniform application by all agencies on the condition that adequate allowance has been made for uncertainties and risks. If such allowance is not possible, a component for risk should be included in the interest rate as may be the case for irregularly accruing benefits and associated costs. In comparing the cost of a project or increment thereof with alternative means of accomplishing the purposes involved, the treatment of interest for the alternative should be on a basis comparable with that of the project, with any necessary adjustments for differences in risk.

PERIOD OF ANALYSIS

A number of economic and physical forces limit the economic life of any project. Physical depreciation, obsolescence, changing requirements for project services, and time discount and allowances for risk and uncertainty may limit the present value of future project services. The upper limit of the economic life of a project is reached when the foregoing factors cause the costs of continuing the project to exceed the additional benefits expected from continuation. As so used, the economic life is generally less, and never more, than the physical life of a project.

Although the economic life of a project establishes an upper limit on the period of analysis, it may be desirable to use a period short of this limit for economic analysis in order to provide additional allowance for risk. Conservative estimates of salvage values and of the productive life of initial installations and of replacements, and allowances for operation and maintenance sufficient to provide full operating conditions throughout the period of analysis, justify reducing other allowances for risk and uncertainty.

Furthermore, in certain cases it may be advantageous to gear the period of analysis to the expected economic life of the major initial structure, or, where there is considerable variation in the expected life for various purposes, the probable life for each purpose may be used. The decision whether or not to replace the project at the end of the productive life of the basic structure can be made at a later time and is not an essential consideration or a necessary part of the initial project formulation or justification. In the case of major structural replacements, such as a set of navigation locks, the period of analysis needs to be of sufficient length to cover only the benefits and costs associated with the first or initial cycle of a project, even though economic life may be extended through successive replacements.

The difficulties and the uncertainty associated with estimating the value of remote effects provide another justification for limiting the period of analysis. Even though the character of the basic structures may allow an extended economic life, or the possibilities of replacement may be such as to suggest a continuing life, the limitations on the reliability of estimates projected into the distant future and their small present value when discounted provide reasons for selecting a maximum evaluation period.

It is recommended that a period of analysis of 100 years be considered as the upper limit on economic life. In cases where obsolescence is likely to be an important factor, use of an economic life substantially less than this upper limit, possibly not exceeding 50 years, may be warranted. Justification for the 100-year upper limit lies in the increasing uncertainty involved in predicting the more remote future and in the likelihood that any benefits and costs accruing beyond a 100-year cutoff would be largely offsetting in their amounts. Because of the low present worth of remote benefits, any benefits accruing beyond a 100-year period will seldom change the benefit-cost estimates significantly.

Any resources remaining at the end of the period of analysis should be valued in terms of their nonproject uses. For example, in the case of land, the salvage value should be based on its potential use at the termination of the project, but not to exceed the initial cost or value of the land adjusted for any improvement or damages resulting from the project. For most other remaining resources, the salvage value would be either junk values or values of such goods for use in other locations, after allowance for transportation or reinstallation.

Establishing the length of the period of analysis and the basis for salvage determines the amortization period and the amount of the net capital investment to be amortized. The amortization charge should be sufficient to cover all capital investment costs in excess of salvage during the period of analysis. Either of the two common methods for treating salvage give approximately the same results. One is the deduction of the present worth of salvage from the present investment cost, with the remainder amortized over the period of analysis. The other is to charge interest on the total investment but to amortize only the investment cost in excess of the value of salvage remaining at the end of the period.

The logical basis for estimating benefits and costs accruing during the period of analysis should be in accordance with the changes in productivity or operating capacity expected during the assumed economic life. However, the difficulty of forecasting the rate at which project services are likely to change in amount often necessitates estimates being made on the assumption of full operating capacity throughout the project life. Such procedure in the case where output declines over the course of a project's useful life is likely to overestimate somewhat both benefits and costs. Although the net significance of this procedure is not likely to be serious in the usual case, it may be necessary in the case of some projects to gear estimates to expected levels of operating capacity in calculating both benefits and costs.

Recommendations: It is recommended that the maximum period of analysis be the expected economic life of the project or 100 years, whichever is shorter. Even for projects involving basic structures of more extended life and those having continuing replacement possibilities, it is recommended that a 100-year period of analysis be considered as the upper limit on economic life. Any allowance for salvage should be based on the expected value in nonproject uses at the end of the period of analysis. The amortization charge should be sufficient to cover the capital investment during the period of analysis, calculated on a sinking fund basis using the investment cost interest rates. Except in special cases, the basis for estimating benefits and costs should be under the assumption of maintaining the project at full operating capacity.

[From Federal Expenditure Policy—A compendium of papers presented to the Joint Economic Committee]

The Interest Rate in Cost-Benefit Analysis

(By Arnold C. Harberger, associate professor of economics, University of Chicago)

It would be hard to overstate the importance of the interest rate used in the discounting of benefits and costs to judge the worthwhileness of proposed long-term Federal investments. Suppose a project were expected to yield benefits of $1 million a year beginning 5 years from the initiation of construction and extending indefinitely into the future. Using an interest rate of 2½ percent, we would evaluate this stream of expected benefits at $35.36 million as of the date of initiation of the project. But if we were to use a 6-percent rate, our evaluation would be no more than $12.45 million. The choice of interest rate becomes more critical, the longer the duration of the project in question, and the longer the lag between the beginning of construction and the time when benefits begin to accrue. Clearly, major mistakes can be made if the wrong interest rate is used in evaluation. If the cost of the above project were $20 million, it would be a fine investment if 2½ percent were the right rate and a terrible mistake if 6 percent were the right rate. I propose to argue in this paper that a rate of 6 percent or better is the proper rate to use in evaluating Federal projects. This compares with a rate of 2½ percent most commonly used by the Government agencies which undertake cost-benefit analyses.

The justification most commonly given for the use of the 2½ percent rate is that that is the rate at which the Government can borrow. This, of course, is no longer true; perhaps a 3½ percent rate would accord better with the present state of the money market. Be that as it may, my argument for a rate of 6 percent or better does not depend critically on the state of the money market. It holds equally well for the easy-money days immediately following the Second World War and for the hard-money period through which we are now passing.

The essence of my argument is that there exist and have existed ever since the war widespread opportunities for investments yielding 6 and 8 percent and higher. So long as such opportunities are available, our society does itself a disservice by investing at yields of merely 2½ or 3½ percent. The opportunities I speak of are those at the margins of industrial and agricultural investment, and I suspect it is also true that investment in residential construction might yield close to 6 percent.

Let us consider a typical industrial investment. Let it be financed half out of equity (or retained earnings) and half out of borrowings. What must it yield in order that it be a successful investment in the market sense? Presumably, the total yield should be sufficient to pay the interest on the borrowings and provide a rate of return on the newly invested equity equal to the market rate of return on equity. Taking figures which are reasonably representative of the period since the war, let us assume the interest charge on borrowings to be 4 percent, and the earnings yield of equities to be 10 percent. This earnings yield is, of course, after taxes; the before-tax yield of equity capital has typically been in the order of 20 percent. Thus our typical successful investment yields 4 percent on half the invested funds and 20 percent on the other half, making the rate of return on the whole equal to 12 percent. It may be objected that the 10 percent figure for earnings yield, while representative of the whole postwar period, has been rendered obsolete by the great rise in stock prices that has occurred. For recent years a figure of 7 percent might be better for the after-tax yield of equities. This means 14 percent before tax, and together with a 4 percent borrowing rate applied to half the total capital implies an overall yield on capital of 9 percent, rather than the 12-percent figure obtained earlier.

Another approach to estimating the rate of return on capital in the United States is to compare total income received on account of capital with the total value of the capital itself. Neither of these components is easy to estimate, but much work has been done in recent years to improve our knowledge of both.[1] In spite of the lack of absolute precision in the presently available estimates, one may feel quite confident that the stock of capital in the United States is somewhere between three and four times the national income, and that the income accruing to capital amounts to somewhere between one-third and one-fourth of the national income. Our estimate of the rate of return on capital in the overall economy lies, then, in the range between 6¼ percent (income of one-fourth divided by capital of 4) and 11.1 percent (income of one-third divided by capital of 3), and probably closer to the middle than to the extremes of the range.

In the case of agriculture we have a reasonably good measure of the return on capital in the ratio of the gross rent paid to the value of rented farms. For 12 Corn Belt States this rent/value ratio ranged from an average of 5½ percent in Ohio to an average of 8½ percent in Wisconsin, with most States averaging between 6 and 7 percent. The figures are for 1954–57, and apply to farms rented wholly for cash.[2]

It is clear that there do exist many alternative investments yielding 6 percent and more per year. One might ask, however, whether these differ substantially from typical Government projects in their degree of riskiness, so as to warrant a substantially different rate of return. I cannot help but feel that Federal projects are highly similar in their degree of riskiness to many private projects. Both power and irrigation facilities are provided by the private market, side by side with Federal installations, as are, from time to time, river and harbor improvements, flood-control facilities, etc. These rank, to the best of my judgment, neither as especially safe nor especially risky investments. It therefore seems reasonable to expect that Federal investments in these activities should pay off at least at 6 percent, which, as we have seen, appears to be somewhat below the average return on investments in the private sector of the economy. The purpose of Federal investment is, I believe, to improve our level of living and that of our children; the measure of this improvement is provided in dollar terms through the estimation of benefits. There seems little or no justification for the Government's withdrawing resources from the private sector unless these will yield as much improvement in levels of living as ordinary private investments.

My recommending the use of a substantially higher interest rate in cost-benefit analysis does not imply any prejudgment that serious mistakes were made because a lower rate was used. If estimated benefits were 5 times costs using a 2½ percent rate, they would likely turn out to exceed costs, though by a smaller margin, when a 6 or 8 percent rate was used. It is the projects which are marginal in the first place that look bad when a higher rate is used. It is accordingly of interest to inquire whether projects actually undertaken could pass the test of a higher interest rate. A group of investigators at the University of Chicago have looked into this question, using the same benefit and cost estimates as were presented by the agency in question, but simply applying different interest rates for time discounting.

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[1] Cf. Raymond Goldsmith, A Study of Saving in the United States. (Princeton: 1956.) Moses Abramovitz, Resource and Output Trends in the United States Since 1870, American Economic Review, May 1956, pp. 5–23, and the sources cited therein.

[2] U.S. Department of Agriculture, The Farm Cost Situation, May 1957, p. 19, table 8.

Out of 24 Bureau of Reclamation projects which were in fact undertaken, only 8 would have been judged acceptable at a 5-percent rate, and only 2 at a 7½-percent rate, and only one at a 10-percent rate, if only primary benefits are taken into consideration. Counting secondary as well as primary benefits, 16 projects would pass the test at the 5-percent rate, 9 at the 7½-percent rate, and 4 at the 10-percent rate. Similar results emerged from a study of 29 Corps of Engineers projects. However, in the case of 27 Department of Agriculture watershed programs, practically all of the projects would stand up under a 5-percent rate, and two-thirds would be acceptable at a 10-percent rate, although one must add that the estimates of benefits, which are the raw material of benefit-cost analysis, appear to be subject to substantial possible error in these cases.[3]

Thus it appears that the use of a higher rate would have precluded some, but by no means all of the projects actually undertaken. I strongly recommend and urge that future Federal investments receive scrutiny in terms of a rate of interest comparable to the return to capital in the private sector. This will lead to a better use of our resources, and in the bargain may provide some possibilities for budget limitation.

[From the Southern Economic Journal,
April 1962]

The Magnitude of the Discount Rate for Government Projects

(By William L. Miller, Auburn University)

(This paper, part of a project begun during the 1960 Ford Faculty Research Seminar at Vanderbilt University, has profited from criticism by Rendigs Fels, director of the seminar, and John V. Krutilla. Neither of these obliging critics nor the Ford Foundation necessarily agrees with opinions expressed in this paper; they are not responsible for the shortcomings of the final draft.)

I

The number of Government projects which appear desirable varies inversely to the magnitude of the rate at which their time streams of benefits and costs are discounted. Appropriately enough, the question of the proper size of the discount rate for Government enterprises has received and is receiving considerable attention from economists.[1] This paper does not review recent work on this subject but concentrates on some matters which have not received their quota of attention.[2] Because Otto Eckstein raises the issues with which this paper is concerned and because he is highly specific in setting forth his general solution, point-of-departure use is made of his work.[3]

Eckstein assumes that government succeeds in preventing widespread unemployment or severe inflation. Government finances itself by taxation, and enough is known of the incidence of taxes to enable economists to specify to what extent a particular tax reduces consumption or investment. Furthermore, the traditional competitive model provides a usable approximation to the American economy.

In the traditional competitive model there is one capital market ruled by one rate of interest, which is the price of capital and which brings into equality plans of savers and investors. Unfortunately for the economist, the American economy has no single capital market and no one rate of interest. Instead the capital market consists of quasi-independent sectors. Partly because of differentiation and partly because of variations of risk premiums, there is a welter of interest rates, no one of which can be used for discounting by government.

Despite the existence on a complex of interest rates, averaging provides a way out. The social cost of taxation depends on whether taxes curtail consumption or investment. If taxation reduces consumption, social costs are in Eckstein's system discoverable by averaging rates of interest, net of tax reductions permitted borrowers and net of taxes paid by recipients of property income, applicable to householders primarily in their role as debtors. If taxes come out of investment, social costs are computed by averaging interest rates and returns, net of taxes paid, on investment. By using chiefly 1955 data for the United States, Eckstein found that taxes which curtail consumption involve a social cost of 5.79 percent, that those reducing investment cost society 5.44 percent, and that the weighted average of costs resulting from both forms of taxation lies between 5 percent and 6 percent.

Interests of underdeveloped regions may justify reduction of the discount rate in order to subsidize their development.

This brief sketch is not designed to present the full flavor and content of Eckstein's contribution, but merely to raise the issues which I wish to discuss. In what follows I shall argue in the manner and sequence indicated:

1. An average of rates of interest and returns in the private sector sets too high a minimum for a number of reasons. First, it requires of public enterprise higher standards than are demanded of private firms. Second, this average at times reflects some private rates of return that are too high. Third, the range of from 5 percent to 6 percent embodies short-run influences and perhaps an inflation premium which should be eliminated. The range of helpful discount rates seems narrow, and the number of fields of useful application appears limited.

2. Substantially the same discount rate appropriate for projects financed by taxation under circumstances of full employment should be used during mild or moderate inflation but not hyperinflation.

3. Substantially the same discount rate should be used regardless of the level of employment. Unemployment does not justify a lower rate than used during full employment.

4. Until all alternatives have been investigated and found wanting, the discount rate should not be lowered to promote development of lagging regions.

I shall not attempt to answer the question whether or not prospective returns on government projects can be computed and shall assume that one discount rate is appropriate for a given project throughout its life.

II

With Eckstein let us assume full employment and balanced governmental budgets. Can we with confidence use discount rates in the 5-percent to 6-percent range? I shall develop three reasons why we should not so limit the range and then present a substitute range of discount rates and indicate in broad outline the type of projects to which these rates may be applied.

(1) Eckstein notes that a discount rate of between 5 percent and 6 percent would rule out most water resource development projects as outlined in plans sponsored and under consideration in 1953–55.[4] Perhaps less rigorous standards would eliminate almost as many, but at least the minimum of the 5–6 percent range seems too high. The canons of economic efficiency do not require that Government projects meet higher standards than private business firms. It is in the nature of an average "internal rate of

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[3] University of Chicago Office of Agricultural Economics Research. Paper No. 5612, July 18, 1956, pp. 4–5.

[1] See especially the following: O. Eckstein, "Water Resource Development" (Cambridge, Mass.: Harvard University Press, 1958), pp. 94–104; J. Hirshleifer, J. C. De Haven, J. W. Milliman, "Water Supply Economics, Technology, and Policy" (Chicago, Ill.: University of Chicago Press, 1960), pp. 139–174; J. V. Krutilla and O. Eckstein, "Multiple Purpose River Development" (Baltimore, Md.: Johns Hopkins Press, 1958), chapter IV; R. N. McKean, "Efficiency in Government Through Systems Analysis" (New York: John Wiley & Sons, 1958), pp. 74–95; P. O. Steiner, "Choosing Among Alternative Public Investments," American Economic Review, December 1959, pp. 893–916.

[2] No attention is paid in the body of this paper to the contributions of McKean and Steiner and to the possibility of using as the rate of discount the average of rates of return on long-term Government obligations.

For circumstances in which Government budgets are subject to change, McKean favors discounting at the market rate of interest (McKean, op. cit., pp. 76–81), but he fails to say just what market rate is to be employed. If budgets are fixed, McKean thinks discounting should be at the marginal internal rate of return for Government projects (ibid., pp. 81–88). This suggestion has little use because budgets in practice are fixed only in the short run, and, even if they were fixed in the long run, the issue of their proper size would still demand attention. See Hirshleifer, De Haven, and Milliman, op. cit., pp. 149, 169–172; J. Margolis, "The Economic Evaluation of Federal Water Resource Development," American Economic Review, March 1959, pp. 104–105.

In the article cited in footnote 1, Steiner discounts internal rates of return of private and public enterprises by the "opportunity cost of deferred consumption" or "social time preference." Though this rate performs an analytic need for him and enables him to perform an interesting integrative operation on his predecessors' work, not enough information is available on its nature and the method by which it might be computed to render it usable for solving problems other than purely conceptual ones.

Eckstein rejects use of the average rate of return on long-term governmental obligations on the ground that it does not reflect risks inherent in individual governmental projects (Eckstein, op. cit., pp. 95–96; Krutilla and Eckstein, op cit., p. 124). Three reasons why this average may not reflect these risks are (1) Government taxing power supports the bonds, and losses on projects will be paid out of tax proceeds; (2) the Federal Government can create its own money and act as both buyer and seller of bonds; (3) central bank operations designed to reduce interest rates may, during transition periods at least, depress rates on Government bonds more than other interest rates. Because rates on Government obligations fluctuate, however, it may be that at times an average of such rates would be of appropriate magnitude.

[3] See especially Krutilla and Eckstein, op. cit., ch. IV, which chapter is primarily the work of Eckstein.

[4] Eckstein, op. cit., p. 99. As Krutilla makes clear, however, use of the 5–6-percent range would not always mean that the resources could not be developed to a smaller scale. See Krutilla and Eckstein, op. cit., p. 274.

return" that its use as a discount rate will render negative the present value of private firms for which the internal rates of return are below average.

For information on small and medium business firms Eckstein turned to data compiled by R. A. Foulke and published in issues of Dun's Review and Modern Industry for October, November, and December, 1955.[5] As indicated in table I, these issues of Dun's Review report results for 29 lines of manufacturing, 24 wholesale lines, and 12 retail lines—a total of 65 lines of business. It is interesting to see what would happen to these medium and small businesses if they were subjected to discount rates of 5 percent and 1954 profit rates were taken as internal rates of return. The profit rate on tangible net worth was below 5 percent for between one-half and three-fourths of the firms in 17 of the 65 lines of business; it was below 5 percent also in from one-fourth to one-half of the firms in 39 other of these lines. More than three-fourths of the firms in 2 additional lines could not meet the minimum Eckstein standard. Only in 7 lines were more than three-fourths of the firms able to show profit rates in excess of 5 percent of the tangible net worth. These data tell in favor of a lower minimum discount rate for Government projects than Eckstein provides. It seems reasonable that many business firms receiving less than average profits are judged successful and socially desirable, and from the standpoint of economic efficiency it is equally reasonable to regard many Government projects as worthwhile though their internal rates of return are below averages computed according to Eckstein's method.

TABLE I.—*Small and medium businesses with less than 5 percent profit on tangible net worth, 1954*

Percentage of firms with less than 5 percent profit	Number of lines of business			
	Manufacturing	Wholesaling	Retailing	Total
More than 75	1	1	0	2
50 to 75	6	8	3	17
25 to 50	17	13	9	39
Less than 25	5	2	0	7
Total	29	24	12	65

Source: Dun's Review and Modern Industry, October, November, December 1955. Data compiled by R. A. Foulke.

(2) During prosperous periods manufacturing corporations as a whole show returns on stockholders' equity in excess of 5 percent, and the size of these rates varies with that of the firms concerned. For example, in 1949 on the average a manufacturing firm with rates of return below 5 percent would have been one with total assets of less than $250,000; for in that year manufacturing corporations in this class averaged only about 5 percent on stockholders' equity, but larger firms did better. Similarly in 1955 and 1957, manufacturing corporations with assets in excess of $1 million generally showed returns on stockholders' equity considerably in excess of 5 percent.[6] We should not allow these high profits of larger manufacturing firms to influence the discount rates employed in connection with Government projects, for these firms have notoriously failed to expand until the marginal efficiency of capital has been made equal to the rate at which buyers of corporate securities are willing to make funds available.[7] Since data averaged by Eckstein included the earnings yields on common stock, which are at times abnormally high because returns on stockholders' equity are unduly large, we again conclude that an average computed according to his methodology is somewhat biased against Government enterprise. Restrictive policies of manufacturing corporations should not be built into other types of economic activity, public or private.

(3) Eckstein's method by which he arrived at the range of between 5 and 6 percent does not exclude certain intertemporal influences which should be eliminated in the interests of longer run economic efficiency. Computation of averages for other years indicates certain defects in the procedure. I have followed Eckstein twice through his statistical netherland and have arrived at results for 1949 and 1957. According to my computations, a tax reducing consumption would have involved a social cost of 6.7 percent in 1949 and 6.6 percent in 1957; a tax-reducing investment would have cost 7 percent in 1949 and 6.3 percent in 1957.[8] Because of the influence of central banking and fiscal policies, the volatile nature of such items as earnings yield on common stock, changes in the extent to which various rates of interest and return mirror anticipation of inflation, speculation on security exchanges, and so on, considerable fluctuation of averages computed after Eckstein's manner is to be expected.

If anticipated benefits and costs are to be computed in terms of constant prices, use of Eckstein's method for arriving at a discount rate will cause much mischief. A project which would be attractive within the 5–6 percent range for 1955 will be eliminated by the 6–7 percent range appropriate for 1957. If the rise in the rates for 1957 over those for 1955 represented changes in long-run normal returns, this fact would support use of Eckstein's methodology, but it is unlikely that such justification exists. Clearly we need a rate which will be valid for more than 1 year.

What we need is a "real" rate of return or perhaps a set of such rates, which in equilibrium will satisfy both the marginal rate of time preference and the marginal return from investment. Unfortunately this goal represents an unattainable ideal. We have only the prospect of a compromise solution.

One proximate solution attempts to remove the inflation premium and short-run influences allegedly incorporated in market rates. A recent example of this approach is G. L. Reuber and R. J. Wonnacott's computation of the cost of social capital in Canada.[9] These authors regard the 1959 rate on Government of Canada bonds, 5.5 percent, as the upper limit of real return to investment in Canada and the dividend rate on common stocks, 4.25 percent, as the lower limit and estimate that the riskless real rate of return to Canadian investment in 1959 was 4.75 percent. Since the gap between 4.75 percent and 5.5 percent is 0.75 percent, the combined effect, of impending inflation and short-run factors is judged to be equal to this difference. After removing this amount (.75 percent) from each available rate of interest and return and averaging, Reuber and Wonnacott conclude that the opportunity cost of borrowing in Canada in 1959 was 5.6 percent if borrowing were done by the Federal Government and 5.64 percent if it were undertaken by the Province of British Columbia. Thus, the opportunity cost of borrowing is approximately the same whether securities are sold by the Federal or provincial governments and is within the range computed by Eckstein for the social cost of taxation in the United States in 1955.

For the United States Reuber and Wonnacott estimated that the interest rates during 1959 also were abnormally high because of the influence of inflation and short-run factors. According to them, these pressures accounted for a premium of 0.75 percent. Hirshleifer, et al., think that inflation alone was responsible for a premium of between 0.5 percent and 1 percent.[10] Reduction of rates in my computations for 1949 and 1957 by 0.75 to allow for this alleged premium, would in general bring them into the range derived by Eckstein on the basis of 1955 data for the United States.

A kindred but preferable approach begins with estimates of the long-run risk-free real rates of return. For the United States and Canada, informed opinion places this rate between 3.5 percent and 4.5 percent.[11] This position gains support from the general willingness of buyers of corporate securities to make funds available for between 3.5 percent and 4.5 percent when they think that risks are comparatively low.[12] If we assume that these rates reflect preferences of householders and other lenders and that their wishes should be followed, the marginal efficiency of capital should have been driven down to about 4 percent.

According to this line of thought we are well advised to settle for a discount rate of between 4 percent and 4.5 percent where benefits and costs are highly certain of realization. If circumstances warrant, we may add a risk premium of from 0.5 percent to 2 percent.[13] At present higher premiums appear unwarranted, for a discount rate of from 6 percent to 6½ percent is high enough to eliminate undesirable projects where discounting according to the foregoing pattern can be helpful.

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[5] Krutilla and Eckstein, op. cit., p. 106.

[6] Information for 1949 based on Federal Trade Commission and Securities and Exchange Commission, Quarterly Industrial Financial Report Series, for all United States Manufacturing Corporations, Fourth Quarter, 1949, Table 6, p. 17, as computed and reported by C. B. Hoover in "On the Inequality of the Rate of Profit and the Rate of Interest," Southern Economic Journal, July 1961, p. 11. Data on profit rates in 1955 and 1957 are in Federal Trade Commission and Securities and Exchange Commission, Quarterly Financial Report, Fourth Quarter, 1955, Table 3, p. 3; Fourth Quarter, 1957, Table 3, p. 5.

[7] For development of this thesis, see Hoover, op. cit., pp. 1–12.

[8] My rates are higher than Eckstein's primarily because earnings yield on common stock and business income were higher in 1949 and 1957 than in 1955. Among minor factors is the fact that Eckstein's estimates of marginal tax rates seem too high. Compare his rates in Krutilla and Eckstein, op. cit., p. 109, with those of C. H. Kahn in his "Personal Deductions in the Federal Income Tax" (Princeton, N.J.: Princeton University Press, 1960), p. 104.

[9] G. L. Reuber and R. J. Wonnacott, "The Cost of Capital in Canada with Special Reference to Public Development of the Columbia River" (Washington, D.C.: Resources for the Future, Inc., 1961), especially pp. 7, 22, 52, 69–70.

[10] Hirshleifer, De Haven, and Milliman, op. cit., pp. 143–144.

[11] Ibid., pp. 144–145, 148; Reuber and Wonnacott, op. cit., pp. 69–70, 78–79.

[12] "Historical Supplement to Federal Reserve Chart Book on Financial and Business Statistics" (Board of Governors of the Federal Reserve System, 1960), pp. 44–45, 51.

[13] Cf. Hirshleifer, De Haven, and Milliman, op. cit., pp. 141–142, 144–146. Hirshleifer, et al., set up two discount rates as bench marks. One is the pure long-term rate of interest, believed in 1959 to be just over 4 percent. The other benchmark is an "opportunity" rate of about 10 percent. This "opportunity" rate is arrived at by taking as point of departure the average earnings for public utilities, taken in 1959 to be 5.2 percent on the assumption that equity and debt are of about equal importance. This rate is raised to over 9 percent to allow for Federal, State, and local taxes. If risks associated with government projects are generally greater than those connected with private endeavors, a marginal rate of at least 10 percent is indicated. Thus, novelty is

Discounting after this pattern has only limited usefulness in connection with government activity and should be confined to comparatively routine projects like post offices, highways, hydroelectric plants, irrigation schemes, and even schools. About the nature and likelihood of benefits from such ventures we know a great deal, though not enough, from both private and public experience. Furthermore, for such projects government can reasonably be expected to have aversions to risk similar to those of private enterprise.

The discount policy favored in this paper has nothing to contribute toward evaluation of projects in many fields of government action, such as interplanetary travel and atom smashing.[14] While we know little or nothing ex ante about the nature and likelihood of a favorable outcome from these activities, we as people are overwhelmingly of the opinion that government should engage in them. Economists can add nothing by recommending a discount rate of 40 percent or some higher rate that might measure response of private investors to risks and uncertainties involved.

III

Let us assume that we have settled upon a range of discount rates between 4 percent and 6.5 percent for projects financed by taxation during a period of full employment. Should this range be modified downward (1) to promote the interests of posterity, (2) to evaluate projects whose financing involves deficit spending, (3) to relieve unemployment, and (4) to aid lagging regions? Since, to my thinking, the problem of the interests of future generations has received adequate consideration elsewhere,[15] I shall confine discussion to the other three items.

First, can the 4–6.5-percent range be applied to a world of high level employment and deficit financing by Government? Full employment deficit models in which Government obtains resources from domestic sources are of two broad types, those in which the quantity of money remains constant and those in which it rises. First, let us suppose that Government borrows monetary savings of householders and private business firms. If borrowing is from a wide range of householders, business firms, or both, the social cost of this borrowing should approximate that of taxation. Any computation indicating that it costs different amounts to take the same resources from the same people should raise doubts as to the worth of the basic method for evaluating social costs. Only in marginal cases, in which additional taxes would hinder production but borrowing would not, would social costs vary between the two methods of getting resources.

Inflation is a substitute for taxation; it transfers resources to the Government as a result of two developments. To set either or both of these afoot, the Government causes new money to be created and in effect offers attractive prices to producers, who sell. Goods are removed from the market and additional money is injected. If output can be increased, as will be possible under conditions of unemployment induced by a deficiency of effective demand not associated with low marginal productivity, prices need not rise.

If, however, spending rises faster than output, prices move upward. Government gets resources; the private sector gets higher prices. The other way in which increases in output or prices shift resources to government is by increasing its real take from taxation. For example, with a progressive income tax more and more people pay higher taxes because they are driven into higher tax brackets. From the standpoint of economics, inflation transfers resources to the Government which could be obtained by taxation.

For analysis of the social cost of inflationary finance, one must use a minimum of two models, one for hyperinflation and one for lesser varieties. Since a large number of factors influence the distribution of income, isolation of the effect of each during a period of mild inflation is very difficult, but investigations of the post-1939 inflation in the United Kingdom and the United States indicate that inflation experienced in these countries did not significantly affect the distribution of income among broad social groups—laborers and owners of property, recipients of high and low incomes.[16] Consequently, as a first approximation we may conclude that in real terms the cost of obtaining resources by mild inflation approximates the cost of securing the same resources by taxation. On this assumption, the same discount rate should be used for projects involving either taxation or mild inflation. This solution assumes, of course, that moderate inflation involves no social costs except those which would result from taxation; and for broad social groups this assumption appears reasonable, for in general a mild or even moderate inflation allows time for adjustments which prevent some or even most of the harmful effects of hyperinflation. However, even during mild inflation older families and retired persons and others whose incomes lag suffer at least during transitional periods before institutional adjustments are made to eliminate redistributional effects. If society thinks that those hurt by mild inflation should not bear this burden, it may be helpful to call attention to this judgment by requiring a slightly higher discount rate for projects financed by inflation than is demanded of those brought about without it.

Hyperinflation is another matter. In the first place, severe and rapid inflation results in drastic changes in distribution of income. Thus, in the great German inflation of the 1920's, labor's share in the national income declined but only after prices began to rise at the rate of 20 percent a month.[17] Similar results accompanied the Hungarian inflation of 1945–46, but the evidence from Greek inflation of the same period is not clear.[18] In addition, hyperinflation imposes other costs on society, which are commonplace. Clearly a discount rate suitable for ventures financed by taxation cannot be applied to those whose execution is associated with hyperinflation.

IV

Up to this point we have been concerned with a discount policy suitable for domestic programs under conditions of full employment. We shall continue with domestic policy but turn our attention to the matter of a proper policy during unemployment attributable primarily to some source other than a shortage of cooperative factors of production. Should the discount rate used during full employment be applied to a situation of widespread unemployment? I think so.

Though in the presence of unemployment Government spending can be increased without curtailing output in the private sector, this happy result is not inevitable. Whether Government employment of resources in this situation involves a cost to the private sector depends in part on the method of finance used. Taxation during periods of unemployment certainly involves a cost to the private sector by curtailing consumption, preventing debt reduction, reducing money balances which later will in part be spent to increase consumption and investment, and—probably most important of all—excluding deficit financing which would stimulate employment.

During unemployment deficit financing is less costly to the private sector than taxation. When there is unemployment, Government can raise income and employment by deficits created by either or both of two ways, cutting taxes and increasing expenditures. As long as tax cuts will increase income, otherwise worthless increases in governmental outlay cannot be defended simply on the ground that they will raise national income. Government projects that are really worthwhile take a long time to get under way. Hence, it could be argued that, in the early days of the New Deal, boondoggles were justified in the short run. The reply is that reductions of taxes can be instituted as fast as boondoggles, provide jobs almost as quickly, and result in more efficient use of resources. The opposition may counter that reduction of taxes in the early days of the New Deal would have gone in large part to increase the size of hoards held by wealthy individuals. What merit this argument may once have had has been removed by the tendency of the personal income tax to become everybody's tax and not a tax paid almost exclusively by people in very high income brackets. More than ever, prospective increases in Government expenditures must offer a return greater than zero over and above their contribution to employment.

At least two factors indicate that this return must be considerably in excess of zero. Alternatives available to Government normally will provide services considerably above zero worth. Even if resources transferred from the private sector do not at that moment reduce its efficiency, the Government cannot afford to make frivolous use of these resources unless it has no alternative. Generally long before frivolous use becomes attractive, rising employment will lift the opportunity cost of removing resources from the private sector to a positive figure, regardless of the method of finance employed by the Government.

In times of severe unemployment government intervention should aim toward full employment. When governments are committed to drastic intervention in the case of rapid falls in income, the presumption is that this state will be quickly attained.

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attained by including taxes in the discount rate, whereas most economists would count them as reductions of benefits. In essence these authors take the basic rate of 4 percent, add a risk premium of 2.2 percent, and then adjust the discount rate upward to allow for taxes.

Like Margolis, I was at first surprised at the smallness of the range of discount premiums suggested by Eckstein (0.5 percent to 2 percent), but I have become convinced that a much larger range can have little use. (Eckstein, op. cit., p. 86; Margolis, op. cit., p. 101.)

[14] Cf. R. N. McKean, "Evaluating Alternative Expenditure Programs," Public Finances: Needs, Sources, and Utilization (Princeton, N.J.: Princeton University Press, 1961), especially pp. 350–352.

[15] Hirshleifer, De Haven, and Milliman, op. cit., pp. 118–121; Krutilla and Eckstein, op. cit., pp 126–127; McKean, "Efficiency in Government," p. 118.

[16] G. L. Bach and A. Ando, "The Redistributional Effects of Inflation," Review of Economics and Statistics, February 1957, pp. 2–5, 12–13; A. J. Brown, "The Great Inflation, 1939–1951" (London: Oxford University Press, 1955), pp. 116–120; J. B. Kravis, "Relative Income Shares in Fact and Theory," American Economic Review, December 1959, pp. 917–947.

[17] Brown, op. cit., p. 114; C. Bresciani-Turroni, "The Economics of Inflation" (London: Allen and Unwin, 1937), pp. 300–313.

[18] Brown, op. cit., pp. 114–115.

Government use of resources for a little needed airport instead of for a more needed school will impair efficiency in the subsequent state of full employment.

In short, the full employment model cannot be discarded simply because of unemployment. Instead, it probably provides the best answer, not always to the question whether government should increase expenditures but at least to the problem of allocating the budgeted aggregate of governmental outlay. Accordingly, a discount rate appropriate for full employment does not lose its relevance during unemployment.

V

Lagging regions are characterized by unemployment and underemployment of labor resulting chiefly from two sources—(1) a deficiency of cooperating factors of production and (2) high net reproduction rates coupled with failure or inability of richer regions to drain off excess population directly by immigration or by proxy through imports of produce. Champions of lagging regions may favor employment of low rates of discount in order to subsidize development. Involved is the debatable proposition that this type of subsidization is the best policy for stimulating advance of these regions.

According to the late Ragnar Nurkse, world trade was much more an engine of growth in the 19th century than it has been in the 20th, for during the earlier period growth in income in the rich countries was accompanied by a greater expansion in imports from poor countries, whereas in the 20th century growth in the advanced countries has resulted in a relatively smaller growth in imports from backward countries.[19] The contrast while Nurkse found between the 19th and 20th centuries exists in the world today. Currently there are two types of lagging regions, those which can be eliminated by more rapid development of richer areas and those which cannot be removed in this way. The first category consists of regions already comparatively well off and poor areas which supply items in great demand in rich countries. The southern part of the United States provides an example of this first category; Indonesia probably falls in the second.

The southern part of the United States already ranks high among the richer regions of the world and can be regarded as poor only in comparison to the remainder of the United States. In periods of overemployment, as during World War II, per capita income in the South grows at a rate surpassing that for the rest of the United States.[20] If our impatience demands it, Government action to drive the economy beyond full employment to World War II levels for a period of 5 years would probably eliminate most if not all economic inferiority of the South. Even this line of action might prove cheaper than prolonged subsidization of enterprises located in the South. Patience may enable us to use less drastic remedies.

During periods of high level activity but less than overemployment, the South tends to advance at a rate approximating that of the rest of the country. Eventually, however, the South probably stands to gain relatively during such periods. The average age of those employed in its sickest industries is rising,[21] so that in the future mere maintenance of a high level of employment is likely to result in a rise in per capita income in the South which will surpass that in the rest of the country. Aging of the farm population helps in two ways. First, it reduces the crude birth rate. Second, because of rising death rates among aging farmers, more and more of them will migrate to some part of the hereafter. With help from these two sources, a lower net migration from agriculture into other industries is required than would otherwise be the case. Because of the rising age of farm operators, a future policy designed to maintain simply a high level of employment may well provide an even cheaper way to promote the relative advance of the South Success of this policy would make overemployment an unquestionably submarginal alternative.

To the extent that labor is immobile because of ignorance of job opportunities or because workmen cannot afford transfer costs, Government provision of job information, migration and resettlement loans, and even subsidies for those unable to migrate without this form of assistance, provide alternatives to subsidization of manufacturing, trade, and transport in the lagging regions.[22]

The problem of lagging regions within a country is only one among many rivals, all with their claims for governmental support. National Government should be concerned with the country as a whole. Accordingly, even if Government does not elect to promote a high level of employment to drain lagging regions of excess population, Government may give priority to a venture in an advanced region, for this project may have a higher internal rate of return than one in a poorer region even though a positive value for improvement is included among benefits derivable from the project in the backward area. Even if presumption lies in favor of subsidizing lagging sections of the United States, ignoring a part of the social cost of this policy leads only to confusion.

Because many poor countries have a high rate of population growth, a slow rate of technological advance, a scarcity of entrepreneurship, lack of skilled and disciplined labor, discontinuities in the accumulation of these resources and of capital, and so on, per capita income in these economically backward countries may not rise as a result of growth of rich countries and is even less likely to rise enough to remove much of their economic inferiority. Quite properly, development of a poor country like Indonesia may be judged to have value in its own right. In fact, aid to a poor country like Indonesia may be worth more to us than it is politically or even economically able to repay. In order to promote economic development in a poor country, subsidization may be consistent with economic efficiency in the United States because no alternative presents itself; but the worthwhileness of this policy provides no ground for ignoring the social cost to the people of the United States.

VI

We have dealt with the problem of the proper discount rate for use in evaluating certain government projects under four sets of circumstances—(1) full employment and balanced governmental budgets, (2) full employment and governmental deficits, (3) unemployment attributable to some factors other than a deficiency of complementary factors of production, and (4) unemployment and underemployment, characteristic of lagging regions, which are associated with a relative deficiency of complementary factors of production. In general, we have concluded that the same range of discount rates should be used in all circumstances. The major exceptions result from hyperinflation and from the apparent existence of poor regions where reduction of the discount rate is the only tool available for promoting development.

Often if not always, averaging rates of interest and returns in the private sector does not provide a satisfactory discount rate for governmental projects. Because of year-to-year fluctuations, such averages make projects attractive in some years but uneconomic in others. Indications are that we should look for a longer run real rate of return comparatively free of inflationary and short run influences. Estimates by economists and rates at which buyers of corporate securities are willing to make funds available to private business indicate that the minimum riskless rate is in the neighborhood of 4 percent. This rate might well be used for government projects for which risks are low. When circumstances demand, we may add risk premiums of from 5 percent to 2 percent, but at present we probably cannot develop helpful rates at higher levels.

That the minimum discount rate should be below 5 percent, the minimum of Eckstein's range, gains support from two additional facts. First, use of average rates from the private sector demands higher standards of public than of private enterprise. Enterprises with rates of return below the average are tolerated in private but not public ventures. Second, at times some private rates of return are too high because of restrictive practices in the private sector.

Finally, discounting in the manner indicated is most helpful in evaluating projects about which we have considerable knowledge of the nature and likelihood of success. It has little or nothing to offer when activities like interplanetary travel, certain types of research, and much military planning are in question.

EXCERPT FROM PRACTICAL LOGIC OF INVESTMENT EFFICIENCY CALCULATIONS

3. THE INTEREST OR DISCOUNT RATE

It is not often realized how sensitive efficiency calculations are to the rate of interest or discount assumed. Since in water-supply projects the bulk of the expenses are normally incurred early in the history of the development, while benefits are stretched over a relatively long period, a low interest rate makes projects look good, while a high interest rate makes them appear bad. In the previous chapter we have seen that typical Government procedure—on Federal, State, and local levels—is to use in efficiency calculations the relatively low rates in the range of 2 to 4 percent at which governments can borrow. Also, we have seen that, for private utility corporations, the influence of the corporate income tax requires a project to promise somewhere in the range of 10 percent pretax yield before it can be considered profitable, implying the use of a discount rate in this higher range.

In recommending practice for public works, Grant urges the use of a "minimum attractive rate of return," which would normally be higher than the borrowing rate. For this he adduces two different types of considerations: (1) That, if there are projects that are economic but are not being adopted because of limited budgets, the discount rate should be the marginal opportunity rate (the prospective return from alternative investments), and this will be higher than the borrowing rate; (2) that there should be allowance for such factors as risk, tax exemption of State and local bonds, and the value of money to taxpayers.

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[19] R. Nurkse, "Equilibrium and Growth in the World Economy," ed. by G. Haberler and R. M. Stern (Cambridge, Mass.: Harvard University Press, 1961), pp. 282–304.

[20] C. B. Hoover and B. U. Ratchford, "Economic Resources and Policies of the South" (New York: Macmillan Co., 1951), pp. 43–64; S. L. McDonald, "On the South's Recent Economic Development," Southern Economic Journal, July 1961, pp. 30–33; B. U. Ratchford, "Patterns of Economic Development," ibid., January 1954, pp. 219–226.

[21] For example, between 1930 and 1954 the percentage of farm operators in the United States under 35 years of age declined from 23 to 15; during the same period the percentage over 55 rose from 28 to almost 40. U.S. Department of Agriculture, "Family Farms in a Changing Economy," Bulletin No. 171, March 1957, p. 31, cited by P. Dorner, "The Farm Problem: a Challenge to Social Invention," Journal of Farm Economics, November 1960, p. 825, fn. 28.

[22] F. T. Bachmura, "Man-Land Equalization Through Migration" American Economic Review, December 1959, p. 1013.

We regard these points as generally well taken[1] though requiring some discussion. The first consideration refers to the "capital rationing" situation mentioned earlier. In this case the limited budget of an agency may require it to stop investing when it still has marginal projects capable of yielding, say, 10 percent, despite the fact that the market rate of interest is lower, say, 3 percent. Here discounting at the market rate may lead to the adoption of a project yielding barely 3 percent, which would be a mistake if alternative investments yielding more are available as assumed. The natural solution to this problem, and the one urged by Grant (and others), is to use the marginal opportunity rate—in this case the internal rate of return on the marginal project—as the discount rate. Unfortunately, this solution is not a generally correct one, as will be shown in the appendix to this chapter. A preferable procedure, which will always lead to correct results so long as only funds of the current period are assumed to be rationed, is to compare projects on the basis of their present value as of time 1 (the value of the time stream for periods 1 through n, calculated back to time (1) per dollar of current funds. The formula to use is V_1/c_0, where

$$V_1=s_1+\frac{s_2}{1+i}+\ldots+\frac{s_n}{(1+i)^{n-1}}$$

(assuming a constant market rate of interest, i), and c_0 is the fund input for the current period. The formula is only applicable where a fund input for the current period is required (where no current input is required, the rationing of current funds is irrelevant). The rule is successively to adopt projects with the highest values of this ratio until the fixed budget is exhausted or until the alternative use of funds elsewhere becomes more desirable than further investments. Which of these conditions will apply depends upon whether the rationing requires exhaustion of the budget on investments or merely limits the total current funds so as not to exceed the budget made available, without ruling out shortfalls. A general treatment of the problem is investment decision under capital rationing appears in the appendix to this chapter.

We have relegated the technical discussion of optimizing under capital rationing to an appendix because we do not believe that this represents a practically important situation. The size of Government budgets for water supply, or for other types of projects, should not be considered fixed but should be determined by the efficiency of the projects that might possibly be undertaken. For this reason, we believe that cases will only rarely arise requiring use of the rather complex efficiency calculations described in the appendix as strictly necessary under conditions of capital rationing.

With regard to the second type of consideration raised by grant (allowance for risk, tax advantages of public projects, etc.), we indicated in our theoretical discussion of the previous chapter that risk should ideally be handled by expected-value estimation of costs and benefits, plus risk-aversion adjustment, if any, rather than through the interest rate. The discount rate to use would then be an estimate of the riskless marginal productivity of capital in the private sphere, which we estimated as currently near 5 percent (including allowance for property taxes). It is vital to emphasize that so low a discount rate is appropriate only if the cost and benefit estimates have been made so conservatively as to be certainty-equivalents as far as decisions are concerned. Unfortunately, we know that a degree of overoptimism is almost inevitably involved in the selection and evaluation of investment projects. Even for utility investments in the private sphere, we have seen that the capital market will supply funds only for projects promising (with the average degree of riskiness experienced in that sector) to yield around 9 or 10 percent. Unfortunately, public investment decision processes have on the whole a far worse record of overoptimism, so that the lowest discount rate for public projects we would recommend in practice, unless and until their record improves, is around 10 percent.

EXCERPT FROM INVESTMENT IN ADDITIONAL WATER SUPPLIES

D. RISK, TAXES, AND THE DISCOUNT RATE

1. The discount rate and financial feasibility

In the calculation of both benefits and costs, the rate of discount is typically a critical element. Costs are incurred, predominantly, in the early years of a project, while benefits may be stretched out into the relatively distant future. The arithmetic of compound interest so works out that a benefit of $1 50 years from now has a present value of $0.37 at a discount rate of 2 percent, $0.14 at a rate of 4 percent, and $0.03 at a rate of 7 percent. High discount rates make projects look undesirable; low discount rates make them look desirable.

In the earlier portion of this chapter we distinguished between financial feasibility and economic feasibility. Conservative critics of Government investment projects have typically been anxious to insist on a criterion of financial feasibility, that is to say, a showing that a project will lead to revenues sufficient to cover all costs including interest on the capital borrowed for the project.[1] Supporters of enlarged Government programs, on the other hand, have typically attempted to justify projects by showing that there are economic benefits over and above the financial revenues which the project might bring in.

It is essential to the logic of the idea of financial feasibility that the discount rate be equal to the rate at which the Government can borrow. If the Government can borrow $1 million at 2.5 percent, then a project yielding net revenues of $25,000 a year is financially feasible, because the Government's interest cost is $25,000 a year. Any return over 2.5 percent represents a good project, that is, one that yields a financial profit to the Government, permitting a reduction in taxes or an increase in other Government expenditures.

The school of thought that maintains that the financial feasibility requirement is too stringent tends to favor the use of a lower rate of interest than the Government borrowing rate for evaluating public projects. All such low-interest schemes (compare the artificially low rates on loans to such groups as veterans) are typically defended by certain distributional arguments which we will not attempt to analyze. Abstracting from the distribution question, we argued above that such a procedure must lead to the construction of inefficient projects if in some sectors of the economy a standard of perhaps 5 percent is insisted on while in others projects yielding only, say, 2.5 percent are permitted. Even if the Government uses a constant rate (lower than the market) for all its projects, the market rate will be the rate used as a standard by private interests, and so again there will be inefficiency.

2. Risk

In the opposite direction, an important argument to evaluate is the contention that what is financially feasible may not be economically desirable and, specifically, that a rate higher than the Government borrowing rate should be used in discounting costs and benefits of Government projects—primarily to allow for risk, though, as we shall see, taxes and certain other considerations may also enter in. In private and public investment decisions, considerations of risk must obviously play an important role. In fact, for wide classes of investments the risk premium insisted upon by lenders exceeds in magnitude the pure interest charge for the use of the capital. It is of great importance to recognize that there are two different kinds of risk premiums.

Consider, for example, a debt instrument of a given maturity for which the riskless rate would be 5 percent but where there is a one-half chance of default of the interest (repayment of the principal is assumed to be certain). The quoted interest rate would then have to be 10 percent to give the investor the same "expected" or average return as the 5 percent rate on riskless instruments. If there were some risk of default of principal as well, a still higher quoted rate would be required to yield 5 percent after allowance for average loss through default. This risk premium we shall call the expected-value adjustment.

The second factor to be considered is "risk aversion"—that the investor might dislike risk for its own sake and might be unwilling to lend in the case just discussed (a 50 percent chance of default of interest) until the quoted rate reached, say, 12 percent. That is, he is indifferent between a riskless return of 5 percent and a one-half chance of getting 12 percent. On the other hand, an investor who liked to take chances might be indifferent between a riskless rate of 5 percent and a one-half chance of 8 percent. The risk-aversion premium can thus be either positive or negative. Whether on balance investors demand a positive risk premium over and above the expected-value adjustment is a question on which evidence is conflicting.

The distinction between the two kinds of risk premiums is relevant for an argument often made about the comparative superiority of Government when it comes to bearing the risk of large projects. Since the Government is in a position to pool the risks of many such projects, the law of large numbers permits it (so it is argued) to act purely on the basis of the expected return, whereas private capital may insist on a risk-aversion premium in addition. We cannot evaluate this argument until we know something more about whether in fact investors do demand such premiums.[2]

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[1] We disagree, however, with one of Grant's points—that investments reducing government costs should be accepted with a lower required rate of return than investments reducing private costs. This departs from the fundamental principle of equating the productivity of capital on the margin in all employments.

[1] See, e.g., Task Force on Water Resources and Power for the Commission on Organization of the Executive Branch of the Government ("Hoover Commission"), Report on Water Resources and Power (Washington, D.C., 1955), I, 104–6.

[2] If they do, the expected rate of return (after expected value adjustment) on capital invested in risky industries and enterprises should be greater than in relatively safe industries and enterprises. The existence of insurance is some evidence in favor of the existence of risk aversion, since insurance is not mathematically fair and involves a sacrifice of expected return for greater security of return. On the other hand, not all insurable risks are in fact insured, so the existence of insurance does not prove that the capital market as a whole insists on a positive risk-aversion premium. The existence of gambling provides some

Even if they do, however, the corporate form permits investors to spread their risks by buying small shares in many different enterprises, so it is still by no means obvious that Government has any such advantage in engaging in risky projects as that claimed. It is vital to remember, however, that this entire argument relates to the risk-aversion factor and not to the expected value adjustment, though in fact the two are often confused.[3] If Government is in a position to make an investment that will double with 50-percent probability, or else be lost entirely, the expected gain is zero. The fact that Government can pool many risks does not in any way permit it to ignore the effect of the risk of failure upon the expected return for this or any particular project or group of projects.

Let us suppose that a certain project might be built by the Federal Government or by a private corporation, the risks of failure of the project being the same in either case. (By "failure of the project" we mean that the actual outcome reveals either an overestimate of benefit or an underestimate of cost, or both, sufficient to make the net balance of economic considerations a negative one.) The Federal Government can at times borrow, say, at 3 percent when the corporation would have to pay perhaps 5.5 percent (assuming a balance between debt and equity capital). Because of its unlimited repayment ability, the borrowing power of the Federal Government is essentially unaffected by the riskiness of the projects engaged in. Nevertheless, the Government should use as its discount rate the one effective for private borrowers engaged in projects of comparable risk (in this case, 5.5 percent, ignoring any tax adjustments) if the marginal productivity of capital is to be equated between the private and Government sectors. The pooling-of-risks argument does not apply here unless the higher private borrowing rate incorporates an element of risk aversion (which we believe to be small at best).

If there were on balance positive risk aversion, there would in fact be a kind of natural advantage of large enterprises over small and, particularly, of Federal enterprises as compared with any others, since the Federal Government could engage in more pooling of risks. In the case of States or local authorities, again there is generally some ability to borrow at favorable rates because the taxing power provides a protection to the investor over and above the prospective profits of the projects engaged in. (Even for private corporations there will typically be a fair amount of reserve ability in the corporation to pay debts over and above that based on the prospective success of particular projects.)

One interesting point here is the existence of the institution of the revenue bond, for which the repayment power is limited to the prospective revenues of the projects borrowed for. Revenue bonds, of course, typically must be sold at prices yielding higher interest rates than general obligations of the Government unit involved. The market rates involve investors' estimates of the real riskiness of the projects. Our present argument really comes down to saying that ideally all projects should be evaluated as if they were to be financed by revenue bonds. Only if this were done would the principle of financial feasibility be appropriate, so far as the discounting rate is concerned.

ESTABLISHMENT OF SELECT COMMITTEE ON THE ECONOMIC IMPACT OF NATIONAL DEFENSE

Mr. HART. Mr. President, recently on the Senate floor we had another go-around on the subject of the distribution of defense contracts. We continue to have acrimonious charges and countercharges. Increasing numbers of us express concern at the seeming overconcentration of defense contracts in a few selected areas of the country, while labor-surplus areas with idle industrial capability are bypassed.

Additionally, we are now alerted to the fact that where research and development goes, there also tend to go the defense contracts. And defense expenditures for research and development are likewise being concentrated in a very few areas.

Those of us who do not think this is healthy for the economy of the Nation—and a strong economy is essential to the national defense—have many unanswered questions:

First. Why has this concentration of nonprofit research and development effort occurred?

Second. Is such concentration desirable from the defense viewpoint?

Third. Does this concentration tend to foreshadow the geographic location of future production awards?

Fourth. If there are areas with useful potential in research and development, not now fully utilized, are there suitable means by which defense can take advantage of these resources?

These are just a few of the most recent unanswered questions. There are many others. Essentially, Mr. President, the problem boils down to this: There exists nowhere to my knowledge—and I have been grappling with this daily since I have been a Member of this body—a comprehensive review and analysis on which to answer these questions. That we should spend our billions for defense with complete logic and in the Nation's best interest, all agree; we want to and perhaps we are but, admit it, we do not know; we only hope. We have no way of judging. We need a thorough blueprint, and there is none.

In the 86th Congress and again last year I submitted resolutions to create a Senate Select Committee on the Economic Impact of National Defense. These were referred to the Senate Banking and Currency Committee and no action has been taken on them. I am more convinced as each day passes that we must have such a fundamental study. Therefore, I have revised somewhat the scope of the resolution in the hope of removing objection to it. I emphasize that the composition of the committee as suggested here is just that, a suggestion; certainly any modification developed by Banking and Currency Committee members which would still meet the objective would be welcome.

May I urge that before adjournment we set up the study group contemplated here, in order that we may have at hand without further delay this much needed information.

This is not advocated as a device to get contracts to or away from anyone. It is proposed so that, hopefully, a total evaluation can be made.

Joining me in submitting the new resolution are Mr. Case, Mr. Clark, Mr. Douglas, Mr. Gruening, Mr. Hartke, Mr. Humphrey, Mr. Javits, Mr. Lausche, Mr. McCarthy, Mr. Muskie, Mr. Pell, Mr. Proxmire, Mr. Randolph, and Mr. Williams of New Jersey.

Mr. President, for myself and the Senators named, I submit the resolution, for appropriate reference.

The PRESIDENT pro tempore. The resolution will be received and appropriately referred.

The resolution (S. Res. 375) was referred to the Committee on Armed Services, as follows:

Whereas a strong economy is essential to the continued welfare of the Nation, to its agricultural and industrial development, and to the national security; and

Whereas Congress has recognized the need for controlling inflation and providing maximum production and employment; and

Whereas the spending of the Department of Defense is the largest single item in the national budget at the present time; and

Whereas the world situation indicates that this situation will continue into the foreseeable future; and

Whereas the impact of this spending has a direct relationship to the Nation's economic well-being; and

Whereas the defense expenditure policy could have significant bearing on business competition and monopoly; and

Whereas the termination, modification, or increase of the major defense undertakings frequently result in serious dislocation of the Nation's labor force; and

Whereas maximum return for defense expenditures is essential to our continued prosperity; and

Whereas the Senate, in connection with provision of funds adequate for national defense and maintenance of a sound economy, desires to have recommendations relative to methods to achieve these essential goals: Now, therefore, be it

Resolved, That there shall be established a select committee of the Senate which shall make exhaustive studies of the extent to which defense procurement policies in the United States are related to the national economy, to the end that such studies and the recommendations based thereon may be available to the Senate in considering defense procurement policies for the future. The committee shall be designated "The Senate Select Committee on the Economic Impact of National Defense."

Sec. 2. (a) The committee shall be composed of three members of the Committee on Armed Services, three members of the Committee on Banking and Currency, three members of the Committee on Labor and Public Welfare, three members of the Committee on Finance, and three members of the Select Committee on Small Business; all said members to be designated by the chairman of the respective committees, at least one member designated from each of the above committees being selected from the minority membership thereof. In addition, there shall be three Members of the Senate designated by the President of the Senate, at least one being from the minority membership thereof. The committee shall cease to exist at the close of business on January 31, 1964.

(b) Any vacancy in the membership of the committee shall not affect its powers, and any vacancy in the membership of the committee shall be filled in the same manner

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evidence in the opposite direction—that some people are willing to sacrifice expected return for insecurity of return.

[3] The discussion in Krutilla and Eckstein (op. cit., pp. 122–24) does not clearly distinguish between the two concepts in making the pooling-of-risks argument.

as provided for determining the original membership.

(c) Nine members of the committee shall constitute a quorum.

(d) The chairman shall be chosen by the members at the first meeting.

Sec. 3. The committee shall conduct a comprehensive study and investigation with respect to the following matters:

(a) The impact of defense procurement spending on the national economy from 1946 to the present time;

(b) The extent to which this spending is currently affecting our economy;

(c) Estimate of future trends in defense spending and their effect on the economy;

(d) Steps which could be taken consistent with the defense effort, to minimize the inflationary and deflationary effects of defense spending;

(e) The character of legislation that may encourage the adoption of new methods and improved processes of defense procurement which will result in the least depletion of our national strength; and

(f) Such other factors it may consider necessary to attain a full and complete understanding of the impact of defense spending and defense procurement policies upon our national economy, our foreign policy, and the national defense.

Sec. 4. (a) For the purposes of this resolution, the committee is authorized to (1) make such expenditures; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony orally or by deposition; and (7) employ and fix the compensation of such technical, clerical, and other assistance and consultants as it deems advisable, except that the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1949, as amended, for comparable duties.

(b) Upon request made by the members of the committee selected from the minority party, the committee shall appoint one assistant or consultant designated by such members. No assistant or consultant appointed by the committee may receive compensation at an annual gross rate which exceeds by more than $1,200 the annual gross rate of compensation of any individual so designated by the minority members of the committee.

(c) With the prior consent of the executive department or agency concerned and the Committee on Rules and Administration, the committee may (1) utilize the services information, and facilities of any such department or agency, and (2) employ on a reimbursable basis the services of such personnel of any such department or agency as it deems advisable. With the consent of any other committee of the Senate, or any subcommittee thereof, the committee may utilize the facilities and the services of the staff of such other committee or subcommittee whenever the chairman of the committee determines that such action is necessary and appropriate.

(d) Subpenas may be issued by the committee over the signature of the chairman or any other member designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

Sec. 5. The expenses of the committee under this resolution, which shall not exceed $175,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

COMMUNICATIONS SATELLITE ACT OF 1962—AMENDMENT

Mr. CLARK submitted an amendment, intended to be proposed by him, to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. WILEY:

Excerpts from address prepared for delivery by him over Wisconsin radio stations, August 4–5, 1962, relating to the homecoming of the 32d Division, Wisconsin National Guard.

Excerpts from address prepared for delivery by him over Wisconsin radio stations, August 4, 1962, relating to programs to meet the challenges of agriculture.

CONGRESSIONAL FRINGE BENEFITS

Mr. CARLSON. Mr. President, last week the distinguished senior Senator from Delaware [Mr. Williams] placed in the Congressional Record a letter he had writeen to Worth Bingham, Washington correspondent for the Louisville Courier-Journal, regarding an article on congressional fringe benefits. The article written by Mr. Bingham was factually analyzed by the Senator from Delaware.

Joe Lastelic, Washington correspondent for the Kansas City Star, wrote an article regarding Senator Williams' letter. The article, entitled "Senator Gives Other Half of a Half-Truth Exposé," was printed in the August 3 issue of the Kansas City Star; and I ask unanimous consent that it be printed in the Record as a part of these remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Senator Gives Other Half of a "Half-Truth" Exposé

(By Joe Lastelic)

Washington, August 3.—Senator John J. Williams, Republican, of Delaware, who opened his files and bared his soul to a correspondent for a series of articles about how much Members of Congress make financially is sorry he did.

Williams is not much of an orator, but he is a meticulous man and when he speaks on the Senate floor his colleagues and members of the galleries listen carefully. For beneath all the facts and figures the Senator from Delaware comes up with the full, complete, and truthful picture of any point he has investigated.

Today Williams inserted a letter into the Congressional Record which he had written to Worth Bingham, Washington correspondent for the Louisville Courier-Journal, taking up paragraph by paragraph Bingham's copyrighted stories on congressional fringe benefits.

The series was widely printed throughout the country and appeared in part in the Kansas City Star.

"Oftentimes the printing of a half-truth can be even more misleading than a lie," Senator Williams said. "What Mr. Bingham failed to point out was that these allowances to operate an office do not accrue to a Member if the funds are not actually spent in the official conduct of his office. He failed to explain that the unused portion of any allowance reverts to the Treasury as unexpended funds."

Williams said he furnished Bingham an itemized breakdown of his own accounts of allowances and expenditures for office rental in his home State, telephone, telegraph tolls and stamps, and stationery. That totaled $16,894 in his own case, the Senator went on, but he only spent $891.56 of it. The unexpended part remained in the U.S. Treasury and did not and does not accrue to the Senator as compensation.

"There is no excuse for these errors," Williams wrote to Bingham. "I opened the records of my office for your examination and therefore I know that you had the correct information in your possession; but in writing your story you used only a part of this information and thus, quoting half-truths completely distorted the picture."

Williams went on to point out he is the author of several laws to correct expense abuses. He urges the requirement of itemized expense accounts by Members on junkets, a law prohibiting free rides on ships, and tightening regulations on junk mail.

He had this parting shot for Bingham:

"I am not trying to claim that there has been no abuse of some of these expense allowances by some Members; but I will state that in my opinion those abuses are the exceptions rather than the rule, and while any abuse should be criticized when discovered, a blanket indictment against any group is never justified. I review this record to show you why I so strongly resent the inferences in your articles that every Member of Congress is a crook and that he is chiseling on his expense account to the tune of $15,000 to $20,000 a year."

GIFTS TO MINORS IN THE DISTRICT OF COLUMBIA

Mr. MANSFIELD. Mr. President, during the call of the calendar yesterday afternoon, S. 3146, a bill to amend the act concerning gifts to minors in the District of Columbia, was amended by the adoption of certain committee amendments.

H.R. 11018, a companion House bill, received from the House yesterday, was then taken up and passed without amendment.

Two of the committee amendments to the Senate bill should have been incorporated in the House bill. Therefore, in order to harmonize the House bill with the Senate bill, I ask unanimous consent that the vote on the passage of H.R. 11018, together with the vote ordering its third reading, be reconsidered and that it be amended by substituting for section 5 the language of the committee amendment in the Senate bill relating to the subject matter of that section, and also be amended further by adding on page 14, after line 23, a subsection, both of which amendments I send to the desk.

The amendments are as follows:

Strike out all after line 12 on page 10, down to and including line 14 on page 11, and in lieu thereof insert the following:

"Sec. 5. (a) A custodian shall be entitled to reasonable compensation for his services and to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties: *Provided*, That a custodian may act without compensation for his services.

"(b) Compensation shall be according to:

"(1) Any statute of the District of Columbia applicable to custodians;

"(2) Any statute of the District of Columbia applicable to guardians;

"(3) An order of the court.

"(c) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

"(d) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act."

On page 15, after line 7, insert the following:

"(c) Nothing herein shall be deemed to repeal or modify the Internal Revenue Code of 1954, as amended, and the District of Columbia Income and Franchise Tax Act of 1947, as amended."

The **PRESIDENT** pro tempore. Without objection, the request is agreed to; and, without objection, the amendments will be engrossed, and the bill read the third time and passed.

NOMINATIONS OF JAMES T. RAMEY AND JOHN G. PALFREY TO BE MEMBERS OF THE ATOMIC ENERGY COMMISSION

Mr. **PASTORE**. Mr. President, in accordance with section 22 of the Atomic Energy Act of 1954, as amended, the President on August 7, 1962, submitted to the Senate the nomination of James T. Ramey, of Illinois, to be a member of the Atomic Energy Commission, to fill the unexpired term of former Commissioner John S. Graham. This term expires on June 30, 1964. The President on August 7, 1962 also submitted to the Senate the nomination of John G. Palfrey, of New York, for a full term ending June 30, 1967. The nominations have been referred to the Senate section of the Joint Committee on Atomic Energy. As chairman of the Senate section of the Joint Committe, I wish to advise that a public hearing will be held in room AE–1 of the Capitol on Tuesday, August 14, 1962, beginning at 10 a.m., to consider both nominations.

Mr. President, I ask unanimous consent that the background résumé of each of the nominees which was submitted to the Senate along with the nominations be printed in the Record at the conclusion of my remarks.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **PASTORE**. Mr. President, I also wish to say how pleased I am with both of these selections by the President. Mr. Ramey has been executive director of the Joint Committee on Atomic Energy for the past 6 years, and prior thereto he served 9 years as an employee of the Atomic Energy Commission.

Mr. President, I ask unanimous consent to have printed at this point in the Record a list of Mr. Ramey's particular accomplishments as executive director of the Joint Committee on Atomic Energy.

There being no objection, the list was ordered to be printed in the Record, as follows:

Accomplishments of James T. Ramey as Executive Director of Joint Committee on Atomic Energy

1. Under the general supervision of the chairman, he organized and directed the study and report on NATO nuclear weapons custody problem which was submitted to the President in February 1961. Initiated effort to improve technical means of safety and control of U.S. nuclear weapons. Called attention to important security problems.

2. Initiated series of Joint Committee hearings and reports on hazards of fallout and other radioactive hazards, including radioactive waste disposal, employee radiation hazards, reactor safety, and radiation standards. These hearings and reports—mostly held by Congressman Holifield's Special Subcommittee on Radiation—have been cited for their objectivity and usefulness, both to the lay public and scientists as textbooks.

3. Initiated series of hearings and reports on basic research and advanced concepts, including series on "Frontiers in Atomic Energy Research" in 1960. Played leading staff role in pushing Rover nuclear rocket program.

4. Initiated studies in 1957 and 1960 on AEC organization and administration of regulatory program. Conducted series of investigations on redtape involved in AEC contract and budgetary administration.

5. Developed and provided staff leadership on Joint Committee version of accelerated power program in 1956. Initiated and directed preparation of staff report on expanded atomic power program in 1959, with assistance of a distinguished panel of consultants.

6. Provided staff leadership in connection with authorization of additional plutonium for small weapons program in 1958–59.

Mr. **PASTORE**. Mr. President, Mr. Palfrey, who presently is dean of Columbia College, for many years has been closely associated with the atomic energy field. From 1947 to 1950 he was with the Office of the General Counsel of the Atomic Energy Commission. From 1952 to the present he has been associated with Columbia University, first in the school of law, and then as dean of Columbia College. During this time he periodically has served as a consultant to the Joint Committee on Atomic Energy.

I am certain, Mr. President, that both of these men are well qualified to serve on the Atomic Energy Commission, and that in due time their nominations will receive the advice and consent of the Senate.

Exhibit 1

James T. Ramey

Born: December 5, 1914, Eddyville, Ky.

Education: 1933, Nicholas Senn High School, Chicago; 1937, Amherst College, Amherst, Mass.; 1941, Columbia University School of Law, New York City.

Marital status: Married; two children.

Experience: 1956– , executive director, Joint Committee on Atomic Energy, Washington, D.C.; 1952–56, assistant to manager, Chicago Operations Office, Atomic Energy Commission; 1947–52, assistant general counsel, AEC; 1941–47, successive positions from management assistant to a senior attorney, Tennessee Valley Authority.

Teaching experience: 1944–46, assistant professor, University of Tennessee, College of Law; 1943–44, lectures in political science, University of Tennessee, College of Liberal Arts; 1955–56, lecturer, Northwestern University Law School.

Present position: Executive director, Joint Committee on Atomic Energy.

Address: 6817 Hillmead Road, Bethesda, Md.

John Gorham Palfrey

Born: March 12, 1919, Boston, Mass.

Education: 1936, graduate, Milton Academy; 1940, B.A., Harvard; 1946, LL.B., Harvard; 1948, admitted District of Columbia bar.

Experience: 1947–50, staff officer of General Counsel, AEC; 1950–52, Member Institute of Advanced Study, Princeton, N.J.; 1952–54, lecturer, Columbia School of Law; 1954–56, associate professor; 1956–58, professor. Also member of New York bar.

Present position: Dean, Columbia College (since 1958).

Residence: 1165 Fifth Avenue, New York, N.Y.

Office: Columbia University, New York, N.Y.

BASIC PRINCIPLES IN U.S. SPACE POLICY

Mr. **DIRKSEN**. Mr. President, Mr. Robert D. Crane, director of the Space Research Institute at Duke University, and a top-ranking specialist in the space field, has prepared a very excellent monograph on some basic principles in U.S. space policy.

This is a somewhat neglected field; and I am sure his views will prove timely, important, and of great interest to many people. I believe this article merits the widest possible diffusion, and for that reason I ask consent that it be made a part of my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

U.S. Space Legal Policy—Some Basic Principles

(Condensed from the articles, "Law and Strategy in Space," Orbis, a quarterly journal of world affairs, July 1962, and "Soviet Attitude Toward International Space Law," American Journal of International Law, July 1962)

(By Robert D. Crane, director, Space Research Institute, Duke University)

The United States has been forced to give increasing weight to military and political considerations in the formulation of space policy. These considerations, however, do not necessarily require opposition to the development of international space law. On the contrary, U.S. initiative in formulating space law can serve not only to promote scientific research and economic progress and to facilitate the growth of a free and peaceful world order, but to implement on a higher moral level American military and political strategies. This initiative would provide the United States with greater freedom to employ necessary military defense and deterrent measures in outer space and would help the free, democratic countries to secure victory in the current war of ideology which is a primary goal of their military and political policies. The development of international space law oriented toward these strategic goals can help the United States to deal with the Communists on a higher moral level by making it politically more acceptable to counter military threats with military measures and by reducing the necessity of using military means to counter threats which are essentially ideological, political and economic.

MILITARY DETERRENCE

The realization that neither side can, in the old sense of the term, win a modern war and that there may be small consolation even in prevailing in such a war has resulted in the development of deterrence as the principal aim of U.S. military policy. The development of space law can contribute to this military mission, first, by providing a political atmosphere more conducive to the implementation of U.S. deterrence strategies, and, second, by helping to add another order of magnitude to the deterrence mix.

The United States can provide a political atmosphere more conducive to military deterrence strategies principally by taking the initiative in developing a realistic conception of "peaceful purposes" or "peaceful uses." The dedication of outer space activities and of space research to peaceful uses has always been the basic criterion of American space policy.[1] But the United States has failed to fit the concept of "peaceful uses" into the context of international law. As a result, it has encountered difficulty in gaining for these space activities broad support of the statesmen of the world.

The need for the development of international law to determine the legality of new types of activity such as space reconnaissance and various types of military deterrence results from the fact that in the age of the atom and space such concepts as war and peace, as well as the distinction between offensive and defensive actions, between active and passive weapons, and between aggression and self-defense, have become blurred. Objective standards to determine the difference between these increasingly relative concepts have become largely outmoded or inapplicable.

The Soviets have capitalized on this situation, which is made to order for the propagandist, and have tried to make the space defensive systems of the United States politically untenable by asserting that these systems are incompatible with a policy of peaceful purposes. The Soviets appeal to the desires of the world for peace and to the hopes of the world that in outer space an area devoted exclusively to peaceful purposes can be created. They strengthen their appeal by threatening war against all who would oppose peace,[2] and by interpreting the meaning of peace so that all Soviet actions fall within its scope and all adverse actions fall outside. The Communists have taken advantage of the lack of objective standards to assert that all military uses of outer space are ipso facto contrary to peaceful purposes. This serves to create a burden of proof against the United States so that the latter is under a constant obligation to prove its peaceful intentions. The fact that all Soviet space vehicles are sponsored by military organizations and are thus military, and the fact that Soviet rockets were used in the fall of 1961 in systems testing of nuclear weapons at altitudes in excess of 100 miles, are simply ignored.

The most effective way to eliminate the distorted views of U.S. space activities prevalent in much of the world would be to take the initiative in developing space legal principles to determine the legality of activities which are neither clearly peaceful nor clearly aggressive, but in a third area in between. The result of such initiative would very probably be either the recognition that the term "peaceful uses," particularly as developed in the various United Nations space resolutions, permits adequate provision for defensive measures, such as space reconnaissance, or the recognition that peaceful purposes as a meaningful term in international space discussions must be replaced by a broader term to encompass activities which have as their purpose the preservation of the peace.

Initiative in developing international space law to gain understanding and support for the true nature of U.S. space policies would also help to overcome extremist reactions even in the United States either against or for military space policies. Many consider that emphasis on military interests must inevitably result in a spiraling arms race which will prove self-defeating and will forever preclude the development of international space law. In this regard we should clearly recognize that every major proposal the Soviets have made to develop international space law has been part of a process of bargaining for strategic advantage, and that the future of space law development therefore may depend on the creation of sufficient American strength in space to remove the advantages which the Soviets can expect to gain from a continued state of military competition and lawlessness.[3] It is very likely that the Soviets must first conclude that they can no longer afford the enormous expenditures necessary to keep abreast of the United States in space before they will agree to the gradual disarmament of the principal military weapon, namely, their policy of maximum secrecy, and to the effective disarmament, space regulation, and extensive space cooperation which could then result.

Others consider that lack of emphasis on military interests and, in fact, even the use of the term "peaceful" inhibits the maintenance of national security to a dangerous degree. This argument stems from concern that the future allocation of funds and resources may not give sufficient emphasis to the development of space defense systems for the acquisition (in the communications sense of the word), tracking, identification, neutralization, capture, and destruction of hostile Soviet space vehicles; to the related problems of rendezvous, maneuver, reentry, and man-in-space; to the rapid development of solid-fuel rockets and super boosters, including those with nuclear power units, to achieve velocities and sustained power many times greater than required for scientific research or for projects designed to serve directly the economic benefits of man; and to the most rapid possible development of new generations of defense systems, such as those based on beam-directed energy weapons, which might render ICBM's obsolete. Despite much misunderstanding, the arguments for long-range space-military planning and development in support of the objective of national security through effective space-military deterrence need not be at all incompatible with the space policy objective of scientific and economic development. These arguments for long-range space-military planning and development may be valid insofar as they are necessary to support the objective of national security through effective military deterrence. These arguments do not require the incorporation of space control and space offense into U.S. space policy.

A campaign to develop international space law could help to make it clear that the two space policy objectives of military deterrence and economic development are not mutually exclusive, and that it is possible to prevent planning for space policy and space strategy from becoming bipolarized. Such a campaign would point out that the United States relies neither on what President Kennedy terms the "diffuse desire to do good" nor on the sterility of merely "talking tough."

IDEOLOGICAL DETERRENCE

Initiative in the development of international space law can provide a better political atmosphere for deterrence strategies and also add another order of magnitude to the deterrence mix. Policies of deterrence have evolved slowly from the strategy of "massive retaliation," which is widely regarded as inadequate, to counterforce strategies, which have many drawbacks, and finally to strategies of balanced deterrence and of the deterrence mix, both of which also have their limitations. Probably the principal defect both of balanced deterrence and of the deterrence mix, however, is their failure to deter what seems to be the predominant form of future military conflict, namely, local wars of attrition, particularly those that start as revolutionary uprisings. Since there seems to be no completely effective strategic military deterrent to local war, the only way to deter its outbreak is to convince the enemy that he cannot hope to win. In the modern age success in local war, and therefore the gains to be obtained, seems to be determined as much by superior ideological support by the peoples of the world, particularly those in the theater of military operations, as by superior firepower. President Kennedy recently stated:

"We all know that it is wholly misleading to call this the nuclear age (because during the past few years we have become increasingly involved in) another type of warfare—new in its intensity, ancient in its origin—war by guerrillas, subversives, insurgents, assassins—war by ambush instead of by combat, by infiltration instead of by aggression—seeking victory by eroding and exhausting the enemy instead of by engaging him."[4]

The deterrent powers in the modern world include therefore not only military force but also superiority in ideology and in the political and economic building blocks out of which ideology is made.

The ideological deterrent not only serves to deter local war but can also play a part in deterring strategic nuclear war.

This is made clear by the recent Soviet article entitled "The 'Absolute Weapon' and the Problem of Security," which states:

"In conditions of nuclear rocket warfare, the first to attack would usually be the aggressor. In the final analysis, the outcome of a nuclear war would depend on such decisive factors as the superiority of the social and economic system, the political soundness of the state, the morale and political understanding of the masses, their organization and unity, the prestige of national leadership. In these respects the superiority of socialism over capitalism is beyond any doubt; this gives Communists grounds for maintaining that a third world war would be the doom of imperialism and would therefore be the last.[5]

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[1] The documentation of U.S. space policy may be found in "International Negotiations Regarding the Use of Outer Space, 1957–60," prepared for the Senate Committee on Aeronautical and Space Sciences by the Historical Office, Bureau of Public Affairs, Department of State, and published in S. Doc. No. 26, 87th Cong., 1st sess., Mar. 1961.

[2] See the chapter on "Political Goals and Implications" in the study "Soviet Space Programs: Organization, Plans, Goals, and International Implications," a report for the Committee on Aeronautical and Space Sciences, U.S. Senate, 87th Cong. 2d sess., May 31, 1962.

[3] A detailed account of Soviet space legal strategy may be found in the author's study entitled "Soviet Attitude Toward International Space Law," prepared for the Committee on Aeronautical and Space Sciences, U.S. Senate, and published in the American Journal of International Law, July 1962.

[4] John F. Kennedy, commencement address, West Point, June 6, 1962.

It therefore becomes necessary to develop a strong ideological deterrent to convince the Communists that they cannot win local, guerrilla-type wars either before or after a third world war.

This new ideological deterrence is not merely one more element of the deterrent mix, but rather a higher stage in the evolution of strategic deterrence itself. Ideological deterrence, in fact, may be the ultimate stage in this evolution because it goes beyond military deterrence to a psychological and economic offensive aimed at making the benefits of political and economic freedom available to all the peoples of the world. If workable disarmament can ever be achieved, this ideological deterrence will also assure the free societies a vital means of defense in a disarmed world.

GENERAL PRINCIPLES OF SPACE LAW

One of the most efficacious steps in building ideological deterrence and achieving ultimate victory in the ideological conflict would be to embark on a carefully prepared and politically integrated campaign to develop international space law.

The most basic requirement is the development of general principles of space law to overcome the passivity which has characterized much of American space legal thinking in the past.[6] This emphasis on general principles would strengthen the function and impact of law in international relations and would overcome the Communist ideological offensive and its embodiment in the campaign of peaceful coexistence.

A basic guide for the selection of these general principles was given by the Chairman of the Policy Planning Council of the U.S. State Department, Walt W. Rostow, who summed up the problem of modern history and, incidentally, the guiding principles of space law, in the following statement:

"We are engaged in an historic test of strength—not merely military strength but of our capacity to understand and to deal with the forces at work in the world about us. The ultimate question at issue is whether this small planet is to be organized on the principles of the Communist Bloc or on the principles of voluntary cooperation among independent nation states, dedicated to human freedom.[7]

The general principles of space law should include therefore not only self-defense and preservation of the peace, but such basic principles as freedom, legality, and cooperation. The essence of the principle of freedom, particularly in the field of space exploration, is freedom for diversity, because freedom for diversity and respect for the interests of every participant is at the heart of international space cooperation. In March 1962, President Kennedy stated:

"A cooperative Soviet-American effort in space science and space exploration would emphasize the interests that unite us instead of the conflicts that divide us and would remind us on both sides that knowledge, not hate, is the passkey to the future—that knowledge transcends national antagonisms—that it speaks a universal language—that it is the possession, not of a single class, a single nation or a single ideology, but of all mankind. The pursuit of knowledge itself implies a world where men are free to follow out the logic of their own ideas. It implies a world where nations are free to solve their own problems and to realize their own ideals. No one can doubt that the wave of the future is not the conquest of the world by a single dogmatic creed, but the liberation of the diverse energies of free nations and freemen. No one can doubt that cooperation in the pursuit of knowledge must lead to freedom of the mind and of the soul."[8]

The principle of freedom for diversity has broad philosophical connotations which make it basic to all other space legal principles.

A related space legal principle would be the principle of impartial settlement of disputes, or third-party adjudication. Acceptance of third-party adjudication would support one of the oldest, one of the most fundamental, and one of the most widespread of all legal principles. In a period of ideological war, rejection of such a principle would be rejection of law itself. Once the principle of impartial adjudication is accepted, there remain the problems of selecting the proper tribunal[9] and drafting a set of principles to guide the tribunal in its work. One of the primary sources on which we could rely in order to develop the support of the peoples of the world for the decisions of the tribunal, and one which the Soviets themselves could not very well reject, would be the general principles of law accepted by the peoples of the world, particularly as evidenced in their domestic legal systems.[10]

This source of international law can be made available by establishing through legal research what the leading legal systems of the world have to say, for example, about the elements and function of sovereignty or the legality of slander and of incitement to harm. By establishing a consensus within the domestic or municipal context, one derives the general principles of law recognized by the nations of the world and, by analogy, can then determine the rules governing sovereignty and illegal propaganda in international law. By conducting the research on a worldwide basis, it may be possible to secure the support of the majority of the world's countries, which can then consider the new international law to be of their own making, and in the process the scope and variety of law which is available to support the welfare of the free world can be enlarged.[11]

Another basic space legal principle might be the principle of peaceful cooperation. This would establish the right of the developing countries to share in the benefits of space science, and would recognize a corresponding moral duty on the part of the nations possessing space capabilities to make the benefits of these capabilities available on a nondiscriminatory basis to all the peoples of the world. We should emphasize that these benefits include not only those of direct use, such as global communications and weather prediction (and possibly control), but also the indirect benefits which will result from improved engineering and managerial know-how, from metallurgical technology and medical research, and from basic advances in physics and chemistry, which give rise to branches of industry entirely unrelated to space.

This principle of peaceful cooperation in sharing benefits of space progress derives from the Christian social teaching that economic prosperity is to be measured not so much by the sum total of goods as by the distribution of these goods according to norms of justice.[12]

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[5] N. Talenskiy, "The 'Absolute Weapon' and the Problem of Security," International Affairs, April 1962, pp. 25–26. Dr. Talenskiy is a doctor of military sciences and one of the most knowledgeable Soviet commentators on space political strategy. This thesis may be compared with similar statements by the Chinese Communists. See Alice Langley Hsieh, "Communist China's Strategy in the Nuclear Era" (Englewood Cliffs, N.J.: Prentice-Hall, for the Rand Corp., 1962).

[6] In formulating general principles of space law it is necessary to realize that the development of detailed understandings to facilitate virtually automatic decisions on existing legal rights is possible only on a limited functional basis and that the development of space law does not exclude but rather presupposes the preparation of political solutions to expedite, not the clarification of legal issues, but actual change, whenever necessary, in the applicable law.

[7] Walt W. Rostow, Department of State Newsletter, April 1962, p. 6.

[8] John F. Kennedy, Charter Day address, University of California, Berkeley, Mar. 23, 1962.

[9] One might consider a court established especially for space matters. Although the Soviets have accepted the compulsory jurisdiction of the ICJ in several international organizational treaties (WHO in 1946, WMO in 1947, UNESCO in 1954, and IAEA in 1956), they have indicated that the proportion of judges in the ICJ from Communist countries (2 out of 15) must be increased before they can accept its jurisdiction on a more general basis.

[10] One of the elements of the recent revolution in Soviet international legal theory is the acceptance of domestic legislation as a source of international legal norms and principles. The Soviets have begun to emphasize this source in an attempt to transform international law into an instrument of Communist world revolution more rapidly than might be possible by the growth of custom and treaty law alone. Although the Soviets' support of this new source of international law emphasizes the contribution of the domestic law of the Soviet Union, the Communists cannot reject the laws and principles of the legal systems in other countries without at the same time affronting their self-respect. See Crane, op. cit., note 3 above.

[11] The methodology of such an approach to the development of international law is described in the new book by Prof. Arthur Larson, "When Nations Disagree" (Baton Rouge: Louisiana State University Press, 1961). Professor Larson, formerly head of the U.S. Information Agency and now Director of the World Rule of Law Center at Duke University, shows the potentialities and promise of the general principles approach in relation to seven major concepts having specific application to the problem of peace and war: sovereignty within the law; the limits on the right of self-defense, as applied to the problem of aggression, and the necessity of independent third-party judgment on the necessity for and reasonableness of the use of force in self-defense; the circumstances under which one party can terminate an agreement; liability for illegal harm, including use of words to harm, as in propaganda; protection of acquired rights, with its application to international investment in satellite communications; the duty to consult before affecting the rights of others, which has developed particularly in international river law; and the principle of third-party determination of disputes, with implications for the subject of judicial independence and of recognition of international judicial processes. All of these problems have direct application to space activities, and some of them are the subject of books which have been or are being prepared at the World Rule of Law Center.

[12] "Mater et Magistra," Encyclical of Pope John XXIII on "Christianity and Social Progress," 1961, par. 74. See also pars. 157–184 on "Requirements of Justice as Between Nations Differing in Economic Development." The relevance of economic ethics to our global strategy was cogently summarized by the Methodist elder, Rev. William J. Cook, at the Conference on Christian Ethics and Nuclear Warfare held in Washington, D.C.,

Support of this principle would testify to the belief of free societies that lasting stability, lasting security and lasting peace are to be found only within change; it would prove that the changes now taking place in the social and economic life of the world's peoples result not from the automatic operation of Marxist economic laws as interpreted by the Communist Party of the Soviet Union, but from new technologies and the moral initiative of free men. Such a principle would make it clear to the peoples and governments in the underdeveloped areas of the world that the maintenance of their economic and political independence against outside interference will come not from their acceptance of the monolithic Communist system of peaceful coexistence, but from the freedom of diversity and from peaceful cooperation of all peoples and states under law.

COMMUNIST ALTERNATIVES

The efforts of the peoples of the free democratic countries to develop a world of freedom under law has been accompanied by a Soviet attempt to develop space law, and international law generally, into a strategic instrument of world revolution. The Soviets are attempting to exploit the political potential of space law by emphasizing the great importance of space-research and space-related activities to the peoples of the world, especially to those in the underdeveloped countries, and by attempting to integrate the development of a legal framework for these activities into the overall Communist scheme of global conquest.

The Communists stress the direct value of communication satellites as a powerful global mass communication medium which will "bring even the remotest peoples close to one another," and "could very well serve in the fight against illiteracy in underdeveloped countries assisting humanity in combating the situation where some countries exploit the lack of know-how of others." [13] The Communists recognize the direct value of weather satellites particularly in view of the agricultural needs of the underdeveloped countries in areas of insufficient or unreliable rainfall and state:

"If the benefit mankind could gain from improved weather forecasts were to be measured in terms of money, it would run to an annual saving of thousands of millions of rubles. This sum is so large that it could more than compensate for all the money spent on space research." [14]

The Soviets emphasize not only the direct benefits of space activities but the indirect benefits as well,[15] and contend that these benefits will be made available to the world as a result of the triumph of Soviet space science. This in turn "is a remarkable expression of the advantages of the Soviet Socialist system, a result of the great achievements of our people in the development of the economy, science, technology, culture, and education.[16] For the peoples of the world, Soviet space rockets are not only a means of exploring the cosmos, they are first of all indisputable proof of the vitality of socialism. Soviet rocketry shows what the workingman will do under communism." [17]

The Soviets are appealing to what has been termed "the revolution of rising expectations," and are trying to control this revolution by asserting that it was made possible by and can be successfully concluded only under communism.

More significantly, the Soviets are trying to ideologize their space success by asserting that the politico-legal framework for the revolutionary advances in the welfare of mankind resulting from space activities must be integrated into and therefore support the Communist policies of world revolution.

This strategic interest of the Communists in space law can be properly understood only within the context of recent developments in general Soviet international legal theory. These developments stem from the injection of nuclear armaments and modern delivery systems into Communist world strategy, together with shifts in the balance of world political and economic power, which have caused the Soviets to turn increasingly from a defensive to an offensive strategy, and to do so not only in the economic and political fields, but in the field of international law. In fact, the past 5 years have witnessed the most radical revolution in Soviet international legal thory since the Russian Revolution.[18] The problem for the Communists is no longer, as it was just a few years ago, whether or not one should rely on international law as an instrument of foreign policy. The value of international law is now beyond question. Nor is the problem basically even what elements of traditional international law can serve the political requirements of the moment. The problem for the Communists now is whether and to what extent they can create and rely on an entirely new Communist international law.

Despite the economic and political resurgence of Europe, the failures of Communist China, and the seeming rejection of communism by most of the newly independent countries, the Communists consider that the longrun forces of history have shifted the balance of world power far enough in their favor to enable them to begin to replace in its entirety traditional international law, designed to serve capitalist interests, with a new Communist international law, designed to serve the interests of Communist world revolution. The transformation of the function of international law from static defense to dynamic offense has been pressed with particular vigor in the space field, because the Soviets have considered that the balance of space power is strongly weighted in their favor and that accordingly the possibilities here of developing Communist law are very great.

The mechanism by which the Communists hope to transform international law in general and space law in particular into an instrument of world revolution is the doctrine of peaceful coexistence. This doctrine was once a primarily defensive doctrine which prescribed the coexistence of hostile powers in an unstable period of peace. Since the Communist summit conference in November 1960, and particularly since the issuance of the new program of the Communist Party of the Soviet Union in July 1961, and its acceptance shortly thereafter at the 22d Party Congress, however, the doctrine of peaceful coexistence has become a highly complex and very precise ideological program intended not only to forestall a military response to the Communists' political and economic strategies, but to legalize their policies of world revolution.

The Communists are trying to develop Communist law as an integral part of the social and political consciousness of mankind and to create thereby a new reality in the minds of men. In the words of Premier Khrushchev:

"Ideological activity deals with the consciousness of man and with his psychology; it acts upon his thoughts and emotions. It is necessary, comrades, to emphasize particularly that the peaceful coexistence of states with different social systems has never signified and will never signify the peaceful coexistence of the different ideologies, Socialist and capitalist. In the field of ideology, a class struggle, a struggle for people's minds and hearts has been and will be waged.[19] The time is not far away when Marxism-Leninism will possess the minds of a majority of the world's population.[20]

To accomplish these purposes the Communists have elevated peaceful coexistence to an all-encompassing doctrine and term of art which contains not only the famous five principles announced in 1954, but all the other principles of international law as component and reconstituted parts.

This all-inclusive nature of peaceful coexistence was expressed last year by the Chairman of the Scientific Research Commission on Space Law and corresponding member of the Soviet Academy of Sciences, Yevgeniy Korovin, who ranks among the leading Communist spokesmen on international law. In an address to the advisory council of the University of Moscow Law School, Professor Korovin stated that the entire program and method of teaching and studying international law in the Soviet Union should be revised and integrated into the ideological system of peaceful coexistence, because: "Premier Khrushchev, in his address at the Conference of Communist and Workers Parties [in November 1960] stated that as representatives of the most advanced ideology we should not occupy a defensive position. Premier Khrushchev emphasized that the Soviet Union and the Socialist countries now hold the initiative in the international arena, whereas the imperialist states and their governments are on the blind defensive. One asks, however, to what extent our scholarly work shows this initiative and evidences an offensive attack. We usually merely explain the position of the enemy, and then begin to correct and criticize it. Would it not be more correct to proceed from our own concepts, from the democratic principles of international law, and then, having proclaimed their binding character and universality, to show that any theories hostile to them constitute a violation of the generally recognized and therefore generally binding principles of international law."

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in June 1961. Reverend Cook concluded that if we are faced with the mutual destruction of the United States and the U.S.S.R. "it will probably be the result of a prior moral failure to develop morally acceptable and politically relevant instruments and resources of policy."

[13] Verbatim record of the Sixth Meeting of the United Nations Committee on the Peaceful Uses of Outer Space, Mar. 23, 1962 (A/AC, 105/PV.6), p. 35.

[14] G. I. Pokrovskiy, "Space Exploration and International Relations, a Discussion," International Affairs, June 1961, p. 62. The Bulgarian representative to the U.N. Space Committee indicated that his country was interested in space meteorology because of its potential to change the climate of the entire Near East and save Bulgaria from desolation and sadness. Verbatim record of the Seventh Meeting of the United Nations Committee on the Peaceful Uses of Outer Space," Mar. 26, 1962 (A/AC. 105/PV. 7), pp. 26–27.

[15] See, for example, N. Vavarov and K. Mikhaylov, "What Is the Economic Significance of Space Exploration," Zhenshchiny Mira "Women of the World," August 1961, and "The Conquest of Space and Economics," Ekonomicheskaya Gazeta, Apr. 14, 1961.

[16] Pravda, Moscow, Aug. 22, 1960.

[17] G. I. Pokrovskiy, "Modern Science and the Conquest of Space," the Marxist Review, October 1960, p. 41.

[18] Elements of this revolution are explained in the section on "Peaceful Coexistence and International Space Cooperation" in the author's study "Soviet Attitude Toward International Space Law," note 3 above.

[19] Nikita Khrushchev, opening address to the All-Union Conference on Questions of Ideological Work, called by the central committee to discuss the results of the 22d Party Congress, Pravda, Moscow, Dec. 26, 1961.

[20] Nikita N. Khrushchev, "For New Victories of the World Communist Movement," Kommunist, January 1961 (No. 1).

From this Professor Korovin concludes:

"Without exaggeration one can designate all contemporary generally recognized international law, as it exists today, as a code of peaceful coexistence. From this it follows that everything which is incompatible with the principle of peaceful coexistence does not exist juridically in international relations. Conversely, all the old and new principles which contribute to the development and consolidation of peaceful coexistence can with complete justification lay claim to legal validity.[21]

In an edited version published at the same time in the principal Soviet journal on international affairs and distributed around the world in several languages, Professor Korovin omitted the above background explanation and stated:

"Contemporary international law may be defined as the international code of peaceful coexistence. One does not have to be a qualified lawyer to understand the elementary truth that no prescription or rule of international law can now be considered as being generally recognized—that is binding upon all states—if it is rejected by a larger part of mankind, i.e., by the countries of socialism and the neutral states." [22]

Although peaceful coexistence is all inclusive in that it controls all relations of Communist states and parties throughout the world with their class enemies, peaceful coexistence is itself controlled by a still higher principle known as proletarian internationalism, which can best be summarized in the phrase "coordinated world revolution." The supreme principle of proletarian internationalism determines the meaning of peaceful coexistence because it controls all relations among the states within the Communist bloc (through the new international legal doctrine known as socialist internationalism) and all relations among Communist parties everywhere in the world.[23]

The content of proletarian internationalism is controlled, now as always, by the Communist Party of the Soviet Union. The international legal significance of this critical fact was brought out by Professor Korovin in his above-quoted address:

"The Socialist countries are states which are led and directed by the Communist and workers' parties. It naturally and necessarily follows therefore that the inspirers and organizers of the new stage in the progressive movement of mankind, and particularly in international relations and in international law, are the Communist Parties—the advance guard of the working class. These Communist and workers' parties in the person of their representatives (81 parties were represented at the Moscow Conference in November 1960) unanimously declared that the vanguard of the world Communist movement was and remains the Communist Party of the Soviet Union. Furthermore, they noted the principle of the great significance of the Communist Party of the Soviet Union in the progressive development of democratic principles of international law." [24]

The potential significance of this new doctrine of peaceful coexistence in the development of space law was clearly indicated at the meeting of the U.N. Committee on the Peaceful Uses of Outer Space in March 1962. In reference to the resolution on international cooperation in the peaceful uses of outer space adopted on December 20, 1961, the Soviet representative to the U.N. Space Committee stated that the General Assembly's unanimous adoption of the principle that international law, including the U.N. Charter, applies to outer space and celestial bodies "signif[ies] in our view, that the activities of the states in outer space research should be conducted in keeping with the recognized principles of peaceful coexistence, sovereignty, equality, nonaggression, and noninterference in domestic affairs. These important principles and provisions should be studied and should become a basis for the work of the juridical subcommittee." [25]

ANSWERS TO COMMUNIST ALTERNATIVES

The failure of the doctrine of "peaceful coexistence" to express the desires and needs of the world's peoples is evident from the most cursory analysis of its elements, particularly those listed by the Soviet representative of the U.N. Space Committee.

The first element is coexistence itself. Its essence is the attempt to maintain a rigid bipolarity in the world designed to eliminate all opposition to the strategists of the Soviet Communist Party. This bipolarity serves to maintain monolithic unity within the bloc,[26] and to deny the possibility of diversity outside it.[27] According to the Communists:

"Peaceful coexistence is a dialectical process which unites the sharpest class warfare between socialism and capitalism with the cooperation of states of two opposing systems in the name of preservation of peace." [28]

And again:

"Peaceful coexistence is inconceivable without international legality [as the Communists conceive it], for peaceful coexistence is international law in action. An essential task of the science of international law is the struggle against any deviations whatsoever from the Leninist doctrine of peaceful coexistence, the struggle against manifestations of bourgeois ideology [including traditional international law], revisionism [i.e. Titoism, especially in its opposition to bipolarity], dogmatism and sectarianism [i.e., Chinese communism and personal animosity], as well as against the harmful consequences of the cult of the individual.[29]

The attraction of the Communists' position derives from their insistence that this combination of monolithic unity and bipolarity is the best and, in fact, the only means for the peoples of the world to achieve and strengthen both freedom and peace. The answer to this argument seems obvious to those who have been educated in free societies. The only longrun solution to the maintenance of peace is not the reform of human nature by pressing it into the Communist mold or into any other exclusive system, but rather the release of human nature from the bonds of hunger and ignorance so that both nations and the individuals within them can develop in accordance with their self-determined needs and aspirations. For this, monolithic unity and bipolarity will not serve nearly so well as the right to diversity, which is the very essence of freedom. For this, too, there must be a realization that the problems of the world result not from the existence of capitalism, as the Soviets would have us believe, but from the materialist orientation of the world, of which both communism and the unworthy elements of capitalism are the only unfortunate and temporary manifestations.

With the advent of the space age, the superior science and technology initially made possible by the capitalist system of competition will enable man, for the first time, to eliminate hunger and ignorance everywhere, and thereby to promote throughout the world the conditions necessary for freedom of mind and spirit and for the kind of moral progress which alone can make for peace. It is this freedom for moral progress, and the personal nature of this freedom, which ultimately distinguishes free democracy from communism. Whether on a global or national level, whether in the secular order or in religion, liberty belongs to the individual or it does not exist at all. Without this liberty there can never be lasting peace among men.[30]

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[21] Yevgeniy A. Korovin, "The Declaration of the Conference of Representatives of Communist and Workers Parties and the Tasks of the Science of International Law," Vestnik Moskovskogo Universiteta, August 1961, pp. 64, 66, and 71.

[22] Yevgeniy Korovin, "International Law Today," International Affairs, July 1961, p. 19.

[23] The most recent authoritative announcement on the subsidiary function of peaceful coexistence stated: "The principle of peaceful coexistence presents the most subtle and most effective expression of the party principle of proletarian internationalism. Peaceful coexistence of states with different regimes is not the abondonment of the class struggle in the world arena, but the selection of such deployment areas for this struggle as are best suited for the interests of all mankind." I. Inozemtsev, "Peaceful Coexistence—The Most Important Contemporary Problem," Pravda, Jan. 17, 1962, p. 5.

[24] Korovin, op. cit., note 16 above, pp. 70–71.

[25] Platon D. Morozov, "Verbatim Record of the Third Meeting of the Committee on the Peaceful Uses of Outer Space," Mar. 20, 1962 (A/AC. 105/PV. 3), pp. 23–25.

[26] A recent article on proletarian internationalism in the leading Soviet law journal states: "Cooperation of Socialist states has as one of its principal purposes the securing of peaceful coexistence. To achieve this worthy goal it is necessary to continue the battle to strengthen fraternal cooperation of the Socialist countries against any attempts whatever to weaken their monolithic unity [monolitnoye yedinstvo]." N. V. Zakharova, "Bilateral Treaties of Friendship, Cooperation and Mutual Aid Among Socialist States," Sovetskoye Gosudarstvo i Pravo, February 1962, p. 90.

[27] According to this element of peaceful coexistence, there are only two forces operative in the world—communism and anticommunism. The final acceptance of neutralism at the 20th Party Congress in 1956 resulted from the defensive concept of peaceful coexistence, which dominated prior to 1960. Under the new "peaceful coexistence," neutralism is only a temporary expedient which is to be replaced by a "world socialist system." See Rodolfo Mosca, "The 'New Ways' of Communism," Orbis, April 1962, p. 69.

[28] Inozemtsev, loc. cit., note 18 above, p. 5.

[29] Yevgeniy Korovin, F. I. Kozhevnikov, and G. P. Zadorozhnyy, "Peaceful Coexistence and International Law," Izvestia, Apr. 18, 1962, p. 5. The basic errors of the cult of the individual in the field of international law are noted in Crane, op. cit., note 3 above. The Soviet view of international scientific cooperation within the framework of peaceful coexistence is best expressed by the following opinion published recently in the leading Soviet law journal: "In capitalist countries the creativity of the leading scholars and scientists is cynically appropriated by capitalist monopolies. In these countries one cannot speak of giving disinterestedly to another state the results of this or that scientific research." A. I. Poltorak, "Legal Forms of Cultural and Scientific Cooperation of Socialist Countries," Sovetskoye Gosudarstvo i Pravo, October 1961, p. 162. Further: "Contemporary international law, which regulates the relations both of socialist and capitalist states, does not require the establishment among such states of relations of broad and full cooperation and fraternal mutual relations, because by virtue of the very nature of capitalist states such relations are impossible," Zakharova, loc. cit., note 26 above, p. 83.

[30] "Without liberty there is no peace, but rather a violent imposition of things, an unstable order, not accepted by the human mind." Amleto Cardinal Cicognani, Papal Secretary of State, address to the National Press Club, Washington, D.C., Dec. 4, 1961.

Recognition of the universal right of all individuals, peoples and states to the freedom of diversity would destroy the artificial concept of bipolarity inherent in peaceful coexistence, would fragment the Communist bloc, relativize Communist ideology, and provide one of the essential elements of permanent peace and progress.

The second and third elements of peaceful coexistence which the Soviet representative to the U.N. Space Committee considered most critical are "sovereignty" and "equality." These words have many doctrinal functions in Soviet international legal theory. In the context of the debates in the U.N. Space Committee, their principal function is to require acceptance of Soviet veto power over international space cooperation so that the Soviet Union may "rightly play the leading part in the international efforts in space research" in the interests of "consolidating peace." [21]

The principle of equality, if it is to have any meaning, requires not veto power, as the Soviets insist, but equal rights both in accepting proposals and in rejecting them. This elemental truth is particularly true in the context of international space cooperation and stems from the fact that every country of the world has an equal right with others to benefit from space science. If the countries of the world desire to use the benefits of space science in a particular way, then the exercise of veto power by any single state to prevent the other states from obtaining these particular benefits would be an imposition of the will of one state upon the other states and the denial of equality for all of them.

If one state claims that the adoption of a particular program would infringe upon its existing rights, the solution is not resort to veto power but to some dispute-settling mechanism. The Soviets contend that the only dispute-settling mechanism capable of guaranteeing national sovereignty is diplomatic negotiation. Prof. John N. Hazard has cogently pointed out the basic fallacy of this argument as follows:

"It is no answer to argue that disputed matters should be resolved by diplomatic negotiation, for these negotiations necessarily favor the stronger state. The result is violation of the sovereignty we are all seeking to protect, for diplomatic negotiations make possible in many cases dictation of the stronger over the weaker. Protection of sovereignty requires that each party to a dispute be treated equally without dictation of an inequitable result by the stronger." [22]

The only dispute-settling mechanism which can guarantee both sovereignty and equality is the impartial decision of judicial bodies, i.e., third-party adjudication.

The fourth element of peaceful coexistence emphasized by the Soviet representative to the U.N. Space Committee is the principle of nonaggression. The term "aggression" is used by the Soviets to stigmatize any military, political, or economic action or alleged preparation for such action which is adverse to Soviet strategic interests. Perhaps the best example of this tactic is the Soviet assertion that the principle of nonaggression requires the demilitarization of outer space.

The Soviets use the concept of "demilitarization" of space primarily to gain ground superiority for the U.S.S.R. by removing U.S. oversea bases and U.S. continental-based ICBM's. Ever since the Soviets launched their first artificial satellite, and particularly since they proved their ICBM capability by launching luniks, they have wanted to trade this Soviet superiority in space for U.S. superiority in more conventional nonspace strategic delivery systems, consisting in U.S. bombers and IRBM's stationed overseas within range of the Soviet Union. The Soviets say this may be accomplished by U.S. agreement to the dismantlement of all of its oversea bases, which would eliminate the U.S. strategic delivery systems located on these bases, and by U.S.S.R. agreement to the demilitarization of outer space, which would eliminate the Soviet strategic delivery system by rendering illegal the passage of Soviet ICBM's through outer space.

According to the Soviet international legal scholars:

"The integration of the problems of prohibiting the use of outer space for military purposes and the prohibition of oversea bases is completely correct from the military/political point of view as well as from the position of international law. From the military/political point of view such a position is correct because it guarantees the security of all interested states belonging to two diverse social-economic systems. From the international law point of view such a position is in accordance with law and justice for it is based on the principles of peaceful coexistence and corresponds fully with these principles, and in particular it corresponds with the principle of sovereign equality and reciprocal advantage of states, which is a principle of peaceful coexistence." [23]

The most critical factor in this "equality," which all Soviet propagandists scrupulously ignore, is the powerful land army of the Soviet Union, which could overrun Western Europe if it were not protected by the deterrence force of American air and missile bases. Instead of advocating equality, which already exists, the Soviets are, in fact, advocating the abolition of equality, so that their land armies and still existing strategic delivery systems, or the threat of their use, could influence the relatively defenseless allies of the United States to accept and even support Soviet actions in furthering the interests of world communism.

More recently, the growth of American ICBM capability has caused the U.S.S.R. to suggest that the elimination of the Soviet ICBM's by means of space demilitarization must be met by the removal not only of U.S. oversea bases with their conventional strategic delivery capability, but primarily by removal of U.S. ICBM's and their nuclear warheads as well. This policy is reinforced for bargaining purposes by Soviet refusal to respond to U.S. proposals to ban the stationing in orbit or in space of weapons of mass destruction without at the same time declaring illegal mutual ICBM deterrence power. This Soviet refusal represents merely a second generation of the traditional policy of equality which demands the coupling of space demilitarization with demilitarization on earth. Now, however, the Soviet bargaining is directed at the use of their superior bombs in orbit and similar space potential to eliminate both U.S. oversea bases and U.S. ICBM's.

The Soviets use the concept of space demilitarization not only to gain ground superiority by removing U.S. oversea bases and continental-based ICBM's, but to gain space superiority by removing U.S. defensive systems in outer space. The Soviets have attempted to remove these space systems, particularly the U.S. reconnaissance satellites, by asserting that they are contrary to "peaceful purposes" and are, in fact, inevitably aggressive in nature.

At the same time the Soviets consider that any actions by the Soviet Union against these satellites would be exclusively defensive in nature.[24] The Soviets have labeled as "aggressive" even U.S. nuclear testing in outer space, at a time when the Soviets had just completed secret nuclear testing in outer space themselves.

In answer to this fourth element of peaceful coexistence, as outlined by the Soviet representative to the U.N. Space Committee, one may point out that Communist opposition to effective inspection reduces Soviet use of the term "nonaggression" to a propaganda weapon designed to render politically untenable the defensive and deterrence measures of the West and at the same time to assure that similar or identical Soviet capabilities both on the ground and in outer space may remain undiminished. Confusion of terminology may be reduced by Western initiative in developing international law to clarify the status of activities which at present are in a kind of limbo. The result might be the creation of a new legal concept of activities designed to preserve the peace.

The fifth element of peaceful coexistence which the Soviet representative to the U.N. Space Committee considered important is the principle of noninterference in domestic affairs. This principle has two functions: First, to defend the isolation and monolithic unity of the Communist bloc against capitalist aggression, and, second, to accomplish indirectly outside of the Communist bloc exactly what it ostensibly prohibits.

The Communist term of art noninterference in domestic affairs, when used in this second sense, is similar to the Communist doctrine of self-determination, and functions to prevent interference with Communist-directed revolution in underdeveloped countries, and to prevent the free-democratic states from assisting the underdeveloped peoples to accomplish their own revolution in pursuit to their own best interests. This latter aspect of the Communist strategy is perhaps best evidenced by the Pravda comment that, as a result of increasing American foreign aid and investment, American technical aid and fraternity with Africa is unparalleled in scope and hypocrisy.[25]

The true nature of the Communist principle of noninterference could best be tested by U.S. initiative in the development of the space legal principle of peaceful cooperation. The Communists alleged fear of capitalist imperialism could best be countered by U.S. initiative in developing peoples capitalism in space, to demonstrate that capitalist free enterprise, as it has developed in the United States, can use space science and space technology to help revolutionize the daily lives of the underdeveloped peoples of the world. This would demonstrate as nothing else could the superiority of free enterprise in bringing forth the best efforts of individual men and in making the results available in equal measures to the greatest number of people throughout the world.[38]

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[21] At the Moscow Space Policy Symposium in May 1961, the future-weapons specialist, Gen. Georgii I. Pokrovskiy, stated: "Soviet scientists, engineers, and workers who have created the most advanced rocketry in the world have secured for their country the leading place in space studies. Hence it is natural and inevitable that the Soviet Union should rightly play the leading part in the international efforts in space research. This role in no way infringes the interests or prestige of other states. On the contrary, this should be one of the forms of disinterested scientific and technical mutual assistance in consolidating peace and international cooperation." G. I. Pokrovskiy, "Space Exploration and International Relations, A Discussion." International Affairs, June 1961, p. 62.

[22] John N. Hazard, "Comments at the Meeting of the Committee on Juridical Aspects of Peaceful Coexistence." Report of the 49th Conference of the International Law Association, Hamburg, 1960, pp. 341–342.

[23] M. Lazarev, address to the Second Annual Meeting of the Soviet Association of International Law, Sovetskiy Yezhegodnik Mezhdunarodnogo Prava 1959, Moscow, 1960, p. 409.

[24] See the section entitled "Reconnaissance and Anti-Satellite Warfare" in the author's article "Soviet Attitude Toward International Space Law," note 3 above.

[25] Pravda, Apr. 6, 1962, p. 5.

American initiative in the development of international space law should serve first of all to make clear to ourselves and to free men everywhere the requirements and limits of effective military defense and disarmament. This objective is of particular importance because both military defense and arms limitations are necessary to the continued security of free societies. In addition, the United States should take the initiative in developing space legal principles to strengthen freedom, legality, and cooperation. This would make clear the basic superiority of peaceful cooperation under law as contrasted with peaceful coexistence as an ordering principle of international relations; would serve as an efficacious step in building the ideological deterrence necessary to support the military defense of the free world; and would serve as a powerful aid to the ultimate victory of free democracy.

THE TRADE EXPANSION BILL—STATEMENT BY DAVID KENDALL

Mr. DIRKSEN. Mr. President, Mr. David Kendall, who at one time was on the White House staff, under President Eisenhower, appeared before the Senate Finance Committee and made what I thought was a well reasoned, constructive, and timely statement in regard to the trade expansion bill. I believe his statement will be of great interest, in view of that measure pending in the committee. Therefore, I ask unanimous consent that the statement be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY DAVID W. KENDALL BEFORE THE SENATE FINANCE COMMITTEE AUGUST 6, 1962

Mr. Chairman, your consideration and that of the members of the Finance Committee in giving me this time is appreciated very much. I am David Kendall, a member of the law firm of Cummings & Sellers, and am here representing and making a statement on behalf of our clients, a majority of the corn starch industry, General Time Corp., and the Book Manufacturers' Institute.

First of all, despite obvious differences in background, all of these people believe deeply in extension of U.S. trade throughout the world, they believe in the obvious facts of greater ease of communication and commerce in the world in which we live today, and they believe, above all, in maintenance of U.S. leadership of the free world and its peoples.

Secondly, in order to preserve the high economic plane and standards of this country, they recognize obvious difficulties in the achievement of this aim of freer intercourse and less restricted trade.

Thus, on the one hand they had hoped that legislation to broaden the executive power with regard to tariff and customs and to give the President the elasticity which is so necessary in prompt and intelligent trade and tariff negotiations, would be forthcoming at the earliest possible date. This was their hope in the light of fast-moving events in the world today.

On the other hand, however, they have been cautioning care and foresightedness in the drafting of legislation and measures in this regard.

Also, over and above the foregoing balancing factors, this committee must be aware that the climate of consideration of this legislation is far different in August than it was in March and June. Enough problems within the nations of the Common Market have already developed to indicate less than the rosy atmosphere promised by some of the more vigorous of the proponents. The Cotton Textile Agreement has been discovered to be no agreement and not even much of an arrangement. The status of the United Kingdom and the participation of her Commonwealth have not been resolved.

The headlines of yesterday, indicating solution of the difficulties of Great Britain and her Commonwealth at Brussels, when measured against those in today's papers announcing another apparently final failure of negotiation, do not lead toward confidence that all is well.

All in all, there is a rising tide of sentiment doubting the necessity of haste. The heretofore few suggestions that the United States await a clearer atmosphere in Europe and throughout the world, while more carefully fashioning the legislation desired, have now become more widespread—almost to the proportion of insistent demand.

Against this entire background, however, we have come to the conclusion that the desirability of moving toward freer trade overweighs reasons for delay, provided the sort of careful amendments which are here suggested can be achieved. By way of illustration of what we believe is necessary and how we believe it may be accomplished, we call your attention to the following:

The business of tariff and customs duties cannot be carried on in a vacuum. Many other facets of trade, of the economy, and of political factors must be kept in mind.

To name a few which had been thought of utmost importance are the differences amongst nations in central banking policies; with regard to taxation—both Federal and otherwise—as the same is used to varying degrees to foster domestic trade and industry, to raise revenues or to actually erect protective walls which we do by duty, and of course the differences in commercial laws, our own antitrust and monopoly statutes as opposed to lack of control and indeed the fostering of cartels in our sister ally nations.

All of these historic and present facts influence our approach to lowering or raising tariff walls. And these differences, enough in themselves, are minimal when compared to differences in wages, even after allowance for greater productivity in the algebraic equation which some think to be important.

Hence, it was the source of great disappointment—indeed surprise—to some of American industry which feels, as I have just expressed it, that we should move forward positively in the field of freer trade, when H.R. 9900 was examined as it was sent to the Congress.

In all fairness, too, a great deal of the confusion and lack of planning can be laid at the door of American industry as a whole. For haste in desiring exports and equally unthinking protectionist antidotes have not led to either helpful discussion, wise language, or other than complete confusion.

That there is good reason for all of these hopes and beliefs and fears, and for the consequent concern over the complete lack of catholic consideration of tariff together with the other equally important aspects of international economic understanding is probably better understood by the members of this committee than by any other group anywhere.

It is axiomatic that the United States, with her gigantic burden of fiscal responsibility in the maintenance of defense for the free world, with her almost equally heavy assumed expenditure for less developed peoples of the neutral world, and with her positive high burden of domestic Federal responsibility, can ill afford to risk any dislocation of the economy, of the tax base, of tax sources at this particular moment of history.

There has been real disappointment that, in the interests of expedition of the passage of legislation, what seems to us too little time has been given to a careful consideration of the pitfalls which might result.

Without going into the history of activity before the Ways and Means Committee and in the House of Representatives in attempting to bring about a more careful and lawyerlike solution to the twin problems of necessity for the legislation and care in design, almost everyone agrees that H.R. 11970, now before this committee, is a somewhat better bill and contains more thoughtful provisions than H.R. 9900. At the same time it should be pointed out that the legislation still leaves a great deal to be desired.

1. It lacks, in its delegation to the President of the constitutional power of the Congress to tax and to regulate commerce, appropriate and well-planned guidelines.
2. It does not provide for true reciprocity.
3. It overlooks the time-honored and well-understood machinery of both peril-point and escape clause.
4. It ties down the United States to most-favored-nation responsibilities without concomitantly requiring them of others.
5. It still contains adjustment measures open to real doubt.

We strongly believe that many, if not all, of the objections outlined above can be overcome by the rather simple expedient of reinstating updated versions of the foregoing omissions.

The apparent necessity to plan tariff in a vacuum, with its attendant imponderable problems, can, we believe, be overcome to a large extent by thoughtful adoption of such safeguards.

It is believed that traditional and well-charted guidelines of former law will almost automatically take care of differentials in wages, tax structures and aims, banking practices and all the gamut of putting different domestic commercial policies and traditions into a common denominator, more easily handled and certainly more readily understood.

On behalf of those widely divergent portions of American industry which we represent, and others, a small group has been working earnestly and, I hope, intelligently, certainly broadly, trying to piece together various amendments of substance and of form, to the end that the real objective—twin objectives if you will—of the people who believe in U.S. leadership based upon economic strength as well as political wisdom, may be attained.

Before the committee is a group of amendments introduced by Senator BUSH, of Connecticut, who is also the ranking member of the Joint Economic Committee, and a group of other Senators, including Senator BENNETT.

Mechanically and legislatively, these amendments are designed to be interlaced throughout H.R. 11970; are severable to permit elasticity in discussion, persuasion in adoption; are aimed at distinct objectives of the legislation; and have the tremendous advantage of being considered not from the standpoint of any single industry or area of the United States, but approaching the problem in its entirety.

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[38] Communist fears of free enterprise in space development were indicated by the Communist statement during the meetings of the U.N. Space Committee in March 1962: "In setting up a world telecommunication system by means of artificial earth satellites it is imperative to insure that the programs should be in harmony with the principles of peaceful coexistence and that the operation of such a system should not become a subject of private business or a resource of private profits." Verbatim Record of the Fourth Meeting of the United Nations Committee on the Peaceful Uses of Outer Space, Mar. 21, 1962 (A/AC. 105/PV. 4), p. 32.

They are particularly urged upon you for your consideration.

They answer many of the constitutional questions which have arisen from the delegation to the President of the power of Congress to tax and to regulate commerce. They propose a clear statement of the principles by which the President is to be guided in the use of the delegated power and require findings of fact by him in his use of such power and thorough publication of such findings and the moves based thereon.

This, to the end that the people, to whom the President is ultimately responsible, and the Congress, to whom he should be directly responsible in such cases of delegation, will be kept fully and clearly advised.

The amendments in their entirety restore some of what are believed to be the necessary traditional principles of selective tariff reduction, which will avoid the threatening of serious injury to workers, to agriculture, and to domestic industries.

They are designed especially to prevent the impairment of growth industries.

And these amendments, so threaded throughout the present bill, also would reestablish certain basic negotiating principles which have been the cornerstone of enlightened, though somewhat shaded, American trade policy since the days of Cordell Hull and Arthur Vandenberg.

Basic negotiating principles insure true reciprocity. The maintenance of the integrity of duty concessions by the Common Market, equal treatment by beneficiaries of concessions as required by the principle of most favored nation, and carefully thought-out safeguards and guidelines will insure to American exporters, all American industries, and the American economy, gradual and well-planned tariff accommodation. Such is the framework of this approach to the tariff and customs portion of guaranteeing American leadership in the whole structure of foreign trade and economy.

As your consideration deepens, as you think through individually and collectively the many amendments which will be pointed toward this or that imagined or real improvement of the bill before you, it is hoped that the clear purpose of the Bush amendments will be appreciated for their singleness of purpose as well as their wisdom of choice.

By incorporating these amendments in the bill as passed by the other House, speed and effectiveness can be achieved.

Better than that, the Bush amendments are so written and arranged as to achieve a balance of the present with the past, of modern expediency tempered with bedrock experience, using escape and peril mechanisms improved by trial and error.

In conclusion, I would like to say one more thing. It is based on the philosophy of government itself, but is just as applicable to tariff problems or international trade as it is to domestic policy.

I have long felt that we should not pit, in our political philosophy, conservatism against liberalism.

Rather should we think and plan in the context of fundamentalism versus expediency—constitutionalism versus convenience—basic thinking versus opportunism.

The application here is clear. Before taking steps which will have repercussions not only in Bonn and Brussels, but Tokyo and all South America—not only in 1962 and 1963, but for many years to come, in Detroit as well as Des Moines, in Wilmington as well as Winchester—not only here, but abroad and affecting the firm base of U.S. strength economically, politically and spiritually, we had better use a little fundamentalism—look a little bit to constitutional principles.

ACCOMPLISHMENTS OF THE POLICY COMMITTEES

Mr. DIRKSEN. Mr. President, the other day, when the legislative appropriation bill was before the Senate, the Senator from Wisconsin [Mr. PROXMIRE] made some comment in regard to an item of increase for the policy committees of both the Democratic and the Republican sides. I helped to author that increase, because I thought it was necessary. I am even more secure than ever in my conviction on that point in view of the type of staff work which has been done; and I submit, for printing in the RECORD in connection with my remarks, a statement showing the reports in great variety which have been made by the staff of the minority policy committee and the other work which has been undertaken.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MINORITY POLICY COMMITTEE—PROJECTS, REPORTS, STUDIES, PREPARED FOR USE OF REPUBLICAN CONFERENCE SINCE APRIL 1, 1962

Policy statement, May 8, 1962: Republican Conference endorsement of amendment to Smith Act (H.R. 3247).

Report to all Republican Senators, June 13, 1962: Federal Government in general, finance and taxation, Federal personnel, Congress.

Medicare: Comparison of major health care insurance proposals for the aging, 1962, April 19, 1962 (a study and comparison chart for all Republican Senators).

Report on devices other than tariffs and duties being used by foreign nations to discriminate against imported products, June 26, 1962.

Background information on national stockpiling program (completed, pending distribution).

Loans and grants to States under Area Redevelopment Administration as of June 18, 1962, June 27, 1962.

Policy committee statement, May 1, 1962: Opposition to financing provisions of the Standby Public Works Acceleration Act of 1962.

Policy statement urging Congress to adopt legislation providing adequate benefits to American troops serving in areas overseas where conflict is possible, May 22, 1962.

Report of research material available in policy committee, June 25, 1962.

Big Government: A statistical survey of the dimensions of the Federal Government today, July 1962.

Study of Presidential requests for money and delegation of power; a continuing report.

Conference statement endorsing legislation containing the principle that future Directors of the FBI should be Presidential nominees, by and with the advice and consent of the Senate.

The following supplemental services have been performed for the 36 members of the conference:

1. Analysis and distribution of record votes.
2. Calendar monitor: Analysis report on each bill.
3. Official biography of each Republican Senator.
4. Official minutes of policy meetings.
5. Preparation of agenda, policy meetings.
6. Specialized research library.
7. Distribution to press, TV, and radio of official policy statements.
8. Analysis and preparation for discussion by policy committee of Republican positions on spending legislation.
9. Liaison with senatorial staffs.

One hundred and ninety-two special studies and reports have been made for the 36 members of the conference in the 4 months since April 1, 1962. In addition, a weekly memo describes the issues involved in current legislation and Executive actions.

JAPANESE GOVERNORS EXPRESS THANKS

Mr. BOGGS. Mr. President, on May 21, 1962, the U.S. Senate was honored by a visit of distinguished Governors of the Japanese Prefectures. This visit to the Senate and to the U.S. Capitol was in conjunction with an exchange visit with American Governors.

I have today received a very warm letter from the distinguished leader of the Prefectural Governors visiting the United States, expressing hearty thanks for the kind reception they received during their tour of our country. I am sure all of us are happy that our distinguished friends enjoyed their visit with us; and we are most appreciative of this kind letter of thanks.

For the information of all, I ask unanimous consent to have the letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS' ASSOCIATION,
Tokyo, Japan, July 26, 1962.

Hon. CALEB BOGGS,
Washington, D.C.

DEAR SIR: Allow me to express our hearty thanks for the kind reception given to our group of Prefectural Governors of Japan during our inspection tour of the United States in May of this year.

We are very grateful indeed for your cordial welcome shown us by you and by the Government and the people of the various places we visited.

We were deeply impressed by the friendship and understanding shown to us by you and in all of the other places of your country where we visited. I am sure these deep impressions will remain in our hearts for a long time as pleasant memories filled with gratitude.

It is our hope to convey the sincerity of your Government and people to the Government and the people of Japan to further strengthen the ties of friendship between our two countries.

We are convinced that the mutual visits made by the Governors of Japan and the United States have been truly pleasant and profitable. We earnestly hope that these mutual visits will be continued in future, and that the friendship and understanding of the two countries of Japan and the United States will be deepened.

Having completed the inspection tour of North and South American countries we safely returned to Japan one after another on or around June 15, 1962. This is due to the thoughtful consideration of you and all those concerned and we must thank you once again for all your trouble and kindness.

On behalf of the party of undermentioned Prefectural Governors visiting the United States I wish to express our sincere gratitude and respect to you and pray for your health.

I am, dear sir,
Yours sincerely,
IWATARO UCHIYAMA,
Governor of Kanagawa Prefecture and the Leader of a Party of Prefectural Governors Visiting the United States.
TOKICHI ABIKO,
Governor of Yamagata Prefecture.
MIKINE KUWAHARA,
Governor of Aichi Prefecture.
HITOSHI SHIBATA,
Governor of Chiba Prefecture.
SUNAO IKEDA,
Governor of Saga Prefecture.
CHOEMON TANABE,
Governor of Shimane Prefecture.
WATARU MIYAUCHI,
Executive Secretary of the National Governors' Association.

TRIBUTE TO PVT. ROBERT H. PUCKETT OF D.C. POLICE IDENTIFICATION BUREAU

Mr. BEALL. Mr. President, in today's newspapers is the report of the capture of the man who allegedly stabbed a congressional secretary as she knelt in prayer in a Capitol Hill church. According to the report, the man captured has confessed to numerous other cases of assault and rape. Apparently, this man is a dangerous criminal, and his capture is a distinct credit to the Washington Police Department.

Special tribute is due Pvt. Robert H. Puckett, of the Police Identification Bureau, who, I understand, is a resident of my State of Maryland. The dangerous criminal was tracked down through the efforts of a special 50-man detective squad established to investigate a series of crimes which occurred in the Nation's Capital about the time of the horrible stabbing in the Capitol Hill church. It was a team effort, and good organization work. However, I feel that the exceptional work of Private Puckett should receive special praise, for it was the meticulous work of Private Puckett which made the capture possible.

Private Puckett, who worked with the Federal Bureau of Investigation for 5 years before coming to the police department, spent many weary hours trying to match weak thumbprints left at the scenes of two previous crimes with juvenile fingerprint records, and finally his efforts were crowned with success. He found that these thumbprints matched the prints of a man who had a long criminal record going back to juvenile days. The rest of the story was routine.

It is the careful work of these "behind-the-scene" technicians which solves so many otherwise unsolvable crimes, and I feel that we are all grateful to Pvt. Robert H. Puckett and his coworkers in the Washington Metropolitan Police Department, of which I am proud.

DEVELOPMENT OF RANGE RESOURCES

Mr. METCALF. Mr. President, last year the majority leader, Senator MANSFIELD, and I appeared before the Appropriations Committee and called for a national inventory of our grazing lands as the basis for a program to foster range development. We pointed out that proper management of our hundreds of millions of acres of rangeland is important for watershed protection, livestock and mineral production, recreation, and fish and game. We stated that to plan and develop these resources we must know what we have.

The chairman of the committee, Senator HAYDEN, concurred, and directed the Departments of Agriculture and Interior to submit jointly a program "with specific objectives covering such phases as protection of the range from misuse, providing better vegetative cover, water management, and related measures from which to develop an improved range management program which will bring about the full productive potential of these lands."

On July 18 of this year, Secretaries Freeman and Udall submitted the initial product of the Nation's first public land range appraisal. One part is an illustrated report of trial programs conducted in Colorado, Montana, and Oregon. The other is a prospectus on the need for a much more comprehensive range appraisal program.

This initial report, filed by the two departments, will be a landmark contribution to the management of land resources.

On July 25, 1962, I introduced Senate Resolution 367, authorizing the printing as a Senate document of this important study.

Yesterday, in Bozeman, Mont., Mr. Karl Landstrom discussed this pilot survey as part of his participation in a panel on soil and water conservation research at Montana State College.

Mr. Landstrom, who is Director of the Bureau of Land Management, pointed out to the panelists:

> Public lands and their resources represent a great inheritance—supporting wealth, health, and national progress.

He assured his listeners:

> The Federal Government is well aware of the critical condition of many of these properties.

Mr. Landstrom prefaced his outline of a nine-point program for range planning and development with the estimate that 10,000 acres of rehabilitated public range would support a $270,000 ranch investment, add a means of livelihood to two families and maintain 12 jobs in the dependent community. He said:

> We think that there is an excellent cost-benefit ratio.

I ask unanimous consent that Mr. Landstrom's statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LAND AND WATER CONSERVATION RESEARCH NEEDS FOR PUBLIC LAND ADMINISTRATION

(Remarks of Karl S. Landstrom, Director, Bureau of Land Management, U.S. Department of the Interior, in panel discussion on soil and water conservation research at Conference of Directors of Western Agricultural Experiment Stations, Montana State College, Bozeman, Mont., August 8, 1962.)

Today's panel discussion gives me an opportunity to bring to your attention the needs for research in land and water conservation as we view them from the standpoint of public land administration.

The findings of research, I am sure, are essential to the effective conduct of public land management in the interests of the people of our country. On the other hand, there are times when action should not be postponed to await further research.

This is a particularly significant time to bring the research needs of public lands before you who are western experiment station directors. On July 2, there was celebrated the centennial of the grants of public lands which gave rise to the land-grant system of higher education. The Hatch Act of 1887, providing for the establishment of agricultural experiment stations, was a logical extension of the original land-grant college idea.

This topic of land and water conservation research is large and complex. I must abbreviate in some way to keep within manageable bounds. So therefore I should like to bring to you in outline form the land and water conservation problems of major concern to our agency. Then I shall attempt to relate these problems to the needs and opportunities for research of interest to the experiment stations.

Within the relatively recent past, many people have thought that the public lands and resources outside the national forests, national parks, and other specific reservations were inferior, with relatively little value or utility.

Time and careful study have shown that their potential is very large. This potential can be developed—by improvement, conservation, and wise use under an effective program of land and resource management.

I need not tell you—since you are all westerners—that public lands and their resources represent a great inheritance—supporting wealth, health, and national progress. But the full destiny of this heritage cannot be attained if neglect or waste is allowed to continue.

The Federal Government is well aware of the critical condition of many of these properties—land, water, minerals, forests, range, recreation, wildlife, and other resources. The urgent need is recognized for developing and conserving all of these resources—not only to use them now, but also to maintain them for the benefit of future generations.

This concern is shared in specific terms and with perhaps greater emphasis by the Department of the Interior and by its component directly charged with a major share of the administration of public lands and resources: the Bureau of Land Management.

While accomplishments thus far have been impressive, they are well below present needs and the potential of future development, improvement, and conservation of these resources.

About one-third of usable land in Federal grazing districts is in poor or bad condition. Poisonous range weeds contaminate many areas that once produced rich forage and vegetation for livestock and wildlife. Millions of gallons of water are lost every year. Tons of topsoil are transported daily through erosion by wind and water. Thousands of acres of forests and woodlands—devastated by fires, insects, and other depredations—need rehabilitation and reforestation.

These facts have been known by some people for a long time, and many people have contributed commendably toward their alleviation. But the facts seemingly have not impressed enough people at the right places or the right time.

Some of these facts were verified only recently. They were verified in a trial program of public land range appraisal just completed by the Bureau of Land Management and the Forest Service. The report, prepared at the request of the Senate Committee on Appropriations, shows results such as the following in the three areas sampled:

Colorado (San Luis Valley): Vegetation conditions were largely fair or poor. The pattern held true through all major vegetation types with the exception of the meadows.

Soil stability conditions were fair on about one-half the area. Most of the remaining acreage was good or poor—in about equal proportions. Soil stability was good on one-half or more of the meadow, conifer, and broadleaf type acreage. However, nearly all of the grassland and half shrub types displayed fair or poor soil stability. Excellent vegetation and soil stability conditions were found only in large cattle allotments. Summer ranges showed a greater proportion in poor or very poor condition than spring-fall or winter ranges. Very poor conditions were confined entirely to summer allotments.

Ranges in poor or very poor vegetation condition and others in a downward trend made up 40 percent of the total acreage.

Existing range improvements represent an investment averaging $1.15 per acre of Federal lands suitable for domestic livestock grazing. Needed improvements will cost an average of $2.45 per acre.

In the past, stock trails, access roads, and fences received the most emphasis. Range seeding, plant control, and water runoff measures are now considered to need more emphasis.

The average current capacity was 64 animal unit months per section of suitable range. Average potential capacity was estimated at 71 animal unit months per section.

Montana (Beaverhead and Madison Counties): Vegetation and soil stability conditions were rated good or fair on 90 percent or more of the range sampled. Meadow and conifer types had higher proportions in good condition than did other major types. Grasslands and meadows were the only types having an excellent vegetation rating, but all major types had a small proportion displaying excellent soil stability conditions.

The large allotments and summer ranges had a higher proportion in the poorer condition classes than did the small allotments and spring-fall ranges.

Ranges in poor or very poor vegetation condition and other ranges with a downward trend made up 34 percent of the total acreage.

Existing improvements represent an investment averaging $2.50 per acre of suitable rangeland. Needed improvements will cost an average of $5.65 per acre.

In the past, most of the improvement dollars were spent on fencing and sagebrush control. These practices will continue to receive the most emphasis, but large investments are also needed for stock water development, construction of roads and trails, and for allotment boundary marking.

Fences received most of the past investment dollars on cattle allotments, while most of the funds expended on sheep allotments were for sagebrush control. In the future, plant control as well as fencing will be emphasized.

The average current capacity was estimated at 194 animal unit months per section of suitable range. Upon attaining potential capacity an average of 278 animal unit months per section will be available for grazing.

Oregon (Lakeview area): Most of the vegetation was in the less desirable condition classes. Soil stability conditions were somewhat better, a large proportion being in fair or good categories.

Poor or very poor vegetation conditions predominated in all major types with the exception of the conifer. This type, although having a large proportion in poor condition, also had a sizable proportion in fair and good condition and a small amount in the excellent class.

The conifer type, with one-half of its acreage displaying good or excellent soil stability, was in the best condition in that respect. However, all of the major types in the Oregon area showed a preponderance of fair or better soil stability.

Ranges in poor or very poor vegetation condition and others with a downward trend made up 70 percent of the total acreage.

Existing improvements represent an investment averaging 35 cents per acre of suitable rangeland. Needed improvements will average 65 cents per acre. The report states, however, that these estimates appear unrealistically low.

In the past, fencing received the most emphasis. Fencing will continue, but other improvement needs including seeding, plant control, stock water development, and roads and trails will receive increasing emphasis.

The average current capacity was 44 animal unit months per section. Upon reaching potential capacity, an average of 60 animal unit months per section will be available for grazing.

Let us not pass over these estimates too lightly. We estimate that 10,000 acres of rehabilitated public range would support a $270,000 ranch investment, add a means of livelihood to two families and maintain 12 jobs in the dependent community. We think that there is an excellent cost-benefit ratio.

And it goes without saying, of course, that the work contemplated in all of these range areas will benefit wildlife, outdoor recreation, watershed protection, and other elements of value to the people.

These and related findings have pointed to the values that would flow from an intensified program of public land range appraisal by our Bureau and the Forest Service. A prospectus for this work has just been submitted to the Congress by the two Departments.

This, of course, is only one phase of our many public land management responsibilities.

There are many other jobs to be done. Orderly, progressive accomplishment depends upon an adequate and effective program for all phases of public lands and resources.

To insure future benefits, we believe that a nine-point program is required:

1. Public-land laws responsive to conditions which now exist.
2. Survey or resurvey of a large portion of the public lands, under the rectangular system.
3. Improvement of the land tenure pattern in many areas.
4. Substantial reduction in annual resource losses from fire, insects, unauthorized use, waste, and other hazards.
5. Restoration of vast areas of public lands to full productive capacity.
6. Expanded soil and water conservation.
7. Sizable capital investments for outdoor recreation sites and facilities.
8. Other improvements and extensions of access roads, structures, and facilities on public lands.
9. The determination of service fees, user charges, and appraisals for sale of public lands and resources within the concept of fair market value, except as modified for special considerations in the public interest.

A program to provide direction and guidance in accomplishing these objectives has just been released by the Department. Copies may be had upon request.

What, then, are the research implications of these needs and this program? I am sure that they are very large.

As former researcher and collaborator with experiment station personnel, I realize the impracticability of answering this question definitively in all its details at any one place or any one time.

Fortunately for all of us, the field of range research has just been surveyed by a joint committee of the American Society of Range Management and the National Research Council. I for one concur with the committee when it stated that range research is complex and that the problems needing research are wide and varied.

I shall therefore try to convey the outlines of some specific research problems as some of our technicians have suggested them to me.

Our technicians still don't know, for example, the ecological indications for choices between range improvement by management alone as opposed to direct investment in seeding, spraying, or other improvement practices.

This problem is not as simple as it seems at first.

Time is a crucial element.

Our technicians need to know how long it takes to rehabilitate a range from a given ecological condition by each alternative method. Comparisons of time and costs of achieving a desired level of improvement can yield an answer, but first they need to know how ranges respond and how long it takes.

No single level of ecological condition will suffice, as the "break-even point" between methods varies as prices and costs vary.

Our technicians need to know a great deal more about alternative methods for the control of mesquite, creosote bush, and other desert shrubs in the Southwest. They need to know much more about brush species throughout the Western States. They need studies on the invasion or reinvasion of so-called "undesirable" species. They need more effective chemical and mechanical weed control measures.

An especially pressing problem is the reinvasion of wheatgrass seedings by sagebrush and rabbit brush. One of the needs mentioned to me is an economic comparison of the costs and returns of alternative methods of preventing the invasion of seedings by brush.

Increased emphasis is being given to wildlife management on the public lands. Our technicians report a void in the available knowledge concerning habitat manipulation. Suggested topic of research is the rehabilitation of depleted game ranges, including revegetation which adapted species on the lower ranges and protection from hazards such as overgrazing and insects.

Others are the influence of game use on plantings of forage plants and forest trees, and provisions for control of use, and the effect of brush control by chemical and other means on wildlife habitat.

Still another is the effect of livestock fences on game production, especially the influences on migration and population.

Our technicians also say that they would like to learn of methods of evaluating benefits from removal of undesirable species from watersheds in the Southwest and California. They are concerned with the relationship between plant cover, grazing use intensity, infiltration rates, runoff, and sedimentation; also the effect of fire on watersheds, including changes in plant cover, runoff, and sedimentation and means of rehabilitating various types of sites.

Another question is the relation of rodents and rabbits to rangeland production. I am told that little has been developed concerning the basic ecology of these animals in relation to predators and land management practices.

Under the heading of range economics were listed such standard topics as the evaluation of on-site and off-site benefits from improvement work, such as brush, woodland or tree manipulation on watersheds; and benefit-cost analysis of watershed improvement projects.

It occurs to me that these needs for economic analysis, rather than appearing at the end, probably should have appeared at the beginning. The opportunities for social science research in relation to public lands seem to be almost unlimited.

Our Bureau and the Forest Service have just received a report of research on the economic relationship of grazing fees to the incomes of western ranches. We sincerely appreciate the efforts of the agricultural experiment stations personnel who cooperated with the Economic Research Service on this project.

Our forestry program is also vitally concerned with research and the development of new program approaches and methods. All programs are undergoing major changes: Purposes are adjusting to the needs of an industry which is in turn adjusting to changing resources and markets; scarcity also is forcing a great refinement in our controls, understandings and methods of managing the forests.

A great deal of silvicultural research tailored to western Oregon conditions is needed. For example, research in timber growth acceleration is needed.

Methods for second growth management also need development or improvement. For example, what is the best type of road network for thinning second growth? As the problems and methods become more complex it is inevitable that the margin of return per dollar spent will shrink. Therefore, it is important that economic and cost factors be incorporated in this research and development effort.

The question of dissemination of research results has been raised.

My observation is that it is not difficult to translate research findings into action programs in our Bureau. The personnel acquainted with a particular cooperative research project normally follow the work closely. When they receive the reports, they tend to disseminate the information. The professional societies perform yeoman service in this regard.

At the same time, I am sure that there is room for improving communications. We have a duty to communicate to interested researchers our research needs. We ask that research agencies bring the results of research to our attention.

By working compatibly in this manner, I believe we can do our part to help meet the conservation crisis of the 1960's.

HERBERT HOOVER AT 88: A LEGITIMATE AMERICAN LIBERAL

Mr. MUNDT. Mr. President, all good Americans unite in congratulating former President Herbert Hoover on the occasion of his 88th birthday. This great American is destined to go down in history as one of America's outstanding public servants and one of our country's greatest Presidents. Even at 88, he continues to be active in his country's service to which he has already devoted over 48 years of his adult life.

Perceptive George Sokolsky is one of the current observers of the American scene who has correctly appraised Herbert Hoover for the true American liberal that he is. I ask unanimous consent that his column in today's Washington Post be printed in the body of the RECORD at the conclusion of my remarks.

In saying "Happy birthday, President Hoover," I wish to associate myself with George Sokolsky's praise of President Hoover. Unlike today's "20th century Tories" who interpret "liberalism" to mean the concentration of political and economic power in the hands of the central state in a direct throwback to the concepts of yesteryear's reactionaries, Hoover has always been an advocate of expanded freedoms and opportunities for the individual citizen. In other words, the Hoover brand of liberalism—true American liberalism, if you please—puts its faith in the individual citizen instead of in the central state. Hoover believes in the people rather than in the politician as the element in our American life which should be protected, preserved, and promoted.

No other American President since Teddy Roosevelt has been more progressive in his thinking and his programs than Herbert Hoover when the record is examined on the basis of American liberalism and American progress.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

HERBERT HOOVER AT 88

(By George E. Sokolsky)

It is now 48 years that Herbert Hoover has devoted all the hours of his life to public service. It is the record of a man whose acceptance of public responsibility has been almost priestly in character. He has asked for no return, for no thanks, for no recognition for services done.

Not all of Herbert Hoover's efforts have been successful; but they have all been motivated by selfless recognition that each man is his brother's servant.

It is not surprising that reaching the great age of 88, Herbert Hoover should be an honored and beloved man. Even those who bore him enmity for the depression of 1929 have long come to recognize that in Herbert Hoover, as President, we had not a politician who twisted and turned with the tides of popularity, but one who was guided by the foundation principles of our civilization, by the natural law and by the Constitution of the United States.

Herbert Hoover has never been a radical or a reactionary. In the 19th century, he would have been regarded as a moderate liberal, of the order of John Stuart Mill; in the 20th century, he would be called a conservative.

The 19th century liberal believed in the expansion of individual human rights and benefits. He put an end to child labor, he gained the vote for an increasing number of persons; he attacked the concept that women were chattel; he fought against slavery and abolished it in most places. His slogan was equality of opportunity for all of mankind.

But the 19th century liberal differed from the 20th century liberal in one basic essential: the 19th century liberal believed that by the expansion of the liberties of the individual, by increased access to education, by equality of economic opportunity, the individual would contribute his share to the perfection of society.

The 20th century liberal has found this process too slow. He has turned to Government as the vehicle of achieving all good. He has expanded the powers and activities of Government. He has reduced the possibility for equality of opportunity by burdening the individual with taxes which, in America, are bringing the economy to a standstill.

In his anxiety to solve all human problems speedily, the 20th century liberal has lost the meaning of the family system. He has substituted for parental solicitudes a pseudoscientific sociological intervention in the family and a psychiatric supervision of morals. The evil results of this are statistical in increased divorces, broken homes and juvenile criminality.

In 1962, dissatisfaction with the product of 20th century liberalism is widespread. Young people do not like the world in which they find themselves. Many become Communists; others declare themselves to be various types of conservatives (some without definition); still others have joined various extremist rightist radical movements. Others, like the beatniks, turn to sexual escapism as a way of life.

These are manifestations of youthful reaction to an unsatisfactory way of life.

In this changing and confusing world, Herbert Hoover stands as a monumental moral force, the solid representative in our land of the basic principles of 19th century liberalism. He has brought into the 20th century the Quaker ideal of the goodness of man in the love of God. This concept is not humanistic; it is deistic, for man cannot stand alone in a changing world.

Herbert Hoover's life is a Horatio Alger story. The orphaned son of a blacksmith and a seamstress, he became a great engineer, the feeder of the human race, Secretary of Commerce and President of the United States. He heads the Boys Clubs of America, perhaps to help give other boys what he missed as a boy. He is the author of many important historical volumes and is now engaged in a great work on international relations.

COOPERATIVE EXPANSION IN THE EDUCATIONAL SYSTEM

Mr. MORSE. Mr. President, in the July 25, 1962, issue of the Portland Oregonian there is an article setting forth the objectives of the Oregon State Board of Higher Education which will guide the institutions which make up the State system through the vast growth of responsibilities which can be expected in the years ahead.

The need to provide adequate academic facilities to train our young people is not peculiar to the State of Oregon alone. Rather, it is a condition which must be faced in every State in the decade ahead. I have called attention to the 11-point program of Chancellor Roy E. Lieuallen as set forth in this article because of my belief that these objectives are such as might be reviewed with profit by educational authorities in other States.

Mr. President, I ask unanimous consent that the news article containing Chancellor Lieuallen's draft statement be printed at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EDUCATORS VIEW PLANS TO EXPAND PROGRAMS

SOUTHERN OREGON COLLEGE, ASHLAND.—The State board of higher education plans to adopt a statement of objectives reflecting the vast growth of college and university responsibilities in recent years.

The proposed statement recognizes among other things the explosion of knowledge, the increasing importance of graduate study and research and the development of cooperation among institutions and between them and other education agencies.

The board received a draft of the statement at its meeting here Tuesday and heard endorsements from several institutional presidents. It expects to study the statement further at its next meeting in September.

MILLAR EXPLAINS CHANGE

Portland State College President Branford P. Millar noted that when Oregon's unified higher education system began operations in the early 1930's it had a restrictive role in avoiding duplication of educational programs.

Today, Dr. Millar said, there is instead a sense of cooperative expansion in the system.

Chancellor Roy E. Lieuallen, the board's executive officer, discussed these 11 objectives in the statements:

1. To provide higher education opportunities "for as many as can profit therefrom," and maintain admission standards, tuition charges and scholarships accordingly;
2. To provide a general education for all students throughout the 4 undergraduate years instead of just in lower division programs, in response to the world's increasing complexity and rate of change;
3. To be selective in allocating undergraduate and graduate professional education among the State institutions;
4. To continue the rapid expansion of graduate study opportunities;
5. To make significant contributions to the advancement of knowledge through encouraging and developing scholarship and research;
6. To maintain a favorable climate of free inquiry and learning;
7. To make available to Oregon citizens the results of research, various services and such resources as libraries and museums;
8. To develop a comprehensive program of self-study to assure efficient and effective programs and to provide a basis for future planning;
9. To provide Oregon's citizens with opportunities, both formal and informal, for continuing education throughout life;
10. To coordinate the system's education program in such respects as avoiding unneeded duplication, encouraging cooperation between institutions, recognizing regional needs, and the institution's varying roles and encouraging as much institutional autonomy as needed;
11. To develop cooperative ties with public schools, community colleges and private colleges and universities.

The statement also includes thumbnail sketches of each institution's role in the system. The University of Oregon, for example, will remain the citadel for liberal arts, while Oregon State University, though offering some liberal arts, will be oriented primarily toward the sciences.

Portland State College's primary role will be to meet the needs of the Portland metropolitan area.

WE ARE SAVING OUR VANISHING SHORELINES

Mr. ENGLE. Mr. President, in the July 24 issue of the Sacramento Bee an excellent editorial appeared under the heading "This Could Be Greatest Heritage We Can Leave." The article contains an encouraging account of the progress that has been made in conservation and recreation programs under the leadership of President Kennedy and Secretary of the Interior Udall.

Last year Congress established under the national park system the Cape Cod National Seashore. Final approval is expected soon on the bill I introduced to authorize the Point Reyes National Seashore in California. And the prospects are excellent for passage this year of the legislation establishing the Padre Island National Seashore Park on the gulf coast. It has been 24 years and an increase of 52 million in population since a portion of our rapidly vanishing ocean shorelines has been set aside for the recreational use of the people.

Approval of the three national seashore projects clearly demonstrates that there is a strong resurgence of interest in the conservation of our country's natural resources. Credit for the projects can be shared by Congress and the administration with the large number of civic organizations who have played an important part in stirring up concern for our disappearing wilderness areas and shorelines.

I commend the editorial to the attention of my colleagues and ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

This Could Be Greatest Heritage We Can Leave

Tens of millions of Americans are vacationing this summer in the wooded mountains and at lakes and seashores and if they find things are a bit crowded in spots it is only a sketchy preview of what conditions will be come the year 2000.

Not only will the population of the United States have doubled by then but it is almost certain people will have more leisure to spend in the recreational areas and better means of transportation to get to them.

This is the principal reason why President John F. Kennedy, Secretary of the Interior Stewart L. Udall and others in the administration are putting forth one of the most concentrated efforts in history to embark the Government on a program designed to meet the recreational needs of the people in the years to come.

The preservation of the primitive mountain areas, the lakes and the seashore may be the greatest heritage the present generation can provide for those to come.

Future generations will make their own civilization, build their own monolithic skyscrapers, pave their own roads, develop their own transportation and write books and music. But once the forests are denuded, the lakes and rivers despoiled and the seashores turned into subdivisions and honky tonks, these great national assets will be lost beyond recovery and restoration.

In Congress, with administration backing, are a bill to create wilderness areas which has been passed in the Senate and is pending in the House, another to establish a land conservation fund for setting aside new lands for recreation and a third providing for an appropriation of $50 million to aid the States in planning recreation areas for the weekender as well as the vacationer. Also, on the way to final approval are measures designating some seashore areas, including Point Reyes in California, as national parks.

All of the proposals should be approved before the zero hour for the preservation of these areas arrives. And those who ride through the forests or enjoy an unspoiled mountain lake or fish on the bank of a river should be concerned in seeing that America is not defaced and that generations to come will have the opportunity to find solitude and recreation.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

McGRAW-HILL EXPERT DEMOLISHES ARGUMENT THAT BUSINESS HAS LOST CONFIDENCE IN KENNEDY ADMINISTRATION

Mr. PROXMIRE. Mr. President, Douglas Greenwald, manager of the department of economics of the McGraw-Hill Publishing Co., which publishes Business Week and many business trade journals, appeared before our Joint Economic Committee yesterday and demolished the argument that has been used on the floor of the Senate this week that business is losing confidence in the Kennedy administration.

In the course of a very excellent presentation Mr. Greenwald said:

> Our special checkup in late June points up the fact that business in general had not cut back or canceled plans for investment in new facilities in 1962 as a result of the sharp drop in stock prices in May and June or the so-called loss of business confidence. * * * In most cases where investment plans were lower than they were earlier, the reasons given had absolutely nothing to do with a lack of business confidence or the drop in the stock market.

Greenwald went on to point out that in many cases business plans for expansion had improved in recent weeks.

Incidentally, Mr. Greenwald concluded that a tax cut now is unnecessary.

Confidence in the administration of President John F. Kennedy is a great asset of the free world. The inquiry by this topflight business publishing organization should lay fears to rest.

I ask unanimous consent that the statement by Mr. Greenwald be printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement to the Joint Economic Committee of Congress, August 8, 1962, on the State of the Economy, With Special Reference to Business' Plans for New Plants and Equipment

(By Douglas Greenwald)

My assignment is to discuss the current and short-run health of the economy with particular reference to the key area of the economy—private investment in new plants and equipment. My contribution, for the most part, will be based on recent important factual information from McGraw-Hill's surveys of business' anticipations. And results of these surveys indicate that capital investment intentions by business constitute an element of strength in the business outlook.

In my department of the McGraw-Hill Publishing Co. we have made surveys of plans for business' spending on new facilities for 15 years. We also maintain a monthly index of new orders for nonelectrical machinery which reflects the new incoming business of producers of capital equipment, and a quarterly forecast index of machinery orders, which reflects the new incoming business of for four quarters ahead. The indexes cover a relatively small number of large manufacturers of machinery.

We generally survey business on its plans for domestic investment twice a year—in the spring and in the fall. The spring survey is very comprehensive and is geared to longer-range plans; the fall survey covers fewer questions and is geared to short-range plans.

In October 1961 we carried out our fall survey of business' plans for 1962 and 1963 Our comprehensive survey of business' plans for 1962 to 1965 was made during March and early April of this year. At the end of June we carried out a special checkup of plans.

The McGraw-Hill checkup of spending plans showed that business, in general, is planning to invest approximately the same amount in new plants and equipment in 1962 that it reported to us in our comprehensive survey taken earlier this year, and a considerably higher amount than it anticipated last fall. The table below shows the results of the three McGraw-Hill surveys and actual 1961 capital expenditures as reported by the U.S. Department of Commerce.

Business plans for capital spending in 1962

[In billions]

Industry	1961 actual [1]	1962 planned—		
		As of October 1961	As of March and early April 1962	As of end of June
All manufacturing	$13.67	$14.50	$15.41	$15.30
Mining	.98	.99	1.09	1.08
Railroads	.67	.64	.85	.87
Other transportation and communications	5.07	5.03	5.50	5.50
Electric and gas utilities	5.52	5.87	5.74	5.82
Commercial	8.46	8.72	9.39	9.39
All business	34.37	35.84	37.98	37.96

[1] U.S. Department of Commerce.

Our fall 1961 survey indicated that business had plans to invest $35.84 billion in 1962, an increase of about 4 percent over 1961. Over the past several years our fall surveys of business' plans have always provided the correct direction of change in investment as well as fairly reliable indications of the degree of change.

The McGraw-Hill comprehensive survey of business' plans for new plants and equipment taken early this spring indicated that business firms had raised their investment sights significantly from the fall. Planned investment for 1962 was $37.98 billion, up 10.5 percent over 1961. During the years that we have been making these spring surveys, they have proved remarkably accurate in indicating the trend of over-all investment for the year ahead, except in 1950, when all plans were altered by the Korean war. During the last decade, the average error between the McGraw-Hill survey's planned percentage change and the Department of Commerce's percentage change for actual data is only 3.5 percent. We do not conclude from this experience, however, that we have a sure-fire forecasting device. We claim nothing for the results of our surveys except that they report present plans. We heavily emphasize the proposition that our surveys are not promises of what is actually going to happen.

Our special checkup in late June showed that business planned to spend $37.96 billion on new plants and equipment this year, up 10.4 percent over 1961. This checkup was based on plans of a substantial cross section of business, accounting for 35 percent of total capital investment. For the most part the results reflect the plans of large companies. This recheck provided no indication of what small companies were doing about their investment. To begin with, investment plans of small companies were not up as much for 1962 as those of larger companies. The downward movement of the stock market in May and June may have had some impact on their investment plans. However, small companies account for a relatively small percentage of total capital investment.

Our checkup pointed up the fact that business in general had not cut back or canceled plans for investment in new facilities in 1962 as a result of the sharp drop in stock prices in May and June or the so-called loss of business confidence.

Manufacturing industries overall planned to invest $15.3 billion this year, down about $110 million from plans reported to us in the spring. Steel, machinery, electrical machinery, stone, clay and glass and miscellaneous manufacturing industries plan to invest less in 1962 than they did earlier. However, transportation equipment—aircraft, railroads, and shipbuilding—fabricated metal products and instruments, chemicals, rubber, and food industries plan to increase their capital expenditures this year more than planned originally.

Among nonmanufacturing industries, railroads and utilities planned slightly higher capital investment for 1962 than they did earlier, while the mining industry cut its plans.

About 80 percent of the companies that answered in our recheck indicated they had made no change in their 1962 plans for new plants and equipment. The remaining 20 percent indicated some changes in their planning. But this group was split right down the middle, with half increasing plans and half cutting them.

Among the companies indicating investment cut-backs, only a very few cited economic conditions as the reason. In most cases where investment plans were lower than they were earlier, the reasons given had absolutely nothing to do with a lack of business confidence or the drop in the stock market. Instead, technological delays and construction delays were the reasons given.

We should point out that in past years of high and rising business activity a large number of companies increased investment plans during the year. This has not been the case so far in 1962.

This recheck was taken before stock market prices began to recover, before margin requirements were reduced from 70 to 50 percent and before Revenue Procedure 62–21, with its more realistic depreciation guidelines regarding lives of machinery and equipment, became effective. It is conceivable that these three factors, along with the 7 percent tax credit for new machinery and equipment purchases, which Congress may soon make a part of the Nation's law, could result in higher capital expenditures at the end of this year than are now anticipated by companies and by business economists in general. However, it is my opinion that their impact on capital spending may be slow in coming.

We have some factual evidence on this point. In our spring survey, we asked the question: "If the administration's program of tax incentives for investment were enacted, how much would this increase your capital expenditures in 1962?" Business as a whole indicated that it would raise its 1962 plans by only 1 percent, or about $300 million. Nine out of every ten companies replying indicated that they would not use such a program at all in 1962.

The fact that American business is going ahead with its investment plans for 1962 was not a surprise to us. It confirmed our belief that business' plans for new plants and equipment, once made for the year ahead, are generally carried out. In the past, wars, recessions, and booms have led to significant changes in investment plans. But in my view, we are not likely to be in any of these three situations this year.

Also, it makes good sense for businessmen to go right ahead with their modernization programs in 1962. Business firms reported to us in our recent checkup that this year's capital investment programs are stressing modernization, with the hope that these cost-cutting projects will result in better profit margins. In our earlier survey this year, manufacturers reported that they planned to devote 70 percent of their 1962 investment dollar to modernization. The reason for their concern is obvious. About 40 percent of U.S. plant and equipment dates back to before 1951, and nearly 25 percent goes back to World War II or even before that. These significant statistics were also revealed by our spring survey.

Only a very small percentage of investment is going for new capacity this year. Most of this is going for capacity for new products which are an important part of the payoff of industry's tremendous expenditures on research and development during the last decade. Little investment is going for additional capacity for existing products.

Based on the McGraw-Hill measures of manufacturing operating rate, we estimate that manufacturers, on the average, are currently utilizing 84 percent of their capacity, whereas they prefer to operate at about 90 percent. Therefore, it is true that industry has a modest amount of excess capacity at present. And the gap between the operating rate and the preferred rate may widen if manufacturing output were not to continue to expand during the rest of the year.

As this committee well knows, my Department compiles the only direct measure of manufacturing capacity. Only a few months ago I testified on the McGraw-Hill measures of capacity before the Subcommittee on Economic Statistics of the Joint Economic Committee. In its report on "Measures of Productive Capacity," the committee recommended and I quote, "an exploration of the McGraw-Hill techniques would offer an excellent opportunity for a joint public-private project in which McGraw-Hill, the pioneer of this technique, might work in cooperation with a suitable government agency." We at McGraw-Hill are giving this project serious consideration.

Another piece of evidence that confirms our belief that investment will continue to expand throughout the rest of this year is provided by the quarterly McGraw-Hill Nonelectrical Machinery New Orders Forecast Index. For today's hearings, I have had computed, earlier than usual, a preliminary estimate of our forecast index for the four quarters ahead. Although this index does not provide a precise gage of the future level of new orders, it provides an indication of relative changes in the confidence of machinery manufacturers.

Capital goods manufacturers now expect to book a far bigger dollar volume of new orders in the current quarter than they ever did before. They anticipate that new orders will subsequently fall off and that the decline will continue into the first quarter of 1963. They forecast that the second quarter of 1963 will see a slight pickup in their new orders.

The group of machinery manufacturers reporting forecasts to us in our current quarterly survey are slightly less optimistic about prospects for new orders for the last two quarters of 1962 than they were 3 months ago. One reason for decreasing optimism about the immediate future among this particular group of companies is the fact that their actual incoming new orders in June dropped by about 10 percent. But despite this sharp drop for 1 month, their anticipations for the last half of 1962 are only off about 2 percent from what they were back in April. And most of the returns for this calculation arrived in my office before the new procedure for depreciating machinery became effective.

Corporations now have a high enough rate of cash flow to finance a considerably higher level of investment than is now planned for 1962. Our comprehensive survey taken early this year showed that businessmen anticipated increasing their volume of cash flow, composed of retained earnings and depreciation, at a faster rate than their investment in new plants and equipment. At that time they expected to increase cash flow by 14 percent and investment by only 10.5 percent.

It is my belief that the McGraw-Hill data on plant and equipment expenditures indicate that this key segment of the economy will continue to expand this year. If plans hold up for the year as a whole, then the quarterly rate of capital expenditures may be expected to reach $39 billion in the fourth quarter compared with a rate of about $37 billion in the second quarter.

I now turn briefly to other major areas of the economy: Inventories, consumer spending, housing, the net export balance, and Government spending:

Inventories are currently being built up at a much more moderate pace than earlier this year. In the first quarter, business was accumulating inventories at an annual rate of about $6.7 billion. In the second quarter the rate dropped to about $3.5 billion. In the current quarter, it probably is still lower. The rate of addition to inventory will continue to slow down during the rest of the year. However, considering the relatively low inventory-to-sales ratios, it is unlikely that business will reverse its policy soon and let its inventories run off. However, a declining rate of inventory addition means that the negative impact on our Nation's total dollar volume of business has already taken place.

Consumer expenditures, which are by far the largest sector of the total business picture, are dependent on many psychological factors. I will leave the discussion of this sector to George Katona, except to note that as long as personal income rises, and at this time we cannot see any reason to expect it to turn down before year end, consumer spending on goods and services may be expected to follow the same general path.

Housing is booming. Private starts in the second quarter were exceedingly high at an annual rate of nearly 1.5 million units, despite a drop in June. And because of the lag between a start and put in place construction, we can look for the dollar volume of new housing construction to break through previous record highs.

The net export balance is just about holding its own. Exports have been holding up very well, while imports have not increased significantly. We do not expect to see a significant change from the current rate of surplus of exports over imports during the rest of the year. Thus the net export situation will have a neutral effect on the economy in the months ahead.

This year's Federal budget guarantees a modest rise in Federal spending right through the end of the fiscal year, June 30, 1963. However, the increase during the current fiscal year will be considerably smaller than the big gain registered during fiscal 1962. Meanwhile, State and local spending on highways, schools and other projects is due for a large increase over the coming months. States and cities are taking advantage of relatively easier money markets to issue a record volume of construction bonds.

In conclusion, the pluses and minuses of the various sectors of the economy add up favorably for the rest of the year. There is nothing now in sight which clearly indicates that in the next few months there will be a marked change in the direction of the economy.

FIRM AND ALOOF POLICY TOWARD RED CHINA VINDICATED

Mr. PROXMIRE. Mr. President, the evidence that the free world is beginning to win, is increasing daily in East Berlin, Cuba, and throughout the Communist world, where failure is becoming more and more constant.

Red China is perhaps the best example, Mr. President, and yesterday on the front page of the New York Times, the brilliant correspondent Tad Szulc spelled out, as he put it, the "apathy, dejection, and demoralization in the midst of economic disaster of the Chinese people under Communist China."

The most heartening part of the Szulc report is this passage:

> In the opinion of the officials surveying the situation, China's internal difficulties justify the continuance of a U.S. policy of firmness and aloofness.

In view of the further report that Red China, in spite of the terrible hunger of its people, is diverting grain shipments to Cuba for "political reasons," and, most importantly, that revolutions come from just this kind of popular desperation, this policy of firmness and aloofness makes abundant sense.

I ask unanimous consent that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHINESE FOUND APATHETIC AS ECONOMY DETERIORATES

(By Tad Szulc)

WASHINGTON, August 7.—The mood in Communist China is one of "apathy, dejection and demoralization" in the midst of economic disaster, U.S. Government experts on Chinese affairs reported today.

In the most up-to-date available assessment of the situation on the Chinese mainland, these officials said that the Chinese economy continued to deteriorate.

Moreover, the officials indicated, there was no immediate sign of a leveling off, even if this year's grain crop is slightly improved.

The official stressed that affairs in China might be worse than was realized abroad. The delay in communications and the absence of reliable statistics to guide the Peiping regime as well as foreign observers were believed responsible for "the assessment lag."

In the opinion of the American experts, there probably is no starvation in China. However, they believe that food shortages have lowered the life expectancy in many regions.

POPULATION GROWTH HALTED

The officials said that the Chinese population, now estimated at 700 million might have ceased to grow in some parts of the country and might be decreasing.

They expressed the view that the psychological and political impact of the failure of the 1958 "great leap forward" might be more serious than the economic hardships.

Because the Chinese people had been led to expect so much, officials said, the letdown has caused "apathy, dejection, demoralization, despondency and despair."

They said the impact of this despondency on the national production was "tremendous." The incentive of allowing farmers to cultivate small private plots is producing only limited results, they said, because "runaway inflation" in some areas and the absence of purchasable goods gives the people "nothing in return."

As a symbol of China's economic failure, the U.S. exports cited the regime's policy of forcing people to return from the cities to the countryside. These young people originally had been moved into the urban centers to participate in the industrial expansion.

Despite the hardships, it is believed here that there is "no mood of rebellion" in China. Officials said that the population, though it would welcome a change of regime was "cowed" by the military and security apparatus.

However, the U.S. experts said, "it is conceivable" that the Communist regime may fall in time. These officials expressed the belief that a change might be "evolutionary" rather than revolutionary. The key to the whole situation, the officials said, is how much punishment the Chinese people can take despite their traditional stoicism.

FIRM POLICY BACKED

In the opinion of the officials surveying the situation, China's internal difficulties justify the continuance of a U.S. policy of firmness and aloofness.

These officials indicated that it was useful to keep open the contacts between the United States and Communist China through the periodic meetings of the Ambassadors of the two countries in Warsaw. These conversations have been going on for 8 years.

The estimate by American officials of the differences between Communist China and the Soviet Union is that, although the two powers recoiled from an open break, relations "are apt to stay bad."

NATIONAL INTERESTS CLASH

Basically, the problem between Moscow and Peiping was regarded as one of conflicting national interest. The widely publicized ideological differences were believed to be merely the trappings for the dispute.

The experts noted that under agreement, as well as under the 1961 Soviet-Chinese trade 1962 protocol negotiated several months ago after long and obvious difficulties, China was required to export to the Soviet Union much more than it would receive in Soviet shipments. The Soviet Union is extracting these payments, officials said, to settle outstanding debts.

Communist China's foreign-exchange position is deteriorating badly and it needs all its exportable products for sales on world markets. However, statistics made available today in London disclosed that last year China had to ship $185 million worth of goods to the Soviet Union over the level of its imports.

Officials here commented that this imbalance demonstrated the degree to which Moscow was pushing its Chinese associate.

Communist China desperately needs foreign exchange to purchase grain abroad to make up in part its food deficits. Last year China bought grain in Australia, Canada, and France. Officials here said that Peiping foreign-exchange position was so bad that its world credit was being impaired.

However, the belief here is that, despite food and currency shortages, China will continue to divert grain shipments to Albania and Cuba because of political reasons.

Last year, the Chinese diverted some of their Canadian and French purchases to Albania following Albania's break with the Soviet Union. The interruption of trade and aid programs from the European Soviet bloc to Albania placed China in the position of the principal food supplier to Albania.

Also in 1961, China shipped 100,000 tons of rice to Cuba in exchange for sugar. The Chinese political interest in maintaining an economic presence in Cuba and possibly widening Peiping's ideological influence in Latin America were seen as the reason for sacrificing precious rice reserves in helping the equally chaotic Cuban economy.

ADMINISTRATION TURN TO HIGH INTEREST RATES DEPLORABLE

Mr. PROXMIRE. Mr. President, in one of the most significant economic newspaper accounts in a long time, the New York Times reported that the administration appears to be intent on a policy of tight money now and at least in the near future.

In writing this article, Paul Heffernan documents it in spades. He shows how the administration is not only following a policy of hiking short-term interest rates, but long-term interest rates also. He shows that the Treasury, as well as the Federal Reserve, is pursuing this policy by "financing far more long-term debt than any other postwar administration effectuated in a comparable period."

Mr. President, the excuse for following this policy that is sure to exert a drag on the economy and slow down employment is that it is necessary to protect our balance of payments. Yet not a single study has been made, despite constant urging of our Joint Economic Committee, to establish that the level of our interest rates significantly affects our balance of payments. Indeed, both Chairman Martin, of the Federal Reserve Board, and Mr. Roosa, of the Treasury, the two men most responsible for our monetary policy, have indicated in statements and writing, which I have frequently cited on the floor and elsewhere, that the effect of interest rates on the balance of payments is secondary and not of serious significance.

Mr. President, I ask unanimous consent that the article by Mr. Heffernan be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KENNEDY REVISES HIS FISCAL GOALS

(By Paul Heffernan)

Financial specialists eager to make true readings of the economic mind of President Kennedy are beginning to sense that their Rosetta stone may be found in the bond market.

There has been no deviation in the generalizations about economic affairs that President Kennedy has made since he took office in 1961. At that time he was concerned about unemployment. Still, he disavowed any idea of devaluing the U.S. dollar and he pledged that any growth-promotion enterprises of his administration would not cause serious inflation. These White House commitments stand today.

But there are significant changes in emphasis. And the shifts in the Presidential accent are perhaps registered most emphatically in the bond market, where changes in the interest rate—that is, the earning power of savings—are communicated at once to the going value of bonds and other fixed-income debt investments.

Basic interest rates in the United States today are not tending lower, despite the pause in business and the persistence of the 5,300,000 unemployment float that attended the Kennedy inauguration. If anything, interest rates seem fated to hold at levels measurably above those of World War II or to work even higher.

EFFECT OF REFUNDING

The interest of the Kennedy administration in a steady or even higher interest structure—both at short and long term—was attested last week by the outcome of a $8,800 million financing operation, most of which was intended to refund maturing debt, and the rest to raise about $1 billion in new money.

All of the money could have been raised readily at short term at a cost of 3½ percent, as was $6,750 million on 1-year certificates of indebtedness. Still, the Treasury saw fit to borrow $1,695 million of the total on bonds due in 6½ years at a cost of 4 percent, and $316,524,000 on bonds due in 30 years at a cost of nearly 4¼ percent.

The reason for the long-term borrowings at rates closely approaching the highest incurred by the Treasury in the postwar period is perhaps best summed up in the declaration made by the Federal Reserve Bank of New York last February in its annual report.

"As an objective of monetary policy," the influential Second District Reserve institution said, "the defense of the international value of the dollar has come to occupy a position alongside of the goal of stable economic growth."

"OPERATION NUDGE" NOTED

In retrospect, it is hard to realize that only a brief year before the New York Reserve Bank made this declaration, the Reserve System had made an ineffectual effort to nudge the long-term interest rate downward. This effort, it was widely suspected, was in deference to White House advisers who held that business enterprise stands to be stimulated by an abundance of cheap money and to be discouraged by any rise in the wages of saving above a token minimum.

It is likewise hard to realize that in the brief period since the futile trial of "Operation Nudge" in early 1961, the Kennedy administration has contrived the sale, through advance refunding or otherwise—of more than $7,500 million of long-term debt.

This is far more long-term financing than any other postwar administration effectuated in a comparable period. In the 16 years since the end of the war, the Treasury has effectuated long-term financing totaling $20 billion. More than one-third of this was done in the 19 months of the Kennedy administration.

A close reading of the language of the Presidential declarations will confirm the shift in emphasis that has been taking place since the 1961 inaugural.

THE 1961 POLICY STATEMENT

In February of 1961, for example, the President spoke this way about monetary policy and the economic situation:

"We have the problem of whether the only way we can prevent an increase in the cost of living is to have 5½ million people unemployed and have a substantial percentage of our capacity unused. The question is whether we can maintain a reasonable purchasing power and the cost of doing business with full employment. * * * I'm not satisfied to have the cost of living remain constant only by having the economy restrained. * * * We have no intention of devaluing the dollar.

"In all of the programs that we have put forward we will pay due care to the problem of preventing any stimulation of the economy resulting in an excessive increase in the cost of living."

This 1961 language, with its reference to "reasonable" purchasing power and an "excessive" increase in the cost of living, was not reassuring to disciples of monetary rectitude.

NONINFLATIONARY EXPANSION

Any inflationary overtones of the 1961 diction were muted significantly, however, in the President's annual economic report, submitted about a year later. He said in January 1962:

"We must seek full recovery without endangering the price stability of the past 4 years. The experience of the past year has shown that expansion without inflation is possible. With cooperation from labor and management, I am confident that we can go on to write a record of full employment without inflation. * * * Monetary and related policies can be used to assure a flow of investment funds which will transform the economy's present capacity to save into future capacity to produce. Monetary and debt management policies must continue to protect the balance of international payments against outflows of short-term capital."

President Kennedy's Yale commencement speech last June, again disclaimed inflation, but saw fit, nevertheless, to classify as a "complexity" the conflicting current theories as to the usefulness of low and high interest rates in achieving domestic and international financial stability.

Of all the Presidential statements about money, the most reassuring to the fiduciary institutions that hold the savings of the American public in Treasury securities and other fixed-income investments was that that he gave at his July 24 press conference.

ROLE OF THE DOLLAR

The significant statement was not so much the President's renewed disavowal of any intention of devaluing the U.S. dollar as was his insistence that the U.S. dollar must stay on as the world's chief reserve currency. He said:

"If the United States refused to cash in dollars for gold, then everyone would go to the gold standard * * *. We would all be dependent upon the available supply of gold, which is quite limited. Obviously it isn't enough to finance the great movements of trade today and it [a U.S. refusal to pay out gold to foreign holders of U.S. dollars] would be the most backward step that the United States has taken since the end of the Second World War."

The implication of this latest Presidential commitment is that the U.S. dollar, if it is to continue to do the work of gold throughout the world, must be maintained "as good as gold."

This must be reassuring to foreign interests holding dollar balances. It must be reassuring, too, to pension funds and life insurance companies here who, as custodians of the public's savings, keep most of the funds invested in fixed-income securities.

Economic indicators

WEEK ENDED AUG. 4, 1962

	Last week	Prior week	1961
Commodity index	80.6	80.3	84.7
Money in circulation (thousand dollars)	33,811,000	33,901,000	32,450,000
Commercial, industrial, and agricultural loans (thousand dollars)	34,368,000	34,434,000	32,488,000
Steel operating rate (percent)	51.5	48	62.2
Steel production (tons)	1,504,000	1,398,000	1,818,000
Motor vehicle production	136,914	161,812	45,469
Daily oil production (barrels)	7,262,560	7,264,810	6,945,210
Freight carloadings	567,131	558,246	591,301
Electric power output (thousand kilowatt-hours)	16,635,000	16,759,000	16,061,000
Business failures	269	286	319

Statistics for commercial-industrial-agricultural loans, carloadings, steel, oil, electric power and business failures are for the preceding week and latest available.

Economic indicators—Continued

MONTHLY COMPARISONS

	June [1]	Prior month	1961
Employed	69, 539, 000	67, 931, 000	68, 706, 000
Unemployed	4, 463, 000	3, 905, 000	5, 580, 000
Industrial production	117. 8	117. 5	110. 4
Personal income [2]	$440, 400, 000	$439, 700, 000	$416, 400, 000
Money supply [2]	$143, 400, 000	$143, 400, 000	$140, 900, 000
Consumers' price index	105. 3	105. 2	104. 0
Construction contracts [2]	$3, 899, 598	$4, 008, 718	$3, 602, 176
Manufacturers' inventories [2]	$56, 910, 000	$56, 810, 000	$53, 363, 000
Imports [2]	$1, 345, 900	$1, 385, 000	$1, 180, 900
	May [1]	**Prior month**	**1961**
Exports [2]	$1, 774, 700	$1, 704, 600	$1, 577, 000

[1] Figures shown are subject to revision by source. [2] Omitted.

Commodity index, based on 1957–59=100, and the consumers' price index, based on 1957–59=100, are compiled by the Bureau of Labor Statistics. Industrial production is Federal Reserve Board's adjusted index of 1957=100. Manufacturers' inventories and personal income, at annual rate, are reported by the F. W. Dodge Corp. Imports and exports as well as employment are compiled by the Bureau of Census of the Department of Commerce. Money supply is total currency outside banks and demand deposits adjusted as reported by Federal Reserve Board. Business failures compiled by Dun & Bradstreet, Inc.

THE GOVERNMENT COPYRIGHT RACKET

Mr. PROXMIRE. Mr. President, the principles of copyrighting undoubtedly are a mystery to most citizens. Yet copyrighting plays an important role in the rights, privileges, and practices of publishing printed and other material. One of the functions of the copyright is to protect the rights of the author of the material. Permission to copy or reproduce a work must be given by the author of a copyrighted work, or by his agent. In that sense, the copyright is primarily restrictive. It restricts the ease and extent to which printed matter or other material may be copied. Hence the term "copyright."

Under the 1909 copyright law of the United States, which is still in effect, one category of published material is specifically withheld from copyrighting. It is publications of the U.S. Government. The law states (17 U.S.C. sec. 8):

> No copyright shall subsist * * * in any publication of the U.S. Government, or any reprint, in whole or in part.

In spite of this provision of law, there has been a growing tendency in recent years to copyright publications of the Government, publications paid for by the Government, or publications prepared by officials of the Government using information or material available to them in official capacities. I view this trend with some concern. A great many important publications prepared "of, by, and for" the U.S. Government have been copyrighted. The official Army military history of World War II, the history of the Atomic Energy Commission, and a huge number of publications prepared at Government expense by consultant organizations like the Rand Corp. are among these. Most recently, the official illustrated guide to the White House has been issued under copyright.

What the copyright does is limit the use that can be made of a publication. Permission to copy is restricted. It must be requested from, and granted by, the holder of the copyright. Interestingly enough, the copyright holder is not listed as "U.S. Government" as such, in these cases. Rather, a Government official, or the firm that published the book (at Government expense) or an organization composed of Government officials by virtue of their positions, holds the copyright. In each case, however, all the restrictions and safeguards intended to protect private authors apply.

Because of my concern about this matter, I recently wrote to the Register of Copyrights asking him to comment on these questions. In his reply to me, he indicated that the questions are significant, and that a careful study and review of the law is now underway. I would strongly hope that any copyright revision that is undertaken will very carefully consider the implications of permitting a variety of official or semiofficial publications to qualify for copyright. The answer to the question may not be a simple one. Where the rights of private individuals are affected, certainly any reform of the present law should be careful and cautious. But it is quite plain to this Senator that the present practice of freely granting copyrights to a broad range of publications of the Government, or financed by the Government, should be curtailed.

An article in the August 11, 1962, Saturday Review discusses this subject in some detail. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PROFITS FROM PUBLIC PAPERS: THE GOVERNMENT COPYRIGHT RACKET

(By Herbert Brucker)

(NOTE.—This article by Mr. Brucker appeared in the Saturday Review, August 11, 1962. Mr. Brucker is the editor of the Hartford Courant and chairman of the Freedom of Information Committee of the American Society of Newspaper Editors.)

It was November 19, 1863. An official procession, with President Lincoln on a horse too small for him, struggled out from Gettysburg toward the cemetery where lay the thousands who had died in the 3-day battle in July. When after 2 hours Edward Everett had finished his polished oration, the President arose, put on his spectacles, and looked down at a single sheet of paper in his hand. Fifteen thousand persons, or as many of them as could get near enough, for the first time heard the words: "Four score and seven years ago our fathers brought forth. * * *" The unexpectedly brief speech, varyingly received at the time, in due course took its hallowed place in the literature belonging to the Nation and, indeed, to the whole world.

Suppose it had been 1963 instead of 1863. Soon there would have appeared a book reproducing the Gettysburg Address among the papers, speeches, and statements of the President. And it would be marked up front, "Copyright 1963, by A. Lincoln."

Copyright? Doesn't that give an individual exclusive right to what is written? It does. How then can a public paper that belongs to the Nation become the private property of the man who happens to be President at the moment? It's impossible.

It should be impossible, that is. The 1909 copyright law still in effect today specifically says (17 U.S.C. sec. 8): "No copyright shall subsist * * * in any publication of the U.S. Government, or any reprint, in whole or in part. * * *" But despite what the law says, public papers are being copyrighted every day, in ever-increasing numbers. And nobody seems to care.

If you don't believe it, go down to your library or bookstore and take a look at a book published last January. Its title is "To Turn the Tide," and its author is John F. Kennedy. The subtitle reads: "A selection from President Kennedy's public statements from his election through the 1961 adjournment of Congress, setting forth the goals of his first legislative year." Two pages later you will find the notice, "Copyright 1962 by John F. Kennedy," and the statement, "No part of this book may be used or reproduced in any manner whatsoever without written permission except in the case of brief quotations embodied in critical articles and reviews."

That public papers should thus be transmuted into private property, which may be sold or withheld from the public at will, seems a contradiction in terms. Nevertheless it is being done, eagerly and widely, not only by Presidents but by officials and functionaries all the way down through the ranks of the bureaucratic hierarchy.

Please don't blame President Kennedy. The chances are that he did not even know it was being done in his name. He did not know about it, that is, until there appeared in the Washington Post of last January 3 an advertisement addressed to the President that asked: "What's the point of placing any type of restriction on the quotability of the public statements of a President of the United States?" Sure enough next day, from temporary White House quarters at Palm Beach, there came the report that this copyright on a book of the President's public papers "was a mistake that is being corrected in future editions."

How could such a mistake be made? Because violation of the law has grown so fast and so far that even the expert staff of the President seemed to have been unaware that there was anything inappropriate, let alone illegal, in thus quietly turning public papers into a source of private revenue. Book publishers take out a copyright as a matter of course. Naturally—since they benefit if their collections of public papers can have the same protection as private creations. And often the matter is made fuzzy because original and copyrightable material has been added. The Kennedy book, for example, has background comments by the editor and a foreword by Carl Sandburg.

The relevant point, however, is the copyrighting of what is plainly public property. And probably this practice would have gone on unnoticed to this day had it not been challenged by an individual who squawked, and who keeps right on squawking. He is M. B. Schnapper, editor of Public Affairs Press in Washington, a publishing house that issues pamphlets and books on contemporary social, economic, and political affairs. Understandably, Mr. Schnapper wants to make use of public papers when appropriate. And he has every right to do so, just as does any other citizen.

It was Mr. Schnapper who put the ad in the Washington Post that smoked out the error in copyrighting the Kennedy papers. He has been at this kind of thing for years, and by now his cry in the bureaucratic wilderness has been heard by a number of individuals who have taken alarm at what is going on.

There are two principal reasons for the burgeoning practice of putting a private copyright on the taxpayers' property. The first and most obvious one is the possibility of making money. And there is ample evidence that individuals in government service have in fact made money by acquiring property rights in, and then selling, the products of their official duties.

The other reason is that a copyright provides a means of censorship: "No part of this book may be used or reproduced * * *." As Maj. Gen. C. G. Dodge, the Army's Chief of Information, wrote Mr. Schnapper earlier this year, "The (Army historical) works were copyrighted at that time to prevent quoting of material out of content." In other words, if we in officialdom don't like the use you make of this public property that's yours as much as anyone else's we'll stop you.

Happily, General Dodge added that it would henceforth be the Army's policy that military histories issued in the name of the American people would no longer be copyrighted. But the incident serves as a reminder of the increasing tendency of people in government to regard the information they produce in the name of the public, and at the public's expense, as having somehow mysteriously become something other than public property. If it is valuable, it can be sold. Or if the records are better concealed—Billie Sol Estes is but the latest brilliant star in an expanding universe of government boners—then a copyright is one means of concealing them.

This practice of suppressing news generated by the Government accounts for the contemporary battle for freedom of information, or the right to know. It is the ancient battle for freedom of the press in modern trappings. For of what use is it to be free to print anything you like, if you can't get anything to print?

To answer that the copyright holder will remedy this by publishing is to miss the point. There shouldn't be any copyright. In fact, what is startling about the whole development is that the Government people who copyright public documents, when reminded that the law forbids the practice, tend to hold that they are right and the law wrong. The Office of Copyright in the Library of Congress actually has in the legislative works a report urging a change in the copyright law, one provision of which gets the camel's nose well under the tent. There should be, it says, "exceptions in unusual cases."

This turn of mind is a fairly recent development. The first time anyone dreamed that such a thing as the prohibition of Government copyright might be necessary was at the turn of the century. At that time one Representative James D. Richardson, a prominent Democrat from Tennessee, put together the addresses of the Presidents, including, of all things, Washington's Farewell Address and the Gettysburg Address. Yet, though the printing plates of his "Messages and Papers of the Presidents" had even been manufactured at public expense, Representative Richardson had the work published under his own copyright—and then took in $11,320 in royalties.

So unusual was this kind of thing—at that time—that there was a row in Congress. In the end there was a Senate investigation. The report said:

"Your committee thinks that copyright should not have issued in behalf of the messages, and that the law as it stands is sufficient to deny copyright to any and every work once issued as a Government publication. If the services of any author or compiler employed by the Government require him to be compensated, payment should be made in money, frankly and properly appropriated for that purpose, and the resulting book or other publication in whole and as to any part should be always at the free use of the people, and this, without doubt, was what Congress intended."

So virtue triumphed. But copies of the messages survive to this day, and researchers who find what they seek in the book may well be frightened about quoting because of the copyright. So it is with President Kennedy's "To Turn the Tide." The copyright is there, in print. Even if there are subsequent editions without it, the original notice that this is private property is in the libraries to warn the scholars of the future against using what it is their clear right to quote.

Another trouble is that, though the law specifies that there shall be no copyright on any "publication of the U.S. Government," it does not say what such publication is. Therefore the first need in any revision of the copyright law is a broad and precise definition that will prevent what the existing silence of the law encourages aggressive public servants to try to get away with.

Fortunately the issue has come to a head in a suit brought in 1958 by Mr. Schnapper and his Public Affairs Press against Adm. Hyman G. Rickover. Admiral Rickover, of course, is one of the outstanding public servants of our time. Without him we would have no atomic submarines. But that does not change the fact that he, too, has taken statements that he made as a public officer and thrown the mantle of private copyright over them.

The suit is not yet adjudicated. It went up through the ranks to the Supreme Court, and was sent back for more thorough review. The Supreme Court found that there were involved "matters of serious public concern" and "delicate problems" whose solution "is bound to have far-reaching import." The Court held further that the original judgment had been based not on the "adequate and full-bodied record" demanded by the complexities involved, but on a record "woefully lacking." Hence the trip back to the lower courts.

Pending the outcome, some facts are known. The Public Affairs Press asked Mr. Rickover for copies of some speeches he had made in his official capacity. Among them were speeches that had been publicly distributed in the usual manner as press releases from the Department of Defense or Atomic Energy Commission. Later on, however, when the admiral took out the copyright, he submitted verbatim copies of these speeches without indication that they had originally been official press releases, and without the insignia of the DOD or AEC on them. Admiral Rickover then warned the Public Affairs Press against quoting from these speeches in any way. Whether there is a connection or not, the admiral had 3 months earlier sold his copyrighted speeches to another book publisher.

The matter is not one of black and white because all of us wear two hats, whether we are in Government or a private job. Suppose, for example, that Admiral Rickover were a poet. Suppose he had been so moved by an early cruise on an atomic submarine that he had sat down, even on Government time and in the Government's submarine, to compose a poem on the experience. Presumably this personal creation would be his private property despite the circumstances of its composition.

However, isn't such a poem or other personal literary or scientific work, especially if done out of hours or on subjects not connected with the official's job, quite different from a speech or other public document issued as official Government business?

Perhaps until the suit against Rickover is adjudicated, we have no right to an opinion about it. But it does seem on the face of it that official papers by Government servants are ipso facto in the public domain. There is no more reason why such material should become the private property of the Government official who wrote it as part of his job than that Representative Richardson should copyright Washington's or Lincoln's addresses. We might as well allow an enterprising individual to take out an original copyright on Shakespeare or Mozart.

Mr. PROXMIRE. I also ask unanimous consent that a letter to me from Mr. Albert Kaminstein, the Register of Copyrights, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COPYRIGHT OFFICE,
THE LIBRARY OF CONGRESS,
Washington, D.C., June 1, 1962.

The Honorable WILLIAM PROXMIRE,
U.S. Senate, Washington, D.C.

DEAR SENATOR PROXMIRE: I was glad to have the opportunity to discuss with Mr. Sieverts, on May 29, the problems involved in the prohibition in the copyright law against the copyrighting of Government publications, referred to in your letter of May 17.

This is one of the many subjects covered in a series of studies conducted by the Copyright Office and printed by the Senate Judiciary Committee preparatory to a general revision of the copyright law. It was also dealt with in our report on general revision which was submitted to Congress on July 10, 1961, and printed by the House Judiciary Committee. Copies of the pertinent study and the report have been given to Mr. Sieverts.

As we see it, there are three areas involved in the problems relating to Government publications, with a variety of fact situations in each area:

1. Where a work is produced by a Government officer who claims copyright on the ground that the work was outside the scope of his official duties and was produced in his private capacity. This is essentially the situation in the pending suit by Public Affairs Associates against Admiral Rickover.

2. Where a work is produced for the Government by a Government officer pursuant to his official duties. This is what we have understood is meant by the present prohibition against copyright in Government publications.

3. Where a work is produced by a private person or organization under a contract with or grant from the Government. This has been an area of rapidly expanding importance.

We have considered that in revising the law, two questions concerning the present prohibition need to be resolved: (1) What should constitute "Government publications" to which the prohibition applies, and (2) whether provisions should be made to permit exceptions from the prohibition.

The operation of the present law and the problems it presents were reviewed in the study and summarized in the report referred to above, and the report makes recommendations for the provisions in a new law.

We shall be glad to discuss this further with you and Mr. Sieverts. We also hope to have an opportunity to discuss the program for revision of the copyright law with you in the future.

Sincerely yours,

Abraham L. Kaminstein,
Register of Copyrights.

Mr. PROXMIRE. I also ask unanimous consent that an editorial from the July 11, 1962, Record-Herald, of Wausau, Wis., on this subject be printed in the Record at this point, along with a statement signed by more than 20 leading writers, editors, and publishers, challenging the legality of governmental copyrighting.

There being no objection, the editorial and statement were ordered to be printed in the Record, as follows:

[From the Wausau (Wis.) Record-Herald, July 11, 1962]

Uncle Sam Abuses Copyright

Government can assume new powers in many ways, some of them comparatively minor and seemingly insignificant, but yet with harmful implications for the future. Such a case is the copyrighting of the new White House guidebook, which is called the Official Guide to the White House.

The book was written by the White House curator, copies are to be sold by employes of the National Park Service, and income will go for refurbishing the White House. The copyright owner is the White House Historical Association.

Because it is copyrighted, the material about the White House is restricted and cannot be used or reproduced without permission of the copyrighter.

Editor and Publisher magazine asks two good questions about the case: "If it (the historical society) is an official body of the Government or of the White House then the law expressly prohibits such copyright. If it is a private organization, then what right does the Government have to grant a restrictive copyright on material that belongs to the people at large?"

It is traditional in free America that Government institutions belong to the people, because this is a government of, by and for the people. Facts about official Washington, including the White House, therefore belong to all the people and Uncle Sam has no right, we would think, to assign exclusive use of facts about the White House to anyone.

[From New York Times, July 9, 1962]

Legality of Governmental Copyrighting Challenged by Leading Editors and Scholars

We the undersigned view with apprehension the rapidly growing tendency to place copyright restrictions on the contents of Government publications and documents.

The situation seems alarming in that such restrictions now apply to literally hundreds of official works despite the fact that section 8 of the copyright law expressly stipulates that "No copyright shall subsist in any publication of the U.S. Government, or any reprint, in whole or in part thereof * * *." (Details and lists are set forth in the Washington Post, March 12–16, 1962, and "Constraint by Copyright," by M. B. Schnapper.)

Also disregarded is the fact that Government curtailment of freedom of press via copyrighting is contrary to the guarantees of the Constitution's first amendment. This amendment is rendered meaningless when Government officials employ or authorize copyright procedures as a means of placing restrictions on information amassed to promote "the general welfare and secure the blessings of liberty to ourselves and our posterity."

Anyone who has the legal right to copyright has the legal right to restrict and censor. In recently justifying copyright restrictions on a score of official military histories Gen. C. G. Dodge stated, "The works were copyrighted * * * to prevent quoting of material out of context." Another Army officer has explained that copyrighting has been employed in order to prevent "sensationalizing." These are disturbing admissions. Any attempt to control the manner and extent to which Government information can be quoted by the press or by the public is censorship.

The original and continuing purpose of the prohibitions in section 8 of the copyright law is, of course, to assure maximum availability and dissemination of informational material prepared by or for the Government at the expense of the public.

The right of Government officials to copyright that which is private is not at issue in this connection—except in the sense that this essential right is bound to be greatly vitiated if a clear line isn't drawn between what is personal and what is official.

The situation that troubles us is particularly serious in that the Federal Government is today the major source of information in practically every field of endeavor. Significantly, although $12 billion is currently being expended on Federal research only a negligible portion of unclassified findings is being made accessible to the public through noncopyrighted media. (Unfortunately it is popularly assumed that copyrighted works are available to the public. Strictly speaking, a copyright, a legalized form of monopoly, can be obtained by merely registering two typed copies of a work.)

In view of the improprieties and dangers noted herein the undersigned herewith urge the executive and legislative branches of the Federal Government to take appropriate corrective action.

Among those who have agreed with the above statement: Robert U. Brown, editor of Editor and Publisher; Graham DuShane, editor of Science, weekly publication of the American Association for the Advancement of Science; Herbert Brucker, editor of the Hartford Courant and former chairman of the Freedom of Information Committee of the American Society of Newspaper Editors; Edward Bernays, New York publicist; M. B. Schnapper, editor of Public Affairs Press and author of "Constraint by Copyright"; E. Wilder Spaulding, historian and former editor of State Department publications; Wesley Maurer, chairman, Journalism Department of University of Michigan; Walter Gellhorn, professor of law, Columbia University and author of "Civil Liberties Under Attack"; R. B. Downs, dean, library administration, University of Illinois; former president of the American Library Association; Harold Fey, editor of Christian Century; Virginius Dabney, editor of Richmond Times-Dispatch; E. C. Pulliam, publisher of Indianapolis Star; David Williams, research director of Americans for Democratic Action; Bernard S. White, Washington attorney; V. M. Newton, editor of Tampa Tribune and chairman of the Freedom of Information Committee of Sigma Delta Chi; Lowell B. Mason, former member, Federal Trade Commission; William F. Buckley, Jr., editor of National Review; Ruben Levin, editor of Labor; Daniel A. Poling, editor of Christian Herald; Roger Baldwin, founder of the American Civil Liberties Union; Fred Siebert, dean of journalism, Michigan State University and author of "The Rights and Privileges of the Press"; John Stempel, chairman, Journalism Department of Indiana University; Ralph Ellsworth, director of libraries, University of Colorado.

Others opposed to copyrighting of official material by Government agencies and officials: Bernard Perry, director of Indiana University Press; James S. Pope, executive editor of the Louisville Courier-Journal; William Bridgewater, editor-in-chief of Columbia University Press; Gerald W. Johnson, historian; Gerard Piel, publisher of the Scientific American; Sylvan Gotshal, New York attorney; Quincy Howe, journalist; B. M Huebsch, editor of Viking Press and treasurer of the American Civil Liberties Union; James Bracken, editor of the Spokesman Review; Thorsten Sellin, editor of the Annals of the American Academy of Political and Social Science; L. B. Heilprin, council on Library Resources; J. Edward Murray, editor of the Arizona Republic; Harold Cross, late counsel for the American Society of Newspaper Editors.

COLUMBIAN SQUIRES ACTIVE IN NEW YORK

Mr. KEATING. Mr. President, 37 years ago the Reverend Brother Barnabas, F.S.C., organized a Junior Order of the Knights of Columbus, the Columbian Squires. Since that time, this international fraternity of Catholic high-school boys has grown in both size and stature all across this country and in many other parts of the world. The purposes of this organization are spiritual, cultural, social, and also involve dedicated service on all sorts of civic projects of benefit to the community in which each circle is located.

Today in the United States there are 25,000 Columbian Squires with 41 State groups and 700 local groups. My own State of New York has approximately 13 percent of the total membership, about 20 percent of the total number of circles of the order. New York State, in fact, has the largest State membership and the greatest total number of local Columbian Squire groups.

Recently, Mr. President, Robert W. J. Wysocki of Brooklyn was elected to the highest position in the New York State Circle, State chief squire. This is an achievement and an honor of which I am sure his family and circle are very proud. I, too, am proud of this young New Yorker and am happy to call attention to his fine organization and to the high position which Mr. Wysocki has achieved.

THE SUBTLE SCIENCE OF PACKAGING

Mrs. NEUBERGER. Mr. President, my education evidently has been neglected, because I have not before seen a magazine which I understand is in rather general circulation. The name of the magazine is "Mad."

There is an item in the current issue of this magazine which I wish to bring to the attention of my colleagues, even though I am not able to include in the Record the interesting sketches on the subject matter, which I think would be of special interest.

I quote from the magazine:

The Subtle Science of Packaging

In grandmother's day, neither the manufacturer of consumer products, nor the storekeeper who sold them gave much thought to the packages. Thus was born a new species in industry's growing menagerie of experts—the package designer. Many items were not even packaged at all, but were dipped, shoveled, or doled out by hand from barrels, bags, boxes, bins, and like that.

Today's supermarket shopper zooms up crowded aisles piled high with hundreds of competing products—and has to choose from among them. For years, these fellows had been assigned lowly tasks like drawing dotted lines along which to tear, or figuring out how big to make the window in a box of macaroni.

And when it came to brand names, grandma could always rely upon her friendly neighborhood merchant to advise her from his own experience.

And so, in order to sell their wares, manufacturers now know that it isn't enough to merely put their products on the shelves * * * they know they've got to catch the eye of the shopper. But practically overnight, they moved from the bullpen to the executive suite as the packaging revolution got into full swing.

Then comes a most illuminating series of cartoons which illustrate the various points the article makes.

Once the package designers got together, they figured out that if people were too lazy to open bottles and preferred to squeeze, they would prefer having the squeezing done for them even more, so they developed the spray can. Then the manufacturers made a "mint" with the little item of the aerosol can, because only half of the contents are product and the rest is air.

Mr. President, I ask unanimous consent that the remainder of the captions for these cartoons may be printed in the Record.

There being no objection, the captions were ordered to be printed in the Record, as follows:

The New Secret Ingredient: Air

It figured that if people were too lazy to open bottles, and preferred to squeeze, they would prefer having the squeezing done for them even more. Thus, the spray can.

The manufacturers have made a mint with this little item because half the contents of a spray can is plain old air.

The user never knows how much goo is left until just before a heavy date, when he presses the trusty old button and gets nothing but an empty sigh.

Air is an important ingredient in "whipped" products, too, enabling the manufacturer of a "whipped" pound of butter to market a bigger lump of the stuff than his competitor.

You can see where this trend will lead. If one outfit can offer "36 more pats per pound" then a competitor can offer "50 more pats" by whipping his margarine more—and so on.

MECHANICAL PACKAGES

We all love those handy little tubes of stuff that pop up to do their work with a twist of the knob—and their manufacturers love them, too, because most of the space inside the tube is taken up with inexpensive machinery.

INDIVIDUALLY WRAPPED FOR FLAVOR AND FRESHNESS PACKAGES

Doesn't it make you happy to see your cookies all snug in their own little wrappers sealed in outer wrappers which are in turn covered by an allover liner wrapper which is surrounded by a nice box?

Try saving all those wrappers some time. You'll find you're buying an awful lot of paper at cookie prices these days.

FROZEN NOTHING

The advent of frozen foods gave processors a new gimmick. A handful of limp, scraggly spinach is frozen in a block of ice to fill out the package. When it's thawed, there's a handful of spinach, and a big puddle of expensive water.

THE INCREDIBLE SHRINKING CANDY BAR

As if afflicted by some mysterious tropical disease, the American candy bar shrinks almost imperceptibly in size year by year. At this rate, people will soon be popping them in their mouths like pills, downing them in one gulp.

One of the favorite camouflage devices now being used by candy magnates is the tray package. This little gimmick enables the manufacturer to shrink the candy itself while maintaining the illusion of the same sized outer wrapper.

BIGGER LOOKING PACKAGE DESIGNS

A packaging man at a big breakfast food company, in a burst of enthusiasm over his new status, came up with the idea that they could overcome the competition by giving more cereal in a bigger box for the same money. After they got rid of that nut, the company adopted half his idea: They put the same cereal in a bigger package.

Soon all the cereal companies were putting out boxes that were higher and wider—but shallower from front to rear.

In fact, cereal boxes are getting so high and so wide and so shallow, that we might soon see cereals in envelopes.

DISPOSABLE PACKAGES

Then there's the "no-deposit-no-return" school of packaging, which in close cooperation with the trash-hauling interests, tries to see to it that no child is emotionally scarred by the humiliating experience of having to cash in the "Old Man's" empty beer bottles to get lunch money.

Besides beer—milk, soft drinks and other beverages now come in "throwaway" containers * * * making it a cinch to spot the family that subsists largely on a liquid diet.

THE HANDY "TAKE-HOME" PACK

The principle behind this cunningly devised package is that the cans or bottles are so tightly packed, you can't get one loose * * * so you've got to take all of them, or none.

The first "handy take-home's" contained six of something or another, but lately there have been "12-packs" appearing on the market. And there's no limit.

"SQUEEZE" AND "SQUIRT" PACKAGES

Packagers learned a long time ago that we are a nation of lid-losers and top-droppers, so they came up with the self-dispensing package.

Pretty soon the whole country was "poofing" and "puffing" to its heart's delight.

One trouble with squeeze containers is that they sometimes clog and develop lung trouble. Once squeezed, they stay squoze, unable to inhale enough air to become squeezable again. This phenomenon has accounted for a lot of unnecessary cursing in recent years.

TEST BAN NEGOTIATIONS

Mr. HART. Mr. President, I call attention to two consecutive articles on the front page of this morning's Washington Post and Times-Herald. The first headlines the fact that our Secretary of State, the Honorable Dean Rusk, "Nudges Reds on Test Ban Talks; Urges Soviets to Study New U.S. Proposal." The article goes on to say:

> This move by the United States was part of a general policy of encouraging the Soviets to keep open the prospects for agreement on major East-West differences.

And the second article, immediately following is headlined: "Rockefeller, Dirksen Assail Kennedy for Concessions at Test Ban Talks; New Proposal Called Dangerous."

Mr. President, at the very moment that we are trying to persuade the Soviets to keep an open mind with respect to our proposals, so that some constructive start may be made toward halting nuclear testing, our position is assailed from within our own country.

Would these critics argue that we should make no "concessions" in negotiation, even when new data indicate that the facts of the situation may have changed—if they have changed?

We used to have a point of view around here that "politics stops at the water's edge." I would like to suggest, in all seriousness, that the very moment when our representatives are in Geneva, trying to urge the Soviets to give a fair hearing to our proposals, is hardly the moment to hurl broadsides against our Nation's position.

Mr. President, we have adequate and orderly procedures for both political parties and all interested citizens to make their views known in any decisions that might be made at Geneva. If, by any miracle, a treaty should be negotiated there, it could only go into effect with the advice and consent of the Senate. Hopefully, while the negotiations are going on, and are indeed at a delicate stage, the utterances of party leaders might be tempered by a realization of the need for our speaking as "one nation, indivisible" in our negotiations.

SATELLITE COMMUNICATIONS

Mr. KEFAUVER. Mr. President, we are all familiar with the recent course of events on the Senate floor during the debate on H.R. 11040, the communications satellite bill. The past debate on this bill has sometimes centered about procedural matters and has not always been addressed directly to the merits of the bill.

Presently the bill is before the Foreign Relations Committee. During the short time allotted to it under a unanimous-consent agreement, the committee has been inquiring into the important questions of foreign policy raised by this bill. Because of the status of the bill before the committee, I shall not make any comments on the international implications of the bill at this time. I think that several of my colleagues and I may want to discuss these matters at some length after the bill has been reported back to the Senate.

What I would like to do today is to take this opportunity during a period of relative calm to review the important issues other than those involving foreign policy questions which I feel are involved in this debate. Some Senators have other objections to the bill or to parts thereof.

BILL ENDANGERS NATIONAL INTEREST

There is universal agreement that the U.S. position of preeminence in space and in satellite communications must be maintained. We must have the best possible satellite communications system at the earliest possible date.

The President of the United States has proposed a bill which would create a private corporation to own and operate the U.S. portion of a worldwide communications system using space satellites. Those of us in the Senate who are opposing the President's bill believe that it represents a step in the wrong direction—that it is an ill-advised approach to an important problem vitally affecting our national interest.

It is our belief that this bill, if enacted into law, would endanger U.S. progress toward the most rapid development of a truly global satellite communications system.

To make matters worse, the philosophy embodied in this bill violates the principles of free competitive enterprise which have been the foundation of our Nation's economic and political strength.

THE GIGANTIC GIVEAWAY

The first point which I would like to make is that the administration's bill proposes the most gigantic giveaway in the history of this country. It would turn over to a governmentally created private monopoly the benefits of hundreds of millions of dollars of taxpayers' money which have been invested in the development of space and satellite communications technology.

Proponents of this bill have argued that it is not uncommon for the benefits of Government-financed research and development to be turned over to private enterprise. As examples, they cite the cases of atomic energy, jet aircraft, and even agricultural research. These situations are far from analogous. In each previous instance the benefits of Government investment have been made available to competing firms and in a way that could encourage the development of competition.

The bill before us, on the other hand, proposes the creation of a single private monopolistic entity which would be the beneficiary of this huge taxpayer investment. Clearly this situation is without precedent in the history of our Nation.

ANTITRUST EXEMPTION

The private monopoly which this bill would create is likewise unique in our history. This bill proposes to allow all existing and future communications common carriers to join together and participate in the ownership of a private satellite corporation. Without the special legislative immunity provided by this bill, such action by the communications carriers would be in clear violation of the antitrust laws. In fact, when the FCC originally requested the communications carriers to get together and suggest a plan for the ownership and operation of our satellite communications system, the Justice Department advised that the representatives of these carriers could not even come together to discuss the matter without violating the antitrust laws.

Here we see one of the primary purposes of this bill. It is intended to provide the exemption from the antitrust laws which the communications carriers must have before they can undertake this joint venture.

SEPARATION OF COMPETING FORMS

Another fact which we should keep constantly in mind is that this bill represents a departure from our wise and time-tested policy of not allowing common carriers in the fields of transportation or communications to own or control competing carriers. For example, the railroads are prevented from owning airlines or the trucking lines. Similarly, the airlines are prohibited from owning the railroads. The barge lines have not been allowed to own or control the railroads nor have the railroads or airlines been allowed to control barge lines. We have also found it desirable to keep separate the ownership and control of telephone and telegraph communications.

This philosophy of separate ownership of competing forms of transportation and communications is founded on the belief that the economy and the public will benefit from a maximum degree of competition in these fields. We expect this competition to provide rapid development and early introduction of the newest developments in all fields.

CONFLICT OF INTEREST

The bill before us would turn over our satellite communications system to the very companies which now operate our existing communications facilities. The new facilities will be competitive with the older communications facilities. In many instances a satellite communications system will make existing facilities obsolete. We cannot afford to turn over control of this wonderful new development to companies with huge investments in existing facilities which may soon be rendered obsolete. This would create an inevitable conflict of interest with respect to the full development of the satellite system.

The problem goes deeper because virtually all of the communications carriers of any size have their own manufacturing subsidiaries or divisions. There would be a natural tendency for the carriers to use their representation in the satellite corporation to influence its procurement policy. They would, of course, favor themselves and thereby restrict competition in the supplying of goods and services for the satellite system.

NO REIMBURSEMENT TO GOVERNMENT

The private monopoly which this bill would create would receive free of charge the benefits of millions of taxpayer dollars and would be under no obligation to reimburse the Government for any of this. The only requirement is that the corporation repay NASA for the cost of launching the corporation's satellites into orbit.

NEED FOR PREFERENTIAL RATES

This bill does not even provide that the Government and its agencies are to receive preferential rates for the use of the satellite system. There is adequate precedent in the field of communications for insuring preferential rates to the Government. Certainly the Government and the taxpayers are entitled to some special consideration from this proposed private monopoly in return for the huge subsidy the corporation would receive.

PROBLEM FOR USIA

The testimony of Mr. Edward R. Murrow, head of USIA, that his agency might not be able to afford to use the facilities of the private corporation at commercial rates is dramatic evidence of the problem involved.

OWNERSHIP

On the question of ownership of the proposed private corporation, there are some points which need to be clarified. The proponents of this bill and the press have frequently stated that the bill provides for 50 percent ownership by the public and 50 percent ownership by the communications carriers. This is a half truth which can be very misleading.

The bill provides that 50 percent of the voting stock of the corporation shall be reserved for the carriers but makes no reference to the distribution of nonvoting securities, bonds, debentures, or other securities of the corporation. There is nothing in the bill to indicate what part of the financing is to be through the use of voting stock.

A.T. & T. DOMINANCE

It is entirely possible that the corporation could be financed largely through nonvoting securities, bonds or debentures. If this procedure were followed, and there are good reasons to suspect that it will be, the carriers could easily end up with far more than 50 percent of the corporation's securities. As a matter of fact, the way the bill is worded, it would be entirely possible to finance the corporation in such a way that A.T. & T. alone can own 99 percent of the total of all securities issued by the corporation.

The proponents of this bill have suggested that the public interest is to be protected through the medium of stock ownership by the public at large. The bill simply does not provide any safeguards to insure that this result will follow. If public participation is important, the bill should be drafted in such a way as to insure that protection.

FURTHER INADEQUACIES

The shocking inadequacy of this bill and the absence of real protection of the public interest is evident on every important issue. The administration has stated that the American taxpayers who have made the system possible should have an opportunity to buy stock in the proposed private satellite corporation. Compare this statement with the language of the bill. The bill provides only that the shares of voting stock initially offered shall be sold in such a way as to encourage the widest distribution to the American public. No reference is made to subsequent offers of voting stock or to any other form of securities.

It would be perfectly lawful under this bill to have a small initial offer of voting stock in which the public could share, then use subsequent offerings for all major financing. The subsequent offerings could go directly to large corporations, banks, insurance companies, and the like, with the general public excluded completely.

PROBABLE METHOD OF FINANCING

Let me point out why it appears likely that the corporation will be financed to a significant extent through the use of securities other than voting stock.

In the first place, the carriers do not have to buy any minimum amount of voting stock in order to have their right to elect their six directors. In the second place, all nonvoting securities, bonds, debentures, and so forth, which a communications carrier may buy are eligible for inclusion in the carrier's rate base.

THE DOUBLE RETURN

By purchasing securities other than voting stock, the carriers lose nothing in regard to their rights to elect directors and at the same time can earn a double return on their investment. Any nonvoting securities, bonds, or debentures would naturally pay either interest or dividends to the holder. At the same time, through their eligibility for inclusion in the carrier's rate base, they would provide the carrier an additional increment on which it would be allowed to earn the going rate allowed by the FCC, or the appropriate State regulatory commission.

I have not yet had it explained to me why the communications carriers should be entitled to earn a double return at the expense of the taxpayers and the consuming public. Indeed, it is a puzzle why a carrier should be allowed to include any of the satellite corporation's securities in its own rate base at all. If A.T. & T. wants to buy stock in General Motors, it is entitled to under the law, but its investment in General Motors stock does not become a part of its rate base. Why should stock ownership in a private satellite corporation entitle A.T. & T. or the other communications carriers to any special privileges which are not available to any other purchasers of the satellite securities?

THE TYPE OF SYSTEM

Experiments are currently underway with low-orbit and high-orbit—synchronous—satellites. An operational system using either type is still at least a few years away. It is generally agreed, however, that the high system is ultimately the most desirable and most economical.

In order that we may have the necessary flexibility to take advantage of the best system, I believe the President should have certain powers not presently included in the bill. He should have the authority to determine which system will be put into operation in the first instance and the authority to require adoption of a high system at some future date even if a low system is adopted first.

NO SPACE LAW

At the present time there is no general body of international law which governs outer space. This fact alone creates many serious problems which the legislation before us leaves unanswered. There are inherent dangers in any attempt by one nation to appropriate for its own use or for commercial purposes any new development of this sort. We do not even know as yet what position the United States might take if other nations were to protest our use of outer space for commercial purposes through a privately owned corporation operating for profit. Similarly, we do not know what possible liabilities the U.S. Government might incur as a result of sanctioning American monopoly satellites in outer space.

It would be far wiser to keep these satellites as American-flag satellites until this uncertainty has been removed.

PARTICIPATION OF PRIVATE ENTERPRISE

Those of us who are opposing the administration's bill believe that ownership and control of the satellite system should remain in Government hands for the benefit of all the people. We understand fully the importance of cooperation between Government and business in this important area. The record shows that we have repeatedly stated our belief that the facilities of the satellite communications system might appropriately be operated by private enterprise under contract or lease arrangements with the Government. This arrangement has worked successfully before and is currently working with success in important areas. There is no reason why it should not work with success and to the satisfaction of both the Government and private business in the field of satellite communications.

QUESTION OF GOVERNMENT EFFICIENCY

Statements have been made on the floor and elsewhere concerning the comparative efficiency of government and private enterprise. I think it is very important to remember that efficient, capable operation is not a characteristic reserved for private corporations while being unattainable by the Government. Private enterprise, like the Government, has a record containing both successes and failures, but the strength and freedom of our country attest to the fact that both business and Government are capable of doing fine jobs.

For those who find it a popular pastime to berate Government efficiency and operation, I would like to point out that it was not the Federal Government which built the Edsel—it was the Ford Motor Co. It was not the Government which built the 880–990 jet aircraft; it was the General Dynamics Corp. I only cite these examples in the hope that they will help us all maintain a proper perspective.

CONCLUSION

Mr. President, I have attempted to point out some of the major issues which will confront the Senate during its debate on H.R. 11040. It is my belief that this is a bad bill, that it is poorly drafted, and that its passage would do irreparable harm to the national interest of the United States.

CONVEYANCE OF CERTAIN PROPERTY IN THE CITY OF SAN DIEGO, CALIF.

The Senate resumed the consideration of the bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The hour of 12:30 p.m. having arrived, under its order of yesterday, the Senate will now proceed to the consideration of S. 1108, which the Clerk will state by title.

The LEGISLATIVE CLERK. A bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], on which there is a limitation of debate of 30 minutes, the time to be equally divided.

Mr. KUCHEL. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. I assume that 15 minutes will be under the control of the senior Senator from Oregon.

The PRESIDING OFFICER. The Senator is correct.

Mr. KUCHEL. Under whose control will the other 15 minutes be?

The PRESIDING OFFICER. The time will be under the control of the majority leader, if he is opposed to the bill.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the time allotted to me be allotted to the two Senators from California.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNOUNCEMENT OF THE SHOWING OF FILMS TAKEN IN RUSSIA

Mr. ELLENDER. Madam President, will the Senator yield a minute and a half to me?

Mr. KUCHEL. Madam President, I am glad to yield 2 minutes to the distinguished Senator from Louisiana.

Mr. ELLENDER. Madam President, on Tuesday, August 14, at the New Senate Office Building auditorium, there will be a showing of five reels of motion pictures which I took in Russia. There will be two showings on Tuesday, one beginning at 12:30 p.m., and the other at 3:30 p.m. Then on the following Monday, August 20, there will be a showing beginning at 7:30 p.m. I invite not only Senators and Senate staffs, but all Representatives and their staffs as well as anyone else who desires to see the pictures to be present at any one of those showings. The pictures were taken by me on trips that I have made to Russia and include areas of Asia and Siberia that have been seen by very few Western observers. Life in 13 of the 15 so-called republics in the Soviet Union will be shown.

I am today mailing an announcement of these showings to all Senators and Representatives and ask unanimous consent that a copy of the announcement be printed in the RECORD at this point.

I thank the Senator for yielding.

There being no objection, the announcement was ordered to be printed in the RECORD, as follows:

SENATOR ELLENDER'S PICTORIAL "INSIDE RUSSIA"

Senator ALLEN J. ELLENDER will present a series of narrated films, made by him during his visits through the Soviet Union, in the auditorium of the New Senate Office Building, Tuesday, August 14, at 12:30–2:00 p.m. and 3:30–5:00 p.m.; and Monday, August 20, at 7:30–9:00 p.m.

You, and any of your friends you think might be interested, are cordially invited to attend. Two of the 15-minute films will feature Asiatic and Siberian Russia, areas which have rarely been seen by any representatives of the West.

THE VALUE OF CULTURAL EXCHANGE

Mr. JAVITS. Madam President, will the Senator yield 1 minute to me?

Mr. KUCHEL. I yield 1 minute to the Senator from New York.

Mr. JAVITS. Madam President, considerable benefits have come to our country through our cultural exchange program which has enhanced America's image in oversea countries and helped promote good relations with them. Many of the artists we have sent to Latin America, Europe, Asia, and the Middle East have met with great success whenever they have performed and their reports should be encouragement for Congress to take action at this session on legislation now pending for a nationwide program of assistance to the visual and performing arts.

I ask unanimous consent to print in the RECORD excerpts from a report sent to me of the 15-week Latin American concert tour recently concluded by Paul Winter Jazz Sextet.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

MONTEVIDEO, URUGUAY.

As a write this we are finishing the 15th week of our State Department tour of Latin America, and we are now beginning the northward trek home up the east coast of South America. We have to date played in Haiti, Mexico, Central America, Panama, Colombia, Ecuador, Peru, Bolivia, Chile, Argentina, and Paraguay. We next spend a month in Brazil, and we return to the United States on July 20.

Our tour is an experiment in cultural exchange, this being the first time a student jazz group has ever been sent out. It is also the longest tour ever set up, covering 23 countries in 6 months. We feel, from our experiences, and from what we've been told by Foreign Service officials in 16 countries so far, that this tour has been one of the most successful in the 8-year history of our cultural exchange.

We have played some 85 concerts thus far, to predominantly student audiences. Only three of these were not standing-room-only. The response and enthusiasm for our concerts and seminars everywhere has been overwhelming, and we have drawn record-breaking crowds in many places where name artists have flopped. This we feel is a credit to the popularity of jazz, and even more to the great curiosity students have about other students.

In many cases where audiences have come with hostile attitudes we have been able to turn them completely around with our music, and Spanish. (Four of us learned Spanish for the tour, and we announce all concerts in Spanish.)

Accompanying us on the tour, as manager, is Gene Lees, noted jazz critic and former editor of Down Beat magazine. He has conducted, in Spanish, many university and television lectures, and he moderates our student seminars. A top-rate journalist of 15 years' experience, he has done a superb job of handling discussions on many different and difficult subjects, especially politics, which inevitably comes up. Most of these seminars have proved to be very valuable, to all parties concerned.

We have made contact with many Latin musicians, and adapted much of their music to jazz. Our second record album for Columbia Records, which we are recording in August, will include many of these arrangements.

Upon our return, we hope to crystallize plans we discussed with Sargeant Shriver for sending jazz musicians with the Peace Corps to teach and play jazz in different countries.

And since the new American-Soviet cultural agreement has arranged for the first American jazz group to play in Russia, we hope to be able to go ourselves in several months in an exchange of student groups. We think that groups like ours can show peoples of other countries a great deal about America, in addition to jazz. All the members of our sextet, besides being good musicians, have majored in other fields of study. And the group is perfectly integrated, with three Negroes and three Caucasians.

As we work our way through Latin America we have become increasingly concerned, and alarmed, about the future of democracy in all the Western Hemisphere. Time and time again we're told by responsible observers that the victory of communism in Latin America is inevitable. True or not, we can see for ourselves that things are not good. Many of these same people have also said that cultural exchange is one of the best hopes we've got, and that among all the culture the United States has to export jazz is far and away the best for the most extensive and consistent results. Our tour has proved this, following many others like Helen Hayes, etc.

Jazz can reach everyone—it can be appreciated, if not understood completely, by people of every level of education and society. It is also the only art form native to the United States, and the only one we have that no other country can export.

As a musical analogy of individualism and freedom, and as our one native art, jazz has become a very significant cultural asset for the United States. We are very optimistic about the future growth of jazz as a most successful good will ambassador.

We appreciate greatly your interest in this, and the help you gave us to create this tour and be given the opportunity to demonstrate the effectiveness of jazz in the student world. We are sincerely hopeful for your continued interest in this kind of cultural exchange.

Yours respectfully,

PAUL WINTER.

CONVEYANCE OF CERTAIN PROPERTY IN THE CITY OF SAN DIEGO, CALIF.

The Senate resumed the consideration of the bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. ENGLE. Madam President, I desire to speak briefly on the pending question a little later. I reserve my time.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. MORSE. Madam President——

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Madam President, I think I digest and summarize the bill which is before the Senate accurately when I say that it proposes to make available to the University of California now, in the year 1962, instead of 1966, approximately 554 acres of land, without any cost to the University of California.

I should like to state the salient factual points I would like Senators to keep in mind, because the bill in its present form is a clear violation of the Morse formula, for which, as Senators know and as I said in the debate last evening, I have battled on the floor of the Senate since 1946. I have made no exceptions to it. I intend to make no exceptions to it, because if I ever make an exception to it, the formula will be destroyed.

The application of the formula has saved the taxpayers of our country well over $600 million—possibly several hundred million dollars beyond that—in the form of requests for the giving away of property that would have been made to the Senate had not the Morse formula been the policy of the Senate as I have applied it.

I point out that the 554 acres in question is not excess to the Government at the present time. The property has not been declared surplus at the present time. It is not excess to the Navy at the present time.

What the Senators from California are seeking to do is to have determined now, in the year 1962, a grant of the property to the University of California on the ground that they hope they might get it in 1966 for nothing. I point out that there is provided a legal procedure, which I discussed last night—Senators will find it in the CONGRESSIONAL RECORD—for getting property for nothing for educational, public health, or civil defense purposes.

What the Senators from California are seeking to do, in effect, is to strike from the law in regard to a particular piece of property any possible need by 1966 for the use of such property for public health or for civil defense purposes. In other words, they are seeking to telescope the whole procedure, and have fixed and determined now a disposition of that property to the University of California without any Senator knowing what the conditions may be in 1966.

Let me state the procedure that would be followed under the operation of the law as it is on the books. The property would remain in the possession and entitlement of the U.S. Government until 1966.

The Senators from California say, "Oh, it was given to the U.S. Government in the first place."

Certainly it was. But I point out that San Diego, Calif., was very desirous of obtaining that marine area in San Diego at the time. It is the old story of chambers of commerce, cities, States, and counties always willing to offer to the Federal Government for nothing a location for a Federal operation because they know it is in their economic benefit to do so. They know it would bring in personnel. They know it would bring dollars into the cash registers of the businesses of that community.

But when the property was given to the taxpayers of the United States, it was in fee simple, without a single condition attached to the transfer. This is just so much money in the Treasury of the United States. What California is now seeking to do is to put its hand in the Treasury and get for nothing in 1962, in my judgment, what it clearly is not entitled to under the law. In order to get the land California must have special legislation passed by the Congress.

Last night I pointed out that none of us knows what the conditions may be in 1966. Let us assume a hypothetical situation. Who can tell us the hypothetical will not become a reality by 1966? Suppose we have a nuclear attack on the Pacific Coast between now and 1966. Who among us can say that the best use of that property might not be to build beneath the surface of that land a hospital in order to meet the health needs of our country?

Do not forget the law also mentions the third possibility, which is civil defense.

Also, Madam President, let us keep in mind that we do not know what other Government agencies in 1966 may need this property. All I am saying is that the law requires, first, that the property must be declared surplus. This property is not surplus property as of now. Second, other Government agencies have a right to make the decision, when it becomes surplus property, as to whether or not they need it for Federal purposes. None of us knows what Government agencies may need it in 1966.

Lastly, Madam President, there are three purposes for which the property can be given away in 1966 if it is declared surplus property: One is for educational purposes. Then the University of California would qualify, but would not then get it as a matter of right, because it would still be up to the Department of Health, Education, and Welfare to decide whether it should give it away, in 1966, if it is surplus, for educational purposes, for health purposes, or for civil defense purposes.

The law ought to run its course. If we accept this bill as legislation today we will create a dangerous precedent, and we will, in my judgment, open a Pandora's box for similar legislation whenever a Senator feels that he has an opportunity to get for nothing, ahead of schedule, a piece of Federal property for an educational purpose in his State.

As I said last night in a jocular way and repeat now, I am a great supporter of Federal aid to education, but I want it to be on uniform basis, on a basis of equality. I do not want it on a basis of special exceptions.

Madam President, I reserve the remainder of my time.

Mr. ENGLE. I yield 5 minutes to my senior colleague from California.

Mr. KUCHEL. Madam President, the distinguished senior Senator from Oregon inveighs against what he alleges the Senators from California are trying to do. I should like to set out for the record now what the Government of the United States is trying to do. It is trying to effect a transfer of Federal property, which is no longer needed, to a public educational institution which happens to be located in our State, and which needs it. The Navy Department is in favor of the proposed legislation; so is the Department of Health, Education, and Welfare; so is the General Services Administration. The Bureau of the Budget has interposed no objection. All the members of the Armed Services Committee, both Democratic and Republican, have unanimously approved and sent this bill to the Senate.

I suggest that the opposition comes from my good friend from Oregon, and perhaps from him alone. I believe that on occasions the Morse formula has served a useful purpose. The Morse formula would perform a regrettable disservice if it were applied to the proposed legislation now before the Senate.

The senior Senator from Oregon talks about the horrible precedent that would be established. I deny it. I have before me a carefully prepared memorandum, which has been sent to me by the Legislative Reference Service. It indicates a number of instances where the Senator from Oregon failed to offer his so-called formula, or, when he offered it, the Senate, in its wisdom, overruled the position of the Senator from Oregon.

I say that this is one bottle of Morse formula which has gone a little rancid. I suggest that the public interest would be best served by passing the bill in its present form. I say for the record, as I said yesterday, first, the city of San Diego made a gift of the property to the Government of the United States. The Senator from Oregon can criticize that gift and say that there were some evil, selfish motives behind the gift, by reason of suasion or pressure from the local chamber of commerce. I deny it. The fact remains that a gift was made. It was made in good faith, without charge to the Federal Government. The fact remains that the Navy Department, which has utilized that property, is now prepared to turn the property over to the University of California under legislation which provides that title shall vest in the University of California only so long as the University of California utilizes the property for educational purposes.

Under all those circumstances, I hope and I pray that the unanimous decision of the Armed Services Committee, based upon the unanimous recommendations of the agencies in the executive branch of the Government, will be upheld in the Senate when we vote in another 15 minutes.

I ask unanimous consent to have printed in the RECORD at this point a list of bills passed by the Senate without the Morse formula.

There being no objection, the list was ordered to be printed in the RECORD as follows:

BILLS APPROVED IN SENATE WITHOUT MORSE FORMULA

EIGHTY-THIRD CONGRESS

S. 122 (Public Law 155): Directing the conveyance of certain property in Rupert, Idaho.

H.R. 163 (Public Law 145): To provide for the conveyance of certain land in Monroe County, Ark., to the State of Arkansas (donation.)

S. 3187 (Public Law 708): Authorizes the United States to quitclaim all its right, title, and interest in and to certain lands in Arizona.

H.R. 8038 (Public Law 652): Authorizes conveyance to the Hot Springs School District and to Garland County for school purposes (35 acres).

EIGHTY-FOURTH CONGRESS

H.R. 727 (Public Law 252): To authorize the conveyance of certain land to the Pecwan Union School District (California) for use as the site for a school.

S. 266 (Public Law 77): Authorizes the Secretary of Interior to transfer certain property to the State of Wyoming for National Guard purposes.

S. 535 (Public Law 261): To provide for the conveyance to North Dakota of the land where Chief Sitting Bull was buried (for historic site).

S. 2822 (Public Law 572): Authorizes Secretary of Interior to transfer 9 acres of land to School District No. 8, Mohave County, Ariz.

EIGHTY-FIFTH CONGRESS

S. 556 (Public Law 85–193): To provide for the conveyance of certain real property of the United States situated in Clark County, Nev., to the State of Nevada for the use of the Nevada State Board of Fish and Game Commissioners.

S. 999 (Public Law 85–205): Authorizes the Secretary of the Interior to convey certain land to North Dakota for the use and benefit of the North Dakota State School of Science.

EIGHTY-SIXTH CONGRESS

H.R. 5270 (Public Law 86–407): Authorizes the Secretary of Interior to convey to the Metropolitan Water District of Salt Lake City, Utah, all right, title, and interest of the United States in certain lands located in Salt Lake County, Utah (without consideration).

Mr. ENGLE. Madam President, I concur completely in the remarks of my distinguished senior colleague from California. I wish to summarize briefly the points on which we rest our case:

First. The Federal Government got this property in 1916 for nothing. Not a plugged nickel did it pay for it.

Second. The Federal Government used the property for 46 years as a rifle range; not as a great plant which contributed to employment or to the tax base. They had to abandon it because of the danger that a marine might be shooting into a schoolhouse or someone's residence.

Third. The property has therefore become surplus to the needs of the Federal Government. The rifle range is being moved out to Camp Pendleton. In the recently passed military construction bill we authorized approximately $5 million for that purpose.

Fourth. In 1966 we can get this property for nothing under existing law through the General Services Administration, because the State of California, for educational purposes, has a priority.

Let me go back through these reasons.

First, the Federal Government got the property for nothing.

Second, they used it for 46 years at no cost, for a rifle range.

Third, it is no longer needed by the Federal Government.

Fourth, in 1966 we can get it for nothing, if we wait.

Madam President, why is this bill necessary? It is necessary because we cannot wait. We need now to plan this great university campus. The State of California has acquired 500 acres of land for this campus, and it needs a commitment as to this area now, in order that the University of California may proceed with its plans to educate approximately 27,500 students.

The Senator from Oregon says that we ought to pay $4 million for the 4 years, or a million dollars a year. We would not have any objection to that, if we had the money, but we are building three university campuses in the State of California, and we are building six junior colleges there.

When Governor Brown became Governor, he was faced with a deficit of more than $250 million. He raised taxes and he balanced his budget. In the preceding fiscal year his surplus was $12 million. What the Senator from Oregon is trying to "soak" the State of California for the piece of land, which was given to the Federal Government and used by the Federal Government for 46 years, would be one-third of the total surplus. We simply do not have the money.

We believe the bill is fair and equitable and right. It dedicates to a public use superior to any in the land, public land of the United States; namely, for a great university in southern California. I hope that the amendment will be voted down.

Mr. MORSE. I say to my good friend from California [Mr. ENGLE] that what I am seeking to do is to prevent California from acquiring some rights to which it is not entitled under existing law. The Senators from California cannot erase facts from the RECORD. I shall cite two or three facts which, in my judgment, are controlling.

The Senators from California speak about the Federal Government having got the land for nothing. The Federal Government has spent $3,100,000 on this property since it acquired it. It is used in connection with Marine operations. The presence of those Marines in that part of California has not been to the economic disadvantage of California.

But the important fact that the RECORD must show is that California is not entitled to this property as of now, and it would not be entitled to the property until 1966. There is no assurance that California would get the property even in 1966 for educational purposes. That is only one of three possible uses to which the property could be devoted in 1966. If HEW, in 1966, found that the public health needs were greater than the educational needs, with respect to the use of the property, HEW would then have a clear legal obligation to see to it that the property was used for health needs.

If in 1966 HEW found that the greatest need for the property was civil defense, then the property would have to be used for civil defense, not for educational purposes.

The Senators from California are seeking by the bill to eliminate any possibility of this property being used in 1966 either for health purposes or for civil defense purposes. That is why I say they are trying to telescope the disposal of this property into 1962, whereas, under the law, the statute would have to run its course until 1966.

There is a fourth possible use which could be made of this property in 1966 which the Senators from California are trying to wipe out now, because the property is not surplus now. It has not been decreed to be surplus now. If it were surplus now, the disposition of the property would be in the hands of the General Services Administration. In 1966 there might be some other department of the Government which could use the property. It might very well be the Air Force; it might very well be the Army; it might very well, in 1966, be the Navy again. It might be any of the Government departments. But what the Senators from California are seeking to have passed is a special piece of legislation which would deny to the Federal Government the opportunity to use the property for its greatest need in 1966, if such a need developed.

Again, I point out to the Senators from California that the gift argument is a fallacious argument, because once property is vested in the taxpayers of the United States in fee simple, without a single condition attached to it, it is dollars in the Treasury of the United States. What the Senators from California seek to do is to get a gift now to which, under the law, California would not be entitled now, unless it got this kind of special giveaway legislation passed by Congress. This is not the first time the senior Senator from Oregon has stood in a very small minority against giveaways in the Senate; but I have seen attitudes change once the Senate understood the giveaways which were involved.

Pointing out that the Department of Defense, the Department of Health, Education, and Welfare, the Bureau of the Budget, and the Department of the Navy have no objection to the passage of the bill causes me to ask: So what? What does that have to do with my responsibility as a Senator to see to it that we apply a precious principle of law in this country, and that is the principle of uniform application of the laws?

The principle being fought for by the proponents of the bill, to get an exception in order to serve the economic needs of California at the present time, does not have any merit with me. I would rather stand for the uniform application of the laws in regard to the surplus property statute. The bill seeks to create an exception in regard to the administration of laws on the books in regard to surplus property.

I close by pointing out that this land is not surplus property as of this moment. It has not been declared surplus property. This property belongs to all the taxpayers of the United States. The Senators from California, in this giveaway bill, want the Senate to give to California now the guarantee that in 1962 California will get this property, no matter what the facts are in 1966 as to the health needs, the civil defense needs, or the needs of some other Government department.

I could not accede to this proposal and then apply the Morse formula to any other Senator in connection with any bill that he might want to offer in the future. I have stated to the Senate, as I have stated to many Senators individually that I will never make an exception to the Morse formula. I defy anyone to find in the RECORD, since 1946, an exception to the Morse formula. I have applied it in my own State as well as in other States. I do not intend to make an exception to it today. That is why I have asked for a yea-and-nay vote on my amendment. I rest my case.

Mr. ENGLE. Madam President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from California has 4 minutes remaining.

Mr. ENGLE. I shall address myself to one proposition; then I shall yield back the remainder of my time.

What is before the Senate is not a giveaway. In 1966 the State of California could get this property for nothing. In 1916 the Federal Government got it from the city of San Diego for nothing. The city of San Diego and the county of San Diego have joined with the State of California in asking for this legislation. The Federal Government has used the property 46 years for nothing as a rifle range. Now the Senator from Oregon says, "Wait 4 years." The State of California has acquired more than 500 acres adjacent to this property to establish a university campus. Not one single department of the Federal Government has expressed any interest in this property—neither the Navy nor any other department. They cannot use it. The fact is that if the Senator from Oregon himself had to pass upon this case now or in 1966, he would favor permitting this property to be used for the purpose of education, which under the law has priority.

All we are seeking to do is to short circuit the time. In 4 years—in 1966—the State of California could get the property for nothing. But we say, "Give it to us now." And we have included restrictions. At any time the property is not used for educational purposes, it will revert to the Federal Government.

We have included further restrictions: We say that there can be no complaints because of noise or hazards from Miramar Air Force Base. Those restrictions also were placed in the bill, and would not apply if we waited until 1966. But we cannot wait; we want to go forward now.

I repeat: The Federal Government got this property for nothing. The Federal Government has used it for 46 years. The property is now surplus to the needs of the Federal Government. In 1966, under existing law, California could get it for nothing. We are asking for it now, because it can be used now in the interest of education, the highest purpose to which public land can be put.

Mr. KUCHEL. Madam President, the equities are entirely in favor of the bill. The Government of the United States is in favor of the bill. The Senate today has an opportunity to do something constructive for public education in America by permitting a great public educational institution, whose faculty is graced by many Nobel Prize winners, whose president is an outstanding American, whose graduates perform spectacular service for the Federal Government, an opportunity to provide for some 27,000 students in southern California, on a piece of ground originally owned by the city of San Diego, which today joins in asking the U.S. Senate to approve the bill.

Mr. MORSE. Madam President, I close by saying that it is not a fact that California will get this land for nothing in 1966. California may get it for nothing in 1966, if the Department of Health, Education, and Welfare does not find health needs and civil-defense needs more paramount or if some other department of the Federal Government does not ask to use this land.

The **PRESIDING OFFICER.** The time available to both sides has expired.

Mr. KUCHEL. Madam President, on the question of agreeing to this amendment, I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second?

The yeas and nays were ordered.

Mr. KUCHEL. Madam President, at this time I suggest the absence of a quorum.

The **PRESIDING OFFICER.** Is there objection to having a quorum call before the yeas and nays are taken? The Chair hears none; and, without objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. KUCHEL. Madam President, am I correct in understanding that the question before the Senate is whether the Senate desires to adopt or reject the Morse amendment?

The **PRESIDING OFFICER.** The question is on agreeing to the Morse amendment.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. Mr. President, I announce that the Senator from West Virginia [Mr. BYRD], the Senator from North Carolina [Mr. JORDAN], the Senator from Missouri [Mr. LONG], the Senator from Montana [Mr. METCALF], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] is necessarily absent.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Maryland [Mr. BUTLER], the Senator from Arizona [Mr. GOLDWATER], the Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent because of a death in the family.

If present and voting, the Senator from Iowa [Mr. MILLER] and the Senator from New Hampshire [Mr. MURPHY] would each vote "nay."

The result was announced—yeas 13, nays 73, as follows:

[No. 146 Leg.]

YEAS—13

Burdick
Eastland
Gruening
Hart
Hickey
Johnston
Kefauver
Lausche
McGee
Morse
Neuberger
Pell
Proxmire

NAYS—73

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bottum
Bush
Byrd, Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Douglas
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Hartke
Hayden
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McNamara
Monroney
Morton
Moss
Mundt
Muskie
Pastore
Prouty
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING—14

Anderson
Bennett
Butler
Byrd, W. Va.
Cooper
Goldwater
Hickenlooper
Jordan, N.C.
Long, Mo.
Metcalf
Miller
Murphy
Pearson
Sparkman

So the amendment was rejected.

Mr. KUCHEL. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. ENGLE. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The **PRESIDING OFFICER.** The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1108) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1108

A bill authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy, or his designee, is authorized and directed when he determines that the following described land at Camp Matthews, California, is available for conveyance to the regents of the University of California for educational and related purposes, to convey said land, together with all improvements and appurtenances, to the regents of the University of California by quitclaim deed without monetary consideration therefor but upon the conditions set forth in this Act.

SEC. 2. The property to be conveyed comprising approximately 544 acres of land is more particularly described as follows: The easterly half of pueblo lot 1300; all of pueblo lot 1309; all of pueblo lot 1310; all of that portion of pueblo lot 1311 lying easterly of Pacific Highway and southerly of Miramar Road; all that portion of pueblo lot 1314 lying southerly of Miramar Road; all that portion of pueblo lot 1315 lying southerly of Miramar Road; all that portion of the westerly half of pueblo lot 1316 lying southerly of Miramar Road; said pueblo lands being according to the map thereof made by James Pascoe of 1870, a certified copy of which is filed as miscellaneous map numbered 36 in the office of the county recorder of San Diego County, California; excepting therefrom any property previously conveyed to the State of California or the city of San Diego for highway purposes.

SEC. 3. The deed of conveyance executed pursuant to this Act shall include the conditions that (a) such property shall be held by the regents of the University of California so long as the property conveyed shall be used for educational purposes; (b) if at any time the Secretary of the Navy determines, upon advice received from the Secretary of Health, Education, and Welfare, that the property so conveyed, is not held for such purposes, title thereto shall immediately revert to the United States; and (c) in the event of any such reversion, title to all improvements made thereon by the regents of the University of California during its occupancy shall vest in the United States without payment of compensation therefor. Such deed of conveyance shall be subject to such other conditions as the Secretary of the Navy may deem appropriate to protect the interests of the United States.

SEC. 4. The regents of the University of California may exchange portions of the property described in section 2 for other adjacent lands of approximately equal value in order to develop such property boundaries as may be best suited for the purposes of the University of California.

SEC. 5. Section 3 shall be applicable in all respects to any land received by the regents of the University of California under the exchange provisions authorized in section 4, and any land conveyed by the regents of the University of California pursuant to such exchange shall be received by the grantee thereof free and clear of the conditions prescribed in the first sentence of section 3.

Mr. ENGLE. Madam President, I move to reconsider the vote by which the bill was passed.

Mr. KUCHEL. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BRINGING NUMBER OF CADETS AT U.S. MILITARY AND U.S. AIR FORCE ACADEMIES UP TO FULL STRENGTH

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of Calendar No. 1494, Senate bill H.R. 7913, and that it be laid before the Senate and made the pending business.

The **PRESIDING OFFICER.** The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength.

The **PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment to strike out all after the enacting clause and insert:

That section 4343 of title 10, United States Code, is amended by striking out at the beginning of such section the word "If" and inserting in lieu thereof "(a) If", and by adding a new subsection as follows:

"(b) In addition to the appointments authorized under subsection (a) of this section, the Secretary of the Army shall determine during each academic year the number by which the number of cadets at the Academy immediately prior to the termination of the succeeding academic year will be below the authorized number. Within that determination, the Secretary may select for admission to the Academy qualified candidates only from those candidates described in clauses (1), (2), and (3) below who are recommended and found qualified by the Academic Board:

"(1) Candidates who are first alternate nominees of the nominating authority specified in clauses (1) and (2) of section 4342(a) of this title; except that in any case in which the first alternate nominee of any such nominating authority is not qualified for selection, the second alternate nominee of such nominating authority shall be eligible for selection, and in any such case in which the second alternate nominee of such nominating authority is not qualified for selection, the third alternate nominee of such nominating authority shall be eligible for selection.

"(2) Candidates who are qualified nominees of the nominating authority specified in clauses (1) and (2) of section 4342(a) of this title and who were designated as congressional competitors; except that only one nominee of any such nominating authority, and only a nominee who is ranked by the Academic Board on the basis of merit next below a congressional competitor selected for admission to the Academy, shall be eligible for selection under this clause.

"(3) Candidates who are qualified nominees under the provisions of clauses (3) through (8) of section 4342(a) of this title; but not more than 5 per centum of the total number of candidates selected by the Secretary under the provisions of this subsection in any year may be selected under authority of this clause.

Selections which the Secretary may make under the authority of clauses (1) and (2) of this subsection shall be made in accordance with the order of merit established by the Academic Board for all nominees referred to in such clauses (1) and (2), and selections which the Secretary may make under the authority of clause (3) of this subsection shall be made in accordance with the order of merit established by the Academic Board for nominees referred to in such clause (3). At no time may the number of cadets at the Academy appointed under this subsection exceed two hundred and fifty. An appointment under this subsection is an additional appointment and is not in place of an appointment otherwise authorized by law."

Sec. 2. Section 9343 of title 10, United States Code, is amended by striking out at the beginning of such section the word "If" and inserting in lieu thereof "(a) If", and by adding a new subsection as follows:

"(b) In addition to the apppointments authorized under subsection (a) of this section, the Secretary of the Air Force shall determine during each academic year the number by which the number of cadets at the Academy immediately prior to the termination of the succeeding academic year will be below the authorized number. Within that determination, the Secretary may select for admission to the Academy qualified candidates only from those candidates described in clauses (1), (2), and (3) below who are recommended and found qualified by the Faculty:

"(1) Candidates who are first alternate nominees of the nominating authority specified in clauses (1) and (2) of section 9342(a) of this title, except that in any case in which the first alternate nominee of any such nominating authority is not qualified for selection, the second alternate nominee of such nominating authority shall be eligible for selection, and in any such case in which the second alternate nominee of such nominating authority is not qualified for selection, the third alternate nominee of such nominating authority shall be eligible for selection.

"(2) Candidates who are qualified nominees of the nominating authority specified in clauses (1) and (2) of section 9342(a) of this title and who were designated as congressional competitors; except that only one nominee of any such nominating authority, and only a nominee who is ranked by the Faculty on the basis of merit next below a congressional competitor selected for admission to the Academy, shall be eligible for selection under this clause.

"(3) Candidates who are qualified nominees under the provisions of clauses (3) through (8) of section 9342(a) of this title; but not more than 5 per centum of the total number of candidates selected by the Secretary under the provisions of this subsection in any year may be selected under authority of this clause.

Selections which the Secretary may make under the authority of clauses (1) and (2) of this subsection shall be made in accordance with the order of merit established by the Faculty for all nominees referred to in such clauses (1) and (2), and selections which the Secretary may make under the authority of clause (3) of this subsection shall be made in accordance with the order of merit established by the Faculty for nominees referred to in such clause (3). At no time may the number of cadets at the Academy appointed under this subsection exceed two hundred and fifty. An appointment under this subsection is an additional appointment and is not in place of an appointment otherwise authorized by law."

Sec. 3. (a) Paragraph (2) of section 4348, paragraph (2) of section 6959, and paragraph (2) of section 9348 of title 10 of the United States Code are each amended by striking out "three" and inserting in lieu thereof "five".

(b) The fourth sentence of section 182 of title 14 of the United States Code is amended by striking out "four" and inserting in lieu thereof "five".

(c) The amendments made by this section shall apply only with respect to cadets and midshipmen appointed to the service academies after the date of enactment of this Act, and shall not affect the obligated period of service of any cadet or midshipman appointed to one of the service academies on or before the date of enactment of this Act.

JURISDICTION OF THE MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA IN CIVIL ACTIONS—RECONSIDERATION

Mr. ROBERTSON. Madam President, yesterday, under a unanimous-consent call of the calendar, we passed a bill to enlarge the jurisdiction of the municipal court of the District of Columbia, a minor court, increasing jurisdiction over civil cases up to $10,000, and also giving to it the most unusual privilege of summoning witnesses in civil as well as criminal cases from a distance of 100 miles. That authority would extend into the States of Maryland, Virginia, West Virginia, and Pennsylvania.

Under these circumstances, I believe Senators from the States affected by this provision are entitled to time to consider carefully this new authority.

Therefore, I enter a motion to reconsider the vote taken yesterday by which H.R. 12708 was passed in the Senate.

INTERAGENCY COORDINATION IN DRUG RESEARCH — COMMITTEE MEETING DURING SENATE SESSION

Mr. HUMPHREY. Madam President, this afternoon, at 3 p.m., the Subcommittee on Reorganization and International Organizations of the Committee on Government Operations will hold a hearing on interagency coordination in drug research.

The hearing will be held in room 3302, New Senate Office Building.

I ask unanimous consent that this subcommittee hearing may be held during the session of the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Madam President, I ask unanimous consent that a statement which I released yesterday describing the purposes of today's hearing may be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Hearing on Interagency Coordination in Drug Research

(By Senator Hubert H. Humphrey, Democrat, of Minnesota)

Tomorrow afternoon, the Senate Government Operations Subcommittee on Reorganization and International Organizations will resume its hearings on interagency coordination in drug research.

Among the specific topics which we will review will be cooperation among Federal agencies with respect to tranquilizer drugs, antihypertension drugs, antifertility drugs, and certain other categories.

I would be less than frank if I did not say that in several of these categories, it would appear that interagency cooperation has been less than perfect. It has, in some phases, according to preliminary evidence, been just about nonexistent.

WITNESSES TOMORROW

Our hearing tomorrow will be somewhat of a roundtable discussion.

Time will permit us to touch upon but a few highlights of the great many phases which bear study.

I will mention now the names of a few of the principal witnesses who will be available for questioning:

(a) Federal officials:

1. From the Food and Drug Administration: George Larrick, Commissioner; Ralph Smith, M.D., Director, Division of New Drugs; and W. R. Stephens, Director, Bureau of Enforcement.

2. From the Public Health Service: David Price, M.D., Deputy Surgeon General; and Stuart Sessoms, M.D., Deputy Director, National Institutes of Health.

(b) Private experts: Gregory Pinkus, Sc. D., director of research, Worcester Foundation for Experimental Biology (one of the world's leading experts in research on the physiology of reproduction).

In addition, individuals associated with or formally representing other private groups will be available, e.g., from the Pharmaceutical Manufacturers Association; etc.

SUBCOMMITTEE'S JURISDICTION

I would like to reiterate two points which I made at, prior to, and after last Wednesday's subcommittee hearing:

1. Our own subcommittee is not authorized to examine proposed amendments to drug laws, per se. The Senate Judiciary Committee is so authorized under the Senate Rules and is now expertly studying President Kennedy's proposals for this purpose.

There is, of course, no reason to delay strengthening present laws, pending completion of our subcommittee's study.

We are examining interagency administrative practices. Problems of administration may persist, no matter how well laws are perfected.

2. Secondly, our subcommittee does not intend to review the scientific merits or flaws of any drug or class of drugs; that is a task for scientists and technicians.

ONE BILLION TWO HUNDRED MILLION DOLLARS IN FEDERAL MEDICAL RESEARCH

For 4 years, since August 1958, the reorganization subcommittee has been studying interagency cooperation or lack of cooperation in biomedical research.

In the 1963 fiscal year, medical and health-related research will represent an expenditure in excess of $1.2 billion.

Of this sum, literally scores of millions of dollars will involve drug research.

"How much teamwork exists in drug research" is, therefore, a crucial question to the Reorganization Subcommittee.

ILLUSTRATIONS OF INTERAGENCY INTEREST IN DRUG RESEARCH

We cannot overestimate the importance of full Federal teamwork in areas relating to the Food and Drug Administration's specific responsibility. For example, late in 1960, one scientist estimated that one out of every seven Americans was taking tranquilizers as an escape from anxiety. Thorough interagency cooperation on a problem of such vast dimensions is indispensable.

As a second illustration, I cite interagency interest in drugs affecting pregnant mothers. No one need be reminded that 4.2 million babies are born each year in the United States or of our escape from a mass tragedy which might have resulted from greater use of thalidomide.

Perhaps, however, we do need to be reminded of this fact: there are infinitely more subtle problems of drug effects on women of childbearing age than the dramatic nature of thalidomide's effects might ordinarily lead us to explore.

I intend, therefore, to ask questions at tomorrow's hearing as regards interagency cooperation in drug and other research involved in obstetrics and gynecology.

There are 58 million American women between the ages of 20 and 44, and 6.7 million more between the ages of 15 and 19.

They consume considerable amounts of drugs, as do other Americans.

There is every reason, therefore, for careful review of interagency teamwork in this area of medicine.

NEED FOR PERSPECTIVE

I conclude by pointing out that our subcommittee has sought and will continue to seek an objective, sound approach to drug problems.

We all need to keep a sense of perspective. Unreasonable fear or anxiety about drugs could be just as undesirable as unreasonable or blind faith which might ignore possible adverse side effects from drugs.

The medical profession, the pharmaceutical industry, and the pharmaceutical profession have given us, I am glad to state, excellent cooperation in our study.

Mankind has much to be grateful for in the profound beneficial effects of drugs. Our intent is to help maximize those benefits and minimize hazards.

COMMUNICATIONS SATELLITE ACT OF 1962—SENATOR NEUBERGER EXPLODES MYTHS ABOUT THE SPACE COMMUNICATIONS GIVEAWAY

Mr. YARBOROUGH. Madam President, three times within the past 2 weeks the junior Senator from Oregon [Mrs. Neuberger] has rendered an outstanding service to the cause of good government by the perception, diligence, and courage with which she has used her mind and energy on behalf of the people of the United States.

She has brought effectively before the public, issues in the debate over whether the people of the United States, who have paid for the development of our capabilities in space to date, will give away that portion of the development of the uses of space connected with communications—the major portion of the uses of space within the immediately foreseeable future—or whether the people of the United States, having developed this capability, will retain it for themselves.

On Saturday, July 28, the junior Senator from Oregon [Mrs. Neuberger] managed affairs on the floor of the Senate with a wisdom and an aplomb worthy of any veteran of whatever length of service. Again, on Monday, July 30, the junior Senator from Oregon, with a 4½-hour speech, the longest speech ever made by a woman Member of the U.S. Senate, brilliantly discussed the weaknesses, the vices, and the unfairness to the people of the United States of the monopoly giveaway space communications bill. Now, in a third occasion, in a brilliant letter in the Washington Post and Times Herald of Wednesday, August 8, 1962, under the caption "Exploiting Telstar," the Senator has exploded a number of myths about the private monopoly bill. She has capably torn aside this film of fiction concerning the prevention of monopoly control by the directorship system provided in the bill; she has shown the fallacies of hoping that FCC can regulate A.T. & T. in outer space; she has pointed out again, as many of us have over and over, that this private monopoly space giveaway satellite communication bill, if passed, would be the first time in history that the United States would be the creator and sponsor of a private international monopoly and cartel.

Madam President, I tip my hat to the junior Senator from Oregon [Mrs. Neuberger] who is rendering a public service in keeping with the finest traditions of the Senate.

I ask unanimous consent to place in the Congressional Record at this point, the Senator's fine letter entitled "Exploiting Telstar" to the Washington Post and Times Herald, published Wednesday, August 8, 1962.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Exploiting Telstar

Your recent editorials have endorsed the communications satellite bill upon the ground that the bill contains ample safeguards for the public interest. These safeguards are transparent. They fail to account for the reality of A.T. & T.

The massive economic concentration represented by the Bell System—owned and controlled by A.T. & T.—is staggering. This $27 billion corporation owns and controls 98 percent of long-distance telephone service in the United States and all domestic facilities for oversea commercial telephone service.

A.T. & T.'s monopoly grasp of communications is now threatened by the advent of communications satellites. The Synoom system, rapidly being perfected by Hughes Aircraft as an alternative to the Telstar system, would enable American companies such as Western Union, Hughes, RCA, and International Telephone & Telegraph to compete with A.T. & T. for the business of long-distance communications users. If the commercial development of the Syncom system is permitted, A.T. & T.'s enormous investment in its long lines and cables will be threatened. To thwart competition, every sinew of the A.T. & T. organization is at this moment straining to insure that A.T. & T. will control the destiny of communications satellites.

No flimsy formula for the allocation of directorships such as that contained in the proposed satellite bill could possibly blunt the naked economic power wielded by A.T. & T. The bill would permit A.T. & T. to purchase as much as 50 percent of the capital stock of the proposed satellite corporation. A.T. & T.'s stockholders and officers would be free to purchase additional blocks of corporation stock. Furthermore, A.T. & T.'s position as the greatest commercial user of satellite facilities will amplify its power to dictate the rates and policies of any private satellite corporation.

Nor can I take comfort in the bill's provision for FCC regulation of the proposed satellite corporation. Since the founding of the FCC in 1934, it has never completed a full formal hearing on telephone rates. Current independent reports by the Budget Bureau, the Hoover Commission, and the Rand Corp. are unanimous in concluding that the FCC has been totally ineffective in regulating A.T. & T.

As Chairman Celler of the House Judiciary Committee has said, "A.T. & T. has successfully avoided regulation on earth. Divine guidance will be necessary to regulate A.T. & T. if it is permitted to expand its domain into space."

The proposed satellite bill would establish a revolutionary new pattern for commercial exploitation of our natural and scientific resources. For the first time in history, the U.S. Government would be the creator and sponsor of a private, international cartel. A flood of letters and telegrams to me has shown that our citizens understand the significance of the basic issue—why should the Federal Government license the unchecked expansion of monopoly and economic concentration?

Maurine B. Neuberger,
Senator from Oregon.

Washington.

Mr. MORSE. Madam President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished senior Senator from Oregon.

Mr. MORSE. I am very happy to associate myself with every remark made by the Senator from Texas. I add that in my judgment the letter of my colleague from Oregon [Mrs. Neuberger] published in the Washington Post and Times Herald is a most succinct and most effective presentation of irrefutable logic in support of the point of view of those of us who oppose the satellite communications bill.

I congratulate my colleague in the Senate. I express the hope that every Senator—and, I hope, millions of Americans—will have an opportunity to read the letter which my colleague wrote to the Washington Post, published in yesterday's edition.

I believe the junior Senator from Oregon should take great consolation, as should others of us, in the fact that the incomparable ex-President of the United States, Harry Truman, so the ticker says, on arriving in Washington today, supported the position of those of us who are opposed to the administration's communications satellite bill.

I wish to say that this great Democrat need not yield to any other Democrat living in America today on his record of fighting to protect the public interest; and his opposition to the bill is only another example of making a record for the people and against the shocking giveaway of the public interest that this administration is guilty of in proposing passage of the satellite communications bill.

I not only congratulate my colleague, but I also wish to say that I congratulate the ex-President of the United States, Harry Truman, for his fearlessness and his courage, manifested again as he speaks out in support of the public interest.

Madam President, I shall take only a moment to read what the ticker says about President Truman's statement on the bill. I think it is apropos to have it appear in the RECORD along with the discussion of the brilliant letter by the junior Senator from Oregon published in the Washington Post yesterday. The ticker report is as follows:

> Former President Truman came out in opposition today to the Kennedy administration's communications satellite bill.
>
> He told a trainside news conference facilities for developing a system of Telstar-like satellites were "public property" and ought to stay that way.
>
> Truman said developments in this field came at a public cost of $25 or $30 million and agreed with critics of the bill that it would be a "gigantic giveaway" to set up a private corporation to run the system.

Mr. GRUENING. Madam President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Alaska.

Mr. GRUENING. Madam President, I am very happy to associate myself wholeheartedly with the very sound remarks made by the senior Senator from Texas, joined in by the senior Senator from Oregon. I fully share their sentiments. Their expressions of admiration for the junior Senator from Oregon are fully merited.

I particularly applaud the courageous stand the junior Senator from Oregon has taken not merely in regard to the issue before the Senate in respect to the space communications satellite bill but also on all issues affecting the public interest, on the side of which she is invariably found.

Mr. YARBOROUGH. I thank the distinguished Senator from Alaska, and the distinguished senior Senator from Oregon. In praising the junior Senator from Oregon they have spoken words of wisdom.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Madam President, the first time that two females ever served in the U.S. Senate the mother of the junior Senator from Louisiana was one of them. There was a great pride in the family of this Senator that there were two females in the Senate at that time.

I am proud today that we have two very able female Senators as Members of this body. I wish to say that none has ever demonstrated more diligence or more arduous devotion to the cause in which she believes than the junior Senator from Oregon.

I commend the Senator from Texas for making this a matter of public record.

Mr. YARBOROUGH. Madam President, I desire to thank the distinguished junior Senator from Louisiana. I come from a State neighboring Louisiana, and I know what great services his distinguished father and mother both rendered to the State of Louisiana and to the Nation.

The distinguished junior Senator from Louisiana is now the oldest member, though he is young, of the Long family from Louisiana holding office. There is a nominee for the House of Congress who bears that family name, who will undoubtedly be elected in Louisiana in November. The junior Senator from Louisiana is now the chieftain of this great clan of fighters for the people of Louisiana. It is a happy privilege to be fighting shoulder to shoulder with him on the floor of the Senate.

We have always found the Long family on the side of the people; whether it was his father, his mother, his uncle, or other members of the family.

The dramatic methods of campaigning they used—and they were novel, for the Long family originated new methods of political campaigning for the American people—caught the public attention, but one thing stands out above all others, as I know, since I come from a neighboring State; that is, they were always on the side of the people. I take my hat off to him.

The school teachers get more pay in the State of Louisiana than they get in my State. They are better paid because of the efforts of the Long family.

Old age pensioners draw better checks, higher per capita and higher per month and per year, in Louisiana, than in my State. The Long family leadership provided that.

Over and over in the field of public welfare it will be found that Louisiana has a higher standing than any other State touching its borders. That is a tribute to the public service and leadership of the Long family.

I am not surprised now to see the chieftain of all the Long clan, as one of the leaders—one of the most able leaders—in the fight to preserve the rights, the privileges, the hopes and the dreams of the people of the United States for generations to come in regard to space. I honor him for standing up and fighting against this unwise and retrogressive thing which would destroy for all time in regard to the uses of space, the hopes of the people, the hopes of generations of people yet to come, despite expenditures of $25 billion of the people's money on all of these things, and despite the snide remarks which have been made in some of the newspapers about a filibuster and using delays and so forth. Since when has it been unpatriotic to defend the rights of 180 million people?

Thank God, the number of distinguished Senators who are following the Long experience in this body cannot merely be counted on the fingers of one hand or two hands; they are legion, and are growing in number day by day. With that support to inspire us, we will not fail. The distinguished junior Senator from Oregon is fast building a record of leadership in this body. It is not surprising to see the Long family efforts and another Neuberger fighting side by side for the common good of the people.

Mr. GRUENING. Madam President, will the Senator yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Alaska.

Mr. GRUENING. I should like again to associate myself with the remarks of the senior Senator from Texas concerning the junior Senator from Louisiana. I share his views in every respect. His is a record in behalf of public service, in behalf of the public interest, and in behalf of the plain people which is unexcelled. We hope it will go on for many years until some of the gallant and courageous fights which the Senator from Louisiana [Mr. LONG] has been waging will be won, as I am confident they will be, because they are right.

Mr. YARBOROUGH. I thank the distinguished Senator from Alaska.

Madam President, again I wish to say we are proud of the privilege of working with the present occupant of the chair, the junior Senator from Oregon [Mrs. NEUBERGER], who has already, in the brief 5 days of debate the last time the bill was discussed, made a notable contribution to the advancement of the rights of the American people. She has given irrefutable proof of the ability of her sex to render distinguished public service in this strenuously competitive body, the Senate of the United States. And she has put forth her efforts on the side of idealism and public rights and justice. In my opinion, the example she is giving will lead to the election of more women to the Senate proportionally in the future, than have ever served here in the past.

Mr. DIRKSEN subsequently said:

Madam President, in a colloquy that took place a short while ago with respect to the communications satellite bill, I heard it said that "the incomparable Harry Truman" had denounced the satellite bill.

There is a little more to the Associated Press dispatch. I think in the interest of the whole story, the remainder of the dispatch should be read into the RECORD.

The Associated Press dispatch, with a Washington date line, reads as follows:

> WASHINGTON.—Harry S. Truman today denounced the communications satellite bill backed by the Kennedy administration as a "gigantic giveaway."
>
> However, the former President emphasized that he is finding no fault with President Kennedy, in fact is supporting him heartily.
>
> "I don't think the President understands the bill," he told a reporter.

That is one of those interesting and ironic footnotes to history that ought to be properly embalmed in the compendium of wisdom and information that we call the CONGRESSIONAL RECORD. I continue reading the dispatch:

> But he added "The damned Republicans and some Democrats are trying to give away public property.

Madam President, that sounds just like Harry. Continuing to read,

> The public spent $25 or $30 billion developing satellites and the communications system ought to be publicly owned.

His careless use of $25 billion or $30 billion indicates that the incomparable Harry does not know any more about budget figures than he did when he was gracing the great residence at 1600 Pennsylvania Avenue.

The dispatch further stated,

> The Republicans will give away everything if you don't watch them.

That is cute, is it not?

Continuing to read,

> He emphasized several times that he is a backer of the Kennedy administration.

Notwithstanding that fact, he is a great backer.

I submit this only because it throws a proper light on the grand, dramatic illusions with respect to the bill.

BRINGING NUMBER OF CADETS AT U.S. MILITARY AND U.S. AIR FORCE ACADEMIES UP TO FULL STRENGTH

The Senate resumed the consideration of the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength.

Mr. CANNON. Madam President, my remarks will be directed toward the pending business and not toward the discussion which has just taken place.

OBJECTIVE OF THE BILL

Mr. President, the aim of this bill is to permit the Military and Air Force Academies to be at their full authorized strength of 2,512 cadets at the end of the academic year immediately prior to graduation. As I shall describe in detail later, the bill would accomplish this purpose by permitting the appointment of additional cadets as a supplement to the present qualified alternate system.

Under existing law, the cadet strengths of the academies at the beginning of the academic year is used as a basis for determining the number of additional appointments which may be filled under the qualified alternate system. There is an annual attrition of about 220 cadets at the Military Academy. As a result, the academies are never at their authorized strength, except at the beginning of each academic year. The bill will permit the two academies to make appointments on the basis of anticipated vacancies which would be expected as a result of attrition during the academic year.

The bill is sometimes referred to as the overstrength bill, since the academies will be in excess of their authorized strength at the beginning of the academic year.

It would be anticipated that about 50 additional cadets would be appointed each year to the Army and Air Force Academies. The bill provides that not more than 250 cadets may be in each Academy under the authority of this bill at any one time. The appointments will result in the academies being able to graduate approximately 40 to 45 more officers each year.

It should be emphasized that the additional cadets to be appointed under this bill will require no increase in physical facilities or in the size of the faculties at either of the academies.

METHOD OF APPOINTMENT UNDER BILL

I would now like to discuss the method under which additional cadets would be appointed to the Military and Air Force Academies.

First. It should be noted that the additional appointments would be made as a supplement to the existing qualified alternate appointment system.

Second. In determining the exact number that could be entered under this system, the Secretaries of the Army and Air Force would be authorized to determine, or forecast, the number by which the cadet corps at their respective Academies would be under their authorized strength at the end of the next academic year as a result of normal attrition. As an example of the manner in which the bill would operate, the Secretary of the Army in January of 1963 would make a determination as to the extent of attrition which would occur at the Military Academy between July 1963 and June 1964. Based on this forecast he would then be in a position to determine the number of cadets who could be entered at the Military Academy in July of 1963 under the provisions of this bill.

Third. With respect to those who may compete for these additional appointments, the bill provides that 95 percent must come from congressional sources. Furthermore, this 95 percent must be first alternate congressional nominees or their equivalent. It might be pointed out that under the existing qualified alternate system, only two-thirds of those appointed are required to come from congressional sources. Under the bill only the first alternate may be appointed if he is qualified for selection. However, in the event the first alternate of the Member of Congress is otherwise admitted or is not qualified—that is, does not meet the minimum requirements for admission—the second alternate of the Member of Congress would be eligible for selection. In extremely rare cases this could also apply to the third alternate where neither the first nor the second alternate is eligible for admission. The bill makes this exception to the first alternate requirements in order to insure that the Member of Congress will be able to have one of his other alternates compete for the nomination in the event his first alternate is not eligible for some reason.

A substantial number of the Members of Congress do not use the principal alternate system for cadet nominations, but use what is termed "the congressional competitor system," under which the Member names the cadets who compete for his nomination and the military departments arrange the cadets in order of merit for admission purposes. The bill provides in such cases that the highest ranking congressional competitor following one who may have been selected for admission will be eligible for selection under the bill. These provisions insure that each Member of Congress will have one cadet competing for the appointments authorized under the bill. At the same time, there will not be more than one cadet for each Member of Congress competing for these vacancies, except in those cases where the Member may be filling more than one vacancy.

With respect to the remaining 5 percent of those who may be appointed under this bill, the Secretary could select the best qualified as determined by the academic board from all candidates other than congressional nominees. The 5-percent provision even here is permissive language and is left to the discretion of the Secretary.

The system which I have described and which this bill would provide, would result in approximately 600 first alternates or their equivalent competing for the 50 appointments each year at each of the Academies. There would be more than one candidate for each Member of Congress, due to the fact that normal attrition at the Academies causes the congressional vacancies annually to exceed the number of Members of Congress.

The Secretaries of the Army and Air Force would make the actual selections from among the competitors in accordance with the order of merit established by the academic board for all nominees in the case of the Military Academy and in the order of merit as established by the faculty of the Air Force Academy.

EXTENSION OF MINIMUM OBLIGATED SERVICE

The bill contains an additional feature not relating to appointments. It contains language which increases from 3 to 5 years the minimum period of active service which regular officers must complete following graduation from the Academies. It should be emphasized that the effect of this provision is to increase the service by only 1 year, since as a matter of regulation 4 years are presently required. The provision is applicable to the three service academies plus the Coast Guard and would not affect the period of obligated service for any cadet or midshipman appointed prior to the enactment of this bill.

Mr. LONG of Louisiana. Madam President, I offer an amendment to the committee amendment, which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana to the committee amendment will be stated.

The LEGISLATIVE CLERK. At the appropriate places in the committee amendment, it is proposed to insert the following:

> On page 4, between lines 3 and 4, to insert the following: That (a) section 4342 of title 10, United States Code, is amended by adding

at the end thereof a new subsection as follows:

"(i) The Secretary of the Army shall, not later than November 30 of each year, compile a list of all nominees appointed to the Academy in such year, and shall provide the information contained therein to any Member of Congress upon request. Such list shall, in the case of each appointee, indicate (1) the domicile of such appointee at the time of his nomination, (2) the name and location of the high school (or equivalent) from which such appointee was graduated, (3) the date on which such appointee was graduated from high school (or equivalent), and (4) the name of the nominating authority responsible for the nomination of such appointee."

On page 4, line 4, to strike out "That section" and insert in lieu thereof "(b) Section",

On page 6, line 7, to strike out "Sec. 2." and insert in lieu thereof "(b)".

On page 8, line 9, to strike out "Sec. 3." and insert in lieu thereof "Sec. 4.".

On page 6, between lines 6 and 7, to insert the following:

"SEC. 2. Section 6954 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

" '(d) The Secretary of the Navy shall, not later than November 30 of each year, compile a list of all nominees appointed to the Naval Academy in such year, and shall provide the information contained therein to any Member of Congress upon request. Such list shall, in the case of each appointee, indicate (1) the domicile of such appointee at the time of his nomination, (2) the name and location of the high school (or equivalent) from which such appointee was graduated, (3) the date on which such appointee was graduated from high school (or equivalent), and (4) the name of the nominating authority responsible for the nomination of such appointee.'

"SEC. 3. (a) Section 9342 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

" '(i) The Secretary of the Air Force shall, not later than November 30 of each year, compile a list of all nominees appointed to the Academy in such year, and shall provide the information contained therein to any Member of Congress upon request. Such list shall, in the case of each appointee, indicate (1) the domicile of such appointee at the time of his nomination, (2) the name and location of the high school (or equivalent) from which such appointee was graduated, (3) the date on which such appointee was graduated from high school (or equivalent), and (4) the name of the nominating authority responsible for the nomination of such appointee.' "

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. LONG of Louisiana. Madam President, I regret that there is such sparce attendance on the floor at the present time. I shall not suggest the absence of a quorum at this moment, inasmuch as I have discussed the amendment with the members of the committee, and I believe the committee is willing to accept this particular amendment.

Inasmuch as I do not believe there is any real objection to the amendment, which provides that Members of Congress would have the right to know who is being appointed by the academic board and who nominated applicants for appointment, I would not insist on a quorum at this time because I believe that the distinguished Senator in charge of the bill, the Senator from Nevada [Mr. CANNON], is willing to accept the amendment. On that basis I ask the distinguished Senator in charge of the bill if he is willing to accept the amendment.

Mr. CANNON. Madam President, I think the amendment is a good one. Members of Congress are entitled to have the information available on request. The request seems to be reasonable. It would require information as to the domicile of the appointee at the time of his nomination, the name and location of his high school, or equivalent, from which he graduated, the date he was graduated, and the name of the nominating authority. The request seems to be reasonable. Certainly it is within the right of Members of Congress to have the information, upon inquiry, and I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. LONG of Louisiana. Mr. President, I call up my next amendment.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 13, beginning with the new sentence, strike out all down through the period in line 2 on page 6, and insert in lieu thereof the following: "Within that determination, the Secretary of the Army may select, as hereinafter provided, for admission to the Academy candidates who are recommended and found qualified by the Academic Board. In selecting the first candidate for appointment under this subsection in any year, the Secretary shall select for appointment a candidate nominated by the Member of Congress who nominated the cadet that ranks highest in the senior class for such year. In selecting the second candidate for appointment under this subsection in any year, the Secretary shall select for appointment a candidate nominated by the Member of Congress who nominated the cadet that ranks the second highest in the senior class for such year. The third and subsequent selections for appointment made by the Secretary under this subsection shall follow the same order as prescribed above. For the purposes of this subsection, only those cadets in the senior class for any year who were nominated for appointment to the Academy by current Members of Congress shall be considered, and the ranking of such cadets shall be determined by the Academic Board solely on the basis of merit.

On page 6, line 16, beginning with the new sentence, strike out all down through the period in line 4 on page 8, and insert in lieu thereof the following: "Within that determination, the Secretary of the Air Force may select, as hereinafter provided, for admission to the Academy candidates who are recommended and found qualified by the Faculty. In selecting the first candidate for appointment under this subsection in any year, the Secretary shall select for appointment a candidate nominated by the Member of Congress who nominated the cadet that ranks highest in the senior class for such year. In selecting the second candidate for appointment under this subsection in any year, the Secretary shall select for appointment a candidate nominated by the Member of Congress who nominated the cadet that ranks the second highest in the senior class for such year. The third and subsequent selections for appointment made by the Secretary under this subsection shall follow the same order as prescribed above. For the purposes of this subsection, only those cadets in the senior class for any year who were nominated for appointment to the Academy by current Members of Congress shall be considered, and the ranking of such cadets shall be determined by the Faculty solely on the basis of merit.

Mr. LONG of Louisiana. Mr. President, I have prepared a speech that I should like to deliver in support of my amendment, which is an amendment in the nature of a substitute for the committee bill. The committee has improved the bill with its own committee amendments. I believe my amendment would be an improvement on what the committee has given us.

I know how difficult it is to amend with a substitute a bill reported by the Armed Services Committee. There is no committee of the Senate which is respected more than is the Committee on Armed Services, nor is any committee more admired; and no chairman of a committee is more completely beloved by the Senate than the distinguished Senator from Georgia, the chairman of that committee. The entire Senate has complete devotion and affection for the distinguished junior Senator from Nevada [Mr. CANNON], who is in charge of the bill on the floor of the Senate.

I know I have no chance of getting my amendment adopted unless Senators listen to the debate and judge what I have to say here and consider the amendment on the merits of my presentation. Therefore, I feel I shall be compelled to insist on a live quorum; otherwise, I believe there is no possibility of my amendment being agreed to. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

A POSITIVE PROGRAM FOR FISH PROTEIN CONCENTRATE RESEARCH AND DEVELOPMENT

Mr. GRUENING. Mr. President, the Alaskan congressional delegation today was informed that President Kennedy is requesting $500,000 for research and development of processes to produce a concentrated protein from fish. The request is included in the President's supplemental budget request for the Department of the Interior.

This is wonderful, welcome news.

I am informed that the work planned in this important area will be conducted at the Bureau of Commercial Fisheries Technological Laboratory in College Park, Md. The pilot project planned will include experimentation with different processes, and the Interior Department hopes to develop and perfect commercial techniques for the production of fish protein concentrate.

The President has pointed to the growing need for a low-cost dietary supplement of animal protein in many nations. Research has demonstrated the high value of fish protein to diets.

Earlier this year, on March 13, I appeared before the Subcommittee on Interior and Related Agencies of the Senate Committee on Appropriations.

In the course of my testimony I urged that the money requested for fish protein concentrate be increased. I am, therefore, pleased to have this opportunity again to support the requests for these funds and I hope we will approve the request of the administration so that the United States may move more rapidly ahead in this important area.

On March 13, I said:

> In a time of history when much of the world's population suffers from a lack of protein in its diet, this country should be moving ahead in the vital area of research. This work is in the Nation's interest and merits support. We have to date failed to use properly the available harvest of the sea. In the words of our President, "Let us begin."

Many have worked for expanded research in this area and for proper utilization of the barely tapped resources of the seas. The efforts of the Senator from Illinois [Mr. Douglas], the Senator from Massachusetts [Mr. Smith], my friend and colleague from Alaska [Mr. Bartlett], the Senator from Washington [Mr. Magnuson], the Senator from Delaware [Mr. Boggs], the Senator from Maryland [Mr. Butler], the Senator from Ohio [Mr. Young], the Senator from Florida [Mr. Holland], the distinguished Senator from Minnesota [Mr. Humphrey], the Senator from California [Mr. Engle], and others deserve the highest commendation.

THE ALLIANCE FOR PROGRESS: WORDS AND DEEDS, OR ONLY WORDS?

Mr. GRUENING. Mr. President, on July 19, 1962, on the floor of the Senate I commended President Kennedy for stopping foreign aid to Peru in the light of the military takeover of that and the uncertainty that that nation could give the firm assurance required that it would carry out the self-help measures which should be required under the provisions of the Alliance for Progress.

At that time, I pointed out that logic and reason would dictate that similar action be taken with respect to Argentina and Brazil, where the instability of the Governments similarly made uncertain their ability to carry out the reciprocal agreements needed if the Alliance for Progress is to work.

Dispatches from Buenos Aires, appearing in this morning's papers, indicate that even the military junta which took over command of that Government and seized and imprisoned President Frondizi is not as stable as it appeared several weeks ago when I made my comments.

Mr. President, I ask unanimous consent that the article on the Argentine political picture, published in today's New York Times, be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRUENING. Mr. President, last week, on the floor of the Senate, I urged that military aid to Latin America cease. A few days later I repeated that suggestion on the "Today" show. Public response to my suggestion has been most gratifying.

Almost without exception my mail on this subject, which has come from most parts of the country, has been favorable—many letters enthusiastically so.

My original suggestion with respect to the Alliance for Progress was made in the light of the military takeover in Peru.

In the Washington Post for August 7, 1962, Marquis Childs, one of the able commentators on the Washington and national scene, reexamined in depth the situation with respect to Peru. He puts his finger on the crux of the situation when he writes:

> Officials studying what happened in Peru see this dilemma in its most acute form. When a military junta seized power, policymakers were faced with a condition and not a theory. Simply to acquiesce and continue the sizable aid program was to announce to Latin America that all the fine words about reform and democracy were meaningless.

That is precisely the point.

Is the Alliance for Progress to be only words not coupled with deeds? That is not the idea originally expressed so farsightedly by President Kennedy.

Unfortunately, from all I have heard and read, most of our Latin American friends seem to act as though the Alliance for Progress consists merely of high-sounding words. I do not blame them. Our actions have not been in keeping with our words.

No wonder the Latin Americans are confused.

In his excellent article, Marquis Childs quotes the following words uttered by an unnamed Latin American ambassador:

> But you make a mistake in trying to put land and tax reform as a prerequisite to your aid. Unless you quickly make evident what aid can do, you will have no support whatsoever in Latin America.

This is a very revealing statement. It shows an utter lack of awareness on the part of this Latin American ambassador that the Alliance for Progress has more to it than a blank check on the Treasury of the United States. Because of our widespread undertakings of "bail out" operations it is no wonder that this ambassador is laboring under the belief that the Alliance consists of no more than underwriting the governmental budgets of Latin America without undertaking much needed land reforms.

Mr. President, I ask unanimous consent that Mr. Childs' article be printed at the conclusion of my remarks, as well as an article on the Peruvian situation, written by Dan Kurzman, and published in the Washington Post of the same date.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 2 and 3.)

EXHIBIT 1

[From the New York Times, Aug. 9, 1962]

ARGENTINE WAR SECRETARY QUITS AFTER REVOLT BY ARMY LEADERS—GUIDO'S REGIME IS THREATENED—GENERAL SETS UP REBEL COMMAND IN NORTH

BUENOS AIRES, August 8.—Argentina's Secretary of War resigned tonight after a rebellion of army leaders threatened new difficulties for the shaky government of President José Maria Guido.

Gen. Juan Bautista Loza, Secretary of War and Commander in Chief of the Army, told a group of high army officers that his resignation from both posts was the only way to resolve the situation.

General Bautista Loza's decision followed a day of military upheaval that began when his own top army leader, Maj. Gen. Federico Toranzo Montero, set up a rebel command post in northern Argentina. He demanded that General Bautista Loza resign.

The Secretary of War denounced General Toranzo Montero as an outlaw, but within a few hours four generals had rallied to the rebel's side.

The rebel leaders accused General Bautista Loza, a career soldier, of having wielded an ironfisted, one-man rule over the army.

The crisis in the military hierarchy caused consternation in the Guido government, which was put into power by the army last March after a bloodless coup that ousted Dr. Arturo Frondizi as President. Dr. Frondizi is still in custody on an island in the Plate River.

The coup followed victories at the polls by supporters of the ousted former dictator, Juan D. Peron. Military leaders feared that a Peronist resurgence was at hand.

During today's confused military maneuvers, a score of army officers were arrested.

Commanders of garrisons supporting General Toranzo Montero arrested officers suspected of siding with General Bautista Loza. Meanwhile, General Bautista Loza ousted key commanders he believed to be opposing him.

One general sent by General Bautista Loza to take command of the First Motorized Infantry Division in a Buenos Aires suburb was arrested by a colonel opposed to General Bautista Loza.

President Guido was in constant conference with his ministers and military chiefs, among them the Minister of Economy, Alvaro Carlos Alsogaray. Senor Alsogaray has just returned from an aid-seeking mission to the United States.

The value of the wobbly Argentine peso tumbled again. Senor Alsogaray expressed deep concern over the effect the army conflict might have on his drive to get the economy moving again.

SUPPORT FOR REBEL RISES

General Toranzo Montero drove from his Salta headquarters to the remote city of Jujuy, 800 miles northwest of Buenos Aires, and proclaimed himself the army commander in chief.

The bold maneuver appeared at first to have scant support. But as the day wore on various key garrisons proclaimed tacit support for the rebels by demanding General Bautista Loza's resignation.

Col. Carlos Silva Valdez, commander of the Second Mountain Infantry Detachment, declared the support of his men for the rebellion. He said that garrisons in six provinces had pledged their backing.

COLONEL BACKS REVOLT

"I have 1,500 men fully armed under my orders and ready to move at any moment," Colonel Silva Valdez said over in a telephone interview. "We are in support of Toranzo Montero."

General Toranzo Montero is a brother of Gen. Carlos Severo Toranzo Montero, a former commander in chief of the army who forced a reshuffle of the top military echelons in an uprising against Dr. Frondizi in 1960.

Gen. Federico Toranzo Montero is 50 years old. He is a wiry cavalry officer who was imprisoned 3 years by the Peron regime on a charge of having plotted against General Peron.

From his rebel headquarters in Jujuy, Gen. Toranzo Montero broadcast defiance of the Secretary of War over the provincial radio. He said that "many active generals" were sympathetic with has cause and he claimed the post of Commander in Chief as "senior major general on active duty."

The fact that he established headquarters in Jujuy raised speculation that he wanted to be near the Bolivian border to seek asylum if the uprising failed.

PERONISTS STIR POLITICAL CRISES

Argentina has been plagued by political crises since Juan D. Perón was ousted as dictator in September of 1955.

Senor Perón's followers—the "descamisados" or "shirtless ones"—and the determination of the military leaders to keep them out of the Government have been at the core of the trouble.

The military leaders have been the power behind the presidential chair from the time the armed forces seized control in Argentina last March 29. On that day they ousted Dr. Arturo Frondizi as President and arrested him. In his place they installed José Maria Guido.

Senor Guido had been President of the Senate and as such was next in legal line of succession to the presidency.

The army had previously ruled through a junta after it overthrew Senor Perón. Its leaders distrusted Dr. Frondizi, who became President May 1, 1958, after he made a deal with Peronist envoys to gain the presidency. Peronist voters, barred from a political ticket of their own, gave Dr. Frondizi his winning margin.

PERONIST UNIONS RESTORED

The apprehensions of the military leaders were not lessened when President Frondizi subsequently restored Perónist unions to a controlling position in the General Confederation of Labor. In 1961 Dr. Frondizi further antagonized the military by refusing to vote with the United States to exclude Cuba from activities of the Organization of American States.

Dr. Frondizi was ousted after he lifted the ban on the Perónist political party and permitted it to run a slate of candidates in Argentina's election last March 18. The followers of the exiled former dictator won 47 of 85 seats at stake in the Chamber of Deputies and 10 of the 17 provincial governorships that were being contested.

Fearing that a return of the Perónists would undermine their power, the military deposed President Frondizi, whom they considered a tool of the Communists.

After a seesaw struggle that lasted about 2 weeks, President Guido capitulated to military demands that he circumvent Congress and settle the Perónist issue.

He announced a series of decrees that canceled the results of the March 18 elections barred Perónists from their seats in Congress and put military intervenors in control of the provincial governments.

Senor Perón is in exile in Spain. Dr. Frondizi is still being held in Argentina.

EXHIBIT 2

[From the Washington Post, Aug. 8, 1962]

LEARNING A LESSON FROM PERU'S COUP

(By Marquis Childs)

Almost anywhere you turn in this capital in this sticky end of the summer season, you will be told that not only the Alliance for Progress but the whole foreign aid program is foundering.

Partly it can be put down to the professional enemies of the aid program such as Louisiana's Representative OTTO PASSMAN. But it is more than that. In one underdeveloped country after another, the structure of society—the cleavage between the haves and the vast mass of the have-nots—thwarts the effort to raise living standards and win friends to the democratic way of life.

Officials studying what happened in Peru see this dilemma in its most acute form. When a military junta seized power, policymakers were faced with a condition and not a theory. Simply to acquiesce and continue the sizable aid program was to announce to Latin America that all the fine words about reform and democracy were meaningless.

The aid program was suspended. Ambassador James Loeb returned to Washington and the question of the future relationship between Washington and Lima was put on the shelf. Now that the Peruvian military have freed President Manuel Prado, promised elections in 1963 and are tolerating the presence of the leaders of the APRA Party, the process of resuming at least the diplomatic relationship has begun. The United States is wisely letting Mexico and other Latin American nations take the lead in this matter.

We have heard a great deal in recent years in best sellers such as "The Ugly American" about Ambassadors who spend their time at cocktail and dinner parties with the elite. Knowing little or nothing about the country, the American Ambassador is soothed by the wealthy and wellborn who speak English and who have important financial connections with the United States. While this tends to be a caricature, it conveys an uncomfortable ring of truth about many Ambassadors we have sent abroad.

Loeb and his wife worked hard to break through this easy pattern. With their fluent Spanish, they did their best to come in contact with students, intellectuals, labor leaders and others who fall outside the elite category.

That may have been one reason when the crunch came—the junta taking over in tanks provided by the American military aid program—the American business community in Peru joined with the Lima elite to denounce Washington's policy of suspending relations and holding up the aid program. The APRA Party, led by Victor Paul Haya de la Torre who was subjected to McCarthyist-type smears during the campaign, seems to have won more votes than the Communist-dominated left- or right-wing party.

But basic interests were jeopardized—$800 million in investments by U.S. corporations. Loeb was accused by the military and the business group of being too closely identified with APRA's reformist objectives.

Whether under the military the outward forms of a free society are observed and whether next year elections are held with some degree of free choice are immediate questions for Peru. But for the Alliance for Progress, with its policy of making aid conditional on reforms presumably essential to win popular support, this is a classic case deserving the most thorough study.

You come up against a cart-before-the-horse question: Must reform come before aid can be given? This reporter talked recently with one of the Latin American ambassadors in Washington most knowledgeable about both North and South America and their complex coexistence. What he said in brief was this:

"Of course reforms are essential. We have all known this for a very long time. But you make a mistake in trying to put land and tax reform as a prerequisite to your aid.

"Unless you quickly make evident what your aid can do, you will have no support whatsoever in Latin America.

"Your Members of Congress talk a great deal about how much money they are spending for Latin America. But do they not understand that the prices for the commodities we sell, the only means we have to earn our way, have gone down and down. And the money you put into aid is only small compensation for those losses."

The Peruvian experience offers an opportunity to recast the whole program. The fantastic military aid program—jets superimposed on a peasant economy—needs drastic reexamination. And the time for learning is all too brief.

EXHIBIT 3

[From the Washington Post, Aug. 8, 1962]

PERUVIAN PEASANT FINDS PROMISE IN COMMUNISM

(By Dan Kurzman)

CUZCO, PERU, August 7.—Ciprian Llavilla Ccama, a peasant in the Indian village of Chocco, has never heard of Karl Marx. He harbors no ill feeling toward the United States, not being sure what or where it is. He describes himself as a very religious Catholic.

Yet, Ciprian, dressed in a red vest, tight black pants, a red knitted cap, and sandals fashioned from tire rubber, said with frightening casualness:

"If I had to choose between communism and God, I would choose communism. The Communists will give us land, but God won't."

Ciprian spoke for most of the Indian peasants in Chocco, a village about 15 miles from the ancient Inca capital of Cuzco deep in the south Peruvian Andes. He probably spoke also for the majority of inhabitants in scores of other Indian villages throughout Peru who are wallowing in medieval poverty.

OWNS HALF AN ACRE

Ciprian owns half an acre of communal land, land set aside by the government for Indian peasants only. But as the potatoes, wheat, corn, and beans yielded by this land are insufficient to meet his family's food requirements—he has a wife and two young children—Ciprian must also work another half acre of land as a tenant farmer on the nearby hacienda of a powerful absentee landlord.

For the right to use this landlord's property, Ciprian works 2 or 3 days a week for his feudal master, earning less than $1 a month. He must also work 30 days a year for his landlord without receiving any pay at all. The rest of the time he divides between his own field and the one he rents. Last year, when a drought struck, he had to do odd jobs in Cuzco to make enough money to buy food.

Ciprian lives in a dark, damp thatch-and-adobe hut, a dungeonlike enclosure without windows or furniture. A fire burning in a small mud oven that has no chimney constantly fouls the air. Aluminum pots and pans offer the only suggestion of the 20th century.

RELIES ON WITCH DOCTOR

His landlord provides no medical care in case of illness, as even the most callous colonialists do in Africa. He must rely on the herbs of the village witch doctor when any member of his family gets sick. The infant mortality rate of his village, like most others in the region, is almost 60 percent; life expectancy averages under 30 years.

But for all their misery, Ciprian and his fellow villagers are proud people with hope for their children's future. That is why they have built a small adobe schoolhouse. The government pays the salary of the teacher who comes daily from Cuzco to teach the first and second grade, enough to make the children literate in Spanish. Most of their parents are illiterate.

Ciprian, a more ambitious man than most, learned recently to speak and read Spanish at a Catholic school in Cuzco. Not surprisingly, his reading is confined almost entirely to the local Communist newspaper. "It is easier to understand than other newspapers," he explained.

It is easy indeed for him to understand the promise of land when the Communists take over the country, especially in view of the bitter fact that the landlord's property once belonged to the grandfathers of the Indian villagers. About 50 years ago, they had sold the land for about 50 cents an acre and the pledge that they would be treated well as tenant farmers.

With the Communist influence spreading, the landlords, too, are seeking help. One of the most powerful of them in southern Peru, Alfredo Romainville, owner of about 200,000 acres, sought me out when he heard I was in Cuzco. Could I not try to influence the United States to exert pressure on Peruvian authorities to get back land taken from him by armed Communist-led peasants?

To the suggestion that communism might best be continued through a voluntary redistribution of land, Romainville, replied that the only reform needed was a more equitable system of allocating rented land. He noted that some tenants with 150 acres or more rent out tiny patches of land to subtenants who have to work "30 days out of the month" for both the landlord and the original tenant, leaving only a few hours a month for work on their own leased land.

HERBERT HOOVER

Mr. CURTIS. Mr. President, tomorrow one of the greatest of all Americans will celebrate his 88th birthday. I refer to Mr. Herbert Hoover. I know that millions and millions of Americans and millions of people abroad appreciate and honor this distinguished man. It is also my opinion that as the years go by, many more millions will come to the realization of his greatness and his goodness.

There are many things about Mr. Hoover that are deserving of mention, that mark him as a great citizen and statesman. Today I shall confine my remarks to the humanitarian work of former President Hoover.

Through the centuries the question "Am I my brother's keeper?" has echoed in the conscience of mankind. Tens of millions of Americans have answered the question affirmatively by direct and indirect participation in the relief programs established to prevent mass starvation or mass loss of life by pestilence and famine during and following the total wars of this century.

One whose name is summoned to mind immediately in connection with these huge lifesaving and humanitarian endeavors is Herbert Clark Hoover.

The outbreak of World War I in 1914 found Herbert Hoover in London on a mission for the Pan-American Exposition. It also found thousands of Americans stranded in London without funds to return to the United States because of the impossibility of obtaining cash on checks and letters of credit. Hoover immediately was pressed into managing the repatriation of some 120,000 Americans in their flight from Europe. Mobilizing the resources of himself and a group of mining engineer friends, he organized the American Relief Committee in London, of which he was chairman. In this capacity he advanced cash on personal checks, arranged for hotel accomodations and steamship reservations, thus aiding his fellow countrymen, most of whom were personally unknown to him, to return to the United States.

But before he completed this task he was called to what was even a greater relief mission.

When the German armies smashed into Belgium and northern France and the British and French blockaded Germany and her allies, including occupied Belgium and northern France, 7,500,000 Belgians and 2,500,000 French men, women and children were caught in a vise. Their plight was made worse by the invaders' pillage of the grain harvest and hosts of animals. Imminent starvation faced the 10 million isolated people unless some arrangements could be made to provide food and to get it successfully through the blockade.

The Belgian national relief committee urged Hoover to take charge of a food and relief project, and so, with the approval of the American Ambassador, he organized the Commission for Belgian Relief and served as its chairman during the 5 years of its existence. He arranged with the warring nations to permit passage through the blockade of clothing and food for distribution. The first appeal for world charity was issued at the initial meeting of the Commission. During the life of the Commission the great outpouring of charity amounted to the largest fund ever known at that time. The total charitable contributions in money and cargoes of food and clothing were:

From the United States	$34,521,026.99
From the British Empire	16,641,034.85
From Latin America and others	1,128,773.67
Total	52,290,835.51

In the early days of the Commission it was apparent that it could not fully hold the lifeline for these 10 million people solely with the gifts it could obtain from generous people. Hoover thereupon succeeded in securing subsidies from the U.S. Treasury and from the Governments of Britain and France.

During these difficult years Hoover was responsible, as the controlling head of the Commission, for sending into occupied France and Belgium about 5 million tons of food and clothing, having a market value of approximately $1 billion.

The entrance of the United States into the war in April 1917, saw the return to the United States of Hoover, and his appointment by President Wilson as U.S. Food Administrator. It was in this capacity that Hoover established the U.S. Grain Corporation, the Sugar Equalization Board, and the Food Purchase Board, all for the purpose of providing a more centralized handling of food supplies during the war emergency. He also served as Chairman of the Interallied Food Council.

As Food Administrator, he developed an organization for stimulating production, checking hoarding and speculation, and conserving food supplies. His program called for meatless, wheatless, and sugarless days. By these activities he was able to meet the large food demands of the Allies, who were experiencing difficulty in maintaining the morale of the citizenry, owing to food shortages caused by reduced production and loss of cargoes by U-boat destruction. As a result of the programs he administered, it was possible to provide the necessary margins of food, medicine, and clothing for the 170 million people in the allied and neutral nations in Europe during the period of American participation in the First World War.

With the signing of the armistice on November 11, 1918, the dark curtain of war lifted, revealing a terrible scene of the devastation war leaves in its wake. It revealed a disorganized and hungry Eastern Europe. The United States took the first large-scale relief action by setting up the American Relief Administration, with Herbert Hoover as its Chairman. A congressional appropriation of $100 million was made available for use in getting food and supplies to the famine-stricken and panic-stricken countries. Large loans were later made by the United States to these countries. In 8 months, nearly 5 million tons of foodstuffs, of a value of $1 billion, were sent into 23 countries.

The total amount of oversea food and other supplies handled by the organizations which Hoover directed during the First World War was 33,841,307 tons, of a value of $5,243 million.

The signing of the peace treaty brought with it the liquidation of the American Relief Administration, as an agency acting for the U.S. Government. But suffering from lack of food still persisted in parts of Europe; so Hoover and several of his associates formed a private charitable organization to carry on the humanitarian work of feeding the hungry and orphaned children of Central and Eastern Europe. Since the name ARA had become so well known, it was decided to carry on the work of the private organization under the same title. During the life of this organization—until June 1922—it provided free meals to more than 8 million children. In addition, warm clothing of an estimated value of $8 million was distributed to 2 million children.

During the life of the American Relief Administration, it provided public and private aid to 14 million adults. Adding children, the total number of individuals who at one time or other were furnished the necessary margins to preserve life was estimated at more than 20 million, in 45 nations.

In July 1921, only a few months after Hoover had become Secretary of Commerce, and as he was preparing to wind up the activities of the American Relief Administration, Maxim Gorky, the Russian revolutionary author, addressed an appeal to him and the other American people for aid in the stupendous famine among Russian people in the Ukraine and the valley of the Volga—for bread and medicines for starving, disease-racked children. This had been due partly to freaks of the weather, but mostly to a halt in agricultural production while the Soviets were communizing the Russian peasants. At that time there were a few million dollars left over in the American Relief Administration. Hoover, in reply to Gorky, outlined certain minimum conditions upon which the task could be undertaken, particularly for children. These conditions included freedom of all American prisoners in Russia; full liberty to Americans to administer the relief and to travel without interference; distribution on a nonpolitical basis; and free storage, transportation, and offices.

The Soviet Government had been subsidizing revolution over the world with czarist gold. Hoover demanded that the Soviets place a substantial amount of the remainder in the ARA, for expenditure upon food. They raised many difficulties; and it was only when Hoover threatened to abandon the entire project that they complied. Hoover finally got together $90 million, of which about $18 million came from this Russian gold. Part of the resources came also from an appropriation by the Congress of $20 million profits left in the U.S. Grain Corporation and $8 million in medical supplies from military surplus. The remainder was raised by public charity.

Final records show that during this period of plague and pestilence, over 19 million starving Russian people, of whom 6 million were children, were fed 753,400 tons of American food.

When the back of the famine was broken and the Russian mission was ended, Hoover received a scroll of thanks from the Soviet Government. One might suppose that this humanitarian endeavor would have assured Hoover an honored place in Soviet history. This was not to be true. In 1927, when Hoover became a candidate for President, and down through the ensuing years his reward has been that the Communists have consistently attempted to defame him and his lifesaving endeavors on their behalf.

After World War II, at the request of President Truman, Hoover was coordinator of food supply for 38 nations. In his capacity he girdled the globe, making arrangements to provide rice for starving millions in the Far East and bread for millions more on other continents. And when his work was taken up by the relevant Government agencies, he expressed a readiness to assume any other tasks the President thought he could perform for the Government of the United States. Those too he has accomplished nobly.

Since the elder statesman began his career of public service in 1913, he has organized famine and disaster relief programs for more than a billion persons in 50 nations. He stands ready to serve today all humanity which he loves.

I am sure I speak not only for the vast majority of this body—yea, all of them—but the vast majority of the people whom I have the honor to represent in part, in wishing Herbert Hoover a happy birthday tomorrow, when he becomes 88 years of age.

I ask unanimous consent to have printed in the Record following my remarks an article written by Mr. David Brown, publisher, in the Globe-Democrat of August 6, 1961, concerning Mr. Hoover when he was 87 years old.

There being no objection, the article was ordered to be printed in the Record, as follows:

Herbert Hoover Reaches 87

(By David Brown)

Back in the era before electric lights or telephones or paved roads the Fourth of July was an important day in the little town of West Branch, Iowa. It was a patriotic day. The high moment came each year when the villagers and countryfolk gathered at the crossroads to hear the Declaration of Independence read aloud to them.

There was one boy of the town who always perched himself where he could hear well. In time he went away from West Branch. He grew to manhood, and a lot of years passed. And a lot of things happened in the world.

A few weeks ago, a man full of years and wisdom stood in Philadelphia's historic Independence Hall and addressed a group of school boys and girls. His words went out to the entire youth of the Nation by radio. He told the youngsters of America to be alert to protect that precious freedom they had inherited from the founders of their country.

The man who spoke that admonition with the wavering voice of age was once the boy who had listened so intently to the Fourth of July reading of the Declaration of Independence in West Branch, Iowa.

He had inherited that precious freedom himself long ago, and it had enabled him to become one of the great men of America and of the entire world.

He was Herbert Hoover.

Next Thursday—August 10—he will be 87.

The world, as it does each year, will casually note the milestone as it flicks by, but many people still alive will pause long enough to remember that this man once fed them when they were starving.

In this long life of amazing breadth Herbert Hoover has won superlative distinction in several fields. He has been a great engineer, humanitarian, administrator, elder statesman, patriot, and President of the United States.

He has gathered recognitions of all kinds. Colleges and universities of the world have given him more than 90 honorary degrees alone. Dozens of schools have been named for him, and this he considers the greatest distinction of all. For, though he is now old in years, his increasing interest has been in youth—its morality, its education, its democratic ideals. A supreme devotion in recent years has been his beloved Boys' Clubs of America of which he is chairman. Despite his age, he indefatigably goes about the country dedicating new clubhouses. Nothing has made him prouder than the fact that the new boys' headquarters in New York opposite the U.N. building, has been named the Herbert Hoover building.

His most cherished project is the Hoover Institution on War, Revolution, and Peace housed in a striking tower on Stanford University campus at Palo Alto, Calif. It is a vast collection of material on this century's "great social upheavals," and its purpose is to promote peace.

The pattern of Herbert Hoover's adult life has fallen into three segments. During the first 20 years he was a distinguished mining engineer who built a personal fortune. During the next 18 years his life was given fully, without a cent of pay, to the public service—first humanitarian and then governmental. The most extensive has been his post-Presidential period—the 28 years since he left the White House. His varied and assiduous activities have been largely in behalf of his country and its people. And they have diminished little with his mounting birthdays.

Since his wife died in 1944, widower Hoover has lived mostly in a suite high up in New York's Waldorf Towers, where he has General Douglas MacArthur for a neighbor. (He has sons, Allan and Herbert Hoover Jr., and grandchildren.) His offices are in the suite and his tireless daily activities are such that he is now keeping eight secretaries busy.

He is constantly writing books—in longhand—has one coming out in September and another "in the oven." He makes a number of major speeches, which he also writes himself in longhand. This year he has sent out more than 36,000 letters, has met innumerable people, and engaged in all sorts of activities.

In Manhattan's Waldorf Towers, where Herbert Hoover now lives at the age of 87, he is far removed in time and space from the little Corn Belt town of West Branch, Iowa, where he was born on August 10, 1874. It was just a crossroads village then, where his father sold farm implements and was the blacksmith, and his mother had taught school. But from this country village America and its future stood imaged clearly—the land of freedom, the land of opportunity, the land of rugged individualism.

The ancestors of his parents were Quakers who had come to this country in 1740 and young Herbert Hoover attended the Quaker Sunday school and built an abiding religious faith.

At the age of 10 he was an orphan, his father had died of typhoid when he was 6 and his mother was taken by pneumonia a few years later. The three children—Herbert, his brother and his sister—were distributed among relatives. He ended up with an uncle in Newberg, Oreg., attended a Quaker academy there. When he was 15 his uncle moved to Salem, Oreg., opened a real estate business and Herbert worked in the office and went to night school.

A prospecting trip with a mining engineer about this time settled his mind about a career. He heard of a brandnew school that was opening its doors at Palo Alto, Calif., and in 1891 became one of the first to enroll in Leland Stanford University. He worked his way through school, in time became Stanford's most famous graduate.

With his diploma, the young mining engineer faced the world in 1895. He began his career ingloriously with a $2-a-day pick and shovel job, but from there on it was a storybook success. He went to Australia where a gold mining boom was in progress and did so well that the Chinese Government employed his services. But first he hurried home, in 1899, and married his Stanford University sweetheart, Miss Lou Henry of Monterey, Calif. who was to become in time the Nation's First Lady. But then she was just a young wife sharing the travels and perils of her engineer husband.

They traveled all over the world together, and there were perils as well as engineering triumphs. Right near the start of their marriage they were among the 200 foreigners who were besieged 4 weeks in Tientsin during the Chinese Boxer Rebellion of 1900. Herbert Hoover was an outstanding engineer, was partner in a British firm from 1902 to 1908 and then formed his own company with branch offices flung around the world.

In less than 20 years, and by the time he was 40 years old, he was wealthy. He directed mining, metallurgical and other companies which employed 160,000 men in various countries.

The year was 1914. Hoover was in London to persuade European nations to participate in an international exposition San Francisco was holding the next year. Suddenly World War I broke and the Kaiser's army plunged through Belgium to attack France.

The quiet, reserved engineer who was known little outside his profession, was caught up in the holocaust and whirled into public life.

First he was put to work expatriating the 200,000 Americans caught in Europe by the war and he did such a good job that he was next given one of the most gigantic humanitarian tasks of all time. He headed a commission which fed 10 million distitute Belgians between October 1914 and April 17, 1917, when the United States entered the war on the side of the Allies.

He had done a tremendous job and was famous and beloved for his humanitarianism and administrative ability. President Woodrow Wilson promptly appointed him Food Administrator in the United States. He continued his work of international rehabilitation and relief after the war.

With war over, the American voters turned to the Republicans, elected Warren G. Harding President. He named the popular Hoover as his Secretary of Commerce, a Cabinet post in which he continued for 8 years when he was reappointed by Calvin Coolidge, Harding's successor after his death in 1923.

The Republicans happily turned to Herbert Hoover in 1928 when Coolidge did not "choose" to run again.

The roaring 1920's were roaring to a close. The Nation was at the crest of its greatest prosperity. Candidate Hoover had the confidence of people at home and abroad. He would bring business methods to Government and keep Government out of business. In his campaign he was so optimistic he spoke of the future possibility of abolishing poverty in America.

The Democrats nominated Alfred E. Smith, four-time Governor of New York and a man of the people. He was a Catholic; he favored ending prohibition. Hoover believed prohibition a "noble" experiment that needed better enforcement. He had personal popularity and unprecedented prosperity on his side.

In a crushing victory at the polls he won 40 of the 48 States.

Herbert Hoover was on March 4, 1929, inaugurated as the 31st President of the United States. Before 7 months had passed the greatest prosperity ever seen came tumbling down about the ears of a stunned people.

The first manifestation that a fool's paradise had come to an end was the stock market crash October 29, 1929. Then, gradually, the fires of industry died out, the wheels of commerce slowed, men lost their jobs, businesses failed, purchasing power shrank, mortgages were foreclosed on homes and farms, souplines formed, banks closed. The Nation's worst depression of all time deepened, reached bottom with 12 million unemployed in 1933 and really lasted for 10 years—until World War II set off another boom.

It was not a depression President Hoover created, it was not one he could have avoided, it is doubtful that he could have controlled it very much during his single term, though some reasonable critics argue that he was too long in recognizing its seriousness. He himself has always attributed it in the main to delayed consequences of World War I, has insisted that he could have cured it had he continued in office or that it would have been quickly dissipated if the Democrats had followed his policies. The Democrats, of course, have never shared this view.

The great depression overshadowed everything else during President Hoover's administration. Always a hard worker, he spent as much as 20 hours a day at his desk trying to rally the country toward recovery. But despite many measures to get the wheels moving again the decline continued.

A storm of condemnation descended on the Republican administration as the 1932 election year came around. The Republicans, with sagging hopes, again nominated Herbert Hoover. The Democrats picked Franklin D. Roosevelt, another New York Governor with personal charm and a vote-catching family name. He was talking about a "New Deal" and the "forgotten man."

The sad economic plight of the Nation was a perfect Democratic club with which to flay the Republicans in the campaign. The Republican President was vilified. He was made the scapegoat. It was "the Hoover depression."

Herbert Hoover's defeat at the polls that November was even more overwhelming than his victory had been 4 years earlier. He won only 6 States, lost 42.

He and his wife packed up, went home to their private residence on the campus of Stanford University at Palo Alto.

The ordeal was over. They had endured much. There was no bitterness.

Herbert Hoover, who had never accepted a cent of salary or other compensation for his years of public service—even during the 4 years he was President—did not return to his lucrative profession of engineering. Despite his political disappointment, he decided to devote the remaining years of his life to his Nation and its people, to the freedoms and ideals he had cherished since the days he listened to the Declaration of Independence at the West Branch crossroads.

He could devote plenty of time to directing, inspiring, and raising funds for his beloved Boys' Clubs of America, a national youth-building organization.

After discreet silence for a few years he became a voice of the New Deal "opposition" in speeches, books and magazine articles. He was ready when the Second World War came, and afterward, to give his services in famine relief. (When Mrs. Hoover died in 1944 he turned their residence over to Stanford and moved into Manhattan's Waldorf Towers.)

President Roosevelt always ignored the Republican ex-President, never had him inside the White House. But succeeding Democratic President Truman wisely called upon his rare and valuable talents. He employed him first in a world famine relief survey, and then used his great abilities to head a commission to seek ways of improving the executive branch of the Government and eliminating wasteful methods of operation. Familiarly called the Hoover Commission, it made sweeping recommendations in 1949 that saved an estimated $4 billion a year. The former President headed a similar commission during the administration of Republican President Eisenhower.

As the years gathered about Herbert Hoover so did the love and esteem of his countrymen. He was cheered upon appearance. He was the elder stateman. He was the inspiration of youth. He was the man who came back from the dark depths of the depression and defeat.

And always since his boyhood at West Branch, he has had that abiding faith in his country's future. A few years ago he said:

"I have lived a long life. I have witnessed and taken part in many great and threatening crises. Each time they have been surmounted the American dream becomes more real.

"My faith arises from the genius of our people, their devotion to personal liberty and their sustaining religious beliefs. If the American people are guided aright, there will be no decline and fall in American civilization."

OUTDOOR RECREATION

Mr. JACKSON. Mr. President, I ask unanimous consent to temporarily lay aside H.R. 7913 and to proceed to the consideration of Calendar No. 1782, Senate bill 3117.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3117) to promote the coordination and development of effective Federal and State programs relating to outdoor recreation, and to provide financial assistance to the States for outdoor recreation planning, and for other purposes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Washington?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, line 4, after the word "on", to insert "and by private interests"; in line 11, after the word "The", to strike out "terms 'State' and" and insert "term"; in the same line, after the word "States", to strike out "include" and insert "includes"; on page 3, line 12, after the word "subdivisions", to insert "and private interests"; in line 19, after the word "agreements", to strike out "without regard to the provisions of section 3648 of the Revised Statutes (31 U.S.C. 529) when in his judgment such payments are necessary to facilitate such research"; on page 6, line 4, after "June 30,", to strike out "1964" and insert "1966"; on page 7, line 11, after the word "for", to strike out "coordination" and insert "cooperation"; on page 8, after line 7, to insert a new section, as follows:

SEC. 204. The Secretary is authorized to accept donations of money or other personal property which he may use in furtherance of the purposes of this Act.

At the beginning of line 11, to change the section number from "204" to "205"; and after line 15, to insert a new section, as follows:

SEC. 206. The District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa shall each be treated in the same manner as provided for States in this Act: *Provided*, That they shall not be given equal shares in the planning grant funds designated for such apportionment under section 202, but shall be given in lieu thereof, from said funds such sums as, in the Secretary's discretion, provides them with total grants which are equitable and appropriate to their needs, and the Secretary shall report the amount of such grants to Congress annually.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds and declares that the general welfare of the Nation requires that all American people of present and future generations shall be assured the availability and accessibility of such quantity and quality of outdoor recreation resources as are necessary and desirable for the physical, spiritual, cultural, recreational, and scientific benefits which such outdoor recreation resources provide; and that timely and coordinated action is required by all levels of government on and by private interests a nationwide basis to conserve, develop, and utilize such resources for the benefit of the American people.

SEC. 2. As used in this Act except as the context otherwise may require—

(a) The term "Secretary" means the Secretary of the Interior.

(b) The term "United States" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(c) The term "outdoor recreation resources" means land, waters, and associated resources in the United States and interests therein, improvements thereon, and access thereto, including areas of historic significance and such forests, rangelands, wetlands, fish and wildlife, and other natural resources as may serve other beneficial purposes, which provide, or may in the future provide, opportunities for outdoor recreation. The term "outdoor recreation" means the use and enjoyment of outdoor recreation resources.

TITLE I—RESEARCH, COORDINATION, AND PLANNING

SEC. 101. In order to carry out the purposes of this Act, the Secretary is authorized, after consultation with the heads of other Federal departments and agencies concerned, to—

(a) prepare and maintain a continuing inventory and evaluation of the outdoor recreation needs and resources of the United States;

(b) prepare a system for classification of outdoor recreation resources;

(c) provide technical assistance to States and their political subdivisions and private interests with respect to programs relating to outdoor recreation;

(d) encourage interstate and regional cooperation in the acquisition and development of outdoor recreation resources;

(e) sponsor and engage in research relating to outdoor recreation, directly, or by contract, grant, or cooperative agreements;

(f) formulate and keep current an integrated nationwide outdoor recreation plan which shall take into consideration the plans of Federal agencies, States, and their political subdivisions, shall set forth the current and foreseeable availability of outdoor recreation resources and the needs and demands of the public for the use and enjoyment thereof, and shall identify critical outdoor recreation problems and propose steps for their solution, identifying desirable actions to be taken at each level of government and by private interests. The Secretary shall report at intervals of not more than five years on such plan to the President for transmittal to the Congress. When the plan is transmitted to the Congress, the Secretary shall transmit copies of the report to the Governors of the several States;

(g) undertake such studies and assemble and publish such information concerning outdoor recreation, either directly or by contract, as he deems appropriate, and disseminate such information without regard to the provisions of section 321n of title 39, United States Code;

(h) establish education and interpretation programs in cooperation with educational institutions in order to assist and encourage public use of outdoor recreation resources; and

(i) request any Federal department or agency for (1) such information, data, and reports, and (2) such advice and assistance, as may be necessary in carrying out the provisions of this title; and any department or agency which furnishes such advice or assistance may expend its own funds for such purposes, with or without reimbursement from the Secretary as may be agreed upon between the Secretary and the head of the department or agency.

SEC. 102. The complete files and records of the Outdoor Recreation Resources Review Commission shall be transferred to the Secretary on or before September 1, 1962.

TITLE II—PLANNING GRANTS TO STATES

SEC. 201. To assist the States in meeting their primary responsibilities to provide outdoor recreation opportunities to the populations they serve and to encourage comprehensive planning by the States, in cooperation with their political subdivisions, for effective outdoor recreation resource programs, there is authorized to be appropriated not to exceed $50,000,000 for grants to States to assist them in the preparation of comprehensive statewide outdoor recreation plans, including the cost of training personnel for recreation planning and administrative responsibilities. Money appropriated hereunder shall be available until expended for payment to the States to assist each State for a period of not more than five years in a planning program approved by the Secretary, in accordance with section 203, commencing not later than June 30, 1966.

SEC. 202. The sum authorized to be appropriated under section 201 shall be apportioned among the several States as follows: (1) one-fifth shall be divided equally among the several States; and (2) three-fifths shall be apportioned in the proportion which the population of each State bears to the total population of the United States. The remaining one-fifth of such sum shall be available for grants to States, without apportionment as hereinabove provided, in such amounts as in the opinion of the Secretary may be required to meet the needs for outdoor recreation planning.

SEC. 203. (a) In determining the adequacy of any planning program submitted by a State for approval under this title, the Secretary shall consider whether such program—

(1) designates a State agency (hereinafter referred to as the "State agency" to administer the planning program;

(2) provides for preparing and keeping up to date a comprehensive statewide outdoor recreation plan for assuring the availability and accessibility of outdoor recreation resources to its inhabitants in accordance with the purposes of this Act. The plan shall take into account relevant Federal resources and programs and shall be coordinated with any local, metropolitan, State, or regional comprehensive plans, including those prepared with the aid of planning grants under section 701 of the Housing Act of 1954, as amended (40 U.S.C. 461); and it may consist entirely or in part of components of an interstate plan developed in cooperation with agencies of another State or States;

(3) sets forth the procedures to be followed in carrying out such planning program, with adequate provision for cooperation with all Federal, State, and local agencies having responsibilities in such fields;

(4) provides that the State agency will make such reports in such form and containing such information as the Secretary from time to time may require to carry out his functions under this title;

(5) provides such accounting, budgeting, and other fiscal methods and procedures as are necessary for the proper and efficient administration of the program, and provides that, upon request of properly authorized representatives of the Secretary, accounting and other fiscal records pertaining to such administration will be made available for inspection by such representatives.

(b) Upon approval of the State planning program, the Secretary shall pay to such State from appropriations available therefor up to 75 per centum of the first year's cost of such State program; not more than 50 per centum of the second year's cost of such program; and not more than 35 per centum of the annual costs of such program during each of the subsequent three years: *Provided,* That in no case shall the total of such grants exceed the amount available to such State under section 202.

SEC. 204. The Secretary is authorized to accept donations of money or other personal property which he may use in furtherance of the purposes of this Act.

SEC. 205. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act. Nothing contained in this Act shall limit any authority of the Secretary under any other provision of law.

SEC. 206. The District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa shall each be treated in the same manner as provided for States in this Act: *Provided,* That they shall not be given equal shares in the planning grant funds designated for such apportionment under section 202, but shall be given in lieu thereof, from said funds, such sums as, in the Secretary's discretion, provides them with total grants which are equitable and appropriate to their needs, and the Secretary shall report the amount of such grants to Congress annually.

Mr. JACKSON. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendments were considered and agreed to en bloc.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JACKSON. Mr. President, I send to the desk a technical amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Washington will be stated.

The LEGISLATIVE CLERK. It is proposed on page 2, line 4, to strike the word "on" which appears after the word "government" and insert the word "on" after the word "interests".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. JACKSON].

The amendment was agreed to.

Mr. JACKSON. Mr. President, this bill was reported unanimously from the Senate Interior and Insular Affairs Committee. It stems also from the unanimous findings of the Outdoor Recreation Resources Review Commission, headed by Mr. Laurance Rockefeller, who was appointed to head this Commission in 1958.

The measure was proposed to Congress by the Secretary of the Interior and introduced by Senator CLINTON P. ANDERSON and 20 cosponsors.

The purpose of the bill is to provide for recreation planning grants to States and to give the Secretary of the Interior authorities he needs to develop a national recreation program through the Bureau of Outdoor Recreation.

The committee held extensive hearings on the bill. It was submitted to the Governors of the 50 States. Their attitude was one of wide and general receptivity to the proposal.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BRINGING NUMBER OF CADETS AT U.S. MILITARY AND U.S. AIR FORCE ACADEMIES UP TO FULL STRENGTH

Mr. JACKSON. Mr. President, I ask that the Senate return to the consideration of H.R. 7913.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength.

Mr. JACKSON. Mr. President, I yield to the distinguished Senator from Delaware [Mr. WILLIAMS]—or does the Senator wish the floor in his own right?

Mr. WILLIAMS of Delaware. Yes.

The PRESIDING OFFICER. The Senator from Delaware.

CONTRADICTORY POLICIES OF THE KENNEDY-FREEMAN FARM PROGRAM

Mr. WILLIAMS of Delaware. Mr. President, I know of no better way to demonstrate the contradictory policies of the Kennedy-Freeman farm program than to call attention to some of last year's operations as the program is presently being administered.

Last year the Department of Agriculture paid out $1,118,233,897 as inducements to the American farmers to retire 53,604,795 acres from agricultural production. This was a national average of over $20 per acre. These payments, which were made for the announced purpose of reducing the production of agriculture crops are broken down as follows:

Feed grains program, 1961:	
19,114,600 acres corn diverted for payment	$645,380,700
6,100,500 acres sorghum diverted for payment	136,483,800
Soil bank conservation reserve program: 28,389,695 acres diverted for payment	336,369,397
Total	1,118,233,897

After paying out over one billion dollars to the American farmers for reducing their acreage during 1961, the Department of Agriculture then paid the American farmers another $208,182,000 to subsidize the purchase of additional lime, fertilizer, and so forth, and for certain soil conservation practices. This subsidized lime and fertilizer was made available for the announced purpose of increasing the productivity on the remaining acreage.

Now, the U.S. Government itself is the largest owner of agriculture crop and grazing land in America, but instead of just keeping its own agriculture land out of production it leased it to the American farmers for the purpose of producing more crops and more livestock.

During 1961 the record shows that the Government leased 4,881,395 acres of farmland to the American farmers for agriculture production at an average of less than $3 per acre, or a total annual rental of $13,327,953.

Thus, we find that on the New Frontier Secretary Freeman was paying an average of over $20 per acre to retire 53 million acres of cropland from production while at the same time the Government was leasing 4,881,000 acres of its own cropland back to the farmers at an average of less than $3 per acre.

A breakdown of this Government-owned farmland, the Agency under which it was leased, and the amount collected follows:

		Acres	Annual rentals
Cropland:			
Farmers Home Administration.	Leased	3,491	?
Forest Service	do	24,059	$102,545
Interior	do	169,512	595,763
Bureau of Indian Affairs.	do	3,728,621	10,612,706
Defense:			
Military	do	385,416	976,370
Civil works	do	570,296	1,040,509
Total		4,881,395	13,327,953
Grazing:			
Forest Service (Agriculture).	do	640,508	64,050
Do	do	59,789,452	3,898,497
Interior	do	193,631,545	3,425,409
Bureau of Indian Affairs.	do	18,464,332	3,208,907
Defense:			
Military	do	1,824,563	831,081
Civil Works	do	369,193	300,584
Total		264,719,593	11,728,528

Summarizing the above operations, in 1961 the U.S. Government paid $1,118,233,897, or an average of over $20 per acre, to retire 53,604,795 acres of farmland from production.

The Government paid another $208,182,000 to subsidize the purchase of lime and fertilizer to increase the production on the remaining acreage. The Government then leased 4,881,395 acres of its own farmland for agriculture production at an average of less than $3 per acre and then leased another 264,719,593 acres of grazing land at an average annual rental of less than 5 cents per acre.

But this does not represent all of the confusion on the Potomac. During 1961 the Government spent millions under the Bureau of Reclamation to irrigate and bring into production an additional 113,700 acres of cropland. Under these reclamation projects, full or supplemental irrigation service was furnished to this acreage at a cost to the taxpayers ranging from a low of $159 per acre up to a high of $1,227 per acre.

Under numerous other reclamation projects, some of which have already been authorized and some of which are still being approved, millions will be spent to irrigate and bring into full production thousands more acres of farmland.

At this point I ask unanimous consent to have incorporated in the RECORD five letters from the various Departments confirming the statistics which I have used in my report today. First, I submit a letter and attachment from the Department of Defense dated March 14, 1962, signed by Assistant Secretary Charles J. Hitch. Second, I submit a letter from the Department of Interior dated April 19, 1962, signed by Mr. N. O. Wood, Jr., Director of Division of Property Management. Third, I submit two letters from the Department of Agriculture dated April 2 and April 30, 1962, and signed by Secretary Freeman and Assistant Secretary John P. Duncan, Jr., respectively. Last, I submit a letter and attachment from the Department of Interior dated March 19, 1962, signed by Mr. Floyd E. Dominy, Commissioner of the Bureau of Reclamation.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., March 14, 1962.

DEAR SENATOR WILLIAMS: In accordance with the request in your letter of March 7, 1962, addressed to Secretary McNamara, there is attached a table showing acreage leased by the Department of Defense in the United States for agricultural and grazing purposes during the fiscal year 1961.

Sincerely yours,

CHARLES J. HITCH,
Assistant Secretary of Defense.

Acreage leased by the Department of Defense for agricultural and grazing purposes in the United States during fiscal year 1961

	Number of acres	Annual rentals
Agricultural:		
Military	385,416	$976,370
Civil works	570,296	1,040,569
Grazing:		
Military	1,824,563	831,081
Civil works	369,193	300,584

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 19, 1962.

Hon. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: In accordance with your request of March 7, 1962, and our acknowledgement of March 15, 1962, enclosed is a tabulation showing (1) the total acres of land leased by bureaus of this Department during calendar year 1961 for grazing and crop production, and (2) the total rentals received from such leases. Separate totals are included for lands controlled by the Bureau of Indian Affairs.

Sincerely yours,

N. O. WOOD, Jr.,
Director, Division of Property Management.

Total acreage and rental received for land leased by the Department of the Interior for certain purposes

	Grazing		Crop production	
	Acres	Annual rental	Acres	Annual rental
Bureau of Land Management	179, 804, 650	$2, 764, 863	----------	----------
Bureau of Mines	12, 003	11, 076	----------	----------
Bureau of Sport Fisheries and Wildlife	2, 015, 579	507, 328	114, 732	----------
Office of Territories	100	400	----------	----------
Bureau of Reclamation	411, 213	116, 847	41, 558	$582, 223
National Park Service	1, 388, 000	24, 895	13, 222	13, 540
Total, 1961	183, 631, 545	3, 425, 400	169, 512	595, 763
Bureau of Indian Affairs, calendar year 1961	18, 464, 332	3, 208, 907	3, 728, 621	10, 612, 706

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 2, 1962.
Hon. JOHN J. WILLIAMS,
U.S. Senate.

DEAR SENATOR WILLIAMS: This is in reply to your letter of March 7 requesting the same information for the year ended June 30, 1961, concerning land leased for agricultural and grazing purposes that was provided last August for certain previous years.

Land is leased for agricultural purposes by two agencies of the Department—the Farmers Home Administration and the Forest Service. The acreage so leased by the FHA as of June 30, 1961, was 3,491 acres. As of the same date, 24,059 acres of land under Forest Service jurisdiction were leased for the production of crops, including the cutting of wild hay. Forest Service receipts attributable to these uses are estimated to have totaled $102,545 during fiscal year 1961. Permits authorizing individual use of small areas for pasture purposes were issued for 640,508 acres by the Forest Service during fiscal year 1961. Receipts from these permits are estimated at $64,050, exclusive of separately determined forage fees in most areas. Data are not available in Washington showing total Government receipts from leasing and renting of land under FHA jurisdiction.

Figures on Forest Service lands "open for grazing" and grazing receipts have been received from the field but are not yet summarized. They will be furnished to you in the near future.

Sincerely yours,
ORVILLE L. FREEMAN,
Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 30, 1962.
Hon. JOHN J. WILLIAMS,
U.S. Senate.

DEAR SENATOR WILLIAMS: This supplements our letter of April 2 which partially met your request for information comparable to that provided in August 1961, on land leased for agricultural and grazing purposes.

Forest Service lands "open for grazing" during calendar 1961 totaled 59,789,452 acres. Grazing receipts for fiscal year 1961 amounted to $3,898,497. As pointed out in our letter of last August, these lands are open for grazing under a permit system and several permittees may have stock in the same area. The fee being charged per month for 1962 averages 46 cents per cow and 7.75 cents per head for sheep.

Information on lands leased for agricultural purposes, and pasturelands for which individual use permits were issued, was supplied in our letter of April 2, 1962.

Sincerely yours,
JOHN P. DUNCAN, Jr.,
Assistant Secretary.

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D.C., March 19, 1962.
Hon. JOHN J. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: We are pleased to respond to your letter addressed to Secretary Udall, dated March 7, 1962, requesting information by projects of the acreage available to receive initial irrigation service from facilities completed in fiscal year 1961 under the Federal reclamation program, together with estimated irrigation investment per acre. A table providing this information is enclosed.

The data presented reflect the completion of facilities for (1) full irrigation service to lands not previously irrigated; (2) supplemental irrigation service to lands previously irrigated but having insufficient water; and (3) rehabilitation of irrigation projects constructed originally by non-Federal interests. These are designated "F," "S," and "R," respectively.

Full irrigation service provides water to lands formerly dry-farmed or grazed. The supplemental service projects and the rehabilitation of privately built projects are rescue-type operations. The acreage shown on the enclosed table represents the lands for which the final delivery facility was completed. However, the total acreage will seldom be irrigated immediately by reason of the need for the farm operator to construct farm ditches, level the land, and fully subjugate the lands for irrigation.

The estimated investment per acre for assignment to irrigation is based on total estimated dollars and total acres rather than dollars or acres programed for a particular year. This value related to the direct benefits which accrue to the farmer, plus the indirect and public benefits which accrue to the local communities or which are generated by the irrigation enterprise.

Sincerely yours,
FLOYD E. DOMINY,
Commissioner.

Department of the Interior, Bureau of Reclamation—Acres available to receive initial irrigation service from facilities completed in fiscal year 1961 under the Federal reclamation program

Project or unit		Acres (in thousands)	Estimated irrigation investment per acre
Central Valley	F	----------	$429
	S	0.8	----------
	R	----------	----------
Collbran	F	2.5	267
	S	19.8	----------
	R	----------	----------
Columbia Basin	F	14.8	743
	S	----------	----------
	R	----------	----------
Lower Rio Grande, Mercedes division, rehabilitation	F	----------	159
	S	----------	----------
	R	12.0	----------
Middle Rio Grande	F	----------	225
	S	----------	----------
	R	9.7	----------
Rogue River Basin, Talent division	F	3.6	923
	S	23.8	----------
	R	----------	----------
Missouri River Basin, Bostwick division	F	5.7	695
	S	----------	----------
	R	----------	----------
Frenchman-Cambridge division	F	4.9	883
	S	8.6	----------
	R	----------	----------
Helena Valley unit	F	----------	794
	S	----------	----------
	R	3.8	----------
Webster unit	F	3.7	1,227
	S	----------	----------
	R	----------	----------
Total acreage for all projects	F	35.2	----------
	S	53.0	----------
	R	25.5	----------

BRINGING NUMBER OF CADETS AT U.S. MILITARY AND U.S. AIR FORCE ACADEMIES UP TO FULL STRENGTH

The Senate resumed the consideration of the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The LEGISLATIVE CLERK proceeded to call the roll.

Mr. KEFAUVER. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DRUG LEGISLATION

Mr. KEFAUVER. Mr. President, I wish to call the attention of the Senate to a very excellent editorial which appears in this morning's Washington Post. It is entitled "Action on Drugs." I wish to read a part of it. The editorial states:

> Whatever the disappointments with this session of Congress, there is one fight that can—and should—be won. There may be apathy and public confusion about the complexities of tax policy and farm legislation. There is no apathy about the drug controversy. The tragic results of the sale of thalidomide in other countries have made abundantly clear the need for measures that will assure that no such misfortune will ever happen here.
>
> The country can thank the stubborn competence of Dr. Frances Kelsey of the Food and Drug Administration for preventing the sale of thalidomide here. Dr. Kelsey fully deserves the Distinguished Service Medal that President Kennedy bestowed on her in behalf of a grateful country. She also deserves to be heeded as an expert witness on the need for improvements in existing drug legislation.

About 10 days ago I found in the files of the Food and Drug Administration relating to thalidomide a memorandum consisting of a chronology on the various calls, letters, visits, urgings, influence, and pressure used by the William S. Merrell Co., the American company which had planned to sell thalidomide as the licensee of the German manufacturer and developer. I hope that in consideration of the award to Dr. Kelsey and also the great importance of immediately enacting drug legislation, Members of the Senate will read this record, which appears in the Congressional Record at pages 15932–15933. It not only reflects great credit on Dr. Kelsey, for refusing to knuckle under and succumb to the pressure and calls from the company, but also on a number of pharmacologists and doctors in the Food and Drug Administration. It will be seen that in these letters and calls to the Food and Drug Administration, some of the efforts were rather direct and vigorous to have this drug released for sale in the United States. I read from the memorandum:

> February 1, 1961: Dr. Murray told Dr. Kelsey by telephone that "release" was scheduled for Kevadon on March 6 and wanted to print labeling.
>
> February 16, 1961: Dr. Murray called Dr. Kelsey, referred to yesterday's call to Dr. Smith, and "wondered about Kevadon." Dr. Kelsey hoped to get to it the next week. Dr. Murray referred to a previous promise to get to it in 1 day; Dr. Kelsey disagreed that such a promise had been made, and Dr. Murray decided he probably had misunderstood.
>
> March 30, 1961: The representatives of the Merrell Co. pressed for a verbal commitment that the application would become effective with the precautionary information in the labeling.
>
> April 5, 1961: A covering letter submitted a labeling change regarding dosage, expressed hope of early review, pointed out the age of the application, expressed concern about a possible plan of Dr. Kelsey's to learn more about this or related drugs at a scientific meeting and in the literature, expressed the opinion that the data had provided adequate documentary proof of the relative safety of the drug for use as claimed, and requested to be advised of the decision by telephone as soon as possible.
>
> April 19, 1961: Dr. Murray called Dr. Smith and asked about the application. He said his firm thought some pressure should be exerted. Accordingly, their vice president intended to see Mr. Larrick if nothing were going to be done. They wanted a "Yes or No" decision so that they could prepare to go to a hearing if necessary.
>
> May 5, 1961: Concern was expressed that evidence of neurological toxicity apparently was known to the applicant without being forthrightly disclosed in the application.

And so on. It was only through the tenacious resistance of this good woman, Dr. Kelsey, and those who supported her, that a national disaster such as happened in Germany, and to a lesser extent in England and elsewhere, was avoided in the United States.

Not only that, but these disclosures show the absolute necessity for giving the Food and Drug Administration power to protect the public interest. It is imperative, as the Washington Post states. I read further from the Washington Post editorial:

> As Dr. Kelsey told the Senate Judiciary Committee, tighter restrictions are needed—especially an amendment that would eliminate the time limit now set on the sale of new drugs. As it stands, unless the Government registers disapproval within 60 days, a new drug can be automatically cleared for sale. President Kennedy is urging that the time limit be stricken from the laws; he has also suggested six other amendments to the porous measure, originally approved by the Senate Judiciary Committee.

In this connection, the bill sponsored by the Senator from Michigan [Mr. Hart] and myself, and approved by the Subcommittee on Antitrust and Monopoly, contained the substance of most of the amendments proposed last week by the President to the Senator from Mississippi [Mr. Eastland], chairman of the Committee on the Judiciary, although the details and language may be somewhat different. The Committee on the Judiciary, joined in by Senators on both sides of the aisle, has been considering the amendments. A number have been agreed to by the Committee on the Judiciary. I hope the committee will finish its work tomorrow.

But S. 1552 has been on the calendar for several weeks. The interest of the health of the Nation demands that it be passed immediately. Although the Committee on the Judiciary may finish its work on the bill tomorrow, the Senate itself must consider the proposed amendments. I am sure the Senate as a whole will join in restoring the bill to the strength it originally had so as to accomplish its original objectives which are also the objectives of the President of the United States. I compliment the President for the force he is putting behind the passage of an effective drug measure.

One important change has already been made in the Committee on the Judiciary. Drugs will no longer automatically be placed on the market after 60 days unless the FDA takes action to the contrary.

The President suggested no time limit. Originally the bill provided no time limit in which the Food and Drug Administration had to operate. The Committee on the Judiciary has now eliminated any 60- or 90-day provision. Now the Food and Drug Administration will have 180 days in which to make its initial decision. After that, it will have 30 days in which to ask for a hearing; and within a further 90 days a hearing must start before the Secretary of Health, Education, and Welfare. But at no time may a drug automatically become eligible for sale unless it has been approved affirmatively by the Secretary of Health, Education, and Welfare, or unless the courts hold that the Secretary has been capricious, arbitrary, or unreasonable in denying an application for the creation of a new drug. The provision is not as desirable, in our opinion, as the original provision of the bill introduced by the Senator from Michigan [Mr. Hart] and myself, or the recommendation of the President; but the Food and Drug Administration says it is adequate to deal with the problem of a time limit in which to pass upon new drugs.

Lest anyone think that thalidomide is the only drug that has caused serious side effects, may I call attention to the fact that in the individual views of myself, Senators Hart, Carroll, Dodd, and Long of Missouri—the latter having won renomination to the Senate yesterday—we find, at page 43, a list of drugs which, partly because of the automatic approval feature, were approved for sale, and then had to be taken off the market because of their side effects: Blood dyscrasia, aplastic anemia, cataracts, Parkinson's disease, and other serious ailments. Among them is such a widely sold product as MER–29, which caused cataracts.

The Judiciary Committee has also restored to the bill, upon the recommendation of the President, a provision making it easier for the Food and Drug Administration to withdraw a drug from the market when it finds the product is injurious to health. That is a great improvement, in that it lessens the burden of proof which must be borne by the Food and Drug Administration.

Another section which was restored to the bill substantially as it was in the subcommittee's version and substantially as recommended by the President is related to advertising. The full Committee on the Judiciary removed the advertising section, but it has been restored to the bill.

Eighty-nine percent of the drug advertisements were found, in a survey made for the subcommittee, to have either said nothing about adverse side effects or to have dismissed them with a short phrase, such as "with few side effects."

Doctors read the advertisements in the American Medical Journal and other professional journals. They read pamphlets which are brought to them by the detailmen. The cost to a drug company for a detailman, who visits doctors and urges them to prescribe the company's products, is about $5,000 a year per detailman.

There have been cases in which drugs have caused addiction, but where the company has advertised that there were no adverse side effects. The section which has been restored to the bill would simply require a truthful, factual statement of what the drug will do, together with a statement of its side effects, as approved by the Commissioner of the Food and Drug Administration. In the case of a short advertisement, a summary of the statements would be required. This is a great improvement.

Thousands of physicians all over the United States have written to the Subcommittee on Antitrust and Monopoly, urging that the committee take action with respect to the advertising problem. It may be of interest to know that the drug industry as a whole spends about 25 percent of its sales dollar on sales promotion, selling, and advertising.

We hear much about research. I am all for it. More money should be spent on research. But the drug manufacturers spend four times as much for promotion and advertising as they spend for research. The industry as a whole spends only 6.3 percent of its sales dollar for research.

There are a few other recommendations by the President to be considered by the Judiciary Committee; but even if the committee is not through, this bill should be brought up here on the floor.

I read further from the editorial:

> Mr. Kennedy is asking Congress for new power to remove unsafe or worthless drugs from the market. He wants legislation that would permit more stringent inspection of drug manufacturing. He is supporting

amendments to require simpler and more informative labeling of drugs.

Mr. President, the Judiciary Committee has now restored to the bill the provision that the generic name has to be shown half as large on the label and the advertisement as is the trade name. Usually the trade name is printed "all across the page," in an effort to impress the doctors with the trade name of a particular drug made by a particular company, and one has to look 'way down in the fine print to find the generic name. Yet if the doctors would prescribe by the generic name, the patients would often be able to buy the drugs for one-eighth or one-tenth of what they have to pay if they buy them by the trade name. So in the committee bill we have required that the generic name be printed prominently and in type half as large as the trade name.

The editorial in the Washington Post also states:

> All these suggestions seem basic protective steps and would restore the potency of reform legislation that was originally denatured by the Judiciary Committee.
>
> Most American drug manufacturers do show care and responsibility in the production of drugs, and under present legislation, Food and Drug officials have been able to prevent the worst abuses. But because one error can have disastrous effect, the public has a right to protection that is as close to airtight as legislative ingenuity can make it.

I note today that Mr. Celebrezze, the able Secretary of the Department of Health, Education, and Welfare, for whom I have a high regard, and whom I have known for a long time, has given notice that he is going to promulgate rules relating to experimental use of drugs. However, such regulations can only scratch the surface; they do not and cannot go to the basic defects of the present law. To have effective regulations, we must strengthen this part of the law with a further amendment.

The editorial also states:

> The test will be in the Senate, where the Judiciary Committee is presently considering the President's seven amendments. The committee has already made some improvements, particularly concerning time limits and Federal policing powers. But if the bill that emerges falls short of Mr. Kennedy's standards, then surely his amendments will be put up on the floor for a vote in the full light of the public record.

Mr. President, I wish to say that I think the Judiciary Committee will act on the amendments—and will act favorably, I hope. But if any of them are not acted upon favorably in the committee, I expect to present them here on the floor, in order to get the best bill we possibly can obtain.

Let me say here that action on this bill should not take a great deal of time. It is a matter of the utmost urgency, for it will protect the health of the people of the Nation. Certainly this bill should be considered by the Senate before it considers a bill to establish a private monopoly and a giveaway to a private corporation. I put human welfare ahead of monopoly welfare. Therefore, I implore the leadership to give this bill a quick green light, regardless of whatever other measures may be under consideration on the floor of the Senate. I do not think it would take more than a relatively short time to debate the drug bill sufficiently, and then pass it and get it on its way to the House of Representatives.

I wish to congratulate Representative HARRIS, of Arkansas, for the hearings he has conducted, and has now indicated will be resumed on August 20. Representative CELLER deserves the thanks of all of us, because he has been marking up the bill insofar as the antitrust and monopoly aspects are concerned. There should be no delay.

We cannot let the health of the Nation or the safety of those who take prescription drugs be jeopardized because of any delay in connection with the taking of action by the Congress on this bill. Mr. President, there is urgency about this bill, whereas there is no urgency about the satellite communications bill, and nothing would be lost by delaying the taking of action on it.

Mr. President, in line with the editorial published in the Washington Post, I hope this bill be given the first and most immediate attention.

Mr. YARBOROUGH. Mr. President, will the Senator from Tennessee yield to me?

Mr. KEFAUVER. I am very happy to yield to the distinguished Senator from Texas.

Mr. YARBOROUGH. Mr. President, as I have listened to the distinguished senior Senator from Tennessee and as I have been thinking of the many outstanding services he has rendered the American people during his five terms in the House of Representatives and his three terms in the Senate, I can think of nothing in all his services that has been of more importance to the Nation than his service in this field and his long continued efforts to protect the American people from the indiscriminate use of dangerous drugs. He has fought economic forces of great strength; and he has held long hearings, under great difficulties—difficulties which continue, with every effort being made to break up the hearings on the deleterious effects of dangerous drugs. He has had a resoluteness that would not be turned aside, despite all the obstructions which have been put in the way of the committee and despite the adverse publicity he has received, because he has been fighting for the rights and the lives of the people of this country. He has persisted and he has kept this drug bill alive.

Now we have experienced one of the most tragic and dramatic examples of the misuse of drugs in the history of the human race, particularly since the scientific age began.

As the distinguished Senator from Tennessee has pointed out, this particular drug is not the only dangerous drug which has been indiscriminately given away, as free samples, for the purpose of having experiments with it conducted on human beings. This drug is only one of many of that type.

This proposed legislation is badly needed. I share the hope of the distinguished Senator from Tennessee that this bill will be brought before the Senate before other measures are brought up here. Mr. President, there is nothing more urgent for the welfare of the American people than the enactment of laws which will safeguard them, so that young prospective mothers will not be given drugs which will result in the birth of deformed children.

When it comes to placing before us the measures that are most important, I wish to assure the leadership that, in my judgment, nothing is more important than that.

Certainly the distinguished senior Senator from Tennessee is to be greatly commended, not only by those of us in the Senate who know of his fine work, but also by all the American people.

I commend him for his work and for his long fight. Because my offices are on the same floor with his, I see him regularly there. I know that for a long time it looked as if he had to carry on a "Lone Ranger" fight, almost by himself, in order to secure justice in connection with this issue. But now the country is aroused and awakened; and now that that is the case, I hope the Senate will move forward with this legislation and will proceed to give the American people some protection, by requiring proper testing of all drugs, of all types, before they can be prescribed for human beings or before they can be given away, free of charge, in order to have human beings take them for testing purposes, and become accustomed to their use.

So I thank the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I am very grateful to the distinguished Senator from Texas for the comments he has made. There is no Member of the Senate from whom I would appreciate them more. He has always given those of us on the committee who have been fighting for this legislation and trying to carry out the investigation on which it has been based his fullest encouragement and his fullest support; and we are grateful.

The Senator from Texas has been more than generous with me. I wish to point out that we have had the help of many members of the Judiciary Committee's subcommittee and many members of the full Judiciary Committee, and we have had the encouragement and assistance of many other thoughtful Members of the Senate. All of these efforts, taken together, have brought us on the verge of a great step forward for the protection of the American people; and I thank the Senator from Texas very much.

Mr. YARBOROUGH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PELL in the chair). Without objection, it is so ordered.

NOMINATION OF THURGOOD MARSHALL TO BE A U.S. CIRCUIT JUDGE

Mr. KUCHEL. Mr. President, on October 23, 1961, many months ago, the President of the United States nominated Thurgood Marshall, a noted American lawyer, to be a U.S. circuit judge for the Second Circuit, encompassing the States of Connecticut, Vermont, and New York.

Mr. Marshall is a third generation American. He is a descendant of Negro slaves.

For many years, dating from 1938, he has been chief counsel for the NAACP. He has appeared in lawsuits before the U.S. Supreme Court on 32 occasions. In 29 of those cases the highest tribunal in our country accepted his point of view.

I think it fair to say that few members of the bar in all our Nation can boast of such a record of success. This fact alone testifies to his unique legal capacities and his high qualification for Federal judicial service.

The unhappy fact is, however, that as of August 1962, the Judiciary Committee of the U.S. Senate had taken no action with respect to this appointee, although I have no doubt that the Senate would overwhelmingly confirm his appointment were it given the opportunity.

Mr. President, in connection with this highly regrettable delay, I observe for the RECORD that on June 20, 1961, Judge William H. Cox, of Mississippi, was nominated for Federal judicial service. The U.S. Senate confirmed his nomination within a week, on June 27, 1961.

I observe also that Judge Robert Elliott, of Georgia, was nominated for Federal judicial service on January 23, 1962, and his nomination was confirmed by the Senate on February 7, 1962.

I wish to pay tribute to a member of the Senate Committee on the Judiciary who sits on my side of the aisle, a very able lawyer who has the honor to represent in part the State of Nebraska, our colleague [Mr. HRUSKA], a member of the Subcommittee of the Judiciary Committee scheduled to hold the hearings on Judge Marshall's nomination.

Of course, Mr. President, the Senator from Nebraska [Mr. HRUSKA] is a Republican. He represents the minority on that subcommittee. He was compelled to hold the subcommittee hearings originally by himself. No other member of the subcommittee appeared to participate.

A few days ago, on the television program "Youth Wants To Know" a question was asked the Senator from Nebraska [Mr. HRUSKA].

> Senator, when is the Judiciary Committee going to schedule hearings for the confirmation of Judge Thurgood Marshall?

The answer by the Senator from Nebraska was as follows:

> I wish I knew. We had one earlier this week, or last week. I might tell you the first confirmation hearing on Thurgood Marshall would not have been held at all had it not been for the Senator that's speaking to you now. I'm a member of that subcommittee and nobody else showed up on it. I showed up, and when they didn't show up, I just took the chairman's chair and we started the hearing. And we had another hearing, just day before yesterday as I remember it—one day last week—and we will, I presume, some time soon, resume hearings. I hope so. The testimony on Judge Thurgood Marshall, with his splendid record in the Supreme Court—32 cases he carries to the Supreme Court. He won 29 of them—terrific record, brilliant legal scholar. And he's been doing such a good job on the circuit court now. So I join you in the hope we'll have hearings soon and that they will be successfully concluded.

Among the decisions won by Judge Marshall, as a lawyer, was one of the most notable civil rights decisions of this century, Brown against Board of Education of Topeka, 1954, in which the Supreme Court held that segregation in the public schools denies to Negro children the equal protection of the laws guaranteed by the 14th amendment.

Another case which was argued by Judge Marshall in the Supreme Court, as a lawyer, was Cooper versus Aaron, involving desegregation of the Little Rock, Ark., schools.

Because of his reputation as an outstanding spokesman for the advancement of civil rights and equal treatment under the law, it is, I suppose, not surprising that Mr. Marshall's nomination by the President has met with some vigorous, if on occasion quiet, opposition.

At any rate, Mr. President, the delay in bringing the nomination before the U.S. Senate is more than regrettable. I salute my friends on this side of the aisle who have done what they can to advance this nomination.

My two colleagues from the State of New York [Mr. JAVITS and Mr. KEATING] testified in favor of this nominee, having known him as a constituent in the State of New York.

My only purpose in rising is to say that the U.S. Senate ought to remove every murky implication that its processes are being slowed down without justification and against the public interest. I very much hope that within the next few days the Senate may have an opportunity to confirm the nomination of a distinguished American lawyer as a member of the Federal judiciary, and to demonstrate by that fact that equal treatment under the law is not an empty shibboleth or a hollow mockery, but that men who are qualified for judicial service and who are nominated by the Chief Executive of our country deserve the same treatment in the U.S. Senate, whether their skins be white or black.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to my friend.

Mr. KEATING. I wish to express the gratitude which I feel as a Senator from New York for the comments made by my friend from California. He is absolutely correct in everything he has said. There has been an unpardonable delay in respect to action on this nomination.

At the hearing held the other day, the last hearing, I drew a comparison between action on this nomination and on the nomination of Judge Elliot, who is now sitting in judgment on the cases in Albany, Ga., whose nomination was confirmed in less than 3 weeks, and on the nomination of Judge Cox, of Mississippi, whose nomination came to the Senate on June 20, 1961, and was confirmed June 27, 1961.

Unless we can get prompt action it may be necessary for us to move, in the Committee on the Judiciary, to discharge the subcommittee from further consideration of the nomination. I have indicated that I will make such a motion if the subcommittee does not conclude its hearings without further delay. Many members of the committee on both sides of the aisle have expressed their support of such a move. If we should fail in that regard for any reason—either because of a lack of recognition for that purpose or because of unusually extended debate on such a motion in the committee—we shall file a petition in the Senate to discharge the committee from further consideration of the nomination. As the Senator well knows, there is precedent for such a procedure and, although it would be used with great reluctance, particularly by members of the committee itself—it may be the only way to bring this matter to a head. I know there is a determination on the part of several of us to invoke that procedure, if necessary.

I have been informed that a hearing has now been scheduled for next Thursday morning. This should be the final hearing. Even the chairman of the committee has indicated that the hearings should be concluded at that time.

The questioning has been conducted by counsel for the committee. Committee members have asked only perfunctory questions, but the counsel for the committee has been going into a long line of questioning with regard to the NAACP, the NAACP legal and defense fund, and other activities in the States of Texas, Virginia, and others. Those questions have not brought out anything reflecting adversely on the nominee and have been almost wholly irrelevant to any issues with regard to the qualifications of the nominee, his integrity, his trustworthiness, his legal ability, his judicial temperament, or his demeanor.

Judge Marshall has been sitting on the bench for almost 10 months. We have received a letter from the chief judge of the Court of Appeals for the Second Circuit, Chief Judge Lumbard, indicating that Judge Marshall has been performing his duties, as all of us knew he would, in a superlative fashion. It is a reflection upon the Senate that the committee has not acted sooner on the nomination. The Senator from California is a champion of fairplay and equal rights, and a bitter and militant foe of discrimination in any form. I know he will join in doing everything possible to make certain that the Senate does its duty in this case.

I am grateful that the Senator from California has indicated that if it becomes necessary he will stand shoulder to shoulder with us in the battle to bring the nomination to the floor of the Senate and have it confirmed. Of course, when the Senate has the opportunity to pass upon the question, the nomination will be confirmed overwhelmingly.

Mr. KUCHEL. Mr. President, I thank the distinguished Senator from New York for his comments. I assure him that many Senators would be very glad to follow his leadership if the appointment, as a result of the regrettable delay which the confirmation has most unfortunately entailed, requires such exertions under the rules of the Senate as he has suggested. Meanwhile the Senator and his colleagues who wish to see the nomination brought forward now have the best wishes, respect, and support of most Senators.

Mr. KEATING. I thank the Senator from California.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 147 Leg.]

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Monroney
Morse
Morton
Moss
Mundt
Muskie
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

BRINGING NUMBER OF CADETS AT U.S. MILITARY AND U.S. AIR FORCE ACADEMIES UP TO FULL STRENGTH

The Senate resumed the consideration of the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength.

THE TRUTH-IN-RECRUITING AMENDMENT

Mr. LONG of Louisiana. Mr. President, I have offered my amendment which is at the desk. In some respects the amendment is in the nature of a substitute for the pending bill. The bill before the Senate would cause officers of the academic board to make congressional appointments for Members of Congress. What I am proposing is that we make our own appointments; that we start now to encourage Senators and Representatives to appoint the best qualified men, because there is really no incentive for the academic board to appoint the best men.

I am prepared to prove that the academic board has been playing the most horrendous kind of service politics with Academy appointments. Heretofore the board has not appointed the best qualified men to the Academy.

If 75 men are wanted in a freshman class, those selected by the Academic Board may be the sons of Senators or Representatives, whose appointments may not be based on their merits as scholars, but upon their brawn. The chances are that they will be appointed, not because of their high scholarship, but because they are the sons of persons who were heavy contributors to political campaigns, or because they are the sons of servicemen who have wanted to see their sons enter the military service.

So the sooner Congress provides a better incentive for every Senator and Representative to appoint the best men, the sooner a higher caliber of student will be appointed to the Academies.

The best way to secure men of high quality is to appoint the best qualified students. Many of the Nation's greatest officers were at the top of their class in the Academy. Gen. Douglas MacArthur made a brilliant record during the 4 years he attended the Military Academy. Other well-known officers were at the head of their class. It is persons of that type from whom selections should be made.

I regret that I did not have the opportunity to offer this proposal to the committee. The chairman invited me to do so, but I had not yet conceived the idea at that time. However, I am satisfied now that this would be the best way to improve the measure before us.

Mr. President, during the time this measure was under consideration by the Committee on Armed Services of the Senate, I made no secret of my opposition to it. My objection at that time was that the provisions of the bill were subject to a great deal of abuse by the service academies; that the bill could be used to fill the academies with football players rather than with good potential officers.

The committee made some changes in the measure which constituted improvements. The fact remains, however, that the measure is subject to abuse. The additional appointees are given to the academic boards to designate; thus the possibility is opened up of use of the measure for football recruiting. I am still opposed to this sort of practice. By leaving it within the discretion of the academic board—subject to some minimal restraints—to select the men to fill the estimated understrength, the bill permits of a good deal of maneuvering with the betterment of the football team in view.

Of course, if things were as they should be, none of us would have to be worried about the possibility of abuse. If the persons responsible for the athletic programs at the academies were living up to the mottoes they profess, then we could trust them with a measure of the kind here under consideration. Unfortunately, however, it appears that to place this kind of trust in those who would be administering this provision would be naive. I am able to say that it would be naive with some confidence, because a number of matters have recently come to light which leave the intentions of the academies highly suspect.

While I do not wish to confer any cloak of immunity upon the Air Force or the Navy, it does appear that the Military Academy is the chief culprit at this time. At least, the great bulk of these matters which have come to my attention concern the Army rather than the other branches.

The facts about the situation at the Military Academy are rather apparent. A number of articles have appeared in newspapers and magazines recently which make crystal clear that a nationwide football recruiting drive is under way at West Point; they will not be content until every high-quality football prospect in the Nation has been approached by the Army recruiters.

For example, the May 28, 1962, issue of Sports Illustrated magazine contained a revealing article entitled "Pepsodent Paul at the Point." The title, of course, refers to Army's new head coach, Paul Dietzel. It should be made clear at the outset that this kind of article is not written without the approval, at least tacit, of the authorities at the Academy. They are not ashamed of their intentions. They are proud of them. Here are some pertinent excerpts from this article:

> Dietzel says it will take 4 years to produce at Army. Hall was out after 3, but West Point will wait for Dietzel. "I intend to build a football program," he says. "The best one I know how. Build the program you want, and the winning will take care of itself."
>
> Dietzel already has made grandiose plans for recruiting. A huge map covers one office wall; in a multiplicity of colors, it shows areas to be attacked. No State has been overlooked. "This is a national Academy, not an eastern school," he says. "Hall's 1961 roster was stocked with 28 Pennsylvanians."
>
> Former Army Coach "Red" Blaik once called Pepsodent Paul the world's greatest recruiter—"If he so much as gets his feet under the supper table with a boy, the boy is his."

Mr. President, there it is in black and white. The intentions are that there will be a recruiting drive the like of which this Nation has never seen. I, for one, am not interested in enacting a piece of legislation which will make this easier. There is little doubt in my mind that the pending bill was originally designed as just that—part of the new football effort at West Point. New Orleans Sportswriter Buddy DiLiberto, in the February 3, 1962, issue of the Times-Picayune, tells of some pertinent information he obtained from Johnny Rauch, who spent the past 3 years on Dale Hall's Army coaching staff. This article stated:

> Beating Navy is the point at West Point.
>
> Navy's enrollment is about 1,000 more than West Point's, Rauch explained, and naturally many more appointees are earmarked for football.
>
> "Navy brings in about 140 football players a year and we were getting about 35 or 40," Rauch said. "Last year over 200 midshipmen reported for Navy's freshman squad."

> Another advantage Annapolis has over West Point, according to Rauch, is a "redshirt system."
>
> "Bullis Prep at Silver Spring, Md., Columbian Prep in Washington, D.C., and New Mexico Military Institute are Navy prep schools.
>
> "Each one of these schools gives Navy about 16 scholarships a year, and in reality these boys have already put in a 'redshirt year' before entering Annapolis," Rauch said. He is a former West Point coach.
>
> The only thing comparable at West Point is Manlius School in Syracuse, N.Y., which gives six scholarships a year to Army-marked football players.
>
> "The biggest recruiting problem was not knowing until late May or early June exactly how many appointments would be earmarked for football," Rauch said. "It's difficult to keep kids on the line that long."
>
> "That's why Dietzel is trying to get the bill passed which would assure him of 55 appointments a year."

That is the bill we have here—a bill which a former West Point football coach described as a football bill.

Mr. President, former Army Assistant Coach Rauch was talking about the bill which we are debating. There does not seem to be much doubt outside the Halls of Congress that this is a football bill.

Let me emphasize, Mr. President, that I do not begrudge the Army a good football team. But if no legislation whatever of this sort is enacted, they will still have an excellent team. Even if we should enact no bill at all, the Point would not suffer very much for lack of football players. Another portion of the DiLiberto article bears this out:

> Dietzel, in the opinion of Rauch, is stepping into a "changing situation at the Academy." "But a change for the better, footballwise," Rauch quickly added.
>
> "We left one of the finest Plebe teams the Academy has had in a long time," Rauch said. "When Dale Hall succeeded Colonel Blaik 3 years ago, there were only about 18 of what we call grade A football players at the Academy. There are at least 50 grade A players there now."
>
> "Hall wasn't named coach until late February 1959, and that gave us only about 2 weeks to line up our players for the Academy entrance exam in March," Rauch explained.
>
> "Consequently, we had a weak recruiting year and brought in only 28 men. We brought in about 35 in 1960 and 47 last year. Of the 35 recruited in 1960, a dozen of them lettered as sophomores last season."

Thus, Mr. President, Army will have a good football team for several years, just on the basis of the talent there now. And I have no doubt that, with Mr. Dietzel's recruiting talents, West Point will continue to fare as well in getting new players. Thus, they will have a good team, without our helping them by enacting legislation for more football appointments.

As a matter of fact, Mr. President, even if this bill is not enacted, I am certain that there will be a high rate of abuses. They have been occurring in the past, and I have no reason to believe that they will stop. The chief abuse which has come to my attention centers upon the provision of the law which forbids a Congressman's appointing a man who is not a resident of his district, and which forbids a Senator's appointing a man not from his State. The clear-cut provision of the law may well be the most frequently violated on any provision of law anywhere.

Lately, there have been several rather well-publicized incidents of violation. For example, let us consider the case of Robert DeLuca. This matter was brought to light recently by a Member of the House of Representatives from the State of New York, Representative SAMUEL S. STRATTON, who was a member of the House committee which approved the pending bill. Of course, the gentleman from New York has had occasion to repent his concurrence in the proposed legislation.

Robert DeLuca is an excellent basketball player. During his senior year in high school he was approached by West Point Basketball Coach George Hunter. In an affidavit he gave to Representative STRATTON, Robert DeLuca described the matter:

> The basketball coach from West Point witnessed one of our basketball games during March. The following day he spoke with me at our school. He explained to me that he would like to have me play for him, and he felt assured that I would be accepted at West Point. He stated that I would have to raise my college boards a little and I would be assured a spot at the Academy.
>
> I journed to the Academy the following week and passed the medical exam. The coach then went ahead and obtained my appointment. He explained to me that it would probably be from another State and a second or third alternate. I was told not to worry about this, it was standard procedure.

Let me repeat the last two sentences, Mr. President—

> He explained to me that it would probably be from another State and a second or third alternate. I was told not to worry about this, it was standard procedure.

Mr. President, what more proof is needed? The Army coach told the young man that it is "standard procedure" to obtain appointments for athletes from Members of Congress from other States. Let us bear in mind that the provisions of the United States Code clearly prohibit this.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield?

The **PRESIDING OFFICER** (Mr. HICKEY in the chair). Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Does the code prohibit naming alternates from another State?

Mr. LONG of Louisiana. Yes. Let me read it; it is United States Code Annotated, title 10, section 4342, subsection (c):

> No person may be nominated under clause 1(5) of subsection (a) unless he is domiciled in the State or territory or in the congressional district from which he is nominated, or in the District of Columbia or Puerto Rico, if nominated from one of those places.

That is a clear prohibition. As a matter of fact, when Members of the House of Representatives nominate for appointment to the service academies, they have to certify that the nominees come from their districts.

Mr. DOUGLAS. Is that true of alternates, as well as principals?

Mr. LONG of Louisiana. Yes, that provision of the code applies to both alternates and principals.

Mr. President, the case of Robert DeLuca came to an interesting conclusion. I read from an affidavit given by his father, Mr. Valentine J. DeLuca:

> We were told that if he received an appointment from some other State not to worry about it. This came through just as we were told it would. At this time Mr. Hunter told my son to turn down all other colleges, and tell them that he was going to the Academy.
>
> Robert went to West Point in June and took his physical aptitude and college boards, which he passed very nicely. The physical aptitude he passed very easily, and he received a sufficient enough mark to assure his acceptance at the Academy. On the morning of June 28 we received a letter from the Department of the Army stating that Robert had qualified in all the exams, but there were no openings. Even this we were told to expect, so we still went ahead with our going-away plans.
>
> That evening, at 8 o'clock, we received a call from Mr. Hunter, and he told us that my son didn't make it. This, he said, was due to pressure from the Southern States on the Academy pertaining to athletes.

Mr. President, the junior Senator from South Carolina has had something to say about these abuses. I believe I may speak for the two of us when I say that we are gratified that the Academy has heeded our admonitions. However, I am not convinced that its response was in the proper spirit. Mr. DeLuca put the question very nicely; he said:

> I would like to know if this is the honor code which is stressed so highly at West Point.

The case of Robert DeLuca is an example of attempted disregard of the law on the part of the West Point authorities, which was abandoned in the face of a growing storm of opposition.

Now let us examine some cases in which the Army has persisted in its attempts to violate the law. Permit me to read from a letter which Mr. John H. Vaught, head football coach at the University of Mississippi, wrote to me on June 18 of this year:

> Dear Senator LONG: We are cognizant of your efforts to cause the service schools to maintain normal appointments through proper channels. We wish to call to your attention the case of Stanley Hindman, of Newton, Miss., who committed himself to the University of Mississippi on a football grant-in-aid in December 1961. At the time the award was granted young Hindman mentioned that he had been contacted relative to an appointment to West Point, but had learned that no Congressman from Mississippi had an appointment available until 1963. In the meantime, he took the necessary physical and mental examinations and qualified for admission to the Academy.
>
> About a month or 6 weeks ago he flew to West Point, and, upon his return, announced his intention to enroll in the Academy in September. It has been discerned that a Senator or Representative from Pennsylvania made the appointment.
>
> Whereas we do not censure the aforementioned appointee if he really wants to attend the Military Academy, we do question the validity of the appointment, as well as the methods used by Coach Dietzel in enticing young gentlemen to abrogate their previous agreements.

Mr. DOUGLAS. Had that young man received the promise of a scholarship at the University of Mississippi, on the condition that he play football there?

Mr. LONG of Louisiana. He had signed a contract with the University of Mississippi that he would accept a scholarship, which I believe is worth about $1,200, to help pay his expenses at that university, with the understanding that he would play football there.

Of course, as we know, a contract with a minor is not binding. Nevertheless, there was an agreement between the university and that young man.

Mr. President, here is a flagrant example of disregard of the law. Stanley Hindman, of Newton, Miss., has been nominated to West Point by a Congressman from Pennsylvania. The law has been ignored. And note another dimension to this case—not only has the law been violated, but the young athlete here involved has been encouraged and persuaded to break a contract—something which his new coach seems to be able to do with impunity. What an example for the future military leaders of America.

Example No. 2: Reading from a letter written on May 17, 1962, by Coach Frank Howard, of Clemson College, S.C.:

> DEAR SENATOR LONG: I am soliciting your help in regard to Wayne Page, an outstanding football prospect and student from Lake View, S.C. Wayne's address is Route 1, Nichols, S.C. To make a long story short, I would like to advise you that Page and his family signed a grant-in-aid agreement to attend Clemson on December 13. Everything went along fine until about 3 weeks ago when West Point moved in. It now looks like the boy might change his mind and attend West Point. They are sending a representative down to Lake View quite often to talk to this boy.

Mr. President, could this representative perhaps be Paul Dietzel, himself, who, according to Red Blaik, has only to "get his feet under the supper table with a boy and the boy is his"? Coach Howard continues:

> I would appreciate it very much if you would write to Page and encourage him to live up to his original commitment and attend Clemson. Please understand that I think we need outstanding Army officers. but I also feel that if Page was not an outstanding football player that West Point would not be too interested in him. We need boys like Page to play on our Clemson teams, so that we may well represent the State of South Carolina as we have done in the past.
>
> It seems that since Paul Dietzel went to West Point he is now after practically every good football player that other teams in the United States have already signed.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Am I to understand that Clemson College is buying football players?

Mr. LONG of Louisiana. No. Let me attempt to tell the Senator what the situation is, so far as I know, in the Atlantic Coast Conference. The Atlantic Coast Conference and the Southeastern Conference have undertaken to agree to fair rules of competition. Both sides knew methods were being used to subsidize football players. They said, "Let us do it out in the open."

So here is the way it works out. It amounts to $100 a month——

Mr. DOUGLAS. Am I to understand that in the Southeastern Conference they can buy football players for $100 a month?

Mr. LONG of Louisiana. In effect; and the bids are to be competitive.

Mr. DOUGLAS. There is to be no competition; $100 a month is to be paid; but it is open to bidding for individuals.

Mr. LONG of Louisiana. That was to give everybody the same right to compete.

Mr. DOUGLAS. It also means that they get their football players for $1,200 a year. Is that correct?

Mr. LONG of Louisiana. Yes. I am proposing to show that West Point is going to get them for $11,000 a year.

Mr. DOUGLAS. In other words, West Point is breaking the so-called football market by paying more?

Mr. LONG of Louisiana. Four to one.

Mr. DOUGLAS. Does the Senator object to West Point's getting the players or to their paying more?

Mr. LONG of Louisiana. I will get to that point in just a moment.

Mr. McCARTHY. Mr. President, if the Senator will yield, I think we need a kind of quality control bill for football players.

Mr. LONG of Louisiana. Mr. President, we have been unable to determine where this young South Carolinian, Wayne Page, obtained his appointment to West Point. But we have been told by each Member of the South Carolina congressional delegation that he did not appoint the boy. Thus, it appears that another violation of the law is taking place in this instance. In addition, note that Page, like Hindman, has been induced to dishonor a grant-in-aid contract.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. In other words, after he was once bought, he did not stay bought. Is that it?

Mr. McCARTHY. Mr. President, if the Senator will yield, I suggest this is like the experience in the early days of the Civil War, where one could sign up with one regiment, jump that regiment, and get paid for joining another one.

Mr. LONG of Louisiana. I understand that the Big Ten rates are much higher.

Mr. DOUGLAS. May I say, my good friend, that my university quit the Big Ten partly because it felt the sport had been unduly commercialized.

Mr. LONG of Louisiana. I thank the Senator.

Very similar to the Page case is the case of Curtis Lindler. This young man signed a grant-in-aid contract with the University of South Carolina. He was subsequently approached by West Point, and broke his contract in order to go to the Academy. Here again, each Member of the South Carolina delegation has stated that he did not give the boy his appointment, although he is a South Carolina resident. Thus, the Lindler case appears to be example No. 4 of a violation, or attempted violation of the law, and example No. 3 of the Military Academy's involvement in broken contracts—example No. 4, Mr. President, if you count Coach Dietzel's own broken contract.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Then, the University of South Carolina, like Clemson and Mississippi, is paying to get football players. Is that correct?

Mr. LONG of Louisiana. So far as I know, the Atlantic Coast Conference gives the same kind of scholarship—I do not know their conference rules—as is given in the Southeastern Conference, which I do know something about, which is worth to a boy about $1,600 a year.

Mr. DOUGLAS. Does the Senator think that is a good arrangement?

Mr. LONG of Louisiana. As a practical matter, these rules were worked out by the conference in order to try to stop the behind-the-scenes cheating, where one college would pay a person a certain amount and somebody else would get nothing.

Mr. DOUGLAS. In other words, it is to substitute open buying for surreptitious bidding. Is that correct?

Mr. LONG of Louisiana. That is about the size of it.

Mr. DOUGLAS. Does not the Senator think these people could be prosecuted for monopolistic price fixing and restraint of trade?

Mr. LONG of Louisiana. If the Senator wants to take it to court, he can; but I am trying to show that what the Academy is getting ready to do is even worse. If the Senator wants to criticize the conference rules whereby members of the conference agree that if a boy is placed on their squad it is worth a $1,600 scholarship to that boy to play football, he can do so. I have seen very little criticism of the arrangement, although the Senator may find it obnoxious. But that is nothing compared to the situation I am about to describe, which involves direct violations of the law.

At the time the Lindler and Page matters came to light, the junior Senator from South Carolina expressed some indignation and concern about it.

At that time, I had already had a great deal to say about these violations. Partly as a result of our expressions of disapproval, I believe, the three services signed a declaration that they would honor grants-in-aid.

This gave me some gratification at the time; however, certain loopholes in their declaration have since come to light which leaves me wondering exactly what had been promised. Baton Rouge sportswriter Dan Hardesty put his finger on the problem in his column of June 22 in the Baton Rouge State Times:

> The academies stated that they would not "initiate contact" with any boy known to have signed with any other school, and that any boy being contacted by service recruiters, and applying for admission to one of the academies would be required to sign the following statement: "I have not signed a letter of intent or grant-in-aid with any institution. In the event I do, I will notify the authorities of the institution concerned that my commitment with them is

> contingent upon acceptance or rejection of my appointment as a cadet or midshipman".
>
> The time element is the catch to it. To explain this, let's use an example of a boy in the South being sought by a Southeastern Conference school. The SEC cannot legally sign a boy until after the regular football season has ended early in December. But they can contact him and have him all lined up and ready to sign, which is what everybody does.
>
> And while the SEC school's representative is talking to the boy during the season, the service academy representative also can and does talk to him. The boy has not signed with any school because he can't do so until after the season ends, and other conferences have even later signing dates than the SEC.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Is this a case of indentured servitude that is being practiced?

Mr. LONG of Louisiana. No, it is not—not yet, I will say to my friend.

I continue to read:

> Thus, the service academy is not "initiating contact" with a boy who has signed with another school. It has contacted him before he has signed with anybody, and rare indeed is the high school senior who is a good football prospect and who hasn't been contacted by every school that is interested in him long before his season ends and he can sign with anybody.
>
> And in midseason, if the boy is even willing to consider attending a service academy, he can sign the statement mentioned above. It does not bind him to go to the service academy—but it does put both the Academy and the boy morally as well as legally in the clear later on when other schools can legally sign the boy. He is obligated under that statement, to tell any college recruiter trying to sign him that, in effect, he'll sign but it will be a conditional agreement depending on whether he goes to the service academy.
>
> Neat little package, isn't it? Anybody want to help me guess who thought it up?

I think I can guess who thought up the package, and I would also guess that the Hardesty article was not written prior to discussing the subject with one of the most respected athletic directors in America.

Mr. President, the State of Louisiana has not been exempt from the tactics being used by the service academies in the ruthless competition for football players. Young James J. Bovenzi is a resident of the Fourth District of Louisiana. Originally, he was designated as a 10th alternate by the Member of Congress from that district. Later, however, he obtained a fourth alternate designation from another Member of Congress. These designations were to the Air Force Academy. However, Bovenzi was also competing for a Military Academy appointment.

Bovenzi was an excellent football prospect. According to a letter from the Army, Bovenzi underwent a physical examination at Keesler Air Force Base for the Military Academy. This examination stated that he had a heart murmur, which is not disqualifying. Later, he underwent an Air Force physical at Barksdale Air Force Base, where his father is stationed as a major. Bear in mind that the original examination, at Keesler, was for the Army, not the Air Force. At Barksdale, the Air Force examination revealed that Bovenzi has a disqualifying rheumatic heart condition. Subsequently, at the insistence of another Member of Congress the Army gave Bovenzi another physical, which he failed because of the rheumatic heart condition.

Thus, it appears that Bovenzi was taken from his home in Barksdale, where his father is stationed, to an Air Force Base at Biloxi, Miss., in order to find a doctor who would state that his heart condition was not disqualifying.

Mr. DOUGLAS. May I ask the Senator if he was kidnaped?

Mr. LONG of Louisiana. If the Senator will permit me to go a little further, I believe he will see what I think about this.

He was also nominated in violation of the law.

As a matter of fact, I suspect that the Bovenzi situation may be even more flagrant than it was described to me. Taking the word of a general officer of the Army about the matter, the examination was given first at Kessler, later at Barksdale. My guess as a former member of the Armed Services Committee is that in a matter of this sort, if one pursues it diligently enough, it will be found that the examination was given first at Barksdale. Why else would young Bovenzi have been taken to Biloxi, over 300 miles from his home when his father was in service at Barksdale, he lived at Barksdale, and he was being designated by a Member of Congress from Louisiana, from that parish.

Mr. DOUGLAS. May I ask if he was taken against his will?

Mr. LONG of Louisiana. I do not know how he was taken, I say to the Senator. I do say that this is the case of a man who has a bad heart condition, who has a rheumatic heart condition. Yet the service wanted to recruit him in spite of the advice that the man had a rheumatic heart condition. Again, the recruiting was in violation of the law.

Another Louisiana football prospect was Rogers Reinowski. The parents of this young athlete also lived in Louisiana's Fourth District; his father, too, was stationed at Barksdale Air Force Base in Shreveport. The parents of Reinowski approached the Congressman from that district for an appointment, and received one, as an alternate. Later, however, it was requested that this Congressman withdraw his appointment; the reason for this request was that Rogers Reinowski had been able to obtain a more favorable appointment from another Member of Congress, whom I would prefer not to identify because I do not wish to offend Members of Congress; at least not yet.

I am told that Reinowski's parents come from another State, and that they continue to vote there. This being the case, such an appointment might be justified. The point is, however, that both appointments could not have been correct. Either the Congressman from Louisiana was wrong in making the appointment, or the other Member was wrong. In all probability both of them, whom I respect, acted in good faith.

The real problem, Mr. President, is that the representatives of the service academies are going to Members of Congress and requesting them to make these appointments. In many cases, it is my belief that the Member approached may know very little about the boy; the chances are that he proceeds on the information given him by the Academy representative. However, it was certainly never contemplated that there should be this kind of wheeling and dealing, this trading in congressional appointments.

Now, Mr. President, these have been six cases where service academies are involved in apparent violations of the law. In three of the cases, broken contracts were also invloved. This is definitely an abuse of the worst order and should be stopped.

But are the service academies interested in putting a stop to it? Quite the contrary. They are keeping as much of it secret as they possibly can.

I wrote to the Department of the Army requesting a list of the Academic Board's selections for the past several years; I requested that this list show the name of the appointing Member of Congress, whether the boy was a first, second, or third alternate, and so forth, the hometown of the boy, and whether he played football at the Academy. I also requested to be informed as to the number of young men who came to the Academy without having taken a competitive examination in order to secure their appointments.

Here is the answer, Mr. President:

> Certain of the information you desire cannot be provided because of a longstanding policy which precludes revealing to one Member of Congress the name and address of another Member's appointee to the Military Academy.

Imagine that, Mr. President. They are saying that they will not tell us whether the law is being observed or not.

It was further stated, in response to my question about the number of Board appointees who played football:

> It will interest you to know that all cadets are encouraged to turn out for football. * * * There is no record to show which cadets turned out for football or any other sport at West Point.

Does anyone believe this to be the case? Does anyone believe that there is no record to show who the athletes are at the Military Academy?

Mr. President, earlier the commandant had provided me with some information along that line. Here it is. It is not up to date, but it presents information up to 3 years ago. Here is the record. The information is available and has been provided. When those concerned see that one is beginning to dig down to where the skeleton is really lying, they present him with the three monkeys—see no evil, hear no evil, and speak no evil.

In response to my question about the number of entrants who do not take competitive examinations, it was stated:

> The Department is unable to provide you with information regarding competitive examinations.

This is indeed a serious situation. Members of Congress, either knowingly or unwittingly, are being urged to violate the law. At the same time the Department of the Army is informing a Member of the Senate that he is not entitled to any information about this practice.

There is no doubt in my mind that, if these records were opened up to scrutiny, as they should have been at my request, a great number of the kind of violations of the law which I have described would come to light. The reason for the Army's withholding this information is clear, in view of the complicity of Army officers representing the Military Academy in the business they do with Congressmen who presumably expect favors in return.

Mr. President, in my judgment, the situation is so serious that criminal penalties ought to lie upon any Member of Congress who violates the law by giving an appointment to a nonresident of his district or State, and upon officers who coerce politicians to break the law. It seems to me that the violations are flagrant and serious enough to call for such penalties. However, in the interest of harmony, I am not going to insist upon that. But I am happy that today the Senate has agreed to an amendment which would bring that information to the light of day.

My "truth in recruiting" amendment provides that the service Secretaries have to provide a list showing the information I was refused by the Department of the Army. If this is done, it seems to me that an outraged public opinion will put a stop to this travesty on the law. At least, the constituents of errant Members are entitled to know what is going on.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Would the Senator move that the bill be referred to the Committee on the Judiciary, with particular reference to the Subcommittee on Antitrust and Monopoly Legislation?

Mr. LONG of Louisiana. I would not like to make such a motion prior to action on my amendment.

Mr. DOUGLAS. Would the Senator like to have the entire bill so referred?

Mr. LONG of Louisiana. I would have no particular objection to such a motion. However, I believe it would be best to dispose of the amendment first, and then decide what the fate of the bill should be.

Mr. DOUGLAS. The Senator from Louisiana mentioned a coach—Mr. Paul Dietzel.

Mr. LONG of Louisiana. Yes.

Mr. DOUGLAS. When did he come to West Point?

Mr. LONG of Louisiana. During the past year.

Mr. DOUGLAS. Where had he coached before?

Mr. LONG of Louisiana. Louisiana State.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CANNON. Is it not a fact that the bill was passed by the House in 1960 and again in 1961, long before Paul Dietzel left Louisiana State and went to West Point? The bill had passed the House twice. Is that not the fact?

Mr. LONG of Louisiana. Yes. But the bill has always been a football recruiting bill. The question arose when Dale Hall was the coach at West Point. My best information about this subject is, as the article by the assistant Army coach explained, that the purpose of the bill, so far as the Army is concerned, has always been to strengthen their football team.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. On page 6 of the Senator's speech he said—

> Mr. President, could this representative perhaps be Paul Dietzel himself who, according to Red Blaik, has only to "get his feet under the supper table with a boy and the boy is his"?

For whom was Paul Dietzel working when he would kidnap football players?

Mr. LONG of Louisiana. Kentucky, Army, and LSU.

Mr. DOUGLAS. Louisiana State?

Mr. LONG of Louisiana. Louisiana State as well. But he did not break any law to get football players to come to LSU. He did not do anything that other schools were not doing.

Furthermore, I have no objection to the coach's leaving LSU. He has the right to do the same thing other coaches have done. I have no particular objection to that. But I say that when West Point begins offering scholarships, worth $11,000 a year, and undertaking to recruit on a nationwide basis to the point at which every top football prospect in America would be recruited into West Point, the other academies will be forced to do the same thing. It is not good for the Academy; it is not good for the country; it is not good for athletics. My judgment is that the bill should not be used for that purpose. That is what I am complaining about at this moment.

Mr. DOUGLAS. I quite agree with the Senator from Louisiana. The whole practice is contrary to the real purposes of education and debases education. Colleges are purchasing gladiators and not educating students.

Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield to my friend from Illinois.

Mr. DOUGLAS. Does the Senator think that possibly the Military Academy obtained the services of Mr. Dietzel because he was a good recruiter as well as a good football coach?

Mr. LONG of Louisiana. I should be glad to have printed in the RECORD the article from Sports Illustrated, which I believe more or less met with the approval of the powers that be at the Academy. I believe the article makes pretty clear that that was the over-all purpose, the general idea. It was both.

Mr. DOUGLAS. Will the Senator permit the Senator from Illinois to make an observation?

Mr. LONG of Louisiana. Yes, I yield to my friend from Illinois.

Mr. DOUGLAS. When the Senator from Illinois was in the South Pacific, he heard about Australians who would go into New Guinea, the Solomon Islands, and other islands of the Pacific, and come back with Melanesians. They were called "black birders." Would the Senator from Louisiana say that a good deal of the same type of thing is going on in American colleges at the present time and that there are football "black birders" who ply their trade in human bodies?

Mr. LONG of Louisiana. So far as collegiate recruiting is concerned, in the section of the country from which I come, I believe it is just about as clean as it has ever been.

Mr. DOUGLAS. How clean was it?

Mr. LONG of Louisiana. All schools are on the same basis, I might add.

Mr. DOUGLAS. They are all guilty, in other words?

Mr. LONG of Louisiana. All schools are permitted to approach these young men. They talk to them, and then after these boys have played their last high school game, they can sign with one of the schools. However, someone from outside the conference can come in and try to break the agreement. On the whole, the matter has been cleaned up to a considerable degree. The Senator knows that there was a time when the situation was rather corrupt.

Mr. DOUGLAS. The Senator from Illinois believes that this is a very bad practice, and that it debases the whole purpose of higher education, and emphasizes a wrong set of values. If the Senator is correct the colleges of this country and their alumni have been corrupting the moral standards of youth and must bear a heavy responsibility for having moral and educational standards. Is it true that what the Senator from Louisiana is proposing is very similar to the proposal that the Senator from Washington proposed yesterday with respect to surplus power being used inside the Pacific Northwest area? Is the Senator from Louisiana saying that all surplus football ability and all surplus brawn and muscle shall be used inside the South?

Mr. LONG of Louisiana. No; I am not saying that. I will get to this point later in my speech.

I would ask the three service academies to get together and set rules for athletic recruiting which would be exactly the same for all three academies. This would put them on the same basis, with rules that would be fair to themselves, fair to everyone competing against them, and fair to the colleges that are producing taxpayers rather than military officers. They could then proceed to decide what type of competition they would conduct. This unregulated competition is not in the public interest, and we ought to stop it in its incipiency.

Mr. DOUGLAS. Do I understand the Senator's constructive proposition is that the Academy should state where its nominees are coming from, who has nominated them, and where they live, and we should put the spotlight on the situation?

Mr. LONG of Louisiana. The committee has already agreed to the spotlight-of-public-opinion amendment, so-called.

The amendment that I am now offering would not take from the Academic Board at the Academy the scholarships they are presently using for football recruiting.

Mr. DOUGLAS. How many of those are there?

Mr. LONG of Louisiana. Between 50 and 75.

Mr. DOUGLAS. Fifty to seventy-five appointments are given primarily for athletic ability?

Mr. LONG of Louisiana. No; the Academic Board gets around 50 to 75 appointments a year. They get them because some Representative or Senator fails to make his appointment in time for the boy to make the class. Of those they get in that fashion about half are athletes. I will establish that later in my speech. I believe they have stepped up the percentage of this football effort, however.

Mr. DOUGLAS. Should the Academic Board be called the athletic board ?

Mr. LONG of Louisiana. I would say that my study of the situation indicates that about 50 percent of the appointees of the Academic Board are based upon academic qualifications, and the other 50 percent will be based on brawn and athletic prowess. I believe I can establish that later in my speech. With regard to those, I would not change the situation, except that it would have to be revealed who appointed them.

Mr. DOUGLAS. That amendment has been accepted?

Mr. LONG of Louisiana. Yes; I am happy to say it has been accepted.

Mr. DOUGLAS. That is the so-called truth-in-recruiting amendment?

Mr. LONG of Louisiana. Yes.

Mr. DOUGLAS. The Senator from Illinois is a great believer in truth. He has a truth-in-lending bill, which he has sponsored, and he has also sponsored a disclosure bill so far as welfare and pension funds are concerned.

Mr. LONG of Louisiana. The "truth in recruiting" amendment would require the Secretaries of the Army, Air Force, and Navy to compile a list of the names of nominees, the nominating authority, and the nominee's domicile. This list is to be made available to Members of Congress for inspection. In this way, many of these abuses will be brought to light and thus stopped.

It is essential that these abusive recruiting tactics be stopped. If the Military Academy is to be permitted to engage in them, the Navy and the Air Force are going to be compelled to adopt similar methods in order to meet a challenge which threatens to run them from the gridiron in ignominious defeat. After all, the Dietzel program pursued against Tulane University so humiliated that great institution that its teams were twice defeated by margins of 62 to 0, and neither its varsity nor its freshman team contained more than one or two players in whom Coach Dietzel had demonstrated the least interest. These humiliating defeats were in some measure responsible for the replacement of the president of Tulane University with a man who had more interest in football.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Did the University of the State of Louisiana show any mercy to Tulane?

Mr. LONG of Louisiana. As a graduate of LSU I suggested that they stop recruiting for a few years to give Tulane a chance to get back in business. It had gone that far. I might say that that suggestion went over with the athletic director like a lead balloon.

Neither the Navy nor the Air Force are operated by fools. If this were so, we should undertake to make drastic changes. When they find themselves confronted with an all-out nationwide recruiting drive on the part of their principal competitor, they will be forced to engage in similar tactics. Contractors, retired officers, large concerns hoping to do business with the services on a cost-plus-fixed-fee basis, Members of Congress who hope to obtain or preserve important military installations in their States—all will become a part of this overzealous competition between three great football powers. Professional football will be denied much of its best prospective talent as the services commission for 5-year terms men who are better qualified to play professional football than to be service officers.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Do I understand the Senator objects because the present practice of the military academies may diminish the supply of professional football players?

Mr. LONG of Louisiana. That is one of the lesser reasons.

Every State university seeking to sign up a hometown high school prospect will be hard put to keep the young man away from the Army, Navy, and Air Force recruiters.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Does the Senator believe that that is any part of the business of higher education, to turn out professional football players or gladiators?

Mr. LONG of Louisiana. Well, some universities have a college of physical education; the alleged purpose of the college of physical education is to teach young men how to coach. The Senator knows as well as I do that a good professional football player can sign a contract for as much as $100,000 as a bonus to start playing. My guess is, for example, that Billy Cannon of Louisiana State University has made a quarter of a million dollars in 2 years as a professional football player. Playing in the game can mean more by way of income than can coaching.

Mr. DOUGLAS. Does not the Senator think that if he believes in truth in recruiting, every college and university in the country ought to publish its payrolls and state how much each football player is receiving? I think that if that were done, this practice would be stopped. The Senator from Louisiana is performing a very valuable service in washing this dirty linen on the floor of the Senate.

Mr. LONG of Louisiana. By washing it we might get it clean.

Mr. DOUGLAS. It is dirty linen not only of the military academies but also of a great many institutions of so-called higher education.

Mr. LONG of Louisiana. I can tell the Senator that football players in the Southeastern Conference are receiving about $1,600. That is the scholarship they receive when they sign up to go to a particular school.

I suppose it is about the same in the Atlantic Coast Conference. The Senator from Illinois probably knows more about the Big Ten than I do, because his State has Big Ten schools, or I believe one such school.

Mr. DOUGLAS. Two.

Mr. LONG of Louisiana. I do not know about the institutions. They generally have pretty good football teams, but I expect they have to do something similar in order to meet the competition.

Mr. DOUGLAS. Would not the Senator from Louisiana favor my proposal that, beginning with the service academies, we require the publication of the payrolls and how much is paid to the football players

Mr. LONG of Louisiana. So far as Louisiana State University is concerned, that information is already a matter of record. At Louisiana State, from which I was graduated, that information is already a matter of public record. There is no right to withhold such information; any taxpayer may examine the records. I am happy to say that we have made some headway toward similar results at the service academies.

Meanwhile, those fine, physically fit young men who would like to compete in the sport in the amateur tradition will learn that there is no use in trying out at the service academies, because their chances would be hopeless, and the possibility of injury great.

Mr. President, the argument has sometimes been made that to give the Academic Board additional appointments would be a good thing, because these men turn out to be extremely well qualified. I frankly do not know whether this is the case, because of the difficulties of getting any information out of the Army.

However, I do know that this is where most of the football players come from, and where they all will come from, unless we stop what is underway. Let us just examine the Army-Navy football game lineup for the past several years. This information is taken from the lineups themselves; it may not tell the full story because several times it appears that the annual yearbooks show football players not mentioned in the lineups. But just to get an idea:

First. The 1954 lineup shows 36 players for Army. Of these, 19 were admitted to the Academy by the Academic Board. This comes to 52.7 percent of the team. Of the 11 starting players, 8 were Academic Board appointees.

Second. For the 1955 game, 21 of 38 players were appointees of the Academic Board. This is 55.2 percent of the team. Nine of eleven starters were Board appointees.

Third. In 1956 the lineup showed 38 players; 16, or 42.1 percent of the team, and 6 starters, were Academic Board appointees.

Fourth. In 1957 the number of players was 42; 20—47.6 percent—were Academic Board appointees, including 6 starting players.

Fifth. In 1958 the figures were 23 of 39 players, 58.9 percent, and 6 of 11 starters.

Sixth. In 1959, 34 of 46 players were board appointees; this represents 73.9 percent of the team; and 8 starters.

Seventh. In 1960, 34 of 43 players had been admitted by the Academic Board; this was 79 percent. The starting players were not listed.

Eighth. In 1961, 42 of 58 players—72.4 percent—were Board appointees. Again, no information was given as to starting players.

Thus, for the past 3 years, 75 percent of the team were Academic Board appointees. If this percentage does not shock anyone, then consider the fact that the Academic Board appoints only 8 to 10 percent of the total number of cadets at the Academy, then you get some idea of what is going on.

Mr. President, I have stated that nobody is begrudging the Army or anyone else a good football team. At least, I am not. But with the resources already at their disposal there is little doubt that recruiting can be extensive and successful, without any further legislation to assist it. Just consider what the Military Academy has to offer. According to my figures, the yearly per-student expenditure for West Point is something over $11,000. This means that an appointment to the Academy for a young athlete is worth around $45,000.

Comparable figures for an average State university are extremely revealing. At Louisiana State University, for example, a football scholarship is worth $1,600 a year. The average per-student expenditure by the university comes to $800. This works out to $2,400 for an Louisiana State University player, as against a figure of $11,000 for West Point.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Do I correctly understand that football players at Louisiana State University get $800 in the form of tuition and other costs which are paid for by the university, and $1,600 in cash?

Mr. LONG of Louisiana. Louisiana State University is State supported. The fees are very low. I should say that the average student pays probably $60 in fees, and the State makes up the difference, which would be about $720. About 90 percent of the cost is paid by the State.

Mr. DOUGLAS. Does the Louisiana State University football player get cash?

Mr. LONG of Louisiana. No; his laundry, room, board, ROTC uniform, and books are paid for. That is figured to be worth $1,600.

Mr. DOUGLAS. Does he get spending money?

Mr. LONG of Louisiana. I do not know about that, but perhaps he gets a little. Anyway, it comes to about $1,600; and that is what the other colleges do, too.

Mr. DOUGLAS. In other words, it is wage fixing? But wages paid for playing football.

Mr. LONG of Louisiana. That is my best understanding. That is the rule as it has been worked out by the conference of all schools in the Southeastern Conference—Tulane, Georgia Tech, University of Florida, University of Georgia, and others. As the Senator from Illinois knows, the arrangement is subject to careful inspection by the National Collegiate Athletic Association.

Mr. DOUGLAS. Does the Senator from Louisiana mean to say that the National Collegiate Athletic Association approves of this situation?

Mr. LONG of Louisiana. Yes; of course.

Mr. DOUGLAS. That is a very grave charge. The corruption has gone further than I thought.

Mr. LONG of Louisiana. Every football conference provides some method for subsidizing football players, with the exception of the Ivy League; and I am not sure that they might not have some such arrangement. If the Senator from Illinois, as a former college professor, does not know about this situation, it is time he found out about it.

Mr. DOUGLAS. I have suspected it, but I have never heard the material brought forth in public in quite the way it has been set forth by you today. If this is true, there is wholesale corruption in our colleges and universities. They are certainly not raising the moral level of our youth.

Mr. LONG of Louisiana. I do not think so. This is the way corruption has been cleaned up. The corruption existed before there was an agreement. Collegiate football is semipro football. That is what it amounts to. Every college agrees that it will compete under certain rules. If a boy attends such a college, the college will furnish his board, room, laundry, ROTC uniform—if he is a member of the ROTC—his books, and perhaps a little pocket money. But all the colleges agree on the amount. I cannot say as to the Big Ten; but I know something about LSU, because it is the college from which I was graduated and is a member of the Southeastern Conference.

Mr. DOUGLAS. Does the Senator from Louisiana say he suspects the Ivy League of following the same practice?

Mr. LONG of Louisiana. I do not know about the Ivy League. If they will tell me what their practice is, I will be glad to take their word; but I know how the arrangement works in the Southeastern Conference. It is a matter of public record; nobody argues about it.

Mr. DOUGLAS. Is it not a grave reflection upon the arrangement if no one argues about it?

Mr. LONG of Louisiana. Does the Senator cash his paycheck on the first of the month? I do not regard the Senator from Illinois as being corrupt, but I assume he cashes his paycheck.

Mr. DOUGLAS. Does the Senator mean, then, that these persons are paid to play football?

Mr. LONG of Louisiana. Of course. They sign a scholarship agreement in which it is agreed that this is what the university will do. That has been the case for a long time.

Mr. DOUGLAS. Then the universities lend themselves to the corruption of youth.

Mr. LONG of Louisiana. It is not corrupt. It is no more corrupt than if I paid the Senator from Illinois to hoe a garden for me. These boys play football, and that takes much of their time.

Mr. DOUGLAS. I had always thought that college athletics were for sport, not for business; and that when they were made into a business, the whole purpose of athletics was subverted. I played football in college. I was not a very good player, but I enjoyed the game immensely and never received a cent for it.

Mr. LONG of Louisiana. I thank the Senator from Illinois. I am trying to keep the situation from becoming worse than it is. But I believe it has been made better.

My best information is that a scholarship to a land-grant college is worth about $2,500, while a scholarship to West Point is worth about $11,000, a difference of $8,600.

This will furnish an idea of the tremendous incentives which the Army can offer a young football prospect.

The point is, Mr. President, that legislation is not needed to further the cause of football at the Point. It may well be needed to augment the strength of the corps of cadets; no one is unwilling to see legislation of the latter kind go through. But I am not willing to see the Congress enact, without protest, a bill which seems flagrantly and openly designed to permit further abuses involving congressional appointments, with the improvement of Army football being the end in view.

Mr. McCARTHY. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield to the Senator from Minnesota.

Mr. McCARTHY. Did I understand the Senator to say that about 75 percent of the students picked by the Academic Board are on the football teams?

Mr. LONG of Louisiana. No. My latest information is that Academic Board appointees comprise about 9 percent of the corps, and that this 9 percent comprise 75 percent of the football teams, and a higher percentage than that of the starting players in the Army-Navy games.

Mr. McCARTHY. Does the Senator from Louisiana know what percentage of the cadets at West Point picked by the Academic Board wind up in the upper 10 percent of their class?

Mr. LONG of Louisiana. I do not have that information, but I can give the Senator from Minnesota some idea. We should keep in mind that the Academy will not give us this information. But those at the Academy say that the academic average of those picked by the Academic Board is better than the academic average of those who are appointed by Members of Congress. That would indicate that the nonathletic 50 percent of the Academic Board selectees are very good students.

Mr. McCARTHY. Perhaps the football players are good students.

Mr. LONG of Louisiana. No; the Senator from Minnesota knows that the ones who are football players have to pass only the bare minimal academic requirements, in order to be admitted; and once they are admitted, they devote so much of their time to playing football that—with few exceptions, such as Pete Dawkins, and some few others of his caliber—they do not do particularly well at the Academy, except in playing football.

Mr. McCARTHY. But I am sure the academies can give us that information if they wish to do so.

Mr. LONG of Louisiana. I have asked for much information which they do not provide, although they have it and can produce it if they wish to do so.

Mr. CANNON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CANNON. The Senator from Louisiana does not suggest, does he, that certain cadets receive preferential treatment, insofar as meeting the requirements to enter the Academy are concerned, does he?

Mr. LONG of Louisiana. No. In my prepared speech I state that I do not doubt the word of the service academies that these young men are required to pass the Academic Board examination before they are admitted. I have no doubt that they do. I have no information to the contrary; and I take their word for it, without question. But I am sure that if they will open up the records for our inspection, they will reveal that the academic records of those who are recruited as football players are far below the academic records of those who are admitted on the basis of competitive examinations. I think the records will show that the academic records of those who are football players are generally rather poor.

I am sure the Senator recalls the cheating scandal of a few years ago. A number of the football players there could not keep up their academic grades. So they cheated, because they felt that they were entitled to remain there.

But, of course, the root of that difficulty is that those who are appointed because they are football players have to play so much football that they have difficulty finding time to study enough to be able to keep their grades up.

Mr. CANNON. Is the Senator from Louisiana familiar with the 1959 report of the Middle States Association of Colleges and Secondary Schools, which states:

> A sample of the admission records of athletes showed no differential treatment.

The report goes on to state:

> There are so many hurdles between appointment and qualification for admission, and the demands of the 4-year program are so rigorous, that there is little appeal to the professional type of college athlete.

Does the Senator from Louisiana agree with that report?

Mr. LONG of Louisiana. Then how are the academies recruiting so many football players?

Mr. CANNON. I ask the Senator from Louisiana whether he agrees with that report of the Middle States Association of Colleges and Secondary Schools.

Mr. LONG of Louisiana. I agree with the report set forth in the article in Sports Illustrated. The article states that on the wall in the office at the Academy there is a map which shows where every good football prospect in America is living; and the article states that West Point is working on each one of them. Furthermore, I believe it will be found that the article was published in Sports Illustrated with the tacit approval of the West Point authorities .

Mr. DOUGLAS. Was the article published in Sports Illustrated?

Mr. LONG of Louisiana. Yes. I now show it to the Senator from Illinois.

Mr. DOUGLAS. Is the Senator from Louisiana referring to the article entitled "Pepsodent Paul at the Point"?

Mr. LONG of Louisiana. Yes.

And listen to this affidavit from Robert DeLuca:

> The basketball coach from West Point witnessed one of our basketball games during March. The following day he spoke with me at our school. He explained to me that he would like to have me play for him, and he felt assured that I would be accepted at West Point. He stated that I would have to raise my college boards a little and I would be assured a spot at the Academy.

It sounds as though his grades were poor.

He went on to say that the appointment would have to come from outside the State. And that is against the law. And he said that he was told this was "standard procedure." That is what that basketball player swore to, under oath. I have also cited the cases of football players—one from Clemson, and one from the University of Mississippi. This is going on all over the country; and it is in violation of the law.

Mr. DOUGLAS. Let me refer to the article entitled "Pepsodent Paul at the Point." In the article there is the following statement:

> A huge map covers one office wall; in a multiplicity of colors, it shows areas to be attacked. No State has been overlooked. "This is a national academy, not an eastern school," he says. Hall's 1961 roster was stocked with 28 Pennsylvanians.

It sounds as if he were operating a livestock farm.

Mr. LONG of Louisiana. And the chart on the office wall also shows the name of every Senator and every Member of the House of Representatives who has not filled out his alternate appointments—so they can be made available.

Mr. President, the tenor of this speech has thus far been directed toward improper football recruiting methods. The purpose of the measure under consideration is contended to be to provide additional officer strength to the Army. All of us favor this. If we are concerned with the true purpose of the service academies, we should undertake to see to it that they are getting the best qualified and most highly motivated officer material possible, rather than depriving the Green Bay Packers of the heft and physical prowess they will need in order to win another national professional football championship.

The record shows that the Academic Board at the Military Academy has been choosing over 50 percent of its appointees on the basis of athletic prowess, rather than scholastic ability and leadership, although I concede that these young men are required to maintain passing grades in order to remain in the Academy. I suspect that a great deal of coaching by some of the better students is occurring. But the authorities say the football players maintain passing grades, and I dc not quarrel with that statement.

It has been contended that the selectees of the Academic Board on the average have better records than do congressional appointees. If this is true, it is an indictment of the entire system of congressional appointments. And the system should be indicted. Although a considerable number of Senators and Representatives base their appointments upon competitive examinations, the Academy has not even been willing to inform us what percentage of Senators and Representatives do so. If it were learned that the congressional appointees as a group could not average better than a group chosen more than 50 percent for athletic prowess, this would indicate that more than half of the congressional appointees are being designated without regard to merit.

Let me hasten to say that thus far every principal appointment I have made has been made strictly on the basis of merit, after a competitive examination.

The same is true of the appointments made by other Senators. Yet, a high percentage of Academic Board appointments have gone to sons of politicians, of service officers, of substantial campaign contributors, of relatives—which appointees in many instances have not been required to prove their worth in a competitive examination.

A long time ago efforts were made to take the Army out of conventional politics; and the success of those endeavors has been responsible in large measure for the high caliber of officers that this Nation enjoys.

Unfortunately, the services have yielded to the temptation to create their own brand of politics within the services. Furthermore, there seems to be developing a fraternity of politicians and officers who feel that there is a brand of politics in which the two can mutually engage—the politicians, to gain advantage for their States and favorite contractors; and the officers, to establish military control over what ordinarily should be civilian decisions, particularly in the field of lawmaking.

In my judgment, the entire program to enthrone service football at the expense of privately financed and State institutions—the institutions which are producing the taxpayers who pay for this service business—should be brought to a halt.

Mr. DOUGLAS. It is at the expense of the standards of these young men, too, is it not?

Mr. LONG of Louisiana. Yes; I agree with the Senator from Illinois, as I have said earlier.

My recommendation is as follows: The service academies should be compelled to agree upon rules of competition which will not be unfair to other colleges and universities, nor unfair to any of the three great service academies.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. I agree with the Senator from Louisiana that appointments to the service academies should be made on the basis of merit and on the basis of appointing those who will make the best officers. I have always held competitive examinations for appointments from my State, and I also choose on the basis of personal interviews, in order to select the ones who I believe are best qualified to be officers. To do anything else would be outrageous, in my opinion. The appointments should not be made on the basis of athletic skill or political connections.

My question is: How would the amendment of the Senator from Louisiana help in this situation?

Mr. LONG of Louisiana. This bill would permit the Academic Board to appoint about 75 more young men a year.

Those men have been named as alternates. Those are our nominees. Rather than have the Board appoint them, my proposal is to let the Members of Congress who have been appointing the top men have a second appointment. How are we going to tell? Wait until graduation. Let us say that one of us appointed Douglas MacArthur. That Member would be entitled to a second appointment. The chances are that he had been appointed on the basis of competitive examinations, and that he had been appointed on the basis of merit rather than on the basis of athletics or politics.

Mr. CLARK. If Senators would conduct their procedures for appointments on the basis of selecting them on merit rather than on either athletics or politics, the pending bill would be satisfactory?

Mr. LONG of Louisiana. Not necessarily.

Mr. CLARK. Why not?

Mr. LONG of Louisiana. It would still leave to the Academic Board the privilege of playing all kinds of politics with our alternates.

Mr. CLARK. What percentage of the young men who go into the service academies are picked by the Academic Board?

Mr. LONG of Louisiana. Eight to ten percent are Academic Board selecteees. They prove to be 75 percent of the football guards. They contain most of the wrestlers, hockey players, basketball players, and so forth.

Mr. CLARK. Would the Senator's amendment do away with the Academic Board appointees?

Mr. LONG of Louisiana. No. I would leave to them what they have now. Let them do all the football recruiting they wish, but let them tell us whom they are appointing in violation of the law. This is what my truth-in-recruiting amendment will accomplish.

I have another amendment that would impose criminal sanctions on Senators and Members of the House for violating the law. I am not going to insist on it, because it might be too harsh a remedy. The committee is willing to go along with the truth-in-recruiting proposal. The academies can get all the football players they want and do all the recruiting they want, but with respect to the new appointees, let us take them and make the new appointments on the basis of merit, by rewarding Members of the House and Senators who appoint the best men with additional appointments. That would be an honor. It would encourage the Senator or Member of the House to attend the graduation ceremony, if his appointee were in the top 75.

Mr. DOUGLAS. So the Senator proposes a limitation of athletic armaments?

Mr. LONG of Louisiana. Instead of leaving the bill so that it can be used for football purposes, I am trying to make the bill an incentive and reward to Members of the House and Senators to select appointees based on merit, by giving them the recognition they deserve for appointing the best and finest young men.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Louisiana yield to the Senator from Pennsylvania?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. If the amendment is adopted, will it delay for a period of 3 or 4 years the desired objective of increasing the size of the academies to full strength?

Mr. LONG of Louisiana. It would start now. For example, if the Senator had made an appointment of a young man who finished 1st, or 10th, or 15th in this year's senior class, he would be entitled to another appointment next year.

Mr. CLARK. So the Senator's amendment would not delay the time when the size of the academies would be brought to full strength to take care of dropouts for one reason or another?

Mr. LONG of Louisiana. That is correct.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield

Mr. KEFAUVER. The Senator's plan and program sounds like a very good one to me. How many additional appointments would there be for each academy under the plan?

Mr. LONG of Louisiana. About 75 for West Point. I do not know how many for the Air Force. I presume about the same number.

Mr. KEFAUVER. Should it not be the same number for each academy?

Mr. LONG of Louisiana. The number would be determined in this way: At the beginning of each year the Academy would estimate how many young men would drop out before the year was over. On the basis of this estimate, additional appointments would be made, so that there would be an overstrength in the number of cadets at the beginning of the year. The theory is that, taking into consideration the dropouts that would occur, the number left would be the number for which the institution has facilities. The number of additional appointees is estimated at about 70 or 75 under the bill.

Mr. KEFAUVER. A good many of us use the civil service system or the academic system of allowing selection of the best young men from a group submitted. This proposal would be an incentive to do the same kind of thing with respect to all Members of Congress. Is that correct?

Mr. LONG of Louisiana. It would. I want to give the committee credit for improving the bill. In the form in which the bill came to the Senate, the Academic Board could have chosen any one of three alternates, first, second, or third. The bill now limits them to the first alternate. The old Board appointments are left, and the old chicaneries we have known in the past can be followed, but the new appointments would be limited to the first alternates. This would be some incentive for a Senator or a Member of the House to name the best qualified man for the principal and the second best qualified as the alternate, so those boys would be selected. But I feel that my approach is a further improvement.

Mr. KEFAUVER. I think the academies themselves might be in favor of that proposal.

Mr. LONG of Louisiana. It had not occurred to me at the time the committee was considering the question that this might be the best way to achieve the objective. I would like to have offered it in time for the committee to consider it, because, I am frank to say, the committee has been most fair. The distinguished chairman and the Senator in charge of the bill have been most courteous, and I thank them.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CANNON. I think it should be pointed out that the system proposed by the Senator from Louisiana eliminates competition in respect to the additional vacancies. They would have to be taken from candidates designated by the Member of Congress, but not from first alternates. So there is not going to be competition among 600 people who would compete for the 50 vacancies under the bill. So the overall selection of the additional appointments is going to be substantially lower in quality because of the lack of competition, and we are not going to be able to get the top 50 men out of 600.

Mr. LONG of Louisiana. I thank the Senator for that observation. I think the Senator misunderstands my amendment. My amendment provides that the principal appointment will be made as now. The Academic Board would have approximately 50 appointments, as it has now.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Where do the 50 appointments come from? How do they originate?

Mr. LONG of Louisiana. If the Senator from Illinois had neglected to submit an appointment, or if it had been made by a Member of the House who had passed away, or if a Member of the House had not made an appointment, there would be a vacancy. The present Academic Board appointees result from the failure of Senators and Representatives to take advantage of their full quota. The additional ones are going to be made to replace those who are going to flunk out or, for one reason or another, drop out, and it is proposed to appoint in overstrength, so that the number will be at full strength at the end of the year.

I shall not touch the provision relating to the principal appointment or the Board appointment. It is bad, but right now I am concerned with not making a bad situation worse. What I want to do is improve the quality of the whole arrangement by encouraging every Senator and Representative to appoint his best man; by doing so he will receive recognition and be encouraged to appoint the top man to the military school. In addition, he will have a second appointment. I really think we will find that those who appointed the best man previously are likely to appoint the best man in the future.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. ALLOTT. Am I to understand that the amendment will work in this way: Those who had the top 75 would each have an appointment, but, under the law, they would be limited to the appointment of their top alternate.

Mr. LONG of Louisiana. No. Under the amendment I am proposing, let us say 75 additional appointments would be the desired overstrength. Let us say the Senator had appointed 1 in the top 75 of the graduating class. The Senator would be permitted to appoint the principal he was going to appoint, plus one more man. He could appoint football players if he wished to do so in the case of the two appointments. He can now do it with respect to one.

The point is that if the Senator is one who has appointed, let us say, the valedictorian of the class, he should be entitled to make another appointment. My guess is that the Senator from Colorado might even go to the graduation ceremonies to receive some recognition, to which he would be entitled, if he appointed the valedictorian of that class.

Mr. ALLOTT. I think that is quite probable.

The argument which the Senator has made is a logical one. The interpolitical system which has developed in regard to this whole question is not a healthy one. Since I was in the Chamber, I could not let the statement by the Senator pass without also saying that I am one of those who have always made every appointment to every service academy solely upon the basis of a competitive examination.

Mr. LONG of Louisiana. I have, also; and I say to the Senator that I have not received my first campaign contribution from a father of one of those sons. It has been suggested to me that thousands of dollars could be offered to support my campaign if I would use another system. But I have felt that this is how it should be done. This is the best way to be fair to all the boys. Let them all take the examination, and then let the best qualified one be selected.

Mr. ALLOTT. The Senator is correct. Every American boy ought to have an equal opportunity.

Mr. LONG of Louisiana. Senators and Representatives in Congress have a right to choose a different means, if they so wish. I am not arguing that point. Senators and Members of Congress can make their appointments as they wish to make them. All I say is that we should not pass a bill to permit a group of military officers to make our appointments for us. These are our appointments. They are congressional appointments. The bill would permit military officers to make the appointments. They already have 50 of our appointments with which to play. They want 70 or 75 more. The military officers want to make the appointments for Members of Congress.

Why should we do that? Why not fill these spots by using an incentive to appoint the most qualified men?

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from New York.

Mr. JAVITS. The Senator has made a fine speech, which has an excellent point, and the country should be indebted to the Senator for revealing this situation. I admire the Senator's speech especially because he has documented it with cases. Quite often people make fine forensic speeches but never quite get to the evidence.

Mr. LONG of Louisiana. Some of the information came from a Representative in Congress from New York.

Mr. JAVITS. The Senator is very kind.

Really, what the Senator is saying is that there is something very deeply wrong with the system which is used. Perhaps it would be impossible to try to reform what he has latched on to on today's date in August, with respect to the whole system. It needs very much more opportunity and very much more study. At least, the opportunity is presented for a token effort and improvement, in the judgment of the Senator.

I deeply believe, however, that the amendment does not necessarily—and I think my colleague from Pennsylvania was reaching for the same idea—carry out the excellent thesis which the Senator has laid before us. Even if the Senator's amendment were not agreed to, I would dislike to feel that the lesson thereby is to be lost upon the Senate and that the Senator's thesis is to be considered rejected. That will not be so. I do not think that the Senator's thesis hangs upon this amendment.

I say that for the reason that I was at West Point, as a member of the Board of Visitors. That is the reason why I have been bold enough to interrupt the Senator. I talked about the bill with commandant of West Point, General Westmoreland, in great detail. He was deeply concerned. It would be unfair to say he was deeply concerned about having the bill passed, but he was very concerned about dealing with the problem, for he feels it is depriving our country of the full capacity of the Academy.

The Academy has the instructors, the equipment, and the housing available; yet, every once in a while, the Academy finds itself deficient as to the number of cadets.

Of course, we all understand that the Navy has very much more flexibility than West Point in terms of the cadet corps. The Navy cadet corps is substantially greater than the West Point cadet corps. It is interesting that the Navy is not included in the provisions of the bill, apparently because it has a much better system in regard to dealing with this problem.

Mr. LONG of Louisiana. I am not at all sure it is a better system. I seriously suspect that we ought to take a look at the Navy situation, as well.

Mr. JAVITS. That would be good. I am coming to something which is very important, if the Senator will yield further, because I agree with the Senator.

In view of the fact that I feel very deeply that the Senator's thesis is so much more important than the particular amendment we are considering, I feel the problem should have full consideration.

In all fairness, it is not a fact, that the Academic Board would choose the 50. The Academic Board would recommend the 50 from some 600.

Like so many other Senators, I not only give an examination with respect to appointment to the academies, but also I go through what is a rather heavy burden of interviewing the first 20 in each one of the categories. I interview about 100 young men every year. I make a personal choice.

Often in the past I have picked the young man who scored fifth, sixth, or seventh on the examination, because I have felt—since I have served myself, as has the Senator and as have so many others—"This man may lead my boy and be responsible for his life." Therefore, I wish to be very careful about whom I nominate. So my conscience is clear in this regard.

Mr. LONG of Louisiana. I am not trying to say that the conscience of any Senator in this body is not clear.

Mr. JAVITS. I understand.

Mr. LONG of Louisiana. The Senator does not have to appoint the boy who is the best qualified. The Senator can appoint anyone he chooses to appoint.

Mr. JAVITS. That is correct.

Mr. LONG of Louisiana. That is what the law provides.

Mr. JAVITS. The Senator's proposed system would be different, and would change one of the basic principles, because it would then confine the preferred appointment, as it were, to Senators who appointed boys who happened to score well at the end of the course.

I should like to make a suggestion to the Senator, and I would appreciate it if the Senator who is in charge of consideration of the bill would listen carefully.

My colleague from New York [Mr. Keating] submitted a resolution some time ago which urged that there be a complete study and review of the whole question of appointments to the service academies. It seems to me that, regardless of what may happen with respect to the Senator's amendment, since that is a relatively narrow question, the entire problem should be studied.

Certainly I would join with the Senator in expressing the wish and the desire that the Armed Services Committee, very early in the next session, before it is overloaded with work, perhaps through an ad hoc subcommittee or perhaps through the full committee, consider the speech made by the Senator from Louisiana, which is very well documented and makes a strong and effective point. I feel it should be taken deeply to heart.

I feel there should be a complete study of the question as to how best to make the appointments, and the results of appointments. Information should be obtained as to whether there is proselytizing, which would be a very unhappy situation. We have seen examples from time to time—indeed, some have been notorious—which have hurt the standing of the academies.

The whole problem should be gone through with a fine-tooth comb, so that there will be an effect far beyond the proposed amendment. I think it deserves such an effect. The Senator's amendment presents a relatively limited question, with which we are asked to deal today.

The Senator himself admits that the proposal would not prevent a Member of Congress, if he chose to do so, from appointing a football star or a prospective football player to an academy.

Mr. LONG of Louisiana. I do not think we ought to try to prevent a Member of Congress from doing so. It seems to me that if a Member of Congress wants to appoint an outstanding football player of his State to the Academy, he ought to have that right. That ought to be his privilege, if that is how he thinks he should make the appointment. I do not think we ought to change that system.

My argument is that we should provide an incentive, so that we will get boys who will be leaders of our country—so that we will get another Douglas MacArthur or another Robert E. Lee. I regret to say that I do not think Ulysses S. Grant did very well in the Academy. Although he was a good soldier.

Mr. DOUGLAS. He was a very good general.

Mr. LONG of Louisiana. He was, still, a credit to the Academy.

Mr. DOUGLAS. He was a very good general.

Mr. JAVITS. He was from Illinois.

Mr. LONG of Louisiana. I do not think he did too well at the Academy, but I think southern officers would concede that he was a very competent military officer.

Mr. DOUGLAS. That is very handsome of the Senator. The results clearly showed it.

Mr. LONG of Louisiana. I yield further to the Senator from New York.

Mr. JAVITS. If I may, I should like to finish my thought.

Of course the argument can be made that it will be a sad day if we have to give Members of Congress an inducement to appoint the best men to the academies. If they are not so minded, so geared, and that patriotic, I doubt whether this proposal would make them any different from what they are.

Mr. LONG of Louisiana. I hope my friend from New York does not think that we will get to heaven in a single leap. My old government professor once told me: "Democracy is like a raft—it won't sink, but you will always have your feet wet."

There will always be something which needs to be corrected. By the time we see the ends of these problems, we shall be dead.

Mr. JAVITS. I merely wish to finish my thought by pointing out that the amendment is not necessarily fitted to the much bigger problem which the Senator has posed, quite eloquently and effectively. I join with the Senator in urging that the committee take whatever may happen in regard to the amendment and the problem itself as a total problem which should be dealt with in a much more comprehensive way than we have any opportunity for dealing with it at this time.

Mr. LONG of Louisiana. Mr. President, I yield the floor.

Mr. CANNON. Mr. President, I should like to answer a few of the remarks made by the Senator from Louisiana.

First, most of the Senator's debate went to the alleged abuses of the system that is now in effect. I believe we have corrected the abuses, if they existed, by agreeing to the first amendment of the Senator from Louisiana. I think his amendment, which was accepted on the floor of the Senate, was a good amendment. I think that bringing out information before the public for public scrutiny will, as he has correctly stated, assure that appointing authorities will not abuse the authority they have, if they have been abusing that authority up to the present time. So in conclusion on that point, I should say that the Senator's amendment would correct most of the items complained of in the subject of his speech today.

Again, I point out that the Senator quoted Johnny Rauch as saying that Paul Dietzel tried to get the bill passed so that he would assure him of 55 appointments a year for football. I think it has already been pointed out that the bill was passed in 1960 by the House and was passed again in 1961 by the House.

The approach is not a new one. It is not a new approach to the problem, and certainly it was not Paul Dietzel's idea, I am sure, because he was in Louisiana at the time the bill was first passed, and for some time thereafter, and certainly was at West Point long after the bill had been considered very thoroughly in the House.

Mr. President, there has been a great deal of criticism with respect to the appointment of football players to the Academy. Personally I see nothing wrong with the appointment of football players to the Academy. The Academy has the best of the future leaders of our country. They are supposed to be bright young boys, healthy boys. They must pass rigid physical examinations. We want healthy boys in our academies. We would have it no other way. Otherwise we would reduce the physical requirements for entrance.

If a boy wishing to enter the Academy meets all the requirements, as he must, and still plays football outstandingly, as many boys have, he has my wholehearted admiration. I am proud to have such boys represent me at the academies, and represent me as some of our prospective military leaders. I think they are to be commended in that respect.

Again I point out for the benefit of Senators that the report of the Middle States Association of College and Secondary Schools in 1959 has very clearly pointed out that the boys do not get any preference for entrance into the Academy. They must meet the requirements that are set up by the board for entrance.

Furthermore, no preferential treatment is accorded them while they are at the Academy. A cadet who plays football at the Academy receives no preferential treatment while he is a member of the cadet corps. He receives no special schedule, courses of instruction, privileges, or emoluments as a result of his athletic activity.

I am sure that could probably not be said about some of the football players at some of the universities throughout the country.

His performance as an athlete is in addition to meeting all the other requirements of his contemporaries. Again quoting from the 1959 report:

> An athlete is first of all a cadet, and the intercollegiate athletic program is in line not only with the objectives of the program itself, but also with those of the Military Academy. As far as one can discover, the program is one which is producing wholesome outcomes.

The report goes on to state:

> Eligibility is determined weekly and cadets on athletic teams are immediately removed from their athletic squads when their academic records show impairment.

In conclusion, I repeat that there is certainly nothing wrong with the appointment of athletes to our outstanding military academies. If the appointees can carry the load they are required to carry, I, for one, will be satisfied.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CANNON. I yield to the distinguished Senator from Pennsylvania.

Mr. CLARK. Before a vote is taken on the bill, I should like the record to show that in my opinion the whole system of Congressional appointments to the academies is wrong. Neither Representatives nor Senators are really adequately qualified to select individuals to go to our service academies. In too many instances we are under very severe political temptation to select individuals who are not the best qualified. As a result of the discussion today, I hope that the Committee on Armed Services will give serious thought to the question whether this particular privilege which we have taken unto ourselves by congressional legislation is not an obsolete and outmoded way of selecting young men to whom we are going to look to lead our Nation's defense. I have always held competitive examinations. But I am confident that there are many, including the authorities at the Academy, who are far better qualified to select the young men than I am. I hope that the Committee on Armed Services will give some thought to that rather iconoclastic suggestion.

Mr. CANNON. The subject has been given some consideration. In fact, over the years a number of boards of visitors, and certainly the military authorities themselves, have recommended a change in the appointing system. However, in all seriousness and candor, I point out to my good friend, that I doubt very seriously that Congress would look very favorably upon giving up its prerogatives in the appointment of boys to the academies, particularly when the boys must meet very strict entrance requirements, irrespective of how badly the appointing authority may want particular boys in the Academy. They must pass entrance requirements that are established by those in authority and who know what they should be. I think the results of the graduates of the Academy are the best evidence. The fact that our Academy graduates rate so high as compared to the graduates of other colleges throughout the country lends a great deal of credence to the system used in the appointments at the present time.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. CLARK. I do not disagree with anything my friend from Nevada has said. I suspect that it would be even harder to change the method of appointing candidates to the military academies than to secure a change in the rules of the Senate, which I think is even more important.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. KEATING. Supplementing what the distinguished Senator from Pennsylvania has said, I share to some degree his feelings. I do not imagine it is the most popular view in this body or would be in the other. But I have serious doubts whether the congressional appointments of cadets has served its purpose. What we want—and I know we are all sincere in trying to arrive at a conclusion—is the best qualified men to lead our forces in the three service academies.

Mr. President, I have been concerned about this problem for some time, and feel that in a period of severe national stress the Congress should be fully informed about this important phase of our defense effort.

The practice of congressional nominations for West Point, and later the other academies, goes back well over a century. Although the President originally made all the appointments himself, it was common procedure by the time of President Jackson for the Secretary of War to accept the recommendations of Members of Congress. This procedure was finally legalized in a statute of 1843, partly as the result of a legislative maneuver to halt congressional criticism of West Point as an "undemocratic" institution.

The point of this brief excursion into history, Mr. President, is that the method of selecting our future officers is mostly the result of tradition and some sharp political dealing, and has never been justified on the grounds that Congressmen are the most eminently qualified for the job. I do not doubt that my colleagues conscientiously attempt to nominate the best possible men to the academies. But might this job not be done as well, or better, by another group with fewer responsibilities and a less hectic workload? It is frequently suggested that some other system might work better—selection by local boards, a nationwide competitive examination, or something similar to the NROTC procedure are often mentioned. There are good cases for all these arguments.

The problem of Academy nominations, Mr. President, is particularly relevant at this time, when a number of new proposals are suddenly presented. During this debate, my colleague from Louisiana has raised several important questions about the criteria for selection, questions which have not been completely answered, questions which his amendments do not answer, either. Given the nature of the charges, and the essentially anomalous position of the Congress in the nomination procedure, it seems sensible to me that an investigation of the entire problem should be undertaken. It may be that after careful consideration, we shall find the present method to be the best. But we must, as we have not in the past, give the matter this careful consideration. We must not turn to untried new proposals without looking into the whole problem.

Mr. President, in these critical days of our Nation's history, we are called upon to meet a great challenge. We have appropriated huge sums of money, and have devoted a good deal of time, to the creation of a strong defense effort. But this effort will be largely in vain if we do not select the best possible men to carry out the mission. Our survival cannot hinge upon material things alone—in the long run, we must depend upon the quality and courage of our people, reflected in the officer corps, for victory. We cannot afford to remain complacent about any phase of our defense, particularly with regard to the service academies, which are a crucial first step in the human effort. And we cannot experiment with unique new methods for drawing our Nation's officers from a hat.

This is not the way to legislate now, by acting on new ideas or gimmicks without study. We need a full investigation. In the meantime, however, it is ridiculous to prevent the Air and Military Academies from maintaining their full strength of cadets. Let us first pass this bill and then properly, and carefully in committee study the whole question of Military, Naval, and Air Academy appointments.

My colleague from New York referred to the resolution which I have had for some time. I think the resolution was first offered in 1957 when I was a Member of the House of Representatives. The resolution would call for a study by the Committees on Armed Services of the two bodies with legislative recommendations as to what changes, if any, should be made in the public interest in the selection and nomination of candidates for the three service academies.

I have prepared an amendment to the bill which would provide for such a study. I would be reluctant to offer that amendment, or at least to press it, if the members of the Armed Services Committee were opposed to such a study, since, after all, primarily it is their problem on our behalf. It seems to me that what we are talking about goes beyond the specific problem of filling a small gap in the Academies and that it really is a part of a bigger problem as to how we should go about the entire matter of selecting candidates for the Academies.

I have no illusions about Members of Congress giving up their powers. That is not the normal practice here, except to give them up to the executive branch of the Government; that is the only way we surrender powers in this body. To surrender power in any other way is probably not very practical.

I personally would feel better as a Member of Congress if I felt that the Armed Services Committee had thoroughly canvassed this entire question and had arrived at a conclusion as to what they would recommend to us as to the manner of selecting nominees.

The Senator from Louisiana has presented a strong, documented case, and I urge that either an amendment be accepted to call for such a study, or, if that does not seem feasible, that the committee take up at some point this whole question, and study it thoroughly. Does the Senator agree?

Mr. CANNON. I could not accept the amendment if it were offered as an amendment. I presume it is not at the moment being offered, because there is another amendment pending.

Mr. KEATING. It has not been offered.

Mr. CANNON. If such a resolution were submitted and referred to the Armed Services Committee for study, I am satisfied that the chairman and the members of the committee would give consideration to it. My personal feeling is that this problem has been considered time and time again over recent years.

Mr. KEATING. A real study has been made?

Mr. CANNON. A thorough study has been made by the various advisory committees and members of the Boards of Visitors to the respective academies, and reports have come back periodically. They come to Congress for the benefit of all of us. I believe there has been consideration enough to disclose at least at this moment that there is little likelihood of any prospective change in the situation.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. SALTONSTALL. Even though I have not heard all of the discussion this afternoon, I know that when the Air Force Academy was established the Armed Services Committee went into the subject of appointments very carefully with relation to the Air Force Academy. The system we started in the Air Force Academy was a little different from the system that has been used over the years at West Point and Annapolis. We studied the subject at that time, and we devised a system that we believe is an improvement, but still requires congressional appointment. It is a better system than the one at West Point and Annapolis, but it is along the same principle of allowing Members of Congress to select the candidates.

Mr. KEATING. Has a recent survey been made of this question?

Mr. SALTONSTALL. I do not know.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. KEATING. I should like to inquire whether a recent study has been made of this subject.

Mr. SALTONSTALL. The Air Force Academy study was quite recent.

Mr. CANNON. That study was made within the past 4 or 5 years. It has been under constant consideration. The Air Force Academy was not up to full strength, and this problem was under continuing study and recommendations by the respective Boards of Visitors. It has been given constant consideration. There was no formal hearing devoted directly to that specific point, but the problem was under discussion and study.

Mr. KEATING. Has the Armed Services Committee—possibly the distinguished Senator from Massachusetts could also join in answering this question—focused attention on the question raised by the Senator from Pennsylvania [Mr. CLARK] and myself as to whether it is right to have Members of Congress name these young men? I rather agree with my friend from Nevada that it is not likely that the system will be changed. I wonder whether this question has been considered by the Armed Services Committee.

Mr. CANNON. This subject has been considered by some members of the Armed Services Committee. It has not been considered formally in full committee, to my knowledge, since I became a member of the committee. However, I, as one member, have considered it, along with other members of the committee, in serving as a member of the respective Boards of Visitors, and as Chairman of some of the Boards of Visitors. The subject has been very thoroughly aired. It has been very thoroughly considered. It has been very thoroughly discussed. Some very definite decisions have been made.

Mr. SALTONSTALL. I wish to confirm what the Senator from Nevada has said. I do not believe there has been any formal discussion of the subject in committee as a whole since the Air Force Academy was established. There has been constant discussion in the Board of Visitors and by members of the committee.

Mr. KEATING. As I said before, and possibly before the Senator from Massachusetts came into the Chamber, I would feel considerable reticence about offering an amendment to direct that the Committee on Armed Services conduct an inquiry into this subject if it is not disposed to do so. I am not a member of the committee. It is up to the committee to determine whether it would like to go into the subject. However, I think it would be a very useful accompaniment to this bill.

Mr. CANNON. Mr. President, in opposing the amendment of the Senator from Louisiana I would say that to accept his amendment would degrade our selection system, because it would permit the appointment of 50 cadets by congressional authority from the alternate list and would completely eliminate the element of competition among the 50 candidates; whereas by the system to be followed if the bill is enacted without the amendment we would have competition for the 50 vacancies among the alternates, 95 percent of whom must be selected from congressional sources. Furthermore, the bill would increase competition for the vacancies. I think it is highly important to maintain the highest possible level.

Mr. JAVITS. As a member of the Board of Visitors, I consider the pending bill of great importance to West Point and to our Nation's security. The bill would give us some more officers. I repeat that I admire what the Senator from Louisiana has done. He has rendered a fine service to all of us. Even though I shall have to vote against his amendment, because I believe the selection system for this limited number contained in the bill is a sound one, it in no whit diminishes my determination to stand shoulder to shoulder with him whenever the opportunity presents itself—and I assure the Senator that I will ask embarrassing questions on this point—in seeing to it that the utilization of athletic personnel at West Point is kept within decent and proper and ethical bounds. I respect his diligence, and I am grateful to him for the service he has rendered in his well-documented speech today.

Mr. LONG of Louisiana. I hope the Senator from New York will remain long enough to hear what I am about to say, because I should like to respond to what he said.

The Senators from New York have talked about a study being made. Studies have been going on for years. I refer to page 21 of the hearings, as follows:

> Senator SMITH. You mentioned the study that the Defense Department is making. How long have they been on this study, do you know?
>
> General WESTMORELAND. To my knowledge, about 2 years.
>
> Senator SMITH. It seems as though I have been hearing about this study, Mr. Chairman, and making this uniform, the academies uniform, in their procedure for a long time.
>
> Do you have any indication that they expect to come out with a report?
>
> General WESTMORELAND. I cannot forecast when it will be, Senator Smith, that great progress is being made.

And so it goes on; but there is no indication as to when the study will be completed.

West Point is now getting about 70 of the Board's selections. The Board was giving about 35 of the appointments to football players. Now the number has been stepped up so that 47 appointments will be given to football players. According to the former football coach, if the bill passes, 55 of the appointments will be given to football players. That means that of those whom the Board presently appoints, practically all will be football players.

The bill can be used to average out the first alternates against football players in an effort to reach an average that would make it appear that these appointments are as good, on the average, as the appointments made by Senators. But the bill does not give us any reason to encourage the appointment of candidates having merit.

My amendment would allow the Academy the existing academic board appointments with which to play politics. Those appointments would not be touched.

This incident happened in connection with one of the other Academies. I was told I had to submit my appointees by a date in April, and I did so. Much later, a young man came to me who wanted to be appointed as an alternate. I told him I had no vacant alternates, and that, in any event, it was far too late to get into the Academy. The young man said to me, "Do not worry. Have me appointed as an alternate by anyone, and I will get in. All I need is an appointment."

I spoke to a Member of the House, who obtained a list which shows vacant appointments. The young man was designated an alternate 2 months after the list was closed for Senators and Representatives. But the boy was appointed to the Academy, and he is there now. I do not care to mention his name. But that is the kind of politics which is played.

With respect to the 50 new appointments, why not, for once, encourage Senators and Representatives to make appointments based on merit? Assuming that 50 more appointments were to be made to the Academy, the amendment provides that those who are appointed would be appointed by the sponsors of the 50 top men in this year's graduating class. This arrangement would encourage Senators and Representatives to make appointments based on merit. That is how the President makes appointments. If we cannot do this, then let the President make our appointments, because his appointments, generally speaking, are better; even though I would challenge him to make better appointments from Louisiana than I make, because I make appointments based on examinations.

If we want to provide a real incentive, let us adopt my amendment and improve the bill. Let us encourage Senators and Representatives to appoint men strictly on their merits. Beyond that point, let the board play all the politics it wants with the appointments being made at present.

I thank the committee for its consideration. I regret that I have delayed the Senate so long on this subject; but it seemed to me that someone should take the time and trouble to study the situation to see what might be done to correct it.

A statement was made that the bill was passed previously by the House. It was passed by the House previously. But this took quite some time.

In 1959, when an attempt was made to pass a similar bill, Representative Overton Brooks, of Louisiana, a ranking member of the committee in the House, placed in the Record a list of those who were board appointees. The board was so upset that the bill was not acted upon but was put back on the calendar. The House never sent it to the Senate.

That was a football bill. When the Representative from my State raised a question, those who had brought up the bill voted to put it back on the calendar.

Mr. RANDOLPH. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. RANDOLPH. The Senator from Louisiana is always convincing—even in defeat. Comment on gridiron greats and just average players has been spirited this afternoon. I should like the record to disclose that in 1928 at least one of the Academies, with all its so-called football talent, possessed less than was necessary to defeat the Davis and Elkins College football team. I recall that in the opening game at Annapolis, on an afternoon in October when the temperature was approximately 93° the Middies bowed in defeat. That 11 from my hometown in West Virginia won over the Navy by a score of 2 to 0. That in itself is significant because our enrollment was approximately 200 students; but what is of real significance is the fact that 11 stalwarts played for 60 minutes. There were no substitutions on that West Virginia team from the hills which turned back the favored forces of the Navy in that classic contest.

Perhaps in one year or another our service teams may be much improved—in fact they are top foes; but from the mountains, with just 11 players, not performing in platoon, but playing 60 minutes of tough football, we achieved the satisfying result on that epochal afternoon. The Senator now speaking was truly pleased because he was on the sidelines that day as director of athletics of this splendid institution of learning.

Mr. LONG of Louisiana. I thank the Senator from West Virginia.

Mr. President, I am ready to vote.

Mr. BARTLETT subsequently said: Mr. President, since 1945, every class which has graduated from the Military Academy has included additional appointees. In considering the merits of H.R. 7913, it was of interest to me to learn who these young men were, what they did as cadets and how many of them became officers. It is important to know this, since the criteria proposed for selection of cadets by H.R. 7913 is the same as the criteria for those of the past years. Over 95 percent of them have been congressional nominees. In addition to the record of excellence cited by the Senator from Nevada, I should like to comment on the scholarship and military records of additional appointees who have been admitted to the Military Academy in recent years. Of these cadets, 50 percent more of them graduated in the top one-fifth of their class than was the case for other cadets. In terms of successfully graduating from the Academy we again find the additional appointees with an exceptional record—the attrition rate of other cadets exceeds that of the additional appointees by 50 percent.

To me this record of superlative achievement is evidence of what has been said by others—the record of the Members of Congress in nominating young men and of the services in admitting and training them is one of which we can be proud. Let us not let any petty disaffections over the employment of a football coach, or any parochial interest in this or that football player be the cause of denying our young men an opportunity to attend one of these outstanding institutions and serving the Armed Forces upon which so much of our Nation's future depends. We need the best men available for the future of this Nation, and if a man who fills this description also plays football, then more power to him.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Louisiana [Mr. Long].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Michigan [Mr. Hart], the Senator from North Carolina [Mr. Jordan], the Senator from Oklahoma [Mr. Kerr], the Senator from Ohio [Mr. Lausche], the Senator from Missouri [Mr. Long], the Senator from Virginia [Mr. Robertson], the Senator from Florida [Mr. Smathers], and the Senator from Alabama [Mr. Sparkman] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

On this vote, the Senator from North Dakota [Mr. Burdick] is paired with the Senator from Michigan [Mr. Hart]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Michigan would vote "yea."

On this vote, the Senator from Florida [Mr. Smathers] is paired with the Senator from Oklahoma [Mr. Kerr]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Oklahoma would vote "nay."

On this vote, the Senator from Virginia [Mr. Robertson] is paired with the Senator from North Carolina [Mr. Jordan]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from North Carolina would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. Bennett], the Senator from Maryland [Mr. Butler], the Senator from Arizona [Mr. Goldwater], the Senators from Iowa [Mr. Hickenlooper and Mr. Miller], the Senator from New Hampshire [Mr. Murphy], and the Senator from Kansas [Mr. Pearson] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is absent because of a death in the family.

The Senator from California [Mr. Kuchel] and the Senator from North Dakota [Mr. Young] are detained on official business.

If present and voting, the Senator from California [Mr. Kuchel] and the Senator from New Hampshire [Mr. Murphy] would each vote "nay."

The result was announced—yeas 32, nays 46, as follows:

[No. 148 Leg.]

YEAS—32

Allott
Boggs
Carroll
Church
Clark
Curtis
Dodd
Douglas
Eastland
Ellender
Gore
Gruening
Hartke
Hickey
Holland
Hruska
Johnston
Kefauver
Long, Hawaii
Long, La.
McCarthy
McGee
McNamara
Metcalf
Morse
Morton
Moss
Mundt
Neuberger
Prouty
Proxmire
Young, Ohio

NAYS—46

Aiken
Bartlett
Beall
Bible
Bottum
Bush
Byrd, W. Va.
Cannon
Capehart
Carlson
Case, N. J.
Cotton
Dirksen
Engle
Ervin
Fong
Fulbright
Hayden
Hill
Humphrey
Jackson
Javits
Jordan, Idaho
Keating
Magnuson
Mansfield
McClellan
Monroney
Muskie
Pastore
Pell
Randolph
Russell
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough

NOT VOTING—22

Anderson
Bennett
Burdick
Butler
Byrd, Va.
Chavez
Cooper
Goldwater
Hart
Hickenlooper
Jordan, N.C.
Kerr
Kuchel
Lausche
Long, Mo.
Miller
Murphy
Pearson
Robertson
Smathers
Sparkman
Young, N. Dak.

So Mr. Long's amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CANNON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CANNON. Mr. President, I ask for the third reading.

The PRESIDING OFFICER. Is there further amendment?

If there be no further amendment, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 7913) was read the third time and passed.

The title was amended, so as to read: "An act to amend title 10, United States Code, authorizing the appointment of additional qualified alternate and competitive nominees to the United States Military Academy and the United States Air Force Academy".

Mr. CANNON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ANNOUNCEMENT OF HEARINGS BY PREPAREDNESS INVESTIGATING SUBCOMMITTEE, ON NUCLEAR TEST DEVELOPMENTS, ARMS CONTROL, AND DISARMAMENT MATTERS

During the speech of Mr. LONG of Louisiana,

Mr. STENNIS. Mr. President, as chairman of the Preparedness Investigating Subcommittee of the Senate Committee on Armed Services, I am releasing to the press the announcement that hearings are planned by the subcommittee on nuclear test developments, arms control, and disarmament matters.

In the past, research and development, confirmed through adequate testing, have been vital to the development of future weapon systems. Therefore, the hearings, which will commence as soon as possible, will focus on the basic importance of nuclear test activity as well as on developments in the current nuclear test-ban negotiations.

The Armed Services Committee has legislative responsibility for the common defense generally, and for the size and composition of the Armed Forces. Our committee is therefore concerned with the development of our weapons, their relationship to arms control and disarmament matters, including activities connected with any test-ban negotiations. Decisions on these matters cannot help but be reflected in the size and quality of our defense shield.

The hearings will explore all new technical data available and will feature testimony by top officials of the Arms Control and Disarmament Agency, the Department of Defense, the Joint Chiefs of Staff, and members of the scientific fraternity.

Mr. President, we have received inquiries from Members of Congress, as well as others, with reference to this general subject matter. It has been considered by the members of the subcommittee for many weeks. It has been unanimously agreed that hearings should be held as soon as we reasonably can do so.

We expect to hold as many of the hearings in open session as the security of our country will permit.

The experts disagree about fallout, and about the continuing effects of fallout. They disagree as to the necessity for much of the testing. They disagree as to what concessions, if any, are involved with reference to the test ban.

I am authorized by the Senator from Massachusetts [Mr. SALTONSTALL] expressly to say that he joins in the sentiment of this announcement of the hearings, as do all members of our subcommittee.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. STENNIS. The Senator from Missouri is in the Chamber. I am delighted, if I may do so, to yield to him at this time.

Mr. SYMINGTON. Mr. President, I am very glad to have heard the statement made by the distinguished chairman of the Preparedness Subcommittee of the Senate Armed Services Committee.

The Soviets have just fired the world's second largest nuclear explosion. No one can say for sure that the United States is ahead in this nuclear race. We may be—we may not be. Some experts believe we are; some believe we may not have that advantage. We see the smoke of their cooking but that does not tell us of the quality of their food.

Mr. Khrushchev says he now has a defense against missiles. Perhaps he does; perhaps he does not. But we know now that he has been testing extensively in this field, and he may be ahead in this category, and some experts say he may be ahead in other important categories.

Much of the public opinion in this country has been formed as the result of the constant reiteration, in public as well as in private, of the grave dangers current tests cause because of contamination of the atmosphere.

Some authorities in this field, however, deny that the danger of contamination is nearly as serious as others assert. The first group may be right. They may be wrong. In any case, they should be heard, along with those who disagree, because what the American people have the right to know is all truth that will not help a possible enemy.

I thank the able Senator from Mississippi for yielding to me. I also thank my friend the able Senator from Louisiana.

Mr. STENNIS. Mr. President, I am most grateful for the counsel and advice of all members of the subcommittee, and of all members of the Committee on Armed Services as well as for the long weeks of consideration and deliberation which have taken place with reference to this question.

I emphasize that there is a need on the part of Members of Congress, particularly, to know more about what are the pros and cons with reference to this highly important—and increasingly important—matter. Therefore, we shall proceed as quickly as we reasonably can.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. STENNIS. I yield to the Senator from New York.

Mr. JAVITS. What my colleague is doing is most important. I hope that after the information is obtained it will be made available to all Members of the Senate, not only to members of the Committee on Armed Services.

I say this for the reason that the country and the world should know how seriously we take our responsibilities with respect to the ratification of treaties. No matter what is done at Geneva, the world should know that finally the question will have to be resolved in the Senate, with deep conscience, by 100 of us who are Senators of the United States.

The sooner we begin to get the education in depth, of which the Senator from Mississippi and our colleague from Missouri speak so properly, the better it will be for us, the better it will be for the world, and the better it will be for the security of our country.

Mr. STENNIS. I thank the Senator from New York for his kind remarks.

I emphasize that the Senator from Mississippi has already said the information will not be obtained merely for members of the Committee on Armed Services. Its publication will be for all Senators, and for the public so far as security will permit.

Mr. JAVITS. I thank the Senator from Mississippi, and I also thank the Senator from Louisiana.

Mr. SALTONSTALL subsequently said: Mr. President, I should like to support the Senator from Mississippi [Mr. STENNIS] in the statement that he made to the Senate this afternoon that the Preparedness Investigating Subcommittee of the Committee on Armed Services will go into a study of the subject of the development of our weapons and their relationship to arms control and disarmament matters, including activities connected with any test-ban negotiations. That is certainly a part of our responsibility, and I commend the Senator and Chairman of the Preparedness Subcommittee on his statement.

Mr. ENGLE. Mr. President, will the Senator yield to me?

Mr. LONG of Louisiana. I yield to the Senator from California for 1 minute.

EXECUTIVE SESSION

Mr. ENGLE. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering two nominations to be district judges which are at the desk. This has been cleared with both sides of the aisle.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

There being no objection, the Senate proceeded to the consideration of executive business.

DISTRICT JUDGES

The PRESIDING OFFICER. The clerk will state the first nomination.

The legislative clerk read the nomination of Charles H. Carr, of California, to be U.S. district judge for the southern district of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Stanley A. Weigel, of California, to be U.S. district judge for the northern district of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Without objection, the President will be immediately notified of the confirmation of the nominations.

LEGISLATIVE SESSION

Mr. ENGLE. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

There being no objection, the Senate resumed the consideration of legislative business.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 2135) to authorize the Securities and Exchange Commission to delegate certain functions.

The message also announced that the House had passed a bill (H.R. 3460) to amend section 9(a) of the Trading With the Enemy Act, as amended, in which it requested the concurrence of the Senate.

AUTHORIZATION FOR COMMITTEE ON FOREIGN RELATIONS TO FILE A REPORT ON H.R. 11040 AFTER ADJOURNMENT TODAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be permitted to file a report on H.R. 11040, the communications satellite bill, during the adjournment after today's session.

The PRESIDING OFFICER. Without objection, it is so ordered.

EIGHTY-THIRD BIRTHDAY ANNIVERSARY OF CHARLES L. WATKINS, PARLIAMENTARIAN

Mr. SALTONSTALL. The gentleman sitting in front of the Presiding Officer, the Parliamentarian, Mr. Charles L. Watkins, will celebrate his 83d birthday anniversary tomorrow. As one who has enjoyed his services over the years that I have been in the Senate, and been helped and advised in the discussions we have had, including a few disagreements, I wish him a happy birthday.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I wish to query the majority leader about the program for the remainder of the day and also the program for tomorrow.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished minority leader, it is anticipated that the Senate will take up bills on the calendar to which there is no objection; and that it will adjourn until 12 o'clock tomorrow, at which time, under the agreement reached on August 1, H.R. 11040, the communications satellite bill, will be laid down and made the pending business. I anticipate that consideration of that bill will take some time.

Mr. DIRKSEN. In that connection, I see the very distinguished Senator from Oregon [Mr. MORSE] in the Chamber. I thought perhaps, for the information and guidance of Senators, since he is the grand captain for whatever procedure may be taken on the bill, he could supply us with some information.

Mr. MORSE. Mr. President, I yield to my boss, director, and teacher, the distinguished Senator from Tennessee [Mr. KEFAUVER].

Mr. DIRKSEN. I yield to the very distinguished Senator from Tennessee, the master strategist on the bill.

Mr. KEFAUVER. I appreciate the adjective the Senator has applied to me. As I said the other day——

Mr. DIRKSEN. I did not apply it. I borrowed it from the distinguished Senator from Oregon 10 days ago.

Mr. KEFAUVER. I include the distinguished Senator from Oregon in my thanks, also.

Of course, we hope that bills involving human welfare, such as the drug bill, or the agriculture bill, might come up first, before the controversial communications satellite bill. There is not too much controversy left with respect to the drug bill. Most of the major issues have been pretty well agreed to. It is of great importance to the people of the Nation that the bill be passed immediately.

I understand that there is controversy on the farm bill, but certain referendums are coming up; so many persons feel that it is necessary to act on the bill one way or the other.

Mr. DIRKSEN. I inform the Senator that I still have the floor.

I wish to inform the Senator from Tennessee that, so far as the drug bill is concerned, the pharmaceutical lawyers who have been sitting with the Judiciary Committee all the time we have been meeting during this past week have been taking up the time, and the bill and the President's suggestions are still in the Judiciary Committee. I do not know whether they will get out this week.

I will say for members of my own party that they have been cooperative and have attended the meetings. I desire to make it plain to the Senator from Tennessee that the fault is not on our side that the bill is in the Judiciary Committee.

Mr. KEFAUVER. It is on the calendar. It is not in the Judiciary Committee.

Most of the President's recommendations have been acted upon. The Senate does not have to wait for the Committee on the Judiciary to act on the two or three which remain. There is no reason why the bill, which has been on the calendar for several weeks, could not be considered. We have received the recommendations of the Committee on the Judiciary with respect to most of the President's recommendations for amendment.

Mr. DIRKSEN. Mr. President, my very good friend from Tennessee stood on the floor the other day and talked about introducing an independent bill with respect to prescription drugs and other things, and said, in the Committee on the Judiciary, "Perhaps that proposal should go over until next year, or we shall have to hold independent hearings, because the prescription drug interests have not been heard on this bill."

The Senator will have to admit that to the Members of the Senate.

Mr. KEFAUVER. The Senator is talking about what drugs?

Mr. DIRKSEN. Prescription drugs.

Mr. KEFAUVER. Not prescription drugs.

Mr. DIRKSEN. They were taken out of the bill by our friend, when the hearings were started.

Mr. HUMPHREY. Proprietary drugs.

Mr. KEFAUVER. The Senator is talking about proprietary drugs.

Mr. DIRKSEN. Yes, proprietary drugs. I thank my pharmacist friend from Minnesota.

Mr. KEFAUVER. Those were the proprietary drugs. We said, in certain sections of the bill, that it was not the intention to include them. They are not included. That question has been satisfactorily adjusted.

As to the prescription drugs, the ethical drugs, the bill is on the calendar. Most of the President's good amendments and recommendations have been acted upon favorably by the Committee on the Judiciary. There is no reason to hold up action on the bill.

I think the Senator would agree that there has been such a unanimity of effort and ideas about the bill in recent days that there is not too much area of controversy left.

Mr. DIRKSEN. Mr. President, let me say to my friend from Tennessee that I know the score. The amendments which would be offered would be committee amendments, as distinguished from amendments to be offered by the distinguished Senator from Tennessee, if the Senate should consider the bill which is now on the calendar without the work being completed in the Committee on the Judiciary.

I want to pay my respects to the distinguished Senator from New York [Mr. KEATING], to the distinguished Senator from Nebraska [Mr. HRUSKA], and to other Senators for the faithful way in which they have attended the hearings every day in order to perfect the bill. I think it would be an affront to the Senate to have the bill considered now, before the work which is still pending at the request of the President of the United States is completed.

Mr. KEFAUVER. I am glad that Senators have been attending the meetings.

Mr. DIRKSEN. They have been.

Mr. KEFAUVER. They have been very diligent. I agree.

Mr. DIRKSEN. Our Members have been in their places.

Mr. KEFAUVER. The fact remains, nevertheless, that all but a few of the recommendations of the President have been acted upon, mostly favorably.

The Committee on the Judiciary will meet in the morning for any further consideration which is necessary. The bill did not go back to the Committee on the Judiciary. It is on the calendar, ready for action. I think there is substantial area of agreement about the bill.

So far as I am concerned, any amendments which are not proposed by the Committee on the Judiciary certainly would not require any extended discussion. Those would include one or two other amendments.

Mr. DIRKSEN. I say to my friend from Tennessee that no Senator on this side asked for further hearings on the bill. The requests came from the President of the United States. We were most willing to consider them. Now it has been suggested that the Senate consider the bill before the seven amendments which came from the White House—not from our side—are first appropriately considered.

We are more than willing to cooperate with the President and with the Food and Drug Administration in regard to this question.

Mr. KEFAUVER. Most of the amendments which have come from the White House would restore the Hart-Kefauver bill to the shape it was in when it came from the Antitrust and Monopoly Subcommittee, as will be seen from the individual views of the Senator from Colorado [Mr. CARROLL], the Senator from Missouri [Mr. LONG], the Senator from Connecticut [Mr. DODD], the Senator from Michigan [Mr. HART], and myself.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I have the floor, Mr. President.

Mr. MANSFIELD. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. KEFAUVER. If the Senator from Illinois and other Senators had not watered down and emasculated certain provisions at the beginning, there would be no necessity for taking up the Presidential recommendations at this time.

Mr. DIRKSEN. Mr. President, I suppose it is felt that we ought to accept the harassing restrictions and provisions which were brought in in a bill which had no patrimony. We knew nothing about its parentage. I have not learned to this day who authored it. But it was about as restrictive as it could have been.

I am always ready to see the bill amended, but I am not willing to undertake the harassment and devastation of a great industry in the United States without some reasonable justification for it.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to my distinguished friend from Colorado with the understanding that I shall not lose my right to the floor.

Mr. CARROLL. I should like to ask a question of the Senator from Tennessee.

Not long ago there was an open debate in the Senate. I leveled some very serious charges concerning what was going on in the Senate Committee on the Judiciary. At that particular time I took issue with my own chairman.

Mr. DIRKSEN. Does the Senator refer to the chairman of the committee, or the chairman of the subcommittee?

Mr. CARROLL. I refer to the chairman of the Senate Committee on the Judiciary.

I asked a question before this body then. I wanted to know what the program of the President was, and who was asserting the President's program. The able Senator from Tennessee at that time was fighting, in the Senate Committee on the Judiciary, for a proper drug bill.

What has happened today? As a result of the publicity from the actions on thalidomide by Dr. Kelsey, there has been a great change in sentiment in this body. There has been a change in the attitude of the administration. Now the administration has proposed seven amendments, which sustain the position of the able Senator from Tennessee.

This is why I support the Senator. These are simple amendments. We have now agreed to most of them. May I ask the Senator from Tennessee how many we have agreed to?

Mr. KEFAUVER. Four of them, I think.

Mr. CARROLL. There are about three amendments remaining, which affect the health and safety of the family life of America. We are now being asked to bypass this drug bill to take up another measure, and I ask Senators to believe me when I say that it is a measure which is so technical that few understand it.

We can quickly pass the drug bill. The amendments can come from the committee tomorrow. We can pass the bill in the Senate, in my opinion, in a debate lasting——

Mr. KEFAUVER. I should say 2 hours.

Mr. CARROLL. I was about to say 3 hours. Let us get on with our business.

Mr. DIRKSEN. Mr. President, I do not yield any further.

Mr. CARROLL. I have not finished. The Senator yielded to me.

Mr. DIRKSEN. I have the floor, Mr. President, I do not yield further.

Mr. CARROLL. I am entitled to complete my statement.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry. Who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. CARROLL. The Senator has yielded to me. If the Senator is going to shut off debate——

Mr. DIRKSEN. Yes; I am going to shut off the distinguished Senator from Colorado, and I ask him to take his seat. The Senator from Illinois has the floor, and he knows the rules of the Senate.

Mr. MANSFIELD. Mr. President, will the Senator yield to me?

Mr. DIRKSEN. I yield with pleasure to my distinguished friend.

Mr. MANSFIELD. It seems to me that about a half hour ago I yielded to the Senator from Illinois.

Mr. DIRKSEN. I took the floor.

Mr. MANSFIELD. Since that time I have been unable to get the floor back.

Mr. DIRKSEN. Mr. President, I am distressed.

Mr. MANSFIELD. I should like to transact some business.

Mr. DIRKSEN. I shall wind up, and see to it that the majority leader gets the floor back.

In all fairness, we sat in the hearings for an hour and a half, with all the pharmaceutical lawyers in the Food and Drug Administration, and in the Department of Health, Education, and Welfare. All the Republicans were in their places. I could not see quite as many who were with the New Frontier. But we went on and did the business, with nine Senators in the Committee on the Judiciary. A quorum was present.

How much did we accomplish? We argued about the touch of a word, the emphasis of a phrase, the striking out of a line, the replacing of a semicolon, and whether a comma was in the right place or whether a period ought to take its place. This went on until 12 o'clock, until the rule had to be invoked.

What was accomplished? I suppose we did refine some things.

When Senators talk about the simplicity of the bill and how easy it would be to pass it, I say that there were lawyers sitting around the table who have worked with it, and they had the greatest of difficulty, notwithstanding the presence of George Larrick, the Commissioner of the Food and Drug Administration; Mr. Ellenbogen, a talented draftsmen from the Department of Health, Education, and Welfare; Mr. Sonosky, another talented draftsman; the committee staff members and everyone else who was present.

This problem is so simple that Mrs. Franklin Roosevelt wrote a column, demeaning the Senator from Illinois and making it appear as if doing this job was like picking a plum off a tree. We ought to invite her to come to the Committee on the Judiciary and find out what is involved. A great industry, dedicated to the health of the people of the country, is involved. Bureaucrats too often are willing only to harass, restrict, penalize and use the regulatory power.

They can say what they like about the minority leader, but he will state his case, God willing, whether or no, notwithstanding all the rather captious and carping criticisms that have been made. No one knows that better than does the distinguished Senator from Tennessee. I pay tribute to him for the patience with which he has labored on the subject. I thought he was wrong. Many others thought he was wrong. So we have refining amendments. There has not been an amendment that has come from the White House which has not been refined and changed in the course of the deliberations of the committee—and all for the good, too.

Mr. President, I have finished. The distinguished majority leader wishes to get to the calendar, and I shall forsake the floor.

COMMITTEE REPORT

Mr. MANSFIELD. Mr. President, may I make a request?

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MANSFIELD. Has unanimous consent been granted permitting the Committee on Foreign Relations to file a report during the adjournment after today's session on H.R. 11040, the communications satellite bill?

The PRESIDING OFFICER. Permission has been granted.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the minority views may be filed on the same basis.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. CARROLL. Mr. President, will the majority leader yield to me?

Mr. MANSFIELD. I yield.

Mr. CARROLL. Mr. President, I wish to sustain the position of the Senator from Tennessee [Mr. KEFAUVER]. For 2 years he has worked on the drug issue. I can tell what has gone on in that committee. I participated not long ago in a debate on the floor of the Senate. At that time I warned that those who asserted they were representing the President of the United States were not, in my opinion, representing the President's viewpoint. I do not wish to put words into the mouth of the Senator from Tennessee, but he said substantially the same thing.

What happened? I have seen what I call junior executives of the executive departments working on the bill. The bill was partially drawn, in my opinion, by those in the pharmaceutical industry. Within the past few weeks suddenly Dr. Kelsey, a courageous woman, has brought to focus the real problem in licensing of drugs. That situation has given impetus to new theory and new thinking.

Mr. McGEE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from Colorado will suspend until the Senate is in order.

Mr. CARROLL. Something new has occurred.

Mr. MORSE. Mr. President, the Senate still is not in order.

The PRESIDING OFFICER. The Senator's point of order is well taken. The Senate will be in order.

Mr. CARROLL. If any Senator wishes to be heard, I shall be glad to yield. Otherwise, if I may have the attention of Senators, I have only a few words to say.

Within the past few days something new has developed. The other day President Kennedy decorated Dr. Kelsey. For what? For a courageous act in resisting the pressure of some in the pharmaceutical industry in connection with authorization of a drug that would affect the health and welfare of the family life of our Nation. That action has also brought a great change in the thinking of the people of our Nation. It ought to bring a great change. Within the Senate Committee on the Judiciary it has brought a change. I can say without equivocation that the opposition party on the other side of the aisle has fought the amendments of the able Senator from Tennessee every step of the way. Now what has happened? For the first time we have a clear conception of what the President wants.

The other day I said I was sometimes confused.

I said I did not know who spoke for the President. But at last we now have amendments. The able Senator from Tennessee has said we have passed four amendments. We still have three amendments on a bill which is vital to the family life of America.

But now we are faced with entering a debate on the communications satellite bill. I have not yet participated in that debate. I have not stated my position on that bill. But I think it is a sad commentary to note that we are going into a filibuster when we ought to be considering a subject that is of far greater benefit to our people—our children and our families—than what some have described as premature and vague proposed legislation. It is a sad commentary on the Senate.

Mr. President, I have been engaged in an investigation of the drug issue. I have nothing against the pharmaceutical industry. None of the drug manufacturing industry is located in Colorado. The people of Colorado, however, have felt the effects of high-priced drugs and are threatened, as are families in other States by unsafe drugs.

In the national interest—in the interest of the people—we should pass a drug bill. I believe we could do so within a few hours.

I am not opposed to debate on the communications satellite bill. I think the debate would be good for the country. I have not yet participated. I have not taken a stand against the position of the majority leader. I have not taken a stand against the administration on that bill. I shall read and examine the RECORD in the days ahead. In regard to the farm program, of course, that is important, but it is not of such pressing importance as is the drug bill. I want to study the farm bill to be sure that the cattlemen, the ranchers, the stockgrowers of Colorado are adequately safeguarded against unreasonable invasions of their rights.

I commend the able Senator from Tennessee for his efforts. If we could set aside the satellite bill for a few hours, notwithstanding what the minority leader has said, I think we could accomplish something.

Mr. President, I know who has been blocking the bill for many months. I know who has been playing the game of the pharmaceutical industry for months. Eventually——

Mr. DIRKSEN. Why does not the Senator say so?

Mr. CARROLL. Recently an event has taken place that was so overpowering and overwhelming in the public eye that they have begun to run for cover. That is the situation that we see today.

Mr. DIRKSEN. Mr. President, the Senator has not violated the rules yet.

Mr. CARROLL. I have not yielded the floor.

Mr. MORSE. Mr. President, I rise to a point of order. The Senator from Colorado has the floor, I believe.

The PRESIDING OFFICER. The Senator from Montana has the floor and he has yielded to the Senator from Colorado.

Mr. CARROLL. Those of whom I have spoken are intelligent Senators. I have seen them cradle this corporation, that corporation, and this industry and that industry in my 5 years as a member of the Committee on Antitrust and Monopoly Legislation. They do not fool the junior Senator from Colorado one iota.

The same procedure has been followed in respect to the drug bill. The record is clear to anyone who wishes to investigate. The record is crystal clear.

On the other hand, I wish to extend my thanks and my congratulations. They are changing their opinion. They are accepting the amendments recently proposed by the President. They are working them over. As the able Senator from Tennessee has said, we can settle the question in 3 hours, and all the crocodile tears and protestations will be meaningless unless we pass the bill quickly. It is very important. That is the testimony of Commissioner Larrick. It is the testimony of the experts and the scientists. Let us get the bill underway now. We must get it over to the House of Representatives. We must pass the bill at this session and not hold it up waiting for particular concepts of some Senators on the question of a communications satellite. Let us get the important drug bill underway soon in the Senate.

If I am permitted to do so by the majority leader, I should like to yield to the able Senator from Tennessee.

Mr. MANSFIELD. I yield for that purpose.

Mr. KEFAUVER. The minority leader said he did not know where the bill had come from. The bill arose from the need shown by hearings over a long period of time, by many physicians, some of them in the administration. After the needs were shown, the bill was drawn up. It was worked over and revised in the Antitrust and Monopoly Subcommittee. It went to the full committee, and then it was referred to the Patent Subcommittee. Some sections of the bill were eliminated. It came back to the full committee. Some of the provisions were taken out and others were changed, and I thought some were substantially watered down.

Mr. CARROLL. Over what period of time?

Mr. KEFAUVER. Over a period of 3 years now. That is the length of time that we have worked on it. On April 10 the President, in a letter to the Senator from Mississippi [Mr. EASTLAND] has substantially approved the bill as it came from the Antitrust and Monopoly Subcommittee. After the thalidomide episode, knowing that drugs would go on the market automatically unless turned down within a certain length of time, and knowing also that other drugs had gone on the market which are dangerous and have caused side effects——

Mr. CARROLL. How recently was that?

Mr. KEFAUVER. That was in the past 3 weeks. I commend the President for sending his amendments to Congress. He sent up seven amendments, which restored some of the provisions that had been taken out of the bill, and they would add other provisions.

The language was not always identical. In some cases it was identical with what the bill originally had contained. Both sides in the committee have striven sincerely to discuss and consider the President's recommendations. In the bill certain very important provisions had been restored. The automatic taking effect of a new drug application and putting it on the market has been eliminated. That has been adjusted, not exactly as I would have done it, but I believe satisfactorily. At the present time, under present law, we have no control over effectiveness. It is possible to market a drug which has no beneficial effect at all. We have added effectiveness. That is an improvement. Also added to the bill has been the power to make regulations, so that the Food and Drug Administrator can keep track and get records from doctors when medicines are put out for experimental purposes, so that they will not be marketed on a hit-and-miss basis without anyone knowing how much is being put out and to whom they are being given.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. KEFAUVER. I would just like to add one or two other things. A few other things have been added to the bill. We have adjusted other differences. One of the evils in the drug industry has been that some companies in their advertisements and in their promotion have said that there were no side effects, when there might be very serious side effects. This morning we drafted an amendment to provide for regulations setting forth the side effects, or condensations of them. We also have drafted an amendment with respect to certifying antibiotics. At the present time only a few antibiotics are certified.

Some of the other amendments of the President have to do with factory inspection. The President has recommended a little stronger factory inspection provision, which I believe ought to be adopted without discussion.

There is also the matter of quality control procedure, dealing with the proper kind of quality control. The bill is on the calendar, and I believe there is much uniformity of opinion about these provisions, after they have been worked over for many days by the Judiciary Committee. Public opinion has been focused on the problems we face at the present time. I do not believe there would be any controversy which would require a substantial time to resolve. We have worked upon the President's amendments.

I agree with the Senator from Colorado that unless the bill is passed drugs will be going on the market automatically, which might cause a catastrophe. The law is deficient. Of all the laws that ought to be strong and fair and effective, this law is the most important, because it vitally affects the health of our people.

I am sure we can enter into agreements for a short length of time to discuss the amendments. I anticipate that the bill would not take more than 2 or, at most, 3 hours to dispose of. As the Senator from Colorado has said, it must go to the House, and undoubtedly the bill would have to go to conference. The House is holding hearings on the subject at the present time. The House wants our bill before it acts.

I think it would be almost a catastrophe to have the bill tied up behind a highly technical and controversial issue, on which many Senators have not had an opportunity to speak. I know that at least five or six Senators who are opposed to the satellite bill do not like it in its present form, or believe it greatly needs amendment, want to discuss it at considerable length. I believe it ought to be discussed at considerable length. There is a great deal of misunderstanding and wrong information about it. The public is only now finding out about it. To place the drug bill behind the satellite bill would be to put human values second. I believe they ought to come first. I therefore implore the leadership on both sides to try to see to it that in one way or another the drug bill will come before us.

Mr. CARROLL. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. CARROLL. I wish the Senator from Tennessee would inform the Senate whether it is true that the amendments which have been approved have come up within the past few days.

Mr. KEFAUVER. Yes; within the past week.

Mr. CARROLL. Within the past week. I commend the minority leader and I commend the Republican side for considering the new amendments. Whatever mistakes were made in the past on both sides, the fact is that five amendments have been approved.

Mr. KEFAUVER. Yes; five of them have been substantially agreed upon.

Mr. CARROLL. What I have been trying to say to the majority leader and to the minority leader is that I have not taken a position on the communications satellite bill. I have not the slightest desire to delay consideration of the bill. However I say, after some of us have worked on the drug problem in committee, that this problem is vital to the public. I hope the minority leader will correct me if I am wrong. I have found to my amazement that pharmaceutical manufacturers are issuing experimental medicines and pills to doctors, with no check upon them by the Food and Drug Administration; and these medicines are being put out to doctors by salesmen. Human beings are being used as guinea pigs, and there is no check by the Federal Government. It does not even know what the doctors are putting out, or where the drugs are going. Except for the individual integrity of the doctor or the hospital, my family and the family of every Senator could be used as guinea pigs to test the safety of a drug.

Mr. KEFAUVER. Without their even knowing that they are being used.

Mr. CARROLL. The patient is never told that he is being used as a guinea pig.

I have strong feelings on this question, as does the able Senator from New York [Mr. JAVITS] who raised this issue last Sunday. I had been away from Washington for 2 weeks. When I returned to the committee Monday I raised the same question with Commissioner Larrick. His answers are recorded, and they are to the effect that the pharmaceutical manufacturers are distributing experimental drugs that we—our children and our families—do not know about, and that we are being used as guinea pigs. I do not like that, despite the amendment which came from the President. I also have drafted an amendment to cure this defect in our drug testing system and I shall offer it to the drug bill.

I say to the majority leader in all sincerity that while the communications satellite bill is the pending business before the Senate—I think the parliamentary situation is that the communications satellite bill is now the pending business—is it not?

Mr. MANSFIELD. It will be tomorrow at noon.

Mr. CARROLL. I believe the question that has been raised can be settled in a very few hours. It would not in any sense delay Senators who desire to speak on this important issue. I believe the question can be settled. The amendments which the able Senator from Tennessee is seeking to have considered are not difficult. I do not think there is a Member of the Senate on either side of the aisle who would dare to vote against the bill if it were brought before the Senate, because the bill has been carefully thought out. It is in the public interest, in the national interest, and in the family interest.

I commend the able Senator from Tennessee for the wonderful work he has done through the years, under great stress and in the face of considerable and persistent opposition. He has shown great courage and tenacity, despite what has happened in recent years, in sustaining his position on the bill.

AMENDMENT OF THE TARIFF ACT OF 1930

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1550, H.R. 3508.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 3508) to amend the Tariff Act of 1930, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed at the appropriate place, after each bill is considered, a statement with respect to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I was in conversation and did not hear what bill was taken up.

The PRESIDING OFFICER. H.R. 3508.

Mr. MANSFIELD. The purpose of the bill is to permit the Secretary of the Treasury to designate any freight forwarder, authorized to act as such by any agency of Government, as a carrier of bonded merchandise for the final release of which from customs custody a permit has not been issued.

Mr. MORSE. I have no objection.

The PRESIDING OFFICER. Without objection, the request of the Senator from Montana is granted.

The general statement is as follows:

GENERAL STATEMENT

Section 551 of the Tariff Act of 1930, as amended (19 U.S.C. 1551), deals with carriage in bond of merchandise not finally released from customs custody. As originally enacted, section 551 authorized the Secretary of the Treasury to designate as carriers of bonded merchandise only common carriers who owned or operated railroad, steamship, or other transportation lines or routes. Public Law 285, 79th Congress (59 Stat. 667), broadened this authority to permit the Secretary to designate freight forwarders under the jurisdiction of the Interstate Commerce Commission to handle bonded merchandise in transit. No other freight forwarders were authorized to be so designated.

When Congress considered the above amendment to section 551 in 1945, other freight forwarders (for example, those handling airfreight) were much less important in that field than at present. There seems to have been no special reason why the privilege at that time was limited to freight forwarders under the jurisdiction of the Interstate Commerce Commission. In any event, under present complex international trade arrangements it would greatly facilitate the movement of goods if the Secretary of the Treasury was authorized to extend the privilege of handling bonded merchandise to any freight forwarder licensed to act as such by any agency of the Government, subject, of course, to such regulations and terms as the Secretary of the Treasury may find necessary.

Government departments favor this legislation and no opposition has been found. The committee recommends the passage of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I am calling up only those bills on the calendar to which there is no objection.

INTERSTATE COMMERCE ACT THROUGH ROUTES AND JOINT RATES

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1756, H.R. 11643.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 11643) to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

LEGISLATIVE PROGRAM—FARM LEGISLATION

Mr. MORSE. Mr. President, while H.R. 11643 is before the Senate, I should like to comment on another subject.

I have listened with great interest to the discussion of the past 30 minutes or so on the floor of the Senate concerning whether the drug bill should be taken up prior to its being reported by the Committee on the Judiciary. I think there will be adequate time to take it up in the very next few days, if the Committee on the Judiciary completes its work; and I think all doubts should be resolved in favor of giving the Committee on the Judiciary reasonable time to report the bill to the Senate.

But after listening to the statement of the Senator from Tennessee that only two amendments are left, I see no reason why that bill should not be before the Senate, ready for action, by Monday or Tuesday of next week at the latest.

However, there is another subject which I think is also of a great emergency nature, more of an emergency than the satellite bill, and that is the farm bill. I wish to make this statement about the farm bill tonight, because from reading the press I judge that an interesting attempt is being made politically to place the blame for any delaying action on the farm bill upon those of us who are opposed to the satellite bill.

I wish to make it very clear that I think the motion that should be made tomorrow, after the satellite bill has been made the pending business—and by a unanimous-consent agreement it will become the pending business—is a motion to lay aside the satellite bill until the Senate disposes of the proposed farm legislation, for the American farmers are entitled to immediate action on that bill.

We have already been told that certain planting dates make it very unwise to have a long delay in the consideration of the farm bill, particularly with respect to wheat.

But let the RECORD show tonight—and I speak in behalf of Senators who are opposed to the satellite bill—that the responsibility for not taking action on the farm bill is not ours, but is the responsibility of those in charge of the schedule of the Senate. The RECORD will speak for itself as to what the spokesmen on the other side of the aisle said in the Senate the other night with respect to their opposition to the farm bill, when they were bargaining in public, for all America to hear and see, and were making very clear to the leadership of the Senate that if the farm bill were brought up, they proposed to engage in a lengthy debate on it. Let Senators read the RECORD and determine for themselves what the intention is. I have no hesitancy in saying what my interpretation of the RECORD is; namely, that Republican spokesmen on the floor of the Senate threatened to filibuster the farm bill if it was brought up. Let the farmers of America understand that.

In my judgment, the farm bill should be brought up immediately. In my judgment, tomorrow, after the satellite bill has become the pending business of the Senate, the farmers of the country are entitled to a motion to lay aside consideration of the satellite bill and to have the farm bill brought up for action by the Senate. After that bill has been disposed of, the Senate can return to any other business it wishes to take up.

But the senior Senator from Oregon has no intention of letting any group in the Senate, on either side of the aisle, seek to place on the group of us who are opposing the satellite bill the responsibility for not calling up the farm bill for consideration starting tomorrow, August 10.

I say to the farmers of America: Take a look at who is responsible in the Senate of the United States for not taking immediate action on the farm bill. As soon as a reasonable time has been given the Committee on the Judiciary for action on the drug bill, I would then agree that the farm bill ought to be temporarily laid aside for the immediate consideration of the drug bill, because that bill is essential to the immediate protection of the health of the people of the country.

Much was said in debate this afternoon about what has happened as a result of certain policies of the pharmaceutical industry. I read with alarm reports concerning the serious effects of a certain birth-control pill which apparently has been released by the pharmaceutical industry and, in some instances, is having a dangerous, detrimental effect upon the health of those who have taken the pill. If the stories are accurate—and I am waiting to see what the reports show—it appears that the pharmaceutical industry has not adequately protected the American people by means of adequate tests of that pill and study of the effects it might have.

After we take care of the drug bill, I think the Senate should resume consideration of the farm bill; and then let us see where Members of the Senate stand in regard to the final position they will take at this session in connection with the interests of the farmers. In my judgment the farmers are entitled to have whatever farm legislation is finally passed at this session, passed by the Senate without further delay.

Mr. DIRKSEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. First, let me say to the Senator from Oregon that the chairman of the House Interstate and Foreign Commerce Committee has announced that hearings on the drug bill will not begin in that committee until August 20. Second, let me make clear that the only Members of the Senate who now are raising the bogymen of the drug bill and the farm bill are those who are opposing the satellite bill.

Mr. KEFAUVER. Mr. President, if the Senator will yield, that is not quite correct. The Senator from Colorado [Mr. Carroll]——

Mr. DIRKSEN. It was so reported today in the newspapers, and I have eyes with which to read. If the reports are mistaken, of course I am mistaken on that point. But until that matter is determined otherwise, I still stand on the statement made by Oren Harris that his committee will begin hearings on the drug bill on August 20.

Mr. President, the only Members of the Senate who are trying to defer action on the satellite bill and are trying to confuse us and to talk about the drug bill and the farm bill are Senators who are filibustering the satellite bill. Where are the rest of them? Who stand in their places and make this plea before the Senate? Only Senators who have been definitely identified with the Fabian action of filibustering. That fact should be known by all the world; and it will not be easy for them to put the monkey on the back of any other Senator.

Finally, Mr. President, the satellite bill will be the pending business of the Senate tomorrow; and insofar as it lies within the power of the minority leader to keep it the pending business, it will remain the pending business.

If that is the way those Senators want it—and they want it that way, because they laid it down in that fashion—we will take it. The Senator from Oregon said, "We will use everything in the rule book." I responded; I said "Good. We know something about the rules, too."

So, Mr. President, if that is the way they want it, they shall have it, and the country will know where the responsibility and the culpability will lie.

So when the satellite bill comes before us tomorrow, insofar as it lies within my jurisdiction and my feeble authority, I shall do everything I can to see to it that the satellite bill remains before the Senate until the issue is resolved one way or the other.

Mr. KEFAUVER. Mr. President, will the Senator yield for a correction?

Mr. DIRKSEN. I yield with pleasure to the Senator from Tennessee.

Mr. KEFAUVER. I thank the Senator from Illinois. He was incorrect when he said that only those who are opposing the satellite bill want the drug bill to be brought up and passed. I think every Member of the Senate wants—or should want—early action on the drug bill.

Also, the Senator from Michigan [Mr. Hart], the Senator from Colorado [Mr. Carroll], the Senator from Connecticut [Mr. Dodd], and the Senator from Missouri [Mr. Long] have joined in the report of the Judiciary Committee urging immediate consideration and passage of the drug bill; and they have also urged such action on the floor of the Senate.

I do not know the attitude of those Senators toward the satellite bill. I think some of them have not decided. Some have told me that they favor the satellite bill.

At any rate, the statement to which I have referred was not quite factual.

Also, Representative Harris has held substantial hearings on the drug bill in the House Interstate and Foreign Commerce Committee; and I understand that the announcement he made was that he would finish the hearings immediately, even if there had to be night sessions.

Mr. DIRKSEN. Mr. President, what is wrong with my statement that Representative Harris said he would begin the hearings on August 20? Was that statement right, or was it wrong?

Mr. KEFAUVER. I thought he said he would start them immediately. At any rate, very full hearings have been held on both the antitrust and monopoly and the judicial aspects of the bill, as well as the food aspects, by the House Judiciary Committee; and those hearings have been printed, and are very complete. So there are complete hearings by one committee, and partially finished hearings by another committee.

Mr. DIRKSEN. Mr. President, the Senator from Tennessee knows there are four drug bills pending in the House: The Sullivan bill, the two Harris bills, and the Celler bill—three in the Committee on Interstate and Foreign Commerce and one in the Judiciary Committee. So the Senator should not attempt to confuse us by bringing the Celler bill into this picture. All day in the Senate Judiciary Committee we have talked about the Harris bill and its various facets.

Mr. KEFAUVER. But the Celler bill——

Mr. DIRKSEN. Mr. President, let us not go into it. The majority leader wants to proceed with the legislative calendar.

Mr. KEFAUVER. I merely wish to correct the Record.

Mr. DIRKSEN. But it does not need correction. I know the score.

Mr. KEFAUVER. I know the Senator from Illinois usually does, but perhaps he is mistaken once in a while.

Mr. DIRKSEN. I yield.

Mr. KEFAUVER. The Celler bill is a companion bill, and it was introduced on the same day Senate bill 1552 was introduced. It has been amended until it is almost like the bill as it came from the Antitrust and Monopoly Subcommittee, which is the bill which was approved by the President; and it is substantially the bill the President has wanted, by virtue of the inclusion of the amendments the President has sent here.

The House bill is also very much the same, I concede.

Mr. DIRKSEN. But the House Judiciary Committee has done nothing about the Celler bill, and the Senator is depending on Representative Harris, of Arkansas, to hold hearings.

Mr. KEFAUVER. The House Judiciary Committee has held about 3 weeks of hearings.

Mr. DIRKSEN. But it has done nothing about the bill.

Mr. KEFAUVER. It has marked up the bill.

Mr. DIRKSEN. No, it is standing in its tracks.

Mr. KEFAUVER. The Senator is mistaken.

Mr. DIRKSEN. No, I am not.

Mr. KEFAUVER. Only yesterday I talked to Representative Celler, and they are ready to go.

Mr. DIRKSEN. All this week our own Judiciary Committee has been meeting and discussing the Kefauver bill, the Harris bill, and the amendments which have come from the White House. The Celler bill has not been mentioned.

Mr. KEFAUVER. But when Senators talk about the Kefauver-Hart bill, they are talking about the Celler bill, because they are the same.

Mr. DIRKSEN. Mr. President, three Senators have in the past few minutes stood in their places and made pleas about the farm bill and the drug bill. The distinguished Senator from Oregon [Mr. Morse] is one of them. If he is not one of the filibustieros on the satellite bill, I have been an unobserving person. And if the distinguished strategic leader from Tennessee is not another of the filibustieros, then I am mistaken. And if the distinguished Senator from Colorado [Mr. Carroll] is not also on that side of the fence——

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CARROLL. I give the Senator my word that I am not in favor of public ownership of the communications satellite——

Mr. DIRKSEN. I am delighted to hear the Senator say that.

Mr. CARROLL. I wish to say that now, so that Senators may understand that when I make my remarks on the floor of the Senate, I am speaking from deep conviction that action must be taken on the drug bill.

Mr. DIRKSEN. What about the satellite bill?

Mr. CARROLL. I think it is good.

Mr. DIRKSEN. I congratulate the Senator from Colorado; and I congratulate the distinguished Senator from Minnesota; and I congratulate my friend, the majority leader; and I have nothing more to add.

But certainly it is true that those three Senators have made their appeals.

Mr. CARROLL. Mr. President, I wish to get this matter straightened out. I am not here to further any filibuster. I ask the minority leader and the majority leader to understand that. I am talking about a measure which I think is vital to the people of the Nation. That is why I think that in 3 hours the Senate could achieve passage of a drug bill. I commend the minority leader and Senators on his side of the aisle. Amendments have been considered in committee this week and their previous position has been changed. They have seen the light. They are intelligent men. We are going to come forth with a pretty good bill, I believe. I merely say let us do first things first.

Several weeks ago I said—and I say it to the Senator from Oregon and to the Senator from Tennessee—that I do not like the concept of complete public ownership in connection with the satellite bill; and I say that now on the floor of the Senate.

I have not spoken on this issue. I will speak on it later. I may have an amendment that I hope can bridge the differences between the two divergent positions. I am also working on a substitute bill that may be a compromise which all Senators can accept without yielding too much on principle.

I am thinking of a bill providing for the creation of a Space Communications Commission. This Commission would be patterned after the Atomic Energy Commission in organization and operation.

The Commission would be given the responsibility for planning, constructing, owning, managing, and maintaining the satellite communications system. It would be the expressed policy of the bill, however, that the operation of the facilities—satellites, ground stations, and associated equipment—would be by authorized communications carriers. Furthermore, the Commission could contract with private companies for the construction of any and all facilities as desired in the public interest. This means, in effect, that the Government would control the satellite system but would not be in the position of providing communications services directly to customers. Communications services to customers would be provided in the traditional way through private enterprise under the supervision and regulation of the FCC.

Under my proposed bill, the President of the United States would be given the responsibility of supervising the planning and development of a national program and for coordinating work of the Space Commission with other agencies of the Government.

Launch facilities for communication satellites would be provided for by NASA and the bill will provide for full cooperation between NASA, the Space Commission, and the authorized carriers who would furnish consumer service.

The President, through the Secretary of State, would be given the responsibility for the conduct of such negotiations with foreign governments or international bodies as may be necessary for full development of a worldwide satellite system.

The Commission itself would be composed of five members appointed by the President. Their terms would be for 5 years and their compensation would be $22,000 per annum. No individual who is affiliated with a communications common carrier could serve as a member of the Commission.

This bill would provide for the use of appropriated funds for the establishment of the system. However, this could be changed to provide for bond financing without affecting the rest of the bill.

I intend to do much more research on this matter but I should like to have your assistance on refining my proposal as we think through this complex problem.

I sincerely ask the majority leader and the majority whip to believe me when I tell them—one of the last speeches I made in Colorado was to 500 people, with many women in the audience—that the people at home do not have a deep interest in the communications satellite issue. They do not really understand the issue, yet. However, it is beginning to sink in. That is why I say the filibuster, if Senators want to call it that, has some good effect.

The people are beginning to feel that something is wrong with the bill, and they are beginning to get the concept that it is a giveaway.

But I believe there is another issue which is predominant in their minds, and that issue is this: When a pharmaceutical group can give a doctor experimental drugs that are not approved, and that doctor can use one's family and children as guinea pigs, without notifying the people, we have a serious issue. I think Senators had better pay some attention to drug legislation, instead of talking about something that some people feel is premature, for lack of scientific knowledge.

I repeat, I do not like the concept of public ownership. I think we can consider a new and different approach, in which several branches of government can participate.

I urge the Members of this body to think about the proposal I made a few moments ago. I remember many years ago when there was the discovery of what we call nuclear power——

Mr. DIRKSEN. Oh, Mr. President, I hope we do not get into nuclear power.

Mr. CARROLL. I ask the minority leader to restrain himself, if possible, for a while.

Mr. DIRKSEN. I want to yield to the majority leader.

Mr. CARROLL. I have the floor.

Mr. DIRKSEN. No. I have the floor.

Mr. CARROLL. Who has the floor, Mr. President?

Mr. DIRKSEN. I have the floor.

Mr. CARROLL. Who has the floor, Mr. President?

Mr. DIRKSEN. Mr. President, I do not yield the floor any longer.

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. DIRKSEN. The Senator from Colorado?

The PRESIDING OFFICER. Yes.

Mr. DIRKSEN. The Senator from Illinois had the floor.

Mr. CARROLL. The Senator did until he took his seat.

The PRESIDING OFFICER. The Senator from Illinois had the floor and yielded the floor. The Senator from Colorado was recognized.

Mr. CARROLL. I have the floor. I ask for the regular order.

Mr. DIRKSEN. Mr. President, I raise a question of privilege and ask for the record.

Mr. CARROLL. I ask for the regular order.

Mr. DIRKSEN. I raise a question of privilege and ask for the record to see who has the floor; but I am willing to yield to the majority leader.

Mr. CARROLL. I have the floor, and I insist upon it. Mr. President, I ask for a ruling.

The PRESIDING OFFICER. The Senator from Colorado was recognized and has the floor.

Mr. DIRKSEN. I withdraw the point of privilege.

Mr. CARROLL. I ask the majority leader, the minority leader, and all Senators present to consider this: Many years ago there was debate on the floor of the Senate when the Nation had discovered a new source of power. It was called nuclear power. There were forces within this Nation which sought to put it into the hands of a power corporation.

Mr. President, do you know how the Senate and House resolved the problem? They created an Atomic Energy Commission. What did that Commission do?

I ask Senators to pay particular attention to what I have to say. The Commission was created by Congress as an independent agency, its members to be selected by the President. Its orders are subject to review by the courts. That Commission was created, and it built plants all over the Nation.

What else did it do? Those plants have been let out to such companies as Dow Chemical, but the U.S. Government retained control of the nuclear energy.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARROLL. I am happy to yield.

Mr. MORSE. Would the Senator be interested in knowing that the senior Senator from Oregon offered an amendment in the Foreign Relations Committee this afternoon, as a substitute for the bill, that provided exactly for the system the Senator from Colorado is talking about, and that we were defeated by a vote of 14 to 3?

Mr. CARROLL. The members of the Foreign Relations Committee are noted for their great wisdom in the field of foreign relations. I did not know the Senator had offered such an amendment. I have been laboring all day with lawyers and other persons in an effort to arrive at the very same solution, because I thought I could come to the majority leader and the minority leader and, within the framework of the Constitution, offer to bridge in some way the gap that exists, not only in our own party, but on the other side.

I say, in all frankness, that I am against public ownership, but I want to think out a way to handle another great scientific discovery, in which we can exercise and assert the separation of powers under the Constitution.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARROLL. I am happy to yield to the Senator from Oregon.

Mr. MORSE. I advise the Senator from Colorado that I offered another substitute this afternoon in the Senate Foreign Relations Committee, supported by such a brilliant international lawyer as Ben Cohen, a proposal that I have discussed for quite some time in recent days, and made it very clear that it would be perfectly satisfactory to the senior Senator from Oregon in protecting the public interest. The substitute bill would enlarge the jurisdiction of NASA, whereby NASA would continue to represent the U.S. Government in the development of the communications satellite system, with the authority, to contract out to all American businesses—not merely a selected monopolistic group, but all—which would come in on the ground floor, on an equal standing, to help the Government develop a satellite communications system, which I happen to think is vital to the perpetuation of peace in the world in the decades immediately ahead. That substitute was defeated by a vote of 13 to 3, one Senator having been necessarily called out of the room prior to the taking of the vote.

I invite the attention of the Senator from Colorado to the fact that it is not the proposal of the senior Senator from Oregon that there be Government ownership and operation, but it is his proposal, as demonstrated by the two substitute amendments, to see to it that the satellites remain American-flag satellites, with the Government of the United States in the saddle, and private industry, under contract or license or permit, working with the Government to provide a communications satellite system, which is essential if we are to whip Russia in the contest for men's minds in respect to winning them over to the side of freedom.

Mr. CARROLL. I am happy to have these remarks of the able Senator from Oregon. I have been home for 2 weeks. I have been reading about the debate through my home newspapers and in the Record. It is evident from the statements that the Senator from Oregon, the Senator from Tennessee, and other Senators waging the alleged filibuster are supposed to have the concept, as the able minority leader has talked about, the Fabian philosophy of government control——

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARROLL. I am happy to yield.

Mr. MORSE. Does the Senator know any formula which would protect us from a press blackout? Our charge on the floor of the Senate is that the American press has failed in its responsibility to the American people to accurately report the position of those of us who have opposed the administration's satellite bill.

Mr. CARROLL. Would the junior Senator from Colorado be at least partially correct in asserting that, as he understands the debate which is going on, what is sought by those who advocate some opposition to the bill is not Government ownership, basically, but Government control and regulation?

Mr. MORSE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Pell in the chair). Does the Senator yield?

Mr. CARROLL. I am happy to yield.

Mr. MORSE. I think that is a very fair statement of the position of the senior Senator from Oregon.

Mr. CARROLL. When this issue came to my knowledge—I have said this two or three times—I thought it over. I am not for Government ownership. I want that understood. What am I for? I am for control and regulation.

I am the chairman of the Subcommittee on Administrative Practice and Procedure of the Committee on the Judiciary.

We study all the agencies regulating the monopolies in this country, or at least they are supposed to control them. Witness the FCC. Witness the Federal Power Commission.

I have not reached a conclusion on this question, because I want to examine its legal aspects.

We can do more than make an assumption. We can assert a fact.

When the Atomic Energy Commission was established there was a hue and cry for a while to the effect that it represented Government ownership. It did not. It represented Government control of a basic, strategic commodity which was needed. The Government built the plants, in the sense that the Government appropriated the money for the plants. The construction was let out under contract.

There is some work going on now in the Boulder Flats of Colorado. Dow Chemical is situated there, and doing a good job, too.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. CARROLL. I yield to the distinguished Senator from Alaska.

Mr. GRUENING. Would the Senator be interested in knowing that the position he has expressed is precisely the position taken by the Senator from Alaska?

We do not want Government ownership, but we do want Government control and regulation, which the present bill does not provide in any sense. We want to protect the public interest. We want to protect the public against exorbitant rates. We want to protect the public against poor programs. We want to protect the public in every sense.

As the Senator from Oregon has stated, that is precisely what most of us want to achieve. We do not want Government ownership, but we want Government regulation and control in behalf of the public interest.

I am glad to welcome the Senator from Colorado to our group.

Mr. CARROLL. I wish to say, before the Senator welcomes me into his arms, that I do not accept the embrace as yet.

Mr. GRUENING. The Senator will.

Mr. CARROLL. The purpose of this presentation tonight is to make clear that I do not stand in opposition to my majority leader or to the administration bill. I did not get into the discussion this evening, I say to my friend the majority leader—and he is my friend—except to emphasize my deep concern and conviction about the drug bill, which would require only 3 or 4 hours to consider.

I see the able Senator from New York [Mr. Keating] in the Chamber. He has been a great help on the bill. He has been a great help on the Committee on the Judiciary.

I am interested in passing some good legislation, and sending it to the other body. Then we can fight out the communications satellite bill.

I am not looking for delay. I want the Congress to achieve something which will be good for the people. I am not saying that Congress has not done so, but to me it would be a remarkable achievement, under great adversity, to pass the drug bill. If we could have only a few hours, we could end the debate on it. Then we could debate these issues back and forth.

I say to the majority leader that I shall continue to work along this line on the communications satellite bill. I think we have clarified the position. I hope that some of my friends on this side of the aisle, who have very strong convictions, will now begin to think in those terms. Perhaps they have begun. The able Senator from Alaska has been thinking in those terms.

I think the position the Senators have taken has been distorted. I think the position is not known throughout the country. Some look upon this group of Senators, as though they were in favor of public ownership. They are not for that at all.

There is a bridge. There is a way by which Senators on both sides of the aisle can get together in the national interest.

I am not against A.T. & T. It is a big monopoly. We all know that. It operates throughout the Nation. It operates in the West. I am not against the telephone company. It is the only monopoly there is which operates in my State. I do not fear exorbitant rates.

I will tell Senators what I do fear. I fear we may set a pattern by legislation which may inhibit future scientific developments.

Who knows what the future holds?

Mr. President, frankly, I am thinking in terms of a space communications commission comparable to the Atomic Energy Commission. What would be the powers of such a commission? The commission would be an agent of this body. It would be an agent of the legislative body. It would be our independent agent. It would have the expertise to pass upon questions which, frankly, are beyond my comprehension in the scientific field.

What else could the Commission do? We could delegate to it the authority to pass rules and regulations.

Would we cut down the jurisdiction of the FCC? No. The FCC still would have ratemaking authority. The FCC could control through the ratemaking power.

What else could be done? The situation would be like that which existed during the early days of the AEC, when the Government built plants throughout the country. Why could not the Space Communications Commission build the ground stations. It would not do it itself. It would let contracts to the telephone company, to RCA, Western Union or to other firms.

This is something we should consider. These installations could be built under contract.

But where would the ownership be? As in the case of the AEC, it would be in the Government. There would be no socialism involved. Why is that? It is because commissions are independent. They are subject to court review for arbitrary and capricious action. The members are subject to Presidential appointment.

This is a bridge over which I think we can pass. As I say, I have spent all day working on this problem, and I reserve the right to change my mind, but I assure the majority leader that my talk this evening was not in the slightest premeditated. I had no previous conference. When I heard the drug bill discussed, I thought the Senate should consider it and get it out of the way in 3 or 4 hours.

I assure the majority leader of my sincerity in this regard. I reserve the right to change my mind, even about a Space Communications Commission, but I say these are the lines along which I have been thinking and working all day. I believe we can resolve this question among those in our own party, and, I hope, on the other side of the aisle.

FARM LEGISLATION

Mr. MORSE. Mr. President, I wish briefly to restate my position in regard to the responsibility for no action being taken on a farm bill immediately. I express my opinion that if the farm bill should be brought before the Senate, judging from what the Congressional Record shows in regard to statements made by Republican spokesmen the other night, it would be subjected to a very prolonged debate, for reasons generally known; that those who are on the Republican side of the aisle are against the administration proposals for farm legislation, and, also, the Republicans on the House side share that view, as evidenced by the fact that only one Republican in the House voted for the administration's farm program.

I say to the farmers that there is nothing which stops the Senate from proceeding to consider a farm bill, except a failure to make a motion, and agree to it, to lay aside the satellite communications bill until the farm bill has been acted upon.

Then the Senate should pass the drug bill. It can then go back to the satellite bill if it wishes to do so. To use the descriptive term of the minority leader with respect to placing the monkey on someone's back, I wish to say that the monkey is on the back of the Republican side of the aisle so far as proposed farm legislation is concerned. If Republicans wish to proceed to consider farm legislation, let them join in a request to lay the satellite bill aside long enough to pass farm legislation, and then go back to the satellite bill.

INTERSTATE COMMERCE ACT THROUGH ROUTES AND JOINT RATES

The Senate resumed the consideration of the bill (H.R. 11643) to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates.

Mr. MANSFIELD. Mr. President, has Calendar No. 1756, H.R. 11643, been disposed of?

The **PRESIDING OFFICER.** It has not.

Mr. LONG of Louisiana. Mr. President, may we have a report on the bill?

The **PRESIDING OFFICER.** The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 11643) to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates.

Mr. MORSE. Mr. President, I could not understand.

Mr. MANSFIELD. That was the title of the bill. I will explain it.

Mr. MORSE. What is the calendar number of the bill?

Mr. BARTLETT. Does the Senator from Oregon desire an explanation of the bill?

Mr. MORSE. I should like to see what the calendar states.

I am familiar with the bill. I did not understand what bill was being considered. I have no objection.

The **PRESIDING OFFICER.** The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

GENERAL SUPPLY FUND

The bill (H.R. 8100) to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1827), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of H.R. 8100 is to provide the General Services Administration with the authority to use the general supply fund to pay transportation costs of supplies for Government agencies and to obtain reimbursement for those costs from customer agencies on a "delivered price basis" for the supplies distributed through the fund. Under the present wording of section 109 of the Federal Property and Administrative Services Act of 1949, as amended, the transportation costs which are chargeable to the general supply fund and thus recoverable from the customer agencies are limited to those transportation expenses to the first storage point of the merchandise. H.R. 8100, as amended, would expand GSA's authority so as to allow the full recovery of transportation costs for supplies which are furnished to customer agencies.

BILL PASSED OVER

The bill (S. 2369) to release the right, title, or interest, if any, of the United States in certain streets in the village of Heyburn, Idaho, and to repeal the reverter in patent for public reserve was announced as next in order.

The **PRESIDING OFFICER.** Without objection, the Senate will proceed to the consideration——

Mr. MORSE. Mr. President, I have no objection to proceeding to the consideration of the bill. However, I have not had an opportunity to check into the bill. May I ask the calendar clerk if the bill in any way involves the Morse formula? Will the majority leader permit me to study the bill for a moment while the Senate considers another bill?

Mr. MORSE subsequently said: Mr. President, may I have the attention of the majority leader for a moment? I have talked to the able assistant calendar clerk with regard to Calendar No. 1786. It is not clear from a reading of the committee report whether the Federal Government has in fact any monetary interest in the property concerned. I should like to consult the Senator from Idaho [Mr. Church] about the measure. I am in the position that I have always been careful to protect my record so that no one could say that I knowingly permitted a bill to go through that in fact violated the Morse formula. I am on the floor of the Senate. I cannot be sure from what I consider to be a rather ambiguous report on the bill. Our very able assistant on the calendar committee tells me that he cannot answer my question, either. He does not think the bill involves a Federal monetary interest. I do not think it does, either, but I wish to be doubly sure. I would like to see it get before the Senate before the other bill is taken up tomorrow, but it is the pending business. I do not wish to postpone consideration of the bill for a long time.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MANSFIELD. Action on the measure was specifically requested by the Senator from Idaho [Mr. Church].

It was cleared by both sides. I think the Senator's request is reasonable. I ask that the bill go over.

The **PRESIDING OFFICER.** The bill will be passed over.

WITHDRAWAL OF CERTAIN PUBLIC LANDS AT LUKE-WILLIAMS AIR FORCE RANGE, YUMA, ARIZ.

The bill (H.R. 3507) to provide for the withdrawal and reservation for the Departments of the Air Force and the Navy of certain public lands of the United States at Luke-Williams Air Force Range, Yuma, Ariz., for defense purposes was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1830), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of H.R. 3507 is to withdraw from the public domain 379,600 acres of land in Pima, Maricopa, and Yuma Counties, Ariz., and reserve them for the use of the Departments of the Navy and Air Force in connection with training at Luke-Williams Air Force Range, Yuma, Ariz.

NEED

The Luke-Williams Air Force Range complex has within it a total of 2,669,300 acres of land of which 2,190,200 acres have previously been withdrawn from the public domain by administrative action. H.R. 3507 describes the remaining 479,100 acres of which the 379,600 acres of public lands involved were withdrawn in 1943, restored at the end of World War II, and utilized again since shortly after the beginning of the Korean war.

Enactment of this bill is required because the act of February 28, 1958 (72 Stat. 27) provides, among other things, that no withdrawal of more than 5,000 acres for any one defense project or facility may be effected except by act of Congress.

The proposed withdrawal and reservation will be for a period of 10 years with option to renew for an additional 5 years. This assures a review by the administrative agencies involved 10 years from now and a further review at the end of 15 years. If the military departments desire to extend their use beyond this term they will have to request further legislative action, thereby assuring congressional scrutiny of the necessity for such continued use.

KARL HEINZ AGAR

The Senate proceeded to consider the bill (S. 689) for the relief of Karl Heinz Agar which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Karl Heinz Agar shall be deemed to be within the purview of section 323 of that Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HIDAYET DANISH NAKASHIDZE

The bill (S. 3071) for the relief of Hidayet Danish Nakashidze was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of the Immigration and Nationality Act, the periods of time Hidayet Danish Nakashidze has resided and was physically present in the United States or any State since June 17, 1957, shall be held and considered as compliance with the residence and physical presence requirements of section 316 of said Act.

ANTONIO DA COSTA

The Senate proceeded to consider the bill (S. 3090) for the relief of Antonio da Costa which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, notwithstanding the provisions of section 212(a)(17) of the Immigration and Nationality Act, Antonio da Costa may be issued an immigrant visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided,* That this Act shall apply only to grounds for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SURAJ DIN

The bill (H.R. 2139) for the relief of Suraj Din was considered, ordered to a third reading, read the third time, and passed.

SALVATORE MORTELLITI

The bill (H.R. 2176) for the relief of Salvatore Mortelliti was considered, ordered to a third reading, read the third time, and passed.

AMRIK S. WARICH

The bill (H.R. 3127) for the relief of Amrik S. Warich was considered, ordered to a third reading, was read the third time, and passed.

LEWIS INVISIBLE STITCH MACHINE CO., INC.

The bill (H.R. 7549) for the relief of Lewis Invisible Stitch Machine Co., Inc., now known as Lewis Sewing Machine Co., was considered, ordered to a third reading, read the third time, and passed.

ELIZABETH A. JOHNSON

The bill (H.R. 10308) for the relief of Elizabeth A. Johnson was considered, ordered to a third reading, read the third time, and passed.

DAY FOR OBSERVANCE OF COURAGE DISPLAYED BY THE UPRISING IN THE WARSAW GHETTO AGAINST THE NAZIS

The Senate proceeded to consider joint resolution (S.J. Res. 179) authorizing and requesting the President to designate May 1, 1962, as a day for observance of the courage displayed by the uprising in the Warsaw ghetto against the Nazis, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 3, after the word "the", to strike out "first day of May 1962" and insert "twenty-first day of April 1963"; so as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the twenty-first day of April 1963 is hereby marked in recognition of the astounding courage displayed by the uprising in the Warsaw ghetto against the Nazis. Through such uprising, the men, women, and children who met death on that tragic day and those who perished in concentration camps and in the gas chambers, symbolize the indestructible spirit of liberty which throughout history has ultimately triumphed against the forces of tyranny.

The President is authorized and requested to issue a proclamation inviting people of the United States to observe such day with appropriate ceremonies and activities.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

The title was amended, so as to read: "Joint resolution authorizing and requesting the President to designate April 21, 1963, as a day for observance of the courage displayed by the uprising in the Warsaw ghetto against the Nazis."

Mr. KEATING. Mr. President, I ask unanimous consent to have printed at this point in the Record a statement I have prepared.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY SENATOR KEATING

In April 1943 the world observed the rebellion of the Jewish inhabitants of the Warsaw ghetto—an epic struggle of incredible valor. Although the members of the ghetto were hopelessly outnumbered from the start, they did not hesitate to rebel against the might of the Nazi armies. The revolt of the Warsaw ghetto embodied the valor of these brave people. Faith and spiritual affirmation filled them; and with the bravery of desperation, they inflicted substantial setbacks on the German Army.

I am pleased that the Senate has approved this resolution to mark the 1st day of May 1962, in recognition of that heroic struggle.

The date which one chooses to celebrate this tragic occasion differs depending on whether one uses the Gregorian calendar or the Hebraic Judaic calendar but whatever the day—the spirit, the dedication, and the honor which we do to these brave men and women who gave their lives to the cause of freedom is unchanged. Their sacrifice will live forever in the hearts and memories of all free people.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1839), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purpose of the joint resolution, as amended, is to call attention to the 20th anniversary of the uprising against the Nazis in the Warsaw ghetto. This heroic effort, doomed from the outset, remains a symbol of man's struggle for freedom. Twenty-eight thousand men, women, and children were killed in this fighting, and 10,000 were deported to later death in concentration camps and gas chambers. Temporarily nazism triumphed. But in the long run the forces of human freedom and dignity were successful.

Out of the ashes of the Warsaw ghetto has come the vigorous, free, courageous State of Israel.

The committee believes it appropriate to mark this anniversary by authorizing the President to designate a day for observance of the courage displayed by these people. Accordingly, the committee recommends favorable consideration of Senate Joint Resolution 179, as amended.

NATIONAL TEACHERS' DAY

The bill (S. 3380) to designate the second Monday in October as "National Teachers' Day", was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the second Monday in October as National Teachers' Day in honor of the teachers of America and inviting the people of the United States to display their esteem and respect on such day in schools and other suitable places with appropriate ceremonies.

Mr. KEATING. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement I have prepared.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KEATING

The bill authorizes the President to issue a proclamation designating the second Monday in October as "National Teachers' Day." The bill invites the American people to display their esteem and respect for the significant contributions made to our national life by teachers throughout the country.

Teachers through their efforts have served not only in providing knowledge for the youth of our Nation, but have also helped to cultivate codes of conduct and principles which strengthen and create a healthy community atmosphere.

We have all too often neglected the many contributions teachers have made in the growth and progress of our Nation. The scientists, businessmen, and Government officials of the future are today being trained in the classrooms of America. The accomplishments and achievements of our Nation 50 years from now will depend to a large extent on the teachers of today. Their responsibility is great and often their recognition limited. The purpose of the bill which I have offered is to set aside 1 day out of the year for national recognition of the teachers of our land.

Education is becoming increasingly more important to the development of our Nation. Increased technology and the demands of a sophisticated society require a more highly trained people. The teachers of America provide the answer to these demands and for their unswerving dedication deserve the thanks of our Nation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1840), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of the proposed legislation is to authorize the President to issue a proclamation designating the second Monday in October as National Teachers' Day in honor of the teachers of America and inviting the people of the United States to display their esteem and respect on such day in schools and under suitable places with appropriate ceremonies.

STATEMENT

The growth of our Nation has demonstrated that education is becoming more and more a matter of critical importance, not only to our Nation but to each individual citizen of our land, and it is becoming increasingly important that if our Nation is to compete with other nations in science and technology, and if this country is to compete in economic and technical assistance to the world's underdeveloped lands, these goals depend almost entirely on higher quality education of our children. The quality of our education as we know it today depends to a large extent upon the expertise of our teachers who man the frontlines in providing higher standards of education for the American people.

INCORPORATION OF THE AMERICAN SYMPHONY ORCHESTRA LEAGUE

The Senate proceeded to consider the bill (S. 3338) to incorporate the American Symphony Orchestra League, which had been reported from the Committee on the Judiciary, with amendments, on page 11, line 5, after "(a)", to strike out "The financial transactions shall be audited annually by an independent certified public accountant in accordance with the principles and procedures applicable to commercial corporate transactions.", and insert "The accounts of the American Symphony Orchestra League shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States."; on page 12, after line 15, to insert a new section, as follows:

EXCLUSIVE RIGHT TO NAME, EMBLEM, SEALS, AND BADGES

SEC. 16. The corporation shall have the sole and exclusive right to the name 'American Symphony Orchestra League' and to have and to use in carrying out its purposes distinctive insignia, emblems and badges, descriptive or designating marks, and words or phrases as may be required in the furtherance of its functions. No powers or privileges hereby granted shall, however, interfere or conflict with established or vested rights.

On page 13, at the beginning of line 2, to change the section number from "16" to "17", and at the beginning of line 10, to change the section number from "17" to "18"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following persons—

Harold Gregory, Salt Lake City, Utah;
Samuel R. Rosenbaum, Philadelphia, Pennsylvania;
Mrs. Harry Fagg, Beaumont, Texas;
Frank E. Joseph, Shaker Heights, Ohio;
John D. Wright, Phoenix, Maryland;
Doctor George Szell, Cleveland, Ohio;
Henry Denecke, Cedar Rapids, Iowa;
Harry Levenson, Worcester, Massachusetts;
Theodore C. Russell, Jackson, Mississippi;
Stanley Williams, Milwaukee, Wisconsin;
Oliver M. Clegg, Magnolia, Arkansas;
R. Philip Hanes, Junior, Winston-Salem, North Carolina;
Mrs. Ben Hale Golden, Lookout Mountain, Tennessee;
Miles F. Portlock, Junior, Orkney Springs, Virginia;
Mrs. B. H. Littlefield, Bradenton, Florida;
Cecil W. Slocum, Omaha, Nebraska;
Max Rudolph, Cincinnati, Ohio;
Mrs. Ward T. Langstroth, Billings, Montana;
Elden Bayley, Springfield, Ohio;
George Barati, Honolulu, Hawaii;
Mrs. Albert C. Olsen, Buffalo, New York;
John Edwards, Pittsburgh, Pennsylvania;
Mrs. Mignonne P. Ladin, New York, New York;
Leslie C. White, Doraville, Georgia;
Mrs. Fitzgerald Parker, Nashville, Tennessee;
Doctor Peter Paul Fuchs, Baton Rouge, Louisiana;
R. Wilton Billstein, Woodbury, New Jersey;
Mrs. Elizabeth S. Greene, West Hartford, Connecticut;
Gibson Morrissey, Roanoke, Virginia;
Alfred C. Connable, Kalamazoo, Michigan;
Mrs. Holmes Frederick, Greenville, South Carolina;
William Steinberg, Pittsburgh, Pennsylvania;
Virginia Wartman, Allentown, Pennsylvania;
Robert L. Conn, Springfield, Illinois;
Paul O. Grammer, Essex Fells, New Jersey;
Henry Janiec, Spartanburg, South Carolina;
Charles B. Stacy, Charleston, West Virginia;
Doctor James Christian Pfohl, Charlotte, North Carolina;
Frederick I. Moyer, Castle Rock, Colorado;
Thomas D. Perry, Junior, Hingham, Massachusetts;
Carlos Moseley, New York, New York;
Mrs. G. Robert Herberger, Scottsdale, Arizona;
James P. Robertson, Wichita, Kansas;
Myron Levite, Brooklyn, New York;
Mrs. Leo R. Pflaum, Wayzata, Minnesota;

and their successors, are hereby created and declared to be a body corporate by the name of "American Symphony Orchestra League" (hereinafter referred to as the corporation) and by such name shall be known and have perpetual succession and the powers, limitations, and restrictions herein contained.

COMPLETION OF ORGANIZATION

SEC. 2. A majority of the persons named in the first section of this Act are authorized to complete the organization of the corporation by the selection of officers and employees, the adoption of a constitution and bylaws not inconsistent with this Act, and the doing of such other acts as may be necessary for such purpose.

PURPOSES OF THE CORPORATION

SEC. 3. The purposes of the corporation shall be to—

(1) serve as a coordinating, research and educational agency and clearing house for symphony orchestras in order to help strengthen the work in their local communities;

(2) assist in the formation of new symphony orchestras;

(3) through suitable means, encourage and recognize the work of America's musicians, conductors, and composers; and

(4) aid the expansion of the musical and cultural life of the United States through suitable educational and service activities.

CORPORATE POWERS

SEC. 4. The corporation shall have power—

(1) to have succession by its corporate name;

(2) to sue and be sued, complain and defend in any court of competent jurisdiction;

(3) to adopt, use, and alter a corporate seal;

(4) to choose such officers, managers, agents, and employees as the business of the corporation may require;

(5) to adopt, amend, and alter a constitution and bylaws, not inconsistent with the laws of the United States or any State in which the corporation is to operate, for the management of its property and the regulation of its affairs;

(6) to contract and be contracted with;

(7) to take by lease, gift, purchase, grant, devise, or bequest from any private corporation, association, partnership, firm, or individual and to hold any property, real, personal, or mixed, necessary or convenient for attaining the objects and carrying into effect the purposes of the corporation, subject, however, to applicable provisions of law of any State (A) governing the amount or kind of property which may be held by, or (B) otherwise limiting or controlling the ownership of property by, a corporation operating in such State;

(8) to transfer, convey, lease, sublease, encumber, and otherwise alienate real, personal, or mixed property; and

(9) to borrow money for the purposes of the corporation, issue bonds therefor, and

secure the same by mortgage, deed of trust, pledge, or otherwise, subject in every case to all applicable provisions of Federal and State laws.

PRINCIPAL OFFICE; SCOPE OF ACTIVITIES; DISTRICT OF COLUMBIA AGENT

SEC. 5. (a) The principal office of the corporation shall be located in Charleston, West Virginia, or in such other place as may be later determined by the board of directors, but the activities of the corporation shall not be confined to that place, but may be conducted throughout the various States and possessions of the United States.

(b) The corporation shall have in the District of Columbia at all times a designated agent authorized to accept service of process for the corporation; and notice to or service upon such agent, or mailed to the business address of such agent, shall be deemed notice to or service upon the corporation.

MEMBERSHIP; VOTING RIGHTS

SEC. 6. (a) Eligibility for membership in the corporation and the rights, privileges, and designation of classes of members shall, except as provided in this Act, be determined as the constitution and bylaws of the corporation may provide.

(b) Each member of the corporation, other than honorary, sustaining, or associate members, shall have the right to one vote on each matter submitted to a vote at all meetings of the members of the corporation.

BOARD OF DIRECTORS; COMPOSITION, RESPONSIBILITIES

SEC. 7. (a) Upon the enactment of this Act the membership of the initial board of directors of the corporation shall consist of the following persons:

R. Wilton Billstein, Woodbury, New Jersey;
Igor Buketoff, Fort Wayne, Indiana;
Mrs. Ronald A. Dougan, Beloit, Wisconsin;
Mrs. J. W. Graham, Sioux City, Iowa;
Howard Harrington, Detroit, Michigan;
William Herring, Winston-Salem, North Carolina;
Harold Kendrick, New Haven, Connecticut;
Robert MacIntyre, Birmingham, Alabama;
Thomas Perry, Junior, Boston, Massachusetts;
Mrs. H. W. Roberts, Dallas, Texas;
Mrs. Jouett Shouse, Washington, District of Columbia;
Alan Watrous, Dallas, Texas;
John S. Edwards, Pittsburgh, Pennsylvania;
Mrs. Fred Lazarus III, Cincinnati, Ohio;
Charles W. Bonner, Fresno, California;
Alfred Connable, Kalamazoo, Michigan;
Victor Feldbrill, Winnipeg, Manitoba, Canada;
Mrs. Gerald S. Greene, West Hartford, Connecticut;
Mrs. G. Robert Herberger, Scottsdale, Arizona;
Thomas Iannaccone, Rochester, New York;
Doctor Richard Lert, Hollywood, California;
Mrs. Fitzgerald Parker, Nashville, Tennessee;
Mrs. Leo R. Pflaum, Wayzata, Minnesota;
Miss Helen Ryan, Orlando, Florida;
George Szell, Cleveland, Ohio;
Jackson Wiley, Springfield, Ohio;
George Irwin, Quincy, Illinois;
R. H. Wangerin, Louisville, Kentucky.

(b) Thereafter, the board of directors of the corporation shall consist of such number, shall be selected in such manner (including the filling of vacancies), and shall serve for such term as may be prescribed in the constitution and bylaws of the corporation.

(c) The board of directors shall be the governing board of the corporation and, during the intervals between the meetings of members, shall be responsible for the general policies and program of the corporation and for the control of all contributed funds as may be raised by the corporation.

OFFICERS; ELECTION AND DUTIES OF OFFICERS

SEC. 8. (a) The officers of the corporation shall be a president, one or more vice presidents (as may be prescribed in the constitution and bylaws of the corporation), a secretary, and a treasurer, and one or more assistant secretaries and assistant treasurers as may be provided in the constitution and bylaws.

(b) The officers of the corporation shall be elected in such manner and for such terms and with such duties as may be prescribed in the constitution and bylaws of the corporation.

USE OF INCOME; LOANS TO OFFICERS, DIRECTORS, OR EMPLOYEES

SEC. 9. (a) No part of the income or assets of the corporation shall inure to any of its members, directors, or officers as such, or be distributable to any of them during the life of the corporation or upon its dissolution or final liquidation. Nothing in this subsection, however, shall be construed to prevent the payment of compensation to officers of the corporation in amounts approved by the board of directors of the corporation.

(b) The corporation shall not make loans to its officers, directors, or employees. Any director who votes for or assents to the making of a loan or advance to an officer, director, or employee of the corporation, and any officer who participates in the making of such a loan or advance shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

NONPOLITICAL NATURE OF CORPORATION

SEC. 10. The corporation, and its officers and directors as such, shall not contribute to or otherwise support or assist any political party or candidate for public office.

LIABILITY FOR ACTS OF OFFICERS AND AGENTS

SEC. 11. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

PROHIBITION AGAINST ISSUANCE OF STOCK OR PAYMENT OF DIVIDENDS

SEC. 12. The corporation shall have no power to issue any shares of stock or to declare or pay any dividends.

BOOKS AND RECORDS; INSPECTION

SEC. 13. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any authority under the board of directors; and it shall also keep at its principal office a record of the names and addresses of its members entitled to vote. All books and records of the corporation may be inspected by any member entitled to vote, or his agent or attorney, for any proper purpose, at any reasonable time.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 14. (a) The accounts of the American Symphony Orchestra League shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(b) A report of such audit shall be made by the corporation to the Congress not later than March 1 of each year. The report shall set forth the scope of the audit and shall include a verification by the person or persons conducting the audit of statements of (1) assets and liabilities, (2) capital and surplus or deficit, (3) surplus or deficit analysis, (4) income and expense, and (5) sources and application of funds. Such report shall not be printed as a public document.

USE OF ASSETS ON DISSOLUTION OR LIQUIDATION

SEC. 15. Upon dissolution or final liquidation of the corporation, after discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets, if any, of the corporation shall be distributed in accordance with the determination of the board of directors of the corporation and in compliance with the constitution and bylaws of the corporation and all Federal and State laws applicable thereto.

EXCLUSIVE RIGHT TO NAME, EMBLEM, SEALS, AND BADGES

SEC. 16. The corporation shall have the sole and exclusive right to the name "American Symphony Orchestra League" and to have and to use in carrying out its purposes distinctive insignia, emblems and badges, descriptive or designating marks, and words or phrases as may be required in the furtherance of its functions. No powers or privileges hereby granted shall, however, interfere or conflict with established or vested rights.

TRANSFER OF ASSETS

SEC. 17. The corporation may acquire the assets of the American Symphony Orchestra League, Inc., a corporation organized under the laws of the States of Virginia and Michigan, upon discharging or satisfactorily providing for the payment and discharge of all of the liability of such corporation and upon complying with all laws of the States of Virginia and Michigan applicable thereto.

RESERVATION OF RIGHT TO AMEND OR REPEAL CHARTER

SEC. 18. The right to alter, amend, or repeal this Act is expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1841) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of the proposed legislation, as amended, is to confer a Federal charter upon the American Symphony Orchestra League, Inc.

STATEMENT

The American Symphony Orchestra League is the only organization in existence devoted exclusively to the needs of symphony orchestras, their related organizations and arts councils. It is a nonprofit, research, service, and educational association. Its membership consists of symphony orchestras and arts councils, business firms, educational institutions, libraries, individuals representing women's associations and symphony boards, as well as composers, conductors, concert artists, artists' agents, orchestra managers, and musicians—all representing 1,200 symphony orchestras. These range from the smallest college and community orchestra to the largest of the major orchestras. It is maintained solely for the purpose of assisting orchestras and arts councils to strengthen their work, stabilize their financial base, expand their cultural services within their own communities, and upgrade their artistic standards.

The league's activities and services are many and varied. Its official publication, the Newsletter, reports on the work, problems, research, and activities of orchestras, women's associations, arts councils, and other related arts activities. It issues special publications including authoritative studies of legal documents of symphony orchestras, governing boards of orchestras, survey of arts councils, summary of music critics workshops, conductor study, and training opportunities, and report on recording projects. Other special memorandums are issued periodically, devoted to various aspects of orchestra work and research.

Each year, comparative financial and statistical reports are compiled and issued to participating orchestras within three budget categories—the metropolitan orchestras, the large budget community orchestras, and the small budget community orchestras. Over 100 orchestras participate in the league's monthly exchange of information on concert attendance in relation to the type of concert and specific artist presented. Nearly 200 orchestras participated in a survey on support of orchestras by municipal, county, and State funds. The publication of the 1960 to 1962 concert calendar includes concerts of 203 league member orchestras listing dates, orchestras, conductors, assisting artists, and world premieres.

The league talent pool serves orchestras, musicians, managers, and conductors, and is designed to assist organizations in finding needed personnel. Its individual service program enables members to request and receive advisory service on employment and on special problems.

The league's study and training activities have provided opportunities to enter into cooperative projects with other organizations. For example:

The Rockefeller Foundation has assisted in many of its research and training projects with approximately one-half million dollars in grants over the last 6 years;

The U.S. Government selected the league to develop the work and organization of the music committee of the people-to-people program;

Broadcast Music, Inc., has assisted extensively in presenting musicians' study projects at its national conventions. The American Society of Composers, Artists & Publishers and other business firms have assisted in other projects;

The Avalon Foundation has made a grant to the league for the purpose of developing an in-service training program in orchestra management;

The Music Critics Association & Community Arts Councils, Inc., have selected the league to serve as their administrative agency. The World Music Bank is administered by the league;

The league serves as the coordinating agency for the Alice M. Ditson Fund whose orchestra awards this year were presented to conductors of only four orchestras; and

The league each year conducts an orchestra management course which is the only such training program offered on a professional level anywhere.

Its conductor study programs continue to be in such demand that it cannot accommodate the scores of conductors wishing to attend.

Its advanced conductors' study has proved of enormous interest and help in making available the funds, background education, and training opportunities necessary to the advancement of talented young conductors.

Mainly as a result of the league alerting members and nonmembers of the possible discontinuation of the 1960–61 CBS radio broadcasts of the New York Philharmonic, CBS received 11,000 letters, and the programs were presented for the 31st consecutive year.

The league is represented on the advisory committee for the National Cultural Center for the Arts in Washington, D.C., by its President, Mr. John Edwards. Its executive secretary, Mrs. Helen Thompson, represents the league on the Council of Arts in Government, on the editorial board of Musical America, on the executive committee of the National Music Council, and contributes to the forum lecture programs broadcast throughout the world by the Voice of America, and will be a judge for the Liverpool competitions.

The league has introduced to the orchestra world, a retirement income plan for conductors, orchestra, and arts council managers, and administrative employees. The plan was under study by the league board for 3 years, and is covered under a group annuity contract issued by the Equitable Life Assurance Society of the United States.

A short time ago, a gift was made to the league by Mrs. Jouett Shouse, of Washington, D.C., of 40 acres of beautiful, rolling woodland just 20 minutes from the Nation's Capitol. Edward Durell Stone, world-renowned architect, is preparing the plans for its national headquarters to be known as Symphony Hill.

The league's activities are nationwide and constitute a contribution to the cultural life of our country which is so great as to be immeasurable. Presently incorporated under the laws of Michigan and West Virginia, the league's members feel strongly that their important national activities would be more appropriately carried on under a Federal charter.

RESTORATION OF CERTAIN WIDOWS AND CHILDREN TO ROLLS

The Senate proceeded to consider the bill (H.R. 5234) to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes, which had been reported from the Committee on Finance, with an amendment, on page 1, line 8, after the word "veteran", to insert "and after enactment of the 1962 amendment to this paragraph,".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1842) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

> Under existing law, payments of benefits to the widow of a veteran are terminated upon her remarriage unless the remarriage is "void."
>
> In some States, annulment of some marriages are considered to relate back to the date the relationship was entered into; however, in such cases no benefits become payable under Veterans' Administration laws unless the marriage was void, Because of the diversity of State laws on the question of which marriages are "void" and which marriages are "voidable" (i.e., require judicial action to declare their nonexistence), identical factual situations can lead in some cases to restoration of widow's benefits and in other cases to continued denial thereof.
>
> The bill provides a uniform rule under which widow's benefits may be restored in such cases if (1) the remarriage is "void," or (2) the remarriage is annulled, unless the annulment is procured by fraud or collusion.
>
> Additionally, the bill provides an identical rule for recognition of a veteran's child as "unmarried" for Veterans' Administration benefit purposes (pursuant to definition in existing 38 U.S.C. 101(4)) as are specified for widows. The desirability of uniformity respecting the two classes of beneficiaries is obvious.
>
> Aside from resolution of the problem respecting treatment of cases involving causes for annulment which are generally recognized as void, the bill permits restoration of benefits following annulment of a merely voidable remarriage or marriage.
>
> Recognition of annulment decrees in the manner proposed would be consistent with the maintenance and promotion of good Federal-State relationships. It would also remove the possible occasion for doubt in the minds of the parties regarding their marital status which might result from a denial of benefits by the Veterans' Administration under the present law. Incidentally, it has been reported to the committee that the restoration provision would permit more simplified administrative procedures, and would accordingly involve less administrative expense than current practices.
>
> The bill also deals with an area in which there have been some abuses. In some cases, in order to avoid the "remarriage" bar to payment of widow's benefits, women have entered into illicit relationships with men, holding themselves out to the public to be their wives, while drawing benefits as the widow of a veteran. The Veterans' Administration has adopted a rule under which it is presumed where certain facts exist that a remarriage has occurred; however, the validity of this practice has been questioned recently in the case *Sinlao v. United States* (271 F. 2d 846). The bill establishes a statutory test to be applied by the Administrator in such cases, providing for the termination of benefits where the widow of a veteran lives with another man and holds herself out to the public to be the wife of the other man. Enactment of this provision would amount to statutory confirmation of the Veterans' Administration rule, with the addition of two more restrictive factors. Under the administrative standard, a reputation of marriage is necessary to warrant termination of benefits; and the standard does not apply where it is established that there is a legal impediment to a valid marriage between the widow and her male cohabitant. The matters of reputation and impediment are not material under the bill's provision.
>
> The committee does not believe that the U.S. Government should continue payment of gratuities to a claimant who after her veteran husband's death lives with a man and holds herself out openly to the public as the wife of such man. Accordingly, the more restrictive statutory provision appears proper. The Veterans' Administration has reported that this provision would also permit more simplified administrative procedures, with a consequent lessening of administrative expense.
>
> In order to avoid harsh results which might result from application of the new standard to relationships terminated prior to enactment, the committee has adopted the recommendation of the Veterans' Administration that the bill be amended so that the statutory provision will apply only to the actions of a veteran's widow after enactment. It is understood that the Veterans' Administration will continue to apply the present administrative rule to prior relationships.

The Veterans' Administration has advised that the annulment feature of the bill would increase benefit costs, whereas the "lived with another man" provision would result in savings. It is also stated that there are no adequate data available upon which to base an estimate of the fiscal effect of the bill, but that it is believed that the number of cases affected and the resulting net additional benefit cost would be relatively small.

BOARD OF VETERANS' APPEALS CASES

The Senate proceeded to consider the bill (H.R. 857) to amend section 4005 of title 38, United States Code, to provide that cases appealed to the Board of Veterans' Appeals shall contain a brief statement of the facts of the case appealed, with a citation and application of the law, together with the recommendations of the office appealed from, and for other purposes which had been reported from the Committee on Finance, with an amendment, to strike out all after the enacting clause and insert:

That chapter 71 of title 38, United States, Code, is amended by deleting sections 4005 and 4007 thereof, redesignating section 4006 as 4007, and inserting after section 4004 the following new sections:

"§ 4005. Filing of notice of disagreement and appeal

"(a) Appellate review will be initiated by a notice of disagreement and completed by a substantive appeal after a statement of the case is furnished as prescribed in this section. Each appellant will be accorded hearing and representation rights pursuant to the provisions of this chapter and regulations of the Administrator.

"(b) (1) Except in the case of simultaneously contested claims, notice of disagreement shall be filed within one year from the date of mailing of notice of the result of initial review or determination. Such notice, and appeals, must be in writing and be filed with the activity which entered the determintaion with which disagreement is expressed (hereafter referred to as the "agency of original jurisdiction"). A notice of disagreement postmarked before the expiration of the one-year period will be accepted as timely filed.

"(2) Notices of disagreement, and appeals, must be in writing and may be filed by the claimant, his legal guardian, or such accredited representative, attorney, or authorized agent as may be selected by him. Not more than one recognized organization, attorney, or agent will be recognized at any one time in the prosecution of a claim.

"(c) If no notice of disagreement is filed in accordance with this chapter within the prescribed period, the action or determination shall become final and the claim will not thereafter be reopened or allowed, except as may otherwise be provided by regulations not inconsistent with this title.

"(d) (1) Where the claimant, or his representative, within the time specified in this chapter, files a notice of disagreement with the decision of the agency of original jurisdiction, such agency will take such development or review action as it deems proper under the provisions of regulations not inconsistent with this title. If such action does not resolve the disagreement either by granting the benefit sought or through withdrawal of the notice of disagreement, such agency will prepare a statement of the case consisting of—

"(A) A summary of the evidence in the case pertinent to the issue or issues with which disagreement has been expressed;

"(B) A citation or discussion of the pertinent law, regulations, and, where applicable, the provisions of the Schedule for Rating Disabilities;

"(C) The decision on such issue or issues and a summary of the reasons therefor.

"(2) A statement of the case, as required by this subsection, will not disclose matters that would be contrary to section 3301 of this title or otherwise contrary to the public interest. Such matters may be disclosed to a designated representative unless the relationship between the claimant and the representative is such that disclosure to the representative would be as harmful as if made to the claimant.

"(3) Copies of the 'statement of the case' prescribed in paragraph (1) of this subsection will be submitted to the claimant and to his representative, if there is one. The claimant will be afforded a period of sixty days from the date the statement of the case is mailed to file the formal appeal. This may be extended for a reasonable period on request for good cause shown. The appeal should set out specific allegations of error of fact or law, such allegations related to specific items in the statement of the case. The benefits sought on appeal must be clearly identified. The agency of original jurisdiction may close the case for failure to respond after receipt of the statement of the case, but questions as to timeliness or adequacy of response shall be determined by the Board of Veterans' Appeals.

"(4) The appellant will be presumed to be in agreement with any statement of fact contained in the statement of the case to which no exception is taken.

"(5) The Board of Veterans' Appeals will base its decision on the entire record and may dismiss any appeal which fails to allege specific error of fact or law in the determination being appealed.

"§ 4005A. Simultaneously contested claims

"(a) In simultaneously contested claims where one is allowed and one rejected, the time allowed for the filing of a notice of disagreement shall be sixty days from the date notice of the adverse action is mailed. In such cases the agency of original jurisdiction shall promptly notify all parties in interest at the last known address of the action taken, expressly inviting attention to the fact that notice of disagreement will not be entertained unless filed within the sixty-day period prescribed by this subsection.

"(b) Upon the filing of a notice of disagreement, all parties in interest will be furnished with a statement of the case in the same manner as is prescribed in section 4005. The party in interest who filed a notice of disagreement will be allowed thirty days from the date of mailing of such statement of the case in which to file a formal appeal. Extension of time may be granted for good cause shown but with consideration to the interests of the other parties involved. The substance of the appeal will be communicated to the other party or parties in interest and a period of thirty days will be allowed for filing a brief or argument in answer thereto. Such notice shall be forwarded to the last known address of record of the parties concerned, and such action shall constitute sufficient evidence of notice.

"§ 4006. Administrative appeals

"Application for review on appeal may be made within the one-year period prescribed in section 4005 of this title by such officials of the Veterans' Administration as may be designated by the Administrator. An application entered under this paragraph shall not operate to deprive the claimant of the right of review on appeal as provided in this chapter."

Sec. 2. The table of headings at the beginning of chapter 71 is amended by striking:

"4005. Applications for review on appeal.
"4006. Docketing of appeals.
"4007. Simultaneously contested claims."

and inserting in lieu thereof:

"4005. Filing of notice of disagreement and appeal.
"4005A. Simultaneously contested claims.
"4006. Administrative appeals.
"4007. Docketing of appeals."

Sec. 3. The amendments made by this Act shall be effective January 1, 1963.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act to improve due process in the consideration and final adjudication of disputed claims for veterans' benefits by providing that the claimant shall be furnished a brief statement of the facts and law applicable to the case appealed and afforded an opportunity to reply thereto."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1843) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF BILL

The bill would require that the Administrator of Veterans' Affairs furnish claimants who are appealing to the Board of Veterans Appeals with a summary of the evidence in the file applicable to their case, together with an explanation of the law and the regulations.

PURPOSE OF AMENDMENT

The committee amendment, as recommended by the Veterans' Administration, merely clarifies the language applicable to the new procedure but does not change its basic intent.

GENERAL EXPLANATION

The bill will afford an added measure of due process in the consideration and final adjudication of disputed claims for veterans' benefits. It will require that in all cases which a claimant files a timely notice of disagreement with a decision by the Veterans' Administration agency of original jurisdiction on any issue, the Veterans' Administration will furnish the claimant or his representative with a statement which would provide a summary of the evidence in the case pertinent to the issue, the citation of the pertinent law and regulation, and the decision on such issues with a summary of the reasons therefor.

The committee has approved an amendment recommended by the Veterans' Administration which clarifies the language applicable to the new procedure without changing its basic content.

As explained by the Veterans' Administration, the essential elements of the veterans' appellate procedures as they will exist after the enactment of this bill are:

(1) A timely filing of a notice of disagreement. (The appeal period would not be changed.)

(2) Review and development of the case by the agency which denied the original claim to the extent proper, and the modification of the original decision to allow the claim, in whole or in part, if such action is found to be in order;

(3) Preparation of the "statement of the case" as proposal by H.R. 857, if the disagreement is not resolved to the satisfaction of the claimant by the agency of original jurisdiction;

(4) The furnishing of such statement to the claimant with notice of his right to perfect his appeal to the Board of Veterans Appeals; and

(5) Consideration of the case by the Board of Veterans Appeals on the basis of the entire record, including the "statement of the case" and the claimant's response thereto as contained in his formal appeal.

This bill will place the veteran or his survivor in a better position to develop new evidence available and to fully prepare and present his appeal. Moreover, the issue should be more clearly delineated which should facilitate appellate procedures in many cases. And as a practical matter some appeals which will go to the Board will be eliminated once the committee fully understands the basis for the decision.

In its report to this committee on the bill, the Veterans' Administration concluded:

"In weighing all considerations, we recommend favorable consideration of H.R. 857, if amended as we have suggested in this report. We estimate that the bill, as worded, would require the preparation of approximately 60,000 'statements of the case' per year at an administrative expense of approximately $1.5 million. The number of statements to be prepared and, consequently, the added expense would be reduced as the result of the changes we have proposed."

MEDICAL ADVISORY PANELS

The Senate proceeded to consider the bill (H.R. 852) to amend chapter 3 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to establish medical advisory panels to resolve conflicts of evidence in questions involving service connection of disabilities or deaths which had been reported from the Committee on Finance, with an amendment, to strike out all after the enacting clause and insert:

"That chapter 71 of title 38, United States Code, is amended by adding at the end thereof:

"'§ 4009. Independent medical opinions

"'(a) When, in the judgment of the Board, expert medical opinion, in addition to that available within the Veterans' Administration, is warranted by the medical complexity or controversy involved in an appeal case, the Board is authorized to secure an advisory medical opinion from one or more independent medical experts who are not employees of the Veterans' Administration.

"'(b) The Administrator shall make necessary arrangements with recognized medical schools, universities, or clinics to furnish such advisory medical opinions at the request of the Chairman of the Board. Such arrangement will provide that the actual selection of the expert or experts to give the advisory opinion in any individual case will be made an appropriate official of such institution.'

"Sec. 2. Section 3301 of title 38, United States Code, is amended by adding at the end of paragraph (1) thereof the following new sentence: 'And to an independent medical expert or experts for an advisory opinion pursuant to section 4009 of this title.'

"Sec. 3. The table of sections at the end of chapter 71 of title 38, United States Code, is amended by adding at the end thereof: "'4009. Independent medical opinions.'"

"Sec. 4. The amendments made by this Act shall be effective January 1, 1963."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to establish a procedure for the use of independent medical experts by the Board of Veterans' Appeals."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1844) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF BILL

The purpose of the bill is to improve the appellate procedures applicable to veterans' claims by authorizing the referral of such claims to independent medical experts.

PURPOSE OF AMENDMENT

The committee amendment, which was recommended by the Veterans' Administration, simplifies the proposed procedure by making the use permissive with the Veterans' Administration.

GENERAL EXPLANATION

The bill authorizes the use of independent medical experts when, in the judgment of the Board of Veterans' Appeals, their use is warranted by the medical complexity or controversy involved in an appeal case. To assure the independence of the medical experts used in such circumstances, their services would be secured through arrangements with recognized medical schools, universities, or clinics, by which the individual expert, or experts, who would render the opinion in specific cases would be selected by an appropriate institution official.

The committee adopted an amendment recommended by the Veterans' Administration and endorsed by the Bureau of the Budget which made the use of independent medical experts permissive with the Board rather than mandatory as would have been required by the bill as passed by the House of Representatives. The bill, as approved by the committee, makes no reference to the Board of Veterans' Appeals securing an advisory opinion from the Chief Medical Director of the Veterans' Administration since this is a matter within Agency discretion and ample authority for this practice now exists. In fact, the committee was informed that between 200 and 300 cases per year are currently submitted to the Chief Medical Director by the Board of Veterans' Appeals for expert advisory opinions.

The following excerpts are from the Veterans' Administration report on the bill:

"We cannot precisely estimate the cost of the legislation amended according to our recommendation. At the present time, between 200 and 300 cases per year are submitted to the Chief Medical Director by the Board of Veterans' Appeals for expert advisory opinions. It might logically be expected that enactment of the bill, even as amended, would result in an increase in the number of cases in which medical advisory opinions from either the Chief Medical Director or independent experts would be requested. But we are unable to predict the number in advance, although it is our best judgment that the number would not be excessive from the standpoint of cost—unlike the situation which would exist if the original version of the bill were enacted. Opinions through universities can probably be secured for about $50 for each opinion by a single specialist. Payments would be made under the authority of section 213 of title 38, United States Code, which authorizes the Administrator to secure the necessary services by contract or agreement as he deems practicable.

"In summary, while I must strongly oppose H.R. 852 in its present form I believe the underlying purpose has merit. Accordingly, if it is amended as suggested in this report, I would recommend its enactment.

"We are advised by the Bureau of the Budget that there is no objection from the standpoint of this administration's program to the presentation of this report to your committee."

TOTAL RATING FOR COMPENSATION FOR BLINDED VETERANS

The Senate proceeded to consider the bill (H.R. 3728) to amend title 38, United States Code, so as to authorize the Administrator to assign a total rating for compensation to a veteran granted service connection for blindness of one eye who subsequent to separation from active duty incurs blindness in the remaining eye which had been reported from the Committee on Finance with an amendment, to strike out all after the enacting clause and insert:

That subchapter VI of chapter 11 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 360. Special consideration for certain cases of blindness or bilateral kidney involvement

"Where any veteran has suffered (1) blindness in one eye as a result of service-connected disability and has suffered blindness in the other eye as a result of non-service-connected disability not the result of his own willful misconduct, or (2) has suffered the loss or loss of use of one kidney as a result of service-connected disability, and has suffered severe involvement of the other kidney such as to cause total disability, as a result of non-service-connected disability not the result of his own willful misconduct, the Administrator shall assign and pay to the veteran concerned the applicable rate of compensation under this chapter as if his blindness in both eyes or such bilateral kidney involvement were the result of service-connected disability."

Sec. 2. The analysis of chapter 11 of title 38, United States Code, is amended by adding at the end thereof the following:

"360. Special consideration for certain cases of blindness or bilateral kidney involvement."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act to amend chapter 11 of title 38, United States Code, to authorize special consideration for certain disabled veterans suffering blindness or bilateral kidney involvement."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1845) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

EXPLANATION OF THE BILL

Under existing law, if a veteran enters military service with blindness of one eye and incurs blindness in the other eye as the result of that service he is considered to have service-connected blindness of both eyes and certain statutory rates of compensation are payable. On the other hand, if another veteran incurs blindness of one eye in service and then subsequent to service he suffers blindness of the other eye as the result of non-service-connected cause he is entitled to compensation only for unilateral blindness. This is the present situation even though the ultimate resulting total blindness is the same in both of these cases. In each case the loss of a veteran's sight of one eye in service was a direct causative factor in such total blindness. The equitable purpose of this bill is to equate both types of cases.

EXPLANATION OF AMENDMENT

The committee amendment would extend the same principle to cases involving the loss or loss of use of one kidney in the service where the veteran, following service, suffers a severe involvement of the other kidney from a non-service-connected cause. Under the present law the disability rating in this type of case cannot be more than 30 percent—the rate for unilateral loss only—even though the veteran is in fact totally disabled. The committee amendment would authorize a rating of total service-connected disability in this type of case.

BILL PASSED OVER

The bill (S. 3614) to authorize the temporary suspension of the Jones Act (46 U.S.C. 833) upon certain findings by the Secretary of Commerce, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

CONVEYANCE OF CERTAIN LAND IN VICINITY OF GEORGETOWN, COLO.

The bill (S. 3100) to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Georgetown, Colo., to Frank W. Whitenack, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MORSE. Mr. President, may we have an explanation of the bill?

Mr. MANSFIELD. Mr. President, section 2 of the bill states:

SEC. 2. The patent in fee authorized by the first section of this Act shall be issued subject to the payment by the said Frank W. Whitenack to the Secretary of the Interior of an amount equal to the fair market value of the property conveyed as determined by the Secretary after appraisal, exclusive of improvements placed thereon by Frank W. Whitenack and his grantees.

Mr. MORSE. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 1, line 6, after the word "fee", to strike out "including" and insert "exclusive", and on page 2, line 8, after the word "numbered", to strike out "18727" and insert "18737"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to issue, subject to the provisions of section 2, to Frank W. Whitenack of Georgetown, Colorado, a patent in fee (exclusive of oil, gas, and other mineral rights) to the following described tract of land, situated in the vicinity of Georgetown, Colorado:

Beginning at a stake at corner numbered 1, whence the northeast corner section 5, township 4 south, range 74 west, sixth principal meridian bears north 29 degrees 57 minutes west 761.7 feet, thence east 279.7 feet to corner numbered 2, thence south 176.0 feet to corner numbered 3, thence south 82 degrees 16 minutes west 200.5 feet to corner numbered 4 which is also corner numbered 1, survey numbered 18737, Dora Lode, thence south 7 degrees 44 minutes east 150 feet to corner numbered 5, which is also corner numbered 4, survey numbered 18737 Dora Lode, thence north 82 degrees 16 minutes east 180.1 feet to corner numbered 6, thence south 992.6 feet to corner numbered 7, thence west 660 feet to corner numbered 8, thence north 502 feet to corner numbered 9, thence south 60 degrees 20 minutes east 119.4 feet to corner numbered 10, which is also corner numbered 3 survey numbered 408 Mills Placer, thence north 17 degrees 30 minutes east 919.7 feet to the place of beginning.

SEC. 2. The patent in fee authorized by the first section of this Act shall be issued subject to the payment by the said Frank W. Whitenack to the Secretary of the Interior of an amount equal to the fair market value of the property conveyed as determined by the Secretary after appraisal, exclusive of improvements placed thereon by Frank W. Whitenack and his grantees.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONVEYANCE OF CERTAIN LANDS TO THE PRINCE GEORGES COUNTY HOSPITAL

The bill (H.R. 7782) to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MORSE. Mr. President, may we have an explanation of the bill?

Mr. MANSFIELD. The purpose of the bill is to transfer to the Prince Georges Hospital 3¼ acres of land upon payment of 50 percent of the fair market value as determined by the Secretary, plus the cost of making the conveyance.

Mr. MORSE. I am delighted that the Morse formula is contained in the bill. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 1, at the beginning of line 5, to strike out "one dollar" and insert "50 per centum of the fair market value as determined by the Secretary."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1848) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of H.R. 7782 is to transfer to the Prince Georges County Hospital, Maryland, a parcel of land (about 3¼ acres) adjacent to its present grounds.

NEED

The Prince Georges County Hospital has recently expanded from a 100-bed to a 400-bed institution. Its present 23 acres of land are inadequate for an institution of this size. Additional land, the committee was advised by the hospital's administrator, is needed for residents' quarters, nursing home facilities, and further additions to the hospital.

The 3¼ acres to be transferred were part of a tract acquired by the Government in connection with its construction of the Baltimore-Washington Parkway but are no longer needed for that purpose. The cost of the tract to the Government was $3,500 plus $135 interest or $3,635 for 12.2 acres or about $300 per acre. At the same time that this land was acquired, the hospital donated an adjacent 5.31 acres to the Government for the same purpose. The donated lands had an estimated value of about $2,000 or about $400 per acre.

The committee recognizes the worthy public purpose to which these lands will be put if transferred to the Prince Georges County Hospital. The location of the lands in relation to the parkway is such that they do not add to the scenic beauty of the parkway. The lands lie over the crest of a hill on a slope away from the parkway and cannot be seen from the parkway. Other land being acquired by the hospital will surround this property which is triangular on two sides.

AMENDMENT

The amendment adopted will require the hospital to pay 50 percent of the fair market value of the property plus the cost of conveyance. Prince Georges County has obtained substantial benefits from the Baltimore Washington Parkway, which was constructed with 100 percent Federal financing. The grant by the county of the 5 acres needed for the parkway was without reservation or a request that the granted lands be replaced. It was only recently that the need for additional land developed for the hospital.

The action by the committee is along lines which have been quite consistently and generally followed in similar land transfers in the past.

The lands sought now by the hospital were acquired by the Federal Government as a part of the parkway program in 1947, at a cost of $300 per acre.

While there may have been some advance in the value of this land, the committee notes that the provision it has included will provide the hospital with the land at a price midway between the cost envisioned in the bill as introduced and the cost contemplated in the House bill.

CONVEYANCE OF CERTAIN LAND IN ALASKA TO MRS. WILLIAM E. BELTZ

The bill (S. 1065) to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Unalakleet, Alaska, to Mr. William E. Beltz was announced as next in order.

Mr. MORSE. Mr. President, may we have an explanation of the bill?

Mr. MANSFIELD. I understand that this has to do with a patent which was not completed by the husband of the named beneficiary in the bill, who was a former president of the Alaskan State Senate. Section 2 of the bill states:

> The patent shall be subject to outstanding gravel permits and rights-of-way, the patent may be issued only after payment of the fees that the deceased entryman would have been required to pay, and the patent shall be based upon a survey made without cost to Mrs. Beltz.

Mr. MORSE. I have no objection.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 1, line 4, after the word "issue", to strike out "without consideration," and insert "subject to the provisions of section 2,"; in line 5, after the word "fee", to strike out "including all" and insert "exclusive of oil, gas, and other"; and on page 2, after line 11, to insert a new section, as follows:

> SEC. 2. The patent shall be subject to outstanding gravel permits and rights-of-way, the patent may be issued only after payment of the fees that the deceased entryman would have been required to pay, and the patent shall be based upon a survey made without cost to Mrs. Beltz.

So as to make the bill read:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior is authorized and directed to issue, subject to the provisions of section 2, to Mrs. William E. Beltz a patent in fee (exclusive of oil, gas, and other mineral rights) to the following described tract of land, together with all buildings and other improvements thereon, situated in the vicinity of Unalakleet, Alaska: Post numbered 1 located on left limit of North River on sandbar approximately 400 feet east of the North River Bridge; thence 2,640 feet in an easterly direction following the river upstream to a narrow slough and following the slough to post numbered 2; thence 2,640 feet in a southerly direction (through timber) to post numbered 3; thence 2,640 feet in a westerly direction to post numbered 4 located on the bank of the North River; thence upstream in a northerly direction back to post numbered 1 approximately 2,640 feet from post numbered 4; such land being the same land described in the homestead settlement claim (No. F-023595) of the late William E. Beltz.
>
> SEC. 2. The patent shall be subject to outstanding gravel permits and rights-of-way, the patent may be issued only after payment of the fees that the deceased entryman would have been required to pay, and the patent shall be based upon a survey made without cost to Mrs. Beltz.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1849), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the bill is to authorize and direct the Secretary of the Interior to issue a patent to Mrs. William E. Beltz to the lands upon which her late husband filed a homestead entry. Mr. Beltz had not brought the entry to the point of completion where existing law would confer upon Mrs. Beltz the rights of a person succeeding to the entry of a deceased entryman. In consideration of the bill Senator GRUENING advanced a rule of reason and equity, which the committee adopted, for deciding the course to follow for this type of case.

NEED

William E. Beltz, Alaska born of Eskimo stock, was the first president of the senate in the new State of Alaska, a post to which he was unanimously elected and occupied when an incurable brain tumor swiftly overcame him. The father of four children, the oldest only 6 at the time of his untimely passing, with his wife, he was engaged in perfecting his homestead entry, as well as serving in the Alaska Senate and in numerous public activities. It was this disabling illness and this alone which nullified his efforts.

In view of the circumstances the committee concluded that reason and equity in this case demonstrated the need for this act.

COSTS

There are no costs to the Government.

AMENDMENTS

The first and third amendments prescribe that the Secretary shall issue the patent to the land to Mrs. Beltz. Inasmuch as Mrs. Beltz has carried forward the agricultural development of the land these amendments propose that the patent be issued under the Homestead Act.

The second amendment, relating to the reservation of the mineral rights, applies the principle used in similar conveyances.

The bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes, was announced as next in order.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over.

The **PRESIDING OFFICER.** The bill will go over.

BILL PASSED OVER

The bill (S. 3389) to promote the foreign commerce of the United States through the use of mobile trade fairs, was announced as next in order.

The **PRESIDING OFFICER.** Is there objection to consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over.

The **PRESIDING OFFICER.** The bill will be passed over.

APPOINTMENT OF JUDGES FOR COURTS IN THE DISTRICT OF COLUMBIA

The bill (S. 3428) relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia and the juvenile court of the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) the second sentence of the first section of the Act entitled "An Act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'The Municipal Court for the District of Columbia', to create 'The Municipal Court of Appeals for the District of Columbia', and for other purposes", approved April 1, 1942 (56 Stat. 190; D.C. Code, sec. 11-752), as amended, is amended to read as follows: "The court shall consist of a chief judge and fifteen associate judges appointed by the President with the advice and consent of the Senate."
>
> (b) The third sentence of section 6 of such Act, as amended (D.C. Code, sec. 11-771), is amended to read as follows: "The said court shall consist of a chief judge and two associate judges appointed by the President with the advice and consent of the Senate, two of whom shall constitute a quorum."
>
> SEC. 2. (a) Subsection (a) of section 19 of the Juvenile Court Act of the District of Columbia, approved June 1, 1938 (52 Stat. 601; D.C. Code, sec. 11-920), as amended, is amended by striking out "three judges" and inserting in lieu thereof the following: "a chief judge and two associate judges".
>
> (b) Subsection (c) of section 19 of such Act is amended by striking out the first sentence thereof.
>
> SEC. 3. Nothing contained in any amendment made by this Act shall be construed as affecting any appointment or designation as a judge or chief judge of the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, or the juvenile court of the District of Columbia made prior to the date of enactment of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1851), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to amend existing law relating to the appointment of judges to the municipal court, the municipal court of appeals, and the juvenile court of the District of Columbia, so as to remove the ambiguity that now exists in the law and to make it perfectly clear that the designation of the chief judges of the aforementioned courts shall be made by the President with the advice and consent of the Senate.

Since the enactment of the present law on the composition of the municipal court and the municipal court of appeals in 1942 (Public Law 512, 77th Cong.), the procedure of long standing has been for the President to forward the designation of the chief judge to the Senate for approval. Although this was the practice for almost two decades, the Justice Department in a letter dated October 1, 1961, advised the chairman of the Senate Committee on the District of Columbia of the Attorney General's intention to deviate from such procedure and recommend that the President merely designate a chief judge without submitting the designation to the Senate for approval. In accordance with this announced intention, the President, without soliciting Senate confirmation, designated the Honorable Andrew Hood to be the chief judge of the municipal court of appeals for the District of Columbia.

In support of its legal interpretation in this matter, the Justice Department concluded that Public Law 512 (77th Cong.) does not require the Senate's approval for the designation by the President of a chief judge to the municipal court and the municipal court of appeals for the District of Columbia, but rather the plain language of the statute authorizes the appointment of a given number of judges with Senate approval, and thereafter authorizes the President to choose one of them to act as chief judge without the necessity of Senate approval.

Contrary to the Justice Department's legal interpretation of the statute, the American Law Division of the Library of Congress, in a memorandum opinion to the committee dated February 13, 1962, came to a completely opposite legal decision in the matter, concluding that the designation of a chief judge by the President under the purview of Public Law 512 requires the approval of the Senate. In formulating its decision in this regard, the American Law Division relied on the legislative history of the existing statute and in connection therewith stated the following in the aforementioned memorandum:

"The above review of the legislative history of Public Law 512 strongly indicates that as regards the municipal court of appeals the offices of chief judge and of associate judges are to be considered as distinct and that the President's designation of a nominee as chief judge is to be made at the time of nomination and hence that an appointment to that office must receive the consent of the Senate. The original bill clearly provided that the chief judge and the associate judges were to be appointed as such by the President with the consent of the Senate. The bill as adopted is ambiguous, but was not intended to effect any change from the original bill in this regard. In addition, the bill as adopted clearly distinguishes between the chief judge and the associate judges as regards their initial appointments. The chief judge is to be appointed for 10 years while the associate judges are to be appointed for 8 and 6 years each. The act gives the President no authority to remove a chief judge during his term and to designate another judge as chief judge in his stead."

In addition to relying heavily on the legislative history of the public law, the American Law Division in formulating its decision also gave weighty consideration to the possibility of diminished compensation of the chief judge that could occur where the designation is not approved by the Senate for a definite time period. In this connection the memorandum opinion stated:

"It should be noted that Public Law 512 both as originally adopted and as amended provides that the chief judges of both courts shall receive a compensation $500 higher than that provided for the associate judges of their courts. It would therefore be extraordinary for the act also to be interpreted as meaning that the persons designated as chief judge shall serve as such at the pleasure of the President. Article III, section 1, of the Constitution provides, for example, that the compensation of Federal judges shall not be diminished during their continuance in office. That article of course applies only to "constitutional courts" whose judges serve during good behaviors, but it evidences a tradition that no one shall be in a position to influence judges through possession of power to reduce their compensation. Interpreting Public Law 512 to mean that the President may designate an individual as chief judge without consent of the Senate leaves open the question of the term for which the designation may be made and may give rise to a situation where the President is asserted to have the power to terminate the designation at his pleasure, thereby giving the President a power as regards District of Columbia courts that he may not constitutionally possess as regards article III courts. If it had been the intention of Congress in enacting Public Law 512, it surely would have been spelled out clearly in the act."

It is the belief of this committee that from the divided legal opinions rendered by the Department of Justice and the American Law Division of the Library of Congress an ambiguity exists in the language of Public Law 512 relating to the appointment of the chief judges of the municipal courts for the District of Columbia. Accordingly, the committee is of the view that the procedures to be followed in appointing the chief judges to the various courts of the District of Columbia should be made clear. This bill, if enacted, would remove the ambiguity that now exists in the statutes and make it perfectly clear that the designation of the chief justices of the municipal court, the municipal court of appeals, and the juvenile court must be with the advice and consent of the Senate.

The bill also provides that any appointment or designation as a judge or chief judge of the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, or the juvenile court of the District of Columbia made prior to the date of enactment of the measure, shall not be affected.

The committee is informed that the Justice Department does not oppose the enactment of this legislation.

RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT

The bill (S. 3529) to amend the Manpower Development and Training Act of 1962 with regard to reimbursement of the railroad unemployment insurance account was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 203 of the Manpower Development and Training Act of 1962 is amended, effective March 15, 1962, by inserting "(1)" after the subsection designation, and by adding at the end of such subsection the following new paragraph:

"(2) If unemployment benefits under the Railroad Unemployment Insurance Act are paid to a person taking training under this Act and eligible for a training allowance, the railroad unemployment insurance account in the unemployment trust fund shall be reimbursed, from funds herein appropriated, for all of such benefits paid prior to July 1, 1964, and for 50 per centum of the amount of such benefits paid on or after that date. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the Railroad Retirement Board and such amount shall then be placed in the railroad unemployment insurance account."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1853), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill is to direct that the Railroad Retirement Board shall be reimbured for all unemployment compensation payments made by it to persons taking training under the Manpower Development and Training Act of 1962 (Public Law 87–415; 76 Stat. 23) and eligible for training allowances thereunder. The act provides for reimbursement in compensation cases to any State making such payments, and it is the object of this bill to make identical provision for reimbursement in the case of railroad unemployment benefits paid out of the railroad unemployment insurance account. Reimbursement would be authorized for all payments made prior to July 1, 1964, and for 50 percent of payments paid on or after that date.

BILLS PASSED OVER

The bill (S. 2937) to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between civil service retirement system and the insurance system established by title II of the Social Security Act, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over. It is not calendar material.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3164) to amend the Civil Service Retirement Act so as to increase, in the case of children attending school, from 18 to 21, the maximum age for receiving benefits under such act was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ALTERNATE REPRESENTATION OF SECRETARIAL OFFICERS, MIGRATORY BIRD CONSERVATION COMMISSION

The bill (S. 3504) to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Migratory Bird Conservation Act (16 U.S.C. 715a) is amended by inserting, immediately after the first sentence, the following new sentence: "Each of the aforesaid Secretaries may designate the Under Secretary or an Assistant Secretary of his department as his alternate with authority to represent him and to consider and pass upon matters before the said Commission."

SEC. 2. Section 18 of the aforesaid Act (16 U.S.C. 715q) is hereby amended by striking out "commission" and inserting in lieu thereof "commission" and by striking out "$5,000" and inserting in lieu thereof "$10,000".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1856), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Migratory Bird Conservation Commission was created by section 2 of the Migratory Bird Conservation Act (act of Feb. 18, 1929, 45 Stat. 1222). This act in effect was amended in 1939 by Reorganization Plan No. II, which transferred functions of the Secretary of Agriculture relating to the conservation of wildlife, game, and migratory birds to the Secretary of the Interior, and provided that the Secretary of the Interior shall be secretary of the Migratory Bird Conservation Commission in lieu of the Secretary of Agriculture. In other respects the original composition of the Commission was retained.

In addition to the two Cabinet members (the Secretary of Agriculture and the Secretary of the Interior) mentioned, the Commission consists of the Secretary of Commerce, two Members of the Senate selected by the President of the Senate, two Members of the House of Representatives selected by the Speaker. The statute also provides for representation on the Commission by a State official during consideration and voting on all questions relating to the acquisition of any areas of land and water in his State.

The Commission is authorized to approve areas of land and water for purchase or rental by the Secretary of the Interior, and is required through its Chairman, to make a detailed annual report to Congress on its operations.

Senator HRUSKA and METCALF presently represent the U.S. Senate on the Commission. The Members from the House of Representatives are Congressmen GAVIN and KARSTEN.

PURPOSE OF THE BILL

At a Commission meeting June 27, 1962, the Secretary of the Interior informed the Senate and House of Representative Members that, after an investigation that he had made, he had determined, through studying a 1954 opinion by the Solicitor of his Department that he was authorized to designate anyone to appear and represent him on the Commission.

On the basis of that Solicitor's 1954 opinion the congressional members of the Commission feel that the Migratory Bird Conservation Act (16 U.S.C. 715a) should be amended. They believe, and your committee concurs, that the decisions to spend the money, $105 million collected through "duck stamp" sales should be made on a relatively high level. The four Members of Congress take the position that the conservationists of this country who made possible the "duck stamp" program felt that they were giving the trustee responsibilities to the Secretary of the Interior, the Secretary of Commerce, and the Secretary of Agriculture.

There has been difficulty, at times, in getting a quorum at Commission meetings due to the heavy demands upon the time of Cabinet members.

S. 3504 would provide that the Secretaries may designate the Under Secretary or an Assistant Secretary from their departments, as alternates if they are unable to attend.

Section 18 of the Migratory Bird Conservation Act would be amended to increase the $5,000 authorization in the original act to $10,000. There is going to be an accelerated wetlands program under the 1961 act. This money would cover expenses for the members of State fish and game commissions and others who come to give the Commission information and facts that they need to know about the land they are acquiring.

STUDIES OF THE GENETICS OF SPORT FISHES

The Senate proceeded to consider the bill (S. 1542) to authorize the Secretary of the Interior to conduct studies of the genetics of sport fishes and to carry out selective breeding of such fishes to develop strains with inherent attributes valuable in programs of research, fish hatchery production and management of recreational fishery resources, which had been reported from the Committee on Commerce, with amendments, on page 2, after line 7, to strike out:

SEC. 2. For the purpose of carrying out the provisions of this Act, the Secretary of the Interior is authorized (1) to acquire suitable lands and water rights, to construct or otherwise acquire laboratory or other buildings and structures, to acquire equipment and apparatus and to employ necessary personnel; (2) to cooperate with State and other institutions and agencies upon such terms and conditions as may be appropriate; (3) to make public the results of research and experiments conducted pursuant to the first section of this Act; and (4) to propagate, maintain, and distribute such genetically improved or stabilized strains of fishes as may be developed by the authorized program of selective breeding.

And, in lieu thereof, to insert:

SEC. 2. That for the purpose of carrying out the provisions of this Act, the Secretary of the Interior is authorized—

(a) to acquire in such manner as he shall consider to be in the public interest land and interests in land including but not limited to water rights; to construct or acquire otherwise laboratory or other buildings and structures; to acquire equipment and apparatus; and to employ necessary personnel;

(b) to cooperate with States and with other agencies and institutions upon such terms and conditions as he may consider to be appropriate and in the public interest;

(c) to make public the results of research and experiments conducted pursuant to this Act; and

(d) to propagate, maintain, and distribute to cooperating States and other agencies such genetically improved or stabilized strains of fishes as may be developed pursuant to this Act.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized and directed to establish a fishery research laboratory or laboratories to conduct basic studies of the genetics of sport fishes and to carry out selective breeding programs directed toward the development of strains of fishes having inherent physical characteristics or physiological reactions of specific or general value to the constructive management of the recreational fisheries and to the guiding and implementing functions of research and fish hatchery production.

SEC. 2. That for the purposes of carrying out the provisions of this Act, the Secretary of the Interior is authorized—

(a) to acquire in such manner as he shall consider to be in the public interest land and interests in land including but not limited to water rights; to construct or acquire otherwise laboratory or other buildings and structures; to acquire equipment and apparatus; and to employ necessary personnel;

(b) to cooperate with States and with other agencies and institutions upon such terms and conditions as he may consider to be appropriate and in the public interest;

(c) to make public the results of research and experiments conducted pursuant to this Act; and

(d) to propagate, maintain, and distribute to cooperating States and other agencies such genetically improved or stabilized strains of fishes as may be developed pursuant to this Act.

SEC. 3. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act: *Provided,* That no more than $2,500,000 shall be appropriated for this purpose in any one fiscal year.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1857), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

S. 1542, as amended, would authorize studies by the Department of the Interior, of sport fishes and direct it to carry on valuable research programs relating to selective fish breeding.

The Bureau of Sports Fisheries and Wildlife, Department of the Interior, has this to say in its testimony in support of S. 1542:

"The Department has submitted to the Committee on Interstate and Foreign Commerce a favorable report on S. 1542 (H.R. 7826), and has recommended several perfecting amendments of a clarifying nature.

"We believe the type of study proposed in this legislation will be highly beneficial. In the past, our scientists and those of other agencies have tried in many ways to better the recreational fishery resources of the United States. We have regulated the catch to save fish for more anglers, and have planted fish from hatcheries to increase the number available in the streams, lakes, ponds, and reservoirs. We have tried to improve the environments in these waters so that fish have a better chance to survive, and we have even tried to give them better feeding areas and spawning places.

"Except for a few sporadic efforts, we have not yet tried to improve the fish themselves into hardier, healthier, longer-lived strains. Until we undertake this line of work, we are not doing our utmost to meet the recreational fishing demands which are already upon us.

"Our own limited studies have indicated that by breeding and rearing fish specifically for the streams in which they are to live, and for the natural conditions they will face, we can have better fish survival and the angler will have more attractive fish to catch.

"Greater economy in fish production at hatcheries will come from developing genetically stable strains of fish suitable for artificial rearing. Much progress has been made in this direction by the feeding of low-cost foods, but more progress will come by rearing fish better able to utilize those foods. Disease resistance is another asset which must be developed and fixed in strains of hatchery fish reared under crowded conditions. Brood stock having high fecundity and good egg viability is also desired. Properly organized studies on genetics of fish will help us to develop fish breeding lines for these various purposes. It is entirely possible that with these strains, and through the use of fish hybrids, we can rear fish economically for the put-and-take angler who is becoming increasingly common."

In support of the bill, Senator J. J. HICKEY, of Wyoming, stated—

"The tourist industry in Wyoming and throughout the Rocky Mountain West has increased in magnitude over the years and it is anticipated that the recreational facilities of these States will need to be increased during the coming years to provide for the growth of this industry. The additional requirements for game fish in supplying the needs of this industry have become a problem of significant magnitude, and the passage of this bill, S. 1542, would assist in obtaining better breeds of fish and enhance the fish hatchery production for this recreational industry."

Gov. Jack Gage, of Wyoming, expressed the views of Wyoming State agencies in the following manner:

"We are of the opinion that the establishment of a research unit in the area would be of great benefit to the Rocky Mountain region, especially in research in trout. The scientific research such a unit could provide would be of inestimable value."

In the long run this bill should save the taxpayers money. It is a well-known fact that a large percentage of fish placed in the streams by fish hatcheries die before they become acclimated to their new surroundings. The result is that a greater number of fish must be planted in order to meet the healthier, hardier strains of fishes, not only will this problem be overcome to a great extent but the pleasure derived by the fisherman in having to exert greater efforts in landing his catch will be magnified.

COSTS

The Department of the Interior made the following estimate of funds required for research in genetics and selective breeding:

"Although no funds are presently available or budgeted for research in genetics and selective breeding, such work is included in our plans as a major function of our fishery research program. Initial studies will concentrate on the rainbow trout, a logical choice because of its wide distribution, great popularity, importance in production of Federal, State, and private hatcheries, and adaptability to culture. We anticipate that at a site affording a water supply of the required temperature, volume, and quality, the primary experimental facilities for rearing and testing hundreds of separate small lots of rainbow trout will be built. Costs of major facilities for rainbow trout research, estimated at approximately $1 million, will be divided between 2 or perhaps 3 fiscal years. Concurrently, a permanent staff of about 10 professional and 12 supporting personnel would be assembled. The professional team would include personnel trained in fishery biology, genetics, pathology, serology, physiology, and related disciplines. Annual costs, salaries, and expenses of this program probably will reach the $200,000 level in about 4 years.

"Subsequent expansion of the scope of the genetics and selective breeding to include important warm-water species will benefit from experience gained in the early trout studies and will be facilitated by the results of cultural-methods research now underway. This bill provides for a maximum appropriation of $2,500,000 in any one fiscal year. We believe that full development of the planned program can be accomplished within this limitation."

BILLS PASSED OVER

The bill (H.R. 1171) to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 103) to authorize the Secretary of the Interior to construct, operate and maintain the Auburn-Folsom south unit, American River Division Central Valley project, California, under Federal reclamation law was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3517) to authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

STATUE OF EUSEBIO FRANCISCO KINO

The joint resolution (H.J. Res. 439) authorizing the State of Arizona to place in the Statuary Hall collection at the United States Capitol the statute of Eusebio Francisco Kino was considered, ordered to a third reading, read the third time, and passed.

FUNERAL EXPENSES OF THE LATE SENATOR DWORSHAK, OF IDAHO

The resolution (S. Res. 365) to pay certain funeral expenses of the late Senator Henry C. Dworshak, of Idaho was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and attend the funeral of the Honorable Henry C. Dworshak, late a Senator from the State of Idaho, on vouchers to be approved by the chairman of the Committee on Rules and Administration.

PRINTING AS A SENATE DOCUMENT STUDY ENTITLED "TRIAL PROGRAM OF PUBLIC LAND RANGE APPRAISAL"

The resolution (S. Res. 367) authorizing the printing as a Senate document of a study entitled "Trial Program of Public Land Range Appraisal," was considered and agreed to, as follows:

Resolved, That there be printed as a Senate document a study entitled "Trial Program of Public Land Range Appraisal", prepared at the request of the Senate Committee on Appropriations by the Department of Agriculture and the Department of the Interior.

ELECTION OF SENATE MEMBER TO THE JOINT COMMITTEE ON THE LIBRARY

The resolution (S. Res. 372) electing a member on the part of the Senate to the Joint Committee on the Library was considered and agreed to, as follows:

Resolved, That Mr. BOTTUM be, and is hereby, elected a member on the part of the Senate of the Joint Committee on the Library, vice Mr. PEARSON.

ADDITIONAL COPIES OF HEARINGS ON IMPORTS AND EXPORTS

The concurrent resolution (H. Con. Res. 500) authorizing the printing of additional copies of parts 2, 3, 6, and 7 of the hearings held before the Committee on Education and Labor on the impact of imports and exports was considered and agreed to.

PRINTING AS HOUSE DOCUMENT REPORT OF JOINT COMMITTEE ON ARRANGEMENTS TO COMMEMORATE THE 100TH ANNIVERSARY OF THE FIRST INAUGURAL OF ABRAHAM LINCOLN

The concurrent resolution (H. Con. Res. 503) to authorize the printing as a House document the report of the Joint Committee on Arrangements to Commemorate the 100th Anniversary of the First Inaugural of Abraham Lincoln was considered and agreed to.

Mr. MANSFIELD. That completes the call of the calendar.

EDUCATIONAL AND TRAINING FILMS FOR USE BY DEAF PERSONS

Mr. MUSKIE. Mr. President, I move that the Senate proceed to the consideration of S. 2511.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2511) to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine.

The motion was agreed to; and the Senate proceeded to the consideration of the bill, which had been reported from the Committee on Labor and Public Welfare with amendments on page 2, at the beginning of line 1, to strike out "That" and insert ""That""; after line 17, to insert:

(b) Paragraphs (4), (5), and (6) of section 3(b) of such Act are redesignated as paragraph (5), (6), and (7), respectively, and there is inserted after paragraph (3) the following:

"(4) provide for the conduct of research in the use of educational and training films for the deaf, for the production and distribution of training films for the deaf, and for the training of persons in the use of films for the deaf."

And on page 3, line 4, to strike out "(b)" and insert "(c)", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first section of the Act entitled "An Act to provide in the Department of Health, Education, and Welfare for a loan service of captioned films for the deaf", approved September 2, 1958 (72 Stat. 1742), is amended to read as follows:

"That the objectives of this Act are—

"(a) to promote the general welfare of deaf persons by (1) bringing to such persons understanding and appreciation of those films which play such an important part in the general and cultural advancement of hearing persons, (2) providing, through these films, enriched educational and cultural experiences through which deaf persons can be brought into better touch with the realities of their environment, and (3) providing a wholesome and rewarding experience which deaf persons may share together; and

"(b) to promote the educational advancement of deaf persons by (1) carrying on research in the use of educational and training films for the deaf, (2) producing and distributing educational and training films for the deaf, and (3) training persons in the use of films for the deaf."

(b) Paragraphs (4), (5), and (6) of section 3(b) of such Act are redesignated as paragraphs (5), (6), and (7), respectively, and there is inserted after paragraph (3) the following:

"(4) provide for the conduct of research in the use of educational and training films for the deaf, for the production and distribution of training films for the deaf, and for the training of persons in the use of films for the deaf."

(c) Section 4 of such Act is amended to read as follows:

"Sec. 4. There are hereby authorized to be appropriated for each fiscal year such funds as may be necessary to carry out the objectives of this Act."

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I wish to extend my congratulations to the distinguished Senator from Maine [Mr. Muskie], and the distinguished Senator from Rhode Island [Mr. Pell] for the outstanding work they have done on this matter and the initiative and enthusiasm they have shown. They are to be commended. Certainly, I am grateful for their taking the initiative in this matter.

Mr. MUSKIE. I thank the majority leader for his generous comments. I ask unanimous consent that there may be inserted at this point in the Record an explanation of the bill.

There being no objection, the explanation was ordered to be printed in the Record, as follows:

Explanation

The bill, S. 2511, as reported by the committee, would amend Public Law 85–905, that established a loan service of captioned films for the deaf in the Department of Health, Education, and Welfare. The bill would delete the existing ceiling of $250,000 on appropriations for the captioned films for the deaf program and authorize the Secretary of Health, Education, and Welfare to provide for:

(a) the conduct of research in the use of educational and training films for the deaf;

(b) the production and distribution of training films for the deaf; and

(c) the training of persons in the use of films for the deaf.

These new authorities and the increased level of funds that could be made available would permit a significant expansion in the library of captioned films for the deaf. The films themselves would improve in quality and in usefulness through the newly authorized program of research in captioned films for the deaf. The training of personnel in the use of these films would further enhance their value in educating and training the deaf.

Regional distribution centers for the captioned films for the deaf could be established to provide for the most efficient distribution of the greatly increased library of films.

The new responsibilities that would be carried out through the captioned films program would include special programing for curricula in the education of the deaf. Research that would be pursued under the new authorities of the bill would relate to: (1) selection and utilization of electromechanical devices related to filmed materials; (2) development and validation of film programs and procedures; and (3) the application and integration of such devices and materials into existing and planned curricula.

The level of Federal funds that would be available under the expanded program of captioned films for the deaf would be determined on an annual basis by the Congress.

Although the present program of captioned films for the deaf is limited to $250,000 per year, the Federal Government appropriates sums considerably in excess of this amount in behalf of educational and recreational materials for those afflicted by blindness. In 1962, for example, a total of $1,800,000 was appropriated for the talking books program administered by the Library of Congress and an additional $670,000 was appropriated for the production and distribution of braille textbooks and other educational materials by the American Printing House for the Blind.

Hearings

Testimony in favor of the enactments of S. 2511 was presented on August 7, 1962, by representatives of such organizations and associations as the Conference of Executives of American Schools for the Deaf, the Council for Exceptional Children, the Convention of American Instructors of the Deaf, and the National Association of the Deaf.

Mr. MUSKIE. Mr. President, I ask unanimous consent that a copy of my statement before the Committee on Labor and Public Welfare on the bill be printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Mr. Chairman, I have had a long and continuing interest in the new and revolutionary techniques which are being introduced into educational programs. The more I have studied the potential of new methods, particularly audiovisual aids, the more I have become convinced of the tremendous possibilities of this method in teaching the deaf.

Last year in testimony before the Senate Appropriations Committee I indicated my belief in the favorable impact an improved captioned films program would have on the welfare of this group of handicapped persons.

I would like to state that, with an additional year of experience in the present program, I am even more convinced of the necessity for this amendment.

The need for expanded educational opportunities for the deaf increases and the time has arrived to take some positive action to assist these handicapped persons.

In considering this legislation, we should look at the Federal program for the blind. The existing inequality between that program and the captioned films for the deaf program is clearly evident.

At the present time, the captioned films for the deaf program has a limited annual budget of $250,000. This represents $1 for each deaf person in the United States.

Compared with this sum, the talking books for the blind program in 1962 served 350,000 individuals at a cost of approximately $1,800,000, or a little over $5 for each blind person. The talking books program has an unlimited budget. In addition to Federal assistance, there are many charitable organizations, such as Columbia Lighthouse for the Blind, which are concerned with the special problems of the blind.

I in no way want to imply that assistance to the blind should be curtailed. I merely wish to indicate the wide gap between the two programs.

Enactment of S. 2511 would help to narrow the present inequity in assistance given to these two groups of handicapped individuals.

Under the present captioned films program, some 650 groups of deaf persons utilize the film distribution services. This figure is less than 10 percent of the total deaf population of approximately 250,000.

Currently the program has a mere 14 educational subjects, and some of these are actually more documentary than educational. The remaining subjects are solely entertainment by nature.

Commercial firms are not interested in producing captioned films because of the limited market. They are also not interested in exploring new techniques in the use of films for this special group. The film industry is not in a position to promote teacher training in more effective use of the films.

The present act contains no provision for research or for training personnel who teach the deaf. These are critical and important areas which are forced to go neglected because of narrow budget limitations.

Unique educational problems are involved in teaching a person handicapped by deafness. This student requires better visual materials and more adequately trained teachers.

Teachers of the deaf are faced with unusual problems not always fully realized or understood by the lay public. A child who is either born deaf or rendered deaf at a very early age is inflicted with a double burden to bear throughout life. There is no normal way for such a child to learn how to communicate because sounds have no meaning for him.

By expanding the present captioned films programs, it will be possible to enrich the lives of many more thousands of deaf children and adults. In considering this amendment, we must remember that the Nation benefits as well as the handicapped individual.

In fiscal year 1961, the appropriation for this program was only $185,000. In fiscal year 1962, the Senate saw fit to increase that amount to $250,000. This is the ceiling which has been placed on Public Law 85–905.

S. 2511 would amend Public Law 35–905 and would remove the $250,000 annual appropriation limitation.

The bill would permit the Federal Government to assume responsibility for the production of captioned films for the deaf.

It would authorize research in the use of education and training film for the deaf and would provide for training of persons in the use of those films.

Mr. Chairman, I sincerely believe that the proposed expansion of the existing program is important to the welfare and intellectual development of this group of American citizens. And as we all know, when better opportunities are afforded for educational advancement, better citizenship results.

I strongly urge the committee to take immediate and favorable action in regard to S. 2511.

ORDER OF BUSINESS

Mr. KEATING. Mr. President, I have a question regarding another bill on the calendar in which I am particularly interested. It is Calendar No. 973, H.R. 10. I should like to inquire when we might expect that the bill will be called up for consideration. It passed the House on three occasions by practically a unanimous vote, and was favorably reported by the Senate Committee on Finance in the 86th Congress by a vote of 12 to 5, and in the first session of the 87th Congress by a vote of 14 to 3. It seems to be picking up some ground in the Senate.

I have long been interested in this legislation both in the other body and here. Millions of American citizens are urging action and I strongly believe that they are entitled to it. It is only natural that the 9 million self-employed of the country and their 10 million employees should be interested in H.R. 10 because it has a direct effect on the standard of living which they may expect in their later years. The self-employed cannot look forward to their retirement with the same sense of security as do the approximately 31 million Americans who are covered by private and public retirement plans. H.R. 10 is of paramount importance to these 19 million Americans, and I believe it imperative that we act on this bill whose merit is beyond question and whose passage is long overdue.

I have an interest in the bill. Millions of American citizens are urging action. I strongly believe they are entitled to it. I wish to inquire of the distinguished Senator from Montana whether we may expect that it will be programed shortly.

Mr. MANSFIELD. While it will not be programed shortly, it will be programed at an appropriate time.

Mr. KEATING. I thank the Senator, although that does not give me too great hope of action soon.

AMENDMENT OF SECTION 9(a) OF THE TRADING WITH THE ENEMY ACT

Mr. KEATING. Mr. President, may I ask that H.R. 3460, which passed the House of Representatives today, be laid before the Senate?

Mr. MANSFIELD. Mr. President, reserving the right to object, I should like to hear what the bill provides.

The PRESIDING OFFICER. The bill will be stated by title.

The **Legislative Clerk.** A bill (H.R. 3460) to amend section 9(a) of the Trading With the Enemy Act, as amended.

Mr. KEATING. Mr. President, I object to a second reading of the bill.

The PRESIDING OFFICER. Under rule XIV, the bill will go over until tomorrow.

Mr. KEATING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. KEATING. Will the bill be taken up in the morning hour tomorrow?

The PRESIDING OFFICER. During the morning hour, the bill will be laid before the Senate for a second reading.

Mr. KEATING. I thank the Chair.

COMMITTEE MEETING DURING SENATE SESSION

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be permitted to meet during the session of the Senate tomorrow.

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

INTERSTATE COMMERCE ACT THROUGH ROUTES AND JOINT RATES

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of Calendar No. **1756**, **H.R. 11643**, which was considered earlier but held up briefly. Now it has been cleared.

The PRESIDING OFFICER. The bill will be stated by title.

The **Legislative Clerk.** A bill (H.R. 11643) to amend section **216**(c) and **305** (b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate resumed consideration of the bill.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. **11643**) was ordered to a third reading, was read the third time, and passed.

Mr. BARTLETT. Mr. President, I desire to express my deep appreciation to the distinguished senior Senator from Delaware [Mr. Williams], who had given consideration to offering an amendment to H.R. 11643, but who later notified the majority leader and me that he did not intend to do so. I am especially grateful because for more than 2 years we have been seeking legislation of this kind, so that certain through routes and joint rates might be established to and from Alaska and Hawaii. Twice before the Senate passed a bill to establish a joint board composed of representatives of the Federal Maritime Commission and the Civil Aeronautics Board. The House of Representatives did not agree that this was the proper procedure that should be followed, and passed the bill which has been before us and was passed only a few minutes ago, permitting the filing of through routes and joint rates with the Interstate Commerce Commission.

The Committee on Commerce thought the need for corrective action was so great that it was decided to acquiesce in the House bill, notwithstanding the fact that the committee felt that the joint board approach might be better, and the Federal Maritime Commission and the Department of Commerce was very decidedly of that opinion.

In essence, the enactment of the bill will permit lower freight rates both to Hawaii and to Alaska. Up until now, it has been possible to file through routes and joint rates via rail and water, but not by motor carrier and water. This procedure will now be permissible, if the bill be enacted.

There was some question on the part of the Hawaii trucking industry, when Hawaii became a State, and the Interstate Commerce Commission made an administrative determination, which emerged as Regulation MC–59, that the Commission would not extend its jurisdiction to the Hawaiian Islands. I am informed that the trucking industry there was fearful that H.R. 11643 might, as it were, permit the Interstate Commerce Commission to come in the back door, and for a time an amendment to the bill was urged, which was before the Commerce Committee in these words:

> The provisions of this subsection shall not be applicable to common carriers by motor vehicle in the State of Hawaii.

Conferences were held with interested individuals and groups, the most recent of them having taken place this afternoon. I had a meeting with representatives from the offices of Senator Long of Hawaii, and Senator Fong. Representative Inouye also attended in person. It was our conclusion that we should try to have the bill pass without amendment, especially in light of the letter written to me on this subject under date of July 19, last, by Rupert L. Murphy, chairman of the Interstate Commerce Commission.

Mr. President, I ask unanimous consent that the letter be printed at this point in my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Interstate Commerce Commission,
Office of the Chairman,
Washington, D.C., July 19, 1962.

Hon. E. L. Bartlett,
U.S. Senate, Washington, D.C.

Dear Senator Bartlett: This is in response to your recent oral request for the Commission's position on a possible amendment to exclude motor common carriers operating in the State of Hawaii from the application of section 1 of H.R. 11643, as passed by the House of Representatives on June 22, 1962. The language of the amendment, which would be added at the end of section 1, is as follows:

"The provisions of this subsection shall not be applicable to common carriers by motor vehicle in the State of Hawaii."

Section 1 of H.R. 11643 was designed to extend to motor common carriers subject to part II of the Interstate Commerce Act the privilege of joining in through routes and joint rates with water common carriers subject to the jurisdiction of the Federal Maritime Commission on traffic moving between Alaska or Hawaii and the other States. Motor common carriers now operating in Hawaii under the exemption granted by the Commission in Ex Parte No. MC–59, Motor Carrier Operations in the State of Hawaii, 84 M.C.C. 5, are not, of course, subject to part II of the act and they would not therefore, be eligible to enter into such joint arrangements under the provisions of the bill. Thus, even without the amendment, enactment of H.R. 11643 would not affect the status of motor carriers in Hawaii operating under the Ex Parte MC–59 exemption.

Since, as it is generally recognized, conditions in the transportation industry seldom remain static, the inclusion of such an amendment in the bill could, as we see it, operate to the disadvantage of the Hawaiian motor carriers by making the statute too inflexible. If, for example, the Commission should at some future date find, after notice and oportunity for all interested parties to be heard, that it would be in the public interest to revoke the exemption as to some or all of these carriers, the carriers could not participate in through route and joint rate arrangements with water carriers serving Hawaii without further legislative action. Such action is, of course, necessarily time consuming and until actually taken would, during the interim period, deprive the shipping public of the benefits of through routes and joint rates.

All circumstances considered, the Commission would not favor the amendment in question.

Sincerely,

Rupert L. Murphy,
Chairman.

Mr. BARTLETT. Mr. President, Representative Inouye returned only this morning from a trip to Hawaii, where he held meetings with truckers and trucking groups. He told us of their concern; but it is his opinion, after our consultations today, that the trucking industry of Hawaii, in which he takes such a deep interest, will not be adversely affected by the provisions of the bill.

I feel certain that if at any later date the Interstate Commerce Commission should decide to extend its jurisdiction to Hawaii, it would give adequate preliminary notice to the Members of the congressional delegation from Hawaii, to the State government, and to the industry of the island.

I hope and believe that would be the case.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, several nominations are at the desk. If the Senate will concur, I move that the Senate proceed to the consideration of executive business to consider the nominations at the desk.

FEDERAL HOME LOAN BANK BOARD

The **PRESIDING OFFICER.** The first nomination at the desk will be stated.

The legislative clerk read the nomination of John deLaittre, of Minnesota, to be a member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1966, vice Ira A. Dixon.

The **PRESIDING OFFICER.** Without objection, the nomination is confirmed.

Mr. HUMPHREY. Mr. President, it is a real privilege to have this opportunity to express my support for the nomination of John deLaittre as a member of the Federal Home Loan Bank Board.

Mr. deLaittre is one of Minnesota's outstanding leaders in the field of finance, a man who has the respect and friendship of every person of consequence in the housing field in the upper Midwest and, indeed, throughout the country. He has a distinguished record as a civic leader, and is known not only for his high professional attainments, but also for his impressive record of good works for his fellowmen and for the welfare of his community.

I know that Mr. deLaittre is making a considerable sacrifice in agreeing to accept this position, and that he is doing so because of his strong sense of public need and responsibility. Mr. deLaittre is a man of complete probity and integrity, who will serve on the Home Loan Bank Board with honor and distinction.

It gives me great pleasure to have this opportunity to support the nomination of my good and respected friend.

I ask unanimous consent that a biographical sketch of the nominee and a number of letters regarding this nomination be printed at this point in the Record.

There being no objection, the biographical sketch and letters were ordered to be printed in the Record, as follows:

Biographical Sketch of John deLaittre

Born on Nicollet Islands, Minneapolis, Minn., on September 7, 1907, as the son of Karl deLaittre and Rosamond (Kimball Little) deLaittre.

Education: Blake School, Minneapolis, 1915–18, 1920–23; Friends School, Washington, D.C., 1918–19; Milton Academy, Massachusetts, 1923–25; Harvard College, A.B., 1925–29; travel around world, 1929–30; Harvard Law School, LL.B., 1930–33.

Professional: Associated with Minneapolis law firm, Kingman, Cross, Morley, Cant & Taylor, 1933–40; member, Hennepin County and Minnesota Bar Associations.

Banking: Farmers & Mechanics Savings Bank of Minneapolis; assistant treasurer, 1940–42; treasurer, 1942–47; vice president, 1947–57; president, 1957–62; trustee, 1952–62; National Association of Mutual Savings Banks, director, 1952–62; president, 1959–60; National Thrift Committee (Chicago) director and treasurer, 1961–62; International Thrift Institute (Amsterdam), director and vice president, 1960–62; Federal Home Loan Bank Board "Task Force," 1961–62.

Business: Western Oil & Fuel Co., director, 1951–60; Great Northern Insurance Co., director, 1955–62; Title Insurance Co. of Minnesota, director, 1960–62.

Civic and welfare: Pillsbury Settlement House, director and former president; Legal Aid Society, director and former president; War Chest of Minneapolis, director, 1941–45; Community Chest, director, 1948–62; United Fund of Minneapolis, director, 1959–62; United Hospital Fund, director and first vice president, 1957–62; American Red Cross, chairman, Hennepin County Chapter, 1950; assistant to director, Foreign Operations, Washington, D.C., 1943–44; Minnesota Historical Society, president, 1960–62; Minneapolis Foundation, trustee; Minneapolis Society of Fine Arts, trustee; Walker Art Center, trustee; Twin City Area Educational Television Corp., trustee and acting president; Lakewood Cemetery, trustee; Harvard Club of Minnesota, director and former president; Smith College, board of counselors, former member.

Family: Married to Carolyn Erminger of Macon, Ga., and Chicago, in 1934; three daughters: Mrs. Henry A. Pillsbury, San Francisco, Calif.; Mrs. Carolyn deL. Hawley, Santa Barbara, Calif., and Miss Lila deLaittre, enters the Madeira School, Greenway, Va., in September 1962.

Residence: 520 West Ferndale Road (Route 5, Box 56), Wayzata, Minn.

U.S. Savings and Loan League,
Chicago, Ill.,
August 8, 1962.

Hon. A. Willis Robertson,
Chairman, Banking and Currency Committee, Senate Office Building, Washington, D.C.

Dear Chairman Robertson: The officers of the U.S. Savings and Loan League have asked me to communicate to the committee our support of the nomination of John deLaittre as a member of the Federal Home Loan Bank Board. His many years as head of the highly respected Farmers and Mechanics Savings Bank of Minneapolis give him a firsthand knowledge of financial institutions that will be most valuable in his Board service. In numerous important national, State, and local activities he has clearly demonstrated that he has the leadership and executive abilities required for this important assignment. The league will cooperate fully with John deLaittre and the two other distinguished Board members, Joseph McMurray and Joseph Williams.

Some of the financial press have speculated that the appointment of a savings banker to the Federal Home Loan Bank Board is a step in bringing together the savings banks and savings and loan industries or combining their Federal agencies or establishing a new system of federally chartered savings banks. Therefore, we would like to point out that our wholehearted endorsement of Mr. deLaittre is not intended as any endorsement of any proposals with respect to combining the two industries, etc. These are all entirely separate and distinct matters from the appointment of an outstanding and experienced businessman to the Federal Home Loan Bank Board.

Sincerely yours,

Stephen Slipher,
Legislative Director.

National League of Insured
Savings Associations,
Washington, D.C.,
August 9, 1962.

The Honorable A. Willis Robertson,
Chairman, Senate Banking and Currency Committee, Washington, D.C.

Dear Mr. Chairman: It is a privilege to add our hearty endorsement to the nomination of Mr. John deLaittre to serve as a member of the Federal Home Loan Bank Board. Mr. deLaittre by education, experience and temperament is ideally qualified for this very important post and we are hopeful that your committee will report favorably on this nomination.

Sincerely yours,

Bryce Curry,
General Counsel.

Minneapolis, Minn.,
August 8, 1962.

Hon. A. Willis Robertson,
Chairman, Senate Banking and Currency Committee, Washington, D.C.

I am pleased to inform you that the Savings and Loan League of Minnesota at its annual convention last month unanimously and wholeheartedly endorsed the candidate John deLaittre as a member of the Federal Home Loan Bank Board. We consider Mr. deLaittre a man of high character and unusual ability. He has served his community well and would be an extremely fine asset to the bank board. We therefore trust that your committee will grant approval of his appointment.

Vernon F. Welch,
Executive Vice President,
Savings and Loan League of Minnesota.

TOPEKA, KANS.,
August 8, 1962.

A. WILLIS ROBERTSON,
Chairman, Senate Banking Committee,
Senate Office Building, Washington, D.C.

Delighted to indorse nomination for John deLaittre to Federal Home Loan Bank Board

HENRY A. BUBB,
Chairman of Legislative Committee.

U.S. ARMY

The legislative clerk read the nomination of Gen. Maxwell D. Taylor, U.S. Army, to be chairman of the Joint Chiefs of Staff for a term of 2 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Gen. Earle G. Wheeler, U.S. Army, to be Chief of Staff, U.S. Army, for a term of 2 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ASSISTANT SECRETARY OF THE NAVY

The legislative clerk read the nomination of Victor M. Longstreet, of New Jersey, to be an Assistant Secretary of the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ASSISTANT PHYSICIAN TO THE PRESIDENT

The legislative clerk read the nomination of Capt. George G. Burkley, Medical Corps, U.S. Navy, to be assistant physician to the President, for temporary promotion to the grade of rear admiral while serving at the White House.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE NAVY AND MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Navy and Marine Corps.

Mr. MANSFIELD. Mr. President, I ask that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

THE ARMY

The legislative clerk proceeded to read sundry nominations in the United States Army.

Mr. MANSFIELD. Mr. President, I ask that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

NOMINATIONS ON THE DESK

The legislative clerk proceeded to read sundry nominations in the Navy and Air Force, which had been ordered to lie on the desk.

Mr. MANSFIELD. I ask that the nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Mr. MANSFIELD. I ask that the President be notified of the nominations which have been confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified.

(For nominations confirmed today, see the end of the Senate proceedings.)

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business for today has been completed, the Senate adjourn until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ONE MILLIONTH VISITOR TO ALASKA EXHIBIT AT SEATTLE WORLD'S FAIR

Mr. BARTLETT. Mr. President, about an hour or so ago I received a telephone call from Mr. Morris Ford, of Seattle, who is head of the tourist promotion agency of the State of Alaska, and has spent a considerable amount of time in Seattle in the last few months in connection with Alaska's exhibit at the Seattle World's Fair.

Mr. Ford informed me that yesterday a Mrs. Tidwell, of Tigard, Oreg., became the one millionth person to visit the Alaska exhibit—and a very good one, indeed, it is—at the Seattle World's Fair.

She was honored on that occasion, of course. But that will not be all. Tomorrow, Mrs. Tidwell leaves on a trip—a free trip, naturally—to Point Barrow, Alaska; and she will also be an honored guest at the big fair currently being held at Fairbanks, Alaska.

RELEASE OF RIGHT, TITLE, OR INTEREST IN CERTAIN STREETS IN HEYBURN, IDAHO

Mr. MORSE. Mr. President, some minutes ago Calendar No. 1786, Senate bill 2369, to release the right, title, or interest, if any, of the United States in certain streets in the village of Heyburn, Idaho, and to repeal the reverter in patent for public reserve was reached on the Legislative Calendar. I asked that the bill go over until the report could be clarified. I pointed out that our calendar clerk was undecided about whether the Morse formula was involved; and I said I wanted to speak to the Senator from Idaho [Mr. CHURCH] about the bill.

I now have talked with the Senator from Idaho [Mr. CHURCH], who assures me that no monetary interest of the Federal Government is involved.

This is an old reclamation project; and I understand the Federal interest was disposed of at the time when the reclamation project was established.

There has been left, however, a cloud on the title to certain streets and alleys; and the title insurance companies want the cloud on the title removed, and feel that it is necessary to have this bill passed, in that connection.

The Senator from Idaho assures me that no monetary interest in behalf of the taxpayers of the United States is involved. If that is true—and I am sure it is—then there is no application of the Morse formula; and therefore I have no objection to passage of the bill.

So, Mr. President, with the consent of the minority leader, I ask unanimous consent that the Senate now proceed to the consideration of Calendar 1786.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (S. 2369) to release the right, title, or interest, if any, of the United States in certain streets in the village of Heyburn, Idaho, and to repeal the reverter in patent for public reserve was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any right, title, or interest of the United States in and to streets that were dedicated upon the filing of the townsite plat for Heyburn, Idaho, a reclamation townsite established pursuant to the Act of April 16, 1906 (34 Stat. 116), as amended, and that adjoin lands which have been sold, which streets have been vacated, or any street that may hereafter be vacated within the original townsite of Heyburn, Idaho, is hereby released and quitclaimed to the adjoining owners by the United States.

SEC. 2. The clause included in patent numbered 1048499, issued by the United States to the village of Heyburn on July 27, 1931, providing for reversion of title to the United States is hereby repealed, and any right, title, or interest of the United States in and to Lincoln Boulevard or any street hereafter to be vacated within said townsite adjoining the lands described in said patent is hereby released.

ADJOURNMENT

Mr. DIRKSEN. Mr. President, under the order previously entered, I move that the Senate do now adjourn.

The motion was agreed to; and (at 8 o'clock and 2 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, August 10, 1962, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate, August 9, 1962:

U.S. ATTORNEY

James P. Alger, of Utah, to be U.S. attorney for the district of Guam for the term of 4 years.

U.S. MARSHAL

James R. Berry, of Pennsylvania, to be U.S. marshal for the western district of Pennsylvania.

U.S. DISTRICT JUDGES

Stanley A. Weigel, of California, to be U.S. district judge for the northern district of California.

Charles H. Carr, of California, to be U.S. district judge for the southern district of California. (A new position.)

FEDERAL HOME LOAN BANK BOARD

John deLaittre, of Minnesota, to be a member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1966.

ASSISTANT SECRETARY OF THE NAVY

Victor M. Longstreet, of New Jersey, to be an Assistant Secretary of the Navy.

U.S. ARMY

Gen. Maxwell D. Taylor, U.S. Army, for appointment as Chairman of the Joint Chiefs of Staff for a term of 2 years.

Gen. Earle G. Wheeler, U.S. Army, for appointment as Chief of Staff, U.S. Army, for a term of 2 years.

Gen. George Henry Decker, U.S. Army, to be placed on the retired list in the grade of general, under the provisions of title 10, United States Code, section 3962.

The following-named officers to be placed on the retired list, in the grades indicated, under the provisions of title 10, United States Code, section 3962:

To be generals

Gen. James Edward Moore, O15650, Army of the United States (major general, U.S. Army).

Gen. Herbert Butler Powell, O16684, Army of the United States (major general, U.S. Army).

To be lieutenant general

Lt. Gen. Thomas John Hall Trapnell, O16782, Army of the United States (major general, U.S. Army).

The following-named officers for appointment in the Regular Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

To be brigadier generals

Brig. Gen. Walter August Jensen, O19006, Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph Warren Stilwell, O19117, Army of the United States (colonel, U.S. Army).

Brig. Gen. George Thomas Powers 3d, O19137, Army of the United States (colonel, U.S. Army).

Brig. Gen. Samuel Edward Gee, O19251, Army of the United States (colonel, U.S. Army).

Brig. Gen. William Roberts Calhoun, O19256, Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward Spalding Ehlen, O19286, Army of the United States (colonel, U.S. Army).

Brig. Gen. John Andrew Seitz, O30137, Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles Francis Tank, O19350, Army of the United States (colonel, U.S. Army).

Brig. Gen. Kermit LeVelle Davis, O19386, Army of the United States (colonel, U.S. Army).

Brig. Gen. John Farnsworth Smoller, O19416, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Hawkins Adams, O19474, Army of the United States (colonel, U.S. Army).

Brig. Gen. Lloyd Elmer Fellenz, O19485, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry Lester Hillyard, O19524, Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles Edward Johnson 3d, O19534, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Carson Kyser, O19535, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry Jacob Lemley, Jr., O19756, Army of the United States (colonel, U.S. Army).

Brig. Gen. Hugh McClellan Exton, O19780, Army of the United States (colonel, U.S. Army).

Brig. Gen. Durward Ellsworth Breakefield, O19781, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry Herndon Critz, O19786, Army of the United States (colonel, U.S. Army).

Brig. Gen. Elmer John Gibson, O19822, Army of the United States (colonel, U.S. Army).

Brig. Gen. James Willoughby Totten, O19834, Army of the United States (colonel, U.S. Army).

Brig. Gen. Hamilton Austin Twitchell, O19843, Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph Rieber Russ, O19860, Army of the United States (colonel, U.S. Army).

Brig. Gen. John Hart Caughey, O19885, Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward William Sawyer, O19918, Army of the United States (colonel, U.S. Army).

Brig. Gen. Norman Basil Edwards, O19936, Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank Joseph Sackton, O30553, Army of the United States (colonel, U.S. Army).

Brig. Gen. Walter Brown Richardson, O30597, Army of the United States (colonel, U.S. Army).

Brig. Gen. Roy Lassetter, Jr., O51714, Army of the United States (colonel, U.S. Army).

Brig. Gen. Bruce Edward Kendall, O30623, Army of the United States (colonel, U.S. Army).

Brig. Gen. Eugene Albert Salet, O30790, Army of the United States (colonel, U.S. Army).

Maj. Gen. Bruce Palmer, Jr., O20117, Army of the United States (colonel, U.S. Army).

Maj. Gen. William Reeves Shuler, O20118, Army of the United States (colonel, U.S. Army).

Maj. Gen. James Benjamin Lampert, O20147, Army of the United States (colonel, U.S. Army).

Brig. Gen. John Edward Kelly, O20156, Army of the United States (colonel, U.S. Army).

Brig. Gen. David Woodrow Hiester, O20191, Army of the United States (colonel, U.S. Army).

Brig. Gen. Selwyn Dyson Smith, Jr., O20194, Army of the United States (colonel, U.S. Army).

Brig. Gen. Howard McCrum Snyder, Jr., O20213, Army of the United States (colonel, U.S. Army).

Brig. Gen. James Edward Landrum, Jr., O20216, Army of the United States (colonel, U.S. Army).

Maj. Gen. William Childs Westmoreland, O20223, Army of the United States (colonel, U.S. Army).

Brig. Gen. Beverley Evans Powell, O20237, Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward Clare Dunn, O20245, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert George Fergusson, O20267, Army of the United States (colonel, U.S. Army).

Maj. Gen. John Arnold Heintges, O20281, Army of the United States (colonel, U.S. Army).

Maj. Gen. Creighton William Abrams, Jr., O20296, Army of the United States (colonel, U.S. Army).

Lt. Gen. John Hersey Michaelis, O20328, Army of the United States (colonel, U.S. Army).

Brig. Gen. William Pelham Yarborough, O20362, Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles Billingslea, O20367, Army of the United States (colonel, U.S. Army).

Brig. Gen. Benjamin Franklin Evans, Jr., O20368, Army of the United States (colonel, U.S. Army).

U.S. MARINE CORPS

The following-named officers of the Marine Corps for temporary appointment to the grade of major general, subject to qualification therefor as provided by law:

William P. Battell
George H. Cloud
Frank C. Tharin
Lewis J. Fields
Raymond L. Murray
Frederick E. Leek

The following-named officers of the Marine Corps for temporary appointment to the grade of brigadier general, subject to qualification therefor as provided by law:

Joseph L. Stewart
John P. Coursey
Joseph S. Reynaud
William K. Jones
Hugh M. Elwood
Raymond G. Davis
Edward H. Hurst

U.S. NAVY

Capt. George G. Burkley, Medical Corps, U.S. Navy, assistant physician to the President, for temporary promotion to the grade of rear admiral while serving at the White House.

The following-named officers of the line of the Navy for temporary promotion to the grade of rear admiral, subject to qualification therefor as provided by law:

Levering Smith
David Lambert
Horace V. Bird
Frank L. Pinney, Jr.
Lester R. Schulz
Lester S. Chambers
Donald G. Irvine
Marshall W. White
William S. Guest
Edward C. Outlaw
Russell Kefauver
James A. Brown
Paul S. Savidge, Jr.
Francis D. Boyle
John H. McQuilkin
Mason B. Freeman
William F. Petrovic
Norvell G. Ward
Constantine A. Karaberis
Allan F. Fleming
John M. Alford
James W. O'Grady
William F. Bringle

IN THE AIR FORCE

The nominations beginning Roger R. Bate to be permanent professor of the U.S. Air Force Academy, and ending Robert K. Zimmerman to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on August 1, 1962.

IN THE NAVY AND MARINE CORPS

The nominations beginning William R. Walker to be permanent lieutenant commander in the Medical Corps of the Navy, and ending John G. Matlack to be second lieutenant in the Marine Corps, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on July 20, 1962.

EXTENSIONS OF REMARKS

Needed: Simplified Handbook of Farm Laws

EXTENSION OF REMARKS
OF
HON. ALEXANDER WILEY
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES
Thursday, August 9, 1962

Mr. WILEY. Mr. President, the Nation regrettably has not yet found any "magic formula" for solving the problems in agriculture.

For this year, the outlook is also problematical.

In a broadcast over Wisconsin radio stations, I was privileged to discuss highlights of pending legislation and, as well, make some suggestions which if adopted, would help make existing programs more effective in meeting the challenges of agriculture.

I ask unanimous consent to have excerpts of the address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

NEEDED: SIMPLIFIED HANDBOOK OF FARM LAWS

Friends, this is your senior Senator, ALEX WILEY. I welcome the opportunity once again to discuss some of the problems confronting us in agriculture.

On the legislative front, the House of Representatives recently passed a bill called the Food and Agriculture Act of 1962. Currently, the measure,, after some "surgery" by the Senate Agriculture Committee, is pending before the Senate.

Generally, the provisions relate to: extending the existing law on feed grains; a modified wheat program; revising Public Law 480 for shipping food abroad; liberalized farm credit; expanding research for industrial uses of farm commodities; and revised land-use programs.

Realistically, the bill, similar to a major measure defeated earlier in the session, is highly controversial. On the positive side, there are two features which, if adopted, would be of significance to us here in Wisconsin:

1. Expansion of research for industrial uses of agricultural products, including milk and other dairy products. (Earlier this session, I recommended the establishment of a special laboratory here in Wisconsin for expanding research for commercial—industrial uses of dairy products.)

2. Secondly, the land-use recommendations could prove of value. These include: permanent agricultural conservation programs on a national basis; assistance to producers under long-term agreements (not to exceed 15 years) to conserve and develop soil, water, forest, wildlife and recreational resources; appropriations would be restricted to $10 million annually; a loan program to State and local public agencies for carrying out more effective land utilization programs; and special assistance for Federal participation in installation costs of recreation projects and in land costs for fish, wildlife and other purposes.

Tourism increasingly is an aspect of Wisconsin's economy. The creation of close-by, on-the-farm vacation spots could provide more citizens—about two-thirds of whom now live in urban areas—with greater opportunities to: get either weekend, or vacation "breaths of fresh air" in the country; acquaint children with nature and animal life; and generally provide an opportunity for improving the health of our citizens—mentally, spiritually, and physically, through the enjoyment of our out-of-door heritage.

Fundamentally, however, the bill contains seriously controversial provisions—particularly relating to the degree of Federal control over farmers. Consequently, the outlook is problematical on this or any other major legislation this session.

Over the years, the Nation has adopted, if in somewhat "patchwork" fashion, an extensive, complex system of laws relating to agriculture.

Unfortunately, these laws too often, are wrapped or entangled in legalistic redtape and obscured by bureaucratic language.

As a result, programs that might be of assistance often may not be known to farmers; or, if known, the requirement may be too complicated to encourage wide participation. Consequently, these do not adequately serve their originally intended purposes.

For this reason, I am recommending that the Secretary of Agriculture prepare for farmers in clear, not bureaucratic language, a "Handbook of Farm Laws and Programs." The handbook, I believe, could well include: a summary of existing laws and programs; a clear definition of their purposes; illustrations of how these can effectively help the farmer; and simplified ways for participating in such programs.

If this were done, I believe that: (1) many of the existing programs being carried along at the taxpayers' expense administratively could be of greater help to the farm economy; and (2) the handbook would provide a useful guide for review, revision, and, if necessary, repeal of existing or adoption of new programs to improve the economic outlook of agriculture.

The Colombian Lotteries

EXTENSION OF REMARKS
OF
HON. PAUL A. FINO
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 9, 1962

Mr. FINO. Mr. Speaker, I would like to apprize the Members of this House about the Colombian lotteries.

Colombia is a small and poor country, yet, it realizes the worth of lotteries. The gross receipts from said lotteries in 1961 amounted to over $12 million of which about $3 million went to the Government.

The income received is used for hospital development, homes for the poor, the blind, deaf mutes, the aged and other charitable institutions.

Mr. Speaker, is it not time that we stopped being reckless and careless with the tax and revenue advantages offered by a national lottery? If we would have the courage to wipe out hypocrisy, we could raise over $10 billion in additional revenue which would help to cut our high taxes and reduce our mounting national debt.

The 26th Anniversary of the Spanish Civil War

EXTENSION OF REMARKS
OF
HON. THOMAS E. MORGAN
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 9, 1962

Mr. MORGAN. Mr. Speaker, I am pleased to join with my colleagues in commemorating this important anniversary in the history of modern Spain.

I used the term "modern Spain" in order to contrast the relatively short time that has elapsed since the memorable defeat that international communism suffered on the Iberian Peninsula, with the much older ties of friendship that have existed between our people and the people of Spain.

All of us are conscious, I am certain, of the contribution which Spain has made over the centuries to the establishment and development of Western civilization in the Western Hemisphere. In the United States alone, many of our areas, towns and cities clearly reflect the influence of Spanish culture. Those contributions have enriched our own lives in many ways.

But what is more relevant to the anniversary which we are observing today, is the extent to which Spain of today—modern Spain—can help us in enlarging the area of freedom and in establishing the foundation for lasting peace in the world. This is the task which confronts us today. And I am happy to say that Spain has contributed—and continues to contribute in many ways—to the achievement of those goals.

Our bases in Spain serve as vital links in the chain of free world defenses.

Spain's strategic position, and historic links with millions of peoples living in the developing countries, help our common cause.

And, even more recently, Spain's decision to apply for membership in the European Economic Community, to move into the mainstream of economic life of Western Europe, can result in an important contribution by enhancing the strength, unity, and economic viability of the so-called Atlantic community.

I am very pleased that, during this time of change and challenge, Spain is so ably represented in Washington by

His Excellency, Ambassador Antonio Garrigues. Ambassador Garrigues' friendship for our country, and his extensive experience in many areas of human endeavor, will serve him in good stead in his present assignment.

In concluding my remarks I would like to echo the sentiments expressed by President Kennedy when he accepted Ambassador Garrigues' credentials.

"The continuing cooperation of our two countries in defense of the West," he said, "has been of mutual benefit in many fields and I am confident that the benefits of this collaboration will continue."

I, too, am hopeful and confident that our two countries will continue to cooperate in the interest of freedom and peace in the world.

In conclusion, I want to compliment the gentleman from New Jersey [Mr. GALLAGHER], a distinguished member of the Committee on Foreign Affairs, for his eloquent remarks. I further wish to extend my congratulations to the Spanish nation and its leaders on their important anniversary. It marks, as we all know, one of the serious reverses suffered by the Communist movement in its drive to extend its dominion over the free peoples of the world.

The 32d Division Comes Home

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Thursday, August 9, 1962

Mr. WILEY. Mr. President, the year-ago Berlin crisis resulted in a callup of National Guard and other Reserve Forces—including Wisconsin's 32d National Guard and other State Reserve units.

Now these defenders of freedom are returning home.

In a weekend broadcast over Wisconsin stations, I was privileged to discuss the significance—as well as the problems—involved in the callup of Reserve forces.

I ask unanimous consent to have excerpts of the address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS OF ADDRESS PREPARED FOR DELIVERY BY SENATOR ALEXANDER WILEY, REPUBLICAN, OF CHIPPEWA FALLS, OVER WISCONSIN RADIO STATIONS, AUGUST 4–5, 1962

In a world of crises, we—particularly here in Wisconsin—are day by day witnessing personally that the price of liberty is eternal vigilance, yes; but also eternal readiness to defend freedom.

Almost a year ago, Wisconsin's famed 32d Division—and other fighting units—were called up "to the colors" as a result of the Berlin crisis. The majority of these men are scheduled to return home in August.

A cross section of Wisconsin, these soldier-citizens include teachers, students, farmers, engineers, laborers, businessmen, industrialists, and other trades and professions.

The reintegration of these sacrificing citizens, despite the best kind of help by all of us, will, nevertheless, be difficult and require maximum effort and cooperation by all segments of our society. Fortunately, a statewide survey has indicated that, for the most part, employers will honor reemployment rights of reservists and Guard members.

Our challenge, then, is to assure that these defenders of freedom, rather than being unduly penalized for emergency service, should be accorded every assistance, in act and spirit, commensurate with the significance of their sacrifices for our national security, and the difficulties of reestablishing themselves in civilian life.

MISSION: DEFENSE

In these critical times, the mission of our military forces includes: (1) serving as a deterrent force to any would-be aggressors, capable of striking a death-dealing blow to any attacking enemy; and (2) a protective shield—holding the Reds "at bay"—while we strengthen the free and non-Communist world; and seek solution or accommodation of East-West differences on diplomatic, economic or ideological fronts.

MAJOR GOALS OF U.S. DEFENSE POLICY

As a leader of the free world, and major obstacle to the Communist effort to control the globe, the United States must continue to: Maintain powerfully manned ground, air, and naval forces capable of defense, and of striking back against an attacking enemy; create an ever-stronger economy to support the skyrocketing costs of defense, as well as meet the fast-growing needs of an ever-increasing 186-million population; and mobilize our citizens in 'spirit' as well as militarily, to meet the challenge to survival by communism.

REVIEW OF RESERVE POLICY

After the call of the 32d—and similar units around the State and Nation—patriotic citizens and their families, and others concerned with national policy, asked: "Was this necessary?" "Did a callup, resulting in serious disruption of civilian life, serve our national security?"

In the Congress, the Armed Services Committee scheduled hearings to find answers to such questions. There were tremendous amounts of testimony. As yet, unfortunately, there has still been no clarification of national policy.

In the best traditions of America, however, Wisconsin's 32d, and other units', rise to the call enabled America to more strongly "flex its muscles," at a critical time in history. Once again, a show of strength discouraged aggression by demonstrating to the Communists that we stand ready and willing to protect the rights of freedom. For this contribution to the cause of freedom—at considerable personal sacrifice—you, and your families—deserve the gratitude of all America. Now, we are happy that you are home. Along with all fellow citizens, I, as your Senator, stand ready to do everything possible to make less difficult the problems of readjustment to day-to-day life in Wisconsin.

Leading Doctor Favors Medicare

EXTENSION OF REMARKS

OF

HON. HERMAN TOLL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 9, 1962

Mr. TOLL. Mr. Speaker, I read a very interesting letter on the editorial page of the Philadelphia Bulletin of August 8. It was written by one of the leading physicians of Philadelphia. His views refer to the position of one-third of the medical profession as favoring the King-Anderson bill.

I have known Dr. Leon Solis-Cohen for a great many years and have observed his outstanding contributions to the public welfare. He has been very active in civic and fraternal affairs and has frequently participated in matters affecting the welfare of the people.

His observations are contained in the remarks by the Honorable JAMES A. BYRNE of Pennsylvania, who has included the newspaper report. I wish to commend Dr. Solis-Cohen for his views and for his strong statement in favor of medical care for the aged under social security.

Radio-TV as Seen From Capitol Hill

EXTENSION OF REMARKS

OF

HON. ROBERT G. STEPHENS, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 9, 1962

Mr. STEPHENS. Mr. Speaker, under leave previously granted, I call attention of the House to the fact that on August 6, 1962, the Honorable OREN HARRIS, of Arkansas, the distinguished chairman of the Committee of the House or. Interstate and Foreign Commerce, addressed the Georgia Association of Broadcasters, Inc., at its annual convention at Jekyll Island, one of Georgia's fine State parks.

This 1962 convention, presided over by H. Randolph Holder, of Athens, Ga., president of the Georgia Association of Broadcasters, Inc., and owner of radio station WGAU, and guided by the quietly efficient executive secretary, Jack Williams, was unusual in at least three respects. First, under President Holder's leadership the Georgia Association of Broadcasters has achieved the enviable position of being the largest in the United States. Second, as stated by Frank Harden, president of the South Carolina Broadcasters Association, it was "the first occasion when our members have had the pleasure of officially meeting in joint session with our fellow broadcasters in the neighboring State of Georgia." And, third, it was the first time so outstanding a national figure as Representative OREN HARRIS had appeared before the annual convention.

It was my honor to present Mr. HARRIS to the assemblage and his speech was so well given and so vital to the radio and television industry, I requested that I be permitted to insert the following text in the RECORD:

RADIO-TV AS SEEN FROM CAPITOL HILL

(Address by Representative OREN HARRIS, Democrat of Arkansas, chairman, Committee on Interstate and Foreign Commerce, House of Representatives)

Ladies and gentlemen, it is a privilege and pleasure for me to be with you here today. The subject which you have suggested gives me an opportunity of sharing with you some thoughts about the actions taken by our committee and the Congress during the 87th Congress in the field of radio and television.

Radio and television legislation has assumed a very prominent place among the many subjects over which our committee has jurisdiction.

We have been more active during the 87th Congress with respect to radio and television legislation than perhaps any of the numerous other subjects within our committee's jurisdiction.

Let me be more specific and give you some illustrations.

As of July 4, 1962, a total of 783 bills were referred to our committee. Of this total, 91 bills fell into the category of radio and television. This constitutes a very large percentage considering the fact that our committee jurisdiction includes, among others, subjects such as railroads, aviation, motor transportation, securities and exchanges, trade regulations, public health, food and drug regulation, oil and gas, and electric power, and so forth.

The large number of radio and television bills is only one of several yardsticks by which one can measure the awareness on the part of Congress with respect to radio and television matters.

Another yardstick is the close attention which the Congress is giving to the agency to which is assigned the responsibility of regulating radio and television—the Federal Communications Commission. When, in April of 1961, President Kennedy submitted to the Congress a reorganization plan affecting the organization and procedures of that Commission, Congress disapproved the plan. It was felt that the plan would concentrate too much power in the hands of the Commission Chairman by giving him authority to assign fellow Commissioners and Commission personnel to specific tasks.

Congress realized, however, that the steadily increasing workload of the Commission required some changes in the law governing the Commission's procedures. Also, in order to promote efficiency and to speed up the handling of applications and other cases by the Commission, it was felt that Congress would have to permit the delegation of some functions to qualified and experienced Commission personnel, subject, however, to review and final decision by the Commission itself.

Our committee gave careful consideration to this legislation which passed both Houses of the Congress and was signed into law on August 31, 1961. I believe, and certainly it is my sincere hope, that provisions of the legislation will be used by the Commission to reduce the large backlog of cases pending before it.

Two other measures on which our committee acted and which have become law attest to the interest of the Congress in an expanding broadcasting industry. I have reference to the all-channel television receiver and the educational television legislation.

The purpose of these two acts of Congress is to eliminate a great waste of one of our most valuable natural resources—the radio spectrum. As all of you well know, in 1952 the Federal Communications Commission adopted a nationwide intermixed UHF-VHF allocation structure for television and set aside a number of television channels for noncommercial educational television. Out of a total of 2,225 television assignments, 681 are VHF stations and 1,544 are UHF stations. Ninety-two of the VHF and one hundred and eighty-nine of the UHF station assignments are reserved for educational television. However, only 103 commercial and 16 educational UHF stations are actually on the air.

The principal reason why UHF commercial and educational broadcasting have not been able to develop successfully thus far has been the scarcity of television receivers which are capable of receiving stations operating on UHF channels. In addition, educators interested in operating educational broadcasting facilities have been confronted with a lack of funds to pay for the installation of educational television facilities.

The all-channel television receiver legislation and the legislation providing for Federal matching grants to assist States, local communities, and private nonprofit agencies in the construction of educational television facilities are designed to overcome these difficulties. The enactment of these two measures should, in my opinion, contribute to a vast expansion of UHF television—both commercial and noncommercial. Of course, this expansion will not come overnight, but it is my hope that the growth will be steady and that it will contribute greatly to making available to the American people television service to the fullest degree.

With all the attention which is given these days to television, our committee still has found time to go into certain complex and controversial questions of radio broadcasting.

The character of radio broadcasting has changed very much over the years. Radio has become preponderantly a local service and many persons have come to depend on radio for local news and information.

Our committee held extensive hearings on two subjects which have been of intense interest to radio broadcasters: daytime operations and clear-channel operations. As a result of these hearings and extensive consideration of the problems involved, our committee decided on a course of action with regard to each of these problems.

As you well know, the daytime stations have been asking for years for authority to broadcast at least from 5 a.m. until 7 p.m., and subsequently revised their request downward so that they would be permitted to broadcast at least from 6 a.m. until 6 p.m.

The Commission turned down both of these requests. In spite of repeated urgings on the part of our committee to authorize the conducting of actual limited tests with presunrise and postsunset operations, the Commission has failed to do so.

Our committee decided that the public interest requires that daytime stations located in communities which are not served by full-time stations be authorized to operate presunrise. At present, many persons in the United States residing in areas not served by full-time community radio stations have to do without early morning local news and information programs in wintertime because many daytime stations may not begin operations until after sunrise. In northern localities, which are not as fortunate as we are here down South, sunrise occurs rather late in the morning.

In order to make available to such persons in wintertime vitally needed local news and information programs, under the bill reported by the committee and passed by the House, presunrise operations would be authorized under certain conditions. Such presunrise operations would have to be discontinued or modified if the Commission finds that such operations cause harmful interference to a substantial portion of the area or population in the primary service area of another radio station.

The committee did not find on the basis of the hearings conducted by it that it would be in the public interest to authorize postsunset operations by daytime stations. During the evening hours there is not the same urgent need for local information and news programs which exists in the early morning hours. Furthermore, postsunset operations would cause a greater amount of interference to other stations since during the late afternoon hours more stations are on the air than during the early morning hours.

In view of the fact that we are rapidly approaching the end of this session, it is not at all certain that there will be enough time for the Senate to take up this legislation. It is my judgment, however, that the Federal Communications Commission will make a real effort to work out the problems relating to daytime broadcasting stations along the guidelines laid down in this legislation.

A somewhat related problem was involved in the case of the operations of class I-A clear-channel stations. The Senate adopted in 1938 a resolution to the effect that operations with power in excess of 50 kilowatts would be against the public interest. Relying in part on the Senate resolution, the Federal Communications Commission decided to duplicate 13 of the presently existing class I-A clear channel stations.

Our committee felt after extended hearings that the Commission's decision should be stayed for 1 year and that the Commission should review its decision in the light of a policy declaration passed by the House which would leave the Commission free to authorize operations with power in excess of 50 kilowatts if operation with such higher power is found to be in the public interest. The information given to our committee indicates that better radio service can be rendered to many persons in the United States by several of the clear channel stations if they are authorized to operate with power in excess of 50 kilowatts.

Finally, our committee reported and the House passed a bill providing for the establishment of a Communications Satellite Corporation. This bill, in my opinion, is one of the most important pieces of legislation which has come before the 87th Congress and it is likely to revolutionize the international communications industry. When we considered this legislation it was not thought of as being of primary interest to broadcasters. The outstanding success of Telstar, however, as a relay station for broadcasts demonstrates the terrific impact which communications satellites may have on broadcasting.

Shortly before Telstar was launched one of the technically most experienced Commissioners of the FCC gave a talk in which he pointed out several reasons why, in his opinion, communications satellites would not be used to any considerable extent for international radio and television broadcasting. He mentioned the great cost involved in using satellites for this purpose and the fact that time differentials would make simultaneous broadcasts impractical.

The Commissioner may well be right for ordinary day-by-day television fare, and Telstar was certainly not conceived by the A.T. & T. primarily for use as an international television relay station.

It is a fact, however, that Telstar caught the imagination of the people in the United States and Europe, not because it might some day replace undersea cables in international telephone or telegraph service. Telstar won the tremendous popular acclaim which it received because it has enabled millions of television viewers to participate in their own homes in events taking place thousands of miles away on other continents.

As a matter of fact, there have been reports that Soviet Russia is planning to use four satellites to transmit television programs from Moscow throughout the Russian nation instead of using cables or microwave relays. Of course, these Russian satellites will also relay programs to other captive nations behind the Iron Curtain and thus tie these nations together even more closely.

For that reason alone we should under no circumstances jeopardize the lead which our Nation has achieved with the successful launching of Telstar. It is my fervent hope that the Congress will complete action promptly on the communications satellite legislation so that we may go forward with the organization of the corporation which is expected to be the U.S. instrument through which we will participate in a worldwide international communications satellite system.

Apart from making available increased telephone and telegraph facilities, Telstar or its successor satellites, in my opinion, may before long become the medium by which television will expand into an important international force.

Since the end of World War II, developments in the broadcasting field have certainly left a tremendous impact on our present-day lives. They have transformed the leisure habits of a majority of our citizens. They are effectuating important changes in our educational practices. Educational television plays an ever-growing role in the education of our school and college-age children in the sciences, in languages, and in the arts.

Television is affecting our political lives. The televising of the political conventions of our major parties, for example, has led to an insistent demand that convention proceedings be modified to fit them better for television. The televised debates of the two presidential candidates during the 1960 campaign perhaps created a precedent which may be followed in future presidential campaigns.

On-the-spot news coverage of important events has given millions of our citizens an opportunity to be present when these events occur. I need only mention such outstanding events as the space shots of our astronauts and the White House tour conducted by Mrs. Kennedy.

These outstanding events may not be the bread and butter of broadcasters—they may actually cost the broadcasters dearly in dollars and cents—but these are the events which make broadcasting the powerful medium which it has become in this Nation. And now our horizons may be broadened still further by the advent of Telstar which may permit the televising of such newsworthy events on an intercontinental scale.

What do all of these developments mean for you—the broadcasters? They mean that you are holding in your hands tremendous power and with that power must go a growing sense of responsibility.

As broadcasters you constitute a profession and not just a trade. Therefore, you must conduct yourself at all times as members of a profession.

As members of a profession you must deal with problems affecting your industry not only from the point of view of businessmen but also from the point of view of the public whom you serve.

As professional men and women you require a sense of unity. In the marketplace you may compete with one another. Individual television broadcasters may compete with individual radio broadcasters. Individual VHF broadcasters may compete with individual UHF broadcasters. Individual daytimers may compete with full-timers. Individual clear channel stations may compete with individual regional stations.

However, this competition among individual broadcasters in the marketplace should not let you forget that in dealing with the public and those who represent the public you are broadcasters and professionals together. If I may suggest, do not permit yourself to become divided into subgroups with one group fighting another group to the detriment of your profession and to the detriment of the public whom you serve.

I am saying these things advisedly on the basis of my legislative experience particularly during the 87th Congress. As broadcasters you will always have the sympathetic ear of the Members of Congress. As groups of broadcasters fighting for advantages over other groups of broadcasters without being mindful to the public interest, you are likely to jeopardize your professional standing and to exhaust in a very short time the tremendous reservoir of goodwill which you have created over the years.

I wish all of you a successful convention. I am happy to have been with you today. I am glad to say in conclusion that the future looks exceedingly bright for the broadcasting profession and I want to congratulate you for it.

Independence Day of Chad

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 9, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the President of the Council of Ministers of Chad, Francois Tombalbaye; and His Excellency, the Ambassador of Chad to the United States, Adam Malick Sow, on the occasion of the second anniversary of Chad's independence.

Formerly part of French Equatorial Africa, Chad is a landlocked country in central Africa about twice the size of France. But in spite of the fact that it has no outlet to the sea, it has long been an active crossroads of trade since it lays on the main routes between east and tropical Africa. Its location has also made it a meeting place of various ethnic groups and has been a determining factor in its interesting history.

Nomads from the north and sedentary populations from the south mingled in Chad. In pre-European times African empires flourished until Islamic conquerors penetrated in the 14th century. Accounts of European voyagers in the 19th century sound like a tale from the "Arabian Nights" in their descriptions of sultans who displayed their wealth in slaves, ostrich plumes, and ivory. Its people today are as varied as in the past: Arab nomads, Negroid herdsmen, primitive villagers and fishermen, Muslims, Christians, Animists.

Its topography matches its population in variety, for Chad is a land of desert, savannah and forest, mountains, rivers, and plains. The north is a sahara, while vegetation and rainfall increase as one travels southward to actual jungle areas in the far south near the border. One of the most rewarding aspects of the country to the current voyager is that the bird and animal life so rapidly disappearing in other parts of Africa still abound in Chad. There are still hunting areas where herds of antelope, buffalo, elephant, and giraffe are plentiful.

But Chad, like the rest of independent Africa, is engaged in a determined campaign to catch up with the 20th century in political and economic development, and its swift progress forms a striking contrast to the background just painted. To trace briefly its political development since World War II, in 1946 Chad acquired the status of oversea territory of the French Republic. A territorial assembly was created whose powers were gradually broadened. Then, in August 1960 Chad became an independent Republic. Executive power is exercised by the President of the Republic assisted by an appointed Council of Ministers. Legislative authority rests in the National Assembly whose Members are elected by direct universal suffrage for a 5-year term. Soon after independence Chad became a member of the United Nations. Thus, in a few short years Chad has successfully made the political leap to the 20th century and joined the world community of sovereign states.

In the economic field Chad has also moved forward. The year 1961 saw a record cotton crop—Chad's chief export—increased construction activity, and an increment in the national budget. Chad's second largest export is meat, and Chad is encouraging the development of tanneries, meat-processing plants, and cottonseed oil presses.

Thus, on this anniversary of independence we congratulate the Republic of Chad for its successes of the past and extend our very best wishes for its future development.

CAP Dinner for International Air Cadets

EXTENSION OF REMARKS

OF

HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 9, 1962

Mr. ANFUSO. Mr. Speaker, on Monday, August 6, I had the great honor and pleasure of attending a dinner at the Statler-Hilton Hotel in Washington by invitation of my good friend Col. Barnee Breeskin, special assistant to Col. Paul Ashworth, national commander of the Civil Air Patrol.

This dinner is an annual event sponsored by the Pan American World Airways for the air cadets and their escorts from 21 foreign countries. These cadets visit Washington each year, after having been guests of the United States, touring most of the States in groups of 5 and in several instances even as many as 25.

On this particular occasion, at the dinner on August 6, Colonel Ashworth presented a plaque award to Adm. Harold Miller, retired, vice president of Pan American World Airways, for meritorious service in the international air cadet exchange program.

Senator HUBERT H. HUMPHREY, of Minnesota, the Senate majority whip, made a wonderful address on the merits of the cadet exchange program. I, too, had occasion to express some views regarding this program which I consider very important to the free world.

I want to take this opportunity to congratulate Pan American World Airways on their great contribution to this worthwhile exchange program. For the past 10 years this company has consistently sponsored projects of great benefit to this program and thereby was instrumental in bringing together many fine citizens of this country in the common bond of brotherhood, thus resulting in a successful exchange of ideas and a better understanding of problems. Mr. Juan

Trippe, president of Pan American World Airways, has long been known for his efforts in the cause of international good will.

We, of New York, are very proud of the fine work being done by the Civil Air Patrol and we are particularly proud that our fair city of New York is one of the host cities, just as is Washington, for these foreign cadets visiting the United States under the exchange program.

Mr. Speaker, I am pleased to list the States that have served as hosts to the foreign cadets. They are as follows: Alabama, Indiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Texas, Virginia, and Wisconsin.

The following is a list of the countries that participated in the program: Belgium, Brazil, Canada, Chile, Denmark, El Salvador, France, Germany, Great Britain, Greece, Guatemala, Israel, Italy, Netherlands, Norway, Peru, Portugal, Spain, Sweden, Switzerland, and Turkey.

Finally, I want to include also the names of the distinguished guests at the head table at the dinner given by the Pan American World Airways:

HEAD TABLE SEATING ARRANGEMENT, CIVIL AIR PATROL DINNER, STATLER HOTEL, WASHINGTON, D.C., AUGUST 6, 1962

1. Mr. Ira D. Mackler, Wilson Co.
2. Col. Dan Evans, wing commander, National Capitol Wing.
3. Col. Edward F. McGinnis, American Legion.
4. Col. Daniel F. Boone, deputy regional commander, Civil Air Patrol.
5. Mr. C. William Martin, Jr., president, Pepsi Cola Bottling Co. of Washington.
6. Maj. Gen. Walter Agee, former national commander.
7. Mr. John R. O'Brien, vice president, Touchdown Club.
8. Mr. Robert G. Baker, secretary to the majority, U.S. Senate.
9. Representative JAMES MORRISON, Louisiana.
10. Col. Paul Ashworth, U.S. Air Force, national commander, Civil Air Patrol.
11. Senator HUBERT HUMPHREY, majority whip, U.S. Senate.
12. Adm. Harold Miller, vice president, Pan American World Airways.
13. Commissioner John B. Duncan, District of Columbia.
14. Representative VICTOR L. ANFUSO, New York.
15. Mr. Fred Black, Blyco Corp.
16. Representative CHARLES McC. MATHIAS, Jr., Maryland.
17. Mr. Glen B. Eastburn, New York Airways.
18. Maj. Gen. Lucas V. Beau, former national commander.
19. Mayor Frank Mann, Alexandria, Va.
20. Col. Milton Kronheim, old friend of Civil Air Patrol.
21. Col. A. Paul Fonda, office, Assistant Chief of Staff of Reserved Forces.
22. Lt. Col. Wm. H. Schulie, special assistant to the national commander, New York phase.
23. Col. Barnee Breeskin, special assistant to the national commander, Washington, D.C.
24. Mr. Lincoln White, press officer, State Department.

SENATE

FRIDAY, AUGUST 10, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Almighty and everlasting God, at this white altar of peace and quietness, where all divisive cries are stilled, we bow in reverence and humility, praying for the enthronement of brotherhood in all the earth.

May the instrumentalities of justice, mutual understanding, and cooperative endeavor being devised in these anxious, yet hopeful, days, be but the channels of Thy providence, bringing to fulfillment at last the ancient prophet's dream, "Violence shall be no more heard in Thy land, wasting nor destruction within Thy borders."

Save those who minister here from false choices; and guide their hands and minds to heal and bind, to build and to bless.

In the name of the One who maketh all things new, we pray. Amen.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Dr. Harvey Brooks, of Cambridge, Mass., to be a member of the National Science Board, National Science Foundation, which was referred to the Committee on Labor and Public Welfare.

CALL OF THE ROLL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 149 Leg.]

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bottum
Bush
Butler
Byrd, Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Gruening
Hartke
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Morse
Moss
Mundt
Muskie
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Michigan [Mr. MCNAMARA], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] is necessarily absent.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER], the Senator from New York [Mr. JAVITS], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent because of a death in the family.

The PRESIDENT pro tempore. A quorum is present.

COMMUNICATIONS SATELLITE ACT OF 1962—REPORT OF A COMMITTEE

Mr. FULBRIGHT. Mr. President——

The PRESIDENT pro tempore. The Chair recognizes the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, in accordance with the decision of the Senate of August 1, I send to the desk H.R. 11040, an act to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The bill which I send to the desk is not at the moment accompanied by a committee report although it will bear today's number. Although the majority of the committee was prepared to submit a written report along with the bill which I have sent to the desk, as a matter of courtesy it was agreed that the minority should have until Monday noon in order to prepare its views so that they might be published jointly with the report of the committee.

At this time, Mr. President, I ask unanimous consent that the minority views may be printed with the report of the Committee on Foreign Relations on H.R. 11040.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FULBRIGHT. I take this opportunity, Mr. President, to call to the attention of Members of the Senate that a committee print of the bill is available for each Senator and that the printed hearings of the Committee on Foreign Relations have been available on the Senate floor since 10 a.m. this morning. Members of the Senate will be interested to know that the bill was reported without amendment by a vote of 13 to 4. Prior to this final vote, the committee gave careful consideration to some 13 amendments, inclusive of 2 amendments in the nature of substitutes. A rollcall was had on each of these amendments.

I commend to Members of the Senate the hearings compiled over a period of 5 days. The junior Senator from Alabama [Mr. SPARKMAN] presided over most of the hearings in my absence, and I am sure that Senators will find these hearings helpful. I call especial attention to those portions of the hearings when the committee examined the Secretary of State on the question of whether he felt the foreign policy interests of the United States were adequately taken care of in the bill now before the Senate.

I may add that, of course, rather unusual circumstances surrounded this bill, four other committees of the Congress having already passed upon the bill, and it having been subjected to considerable discussion in the Senate. While I think it is a first step in an uncharted sea, I personally think it is a good step, and one which will undoubtedly require changes and amendments in the future, but this is a very notable effort on the part of the Senate.

The **PRESIDENT** pro tempore. The bill will be stated by title.

The **LEGISLATIVE CLERK**. A bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MANSFIELD and **Mr. KEFAUVER** addressed the Chair.

The **PRESIDENT** pro tempore. The bill H.R. 11040, the communications satellite bill, having been reported to the Senate pursuant to the order of the 1st instant, it now, under that order, becomes the pending business.

The question is on the amendment heretofore proposed by Mr. LONG of Louisiana, for himself and other Senators, on page 33, line 12, and page 34, line 20.

The Chair recognizes the Senator from Montana.

Mr. MANSFIELD. Mr. President, under the terms of the unanimous-consent agreement entered into August 1, the Foreign Relations Committee of the Senate today reported H.R. 11040, the communications satellite bill. This achievement represents another milestone in the most remarkable history of this bill. No other bill in this session of the Congress has received the study or undergone the scrutiny of the Senate as has this bill. To date it has been thoroughly studied by five committees in the Senate alone, not including the policy committee, and by one in the House, and has been the subject of well over 3,000 pages of testimony that took 45 days to present. On the Senate floor this measure has consumed 308 pages of debate in 14 days, more than any other bill this year. I cite these figures only to show that the Senate has extended every conceivable courtesy to those who feel strongly about this bill and has patiently and willingly allowed them to express, and reexpress, their views. Much of the time and energy of this body, that of the House of Representatives, and the administration have been devoted to making this as good a bill as could be made.

The bill now comes before us for the third and, I hope, the final time this year. In the light of this generous legislative history, the Senate must now squarely face the question of whether it will legislate or vegetate.

The U.S. Senate has a decision to make. Simply stated, we must decide what instrument our Nation shall choose to find our way in space, specifically in the realm of space communications. It has been said that the democratic system of government moves too slowly to deal with the problems of a modern world. I do not believe that this is so. But I believe that the ultimate action or inaction taken by the Senate on this bill will tend to add proof or disproof to that unhappy theory. The Senate must decide what policy it chooses to follow. It may ultimately decide to adopt the space policy suggested by this bill, or it may reject that policy and adopt another, but it should at least choose a course of action.

I ask the Senate only to choose the course of action it deems best for our country. If the Senate chooses the course outlined by this bill, that may be a satisfactory solution. If the Senate chooses another course, that too will be a solution, but choose we should.

As majority leader in this body, I want to make clear that I have no special interest in or special knowledge of this measure beyond that of one Senator from the State of Montana. Indeed, now that the measure is before the Senate, the leadership anticipates that the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Alabama [Mr. SPARKMAN], each of whom was a key figure in the committees which studied this bill, will be in a position to set to rest any remaining substantive doubts on the merits of the issue.

The leadership will do whatever it can to enable the Senate to reach a decision. But once again I remind the Senate that the powers of the majority leader under the rules are no greater than the powers of any individual Senator. The leadership—this leadership—functions on the basis of the self-restraint of equal Members and mutual accommodation with equal Members. It is inclined to no other mode of operation.

It has been said—in the heat of debate, perhaps—that the leadership has been less than impartial in the procedural treatment of this situation as compared with that applied on the poll tax amendment and literacy test measure. Let me point out that the Senate passed the poll tax amendment on the 12th day of debate. And on the literacy test measure, after 13 days of debate on the floor, the second of two cloture attempts was made by the leadership. It did not even muster a simple majority of the Senate.

Today we begin the 15th day of debate on this bill. That and the extensive and exhaustive hearings by five committees and subcommittees add up to an extraordinary consideration of this measure, an extraordinary tolerance of full debate on this measure.

If legislative paralysis once again besets us, a motion for cloture may be in order. To choose that course, if it comes to that, will be the responsibility of the Senate, but the leadership will not be hesitant in recommending it to the Senate. In such an event the issue will be simply, are two-thirds of the Senators present and voting determined that a decision shall be made one way or the other?

Thus, in the next few days each Senator and the Senate as a whole must examine the responsibility which rests on this body. The leadership will attempt to do no more than suggest to the Senate that it is time to reach the point of rational decision under the rules. Whether the Senate is prepared to reach that point, the coming days will answer.

Mr. President, it is my understanding that the Senator from Oregon [Mr. MORSE] intends to move that the Senate proceed to consider the farm bill. It is my further understanding that if the motion is offered during the morning hour it will be in order and will be not debatable under the rules.

The Senator from Oregon will be entirely within his rights in this parliamentary maneuver to sidetrack the space satellite communications bill in favor of the farm bill. But I may say that the Senator from Montana will also be within his rights when he moves to table the maneuver.

The majority leader and the minority leader proposed a unanimous-consent agreement last week, which the Senate accepted in good faith. I think the implications of that agreement were clear. They were that the Senate would stay with the satellite communications bill until it was finally considered and disposed of.

The question of the farm bill arose at the time, and the majority leader made clear that, as far as he was concerned, it would await consideration until after the satellite communications bill had been taken up and resolved. For that course the majority leader takes full responsibility, and in keeping good faith with that understanding I will move to table the motion of the Senator from Oregon if it is made.

Mr. MORSE and **Mr. GORE** addressed the Chair.

The **PRESIDING OFFICER** (Mr. HOLLAND in the chair). Does the Senator from Montana yield; and, if so, to whom?

Mr. MORSE. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield to the Senator from Oregon.

Mr. MORSE. I wish to advise the majority leader that my first motion will be a motion that the Senate proceed to the consideration of Senate Resolution 24, which is the Morse antifilibuster resolution. I would be very happy to offer that motion now, if the Senator from Montana, my majority leader, wishes to follow the parliamentary course that he has described, but I intend in due time to make the motion to proceed to consider the Morse antifilibuster resolution. If I am defeated in that—and I hope I shall not be—I then shall move that the Senate proceed to consider the farm bill.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield?

Mr. MANSFIELD. I yield to the Senator from Tennessee.

Mr. GORE. Since it was through negotiations between the distinguished majority leader and the junior Senator from Tennessee that an agreement was worked out, which ultimately was translated into a unanimous-consent action by the Senate, I should like to state some reservation to the statement which the majority leader has made with respect to good faith. The extent of the understanding which I had, and which I conveyed to the group with which I was associated, was that the unanimous-consent agreement would be for the bill to be reported to the Senate not later than 12 o'clock noon on Friday, today. I did not understand that this unanimous-consent agreement—that the bill be reported to the Senate and that, upon its having been reported, it become the pending business of the Senate, would in any way affect the morning hour, or any other motion which a Senator might have a right to make under the parliamentary rules of the Senate.

I felt, in fairness to my colleagues and to the majority leader, so that the Senate may understand the extent of my understanding, that I should make this statement to the Senate and to the majority leader.

Mr. MANSFIELD. Mr. President, the Senator from Tennessee is an honorable man, and he has stated the facts as he understands them. I think he is correct.

May I point out that during the course of the debate, following the agreement reached between the two sides, I stated at that time as one means of getting the unanimous-consent agreement that we would stay with this measure until it was disposed of in one way or another, before any other measure was taken up. I think that ought to be emphasized, too.

Mr. GORE. I recall that. I merely wished to point out the distinction. This did occur in the colloquy, but it was not involved in the agreement between the distinguished majority leader and the junior Senator from Tennessee.

Mr. MANSFIELD. I am sure the Senator is correct.

Mr. KEFAUVER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield?

Mr. MANSFIELD. I yield to the senior Senator from Tennessee.

Mr. KEFAUVER. Feeling the urgency of the matter which has been discussed off and on for several days—which I feel would not take very much time or delay the further consideration of the satellite communications bill to any appreciable extent, beyond only a few hours—I felt that I should at least give the Senate an opportunity to consider the drug bill, S. 1552, which has been on the calendar for about a month. So I had in mind, when I could get recognition, at the appropriate time, to move that the Senate proceed to the consideration of S. 1552.

Mr. MANSFIELD. Mr. President, the Senator from Tennessee has reiterated once again the interest which he has shown consistently, but over the past several days to a greater degree than usual. He has stated that the drug bill has been on the calendar for over a month. I believe if Senators will look at the calendar, they will see that the bill was reported on the 19th of last month.

The first policy committee meeting held since that time was last Tuesday. At that time the drug bill was brought up for consideration and the policy committee gave the chairman of that committee the right to bring the bill to the floor of the Senate as soon as the Committee on the Judiciary had completed consideration of amendments which had been sent down by the President of the United States.

It was the understanding of the policy committee that last week the President of the United States called the distinguished chairman of that committee, the Senator from Mississippi [Mr. EASTLAND] to the White House to discuss the amendments. It was the understanding of that committee that hearings on those amendments had been begun on Monday last. It was the desire of the leadership, if the amendments were agreed to in the committee, and if the chance of passage was at least 50–50, to call up that bill, if it could be passed before the communications satellite bill was laid down at noon today.

I assure the Senator from Tennessee that he has no monopoly on interest in the bill. The Senate as a whole, and the policy committee in particular, are aware of the importance of the bill. I think the policy committee acted equitably and with dispatch. Following the proper procedure, we were waiting for the Committee on the Judiciary to report the amendments which had been sent down by the President of the United States.

Again in all frankness I say that if there had been any chance that consideration of the bill could have been completed, insofar as the amendments are concerned, in the Judiciary Committee and it could have been considered on the floor of the Senate before 12 o'clock noon today, it was the intention of the leadership to call up that bill. However, circumstances had arisen prior to that time which were beyond the control of the leadership. Pledges had been made, and pledges are made not to be disregarded but to be honored.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. KEFAUVER. Mr. President, will the Senator yield further?

Mr. MANSFIELD. I yield to the Senator from Mississippi.

Mr. EASTLAND. Mr. President, we had hoped to finish consideration of the drug bill today. We lacked consideration of three amendments. That is all. This morning we lost a quorum. The Senator from Tennessee was one of those who left the meeting. He asked to be recorded in favor of the remainder of the amendments. As I understand, there was objection from the Senator from Oregon to a request that the committee be authorized to meet this afternoon. We had hoped to finish consideration of the drug bill today, and I think we would have finished it today.

Mr. KEFAUVER. Mr. President, will the Senator yield further?

Mr. MANSFIELD. I yield.

Mr. KEFAUVER. I am sure the majority leader will recall that I stated earlier the bill was not returned to the Committee on the Judiciary.

Mr. MANSFIELD. That is correct.

Mr. KEFAUVER. The bill has remained on the calendar. The President sent several very worthwhile amendments to Congress, some of which had originally been in the bill when the bill was before the Subcommittee on Antitrust and Monopoly Legislation. It is good to have the Committee on the Judiciary consider amendments which in the main it had considered previously when the bill was considerably changed some 2 months ago.

I urge that consideration by the Committee on the Judiciary should not hold up consideration of the bill on the floor of the Senate, because the amendments are fairly simple. Most of them were in the bill once before. The Senate as a whole is a less technical and a less judicial forum in which to try to obtain expeditious consideration of the amendments. I do not think there would have been much controversy about them on the floor of the Senate because they had been worked over several times. They are fairly clear. I think the Senate itself is capable of passing on the two or three remaining amendments.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, I will yield in a moment.

REQUEST FOR COMMITTEE MEETING DURING SESSION OF THE SENATE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations be permitted to meet during the sessions of the Senate while conducting hearings on the Billie Sol Estes case.

Mr. MORSE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. Before going to more pleasant things, I recall to Senators that last night we had probably more than an hour's discussion on the drug bill.

At approximately 8 o'clock last evening I asked permission for the Committee on the Judiciary to sit during the session of the Senate today in the belief, as confirmed by the distinguished chairman, that we could finish consideration of all the amendments and have them offered as committee amendments to the bill which is now on the calendar.

The distinguished Senator from Oregon [Mr. MORSE] objected, which was his right under the rule. I rushed away from the committee this morning to come over prepared to renew the request. I went to see the distinguished Senator from Oregon [Mr. MORSE]. He said he would object to all committee meetings while the matter now pending before the Senate was in process of disposition. I said I thought he was unfair. I reassert the statement for the following reason. There was nothing implicit in the understanding when the satellite bill went to the Committee on Foreign Relations that there went with it unanimous consent for the committee to meet. At no time did I ever raise any objection. Now the Committee on the Judiciary, being prepared to dispose of the question this afternoon, in our judgment, cannot meet because the Senator from Oregon has indicated to me very firmly that he intends to object. I shall not discuss the drug bill any further.

CHARLES L. WATKINS, PARLIAMENTARIAN OF THE SENATE, 83D BIRTHDAY

Mr. DIRKSEN. Mr. President, in the year 1879 a boy was born at Mount Ida, Ark. He went through school, law school, and ultimately he found himself on the Senate payroll in the strange capacity of a classified laborer. In fact, he was no laborer at all. He was a stenographer to the distinguished Senator from Arkansas, James P. Clarke.

In 1904 he came to Washington. Then in 1914 he went to the office of the Secretary of the Senate. I think he has filled every station at the front bench—bill clerk, journal clerk and, because of his familiarity with the Senate rules, he became an informal adviser to Senators and to the Chair on the interpretation of the Senate rules.

Senators may well suspect that I am talking about the distinguished Parliamentarian of the Senate, Mr. Watkins. Strangely enough, we did not create the job of Parliamentarian until 1935. Mr. Watkins has been the Parliamentarian of the Senate from that time to the present.

I allude to all that information for a reason. Today is his birth anniversary. He is 83 years of age. What a grand character he is. What a deep impress he has made upon the orderly procedure of the Senate and upon the destiny of our country.

Mr. Watkins is a godly man. For 40 years he has been the secretary of the Sunday school of his church. What a glowing record. That was continuous service. He is a gentle man. He is an impartial man. He is a fair man. Above all else, he is a modest man.

His modesty reminds me of the young man who was taking a lady friend on a sleigh ride. She had her cap set for him, and she was quite aggressive. But he was the very soul of modesty. After a long sleigh ride she finally blurted out, "Nobody loves me any more and my hands are cold."

Well, this soul of modesty bethought of the observation for a moment and finally he said very circumspectly, "I am sure the Lord loves you, and you can sit on your hands." [Laughter.]

That is the modesty of our distinguished friend from Arkansas.

So I suggest that the Senate rise, if I may make such a suggestion, in salute to a great public servant, who has served us so long and so faithfully.

[Applause, Senators rising.]

Mr. MANSFIELD. Nothing could be added to what the distinguished minority leader has said. I intend to delay what I have to say in my admiration of our distinguished Parliamentarian so that Senators wishing to make motions may do so.

Mr. MORSE. Mr. President, I wish to comment on the remarks of the Senator from Illinois in regard to committee meetings. Before I do so I wish to say to my great teacher, Charles Watkins, that I am sorry that I have been such a poor student of his so many times, because I have flunked some of his teachings from time to time. Whatever I do know about the rules of the Senate, if anything, I have learned from this great teacher. Anything I do not know should not be charged against him. I wish to join in extending to Charles Watkins my hearty congratulations for his being so faithful in presiding over the parliamentary problems of the Senate.

Mr. KEATING. Mr. President, I join my colleagues today in wishing our esteemed Parliamentarian, Charlie Watkins, a most happy 83d birthday. It is often said that life begins at 80. If this age-old maximum is accepted, as I think it is by every one of us, then we must all acknowledge that our fine and distinguished Parliamentarian is today but 3 years old—celebrating his third year of really living.

Some people wonder what makes the Senate tick; even some of us who labor here do at times. We get tied up with filibusters; legislation gets bottled up so that the backlog seems insurmountable; but I can say this: If it were not for Charlie Watkins, we never could have gotten this far.

Let us make Charlie Watkins, a sprightly 83 today, an example we all can emulate when we reach that milestone in life. May we act as young, be as exuberant, and look as age proof and time defying as he does.

I take this opportunity to wish our distinguished Parliamentarian a very happy birthday; and may his joy have no amendments.

ORDER OF BUSINESS

Mr. MORSE. Mr. President, I wish to say that the minority leader has reported correctly that I objected to the meeting of the Judiciary Committee today. There were various reasons why I objected. One is that the drug bill should come to the floor of the Senate. It can come to the floor of the Senate at any time that the Senate wants to bring it to the floor. The Senator from Tennessee is quite right. What is remaining for action in the Judiciary Committee could be handled here on the floor of the Senate. We all know this issue, and the committee could be discharged so that the bill could be brought to the floor of the Senate.

I would prefer to have it first acted on by the Judiciary Committee. I know of nothing that stops the Judiciary Committee from meeting mornings, unless the Senate is in session. The responsibility for the Senate being in session in the morning will not be mine, I assure the Senate. The leadership of the Senate can give the Judiciary Committee ample time to meet mornings.

I know of no reason why the Judiciary Committee cannot meet evenings. The Senate being in session in the evenings will not be a responsibility of mine, I can assure the Senators.

I believe there should be quick action taken on the bill.

Let us come to the crux of the matter. I am objecting to committee meetings until the communications bill is disposed of, one way or another. That is provided for in the rules. We all know we are engaged in a parliamentary contest in regard to the communications bill. It is up to the leadership to decide how long it wants to stay in session this year. Having the right under the rules to object to committee meetings—and I believe the rule was put in the rule book for a good purpose—I have always thought that committees should not meet while the Senate is in session. I have always favored a rescheduling of the Calendar of the Senate, whereby the Senate would meet at the beginning of the session for a couple of days a week, and on the other days of the week the committees could meet; then increase the sessions of the Senate as the session continues, and the committee work of the Senate has been completed. I believe that is a sound procedure. I am sorry the Senate has not adopted that type of reform in the Senate, which some of us have been proposing for years.

I do not take the responsibility for the position I take on the parliamentary problem that confronts us. While the discussion of the satellite bill is underway, the senior Senator from Oregon does not intend to give unanimous consent for committee meetings while the Senate is in session.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The communications satellite bill, with an amendment proposed thereto by the distinguished junior Senator from Louisiana [Mr. LONG].

Mr. MORSE. I send to the desk a motion that the Senate proceed to the consideration of Senate Resolution 24, the so-called Morse antifilibuster resolution.

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER. The clerk reports that the matter is not in his possession, but is still in the Committee on Rules and Administration. The motion, therefore, is not in order. The Senator from Montana is recognized.

Mr. MANSFIELD. The question I was about to put to the Chair has been answered.

Mr. MORSE. Mr. President, I move that Senate Resolution 24 be taken from the committee and be made the pending business of the Senate.

Mr. MANSFIELD. I move to table that motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to table the motion made by the Senator from Oregon.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from West Virginia [Mr. Byrd], the Senator from Michigan [Mr. Hart], the Senator from Arizona [Mr. Hayden], the Senator from Missouri [Mr. Long], the Senator from Michigan [Mr. McNamara], and the Senator from Rhode Island [Mr. Pastore] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia [Mr. Byrd], the Senator from Arizona [Mr. Hayden], the Senator from Missouri [Mr. Long], the Senator from Rhode Island [Mr. Pastore], and the Senator from New Mexico [Mr. Anderson] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senators from Iowa [Mr. Hickenlooper and Mr. Miller], the Senator from New York [Mr. Javits], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is absent because of a death in the family.

If present and voting, the Senator from Arizona [Mr. Goldwater], the Senator from Iowa [Mr. Miller], and the Senator from New Hampshire [Mr. Murphy] would each vote "yea."

On this vote, the Senator from Utah [Mr. Bennett] is paired with the Senator from New York [Mr. Javits]. If present and voting, the Senator from Utah would vote "yea," and the Senator from New York would vote "nay."

The result was announced—yeas 70, nays 14, as follows:

[No. 150 Leg.]

YEAS—70

Aiken
Allott
Beall
Bible
Boggs
Bottum
Bush
Butler
Byrd, Va.
Cannon
Capehart
Carlson
Carroll
Chaves
Church
Cotton
Curtis
Dirksen
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Kuchel
Lausche
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Mundt
Muskie
Pearson
Pell
Prouty
Randolph
Robertson
Russell
Saltonstall
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—14

Bartlett
Case
Clark
Douglas
Gore
Gruening
Hartke
Keating
Kefauver
Morse
Moss
Neuberger
Proxmire
Scott

NOT VOTING 16

Anderson
Bennett
Burdick
Byrd, W. Va.
Cooper
Goldwater
Hart
Hayden
Hickenlooper
Javits
Long, Mo.
McNamara
Miller
Morton
Murphy
Pastore

So Mr. Mansfield's motion to lay Mr. Morse's motion on the table was agreed to.

Mr. HUMPHREY. Mr. President, I move that the vote by which the motion to lay on the table was agreed to be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, there is another motion which I wish to make. However, before making it, I wish to say that I am very much disappointed that my previous motion was laid on the table, although I would be less than honest if I did not say that that action came as no surprise, for always before I engage in prolonged debate in the Senate, I offer the Morse antifilibuster resolution or pledge my support to the Douglas antifilibuster resolution or to the Clark antifilibuster resolution or to the antifilibuster resolution which the great Senator Herbert Lehman used to submit, or to the antifilibuster resolution which the late great Senator Dick Neuberger, of Oregon, used to submit, because I always hope that perhaps sometime the Senate will come to grips with the matter of changing rule XXII, so that the minority will be fully protected from being ridden over, roughshod, by a galloping majority at any particular time.

But now the Senate has spoken again on the Morse antifilibuster resolution.

THE FARM BILL

Mr. MORSE. Mr. President, Now I turn to another measure which I think should be given precedence over the pending bill—returning to the pending bill as soon as these two or three very emergency pieces of legislation are taken care of.

As the Senate knows, Mr. President, I do not think we should postpone any further the consideration of the farm bill. Therefore, Mr. President, I move that the Senate proceed to the consideration of House bill 12391, the farm bill; and as I make my motion, I raise a parliamentary inquiry. I believe the bill should be read by the clerk; and I ask, as a parliamentary inquiry, whether I am entitled to have the bill read as I make my motion.

The PRESIDING OFFICER. Under the rules, the Senator is entitled to have the title of the bill read, but not the body of the bill.

Mr. MORSE. Mr. President, I send to the desk my motion; I move that the Senate proceed to the consideration of House bill 12391, the farm bill.

The PRESIDING OFFICER. The motion of the Senator from Oregon is not debatable.

Mr. MANSFIELD. Mr. President, I move that the motion of the Senator from Oregon be laid on the table.

The PRESIDING OFFICER. The Senator from Montana has moved that the motion of the Senator from Oregon be laid on the table.

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested. Obviously there is a sufficient second, and the yeas and nays are ordered.

The question is on agreeing to the motion of the Senator from Montana [Mr. Mansfield] to lay on the table the motion of the Senator from Oregon [Mr. Morse] that the Senate proceed to the consideration of House bill 12391, the farm bill. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from West Virginia [Mr. Byrd], the Senator from Michigan [Mr. Hart], the Senator from Arizona [Mr. Hayden], the Senator from Missouri [Mr. Long], the Senator from Michigan [Mr. McNamara], and the Senator from Rhode Island [Mr. Pastore] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia [Mr. Byrd], the Senator from Arizona [Mr. Hayden], and the Senator from Missouri [Mr. Long], would each vote "yea."

On this vote, the Senator from North Dakota [Mr. Burdick] is paired with the Senator from Rhode Island [Mr. Pastore]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Rhode Island would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senators from Iowa [Mr. Hickenlooper and Mr. Miller], the Senator from New York [Mr. Javits], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is absent because of a death in the family.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senator from New York [Mr. Javits], the Senator from Iowa [Mr. Miller], and the Senator from New Hampshire [Mr. Murphy] would each vote "yea."

The result was announced—yeas 69, nays 15, as follows:

[No. 151 Leg.]

YEAS—69

Aiken
Allott
Beall
Bible
Boggs
Bottum
Bush
Butler
Byrd, Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Cotton
Curtis
Dirksen
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Hartke
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Hawaii
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Mundt
Muskie
Pearson
Pell
Prouty
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.

NAYS—15

Bartlett
Carroll
Clark
Douglas
Gore
Gruening
Kefauver
Long, La.
Morse
Moss
Neuberger
Proxmire
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING 16

Anderson
Bennett
Burdick
Byrd, W. Va.
Cooper
Goldwater
Hart
Hayden
Hickenlooper
Javits
Long, Mo.
McNamara
Miller
Morton
Murphy
Pastore

So the motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. KEFAUVER. Mr. President, I send to the desk a motion, and ask that it be read.

The PRESIDING OFFICER. The motion will be read.

The Legislative Clerk. The Senator from Tennessee [Mr. Kefauver] proposes:

> I move that the Senate proceed to the consideration of Senate 1552, the Drug Industry Act of 1962.

Mr. MANSFIELD. Mr. President, I move to table the motion of the Senator from Tennessee.

Mr. KEFAUVER. Mr. President——

Mr. DIRKSEN. Mr. President, that motion is not debatable.

The PRESIDING OFFICER. The motion has been made by the Senator from Montana to table the motion. The question is not debatable.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from West Virginia [Mr. Byrd], the Senator from California [Mr. Engle], the Senator from Michigan [Mr. Hart], the Senator from Arizona [Mr. Hayden], the Senator from Missouri [Mr. Long], the Senator from Michigan [Mr. McNamara], and the Senator from Rhode Island [Mr. Pastore] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia [Mr. Byrd], the Senator from California [Mr. Engle], the Senator from Arizona [Mr. Hayden], and the Senator from Missouri [Mr. Long] would each vote "yea."

On this vote, the Senator from North Dakota [Mr. Burdick] is paired with the Senator from Rhode Island [Mr. Pastore].

If present and voting, the Senator from North Dakota would vote "nay" and the Senator from Rhode Island would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senators from Iowa [Mr. Hickenlooper and Mr. Miller], the Senator from New York [Mr. Javits], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is absent because of a death in the family.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senator from Iowa [Mr. Miller], and the Senator from New Hampshire [Mr. Murphy] would each vote "yea."

The result was announced—yeas 70. nays 13, as follows:

[No. 152 Leg.]

YEAS—70

Aiken
Allott
Beall
Bible
Boggs
Bottum
Bush
Butler
Byrd, Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Cotton
Curtis
Dirksen
Dodd
Eastland
Ellender
Ervin
Fong
Fulbright
Hartke
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Hawaii
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Mundt
Muskie
Pearson
Pell
Prouty
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—13

Bartlett
Carroll
Clark
Douglas
Gore
Gruening
Kefauver
Long, La.
Morse
Moss
Neuberger
Proxmire
Yarborough

NOT VOTING—17

Anderson
Bennett
Burdick
Byrd, W. Va.
Cooper
Engle
Goldwater
Hart
Hayden
Hickenlooper
Javits
Long, Mo.
McNamara
Miller
Morton
Murphy
Pastore

So Mr. Mansfield's motion to table Mr. Kefauver's motion to consider S. 1552 was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, is the Chair aware of the possibility of any proposals being offered at this time during the morning hour?

The PRESIDING OFFICER. The Chair has no information that any other proposals may be offered, though such proposals may be in order.

Mr. MANSFIELD. Mr. President, we have had votes on two or three measures during the morning hour, strictly within the rules and according to the procedures of the Manual of the Senate. They indicate that so far as authority and power is concerned, each individual Senator has as much power, authority, and responsibility as the majority and the minority leaders. As I have stated before, we operate on the basis of courtesy, self-restraint, and accommodation. What has occurred is an illustration of what any individual Senator can do. The leadership did not seek to call up certain bills this morning; individual Senators did. I hope that the Senate will be aware of that fact, because it emphasizes that the responsibility for any proposed legislation is not primarily the responsibility of the leadership but is primarily and absolutely the responsibility of each Senator and the Senate as a whole.

THE DRUG STORY IS NOW TOLD

Mr. DIRKSEN. Mr. President, this morning on the front page of the Washington Post is the announcement by Secretary Celebrezze of new regulations to be issued by the Food and Drug Administration as a result of the thalidomide incident. Here is the drug story as it should have been related long ago. No new legislation was needed for the issuance of these regulations. The Food and Drug Administration already has this power and has had it for a long time under existing law.

Mr. George Larrick, Commissioner of the Food and Drug Administration, on three different occasions while sitting this week with the Senate Judiciary Commitee in its consideration of Presidential suggested amendments to the drug bill which was reported by the committee and has been on the Senate Calendar since July 19, stated that the Food and Drug Administration did have authority to issue much more restrictive regulations but that for reasons unknown to him this authority was never exercised.

What an amazing situation that the legislative authority has always been there but has never been used. Here is an unparalleled example of bureaucratic inertia.

I ask unanimous consent to have printed at this point the article from the Washington Post and also an article from the New York Times.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post]

Regulations Proposed To Afford Tighter Control Over Drug Tests

(By Gardner L. Bridge)

The Government yesterday proposed a series of new regulations that would give it tighter control over drug testing.

One key proposal would give the Food and Drug Administration authority to halt a test if a substantial doubt developed as to the safety of the drug. The agency has no such authority now.

The proposed regulations, which will not go into effect for at least 60 days, were announced by Secretary of Health, Education and Welfare Anthony J. Celebrezze.

They were drafted in the wake of widespread concern over the new sedative thalidomide, which has been blamed for thousands of birth malformations in Europe, and President Kennedy's statement that "we ought to be tougher" with new-drug rules.

Celebrezze said the regulations were drawn with the dual purpose in mind of protecting the public against risks while at the same time imposing no unneeded restrictions on the conduct of investigational research.

The new rules would require:

That the Food and Drug Administration be put on notice and given the full details about the distribution of drugs for investigational use.

That clinical investigations involving human patients be based on adequate preclinical studies to assure safety.

That the clinical investigations themselves be properly planned and executed by qualified investigators, and that the Food and Drug Administration be kept fully informed during the progress of the investigations.

"Once a clinical investigation had been undertaken, if a substantial doubt developed as to the safety of the drug, the Food and Drug Administration and all investigators using the drug would be notified immediately," the statement said. "If necessary, the trial would be halted by FDA."

Present regulations do not require either an initial notice to the FDA of a clinical trial of a new drug or subsequent reports on its use.

One proposed new rule which may run into criticism in medical circles would require the drug manufacturer sponsoring the test to provide the FDA with the names and a summary of the training and experience of each investigator-physician.

John L. Harvey, Deputy Commissioner of Food and Drugs, told a reporter he did not expect any trouble "from what might be regarded as established and qualified investigators.

"But I would expect some questions to be raised about requiring a report on the qualifications of the investigators," he said, adding:

"It may be argued that every doctor is a qualified investigator."

Harvey said the proposal to require reports is "designed to increase the certainty that investigational drugs are handled with the maximum of safety by persons qualified to make the investigation."

In the case of new-drug investigations already underway, the proposed regulations would require prompt reporting to the FDA of information showing that these tests may be safely continued. Failure to submit such a report would automatically cancel the authority for the investigation.

One of the proposed rules says: "Where the clinical investigation involves use on infants or pregnant women, special assurance of safety for such use would be required."

[From the New York Times, Aug 10, 1962]

Drug Producers Wary Over Curbs—Most Bar Comment Pending Study of U.S. Proposals

The pharmaceutical industry generally took a wary attitude yesterday toward the Federal Government's proposed new regulations on the clinical testing of drugs.

Most of the drug houses that were questioned about the matter declined to comment. They pointed out that they had not seen an official copy of the regulations, announced yesterday, or had read about them only in newspaper accounts.

It seemed unlikely, however, that individual members of the drug industry would comment on this matter publicly before registering their views with the Food and Drug Administration. They have 60 days to do that before the regulations go into effect.

An indication of what the industrywide reaction to the proposals might be came from a statement issued by the Pharmaceutical Manufacturers Association in Washington, which represents the collective interests of the drughouses.

WILL SUBMIT COMMENTS

"Detailed comments on additional Federal controls over drug testing as proposed today by the Food and Drug Administration will be filed subsequently with that agency by the Pharmaceutical Manufacturers Association," the statement said.

"Those comments will reflect the judgment of responsible research scientists and others in the prescription drug industry.

"Final regulations, which obviously reduce substantially the need for additional legislation, must be promulgated in such a way as not to cause withholding from the medical profession of new drugs which may save lives or alleviate suffering."

Another indication of the industry's cautious attitude toward the proposed regulations came from a company scientist who has had considerable experience in testing drugs in the laboratory and clinically, or on patients.

He noted that most members of the industry had for a long time and as a matter of course given the Government information that some of the new regulations would require.

SUMMARIES REQUIRED

He was referring to the proposed requirements for a summary of all preclinical investigations, including animal studies; the need to indicate a reasonable degree of safety for use in human tests, and the providing of the names and summaries of training and experience of proposed clinical investigators.

On the other hand, the proposed requirement for special assurances of safety when the use of a drug would involve infants or pregnant women is new.

This proposal reflects more than any other the incident that prompted the Government's action, namely the birth of thousands of malformed infants to women in Europe who had taken a sedative, thalidomide.

The pharmaceutical scientist said that he and other more authoritative workers in the field of birth abnormalities were not certain that tests could be devised to assure that a drug would not injure the human fetus. He noted that only with the greatest difficulty had scientists been able to produce birth defects in animals, even when using very large doses of thalidomide.

FEARS EFFECT ON DOCTORS

The scientist questioned further how the new regulations would affect the availability of physicians to conduct the essential clinical trials of new drugs.

He said that many doctors had been scared out of participating in such programs by the thalidomide incident. Should the Government's action increase their reluctance to test drugs on patients, he said, this may noticeably affect the availability, cost and, possibly, the quality of new drugs.

Thus, he said, the cost of making drugs might be increased enormously because difficulties in getting doctors willing to make the tests may prolong the clinical testing.

Further, he said, the new regulations may delay the availability of new drugs and possibly prevent the development of others that would not appear immediately to be worth the gamble in view of the regulations.

Upon testing, he said, some of the latter drugs may prove to be better than anything else available.

These effects could, he said, force some smaller drug houses to consolidate or to be bought by bigger ones.

Asked for a possible solution, the scientist said that the only way out might be to establish a Government-organized central facility, similar to the National Institutes of Health, for the clinical testing of drugs.

U.S. CONCESSIONS ON DISARMAMENT AND NUCLEAR TEST BAN NEGOTIATIONS

Mr. THURMOND. Mr. President, the August 8, 1962, issue of the Dallas Morning News contains an excellent editorial on a subject which is causing much concern to many Americans and friends of the United States in other lands. I am speaking of the much-publicized concessions which the United States is proposing to make to the Soviet Union on negotiations for disarmament and a ban on nuclear testing. The Dallas Morning News editorial, which is entitled "Disarmament Concessions," makes many valid points against our Government's efforts to reach an accord with the Soviet Union, by continually modifying our position to come nearer to the adamant position of the Soviet Union.

This editorial makes the important point—which we should have learned long ago in trying to negotiate with the Communists—that the Soviets never accept our initial offers of appeasement. They know we will be back again, with hat in hand, making further concessions toward their position. The Soviet position is designed to get disarmament and nuclear test ban agreements without adequate safeguards and inspection procedures for the United States in order to facilitate their ultimate aim of conquering the world by deceit, subversion, infiltration, or any other foul method which is necessary.

The editorial also points up the fact that in our latest concession to the Soviets on a nuclear test ban agreement we are offering to cut our demand for on-site inspections.

In my estimation, our demand was already rather low. Now, however, our demand is being cut in half, this concession being based on a questionable new technique which is supposed to distinguish between underground nuclear explosions and earthquakes. I remember well, Mr. President, that President Eisenhower also made the mistake of relying on unproved scientific data when in 1958 he decided the United States would unilaterally halt nuclear testing in the atmosphere and underground. This scientific data indicated that underground as well as atmospheric testing could be detected, but we later discovered—too late—that not all underground testing could be detected or distinguished from earthquakes or other similar disturbances.

Mr. President, if we had ever profited materially or any at all from negotiations with the Communists, there might be some reason for moving with some haste into further negotiations with the Communists. However, based on the past record of our negotiations and hundreds of broken Communist promises, many Americans have every right to be fearful of the current rush to surrender our position without any indications that we can win a definite foolproof system of inspection on disarmament or a ban on nuclear testing.

During this week, I have received a number of telegrams in my office expressing concern that U.S. negotiators may conclude an agreement with the Communists on disarmament and/or a nuclear test ban, and that such an agreement or agreements may be embodied in executive agreements, rather than in treaties. As we know, Mr. President, executive agreements require no Senate ratification, but treaties require a two-thirds vote by the membership of this body.

I have inquired of the State Department as to the intention of our negotiators on this important point. The Department's response will be of interest to every Member of the Senate, as I am sure everyone here—as well as the American people—would want to have the Senate to pass on any such serious action as agreements to disarm our Nation and to end nuclear testing.

I ask unanimous consent, Mr. President, to have printed in the Record at the conclusion of these remarks the editorial which I have referred to from the Dallas Morning News and also a column written by that eminent newsman, Mr. Constantine Brown, as it appeared in the State of Columbia, S. C., on July 26, 1962.. This column, which is entitled "Paralyzed by Fear: Scared United States Makes Dangerous Concessions," gives an indication of the concern by foreign friends of our country as our negotiators continue to concede in order to reach an accommodation at or near the Communist position.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

Paralyzed by Fear—Scared United States Makes Dangerous Concessions

(By Constantine Brown)

Rome.—Our American statesmen and people find themselves confounded with such enormous problems of history-making import that we seem to have become stagnated in our thinking. We apparently are unable to make courageous decisions, lest we unleash a nuclear war.

Our policymakers are asking today: In the event of a nuclear war, how many Americans would die? The estimate of some is approximately 8 million.

The next question asked is: How can we avoid nuclear war? The apparent conclusion seems to be through negotiations and appeals to the enemy.

HAD ENOUGH

But we have had enough experiences with this theoretical solution through various conferences, exchanged notes and public discussion to realize that the Soviets are convinced of one thing.

That is, Americans and their government have become so frightened of nuclear war they are willing to make many concessions and do everything in their power to show their willingness to forget the past and be friends.

We have gone as far as to ignore the insults hurled at our Presidents and our Nation, shrug off the Berlin wall, wince at Cuba's Castro and remain mute when men struggle in rebellion against their slave master.

CONVINCED REDS

We anxiously welcome Soviet ballets, students, and technicians as our Nation's guests, and we even offer Soviet satellite countries weapons of war as well as food for their starving.

We have convinced the Soviets that we will not under any provocation initiate war and hence they believe they can use the threat of war for our defeat.

The present-day theorists have not only been blindly looking up the wrong alley to discover the way to bring about world peace, they have been shutting their eyes to all the ugly circumstances their theories create.

FORGET FREEDOMS

They prefer to forget the four freedoms and millions of people living in slavery we once swore to free. And they have systematically cast aside the tradition and examples in our past history as useless in this nuclear age.

But perhaps if we would review the pages of history and make the struggles of our forefathers in building this Nation we would find some simple truths and perhaps some guidance in solving today's problem of survival.

The estimate of some of President Kennedy's advisers that 8 million Americans would die in a nuclear war means that our chance of survival would be a little more than 1 out of 2. The early Virginia settlers who came to America had a survival ratio far less than that.

ONE OF TEN

Only 1 out of 10 survived the first 3 years in America. When the Mayflower touched our shores in 1620, the passengers had better luck. Fifty of the 100 aboard survived the first year.

But this ratio did not frighten the settlers whose desire for freedom was greater than their love of life. Between 1630 and 1640 some 20,000 of them dared to come to the land of the free.

And life for these courageous people was difficult. In a report of food scarcity, Isaac Backus later wrote, "Quoth one, 'My husband has traveled as far as Plymouth * * * and has with great toil brought a little corn home, and before that is spent, the Lord will assuredly provide.' "

KNEW SCORE

But with the full knowledge of the hardships to be endured, the American settlers made their irrevocable decisions. John Winthrop, Governor of the Massachusetts Bay Colony, wrote:

"God hath provided this place to be a refuge for many whom He means to save out of the general calamity, and seeing the church hath no place left to fly into but the wilderness, what better work can there be, than to go?"

Can the courage of these men and women, centuries dead, to make fateful decisions inspire us today? Dare we decide to fight for our Nation if need be? Have we the wisdom to make the best decision with faith that God will save many "out of this general calamity"?

Disarmament Concessions

When the U.S. proposal for "general and complete disarmament" was offered last April at Geneva, many Americans felt their leaders in Washington were playing with fire because the proposal was not a plan for disarmament at all. It proposed the scrapping of our Armed Forces in favor of an international "peace force," and in the opinion of the News would have led toward world government and the surrender of American independence if it had been accepted.

Fortunately it was not accepted; the Soviets vetoed the U.S. proposal. And this act seemed to convince many people that the proposal was all right. Without asking why the Soviets rejected the plan, they reasoned that if the Russians couldn't accept it, it must have been all right.

The Soviets, however, may have had different reasons for using their veto. It seems quite likely, for example, that they have learned that whenever they reject a U.S. disarmament proposal the United States will offer something better the next time around.

The Soviets are persistent. They have plenty of time. As long as they are winning the cold war—or as long as the United States refuses to try to win it—they can afford to hold out for the maximum gain.

It now seems fairly obvious that this is exactly what they were doing last April in Geneva, when they rejected the U.S. disarmament proposal out of hand.

Though the proposal went a long way toward meeting their demands, it did not meet all of them. They were probably fairly certain that by holding out for the limit, President Kennedy and his disarmament advisers would back down on the few remaining U.S. safeguards the next time they met.

This, of course, is what has happened. Last week, at a press conference, President Kennedy announced that the United States was willing to "compromise" on the disarmament issue by acceding to the demands of the eight "neutral" nations which have delegates at Geneva.

The President said that we are now willing to give up the demand for an international network of 180 seismic detection stations and to retreat on the number of on-site inspections within the Soviet Union.

Adequate inspection always has been demanded by the United States to insure against surprise attacks or secret testing of nuclear weapons by the Soviets—whose word we cannot accept on face value.

The United States traditionally has demanded at least 20 on-site inspections within the Soviet Union each year, and a network of seismic detection stations manned by representatives from Soviet, Western, and neutral nations.

Not long ago the President said the number of on-site inspections could be limited to 12 to 20, and last week he merely used the word "some" without specifying a number. In addition he has almost completely conceded on the matter of seismic stations, offering to let the Soviets man their own stations and holding out only for some kind of international "monitoring" or "supervision" of these control posts.

The President's latest concessions are based on a new technique we are supposed to have acquired which will distinguish between underground nuclear explosions and earthquakes. This technique supposedly was discovered during our recent atomic tests in the Pacific.

But Representative Craig Hosmer, Republican, of California, who is a ranking member of the Joint Congressional Atomic Energy Committee, claims that we can by no means be certain of our ability to distinguish between earthquakes and atomic tests without closer detection stations or onsite inspections.

He has pointed out that the Defense Department's Advanced Research Projects Agency—which was reported to have made the claim—merely announced that we have made progress toward the identification and location of underground disturbances.

Yet, the President is using this questionable achievement as the basis for his newest round of concessions to the Soviets. But maybe we don't have to worry much about these concessions, for the Soviets have indicated they will reject them as well. They have seen how the veto of our disarmament proposal last April brought out a few more concessions, and they will no doubt hold out for the limit.

Sooner or later, we will have reached that limit, and the Russian delegates will be directed to say "Da" instead of "Nyet." When that day arrives, maybe we will have learned our lesson. Unfortunately by that time it will be too late.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MORSE. Mr. President, I was much interested in the observation of the majority leader in his remarks on the floor of the Senate. He was quite correct when he said that each Senator must assume his own responsibility on the floor of the Senate for the course of action he takes, in keeping with his trust as he sees that trust.

I made a motion to modify, first, rule XXII along the lines of the Morse antifilibuster resolution, which I have submitted in the Senate almost in the form in which I submitted it this morning, although it has varied in form as we have developed new ideas in regard to it, since 1947.

I have taken the position that rule XXII should be changed. I have taken the position that filibusters which seek to prevent a vote from ever occurring on a bill ought to be outlawed in the Senate. My resolution would do that. I have taken the position that the minority, however, is entitled to adequate protection to present its point of view in adequate time, in order to give the American people an opportunity to take note of the merits and demerits of any issue that is pending in the Senate which may involve extended debate in the Senate.

During my almost 18 years in the Senate I have seen positions in the Senate shift as the American people became informed in regard to the subject matter of some issue which is of great public concern to the people of this country, but which sometimes in the views of some of us does not receive due consideration from a then predominant majority in the Senate.

How well do I recall, as I have said before, the situation in 1954, when the situation existed that a then administration sought to get through the Senate on the very day that the bill was brought to the floor of the Senate the atomic energy giveaway bill of 1954. Had they been able to do so, the American people, in the original form of that bill, would have lost a $14 billion investment in the atomic energy program, an atomic energy program that had been built up and developed at the complete cost of the taxpayers of the United States.

In 1954, the plan was to give it away to the private utilities of this country. Not only that, but we were asked for a unanimous-consent agreement, on that sad day in the Senate of the United States, to vote on that bill the very day that it came to the floor of the Senate. The record is perfectly clear that that is what happened over in the House. The bill went through the House, as I recall, under a no-amendment rule in less than an hour and a half.

We refused to give consent in 1954 to the atomic power giveaway, and we debated it for 13 days and 6 nights in the Senate.

As I have been heard to say before, and as I repeat for the record again, and for the information of the people, if any of this information gets out to the public, I held down the graveyard shift for 2 long nights during that debate.

We added to that bill amendment after amendment, not one of which would have been added to the bill if we had knuckled under on that day that a unanimous-consent agreement was asked for to vote on the bill on that day.

This is not the first time, in my many years in the Senate, that I have come to the conclusion that the greatest trust I owe to the American people is to stand with a minority, even though it is an unpopular minority at the time, and to do the best I can in accordance with my sights and my lights to present to the American people the issue that is involved in a bill.

I stand in that position again today.

Oh, I know what is going to happen to those of us who are taking this position. We are already hearing from powerful lobbies in this country which are seeking political action against us.

I meant it the other day, and repeat it today for the record, when I said to the majority whip, in reply to the majority whip in connection with a remark he made on the floor of the Senate as to possible political consequences that will flow from our opposition to the bill, that if I could be given assurance that a vote for the bill would guarantee my reelection in the election in November, or give me assurance that a vote against the bill would guarantee my defeat, I would still vote against the bill, because I never want my descendants to read that I voted for it. The bill is against the best interests of my country. It is such a bad bill that in my judgment its effects, if passed onto American foreign policy in the years ahead, can very well endanger even the security of this country. The legal program which is set up in the bill is such that it will have very bad effects on American foreign policy, and will play into the hands of our potential enemies.

It should not be passed if it has foreign policy defects. We shall develop those foreign policy defects in the days ahead, and get the American people to understand that this little group, already called a little band of willful Senators—are fighting in order to prevent the administration from getting through a bill which they say has already gone through three or four committees, is approved by the Attorney General, is approved by the Secretary of State, is approved by the head of FCC—and my answer to that is the question: "So what? So what?"

Does it follow that the counting up of noses makes the noses right? The issue before us is whether or not the bill is in the public interest, whether or not the bill will result in an instrument for the promotion of peace in the world, whether or not the bill in terms of history is in the interest of the welfare of this Republic.

The senior Senator from Oregon, as a member of the Foreign Relations Committee, as chairman of the Subcommittee on Latin American Affairs, as he sees the importance of the satellite communications bill in the great contest for freedom as against communism in the underdeveloped areas of the world, has come to the conclusion that the bill is against the interests of his country and that it is his patriotic duty to fight it no matter what the political sacrifices of that fight may be.

That is how deeply I feel about this bill. That is my dedication.

Now let me say that the senior Senator from Oregon made the motion to bring up the Morse antifilibuster resolution, and he made the motion to put the farm bill ahead of the satellite bill, because he believes that both of these subject matters, along with the drug bill, moved by the Senator from Tennessee [Mr. KEFAUVER], are much more important to the best interests of the American people in this session than the pending bill.

As I have said many times, and as I will be heard to say many times again in the days ahead, in my judgment there is no provable need for any "rush act" on this bill, and that it is not necessary to pass the pending bill prior to the election; and that what the administration ought to do—and I plead with my President from this floor again this morning—is to have the President use his influence to postpone action on the bill until a special session of Congress can be called immediately following the election in November.

Let me say that would result in no damage to the country. It would be in the interest of the country. It would give us an opportunity to hear many witnesses against the bill whom we have not had an opportunity to hear, because sending it to the Foreign Relations Committee, to be reported back here within a 10-day period, has not given the opponents of the bill an opportunity, for example, to call before us the witnesses who ought to have been called to testify in opposition to the bill.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. Not now. I do not wish to speak at any length at this moment. I hope the Senator from Alaska will understand. I think he knows how much I admire and appreciate his courage in joining with us in opposition to the bill, because he, too, is a Senator who is up for reelection in November.

Mr. President, we moved to bring up these bills because we thought the proposed antifilibuster legislation ought to be considered now; we believe the millions of farmers across the land are entitled to have proposed farm legislation considered now—today, August 10, 1962. We do not believe there is any justification on the part of the administration in going along with a postponement of the farm bill, for it is at the desk and on the calendar. The planting season is just ahead. Farmers are entitled to know what their farm program will be. In my judgment, the Senate owes it to the farmers of America to get the farm bill behind us in the Senate. The satellite bill can very well be postponed until later in this session or can be postponed until the first week following the election. That will not cause injury of damage to anyone or any interest.

In my judgment, and expressing my personal opinion, by postponing action on the farm bill, the Senate today has done a horrendous wrong to the farmers of America. I think that upon reflection and second thought the administration had better reconsider the action it is taking in regard to the postponement of the consideration of the proposed farm legislation.

I feel the same way with respect to the drug bill. We all know that the drug bill could be brought to the floor of the Senate and in a very short time acted upon. In my judgment, we face a crisis. We have before us, with respect to protecting the health of the American population, a crisis, for we already know of some of the serious happenings of recent days. How I honor and admire the distinguished senior Senator from Tennessee [Mr. KEFAUVER] for the courageous fight he has put up for adequate drug control legislation. What castigation and abuse this great liberal from Tennessee has taken because of his courage, his foresight, and his insight in connection with the drug crisis that faces America. There is no question that the drug industry of the United States needs to be brought under tighter control. But when? I ask. When? Tomorrow? Next week? Next month? To use a figure of speech, Mr. President, it ought to have been yesterday, not even today. But certainly drug control legislation is needed now.

I take the position that first things should come first. Drug legislation, farm legislation, antifilibuster legislation, should be placed ahead of a satellite bill, which, as we shall show as the debate progresses, can be postponed for a considerable length of time. It will be a minimum of 2 to 3 years, at the earliest, before any satellite communications system can be put up in the heavens, and probably a little longer for the thing that will make the program which this administration is supporting—namely, a low-orbit satellite system—completely obsolete.

In fact, let the American people take note that the reason for the pressure that is now on is for the passage of a bill which involves an orbit satellite system at so-called low altitude, a system which will be obsolete almost as soon as the bill has been passed. Yet it will vest up there in space legal rights and legal interests to great monopolistic combines in this country, rights which it will be very difficult to dispel, except at high payment as compensation for the monopoly.

Oh, the proponents of the bill do not like to hear us talking about giveaways. But thank God for Harry Truman, for once again, in the statement he made yesterday, he pinpointed this issue. In my judgment, this is another horrendous giveaway of the taxpayers' interests, for the selfish, monopolistic combine which will be invested, under the bill, with terrific legal rights to control the space satellite comunications system. Other private industries in this country will come, hat in hand, to this great monopoly to get the crumbs from the monopolistic table by way of contracts from the monopoly itself, if they want to participate in a satellite communications system.

Mr. President, those are some of the issues involved in the bill; and the great ex-President of the United States saw through it very carefully and, in his typically courageous manner, once again warned the American people that the public interest is not protected by the bill.

So the majority leader is quite correct when he says that each Senator has his responsibility in the Senate; but so does the leadership of the Senate. We all know that it is the leadership of the Senate that really has the controlling voice as to the order of business which comes before the Senate. The leadership of the Senate would get the support of the Senate if the leadership of the Senate were willing to vote to take up the antifilibuster resolution. The leadership of the Senate would get the support of the Senate if it were willing to proceed now with farm legislation, which is so sorely needed by millions of farmers throughout the country. The leadership of the Senate would get the support of the Senate if it were willing to proceed with the proposed drug legislation. Therefore, the leadership of the Senate cannot pass the legislative buck to the small band of so-called willful Senators who feel that the bill is of such vital concern to the American people, considering its bad effects, that we do not intend, Mr. President, to be coerced into giving up our rights under the rules so long as we think we have a chance of preventing the passage of the bill until after the election and a special session of Congress is called for the consideration of the bill.

Mr. KEFAUVER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. Not just yet. I hope the Senator will permit me to finish my statement.

I want the American people to proceed to interest themselves in the Senate in the next few days, for I want the American people to know that we can take all the name calling that is thrown our way. We can take all the abuse and castigation that is thrown our way. We have done so before. Once they become convinced, as we are convinced, that we have a duty to perform in regard to the preventing at this time, and until there has been more adequate consideration, the passage of a bill that we believe would be very much against the interests of the American people, we will not be stopped. We will not rush to political cover because of the accusations which may be made against us.

We believe the American people should take a look at the lobbying activities of the great giant monopoly in this country which is known as American Telephone & Telegraph Co. Mr. President, not only is it the largest monopoly in the country; it is larger than a combination of some powerful business concerns in the country, such as General Motors, United States Steel, and a few others, combined. I shall place in the RECORD a list of great giant corporations which, if they were all put together, would still not equal the great, giant American Telephone & Telegraph Co. In my judgment, American Telephone & Telegraph Co. with respect to its lobbying activities, in respect to the economic pressures it brings to bear, is a formidable threat to private enterprise in this country, because, remember, a monopoly is not private enterprise. As was brought out in the hearings of the Committee on Foreign Relations, what we are dealing with here is cartelism.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The hour of 2 o'clock having arrived, the time for the morning hour has expired.

Mr. KEFAUVER. Madam President, I desire to suggest the absence of a quorum.

Mr. MORSE. Madam President, do I have the floor?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. Am I correct in understanding that the pending question is on agreeing to the Long amendment?

The PRESIDING OFFICER. That is correct.

Mr. MORSE. May I proceed to make my speech under the Long amendment?

The PRESIDING OFFICER. Yes.

Mr. MORSE. Will it not be my first speech under the Long amendment?

The PRESIDING OFFICER. That is correct.

Mr. MORSE. Madam President, as I was saying, in my judgment the A.T. & T., a monopoly, must not be confused with private enterprise, for a monopoly is not private enterprise. The private-enterprise system rests upon the precious principle of competition. But under this bill, competition is choked to death by the monopolistic combine which is set up under the bill, for under this bill the Hughes Corp., RCA, General Telephone, General Electric—any of these private-enterprise corporations working in the field of communications—are not given any vested rights. They would have to come hat in hand to the monopoly corporation created by this bill, to make whatever arrangements, if any, the monopoly might be willing to make with them to participate in the development of a satellite communications system.

As I pointed out at the Foreign Relations Committee hearing day before yesterday, behind the scenes in America a terrific economic battle is going on between some powerful corporations—for example, between the Hughes Corp. and A.T. & T. The record of the hearings shows, for example, that the Hughes Corp. is on the threshold of a breakthrough in regard to a high-altitude satellite communications system. There seems to be no difference of opinion among the scientists that a high-altitude satellite communications system more than 22,000 miles above the face of the earth, at the Equator, will revolve with the revolutions of the globe. The satellites will appear to be stationary, but actually they will be going with the movements of the globe. The evidence is rather clear that from one to four—not more than four, and possibly as few as two—satellites put that far above the surface of the earth will serve the satellite communications needs of the entire world.

Mrs. SMITH of Maine. Madam President——

Mr. MORSE. I am sorry, but I do not yield at this time. I will not yield until I finish my speech.

Mrs. SMITH of Maine. Madam President, will the Senator from Oregon yield for a question?

Mr. MORSE. No, Madam President; I will not yield for a question or for an insertion in the RECORD or for anything else.

The PRESIDING OFFICER. The Senator from Oregon declines to yield.

Mr. MORSE. Madam President, just consider the foreign-policy implications of a high-altitude so-called Syncom communications system, with from one to four satellites placed more than 22,000 miles above the surface of the globe, with the ability to serve the communications needs of the entire world, insofar as a satellite system is concerned. I need not tell the Senate that such a satellite system is pregnant with foreign-policy considerations; and for the regulation and administration of such a high-altitude system, there must be international agreements, for let us also keep in mind that no nation, including the United States, has any vested international-law rights in space. Whatever rights any nation—free or Communist—will have there will have to be worked out by international agreement.

It is interesting to note that this administration first sent to Congress a bill which specifically referred to the United Nations role in the development of an international-law system in regard to space. But, interestingly enough, all reference to the United Nations role in connection with the satellite system has been stricken out of the bill which now is before the Senate. The American people should take note of that deletion, because we must also keep in mind that it is an elementary principle of law that any court which passes judgment upon legislation takes note of the fact that a State legislature or the Congress never commits a meaningless act. So the elimination from the bill of the reference to the United Nations is bound to be interpreted by courts and—even more important—is bound to be interpreted by governments as a signal of meaning that—for some reason, apparently known only to ourselves—we eliminated from the bill any reference to the role of the United Nations.

But let me say that the United Nations cannot be erased from the face of the globe. The United Nations, as an international institution, in my judgment is here to stay—long after all of us are dust. The United Nations will continue to exercise its influence and its voice in the development of international understandings and agreements and international law as long as there is a globe itself, I believe.

But, Madam President, be that as it may, there is no question about the fact that, under the charter, the United Nations has jurisdiction of interests and rights in connection with the development of any program which could conceivably involve a question of peace or war.

So I believe it is a sad thing that the reference to the United Nations has been eliminated from the bill, because that elimination has many international implications. I am also at a loss to understand why my administration would send to us a bill containing a legal instrumentality which plays right into the hands of monopolistic combines. I would have the American people take note of the very great lobby power of the A.T. & T.

In this morning's Washington Post, in a column usually written by Drew Pearson, but during his vacation period written—as is shown by a note appearing in connection with it—by his associate, Jack Anderson, we have an interesting account of the way the A.T. & T. lobby works. I now read the article:

MINNESOTA WEEKLY IRKS A.T. & T.

(By Jack Anderson)

Apparently no critic is too small, no opposition too trifling to escape the ire of the communications Goliath, American Telephone & Telegraph, which has its eye simultaneously on outer space and Circle Pines, Minn. (population, 2,789).

Madam President, I hope the two brilliant, able, and distinguished Senators from Minnesota will take note of the activity of A.T. & T. in Minnesota.

I read the remainder of the article:

The object of A.T. & T.'s irritation in Circle Pines is gentle Andy Gibas, who publishes a weekly newspaper called Circulating Pines. By his own count, he has 1,100 subscribers, gives away another 400 copies free.

But Andy discovered what a great howl a small pinprick can cause when he printed an anti-A.T. & T. editorial.

"In the past 7 years," the editorial began, "American Telephone & Telegraph Co. (the Bell System) has overcharged the long-distance phone users a billion dollars. But this is going to look like peanuts if A.T. & T. succeeds in getting the Government to hand over its communications satellites."

This brought swift retaliation from Northwestern Bell, the local A.T. & T. subsidiary, which sent representatives into Circle Pines to talk to the town's business, civic, and religious leaders about their weekly newspaper.

The Bell task force was led by tall, genial Joe Cervenka, the company's public relations chief for Minnesota, who explained to this column: "We have a right to state our case to others in the community."

Cervenka acknowledged that he had put Andy's editorial on the teletype to Northwestern Bell's headquarters in Omaha and A.T. & T.'s headquarters in New York City.

DAVID AND GOLIATH

Here is the amazing sequence of A.T. & T.'s pressure on little Andy Gibas, a tale of a modern David and Goliath:

Shortly after the offending editorial appeared, Cervenka phoned the Circulating Pines office and ordered the telephone ad dropped from the next edition. He must have thought better of this, for he showed up later with a substitute ad and explained that he had merely wanted to make a change.

Cervenka also phoned Andy and suggested that, if he were interested in his newspaper, they had better have a talk. At this confrontation, Cervenka accused Andy of printing untrue and libelous statements about A.T. & T.

What particularly upset Cervenka was the claim that A.T. & T. had overcharged its long-distance users a billion dollars.

Andy's spitfire wife, Grace, later supplied the source of this information. It had been taken, she said, from a House speech by Congressman EMANUEL CELLER, New York Democrat.

"Congressman CELLER is not a friend of ours," replied Cervenka. "Now I understand. The trouble is you read the wrong things."

The Bell man's next step was to check at the Minnesota Newspaper Association for information on possible backers who might own an interest in Andy's paper. Somehow, he came up with the name of Ernest Madsen, and promptly made contact.

"We were curious to know whether this financial backer felt like the Gibases did," Cervenka explained to this column.

But it turned out that Madsen owned no part of the paper, that it belonged totally to the Gibases. (To keep it solvent, Andy is obliged to work by day as a chemist while his wife gathers the news.)

A.T. & T. INVASION

Finally, A.T. & T. launched its invasion of Circle Pines. Cervenka called upon Mayor Gerald Pehl, former Mayor Carl Eck, town councilmen, and other leaders. His assistants interviewed Andy's friends and neighbors.

Altogether, Cervenka insists they saw no more than 15 people. But reports reaching Gibas indicate the whole community must have been canvassed.

One who didn't like Cervenka's insinuations was the Rev. Harris Jesperson, pastor of St. Mark's Lutheran Church in Circle Pines. He told this column that Cervenka went so far as to imply the Gibases were pro-Communist in their attitude.

"If you are insinuating the Gibases are Communists and all that rot," the pastor lectured Cervenka, "you had better forget about it right now."

More easily influenced were Mildred Huse and her son, Gordon, who run one of the town's two leading grocery stores, Gordon's Market. They stopped advertising in the Circulating Pines after Cervenka's visit.

Gordon Huse, who answers to the nickname "Buz," assured this column that Cervenka hadn't suggested an economic boycott.

"We didn't want to get involved, so we dropped our advertising," explained Buz.

But Andy and Grace Gibas aren't easily intimidated. They struck back in a front-page editorial.

The questioning of friends and neighbors "gives us a very uneasy feeling," they wrote. "Something like the Russians must feel when they discover the secret police are making inquiries.

"But the real puzzler is this: Why doesn't A.T. & T. want the satellite giveaway talked about? Why is it afraid of criticism?"

I would have the American people take note of that column. I would have the American people take note of the fact that this little band of willful Senators in the Senate who are fighting the passage of the bill are not ready to turn over the satellite communications system to the powerful combine of a monopoly created as a legal instrument by this bill.

I would have the American people take note of the fact that A.T. & T. and its associates would be in violation of the antitrust laws of this country if they sought to do without the bill what this bill authorizes them to do.

I am very sad that the Department of Justice of my administration is supporting a bill which in effect amounts to a proposal of waiving the antitrust laws of this country in favor of A.T. & T. and the monopolistic instrument created by the bill.

I am shocked by a Department of Justice, headed by the brother of the President of the United States, advocating a bill passage of which is essential if the instrument created by the bill is to be protected from the application of the antitrust laws of the United States. If the bill were not passed and any monopoly sought to carry out the power created and vested in this bill, it would run headlong into the antitrust laws of this country.

The senior Senator from Oregon just does not think there is any justification for any legislation that in effect will weaken the antitrust law system of this country.

Merger after merger is being proposed. Why, Mr. Sarnoff made a speech in San Francisco the other day advocating a single monopoly for the whole communications system of America. I put it in the record of the hearings, and Senators will be able to read the Sarnoff speech when the hearings are printed and placed on their desks within the next day or two.

Mr. MORSE subsequently said: Madam President, the Wall Street Journal for August 8 reported that the Radio Corp. of America is proposing that all U.S. activities in the area of international communications be joined in a single independent, privately owned company.

The article, which I am submitting for inclusion in today's Record, reveals the truly monopolistic tendencies of the giant corporations that dominate our communications. RCA's proposal, according to this account of a speech by its chairman, Gen. David Sarnoff, would merge the company's cable and radio operations with those of the other carriers, including American Telephone & Telegraph—A.T. & T.—International Telephone & Telegraph—I.T. & T.—Western Union Telegraph Co., and others.

General Sarnoff believes that such a company, subject only to appropriate Government regulations, would be the most practical way to eliminate the illogical limitations and unnecessary handicaps for American companies involved in this field.

Madam President, those of us who have opposed the pending satellite communications bill have been concerned, among other things, about precisely this kind of thinking. It holds that such illogical limitations and burdensome handicaps as the free play of competition and Federal participation adequate to protect the public interest should be discarded in the interest of allowing the giant communications carriers the widest latitude in harvesting the benefits of this new dimension in communication, which is the product of research in which all American taxpayers have participated.

The bill before the Senate is loosely written and ambiguous. It joins private enterprise with public authority, without clearly defining the area of responsibility in either case. If anyone doubts that the private interests will construe their responsibility in the broadest possible terms, I would suggest that he read this article; and I ask unanimous consent that it be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

RCA Proposes Privately Owned Monopoly for International Communications of United States

Radio Corp. of America, enlarging on the debate over private ownership of communications satellites, proposed that all U.S. activities in international communications be vested in an independent and privately owned American monopoly.

The proposal involves competing cable and radio operations of such companies as International Telephone & Telegraph Corp., American Telephone & Telegraph Co., United Fruit Co., Western Union Telegraph Co., and Firestone Tire & Rubber Co., as well as RCA and a few smaller companies.

However, the concept advanced by David Sarnoff, RCA chairman, faces a formidable obstacle in the historic hostility of Congress to such mergers. Similar proposals have died in Congress at least three times.

As recently as 1959, the Senate Commerce Committee heard testimony on merging the international telegraph companies, including all the affected carriers except A.T. & T. which practically has a monopoly on oversea voice communications. A high Federal Communications Commission source said yesterday there is no reason to think that congressional opposition to that idea has cooled. Mr. Sarnoff's inclusion of A.T. & T. this time would probably arouse even more controversy, the source added.

Donald K. de Neuf, president of Press Wireless, Inc., which provides communications for news services, said that company wouldn't wish to join a merged concern. But he said it would have no objection to a merger of other carriers if Press Wireless were protected against discrimination of unfair competition.

ITT URGES REEXAMINATION

Harold S. Geneen, ITT president, issued a statement urging the FCC to "reexamine the present regulatory distinction between voice and record (telegraphic) communications" and to take "a new look * * * at the right of the offshore carriers to interconnect freely * * * with domestic carriers."

Mr. Geneen said ITT in the past had supported unification of international telegraphic facilities, "as distinguished from the telephone voice carriers." However, "as Mr. Sarnoff points out," he continued, "the lines of distinction between telephony and telegraphy are swiftly being erased." And, Mr. Geneen said, the FCC should consider "whether the international and domestic functions must necessarily be segregated."

A.T. & T., Firestone, and United Fruit, which have oversea communications subsidiaries, had no comment on Mr. Sarnoff's proposal.

Mr. Sarnoff's suggestion was made in a speech delivered for him by his son, Robert W. Sarnoff, chairman of the National Broadcasting Co., an RCA subsidiary. The speech was made in San Francisco at the annual meeting of the American Bar Association's Section of Judicial Administration. The elder Mr. Sarnoff is convalescing after surgery.

RCA estimated the volume of the U.S. international communications industry last year at $146 million. RCA Communications, Inc., a subsidiary, grossed $35,225,000 in 1961, about 2 percent of RCA's total sales. The subsidiary has been "reasonably profitable for many years," RCA said.

A unified international company, "subject only to appropriate Government regulations," would be the "most practical" way to eliminate current "illogical limitations and unnecessary handicaps" for American companies, which will be compounded by the advent of satellite communications, Mr. Sarnoff contended. Space satellites, like A.T. & T.'s Telstar, will be able to relay telephonic, telegraphic, and televised messages from continent to continent in greater volume than ever before, Mr. Sarnoff said.

With a merger "our international communications services would become more flexible, more convenient, and more economical," he continued. "And our unified American company would be able, for the first time, to deal on equal terms with foreign government monopolies."

Such a company would be in line with Government-sanctioned monopolies for telephone and telegraph communications within the United States, he said.

Mr. Sarnoff didn't suggest that his proposal for the merger of conventional services be incorporated in the current satellite program. "We will take a meaningful step forward through the establishment of a communications satellite corporation, and the Kennedy administration deserves commendation for its foresight and initiative," he said. He advocated formation of a privately owned space communications corporation "at the earliest possible date."

The administration-backed bill calling for private rather than Government ownership of commercial satellite communications has encountered stormy opposition in the Senate from a group of 10 liberals. It is scheduled to be sent back to the Senate floor Friday after a week-long sojourn with the Senate Foreign Relations Committee; it faces resumption of a liberal Democratic filibuster.

The illogical structure of oversea communications grew up with the individual development of oceanic cables, wireless telegraphy, radiotelephones and radiobroadcasting, Mr. Sarnoff said. In some areas, such as telephone service, there is a monopoly; in others, such as telegraphy, there is competition, he noted. He also charged that foreign government monopolies play one American company against another in negotiations for connecting services and rates.

HINDRANCE TO CUSTOMERS CHARGED

Outmoded distinctions between types of service prevent individual U.S. companies from offering their customers the range of communications desired, Mr. Sarnoff contended. And he added that if the proposed satellite communications system is authorized to transmit both voice and printed messages, problems may result in connection with separated domestic services. Moreover, the owners of the satellite system through their conventional services may be competing simultaneously with their own space network and with each other, he said.

Mr. Sarnoff didn't specify how his proposal should be carried out. He called on legal experts to work with Government agencies to formulate a legislative program that could be introduced in Congress. "If we are to preserve and secure the benefits of the American concept—the privately owned and operated systems of national and international communications, functioning under appropriate Government regulations—and if we are to avoid the alternative of Government ownership * * * then we must develop and adopt * * * a unified national communications policy * * * sanctioned by the law," he said.

CONGRESSIONAL ANTITRUST IMMUNITY

The FCC didn't say whether it would favor Mr. Sarnoff's proposal, but its lawyers said it couldn't approve such a merger without a congressional grant of immunity from antitrust laws. At the 1959 hearing before the Senate Commerce Committee, the FCC, with RCA, ITT and Western Union, supported a merger of oversea telegraph concerns. The FCC felt the combination would compete better with A.T. & T. and with foreign government monopolies. It also agreed with the companies that the distinction between voice and printed communications had been blurred by technological developments, which could switch a larger share of the total business to powerful A.T. & T.

The Justice Department, however, opposed the combination, as did some smaller carriers.

The situation has been altered radically with the launching of Telstar.

Mr. MORSE. Madam President, when I think of the glorious record of the Senate of the United States in the decades gone by, when I think of men who trod the carpets of this historic forum, warning the American people to watch out for monopolies; when I think of our forebears here in the Senate who brought forth the protection of the antitrust laws and the Sherman and Clayton Acts, so vital to the economic freedom of the American people, I have no hesitancy, let me say, in seeking in my feeble way, to walk in their footprints on this carpet, daring to oppose a majority now as they for a time had to oppose a majority then, as they battled their way against the lobbying influences of powerful monopolies of America and finally wrote onto the books of this land the antitrust laws—the Sherman Act and the Clayton Act, the great protectors of a free society—so that they might enjoy economic freedom of choice, as citizens, to have the right to participate in free competition.

Mr. DOUGLAS rose.

Mr. MORSE. I cannot yield at the moment.

Economic freedom of choice in regard to free competition will be, in my judgment, throttled and destroyed by segments of the bill, or at least encompassed within the terms of the bill as to jurisdiction.

I ask Senators not to forget, Madam President, this is an awful precedent which is to be established. This will open the door. Do Senators think there will ever be any antitrust prosecutions in this country in the future, if this exception and exemption to the antitrust laws is passed in the form of this bill, in which the defendants will not say, "Ah, but the U.S. Government itself in the instance of the so-called satellite communications monopoly bill was perfectly willing to make an exception and an exemption."

I warn the Senate today that this is a proposal for a precedent which, in my judgment, bodes ill for the welfare of the taxpayers and ratepayers who will fall under the domination of this monopoly.

Who is speaking out about the ratepayers? How much talk has there been in the hearings about the rights of the ratepayers? There has been talk about the company having paid much of the cost of Telstar. Well, for the most part, two groups of Americans will pay the cost; the taxpayers, through tax deductions that A.T. & T. will get, and the ratepayers, for such costs as are left, will go into the ratemaking basis.

There has been talk about the fact that the stock is to be sold to those who wish to buy, although the bill leaves no room for doubt that A.T. & T. could buy as much as 50 percent of the voting stock. Witness after witness, under cross-examination, has admitted that undoubtedly A.T. & T. would buy 40 percent. Witnesses have come before us who have testified it is recognized that if someone really controls 10 percent of the voting stock he usually controls the company. If we permit A.T. & T. to get 10 percent of the stock, then its monopolistic power would undoubtedly be controlling. Certainly it would have more than 10 percent of the stock. There is to be authorized, under the bill, no limit in regard to the nonvoting stock and securities A.T. & T. could buy.

Someone had better talk about the interest of the taxpayers and of the ratepayers in connection with the bill.

Let us go back, Madam President, to the high-altitude communications satellite system, which witnesses admit is at the threshold. I want to take Senators to the testimony before one congressional committee, by Howard Hughes himself. Let all who want to deny his claim deny it, but nevertheless it is his testimony that he expects a breakthrough, through his corporation, in a high-altitude satellite by 1963.

So we see, Madam President, why A.T. & T. wants to get this sewed up and pinned down now. This is part of the great battle which is going on behind the scenes. A.T. & T. wants these vested legal rights now, through this bill. Then Howard Hughes can develop his high-altitude satellite, but he will have to deal with the corporation by way of the legal instrument which is to be created by this bill.

Is that in the public interest? It is decidedly against the public interest. That is not the way to preserve and perpetuate this precious principle of competition in the American economy.

I would have the American people remember that before a Hitler there was a cartelist takeover in Germany. Before a Mussolini there was a cartelist takeover in Italy. I warn that cartelism cannot be reconciled with economic democracy. I point out that cartelism cannot be reconciled with economic freedom of choice for the individual.

Yet this bill, in my judgment, would create and entrench a system of cartelism in this country which bodes ill for the welfare of the American people.

So those of us opposed to the bill have made very clear that we have a series of alternatives to propose. I offered two of them as complete substitutes for the bill yesterday afternoon in the Committee on Foreign Relations. I shall take only a moment to speak of one of them.

We had a witness before our committee, Madam President, named Ben Cohen, whom not a single proponent of the bill could challenge as to being a highly qualified legal authority, a recognized scholar in the field of international law, a man who has represented the United States in international conferences in connection with great international law issues. He testified before our committee in regard to what he considered to be the very serious defects of the bill particularly in respect to its international foreign affairs implications.

I think we can properly describe him as one who pleaded with the Foreign Relations Committee not to pass the bill but to perfect the bill. He supported a thesis which the senior Senator from Oregon from the very beginning of this debate has urged; namely, that these satellites up in space must remain American-flag satellites. They must be the satellites of the American people. They must belong to the American people. They must be up in space to serve all mankind in the great contest between freedom and totalitarianism in the decades ahead.

They must be used as a part of a global communications satellite system in keeping with what the record of our hearing shows was a farseeing pronouncement on the part of our chief Ambassador to the United Nations, Adlai Stevenson. In 1961, in behalf of the U.S. Government, he presented the resolution that became the United States-Soviet resolution, but it was first proposed by the U.S. Government. The resolution uttered some statements that will make history in this field. In offering the resolution Adlai Stevenson made clear that it was the position of our Government that a communications satellite system should be a global system. I ask, What has happened to that policy? What has happened to that announcement of the Government of the United States in 1961? In my judgment, my administration cannot square the bill with the program that Adlai Stevenson envisioned in 1961 when he made it clear that our national policy was a policy of establishing a global satellite system.

So I would have the American people understand the issues, as the debate starts, and as they are about to listen to the distinguished Senator from Utah [Mr. Moss] make the first major speech in the debate since the bill was brought back to the floor of the Senate. I would have the American people become students of the problem for some time, for I am satisfied that once they study the position of the so-called willful little band of Senators who are seeking to focus attention upon the dangers of the bill, they will understand the sincerity of our purpose, the dedication of our motivation, and our determination to be faithful to our trust as we see it.

In closing, let me say that I will continue to press the form and instrument that the great international lawyer, brilliant legal scholar, and a man with a great diplomatic background in the field of international negotiations, Ben Cohen, expressed so clearly in his brilliant testimony before the Committee on Foreign Relations.

What is it? It is a proposal that the jurisdiction of some Government agency, preferably NASA, be enlarged so that it would be made perfectly clear that NASA had jurisdiction over satellites. They will remain American-flag satellites. Then NASA will have the authority to enter into contracts, leases, and permits with any American private corporation for the development of a satellite communications system with equal opportunity to compete, in keeping with our competitive system of free enterprise in the United States, in contrast with the monopolistic power granted under the bill to the legal instrument proposed to be created by it in derogation of the maximum use of the competitive feature of free enterprise.

Therefore, all American corporations would be in on the ground floor on an equal basis. Contracts, licenses, and permits would be negotiated between NASA or some other Government agency, if it is desired to give the jurisdiction to some other Government agency, with the private corporation involved. As Ben Cohen said, that is our pattern; that is our policy in connection with much of our defense program.

There has been an attempt to misrepresent the position of those of us who are opposed to the bill by seeking to smear us with the charge that we are for Government ownership and operation. We are not. But we are for maintaining the satellites as American-flag satellites. We are for the operation of the satellites and the development of the system by way of contracts through a private enterprise system in relation to private corporations in this country.

The Atomic Energy Commission is a good example. We have been following such procedures under the Atomic Energy Commission with respect to some phases of the development of atomic energy and atomic power.

Madam President, we have done so to the tune of hundreds of millions of dollars in connection with the development of our defense program.

All we are saying is that if it is a sound system for defense, atomic energy, and other Government activities in which that legal instrument has been the one that we have followed, why not for a communications satellite system? Why the rush? What is the hurry? In my judgment, we can proceed to develop a communications satellite system faster by the Cohen program, about which he testified, than we could under the monopolistic instrument which would be created by the bill.

I wanted to make the statements I have today because I thought the American people should be told at least what the motivation of the so-called little band of willful Senators who are opposed to the bill really is. I thought the American people should receive the plea from me today: "Stop, look, and listen in regard to the bill. Do not permit your minds to be victimized by the attacks which you will read in the hundreds of editorials that will be written against this little group in the Senate. Do not overlook the fact that we, too, have a keen sense of public responsibility. We, too, took the same oath at the Vice President's desk that our opponents in the debate have taken. We, too, swore to uphold the Constitution in accordance with our laws, as did those who are opposed to us in respect to the bill."

I would have the American people never forget that the course of action we are following is not easy. It is not pleasant. But we have made the decision because we believe it is our patriotic trust and duty to do so.

We talk about sacrifice in America. We talk about being willing to sacrifice for our country. Senators cannot escape their obligation to make whatever sacrifice is necessary if they think a particular issue calls for a sacrifice. So far as the senior Senator from Oregon is concerned, there is no sacrifice that I am not willing to make in doing whatever I can do to prevent the passage of the bill until after the election, so as to give the American people an opportunity to study it and give their instructions to their elected representatives in the Senate to come back at a special session of the Congress the first week after the election.

I say to my President, "What is wrong with that? Do you think you would get a different bill after the election? If you think this bill is so sound, why do you hesitate to postpone action on it until the people have had an cpportunity to listen to a nationwide debate on the issue during the campaign ahead? Mr. President, I pray and trust that you will recognize before it is too late that the greatest service that can be rendered the American people in regard to the bill is to take some time for its consideration out at the precinct levels of America. That is what creates democracy. These people at the precinct level of America during this campaign have a right to have this bill a discussion point in the election. I pledge to you, as I have already pledged to my majority leader on the floor of the Senate some days ago, if you postpone action on this bill until the first week following the election, the senior Senator from Oregon will stand shoulder to shoulder with you in doing everything he can to see to it that the bill then goes through to an early vote following reasonable debate on the bill."

That is my case as of now. I shall discuss the matter at greater length upon my return. I want my opposition in the Senate to know that I am going home tonight. I have an election ahead of me. I will be home tomorrow. I will be back here on Monday. I know that my great colleagues and my leaders in this debate, like the two Senators from Tennessee and the junior Senator from Louisiana and the Senators from Alaska and that wonderful colleague of mine, the Senator from Oregon, will see to it that the people of this country continue to have an opportunity to learn about this bill as the debate over the weekend proceeds.

Mr. GORE. Madam President, will the Senator yield for a question?

Mr. MORSE. I was going to yield the floor. I have declined to yield to anyone else. I do not want to hold up any Senator. I am sure the Senator from Utah will be glad to yield. I want to be fair to all, and I hope the Senator from Tennessee will understand why I do not yield.

I yield the floor.

I suggest the absence of a quorum.

Mr. MANSFIELD. Madam President, will the Senator withhold that request briefly?

Mr. MORSE. With the understanding that it will be renewed immediately, I withhold it for the moment.

Mr. MOSS obtained the floor.

Mr. MOSS. Madam President, I ask unanimous consent that I may yield to the Senator from Maine for the purpose of making an insertion in the RECORD, without losing the floor.

Mr. MORSE. With the further understanding that his yielding does not count as a speech against the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PRESIDENT'S VISIT TO MAINE

Mrs. SMITH of Maine. Madam President, it is my hope and my plan to be at Brunswick this afternoon to greet President Kennedy upon his arrival in Maine at the naval air station there at 6:15 p.m. I wanted to join in on giving him the warmest and most gracious welcome and reception.

In fact, 2 weeks ago, on July 23, 1962, I extended to him an invitation for him and Mrs. Kennedy to use my home at West Cundy Point—only 8 miles from the naval air station where he will be landing—while he was in Maine and in the Maine waters as the original publicity at that time reported that he would be sailing off the coast of Maine—and my home is on the shore of one of the most popular sailing areas in Casco Bay. This morning I received a reply from Mr. Kenneth O'Donnell on behalf of the President stating that he would not be staying in that area.

But it is doubtful that I can get to Maine in time to be present to welcome the President because this last rollcall vote, on which I voted at 1:27, leaves me practically no time, as the field will be closed down at 5:30 and no other planes are allowed to land there after that time.

The Navy Department was kind enough to arrange to fly me to Maine to join in the welcome to the President, but the R–4D plane that it made available is not jet aircraft—and they informed me that I would have to be at Andrews Air Force Base in time to depart not later than 1:30 this afternoon. Consequently, time closed in on me, and I sincerely regret it.

But I am sure that the President and everyone will understand fully that my official Senate duty to answer rollcall votes and to remain here to do what I was elected to do—to legislate and vote—takes priority over even the pleasant activity of greeting and welcoming the President of the United States to the State of Maine.

I wish him a most pleasant, enjoyable, and relaxing weekend in Maine, and that he will enjoy it so much that he will return many times to Maine.

PENALTY PROVISION IN THE ADMINISTRATION'S FARM PROGRAM

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. MOSS. I yield to the Senator from Delaware with the understanding that I do not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Madam President, on August 8, 1962, I made the statement that under the Kennedy administration's farm program as it was recommended to the Congress there were penalty provisions under which a farmer could be fined or sent to the penitentiary for noncompliance. My remarks were immediately challenged by the spokesman for the Agriculture Department who said that the bill pending in the Senate did not contain such criminal penalties.

This rebuttal by the unnamed spokesman for the Agriculture Department is deliberately misleading. My remarks were clearly directed against the administration's bill as it was recommended to the Congress and not as the bill was pending in the Senate.

My statement still stands, and I repeat it again—the administration's farm program as recommended to the Congress definitely does carry a criminal provision for noncompliance, and as evidence of that point I ask unanimous consent to have incorporated in the RECORD section 379i(d) and section 440 as they appear on pages 79 and 96–97 of the administration's bill, S. 2786, as it was introduced by Senator ELLENDER on February 2, 1962.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEC. 379(d) Any person who falsely makes, issues, alters, forges, or counterfeits any marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited marketing certificate, shall be deemed guilty of a felony and upon conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both.

REPORTS AND RECORDS

SEC. 440. Each first processor and producer shall keep such records for such period of time and shall make such reports as the Secretary shall prescribe for the purposes of this subtitle. The Secretary is hereby authorized to examine such records and any other records, accounts, documents, and other papers which he has reason to believe are relevant for the purposes of this subtitle and which are in the custody or control of such first processor or producer. Any person failing to make any report or keep any record as required by the Secretary, pursuant to this subtitle, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than $2,000 or by imprisonment for not more than one year, or both.

NEGOTIATED CONTRACTS IN THE AIR FORCE

Mr. WILLIAMS of Delaware. Madam President, the Comptroller General under date of July 31, 1962, has submitted to the Congress another glaring example of unnecessary expenditures by the Air Force as the result of its continued determination to negotiate contracts rather than solicit competitive bids.

In this instance the Air Force negotiated with the Continental Motors Corp., Muskegon, Mich., for the procurement of 183 replacement engines for certain fire-crash vehicles at a price of around $4,725 each when the same engines were costing the company less than $2,650. This resulted in a profit of over 80 percent for Continental.

These engines were purchased under five separate contracts, and during the negotiations Continental refused to furnish the Air Force's contracting officials any available cost data or other evidence to support the reasonableness of the prices it was proposing. However, notwithstanding the absence of such necessary information the Air Force negotiated these five fixed-price contracts with Continental for the procurement of a total of 183 engines at an average price of about $4,725 each, or a total cost for the five contracts of $864,310.

Subsequent audit of this contract by the Comptroller General disclosed that the cost actually experienced by Continental in the production of these engines averaged less than $2,650 each, with the total cost of producing the 183 engines being only $479,060. This resulted in a total profit on the five contracts of $385,250, or 80.4 percent.

Thus we find that engines which cost Continental an average of around $2,650 each were being sold to the Government at an average price of around $4,725 each.

A list of the contracts along with the Comptroller's report on the cost as actually experienced and the profit thereon follows:

Contract				Costs actually experienced		Profit	
AF 40(604)	Quantity	Unit price [1]	Total [1]	Unit average [1]	Total [1]	Total amount	Percent of cost
-8021	65	$4,725	$307,120	$2,706	$175,890	$131,230	74.6
-8598	20	4,725	94,500	2,527	50,540	43,960	87.0
-8726	25	4,725	118,120	2,606	65,150	52,970	81.3
-9172	63	4,725	297,680	2,576	162,290	135,390	83.4
-9907	10	4,689	46,890	2,519	25,190	21,700	86.1
Total			864,310		479,060	385,250	80.4

[1] Excludes excise tax and freight where applicable.

After the Comptroller General had audited this contract and disclosed this 80-percent profit the Air Force was able to negotiate with Continental and obtained a voluntary refund of $110,000, but even after this refund it still leaves Continental with a profit of over 55 percent on the deal.

This is but another typical example of what has been happening and what will continue to take place as long as the Air Force insists upon continuing its irresponsible practice of negotiating contracts rather than adopting the businesslike procedure of soliciting competitive bids.

In commenting upon the Comptroller General's report the Air Force gave the same shopworn standard-form alibi which it has repeated so much it now sounds like a cracked record. I quote from the Comptroller General's letter:

> Subsequent to the award of the contracts discussed in this report, the Air Force and the Department of Defense have taken a number of actions aimed toward improving the pricing of contracts.

THE CAMPAIGN FOR SAFE DRIVING

Mr. CARLSON. Madam President, will the Senator yield?

Mr. MOSS. I yield to the Senator from Kansas with the same understanding, that I do not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARLSON. Madam President, the National Junior Chamber of Commerce is entitled to much credit for its outstanding campaign for safe driving.

The District of Columbia Jaycee Committee has for 11 successive years been host to the National Jaycee Safe Driving Teen-age Road-e-o Finals. The District of Columbia chapter is entitled to much credit for arranging the contest, entertaining the State winners and rendering a real national service.

This year over 400,000 of our fine boys and girls competed in the national contest and last evening at the awards banquet, recognition was given these winners from most of the States of the Union.

The program was in charge of Mr. Doug Blankenship, president of the United States Junior Chamber of Commerce.

The national winner in the contest was Martin Leroy Pitrey, a 17-year-old boy from Bakersfield, Calif., who scored 850 out of a possible 1,000 points in the 5 days of competition. Second prize was won by Patricia Ann Scherer of Cheyenne, Wyo. She is the first girl to place among the three top winners since the beginning of the annual Road-e-o 11 years ago. Miss Scherer also won special recognition for outstanding community participation.

Third place went to Richard A. Morris, East Longmeadow, Mass. Miss Jean Gilbert, of Atlanta, Ga., won an award for sportsmanship and Leslie Hirahara of Honolulu, Hawaii, was recognized as the best State representative.

The junior chamber of commerce is entitled to much credit for carrying on the program. The sponsors of the Road-e-o contest are to be congratulated for assisting in this campaign of safe driving and the young men and women are to be congratulated for their achievement and the splendid campaign for safe driving they will be carrying on in every State of the Union, as a result of this contest.

I ask unanimous consent that the names and addresses of the contest winners be made a part of these remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

STATE ROAD-E-O WINNERS, 1962

Leonard Deal, Jr., Dothan, Ala.
Orlando Westover, Mesa, Ariz.
James Sanchez, Russellville, Ark.
Martin Pitney, Bakersfield, Calif.
Jack Sparby, Longmont, Colo.
Allan Borghesi, Torrington, Conn.
Warren Bader, Harrington, Del.
Peter Clendenin, Washington, D.C.
James Lawrence, De Land, Fla.
Jean Gilbert, Atlanta, Ga.
Leslie Hirahara, Honolulu, Hawaii.
Jerald Schwager, Wheaton, Ill.
Willard Colwell, Kokomo, Ind.
Allan Schlatter, Hawkeye, Iowa.
James Sager, Clyde, Kans.
Steve Cammuse, Frankfort, Ky.
Elwyn Prejean, Addis, La.
Robert Philbrook, Rockland, Maine.
John Kimball, Jr., Havre de Grace, Md.
Richard Morris, East Longmeadow, Mass.
Roger Ferm, Spring Lake, Mich.
David Domke, Hutchinson, Minn.
Billy Dudley, Winona, Miss.
Gary Atkinson, St. Louis, Mo.
Lonny Speas, Ames, Nebr.
John O'Connor, Cranford, N.J.
Roy Amold, Aztec, N. Mex.
Gordon Czelusta, Lockport, N.Y.
James Warren, North Wilkesboro, N.C.
Bill Neideffer, Wing, N. Dak.
Joe Deere, Guymon, Okla.
Robert DeSanto, Stroudsburg, Pa.
Philip Kalf, Cumberland, R.I.
William Tetterton, Camden, S.C.
Charles Weibel, Aberdeen, S. Dak.
W. B. Harrison, Jr., Ripley, Tenn.
Roderic Spain, Monahans, Tex.
Arthur Ball, Salt Lake City, Utah.
Robert Coburn, Newport Center, Vt.
Maurice Mitchell, Petersburg, Va.
Robert Yenney, Walla Walla, Wash.
Nick Miller, Glen Dale, W. Va.
Kirk Schleife, Tomahawk, Wis.
Particia Scherer, Cheyenne, Wyo.

THE RELIGION OF SECULARISM—ADDRESS BY FRANCIS CARDINAL SPELLMAN

Mr. MOSS. Madam President, I ask unanimous consent that I may yield to the Senator from New York, with the understanding that I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Madam President, the religious basis for many of our most cherished freedoms and traditions is recognized by almost all Americans. The wall of separation between church and state has never been considered justification for hostility between church and state or isolation of religion by the state. What it does require is absolute neutrality among the faiths and voluntarism in all matters affecting religion. This prohibits action by the Government favoring one religion over another, but it does not require the Government to discriminate against religion or to promote secularism in any of its undertakings.

These principles are discussed with great understanding and clarity in an address of His Eminence, Francis Cardinal Spellman, delivered at the 64th annual international convention of the Fraternal Order of Eagles which recently took place in Pittsburgh. In this address, Cardinal Spellman expresses his deep concern with efforts "to remove religion entirely from the public domain, and to commit our Government to the side of irreligion." He describes this as "the establishment of a new religion of secularism" and gives important examples of its development.

Cardinal Spellman warmly embraces in his address the principles of the first amendment, "one of the foundation stones of our American political system." His words will evoke a sympathetic response from many Members, regardless of their particular religious affiliation, and even those who disagree with his views will be impressed by the wisdom and light which he has shed on these issues. I therefore ask unanimous consent that the text of the address by His Eminence, Francis Cardinal Spellman, be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF HIS EMINENCE, FRANCIS CARDINAL SPELLMAN AT THE 64TH ANNUAL INTERNATIONAL CONVENTION OF THE FRATERNAL ORDER OF EAGLES, AUGUST 2, PITTSBURGH, PA.

My mind is still filled with vivid recollections of the friendly reception accorded me in Toronto 3 years ago when first it was my privilege to address the International Order of the Eagles. I was therefore delighted to accept your welcome invitation to attend your convention here in Pittsburgh and to speak again to your distinguished membership.

I read and hear with interest and with admiration of the great philanthropic work that your fraternal organization continues to accomplish. Surely the eagle is a most fitting symbol for your fraternity, for like the eagle, you soar high in social pioneering; you protect rights for all classes, regardless of creed; and you are farsighted in sponsoring projects of medical research. In behalf of Dr. John Madden, director of the Cardiac Research Center at St. Clare's Hospital in New York City, I wholeheartedly thank you for your latest grant to help in the important field of heart research.

An occasion such as this is a moving proof of your deep interest in all people and their needs. In your own campaign for social security legislation—in your desire to obtain Federal funds to assist the aging, you never considered placing un-American restrictions on the distribution of this public money. Indeed, every aspect of your many-faceted activities is devoted to spreading and strengthening moral and religious principles common among all who believe in God and love their country.

The story of your many contributions to our beloved country never once reveals any desire to judge men by a standard other than their need of your help. For this reason I am encouraged to speak to you this evening about the two-pronged attack on the American way of life as you and I have come to know it and to love it—and as your fathers and mothers, your sons and daughters, and you yourselves have lived for it and struggled for it and as multitudes have died for it. I refer to the movement to take God out of the public school and to force the child out of the private school.

You may already know of my deep concern over the recent Supreme Court decision banning the Regent's Prayer in the public schools of New York State. As you know, that prayer is a simple, short, nondenominational and voluntary acknowledgment of dependence upon God and a request for His blessing. I fully appreciate the high responsibility of the Supreme Court to guard our Constitution and the delicacy of its task. Moreover, I respect the integrity and the dedication of the men who are charged with this solemn commission. But I am convinced that in this case six Justices rendered a decision which will be harmful to America. As an American who loves his country more than his life, I feel that I have a responsibility to express my concern publicly.

The first amendment states that "Congress shall make no law respecting an establishment of religion." One of the foundation stones of our American political system, this amendment provides that the Government shall not place the mantle of its preference over any particular church.

Our Founding Fathers knew of the bitter experiences in Europe with established and state-supported churches, where in some lands preferment was given those who belonged to a particular church, and persecution was the lot of those who did not affiliate. Their solution to the troublesome church-state problem was to separate the two, to make them independent of each other, and thereby to assure equal rights to all citizens irrespective of their religious convictions.

This was their simple and clear objective when they wrote the first amendment. Few in America disagree with that purpose. Certainly no Catholic disagrees with it, for we are well satisfied with such separation of church and state as exists in our country. Almost half a century ago Cardinal Gibbons expressed the American Catholic position clearly when he stated: "No establishment of religion is being dreamed of here by anyone; but were it to be attempted, it would meet with united opposition from the Catholic people, priests and prelates." And Archbishop Vagnozzi, the representative of Pope John XXIII in the United States, recently expressed a similar opinion: "Whether they remain a minority or become a majority, I am sure that American Catholics will not jeopardize their cherished religious freedom in exchange for a privileged position."

Catholics do not want their church, or any other church, to be "state supported" in the United States. They are of one mind with the men who were the architects of our Republic.

By the first amendment, however, the Founding Fathers of our country never intended to purge public life in America of all religion. They never intended to establish irreligion. Their declaration of dependence upon God anteceded their Declaration of Independence from England. They were themselves religious men, whose faith in God and dependence upon Him permeated both their private and their public lives. They did not hesitate to mention Him in their public utterance, to open their deliberations with prayer to Him, to set up chaplaincies, and to ask the President to call a day of prayer and thanksgiving to God. On religious values they built this Nation and on these values it has ever stood firm.

But now there is abroad in our land a new spirit which seeks to change this religious tradition of America, to place a nontraditional interpretation on the Constitution, to remove religion entirely from the public domain, and to commit our Government to the side of irreligion. This is the establishment of a new religion of secularism. This should be ruled unconstitutional.

Followers of this new secularistic approach have seized upon an expression that Thomas Jefferson used years after the first amendment was written, and have made it their battle cry. Jefferson spoke of a "wall of separation" between church and state. For him this wall was a dividing line, a fence, if you will, between friendly neighbors. The secularists have breathed into his metaphor a new and sinister meaning which he never intended. Jefferson spoke of a wall, but they have made it a rampart between church and state as though they were hostile elements in our country, instead of friendly partners claiming, each in its proper sphere, the allegiance of men's hearts.

I went to a public elementary school and to a public high school in Massachusetts, and during those 13 years all my teachers but two were Protestant and from them I learned a reverence for God and religion. I am sure that you learned the same lessons. Now we are being told that education must have nothing to do with God. Now we are being told that the United States Government must have nothing to do with God. Now we are being told that if children stand in their classroom and voluntarily, in twenty-two simple words, ask God to bless them, their parents, and their country, they are violating the Constitution and breaking the law of this land. This decision disregards the traditional rights of the overwhelming majority of parents and children. Firmly do I believe with Justice Stewart that "to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation."

Little by little the old America disappears from us—a country whose religious tradition and faith in God were her granite-like supports and the firm pledge of her strong endurance. As President Kennedy stated in his inaugural address, "Our forefathers fought for the belief that the rights of man come not from the generosity of the state but from the hand of God." Yet, at every opportunity, the secularists proclaim religion and the state as hostile forces in our country, instead of friendly partners, each in its own way, serving mankind.

Theirs is a crusade, not for freedom of religion, but for freedom from religion. Their goal is to strip America of all her religious traditions. A classic example of their technique is the controversy over Federal aid to education. They have so purposefully obscured and confused the question that millions of God-fearing Americans have been led to believe that there can be no peaceful cooperation between God and our country.

A year and a half ago, the proposal was made to use Federal funds to enable the schools of America to improve their standard of excellence. At once the administration assumed the position that children in nonpublic schools could not be helped, and there are nearly six million children in nonpublic elementary and high schools throughout the United States. The administration contended that these youngsters must not benefit from any Federal program of educational assistance. And why? Because in most cases their education is God-centered; it is religious.

As education, it equals that given in public schools. Certificates of transfer from private to public schools are honored without question. These students learn to read and write and they learn geography and mathematics and languages and science and American history and they love their country just as much as do their friends in public school. They are preparing for the same responsible citizenship. And, side by side, with their public school neighbors, they will later take their places as the workers, teachers, technicians, scientists, and the fathers and mothers of the next generation. If our country is attacked, they will fight for it; they will die for it, as so many of them have done before. In addition, they pay their taxes to the Government. But some argue that not one penny of Federal funds may be used to improve the excellence of their education because in their schools, in addition to their regular subjects, they are permitted to learn about God.

This is injustice. This is discrimination. This is an economic penalty against the schools performing a public service for our country parallel to that of the public schools. These parents are penalized for exercising their constitutionally protected right to send their children to the school of their choice—a right which even the Supreme Court has upheld.

When Catholics protested this evident injustice, the forces of secularism took the position that they would prefer to see the Federal aid program die than have it benefit the children in God-centered schools. Why are they so eager to gain Federal funds for one school system alone? If with a firm and even hand taxes are applied across the board without regard for race, creed, and color, it would seem reasonable to suppose that the money thus collected would be distributed across the board with an equally firm and even hand. When we speak of Government money, let us remember that the Government does not create money. Taxes for education are also collected from the parents of these children. If no part of these taxes is returned in any form to aid the nonreligious aspects of their children's education, how can this be just? Is not this taxation without participation? And eventually and inevitably will it not strangle the splendid independent school systems which so many God-fearing parents of all religions have, with so many sacrifices, established and maintained?

Catholics, as a group, are not opposed to Federal aid to education. Most take the position that it is for the Congress to decide whether the schools of our country really need Federal funds. They simply say that if legislation is enacted, it should apply to all children on a non-discriminatory basis. Furthermore, many Americans fear the creation of a monopoly in our educational system. They cherish the survival of their God-centered schools, and they realize that such control by the Government can easily lead to Iron Curtain education. Indeed, the more variety in our educational systems, the richer will be our culture. My prayerful hope is that other independent schools will flourish in our beloved land. For as these independent schools grow, our free society will become stronger through this diversity of education. The recent unfortunate decision of the Supreme Court, therefore, may well become a blessing in disguise, if it alerts us to the dangers of a uniformity which would blind our children to the world of the spirit.

I am gratefully encouraged that since the current controversy on Federal aid began, frank discussions have cleared the air and clarified the issues. Leading authorities on constitutional law state that aid given for the nonreligious aspects of the education of children in God-centered schools is certainly not unconstitutional.

Moreover, on last June 25th, Mr. Abraham Ribicoff, the Secretary for Health, Education, and Welfare, declared that there is a wide range of entirely permissible financial assistance to private schools. I applaud this judgment, and I rejoice in the greater understanding that has more recently been brought to this controversy.

I have chosen this subject for my address to you this evening with the desire to clarify further these issues, and also to encourage you to help your neighbors understand why we must not take God out of the public school and force the child out of the private school. As members of the Fraternal Order of Eagles, you have pioneered social legislation; you have safeguarded the rights of all individuals; you have been farsighted in maintaining the traditions of America. Our children are America's hope, and the education of every last one of them is tremendously important to us all. Liberty, truth, justice, equality—these you have emblazoned on your Eagle coat of arms, and what is more important, you have put them into practice.

In pleading for our children, I know that I speak to an understanding audience, for the work you have done for the betterment of youth is well known. In arguing for the godly traditions of America, I feel the same confidence, for your motto—"Freedom under God's law in our world"—is no dead letter, but one by which you live. It is a motto which, if lived by all, will protect and preserve our beloved America.

BIRTHDAY TRIBUTE TO HERBERT HOOVER

Mr. KEATING. Madam President, the Nation pauses today to mark with deep respect and warm affection the 88th birthday of one of the great men of our time, Herbert Hoover. It is eminently fitting that America should pay homage to Mr. Hoover on this anniversary of his birth, for he has spent a lifetime in making us proud that we are his fellow citizens. This great, wise, and gifted man has made the high cause of humanity his career, and over a long and distinguished span of years he has committed himself selflessly to the furtherance of that cause.

The peoples of Europe remember, and will ever remember, Mr. Hoover, for the heart-lifting mission of mercy he performed in feeding the hungry millions of the war-ravaged continent in the dark aftermath of the 1914–18 conflict. It may well be said that this uncommon man with the common touch has never retired from his self-imposed labor of striving to make the world a better place than he found it back in those early years of struggle that helped both to temper the steel of his character and to warm the compassion of his heart.

Our oldest living ex-President stands before us today as both a challenge and an inspiration. The years appear to have accentuated rather than diminished his zest for life, his prodigious energy, his unfailing involvement in the betterment of the human society. Today, as he travels back over the miles and the years, on a sentimental journey to the town of his birth, West Branch, Iowa, there to dedicate the library erected in his honor, let our hearts and minds take that same journey, and let us stand in spirit beside this magnificent American and take pride in the Nation that proudly calls him its son.

NEW ENGLAND STATES MAKE IT 32 STATES FOR NEW YORK WORLD'S FAIR

Mr. KEATING. Madam President, earlier this summer Mr. Robert Moses, president of the New York World's Fair, said:

> A genuine world's fair is much more than a spectacle and circus. It is an olympics of progress and healthy rivalry, a vast colisseum dedicated to new friendships.

April 22, 1964, will see the first of the 70 million expected visitors to the New York World's Fair of 1964 and 1965—almost 30 million more than attended the 1959 Brussels Fair. These visitors will see the flags of at least 66 nations represented at the fair. More than 30 of the States will also have exhibits. These State exhibits will make the visit even more meaningful for our foreign visitors, for from them they will gain greater insight into the tremendous variety of traditions and values in our American society.

I am delighted today to call attention to the announcement on Monday, August 6, that the six New England States will be added to the list of participating States. The New England region has contributed a great deal to our Nation's heritage. The New England pavilion is an important addition to the New York World's Fair and I am confident that it will greatly augment the success and excitement of the fair.

Madam President, I ask unanimous consent to have printed at this point in the RECORD a statement about the proposed New England exhibit at the fair.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT FROM WORLD'S FAIR CORP. ON NEW ENGLAND EXHIBIT

The six New England States were officially added to the roster of impressive exhibits to rise at the New York 1964–65 World's Fair, as the New England Council signed today with Robert Moses, president of the fair, for 81,518 square feet of space for an exhibit in the Federal and States area.

Signing for the council was its executive vice president, Gardner A. Caverly, who acted in behalf of the New England States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. Among those present for the ceremonies was Representative Peter J. Cloherty, chairman of the New England States World's Fair Committee, and other members of the committee.

On display at the signing ceremonies was a scale model of the six-State pavilion which is designed through several individual structures to convey the theme of "New England: Where Our Past Began, Our Future Begins." It will house an exciting variety of exhibits portraying the historical landmarks, culture, seafaring background, and industry of this major sector of the American community.

In the regional portion of the exhibit the visitor will see original or replica landmarks affecting the development of the United States and the world, and a relief model of New England. From this regional section the visitor will move out through beautiful landscapes that provide a flavor and fragrance of New England, to the village green and amphitheater where a wide variety of events is planned from a town meeting to a performance by the Boston Pops Orchestra. There will be separate exhibits for each New England State showing past achievements along with future aspirations and serving as information and tourist centers. Another building in the multiple-State exhibit will house the finest in New England industry. Planned also is a fish hatchery, a country store, and a restaurant featuring foods for which New England has become famous.

ORDER OF BUSINESS

Mr. KEATING. Madam President, I should like to discuss another subject for about 5 or 6 minutes, but I do not desire to interfere with the plans of either the Senator from Utah [Mr. MOSS] or the Senator from Oregon [Mr. MORSE].

Mr. KEFAUVER. Madam President, will the Senator from New York yield to me?

Mr. KEATING. The Senator from Utah has the floor. Would it be agreeable to the Senator from Utah if I spoke for about 5 minutes on another subject?

Mr. MOSS. Madam President, under the unanimous consent agreement that I will not lose my right to the floor, I agree that the Senator from New York may continue.

Mr. KEATING. I appreciate the Senator's courtesy.

Mr. MORSE. Provided, however, that the yielding does not count as one speech.

The PRESIDING OFFICER. Without objection, that is the understanding.

FORMER PRESIDENT TRUMAN'S VIEWS ON COMMUNICATIONS SATELLITE BILL

Mr. KEATING. Madam President, I wish to comment on the sprightly remarks of the penultimate President of the United States, a former Member of this body. I quote from the New York Times, a most reliable journal, his remarks to reporters yesterday with reference to the communications satellite bill:

> I don't think the President understands the bill. The damned Republicans and some Democrats are trying to give away public property. The public spent $25 billion or $30 billion developing satellites and the communications system ought to be publicly owned.
>
> The Republicans will give away everything if you don't watch them.

It occurs to me that there is much more heat than light in that statement. The first reference; namely, to the understanding of the bill by President Kennedy, rather baffles me. I would not cast any aspersions on any President, but I venture the suggestion that the President of the United States understands the bill as well as the penultimate President understands it.

As to the next statement, that "the damned Republicans and some Democrats are trying to give away public property. The public spent $25 billion or $30 billion developing satellites," I would have to question not only the penultimate President's knowledge of budgeting, as was done yesterday by the distinguished minority leader, but also his knowledge of the Scriptures and the causes of damnation. Certainly damnation and glorification are no special province or prerogative of any political party or anyone of any race, creed, or color.

If the Republicans are to be damned, we certainly are in good company. The phrase "some Democrats" is rather interesting in correlation with President Kennedy's reference to the "handful of Democrats" who defeated the medicare bill. The penultimate President speaks of "some Democrats," when, in fact, we know that all but perhaps 10 or 15 Democrats favor the satellite bill, as well as all Republicans.

I have never known such a party of shrinking violets, trying to diminish its Members by describing its leading Members, most of its committee chairmen, and, in the case of the satellite bill, the majority leader, the majority whip, and nearly all members of three different committees, as "some Democrats." If I were one of these continually downgraded Democrats, I would seriously think of becoming a Republican, where my talents might be honorably recognized and where open arms would be extended.

Furthermore, if we are to be damned for the position that the penultimate President thinks we should not have taken, our present President himself must be included. He must be one of the damned, because he has reiterated his approval of the satellite bill, even so recently as his past press conference.

According to the penultimate President, the present President apparently has perpetrated a giant giveaway without even understanding what he is giving away. I have served in the Senate with the former Senator from Massachusetts, who is now the President of the United States, as have most of the rest of us in this body. We always looked upon him as a highly intelligent man. It is hard for me to follow the statement of the penultimate President that President Kennedy does not understand the satellite bill.

But, Madam President, I have considerable difficulty anyway in determining what is given away by means of the bill and why there is constant reference, in connection with the bill, to giveaway. The word "giveaway," which the penultimate President of the United States uses so glibly, is like many cliches which are used over and over again, frequently with little or no meaning.

Now let me ask, Madam President, just what is being given away by means of this bill. The U.S. Government does not now own outer space; so we could not give it away, even if we wanted to. The communications know-how has never been the property of our Government, to start with; so we could not give that away, either, if we wanted to.

Mr. GORE. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from New York yield to the Senator from Tennessee?

Mr. KEATING. Mr. President, the Senator from Utah [Mr. MOSS] has the floor. By unanimous consent, he yielded briefly to me; and I promised to speak for not more than 5 minutes. Of course I am perfectly willing to yield to the Senator from Tennessee if the Senator from Utah will permit me to do so, and if the Senator will first permit me to complete my statement. It will take me only about 2 more minutes to complete it.

Mr. MOSS. Mr. President, I yielded to the Senator from New York under a unanimous-consent agreement; and I prefer to have the Senator from New York complete his remarks.

Mr. KEATING. I shall complete them in about 2 minutes. If the Senator is then willing to have me proceed further, I shall be glad to engage in colloquy with the Senator from Tennessee.

Mr. President, the rockets and missiles necessary to shoot the satellites into space are indeed Government property, and the Government will be compensated for their use, as it was in connection with the Telstar firing. So we shall not be giving them away. The capital that this corporation needs will be obtained from the sale of stock. No stock is to be given away to anyone; on the contrary, it will be sold for $100 a share. So it is most difficult to see what is being given away.

The only gigantic giveaway that I have found is in the penultimate President's own statement that President Kennedy does not understand the bill. If that is true, it has so far been the most carefully guarded secret in the Democratic Party. Certainly the information will come as quite a surprise to most Members of the Senate. I wonder whether our penultimate President would also suggest that the chairman and the other members of the Foreign Relations Committee, the chairman and the other members of the Commerce Committee, and the chairman and the other members of the Space Committee do not understand the bill either, for it has been favorably reported to the Senate from all of those committees; and, in the case of the Foreign Relations Committee, the bill was reported to the Senate without changing a comma in it. I assume that such a conclusion would follow from Mr. Truman's statement.

Mr. President, in all seriousness, let me conclude by saying that there is one possibility of a giveaway in this situation—and, so far as I can see, only one. It is that by our delay and by the filibustering here in the Senate we shall be giving away—in fact, I would put it even more strongly, and would say we would be throwing away—the best opportunity to get a cooperative business-Government venture underway, the best opportunity to establish and maintain our clear leadership over the Soviets, and the best opportunity to prevent one company—namely, A.T. & T.—from setting up a monopolistic control of communications satellites, because that company has put up the Telstar; and if we do not enact this bill, that company can put up several more Telstars. Mr. President, this bill is being sought in an effort to let others participate in this development, including the general public.

It would be a tragic giveaway of the lead we have established in this field if we did not pass this bill. And if that genuine giveaway took place, the entire, full, and complete blame would have to rest on the members of our penultimate President's own party—not on all of them, but only on those who understand the bill, as he apparently says he does, and on those who share his views.

I thank the Senator from Utah for his courtesy in yielding to me.

TRANSACTION OF ROUTINE BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield to me on the same basis as that on which he yielded earlier to the Senator from Utah? I wish to propound a request.

Mr. MORSE. Yes. But first I wish to ask the majority leader about the understanding he and I had concerning the postponed quorum call. I asked for a quorum call; and the majority leader asked that I withhold that request until certain insertions were made in the RECORD. I do not think either of us contemplated at that time that the Senator from Utah would first be recognized. However, he has now been recognized; and that creates the parliamentary situation that if I now ask for a quorum call, I shall have to do it by unanimous consent, insofar as preserving the rights of the Senator from Utah are concerned. Otherwise, his yielding for this purpose would count as one speech by him.

Mr. MANSFIELD. I am willing to go along.

Mr. MORSE. Mr. President, I ask unanimous consent that when the Senator from Montana finishes with his request, I may ask for a quorum call, without having that charged against the Senator from Utah, in connection with any of his rights.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, with the same understanding, will the Senator from Oregon yield now to me?

Mr. MORSE. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that various matters submitted by several Senators and now held at the desk be printed in the RECORD and that several bills and communications now held at the desk be considered as having been introduced and submitted, and appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MORSE. Mr. President, subject to my understanding with the majority leader that my suggestion of the absence of a quorum will not be charged as a first speech against the Senator from Utah [Mr. MOSS], I now suggest the absence of a quorum.

The PRESIDING OFFICER. With that understanding, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 153 Leg.]

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bottum
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Gruening
Hartke
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Morse
Moss
Mundt
Muskie
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. MOSS. Mr. President, I have not yet taken occasion to speak on the bill or the amendment before the Senate. Earlier in the session today I supported the motion of the Senator from Oregon [Mr. MORSE] to call up his antifilibuster resolution (S. Res. 24). There should be a reasonable system for bringing debate to a conclusion so that the Senate may work its will after there has been ample time for discussion and debate. The motion of the senior Senator from Oregon was laid on the table.

Similarly I supported the motion to bring up the farm bill, which was also tabled, and the motion to bring up the drug bill. Those are both important measures with which the Senate should be concerned. I felt that we could well proceed to that business and thus serve the public interest, rather than prolong the discussion on the communications satellite bill because, in my opinion, the bill should not be voted upon in the Senate at this time. There has not been sufficient time to understand and discuss it. It could well be postponed until later in the year or until next year.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. MOSS. I am happy to yield to my friend the Senator from Pennsylvania for a question.

Mr. CLARK. Does the Senator agree with me that only four Senators, besides the Presiding Officer and the speaker, are now present in the Chamber?

Mr. MOSS. The Senator is correct, according to my count.

Mr. McCLELLAN. Mr. President, will the Senator yield? I observe six Senators.

Mr. CLARK. Mr. President, will the Senator yield for a further question?

Mr. MOSS. I yield to my friend from Pennsylvania for a further question.

Mr. CLARK. Am I not correct that unanimous consent was refused this morning to the request for any Senate committee to meet while the Senate is in session?

Mr. MOSS. I was present in the Senate and I heard the unanimous-consent request to authorize the meeting of committees.

Mr. CLARK. Mr. President, will the Senator yield for a further question?

Mr. MOSS. I yield for a further question.

Mr. CLARK. Is it not the general opinion that the reason for what I call the nonsensical rule that no committees may meet except by unanimous consent while the Senate is in session that Senators may be able to come to the Chamber and listen to the debate?

Mr. MOSS. It has been my understanding that that is the reason for the rule. But my experience during my term of service indicates that the rule does not operate with that result. Seldom are many Senators in their places on the floor of the Senate when there is a lengthy speech to be delivered.

Mr. CLARK. Mr. President, will the Senator yield for a final question?

Mr. MOSS. I yield again for a question.

Mr. CLARK. Will the Senator do everything within his power to help me have that rule changed next year?

Mr. MOSS. The Senator well knows that I favor a change in the rule, and I shall be most happy to support him in his efforts.

Mr. CLARK. I thank the Senator for his courtesy.

Mr. MOSS. Mr. President, in my view, the most important question which the Senate must decide with respect to space satellite communications in these critical last weeks of the session is: What do we have to gain by passing this legislation and what do we lose by deferring action for this session? I think the answer is clear: We have little to gain and much to lose by rushing legislation through at this time.

Less than a year ago there were Senators and Members of the other body who felt that there should be delay in the consideration of the communications satellite. I find in the printed record of the hearings before the Committee on Foreign Relations, which only today at noon reported the bill back to the Senate, a copy of a letter that was sent to the President of the United States about a year ago, signed by the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Oregon [Mr. MORSE]. The letter was also signed by 31 Members of the House of Representatives. I should like to read some excerpts from that letter:

> After such a [space communications] system has become full operational, but not until then, we believe, can decisions be intelligently made as to whether such a system should be publicly or private owned and under what circumstances. * * * We do not at present know which system can be put into use first, nor which system will be most efficient once in orbit. Given this technological uncertainty, the complicated question of ownership and control of this system must necessarily be covered with an even greater haze of uncertainty. In order to insure that the rapid development of this new system is not impeded by a premature decision as to ownership, we are of the opinion that prudence requires a further investigation of the broadest aspects of the ownership question. Specifically, we believe that the debate over ownership should be separated from the development question until the entire system becomes fully operational. During this period development should proceed with all possible speed while careful study is given to the decision as to the control of these unripened fruits of science. * * * We have seen from past experience how the American Telephone & Telegraph Co. has been able to expand its monopoly position and strengthen its hold on the American economy by combining, under the aegis of one holding company, its equipment manufacturing concern, the Western Electric Co., and the operating divisions of the Bell Telephone System. Only by insisting upon the widest participation by all interested communications and aerospace manufacturers and operators can there be any hope that such a monopoly can be forestalled in this new and vital field. * * * Nor is there any logical or rational basis for excluding U.S. domestic communications common carriers from ownership in the system while granting companies which have no interest and virtually no investment in international communications service opportunity to participate in the system's ownership, particularly since the space satellite could provide domestic as well as international communications services. * * * [There is no justification for excluding communications and aerospace manufacturers, particularly when the record clearly demonstrates that a number of these organizations have a far greater contribution to make in expert technology than any of the 10 [international] "communications carriers." * * * Because we believe time and study are essential to wise decisionmaking, and because we do not want to prejudice the ultimate question of control and ownership during the period of study, we urge that (1) no decisions concerning ultimate control be made until the entire system becomes fully operational; (2) no contracts, decisions, or acts which may prejudice the ultimate decision as to ownership be agreed to until the entire system becomes fully operational. * * * The United States can demonstrate to the world what a democratic system can accomplish in developing a space communications satellite system. But if decisions are taken in haste and allowed to cramp and prejudice the rational development of the new gift of science, it is likely that we may not only prejudice a question of vital national concern, but we may hinder the rapid development of the system itself.

I realize that there have been many developments since that time, notably the monumental success of Telstar. I do not understand, however, that there has been any change which in any way undercuts or changes the rectitude of the position taken in that letter. We still do not know which system can be put up first or which system will be the most efficent. The monopoly power of A.T. & T. is every bit as apparent today, as it was last July. There is no more rational basis, today, for limiting the participation of noninternational communications carriers to less than is allowed international communications carriers, than there was last July a year ago. It is still true that a number of aerospace and communications carriers—who, under H.R. 11040 would be limited to no more than 10 percent of voting control—have made far greater contributions to expert technology than have some of the international common carriers—who, under this bill, would be permitted up to 50 percent of voting control. There is no more reason, today, for taking any step which may in any way prejudice the ultimate system which is put into use, than there was last July.

So I say today on the floor of the Senate that we must not rush in headlong to establish a communications satellite owned and controlled by one of the great monopoly corporations. This measure should be considered and refined and should be considered quietly by the Senate after there has been time for full experimentation.

The Senate Commerce Committee Report contains a memorandum by Prof. Leon Lipson, of the Yale Law School, who is also a consultant to the Rand Corp. on space satellite problems. This memorandum, dated November 1961, states:

> At present, as was true at the time of the policy statement of July, we are in the phase of research and development. Several apparently promising approaches to a satellite communication system are being explored simultaneously; some involving low or medium altitude, random orbit, multiple satellite systems; others involving very high altitude, very large capacity, small number synchronous satellites; some being carried out by the Government; others by private industry under Government contract; and still others by private industry on its own initiative and at its own expense. So far as can be determined now, this duplication of effort is useful, and the fact that at some future date it may become evident that some of it led nowhere does not justify us in calling it wasteful now.
>
> This present phase of exploratory research and development is, inescapably, a very expensive phase. It is natural that we should be under a temptation to wish to cut it short. On the basis of previous experience in Government-sponsored (and other) research and development, in war and peace, we must beware of cutting it so short that the total expense ultimately is increased by the enormous cost of false starts in production which have to be written off as truly wasteful.
>
> The present situation enables us not only to await the result of the competition among ideas, systems, and subsystems; it enables us to await the result of competition among interested candidates for a central position in the management of whatever system is put into operation (A.T. & T., RCA, Hughes, etc.). So long as decisions on ultimate organizational form and operating franchise remain uncertain, the usual incentive toward doing the job well, fast, and relatively cheap will be powerfully supplemented by the hope of acquiring a preferred position by virtue of achievements in R. & D.
>
> Of course, this phase must not be prolonged beyond the point of maximum usefulness. The Government ought to announce that at some specified future date it will, on the basis of its regular review of progress in R. & D., make a decision on which of the various exploratory approaches shows sufficient promise of feasibility to justify the allotment of pilot operating funds and which ones ought to be closed out.
>
> Organizational decisions would be made at the same future date. The choice of the deadline should be made now by NASA; probably it would fall roughly 18 months from today. (This was said on November

> 14, 1961.) If necessary it could later be postponed; meanwhile, the various teams working on alternative approaches would have felt themselves under pressure to produce results relatively quickly.
>
> A subsidiary advantage of postponing organizational decisions until the exploratory phase of R. & D. is further advanced, is that it would buy time for the working out of a sensible governmental policy on the organizational questions. This time is needed.

I have supplied emphasis as I copied the quotation into my text of the speech I am delivering. I reiterate, that this time is needed.

This attitude is also reflected in a Rand Corp. memorandum for NASA entitled "Communication Satellites and Public Policy" which was originally issued in 1960 and reissued this past December, which states, at page 104:

> The more flexible the initial arrangements are, the better.

The same attitude appears in the thoughtful set of conclusions of the House Science Committee published on October 11, 1961:

> The committee advises the encouragement of private enterprise to participate in this development to the limit of its resources, talent, and capacity. However, it is also the view of the committee that because of the many significant questions of public policy raised, and the absence of precedents on which to rely, the Government must retain maximum flexibility regarding the central question of ownership and operation of the system. No final decision should be made during the early stages of development which might prejudice the public interest or U.S. international relations.

Flexibility is absolutely essential. In the first place, we do not yet have a clear idea of the magnitude of this facility in terms of utility or profitability. In other words, we really do not know how valuable a piece of taxpayer property we are being asked to commit to an A.T. & T.-dominated corporation. We cannot know this for some time to come. As the President said in a speech on March 11 of this year, space is: "a field which is growing and changing so quickly no one can predict in precise detail what our future course will be or what other benefits will unfold for the Nation."—New York Times, March 11, 1962, page 1.

The president of the Bendix Corp. told the Senate Small Business Committee:

> It is difficult at this early stage to visualize what is encompassed in space communications, but I am sure activities will probably exceed our imagination.

Second, as the Senator from Tennessee [Mr. Gore] and other Senators have shown, we have no clear idea of the type of international arrangements that will be necessary and how other countries will participate in the ownership or operation of this system. We are currently negotiating with the Russians and many others about space communications, along with many other space topics. We do not know what the outcome of these negotiations will be. We only know that they will be long and difficult and that they must succeed, for space cooperation is indispensable.

Third, numerous technical questions are unresolved. For example, we still have no idea whether the high system will be more effective than the low-orbit system. This decision is a momentous one, for the difference in cost and efficiency between the two systems is enormous. It has been estimated that the low system, with its dozens of satellites and complicated ground stations may cost more than $500 million, whereas the high system with its three satellites and simpler ground stations can be put up for possibly no more than $200 million. Decisions on this question cannot be made until next year at the earliest. The experimental prototype of the high system will not be launched before later in the summer. Relay is not due until sometime between now and September, according to NASA, and the experimental prototype for the high system, Syncom, will not be launched until the first of next year. Without the completion of these experiments, we cannot even begin to answer most of the vital questions.

Dr. Hugh Dryden, Deputy Administrator of NASA, told the Senate Committee on Aeronautical and Space Sciences:

> Although there is no disagreement among the experts as to the desirability and necessity of communication satellite systems, there is disagreement as to the type of communication satellite system best suited for operational purposes. This next year's activities should help to resolve many of the technical unknowns. We need answers to such questions as the following: Can we design and place in orbit satellites which will exhibit extremely long lives? I have mentioned, I think, 17 days, and this is hardly a practical life for us in a system. The Echo satellite was unsatisfactory because of its changing in shape. We feel fairly confident that as far as the passive system is concerned, it is possible to put up a reflector of a long life. As you all know, the passive system, however, has disadvantages as well, and the ultimate decision on what system should be used for certain purposes will rest on the outcome of technical experiments.
>
> What are the physical, chemical, and other characteristics of the space environment itself? What are the effects of the radiations and particles present in the space environment on the performance and life of satellite electronics? We made a recent experiment on Explorer 12 on the solar cells in which an unprotected cell lost its capabilities very quickly. The protection of a rather thin layer of glass caused some small decrease in capability for the particular exposure, which was not very severe. Cells under thicker glass showed no deterioration over the period in which Explorer 12 was giving data. We need much more information of that kind, and the satellites that you see here, in addition to the communications demonstration, will provide basic information of this kind.
>
> What are the required antenna sizes, power, and other technical characteristics of the ground communications stations which are a necessary part of these systems? Only when some of these questions are answered may we expect agreement on the most desirable operational system.

Dr. Dryden subsequently estimated that we would not have a communications satelite system in operation for 5 years; RCA's president, Dr. Engstrom, said the first priority is technical.

DR. ENGSTROM'S JUDGMENT IS THAT BILL MAY BE PREMATURE

In a colloquy with the Senator from Nevada [Mr. Cannon] and other Senators, Dr. Engstrom made the following statements at Senate Space Committee hearings held in March of this year:

> Senator Cannon. Doctor, in view of your testimony on this whole matter concerning the stage of advancement and the reluctance at this time to invest on behalf of your company, is it your view that this bill is premature at this time?
>
> Dr. Engstrom. That is a conclusion, sir, that you could draw. In testimony which I gave at an earlier time, I indicated that I believed that it was more important to select a right system than it was to attempt to freeze certain other matters at this time. This does not mean, however, that if such a corporation is set up, that this would tend to freeze things, because they would have to go through the same steps in any case to arrive at a full practical and operating system. So I think it is wholly a matter of judgment as to whether the bill is premature or not. It need not certainly be premature.
>
> Senator Cannon. Well, in your judgment, is it premature, in view of the fact that we are going ahead with the development program over the next period of time?
>
> Dr. Engstrom. I think in view of the answers that I have given to questions, you could draw the conclusion that I think it is somewhat premature and that we would be better off if we had more facts before we face the problems the bill presents. But this is a matter of judgment.
>
> Senator Cannon. If I correctly analyze your testimony, you feel that in a matter of 6 months or a period thereof that we would have more facts on which to base our judgment concerning the setting up of this organization?
>
> Dr. Engstrom. Yes, sir; and in a year from now we would be on very much more solid ground because the programs we heard about this morning will be accomplished in their first stages during the next 12 months.
>
> Senator Cannon. Do you see any specific disadvantages to not proceeding with this type of an organization at the present moment?
>
> Dr. Engstrom. No; I do not see any disadvantages, except the matter that has come up in the questioning here. When I indicate that we are not ready to make an investment, maybe there would not be enough to carry it forward.

WE WILL NOT NECESSARILY LOSE BY DELAYING ESTABLISHMENT OF CORPORATION

> Senator Cannon. Do you believe that if we do not set up this corporation in the immediate future, that that would put us behind in the schedule to be first in this area of space communication?
>
> Dr. Engstrom. Not necessarily so. I think that if the programs which are scheduled by NASA and by others are prosecuted to the best ability of everyone concerned, we need not necessarily lose because of this.

PASSAGE OF BILL IS NOT FIRST PRIORITY ITEM

> Senator Wiley. As I understand, you agree that the paramount national need is for the swiftest possible development of a practical operating satellite communications system. Is that correct?
>
> Dr. Engstrom. Yes.
>
> Senator Wiley. We have been talking about a bill that has not been born yet. I want to know how we are going to do this, how we are going to bring about the swiftest possible development of a practical operating satellite communications system. I would like to have your answer to that.
>
> Dr. Engstrom. Yes, sir. We are going to do that by prosecuting as actively as possible the research and development program that we heard about this morning. This is the basic need at the present time. We need the information that is to come from the Relay project, from the Telstar project, from

the Syncom project, from the Advent project, and the other projects which will be born as we go through this year.

Senator Wiley. Then the question of whether or not this is the kind of a bill that should be passed is not the important thing, is it?

Dr. Engstrom. It is not the first-priority item.

Senator Wiley. All right. The second question I wanted to ask you is: What improvement would you make in the bill, to bring about the swiftest possible development of this communications system?

Dr. Engstrom. I am not sure, sir, that I see that the swiftest possible movement in providing the basis for a communications satellite system is directly related to the bill. It is more directly related to the research and development program which is now underway, and which will be augmented as we go along. The bill is related to the potential of an organization to carry on the communications when the facilities have become available.

Mr. President, Professor Lipson has pointed out that the United States needs time to resolve many of the complex technical and organizational questions which are yet unsolved. If we plunge ahead now, we shall be making crucial decisions in the dark.

Let us make no mistake about it: If we set up this corporation at this time, we shall be prematurely freezing the situation and tying our hands. The corporation we create will unquestionably be dominated by A.T. & T. and the other carriers. They will understandably, and properly, be interested in profitable operations.

Moreover, A.T. & T. has been promoting the low-altitude system. To me, it is patently apparent that if this corporation is established now, the low-altitude system will be used, because A.T. & T. is not going to abandon its well-advertised sponsorship in Telstar, regardless of any superiority of the high-altitude system. Once the low-altitude system is used, no sensible board of directors will scrap an investment of millions invested in Telstar. Then we shall, I am afraid, be stuck with it, irrespective of the merits of potentially competitive systems.

Historically, the inherently high capital cost requirements of the telecommunications industries have necessitated enormous capital outlays by A.T. & T. Once funds are invested in plant equipment, resistance to replacement—even with superior facilities—is great. This is not intended in any way to be a condemnation of the A.T. & T.; rather, it is purely a question of sound finances and management.

Moreover, I direct the attention of Senators to section 201(c)(4) of H.R. 11040 which reads:

> The FCC shall—
>
> * * * * *
>
> (4) insure that facilities of the communications satellite system and satellite terminal stations are technically compatible and interconnected operationally with each other and with existing communication facilities.

Perhaps I fail to appreciate some sophisticated point of drafting, Mr. President; but I am struck by the fact that the only existing space communications facilities are owned by A.T. & T., and these are only compatible with the A.T. & T. system, Telstar. Further, 85 percent of the interstate communication facilities and all the international facilities are controlled by A.T. & T.

In view of these facts, it appears clear to me that section 201(c)(4) commits us to the A.T. & T. system, any other provisions of the bill notwithstanding.

Putting up and committing ourselves to the low-orbit system could hurt our international prestige immeasurably—as Vice President Troter of General Telephone told the Senate Small Business Committee:

> A random orbital system could discredit us before the world as a leader in space communications if Russia established a stationary satellite system.

That satellite system would be a high-orbit system, in which the satellite would remain in relatively the same position with the earth as it rotated.

I continue the quotation:

> If the United States went ahead with a low-random orbit system it would be possible for Russia to hold back until we are deeply committed to this system and had launched perhaps two-thirds of the satellites and then with three satellites the Russians could establish a truly worldwide system before our limited system was even in operation.

The Senator from Louisiana [Mr. Long], before the Small Business Committee, asked this question:

> In other words, we go ahead and strain and strain away and after getting about two-thirds of the way through, it would not be any good when we get it?

Dr. Trotter replied:

> That is right.

Further, Dr. Trotter indicated in that discussion, the Russians—unhampered by the problem of sunk capital—are working on the high-orbit system.

It is said that it is urgent for us to establish this system now. I do not understand these arguments, which seem to me to rest on mistaken facts and shibboleths.

The first and most frequent argument I hear is that we must establish this corporation to "beat the Russians." For example, in the House debate, when asked why we had to decide at this time, Congressman Harris said:

> The answer to that would be, let us sit on our thumbs and let the Russians take over. Unless we move forward and set up this organization, we are just sitting idly by and letting someone else take the leadership in just this program that is going to mean so much to our future.

But this is unsupported by Chairman Harris' own report accompanying the bill. In that report, it says:

> The bill reported by your committee seeks to lay the foundation for accomplishing these objectives insofar as concerns the arrangements for U.S. participation in such a global system. The actual establishment and operation of such a global system, however, will depend entirely on future international arrangements involving the allocation of radio frequencies for such a system.
>
> The international allocation of radio frequencies is under the control of the International Telecommunications Union (ITU) of which the United States is an active member. The need for international control of the radio spectrum has been recognized ever since the development of radio, and the need for such control has become more and more imperative as the uses for radio frequencies have increased with the growth of communications technology.
>
> Since the radio spectrum is one of the most important natural resources and a truly international resource which knows no national boundaries, international control of the radio spectrum has constituted over the years one of the outstanding examples of international cooperation. This cooperation is motivated by the compelling realization that in the absence of cooperation all nations stand to lose the opportunity which can be theirs of making efficient use of this valuable resource.
>
> This circumstance must be fully recognized in making our national plans for a global satellite communications system. In making these plans we must aim at machinery which will be flexible enough so that the United States will be in a position to secure general support for the allocation of frequencies for a global commercial communications satellite system.
>
> There is widespread recognition in other countries of the prospective economic and political benefits which may be derived from the successful development of communications satellite relays. The International Telecommunications Union (ITU) has given active and foresighted attention to the problem of making available the necessary allocation of radio frequencies. Allocations for experimental space communications were made in 1959, and an extraordinary administrative radio conference is tentatively scheduled for late 1963 to consider allocations for continuing space communications users. If we are to secure general support for the allocation of frequencies for a global commercial satellite communications system, it will be important for other nations to feel that they will share in and benefit from the establishment of such a system.
>
> The Federal Communications Commission, the Department of State, the National Aeronautics and Space Administration, and other interested Government agencies with the cooperation of the communications industry are now engaged in preparing the specific proposals for these allocations of frequencies which the United States expects to submit to the 1963 conference.
>
> ### WHY LEGISLATION NOW?
>
> In view of all of these facts which make the establishment of a global communications satellite system very much a thing of the future, the question might be asked why it is necessary to enact legislation now, and why the establishment of a communications satellite corporation cannot await the conclusion of the international agreements upon which the establishment and operation of such a global system depend. The answer to this question is very clear.
>
> If a national policy of private ownership and operation of the U.S. portion of the international system is to be assured, the instrumentality therefor must be established now. If this instrumentality is not created at the earliest possible date, all planning for U.S. participation in the international system will have to be done by Government agencies. Our private communications carriers, especially in view of the antitrust laws, will be prevented from cooperating effectively with each other and with the Government agencies in preparing effective plans for U.S. participation in the international system. The creation at this time of the needed instrument, in the form of a private corporation, will provide the machinery through which existing carriers and other private individuals and groups which desire to participate financially in this new venture may do so. As a private corporation its

> securities would, of course, be subject to applicable securities laws, including those administered by the Securities and Exchange Commission.

Whatever this means—and I have some doubts on that score—it clearly has nothing to do with beating the Russians, or getting the system operational 1 day sooner. What it seems to say is that the program must be turned over to A.T. & T. now because it will be harder to do so next year.

There is simply no relationship between passage of H.R. 11040 and achievement of an operational system. H.R. 11040 will have absolutely no effect on when we get a communications satellite system in operation.

In the first place, research and development are proceeding at top speed by the only organization which can do it—the U.S. Government. This is because, as Mr. Rubel said, 90 percent of the problem has to do with aerospace and only the Government can resolve these questions. Relay, Syncom, Advent, and other NASA and Department of Defense programs are moving as fast as possible and this proposed legislation will not affect them in the least.

The following colloquy between the Senator from Tennessee [Mr. KEFAUVER] and the vice president of Western Union at the Senate Antitrust and Monopoly Subcommittee hearings demonstrates this:

> Senator KEFAUVER. Suppose you had a corporation of $200 million right now. What would it do with the money?
>
> Mr. BARR. Well, for an appreciable period of time it would sit on its hands. Deferral of this legislation until next year will not delay the development of a space satellite communications system in any degree.

Mr. GORE. Mr. President, will the Senator yield for a question?

Mr. MOSS. I am happy to yield to the Senator for a question.

Mr. GORE. Does not the Senator think that a mistaken action such as the enactment of the pending bill picking a private corporation to be the chosen instrument of this country to conduct, on behalf of the United States, delicate and vastly important negotiations with foreign countries, might even hinder rather than help the achievement of a global satellite communications system?

Mr. MOSS. I agree that it might very well hinder the development. A private corporation is a creature of our law, a citizen in the sense of being a legal entity, and is beholden only to the Government which created it. It would have no status to negotiate in the international field, particularly with other governments involved. So the private corporation would be handicapped, would be unable to negotiate, or else would be put in the position, of necessity, of going to our own Government and asking our own Government to conduct negotiations on its behalf and to perhaps be a go-between, which obviously would complicate the problem, lessen the prospects, and make it much more difficult to work out any international agreement.

I think it is perfectly apparent to us all that this communications satellite which will orbit the earth and cross over the various countries of the earth will have to be controlled, if controlled at all, by an international agreement. There is no other way to do it.

The President, acting for the U.S. Government, is the only person who can speak for this country, for this sovereignty, in dealing with other sovereign states around the globe. Therefore, to tie this to a private corporation, when we are at the very beginnings, doing research and development, would be foolish indeed. It would tie the hands of this country in its attempt to move rapidly into this field of development of communications.

Mr. GORE. Mr. President, will the Senator yield for another question?

Mr. MOSS. I yield further to the Senator from Tennessee.

Mr. GORE. If the private corporation proposed to be established by the pending bill did not have authority to enter into negotiations looking toward and perhaps leading to the conclusion of binding agreements, does the Senator think that the governments of foreign countries would be particularly interested in negotiating with an agency which could not enter into valid and binding agreements?

Mr. MOSS. I am convinced that foreign governments would be very reluctant to do so. Most of them probably would not consider entering into any dealings at all with a private corporation which is a creature of this Government.

International law has developed over the years in respect to the field of treaty arrangements and bilateral national agreements between governments. Those have a certain status and stability, and have a certain meaning. Never at any time has international law contemplated an agreement between a private corporation, which is a creature of one of the sovereign governments, with another sovereign government to which it has no allegiance, which has no control over it, because there would be no basis for enforcing any kind of agreement of that sort. The parties would not be what we call, in law, privy to one another. They would have no basis for meeting. Sovereign governments must meet at the treaty level and adopt treaties or agreements, or else the government would have to speak for its entity. That is the only way there could be any agreement.

Mr. GORE. Is it the opinion of the Senator that if the corporation lacked authority to negotiate on behalf of the United States binding agreements with foreign nations, it would suffer a very severe—perhaps fatal—handicap in respect to development of a global satellite communications system, which this country earnestly seeks or should earnestly seek?

Mr. MOSS. That could very well be fatal. It poses so many problems either fatal or, if not fatal, so complex and unclear at this time that it would be wholly unwise to push on now to the creation of a corporation, until we clearly known what are the limits of authority and what may be done.

As I have tried to point out as I have discussed the problem today, nothing would be lost at all by delaying the creation of the corporation at this time because the research and development phase is going forward regardless. The Federal Government is responsible for the largest part of the research and development which is being conducted. That is moving now at top speed.

We would not handicap ourselves—in fact, we would free ourselves—if we put aside now the consideration of the bill until some of these things become clear in the development which is going on.

Mr. GORE. Mr. President, will the Senator yield for another question?

Mr. MOSS. I yield again for a question.

Mr. GORE. If, on the other hand, the private corporation should, by the pending bill, be vested with the right to negotiate international agreements on behalf of the United States under which the United States would be bound for its part in such a global satellite communications system as may be achieved, would the Senator think it a proper action on the part of the Congress so to vest a private corporation with a part of the sovereignty of the United States?

Mr. MOSS. I answer the Senator by saying I think it would be wholly improper. In fact, I think it would be unconstitutional, and very likely the question would be dealt with by the courts upon the bringing of a proper action before the courts. I do not believe the executive power and the Congress combined can alienate or assign to any private citizen, corporation, or group, any of the sovereign functions of our Government to deal in international relations. Therefore, I think it would be wholly ineffective to pass a measure of the kind before the Senate. But it could create great mischief if an attempt were made to take the necessary action and go through the proper steps to have a judicial declaration that it was an improper delegation.

Mr. GORE. Mr. President, will the Senator yield for another question?

Mr. MOSS. I yield for another question.

Mr. GORE. Then the Senator thinks that if the corporation were not clothed with the power to negotiate international agreements with other countries, foreign entities, and international agencies, it would be a handicap over which the conclusion of such agreements might be achieved only with the greatest of difficulty?

Mr. MOSS. I agree very heartily. The corporation, without the authority to negotiate agreements, could achieve very little because, as has been discussed, the satellite is one that would beam its rays down on many countries. If we should get into the high satellite system, only three satellites in outer space would cover the entire surface of the globe.

Therefore international agreement is absolutely essential to prevent chaos in the operation of a system of that sort. International agreement is essential to assign wavelengths, to stop interference, to agree not to interfere, and to consider questions of that sort. So international agreement is essential. In my opinion, international agreement cannot be negotiated by a private corporation. The only way a binding international agreement can be negotiated is by sovereign governments themselves. Therefore to attempt to assign the system to a corporation would be futile; or if it were assigned and the private corporation tried to exercise the assignment, it would not be effective.

Mr. GORE. I take it that the Senator is referring to international political agreements that have foreign policy implications.

Mr. MOSS. I am, indeed.

Mr. GORE. Mr. President, will the Senator yield for another question?

Mr. MOSS. I yield.

Mr. GORE. Does the Senator not think that the bill if enacted, should be explicit as to whether or not the corporation to be created pursuant to the authority contained in the bill would have such authority?

Mr. MOSS. I agree that it should be explicit. It should not be in doubt or in question. The bill must be explicit as to what powers the corporation would have in that field. We have discussed the disabilities under which a private corporation would suffer in the international policy field.

Mr. GORE. Mr. President, will the Senator yield for another question?

Mr. MOSS. I yield.

Mr. GORE. Is the Senator aware that the report of the Space Committee states that the bill contains one such provision with respect to the authority of the proposed satellite corporation while the Committee on Commerce takes a different point of view in its report to the Senate?

Mr. MOSS. I am aware of the fact that there is a conflict of views in the reports of the two committees. The bill having been assigned to several committees, it has been looked at by different eyes, and different conclusions have been drawn. Therefore, we must conclude the provisions are not explicit. Reasonable men may differ on the interpretation of those provisions.

Mr. GORE. Mr. President, will the Senator yield for one final question?

Mr. MOSS. I yield further.

Mr. GORE. Does not the Senator think it incumbent upon the Senate in legislating upon a subject of such vast importance, involving dealing with other countries, and a subject in which the indexes of international law have not yet been established, to remove the ambiguity and legislate explicitly and clearly on the subject of vesting authority or not vesting authority, as well as in many other respects?

Mr. MOSS. I most certainly do agree. I think the subject with which we are dealing is one of the most far-reaching importance. Its implications for our Nation and for all the nations of the world cannot even be clearly seen as yet. But we know they will be sweeping. They will bring changes in our mode of living and communication with one another that we do not now foresee. Therefore we should be most explicit and careful as we draw the proposed legislation. I have tried to make the point in my speech to show that not only do we lack the element of being explicit and clear, but it is unnecessary that we take the proposed action at this particular time. There is much to be done in the field of research, development and perfecting communication, which is now being carried forward by the U.S. Government through various agencies of the U.S. Government.

Therefore the part of wisdom—the thing that would serve the public interest best—is to delay action now on the question of the management of a satellite system until such time as we have reached these other conclusions.

I thank the Senator.

Mr. President, I should like to continue quoting from testimony given before the Subcommittee on Small Business at its hearings in November of 1961. At that time the vice president of Western Union was on the stand. He was asked the following question by Mr. Gordon:

> Mr. Gordon. Who will pay for the research and development? Will the research and development be paid for by the public?
>
> Mr. Barr. Certainly by the public.
>
> Mr. Gordon. Paid for by the public?
>
> Mr. Barr. Certainly it is paid for in every other area.
>
> Mr. Gordon. On September 6, representatives of the General Electric Co., in appearing before the ad hoc committee, made the following statement—and you were present.
>
> Mr. Barr. Yes, sir.
>
> Mr. Gordon. "If there were no economic consideration involved we feel 1965 is a reasonable objective to get there. On the other hand, we do feel that this time period could be accelerated by a year or more if the Government felt this were desirable, in which case we assume the Government would pay the additional cost of approaching it in that manner."
>
> Is this not an admission, Mr. Barr, that speed in establishing a system depends on efforts by the Government, and is outside the capabilities of the private sector alone?
>
> Mr. Barr. I will take it a step further. Not only speed but the mere fact of establishing such a system depends upon the amount and the speed at which the research and development under NASA is taking place. This ad hoc committee, and the carriers themselves, are not doing anything. They are not doing anything insofar as launching the satellites. It is wholly in the hands of the Government. So we depend upon the Government for that complete effort and, therefore, whether it is speed or whether it is just in being at all, will depend upon the Government.
>
> Mr. Gordon. The Government puts it up there?
>
> Mr. Barr. Yes, sir.
>
> Mr. Gordon. The Government does all the research?
>
> Mr. Barr. Yes.
>
> Mr. Gordon. Both for putting it up there and for the communications equipment?
>
> Mr. Barr. Yes, sir.

The Senate Space Committee report pointed out that Government spokesmen, including Mr. Webb, Dr. Welsh, and Judge Loevinger "do not necessarily feel that the ownership question must be decided immediately."

Second, international negotiations are proceeding as fast as possible at this very moment. These negotiations will be long, complex and difficult. They can only be conducted by the Government. No organizational decision can be made with respect to them at this time.

Moreover, the extraordinary conference of the International Telecommunications Union for the allocation of radio frequencies is not due to take place until late 1963. Without such an allocation, no satellite system could operate.

In short, as the vice president of Western Union said:

> There is no connection between research and development work that will bring the satellite into function at the earliest date and the date at which this bill is passed.

Legislation at this time will not speed up the achievement of an operational system by 1 day. Until we know the type of system, we cannot begin to build the hardware; until we build the hardware, we cannot train a staff to use it.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. Hickey in the chair). Does the Senator from Utah yield to the Senator from Louisiana for a question?

Mr. MOSS. I yield for a question to the Senator from Louisiana.

Mr. LONG of Louisiana. I ask the Senator whether he does not agree that this is one of the worst bills that he has experienced while he has been in the Senate.

Mr. MOSS. Well, Mr. President, I certainly have very grave doubts about this bill, and I have tried to express my doubt at considerable length. I believe that it leads us into an area of questionable practice. Therefore I plead with the Senate to delay consideration of it. There is no reason for us to press forward on it now. As I have been quoting from the vice president of Western Union, not 1 single day will be gained or lost by the passage of the bill, because we are going forward with the research and development factor as rapidly as possible through the agencies of the Federal Government.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

Mr. MOSS. I yield for a further question.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a question?

Mr. MOSS. I am happy to yield for a further question.

The PRESIDING OFFICER. The Senator yields. The Senator from Louisiana will state his question.

Mr. LONG of Louisiana. I should like to ask the Senator from Utah whether the telephone company has made any proposals to him.

Mr. MOSS. I can answer in all honesty that I have had no communications with the telephone company in any way concerning this bill or anything relating to it. I have to answer that in the negative.

Mr. LONG of Louisiana. Will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield for a question?

Mr. MOSS. I am happy to yield to the Senator.

Mr. LONG of Louisiana. For a question only.

Mr. MOSS. For a question only.

Mr. LONG of Louisiana. I will ask the Senator this question. Can he imagine how much money might be saved if instead of pushing a message through 50 microwave channels, it were possible to put it through 1? Can the Senator imagine what it would be worth A.T. & T. to prevent that from happening?

Mr. MOSS. My technical knowledge is not great enough to give any estimates of the amount of money involved, except to say that I realize that it is of immense size and immense value. The amount of money to be reaped in this field obviously is extremely great. If it should accrue to one corporation it might mean a tremendous profit.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield for a further question to the Senator from Louisiana?

Mr. MOSS. I yield for a further question to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator will state his question.

Mr. LONG of Louisiana. Has the Senator had proposals made to him that he could own a telephone building in his State?

Mr. MOSS. I reiterate the answer I gave before, to a similar question. I have had no communication with representatives of the telephone company concerning this bill or any related aspect of it. So I must answer that I have had no proposition of that sort or anything akin to it suggested to me.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a question?

Mr. MOSS. I yield to the Senator from Louisiana for a further question.

Mr. LONG of Louisiana. It would not have been impossible for an attempt to have been made to approach the Senator in this matter, however, would it?

Mr. MOSS. I am tempted simply to say yes to that, but in all good humor I must say that I do not think that my reputation is any different from that of any other Senator. I simply have had no communications of that sort, and I would not expect that I would have.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield for a further question.

The PRESIDING OFFICER. The Senator from Louisiana will state his question.

Mr. LONG of Louisiana. Has my good friend ever heard the old saying, "Keep the price as high as the traffic will bear"?

Mr. MOSS. I have heard the saying. I believe it has various interpretations. I do not know which to apply at this point.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield for a further question to the Senator from Louisiana?

Mr. MOSS. I am happy to yield for a further question to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator will state his question.

Mr. LONG of Louisiana. Did it ever occur to the Senator that what the American Telephone & Telegraph Co. is worried about is cheap rates, and the fear that if the bill should not become law, A.T. & T. might not be able to control the satellite, and, therefore, rates might be cut by 100 percent? Did it ever occur to the Senator from Utah that the whole object of the bill might be to enable A.T. & T. to control this operation and thus prevent telephone rates from coming down?

Mr. MOSS. It has occurred to me, and I have thought about it. This is a very competitive field, and since A.T. & T. is already in the international communications field with cables and microwave radios, it obviously would be concerned with any competitive system which might take away any part of the business it now has. Therefore, I assume A.T. & T. is very much interested in the operation and in being the operator of the kind of system which is provided in the bill. I am sure that is the reason for the great interest of A.T. & T. It is a competitive, economic question with them.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for another question?

Mr. MOSS. Mr. President, I am happy to yield to the Senator from Louisiana for a further question.

Mr. LONG of Louisiana. Did it ever occur to the Senator that he might be one of the few Members of Congress who has never had the opportunity to own a telephone building?

Mr. MOSS. It has occurred to me, but I must admit that I have never had any ownership in a telephone building, nor do I expect to own one.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a question?

Mr. MOSS. I am happy to yield to the Senator from Louisiana for a question.

Mr. LONG of Louisiana. Does it not appear to be unfair that some Members of Congress are permitted to own telephone buildings, while others are not, and that this is a matter of discrimination among Representatives and Senators?

Mr. MOSS. I must answer the Senator by saying that it is a type of discrimination with which I am sure we have all learned to live, in that some of us own much more of the world's goods than do others; and all of us, I suppose, are seeking to acquire a reasonable amount of the world's goods. But when the question is reduced to telephone buildings, that is a little beyond my immediate realm of experience.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for another question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for another question?

Mr. MOSS. I am very happy to yield for another question.

Mr. LONG of Louisiana. I ask my good friend, who is a moral, conscientious man, Would it not occur to him that if some Senators and Representatives are to own telephone buildings, others are also entitled to own such buildings?

Mr. MOSS. I certainly hope that if it became the style for some Senators to own telephone buildings, such ownership would be universal throughout the Senate, and that I might participate in it, provided that to gain such ownership I would not be required to violate my conscience in any way and could take whatever action I felt was called for on a measure before the Senate.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a further question?

Mr. MOSS. I am glad——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield to the Senator from Louisiana for a further question.

Mr. LONG of Louisiana. Did it ever occur to the Senator from Utah that if a Representative from one district in Louisiana should be permitted to own a telephone building in his hometown, Representatives from the other districts should be permitted to own the telephone buildings in their respective hometowns?

Mr. MOSS. The fact of ownership of the building does not disturb me so much as the question of how the ownership is acquired. If a Representative from a particular district, because of his economic resources, fairly mustered and expended, could obtain ownership, that would be perfectly all right. The other Representatives may not care to own a building or may not be able to muster the necessary resources.

But if it came down to the question of whether ownership is obtained in a questionable manner, then, of course, I think we would have something about which to be concerned. I would not want to be in a position to say that if one can acquire ownership in a questionable way, all others should also be able so to acquire it. I should say that one should have no advantage over another.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield to the Senator from Louisiana for a question.

Mr. LONG of Louisiana. Does not the Senator from Utah come from an area where discrimination is opposed?

Mr. MOSS. That is correct. I come from an area which, I think, as an area opposes discrimination; and I should like to be counted personally as one who opposes any discrimination.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield to the Senator from Louisiana for a further question.

Mr. LONG of Louisiana. If one is to become rich from this bill, why should not we all become rich?

Mr. MOSS. The Senator from Louisiana poses a most difficult question to answer. I can answer it only by saying that although I believe in uniform treatment, and to that extent would say that everyone should get rich, if any are getting rich, I must also hasten to include in the answer that I think no one should get rich by any improper motive or action of any sort. If any such question were involved, I would rather be counted among those who did not get an advantage, because I do not seek monetary reward by compromising principle.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield for a further question?

Mr. MOSS. I am happy to yield to the Senator from Louisiana for a further question.

Mr. LONG of Louisiana. If this bill passes, it may be that some people will own telephone buildings, have their loans for such endorsed, and will get great advantages. Does the Senator feel he should be excluded from some of the beneficial advantages simply because he votes against the bill?

Mr. MOSS. I hope I shall never suffer any disability by reason of my voting either for or against it; but I would not expect to gain any monetary reward either by opposing or supporting the bill. I think my position should be, as I hope that of every other Senator and Representative would be, to do that which I feel is in the public interest. I think I should do whatever is for the good of the country and for all the citizens, and not be concerned about any personal advantage or disadvantage.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Has the Senator from Utah read the Drew Pearson column of this morning, which was written by Jack Anderson?

Mr. MOSS. I skimmed through that article quickly this morning, and earlier this afternoon the Senator from Oregon [Mr. MORSE] quoted the article on the floor of the Senate. I heard the article read at that time, so I have some familiarity with it.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. Mr. President, I am happy to yield for a further question.

Mr. LONG of Louisiana. Has the Senator from Utah ever heard the expression which the Senator from Louisiana learned when he was in his knee breeches; namely, "cross lobbying."

Mr. MOSS. Yes; I have heard of it.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I yield to the Senator from Louisiana for a further question.

Mr. LONG of Louisiana. Will the Senator from Utah please give his best understanding of the meaning of cross lobbying?

Mr. MOSS. Mr. President, since I am rather limited in my knowledge of cross lobbying, and since I have admitted that I heard of it only recently, I would prefer to have the Senator from Louisiana explain it, for he admits that he has heard about it since he was in knee breeches. My knowledge of cross lobbying does not go back that far.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I yield for a further question.

Mr. LONG of Louisiana. Will the Senator from Utah give me his understanding of cross lobbying, so that I might compare it with mine?

Mr. MOSS. Mr. President, not only do I feel some inability properly to define the term, but I also realize that if we were to reach a point where I obtained from the Senator from Louisiana, not a question, but a statement——

Mr. LONG of Louisiana. An invitation——

Mr. MOSS. Then I might be charged with having concluded my first speech. Inasmuch as I do not wish to find myself in that situation, I yield only for a question.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield for a further question.

Mr. LONG of Louisiana. Did it ever occur to the Senator from Utah that if the telephone company, the power company, and the water company decided that they had the same interest, they might join in an attempt to influence the press?

Mr. MOSS. Yes; and I believe there have been cases in which corporations have teamed together, as it were, to try to achieve such a result.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for another question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for another question?

Mr. MOSS. Mr. President, I am happy to yield for another question.

Mr. LONG of Louisiana. Did it ever occur to the Senator from Utah that the pincipal advocate of cross lobbying might be the American Telephone & Telegraph Co.?

Mr. MOSS. It has occurred to me—although I cannot say that I know it as a fact—that A.T. & T. might be involved in cross lobbying.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a further question.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I shall be happy to yield for a further question, Mr. President.

Mr. LONG of Louisiana. Did it ever occur to the Senator from Utah that if every enterprise involved in cross lobbying with A.T. & T. and its 17 subsidiaries held true to its original agreement, no newspaper in the United States could survive unless it published the editorials written by A.T. & T.?

Mr. MOSS. I am well aware of the economic pressures which advertisers and others have with the press; and I assume that terrific pressure could be exerted by those companies if they acted jointly with that as a purpose.

Mr. LONG of Louisiana. Mr. President, may I ask the Senator from Utah to yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. I am happy to yield for a further question.

Mr. LONG of Louisiana. I regret that I did not hear the statement the Senator from Utah made about the Drew Pearson article. But did the Senator from Utah hear what happened to a poor little country weekly when it dared print the truth about this debate?

Mr. MOSS. I am aware of the report in the article as to what occurred, and I must say that I find it very shocking to read that in the article.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a further question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for a further question?

Mr. MOSS. Mr. President, I am happy to yield, although I must say that I shall be able to yield only once or twice more, because I have invited a number of guests to attend a reception at 5 o'clock, and I must meet them; and I wish to finish my speech first.

Mr. LONG of Louisiana. Mr. President, under the circumstances, I shall not ask that question.

But does the Senator know that I am so outraged about this bill that I am going to take all day tomorrow to talk about it?

Mr. MOSS. Mr. President, I have learned—from discussions earlier today with the Senator from Louisiana and with other Senators—that the Senator from Louisiana expects to speak at considerable length tomorrow on the floor of the Senate; and I know the depth of his feeling in regard to the issue before the Senate. Therefore, I believe that the speech to be delivered by him on the floor of the Senate tomorrow will be a most interesting and powerful one, and I hope I can be in attendance at that time, because I should like to hear his speech.

Mr. LONG of Louisiana. Mr. President, will the Senator from Utah yield for a question—just one more?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana for just one more question?

Mr. MOSS. I am happy to yield for a question.

Mr. LONG of Louisiana. May I ask the Senator from Utah, because nothing will happen in the Senate, which I can guarantee, why not get a good day's rest tomorrow?

Mr. MOSS. I thank the Senator from Louisiana very much. I assure him that I shall try to be present in person tomorrow, or else I will very carefully read the RECORD, because I will be most interested in the speech which will be delivered by him tomorrow on the floor of the Senate.

Mr. President, at this time I wish to continue with my prepared remarks.

A moment ago I discussed the testimony given by Mr. Barr, vice president of Western Union.

Nor will a newly formed corporation foot any substantial part of the research expenditures. As I have said, the necessary, expensive, and difficult R. & D. can be—and is being—done only by the Government. NASA Administrator Webb has stated that even after the corporation is established, NASA and the Department of Defense will continue to do this expensive and vital communications research.

I am, therefore, troubled by the possibility that the only reason for rush to pass H.R. 11040 is to insure A.T. & T.'s continued monopoly.

Let me be absolutely clear on this point. I certainly do not mean in any way to impugn the motives of the supporter of this bill. I know that the Senator from Rhode Island [Mr. PASTORE], the Senator from Oklahoma [Mr. KERR], and my other friends and colleagues are dedicated public servants who deeply believe in the rectitude of what they are trying to do.

It seems so clear to me, however, that in plunging blindly ahead at this early date with what is essentially a decision on financial policy—not on technological development—the road is strewn with grave pitfalls. To warrant the following of such a perilous course, strong justification is needed.

Despite all the hearings and debates which have been held, Mr. President, I do not believe any such strong justification has been shown.

Let us examine some more, specific reasons given for the creation of this corporation this year. I read from the report of the Senate Commerce Committee:

> However, if the existing and potential competence within the United States with respect to this technology is to be most effectively translated into practical application, it is necessary now to enact legislation which will guide further developments toward this goal. It is important that the roles of private enterprise and the Government be defined at this time and that an appropriate instrumentality be created by which such national policies are to be effected. It is to these ends that your committee recommends enactment of this legislation.

Mr. President, that is not a reason. It is a conclusion. We are told it is important; but why is it important? What shall we lose by waiting at least until next year? In this connection, I should like to quote from the forceful statement made by the distinguished senior Senator from Oklahoma [Mr. KERR], during the Senate debate in 1954 on atomic energy patents.

He said:

> Mr. President, I ask, why rush, in the closing days of this session, to give it away? We shall still be sovereign when we return in January. If, when we return, our hearts are pierced with regret that we have let pass this great opportunity to give this away, we could rectify that next January; we could give it away then. [Laughter.]
>
> But, Mr. President, I remind Senators of this irrefutable fact: If we give it away this July, we cannot recapture it next January.
>
> So why all this hurry, Mr. President? We have done pretty well, this session, in the field of giving things away.

On June 19 last, the following was said by my good friend, the distinguished senior Senator from Rhode Island:

> The Senator [GRUENING] has asked me, "Well, why do we have to do it now?"
>
> First of all, because I personally think it is a good thing to get going; second, we have the instructions of the President of the United States. I cannot give the Senator a better answer than that.

With the deepest respect for my colleague and my President, I submit that that is less than a fully convincing answer. As a part of the legislative branch in the Goverment, we have an obligation to consider the wisdom of such a measure on an independent basis. We have no right to abdicate our legislative responsibility to the President.

And while I have the fullest respect for my friend from Rhode Island, I think we have a right to a more detailed answer than "it is a good thing to get going." It is certainly important to get going on developing the operational system, and this is being done. But it is much more important to get going in the right direction and at the right time.

When we turn to the House report, we find little further enlightenment:

> WHY LEGISLATION NOW?
>
> If a national policy of private ownership and operation of the U.S. portion of the international system is to be assured, the instrumentality therefore must be established now. If this instrumentality is not created at the earliest possible date, all planning for U.S. participation in the international system will have to be done by Government agencies. Our private communications carriers, especially in view of the antitrust laws, will be prevented from cooperating effectively with each other and with the Government agencies in preparing effective plans for U.S. participation in the international system. The creation at this time of the needed instrument, in the form of a private corporation, will provide the machinery through which existing carriers and other private individuals and groups which desire to participate financially in this new venture may do so.

But most of the space planning must be done by governmental agencies for the next few years. Necessary planning is so broad that it must be on an intergovernmental level. There will be no so-called purely business arrangements to be made for a long time, for there will be no commercial system for the next few years.

Private carriers will not be able or required to cooperate more than they do now by the mere passage of H.R. 11040. And, there is nothing to prevent them from cooperating with any governmental agency if necessary.

And as to machinery for financing, if Chairman HARRIS is correct in his statement that many brokers have full orderbooks for this stock, it will not take long for individual and corporate investors to buy in. It will certainly not take the year or more that will elapse before we know enough to begin using the corporation's capital for buying and building equipment for the right system.

It thus seems clear to me that there is nothing to gain and much to lose by enacting this legislation now.

We stand on the threshold of one of the greatest adventures in human history—the entry into the space age. Our accomplishments so far have made it possible to envision an operational satellite communications system. Future activities may make a space transportation system possible. We dare not start off on the wrong foot with a hasty, prematurely conceived form of organization which will become a binding precedent.

Americans are an impatient, active people. We want to settle problems quickly and finally. But we should go slowly in giving up public control of one of the first fruits of space age, financed by the taxpayer. It is especially wrong to do so by prematurely freezing a situation that should remain fluid. The administration and the American people need a chance first to think about what is involved.

Let me briefly summarize the points I have attempted to emphasize to my colleagues—points which convince me that our wisest course at this time would be to defer final decision on the financial mechanics of our Nation's space satellite program, pending further consideration.

First, the problem which most troubles me, and which apparently is most disturbing to my colleagues, is the problem of international negotiations. It is essential that the United States represent itself in the world communications arena—full and free communication between peoples is our greatest hope for world peace. Negotiations by proxy, through the instrumentality of a private business space satellite monopoly would be intolerable.

I realize that we have been given many assurances by H.R. 11040's proponents that this will not happen. However, on the face of the bill itself, the answer is far less certain. Moreover, I am not aware of any extensive deliberations of the problems of international law relating to space satellite communications having been made in hearings either in the House or Senate committees.

That includes the hearings before the Senate Foreign Relations Committee.

Second, it seems clear to me that at this early stage in our technology and research and development, the establishment of a financial organization which may in anyway limit our technical horizons would be suicidal. I must confess that I find the possibility inescapable that a private corporation, dominated by a company with vast capital commitments, will be less than completely willing to accept each and every new improvement which is developed.

Third, as RCA and Western Union, among others, have pointed out, there is no connection whatsoever between the enactment of H.R. 11040 and the achievement of an operational space communications system.

I have heard it argued that the wonderful success of Telstar demonstrates and proves the need to immediately establish this corporation. I cannot understand this argument. It seems to me that the launching of Telstar demonstrates quite the reverse, to wit: that research and development is proceeding at full speed and will continue to do so with or without H.R. 11040.

I have noted several other arguments which, in my opinion, cut in the same direction. On some, it is inescapably clear to me that the wisest course for us to follow at this time would be full speed ahead on research and development, but cautious, further study and appraisal of the establishment of a corporate form of business organization to be created.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment:

H.R. 11040. An act to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes (Rept. No. 1873).

(See the reference to the above report when submitted by Mr. FULBRIGHT, which appears under a separate heading.)

By Mr. ERVIN, from the Committee on the Judiciary, with amendments:

H.R. 10431. An act to revise, codify, and enact title 37 of the United States Code, entitled "Pay and Allowances of the Uniformed Services" (Rept. No. 1874);

H.R. 10432. An act to amend title 39, United States Code, to codify certain recent public laws relating to the postal service and to improve the code (Rept. No. 1875);

H.R. 10433. An act to amend title 10, United States Code, to codify recent military laws, and to improve the code (Rept. No. 1876); and

H.R. 10931. An act to revise and codify the general and permanent laws relating to and in force in the Canal Zone, and to enact the Canal Zone Code, and for other purposes (Rept. No. 1878).

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service, without amendment:

H.R. 8564. An act to amend the Federal Employees' Group Life Insurance Act of 1954 to provide for escheat of amounts of insurance to the insurance fund under such act in the absence of any claim for payment, and for other purposes (Rept. No. 1877).

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Acting Administrator of General Services Administration on August 2, 1962, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. DIRKSEN:

S. 3629. A bill for the relief of Dr. Louis Brandes; to the Committee on the Judiciary.

By Mr. TOWER:

S. 3630. A bill for the relief of Lolita G. Soriano; to the Committee on the Judiciary.

By Mr. JOHNSTON (by request):

S. 3631. A bill to amend title 13, United States Code, to preserve the confidential nature of copies of reports filed with the Bureau of the Census on a confidential basis;

S. 3632. A bill to amend the Federal Employees Health Benefits Act of 1959 to provide additional choice of health benefits plans, and for other purposes; and

S. 3633. A bill to amend the Retired Federal Employees Health Benefits Act with respect to Government contribution for expenses incurred in the administration of such act; to the Committee on Post Office and Civil Service.

TRADE EXPANSION ACT OF 1962—ADDITIONAL COSPONSORS OF AMENDMENTS

Under authority of the order of the Senate of August 2, 1962, the names of Senators LONG of Missouri and RANDOLPH were added as additional cosponsors of the amendments submitted by Mr. MUSKIE (for himself, Mr. BARTLETT, Mr. CHAVEZ, Mr. COTTON, Mr. DODD, Mr. MURPHY, Mr. PASTORE, Mr. PELL, and Mr. WILEY) on August 2, 1962, to the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

NOTICE OF HEARINGS ON NOMINATIONS OF E. AVERY CRARY AND JESSE W. CURTIS, JR., TO BE U.S. DISTRICT JUDGES, SOUTHERN DISTRICT OF CALIFORNIA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Friday, August 17, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

E. Avery Crary, of California, to be U.S. district judge, southern district of California, vice Ernest A. Tolin, deceased.

Jesse W. Curtis, Jr., of California, to be U.S. district judge, southern district of California, a new position.

At the indicated time and place persons interested in the hearings may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

UNIONS AND THE ANTITRUST LAWS

Mr. METCALF. Mr. President, on May 3 the junior Senator from Texas spoke on the floor of the Senate on the subject "The Labor Antimonopoly Bill." In his speech the Senator from Texas discussed a bill he has introduced, S. 2931, entitled the "Labor Union Antitrust Laws Amendments of 1962." This bill proposes to enlarge in certain respects the application of the antitrust laws to unions.

We are all familiar in a general way with the considerations which led the courts and the Congress to exempt unions, generally speaking, from the provisions of the antitrust laws. Workers form unions so that by acting together they can increase their bargaining power in negotiations with employers, and thus secure better wages and working conditions. Thus if the labor of a worker is treated as being just like a commodity which a merchant has for sale, the functioning of a union necessarily involves monopoly or restraint of trade, since it involves the elimination of wage competition, that is of competition among employees for jobs by offering to work for lower wages. The whole notion of a union is that by acting together workers will be able secure higher wages. On the other hand, any agreement among competing sellers of goods fixing the prices at which they will sell is a violation of the antitrust laws.

Thus, if antitrust doctrines are to be applied to unions, and the labor of a worker is to be treated as being the same as a commodity for sale, all labor unions should be forbidden, and replaced by periodic auctions at which jobs are parceled out to workers bidding to work at the lowest wage. Unions would be eliminated under this theory, because the very purpose of unions is to limit the power of employers to drive down wage rates and enforce substandard working conditions.

At one time the courts did regard the labor of a worker as being in the same category as a commodity offered for sale, and on that basis they held that unions were illegal as a conspiracy to raise wages. However, this point of view fell into disfavor more than a century ago. Today no one really proposes to establish an economic system under which workers compete with each other to supply labor at the lowest possible cost.

No responsible social critic believes that competition among manufacturers should be carried on on the manufacturer's ability to obtain the lowest possible labor rates instead of on the basis of relative efficiency or ability to produce. The social advantage of competition is that it rewards the most efficient producer and thus guarantees the optimum use of our economic resources. There is no social advantage to be gained by allowing manufacturers to compete on the basis of sweatshop wages.

These considerations led the courts and the Congress to conclude that labor should not be regarded as a commodity, for purposes of antitrust law.

No one today thinks it socially desirable to force workers to compete with each other for jobs by offering to work for lower wages.

And very few people contend that unions should compete with other unions by offering to supply labor to employers for lower wages. In this country we do not believe in a low wage economy, and we do not believe that the labor of a person should be equated with a commodity for sale.

In his speech the junior Senator from Texas said that in the early years of union development it was recognized that a union's bargaining power was in proportion with its economic strength and it was, therefore, felt by many that a union should be free to organize as completely as possible the total labor supply in an area. Otherwise, according to the junior Senator from Texas, the employer could replace union workers with nonunion workers, and thus destroy the union. In recent years, however, according to the junior Senator from Texas, the National Labor Relations Act has obviated this danger by protecting the rights of workers to organize and by requiring an employer to bargain with a union if it represents a majority of its employees. Therefore, according to the Senator's syllogism, the need for a union to achieve monopoly status no longer exists.

I cannot agree with this analysis. The reason why unions were exempted, for the most part, from the antitrust laws was simply that it was not deemed to be socially desirable to compel workers to compete for work for their members by offering to undercut the wages negotiated by other unions. It is for these reasons that unions were exempted in important respects from the antitrust laws. The concept that a union needed to organize the total labor supply of an area hardly entered the picture, and industrial unions have never sought at all to control labor supply.

Unions are exempted, to a degree, from the antitrust laws for somewhat the same reason that farmers' cooperatives are exempted. Congress has adopted a philosophy that it is not socially desirable these days to compel farmers to compete in selling their produce by undercutting the prices their neighbors ask, for similar reasons that it does not think that workers should be compelled to compete for jobs by wage cutting. It is not socially or economically desirable to drive farm prices down to a level that results in substandard conditions, just as it is not socially or economically desirable to drive wages down. That is why the Clayton Act, which was passed in 1914, states:

> Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help * * * nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws.

The fact that the rights of workers to organize are now to some extent protected by the National Labor Relations Act, and that employers are now required in some situations to bargain with unions, has little or nothing to do with the issue of the application of the antitrust laws to unions. That issue turns on whether we really want to compel workers to compete for work by offering their services at lower wages, or whether we have some notion that unions should act like employment agencies and compete with each other by offering the labor of their members at lower wages.

The impression that since the enactment of the National Labor Relations Act it is no longer possible for an employer to hire nonunion workers and thus destroy a union is, incidentally, quite without foundation. In some situations the act requires employers to bargain with unions, but it specifically states that an employer is not required to agree to anything, or even to make any concession. Whenever a strike results over economic issues, such as a wage increase or decrease, an employer is legally free—as free now as he was in 1840—to hire strikebreakers and undertake to break the union. Quite often employers do just that, and quite often they succeed. However, as I have said, all of this is pretty irrelevant to the issue whether the antitrust laws should apply in their totality to unions.

The junior Senator from Texas, despite some of the things he said in his speech, really concedes in part that the basic considerations which led to the partial exemption of unions from the antitrust laws are as operative today as they were 50 or 100 years ago. For in his bill the Senator does not propose either that unions be made illegal as necessarily involving restraint of trade, or that unions be required to compete with each other in selling labor. What he proposes is rather that it be made a violation of the Sherman Act for unions to engage in any of four types of practices enumerated in his bill. The junior Senator from Texas then goes on to discuss the four types of activities or cases involving unions which, he says, demonstrate the need for his bill. I would like to examine some of these situations or cases and I think that I can demonstrate that the contents and administration of the National Labor Relations Act are not as described in the speech of May 3.

The general reasons are given for bringing these four types of practices within the antitrust laws. First, that enforcement through an administrative agency involves delay and, second, that the practices in question are not now covered by the labor law, or likely to be covered by amendment of that law.

The first situation discussed as showing the need for amending the antitrust laws so as to apply to unions has to do with a union's refusal to refer workers to an employer. The particular case cited is the *Joilet Contractors* case, decided in 1953 by the U.S. Court of Appeals for the Seventh Circuit (202 F. 2d 606, 31 LRRM 2361). In that case a local union of the Painters Union in some instances refused to refer workers to construction jobs and in other instances caused them to quit work as part of a campaign against the use of preglazed sash. The court held that the Taft-Hartley Act did not apply to the union's refusals to refer workers, as distinguished from its calling of strikes by workers already on the job. It is thus correct to say that the Joilet case held that the Taft-Hartley Act did not apply to a union's refusal to refer workers to a job.

However, one thing is overlooked. That is that the Landrum-Griffin Act amended the secondary boycott provisions of the Taft-Hartley Act for the express purpose, among others, of making it applicable to a union refusal to supply labor. Since the adoption of the Landrum-Griffin Act, the National Labor Relations Board and the courts have uniformly ruled that it is an unfair labor practice for a union to refuse to refer workers in situations like that in the Joilet case. *Operating Engineers Union* (135 NLRB No. 62, 49 LRRM 1535 (1962)); *Electrical Workers Union* (131 NLRB No. 120, 48 LRRM 1172 (1961)); *Penello* v. *Local 5, Plumbers Union* (46 LRRM 2740 (July 1, 1960)).

The second situation that the junior Senator from Texas says, in his speech, demonstrates the need for applying the antitrust laws to unions, is, in his language "the refusal of the union to permit its members to handle certain types of goods." The Senator states, and that is a quotation from his speech:

> In this type of situation the union prohibits work on goods or materials which do not have a union label or have the label of another union. A concrete example was presented in the case of *Neon Products Co.* (74 NLRB 766). In that case the company manufactured neon signs for distribution and erection throughout the country. This case arose prior to the merger of the AFL and the CIO. The company bargained with a CIO union and the signs it produced carried a CIO union label. However, where sign-erecting companies had contracts with an AFL union, the latter prohibited work by its members on the erection of the signs. Although this type of situation occurs quite frequently, the NLRB held that this was not a violation of the National Labor Relations Act (108 CONGRESSIONAL RECORD 7673 (May 3, 1962)).

There is the *Neon Products, Inc.*, case reported at 74 NLRB 766. The Neon Products case was decided by the Labor Board in 1947, under the Wagner Act. The employer had a contract with the UE, a union then affiliated with the CIO, and the IBEW, a union affiliated with the AFL, asked for an election. The employer and the UE contended that an outstanding bargaining agreement barred the holding of an election, but the Board ordered an election. That is all that appears in the decision.

According to the description of this case given by the junior Senator from Texas, the NLRB held in this case that a union refusal to handle certain types of goods was not a violation of the National Labor Relations Act. That is not what the case was about. The Neon Products decision was decided in 1947 under the Wagner Act, before the Taft-Hartley Act became effective and under the Wagner Act there were no union unfair labor practices. The Wagner Act declared certain types of employer practices to be unfair labor practices, but it contained no parallel enumeration of union unfair labor practices. Under the Wagner Act employers could not file charges against unions, and the NLRB could not issue complaints against unions. The Congress heard a great deal about this asserted inequality of treatment between employers and unions during the years between 1935 and 1947. The proponents of the legislation which became the Taft-Hartley Act never ceased talking about it.

The junior Senator from Texas would of course have been quite correct if he had said that the sort of boycott he described did not violate the Wagner Act, since that act did not deal with union unfair labor practices at all. However, the sort of boycott he described is the clearest possible violation of the secondary boycott provisions of the Taft-Hartley Act. Boycotts of that sort had been explicitly illegal ever since 1947, and have been held illegal by the Board and the courts in innumerable cases. The Joliet case which I have already discussed is one of those cases. As already noted the court distinguished between a union's request to refer workers, which was not a violation of the National Labor Relations Act as it stood in 1953, though it is a violation since the Landrum-Griffin amendments, and causing workers already on the job to stop work. As to the latter the court said:

> However, if they discover the use of preglazed sash after they are on the job and then refuse to work, it is a violation because they have done so in the course of their employment.

I come now to the third type of union practice asserted as demonstrating a need for applying the antitrust laws to unions. This is what is said in this portion of the speech, and I read:

> Third. Geographical restrictions on employers.
>
> By means of this practice, a union which has effective control of the labor supply can limit the geographical area in which an employer is permitted to operate. An example of this is set forth in the 1953 hearings before the House Education and Labor Committee—volume 8 at page 2809 of the hearings. A Chicago roofing firm was ordered by the union not to operate north of 47th Street in Chicago because it would thereby compete with another employer whose employees were represented by the same union. When the employer refused to abide by this restriction, the union cut off his labor supply and also advised other contracting firms that they would be put out of business if they utilized the services of this roofing firm.

When I read this part of the speech, I, of course, supposed that the junior Senator from Texas was giving us what he regarded as another type of situation which is not covered by the Labor Act and which should, therefore, in his view, be brought within the antitrust laws.

So, Senator TOWER went back to some 1953 House committee hearings on a bill which was never reported. However, I participated in those hearings and I did not recall the situation quite in the same way it was described. I looked up in my file copies and when I examined those 1953 hearings I found that the operator of the Chicago roofing firm had testified that the National Labor Relations Act did apply to his situation and that he had gotten relief under it. He said—page 2811:

> On September 19 our attorney filed charges with the National Labor Relations Board under section 8(b)(4) of the National Labor Relations Act. A little more than a month later, on October 21, we obtained a settlement agreement in which they agreed to cease this secondary boycott activity.

We went on to testify that he had had some further trouble with the union, but that he had gotten most of his customers back and was able to continue to do roofing work "with this settlement agreement that we have"—page 2815.

There are other cases where the National Labor Relations Act has been applied against unions which were seeking to impose geographical restrictions on the operations employers. See, for example, *Lexington Electric Products Co., Inc.* (124 NLRB 1400, 45 LRRM 1029).

Thus in the first three types of situations listed by the junior Senator from Texas as demonstrating a need for amendments to the antitrust laws because the situations are not covered by the National Labor Relations Act, the Senator from Texas has not cited cases which afford the slightest support for his position.

As I noted earlier, the junior Senator from Texas, in addition to saying that the Labor Act does not cover these situations, also asserts that amendments to the antitrust laws are needed because enforcement through an administrative body, such, presumably, as the National Labor Relations Board, involves delay.

This proposition, I must confess, leaves me absolutely flabbergasted. It is true that unfair labor practices which are handled in normal course by the National Labor Relations Board are subject to the delays which normally attend administrative, and for that matter, judicial proceedings. The National Labor Relations Board advises me that at present the average time required to process an unfair labor practice case from the filing of a charge to final decision by the Board is 301 days. I am sure that the average time required for disposing of cases in the Federal district courts is much longer.

In any event, however, the National Labor Relations Act establishes a special expedited procedure, known as the mandatory injunction, for securing relief from certain categories of unfair labor practices by unions. Those categories include secondary boycotts and strikes, jurisdictional boycotts and strikes, recognition and organizational picketing, and hot cargo clauses. These are the very practices which at one stage in the development of our law were adjudicated under the antitrust laws, but which are now adjudicated under the National Labor Relations Act, though the junior Senator from Texas would like to place them under the antitrust laws once more.

I consider that these mandatory injunction provisions are grossly unfair and one sided, for the reason that they apply only against unions and that there is no parallel provision for summary relief against employer unfair labor practices, no matter what their nature. I noted earlier that back in 1947 and earlier many employers and many legislators complained that the Wagner Act was one sided because it operated only against employers. These mandatory injunction provisions are unfair for the same reason, because they operate only against unions.

However, they are in the act. Let us see how they operate.

Section 10(l) of the National Labor Relations Act provides that whenever any person files a charge, and that would normally be an employer, that anyone has engaged in an unfair labor practice of the sorts I have named, the Labor Board shall investigate the charge on a priority basis and that if the regional attorney has reasonable cause to believe that the charge is true and that a complaint should issue, he shall petition a Federal district court for appropriate injunctive relief pending the Board's adjudication of the matter on the merits. Upon the filing of such a petition the district court may grant such injunctive relief or temporary restraining order as it deems proper. A temporary restraining order may be issued even without notice to the union enjoined, though in that event it is not to be effective for more than 5 days.

Under these mandatory injunction provisions, relief is obtained very rapidly against union unfair labor practices. The office of the General Counsel at the National Labor Relations Board advises me that the average time elapsing between the filing of the charge by the employer and the issuance of a temporary injunction is 3 weeks to a month. In cases where a temporary restraining order precedes the temporary injunction, relief is obtained in an even shorter time, usually just a few days.

In a typical antitrust proceeding, the lapse of a month is just the flickering of an eyelid. I happened to read recently that the antitrust proceeding growing out of Du Pont's ownership of General Motors stock, which was disposed of the other day by a settlement agreement, was initiated by the Government in 1949. That was 13 years ago. Is that the sort of speedy relief which the junior Senator from Texas wishes to substitute for the injunctions now obtainable at the behest of employers under the National Labor Relations Act in 3 or 4 weeks?

Let me comment on another portion of the Senator's speech, the portion in which he deplores the 1941 decision of the Supreme Court in the *Hutcheson* case (312 U.S. 219), and urges that Congress amend the antitrust laws to correct the effects of that decision. This is a familiar proposal of those who agitate in favor of applying the antitrust laws to unions. I think I can demonstrate, however, that this proposal has no more sound legal basis than various other items on the Senator's program which I have already discussed.

I said earlier that back during the first part of the 19th century, the courts held that unions were illegal per se, as conspiracies to fix the price of labor. Beginning with the famous decision of Chief Judge Shaw—*Commonwealth* v. *John Hunt* (Mass., 1842, 4 Metcalf 111)—the courts abandoned this doctrine as socially and economically destructive. Thereafter for a period of nearly 100 years, the courts used the rationale that, while unions were not per se illegal, whether particular union activities were illegal as restraints of trade was to be determined on a case-by-case appraisal of whether the union sought legitimate or illegitimate ends, and whether it employed legitimate or illegitimate ends. Under this doctrine, the courts themselves decided what ends or means were legitimate or illegitimate. Particular union activities, such as strikes or boycotts, primary or secondary, or jurisdictional strikes or boycotts, might be held legal or illegal, according to a court's social or economic predilections. As Justice Brandeis put it in his dissenting opinion in *Duplex Printing Co.* v. *Deering* (254 U.S. 443, 485):

> By virtue of that doctrine, damage resulting from conduct such as striking or withholding patronage or persuading others to do either * * * became actionable when done for the purpose which a judge considered socially or economically harmful and therefore branded as malicious and unlawful.

During this 100-year period, the Congress enacted the Sherman Act—1890, and the Clayton Act—1914. These acts had the effect of centering antitrust litigation in the Federal courts, and of bringing the U.S. Government into the picture as prosecutor, but did not, as the Supreme Court majority interpreted those statutes, basically alter the restraint-of-trade doctrine regarding legitimate means and ends as it had developed during the latter part of the 19th century.

Then in 1932 the Congress enacted the Norris-LaGuardia Act and in 1941 the Supreme Court decided the Hutcheson case.

That case grew out of a dispute between the Carpenters and the Machinists Unions as to which unions, or rather the members of which union, were to erect certain machinery being installed by the Anheuser-Busch Co. It was in other words a jurisdictional, or work assignment, dispute. The Carpenters called a strike and established a picket line, and the president of the Carpenters and various others were indicted for a criminal combination and conspiracy violation of the Sherman Act.

The Supreme Court, in an opinion by Justice Frankfurter, pointed out that since the enactment of the Norris-LaGuardia Act the activities engaged in by the Carpenters could not be enjoined, either at the suit of the Government or of the employer. And the Court concluded that the Congress had meant to charge the substantive, as well as the procedural law, and to repudiate the whole doctrine under which the courts had been ruling on whether union activities during labor disputes involved legitimate or illegitimate means or ends. The Court pointed out that there was good reason to think that Congress had meant to eliminate that doctrine by the enactment of the Clayton Act in 1914, but that the Supreme Court's interpretation of that act had stultified the intention of Congress.

Justice Stone concurred in the result in the Hutcheson case, on the ground that the antitrust laws, properly interpreted, did not apply to the union activities in question, regardless of the Norris-LaGuardia Act. Two Justices dissented.

The junior Senator from Texas says that the Congress should by legislation overturn the results of this decision.

In 1947, when the legislation which became the Taft-Hartley Act was under consideration, the Senate and the House were in agreement that the Hutcheson case should be overturned. The bill which the House passed accomplished that in two ways. It amended the National Labor Relations Act to make certain types of union activities unfair labor practices, including jurisdictional strikes or boycotts. Second, the House bill restored the application of the antitrust laws to certain types of union activities. The conference report states:

> Section 301 of the House bill contained a provision amending the Clayton Act so as to withdraw the exemption of labor organizations under the antitrust laws when such organizations engaged in combinations or conspiracies in restraining of commerce where one of the purposes or a necessary effect of the combination or conspiracy was to join or combine with any person to fix prices, allocate costs, restrict production, distribution, or competition, or impose restrictions or conditions upon the purchase, sale, or use of any product, material, machine, or equipment, or to engage in any unlawful concerted activity (as defined in sec. 12 of the National Labor Relations Act under the House bill).

The Senate bill, however, employed only the unfair labor practice approach, and rejected the antitrust approach. In the conference the Senate conferees, led by Senator Taft, prevailed. The conference report, after referring to the House proposal to bring union activities back under the antitrust laws, states:

> Since the matters dealt with in this section have to a large measure been effectuated through the use of boycotts, and since the conference agreement contains effective provisions directly dealing with boycotts themselves, this provision is omitted from the conference agreement.

That is how it came about that the Taft-Hartley Act amended the Wagner Act by adding an enumeration of union unfair labor practices, but discarded the proposal to revert to handling these issues under the antitrust laws. I agree with Senator Taft's solution as respects this basic issue, though I of course do not agree with every detail of the Taft-Hartley Act.

One of the union unfair labor practices which the Taft-Hartley Act prohibits is for a union to engage in a strike for the purpose of "forcing or requiring any employer to assign particular work to employees in a particular labor organization rather than to employees in another labor organization." That is section 8(b)(4)(D) of the National Labor Relations Act, as amended by the Taft-Hartley Act. This provision is explicitly directed to the sort of union activity involved in the Hutcheson case, and it in effect reverses the outcome of that case. As I noted earlier, this is one of the provisions of the act that is speedily and summarily enforcible by mandatory injunction.

In his speech the junior Senator from Texas quotes a statement made by Thurman Arnold in 1941 to the effect that new legislation is needed to deal with union abuses legalized by the Hutcheson decision.

The junior Senator from Texas then adds:

> Twenty years have passed since Mr. Arnold made that recommendation, but no legislation has been passed and the evil has continued to grow (CONGRESSIONAL RECORD, p. 7674, May 3, 1962).

But as pointed out above, legislation has been in effect for 15 years. There are serious problems and issues in the field of labor-management relations, and I do not by any means undertake to defend everything that every union does. Neither do I assert that the legislation already on the books is necessarily adequate to handle every problem in the field of labor-management relations with which we are confronted. As far as I am concerned, however, these problems deserve reappraisal in the light of modern legislation and not rehashing of charges which Congress has investigated and adopted legislation as a result of its hearings and investigations.

LT. COL. ANDREW DUVAL, JR.

Mr. WILEY. Mr. President, I recognize that the military has its own way in bestowing medals and recommendations for services well rendered by giving advancements, and so forth; however, occasionally Army officers stationed in various communities perform services to the public in areas far beyond their line of duty and they deserve special commendation. Such services have been rendered by an Army officer in my State and since this man is now being transferred to Germany, I wish to read into the RECORD this special commendation from the Milwaukee area, Military Chaplains' Association. This is not only a recognition for the officer who is cited but for all those other officers who serve beyond the call of duty.

COMMENDATION TO LT. COL. ANDREW DUVAL, JR.

By action of its executive committee, the Milwaukee area chapter of the Military Chaplains' Association, commends Lt. Col. Andrew Duval, Jr., commanding officer of the Wisconsin sector of the 14th U.S. Army Corps, for his great efforts in support of all projects enhancing the ideal of God and country in the Milwaukee community, specifically, and in Wisconsin communities generally.

This action of the executive committee is based upon—

1. His support of the religious program of the Armed Forces Week in the last 3 years, which program, because of his support, was one of the most effective in the country. This Armed Forces Week religious program in Milwaukee was recognized by the National Convention of the Military Chaplains' Association this year—1962. Colonel Duval was project officer for Armed Forces Week for the past 3 years.

2. His support of the highly successful Christmas party for a thousand children, dependents of the reservists and the National Guard called up for a year's active duty. This program was sponsored by the Non-Commissioned Officers' Council of the Milwaukee area and by the Milwaukee area chapter of the Military Chaplains' Association, and was held last December 16.

3. His support of the first national security seminar for pastors to ever be held in Milwaukee, last January, and produced by the staff of the Industrial Council of the Armed Forces, Washington. This was very successful in Milwaukee and was recommended as the national project of the Military Chaplains' Association in all of its chapters. Colonel Duval originated this project which was sponsored by the Milwaukee area chapter of the Milwaukee Chaplains' Association.

4. His personal suggestion that our Milwaukee chapter of the Military Chaplains' Association be organized in the first place. His tremendously constructive attitude and approach to all projects of serious, moral worth, and to projects that would enhance the religious and charitable work within the military.

Rev. MARTINUS E. SILSETH,
President, Milwaukee Area Chapter Military Chaplains' Association.

CAPTIONED FILMS FOR THE DEAF

Mr. PELL. Mr. President, as the cosponsor of S. 2511 to provide captioned films for the deaf, I am delighted with the Senate's favorable action on this measure. I know that the distinguished Senator from Maine [Mr. MUSKIE], who introduced the bill, must feel a great sense of satisfaction. I want to pay tribute to his tireless dedication toward insuring that the deaf receive adequate Federal assistance.

It was a very real pleasure and honor for me to preside over the special subcommittee which held hearings on S. 2511 and I thank my colleagues, Senators YARBOROUGH, WILLIAMS, TOWER, and MURPHY for their support. I am pleased to be able to note that it was reported unanimously by the full Labor and Public Welfare Committee. In this connection, I would particularly like to thank our chairman, Senator Hill, the senior Senator from Alabama, for all his guidance and Mr. McClure, Mr. Forsythe, and Mr. Barclay of our committee staff for all their help.

Our special subcommittee was privileged to hear testimony from a distinguished group of experts in the field of education for the deaf. We also had some moving statements by deaf people outlining, as only they can, how this bill will help them to help themselves. As Miss Joan Fontaine of West Warwick, R.I., said when testifying about the expanding program of captioned films, which S. 2511 provides for:

> If we can have this, we can learn a great deal more than we already know. All we need is a chance, an opportunity.

Mr. President, I am also happy to be able to state that the program of captioned films which S. 2511 would expand to meet vital needs, is a truly nonpartisan program. The present program was made possible by the diligent work of former Senator Purtell, of Connecticut, who, in April 1957 introduced S. 1889 in the 85th Congress, which resulted in Public Law 85-905. I very much regret that Senator Purtell was unable to accept our invitation to testify.

I might also point out that S. 2511 provides for research in the most effective use of captioned films for teaching the deaf as well as for training of professional people in the most efficient use of these films. More than 500,000 of our fellow citizens would derive great benefit from the program envisioned by S. 2511 and I very much hope that the House will take prompt action on this bill. In this connection, I am heartened by the fact that my very able colleague in the House of Representatives, Congressman JOHN FOGARTY, has introduced a companion bill, H.R. 9456, and that he submitted a statement which was included in the record of our hearings.

In closing, I express my appreciation for the thoughtful remarks made by our distinguished majority leader when the bill was passed last evening.

AN ESTABLISHMENT OF RELIGION

Mr. ROBERTSON. Mr. President, as soon as I learned that the U.S. Supreme Court in the now celebrated New York prayer case of Engel against Vitale had held that a 22-word nonsectarian prayer, prepared by the joint action of Protestants, Catholics, and Jews in the State of New York and promulgated by its State board of regents for use in public schools on a voluntary basis, violated the first amendment, I said on the floor of the Senate that the Supreme Court had misconstrued that amendment.

Subsequently, in testimony before the Senate Judiciary Committee, I contended that the amendment should be construed in the manner intended by those who framed it and, to that end, I quoted Thomas Jefferson as saying in a letter to William Johnson of June 12, 1823:

> The capital and leading object of the Constitution was to leave with the States all authorities which respected their own citizens only, and to transfer to the United States those which respected citizens of foreign or other States: to make us several as to ourselves, but one as to all others. In the latter case, then, constructions should lean to the general jurisdiction, if the words will bear it; and in favor of the States in the former, if possible to be so construed * * *. On every question of construction, carry ourselves back to the time when the Constitution was adopted, recollect the spirit manifested in the debates, and instead of trying what meaning may be squeezed out of the text, or invented against it, conform to the probable one in which it was passed.

At that time Jefferson was complaining of the position taken by Chief Justice John Marshall that the Supreme Court had the power to nullify State laws. Jefferson claimed, and of course correctly so, that no such power was definitely granted the Supreme Court by the Constitution and that if the Supreme Court would interpret the 10th amendment in the spirit manifested by the ratifying States it would have to give the States the benefit of all possible doubts on all Federal powers not specifically delegated to the Federal Government by the Constitution. And so at the outset of the decision of the Supreme Court in the New York prayer case we have jurisdiction to invalidate a State law, concerning the use of a prayer in public schools, taken by a Federal Court purely by assumption and not through any authority delegated to it by the Constitution itself.

The next step taken by the Supreme Court in violation of the 10th amendment was in holding that the 14th amendment automatically related to the States all other amendments to the Constitution, including the Bill of Rights. That again is a pure assumption of power, because those who framed and adopted the 14th amendment, were dealing exclusively with the future protection of the civil rights of those in the Nation who but recently had emerged from slavery.

The third step taken by the Supreme Court in violation of the 10th amendment in the New York prayer case was when it deliberately distorted the meaning of the 1st amendment. Even if it be conceded that the "due process" clause of the 14th amendment automatically related the 1st amendment to State acts, the 14th amendment could certainly put nothing in the 1st amendment that was not placed there by those who framed it.

In my testimony before the Senate Judiciary Committee in connection with an effort in the U.S. Senate in 1854 to abolish the office of chaplain in the Army, Navy, and at West Point, at Indian stations, and in both Houses of Congress, I quote Representative James Meacham, of Vermont, who prepared the report of the Judiciary Committee in rejecting the proposal, as saying:

> Another article supposed to be violated is article I of amendments:
>
> "Congress shall make no law respecting an establishment of religion." Does your present practice violate that article? What is an establishment of religion? It must have a creed, defining what a man must believe; it must have rites and ordinances, which believers must observe; it must have ministers of defined qualifications, to teach the doctrines and administer the rites; it must have tests for the submissive, and penalties for the nonconformist. There never was an established religion without all these.

In view of the fact that in a concurring opinion, Mr. Justice Douglas claimed that to be consistent the Supreme Court would have to outlaw all laws relating to the employment by the Government of chaplains, it will be interesting to see whether Mr. Justice Black, who wrote the opinion of the

Court in the New York prayer case, will in the three prayer cases that will come before the Court next October, find an excuse in his footnote to the New York case for refusing to extend the application of the New York school doctrine to the use of The Lord's Prayer in Maryland and to the use of religious hymns and art in the schools of Florida.

In any event, when the Supreme Court acts next October it will not be able to claim ignorance of the law if at that time it continues to misconstrue the meaning of the words "establishment of religion" as used by the First Congress that framed the first 10 amendments, commonly called our Bill of Rights.

No one can successfully challenge the history of the first amendment as recently presented to the Senate Judiciary Committee by the distinguished Bishop Pike of California or his conclusion that, as used in the first amendment, the words "establishment of religion" clearly referred to the establishment of a religious sect or a religious organization commonly referred to as a church.

Since that time, Mr. Stewart Robb of Jersey City, N.J., has written an article on the New York prayer case in which he establishes beyond a shadow of a doubt that the Supreme Court in the New York case misinterpreted the meaning of the first amendment. Incidentally, Mr. Robb is a Canadian scholar and writer with degress from Manitoba University and Oxford and his books have been published in this country by Dutton, Scribner & Doubleday.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article by Mr. Stewart Robb, entitled "An Establishment of Religion."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AN ESTABLISHMENT OF RELIGION

(By Stewart Robb)

PART 1. WHAT IT MEANT AT THE TIME OF ITS ADOPTION

After all, an amendment to the Constitution should be read in a sense most obvious to the common understanding at the time of its adoption.—Justice Felix Frankfurter.

Had the Thirteen States thought the clause in the first amendment "respecting an establishment of religion" might be used as a weapon against school prayers they would not have ratified the Constitution.

The true meaning of the amendment was much on their minds. Its wording was specific. It did not apply to school prayers, which were approved of even by that extraordinary man who did more than anyone else to bring about the complete separation of church and state.

Yet Justice Black, in his statement of the majority decision of the U.S. Supreme Court against the Long Island school prayer, writes:

"The establishment clause, unlike the free exercise clause, does not depend upon any showing of direct governmental compulsion and is violated by the enactment of laws which establish an official religion, whether those laws operate directly to coerce nonobserving individuals or not."

Forsooth, to establish an official religion is now to have children recite a nondenominational school prayer, such as the following:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

To apply the "establishment of religion" clause to such a prayer, or to any prayer, will be proved to be a gross misreading of the intentions of the men of the Constitution. To demonstrate the Supreme Court error it is only necessary to intelligently follow the advice of Learned Hand who, speaking of the Constitution and the Bill of Rights, said: "Their meaning is to be gathered from the words they contain read in the historical setting in which they were uttered." At one time Frankfurter would have agreed.

So let us read the meaning of "an establishment of religion" in the historical setting in which the pregnant words were uttered. The temper of those times will help us by throwing light as well as heat upon the first amendment.

Among those whose fathers and forefathers had packed up and come to the free land there was the greatest concern that in this new nation which had no established national church there should never sometime be one. Hence, in the speeches, documents, letters, and daily talk of the founders of American freedom there is an ever-so-frequent mention made of the words "establishment," "church establishment," "religious establishment," "establishmentarian," "establishmentarianism," "disestablishment," "disestablishmentarian," and "disestablishmentarianism." The root word was, of course, "establishment."

A university, for instance, was an establishment. So was a charitable institution. So was a church. But bear in mind that the most frequent use of establishment was this last: a church, or an established church.

Let us take as our first of many exhibits this quotation from Jefferson:

"But every State, says an inquisitor, has established some religion. No two, say I, have established the same. * * * Our sister States of Pennsylvania and New York, however, have long subsisted without any establishment at all. * * * They flourish infinitely. Religion is well supported; of various kinds, indeed, but all good enough."

Here Jefferson is arguing that the Nation does not need "an establishment of religion" because certain American States have done well without any "establishment" at all.

Philip Alexander Bruce, speaking of the great disestablishmentarian in his "History of the University of Virginia," says:

"Jefferson was fully resolved to tear up the Episcopal establishment of Virginia root and branch, whenever the hour seemed opportune to do so."

The same historian informs us that an anonymous signer who had subscribed for the endowment of Hampden-Sidney College, a Presbyterian institution, decided to withdraw his contribution until that institution had been put under masters who belonged to the established church. He said, in his letter:

"If this school is thus encouraged, we may reasonably expect in a few years, to see our Senate House as well as our pulpits filled with dissenters, thus they may, by an easy transition, secure the establishment in their favor."

Establishmentarian Patrick Henry delivered a speech in favor of religious assessments, to which disestablishmentarian James Madison replied that the true question was not, "Is religion necessary?" but "Are religious establishments necessary for religions?" He answered his own question, "No, for religion is corrupted when established by law. The 'downfall of states' mentioned by Mr. Henry happened when there was establishment." That is, when there was a national religion.

Madison was alertly aware that Patrick Henry was confounding, possibly deliberately, religion and religious establishments, just as the 1962 Supreme Court was, but in the opposite direction. Patrick Henry wanted a religion in; the Supreme Court wants religion out.

In his Virginia Convention, 1788, the disestablishmentarian wrote:

"Fortunately for this Commonwealth the majority of the people are definitely against any exclusive establishment."

That is, they were against a monopolizing state church.

And in a letter to Monroe, Madison uses establishment in the same sense, speaking of "The Presbyterians who seem as ready to set up an establishment which is to take them in as they were to pull down that which shut them out."

Again, in a letter to Robert Walsh, dated March 2, 1819, the meaning of establishment is the same:

"It was the universal opinion in the century preceding the last, that civil government could not stand without the prop of a religious establishment."

Establishments were very much on his mind. In a letter under date of July 10, 1822, Madison wrote to his friend Edward Livingstone:

"It was the belief of all sects at one time that the establishment of religion by law, was right and necessary; that the true religion ought to be established in exclusion of every other; and that the only question to be decided was what was the true religion. The example of Holland proved that a toleration of sects dissenting from the established sect, was safe and even useful. The example of the Colonies, now States, which rejected religious establishments altogether, proves that all sects might be safely and advantageously put on a footing of equal and entire freedom."

In another letter he spoke of "the Indian establishment at Paraguay by the Jesuits." Notice that the word is always associated with a particular religious belief, as it is in the following letter to Frances Wright, 1825:

"The example of the Moravians, the Harmonians, and the Shakers * * * have no doubt an imposing character. But it must be recollected that in all these establishments there is a religious impulse in the members."

Establishments appear again the same year in a letter to Thomas Ritchie:

"Waiving the rights of conscience, not included in the surrender implied by the social state, and more or less invaded by all religious establishments."

In 1832 establishments are still very much on Madison's mind, and of course, always with the same meaning. He writes to the Reverend Adams:

"In most of the governments of the Old World, the legal establishment of a particular religion without or with very little toleration of others makes a part of the political and civil organization.

"Until Holland ventured on the experiment of combining a liberal toleration with the establishment of a particular creed it was taken for granted, that an exclusive and intolerant establishment was essential. * * * The prevailing opinion in Europe, England not excepted, has been that religion could not be preserved without the support of government nor government be supported without an established religion. * * * It remained for North America to bring the great and interesting subject to a fair, and finally to a decisive test."

Historians also give the term "establishment" a meaning unlike that of the Supreme Court when applying it to a prayer. W. Gordon McCabe, in his "Virginia Schools Before and After the Revolution," writes concerning the State church of Virginia:

"The cold and worldly spirit which pervaded the Church of England at the time in the mother country, was only too faithfully reflected in the Colonial Establishment."

Of Samuel Davies, the virtual founder of the Presbyterian Church in Virginia, he informs us that he was "liberal in his feelings toward the establishment."

The historian does not here mean that Davies was liberal in his feelings toward school prayers but toward the established Episcopal Church.

Again, he writes:

"One of the clergy, Rev. Archibald McRoberts * * * in 1776 left the establishment and embraced Presbyterianism."

The same historian, McCabe, says the Presbyterian dissenters were "revolting from the worldly preaching and practices of the establishment."

Turning now to documents that the new States forged to their needs we find establishment passages that lead directly into the forthcoming first amendment, and that doubtless even helped to fix its phraseology. For instance, an amendment proposed to the Maryland Convention reads in part:

"12. That there be no national religion established by law."

While the Constitution of North Carolina, adopted in 1776, provided that—

"There shall be no establishment of any one religion, church, or denomination in the State in preference to any other."

Looking back, we can see that the first amendment was on its way. It was a specifically and stylistically worded outgrowth of what was weighing on the minds of the shapers of the new nation.

PART 2. WHAT IT MEANT TO MADISON

We now know the meaning of the "establishment of religion" clause as seen in the context of the times, when the expression was in its heyday. But let us study it still more, this time by looking through the window of the mind of the first amendment's first and final framer, James Madison.

His first penning of the amendment read:

"The civil rights of none shall be abridged on account of religious belief or worship, nor shall any national religion be established."

Note that, "national religion." This wording Madison presented to the committee of 11 on July 21, 1789. It came back to him shortened to—

"No religion shall be established by law, nor shall the equal rights of conscience be infringed."

At this point let "The Annals of Congress," written as the events took place, pick up the story of the amendment:

"Mr. Sylvester had some doubts of the propriety of the mode of expression used in the paragraph. He apprehended that it was liable to a construction different from what had been made by the committee. He feared it might be thought to have a tendency to abolish religion altogether."

Such a construction might have been satisfactory to the Supreme Court of 1962, but it proved less than so to the committee, which had no intention of wording the amendment in a way that might make it harmful to religion.

"Mr. Gerry said it would read better if it was, that no religious doctrine shall be established by law.

"Mr. Sherman thought that amendment altogether unnecessary, inasmuch as Congress had no authority whatever delegated to them to make religious establishments; he would, therefore, move to have it struck out."

Observe that even while the amendment read thus unsatisfactorily no one would have applied it to the making or breaking of a school prayer. Law was still considered to be Congress, even before the wording made it so.

"Mr. Madison said, he apprehended the meaning of the words to be, that Congress should not establish a religion, and enforce the legal observation of it by law, nor compel men to worship God in any manner contrary to their conscience. Whether the words are necessary or not, he did not mean to say, but they had been required by some of the State conventions, who seemed to entertain an opinion that under the clause of the Constitution, which gave power to Congress to make all laws necessary and proper to carry into execution the Constitution, and the laws made under it, enabled them to make laws of such a nature as might infringe the rights of conscience, and establish a national religion; to prevent these effects he presumed the amendment was intended, and he thought it as well expressed as the nature of the language would permit."

It is clear that Madison was concerned that a national religion might be set up by Congress. The danger lay in what Congress might do in this direction.

"Mr. Huntington said that he feared, with the gentleman first up on this subject, that the words might be taken in such latitude as to be extremely hurtful to the cause of religion. He understood the amendment to mean what had been expressed by the gentleman from Virginia, but others might find it convenient to put another construction upon it. The ministers of the congregations to the eastward were maintained by the contributions of those who belonged to their society; the expense of building meetinghouses was contributed in the same manner. These things were regulated by bylaws. If an action was brought before a Federal court on any of these cases, the person who had neglected to perform his engagements could not be compelled to do it; for a support of ministers or building of places of worship might be construed into a religious establishment.

"By the charter of Rhode Island, no religion could be established by law; he could give a history of the effects of such a regulation; indeed the people were now enjoying the blessed fruits of it. He hoped, therefore, the amendment would be made in such a way as to secure the rights of conscience, and a free exercise of the rights of religion, but not to patronize those who professed no religion at all."

The danger that might come from a misuse of the amendment is still felt to run within the groove of the accepted definition of religious establishment, a particular church One of these might suffer, is the fear of Mr. Huntington.

"Mr. Madison thought, if the word 'national' was inserted before religion it would satisfy the minds of honorable gentlemen. He believed that the people feared one sect might obtain a preeminence or two combine together and establish a religion to which they would compel others to conform. He thought that if the word 'national' was introduced it would point the amendment directly to the object it was intended to prevent."

Here we see that Madison wanted to get part of the original wording back into the amendment: "national religion." He did not succeed. Mr. Gerry, the main mover against inclusion of "national" reasoned cogently that if this word were retained the phrasing would alienate the antifederalists, who would suspect in it a wish to weld the States into a nation.

After considerable debate the first amendment was given the wording it now has:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

This was considered satisfactory. The amendment simply made it illegal for Congress to make a law respecting an establishment of religion, that is—as everyone knew at that time—a particular church. With such a safeguard how could a national church be established?

So there is an enormous wealth of evidence that when the Supreme Court prayer-ban supporter argues that he is upholding the principle of separation between church and state he is not talking to the point. By such separation, Jefferson, Madison and their fellow nation-makers meant church not as religious principles or religion in general but denominational and state religion. To repeat Madison's words:

"If the word 'national' was introduced it would point the amendment directly to the object it was intended to prevent."

The object directly pointed at, then, was a national church, not a nondenominational school prayer which no one really fears.

The Supreme Court of 1962 has, however, pointed the amendment directly to an object it was not intended to prevent.

SANCTUARY FOR THE AMERICAN EAGLE

Mr. SCOTT. Mr. President, the city of Pittsburgh and the Commonwealth of Pennsylvania was honored to have His Eminence Francis Cardinal Spellman visit the International Convention of the Fraternal Order of Eagles, Thursday, August 2. We would like to share his excellent address with Members of Congress.

Noting that Cardinal Spellman speaks of the characteristics of the eagle in commenting upon it as the symbol for this great fraternal organization prompts me to call attention to the location in Pennsylvania of the world's only sanctuary for any eagle. The sanctuary, under the supervision of the National Audubon Society, is Johnson Island in the Susquehanna River, 8 miles above Conowingo.

It is inhabited by nesting bald eagles, the bird also represented in our national emblem.

It is a matter of the deepest concern that the sanctuary is now threatened by plans to erect a nuclear powerplant at Peach Bottom with a new high voltage line tower to be constructed on Johnson Island.

Efforts by the Fraternal Order of Eagles, Senator J. Glenn Beall, and all others interested in preserving this unique sanctuary for the American Eagle are most commendable and deserve the cooperation and support of everyone who is interested in conservation.

I ask unanimous consent to have the address printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address of His Eminence Francis Cardinal Spellman at the 64th Annual International Convention of the Fraternal Order of Eagles, Thursday, August 2, Hotel Hilton, Pittsburgh

My mind is still filled with vivid recollections of the friendly reception accorded me in Toronto 3 years ago when it was my privilege to address the International Order of the Eagles. I was, therefore, delighted to accept your welcome invitation to attend your convention here in Pittsburgh and to speak again to your distinguished membership.

I read and hear with interest and with admiration of the great philanthropic work that your fraternal organization continues to accomplish. Surely the eagle is a most fitting symbol for your fraternity, for like the eagle, you soar high in social pioneering; you protect rights for all classes, regardless of creed; and you are farsighted in sponsoring projects of medical research. On behalf of Dr. John Madden, director of the Cardiac Research Center at St. Clare's Hospital in New York City, I wholeheartedly thank you for your latest grants to help in the important field of heart research.

An occasion such as this is a moving proof of your deep interest in all people and their needs. In your own campaign for social security legislation—in your desire to obtain Federal funds to assist the aging, you never considered placing un-American restrictions on the distribution of this public money. Indeed, every aspect of your many faceted activities is devoted to spreading and strengthening moral and religious principles common among all who believe in God.

The story of your many contributions to our beloved country never once reveals any desire to judge men by a standard other than their need of your help. For this reason I am encouraged to speak to you this evening about the two-pronged attack on the American way of life as you and I have come to know and love it—and as your fathers and mothers, your sons and daughters and you yourselves have lived and fought and multitudes have died for it. I refer to the movement to take God out of the public school and to force the child out of the private school.

You may already know of my deep concern over the recent Supreme Court decision banning the regent's prayer in the public schools of New York State. As you know, that prayer is a simple, short, nondenominational and voluntary acknowledgment of dependence upon God and a request for His blessing. I fully appreciate the high responsibility of the Court to guard our Constitution and the delicacy of its task. Moreover, I respect the integrity and the dedication of the men who are charged with this solemn commission. But I am convinced that in this case six Justices rendered a decision which will be harmful to America. As an American who loves his country more than his life, I feel that I have a responsibility to express my concern publicly.

The first amendment states that "Congress shall make no law respecting an establishment of religion." One of the foundation stones of our American political system, this amendment provides that the Government shall not throw the mantle of its preference over any particular church.

Our Founding Fathers knew of the bitter experiences in Europe with established and state-supported churches, where in some lands preferment was given those who belonged to a special church, and persecution was the lot of those who did not affiliate. Their solution to the troublesome church-state problem was to separate the two, to make them independent of each other, and thereby to assure equal rights to all citizens irrespective of their religious convictions.

This was their simple and clear objective when they wrote the first amendment. Few in America disagree with that purpose. Certainly no Catholic disagrees with it, for we are well satisfied with such separation of church and state as exists in our country. Almost half a century ago Cardinal Gibbons expressed the American Catholic position clearly when he stated: "No establishment of religion is being dreamed of here by anyone; but were it to be attempted, it would meet with united opposition from the Catholic people, priests and prelates." And Archbishop Vagnozzi, the representative of Pope John XXIII in the United States, recently expressed a similar opinion: "Whether they remain a minority or become a majority, I am sure that American Catholics will not jeopardize their cherished religious freedom in exchange for a privileged position."

Catholics do not want their church, or any other church, to be state supported in the United States. They are of one mind with the men who were the architects of our Republic.

By the first amendment, however, the Founding Fathers of our country never intended to purge public life in America of all religion. They never intended to establish irreligion. Their declaration of dependence upon God anteceded their Declaration of Independence from England. They were themselves religious men, whose faith in God and dependence upon Him permeated both their private and their public lives. They did not hesitate to mention Him in their public utterance, to open their deliberations with prayer to Him, to set up chaplaincies, and to ask the President to call a day of prayer and thanksgiving to God. On religious values they built this Nation and on these values it has ever stood firm.

But now there is abroad in our land a new spirit which seeks to change this religious tradition of America, to place a nontraditional interpretation on the Constitution, to remove religion entirely from the public domain, and to commit our Government to the side of irreligion. This is the establishment of a new religion of secularism. This should be ruled unconstitutional.

Followers of this new secularistic approach have seized upon an expression that Thomas Jefferson used years after the first amendment was written, and have made it their battle cry. Jefferson spoke of a "wall of separation" between church and state. For him this wall was a dividing line, a fence, if you will, between friendly neighbors. The secularists have breathed into his metaphor a new and sinister meaning which he never intended. Jefferson spoke of a wall, but they have made it a rampart between church and state as though they were hostile elements in our country, instead of friendly partners claiming, each in its proper sphere, the allegiance of men's hearts.

I went to a public elementary school and to a public high school in Massachusetts, and during those 13 years all my teachers but two were Protestant and from them I learned a reverence for God and religion. I am sure that you learned the same lessons. Now we are being told that education must have nothing to do with God. Now we are being told that the U.S. Government must have nothing to do with God. Now we are being told that if a group of children stand in their classroom to acknowledge voluntarily and in 22 simple words their faith in God, they are violating the Constitution and breaking the law of this land. This decision disregards the traditional rights of the overwhelming majority of parents and children. Firmly do I believe with Justice Stewart that "to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation."

Little by little the old America disappears from us—a country whose religious tradition and faith in God were her granite-like supports and the firm pledge of her strong endurance. As President Kennedy stated in his inaugural address, "Our forefathers fought for the belief that the rights of man come not from the generosity of the State but from the hand of God." Yet, at every opportunity, the secularists proclaim religion and the state as hostile forces in our country, instead of friendly partners, each in its own way, serving man.

Theirs is a crusade, not for freedom of religion, but for freedom from religion. Their goal is to strip America of all her religious traditions. A classic example of their technique is the controversy over Federal aid to education. They have so purposefully obscured and confused the question that millions of God-fearing Americans have been led to believe that there can be no peaceful cooperation between God and our country.

A year and a half ago, the proposal was made to use Federal funds to enable the schools of our country to improve their standard of excellence. At once the administration assumed the position that children in nonpublic schools could not be helped, and there are nearly 6½ million children in nonpublic elementary and high schools throughout the United States. The administration contended that these youngsters must not benefit from any Federal program of educational assistance. And why? Because in most cases their education was God centered; it is religious.

As education, it equals that given in public schools. Certificates of transfer from private to public schools are honored without question. These students learn to read and write and they learn geography and mathematics and languages and science and American history and they love their country as well as their friends in public school. They are preparing for the same responsible citizenship. And, side by side, with their public school neighbors, they will later take their places as the workers, teachers, technicians, scientists—and the fathers and mothers of the next generation.

If our country is attacked, they will fight for it; they will die for it, as so many of them have done before. In addition, they pay their taxes to the Government. But some argue that not one penny of Federal funds may be used to improve the excellence of their education because in their schools, in addition to their regular subjects, they are permitted to learn about God.

This is injustice. This is discrimination. This is an economic penalty against the schools performing a public service for our country parallel to that of the public schools. These parents are penalized for exercising their constitutionally protected right to send their children to the school of their choice—a right which even the Supreme Court has upheld.

When Catholics protested this evident injustice, the forces of secularism took the position that they would prefer to see the Federal aid program die than have it benefit the children in God-centered schools. Why are they so eager to gain Federal funds for one school system alone? If, with a firm and even hand, taxes are applied across the board without regard for race, creed, and color, it would seem reasonable to suppose that the money thus collected would be distributed across the board with an equally firm and even hand. When we speak of Government money, let us remember that the Government does not create money. Taxes for education are also collected from the parents of these children. If no part of these taxes is returned in any form to aid the nonreligious aspects of their children's education, how can this be just?

Is not this taxation with participation? And eventually and inevitably will it not strangle the splendid independent school systems which so many God-fearing parents of all religions have, with so many sacrifices, established and maintained?

Catholics, as a group, are not opposed to Federal aid to education. Most take the position that it is for the Congress to decide whether the schools of our country really need Federal funds. They simply say that if legislation is enacted, it should apply to all children on a nondiscriminating basis. Furthermore, many Americans fear the creation of a monopoly in our educational system. They cherish the survival of their God-centered schools, and they realize that such control by the Government can easily lead to iron-curtain education. Indeed, the more variety in our educational systems, the richer will be our culture. My prayerful hope is that other independent schools will flourish in our beloved land. For, as these independent schools grow, our free society will become stronger through this diversity of education. The recent unfortunate decision of the Supreme Court, therefore, may well become a blessing in disguise, if it alerts us to the dangers of a uniformity which would blind our children to the world of the spirit.

I am gratefully encouraged that since the current controversy on Federal aid began, frank discussions have cleared the air and clarified the issues. Leading authorities on constitutional law state that aid given to the nonreligious aspects of the education of children in God-centered schools is certainly not unconstitutional.

Moreover, on last June 25, Mr. Abraham Ribicoff, the Secretary for Health, Education, and Welfare, declared that there is a wide range of entirely permissible financial assistance to private schools. I applaud this judgment, and I rejoice in the greater understanding that has more recently been brought to this controversy.

I have chosen this subject for my address to you this evening with the desire to clarify further these issues, and also to encourage you to help your neighbors understand why we must not take God out of the public school and force the child out of the private school. As members of the Fraternal Order of Eagles, you have pioneered social legislation; you have safeguarded the rights of all individuals; you have been farsighted in maintaining the traditions of America. Our children are America's hope, and the education of every last one of them is tremendously important to us all. Liberty, truth, justice, equality—these you have emblazoned on your eagle coat of arms.

In pleading for our children, I know that I speak to an understanding audience, for the work you have done for the betterment of youth is well known. In arguing for the godly traditions of America, I feel the same confidence, for your motto—no dead letter, but one by which you live—is: "Freedom under God's law in our world." It is a motto which, if lived, will protect and preserve our beloved country.

UNESCO ANTIDISCRIMINATION PROGRAMS

Mr. McGEE. Mr. President, it has been a part of the history of UNESCO to be the victim of heated and emotional attacks from the rightwing know-nothing segment of our society. These attacks, based on fear and suspicion rather than on even a shred of truth, have now been directed against the UNESCO convention and recommendation against discrimination in education.

It is hard to understand, Mr. President, how one could be for discrimination in education because of race, creed, or sex but apparently there are those who feel this way because pressure has been put upon school boards in southern California to pass resolutions against the UNESCO antidiscrimination programs.

The issues at stake here are clearly set forth in the "Dixon Line," a newspaper column by Dixon Gayer in the Garden Grove News. I ask unanimous consent that this article be printed in the Record to be followed by copies of the UNESCO convention and recommendation against discrimination in education.

There being no objection, the material was ordered to be printed in the Record, as follows.

A Vote for Discrimination

(By Dixon Gayer)

Last week the Lowell Joint School District in La Habra was asked to adopt a resolution opposing the UNESCO convention against discrimination in education. The La Habra City School Board is due to consider the same request for the second time this week.

The request has been brought before the Garden Grove Elementary School District, where it is awaiting its second hearing—due to come before the board again within a month.

Other school districts which have been asked to lash out against the Convention and Recommendation Against Discrimination in Education are Los Alamitos, Orange, Santa Ana, Fullerton, Anaheim, Tustin, Laguna Beach, etc., etc.

The continued harassing of local school boards to deal with this matter is deplorable in view of the facts. That school boards should be asked to go on record favoring discrimination in education—which is, in essence, what such a resolution would suggest—is incredible.

The fact that some boards actually have acceded to the demands of the isolationists who have steamrollered this campaign is beyond belief—but it is true.

What are the facts to be considered in this matter?

The Convention Against Discrimination in Education, approved at the 11th General Conference in September of 1960, was drawn up at the request of member nations which have found it difficult to achieve equality of education in their countries because of many different socioeconomic-religious reasons.

The convention, which applies only to those member states which wish to become a party to it, insures these things:

1. It prohibits discrimination by means of exclusion, distinction, limitation, or preference of schooling for reasons of sex (male versus female), race, color, language, religion, political or other opinion, national or social origin, economic condition, or birth.

2. It recognizes separate but equal facilities for pupils of the two sexes, or those with religious and linguistic differences in countries where this might be desirable. (Remember in some countries, men and women could not study in the same facilities, for instance.)

3. It recognizes the right of minority groups to have private schools, but insists that private education be equal in quality to that of public education.

4. It makes primary education free and compulsory, secondary education generally available and accessible to all, and higher education equally accessible on the basis of individual capacity.

5. It insures equivalent standards of education and would insure the provision of teacher training without discrimination.

6. It asks that education be based upon concepts of the full development of the human personality and strengthening respect for human rights and fundamental freedom; it promotes understanding, tolerance, and friendship among all nations, racial and religious groups, and it shall promote peace. (Oooops.)

7. It recognizes the first rights of parents and legal guardians to choose institutions other than public schools if they so desire—provided these conform to minimum standards of education.

8. Standards of education are determined by the competent authorities in each member state, and the International Court of Justice shall enter the picture only in the event of a dispute on interpretation between two or more states (countries) which are party to the convention.

9. Religious and moral education of the children must be in conformity with their own convictions, and no child shall be compelled to receive religious instruction inconsistent with his convictions.

It is difficult, since our Founding Fathers conceived the above ideas almost two centuries ago, for this Nation to know what part of the convention school boards are being asked to oppose.

But it is not really necessary to consider this question at length, for the greatest inconsistency of all from those who demand that the U.S. Congress deny ratification of the convention is this:

Because the convention contains no provision for Federal-State education systems, the United States cannot be a party to the convention, since ours is a local form of education.

UNESCO has flatly stated that the convention is not to come up before the U.S. Congress—and the State Department has announced that it has not placed the convention before the U.S. Government and does not intend to do so.

I am in possession of statements from Senator Carl Hayden, of Arizona; Brooks Hays, Assistant Secretary of State; Senator Thomas Kuchel, of California; State Senator John Murdy; and Senator Clair Engel, of California—all saying that the convention is not coming before the Senate for ratification.

Why, then, should local school boards, charged with running the schools in their district, be burdened with a consideration which is not a consideration? Why should they waste time on a nonexistent Senate action?

What about the UNESCO recommendation against discrimination in education, then? Unlike the convention, the recommendation does have the endorsement of the United States. It is exactly what the name says—a recommendation—and it doesn't require ratification by the Senate. It will not come before the Senate for ratification or any other action.

The recommendation includes all of the major points listed above in the convention, but because it is only a recommendation it cannot possibly have any binding effect upon anyone. It leaves individual countries free to determine what suggestions, if any, they may wish to support.

In the United States such decisions (to adopt any or all of the recommendations), rest with the local school boards. It might, in fact be more appropriate to ask local school boards to read and vote upon the acceptance or rejection of the different points of the recommendation than it is to ask them to advise Congress of their overall rejection of the convention.

We would be interested in which points they might wish to reject. (And we rather suspect that there would be none.)

One wonder at the motives of those who have pressed so hard to urge school boards to oppose the convention and recommendation against discrimination in education.

Are they, then, for discrimination in education?

Or are these people simply isolationists who oppose our participation in the United Nations and are using this as a means of downgrading the U.N. in the eyes of the uninformed public?

In Laguna Beach, late in June, the school board met the typical "concerned parents" demand for action on the UNESCO Convention with a flat refusal to take any action at all.

In a simple statement the board said that "It is the belief of the board of education that a local school board is elected to operate the schools of its district and should confine itself to that responsibility.

"It is our policy as a board not to support or oppose any issue which is or might become political or partisan and beyond our legal prerogatives. This is such an issue.

"As individuals, we may and should support or oppose any issue which concerns us on the local, State, national or worldwide scene.

"As a board we should remain dedicated to the task of providing the best schools in the Nation for our children."

This, we believe, is the only answer to the "concerned parents" who would involve local school boards in "one-world" controversy. If this kind of petty politicking is permitted to continue in school board meetings, it will do more to destroy local control of the schools than anything UNESCO can contrive in 5 years of trying.

THE UNESCO CONVENTION AND THE UNESCO RECOMMENDATION AGAINST DISCRIMINATION IN EDUCATION

(By J. Boyer Jarvis)

During recent months the U.S. Commissioner of Education, other Government officials, and some Members of Congress have received a number of letters which reveal an unfortunate public misunderstanding of the nature and purpose of the United Nations Educational, Scientific and Cultural Organization (UNESCO). Some of these letters even express concern lest the United States permit UNESCO to exercise jurisdiction over American education. This concern is occasioned by a definite misconception of the status and purpose of the UNESCO convention and the UNESCO recommendation against discrimination in education.

The following statement seeks to correct such misunderstanding. It also provides a concise report concerning the convention and the recommendation.

UNESCO, as one of the specialized agencies of the United Nations, is dedicated to enhancing the possibility of peace among nations by seeking constantly to extend the range of international understanding and to bring the benefits of modern science and technology to more and more of the world's population. Through its support of important research and development projects, involving participation by scientists, scholars, and educators from many countries, UNESCO is helping to enlarge man's store of knowledge and to make it more readily accessible wherever it can contribute to the advancement of human welfare. UNESCO makes its resources available, on request, to countries which desire assistance in developing, expanding, and strengthening their educational systems. Recognizing and respecting the independence and autonomy of its more than 100 member states, UNESCO is interested in insuring that in the new and developing nations of the world the opportunities for education, at all levels, will be equal to the needs of peoples who are striving, sometimes against great odds, to overcome the handicaps of centuries of poverty, disease, and ignorance.

UNESCO is clearly prohibited from interfering in the educational policies, or in any other domestic concerns, of its member states. This restriction is written without equivocation into the UNESCO constitution (art. I, par. 3):

"With a view to preserving the independence, integrity and fruitful diversity of the cultures and educational systems of the states members of this organization, the organization is prohibited from intervening in matters which are essentially within their domestic jurisdiction."

In keeping with its broad purposes and in full harmony with the above restriction, the UNESCO General Conference, consisting of representatives from all UNESCO member states, adopted in 1960 a convention and a recommendation against discrimination in education. The decision to draft these documents was made by the UNESCO General Conference in 1958, following studies dating back to 1955 and carried on by a special U.N. Subcommission and by members of the UNESCO staff. Both in these earlier studies and in the actual work of drafting the convention and the recommendation, official representatives of the Government of the United States played a prominent role. At each stage in this rather long process, they received guidance from officials in the Department of State. In addition, they consulted with officials of the Department of Health, Education, and Welfare, the Department of Justice, the Department of the Interior, the Department of Labor, and other Government agencies having an interest in the general problem of discrimination.

At a very early point in the development of the convention and the recommendation against discrimination in education, the United States announced that it did not intend to ratify the convention. That decision was reaffirmed in a letter written by Assistant Secretary of State Brooks Hays to Senator CARL HAYDEN on July 29, 1961. The letter was entered in the daily CONGRESSIONAL RECORD for August 3, 1961 (pp. A6013 and A6014).

This position was taken in recognition of the fact that in the United States the administration of education is a legal responsibility of State and local agencies. Nevertheless, the representatives of the United States made positive and very helpful contributions to the drafting of both the convention and the recommendation. Working with representatives from 40 other countries, they exercise great care to insure that the principles and provisions in the final texts of the two instruments would not be in conflict with the policies and purposes of the United States.

The distinction between the UNESCO Convention Against Discrimination in Education and the UNESCO recommendation against discrimination in education needs to be emphasized. While the two documents are alike in their basic content and in their purpose to encourage elimination of discrimination based on considerations of race, sex, religion, national or social origin, or economic condition, they differ in one very significant respect. The convention is subject to ratification by member countries of UNESCO, and when ratified it has the status of an international treaty among the ratifying countries. Thus far only five nations—the Central African Republic, France, Israel, the United Arab Republic, and the United Kingdom—have ratified this convention.

The recommendation is simply a carefully written statement of ideals and principles which merit serious consideration by the member states of UNESCO. For the United States, as well as for other nations, it can serve as a basis for comparing our actual achievements with our generally accepted principles of equal educational opportunity for all. The recommendaton clearly recognizes that education is the responsibility of each individual country. An objective examination of this document will show that its purposes are entirely compatible with the traditional administrative pattern of public and private education in the United States, where operation and control of public schools rest firmly in the hands of State and local authorities and operation and control of private schools resides with their sponsors.

Mr. MOSS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 154 Leg.]

Aiken
Allott
Bartlett
Beall
Bible
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chaves
Church
Clark
Cotton
Curtis
Dirksen
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Gruening
Hartke
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kuchel
Lausche
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Moss
Mundt
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Smathers
Sparkman
Stennis
Symington
Talmadge
Thurmond
Wiley
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER (Mr. METCALF in the chair.) A quorum is present.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MANSFIELD. Mr. President, when the Senate commenced its session this noon, I made the following statement.

> If legislative paralysis once again besets us—

Let me say parenthetically, Mr. President, that as yet legislative paralysis has not beset us—

> a motion for cloture may be in order. To choose that course, if it comes to that, will be the responsibility of the Senate but the leadership shall not be hesitant in recommending it to the Senate. In such an event the issue will be simply: Are two-thirds of the Senators present and voting determined that a decision shall be made, one way or the other?

Mr. President, my purpose in calling this matter to the attention of the Senate is to notify the Senate that, beginning tomorrow morning or any day thereafter, if the leadership feels that it is in the best interests of the legislative processes of the Senate to lay down a petition for cloture, it will do so. This is just a notification of what may happen either tomorrow morning or any morning thereafter.

Mr. MUNDT. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. MUNDT. Did the majority leader say that legislative paralysis has not yet set in?

Mr. MANSFIELD. Yes, not yet.

Mr. MUNDT. Would the majority leader agree that the patient is beginning to show some of the symptoms of the disease?

Mr. MANSFIELD. Which patient?

Mr. MUNDT. The patient Senators.

Mr. MANSFIELD. Some, yes. [Laughter.]

Mr. AIKEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. AIKEN. While we are talking about things that have set in, let me ask whether mortification has set in?

Mr. MANSFIELD. Not quite. [Laughter.]

Mr. DIRKSEN. Perhaps the Senator mistakes paralysis for rigor mortis.

Mr. MANSFIELD. Mr. President, the purpose of these remarks is to serve notice on the Senate that at any time from now on, a petition for cloture may be filed.

RECESS UNTIL 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until 9 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 7 minutes p.m.) the Senate took a recess until tomorrow, Saturday, August 11, 1962, at 9 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 10, 1962:

National Science Foundation

Dr. Harvey Brooks, of Massachusetts, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1968, vice Julius A. Stratton.

SENATE

Saturday, August 11, 1962

(Legislative day of Friday, August 10, 1962)

The Senate met at 9 o'clock a.m., on the expiration of the recess, and was called to order by the Honorable Lee Metcalf, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O God, whose rule is law, but in whom there is love that never fails and a mercy like the wideness of the sea: Thou hast given us our yesterdays, and in that record of what we have written, we have written of good or of ill. Our grateful memories of temptations resisted and victories won are secure. Our tomorrows are within Thy care, as the future lies before us.

Today is ours, fresh from Thy hands. It is sustained as in the morning we write at the top of its page "In the beginning, God." Grant us the grace to command it, to seize it, to mold it to Thy purposes, and so to number its hours that we may apply our hearts unto the wisdom that shall be as healing balm for this ailing world.

We ask it in the holy name of the One who has said: "As thy day, so shall thy strength be." Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., August 11, 1962.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. Lee Metcalf, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

Carl Hayden,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days of Thursday, August 9, and Friday, August 10, 1962, was dispensed with.

TIME SPENT ON CONSIDERATION OF SPACE COMMUNICATIONS BILL

Mr. MANSFIELD. Mr. President, I wish to comment on my calculations concerning the time spent by the Senate in consideration of the space communications bill. Yesterday, I noted—as is to be found on page 16121 of the Record—that this measure had been thoroughly studied by five committees in the Senate, and by one in the House, and had been the subject of well over 3,000 pages of testimony, which took 45 days to present. I wish to make clear, if it was not already so, that these 45 days and 3,000 pages represent a total of the time spent in both the five Senate committees and the single House committee. I may add that the total pages of hearings recited did not include those of the Foreign Relations Committee which are now available, and swell the total. I also mentioned that this measure had consumed 308 pages of the Record during 14 days. This figure was incorrect; actually, there had been 308 pages of debate in 12 days on the Senate floor, or 358 pages of debate in 14 days in both the House and Senate. Yesterday's proceedings raised these totals.

I make this statement in order to make sure that the Record is clear, and to correct a misstatement which I made yesterday.

TRANSACTION OF ROUTINE BUSINESS

Mr. MANSFIELD. Mr. President, at this time I should like to propound a unanimous-consent request, and I do so for the purpose of allowing some of our Members who may be interested in what I am about to do to arrive on the floor: I ask unanimous consent that I may be allowed to suggest the absence of a quorum, and that the quorum call be rescinded at the end of 15 minutes.

The **ACTING PRESIDENT** pro tempore. Is there objection?

Mr. BUSH. Mr. President, reserving the right to object—although I shall not object—let me ask whether there is to be a morning hour.

Mr. MANSFIELD. No.

Mr. PROXMIRE. Mr. President, reserving the right to object, in order to comment on the same point, let me say I think the Senator from Connecticut and I have the same objective. I wish to speak on several matters for perhaps 4 or 5 minutes, and I believe that perhaps the Senator from Connecticut has the same purpose.

Mr. BUSH. I wish to speak briefly.

Mr. MANSFIELD. Then, Mr. President, I ask unanimous consent that there may be a morning hour for the next 15 minutes, and that at the end of that time I may be recognized.

The **ACTING PRESIDENT** pro tempore. Is there objection?

Mr. KEFAUVER. Mr. President, reserving the right to object——

Mr. MANSFIELD. Mr. President, I am trying to be accommodating to all Members of this body, especially those who are opposed to the pending bill. I am trying to make it possible for Senators who are on their way to the Chamber to arrive here in time. If I cannot obtain the acquiescence of the entire Senate in the latest request I have made, then I shall be forced to go ahead and just take my chances. But I hope the Senate will do what it can to bring about an accommodation for the benefit of Members who are on their way to the Chamber.

Mr. LONG of Louisiana. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. LONG of Louisiana. Let me suggest that the Senator from Montana has now made two unanimous-consent requests, and neither one has been objected to. So far as I am concerned, either one is all right.

Mr. MANSFIELD. The Senator from Louisiana is most kind; and if we can discuss this matter for 15 minutes, then I shall be prepared to make my statement—or even sooner, depending on the circumstances.

Mr. KEFAUVER. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KEFAUVER. So far as I am concerned, I have no idea of objecting to the unanimous-consent request. But I believe it should be pointed out that while the Senator from Montana is making it convenient for Senators who are opposing the bill, we are trying to make it convenient for the leadership and for Senators who favor the bill.

I also wish to reserve the right to object in order to observe that the Senator from Montana has spoken of the time used for debate on the bill. I know he wishes all Members to have an opportunity to state their position. This bill is very technical, important, and complicated. I happen to know that some 4 or 5 Senators have not had a chance to speak on the bill itself, or, at least, not to the extent they want to. I had a speech of approximately 90 pages; but, because of interruptions, I got through only about 5 pages.

Mr. MANSFIELD. Then, Mr. President, I request unanimous consent that a 15-minute period be set aside, in order to permit Senators to make insertions in the Record and speeches not to exceed 3 minutes in length, at the end of which time I shall be given the floor.

The **ACTING PRESIDENT** pro tempore. Is there objection?

Mr. LAUSCHE. I should like to speak also.

Mr. MANSFIELD. I am trying to make that possible.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CASE:

S. 3634. A bill for the relief of Mrs. Angela Puccio; and

S. 3635. A bill for the relief of Antonio Credenza; to the Committee on the Judiciary.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM—AMENDMENTS

Mr. SPARKMAN submitted amendments, intended to be proposed by him, to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. GORE (for himself and Mr. LAUSCHE) proposed an amendment to House bill 11040, supra, which was ordered to be printed.

Mr. CHURCH (for himself and Mr. LAUSCHE) submitted an amendment, intended to be proposed by them, jointly, to House bill 11040, supra, which was ordered to lie on the table and to be printed.

Mr. LONG of Louisiana submitted amendments, intended to be proposed by him, to House bill 11040, supra, which were ordered to lie on the table and to be printed.

Mr. LAUSCHE submitted amendments, intended to be proposed by him, to House bill 11040, supra, which were ordered to lie on the table and to be printed.

Mr. KEFAUVER submitted amendments, intended to be proposed by him, to House bill 11040, supra, which were ordered to lie on the table and to be printed.

Mr. YARBOROUGH submitted amendments, intended to be proposed by him, to House bill 11040, supra, which were ordered to lie on the table and to be printed.

AUTHORIZATION OF APPROPRIATIONS FOR CONSTRUCTION OF CERTAIN HIGHWAYS—AMENDMENTS

Mr. METCALF (for himself and Mr. RANDOLPH) submitted amendments, intended to be proposed by them, jointly, to the bill (H.R. 12135) to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes, which were referred to the Committee on Public Works and ordered to be printed.

MOREHEAD PATTERSON

Mr. BUSH. Mr. President, last week I lost a good friend of more than 40 years' standing.

Morehead Patterson, chairman of the board and chief executive officer of American Machine & Foundry Co., died in his sleep Sunday morning, in Washington.

An international industrialist and public servant throughout his career, Mr. Patterson became chief executive officer of American Machine & Foundry Co. in 1943.

Himself the holder of more than a score of patents, Mr. Patterson was instrumental in the development of tobacco handling and automatic bakery equipment. He foresaw the possibilities of the American Machine & Foundry Co. automatic pinspotter, led patient efforts over many years to its perfection, and made tenpin bowling a new sport available to millions of people around the world.

Mr. Patterson successfully directed application of the company's ingeniousness to weapons production. The company helped develop radar antennas for aircraft carriers, battleships, and B–29 bombers. It recently developed ground-handling and launching equipment for the intercontinental ballistic missile programs.

Mr. Patterson was a scholarly man who, at the time of his death, was chairman of the board of trustees and a member of the executive committee of the Brookings Institution. He was a member of the advisory committee of the School of Advanced International Studies, the Johns Hopkins University.

A native of Durham, N.C., he graduated from Groton School, 1916, Yale University, B.A., 1920, Harvard Law School, LL. B., 1924. He attended Oxford in 1920.

He had been associated with American Machine & Foundry Co., since 1926. He was president of American Machine & Foundry Co. from 1941 to 1958 and had served as chairman of the board since 1943. Under his direction, the company increased its volume from some $15 million to over half a billion by 1961.

Mr. Patterson's career was marked by frequent periods of public service. He served in the Army in World War I. During World War II he was a member of the Rubber Director's Office in Washington.

In 1954, he was a member of the State Department's Public Committee on Personnel Policy, as well as Chairman of the U.S. Committee for the United Nations. In the same year he went to London as Deputy U.S. Representative on the United Nations Disarmament Commission, with the personal rank of Ambassador. Later he served as the U.S. Representative for International Atomic Energy Agency Negotiations, also with the rank of Ambassador.

He was chairman of the nuclear standards board of the American Standards Association and a vice president and member of the executive committee of the Machinery & Allied Products Institute. He was also a member of the Council on Foreign Relations and the Commerce Department's National Export Expansion Council. Recently he became a member of the Defense Department's Defense Industry Advisory Council. Also he was president of the New York Southern Society.

Mr. Patterson is survived by his widow, Margaret Tilt Patterson, a son, Herbert Parsons Patterson, his mother, Mrs. Rufus L. Patterson, a sister, Mrs. Casimir deRham, and two grandchildren.

On behalf of Mrs. Bush and myself, I take this opportunity to express to the members of his family our sincere sympathy at the loss of this very outstanding American citizen.

I wish that more American businessmen had the high sense of public duty and responsibility possessed by Morehead Patterson.

NASA PATENT POLICIES: THE NEED FOR REVISION

Mr. KUCHEL. Mr. President, the controversy over the proper policy for our Government to follow when dealing with patents—or more properly inventions—that arise out of Government-sponsored research and development continues to grow in direct proportion to the growth of Federal research and development programs.

Recently, for example, the Senate adopted the conference report and cleared for the President H.R. 11737, authorizing $3.7 billion in appropriations for the National Aeronautics and Space Administration. This agency, which is responsible for the successful conduct of our vital nonmilitary space programs, will spend almost $2.4 billion on research and development alone in fiscal 1963.

Our achievement in outer space is a matter of continuing concern to a Congress which has authorized and a nation which is supporting a far-reaching, costly, and critically important space program. How well we succeed will depend almost entirely on the results obtained from the vast research and development programs which are carried out by American private enterprise under contracts let by NASA. Unless we make optimum use of all the research resources of our country, particularly those in the private sector of our economy, these huge expenditures will be for naught.

There can be no question that the space program, as a matter of national policy, deserves the most intensive and best effort it can obtain. President Kennedy has said of it:

> This decision demands a major national commitment of scientific and technical manpower, material, and facilities, and the possibility of their diversion from other important activities where they are already thinly spread. It means a degree of dedication, organization, and discipline which have not always characterized our research and development efforts.

Congress recognized this need in the National Aeronautics and Space Act of

1958 when it imposed the requirement for "the most effective utilization of the scientific and engineering resources of the United States."

Yet the patent provisions (section 305) of that act—provisions regrettably adopted behind closed conference doors with no hearings and no debate—have been challenged from the start as deterring the full utilization of America's scientific resources as well as the determination of the American people. Indeed, to many, these provisions appear to be a reversal of the long-established constitutional provision which authorized Congress "to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

How can we continue restrictive patent provisions that run completely contrary to the constitutional incentives established almost 175 years ago and still expect American industry to divert often limited scientific resources from projects of a commercial nature to public programs which have frequently an infinitesimal return as far as their stockholders and their commercial survival are concerned? Some of the patent provisions of various statutes which have been adopted in recent years reflect a departure from American constitutional precepts. These provisions, if continued, are sure to hamper individual and corporate creativity. I am confident that my colleagues will agree with me that our Nation in its peaceful conquest of space can ill afford avoidable delays and impediments.

The patent provisions of NASA have brought into focus a highly controversial, complicated, and often emotionally charged issue: Private versus Government ownership of those inventions which result from the expenditure of public funds.

Different Federal agencies have varied views on this subject. There is no single Government-wide policy in existence today. If such a Government-wide policy would mean rigidity without regard to the circumstances of a particular case and would mean a hampering of this Nation's scientific and technological effort then perhaps it is just as well that we do not have a Government-wide policy.

Certainly many who have studied this matter over a period of time generally agree that a rigid, inflexible patent policy is not practical. However, a Government-wide uniform policy with some administrative flexibility should and could be established. There are very real and basic differences, however, between a general policy that vests title of the patent in the company and a general policy that vests title in the Government.

The concept of Government ownership of patents is a radical departure from the traditional practice of the American patent system. More has been written and said about this concept in the past few years than at any time in our history. The idea of Government ownership was inaugurated in the early days of the top-secret Manhattan atomic bomb project. This policy did serve some useful purpose at the time.

The Atomic Energy Act was fashioned by Congress based on the wartime Manhattan project experience.

When the National Aeronautics and Space Act was written in 1958, a patent section somewhat similar to that of the Atomic Energy Act was included, as I have said, behind closed doors. A special Subcommittee on Patents and Scientific Inventions of the House Committee on Science and Astronautics, has recommended on two separate occasions that this provision be changed.

After more than 3 years of intensive study and hearings, with witnesses representing a wide spectrum of belief on this issue the subcommittee concluded that:

> Present space patent policies damage small business, cost the taxpayers money, dilute the national effort to be first in space and waste the products of scientific research as a result of the reluctance to market new inventions without the necessary patent protection.

A bill to amend the patent provisions of the Space Act was reported and passed the House by a vote of 235 to 31 in the 86th Congress. The Senate failed to act on that bill.

During this Congress the House subcommittee has concentrated on the marshaling of evidence which might further tend to support a present and future need for either a title or a license approach for Government-sponsored space research.

Once again the subcommittee recommended an amendment to the patent section of the Space Act which follows the general philosophy set out by Congress in the National Science Foundation Act of 1950, but with special safeguards added to insure protection of the public interest.

When the hearings began in 1959 virtually every member of the House subcommittee was completely convinced that the equities demanded title to the Government. After hearing testimony from 70 witnesses and after full discussion all but 1 of the subcommittee members are now completely convinced that the equitable solution lies in a license policy, with such exceptions as may be appropriate, rather than in a policy of title to the Government with possible waiver.

The House Committee on Science and Astronautics has ordered the subcommittee bill, H.R. 12812, reported to the House. I would predict that the other body will once again pass the bill. This legislation seeks to revise the Space Act to provide needed flexibility with respect to the current patent restrictions on NASA. The bill would give the NASA Administrator the option of securing a royalty-free license or a greater right, including complete title, depending on the equities involved. For the first time, standards are set out to guide the NASA Administrator in making this determination. Several other improvements are made. These improvements are long overdue.

The Senate should have an opportunity to act on this matter during this session of Congress. I would like to see the Senate Committee on Aeronautical and Space Sciences hold hearings on such a House-passed bill.

As I have noted, considerable controversy exists regarding the existing patent policy of various Federal departments. Proponents of the title and license theories have both tended to overstate their case.

Those who favor the Government taking title claim, for example, that the public interest demands that what the Government pays for, it should own. They claim that any other policy is unfair to the taxpayer and to other contractors who would not be free to use the invention.

This argument has a superficial appeal, but it is seriously misleading. Only in rare instances does the Government bear all or even the major costs in developing inventions. The Government awards research contracts based on the experience, knowledge, and skill of a particular research and development organization. The Government takes advantage of an organizational situation which exists. It puts up money in order to translate the know-how and ideas of the contractor into knowledge useful to the Government. This is what the Government bargains for and what the taxpayer pays for. The Government should be entitled to receive in all such cases a royalty-free license to use the results arising from a Federal research contract, including any patentable inventions. The Government should be free to make use of these results by utilizing any manufacturer it chooses in accordance with existing law and procurement regulations.

It is untrue that contractors cannot make free use of inventions to which the Government holds a license. Other contractors can make free use of such inventions if the Government wishes them to do so for its own purposes.

These contractors cannot use inventions developed with funds from all the taxpayers for commercial purposes, however, without a license or without paying royalties to the inventor, depending on his equities. This has been common practice within the free enterprise system since the founding of the Nation.

Other arguments have been presented in favor of a Government title policy, including the claim that there would be a freer flow of scientific information. Under scrutiny, these arguments simply do not stand up.

The arguments of those who favor an ironclad license policy also fail to be completely convincing under all circumstances. A very large part—some 65 percent—of the research money available to private industry today comes from the Federal Government. This fact alone is sufficient reason for extra precautions to assure that the public interest is protected and served by the manner in which the fruits from research contracts are utilized.

It is obvious, too, that some firms doing research for profit exist entirely or almost entirely on Government contracts. In still other cases, the Government has done the original research and turned its findings over to a private organization for further application and development. Where conditions such as these exist, distinctions will have to be carefully made and the relative rights of the Government and the contractor equitably determined.

Thus, in some instances, the Government will sometimes need to acquire a greater equity in an invention which arises as a result of a Federal contract than merely a free license to use it. The evidence before the House Subcommittee, however, does not show that this will occur sufficiently often to overbalance the benefits of a license approach in general.

The House bill will not satisfy the demands of extremists on either side. Those who insist on a rigid Government title policy will, in all probability, cry "Government giveaway" when anything less is proposed. On the other hand, those who insist that the Government has no right or interest in the inventions arising from Government contracts will cry "Government confiscation," when anything more is proposed.

The House bill is an excellent starting point. It is a step in the right direction of improved relations between Government and private, competitive enterprise because it starts from the license premise.

The present restrictive NASA patent provisions which were adopted in a closed conference as an afterthought, and as a hedge against space domination through the possible development of one or two unforeseen but key inventions, should be modified. I hope this Congress will be able to get on with a reasonable solution to this problem.

I personally would welcome the opportunity for free and full debate on the floor of the Senate on legislation along the lines of the House bill. The will of the Senate on this important issue should be made known. I believe the result will be a speeding up of our space effort, an elimination of cumbersome administrative procedures, and an improved relationship between Government and business which will benefit all our people.

TAX CUT NOT WARRANTED

Mr. PROXMIRE. Mr. President, on Monday night the President of the United States will speak to the Nation on fiscal and tax policy. During the past week the Joint Economic Committee has been holding hearings on the state of the economy and the wisdom or unwisdom of making a tax cut.

In the most recent issue of the New Republic, the distinguished senior Senator from Illinois [Mr. DOUGLAS], the only professional economist in the Senate, has a very thoughtful article opposing tax reduction now. In the article he says he thinks a tax cut at this time would be unwise.

He says, in the first place, we would use up ammunition which might be vitally necessary in the event of a recession, and the statistics show we are not in a recession now. In the second place, in his judgment, it might very well result in killing off all prospects of a real tax reform next year. In the third place, a tax cut might result in a huge increase in the deficit. In the fourth place, monetary ease—lower interest rates should be relied on first—before a tax cut; whereas in fact monetary restraint has actually depressed the economy and promises to be even more restrictive in the future.

I ask unanimous consent that the article by the Senator from Illinois [Mr. DOUGLAS] be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IT WOULD BE WISER TO WAIT

(By Senator PAUL DOUGLAS)

Many highly placed economists, of whom Professor Benoit is one, and many business leaders are urging a tax cut now in order to avert a predicted severe recession and to get the economy moving again. If we were in a recession or if there were clear and unmistakable indications that we were about to enter one, I would strongly favor the right kind of cut, for that is the quickest way to stimulate demand and consequently production and employment. That is why in February 1958, when the reality of a recession was clear, I urged such a cut concentrated upon reducing the taxes on durable goods and building up consumer purchasing power. This recommendation was not only opposed by the Eisenhower administration but also by the leaders of my own party in the Congress.

It is certainly true that the rate of recovery in the economy has slowed down and in some sectors has come to a stop. Unemployment is still regrettably high. Orders for capital goods have dipped. But visible unemployment has not increased. It was indeed slightly lower in July (5.3 percent) than in the preceding months. I do not place too great reliance on this apparent decrease since it may have been due to the margin of error inherent in the sampling process. Certainly, also, there is a large amount of concealed unemployment consisting mainly of young people who have dropped out of school and failed to get a job and who have not become a part of the working force. But there is no evidence that unemployment or part-time employment has increased. Nor is there any turndown in industrial production. Indeed this index has gone up from 113.5 in January to 117.8 in June.

What then about the index so dear to modern economists, familiarly known as the gross national product? This amounted to an annual rate of $545 billion for the second quarter of this year or an increase of $4 billion over the figure for the first quarter and of nearly $9 billion above the last quarter of 1961. We are certainly going to fall far short of the official estimate by the Council of Economic Advisers that the GNP for calendar 1962 would be no less than $570 billion. This falling short will, in itself, create a large fiscal deficit for fiscal 1962–63, which may reach from $7 to $10 billions. Thus there will be an appreciable built-in stabilizing force which will be particularly strong during the next half year. But here again there is no evidence of any downturn. Quite the contrary. Disposable personal income at an annual rate is also up—$6 billion over the first quarter of 1962 and $9 billion over the last quarter of 1961.

The truth of the matter is that economists, like the speculators and the general public, are subject to alternate waves of excessive optimism and pessimism. Most of those who are now gloomy in August were hilariously bullish in January. The fact of the matter is that economic forecasting is in no sense an exact science and the percentage of error in such predictions is extremely high.

In economic policy, as in battle, we need to remember two basic principles. The first is not to fire on the enemy prematurely. William Prescott was quite right when he shouted to the continentals at Bunker Hill, "Don't fire until you see the whites of their eyes."

The second precept is one every officer from second lieutenant to general should know and act upon; namely, not to commit one's reserves too early. What at first seems to be a main attack often turns out to be merely a diversionary one. If a nervous commander rushes his reserves in to counter an initial skirmish, he will have nothing left to back up his line when the real attack comes. In Churchill's "Their Finest Hour," he tells how when in the early summer of 1940 the Germans broke through the French line at Sedan in the Ardennes, the French did not make the expected counterattack though the Germans had outrun their supply lines. "Where," asked Churchill of General Gamelin, the French commander, "is your strategic reserve?" To this Gamelin replied, "Aucune"—there was none. Let us not make Gamelin's mistake. For if we do not have a recession, a tax cut and resultant deficit might well amount to between $15 and $20 billion. I have sufficient Scotch blood in my veins not to welcome such a deficit as being good in itself and I think I am aware of the political consequences which would inevitably follow a deficit of this size.

And if even after such a cut a recession or depression were to follow, what would we have in reserve?

Finally, a tax cut now would inevitably make tax reform next year impossible. Our tax system is shot full of loopholes and injustices which enable certain groups to pay far less in taxes than others with equal income. The 27½-percent depletion allowance on the income from oil and gas is the most notorious of these. But there are many other abuses such as stock options, the improper use of capital gains instead of ordinary income rates, the evasion and avoidance of taxes on dividends and interest, excessive deductions for entertainment, travel, lobbying and other prerequisites, and many others.

The Kennedy administration made a mild beginning on this reform last year when it proposed to withhold the basic tax on income from dividends and interest, as has been done for 20 years in the case of wages and salaries, and to plug certain minor loopholes. To sweeten this reform for the business interests, it proposed a tax cut of 7 percent of the net investment in personal property in fields other than building. After a year and a half we are now nearing the end of this struggle. The result is that while the sweetener has been accepted in a vulgarized form most of the tax reforms have been rejected. The one remaining hope for thoroughgoing tax reform in the next year is to accompany it with a cut in personal income and other taxes. But if we use up the cut this year, there will be nothing left with which to purchase tax reform next year. This is precisely why some business groups are urging a tax cut now.

SHORT TERM VERSUS LONG TERM SOLUTIONS

Some advocates of a tax cut are shifting from the argument that such a reduction is necessary to prevent a recession to the prescription that it is the best medicine for a sluggish economy. But any such stimulation would be temporary and the effects would soon wear off. Is it proposed to make continual injections of monetary purchasing through governmental deficits in order to stimulate the capitalistic system? This was the basic method followed by the New Deal, and it may have been justified in the 1930's by the severity of the depression and the paucity of economic analysis about the causes of and remedies for low-level employment and production. But after a quarter century we should know better.

If, because of monopoly, partial monopoly and imperfect competition, the sum total of price tags on the potential output of industry is greater than the total monetary purchasing power in the pockets of buyers, the remedy would seem to be to reduce prices to the level of incomes rather than to build up incomes to the level of prices by the hypodermic injections of continuous Government deficits. But to effect this we need a vigorous procompetition and antimonopoly policy which even a liberal government shies away from and which most of the advocates of free enterprise oppose.

The best immediate remedy for sluggishness as well as for the prevention of recession is what is termed "monetary ease," or a lower interest rate. This has long been a truism among qualified economists. It was admitted last winter by the Chairman of the President's Council of Economic Advisers, Walter Heller, when he testified before the Joint Economic Committee. But as the growth rate fell off and predictions of a recession deepened, Chairman Martin, of the Federal Reserve Board, sold rather than bought Government bonds. He has consequently forced interest rates up during these last months and has thus repressed investment and employment. This has been one of the causes of the present sluggishness, and now Mr. Martin and the European bankers, whom he loves to quote, are prescribing more of the same as a cure. This has led a wag to suggest that a new Chairman of the Federal Reserve Board would be worth more than a $10 billion tax cut. With proper accompanying measures, such a reduction in long-term interest rates need not create an untoward flow of gold. But that, as Kipling used to remark, is another story.

There are indeed clear evidences that the failure of the Federal Reserve in recent years to let the money supply increase at the normal growth rate has kept interest rates above the marginal productivity of capital and hence has exerted a permanent depressing influence on the economy. In a similar fashion, monopoly, quasi-monopoly and imperfect competition, by keeping prices above and production below what they would be under competitive conditions, has dampened down consumption, production and employment. And with a high rate of idle capital caused by a lack of effective demand, it would hardly seem that a tax bonus on investment would be an adequate stimulus in that field. It would be well for the President's advisers to return to these simple truths rather than to urge tax cuts at this time.

But if we should be drifting into a recession, then in default of other action, I would favor a tax cut of the right kind; namely, one which would be concentrated on building up consumer demand. If that is shoved up, then investment will follow. But a wrong kind of tax cut at the wrong time would ultimately set us back rather than move us forward.

I also believe the President should be armed with the discretionary authority he has asked for to cut taxes if the figures on employment and production justify it. But he should not be hurried into doing so by trigger-happy economists.

BUSINESSMEN OPPOSE A TAX CUT NOW

Mr. PROXMIRE. Mr. President, in connection with the same subject, Business Week has, in the current issue, concluded a survey of the feelings of businessmen on a tax cut. It found that businessmen are inclined to oppose a tax cut, although the lineup is pretty close: 3 to 2 against a "quickie" tax cut. In some cities, including Milwaukee, a tax cut was favored. However, businessmen are almost unanimously against additional Government spending. There appears to be a feeling on the part of some businessmen that, if they favor a tax cut, the main reason is it would discourage additional Government spending. Incidentally, economists generally want a deficit—that is, higher Government spending and lower taxes to stimulate the economy.

I ask unanimous consent that the article from Business Week be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUSINESS WEEK SURVEY FINDS BUSINESSMEN AGAINST A TAX CUT, BUT THEY'RE UNANIMOUS IN WANTING TO CUT GOVERNMENT SPENDING

Consensus of 150 high-ranking executives Business Week asked to put themselves in the shoes of Congressmen was a "nay" to tax cutting, but on the surface, hardly a resounding one. This week Business Week reporters in 16 cities asked businessmen this question: "If you were a Congressman, how would you vote on a bill for an immediate across-the-board tax cut?"

Overall, the lineup was 6 to 4 against a quickie tax cut. In Atlanta and Milwaukee, a cut was favored by small margins; in Detroit and Cleveland, Business Week reports, it got overwhelming support.

But businessmen were not so split as it might seem. Many, no matter how they voted, were agreed on the importance of a cut in spending; if they opposed a tax cut now, it was for lack of assurance of a commensurate cut in spending on foreign aid, farm subsidies, welfare programs, and a growing bureaucracy.

Business Week found that opinions about the business outlook range generally from an expectation of "static" conditions to outright fear of a major recession, in a few cases. The degree to which executives fear a decline is closely correlated with their warmth about favoring a tax cut soon.

Many businessmen told Business Week they are optimists, yet most expect some decline in the next 6 months.

The best an avowed optimist can seem to say is typified by the remark of a Detroit executive: "Even if business doesn't get better, it won't get very bad."

Businessmen's opinions vary greatly on how much stimulus a tax cut would give the economy—and on whether this is a justifiable use of tax policy.

For the long run, the Business Week survey reveals, businessmen are virtually unanimous in hoping for general tax reform. Many favor something like the Baker-Herlong bill, which prescribes a 5-year tapering of the personal tax rate to a range of 15 to 38 percent and the corporate rate to 42 percent. One Boston executive commented: "There is growing recognition in Congress and the administration that our tax system is holding us all back."

According to the Business Week survey some executives think President Kennedy has lost prestige through his delay in deciding for or against a quick cut, though, one man suggests, "one good speech will undo any damage."

"Kennedy isn't antibusiness," a Boston businessman summed up for Business Week, "but he should send those professors who are around him back to the classrooms."

UNIVERSITY OF MICHIGAN EXPERT KATONA SURVEY SHOWS OPPOSITION TO FEDERAL INCOME TAX CUT

Mr. PROXMIRE. Mr. President, George Katona who is a distinguished professor and head of the Research Center at the University of Michigan, conducted a nationwide survey of the entire population on a tax cut in 1961 with very fascinating results. It showed the people were equally divided on a tax cut. The interesting thing related to whether the tax cut should be in Federal income tax, property tax, or sales tax. The only group that favored a tax cut was that in which family income was under $3,000 a year. The vast majority of these people, on the basis of statistics which are available, pay no Federal income tax. So it is evident that what they really wanted was a cut in property and sales taxes. Those in the higher incomes, whose taxes would be primarily in income taxes, opposed a tax cut in every category.

Another interesting aspect of the study is that, the higher the income, the more emphatic was the opposition to a tax cut.

I ask unanimous consent that the table showing the results of the survey be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Opinions on the advisability of a tax reduction, spring and fall, 1961

[In percent]

Tax reduction	All families [1]	Family income				
		Under $3,000 [2]	$3,000 to $4,999	$5,000 to $7,499	$7,500 to $9,999	$10,000 and over
A good idea	42	53	43	39	32	33
Pro-con	6	4	7	6	6	4
A bad idea	43	29	44	47	57	55
Don't know, not ascertained	9	14	6	8	5	8
Total	100	100	100	100	100	100
Number of cases	2,256	564	462	581	250	282

[1] Includes cases whose income was not ascertained.

[2] Pay little or no Federal income tax.

The questions were: "There has been discussion about reducing taxes at the present time. Do you think this would be a good idea or a bad idea?" "Why do you think so?"

Reasons given for opinions—All families

	Percent
Good idea because:	
Demand needs to be increased; to stimulate recovery	13
Taxes are too high	22
Bad idea because:	
Government needs money; defense expenditures high	35
Tax cut would cause deficit; budget should be balanced	8

HELLER'S EXCELLENT STATEMENT BEFORE JCC AND PLEA FOR MODERATE INTEREST RATES

Mr. PROXMIRE. Mr. President, on the same subject, one of the finest presentations which I think the Joint Economic Committee or any committee has had in a long time was the presentation of the Chairman of the Council of Economic Advisers, Dr. Walter Heller. I happen to disagree with some of his conclusions, but I think it was a superb presentation. I call particular attention to the statement on monetary policy, in the latter part of the statement.

In the course of his presentation on monetary policy, Dr. Heller had this to say:

> There has been a compelling need for general monetary ease, as part of expansionary economic policy for full employment and adequate utilization of our resources. It has been especially vital to maintain reasonably long-term interest rates and a plentiful supply of investment funds in order to stimulate private investment and quicken the tempo of growth in potential output.

He goes on to point out that this is essential. He recognizes that the balance-of-payments situation somewhat modifies this objective. Nevertheless, he seems to conclude that a more restrictive monetary policy would be unwise under the circumstances and should be avoided at virtually all cost, if possible.

Mr. President, since neither Chairman Martin of the Federal Reserve Board nor the Assistant Secretary of the Treasury Roosa, who specializes in monetary policy, contend that high interest rates are vital to our balance-of-payments position I can see no reason for not moderating interest rates.

And in the colloquy which followed Dr. Heller's statement it seemed clear that there was no very persuasive reason offered by Dr. Heller or any other economist before our group so far which would argue that high interest rates are essential to maintain our balance-of-payments position.

I ask unanimous consent that the fine statement by Dr. Heller be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE PERFORMANCE OF THE ECONOMY IN THE PAST 5 YEARS

We are examining the economic outlook today because the current expansion has not been as vigorous as all of us hoped and most of us expected. The expansion has slowed down in 1962 and we must be alert to the danger that the current recovery, like its immediate predecessor, will not carry us to full employment. Nevertheless, we should recognize the important economic gains that have been scored during the past year and a half. From the first quarter of 1961 to the second quarter of 1962 gross national product rose from $501 billion to $552 billion, a rise of 10.2 percent (or a rise of 8.5 percent after price correction), consumption in constant prices increased by more than $250 per family (annual rate), corporate profits before taxes have increased by roughly one-fourth, labor income increased by nearly 9 percent, unemployment (seasonally adjusted) declined by about 1 million persons, with the rate falling from 6.8 to 5.5 percent (and to 5.3 percent in July).

(For further details, see the "Summary of 1961–62 Economic Expansion and Policies" [not printed in RECORD].)

If advances could be maintained at this pace, on the average, we would achieve full employment—full utilization of our resources consistent with our interim goal of 4 percent unemployment—sometime late in 1963. But obviously we are all concerned by evidence that the next five qurters are not likely to yield equally strong advances. Gross national product (in constant prices), after rising at a rate of 9 percent per year from the first to fourth quarters of 1961, has been rising at a rate of only about 3¼ percent per year in the first half of 1962. Personal income increases averaged $4.6 billion (annual rate) per month during the 10 months of recovery in 1961, but have been averaging only $1.6 billion since December. After rapid gains during 1961, corporate profits seem to have changed little in the past two quarters. On the other hand, the first half of 1962 has witnessed a more rapid improvement in employment and a more rapid decline in unemployment than we experienced last year.

In early 1961 we were in the position of having to recover not from one but from two recessions—for the recession of 1960 came on top of the incomplete recovery from the recession of 1957–58. There can be no doubt that impressive gains in employment and output have been made in the past year and a half. But the economy has not yet regained the reasonably full utilization of its labor and capital which it last experienced in early 1957. It is in this context that we must reexamine the means for achieving the goals of the Employment Act of 1946: "Maximum employment, production, and purchasing power."

The postwar era taken as a whole has, to be sure, witnessed remarkable progress in the achievement of these goals. The worst rates of unemployment in the postwar era were about 7½ percent of the labor force, much better than the best performance of the economy in the 1931–40 decade, when the unemployment rate remained consistently above 14 percent. But the record of the past 5 years—while a great improvement over the prewar era—has not matched that of the first postwar decade. From 1946 until mid-1957, full utilization of resources was the normal state of the American economy. Unemployment significantly exceeded 4 percent of the civilian labor force only about one-third of the time, principally during and immediately after the two brief recessions of 1948–49 and 1953–54. Since late 1957, unemployment has fallen below 5 percent of the labor force only briefly. It reached a peak of 7 percent in the recession of 1960–61, and has averaged 6 percent for the 5-year period. Nor has the plant and equipment capacity of American industry been fully utilized. According to one widely used measure, manufacturing operating rates in the past 5 years have averaged 6 percentage points lower in relation to capacity than in the previous decade and have consistently remained well below the peak efficiency rates preferred by businessmen. After dropping to 77 percent at the beginning of 1961, the average operating rate rose to an estimated 87 percent in the second quarter of 1962, still several points short of preferred levels.

Our capacity to produce has continued to expand since mid-1955 by roughly 3½ percent per year, reflecting (1) a growing labor force, and (2) higher productivity stemming from improved and expanded equipment and plant, greater skill of workers and management, and technological innovations. But our actual production has grown less rapidly: at an annual rate of 2.7 percent from mid-1955 to date. Actual gross national product has not kept pace with the economy's potential: Beginning with 1958, unused potential output has amounted annually to an estimated $25 to $50 billion (1961 prices). The gap between potential and actual output has narrowed from over $50 billion early in 1961 to roughly $30 billion today. But idle resources have continued to be the Nation's outstanding extravagance and inefficiency.

It is important to improve this record of recent years. Our leadership of the free world, the opportunities for our youth, the security of our aged, the mobility of our surplus farm population, the prospects for meeting growing public needs, the rejuvenation of our chronically depressed regions, the capacity of our economy to adapt smoothly to the expansion of our international trade—all of these are linked to the goal of maximum employment. As President Kennedy said in his Economic Report for 1962:

"A full employment economy provides opportunities for useful and satisfying work. It rewards enterprise with profit. It generates saving for the future and transforms it into productive investment. It opens doors for the unskilled and underprivileged and closes them against want and frustration. The conquest of unemployment is not the sole end of economic policy, but it is surely an indispensable beginning."

DEVELOPMENTS IN THE FIRST HALF OF 1962

At the end of 1961, the rise of GNP in three quarters of recovery had exceeded the upswing from the low point of GNP in the comparable periods of the preceding two recoveries. While certain factors were weaker than in 1954–55 and 1958–59, others were stronger, leading to an expectation that the economy would continue upward at a relatively strong pace in 1962.

Nevertheless, on the basis of past experience, the growth during 1962 was projected to be more modest than in the recovery quarters of 1961. The shift from inventory liquidation to restocking that follows a recession normally yields large gains in the early stages of recovery. Some slowdown in the rate of advance must be expected as the expansion continues. But the change of pace was sharper than anticipated—in the three quarters of recovery in 1961 GNP advanced at an annual rate of nearly $13 billion per quarter; its increases in 1962 were only $6.4 billion in the first quarter and $7 billion in the second. Apart from statistical adjustments resulting from the revision of 1961 data, actual GNP in the second quarter, at $552 billion, ran at least $10 billion below projections.

The disappointing outcome is virtually all traceable to investment in plant and equipment and inventories. In relation to income consumer buying has held up relatively well; housing is now close to its predicted flight path after an erratic dip in the first quarter; exports are slightly above expectations; and Government purchases have behaved about as expected.

Although business fixed investment began to rise more promptly in this expansion than in earlier recoveries, its performance since the turn of the year has been disappointing. As against an expected increase of roughly 14 percent in 1962 over 1961, it now appears that the gain for the year will be closer to 3 percent.

This weakness of investment has sometimes been attributed to a profits squeeze. In fact, corporate profits have increased, as already noted, by one-fourth over the period since the first quarter of 1961, although in the aggregate further profit gains do not appear to have been made so far in 1962. In the logic of our private enterprise system an adequate level of profits is essential to economic progress. Profits should be higher than they are today, and they will be higher when our productive capacity is more fully utilized. It can be estimated that if the economy were operating at a 4-percent unemployment level, corporate profits after taxes would be a healthy $30 billion—compared to a $25.6 billion annual rate in the first quarter of 1962.

Corporate profits after taxes reached a peak of $22.8 billion in the inflationary year of 1950, a peak which they did not surpass until 1955, and which even today they surpass by only a modest margin despite the considerable growth in corporate sales and in the total investment in corporate assets since 1950.

Still, we cannot look at corporate profits in isolation. Since 1950, corporate depreciation and other capital consumption allowances have risen from $9.4 billion in 1950 to $28.7 billion (annual rate) in the first quarter of 1962. Together, corporate profits after taxes plus corporate capital consumption allowances—often called corporate cash flow—have risen from $32.2 billion in 1950 to $54.3 billion in the first quarter of 1962.

A comparison of business fixed investment with corporate cash flow can only be approximate since noncorporate investment is included in the investment figures, but it gives some indication of business attitudes toward investment in relation to the flow of depreciation and after-tax profits. Most of the time from 1951 to 1957, business fixed investment exceeded corporate cash flow; since mid-1958, the reverse has been true continuously, and the distance has widened in the current expansion: cash flow has grown about $7 billion (annual rate) above the $47 billion level of the first quarter of 1961; business fixed investment has meanwhile advanced $5.4 billion from its $44.7 billion rate in the trough quarter. Although investment for moderization and cost cutting is rising moderately—and surveys suggest that about 70 percent of plant and equipment investment is for these purposes—the gains in profits during 1961 did not generate enthusiasm for a major expansion of plant and equipment. The overall willingness of business firms to invest has not kept pace with their overall ability to invest out of internal funds.

Inventory investment in the second quarter is estimated at the relatively low annual rate of $3.4 billion. The working down of steel inventories was a factor in recent months, but even apart from steel, the general pattern of inventories reflects a cautious policy by business firms. Inventories were growing less rapidly than sales through most of 1961 and into the spring of 1962. Inventory-sales ratios which were declining from levels already relatively low by past standards would typically have heralded a speedup in inventory accumulation, but this has not occurred in 1962.

Business conservation toward capital goods and inventories appears to be grounded in the experience of the past 5 years. The American economy since 1957 has had continuously slack labor markets, buyers' markets for materials, and persistent excess capacity. It has proved difficult for businessmen to work up much enthusiasm for buying or building ahead of minimal needs with that history still fresh in their memories. The Nation's businessmen have had their share of disappointments in the past 5 years. They saw markets contract in 1957 just as they were adding new plant capacity and new labor to meet expected growth in demand. Much of the expanded capacity had to remain on the sidelines when the 1958–60 expansion fell short of full use of the Nation's great productive strength. To be caught long on capital and labor and short on markets tends to breed caution the next time around.

We do not have the stimulus of large backlogs of demand that marked the early postwar years. We do not have—and do not want—the stimulus to buying that inflationary expectations can provide. Against this background, it is difficult for private demand to carry the economy to full employment under existing tax rates.

During a period of recovery, an appreciable share of the growth in business and personal incomes is drained off into Federal taxes. This tends to hamper the growth in both consumer and producer demand upon which continued expansion depends. During the five quarters of the current expansion, Federal taxes (net of transfers) have taken $12 billion of the $51 billion increase in total incomes, but Federal purchases have taken only $7 billion of the $51 billion increase in total output. The difference between the $12 billion of added taxes (net of transfers) and the $7 billion of added purchases is a measure of the drag on the recovery exercised by the Federal budget. If tax receipts had grown less rapidly, or expenditures more rapidly, total demand would have grown faster, and the expansion of output and income would have been greater. The automatic stabilizing effects of the Federal budget, which help to cushion a recession, also tend to retard a recovery.

If the economy were at full employment today, we estimate that total income and total output would be about $30 billion higher than at present. But Federal tax receipts would be about $9 billion above present levels, and private saving would be $5 or $6 billion higher than today. Thus, taxes and savings would be drawing $14 or $15 billion from the economy, which would have to be offset by additional investment and Government expenditures for full employment to be maintained. This means that, at present levels of Government expenditure, our present tax system bars the way to full employment unless we are able to raise private investment about $14 or $15 billion above present levels.

PROSPECTS FOR THE MONTHS AHEAD

The most recent evidence on economic activity, though mixed, offers cause for concern. After a slow start in January-February, and then a brisk pickup in March and April, the 1962 economic expansion slackened in May and June. Those measures of overall activity which primarily reflect the results or the execution of past decisions to hire, buy, and produce—e.g., the overall measures of income, employment, production, and construction—kept setting new records almost every month.

However, as previously indicated, the pace of advance was not satisfactory. And any appraisal of the outlook must also recognize the recent softness of many indicators which record current decisions and which point toward future economic decisions. For example, the movements of orders and contracts are likely to foreshadow changes in production and shipments. New orders for durable goods have been moving downward since January and in June were 7 percent below their January peak. Machinery and equipment orders are lower than in January, although they recovered some lost ground in May and held almost even in June. Housing starts and building permits have shown considerable strength in recent months, even though the latest figures are considerably below the high points of the present expansion. Commercial and industrial construction contracts are another area of recent strength on which the latest returns point downward. The factory workweek frequently indicates the needs of manufacturing firms for additional labor. It has declined during both May and June. The stock market is one of the many factors which help mold and reflect economic expectations and attitudes toward spending, but the full implications of the slide in the market from March to June will not be clear for many months.

As we look ahead, we see mixed evidence on the various components of expenditure.

Consumption: Consumers have raised their spending in pace with gains in their income during the current expansion, and there is little evidence to suggest a marked departure from that pattern in the months ahead. A rather sharp and widespread decline in retail sales during June was worrisome, but preliminary data for July indicate a strengthening in department store sales, new auto sales, and total retail sales, after allowing for seasonal changes. Past experience and current surveys indicate only a limited possibility that consumers will spark a renewed advance in the economy. Such a spark would probably have to arise from the volatile area of durable goods purchases. In the current expansion, autos have supplied most of the strength in that sector, and it would be surprising if demand for 1963 autos were to top the brisk activity in 1962 models.

Housing: With the aid of rising incomes, readily available mortgage credit, and lower interest rates, homebuilding has done very well. The sharp rise in starts this spring carried housing activity to high levels. But, following a sharp decline in starts for June, total housing outlays fell in July. Permits come first in the chronological sequence of permit-start-construction activity. The recent data on permits point neither to a continued slide in starts below the June level nor to a resurgence to the high levels of April and May.

Plant and equipment: Surveys of business intentions point to continued modest increases in fixed investment during the remainder of 1962. The recent McGraw-Hill survey found no evidence of cutbacks in late June after the stock market decline. Recent softness in orders for equipment raises some doubts about the outlook for plant and equipment investment but the evidence is not conclusive. At the same time, the recently announced reform of depreciation guidelines and the pending tax credit for investment serve as sources of future buoyancy in this sector.

Inventories: In the postwar period, every recession has been dominated by inventory cutbacks. But today, given the conservative inventory-sales ratios already prevailing, it would be surprising if large-scale inventory liquidation were initiated. Reduction in stocks of steel has been an important factor holding down inventory investment in recent months. With that adjustment apparently nearing completion, inventory investment might revive this fall or winter. On the other hand, new orders and unfilled orders are important determinants of inventory policy, and strong incentives to build stocks probably would arise only in response to a reversal in recent trends in such orders.

Government: Purchases of goods and services by the Federal Government are expected to increase at a moderate rate in the next few quarters, giving some support to the private economy. The upward trend of State and local outlays will surely continue.

The prospects for various components are difficult to add up. They do not sum up to a crisis in the economy, nor do they offer any assurance of spontaneous resumption of brisk advances in the private economy. A continued period of modest upward movements or leveling off is one reasonable possibility. We experienced this in 1956–57, with gains in output just large enough to prevent a significant rise in unemployment. But we cannot rule out the alternative possibility that the recent slowdown in the expansion represents advance warning of an economic decline. A more explicit verdict would not do justice to the perplexing and inconclusive crosscurrents in the evidence before us—nor to the limitations of the science of economic forecasting.

But even in the face of much greater uncertainty than usual about the pace of further advance and the possibility and timing of an economic downturn, this much is clear: The U.S. economy is still operating considerably short of its potential and action on the important economic measures recommended by the President is needed to strengthen its performance.

POLICY ACTIONS

Pending proposals

The slowdown in the rate of expansion in 1962, combined with the current uncertainties in the economic outlook, underscore again the importance of action on the President's recommendations in the Economic Report last January for "a defense-in-depth against future recessions," "a three-part program for sustained prosperity which will (1) provide standby power, subject to congressional veto, for temporary income tax reductions, (2) set up a standby program of public capital improvements, and (3) strengthen the unemployment insurance system."

These three measures, or reasonable alternatives—providing up to $10 billion of temporary income tax reduction (at annual rates), $2 billion of public works acceleration, and stronger unemployment compensation—would, as the President said in January, "enable Federal fiscal policy to respond firmly, flexibly, and swiftly to oncoming recessions."

By enacting the foregoing proposals or the related measures that now lie before it, the Congress could provide a significant economic stimulus at the present time:

As the President noted in his statement on June 7:

"I have asked the Congress to provide standby tax reduction authority to make certain, as recommended by the eminent Commission on Money and Credit, that this tool could be used instantly and effectively should a new recession threaten to engulf us. The House Ways and Means Committee has been busy with other important measures, but there is surely more cause now than ever before for making such authority available."

The public works acceleration legislation which has passed the Senate and is pending in the House will provide for additional Federal, State, and local public works in areas of heavy unemployment. (The Senate bill also includes provision for additional standby authority permitting the extension of the program should conditions warrant.)

The temporary extension of the period of unemployment compensation benefits earlier authorized by the Congress has now lapsed, and its renewal has been requested. Such a program alleviates in some measure the hardship of those most directly and immediately affected by continued excessive unemployment. Moreover, the resulting addition to consumer purchasing power strengthens consumer buying.

Other measures now pending before the Congress can also provide immediate as well as sustained support for further economic expansion:

The investment tax credit, part of the 1962 revenue bill, promises further significant incentive to business investment, in addition to the encouragement already provided by the new depreciation guidelines.

The proposed Trade Expansion Act of 1962 will contribute to the administration's program to expand our exports—a potential source of increased demand for the output of our farms and factories, important for this reason as well as for its contribution to improving our balance-of-payments situation.

The proposed Youth Employment Opportunities Act, aimed especially at the severe unemployment and underemployment of our young people out of school, would make inroads on a particularly unfortunate byproduct of slack in our economy.

Tax reduction

Beyond these important and timely measures now pending before the Congress, a program to improve the rate of utilization of our resources and the rate of growth of our economy must include the even more fundamental measures of tax reduction and tax reform. On June 7, President Kennedy stated:

"Our tax structure, as presently weighted, exerts too heavy a drain on a prospering economy. * * * A comprehensive tax reform bill * * * will be offered for action by the next Congress, making effective as of January 1 of next year an across-the-board reduction in personal and corporate income tax rates which will not be wholly offset by other reforms. In other words, it is a net tax reduction."

The President has also indicated the possibility of asking for earlier action on tax reduction if economic developments should require it.

Apart from the announced intention to recommend both individual and corporate income tax reduction effective January 1, 1963—unless adverse economic developments require earlier action—no decision has been made on the size, composition, and timing of a recommended tax reduction. But the basic case for easing the net tax drain on the economy, as well as the broad principles which should guide tax reduction, are reasonably clear in the light of our unsatisfactory economic experience of the past 5 years.

A reduction in net tax liabilities of both consumers and business spurs the economy's advance toward full resource utilization in three important ways:

First, it increases the disposable income of consumers. The statistical record indicates that consumers consistently spend from 92 to 94 percent of their total disposable income. And past experience also confirms that increases in such incomes are very largely and very quickly translated into higher consumer spending. As the private income released by tax reduction is spent, markets strengthen, production rises, new jobs are created, and incomes and profits rise accordingly. This generates added cycles of private spending and leads to further increases in output and employment. This process alone—the so-called multiplier effect—translates the original personal tax reduction into an increase in gross national product considerably larger than the reduction itself.

Second, by bolstering sales and pushing production closer to capacity, tax reduction stimulates investment in inventories and in plant and equipment—the so-called accelerator effect. This further expands gross national product, raises profits, and reduces the deterrent effect of excess capacity that since 1957 has plagued the economy and curbed expansionary investment.

Third, by reducing the Government's share of business earnings, tax reduction improves profit margins and increases the supply of internal funds available for investment. This strengthens both the incentives and the financial ability of businessmen to undertake the risks involved in new investment.

Decisions on size, composition, and timing of tax cuts will need to give appropriate weight to the following economic considerations:

1. The longer term need for reducing the excess of Federal revenues over Federal expenditures that would be realized at full employment, a need that depends on:

(a) the current size of the full employment surplus, estimated at $7 to $8 billion on a national income accounts basis;

(b) its prospective size in the light of projected growth in Federal expenditures and Federal revenues as the economy expands;

(c) the amount of surplus at full employment that is needed to curb inflationary pressures while maintaining a high level of investment.

2. Any short-term need that may exist for overcoming temporary deficiencies in consumer and investment demand.

3. The necessity of combining individual and corporate income tax reduction in the manner best suited to stimulating both consumption and investment, to support both markets and incentives.

4. The appropriate relationship to the projected reform of the tax structure, a reform designed to improve equity and remove the artificial tax barriers or concessions that divert resources from their most efficient uses and thus impair our rate of economic growth.

5. The invigorating effect of tax reduction on the economy and the resulting "feedback" of revenues to the Federal Treasury which limits the net budgetary cost of the reduction and, over time, may even wipe out its initial addition to a budget deficit.

6. The monetary policy being pursued—for example, if monetary policy becomes more restrictive for balance-of-payments reasons, a larger tax reduction would be needed to yield a given economic stimulus.

Monetary policy

As the last point indicates, fiscal policy and monetary policy are tightly interwoven, indeed are in part substitutes for one another. A given stimulus to the economy can be achieved by a relatively easier fiscal policy coupled with a relatively tighter monetary policy, or vice versa, but the effects on the balance of payments and on the investment-consumption balance in the economy may be rather different in the two cases.

During this economic recovery, the task of monetary policy has been especially difficult. There has been a compelling need for general monetary ease, as part of expansionary economic policy for full employment and adequate utilization of our resources. It has been especially vital to maintain reasonably low long-term interest rates and a plentiful supply of investment funds in order to stimulate private investment and quicken the tempo of growth in potential output. Yet, concurrent with these objectives, it has been necessary to discourage large flows of capital out of this country that could complicate the task of restoring a healthy balance of payments and confidence in the dollar.

The problem of capital outflow is tied primarily to our level of short-term interest rates relative to those of other countries, and it has therefore been necessary to prevent short-term rates from falling too low. At the same time, the monetary and debt authorities have tried to shield long-term rates, so critical to economic expansion, from the restrictive impact at the short end of the maturity spectrum. Since February 20, 1961, the Federal Reserve has conducted its open-market operations in all maturity sectors of the U.S. Government securities market. On balance, the Federal Reserve has actually sold short-term U.S. Government securities in the open market since that date, but it has bought longer-term securities, primarily 1 to 5 years, in amounts much larger than the sale of short-term securities. Most of the purchases of long-term securities took place in 1961. Since then, such purchases have been more limited. The Treasury Department has also adapted debt management policies in part to these same objectives, primarily through concentrating new cash offerings of securities in the short-term area, but also by buying long-term securities for the Treasury investment accounts to the extent that such purchases were consistent with the objectives of these funds.

The action that the Federal Reserve took, effective January 1 this year, in raising the maximum interest rate payable on commercial bank time deposits to as high as 4 percent, has increased the total flow of funds put pressure upon these institutions to find investment outlets and has helped to reduce yields on both mortgages and municipal bonds. Actually, at this point of time, 17 months after the beginning of economic recovery, long-term private interest rates are generally below their levels at the cyclical trough in February 1961. They are also below the levels at the corresponding stage of the 1958–59 recovery, despite the postwar peak in interest rates that intervened. The reduction in long-term rates has had to overcome two psychological barriers: first, some persistence of inflationary psychology in the financial community despite the lack of tangible inflation; and, second, vivid memories of the experience of 1958–59, when economic recovery was accompanied by sharp increases in long-term rates.

The total of demand and time deposits and currency has been increasing since February 1961, by more than 7 percent per year, and the availability of bank reserves has been generally favorable to the expansion of bank credit. Banks have been going more heavily into municipal bonds and mortgages. Very little of the expansion of bank loans and investments over the past year has been in U.S. Government securities. In relation to economic activity, liquidity in the economy is not much changed from its postwar low.

A special word is in order on the relation of monetary policy to the balance-of-payments situation. We have, from the beginning, taken a number of determined and effective measures to improve our balance of payments and maintain confidence in the dollar. In dealing with the balance of payments, however, it would be self-defeating to adopt policies that would undermine the vigor of the economy—for example, through restrictive monetary-fiscal policies. Confidence in the dollar is dependent upon a strong, growing American economy. Further, a revival of vigorous growth here will make the United States a more attractive outlet for long-term investment funds, both domestic and foreign. As a result, monetary and debt-management policy must continue to aim at providing ample credit and liquidity to support needed recovery and growth, consistent with the requirements of balance-of-payments policy.

Finally, as monetary and fiscal policies are brought into coordinated focus, these points stand out:

1. At a time when the Federal budget was becoming progressively less expansionary in its net impact on the economy during the 1961–62 recovery, monetary policy remained easy, partly through conscious effort of the monetary authorities, partly because expansionary forces have not been as strong as expected, and partly because 1961–62 may mark the end of a rising trend—related to inflationary expectations—in interest rates.

2. Balance of payments and gold outflow considerations currently demand a more restrictive monetary policy than would be desirable from the standpoint of the domestic economy. To this extent, fiscal policy must be more expansionary than would otherwise be necessary in order to promote domestic economic expansion and narrow the excessive gap between our economic performance and our economic potential. Indeed, closing this gap can play an important role in building long-run confidence in the dollar. As the steps currently being taken to eliminate the balance-of-payments deficit and strengthen our international monetary position achieve their objective, the curbs on our freedom to use monetary policy to meet the needs of the domestic economy will be progressively reduced.

3. Any move toward sizable tax reduction must, of course, be accompanied by a willingness to move toward higher interest rates if this should prove to be necessary (a) to discourage any adverse capital flows that might develop, or (b) to offset any inflationary pressures that might ensue if the rebound toward full employment should prove to be unexpectedly rapid.

4. If budget deficits are incurred, the method of financing them must be carefully adapted to the prevailing economic circumstances. A careful balance must be struck between bank and non-bank financing, a balance which will not thwart or nullify the expansionary effect of budget measures in an economy with excessive unemployment and excess capacity, but will prudently shift Federal debts into nonbank hands as the economy comes close to or reaches full employment.

Summing up, let me say that relative monetary ease has facilitated economic expansion in the recovery of 1961–62; that even greater ease would have been possible in the absence of international payments pressures; that those pressures throw an additional burden on fiscal measures as part of a coordinated economic policy for full employment and faster growth; and that care must be exercised not to overcompensate for such international monetary pressures by premature or excessive tightening of credit and interest rates.

CONCLUSION

We would be dangerously complacent if we focused only on such impressive advances in our economic well-being in recent years as—

The rise of over $50 billion in gross national product since the first quarter of 1961, and the accompanying rise in employment, personal income, and profits.

The shrinkage of our balance of payments deficit from $3.9 billion in 1960 to $2.5 billion in 1961, and the prospect of further shrinkage to $1.5 billion or less this year.

The 4 years of stability in our wholesale price level since 1958.

The continued growth in our economic potential at rates exceeding prewar averages.

But when we look ahead, instead of backward, it is the size of the job yet to be done that demands attention and commands action; the continued hardship, inequity, and waste of unemployment; the excessive amounts of unused industrial capacity; the unsatisfactory pace of economic expansion in 1962; and the remaining gap in our balance of payments. My statement today has put its emphasis on this unfinished business of economic policy. The uncertainties of current economic developments and prospects underscore the urgency of that unfinished business. They also intensify the need for action on those economic measures that the President has already put before Congress, and the need for forethought on the tax adjustments which are needed to remove barriers to the expansion and full utilization of the great potential of the American economy.

UNEMPLOYMENT BIG ECONOMIC PROBLEM—TAX CUT NOT APPROPRIATE REMEDY

Mr. PROXMIRE. Mr. President, this morning, on the front page of the New York Times, there were a series of charts which show that personal income has been up, retail sales have been up, but only the production workweek is down.

I think we should recognize that the heart and soul of our economic problem is unemployment, and particularly factory unemployment; and to try to hit the whole economic system with a tax cut under these circumstances would be most unwise. What we should do is have a measure which aims at reducing unemployment, without the kind of budget unbalancing and deficit spending which would be the inevitable results of a tax cut.

I ask unanimous consent that the article from the New York Times to which I have referred be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Workweek Drops Third Month in Row—Cut in Factory Hours Offset by Gains in Nonfarm Jobs, Retail Sales, and Income

Washington, August 10.—The factory workweek, a key economic indicator that usually starts dropping before total economic activity does, declined in July for the third month in a row.

But an assortment of other indicators published by Government departments today pointed upward.

The Commerce Department reported for July a 2-percent advance in retail sales and a slight improvement in personal income.

The Labor Department, which issued the workweek figure, also said that nonfarm payroll employment, seasonally adjusted, had gone up last month to a new record of 55,632,000. This represented a slight rise of 124,000.

Last week the Department announced its summary labor market figures. These showed that the seasonally adjusted percentage of the labor force out of work declined in July from 5.5 to 5.3 percent.

Retail sales, according to preliminary Commerce Department figures, increased from $19,100 million in June to $19,500 million in July, after seasonal adjustment. The figure fell short of the record of $19,600 million set in April. It was about 8 percent higher than 1 year before.

Personal income, seasonally adjusted, rose to an annual rate of $442 billion in July, $1,30C million higher than June, and a record.

Most of the increase was in wages and salaries, which were $900,000,800 higher than in June. Contract construction payroll accounted for more than half the gain.

Manufacturing payrolls declined by $200 million on an annual rate, principally because the steel industry is in the doldrums.

Labor Department figures also reflected steel's difficulties.

Payroll employment in the primary metals industries, which include steel, dropped 24,000 between June and July and 85,000 in the last 4 months—seasonally adjusted.

Primary metals employment dropped 193,000 during the 1960–61 recession. Thus far in the recovery, Labor Department figures showed, it has gained back only 54,000 of that loss. Total nonfarm payroll employment, by contrast, has gained back all of its loss during the recession, plus 1,048,000.

The Labor Department's manpower experts think the lackluster performance of steel in recent months resulted from efforts to work off inventories acquired in anticipation of a steel strike that did not occur.

JOB OUTLOOK AFFECTED

But Seymour L. Woltbein, Deputy Assistant Secretary of Labor, said at a news conference today that steel was an industry that also was feeling the impact on employment of automation and other technological changes.

Automobile industry employment, on the other hand, has climbed each month for the last six. The transportation equipment category, which includes cars, has gained back all of its loss of 187,000 workers during the 1960–61 recession, plus 51,000 more, after seasonal adjustments.

Over the year, all durable goods industries except primary metals have increased employment

Neither manufacturing nor durable-goods employment changed significantly last month.

The small rise in nonfarm payroll employment, seasonally adjusted, was accounted for by the end of a construction strike on the west coast and by employment increases in the trade and service sectors, which have been steadily turning upward.

LEVEL IS STILL HIGH

Factory hours, despite their decline from 40.8 a week in April to 40.6 in May to 40.5 in June and 40.4 in July, still remained at a high level. The July figure has not been higher since 1950.

Steel, with unadjusted weekly hours averaging 38.5 in primary metals, caused a drag here, as well as on the employment figures.

Today's Labor Department report contained an analysis of the characteristics of persons out of work 6 months or more.

The number of persons unemployed that long was 260,000 in 1957, rose to 1,026,000 in 1961 and now is 576,000.

Nonfarm blue-collar workers account for a smaller percentage of the long-term unemployed now than they did in 1957. The percentage has moved down from 60 to 52.

MORE SKILLED

Both the semiskilled and unskilled have declined as a percentage of the long-term unemployed, while the percentage of the skilled has risen. The proportion of white-collar workers also has edged up—from 17 to 22 percent.

Men under 25 years of age now comprise 15 percent of the long-term unemployed. In 1957, they were 9 percent. The proportion of women under 25 in this category has doubled—from 4 to 8 percent.

THE HUNGARIAN QUESTION AND THE UNITED NATIONS

Mr. LAUSCHE. Mr. President, word is becoming increasingly more current that the United States may not renew its request to have the Hungarian problem placed on the agenda of the United Nations at the next, 17th General Assembly.

In my opinion, the elimination of the Hungarian problem from the agenda would involve open recognition by the United Nations that its solemn resolutions can be totally defied with impunity and without penalty, thus destroying the moral authority of the United Nations as an agency to promote peace by opposing aggression.

If this subject is not placed on the agenda, it would remove the main obstacle to the acceptance of the Hungarian delegations' credentials in the United Nations and the establishment of full American diplomatic relations with the present puppet regime in Budapest.

As for the United States, the final abandonment of American efforts even to seek justice for Hungary through the United Nations would constitute a long step toward the fulfillment of Khrushchev's main purpose, which is to bury the West by destroying faith in the steadfastness of the United States.

In September 1957, following the revolution in Hungary, the United Nations declared:

> (a) The Union of Soviet Socialist Republics, in violation of the United Nations Charter, has deprived Hungary of its liberty and political independence and the Hungarian people of the exercise of their fundamental human rights;
>
> (b) The present Hungarian regime has been imposed on the Hungarian people by the armed intervention of the Union of Soviet Socialist Republics.

Mr. President, the status of the situation in Hungary has not been changed. The present government has been imposed upon the Hungarian people. Its existence was achieved through armed aggression and intervention of the Soviet.

Yet, 6 years later, the word is current that this subject will be dropped by the United Nations.

I cannot understand it. It would mean that the world could well believe that the powerful nations can defy the United Nations and get away with it.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. LAUSCHE. May I have 2 more minutes?

The ACTING PRESIDENT pro tempore. Only 2 minutes for the morning business remain.

Mr. HUMPHREY. Mr. President, can the Senator from Minnesota take 1 minute?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, the excuse given for not putting the subject on the agenda is that we cannot succeed; that we will fail. I cannot subscribe to that excuse. It is better to try and fail than not to try at all. By yielding to the argument that we cannot succeed, we are giving encouragement to the Soviets to challenge every order that is made by the United Nations.

Aggression and persecution still exist, and yet we contemplate abandoning standing by the high principle which our country proclaims and the United Nations declares it stands for.

I submit that we ought to ask that the subject be placed on the agenda. We ought to let the world know that the demands of the Soviet Union are not the only ones that are honored, but the demands of the West, when properly based, are given due consideration.

Even though this year it may be difficult because of the increased membership in the United Nations to win a majority to uphold the past United Nations resolutions on Hungary, it is vital that the fight should be made even if it should fail. Our cause is just; that of the opposition wrong. If our country stands firmly by its just position, even if it stands alone, the majority of mankind ultimately will stand with us, regardless of the attitude of the diplomats in the United Nations.

There is more that I should like to say on this subject, but my time has expired.

NEW U.S. NUCLEAR TEST BAN PROPOSALS

Mr. HUMPHREY. Mr. President, the recent criticism of the new U.S. nuclear test ban proposals is based more on politics than science. The criticisms wholly ignore the new technical developments produced by Project Vela and by experience with detection of American, Soviet, and French tests.

We have not spent $75 million on Project Vela for nothing. That project, encouraged by the Senate Subcommittee on Disarmament and started in the Eisenhower administration, has now begun to bear real fruit in large part because of President Kennedy's decision in the fall of 1961 to resume underground nuclear testing.

Briefly, there have been two key technical developments on which the new U.S. suggestions are based. The first establishes a better capability for long-distance detection of earth tremors caused by nuclear explosions or earthquakes, and makes it possible to propose a simpler and more economical system of internationally supervised long-range detection stations, manned largely by the country where located.

The control system proposed in the United States-United Kingdom draft treaty tabled on April 18, 1961, contemplated eventual construction of a worldwide network of 180 control posts, including a total of 34 such posts in the United States, the United Kingdom, and the Union of Soviet Socialist Republics. Substantial improvements in long-range detection now permit us both to design an effective control system with many fewer seismic control posts and to rely much more on stations outside the U.S.S.R. to detect explosions in the U.S.S.R. Needless to say, the control system would still have to be under careful and effective international supervision.

The second key technical development is that an earlier estimate of the number of tremors from earthquakes which might be confused with tremors from nuclear explosions has been shown by actual observation and research to be several times too large. Since there are fewer earthquakes which produce tremors similar to those of an explosion, the number of on-site inspections needed to identify the cause of the tremor is less.

At the time that the April 18, 1961, draft treaty was submitted, it was estimated that there would be on the average about 125 annual shallow earthquakes equivalent in size to a 19-kiloton explosion in the U.S.S.R. and that about 100 of these would not be positively identified as earthquakes and not explosions by 10-element detector arrays. It was also estimated then that there would be about 620 total and 590 unidentified earthquakes equivalent to a 2-kiloton explosion in tuff. Actual observation and research now indicates that there will only be about 175 earthquakes in the U.S.S.R. equivalent to a 2-kiloton explosion in tuff. Furthermore, with a well designed control system composed of stations largely outside the Soviet Union, all of these would be detected and all but 75 identified as earthquakes by instrument readings. Other information would reduce the number of 75 still further.

With 75 instead of 100 potentially doubtful earthquakes to worry about, a reduction in the number of on-site inspections may be possible. There would, however, still need to be on-site inspections to make sure that none of these earthquakes were really nuclear explosions. On-site inspections are essential to any safeguarded agreement.

These technical developments have shown the way to a control system which would cost less to construct and run, which would be simpler to manage, which could begin operation in a matter of months from ratification of a treaty, and would in no way jeopardize our national security.

Construction cost estimates for the control system proposed in the April 18, 1961, draft treaty ranged up to about $3.2 billion, and annual operating costs, up to almost $1 billion. The system now under consideration would cost perhaps one-fifth as much to build and one-third as much to operate. At the same time, the capacity to detect is not diminished—it is improved.

The April 18, 1961, draft treaty contemplated that all control posts would be new ones and that the first group of posts would not be required to begin operation for 2 years. The new proposal would bring seismographic stations already in operation under an international commission within a matter of months, and the new stations would be constructed in a shorter time than the earlier 2-year period.

The new proposals were approved by the President on the unanimous recommendation of the Secretary of Defense, the AEC, the Director of CIA, the Secretary of State, and the Director of the Arms Control and Disarmament Agency. The Kennedy administration is strongly of the view that an adequately verified ban on all nuclear weapon tests is in the national interest.

These changes are not "concessions" in any meaningful sense. If they are concessions in any sense, they are concessions to scientific progress. In this sense, the communication satellite is also a concession to science. If the new proposals are also closer to the Soviet position than our earlier proposals, so much the better. We cannot reach agreement by standing still. It is only sensible and honest to recognize the facts of scientific development and such is not a "concession" to the Soviets, but acknowledgment of scientific advance.

Our purpose in discussing a nuclear test ban is to reach an agreement banning nuclear tests under adequate safeguards. It is true that the Soviets have made no recent concessions to our point of view. But this has not always been the case and our hope is that it will not forever continue to be the case.

To show my colleagues that there has also been movement on the Soviet side, I ask unanimous consent to submit for the record a table showing the major Western and Soviet shifts of position in the direction of agreement in these negotiations up to the time of our new proposals. This shows that there were significant moves by both sides during the period 1958–60, a period, I might point out, in which the last administration was responsible for our participation in the negotiations.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, let me conclude by saying a word about why a test ban is desirable, something that has been ignored by some of the critics. Each series of weapon tests produces less of significance to the development of new weapons by the United States. While there is always something new that can be tested, really significant advances are less frequent the more we test.

At the same time, if the Soviet Union is now behind us in some areas of nuclear weapon testing, further tests by it will inevitably permit it to catch up. The scientists tell me that unlimited testing on both sides will ultimately produce a situation where neither side is ahead.

Unlimited testing will also spur other countries which do not now have the bomb to bend every effort to produce it. The dangers of accidental nuclear war would be multiplied many times over. Moreover, a small nuclear war between countries other than the Soviet Union and the United States could well bring a nuclear holocaust upon us all.

The important objective is, therefore, to find a way to end all testing, so that we can prevent the nuclear arms race from spiraling out of control and take the first step toward disarmament.

I ask unanimous consent that a statement I made yesterday concerning the comments of Governor Rockefeller and the Senator from Illinois [Mr. DIRKSEN], be printed in the RECORD. I also ask unanimous consent that a letter addressed to me as chairman of the Subcommittee on Disarmament of the Senate Foreign Relations Committee by the Director of the Arms Control and Disarmament Agency be printed at this point in my remarks. This letter makes a significant contribution to the Senate's understanding of U.S. disarmament proposals and negotiations.

There being no objection, the statement and letter were ordered to be printed in the RECORD, as follows:

HUMPHREY HITS ROCKEFELLER, DIRKSEN ATTACKS ON TEST BAN POLICY

Senator HUBERT H. HUMPHREY, Democrat, of Minnesota, has made the following comment on recent attacks on U.S. policy on a nuclear test ban:

"Governor Rockefeller's statement on the recent U.S. proposals on the nuclear test ban are either the product of misinformation and lack of understanding or election year politics. The facts are available and the Governor should have studied them before speaking on such an important and sensitive issue affecting our national security.

"The minority leader, Senator DIRKSEN, has had all scientific facts available to him, and his partisan criticism of U.S. proposals on a nuclear test ban violates bipartisan responsibility in the field of foreign relations and severely hampers the conduct of diplomacy by the President and our representatives abroad.

"Modifications on U.S. proposals are based on known scientific evidence as to the number of earth tremors occurring annually in the Soviet Union and the improved capability of long-range detection devices. Our previous calculations were in error. Recent tests and research and actual observation have necessitated reassessment. Our proposals must be based upon truth and fact, not deceit and fiction. The only concession we are making is to science and truth. We neither protect our national security nor enhance our national prestige by irresponsible statements or wilfully ignoring scientific developments.

"Half-truths may contribute to partisan politics, but make no contribution to peace."

U.S. ARMS CONTROL
AND DISARMAMENT AGENCY,
Washington, D.C., August 9, 1962.

Hon. HUBERT HUMPHREY,
Chairman, Disarmament Subcommittee of Senate Foreign Relations Committee, U.S. Senate.

DEAR MR. CHAIRMAN: During the recent hearings before your subcommittee on disarmament, Senator SYMINGTON raised a question concerning Mr. John J. McCloy's article "Balance Sheet on Disarmament" which appeared in the April 1962 edition of Foreign Affairs. In that article, Mr. McCloy described four areas where Soviet and United States interests might coincide in respect to disarmament. The four areas were: (1) desire to avoid general nuclear war; (2) desire to avoid nuclear war by accident, miscalculation, or failure of communication; (3) desire to avoid the spread of nuclear weapons to countries not now possessing them; and (4) desire to avoid the economic burdens of the arms race. Senator SYMINGTON inquired why the Soviet Union had not shown more inclination to reach early agreement with the United States in these areas.

It is very difficult to speculate what may motivate the Soviet Union in adopting positions with respect to disarmament and arms control. However, there are some factors that may be pointed to, factors both of a long range and of an immediate character that may have a bearing on recent Soviet attitudes.

Two longstanding problems which may affect a great many of our efforts with the Soviet Union in the field of disarmament are: (1) the problem of military parity, that is, the problem of agreeing to any disarmament or arms control measures at a time when either the United States or the Soviet Union feels that it might be prejudiced by a possible freezing of the status quo and (2) the problem created by the Soviet Union feels that it might be prejudiced by a possible freezing of the status Union regards much of the inspection believed desirable by the United States to verify various measures as "espionage" or "control over armaments."

These two factors, although of a general nature, may have considerable effect on Soviet willingness to undertake disarmament or arms control measures which would lessen the likelihood of general nuclear war or which would substantially tend to lessen the economic burdens of the arms race. An obvious illustration of this is found in the efforts to negotiate a test ban treaty, a measure which might have both the effect of lessening the ultimate likelihood of nuclear war and easing the economic burdens of the arms race. From recent Soviet actions and statements it appears that the Soviet Union may be reluctant to commit itself to stop testing if that would result in having to accept a position of possible inferiority with respect to the development of nuclear weapons, and if conclusion of a test ban treaty would require acceptance of inspection measures which, in the Soviet view, would result in an undesirable degree of admittance into the Soviet Union.

In addition to these fairly general and long-range considerations, there are perhaps some more immediate causes for apparent Soviet reluctance to agree at this particular time to measures suggested by the West, even when those measures are in areas of logical self-interest to the Soviet Union. Some persons have speculated that present domestic policy within the Soviet Union is a significant factor. According to this theory, the Soviet Government would have a hard time justifying such measures as the June 1 increase in the price of meat and butter and the heavy expenditures for defense, if agreements were being concluded with the West in the field of arms control or disarmament. An additional theory which has been advanced by some persons is that the Soviet Union must appear somewhat militant and uncompromising with the West in order not to lose leadership within the Soviet bloc to the more truculent Red Chinese. Finally, some persons are also of the opinion that Soviet attitudes on reaching agreement with the West concerning disarmament or arms control are influenced by Soviet aims in negotiations with the West on other sensitive matters, such as Berlin. Under this view, the Soviets might wish to take fairly inflexible positions on disarmament, so long as they do not obtain the concessions they are seeking with regard to Berlin.

I am sure you will understand that the considerations which I have outlined constitute speculation; no one is able to say with certainty what motivates the Soviet Union in assuming particular stances.

There is one other factor, however, which I would like to stress. Even where the Soviet Union wishes to enter into agreement with the United States or with the West, it has generally been necessary to engage in arduous and prolonged negotiations. The Soviet Union appears to approach all negotiations with the West with extreme caution, even in relatively unsensitive areas, and this has been an important factor in recent times in making the negotiation of multilateral treaties a lengthy process.

For instance, it took about 14 months to negotiate the 1957 Convention on Conservation of North Pacific Fur Seals, a negotiation in which the Soviet Union as well as Japan, Canada and the United States participated. I might mention also that it took over a year and a half, including 60 preparatory meetings prior to a conference, to negotiate the Antarctic Treaty of 1959 in which the Soviet Union and 11 other countries participated. I would say, therefore, that even in the areas of mutual interest which Mr. McCloy outlined, it cannot be expected, although one would not like to rule out the possibility of exceptions, that results can be achieved rapidly.

I hope that the considerations I have set forth in this letter will be of help to your subcommittee and to Senator SYMINGTON.

Sincerely yours,

WILLIAM C. FOSTER.

EXHIBIT 1

MAJOR WESTERN AND SOVIET SHIFTS OF POSITION IN THE DIRECTION OF AGREEMENT DURING INTERNATIONAL NEGOTIATIONS FOR TERMINATING NUCLEAR WEAPONS TESTS

FOREWORD

The following table summarizes major shifts of position by the United States and United Kingdom on the one side and the Soviet Union on the other in the direction of agreement during international negotiations for terminating nuclear weapon tests. These negotiations took place mainly, but not exclusively, at the Geneva Conference on Discontinuance of Nuclear Weapon Tests (1958–62). The circumstances surrounding these policy developments are briefly described in the accompanying explanatory notes.

The record shows that there were significant moves by both sides during the period 1958–60. By the end of that time there was a considerable record of agreement, as shown by formal approval of the preamble, 17 articles, and 2 annexes of the draft treaty. Informal understandings also had been reached on many other questions.

The United States and the United Kingdom continued to make compromise proposals in the 1961 negotiations, but the Soviet Union then hardened its attitude and refused to offer any new concessions. The first clear sign of a Soviet shift away from agreement appeared when the Soviet Union withdrew its consent to a single Administrator for the control system and demanded instead a tripartite administrative council or "troika." The suggestion for merging the test ban with general and complete disarmament, and persistent denunciation of control as espionage, were further indications that Soviet policy was moving away from a test-ban treaty with international controls.

A reason for this retrograde movement on the part of the Soviet Union became manifest when Moscow announced on August 30 that it was resuming nuclear weapons tests. It then rejected an Anglo-American proposal for a ban on atmospheric tests only and carried out more than 40 tests, mostly in the atmosphere in spite of many appeals by other nations.

While the United States and the United Kingdom continued to advocate a test-ban treaty with international controls—the goal to which the Soviets had also subscribed since 1957—the Soviet Union climaxed its evolution away from this goal on November 27, 1961, when it proposed a test-ban agreement without any international controls. This step on the part of the Soviet Union completely wiped out all the compromises made by its negotiators during the previous 4 years.

The United States and the United Kingdom have completely rejected the new Soviet proposal and have made it clear that they are interested only in a treaty with effective international controls. It is with this aim that they have proposed renewed negotiations with the Soviet Union at the 18 Nation Conference. They have informally outlined to the Soviet Union certain changes in their draft treaty of April 18, 1961. Some of the suggested changes, without departing from the principle of effective international control, would reduce the difference between the two sides. Other changes are intended to strengthen the treaty by providing for earlier installation of the control system and furnishing minimal safeguards against secret preparations for testing.

Subject	United States and United Kingdom	Soviet Union
1. Relationship to disarmament	Separated test ban from disarmament package (1958). Dropped link between progress toward disarmament and continued suspension of tests (1959). Offered to negotiate on test ban in 18-nation disarmament conference (1962).	
2. Principle of international control	Temporary offer of atmospheric test ban without international controls (1961).	After maintaining that international controls were unnecessary (1955–56), proposed international commission and control system to supervise suspension of tests (1957). Participated in Geneva conference of experts (1958) and accepted their report recommending control system.
3. Threshold and moratorium	Proposed ban on tests above threshold of seismic magnitude 4.75 and agreed to moratorium on tests below threshold for duration of seismic research program (1960). Later proposed eventual scientific review of threshold question by international experts and also offered to discuss ways of immediately lowering or abolishing threshold (1961). Proposed comprehensive treaty without threshold (1962).	Advocated comprehensive treaty but accepted threshold provided West agreed to continuing moratorium on tests below threshold (1960).
4. De facto suspension of tests	Announced they would not test for 1 year after beginning of Geneva Conference (1958). United States later extended this period until end of 1959 and refrained from tests until September 1961. United Kingdom said it would not test as long as negotiations showed prospect of success (1959).	Unilaterally renounced tests (1958), then temporarily resumed but stopped again after Nov. 3, 1958. Later declared it would not test unless Western Powers tested first (1959)
5. Veto	Originally proposed majority rule in Commission. Negotiated compromises or alternative arrangements for various items in Soviet veto list.	Originally demanded veto on all substantive decisions, submitted detailed list of veto items. Withdrew some veto demands and accepted alternative arrangements on others. Offered 3 veto-free onsite inspections a year.
6. Onsite inspections	Originally proposed onsite inspection of all unidentified seismic events above equivalent yield of 5 kilotons and 20 percent of unidentified events below that yield (1958). Offered 3 alternative formulas for determining annual quotas: (1) 20 percent of all events above threshold located by control system; (2) 30 percent of all such events still unidentified after application of U.S. criteria; (3) a flat figure of 20 inspections (1960). Proposed sliding scale of 12 to 20 inspections, depending on number of unidentified seismic events (1961). Offered to limit number of inspections in aseismic areas to low-level without increasing quota in context of comprehensive treaty (1962).	
Technical working groups on high-altitude tests, seismic problems, seismic research program.	All groups proposed by Western side.	Participated in all groups. (1) Accepted report of high-altitude group. (2) Produced dissenting report on seismic problems. (3) Reached informal understanding on many projected activities for seismic research program; technical understanding repudiated at political level.

Subject	United States and United Kingdom	Soviet Union
8. Seismic research program	After Soviets refused to participate, United States offered to carry out program; proposed "black box" procedure and pooling arrangement for nuclear devices used in program to guarantee no weapons improvement intended (1960). Accepted Soviet demand to inspect interior of nuclear devices (1961).	Agreed to let United States conduct program if Soviet scientists participated and obtained right to inspect interior of nuclear devices used (1960).
9. Peaceful-uses nuclear explosions	Proposed "black box" procedure for nuclear devices (1959). Accepted Soviet demand to inspect interior of nuclear devices (1961).	Qualified acceptance of peaceful-uses nuclear explosions.
10. Composition of Control Commission	Was willing to accept Control Commission of 3 Western, 2 Communist, and 2 neutral states if U.S.S.R. dropped veto demands (1959). Accepted Soviet demand for parity by agreeing to Commission of 4 Western, 4 Communist, and 3 neutral states (1961).	
11. Administrator	Offered to give Control Commission right to remove Administrator (1961).	Initially denied need for Administrator but accepted single Administrator (1958).
12. Deputy Administrators	Proposed 1 Deputy but later offered (1960) to agree on 5 Deputies (2 from each side and a 1st Deputy).	Originally proposed 2 Deputies (1959). Later accepted Western proposal for 5 Deputies (1960) but differed on manner of appointment.
13. Headquarters staffing	Originally proposed international staffing (1958). Later offered selection by equal thirds from United States, United Kingdom, U.S.S.R., and others (1959).	Proposed selection on basis of parity between 2 sides (1958). Accepted thirds formula but insisted on subdivision of last third among Western, Communist, and neutral states (1959).
14. Staffing of control posts	Originally proposed that staff should be entirely international and that host-country nationals be excluded (1958). Offered thirds formula: ⅓ from United States-United Kingdom, ⅓ from U.S.S.R., ⅓ from other countries (1959). Suggested compromise on last third (1961).	Originally proposed staffing by host-country nationals, with 1 control officer from the other side (1958). Accepted thirds formula but insisted on subdivision of last third among Western allies, Communist allies, and neutrals (1959).
15. Staffing of onsite inspection teams	Originally proposed international staff (1958). Later proposed that teams be made up of nationals of other side (1960). Offered to accept up to ½ neutral staff (1961).	Originally proposed teams made up entirely of host-country personnel, with 1 foreign observer (1958). Later proposed ½ from each side (1960).
16. Number of control posts	Originally proposed 21 control posts for U.S.S.R. (1960). Later offered to reduce number of control posts on Soviet territory to 19 (1961).	
17. Special aircraft flights	Originally proposed giving Administrator right to determine flight patterns with approval of Commission (1958). Later offered to agree that flights should be made along routes selected from those previously agreed with Commission (1960).	

EXPLANATORY NOTES

1. Relationship with disarmament: The American and British actions described above were all moves toward the Soviet position. The first Soviet proposals for a separate ban on nuclear weapons tests, apart from a general disarmament agreement, date from the end of 1955, and the Soviet Union continued to press the issue during the next 3 years. The United States and its allies during this period wished to deal with the problem of tests in the context of a first-stage disarmament agreement including provisions for a cutoff of the production of fissionable materials for weapons purposes, safeguards against surprise attack, reduction of forces and arms, and other measures. The Western working paper, submitted to the Disarmament Subcommittee on August 29, 1957, made the permanent cessation of tests contingent on the introduction of a nuclear cutoff and the satisfactory working of an inspection system.[1]

President Eisenhower declared on August 22, 1958, that the United States accepted the report of the Geneva Conference of Experts and was prepared to negotiate an agreement on the suspension of tests on a year-by-year basis, providing that the inspection system continued to work satisfactorily and satisfactory progress was made "in reaching agreement on and implementing major and substantial arms control measures." The British Government made a similar statement.[2]

The Soviet Union strongly attacked the United States and the United Kingdom for continuing to link agreement on a test ban with progress on disarmament. The issue was frequently raised by the Soviet delegation in the early days of the Geneva Conference on the Discontinuance of Nuclear Weapon Tests. In order to remove what seemed to be a serious obstacle to agreement, the United States and the United Kingdom announced on January 19, 1959, that they would no longer make continuation of a test ban contingent on progress toward disarmament.[3]

The Soviet position on separability underwent considerable change in the summer of 1961. Premier Khrushchev's aide-memoire of June 4, given to President Kennedy at Vienna, suggested the possibility of merging the test ban with general and complete disarmament.[4] Other Soviet statements, before and after the resumption of Soviet tests on September 1, 1961, indicated that the Soviet Union would not accept any international controls apart from general and complete disarmament and sought to justify Soviet testing by blaming the United States and its Allies for failure to reach agreement on disarmament.

After negotiations were resumed in November 1961, the Soviet Union reversed all its previous positions and introduced a completely new proposal for an uncontrolled treaty. When it became clear that the Soviet Union was not willing to negotiate on the basis of a treaty with international controls, the United States and the United Kingdor offered, in January 1962, to transfer the test-ban negotiations to the forthcoming 18-nation Conference on Disarmament and to set up a tripartite subcommittee in that Conference to consider the problem of testing. They made it clear that they were making this proposal only because of the Soviet refusal to negotiate for a controlled treaty. In spite of its previous position, however, the Soviet Union initially rejected the Anglo-American proposal to transfer the negotiations.[5] After the 18-nation Conference convened, it agreed to the establishment of a tripartite subcommittee. As this record shows, this can hardly be characterized as a concession.

2. Principle of international control: On June 14, 1957, the Soviet Union tabled a proposal in the U.N. Disarmament Subcommittee to suspend tests, "if only for a period of 2 or 3 years." Citing American insistence on control as the "main obstacle" to agreement, the Soviet Union asserted that it would agree to control in order to remove this obstacle. It proposed the establishment of an international commission to supervise the test ban and the establishment of control posts on Soviet, American, and British territory and in the Pacific Ocean area.[6] The Soviets rejected a Western counterproposal for an experts meeting to work out a control system on the ground that the West was still linking a test ban with agreement on a nuclear production cutoff.[7]

Both sides accepted the report of the 1958 conference of experts. For 3 years the Soviet Union, though unwilling to accept many control proposals tabled by the United States and the United Kingdom at Geneva, did not question the need for international control in principle. Just before the Soviet Union resumed testing, however, Ambassador Tsarapkin stated that test-ban controls without disarmament would be a "system of espionage" and that the Soviet Union would not agree to any control while the arms race continued.[8]

Immediately after the Soviet Union resumed testing, President Kennedy and Prime Minister Macmillan proposed to Premier Khrushchev a ban on nuclear tests in the atmosphere. The aim of this proposal was to "protect mankind from the increasing hazards from atmospheric pollution and to contribute to the reduction of international tensions." They declared that existing means of detection were adequate and that international controls were not needed for an atmospheric test suspension. At the same time they reaffirmed their desire for a more comprehensive treaty covering other forms of testing.[9]

This was the only American test-ban proposal which did not provide for international controls. It remained open only until September 9, when Premier Khrushchev rejected it.[10] It has not been renewed.

3. Threshold and moratorium: Review of seismic data from the Hardtack series of

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[1] "Documents on Disarmament," 1945–59, vol. II, pp. 868–874.

[2] Ibid., pp. 1111–1113.

[3] GEN./DNT/PV. 37, pp. 6, 9.

[4] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 538–542.

[5] Department of State press release 112, Feb. 21, 1962.

[6] "Documents on Disarmament, 1945–59," vol. II, p. 791.

[7] Ibid., pp. 802–803, 853–857.

[8] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 584–585.

[9] Ibid., p. 620.

[10] Ibid., pp. 621–629.

tests (October 1958) showed that the Geneva system was less capable of distinguishing underground explosions from earthquakes than the conference of experts had believed. The United States presented the new seismic data at Geneva on January 5, 1959,[11] and subsequently urged a technical view of the problem of detecting and identifying underground nuclear explosions. This problem was also reviewed by the Berkner Panel, a group of American experts.[12] The Western and Soviet members of technical working group II, finally convened in November 1959, were unable to reach agreement on interpretation of the new data.[13]

Since there then seemed to be no ready way of improving the capabilities of the Geneva control system without insisting on a level of inspection unacceptable to the Soviets, the United States decided to try a new approach. On February 11, 1960, Ambassador Wadsworth proposed a ban on all tests in environments where control was possible under a control system acceptable to all concerned. These environments included the atmosphere, the oceans, and (to the extent possible) outer space. They also covered underground tests above a threshold of seismic magnitude 4.75. Ambassador Wadsworth made it clear that the United States hoped to achieve a comprehensive treaty as soon as this was technologically feasible and that it was planning an experimental seismic research program aimed at the development of improved means of detection and identification.[14]

The Soviet Union, after denouncing the United States for allegedly turning its back on a comprehensive treaty, eventually accepted the 4.75 threshold, and it also proposed a moratorium on tests below the threshold while the research program was being carried out.[15] President Eisenhower and Prime Minister Macmillan announced on March 29 that they would be willing to institute a "voluntary moratorium of agreed duration" on nuclear weapons tests below the threshold, by "unilateral declaration of each of the three powers." [16]

The Soviets agreed that the moratorium could be instituted by parallel declarations. They insisted, however, that it should last for 4 or 5 years and that states should not be automatically released from their obligations even if the research program proved unsuccessful.[17]

The United States and the United Kingdom hoped that the research program would succeed and that it would be possible to reduce or eliminate the threshold when the moratorium expired, but they would not commit themselves in advance to continue the moratorium without knowing what the results of the research program would be. Moreover. the longer the moratorium continued after the completion of the research program, the longer the period of an uncontrolled obligation not to test below the threshold. The United States tabled a definite proposal on the length of the moratorium on September 27, 1960. It then proposed that the moratorium should "become effective, upon the signature of our treaty, for such period as then remains of the 2-year seismic research program, plus a period of 3 months to review the results of that program." [18] Ambassador Dean proposed extension of the moratorium to 3 years on March 21, 1961.[19]

The United States regarded extension of the moratorium as a definite step toward meeting Soviet views on its duration. The Soviet Union nevertheless refused to change its position on this question, and it persistently charged that the United States was plotting to resume tests below the threshold as soon as the moratorium expired. This charge was repeated in the Soviet aide memoire of June 4, 1961.

Ambassador Dean offered two further proposals on the moratorium issue on August 28, 1961. The first proposal called for a review of the results of the research program by a group of scientists from countries represented on the Control Commission. Acting by majority vote, these scientists could recommend changes in the control system and the lowering or abolition of the threshold. The Control Commission, also acting by majority vote, could then formally recommend amendments to the treaty. The second proposal was even more thoroughgoing. It was a suggestion for an immediate reexamination of the Geneva system in order to find ways of immediately lowering or abolishing the threshold.[20] Both proposals were rejected at once by the Soviet Union.

In the March 1962 discussions at the 18 nation conference, the United States indicated that it was now prepared to drop the threshold and to make the treaty comprehensive at the outset. Moreover, it was willing to do this without increasing the annual quota of on-site inspections or the number of control posts on Soviet territory. Under the new American proposal, most on-site inspections would be specifically allocated to seismic areas, and only a few would be assigned to other regions.

4. De facto suspension of tests: On March 31, 1958, just after the completion of a series of nuclear tests, the Supreme Soviet adopted a decree suspending Soviet nuclear tests. The decree stated that the Supreme Soviet was "prompted by the desire to make a practical start toward a general discontinuance of atomic and hydrogen weapons tests" and appealed to other nations to follow suit. If other countries did not do so, the Soviet Union reserved the right to resume testing.[21]

The United States and the United Kingdom refused to cancel their planned tests in response to the Soviet action. On August 22, 1958, immediately after the Conference of Experts had produced an agreed report, President Eisenhower declared that the United States was prepared, unless the Soviet Union resumed testing, to withhold further tests for 1 year after the beginning of negotiations (October 31). The British Government took a similar position.[22]

The Soviet Union attacked the United States and the United Kingdom for their continued testing after the Soviet action of March 31. On August 29 Premier Khrushchev told Pravda that the American and British tests released the Soviet Union from its unilateral obligation.[23] Soviet tests were later resumed and continued until November 3, 1958. After that date both sides refrained from testing.

The Department of State announced on August 26, 1959, that the President had directed extension of the unilateral suspension of American tests to the end of the year. The Department stated that, as far as could be determined, the Soviet Union had conducted no tests since November 3, 1958. It explained that the United States wished to allow "a reasonable time for the negotiations to proceed following their resumption on October 12, 1959." [24] The British Foreign Office also announced on August 27 that the United Kingdom would not resume testing while useful discussions continued at Geneva.[25] Immediately after the American and British statements, the Soviet Government declared that its Council of Ministers had resolved not to resume tests in the Soviet Union if the Western powers did not resume testing.[26]

President Eisenhower, stating that no satisfactory agreement was in sight, said on December 29, 1959, that the voluntary moratorium would expire at the end of the year as scheduled. The United States would then consider itself free to resume testing but would not do so without giving advance notice.[27]

In an address of January 14, 1960, to the Supreme Soviet, Premier Khrushchev reemphasized that the Soviet Government would continue to abide by its pledge not to renew tests unless the Western Powers started testing.[28] Later that year the Soviet Union supported two U.N. General Assembly resolutions urging states participating in the Geneva negotiations to continue their voluntary suspension of tests.[29] The United States abstained on both resolutions. As Assistant Secretary of State Wilcox explained, the United States was "frankly concerned over the possibility that an indefinite extension of the voluntary suspension of nuclear testing may come to be regarded as an acceptable alternative to the achievement of a safeguarded agreement on nuclear testing." [30]

Both in 1959 and in 1960 the General Assembly passed resolutions urging France to refrain from testing.[31] These resolutions were supported by the Soviet Union, which charged from time to time that the French were testing on behalf of their American and British allies. The Soviet delegation at Geneva, however, did not raise the question of French tests until March 21, 1961.[32] On May 15 Ambassador Tsarapkin read into the Conference record a statement by the Soviet Government warning that continuation of French tests might "compel it to resume atomic and hydrogen bomb tests" [33] Although there were no further French tests before it announced resumption of testing, the Soviet Government cited the French testing program as an excuse for its action.[34]

Moscow announced resumption of Soviet tests on August 30. After the third Soviet test, President Kennedy stated on September 5 that the United States would resume tests "in the laboratory and underground, with no fallout." [35] In spite of Soviet rejection of the Anglo-American proposal for a ban on atmospheric tests, and extensive Soviet testing in the atmosphere, the United States conducted no atmospheric tests in 1961. On November 2 the President declared that the

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[11] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 331–334.

[12] See ibid., pp. 335 ff.

[13] See below, pp. 24–25.

[14] "Documents on Disarmament, 1960," pp. 33–39.

[15] Ibid., pp. 72–75.

[16] Ibid., pp. 77–78.

[17] Ibid., pp. 76–77, 83–86.

[18] Ibid, pp. 252–253.

[19] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 468.

[20] Ibid, pp. 568–579.

[21] Documents on Disarmament, 1945–59," vol. II, pp. 978–980.

[22] Ibid., pp. 1111–1114.

[23] Ibid., p. 1119.

[24] Ibid., pp. 1430–1440.

[25] New York Times, Aug. 28, 1959, p. 9.

[26] "Documents or Disarmament, 1945–59," vol., II, pp. 1440–41.

[27] Ibid., pp. 1590–1591.

[28] Ibid., 1960, pp. 5–6.

[29] Ibid., pp. 374–375.

[30] Ibid., p. 370.

[31] Ibid., 1945–59, vol. II, pp. 1546–1547; 1960, p. 375.

[32] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 464–465.

[33] GEN/DNT/PV.305, pp. 11–12.

[34] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 612–613.

[35] Ibid., pp. 620–621.

United States would undertake such tests if they were necessary to "maintain our responsibilities for free world security," and he ordered preparations for atmospheric tests to be made.[36]

At the 16th session of the General Assembly the majority of nations favored an Indian resolution urging a new moratorium on testing while negotiations continued for a controlled test-ban treaty.[37] Passed by a large majority, this resolution was opposed by both the Soviet Union and the United States. The Soviet Union took the position that the test ban should be dealt with in the context of general and complete disarmament. The United States opposed the Indian resolution because it amounted to a return to the kind of uninspected moratorium which the Soviet Union had just violated, and the U.S. representative declared that the United States reserved the right to take necessary measures to preserve its security and the security of its allies.[38] The General Assembly also approved by a large majority an Anglo-American resolution urging renewed negotiations for a test-ban treaty with effective international controls. The renewed efforts to negotiate an effectively controlled treaty with the Soviet Union failed. After careful review by the National Security Council, President Kennedy announced on March 2, 1962, that the United States would conduct atmospheric tests over the Pacific Ocean in the latter part of April unless the Soviet Union agreed to a treaty before that time.[39]

5. Veto: Early in the Conference, the United States and the United Kingdom indicated that they expected most of the decisions of the control organ to be made by majority vote. On November 29, 1958, the Soviet Union attacked the Western position, alleging that it meant that "instead of all questions relating to the carrying out of the agreement on the cessation of nuclear weapon tests being decided unanimously, a method involving the dictatorship of two countries—the United States and the United Kingdom—would be set up in the control organ, thus imposing the will of those States on the Soviet Union."[40] The Soviet delegation later introduced a formal proposal stipulating that all substantive decisions by the Control Commission should include the affirmative votes of the three original parties.[41]

The British had meanwhile proposed that all decisions by the Control Commission should be made by majority vote, "except as otherwise expressly provided." Ambassador Wadsworth replied to Soviet criticisms by pointing out that the Western proposals did not permit either obstruction by one side or domination by the other. At the same time he characterized the Soviet demand for broad veto authority as a proposal to permit obstruction of necessary action.[42]

The problem of a veto on on-site inspections was of crucial importance, since there could be no assurance that States were fulfilling their obligations to refrain from underground nuclear tests unless the international control organization could make on-site inspections of seismic events that could not be positively identified as of natural origin by analysis of data received by the control posts. By demanding an absolute veto of on-site inspectors, however, the Soviet Union was in effect insisting that the Western Powers accept its word concerning unidentified seismic events without any verification procedures.

When Prime Minister Macmillan visited Moscow at the end of February, he informally suggested to Premier Khrushchev the possibility of agreeing in advance on a certain number of on-site inspections to be carried out each year. He did not propose a specific quota, and the Soviets did not immediately accept the British suggestion.

Since there seemed to be no basis for agreement on this vital question, President Eisenhower suggested, in a personal message of April 13, 1959, to Premier Khrushchev, that agreement might initially be limited to tests in the atmosphere below an altitude of 50 kilometers.[43] By thus restricting the scope of coverage of the treaty to the atmosphere, the need for on-site inspections would be eliminated. Premier Khrushchev rejected this proposal but stated that agreement would be possible on the basis of the Macmillan suggestion.[44] In a letter of May 14 to the President, he said that agreement on a definite number of inspections each year would preclude the need of voting and that inspection teams could be sent to the sites of unidentified events at the request of any of the original parties, when readings obtained by control posts provided a basis for suspecting a nuclear explosion.[45]

The Soviet delegation at Geneva tabled a formal proposal for annual inspection quotas on July 9, 1959,[46] but it did not then specify a number. The Soviets consistently took the position that the quota should be a political "compromise" and should not bear any relation to the number of seismic events which would be detected but not identified by the control system. Finally, on July 26, 1960, Ambassador Tsarapkin proposed an annual quota of three on-site inspections.[47] As noted below, this figure was far removed from the number which the United States considered necessary for minimum deterrence against violation.[48]

Compromise solutions or alternative arrangements were found for other items on the Soviet veto list. The agreed amendments article gave the Control Commission the right to recommend amendments by a simple majority. The conference of parties could then adopt them by a two-thirds majority, and they would go into force when ratified by two-thirds of the parties, including the three original parties.[49] This procedure removed the veto from the Commission but preserved it in the final stage of the amendment process.

Another item on the Soviet veto list was that on "treaty violations." The Western Powers had proposed giving the Commission the right to determine formally that the treaty had been violated. Ambassador Tsarapkin charged that the other side might use alleged treaty violations as a political weapon in the cold war. He took the position that the Commission, if it could not agree on the facts after thorough discussion, should simply report to the governments concerned and the U.N.[50] The Western Powers did not press the "treaty violations" question. They tacitly dropped the idea in the 1959 negotiations, and the Soviet Union agreed to eliminate this item from the veto list.[51] The agreed duration article recognized the "inherent right of a party to withdraw and be relieved of obligations hereunder if the provisions of the treaty and its annexes, including those providing for the timely installation and effective operation of the control system, are not being fulfilled and observed."[52] Each government was thus to judge whether the treaty was being faithfully observed. By dropping their proposal for a formal finding of violation, the Western Powers in effect made a move toward agreement.

The United States and the United Kingdom agreed that the three original parties should have a veto in the appointment of the Administrator. They made an attempt to write into the treaty exact language describing his functions. The negotiations on this subject were long and complex, and only partial agreement had been reached by the end of 1960. When negotiations were resumed in the following year, the Soviet Union completely destroyed this by insisting on a tripartite administrative council or "troika."

After initial Soviet resistance it was provisionally agreed on December 11, 1959, that the Administrator should have the power to develop and arrange for the execution of a program of research and development.[53] It was understood, however, that any major revisions in the control system would require treaty amendment, which could not be finally implemented without the unanimous concurrence of the three original parties. Thus, both sides modified their original positions on this question.

The Soviet representative offered on July 16, 1959, to drop the demand for a veto on the location of control posts and the routes for aircraft flights if the treaty contained provisions for determination of these matters by agreement with the host governments.[54] The Western Powers proposed that if a location recommended by the Commission proved unacceptable to the host government, the latter should provide an alternative site which in the judgment of the Commission met the requirements of the system.[55] A Soviet proposal of January 26, 1960, accepted this principle.[56]

Agreement in principle on the siting of control posts did not, however, solve the problem of routes for aircraft flights. That question was exhaustively examined by the Conference in the early months of 1960. The Western Powers finally offered a compromise package proposal: They would agree to the Soviet demand that special aircraft flights must be made over routes laid down in advance if the Soviet Union accepted their proposal that the Administrator should be allowed to select two technical observers for the flights.[57] The Soviet Union, however, still refused to accept the Western proposal for technical observers.

On November 25, 1959, Ambassador Tsarapkin assured the Western delegations that there was no question of enlarging the veto list, and he said that there then remained on it only the items on staffing and the budget.[58] A Soviet package proposal of December 14, 1959, was addressed to these problems. Ambassador Tsarapkin asserted that it contained "important concessions" to the Western position. The Soviet Union then offered to agree to the Western proposal for staffing control posts by thirds, provided that the West agreed to subdivide the "third third" of the staff into Western, Communist, and neutral thirds. It also offered to have decisions on an itemized budget made by a two-thirds majority of the Commission. Both the staffing and the budget provisions, however, were contingent on acceptance by the West of the Soviet demand for a Commission composed of three Western states, three Communist states, and one neutral state.[59] As the U.S. representatives pointed out, no decisions on the budget could be taken if the Communist side objected, since a two-thirds majority in a 3–3–1 Commission would be unobtainable in that case.[60] The staffing question is examined below.

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[36] Department of State Bulletin, Nov. 20, 1961, pp. 844–845.

[37] General Assembly resolution 1648 (XVI).

[38] See Ambassador Dean's statement of Nov. 1, 1961, to the First Committee of the General Assembly (A/C.1/PV.1183, pp. 42–56).

[39] White House press release, Mar. 5, 1962

[40] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 23.

[41] Ibid., pp. 28–29.

[42] GEN/DNT/PV. 23, pp. 4–6.

[43] Ibid., pp. 1392–1393.

[44] Ibid., pp. 1396–1398.

[45] Ibid., pp. 1409–1411.

[46] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 59.

[47] "Documents on Disarmament, 1960," pp. 178–180.

[48] See below, p. 23.

[49] "Documents on Disarmament, 1960," p. 380.

[50] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 42.

[51] GEN/DNT/PV. 105, p. 10.

[52] "Documents on Disarmament, 1960," p. 380.

[53] GEN/DNT/PV. 147, p. 8.

[54] GEN/DNT/PV. 111, p. 5.

[55] GEN/DNT/PV. 153, p. 5.

[56] GEN/DNT/78.

[57] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations, p. 196.

[58] See GEN/DNT/PV. 138, pp. 3–8.

In 1959–60 the Conference made substantial progress in overcoming the serious obstacle posed by the Soviet veto demands. The area of agreement thus achieved represented a significant achievement, and the remaining differences might well have been solved if the Soviet Union had shown any desire to find solutions acceptable to both sides. On March 21, 1961, however, the Soviet Union introduced a completely new demand for a tripartite administrative council, or troika, to replace the single Administrator. All decisions in the troika, consisting of one Westerner, one Communist, and one neutral, were to be made on the basis of unanimity.[61] The Soviet Union thus reintroduced at the administrative level the veto demands which it had expressly abandoned in the work of the Control Commission. The Western powers rejected the troika and refused to compromise on the question of a single Administrator.

6. On-site inspections: The 1958 Conference of Experts recognized that it would not be possible, on the basis of data obtained by the control posts, to identify as earthquakes all seismic events. On-site inspection was therefore necessary to ascertain whether unidentified seismic events detected by the control system were really of natural origin.

The United States and the United Kingdom realized from the beginning that onsite inspection of all unidentified seismic events would not be politically or logistically feasible. Article 7 of U.S. draft annex I, tabled December 16, 1958, provided for inspection of all unidentified seismic events with an estimated equivalent yield of 5 kilotons or more, 20 percent of unidentified events below that yield, and any events below that yield that had an "unusually high probability of being of nuclear origin." The events to be inspected were to be selected "on a random basis." [62] As was shown above, the Soviet Union reacted to the U.S. proposals by demanding an absolute veto on onsite inspections.[63]

The 1958 U.S. proposals was based on the assumption that the Geneva system had the capabilities outlined in the report of the conference of experts. The new seismic data obtained from the Hardtack series of tests, however, required a complete review of the whole problem of identifying seismic events. The conference of experts had based their conclusions to a considerable extent on the "sign of first motion" on seismographs, and the new data showed that this sign was much less reliable than had been previously believed. The Soviet members of technical working group II, convened at the end of 1959, did not concur in the American interpretation of the data and held that the Geneva system was still as valid as ever. In the Western view, however, the control system would detect but be unable to identify many times the number of events estimated by the Geneva experts in 1958.

To find a way out of this technical impasse, the United States decided to embark on a seismic research program to improve the capabilities of the system. Moreover, in an attempt to get agreement on a level of on-site inspections that might be acceptable to the Soviets and still provide adequate deterrence against violation, the United States introduced its phased treaty proposal of February 11, 1960, which did not cover underground tests below a threshold of seismic magnitude 4.75. When he introduced this proposal, Ambassador Wadsworth stated that either of two formulas could be used for computing the number of unidentified events above the threshold that should be inspected: (1) 20 percent of all unidentified events located by the system, or (2) 30 percent of all events left unidentified after U.S. criteria had been applied. Since the United States estimated that there would be about 100 unidentified seismic events above the threshold in the Soviet Union each year, about 20 on-site inspections would be required under either formula.[64] The United States was also willing to agree on a flat figure of 20 inspections.

In the 1961 negotiations, after Ambassador Tsarapkin had charged the Western powers with greatly overestimating the number of unidentified seismic events that would take place each year in Soviet territory, the United States proposed a "sliding scale" to cover this eventuality. The maximum would remain at 20, but if the number of located seismic events did not rise above 60 in a given year, only 12 inspections would take place. There would be a right to conduct one additional inspection for each five unidentified events above 60.[65]

The Soviet Union rejected all the Western proposals for an inspection quota, and offered in return only three veto-free inspections a year. This represented a change in the original Soviet position of demanding a veto on all inspections, but the Western powers regarded the proposed figure as entirely inadequate.

On the question of technical criteria of eligibility for inspection of unidentified seismic events, the Soviet Union made a move toward the Western position on February 16, 1960, when it proposed criteria based in part on the recommendations of the American members of Technical Working Group II,[66] and it later accepted an American amendment clarifying the foreshock criterion.[67] The Western powers felt, however, that the Soviet criteria contained two potential loopholes: (1) They required an event, in order to be eligible for inspection, to be precisely located within an area of 200 square kilometers, and (2) they referred to "suspicious" events—a term not used in the Western proposals.[68] All attempts to persuade the Soviets to alter the language of their proposal in order to eliminate these possible loopholes are unsuccessful.

In March 1962 the United States offered to abolish the threshold and make the treaty comprehensive from the outset, without raising the number of onsite inspections it had previously proposed. As Secretary of State Rusk explained to the 18th nation Conference on March 23, 1962, these moves were made possible by "increased experience and increased scientific knowledge." At the same time the United States suggested that the quota of inspections could be so allocated that most inspections would be conducted in highly seismic areas and only a few would be permitted in the heart of the Soviet Union, which is virtually aseismic.

7. Technical working groups: During the course of the conference, the Soviet Union accepted Western proposals for three technical working groups. Only one of these resulted in substantial agreement. Of the others, one produced radical disagreement between the Western and Soviet experts; and the other resulted in a technical understanding which was repudiated by the Soviet Union at the political level.

The 1958 conference of experts did not recommend a control system for the detection and identification of tests in outer space or at high altitudes in the earth's atmosphere. In the summer of 1960 the Soviet Union, in response to repeated Western proposals, agreed to participate in a special technical working group on these problems. The agreed report of this group, dated July 10, 1959, recommended the launching of earth and solar satellites and the installation of certain additional equipment at ground stations, to detect and identify high-altitude tests.[69] In the 1961 negotiations the United States submitted concrete proposals based on the report of this group,[70] and these were accepted by the Soviet Union.[71]

On the other hand, technical working group II on seismic problems was almost a total failure. On January 5, 1959, the United States had tabled the new seismic data obtained from the Hardtack tests.[72] The Western Powers had repeatedly urged the need for review of these data by an international group of experts. Since the data cast grave doubt on the capability of the Geneva system to identify seismic events, such a review was urgently needed in order to enable the political Conference to deal with the problem of underground testing. The Soviet Union did not agree to set up the group until November. Agreement was reached only on a few minor technical improvements in the equipment of control posts. The Soviet experts, apparently responding to political direction by their Government, refused to accept the Western interpretation of the Hardtack data and argued that the Geneva system was still as valid as ever. The American and British experts submitted separate reports in which they showed that the sign of first motion and other criteria relied on by the 1958 conference of experts were much less valid than had been supposed and that the capability of the Geneva system was greatly reduced.[73]

The problem of identifying underground explosions remained unsolved. On February 11, 1960, the United States proposed a treaty banning underground tests above a threshold of seismic magnitude 4.75, and it invited the Soviet Union to join in a research program to improve the capabilities of the control system to permit eventual lowering or abolition of the threshold.[74] The Soviet Union responded by proposing a moratorium on tests below the threshold and it agreed to participate in a coordinated research program.[75]

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[59] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 377–384.

[60] GEN/DNT/PV. 148, p. 17.

[61] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 462–463.

[62] Ibid., p. 325.

[63] See above.

[64] "Documents on Disarmament, 1960," pp. 37–39.

[65] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 537–538.

[66] "Documents on Disarmament, 1960," pp. 42–44.

[67] GEN/DNT/PV. 205, pp. 6, 14.

[68] See Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 107–108, 236–241.

[69] Ibid., pp. 367–375.

[70] GEN/DNT/PV,280, pp. 3–7.

[71] See GEN/DNT/PV,282, pp. 3 ff.

[72] Geneva Conference on the Discontinuance of Nuclear Weapons Tests: "History and Analysis of Negotiations," pp. 331–334.

[73] Ibid., pp. 384 ff.

[74] "Documents on Disarmament, 1960," pp. 36–37.

A seismic research program advisory group was convened in May to discuss the research program. In the course of its meetings, the scientists of the United States, the Soviet Union, and the United Kingdom discussed various research projects, and the Soviet experts indicated that they regarded nuclear exposions as technically useful for research purposes. The Soviet position was reversed, however, on May 27, 1960, when Ambassador Tsarapkin declared that the Geneva system was still valid and that the Soviet Union saw no need for conducting any research nuclear explosions. At the same time, he demanded full participation by Soviet scientists in the American program.[76]

8. Seismic research program: After the refusal of the Soviet Union to participate in a coordinated program, the United States continued with its own plans. Although the Soviet Union claimed that the program was unnecessary, it was willing for the United States to carry it out. At the same time, it expressed great concern that the United States might use the program as a cover for nuclear weapons tests.

In an effort to allay Soviet concern on this score, Ambassador Wadsworth proposed on June 2, 1960, that the nuclear devices to be used in the program should be placed in a special repository (the "black box") under international supervision until use, that no diagnostic instrumentation be permitted near the site of detonation, and that all yield measurements be made under the surveillance of other parties.[77] Ambassador Tsarapkin rejected these proposed safeguards as "fictitious" and demanded full participation by Soviet scientists and the right to examine the interior structure of all nuclear devices used. He warned that the Soviet Union would regard any research nuclear explosions conducted without agreed safeguards as weapons tests and that the Soviet Union would resume weapons testing in that event.[78]

On July 12 Ambassador Wadsworth offered a new proposal. He then suggested that the three nuclear powers pool a number of obsolete nuclear devices for use in the program and keep them under surveillance until use. Representatives of the three powers would be allowed to examine the internal structure of the devices, and the President was prepared to request revision of the Atomic Energy Act for this purpose, if the Soviets agreed to the proposal.[79] The Soviet Union was unwilling to contribute any nuclear devices to the proposed pool and reiterated its previous demands.[80]

As part of a group of compromise offers, Ambassador Dean stated on March 21, 1961, that the United States was now willing to accept the Soviet demand for internal inspection of the nuclear devices used in the research program and that the President was willing to request revision of U.S. legislation to permit this if agreement on other treaty provisions was in sight.[81]

The Soviet Union accepted the new American proposal, which substantially embodied its own previous "safeguards" demands.[82] But it still opposed any research on "decoupling," i.e., the muffling of deep underground explosions, with the argument that such research was designed to find ways of evading the treaty.[83]

9. Peaceful-uses nuclear explosions: From the beginning of the negotiations, the United States advocated treaty provisions permitting nuclear explosions for peaceful purposes under proper safeguards. To provide assurance that such explosions would not be used as a cover for weapons tests, Ambassador Wadsworth tabled the "black box" proposal on January 30, 1959. This proposal provided that nuclear devices to be used for peaceful purposes should be placed in a depository on or before the date the treaty was signed and kept under continuous surveillance until used. The devices placed in the "black box" were not subject to internal inspection, but any other devices used for peaceful purposes could be inspected internally by representatives of the original parties.[84]

The Soviet Union rejected the "black box" proposal. It initially took the position that all nuclear explosions, even those conducted for peaceful purposes, should be banned. It later agreed that some explosions could be conducted, if the other side was given the right to inspect the internal structure of the devices used. It also demanded absolute parity between the two sides in the number of peaceful nuclear explosions.[85]

On March 21, 1961, the United States offered to accept examination of the internal structure of devices used for peaceful explosions, provided agreement on other treaty provisions was forthcoming.[86] The Soviet Union professed to be satisfied with these safeguards but still insisted on parity in the number of peaceful explosions.[87] The United States did not accept the Soviet demand for a one-for-one correspondence between Western and Soviet explosions. As Ambassador Dean pointed out, this might mean that after the first American explosion, the United States might not be able to carry out a second until the Soviet Union had followed suit.[88]

10. Composition of the Control Commission: The conference early agreed that the Control Commission should consist of the United States, the United Kingdom, the Soviet Union, and four states elected by the conference of parties.[89] On February 11, 1959, Ambassador Tsarapkin demanded that the elective seats should be so distributed as to give the Soviet Union and its allies "parity" with the Western powers. This meant that the Soviet Union was proposing a Control Comission consisting of three Western states, three Communist states, and one neutral state.[90] The United States did not accept this proposal. On March 2, Ambassador Wadsworth offered, if the Soviet Union dropped its veto demand, to agree to a Control Commission consisting of three Western, two Communist, and two neutral states.[91] The Soviet Union, however, continued to insist on parity.

When the negotiations were resumed on March 21, 1961, Ambassador Dean stated that the United States was now willing to accept the Soviet demand for parity provided agreement was reached on other treaty provisions. He proposed that the Commission be enlarged to 11 members and consist of 4 Western, 4 Communist, and 3 neutral states.[92] This proposal was accepted by the Soviet Union.[93]

11. Administrator: The initial Soviet control proposals, tabled December 8, 1958, contained no provision for an Administrator and provided for operation of the control system by the Control Commission itself.[94] In response to Western arguments, however, the Soviet Union consented to article 3, which provided for an Administrator.[95] During the 1959–60 negotiations it also reached agreement with the United States and the United Kingdom on many of the Administrator's functions. It is true that the Soviet Union showed a persistent desire to restrict the powers of the Administrator in these negotiations, but it did not retract its previous agreement that there should be a single Administrator.

A crucial shift of Soviet policy away from agreement with the Western Powers occurred on March 21, 1961, when Ambassador Tsarapkin introduced a radically new demand for replacement of the Administrator by a tripartite administrative council or troika composed of one Western member, one Communist member, and one neutral member. Since the troika was to operate on the basis of unanimity, the Soviet Union would have a veto on vital operations of the control organization, although it had withdrawn or compromised the items on its list of Control Commission decisions requiring a veto.[96]

The Western Powers felt that the troika demand struck at the heart of the control system and would make effective control impossible. They therefore made no moves toward the Soviet position on this question. They did, however, propose formal treaty language on August 30 giving the Control Commission the right to remove from office any Administrator who was insubordinate, incompetent, or incapable of carrying out his office. They felt that this safeguard should meet any legitimate concern on the part of the Soviet Union that the Administrator might prove partial to the Western side.[97]

12. Deputy Administrators: On December 3, 1959, the Soviet representative proposed the appointment of two Deputy Administrators, one from each side, who were to advise the Administrator on all his activities.[98] This proposal was unacceptable to the Western Powers. On January 14, 1960, the U.S. representative proposed a single Deputy Administrator, whose appointment was to be subject to the veto in the Control Commission, and who would act as Administrator if necessary.[99] The Soviet Union rejected this proposal and countered with a proposal for three Deputies—one Westerner, one Communist, and one neutral.[1] The Western representatives refused to accept this forerunner of the troika.

Later in 1960 the British representative proposed a plan for five Deputies. The First Deputy, chosen by the Control Commission with the concurrent votes of the three original parties, would replace the Administrator if the latter should be absent or incapacitated. The other four Deputies, equally divided between the two sides, would be chosen by the Administrator.[2] The Soviet Union accepted the British compromise on the number of Deputies,[3] and the United States also concurred. The United States, however, did not commit itself to the proposition that the First Deputy would necessarily have to be a neutral, as the British and Soviet representatives stated.[4]

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[75] Ibid., p. 75.

[76] GEN/DNT/PV.206, pp. 7–9. On the Soviet "safeguards" for U.S. research nuclear explosions, see below.

[77] "Documents on Disarmament, 1960," pp. 112–118.

[78] Ibid, pp. 124–125.

[79] Ibid., pp. 150–152.

[80] Ibid., pp. 185–187.

[81] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 468.

[82] GEN/DNT/PV.283.

[83] GEN/DNT/PV.280, pp. 10–11.

[84] GEN/DNT/PV.46, pp. 8–10.

[85] GEN/DNT/32, Feb. 23, 1959.

[86] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 469.

[87] GEN/DNT/PV. 282, pp. 9–10; GEN/DNT/PV. 284, p. 8.

[88] GEN/DNT/PV. 287, p. 5.

[89] "Documents on Disarmament, 1960," p. 377.

[90] GEN/DNT/PV. 52, p. 20.

[91] GEN/DNT/PV. 65, pp. 3–5.

[92] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 472–474.

[93] GEN/DNT/PV. 286/Rev. 1, p. 8.

[94] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 315–322.

[95] Ibid., p. 438.

[96] Ibid., pp. 462–463. For the Soviet veto list, see above, pp. 16 ff.

[97] Ibid., pp. 593–594.

[98] GEN/DNT/PV. 141, pp. 10–11; GEN/DNT/PV. 142, pp. 17–18.

[99] GEN/DNT/ 76, Jan. 14, 1960.

[1] GEN/DNT/PV. 195, p. 10.

[2] GEN/DNT/PV. 223, pp. 4–7.

The Conference remained split on the method of appointing the deputies. It was agreed that the Control Commission should appoint the first deputy, but the Soviet Union refused to agree that the other four should be named by the Administrator. It rejected a British compromise of October 20, 1960, to have all five chosen by the Administrator with the approval of the Control Commission.[5]

Soviet acceptance of the original British compromise on the number of deputies was withdrawn when the Soviet Union introduced its demand for a "troika" to replace the Administrator.[6]

13. Headquarters staffing: At the beginning of the Conference the Western Powers took the position that the headquarters staff of the control organization should be chosen on a purely international basis.[7] The Soviet Union, on the other hand, proposed selection on the basis of parity between the two sides, i.e., one-half would come from the United States or the United Kingdom and the other half from the Soviet Union.[8]

In an effort to reach agreement on this question, Ambassador Wadsworth proposed on March 5, 1959, that the headquarters staff be divided into thirds: one-third from the United States and the United Kingdom, one-third from the Soviet Union, and one-third from other countries.[9] In its package proposal of December 14, 1959, the Soviet Union accepted the thirds formula but insisted that the last third should be equally subdivided among Western allies, Soviet allies, and neutrals.[10] As noted below, the Soviet Union rejected a 1961 Western compromise on the "third third."

When the Western Powers proposed their compromise on the five Deputy Administrators, they also agreed that the assistants to the four deputies chosen from the two sides should come from the other side than the deputies themselves, i.e., if a deputy was in American or British national, his assistant would be a Soviet national. In this way they met the Soviet demand for parity in the top echelons of the headquarters organization.

14. Staffing on control posts: Starting from diametrically opposed positions, both sides made considerable moves toward agreement on the staffing of control posts. The United States and the United Kingdom proposed at the beginning of negotiations that the staff be selected on an entirely "international" basis, except that no host-country nationals should be included.[11] The Soviet Union, on the other hand, proposed that the control posts be manned entirely by host-country nationals plus one control officer from the other side.[12]

After the Soviet Union had shown some willingness to raise the number of foreigners at control posts, the Western Powers proposed on July 20, 1959, to recruit the staff in equal thirds from the United States and the United Kingdom, the Soviet Union, and other countries.[13] They thus accepted the Soviet contention that host-country personnel should participate.

The Soviet package proposal of December 14, 1959, accepted the thirds formula for staffing control posts but stipulated that the "third third" should be subdivided among Western allies, Soviet allies, and neutrals.[14]

The Western Powers did not accept the Soviet formula for exact subdivision of the third third but offered various compromises to assure the Soviet Union that its legitimate interests would not be prejudiced. On March 28, 1961, Ambassador Dean proposed a treaty provision requiring the Administrator "to keep a numerical balance within the 'third third' between the U.S.S.R. and its associated powers, on the one hand, and the United States and the United Kingdom and their respective associated powers, on the other." The remainder of the third third, if any, would be made up of neutrals.[15] The Soviet Union rejected this compromise on the ground that it was vague, elastic, and gave too much power to the Administrator.[16]

15. Staffing of onsite inspection teams: As in the other staffing questions, there was an initial clash between a Soviet demand for inspection by host-country nationals [17] and a Western proposal for selection on an international basis.[18] But the Western Powers never acceded to Soviet demands for the participation of host country personnel in the teams, even on a partial basis, since they believed that this would be tantamount to self-inspection.

The Soviet Union modified its original demand to the extent of allowing one-half of the personnel of inspection teams to be made up of nationals of the other side.[19] As indicated above, this was not acceptable to the Western Powers. In order to give the Soviet Union additional assurance that the inspection teams would not engage in any improper activities, they proposed on August 30, 1961, to allow up to one-half of the personnel to be recruited from neutral countries.[20] The Soviet Union did not accept this proposal.

16. Number of control posts: U.S. draft annex I, submitted July 21, 1960, proposed 21 control posts on Soviet territory.[21] The Soviet Union refused to accept this figure and argued that it was too high. The controversy involved the technical problem of distributing control posts on the continent of Asia. The total number for the continent had been laid down by the 1958 conference of experts, but the Soviet Union and the Western Powers and conflicting views as to the proper allocation of posts from the Asian allotment. The Soviet Union advanced a counterproposal for only 15 posts on its own territory,[22] a figure which the Western Powers considered too small.

In an effort to reach agreement on this question, the Western Powers offered on March 21, 1961, to reduce the number of control posts on Soviet territory to 19.[23] The Soviet Union refused to modify its previous position and dismissed the Western compromise as a "propaganda trick." [24]

17. Special aircraft flights: The 1958 conference of experts had recommended special aircraft flights in certain cases to intercept clouds suspected of containing radioactive debris from possible nuclear explosions. Both sides agreed that these flights should be carried out by host-country planes and that their routes should generally be selected from those laid down by previous agreement between the host country and the Control Commission. The Western Powers, however, insisted that the observers from the control organization responsible for the technical operation should not come from the host country, while the Soviet Union demanded parity, i.e., one observer from the Soviet Union and one from the Western side. The Western Powers also felt that the flight routes might sometimes require departure from previously agreed routes.

These questions were debated at great length in the early months of 1960. The Western Powers eventually offered to drop their reservation on ad hoc routes, provided that the Soviet Union accepted two foreign (and no host-country) obserevrs on the flights.[25] The Soviet Union rejected the proposal on observers.[26]

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have three editorials relating to this subject, one from the Washington Post and Times Herald and two from the New York Times, printed in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Washington Post, Aug. 8, 1962]

DIFFERENCES AT GENEVA

The Soviet Union's apparent disinterest in the new American test-ban proposals will only deepen the dismay and helplessness already felt by the millions of people, including the Russians, who look to the negotiators at Geneva to express their feelings in treaty form. Mr. Zorin, having heard only a preliminary exposition of the altered American position, has announced that he sees "no great hope" in it.

The Soviet diplomat is so cheerless because, he says, "the United States continues to adhere to old principals which are not acceptable." Presumably, these are the principles of international supervision of control posts and of the right to on site inspection. The Soviet Union equates these with a license for espionage and on that ground continues to reject them both.

Unhappily, the differences at Geneva go beyond the tabled issues. The United States is trying to put its science at the service of both Soviet and American security by making the Project Vela findings the basis of a proposed ban that would be both effective and self-enforcing. No comparable Soviet effort to meet its own or American security needs with technology is visible. Instead, the Soviets have elevated their obsession with espionage to the level of a legitimate preoccupation with national security. This merely compounds the very problem, of mutual distrust, which our control proposals are designed to obviate.

We do not trust the Soviets to abide by a test-ban agreement without built-in policing measures. They do not trust us to use such measures only for their stated purpose. Our distrust flatly exists; it will continue until the Soviets allay it. The Soviet distrust of us, however, would seem subject to diplomatic ingenuity. Surely a set of rules can be devised that would decrease and perhaps eliminate the potential for espionage while at the same time allowing adequate treaty enforcement. The deadly thud of the tests at Novaya Zemlya and Semipalatinsk makes a search for such rules essential.

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[3] GEN/DNT/PV. 224, pp. 3–4.

[4] GEN/DNT/PV. 225, pp. 3–5.

[5] GEN/DNT/PV. 257, p. 5.

[6] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 463.

[7] See GEN/DNT/21 and GEN/DNT/PV.23, pp. 4–6.

[8] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 317.

[9] GEN/DNT/PV. 68, p. 6.

[10] Geneva Conference on the Discontinuance of Nuclear Weapon Tests"; "History and Analysis of Negotiations," p. 381.

[11] GEN/DNT/21, Dec. 15, 1958.

[12] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 318–319.

[13] Ibid., p. 61.

[14] Ibid., p. 381.

[15] GEN/DNT/PV. 279, p. 8.

[16] GEN/DNT/PV. 295, pp. 11–14.

[17] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 321.

[18] GEN/DNT/21.

[19] GEN/DNT/PV. 215, pp. 11–12.

[20] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," pp. 595–597.

[21] Ibid., p. 436.

[22] GEN/DNT/PV. 241, pp. 12–19.

[23] Geneva Conference on the Discontinuance of Nuclear Weapon Tests: "History and Analysis of Negotiations," p. 471.

[24] GEN/DNT/PV. 288/Rev. 1, p. 9.

[25] DNT/86 and 87, Apr. 13, 1960.

[26] GEN/DNT/PV. 217, pp. 3–5.

[From the New York Times, Aug. 11, 1962]

One More Soviet "No"

The Soviets have dealt another damaging blow to the 17-nation Disarmament Conference at Geneva. One day after their categorical rejection of even a minimum of international inspection of possible nuclear test-ban violations on their soil, they now just as categorically reject any international verification of general disarmament within their territory. In doing so they have also rejected the further American concessions designed to meet Soviet objections to unlimited inspection by proposing a sampling technique confined to designated zones that would be expanded only as disarmament progressed.

After 5 months of intermittent debate the Geneva Conference has thus arrived at the same deadlock on the same basic issue that wrecked previous disarmament talks but is crucial to any disarmament agreement—the issue of inspection and control. The Soviets have paid lipservice to international inspection and control, but have evaded any practical steps toward it and have now rejected the very principle of it. And they have done so on the absurd ground that any inspection by foreigners constitutes espionage.

The Soviet plan for total disarmament submitted at Geneva still provides for international inspection of disarmament measures which could be staged for the benefit of guided inspectors in the same manner in which Potemkin, a Russian Governor, staged fake villages for the benefit of his Empress. But even that concession is now in doubt, and in any case the Soviets adamantly reject any verification of any armament they retain or rebuild. On such verification, however, depends the balance of power that now preserves peace.

[From the New York Times]

Our Test Ban Concessions

As the Soviets continue their nuclear test explosions the United States launches a new effort for agreement on a treaty to ban such tests forever. Secretary Rusk has called in Soviet Ambassador Dobrynin to urge more serious consideration of the new American inspection proposals containing important concessions to the Soviet. At the same time Ambassador Dean, who has already outlined these proposals to the Soviet delegate at the 17-nation Disarmament Conference at Geneva, began to lay them before the Conference itself.

The proposals are in line with President Kennedy's statement that scientific advances in detecting underground explosions permit a simpler inspection system with adequate safeguards. Heretofore the United States has called for 180 control posts around the world, as recommended by an East-West scientific conference in Geneva in 1958. Now the United States offers to reduce that number to "around 80." This means that the number of control posts in Soviet Russia would also be reduced to less than half. Furthermore, as a halfway concession to Soviet demands for national self-inspection, these control posts would be manned by nationals of the country in which they were situated.

But the United States continues to insist that these national control posts must be internationally supervised by an appropriate number of on-the-spot inspections to verify instrument readings and the nature of an explosion. That is and remains necessary because, as Ambassador Dean explained, the scientific advance in detection is not matched by a similar advance in identification. Like safeguards are necessary even for atmospheric tests, for which the East-West scientific conference recommended aerial patrols for air sampling. As Secretary Rusk told the Geneva Conference, present air samplings far from the scene are adequate to detect only large and medium nuclear detonations but are not reliable for small atmospheric tests.

But the Soviets continue to oppose international inspection at espionage and see "no great hope" in the new American proposals. The world must judge them accordingly.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record two editorials, one from the New York Times and one from the Washington Post and Times-Herald, relating to the current debate on the satellite communications bill, both of which express this Senator's view.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the New York Times]

The Dawdling Senate

The small band of Democrats in the Senate opposed to the administration's communications satellite bill appears determined to continue its battle. Although the amount of time these Members have had to express their views has been far greater than that given to any other legislative measure, they threaten a new filibuster, with the obvious intention of talking the communications bill to death. Unless the Senate votes to limit debate, they stand a good chance of getting their way.

The effort to kill the bill by labeling it a giveaway and insisting on Government ownership should be abandoned. There is ample precedent for sharing the fruits of Government research with private industry. Moreover, communications have always been the preserve of private enterprise, with Government in a supervisory role. These principles are part and parcel of the bill, which would promote a pooling of public and private interests in the development of a new communications network.

The art of communications by satellite is still in its infancy, and the administration-endorsed measure, which has already passed the House and won the approval of several Senate committees, should be enacted to facilitate further development. A new filibuster could only delay progress at a critical stage.

Attacks on the bill have had one beneficial effect, that of underlining the need for rigorous policing of the proposed privately owned corporation that will be created to operate the U.S. part of the global communications system. In its present form, the bill contains specific safeguards, and calling attention to potential areas of abuse has served a useful purpose in putting the Federal Communications Commission on notice that these regulations must be effectively enforced to protect the public interest.

The proposals for getting affirmative action on the rest of the administration's legislative program are in sufficient jeopardy without a renewed filibuster. The White House wants action before adjournment on trade expansion, drugs, agriculture, transportation, public works, tax revision and other proposals, yet passage of these measures, which are generally supported by the foes of the communications bill, will be obstructed by any new delay. The legislative program now regarded as politically possible is limited enough. And the liberal Democrats who are waging this battle against the communications satellite bill will be working to impair, however unintentionally, the achievement of even this not wholly satisfactory record of the Congress.

Debate and Vote

The Senate Foreign Relations Committee may have been unwise in rejecting all the amendments offered to the satellite communications bill. Apparently the committee was determined not to allow even a crumb to go to the liberal Senators who are fighting the bill. This may well have been justified by the testimony which the committee heard in the brief period since the filibuster ended, but a more conciliatory attitude might have eased the problem of bringing debate to an end and passing the bill.

Senator Gore's key amendment provided that the State Department should conduct or supervise negotiations between the proposed satellite communications corporation and foreign governments. It would also have required that "the corporation shall comply with such direction." In our opinion, this language would not essentially change the relations between the Government and the corporation. Full power to speak for the Nation in matters of foreign policy are granted to the President and the State Department by the Constitution, which cannot be altered by a congressional act. It is also noteworthy that the President and Secretary of State are quite satisfied with the present language of the bill. No damage would have been done, however, by tightening up the present language on this point as a means of easing the emotions that have been aroused.

All indications point to passage of the bill by a large majority of the Senate if it can be brought to a vote. It is clear that the group of liberal critics will continue their opposition, and they may succeed in bringing about some improvements in the measure without changing its general direction. Certainly the issues that Senator Kefauver, Senator Morse and others have raised ought to be debated. Mr. Kefauver has, for example, asked some pointed questions about the financing of the proposed corporation. Does the bill contain ample safeguards to keep 50 percent of the corporation's stock in the hands of the public? Does it make ample provision for regulation of the satellite corporation in the public interest? The Senate needs to give serious thought to these questions and many other details, but it should do so without a resumption of filibuster tactics.

The issue here is not basically different from many other issues that must be decided by Congress. A small minority favors public ownership of the satellite communications system and a large majority favors private ownership. The only rational course is to debate the merits of both plans and then let the Senate vote. Any other course would play havoc with the administration's legislative program and bring discredit upon the Senate.

LESSONS TO BE LEARNED FROM THE SUGAR GROVE, W. VA., RADIO TELESCOPE CANCELLATION

Mr. HUMPHREY. Mr. President, 3 weeks ago Secretary of Defense McNamara halted all work on the world's largest movable radio telescope, which had been under construction by the U.S. Navy at Sugar Grove, W. Va.

Since that time, I have been interested to note what has and what has not appeared in the public press and elsewhere in the form of comments on this subject.

Regrettably, there has been, with but few exceptions, all too little analysis of the significance of this news.

It is my intention, however, as chairman of the Subcommittee on Reorganization and International Organizations, to help assure such analysis.

It is important, I believe, that our Government try to learn from every experience of this nature as much as can be learned.

Thereby, we may avoid repeating mistakes in the future.

Sizable amounts of taxpayers' funds have been involved. But—as important, or more so—sizable numbers of scarce U.S. scientific and engineering manpower have now seen much of their efforts, unfortunately, go down the drain.

MY COMMENTS IN JULY 1961

My interest in this subject is not new; it is not based on hindsight. It was a year ago on the floor of the Senate that I stated, on July 24, 1961, in an announcement of hearings on "Budgeting for Research and Development":

> VARIATION IN COSTS FROM ORIGINAL ESTIMATES
>
> One of the phases which bears study is the variation between, first, original estimates of research and development costs; and second, final actual totals. Consider for example the fact that the Navy Department is building a 600-foot "big dish" radio telescope at Sugar Grove, W. Va. Started in 1958, its initial target date was 1962 and its overall cost was estimated at $80 million; at present its target date is 1964 and its cost may reach $180 million.
>
> The question in our minds is to what extent are these cost and time variations due to first, the inherent problems of unprecedented research and development of fantastic complexity and/or, second, faulty agency and interagency planning. Numerous other Federal agencies are, for example, interested in radio astronomy, such as the National Science Foundation which is 2 years behind on a (doubled in cost) $10 million radio telescope, and the Department of Defense, as a whole which is building still another radio telescope in Puerto Rico. The last named was started in late 1959 with completion scheduled for this summer at a cost of $4.6 million; now it is apparently scheduled for next summer at a cost of $7.6 million.

I added:

> CONCLUSION
>
> The Subcommittee on Reorganization and International Organizations is interested in advancing Federal economy and efficiency. It is interested in helping the American taxpayer get $1 worth of value out of every dollar expended. Nine billion dollars for Federal research and development will soon become $10 billion and more. It is our purpose to help make sure that this money is planned to be spent in the soundest possible way.

MY REQUEST FOR SUMMARY OF COSTS

I have now sent a request to Secretary of Defense McNamara for a summary and breakdown as to the total of costs expected to be involved in the Sugar Grove project. It is my intention—very frankly—to send this summary of costs to the General Accounting Office for a test audit.

The Navy has already stated:

> As of June 30, 1962, $9,549,733 has been obligated and $41,761,759 expended. The cost to terminate is dependent on results of termination negotiations and disposal actions but is estimated to be in the neighborhood of $85 million.

The Navy has pointed out that some valuable and useful findings did emerge from the project. The investment will produce some good.

But, one would have to wear rose-colored glasses to fail to see the enormous loss involved.

No one knows this better than our able Secretary of Defense—who has so brilliantly installed cost evaluation yardsticks throughout the Department's operation.

Could at least part of Sugar Grove's losses have been saved? It is doubtful that a constructive answer to this question can be given at this time within the Congress, particularly because a veil of military secrecy shrouds much of the chronology in the project.

What we do know is this:

EARMARKS OF A "WHITE ELEPHANT"

First. For a long time, the radio telescope appeared to have many of the earmarks of other research and development projects which turned out to be "white elephants."

There were warnings and hints in many quarters that technological developments; for example, perhaps in space satellites or as regards possible use of lasers had made Sugar Grove's plans completely obsolete.

UNDERESTIMATION OF COSTS

Second. The original cost estimates bore virtually no relationship to the final announced or unannounced estimates. The original cost estimate was $79 million. As of the time of cancellation, that figure jumped to $200 million. Science magazine, in its August 3, 1962, issue, said that this latter figure was "only a guess" and that $300 million might have been the ultimate price.

Third. In our subcommittee's contact with the Defense Department, we have pointed out that there has been a tendency for proponents of R. & D. projects to underestimate costs; in that way, they can get their foot in the door so as to get a project started. Once the project is underway, proponents can justify successive requests for higher and higher ceilings, and Congress will often go along with the requests, rather than "write off" a project.

It is not contended that a deliberate underestimation of costs was made in this particular instance.

One cannot read men's minds.

We have a very high regard for the Office of Naval Research and for the Bureau of Yards and Docks.

I know the sense of dedication of their uniformed and civilian personnel.

I am merely pointing out that there is a disturbing pattern which recurs over and over again in many Department of Defense research and development projects.

THE HAZARDS OF RESEARCH

Research is, by definition, a venture into the unknown. In this instance, research and development were occurring not after one another, but almost simultaneously.

To assume, particularly under such circumstances, that a research source could be infallible or could offer very reliable estimates as to ultimate costs, is to assume the unlikely.

Congress does not seek infallibility. It does seek and have a right to expect candor and good judgment.

Sugar Grove involved unprecedented scientific and engineering problems. No thinking person underestimates the difficulties which the Navy was inevitably going to encounter in so formidable an undertaking into the unknown.

The Defense Department must take research and development risks. An overcautious, low-risk policy would "be just what the Kremlin would enjoy seeing" on our part.

PROBLEMS OF CONTRACT CANCELLATION

Fourth. For several years, the Senate Government Operations Subcommittee has considered problems posed by the cancellation of major research and development projects.

Our subcommittee pointed out—"Coordination of Information on Current Scientific Research and Development Supported by the U.S. Government," committee print, April 17, 1961, page 54—1¼ years ago that, for the 3 fiscal years preceding, a total of $2.1 billion in 14 research and development projects had been canceled prior to termination. This was out of a total of $16.1 billion in research and development obligations for those 3 years. This is a sizable fraction of the total.

We pointed out also that it is inevitable with the rapid pace of science and technology that many research and development projects will not be carried to completion. Indeed, an act of cancellation is often the very best way to conserve the taxpayers' resources. The question is, however: Is the decision to cancel timely; that is, is it made at the right time or too early or too late?

It has been our judgment that, very often, the act of cancellation occurs far later than it should occur. The result is that more money goes down the drain than would have otherwise taken place.

Understandably, there are forces which are "built in" to each project which will resist cancellation. It takes firm counterforces to protect the public interest.

CONCERN OF APPROPRIATIONS COMMITTEES

Fifth. The Senate and House Appropriations Subcommittees have been keenly aware of the problems posed by Sugar Grove. The record reveals the concern expressed by the respective chairmen as to the escalation of costs, year by year. The $135 million ceiling imposed by the Congress on the project reflects that concern.

IMPORTANCE OF SALVAGING INFORMATION

Sixth. The Sugar Grove telescope is dead. The people of the great State of West Virginia are naturally keenly disappointed.

Some good will be salvaged from the Federal investment, fortunately. That good can be maximized if there is thorough exchange of information in the canceled contract and subcontracts.

PROBLEMS OF LONG-RANGE FINANCING

Seventh. The problems represented in research and development financing will persist. One of these problems is how the executive and legislative branches can improve their own machinery for scrutiny of research and development projects.

Research and development is getting to be more and more of a long-range proposition, as our July 1961 hearings demonstrated. The Congress has proven its willingness to provide funds on a long-range basis. It knows that "stop-and-go" financing of research and development on a year-by-year basis is not wise. But, it also knows that it must continue to guard its powers of the purse and that a long-range "blank check" may mean that executive agencies—particularly one or another military service—will continue to pump money into obsolescent projects.

INTEREST BY EXECUTIVE OFFICE OF PRESIDENT

Eighth. The Director of the Office of Science and Technology and the U.S. Bureau of the Budget are sophisticated enough to know the lessons taught by Sugar Grove. The question is: Will they be firm enough so as to make certain that the lessons do not have to be relearned later on?

As for ourselves, the Committee on Government Operations is under the rules of the Senate, rule XXV, and under Senate Resolution 276, 87th Congress, 2d session, responsible for studies of "interagency coordination, economy, and efficiency." We intend to continue to do our duty.

EXHIBITS

I ask unanimous consent that there be printed at this point in the Record—

First. A release on the Secretary of Defense's decision of July 18, 1962.

Second. A chronology of recent actions on the telescope, "picking up" from where a previous summary, which had been presented to the Senate Appropriations Committee, left off.

Third. An article from Business Week of July 28, 1962.

Fourth. An article from Science, published by the American Association for Advancement of Science, August 3, 1962.

There being no objection, the release, chronology, and articles were ordered to be printed in the Record, as follows:

[News release from the Department of Defense, July 18, 1962]

Naval Radio Research Station Construction Halted

Work on the 600-foot radio telescope under construction by the U.S. Navy at Sugar Grove, W. Va., has been halted on instruction of the Secretary of Defense.

The Secretary's action followed an intensive study of the potential usefulness of the telescope and a determination that the need originally established in 1954 for classified research in ionospheric physics, space communications, navigation, and radio astronomy has been substantially reduced by major advances in science and technology not foreseen at that time. In addition, design and construction phases of this project have proven to be far more complex than the original cost estimates indicated, and the estimated overall project cost has increased from about $80 million to more than $200 million during the last 4½ years.

Because of this decrease in potential usefulness and the increase in costs, the Secretary of Defense instructed the Secretary of the Navy to issue a stop order on the construction. The project currently is being carried on at the rate of about $1 million a month.

Department of the Navy research activities now being conducted with the 60-foot radio telescope at the same West Virginia site will not be affected by this action.

The Secretary of Defense is consulting with other agencies of Government, including the Department of Commerce, the National Aeronautics and Space Administration, and the National Science Foundation to determine the extent to which the work already accomplished can be modified, adapted, or utilized to contribute to the programs of those agencies.

Department of the Navy Supplemental Information to the Statement for the Record of the Senate Defense Appropriation Subcommittee Hearing on Military Construction 1962 Program July 12, 1961, on Naval Radio Research Station, Sugar Grove, W. Va.

In fiscal year 1962, Public Law 87–57 authorized and Public Law 87–302 funded $36,600,000 additional for a total project military construction funding of $126,257,000. Public Law 87–302 also placed an overall obligation limitation of $135 million on the project.

Faced with this statutory cost limitation, it was necessary to reduce construction obligations to a minimum and concentrate on design completion in order to obtain more definitive cost estimates than would normally be available in a developmental project of this nature. This approach also assured that obligations would not exceed the statutory limitations.

By October 1961 design efforts had reached a point where a forecast estimate made at that time indicated that overall project cost would probably exceed the statutory limit. As design progressed through the early part of 1962, additional trial estimates confirmed that the cost to complete the project to the requirements laid down would exceed the statutory limitation by a significant amount.

On July 18, 1962, the Secretary of Defense announced his decision to stop further work on the project as a result of an intensive review of potential uses. This review indicated that major advances in science and technology not foreseen when the project was first established have reached the stage where many functions of the project can now be achieved at less cost by other means. In addition, design and construction phases of the project have proved to be a far more complex enterprise than the original cost estimates indicated with a consequent increase in estimated overall project cost from about $80 million to more than $200 million during the past 4½ years.

Pursuant to the decision by the Secretary of Defense, action is being taken to terminate the project in an orderly manner as rapidly as possible.

As of June 30, 1962, $95,549,733 has been obligated and $41,761,759 expended. The cost to terminate is dependent on results of termination negotiations and disposal actions but is estimated to be in the neighborhood of $85 million.

Design is approximately 70-percent complete. At the site, in addition to work previously completed, 12 aluminum reflector panels (50 feet by 50 feet) are in storage with 6 others in various stages of assembly. The structural shell of the underground laboratory operations building has been completed. The 15,000-kilovolt-ampere powerplant is nearly complete. A 25-mile, 6-inch gas service line to this plant has been installed. Off site in various plants, developmental engineering and production of several of the major control systems for the instrument have been underway for the past 2 years and are in various stages of completion.

Engineering design drawings, specifications, and calculations including computer programs, control systems, and prototypes will be summarized, cataloged, packaged, and stored for future use as required. Achievements of this type which may have future application include:

1. New and refined methods for analyzing wind effects on large structures.
2. New methods of analyzing stresses, deflections, and motions in large and complex structures by use of mathematical models adopted to solutions by computers.
3. New knowledge of the behavior of metals especially fatigue deformation under high local loadings.
4. An advanced understanding of the causes and means of preventing brittle fracture in alloy steels.
5. The use of coke backfill around an underground laboratory as a means of absorbing undesired radio frequency energy.
6. Development of eddy current clutch systems 10 times larger than industry had previously been able to achieve.
7. Use of the dry lubricant capability of Teflon in large precision bearings.

The Office of the Secretary of Defense is consulting with other agencies of the Government to determine the extent to which the work already accomplished might contribute to the program of these agencies.

[From Business Week, July 28, 1962]

Biggest Research White Elephant?

Spiraling costs, construction delays, and advancing technology last week rang down the curtain on the Navy's "big dish" radio telescope at Sugar Grove, W. Va. Defense Secretary Robert S. McNamara gave the order to end the multimillion-dollar program—which had been plagued by controversy, rising costs, and confusion since it was first conceived.

In calling a halt to operations, Secretary McNamara said the need for the radio telescope had been "substantially reduced by major advances in science and technology." These advances are primarily the emergence of U.S. satellites capable of collecting Soviet intelligence.

BIG TAB

Since its conception, the estimated cost of Sugar Grove had risen from $79 million to $200 million. Its completion date had been pushed back from mid-1962 to late 1964. To date, the Navy has actually spent $41.8 million on planning construction work—with another $53.7 million obligated to contractors. Congress has voted some $126.2 million and authorized a total expenditure of no more than $135 million for the Sugar Grove facility.

Currently, the Navy is negotiating closeout costs with its contractors and trying to find other Government agencies that may salvage the work already completed. One possibility is the construction of an 85-foot-diameter radio telescope at the Sugar Grove site by the National Aeronautics and Space Administration.

ENGINEERING CHALLENGE

Original plans for the Sugar Grove facility were bold and imaginative. The Navy envisioned a huge 600-foot-diameter radio telescope so sensitive it could reach out 38 billion light-years into space. Weighing some 33,000 tons, it was to have been the world's largest steerable structure.

Delicately balanced on a 116-ton bearing, the telescope was to have tolerances of one four-thousandths of an inch. To minimize noise, all cabling and a laboratory building to service the telescope were to be constructed underground. Plans called for prohibiting aircraft from flying overhead and installing noise suppressors on all electrical equipment.

Officially, the Navy stated the radio telescope was to be used in navigation and communications. Unofficially, however, it was known that the facility was really intended for eavesdropping on Soviet communications as they were reflected off the moon's relatively smooth surface.

BIRTH TRAUMAS

Controversy surrounded the Sugar Grove project from the start. Conceived in 1954 by the Naval Research Laboratory, it was opposed by many of the Nation's top scientists. When Navy finally started work on the facility in mid-1958 and labeled it as a $60 million radioastronomy facility to be used for scientific purposes, the project came in for scrutiny on Capitol Hill. Under congressional questioning, Navy brass were forced to admit that the scope's main purpose was military, not scientific.

DESIGN SNAFU

Next came design problems. To save time, the Navy decided to do its final designing while construction was in progress, keeping just ahead of the actual construction work. But engineers soon found that the structure's actual weight was running 50 percent over their original estimates. This meant that work had to stop until weight-saving designs were developed.

Dispute over the design of the facility reached its peak in 1960 when the Navy canceled its design contract with Grad, Urbahan & Seelye of New York and gave the job to another New York firm, Ammann & Whitney.

Loyal Navy spokesmen still claim that Sugar Grove was a feasible and scientifically sound research project. It will probably go down in Government annals, however, as one of the United States biggest research white elephants.

Navy's Big Dish: Zooming Costs, Reduced Need, Bring End to Plans for Biggest Radio Telescope

The Defense Department, under prodding from Congressmen who were alarmed at the growing cost, has canceled construction of what was to have been the world's largest movable radio telescope.

The device was originally priced at $79 million, but now, after 4 years and $95 million worth of construction and purchasing orders, the completion cost is estimated at over $200 million; however, it is said that this is only a guess and that $300 million could be the ultimate price. The Defense Department explains that money is a secondary reason for the cancellation. The main reason is that the department has found that it no longer needs the telescope. According to a Defense announcement, the need that was felt when the telescope was conceived in 1954 "has been substantially reduced by major advances in science and technology not foreseen at that time." While the cancellation decision was in the works, spending was held down to $1 million a month, the Department said.

The telescope thus will not bring in any information about the heavens, but its demise has produced some revelations of interesting and odd things here on earth, notably involving the financial never-never land of military research, development, and construction. This is a multibillion area over which Defense Secretary McNamara and his research and development director, Harold Brown, are seeking to establish tight reins; the telescope case suggests the immensity of their tasks, and illustrates the rule that, once born, R. & D. ventures have a way of obstinately hanging onto life and are disposed of only by direst means.

The telescope was a Navy project evolving from research in radioastronomy conducted by the U.S. Naval Research Laboratory. Since it was one of the few space efforts alloted to the Navy, that service, looked upon it with considerable pride and was not at all reluctant to tell the world about the unique and monumental piece of hardware that it was going to construct. Precisely what this hardware was expected to do was a military secret, but it appears that electronic snooping inside the Soviet Union was one of its missions. (The Defense Department announcement referred to "classified research in ionospheric physics, space communications, navigation, and radioastronomy.") Not at all classified were the physical features of the telescope itself, which was to have a reflecting dish 600 feet in diameter, capable of being aimed precisely at any point in space, and constructed to maintain its parabolic configuration under extreme wind and temperature conditions. The reflector was expected to weigh 20,000 tons; the supporting structure, another 10,000 tons. The dish—slightly over 7 acres in area—was to be faced with aluminum panels, 50 feet by 50 feet, secured to hydraulic jacks which were electronically controlled to adjust the position of the panels and thus maintain the desired shape of the surface of the dish. The Navy proudly pointed out that nothing like the telescope had ever been built before.

Although the decision to build the telescope was made in 1954, it was not until 1957 that detailed studies actually got underway. A feasibility study that was completed the next year produced the pleasant news that the telescope was possible to put together. The Navy then searched for a site and decided upon the vicinity of Sugar Grove, W. Va., a wooded, sparsely settled area, almost free of manmade electrical interference, a prime requirement for the telescope's site.

Work at the site got underway shortly afterward, although the final designs had not yet been completed. The Navy explained that "due to the known urgent military and research requirements" it was decided to proceed "concurrently with design and construction." Almost at once the telescope encountered a stream of unforeseen and perplexing problems. According to an engineer who headed a major phase of the project, "We had to keep making it heavier to meet the requirements for stability, but every time we increased the weight in one place, we had to increase it in some other, so that the whole thing started to balloon. Every time we made a move we found we needed another thousand tons of steel."

As the weight rose, the costs rose, too, and the Navy found it necessary to go to Congress to explain that the original estimate of $79 million was not being borne out. The first request for additional money, $17.8 million, came in 1960. It was followed last year by a request for an additional $36.6 million, accompanied by assurances that the problems of the big telescope were well in hand. In their account Navy officials attributed their difficulties to the necessity for speed. "The subcontract for steel," they explained, "was awarded in March 1959, in advance of detailed design, based on a calculated assumption as to the size of the main structural members. It soon became apparent that further refinement of these assumptions was necessary before detailed structural design could be completed. As this design refinement proceeded, it became evident that the tonnage of steel required would exceed the original engineering estimate."

The House Appropriations Committee, which was becoming increasingly skeptical of the project, set a $135 million ceiling on the project last summer and demanded that the Defense Department "bring order out of a situation which is rapidly becoming chaotic."

The ceiling, if maintained, actually was a death warrant for the telescope, since it was obvious that even $135 million could not meet the cost. Construction tapered off, and emphasis was placed on design work. (At that point, a considerable amount of construction had already been completed, including a 17,000-cubic-yard concrete foundation, as well as most of the turntable on which the telescope would be placed. In addition, a 550-ton pintle bearing had been installed. Its function was to transfer horizontal wind forces up to 12.7 million pounds from the structure to the foundation. The Navy said it was the largest ever built and cost over $1 million. Also completed were the shell for a 55,000-square-foot underground laboratory, access roads, a 25-mile gas pipeline, and an onsite plant for fabricating the reflector plates.)

While the Navy was tapering off construction, the economically depressed West Virginians were laying plans to make the big dish a tourist attraction, as well as the symbol for the State's centennial next year. To help them, the Area Redevelopment Administration bestowed upon the State its largest grant to date, $1.4 million, to assist in the construction of tourist facilities. The grant came 3 weeks before the Department of Defense canceled the project, and it has been suspended until a decision is made about the remains of the Sugar Grove radiotelescope. The Defense Department says it is looking into whether other Government agencies would like to carry on the project, but as might be expected, no takers have appeared. The Navy, not too long ago, was eager to publicize its giant telescope and even conducted press tours at the site. All inquiries are now referred to information officers who have very little to say.—D. S. Greenberg

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ADDRESS BY FORMER PRESIDENT HOOVER AT DEDICATION OF HOOVER LIBRARY

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the body of the Record a thoughtful speech looking to a more peaceful world by a most distinguished citizen of our country, a former President, Herbert Hoover, on his 88th birthday.

Always forward looking, always practical, he continues to be one who believes in our country's future and the future of a free man wherever he may be and of whatever country he may be a citizen.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Text of Speech by Former President Herbert Hoover Urging Union of Free Nations

When the Members of the Congress created these Presidential libraries they did a great public service. They made available for research the records of vital periods in American history—and they planted these records in the countryside instead of allowing their concentration on the seaboard.

Already the three libraries of President Roosevelt, President Truman, and President Eisenhower, by their unique documentation, serve this purpose and today we dedicate a fourth—my own.

Within them are thrilling records of supreme action by the American people, their devotion and sacrifice to their ideals.

DIFFERING REMARKS

Santayana rightly said: "Those who do not remember the past are condemned to relive it." These institutions are the repositories of such experience—hot off the griddle.

In these records there are no doubt, unfavorable remarks made by our political opponents, as well as expressions of appreciation and affection by our friends.

We may hope that future students will rely upon our friends. In any event, when they become sleepy they may be awakened by the lightning flashes of American political humor.

It is exactly 88 years since I first came to Iowa. Since that visit, I have seen much of peoples, of governments, of their institutions, and of human woes. I can count 50 nations with which I had something to do. I was not a tourist; I worked with their people. In my professional years I brought to them American technology with its train of greater productivity and better living. In two wars I served amidst famine. And in the war-shattered aftermath I directed reconstruction in many nations. I have worked with great spiritual leaders and with great statesmen. I have lived under governments of free men, of kings and dictators, and facism and communism.

PRAYERS FOR PEACE

Uppermost in the minds and prayers of the plain people everywhere was that war should cease and that peace would come to the world. They treasured a confidence that America would maintain freedom and that we would cooperate to bring it to all mankind.

During my long years I have participated in many world negotiations, which we hoped, would promote peace. Today we have no peace.

From all this experience and now as the shadows gather around me, I may be permitted to make an observation and to offer a course of action.

Leaders of mankind have for centuries sought some form of organization which would assure lasting peace. The last of many efforts is the United Nations.

The time has come in our national life when we must make a new appraisal of this organization.

UNDER NO ILLUSIONS

But first, let me say that I have, in all my official life believed in a world organization for peace. I supported the League of Nations when it was unpopular. I went down to defeat when, as President, I urged the Senate to join the World Court. I urged the ratification of the United Nations Charter by the Senate. But I stated at that time, "The American people should be under no illusions that the charter assures lasting peace."

But now we must realize that the United Nations has failed to give us even a remote hope of lasting peace. Instead, it adds to the dangers of wars which now surround us.

The disintegrating forces in the United Nations are the Communist nations in its membership.

The Communist leaders, for 40 years, have repeatedly asserted that no peace can come to the world until they have overcome the free nations. One of their fundamental methods of expanding communism over the earth is to provoke conflict, hostility, and hate among other nations. One of the proofs that they have never departed from these ideas is that they have, about 100 times, vetoed proposals in the Security Council which would have lessened international conflict. They daily threaten free nations with war and destruction.

DESTROYED BY COMMUNISTS

In sum, they have destroyed the usefulness of the United Nations to preserve peace.

When Woodrow Wilson launched the League of Nations, he said:

"A steadfast concert for peace can never be maintained except by a partnership of democratic nations. No autocratic government could be trusted to keep faith within it or observe its covenants."

More unity among free nations has been urged by President Truman, President Eisenhower, and President Kennedy. In cooperation with farseeing statesmen in other free nations, five regional treaties or pacts have been set up for mutual defense. And there are bilateral agreements among other free nations to give military support to each other in case of attack. Within these agreements are more than 40 free nations who have pledged themselves to fight against aggression.

COUNCIL OF FREE NATIONS

Today, the menace of communism has become worldwide.

The time is here when, if the free nations are to survive, they must have a new and stronger worldwide organization. For purposes of this discussion I may call it the Council of Free Nations. It should include only those who are willing to stand up and fight for their freedom.

The foundations for this organization have already been laid by the 40 nations who have taken pledges in the 5 regional pacts to support each other against aggression. And there are others who should join.

I do not suggest that the Council of Free Nations replace the United Nations. When the United Nations is prevented from taking action, or if it fails to act to preserve peace, then the Council of Free Nations should step in.

Some may inquire where the offices of such an organization should be. Fortunately, there are ample buildings in the world's most accepted neutral nation. Geneva has been the scene of great accomplishments in peace until poisoned by the Communists and the Fascists.

Although the analogy of the Concert of Europe formed in 1814 is not perfect, yet with much less unity and authority, it fended off world wars for a hundred years.

Some organized council of free nations is in the remaining hope for peace in the world.

Another subject lies heavily on American minds today. Our people are deeply troubled not only about the turbulent world around us but also with internal problems which haunt our days and night. There are many despairing voices. There are many undertones of discouragement. The press headlines imply that corruption, crime, divorce, youthful delinquency, and Hollywood love trysts are our national occupations.

And amid all these voices there is a cry that the American way of life is on its way to decline and fall.

I do not believe it.

Perhaps amid this din of voices and headlines of gloom, I may say something about the inner forces from which come the strengths of America. They assure its future and its continued service to mankind.

IMPACT OF AMERICA

The mightiest assurances of our future are the intangible spiritual and intellectual forces in our people, which we express, not by the words "the United States," but by the word "America." The word "America" carries meanings which lie deep in the soul of our people. It reaches far beyond the size of cities and factories. It springs from our religious faith, our ideals of individual freedom and equal opportunity, which have come in the centuries since we landed on these shores. It rises from our pride in great accomplishments of our Nation and from the sacrifices and devotion of those who have passed on. It lifts us above the ugliness of the day. It has guided us through even greater crises in our past. And from these forces, solutions will come again.

This representative government, with its 186 years of life, has lasted longer than any other republic in history.

If you look about, you will see the steeples of tens of thousands of places of worship. Each week a hundred million people come to reaffirm their faith.

If you will look, you will find that the Bill of Rights is an enforced law of the land; that the dignity of man and equality of opportunity more nearly survive in this land than in any other on earth.

EDUCATION IN FOREFRONT

If you look, you will also find that from our educational system there comes every year a host of stimulated minds. They bring new scientific discoveries, new inventions and new ideas. It is true that they revolutionize our daily lives. But we can steadily adjust ourselves and our Government to them without the assistance of Karl Marx.

I could go on and on reciting the mighty forces in American life which assure its progress and its durability.

Perhaps on this occasion it would not be immodest or inappropriate for me to cite my own life as proof of what America brings to her children.

As a boy of 10, I was taken from this village to the Far West 78 years ago. My only material assets were two dimes in my pocket, the suit of clothes I wore. I had some extra underpinnings provided by loving aunts.

But I carried from here something more precious.

I had a certificate of the fourth or fifth grade of higher learning.

I had a stern grounding of religious faith.

DISCIPLINES OF HARD WORK

I carried with me recollections of a joyous childhood, where the winter snows and the growing crops of Iowa were an especial provision for kids.

And I carried with me the family disciplines of hard work. That included picking potato bugs at 10 cents a hundred. Incidentally, that money was used for the serious purpose of buying firecrackers to applaud the Founding Fathers on each Fourth of July.

And in conclusion, may I say to the boys and girls of America that the doors of opportunity are still open to you. Today the durability of freedom is more secure in America than in any place in the world.

May God bring you even more great blessings.

SONIC BOOMS OVER WISCONSIN

Mr. WILEY. Mr. President, the air age—now speeding ahead with supersonic speeds—brings with it a revolutionary impact both upon civilian transportation and defense.

To take full advantage of the potentials of the air age, there is a need to fully utilize all such potentials: both for service to our civilian population, and for national security.

One of the great nationally disturbing overtones of traveling faster than sound, however, has been the event of sonic booms created by supersonic flight.

We recognize, of course, that when such activities have a widespread impact upon the populace—upon whom the Nation depends for support for defense and other national-scope programs—there is a need to attempt to obtain as great a public understanding and consideration of public interest as possible.

Following the practice of overflying Wisconsin with supersonic aircraft, the people of my State have reported a variety of adverse effects, ranging from disturbance of the peace to real damage of property.

Reflecting upon a problem that exists not only in Wisconsin, but elsewhere in the Nation, I ask unanimous consent to have two items printed at this point in the RECORD: First, an editorial relating to sonic booms by WITI-TV of Milwaukee; and, second, my letter to the

Secretary of the Air Force, urging public hearings in Wisconsin to work out an equitable solution to problems relating to effects of sonic booms upon the populace.

There being no objection, the editorial and letter were ordered to be printed in the RECORD, as follows:

[Editorial No. 131 of WITI-TV, Aug. 3, 1962]

AIR FORCE SHOULD EXPLAIN WHY SONIC BOOMS ARE LOUDER AND MORE FREQUENT

Why are the sonic booms becoming louder? Milwaukee and Wisconsin residents deserve an answer.

There's no doubt about it. They're louder now, these sonic booms over Milwaukee. They're coming with more frequency, and they're more annoying. Few people complained when the Air Force started their supersonic flights in January. And through the months, they accepted the sonic sounds with the understanding that this was necessary; this was needed if we wanted to maintain an alert, ready Strategic Air Command.

They were told by Air Force officials that the large industrial complex of Milwaukee-Chicago-Gary was a potential target should war ever occur. It was necessary for SAC bombers to run continual practice flights over the area with ground-based radar tracking the incoming bombers to determine the success of a simulated attack. Milwaukee people were told a sonic boom, much like a sharp clap of thunder, would result when these B-58's flew faster than the speed of sound. They were told that some slight damage might occur such as breaking windows, shaking up the chinaware, but that no physical injury to any persons was likely.

We in Milwaukee and Wisconsin accepted all this. We were glad that those planes were our planes up there, and their training flights were for the general good of all. But, during the last week or 10 days the sonic booms have become more frequent. They've become louder, much louder with more reverberation. Babies and children are awakened and frightened; older people have become unnerved by these thunder claps that now sound more like tremendous explosions.

Now the people, still trying to be reasonable and understanding about these flights, are asking officials to do something about them. They're not insisting that the Air Force stay out, that all training flights be cancelled. They do want Air Force officials to take a close look, not from their base in Omaha but right here in Milwaukee. We want these questions answered: Why are these sonic booms louder now? Why do all flights have to be at night? Can the noise and the reverberation be minimized in some manner? Milwaukee and Wisconsin people deserve answers to these questions, and they should have them soon.

Hon. EUGENE M. ZUCKERT,
Secretary of the Air Force,
Washington, D.C.

DEAR MR. SECRETARY: I am writing to respectfully urge public hearings by the Air Force on sonic booms in Wisconsin along the sonic corridor.

After the establishment of the practice of overflying Milwaukee and other cities with supersonic aircraft, I have received a succession of reports of hazards to health, damage to property, and great citizen irritation over day-and-night sonic booms which disturb the peace of the communities.

Because of these factors, I respectfully suggest that a public hearing in Milwaukee would accomplish the following purposes:

Provide the public with a better understanding of the reasons for overflying metropolitan communities with supersonic aircraft.

Obtain a better knowledge of how the sonic booms are disturbing the community; and in some instances may be creating damage to health and property.

Explore for possible revisions of the overflying policy to serve both the public interest and defense.

With appreciation for the consideration I know you will give this mater, and with kind regards, I remain.

Sincerely,

ALEXANDER WILEY.

Mr. MANSFIELD. Mr. President, how much time remains?

The ACTING PRESIDENT pro tempore. Under the unanimous consent agreement, all time has expired.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. MANSFIELD. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, yesterday, the Senate resumed consideration of H.R. 11040. As I noted at the time, the Senate had already devoted an extraordinary amount of time to this measure. I have no doubt, Mr. President, that those who have a passionate involvement with this measure could go on for many days more, for weeks. But I would point out to the Senate that we have other legislative chores—the agriculture bill, appropriations bills, a drug control, bill, as several Senators stated on the floor yesterday, and any number of other measures. It is my intention, therefore, to ask the Senate in a moment to entertain a unanimous-consent agreement. It is designed, after a most liberal allowance of time for the exhaustion of final argument on H.R. 11040, to bring the debate to a close and the issue to a vote.

I submit this request, Mr. President, as a last hope that all Members will act as they usually act, with the self-restraint and mutual consideration which permits this body to get on with the business of the Government in spite of strong feelings and controversial issues.

Mr. President, I ask unanimous consent that, on H.R. 11040, debate be limited to 1 hour on each amendment, to be divided equally between proponents and opponents, and that on final passage debate be limited to 8 hours, equally divided between proponents and opponents, with the majority leader controlling the time for the proponents and the Senator from Oregon [Mr. MORSE] controlling the time for the opponents.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

Mr. LONG of Louisiana. Mr. President, I object.

Mr. KEFAUVER. Mr. President, reserving the right to object——

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. KEFAUVER. Mr. President, will the Senator from Louisiana withhold his objection?

The ACTING PRESIDENT pro tempore. Does the Senator from Montana yield?

Mr. MANSFIELD. Mr. President, has there been objection?

The ACTING PRESIDENT pro tempore. Objection has been heard.

Mr. MANSFIELD. Mr. President, I wish to be heard.

The ACTING PRESIDENT pro tempore. The Senator from Montana has the floor.

Mr. KEFAUVER. Mr. President, will the Senator yield for a reservation of objection?

Mr. LONG of Louisiana. Mr. President, will the Senator yield to me for just one moment, with respect to my objection?

Mr. MANSFIELD. I am glad to do so.

Mr. LONG of Louisiana. I wish to say to the Senator, as one of those who are opposing the bill, I am not committed—and I have urged those who are opposing this bill not to commit themselves—to debate of the bill endlessly. We feel that we are making progress in our opposition to the proposed legislation, and we feel we would prejudice our case at this time by agreeing to limit debate. Perhaps we will be willing to consider it at a later time; but, at this time, no.

Mr. MANSFIELD. Mr. President, the Senator has objected. I should like to be heard.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, the request which the leadership has just made and which, under the rules, has been denied, is, as the Senate knows, the ordinary means of bringing to a close debate on a controversial measure. In refusing the request, opponents of H.R. 11040 have not acted in the usual fashion. But they have, of course, acted within their rights, under the rules.

May I say that not only in this instance but, indeed, throughout the past few weeks the opponents of H.R. 11040 have acted entirely within the rules in prolonging the discussion of this issue. They have demonstrated the enormous protection which is accorded to the rights of every individual Member against a preponderant majority. They have demonstrated how the Senate may tie itself into inaction for prolonged periods under its rules in order to indulge the individual wisdom or whim of each Member. They have demonstrated, finally, what the leadership has been at pains to point out on several occasions in recent weeks: The rational operation of the Senate under its present rules depends on the self-restraint of every Member of this body and on mutual cooperation of the Members with the leadership. I reiterate: The leadership has no special power but the Senate collectively has. The leadership has only certain courtesies which are normally extended by Senators and the Chair.

The leadership operates under the same rules as every other Senator. So if controversial issues are to be resolved in a rational fashion, the leadership can only suggest procedures based upon the same rules which apply to all Members.

The leadership is not unaware of the possibilities of disposing of issues by a test of physical endurance. But the leadership—this leadership—seeks the operation of the Senate by reason.

Therefore, Mr. President, as far as the leadership is concerned, the Senate will proceed on this issue as on any other. We shall arrive at a point where we shall vote for or against this issue or at a point where it is clear beyond any reasonable doubt that the Senate has no intention of reaching that point under a rational application of its rules.

When we reach the kind of parliamentary situation in which we now find ourselves on H.R. 11040, the rules permit of only one rational outlet—only one. Before I propose it, however, I wish to comment on certain remarks which have been made at various times during this debate.

Earlier in the debate, some Senators expressed the view that the treatment accorded the opponents of H.R. 11040 was less considerate than that accorded opponents of the literacy test bill or the poll tax amendment. I do not know whether this view is still held, but Senators are certainly entitled to their opinions. So is the Senator from Montana, who has no apologies for the procedural course which has been followed. As far as the Senator from Montana is concerned, he holds the view that the treatment of the opponents of this measure by the Senate—by the Senate—has been most tolerant, even as it was in the other situations. It is true that the daily sessions of the Senate have on occasion been longer of late and that there has been a Saturday session, indeed as there was on the poll tax amendment.

It is true that unusual procedures were used—unsuccessfully, may I say—in attempting to lay down H.R. 11040. But unusual procedures were also used in connection with bringing up the poll tax amendment and the literacy test measure. It is true that the Senate accorded unanimous consent to the Finance and other committees to meet while the Senate is in session, whereas in the earlier situations it did not. But I would point out that we are coming to the end of this Congress. I would point out that significant elements of the President's program are before the Finance Committee and that we owe the President at least the courtesy of considering these matters before final adjournment.

As I said, Mr. President, Senators are entitled to their opinion. If they are still convinced that they have been put upon by the leadership, I can only assure them that the leadership had no desire to treat with them unfairly. I can assure them, but I do not expect that I can persuade them.

May I say that there has been one significant difference in the procedural situation with regard to the poll tax amendment and the space satellite bill. In the first instance the Senate did indeed engage in a somewhat lengthy debate. But the debate did come to a close by the usual processes. The Senate did eventually vote that constitutional amendment. In the present instance there has been no indication that opponents are prepared to permit this debate to come to a close by such processes despite the extraordinarily lengthy consideration which has already been given to H.R. 11040 and the liberal unanimous consent agreement which was just rejected.

The present procedural situation is very similar to that which existed with respect to the literacy test bill, except for one significant difference which the leadership hopes the Senate will now confront. After prolonged debate on the substance of the literacy test measure, the leadership asked the Senate to invoke cloture. The Senate refused. The leadership asked a second time, and again the Senate refused and passed on to other business.

The leadership was reluctant to suggest to the Senate that it invoke cloture on the literacy test bill. It is equally reluctant to do so now. The leadership always entertains the hope that Members themselves will see that the right of full individual expression by each Member in this body—the right to oppose or uphold any point of view in debate—is tempered by the constitutional responsibility of the Senate as a whole to perform its legislative functions.

But sometimes, Mr. President, passions rise and dedication to a particular point of view becomes so intense as to obscure this interrelationship. To meet this contingency, the Senate has rule XXII, the rule of cloture. It is a rule of equal validity with all other rules. It is an essential part of the present procedural machinery of the Senate, despite the historic reluctance of the Senate to invoke it. The fact is that rule XXII is the only rational way in which a preponderant majority of the Senate—in the last analysis—may restrain individual Senators or a small group of Senators in order that the Senate as a whole may get on with the constitutional business of the Senate.

Mr. President, the leadership does not presume to lecture the Senate now or at any time. But it must point out that the Senator from Montana cannot invoke cloture. The Senator from Illinois cannot invoke cloture. Call them by the exalted names of majority leader and minority leader. Add the adjective "distinguished." Praise them as legislative geniuses or condemn them as legislative incompetents. Call them strong or weak. Call them smart or dull. In the end, each still has but one vote—one for the Senator from Montana, one for the Senator from Illinois. And, Mr. President, two votes are not enough to invoke cloture. It requires, as the Senate knows, two-thirds of the Senators present and voting to invoke cloture. One-third present and voting can reject it.

The leadership was willing to be saddled with responsibility for the Senate's failure to reach a vote in the literacy test measure. It is willing to be saddled with the responsibility in this instance, if the effort to invoke cloture which is about to begin should fail once again. But the Senator from Montana and the Senator from Illinois will cast their two votes—their two votes—for cloture now, as they did then. So beyond the leadership, it is up to every Member of this body to face the responsibility of a vote for or against cloture. With all due respect, a vote against cloture, after the most extensive debate of an issue, would appear to be not an act of virtue. It would appear to be with all due respect, an act of evasion.

In the opinion of the leadership, the Senate did not face its responsibilities in the case of the literacy test measure by its failure to invoke cloture then. It is the hope of the Senator from Montana, which I am sure is shared by the Senator from Illinois, that it will not fail again in the present situation. For if the move for cloture is not successful, the leadership will have no alternative but to acknowledge that the Senate, under its present rules, desires to evade this issue despite the fact that it has had an exceptionally extensive parliamentary consideration.

If the leadership listened to the pleas of those who are loath to face the facts of Senate life under its rules, it would either seek to lay aside H.R. 11040 without further ado and move on to other business, or submit H.R. 11040 to a trial by endurance and recrimination. For, in truth, those are the only alternatives to cloture which present themselves. The leadership prefers, in what it believes to be the long-range interests of the Senate itself and the Nation, to submit the issue to a trial by reason under rule XXII. It is the hope of the leadership that Senators who have understandable reluctance with respect to this rule will consider carefully the alternatives. The one, to move off this measure, is the path of retreat from responsibility. The other—trial by endurance—is the path of ruthlessness, in truth, of cruelty particularly to Members who may not be in the best of physical health at the end of a long and frustrating session, which has already witnessed the death of four Members and the serious illness of others.

May I reiterate that the leadership always has personal reluctance in resorting to rule XXII, preferring that this body proceed on the basis of self-restraint and mutual accommodation. It had this reluctance in the literacy test bill. It has it with respect to H.R. 11040.

But this reluctance the leadership resolves now, as it did then, by proposing that the Senate proceed under rule XXII rather than by the obnoxious alternatives which present themselves. This is the course which the leadership proposes. It will be for the Senate as a whole—as it invariably is—to dispose.

Therefore, Mr. President, on behalf of the minority leader and myself, under rule XXII, I send to the desk a petition for cloture, containing the requisite signatures, and ask that it be read.

Mr. KEFAUVER. Mr. President, will the Senator yield?

The ACTING PRESIDENT pro tempore. Under the rule the Presiding Officer is required to state the motion to the Senate. If there is no objection, the clerk will read the motion. Is there objection? The Chair hears none, and the clerk will read the motion.

The legislative clerk read as follows:

> We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 11040, the communications satellite bill:
>
> Mike Mansfield, Everett M. Dirksen, Thomas H. Kuchel, Hubert H. Humphrey, Warren G. Magnuson, John O. Pastore, Oren E. Long, Clifford P. Case, J. Glenn Beall, Prescott Bush, Harrison Williams of New Jersey, Dennis Chavez, Kenneth B. Keating, Hugh Scott, Gordon Allott, E. J. McCarthy, Benjamin A. Smith, Clair Engle, Claiborne Pell, Lee Metcalf, Stuart Symington, Jennings Randolph, and J. K. Javits.

Mr. MANSFIELD. Mr. President, I have been keeping the Senator from Louisiana [Mr. Long], who has been most kind and courteous and considerate, from taking the floor. I hope that if any questions are directed to me that factor will be kept in mind, because the Senator from Louisiana is due that consideration.

I now yield to the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I appreciate that the genial and thoughtful majority leader yields to me for a minute or two.

I believe that attention should be called, in expressing regret that the motion for cloture has been filed, to the fact, in the first place, that those of us who are opposed to the pending bill have been most cooperative and thoughtful in trying to see to it that no important legislation has been blocked from consideration by the Senate. We will be that way in the future.

I call attention also to the fact that on or about June 25 the communications satellite bill was brought up and made the pending business. We had enough Senators who wanted to speak on the matter for a long time, and we could have debated at length the motion to withdraw the satellite bill and to take up some other matter; however, we knew that the bill for an increase in the debt limit had to be passed, for the welfare of the country, and we knew that certain taxes had to be considered, and also knew that certain other important laws were expiring on June 30th. Therefore we did not resist. In fact, we cooperated with the majority leader in setting aside the satellite bill for the purpose of considering these most important bills that had to be passed by June 30.

If we had wanted to be obstinate and if we had wanted to force a proposal that the bill go over until the next session of Congress, we could simply have continued the debate at that time when we had the Senators available, and it would have been necessary for an agreement to have been reached that the bill go over until the next session; otherwise, the Government of the United States might have come to a standstill.

I call the attention of the majority leader to the fact that in late July, when the satellite bill was taken up again, the Senator from Arizona [Mr. Hayden] had a continuing resolution for appropriations, which it was absolutely necessary to adopt to meet the payrolls of Federal employees and to continue the spending of money for that purpose. We could have continued to talk at that time and could have objected to bringing up the continuing resolution offered by the chairman of the Committee on Appropriations. Instead, we cooperated and offered no objection when the acting majority leader, the Senator from Minnesota [Mr. Humphrey], presented the continuing resolution and when it was passed, a few days before August 1.

We made no objection to meetings of the Finance Committee while the Senate was in session, for the rest of this session, because we realized that the tax bill and other bills were before the Finance Committee. That was not done in the case of other extended debate.

I call attention to the fact that those of us who were in town and who oppose the bill, with the exception of the Senator from Utah [Mr. Moss], who was speaking at the time, had a meeting yesterday afternoon, at which we discussed the question of our strategy. There was no decision made that we would endeavor to talk this bill to death, or only endeavor to talk so long that it would have to go over to the next session. We did feel that there were several Senators who had not had an opportunity to talk on the bill, such as the Senator from North Dakota [Mr. Burdick], who has been trying to get the floor, and who has some deep convictions about it. The Senator from Texas [Mr. Yarborough] was here last night to talk on the bill. Many other Senators have not had a chance to talk on the bill on its merits. Furthermore, several others of us want to talk further on the bill. We feel that it has not been fully diagnosed.

We know that there are several "sleepers" in the bill which must be pointed out to the American people. There is no decision unduly to debate the bill at any undue length. We do feel that since the bill is so unprecedented and involves matters of great public policy, it ought to be fully diagnosed, and that amendments ought to be offered and debated in due course.

I do not want at this time to point out the ways in which the bill is unprecedented in the history of this country, other than in two aspects. This is the first time that I know of when a corporation has been proposed to be formed with part of it to be a Government part, and the other a private part. This is the first time in the history of our country when the President of the United States has been put in the picture of having a part in the direction of a private corporation.

There is grave doubt as to what the international law is with respect to satellites that go around the earth.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I should like to yield the floor so the Senator from Louisiana [Mr. Long], who has been waiting to get the floor, may speak.

Mr. KEFAUVER. Will the Senator let me have the floor in my own right?

Mr. MANSFIELD. No; the purpose is to let the Senator from Louisiana have the floor. He very graciously consented to let me go ahead. Insofar as I can do so, I shall see to it that the Senator from Louisiana gets the floor. I yield first, however, to the Senator from Tennessee for a question.

Mr. GORE. I wish to point out to my colleague that the proponents of the bill allege that the President would have power of direction over this corporation. If that were true, as the Senator says, that would be a precedent in American life, and I believe an unfortunate one; but that does not happen to be the case.

The word used in the bill is "supervision," not "direction." I have been unable to find a legal interpretation of "supervision"; indeed, some authorities say that in this context it would have no legal meaning.

Mr. KEFAUVER. I appreciate the comments of my esteemed colleague from Tennessee. The bill provides, for the first time in the history of the Nation, that the President shall help a private corporation; shall foster it. Yet he is to have no control over it. I think that understanding is correct.

I call attention to the fact that the hearings held by the Committee on Foreign Relations were placed on the desks of Senators only yesterday. Not many of us have the good fortune to be members of that committee. I have tried to read some of the testimony, but I have not had a chance to read it all. The Committee on Foreign Relations—both the majority and the minority—have not made a report concerning what took place, and will not, as I understand, until Monday. I think the Senate should have an opportunity to study these great foreign relations and international law questions.

I point out also that, aside from the fact that many of us feel that this proposal is an unwarranted giveaway, it is admitted that the Government—the taxpayers as such—will receive nothing in return for what they have spent, not even a preferred rate. That is not merely a feeling held by several Senators. A great former President, who fights for what he thinks is right, regardless of the consequences, Harry Truman, very definitely has the same feeling.

Mr. DOUGLAS. Mr. President, may we have order in the Chamber?

The ACTING PRESIDENT pro tempore. The Senator from Tennessee will suspend his remarks until the Senate is in order.

The Senator may proceed.

Mr. KEFAUVER. Mr. President, this would be the first time in the history of the United States that one type of carrier would be allowed to control another. It has been a policy, established for more than 100 years, that one type of carrier may not control a competing type. In other words, there are laws providing that the railroads cannot control the shipping lanes, the canals, the barge lines. There are laws to the effect that the railroads cannot control the airlines, and vice versa. Those laws have been enacted for a very sound reason of public policy; that is, that one type of carrier would not be interested in developing another type, would not be interested in making obsolete its own equipment. What would the railroads do with the airlines? They would not particularly want to develop them. That is natural.

In this instance, we are considering a remarkable new method of communication, different from anything else in the communications field in the history of the world. It ought to be competing with other types of communications carriers. But the bill, breaking all precedents in American history, would turn the new medium over to the very people who now control the other types of transmission. It is most important in all of this consideration that the United States take a big part in the development of the international space communications satellite system. That is of paramount importance. As time goes on, other countries will put up communications satellites.

Under the bill, the Government would be helpless to decide what kind of communications system the United States will have. We know that under the bill, A.T. & T. is committed to a low-orbit system. Suppose in 2 years, as almost everyone thinks will be the case, it is found that in order to have a successful system it will be necessary to have a high-orbit satellite. The President of the United States and the Federal Communications Commission could not make and enforce a decision that this Government should move from one system to the other. Our destiny would be left in the hands of a private corporation.

Mr. MANSFIELD. Mr. President, I should like to have the distinguished Senator from Louisiana [Mr. LONG] receive the recognition which he deserves. Then if he wishes to yield to the Senator from Tennessee, that will be another matter. I hope the Senator from Tennessee will agree to that proposal, because there is an understanding that that will be the case.

Mr. KEFAUVER. If my majority leader wishes me to stop talking——

Mr. MANSFIELD. No; let the Senator from Louisiana get the floor and yield to the Senator from Tennessee, if he so desires.

Mr. President, I yield the floor.

Mr. KEFAUVER. Mr. President, perhaps I could pursue the colloquy later with the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, if there is no objection, I shall be willing to accommodate any Senator. I so announced this morning. If there is no objection on the part of the leadership, I shall be glad to yield for any purpose, provided that I not be taken off the floor.

Mr. MANSFIELD. I should like to see any Senator try to do that.

Mr. SALTONSTALL. Mr. President, will the Senator from Louisiana yield, without losing his right to the floor?

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Massachusetts provided I do not lose my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, in his statement, the majority leader said that he and the minority leader might be strong or weak, or might be intelligent or dumb. I commend them for being strong and for being intelligent.

I think the Senate has debated this matter almost to the point of absurdity. The bill has been considered by four committees, and has been debated on the floor of the Senate for quite a long time. Every Senator is entitled to his vote. All I ask is that we be given the opportunity to vote. I think there should be free debate. We have the rule of cloture. If the cloture rule is invoked, each Senator will be entitled to 1 hour for debate.

I commend the majority leader and the minority leader for presenting the cloture motion. I shall vote in favor of cloture, because regardless of whether we believe this is the proper solution of the problem, we are entitled to express our opinion. I say this because I believe in what is being done this morning.

Mr. PROXMIRE and Mr. GORE addressed the Chair.

The ACTING PRESIDENT pro tempore. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG of Louisiana. Mr. President, reserving my right to the floor, I yield to the Senator from Wisconsin for a parliamentary inquiry.

Mr. PROXMIRE. Mr. President, for the information of the Senate, when will the vote come on the cloture motion which has just been filed—at what time on what day?

The ACTING PRESIDENT pro tempore. Under the rule, the vote will come 1 hour after the Senate meets on the following calendar day but 1. If the Senate is in session on Monday, the vote will come 1 hour after the Senate convenes on Tuesday.

Mr. PROXMIRE. I thank the Chair.

Mr. MANSFIELD. Mr. President, may I intervene?

Mr. LONG of Louisiana. I yield to the Senator from Montana, provided I do not lose the floor.

Mr. MANSFIELD. I hope that the Senate will agree that when we recess or adjourn tonight, we will convene at 10 o'clock on Monday morning next; and that at the appropriate time, when the debate has been concluded on Monday night, the Senate will convene at 12 o'clock the next day. The leadership will try to arrange the schedule on that basis. I simply wished to raise the possibilities, so that the Senate might be aware of what the schedule will be.

The ACTING PRESIDENT pro tempore. Is the Senator from Montana proposing a unanimous-consent request at this point?

Mr. MANSFIELD. No.

Mr. LONG of Louisiana. I am happy the Senator from Montana is not making that request now, because I should like to consult with other Senators to consider whether we might oppose it.

Mr. President, I now yield to the Senator from Tennessee, without losing my right to the floor.

Mr. GORE. Mr. President, I have heard rumblings and rumors that the pressure is on for cloture absenteeism. In my opinion, the only way the cloture motion can prevail next Tuesday is if Senators who voted against cloture on the civil rights bill should be absent when the vote comes on this motion.

Cloture absenteeism: Let the country keep its eyes open. Let the people know that in order to vest monopolistic control of a vast new and valuable medium of communication, the pressure is on for Senators to be absent when the vote is taken. Absenteeism—cloture absenteeism. If the pressure succeeds, we shall hear the cry "cloture absenteeism" for a long time to come.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I am delighted to yield to my good friend from Florida.

Mr. HOLLAND. I wish the Senator from Tennessee would give me his attention. The Senator from Tennessee has remarked that there is pressure on Senators who have formerly voted against cloture on civil rights measures to absent themselves next Tuesday. I am sure the Senator from Tennessee has no information to that effect with reference to the two Senators from Florida, who have stated quite openly that they expect to be here and to vote for cloture next Tuesday.

Mr. President, so far as I am concerned, I wish to say that I think the distinguished majority leader and the distinguished minority leader would have been weak, instead of strong, if they had not asked for cloture under this situation.

What is it? This matter went first to the Space Committee; and, after exhaustive hearings there, it came out with the affirmative votes of the 15 members of that committee. Second, this matter went to the Committee on Commerce; and, after exhaustive hearings there, it came out with the affirmative votes of 15 of the 17 members of that committee. Third, after two periods of futile filibustering on the floor of the Senate, this matter went to the Foreign Relations Committee; and it came back to the Senate with the affirmative votes of 13 of the 17 members of that committee—meaning that out of the 49 Senators on those 3 committees, only 6 have not been willing to cast affirmative votes for the approval of this important measure.

We have here a measure which not only has had exhaustive hearings, and not only has had almost unanimous support by these three committees—and, Mr. President, let me say that in my brief 16 years of service in the Senate, I do not recall any other measure which has gone to three standing committees of the Senate—but we also have a situation under which the President, the specific expressions of the members of the Cabinet who are affected, and the specific expressions of the members of every branch of the Government which is affected are strongly in support of this measure; and, above all else, Mr. President, we are dealing with a matter on which we have a chance to move forward in connection with a discovery which is the product of the genius and the industry of our Nation, both the private industry and the scientific members of our National Government, and which has beggared description in its effect, not only upon our own people and upon our friendly neighbors throughout all the earth, but also upon those who are not friendly to us.

So, Mr. President, here we stand, like a boy with a new, shiny toy, who does not know what to do with it, but does not want to let anyone else touch it. I hope the Senate will not permit itself to be put in so ridiculous a position in the eyes of the Nation and in the eyes of the world.

I rise primarily to say that some of the Senators who customarily have voted against cloture in connection with civil rights measures will be voting for cloture in connection with this measure. I also wish to say that I think every Senator would vote for cloture if the pending matter related to a declaration of war under a necessary situation, or to a national defense appropriation under a critical military threat, or to some other necessary measure under situations very close and important to the general welfare of the country.

The question before us, Mr. President, is this: Do we believe the importance of this measure to be such that we should move forward with it and should express the will of the Senate in regard to it? Mr. President, speaking for myself, I say I believe this is such a measure.

After allowing ourselves the approximately 14 days of debate which already have elapsed and the 16 days which will elapse before the vote is taken on the cloture motion, as we near the end of this session and as we near the end of this Congress, I believe we are allowing ourselves to appear ridiculous in the eyes of the world, and, specifically, in the eyes of our Nation; and I believe that Senators who take the opposite position will experience that reaction from their constituency, because I do not believe the average citizen of this country wants to see this body show itself to be supine, futile, and unable to permit the will of a vast majority of its membership, who represent the vast majority of the people of the Nation, to be expressed on a matter as important as this one is.

Mr. GORE. Mr. President——

Mr. KEFAUVER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. Mr. President, I previously yielded to the Senator from Florida, who wished to ask a question of the junior Senator from Tennessee [Mr. GORE]. I yield now to him, and thereafter I shall be glad to yield to the senior Senator from Tennessee.

Mr. GORE. Mr. President, the distinguished senior Senator from Florida has referred to the will of the people with respect to this bill. Perhaps he would like to know of an event of which I am aware. An official of one of the large television networks advised me that the network had cleared 1 hour for debate, one evening during the coming week, by four Senators on this question. He said he had no difficulty in obtaining the acceptance of his invitation by Senators who oppose the bill; but after 2½ days he reported to our group that among the approximately 80 Senators who now favor this bill, he was unable to find 2 Senators who, on television, would go before the American people and defend the bill. Perhaps some will later become willing to do so.

The sentiment against this bill is rising. It was referred to the Space Committee, and was reported by it unanimously. Then it was referred to the Commerce Committee, and two votes were registered there against it. Then it was referred to the Foreign Relations Committee, and four Senators there registered their opposition to the bill.

Mr. President, this is a very, very important bill. Yesterday, only one Senator spoke on the satellite bill. I call attention to the fact that that speech was a very able one. I heard a good deal of it, and that was the first time that Senator had had an opportunity to speak on the bill.

Other Senators who are opposed to the bill have not yet had an opportunity to speak on it. Yesterday evening, one Senator of that group was on his feet, seeking recognition to speak, when the Senate took its recess, until today.

Yet, Mr. President, under these circumstances, although not even one amendment has been voted upon, a cloture petition has been filed.

I seek to offer an amendment which would place in the bill a provision to preserve the primacy of the President of the United States in connection with the negotiation of agreements between our country and other countries.

Last year, when the President sent to Congress his message on this bill, he advised Congress that the executive branch of the Government would either conduct or supervise the negotiations with other countries. And when the administration's bill arrived here, it contained such a provision. But that provision had subsequently been stricken out; and I say to the Senate that there is not now in the bill a provision to prohibit the proposed corporation, if created, from entering with a whole series of foreign countries into secret political agreements which might prejudice the foreign policy of the U.S. Government.

Now a motion for cloture is made. The distinguished senior Senator from Florida [Mr. HOLLAND] advises he will be present and that he will vote for it. This does not surprise the junior Senator from Tennessee. I heard the distinguished senior Senator from Florida make some remarks many days ago which left me with the impression, rightly or wrongly, that he could hardly wait to vote for cloture on this proposal.

No; I would not expect pressure and persuasion to be applied successfully to the senior Senator from Florida to be absent. He will be present, I am sure, and vote for cloture enthusiastically, I am sure, however erroneously, under these circumstances.

I was referring to those Senators who cannot conscientiously vote for cloture. I am referring to those Senators who believe that the U.S. Senate is the last bastion of free debate in the world. I am referring to those Senators who will not vote for cloture on a civil rights matter, and who do not wish to vote for cloture in this instance.

The rumor I hear is that the pressure is on for absenteeism of those who would not vote in favor of cloture.

I wish to make my position plain in that regard. Cloture absenteeism—let the country keep its eyes open. The satellite bill, in my humble opinion, is contrary to the public interest. I feel this deeply. Instead of the Senate's making a spectacle of itself, as some have asserted, I think in this case the Senate is living up to the grand tradition of this body when a small group of Senators, usually referred to as a little band, stand, but stand resolutely, to protect the public interest.

Oh, George W. Norris stood for 15 years to keep the great Muscle Shoals project from being given away. Not one filibuster did he engage in to save this project for the people, but three or four or five. Finally, there was and there is the TVA.

Perhaps that is not a project which the senior Senator from Florida has favored. But look where this Government of ours invites distinguished foreign visitors who come to this country to visit. Almost invariably, their first stop is the Tennessee Valley Authority project.

I also remind the Senate that in World War II, when there hung in the balance control of the air, the one area in the United States that had the necessary supply of power, at the critical time, to provide the aluminum for our airplanes was the Tennessee Valley.

I point our further that at the critical conference with President Roosevelt, when Dr. Einstein had opened up the possibilities of a weapon that would end the war, a courageous decision was made to undertake to build an atomic bomb. There was but one area in America where there was sufficient power to do it. That was the area served by the TVA.

In the case of the TVA, a great resource of national power was saved for the people by a valiant little band of Senators who were willing to filibuster and to take the personal, physical, and political abuse that was heaped upon them, such as is being heaped upon this little band now, in order to prevent this national resource from being given away.

I am proud of the traditions of the Senate. I am proud of this body as a citadel of free debate. I am proud to be associated with a band of Senators, however small it is—may their number grow, and it has grown a little in the last few days—who are willing to take the scathing editorials, who are willing to resist the blandishments and pressures, to fight for the people's interests as we see them and as we earnestly and sincerely believe are involved in this case.

Mr. KEFAUVER and Mr. HOLLAND addressed the Chair.

Mr. LONG of Louisiana. Mr. President, I had agreed to yield to the senior Senator from Tennessee, and I have not been entirely courteous to him. I would like to yield to him at this time, because when I took the floor I had indicated that I was going to yield to my very able friend, the senior Senator from Tennessee, who is chairman of the Subcommittee on Monopoly and Antitrust. When we look at the committees that considered the bill, that is the only committee where the bill really belonged. It was never sent there for one reason. I think it was known what fate the bill would receive if it ever got to the subcommittee of which the distinguished senior Senator from Tennessee is chairman. The bill has been in every committee except the one where it belongs.

The PRESIDING OFFICER. (Mr. Hickey in the chair). The Senator from Louisiana yields to the Senator from Tennessee.

Mr. KEFAUVER. May I say to the Senator from Louisiana that we never could get the bill before us. We obliquely got into the matter by having hearings on it even though the bill was not before us. The hearings were convincing that this was the biggest, most gigantic giveaway in the history of the United States. There is no protection for independent businessmen. There is no protection under the antitrust laws.

I was going to comment on the statement of the Senator from Florida that, in case of war, he would have no compunctions against voting for cloture. I would not, either, in a matter of the safety of the United States. But does the Senator from Florida feel that the creation of a monopoly which would carve out the antitrust laws for the purpose of giving away a resource that has been paid for by the taxpayers is on an equality with the threat of war or a great national emergency?

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield to me to make a reply?

Mr. LONG of Louisiana. I yield to the distinguished Senator from Florida with the same understanding.

Mr. HOLLAND. The Senator from Florida does not feel that this matter is on a complete parity, of course, with the matter of cloture as against an immediate need for a declaration of war if our Nation were attacked or with the need for passing a defense appropriation in the event we were in an emergency. The Senator from Florida is simply pointing out that Senators must use some discrimination, some judgment, in the matter of application of cloture; and the Senator from Florida thinks that is one of the things the Senate has frequently failed to do.

The Senator from Florida has voted for cloture before. He voted for cloture when there was an important bill pending in the Senate to provide that the atomic power potentials, which had been created through our genius, be used for peaceful uses.

As in this instance, a small group was trying to prevent the passage of the bill.

Mr. KEFAUVER. And did.

Mr. HOLLAND. The bill was passed with some very considerable amendments.

The point I am making is that every Senator must in his own mind discriminate as between those things which are of sufficient importance to the Nation to require a solution—and an early solution—and those things which in his judgment are not.

Mr. KEFAUVER. Mr. President, will the Senator yield further?

Mr. HOLLAND. I will in a moment.

The Senator from Florida thinks that this is one of those things as to which an overwhelming majority of the Senate should speak. It is a matter which, as I have already said, was subjected—for the first time in my history in the Senate of 16 years—to referrals to three standing committees. It received a favorable vote of 43 of the 49 Members, and the hostile vote of only 6. It involves our prestige and our ability to get further prestige, by deciding, in the judgment of the vast majority, what is the appropriate setup through which we can develop and utilize this important discovery. The Senator from Florida thihks that this is a matter in which a vast majority of the Senate should be allowed to speak. That is his position. That is the reason why, in this second instance, he proposes to vote for cloture.

Mr. KEFAUVER. Mr. President, will the Senator yield to me so that I may ask the Senator from Florida another question?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may do so without prejudice to my rights.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEFAUVER. I am sure the Senator from Florida would want Senators to have an opportunity to express their deep and sincere convictions.

Does not the Senator know that the Senator from Alaska [Mr. Bartlett] has not had an opportunity to speak on this bill, and wants to speak at length?

Does not the Senator know that the Senator from North Dakota [Mr. Burdick] was in the Chamber, ready to speak, when it was not possible to get a quorum, and has not had an opportunity to speak?

Does not the Senator know that the Senator from Michigan [Mr. McNamara] is anxious to express himself about this bill and has had no opportunity to speak?

Does not the Senator know that although the Senator from Texas [Mr. Yarborough] was interrupted, when at one time he had the floor for a short time, that the Senator from Texas has a very strong, well-conceived, and persuasive speech which he has had no opportunity to give? The Senator was present last night to deliver his speech and the Senate could not get a quorum. There was no one to hear the Senator.

Would the Senator want to cut off all these distinguished Senators?

Mr. HOLLAND. Mr. President, the Senator from Florida does not want to cut anybody off.

Mr. KEFAUVER. He is doing it.

Mr. HOLLAND. If the Senator will let me make answer, the Senator from Tennessee knows full well that those who have cut off these distinguished Senators are the Senators who, for instance, all day long a week ago last Saturday declined to put in their appearance, so as to have a quorum.

Mr. KEFAUVER. The Senator is mistaken about that. The Vice President himself ordered a quorum. The Senator knows that. He should not misstate the facts.

Mr. HOLLAND. The Senator from Florida never misstates the facts. The Senator from Florida was here to listen to the speech by the distinguished Senator from Oregon, who said she had been waiting all during the time of our obtaining a quorum in the early part of that day, only to hear her again ask for another quorum, without making her speech, prolonging that long display of ineptitude and futility into late in the day of a week ago last Saturday.

Mr. KEFAUVER. The Senator knows what happened.

Mr. HOLLAND. The Senator from Florida was sitting here last night, willing and anxious to hear his distinguished friend from Texas. He noted that the willingness to raise the point of no quorum did not come from the friends of the bill but came from those who are not for it.

If the Senator from Tennessee thinks that there is any way to make Senators stay in the Chamber to listen to arguments with which they are not in sympathy, he is mistaken.

That has happened not only in this debate but also quite frequently. The responsibility for the long delay in the exasperating and frequent calls for a quorum is not on the Senators who favor the bill but instead is on the shoulders of those who oppose it, including the distinguished Senator from Tennessee.

Mr. KEFAUVER. Let me point out to the Senator from Florida that on a week ago last Saturday we did not ask for a live quorum to start the session, but the Vice President said that a quorum had to be obtained.

Does not the Senator feel that if a Senator has an important speech to make he ought to be able to get a majority of Senators here to listen to him? Does not the Senator feel that if the subject has such great importance and such urgency, with respect to the passage of this ridiculous giveaway bill, that Senators ought to be willing to come to the Chamber—at least half of them—and keep the business of the Senate going?

Mr. HOLLAND. The answer to that, Mr. President, would be that not nearly half of the Senators believe in the assumption made by the Senator from Tennessee. All of the Senators, with the exception of some 13 or 14, thereabouts, feel that the bill not only is not a ridiculous bill but also is a necessary bill, and that the ridiculous aspects of this whole matter consist of the display of futility which has been brought on by the long and extended—this is the third instance of it—group of filibusters by the Senators who do not favor passage of the bill.

Mr. LONG of Louisiana. Mr. President, I should like to claim the floor long enough to make a remark or two, since officially I do have the floor.

Mr. HOLLAND. If the Senator will permit me to say one more thing, I should like to complete my answer.

It is true that the Vice President called for the first quorum a week ago last Saturday. He was forced to do that because of the fact that the Senate was not able to get a quorum on the night before.

Mr. KEFAUVER. That was not our fault.

Mr. HOLLAND. It was in part the fault of the distinguished Senators. I repeat again that three Senators who declined to appear all during the day on that Saturday, though they were known to be in town, were among those Senators who are filibustering against this bill.

It is as impossible as can be for the Senator to put the onus on that vast majority of Senators who want the bill to pass and decline to assume the responsibility for this fiasco, which is upon himself and those few who stand with him.

So far as the Senator from Florida is concerned, he makes no criticism of the convictions of Senators. The Senator from Florida merely feels that there is a time, a place, an occasion when the Senate should be allowed to vote on a matter such as the pending one. He thinks this is one of those times.

For this matter to languish since June, when it was first called up, until this date, now in August, is, the Senator from Florida thinks, an unforgivable thing from the standpoint of the unwillingness of the Senate as a whole to come to grips with the problem which involves enormously the prestige of our Nation in all of the world, and which demonstrates a willingness to tie up the Senate on a matter on which the Senator from Florida thinks it should not be tied up but should be allowed to express its will.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG of Louisiana. Mr. President, if Senators will permit, I wish to claim the floor, to say just a word or two. After that I shall be glad to yield again, if Senators wish to speak.

I wish to say that the best definition of a filibuster which the junior Senator from Louisiana ever heard was that stated by a former Senator from Nevada, the late George Malone, who said, "A filibuster is a long speech with which you disagree. If you agree with it, it is profound debate."

I would say that those of us who are opposing this bill have not done a single thing to filibuster. We have not even begun to do the things which some of us Senators have done, as confederates, fighting civil rights bills. In fact, we have not even made up our minds to conduct a filibuster; but we are trying seriously to beat the bill. We have talked about how far to go and we have tried to determine how best to fight this bill.

I have insisted, with respect to debate, that we ought to debate the bill for a while and then determine whether we are ready to vote, and if so, how soon. We are not ready to enter into a unanimous-consent agreement at this time. I am frank to tell my good friends that when one is asked to enter into a unanimous-consent agreement he must consider the facts as they exist. If he thinks he lacks a majority but he thinks he is making headway in the debate, he would be rather foolish to make a unanimous-consent agreement.

I am going to yield to my good friend from Illinois, who spent more time than I spent discussing the gas bill, and I thought the gas bill was a wonderful bill.

Mr. DOUGLAS. One of the best things the Senator from Illinois has ever done was to help kill that gas bill.

Mr. President, I ask unanimous consent that the Senator from Louisiana may yield to me without losing his right to the floor.

Mr. LONG of Louisiana. Mr. President, I desire to yield on that condition, and I ask unanimous consent that I may so yield without prejudice to my rights to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

The Senator from Illinois is recognized.

Mr. DOUGLAS. Mr. President, I think the record in this matter needs to be set straight.

Day before yesterday the distinguished majority leader said that the communications satellite bill had been debated by the Senate for 13 days. This morning the distinguished Senator from Florida [Mr. Holland] said that it had been debated by the Senate for 16 days. I think in their arithmetic they included the 8 or 9 days that the matter was before the Senate Committee on Foreign Relations. But during that time there was little or no debate upon the measure before the body of the Senate. So that the actual days of debate before the Senate, in my judgment, have not exceeded 7 or possibly 8 days. During the period in which the bill was being considered by the Foreign Relations Committee, there was time for substantive legislation to be considered by the Senate, although the leadership brought up very minor bills, and, in fact, objection from the Republican side of the aisle prevented the all-important farm bill from being considered.

So I think that to date it cannot be charged that the debate has been excessive in amount.

During the course of the debate I have been struck by the very few affirmative arguments that have been made for the bill. It is true that the distinguished senior Senator from Rhode Island [Mr. Pastore] did make a very excellent statement, for which he is to be commended. But in the main, the supporters of the bill have contented themselves, as the Senator from Florida has contented himself, with merely saying that the members of the committees favor the bill, and, therefore, we should approve the measure. We have great respect for our committees, but if Senators do not have the right of independent judgment on these questions, I think we might pass a rule that any bill supported by members of a committee should pass without debate. But I do not believe that we should abdicate our functions in that respect at all. I think that the question before the Senate should be considered and considered carefully.

On the question as to who is responsible for holding up measures, the Senator from Florida implies that it has been those opposed to the bill who allegedly have prevented the Senate from functioning. The Senator from Illinois canceled a number of engagements this morning in order to come to the Senate Chamber to help the Senator from Montana get a quorum. When he arrived here, he was informed that it was not the intention to ask for a quorum. I verified that information at the desk from the Parliamentarian. I notice that the Senators who voted yesterday against the tabling motions of the Senator from Montana, and who therefore can be presumed to be somewhat lukewarm on the bill, seem to be present in considerable number. The senior Senator from Tennessee [Mr. Kefauver] and the junior Senator from Tennessee [Mr. Gore]—that State has very distinguished Senators—are present. The Senator from Ohio [Mr. Young], who voted against two tabling motions yesterday, is present. The great Senator from Texas [Mr. Yarborough] is present. The Senator from Louisiana [Mr. Ellender] is present. The Senator from Illinois has been on the periphery of the controversy and has not come to a final decision on the question. He had looked forward to added debate in which he could explore with other Senators the question as to who should control the corporation.

Mr. MANSFIELD. Mr. President, will the Senator yield to allow me to answer some of his allegations?

Mr. DOUGLAS. When I finish, I shall be very glad to yield.

The Senator from Tennessee inadvertently referred to the corporation as a public-private corporation. I am sure he did not mean that. The corporation would be a private corporation. There would be only 3 directors from the Government and 12 chosen from private industry. The Government would own no stock in the proposed corporation whatsoever. Six of the directors would be named by corporations, not more than three from any one corporation. Then six would be elected by individual stockholders under cumulative voting. But I wish to see that subject explored very thoroughly before the Senator from Illinois can make up his mind as to how he will vote.

I notice that while a majority of those who voted against tabling yesterday are present on the floor of the Senate, there are very few supporters of the measure who have come to the floor of the Senate. I see going out of the Chamber our beloved friend, the senior Senator from California, of the Republican Party.

Mr. KUCHEL. Only for a minute.

Mr. DOUGLAS. I mention the fact that he was present because as I look across to the Republican side of the aisle I do not see a single Senator present. I do see our beloved majority leader, the Senator from Montana [Mr. Mansfield] present, and the distinguished Senator from Florida, who has made such a great appeal for cloture, which I am sure will obtain great support. I am not quite certain where my good friend, the senior Senator from Louisiana [Mr. Ellender] stands on the question. We are always happy to have him present. I do not know whether he will be for cloture, against cloture, or an absentee.

Mr. ELLENDER. I am against cloture.

Mr. DOUGLAS. Well, the Senator from Louisiana has an open mind on this question just as does the Senator from Illinois.

Mr. President, I see present those who are opposed to the bill, and those who are in doubt about the bill are also present. I do not see many who favor the bill. We are ready to answer a quorum call, and if the majority leader will approve, I am ready to ask for a quorum, and then we will see who are the absentees.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I will not yield for that purpose. As an accommodation to Senators, whose health needed a little restoration, I promised there would not be a live quorum.

Mr. DOUGLAS. I am ready for a live quorum. I should like to be recorded as being present.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I do not object if the Senator wants it.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I should like to complete my comment, and then I shall yield. I do not object to a live quorum, but I assured the majority leader and the minority leader that I would not ask for it today. I could not yield for that purpose without the concurrence of the majority leader and the minority leader.

I now yield to the Senator from Illinois, so that he may yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I wish to set a number of things straight for the Record. The Senator has mentioned that there has not been enough time for debate. The Senator may recall that 2 weeks ago today we had two quorum calls in an attempt to get a quorum. I think we got the necessary 50 within a matter of 10 hours twice. So it was a wasted session. I think the Record will bear out that statement.

This morning the majority leader made it a point, insofar as he knew their attitudes, to call all those who were opposed to the bill at their offices and at their homes to request them to be here because there was a possibility of a request being made by the leadership this morning.

At the beginning of the session today I made the following statement:

> I wish to comment on my calculations concerning the time spent by the Senate in consideration of the space communications bill. Yesterday, I noted—as is to be found on page 15088 of the Record—that this measure had been thoroughly studied by five committees in the Senate, and by one in the House, and had been the subject of well over 3,000 pages of testimony, which took 45 days to present. I wish to make clear, if it was not already so, that these 45 days and 3,000 pages represent a total of the time spent in both the five Senate committees and the single House committee. I may add that the total pages of hearings recited did not include those of the Foreign Relations Committee which are now available and swell the total.

I also said:

> I also mentioned that this measure had consumed 308 pages of the Record, during 14 days. This figure was incorrect; actually, there had been 308 pages of debate in 12 days on the Senate floor, or 358 pages of debate in 14 days in both the House and Senate. Yesterday's proceeding raised these totals.

Then I made this statement:

> I make this statement in order to make sure that the Record is clear, and to correct a misstatement which I made yesterday.

Therefore, I hope that the Record is clear.

So far as the session of two Saturdays ago is concerned, when there was an attempt made to continue the debate on this subject, it took 5 hours after we had convened that morning to establish a quorum. The question of no quorum was raised again immediately, and it took another 5 hours to get a quorum.

The result was that no business was transacted at that time. I wish to repeat that the leadership tried to call all Members whom it knew to be in opposition to the bill, either at their homes or in their offices, to try to get them to be present at approximately 9 o'clock this morning; furthermore, when the Senate convened this morning the majority leader tried to get a unanimous-consent agreement to have a quorum call, to be called off at the end of 15 minutes, to allow time for Senators in opposition to the bill to be present. I do not know what more we could have done. However, I wished to state for the Record answers to the questions that have been raised and that I felt should be answered.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. The Senator from Illinois has the floor under the unanimous-consent agreement that I may yield to him.

Mr. DOUGLAS. I am deeply obliged to our beloved majority leader for the record which he has made. He did call me up this morning, or his office called me. I do not know why he assumed that I was necessarily opposed to the bill. I have taken the position consistently that I am on the fence.

Mr. MANSFIELD. I called those who were opposed or who I thought were in doubt. I did the best I could with the limited knowledge at my disposal.

Mr. DOUGLAS. Those who are opposed or in doubt broke engagements to come to the floor in order to help the majority leader. However, his supporters did not come to the floor. There was no one on the Republican side except the whip and the Senator from Nebraska.

Mr. MANSFIELD. Oh, Mr. President——

Mr. DOUGLAS. He had very few supporters.

Mr. MANSFIELD. I believe it only fair to say that at the time the proposals were raised there were 10 or 15 Members present on the other side of the aisle, and perhaps more.

Mr. KUCHEL. I assure my beloved friend from Illinois that that is the fact. We had an excellent representation on this side.

Mr. DOUGLAS. Was it as good as on two Saturdays ago when even the sponsor of the bill was not on the floor?

Mr. MANSFIELD. Insofar as the meeting which was held two Saturdays ago is concerned, there was a majority of the proponents of the bill present on the floor. There was a noticeable absence of those who were opposed to the bill. I believe the Record should show that, and the Record will show that.

Mr. DOUGLAS. Let the Record show that those who are either opposed or in doubt are here this morning. I am ready to suggest the absence of a quorum, to see who is absent this morning. I am ready to suggest the absence of a quorum.

Mr. LONG of Louisiana. I do not yield for that purpose, because I have made a commitment that a live quorum would not be called. I hope the Senator understands that when one makes a commitment he is bound to honor that commitment.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KEFAUVER. Is it not a fact that on Saturday before last it took 10 hours to get a quorum present?

Mr. HOLLAND. Two quorums.

Mr. KEFAUVER. That would indicate a great apathy on the part of Senators who are supposed to be interested in this giveaway bill; otherwise they would respond to the quorum call.

Mr. DOUGLAS. That is my conclusion. I note that the distinguished senior Senator from Florida made this point many times in connection with civil rights bills. When our Southern friends were calling quorums every 2 hours to get those of us who were in favor of civil rights awake and to answer the quorum call during the night, I heard the Senator from Florida remark, when we came to the Chamber, that this was proof that people did not care about civil rights. If that was true in regard to civil rights, it is true now in connection with the pending bill.

Mr. MANSFIELD. When we spent 10 hours trying to get 50 Members to the floor 2 weeks ago, the distinguished Senator from Tennessee [Mr. Gore] and the distinguished Senator from Oregon [Mrs. Neuberger] were present. I will only go that far.

Mr. DOUGLAS. The Senator from Florida [Mr. Holland] has made an impassioned speech in behalf of the institution of cloture. I favored cloture in times past on civil rights questions, and I expect to continue to favor cloture. The Senator from Florida now seems to be also in favor of the institution of cloture. I hope that come January he will vote to change rule XXII, so that a majority of the Senate, after full and free debate, may proceed to consider a pending issue. I was really touched by the Senator's appeal for cloture. I believe his position will make a great impression in the North; that it will be realized that we are beginning to make inroads in the South, and that southerners are becoming converted to the idea of cloture. Perhaps his conversion will weaken the southerners' resistance to cloture. I will be very much interested in what happens.

I may say that those Senators who will absent themselves on Tuesday, while apparently they will not vote for cloture, they will be voting for cloture nevertheless, in effect, because they will be permitting northern and western advocates of turning this treasure over to the A.T. & T. to put cloture into effect. If they absent themselves, then although they will say, "I did not help to put cloture into effect," they will in reality be casting a half vote for cloture, and in effect the word can go out and will go out that they have all been converted to cloture. This will have a tremendous effect all over the country. It will indicate a weakening of the southern position. It would show that while the southerners will not vote for cloture, they will not vote against it. I believe the lesson will be pretty clear to the whole Nation.

Mr. HOLLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Florida?

Mr. HOLLAND. I was asking the Senator from Louisiana to yield to me.

Mr. LONG of Louisiana. I had yielded to the Senator from Illinois with the understanding that he could yield to Senators. He could yield to the Senator from Florida if the Senator from Florida desired him to do so. Otherwise, I will be happy to yield to him.

Mr. HOLLAND. I will wait until the Senator from Illinois has completed his remarks. Then I will ask the Senator from Louisiana to yield to me.

Mr. DOUGLAS. I will make this proposal, Mr. President, that we broaden the cloture motion of the Senator from Montana so that it will apply to cloture on rule XXII. In that way we can proceed to vote on rule XXII without interminable debate.

I ask unanimous consent that the cloture motion of the Senator from Montana may be so modified as to provide for cloture on rule XXII.

Mr. MANSFIELD. I object. This was not in the agreement between the Senator from Louisiana and the Senator from Illinois. This was settled yesterday.

Mr. LONG of Louisiana. I want to be courteous to all Senators. I expect that every Senator wants to protect his rights. Does the Senator from Illinois wish to continue with his statement, or is he prepared to yield the floor?

Mr. DOUGLAS. I think I am prepared to yield the floor, except I do hope that some parliamentary way can be found to get cloture on rule XXII.

Mr. LONG of Louisiana. In that case I would suggest to my good friend that if he wants to get a civil rights measure voted on, he can submit it as an amendment, and when the cloture petition is voted on, he will have a chance to vote for civil rights by calling up that amendment under the gag rule that the Senator from Florida favors.

Mr. DOUGLAS. In other words, the Senator believes that this is a chance to get civil rights legislation enacted?

Mr. LONG of Louisiana. Of course. That can be done under the gag rule. He can call up a whole bushel of amendments. When the Senate is gagged, it is gagged on everything. He can put in his civil rights amendments and literacy test amendments, and every other kind of amendment he favors.

Mr. DOUGLAS. In other words, what I had merely suggested, now becomes a practicality.

Mr. LONG of Louisiana. The Senator had a real possibility of gagging this body.

Mr. DOUGLAS. I do not wish to gag this body. I believe in full and free debate. But after the debate has proceeded for a given period of time, then I think the Senate should have a chance to vote. At present, the rules do not permit that. I favor changing the rules. But I must say I am still on the fence. I should like to ask questions as to who will control the new corporation.

Mr. GORE. Mr. President, will the Senator from Louisiana yield?

Mr. HOLLAND. Mr. President——

Mr. LONG of Louisiana. Mr. President, who has the floor at this point?

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Senator from Louisiana has the floor.

Mr. LONG of Louisiana. Under unanimous consent agreement, I had yielded to the Senator from Illinois, and he has the right to speak until he is ready to yield the floor. I do not wish to take him off the floor before he is ready to yield.

Mr. DOUGLAS. The Senator from Louisiana is very courteous.

Mr. GORE. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield to the Senator from Tennessee for a question.

Mr. GORE. Is it not a fact that the three directors whom the senior Senator from Illinois has described as being from the Government would not, in fact, be public directors at all, but would be fiduciary trustees for the stockholders? Once they became directors of the corportation, their responsibilities would be no different from those of any other directors. The only difference would be that they would have been appointed by the President. But the bill does not place any public responsibility upon them. Is it not a fact that they would be fiduciary trustees, and that their responsibility under the law and under the charter of the corporation would be no different from that of the directors nominated by A.T. & T.?

Mr. LONG of Louisiana. The Senator from Tennessee is exactly correct. That question was thoroughly explored before the Committee on Foreign Relations. There is no testimony to the contrary. In other words, unless the law expressly states to the contrary, a director's obligation is to the stockholders. He represents them, and he must act in their best interest. If there should be a conflict between the national interest and the interest of the stockholders, his duty would be to look after the interests of the stockholders rather than the national interest.

The Senator from Tennessee knows that we could not even have an amendment to the bill in this respect considered.

The procedure follows precisely the pattern of the natural gas bill. I wanted to vote for some of the amendments to the natural gas bill when it was before the committee. We were told that we should not amend the bill by so much as dotting an "i," changing a comma, or crossing a "t." We are not even to vote on correcting a grammatical error in the committee bill, because we were told that the President had promised to sign the gas bill, and it was not desired to give him any excuse whatever not to sign it. So we could not change even a grammatical error. The Senator from Tennessee may recall that we would not let a single amendment to the gas bill be voted on.

Oddly enough, when the bill reached the President, although he was committed to it, he called some of his good friends—this is but a rumor—and said, "I hate to do this; I would not want to do this to my best friend; but, in conscience, I just cannot sign it." That President was Harry Truman.

The communications satellite bill is following that exact pattern. We were told that no matter how horrendous, no matter how bad some of its provisions are—and surely the bill is contrary to the national interest—amendments cannot even be considered because we must not risk failure in conference.

Mr. GORE. Mr. President, will the Senator from Louisiana further yield?

Mr. LONG of Louisiana. I yield to the Senator from Tennessee provided I do not lose my right to the floor.

Mr. GORE. Is it not a fact that the Committee on Foreign Relations, following the esprit de corps which the Senator from Louisiana has described, refused to adopt even the amendments which the Secretary of State himself had suggested should be adopted?

Mr. LONG of Louisiana. I was never more amazed in my life, because the acting chairman of the committee, the distinguished Senator from Alabama [Mr. SPARKMAN] came before the committee and suggested amendments which he thought were appropriate to the bill. The Secretary of State said they were good amendments and expressed the hope that they would be adopted. Nevertheless, the Secretary of State was denied his right to have the amendments added to the bill.

Mr. LAUSCHE. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield to the Senator from Ohio, provided I do not lose my right to the floor.

Mr. LAUSCHE. Mr. President, I send to the desk two amendments. The first amendment would conform in language to related sections. The amendment is offered on behalf of myself and the distinguished senior Senator from Idaho [Mr. CHURCH]. It is a conforming amendment which includes reference to international bodies, as is presently the case in section 201(a)(4) and in section 402, where there is reference to any international foreign entity. This conforming amendment was approved by the Secretary of State, as is indicated on page 181 of the hearings of the Committee on Foreign Relations, and in a letter dated August 9, 1962, addressed to the chairman of the Committee on Foreign Relations by the Secretary of State.

Mr. President, I send the amendments to the desk and ask that they be read.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for that purpose?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield for that purpose without prejudicing my right to the floor.

The PRESIDING OFFICER. Does the Senator desire to have the amendments read, or does he ask unanimous consent that the reading be dispensed with and that the amendments be printed in the RECORD.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield for the purpose of having the request of the Senator from Ohio granted, without prejudice to the continuation of my speech.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that I be allowed to send the amendments to the desk to be read and to be printed in the RECORD.

Mr. LONG of Louisiana. Without prejudicing my rights.

The PRESIDING OFFICER. Is there objection?

Mr. KUCHEL. Mr. President, will the Chair please state the request?

The PRESIDING OFFICER. The Senator from Ohio, after the floor had been yielded to him by the Senator from Louisiana, asked unanimous consent to submit specific amendments. He further requested that the amendments be read and be printed in the RECORD.

Mr. KUCHEL. Are they amendments to the pending bill?

The PRESIDING OFFICER. The amendments are to the pending measure. Is there objection to the request of the Senator from Ohio?

Mr. KUCHEL. Mr. President, reserving the right to object, may I ask the able Senator from Ohio to explain further the purpose of the amendments?

Mr. LAUSCHE. The amendments are in conformity with a proposal made by the Secretary of State. One amendment will make two sections of the bill consistent and conforming. One section has particular language, and the other section does not have the same language. The purpose of the amendment is to make the language of the two sections conform.

Mr. KUCHEL. Was the amendment considered in the Committee on Foreign Relations, of which the Senator from Ohio is a member?

Mr. LAUSCHE. It was not.

Mr. GORE. Mr. President, reserving the right to object, I, too, have two amendments, one of which I have referred to on the floor of the Senate several times. It relates to one of the basic issues involved in this bill. We are in this parliamentary situation. A cloture petition having been filed, no amendment can be considered unless it is printed and read, or considered as having been read.

Further reserving the right to object, since it is necessary that the distinguished senior Senator from Ohio obtain permission to have considered an amendment which the Secretary of State himself approved, and which, incidentally, the Committee on Foreign Relations disapproved or declined to approve, I ask unanimous consent——

The PRESIDING OFFICER. May the first unanimous-consent request be acted upon?

Mr. GORE. Mr. President, I wish to add to the request or to amend the request, with, I hope, the approval of the senior Senator from Ohio, that my amendment, which would substitute the President's requested and recommended language for section 402 of the bill, be considered as read and be printed in the RECORD.

Mr. LAUSCHE. Mr. President, I have an amendment identical with the amendment which the Senator from Tennessee has now proposed. I said I would submit two amendments, but I should like to have the Senator from Tennessee join with me——

Mr. GORE. I should like to have the Senator from Ohio join with me. This is my amendment, which I offered in the committee.

The PRESIDING OFFICER. Does the Senator from Ohio enlarge his amendment to include the request of the Senator from Tennessee?

Mr. LAUSCHE. Yes; I have no objection.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Is there objection to the modified request of the Senator from Ohio?

Mr. KUCHEL. Mr. President, will the Chair please state the unanimous-consent request as modified?

The PRESIDING OFFICER. The Senator from Ohio has requested unanimous consent that he be permitted to submit some amendments, and that request was modified by the request of the Senator from Tennessee [Mr. GORE] that one of his amendments—which apparently is in conformity with one of the amendments of the Senator from Ohio—also be included. There is a little conflict, in that the Senator from Tennessee asked that his amendment be included, as read and published in the RECORD, and the Senator from Ohio asked that his amendment be read.

Mr. LAUSCHE. Mr. President, I shall ask that my amendment be considered as having been read.

The PRESIDING OFFICER. Very well—that all of them be considered as having been read and be made a part of the RECORD.

Mr. KUCHEL. Mr. President, under the circumstances, I shall not object if these two Senators wish to submit amendments at this time.

Mr. KEFAUVER. Mr. President, reserving the right to object—although I shall not object—I point out that there are at the desk some amendments which have been there a long time; and I believe that Senators who have amendments at the desk should have an opportunity to have those amendments, too, treated as having been read.

The PRESIDING OFFICER. They will have that opportunity later on.

Mr. KEFAUVER. I ask unanimous consent, Mr. President, that other Senators who have amendments which are to be considered, have an opportunity to submit them and have them treated as having been read, and have them printed in the RECORD.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for this purpose?

Mr. LONG of Louisiana. Yes, Mr. President, provided it is understood that I may do so without losing my right to the floor—and that was my original request. If such consent is given, I yield for this purpose.

The PRESIDING OFFICER. Does the Senator limit his request to printed amendments which are at the desk?

Mr. HOLLAND. Mr. President, I shall not object to such requests made by individual Senators in regard to specific amendments; but I certainly shall object to a request for a blanket or shotgun approach.

Mr. KEFAUVER. Then, Mr. President, I ask that the unanimous-consent request be modified, so as to include the printed amendments which are at the desk.

Mr. HOLLAND. I object. I think Senators who have amendments at the desk are completely entitled to have their amendments read, and I shall not object to any such request. But I do not think a blanket request of this kind is appropriate; and I object.

Mr. KUCHEL. Mr. President, I rise to a parliamentary inquiry.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from California, to permit him to propound a parliamentary inquiry, without prejudice to my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. First, Mr. President, has the unanimous-consent request of the Senator from Ohio been agreed to?

The PRESIDING OFFICER. It has not.

Mr. KUCHEL. Very well.

Second, under the Senate rules, what right does a Senator have to offer an amendment, now at the desk, to the pending bill?

The PRESIDING OFFICER. After a cloture motion is presented, whenever a Senator can obtain the floor in his own right, he may submit an amendment to the bill, and may have the amendment read—provided, of course, that the amendment is germane.

Mr. KUCHEL. Mr. President, I suggest to the able Senator from Ohio and to the able Senator from Tennessee that their rights will not be prejudiced if they wait, and obtain the floor at the conclusion of the remarks of the able Senator from Louisiana.

Mr. LONG of Louisiana. That may take some time.

Mr. KUCHEL. Then it will have to take some time. But I simply suggest, Mr. President, that 2 hours after the Senate convened, this morning, for the purpose of receiving intellectual stimulation from the able Senator from Louisiana, these unanimous-consent requests ought to be somewhat restricted.

I felt a speech bubbling up in my mind; and the able Senator from Louisiana was willing to permit me to speak, under a unanimous-consent agreement. But because I do not try to elbow my way past other Senators, I have remained silent. On that basis, Mr. President, I have the honor to object to the unanimous-consent request.

The PRESIDING OFFICER. Objection is heard.

The Senator from Louisiana has the floor.

Mr. LONG of Louisiana. Mr. President, let me say that I shall be glad to accommodate Senators as best I can. I do not desire to compel those who do not wish to listen to my remarks to remain in the Chamber and listen to them. I realize that it is necessary for Senators on the other side of the aisle to keep at least one of their group on the floor, so as to prevent the Republican Party from being abolished by unanimous consent. [Laughter.] Also, Mr. President, I realize that the leadership has to have some Senator present at all times to protect its position in connection with the pending bill.

Mr. KUCHEL. Mr. President, will the Senator from Louisiana yield for a question?

The PRESIDING OFFICER (Mr. Pearson in the chair). Does the Senator from Louisiana yield to the Senator from California for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. KUCHEL. With great pain, does the Senator from Louisiana recall that several years ago there was a request for unanimous consent to abolish the party which I have the honor to represent—the party founded by Abraham Lincoln?

Mr. LONG of Louisiana. I do not recall it with great pain. That request was almost agreed to. [Laughter.]

Mr. KUCHEL. That is what caused the pain.

Mr. LONG of Louisiana. Oh, now I understand; the Senator from California means it caused pain to him. Yes, Mr. President; I do recall that request for unanimous consent to abolish the Republican Party. However, it almost boomeranged, because later the distinguished Republican leader caught the Democratic Senators off the floor, and almost obtained unanimous consent to have Louisiana put out of the Union—although perhaps some might say that would not have been too bad.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. Yes; provided I may obtain unanimous consent to do so without losing my right to the floor.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLAND. I wish to correct a misstatement in regard to the meaning of rule XXII. I understood several Senators to say that they intend to submit civil rights amendments to the bill. even if cloture is invoked. However, I call attention to the fact that rule XXII reads in part—on pages 23 and 24 of the Senate Manual as follows:

> No dilatory motion, or dilatory amendment, or amendment not germane shall be in order.

So there is neither the prospect nor the probability that any such amendment will be offered and acted upon.

I realize that the distinguished Senator from Illinois [Mr. Douglas] thinks of cloture only in terms of what he calls civil rights measures. But again I wish to call attention to the fact that it has been my position on this floor—and I announce it, for the Record, during the atomic energy debate in 1954; and I have reannounced it since that time—that the cloture rule is a two-edged sword. Not only is it a defensive measure against taking up and voting on some measure which as many as one-third of the Senators present feel would adversely affect the law and order and the peace of living in great areas of the Nation, but it is also an offensive weapon, open to the leadership—or, for that matter, to any sufficiently large group of Senators—when it is desired to have action taken upon a given measure. So I would never concede that the cloture rule means only that obstructionism will prevail, regardless of the issue which is involved.

I believe that the cloture rule works both ways. I am prepared to vote for cloture in connection with this measure; and that does not mean in any respect that my opinion in regard to what the able Senator from Illinois [Mr. Douglas] refers to as civil rights measures has changed in the slightest.

The Senator from Illinois and other Senators must recall that I have not been silent in connection with what I regard as civil rights matters, inasmuch as for nearly 14 years I have been an advocate of the so-called anti-poll-tax amendment.

The trouble with the Senator from Illinois [Mr. Douglas] is that he does not accord to other Senators the right to have any ideas of their own in regard to civil rights, if their ideas vary in the slightest from his; and he thinks the cloture rule is an abomination intended to prevent his ideas about civil rights measures from prevailing.

So far as I am concerned, I point out that up to this time the cloture rule has not prevented the taking of action on what I regard as civil rights measures. But the Senator from Florida does intend to resist any such measures by voting against cloture and to resist them on the floor of the Senate to the limit of his ability. As for other measures—and the Senator from Florida puts the pending measure in this group—that tremendously affect the welfare and prestige of our Nation, and in which every possible requirement of hearing has been fulfilled, and in which what the Senator from Florida regards the requirements of reasonable debate have been satisfied, he reserves the right to vote for cloture, as he has heretofore. I wanted to make that point clear in the Record.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield, if I may, to the Senator from Tennessee.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may permit the Senator from Florida to yield on that basis without prejudicing my rights to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. The Senator is aware, I am sure, that a ruling of the Chair on the question of germaneness is subject to appeal and decision by majority vote of the Senate, and that question is decided without debate. So my friend and able colleague, the senior Senator from Florida, need not feel too secure in his enthusiasm for cloture on this measure that a majority vote of the Senate will not make a civil rights amendment in order to be voted upon under the cloture restriction.

Mr. HOLLAND. The Senator from Florida is quite willing to recall that some dozens of times there have been amendments offered as riders to important pending legislation which did involve civil rights. Uniformly they have been voted down by respectable majorities. The Senator from Florida has no doubt at all that the same course will be followed in this matter. I wanted to reassure my friends who evidently did not understand the meaning of the cloture rule that it did not envisage calling up and passing any amendment that is not germane.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HOLLAND. If I may protect fully the rights of the junior Senator from Louisiana.

Mr. GORE. The junior Senator from Tennessee was not one of those who was suffering from any misunderstanding of the rule, if the Senator from Florida meant to include him, but the junior Senator from Tennessee is fully aware of the situation he has just stated—that the question of germaneness is within the decision of the majority of the Senate—not two-thirds, but a majority of the Senate—and that the question can be decided on appeal without debate. So the Senator who is so enthusiastically for cloture on this measure, but so enthusiastically opposed to it on others, should devote good, long thought over the weekend to considering this matter.

Mr. HOLLAND. The Senator from Florida has had a good, long thought on this matter since he heard it in the Space Committee back in April and May, and he has been waiting for a chance to vote for this measure all that time. He thinks now, when 43 out of 49 members of three standing committees have voted to bring this bill to the floor, it puts the Senate in a ridiculous posture to have a group of so-called liberal Senators prevent the Senate from expressing the will of what the Senator from Florida thinks is the great majority not only of the Senate, but the will of the great majority of the American people.

I thank the Senator from Louisiana for yielding to me.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. For a question or for an insertion?

Mr. YARBOROUGH. Yes. I ask unanimous consent that the Senator from Louisiana may yield to me for the purpose of a unanimous-consent request that six amendments that I had placed on the desk on the 15th day of June 1962, designated "EE," "FF," "GG," "HH," "II," and "JJ" be filed here and considered as read.

Mr. CASE. Mr. President, reserving the right to object, it seems to me matters of procedure of this sort and how we are going to conduct our procedures ought to be within the regulation of the majority leader. I would like to reserve the objection until the majority leader indicates how such procedures shall be followed.

Mr. LONG of Louisiana. Mr. President, in this instance I cannot understand the Senate. I have been around here for 14 years. This is the first time in 14 years I have heard somebody object to the reading of an amendment. This is still America; is it not?

Mr. CASE. I am not objecting. I am reserving the right to object. I think the majority leader should decide the type of procedure he wants to have followed in our sessions from now on.

Mr. GORE. Mr. President, reserving the right to object——

Mr. LONG of Louisiana. Has it already been objected to?

Mr. GORE. The Senator from New Jersey reserved the right to object. He did not object.

Mr. President, reserving the right to object, a major share of the testimony and the consideration of the Senate Foreign Relations Committee was on the question of section 402, which involves the primacy of the President, on the one hand, or the initiative of the proposed corporation, on the other, for the negotiation and conclusion of agreements with foreign countries. I have repeatedly referred in debate to this fact. I have said I would offer an amendment to substitute for the provision in the bill the identical provision recommended by President Kennedy. Now, after the cloture motion is made, I am denied unanimous consent to submit the amendment, and by one single objection, after the making of the cloture motion, the Senate may be denied the right even to vote upon the amendment.

This shows how premature is the cloture motion. Not only have several Senators had no opportunity to speak even one time against the bill, but now we find objection to the submission by members of committees that have considered this measure of far-reaching amendments for consideration by the Senate. I think that is quite an extreme situation, and I regret very much that the Senate has rushed pellmell, in its enthusiasm to ramrod the passage of the bill, into such an untoward parliamentary situation.

Mr. KEFAUVER. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. LONG of Louisiana. I yield for a parliamentary inquiry, preserving my rights to hold the floor.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for that purpose?

Mr. LONG of Louisiana. I ask unanimous consent that I may yield for a parliamentary inquiry, reserving my rights to the floor, and I ask the Chair to protect my rights to the floor, but I am glad to accommodate the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEFAUVER. Mr. President, did not the Chair, when the Senator from Wyoming [Mr. HICKEY] was presiding, rule that Senators, when they got the floor individually in their own right, could offer amendments and ask that they be read or considered as read and printed in the RECORD?

The PRESIDING OFFICER. Yes; the Chair did make that ruling.

Mr. HOLLAND. Mr. President——

Mr. KEFAUVER. That is the ruling which stands at the present time?

The PRESIDING OFFICER. Yes.

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Florida, reserving my rights.

Mr. HOLLAND. Mr. President, I wish to protect the rights of the Senator from Louisiana in every way.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HOLLAND. I have been advised by the majority leader that I should object, for him, to any requests of the nature mentioned by the Senator from Texas and the Senator from Tennessee, until such time as the Senator from Louisiana has completed his speech. The majority leader has called attention to the fact, as shown by the ruling of the distinguished Presiding Officer, that every Senator has the right to offer amendments and to have them considered as read.

I have already served notice by what I said several minutes ago that I would have no objection to the several introductions, and neither would the majority leader, but he thinks, anxious as we have been, waiting as we have been, expectantly to hear the eloquent words of the distinguished Senator from Louisiana, that we should be afforded that opportunity at long last. So the majority leader has asked me to object to further requests for yielding, so that we may hear the eloquence of the distinguished junior Senator from Louisiana on this subject.

I thank the Senator.

Mr. LONG of Louisiana. Mr. President, if a gag rule is to be voted on by the Senate, the Senator from Florida is not going to have that opportunity, unless he wants to hear only a part of my speech, because I have a rather lengthy speech which I should like to deliver. I am sure it would be impossible to complete it today, unless I talk to empty chairs until midnight.

I have no objection to that. I should like to accommodate Senators if they wish to convenience themselves by asking that an amendment be read, rather than wait until the end of my speech.

Frankly, I say to my good friends, it may be some time before I complete my speech. I think they ought to be on notice that such is the case. If a Senator merely wishes to have an amendment read and to go about his business, if he is not anxious to hear my speech, I am not anxious to compel him to stay, especially if he has a closed mind on the subject.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. Reserving my rights, I shall do so.

Mr. HOLLAND. The time is now limited. The vote on the cloture motion will take place Tuesday.

Mr. LONG of Louisiana. That is correct.

Mr. HOLLAND. There is no point in any Senator, including the distinguished Senator from Louisiana, speaking at great length. Every Senator is protected by the time limitation. There is no reason for concern.

I am sure my distinguished friend from Texas has no concern. I note that his amendments are printed and have been lying on the desk since June, so there must not be any immediacy about the matter. No Senator on this side of the aisle, and I am very sure no Senator on the other side of the aisle, will have any objection to any Senator, when he is recognized, sending forward amendments which he wishes to have read or considered as read, so that they will be available if and when cloture may be voted.

Mr. LONG of Louisiana. Mr. President, I hope that Senators are not going to insist upon continuing objections to the reading of amendments. I read from rule 22:

> Except by unanimous consent—

This is what happens after the gag rule is voted on by the Senate, after we are put in the legislative straitjacket by the gag-rule vote:

> Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time.

We are hearing objections now. If these objections persist and continue, this will mean that a great number of Senators who have amendments to offer, striking at what we believe to be the evil nature of the bill—even amendments approved by the administration itself, by the President or by the Secretary of State—may be barred from presenting the amendments, as a result of the right of Senators to object. This is brutality, the likes of which the Senate has never experienced in its existence.

I ask Senators to imagine that situation. Objections are heard even to the reading of amendments, with respect to which the Senate would be limited to a vote after the gag rule is voted in the Senate.

I hope that these objections will not persist, because it would be something of which the Senate would not be proud in years to come.

I express the hope that eventually Senators who take this position will relent and permit amendments to be regarded as read. For the 14 years to which I can attest, all a Senator has had to do was to send an amendment to the desk and have it printed, without any Senator saying anything one way or another. Usually, if some Senator looked at it, he would not object to dispensing with the reading of the amendment. I cannot recall that there has ever been a time, in my 14 years in the Senate, when a Senator has objected to a request to dispense with the reading of an amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to my distinguished friend for a question.

Mr. HOLLAND. In the first place, there is no disposition to prevent a Senator from having an amendment presented and considered as read, because there will be ample time between now on Tuesday at 1 o'clock to have that done. No Senator, except the opponents of the bill, has even suggested a lengthy speech. If Senators want to prevent their own friends or associates from having an opportunity to offer amendments, they are the only ones who will have an opportunity to do that.

In the second place, perhaps because of his modesty, I think my distinguished friend has overlooked the real meat in the statement I was asked by the majority leader to make; which is that we are very desirous of hearing the eloquent speech of the distinguished Senator from Louisiana. We are going to invoke the rule as to yielding for anything other than a question, until the distinguished Senator has concluded.

I thank the Senator for yielding.

Mr. LONG of Louisiana. I thank the Senator. If my good friend wants to be formal with me and wants to object to the slightest deviation from the rules, he is privileged to do so. As one who has had considerable experience in these debates, when we southerners have gotten together to fight to the bitter end, I have known how to handle myself on the floor. I shall be here for a long time, and can speak whether the Senator objects or does not object. I will make my speech, and try to treat Senators with the greatest courtesy.

I wanted to accommodate Senators. As a practical matter, I told Senators that so far as I could govern the situation, there would be no live quorum calls. Four Senators have died in the past year. So far as I am concerned, if some Senator wants to take the day off, to get some fresh air, feeling that might improve his health or prolong his life, he does not have to listen to my speech. I hope he will read it in the RECORD. Perhaps his administrative assistant will read it and, if he finds something challenging, will pass the word along as a suggestion to his Senator, "This is something deserving attention."

I know the problem concerning the health of Senators and what happens late in a session. I am trying to accommodate Senators, to help them discharge their obligations.

I shall have no hard feelings and no recriminations about how this fight winds up, one way or the other. Long ago I learned that I could not continue my service in this body and maintain my mental health if I worried about what the Senate might do in regard to passing a bill against my will. If I am satisfied with my position, I will not be worried, regardless of what the final result may be with respect to the cloture or gag rule, aimed to destroy the work of the Senate, this Senator will not vote that way, and he thinks his duty requires him not to worry about the outcome.

I now yield to my distinguished friend, the Senator from Florida [Mr. HOLLAND], reserving my rights to the floor.

Mr. HOLLAND. We all know that the Senator from Louisiana will do what he regards to be his duty. He will do it ably and he will do it effectively. We want to hear his remarks. We propose to be gracious.

I am not going to raise a certain rule against the Senator now which I could raise as to the place the Senator has taken to make his speech, because I think he should be allowed to speak from wherever he wants to speak. I shall be as gracious as the distinguished Senator has been to me throughout the morning.

I invite attention to the fact that we have been about this business for 2½ hours, during which I am sure the distinguished Senator has lost much time to get across his thought-provoking ideas. I hope he will not be interrupted now except for a question.

Mr. LONG of Louisiana. Mr. President, I hope my good friend will take another look at his rule book, because some time ago I had the impression that it was possible to make a Senator speak from his desk. I undertook to pursue that thought and discovered I was in error, after consulting the Parliamentarian.

I believe that was my impression on the day the former Republican leader, the late Senator Taft, undertook to put the Senator from Alabama [Mr. HILL] in his seat, under a similar impression. Thus we discovered there was nothing in the rules to make a Senator stand at any particular desk.

I should like to propound a parliamentary inquiry, and ask unanimous consent that it may not affect my rights.

Am I not correct in saying that a Senator can speak from any desk in this Chamber, unless the Senator to whom it belongs demands the desk, and not be in violation of the rule?

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Chair is advised that there is no requirement in the rules that a Senator speak from any certain desk.

Mr. LONG of Louisiana. That was my impression. As a matter of fact, I am not going to make the point that the Senator from Florida is not sitting at his desk. He can sit wherever he wants to sit so long as the Senator to whom the desk belongs does not object.

Mr. HOLLAND. Mr. President, the Senator from Florida was trying to show a willingness to be gracious. If the rules do not permit the Senator to be gracious then he will not be permitted. The Senator from Florida is sitting where he is sitting, acting as majority leader, by appointment of the majority leader, during his absence.

Mr. LONG of Louisiana. I have lost all hope of persuading the Senator from Florida to my view in regard to the satellite communications bill, but I hope that I can at least persuade him to my view in regard to the rules of the Senate—that a Senator does not have to speak from his desk, and that a Senator may speak from the desk of any other Senator if the other Senator is willing to let him speak there.

The senior Senator from Louisiana [Mr. ELLENDER] gave me permission to speak from this desk, exactly as the majority leader gave my good friend, the Senator from Florida permission to sit where he is sitting.

Neither of us is violating the rules of the Senate. That is one thing upon which we can agree. There are a great number of things with respect to which I agree with my distinguished friend from Florida. I am happy that on at least that question we can agree. I hope we can agree on some other things.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the distinguished Senator from Louisiana may be permitted to yield to me for a question.

Mr. LONG of Louisiana. I do not need unanimous consent to yield to the Senator for a question.

Mr. YARBOROUGH. I ask the distinguished Senator to yield for a question.

Mr. LONG of Louisiana. Will the Chair put the question?

Mr. YARBOROUGH. Mr. President, I withdraw my request for unanimous consent.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas for a question?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. Mr. President, I rise with a great deal of hesitation, in view of the fact that 2½ hours have elapsed since the Senator from Louisiana became entitled to the floor. I do so only because I have not asked a question. I have been on my feet for more than an hour attempting to do so. In view of the fact that the Senator from Louisiana has yielded several times to the distinguished Senator from Florida for a question, and he readily agreed to yield, I ask him to yield to me for only one time.

I must state some facts as a predicate to my question.

Mr. LONG of Louisiana. I ask unanimous consent that I may permit the Senator from Texas to state a predicate to his question without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. I intend to ask the Senator questions about the true functions of legislation. What is the true function of legislation? We have had a great deal of talk about futility.

Some have suggested that if we did not pass a bill every day, we would not be functioning legislatively. I ask the Senator from Louisiana if he does not think it is as much the function of a legislature to defeat evil legislation—and I think the bill is evil—as it is to pass good legislation.

Mr. LONG of Louisiana. Mr. President——

Mr. YARBOROUGH. I have not completed my question. I wish to ask the distinguished Senator from Louisiana if he does not think that one of the highest duties of a legislator is to oppose proposed legislation that would rob people of their rights and privileges. In that connection I call his attention to paragraph 6 of section 201 of the proposed bill.

Mr. LONG of Louisiana. I have yielded to the Senator so that he might ask one question.

Mr. HOLLAND. Mr. President, I object. The Senator is not asking a question.

Mr. YARBOROUGH. I submit that it is a question. I have not finished the predicate of my question. I will finish it in less than 3 minutes. I submit that I have the right to do so. I have been yielded to, and no one can cut me off except the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I ask the Chair to protect my rights. I do not wish to lose my rights to the floor because the Senator from Florida cannot agree with the Senator from Texas.

The PRESIDING OFFICER. The Chair rules that the rights of the Senator from Louisiana are protected by his unanimous-consent request that the Senator from Texas might propound a predicate to his question.

Mr. LONG of Louisiana. I yielded to the Senator for a question, which I can do under the rule. I wish to protect my rights. The Senator from Florida and the Senator from Texas cannot agree.

Mr. YARBOROUGH. I am asking my question. I submit it is as germane as, if not more germane than, were the questions asked by the senior Senator from Florida. The question is along the same line. For example, the distinguished Senator from Florida warned us that we might hear from the country. I telephoned to my office and I find that the amount of mail and telegrams coming in is 20 to 1 in favor of our position.

Mr. HOLLAND. Mr. President, if the Senator will not confine himself to asking a question, I will object. I do not wish to do so, because I have nothing but the greatest respect for the Senator.

Mr. LONG of Louisiana. I am perfectly content to yield for a question, but I am a little surprised that my able friend, who is an outstanding lawyer and a great judge, cannot learn how to ask leading questions. I suppose he spent so much time opposing leading questions that he cannot ask them any more as an old "leading question" man. I can tell the Senator that everything he has been attempting to say could have been put in the form of a leading question.

Mr. YARBOROUGH. Mr. President, I was trying to save time.

Mr. LONG of Louisiana. I will not yield for that purpose. I will yield only for a question.

Mr. YARBOROUGH. Mr. President, I ask the distinguished Senator from Louisiana the following question: Does the distinguished Senator from Louisiana think that the provision in paragraph 6 of section 201, page 25, of the measure is in the public interest? It reads as follows:

> (6) take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs;

In other words, the provision requires the President to give the business of the U.S. Government to a private monopoly and would deny the Government of the United States the right to use the satellite system that its own scientists are building. The provision requires that the United States pay tribute. I ask the distinguished Senator from Louisiana that question in connection with the testimony of Edward Murrow before the Senate Committee on Foreign Relations.

Mr. Murrow said that for USIA to broadcast over the satellite system for 1 hour a day to the four corners of the world, the cost to the Government would be $900 million a year in rent to the proposed private monopoly. That right would be given to the corporation under that provision of the bill. The President must give the Government's business to the monopoly. I ask the Senator, Is that provision of the law in the public interest of the United States?

Mr. LONG of Louisiana. No.

Mr. YARBOROUGH. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas for a further question?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. Does the distinguished Senator from Louisiana think that we are legislating properly only when we are passing bills? In connection with that question, I remind him of the statements made about the function of legislation and about this procedure being a study in futility. The distinguished Senator from Florida said it was ridiculous. In connection with my question, I refresh the memory of Senators by pointing out that that was the kind of attack that Hitler made on the Reichstag. Finally the Nazis burned down the building and dissolved the Reichstag to destroy parliamentary government. I ask the Senator if he thinks that the Senate must pass bills every day in order to be legislating properly?

Mr. LONG of Louisiana. No.

Mr. YARBOROUGH. Mr. President, will the distinguished Senator from Louisiana yield for another question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas for a further question?

Mr. LONG of Louisiana. I yield for a question.

Mr. YARBOROUGH. One question.

Mr. LONG of Louisiana. Only for a question.

Mr. YARBOROUGH. Does the distinguished Senator from Louisiana think that when a motion for cloture is being voted upon, absenteeism is true neutrality? Does the Senator from Louisiana think that if a Senator who is opposed to cloture absents himself, he is thereby being neutral in the fight over cloture?

Mr. LONG of Louisiana. I do not think he is being neutral. I think he is taking sides when he stays away.

Mr. YARBOROUGH. Is it not a fact that a Senator opposed to cloture who absents himself, if he were present and voting, would negative two votes on cloture; if he absents himself without a pair with two Senators for cloture, he is absolutely destroying his vote against cloture, at least by one-half of his voting power?

Mr. LONG of Louisiana. Yes.

Mr. YARBOROUGH. He is destroying his vote to that extent.

Mr. LONG of Louisiana. Mr. President——

Mr. YARBOROUGH. Mr. President, I have a number of other questions, but in deference to the capability of the distinguished Senator from Louisiana, I will defer the questions until later.

Mr. LONG of Louisiana. Mr. President, I cannot yield for an observation.

I wish to make one or two points about the cloture question, which was brought up today, and then I will go on to other questions.

First, I wish to make a statement for the benefit of the majority leader. Although he is not present, I hope he will read it in the RECORD. I think our majority leader is a great and honorable leader. He does not pull tricks on others, or take unfair advantage of them. That is one of the finest things about our majority leader. I have never known him to break his word, to break his commitment, or do anything which, by my standards, would be immoral conduct on the part of a Senator in discharging his duties toward his fellow Senators.

I admire and respect him for that. He has never heard a word of complaint from the junior Senator from Louisiana about the way he has conducted himself. We can disagree about the bill, but we cannot disagree about the honorable conduct of the majority leader. He has been fair. He tells us what he intends to do, and then undertakes to do it.

I think it would be a terrible mistake if he should succeed in invoking cloture in this body in order to pass a bill which we believe would create the most gigantic, oppressive monopoly of this century. That would be a very bad mistake. But he has a right to support the bill, and he has a right to seek gag rule in the Senate if he chooses to do so. I do not deny his right to do that, or quarrel with his privilege of making such an effort. As one Senator, I respect him for his right to do that. I hope he respects our right to oppose the bill as diligently and as persuasively as we can, and with all the sincerity we can muster, seeking to persuade other Senators to go along with us and vote against it.

The debate, at least to some degree, is doing what the other great debates of this body have done. The bill is a bad one. Those of us who are fighting it are convinced it is a horrible bill. This Senator is convinced that it is one of the worst bills he has ever seen in his life. I know it is one of the worst I have seen in the 14 years I have been in the Senate.

Of the bills mentioned by the majority leader, it is difficult to point out one of them which, from the economic point of view and from the point of view of the future of America, could be as bad as the one we are considering.

Frankly, we know what we are up against. I have noticed that some of the major newspapers have published editorials viciously attacking some of my colleagues for opposing the bill. I am sure the same thing will happen to this Senator. Why do they do that? Why is it that those who find so much evil in the bill cannot find a single newspaper that is upholding or supporting our position? There are some newspapers with a so-called liberal point of view that are doing so. As a practical matter, I do not think they could afford to uphold us. Economically, I do not think the press has the privilege of persuading the public how bad the bill is. I think the working press will file honest stories about the debate, and the most honorable newspapers will print those stories and will be fair in their presentation of the news.

Do not let any Senator expect to find any help on the editorial page. It is easy to see why.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I will yield in a moment. All one has to do is to take the two Washington newspapers, as a start, to see what happens. Let us look at all the advertising that the Chesapeake & Potomac Telephone Co. pays for in the Washington newspapers. That telephone company is a subsidiary of A.T. & T. That company can charge its advertising off to the people who use the telephones—to me, to the Presiding Officer, and to every other Senator and every citizen who uses that service, and even the Government itself, and everyone else in town. The newspapers make a nice profit out of this. However, we must understand that this telephone company does not have to put a single word of advertising in these newspapers downtown if they get to resent the attitude of one of these newspapers. If they do not like the attitude of a newspaper, they can remove their advertising from that paper. They are entitled to do so at any time.

Furthermore, I know a little bit about cross-lobbying. I have done some of it myself, before I came to the Senate. What is cross-lobbying? It works something like this: If A is trying to get through a bill, and B is trying to get through a bill, A can go to B and say, "If you can get this man to go along with you, I can get that man to go along with me. If you can get him to go along on my bill, I can get the other fellow to go along on your bill."

Let us take another example: Here is a telephone company and over there is an electric company, or a gas company. If I were a lobbyist I could go to one and say, "We have a parallel interest with you. This is our bill. It is something we want. You help us with this, and we will see if we cannot help you with some other bill that you may want. After all, we have a parallel interest."

These are privately owned public utilities, and the public pays for the advertising that is charged to the users in the rates they pay.

I am sure many Senators read the editorials in the great newspapers of the country on the day that Telstar went up. They all spoke about how tremendously important it was, what a great event it was, and what a great achievement on the part of A.T. & T., and then added what a fine thing it would be to pass the satellite bill. That all appeared on the editorial page. It appeared the first time that word went out that Telstar had gone up, even before A.T. & T. knew that they would be able to communicate with Telstar.

Drew Pearson had an article which appeared in the Washington Post, in which he spoke about a little country editor who made the mistake of criticizing the bill, and he spoke about an officer of A.T. & T. arriving at the editor's office to tell him that he must not know where his bread was buttered, and that he would be injured and would be hurt, and that his stockholders would not approve of his attitude because the newspaper might start to lose money if it lost advertising, as could be envisioned under the circumstances. I assume that that is what he said to him.

I have here an editorial which was printed on May 31, 1962, entitled "The Biggest Giveaway Yet." This was written by a little country editor expressing his opinion. I do not believe I will put the editorial in the Record now. There is no doubt that we are up against tremendous odds. It is unfair for those who have such fantastic power to scathe this little group who are fighting this bill, as we have been in the Senate. That is what is happening, though.

I was one of those who fought the basing-point bill. I believe the Senator from Tennessee was at that time in the House of Representatives, where he did not have the benefit of free debate. We fought that bill in the best way we could. We spent more time fighting the basing-point bill than we have spent fighting the pending bill. Eventually, after a couple of years, the proponents finally got that bill enacted and onto the President's desk, who, to their great surprise, vetoed the bill. That was the end of that. We could have saved a lot of time and a lot of effort if the President had told us that he was going to veto the bill. He did not tell us that he would veto it so we had to do the best we could. We had to fight it in the best way we saw fit. In any event, the bill did not become law. We are today fighting the pending bill in that same tradition.

I ask Senators to listen to this editorial. This is a front page editorial discussing this matter. This refers to an A.T. & T. lobbyist who called on this little country editor. Most of the little country editors are too small to take on a big company like this. However, I ask Senators to listen to what this editor said:

> Joe's loyalty to his company is a fine thing. But his company is asking him to do some very questionable things. He wants us to send our editorials to him before we print them, so he can check them for facts. This suggestion we do not favor.

Can Senators imagine how this giant corporation can kill editorial expressions even before such expressions are printed? It is fantastic. Here is this enormous power that exists in this monopoly, and yet we are told that we must make it bigger and we must pass laws to strengthen it.

I believe that history will look at this debate, unless I am mistaken, and say that this is one of the better examples of responsible debate against legislation not calculated to be in the public interest. My guess is that historians will tend to say that in the middle of the 20th century, an effort was made to pass a bill calculated to greatly strengthen and improve the position of a monopoly which had already become the greatest single monopoly in the world, and that certain Senators in the Senate who claimed to be strong advocates of free enterprise undertook to fight the bill and to make the distinction between monopoly and free enterprise, and explained that they favored competition rather than monopoly, where competition was possible.

I do not know what the verdict will be, but I hope history will judge us more kindly than the editorials which are scathing us.

There was something said about Senators not being here for a quorum call. In fairness it should be said—and I believe the majority leader will agree—that it is not up to the opponents of the bill to get a quorum present. Those who oppose the bill are not required to see that a quorum is present. As one who has opposed bills that I thought were bad, and who has engaged in debate which was described as a filibuster against civil rights measures, I have always regarded it as the duty of those who were pressing for the passage of the bill to see that a quorum was present.

Of course, that is the way it is now. I have no particular interest in speaking to an empty Chamber; I have done so before. If on Saturday some Senators hope to get additional rest, that is fine. I hope they will review my remarks and see what I have said on the subject when they return.

It seems to me that in this fight a decision has been made that no amendments are to be agreed to, no matter how well they are supported, no matter how sound the amendments may be. That was what happened in the Committee on Foreign Relations, and I suppose that sets the pattern for what will happen when the bill comes to a vote. Efforts will be made either to table the amendments or to vote them down without permitting the amendments to be considered in their own right.

Mr. President, on June 18 and 19, I discussed some of the issues involved in determining the future of a space communications system.

As you will recall, the principal points I made are these:

First. Since this area of space development is the first major fruit of our vast public expenditures, the decision we make with respect to space communications will have far-reaching political and economic implications because it will create a precedent for later solutions in other areas of human activity in space, and its consequences will be felt for generations.

Second. Because of an almost complete blackout by newspapers, radio, and television, our citizens are not aware of the great public issues involved. In addition, I expressed great doubt that my colleagues in the Senate, who are being called on to make decisions in this difficult field, could pass even an elementary examination in the subject matter and its implications.

Third. Instead of objective, unbiased information, we have been bombarded and almost overwhelmed with cliches, slogans, half-truths, and misinformation provided by the world's biggest private monopoly, the American Telephone & Telegraph Co. We have been subjected to lobbying activity the like of which I had never thought was possible.

Fourth. The United States, as a consequence of the excellent technical achievements of its NASA and DOD programs, has a tremendous opportunity to advance its position of prestige and world leadership, as well as to make a major gain toward the objective of preserving the free world, if it will now decide to use its present and future space achievements to this purpose. In my opinion, this should be the dominant factor in making the decisions on how to develop our technical achievements in space for the service of the Nation and mankind.

Fifth. We do not know at present what the potentialities of a satellite communications system will be and the actualities will probably exceed our imagination. Such a system will be able to be used in meteorology, space navigation and control, oceanography, space research, and other fields we cannot even conceive of at present.

Sixth. Every aerospace company, every communications company, except A.T. & T., and every scientist I have encountered, have stated that only with a synchronous high orbit system can we realize the full potentialities of a space communications system. This revolutionary new technology offers a threat to the existing methods of communication and can be used to introduce competition in this area. On the other hand, under this bill, H.R. 11040, this new technology can be used to strengthen the present monopoly.

Seventh. The American Telephone & Telegraph Co., which controls the conventional means of communication, is attempting to gain control of the new technology to protect its monopoly position by eliminating the possibility of competition. The Federal Communications Commission is being used by A.T. & T. to attain its objectives.

Eighth. The inevitable conflict of interest between competing technologies has been recognized by Congress, which has also traditionally limited common ownership of competing modes of transportation. I should like to cite as an example the Panama Canal Act of 1912, which is a part of the Interstate Commerce Act. This law prohibits ownership, control, lease, or any interest whatsoever, by a railroad in a common carrier by water with which the railroad does or may compete for traffic. The Civil Aviation Board also adopted the same interpretation as the Interstate Commerce Commission that ownership of air carriers by surface carriers could crush the competition of the air carriers.

Mr. President, the purpose of my amendment, which is now at the desk, seeks to carry out that philosophy. I understand that it is the pending amendment today.

May I inquire of the Chair if the pending amendment would prohibit the communications carriers from owning stock in the proposed corporation?

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Louisiana designated "T" is the pending business.

Mr. LONG of Louisiana. Has that amendment been read?

The ACTING PRESIDENT pro tempore. The reading was waived, and the amendment was printed in the RECORD.

Mr. LONG of Louisiana. Under the rules of the Senate, in the event cloture is invoked, would that amendment be subject to being voted upon without unanimous consent?

The ACTING PRESIDENT pro tempore. The amendment would come under the provisions of the cloture rule.

Mr. LONG of Louisiana. And could be voted upon?

The ACTING PRESIDENT pro tempore. If cloture were adopted, the amendment would be eligible to be voted upon.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. CASE. I assume that the ruling of the Chair means that the amendment is germane.

Mr. LONG of Louisiana. I am not concerned about the germaneness of the amendment.

Mr. CASE. I am not questioning that either; I simply wanted to be certain.

Mr. LONG of Louisiana. As a practical matter, is the Chair permitted to advise me whether the amendment is germane?

The ACTING PRESIDENT pro tempore. If the Chair were to rule on such a question, a point of order might be raised. However, in the opinion of the present occupant of the Chair, the amendment deals with communications carriers and is germane.

Mr. CASE. I raised the question only because the response of the Chair was that the amendment would be in order, which I assumed included a ruling that the amendment was germane within the rule.

Mr. LONG of Louisiana. The question of germaneness never arises unless some Senator challenges the germaneness of the amendment and makes the point of order that it is not germane. Then the question would be decided; and, of course, the ruling would be subject to modification by the Senate, because if there is an appeal from the ruling of the Chair, the question would be decided without debate. Will the Chair please advise me if I was not correct in my understanding?

The ACTING PRESIDENT pro tempore. Under the rule, all points of order, including questions of relevancy, and appeals from the decision of the Chair, are decided without debate.

The Senator from Louisiana has requested an opinion from the present occupant of the chair concerning the relevancy of the amendment which is pending at this time. In the opinion of the present occupant of the chair, that amendment is germane.

Mr. LONG of Louisiana. But the opinion of the present occupant of the chair cannot bind a future Presiding Officer.

The ACTING PRESIDENT pro tempore. That is correct.

Mr. LONG of Louisiana. The ninth point I made in my previous speech was that communications satellites will reduce considerably voice channel costs, but, if the communication carriers are active in the affairs of the satellite corporation, there is no indication that rate reductions will be commensurate with cost reductions, either for particular services or in the aggregate, or that rates will respond quickly to cost changes.

This means that the public, which paid for the development of a satellite communication system, will not receive the full benefits which the system will offer and which the public deserves.

Tenth. The operating expense items included by the Bell System and the base to which its earnings are related have not been subjected to any detailed examination by the Commission to determine the propriety of all amounts reported as plant investment and operating expenses. It is questionable, therefore, whether the criterion of a "reasonable rate of return" is really meaningful when the regulatory commission assumes little control over investment and expense items that go into the computation of the rate of return.

Eleventh. While it is true that interstate toll rates have fallen substantially during the whole course of A.T. & T.'s history, this is not a misleading fact. The crucial question is how closely correlated with cost reductions were these toll-rate reductions.

Twelfth. Interstate telephone rates are lower than intrastate rates. Apologists of the Federal Communications Commission then draw the conclusion that this agency, therefore, is actively protecting the public interest. To anyone acquainted with the facts, this conclusion is absurd. Although interstate telephone rates are lower than intrastate rates, the rate of return on interstate service, at least in the years for which we have data, is higher than that on intrastate service. There are several reasons for this situation. The most important one is that short-haul calls do not cover their total cost, while long haul calls generate revenues in excess of their total cost. Studies of six areas by the Bell System show that substantial losses were suffered in short-haul traffic in all six areas. The average intrastate call involves a shorter distance than does the average interstate call. In one sample made in the late 1940's, it was found that the average interstate call involved a distance of 204 miles, while for 18 States the average length of intrastate calls ranged from 9 to 54 miles. There is also data to show a positive relationship between the average distance of calls in each State and the profitability of intrastate toll business.

Another reason why intrastate toll rates are higher than interstate rates for the same distance is that State commissions allow relatively high intrastate toll rates, in order to subsidize local exchange service. State commissions find it more politically palatable to have tolls raised than to have local exchange rates raised.

As I have stated before, the claim that the Federal Communications Commission is responsible for lower interstate rates represents a desperate effort to show that the Federal Communications Commission in at least this respect is protecting the public interest. Unfortunately, however, this claim is completely baseless. I hope we can quietly lay this argument to rest, and can go on to consider some important issues involved in H.R. 11040, which provides for the establishment of a space communication system.

Today, I should like to begin a discussion of three very serious issues raised by this bill. They are the monopoly problem, the activities of the Federal Communications Commission, and the enormous economic and political power of the American Telephone & Telegraph monopoly. These important problems cannot be disposed of by refusing to acknowledge them; nor can they be evaded by irrelevant cliches and slogans.

Mr. President, today I am proposing to tell the Senate about matters which I do not believe the Senate has heard about previously. They should be discussed, however, and Senators should know about these matters before they vote on the pending bill.

At this time only a few Senators are on the floor, and for the most part these Senators have already made up their minds about the bill. However, Mr. President, it is important that all Senators understand these matters. I am frank to state to Senators that, so far as I am concerned, I have been studying this bill, off and on, for about a year and a half, and I am still learning a great deal about it—a great deal that is very relevant in connection with our reaching our decision as to whether the bill should be passed. In fact, I think I now know a great deal more about how the bill should be amended in order to make it suitable for passage by the Senate than I did before; and I had been studying the bill for more than a year and 3 months before I reached that decision.

II. MONOPOLY AND ANTITRUST PROBLEMS

Mr. President, if the communication carriers want to set up a satellite communication system jointly, why do they not just do it? Why is legislation needed?

The answer is that they would be violating the antitrust laws, the bulwark of our free enterprise system. H.R. 11040 is, in essence, proposed legislation designed to carve out an exemption from the antitrust laws.

Without legislation, the objective of H.R. 11040, the setting up of a joint venture, would violate sections 1 and 2 of the Sherman Act and section 7 of the Clayton Act, which are on the books to protect the public. This bill also appears to violate section 314 of the Federal Communications Act.

We must recognize that the bill is designed to overturn two very important and longstanding congressional policies.

First. In the past 25 to 30 years, many attempts have been made by the telegraph companies to frame legislation to permit some kind of permissive or mandatory merger of the U.S. international telegraph carriers. On each occasion, the Congress has refused to sanction such a merger. H.R. 11040 goes much further than seeking sanction for the international telegraph carriers only; this bill seeks to combine all forms of communications, both telegraph and telephone, domestic and international into one satellite corporation.

The inevitable conflict of interest between competing technologies has been recognized by the Congress, which also has traditionally limited common ownership of competing modes of transportation. For example, the Panama Canal Act of 1912, which is part of the Interstate Commerce Act, prohibited ownership, control, lease, or any interest whatsoever by a railroad in a common carrier by water with which the railroad does or may compete for traffic.

The committee report on the Panama Canal Act stated that:

> The apprehension of railroad-owned vessels driving competition from the canal may or may not be exaggerated, but it is certain that the evil, which is only anticipated there, already exists in the coastwise trade—as well as on our lakes and rivers.[1]

A Commerce Committee report issued in 1961 stated:

> The Motor Carrier Act of 1935 and the Transportation Act of 1940, were interpreted by the ICC, with the express approval of the Supreme Court of the United States, as giving the Commission the authority to limit to a very large extent rail ownership of motor trucking.[2]

The Civil Aviation Board which adopted the same interpretation as the Interstate Commerce Commission, reached the following conclusion:

> For the Board would not be justified in closing its eyes to the potential threat which the entry of surface carriers into this field would in many cases offer to independent air carriers or the effect which such participation might have upon the fulfillment of the policies of the act. Surface carriers engaging in air transportation would at times be under a strong incentive to act for the protection of their investment in surface transportation interest. Again, by reason of their superior resources and extensive facilities for solicitation, such carriers would often be the possessors of powerful competitive weapons which would enable them to crush the competition of independent air carriers.[3]

Many more examples can be supplied which make similar prohibitions. The Interstate Commerce Act, in particular, has numerous cautions and prohibitions against joint ownings which would tend to lessen competition in the transportation field.

As I have already stated, the American Telephone & Telegraph Co. is trying to create the impression that communication by satellite is merely a supplement to communication by undersea cables or land lines. As part of its propaganda, A.T. & T. refers to the satellite as a "cable in the sky." No other company takes the same view—not Lockheed, not Hughes, not RCA, not General Telephone and Electronics, not Bendix, not Philco; nor does the U.S. Army.

Let me quote once again General Sarnoff's statement before Senator Kefauver's subcommittee: This is an important statement, and I hope that it will be inculcated on the minds of my colleagues:

> I think I am not overstating the fact when I say to you that I regard the satellite communication as the most significant and the most vital development in the world of communications since I began over a half century ago. But we are only at the beginning. It is far from being a finished product. Certainly it is not a finished system. There is much yet to be learned before one can speak with certainty about a global operating satellite communication system.
>
> I think also that the satellite communication possibilities go beyond the mere extension of existing communications system. It is more than the so-called cable in the air, or a hightower in space. It is a revolutionary possibility of global communication, the limit of which no man, in my judgment, is competent enough to place at the present time.[4]

Communications by satellites will be a revolutionary new technology. It will be a threat to existing methods of communications. Let us not forget Federal Communications Commission Commissioner Craven's testimony before the House Space Committee.

Mr. Craven is as favorable to A.T. & T.'s view as is anybody in Government. He said:

> The main thing that I want to emphasize is that if we try to establish a separate system by satellites in competition with existing things, I am quite certain ultimately that the existing means of communication which are going to be necessary are not going to be able to survive economically.

JOINT VENTURES

With respect to joint ventures, the *United States* v. *Penn-Olin Company, et. al.* (Civ. 2282), filed on January 6, 1961, was the first civil antitrust complaint in which the Clayton Act had been used to challenge the "joint venture" techniques under which competing companies may combine to avoid, restrain, or lessen competition.

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[1] Panama Canal, report of Interstate and Foreign Commerce Committee. H. Rept. No. 423, 62d Cong. 2d sess., p. 12.

[2] National Transportation Policy, p. 140, report of Commerce Committee, U.S. Senate, June 26, 1961, Rept. No. 445, 87th Cong., 1st sess.

[3] Op cit., p. 142.

[4] Kefauver hearings, transcript pp. 724–725.

In describing the case, Assistant Attorney General Robert A. Bicks said:

> Joint ventures have become an increasingly popular means by which two or more companies may, without completely merging, pool their capital or technology to establish a new business entity. Whenever joint ventures are competitors in any line of business, their agreement and combination as well as acquisition of stock or assets, remain fully subject to the application of traditional Sherman and Clayton Act principles.
>
> There is no question that section 7 of the Clayton Act was designed by Congress to halt all mergers and acquisitions, regardless of form, having the proscribed adverse effects on competition.

Mr. Bicks added:

> The Penn-Olin complaint, which represents the Department's first challenge under section 7 of the Clayton Act to the acquisition by joint ventures of stock in a corporation of their own creation, highlights the anticompetitive consequences which may flow when substantial competitors merge part of their resources to form a new enterprise.[3]

The Chairman of the Federal Trade Commission recently stated:

> If two firms, each with a sizable share of the market for a commodity, pool their business into a joint venture, the effect—for all practical purposes—is similar to that of a merger. It is really the old "trust" technique in modern dress. The damage to competition is clear cut, and if possible, the move should be quickly halted. The particular device used to achieve the result is irrelevant. It is the effect upon competition that counts.[4]

Mr. President, we have here a situation where the communications carriers would participate in a joint venture to own and control a satellite communications system. The use of this system will be vital to the business of all parties concerned, like raw material to the steel companies.

The joint venturers will say that their relationship will be limited to the specific purpose of the joint venture; after that they go their own separate ways independently. It is apparently assumed that business firms can be members of an industrial family at some point in the productive process, but that when they reach the marketplace, they will compete for business like strangers.

This does not make sense. There are serious questions about the likelihood of maintaining the vitality of competition where intimate family relationships, in the form of joint ventures, exist beneath the surface. It is very doubtful, in my opinion, that business strategists will treat one another as belligerents in the kitchen if they are sweethearts in the parlor.

DOMINATION BY A.T. & T.

If ever a bill could be devised to insure domination by the American Telephone & Telegraph Co., this is it. A.T. & T. can own up to 50 percent of the stock. There is no limit to the amount a single carrier can own. Informed opinion, which includes Mr. Katzenback and Mr. Loevinger of the Justice Department, sets A.T. & T.'s share at about 40 percent.

That is what they expect A.T. & T. to own under this bill.

Under the Investment Company Act of 1940, any person who owns beneficially, either directly or through one or more controlled companies, more than 25 percent of the voting securities of a company shall be presumed to control such company—15 U.S.C.A. 80A, section 2(a)(a).

Under the Public Utility Holding Act of 1935, a holding company is defined as any company which directly or indirectly owns, controls, or holds with power to vote, 10 percent of the outstanding voting securities of a public utility company of a company which is a holding company.

A subsidiary of a holding company means any company 10 percent of whose stock is directly or indirectly owned, controlled, or held with power to vote, by such holding company—or by a company that is a subsidiary company of such holding company.

An affiliate of a specified company means (a) any person that directly or indirectly owns, controls, or holds with power to vote, 5 percent or more of the outstanding voting securities of such specified company; (b) any company 5 percent or more of whose outstanding voting securities are owned, controlled, or held with power to vote, directly or indirectly, by such specified company—15 U.S.C.A. 79b(a) (7), (8), and (11).

In fact, the Southern New England Telephone Co., in which A.T. & T. owns 19 percent of the stock, and the Cincinnati and Suburban Bell Telephone Co., in which A.T. & T. owns 29 percent of the stock, are both considered by A.T. & T. as being part of the Bell System—Kefauver hearings, page 608.

On Monday, June 25, 1962, the Supreme Court reaffirmed our fundamental belief in competition, in the preservation of the small, independent businessman, and again pointed to the danger of concentration of economic power. In the Brown Shoe Co. case, the Court held that acquisition of the largest independent chain of family shoe stores by the fourth largest shoe manufacturer, itself a leading shoe retailer, both directly and indirectly violated section 7 of the Clayton Act, as amended by the Celler-Kefauver Act of 1950. The considerations which led the Court to this conclusion are directly relevant here, and indicate that the acquisition of a powerful stock position in the corporation by other companies in related fields would similarly violate section 7.

To start with, the Court stressed:

> The dominant theme pervading congressional consideration of the 1950 amendments was a fear of what was considered to be a rising tide of economic concentration in the American economy.

And it approvingly quoted the following statement by Judge Learned Hand:

> Throughout the history of these [antitrust] statutes it has been constantly assumed that one of their purposes was to perpetuate and preserve for its own sake, and in spite of possible cost, an organization of industry in small units which can effectively compete with each other (*U.S.* v. *Aluminum Company of America*, 148 F. 2d 416, 429 (2d Cir. 1945)).

The Court went on to find that the acquisition of the leading independent family shoe chain by one of the leading shoe manufacturers would foreclose a substantial share of the retail shoe market to small manufacturers.

Exactly the same effect will result from organization of the satellite corporation as proposed by H.R. 11040—A.T. & T., RCA, General Electric, Lockheed and other large equipment manufacturers who will buy most of the stock will certainly try to use their inside position to allocate the bulk of the corporation's equipment procurement to themselves. In fact, A.T. & T. at present buys all but a negligible fraction of its equipment from its own subsidiary, Western Electric, and, as shown by testimony from small businessmen before my Monopoly Subcommittee, the Western Electric monopoly has seriously hurt many small businessmen by eliminating almost all of the telephone equipment market from the play of free competition. Passage of this proposed legislation will thus fly directly in the teeth of our professed concern for the plight of the small businessman and for the reduction of concentration.

And let there be no mistake about the possibilities of this—the General Electric Co. and others clamored for a chance to buy stock in the corporation because they feared A.T. & T. would funnel all satellite procurement to itself. Obviously, this was because they planned to use stockownership to get a piece of the pie for themselves. But what of the small businessmen who cannot afford to buy this stock except in negligible amounts?

One does not need full ownership to obtain such power. In the *Du Pont-General Motors* case, *U.S.* v. *E. I. du Pont de Nemours & Co.* (353 U.S. 586 (1957)), the Supreme Court found that Du Pont's 23-percent stockownership in General Motors gave it an unfair competitive advantage in the sale to General Motors of finishes and fabrics in violation of section 7.

The fallacy that wide ownership can possibly resolve these antitrust problems was exploded by that very decision. In footnote 56 of the majority opinion, the Court stated:

> The potency of the influence of Du Pont's 23 percent stock is greater today [than when first purchased] because of the diffusion of the remaining shares, which in 1947 were held by 436,510 stockholders; 92 percent owned no more than 100 shares each and 60 percent owned no more than 25 shares each.

The fact that there may be a few other large stockholders, none of whom can own more than 10 percent of the voting stock, does nothing to reduce the effect of the approximately 40 percent which A.T. & T. will have.

Moreover, the decision in the Du Pont-General Motors case did not turn on the number of directors Du Pont had. Du Pont had relatively few directors—never more than 6 or 7 of the board, which, between 1925 and 1947, had about 30—a smaller percentage than A.T. & T. will be able to have in the satellite corporation. In fact, Du Pont frequently had no more than 2 directors, even though, according to the Court, Du Pont had bought the stock for the express purpose of getting the General Motors business.

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[3] Trade Regulation Reports, case 1583, p. 45061.

[4] "Joint Ventures: What Is Their Impact on Competition?" Address by Hon. Paul Rand Dixon before the Economic Club of Detroit on Mar. 12, 1962.

Mr. CHURCH. Mr. President, will the Senator yield to me, without losing his right to the floor, in order that I may send an amendment to the desk and make a short explanation of it?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I might yield for that purpose, reserving my rights to the floor.

Mr. CASE. Mr. President, reserving my right to object, I think, as I stated before, questions of procedure of this sort ought to be handled in accordance with the views of the majority leader. It is my understanding, still under my reservation, that the majority leader has suggested that all amendments be withheld until a Senator has the floor in his own right and offers them at that time.

I do not wish to press that point myself, but I shall reserve the right to object until the majority leader's representative can tell me whether that position on his part has been changed.

Mr. LONG of Louisiana. Mr. President, it is absolutely unthinkable to me that the Senate would deny a Senator the right to have an amendment read, or even to have it received at the desk and considered as having been read. I have never seen this happen in the 14 years I have served in this body.

I hope Senators will pardon me for gaining this impression, but it seems to me it is a courtesy that every Senator has had and has been granted, even during the filibusters of the past. Even then Senators had that right.

That right has existed as long as I have been a Member of this body. The privilege Senators are asking for was a privilege in this body when I used to sit up in the galleries in my knee breeches and watch my father hold this floor.

Now we are told that the Senate is to be gagged on Tuesday, and Senators are not to be permitted to have their amendments read. And an amendment cannot be voted on unless it has been read, as the Senator knows, except by unanimous consent.

What is going on here defies imagination. I cannot believe it. Why this is happening I cannot for the life of me understand.

At some times in the past, when some of us southerners were making our northern friends so angry they would "drink our blood" for opposing their civil rights bills, this privilege existed.

I regret that this is the case.

It is hard for me to believe that such is the case. I regret to say that the Senator saw it happen. A representative of the majority leader who I thought would fight to the bitter end to prevent something like this from happening in the Senate is taking the position I have described. I understand he is going to vote to gag the Senate on Tuesday and object to Senators——

Mr. SMATHERS. Mr. President——

The PRESIDING OFFICER. Does the Senator yield?

Mr. LONG of Louisiana. I am talking now. I cannot yield and talk at the same time. I never dreamed that the day would come when I would see such force exercised upon the Senate. Not only are Senators to be gagged and denied the right to talk about a bad bill, but we cannot even have amendments to the bill read. I regret that the request of the Senator was objected to.

Mr. CHURCH. I fully understand.

Mr. LONG of Louisiana. If the Senator will leave his amendment with me, and if the powers that are in control of the Senate do not become brutal, I will try to have the Senator's amendment read at the time I conclude my speech. I will try to protect the rights of others.

This will be difficult if a gag rule is to be forced on the Senate. I hope that when the gag-rule issue comes before the Senate, the Senate will vote that the proposed civil rights amendments to the bill are not germane, because it would be a travesty if, in addition to passing a bill that would create the greatest monopoly in the history of the country, the bill should also include amendments to ram some of the obnoxious civil rights proposals down our throats as well. I will do what I can to save the Senate from its own folly in the event something of that sort is attempted. I hope I shall have the cooperation of my friend from Florida in respect to any attempt to gag the Senate in respect to title 3, or voting rights. I hope I will have his support in any attempt to try to ram through the Senate a rule under which the Senate would not be able to debate whether the issue was relevant or germane; so we will save the Senator from his own folly if he seeks to have gag rule imposed.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield for a question.

Mr. SMATHERS. There is nothing that pains me more than what I must do now, which is to object.

Mr. LONG of Louisiana. I hope it does not defeat the Senator. He has the same problem I have. I can tell the Senator that if there is any ramming through the Senate of an obnoxious civil rights amendment, I hope it does not defeat the Senator from Florida.

Mr. SMATHERS. I know my good friend would go so far as to make a speech for me or against me, whichever he thought would help me most, if I needed it. I appreciate that. I have always counted on his good will.

Mr. LONG of Louisiana. I do not know that my speech would actually hurt the Senator from Florida. He had better keep me out of the debate, if he thinks I would not speak for him.

Mr. SMATHERS. The Senator from Louisiana has made many wonderful speeches in my State. I have always been complimented. In most instances, he has been very charitable and generous in his treatment of me. When I have gone to Louisiana, I have tried to be equally charitable in my treatment of him. That is the way I am sure it will always be. No Senator knows more about how to conduct a filibuster than does the Senator from Louisiana. We are proud of him.

Mr. LONG of Louisiana. Mr. President, I have received that compliment from experts.

Mr. SMATHERS. In this particular case the Senator is well aware why Senators who wish to reach a vote on the satellite communications bill feel that it is necessary for the leadership to object to the reading of an amendment. No Senator understands the rules any better than does the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I cannot understand it. I never thought the day would come when I would see someone who speaks for the South, for the leadership, and for freedom on occasion come before the Senate seeking to gag the Senate and deny Senators even the right to have amendments read. Let us face reality. If a Senator cannot have his amendment read, he cannot offer it after the gag rule is imposed.

My friend, the Senator from Idaho [Mr. CHURCH], has left the Chamber. He has given up hope.

Mr. SMATHERS. Were he here, we might relent, but he has left.

Mr. LONG of Louisiana. I might offer it later so as to afford the Senate an opportunity to vote on the amendment. There is a possibility that it may be done later. I hope that members of the press will see the opportunity of continuing to get some advertising from A.T. & T. and its subsidiaries by printing the fact that it is being proposed to gag the Senate and not even permit amendments to the bill to be offered and considered. To me that is fantastic. I did not believe the leadership would persevere in such an effort. However, I have seen strange things which sometimes I cannot understand.

Mr. President, I was discussing the antitrust aspects of the bill, to which I would like to return.

The Brown Shoe opinion also found that Brown Shoe's retail outlets competed with Kinney and that the merger would eliminate also this kind of competition in many cities. The same result will flow from the acquisition of huge shares of stock in this satellite corporation by A.T. & T. with whom the satellite corporation will compete. Elimination of such competition is the inevitable result. It is, indeed, one of the prime purposes of permitting the carriers to control the satellite, according to Federal Communications Commission testimony before both my Monopoly Subcommittee—page 473—and the Kefauver subcommittee—332–333. Such deliberate suppression of competition could not be more offensive to our system of free enterprise, of which competition is its very lifeblood. If we eliminate competition, we eliminate the free enterprise system.

As I pointed out earlier, the fact that 100 percent ownership is not involved is irrelevant. In many cases, merely partial ownership has been held to violate section 7, because of the "reasonable probability"—which the Court reaffirmed as the appropriate test—that competition would be lessened. In a strikingly parallel situation, Benrus Watch Co. was enjoined from voting a 24-percent stock interest in Hamilton Watch Co. See *Hamilton Watch Co.* v. *Benrus Watch Co.*, 114, F. Supp. 307 (D., Conn.), aff'd, 206 F 2d 738 (2d Cir. 1953). The acquisition of this stock by a competitor was held to raise a danger of a lessening of competition. Benrus' right to elect just one director was held by the district court to give Benrus an opportunity "to persuade or to compel a relaxation of the full vigor of Hamilton's competitive effort," and that referred to just one director; here A.T. & T. will be able to have three.

Do you know, Mr. President, what percent is needed to control a company with a large amount of issued stock?

It is less than 5 percent—5 percent, Mr. President. Contrast this with the 40 percent that A.T. & T. would have.

But this does not tell the whole story, for the other communication carriers who may have slight participation in the satellite corporation are dependent to a considerable extent on A.T. & T. for their very existence. Western Union, RCA, and I.T. & T. lease facilities from the giant A.T. & T.

In addition to being common carriers, these corporations are also manufacturing concerns. Section 201(c) of the bill will not prevent any carrier from achieving a dominant competitive position. Furthermore, if one party dominates, that party will, in the first instance, set the technical specifications. It would be contrary to human nature to expect those specifications to follow anything but the technical ideas and approaches of those who set them. It requires no extended explanation that a party which sets specifications based on its ideas and concepts will have a significant edge in any ensuing "competitive bidding" for hardware produced to such specification.

To expect the Federal Communication Commission to insure effective competition is incredibly naive. And what pious purpose does it serve to say in section 201(c) that the Commission shall consult with the Small Business Administration and solicit its recommendations?

What does it mean? Can it be anything else but just plain window dressing?

As a member of the Small Business Committee, I am naturally interested in securing as great a participation as possible for the many dynamic small businesses of our Nation. H.R. 11040 would serve effectively to limit or preclude small business participation in this broad, rapidly growing area of our economy.

If, as under this bill, the communications carriers own 50 percent of a satellite communications corporation, we can reasonably assume that the manufacturing divisions or subsidiaries of the carriers will be providing most of the equipment.

Mr. President, a good example is the telephone you have in your home or office. Many small companies can manufacture these instruments to the strictest specifications, but the carriers would not purchase them. Western Electric supplies every telephone used by A.T. & T. and all 17 subsidiaries. The other carriers purchase their equipment from their own manufacturing subsidiaries. A small electronics concern that makes high-grade telephone equipment testified before my Monopoly Subcommittee that his company is prevented from growing by the marketing policies of the large telephone companies. In fact, his business was reduced to less than one-fifth of what it was some 10 or 12 years ago.[7] The National Telephone Cooperatives Association, on April 4, testified before Senator KEFAUVER's subcommittee that its members purchase their equipment on a competitive basis, that the quality is comparable with that of Western Electric, and that there are no difficulties in phasing in their equipment with that of the Bell System. The Federal Communications Commission, however, has been unable or unwilling to bring about competition in the purchase of equipment by the communications carriers—although it has always had the authority to do so.

Let me quote what a former chairman of the Federal Communications Commission said in testifying before the Senate Commerce Committee concerning the requirements of members of a proposed merger:

> There should be no place in the unified company for any such conflicts of interest. Controls must therefore be provided to assure that it contains no elements which are affiliated with foreign interests or connected with foreign operations. By the same token, the company should be divorced of affiliations with domestic communications operations, if we are to preserve separate domestic and international operations. Similarly, it should have no interlocking interests with communications manufacturing operations. The unified company will have dealings with these two fields for the exchange of traffic and the purchase of equipment, and the existence of the influence of these two fields within the unified company would jeopardize the effectuation of arrangements on these matters on an arm's length basis.
>
> The unified company should, therefore, be entirely free of any connections with alien interests, either in its ownership or its management. There should be no affiliation or connection of any kind, direct or indirect, between the unified company and persons having business interests within foreign countries or interests in domestic communications or communications-manufacturing activities.[8]

If we adopted these wise requirements today, almost every one of the major communications carriers would be excluded. That is what I am proposing in the amendment I have at the desk.

The Justice Department's recent and forced enthusiasm for H.R. 11040 cannot eliminate from the public record its concern over one-party domination. In its May 5, 1961, statement in Federal Communications Commission docket No. 14024 it said:

> The Department of Justice firmly believes that a project so important to the national interest should not be owned or controlled by a single private organization irrespective of the extent to which such a system will be subject to government regulation. (Statement, Department of Justice, p. 6.)
>
> It is therefore of vital importance to the national interest that no single private concern dominate satellite communication. (Statement, Department of Justice, p. 7.)

The position thus stated with respect to possible domination of the venture by a single private concern was reiterated by the representative of the Department of Justice attending the Federal Communications Commission's June 5 conference—transcript 30—and was emphasized in the most vigorous possible terms by Judge Loevinger in his appearance before the Judiciary Committee on June 14, 1961. These views were in full accord with the opening statement by Congressman CELLER, chairman of the committee, that it is "crucial" that the Commission "prevent any concern from obtaining a monopolistic, dominant or preferential advantage in ownership participation"—transcript 6—and prevent "any company or category of companies" from obtaining such a position in the ownership of and sale of equipment—transcript 7.

Coupled with the firm position of the Department of Justice and the Celler committee position, we have the June 15 statements of the chairman of the Federal Communications Commission before the same committee, Chairman Minow stated:

> And we are not—I want to be as emphatic on that as I can—we are not going to approve any plan that is going to give one company—whichever one it is—any domination of the joint venture" (transcript, p. 168).

That is what he said then; that is not what the bill provides.

The bill guarantees domination of this venture by A.T. & T.

Shortly before making this statement, Chairman Minow had assured the committee that "we are not going to do anything that does not take into full account the Department of Justice views—transcript 131—or "anything that is not going to comply with the antrust laws—transcript 131.

Here they are trying to carve out an exemption from the antitrust laws, an exemption a mile high and a mile wide.

Mr. Minow then stated:

> And we are searching for formulas which would insure that no—this is one of the tests of our first order—that no single company would be in any position where it could dominate and control the operation of the system.

In spite of all these noble arguments, in spite of the fact that H.R. 11040 violates practically every one of the President's requirements in his policy statement of July 1961—and I hope to discuss this at length at a later date—the administration has indiscriminately and blindly swallowed this bill.

Let me quote a statement by Representative CHET HOLIFIELD in opposing this satellite giveaway bill on the floor of the House on May 2:

> We are in a desperate cold war struggle with the Soviets, not only for the minds, but for the markets of free and neutral nations. If we are to be crippled with the deadweight of monopoly, managed prices, limited production, and unjustified profits, we cannot win. We are doomed to failure.

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[7] Long Hearings, Vol. I, p. 321.

[8] Testimony of Mr. Porter, Chairman, FCC before Senate Interstate Commerce Committee, Mar. 22, 1945. Hearings on S. Res. 187, p. 176.

Listen to this strong statement by EMANUEL CELLER, chairman of the House Antitrust and Monopoly Subcommittee, in opposition to this bill:

> Much of the revenue from the satellite system will come from handling the messages on earth. Under my amendment the ground stations of the American part of the space satellite system shall be owned and managed by the corporation. This safeguard is necessary to enable the new corporation to make money, rather than handing its main source of income on a silver platter to the communications carriers.
>
> A.T. & T. has been boldly picketing the Halls of Congress advocating that the communications companies should be the sole beneficiaries of the communications satellite system. To grant the carrier the ground stations would make a gift to a few companies of a potential multimillion-dollar-a-year monopoly.

Actually, it is more than that: It is a multibillion-dollar-a-year monopoly.

> A.T. & T. does not come before the bar of the Congress with clean hands. It is an old offender. In 1953, the FCC negotiated with A.T. & T. a rate increase of approximately $65 million a year in long-distance telephone rates. The FCC granted this increase because it believed A.T. & T. was entitled to a 6.5-percent rate of return on net book cost.
>
> Since 1955, however, A.T. & T. has enjoyed a rate of return far in excess of 6.5 percent. In the years from 1955 through 1961, if A.T. & T.'s rate of return had been limited to 6.5 percent, long-distance telephone users would have saved approximately $985 million. Thus, over the past 7 years, A.T. & T. has overcharged the American public by nearly a billion dollars.

That is not my statement; it is the statement of the chairman of the Anti-Monopoly Subcommittee having jurisdiction of matters of this sort in the House. That is the statement of Representative EMANUEL CELLER, who is regarded by many as the leading expert on monopoly problems in the United States. He is a great lawyer and Representative from the State of New York. Mr. CELLER is chairman of the House Committee on the Judiciary. When he speaks about monopoly, he speaks with a deep knowledge of the subject. I have great respect for Representative CELLER.

> Late last month the Bureau of the Budget released a report on the FCC by a team of management consultants. This report, like the Celler Antitrust Subcommittee concluded that the FCC "has established no firm criteria governing such rates of return." Moreover the report noted that in 1960 Bell System's purchases from its wholly owned subsidiary, Western Electric, amounted to $1.8 billion "which amount becomes part of the rate base on which the Bell companies expect a rate of return. Apart from occasional review of periodic reports, no examination of the books of Western Electric or other leading telephone equipment manufacturers has been undertaken to determine the reasonableness of charges to the Bell System." This is a barbarous situation. Is the American public paying for this unexamined, high profit? Remember Western Electric is a wholly owned subsidiary of A.T. & T.
>
> A.T. & T. has successfully avoided regulation on earth. Divine guidance will be necessary to regulate A.T. & T. if it is permitted to expand its domain into space.
>
> A.T. & T. has proposed a low-random orbit system which would require scores of satellites and ground stations in order to obtain worldwide coverage. This proposal is made at a time when there is general agreement on the ultimate desirability of a system of three or four high-orbiting synchronous satellites, which would give global coverage and would be cheaper both to set up and to maintain. If the existing communications companies are permitted to own and operate a system of their choice, they will have a strong motive to retard its development and use in order to protect their vast investment in existing equipment and facilities, such as the undersea cables which A.T. & T. is still laying to this day.
>
> Space satellites will revolutionize communications as the airplane revolutionized travel. Air travel as we know it today would still be a mere version if Congress had delivered the budding airlines business into the hands of the existing and established railroads.

Mr. CELLER's amendment was not adopted, and in spite of his vigorous opposition, he voted for the bill. Mr. HOLIFIELD voted for the bill also.

Mr. President, the philosophy of H.R. 11040 violates every principle for which these Congressmen have been fighting for years.

The proponents of this bill say that by allowing firms other than the carriers to have an ownership interest in the satellite corporations, no matter how small the percentage, competitive bidding will be insured. At this point, of course, we do not know how many noncarriers will participate in ownership. The Justice Department's statement of May 1961, however, makes it clear that its thinking goes beyond the mechanics of competitive procurement to the very heart of the problem, to the "irresistable" opportunity to favor the purchase of equipment produced by the dominant company. In Federal Communications Commission docket 14024 Judge Loevinger stated:

> Regulation cannot eliminate the inherent advantage accruing to any communications concern which solely owns or controls a system. The continuing opportunity to favor its own facilities would always be present and would inevitably result in discrimination or suspicion of discrimination no matter how strict might be the policy of the dominant company to provide equal service to its competitors.

In the same docket is Judge Loevinger's assertion:

> The satellite communications system can well be a prime example of the effective operation of the free enterprise system and it is, therefore, of vital concern, of vital importance, to the national interest that no single private concern dominate satellite communication.

Is it not obvious, Mr. President, that under H.R. 11040, the A.T. & T. will be the dominant force in the space communications corporation operation?

Section 201(c)(2) provides that the Federal Communications Commission shall—

> insure that all present and future authorized carriers shall have nondiscriminatory use of, and equitable access to, the communications satellite system and satellite terminal stations under just and reasonable charges, classifications, practices, regulations, and other terms and conditions and regulate the manner in which available facilities of the system and stations are allocated among such users thereof.

This sounds fine. Certainly there can be rules as to equitable, nondiscriminatory treatment in connection with the use of available facilities. But rules can go only so far. Apart from the practical question of who, for example, would decide, in the first instance, what is fair, equitable, and nondiscriminatory in the day-to-day operation of the system, the real test of dominance lies in ownership, control, and management; it lies in who controls and determines fundamental financial questions. It lies in who determines whether the system should be expanded, and on what basis; in who determines how technical differences are resolved, and so on. If there is domination by the A.T. & T. as this bill assures, the critical decisions will, in reality, be made by that huge private monopoly.

In the words of Representative CELLER:

> American Telephone & Telegraph Co. so overshadows the others in assets, in importance, in prestige, it would mean, in essence, that the American Telephone & Telegraph Co. would dominate this situation.

This, in turn, would put A.T. & T. in a position to make the day-to-day determination of what could be to the detriment of the public.

Although such action will supposedly be subject to review by the Federal Communications Commission, such regulation from an external source is no substitute for "structuring" a system with a "built-in protection against domination and its results."

In summary, Mr. President, I raise the serious question of "domination" which this bill, H.R. 11040, fails to answer. Instead we are given a formula which assures domination of the system by the A.T. & T.

Since we would be in reality giving this great public resource as a gift to the American Telephone & Telegraph monopoly, let us be honest and aboveboard about it. Let us eliminate the window dressing which is designed merely to blind the eye and cloud our understanding.

Mr. President, in my judgment the enactment of this giveaway bill would constitute the most wanton and the most inexcusable piece of folly every perpetrated in our country. The enactment of this measure would haunt the Democratic Party for generations to come.

There was a time—and I hope there will be again—when the Democratic Party successfully held the mountain pass against privileged groups and against every attempt on the part of these groups to usurp the power of this Government and pervert it to their own purposes. Here we are again faced with this exact problem in a practical form; this is one of the issues posed by H.R. 11040. This issue can no longer be evaded or postponed.

Mr. President, in connection with the attempt in the press to state that we are filibustering against this bill, I should like to point out that I spent more than a year studying this subject matter. As chairman of the Antimonopoly Subcommittee of the Small Business Committee, I spent more than a year, with the aid of competent staff help, studying this matter and trying to comprehend it fully. After I had studied it for that length of time and had understood as much as I possibly could about it, I came to the Senate and said the bill should be defeated. This is my second speech to the Senate on this subject. I know that previously I spoke on the bill for about 8 hours. But this bill is so very bad that I believe Senators who thus far have felt they wish to vote for the bill should do themselves the justice of hearing several months of debate on it—unless they are willing to vote to junk the bill, which certainly should be done, because the bill is no good.

But certainly it is ridiculous for charges of filibustering to be made before I have completed my second speech on the bill and before many Senators have even made their first speech on it.

I realize the great public-relations power that is possessed by the Bell Telephone System and its subsidiaries, which include Southern Bell, Chesapeake & Potomac, and all the rest. Approximately 95 percent of all the telephones in the United States are owned by this company. So I realize the enormous power it has in connection with public relations through the press. Certainly the press should see that the people learn the truth about our side of the argument in regard to this measure; namely, that a serious monopoly problem is involved.

The chairman of the Antitrust and Monopoly Subcommittee of the Judiciary Committee condemns the bill as one of the worst he has ever seen; and I have been chairman of the Antimonopoly Subcommittee of the Small Business Committee ever since that committee was established, 14 years ago. This is one of the worst bills I have seen.

Unfortunately, most Senators seem to have become committed to favoring the bill, and evidently do not wish to hear speeches against it. For example, it was understood that today I would speak against the bill; and at this time we find only one or two Senators in the Chamber. But even if only a few Senators hear me, I shall speak against the bill.

Mr. President, such a situation has developed before. Out in the reception room there is the picture of Bob La Follette. He was selected as one of the five greatest U.S. Senators of all time. The picture of William Borah is not there, although his statue has been placed in the corridor between this Chamber and the rotunda.

Let me say that certainly the Republican Party is in very bad shape when it no longer has any Bill Borahs and George Norrises. In fact, the last one in that group who was in the Republican Party had to decide to leave it and come over to our side of the aisle. I refer to the senior Senator from Oregon [Mr. MORSE]. Apparently no place is left in the Republican Party for one who entertains those views.

However, Mr. President, the great men who have made those fights, and have persisted in them even when they have lost, are regarded by the great majority of American people as some of the very greatest U.S. Senators ever to serve. Thank God we have such men who are willing to stand up and fight for the maintenance of the antitrust laws.

Mr. President, as we stand here and fight against the effort to make it possible for the greatest monopoly in the world to escape the application of the antitrust laws which those great men helped put on our statute books, so as to maintain free enterprise and competition, sometimes I wonder whether we are really doing justice to those whom we respect, revere, and admire for the great fights they have made both to place antitrust legislation on the statute books and also to see to it that it remained there and was followed, and was strengthened whenever loopholes in it developed.

Mr. President, while I am on that subject, I wish to commend the two Senators from Tennessee [Mr. KEFAUVER and Mr. GORE] for their position in regard to this matter.

I have not always agreed with them; sometimes I have thought they were just as wrong as could be, at times when they opposed some of us in connection with some measures. Certainly I could not have disagreed with them more than I did on the basis of the position they took in regard to the tidelands bill. I was entirely in favor of the tidelands bill.

However, Mr. President, they have been here, in the forefront; and whenever they have gained the impression that a bill would give a great advantage to vested interest, at the expenses of the people, they have—without exception—"put on their fighting clothes" and have engaged in the battle.

The junior Senator from Tennessee [Mr. GORE] was probably the moving force in connection with preventing the Government's right to the patents developed as the result of its research work in the field of atomic energy from being given away, at the expense of the American people. He made a magnificently fight, and he pretty well won that fight. He won most of what he was fighting for in the atomic energy bill.

As one Member of this body, I had no idea of winning it. It seemed to me hopeless and a mere gesture. I suppose, if they had invoked cloture, that fight would not have succeeded and our investment in atomic energy would have been given away to a monopoly or to a few monopolies.

These two Senators are fighting now in the same tradition to see that this does not happen with respect to the pending legislation.

The senior Senator from Tennessee [Mr. KEFAUVER] has fearlessly, and without exception, fought to the bitter end against every bill that appeared to him to be one to establish a monopoly or to undermine the basic free enterprise structure of this Nation by means of monopolistic combines.

I recall, when the junior Senator from Louisiana first came to this body in 1949, the so-called basing point bill came up. It was an awful bill. It got through the Senate with no more than token resistance, almost by a unanimous consent agreement, but it contained the Kefauver amendment, and those big monopolistic concerns took a look at the bill and said, "Oh, my goodness, if that Kefauver amendment stays in there, we may as well not have a basing point bill." So they went to work to take it out, and succeeded in conference.

Senators will remember that killed the bill. With that provision out, we said, "If that is the way it is going to be, we are going to fight against the conference report." Senators will recall that the Senate adjourned without passing the bill. Subsequently, we came back the next year and fought the battle all over again. Well, that bill got through, but the President vetoed it, and we had the votes to uphold the veto, and we succeeded in killing that horrible bill.

After all, the preparations have been made to make the bill look desirable by going through several committees——

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. Does not the Senator recall that in the effort to get an amendment that would take away some of the monopolistic giveaway of the basing point bill, the Senator from Louisiana and other Senators joined in support of it, and at that time we were subjected to the same kind of carping criticism for trying to protect the public interest that is being leveled at us now; but later our position was sustained by the President of the United States, and by the country?

I say here that the Senator from Louisiana, not only in the basing point fight, but in the fight against the effort to give away patents on atomic energy, and in all other fights to prevent giveaways, which were "peanuts" compared to this one, the Senator from Louisiana has been a valiant fighter. I want to say publicly that his position has always been sustained by the public in his effort to protect the heritage of this country, even though his stand may have been unpopular at the time.

Mr. LONG of Louisiana. I thank the Senator from Tennessee. I greatly appreciate his compliment. I assert that he did not get to be chairman of the Antitrust and Monopoly Subcommittee just by accident. He became chairman of that subcommittee because the Senator from Tennessee had always exhibited a great interest in preserving free enterprise by resisting the growth of monopoly.

Even before he came to this body, the Senator from Tennessee had a reputation, as a Member of the other body, as one interested in strengthening the antitrust laws and in preserving the antitrust laws from the assaults of monopolies which would destroy and undermine the right of the people to expect free competition.

Had it not been for the Senator from Tennessee, I suspect the Nation would be in much worse shape than it is today insofar as concerns the right of small business to compete with large business and the right of monopoly to snuff out new competition. That is what we are fighting for here.

Mr. KEFAUVER. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. I appreciate the remarks of the Senator from Louisiana. Does the Senator agree with me that the reason why the cloture motion was filed today, cutting off the opportunity of many Senators who want to speak on the bill and who have not had an opportunity to do so, and cutting off any effectual ability to present amendments, of which there are many on the desk, is that the proponents of the bill are finding out that the public, the people, are catching on to what the bill is? The proponents of the bill know that the tide of public sentiment is turning against them. They know that, if the debate were carried on for a week or 10 days longer, the public would revolt against the provisions of this bill.

Does not the Senator agree with me that the reason why they are trying to ramrod through the bill at the present time is so public opinion will not be formed against the bill? We know that there is a lot of misinformation about it, and that when the American people get the message of the giveaway of the heritage of this country, as they are beginning to get the facts about this bill, they will not stand for it? The communications I and others who are opposed to the bill have been getting are in increasing volume. People who thought it was all right to begin with have changed their minds. A former President of the United States is speaking out against the bill.

So does not the Senator think that an effort is being made here to satisfy the lobby pressure and get the giveaway bill over before the public can catch on to what is going on?

Mr. LONG of Louisiana. I am not in complete agreement with the Senator, but I think I am correct when I say that there is nothing which upsets one who is for a piece of legislation more than seeing Members of Congress debate a bill, take it apart and criticize it with good arguments. They watch the opposition gain more and more votes. This is especially true when one has committed himself to getting a bill through or passed, and it is frustrating to see votes slipping away.

From the point of view of lobbyists, let us face the fact that American Telephone & Telegraph Co., with its 17 subsidiaries, could bring enough people in here not only to fill the galleries, but to fill Washington, D.C. Bear in mind that this is a $29 billion corporation already, the biggest that has ever existed in the history of mankind. I know it must frustrate these lobbyists to watch first one Senator and then another become convinced that this is a bad bill. We were told that when the bill went to a vote on the House floor there were only about eight votes against it in the House.

I suppose if it had been possible to bring the bill to a vote when the bill first came from the House of Representatives, more than half a dozen Senators would have voted against it. More than that will vote against it when a vote is reached on it, if the "gag rule" is put on the Senate. I am not sure that the proponents will succeed in putting the "gag rule" on it.

Mr. KEFAUVER. Mr. President, will the Senator yield for a further question?

Mr. LONG of Louisiana. I yield for a question.

Mr. KEFAUVER. Has not the Senator learned that a great many Members of the House of Representatives have regretted their votes exceedingly? That view has been expressed to me. The bill was brought to the House, and the picture that was painted was, "We must get on with this quickly, or we will lose out."

If there could have been a fair and free debate in the House of Representatives there would have been a very grave question as to whether the bill would have passed the House of Representatives.

Mr. LONG of Louisiana. Mr. President, there is no doubt whatever in my mind about that. If the House rules had permitted what the Senate rules permit—an opportunity to prepare an argument, to explain an argument, to develop an argument and to make a case—and if the bill had been subjected to 2 weeks of debate in the House of Representatives, a great many House Members would have voted against the bill who did not vote against it when it was brought before the House and, after a few hours of debate, put to a vote. When Members of Congress are permitted to develop their arguments and make their cases, as the Senator well knows, the result is usually a very different matter.

Mr. KEFAUVER Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield for a question, Mr. President.

Mr. KEFAUVER. Did the Senator see an example of the kind of lobbying which is going on—to pressure for the passage of the bill at the present time and to silence Senators who might oppose it—in the Washington Post and Times Herald the day before yesterday, in the article in which I believe Jack Anderson, substituting for Drew Pearson, reported that a small newspaper in Minnesota, with a circulation of about a thousand, dared to publish an editorial critical of A.T. & T.'s attempted grab of the communications satellite, explaining how the public relations director for A.T. & T. in Minnesota moved in and, first, canceled the advertisement in the little newspaper? Then he went into the town and admittedly talked to more than a dozen persons, to try to persuade them to withdraw their advertising from this little paper, which had a circulation of about 1,000, even implying, according to one witness, that the editor of the paper might be a Communist or communistically inclined.

But the brave editor of that little newspaper stuck by his rights and faced the big Goliath notwithstanding.

Is that not an example of the kind of lobbying which is going on all over the United States, by mammoth corporations which are interested in receiving the benefits of this giveaway?

Mr. LONG of Louisiana. I am sure they do it subtly. I do not believe they do it too brutally. The A.T. & T. has learned how to use its power with the greatest amount of finesse and discretion. It is the greatest monopoly in the world, and has been in this business for perhaps more than 100 years. I am sure this great company has learned how to use its finesse so as not to be more brutal than necessary.

My opinion is that the episode in Minnesota is not the standard procedure advocated by the company. It would desire to operate more subtly, by not renewing the advertising contract, or hinting to someone that the advertising contract would not be renewed with the newspaper, because the newspaper seemed to be "unsympathetic to free enterprise." Of course, "free enterprise" and "monopoly" are the same thing in the point of view of this company.

So in the name of "free enterprise" it would say that it would not be desirable to continue advertising in a newspaper which wrote socialistic or communistic ideas, or something like that, merely because the newspaper did not agree with the company with respect to the satellite communications bill.

Mr. KEFAUVER. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield to my friend for a question.

Mr. KEFAUVER. The conversations reported to have occurred with the head of public relations of A.T. & T., and the extreme pressures exerted by the 15 persons who were sent into this small town to try to ruin the little publisher who dared to criticize A.T. & T. have not been denied by the American Telephone & Telegraph Co. or its public relations expert; is that not true?

Mr. LONG of Louisiana. So far as I know, that has not been denied. I do not think it would have been said if it were not true.

The Senator made reference to the editorial. I saw the editorial. It is one of the few published by any newspaper in America dealing with the crux of the problem. Very few have dared to print anything about A.T. & T. overcharging the public in the past several years by more than a billion dollars.

We know what is the real purpose of the bill.

Mr. KEFAUVER. There is no question about what the purpose of the bill is.

Mr. LONG of Louisiana. We know what A.T. & T. fears. It is that the new communications satellite would make possible an enormous reduction in long-distance rates. That is what A.T. & T. fears. A.T. & T. thinks it had better get control, so that does not occur.

Let us face the facts. At present, if a person wishes to make a telephone call from here to Europe, it costs about $12 for 3 minutes. A serviceman who wishes to call his mother from Europe, to find out about a death in the family, or a tragedy in the family, who talks about 15 minutes, incurs a cost of about $50.

I am told that when the synchronous satellite is put into orbit, those who hope to have a major part in doing it—but not A.T. & T., for it is hard to get facts out of them; I am talking about the Hughes people, as an example—think that in a couple of years they could have the satellite up with some 1,200 channels for voice alone, and that with only 40 of those channels fully used, at 50 percent of the existing rates, they would be making a profit.

Mr. KEFAUVER. I heard the same testimony.

Mr. LONG of Louisiana. That shows the great possibilities with respect to reductions in long-distance telephone rates.

At present, if the telephone company puts through a call to Los Angeles, it probably has to go through about 50 or 100 microwave towers, each of which must relay the signal, because one cannot build a tower high enough for straight coast-to-coast sending line-of-sight by microwave. To do so would require two towers 300 miles high, one at each end.

There is another way to do this job. It is possible to put a satellite some 22,290 miles in space and send the signal to the satellite and relay it back, with only one relay. That would make it possible for a person to talk by relaying the signal only once from the sender in this city to the receiver, let us say, in Los Angeles.

To show how corrupt the bill is, there is much more telephone traffic between New York and Los Angeles than there is between New York and London. If the proposed system should be built, anyone who has the capsule, the communications satellite, naturally would wish to do business with persons who would talk between New York and Los Angeles. The distance is about the same as the distance between New York and London. There is not much difference in the distance. The two cities are somewhat similar in distance from New York. One would prefer to have the business between New York and Los Angeles, rather than the business between New York and London.

Why is there not something in the bill on that subject?

Mr. KEFAUVER. The bill discourages it.

Mr. LONG of Louisiana. Why discourage it?

Mr. KEFAUVER. Surely; why discourage it?

Mr. LONG of Louisiana. It would compete with the existing system. The company wants to charge for putting a telephone call through 50 microwave towers, and collect long distance rates for all those towers, although the call could be put through with one simple relay; namely, the satellite in space.

As the Senator knows, at a distance of 22,290 miles the satellite would appear to stand still and remain at one point at all times. It would go around the earth over the Equator at about 8,000 miles an hour. The satellite would be in the air about eight times as high over the earth as from the center of the earth to the earth's surface. The earth's surface moves at about 1,000 miles an hour. The result would be that the satellite would appear to stand still overhead at all times, exactly as appears to be the case with the north star, which one can see at any hour of the night. If one could see the satellite in the air, it would appear to be in one place. About the ideal position would be to have it southeast of where we are now. Then one could communicate by using it at all times. Using only one of those satellites, it would be possible to reach 92 percent of all the telephones in the world.

Mr. KEFAUVER. The same thing applies to television stations.

Mr. LONG of Louisiana. Or television stations. In my opinion, the Telstar is a bunch of junk. It is no good. Of course, editorials were written stating how good the system is. We could not use it now. We could not call anyone by Telstar. Does the Senator know why? Telstar is on the other side of the world. We could not reach it. For only 10 or 15 minutes every so many days the Telstar comes by so that messages could be sent by it. Would not the Senator be in a fix if he were trying to call his wife in Europe by Telstar? He would be better off to use the pony express.

Mr. KEFAUVER. Mr. President, will the Senator yield further for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. KEFAUVER. Does not the bill substantially commit the U.S. Government for all time to a low-orbit system—Telstar—and leave it in the hands of a corporation—not in the hands of the President or the Federal Communications Commission—to determine whether there is ever to be any change or not? In other words, whether we are to have the best system, which the Senator has described, or whether we are to have a system that within future years will be considered junk, is in the hands of a private corporation dominated by A.T. & T. We shall have lost our opportunity to have a better and more modern system that would enable us to have an international communications satellite in the world.

Mr. LONG of Louisiana. Mr. President, in my opinion the American Telephone & Telegraph Co. will, if it can, delay the development of that fantastic new communications system for radio, television, and long distance telephone conversations. It will deliberately delay the development and realization of that system, because the system would reduce what the A.T. & T. could charge with the existing system. When the circuits are secured, the A.T. & T. will use all the power it has in the Government—and the Senator knows that the Government is honeycombed with former A.T. & T. executives—to see that rate reductions come very slowly and gradually, if at all.

Mr. KEFAUVER. Yes. That is one reason why it does not want the debate to continue. Its executives know we will talk about the honeycombing of NASA, the Air Force, the Federal Communications Commission, and other Government agencies with alumni of A.T. & T. who are using their power to promote the A.T. & T. cause.

The Senator has said that A.T. & T. would use its influence to maintain a low-orbital system. The bill substantially provides for that. I call attention to pages 26 to 28 of the bill. Instead of the President having discretion to decide on the best system, the Senator will observe that subsection 7, on page 26 of the bill, provides:

> (7) so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad.

On page 28, subsection 4 provides:

> (4) insure that facilities of the communications satellite system and satellite terminal stations are technically compatible and interconnected operationally with each other and with existing communications facilities;

What is obviously meant is that whatever we agree upon—the A.T. & T. Andover low-orbit system, its satellite, and whatever else it may build, including low-orbital ground stations—the President would be required to see that they are coordinated with the existing facilities. Neither he nor the Federal Communications Commission would have power to order the corporation to see to it that we have the best system or that a change is made from a low-orbital system to a high-orbital system. That is the clear meaning of the bill. It cannot be read in any other way.

Mr. LONG of Louisiana. It is bad. In my opinion, it is evil. But there is a provision in the bill that is much worse than that.

Mr. KEFAUVER. I agree with the Senator. There are many evils in the bill.

Mr. LONG of Louisiana. I do not have the reference at my fingertips. The Senator may be more familiar with the technical provisions of the bill. The bill provides that when the Government puts its own satellite into space for military purposes, and only about 1 percent of the capacity in the Government circuit is added, the State Department and other Government agencies must use the A.T. & T. system, even though it may be no good, and although the Government has a satellite in space that is not being used.

Mr. KEFAUVER. The Senator is exactly correct. That is the provision of title II, section 201, subsection 6, in which it is provided:

> (a) the President shall—
>
> (6) take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs; and

"Unique" has been defined to mean, or the RECORD shows that it means, unless the Government is handling some kind of coded messages. In other words, all the Government commercial business, including USIA and the great number of messages that Agency must send, must go through the private corporation system, even though the Government might have its own satellite in space with unused channels. The Government must pay the commercial rate for using the commercial system. In other words, the proposal is not only a giveaway to begin with, but also it is a continuing giveaway by virtue of a subsidy. The Government would pay through the nose for the use of the system.

Mr. LONG of Louisiana. Ed Murrow has told us that if he is to do a reasonably creditable job of getting our story around the world in opposition to Communist propaganda, he requires use of telephone and cable facilities under existing methods at least 90 minutes a day to broadcast our side of the story to all countries to which he wishes to broadcast. He said that it would cost $900 million at present rates to use the A.T. & T. system. Congress will not provide the $900 million to do the job of fighting communism. He must settle for about 10 percent of that amount or less.

Mr. KEFAUVER. Mr. Murrow's budget is only $110 million.

Mr. LONG of Louisiana. If we should put the satellite in space, and we had enough money to operate the satellite, it would cost only a few million dollars extra to broadcast information around the world, through Ed Murrow, in our fight for democracy and freedom.

The proposed law would say, "Oh, no. You cannot do that. Give it to A.T. & T., even if you cannot afford it."

Who in his right mind would vote for that kind of measure? But that provision is in the bill.

Mr. KEFAUVER. It is on page 37 of the bill. It is very definite.

Mr. LONG of Louisiana. Under a gag rule of the Senate we would be asked to state that the Government may not use its own radio station. It may not use its own telephones and facilities for which it has paid and developed. After the Government has spent $25 billion and has reached the point it has reached we must enact a law that provides that the Government cannot have the system for the benefit of the people of our country.

That is ridiculous. The Senator from Tennessee ought to be defeated if he voted for that type of measure. I know he will not vote for it.

Mr. KEFAUVER. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. I feel very much as did the Senator from Oregon. If I had to vote for the bill in order to keep my seat in the U.S. Senate, much as I love being here, I would never vote for the bill. I do not see how any Senator, in good conscience, could do otherwise if he would study the bill. It is a most one-sided and unfair bill. It would give away rights without any protection. The question is always what the President would do for the corporation, what NASA would do for the the corporation, what the State Department would do for the corporation. The corporation would do nothing for anyone, except to receive double returns and insure against Government use, insure great payments, and insure the absence of competition with existing carriers.

Mr. LONG of Louisiana. It is proposed to lock Uncle Sam in jail, and to hog-tie him and tie his hands and feet behind his back but leave his pockets open so A.T. & T. can get at his money.

Mr. KEFAUVER. That is why they are trying to rush this bill through.

Mr. LONG of Louisiana. I do not know why they are trying to rush the bill through. Under the rule, as the Senator knows, I must give those who propose the bill credit for the best possible intentions, otherwise I will be put in my seat. I am sure that they are motivated by the best motives in the world. I must say that if I want to keep the floor. Frankly, I respect those who are supporting the bill, but I do say that I have never seen a bill that is as completely indefensible as this one is, in that it is proposed that the Government cannot use its own Government-owned facilities to send Government messages. It is about as ridiculous as it would be to say that the Government cannot buy electric power from TVA, from those big dams the Government has built in Tennessee, and cannot buy electric power in order to light a bulb in a Government building.

Mr. KEFAUVER. Or that the Government cannot ship its own merchandise across the ocean in Government transports, but must pay commercial rates to the corporations that own the shipping lines.

Mr. LONG of Louisiana. If we go any further with this thing, we will be passing laws one of these days which will provide that an American soldier on the battlefield cannot fire a bullet against an enemy unless he has first paid that day's royalty to the company that manufactured the rifle.

It is ridiculous. The Senator knows it is ridiculous. That is why he is fighting the bill. Why should it be necessary to invoke the gag rule on Senators even to the point of not having a Senator read his amendments so that it would be possible to strike out some of this mischief? It is necessary to read an amendment before the gag rule goes into effect, or a Senator will not be in a position to offer his amendment. Has the Senator ever seen anything so ridiculous? I hope he will put his reply in the form of a question.

Mr. KEFAUVER. When Norris and La Follette and Shipstead carried on long debates, they would at least be allowed time to offer amendments and get them considered. They at least had an opportunity to speak. In the present situation the gag rule is applied before the case is developed, before the country is informed, and before Members of the Senate know all about this bill. It is a technical bill. I have never seen anything like it in the 24 years that I have been in Congress.

Mr. LONG of Louisiana. That is the way it appears to me. I regret that the Senate did not see fit to let the one committee consider the bill that should have considered it. That committee is the Judiciary Committee. This is a strictly antitrust problem. I am very much interested in antitrust matters, and this is certainly a matter that should have gone to the committee which has jurisdiction over antitrust laws.

It is not unprecedented for us to send a bill to more than one committee, if it contains various problems. For example, we used to send the foreign aid bill to both the Armed Services Committee and the Committee on Foreign Relations. Here is a bill that would fasten this monopoly on the backs of the people and stick them with it forever at a fantastic cost, with all kinds of conflicts of interest involved.

The Judiciary Committee has never been permitted to look at it. The Senator knows why. The reason is that the Subcommittee on Monopoly is headed by the senior Senator from Tennessee. There was good reason to keep it out of that subcommittee. That is one place where this subject would have been fully explored.

Mr. KEFAUVER. It should have been referred to our committee for consideration. If it had been referred to us, to the extent that I have any influence, it never would have come out in the shape it is in now. We would not be establishing a monopoly. We would not be giving our rights away. We would add some protection for the little people, whom the Senator is trying so hard to protect in his hearings, in the Small Business Subcommittee which he heads so well.

Mr. LONG of Louisiana. There is not much in the bill to protect them. I salute the Senator from Tennessee for trying to do everything in his power to bring to light these many shortcomings which have developed. I have tried to do some limited justice to the monopoly aspects of the measure, both today and in my previous speech on this subject.

Those who try to contend that this fantastic new monopoly should be created like to hide behind the argument that the Federal Communications Commission would be able to protect us from all of the evils that we have discussed. That is just not correct. I have gone into this matter at some length. I am in a position to say that I am satisfied that if people think that the Federal Communications Commission is going to protect them on the basis of this bill, they are laboring under a fancy illusion. It is incumbent on us, therefore, that we examine this record very carefully.

First, I would like to analyze the role of the Federal Communications Commission in regard to communications satellites, and then the effectiveness of the Federal Communications Commission's common carrier and especially telephone regulatory function.

My analysis leads to the conclusion, first, that the Federal Communications Commission has been and is using its public role to foster the interests of the communications common carrier companies, especially those of A.T. & T., in their efforts to obtain a private monopoly of communications satellites. This is, in my judgment, to the detriment of the interest of the general public.

It leads to the conclusion, second, that a shell game is being played on the rest of the administration, the Congress, and the American public in which the alleged "regulation" which the Federal Communications Commission is said to practice on the companies is the shell beneath which lies an uncontrolled private monopoly.

It leads to the conclusion, third, that neither this Federal Communications Commission nor any other so-called regulatory machinery is capable of coping with the fantastic grant of privilege which would be given away by a decision to turn the communications satellites over to the private corporation which this bill seeks to establish.

1. ROLE OF FEDERAL COMMUNICATIONS COMMISSION IN COMMUNICATIONS SATELLITES

What has been the role of the Federal Communications Commission in regard to communications satellites?

The Federal Communications Commission has the responsibility for allocating to nongovernmental uses the radio spectrum in the United States. This is a technical matter clearly within its range of expertise in this special field.

Is the Federal Communications Commission possessed of expertise on communications satellite technology? Only to the extent that it is told about it by the military and civilian procurement and research and development agencies of the Government and by private industry. It conducts no substantial original research or development work in this area itself. Mr. Minow testified that the Federal Communications Commission has no scientists or engineers.

Mr. President, I shall digress from what I am about to say concerning the authority of the Federal Communications Commission.

The junior Senator from Louisiana feels a little put upon to be treated as though he were really conducting a filibuster, when as a practical matter he is not doing that at all. I believe that I ought to know what constitutes a filibuster. I have been in many filibusters. I have participated in filibusters and have helped to organize them. I am not ashamed of filibustering. A filibuster has respectability where I come from.

I have been chairman of the Subcommittee on Monopoly of the Committee on Small Business. Since that committee and the Subcommittee on Monopoly were created about 14 years ago, I have spent much time studying the subject of monopoly. I think I can prove to the satisfaction of anyone that what I am saying about the monopolistic aspects of the bill and the inability of the Federal Communications Commission to cope with the communications aspect of the bill is correct. I believe I am presenting evidence that needs to be presented, and much of it is being presented today for the first time. As I recall, this is my second speech on the bill, and what I am saying today is a part of the preparation I had made before the bill was ever called up, and which I felt the Senate should understand before it voted on the bill.

Something has been said about the failure of the Senate to obtain a quorum 2 weeks ago today. I was not here on that day. I was seeking to have myself reelected to this office. I was in Louisiana, running, and incidentally, running pretty good. If I had not been there, I might have risked not getting as many votes as I did. Of course, I might have done just as well had I stayed up here because by endorsing some of the other candidates, I might have chased off someone who might otherwise have been interested in voting for me. Nevertheless, I did go to Louisiana, and the Senate had to operate without me. It is necessary for Senators to return to their States when they are running for office, especially if they are in trouble. If they do not go home, and they are defeated because they have not done so, they should be criticized for their failure to go home and state their case.

I hoped this bill would not have been brought abruptly to a vote a week ago last Saturday, when I could not be here, because I wanted to have the opportunity to explain my views, as I am now doing.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield, without losing his right to the floor?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from Florida without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLAND. Mr. President, I am sure I speak for every other Member of the Senate, as I speak for myself, when I say we are all very happy not only about the renomination of the distinguished junior Senator from Louisiana, but also because he has prevailed so overwhelmingly. We are glad that he attended to his home fires. It was not possible to insist upon a vote while he was away, and I think the Senator knows that.

The Senator from Louisiana has been a little overmodest in his statement concerning his participation in filibusters. Not only has he participated; he has participated very, very effectively. It is my humble judgment that he has such great knowledge and technique in that field that sometimes, when he is not filibustering, as he stoutly maintains is the case now, he creates the impression, at least among some of his friends, that he may be filibustering. If we have gained a false impression of the matter, we apologize to our distinguished friend. We are happy that he will be back with us.

Mr. LONG of Louisiana. I thank the distinguished Senator from Florida. I have the highest regard for both the Senators from Florida. In my judgment, both of them are great statesmen.

I know the senior Senator from Florida [Mr. HOLLAND] does not have an election coming up soon; so he has no problem in that connection. But I certainly hope the junior Senator from Florida is successful in his election. Even though I think he is making a very bad mistake in connection with this bill, I hope it does not harm his chances of success in the election. I hope it does not turn the voters of his State to the Republican Party—from disappointment about the attempt to use a gag rule in the Senate.

I thank the Senator from Florida for his kind remarks, and I appreciate the source.

So, Mr. President, at this time I wish to discuss briefly the qualifications of the Federal Communications Commission to do this job. Is the Federal Communications Commission possessed of expertise on communications satellite technology? Only to the extent that it is told about it by the military and civilian procurement and research and development agencies of the Government and by private industry. So, Mr. President, as a practical matter the Federal Communications Commission is not qualified to do this job. It conducts no substantial original research or development work in this area itself. Mr. Minow testified that the Federal Communications Commission has no scientists or engineers.

2. AUTHORITY OF FEDERAL COMMUNICATIONS COMMISSION

The only other basis for concern with communications satellites which the Federal Communications Commission has rests on the statement of legislative purpose for the creation of the Commission which says:

> For the purpose of regulating interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all the people of the United States a rapid, efficient, nationwide, and worldwide wire and radio communication service with adequate facilities at reasonable charges.

That quotation is from the Communications Act of 1934, as amended, section 1—a section of the act which directs the Commission to keep itself informed as to technical developments and improvements in wire and radio communication, so that the benefits of new inventions and developments may be made available to the people of the United States—section 218. Another section authorizes the Commission to study new uses for radio, provide for experimental uses of frequencies, and generally encourage the larger and more effective use of radio in the public interest—section 303g. Certain regulatory responsibilities as to the reasonableness of rates and the provision of service by common carriers are also included.

The Communications Act of 1934, as amended, however, does not give the Federal Communications Commission authority to prescribe the organizational form for the conduct of a communications activity. It does not give it authority to determine when and how business organizations engaged in common carrier communications may conduct foreign relations for the United States. It does not give it authority to determine when and how communications common carriers may merge. Indeed, mergers of cable and radio companies are forbidden—section 314. The act does not even give the Commission explicit authority to recommend to Congress amendments to the act or new legislation—except with respect to safety of life and property—section 4(k).

3. H.R. 11040 CREATES MERGER OF COMMUNICATIONS CARRIERS

In effect, the pending bill proposes the creation of a merger of the international carriers. It is, therefore, relevant to consider the kinds of public policy consideration which have been taken into account in connection with earlier attempts at merger. We are here dealing with, first, the American Telephone & Telegraph Co., which enjoys a monopoly of oversea telephone service; and second, two companies which share the undersea telegraph cable business, and which divide the great bulk of the oversea radiotelegraph traffic. They are RCA Communications, Inc., and the International Telephone & Telegraph Co.

Over the past 30 years, a number of efforts have been made by telegraph companies and by assorted Government agencies to get agreement among themselves and from Congress on legislation which would permit some kind of permissive or mandatory merger of these cable and radio carriers. As the report of the President's Communications Policy Board said, in 1951:

> Proposals for merger of American companies providing cable and radiotelegraph services have provoked vigorous debate ever since radio emerged as a practical means of international communications.
>
> The traditional American policy against monopoly has affected this debate throughout. Fundamental to this problem is the possibility offered by radio of providing, with relatively small capital outlay, circuit capacity exceeding the normal requirements of international communications. This raised difficult economic questions of cost of service, and the future profitability of cables in the face of radio competition.
>
> Several of the companies have asked permission to merge in the hope of avoiding deficits. From time to time, some Government departments have favored consolidations for reasons of national defense, conservation of radio frequencies, or for other reasons, while other Government departments have opposed consolidation. Some of these agencies have shifted their positions from time to time on the desirability of one or another form of merger. At no time have all the interested executive agencies been in agreement on this issue. As of May 1950, this was still the case.
>
> The move for merger in the field of international record communications [telegraph] has never been able to win complete congressional support because of traditional resistance to monopoly. Numerous hearings have been held by committees of the Congress, but no legislation has resulted (p. 151–152).

Here we see that there is a genuine tradition of congressional opposition to a merger, when essentially the same factors as those in connection with the communications satellites are involved, or when a concern with a vested interest in a potentially obsolete technique desires to obtain freedom from competition from a new and more economical technique. Also, we must remember that during all these decades, proposals to merge telephone-voice communications with recorded communications were not even given serious consideration.

4. DESTRUCTION OF GOVERNMENT-OWNED COMMUNICATIONS SYSTEM AFTER WORLD WAR II

Two attempts to get congressional approval for the merger of these international telegraph common carriers are directly relevant to the present communications satellite issue. The first of these was in 1945, when hearings on Senate Resolution 187 were held before the Senate Committee on Interstate Commerce. We were then at the end of World War II; and the testimony from the Army, the Navy, and the Federal Communications Commission was that the Army radio communications system alone consisted of some $162 million worth of the latest type of equipment, which would be dismantled. Of this equipment, $116 million worth was overseas; and General Ingles testified that about half of it would not need to be moved in order to serve commercial purposes. At that time the combined net investment for international service of all of the international common carriers was not quite $52 million, and they had a total of 6,000 employees. Considerable interest was expressed in the utilization of this latest type radio plant, scattered around the world. But the equipment was dismantled and disposed of. That was the most recent giveaway of a publicly owned communications system prior to H.R. 11040, the present proposal in connection with communications satellites.

Let me quote from the testimony submitted at one of those hearings. Mr. Porter, then Chairman of the Federal Communications Commission, was testifying:

> Mr. Porter. I believe that the gentlemen of this committee have had the privilege of witnessing the tremendous modern and efficient Army and Navy communications system which have been built up during the war. In his testimony before your committee, Admiral Redman gave you some indication of the Government's investment in the Navy system alone, which, as you know, is smaller than that of the Army.
>
> The Chairman (Senator Burton Wheeler). Frankly, when you take into consideration the investment that the Government already has and if you further take into consideration that there are only 3,000 employees in this industry in this country, I am rather inclined to agree with what Owen D. Young said some years ago, that perhaps international communications ought to be owned completely by the Government.
>
> I am not in favor of Government ownership, generally, largely because of the fact that we have built up a tremendous bureaucracy and increased centralization of power. But here is quite a different situation, it seems to me, where we are dealing with an instrumentality of such national importance to the Army and the Navy in time of war, and to our Government generally. When we have this tremendous Government investment, if you are proposing to turn it over to a private monopoly, I will confess I am extremely doubtful about it.
>
> One thing is important. It seems to me, and I do not want to lose sight of that fact—that to transfer all of this equipment to some private monopoly might have a very bad effect.
>
> Mr. Porter. That is the point I was going to undertake to discuss.
>
> Senator Capehart. Mr. Chairman, I think that is a most important factor.
>
> The Chairman. Yes, I would not like at the moment to see turned over to a monopoly this tremendous establishment which has been created by our military in time of war; at any rate, not without proper safeguards. I do not want to be understood as favoring a monopoly; I do not want to see a monopoly established and be owned privately with this tremendous amount of equipment which has been purchased and paid for by the Government. It is a very perplexing problem.
>
> One suggesion that occurs to me, from what I have heard so far, is that perhaps it would be better—looking at it from the standpoint of the betterment of the country as a whole and the peace and security of the Nation in the future, and also from the standpoint of the businessmen of this country—to have this system in Government hands. Then we would be able to direct the carrier to go into various areas and territories whenever it is beneficial to the general public, and not simply on the basis of giving service to derive a profit for a private company.

5. CONFLICT OF NATIONAL INTERESTS

In the same 1945 hearings the Chairman of the Federal Communications Commission, Paul A. Porter, advised Congress about a number of points where the public interest was not identified with that of the common carriers. He pointed out the "deadly parallel" between the possibility of a merged company favoring its investment in an obsolete technology and the experience of British Cables and Wireless. He warned that—

> Managements of communications companies may at times be in a position of serving interests other than our own national interests. At the International Communications Conference held in Warsaw in 1936, at which the United States was represented by its Government officials, a number of persons connected with our U.S. carriers were present and actively participated in the conference as members of delegations of certain Latin American countries. Such situations and the circumstances whereby our carriers may, because of the necessity of protecting their local interests at foreign points, engage in political activity within the foreign country, raise serious considerations which I think this committee should take into account. A glance at a chart which I have submitted will show the extensiveness of the interests of the I.T. & T. in foreign countries. Its large financial stake in business ventures in foreign countries is indicative of the potential conflict of its interest as an operator of U.S. communications with its interest in the protection of foreign holdings.

At this point, Senator Burton Wheeler, chairman, said:

> They were able to play politics sometimes to aid in the development of their own commerce or business and to the detriment of their own country, but always to protect their own interests in foreign countries.

Mr. Porter agreed, stating that 73 percent of the total I.T. & T. investment represented investment in subsidiaries and was in companies whose principal assets were in subsidiaries located in foreign countries. The Federal Communications Commission in 1945 took the position that—

> The interests of any company that has as much as 73 percent in foreign countries cannot be as strongly allied with the interests of this country as one which is owned solely and entirely by interests in this country.

And it summarized its position on this and related conflicts of interest in a way which contrasts very sharply with the policy of the present Federal Communications Commission. The position of the Federal Communications Commission was that—

> There should be no place in the unified company for any such conflicts of interest. Controls must therefore be provided to assure that it contains no elements which are affiliated with foreign interests or connected with foreign operations. By the same token, the company should be divorced of affiliations, if we are to preserve separate domestic and international operations. Similarly, it

> should have no interlocking interests with communications manufacturing operations. The unified company will have dealings with these two fields for the exchange of traffic and the purchase of equipment, and the existence of the influence of these two fields within the unified company would jeopardize the effectuation of arrangements on these matters on an arm's-length basis.
>
> The unified company should, therefore, be entirely free of any connection with alien interests, either in its ownership or its management. There should be no affiliation or connection of any kind, direct or indirect, between the unified company and persons having business interests within foreign countries or interests in domestic communications or communications-manufacturing activities.

6. FEDERAL COMMUNICATIONS COMMISSION ESPOUSES MERGER OF TELEGRAPH CARRIERS TO MEET COMPETITION OF TELEPHONE COMPANY

The other proposed merger legislation for international telegraph common carriers was that of 1959. In the hearings before the Senate Interstate Commerce Committee in that year, the Federal Communications Commission, contrary to 1945 when it did not approve the proposed merger, espoused the merger proposal which the major telegraph carriers desired. In doing so it ignored the elements affecting the national interest to which, as I have shown, the 1945 Commission gave serious consideration. The rationale for the Federal Communications Commission's position in 1959 was in essence this: The telephone company had in the mid-1950's opened its transatlantic voice cable which permitted broad-band service. The military required integrated voice-record service which could be accommodated by either the Bell cables or by similar cables which might be laid by a telegraph carrier. It was outside the financial capacity of each of the major telegraph carriers to build competitive broad-band cables. While the telegraph carriers were then in sound financial conditions, their future was jeopardized by their inability to provide competitive facilities. Therefore, permissive merger of the telegraph carriers was recommended. It is relevant to the present situation in regard to communications satellites to note that the Federal Communications Commission told the Senate committee:

> Authorization to the carriers to provide such a facility [broad-band cable] jointly would, in essence, create the very merger which is the subject of the legislation under consideration without any of the safeguards for the public interest which are not embodied in the bill and the Commission's suggested amendments.

At that time the military endorsed the Federal Communications Commission's recommendations, but the Department of Justice opposed them. I want to emphasize, however, that the Federal Communications Commission in those hearings was pursuing the genuine historical tradition of maintaining competition between the voice—telephone—services and the record—telegraph—services, and that there was no suggestion from any quarter that a merger of telephone and record communications was desirable. Indeed, the Commission emphasized the relative weakness of the combined telegraph carriers in relation to the telephone giant as an argument for the merger:

> It would appear to us that the only opportunity for the international telegraph industry to maintain its competitive position as against telephony would be to permit it to merge, and to encourage it to secure as quickly as possible the broad band facilities essential to modern service. The maintenance of internal competition in the international telegraph industry today would adversely affect competition between telegraphy and telephony in the 1960's. In this connection we note that at present the seven competing telegraph carriers in the United States have a combined rate base of less than $82 million, whereas the plant of A.T. & T.'s Long Lines Division alone approximate $1¼ billion.

The fate of this merger proposal was the same as that of its predecessors. Congress refused to approve it.

Mr. President, this proposed merger type of bill which is before us completely dwarfs anything ever carried in that proposal to permit the telegraph companies to merge. It makes it look like a flea compared to an elephant.

Now I wish to discuss the problem of satellites being integrated into the communications technology.

7. SATELLITES PERMIT INTEGRATION OF COMMUNICATIONS TECHNOLOGY

Into this setting came communications satellites. And they brought with them a technology which invites operational integration, not just of cable and wireless telegraphy, but of voice and record communications. Whereas historically there had been a clear distinction between the capacities of equipment for handling telegraph communications and telephone communications, communications satellites obliterate these distinctions. They provide a high-capacity accommodation for all previous electronic communications services and they open up the possibility of new types of service.

But an important distinction must be made. Integration and unification of communications equipment, as a matter of actual operation, does not necessarily require integration and unification of the business or other organizations which administer the actual operations. Otherwise we could not have had integrated operation of transatlantic telephone cables where the organization at one end is a government agency and the organization at the other end is a commercial company. Integration of communications technology and operations is now possible through the satellites, not only for part of an industry, but for the communications equipment of a whole nation, and even perhaps within the foreseeable future for the whole world. We are not yet prepared to create the kind of world operating organization, today, which would exercise managerial control over the communications satellites for all nations. But both technological pressures and the need to avoid nuclear destruction must push us inevitably in this direction.

At the national level we have not faced the problem of organization and control of the satellites on its merits. If we did, we would have to consider this problem as composed of two parts: First, what kind of physical plant, with how much integration and unification of the facilities, both on the ground and in orbit, do we want to have? And, second, recognizing that many different kinds of organizations might share in the use of that plant, what kinds of organizations do we want to have? Some of the questions we have to ask—(a) Do we want to see the old telegraph and cable organizations merged into one entity? (b) Do we want to see them merged with the telephone organization into a much bigger entity? (c) Do we want to have a communications satellite organized under separate ownership? A decision in favor of separate ownership for the satellites would permit and encourage competition either between the existing common carriers, or between a merged telegraph-cable company on the one hand and the telephone company on the other. In this event, the undesirable effects of private monopoly would be checked if not eliminated.

8. ROLE OF A.T. & T. AND FEDERAL COMMUNICATIONS COMMISSION IN DETERMINATION OF SATELLITE COMMUNICATIONS POLICY

Before these questions could be even discussed, the American Telephone & Telegraph Co., the world's biggest private monopoly, was prepared to make its move to fit the satellites to its organizational and policy pattern.

And the Federal Communications Commission, judged by its words and actions, was ready to do its prompting. I have already mentioned that in the preceding several decades, the furthest the Federal Communications Commission went in advocating international common carrier merger was to espouse one limited to the telegraph carriers. And it did that with appropriate respect for the legislative prerogative of Congress. But beginning in early 1961, in the course of sponsoring private ownership of communications satellites, the role of the Federal Communications Commission became one of creating an organization and policy which would accomplish operational unification—de facto merger—of the major international common carriers of both telephone and telegraph traffic, and of placing this merged entity firmly in the hands of private monopoly. In this connection, General Sarnoff, in his testimony before the Harrison committee, says that the inevitable result of the privately owned satellite corporation would be merger of the carriers in a legalized monopoly. The intended effect of the Federal Communications Commission's plans was to create the desired private organization and policy and then to present it as an accomplished fact for congressional rubberstamping. The telegraph carriers willy-nilly are to be carried along. RCA was not too happy about the A.T. & T.-dominated monopoly. Western Union opposed certain important features of the plan. Of the major telegraph carriers, only I.T. & T. seems happy with the plan.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Hickey in the chair). Does the Senator yield?

Mr. LONG of Louisiana. I yield for a question.

Mr. GORE. Mr. President, would the Senator mind obtaining unanimous consent so that I might read from the news ticker for his edification?

This message came in on the teletype. The Senator may wish to read it.

Mr. LONG of Louisiana. Mr. President, the Senator handed me a message from the ticker. Since there has been so much objection to mere Record insertions—something which is ordinarily permitted on the floor of the Senate—I will read what the Senator from Tennessee [Mr. Gore] brought in:

> Portland, Oreg.—The Western States Democratic Conference has decided to urge further hearings on a bill to establish private ownership of U.S. space communications.
>
> A news release from Sylvia Nember, Portland, executive secretary of the conference, said: "In view of a statement of President Truman and testimony at hearings raising serious unanswered questions, we request postponement of congressional consideration of the Telstar bill for several months to allow full hearing and resolution of issues raised."

That is interesting. The Western Conference of Democrats has called upon the party not to put the gag rule on those of us who are talking about the bill. They have asked us not to apply the gag rule, but to give the subject further study.

Mr. GORE. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. GORE. Does not the Senator think that action indicates that as the country learns about the bill, opposition to its passage is growing?

Mr. LONG of Louisiana. The Senator is correct. I find this amusing. I recall the time when Harry Truman—God bless him, for he sincerely tried to do the best he could—attempted to apply a gag rule to us Confederates on a civil rights bill. Now he is assisting some Confederates and the rest of us in trying to prevent the application of a gag rule to the bill before the Senate. It is an odd turn of events.

Senator can talk all they wish about those of us who are opposing the bill being a handful of liberals. We have one of the most respected leaders of the Democratic Party of all times on our side. I predict that his name will grow greater with history, and his luster will shine evermore for some of the courageous decisions that he made while he was President of the United States and prior to the time he became President. He is a man who understands the monopoly problem. As a Senator, he served on the Committee on Commerce. He has vetoed monopolistic bills. The Senator knows it as well as I do.

Mr. GORE. Without revealing any illustrious names, does not the Senator expect that if the debate continues for a few more days, as we fully expect it will, more illustrious leaders of the Democratic Party will join in opposition to passage of the bill?

Mr. LONG of Lousiana. There is no doubt about it. Senators must be educated to find out what the bill is all about. For example, if I wished to tell someone where to go to find out what a mischievous thing the bill is, I would like to have him read my speech. I have delivered only a quarter of it since I started some time ago. I hope to complete about half of my presentation by the time I suspend for the day. It will take a while longer for me to make my presentation-in-chief on the bill. The subject is very complicated.

I believe the Senator knows that members of some of the executive departments have been bludgeoned to give their approval to the monstrosity that is before the Senate. The Senator knows that they have been bludgeoned into going along with the proposal. I cannot tell what I know, for it would violate my code of ethics to say something that was told me in confidence. The Senator knows how the measure was pushed through some of the departments. After recommendations were presented, they proceeded to drop many of them.

How do Senators think the Secretary of State likes to go along with the proposal? While Secretary of State of the United States, in effect he would be doing the bidding of a private company. He should be outraged.

Our Ambassador to the United Nations said that the United Nations must be considered in connection with the proposal. Other countries do not agree that we even have a right to put a satellite in space. Only for the International Geophysical Year program was it agreed that we would have the right to put one up. It might be a violation of what might be someone else's property rights. That argument was thrown out. I believe the distinguished chairman of the committee studied the question and concluded that it was nothing but a new way of doing what we had already been doing, and should be considered only in that light. The Acting Ambassador to the United Nations, speaking for Mr. Stevenson—I suppose, because Mr. Stevenson was not available at the moment—said that to make such a statement was like saying that a nuclear explosion was only another way of setting off a firecracker.

That is how much sense he thought the Space Committee made in the bill when all reference to the United Nations was eliminated. After all, it must be agreed within the United Nations that we have the right to put a satellite over someone else's property.

Frankly, it is a serious question. Those in charge of the bill do not want to talk about it. They want to push it through. They want to slip it through in a cloud of ignorance and a smokescreen of misinformation. The Senator well knows that the least helpful witnesses we could find to tell us what the bill is all about were those who were supposed to own and control the system—the American Telephone & Telegraph Co. itself. To get information out of them, it must be pulled out as one would pull teeth—and I mean wisdom teeth.

Mr. GORE. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. GORE. Does the Senator recognize the following statement as the words of an official of the U.S. Government:

> Now, the fourth part of the space program looks toward the establishment of a global system of communications satellites. Space technology has opened enormous possibilities for international communications. Within a few years satellites will make possible a vast increase in the control and quality of international radio, telephone, and telegraph traffic. In addition, something new will be added: the possibilities of relaying television broadcasts around the globe.
>
> This fundamental breakthrough in communication could affect the lives of people everywhere. It could forge new bonds of mutual knowledge and understanding between nations. It could offer a powerful tool to improve literacy and education in developing areas. It could support world weather services by speedy transmittal of data. It could enable leaders of nations to talk face to face on a convenient and reliable basis.
>
> The United States wishes to see this facility made available to all states on a global and nondiscriminatory basis. We conceive of this as an international service.

Mr. CARLSON. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. LONG of Louisiana. Mr. President, I did not yield for a point of order. If the Chair wishes to put a Senator in his seat, he may do so. But I have the floor. I yielded for a question. I did not yield for any other purpose. Since Senators wish to be technical, I too, shall be technical.

Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG of Louisiana. That is what I thought. I yield to the Senator from Tennessee [Mr. Gore] for a question.

Mr. GORE. Does the Senator recognize the words I have read, which I completed reading except for two lines, as the words of an official of the U.S. Government?

Mr. LONG of Louisiana. If I recall correctly, Adlai Stevenson, as Ambassador to the United Nations, made that statement.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I will yield for a question. I hope the Senator will confirm whether I am correct in what I have said.

Mr. GORE. Will the Senator concede that he is well acquainted with the views of Adlai Stevenson?

Mr. LONG of Louisiana. I am familiar with with a number of views of Adlai Stevenson. He is a diplomat, and I am familiar with his views in that field, and I am also familiar with his views with respect to free enterprise. He is in favor of free enterprise rather than big monopolies, although I believe he made his best fees as a lawyer representing A.T. & T.; nevertheless, he does believe in free enterprise and in competition.

Mr. GORE. Does the Senator know that Adlai Stevenson is the representative of the U.S. Government and is its official spokesman in the councils of the United Nations?

Mr. LONG of Louisiana. That is entirely correct.

Mr. GORE. I should like to ask the Senator if the concluding sentence of these remarks of the statement of Mr. Adlai Stevenson represents the position of the U.S. Government as conveyed to the United Nations by Ambassador Stevenson, the concluding sentence being, "We would like to see United Nations members not only use this service, but also participate in its ownership and operation, if they so desire"?

Mr. LONG of Louisiana. Yes; that is entirely correct. The committee simply disposed of what Mr. Stevenson was recommending and threw it all out. In other words, Mr. Stevenson was saying to them, "You must get the United Nations to work with you on this thing. If you don't work with them, the Russians will say you do not have any right to put it up there, and they might shoot it down, just to be done with it." That is what they did with Francis Gary Powers.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield for a question.

Mr. GORE. Does the Senator recall that when Dr. Dryden, the head of NASA, was before the committee, the junior Senator from Tennessee asked him what would be the result if the United States had placed a communications satellite in orbit without the attainment of the requisite ability to make it a viable system, and another country with the requisite capability placed their satellite in a similar orbit on the same wavelength, and the answer of Dr. Dryden was, "Complete confusion"?

Mr. LONG of Louisiana. That is correct. The people who are fighting to get this bill through and to turn this over to A.T. & T. before we even see what it is, do not even want to talk about these things. They want to gloss all this over. It is quite amusing the way the A.T. & T. people come to talk to one about all this. They say, "It's no good. It won't work. It is not going to be worth much."

It reminds me of the way a lease seeker goes to a farmer and says to him, "Oh, there couldn't possibly be any oil on your land." Half the time he already has a core sample obtained from someone who has drilled a well a quarter of a mile down the road from this farmer, which shows that there is a tremendous amount of oil, and that the chance of finding oil on the farm is about 50 to 1 that it is there. Nevertheless, this man will say to the farmer, "Oh, it is no good; there could not possibly be any oil under your land."

Their attitude has been to try to persuade us that this satellite would not work, that it is no good, that it could not succeed. Their attitude is that, well, they want this merely because they are in that kind of business and they ought to have it even though it will not be any good.

The people who really know something about this say that this space satellite will make present radio and television systems look like nothing at all. They say that in 10 years we will be able to broadcast programs to half the world at one time. All that will be necessary to do will be to develop an atomic reactor-operated battery, and to put this satellite 22,000 miles out in space to broadcast television programs over five or six channels at the same time in different languages.

What does A.T. & T. say about that? They say that would not work. It never could work, they say, because people in Europe have a different kind of tube, of different dimensions than we have in our television sets. Anyone knows that if five or six programs were being beamed at the same time off a satellite, and they were able to see this excellent entertainment, people would buy the television tube of the proper dimension. It is the same as when television first came in. People did not have television sets, but they bought them after a while. The first ones were not very good. After a while people got new sets. I dare say that there are few people today who have television sets that are more than 10 years old. They bought the new sets when the changes were made. The same thing was true when FM radios first came in, when they used a different frequency band. People bought new sets.

Mr. President, here is the big money bill of Congress. This is the billion-dollar bill. This is the big one. A.T. & T. tries to make it appear that this is nothing at all. Why would they try to put the gag rule on the Senate and try to ram this bill through, if they thought this thing was no good? They want to ram this through so people will not hear any more statements like the ones made by Harry Truman, and about the kind of action that the Western Conference has taken. Thank the merciful Lord for unlimited debate in the Senate. The people will hear about this.

Perhaps they will be able to gag us and to hogtie us and to ram this bill through the Senate. Maybe they will be able to do it. They could not do it with civil rights. Apparently some Senators who would not vote to gag the debate on civil rights may vote to gag us now on this measure, which would create a tremendous monopoly. There are some Senators who apparently will vote for cloture on this measure. I do not know how they can bring themselves to do it. Mr. President, let us face it: with all the power that the NAACP has, they do not have the power of A.T. & T.

Mr. President, every Senator and Congressman, I am sure, has been visited by A.T. & T. task forces from their home areas. The lobbying has been such as was never seen before in Congress, although it has been in pretty good taste. I believe the telephone company is trying to use the carrot more than the stick.

When I was running for office I was surprised that my opponent was not better financed. I thought he was financed well enough, but not as well as I thought he would be, because I thought that anyone who would uphold the position of A.T. & T. would be very handsomely financed indeed. I was surprised that his campaign against me was not more lavishly financed.

I was constantly confronted with being called a Socialist or a Communist. I suppose I have been called a Socialist so many times, for believing in competitive free enterprise, and have been called a Communist so many times, that I have almost gotten used to it. I suppose if I am a Socialist, there must be a good many of them in Louisiana, because I received over 80 percent of the votes.

So far as public evidence is concerned, the industry's campaign through Government agencies began before the Federal Communications Commission's open involvement. In October 1960, the Administrator of NASA in a speech said:

> Traditionally, communications services in this country have been provided by privately financed carriers competing with one another to serve the public interest under Federal controls and regulations. There seems to be no reason to change that policy with the advent of communications.

On December 30, 1960, a White House statement released by Mr. Haggerty used virtually the same words. The Federal Communications Commission's first public statement on the campaign was released on February 28, 1961, and it consisted of a most curious document, headed "Memorandum of Understanding Between Federal Communications Commission and NASA on Respective Civil Space Communications Activities," the relevant operative provisions of which were that both agencies affirm the following propositions as guidelines for the coordinated conduct of their respective activities:

> 1. The earliest practicable realization of a commercially operable communication satellite system is a national objective.
>
> 2. The attainment of this urgent national objective in the field of communications may be accomplished through concerted action by existing agencies of Government and private enterprise.
>
> 3. The statutory authority of NASA and the Federal Communications Commission appears adequate to enable each agency to proceed expeditiously with the research and development activities necessary to achieve a commercially operable communication satellite system. Special problems which may arise in connection with the regulation of a commercially operable system are being explored by both agencies, and may result in legislative recommendations at a later date.
>
> 4. In accordance with the traditional policy of conducting international communications services through private enterprise subject to Government regulation, private enterprise should be encouraged to undertake development and utilization of satellite systems for public communication services.
>
> * * * * *
>
> 7. The Federal Communications Commission in appropriate cooperation with other Government agencies, will continue to direct its activities in this field toward the development of communications policy and the implementation and utilization of space telecommunications technology through the licensing and regulation of U.S. common carriers.

USURPATION OF POLICYMAKING POWER BY FEDERAL COMMUNICATIONS COMMISSION

Now let us review the activities of the Federal Communications Commission in the past year.

First. Its acts of commission.

The Federal Communications Commission's most important act of commission in regard to communications satellites was, in my opinion, the usurpation of policymaking power which this "Memorandum of Understanding" revealed. It is clear that the Federal Communications Commission has no statutory basis for making national policy concerning the style of organization and operation of a radical technical innovation such as communications satellites. And the many provisions of the Communications Act which apply the antitrust laws to various features of the commercial activities within the Federal Communications Commission's regulatory powers, together with the legislative history of proposals for merger of international communications carriers would seem to leave the Federal Communications Commission no legal footing for this usurpation. And indeed the Commission sometimes speaks to Congress in terms which suggest that a legal basis for its activities is obvious or unnecessary. Thus, Commissioner Craven, speaking for the Federal Communications Commission before the Small Business Committee's Monopoly Subcommittee last August, said:

> The Commission's efforts * * * are based upon the conviction that satellite communications will and should take its place within the framework of our private enterprise system, under which public communications facilities are owned and operated by private companies subject to Government regulation. This conviction is consistent with congressional policy expressed in the Communications Act of 1934, as amended.

The Federal Communications Commission's treatment of the question of its policymaking authority is utterly absurd. For while the act which created the Federal Communications Commission permits the private operation of communications carriers, it does not prescribe it.

In other words, the Commission has proceeded as though the act requires it to take such action, which it does not. It would be equally valid to argue the opposite: by remaining silent on the ownership of the then-known means of communications, Congress reserved a free hand for itself with respect to such new techniques as the satellites. You will not find in the hearings or debates on this act any prophetic vision of communications satellites, nor of the problems of policy and organization which they present. Indeed, where the service was inherently, that is, technically, monopolistic, as in the case of the licensing of the radio spectrum, Congress determined that the monopoly should be public property. And it is obvious that in their international character, communications satellites have more characteristics in common with the radio spectrum than with a telephone or telegraph line. On this basis, one could argue that the legislative history of the Communications Act would support a publicly owned operation and no other.

In enunciating its policy on the ownership and regulation of communications satellites, the Federal Communications Commission asserts that as the guardian of the public interest in these matters it knows that the public interest coincides with the policy it is pursuing. There is no question that the policy the Federal Communications Commission is pursuing is essentially the same as that of the American Telephone & Telegraph in particular and of the common carriers in general. It follows inevitably and logically, that the Federal Communications Commission conceives the public interest to be identical with that of these industries. In short: what is good for A.T. & T. is good for the country.

In order to make this policy credible, the Federal Communications Commission and others who pursue the industry's policy have had to rewrite our history. Thus, whoever wrote President Kennedy's letter of February 7 to accompany the submission of the administration bill to Congress was constrained to say:

> Throughout our history this country's national communication systems have been privately owned and operated, subject to governmental regulation of rates and service. In the case of the communications satellite operation, our studies have convinced us that the national objectives outlined above can best be achieved in the framework of a privately owned corporation, properly chartered by the Congress.

The first of these sentences is simply untrue. Throughout our history this country's national communication system—the Post Office—still remains under public ownership. It was the Post Office Department which nurtured Morse's telegraph invention into existence in 1844.

Mr. President (Mr. PROXMIRE in the chair), in the first of our historic giveaways, the telegraph was given into private hands, where it was exploited for private privilege, and failed of development here in the way its development occurred in other countries. By the end of the century, there had been introduced in Congress more than 70 bills to authorize public ownership of the telegraph. Nineteen times, committees of the House or committees of the Senate reported on such bills—17 times, favorably. Yet because of the political power of private monopoly, never were the bills passed.

The process was repeated in connection with radio. Both radiotelegraphy and radiotelephony were principally innovated by the Government. By 1914, the policy of the Wilson administration called for Government ownership and operation of radio, as well as the telephone and the telegraph. In 1917, by Executive order the Navy took over the operation of radiotelegraph and radiotelephone stations, and operated such commercial service as did not interfere with the war program, including the communication of news and a daily shipping bulletin of maritime news. When the President assumed control of the telegraph, telephone, and cable systems in July 1918, the Secretary of the Navy, Josephus Daniels, testified that the Government "should control and own telegraph, telephone, and all means of communication permanently," as also did Postmaster General A. S. Burleson. The Government in its own right had by then acquired a sufficient patent position to dominate the radio field. The second great giveaway in our communications history was the process by which this public ownership structure was dismantled and all telephone and telegraph common carriage by wire and radio was turned over to private corporations, after World War I.

Nor is it true, Mr. President, that our privately owned communications carriers have always been subject to governmental regulation of rates and service. There was no national regulation of communications carriers even in name alone, prior to 1910. The Interstate Commerce Commission, to which some regulatory authority was then given, did virtually nothing to use that power. And the Federal Communications Commission, which in 1934 succeeded the Interstate Communications Commission in regulating common carriers, has done precious little since then to protect the users of the telephone service. The Federal Communications Commission, which now seems to roar like a lion about how rigorously it regulates the industry—when the industry's interests are served by such roaring—resembles more a mouse when, representing the general public interest, it confronts the industry.

If, as I contend, the first act of commission of the Federal Communications Commission in connection with this matter was to enter into the policy formulated in the NASA-Federal Communications Commission alliance, its second large act of commission was in connection with the way it has pursued this policy. With a vigor which it does not display when it comes to regulating the common carrier industry in the interest of the general public, it turned to the matter of creating a "consortium"—as it called it—of the private companies which operate the common carrier services internationally. The Commission's bias in favor of serving the carriers' interest, rather than the public interest, was openly displayed in its "first report" in docket 14024. It referred to "interested carriers" as "acting under the aegis of the Commission"— a term also used commonly by A.T. & T. spokesmen. According to Webster's New International Dictionary, second edition, 1952, "aegis," means "figuratively, a shield, protection or defense." So that use of the word by the Federal Communications Commission may be regarded as a revealing and accurate slip. That report announced a meeting to plan this consortium, after reciting, among the reasons for this action, the belief that "the international carriers themselves are logically the ones best qualified to determine the nature and extent of the facilities best suited to their needs," and that a proposal for space hardware industries to be included in the consortium might "result in disrupting operational patterns that have been established in the international common carrier industry."

The Commission was also solicitous to arrange things so that its "ad hoc committee" would not run afoul of the antitrust laws.

A striking example of the propensity of the Federal Communications Commission to promote and defend the plans of the common carrier industry for communications satellites is its opposition to core features of the administration bill, in testimony before the Senate Space Committee and the House Committee on Interstate and Foreign Commerce. The Federal Communications Commission is, after all, part of the administration; and if it opposes the administration policy, what interest other than that of the industry which it "regulates," does it represent? A particularly revealing portion of this opposition was the Federal Communications Commission's criticism of the administration bill—"Which can be construed to permit entities such as the Government, who otherwise would be customers of the carriers, to directly lease channel facilities from the satellite corporation."

> In our opinion, such a construction would raise a most serious question of policy that should be carefully considered. For, this could result in the satellite corporation competing directly with the common carriers, and possibly deprive those carriers of essential revenues, thereby leading to financial difficulties for the carriers. (Quoted in Telecommunications Reports, Mar. 5, 1962, p. 26.)

The Federal Communications Commission, when confronted with the claims of the taxpayers and the claims of the industry to returns on their investments, seems unhesitatingly to prefer the interests of the industry.

Mr. President, I note with interest that the distinguished Senator from Illinois [Mr. DOUGLAS] has returned to the floor. He was in the Chamber earlier today, and heard some of the first parts of my speech. I regret that he has not been able to hear all of it. I hope that the Senator from Illinois—who, I know, has an open mind, not a closed mind—will read all of my speech in the RECORD, so he will be fully apprised of what I have had to say.

Certainly I do not believe that the Federal Communications Commission has in the past had, or has now, the ability effectively to regulate the A.T. & T. I think I can clearly document that case, and I am in the process of doing so. It may take a little time; but I have already made about half of my speech, and in a few more hours I shall be able to present more of it.

Mr. DOUGLAS. Madam President, I regret that I have not heard all of the Senator's speech——

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Does the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. DOUGLAS. May I ask some technical questions of the Senator from Louisiana?

Mr. LONG of Louisiana. Certainly the Senator from Illinois may ask a question, and I should be glad to yield for a question.

Mr. DOUGLAS. Is it correct that on July 24, 1961, President Kennedy set forth the policy requirements which would govern the ownership and operation of a satellite communications system?

Mr. LONG of Louisiana. I do not recall the exact date; but I do recall the President's policy statement, and it was a good one. In fact, when I read it, I said, "There won't be any satellite communications system bill," because in that statement President Kennedy said, among other things, that there must be the possibility of maximum competition; and I said, "A.T. & T. will never go for that, and therefore will keep the bill from being passed." So, frankly, I thought then that the bill was dead. But when the bill finally reached us, it provided for just the opposite.

Mr. DOUGLAS. Does the President's policy statement also provide that there must be full compliance with the antitrust laws and with the regulatory controls of the U.S. Government?

Mr. LONG of Louisiana. Yes. But when these people began to make their plans about how to proceed in violation of the law, they got fellows from the Department of Justice to meet with them, to help them plan the consortium; and those people from the Department of Justice tried to help plan just what these people wanted—all of which helps build a giant, powerful monopoly, instead of moving in the opposite direction, as the President's statement indicated would be done.

Mr. DOUGLAS. Then is it the belief of the Senator from Louisiana that the pending bill does not meet the requirements which President Kennedy laid down in his policy statement of July 24, 1961?

Mr. LONG of Louisiana. In my judgment—and I have documented this, and I hope the Senator from Illinois will read all of my speech, particularly some of the parts he has missed while he has necessarily been out of the Chamber—it would not be possible to find a way more completely to fail to meet the requirement of the President's policy statement that there shall be the maximum possibility of competition and full compliance with the antitrust laws, than to do what this bill calls for, for it calls for just the opposite.

Mr. DOUGLAS. May I ask if the Senator does not believe that the whole idea of the corporation provides for a monopoly?

Mr. LONG of Louisiana. In my judgment, it provides for a monopoly. It organizes what little competition there is in the telephone industry into a cartel.

Mr. DOUGLAS. And is there an exemption from the antitrust laws by the terms of the legislation?

Mr. LONG of Louisiana. Let me put it this way: This cartel could not be organized in the absence of the law which these people are trying to have enacted in Congress, because it would be flying directly in the face of a number of provisions of the antitrust laws designed to prevent this kind of thing.

Mr. DOUGLAS. What limit is there in the bill as regards individual ownership by any one of the communications carriers?

Mr. LONG of Louisiana. It is stated that the carriers cannot own more than 50 percent of the voting stock. As a practical matter, the Senator knows, as well as I do, that the American Telephone & Telegraph Co. is expected to own about 40 percent of the stock. That is what I learn from persons who have worked on the bill and have consulted about it have estimated. The Senator has made enough speeches on the subject to know that one does not have to own 50 percent of the stock to control a corporation. In many cases, it has been held that a publicly held corporation, whose stock ownership was widely diffused, could be controlled by one who had as much as 5 percent of the corporate stock.

Mr. DOUGLAS. It is true, is it not, that in the Du Pont-General Motors case, Du Pont was ordered to sell its General Motors stock because it owned 23 percent of it?

Mr. LONG of Louisiana. The Senator is correct.

Mr. DOUGLAS. The Supreme Court held that 23 percent ownership gave Du Pont complete control over General Motors, did it not?

Mr. LONG of Louisiana. That is correct, and the stock ownership was broken up on that basis.

Here is a bill that would let American Telephone & Telegraph own 40 percent of the stock. Actually, it could hold 50 percent of the stock. Under the provisions of subsection (c) it might maneuver the situation around so that it could own as much as 99 percent of the stock.

Mr. DOUGLAS. Is it not true that, legally A.T. & T. could own 50 percent?

Mr. LONG of Louisiana. Of the voting stock; but if we consider the nonvoting stock, bonds, debentures, and the other supports of the corporation, there is no limit to how much of that A.T. & T. could own. It is even provided that the cost of the stock could be put in A.T. & T's. rate base.

Mr. DOUGLAS. Is it not true that, under the Investment Company Act of 1940, any person who owns, either directly or through one or more controlled companies, more than 25 percent of the voting securities of a company, shall be presumed to own such company?

Mr. LONG of Louisiana. That is not a bad presumption; and that is the law.

Mr. DOUGLAS. The citation is 15 United States Code 80a-2(9).

Mr. LONG of Louisiana. The Senator knows why that is in the law.

How can people, with any kind of logic, expect us to believe that if A.T. & T. owned it, A.T. & T. would not control it, that American Telephone & Telegraph Co. would not be strengthening its own monopoly under this bill, when it is quite clear, and all the precedents show, that if they had this much ownership of it, they would own it?

Mr. DOUGLAS. Is it not true that the Deputy Attorney General, Mr. Katzenbach, who helped draft the bill, admitted that it is likely A.T. & T. will probably own 35 to 40 percent of the company?

Mr. LONG of Louisiana. Yes; but it might be a lot more than that.

Mr. DOUGLAS. Of the voting stock.

Mr. LONG of Louisiana. Incidentally, I think one reason why Telstar is operating now is that it will lose money. I cannot prove this, but I think I am correct in my judgment, because it makes sense, and I have discussed it with others who think it is true: American Telephone & Telegraph want it to lose money for quite a while. They do not have to have that money. It is a $29 billion corporation. They are in no big hurry to make money on it. If they lose money on it they will run the shoe clerks out, if I may use a poker player's expression. Telstar cannot make money. It is very expensive and impractical.

Suppose the Senator wanted to call somebody in Europe. He would have to wait until next week, when the satellite was between Andover and Germany. It would not be in position until then, and then only for 10 minutes. If it came over at 7:30 in the morning, and the Senator was a late sleeper, he would not be able to get up in time to make the telephone call. He would do better by relying on the pony express, or he might get the message there quicker if he used an oceangoing turtle.

Mr. DOUGLAS. Is it not true that the company would have to put up some 25 to 40 low-altitude satellites to cover the points between North America and Western Europe?

Mr. LONG of Louisiana. To establish contact between the 2 points for 24 hours I understand there would have to be about 50, provided they could be spaced the right way and kept in the right orbit, which is not very easy. But if global coverage were desired, with the synchronous satellite system—which is the only practical way to do it—three of them could be put in orbit and there would be global coverage.

Mr. DOUGLAS. At a distance of 22,000 miles.

Mr. LONG of Louisiana. At 22,290 miles.

Mr. DOUGLAS. As compared with 293 miles.

Mr. LONG of Louisiana. If global coverage were desired with the Telstar system, there would have to be 400 satellites up there. In view of the launching schedule at Cape Canaveral, even if four or five were launched at a time, it would take 2 years to put all that junk up there, and the first ones would be obsolete by the time the last ones were up.

I can tell the Senator that, based on the present launching schedule at Cape Canaveral, it would take 2 years to get enough of the satellites in orbit at the right places to be able to provide coverage between here and West Europe. It would take 2 years of firing the satellites, even if they were fired in multiples as skyrockets are fired, with the skyrockets bursting in different directions.

Keep in mind, my colleague, that by the time all the satellites were shot into orbit, some of the first ones would be out of operation because of the high radiation existing in those altitudes.

Mr. DOUGLAS. I heard the Senator make a very able speech some weeks ago on this subject, and I then looked at the bill and I saw that the bill provides that there can be competitive telecommunications satellites. Does the fact that, in all probability, A.T. & T. will start off with a low-orbit series of satellites mean that there could not subsequently be launched a high-orbit series?

Mr. LONG of Louisiana. I believe the Senator will find the provision states it is not precluded. I do not believe the Senator will find it expressly authorizes these other systems.

Mr. DOUGLAS. It permits them? Why could there not be the high-orbit satellites as well as the low-orbit ones?

Mr. LONG of Louisiana. It could be done.

One of the things which is so outrageous, in my judgment, is that under the bill the corporation would have both the low- and high-altitude satellites. The corporation would own them all, except those the Government would own. Then, in addition, the Government would be forbidden to utilize the Government satellites which it would send up for other than its unique needs, which I assume might refer to coded messages.

That makes about as much sense as saying that the Government, having constructed all of the TVA dams along the Tennessee River, is to be forbidden to use Government power to operate the lights in the Government buildings, and would have to buy the power from some private company at commercial rates.

Mr. DOUGLAS. Does the Senator from Louisiana think, after A.T. & T. or a private corporation had made a large investment in a low-orbit satellite system, that it would then carry out a further investment in a high-orbit satellite system, which would make the first system obsolescent?

Mr. LONG of Louisiana. The second system would have to carry the burden of all the money "frittered away" on the first system. That would not make sense. The corporation would try to keep both systems on the books. Even if the corporation could not keep them on the books, when it wrote off the first system it would still charge the users of the second system all of the money required to keep solvent, or it would be "in the red" for a long period of time.

Another reason which might help one to arrive at the conclusion that there is a heavy conflict of interest involved and that the American Telephone & Telegraph Co. does not want the system to make a profit any time soon is the fact that the task force of the communications common carriers recommended that this be owned by a nonprofit corporation and that they run it.

Mr. DOUGLAS. Which task force was that?

Mr. LONG of Louisiana. The book which I hand to the Senator shows that.

All this "mess" got started in this way. The Federal Communications Commission called in an ad hoc committee. This would have been in violation of the law, except that a Department of Justice man was sent in with these people. These are the names:

American Cable & Radio Corp.
American Telephone & Telegraph Co.
Hawaiian Telephone Co.
Press Wireless, Inc.
Radio Corp. of Puerto Rico.

Some of these fellows only have a wireless, like between Puerto Rico and this country, for example:

South Puerto Rico Sugar Corp.
Tropical Radio Telegraph Co.
The Western Union Telegraph Co.

These people were brought together. They were asked to propose what should be done with the satellite.

These people had a direct conflict of interest, because the new satellite threatened to make obsolete the existing system. These people then came in with their report, telling what they thought should be done. They contacted me. I suppose they contacted other Senators, trying to get an agreement among Senators and Representatives in Congress to push the bill through, as they recommended. They recommended a nonprofit corporation for the satellite. That was to own the system. As I recall, they were going to run it.

The book which the Senator has in his hand spells out their proposal. They did not want the satellite to make money. They wanted the money to be made on the ground, through the ground lines and sending stations. They did not want the satellite itself to make any money. So they recommended that it be a nonprofit corporation which would handle the satellite.

So I say that these people are not interested in seeing that the satellite be a great commercial success certainly any time soon. That is supported by the fact that their recommendation was that it should be owned by a nonprofit corporation.

Mr. DOUGLAS. In order to clinch this point, would the Senator from Louisiana permit me to read the passage in question, with the understanding that the Senator would not lose his right to the floor?

Mr. CARLSON. Madam President, I demand the regular order.

Mr. LONG of Louisiana. Madam President, the Senator only asked me a question.

The PRESIDING OFFICER. The Senator may yield only for a question.

Mr. LONG of Louisiana. I shall read it myself:

> The plan proposed for U.S. interests contemplates the formation of a nonprofit satellite corporation to develop, construct, operate, manage, and promote the use of the satellite system, other than ground stations, in accordance with public interest objectives. Unlike the proposal for a common carriers' common carrier, ownership of the U.S. portion would be in the participating carriers and not in the satellite corporation.

Then it goes on.

I shall undertake to provide for the Senator, as soon as I can discover it, how the directors were to be set up. It was planned that the board which would control would be the fellows on that ad hoc committee. I believe they were so generous as to include one more common carrier, General Telephone. That is about the full extent of what they were willing to do.

Mr. DOUGLAS. The Senator is correct in saying, is he not, that it was to be a nonprofit corporation.

Mr. LONG of Louisiana. That was the proposal.

Mr. DOUGLAS. Is it not true that that has been changed in the bill now before us?

Mr. LONG of Louisiana. Yes; it has been changed. What I find objectionable is that it still would be controlled by those who have a conflict of interest.

I ask the Senator to keep in mind the fact that the telephone rate from here to Europe is about $12 for 3 minutes. If the Senator's son were in Europe, trying to call home to wish his mother a happy birthday, if he talked for about 10 minutes he would have to pay $50.

We are told by the Hughes people, who have a contract in this field to put up one of the synchronous satellites, that they feel they could put this system up within a couple of years with 1,200 channels. I believe there are only about 60 connections to Europe now. They say they could put up this system with 1,200 channels, and that when they were in a position to obtain full utilization of only 40 of those channels, at 50 percent of the existing rate of $12 for 3 minutes, or only $6 for 3 minutes, they would be making a profit.

But there is more of a conflict. The really big money would not be involved in telephone calls to Europe at all. The big money would be in the United States, where there is heavy traffic. There are many times as many circuits between New York and Los Angeles as there are between New York and London, and the difference in the distance is not too great as between those other points. That is where the big money is to be found. That is where the big interest lies.

If the synchronous system were in space, a profit could be made using only 40 channels. Why should the system not provide domestic service? Instead of pushing the signal through 50 of the microwave towers, why not push it through the satellite one time? That would be one sending and receiving set, on the satellite. By using that there could be tremendous savings as a result of efficiency, I would imagine.

This whole thing has never been even explored, considered, or advocated as a way of providing cheaper telephone service between New York and Chicago, or Chicago and Los Angeles, or Chicago and New Orleans. It has only been conceived of and discussed on the basis that it would provide a service overseas, internationally.

The big savings and the tremendous profits which could be made, and the great service to the American people, would be the domestic service. That is to be precluded from all consideration.

Mr. DOUGLAS. Madam President, may I ask the Senator another question?

Mr. LONG of Louisiana. That shows who drew up this proposal. Who would want to keep out the domestic service? American Telephone & Telegraph and its subsidiaries. They would be the ones who would not want to provide domestic service, because they want the people to keep using their old obsolete facilities, which are on the books, at the old rates.

The Senator knows as well as I do that the rate base has never been attacked by the Federal Communications Commission in its whole 27 years of history.

Mr. DOUGLAS. Could the Senator inform me whether it would be possible, under the corporation setup, for suppliers of equipment to own a share in the corporation which is to be set up?

Mr. LONG of Louisiana. It would be possible for them to own some; but what good would that do?

Mr. DOUGLAS. I am speaking of suppliers.

Mr. LONG of Louisiana. Surely. They could buy some stock. Let us suppose there were a little company that manufactured supplies and equipment which bought 1 percent of the stock. That would involve a lot of money, but even if it did buy it, the company would be outvoted. Even on a cumulative basis, the company would not get anything for the vote.

Mr. DOUGLAS. Yes; but did not the Court find that one reason why Du Pont control over General Motors should be broken up was that Du Pont was a supplier of paints and other items which General Motors bought, and, therefore, they felt that suppliers should not be able to control or be in a position to control operating companies which used their supplies and equipment? Might not that same thing happen in the case of the proposed corporation?

Mr. LONG of Louisiana. I should imagine, however, there are probably other paint manufacturers, such as Sherwin-Williams or some other company, that might own stock in General Motors. No one is concerned about that one way or the other. That would not get them any business for General Motors. It is the big fellow who owns 25 percent of the stock who could get the business and did get it.

Mr. DOUGLAS. Might not General Motors or Westinghouse buy a very large share of the company in order to buy supplies and equipment from them?

Mr. LONG of Louisiana. They could buy some of it. They might be able to protect their investment to some extent in doing so. But one must keep in mind that over 50 percent of the stock of the proposed corporation is blocked out for the communication carriers to begin with. My pending amendment would undertake to point up the fact that communication common carriers should be precluded from owning any of the stock. Fifty percent is enough to guarantee control.

Mr. DOUGLAS. Does not the Senator think that the supplier should be precluded from owning some of the stock of the purchaser?

Mr. LONG of Louisiana. That point could well be argued.

Mr. DOUGLAS. It is not prohibited in the bill in question.

Mr. LONG of Louisiana. It is not prohibited. From an antitrust point of view, the bill is a hodgepodge bill. It is not a good one. That is my view as chairman of the Monopoly Subcommittee of the Select Committee on Small Business. I am happy to say that my view is no different from that of the distinguished Senator from Tennessee [Mr. KEFAUVER], who is chairman of the Subcommittee on Antitrust and Monopoly Legislation of the Committee on the Judiciary, which ordinarily has legislative jurisdiction over that kind of monopoly problem.

Mr. DOUGLAS. Would the Senator yield for a question on reimbursement of Government costs?

Mr. LONG of Louisiana. Yes; I yield for a question.

Mr. DOUGLAS. Is it not true that when the public purchases the equity or property of a private corporation under the due process clauses of the Federal Government and various State constitutions, they must pay private parties for the value of the property which is thus taken over?

Mr. LONG of Louisiana. Oh, yes. There is no question about that. If Government takes something from any corporation, as the Senator knows, the corporation must be paid everything that the property is worth. We might wind up by paying more than the property is worth.

Mr. DOUGLAS. Has not a large proportion of the basic research and development which is involved in satellite communications been at the expense of the National Government?

Mr. LONG of Louisiana. My understanding of the question, based on discussion with engineers and others, is that the problem is regarded as being 90 percent space problems and 10 percent communication problems. In other words, the big problem is getting the satellite in space and keeping it in the right position. As far as building the kind of radio sending and receiving set that could relay the signals back and forth, part of the expense of that research and development has been on the part of Government, and part of it has been private. Most of the research on that subject has been done.

Mr. DOUGLAS. Is there any provision in the bill which would require the proposed private corporation to reimburse the Government for the expenses which the Government has incurred in developing the space satellite system?

Mr. LONG of Louisiana. The only reimbursement the Government would get would be the cost of putting one missile up there into space. The number of missiles that the Government would use for that purpose, including the fantastic Government investment of more than $25 billion in exploring outer space, would not be reimbursed.

In my judgment, if we wished so to provide, we could license a corporation which would reimburse the Government the $25 billion of the whole cost. I make that statement because the system has fantastic potentialities. We are told that it is estimated that the space communications system in 10 years will be doing a business of $100 billion a year.

I refer not only to telephone business, but also to worldwide communication, including the transmission of weather information, television, radio, and documents. I believe that $1 billion would include the equipment also. We are told that in 10 years the industry will be an industry earning $100 billion annually.

Mr. DOUGLAS. Would not the Senator think that a good amendment to the bill would be one that would provide that the private communications company should reimburse the Government for the cost which the Government has experienced in the research and development necessary for the launching of the system?

Mr. LONG of Louisiana. If the corporation intends to keep its rates high, it certainly ought to be made to do so. Of course, if the public were to receive the benefit of great rate reductions, which are conceivable as the result of the new developments, perhaps the corporation could not afford to do that. But if the Senator wished to arrange so that the Government would receive something in return for its cost, that is one way we could start to reduce the national debt.

Mr. DOUGLAS. If the principle that the public should reimburse private interests for property which the public takes is sound, is not the principle that a private interest should reimburse the public for property which private interests take also sound?

Mr. LONG of Louisiana. The Senator is correct. I cannot find anything to argue about in his statement. We did that with the rubber plants. Of course, the rubber plants were not as large as A.T. & T. But the people who got the rubber plants were made to pay the Government on a competitive basis what we thought the rubber plants were worth. It appears that a small- or a medium-size corporation is charged the full price of a facility it might receive, but the largest corporation on earth, we are told, should receive a facility for practically nothing.

Mr. DOUGLAS. Instead of saying that the Government owns the proposed developments, would it not be better to say that the people own the developments?

Mr. LONG of Louisiana. Yes, that is true. When the Government owns something, I always think of it as being owned for the benefit of 180 million people in the country. I am not wedded to the idea that the communications satellite system should be Government-owned.

Mr. DOUGLAS. Neither is the Senator from Illinois.

Mr. LONG of Louisiana. I personally like the idea of turning the system over to a private corporation. But I feel that it should be done in a way that would create what the President stated in his message. There should be maximum possible competition. We should make these fellows compete. Here is an opportunity to make the A.T. & T. monopoly compete with others. We have an opportunity to start some real competition in the field.

It seems to me that the Government should develop the system to the point at which we have the possibility of competition. Then we ought to let somebody go in there and compete with that company and see what they can do with a new system.

When we chartered airlines, we did the same thing. We would not permit rail carriers to have airlines. If the railroads owned the airlines, they would have done all they could to keep the airlines from undermining their existing rate base and providing a more efficient service. They would have done what they could to protect their existing investment in the railroads, which enormously exceeded their investment in any other technology. The same thing would have been true with regard to the waterways. The Senator knows as well as I do that if we permitted the railroads to own the water carriers, users would be charged the same price whether goods went by land or by water.

Does the Senator recall the fight over the basing point price when the seller was charging the same price, whether the product was moved by rail or water?

Mr. DOUGLAS. What would the Senator from Louisiana say to the claim that was made that it is necessary to pass the pending bill now, if we are going to get a space communications satellite system?

Mr. LONG of Louisiana. What would I say? I would say baloney.

Mr. DOUGLAS. That argument has been used again and again.

Mr. LONG of Louisiana. Baloney.

Mr. DOUGLAS. Can the Senator prove that it is baloney?

Mr. LONG of Louisana. I believe I can prove it is foolish. There is no merit to the argument.

Mr. DOUGLAS. Will the Senator proceed to do so?

Mr. LONG of Louisiana. The Telstar is up there. Even if it is only half as good as they claim it is, it is up there. The Government launched Telstar for A.T. & T. There is a satellite up there even without the bill.

Mr. DOUGLAS. Would A.T. & T. pay for any more communications satellites unless the bill was passed?

Mr. LONG of Louisiana. I do not know. If it is any good, they might pay for it. I have a very low regard for the low-orbit satellites for communications purposes. After studying the subject for 16 months or so, I am convinced that the only good one, the one worth anything, is the synchronous satellite system that is available for 24 hours, with which three satellites can provide worldwide continuous service. The Russians are getting ready to put up that kind of a satellite. They have the missile power to do it. They may not be as good from the standpoint of communications as we are, but they do have the missile power. The reason that we are so slow in getting one up there is that we do not have the missile power. I would like to read from this newspaper report:

> The Soviet Union—

Now, I ask Senators to bear in mind that these Russians have a way of putting these things up there without advertising it 2 or 3 years in advance, just as they did with Sputnik No. 1 and Sputnik No. 2. These things are up there in space before we know anything about it.

I read from this press release from East Berlin:

> BERLIN.—The Soviet Union plans to send up two communications satellites to beam propaganda programs around the world, an East Berlin newspaper said today.
>
> The Berliner Zeitung said the Soviet twin satellites would be put in orbit shortly but added they were still being fitted out.
>
> The newspaper report said each satellite would transmit on three different linear systems, over six channels so the transmissions could be received on various types of television sets.

In other words, they are going to send a television signal that can be received on television sets. I have been contending that that kind of thing can be done. Evidently they are going to do it.

Mr. DOUGLAS. The present system does not broadcast directly to the set, but simply to the ground stations; is that correct?

Mr. LONG of Louisiana. The Telstar satellite is available for only a few minutes. It is necessary to get it between Andover, Maine, and the station in Europe. They have the ground station on a turntable arrangement. It works as though one were trying to balance an elephant on the edge of a knife—so much precision is required to make it work exactly right and to make it possible to receive the signal, because the ears of the ground station antenna must be trained precisely in the right direction. Even then the signal lasts only for a very short time, and can be used only when the satellite is directly between two points.

The synchronous type satellite would be stationed at a point over the equator, and it would appear to remain in one spot as the earth revolved beneath it. The other stars would appear to rotate, but not the satellite. It would appear to be stationary in one spot in the sky. It would be as if a microwave tower had been built 22,000 miles high. With that system we would be able to relay signals back and forth. This could be used to broadcast around the entire world simultaneously, and it could be used to provide television programs.

Mr. DOUGLAS. It would be received directly by sets?

Mr. LONG of Louisiana. I do not believe we can do that right now, because we do not have the battery power, except by solar battery, to pick up the sun's rays, and to use the sun's rays for transmission. We do not have the lift power to put a large enough battery up there now. Perhaps the Russians can do it because they can lift heavier objects than we can in order to do this job. At such time as we can develop the atomic reactor battery that will be required I believe we will have reached that goal. In fact we are getting pretty good at it even now. I hold in my hand an article entitled "Triple-Satellite Shot Acclaimed as Major Atom and Space Feat."

Therefore, when we get the battery that can give us more sending power, we will be able to transmit the signal directly from the satellite to the television sets.

The newspaper report—and I do not know how accurate it is, but apparently there must be something to it—states that the satellite would transmit on three different linear systems, over six channels, so the transmissions could be received on various types of television sets.

Mr. DOUGLAS. By television sets, not television stations? In other words, if we stick to the low satellite system and the Russians put into effect a high system, they will be able to have direct communication with all the television sets in the world.

Mr. LONG of Louisiana. Yes; that is what they are talking about in this article.

Mr. DOUGLAS. And have a monopoly on television communications; is that correct?

Mr. LONG of Louisiana. Yes. Dr. Trotter, who is with General Telephone has stated before the Monopoly Subcommittee of the Small Business Committee:

> A random orbit system could discredit us before the world as a leader in space communications if Russia establishes a stationary satellite system. If the United States went ahead with a low-random orbit system it would be possible for Russia to hold back until we were deeply committed to this system and had launched perhaps two-thirds of the satellites and then with three satellites the Russians could establish a truly worldwide system before our limited system was even in operation.

I would say that the kind of thing that the Russians are talking about would be a synchronous satellite system, because I do not know how they could televise to all the world with two satellites, unless they were using the synchronous-type satellite system. There would be fringes that would not be covered. Perhaps they would put one of the satellites in position to cover the Eurasian Continent and one to cover the United States and Europe. That would leave some uncovered zones in the Pacific. I would like to read further from this news release.

> The satellite first will carry only two special programs originating in the Soviet Union.
>
> However, the newspaper added, an exchange of programs between continents would be very nice "providing the programs of the United States reach a suitable level and serve peaceful aims bringing peoples closer together."

That is matter worth thinking about.

I raised the question with the Secretary of State, and he did not have any answer for it. What are we going to do after we charter this thing and protect A.T & T. and strengthen the monopoly, and help them get every kind of possible rate from the users, and then the Russians object to our charging the neutral nations for the use of this thing? Suppose they put one up there. This is not so prohibitive as one would think. We think that a launching would cost about $5 million, perhaps $4 million for the missile and $1 million for the capsule. Let us suppose that we put a couple of these things up there, and then the Russians object to it. Suppose they object to our letting this American monopoly make a profit, and they put one up there and offer the service free to the whole world with the use of two or three Russian satellites. We could not meet their offer, even though we had been up there first.

Speaking of broadcasting by television and radio, I suppose the old song, "The Best Things in Life Are Free," could be beamed to the whole world, but the words would be changed to read:

> This satellite belongs to everyone
> It's put here for you and me
> Don't tune in on that Telstar
> That's owned by A.T. & T.
>
> The flowers in spring,
> The birdies that sing
> The sunbeams that shine
> They're yours, they're mine
> And love can come to everyone
> It's not a monopoly.

[Laughter.]

Mr. KEFAUVER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. Apropos the colloquy which the Senator has had with the distinguished Senator from Illinois as to the urgency of the bill, is it not true that Dr. Welsh, Mr. Webb, and everyone else who has anything to do with this project say that all the research and development that can be done is going along at full steam, regardless of whether or not the bill passes at the present time?

Mr. LONG of Louisiana. That is correct. It is not necessary to pass the bill to give the satellite to A.T. & T. It can get it even now. We are doing it in the case of Telstar. A bill is not needed for that purpose. The purpose of the bill is to authorize a monopolistic consortium, to let all the companies get together under one tent, in violation of the antitrust laws. The bill is needed to hogtie the hands of the Secretary of State, and to say that the U.S. Government cannot use its own communications system to send out its own messages.

But the bill is not needed to give Telstars to A.T. & T. A.T. & T. can get 50 Telstars without the bill.

Mr. KEFAUVER. Is it not also true that the Government has a contract with the Hughes Aircraft Co., under which the Hughes Co. is rapidly developing a Syncom satellite, to be placed in orbit at 22,900 miles; that we have the firepower to place it in orbit; and that this project will determine the workability of and will show what can be done with a high-altitude satellite?

Also, is it not true that the Signal Corps, which has been to some extent taken over by the Air Force in its communications satellite work, has the Advent program, which is a high-altitude Syncom satellite, and that the corporation could do nothing until it was decided what kind of system would be used?

Mr. LONG of Louisiana. I have been amused to read from the reports why the bill is needed. To me, it is rather amusing, because while the proponents try to give the impression to the newspapers that the bill is needed in order to put a low system in orbit, the fact is that the very committees which reported and recommended that the bill be passed did not make such a claim. Their claims and reasons are unimpressive to me, but they have not told us the real reasons why the bill is needed. The bill is needed in order that no one else may have a satellite in competition with the proposed corporation.

I refer Senators to page 265 of the hearings on the Communications Satellite Act of 1962 before the Committee on Foreign Relations. Listen to this:

> Senator Gore. Under present law as I understand your testimony, Dr. Dryden, the space agency has not undertaken to confine the research and development in this field to one particular company or group?
>
> Dr. Dryden. That is correct. We have financed at Government expense a development by the Radio Corp. of America and another by the Hughes Aircraft Co.
>
> Senator Gore. Then you would supply to any other company having the requisite technical capabilities, the services which you supplied to A.T. & T.?
>
> Dr. Dryden. That is correct, sir.
>
> Senator Gore. If this bill passes, would you expect other concerns to enter the field?
>
> Dr. Dryden. If the bill passes and the corporation is set up, I think we would interpret this desire to contribute to the early realization of an operational system to mean that we would cooperate—in accordance with the provisions in the bill before you—with the corporation, and that this would——
>
> Senator Gore. Exclusively?
>
> Dr. Dryden. So far as this offer that I just spoke of, of launching satellites for private interests, so to speak.
>
> Senator Gore. In other words, if this bill passes, then it will be the position of the Space Administration that you would not enter into negotiations with any other American citizen or American concern for the launching of communication satellites? Did you not put it that way in your statement?
>
> Dr. Dryden. Yes.

Mr. KEFAUVER. In other words, there would be no opportunity to test the Hughes high-altitude satellite, because the Government would have committed it to A.T. & T.?

Mr. LONG of Louisiana. No; Hughes could launch it, but Hughes could not own it. The corporation would own it; the monopolistic consortium would own it; no one else could have it.

Why is the proposed legislation needed? Whom do the proponents think they are kidding? In view of all these facts, why the legislation now?

Here is the report Hughes acted on.

Mr. KEFAUVER. The Hughes Aeronautics Co.

Mr. LONG of Louisiana. I refer to the report of the House Committee on Interstate and Foreign Commerce.

> WHY LEGISLATION NOW?
>
> In view of all of these facts which make the establishment of a global communications satellite system very much a thing of the future, the question might be asked why it is necessary to enact legislation now, and why the establishment of a communications satellite corporation cannot await the conclusion of the international agreements upon which the establishment and operation of such a global system depend. The answer to this question is very clear.
>
> If a national policy of private ownership and operation of the U.S. portion of the international system is to be assured, the instrumentality therefor must be established now. If this instrumentality is not created

> at the earliest possible date, all planning for U.S. participation in the international system will have to be done by Government agencies. Our private communications carriers, especially in view of the antitrust laws, will be prevented from cooperating effectively with each other and with the Government agencies in preparing effective plans for U.S. participation in the international system.

That did not stop this crowd from getting together in a room in violation of law. They were called in and were told that somebody from the Attorney General's office would be present to assist the group that went into the consortium. That did not stop the group from getting together and coming forth with the ad hoc committee plan. That is so much "baloney." Perhaps I had better use a better word to show some respect for the House committee; but the reason is that if the antitrust laws can be violated, the Government cannot use the Government facilities to do Government work; and if the Government has its own satellite in orbit, it cannot use it; therefore, the Government is supposed to go to work for the A.T. & T. whenever A.T. & T. calls upon the Government.

Mr. KEFAUVER. Did not the Rand Corp. study, made and paid for by NASA, conclude that this proposal must be left flexible, and not frozen into one kind of situation or into a low-orbit system, until it could be determined what would be the most effective kind of space communications system?

Mr. LONG of Louisiana. That is correct. Rand Corp. made a study, and the recommendation of the Rand Corp. was not blinded by the fear that this new method of communication might make obsolete, and even unprofitable, many of the monopolistic operations of the present monopoly.

Mr. KEFAUVER. Is it not also true that several knowledgeable witnesses from large corporations have testified that the proposed corporation would have nothing to do for a year and a half except to sit on its hands; and did they not also testify that until the proper kind of system had been decided upon, the corporation could not even meet the requirements of the Securities and Exchange Commission to study the kind of system needed in order to conform with the financial requirements of the SEC?

Mr. LONG of Louisiana. That is correct.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. DOUGLAS. The Senator from Illinois is keeping his mind open on this subject, but another argument has been advanced time after time to the effect that the bill must be passed in order that the United States may be represented at the forthcoming international conference, which I understand is to be held in the fall of 1963.

That argument has been used again and again. Will the Senator state whether he thinks it is a correct argument; or, if not, why not?

Mr. LONG of Louisiana. Such agreements can be negotiated in two ways. Incidentally, the important thing to negotiate about is the assignment of wavelengths, because there are only a certain number of positions in space and only a certain number of bands in the spectrum. So the assignment of wavelengths is the important thing.

The United States has conducted such negotiations with other governments, and has done so by means of representatives sent by the President of the United States. On the other hand, if it were felt that, in addition, the assistance of representatives of certain private companies is needed, they could be invited to attend, too.

Mr. DOUGLAS. Is it true that such agreements have been negotiated by our Government—not by private companies, such as the National Broadcasting System, for example?

Mr. LONG of Louisiana. Yes, always.

Mr. DOUGLAS. So the Government could, by itself, handle the negotiations for the assignment of the wavelengths?

Mr. LONG of Louisiana. Of course; and private groups interested in that matter could have their representatives there, too. All of us know the Government is honeycombed with former representatives of A.T. & T.

Mr. KEFAUVER. Mr. President, will the Senator from Louisiana yield?

The ACTING PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. Will not our country be in a much stronger position at the 1963 conference if representatives of the Government of the United States, rather than representatives of a private, monopoly corporation, participate?

Mr. LONG of Louisiana. Of course.

Furthermore, let me point out that most of the other countries of the world have state-owned telephone systems. Certainly that is the system the Russians have; and they contend they will refuse to negotiate with any American monopoly. So if it is necessary to reach such an agreement, so that there will not be duplication in the use of various wavelengths, representatives of our Government should be sent there. Otherwise the Russians would refuse to negotiate.

So far, we have certainly gotten along fairly well by having representatives of our Government participate in such negotiations—including those in connection with the International Geophysical Year.

Mr. SPARKMAN. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. SPARKMAN. I ask unanimous consent, Mr. President, that the Senator from Louisiana may yield to me, for the purpose of having read at the desk, by the clerk, an amendment which I have at the desk.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield for that purpose—although I say to my good friend, the Senator from Alabama, that if there is to be objection, I may conclude——

Mr. SPARKMAN. Let me point out that this is not submitting an amendment.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana?

Mr. CARLSON. Mr. President, reserving the right to object, let me say that I understand that the Senator from Alabama wishes to have read by the clerk an amendment which the Senator from Alabama already has at the desk.

Mr. SPARKMAN. That is correct.

Mr. CARLSON. I shall not object.

The ACTING PRESIDENT pro tempore. Without objection——

Mr. GORE. Mr. President, reserving the right to object, I should like to have the request amended, so as to have the clerk read two short amendments which I send to the desk.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. CARLSON. Mr. President, reserving the right to object, let me ask whether these amendments have already been submitted.

Mr. GORE. No, they have not.

Mr. CARLSON. Then I must object.

Mr. SPARKMAN. Mr. President, let me say that there is a difference between my amendment and the amendments referred to by the Senator from Tennessee. My amendment has already been at the desk.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana?

Mr. CARLSON. Mr. President, I shall have to object to a request to have additional amendments read at the desk. I shall not object to a request to have the clerk read amendments which already are at the desk.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG of Louisiana. Mr. President, I am sorry that one of my friends who is supporting my position is objecting to the reading of this amendment. It is most unusual to have such an objection made. Even if Senators on the Republican side of the aisle, including the minority leader, have fallen into this error, I hope the Senator from Tennessee [Mr. GORE], who is on my side of the issue, will not fall into the same error.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana to have the amendment of the Senator from Alabama read by the clerk?

Mr. GORE. Mr. President, reserving the right to object—although I have not objected—let me say that I do not understand why the reading of my amendment is objected to, whereas there is no objection to having the clerk read the amendment of the distinguished, able, and lovable junior Senator from Alabama [Mr. SPARKMAN], who is one of the proponents of the pending bill.

Mr. SPARKMAN. Let me say, Mr. President, that my amendment has been at the desk since some time in June.

Mr. GORE. But my amendment has been lying on my desk all day. I do not quite understand this double standard. I do not object to having the amendment of the Senator from Alabama read, and I do not quite understand why my Republican friend would object to having my amendments read.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana that the amendment of the Senator from Alabama [Mr. SPARKMAN] be read by the clerk, with the understanding that in that connection the Senator from Louisiana will not lose the floor?

The Chair hears no objection; and the clerk will proceed to read the amendment of the Senator from Alabama.

Mr. SPARKMAN'S amendment was read by the legislative clerk, as follows:

On page 27, line 17, beginning with "and the Commission shall consult" strike out all through "maintenance and repair." on line 24.

On page 30, strike the period on line 18 and insert "; and", and, after line 18, insert the following:

"(12) in order to insure that small business concerns are given an equitable opportunity to share in the procurement programs of the corporation and communications common carriers for property and services (including but not limited to research, development, construction, maintenance and repair), cooperatively develop with the Small Business Administration within four months after the effective date of this Act a small business contracting program to be applicable to the contracting and procurement activities of the corporation and to those contracting and procurement activities of communications common carriers which relate to the development, establishment, maintenance, repair and operation of the communications satellite system (including communications satellites and associated equipment and facilities) and satellite terminal stations. The program shall contain such provisions as may be necessary to (A) enable small business concerns to have an equitable opportunity to compete, either directly or as subcontractors, for contracts and procurements for property and services (including but not limited to research, development, construction, maintenance, and repair) awarded in the implementation and effectuation of the purposes of this Act, and (B) enable the Small Business Administration to obtain from the corporation and communications common carriers such reasonably obtainable information concerning contracts and procurement, including subcontracts thereunder, awarded in the implementation and effectuation of the purposes of this Act. In the event the Federal Communications Commission and the Small Business Administration cannot reach agreement on any matter with regard to the development of the small business contracting program, the matter in disagreement shall be submitted to the President who shall make the final determination. The small business contracting program developed pursuant to this paragraph shall be incorporated into the rules and regulations to be promulgated by the Commission pursuant to paragraph (11) of this subsection."

Mr. SPARKMAN. I thank the Senator.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield, reserving my rights to the floor, for a similar request by the Senator from Tennessee.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. GORE. Mr. President, I send to the desk a brief amendment, which I ask the clerk to read.

Mr. CARLSON. Mr. President, reserving the right to object, the distinguished Senator from Tennessee well knows the rules of the Senate and he knows he can secure permission to read amendments in his own right, following the regular order of Senate procedure, and he should not request the clerk to read them. Therefore I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. LONG of Louisiana. Mr. President, may I ask that the clerk send me that amendment? I believe I can solve the problem.

I hold in my hand an amendment intended to be proposed by the Senator from Tennessee [Mr. GORE] to H.R. 11040, to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, viz—which I guess means "namely"—

Beginning with line 3, page 38, strike out all to and including line 14, page 38, and insert in lieu thereof the following:

"FOREIGN NEGOTIATIONS

"SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

I ask the Chair if that amendment has been read.

The ACTING PRESIDENT pro tempore. No.

Mr. LONG of Louisiana. Well, I tried.

The ACTING PRESIDENT pro tempore. If the Senator from Louisiana will permit the Chair to state it, in order to be officially before the Senate the amendment must be submitted and read by the clerk, and if it were submitted and read by the clerk the Senator from Louisiana would lose the floor.

Mr. LONG of Louisiana. Well, Mr. President, all I am talking about here is the fact that under the cloture rule, when a gag rule is put on the Senate, an amendment must have been read in order to be eligible to be considered. It seems to me, since the amendment has been read to the Senate, it should be eligible.

The ACTING PRESIDENT pro tempore. Will the Senator permit the Chair to make a statement?

According to the rule, the reading requirement of the rules has been met if the amendment has been read by the secretary or by the Senator proposing it. Is the Senator from Louisiana proposing the amendment?

Mr. LONG of Louisiana. I propose it on behalf of the Senator from Tennessee and myself.

The ACTING PRESIDENT pro tempore. It does not comply with the rule.

Mr. LONG of Louisiana. Does the Chair mean that, if we are both on the amendment, neither one of us can read it?

The ACTING PRESIDENT pro tempore. The Senator from Louisiana may read the amendment over and over and over, but before it can be officially presented to the Senate it must be read by the clerk or the Senator proposing it.

Mr. LONG of Louisiana. Mr. President, after a while I will withdraw my amendment and let the Senator from Tennessee propose his so it can be read. It seems to me it is a sad day when a Senator cannot have his amendment read. So I withdraw my amendment.

Mr. GORE. Mr. President, I send an amendment to the desk and ask that the clerk read it.

Mr. CARLSON stood.

Mr. GORE. I am recognized in my own right, and I yield to no one for objection or anything else.

Mr. CARLSON. Mr. President, a parliamentary inquiry.

Mr. GORE. I do not yield for a parliamentary inquiry until the clerk reads the amendment. I do not yield for a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee lost the floor when the amendment was submitted.

Mr. CARLSON. Mr. President——

Mr. GORE. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from Kansas will state his parliamentary inquiry.

Mr. GORE. Mr. President, a point of order.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. GORE. When a Senator is recognized in his own right——

The ACTING PRESIDENT pro tempore. The Senator from Tennessee was recognized.

Mr. GORE. And submits an amendment to the Chair and asks for its reading, that is a parliamentary right to which he is entitled, and a parliamentary inquiry does not lie until the amendment is reported.

The ACTING PRESIDENT pro tempore. The Senator's amendment will be read in due time. The Senator is correct, but there is a hiatus between the time when the Senator submits the amendment and the time when the amendment is read, where he loses the floor, and the Senator from Kansas may, in his own right, submit a parliamentary inquiry.

Mr. GORE. I do not mind the Senator's enjoying the hiatus, if my amendment is read.

The ACTING PRESIDENT pro tempore. The amendment of the Senator will be read in due time. The Senator from Kansas is recognized for a parliamentary inquiry.

Mr. CARLSON. Mr. President, my parliamentary inquiry was going to be whether or not the Senator from Louisiana [Mr. LONG] relinquished the floor. I did not hear him state it.

Mr. LONG of Louisiana. Mr. President, I rise only to say that I was in my chair when the Senator asked the question.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee was recognized in his own right, and he offered the amendment. The clerk will read the amendment.

The legislative clerk:

Mr. GORE proposes:

Beginning with line 3, page 38, strike out all to and including line 14, page 38, and insert in lieu thereof the following:

"FOREIGN NEGOTIATIONS

"Sec. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

Mr. GORE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee will state it.

Mr. GORE. What is the business pending before the Senate?

The ACTING PRESIDENT pro tempore. There is no pending business. Does the Senator from Tennessee desire that his amendment be made the pending business?

Mr. GORE. I sent it to the desk and asked that the clerk read it. It is the pending business.

The ACTING PRESIDENT pro tempore. The pending business is the amendment immediately offered by the Senator from Tennessee.

Mr. GORE. Then it will be eligible to be voted on Monday, and I shall ask for a vote immediately upon the convening of the Senate Monday.

The ACTING PRESIDENT pro tempore. The Senator is correct, of course.

Mr. KEFAUVER. Mr. President, will the Senator from Tennessee yield for a unanimous-consent request?

The ACTING PRESIDENT pro tempore. The Senator from Tennessee is recognized.

Mr. KEFAUVER. Mr. President, I ask the Senator from Tennessee to yield.

The ACTING PRESIDENT pro tempore. Does the junior Senator from Tennessee yield to the senior Senator from Tennessee?

Mr. GORE. I yield to the senior Senator from Tennessee for a question.

Mr. KEFAUVER. For a unanimous-consent request, with the understanding that he does not lose the floor?

Mr. GORE. I must say that my understanding with the junior Senator from Louisiana [Mr. LONG], who was in the course of delivering a very able speech, was that I would ask him to yield to me only for the purpose of submitting my amendment. I feel that I must not yield for any purpose, but let the Senator from Louisiana regain the floor.

Mr. LONG of Louisiana. I do not mind.

Mr. GORE. The junior Senator from Louisiana informs me that he does not mind, so I ask unanimous consent that I may yield to the senior Senator from Tennessee, without prejudicing my rights to the floor, for the purpose which the senior Senator from Tennessee has in mind, of submitting an amendment to be read and to lie on the table.

Mr. CARLSON. Mr. President, reserving the right to object——

The ACTING PRESIDENT pro tempore. Is there objection to the request of the junior Senator from Tennessee?

Mr. CARLSON. I object.

The ACTING PRESIDENT pro tempore. The Senator from Kansas objects.

Mr. KEFAUVER. Before the Senator objects——

Mr. GORE. Mr. President, I yield for a question.

Mr. KEFAUVER. Reserving the right to object, may I explain what I was trying to do?

Mr. KUCHEL. Mr. President, the regular order.

The ACTING PRESIDENT pro tempore. The regular order is called for. The junior Senator from Tennessee.

Mr. LONG of Louisiana. Mr. President——

The ACTING PRESIDENT pro tempore. Does the junior Senator from Tennessee yield to the junior Senator from Louisiana?

Mr. GORE. I yield the floor.

Mr. LONG of Louisiana. Mr. President, I should like to make a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. LONG of Louisiana. I have a number of amendments to be proposed. If I read these amendments as amendments I intend to offer, will the amendments be eligible to be considered in the event that a gag rule is voted on the Senate?

The ACTING PRESIDENT pro tempore. The Senator's amendments should be read at the desk before the vote on cloture is taken, and, in the event cloture is adopted, before cloture is adopted.

The Senator can submit the amendments now and have them read and they will be eligible for consideration in the event cloture is adopted.

Mr. LONG of Louisiana. Very well. I send to the desk a number of amendments and ask that they be read by the clerk.

The ACTING PRESIDENT pro tempore. The amendments will be read by the clerk.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the reading of the amendments may be dispensed with, and that they may be considered as read, unless Senators merely wish to sit around and listen to the clerk read them.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana?

Mr. KUCHEL. Mr. President, what is the request?

The ACTING PRESIDENT pro tempore. The Senator from Louisiana asks unanimous consent that the amendments he is submitting be considered as having been read, be printed, and be eligible for consideration in the event cloture is adopted.

Mr. KUCHEL. Mr. President, reserving the right to object——

The ACTING PRESIDENT pro tempore. The Senator from California reserves the right to object.

Mr. KUCHEL. What is the pending question?

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment offered by the junior Senator from Tennessee.

Mr. KUCHEL. The Senator from Louisiana now desires to have his amendments read?

The ACTING PRESIDENT pro tempore. The Senator wishes to have his amendments read in order that they may be read and eligible for consideration.

Mr. KUCHEL. Did the Senator from Tennessee purport to yield to the Senator from Louisiana?

Mr. LONG of Louisiana. He did not yield. I have the floor.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana was recognized after the junior Senator from Tennessee yielded the floor. The Senator from Louisiana has the floor at this time.

Mr. KUCHEL. And the Senator asks unanimous consent that his amendments be considered as read, and printed in the RECORD?

The ACTING PRESIDENT pro tempore. That is the understanding of the Chair of the unanimous-consent request.

Mr. LONG of Louisiana. I first asked——

Mr. KUCHEL. Wait a minute, I say to my colleague.

Mr. President, what are the parliamentary rights of an individual who has the floor? Can he ask unanimous consent to get the amendments in? If denied consent, then what will happen?

The ACTING PRESIDENT pro tempore. The Senator has a right to have the amendments read. Senators can sit and listen to the amendments read. The Senator asked unanimous consent to have the amendments considered as read and printed, to be taken up at a later time, in order to meet the requirements of the rule.

Mr. KUCHEL. I am glad to tell my friend that I have no objection.

Mr. LONG of Louisiana. I will get them in, anyway, but I thank my delightful friend from California for his thoughtful consideration.

Mr. CARLSON. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from Kansas reserves the right to object.

Mr. CARLSON. Is the pending amendment the amendment offered by the Senator from Tennessee [Mr. GORE], or has he withdrawn the amendment, or what has happened?

The ACTING PRESIDENT pro tempore. The junior Senator from Tennessee [Mr. GORE] has offered an amendment, which is the pending question.

The Senator from Louisiana has sought to offer amendments in his own right, after recognition, to be read and to be considered under the rule at a later date. The Senator now has asked unanimous consent that the amendments be considered as having been read, rather than having them read by the clerk.

Is there objection to the request of the Senator from Louisiana?

Mr. KUCHEL. Mr. President, again reserving the right to object, does the

Senator contemplate speaking on those amendments now?

Mr. LONG of Louisiana. If the Senator requires me to have the amendments read, it will take quite a while before I can get around to talking, because it will take the clerk some time to read all of them. If the Senator will give consent, then we shall be winding up sometime within the next 20 minutes.

Mr. KUCHEL. The Senator does not contemplate speaking at length on these amendments?

Mr. LONG of Louisiana. Not now.

Mr. KUCHEL. Then I urge my colleagues to agree to the unanimous-consent request. [Laughter.]

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

The amendments are as follows:

On page 38, strike out lines 3 through 14, inclusive, and insert in lieu thereof the following section:

"CONDUCT OF FOREIGN BUSINESS NEGOTIATIONS

"SEC. 402. Except as provided by this section, the corporation may not enter into negotiations with any international organization, foreign government or foreign governmental entity. Whenever any such negotiation is required for the fulfillment of the objects of the corporation, it shall notify the Department of State as to the nature and purpose of the negotiations desired. Subject to the direction of the President, the Department of State will conduct and supervise any such negotiations with the assistance of duly authorized representatives of the corporation. No agreement with any international organization, foreign government, or foreign governmental entity may be entered into by the corporation without the approval of the Department of State."

On page 30, line 22, immediately after the section number "SEC. 301.", insert the subsection designation "(a)".

On page 31, line 2, immediately following the period, insert the following new sentence: "The Articles of Incorporation and bylaws of the corporation, and any amendment thereof, shall contain provisions effective to carry into effect the requirements of this Act, as determined by the Attorney General.".

On page 31, between lines 4 and 5, insert the following new subsections:

"(b) All powers conferred upon the Commissioners of the District of Columbia by sections 7(c), 88, 89, and 90 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 901 and the following) also may be exercised with respect to the corporation by the Attorney General of the United States in the name of the United States. It shall be the duty of the Attorney General in the name of the United States to enforce compliance by the corporation with the requirements of this Act relating to the corporation, and for that purpose he shall have all powers conferred by sections 120 and 149 of that Act upon the Commissioners of the District of Columbia.

"(c) Notwithstanding the provisions of section 17 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 908d), all shares of the stock of the corporation of any class issued at any time shall be sold for a uniform price, and no share of the stock of the corporation may be issued in exchange for any consideration other than the payment of a sum of money equal to that price.

"(d) Notwithstanding the provisions of section 18 and section 55 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 908e, 922), all shares of voting stock issued by the corporation shall be included in its stated capital, and no such share shall be entitled to any preferential right in the assets of the corporation in the event of its involuntary liquidation.

"(e) Notwithstanding the provisions of section 23 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 908j), no stockholder in the corporation which is a communications common carrier shall have any preemptive right to acquire additional shares of the stock of the corporation, and the corporation may not issue shares of its stock to officers or employees of the corporation without first offering such shares to its stockholders and to the public.

"(f) Notwithstanding the provisions of section 30 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 914), stockholders of the corporation may not establish any voting trust for the purpose of conferring upon one or more trustees the right to vote or otherwise represent their shares.

"(g) Notwithstanding the provisions of section 33 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 916a), the number of directors of the corporation may not be increased or decreased by any amendment to the bylaws of the corporation.

"(h) Notwithstanding the provisions of section 36 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 916d), the presence of at least two directors appointed by the President, by and with the advice and consent of the Senate, shall be required to constitute a quorum of the board for the transaction of business of the corporation.

"(i) Notwithstanding the provisions of section 37 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 916e), no executive committee may be established by the board of the corporation to exercise any authority conferred upon the board unless that committee includes at least two of the directors appointed by the President by and with the advice and consent of the Senate.

"(j) Notwithstanding the provisions of section 40 or section 41 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 917, 917a), no share of the voting stock of the corporation shall have any preferential right to receive dividends, or to receive any preferential treatment in the event of the liquidation of the corporation.

"(k) Notwithstanding the provisions of section 45 of the District of Columbia Business Corporation Act (D.C. Code, title 29, sec. 920), the Attorney General and each director of the corporation appointed by the President by and with the advice and consent of the Senate, or any duly designated representative thereof, at all times during the business hours of any day may examine all books and records of the corporation without regard to his possession of shares of stock in the corporation.

"(l) Notwithstanding the provisions of section 59 and section 60 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 924, 924b), no stockholder or any class of stockholders may be accorded any preferential treatment with respect to the redemption of shares, or the purchase of redeemable shares, of the corporation.

"(m) Notwithstanding the provisions of sections 64, 65, 66, 67, 68, 69, 70, 71, 72, and 73 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 927–927l), the corporation may not merge or consolidate with any other corporation, or establish any subsidiary corporation, unless such action is expressly authorized by legislation hereafter enacted by the Congress.

"(n) Notwithstanding the provisions of sections 74 and 75 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 928–929), the corporation may not sell, lease, exchange, mortgage, pledge, or otherwise dispose of all or substantially all of its property or assets unless such action is expressly authorized by legislation hereafter enacted by the Congress.

"(o) Notwithstanding the provisions of sections 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, and 87 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 930–930k), the corporation may not effectuate its voluntary dissolution unless such action is expressly authorized by legislation hereafter enacted by the Congress.

"(p) Notwithstanding the provisions of sections 122, 123, 124, 125, 126, 127, and 137 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 937–938d, 948), the articles of incorporation of the corporation may not be revoked, and its right to engage in business may not be terminated or suspended, by the Commissioners of the District of Columbia unless such action is expressly authorized by legislation hereafter enacted by the Congress.

"(q) Notwithstanding the provisions of sections 141 and 142 of the District of Columbia Business Corporation Act (D.C. Code, title 29, secs. 952–952a), the corporation may not be reincorporated unless such action is expressly authorized by legislation hereafter enacted by the Congress."

On page 37, line 13, immediately after the word "Act", insert the words "except as otherwise provided by this Act."

On page 38, between lines 14 and 15, insert the following new section:

"SECURITY PROVISIONS

"SEC. 403. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

"(b) The Civil Service Commission is authorized to conduct such activity or other personnel investigations of officers, employees, agents, and consultants of the corporation, communications common carriers, and contractors and subcontractors, actual or prospective, as the board of directors of the corporation may determine to be required for the protection of the national security. If information obtained through any such investigation indicates that the individual who is the subject of that investigation may be of questionable loyalty to the Government of the United States, the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

"(c) Whoever willfully violates, attempts to violate, or conspires with any other person to violate any regulation or order promulgated by the board of directors of the corporation for the protection or security of any part of the communications satellite system, any satellite terminal station, any associated equipment, and facilities, or any laboratory or other facility related to or used in connection with the communications satellite system, of the corporation, any communications common carrier, or any contractor or subcontractor of the corporation or any such common carrier, shall be fined not more than $5,000, or imprisoned not more than one year, or both."

On page 38, line 16, strike out the section number "403", and insert in lieu thereof the section number "404".

On page 39, line 15, strike out the section number "404", and insert in lieu thereof the section number "405".

On page 26, line 12, immediately after the words "public interest", insert a comma and the words "except that any such cooperative research conducted in whole or in part through the expenditure of any funds appropriated to the National Aeronautics and Space Administration shall be subject to the provisions of section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457)".

On page 37, between lines 13 and 14, insert the following new section:

"PROPERTY RIGHTS IN INVENTIONS

"SEC. 305. (a) Whenever any invention is made in the course or incident to the performance of any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the corporation, and if such invention is patentable, a patent therefor shall be issued to the corporation notwithstanding any other provision of law upon application made by the corporation, unless the corporation, acting in conformity with policies and procedures adopted by the board of the corporation, waives all or any part of the rights of the corporation to such invention in compliance with the provisions of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system, a satellite terminal station, or associated equipment and facilities unless—

"(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any contract of the corporation; and

"(2) the corporation transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the corporation.

"(b) Each contract entered into by the corporation with any part for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the corporation a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(c) Under such regulations as the board of the corporation shall adopt, in compliance with the provisions of this section and with the approval of the Commission, the corporation may waive all of or any part of its proprietary rights under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the corporation determines that its financial interests will be advanced thereby. Any such waiver may be made upon such terms and under such conditions as the corporation shall determine to be required for the protection of its financial interests. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions Authority which the corporation shall establish. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the board of the corporation its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(d) Subject to approval by the Commission, the board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent.

"(e) The corporation shall take all suitable and necessary action to protect any invention or discovery in which it has any proprietary interest. The corporation shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention of discovery under this section will take appropriate action to protect that invention or discovery.

"(f) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made,' when used in relation to any invention, means the conception or first actual reduction to practice of such invention."

On page 37, between lines 13 and 14, insert the following new sections:

"NEGOTIATION OF CONTRACTS BY THE CORPORATION

"SEC. 306. (a) Except as otherwise provided by this section, purchases of and contracts for any property or services by the corporation shall be made exclusively by public advertisement for bids, and by the acceptance by the corporation of the lowest bid submitted by a responsible bidder who is qualified to furnish such property or services. Advertisement for any bid shall be published in such manner and at such time as to enable the maximum number of qualified and responsible bidders to participate in the bidding in response thereto. In each instance, the corporation shall furnish promptly, upon request made by any qualified prospective bidder, full particulars concerning the specifications and requirements contemplated with regard to that purchase or contract.

"(b) Under such regulations as the board of the corporation may adopt with the approval of the Comptroller General, the corporation may make negotiated purchases and contracts when it is determined by the president of the corporation, or by not more than one vice president designated by him for that purpose, as to any particular purchase or contract that—

"(1) the aggregate cost of the purchase or contract to the corporation will not exceed $10,000;

"(2) advertisement for bids would imperil the military security of the United States, as determined by the Secretary of Defense;

"(3) an emergency requirement of the corporation exists which will not admit of the delay incident to advertisement for bids;

"(4) the contract is to be made exclusively for the procurement of the personal or professional services of one or more individuals or service to be rendered by a university, college, or other educational institution;

"(5) the purchase or contract is to be made exclusively for the procurement of property or services of a technical or special character for which it is impracticable to secure competition; or

"(6) all bids received after advertisement are unreasonable or have not been independently arrived at in open competition.

"(c) Each determination made pursuant to any paragraph of subsection (b) shall be (1) made in writing, (2) accompanied by a full and complete statement of the facts and circumstances which justify negotiation in reliance upon that paragraph, and (3) available for inspection by any director of the corporation for not less than five years. Except as otherwise provided by regulations adopted by the Attorney General, a true and correct copy of each such determination made under paragraph (5) or (6) of subsection (b) shall be transmitted promptly to the Attorney General.

"(d) In all negotiated procurements of the corporation proposals shall be solicited from the maximum number of qualified sources consistent with the nature and requirements of the supplies or services to be procured, and written or oral discussions shall be conducted with all responsible offerors who submit proposals within a competitive range, price, and other factors considered.

"REQUIREMENTS OF NEGOTIATED CONTRACTS

"SEC. 307. (a) Except as provided in subsection (b) of this section, contracts negotiated pursuant to section 306 may be of any type which in the opinion of the corporation will promote the best interests of the corporation. Every contract negotiated pursuant to section 306 shall contain a suitable warranty by the contractor that no person or selling agency has been employed or retained to solicit or secure such contract upon an agrement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business, for the breach or violation of which warranty the corporation shall have the right to annul such contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

"(b) The cost-plus-a-percentage-of-cost system of contracting shall not be used, and in the case of a cost-plus-a-fixed-fee contract the fee shall not exceed 10 per centum of the estimated cost of the contract, exclusive of the fee, as determined by the president of the corporation at the time of entering into such contract (except that a fee not in excess of 15 per centum of such estimated cost is authorized in any such contract for experimental, developmental, or research work and that a fee inclusive of the contractor's costs and not in excess of 6 per centum of the estimated cost, exclusive of fees, as determined by the president of the corporation at the time of entering into the contract, of the project to which such fee applicable is authorized in contracts for architectural or engineering services). Neither a cost nor a cost-plus-a-fixed-fee contract nor an incentive-type contract shall be used unless the president of the corporation determines that such method of contracting is likely to be less costly than other methods or that it is impractical to secure property or services of the kind or quality required without the use of a cost or cost-plus-a-fixed-fee contract or an incentive-type contract. All cost and cost-plus-a-fixed-fee contracts shall provide for advance notification by the contractor to the corporation of any subcontract thereunder on a cost-plus-a-fixed-fee basis and of any fixed-price subcontract or purchase order which exceeds in dollar amount either $25,000 or 5 per centum of the total estimated cost of the prime contract; and the corporation, through any authorized representative thereof, shall have the right to inspect the plans and to audit the books and records of any prime contractor or subcontractor engaged in the performance of a cost or cost-plus-a-fixed-fee contract.

"(c) All contracts negotiated without advertising pursuant to authority contained in this Act shall include a clause to the effect that the Comptroller General of the United States or any of his duly authorized representatives shall until the expiration of three years after final payment have access to and the right to examine any directly pertinent books, documents, papers, and records of the contractor or any of his subcontractors engaged in such contracts or subcontracts.

"(d) No contract negotiated by the corporation shall contain any profit formula that would allow the contractor increased fees or profits for cost reductions or target cost underruns, unless the contractor has certified that the cost data submitted by the contractor in negotiations for the determination of the target cost or price was current, accurate, and complete. Each such contract shall contain provisions effective to insure that the target cost or price shall be adjusted to exclude any sums by which it may be found after audit by the corporation or by the Comptroller General that the target cost or price was increased as a result of any inaccurate, incomplete, or noncurrent data."

On page 32, line 20, immediately following the period, insert the following: "Compensation of the president and of all other officers of the corporation shall be fixed at levels which shall have been determined by the Commission to be reasonable.".

On the page 32, line 24, immediately following the period, insert the following:

"No individual at any time may serve as an officer, agent, or attorney of the corporation if he is affiliated with any other communications common carrier. For the purposes of this subsection, an individual shall be deemed to be affiliated with another such common carrier if he is an officer or director, or holds legal title to or any beneficial interest in more than 100 shares of the stock of any class, of such other common carrier or of any corporation which is a parent or subsidiary corporation of such other common carrier. As used in this subsection—

"(1) the term 'parent corporation' means a corporation which has control over another corporation;

"(2) the term 'subsidiary corporation' means a corporation which is subject to control by another corporation; and

"(3) the term 'control', when used with respect to any corporation means (A) the beneficial ownership of more than 25 per centum of the share capital of any class of that corporation, or (B) the exercise in fact of control over the policies or activities of that corporation by contract or otherwise."

On page 23, line 23, strike out the words "sections 303 and 304", and insert in lieu thereof the words "sections 303, 304, and 404".

On page 39, between lines 13 and 14, insert the following new section:

"ANTITRUST LAW COMPLIANCE

"SEC. 404. (a) Whenever the corporation contemplates entering into any contract with any other communications common carrier, it shall before entering into that proposed contract transmit promptly to the Attorney General a true and correct copy thereof, a full and complete written statement concerning the purpose and effect thereof, and such other information as the Attorney General may consider necessary for determination whether that contract, if entered into, would tend to create or maintain any situation inconsistent with the antitrust laws.

"(b) Within a reasonable time thereafter, the Attorney General shall transmit to the corporation his written opinion on the question whether that contract, if entered into, would have any such effect. A copy of each opinion so transmitted to the corporation shall be transmitted to the Commission."

On page 39, line 15, strike out the section number "SEC. 404.", and insert in lieu thereof the section number "SEC. 405.".

Beginning with the words "Six members" in line 3, page 32, strike out all to and including the word "corporation" in line 6, page 32, and insert in lieu thereof the words "other members of the board shall be elected annually by the stockholders. Not more than an aggregate of six members of the board may be elected by those stockholders who are communications common carriers or persons affiliated with any communications common carrier".

On page 32, line 16, immediately following the period, insert the following: "For the purposes of this subsection—

"(1) the term 'persons affiliated with any communications common carrier' includes (A) any corporation which is a parent or subsidiary corporation of any such common carrier, and (B) any individual who is an officer or a director, or who holds legal title or any beneficial interest in more than 200 shares of the stock of any class, of any corporation which is a parent or subsidiary corporation of any such common carrier;

"(2) the term 'parent corporation' means a corporation which has control over another corporation;

"(3) the term 'subsidiary corporation' means a corporation which is subject to control by another corporation; and

"(4) the term 'control', when used with respect to any corporation, means (A) the beneficial ownership of more than 25 per centum of the share capital of any class of that corporation, or (B) the exercise in fact of control over the policies or activities of that corporation by contract or otherwise."

On page 27, line 2, immediately after the word "Commission", insert the words "to the extent deemed appropriate by the Administration in the public interest".

On page 27, line 6, immediately after the word "system", insert the words "to the extent deemed appropriate by the Administration in the public interest".

On page 30, between lines 18 and 19, insert the following new subsection:

"(d) The National Aeronautics and Space Administration shall furnish aid, assistance, service, and facilities to or for the corporation in compliance with subsection (b) under such terms and conditions as it shall prescribe with the approval of the President. The Administration shall have no obligation under subsection (b) to furnish aid, assistance, service, or facilities to or for the corporation during any period in which the corporation is in default, in whole or in part, upon its obligation to reimburse the Administration for aid, assistance, service, or facilities previously furnished by the Administration to or for the corporation, or during any period in which the corporation fails to comply with terms and conditions established pursuant to this subsection."

On page 23, line 23, strike out the words "sections 303 and 304", and insert in lieu thereof the words "sections 303, 304, and 401."

On page 24, line 12, strike out the word "and" where it appears immediately following the semicolon.

On page 24, line 14, strike out the period and insert in lieu thereof a semicolon and the word "and".

On page 24, between lines 14 and 15, insert the following new paragraph:

"(11) the term 'communications satellite service' means the rendition or furnishing in any manner, by the corporation or by any other communications common carrier, of any service or facility required for, or directly or indirectly incident to, any telecommunication made or to be made in whole or in part through the use of a communications satellite system, any satellite terminal station, or any associated equipment, and facilities."

On page 37, line 16, immediately following the section designation "SEC. 401.", insert the subsection designation "(a)".

On page 37, lines 20 through 22, strike out the words "provision of satellite termination station facilities by one communication common carrier to one or more other communications common carriers", and insert in lieu thereof the words "rendition or furnishing of any communications satellite service".

On page 38, between lines 2 and 3, insert the following new subsection:

"(b) Within five years after the date on which a communications satellite system is placed in operation, and at least once during each period of five calendar years thereafter, the Commission upon its own initiative shall enter upon a hearing to determine whether each rate, charge, practice, or regulation made or used by each communications common carrier for or in connection with the rendition or furnishing of communications satellite service is just, reasonable, and not unreasonably discriminatory."

On page 24, line 12, strike out the word "and".

On page 24, line 14, strike out the period, and insert in lieu thereof a semicolon and the word "and".

On page 24, between lines 14 and 15, insert the following paragraph:

"(11) the term "reimbursable basis", when used in relation to any service rendered by any department or agency of the United States for or on behalf of the corporation or any other communications common carrier, means the reimbursement of that department or agency by the corporation or such other common carrier for all costs incurred directly or indirectly by that department or agency incident to the rendition of service, as such costs are determined pursuant to regulations promulgated by that department or agency with the approval of the Comptroller General."

On page 30, line 25, immediately after the words "shall be", insert the following: "organized under the District of Columbia Business Corporation Act. It shall be".

On page 31, line 2, immediately after the period, insert the following: "The principal offices of the corporation shall be in the District of Columbia, but it may establish offices, agencies, and facilities at such other places as the board of directors may determine to be required to fulfill the objects of the corporation as prescribed by this Act."

On page 38, line 2, immediately after the period, insert the following: "The corporation shall conduct its activities (1) in compliance with the provisions of this Act and all rules and regulations promulgated thereunder by any department or agency of the United States, and (2) subject to all pertinent provisions of any treaty or agreement by the United States with any foreign government so long as those provisions remain in force."

On page 38, line 2, immediately after the period, insert the following: "The corporation shall transmit to the President, the National Aeronautics and Space Council, and the National Aeronautics and Space Administration such information concerning the status and activities of the corporation as the President may determine from time to time to be required for the administration of the provisions for subsections (a) and (b) of section 201 of this Act."

On page 33, line 7, strike out "$100", and insert in lieu thereof "$50".

On page 34, line 12, immediately after the period, insert the following: "Voting stock of the corporation held by any communications common carrier shall not be eligible for inclusion in the rate base of that common carrier."

Beginning with word "Such" in line 20, page 34, strike out all to and including line 2, page 35, and insert in lieu thereof the following: "No communications common carrier shall be eligible to hold, directly or indirectly, legal title to or any beneficial interest in any such securities, bonds, debentures, or other certificates of indebtedness of the corporation. Under such terms and conditions as the President may prescribe, the Secretary of the Treasury is authorized from time to time to acquire and hold in the name of the United States securities, bonds, debentures, or certificates of indebtedness of the corporation issued under this subsection in such amount as the President may approve. For that purpose, the Secretary is authorized to use a public-debt transaction the proceeds obtained from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purchases of securities, bonds, debentures, or certificates of indebtedness authorized by this subsection. All purchases and redemptions of such securities, bonds, debentures, or certificates of indebtedness shall be treated as public-debt transactions of the United States. All income therefrom accruing to the United States shall be deposited in the Treasury as miscellaneous receipts."

On page 34, line 17, strike out the word "The", and insert in lieu thereof the words "With the approval of the Commission, the".

On page 31, line 17, immediately after the words "consisting of", insert the word "nine".

Beginning with the words "Six Members" on page 32, line 3, strike out all to and including the word "corporation" on page 32, line 6, and insert now in lieu thereof the following; "Other members of the board shall be elected annually by the stockholders who hold voting stock. Not more than three members of the board may be elected by stockholders who are common carriers or individuals affiliated with any communications common carrier."

On page 32, line 11, strike out the word "three", and insert in lieu thereof the word "one".

On page 33, line 24, strike out the word "Fifty", and insert in lieu thereof the words "Thirty-three and one-third".

On page 34, line 11, strike out the figures "50", and insert in lieu thereof the figures "33⅓".

On page 35, line 3, strike out the words "20 per centum", and insert in lieu thereof the words "10 per centum".

On page 35, lines 5 and 6, strike out the words "which are held by holders other than authorized carriers".

On page 32 (at the end thereof), after line 24, insert the following new subsection:

"(c) The corporation, its officers and its directors as such, shall not contribute to or otherwise support or assist any political party or candidate for elective public office."

On page 23, line 23, strike out the words "sections 303 and 304", and insert in lieu thereof the words "sections 303, 304, and 404".

On page 39, between lines 13 and 14, insert the following new section:

"CONTROL IN TIME OF WAR

"Sec. 404. In time of war or national emergency declared by the President or by the Congress, the President, through the Secretary of Defense, may take possession and assume control of all or any part of any communications satellite system of the corporation, or any satellite terminal station or associated equipment and facilities of the corporation or any other communications common carrier, for the use of any of the armed forces of the United States. So far as is necessary, he may use any such system, station, equipment, or facility to the exclusion of other traffic."

On page 39, line 15, strike out the section number "Sec. 404", and insert in lieu thereof the section number "Sec. 405".

On page 38, line 20, immediately after the word "Act", insert the words "or any rule or regulation promulgated by the Commission under this Act."

On page 39, between lines 5 and 6, insert the following:

"(b) Whoever, being an officer, director, employee, agent, or representative of the corporation or any other communications common carrier, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) knowingly omits to make or makes any false or misleading entry in any book or record of the corporation or of such other carrier, or (2) knowingly makes any false or misleading report or statement with respect to the conduct of the business of the corporation or such other carrier, shall be fined not more than $10,000, or imprisoned not more than ten years, or both.

"(c) Whoever, being an officer, director, employee, agent, or representative of the corporation or any other communications common carrier, with intent to defraud the corporation or the United States Government or any department or agency thereof, in connection with the performance of any duty arising from his occupancy of any such status knowingly solicits or receives directly or indirectly from any source any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $10,000, or imprisoned not more than ten years, or both."

On page 39, line 6, strike out the subsection designation "(b)", and insert in lieu thereof the subsection designation "(c)".

On page 39, line 10, strike out the subsection designation "(c)", and insert in lieu thereof the subsection designation "(d)".

On page 22, line 2, immediately after the period, insert the following: "The Congress reserves to the United States the right to plan, initiate, construct, own, manage, and operate, as a part of the communications satellite system, such satellite terminal stations and associated equipment and facilities as may be required from time to time to serve the communications needs of the United States Government and its departments, agencies, and instrumentalities."

Beginning with line 9, page 29, strike out all to and including line 19, page 29, and insert in lieu thereof the following:

"(7) grant such authorizations for the construction and operation of satellite terminal stations by the corporation, and by such departments and agencies of the United States as may be authorized to construct and operate such stations, as will best serve the public interest, convenience, and necessity. In granting such authorizations preference shall be given to stations of departments and agencies of the United States;".

On page 23, lines 19 to 22, strike out the words "has the same meaning as the term 'common carrier' has when used in the Communications Act of 1934, as amended", and insert in lieu thereof the words "means any person engaged, as a common carrier for hire, in intrastate, interstate, or foreign communication by wire or radio, or in intrastate, interstate, or foreign radio transmission of energy (except that a person engaged in radio broadcasting shall not, insofar as such person is so engaged, be deemed a common carrier)".

On page 24, line 7, immediately after the words "as amended,", insert the words "or pursuant to the provisions of this Act".

On page 37, between lines 13 and 14, insert the following new subsection:

"(d) Except as otherwise specifically provided by this Act, no person other than the corporation may own or operate any satellite terminal station within the United States or any of its territories and possessions as a part of the communications satellite system."

Beginning with line 9, page 29, strike out all to and including line 19, page 29, and insert in lieu thereof the following:

"(7) grant such authorizations for the construction and operation by the corporation of satellite terminal stations as will best serve the public interest, convenience, and necessity;".

Mr. LONG of Louisiana. Mr. President, I have 11 amendments which are merely technical, which were proposed by various members of the Committee on Foreign Relations while the bill was before that committee, which Senators would like to propose. I believe, in order to propose these amendments, I shall have to offer them for myself, on behalf of myself and the other Senators who offered them. I should like to have it understood that I do not necessarily associate myself with the amendments, but I only wish to make them eligible to be voted upon.

I send to the desk a number of amendments—11 in number—and ask that the clerk read the amendments. I ask unanimous consent that the reading of the 11 amendments may be dispensed with.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana? Without objection, the amendments will be received and printed; and, without objection, the reading of the amendments will be dispensed with.

The amendments are as follows:

On page 25, line 20, section 201(a)(5) is amended by adding after the semicolon the following: "and for the determination of the most constructive role for the United Nations;".

On page 25, line 13, strike out "or with" and insert in lieu thereof the following: "and with the United Nations and other".

On page 38, strike out lines 2 through 14 and insert in lieu thereof the following:

"CONDUCT OF FOREIGN NEGOTIATIONS

"Sec. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity, without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements with any such agency, government, or entity shall be subject to the approval of the Department of State."

On page 37, between lines 13 and 14, insert the following new subsection:

"(d)(1) In furnishing telecommunication service through the communications satellite system, the corporation shall give priority of transmission to communications of the United States Government for which priority is requested by the President of the United States not less than one and one-half hours of the daily transmittal time of the satellite communication system. The corporation shall have no power to alter, amend, or edit the form or content of any such communication.

"(2) Such transmissions and communications shall, at the request of the President, be carried by the corporation at a price not to exceed the cost of such service, as computed by the Federal Communications Commission."

On page 37, between lines 13 and 14, insert the following new subsection:

"(d) In consideration for the authority conferred upon the corporation by this Act, the corporation, under such regulations as the President shall prescribe, shall provide telecommunication services without charge for communications of a public service nature, not exceeding one hour of the daily transmittal time of the satellite communication system as such communications shall be defined by such regulations."

On page 40, after line 14, insert the following new section:

"CREATION OF EDUCATIONAL RESERVE FUND

"Sec. 405. (a) There is hereby created on the books of the Treasury of the United

States a fund to be known as the 'Educational Reserve Fund'. The Educational Reserve Fund shall consist of revenue received through payment as described by subsection (b).

"(b) In consideration of the privileges granted by this Act, any corporation engaged within the United States or any territory or possession thereof in furnishing for hire channels of communication through the use of communications satellites, shall annually set aside for the Educational Reserve Fund, an amount equal to 10 per centum of the net proceeds of such corporation, as defined by the Federal Communications Commission. Such revenue shall be paid into the Fund in conformity with such regulations as the Secretary of the Treasury shall prescribe.

"(c) Such fund shall be available for the support of any statutory program for Federal aid to public educational institutions and programs hereafter enacted by the Congress, including, but not limited to, primary, secondary, higher, and graduate levels and programs such as educational television, international education and exchange scholarship."

On page 28, line 14, strike out "Institute forthwith appropriate proceedings under section 214(d) of the Communications Act of 1934, as amended, to".

On page 30, line 11, strike out ", in accordance with the procedural requirements of section 214 of the Communications Act of 1934, as amended,".

(NOTE.—The effect of this amendment would be to direct the corporation to comply with decision of the Secretary of State referred to in section 201(c)(3) that such action should be taken in the national interest.)

Page 34, line 12, section 304(b)(2) is amended by adding, at the end of the section, the following: ", and no such communications common carrier shall at any time own more than 10 per centum of such shares issued and outstanding."

Page 34, line 12, section 304(b)(2) is amended by adding, at the end of the section, the following: ", and no such communications common carrier shall at any time own more than 10 per centum of such shares issued and outstanding."

Page 36, line 3, section 304 is further amended by adding, at this point, a new section (g), as follows:

"(g) The limitations applicable to voting stock in the above sections shall also be applicable to all other securities of the corporation."

Strike out all after the enacting clause and in lieu thereof insert the following: "That this Act may be cited as the 'Communications Satellite Authority Act'.

"DECLARATION OF POLICY AND PURPOSE

"SEC. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time, making full use of the contributions which can be made by the Government and by private enterprise, and to insure that the benefits of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership and operation of the United States portion of the communications satellite system and invites all nations to participate in the system.

"DEFINITIONS

"SEC. 3. As used in this Act—

"(1) The terms 'private communications carrier', 'common carrier', and 'carrier' mean any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

"(2) The terms 'communications satellite system', 'satellite system', and 'system' include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a 'communications satellite system', 'satellite system', or 'system' refers only to the satellite portion of the system.

"COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

"SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to as the 'corporation'), whose purpose and object shall be to develop, construct, launch, operate, manage and promote the use of a communications satellite system, and to foster research and development in the use of space.

"(b) In order to assure a structure of organization and control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in communications rates, the corporation shall, as an agent of the United States, acquire, own and operate the United States portion of the communications satellite system, provided however, that where appropriate in the national interest, the corporation may contract with any other person for the operation of some or all of the communications satellite system. The corporation may not enter into such a contract where the effect thereof may be to substantially lessen competition in any line of commerce in any section of the country, or tend to monopoly.

"(c) The corporation shall lease communication channels on a nondiscriminatory and equitable basis to all persons authorized by the Federal Communications Commission to transmit communications via satellites, and shall provide facilities for governmental needs, as a part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

"(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

"(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of a global communication system.

"BOARD OF DIRECTORS OF THE CORPORATION

"SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the 'board') shall be composed of nine members.

"(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, the Chairman of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as 'governmental directors'.

"(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. One of these five may be a representative of the communications industry. Directors so appointed shall be known as 'private directors'. The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

"(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial members of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

"(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate, unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

"(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

"(h) Each private director shall receive compensation at the rate of $22,500 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

"(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

"(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

"(k) No director other than the communications industry representative provided for in section 5(c) of this Act, may have any financial interest in any communication carrier corporation engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended.

"(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

"(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

"DUTIES OF THE BOARD

"Sec. 6. (a) The board shall—

"(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

"(2) foster research and development in the field of space telecommunications; and

"(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

"(b) The board shall—

"(1) meet upon the call of the chairman, but not less than once in each month; and

"(2) direct the exercise of all the powers of the corporation.

"EXECUTIVE SECRETARY

"Sec. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $25,000 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corporation unless otherwise specified in this Act.

"(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

"(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

"(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

"(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

"COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"Sec. 8. (a) The corporation is hereby authorized—

"(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

"(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the Corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corporations, and governmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid and continuous scientific technological progress in a global communication system.

"(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

"COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

"Sec. 9. (a) The Federal Communications Commission is authorized and directed to—

"(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically compatible with and operationally interconnected with existing terrestrial communication facilities; and

"(2) establish such rules and regulations as may be required to regulate all oversea communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

"(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

"ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

"Sec. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

"(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

"(c) Any invention or discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

"ASSISTANCE FROM PRIVATE INDUSTRY AND INDIVIDUALS

"Sec. 11. (a) There shall be a Space Communication Advisory Committee to advise the corporation on scientific and technical matters relating to materials, production, and research and development required for the establishment and operation of the communications satellite system. The Committee shall be composed of nine members, who shall be appointed from civilian life by the President from individuals specially qualified by training and experience to render such advice. They may be persons associated with the communications and aerospace industries.

"(b) Each member of the Committee shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office after September 1, 1962, shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and three at the end of six years, after September 1, 1962.

"(c) The Committee shall designate one of its own members as Chairman. The Committee shall meet at least four times in every calendar year.

"(d) Members of the Committee shall receive a per diem compensation not exceeding $100 for each day spent in meetings or conferences, and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

"GENERAL POWERS OF THE CORPORATION

"Sec. 12. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

"(1) sue and be sued in its corporate name;

"(2) adopt and use a corporate seal, which shall be judicially noticed;

"(3) adopt, amend, and repeal bylaws:

"(4) make, perform, and enforce contracts as authorized by this Act;

"(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

"(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

"(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

"(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(9) transfer to any other department agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite systems;

"(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

"(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

"(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

"PROCUREMENT OF SUPPLIES AND SERVICES

"SEC. 13. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

"(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

"(1) an emergency requires immediate delivery of the supplies or performance of the services;

"(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

"(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchases may be made in the open market.

"(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

"FINANCIAL ACCOUNTABILITY OF THE CORPORATION

"SEC. 14. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation, and the names, salaries, and duties of those who receive compensation at the rate of $5,000 per annum or more.

"(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each such audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

"(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

"CAPITAL AND REVENUE OF THE CORPORATION

"SEC. 15. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

"(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

"(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term 'net communication proceeds' means that portion of the annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

"(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and for other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

"BONDS ISSUED BY THE CORPORATION

"SEC. 16. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of oversea communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

"(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

"(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

"(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

"(e) Obligations issued by the corporation to the Secretary may not exceed $150-000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

"(f) If agreement is not reached within eight months concerning the issuances of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasurer and such interim obligations shall be retired from the proceeds of such bonds.

"(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the corporation under this section during the year.

"(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such other matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

"(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes.

"APPROPRIATED FUNDS

"Sec. 17. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

"(b) From net communications proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning with the first fiscal year beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

"(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

"(2) a sum in repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

"(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities as of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations, or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

"(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond the control of the corporation.

"REVENUE AND APPLICATION THEREOF

"Sec. 18. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

"(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

"ACCESS TO PATENTS AND TECHNICAL INFORMATION

"Sec. 19. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening overseas communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

"(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

"PROPERTY RIGHTS IN INVENTIONS

"Sec. 20. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

"(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

"(2) the Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

"(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent on behalf of the United States.

"(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

"(g) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"SECURITY PROVISIONS

"SEC. 21. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

"(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

"(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property or equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

"PENAL PROVISIONS

"SEC. 22. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

"(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $5,000, or imprisoned not more than five years, or both.

"LEGISLATIVE RECOMMENDATIONS

"SEC. 23. The President shall from time to time transmit to the Congress his recommendations for such additional legislation as he may deem necessary or proper to carry out the purposes of this Act.

"SAVING PROVISIONS

"SEC. 24. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstances, shall not be affected thereby."

Strike out all after the enacting clause, and insert in lieu thereof the following: "That this Act may be cited as the 'Communications Satellite Act of 1962'.

"DECLARATION OF POLICY AND PURPOSE

"SEC. 2. (a) The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a communications satellite system, as part of an improved global communications network, which will be responsible to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding.

"(b) The new and expanded telecommunication services are to be made available as promptly as possible and are to be extended to provide global coverage at the earliest practicable date. In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed, toward efficient and economical use of the electromagnetic frequency spectrum, and toward the reflection of the benefits of this new technology in both quality of services and charges for such services.

"AUTHORIZATION FOR ESTABLISHMENT OF COMMUNICATIONS SATELLITE SYSTEM

"SEC. 3. (a) Pending further legislation by the Congress, the National Aeronautics and Space Administration is authorized and directed to take such action in conformity with the provision of this Act as may be required to prepare plans and conduct research and development for, and place in operation at the earliest practicable time a space satellite communications system.

"(b) For the purposes of this Act, the Administration, in conformity with the provisions of the National Aeronautics and Space Act of 1958 may allocate its functions, by contract, lease, or otherwise, to public agencies and to private corporations in such manner as it shall determine to be best calculated to advance the national interest, except that no proprietary interest in any part of the system (including ground terminal stations and associated equipment and facilities) may be vested in any individual, partnership, corporation, association, or other business entity.

"(c) The Administration shall transmit to the Congress on January 1, 1963, and once in each period of six calendar months thereafter, a full and complete report concerning its activities under this Act and its progress in the accomplishment of the purposes of this Act.

"APPROPRIATIONS

"SEC. 4. There are hereby authorized to be appropriated to the Administration such sums as may be required to carry into effect the purposes of this Act."

On page 37, between lines 13 and 14, insert the following new subsection:

"(d) The corporation may not at any time directly or indirectly acquire, own, or control more than 50 percentum of the share capital or assets of any satellite terminal station situated in any foreign country or any associated equipment and facilities."

Mr. KEFAUVER. Mr. President, will the Senator yield to me for a unanimous-consent request, with the understanding that he will not lose his right to the floor?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may do so.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. KEFAUVER. Mr. President, I have a number of amendments which have been submitted and which have been at the desk for some time, which I should like to have the clerk read. I ask unanimous consent that the reading of the amendments may be dispensed with, that they may be considered as having been read, and printed in the RECORD.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous-consent request by the senior Senator from Tennessee?

Mr. KUCHEL. Mr. President, reserving the right to object——

The ACTING PRESIDENT pro tempore. The Senator from California reserves the right to object.

Mr. KUCHEL. May I inquire of my beloved colleague whether he contemplates any general discussion of those amendments this evening?

Mr. KEFAUVER. I do not.

Mr. KUCHEL. Mr. President, I have no objection.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Tennessee? The

Chair hears no objection. The amendments will be received and printed, and the reading of the amendments will be dispensed with.

The amendments are as follows:

On page 24, lines 21 and 22, strike out "aid in the planning and development and foster" and insert in lieu thereof "plan, develop, and supervise".

On page 28, line 24, following "facilities" insert ", but only when such compatibility and/or interconnection are in the public interest".

On page 30, following line 4, insert the following subsection and renumber the succeeding subsections accordingly:

"(9) approve the bylaws of the corporation and each alteration made therein;".

On page 32, lines 3 through 6, strike out the sentence beginning with "Six" and insert in lieu thereof: "Six members of the board shall be elected annually by those stockholders who are not communications common carriers, and the remaining members of the board, not to exceed six, shall be elected annually by those stockholders who are communications common carriers in a number determined as follows: If such stockholders own in the aggregate not exceeding 15 per centum of the outstanding voting stock of the corporation, they shall elect one member; if they own in the aggregate in excess of 15 per centum but not exceeding 25 per centum, two members; if they own in the aggregate in excess of 25 per centum but not exceeding 35 per centum, three members; if they own in the aggregate in excess of 35 per centum but not exceeding 40 per centum, four members; if they own in the aggregate in excess of 40 per centum but not exceeding 45 per centum, five members; and if they own the aggregate in excess of 45 per centum, six members.".

Strike out all after the enacting clause and in lieu thereof insert the following: "That this Act may be cited as the 'Communications Satellite Authority Act'.

"DECLARATION OF POLICY AND PURPOSE

"SEC. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time and to insure that the benefits of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership of the United States portion of the communications satellite system and invites all nations to participate in the system.

"DEFINITIONS

"SEC. 3. As used in this Act—

"(1) The terms 'private communications carrier', 'common carrier', and 'carrier' mean any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

"(2) The terms 'communications satellite system', 'satellite system', and 'system' include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a 'communications satellite system', 'satellite system', or 'system' refers only to the satellite portion of the system.

"COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

"SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to as the 'corporation'), whose purpose and object shall be to develop, construct, launch, operate, manage and promote the use of a communications satellite system, and to foster research and development in the field of space telecommunications.

"(b) In order to assure a structure of control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in overseas communication rates, the corporation shall be organized and operated as a communications common carriers' carrier. It shall acquire, own, and operate, as an agent of the United States Government, the United States portion of the communications satellites, and the ground stations and associated ground control and tracking facilities situated in the United States, territories, or dependencies thereof.

"(c) The corporation shall lease communication channels on a nondiscriminatory and equitable basis to all United States carriers authorized by the Federal Communications Commission to provide communications services via satellites, and shall provide facilities for governmental needs, as a part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

"(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

"(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of a global communication system.

"BOARD OF DIRECTORS OF THE CORPORATION

"SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the 'board') shall be composed of nine members.

"(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, a Commissioner of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as 'governmental directors'.

"(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. Directors so appointed shall be known as 'private directors'. The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

"(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial members of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

"(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate, unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

"(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

"(h) Each private director shall receive compensation at the rate of $22,500 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

"(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

"(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

"(k) No director may have any financial interest in any communication carrier corporation engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended.

"(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

"(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

"DUTIES OF THE BOARD

"SEC. 6. (a) The board shall—

"(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

"(2) foster research and development in the field of space telecommunications; and

"(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

"(b) The board shall—

"(1) meet upon the call of the chairman, but not less than once in each month; and

"(2) direct the exercise of all the powers of the corporation.

"EXECUTIVE SECRETARY

"SEC. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $20,500 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corportation unless otherwise specified in this Act.

"(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

"(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

"(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

"(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

"COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"SEC. 8. (a) The corporation is hereby authorized—

"(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

"(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corpoations, and govenmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid and continuous scientific technological progress in a global communication system.

"(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

"COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

"SEC. 9. (a) The Federal Communications Commission is authorized and directed to—

"(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically comparable with and operationally interconnected with existing terrestrial communication facilities; and

"(2) establish such rules and regulations as may be required to regulate all overseas communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

"(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

"ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

"SEC. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

"(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

"(c) Any invention or discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

"GENERAL POWERS OF THE CORPORATION

"SEC. 11. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

"(1) sue and be sued in its corporate name;

"(2) adopt and use a corporate seal, which shall be judicially noticed;

"(3) adopt, amend, and repeal bylaws;

"(4) make, perform, and enforce contracts as authorized by this Act;

"(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

"(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

"(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

"(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(9) transfer to any other department, agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite system;

"(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

"(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

"(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

"PROCUREMENT OF SUPPLIES AND SERVICES

"SEC. 12. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

"(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

"(1) an emergency requires immediate delivery of the supplies or performance of the services;

"(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

"(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchases may be made in the open market.

"(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

"FINANCIAL ACCOUNTABILITY OF THE CORPORATION

"SEC. 13. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation, and the names, salaries, and duties of those who receive compensation at the rate of $5,000 per annum or more.

"(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms, made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms, and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

"(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

"CAPITAL AND REVENUE OF THE CORPORATIONS

"SEC. 14. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

"(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

"(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term 'net communication proceeds' means that portion of the annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

"(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and for other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

"BONDS ISSUED BY THE CORPORATION

"SEC. 15. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of oversea communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

"(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

"(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

"(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

"(e) Obligations issued by the corporation to the Secretary may not exceed $150,000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

"(f) If agreement is not reached within eight months concerning the issuances of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds.

"(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the corporation under this section during the year.

"(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such other matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

"(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any

State or local taxing authority except estate, inheritance, and gift taxes.

"APPROPRIATED FUNDS

"SEC. 16. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

"(b) From net communications proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning with the first fiscal year beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

"(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

"(2) a sum in repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

"Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

"(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities as of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations, or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

"(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond the control of the corporation.

"REVENUE AND APPLICATION THEREOF

"SEC. 17. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

"(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

"ACCESS TO PATENTS AND TECHNICAL INFORMATION

"SEC. 18. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening overseas communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

"(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

"PROPERTY RIGHTS IN INVENTIONS

"SEC. 19. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

"(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

"(2) The Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

"Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

"(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent on behalf of the United States.

"(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

"(g) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"SECURITY PROVISIONS

"SEC. 20. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

"(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

"(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property or equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

"PENAL PROVISIONS

"SEC. 21. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

"(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $5,000, or imprisoned not more than five years, or both.

"LEGISLATIVE RECOMMENDATIONS

"SEC. 22. The President shall from time to time transmit to the Congress his recommendations for such additional legislation as he may deem necessary or proper to carry out the purposes of this Act.

"SAVING PROVISIONS

"SEC. 23. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstances, shall not be affected thereby."

On page 27, line 6, after the period, insert: "All inventions and other technology furnished by the Administration to the corporation shall be in the form of a nonexclusive license for which the corporation shall pay a reasonable royalty. Any inventions developed by the corporation from the inventions and technology furnished by the Administration shall be made available to the United States in the form of a nonexclusive royalty-free license."

On page 28, strike out lines 20 through 24 and renumber the succeeding subsections accordingly.

On page 21, line 9, after the semicolon, insert: "that each communications common carrier shall have the right to fully interconnect its communications system with the communications system of any other communications common carrier;".

On page 28, following line 24, insert the following and renumber the succeeding sections accordingly:

"(5) insure that any international communications common carrier has the right to interconnect its communications system on reasonable and nondiscriminatory terms with the domestic communications systems of any other communications common carriers to provide any services authorized by the Commission;".

On page 33, line 7, strike out "$100" and insert in lieu thereof "$10".

On page 34, line 20, delete the period and insert in lieu thereof the following: "which shall be sold at a price of $10 for each share and in a manner to insure the widest distribution to the American public and among the communications common carriers.".

On page 34, line 20, strike out all of subsection (c) beginning with "Such" and insert in lieu thereof the following: "Each issue shall be made in a manner to encourage the widest distribution to the American public and the communications common carriers.".

Strike out the sentence beginning with "In" on page 35, line 24, and ending with "carriers." on line 3, page 36, and insert in lieu thereof "In its determination of the public interest with respect to ownership of shares of stock in the corporation, the Commission shall promote the widest possible distribution of stock among the authorized carriers.".

On page 24, after line 25, insert the following new subsection:

"(2) decide whether the communications satellite corporation authorized under title III of this Act shall initially utilize a synchronous or nonsynchronous system and may decide at a future date that the corporation shall change from one system to the other."

On pages 25 and 26, renumber subsections of section 201(a) to conform with the new subsection (2).

On page 25, line 21, strike out "and appropriate utilization".

On page 31, line 14, add the following: "Such articles of incorporation shall thereafter be amended only upon the initiation by or the approval of the President."

On page 33, line 6, strike out "initially offered".

On page 33, strike out lines 12 through 18 and renumber the succeeding subsections accordingly.

On page 33, lines 19 through 24, strike out the sentence beginning with "Only" and ending with "control".

On page 34, lines 2 and 8, on page 35, lines 6, 12, 19, and 20, and on page 36, line 3, strike out "authorized" and insert in lieu thereof "communications common".

Beginning with line 12 on page 33, strike out everything through line 16 on page 34 and insert in lieu thereof the following:

"(b) No communications common carrier shall own any shares of stock in the corporation either directly or indirectly through subsidiaries or affiliated companies, nominees, or any persons subject to its direction or control."

Beginning with "Such" on page 34, line 20, strike out everything through page 35, line 2.

On page 27, line 3, strike out "feasible" and insert in lieu thereof "deemed appropriate by the Administration".

On page 32, line 24, immediately following the period, add the following: "Each such officer shall devote his full time and best efforts to the work of the corporation. No officer or director of the corporation shall have any financial interest of any kind in any communication carrier corporation or other entity engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended, or in any corporation, partnership, or other entity from which the corporation purchases equipment or services."

On page 33, line 6, strike out "offered" and insert in lieu thereof "issued".

Beginning with "Such" on page 34, line 20, strike out everything through page 35, line 2, and insert in lieu thereof the following: "Fifty per centum of such nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized for issuance at any time by the corporation shall be reserved for purchase by communications common carriers and such purchasers shall in the aggregate be entitled to make purchases of the reserved shares in a total number not exceeding the total number of the nonreserved shares of any issues purchased by other persons. At no time shall the aggregate of such nonvoting securities, bonds, debentures, or other certificates of indebtedness held by communications common carriers directly or indirectly through subsidiaries or affiliated companies, nominees, or any persons subject to their direction or control exceed fifty per centum of such nonvoting securities, bonds, debentures, or other certificates of indebtedness issued and outstanding.".

On page 34, line 23, following "shall", insert "not".

On page 25, line 20, strike out the semicolon and insert in lieu thereof the following: ", and for the determination of the most constructive role for the United Nations;".

On page 27, line 2, strike out "and".

On page 27, line 6, strike out the period and insert in lieu thereof "; and".

On page 27, following line 6, insert the following:

"(7) report annually to the Congress with respect to all contracts, licenses, negotiations, and other transactions between the corporation and the Administration.".

On page 34, lines 13 and 14, strike out "who is not an authorized carrier".

On page 34, line 14, strike out "such".

On page 35, line 10, strike out "section 45 (b)" and insert in lieu thereof "sections 45 (b) and 45(d)".

On page 35, lines 13 and 14, strike out "and copying set forth in that subsection" and insert in lieu thereof ", copying, and statement of affairs set forth in those subsections.".

On page 36, following line 3, insert the following:

"(g) No communications common carrier which owns more than 1 per centum of any class of stock of the corporation may sell apparatus, equipment, or services to the corporation in an amount exceeding $25,000 per annum, either directly or indirectly through any subsidiary, affiliated company, nominee, or any persons subject to its direction or control.".

On page 26, lines 10 and 11, strike out "cooperate with the corporation in research and development".

On page 26, strike out lines 10 through 12 and insert in lieu thereof the following:

"(2) to the extent deemed appropriate by the Administration in the public interest, cooperate with the corporation in research and development and require the corporation to engage in research and development on behalf of the United States in return for which the corporation shall receive reasonable reimbursement;".

On page 29, strike out lines 9 through 19, and insert in lieu thereof the following:

"(7) grant appropriate authorization to the corporation for the construction and operation of each satellite terminal station. No satellite terminal shall be owned or operated by any corporation, partnership, firm, or entity other than the corporation."

On page 30, lines 6 and 13, strike out "or carriers".

On page 37, lines 20 through 24, strike out the sentence beginning with "The" and ending with "Act."

On page 31, lines 2 through 4, strike out the sentence beginning with "The" and ending with "reserved."

On page 33, line 6, strike out "initially offered".

On page 33, line 8, strike out the period and insert in lieu thereof "and among the communications common carriers.".

On page 35, line 3, strike out "20" and insert in lieu thereof "5".

On page 35, line 6, strike out "authorized".

On page 38, strike out lines 3 through 14 and insert in lieu thereof the following:

"CONDUCT OF FOREIGN NEGOTIATIONS

"Sec. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity, without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements with any such agency, government, or entity shall be subject to the approval of the Department of State."

On page 33, line 11, after the word "person", insert the following: "*Provided, however*, That Congress expressly reserves the right to direct the Commission to require any communications common carrier to divest itself of part or all of its voting stock in the corporation in an amount determined by Congress, such direction and determination, if any, to be made subsequent to review by Congress of the report by the Commission authorized and directed by title V of this Act."

On page 40, following line 14, insert the following:

"TITLE V—FEDERAL COMMUNICATIONS COMMISSION'S INVESTIGATION OF THE COMMUNICATIONS INDUSTRY

"Sec. 501. It is necessary, in aid of legislation by the Congress and for the use of governmental agencies, particularly with respect to space satellite communications and other rapidly advancing areas of communication technology; for the information of the general public; as an aid in providing more effective rate regulation; and for other purposes in the public interest; that accurate and comprehensive information be procured and compiled regarding both the domestic and international operations of American Telephone and Telegraph Company and other communication common carriers.

"Sec. 502. The Federal Communications Commission is hereby authorized and directed to investigate and report to the Congress no later than January 20, 1964, on the following matters with respect to the American Telephone and Telegraph Company and other communication common carriers, including all of their subsidiary, affiliated, associated, and holding companies, and any other companies in which any of them have any direct or indirect financial interest, or which have any such interest in them, or in which any of their officers or directors hold any office or exert any control or whose officers or directors hold any office or exert any control in them. The report shall give particular emphasis to all aspects of the following matters which have occurred since 1939:

"(a) The corporate and financial history, and the capital structure and the relationship of such company and of its subsidiary, affiliated, associated, and holding companies, including the determination of whether or not such structure may enable them to evade regulation or taxation, or to conceal, pyramid, or absorb profits, or to do any other act contrary to the public interest.

"(b) The extent and character of intercompany service contracts and all transactions between communications common carriers and their subsidiaries, affiliated, associated, or holding companies, and particularly between the American Telephone and Telegraph Company and the Western Electric Company and other manufacturers of electrical communication equipment; the cost of and sale prices of equipment, material, or devices to operating companies of users; the profits upon such sales and the effect of such sales upon the rates or upon the rate base of operating companies when used as a basis for charges; and the probable savings to operating companies and the public by purchasing equipment under a system of competitive bidding.

"(c) The reasonableness of rates and charges; and, the extent to which subscribers or users of communications services have borne the cost of research and development, including but not limited to the maintenance and support of Bell Telephone Laboratories, Incorporated.

"(d) The effect of monopolistic control upon the reasonableness of rates and charges, upon competition in the communications industry, and upon the character of services rendered, and any unfair or discriminatory practices.

"(e) The effect of mergers, consolidations, and acquisitions of control in the communications industry, including the determination of whether there has been any 'write-up' in the purchase price of property, equipment, or intangibles, the fairness of the terms and conditions of any merger, consolidation, or acquisition, and the public interest therein, and the effect thereof upon rates or service.

"(f) The accounting methods of the communications common carriers, particularly with reference to depreciation and reserve accounting, apportionment of investment, revenues, and expenses between State and interstate operations, employee pension funds, executive compensation, and valuation of properties for both rate and tax purposes.

"(g) The methods of competition by communications common carriers amongst themselves and with other companies including the determination of whether or not there has been any sale or refusal to buy from or sell to competing companies, or suppression of patents, and the expansion of communications common carrier companies into various fields.

"(h) Whether or not the communications common carriers have sought through propaganda or the expenditure of money or the control of channels of publicity to influence or control public opinion, legislative or administrative action, or elections.

"(i) All other matters in any way bearing on the reasonableness of rates and charges, quality of service, the extent of concentration, and competition in the communications industry.

"Sec. 503. As used in the resolution the term 'communications common carrier' shall include all subsidiary, affiliated, associated, and holding companies or corporations and all companies directly or indirectly associated or connected with telephone companies, either by direct or indirect stock ownership, interlocking directorates, voting trusts, holding or investment companies, or any other direct or indirect means.

"Sec. 504. For the purposes of this resolution the Federal Communications Commission is hereby authorized to hold hearings; to contract for stenographic reporting service; to utilize its regular personnel, facilities, jurisdiction, and powers insofar as practicable; and to employ for the purposes of this investigation such additional experts, including engineering, accounting, legal, and other assistants as may be found necessary, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States; and to make such other expenditures, including necessary travel expenses, and expenditures for printing and binding, as it deems necessary. The Commission is also hereby authorized to have access to, upon demand, for the purposes of examination, and the right to copy, any books, papers, correspondence, memorandums, and other records of any person, partnership, company, or other organization being investigated, whether such books, papers, correspondence, memorandums, or records are in the possession of the company under investigation or are in the possession of other persons, firms, or corporations; to require by subpena the attendance and testimony of witnesses and the production of books, papers, correspondence, memorandums, and other records which the Commission deems relevant or material to the inquiry, at any designated place of hearing within the United States; to administer oaths and affirmations, to require persons, partnerships, companies, or other organizations to submit to the Commission in writing reports and answers to specific questions, furnishing such information as the Commission may require relative to the inquiry. Such reports and answers shall be made under oath or otherwise as the Commission may prescribe and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission. In case of contumacy or the refusal to obey any subpena or other order issued hereunder, the Commission may invoke the aid of any court of the United States, within the jurisdiction of which such inquiry is carried on, or where such party guilty of contumacy or refusal to obey resides or has his place of business, in requiring obedience to such subpena or other order and any such court of the United States shall have jurisdiction to issue its order enforcing such subpena or other order of the Commission in whole or in part; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in such cases may be served wherever the defendant may be found.

"Sec. 505. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $3,265,900, to be made immediately available to the Federal Communications Commission for the purposes of the investigation and report herein authorized and directed, and the Commission shall make special reports to Congress on its progress and its findings in this investigation."

Strike out all after the enacting clause, and insert in lieu thereof the following:

"That (a) the President is authorized and requested to transmit to the Congress at the earliest practicable time a proposed plan, consistent with the provisions of this Act, for the creation of a corporation to establish and operate, in cooperation with Government agencies, a commercial worldwide communications system using communications satellites in space and related terrestrial installations.

"(b) Such plan shall contain appropriate provisions to insure that—

"(1) the corporation so established shall be privately owned;

"(2) the stock thereof shall be issued in such manner as to encourage the widest distribution to the American public;

"(3) such satellite communications system would be competitive with, and not merely supplemental to, existing systems of terrestrial communications;

"(4) such system could not become subject to direct or indirect ownership or control by one or more existing communications common carriers;

"(5) adequate capitalization is provided for the establishment and operation of the communications satellite system until such time as its revenues will assure the profitable operation thereof without governmental assistance.

"(c) Such plan shall contain such other provisions as the President may deem appropriate to provide for the establishment as expeditiously as practicable of a commercial communications satellite system, as a part of a global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding."

On page 20, line 12, after the word "needs" insert "for impartial and complete information"; and after the word "objectives" in the same line insert the following: "of an informed electorate and the success of the private, competitive economic system".

On page 30, line 25, immediately after the words "shall be", insert the following: "organized under the District of Columbia Business Corporation Act. It shall be".

On page 32, line 20, immediately following the period, insert the following: "Compensation of the directors, the president, and all other officers of the corporation shall be fixed at levels which shall have been determined by the Commission to be reasonable, but in no case shall such compensation be in excess of $35,000 per annum. It shall be unlawful for the corporation to adopt any stock option plan or similar plan of compensation for directors, officers, or other employees of the corporation. Any pension plan or retirement plan for directors and/or officers of the corporation shall be subject to approval by the Commission, and shall be fixed at levels determined to be reasonable in view of the compensation paid by the corporation to the individuals covered and the term of employment of such individuals with the corporation."

On page 38, following line 14, insert the following and renumber the succeeding sections accordingly:

"SEC. 403. The Communications Act of 1934, as amended, is amended as follows:

"(1) paragraph (2) of subsection (c) of section 222 of said Act is hereby repealed.

"(2) Notwithstanding any provision, in any consolidation or merger of domestic telegraph carriers heretofore approved by the Federal Communications Commission pursuant to said section 222 for the divestment of the international telegraph operations theretofore carried on by any party to the consolidation or merger and notwithstanding any order heretofore made by said Commission with respect to such divestment the consolidated or merged carrier resulting from any such consolidation or merger shall not be under any requirement for the divestment of its international telegraph operations."

Mr. LONG of Louisiana. Mr. President, I have a number of other amendments at the desk. They are printed and are at the desk. I believe, perhaps, there are two or three. I have two in my hand.

I ask unanimous consent that those amendments may be considered as read.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Louisiana?

The Chair hears none; and, without objection, the amendments will be considered as read.

The amendments are as follows:

Strike out all after the enacting clause, and insert in lieu thereof the following: "That (a) the President is authorized and requested to transmit to the Congress at the earliest practicable time a proposed plan, consistent with the provisions of this Act, for the creation of a corporation to establish and operate, in cooperation with Government agencies, a commercial worldwide communications system using communications satellites in space and related terrestrial installations.

"(b) Such plan shall contain appropriate provisions to insure that—

"(1) the corporation so established shall be privately owned;

"(2) the stock thereof shall be issued in such manner as to encourage the widest distribution to the American public;

"(3) such satellite communications system would be competitive with, and not merely supplemental to, existing systems of terrestrial communications;

"(4) such system could not become subject to direct or indirect ownership or control by one or more existing communications common carriers;

"(5) adequate capitalization is provided for the establishment and operation of the communications satellite system until such time as its revenues will assure the profitable operation thereof without governmental assistance.

"(c) Such plan shall contain such other provisions as the President may deem appropriate to provide for the establishment as expeditiously as practicable of a commercial communications satellite system, as a part of a global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding."

On page 33, line 11, after the word "person", insert the following: "*Provided, however,* That Congress expressly reserves the right to direct the Commission to require any communications common carrier to divest itself of part of all of its voting stock in the corporation in an amount determined by Congress, such direction and determination, if any, to be made subsequent to review by Congress of the report by the Commission authorized and directed by title V of this Act."

On page 40, following line 14, insert the following:

"TITLE V—FEDERAL COMMUNICATIONS COMMISSION'S INVESTIGATION OF THE COMMUNICATIONS INDUSTRY

"SEC. 501. It is necessary, in aid of legislation by the Congress and for the use of governmental agencies, particularly with respect to space satellite communications and other rapidly advancing areas of communication technology; for the information of the general public; as an aid in providing more effective rate regulation; and for other purposes in the public interest; that accurate and comprehensive information be procured and compiled regarding both the domestic and international operations of American Telephone and Telegraph Company and other communication common carriers.

"SEC. 502. The Federal Communications Commission is hereby authorized and directed to investigate and report to the Congress no later than January 20, 1964, on the following matters with respect to the American Telephone and Telegraph Company and other communication common carriers, including all of their subsidiary, affiliated, associated, and holding companies, and any other companies in which any of them have any direct or indirect financial interest, or which have any such interest in them, or in which any of their officers or directors hold any office or exert any control or whose officers or directors hold any office or exert any control in them. The report shall give particular emphasis to all aspects of the following matters which have occurred since 1939:

"(a) The corporate and financial history, and the capital structure and the relationship of such company and of its subsidiary, affiliated, associated, and holding companies, including the determination of whether or not such structure may enable them to evade regulation or taxation, or to conceal, pyramid, or absorb profits, or to do any other act contrary to the public interest.

"(b) The extent and character of intercompany service contracts and all transactions between communications common carriers and their subsidiaries, affiliated, associated, or holding companies, and particularly between the American Telephone and Telegraph Company and the Western Electric Company and other manufacturers of electrical communication equipment; the cost of and sale prices of equipment, material, or devices to operating companies or users; the profits upon such sales and the effect of such sales upon the rates or upon the rate base of operating companies when used as a basis for charges; and the probable savings to operating companies and the public by purchasing equipment under a system of competitive bidding.

"(c) The reasonableness of rates and charges; and, the extent to which subscribers or users of communications services have borne the cost of research and development, including but not limited to the maintenance and support of Bell Telephone Laboratories, Incorporated.

"(d) The effect of monopolistic control upon the reasonableness of rates and charges, upon competition in the communications industry, and upon the character of services rendered, and any unfair or discriminatory practices.

"(e) The effect of mergers, consolidations, and acquisitions of control in the communications industry, including the determination of whether there has been any 'writeup' in the purchase price of property, equipment, or intangibles, the fairness of the terms and conditions of any merger, consolidation, or acquisition, and the public interest therein, and the effect thereof upon rates or service.

"(f) The accounting methods of the communications common carriers, particularly with reference to depreciation and reserve accounting, apportionment of investment, revenues, and expenses between State and interstate operations, employee pension funds, executive compensation, and valuation of properties for both rate and tax purposes.

"(g) The methods of competition by communications common carriers amongst themselves and with other companies including the determination of whether or not there has been any sale or refusal to buy from or sell to competing companies, or suppression of patents, and the expansion of communications common carrier companies into various fields.

"(h) Whether or not the communications common carriers have sought through propaganda or the expenditure of money or the control of channels of publicity to influence or control public opinion, legislative or administrative action, or elections.

"(i) All other matters in any way bearing on the reasonableness of rates and charges, quality of service, the extent of concentration, and competition in the communications industry.

"SEC. 503. As used in the resolution the term 'communications common carrier' shall include all subsidiary, affiliated, associated, and holding companies or corporations and all companies directly or indirectly associated or connected with telephone companies, either by direct or indirect stock ownership, interlocking directorates, voting trusts, holding or investment companies, or any other direct or indirect means.

"SEC. 504. For the purposes of this resolution the Federal Communications Commission is hereby authorized to hold hearings; to contract for stenographic reporting service; to utilize its regular personnel, facilities, jurisdiction, and powers insofar as practicable; and to employ for the purposes of this investigation such additional experts, including engineering, accounting, legal, and other assistants as may be found necessary, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States; and to make such other expenditures, including necessary travel expenses, and expenditures for printing and binding, as it deems necessary. The Commission is also hereby authorized to have access to, upon demand, for the purposes of examination, and the right to copy, any books, papers, correspondence, memorandums, and other records of any person, partnership, company, or other organization being investigated, whether such books, papers, correspondence, memorandums, or records are in the possession of the company under investigation or are in the possession of other persons, firms, or corporations; to require by subpena the attendance and testimony of witnesses and the production of books, papers, correspondence, memorandums, and other records which the Commission deems relevant or material to the inquiry, at any designated place of hearing within the United States; to administer oaths and affirmations, to require persons, partnerships, companies, or other organizations to submit to the Commission in writing reports and answers to specific questions furnishing such information as the Commission may require relative to the inquiry Such reports and answers shall be made under oath or otherwise as the Commission may prescribe and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission. In case of contumacy or the refusal to obey any subpena or other order issued hereunder, the Commission may invoke the aid of any court of the United States, within the jurisdiction of which such inquiry is carried on, or where such party guilty of contumacy or refusal to obey resides or has his place of business, in requiring obedience to such subpena or other order and any such court of the United States shall have jurisdiction to issue its order enforcing such subpena or other order of the Commission in whole or in part; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in such cases may be served wherever the defendant may be found.

"SEC. 505. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $3,265,900, to be made immediately available to the Federal Communications Commission for the purposes of the investigation and report herein authorized and directed, and the Commission shall make reports to Congress on its progress and its findings in this investigation."

Mr. YARBOROUGH. Mr. President, will the distinguished Senator from Louisiana yield to me so that I may make a unanimous-consent request?

Mr. LONG of Louisiana. I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas [Mr. YARBOROUGH] is recognized.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the six amendments I sent to the desk on June 15 may be considered as read, that the reading of the amendments may be dispensed with, and that they may be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The amendments are as follows:

On page 38, strike out lines 3 through 14 and insert in lieu thereof the following:

"CONDUCT OF FOREIGN NEGOTIATIONS

"SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity, without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements with any such agency, government, or entity shall be subject to the approval of the Department of State."

On page 35, line 3, strike out "20" and insert in lieu thereof "5".

On page 35, line 6, strike out "authorized".

On page 33, line 6, strike out "initially offered".

On page 33, line 8, strike out the period and insert in lieu thereof "and among the communications common carriers.".

On page 31, lines 2 through 4, strike out the sentence beginning with "The" and ending with "reserved."

On page 29, strike out lines 9 through 19, and insert in lieu thereof the following:

"(7) grant appropriate authorization to the corporation for the construction and operation of each satellite terminal station. No satellite terminal shall be owned or operated by any corporation, partnership, firm, or entity other than the corporation."

On page 30, lines 6 and 13, strike out "or carriers".

On page 26, lines 10 and 11, strike out "cooperate with the corporation in research and development".

On page 26, strike out lines 10 through 12 and insert in lieu thereof the following:

"(2) to the extent deemed appropriate by the Administration in the public interest, cooperate with the corporation in research and development and require the corporation to engage in research and development on behalf of the United States in return for which the corporation shall receive reasonable reimbursement;".

Mr. YARBOROUGH. Mr. President, I should like to have the attention of the distinguished Senator from Louisiana for a minute.

In connection with the colloquy between the distinguished Senator from Louisiana and the distinguished junior Senator from Tennessee earlier, I understood there was read into the RECORD a resolution of the Western States Democratic Conference, of the 13 Western States, which has been meeting in the West, opposing the bill.

Mr. LONG of Louisiana. Mr. President, if the Senator will yield for a question, might I suggest that what was read into the RECORD was a brief note from the ticker to the effect that the Senator has stated. The resolution itself was not read.

Mr. YARBOROUGH. I thank the distinguished Senator from Louisiana.

I believe the Senator would be interested in knowing that his efforts have not gone unnoticed in this country. I hold in my hand a copy of a resolution I received today in my office from the steering committee of the Westwood Democratic Club of Beverly Hills, Los Angeles, Calif.:

AUGUST 2, 1962.

At a meeting held August 1, 1962, of the steering committee of the Westwood Democratic Club, the following resolution was adopted:

"We, the steering committee of the Westwood Democratic Club, wish to commend the public-spirited Senators who are conducting a principled fight for public control of the space communications program."

JAMES O. PALMER,
President, Westwood Democratic Club, Los Angeles, Calif.

(Copies of resolution sent to: President John Kennedy; Mr. Tom Carvey, president, California Democratic Council; Senators Kefauver, Morse, Neuberger, Gore, Long, Clark, Yarborough, Burdick, and Senate Majority Leader Mansfield.)

Though the next letter comes a distance far from my home, more than 1,000 miles, I wish to state that I have received many other communications. I think they are meant for all of the group of other Senators who are opposing this monopolistic giveaway. I read the letter:

AUGUST 7, 1962.

Senator YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: Please accept my congratulations on the stand you took against the giveaway of our satellite communications system to the A.T. & T.

Keep up the good work.

Sincerely,

ERNEST TUTT.

WEST CORINA, CALIF.

I received another letter dated August 4, 1962, from Berkeley, Calif. I am from Texas. People over the country thousands of miles away know of the fight. I have before me a mere sampling of the messages. Since the main burden of the debate has been carried by the two Senators from Tennessee [Mr. KEFAUVER and Mr. GORE], the junior Senator from Louisiana [Mr. LONG], and the senior Senator from Oregon [Mr. MORSE], I wanted them to have the benefit of those messages, too.

The letter from Berkeley, Calif., reads as follows:

AUGUST 4, 1962.

MY DEAR SENATOR YARBOROUGH: From what I can glean from the Berkeley Daily Gazette (which is very little in the way of genuine news) I believe that you are opposed to the communications satellite bill because it would turn over to private corporations the management of space telecommunications. I fully approve of your stand, and hope that you will be able to hold out against the lobbyists.

I remember, 17 years ago, all the wonderful promises private industry made on the educational marvel of television. Since January of this year I have seen exactly two educational programs on television. When the Government turned over what should have been a public utility to private interests, that was the end of anything educational—or for that matter anything in the way of adult entertainment—in television. I consider it one of the greatest swindles of the American public in history.

I hope you will not allow the same thing to happen in the field of space communications.

Sincerely yours,

HILGER G. WALKER.

BERKELEY, CALIF.

I received another letter from California under date of July 30, 1962, as follows:

July 30, 1962.

Dear Senator Yarborough: Please continue the fight to keep the communication satellite system out of the grasping hands of A.T. & T. If A.T. & T. should gain control of this system any form of regulation would be totally impossible. It's hard enough to regulate them here on earth, what will happen when they are in the heavens. Please continue to fight for a Government-controlled system, and not the Kerr bill or the administration bill.

Respectfully yours,

John D. Zaver.

Fresno, Calif.

Mr. President, I take pleasure in reading a letter from my home county of Henderson in the eastern part of Texas:

August 8, 1962.

Hon. Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Sir: I am very much in favor of the fight you are making to keep Telestar. I feel otherwise we would be making a great mistake. Keep up the good work even though the odds seem to be against you. Because the odds are great but the action is right, I admire you very much.

I believe that we, the U.S. citizens, should own this marvelous thing and not give such tremendous wealth to corporations already much too powerful.

Thank you.

Johnnie M. Johnson.

Athens, Tex.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. LONG of Louisiana. Has the Senator noticed that while very few Senators have been present in the Chamber today for the debate, so far as the public is concerned, the galleries have been full almost all day?

Mr. YARBOROUGH. Yes. The Senator may be interested to learn something else in that connection. I asked two of the gentlemen on the elevators about the large number of people in the galleries. As the Senator from Louisiana knows, most of the young men who operate the elevators are students and are highly intelligent. They told me, the people here today have an inordinate interest in this subject. Most of the people who have come to the galleries today are Government employees who are opposed to this giveaway. That is why they are here. The elevator men heard those statements on the elevator. It is a tribute to the patriotism of the employees of the U.S. Government that they would take their Saturday vacation time to come to the Senate and listen, because they are opposed to the great heritage of the people of the United States being given away to one monopoly.

Mr. President, I see the Senator from Idaho [Mr. Church] is prepared to address the Chair. I shall take only 1 more minute.

I wish to read a message from Fort Worth, Tex. I am reading letters as samples from the large number of letters and telegrams I have received in support of my position. The quantity of such mail and telegrams exceeds anything in the way of approval communications I have received since I first came to the Senate. It is running 20 to 1. Generally the communications run 20 to 1 the other way. When I voted for foreign aid, the mail was about 20 to 1 against me.

But in number, it is the greatest quantity of approving messages I have received.

I next refer to a letter from Fort Worth, Tex. The writer states:

Fort Worth, Tex., *August 7, 1962.*

Senator Ralph Yarborough,
Washington, D.C.

Dear Senator: This is my first word to you—

I presume he means since I have been in the Senate—

and I am tardy about it, but I have admired your stand on keeping so international a thing as space communication satellites publicly owned and operated.

Another thing, even if you and the other defenders of public interests fail I will still give you my support.

Yours with respect,

Ben O. Miller.

These letters and telegrams show great understanding of the bill, despite the small amount of information that has been printed in the newspapers about what is involved.

I ask Senators to notice that phrase: "So international a thing as space communication satellites." The people understand. They have the intelligence to know what is at stake. If they had their way, the people would prevail.

I wish to point out another type of mail I have received. Generally, due to the issue of medical care, we have heard a great deal about doctors being opposed to progress. The opposition I get to the communications satellite bill comes from all groups of people. Every letter I have received from a medical doctor has indicated opposition to the proposed giveaway. I take my hat off for the stand of those people.

Here is a letter from Harry Fishbein, M.D.:

August 3, 1962.

Dear Senator: Congratulations on your effort to protect the public in the space communications bill.

Keep up the good work.

Sincerely,

Harry Fishbein, M.D.

P.S.—And I own A.T. & T. stock.

That is not the first letter I have received from a person saying, "I own A.T. & T. stock. It is good stock. I get good dividends, some tell me, but it is too much to give away space to them. I think they still can earn my dividends."

Here is another letter from a doctor in Lincoln, Nebr. He writes in part as follows:

I have followed your political career closely even though I have been out of the State of Texas for many years. I find you on the side of good legislation. Your stand on veterans' legislation is sound. Your recent remarks on the communication satellite bill which I have followed closely (Congressional Record) are good.

That is a medical doctor of keen perception who wrote me from Nebraska. He knows the issue. Let the people find out the issue and they will be with us. That is why the cloture petition was filed. The proponents are afraid that if the people find out what the issues are the outcome will be different.

Why are the proponents of the measure fearful of debate? Representatives of a television network came to the Senator from Tennessee [Mr. Gore] and another Senator—not myself—but one who has been more firmly identified with and knows the issues better than I, and those Senators agreed to debate the bill. The network agreed to 1 hour for education of the people on the issue. The Senator from Tennessee [Mr. Gore], who was too modest to say so, and the Senator from Oregon [Mr. Morse], the exponents of the position we take, said they would accept. The representatives of the broadcasting system returned days later and said that they had hunted among the proponents of the giveaway measure but could not find two of them who would appear on television and debate the issue before the people of the United States.

I do not think they are so much afraid of debate. I think they are afraid the people might find out what is contained in the bill and what is going on.

I make that statement based on letters I have received from people I do not know. Most letters, of course, are from people in my own State, but they are also from people in California, Nebraska, and other States.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. YARBOROUGH. I yield.

Mr. LONG of Louisiana. Did I correctly understand the Senator to say that when an opportunity was accorded to all Senators who are fighting to push the bill through the Senate to appear on a nationwide television debate, with Senators who are against the horrible bill, they could not find a single Senator who would appear on television and debate the issue?

Mr. YARBOROUGH. Yes. Senators who are insisting on cloture because there is so much merit in the bill were afraid to talk before the whole American public on a nationally advertised program with 30 minutes free time. The Senator from Tennessee [Mr. Gore] and the Senator from Oregon [Mr. Morse] could not find opponents to meet them in such a debate.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. KEFAUVER. Some of us always desire to appear on television. I am sure some of the proponents of the bill have also shared that desire. Has the Senator ever heard of Senators turning down an opportunity to appear on a nationwide television broadcast?

Mr. YARBOROUGH. In my whole life I have never heard of such a thing, particularly when only 2 Senators out of 80 Senators would be selected to sustain the position of the proponents. I point that out particularly because they would apply cloture and deny the constitutional right of other Senators to be heard.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Does it not appear strange that Senators who would apply a gag rule to the Senate do not care to be heard by the American people themselves?

Mr. YARBOROUGH. Well, I believe it pretty well illustrates why the effort is made to put into effect the gag rule. The ones responsible for it do not want this issue to be brought to the attention of the country, as this medical doctor writes to me, from Lincoln, Nebr., says. The proponents of the gag rule do not want the country to know what the issue is. This medical doctor took the time to write to me; and we all know how busy doctors are. He stated the heart of the issue when he said:

> The American people have paid the bill for the things that make this achievement possible. They should reap the maximum benefits. Most thinking American people will be with you as soon as the true nature of the issue is brought to their attention.

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. YARBOROUGH. I yield for a question.

Mr. KEFAUVER. I know that the Senator is a great historian, and that he has made a study of other efforts for gigantic giveaways, even though they were not as big as this one, and he knows about the pressures that were brought against Senator La Follette and Senator Norris and Senator Shipstead and other Senators. Is this a similar situation to the fight those great Senators fought to prevent a kind of giveaway that we are subjected to here? Is this the same sort of pressure to give something away in a hurry? If so, would the Senator elaborate on that subject?

Mr. YARBOROUGH. Yes. It is an amazing thing, that in the past, when small groups of Senators, just like our small group, were opposed to some giveaway, and when Senator Norris and Senator La Follette and Senator Sherman, of Illinois, opposed the giveaway, they were joined in those efforts in the great Northwest, in Montana and in Idaho. I wish the present occupant of the chair (Mr. METCALF presiding) would join with us, because I know his heart is with us——

Mr. KEFAUVER. I am sure it is.

Mr. YARBOROUGH. The heritage of his State is with us. Burton K. Wheeler joined Bob La Follette and McNary. Unfortunately there was a Democratic-Republican coalition, something like the present coalition, and at that time it was a group of Republican Senators who poured so much contumely and reproach upon them. They were called the "sons of the wild jackass." Nevertheless the efforts of these great Senators, after filibustering for 15 years saved the TVA. That is how TVA was saved, Mr. President. They also saved the national forests. I certainly thank the Senator from Oregon [Mrs. NEUBERGER], from that great State from which Senator McNary came, for living in the tradition of that great Senator McNary. The national forests were saved in the same way.

This is the first time in my service in the Senate that I have received such an outpouring of letters on a subject like this.

Incidentally, there is another difference, too, between what is happening now and what happened then. Then the newspapers called these men obstructionists and other things. There is a difference, however, because this time, despite the snide remarks, the people are already with us. At that time it took years for the people to be with those men who fought for the interests of the people. This time the people have caught the issue. This new invention, Telstar, caught the imagination of the people, and they know about it, and they are writing to us about it. They know that the Government did most of this. The people have learned that 99 percent of all the research in space and that all the space sciences in the United States have been paid for by the people of the United States out of withholding taxes on their salaries and on their earnings and wages. They know that they have paid for this.

Of course, it has been developed by a private corporation, but that is all under Government contract, with cost-plus provisions.

We intend that private companies would build the equipment. If the bill proposed by the distinguished Senator from Tennessee for Government ownership is made law, the Government would not go into the building of the equipment. It would not go into the telephone business or into the telegraph business, or the communications business. It would put the satellite in space. It would be like the Government's relationship to the Panama Canal.

The argument has been said that the Government cannot run anything efficiently. Whoever says that is apparently forgetting about the Panama Canal. Right now, the tolls through the Panama Canal are the highest in our history. They are $60 million a year, with $4 or $5 million in net profit. Ten years ago 40 percent of all the shipping through the Panama Canal was U.S. shipping. Today foreign commerce has grown so much with all the nations of the world that only 20 percent of the tonnage through the Panama Canal is American tonnage. However, we get the tolls on 80 percent of the foreign tonnage. We have done that because we decided not to put any shackles on the development of the Panama Canal. If we continue to develop this new communications system as we developed the Panama Canal, as other nations become more literate and raise their standard of living nearer to our standard of living, the time will come when we will be paid tolls, if we put up a responsible system and not turn it over to this gigantic corporation.

It would have been just as logical in the days of the building of the Panama Canal to turn it over to a steamship line, on the theory that the United States did not know the shipping business. We are told that because A.T. & T. knows the telephone business, that we should turn over the space satellite system to A.T. & T. It would have been as logical in 1903 to turn the Panama Canal over to Moore-McCormack or some other steamship line, because, it was said, the U.S. Government does not know the shipping business, and therefore, we should give them the Panama Canal.

At that time Teddy Roosevelt was in the White House. He would not listen to that kind of argument. The Panama Canal was not turned over to a shipping company. It was turned over to the Panama Canal Company, which is an instrumentality of the U.S. Government.

I wish to illustrate further how word is getting out on this matter.

I have here a telegram from Graham, Tex. It reads:

> Keep up the good fight for ownership. All people my town stand behind you.

We never had such a unanimity of opinion on anything in the 5⅓ years that I have been in the Senate. This is the vastest thing that I have ever seen in my service here. There has been nothing to touch this in extent during my service in the Senate.

Mr. President, when Columbus discovered America the average family in England was living in a one-room house, with a dirt floor, with no windows. That is how the average family lived. His discovery had a great influence on learning and on men's minds, and it stirred the spirit of curiosity, and certainly stirred people to better their standard of living, and created a desire for a change. The standard of living is still improving.

I predict that as we continue to use space for these peaceful purposes, its influence will be greater than the discovery of America had on Europe.

I have a letter which I received from Mr. H. D. Shoup, the manager of the Western Union Telegraph Co. at Nacogdoches, Tex. He says:

> AUGUST 8, 1962.
>
> Hon. RALPH W. YARBOROUGH,
> *U.S. Senator,*
> *Washington, D.C.*
>
> DEAR SENATOR: As a longtime employee of the Western Union Telegraph Co., nearing the age of retirement and with a keen interest in the future of the company. I wish to most strongly urge you to reject the Senate bill S. 2814.
>
> As you know, this bill will eventually give the giant American Telegraph & Telephone Co. a monopoly in the coming satellite communication system.
>
> The Federal Communications Commission has already given the Bell System authority to get into the written communication telegraph business in a way that is very unfair to our company. They only take over the cream of the crop by setting up systems for the larger accounts in each community, whereas, we must make our telegraph service available to every individual and deliver to every remote section of the city. In some cases, no doubt, the delivery cost to us is more than we got out of the telegram in the first place. Since the telephone company does not have to furnish this type of service, naturally they are very unfair competition. Something should also be done about this as well as defeating Senate bill S. 2814.
>
> If us taxpayers are going to have to foot most of the bill for the satellite system, then

certainly no one individual, or company, should be given a monopoly on it.

Knowing your record and your past sincere efforts in behalf of all of us, I feel sure you will do everything you possibly can to defeat this bill.

Yours very truly,

H. D. Shoup,
Manager.

I have received other messages of that nature from other persons who are alarmed by the squeeze which is threatened by the proposed monopoly. I ask unanimous consent that these and other messages I have received be printed at this point in the Record.

There being no objection, the messages were ordered to be printed in the Record, as follows:

Monahans, Tex., *August 8, 1962.*

Hon. Ralph Yarborough,
U.S. Senate,
Senate Office Building,
Washington, D.C.:

Please reject Senate bill 2814, keep satellite communications system free from monopoly.

Mrs. Bobbie Minor.

Palestine, Tex., *August 8, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Please oppose S. 2814. Giant telephone monopolistic A.T. & T. has already invaded telegraphic communications field destroying jobs.

Mr. and Mrs. H. S. Loyd.

Arlington, Tex., *August 9, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Keep up the good fight on the communications satellite bill.

Mr. and Mrs. Richard E. Barnes.

Paris, Tex., *August 9, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Please vigorously oppose Senate bill 2814. We, employees telegraph industry, don't want A.T. & T. monopoly satellite communications.

L. N. Guest.

San Angelo, Tex., *August 9, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Senate bill 2814 is an injustice to the American taxpayer.

Mrs. Delores Adams.

McKinney, Tex., *August 8, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

I urge you to reject Senate bill 2814, it would give a monopoly.

T. J. Holloway.

Plainview, Tex., *August 8, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Will appreciate your opposing Senate bill 2814. If passed will give too much domination by A.T. & T.

Eddie Wilcox.

Corsicana, Tex., *August 8, 1962.*

Senator Ralph Yarborough,
Senate Building, Washington, D.C.:

Strongly urge your vote, influence against S. 2814 communications satellite system. A.T. & T. is too monopolistic now.

E. W. Gruschow.

Del Rio, Tex., *August 8, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Senate bill 2814 should be rejected; in present form it gives A.T. & T. a monopoly.

A. O. George.

Amarillo, Tex., *August 9, 1962.*

Senator Ralph Yarborough,
Washington, D.C.:

Please reject Senate bill 2814 in the interest of all free Americans.

Juanita Sadler,
President, Commercial Telegraphers Union Local 10, Western Union Telegraph Co.

Mr. YARBOROUGH. Mr. President, without taking the time to read them all, I shall give a sampling of a number of messages I have received. I shall take only 2 or 3 minutes.

Here is one from Odessa, Tex.:

Respectfully urge you reject Senate bill S. 2814 and keep satellite communications free from monopoly.

C. S. Briggs.

Here is one from Port Arthur, Tex.:

Deepest thanks. Continue good fight to keep space satellite for U.S. public who bought it.

Samuel Schiffer.

Here is one dated August 10, from Fort Worth, Tex.:

We strongly support your courageous stand on the Telstar issue. We always knew you are on the side of the people, and our pride in your fine record continues.

With warm best wishes,

Charles and James Murphy.

Mr. President, the people are waking up. A cloture motion has been filed despite the fact that the bill has not been thoroughly debated. On our side, at least five Senators have not spoken a word on the bill. No Senator on our side of the question has yet delivered two speeches. Cloture motions have been filed before, but they were filed after Senators who were in the minority had each spoken a day or two. We have not had sufficient time to present our case. We who are opposed to the bill have not had time to make speeches.

The light as to what is at stake is just beginning to reach 180 million people.

The communications I have read are representative of the awakening that is taking place throughout the country. I have been receiving messages from west of the Mississippi. The people in that area of the country are being stirred up. I hope we shall have an opportunity to debate the bill until the country learns what is actually at stake.

Mr. CHURCH. Mr. President, for myself and on behalf of the distinguished senior Senator from Ohio [Mr. Lausche], I send to the desk an amendment to the bill and ask that it be read and printed in the regular manner, and lie on the table.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 25, line 26, immediately after the word "needs," it is proposed to insert the following: "or if otherwise required in the national interest."

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. CHURCH. Mr. President, the purpose of the amendment is to make the operative language of the bill itself conform with one of its most important declared purposes. Under the declaration of policy and purpose of the bill, section 102(d) reads:

> (d) It is not the intent of Congress by this Act to preclude the use of the communications satellite system for domestic communication services where consistent with the provisions of this Act nor to preclude the creation of additional communications satellite systems, if required to meet unique governmental needs or if otherwise required in the national interest.

The wisdom of this last clause "or if otherwise required in the national interest" is perfectly apparent. We cannot now foretell how well the corporate instrumentality established by this act will serve the needs of our people. If it should develop that the rates charged are too high, or the service too limited, so that the system is failing to extend to the American people the maximum benefits of the new technology, or if the Government's use of the system for, say, Voice of America broadcasts to certain other parts of the world, proves to be excessively expensive for our taxpayers, then certainly this enabling legislation should not preclude the establishment of alternative systems, whether under private or public management. And just as certainly is that gateway meant to be kept open, in case we should ever need to use it, by the language to be found in the bill's declaration of policy and purpose to which I have referred.

However, when it comes to the operative language of the bill itself, the all-important phrase "or if otherwise required in the national interest" has been left out. The pertinent part of the bill, section 201(a)(6), reads:

> (a) the President shall—
>
> (6) take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs;

It will be seen that the substantive part of the bill not only creates one monopoly, but requires the Government to use it, excepting only such Government use of a separate system as may be required to meet "unique governmental needs." All of the testimony before the Senate Foreign Relations Committee—that given by both the Secretary of State and the Secretary of Defense—bears out the fact that a very narrow definition is being given to the term "unique governmental needs." The legislative history of the bill, made before the committee, makes it clear that this term is meant to embrace only functions of a highly classified nature, extremely restricted in their scope. In effect, the gateway meant to be left open in the bill's declaration of policy and purpose is slammed almost shut in the substantive language of the bill itself.

The amendment would correct this serious defect in the bill by making the language of section 201(a)(6) conform with the language used in the last clause of section 102(d), adding "or if otherwise required in the national interest" to the substantive provisions of the bill.

This amendment has the approval of the Secretary of State and so, I take it, of the administration.

I think the amendment is very much in the public interest. I hope the Senate will adopt it.

Mr. LAUSCHE. Mr. President, I have joined the Senator from Idaho as a sponsor of the amendment. I think the amendment is sound and ought to be adopted. If it is not adopted, the bill is likely to lead to grave confusion at a later date, in the event the Department of Defense or the U.S. Information Agency seeks to establish a communications system of its own, not to broadcast secret military information, but to present to the people of the world the true image, the good image, of America.

An examination of the bill will reveal that the declaration of policy specifically states that the passage of the bill will not preclude the creation of additional communications satellite systems if they are required to meet the unique governmental needs or if otherwise required in the national interest.

As the Senator from Idaho understands, that language is contained in the declaration of policy.

When we consider the responsibilities imposed upon the President in a very vital section of that title, the language used states that new satellite systems may be created in order to meet unique conditions. The provision is devoid of any language warranting the establishment of a governmental satellite system if the public interest requires it.

Mr. CHURCH. The Senator from Ohio is absolutely correct.

Mr. LAUSCHE. I ask this question of the Senator from Idaho: Does not our amendment contemplate placing in the substantive part of the bill the same language that is included in the declaration of policy?

Mr. CHURCH. That is the purpose of the amendment; and in so doing we make certain that the door is left open for the Government to establish an alternative system, if experience should show that the national interest requires it. This might be done for many reasons that cannot now be foretold; but the language of the bill not only would establish a single instrumentality which would own and operate the communications satellite system, but would require that the Government use that instrumentality. The Government would be deprived of the right to set up any kind of alternative system except for "unique governmental purposes."

The Senator from Ohio has well pointed out, and I have tried to do so in my introductory statement, that the testimony of the Secretary of State and the Secretary of Defense before the Committee on Foreign Relations makes it perfectly clear that the term "unique governmental need" is very narrowly confined to highly classified functions. Therefore, the bill in its present form fails to carry out the declared policy and purpose which appears in the preamble of the bill.

Mr. LAUSCHE. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I am happy to yield.

Mr. LAUSCHE. The report submitted by the Committee on Commerce, which took testimony and considered the bill, specifically states that the word "unique" applies to what would normally be secret military information being distributed around the world.

Therefore, Mr. Murrow testified that in the event the USIA decides it needs a satellite communications system to present to the people of the world the image of America, the cost to us will be $1 billion a year. So it may be advisable, for that purpose, to establish our own communications satellite system, in order to obviate such an inordinate expense. And if the amendment of the Senator from Idaho is adopted, we shall have this in reserve, to use it if we want to.

Mr. CHURCH. And we can be assured that the public interest will be fully protected if experience demonstrates that this is in the best interests of the country.

Mr. LAUSCHE. I thank the Senator from Idaho.

Mr. CHURCH. Mr. President, I am very much pleased that the Senator from Ohio joins me in submitting the amendment, and I hope the bill will be amended in this respect.

Mr. LAUSCHE. Mr. President, I send to the desk two amendments to the bill.

The ACTING PRESIDENT pro tempore. The amendments of the Senator from Ohio will be read.

Mr. LAUSCHE. Mr. President, I ask that the amendments be printed and treated as having been read.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KEFAUVER. Mr. President, I send to the desk an amendment which has not previously been at the desk, and ask that the amendment be treated as read and printed in the RECORD.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. KEFAUVER. Mr. President, let me explain the amendment, for it is a very important one.

I think one of the defects of the bill which is fatal is that neither the President nor the Federal Communications Commission has the right to require a change from one system to another—that is to say, from a low-altitude system to a high-altitude communications system. That would be left entirely in the hands of the private corporation, which might not be in the best interests of the Nation.

This amendment gives the President the right to make that decision.

Mr. President, my brief remarks at this point will be rather technical. For some time I have wanted to analyze some of the grave inequities under various parts of the bill. I have not listed all of them. I know that not many Senators are now in the Chamber to follow a technical discussion of the bill. But I hope the Senators who are in the Chamber at this time will obtain a copy of the bill and will follow my presentation, line by line. If any statement I make is not correct, I shall be very glad to be challenged, although I believe my statements will be correct.

These technical but very important matters do not go to the philosophy of the bill, which I believe is wrong; neither do they relate to its foreign policy aspects, which have been thoroughly discussed by other Senators. But I believe the RECORD should contain my statement, so that Senators who study the bill and read the RECORD will see that the bill is very deficient, unclear, and unfair to the Government in many, many respects.

First, I turn to page 20, line 19, which deals with global coverage:

> In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed—

That is indeed an intention which has been expressed by the President and by all of us who want the developing nations to have this opportunity. It is claimed that that can be done by relying upon section 214(d) of the Federal Communications Act. But apparently that section will not be sufficient, because even with section 214(d) of the act the Federal Communications Commission has never been able to get the A.T. & T. or the telephone companies to expand their service into the rural areas of the United States where the service may not be so profitable.

As a result, rural telephone cooperatives have had to be established for the purpose of getting telephone service to those who live in the rural sections of the United States.

Second, if Senators will turn—and, also, if any members of the press have copies of the bill and will follow this presentation, I shall appreciate it very much—to page 21, line 16, they will observe that it refers to the activities of the corporation, and states that the activities "of the corporation shall be consistent with the Federal antitrust laws."

Mr. President, what is "consistent with the Federal antitrust laws"? I do not know. Before the committee, I urged that the corporation be required to be responsible under the antitrust laws, in the same way that any other corporation must be. But for some reason such a provision has been omitted; and the bill does not provide that the corporation shall be subject to the penalties of the Sherman Act, the Clayton Act, or any of the other antitrust laws which apply to all other corporations. So the apparent intent here is not to bring this corporation under the antitrust laws—although I feel it is absolutely necessary that the corporation be brought under them if we are to have protection against further expansion of monopoly and if there is to be protection for small suppliers of hardware who might wish to produce electrical equipment or whatnot for the corporation.

Third, on page 21, we find this:

> (d) It is not the intent of Congress by this Act to preclude the use of the communications satellite system for domestic

> communication services where consistent with the provisions of this Act.

Mr. President, this provision, together with the history, shows what the Senator from Louisiana was saying—namely, that it is the intention of the corporation and of A.T. & T.—and it finds expression in the hearings and in this vague language—that the people of the United States not have the cheaper rates which will be possible between New York and Los Angeles or San Francisco by virtue of having satellites used—rates which would be very much cheaper than the rates for sending messages from one relay station to another.

Instead of this language, the bill should state that the intent is to encourage the domestic use, so that we can have lower telephone rates and lower rates for the transmission of radio and television programs and lower rates to send messages to Hawaii, Alaska, and other parts of the United States.

The fourth point relates to what the distinguished Senator from Idaho [Mr. Church] and the distinguished Senator from Ohio [Mr. Lausche] have been discussing. At the bottom of page 21, line 22, it is provided, in effect, that the Government shall not have any other system unless it is "required to meet unique governmental needs." As Senators have said, the interpretation of that language, in the hearings and the reports, is that it applies only to secret messages, usually coded. Suppose the Government had another system for its "unique governmental needs," coded messages, secret, military, and had other channels which Ed Murrow and the USIA could use to send messages to all parts of the world. This language would make it impossible for the Government to use it as an instrument of foreign policy to enable people to know the United States, and bring all peoples closer together.

I turn now to page 22, line 6:

> The term "communications satellite system" refers to a system of communications satellites.

Then, beginning on line 14, on the same page, it states—

> the term "satellite terminal station" refers to a complex of communication equipment located on the earth's surface—

That is, ground stations.

So this language, together with the language on page 29, line 9, providing that either the satellite corporation or one or more authorized carriers may own ground stations, means that it is anticipated in the bill, and will undoubtedly be the case, that A.T. & T. will have its own ground stations, which will be the funnel through which messages will have to come and go; or it may be the I.T. & T. This arrangement would give them the key to control over rates or charges.

It was anticipated in the President's bill that the ground stations be owned by the corporation, so that they would be under the jurisdiction of the provisions of the act and the jurisdiction, to some extent, of the President and the Federal Communications Commission. But the satellites have been very cleverly separated from the ground stations.

I have pointed out, on page 29, line 9, it is made clear that one or more carriers can own the ground stations. Of course, the corporation will not own a communications system unless it owns the ground stations too. So the ground stations are left in the hands of private corporations.

The President is asking the people of the United States to invest money in this corporation, but if the ground stations are to go to the carriers, it will probably be difficult for the corporation to make enough money to pay back the investment the people may make.

I turn now to page 25 of the bill. Here is something that is very important and unprecedented in the history of our Nation. I refer to subsection (6), line 21. This is what the President is required to do:

> Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes.

And so forth.

In other words, the President works for the monopoly. The President and the Government cannot use their own system to send their own messages. The President must work for the monopoly, without any reciprocal work of the monopoly corporation being done for the President.

Let us go to page 26——

Mr. LAUSCHE. Mr. President, will the Senator yield without losing the floor?

The PRESIDING OFFICER (Mr. Hickey in the chair). Does the Senator yield?

Mr. KEFAUVER. I yield.

Mr. LAUSCHE. The amendment of the Senator from Idaho and the Senator from Ohio applies to subparagraph (6) of section 201. In this section there has been omitted the language which is in the declaration of policy, that the satellite communications system may be established to meet unique governmental needs, and, as stated in the declaration of policy, to meet the needs of the public interest. In this paragraph the public interest is not mentioned.

Mr. KEFAUVER. It was very cleverly left out, and for a good purpose. What is desired is a continuing subsidy to the corporation. The President is to work for the corporation, so that, in the unique situation, if the Government establishes a system, it will not be used. Business is to be channeled through the commercial system probably at the same rates anyone else pays. That is a continuing subsidy even after the first giveaway to the communications carrier.

Mr. LAUSCHE. I thank the Senator.

Mr. KEFAUVER. I thank the Senator for his observation.

I turn now to page 26. I hope any Senator following the bill will look at page 26 for a moment. The President is also required to "exercise his authority so as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad."

What does that mean? In my opinion, it means that the President shall be required to use the influence of the Presidency in behalf of a low-orbit system, which is to be compatible with existing communications facilities. The existing communications facilities, as of now and in the future, include the ground stations that A.T. & T. has at Andover, Maine, and the satellite which is going around the earth. So the President would be charged by law with making any further system compatible with existing facilities. They would tie us down irrevocably to a low-orbit system. In that connection, we should also look at page 28, line 20, wherein the Federal Communications Commission has to do something in that connection:

> Insure that facilities of the communications satellite system and satellite terminal stations are technically compatible and interconnected operationally with each other and with existing communications facilities.

Not only would the responsibility be put on the President, but also his hands would be tied to work with what A.T. & T. has. Also it would be made mandatory that the Federal Communications Commission work to assure compatability with what A.T. & T. has.

That is not right, Mr. President.

I ask Senators to look at page 26 of the bill. It refers to the National Aeronautics and Space Administration. It says that Administration shall "cooperate with the corporation in research and development to the extent deemed appropriate by the Administration in the public interest."

That is all one sided. NASA would be required to cooperate with the corporation in research and development, but there is no reciprocal requirement that the corporation cooperate with or give any assistance to NASA. It would be a one-way street.

I ask Senators to look again at page 26, near the bottom, subsection (5) which says that NASA shall "furnish to the corporation, on request and on a reimbursable basis, satellite launching and associated services required for the establishment, operation, and maintenance of the communications satellite system approved by the Commission."

If the corporation should start with the low-orbit system, NASA would have no discretion, but would have to cooperate and furnish boosters when the corporation wanted them, no matter how many that might be, and no matter what kind of adverse effect there might be on our space program. Boosters might be needed for that. Boosters might be needed for war or defense purposes. We are asked to write into law such a provision, no matter what the situation might be, no matter what great national emergency we might face. Regardless of the situation, NASA would have to furnish the corporation the boosters whenever the corporation called for them.

I ask Senators to look at page 27, line 11, in reference to insuring effective competition. The bill provides that the Federal Communications Commission shall "insure effective competition, including the use of competitive bidding where appropriate, in the procurement."

And so forth.

Under that language A.T. & T. or RCA could write its specifications so that only its own manufacturing company could meet the specifications.

For a long time the Federal Communications Commission has had the power to require competitive bidding, but practically all the hardware that A.T. & T. buys comes from Western Electric, and is manufactured by them. Of course, Western Electric has made good profits.

Mr. President, it is no wonder that the Senator from Alabama [Mr. SPARKMAN], chairman of the Select Committee on Small Business of the Senate, is worried about this section, because small manufacturers would not have a look-in. The big companies could write the satellite corporation's equipment specifications so that only their own suppliers would be able to meet them.

I ask Senators to take another look at page 27, where it is provided:

> The Commission shall consult with the Small Business Administration.

Mr. Horn, the Administrator of the Small Business Administration, wanted very much stronger language. He wanted it to provide that they shall follow the policy of the Small Business Administration.

The language does not provide that they shall follow the SBA advice, but says that all they would have to do is consult with the Small Business Administration. Then they could do anything they wished to do.

I ask Senators to turn to page 29 of the bill. This language deals with what the Federal Communications Commission has to do. On line 5 of page 29 it is stated that the Federal Communications Commission shall "approve technical characteristics of the operational communications satellite system."

The legislative history shows that this language would not give the Federal Communications Commission the power to require a change from a low-orbit to a high-orbit system, or a change to any other system, so that we could be sure to have the best system in the world. The Federal Communications Commission witnesses themselves testified that this language would not give them the power to require such a change.

That is the purpose to be served by the last amendment I sent to the desk. I feel that the President of the United States, or certainly the Federal Communications Commission or some department of the Government, ought to have a voice in deciding what kind of system we shall have, so that America will not be second or third in this race. We cannot leave that decision to a private corporation.

The purpose of a private corporation is to make money. That is well and good, but the Government may have an interest in an international system. The Government may have an interest in getting messages to other parts of the world, to the developing nations of the world. That decision cannot be left solely to a private corporation.

I ask Senators to turn to page 31 of the bill. We know that the President would appoint three of the directors, but there is one point which has not been brought out in this debate. The corporation is to act under the District of Columbia Business Corporation Act. The three directors the President would appoint would be fiduciaries, under corporation law, but not with respect to the President or the people of the United States. They would not have to even report to the President. They would have no responsibility to him. Under the District of Columbia corporation law they would have to work for the corporation, and they would have to do what was good for the corporation, not for the country, and not what the President wanted. They would not be responsible to the President in any manner whatsoever. No reports to the President would be required. Under the District of Columbia Business Corporation Act there is provision for a dissolution or merger of a corporation. Under the act the new corporation might be able to merge with A.T. & T. or I.T. & T. by a vote of its stockholders. There are no provisions to prevent those things.

There is nothing in the report about what might be done by the directors under the District of Columbia Business Corporation Act. I do not know why the District of Columbia Business Corporation Act was selected in the first place. There is a Corporation Act of California, of Alabama, and of Tennessee. Many States give more protection to the rights of stockholders than does the District of Columbia Business Corporation Act.

Under the District of Columbia Business Corporation Act could the directors meet and dissolve the corporation? Could anyone do anything about it? Could they merge? I do not think anybody can be sure about that?

I ask Senators to look again at page 31, at section 302, which says:

> The President of the United States shall appoint incorporators, by and with the advice and consent of the Senate, who shall serve as the initial board of directors until the first annual meeting of stockholders or until their successors are elected and qualified. Such incorporators shall arrange for an initial stock offering and take whatever other actions are necessary to establish the corporation, including the filing of articles of incorporation, as approved by the President.

Mr. President, no standards whatsoever are established. The bill does not provide whether the stock must be voting stock, how much stock there shall be, or what the value shall be. There are no assurances that they will be what the President has in mind in any respect.

On page 31, lines 13 and 14, appears a provision that the President shall approve the articles of incorporation. But amendments to the articles of incorporation could completely change the system. There is no provision that the President must give approval to the amendments to the articles of incorporation.

Furthermore, much could be done under the bylaws of a corporation. There is no provision in the bill that the President would have any authority whatsoever over the contents of the bylaws of the corporation.

On page 31, at line 16, the bill speaks of directors. It provides that three directors shall be elected by the President, six by the communication carriers, and six by other stockholders.

One might think that some of the directors ought to be persons representing the public interest, or interested in foreign policy. They ought to be outstanding businessmen, of course, but some of them ought to have a particular interest in the public.

If Senators will look at page 20, of the Senate committee's report, they will see what is meant by that provision. The report does not state what qualifications the directors ought to have. Yet the Senate committee report at page 20 states as follows:

> Your committee is hopeful that, in making his choices, the President will seek fair representation from the major political parties and a good cross section of the professions and industries which will be expected to take part in the U.S. commercial communications satellite effort. For example, it is hoped there will be incorporators drawn from both large and small communications common carriers.

But it does not say anything about selecting any of the directors from the public to represent the public viewpoint.

I call attention to page 32 of the bill. I am coming to a most important subject. I invite the attention of Senators to the fact that on page 32, beginning on line 6, provision is made that the carriers may elect six directors, without any requirement for buying any minimum amount of stock. In other words, when the corporation is formed, the carriers are entitled to one-half of the stock, but they might not buy more than $100,000 worth. There is no requirement that in order to elect their six directors they must buy any particular amount of stock. The carriers might put in only 1 percent of the amount that they have been allocated, and still might be able to elect their six directors.

The House bill required a minimum amount to be paid. It required that if the carriers bought 10 or 15 percent, they could elect one director. If they bought stock in a certain amount, they could elect two, and so on. But for some strange reason, that provision has been omitted from the bill. I suppose it was done purposely. Whatever the purpose, the result is that, without putting in one-tenth of 1 percent of the money that they are supposed to invest, the common carriers could still elect their six directors.

Further, as will be seen in the first paragraph of that page, of the six directors that the carriers could select, A.T. & T., or one company, could vote for only three directors. But we know that the small companies are dependent upon the larger A.T. & T. So that provision, for substantial purposes, means that A.T. & T. would control all six directors.

Furthermore, on page 32, there is supposed to be a conflict-of-interest provision beginning on line 22. It is provided that no officer of the corporation shall receive any salary from any other source other than the corporation during the period of his employment by the corporation. But a member of the board of directors of the A.T. & T. or I.T. & T. who was not an officer could be employed by and could even be president of the proposed corporation. A large stockholder of any of the other corporations could be an officer of the satellite corporation.

The provision ought to read:

> No person holding a financial interest in any communications carrier can be an officer or director of the satellite corporation.

We know that the principal officers of a corporation are often selected from among the directors, but most of the directors are not officers of the corporation.

I turn to page 33. The point which I am about to make is most important and has not yet been brought out. It is provided that stocks should be sold to the public:

> The shares of such stock initially offered shall be sold at a price not in excess of $100 for each share and in a manner to encourage the widest distribution to the American public.

The proposed corporation could offer $10,000 worth of stock in its initial issue. The public would have an opportunity to share in that. But Senators will note that the provision reads, "the initial offering." It could then come along and offer any additional amount, without giving the public any opportunity to buy any of the stock whatsoever.

Only the initial offer need be sold for $100 or less. Subsequent offers could be sold at any price. We know that stock may go up in value. It might be worth more than a hundred dollars. Of course, the shares could be split and kept at a hundred dollars. However, all the talk about the public having an opportunity to buy shares of stock and at a price the public can afford applies only to the initial issue and not to any other issue.

It will be seen also that this provision applies to the initial issue of the voting stock. However, we find that the carriers would be entitled to issue nonvoting stocks, bonds, debentures, and whatever they want to issue; and the public would have no right to buy any of it.

Corporations often issue stocks of various kinds which are not voting stock. So I believe the public ought to have an opportunity of buying nonvoting stock, debentures, bonds, or whatever else might be issued by the corporation.

The satellite corporation could finance itself by issuing almost no voting stock. It could finance itself by issuing bonds and debentures in which the public would have no right of participation.

On page 33, in line 12, there is reference to who may buy carrier stock. It says "authorized carrier." That means a carrier who has been approved by the Federal Communications Commission. I do not see why some little carrier in communications in Alabama or Tennessee should be excluded. I do not see why it should not have an opportunity to buy some stock set aside, as well as A.T. & T. and the large carriers. Why should authorization by a Government agency be required for participation in the purchase of stock?

On page 34 I call attention to line 13. It is provided that with respect to stock, other than that issued to the common carriers, no corporation and no person may own more than 10 percent of such stock. What about the communications carriers? It will be seen from line 11, page 34, that any one of them may purchase stock or can own stock up to 50 percent of the shares issued and outstanding, or all the stock reserved to the carriers. Why do we make that distinction and discrimination with respect to who may buy the public share of the stock, with carrier ownership allowed up to 50 percent in one case and not more than 10 percent in another case?

On page 34, at line 17, the corporation is authorized to issue, in addition to the stock authorized by subsection (a) of that section—subsection (a) applies to the voting stock—nonvoting securities, bonds, debentures, and other securities. As to those, there is no limit on how much any carrier may own.

A.T. & T. could own all the bonds and debentures and nonvoting securities, or any of the other communications carriers could own them without any limit whatever. We know that ownership of even nonvoting stock and debentures and bonds has a great deal of influence on any corporation.

So voting stock is not necessary in order to finance the corporation. It could be financed with bonds, for example, which the public would not have a right to buy.

There is a very good reason for this provision being written this way. I am sure the communications carriers worked very hard to get this language into the bill. Let us take a look at line 24, on page 34, where it is provided that the voting stock may not be included in the rate base of the carrier. However, the bonds, debentures, and nonvoting stock are all subject to being included in the rate base of the carrier. What does that mean? It means that there would be a double return from the very beginning. The corporation would have a return on the interest on its bonds, or the dividends on its nonvoting stock; and at the same time the amount it invested would be put into the rate base. In that way it would have a return from the users of the telephone service domestically and internationally.

Let me make that clear. A.T. & T. could finance any satellite system by charging it against the domestic users of telephones as well as international users, by putting it in the rate base; and at the same time it would have a double return, for at the same time it would be getting 5 or 6 percent, or whatever it earns on its bonds or nonvoting stock. It could not lose in this game.

This is a three-part giveaway. The first part is that the bill proposes that the corporation be given this valuable asset without any compensation to the Government whatever. The second part of the giveaway is that the President and the Government are expected to channel all of the Government's business through the satellite system probably at the same commercial rates that everyone else pays. That is a tremendous business. The Government's business itself would be enough to make this profitable.

The third part is that by way of the bonds and nonvoting stock and debentures, the corporation would get a double return; so domestic as well as international users of telephone and radio and television would be paying for whatever the communications system has.

Now let us look at page 35, subsection (e), at line 10. The bill eases the requirement of section 45(b) of the District of Columbia Business Corporation Act. That means that a stockholder would have the right to inspect the books of the corporation. The important thing is that the stockholder ought to have a right to get a statement of the affairs of the corporation. Section 45(d) of the District of Columbia Corporation Act relates to a statement of the affairs of the corporation. This is what the stockholder should be able to get. For some reason or other that provision was left out. Therefore he cannot readily get a statement of the affairs of the corporation.

On page 35, I wish to call attention to another matter. The Federal Communications Commission could require one corporation to transfer communications carrier stock to another. It is said that the purpose was that if a new carrier should come into the picture, it should be made possible for it to get some stock. However, the bill does not so provide. I urged in the Commerce Committee that we add language to show that this section was for the purpose of enabling a small carrier to obtain stock. That was not included. So this language provides that if the FCC finds that it wants A.T. & T. to have all the stock, it can require any of the other communications carriers to transfer its stock to A.T. & T.

In my opinion, the bill should not be passed with this section in it. It is unfair to smaller companies. It may be that the draftsman of this section had a good purpose in mind, but it was not carried out in the writing of the bill.

On page 37, the bill authorizes users, including the United States, to make contracts for service. That is the part of the bill which Mr. Murrow, Senator Gore, Senator Morse, and, I think, Senator Church, and perhaps other Senators, tried to have amended in the Committee on Foreign Relations. It is this provision which should be amended to allow the Government to get preferred treatment or reduced rates. Under this section as it now stands, the Government would probably have to pay exactly the same rate as any commercial user. We know that the Federal Communications Commission is opposed to preferential rates for the Government; but, as Mr. Murrow has said, the Government ought to get something in return for the investment which the taxpayers have made. However, the section I have just read does not provide for that.

Next I refer to page 38, line 12. This is language which the amendment offered by my distinguished colleague from Tennessee [Mr. GORE] attempts to correct:

> The corporation may request the Department of State to assist in the negotiations,

and that Department shall render such assistance as may be appropriate.

The Department has no alternative; it must assist. It has been said that this language applies to business negotiations. The language at the top of the page, in lines 4 and 5, reads:

> Whenever the corporation shall enter into business negotiations.

What is not decided, what is unclear, and one of the things which is harmful, is: Who is to decide what are strictly business negotiations as against a negotiation which might be invested with a public purpose or with international affairs? Under this language, the corporation would make the decision. The corporation would decide whether it was business or international affairs.

Unless the decision were made that the question was one of foreign affairs, the corporation would proceed with the negotiations, even though the subject might involve foreign policy and international affairs.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. GORE. If the Senator will read section 402 very carefully, he will notice, both in the caption and in the section, that the requirement to notify the Department of State about the negotiations is confined to business negotiations. Is not that correct?

Mr KEFAUVER. That is correct.

Mr. GORE. Can the Senator find anywhere in the bill any restriction which would prevent the corporation not only from negotiating but also from entering into political agreements with any nation on earth, whether those agreements be for good or for ill?

Mr. KEFAUVER. My colleague from Tennessee is absolutely correct. There is no prohibition. There is nothing in the bill to prevent the corporation from entering into political agreements anywhere in the world. It would be up to the corporation to pass judgment on whether the negotiation was purely a business negotiation or was an international political agreement.

Mr. GORE. As the Senator knows, President Kennedy sent to Congress a message in which he said that the Government would control or supervise the negotiation of international agreements. Then the President sent to Congress a draft of a bill which followed the language of the Presidential message. However, the committee struck out the language which the President had recommended and requested, and substituted the ambiguous provision to which the Senator has referred.

Mr. KEFAUVER. I do not think it is ambiguous. I think it is clear that the corporation would be in the position of conducting political or international negotiations if it wished to do so. Only when it decided that it did not want to conduct them as business negotiations or as international political affairs would it call in the State Department. But as the Senator says, there is nothing in the bill to require the corporation to do so.

Mr. GORE. One ambiguity arises from the fact that the Committee on Commerce interprets the language one way and the Committee on Aeronautical and Space Sciences interprets the provision in an entirely different way. So at least there is ambiguity in the interpretation of the provision in the committee report. However, the amendment pending before the Senate would cure that situation.

Mr. KEFAUVER. I agree that it would. It is one of the most important amendments, and certainly should be adopted.

Mr. GORE. I thank the Senator. The language which the Senator from Ohio [Mr. Lausche] and I have offered—the Senator from Ohio has become a cosponsor of the amendment—would strike section 402, which is restricted to notification of business negotiations, and return to the bill the identical language which the President recommended and requested of Congress. So when the Senate votes, it will be voting on a question of preserving the primacy of the President in the conduct of negotiations and the conclusion of agreements with foreign countries.

So far as I am concerned, I have debated this question to a considerable extent and am ready to have the Senate make that very fundamental decision. If no Senator interposes a desire to speak or an objection, I shall ask for a vote on the amendment when the Senate convenes on Monday and finds itself with a quorum.

Mr. KEFAUVER. I hope the Senator will do that, because this is a most important question.

Finally, I refer to page 40, line 6, which relates to other matters which the Commission shall transmit to Congress. I read:

> The Commission shall transmit to the Congress, annually and at such other times as it deems desirable, (i) a report of its activities and actions on anticompetitive practices as they apply to the communications satellite programs.

The Federal Communications Commission is not an antitrust agency. It knows nothing about that subject. It has had no experience in enforcing competitive practices or antitrust measures.

By its own admission, the Federal Communications Commission is unqualified to enforce antitrust measures. Yet the only information that Congress would get on anticompetitive practices would come from an agency which is not qualified or able in any way to make such a report. The Commission admits that that is so.

The Federal Trade Commission or the Department of Justice would be able to make such a report; but to leave it to the Federal Communications Commission would be no protection whatsoever against a violation of the antitrust laws. It would be no protection to small businessmen who would like to furnish materials and supplies to the international communications satellite system.

This should be changed, so as to put real antitrust teeth into this law—giving the Federal Trade Commission and the Antitrust Division of the Department of Justice jurisdiction, because they know what this is all about, and they have the authority.

Mr. President, the bill has many other defects. This is the first time I have had an opportunity to go through the bill page by page. I could point out many other defects. But aside from the giveaway philosophy and the other objections which we have to the bill, I wish to say it is a most one-sided bill. It gives the Government very little protection. It gives the communications carriers exactly what they want. In addition, from a technical viewpoint the bill is poorly and loosely drawn.

I think it would be a calamity for Senators to vote for the passage of this bill without the adoption of corrective amendments, such as those which have been submitted here today, in order to take care of the problems I have discussed.

Mr. President, I yield the floor.

NEWS NOTES FROM NYASALAND

During the delivery of the speech of Mr. Long of Louisiana,

Mrs. NEUBERGER. Mr. President, will the Senator from Louisiana yield?

The **PRESIDING OFFICER** (Mr. Hickey in the chair). Does the Senator from Louisiana yield to the Senator from Oregon?

Mr. LONG of Louisiana. I yield for a question.

Mrs. NEUBERGER. Will not the Senator yield for an insertion in the Record, as was done yesterday?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that, without prejudicing my right to the floor, I may yield to the junior Senator from Oregon for an insertion in the Record.

Mr. AIKEN. Mr. President, in view of the fact that the distinguished majority leader is temporarily absent from the Chamber, I shall have to object to the Senator's yielding for anything but a question until the majority leader returns, because I do not know what his decision would be in this respect.

Mrs. NEUBERGER. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mrs. NEUBERGER. Was the Senator from Louisiana in the Chamber yesterday when the Senator from Utah [Mr. Moss], speaking on the satellite bill, yielded to the Senator from Maine [Mrs. Smith], the Senator from Delaware [Mr. Williams], and the Senator from Kansas [Mr. Carlson], for the purpose of enabling them to make insertions in the Record?

Mr. LONG of Louisiana. I was not here at that time; but I may say to the junior Senator from Oregon that I have not heard any Senator object to a unanimous-consent request to make insertions in the Record before today; but, of course, Senators always have the right to object, although I do not understand why they should object.

Mr. AIKEN. Mr. President, the acting majority leader is now in his seat. I myself have no objection to a yielding to permit a simple insertion in the

Record. However, I shall leave the decision to the acting majority leader.

Mr. HOLLAND. Mr. President, do I correctly understand that the distinguished Senator from Oregon simply wishes to make an insertion in the Record?

Mrs. NEUBERGER. The Senator is correct.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from Oregon on that basis.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mrs. NEUBERGER. Mr. President, on June 23 of this year I placed in the Appendix of the Congressional Record a speech by the Parliamentary Secretary of the Ministry of Justice of Nyasaland. Mr. Orton Chirwa. I have just received clippings detailing the importance attached to this act by the newspapers in Nyasaland. I think that it is most important that Americans exhibit interest in the work of able African leaders of the stature of Mr. Chirwa; therefore, I ask unanimous consent to have printed in the Record articles published in the Nyasaland Times and the Malawi News which reveal the significance of recognition of this type in the eyes of the people of Nyasaland.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Nyasaland Times, July 20, 1962]

READ TO U.S. CONGRESS

Zomba, Thursday.—Mr. Orton Chirwa, Parliamentary Secretary to the Ministry of Justice, is the first Nyasaland politician to have an extract from his speech recorded in the Congressional Record, the Hansard of the U.S. Congress.

An extract from his speech of introduction to the local courts bill during Nyasaland's April Legislative Council meeting was introduced to the Congress by Mrs. Maurine B. Neuberger, one of America's two women Senators.

She described Mr. Chirwa's speech as eloquent and moving.

[From the Malawi News, July 20, 1962]

CHING'OLI MAKES HISTORY IN AMERICA

Zomba.—Extracts from the speech made by Mr. Orton Chirwa, Parliamentary Secretary to Nyasaland's Ministry of Justice when he introduced the local courts bill at the last sitting of LegCo have been printed in the Congressional Record, the "Hansard" of the U.S. Congress. It was introduced to the Senate by Maurine B. Neuberger, one of its two women Senators.

She is a member of the Committee on Agriculture and has been active in promoting American interest in health facilities and improved agriculture for African countries.

She described Mr. Chirwa's speech as eloquent and moving. His bill, she said, envisaged the replacement of existing African courts with a new system of local courts, independent of the local law-enforcement machinery and empowered to deal equally with African and non-African alike.

She went on: The emerging state of Nyasaland thus prepares to implement two ideals to which we in the United States are very firmly committed; first, equality before the law; and second, the absolute divorcement of the judicial system from law enforcement.

Her full speech is as follows:

"Mr. President, on May 29 of this year, the brilliant young Parliamentary Secretary to the Nyasaland Ministry of Justice, Mr. Orton Chirwa, rose to address the Legislative Council of the Nyasaland Protectorate. The occasion was the introduction of legislation of profound consequences, not only for Nyasaland but for all people devoted to the growth of democratic institutions.

"Mr. Chirwa's bill envisaged the replacement of existing African courts with a new system of local courts, independent of the local law-enforcement machinery and empowered to deal equally with African and non-African alike.

"The emerging state of Nyasaland thus prepares to implement two ideals to which we in the United States are very firmly committed: first, equality before the law; and second, the absolute divorcement of the judicial system from law enforcement."

Mrs. NEUBERGER. Mr. President, these two articles and the original speech by Mr. Chirwa were called to my attention by Mr. Jay Jacobson, a former member of my staff, who is now working in Nyasaland as an adviser to the Ministry of Justice there. Every month Jay and his wife, Patricia, who was formerly secretary to Chester Bowles, prepare a "newsletter" so that they might inform their many friends of their work in Africa. I read with great interest the reports they send from Nyasaland, and would like to share with other Members of the Senate a portion of their latest report which details their work as volunteer night school instructors in English. I ask unanimous consent that that portion of the newsletter telling of their night school experience be printed at this point in the Record.

There being no objection, the excerpt from the news letter was ordered to be printed in the Record, as follows:

Our days become more busy. We have joined the staff (and comprise the English department) of Zomba Secondary Night School. Jay teaches literature and we share the grammar, punctuation, and spelling. We teach in a Government school with cut trees for beams and a corrugated iron roof. The blackboards are so pitted that it is impossible to write a two-syllable word that can be seen clearly.

There is no electricity and when the sun goes down behind Mount Zomba, we continue by kerosene lamp. The students must pay a fee of about $7 a year, with two terms a year. Though each student has a pencil, many have no writing paper and most have no books, even though the literature books cost only 50 cents. It is not unusual for four or five students to crowd around the desk of the one boy or man with a book to follow what is being taught. That we accomplish anything at all is a tribute to the enthusiasm of the students and the close attention paid in class, even though most of them have been up since before the sun and do a full day's work before coming to school.

Most students are adults, although some are youngsters who have either failed their examinations for the day school or have passed and found the next higher school too crowded to take them. All are very politically conscious and the best way to get or hold attention is to use independence, the Malawi Congress Party, or Dr. Banda as a term of reference.

The library of the school currently consists of one book—several short stories by F. Scott Fitzgerald that Tricia and I have finished reading. The students are most anxious for anything to read. The only library here is the British Consul's and that is not very good. The U.S. Information Service in Blantyre (43 miles south) has neither books to spare nor money to open up a Zomba branch. We need not tell you that anyone cleaning out his or her library would find a welcome home for old books—even if they are in poor condition. We'll even be glad to pay the freight bill, but books are needed desperately.

We have also begun to organize an experimental poultry farm here in connection with the school. The chicken for eating purposes is poor all over southern Africa—due mainly to a failure to grow the birds properly. If you care to send along advice regarding care and feeding of chickens please do.

PROSPECTS GOOD FOR EQUAL PAY FOR EQUAL WORK LEGISLATION

Mrs. NEUBERGER. Mr. President, today one-third of the labor force is feminine. In March 1961 there were 24.2 million women in the civilian labor force, of whom only 5.7 million were single. By 1970 there will be about 30 million women workers, 6 million more than in 1960. This represents a 25-percent increase or women, as compared to a 15-percent increase for men. One out of every three women is working.

All too frequently, however, women do not receive equal pay for equal work. I believe enactment of legislation providing equal pay for equal work is a matter of simple justice. Twenty-nine States, including Oregon, have laws which provide for equal pay for equal work, but it is a matter of record that oftentimes women are discriminated against, and receive less pay for the same work.

President Kennedy's Commission on the Status of Women, on which I serve, has recommended and endorsed the principle of equal pay for equal work.

Mr. President, legislation to enact the principle of equal pay for equal work has made real progress this year. The bill, H.R. 11677, passed the House of Representatives on July 25. The Senate Labor and Education Committee is giving it active consideration.

The absence of an equal pay law serves as a general depressant on wage levels. "Unequal pay for equal work" is a constant threat to male wage earners for the simple reason that employers either tend to replace men with women workers or fill newly created jobs with women.

Mr. President, the Wall Street Journal of August 10 reported the prospects good for the enactment of equal pay for equal work legislation. While the bill was weakened somewhat by the amendments adopted by the House, I am highly optimistic that a strong bill will be enacted into law this year. As Mrs. Eleanor Roosevelt, Chairman of the President's Commission on the Status of Women, testified:

> The payment of lower wages to women workers for the same or comparable work as that performed by men workers is contrary to the concept of equality and justice in which we believe.

Mr. President, women make up the largest untapped source of manpower in the United States. If the emerging requirements for highly educated people to fill important positions are to be met, business and Government must use this source more effectively. They should, of course, be rewarded monetarily on the basis of ability and performance.

Mr. President, I ask unanimous consent to include at this point in my remarks in the Record the article of August 10 by Thomas P. Nelson, staff reporter of the Wall Street Journal, on equal pay for equal work.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Aug. 10, 1962]

Bill To Assure Women Equal Pay Alarms Employers' Lobbyists—But Belated Attack Given Slim Chance To Block Passage; Senator Tower Cool to Opponents

(By Thomas P. Nelson)

Washington.—The little-noticed march of American womanhood toward perhaps its greatest conquest since winning the right to vote 42 years ago is arousing belated pangs of agony among spokesmen for the Nation's employers.

The prize is new legislation to assure the ladies the same pay as men for equal work—a feminist cause with origins dating back to the fight for suffrage. As early as the 1830's, for example, women challenged male salary superiority by forming their own bargaining units, such as the United Tailoresses Society in New York and the Lady Shoe Binders of Lynn, Mass.

Now, with the help of the Kennedy administration, victory at last appears near. Proposed legislation has cleared the House and, barring a last-minute hitch, seems likely to win Senate approval. "It looks unstoppable now," a Senate Democrat judges. "I don't see how anybody can beat it."

Though they paid scant attention to the bill in the House, business groups suddenly have become quite alarmed at its potential for injecting the Federal Government into corporate dealings with employees. A hastily mobilized campaign seeks to bottle up the measure, or at least revise it, in the Senate Labor Committee. So far, however, the effort has attracted little sympathy—even from the two panel members business spokesmen regard as most understanding, conservative Republican Senators Goldwater, of Arizona, and Tower, of Texas. ("They're tired of pulling business' chestnuts out of the fire in the Senate, and they're saying, 'Why didn't you try in the House?'" a colleague confides.) But the pressure promises to become more intense.

THE CHAMBER ENTERS THE TRENCHES

In the forefront of the belated campaign is the U.S. Chamber of Commerce. In a recent letter to Capitol Hill the organization placed itself foursquare "with those who would eliminate injustice and inequity wherever it may exist." But at the same time the organization declared, "We do not wish to see Federal legislation enacted which would create greater problems and bring about greater injustice."

Simplified, this appears to mean the chamber believes in chivalry but opposes the ladies' bill. "It would give the Secretary of Labor," the chamber asserted, "vast new powers over private industry with authority to investigate complaints, conduct hearings, issue orders, regulations and interpretation, and initiate legal actions to enforce complaints. Moreover, it would project Government into the job evaluation process—a prerogative traditionally reserved to management."

The chamber envisions a host of other dangers. Among them: "Another vast Federal bureaucracy" with an annual budget beginning at more than $1 million and the addition of 240 employees to Uncle Sam's payroll. The organization suggests the ladies pursue their crusade through the collective bargaining process, rather than through legislation.

GLARING INEQUITIES

On the other hand, backers of the legislation insist it's high time the Federal Government did something to correct what they claim are glaring inequities between the pay received by men and women performing the same jobs. They produce these figures to buttress their arguments:

In Denver a male bank teller is paid $91 for a 40-hour week; a women gets $63. A Chicago laundry clerk gets $1.58 an hour if male, $1.17 if female. In Dallas male X-ray technicians average $74.50 a week; their female counterparts are paid $66.50. A room clerk in a Kansas City hotel earns $1.30 hourly if a man, 92 cents if a woman.

Their champions contend that not only is this unfair to the ladies, but it tends to depress male wages as well. "If the wage for men is $2 an hour to pack sausages and women are hired to do the same job for $1.75, then the higher wage will be cut back sooner or later," a Butchers' Union lobbyist has testified.

Whether real or fancied, this wage discrimination has galled women almost since they first began to compete with men for jobs. But only in the 20th century did the gals begin to make headway, and then mostly at the State level. Twenty-two States now have laws on the subject—some stringent, some riddled with loopholes.

At the national level, both political parties endorsed the idea in their 1960 platforms and the principle, if not the legislation, attracted many employer groups. Still, until this year, Congress remained an impregnable bastion against the female assault.

This spring the picture changed drastically. For one thing, the chairmanship of the House Labor Committee, a traditional obstacle to equal pay legislation, passed into the hands of Representative Adam Clayton Powell, Democrat, of New York, a friend of the ladies. More importantly, the Kennedy administration threw its full weight behind the legislation.

A QUIET START

With this impetus a House labor subcommittee this spring conducted public hearings on the legislation—the first time in 12 years that it had reached even that preliminary stage in Congress. Hardly a word was spoken against the bill, though the National Association of Manufacturers—while passing up the opportunity to testify—did file a challenging statement. The House, after adopting some amendments, approved the bill late last month.

As the bill stands now, here's how it would work:

A woman worker who believed she was underpaid in relation to an equally skilled man doing equal work would swear out a complaint with the Labor Department. If the Labor Secretary found there was reasonable cause to believe a violation of the law occurred, he would file a charge with the employer. The Labor Department would investigate, and confer informally with the employer. If the Department sustained the charge and the employer refused to comply, the Department could file a civil suit in U.S. district court. If the court held the law was violated, it could enjoin the employer from further unlawful practices and order him to pay the woman employee up to twice the difference in wages owed, retroactively for up to 1 year before the charge was filed.

EMASCULATION OF BILL CHARGED

Even some of the bill's backers, however, agree the bill may be difficult to enforce. Representative Dingell, Democrat, of Michigan, said in fact that the changes on the House floor had "substantially weakened if not emasculated" the measure. One House change substituted the word "equal" for the administration-proposed "comparable," raising some delicate legal questions. Thus, the jobs of a male shoe salesman and a woman who sells ladies' shoes in the same store may be "comparable" but are they "equal"? The House also deleted a proviso that would have prohibited an employer from equalizing pay between the sexes by lowering the salaries of male employees to the level of females.

Despite the potential enforcement obstacles, however, vote-conscious Senators would find it an extremely unpleasant task to quash the ladies' hopes at this late hour. "This is an election year; the Senators can't vote against women," says a lady legislator happily. This reasoning is reinforced by the fact that there now are more than 24 million women in the U.S. work force, one-third of the total. Women last year were the breadwinners for 4.6 million families, or 10 percent of the total.

President Kennedy's signature, of course, is a cinch. "The Kennedy administration really wants this," says a Senate Democrat. "They can build this up as a staggering social achievement." And, even the chamber of commerce recognizes that it probably missed the boat by overlooking the House hearings. "Nobody really was taking the bill very seriously," a chamber spokesman explains, "but suddenly it has become a reality."

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the statements and insertions in the Record made by the Senator from Oregon appear elsewhere than in the course of my remarks.

The PRESIDING OFFICER. Is there objection?

Mr. HOLLAND. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

AID TO LATIN AMERICA

Mr. PROXMIRE. Mr. President, I shall speak for only a few minutes, before the motion to take a recess until Monday is made.

A few days ago the Senator from Alaska [Mr. Gruening] made an outstanding and significant speech on U.S. military assistance to Latin America. He pointed out that by giving military assistance to Latin America, we are encouraging arms competition between Latin American countries which can ill afford to waste their limited resources. He referred to the situation in Peru, where, on the basis of U.S. military assistance, a democratic regime—and, of course, in this case the word "democratic" is spelled with a small "d"—was overthrown.

Mr. President, few newspapers in the United States have as consistently supported foreign aid as has the Milwaukee Journal. For many years, during both Republican administrations and Democratic administrations, the Milwaukee Journal has supported foreign aid. Recently the Milwaukee Journal published an editorial supporting the position taken by the Senator from Alaska [Mr. Gruening]. The editorial is entitled "This Latin American Aid Truly a 'Fruitless Venture.'"

Of course, the Milwaukee Journal supports economic assistance to Latin America. But the Milwaukee Journal feels that the nearly $90 million proposed for military assistance to Latin America in the coming year would be a very bad investment for the American people and also for the Latin Americans.

I ask unanimous consent to have the editorial printed at this point in the RECORD, Mr. President.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THIS LATIN AMERICAN AID TRULY A "FRUITLESS VENTURE"

When Peru's military forces recently seized power from civilian authorities, it was an American-built Sherman tank commanded by an American trained army colonel that smashed the gates of the presidential palace.

This was only an incident. But as Senator GRUENING, Democrat, of Alaska, pointed out on the Senate floor the other day, it was a tragically symbolic incident. It indicated the perverted use to which U.S. military equipment has been put in Latin America.

GRUENING demanded that the United States stop giving military assistance to Latin America. He called the program an unsuitable and fruitless venture whose evils far outweigh whatever benefits we hoped to achieve. It is difficult not to agree.

The program is only 10 years old, but in that time appropriations have mounted from $200,000 in fiscal 1952 to $91,600,000 in fiscal 1961. They will soon exceed half a billion dollars cumulatively.

Aid is extended in the name of hemispheric defense and to relieve our hard-pressed Latin neighbors of having to use their limited funds for military purposes. But the aid has not reduced this Nation's defense burden. Neither has it kept impoverished Latin nations from engaging in an arms race and acquiring weapons they cannot afford and in many cases do not know how to use.

Not content with a dozen American F-86 jet fighter planes of Korean war vintage, the Peruvian Air Force bought 16 more modern Hawker Hunters from Britain—even though three of the F-86's had been cracked up the first month.

Argentina has been buying planes from Britain, Italy, Canada, and Germany, in addition to receiving $4.9 million in U.S. military aid. Yet just a week ago Argentina negotiated a $500 million loan—$200 million of it from the United States—to try to put its financial house in order.

Poverty stricken Ecuador bought six Canberra bombers from Britain at an estimated $1.4 million apiece. Within days its airmen cracked up two of them. And Ecuador has received $21.7 million in military aid from the United States.

The Kennedy administration is counting on the Alliance for Progress to correct some of Latin America's economic and social problems. This program demands democratic reforms by the Latins and a dedication of their limited resources to economic development. Yet our military aid program encourages arming, drains resources, and puts weapons in the hands of the very people who have shown so often they have no interest in democratic principles.

Said Senator GRUENING: "If the Latin American governments feel they must sacrifice their precious, meager resources for the maintenance of oversized and obsolete military establishments, I say—let them. But let us not contribute to their folly from our own hard pressed Treasury, and our own mounting debt and our unfavorable balance of payments."

HARD WORK AND LONG HOURS DON'T HURT

Mr. PROXMIRE. Mr. President, earlier today reference was made to the great strain on Senators; and it was pointed out that already this year four Senators—extremely conscientious, able, and hard-working Members of the Senate—have died.

However, Mr. President, I cannot resist pointing out that at this session the burden on Senators has been less than that at any other session in a long, long time. For example, the session today is only the third or fourth Saturday session this year, and we are coming close to adjournment time; and there have been very few evening sessions this year. So I do not believe anyone can correctly claim that the session this year has had a harmful effect on the health of Senators. In fact, I believe our leadership has been more considerate of Senators than has any previous leadership over a long, long period.

Mr. President, far from shortening life, I believe that hard work and long hours, either by Senators or by anyone else, help lengthen life.

Yesterday, two very distinguished Americans, one of them 78 years old, and the other 88 years old—I refer to former President Truman and former President Hoover—met. Both of these distinguished Americans served in a position far more demanding and exacting and subject to much more tension than the position of U.S. Senator; yet they have lived and served in many important ways for many, many years.

At about the same time, two other very distinguished persons—former President Eisenhower and former Prime Minister Winston Churchill, of Great Britain—met. Mr. Churchill is crowding 90 years of age; and although former President Eisenhower once had some health problem, when he was President, he seems to be very healthy at the age of 70-plus years.

So it seems perfectly possible for persons to live very full lives and to carry very heavy responsibilities and to be subjected to great amounts of tension, without having their lives shortened because of hard work.

Therefore, Mr. President, I hope that, in the future, consideration will be given to the possibility of holding night sessions of the Senate. I believe the Senate is a most important body; but I believe that one of the great weaknesses of our system in recent years has been that there have not been very significant debates in the Senate. One of the reasons for that is that there is great pressure on Senators to demonstrate courtesy and consideration for their colleagues, and therefore not to debate some of the issues in the detail in which many Senators feel they should be debated.

I raise this point, as one Member of the Senate—although probably in a small minority on this question, as I am on many others—but I feel that in the Senate there can be more extended debate than we have had without incurring any possibility of threatening the health or the well-being of Senators.

RECESS TO MONDAY AT 10 A.M.

Mr. PROXMIRE. Mr. President, if there is no further business to come before the Senate at this time, I move—in accordance with an agreement which I understand has previously been reached—that the Senate stand in recess until Monday morning, at 10 o'clock.

The motion was agreed to; and (at 6 o'clock and 6 minutes p.m.) the Senate took a recess until Monday, August 13, 1962, at 10 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, AUGUST 13, 1962

The House met at 12 o'clock noon.

Rabbi Stanley B. Steinhart, of the Jericho Jewish Center, Jericho, Long Island, N.Y., offered the following prayer:

„אתה יודע רזי שלם, ותעלומות סתרי כל חי"

"Thou who knowest the mysteries of the universe and the hidden secrets of all living creations" help us to become better human beings by reckoning with Thy divine will. Guide us in our responsibilities to ourselves, our Nation, our universe, and our God. Let us ever be cognizant that Thou knowest all. Help to make our hearts serve Thee in joy. Give our friends the discernment to realize that what we do here in this august House is solely in the interest of world tranquillity and indeed benefits all. Help them to understand that what we seek is friendship and good will, not aggrandizement nor domination.

Let us always bear in mind that the prophet Micha's words are your thoughts.

„כי אם עשות משפט ואהבת חסד, והצנע לכת עם אלהיך"

"The Lord requires of man: Do justice, love mercy, and walk humbly with God."

Let us live by this utterance. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, August 9, 1962, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills, a joint resolution, and a concurrent resolution of the House of the following titles:

H.R. 2139. An act for the relief of Suraj Din;

H.R. 2176. An act for the relief of Salvatore Mortelliti;

H.R. 3127. An act for the relief of Amrik S. Warich;

H.R. 3507. An act to provide for the withdrawal and reservation for the Departments of the Air Force and the Navy of certain public lands of the United States at Luke-Williams Air Force Range, Yuma, Ariz., for defense purposes;

H.R. 3508. An act to amend the Tariff Act of 1930, as amended;

H.R. 6219. An act to permit the vessel *Bar-Ho IV* to be used in the coastwise trade;

H.R. 6456. An act to permit the tugs *John Roen, Jr.*, and *Steve W.* to be documented for use in the coastwise trade;

H.R. 7549. An act for the relief of Lewis Invisible Stitch Machine Co., Inc., now known as Lewis Sewing Machine Co.;

H.R. 7741. An act to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade;

H.R. 8100. An act to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the General Supply Fund;

H.R. 8168. An act to admit the oil screw tugs *Barbara*, *Ivalee*, *Lydia*, and *Alice* and the barges *Florida*, *DB8*, *No. 220*, and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation;

H.R. 10308. An act for the relief of Elizabeth A. Johnson;

H.R. 11643. An act to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates;

H.J. Res. 439. Joint resolution authorizing the State of Arizona to place in the Statuary Hall collection at the U.S. Capitol the statue of Eusebio Francisco Kino;

H. Con. Res. 500. Concurrent resolution authorizing the printing of additional copies of parts 2, 3, 6, and 7 of the hearings held before the Committee on Education and Labor on the impact of imports and exports; and

H. Con. Res. 503. Concurrent resolution to authorize the printing as a House document the report of the Joint Committee on Arrangements To Commemorate the 100th Anniversary of the 1st Inaugural of Abraham Lincoln.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 852. An act to amend chapter 3 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to establish medical advisory panels to resolve conflicts of evidence in questions involving service connection of disabilities or deaths;

H.R. 857. An act to amend section 4005 of title 38, United States Code, to provide that cases appealed to the Board of Veterans' Appeals shall contain a brief statement of the facts of the case appealed, with a citation and application of the law, together with the recommendations of the office appealed from, and for other purposes;

H.R. 3728. An act to amend title 38, United States Code, so as to authorize the Administrator to assign a total rating for compensation to a veteran granted service connection for blindness of one eye who subsequent to separation from active duty incurs blindness in the remaining eye;

H.R. 5234. An act to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes;

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes;

H.R. 7913. An act to amend title 10, United States Code, to bring the number of cadets at the United States Military Academy and the United States Air Force Academy up to full strength; and

H.R. 11018. An act to amend the act concerning gifts to minors in the District of Columbia.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 689. An act for the relief of Karl Heinz Agar;

S. 824. An act to admit the vessels *Fort Town*, *Maple City*, and *Windmill Point* to American registry and to permit their use in the coastwise trade;

S. 1065. An act to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Unalakleet, Alaska, to Mrs. William E. Beltz;

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California;

S. 1542. An act to authorize and direct the Secretary of the Interior to conduct studies of the genetics of sport fishes and to carry out selective breeding of such fishes to develop strains with inherent attributes valuable in programs of research, fish hatchery production, and management of recreational fishery resources;

S. 2369. An act to release the right, title, or interest, if any, of the United States in certain streets in the village of Heyburn, Idaho, and to repeal the reverter in patent for public reserves;

S. 2511. An act to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes;

S. 3071. An act for the relief of Hidayet Danish Nakashidze;

S. 3090. An act for the relief of Antonio da Costa;

S. 3100. An act to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Georgetown, Colo., to Frank W. Whitenack;

S. 3117. An act to promote the coordination and development of effective Federal and State programs relating to outdoor recreation, and to provide financial assistance to the States for outdoor recreation planning, and for other purposes;

S. 3264. An act to authorize and direct the Secretary of the Treasury to cause the vessel *Eugenie II*, owned by J. C. Strout, of Milbridge, Maine, to be documented as a vessel of the United States with full coastwise privileges;

S. 3338. An act to incorporate the American Symphony Orchestra League;

S. 3380. An act to designate the second Monday in October as National Teachers' Day;

S. 3428. An act relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia;

S. 3504. An act to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes;

S. 3529. An act to amend the Manpower Development and Training Act of 1962 with regard to reimbursement of railroad unemployment insurance account;

S. 3597. An act to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance; and

S.J. Res. 179. Joint resolution authorizing and requesting the President to designate April 21, 1963, as a day for observance of the courage displayed by the uprising in the Warsaw ghetto against the Nazis.

THE LATE HONORABLE LOWELL STOCKMAN

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, it is my sad duty today to report to the membership of the House of Representatives the death of the former distinguished Member of this body, the Honorable Lowell Stockman, who served my congressional district, the Second Congressional District of Oregon, with great distinction between January 3, 1943, and January 3, 1953, and who died last Thursday at his home in Bellevue, Wash.

Lowell Stockman had many friends in this Congress. He was a man big in stature and big in mind. He was a man of vision, not bound by narrow traditions, who looked ahead with imagination and new ideas. He had the courage of his convictions.

He was warm and friendly in the best Western tradition. Lowell Stockman will be sorely missed by his multitude of friends. Born on a farm near Helix, in Umatilla County, Oreg., on April 12, 1901, Lowell attended public schools at Pendleton, Oreg., and was graduated from Oregon State University at Corvallis in 1922. He was a wheat rancher, and a very successful one, in Umatilla County. He was no stranger to hard work.

Lowell Stockman was first elected to the 78th Congress and was thereafter reelected to the four succeeding Congresses. In 1952 he was not a candidate for renomination. While in Congress he was a member of the House Appropriations Committee where he served with great distinction. His leadership and initiative rendered a great and lasting contribution to his State and Nation.

Lowell is survived by his widow, Dorcas, who was also greatly loved and admired here in the Nation's Capital, and by his three children, a son, William, and two daughters, Mary and Margery.

Lowell Stockman was a good friend of mine. His friendship knew no party lines. Although not of my political party, he helped me along the way with valuable advice, assistance and encouragement. His death is a great personal loss to me. To his widow, Dorcas, and his three children I offer heartfelt sympathy and condolence.

Mr. HORAN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Washington.

Mr. HORAN. Mr. Speaker, I came to Congress with Lowell Stockman in 1943. It was my privilege to know him well. I considered Lowell Stockman an honest man who loved good fellowship and abhorred hypocrisy or affectation. This, I think made his life one that was pleasant for all who were close to him and stamped him as a true and lasting friend, and always a good citizen of the country that he loved so dearly.

Lowell loved to play golf when he could get away from his congressional duties here on the Hill, and it was my pleasure often to play with him. Only the other day, after Lowell had been visiting here, we were discussing some of the things he had done in sheer fun on the golf course. Lowell was a huge man and when he laid wood to a ball in the right way, it was apt to go someplace—where was not always certain. But that took none of the zest of the game away from Lowell. He loved the outdoors and no matter what predicament he might find for his next shot, he was always equal to the occasion.

Lowell lived the good life and made a tremendous contribution here in Congress, in his own great State of Oregon and more lately at Eastgate where he became one of the leading citizens of Seattle. We will sorely miss this friend, but we can be glad that he lived and moved amongst us for his life was the embodiment of good friendship and constructive purpose.

Along with all of my colleagues, I wish to extend the deepest sympathy of Sally, my wife, and me to Dorcas, his widow, and to the family.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the distinguished minority leader.

Mr. HALLECK. Mr. Speaker, it is with extreme sorrow that I just now learned of the passing of one of my good friends, Lowell Stockman. He was one of the fine, truly high-grade gentlemen who served in this body.

I knew Lowell as a competent, hard-working member of the great Committee on Appropriations, but I will always remember him best as a person of unusual personal charm who just naturally made friends. And all of us who knew him recognized his friendliness as completely genuine.

Lowell Stockman loved people and I am certain that because of that wonderful richness of his character his was a happy and most rewarding life.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Mr. Speaker, I would like to join with my colleagues in expressing my grief and sorrow over the passing of my friend Lowell Stockman. I, too, came to the Congress with Lowell in 1943. He served here with distinction and credit. He rendered great service to his constituents and the entire country. He was one of my very good friends. His wife, a most charming lady, is a good friend of Mrs. Abernethy and myself. We share her sorrow and grief. To her, and the family I should like to extend my sympathy and express deep and profound sorrow over the untimely passing of Lowell Stockman, who was indeed a fine man.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the distinguished majority leader.

Mr. ALBERT. Mr. Speaker, I was shocked to learn this morning that Lowell Stockman had passed away. I saw him here in the Capitol just a few days ago. He appeared to be the same strong, rugged American that served with us here in the House a few years ago. He was strong in body, strong in mind, and strong in character.

A few years ago I was privileged to be a guest of him and of his charming wife and daughters in their beautiful Oregon home. They were wonderful, friendly and hospitable people. It was a privilege to have been able to have counted them among my friends. It is with a deep sense of personal loss that I learned of the death of Lowell Stockman. I extend my deepest sympathy to his loved ones.

Mr. TOLLEFSON. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Washington.

Mr. TOLLEFSON. Mr. Speaker, I desire to associate myself with the remarks of the gentleman from Oregon on the passing of my good friend, Lowell Stockman. Lowell Stockman was not only a big man physically, but he was big of heart and big of mind. Those of us who served with him in the House of Representatives will remember him as a Congressman who represented his district with dignity and honor. He was a diligent worker for those proposals which were for the good of his State and his Nation. We shall miss him tremendously. Our sincere sympathy goes to his lovely wife, Dorcas, and to his fine children.

Mr. FEIGHAN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Mr. Speaker, it was my privilege to begin my service in Congress at the same time as the Honorable Lowell Stockman. Congressman Lowell Stockman was my personal friend. Our association and friendship was not divided by the aisle of the House of Representatives. Lowell Stockman was a man of great physical stature, dignity, and wisdom. He measured up to this stature as a Member of Congress in courage, fidelity, and devotion to the problems of the people of his district whom he represented so ably and well. Mr. Stockwell was a dedicated American. He supported legislation according to the principles enunciated for the general welfare by the platform of the Republican Party. He served in Congress during difficult times, with courage and fortitude.

My personal friendship with Lowell Stockman was enhanced by association with his lovely and charming wife and their children while they were in Washington.

It was a source of much regret to me, as to every Member of Congress and the legion of friends outside of the Congress who knew Lowell and his wife, Dorcas, when Lowell decided to retire from Congress and return to his home State of Oregon, which he loved, and which he so ably and conscientiously represented. We have missed Lowell and his family since his retirement.

It was a happy occasion for me about 3 weeks ago when Lowell returned to Washington and I had an opportunity to talk with him. His charming personality and completely objective observations of Congress and the state of the Nation, and of the world, impressed me very much.

We remember Lowell for his deeds, courage, integrity, and devotion to duty and high purpose. I enjoyed Lowell's friendship and shall long cherish the memory of this congenial, courteous, warmhearted gentleman. His passing is a grave personal loss to me; a dedicated American, a devoted father and family man. To his wife, children, and grandchildren, my family joins me in expressing our deep and sincere sympathy on the passing of Lowell, the man.

Mr. AUCHINCLOSS. Mr. Speaker, the untimely death of Lowell Stockman, a former Member of the House of Representatives from the State of Oregon, came as a shock to me as well as to his host of friends. He was elected to the 78th Congress the same year that I was, and it was only a few weeks ago that I saw him here in Washington and we enjoyed renewing our friendship. While in Congress I served with him on committees; I learned to respect the keenness of his mind and his sound judgment. He was a man's man with a heart as big as his frame and a charming, delightful sense of humor. Everyone was fond of him and respected him, and when he left Congress, it was a distinct loss to all of us.

I extend to his widow and his children my sincere sympathy and I feel sure that the memory of his fruitful and active life will always be a source of comfort and joy to them in the days to come.

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks on the life and services of the late Lowell Stockman.

The **SPEAKER.** Without objection, it is so ordered.

There was no objection.

Mrs. GREEN of Oregon. Mr. Speaker, the Northwest suffered a grievous loss last week with the death of a former Member of the U.S. House of Representatives, Lowell Stockman.

Mr. Stockman retired from Congress at the conclusion of the 82d Congress—thereby completing five terms of valuable, honorable, devoted service to his district, his State, and to the Nation. His six-foot-six height earned him the title of the "Paul P. Bunyan of Oregon politics," a man who was looked up to because of his literal and figurative stature.

He followed the typical path of many poor American boys who sought to improve themselves. He put himself through the State agricultural college by summer work as a farmhand. He kept his family—wife and three children—warm during the fearful depression-year winters by burning his wheat crop. He became known as an experimenter with specialized crops. In the early 1940's he was the largest grower in the Northwest of crested grass seed, a Siberian importation for reseeding grange land.

He was nominated by the Republican Party and was elected to five terms in the Congress from the Second Oregon Congressional District. He served as a valued member of the House Appropriations Committee where his abundant knowledge and information about the great natural resources of the West and its needs served the committee in good stead.

At this point, Mr. Speaker, I include in the RECORD an obituary of Mr. Stockman that appeared in the August 10 Oregonian.

LATE LOWELL STOCKMAN TYPICAL OREGON POLITICO

(By Michael Mahoney)

Oregon's former Republican U.S. Representative Lowell Stockman, who died Thursday at 62 in Bellevue, Wash., was a politician of a kind frequently seen in Oregon. He stanchly defended the economic interests of the Northwest and his district; he sometimes defied convention and behaved like a maverick; and on occasion he could display a stubborn streak.

Elected in 1942, he served five terms in the House of Representatives, retiring in 1952. He gained the reputation of "biggest man in Congress," for he was 6 feet, 6 inches tall, and weighed 260 pounds.

A wheat farmer from Helix, near Pendleton, he introduced legislation designed to promote the economic interests of the farmers and other residents of eastern Oregon, which makes up the Second Congressional District.

Stockman will probably be remembered most for his promotion of full water and power development of the Columbia River. He played a major role in drafting legislation for the construction of McNary Dam, the Dalles Dam, and Ice Harbor Dam.

Other Stockman projects which current Oregon Congressmen continue to defend, included appropriations for a fight against forest-eating insects; a fight for equality between East and West in railroad freight rate treatment; a defense of the Bureau of Land Management appropriation; and appropriations for a fight against smut—which is not what you might think, but rather a disease which afflicts wheat.

Stockman's maverick side was displayed during the 1947 session of Congress, when he voted against increasing funds for the Bonneville Power Administration, a question which usually bring "Yes" votes from all Northwest Congressmen.

Stockman's dissent this time grew from a dispute with BPA Head Paul J. Raver during a subcommittee hearing. Stockman charged Raver with evasion of his questions, and called for Raver's dismissal. This tendency to draw personalities into political discourse may be familiar to students of Oregon politics.

Also familiar was Stockman's defense of his position, for which position he had even been criticized by Republican Senator Guy Cordon. Stockman said, "I expect to continue to do what is right regardless of what it may do to me politically." Oregon voters have traditionally liked this kind of stubborn independence, and they proved it by reelecting Stockman in 1948.

BOOSTER FOR IKE

He did not participate extensively in international politics; when he did, he displayed a moderate-internationalist viewpoint. He boosted General Eisenhower for the presidential nomination in 1948, and Senator Taft in 1952. He once introduced a bill to establish a Foreign Service Academy, similar to the military academies—a proposal which continues to be discussed today.

Before running for Congress, Stockman had served on the Pendleton school board and the Oregon Liquor Control Commission. After his retirement in 1952, he returned to his wheat ranch, of 2,675 acres, one of the biggest in the Pendleton area, which he had been farming since 1922, and which his uncle, John L. Stockman, had established about 1880. In 1959 he sold it, and moved to the Seattle area, where he and his wife operated a trailer court.

Mr. FISHER. Mr. Speaker, I share eulogies that have been expressed here today concerning Lowell Stockman. Lowell was elected to the 78th Congress and served here with distinction until his voluntary retirement in 1953. He and I came here at the same time, and it was my pleasure and honor to know him well, and we became close personal friends. I admired his high level of statesmanship as manifested repeatedly while he was a Member of the House. Completely free of demagogery, Lowell Stockman met every issue head on and displayed qualities of courage and good sense equaled by few and excelled by none.

Our departed friend was a true westerner. He was an individualist who never deviated from a policy of fairness, honesty, and firmness. He made a valuable contribution to the legislative history of the Congress, of which his family, his descendents, and the entire country can be proud.

His passing is a personal loss to me. Less than 2 weeks ago he spent 2 hours in my office reminiscing and telling me of his future plans, particularly as they related to his grandchildren, for whom he expressed profound fondness and solicitude.

I extend to Mrs. Stockman and the children my deepest sympathy in their bereavement.

Mr. PELLY. Mr. Speaker, last week I was greatly shocked to read of the death of Lowell Stockman who served in the House of Representatives in the 78th, 79th, 80th, and 81st and 82d Congresses.

Lowell Stockman represented the Second Congressional District of Oregon, having been raised in Pendleton, Oreg. After retiring voluntarily in 1952, he went into business as a wheat rancher and in 1958 moved his residence into my district in Washington State after buying the Eastgate Mobile Manor.

Mr. Speaker, Lowell Stockman never lost his keen interest in politics. He came back to Washington, D.C., regularly and always came and sat at the Republican roundtable in the House Restaurant and had lunch and visited with old friends. I first learned he had moved into my congressional district when I was making a speech in Bellevue and found he had done me the honor by coming to hear me. Just a few days before he died he had stopped by my office here in the Nation's Capital to visit.

The privilege of serving in Congress with Lowell was never mine because I came here the year he left, but I know of the respect which this tall, handsome Member of Congress enjoyed from his colleagues. He was modest, considerate, and unassuming but more than that he was of sound judgment and held in the highest esteem by all who knew him.

I feel, Mr. Speaker, better for my acquaintance with Lowell Stockman. I know he was a friend although he was always careful not to impose on my time.

His untimely death is a real loss. He was a conscientious and good citizen. He set a good example in his own character and way of life. Our country and the new neighborhood where he had been living of recent years need men like Lowell Stockman. Men in active political life like myself need well-informed men of high integrity on the homefront. He was only 61 years of age and had much yet to contribute to the well-being of his fellow citizens.

I regret deeply his passing and extend to his son, two daughters, and wife my profound sympathy in their loss.

Mr. NORBLAD. Mr. Speaker, I would like to join with my colleagues in expressing my most sincere regret at the passing of Lowell Stockman.

I knew Lowell casually prior to the time that I came to Congress but since being a Member of this body I had known him intimately. When I came to Washington in January of 1946, Lowell immediately offered to be of assistance in every possible way to me as a freshman legislator. He did everything he could to assist me in learning the ropes here and I was most grateful to him.

During the years thereafter when we served together we worked as a team for the betterment of our State of Oregon and he was always cooperative in every possible way.

Lowell deserves a great deal of credit for the large upriver dams built on the Columbia River which have added so much to the prosperity of our State and of the Pacific Northwest.

I want to express my deepest sympathy to his wife Dorcas who was so extremely well liked both in Pendleton and here in Washington, D.C. A very charming and popular woman who was very helpful to Lowell's political career.

THE BERLIN WALL

Mr. PRICE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, the Berlin wall is a testimonial to the bankruptcy of the Communist idea in Central and Eastern Germany. On the first anniversary of the throwing up of the barrier by the Soviet Zone regime it is well to remind the Communists of their failure.

The will of human beings to live as free individuals will outlast concrete and barbed wire.

When the Berlin wall went up it was feared that it would affect West Berlin adversely—psychologically and economically. There was apprehension that the Communists had again reached one of their objectives. A year later the people in the Soviet Zone more than ever reject the Communist regime.

The will to resist has only been stiffened by the Soviet action. The attention of the world has not turned away from Berlin. On the contrary, the escape or murder of a single person who attempts to flee to the West, is given more publicity today than was received by the millions who came over in the decade and a half preceding the erection of the wall.

Despite the personal hazard involved, the risk of life in breaching the wall, in the year it has been in existence over 11,200 have fled from the Soviet Zone.

Under the Communist puppet regime in the Soviet Zone, there is no freedom of expression, but the heavy flow of refugees from the zone shows clearly to all the world how strongly the population opposes the Communist regime and how great has been the Communists' failure to establish their political, economic, and social conditions.

DISTRICT OF COLUMBIA SANITATION WORKERS MUST HAVE IMPROVED WORKING CONDITIONS

Mr. RYAN of New York. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include an exchange of correspondence.

The **SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RYAN of New York. Mr. Speaker, on June 5, 1962, I reported to the House on an inspection tour of facilities used by sanitation workers in the District of Columbia which I made with the business agent of local 1, American Federation of State, County, and Municipal Employees. As I reported then, I saw for myself the disgraceful conditions in which some employees of this city must wash, change clothes, or eat. And I also saw something which I thought would long ago have vanished from public-owned property in the Nation's Capital, a locked toilet which Negro laborers and truckdrivers were not permitted to use. As a matter of courtesy, I sent a copy of my remarks to the President of the Board of Commissioners, Walter N. Tobriner, and asked for his comments.

Commissioner Tobriner in reply informed me that a start has been made toward improving the physical facilities to which I made reference, stating that my interest in this matter has "undoubtedly stimulated the action required to initiate a solution to this knotty problem."

It is, of course, always pleasant to feel that one has made a contribution, however small, to the general welfare. But there is a larger moral here. So long as we continue to exercise municipal authority over the hapless citizens of this city, we have a real responsibility to find out the realities behind the testimony heard before congressional committees each year at appropriation time. I was amazed to see here conditions which the American Federation of State, County, and Municipal Employees has long ago driven out of New York City.

Mr. Speaker, I have a copy of Project No. 32-2 from the 6-year construction program of the Division of Sanitation of the District of Columbia, which contains the justification for building two permanent buildings to serve as tool sheds and sanitary facilities for white-wing personnel. It is planned to request the relatively small sums involved in the 1964 budget. I call for the inclusion of this request in the 1963 budget request for the District of Columbia. There certainly does not seem to be any compelling reason for the delay, particularly since the sites have already been determined and the need is desperate.

Mr. Speaker, I include at this point in the RECORD copies of Commissioner Tobriner's letter of July 6, and my reply of August 9:

THE DISTRICT OF COLUMBIA,
Washington, D.C., July 6, 1962.

Hon. WILLIAM F. RYAN,
House of Representatives,
Congress of the United States,
Washington, D.C.

DEAR MR. RYAN: Reply is made to your letter of June 18, enclosing copy of your remarks regarding unsatisfactory facilities provided for workers, particularly in the street-cleaning service of the Department of Sanitary Engineering, and requesting information as to what is being done to improve the situation.

The Director of Sanitary Engineering reports that cognizance of your speech on the floor was promptly taken and that instructions have been issued to all branches of his operating forces to bring about improvement in toolhouses and general housekeeping at locker room facilities generally.

The problem of providing more modern buildings for street-cleaning toolhouses has been complicated by the difficulty of finding suitable and strategically located sites for such a large number (22) of these nuisance-type facilities, most of which are required in the central portion of the city. Nevertheless, two permanent sites have been located and the Commissioners will give serious consideration to the implementation of this program by recommending funds for toolhouses in the 1964 budget. Also, intensive efforts have been and will continue to be made to locate alternate rented quarters to replace the inadequate facility to which you referred in the vicinity of the Bell Vocational School.

In order to apprise you of the basic agreement which exists regarding the priority of need in this matter, and to give further particulars, a copy of the justification prepared some time ago for the 6-year construction program by the Division of Sanitation is appended hereto.

Your interest in this matter is appreciated and you have undoubtedly stimulated the action required to initiate a solution to this knotty problem.

Sincerely yours,
WALTER N. TOBRINER,
President, Board of Commissioners, District of Columbia.

AUGUST 9, 1962.

Hon. WALTER N. TOBRINER,
President, Board of Commissioners, the District of Columbia, Washington, D.C.

DEAR COMMISSIONER TOBRINER: Thank you for your letter of July 6, 1962, informing me that the Director of Sanitary Engineering has issued instructions to all branches of his operating forces to bring about improvement in toolhouses and general housekeeping at locker room facilities generally.

In reference to the plans for building two new facilities for white wings, it seems to me, as the Government Workers Union Local 1, American Federation of State, County, and Municipal Employees, AFL-CIO, has urged, that necessary funds could be requested for fiscal year 1963 rather than 1964.

While I was pleased to hear that steps will be taken to improve conditions in toolhouses and locker rooms, I was disappointed that you made no reference to several other points made in my speech. For example, I am told that the toilet which I saw in the southeast garbage plant is still locked, after being open for a few days. This toilet, which was originally restricted to supervisory personnel at a time when all such personnel were white, is a daily affront to the dignity of the Negroes whose locker room adjoins it. The argument that opening this toilet to the men in the catchbasin crew would overload it seems specious in view of the fact that the person-toilet ratio in the garbage laborers' locker room is now greater than the ratio would be in this toilet if it were opened to catchbasin personnel.

It is difficult to explain the continuation of such institutions as locked toilets. Perhaps the men in the catchbasin group would be more willing to accept the good faith of those who assure them the toilet is not locked for racial reasons if they did not see that their chances for advancement on the job are blocked by racial prejudice. Only this May, for exampe, a foreman's position in this unit was filled by a white man from outside the District government, in spite of the fact that half a dozen men on the job were well qualified by virtue of experience, ability, and seniority.

I would be most interested to hear that action is being taken on current complaints of job discrimination.

You may recall that in addition to the "clean-up, spruce-up" campaign I also suggested the installation of water coolers on trucks of the Department of Sanitary Engineering and the provision of raincoats and boots for use in bad weather. I have since learned to my surprise that work gloves are not issued to men who handle trash and garbage cans, who work in the incinerators, or who do other heavy-duty work. Provision of heavy-duty work gloves would seem to be an elementary safety precaution.

I believe that the implementation of these suggestions is a desirable part of any program to improve working conditions.

I will be most interested in your reaction to the points which I have raised and appreciate your concern.

Sincerely yours,
WILLIAM F. RYAN,
Member of Congress.

THE LATE EDWARD JAMIESON

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMAS. Mr. Speaker, a large number of Members of Congress have lost a good friend—Edward Jamieson was buried today. He was 55 years old and had been a member of the Washington newspaper fraternity for 32 years. During that time he was associated with the Bascom Timmons News Agency.

It has been my privilege and pleasure to know Mr. Jamieson intimately during my service in the Congress. I, like other Members, held him in the highest esteem. He was a man of great understanding, honest, honorable, learned, and accurate; but, above all, he was a real man.

I extend to his family my deepest sympathy and understanding in his passing. All of us will miss him.

THE TWIST—REPUBLICAN STYLE

Mr. BAILEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER.** Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. BAILEY. Mr. Speaker, I noted in the Sunday newspapers various stories stating that the Republican leadership was highly critical of President Kennedy. It is quoted as charging that there has been a slowing in the rate of recovery from the recession of 1960, a recession which in 1960 it refused to admit existed.

I would suggest that this is a more radical maneuver than is required to do the twist, or whatever the current teenage dance craze might be.

ELECTIONS SUBCOMMITTEE OF THE COMMITTEE ON HOUSE ADMINISTRATION

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Elections Subcommittee of the Committee on House Administration may be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISTRICT OF COLUMBIA DAY

The SPEAKER. This is District of Columbia Day. The Chair recognizes the gentleman from South Carolina [Mr. McMILLAN].

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent that after the passage of each District of Columbia bill today we may be permitted to submit an explanation of each bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McMILLAN. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. BURKE], who held hearings on three of these bills.

PRESERVATION OF BUILDINGS IN OLD GEORGETOWN

Mr. BURKE of Kentucky. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 10188) to amend sections 2 and 5 of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in the Georgetown area of the National Capital," approved September 22, 1950 (64 Stat. 903), and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2 of the Act entitled "An Act to regulate the height, exterior design, and construction of private and semipublic buildings in the Georgetown area of the National Capital", approved September 22, 1950 (64 Stat. 903), is amended by striking out "The said Commissioners shall take such actions as in their judgment are right and proper in the circumstances:" and inserting in lieu thereof the following: "The said Commissioners shall take such action as shall effect compliance with such recommendations:".

(b) Section 5 of such Act is amended to read as follows:

"SEC. 5. Notwithstanding any other provision of law, whenever any dwelling or other structure in the Old Georgetown district has been condemned as unsafe or insanitary, no permit for the construction, alteration, reconstruction, or razing of such dwelling or other structure shall be issued without prior compliance with the provisions of section 2 of this Act, and the said Commissioners of the District of Columbia, in conditionally or unconditionally granting or denying said permit, shall consider the report of the National Commission of Fine Arts and shall take such action as shall effect compliance with such recommendation and as will best serve to effectuate elimination of the unsafe or insanitary conditions in a manner consistent with the purpose of this Act: *Provided,* That in any case of immediate danger to life, limb, or health, as certified by a duly authorized official of the District of Columbia, pending receipt of a report from the National Commission of Fine Arts, the inspector of buildings may take such action as may be necessary to remedy the unsafe condition or the Board for the Condemnation of Insanitary Buildings may direct the making of such repairs as may be necessary to put the building into sanitary condition, and the cost of such action or repairs shall be assessed by the Commissioners of the District of Columbia as a tax against the premises on which such building or part of building is situated, such tax to be collected in the same manner as general taxes are collected in the District of Columbia."

With the following committee amendments:

Page 2, line 23, strike out "inspector of buildings" and insert in lieu thereof "Commissioners".

Page 3, beginning in line 5, strike out "such tax to be collected in the same manner as general taxes are collected in the District of Columbia.' " and insert in lieu thereof the following: "which tax may be paid without interest within sixty days from the date such tax was levied. Interest of one-half of 1 per centum for each month or part thereof shall be charged on all unpaid amounts from the expiration of sixty days from the date such tax was levied. Any such tax may be paid in three equal installments with interest thereon. If any such tax or part thereof shall remain unpaid after the expiration of two years from the date such tax was levied, the property against which said tax was levied may be sold for such tax or unpaid portion thereof with interest and penalties thereon at the next ensuing annual tax sale in the same manner and under the same conditions as property sold for delinquent general real estate taxes, if said tax with interest and penalties thereon shall not have been paid in full prior to said sale.' "

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BURKE of Kentucky. Mr. Speaker, the purpose of the bill is identical with the original purpose of the so-called Old Georgetown Act; that is, to preserve and protect the buildings and areas of historic interest, exterior architectural features, and examples of the type of architecture used in the National Capital in its initial years.

Since the passage of that act in 1950, the Commissioners of the District of Columbia, following the declared purpose of Congress, have, in many, but not all, cases, followed the recommendations of the National Commission of Fine Arts with respect to the construction, alteration, and reconstruction of buildings within the Georgetown district. The amendment contained in the instant bill empowers the Commissioners to follow the recommendations of the Fine Arts Commission and establishes a clear statutory authority for their action in accepting these recommendations, thus carrying out the intent of Congress declared in the original Old Georgetown Act.

Since the enactment of the original Old Georgetown Act some 50 State and local jurisdictions have enacted statutes or ordinances with similar requirements regarding the preservation of the architectural character of historic districts.

With respect, however, to the razing of buildings within the Georgetown district, the Commissioners have evidently felt constrained by the provisions of section 5 of the Old Georgetown Act, which state that nothing in that act shall be construed as superseding or affecting in any manner the provisions of the acts of Congress creating the unsafe and unsanitary building code of the District of Columbia.

The instant bill amends the existing Old Georgetown Act by directing the Commissioners of the District of Columbia to follow the recommendations of the Fine Arts Commission, not only with respect to new buildings and remodeling of existing buildings, but also with respect to the granting of permits for the razing of buildings which may be unsafe and unsanitary and subject to condemnation but which the Fine Arts Commission determines to be of architectural or historic significance and therefore worthy of preservation. In accordance with the provisions of the safety and sanitary codes, the amendment in the instant bill would enable the Commissioners to withhold a permit for the razing of such a building and, utilizing existing authority, direct the removal of any hazard or threat to life and limb or public safety, at the expense of the owner of the property which is or has been permitted to become subject to condemnation under the provisions of the acts relating to unsafe and unsanitary buildings.

The bill creates a clear statutory authority for the Commissioners of the District of Columbia to act in this regard and incorporates into the so-called Old Georgetown Act the existing provisions of the acts of Congress relating to unsafe and unsanitary dwellings in the District of Columbia.

The bill as reported to the House by this committee incorporates certain provisions requested by the Commissioners of the District of Columbia, particularly relating to the designation of authority to take action to remedy any conditions constituting a threat to the public safety, and relating to the method of assessment and collection of the costs of remedying the unsafe or unsanitary conditions of the building as a tax on the real estate on which such unsafe or unsanitary building stands.

AMENDING LIFE INSURANCE ACT OF THE DISTRICT OF COLUMBIA

Mr. BURKE of Kentucky. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 8563) to amend the Life Insurance Act of the District of Columbia to permit certain policies to be issued to members and employees of members of duly organized national veterans' organizations, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, I note that there are three District of Columbia bills being called up this morning on which reports were not available even last Saturday. These reports were made available to my office today, 20 minutes before the House convened.

I must protest consideration of legislation when reports on the bills are not available at least overnight or a day or two in advance so that the Members may ascertain through use of the reports what the bills contain.

I am not going to object to or otherwise oppose consideration of these bills today, but I will say that in the future I trust reports will be made available on all legislation well in advance of consideration on the House floor.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That so much of subsection (6) of section 10, chapter V, of the Life Insurance Act (D.C. Code, sec. 35–710), as precedes paragraph (a) is amended (1) by inserting immediately after "A policy issued to" the following: "a duly organized national veterans' organization, or to"; (2) by striking out "occupation which" and inserting in lieu thereof "occupation, which organizations or association"; and (3) by inserting "organization or" immediately before the word "association" the two places where it appears.

(b) Paragraph (a) of subsection (6) of section 10, chapter V, of the Life Insurance Act (D.C. Code, sec. 35–710) is amended by inserting "organization or" immediately before the word "association" the two places where it appears.

(c) Paragraph (b) of subsection (6) of section 10, chapter V, of the Life Insurance Act (D.C. Code, sec. 35–710) is amended by inserting "organization's or" immediately before the word "association's."

(d) Paragraph (d) of subsection (6) of section 10, chapter V, of the Life Insurance Act (D.C. Code, sec. 35–710) is amended by inserting "organization or" immediately before the word "association" the two places where it appears.

(e) Paragraph (a) of subsection (7) of section 10, chapter V, of the Life Insurance Act (D.C. Code, sec. 35–710) is amended by striking out "or association members," each of the two places where it appears and inserting in lieu thereof at each such place the following: "or members of the organization or the association,".

With the following committee amendment:

Page 1, strike out all after the enacting clause and insert the following: "That paragraph (a) of subsection (7) of section 10, chapter V, of the Life Insurance Act, as amended (D.C. Code, sec. 35-710), is amended by striking out 'or association members,' each of the two places where it appears and inserting in lieu thereof at each such place the following: 'or members of the organization or the association,'."

SEC. 2. Section 10 of chapter V of the Life Insurance Act, as amended (D.C. Code, sec. 35–710), is amended by adding at the end thereof the following new subsection:

"(9) A policy issued to a duly organized national veterans' organization which has been organized and is maintained for purposes other than that of obtaining insurance, which shall be deemed the policyholder, to insure members of such organization for the benefit of persons other than the organization, or any of its officials, representatives, or agents, subject to the following requirements:

"(a) The members eligible for insurance under the policy shall be all the members of the organization, or all of any class or classes thereof determined by conditions pertaining to their membership in the organization, or both.

"(b) The premium for the policy shall be paid by the policyholder either wholly from the organization's funds or partly from such funds and partly from funds contributed by the insured members specifically for their insurance, or from funds wholly contributed by the insured members specifically for their insurance. A policy on which any part or all of the premium is to be derived from funds contributed by the insured members specifically for their insurance may be placed in force only if at least 60 per centum of the then eligible members or a minimum of four hundred members, whichever is less, excluding any as to whom evidence of individual insurability is not satisfactory to to insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

"(c) The policy must cover at least twenty-five members at date of issuance.

"(d) The amounts of insurance under the policy must be based on some plan precluding individual selection either by the members, or by the organization. No policy may be issued which provides term insurance on any organization member which, together with any other term insurance under any group life insurance policy or policies, exceeds $20,000, unless 150 per centum of the annual compensation of such person exceeds $20,000, in which event all such term insurance shall not exceed $40,000, or 150 per centum of such annual compensation, whichever is less."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read as follows: "A bill to amend the Life Insurance Act of the District of Columbia to permit certain policies to be issued to members of duly organized national veterans' organizations."

A motion to reconsider was laid on the table.

APPOINTMENT OF NEW TRUSTEES IN DEEDS OF TRUST

Mr. BURKE of Kentucky. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 11698) to amend the act of March 3, 1901, to permit the appointment of new trustees in deeds of trust in the District of Columbia by agreement of the parties.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 522 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901, as amended (D.C. Code, sec. 45–603), is amended by inserting immediately after "a new trustee" the following: "by agreement of the parties, or".

(b) Section 538 of such Act of March 3, 1901, as amended (D.C. Code, sec. 45–614), is amended by inserting "(a)" immediately before "In case of the refusal" and by adding at the end thereof the following new subsections:

"(b) Notwithstanding any provision of a deed of trust to the contrary, whenever all parties to a deed of trust, or their successors in interest, enter into an appropriate written instrument, they may place any trustee named in the deed of trust by another trustee named in such instrument. No written instrument entered into pursuant to this subsection shall be effective as to any person not having actual notice thereof until a notice of the appointment of the new trustee signed, sealed, and acknowledged by the parties agreeing to the appointment of the new trustee shall be recorded among the land records in the Office of the Recorder of Deeds.

"(c) Notwithstanding any provision of a deed of trust to the contrary, the owner of the debt secured by such deed of trust may, by a written designation signed, sealed, and acknowledged by him, appoint substitute trustees, and such designation shall be effective from and after the tenth day following the filing of such designation in the United States District Court for the District of Columbia and the service of a copy thereof upon the debtor in the manner provided for the service of a petition by section 534 of this subchapter, unless within such ten-day period the debtor shall file in said court an objection to the appointment of any such substitute trustee. In the event any such objection is filed in said court, further proceedings shall be in accordance with section 534, section 537, or section 538 of this subchapter, whichever of such subsections is appropriate. The clerk of the court shall maintain a separate docket in which there shall be kept a record of designations of substitute trustees filed under this subsection."

SEC. 2. The amendments made by the first section of this Act shall apply to all deeds of trust, whether entered into before, on, or after the date of enactment of this Act.

With the following committee amendments:

Page 1, line 7, strike out " 'by agreement of the parties, or'." and insert in lieu thereof the following: " 'by agreement of the parties pursuant to section 538(b) (D.C. Code, sec. 45–614(b)) or'," and by striking out " 'or trustee' " in the proviso and inserting in lieu thereof the following: " 'trustee, or new trustee'.

"(b) Section 534 of such Act of March 3, 1901, as amended (D.C. Code, sec. 45–611), is amended by adding at the end thereof the following: 'Nothing contained in this section shall prevent the appointment of a new trustee pursuant to section 538(b) (D.C. Code, sec. 45–614(b)) and the execution of the trusts of said deed of trust by such new trustee.'

"(c) Section 537 of such Act of March 3, 1901, as amended (D.C. Code, sec. 45–619), is amended by adding at the end thereof the following: 'Nothing contained in this section shall prevent the appointment of a new trustee pursuant to section 538(b) (D.C. Code, sec. 45–614(b)) and the execution of a deed of release by such new trustee.' "

Page 2, line 17, strike out "(b)" and insert "(d)" in lieu thereof.

Page 2, line 21, strike out "Notwithstanding" and all that follows down through "ment." in line 1, page 3, and insert in lieu thereof the following: "Notwithstanding the provisions of subsection (a) of this section, and notwithstanding any provision in a deed of trust to the contrary, whenever the grantors named in, and the persons secured by, the deed of trust (or their successors in interest) so desire, they may by written agreement executed and acknowledged in the same manner as an absolute deed substitute any trustee named in the deed of trust with a new trustee."

Page 4, beginning in line 2, strike out "section 534, section 537, or section 538 of this subchapter, whichever of such subsections is appropriate" and insert in lieu thereof the following: "section 534 or 537 of this subchapter, or subsection (a) of this section, whichever is appropriate".

The committee amendments were agreed to.

Mr. **BURKE** of Kentucky. Mr. Speaker, the purpose of the bill is to provide for the substitution of trustees under deeds of trust in the District of Columbia by means of a written instrument entered into by all the parties or their successors in interest, notwithstanding any provision of the deed of trust to the contrary.

As reported, the bill affects two situations whereby new trustees to a deed of trust can be appointed. One is where the parties to a trust agree in writing to the appointment. Provision is included that before any such instrument is effective, notice of the appointment of the new trustee, bearing the signatures under seal of the parties, and acknowldeged by them, shall be recorded among the land records in the Office of the Recorder of Deeds. This affords notice to other parties not having actual notice of the designation of the new trustee.

The other situation covered by the bill is where the owner of the debt secured by a deed of trust may, unilaterally, acting on his own, and without the prior agreement of other parties to the deed of trust, appoint a new trustee by written designation signed, sealed, and acknowledged by said owner of the debt. However, in such case, such appointment of new trustee is effective only after the lapse of a 10-day period following the filing of such designation with the U.S. District Court for the District of Columbia and service thereof on the debtor. If the debtor within the 10-day period files an objection to the appointment of such trustee, court proceedings would follow as are provided under the District of Columbia Code for appointment of a substituted trustee in the event of death of the designated trustee, under which proceedings the court may appoint a new trustee.

The reported bill—H.R. 11698—was introduced as a substitute for an earlier bill—H.R. 8988—in order to incorporate certain amendments proposed by the Board of Commissioners of the District of Columbia. As so amended, the reported bill has the support of the Commissioners.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REGULATION OF CREDIT INSURANCE IN THE DISTRICT OF COLUMBIA

Mr. **DOWDY**. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (S. 2357) to provide for the regulation of credit life insurance and credit accident and health insurance in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The **SPEAKER**. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act, regulating credit life insurance and credit accident and health insurance in the District of Columbia may be cited as "The Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance".

(b) All life insurance and all accident and health insurance in connection with loans or other credit transactions of less than five years duration in the District of Columbia shall be subject to the provisions of this Act. Such insurance written in connection with a loan or other credit transaction of five years duration or more shall not be subject to the provisions of this Act, nor shall such insurance be subject to the provisions of this Act if the issuance of the insurance is an isolated transaction on the part of the insurer not related to a plan or regular course of conduct for insuring debtors of the creditor.

DEFINITIONS

Sec. 2. For the purpose of this Act—

(a) "Commissioners" means the Commissioners of the District of Columbia;

(b) "Credit life insurance" means insurance issued on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction;

(c) "Credit accident and health insurance" means insurance against the disability of a debtor which provides indemnity for payments on a specific loan or other credit transaction;

(d) "Creditor" means the lender of money or vendor of goods, services, or property, including a lessor under a lease intended as a security, for which payment is arranged through a loan or other credit transaction, and includes any successor to the right, title, or interest of any such lender, vendor, or lessor;

(e) "Debtor" means a borrower of money or purchaser of goods, services, or property, including a lessee under a lease intended as a security, for which payment is arranged through a loan or other credit transaction;

(f) "District" means the District of Columbia;

(g) "Indebtedness" means the amount payable by a debtor to a creditor in connection with a loan or other credit transaction; and

(h) "Superintendent" means the Superintendent of Insurance of the District of Columbia.

FORMS OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE

Sec. 3. Credit life insurance and credit accident and health insurance shall be issued only in the following forms:

(a) Individual policies of life insurance issued to debtors on the term plan;

(b) Individual policies of accident and health insurance issued to debtors on a term plan or disability provisions in individual life policies to provide such coverage;

(c) Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

(d) Group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability provisions in group life policies to provide such coverage.

AMOUNT OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE

Sec. 4. (a) The amount of credit life insurance shall not exceed the initial indebtedness however the indebtedness may be repayable, nor, in the case of any group policy, shall such amount exceed the maximum amount specified in section 10(2) (d) of chapter V of the Life Insurance Act of the District of Columbia, as amended (48 Stat. 1164; sec. 35–710(2) (d), D.C. Code, 1951 ed.). In cases where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled amount of unpaid indebtedness in the case of any individual policy or the actual amount of the unpaid indebtedness in the case of any group policy.

(b) The amount of indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE

Sec. 5. The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurance company, commence on the date when the debtor becomes obligated to the creditor, except that where a group policy provides coverage with respect to existing obligations the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and such evidence is furnished more than thirty days from the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of such insurance shall not extend more than fifteen days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor. If the indebtedness is charged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewal or refinanced indebtedness. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in section 8.

PROVISIONS OF POLICIES AND CERTIFICATES OF INSURANCE; DISCLOSURE TO DEBTORS

Sec. 6. (a) All credit life insurance and credit accident and health insurance shall be evidenced by an individual policy, or in the case of group insurance by a group policy and individual certificates of insurance.

(b) Each individual policy or certificate of credit life insurance, each individual policy or certificate of credit accident and health insurance, and each individual policy or certificate of credit life insurance and credit accident and health insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurance company, and the identity by name or otherwise of the person insured, the rate or amount of payment, if any, by the debtor separately in connection with credit life insurance and credit accident and health insurance, a description of the coverage, including the amount and term thereof (which in the case of group insurance may be by description rather than stated amount and term), any exceptions, limitations, or restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, whenever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his estate.

(c) Except as hereinafter provided, an individual policy or certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred.

(d) If a debtor makes a separate payment for credit life or credit accident and health insurance and an individual policy or certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred, a copy of the application for such policy or a notice of proposed insurance shall be delivered at such time to the debtor by the creditor. The copy of the application for or notice of proposed insurance shall be signed by the debtor and shall set forth the identity by name or otherwise of the person insured; the rate or amount of payment by the debtor separately for credit life insurance and credit accident and health insurance; and a statement that within thirty days, if the insurance is accepted by the insurance company, there will be delivered to the debtor an individual policy or certificate of insurance containing the name and home office address of the insurance company, and a description of the amount, term, and coverage including any exceptions, limitations, and restrictions. The copy of the application for, or notice of, proposed insurance shall refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale, or other credit statement of account, instrument, or agreement unless the information required by this subsection is prominently set forth in such statement of account, instrument, or agreement. If a debtor does not make a separate payment for credit life or credit accident and health insurance, an application need not be taken or a notice of proposed insurance given. In any case, upon acceptance of the insurance by the insurance company, and within thirty days of the date upon which the term of the insurance commences, the insurance company shall cause the individual policy or certificate of insurance to be delivered to the debtor. Said application or notice of proposed insurance shall state that, upon acceptance by the insurance company, the insurance shall become effective as provided in section 5.

FILING, APPROVAL, AND WITHDRAWAL OF FORMS

SEC. 7. (a) All forms of policies, certificates of insurance, notices of proposed insurance, applications for insurance, binders, endorsements and riders delivered or issued for delivery in the District and the premium rates pertaining thereto shall be filed with the Superintendent by the insurance company, in such manner and together with such supporting information as the Superintendent may reasonably require. In any case where a group policy is made for a group in the District and the policy is neither delivered nor issued for delivery in the District, the form of policy and all other forms and premium rates referred to in the preceding sentence shall be filed with the Superintendent by the insurance company.

(b) The Superintendent may, within thirty days after the filing of any form of policy, certificate of insurance, notice of proposed insurance, application for insurance, binder, endorsement, or rider, disapprove any such form if the premium rates charged or to be charged appear by reasonable assumptions to be excessive in relation to benefits paid or to be paid, or if the form contains provisions which are unjust, unfair, inequitable, misleading, or deceptive. In determining whether to disapprove any such form the Superintendent may give due consideration to past and prospective loss experience within and outside the District, to underwriting practice and judgment to the extent appropriate, and to all other relevant factors within and outside the District, and he may take into account the experience of the individual company.

(c) If the Superintendent notifies the insurance company that the form does not comply with the requirements of this Act, it shall be unlawful thereafter for such insurance company to issue or use such form. In such notice, the Superintendent shall specify the reason for his disapproval and state that a hearing will be granted promptly upon request in writing by the insurance company. No such policy, certificate of insurance, notice of proposed insurance, application for insurance, binder, endorsement, or rider shall be issued or used until the expiration of thirty days after it has been so filed, unless the Superintendent shall give his prior written approval thereto.

(d) The Superintendent may, at any time after a hearing, held after not less than twenty days' written notice to the insurance company, withdraw his approval of any such form if it does not meet the requirements of this Act.

(e) The insurance company shall not issue such forms or use them after the effective date of such withdrawal of approval.

(f) The insurance company may revise such forms and the premium rates pertaining thereto from time to time, and such revised forms and premium rates shall be filed with the Superintendent and shall be subject to all the preceding requirements of this section, in like manner as though they were original filings with the Superintendent.

REFUNDS

SEC. 8. (a) Each individual policy or certificate of credit life insurance or credit accident and health insurance shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto: *Provided,* That the Superintendent shall prescribe a minimum refund and no refund which would be less than such minimum need be made. The formula to be used in computing refunds shall be filed with the Superintendent who may disapprove such formula if he finds that it is unjust or unreasonable.

(b) If a creditor requires a debtor to make a payment in connection with credit life insurance or credit accident and health insurance and an individual policy or certificate of insurance is not issued, the creditor shall promptly give written notice to such debtor and shall promptly make an appropriate credit to the account.

(c) The amount charged to a debtor for credit life or credit accident and health insurance shall not exceed the premium rate charged by the insurance company at the time the charge to the debtor is determined.

CLAIMS

SEC. 9. (a) All claims shall be paid either by draft drawn upon the insurance company or by check of the insurance company to the order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified, and every insurance company shall be held to strict settlement of all such claims.

(b) It shall be unlawful for any creditor, having received any such check or draft from such insurance company, to fail to correctly credit the account, pay to or upon the direction of, or otherwise correctly account to the claimant to whom payment is due for the full amount of such check or draft, less any lawful deductions therefrom.

(c) No plan or arrangement shall be used whereby any person, firm, or corporation other than the insurance company or its designated claim representative shall be authorized to settle or adjust claims. The creditor shall not be designated as claim representative for the insurance company in adjusting claims, nor, in the case of an individual creditor, shall the spouse of such creditor or any relative of the creditor or spouse within the third degree of consanguinity be so designated, nor shall any officer or employee of a corporate creditor or any spouse or relative of such officer, employee, or spouse within the third degree of consanguinity be so designated: *Provided,* That a group policyholder may, by arrangement with the group insurance company, draw drafts or checks in payment of claims due to the group policyholder subject to audit and review by the insurance company.

EXISTING INSURANCE—CHOICE OF INSURER

SEC. 10. When credit life insurance or credit accident and health insurance is required as additional security for any indebtedness, the creditor may not require that the insurance be written through any particular insurance company or any particular agent, and the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or of procuring and furnishing the required coverage through any insurance company authorized to transact an insurance business within the District.

ENFORCEMENT

SEC. 11. (a) In the case of any violation of this Act by an insurance company, agent, solicitor, or broker, the Superintendent shall have authority to proceed in accordance with the provisions of sections 6 and 27 of the Act approved June 19, 1934, as amended (48 Stat. 1131 and 1140; secs. 35–405 and 35–426, D.C. Code, 1951 ed.), and sections 3 and 36 of the Act approved October 9, 1940, as amended (54 Stat. 1066 and 1079; secs. 35–1306 and 35–1340, D.C. Code, 1951 ed.).

(b) In the case of any violation of this Act by a creditor or by any other person not licensed in the District as an insurance agent, solicitor, or broker, regardless of the fact that such creditor or other person is not required by law to be so licensed, the penalties and the procedure for their imposition shall be as set forth in section 43 of the Act approved October 9, 1940, as amended (54 Stat. 1082: sec. 35–1347, D.C. Code, 1951 ed.).

JUDICIAL REVIEW

SEC. 12. Any insurance company, agent, solicitor, or broker aggrieved by any order or action of the Superintendent under this Act may contest the validity of such order or action by appeal or through any other appropriate proceeding, in accordance with the procedures prescribed by sections 44 and 45 of the Act approved October 9, 1940, as amended (54 Stat. 1082; secs. 35–1348 and 35–1349, D.C. Code, 1951 ed.): *Provided,* That any such insurance company, agent, solicitor, or broker which is licensed in the District under the Life Insurance Act approved June 19, 1934, as amended (48 Stat. 1127, et seq.; sec. 35–301, et seq., D.C. Code, 1951 ed.), may contest the validity of such order or action by appeal or through any other appropriate proceeding in accordance with the procedures prescribed by such Act approved June 19, 1934.

EFFECT OF REORGANIZATION PLAN NUMBERED 5 OF 1952

SEC. 13. Nothing in this Act shall be construed so as to affect the authority vested in the Commissioners by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Commissioners or in any office or agency under the jurisdiction and control of said Commissioners may be delegated by said Commissioners in accordance with section 3 of such plan.

EFFECTIVE DATE

SEC. 14. This Act shall take effect ninety days after its approval.

With the following committee amendments:

On page 4, lines 5 and 6, strike out the words "nor, in the case of any group policy, shall such amount exceed the maximum amount"; and insert in lieu thereof the words ": *Provided, however*, That nothing contained herein shall be deemed to supersede or repeal the limitation on the amount of group insurance".

On page 5, line 20, strike out the word "charged" and insert the word "discharged".

Page 15, after line 4, insert the following:

"SUPERINTENDENT OF INSURANCE

"SEC. 14. Notwithstanding any other provision of law, the position of Superintendent of Insurance established pursuant to Reorganization Order No. 43, June 13, 1953 (D.C. Code, title 1, App.), by the Board of Commissioners of the District of Columbia shall be placed in grade 18 of the general schedule of the Classification Act of 1949, as amended, and such position shall be in addition to the number of positions authorized by section 505 of such Act and any limitation contained in section 4(a) of Reorganization Plan No. 5 of 1952."

Page 15, line 6, strike out "SEC. 14." and insert in lieu thereof "SEC. 15.".

Mr. GROSS. Mr. Speaker, I make a point of order against the language to be found beginning on line 5 and running through line 15 on page 15 of the bill which constitutes the pending amendment.

The SPEAKER. Will the gentleman state his point of order?

Mr. GROSS. Mr. Speaker, I call the attention of the Chair to Public Law 87–367 of the 87th Congress, and I quote therefrom:

SEC. 101. (a) The Congress hereby finds that—

(1) the public interest requires that effective limitations and controls be established and maintained with respect to the allocation of positions—whether by law or by administrative action—to grades 16, 17, and 18 of the Classification Act of 1949—the so-called top grades below the Federal executive level in the Government service—in order to prevent the unwarranted allocation of positions to such grades and to promote efficiency and economy in the operation of the Government;

(2) one of the principal purposes of the Classification Act of 1949, as originally enacted and as amended from time to time, was, and continues to be, the establishment and maintenance, by specific provisions of such Act, of a coordinated and comprehensive authority and control over the allocation of positions to these top grades of such Act;

(3) under the rules of the Senate and the rules of the House of Representatives, as applicable, and the Legislative Reorganization Act of 1946, the Committee on Post Office and Civil Service of the Senate and the Committee on Post Office and Civil Service of the House of Representatives are vested with exclusive legislative jurisdiction, and charged with the duty of exercising legislative oversight and supervision, with respect to all matters within the purview of the Classification Act of 1949 and the administration thereof, including the allocation of positions to these top grades of such Act;

Mr. Speaker, I could go on quoting Public Law 87–367, but I do not believe it is necessary.

Mr. Speaker, I make the point of order that this amendment will do violence to Public Law 87–367, it is in violation of Public Law 87–367 as well as not being germane to the bill.

The SPEAKER. The gentleman from Iowa [Mr. Gross] makes the point of order that section 14 of the bill is not germane as contained in the measure before the House at the present time.

Mr. DOWDY. Mr. Speaker, I concede the point of order.

The SPEAKER. The gentlemen from Texas [Mr. Dowdy] concedes the point of order.

The point of order is sustained.

Without objection, the committee amendments are agreed to.

There was no objection.

Mr. DOWDY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DOWDY. Mr. Speaker, credit life insurance, which is taken on the life of a debtor in order to preclude a burden of debt upon his heirs in the event of his death prior to the discharge of the indebtedness, has increased greatly in volume in recent years. Twenty years ago, for example, the volume of such insurance in force was only $256 million; in 1957, this volume had risen to $19,700 million and is steadily increasing today.

At present, credit life, health, and accident insurance sold in the District of Columbia does not come under the jurisdiction of the District of Columbia Superintendent of Insurance, and hence cannot be controlled or regulated in any way. As a result, certain abuses in this field of insurance have become too prevalent; such as, first, selling the debtor a policy of insurance in excess of the amount of indebtedness; second, selling the debtor a policy for a term longer than the debt's life; third, failure to inform the debtor of the term, amount, and premium cost of such insurance; fourth, failure to refund unearned premiums when the debt is prematurely paid or renewed; and fifth, charging excessive premiums for insurance of the proper term and amount.

This proposed legislation will correct this situation by placing such credit insurance under the control of the Superintendent of Insurance in order that it may be properly regulated.

SUPPORT FOR LEGISLATION

A subcommittee of the House District Committee held a public hearing on S. 2357 on Monday, August 6, 1962, at which time no objections were offered to this legislation.

The legislation is strongly supported by the Commissioners of the District of Columbia, the Superintendent of Insurance for the District of Columbia, Albert F. Jordan, the Washington Metropolitan Board of Trade, the five life insurance companies whose home offices are in the District of Columbia, the Life Insurance Association of America, the American Life Convention, and the Health Insurance Association of America.

Enactment of this legislation bill will not involve any additional expenses to the District of Columbia.

SUPERINTENDENT OF INSURANCE

The purpose of the third amendment to the bill is to place the position of Superintendent of Insurance of the District of Columbia in grade 18—$18,500 per annum—of the General Classification Act of 1949. This would be a position in this grade in addition to the number of positions authorized by section 505 of such act. Presently, the Superintendent of Insurance is grade 16—$16,295—which he has held since 1955.

The position of Superintendent of Insurance is classified at grade 16 in the general schedule of civil service established by the Classification Act of 1949, as amended. When the position was created by the District of Columbia Board of Commissioners, pursuant to Reorganization Order No. 43 of June 23, 1953, the Board was limited by the language of the Classification Act that no more than 15 positions in the District of Columbia government could be fixed without regard to the limitations of the Classification Act for grades 16, 17, and 18.

Justification: In view of the importance of the work of Superintendent of Insurance of the District, and the prestige which should attach to this position, it is felt by numerous insurance company executives, by some legislators familiar with his many duties and responsibilities, and representatives of the public in general, that the Superintendent of Insurance should be elevated to grade 18.

Senator KEFAUVER, for example, last year urged that the District reclassify the position of the Superintendent of Insurance, and the Senate Committee on the Judiciary has suggested that insurance commissioners' salaries should be equal to that of Commissioners of Federal regulatory agencies, namely, $20,000.

Senator KEFAUVER, one of the members of the Senate Committee on the Judiciary, in an address stated in part—CONGRESSIONAL RECORD, volume 107, part 1, pages 1084–1085:

> The present Superintendent of Insurance in the District of Columbia has discharged his responsibilities in administering these rate laws in a highly creditable fashion. Because of his enlightened administration of these acts, the harmful effects of objectionable features in both the Fire and Casualty Acts have been kept to a minimum. In its report the committee urged that the great responsibilities of insurance regulation cannot be achieved unless adequate funds are appropriated and sufficient salaries are paid to attract competent personnel. Therefore, I believe that for the Congress to urge such a course upon the States would be hypocrisy unless it were willing to take the lead in appropriating adequate funds for the District of Columbia and in fixing the salary of the Superintendent at a rate commensurate with his responsibility. Therefore, I shall urge that the District of Columbia Committee consider the feasibility of establishing the same salary for the Insurance

> Superintendent as Congress set for the Director under the Federal Employees Health Benefits Acts of 1959 when this post was created.

In Senate Report No. 1834 dated August 10, 1960, the Senate Committee on the Judiciary remarked—page 128:

> Another possible yardstick which might be applied to Insurance Commissioners' salaries is the salary paid Federal Commissioners in selected regulatory agencies. For example, the Federal Trade Commission, the Federal Power Commission, the Securities and Exchange Commission, and the Federal Communications Commission, each have regulatory duties to some extent similar in nature to that of Insurance Commissioners. Each of these agencies have five Commissioners with one a Chairman, except the Federal Communications Commission, which has seven Commissioners with one a Chairman. In the case of all four agencies the members received $20,000 per annum while the Chairman received $20,500.

SECTION-BY-SECTION ANALYSIS

The bill provides, in the first section, that all life insurance and all accident and health insurance sold in the Districts of Columbia in connection with loans or other credit transactions shall be subject to the provisions of the bill, except such insurance sold in connection with a loan or other credit transaction of 5 years' duration or longer. Transactions which are not part of a regular course of conduct or plan for insuring debtors are also exempted.

Section 2 sets forth a number of important definitions.

Section 3 describes in general terms the kinds of policies which may be issued.

Section 4 limits the amount of authorized policies so as to prevent the pyramiding of coverage beyond the requirements necessary to secure the creditor.

Section 5 provides that the term of the policy shall correspond with the term of the debt and requires that a refund shall be paid or credited to the debtor if the policy terminates prior to its scheduled maturity.

Section 6 requires full disclosure to the debtor of the insurance features connected with his indebtedness by requiring delivery of the policy or a certificate of insurance to him. It sets out in general terms what information a policy or certificate of insurance must contain.

Section 7(a) requires that all forms of policies and other related insurance documents including those required by this act must be filed with the Superintendent of Insurance for his approval.

Subsection (b) of section 7 gives authority to the Superintendent to disapprove of any form when upon reasonable assumptions he finds that the table of premium rates appears excessive in relation to the benefits paid or to be paid. He may also disapprove of any form that contains any deceptive or unfair provision.

Subsection (c) of section 7 prohibits the use of a disapproved form and requires the Superintendent to notify the company that submits any disapproved form of the reasons for his action.

Subsection (d) of section 7 allows the Superintendent to withdraw approval of any form previously approved after a hearing of which the company was given 20 days' written notice.

Subsection (e) of section 7 prohibits the use or issuance of any form after approval has been withdrawn.

Traditionally the life insurance industry has opposed premium rate regulation of life insurance. In the case of credit life insurance and credit accident and health insurance, however, the National Association of Insurance Commissioners has found it necessary to seek premium rate regulation in order to end exploitation of borrowers and purchasers of merchandise on credit with its resulting bad effect on the industry.

Competition which normally holds down the premium rates of ordinary life insurance has a reverse effect in the field of credit life insurance and credit accident and health insurance. This is true because while the borrower typically pays the whole premium the creditor who selects the carrier usually acts for the insurance company selected by selling the policy and collecting the premium. The creditor retains a part of the premium as a fee or commission for these services. Since the share of the creditor will increase with the premium, he places the insurance with the carrier who charges the highest rate. The debtor is forced to go along with this arrangement in order to obtain the loan or goods on credit.

It is not sufficient to merely require that the debtor be allowed to select his own insurance carrier because his inferior bargaining position makes it difficult for him to assert such a right.

Section 8 requires a filing of schedules of premium rates, refunds of unearned premiums, a credit for payment of a premium for unissued insurance and a prohibition against charging the debtor any charge in addition to the premium rate charged by the insurance company at the time the charge to the debtor is determined. This latter provision is designed to prevent the creditor from adding any sum for insurance in addition to the rates charged by the insurance company.

Section 9 provides for the prompt reporting and disposition of claims, while section 10 prohibits the creditor from requiring the debtors' insurance be written through a particular insurance company. Section 11 provides for the enforcement of the act, while section 12 provides for review of official actions in the same manner as is presently prescribed by sections 44 and 45 of the Fire and Casualty Act of October 9, 1940, as amended. Section 13 provides that nothing in the bill shall operate to affect the authority vested in the Commissioners by Reorganization Plan No. 5 of 1952, and the last section of the bill makes the act effective 90 days after its approval.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REPAIR OF ALLEYS AND SIDEWALKS IN THE DISTRICT OF COLUMBIA

Mr. DOWDY. Mr. Speaker, I call up the bill (S. 3315) to relieve owners of abutting property from certain assessments in connection with the repair of alleys and sidewalks in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the second sentence in the second paragraph under the caption "ASSESSMENT AND PERMIT WORK" in the first section of the Act entitled "An Act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, eighteen hundred and ninety-five, and for other purposes", approved August 7, 1894 (28 Stat. 247), as amended (sec. 7–608, D.C. Code, 1961 edition), is amended by striking "said property" and inserting in lieu thereof "said property: *Provided,* That no such assessment shall be levied against abutting property for the cost of repairing alleys or sidewalks when the damage requiring such repair in caused by the growth of roots of trees on public space or the cause of such damage is otherwise beyond the control of the owner of such property".
>
> SEC. 2. The amendment made by the first section of this Act shall apply to repairs to alleys or to sidewalks which repairs were completed or shall be completed on or after the effective date of this Act.
>
> SEC. 3. This Act shall take effect ten days after its approval.

With the following committee amendment:

> On page 2, lines 9 and 10, strike "which repairs were completed or shall be completed" and insert in lieu thereof "the completion of which repairs shall occur".

The committee amendment was agreed to.

Mr. DOWDY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DOWDY. Mr. Speaker, the purpose of the bill is, in certain instances, to obviate the requirement of present law in the District of Columbia that one-half the cost of repairing a sidewalk or alley be assessed against the owner of abutting property.

The bill is intended to cover future repairs necessitated by occurrences which are beyond the control of the property owner, such as damages caused to sidewalks or alleys by tree roots from trees in public places, or bursting of water mains; or street widenings, and the like; all of which necessitate repairs to abutting sidewalk or alley.

Assessments equivalent to one-half the total cost of the work of repairing sidewalks or alleys, in such situations, are levied against abutting property owners, under present law.

The District of Columbia has always planted and maintained trees in connection with street development; however, the inevitable result of such planting and growth of trees and roots therefrom, is the disturbance of adjacent sidewalks, and, to a lesser extent, alleys.

Since such damages are caused by trees planted and/or maintained by the District in public spaces, and by other causes beyond the control of abutting property owners, as indicated, the District Commissioners do not consider it equitable that such owners be assessed for repairs or replacements occasioned thereby. Your committee agrees with the Commissioners. Although the major portion of the cases involved are a direct result of tree growth, it was also considered desirable to include in the bill provisions to cover repairs occasioned by other causes beyond the control of abutting property owners, where it would be equally inequitable to assess the individuals involved.

The Commissioners strongly recommended enactment of this legislation. They have indicated that the beauty and attractive features of the trees far outweigh the sidewalk damage caused by these trees, and that the cost of repairs or replacement is a relatively small price to pay for beautifying the city. The Nation's Capital ranks very high in this respect with other comparable cities in this country and throughout the world.

No opposition to the legislation was expressed at the hearings held thereon. The Commissioners informed the committee that they had been advised by the Bureau of the Budget that there is no objection to the submission of this legislation to the Congress.

The amendment to the bill, adopted pursuant to recommendation of the Corporation Counsel's Office, makes it clear that the provisions of the bill are intended to be and shall operate prospectively only, and are not to be retroactive.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA CODE

Mr. DOWDY. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 12689) to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 557 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901 (31 Stat. 1189, 1279; D.C. Code, sec. 1–401) is repealed.

Sec. 2. Section 559 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901 (31 Stat. 1189, 1279; D.C. Code, secs. 1–402, 1–502), is amended by striking out "commissioners of deeds and".

Mr. DOWDY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DOWDY. Mr. Speaker, the purpose of this legislation is to repeal and amend certain sections of the act of March 3, 1901, providing for the appointment by the President of Commissioners of Deeds.

There is no longer any need for such Commissioner since the District Code authorizes notaries public in the District to take acknowledgments of deeds, take depositions, and administer oaths.

There has been no appointment of a Commissioner of Deeds in the District of Columbia for over 20 years and there is no longer any need for such officer.

The Attorney General of the United States and the Bureau of the Budget recommend the enactment of this legislation.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REDUCTION IN THE WORKWEEK OF FIRE DEPARTMENT

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 3086) to provide for a reduction in the workweek of the Fire Department of the District of Columbia, and for other purposes, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (a) of subsection (a) of section 2 of the Act entitled "An Act to amend the Act entitled 'An Act to classify the officers and members of the Fire Department of the District of Columbia, and for other purposes,' approved June 20, 1906, and for other purposes", approved June 19, 1948 (62 Stat. 498), as amended (sec. 4–404a(a), D.C. Code, 1961 edition), is amended to read as follows:

"(a)(1) Beginning with the first day of the first pay period which begins not less than one hundred and twenty days after enactment of this amendatory subsection or which begins on or after July 1, 1962, whichever is later, the Commissioners of the District of Columbia are authorized and directed to establish a workweek for officers and members of the Firefighting Division of the Fire Department of the District of Columbia which will result in an average workweek of not to exceed fifty-two hours during an administratively established workweek cycle which the Commissioners are hereby authorized to establish from time to time: *Provided,* That no workweek shall exceed seventy-two hours."

Sec. 2. (a) Paragraphs (b), (c), (d), and (e) of subsection (a) of section 2 of such Act approved June 19, 1948 (62 Stat. 498), as amended (sec. 4–404a(a), D.C. Code, 1961 edition), are hereby redesignated as paragraphs (2), (3), (4), and (5), respectively.

(b) Paragraph (c) of subsection (a) of section 2 of such Act approved June 19, 1948, as amended, and redesignated as paragraph (3) by this section, is amended by striking therefrom the period and inserting in lieu thereof a colon and the following: "*Provided,* That notwithstanding the provisions of this subsection, the Commissioners of the District of Columbia or their designated agent or agents may, whenever the exigencies of the Fire Department require temporary or short-term services of one or more officers or members, order such officer, officers, member, or members to perform such services."

Sec. 3. Clause (E) of subsection (b) of section 405 of the District of Columbia Police and Firemen's Salary Act of 1953 (67 Stat. 76), as amended (sec. 4–821, D.C. Code, 1961 edition), is amended to read as follows:

"(E) In the case of the Firefighting Division of the Fire Department of the District of Columbia—

"(i) a biweekly rate shall be divided by two to derive a weekly rate;

"(ii) the weekly rate shall be divided by the number of workdays in the average established workweek to arrive at a daily rate;

"(iii) a daily rate shall be divided by two to derive a one-half daily rate; and

"(iv) an hourly rate shall be determined by dividing the daily rate of pay by twelve, except for the purpose of computation of holiday pay."

Sec. 4. (a) In lieu of the annual leave to which officers and members of the Firefighting Division of the Fire Department of the District of Columbia are entitled under the provisions of section 203(a) of the Annual and Sick Leave Act of 1951 (65 Stat. 679), as amended, such officers and members shall be entitled to annual leave which shall accrue as follows:

(1) Five and two-tenths hours for each full biweekly pay period in the case of officers and members with less than three years service;

(2) Eight hours for each full biweekly pay period in the case of officers and members with three but less than fifteen years service;

(3) Ten and four-tenths hours for each biweekly pay period in the case of officers and members with fifteen years or more service.

(b) Accumulated annual leave to the credit of each officer and members of such Firefighting Division shall be adjusted by applying a thirteen-fifteenths factor so that each officer and member of such Firefighting Division shall be given credit for thirteen-fifteenths of a day of leave for each day of such accumulated annual leave, and thereafter accumulated annual leave credited to him pursuant to the Annual and Sick Leave Act of 1951, as amended, shall be similarly adjusted when an officer or member is transferred to the Firefighting Division from another agency or from another division of the Fire Department.

(c) When an officer or member of such Firefighting Division is transferred to another agency or to another division of the Fire Department, whose employees are entitled to annual leave with pay pursuant to the Annual and Sick Leave Act of 1951, as amended, the reverse of the formula in subsection (b) shall be applied for the purpose of adjusting accumulated annual leave.

(d) For computation on an hourly basis, all adjusted days of annual leave or fractions thereof, as provided in subsections (b) and (c) of this section, and days of sick leave shall be multiplied by twelve to determine the number of hours of annual or sick leave to which each such officer or member of such Firefighting Division shall be entitled, and the number of hours of annual or sick leave shall be divided by twelve to determine the number of days, or fraction thereof, of annual or sick leave to which such officer or member of such Firefighting Division shall be entitled.

(e) Notwithstanding any provision in any other law, the amount of annual leave accumulated on the effective date of this Act, if thirty days or more, shall, upon conversion

to the new total in accordance with this section, be the maximum accumulation authorized: *Provided*, That if the amount of annual leave accumulated before the conversion is less than thirty days on the effective date of this Act, then, after conversion to the new total, leave which is not used shall accumulate for use in succeeding years until it totals no more than twenty-six days at the beginning of the first complete biweekly pay period.

Sec. 5. This Act shall take effect on the first day of the first pay period which begins not less than one hundred and twenty days after its enactment, or on or after the first day of the first pay period which begins on or after July 1, 1962, whichever is later.

With the following committee amendments:

Page 2, line 7, strike "fifty-two" and insert in lieu thereof "forty-eight".

Page 2, lines 9 and 10, strike the colon following the word "time" and insert in lieu thereof a period. Strike "*Provided*, That no workweek shall exceed seventy-two hours."

Page 2, line 11, strike out "and", and insert in lieu thereof after (e), "and (f)".

Page 2, line 15, strike out "and", and insert in lieu thereof after (5), "and (6)".

Page 4, line 4, strike "Five and two-tenths" and insert in lieu thereof "Four and eight-tenths".

Page 4, line 7, strike "Eight" and insert in lieu thereof "Seven and five-tenths".

Page 4, line 10, strike "Ten and four-tenths" and insert in lieu thereof "Nine and six-tenths".

Page 4, line 15, strike "thirteen-fifteenths" and insert in lieu thereof "four-fifths".

Page 4, line 17, strike "thirteen-fifteenths" and insert in lieu thereof "four-fifths".

Page 6, line 2, strike "twenty-six" and insert in lieu thereof "twenty-four".

The committee amendments were agreed to.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to reduce the present 56-hour workweek of officers and members of the Firefighting Division of the Fire Department of the District of Columbia to a 48-hour average workweek.

The committee is of the view that enactment of this bill is highly desirable. Its passage will mean that the District's firefighters' workweek, insofar as practicable, will have been brought into closer parity with the 40-hour workweek that pertains to other District employees including members of the Metropolitan Police Department.

It is a tribute to the officers and members of the District Fire Department that the long hours that they have been required to work in past years has in no way impaired their devoted duty to their assigned tasks.

In recent years there has been an established national trend toward reducing the working hours of the Nation's firefighters. A survey conducted of the 20 largest cities reveals that the average workweek for these cities has been reduced to an average of 53 hours. At this time the firemen in New York and Buffalo work a 40-hour workweek, Philadelphia and Boston employ a 48-hour workweek, and Pittsburgh utilizes a 52-hour workweek. In connection with smaller cities on the east coast, Newark and Jersey City employ a 42-hour workweek.

On an overall comparison with all of the 20 largest cities' average workweek, the proposed 48-hour workweek for the District firemen would place it 5 hours under the average of 53 hours for this group. However, in this connection it should be noted that historically the District has always lagged behind the national average. During the years preceding 1950, the District firemen worked an average workweek of 72 hours while the workweek for the 20 cities was being lowered to an average of 60 hours by the year 1950. Similarly, a disparity existed for the years 1950 to 1961 when the District's workweek was 60 hours and the average for these same 20 cities had been lowered to 56 hours by 1961.

The District of Columbia's Fire Department at the present time has a total strength of 1,222 uniformed officers and privates. Of this total figure, 1,146 members are assigned to the Firefighting Division, and this is the class of personnel that will have their workweek reduced by the provisions of this bill. Their salaries will not be affected by the shortening of the workweek. The remaining officers and privates assigned to the non-Firefighting Division of the Department will not be affected inasmuch as they are already working a 5-day, 40-hour workweek. The activities of the nonfighting members of the Department relate to communications, training, fire prevention, and maintenance.

Enactment of this bill will cost the District government $1,119,961 for the first full fiscal year, but this sum will be reduced to approximately $690,401 for the coming fiscal year—assuming this act will take effect on December 1, 1962. The major portion of the money will be needed to offset the cost of salaries for an additional 180 men to augment the present force when the existing 56-hour workweek is reduced to 48 hours.

The National Board of Fire Underwriters has rated the District of Columbia Fire Department among major cities in class 1 for the past 21 years. The honor attaching thereto is given even more significance when it is realized that only 2 other cities are included in this category, and one of these has just recently attained the recognition.

During the public hearings that were held on May 7, 1962, the No. 3 subcommittee was informed that firefighting is recognized as being one of the most dangerous, hazardous, and arduous occupations. Attention was drawn to the fact that in a recent survey of more than 1,200 cities, it was found that firefighters suffered on-the-job injury at a rate of more than seven times that suffered by the average American worker and that the possibility of a firefighter being killed on duty is 300 percent greater than those of other workers. It was pointed out that firefighters lead the Nation in comparison with other occupations in deaths from cardiovascular diseases.

Reducing the workweek for officers and members of the Firefighting Division to 48 hours will in some measure lessen the exposure of individual firefighters to inhalation of smoke and gases and also to prolonged periods of sudden and violent exertion. In the opinion of the committee, this fact in and of itself may have a beneficial effect on both the mental and physical well-being of the firefighters of the District.

Testimony for enactment of this measure was received from the District of Columbia Fire Department, the District of Columbia Firefighters Association Local No. 36, and the Board of Commissioners for the District of Columbia. A statement supporting the bill was also received from the International Association of Firefighters. No testimony was received in opposition to the bill.

The amendments were made to, first, more clearly define such an established workweek as may be provided by this bill as introduced, and second, to provide the authority for the Commissioners, notwithstanding the provisions of the act establishing an average and maximum hour workweek, to require any member of the Fire Department to serve temporary and/or short periods of duty in excess of the statutory workweek when unanticipated situations of an emergency nature arise.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTEND BENEFITS OF POLICEMEN AND FIREMEN'S RETIREMENT ACT

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 1918), to extend benefits of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 to widows and surviving children of former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, or the U.S. Secret Service Division, who were retired or who died in the service of any such organization prior to the effective date of such amendments, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

***Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That each widow or child who, on or after the effective date of this Act, was receiving or is now receiving or shall hereafter be entitled to receive relief or annuity by reason of service in the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, the White House Police force, or the United States Secret Service Division, of a deceased former officer or member who died in the service of any such organization prior to the effective date of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957, approved August 21, 1957 (71 Stat. 391), or who retired prior to such effective date, shall be entitled to benefits computed in accordance with the provisions of subsection (k) of section 12 of the Act approved September 1, 1916 (39 Stat. 718), as amended (section 4–531, District of Columbia Code 1951 ed., supp. VIII).**

Sec. 2. Nothing in this Act shall be deemed to reduce the relief or retirement compensa-

tion any person receives, or is entitled to receive, on the date of the enactment of this Act.

SEC. 3. The effective date of this Act shall be the first day of the first month following the date of enactment.

Mr. McMILLAN. Mr. Speaker, in 1957, amendments to the District of Columbia Policemen's and Firemen's Retirement and Disability Act provided substantial increases in the pensions of members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, and the U.S. Secret Service Division who retired on or after October 1, 1956, and also the pensions accruing to their widows and orphaned children. Nothing was done, however, to increase the benefits to those members, or their widows or orphaned children, who retired or died prior to the above-mentioned date.

At present, widows of former policemen and firemen who do not come under the benefits of the 1957 amendments receive $125 per month, and orphaned children of such members, less than 18 years of age, receive $25 per month. These benefits have not been increased in the past 10 years, and are completely unrealistic and inadequate today.

S. 1918 will provide that widows and orphaned children of former members of these forces shall all receive the increased benefits provided in the 1957 amendments, regardless of the date of retirement or death of the member. Thus, all widows will receive $150 per month or 30 percent of the husband's last annual salary, whichever is greater; and the pensions for orphaned children will range from $50 per month to considerably more in some cases.

Mr. Speaker, in requesting the House to pass S. 1918 I fully realize that the retired policemen and firemen who retired before 1956 should be included in this proposed legislation.

Since the beginning of the policemen's and firemen's original legislation on retirement and pay raises during the past 70 or more years, the retired personnel have always been given the same consideration given the policemen and firemen on active duty when pay raises or an increase in retirement pay has been enacted in the Congress; however, when the 1956 Retirement Act was passed for the first time in the history of the Police and Fire Departments the retired policemen and firemen were omitted from the bill that was enacted by the Congress granting retirement increases for the policemen and firemen on active duty.

At that time there was a specific promise made by the members of the District Committee and the District of Columbia officials that the retired policemen and firemen would have a separate bill. The understanding left with the full District Committee was that legislation taking care of these retired policemen and firemen would be taken care of since the active policemen and firemen were taken care of; however, 6 years have elapsed and we have been unable to have the President sign a bill giving the retired policemen and firemen the consideration they deserve.

I presume this bill is not signed on the recommendation of some appointed officer such as a District Commissioner or some other branch of the District government.

I hope that the Congress will pass legislation in the immediate future to take care of these retired policemen and firemen who retired before 1956.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MEDICAL CARE FOR DISTRICT OF COLUMBIA POLICEMEN AND FIREMEN

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 12727) to amend the act of February 28, 1901, to insure that policemen and firemen in the District of Columbia will receive medical care for all injuries and diseases, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The **SPEAKER.** Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of paragraph (7) of the first section of the Act entitled "An Act relating to the Metropolitan Police of the District of Columbia", approved February 28, 1901, as amended (D.C. Code, sec. 4-124), is amended by inserting after "Fire Department of said District" the following: "for any injury received or disease contracted (whether or not received or contracted in the performance of duty)".

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to clarify language in existing law pertaining to the medical care provided policemen and firemen in the District of Columbia—to make clear that provision of the law authorizing members of the Board of Police and Fire Surgeons to treat policemen and firemen whether or not the injury or disease was received or contracted in the performance of duty. Heretofore, members of the Board of Police and Fire Surgeons of the District have attended policemen and firemen for all injuries and illnesses, whether or not received or contracted in the performance of duty. This medical care has been extended to them under the authority of an act relating to the Metropolitan Police of the District of Columbia, approved February 28, 1901.

Medical care for policemen and firemen and their treatment for injuries and illnesses incurred both on and off duty has been in existence in the District for 100 years without interruption. It has served extremely well to maintain members of these Departments in the outstanding physical condition required in the proper performance of their jobs. In addition, this benefit has been widely used—and with great success—as an inducement for the recruitment of candidates for these jobs.

The Board of Police and Fire Surgeons, which administers the medical care program, consists of 12 members of the medical profession—2 of whom are paid on a full-time basis by the District of Columbia and the remaining 10 being paid on a part-time basis—80 percent of a 40-hour week or 32 hours. Members of the Board serve during regular clinic hours at the Police and Fire Clinic, located on the 3d floor of Engine Co. 16, District of Columbia Fire Department, 1018 13th Street NW., on weekdays, with a limited service available to department members on Sundays. These doctors are on call on a 24-hour basis for emergency treatment and attendance to members of the Departments and they are also available and do respond to the scenes of multiple alarms of fires, riots, and so forth, where policemen and firemen are serving in unusual numbers and under unusual conditions. In addition, Board members make regular visits to Department members confined to homes and hospitals.

Enactment of this bill will neither add to nor will it detract from the medical care benefits now available to members of the Police and Fire Departments, and it will involve no additional costs whatsoever to the District of Columbia government.

Testimony favoring the enactment of this measure was received from the District of Columbia Fire Department; the Fire Fighters Association, District of Columbia Local 36, IAFF; the Metropolitan Police Department; and the Policemen's Association, District of Columbia.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, this concludes the business of the Committee on the District of Columbia.

SAFETY STANDARDS FOR GOVERNMENT PASSENGER-CARRYING MOTOR VEHICLES

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 751 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1341) to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes to the gentleman from

California [Mr. Smith]; and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 751 provides for the consideration of H.R. 1341, a bill to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards.

The purpose of H.R. 1341 is to establish reasonable safety standards for passenger-carrying motor vehicles purchased by the Federal Government.

The standards would be prescribed by the Secretary of Commerce not later than 1 year after enactment of the legislation and would become effective 1 year and 90 days after publication. Military field training and combat vehicles would be exempt, as would vehicles leased by Government employees for official use.

Until standards have been set it is impossible to estimate the cost per vehicle to the Federal Government resulting from this legislation. However, the additional costs, if any, should be more than offset by a reduction in the cost to the Government resulting from death and injuries, which is the purpose of the legislation.

Mr. Speaker, I urge the adoption of House Resolution 751.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, this resolution provides for consideration of the bill H.R. 1341. It is an open rule, and provides for 1 hour of general debate.

This bill is to provide for certain safety standards as prescribed by the Secretary of Commerce. I think it refers primarily to seat belts. I know of no objections to the rule and I know of no objections to the bill.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDING THE TRADING WITH THE ENEMY ACT

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 752 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9045) to amend the Trading With the Enemy Act, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. Smith], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 752 provides for the consideration of H.R. 9045, a bill to amend the Trading With the Enemy Act, as amended. The resolution provides an open rule with 1 hour of general debate.

H.R. 9045 would divest the Government's interest in copyrights, trademarks, and unexpired contract interests involving copyrights and trademarks, in favor of the former owners or their successors in interest. It would also authorize the transfer of all vested motion-picture film prints to the Library of Congress and the Library, in turn, would be given discretion to retain or dispose of such prints. This property was vested in the United States under the Trading With the Enemy Act during or following World War II.

The bill would terminate the administration by the Attorney General of the property described in the preceding paragraph. In the absence of this legislation, the administration of such property would continue indefinitely.

Vested copyrights number more than 300,000 from which the Office of Alien Property received approximately $105,000 in royalties during the fiscal year ending June 30, 1960. The amount of such royalties is steadily decreasing and soon will fall below the costs of administration.

Vested trademarks and trademark contract interests number 300. Income produced by these properties during the fiscal year ending June 30, 1960, was approximately $18,000. The cost of the program will soon exceed receipts therefrom.

Mr. Speaker, I urge the adoption of House Resolution 752.

Mr. Speaker, I know of no opposition to the rule, and I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, this resolution, House Resolution 752, provides for a 1-hour open rule for the consideration of H.R. 9045.

Mr. Speaker, my understanding of the purpose of the bill is precisely the same as that just given by the gentleman from Texas [Mr. Thornberry]. The request for this legislation was made by the Attorney General who is anxious now to get rid of this responsibility. I can say, as a matter of fact, it now costs us more money to get the returns than we actually get in money to carry on this responsibility.

I think the Members should know that in sending these patents and copyrights back to the owners some of them will go to some who are now presently located in East Germany and some may go to some other individuals in other countries that might be behind the Iron Curtain and might be not too friendly. So far as I am concerned I think the bill is a good bill. I know of no objection to the rule and I know of no objection to the bill.

Mr. Speaker, I have no further requests for time.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REQUIRING PASSENGER MOTOR VEHICLES PURCHASED BY FEDERAL GOVERNMENT TO MEET CERTAIN SAFETY STANDARDS

Mr. ROBERTS of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1341) to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 1341, with Mr. Burke of Kentucky in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Alabama [Mr. Roberts] will be recognized for 30 minutes and the gentleman from Ohio [Mr. Schenck] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Alabama [Mr. Roberts].

Mr. ROBERTS of Alabama. Mr. Speaker, I yield myself such time as I may consume.

Mr. Chairman, I have been concerned over a period of years with the terrific death toll on our Nation's highways. Having had the honor of being chairman of the Special Committee on Traffic Safety and now as chairman of the Subcommittee on Health and Safety, I have listened to testimony of many, many witnesses in regard to the fatalities on the roads and highways of America.

Mr. Chairman, I have had the pleasure of serving with the distinguished gentleman from Ohio, Hon. Paul F. Schenck, since the creation of this committee by a unanimous resolution of this House which was adopted in 1956. Under that resolution, the first special subcommittee consisted of the gentleman from Ohio on his side, Mr. Beamer, of Indiana, the late Alvin Bush, of Pennsylvania, and on my side Mr. Rogers, of Texas, Mr. Loser, of Tennessee, and Mr. Friedel, of Maryland, who has introduced a companion resolution to mine which was adopted.

I might add that while this special committee has not promoted or passed a tremendous amount of legislation, we believe that the activities of this special committee in visiting industry and holding hearings throughout the country at the grassroots of our Nation having before us experts, police chiefs, doctors who clean up the results of these horrible fatalities on the highways, research experts such as we have had, and many other people, especially the physicians of our country and the Committee on Trauma of the American Medical Assocation and the Committee on Trauma of the American College of Surgeons and public health officials and many others too numerous to mention. We have gained knowledge of this problem throughout the years and we believe the publication of this knowledge through hearings has had some effect on the industry in trying to get them to deemphasize speed and additional horsepower and to build safer vehicles for the people of America.

Traffic accidents cost not only the loss of loved ones in each and every part of the country, which cannot be figured in dollars and cents, but also cause the loss of valuable employees in industry and government.

I will not at this time go into details and statistics, but I can say without hesitation that the fatalities and injuries on the highways of the Nation have been increasing at an alarming rate. In the last 10 years some 40,000 deaths have been caused by automobiles.

When manufacturers place emphasis on speed and horsepower rather than on safety, I believe it is time for the Federal Government to take appropriate measures to protect the citizens.

As a result of hearings before my subcommittee on seat belts, we encouraged their wide use on all passenger vehicles. Today, we are happy to know that the manufacturers have made attachments for seat belts standard equipment on 1962 models. I must say, however, that I do not believe this action would have been taken voluntarily by the industry. It was only the result of the hearings and the reaction of the general public that the attachments on the 1962 cars were made standard equipment.

Mr. Chairman, I do not believe there is one Member present in this Chamber today who does not believe that we must protect the people of this country and provide the best possible safety on the highways of the Nation in which the Federal Government has a participating interest. Therefore, I believe we are responsible for the type of vehicles that move over the highways. To neglect this responsibility is to condone the use of unsafe operation and use of our highway systems.

Mr. Chairman, the purpose of the bill, H.R. 1341, is to establish reasonable safety standards for passenger-carrying vehicles purchased by the Federal Government.

The standards would be prescribed by the Secretary of Commerce not later than 1 year after enactment of the legislation and would become effective 1 year and 90 days after publication. Military field training and combat vehicles would be exempt, as would vehicles leased by Government employees for official use.

HISTORY OF LEGISLATION

This bill passed the House in the 86th Congress by a voice vote after a motion to recommit had been defeated by a record vote of 125 yeas to 265 nays. It failed to pass in the Senate.

This bill has been unanimously reported out of the Subcommittee on Health and Safety, the Committee on Interstate and Foreign Commerce, and the Rules Committee.

As chairman of the Subcommittee on Health and Safety, I introduced this bill after consideration of testimony received in an investigation of highway safety by the Special Subcommittee on Traffic Safety in the 85th Congress and the previous Congress.

Traditionally legislation to establish minimum safety requirements for private passenger automobiles has been left to the States and no effort is made here to encroach on this area of State responsibility. The legislation applies only to vehicles purchased by the Government.

Enactment of this legislation will accomplish two major purposes. It will reduce the cost of motor vehicle accidents to the Government. It will encourage the development and manufacture of safer automobiles for sale to the public.

Machinery set up by the Secretary of Commerce to establish safety standards will be of value in passing on the merits of various safety devices. Approval of a safety feature by the Secretary will create a demand for the same feature on automobiles offered to the public. There seems little doubt, for example, that use of seat belts by State and Federal governmental agencies has contributed to the growing acceptance and use of seat belts by the public.

I know that many of the Members are concerned over the possible increased costs of equipping automobiles with safety devices such as safety glass padded dashboards, protective steering wheels, safety locks on doors, and other features.

Until standards have been set it is, of course, impossible to estimate the cost per vehicle to the Federal Government resulting from this legislation.

I can say without hesitation that the additional costs, if any, would be far overshadowed by the saving of lives.

BACKGROUND INFORMATION

In the last 10 years nearly 400,000 persons have died in the United States as a result of motor vehicle accidents. The Public Health Service estimated that in 1959 there were 4,172,000 injuries from motor vehicle accidents. In the age group from 5 to 24, the motor vehicle is the principal cause of death in the United States.

Thus, motor vehicle accidents have become a major public health problem.

For many years the medical profession has been actively concerned with this problem. The American Medical Association favors legislation to promote the manufacture of improved vehicles.

Unusual interest was displayed both by the lay public and the medical profession in the discussion of accidents and their prevention by the trauma committee at the 1954 clinical congress of the American College of Surgeons. The trauma committee in 1955 passed a resolution recommending that automobile manufacturers "stress occupant safety as a basic factor in automobile design, to include (1) doors which will not open on impact; (2) seats and cushions which will not become displaced on impact; (3) energy absorbing interiors; (4) adequate safety belts or other passenger stabilizing devices that will resist impacts of at least 20 g.'s."

This resolution later was approved by the board of regents of the college.

In 1955, the house of delegates of the American Medical Association, meeting in Boston, adopted the following resolution proposed by the Michigan delegation:

> *Resolved*, That the American Medical Association, through its house of delegates, strongly urges the President of the United States to request legislation from Congress authorizing the appointment of a national body to approve and regulate safety standards of automobile construction.

As Dr. Horace Campbell, of Denver, Colo., testifying in the 1959 hearings on behalf of the American Medical Association and the American College of Surgeons, said:

> We have accepted the epidemiological concept of host and agent, which recognizes the person in the car as the host and the car itself as the agent. In other words, the people in cars cause the accidents, but it is the vehicle itself that hurts them. It is the material that the person in the car strikes, when an accident occurs, that causes the injury. Therefore, we have a great deal of interest in the contour and shape and character of portions of the car interior.

In urging favorable action on this legislation, the American Medical Association in 1961 submitted the following letter:

> AMERICAN MEDICAL ASSOCIATION,
> *Chicago, Ill., March 28, 1961.*
>
> Hon. KENNETH A. ROBERTS,
> *Chairman, Subcommittee on Health and Safety, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*
>
> DEAR CONGRESSMAN ROBERTS: This will acknowledge with thanks your letter of March 13, 1961, in which you inform us that hearings have been scheduled on H.R. 1341, 87th Congress, a bill to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards. We welcome the opportunity to reaffirm our active support of this proposed legislation.
>
> We believe that improvement in the design and safety equipment of automobiles will lead to a rapid reduction in fatalities and severe injuries suffered in automobile accidents. Available research data clearly indicate the value of certain safety features of automobile design, construction, and equipment. Many of these safety features are currently available only as optional equipment at extra cost.
>
> Among the recommend standard safety features are the following:
>
> (1) Anchorage points for seat belts. In this regard, the manufacturers of motor vehicles should be commended for their recent announcement that attachments for seat belts in the front seat will be standard equipment on all 1962 vehicles.
>
> (2) Crash padding of the dashboard, roof, and other impact areas.
>
> (3) Improved steering wheel and recessed post; perhaps a collapsible assembly.
>
> (4) Safety door locks on all motor vehicles.
>
> (5) Elimination of protruding knobs, buttons, handles, and sharp edges.
>
> (6) Improved anchorage of the seats in motor vehicles. Seats should be high enough to protect the neck and to prevent neck snap

injury or whiplash, a frequent result of rear-end collisions.

(7) Improved storage space behind the rear seat. Passengers should be protected from the possibility of injury by flying missiles by the provision of an effective retaining rail or recessed storage space.

(8) Improved systems of intercommunication between drivers of moving vehicles.

These suggestions were among those presented to you in my letter of July 6, 1959. I also submitted these suggestions to the Honorable GEORGE A. SMATHERS, chairman of the Senate Subcommittee on Surface Transportation, on June 23, 1960.

The American Medical Association believes that enactment of H.R. 1341 and the establishment of sound safety standards by the Secretary of Commerce will serve as a strong inducement to the automobile industry to include in all motor vehicles safety devices which will inure to the benefit of all the American people.

I appreciate this opportunity to present the views of the American Medical Association on this most important subject and request that this letter be made a part of the record of your hearings.

Sincerely yours,

F. J. L. BLASINGAME, M.D.,
Executive Vice President.

Mr. Chairman, I urge that favorable action be taken no this legislation. It will be a step forward in the right direction to eliminate at least in part the use of unsafe materials in vehicles and indicate to the people of the country that the Congress of the United States is vitally concerned over their welfare and of their families.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from Iowa.

Mr. GROSS. Is there any way to estimate—there probably is not until some kind of a program is formulated by the Secretary of Commerce—the additional cost to the owners and operators of motor vehicles?

Mr. ROBERTS of Alabama. I may say to the gentleman that we considered this in the hearings and the estimate is it might cost as much as $50 a unit for the installation of seat belts. However, since the seat belt program has gained such widespread approval, even that figure will be reduced considerably. I may say to the gentleman it will cost no more to build a safety type of steering wheel because you are using the same materials for the steering wheel, crash padding for the visors, the front panel, and other parts of the car which would not materially add to the cost. You could very well cover the cost, or at least a part of it, by leaving off some of the frills, the chrome and the unnecessary things on the dashboard, such as a clock which never works. I think that would take care of all of these safety devices.

Mr. GROSS. The gentleman is not saying it will cost $50 to equip a car with seat belts, is he?

Mr. ROBERTS of Alabama. At one time it probably would have cost that much, but I think that figure is materially reduced at the present time. You could have them installed where the industry is putting in the anchorages for as little as $15 or $20 a set.

Mr. GROSS. I would hope it would be much nearer $15 with the anchorage already in the bed of the automobile when the body is made. I would think it would be much nearer and even less than $15 for the belts to be attached.

Mr. ROBERTS of Alabama. I agree with the gentleman. I see no reason why it should exceed that figure, and I think with the increase in the number to be equipped in the future, with the industry providing the anchorage, which will cut the labor cost considerably, this can be done probably at the figure that the gentleman mentions.

Mr. GROSS. Did the gentleman's committee give any attention to certain makes and models of automobiles where the front bumpers are set almost even with the radiator grill, thereby providing very little protection in the event of a crash?

Mr. ROBERTS of Alabama. We have had hearings on the idea of better and more protective types of bumpers. The committee has never, however, gone into a device as such. We have held our hearings generally on the overall problem of safety. We think this is one thing that the Secretary of the Department of Commerce, in cooperation with industry, could do with this type of bill.

Mr. GROSS. If the gentleman will yield further, the gentleman does not think the Secretary of Commerce is going to have to add a lot of people to his payroll in order to make this survey, or whatever it is, which will be required?

Mr. ROBERTS of Alabama. I do not think it is anticipated that there will be any additional employees required under this bill.

Mr. GROSS. I have had a bill pending before the gentleman's committee to provide for the marking of freight cars. There are many accidents attributable to motorists driving into the sides of freight cars at grade crossings. But I have not been able to get any help out of the gentleman's committee. My bill would provide using fluorescent material, a few disks of fluorescent material on each freight car, which would be very inexpensive. My bill provides that the railroads would not have to call freight cars in; but when the freight cars came in for inspection, repair, and so forth, the reflector materials could be put on the sides of the cars. I wonder if I could get some help from the gentleman from Alabama toward consideration of this bill which I believe is in the interest of safety.

Mr. ROBERTS of Alabama. We did hold hearings 2 years ago, I might say to the gentleman from Iowa, on a similar bill. However, I doubt seriously, with the end of the session not too far off—at least, in the view of some—that we can get to it this time. But I assure the gentleman that every effort will be made to give him a hearing at the next session.

Mr. GROSS. I think this legislation is timely. However, I hope it will not result in a huge bill or expense in the Department of Commerce. I hope it will be productive of reducing accidents.

Mr. ROBERTS of Alabama. I thank the gentleman.

Mr. GROSS. I thank the gentleman for yielding.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. On page 3 of the report is reflected the fact that, in 1960, the Federal Government had 54,352 passenger-carrying motor vehicles. This particular figure does not reflect ownership of vehicles in the Department of Defense, does it?

Mr. ROBERTS of Alabama. This bill specifically exempts military, combat-type vehicles. That figure included all of the vehicles now owned as a fleet by the executive department. We add to that at the rate of about 9,000 or 10,000 new vehicles a year.

Mr. WAGGONNER. If the gentleman will yield further, the total figure is increased by 9,000 or 10,000 vehicles per year?

Mr. ROBERTS of Alabama. Not necessarily, because many of these vehicles are sold as surplus, or the maintenance on them is higher than the vehicle merits. So that 9,000 figure is actually, I think, a replacement figure.

Mr. WAGGONNER. A replacement figure and an additional figure?

Mr. ROBERTS of Alabama. I say replacement but not necessarily additional.

Mr. WAGGONNER. Then I assume the gentleman means staff cars which the military uses would be included in this category?

Mr. ROBERTS of Alabama. Yes.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. Mr. Chairman, I yield to the gentleman.

Mr. GROSS. With the steady increase in the Cadillac brigade among Government officials I would like to suggest to the Committee on Interstate and Foreign Commerce that it give attention to a driver training or a refresher course for Government officials and others in Congress and in the executive branch as well as the judicial branch of Government, who because they are provided with chauffeurs lose the skill of driving an automobile. Perhaps there ought to be some way of giving a refresher course to these people before they are turned loose on the highway again to drive on their own account.

Mr. ROBERTS of Alabama. I thank the gentleman for his contribution.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the distinguished chairman of the committee.

Mr. HARRIS. Mr. Chairman, first let me compliment the gentleman from Alabama [Mr. ROBERTS], the chairman of the Subcommittee on Health and Safety, and his subcommittee for the continuing and determined efforts they have made with reference to this problem of traffic safety. It seems, as we journey through life, certain things happen in the course of events that obtain little recognition. This is another example.

I recall, in the days before I had the honor of being chairman of this great Committee on Interstate and Foreign Commerce that the late Percy Priest, who was then chairman of the committee, designated the gentleman from Alabama [Mr. ROBERTS] to serve as chairman of a subcommittee called the Traffic and Safety Subcommittee.

That was in the days when the industry virtually rebelled against additional safety devices in automobiles. The industry had a deep feeling about it. The gentleman and his committee, with the fine cooperation and assistance of the very able gentleman from Ohio [Mr. SCHENCK] and other members of the committee constantly kept after the industry, held hearings here in Washington, Detroit, Chicago, Birmingham, Little Rock—I remember, I was with the gentleman and his subcommittee in Little Rock during the hearings down there—and other places in the country. So the gentleman's committee is entitled to all of the recognition for its efforts in obtaining acceptance of certain safety devices.

A couple of years ago the industry, I think somewhat reluctantly, tried the seat belt device. Then about a year ago we had the announcement that the major manufacturers of automobiles in the United States would adopt anchors for seat belts as standard equipment on all new automobiles beginning this year.

Mr. Chairman, I want to say this, because I think credit should be given to those who are entitled to it. Certainly the gentleman from Alabama [Mr. ROBERTS] and his subcommittee, through their efforts, brought about the acceptance of this type of protection for our people.

Mr. Chairman, I would like to say one word, in addition to the deserved compliments already paid the gentleman and his committee. It is true, as the gentleman has said, that the cost of seat belts has been reduced to the figure the gentleman mentioned. But I have had information that under special promotional sales the cost of seat belts has gone down to as low as $9 or $10.

I think the time will come when it will be a very nominal sum in view of the standard anchor attachments on the new automobiles as the manufacturers produce them.

If the gentleman would permit, I should like to say one other thing. If the gentleman does not mind my becoming personal, I should like to use the gentleman from Alabama as an example of the benefit resulting from the use of seat belts.

The gentleman had a campaign recently, a successful one, indeed, for which we are all thankful, and I congratulate the gentleman. I know he was trying to make an appointment in his own district in his own State. He was traveling in an automobile after flying from Washington to Birmingham. In order to make the engagement that evening, he had to drive from the airport. Unfortunately, the gentleman suffered an automobile accident. It was reported to me that had the gentleman not used a seat belt in his automobile he would not only have suffered a broken hand, which he unfortunately did, but he might have lost his life. I think this is a good example I can point to as to the effectiveness of this safety program.

Therefore, Mr. Chairman, I think the Members of the House will recognize the importance of this legislation in our highway safety program; we are trying to do something about the slaughter of our people that has been going on on the highways of the United States. I commend this bill to the House and hope it will be approved overwhelmingly.

Mr. ROBERTS of Alabama. I thank my distinguished chairman for his remarks. I certainly am grateful to him for the fact that he helped our special subcommittee to be changed to a legislative committee known as the Committee on Health and Safety. He has at all times been patient and has helped our subcommittee members in every possible way. Speaking for the subcommittee, I am grateful to him for his patience, support, and understanding of the work of our committee.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Chairman, we have not heard any conversations today about safety devices that have to do with door locks. These are to be considered too, are they not?

Mr. ROBERTS of Alabama. Every segment of the industry knows that one's chances for survival are much better if one remains in the vehicle. I think they all are using at the present time a safety lock which holds the doors closed on impact, or collision with objects or other vehicles.

Mr. WAGGONNER. I concur wholeheartedly that we need to have legislation of this type. We are giving the Department of Commerce discretion in recommending what safety devices are essential and which are not. To whom are we going to give the responsibility of determining how these devices, such as seat belts, will be used, when and under what circumstances, and what will be the penalties for not using them? Who will establish such regulations?

Mr. ROBERTS of Alabama. I think that would be a matter of administration, and the Federal Government is the only place where that requirement could be carried out as to regulation or as a work rule.

Mr. WAGGONNER. I support the legislation presented by the gentleman's subcommittee.

Mr. SCHENCK. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, it has been my privilege to serve as a member of the Subcommittee on Health and Safety since it was first established. Originally this was known as the Subcommittee on Highway Traffic Safety and my distinguished friend and colleague, the Honorable KENNETH A. ROBERTS, of Alabama, has served continuously as our chairman.

Under the capable leadership of our distinguished chairman, Mr. ROBERTS, our committee has held extensive hearings and has developed an outstanding printed record of helpful information. We are also very proud of the fact that, while some very helpful and worthwhile legislation has been approved by the Congress, a great deal has been accomplished through voluntary actions taken by the members of the automotive industry and various allied professional organizations and their highly qualified professional members. We are grateful for their cooperation, interest, and support. I also, Mr. Chairman, want to pay a very sincere tribute to many civic organizations throughout the Nation which have continued to urge driver safety, the use of seat belts, and various other programs all in the interest of saving lives and preventing human suffering in highway accidents. It is my sincere hope their work and interest will be encouraged in every possible way.

Mr. Chairman, I want to express my appreciation not only to the chairman of our subcommittee but also to the chairman of the full committee, the gentleman from Arkansas [Mr. HARRIS], for his interest, help, and encouragement in the work of our committee.

Mr. Chairman, the Committee on Interstate and Foreign Commerce urges favorable action on this bill to save lives and reduce expenses to the Government resulting from accidents involving Government-owned passenger-carrying motor vehicles.

The bill directs the Secretary of Commerce to establish reasonable safety devices for passenger-carrying motor vehicles bought by the Government. It does not cover military combat vehicles or automobiles rented by Government employees for official use.

The Secretary is required to establish safety requirements within a year. One year and 90 days after the standards have been established, all passenger-carrying motor vehicles purchased by the Government would be required to meet these standards.

The legislation is based on recommendations made to the Subcommittee on Health and Safety by the American Medical Association and various safety experts, who have convinced the committee that many deaths and injuries could be prevented by building certain safety features into cars, such as seat belts, safer door locks, deep-dish steering wheels, and properly padded interiors. In all, the American Medical Association has made eight recommendations, which the Secretary is expected to consider in establishing safety standards. These recommendations are listed on pages 4 and 5 of the committee report.

The Federal Government purchases approximately 10,000 passenger automobiles a year which would be affected by the legislation. We believe that whatever additional cost is involved will be more than offset by a reduction in the amount in claims we are paying out to Government employees and their dependents for deaths and injuries.

I earnestly urge the House to approve this very helpful and necessary measure, H.R. 1341.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to my colleague from Missouri.

Mr. HALL. Mr. Chairman, I have been on the receiving end, so to speak, of these accidents for almost 30 years. There is nothing more discouraging than to have to get up at about 1 o'clock on a Saturday morning and repair to the hospital and start repairing people who have been involved in these terrible traffic accidents. They can usually be divided into two groups—the responsible and the irresponsible. One has to work, of course, in the interests of humanity, for both, but nevertheless it is one of the most expensive, as far as hospitalization and as far as medical care and as far as damage suits are concerned, in our land—and most of it is wasted effort.

Again, Mr. Chairman, I would like to thank the committee for this work because I believe we are at long last being the "bellwether cow," in carrying this to the Nation. Certainly, if the people and the equipment used by the Federal Government are properly equipped so that accidents are minimized, we can expect others in the United States to follow. Having worked in direct association with the Committee on Trauma of the American College of Surgeons for the past two decades—since 1942—and as a member of the House of Delegates of the American Medical Association, which since 1956 in Boston decided formally to go on record in favor of all devices for protecting the passenger or the host, vis-a-vis the agent or the car; I would strongly urge that we make this record here today. It would seem to me as one who has removed door handles from between ribs and taken them out of livers, and repaired heads that have gone through shatterproof glass, removed panel knobs from skulls, and taken steering gears out of bellies, that I might speak with some authority, and my zeal might be forgiven in this particular instance.

I compliment the committee, and I hope this legislation is enacted.

Mr. SCHENCK. I thank the gentleman from Missouri for his very kindly and helpful comments.

Mr. Chairman, I reserve the balance of my time.

Mr. ROBERTS of Alabama. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. Rogers], a member of the Subcommittee on Traffic Safety.

Mr. ROGERS of Florida. Mr. Chairman, the legislation before us today is a fine example of what the Federal Government can do in the field of automotive safety. It is an example of leadership executed without intervention. The gentleman from Alabama [Mr. Roberts], distinguished chairman of the Subcommittee on Health and Safety, on which I am privileged to serve, is to be commended for his efforts. In introducing this legislation, he has shown how the Government can exercise guidance without limiting the freedoms existent in the free enterprise system. By providing safety requirements on motor vehicles purchased by the Federal Government, we will establish guidelines for the public, and we will have done so in an appropriate manner.

Mr. Chairman, the hearings on the legislation produced the startling fact that in the last 10 years some 400,000 persons have died from traffic accidents. In 1959 the number of injuries attributed to traffic accidents was estimated at a figure over 4 million by the U.S. Public Health Service.

With traffic accidents increasing, it has become evident that they present a major public health menace.

We became aware of the need for better coordination in the field of automotive safety earlier in this Congress when the subcommittee held hearings on efforts being exerted in this entire field. The subject of automotive safety is one which has been largely neglected, and as a result accidents have reached epidemic stages. We cannot continue to neglect this epidemic.

Much has already been accomplished by the cooperation of industry. With past demonstrations of cooperation and concern for public safety, industry would undoubtedly become aware of the efforts made by the Federal Government to operate its vehicles more safely. Federal practices would in turn provide suggestions to industry, which would also be stimulated by an increased public awareness as well.

The States have done much to aid in solving the problem of traffic accidents. This legislation would not encroach on the prerogatives of the States, but should enhance the State role in combating accidents. Many States have vehicle inspection laws, and by prescribing specific safety requirements for its own automobiles and other vehicles, the Federal Government would provide a service to the States by taking a concrete position on safety specifications. Thus, information and designs would be made available from an authoritative source, and safety-conscious members of industry and government would have a place to turn.

Mr. Chairman, this legislation allows the exercise of leadership within a highly appropriate area. Leadership is needed in the field of highway safety, and by applying its directorates within its own area of management, the Federal Government can make a genuine contribution toward solving the massive problem of highway accidents. I urge passage of this legislation.

Mr. BENNETT of Florida. Mr. Chairman, H.R. 1341 should be passed without delay. The House Committee on Interstate and Foreign Commerce, and the subcommittee headed by our able colleague, the gentleman from Alabama, Congressman Roberts, have done an excellent job in bringing out this very much needed legislation. As the author of legislation of this nature for many years last past, I have a keen interest in seeing some progress made in this field. Safety standards should be established for all vehicles sold in interstate commerce, but this measure very modestly merely requires such standards to be established for vehicles to be purchased by the Federal Government. There should not be a dissenting vote on such a meritorious measure as this.

Mr. SCHENCK. Mr. Chairman, I have no further requests for time.

Mr. ROBERTS of Alabama. Mr. Chairman, I have no further requests for time.

The SPEAKER. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no motor vehicle manufactured on or after the effective date of this section shall be acquired by purchase by the Federal Government for use by the Federal Government unless such motor vehicle is equipped with such reasonable safety devices as the Secretary of Commerce shall require which conform with standards prescribed by him in accordance with section 2.

Sec. 2. The Secretary of Commerce shall prescribe and publish in the Federal Register commercial standards for such safety devices as he may require under authority of the first section of this Act. The standards first established under this section shall be prescribed and published not later than one year from the date of enactment of this Act.

Sec. 3. As used in this Act—

(1) The term "motor vehicle" means any vehicle, self-propelled or drawn by mechanical power, designed for use on the highways principally for the transportation of passengers except any vehicle designed or used for military field training, combat, or tactical purposes.

(2) The term "Federal Government" includes the legislative, executive, and judicial branches of the Government of the United States, and the government of the District of Columbia.

Sec. 4. This Act shall take effect on the date of its enactment except that the first section of this Act shall take effect one year and ninety days after the date of publication of commercial standards first established under section 2 of this Act. If such standards as so first established are thereafter changed, such standards, as so changed, shall take effect one year and ninety days after the date of publication of such changed standards.

The CHAIRMAN. If there are no amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Burke of Kentucky, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1341) to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards, pursuant to House Resolution 751, he reported the same back to the House.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. SCHENCK. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have 5 legislative days in which to extend their remarks in the Record on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

TRADING WITH THE ENEMY ACT

Mr. MACK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9045) to amend the Trading With the Enemy Act, as amended.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9045, with Mr. BURKE of Kentucky in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MACK. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill, H.R. 9045, would divest the Government's interest in copyrights, trademarks, and unexpired contract interests involving copyrights and trademarks in favor of the former owners or their successors in interest. It would also authorize the transfer of all vested motion picture film prints to the Library of Congress and the Library, in turn, would be given discretion to retain or dispose of such prints. This property was vested in the United States under the Trading With the Enemy Act during or following World War II.

The bill will terminate the administration by the Attorney General of the property described in the preceding paragraph. In the absence of this legislation, the administration of such property would continue indefinitely.

Vested copyrights number more than 300,000, from which the Office of Alien Property received approximately $105,000 in royalties during the fiscal year ending June 30, 1960. The amount of such royalties is steadily decreasing and soon will fall below the costs of administration.

Vested trademarks and trademark contract interests number 300. Income produced by these properties during the fiscal year ending June 30, 1960, was approximately $18,000. The cost of this program will soon exceed receipts therefrom.

The income or proceeds collected or received on the vested copyrights and trademarks prior to the effective date of this legislation would not be returned to the former owners or their successors in interest. Certain copyrights and contract interests, as shown in the communication of the Attorney General of August 28, 1961, are excluded from this legislation, and, therefore, would not be divested.

The Government presently owns several million feet of vested motion-picture film. The film is generally of only nominal value, and the income from rentals thereof is insignificant.

This legislation has been approved by the Attorney General, the Department of State, and the Bureau of the Budget. I do not know of any opposition to this legislation.

I urge the House to pass this bill.

I do not believe there is any opposition to this legislation.

Mr. Chairman, it will permit the Attorney General to be relieved of the responsibility for the administration in this area. As I indicated earlier, there is less than $130,000 of total income involved. The administration is quite expensive. For that reason the committee feels that we should divest ourselves of this interest.

Mr. SCHENCK. Mr. Chairman, this bill was reported out by the Subcommittee on Commerce and Finance to the full Committee on Interstate and Foreign Commerce, and was reported unanimously by the Committee on Interstate and Foreign Commerce, with the recommendation that it pass.

Mr. Chairman, I have no requests for time, and reserve the balance of my time.

The CHAIRMAN. Does the gentleman from Illinois [Mr. MACK] have any further requests for time?

Mr. MACK. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of subsection (a) of section 39 of the Trading With the Enemy Act, as amended (62 Stat 1246; 50 U.S.C. App. 39), is amended to read as follows: "Nothing in this section shall be construed to repeal or otherwise affect the operation of section 32, 40, or 41 of this Act or of the Philippine Property Act of 1946".

Sec. 2. The Trading With the Enemy Act, as amended, is further amended by adding at the end thereof the following sections:

"Sec. 40. (a) As used in this section the word 'copyrights' includes copyrights, claims of copyrights, rights to copyrights, and rights to copyright renewals.

"(b) All copyrights vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, which have not been returned or otherwise disposed of under this Act, except copyrights vested by vesting orders 128 (7 Fed. Reg. 7578), 13111 (14 Fed. Reg. 1730), 14349 (15 Fed. Reg. 1575), 17366 (16 Fed. Reg. 2483), and 17952 (16 Fed. Reg. 6162) and copyrights vested with respect to the motion picture listed last in exhibit A of vesting order 11803, as amended (13 Fed. Reg. 5167; 15 Fed. Reg. 1626), are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled thereto shall on that day succeed to the rights, privileges, and obligations arising out of such copyrights, subject, however, to—

"(1) the rights of licensees under licenses issued by the Alien Property Custodian or the Attorney General in respect of such copyrights;

"(2) the rights of assignees under assignments by the Alien Property Custodian or the Attorney General of interests in such licenses; and

"(3) the right retained by the United States to reproduce, for its own use, or exhibit any divested copyrighted motion picture films.

The rights and interests remaining in the Attorney General under licenses issued by him or by the Alien Property Custodian in respect of copyrights divested hereunder are hereby transferred, effective the day of divestment, to the persons entitled to such copyrights: *Provided,* That all unpaid royalties or other income accrued in favor of the Attorney General under such licenses prior to the day of divestment shall be paid by the licensees to the Attorney General.

"(c) All rights or interests vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, arising out of prevesting contracts entered into with respect to copyrights, except—

"(1) royalties or other income received by or accrued in favor of the Alien Property Custodian or the Attorney General under such contracts;

"(2) rights of interests which have been returned or otherwise disposed of under this Act; and

"(3) rights or interests vested by vesting orders 128 (7 Fed. Reg. 7578), 13111 (14 Fed. Reg. 1730), 14349 (15 Fed. Reg. 1575), and 17366 (16 Fed. Reg. 2483),

are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such rights or interests shall succeed thereto, subject to the right of the Attorney General to collect and receive all unpaid royalties or other income accrued in his favor under such prevesting contracts prior to the day of divestment.

"(d) Nothing in this section shall be construed to transfer to a person entitled to a copyright divested hereunder the right of the Attorney General to sue for the infringement of such copyright during the period between (1) the vesting thereof or the vesting of rights and interests in a contract entered into with respect thereto, and (2) the day of divestment. The right to sue for infringement shall remain in the Attorney General.

"Sec. 41. (a) As used in this section, the word 'trademarks' include trademarks, trade names, and the goodwill of the business to which a trademark or trade name is appurtenant.

"(b) Trademarks vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, which have not been returned or otherwise disposed of under this Act, except trademarks vested by vesting orders 284, as amended (7 Fed. Reg. 9754, 9 Fed. Reg. 1038), 2354 (8 Fed. Reg. 14635), 5592 (11 Fed. Reg. 1675), and 18805 (17 Fed. Reg. 4364), are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such trademarks shall on that day succeed to the rights, privileges, and obligations arising therefrom, subject, however, to the rights of licensees under licenses issued by the Alien Property Custodian or the Attorney General in respect of such trademarks. The rights and interests remaining in the Attorney General under licenses issued by him or by the Alien Property Custodian in respect of trademarks divested hereunder are hereby transferred, effective the day of divestment, to the persons entitled to such trademarks: *Provided,* That all unpaid royalties or other income accrued in favor of the Attorney General under such licenses prior to the day of divestment shall be paid by the licensees to the Attorney General.

"(c) All rights or interests vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, arising out of prevesting contracts entered into with respect to trademarks, except—

"(1) royalties or other income received by or accrued in favor of the Alien Property

Custodian or the Attorney General under such contracts;

"(2) rights or interests which have been returned or otherwise disposed of under this Act; and

"(3) rights or interests vested by vesting orders 284, as amended (7 Fed. Reg. 9754; 9 Fed. Reg. 1038), 2354 (8 Fed. Reg. 14635), 5592 (11 Fed. Reg. 1675), and 18805 (17 Fed. Reg. 4364),

are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such rights or interests shall succeed thereto, subject to the right of the Attorney General to collect and receive all unpaid royalties or other income accrued in his favor under such prevesting contracts prior to the day of divestment.

"(d) The Attorney General shall within forty-five days after the date of enactment of this section publish in the Federal Register a list of trademarks which at the date of vesting in the Alien Property Custodian or Attorney General were owned by persons who were resident in or had their sole or primary seat in the area of Germany now in the Soviet Zone of Occupation or in the Soviet Sector or Berlin or in German territory under provisional Soviet or Polish administration. Notwithstanding the provisions of subsection (b) of this section, the effective date of divestment of the trademarks so listed and published in the Federal Register shall be the date of publication in the Federal Register by the Secretary of State of a certification identifying the cases in which an equivalent trademark has been registered in the Federal Republic of Germany for a person residing or having its sole or primary seat in the Federal Republic of Germany or in the western sectors of Berlin. In those cases of an equivalent trademark certified by the Secretary of State, the person registered by the Federal Republic of Germany as owner of such equivalent trademark shall succeed to the ownership of the divested trademark in the United States.

"Sec 42. (a) The Attorney General is hereby authorized and directed to transfer to the Library of Congress the title to all prints of motion pictures now in the custody of the Library, which prints were vested in or transferred to the Alien Property Custodian or the Attorney General pursuant to this Act after December 17, 1941, except prints of motion pictures which are the subject of suits or claims under section 9(a) or section 32 of this Act.

"(b) Subject to the right of selection by the Library of Congress, the authorization, direction, and exception contained in subsection (a) hereof shall apply with respect to such prints now in the custody of the Attorney General. Prints not selected by the Library of Congress may be disposed of by the Attorney General in any manner he deems appropriate.

"(c) With respect to all prints concerning which title is transferred to the Library of Congress pursuant to subsections (a) and (b) hereof, the Library shall have complete discretion to retain such prints and to reproduce copies thereof, or to dispose of them in any manner it deems appropriate."

Mr. MACK (interrupting reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. If there are no committee amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Burke of Kentucky, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9045) to amend the Trading With the Enemy Act, as amended, pursuant to House Resolution 752, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXPLANATION OF H.R. 11581 and H.R. 11582, FOOD AND DRUG AMENDMENTS PROPOSED IN THE ADMINISTRATION BILLS

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HARRIS. Mr. Speaker, recently there has been a great deal of publicity as to the need and necessity for amendments to the Food and Drug Act. All of the Members of the House have had information which has come to their offices and have seen publicity about this highly important problem, and know something of the nature of it and the necessity of the Congress acting on some of these proposals during this session of Congress.

Mr. Speaker, the Committee on Interstate and Foreign Commerce has held 1 week of hearings on two bills that have been referred to our committee at the request of the administration.

Beginning next Monday, August 20, the Committee on Interstate and Foreign Commerce will resume its hearings on the administration's bill, H.R. 11581, to amend the Food and Drug Act.

Dr. John L. Harvey, Deputy Commissioner of the Food and Drug Administration, delivered an address before the American Bar Association meeting in San Francisco, Calif., on August 8, in which he analyzed section by section the provisions of both H.R. 11581 and H.R. 11582, which I introduced at the request of the Secretary of Health, Education, and Welfare.

Mr. Speaker, because of the necessity for action being taken at this Congress and the effect it has on the welfare of the people, as well as the implications to our own system in this country, I ask unanimous consent that the address of Dr. Harvey be included at this point in the Record. In view of the pending hearings I think it would be very helpful to the Members of Congress to have this analysis available, and I call it to the attention of every Member of this Congress because of its importance.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The speech referred to follows:

The Omnibus Bill

(By John L. Harvey, Deputy Commissioner, Food and Drug Administration, U.S. Department of Health, Education, and Welfare, before the Division of Food, Drug, and Cosmetic Law of the Section of Corporation, Banking, and Business Law of the American Bar Association, Aug. 8, 1962, San Francisco, Calif.)

H.R. 11581 and H.R. 11582, introduced into the House of Representatives on May 3, 1962, by Chairman Oren Harris of the Interstate and Foreign Commerce Committee, are the administration bills. Together they comprise the omnibus bill, if you will. I use the term singly although it is introduced in two separate bills for reasons which have no interest for what I have to say.

These bills are not duplicates of the Kefauver bill, or of the Celler bill, or of the Kefauver bill as amended or modified by the Judiciary Committee. These bills are those that were long planned as the administration's omnibus bill, and are designed to fulfill the requests made by President Kennedy in his message to the Congress, issued March 15, 1962.

H.R. 11581, DRUG AND FACTORY INSPECTION AMENDMENTS OF 1962

Part A. Amendments to assure safety, efficacy, and reliability

Section 101. Requirements of Adequate Controls in Manufacture

Present law does not require a drug manufacturer to produce his products under adequate manufacturing controls. These are controls that will insure that a drug contains the proper ingredients in the proper dosage, and bears the proper label. If it does not, it can kill you.

Many firms do have extensive and effective manufacturing control systems, but others endanger the public health by short-cut practices.

Until the law requires all manufacturers to maintain adequate facilities and controls, we may expect continuing drug mixups such as the following:

In September 1961 FDA learned that a dicalcium phosphate product used as a dietary supplement was contaminated with diethylstilbestrol, a synthetic sex hormone. Some male patients taking the product were developing enlarged breasts. Some female patients who were using it had abnormal uterine bleeding. The manufacturer recalled outstanding shipments of the contaminated product. In April 1962 FDA learned that another drug, isonicotinic acid hydrazide, manufactured by the same firm, was contaminated with a potent synthetic sex hormone. It was causing excessive breast development in the male babies and growth of pubic hair in female babies in San Francisco City Hospital. This product was also recalled. Subsequent investigation of the firm revealed two more of their products, soda mint tablets and a nasal decongestant, contaminated with synthetic sex hormones. This manufacturer was not exercising sufficient controls to prevent cross-contamination of his products.

In January 1962 the manufacturer of a penicillin powder had to recall the product because it was contaminated with sulfonamides. After thorough investigation of this plant, the Food and Drug Administration concluded that a breakdown in controls, plus human error, was responsible for the adulteration.

Earlier, Federal, State, and local food and drug inspectors, police and others had to make a nationwide search to recover all tablets of a bad batch of sulfathiazole. The tablets were contaminated with a chemical that made them hazardous to life.

In the calendar year 1961, 47 drugs were recalled from the market because of significant failure to comply with the Food, Drug, and Cosmetic Act. Forty-five of these drugs were for human use and 2 were veterinary drugs. Thirty-seven different firms were involved. Most of these recalls were made necessary by faulty manufacturing practices.

The bill would require adequate controls by deeming adulterated any drug manufactured with inadequate methods, controls, facilities, or personnel. It allows the Secretary of Health, Education, and Welfare to establish by regulation what constitutes good manufacturing practices so that the safety, identity, strength, purity, and quality of drugs produced are as represented.

Section 102. Premarketing Showing of New Drug Efficacy

Present law requires proof only of safety before a new drug may be cleared for the market. Except in those instances in which the question of the drug's efficacy is involved in determining its safety, the Food and Drug Administration must approve the new-drug application once the requirements of safety have been met even if there is reason to believe that the drug is not effective for the purposes claimed. Then the manufacturer is at liberty to promote his products. If claims for effectiveness are made which the Government believes are groundless, a proceeding must then be brought to take the drug off the market as a misbranded product. At that point the burden of proof is on the Government to establish that the drug is not effective. And throughout the period of time it takes for the Government to prepare its case and secure relief in the courts, the manufacturer will have foisted his product upon an unsuspecting public.

Where public health is involved, it is intolerable to permit the marketing of worthless products under the rules of a cat-and-mouse game where a manufacturer can fool the public until the Government finally catches up with him.

The situation should be reversed. The manufacturer should prove that his product is effective for the purposes claimed before it is marketed.

The only issue is whether the claims of effectiveness are going to be reviewed before a worthless product is put on the market or sometime later, after the public's funds have been wasted and its hopes for relief or cure have been cruelly disappointed.

The leading drug manufacturers have in many cases recognized their responsibilities to the public and have assembled substantial evidence of effectiveness before marketing their products. Yet abuses have occurred. In several instances the FDA has had to clear drugs for general distribution because they were shown to be safe under the conditions of use proposed in their labelings, despite the fact that its medical officers knew of no evidence to support some of the therapeutic claims made by the manufacturer.

The proposed amendments would require a showing that the drug described in a new drug application is safe for use and is effective in use, under conditions prescribed, recommended, or suggested in the labeling thereof. This would not require a showing of relatively greater efficacy than that of other drugs. It would merely require that a drug claimed to be effective for a particular purpose has been demonstrated by sound scientific procedures to be effective for that purpose. In short, it must live up to the claims made for it.

It must be recognized that some drugs which prove out safely on a reasonable amount of pretesting will show side effects in massive use which cannot be forecast. When these side effects are such as to change the original evaluation of the drug, changes must be made or the drug may be found to require removal from the market. The Food and Drug Administration must be informed of adverse reports on new drugs.

Section 103. Records and Reports as to Experience on New Drugs

Present law does not require drug manufacturers to notify the Government of reports they receive which attribute injuries to the use of their drugs. Many manufacturers voluntarily advise the FDA promptly when they receive such reports but other drug firms have reports of side reactions to their products long before they pass this information on to the Government.

To be able to safeguard consumers, FDA must learn of adverse side effects when they are first recognized. The present system is faulty because it does not require this.

In July 1961 the Food and Drug Administration was notified by a drug firm that 1 of its products was implicated in 54 cases of hepatitis and jaundice, including 15 deaths, about which the FDA did not have adequate prior knowledge. This drug, a skeletal muscle relaxant, had been on the market since early 1956. It was later learned the firm had accumulated reports of jaundice and deaths associated with the drug's use for a period of over 5 years before submitting the case reports to the Government. After studying the reports and consulting a number of medical authorities outside the Government, it was decided the product should be removed from the market. The firm was asked to recall the drug, which it did, and the product's new drug application was suspended.

Last October the FDA learned of blood disorders associated with the use of a mild tranquilizer which had been on the market since April 1960. Upon investigation they found that the firm had information about 11 cases of injury attributed to the drug, including 3 deaths, that had not been reported to the Government. After evaluation of the evidence, this drug was recalled from the market and the new drug application was suspended.

In January 1962 the FDA first learned of serious blood disorders associated with the use of a psychic energizer which had been on the market since April 1961. They requested more complete data regarding all such cases known to the manufacturer. These case reports showed (1) that the first injury occurred in August 1961, (2) the firm had received in October 1961 reports of the blood disorders in some patients who had received the drug, and (3) four of the seven cases ended in death. Study of the case reports submitted indicated that this drug should be taken off the market. This view was confirmed in contacts with outside experts and the drug was recalled from the market and the new drug application was suspended.

These examples point out the serious consequences resulting from delays in advising the Government about adverse drug reactions. Had full reports of the experience with these drugs been submitted as soon as the manufacturers received them, undoubtedly it would have saved lives. We believe the public has the right to the protection that would be given by requiring the distributor of a new drug to advise the Government of reports of adverse reactions to a drug as soon as they are received. Then corrective action could be taken promptly when it is needed.

The bill requires new drug applicants to keep records and make reports to the Secretary of Health, Education, and Welfare of clinical experience and other information bearing on a new drug's safety or efficacy. It also provides that these records shall be made available to designated employees of the Secretary. Failure to establish or maintain such records, to make any required report, or to permit copying of such records would constitute grounds for withdrawing approval of the new drug application to which the records applied.

Section 104. Procedural Changes as to New Drugs, and Additional Grounds for Withdrawal or Suspension of Approval of New Drug Applications

1. Under existing law a new drug application is automatically cleared without affirmative action on the part of the Secretary by the mere lapse of a specified time (60 days, which may be extended by the Secretary up to 180 days), unless within the time limit, after opportunity for hearing, the Secretary has issued an order "refusing to permit the application to become effective."

It is not good public health protection to have a provision in the law that would allow a new therapeutic agent to be marketed commercially because the Secretary failed to act to block such marketing within an arbitrary time limit. A new drug should never be allowed to be on the market until the Secretary has made an affirmative determination that it will be safe and effective in the diseases and under the conditions of use for which it is offered.

The bill would close the gap in public health protection by requiring that affirmative action by the Secretary of Health, Education, and Welfare be taken before a new drug can go on the market. The Secretary would be required to approve the application, give the applicant opportunity for a hearing, or if necessary, deny the application within 90 days after filing (or 180 days in case of extension.)

2. Present law does not allow the suspension of a new drug application on the basis of substantial doubt as to its safety. If it can be proven that the applicant made false statements when filing his original application, it can then be suspended and thus stop distribution of the drug; or if new tests show that the drug is unsafe the application may be suspended, but while these tests are being run the product may remain on the market.

This situation leaves a serious gap in consumer protection. This is illustrated by the following example:

The new drug application for MER/29 became effective on the basis that the drug was safe for the conditions and dosage recommended by the manufacturer in the drug's labeling. In evaluating the pharmacological data submitted in connection with this new drug application, FDA pharmacologists said that if the drug was safe, its safety would have to be based on clinical evidence. However, the new drug officer who reviewed the application believed that the considerable body of clinical evidence available established the safety of the drug, and he allowed the drug to go on the market.

However, by mid-November 1961, FDA knew of four cases in which patients receiving MER/29 had developed cataracts. These cases, plus the animal evidence in file, raised substantial doubt as to the safety of the drug, and the Government scientists recommended that the application be suspended and the drug removed from the market.

When this recommendation was presented to the Commissioner's Office of FDA and the General Counsel's Office of the Department, it became apparent that while there was substantial doubt as to the safety of the drug and reason to believe that upon further investigation it would be found that the drug was causing harm when administered in recommended dosage, at that time FDA did not have sufficient evidence to satisfy the requirements set forth in the law for suspension of the application. That is, the Government could not yet prove that the drug was unsafe in the dosage recommended in the labeling. In 3 of the 4 cases where cataracts developed, the drug was administered in higher dosage than was recommended. Thus these cases in and of themselves did not prove the drug unsafe in the dosage recommended by the manufacturer. In the fourth case the recommended dosage apparently was followed, but the development of the cataracts was quite atypical and raised real doubt as to whether the drug had caused the cataracts. Against this evidence there was the firm's strong assurance that they had ample evidence of safety with which to refute the Government's position if an attempt were made to suspend the application for MER/29. Despite the fact that the administrators and lawyers agreed with the scientific view that the drug should be removed from the market, the FDA had to content itself with requiring the firm to issue a warning letter to physicians calling attention to the new findings and cautioning them not to use more than the recommended dosage. This letter issued on December 1, 1961.

By mid-April 1962 the drug caused sufficient injuries, some at the recommended dosage, to permit FDA to require the manufacturer to withdraw the product from the market. The firm's withdrawal letter issued on April 17, 1962, and upon its request the new drug application was suspended.

In retrospect, it is apparent that the drug should not have gone on the market in the first place. However, when this conclusion was reached in mid-November 1961, FDA was unable, in the absence of new data and in the absence at that time of proof that the application contained untrue statements, to correct the situation. The product was used for another 4½ months before clear evidence of lack of safety made it possible to get it out of the hands of physicians.

This bill authorizes the Secretary, when he finds that there is substantial doubt as to a new drug's effectiveness or safety, to give the applicant due notice and opportunity for a hearing on the question of withdrawing approval of the application by order. Further, if the Secretary finds that there is an imminent public health hazard, he may suspend the approval of a new drug application immediately upon notice pending the opportunity for a hearing.

3. The bill also changes the first appeal from the Secretary's decision relating to the denying or withdrawing approval of a new drug application to the court of appeals rather than the district court, as is provided in the present law. The change makes this type of appeal consistent with comparable appeals under other sections of the law.

Section 105. Certification of All Antibiotics

Present law requires certification before marketing of only five basic antibiotic drugs and their derivatives. Thirty antibiotics which do not have to be certified are handled as new drugs. Each must be shown to be safe before marketing, but individual batches are not tested by the Government nor do they have to be proved effective.

Batch-by-batch certification of all antibiotic drugs is needed because:

(a) More than any other drug, antibiotics are the first choice in treating life-threatening infectious conditions.

(b) Most antibiotics are produced by complex processes in which both the desirable antibiotics and quantities of undesirable byproducts are manufactured.

(c) The potency of antibiotics must be determined by biological assay procedures, the interpretation of which requires unusual competence.

Despite the manufacturers' check of each batch of antibiotics before submitting it for certification, in fiscal year 1961 samples from over 100 batches of antibiotics offered for certification failed to meet the standards set forth in the regulations.

Countless organisms can produce antibiotic substances. Hundreds of thousands of cultures have already been tested in preliminary screening operations in the laboratories of industry, educational institutions, and Government, and thousands of antibiotic substances have been discovered. Most of them are either not effective enough or not safe enough to warrant marketing. Domestic and foreign laboratories continue to screen thousands of new organisms in the hope that more desirable, safer antibiotic substances will be discovered. It is reasonable to expect that presently unknown antibiotics will be discovered and marketed. The reasons for establishing the certification system in the first place were sound and are still valid reasons for applying an extra degree of control to antibiotic substances now on the market and those to be developed in the future. The pharmaceutical manufacturers should not be the sole judges before marketing of the safety and efficacy of individual batches of antibiotics that are produced.

The bill would require batch-by-batch certification of all antibiotics, except those exempted by the Secretary because he finds that certification is not necessary to insure their safety and efficacy.

Withdrawal of antibiotic certification service

Within the past 3 years we have had to withhold for varying periods of time, certification services with respect to all certifiable antibiotics manufactured by seven firms until their manufacturing operations were brought into compliance with the regulations which are designed to insure safety and efficacy of certified lots.

In addition there have been a number of suspensions of certification for individual products of antibiotic firms because of unsatisfactory conditions with respect to their production.

Clearly, certification of all antibiotic drugs as proposed in H.R. 11581 would be in the public interest, and the cost is quite reasonable. Last calendar year certification of the antibiotics now subject to this control cost, on the average, about one-twentieth of a cent per dose. (Total fees received in that year, $912,000.)

Section 106. Records and Reports as to Experience on Antibiotics

Present law does not require manufacturers of antibiotics to report adverse side effects attributed to their drugs. As explained in connection with section 103, it is imperative that the Government learn of adverse reactions to drugs as soon as they occur.

This bill requires manufacturers of antibiotics to keep records and make reports of clinical and other data they obtain bearing on the safety or efficacy of the antibiotics. It also provides that these records shall be made available to designated employees of the Secretary. (These requirements parallel the requirements added to the new-drug section of the act by sec. 103 of this bill.)

Part B. Standardization of drug names

Section 111. Authority to Standardize Names

Present law does not provide for any system to establish a single standard name for a given drug.

Today, when a drug is being developed, it may be known only by a complex chemical name or by the manufacturer's code number. As it reaches the market, the manufacturer frequently gives it two names—first, a short, catchy brand name that he hopes doctors will remember, and second, to protect his brand name, a so-called common, or generic name. In many cases, the common name is far more difficult to use and remember than the brand name. Moreover, there are often a number of common names for the same product with resulting confusion among medical practitioners and consumers alike.

The common name does not have to be complicated and hard to use. It should be as simple as many of the brand names in use today. It is understandable that doctors do not often use the chemical or common name of a drug called "desoxycorticosterone acetate" when they can prescribe it by the brand name "Cortate."

It would be in the interest of good medical practice and good consumer protection to have only one common name for each drug.

The bill would give the Secretary of Health, Education, and Welfare authority to standardize drug names. These standard names would have to appear on drug labels.

The authority which the bill provides, to establish a single standard name for a drug, is a standby authority that could be exercised by the Secretary of HEW whenever in his judgment such action is necessary to achieve usefulness and simplicity of drug nomenclature. This would permit voluntary procedures to be established and used to improve the system of drug nomenclature. But voluntary procedures would, in the final analysis, depend on the cooperation of drug manufacturers. To insure that they are effective, the Department of Health, Education and Welfare should have the proposed standby authority to be used in the event the voluntary procedure breaks down or fails to provide common names meeting the objectives we seek.

Section 112. Name To Be Used on Drug Label

Present law requires that the label of a drug bear the common or usual name of the drug unless it is designated solely by a name recognized in an official compendium. It also requires that the common or usual name of each active ingredient be stated on the label if the drug is composed of two or more active ingredients.

These requirements result in certain drug labeling which tends to overemphasize the brand name of a drug and to underemphasize the common or usual name. This is done by giving the brand name of the drug precedence in placement on the label, and size of type, over the common or usual name. This practice encourages the identification of drugs by brand name and reinforces the brand name in the minds of those who prescribe and dispense drugs.

The bill requires a drug label to bear the standard name (as defined in Sec. 111 of the bill) of the drug in a position of precedence over, and in type at least as large and prominent as used for, the brand name.

It also requires the quantity and established name of each active ingredient to be declared if the drug is composed of two or more active ingredients.

Part C. Special control for barbiturate and stimulant drugs

Under the present Food, Drug, and Cosmetic Act, barbiturates and amphetamines shipped in interstate commerce must meet certain standards as to strength, purity, quality, and must, prior to being dispensed on prescription, bear the statement, "Caution: Federal law prohibits dispensing without prescription." These controls have proved inadequate to prevent the unsupervised, unwise use of these drugs which can and frequently does lead to serious physical and social changes in the user.

Large quantities of these drugs have been diverted into illicit channels as the result of shipments from manufacturers and wholesalers to unauthorized individuals. Places of distribution include roadside taverns, service stations, houses of ill-repute, bars, hotels, and restaurants. Acute barbiturate poisoning is now the most common cause of death from any solid poison, or any other poison except carbon monoxide gas. The abuse of these drugs by taking them without proper medical supervision presents serious public health problems, leading to abnormal and antisocial behavior and to the commission of crimes. The illicit traffic in these drugs, unlike the traffic in narcotics, attacks small as well as large communities.

A problem of growing proportions has been created by chronic users of barbiturates and amphetamines who are a menace to the public when driving on our streets and highways. Medical and driving-safety experts agree that drivers who use amphetamines to continue to stay awake and continue to drive beyond the limits of physical and mental endurance constitute a serious hazard to themselves and innocent travelers. Amphetamines have been found in vehicles or on drivers involved in serious accidents. A letter found on a driver killed in a crash told how he had been using amphetamine pills to keep going. His cattle-loaded truck, traveling on a modern highway with a wide center divider, veered across the divider into oncoming traffic, crashed head-on into a passenger bus outside of Tucson, Ariz., killing 9 persons and injuring 31 others. According to the Interstate Commerce Commission's accident investigation report, the truck driver was under the influence of amphetamine drugs and had gone 49 hours without rest.

The Food and Drug Administration estimates that the volume of amphetamines being sold illegally through truck stops and other outlets apparently exceeds the volume sold legally through drugstores. The cases in which the Government has brought legal actions show that the drugs are being handled illegally in transactions involving tens of thousands of tablets at a time. They also show that the drugs are being peddled by operators whose activities cover many States. One investigation revealed illicit distribution of these drugs in four States and led ultimately, while the principal peddler was being held in jail by the New York State Police, to the source of supply—a man who furnished Government agents, who represented themselves as peddlers, with 70,000 amphetamine tablets and 1,000 barbiturate capsules.

More recently, the operators and supplier of a syndicate making wholesale distribution of amphetamine drugs to truck stops throughout the southeastern United States were convicted and received 2- and 3-year jail sentences. Millions of tablets were involved in this operation. Over 600,000 amphetamines and barbiturates the supplier had in his possession were seized when an undercover buy was made from him.

The Federal Food, Drug, and Cosmetic Act neither contains appropriate means for detecting illegal diversions from legitimate channels nor makes traffic in these drugs by such outlets per se a Federal offense. It applies (outside the District of Columbia) only when it can be shown that the drugs are or have been in the stream of interstate commerce. In order to make regulation and protection of interstate commerce in barbiturates and habit-forming stimulant drugs effective, regulation of intrastate commerce is necessary because such drugs, when held for illicit sale, often do not bear labeling showing their places of origin and because, in the form in which they are so held or in which they are consumed, a determination of their place of origin is sometimes extremely difficult or impossible. Moreover, to subject interstate commerce to the needed controls without applying them to intrastate commerce would have the effect of discriminating against and depressing interstate commerce.

The bill would require manufacturers, compounders and processors of barbiturates, amphetamines, and other habit-forming central-nervous-system stimulant drugs to register with the Department of Health, Education, and Welfare. It would require them and all other firms or individuals dealing in such drugs to prepare and preserve for 3 years records of all stocks of such drugs on hand, produced, received, delivered or otherwise disposed of. These requirements, however, would not apply to licensed practitioners who dispense such drugs in the course of their professional practice.

The bill would restrict manufacture, compounding, or processing of these drugs to regularly establish manufacturers, compounders, and processors who have registered with the Department of Health, Education, and Welfare; and other authorized firms and individuals such as bona fide wholesale druggists; pharmacies; hospitals; licensed practitioners; persons using such drugs in research; public officers handling such drugs in the course of their official duties; and an employee of any of the foregoing who lawfully handle such drugs in the course of his duties.

It would restrict the possession of such drugs to the above-mentioned categories of persons, individuals to whom such drugs are dispensed or for whom they have been prescribed, and carriers and wholesalers handling them in the usual course of their business.

The bill would give the Secretary of Health, Education, and Welfare the authority to bring newly discovered habit-forming stimulant drugs under the same controls as proposed for amphetamines.

Finally, the bill would apply to barbiturates and habit-forming stimulant drugs whether or not they enter or are destined for interstate commerce.

Convictions under the Food, Drug, and Cosmetic Act for illegal sales of prescription drugs from July 1, 1949, through April 1962

Total cases terminated	1, 123
Total defendants convicted	1, 881

Of the above, 988 cases involved druggists or their employees with 1,655 defendants being convicted in these cases.

Included in the total are 17 cases against 20 medical practitioners.

Now, bear with me and I will take up H.R. 11582, a bill on cosmetics, therapeutic, and diagnostic devices, and one or two other things.

H.R. 11582, COSMETICS AND THERAPEUTIC DEVICES AMENDMENTS OF 1962

Title I. Premarketing clearance of cosmetics for safety

1. New Cosmetics

Present law does not require cosmetics to be tested for safety before they are marketed. As a result untested or inadequately tested cosmetics have been placed on the market and thousands of women have been injured.

This situation has been continuing for many years and may be expected to continue until the law requires all manufacturers to conduct adequate safety tests on their products before they are made available to consumers.

A review of the notices of judgment reporting legal actions taken against dangerous cosmetics under authority of the Food, Drug, and Cosmetic Act gives some idea of the hazards to which American women have been exposed for about two decades. In 1941 the Food and Drug Administration had to remove the Willat Method of Heatless Permanent Waving from the market because it contained the poison ammonium hydrogen sulfide. The wave killed a woman in Atlanta and 207 lots were seized. Other actions against cosmetics that contained poisonous or deleterious substances included bleach creams containing dangerous quantities of ammoniated mercury, mole removers containing nitric and acetic acid, lotions containing dangerous amounts of bichloride of mercury, hair straighteners containing enough lye to burn users, hair lacquer pads and hair lacquer containing an ingredient injurious to users, cleansing cream colored with a known cancer producing chemical, "butter yellow," coconut oil shampoo containing alkali in dangerous amount, a deodorant which was a primary irritant, perma-nail base coat containing synthetic rubber and phenol formaldehyde resin in methyl ethyl ketone which injured many women, ammoniated dental cream which contained a hard material with sharp edges that injured users, shampoo containing polyethylene oxide alkyl phenol in dangerous amount, and hair dryer containing enough carbon tetrachloride, a potent liver poison to be hazardous.

Events such as this led to a study in 1951 and 1952 by the Select Committee of the House To Investigate the Use of Chemicals in Food and Cosmetics. This committee under the able chairmanship of Congressman JAMES J. DELANEY reported, among other things, "The evidence has convinced this committee that a number of cosmetic companies are not adequately testing their preparations; that the public is entitled to greater protection with respect to products as widely used as cosmetics; and that such protection is not afforded by existing legislation, under which a manufacturer may be punished, and his product seized, after injury has occurred. Your committee recommends, therefore, that the Federal Food, Drug, and Cosmetic Act be amended to require that cosmetics be subjected to essentially the same safety requirements as now apply to new drugs" (p. 11, H. Rept. No. 2182, 82d Cong., 2d sess.).

Certain other improvements in the law which were suggested by the Delaney committee with respect to chemicals in food have been enacted as the Pesticide Chemicals Amendment of 1954 (Public Law 518, 83d Cong.), and the Food Additives Amendment of 1958 (Public Law 85-929). These require pesticide chemical residues and food additive residues to be proved safe before they may be tolerated in our food. But cosmetics still are marketed without proper safety testing and women continue to be injured.

The following examples relate to three recent episodes:

In late 1959 a home permanent contained a neutralizing solution which had to be called off the market because of serious injuries which resulted when the neutralizer ran into the eyes of users. Over 1 million units of this product were on the market before these injuries came to our attention and the recall was started.

The following are examples of the injuries caused by the neutralizer. An employee of the Colorado Health Department was hospitalized for a week after using the product. The day after its use she had acute edema of the eyelids and of the forehead. Her eyes were severely inflamed, including inflammation of the iris. She was in pain with her eyes swollen completely shut. Over a week after her release from the hospital she was still unable to read newsprint and unable to return to work.

After using this product a Colorado housewife was temporarily blinded with what her doctor diagnosed as "rather intense ulceration" of the cornea of both eyes.

The wife of a wholesale druggist in North Carolina received a sample of the product prior to its national distribution. Her use of the product resulted in hospitalization for 10 days during 5 of which she was blind. After her release from the hospital she said she had difficulty in having her glasses readjusted with four changes of glasses occurring in 3 months.

A babysitter in Oklahoma City was treated by her eye doctor for almost 3 weeks for painful corneal abrasions of both eyes after using this product.

A housewife in Florida was treated by her doctor the day after using the product and examinations showed that the entire membranelike tissue covering the cornea of one eye had been eaten away and there were extreme chemical burns on the inner surface of her eyelid.

The manufacturer subsequently developed a nonirritating neutralizer which was used to replace thousands of units of the harmful product which were destroyed during the recall. Our files contain some 250 reports of injuries resulting from the use of this home permanent. In most cases the injured women suffered intense pain, required professional medical treatment and many required hospitalization ranging from emergency treatment to confinement of over a week.

In 1959 during an inspection of a cosmetic plant on Long Island, one of our inspectors discovered that the records in possession of the firm showed a batch of special eye lotion that was not sterile. Although the firm occasionally sent a sample of the lotion to an outside consulting laboratory for sterility testing, it had overlooked notification from this analytical laboratory almost 8 months before inspection that a sample of the eye lotion contained slime bacteria and molds. The firm was continuing to market the lotion, to "cleanse and refresh the eye" by twice daily applications.

When the serious nature of the situation was pointed out to the firm it undertook a complete recall of the product and instituted manufacturing procedures to assure the product's sterility.

In 1958, a 10-day Press-On Nail Polish was recalled by the manufacturer because of the severe nail damage suffered by hundreds of users of the product. Almost 32 million units of the nail covering had been distributed throughout the entire country before the dangerous nature of this product came to the attention of the Food and Drug Administration. When we first heard of the injuries, the firm already had over 200 complaints on file. It maintained that most of these were of a very minor nature and were really insignificant considering that millions of women had used the product without injury. However, our investigation revealed that continuing use of the adhesive-backed coverings greatly increased the possibility of eventual nail damage. It further revealed that many of the injuries could not properly be classified as minor.

For example, a Kansas City businesswoman used the product three times over a period of 1 month. Her nails became brittle and progressively deteriorated. They became sore and discolored. Four nails had black spots on them and four were loose. Three weeks after removing the last applications of nail covering her nails were heavily ridged and discolored, with five separated from the nail bed back past the quick.

After several applications of this product a nurse in Brooklyn developed an infection near the base of one fingernail which took approximately 2 months to heal.

A New Orleans housewife used the product for about 1 month then discontinued its use when her nails began chipping off at the ends unnaturally and small flakes of her nails sloughed off. The ends of the nails began curving upward and away from the skin underneath. She sought medical treatment because of the pain associated with this condition. This irritation continued for at least 4 months after she discontinued using the product and at that time her nails still appeared abnormally thin and ridged.

These are just a few examples of hundreds of injury complaints which were received by both the manufacturer of this product and the Food and Drug Administration. The pattern of the complaints was that after the second or third application, the surface of the nails began to fleck off as the product was removed or occasionally to peel off in layers; and that for a period of weeks or months thereafter the nails presented an uneven ridged appearance and tore or broke very readily. This was accompanied upon occasion by severe pain and in some cases there were secondary infections involving the cuticles or nail beds.

Ultimately almost 1,000 injury complaints implicating this product were received. We do not know, of course, how many injuries were never reported.

As a result of the recall, over 2 million units of the product were returned to the manufacturer and destroyed.

H.R. 11582 would correct this situation by requiring a cosmetic that is not already recognized as safe by appropriate experts to be tested for safety before it is marketed for general distribution. The safety evidence would have to be submitted to our Department for evaluation by the Food and Drug Administration. And only after such evaluation and approval of the application would a manufacturer be authorized to distribute his product in interstate commerce.

The testing requirement would apply to cosmetics already on the market which are not recognized as safe by experts, as well as to new cosmetics yet to be developed. It would not be in the public interest to exempt all products now being sold because of the vast evidence that some of them have caused and are causing harm.

The bill also contains an anticancer clause that would ban the use of a chemical in cosmetics if it had been found to induce cancer in man or animal when tested by an appropriate method. Certainly this is a worthwhile provision. We are unable to visualize a situation that would justify the use of a cancer producer in cosmetics.

2. Repeal of Exemptions for Hair Dyes

Present law deems a cosmetic to be adulterated and thus illegal in interstate commerce if it bears or contains any poisonous or deleterious substance which may render it injurious to users under the conditions of use prescribed in the labeling thereof, or under such conditions of use as are customary or usual. However, this provision does not apply to a coal-tar hair dye if it bears a prescribed caution warning that a preliminary test for sensitization, a so-called patch test, must be made, and provided the labeling also warns "This product must not be used for dyeing the eyelashes or eyebrows—to do so may cause blindness." In other words, hair dyes are not required to be safe if they bear the prescribed precautionary labeling.

When this provision was written into the cosmetic chapter of the law in 1938, coal-tar-containing hair dyes were recognized as substances that caused a significant number of individuals to become sensitized upon using the products. Upon repeated use, the sensitized person develops an allergic reaction which may manifest itself in mild skin irritation in the area of the scalp or in many cases manifests itself as violent irritation accompanied by rash, fever, pustules in the scalp area which may become infected. The person who suffers a severe reaction is seriously ill and may require hospitalization followed by medical treatment for months.

However, the Congress concluded in 1938 that the patch test would enable individuals who became sensitized to the coal-tar hair dyes to safeguard themselves against that type of injury and it decided that the widespread desire for a permanent-type hair dye was great enough to warrant the exemption provision which made it unnecessary for coal-tar hair dyes to be free from deleterious or poisonous substances.

The situation with respect to these hair dyes has materially changed in the last 24 years according to information that we have received from scientists who are in a position to know. We are advised by industry representatives that the incidence of injuries from coal-tar hair dyes has declined steadily and that the number of damage claims has correspondingly declined. In other words, industry representatives assure us that the coal-tar hair dyes, as manufactured today are in fact safe under the directions for use that appear in their labeling. Whether this is due to improved manufacturing methods that remove sensitizing impurities from the dyes, or to greater use of the patch test, or to some other factor, no one seems to know.

Frankly, we do not know whether the hair dyes are now safe and we are not in a position to secure this information at this time. This is true because under the present factory section of the law, we do not have the authority to determine the formulas used for the coal-tar hair dyes, nor do we have the authority to review the complaint files of the manufacturers. Most hair-dye manufacturers do not allow us to review their formula or complaint files. So we have no way of confirming statements made to us by industry representatives about safety of coal-tar hair dyes. On the other hand, we have no reason to doubt the accuracy of these statements.

If the coal-tar hair dyes are in fact safe under directions of use that appear in their labeling, industry has no reason to fear the closing of this gap that was left in the law in 1938, as proposed in H.R. 11582. If the coal-tar hair dyes in fact are not safe, the time has come to give cosmetic users protection all the way across the board and not leave a loophole that allows poisonous materials to be used without control.

With the loophole in the law as at present, our Department is not privileged to take action against a coal-tar hair dye that has the prescribed warning, even though it is a hazard to health for some reason other than its ability to sensitize users. For example, we could not remove such a product from the market if it had a known cancer producer in it, or if it contained a chemical that caused high blood pressure, or diabetes or any other serious ailment. We are not convinced that the industry should be the sole judge as to the safety of the products that go into hair dyes that are now used by so many women and for that matter so many men in the United States. No matter how careful most representatives of industry might be, there still should be a provision and law to enable the Government representing all the people to guard against the actions of the ignorant, the careless, or the indifferent manufacturer.

3. Effective Date and Transitional Provisions

The new cosmetic title of the bill would become effective for newly developed cosmetics 6 months after enactment. Cosmetics commercially used or sold immediately prior to enactment would be allowed 12 months for the conduct of necessary safety tests; this 12-month period could be postponed for up to 30 months after enactment upon a showing that the additional time would not involve an undue risk to the public health.

Title II. Safety, efficacy, and reliability of devices

Present law does not require therapeutic, prosthetic or diagnostic devices to be tested for safety or efficacy before they are marketed. As a result, a manufacturer can produce and market dangerous or worthless devices until the Government is able to accumulate sufficient evidence to prove the device is unsafe or ineffective.

Injuries have resulted from the use of unfit prescription devices which are important tools in the hands of our medical practitioners as well as from the quasi-medical or out-and-out quack devices which are used or promoted by charlatans. For example, artificial hip joints made from the wrong plastic have broken after being inserted; plates and screws used in mending broken bones have broken, corroded, and produced adverse reactions necessitating repeating operations; plastics used in humans have produced malignant cancers when implanted in test animals; stem pessaries have caused female genital tract injuries and infections, some of which were fatal; electronic, ultrasonic, and radioactive devices have burned patients because of excessive amounts of energy emitted from the devices.

A wide variety of quack devices have required legal action to protect the consumer because the devices were either unsafe or worthless. Many of these involved irrational combinations of wires, tubes, dials, and gadgets, housed in imposing looking cabinets making the machines appear to be legitimate diagnostic or therapeutic devices to the unsuspecting patient. The advent of the atomic era has provided the quack device producer with many lucrative possibilities. For example, uranium ore in pads or pillows of mattress ticking was offered for treatment of sinus pains, arthritis and bursitis.

Deaths and injuries plus substantial economic waste may be expected to continue until the law requires all device manufacturers to conduct adequate tests for safety and efficacy on their products before they are made available to consumers.

The bill requires that new devices be proved safe and effective before they can be marketed. This would be accomplished by requiring new device applications (similar to those required under the new drug section of the act) to be submitted for determination by the Secretary of the safety and efficacy of the device. Further, the bill would require quality manufacturing controls and reporting of adverse reactions and would allow withdrawal of approval of a new device application if substantial doubt as to the safety or efficacy of the device arises. (These provisions are consistent with similar proposals in H.R. 11581 relating to drugs.)

Title III. Miscellaneous

Section 301. Cautionary Labeling of Hazardous Substances on Containers Under the Food, Drug, and Cosmetic Act

Basically, the Food, Drug, and Cosmetic Act does not attempt to reach household problems arising from flammability of contents, hazards inherent in pressurized containers, and hazards resulting from the exposure of infants and young children to contact with substances that may seriously injure them or endanger their lives if incorrectly employed (drinking a hair wave solution, for example). No warnings are required to appear on pressurized containers of food, although such warnings are voluntarily applied by responsible manufacturers today. Likewise no warnings are required on cosmetics (save for the warning on certain permanent hair dyes that is not germane). While the Food, Drug, and Cosmetic Act requires certain warnings to appear on drugs to guard against unwise therapeutic use, even this requirement does not appear to reach satisfactorily a number of household problems which the proposed Federal hazardous substance bill would deal with.

A number of examples will illustrate the problem:

1. Pressurized containers such as those now employed in the packaging of hair sprays, whipping cream, and preparations for application to burns should warn against handling or storage that may result in injury (exposure of the container to excessive heat which may result in explosion, for example).

2. Aspirin is a major cause of accidental poisoning of children today. Many parents are not aware of the dangers and are prone to leave this medicine within reach of youngsters. Similarly, methyl salicylate (oil of wintergreen) is quite toxic when taken in quantities of a teaspoonful or more. Because minute amounts are frequently used as a flavoring, it is mistakenly regarded by many as harmless. Oil of wintergreen and preparations containing it have caused a number of deaths through accidental misuse by both adults and children.

The Food and Drug Administration has attempted to deal with these problems by issuing policy statements suggesting that labels of aspirin (and other salicylates) should warn that the products be kept out of the reach of children, and that oil of wintergreen and preparations containing it should bear such a warning plus a warning that use otherwise than as directed may be injurious. There may be some question as to whether the Food, Drug, and Cosmetic Act can, in fact, require such warnings. No manufacturer has yet challenged the policy statements. However, there should be no question as to the Government's authority to require warnings to reduce poisonings from aspirin, oil of wintergreen, or other products that require such warnings.

3. Cosmetics also cause numerous injuries when misused. Records of the Division of Accident Prevention of the Public Health Service show that in 1961 over 1,700 children were poisoned by the ingestion of cosmetics. There have recently been two deaths—one from inhalation of talcum powder and one from ingestion of a hair color rinse.

H.R. 11582 would make it clear that appropriate warnings may be required under the Food, Drug, and Cosmetic Act against possible household injuries arising from the use of foods, drugs, and cosmetics. This would be accomplished by:

1. Amending the food chapter of the Food, Drug, and Cosmetic Act to deem misbranded a food, contained in a dispenser pressurized by a gaseous propellant unless it bears necessary cautionary labeling with respect to handling, storage, and use.

2. By amending the warning provisions of the drug chapter of the act to make it clear that drug labeling is required to warn among other things against any substantial and reasonably foreseeable risk of accidental injury and that cautionary labeling must include instructions for first aid treatment where necessary or appropriate.

3. By amending the cosmetic chapter of the act to deem misbranded a cosmetic that involves a substantial risk of causing injury during reasonably foreseeable handling, storage, or use unless it bears such cautionary labeling as is necessary to protect individuals and instructions for first aid treatment where appropriate.

That portion of Federal Caustic Poison Act which is still in effect with respect to foods, drugs, and cosmetics would be repealed since the inadequate protection which it now affords would be expanded by these amendments to the Food, Drug, and Cosmetic Act.

Section 302. Feed Additives Leaving No Residue in Food for Humans

The anticancer clause of the Food Additives Amendment deprives some feed manufacturers of the opportunity of using at least one additive that is widely employed by their competitors. For several years the synthetic hormone-like chemical, stilbestrol, has been used in cattle feed as an aid in meat production. Use of the material has been sanctioned through effective new drug applications. Under the conditions of use prescribed by these applications, no residues of the chemical remain in edible parts of the treated animals after slaughter. Since enactment of the Food Additives Amendment, we have had to turn down further new drug applications requesting permission for this use of diethylstilbestrol. However, since there is no health hazard involved in such use of the product, the applications that became effective before enactment of the amendment are still in force and firms holding them are still marketing cattle feed containing the chemical. We believe that this situation has no effect on the total quantity of diethylstilbestrol used in animal feeds. It simply deprives newcomers of the opportunity of competing in this particular area with established manufacturers.

Accordingly, we would favor a change in the food additives amendment to correct this situation as proposed in section 302 of H.R. 11582. This would exempt from the anticancer clause chemicals for use in feed for animals raised for food production provided the use of the chemical (1) left no residue in any edible portion of the animals after slaughter, and (2) did not adversely affect the animals.

As an added element of consumer protection we endorse the proposal to authorize our Department to prescribe or approve by regulations the methods of examination to be used to determine whether residues of the chemicals in question remain in man's food. Such a precaution would forestall any debate as to the sensitivity of the analytical procedures to be employed in determining whether a feed ingredient may be excused from the application of the anticancer clause.

This change would fully protect the public health, provided we have authority to rescind the effectiveness of a new drug application when substantial doubt arises as to its safety. This authority would be granted by section 104 of H.R. 11581. In case H.R. 11582, which contains the feed additives amendment, should become separated from the former bill, we recommend that the necessary authority to rescind a decision on the basis of substantial doubt be incorporated in H.R. 11582, as proposed in section 303 of that bill.

MANNED SPACE FLIGHT

Mr. GEORGE P. MILLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GEORGE P. MILLER. Mr. Speaker, the Soviet accomplishment in space is an impressive technical achievement. It again confirms the clear determination of the Soviet Union to pursue the conquest of space as a matter of high national priority.

The Russian accomplishment is a logical follow-on program of the Titov flight of about a year ago. From what we presently know, they have added to our knowledge in two significant areas. In the first place, they have increased the time that man has experienced weightlessness from 1 day for the Titov flight to several days in the present instance. Secondly, they have demonstrated the feasibility of launching two vehicles into almost identical orbit, which is the type of operation which must be perfected so that two vehicles can rendezvous in space and then be joined together. In this instance, the Russians have chosen to use 2 manned spacecraft to test out rendezvous techniques, although there is no requirement for having both vehicles of a rendezvous operation manned.

We have known that Russia has had the capability for at least a year to undertake the space operations that they are now demonstrating. This capability, of course, stems from their early initiation of a space exploration program as well as their early development of large boosters which could put heavy spacecraft into orbit. For example, as a matter of comparison, we know that the Soviets have had boost capability for sometime for putting 14,000 pounds into earth orbit. This is much greater than the United States present capability. However, it is important to realize that it will take a capability of putting several hundred thousand pounds into earth orbit before a lunar landing from earth orbit rendezvous can be undertaken. It is apparent that both the Russians and the United States must develop much larger boosters to accomplish manned exploration of the moon.

The U.S. space program is now moving in depth and on a broad front. It is providing scientific information, developing the technology, and producing the boosters, the spacecraft, and the guidance systems necessary to accomplish the manned exploration of space. Over a year ago, under the President's wise and perceptive leadership, the National goals for our space program were established. The Congress has responded by supporting the space program with a unanimity that is almost unique for a peacetime program of such cost and complexity. I believe we have acted wisely and that our program is properly conceived and is being pursued in a vigorous, driving manner that will give this Nation the leadership in space exploration. In the interim, we must be prepared to accept the fact that Russia has a head start and will be accomplishing numerous feats of manned space flight before similar operations can be undertaken by the U.S. But in the long run this Nation will overtake the competition with accomplishments second to none in the field of manned space flight as we have already done in space science, in communication satellites, and in weather satellites.

EDUCATION THE KEY TO NATIONAL ADVANCEMENT AND SURVIVAL

Mr. TOLL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. TOLL. Mr. Speaker, Aristotle, in his 8th Book of Politics, stated that a "lawgiver should direct his attention above all to the education of youth." What Aristotle said 2,200 years ago remains true today. Education has become the key to both national advancement and national survival. If we do not do our utmost to promote the educational level of our population, the advancement of our educational standards and the expansion of our educational facilities, then future generations will find themselves unable to cope with the complexities of the space age. What we do today has the most profound effect on what our world of tomorrow will be like.

The current orbit of the two Soviet spacemen and the missions planned under the U.S. space program indicate the importance which scientific and engineering skills have in the field of space achievement and world prestige. Yet the program for higher education which should be encouraged on a Federal level is not coordinated to a point where every method of advancing every skill is studied and supported. The field of education is the most important activity in the country today. It will advance the security and prestige of our country. It will advance the economic status of our people and it will add to the health, happiness, and culture of our population.

Despite these advantages, the program has not advanced to the point where a Congressional Conference Committee can clear a bill improving our educational situation. Where the department in charge of the American education program can move ahead in the light of all advancements and achieve every favorable improvement available. The statements of leading educators, scientists, and prominent laymen have not been effective in bringing satisfactory changes in our educational system. For example, Admiral Rickover, before the House Committee on Appropriations, testified that—

> It is my belief that the real race we are in with communism is to see whose educational system best prepares youth for the world of modern science and technology.

I have today introduced a bill which will help to emphasize the importance of education to our country. I have proposed a Cabinet department devoted to education alone. It will allow for further efficiency in the administration of Federal programs, more complete evaluation of educational needs and accord to education its needed status and prestige in our national life. The policy described in the declaration is as follows:

The Congress hereby declare that the general welfare and security of the Nation and the educational and living standards of our people require, as a matter of national purpose, sound development of the educational facilities and techniques of our country and that the primary function of any legislative body is the education and training of the Nation's youth. The Congress further declares that the world situation today demands that our country most efficiently and effectively utilize its educational resources to promote the general welfare and the advancement of the educational level of our population; that the necessity of assimilating and comprehending the ever-increasing scope of human knowledge created by scientific, social, and technological advancements makes it imperative that our people acquire the best in education.

To carry out such national purpose and policy, and in recognition of the increasing importance of education in our national life, the Congress finds that establishment of an executive department is desirable to achieve the best administration of the principal programs of the Federal Government which provide assistance for education and for the development, improvement, and expansion of our educational facilities; to give leadership within the executive branch in securing the coordination of the various Federal activities which have a major effect upon education; to encourage the solution of educational problems through State, local, and private action, including construction of additional and improved educational facilities, granting of scholarships, loans, and grants, establishment of standards for Federal education programs and expansion and revision of the courses of academic study.

The Department of Education established by this act, and any other departments, agencies, or instrumentalities of the United States having functions, powers, or duties, under this or any other act, which have a major effect upon education and educational facilities and problems, shall exercise such functions, powers, and duties in accordance with the national policy declared by this act and in such manner as will facilitate sustained progress toward the attainment of national purpose established by this act.

I hope that the Members of Congress will give serious consideration to this bill.

TEST BAN SEISMIC DATA

Mr. HOSMER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOSMER. Mr. Speaker, the American people should be given the facts about detection or nondetection of events in the current Soviet test series and have the chance to learn for themselves whether the administration's concessions at Geneva are safe or unsafe.

If, as has been alleged or inferred, advances have been made in seismic detection of potential test cheaters which support the drastic retreat in U.S. demands, then the requested data should be able to establish it. If satisfactory data cannot be produced promptly, the United States should quickly withdraw its offers to Soviet negotiators.

This data should include, first, accuracy of locating events geographically; second, accuracy of distinguishing between nuclear blasts and earthquakes; third, accuracy of determining depth of underground shots; fourth, distances at which instruments are capable of detecting shots of various yields in the Soviet Union; fifth, reproductions of seismic tapes claiming to show detection and location, horizontal and vertical; and, sixth, any other seismic detection data relating to current Soviet tests bearing on detection and location reliability.

The administration has claimed recent discoveries in seismology justify cutting U.S. demands for 180 detection stations to only 80 and drastically reducing the number of permitted annual inspections to verify whether underground cheating has occurred.

It is my belief this so-called new data shows little more than that we have learned more about old and discovered new problems in catching test ban cheaters, but have learned little of immediate use about the answers.

The administration should make a full and complete disclosure of just what the United States and other free world seismic stations have been able to learn about Soviet atomic tests conducted so far in their renewed test series or prior to it.

I do not believe the data is of a classified security nature. It is the type of information which would be shared by all if a treaty is negotiated.

However, if the administration thinks the data should remain classified, there is still a way to surmount the problem, settle the issue of sufficiency of seismic detection technology, and reassure the uneasy American public.

The President could submit the data to an impartial board of security-cleared, non-Government seismologists for careful evaluation. The board could then issue a nonclassified statement declaring whether or not the new U.S. proposal is supported by known scientific facts and would pose to a potential cheater sufficient risk of getting caught to deter him from carrying on clandestine tests.

POLITICS AND THE FOOD STAMP PILOT PROGRAM

Mr. HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, last Friday, August 10, 1962, I reported that the food stamp pilot program being administered by the Department of Agriculture has become a brazen political slush fund.

Of the 26 congressional districts in which counties have been selected for participation in food stamp distribution by Secretary Freeman, 25 are represented by Members on the other side of the aisle, including some of the most influential Members and committee leaders.

In a subsequent attempt to defend its tactics, a Department of Agriculture spokesman said he "hoped the food stamp program would not become a partisan political issue." I can only wish he had held this same attitude before selecting 25 congressional districts represented by Democrats.

One district which was turned down cold, represented by my colleague, the gentleman from Pennsylvania, Representative SAYLOR, is the most depressed area in the entire United States. He did not even receive the courtesy of a reply to repeated requests.

In the face of this evidence, the administration now wants the same authority to dispense public works projects in almost the same manner and I am sure, with the same political objectives in mind.

The Department of Agriculture responded over the weekend by saying its objective is to extend this food stamp program to the entire country. Mr. Speaker, this is an amazing revelation considering that the estimated cost of such an expansion, by the Department of Agriculture's own 1957 study, is $2½ billion—or almost half of the Department's total budget.

Mr. Speaker, the use of the food stamp program as a political weapon is indefensible and I hope that members of the Appropriations Committee, who approved the $50 million sum without knowledge of specific allocations, will move to make an immediate investigation, and perhaps correct in conference wherein we collectively erred in passing the Department's appropriation bill.

Mr. Speaker, I am gravely concerned with what I consider to be the most glaring example of barnyard politics yet to occur in the Department of Agriculture since this administration came into office. I have learned, and so stated at a press conference last Friday, that of the 26 congressional areas thus far selected by Secretary Freeman for inclusion in the food stamp pilot program, counties in 25 of those districts are represented by Democratic Congressmen.

The one district represented by a Republican is in a mining area so depressed by foreign imports it could not possibly have been left out with the least semblance of grace. In fact, the Republican Congressman involved practically had to knock down Secretary Freeman's door before the courtesy of a reply was extended, and then during House debate on the omnibus farm bill.

Not only are these funds being used almost exclusively in those districts, but the Members who have been selected include the chairmen of three House committees, and also the home district of the House majority leader.

No congressional or other guidelines exist for the program except that the selected areas be economically depressed with persistent unemployment. Apparently an unwritten law is that they also be represented by Democratic Members of Congress, and if they are influential Members, so much the better.

Mr. Speaker, the food stamp program was specifically authorized by an amendment to Public Law 480 in 1960, but the authority was never used and it expired on January 31, 1962. The administration made no effort to extend it at that time. Instead, it is using a vague authorization granted during the depression—section 32 of Public Law 320 passed in 1935 when Secretary Wallace was Secretary of Agriculture.

Apparently Secretary Freeman preferred to operate without any congressional guidelines so he could have more personal discretion and political gain in the dispensing of Federal funds.

This is another instance of people on relief being used as political pawns. The President has increased the size of the extended experimental program to $50 million. Under this program, persons on relief received an additional Federal subsidy not available to millions of others on welfare, who happen to be in less fortunate areas. Extra Federal matching funds are available in the form of redeemable food stamps.

The question could be asked, Will not this program eventually be extended to include all those on relief, and is not this pilot program being conducted in just a few areas in order to work out the administrative technicalities for a broad relief program?

Actually, we have sat through this production, before, on various occasions. The answer given by the Department since our press conference is "Yes," but the answer to the question should be "No." A Department of Agriculture study made in 1957 by the same career people now administering the program, pointed out that to put in a food stamp program of maximum scope would cost almost $2½ billion—more than one-third the budget of the entire Department of Agriculture. Even a very limited program going only to those on relief, according to the study, would cost $600 million.

Mr. Speaker, it is obvious that the Appropriations Committee did not know that these funds were going to be administered in such an obviously partisan manner. The new expanded program was not announced by the Department of Agriculture until August 2, 1962, after the lump sum appropriation had been approved. This is how it was brought to our attention. Certainly this House erred in its good faith, belief in intent and conservation practices with research, when it passed the agriculture appropriation bill for 1962. We must not be hoodwinked again.

Now that we have seen how Secretary Freeman intends to use his authority, I urge the Committee on Appropriations to intercede and to reevaluate this program and the manner in which it is being administered. Let firm and universally applicable yard-guard sticks and guidelines be established other than whether the area involved is represented by a Democrat or a Republican. Perhaps we can still save the day in conference, if we act like statesmen instead of partisans.

Let us not permit a situation to exist such as is now the case, for example, in Pennsylvania or West Virginia. The most depressed district in the entire United States is represented by the gentleman from Pennsylvania, Congressman JOHN SAYLOR, an area with over 12 percent unemployment exceeded no where else in the continental United States. Yet, his effort to participate in the food stamp program was not even acknowledged, much less honored.

Or, look at the district of the gentleman from West Virginia, Congressman ARCH MOORE, a depressed area, yet excluded from this program—even though virtually surrounded by Democrat congressional districts earmarked for participation.

The Administrator of the Agriculture Marketing Service, Sylvester Smith, in response to my disclosures about the handling of the food stamp pilot program has made some incredible statements. He has expressed the hope that the food stamp plan "will not be threatened by efforts to make it a partisan political issue." It would only have been more incredible had he admitted to partisan politics.

Mr. Smith should be reminded that the program is what the Department of Agriculture makes it. The obvious inclusion of Democrats and exclusion of Republicans shows it is being used as a political issue. I only reported what is taking place. One Democrat Member of the House has, in fact, publicly acknowledged that her influence and that of other key Democrats helped to bring about inclusion of her district in the pilot program.

But, even more amazing is Mr. Smith's disclosure that "the Department of Agriculture is looking toward the eventual extension of food stamps to the entire country."

This statement is at odds with the Department's own recommendations made in April of 1962 when it specifically stated that such expansion was not practical.

Mr. Smith's statement is remarkable in view of the fact that an analysis of food stamp plans made by the Department of Agriculture in 1957 discloses—on page 24—that expanding the food stamp program to include the entire country would result in an annual expenditure of $2.5 billion for a program of maximum scope.

That figure represents almost one-half of the entire budget of the Department of Agriculture.

The need for the Appropriation Committee of this House to now conduct a searching reappraisal of this program—and its administration—is now all the more evident. In fact, it is now absolutely essential.

And finally, Mr. Speaker, I suggest the Congress delay action on the standby public works program, H.R. 10114, pending an investigation of the food stamp program. The latitude afforded the executive branch of Government in this bill is of even greater proportion than accorded the Department of Agriculture in the food stamp program. Let us be certain this too will not become a political slush fund.

THE 50-50 WHEAT PLAN

Mr. DOLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. DOLE. Mr. Speaker, I have today introduced an emergency wheat bill which would apply to the 1963 crop of wheat. I have designated it "the 50-50 wheat plan" which would give wheat farmers a chance to individually retire up to 50 percent of their wheat allotments and receive diversion payments based on 50 percent of the farm's production.

It is most likely the delay in the Senate will prevent an extension of the present wheat program which carries a mandatory 10-percent cut in acreage.

Therefore, it is necessary to take action now to allow wheat farmers to voluntarily reduce their acreage and have the opportunity to improve farm income. Under the bill the 55-million-acre national minimum allotment would be in effect as Secretary Freeman has previously announced and price support would be from 75 to 90 percent of parity. This voluntary approach is necessary, because many Winter wheat farmers have already begun their planting operations and the 1963 referendum will be held in only 2 weeks. It would be extremely unfair to change the rules in the middle of the game by forcing wheat farmers to cut their acreage after voting in the referendum on a 55-million-acre national allotment.

Under my bill each wheat farmer would be given the opportunity to divert up to 50 percent of his allotment—or in the case of small growers up to 50 percent of his highest actual acreage in 1959, 1960, or 1961—in return for diversion payments based on 50 percent of the farm production times the basic county support price.

As in the 1962 program, the diverted acreage would be devoted to conservation practices and must be kept free of insects, weeds, and rodents.

Special provisions applying to the planting of castor beans, guar, safflour, sunflower, sesame, and other annual field crops, except table vegetables and flax, would be continued in the same manner as in 1962.

The Secretary would also be given authority to make advance payments not to exceed 50 percent of the total amount due and would be given authority to make adjustments, issue regulations, and use the funds of the Commodity Credit Corporation for this special 1963 wheat program.

In addition, the provisions in the 1962 program applying to new farms, the release of stored wheat and durum wheat would be continued by the Dole bill.

I sincerely hope that my bill will be given serious attention because unless some constructive action is taken in this Congress, farm income will suffer and taxpayers' costs will increase.

LAOS AGREEMENT

Mr. LAIRD. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include a letter, with enclosures, from the Assistant Secretary of State W. Averell Harriman.

The **SPEAKER.** Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. LAIRD. Mr. Speaker, this morning, I received a letter from W. Averell Harriman, Assistant Secretary of State for Far Eastern Affairs. This was in reply to my letter of July 24, 1962, to the Secretary of State, the Honorable Dean Rusk. In that letter, I expressed the deepest concern over recent developments in Laos, specifically as regards the declaration and protocol on neutrality in Laos, approved by 14 nations, including the United States, on July 22, 1962.

Mr. Speaker, for the information of my colleagues, I am inserting both letters at this point in the RECORD:

JULY 24, 1962.

Hon. DEAN RUSK,
Secretary of State,
Washington, D.C.

MY DEAR MR. SECRETARY: It is, of course, no secret that grave doubts and deep concern are being expressed in many quarters over the present Lao situation. I, too, as a member of the Defense Appropriations Subcommittee, am deeply troubled. I have been for many, many months.

On the basis of information recently made public concerning the Declaration and Protocol on Neutrality in Laos, the only possible conclusion one could draw is that Laos is being surrendered to the Communists, as Poland was at Yalta 17 years ago.

The oft-expressed fear, now apparently a fact, that Communist forces are being released in Laos to carry on the fight in South Vietnam in which 8,000 American troops are now deeply involved should be sufficient to shake administration complacency. Obviously, it is not.

I strongly believe that the net effect of this agreement on Laos will be the intensification of war in southeast Asia and a weakening of the confidence of free Asians in the value of close cooperation with the United States.

The provisions of article 14 of the declaration and protocol appear to confer a veto power on Communist Poland over the policies of the United States and all other signatory powers in relation to Laos. This, I regard as a nullification of the promises of the agreement.

I gravely disapprove of the procedure, presently being followed, which fails to submit the declaration and protocol to the U.S. Senate for ratification as a treaty.

The Congress and the country deserve a full and frank report from you on future American policy toward Laos. You will recall that President Kennedy, on March 23, 1961, told the American people "if the Communists were to move in and dominate this country, it would endanger the security of all, and the peace of all southeast Asia * * * that quite obviously affects the security of the United States.

I would be interested in receiving from you a plausible explanation of what makes today any different from March 23, 1961.

Other specific questions to which I would respectfully request detailed replies would include the following:

1. On what tangible facts do you base the expectation, expressed in the declaration and protocol, that this agreement will "assist peaceful democratic development of the Kingdom of Laos" and "the strengthening of peace and security in southeast Asia"?
2. What provisions, contained in the declaration, prevent complete domination of Laos by the Communists?
3. Does the treaty specifically prohibit Communist troops presently in Laos from moving into South Vietnam?
4. How would the United States regard a veto by Poland? Would it be looked upon as a barrier to action by the non-Communist signatories of the declaration? Would it be a barrier to action in the event of a Communist takeover in Laos? Would it prevent action if the practice of dispatching Communist troops through Laos to Vietnam were continued?
5. What action would the Government of the United States take in the event of a violation of the treaty and in the face of a Polish veto on action?

It is my profound hope that you will draft an early reply to this letter, a reply that I and the American people can only hope will allay our fears about the present direction of administration policy in southeast Asia.

Sincerely yours,

——— ———.

AUGUST 10, 1962.

Hon. MELVIN R. LAIRD,
House of Representatives.

DEAR CONGRESSMAN LAIRD: The Secretary has asked me to reply to your letter of July 24 which raises a number of important questions about the recently concluded Geneva agreements. I am glad to have this additional opportunity to clarify our policy toward Laos and to answer your specific questions on the Geneva agreements.

We have considered, in close consultation with the congressional leadership of both parties, the various possible approaches to a settlement of the Laos question. Certainly the course of action that has been adopted is not without risk, but we believe that our present policy is the one most likely to further the national interest of the United

States. That policy is to assure the maintenance of a peaceful, independent, and neutral Laos within the framework of the 1962 Geneva agreements.

I am enclosing a copy of the full texts of the agreements which were signed at Geneva. I think you will see upon a careful reading of them that, far from surrendering Laos to the Communists, the effect of these agreements is to prevent that from occurring. All the signatories at Geneva, including the Communists, have agreed to respect the sovereignty, independence, unity, neutrality, and territorial integrity of Laos. For its part, the United States fully intends to abide by its commitments under the agreements and to assist the Royal Government of Laos to maintain its independence. We will, of course, expect the other signatories likewise to live up to their undertakings. The latter aspect will be the real test of Communist intentions. If contrary to their commitments the Communists were, as President Kennedy said on March 23, 1961, "to move in and dominate this country, it would endanger the security of all, and the peace of all southeast Asia * * * that quite obviously affects the security of the United States." We continue to hold this view.

As one of the cochairmen of the Geneva Conference, the Soviet Union bears a particular responsibility to see that the Geneva agreements are properly implemented. It is written into the agreements that, "The cochairmen shall exercise supervision over the observance of this protocol and the declaration on the neutrality of Laos" (art. 8 of the protocol). In effect this means that the Soviet Union is responsible to see that the Communist countries, particularly Communist China and North Vietnam, live up to the agreements.

The Geneva agreements were concluded by the United States as an executive agreement. The President has adequate authority under the Constitution, by virtue of his power to conduct the foreign relations of the United States and as Commander in Chief, to enter into an executive agreement of this kind. No obligations created by the Geneva agreements on Laos in any way impinge on the constitutional powers or prerogatives of the Congress or of the States. While the formal advice and consent of the Senate has thus not been sought for these agreements, this administration has, as I stated earlier, fully consulted with appropriate congressional committees and leaders on all aspects of the Lao situation.

With respect to the provisions of the agreements themselves, you raise in your letter the question of the interpretation of article 14 of the protocol relating to voting procedures of the International Control Commission. The general rule prescribed in that article, in the second sentence of the second paragraph, is that decisions of the Commission shall be made by majority vote. To this general rule, specified exceptions are made in the first sentence of that paragraph to which the rule of unanimity applies: (a) "decisions" on questions relating to violations of certain articles; (b) "conclusions" on those major questions which are sent to the cochairmen, which it is felt, will be very limited in number; and (c) "recommendations" of the Commission. These exceptions should be viewed in the light of the provisions of article 15 of the protocol. That article provides that all decisions of the International Commission on initiation and carrying out of investigations shall be made by majority vote and that the Commission shall submit reports on its investigations in which differences of view may be expressed, thus enabling publications of minority and majority opinions.

On the five other specific questions you raise I would comment as follows:

1. The preamble to the declaration on the neutrality of Laos expresses the view that "the independence and neutrality" of Laos "will assist the peaceful domestic development" of Laos and "the achievement of national accord and unity in that country as well as the strengthening of peace and security in southeast Asia." After years of hostilities and factional strife largely fomented from without, the independence and neutrality of Laos and the termination of foreign interference in the internal affairs of Laos should permit the restoration of peace in that country and give to the people of Laos an opportunity to develop their democratic institutions. The cessation of hostilities in Laos, the maintenance of that country's independence and neutrality, and the prevention of the use of Lao territory for interference in the internal affairs of other countries, will contribute to the peace and security of southeast Asia. In this connection I think it is significant that Thailand, Vietnam, Burma, and Cambodia—all southeast Asian countries concerned with the peace and security of the area—fully participated in the negotiation of the Geneva agreements and are signatories of them.

2. There are a number of important provisions of the Geneva agreements designed to prevent Communist or other foreign domination of Laos. There is, for example, the undertaking by all the signatories to respect and observe in every way the independence and neutrality of Laos and not to commit or participate "in any way in any act" which might "directly or indirectly" impair that independence or neutrality. There is a specific undertaking to refrain from all direct or indirect interference in the internal affairs of Laos and not to use the territory of any country for such interference. There are obligations on all parties to withdraw all foreign military personnel from Laos and not to introduce such personnel into that country. The agreements establish an International Control Commission with important supervisory, investigatory and reporting functions. These and other provisions of the agreement are designed to help safeguard the sovereignty, independence, neutrality, unity and territorial integrity of Laos.

3. The agreements do specifically prohibit Communist troops presently in Laos from moving into Vietnam.

The Communist signatories to the agreements have agreed "not to use the territory of the Kindom of Laos for interference in the internal affairs of other countries," and Laos, in its statement of neutrality, has undertaken not to allow its territory to be used for such purposes. These provisions were specifically designed to prevent North Vietnamese troops from being introduced into South Vietnam from or through Laos. In addition, article 3 of the protocol specifies that all foreign troops are to be withdrawn from Laos "only along such routes and through such points as shall be determined by the Royal Government of Laos in consultation with the [International] Commission." Under article 10 of the protocol the Commission "shall supervise and control" this withdrawal.

4. As I indicated earlier, the veto power of the members of the International Commission is very limited. The Commission cannot be prevented by a veto from initiating or carrying out investigations if it or the Government of Laos believe a violation has occurred. A majority or minority of the Commission cannot be prevented by a veto from immediately reporting on investigations to all parties to the agreements. In the event of a Communist takeover in Laos or if Communist troops continue to be dispatched through Laos to Vietnam, the sigatories to the agreements are in no manner bound to inaction by a veto in the Commission. Indeed, should there be a violation of the agreements, the signatories are bound by paragraph 4 of the declaration to consider measures to be taken to insure observance of the agreements, regardless of the decisions or recommendations of the Commission itself.

5. As pointed out above, there is no veto which can prevent action in the event of a violation of the Geneva agreements. Should such a violation occur, the U.S. Government would take whatever action is necessary and appropriate in the circumstances.

The new 14-nation Geneva agreements cannot end the struggle for power among the various factions in Laos. The agreements do, however, shift the struggle from the military arena to the political and economic arena. If the non-Communist elements in Laos are to be successful in this competition it is essential that they be supported by the United States and other free world powers. To insure his success we must assist Prince Souvanna Phouma and his government of national union during this critical period. We laid the groundwork for this cooperation during Prince Souvanna's visit in Washington last week. We hope for continued bipartisan support for this policy, which is the only peaceful possibility for a non-Communist Laos.

Sincerely yours,

W. Averell Harriman.

(Enclosure: Text of the Geneva agreements, 1962.)

BEGINNING OF WEST VIRGINIA PUBLIC SCHOOL SYSTEM

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia [Mr. Bailey] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BAILEY. Mr. Speaker, as a part of a centennial celebration planned for 1963, in West Virginia, Mr. Phil Conley, president, Education Foundation, Inc., has been preparing a series of articles highlighting important facets of the history of our State.

As a part of my remarks I include his article No. 15, which was for release August 11, describing the beginning of our public school system.

I take pardonable and considerable pride in noting that the newly created First Congressional District made important contributions to the development of our public school system.

I invite the attention of my colleagues to the fact the first college established west of the Alleghenies was located at Clarksburg, my home city.

Attention is invited to the two candidates to be first State superintendent of free schools: They were Prof. Andrew F. Ross, of Ohio County, and Prof. William R. White, of Marion County. Both counties are included in the newly created First Congressional District.

Mr. Conley's article follows:

Know Your State

(By Phil Conley)

THE BEGINNING OF OUR PUBLIC SCHOOL SYSTEM

The schoolmaster made his influence felt early in the pioneer settlements of West Virginia. George Washington, at the age of 16, on his first surveying trip into what is now West Virginia, noted in his journal that on August 18, 1748, he established a mark at the "schoolhouse old field." This was in the South Branch Valley, possibly Pendleton County. The time was 22 years after Morgan Morgan, the first white settler in the State, had built his home at Bunker Hill.

The early schools were crude affairs. Classes were held in homes, abandoned buildings, and churches. They were taught by itinerant pedagogs who charged a small sum for each pupil and who usually boarded free with the parents.

The first school of higher learning was established at Shepherdstown, in 1785. What is claimed to have been the first college founded west of the Alleghenies was Randolph Academy. It was located at Clarksburg, in 1787, the year the Constitution of the United States was drafted in Philadelphia.

Soon after West Virginia became a State on June 20, 1863, the people began making plans for a free school system. On Wednesday, January 27, 1864, the West Virginia Legislature being in session at the temporary State capitol, at Wheeling, the senate passed a resolution requesting the house to concur in the election of a State superintendent of free schools, at 11 o'clock on Tuesday, February 16, 1864. On the date agreed upon, the house nominated Prof. Andrew F. Ross, of Ohio County, and Prof. William R. White, of Marion County. Mr. White was elected for a term which was to begin June 1, 1864. He continued in office until 1869.

On January 13, 1866, Mr. White made a report to the Governor in which he claimed there were 133 schoolhouses in the State which had an average value of $303, or a total value of $40,299. The salary of the State superintendent of schools was $1,250 annually. The average monthly salary of male teachers in Wheeling was $139 and of female teachers, $42. In other districts the average salary for male teachers was $34 and for female teachers, $22. In the first school year which began on June 1, 1864, the State distributed to counties for local schools, $67,350. That year there were 431 schoolteachers and 15,972 pupils. At that time the population of the State was 396,000.

William K. Pendleton, the fifth State superintendent of free schools, served 1 year, 1873, and summed up the progress of the school system under the first constitution as follows:

"Reviewing our progress in the noble efforts of the State to provide for the free education of the whole people, we have reason for our profound gratitude at our comparative success. With a million and a quarter invested in school property; 3,000 schools in actual operation, and three-quarters of a million annually contributed to run them; 90,000 children under intellectual and moral training; a number of graded and high schools; four normal schools in vigorous operation, for which we are annually expending, out of the State treasury, over $8,000; a university on which we bestow over $16,000; and other private and corporate institutions, among them 1 college, largely endowed, and through its 400 graduates enjoying a national reputation, West Virginia may well be proud of her position in this highest expression of a people's patriotism and enterprise. Within less than a single decade there was, outside of Wheeling, scarcely a free school in the State."

RULING ON PROPERTY SEIZED BY GOVERNMENT DURING WORLD WAR II

Mr. MACK. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROOSEVELT] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, the Internal Revenue Service has issued its ruling that it will tax amounts received by Japanese-Americans pursuant to claims submitted for property seized by the Government during World War II. I was astonished to learn of this, for I firmly believe the Congress intended to rectify the injustice done to these loyal citizens when it passed in 1957 the act to provide compensation for such losses.

I fully appreciate that the Internal Revenue Service no doubt had no alternative but to rule as it did on the basis of existing law. It is within our power, however, to accomplish the intent of the Congress by enactment of a further law to provide that the amount of these awards be excluded from gross income. I am today introducing a bill to accomplish this purpose, and urge its support.

ON ADVANCING OUR UNDERSTANDING OF LATIN AMERICA

Mr. MACK. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. THOMPSON] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. THOMPSON of New Jersey. Mr. Speaker, Newsweek magazine, August 13, 1962, called attention to the work of Jose Gomez-Sicre, head of the visual arts section of the Pan American Union, in advancing our understanding of Latin America by bringing fine works of art by leading painters of South America to the Nation's Capital.

He has established a permanent group show at the Pan American Union Building in Washington, D.C., which includes the works of the Mexican Jose Louis Cuevas, the Chilean Roberto Matta, Cuban-born Wilfredo Lam, the Brazilian Candido Portinari, the Venezuelan Angel Hurtado, and some 45 other outstanding Latin American artists.

Mr. Gomez-Sicre also lends exhibits to museums and schools all over the United States, and has established a regular service supplying color reproductions, slides, and movies on Latin American art.

Newsweek magazine reported that Mr. Gomez-Sicre would now like to send the work of North American artists to Latin America.

> But the Museum of Modern Art and the USIA do that—

Gomez-Sicre said sadly.

> We haven't been asked to participate. Some people want to hoard everything.

The U.S. Information Agency and the Museum of Modern Art are limited in their resources and what they can do. Mr. Gomez-Sicre proposes to enlarge the cultural impact of the United States in Latin America, working through the Organization of American States for this purpose.

The Organization of American States should, of course, be encouraged and assisted by the United States to develop an important cultural program having as one of its major activities the sending of the work of North American, and, particularly, U.S. artists to Latin America.

U.S. art would be more acceptable to the people of Latin America if it were made available to them through such an impartial agency as the Pan American Union.

The U.S. Information Agency is an arm of our Federal Government; it is a propaganda agency, and when it sends art abroad to Latin American countries, and to other nations, it is easy for people in those nations to become confused and to think that we are interested in art only for its propaganda value. When this happens, it is not only art which suffers, but our relations wtih the people of other countries suffer.

Certainly, the nations of Latin America have proud and ancient cultural traditions, and this should be taken into account by the Congress and the administration. It does a disservice to our Nation when, as Mr. Gomez-Sicre points out, the Museum of Modern Art and the U.S. Information Agency hoard everything where the visual arts are concerned.

Mr. Gomez-Sicre has come up with an excellent suggestion, and one which should be adopted by the administration as soon as possible.

Mr. Gomez-Sicre has converted his Lanier Place home in the Nation's Capital to an art gallery and salon where Latin American artists are shown a hospitality which reflects credit on the Pan American Union.

I include as part of my remarks the article from Newsweek magazine to which I have referred:

NOT FOR SOUVENIRS

"A few years ago when your Government tried to promote Latin American culture all the specialists came back loaded with picturesque and folklorish painting," portly José Gómez-Sicre complained politely. "That gave everybody the impression that Latin America only produced souvenir-type art." It is thanks largely to Gómez-Sicre that art lovers north of the border can now see Latin work of the highest caliber. The great passion of the 46-year-old Cuban-born art critic, who is head of the Pan American Union's visual-art section in Washington, D.C., is to show the world that modern Latin American art has earned a place of international stature.

In the Union's gallery this week is the first one-man show in this country of the work of young Ecuadoran artist Anibal Villacis. It consists of expressionist figurative paintings in monochromatic reds, blues, browns, grays, and white, which Gómez-Sicre flatteringly compares with Dubuffet. They have the simplicity of great sophistication.

LONELY ARTIST

Villacis, who is 35, has been painting for 20 years. But except for primary-school art classes in his native Ambato and a scholarship year at the Institute of Hispanic Culture in Madrid, Villacis is self-taught. He has already had one-man shows in Caracas, Madrid, Bogotà, and Rio de Janiero. In Washington last week, to see U.S. museums and artists on a State Department sponsored trip, he remarked sadly: "I wish it would be possible to extend the appreciation of art so that the artist doesn't feel so lonely."

Villacis should feel less lonely now among the artists Gómez-Sicre has brought together at the Pan American Union. In its permanent group show are the Mexican José Luis Cuevas, Chilean Roberto Matta, Cuban-born

Wifredo Lam, Brazilian Cándido Portinari, the Venezuelan Angel Hurtado, and 45 other Latin American artists. The Mexican Cuevas is one of the most important artists introduced by Gómez-Sicre to the United States. He was first seen here in a one-man show at the Union in 1954. Within a year after the show, New York's Museum of Modern Art had bought several of the works on exhibit and collectors had snapped up the rest.

The Union, which started its permanent collection 5 years ago when the Council of the Organization of American States set up a purchase fund for art, held its first monthly show in 1946. "It was very curious," Gómez-Sicre recalled. "Many artists didn't want to exhibit here because our gallery had no reputation. Now they all want to show their work here. I tell you frankly, I don't know where it comes from, but in art circles, especially in New York, prejudices against Latin American art can still be found. The main reason is that the commercial people don't want to venture into new names, and don't want any more competitors in the open market, no matter how good the quality of the work."

It is no fault of Gómez-Sicre if the American public is generally unacquainted with Latin paintings and sculptures. He lends exhibits to museums and schools all over the country and has a regular service supplying color reproductions, slides, and movies. (He has, too, just arranged an exhibit of Colombian art for Rome, Stockholm, Baden-Baden, and Madrid.) He would now like to reverse the gears once in a while and send the work of North American artists to Latin America. "But the Museum of Modern Art and the USIA do that," Gómez-Sicre said sadly. "We haven't been asked to participate. Some people want to hoard everything."

A GROWING PROBLEM—CUBAN REFUGEES—HEW ACTS ON THE RECOMMENDATIONS OF THE SENATE

Mr. MACK. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. FASCELL] may revise and extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FASCELL. Mr. Speaker, we, in south Florida, have long been deeply concerned with the Cuban refugee problem brought upon the United States by the rise to power of the Castro Communist regime in January 1959.

During the late fall of 1961, public hearings were held in the Senate to consider this grave situation. Out of these hearings came an 11-point recommendation of what should and could be done by the Federal Government to effectively operate the Cuban refugee program and ease the strangling burden on the city of Miami, Dade County, and State of Florida.

It has been said by some that the Department of Health, Education, and Welfare, which is responsible for the administration of the Cuban refugee program, has ignored these recommendations—failed to fully recognize the problem as a Federal one—and has left Miami virtually stranded in its efforts to deal with the tremendous socioeconomic burden thrown upon it by the vicious tactics of Castro's Communist regime in Cuba.

Mr. Speaker, this is not so. An examination of the record and a comparison of actions taken by the Department with the 11 recommendations will show that the Department of Health, Education, and Welfare has done a marvelous and almost unbelievable job in the face of difficult obstacles.

To elucidate upon the little heralded job being done by the Department of Health, Education and Welfare, let us examine those 11 committee recommendations and see just what the Department has done with them.

Recommendation No. 1 called for an accelerated program of resettlement, in accord with humanitarian principles, bearing in mind the interest of the Cuban refugees, as well as relief in the Miami area.

Since November 1961, the Department has designated a senior officer in the center in Miami to concentrate on resettlement; added competent personnel to undertake an effective program of information, publicity, and promotion to inform and gain the support of the American people in resettlements; modified the granting of assistance to make it more an incentive for refugees to resettle and less a reason for remaining in Miami; solicited and gained the support of the resettlement activity from the mayors of the larger cities and the Governors of the States; obtained the support of growing numbers of service organizations like the Junior Chamber, the Kiwanis, the Rotary, and of organizations professionally experienced in refugee work like the International Institutes for Immigration and Naturalization; substantially increased the staff and the role of the U.S. Employment Service of the Department of Labor; provided more ample space in which increased agency staffs can prepare the refugees more quickly for resettlement; and encouraged resettlements in groups by way of charter or freedom flights.

The total impact of many of these measures will not be realized for some time. I refer to such activities as the documentary films and exhibits, the increased space allotted for larger voluntary agency staffs, the growing number of civic committees being organized by mayors, the State commissions being organized or reactivated by Governors, the production of larger numbers of sponsors resulting from the changes in the public assistance program—particularly the payment of a "transitional allowance" to resettling refugees.

Recommendation No. 2 called for a continuation of the primary resettlement responsibility with the voluntary agencies with more frequent and intensive consultations with the Department of Health, Education, and Welfare.

In this light, daily consultations, at the actual operating level, occur daily in Miami. In addition there are frequent contacts in Washington between the voluntary agencies and the headquarters staff. During this year, 1962, two full-scale conferences dealing with the Cuban refugee problem have been held with the executive staff of the private agencies and the top Social Security staff.

Recommendation 3 called for stepped-up activity of the U.S. Employment Service to identify occupational information and to develop employment opportunities.

Since November 1961, the USES staff has been increased from 6 to 21. This staff has engaged in job counseling, in job promotion with the U.S. Employment Service, State and local offices throughout the Nation—and has advised the voluntary agencies as to the job aptitudes and skills of the persons being resettled. The USES is to be commended for its significant contribution in the placement of physicians and highly skilled persons.

The fourth committee recommendation was for a stepped-up informational program to have the American public better informed on the program, particularly the resettlement aspect.

Here the Miami center, with the assistance of a veteran information officer in the refugee field, has produced and disseminated persuasive materials to all of the mass media and to selected leadership groups throughout the country.

The headquarters office in Washington has supplemented the center by timely releases to the press, encouragement of production of more substantial coverage in the press, periodicals, radio and television. Also, the Washington office has undertaken the production of two documentary films and exhibits for distribution both by the Government offices and the voluntary agencies.

The Department is working on a further strengthening of the information program, including an effort to have the advertising council undertake the Cuban resettlement program as one of its major campaigns.

Recommendation 5 called for the Department to make better known its policies on public assistance to resettled Cubans and a provision that such assistance would be based on the standards of the new community—but in any case no lower than that provided at Miami, Fla.

Here the Department has done an outstanding job and less than 2 percent of the resettled refugees have needed further cash assistance. A recent change in policy has been adopted whereby all persons on the public assistance rolls who are being resettled are given an additional 1 month assistance payment. This payment is designed to encourage resettlement through assuring a small amount of assets to the relocatee and at the same time relieving the sponsor of some of the costs related to relocation.

The sixth recommendation of the committee called for extension of public assistance to Cuban refugees anywhere in the United States, whether they got there by way of resettlement or not.

Both the Department and the voluntary agencies have agreed that this idea would be unnecessary and unwise since it could have a tendency to encourage aimless, fruitless wandering of the refugees. Further, it is felt that such a policy would upset one of the basic objectives of the resettlement program—namely, to relocate persons in such a way that they are self-supporting, primarily through employment.

The present system—which provides public assistance to registered refugees in need anywhere in Florida, insures the participation and the continuing assistance of the voluntary agencies, and their countless local counterparts in churches and nonsectarian service organizations, in finding homes and jobs and in easing the adjustment to new locations.

Recommendation 7 called for the recruitment of additional social workers—preferably Cuban refugees—to "permit closer supervision of the program of public assistance to prevent abuse" and to provide social services.

Since November of 1961, the Department has, on three separate occasions, authorized staff increases for the State department of public welfare.

The committee, in its eighth recommendation asked for the establishment of a second refugee center, away from Miami, if the resettlement figure did not equal new arrivals by May 1, 1962.

The Department made a thorough study of this recommendation utilizing New Orleans as the theoretical site of a new center. It was determined that such a site would not be advisable on a number of grounds: the cost would run into the millions without any substantial additional benefits to the refugees or to the community; it would not produce additional resettlements and might actually produce fewer; legal considerations would make the bypassing of Miami difficult if not impossible; compulsory bypassing of Miami for a second center, even if it were possible, would entail a lessening of the humaneness with which the program has been handled.

The ninth recommendation called for assurances to those being resettled that their return to Cuba will be "facilitated" upon the establishment of a free and democratic government in Cuba.

This assurance has been given, in Spanish and in English, by the Department and by the voluntary agencies with the substantial growth of a willingness to relocate.

In the 10th recommendation, the committee stated that a program of resettlement to Latin American countries should be encouraged.

In this light, to date, resettlements have been effected by the Department in 23 countries in Central and South America and Europe.

The 11th recommendation urged an amendment to the Immigration and Nationality Act of 1952 which would permit refugees accepting resettlement abroad to be assured that they could gain readmission to the United States should their situation overseas not work out.

Here the initiative on legislative changes lies with the Department of Justice—however, the Department of HEW has worked out a procedure, within the present legal requirements, which facilitates but does not assure reentry into the United States.

Since the Cuban refugee center first opened in Miami in February of 1961, over 124,000 Cubans have registered. Over 32,000 of these homeless people have been resettled on a program that has seen the resettlement rate increase from 252 persons per week in June of 1961 to an average of 864 persons per week in June of 1962.

Cubans continue to flee Communist Cuba and arrive in Miami at the rate of some 1,600 to 1,700 per week.

In the face of this tremendous problem, the performance of the citizens of south Florida and the actions of the Department of Health, Education, and Welfare in the management of the Cuban refugee program are, to borrow words from the conclusion of the committee's report, "in keeping with our democratic and humanitarian traditions."

GENERAL LEAVE TO EXTEND ON H.R. 9045

Mr. SCHENCK. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to extend their remarks on H.R. 9045, a bill just recently approved in the House.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MARIN CITY, CALIF., AND THE GENERAL ACCOUNTING OFFICE

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. CLEM MILLER] is recognized for 45 minutes.

Mr. CLEM MILLER. Mr. Speaker, it is perhaps timely that we took a look at the General Accounting Office. To criticize the GAO in the wake of all the encomiums which have been heaped upon it should not be regarded as a repudiation.

The difficulty, as I see it, is that the directives of Congress can become clouded with the passage of time. Or they may even become irrelevant to the needs of a contemporary society. Or a Federal agency may begin to usurp functions never intended.

When the General Accounting Office was established in 1921 the directive of Congress was clear and unmistakable. Its function was to seek out efficiency and economy in other agencies relentlessly and without fear or favor. These are grand and laudable directions.

But the first function of government is to do, to perform, to act. If government becomes so encrusted with reports, studies, scrutiny, all supposedly in the interests of efficiency, it can reach the point where there is no economy.

There is no convenient way out of this dilemma. It is only worth recalling to those officers of Government when we note increasing tendencies toward an insufferable self-righteousness.

This is always a danger in such an organization as GAO. Rightly independent, to shield it from unwarranted political influence, there is great danger that their officers will assume the role of arbiter rather than that of guardian.

The task of GAO is essential, but it is a most difficult assignment, as difficult a task as there is in Government.

It is the watchdog of Congress. An excellent role. It is the auditor of our Government, and these services are required at the site of the operations, out in the field. A fine concept. Congress has instructed GAO that it "should be something more than a bookkeeper or accountant; that it should be a real critic." Excellent. Another House committee has said "every conceivable legal activity is centered in this Office because the law directs all the agencies to come to this Office" as quoted by a high officer of GAO. A magnificent role for any Government officer.

This, then, is the role. A bookkeeper. Accounting, but much more than an accountant. Lawyer, but much more than the law. It seems like a big role. It is. But where are the engineers, the architects?

We are given the two-dimensional world of the adding machine and told to make from it the three-dimensional world of the value judgment.

Right here is the dilemma. GAO is given the two-dimensional tools in manpower and machines to add and subtract, but it often returns with a value judgment on efficiency and economy about matters containing a thousand other ingredients. Beauty, for example; pleasure for another; justice; or take farming, forestry; mental illness.

If that is all its about, says the observer, then the victory clearly belongs to GAO. GAO does not concern itself with these things. And what does beauty or pleasure or happiness have to do with our laws?

Well, I say that laws have everything to do with such things as these. I say further that accountants are not qualified to make these evaluations, and I say there is need to remind GAO of this upon appropriate occasion, because whether they admit to it or not, their evaluations are continually appearing. Its job is difficult enough without further burdening it with the impossible. I believe I can give such an example.

It is the report filed with Congress by the GAO on the public housing project at Marin City, Calif. This project is one of the best of its kind. It has received high praise on all sides. It has won international awards for its excellence in architecture and design.

In the world of barrackslike public housing, these structures at Marin City give satisfaction and pleasure to see.

Yet, this is a project singled out by GAO to report adversely. The report was a long time coming, over a year of investigation by a platoon of accountants. GAO seemed determined to find adversely against Marin City. It did this in face of the fact that it met the requirements of law. Yet GAO pressed ahead until it found a basis of its own choosing for an adverse report. It almost seems as though the very fact of creating a pleasing public housing project must find some censure at GAO; that public housing must be spartan rather than esthetic.

To follow the sequence of events, the shallowness of the comment, on the part of GAO leads almost inescapably to this conclusion. As though beauty must somehow be inefficient or uneconomical. And the more one's livelihood depends on the sharp pencil instead of a true eye, then, per se, the harder to find fault, to criticize, rather than to praise. At least that is what I gather from this persecution of the Public Housing Administration in this instance.

That is the way this sorry affair seems to a lot of us. I must say that independence and inviolability and the right to do as you please, as at GAO, does not imply congressional approval of harassment and persecution. Sometimes license and arbitrariness come dangerously close together. Be that as it may, a word is in order about Marin City.

Twenty years ago the domed hills of Marin City were bare, grassy slopes swinging in a vast semicircle around San Francisco Bay and looking directly out upon that great and endlessly exciting body of water.

The great and overriding needs of World War II imposed its will upon all of us. To answer the housing demand for the workers in the shipyards of nearby Sausalito, Lanham Act housing units went up along the Marin City hills. As might be supposed, these single story, slab-sided wooden buildings were designed for the emergency. They were minimal and temporary. They fitted the exact need of the time. Law demanded that they be pulled down at the end of the war.

Initially, the citizen of Marin County shared this feeling and the outcry was vigorous and loud. Then public opinion began to shift. The great desire to tear down the Lanham Act housing evaporated, and delay after delay was fostered amid the developing decay of Marin City itself. This new outlook was a compound of many things, of humanitarianism and veniality. For one thing, there was nowhere for the residents of Marin City to move to. Consisting of lower income families with a preponderance of Negroes, the housing situation was bleak. These residents needed homes. Let them stay.

On the other side, pressures grew to rid the county of Marin City which physically deteriorated before the eyes of the auto commuter on his way to high-income employment in San Francisco. Back again, there were other pressures to retain this ready pool of employment in the county. And once again, the other, there were the massive efforts to corral these now incredibly valuable acres for highest priced private home development.

Through the 1950's these factors roiled and intertwined as citizens fought one another and government to suit them. One side to let go, another to build constructively at Marin City.

Finally, after endless travail, Marin City qualified as an urban renewal project. The devising of this project occupied the energies of many county citizens for a decade, and even now the difficulties are not yet resolved. How to return a profit, not do violence to the site, yet provide for the inmates of the Lanham Act shacks with a pass at decency? These were some of the combinations which confronted a host of us, and rendered the county embattled.

The basic job was resolved by permitting high price development on the crest of the great hills, planning income, rental property for the lesser slopes, and reserving in one section of the foothills, public housing for the 300 families who would be displaced. With the history of violent dissension that has beset this community since World War II, it appears in retrospect that this is turning out to be a remarkably skillful adaption.

A major hurdle to overcome was the "how" of public housing. Public housing is a simple, easily comprehended concept. Its effectuation here, was not. If urban renewal is to take place the inmates of the Lanham Act barracks had to be rehoused in equal and comparable homes elsewhere. Regrettably, there were no comparable facilities elsewhere in Marin County for the inmates of Marin City. They would be rehoused in Marin City, or not at all. If they were not rehoused then no urban renewal. No urban renewal, no development of this incomparable site.

It was in this highly charged setting that architect Aaron Green and associates went to work on public housing units for Marin City. In addition to the dark history of the area, there was the open-faced site, fronting on the bay of San Francisco and on the main Marin County road artery.

It was the highway down which traveled 40 percent of its breadwinners every single day on their way across the Bay Bridge. The Marin City public housing development was no back-alley tenement lost in a big city. It was solidly out in front for all to see.

It was also the toughest of sites from an engineering view. A small flatland rising abruptly upward with a ring of imposing mills.

It would have been easy to repeat the Lanham Act formula. Brown, wooden barracks pasted on the slopes, parallel to the contours of the hills. It was easier and it looked cheaper. Actually, that is not the case. It would not have been cheap to build, and certainly not to maintain.

So Aaron Green hit on the bold idea of multistory buildings at right angles to contour but yielding gracefully to the slope. Yet withal, he retained a sense of strength, of design, of beauty, a fitting accompaniment to the costly private developments envisaged for the upland acres.

For this imaginative design, Aaron Green has won the plaudits from experts all over the world. From the nonprofessionals, the commuters in Marin County, pleasure and relief that the barrack days of public housing was not here reproduced.

This is the project that the General Accounting Office has found unacceptable, and tells us is an abuse of congressional intent.

I take vigorous exception to this finding. So do many others who are competent in the field of housing and housing law.

Where did GAO err? It overreached itself in two respects. First, it arrogated to itself duties which were beyond its capacity to perform, and second, when conclusive evidence was offered, refuting its charges, not only did it fail to remand its case as closed, it pressed contentiously on with its report, determined to find some flaw. Certainly, it is the duty of the watchdog to press with vigor. The usefulness of the watchdog is impaired when it barks and snaps at an innocent passer-by rather than an intruder.

Now, as to the first charge of overreaching itself, let us note the situation as it existed.

I learned of the GAO report by a long-distance telephone call from San Francisco reporting on a press release to a San Francisco newspaper. As a most interested party, a member of the Banking and Currency Committee which has jurisdiction in these matters, GAO did not inform me of its findings, nor did it send me a copy of the report.

Thereupon I called GAO and asked for the supervisor on the Marin City report. I asked him a number of questions. "Did the GAO do a complete job at Marin City?" I emphasized the word "complete." He offered that it most certainly was that. I then said, "It went into all aspects?" I laid particular emphasis on the word "all." He vigorously assented. I then asked if the report represented "a rounded picture of the situation at Marin City." Again I was assured that this was the case.

So I asked certain specific questions. "Who looked into the history of Marin City?" The answer: "We have a big file here." I persisted: "But who put the history into perspective for your report?" The supervisor said that he did not know.

I asked who was the architect in the investigation team. The supervisor said there had been none. I asked who the planning consultants were. There had been none. I asked who the engineers had been. There had been none. I asked who had there been. There had been several accountants and a supervisor. That was all. Absolutely all.

Mr. Speaker, I ask how a complete, well-rounded picture of a complex housing project can be obtained under these circumstances? It reached architectural conclusions without an architect, engineering conclusions without an engineer, esthetic and historic conclusions without a planner. The answer is that it has failed.

This is the dilemma of the GAO. This is what I mean by overreaching itself. It decides things on an accounting basis and then proceeds to project evaluations of an entirely different order from these figures. It arrogates architectural, esthetic, engineering conclusions without competence.

Or are we prepared to make the accountants and their figures the masters rather than the instrument of Congress? Apparently so by some Members if we listen to the adulation which has been heaped on them in recent weeks. I may say that GAO is entitled to praise, but with Marin City as an example it seems to me this adulation should be more temperately evaluated.

I say that the way GAO operates is wrong. GAO's accounting at Marin City must be placed against the stormy, difficult history of that community. It must consider the incomparably beautiful, but difficult site involved. Further, it must consider the place and role of Marin County in the setting of San Francisco Bay, its economic, sociological, and environmental role. And this can be done, by the way. It is not impossible.

If GAO is to lay claim in any way to a complete report it must consider these things and more. It must consider the objectives of our civilization, our public housing objectives within that framework. To cite just one example, institutionalism breeds crime, despair and slums, declining purchasing power, productivity and tax receipt, if you like. Imaginative design in public housing can play its part in countering the trend. Has GAO considered this aspect? It has not.

So I say, a complete report must contain these considerations or GAO must get back to its job. Accounting standing alone means nothing, or less than nothing. An accounting story which purports to be the whole story is a travesty, and distorts the conclusion any report would seek to make.

Put in these terms, GAO would probably admit that its report was not complete or well rounded or a definitive statement of Marin City. In fact, it would deny that this is its assignment or jurisdiction. Yet, when GAO is not put to it in these terms, it goes on its merry way doing or acting as though it were authorized to make value judgments of these things. It will lay such claims as did the GAO supervisor on the job. And certainly when one examines their report, utilitarian and esthetic and engineering concerns are laid side by side without a qualm or a doubt.

One of the first things the GAO will tell you crisply is "We call 'em like we see 'em." With this they seem to think any discussion or criticism is at an end. They see themselves without fear or favor examining the works of the Federal agencies with their pitiless pencil. There is not a thread of doubt in their minds. It must be a most satisfying feeling. Yet, it seems to me they bring to all projects the built-in conviction of a lifetime that accountancy is the primary value. This means a host of prejudices and value judgments which, as far as I can see, Congress has never sanctioned. There is no bias more insidious than that of the man who believes he has all the answers and that he is above reproach. No, GAO is not guilty of the ordinary human failings of graft, corruption, or venality and this is most admirable. This awareness makes them the easier mark for the skewed results of their occupation. Competence in handling tools does not make for objectivity in the finished product.

This is an agency of evaluation which has not a single architect or engineer, but which does have over 2,000 accountants and 100 lawyers.

When one gets down to their report on Marin City, the analysis is hard to believe as worthy of a year's time by an investigating team. As I have said, it appears they were attracted to the Marin City housing project because it was a different treatment of a public housing problem. It seemed to conclude that when things are different, or bizarre, or unfamiliar, there must be malfeasance or inefficiency.

When each and every question by the GAO team was answered patiently by housing authorities in San Francisco and Marin County, GAO had to reach further and further in its quest. Since the costs for the project met the overall standards and requirements of law and regulation, then the investigators hit on the novel idea of examining the component parts of the project individually to see whether the individual components were excessive in cost. They found what they wanted, but again, only after torturing the facts. They took the estimates of costs rather than the actual costs incurred. They used only certain types of units that seemed to offer higher figures, the two-bedroom units, rather than averaging out all units.

Almost reprehensible was that the Marin City costs did meet statutory limits and GAO even admits so in a footnote. Yet, GAO did not decently bury its investigation and hope for better paydirt next time. It pressed on. This is what I mean by harassment and persecution when an investigation should conclude with a graceful, negative exit.

This kind of harassment has its penalties which we all have to pay. GAO agreed that total costs met the requirements, but that components did not. What does this approach mean to sensible design planning? It means sterility at best, chaos and an inability to perform at worst. It hamstrings design to place it at the mercy of such unpredictable and ignorant criticism. What is a designer for if he cannot accommodate—to give here, take there, all to solve a problem? Particularly as here at Marin City, acknowledged to be a tough problem? It just can't be done. Design suffers. Designers are increasingly unwilling to submit themselves to such inconsidered judgment. Let there be no mistake, the GAO tragedy at Marin City is widely known in the world of design and bitterly resented.

Since the investigators had to round out their report, they dwelt on architectural details in critical vein. This was a sad performance indeed.

Their criticism was based on the assumption that the project does not conform to section 15(5) of the Housing Act of 1937. They claim construction costs "may have been unduly increased because of uneconomical design features and use of expensive materials."

They specifically blamed this waste on exterior balconies, outside corridors, glass doors from living room and bedroom, tile roofs, and concrete block walls surrounding the drying yards. In making these allegations they failed to take into account the temperate climate of California, the beauty of the terrain, and the low administrative costs. Furthermore, they themselves failed to consider the provisions of section 15(5) which states:

> Every contract made pursuant to the Act * * * with respect to any low-rent housing project shall provide that such a project shall be undertaken in such a manner that it will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration.

Let us look for a moment at some of their details. Since the investigators knew nothing of design or architecture or planning and had not demonstrable knowledge of the problem involved, they had to fix on obvious things to criticize like the tile roofs, outside porches and sliding doors in the project buildings. This reminds me very much of the ordinary person buying an automobile. Knowing nothing of motors and other important aspects of locomotion, he settles for a study of dashboards, tail fins and the like. This may be as good a way to buy an auto as any other. It is not a good method for an agency like GAO which claims to do a complete evaluation for Congress.

Since GAO criticism of Marin City has become a cause celebre, let us look for a moment at these criticisms on their own terms in detail.

First they criticized the use of exterior balconies. They neglected to take into account the temperate climate of California, where it is standard and sound to provide some exterior space for human activity. The balconies are in constant use and provide the most logical use of space for the climate. They disregarded the fact that the interior space was reduced by 50 percent in order that the total area might include the balconies so that total square footage is average in every respect. The costs were comparably shored up so the total including balconies is quite respectably average. When examined in detail or as part of the whole, it is in no way luxurious. It is in every sense single and utilitarian. Being such, it is in the best tradition of design.

Second, the report denounced outside access corridors. However, when compared with the administrative costs of the lighted and heated interior corridors, the cost of the outside corridor is extremely low. For longtime maintenance, the cost is nothing. They are inexpensive to construct and require no paint or maintenance. It is impossible to make any sense of this objection.

The next item the report considered wasteful was the construction of glass doors. Let us begin with the fact that doors have to be provided. They provide access as well as ventilation. Aluminum frame slidings are an item used extensively in low cost private housing in the West. They replace the conventional windows of the East, and in so doing, make possible the economy of deep rooms with sufficient natural lighting, which would not be otherwise possible in complying with requirements of the Housing Code.

The GAO investigators next take off on the use of tile roofs. The decision to use tile roofs was based both on esthetic considerations and maintenance cost. They help to rid the development of the stigma of institutionalized housing. From a utilitarian aspect, they provide safeguards from potential and likely fires in the undeveloped area immediately behind the development. Furthermore, the long-lasting material makes maintenance cost almost nonexistent. This is no inconsiderable item in a project designed to last for 50 years.

Finally, the report condemned the use of the concrete block walls surrounding the drying yards. It is true that the initial cost is slightly higher than the cost of wood fencing. However, the auditors refused to consider the provision in the 1937 Housing Act requiring that administrative costs must be kept down as well as construction. Here the cost of the concrete wall is more than compensated by its permanence and freedom from maintenance.

It is quite apparent that the specific criticisms of the General Accounting Office hold no water. The cost of the construction is more than offset by the permanent nature of the materials which will assure a long life.

I regret to conclude that not only were the investigators out of their depth in the specific subjects selected for criticism, but they show no appreciation for differences in building styles between the east and west coasts. We, in the West make use as standard construction many things which are out of the ordinary to easterners. The items above which have been criticized by eastern GAO investigators which, according to their own upbringing and prejudices, could only be classified as strange and bizarre are actually most ordinary. We, from the West, find the criticisms leveled by the investigators as strange and incomprehensible and irrelevant. I am afraid that their background interfered with their ability to judge objectively what was unfamiliar—a common failing but not readily excusable in the agency which reports the rounded picture.

However, I am more concerned about the general implications of their report than its specific criticism which can always be answered. The conclusion one must draw from the direction of their report is that public housing should be institutionalized. It means every breath of imaginative design withdrawn. Yet, it has been repeatedly emphasized in Congress in recent years that public housing must be individualized and the demoralized standardization brought to an end. Without going into detail here, this need for individualism relates our growing awareness about the nature of delinquency, poverty, and the part that environment plays in our attack on these blights. Where is there any awareness of this congressional attitude? If GAO is going to evaluate, where is their evaluation of it in the GAO report which is, by its own statement, complete evaluation, taking into consideration all of the directives of Congress? Furthermore, the GAO report rejects any consideration to the esthetic qualities, the nature of the community itself, and the living standards of the residents.

Mr. August Heckscher, special White House consultant on the arts, recently spoke before a national conference of the American Institute of Architects. He warned us as follows:

> A civilization begins to manifest itself when men and women have begun to take thought about what they construct, and why, and to what end.

In order to "descend from a spiral of ugliness and irrationality," we must be in readiness to undertake on a large scale the kind of public works which are truly public—in the sense that they serve the highest interests of the citizenry; and truly works—in the sense that they are made to endure and to be judged by future generations."

He has also said in another place:

> It [the State] seeks through concerted action to lift men above private comforts and to give them some vision of public happiness. The citizens of such a state will have found themselves, because they will have found the purpose and values which they share with others in creating this world, in shaping these works, men are made more confident of their own destiny.

The GAO would reject this view, certainly for purposes of their function in government. I daresay it would do so with spirit and enthusiasm.

To some degree we have become a nation of accountants. The figure sheets have become sacred talismen. Among other things this leads to the destruction of beauty. One only need to look at the buildings going up in the Capital City of our country to see some of the most graceless architecture conceived by man.

This is the Capital City of the greatest Nation on earth. It should reflect that greatness with an architecture of imaginative sweep that would be the pride of our citizens who come to Washington by the tens of thousands to look, to see, to be proud and to be reinvigorated.

The age of accountancy stifles some of that. And let no man say that we can forgo beauty for utilitarianism. Utility is beauty, and has been so for all ages. The angry critic who accepts the barracks architecture at home is crossing to Europe by the planeload to see the outpourings of other cultures and other ages. It is quite clear to me that the Parthenon could never have been built under the watchful eye of GAO. Notre Dame at Paris would not have been attempted with GAO approval. We need not fear for our country when we are putting up great buildings of imaginative design. We need fear for ourselves when we stop doing it.

From our Capitol on the one hand to Marin City across a continent, the same lesson can be learned. Congress needs to give continuing vigilance to the broad purposes of legislation and to insure that its instruments genuinely forward the progress of our country. Admirable and steadfast as GAO is in the performance of its duties, it presents a dichotomy of purposes that should be constantly reviewed.

When it fulfills its function of saving taxpayers money, detecting fraud, deceit, waste, it is superb.

When it is passing judgment it is out of its field. Congress should take due note of this tendency and reject it. Either that or we should add to GAO the professional staff to give its conclusions currency and relevance.

THE BERLIN WALL IN PERSPECTIVE

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. BRADEMAS] is recognized for 60 minutes.

Mr. BRADEMAS. Mr. Speaker, I want to speak briefly this afternoon on an anniversary which I am sure is of great significance to all of the people of the United States and to all people who love freedom throughout the world, for just a year ago, on the 13th of August, 1961, the wall was erected in the heart of the great city of Berlin.

As I stand here this afternoon, evening is falling along the wall. Reinforced East German military police are warily patrolling the course of that infamous and ominous barrier. They hardly know which way to turn their machineguns—against what they assume might be provacateurs from the West or their diseffected brothers in the East.

This wall, this historic anomaly, can now be seen in the perspective of 1 year of its age. This afternoon, several of my colleagues and I want to discuss the wall in Berlin and something of what it means to us here in the United States.

In Berlin today no great observance, no special ceremonies were planned. West Germany's president flew there over the weekend in a U.S. Air Force plane and made a statement at the airport that this anniversary of the wall should not be marked as a holiday, even though it could not pass unobserved.

The sole note taken of the event of a year ago was 3 minutes of silence at noon, and the tolling of the freedom bell, in West Berlin.

Aside from that, West Berlin officials have sought to maintain calm and allow the protest of the people there to be a matter of individual expression—the real hallmark of a free society.

On the other side of the wall, however, the Communists have again revealed their ugly, insecure state of mind by bringing up military reinforcements. The Soviets are reported to have revealed how completely East Germany is their cat's-paw by bringing Russian troops in strength to the wall on this day.

I have taken the time of this House for a short while not merely to recount those events but because I believe this anniversary represents a day which must not be forgotten. I feel particularly strongly about the meaning of Berlin, moreover, because like a number of my colleagues in the House of Representatives on both sides of the aisle, I have had the opportunity within recent months to visit East and West Berlin and to see for myself the gray and stark character of the wall that divides that great city.

In a very serious sense, August 13, 1961, was a dark and dangerous day in many of its implications for us, but it was also the day in history on which communism confessed its own futility and frustration with a people it has governed for over a decade and a half.

The Berlin wall stands as a glaring testimonial of Communist failure, an admission for all the world to see and be reminded of. This is the first time in history that a wall has been built not to keep an enemy out, but to keep people in. The Communist claim to a better society stands exposed by barbed wire, masonry, walled-up windows, cleared ditches, bunkers, vehicle barriers, and even giant screens to keep their own people from seeing or signaling to those on the other side.

I recall very vividly how a few months ago, two of my colleagues, my friend the gentleman from Connecticut [Mr. GIAIMO] and my friend the gentleman from Iowa [Mr. SMITH], and I crossed the line that divides East and West Berlin at Friedrichstrasse in the American Zone, the only access point still open following the closing of the border on the 13th of August and the erection of the concrete wall. The wall, topped by barbed wire, then stretched nearly 25 miles through the heart of the city.

Accompanied by two U.S. Army officers we drove into Berlin on an Army bus and for 3 hours we moved through the streets of the Communist section of the city. I can assure you that the contrast between the two sections of that divided city is striking, almost brutal.

West Berlin is bustling, prosperous, crowded with cars and well-dressed people on the streets. The store windows are full of attractive products and at night neon lights glow up and down the main avenues. Compared to the West, East Berlin is lifeless and somber. The pace there is slower, the people in the streets fewer and older. The "vopos," or green-uniformed people's police, stand on street corner after street corner.

Mr. GIAIMO. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Connecticut.

Mr. GIAIMO. I am delighted to compliment the gentleman on his taking the time to advise the House of this important anniversary that is being celebrated today. I wish to join with him.

As the gentleman from Indiana told you, we had the privilege of visiting Berlin last fall and visiting both sides of the infamous wall. I think that the important thing to remember today is that this wall represents more than anything the failure and bankruptcy of the Communists, because the purpose of the wall is to keep the Communists and the East Germans in and to keep them from escaping to the West, where freedom exists. In spite of all these spectacular claims of communism, about their achievements both on earth and in space, the fact of the matter is that communism has created this infamous wall, which retains by physical force its people within its confines and controls them.

I commend the gentleman for pointing up this fact and bringing it to the attention of the American people.

Mr. BRADEMAS. I thank the gentleman.

Mr. Speaker, what caused the Communists to make this public confession—to act so obviously not from a sense of strength but of insecurity?

The world should be reassured that the so-called historical tide of communism was stopped and reversed at its highwater mark in Berlin not just by arms but by the protests and courage of tens of thousands of ordinary citizens.

The flood of rank and file people from East Germany brought communism to an ignominious halt—over 2,600,000 escaped since the records were started in 1949. They came at an average rate of 4,000 a week.

In July, the last full month before the wall went up, 30,000 fled to West Berlin alone.

On the grey, showery day of August 12, 1961, the day before the wall went up, the line of refugees at Marienfeld contained 2,400 people.

Of all those who escaped, about 50 percent were 25 years old or younger, having been only 9 years old when the East German puppet regime took over and began years of Communist indoctrination.

The refugees included a high percentage of professional people. But most were workers fleeing the so-called "paradise of the workers." One Soviet official has complained that the equivalent of over a billion and a quarter dollars had been spent to train and indoctrinate those who went west.

It is no wonder that Communist officials finally admitted failure and, in a desperate, brutal move, sought to cut off their captives from the rest of the world.

The so-called wall itself is also a typical Communist barbarism that reveals how primitive the Soviets are here on earth, no matter what they do in space. As Secretary Rusk said when he saw the wall on his recent trip to Berlin:

> It has to be seen to be believed. It is an affront to human dignity.

As General Eisenhower has said:

> That wall is evidence of the weakness of the Soviets. It acknowledges the failure of their system to gain the respect and loyalty of their own people, for its purpose is not to keep us out, it is to keep their downtrodden, unhappy people in.

The huge, alarm-equipped fence is topped by barbed wire, and at some points is over 16 feet high. And for most of the 30 miles that it runs along the zonal border between East and West Germany, it is backed in depth—first by a 33-foot-wide death strip; then 80 to 130 feet of plowed land, followed by another fence, then a mine field 80 feet wide; then still another fence, and a security strip 420 feet wide, with watch towers and all trees, shrubs, and houses removed. After that is a so-called protective stripe 1,550 feet wide, planted with low-lying crops; and behind that is an off-limits strip 3 miles wide, in which a person can enter only with special identification papers.

For me, and I would think millions of Americans, that barrier represents better than anything else the clumsy oppression and ugly insecurity of the Communist mind.

Through the heart of Berlin, tank traps and other military devices have been added; and along the rivers extra guards and barbed wire have been placed.

Yet even with these elaborate precautions, refugees continue to try to escape, crashing cars through the barriers, jumping from windows, trying to swim rivers, and making other desperate efforts.

Mr. Speaker, I know that all Americans, regardless of their political affiliation in our country, whether they are Democrats or Republicans or independents, join in expressing their firm support of and faith in the people of West Berlin and in voicing their deep regrets that this incredible barrier should have been stretched across the heart of Europe. As that remarkable leader of West Berlin, Mayor Willy Brandt, said:

> One feels today about the Wall of Shame exactly what one felt during the first hour of its existence: it is a permanent provocation. It is an affront to every person who respects freedom and human dignity.

But, Mr. Speaker, while we work for the removal of the wall and for the opening of greater communication between us and the Soviets and for the freedom of all people, let us not ignore the meaning of the wall so long as it stands—the failure of communism with those whom it is supposed to serve.

Mr. Speaker, I have read with great interest an excellent article by the distinguished American whom President Kennedy recently sent as his personal representative to Berlin, Gen. Lucius D. Clay, who earned renown in the United States and throughout the world for his splendid role as the symbol of the spirit that broke the Soviet-imposed blockade of Berlin in another generation. I refer to an article in the New York Herald Tribune of August 12, 1962, and I ask unanimous consent to include it in the RECORD at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:

IN BERLIN—THE FATEFUL MOMENT

(By Gen. Lucius D. Clay, U.S. Army, retired)

In Berlin there is a gloomy anniversary tomorrow, macabre in the making, which leaves the Western world anguished and perplexed.

It's the first anniversary of that hazy August morning a year ago when the Communists sealed off East from West Berlin with a man-made wall of mortar, brick and barbed wire.

The wall dividing Berlin—an attempt to insulate East from West—is uniquely harrowing in contemporary history. It was put together basically to keep people from running away from a part of Germany that calls itself, through Soviet fiat, "The German Democratic Republic."

It is neither Germany, nor democratic, nor a republic. Soviet power imposed a Communist clique to rule and it stays in business only through the administration of Soviet power. Yet its ability even to rule arbitrarily in the East zone was being severely challenged by the people who despise the regime.

They had taken to running away, normally to West Berlin, in such vast numbers that the ramshackle edifice of the East zone and its economy was disintegrating rapidly. The go-ahead to build the wall, the first time an international boundary line was ever established unilaterally within a great city, obviously was given by the Soviet Union.

PURSUIT OF LIBERTY

It was, to be sure, a sign of desperation, but it also showed to the world, in the garish execution of the wall, that Soviet power would rudely ignore world outrage at the sight of a barrier separating and sealing off half the old German capital.

The compulsion for the pursuit of liberty persisted in the year since the Communist wall was raised like a brooding hangman over the city. Thousands of men, women, and children have managed through ingenuity and determination to escape.

They came through tunnels, burrowed beneath the wall. Others swam dank canals, Communist police bullets kicking the water viciously around them. Some even jumped, from tenement windows fronting on the wretched wall, to safety nets spread below in West Berlin.

Quite a few others failed. They were shot to death while trying to escape to another, freer and better life. A strange reason so to risk your life. Strange, that is, for the apparatus that rules by doctrinal power in Communist-held nations.

A year after the wall went up, the Communist regime in the Soviet Zone has by no means solved its problems. Food is in shorter supply than ever, reports of restiveness grow and Red Proconsul Walter Ulbricht is in the Soviet Union consulting with Premier Khrushchev. The last time he went to Russia on a special mission, he returned with a green light for the wall.

Another episode in the Berlin problem, difficult and somewhat twisted, seems to be building up to confront the West. Mr. Khrushchev, as we remember, created the first phase of the problem that culminated in the wall.

That was in November 1958. Mr. Khrushchev startled the world by declaiming that conditions in Berlin were contrary to what they should be—from his point of view, anyway. They, therefore, had to be corrected. If the West wouldn't participate, then the Soviet Union would go it alone with its satellites.

Mr. Khrushchev wants a treaty with East Germany to give it the respectability of recognition. That's his maximum demand from the West. If we refuse, he says he will sign one himself. That he can do, but he cannot unilaterally drive the Western Powers out of Berlin.

The alternative measure for the Russians and their discredited East Zone regime is to apply a classic Communist method: "Salami tactics." They cut off a right here and a usage there. Gradually, the objective is maimed and defenseless. The result, as it has been in the past since World War II, is collapse or withdrawal.

To avoid being cut up in the exposed position that is ours in Berlin, there must be stern measures adopted by us and our allies. They are stern only because we haven't thought about them much through the years and have used them only in dire emergency. Nevertheless, they are our rights and have been used before.

One such step is the routine use of armed aircraft to fly the air corridors to Berlin. These airlines were, by mutual agreement, assigned to us as far back as 1944. That was when the European Advisory Commission worked out agreements on German boundaries with the Soviet Union.

Right after the war, we used those air corridors for armed planes regularly. There were, at the time, no other kind of planes going to Berlin. Later, commercial aircraft of the three Western Powers used the corridors. During the grim blockade days of 1948-49 we airlifted the necessities of life to beleaguered Berliners in armed aircraft.

However, for many years, we have not used the corridors for armed aircraft flights. I have felt that use of such planes flying the corridors to Berlin should never have ceased. They should have gone in and out of Berlin regularly, through the years.

ACT OF CONQUEST

It is far better to continue these flights as a matter of right so it becomes a routine affair. Otherwise, it gives the Russians an opportunity to declare that we have forgone, or abdicated, that right, or to charge us with aggressive intent if we use it in an emergency. It also enables diffident voices among our allies to say that while we may have had such rights, why bother exercising them again. Such a stand could be fatal.

I believe that, in order to protect our position in Berlin, we must meet every Soviet action to deprive us of our variegated rights to be there. The United States is in Berlin by the act of conquest. Normally, an acceptable treaty of peace is in time arranged.

But you should not—indeed, you cannot in parliamentary society—force the responsibilities of a peace treaty down the unwilling throats of people. They should be prepared and willing to accept those responsibilities. Imposing treaties, as was done in Soviet Europe, has left tens of millions in bondage.

WE'RE THERE TO STAY

When our allies and we broke the Soviet-imposed blockade in Berlin in 1949, it proved with active deed the fact that we were prepared to meet a Soviet challenge in a vital area. We proved that we were there to stay. It was the first tangible evidence in the postwar world that the United States could—and would—counterchallenge based on force.

There are all sorts of artful plans afoot and high-sounding proposals about how indefensible it is for us to stay in Berlin. The theme usually is: Too great a risk.

I believe it is much worse and dangerous, perhaps catastrophic, to accept a proposal that takes us out of Berlin. The next phase probably would see Soviet pressure applied to Scandinavia and to our allies there to forget association with the United States. The pressure might be too strong to resist in light of any American withdrawal from Berlin.

PROBLEM, NOT CRISIS

Moreover, West Germany must be regarded. What would her role then be? All sorts of ugly possibilities arise, including an attempt to make her own way with the Soviet Union; or, a renascence of violent nationalism.

When we react within our rights to force and show determination, the Russians back away. This has an incalculable impact on Western Europe. Our allies, I believe, would pause and reassess their positions if we left Berlin. Some criticize us for too much inflexibility now. If we were to leave Berlin, I daresay they'd be the first to shrink away from such a move. Even the critics, as after the blockade, would not want to see the United States walk out of Berlin.

In this context, remember that the right of self-determination is at stake. How can we, if we abandon Berlin or accept the type of offer the Russians make now, genuinely justify self-determination in other parts of the world? You cannot give away people who do not belong to you.

What is largely forgotten, I think, is that there is no crisis in Berlin. Sound sensational? Not at all. Berlin is a problem, a continuing problem and it is wrong to speak, I believe, of another Berlin crisis. The crisis that exists is a European crisis.

Only within a broader settlement in Europe can there be a satisfactory solution to the Berlin problem. Until that day arrives, the United States must for Berliners, especially, and Europeans, generally, remain in Berlin and stay steadfast to our rights there.

As I have promised, I will periodically visit Berlin. I returned there on a brief visit last month. I intend to go again in October—unless the schedule is suddenly altered by some new inflammation of the problem. Then, I will fly to Berlin much earlier.

Mr. Speaker, I want to quote a statement General Clay made in this article and to associate myself with his views. He said:

> There are all sorts of artful plans afoot and high-sounding proposals about how indefensible it is for us to stay in Berlin. The theme usually is: Too great a risk.
>
> I believe it is much worse and dangerous, perhaps catastrophic, to accept a proposal that takes us out of Berlin.

I strongly agree with the view expressed by General Clay, and I would hope that all Members of this House would share that outlook with him.

I also ask unanimous consent, Mr. Speaker, to insert at this point in the RECORD the text of an article published in the South Bend, Ind., Tribune of October 5, 1961, following my visit to Germany.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The matter referred to follows:

UNITED STATES STANDING FIRM ON BERLIN: BRADEMAS

U.S. Representative JOHN BRADEMAS, of South Bend, today reported that the American Government is determined to maintain the freedom of West Berlin.

BRADEMAS, now on a tour of Russia, said his analysis of the Berlin situation was a result of a visit to the city and an interview with Gen. Lucius Clay, personal representative of President Kennedy.

In a letter to the Tribune, BRADEMAS, a Democrat, wrote:

"General Clay told me, 'In all my time and experience with Berlin, I have never known our Government to be more determined than it is today or to have taken as strong a position.' General Clay made this statement in reply to a question I asked him during a frank 35-minute discussion in his U.S. military headquarters office here following a half-day tour of Communist-controlled East Berlin which Congressmen ROBERT GIAIMO, Democrat, of Connecticut, and NEAL SMITH, Democrat, of Iowa, and I made.

CONFIDENT OF MORALE

"'I am confident,' General Clay told us, 'that the morale of the people of West Berlin is strong and that they have complete confidence in the determination of the United States and the Allies to maintain their freedom.'

"The three of us crossed the line that divides East and West Berlin this morning at Friedrichstrasse in the American zone, the only access point still open following the closing of the border on August 13 and erection by the Communists of a concrete wall. The wall, topped by barbed wire, stretches nearly 25 miles through the heart of the city.

"Accompanied by two U.S. Army officers, we drove into East Berlin on an Army bus and for 3 hours moved through the streets of the Communist section. The contrast between the two sections of the divided city is striking, almost brutal.

"West Berlin is bustling, prosperous, crowded with cars and well-dressed people on the streets. The store windows are full of attractive products and at night neon lights glow up and down the main avenues.

EAST IS LIFELESS, SOMBER

"Compared to the West, East Berlin is lifeless and somber. The pace there is slower, the people in the streets fewer and older. The 'vopos,' or green-uniformed 'people's police,' stand on street corner after street corner.

"Even at 10 in the morning we saw few people in the Marx-Engels Platz or Little Red Square, where military demonstrations and Communist parades are held where Khrushchev has spoken on several occasions.

"We drove down the famous Unter den Linden and then down Stalinallee where we stopped to see the statue of Joseph Stalin which is across the street from the East German Ministry of Youth and Recreation. As I looked at the statue, a passing German, probably in his sixties, caught my eye, jerked his head toward the statue and said to me quickly and quietly, 'Nicht gut!', 'No good!'

"We saw few Russians in East Berlin, one truckload of young soldiers and elsewhere two Soviet Army officers. One of them watched us from a nearby street corner as we got out of our bus in front of the Brandenburg Gate on the Communist side. Only two vopos patrolled the gate. One with a rifle on his back, the other with a submachine gun. We were warned not to photograph them and we did not.

CROSS WHITE LINE

"Although we were surprised to see so few troops on either the east or west side of the Brandenburg Gate, the concrete and the barbed wire made an imposing enough barrier.

"Returning to West Berlin at the Friedrichstrasse checkpoint, we crossed the white line that marks the border. Twenty feet from the line on each side of the narrow street rises the wall, a slab of concrete 3 feet high and topped by six strands of barbed wire. A few refugees still trickle through to freedom daily but no man's land patrolled by Communist guards is making the flight more deadly every day.

"The tension that we in America feel about Berlin is not apparent on the surface of West Berlin. 'We have lived through so many crises,' Berliners say.

"But more careful probing in conversations makes clear that the West Berliners, too, feel this crisis significantly different.

"It is the concrete wall that makes the difference—and they are uneasy.

" 'We are here because Berlin is our city,' one intelligent and sensitive girl in her twenties who works for the West German radio station told me.

" 'But we can stay only because you Americans are here and help us to stay.' "

Mr. BRADEMAS. In conclusion, Mr. Speaker, let me say that I am sure I echo the views of all Members of this House and all the American people in expressing our own faith in the courage of the people of West Germany and in reiterating to them our united determination to stand with them.

I suppose that the thought of the people of West Berlin is no better expressed than in the words of the distinguished Lutheran bishop, Bishop Otto Dibelius. My colleagues and I passed the church in the East Berlin sector in which he used to preach from time to time before the Communists forbade him any longer to do so. Bishop Dibelius in quoting the Eighteenth Psalm, I think summed up exactly what my colleagues and I, and I am sure, the American people feel about the meaning of Berlin and the abiding faith of the people of West Berlin when he said:

"By my God have I leaped over a wall."

Mr. Speaker, may the day soon come when the ignominy of the wall in Berlin is removed and the people of both East and West Berlin once again move in freedom.

Mr. Speaker, I am glad to yield to my distinguished colleague, the gentleman from Oklahoma [Mr. Edmondson].

Mr. EDMONDSON. Mr. Speaker, on this first anniversary of the sealing off of East Germany, I want to speak to you for a moment not about the infamous wall—that dark and hulking monument to Communist faith and Soviet futility—but about the success of freedom in the shadow of danger; the shining example of free men and women living undaunted on the razor's edge of peril—with expanding prosperity and hope—in West Berlin.

The building of a free society here on earth, by hundreds of thousands surrounded on all sides by danger, cannot be obscured by either the remarkable Soviet space feat of the last several days, or by the peril the world faces if the Russians should try to parlay their space success into a muscle-flexing challenge to West Berlin's freedom in the period immediately ahead.

It is now clear that the Communists made one of the strategic blunders of this century when they reared a mute and ugly concrete barrier for themselves beside a great and open city—a city in which people are free to move and speak and think as they please, building an enriching life and progressive community for all the world to see.

The Soviets cannot wipe out with propaganda or advancing armies, or even with space feats, the unforgettable picture the world has gained this past year of the failure of the Communist systems when placed side by side with a free society and forced to compete in practical, everyday terms that people everywhere understand.

But on this anniversary of the wall, what is really important is not what the Communists did, or may do—we have come to expect stupidity and harshness from them—but what those who believe in freedom have done, and now are doing. West Berlin provides an example which should be kept well in mind, whatever the challenge.

I, for one, am proud that in that city the West is meeting a great test constructively, not destructively, and with firmness, not foolhardiness.

For our part, Vice President Johnson set exactly the right note when he visited West Berlin immediately after the wall went up. His words are to be remembered:

> To the survival and to the creative future of this city we Americans have pledged, in effect, what our ancestors pledged in forming the United States * * * "our Lives, our Fortunes and our sacred Honor."

That pledge carries America's commitment and determination, for ourselves and for West Berlin. President Kennedy's prompt action increasing the Nation's military strength gave muscle and meaning to our pledge.

The President's designation of Gen. Lucius Clay as his personal representative in Berlin, and the augmented U.S. battle group that was sent to the city across the East German corridor, demonstrated our national solidarity there; and General Clay's calm tactical control thwarted Soviet attempts to terrorize the area militarily and psychologically, time and time again.

Among the people of West Berlin—those on the frontline of this cold war battle—the example of cool courage and personal determination provides a standard for our times.

When the wall went up, the West Berliners did not panic or despair. Mayor Willy Brandt and the city's other leaders never faltered or weakened. The city's economy did not collapse or wither.

Instead, West Berlin has stood firm in spirit and in conduct. It has not been victimized from within by either the faint of heart or the foolhardy.

Today, West Berlin is strong of heart and also strong economically, despite the repeated threats to it. Its shops bulge with goods. The streets are crowded with prosperous citizens and more than 200,000 automobiles. Since the first blockade, it has generated 320,000 new jobs. Since the walls, it has generated job openings at the rate of 15,000 a year; and it now has available more jobs than workers.

The city is also once again a rich cultural capital, as well as Germany's greatest industrial center. And instead of an escaping stream of refugees, there is now a growing influx from West Germany, particularly of young people with confidence in the city as a place to rear their families and build a new life.

The faith of the people of West Berlin has been tangibly concurred in by a steady inflow of private American investments: A new IBM building which will bring computers and an automation center to the city; the continuing progress of the Warner-Lambert pharmaceutical complex; the expanding operations of Merrill Lynch, Pierce, Fenner & Smith. Yale & Towne is starting a new lock factory, and the Ford Motor Co. is planning a new spark plug factory. Brunswick is even building new bowling alleys there—and there are many other American investors, as there were before the wall, who believe that private enterprise must also take its stand on the frontier of freedom.

In contrast to the lights that shine in West Berlin, East Berlin today, despite an occasional glittering facade, is a city drab of spirit and economically depressed. At times, parts of it are almost deserted.

The surrounding countryside of East Germany, once an area of agricultural surplus, is now an area of agricultural deficit, despite a sharply reduced population. Once a producer of quality goods, its machine products are often so ill made that they have embarrassed Soviet bloc aid efforts in other parts of the world.

Caught in a closed and sullen society, it is no wonder that thousands of East Germans still seek to flee despite the wall and land mines, the barbed wires and tanks and machineguns.

The number of refugees who now escape is kept closely guarded so that the Communists will never know how badly East Germany is still being bled. But the extent of unrest and latent rebellion is indicated in the fact that some 400,000 Soviet troops, plus puppet police, are required to keep the country under the heel of Russian colonialism.

The contrast between West Berlin and the closed society that surrounds it is the difference between freedom and communism—made clear anew each day for all the world to see. It is a contrast between personal liberty and political slavery, between individual initiative and coercive, bureaucratic subjugation, between life-giving hope and utter despair.

The West Berliners are building their city in the midst of danger, knowing that they live at the very tip of the sword in the struggle between East and West. Their courage, above all their steadfastness, is a measure for all of us. Better than some in our own country, they seem to know that the real strength needed to combat communism is built not of bombast and belligerence, nor one-shot solutions that over-react to danger, but comes from solid economic growth and rising living standards and, above all, a stalwart and courageous spirit among rank and file citizens.

The lesson of West Berlin, I believe, provides a moral for free people throughout the world. A lesson in courage and strength, most certainly, but also a lesson in perseverance and industry. Above all, it is a lesson in constructive determination as opposed to blind flight or destruction.

In building an open society, as complex and difficult as that is, while communism relies on a wall and now an ironically-timed space exploit, West Berlin offers new hope for freedom everywhere—a freedom guarded with military strength and steadfastness, but actually built of the work and will of many free people. That for me is the greatest significance of West Berlin today—a significance that we in this country must keep clearly in mind.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Texas.

Mr. GONZALEZ. I would like to state to the gentleman from Indiana [Mr. BRADEMAS] that I personally am very grateful for the tenor of his remarks, as well as those made by the speakers who preceded him and the speaker who has just followed him.

Mr. Speaker, it was the privilege of a group of us to have been in Berlin this last April during the Easter recess. Some of us went because we had the opportunity presented to us by the U.S. Army. It was a distinguished group, headed more or less by a veteran Member of the House of Representatives, the gentleman from Illinois [Mr. LIBONATI]. We saw for ourselves this monument to human stupidity known as the Berlin wall. We saw the pathetic little memorials that the people in West Berlin had erected in honor of those who had jumped out of some windows trying to seek freedom. The thing we could not help but notice was that the Communists were trying to do what has never succeeded in the annals of mankind, and that was trying to fence in people. Obviously, that was the reason for the erection of the wall. But it is a most pathetic thing in the 20th century. Were it not for the stamina and the ability of the German people themselves, I am afraid that this action would have already precipitated hostilities and further bloodshed. It is my hope that because of the awareness in the American Congress and among the American people, as epitomized and reflected in the remarks today by the gentleman from Indiana and his colleagues, it is there that I feel the hope really is, the fact that our Nation as the No. 1 leader of freedom and liberty is very much aware of this tragic symbol that is represented by the Berlin wall.

So, Mr. Speaker, I conclude, as I started, by congratulating sincerely my colleague, the gentleman from Indiana [Mr. BRADEMAS], and my other colleagues for taking time out on this day to mark the anniversary of this terrible construction known as the Berlin wall.

Mr. BRADEMAS. Mr. Speaker, I thank the gentleman for his eloquent and gracious remarks.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Speaker, I should like to associate myself with my colleagues who have spoken previously this afternoon on this first anniversary of the construction of this hideous wall. This ugly barrier between East and West Berlin really has to be seen and examined firsthand in order for its meaning to be truly comprehended. It brings into focus the one symbolic object of the hideous and the evil of the totalitarian mind. It may be unique in history. In medieval times cities might have built walls around themselves to protect their citizens from invasion or from marauding aggressors. But I believe, however, that this is the first time in the history of civilized mankind that a wall has been built around a city to keep its own people in. I had the privilege of seeing this hideous structure last October in Berlin. For 27 miles its cold gray concrete separates the city, brother from brother, child from mother, friend from friend. It rises to a height that shuts off vision and set into its concrete top are irregular rows of broken glass, reinforced by outward slanting lines of barbed wire. The manpower and material which went into its construction might otherwise have built 3,000 modern homes for East Berlin, a city which is short of decent housing. The money it absorbed could otherwise have mended many hideous scars of war that still mar the once fair face of East Berlin. Or it could have been used to ease the much human misery in that citadel of suffering. But instead they built a wall.

It stands for all the world to see, an act of fearful desperation. The construction of this wall by the Communist puppet state of East Germany is a confession to the world that not only were they unable to build a worker's paradise in 14 years, they were unable to build even a sufficiently attractive society to hold their own people.

Prior to the construction of this wall, Gen. Lucius Clay believes that the Communist regime of Walter Ulbricht was on the verge of collapse, bleeding through its pores as 3,500 of its citizens daily fled its terror and its joyless uniformity. To find freedom through the escape hatch of East Berlin while the Communists have greatly stanched the flow with their wall of concrete and their Communist armed patrol, about 35 people a day were still managing to climb, crawl, burrow or swim into West Berlin at the risk of their lives.

This wall has made East Berlin a prison. No effort has been spared on the part of the Communists to snuff out across its path every flickering candle of free expression, of free communication. In sections where the line separating East and West coincides with the outer walls of apartment buildings, even the windows which opened onto the West have been bricked over, crudely, but effectively, denying East Berliners the very sight of their more attractive sister city. No expense has been spared to jam the radio broadcasts which have been bringing the light of truth into that prison state. So fearful are the Communists of the free interchange of ideas and the free availability of truthful information that they spent more money jamming those broadcasts to prevent their being heard within their prison state than we spent on the broadcasts themselves.

How obvious it must be to all who see it that the Communist masters of the prison state could not endure the continued comparison between these two halves of the same city, the one slave and the other free.

If all the people of the world could but inspect this wall and see the stark and vivid contrast of life on those two sides there would be no Communist problem anywhere.

Today this wall is a major focal point of the world's attention. Its meaning is profound. It transcends the temporality of headlines. Its very concept epitomizes that which is restrictive and repressive. How symbolic this long and ragged barrier of unsightly cement slabs topped with barbed wire and cruel jagged glass. It is, Mr. Speaker, the embodiment of the inhumanity of those who think that people can be caged like animals. It stands, this wall, a horrifying monument to that philosophy which strives to erect about the human mind impervious barricades to undesirable thought and generally tries to isolate the human spirit from Him who gave it birth. It distills into uglier form the very essence of brute force which ever seeks to triumph over reason. Yet it shall not prevail. All history cries out against it, and the voice of man, ascending to ever higher planes of reason, echoes through the corridors of time to damn the wall.

Mr. BRADEMAS. Mr. Speaker, I yield to the gentleman from California [Mr. COHELAN].

Mr. COHELAN. Mr. Speaker, I should like to compliment my colleague, the gentleman from Indiana, for his vision and foresight in asking for this time to discourse on this tremendous subject at this time and on this day. My colleague from Indiana has spoken here today of that gray testament to the Communist mentality, the Berlin wall. The gentleman from Oklahoma [Mr. EDMONDSON] and the gentleman from Texas [Mr. WRIGHT] have also pointed out the hardy vitality of West Berlin and of freedom.

I want to take a moment on this anniversary to look closer to home—to some of the meaning of what has happened, almost 4,000 miles from our nearest shore, for ourselves.

Through the press, television, and radio, Americans have come to see the people and buildings and streets of West Berlin, and the wall itself, quite as well as many other parts of our own country.

The past year has brought into millions of U.S. homes the vivid picture of a city much like Chicago, Seattle, Kansas City, Boston, or Houston.

I believe there is need to be equally explicit about West Berlin in terms of our own national policies and individual resolve. For two historic systems—ours and the Soviet Union's—are pitted in direct confrontation and urgent competition there. No feats in space, nor the signing of any separate treaty, can really change the precarious testing in depth that is going on in that city between these two great powers. Only the long and deliberate perseverance of the free world can assure lasting victory in this struggle.

Some of the essential conclusions to be drawn by this country from the events of the last year in Berlin, I believe, are these:

First, it has again been demonstrated that strength is the essential precondition to securing peace and freedom—strength in blunt military terms, and strength of will and conviction.

I have little doubt that the Soviets would overrun West Berlin without the slightest qualm if this country did not have the power and determination to fight for that beleaguered city with whatever means might be required. President Kennedy's rapid increase in our military strength and his unequivocal reaffirmation that we will stand firm there, whatever the consequences, are language that even the Soviets understand.

But equally important, the Communists would subvert West Berlin from within if its people did not have the fortitude to persevere regardless of the danger. In this, too, strength of arms and spirit are the decisive factor.

Second, our future, and the future of the free world, are now inseparably linked to the continued freedom of West Berlin. Let Chairman Khrushchev not doubt that for even a single moment.

The Nation's three Presidents since World War II have pledged that without equivocation, and the country stands with them in that commitment, with practical unanimity.

As Henry Schwartz wrote in yesterday's New York Times:

> If the Soviet Union were to impose its will on the West regarding this issue, it would be a major defeat with the most profound political and psychological potentialities.

Neither President Kennedy nor the American people could be firmer that that shall not happen, whatever the cost.

Third, free men and women are more than a match for communism when called upon to support their essential interests and liberties. Certainly that is reflected in the response of not only the people of West Berlin, but of America, since the wall went up a year ago today.

A timely comment that points to the same ultimate historic conclusion was made by Allen Dulles just this last week. While speaking in San Francisco, he said that after many years of intensive study of communism he is "a confirmed optimist." His reason was that—

> Communism is still trying to wall off its subject populations at a poignant time when everywhere the human instincts, the logic of existence, in the mid-20th century, call for a coming together of mankind in the sharing of ideas, of resources, of cultures, and experience.

The drama of Berlin documents that personal judgment with moving eloquence.

The fourth point that I want to draw from the events of the last year in West Berlin, is the importance of looking at our problems abroad as they really are, as specific demanding, widely diverse challenges to be met and won.

In circumstances such as those when the wall went up and the life of a great city has had to be assured, that is no time for easy gimmicks, nor to let slogans and oversimplifications substitute for firm and rational policies that must cope with a wide variety of conditions as they actually are, not as someone might want them to be.

The West is winning in West Berlin because it is facing real problems and real needs, while the Soviets have failed on their side of the wall because they have tried to impose a rigid ideology and an arbitrary state of mind.

It is imperative in Berlin, as elsewhere in the world, that we continue to look at the hard realities as they really are—that our firmness be constituted not of blind bullheadedness but of confident strength and flexibility, or resilience and perseverance. Let no one doubt our unity of purpose—our determination to be victorious. But let no one seek to deny our leaders and the Nation an arsenal of various weapons and means to achieve that victory. A great disservice is done by the extremist few who confuse the country's genuine unity of purpose with the diversity of means—the range of skills and subtlety—needed to carry on this battle.

The fifth and final point that I think needs to be brought home on this anniversary of the wall, is that the greatest demand upon us in Berlin is not behind but ahead—perhaps imminently ahead.

The threatened signing of an East German treaty by Khrushchev, conceivably in the shadow of the Soviet space feat—the possibilities of a trip by the Soviet Premier to New York—to the U.N.—to defend and proclaim his perilous objective in Berlin—our immediate and long-range protection of the freedom and individual confidence of West Berliners, and the repeated testing and reassertion of our access to that city; in events such as these the period ahead is heavy with responsibility and consequences for all of us.

Courage will be needed, but so will exacting competence and deliberate judgment. We are united in our determination to stand firm in West Berlin. But our objective is not merely to hold back the Communists but nuclear holocaust as well.

In this task the President is entitled to the full backing of the entire Nation. In the weeks and months ahead there will undoubtedly be delicate discussions—discussions which reinforce our vital interest in West Berlin yet recognize, as President Kennedy said a year ago:

> We recognize the Soviet Union's historical concerns about their security in Central and Eastern Europe, after a series of ravaging invasions—and we believe arrangements can be worked out which will help to meet those concerns, and make it possible for both security and freedom to exist in this troubled area.
>
> For it is not the freedom of West Berlin which is "abnormal" in Germany today, but the situation in that entire divided country. If anyone doubts the legality of our rights in Berlin, we are ready to have it submitted to international adjudication. If anyone doubts the extent to which our presence is desired by the people of West Berlin, compared to East German feelings about their regime, we are ready to have that question submitted to a free vote in Berlin and, if possible, among all the German people. And let us hear at that time from the 2½ million refugees who have fled the Communist regime in East Germany—voting for Western-type freedom with their feet.

In this difficult passage I hope there will be no voices of little confidence that deny the capacity of this Nation of Yankee traders and southern stalwarts to conduct such negotiations successfully, in the best interest of ourselves and the people of West Berlin and free people everywhere. And I hope there will be none here who will forfeit to others abroad the ultimate decision as to how we should steer our course and conduct our defense of freedom in West Berlin or anywhere else.

The Berlin wall is not just a physical obstruction but a state of mind. The Soviets have not solved their basic problems but only intensified them with this barrier. I hope there will be none in this country who will similarly seek to wall off our contacts and our seeking for peace and freedom and mutual understanding in the world.

We are at a great testing point in history. In an age of intercontinental missiles and hydrogen bombs, this can be a time that tests the stamina and clearheadedness of not just our leaders but our entire citizenry.

I have confidence in the final outcome. But let us recognize that it will take the strength and perseverance and patience of every American. That is the real importance of Berlin for all of us today.

Mr. BRADEMAS. Mr. Speaker, I thank the gentleman from California for his penetrating analysis; and I now yield to the gentleman from Georgia [Mr. HAGAN].

Mr. HAGAN of Georgia. Mr. Speaker, I want to echo the comments of my colleagues, the distinguished gentleman from Indiana [Mr. BRADEMAS] and the gentleman from California [Mr. COHELAN], regarding the determination of our country to remain firm in our stand against the Communists in East Berlin.

Last year President Kennedy let the world know in no uncertain terms where we stood against communism; and as one Member of Congress I am with him today and with all the leaders of this Government in not backing up one inch against the Communists in East Berlin or anywhere else in the world.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, I share the views that have been expressed by a number of Members who have preceded me. Unfortunately, I have not prepared any remarks in advance concerning the subject, and I regret there are not more Members on the floor at this time.

I, too, was in West Berlin on the occasion of the NATO Conference in Paris last year. The West Berlin Government invited all members of NATO to come to West Berlin and see this horrible wall. We were guests there of the West Berlin Government. We saw what had happened and how families were separated.

Many of us crossed the line, as did the gentleman from Indiana, and saw the great contrast between the free West Berliners and the persons under Communist domination in the East. There was a tragic day in the history of Germany and in the history of Berlin. The people with whom we talked could speak of nothing else except August 13, when the wall was thrown across the border.

One thing that does occur to me at the time Members are bewailing the fact this wall was built is that it stands as a wall not only to confine the East Berliners but of our policies at the time.

You know, General Clay said "the wall should never have been allowed to be built." Our Berlin commanders were dependent on orders from Washington. They immediately requested instructions and they received none until after the wall was built. A portion was built, then the Communists waited a while to see what was going to happen. Nothing happened on the side of the free world, so they completed the job.

I had occasion to talk to an East Berlin policeman who had escaped from East Germany. We, with a group of other members, in talking to this young policeman asked him, "Young man, what were your instructions at the time this wall was constructed, if the Western people came in and knocked it down? Were your instructions to fight?"

He said, "We had no such instructions. Our only instructions were to retreat and protect the state buildings."

Apparently they were testing us. I do not think that we stood up to the test, and I think the wall is a monument to irresolution. We should not forget that we have some responsibility for the existence of this wall as it now stands.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Mr. Speaker, I would like to commend the gentleman from Indiana [Mr. Brademas] for taking the time today to mark this first anniversary. He has a long history in Congress of standing up and pointing out the evils of communism, and certainly by marking this anniversary today he again has made it possible for us to join in pointing out how the Berlin wall is a monument to Communist bankruptcy.

There are those, of course, who might say the wall should never have been permitted to go up. That is a tactical situation I would not want to get into, not having all the facts. But the fact remains that the wall today throughout the world stands as a symbol, as a reminder to people throughout the whole world how completely fallacious are the promises of communism. This wall was put up to stop thousands of East Germans from crossing into West Germany because they have seen the full bankruptcy of Communist ideology. This was the only thing that the Communists could do. There is no promise in communism and this wall certainly demonstrates that the only thing Communists can do is to build walls around their prison camps. The Berlin wall is a symbol of the same wall that exists, maybe not of bricks and mortar, around the Catholic world. The nations of Europe manifest it.

The fact that this country, the allies and President Kennedy, have taken a forthright position when Mr. Khrushchev threatened to make a separate peace with East Germany, when the President of these United States stated we were not going to retreat from our position in Berlin, we forced the Communists to take this action of building the wall.

Mr. Speaker, I think the fact that the wall had to go up demonstrates the decisiveness of the President in dealing with the crisis in Berlin. Today, I submit, some 7 or 8 months have elapsed since Mr. Khrushchev made his arrogant boast that he was going to sign a separate peace treaty with the East Germans. We have said "You go ahead and do what you want, but we will not recognize them, because we have inherent rights in Berlin and we intend to maintain those rights and not budge on the situation."

Mr. Speaker, we called up 175,000 reservists. These men have written a glorious page in American history because they have demonstrated to Mr. Khrushchev that we meant business in Berlin.

Mr. Speaker, I submit that these two cosmonauts now flying around the world have been launched by the Soviets at this particular time in order to divert attention from the fact that Mr. Khrushchev does not know what to do about Berlin. He has made a threat to us and to the world to get us out of Berlin. We have taken on that threat and we have said that we are not going to be bullied out of Berlin.

Mr. Speaker, I think perhaps there is a connection between the timing of these two flights today—yesterday and the day before—to divert attention from the fact that this is the first anniversary of the Berlin Wall which manifests the full tragedy and despotism of international communism. This wall stands today as a symbol to all free people throughout the world that the only way communism can survive is to put people behind walls or to put them up against walls with bayonets. I do not think this wall has attracted one single follower to the Communist cause. But, on the contrary, they have shown the world the full ugliness of international communism.

Mr. Speaker, I congratulate the gentleman from Indiana [Mr. Brademas], for arranging this period today so that we could discuss the full meaning of this ugly wall. I was in Berlin last November, and one really cannot appreciate how ugly is the symbol of this wall until one sees it. When one sees members of families separated by a great wall and sees those who would very quickly denounce this administration for not moving forthrightly at the time—certainly we could have stopped it and, as I say, I would not get into the tactical situation on this—but the facts remain, whether we planned it this way or not, the Communists have built their own symbol to the despotism and their brutality in putting up this wall.

Mr. BRADEMAS. Mr. Speaker, I should like to say in response to my good friend from Ohio, for whom I entertain a special affection, because his mother had the good fortune to have given birth to him in my congressional district—and I say this as gently as I can—I hope very much that what we are saying here this afternoon can be said in a bipartisan way and that nothing which the gentleman may wish to say can be interpreted as diminishing the sense of united determination on the part of all Americans of which I spoke in my own remarks in support of the people of West Berlin.

Mr. Speaker, permit me to say, moreover, that if the gentleman—and I reiterate that I am sure we stand as one at this particular point—that if the gentleman will turn his mind back to the situation 1 year ago when at about 1:30 in the morning on the 13th of August 1961, the tanks began to rumble and the wall began to go up, he will agree with me that the response that we were able to make on the part of the United States was not purely a unilateral response. This is so because we stand with our allies in NATO and in Western Europe. It is particularly important that we should seek just as much concrete support as we possibly can on so potentially explosive a situation as that in Berlin.

Mr. Speaker, permit me to say, moreover, to the gentleman from Ohio [Mr. Devine] that I sat for 35 minutes in the office of General Clay in Berlin last fall. I questioned him about his attitude toward the posture of our Government in Berlin. He said to me:

> In all my time and experience with Berlin—

Which I dare say is more than that either of the gentleman from Ohio and certainly more than that of the gentleman from Indiana—

> I have never known our Government to be more determined than it is today or to have taken so strong a position.

General Clay added:

> I am confident that the morale of the people of West Berlin is strong and that they have complete confidence in the determination of the United States and the Allies to maintain their freedom.

Mr. DEVINE. Mr. Speaker, I thank the gentleman from Indiana for yielding to me. I might say the gentleman represents a very fine district in northern Indiana. I not only was born in South Bend, but returned to attend law school at the University of Notre Dame.

Again, referring to the infamous wall separating the East and West Berlin zones, I agree with the gentleman that we have bipartisan unity in our desire to demonstrate to the people in West Berlin and West Germany that Americans stand shoulder to shoulder in our desire to thwart the advances of the Communists and their insidious godless philosophy.

My previous remarks were directed to the initial action, or inaction if you please, by those in the administration upon, whom rests the responsibility to make fast, hard decisions, and to formulate our foreign policy. Again, may I say, evidence indicates we did not take decisive action nor encourage our allies on August 13, 1961. The wall is the result, and there is understandable bitterness because the Western Powers stood by and permitted this to happen.

Mr. EDMONDSON. Mr. Speaker, will the gentleman yield at that point?

Mr. BRADEMAS. I would be glad to yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Mr. Speaker, I would merely like to point out, in support of what the gentleman has just said about the matter of taking the barrier down, the comments which appear in today's edition of the Evening Star in Mr. Crosby Noyes verifying special report on the wall in Berlin. These comments appear on page 12 of the Washington Star:

> From the first day, debate over Western reaction to the Communist move raged fiercely. Yet no one in those early days ever seriously considered using force to break the barrier. And for all the inspired afterthoughts about what might have been done at some other time, no one has seriously considered it since.

The same article goes on to point out that what may have been viewed by some as a psychological victory for the Communists at that time has since clearly come to be regarded as a great psychological defeat for the Communists in Europe.

Mr. BRADEMAS. Mr. Speaker, I thank the gentleman. At this time I yield to the gentleman from Iowa [Mr. SCHWENGEL].

Mr. SCHWENGEL. Mr. Speaker, I am glad to hear this crying and lamenting about the wall in Berlin. It is something to cry about, it is something to lament about. It is a terrible thing. It is something that should be regretted; and I am glad to have this opportunity to speak on it.

Mr. Speaker, I want to commend the gentleman from Indiana [Mr. BRADEMAS] and others who have spoken on it and have pointed out some very significant things that we need called to our attention periodically. I want to point out that I had the privilege of visiting Germany last Eastertime with a congressional delegation. It was a privilege to visit Germany and note the feelings that they have for freedom and the attitude they have toward our country and our soldier boys who are stationed there.

I also visited Berlin. I can add to what has already been said here by pointing out that this truly is a city of paradoxes; it is a city of contrasts. It is a showplace within a city where tyranny and freedom exist side-by-side. It is refreshing for those of us who love freedom to note the difference that prevails on both sides of the wall.

Mr. Speaker, I would like to suggest that when I visited Check Point Charley, as I imagine all of you did when you were there, I, like you, had a very depressing feeling. I could see that concrete wall which I have since called a concrete example of lack of faith in a system, an example of the Communists' own lack of faith in their own system, and then I saw, as you did, the barbed wire above that wall. It might be of interest to point out that barbed wire was invented in Iowa for the purpose of keeping animals in a corral and protecting them against dangers, making it more easy for human beings to move about.

The SPEAKER pro tempore (Mr. BURKE of Kentucky). The time of the gentleman from Indiana [Mr. BRADEMAS] has expired.

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent for permission to proceed for 10 additional minutes.

The SPEAKER pro tempore. The Chair would suggest to the gentleman that there are other special orders pending; the gentleman may want to ask unanimous consent for a special order following those now scheduled.

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that my friend from Ohio [Mr. DEVINE] be permitted to revise and extend his remarks and that the gentleman from Ohio [Mr. FEIGHAN] be permitted to revise and extend his remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. FEIGHAN. Mr. Speaker, I did not rise to talk sufficiently that I should care for permission to revise and extend my remarks.

I only wanted to ask the question—Is it not passing strange that one man can drive a truck through that Berlin wall and knock so many of these bricks down, and all the great powers of the world have not been able to remove or to tear down one brick in that wall? According to West German statistics, over 11,000 East Germans have managed to make good their escape to freedom since the wall went up.

Mr. MORSE. Mr. Speaker, a year ago today communism admitted defeat. For, on August 13, 1961, when they closed the border between East and West Berlin by erecting a concrete curtain to deny freedom to the people of East Berlin, the Communists laid before the world indelible evidence of the decay of communism.

By putting up their reviled wall, the Communists may have retarded the flow of East Germans who yearn for the freedom of the West, but it has failed to stifle their spirit. Decent men everywhere hope that the Reds will soon recognize their folly—that the wall has created more unrest than it has obscured—and realize that it stands as an evil, ridiculous monument to their failure.

Mr. DEVINE. Mr. Speaker, I ask unanimous consent to extend my remarks immediately following the remarks of the gentleman from Indiana where he referred to me.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks in the RECORD on the matter of the Berlin wall.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

CONSERVATION OF FARMS AND FARMERS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Iowa [Mr. KYL] is recognized for 30 minutes.

Mr. KYL. Mr. Speaker, the Committee on Economic Development recently published a report on agriculture which recommends a planned decrease in the number of farmers.

I cannot agree with this report.

I will concede that there are citizens still classed as farmers by the census bureau who live on very small acreages which cannot possibly produce a sufficient income. These people are located primarily in the South and in cutover areas of the Northwest. They are not actually farmers in the true sense. They do constitute a serious problem. However, the Committee on Economic Development report goes beyond consideration of this group.

First of all, it must be noted that reduction in the number of farmers does not of itself reduce the number of acres in production. It should also be understood that if farmers continue to leave agriculture at the same rate they have been disappearing, no artificial means would be necessary to reduce farm population. The trend should be reversed rather than encouraged.

The Committee on Economic Development report has been received optimistically in many quarters. The idea looks good when considered in general terms. The impracticality becomes apparent when we deal in specifics.

Like many Members of Congress, I live in a small town. This is an ideal place to live and to rear a family. It is a town so small that there are no strangers. Yet, it is big enough to serve as the hub of a rural economy. Much of the exchange of goods and services of my community serves the farms which surround us. This town is typical of America's agricultural area. The farmer, the merchant, the professional man—are all partners in a socioeconomic unit which with its many counterparts constitutes the State of Iowa. The city's workingman is also an indispensable partner, producing the farm machines and processing the harvest of the farm.

If moving numbers of persons out of agriculture is made public policy, my hometown and the rest of its category will decline. The larger town, which depends on our people for its economic welfare will decline. Most of these larger communities depend on smaller neighbors for more than half of their retail trade. The State which depends on our taxes will decline. The remaining larger farm units will rely on services other than those provided by the local community. The big farm unit will be big enough to go directly to the factory. In fact, it will have to turn to the factory, because the local service unit will be gone.

Current patterns suggest a different approach. Look first to the fact that the population of this Nation is burgeoning. Food and fiber needs will increase daily. Couple this with the fact that a thousand acres a day are disappearing from the totals of fertile farmland for highways, airports, city growth, and other factors, Increased use of land for recreation will further diminish the supply of available land. Eating habits of our people are changing. The increasing demand is for products produced in a more concentrated type of agriculture.

I believe that we now have about the right number of farmers. The necessary adjustments are within the field of agriculture. Further attrition poses serious problems for the future.

A farm can indeed be too small for a profitable existence. Conversely, a farm can be too large. There is a factor of diminishing return which is real and effective as a limiting factor. Again we have to look to the future. A large farm might be efficient so far as the individual operator is concerned—it can be efficient so far as use of land and capital is concerned—and yet it can be extremely wasteful so far as natural resources are concerned. Today's individual profit can be tomorrow's national loss if a farm is not worked properly. The fact is amply demonstrated by history.

The Committee on Economic Development report indicates three basic factors which serve as premise for their conclusions. It omits a fourth factor or input of business ability. This is the decisionmaking. And it suggests another approach to the problem. We might call this the new economy approach. It is based on the idea that in the productive genius and enterprise of the American farmers we have a genuine asset which is of vast importance to our future and the future of a world which is still hungry—a world with more and more mouths to feed and fewer and fewer acres for production. This is the long-range view. It is one with faith in the future. It is one which says we can develop distribution and consumption to match the science and technology of production. It is totally consistent with the American way of life.

First, there are new processes to be found. The farmer sells raw materials. The great portion of final cost in food and fiber products is added after purchase from the farmer. The raw material goes through many steps before it reaches the sale counter. There is a tremendous new field for agriculture which can see the farmer engaging in one or two steps of the actual processing. Sometimes, the step will be simple enough for the individual accomplishment. Sometimes, it will be through action of groups of farmers. The farmer should receive a greater share of the final dollar.

Next, there is the matter of new uses. Despite apparent discouragement in some quarters, I believe this is a very fertile field. For instance, today we utilize the grain of the corn plant. Science knows the corn stalk and cob have utility. There is a genuine opportunity for conservation of natural resources here. Today, we use exhaustible resources to produce final products which could be made from the corn plant. Corn is an inexhaustible supply which is renewable annually.

The petrochemicals and most other sources presently used will one day be exhausted. We should plan to extend their availability by using the renewable supply.

Then there are new activities and adjustments. In some areas, like southern Iowa for instance, an increase in livestock production affords an immediate opportunity. The livestock industry uses grains now as surplus. Today if the United States produced our total meat supply, we should have no surplus grains. I do not intend to discuss the import and export situation here. But it is worth pointing out that some of the grain sent abroad under Public Law 480 has returned to this country as finished meat. Furthermore, we are importing meat from some nations which do not have a sufficient supply to provide adequate diets for their own people.

Thousands of acres now producing surplus commodities can be profitable when turned to other uses—forestry, recreation, and new-type farm crops.

It is not extraneous to point out that while the Committee on Economic Development talks of fewer farmers, the Federal Government through reclamation programs, creates new farms, most of which can never produce as efficiently as those in traditional farm areas. This is a complete inconsistency.

Finally, there is the subject of new markets. Americans are philanthropic. They have long tolerated inefficiencies in foreign aid programs when in some instances the recipient nation would have been better served by trading arrangements based on barter. There are ways to value what we have and what we desire, and to integrate this evaluation with a parallel evaluation of what another nation in another corner has and what it desires.

This is not a selfish view. Many emerging nations will perhaps remain dependent on outside countries for economic welfare because the largess from more wealthy nations has not taught them nor stimulated them to develop their own economy and their own resources. The plain fact is that in recent years we have not been good traders. There is also evidence that the United States will lose foreign markets for agricultural products rather than gaining them unless we drive harder bargains in the near future.

It is my opinion that the Nation's welfare requires continuation of farm programs. This is not a perpetual problem. I view the present time as a period of readjustment for agriculture. Political action has frequently clouded the scene. The farmer cannot be blamed for this. Nor is the picture as bleak as sometimes painted. Much of the governmental costs for agriculture should be assigned elsewhere. Foreign aid costs carried in agriculture appropriations should be charged to the State Department. Food inspection costs are for consumer protection. And the farmer certainly cannot be blamed for wasteful maladministration of programs. It is not difficult to determine how much higher food and fiber costs for consumers would be without agricultural payments.

If the Nation's future is to be secure, the most pressing need in agriculture is still for conservation of our land resources. It is my conviction that the conservation of America's farmers is part of the same need. The Committee on Economic Development report does not meet these needs.

ADDRESS OF FTC COMMISSIONER MACINTYRE — "FEDERAL - STATE COOPERATION REGARDING ANTITRUST AND TRADE REGULATIONS"

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

Mr. PATMAN. Mr. Speaker, inasmuch as antitrust and trade regulation matters are of considerable interest to most Members of the House of Representatives and certainly to the business and industrial segment of our economy, I wish to call my colleagues' attention to an excellent and learned address delivered by Commissioner Everette MacIntyre of the Federal Trade Commission.

The address which Commissioner MacIntyre delivered was in connection with a discussion with the leading members of the House of Representatives of the State of Hawaii on the important subject of Federal-State cooperation regarding antimonopoly and trade regulation matters.

For many years, Commissioner MacIntyre, prior to his being named a member of that important agency, has been General Counsel to the House Select Committee on Small Business. During his tenure of office as a member of the committee's staff, he was of invaluable assistance with many perplexing problems stemming from this intricate branch of law. It is, therefore, with a great deal of pleasure that I invite the attention of the Members of the House of Representatives to Commissioner MacIntyre's address which is as follows:

FEDERAL-STATE COOPERATION REGARDING ANTITRUST AND TRADE REGULATION

(By Commissioner Everette MacIntyre, Member, Federal Trade Commission)

INTRODUCTION

It is with considerable humility that I have accepted your kind invitation and now undertake to discuss with you Federal-State cooperation regarding antitrust and trade regulation. That is true because you and other leaders in the Legislature of the State of Hawaii last year showed the way to closer cooperation between the Federal Government and your State of Hawaii in matters of antitrust and trade regulation. You did that through the enactment of an antitrust law which not only parallels in many respects, but exceeds in other respects, Federal legislation dealing with unfair competition, combinations, conspiracies, and monopolies in restraint of trade. Thus, you evidenced cooperation in effectuating a national public policy of antitrust to maintain a free and competitive enterprise system. Your bold and clear action in that respect would justify one in concluding that we should be asking you to visit Washington and to discuss with Federal officials ways and means for enhancing Federal-State cooperation on antitrust. In any event, your invitation served as a good excuse for my visiting your beautiful and wonderful State of Hawaii. So I am here, and I shall proceed with one of the purposes of my visit—my discussion with you.

What are some of the advantages to be gained from closer Federal-State cooperation in antitrust and trade regulation?

1. Further cooperation between the States and the Federal Government would aid in presenting a stronger front to the forces of monopoly and unfair competition. There would be less hiding behind State lines by lawless traders taking advantage of their intrastate and interstate competitors.

2. We would have fewer cases where the intrastate businesses are hampered and hindered by unfair acts and practices of large firms carrying on interstate transactions. Likewise, we would have fewer cases of large intrastate concerns taking unfair advantage of competitors through practices in some instances denied to interstate business but not prohibited by duly enforced State law.

3. Expensive duplication of investigations and other effort may be avoided through coordination of Federal and State activity in this field. A Federal authority may furnish a State authority with information collected by Federal effort when the Federal Government lacks the jurisdiction enjoyed by the State authority, and vice versa.

4. Substantial benefits may arise from the very fact that the same or similar language appears in provisions of Federal and State antitrust legislation. Where identical or similar language appears at both the Federal and State levels in antitrust legislation, it permits a coordination of effort. In passing, it is noted that the recent antitrust law enacted by your State employs much of the language found in the Federal legislation, particularly the Sherman Act. This enables the State to avoid the delay incident to efforts to have the courts interpret the meaning of the term "found in the law." That is to say, that by following the language of the Federal statute, your State has inherited the wealth of interpretation handed down by high Federal courts. Likewise, as we move along, Federal officials will benefit from the able opinions of the supreme court of your State and other States which interpret law not unlike the provisions appearing in the Federal law. The tendency of all of this will be to bring about a substantial degree of uniformity in procedure at both the Federal and State levels.

5. We who are public servants in the employment of the Federal Government should be forever mindful that the Federal Government is unable to alone effectuate the public policy for a free and fair competitive enterprise system. Facilities and effort at not only Federal but State and local levels will be required. Built upon the cooperation of Federal and State officials will be the understanding and effort of local businessmen and their lawyers toward bringing free and fair competitive results out of unfair business practices and conditions at the local level.

6. Heretofore trade regulation too often has been thought of by general practitioners and their clients at the local level as something far away in Washington which only lawyers with specialized training and experience are qualified to practice. Such thinking in the past has circumscribed our program for the improvement of trade practices and conditions, and unless we completely discard such ideas, we will substantially restrict the effect of our efforts. Not only cooperation but recognition and utilization of facilities and abilities at all levels must be had.

A BACKGROUND: THE PLACE OF FEDERAL ENFORCEMENT

With the growth of industry and the coming of an increasingly complex economy came Federal regulation over trade. Indeed, a century had passed since the creation of these United States before the first Federal antitrust statute, the Sherman Act,[1] became the law of the land. Senator Sherman, author of that act upon which was placed the gloss of the common law, made it clear that he was introducing no radical experiment. Rather, he was endeavoring merely to supplement and bolster what the States had already done, what already existed. Speaking on the floor of the Senate in 1890 he said:

"This bill [the Sherman Antitrust Act] has for its object to invoke the aid of the courts of the United States to deal with combinations when they affect injuriously our foreign and interstate commerce and in this way to supplement the enforcement of the established rules of the common and statute law by the courts of the several States in dealing with combinations that effect injuriously the industrial liberty of the citizens of those States. It is to arm the Federal courts within the limits of their constitutional power that they may cooperate with the State courts in checking, curbing, and controlling the most dangerous combinations that now threaten the business, property, and trade of the people of the United States."[2]

An agrarian economy felt the harsh impact of a multitude of impersonal corporations which were rendered even more insensitive by the stockholding trust.[3] Against this the man on the land rebelled. He saw the industrial entrepreneurs "as merciless and cruel exploiters, completely selfish, living by no rules and guided by no ethics, and in general as denizens of an economic jungle who preached and believed in the Darwinian concept of the survival of the fittest."[4]

Action was demanded and taken. On March 30, 1889, the State of Kansas enacted the first antitrust statute. Two weeks later, responding to a call from Kansas Gov. Lyman Humphrey, nine States met in St. Louis to investigate an alleged beef combine.[5] Within 3 months following the conference, Texas, Tennessee, and Michigan all had antitrust statutes.

With passage of the Sherman Act, however, defendants subjected to State antimonopoly prosecution argued preemption. The Federal law, they pleaded, was supreme; primary jurisdiction lay in Washington, D.C., not the State capital. To this Mr. Justice Holmes replied: "The mere fact that it [the State antitrust action] may happen to remove an interference with commerce among the States does not invalidate it. [C]ertainly there is nothing in the present law at least that excludes the States from a familiar exercise of their power."[6]

Conceptually Federal and State policies relating to the free and fair conduct of trade are the same. The flow of commerce in the final analysis has no boundaries. The businessman is concerned with business first; the policies of local, State, and National bodies are not necessarily the measure of where and whether he will do business. Yet, the Federal and State Governments do not have the same freedom of action; our form of society will not allow that. Thus, to deal with those practices which burden commerce we must join in an active partnership with the States to correct that which is injurious to all.[7]

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[1] 26 Stat. 209 (1890), as amended, 15 U.S.C. 1–2 (1958). Wendell Berge, former Assistant Attorney General in charge of Antitrust, placed the Sherman Act in historical perspective: "If we look back at history in the light of current urgencies, it is apparent that in its economic aspects the American Revolution was a revolt against monopoly. Throughout the 19th century the separate States fought to keep the market free. From one standpoint the settlement of the West itself often obscured the effects of monopoly and diverted attention from the need to combat it. As long as opportunity could be found in the opening up of new areas, the dangers inherent in trusts and combines were not so evident as they were later to become. It was not until the passing of the geographical frontier, when it continued concentration of economic power threatened to eclipse enterprise, that Government was aroused to the recognition of monopoly as a formidable opponent.

"The opposition of the people as expressed in the development of the Populist and Granger movements in the post-Civil War era finally led to the passage of the Sherman Act. Even though account was taken of the longrun implications of monopoly for the American economy, by the enactment of a law designed to eliminate restraints of trade, the enforcement of the law was more nominal than real. Indeed, in the halycon days of the twenties, when size became the symbol of efficiency in industry, and industrial mergers became not only the fashion but a frequently eulogized trend, the purposes of the Sherman Act and the validity of its formulation were almost forgotten. This occurred, moreover, in the same period in which the cartelization of world industry reached a peak." Berge, "Economic Freedom for the West," at 144 (1946).

[2] 21 CONGRESSIONAL RECORD 2457 (1890).

[3] Wilson, "The State Antitrust Laws," 47 A.B.A.J. 160 (1961). Mr. Wilson wrote this brief but excellent article as attorney general for the State of Texas.

[4] Ibid.

[5] The conference was held on April 12 and 13, 1889. "On the second day of the conference, one of the Minnesota delegates, E. M. Pope, chairman of the Committee on Needed Legislation, proposed that all nine States represented adopt an 'act to define trusts, and to provide for penalties and punishments of corporations, persons, firms, and associations of persons connected with them, and to promote free competition in the State of ———.' The proposal carried, and the Texas delegates were able to take home the proud report that the Texas law had been adopted almost in its entirety; one section only, which related to a specific earlier Texas statute, was omitted, and to another section was added a clause against the price fixing of beef and pork, a point on which the cattlemen and farmers were especially concerned." Quoted by Wilson, id. at 161.

[6] *Standard Oil Co.* v. *Tennessee,* 217 U.S. 413, 423 (1910). See also, *State* v. *Allied Chemical & Dye Corp.,* 9 Wis. 2d 101 N.W. 2d 133 (1960). The State alleged a conspiracy among certain out-of-State corporations to fix the price of calcium chloride, a chemical product widely used in State highway maintenance. The defendants moved to dismiss on the grounds that Federal Government had preempted State law. The Department of Justice on the record declared that Wisconsin's action did not affect Federal enforcement. The court held there was no preemption, no conflict, no burden on interstate commerce.

Accord, *Peoples Saving Bank* v. *Stoddard,* 351 Mich. 342, 88 N.W. 2d 462 (1958). CF. *Kosuga* v. *Kelly,* 257 F. 2d 48 (7th Cir. 1958) (Illinois alw), aff'd on other grounds, 358 U.S. 516 (1959), *Southern Pac. Co.* v. *Arizona,* 325 U.S. 761 (1945), discussed by Stern, "A Proposed Uniform State Antitrust Law: Text and Commentary on a Draft Statute," 39 Tex. L. Rev. 717, 719 (1961).

II. STATE LEGISLATION AND ENFORCEMENT

"The Sherman Antitrust Act of 1890 was neither the first nor the last of a series of enactments of the same general character. A dozen States had already established constitutional declarations or statutes to the same end. Two-thirds of the States had fallen in line by 1898. And today almost every State of the Union has such a law."[8] For many States, as for the Federal Government, this legislation was not sufficient. To preserve the type of society which the people have willed monopoly had to be attacked in its incipiency. To achieve the desired end preventive medicine would be more efficacious than surgery.[9]

Representative Morgan set the background for the creation of a Federal Trade Commission when he said in 1914: "there are at the present moment two roads open to the Nation in meeting the trust problem. One offers the old method of leaving to the overcrowded courts unfitted for the business of administrative adjustments the vast task of establishing rules of conduct for the larger businesses of the country. The courts adjudicating particular cases under unflexible statutes, will forbid the form, and the Nation will helplessly witness the prohibited form pass away and the substance of the evil continue." (51 CONGRESSIONAL RECORD 8977 (1914).)

This is not to say that the Sherman Act is useless legislation. Far from it. The Electrical cases vividly have demonstrated that the predatory practices of old linger on. *United States* v. *Westinghouse Electric Co., et al.,* Trade Reg. Rep. (1960 Trade case) par. 69,699 (E.D. Pa. Mar. 24, 1960). See also, Smith, "The Incredible Electrical Conspiracy," Fortune, Apr. 1961, p. 132.

This the State of Wisconsin understood when it created a "little" Federal Trade Commission whose task it was to insure that "trade practices and methods of competition shall be fair and that all unfair methods of competition and all unfair trade practices are prohibited."[10]

To carry out its task the legislature empowered the enforcement body, the State department of agriculture, to move in either of two directions: (1) A complaint against named respondents challenging specific practices may be issued by the department, and is prosecuted by the attorney general who, in essence acts as trial counsel before the agency. If the complaint is proved, a cease and desist order is issued; (2) the department may exercise its quasi-legislative power. It may institute a general order proceeding which will bind all members of an industry. Service is made by publication, and the order may be reviewed by the courts.[11]

As early as 1922 the department by general order prohibited price discrimination in the sale of gasoline at wholesale.[12] And by contrast, as late as today, the Federal Trade Commission and the courts continue to wrestle with the problem under the amended Clayton Act.[13] The Wisconsin order, according to its attorney general, "bears considerable similarity to the Robinson-Patman Act. However, its 'meeting competition' defense is specifically limited to the competition of another wholesaler selling to the same retailer. This gives an integrated oil company the choice between abandoning this defense or allowing the operator of a captive station to buy from other suppliers; likewise, it applies only to the competition the wholesaler faces, not to competition between his customers and other retailers."[14]

Indeed, from such a State as Wisconsin the scholars of Federal antitrust jurisprudence might learn a great deal. To the oft-met critique that the Robinson-Patman Act is in basic contradiction to the Sherman Act, Wisconsin's chief antimonopoly enforcement officer replied:

"Critics of Federal antiprice discrimination statutes tend to put price fixing and price discrimination in unrelated categories and often treat the Sherman Act and the Robinson-Patman Act as though they were inconsistent in spirit and applied to different situations. In our experience, area price discriminations in particular are used as an instrument of promoting price fixing and monopolization. Many an independent business has been induced to sell out to an expanding integrated competitor by the presence or the mere threat of selective price cutting confined to his area of operations or that of his customers. Likewise, many an independent has been induced to join in a price-fixing conspiracy because the alternative was the prospect of an immediate price war initiated by his multiunit, well capitalized competitor."[15]

From Texas and New York have come additional assistance in terms of achieving total antitrust enforcement. Mergers which may substantially lessen competition have been proscribed.[16] More significantly, however, the law has been enforced. It is as the Department of Justice declared:

"State antitrust action against mergers[17] is particularly significant to maintenance of the vigor of competition in our economy because of the limited manpower of the Federal Antitrust Division [and the Federal Trade Commission]. First, the number of

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[7] For a specific recommendation on how this may be effected see report of the Special Committee To Study the New York Antitrust Laws of the New York State Bar Association, at 7–8 (1957) [hereinafter cited as N.Y. State Bar Association, committee report]: "We find also that antitrust enforcement against local restraints which technically affect interstate commerce is within the concurrent jurisdiction of State and Federal Governments. We believe that the situation in New York calls for Federal-State cooperation so that antitrust enforcement may avoid overlap of effort, conflict of jurisdiction, and unnecessary litigation as to whether the challenged activity constitutes intrastate or interstate commerce, or whether it so substantially affects interstate commerce as to be beyond State control. Therefore, if New York increases its appropriations for antitrust enforcement, as we strongly urge, we recommend that informal arrangements be made by State officials with the U.S. Attorney General and the Federal Trade Commission vesting in the State of New York primary responsibility for antitrust enforcement against restraint of trade in retail distribution and manufacture for essentially local consumption, as well as restraints which take place wholly within the State of New York—the principal areas in which State interest ordinarily outweighs Federal. In other words, the Federal Government should relinquish to this State primary responsibility for restraints which do not affect the citizens of other States to a substantial degree. By this allocation the United States would be able to proceed against restraints which concern more than one State, and New York would be able to move against restrictions within its territorial borders. In this way, there will be complete coverage.

"We recommend that the United States refer to New York all information which it possesses as to cases primarily of local concern, and that in turn New York refer to the Department of Justice all information which it may possess as to restraints of a more extensive character. We recognize that at all times, of course, where a restraint affects interstate commerce, the Department of Justice may exercise its paramount right, if it deems it necessary, to supersede State action by instituting suit under the Sherman Act. The Federal Government might choose to act because it is seeking judicial clarification of the law, or because for any other reason it deems Federal interest predominant notwithstanding the general categories set forth above. We make this recommendation for New York alone. While we have obtained some sparse information from other States, we have not considered the situation elsewhere."

[8] See address by Robert A. Bicks, Assistant Attorney General, Antitrust Division, Depart of Justice, before a meeting of the Massachusetts Consumer Council, Boston, Mass., Oct. 6, 1960, at 2. See also statement by Earl W. Kintner, Chairman, Federal Trade Commission. "The Role of State and Federal Antitrust Activities in the Preservation of Competition," before the same conference.

[9] Thus, it was following the court's promulgation of the "rule of reason" in *Standard Oil Co. of N.J.* v. *United States,* 221 U.S. 1 (1911), that the Federal Trade Commission Act, 38 Stat. 717 (1914), as amended, 52 Stat 111 (1938), 15 U.S.C. 41 et seq. (1958) became the law of the land. Unfair methods of competition and unfair or deceptive acts or practices in commerce were to be prohibited by a Trade Commission.

[10] Wis. Stat. ch. 100.20 (1957). The statute was discussed by Wisconsin's antitrust officer, Mr. Sieker, in "The Role of the States in Antitrust Law Enforcement—Some Views and Observations," 39 Tex. L. Rev. 873 (1961). Mr. Sieker said, "It will be noted that this [the language of the State statute] differs from Section 5 of the Federal Trade Commission Act in that the latter merely prohibits that which is unfair but does not require positive acts. In practice the application of the two has turned out to be similar." Id. at 879.

[11] Id. at 879–880. "A list of the types of practices covered by such proceedings will serve to illustrate the usefulness of this statute. They have included: secret advertising allowances granted to some customers and not to others purchasing under like terms and conditions; a secret chainstore discount not given to independent competitors; selective price cutting and tie-in sales and services in the linen supply industry; deceptive and misleading statements and advertisements by 'advance fee' real estate promoters; deceptive and misleading advertising in the sale of food freezer plans; bait advertising; the collusive use of scare sales tactics by tobacco buyers in purchasing tobacco leaf from farmers; false representations in the television repair business." Id. at 880.

[12] Ch. Ag. 112, Wis. Adm. Code 1922.

[13] *Sun Oil Company* v. *Federal Trade Commission,* 294 F. 2d 465 (5th Cir. 1961), cert. granted; see also, Initial Decision *In the Matter of American Oil Company,* Dkt. 8183 (Nov. 27, 1961).

[14] Sieker, supra note 10 at 882.

[15] Id. at 881.

[16] Wall Street Journal, Aug. 11, 1960, p. 1, col. 1.

[17] Ibid. For an excellent summary of monopoly and antimerger cases enforced by the States see State Antitrust Law Reference Handbook, Department of Justice (1960) [hereinafter cited as State Antitrust Handbook]. See also, report of Special Committee To Study the New York Antitrust Laws, annex I, at 65(a) (1957).

mergers in commerce occurring every year is so great that the Division [and the FTC] cannot fully cope with them, especially when the anticompetitive impact is felt primarily locally rather than in a multistate market. Second, in some of the most important segments of the economy—such as banking and insurance—the States have particular responsibility because of the congressional scheme in the area.[18] Third, even outside such reserved areas in commerce which have been committed to State monitoring, there is the large number of mergers involving firms not in commerce, although they may affect commerce. Such mergers may well be more susceptible to control under State antitrust jurisdiction, because Congress did not exhaust the full scope of the commerce clause in the specific Federal antimerger law.[19] These mergers, however, may create clouds over various markets—the sum of which clouds may substantially inhibit the vitality of national as well as local competition. State antitrust law, then, has heavy responsibilities in the merger field under our system of concurrent State-Federal jurisdiction." [20]

These statutory innovations are excellent. Yet, in themselves they mean little for I need not tell you that declared policy is one matter and effective enforcement of the written word quite another. One commentator has stated, "all avenues of explanation for State antitrust inactivity lead inevitably to lack of desire to have and to enforce an effective State antitrust law." [21] Specifically:

"The key to the enforcement problem probably is the lack of personnel and money required to do the job. Most States make no provision for a special assistant attorney general, or for any special branch. The creation of such a special enforcement office, however, has played a leading role in the stepped up activity in New York and Wisconsin, and is being tried elsewhere.

"Candor would seem called for at this point. Effective antitrust enforcement clearly is not a job for amateurs, nor for skilled attorneys who are charged with simultaneous enforcement of numerous other laws. Antitrust enforcement requires knowing what to look for, having the skill, time, and money required to find it, and having the ability to establish this special kind of case in court. These qualities are not superhuman, but they do not come automatically packaged with a license to practice, nor are they likely to come with the general kind of experience acquired in a political career" [22]

Evidently, the State of California recognizes the necessity for providing the means to accomplish the statutory end. In 1960 the legislature granted a $90,000 appropriation to a special antitrust division within the office of the State attorney general.[23] The division's staff consisted then of seven attorneys, including the former chief of the West Coast Bureau of the Federal Antitrust Division.[24] For the legislature and the people of California results were forthcoming. Within 12 months the new division brought more cases to court than in the previous 57 years of the antitrust statute's history.[25]

The results in California, however, cannot be itemized entirely by a statistical recitation of formal cases. Much as the sight of a traffic officer prevents a driver from speeding, knowledge on the part of the public and the business world that an effective enforcement group is at work often serves to prevent a wrong from occurring. To an extent the Wall Street Journal in a page 1 story offered two examples of this:

"When her husband died recently, a Los Angeles housewife asked a local mortuary to take charge of the funeral and burial. The undertaker informed her tersely that due to an agreement among morticians he couldn't serve the area where she lived and referred her to a nearby competitor.

"'I didn't like the other place at all,' she says, 'but the one I wanted simply refused to take my business.'

"The woman complained to a special antitrust squad set up last year in the California attorney general's office to deal with such practices. The State lawyers say that by simply threatening the undertakers with legal action they were able to break up the area-assignment agreement." [26]

"Consider the case of Ralph D'Adamo, owner of a beauty shop supply business in San Diego, Calif. His competitors ganged up on him, he claims, for selling his wares at a discount. Through alleged pressures on the manufacturer of a hair-tinting cosmetic, they cut off his supplies of this product with the result that his sales dropped from $6,200 a month to $700, he says. When word got around that the State was investigating the situation, Mr. D'Adamo began getting supplies of the tint again, he reports." [27]

Nor is the State confined to local violations which the Federal authorities do not choose to handle, even if jurisdiction should exist. Attorney General Wilson reminded us that in 1907 the State of Texas obtained a verdict against the Waters-Pierce Oil Co. that finally totaled $1,800,000 after being appealed through all the courts.[28] To show the people the concrete meaning of antitrust enforcement "this money was placed in specie in a wheelbarrow and rolled up the main street of [the] capital to the State treasurer." [29] More recently the same State of Texas acted to prevent the merger of giant Sinclair Oil Co. with sales of more than $1 billion and the Texas Pacific Coal & Oil Co.[30]

State antitrust work fills a most important place in the total scheme of antitrust activity. To the extent that States are lax, Federal enforcement correspondingly is weakened. To the extent that States are vigorous, Federal enforcement correspondingly is strengthened. The Report of the Special Committee To Study the New York Antitrust Laws declared:

"The State has a substantial and historic interest in preventing and ending restraints in [certain] areas, which generally may be deemed to outweigh that of the National Government. The State interest is enhanced by the fact that even though interstate commerce technically may be affected by some of these restrictions Federal enforcement has been withheld at least in many instances. Therefore, if the State were to proceed against such impediments without discriminating against interstate commerce, there would be no conflict with national policy or its administration. If there were an informal arrangement between State and National Governments vesting enforcement of such local restraints in the State—recognizing, of course, that the Federal Government may proceed where it deems its interest paramount—the possibility of collision would be even further dismissed." [31]

III. FEDERAL-STATE COOPERATION

Like all States, Hawaii has antitrust problems peculiar to itself. This was demonstrated during your first legislative session when the Senate by concurrent resolution directed that a study be conducted on "Domestic Dumping and the Development of New Industry in Hawaii." [32] Responding to the Senate directive the report submitted in January 1962 more specifically defined the matter of dumping:

"A continuing problem of critical importance to new enterprise in Hawaii, as well as to consumers, is that of 'domestic dumping.' Domestic dumping, in general, may be defined as the sale of mainland goods in Hawaii below the usual trade prices—that is, the mainland prices plus freight and handling charges. More precisely, domestic dumping is the practice of geographic discrimination [in] the sale of goods of like grade and quality for use at a distance from the home market at net prices lower than those received at home.[33]

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[18] Consider the following examples of merger work in New York, recited by that State's attorney general: "attorney general is requested by Superintendent of Banks for an opinion relative to possible monopolistic tendencies of proposed bank merger. Conducted full field investigation. Attorney general rendered opinion.

"The Superintendent of Banks had inquired whether the proposed merger, if consummated, would reduce competition among banks in the area affected. The attorney general's investigation considered the size of the banks involved, other banks in the area, their size and position. Schedules were prepared comparing the then competing banks as to assets, loans, discounts, deposits, capital accounts and deposit to capital ratios; and what the relative positions of banks in the area would be with regard to these factors if a merger were consummated. The report balanced the danger of concentration which would result from the merger, against the intensification of competition which might also result if the merging institutions were in a stronger position to compete. But it ended with the caveat that if the merger were consummated, the attorney general's office would be vigilant in observing whether competition actually resulted."

2. Bank merger. Matters considered similar to 1, supra. Report of the Special Committee To Study the New York Antitrust Laws, annex I, at 65(a) (1957).

[19] Clayton Act, 7, 15 U.S.C. 18 (1958), applies only to corporations in commerce. See *Page* v *Work*, Trade Reg. Rep. (1961 Trade cas.) par. 69,955 (9th Cir. 1961), cert. denied, Oct. 16, 1961, par. 67,100.

[20] State Antitrust Handbook, 30–31 (1960).

[21] Rahl, "Toward a Worthwhile State Antitrust Policy," 39 Tex. L. Rev. 753, 765 (1961).

[22] Id. at 764. "The only way for the State to have an expert enforcement policy is to place the policy in expert hands. Experts are available, in the Federal Government and in private practice, if the State has an appropriation for the purpose. Most do not, and this obviously is a substantial reason for the uneffectiveness of the State laws. The Federal Government, with not one, but two expert agencies, and millions of dollars in annual appropriations, stands in obvious contrast." Id. at 764–65.

[23] Wall Street Journal, Aug. 11, 1960, p. 1, col. 1.

[24] Ibid.

[25] Ibid. Yet, it must be noted that the number of suits brought totals during the 12-month period to four, and the number brought during a period of 57 years totaled three.

[26] Ibid.

[27] Ibid.

[28] Wilson, "The State Antitrust Laws," 47 A.B.A.J. 160, 161 (1961).

[29] Ibid. "Again the State in 1909 recovered from seven oil companies a total sum of $216,720, and in 1913 recovered another penalty of $500,000 from another oil company. Most of these cases included injunctions and some the dissolution through receivership of the corporations concerned."

[30] Wall Street Journal, Aug. 11, 1960, p. 10. It was then reported, "A hearing on the injunction is still pending but Sinclair withdrew its offer when Texas Pacific directory refused to submit it to their stockholders because of the suit."

[31] Report of the Special Committee To Study the New York Antitrust Laws, at 632 (1957).

[32] The study was conducted under the auspices of the Economic Research Center, University of Hawaii, by Dr. Vernon A. Mund, professor of economics, University of Washington. It was submitted during January 1962.

"In the case of many products [ed. where dumping is not practiced], freight charges are substantial, and delivered prices in Hawaii are high. This condition of high local prices invites and induces enterprises in Hawaii to consider producing at home those products whose freight costs are high in relation to product value."[34]

Historically geographic price discrimination is no new device. It frequently is the means by which the monopolist continues to hold his power. Having exploited a market he cannot afford to withdraw, to allow the more efficient to succeed him. Wendell Berge, former chief of the Federal Antitrust Division, developed this theory in his postwar book, "Economic Freedom for the West."[35] Its import may be great for Hawaii, the furthermost extension of our Nation's New Frontier. Berge wrote:

"Many of the raw materials of American industry are produced west of the Missouri River, shipped East for processing, and then shipped back again to western markets. A large part of the financing of western raw material industries has been done by a comparatively few great bankers of the East. Even the railroads of the West and their communications systems have been largely managed from eastern centers. It is not meant to imply that there was at first anything deliberate in the colonial treatment of the West by eastern financiers and industrial interests. Historically, new lands are always developed in this manner. In the pioneering stage foreign capital is essential, but after nearly a century maturity is expected. When a mature degree of independence is not forthcoming it gradually becomes clear that something is economically wrong."[36]

Among the more valuable types of assistance which the Federal Government might offer the States endeavoring to shape an antitrust policy is our experience. There is much to be gleaned from our achievements and failures. Consider by way of example the bitter lessons learned from the Standard Oil trust. By 1874, over 50 percent of the refining industry was represented by what had become known as the "Standard alliance," which, in 1882, became the Standard Oil trust. Its absolute size gave it power both in buying services and goods, and in selling "coal oil" or "kerosene." And the power was utilized. Favored treatment was demanded and obtained from railways in the transportation of oil and other supplies for the trust. The advantages gained were then parlayed by Standard to discriminate between and among its customers located in widely separated markets for the purpose and with the effect of destroying competing oil refinery firms.[37]

Of these facts Congress became aware. It understood that the trail blazed by Standard in the petroleum industry, which included, first, the acquisition of market power and multiple-market control through merger with competitors, and then the use of that market power to discriminate in price to destroy the remaining competition, had shown the way to monopolists and would-be monopolists in other industries, who were quick to imitate. Included among the latter were the tobacco, sugar, biscuit, and steel industries. The monopoly power thus acquired and abused by those in the petroleum and tobacco industries was challenged as violative of the Sherman Antitrust Act. The Supreme Court of the United States disposed of those challenges in 1911. It held that the Standard Oil Co. of New Jersey was a monopoly in violation of section 2 of the Sherman Act and decreed a dissolution of that combination.[38] The Standard Oil Cos. of today resulted from the dissolution. A similar ruling was handed down against the American Tobacco Co.[39]

The Congress and the people, however, were not satisfied. Monopoly had to be stopped in its incipiency. Legislation was demanded. Congress responded by passing the Federal Trade Commission Act and the Clayton Act.

Section 2 of the Clayton Act prohibited discriminations in price where the effect might be substantially to lessen competition.[40] It was directed in large part against the territorial price cutter. In 1936 the statute was amended to make clear the purpose of Congress. And it is from this point that the States might well profit from a harsh history.

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[33] Id. at 1. "The sale of mainland or foreign goods locally at prices lower than those currently prevailing is not, in itself, 'dumping.' The test for dumping is whether or not the seller is selling the same product at the same time at a 'higher price' in one market and at a 'lower price' in another market—net to him." Ibid.

[34] Ibid. "Many examples of such products come readily to mind. They include plastic pipe; hardboard and other kinds of building materials; steel products; fabricated metal products, such as hot-water tanks; dressed beef; and manufactured foodstuffs, such as evaporated milk or macaroni." Ibid.

[35] Berge, "Economic Freedom for the West" (1946).

[36] Id. at 17. Again and again Berge underscored this point: "The events of recent years have increasingly underscored the fact that there is a direct and profound association between the existence and power of monopoly in our economic system and the failure of western industry to evolve and to expand as it could and should. The effects of monopoly on the West have in some cases been remote and subtle, and in others immediate and obvious, but they have been everywhere persistent and insidious when judged by the degree to which western industry has been discouraged or stifled. Almost continuously since the period of its early exploration the West has been subjected in one way or another to all the artifices of monopoly and to all of its effects.

"Both as a producing and a consuming area, the West has felt the consequences of monopoly domination of important industries. The raw materials of the West have been shipped to the East for fabrication and then shipped back to western markets. As a result a vicious circle has operated to limit opportunities for the improvement of industry and labor in the Western States at the same time that western consumers have been compelled to pay higher prices for the commodities which they required.

"Western enterprise and western capital could not enter such fields as chemicals, aluminum, magnesium, steel or electrical equipment on competitive terms. These industries, like so many others, were governed by national monopolies or subject to the ministrations of international cartels. In numerous instances in the years before the war the efforts of western businessmen to enter attractive sectors of production encountered an impenetrable wall of monopoly or cartel control.

"On frequent occasions it was the decision of cartel groups to prevent the establishment of industries in the West. The power which such groups wielded rendered their verdicts notoriously effective. No matter how much vision or initiative or technological skill or capital were marshaled for the purpose, western industry found that it could not engage in production unless monopoly was willing. With respect to competition monopoly is habitually unwilling, and independent action in many cases was practically impossible. In effect, this meant that only in special circumstances and at rare intervals could new concerns in the West arise in an industry ruled by cartels. If a new concern were established, its survival was predicated upon the whim of monopoly and contingent upon the calculated restrictions by which cartels attempted to preserve their privileges. It is indeed remarkable, when we consider the degree to which monopoly prevailed before the war over whole spheres of technology and over world markets, that western industry was able to progress as far as it did." Id. at 141–142.

[37] The Commissioner of Corporations in pt. I of his "Report on the Petroleum Industry," May 20, 1907, in referring to the position of the Standard Oil Co. in the petroleum industry, at pp. 18–20, in his letter of submittal of the report, stated: "Scandalous railway discriminations obtained by the Standard in its earlier years as against its competitors did more than all other causes together to establish it in its controlling position.

"Another important element in the control over the industry is secured by the Standard through its marketing methods. It uses very generally the bulk system of delivery to retail dealers by tank wagons—a cheaper, safer, and more convenient method of delivery than in barrels. This not only reduces the cost of marketing greatly, but also has eliminated largely the jobber from the business. Dealing thus directly with the retailer, the Standard is enabled to arrange for such local price differences as it may desire for the purpose of destroying local competition, without disturbing its prices over any large section of its trade."

[38] *Standard Oil Co.* v. *United States*, 222 U.S. 1 (1911).

[39] *United States* v. *American Tobacco Co.*, 222, U.S. 106 (1911).

[40] The Clayton Act of 1914 originated with the bill, H.R. 15657, introduced by Mr. Clayton on Apr. 14, 1914, 51 CONGRESSIONAL RECORD, 6714 (1914). Sec. 2 of this bill prohibited discrimination in price between different purchasers, with the purpose or intent to destroy or wrongfully injure the business of a competitor of either the purchaser or the seller. Sec. 2 did not contain any proviso excepting discriminations made in good faith to meet competition.

H.R. 15657 was reported out on May 6, 1914, and the report, H. Rept. No. 627, 63d Cong., 2d sess., 8–9, showed that the sec. 2 prohibition of price discrimination was confined to a well known, common, particular form of discrimination. Thus, the report stated, in part:

"Sec. 2 of the bill is intended to prevent unfair discrimination. The necessity for legislation needs little argument to sustain the wisdom of it. In the past it has been a most common practice of great and powerful combinations engaged in commerce—notably the Standard Oil Co. and the American Tobacco Co., and others of less notoriety, but of great influence—to lower prices of their commodities, oftentimes below the cost of prices of production in certain communities and sections where they had competition, with the intent to destroy and make unprofitable the business of their competitors, and with the ultimate purpose in view of thereby acquiring a monopoly in the particular locality or section in which the discriminating price is made. Every concern that engaged in this evil practice must of necessity recoup its losses in the particular communities or sections where their commodities are sold below cost or without a fair profit by raising the price of the same class of commodities above their fair market value in other sections or communities. Such a system or practice is so manifestly unfair and unjust, not only to competitors who are directly injured thereby but to the general public, that your committee is strongly of the opinion that the present antitrust laws ought to be supplemented by making this particular form of discrimination a specific offense under the law when practiced by those engaged in commerce."

Purpose and effect to injure competition were never part of the statutory language. Rather, it was as a court of appeals recently stated:

"The purpose of this section [2(a)] as an integral part of the antitrust legislative scheme is to prevent price discriminations in commerce which tend to injure competitive enterprise. To that end, it forbids a seller from charging different customers different prices for the same products with the effect of lessening competition. And we know that market power is a ready means toward competitive injury." [41]

Yet, beginning in as early as 1929 some courts evidenced a concern over whether these facts were proved in geographic price discrimination cases. Indeed, it was significant to another court of appeals that the challenged practice was invoked by the respondent to punish and eliminate a weak competitor.[42]

More recently the Seventh Circuit has read purpose and effect into the statute. First it was held that section 2(a) refers to effect upon competition generally, rather than upon individual competitors. In response one may ask how overall competitive effects may be demonstrated other than by showing the adverse competitive effects upon individual competitors? Do they not collectively represent the competition in any named market? [43]

Next, it was held that actual injury designed to destroy competition was wrought by the respondent. Fortunately, however, to counter this position the Supreme Court has said "the statute itself spells out the conditions which make a difference illegal or legal, and we would derange this integrated statutory scheme were we to read other conditions into the law." [44] And, an appellate court earlier declared, speaking of another subsection of the act "it does not concern itself with motive or intention. It is only concerned with the consequences which follow from an act. If those consequences eventuate, the act from which they result is forbidden." [45]

I have sketched, not detailed, one of the problems concerning territorial pricing at the Federal level. I would hope that from this narration you might succeed where we have stumbled. Above all, I would hope that you would study and avail yourselves of the most signal contribution we might make to your program of trade regulation—our experience, our history.

There are, of course, other areas of Federal-State activity. One is continuous contact, to let each know what the other is doing. By press release dated January 19, 1951, and again on November 24, 1953, the Federal Trade Commission formally noted its determination to cooperate with State enforcement agencies.[46] Matters upon which the Commission may not act, but are considered of sufficient public importance are forwarded to State authorities.

Recently the President by Executive order instructed the Justice Department to cooperate with State governments receiving identical bids.[47] The order seems to be a ramification of the Electrical cases. It is interesting to note in passing that by statutory direction the Wisconsin enforcement authority must cooperate with Federal agencies.[48]

Contact does not end with the appointment of formal liaison officers and directives. This the Federal Trade Commission recognized on December 21, 1959, when it opened a conference on public deception. Consumer groups from the entire breadth of this Nation came to hear of our work and voice their own thoughts. And on February 27, 1961, under the combined sponsorship of the Tampa, Fla., Merchants Association, the advertising club, and the chamber of commerce, spokesman for the FTC, and the office of the State attorney general conducted an educational conference relating to deceptive advertising. Businessmen were told what the Federal and State Governments required of them in one forum. Government officials united to achieve a common end: protection of the consumer.

Other organizations have followed with their own projects. In 1960 the Consumer Council Division of the Office of the Massachusetts Attorney General held a conference on "The Role of State and Federal Antitrust Activities in the Preservation of Competition." During the same year the Justice Department held a similar meeting for the States attorneys general.

IV. CONCLUSION

The goal sought, the unfettered fair conduct of trade, can only be achieved through a united effort. For "we live in the jurisdiction of two sovereigns, each having its own system of courts to decree and enforce its laws in a given territory. The situation requires, therefore, a spirit of reciprocal unity and mutual assistance to promote due and orderly procedure." [49]

And that spirit must flame anew for "history has thrust us to the point where we must seize upon the strategic facts of our economic life and free that life from the clustering usages which limit, rather than nourish and support its growth. The economic philosophy to which this country is committed by its traditions as well as by its desires is a philosophy of freedom and action. The principles of political liberty to which we adhere are paralleled by the belief that the prime mover of economic activity is freedom of the market. The assumptions which underlie our national economic policies are derived from an instinctive feeling that freedom is politically and economically interdependent. It is this conception which defines the ends we seek to serve in combating the growth of monopoly power in our economy." [50]

Your enactment of antitrust legislation in 1961 was a great step toward the ends sought. At the Federal level the Congress of the United States has seen fit to supplement similar basic antitrust legislation with additional enactments, such as, for example, the Federal Trade Commission Act in 1914 and the Clayton Antitrust Act of 1914 with its Robinson-Patman Act amendment in 1936. As you know, a number of States have enacted similar legislation to supplement their basic antitrust laws. Thus public policy to maintain a free and fair competitive enterprise system has been expanded to condemn acts, practices, and conditions, the effect of which may be to substantially lessen competition or tend to create a monopoly in any line of commerce, or which may have a dangerous tendency unduly to hinder competition or tend to create a monopoly. That expanded public policy has been implemented at the Federal level not only through the establishment of enforcement agencies, but

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S. Doc. No. 583, 63 Cong., 2d sess. (1914). Made the same statement for the Senate Judiciary Committee in its report on H.R. 15657.

In its report upon the bill to enact the Clayton Act—S. Rept. No. 693, 63d Cong., 2d sess., 1 (1914), to accompany H.R. 15657, the Senate Committee on the Judiciary said:

"Broadly stated, the bill, in its treatment of unlawful restraints and monopolies, seeks to prohibit and make unlawful certain trade practices which, as a rule, singly and in themselves are not covered by the act of July 2, 1890 (the Sherman Act) or other existing antitrust acts and thus, by making these practices illegal, to arrest the creation of trusts, conspiracies, and monopolies in their incipiency and before consummation."

[41] *Atlas Building Products* v. *Diamond Block & Gravel Co.*, 269 F. 2d 950, 954 (10th Cir., 1959); see also, S. Rept. No. 1502, 74th Cong., 2d sess., 4 (1936); H Rept. No. 2287, 74th Cong., 2d sess., 8 (1936).

[42] *Porto Rican American Tobacco Co.* v. *American Tobacco Co.*, 30 F. 2d 234 (2d Cir., 1929), cert. denied, 279 U.S. 858: "Appellant sent its export manager of its entire business to Porto Rico to wage the price war, and his admissions and business methods, there displayed, all prove the fact that it was intended to punish, and, if possible, eliminate, the appellee as a competitor. He directly proceeded to use strong, unfair competitive methods, and, from his own statements, designedly tried to cause loss to the appellee, a weaker competitor, 'Lucky Strikes' was a much more expensive cigarette than appellee's brand, and, if sold at as low or a lower price, it would be practically impossible for a weaker competitor to continue. Its cost was more than double that of the appellee's, considering the elements of manufacturing cost and the quality of tobacco used. This conduct, together with the guaranty against loss, made to its sales customer there, is sufficient evidence of a design and plan to put the appellee out of business, either because of some real or fancied wrong due to the unfavorable legislation, or it was used as an excuse to proceed against and eliminate a weaker competitor. In either case it was violative of the statute.

"The letters written by this agent of the appellant to its officers, explaining the designs and purposes, justify the appellee in its claims. The appellant could stand this competition in this price warfare. Its sole business in Porto Rico was the sale of 'Lucky Strikes,' and this was about one-half of 1 percent of its entire 'Lucky Strike' business throughout the world. A loss there would not impair its financial stability, but the appellee could not so compete. Such price cutting to capture the market, by eliminating the appellee therefrom, is prohibited by the provisions of the Clayton Act. It was foreign to any legitimate commercial competition. The Gilles & Woodward books showed a monthly loss after June 27 on the sales volume of 3 million per week, $18,200 for August and September alone, and the loss continued. This, added to appellant's loss, shows the willingness to accept an annual loss of $175,000."

[43] *Anheuser Busch, Inc.* v. *Federal Trade Commission*, 289 F. 2d 835, 839 (7th Cir. 1961). Cf. *Moore* v. *Mead's Fine Bread Co.*, 348 U.S. 115 (1954); *Maryland Baking Co.* v. *Federal Trade Commission*, 243 F. 2d 716 (4th Cir. 1957).

[44] *Federal Trade Commission* v. *Anheuser-Busch, Inc.*, 336 U.S. 536, 550 (1960).

[45] *P. Lorillard Co.* v. *Federal Trade Commission*, 267 F. 2d 439, 444 (2d Cir. 1959).

[46] The Commission, in order to promote cooperation with State authorities, adopted the following policy concerning reference of matters to State authorities:

"Whenever a matter is closed by the Commission for lack of jurisdiction, but it appears that the act or practice involved is not insignificant and may possibly involve violation of State law, such matter shall be called to the attention of the proper authority of the State in which the acts or practices have occurred.

[47] Executive Order No. 10936 (Apr. 24, 1961).

[48] Wisconsin Statutes, chapter 14, sec. 14,525 (1957) as amended (1959).

[49] *Ponzi* v. *Fessender*, 258 U.S. 254, 259 (1922).

[50] Berge, "Economic Freedom for the West," 140 (1946).

> also through the creation in the enforcement agencies of facilities for appropriate cooperation with the various States to effectuate the public policy. Heretofore in my remarks I have referred to this cooperative effort, particularly as evidenced by the Federal Trade Commission, the Agency of which I am a part.
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> I have referred to these matters with the thought that perhaps you would want to consider them in furtherance of closer cooperation between the Federal Government and your State of Hawaii in matters of antitrust and trade regulation.

THE SOBLEN CASE—WHY BLAME ISRAEL?

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. FARBSTEIN] is recognized for 30 minutes.

Mr. FARBSTEIN. Mr. Speaker, in recent days I prepared an evaluation of the extradition problem involving the convicted spy, Dr. Robert Soblen. Subsequent events confirmed the validity of the facts as I saw them, that the disposition of Soblen currently hinged on British responsibility rather than any further responsibility of the State of Israel.

What I said, Mr. Speaker, was that it was quite astonishing, and more than a little irrational, that there should be people who have picked upon Israel as the culprit of the whole sad Soblen affair. A simple recapitulation of the cold facts shows how completely illogical, and unfair, this attitude is.

When Soblen attempted to enter Israel illegally, the Government of Israel reacted in the most speedy and efficient manner and to the utmost extent compatible with Israel's own laws; indeed, some persons have criticized the Government of Israel for having allegedly stretched the framework of its laws rather widely in acting as it did on the 1st of July, when it placed Soblen on the first outgoing El Al plane in spite of the attempts of his lawyer to prevent this.

The Government of Israel has defined this step as an act of expulsion; there is no reason to quibble about legal terminology—it is in any case clear that what the Government of Israel did on that day did not, to say the very least, make it at all difficult for Soblen to find himself back in this country. Whoever may have "goofed" in not keeping an eagle eye on Soblen either in New York or upon that plane, it is surely not the Israelis whom we can blame for that.

Since that time, and purely because of such lack of vigilance, Soblen has found himself in Britain for several weeks now, and it seems rather amazing that no one here has lost patience with British legalistic quibbling as to methods of disposing of this case. After all, surely the real problem does not concern legalisms in the purely formal sense of the word. Is it not the case that Soblen arrived in Israel too upon a foreign carrier—Air France—and, yet, I do not recall that the Government of Israel made any attempt to force Air France to deal with Soblen, although it too could very easily have sheltered behind such excuses. No, the Government of Israel expelled Soblen and placed him upon one of El Al's own aircraft. One hears a great deal concerning friends and friendship, but such words are apparently used lightly and freely. I can think of few examples of acts by a foreign government which would prove the spirit of friendship more indisputably than the action of the Government of Israel on the 1st of July.

Yet Britain, in a similar situation, did not do the quick and straightforward thing, but found no more gallant way of dealing with the matter than to pick upon Israel to act on its behalf. Israel did not ask Air France to take Soblen out, and Israel, after all, did not want Soblen on its soil any more than Britain does, why then does Britain require El Al to act on its behalf? If Israel sent Soblen out on an El Al plane could not Britain have sent him out quickly on BOAC? Or, indeed, have handed him over to the nearest American consul?

Israel's actions right at the very beginning left no doubt whatsoever that, as far as was compatible with the widest possible interpretation of its own laws, Israel would help this country. Of course, no one expects even one's very best friends to break their own laws, and I understand that this fact has been stressed by the State Department's spokesman. I believe that the Secretary of State explained to a Member of this House the problems connected with the fact that this offense is not internationally recognized as extraditable. We have, of course, no ratified extradition treaty with Israel, and as for Britain, she claims that her extradition treaty with the United States does not cover such cases as this. Yet why could Israel find a swift way of action on the first of July and why does Britain apparently expect Israel to do twice what Britain is clearly not prepared to do even once? If Britain has any intention whatsoever of seeing Soblen returned to the United States, why then does she insist on forcing him back into Israel's hands, after Israel has done the decent thing once, and after the Israeli authorities have stressed for over a month that their hands are now entirely tied by the developments which have arisen out of several weeks legalistic quibbling in Britain.

Israel is a country of law, and surely we would not wish her to be otherwise. She has already done the utmost compatible with such a framework of law; she has gone out of her way to stress that her laws would make it quite impossible for her to take Soblen to New York, since under the changed conditions prevailing because of the delay in Britain, such action would now clearly amount to extradition, whereas Israel law permits no more than expulsion. If Britain realizes this, and Israel left her in no doubt on this matter during the whole time, why then does she persist again and again in her attempt to force Soblen upon the Israelis knowing full well that this is not the most likely way of returning him to the United States? Indeed, I might ask why so little was done—apparently, by both the Government of this country and of Great Britain to obviate this eventuality, after Israel had served clear notice that her hands were now tied? It is almost incomprehensible that under such clear circumstances we should be blaming neither ourselves nor the British, but, of all people, the Israelis. Are we by any chance picking on the little guy? Is it easier to press small countries than large ones? Could it not be clearly proved that if Israel is in trouble at all now, it is because she was overly eager to be helpful to us on the first of July? Is this the kind of lesson we want to teach the world? Maybe if we sit a little and think a little and permit irrationality and illogic to pass, we may feel just a little ashamed.

I do not think that there is a single country in the whole free world which has less to prove as to where it stands than the democracy of Israel. There is no single country, including those formally allied to us, whose stand over 14 years has been more consistently, unequivocally, and single mindedly on the side of freedom. Is it enough to get a little annoyed—and, moreover, over a secondary issue in which the Israelis are less at fault than anyone else—in order to simply forget all this, to sweep it aside, to drop it overboard and abuse and bully our sincerest and most genuine friend?

In conclusion, I should like to cite a few excerpts from one of the very rare, sane, and balanced pieces of writing to have appeared so far on this sad matter. I am referring to yesterday's editorial in the Philadelphia Inquirer, which says:

> There is a feasible way for the British to cut the legalistic knot that has kept the unwanted Robert Soblen in their hands, simply place the Soviet spy on a plane that will return him to the United States.
>
> The British have denied Soblen political asylum and they want the El Al Airline, which brought the fugitive to England, to take him off their hands and carry him to New York. * * *
>
> Israel has had its own troubles with the spy when he fled there after jumping $100,000 bail in New York. The Israeli Government charged him with illegal entry and promptly sent him off on the flight intended to return him to this country. Now that the problem has become Britain's, the Israelis are disinclined to take orders from the British Government on Soblen's disposal. * * *
>
> It would be unfortunate if a byproduct of his maneuvering should be friction between the United States and our friends in Britain and Israel. * * *
>
> El Al is not the only airline available for passage. The spy could be flown back on an American airliner, thus ending the bizarre case as far as both Britain and Israel are concerned.
>
> If the British quibblers consider that it would not be cricket for them to place the fugitive bodily in a U.S. airliner, some other arrangement could surely be made. * * * Possibly the British would be agreeable to transfer Soblen, as a fugitive illegally in England, to the custody of the American Embassy, from where he could be taken to a U.S. bound plane. * * *
>
> All that is needed to defeat his plan and get him to prison is a simple act of redtape cutting by the British—making sure, this time that he makes it all the way to New York.

FEDERAL AVIATION AGENCY

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, when we were debating the independent offices appropriation bill, I cautioned the House about the Federal Aviation Agency's proposed expenditure of several millions for an unnecessary, uneconomical, and wasteful construction of a new air route traffic control center to replace the brandnew centers already existing in New Orleans and San Antonio.

I mentioned at that time that Mr. Najeeb Halaby, Administrator of the Federal Aviation Agency, was so sure of his authoritarian role that he felt no need to await the action of the Congress on his appropriation. Prior to our own vote he proceeded to acquire 8 acres of land on which to proceed with this demarche, for Mr. Halaby is a willful man. And he either is better informed on the will of Congress than are we, or he is disdainful of our will, as he is of those who disagree with him.

In any event, in my previous remarks I mentioned that the Comptroller General of the United States was investigating the claim of Mr. Halaby that money would be saved by this Government by building a third new air route traffic control center to replace the two that were recently built, one of which will never be used. Mr. Halaby had advanced the claim that $418,000 a year could be saved by this build-it-up, tear-it-down policy.

I had asked the Comptroller General to check what appeared to be a rather weird economic assertion. This request I made over 3 months ago. I have just received the results of this 3-month investigation, which is described in 37 well-packed pages.

The report is a disappointment. It is a disappointment not because it does not confirm my position, but because it confirms nothing.

It is 37 pages long but in the letter of preface, the Comptroller General disqualifies himself and his study entirely. He says:

> We can express no opinion on the reasonableness of the estimated cost savings.

There you have it. What can I tell you about the 37 pages that inquire into whether the Government is going to save money by building a new traffic control center while 2 are being dismantled in my area and 7 more are being discontinued elsewhere in the United States?

I knew there was much I did not know about FAA. I knew there was much FAA did not want me to know about itself, and I have recounted to you some of my trials in trying to break the sound barrier around this Agency. However, I attributed my failings to the fact that I am new here and have received Mr. Halaby's displeasure.

But, Mr. Speaker, the Comptroller General of the United States and his highly competent staff are not new here, and I doubt that they could be deterred even if Mr. Halaby was piqued at their inquiries. This being the case, I have been confident during the past 3 months that the Comptroller must be making a penetrating analysis of FAA's own self-serving, glib statistics on purported savings from this move. I looked forward to having an answer to the question of whether there were economies in this move. If there were to be economies and no loss of efficiency and air traffic control safety, I proposed to remove myself as an objector to this move. Certainly I do not wish to cast myself in the role of an objector to any savings that could result to this Government. Furthermore, had I been proved wrong in the assertions heretofore made in my criticism of Mr. Halaby's managerial judgment, I would owe both him and this House an apology for my own misjudgment and for the criticism I have directed to Mr. Halaby and his Agency.

But I do not find any such apology owing as a result of the 3 months labor by the Comptroller. The Comptroller has disqualified himself and tells me he can express no opinion on the reasonableness of the estimated cost savings. He says the economic and financial data he examined were prepared by the FAA and were related to technical and engineering estimates which apparently he was unwilling or unable to look behind. You will recall that this is precisely the position the Agriculture Department was in when it limited itself to auditing the financial report of Billie Sol Estes that Estes had prepared himself. Therefore, the General Accounting Office confined itself to checking Mr. Halaby's own arithmetic and seeing if any obvious items had been omitted, duplicated or added wrong. Of these he found several which revealed an error of $419,000 in FAA's projection of savings over a 16-year period. This, of course, is not a large amount and is not of great significance.

What is of significance is that there appears to be no agency of Government that feels competent to look behind Mr. Halaby's figures. You heard the Subcommittee on Independent Offices tell you that these were technical matters and that they were not the experts. The Comptroller says he is not qualified. The Bureau of the Budget gave Mr. Halaby oral approval to go ahead with this move. Yes, you heard me right, they gave oral approval, as is now confirmed by the Comptroller.

My question is, Who, then, in this democratic Government can, in this age of highly advanced technology, check on the conduct of office of one who administers over portions of that technology? Have we come to a point where we are confronted with walled-off areas that are immune to the surveillance of representatives elected by the people? In this time when we appropriate the people's funds for supersonic flight, mechanical brains, and all manner of scientific endeavors, are we admitting that the Congress has no means to check the probity of technical and engineering estimates from an administrator? This is the situation that faces us in FAA today, but I refuse to rest at this point.

I believe there is evidence ready at hand that should enable us to see the lack of wisdom of permitting this to go unchallenged. A political deal that juggles the placement of a computer is no different than one which decides on the construction of a post office. If you feel competent to determine the building of a dam or a post office, you should feel competent to determine the placement of a computer.

And the computer is crucial to Mr. Halaby's decision. This is the key to his maneuvers. He has injected it into the situation for without it he has no case, as the Comptroller's figures clearly show.

In the justification for the establishment of an air route traffic control center in Houston, a great deal of emphasis is placed on the comparative costs of computers—specifically, the saving in cost through the operation of one computer in Houston versus two computers in New Orleans and San Antonio.

It is a fact that the FAA does not have the slightest idea as to what kind of computer should be installed in any air route traffic control center, next year or the next. It is the wildest kind of guess to attempt to say what computer costs, functions, or types will be called for in 1970.

Since 1957, FAA has been engaged in the development of a computer based air traffic control systen., which has seen over $50 million poured down the drain. That system has produced nothing. The FAA has not only failed to salvage any computer capability from this effort; it has also deliberately stalled the use of off-the-shelf computers in air route traffic control centers which was recommended by the Project Beacon report which is so often quoted by Mr. Halaby.

For example: In the fiscal year 1961 budget, the FAA justified and Congress appropriated funds for the installations of computers in the Atlanta, Jacksonville, and Oakland air route traffic control centers. After the Agency received their 1961 appropriation, they quietly discarded plans to install these computers. Since then, these centers have continued to operate without computers. No other centers have been equipped with computers, no request for additional computers was contained in the fiscal year 1963 budget, and FAA has no definitive plan for adding computers in any additional air route traffic control center.

The justification for the establishment of the Houston center based on comparative savings in computer costs over a 16-year period, is completely phony. Incidentally, they started with a 10-year projection, but abandoned this for the 16-year lifespan which gave obviously higher savings. The General Accounting Office admits a lack of competence to judge the technical aspects of FAA's justification. Yet they blindly cite the justification as presented to them by FAA.

For example, the GAO report states the need for a computer system to assist in achieving positive air traffic control. It is a fact that the condition described by FAA as "positive air traffic control" relies completely on radar coverage, and is in no may affected by the presence or absence of a computer in the air route traffic control center.

Another bit of justification provided by FAA, and repeated by rote by GAO, states that air route traffic control centers have a life expectancy of 25 years.

A center was established in Norfolk, and decommissioned within 6 years.

A center was established in Tacoma, and decommissioned within 5 years.

A center was established in Phoenix, and is being decommissioned after 7 years.

A new center building was constructed in San Antonio, and is proposed to be abandoned after only 4 years.

A new center building was constructed in New Orleans, and will be abandoned before it is even occupied.

A new center building was constructed in Minneapolis, and before occupancy, over two-thirds of its functions are being shifted elsewhere.

In view of this incredible record, how can FAA say with any assurance that a center will be required in Houston in 1970, or even in 1965? Also, these examples should help us in judging the lack of competence in planning by this Agency. There must be a moratorium placed on this incredibly expensive and dangerous lack of management by FAA. An Agency that did not know in February of this year that a new center was needed in Houston, can hardly be believed when it attempts to show justification for that center extending through the year 1978.

I know not how others here feel, but I for one am unwilling to be taken for a dupe and treated as an unnecessary ancillary to our processes of government. I see in this single situation an attitude that is unhealthy for our future and for the form of our Government. I shall pursue it further.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BARING (at the request of Mr. ALBERT), for an indefinite period, on account of official business.

Mrs. RILEY (at the request of Mr. ALBERT), for Thursday, August 9, through Thursday, August 16, 1962, on account of official business in the district.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BRADEMAS, for 1 hour, today.

Mr. PATMAN, for 2 hours, on Monday, August 20, 1962, and to revise and extend his remarks and include certain statements and charts.

Mr. HEMPHILL (at the request of Mr. TOLL), to address the House tomorrow, for 1 hour.

Mr. WHITENER (at the request of Mr. TOLL), to address the House tomorrow, for 1 hour.

Mr. KYL, for 30 minutes, today.

Mr. FINO, for 30 minutes, tomorrow.

Mr. PATMAN, for 20 minutes, today, to revise and extend his remarks and include extraneous matter.

Mr. FARBSTEIN (at the request of Mr. MACK), for 30 minutes, today, to revise and extend his remarks and to include extraneous matter.

Mr. SCHWENGEL (at the request of Mr. KYL), for 1 hour, on tomorrow, August 14, 1962.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. TOLL.

Mr. FEIGHAN and to include extraneous matter.

Mr. ALGER.

(The following Members (at the request of Mr. MACK) and to include extraneous matter:)

Mr. COOLEY.

Mr. POWELL.

Mr. WAGGONNER.

Mrs. SULLIVAN.

(The following Member (at the request of Mr. KYL) and to include extraneous matter:)

Mr. CONTE.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 689. An act for the relief of Karl Heinz Agar; to the Committee on the Judiciary.

S. 824. An act to admit the vessels *Fort Town, Maple City,* and *Windmill Point* to American registry and to permit their use in the coastwise trade; to the Committee on Merchant Marine and Fisheries.

S. 1065. An act to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Unalakleet, Alaska, to Mrs. William E. Beltz; to the Committee on Interior and Insular Affairs.

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California; to the Committee on Armed Services.

S. 1542. An act to authorize and direct the Secretary of the Interior to conduct studies of the genetics of sport fishes and to carry out selective breeding of such fishes to develop strains with inherent attributes valuable in programs of research, fish hatchery production, and management of recreational fishery resources; to the Committee on Merchant Marine and Fisheries.

S. 2369. An act to release the right, title, or interest, if any, of the United States in certain streets in the village of Heyburn, Idaho, and to repeal the reverter in patent for public reserves; to the Committee on Interior and Insular Affairs.

S. 2511. An act to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes; to the Committee on Education and Labor.

S. 3071. An act for the relief of Hidayet Danish Nakashidze; to the Committee on the Judiciary.

S. 3090. An act for the relief of Antonio da Costa; to the Committee on the Judiciary.

S. 3100. An act to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Georgetown, Colo., to Frank W. Whitenack; to the Committee on Interior and Insular Affairs.

S. 3117. An act to promote the coordination and development of effective Federal and State programs relating to outdoor recreation, and to provide financial assistance to the States for outdoor recreation planning, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3264. An act to authorize and direct the Secretary of the Treasury to cause the vessel *Eugenie II,* owned by J. C. Strout, of Milbridge, Maine, to be documented as a vessel of the United States with full coastwise privileges; to the Committee on Merchant Marine and Fisheries.

S. 3338. An act to incorporate the American Symphony Orchestra League; to the Committee on the Judiciary.

S. 3380. An act to designate the second Monday in October as National Teachers' Day; to the Committee on the Judiciary.

S. 3428. An act relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia; to the Committee on the District of Columbia.

S. 3504. An act to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes; to the Committee on Merchant Marine and Fisheries.

S. 3529. An act to amend the Manpower Development and Training Act of 1962 with regard to reimbursement of railroad unemployment insurance account; to the Committee on Education and Labor.

S.J. Res. 179. Joint resolution authorizing and requesting the President to designate April 21, 1963, as a day for observance of the courage displayed by the uprising in the Warsaw ghetto against the Nazis; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 23. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes;

H.R. 3372. An act for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil;

H.R. 5139. An act for the relief of Helena M. Grover;

H.R. 7741. An act to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade;

H.R. 8168. An act to admit the oil screw tugs *Barbara, Ivalee, Lydia,* and *Alice* and the barges *Florida DB 8, No. 220* and *No. 235,* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes;

H.R. 11400. An act to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing; and

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2135. An act to authorize the Securities and Exchange Commission to delegate certain functions.

BILL PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 9, 1962, present to the President, for his approval, a bill of the House of the following title:

H.R. 12547. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center, to extend the time during which appropriations may be made for the purposes of that act.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 42 minutes p.m.) the House adjourned until tomorrow, Tuesday, August 14, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2399. A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1963 in the amounts of $120,000 for the judiciary and $10,886 for the District of Columbia, proposed supplemental appropriations for the fiscal years 1962 and 1963 in the amount of $595,826,000, and requests for consideration of four items transmitted in the 1963 budget, for various agencies of the executive branch (H. Doc. No. 514); to the Committee on Appropriations and ordered to be printed.

2400. A letter from the Administrator, Foreign Agricultural Service, U.S. Department of Agriculture, transmitting a report on title I, Public Law 480 agreements concluded during July 1962, pursuant to Public Law 85–128; to the Committee on Agriculture.

2401. A letter from the Secretary of the Air Force, transmitting a draft of a proposed bill entitled "A bill to further amend the Missing Persons Act to cover certain persons detained in foreign countries against their will, and for other purposes"; to the Committee on Armed Services.

2402. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a report of actual procurement receipts for medical stockpile of civil defense emergency supplies and equipment purposes for the quarter ending June 30, 1962, pursuant to the Federal Civil Defense Act of 1950, as amended, and Executive Order No. 10958, effective August 14, 1961; to the Committee on Armed Services.

2403. A letter from the General Counsel, Department of Defense, transmitting a draft of a proposed bill entitled "A bill to amend title 10, United States Code, to provide for participation by members of the Armed Forces in international sports activities"; to the Committee on Armed Services.

2404. A letter from the Administrator, Housing and Home Finance Agency, transmitting a draft of a proposed bill entitled "A bill to amend sections 220, 221, and 233 of the National Housing Act"; to the Committee on Banking and Currency.

2405. A letter from the Assistant Secretary, Department of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill to authorize certain expenditures and activities now authorized in annual appropriations for Howard University, Gallaudet College, and St. Elizabeths Hospital, to facilitate certain other administrative or personnel improvements at such institutions, and for other purposes"; to the Committee on Education and Labor.

2406. A letter from the Comptroller General of the United States, transmitting a report on the review of certain policies and practices relating to employee field conferences held by the Bureau of Old-Age and Survivors Insurance (BOASI), Social Security Administration, Department of Health, Education, and Welfare, May 1962; to the Committee on Government Operations.

2407. A letter from the Secretary of the Air Force, transmitting a report of claims paid under section 2672 of title 28, United States Code for the fiscal year 1962, pursuant to section 2673 of title 28, United States Code; to the Committee on the Judiciary.

2408. A letter from the Secretary of the Air Force, transmitting a report of claims paid by the Department of the Air Force for the fiscal year 1962, pursuant to section 2732(f) of title 10, United States Code; to the Committee on the Judiciary.

2409. A letter from the Assistant Secretary, Department of Health, Education, and Welfare transmitting a draft of a proposed bill entitled "A bill to amend the Social Security Act to authorize certain expenditures now authorized in annual appropriations and to facilitate certain administrative improvements, and for other purposes"; to the Committee on Ways and Means.

2410. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 20, 1962, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of Rockport, Mass., authorized by section 2 of the River and Harbor Act, approved July 3, 1930, as amended and supplemented (H. Doc. No. 515); to the Committee on Public Works and ordered to be printed with three illustrations.

2411. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and an illustration, on a review of the reports on the Marblehead Harbor, Mass., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 2, 1949 (H. Doc. No. 516); to the Committee on Public Works and ordered to be printed with one illustration.

2412. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 19, 1962, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of Salisbury Beach, Mass., authorized by section 2 of the River and Harbor Act, approved July 3, 1930, as amended and supplemented (H. Doc. No. 517); to the Committee on Public Works and ordered to be printed with three illustrations.

2413. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying paper and an illustration, on a review of the reports on the Santa Barbara Harbor, Calif., requested by resolutions of the Committee on Public Works, House of Representatives, adopted March 19, 1946, and June 11, 1952 (H. Doc. No. 518); to the Committee on Public Works and ordered to be printed with one illustration.

2414. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the report on the Mississippi River between Ste. Genevieve and St. Marys, Mo., requested by a resolution of the Committee on Flood Control, House of Representatives, adopted July 3, 1945 (H. Doc. No. 519); to the Committee on Public Works and ordered to be printed with two illustrations.

2415. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on Twelvepole Creek, W. Va., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 13, 1956 (H. Doc. No. 520); to the Committee on Public Works and ordered to be printed with five illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of August 8, 1962, the following bills were reported on August 10, 1962:

Mr. McMILLAN: Committee on the District of Columbia. S. 1918. An act to extend benefits of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 to widows and surviving children of former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, or the U.S. Secret Service Division, who were retired or who died in the service of any such organization prior to the effective date of such amendments; without amendment (Rept. No. 2167). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. S. 2357. An act to provide for the regulation of credit life insurance and credit accident and health insurance in the District of Columbia; with amendment (Rept. No. 2168). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. S. 3315. An act to relieve owners of abutting property from certain assessments in connection with the repair of alleys and sidewalks in the District of Columbia; with amendment (Rept. No. 2169). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 8563. A bill to amend the Life Insurance Act of the District of Columbia to permit certain policies to be issued to members and employees of members of duly organized national veterans' organizations; with amendment (Rept. No. 2170). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 10188. A bill to amend sections 2 and 5 of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in the Georgetown area of the National Capital," approved September 22, 1950 (64 Stat. 903); with amendment (Rept. No. 2171). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 11698. A bill to amend the act of March 3, 1901, to permit the appointment of new trustees in deeds of trust in the District of Columbia by agreement of the parties; with amendment (Rept. No. 2172). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 12689. A bill to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901; without amendment (Rept. No. 2173). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 12727. A bill to amend the act of February 28, 1901, to insure that policemen and firemen in the District of Columbia will receive medical care for all injuries and diseases; without amendment (Rept. No. 2174). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of August 9, 1962, the following bills were reported on August 10, 1962:

Mr. SHEPPARD: Committee on Appropriations. H.R. 12870. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; without amendment (Rept. No. 2175). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORGAN: Committee on Foreign Affairs. S. 2768. An act to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor; with amendment (Rept. No. 2176). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted August 13, 1962*]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. S. 2429. An act to revise the boundaries of the Virgin Islands National Park, St. John, V.I., and for other purposes; with amendment (Rept. No. 2177). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. S. 2973. An act to revise the boundaries of Capulin Mountain National Monument, N. Mex., to authorize acquisition of lands therein, and for other purposes; with amendment (Rept. No. 2178). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. S. 4. An act to provide for the establishment of the Padre Island National Seashore; with amendment (Rept. No. 2179). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 11164. A bill to approve an amendatory repayment contract negotiated with the Quincy Columbia Basin Irrigation District, authorize similar contracts with any of the Columbia Basin Irrigation Districts, and to amend the Columbia Basin Project Act of 1943 (57 Stat. 14), as amended, and for other purposes; with amendment (Rept. No. 2180). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. S. 1208. An act to amend Public Law 86-506, 86th Congress (74 Stat. 199), approved June 11, 1960; with amendment (Rept. No. 2181). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 2796. A bill to provide for the renewal of certain municipal, domestic, and industrial water supply contracts entered into under the Reclamation Project Act of 1939, and for other purposes; with amendment (Rept. No. 2182). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 3529. A bill to amend the act of June 25, 1910 (36 Stat. 857, 25 U.S.C. 406, 407), with respect to the sale of Indian timber; with amendment (Rept. No. 2183). Referred to the Committee of the Whole House on the State of the Union.

Mr. ASPINALL: Committee on Interior and Insular Affairs. H.R. 12761. A bill to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed, and for other purposes; without amendment (Rept. No. 2184). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, pursuant to the order of the House of August 9, 1962, the following bill was introduced on August 10, 1962:

By Mr. SHEPPARD:

H.R. 12870. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

[*Introduced and referred August 13, 1962*]

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BELL:

H.R. 12871. A bill to provide a percentage deduction for certain expenses paid for the higher education of the taxpayer, his spouse, and his dependents; to the Committee on Ways and Means.

By Mr. BERRY:

H.R. 12872. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CHENOWETH:

H.R. 12873. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of California:

H.R. 12874. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DOLE:

H.R. 12875. A bill to establish a temporary wheat program for 1963; to the Committee on Agriculture.

By Mr. McFALL (by request):

H.R. 12876. A bill to authorize the Secretary of the Army to make a monetary contribution toward the construction of the New Melones Dam in recognition of the flood control accomplishments thereof; to the Committee on Public Works.

By Mr. MILLS:

H.R. 12877. A bill to amend title II of the Social Security Act to eliminate the restriction on the period during which an application for a determination of disability is granted full retroactivity, and for other purposes; to the Committee on Ways and Means.

H.R. 12878. A bill to amend the Tariff Act of 1930 to provide for the performance of reimbursable services at foreign stations, and for other purposes; to the Committee on Ways and Means.

H.R. 12879. A bill to amend the Internal Revenue Code of 1954 to remove restrictions on charges for forms, copies, and certifications; to the Committee on Ways and Means.

By Mr. RANDALL:

H.R. 12880. A bill to amend the Communications Act of 1934 in order to provide for the revocation of the license of any radio broadcasting station which broadcasts programs a predominant characteristic of which is the undue exploitation of sex, crime, horror, or violence; to the Committee on Interstate and Foreign Commerce.

By Mr. ROOSEVELT:

H.R. 12881. A bill to provide for the exclusion from gross income of certain awards made pursuant to evacuation claims of American-Japanese individuals; to the Committee on Ways and Means.

By Mr. SCHWEIKER:

H.R. 12882. A bill to provide for the medical and hospital care of the aged through a system of voluntary health insurance and tax credits, and for other purposes; to the Committee on Ways and Means.

By Mr. TOLL:

H.R. 12883. A bill to establish a Department of Education, and for other purposes; to the Committee on Government Operations.

By Mr. RANDALL:

H. Con. Res. 511. Concurrent resolution expressing the sense of the Congress that action should be taken in order to eliminate the distribution and exhibition of objectionable motion pictures and advertising related to motion pictures, and to eliminate the broadcasting of objectionable radio and television programs; to the Committee on the Judiciary.

By Mr. MILLER of New York:

H. Con. Res. 512. Concurrent resolution expressing the sense of the Congress that the Administrator of the St. Lawrence Seaway Corporation should cooperate with other governmental authorities in the United States and with Canadian authorities to reduce oil pollution; to the Committee on Public Works.

By Mr. RANDALL:

H. Res. 757. Resolution creating a select committee to conduct an investigation and study of the production, distribution, and exhibition of objectionable motion pictures and related advertising and of the broadcasting of objectionable radio and television programs; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States relative to urging Federal authorities to require Northeast Airlines to continue its scheduled flight services in and out of the municipal airport of the city of Lawrence, which was referred to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER:

H.R. 12884. A bill for the relief of the trustee in bankruptcy, estate of Monti Marine Corp., of New York; to the Committee on the Judiciary.

H.R. 12885. A bill for the relief of the trustee in bankruptcy, estate of Monti Marine Corp., of New York; to the Committee on the Judiciary.

By Mr. FASCELL:

H.R. 12886. A bill for the relief of Dr. Olga Marie Ferrer; to the Committee on the Judiciary.

By Mr. WRIGHT:

H.R. 12887. A bill for the relief of Benjamin Leach, Diogracias Leach, Rogelio Leach, and Maximo Leach; to the Committee on the Judiciary.

SENATE

Monday, August 13, 1962

(Legislative day of Friday, August 10, 1962)

The Senate met at 10 o'clock a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore [Mr. Metcalf].

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, for the glory of the earth, in the haunting beauty of which we walk for the dawn of the new day, for the stars in the night sky, for the gifts of love and of friendship, for sacred and sunny memories, and for every radiant hope which inspires us on our pilgrim way, we lift our morning paean of grateful praise.

In Thy presence our arrogance is rebuked and our pride of opinion is mocked as we confess that left to ourselves we but grope in the darkness, and that our sight is dim, our knowledge is partial, and our judgments fallible.

As we face the tangled problems of a free system where the people rule, make us honest and honorable enough to bear the vision of the truth, wherever it may lead, and to be done with all pretense. In spite of suspicions, animosities, disappointments, disillusionments, and of hopes deferred which plague the councils of men, gird our hearts to seek peace and pursue it, that the sadly sundered family of Thy children may at last be bound by golden cords of understanding and fellowship around the feet of the one God.

We ask it in the Name above every name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, August 11, 1962, was dispensed with.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The question is on agreeing to the amendment of the Senator from Tennessee [Mr. Gore].

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. Mansfield, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session tonight, it adjourn to meet at 12 o'clock midday tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I have asked for a reconvening hour of 12 tomorrow, rather than earlier, in the hope that the Judiciary Committee, and particularly its subcommittees, will move ahead and, I hope, will complete its work on the drug bill and on the highly controversial nomination of Mr. Thurgood Marshall.

Mr. KEATING. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KEATING. I am delighted that the Senator from Montana has made this statement regarding the nomination of Judge Marshall. The hearing on it has been set for Thursday. However, I feel sure that can be changed. I compliment the majority leader on his efforts to expedite the taking of action on the nomination, and I hope his efforts will be exerted where they will count the most.

Mr. MANSFIELD. I wish to say that it is the hope of the leadership that the hearings on the nomination of Judge Marshall will be concluded, so the nomination can be brought to the floor of the Senate for consideration during executive session. If that cannot be done tomorrow, which I had hoped would be possible, then the leadership will endeavor, within its capacities, but without making any promise whatever, to see whether it can be done Wednesday or Thursday.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Report on Title I Agreements Under Agricultural Trade Development and Assistance Act of 1954

A letter from the Administrator, Foreign Agricultural Service, Department of Agriculture, transmitting, pursuant to law, a report on title I agreements under the Agricultural Trade Development and Assistance Act of 1954 (with accompanying papers); to the Committee on Agriculture and Forestry.

Report on Medical Stockpile of Civil Defense Emergency Supplies and Equipment

A letter from the Secretary of Health, Education, and Welfare, reporting, pursuant to law, on the medical stockpile of civil defense emergency supplies and equipment, for the quarter ended June 30, 1962; to the Committee on Armed Services.

Amendments of Missing Persons Act To Cover Certain Persons Detained in Foreign Countries Against Their Will

A letter from the Secretary of the Air Force, transmitting a draft of proposed legislation to further amend the Missing Persons Act to cover certain persons detained in foreign countries against their will, and for other purposes (with an accompanying paper); to the Committee on Armed Services.

Amendment of Title 10, United States Code, Relating to Participation by Members of the Armed Forces in International Sports Activities

A letter from the General Counsel of the Department of Defense, Washington, D.C., transmitting a draft of proposed legislation to amend title 10, United States Code, to provide for participation by members of the Armed Forces in international sports activities (with an accompanying paper); to the Committee on Armed Services.

Amendment of Sections 220, 221, and 233 of National Housing Act

A letter from the Administrator, Housing and Home Finance Agency, Washington, D.C., transmitting a draft of proposed legislation to amend sections 220, 221, and 233 of the National Housing Act (with accompanying papers); to the Committee on Banking and Currency.

Social Security Act Technical Amendments of 1962

A letter from the Assistant Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act to authorize certain expenditures now authorized in annual appropriations and to facilitate certain administrative improvements, and for other purposes (with an accompanying paper); to the Committee on Finance.

Declassification of Audit Report of General Services Administration

A letter from the Comptroller General of the United States, reporting, for the information of the Senate, that the secret report by that Office on the audit of certain contracts with Kaiser Aluminum & Chemical Corp., dated July 6, 1961, was declassified on June 26, 1962, by the Office of Emergency Planning; to the Committee on Government Operations.

Report on Claims Paid Under Military Personnel Claims Act

A letter from the Secretary of the Air Force, transmitting, pursuant to law, a report on claims paid under the Military Personnel Claims Act, during the fiscal year 1962 (with an accompanying report); to the Committee on the Judiciary.

Report on Tort Claims Paid by Department of the Air Force

A letter from the Secretary of the Air Force, transmitting, pursuant to law, a report on tort claims paid by that Department, during the fiscal year 1962 (with an accompanying report); to the Committee on the Judiciary.

Health, Education, and Welfare Institutions Technical Amendments of 1962

A letter from the Assistant Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to authorize certain expenditures and activities now authorized in annual appropriations for Howard University, Gallaudet College, and St. Elizabeths Hospital, to facilitate certain other administrative or personnel improvements at such institutions, and for other purposes (with an accompanying paper); to the Committee on Labor and Public Welfare.

RESOLUTIONS OF SENATE OF COMMONWEALTH OF MASSACHUSETTS

The ACTING PRESIDENT pro tempore laid before the Senate resolutions of the Commonwealth of Massachusetts, which were referred to the Committee on Commerce, as follows:

RESOLUTION URGING FEDERAL AUTHORITIES TO REQUIRE NORTHEAST AIRLINES TO CONTINUE ITS SCHEDULED FLIGHT SERVICES IN AND OUT OF THE MUNICIPAL AIRPORT OF THE CITY OF LAWRENCE

Whereas the Northeast Airlines has submitted a petition to the Civil Aeronautics Board requesting permission to terminate certain scheduled flights in and out of Richard F. Condon Airport in North Andover, the municipal airport of the city of Lawrence, thereby terminating service for the Lawrence area; and

Whereas hundreds of thousands of dollars of city, State, and Federal funds have been expended in recent years in the enlargement and improvement of said airport, and the Federal Aviation Agency has approved recent expenditures for the development of the airport; and

Whereas the record of airline passengers served from 1952 to 1958 justifies a longer trial period of service by the Northeast Airlines, which company has not fairly tried to promote business in the Lawrence area, particularly in promoting air mail and air freight, nor tried to evaluate the potential of air passenger business in the Lawrence area, notwithstanding the fact that over $2 million has been invested in new facilities at the Lawrence airport during the years 1958–61 on the basis of the resumption of services at said airport by the Northeast Airlines; and

Whereas the suspension of service requested by Northeast Airlines was tentatively allowed by order of the Civil Aeronautics Board, which order was later withdrawn, at which time the Civil Aeronautics Board stated that Northeast Airlines should resume its original schedule of service out of and into the Lawrence airport until the entire matter of Northeast Airlines service in the New England area, including Lawrence, be reviewed at a region airport meeting to be held in August of the current year; and

Whereas it is not in the public interest to allow Northeast Airlines to discontinue flight service at the Lawrence airport, no other substitute service being available: Therefore, be it

Resolved, That the Senate of Massachusetts respectfully urges the Congress of the United States and the Civil Aeronautics Board to take such action as may protect the interests of the people of the Lawrence area, and to require Northeast Airlines to continue its services at the Lawrence airport; and be it further

Resolved, That the secretary of the Commonwealth transmit forthwith copies of these resolutions to the President of the United States, to the presiding officer of each branch of the Congress, to each Member of the Congress from the Commonwealth, and to each member of the Civil Aeronautics Board.

Adopted by the Senate, July 26, 1962.

THOMAS A. CHADWICK,
Clerk.

Attest:

KEVIN H. WHITE,
Secretary of the Commonwealth.

PRINTING OF ADDITIONAL COPIES OF HEARINGS ENTITLED "MILITARY COLD WAR EDUCATION AND SPEECH REVIEW POLICIES" AND REPORT THEREON—REPORT OF A COMMITTEE

Mr. STENNIS. Mr. President, for the Committee on Armed Services of the Senate I report an original concurrent resolution authorizing the printing of additional copies of hearings entitled "Military Cold War Education and Speech Review Policies" and the report thereon.

Mr. President, the concurrent resolution represents what is believed by the committee to be a fair estimate of the additional copies which will be needed of the report, as well as of the hearings. These are the hearings which were conducted by the Preparedness Investigating Subcommittee with reference to the use of military personnel in the conduct of the cold war, having to do with the so-called clearances of speeches, censorship, and so forth. Due to the great volume of testimony taken at the hearings, considerable time will be required in reviewing same; but the committee expects to file a complete report before the end of this session.

As I say, this represents a fair estimate by the committee of the needed requirements. I assume that the concurrent resolution will be referred to the Committee on Rules and Administration.

The ACTING PRESIDENT pro tempore. Under the rule, the concurrent resolution will be received and referred to the Committee on Rules and Administration.

The concurrent resolution (S. Con. Res. 87) was referred to the Committee on Rules and Administration, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on Armed Services not to exceed six thousand additional copies of all parts of the hearings entitled "Military Cold War Education and Speech Review Policies," held by the Special Preparedness Subcommittee during the current session, and not to exceed six thousand additional copies of the report thereon to be made to the Senate by that committee.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BIBLE (by request):

S. 3636. A bill to amend the act of February 9, 1907, entitled "An act to define the term 'registered nurse' and to provide for the registration of nurses in the District of Columbia," as amended, with respect to the minimum age limitation for registration;

S. 3637. A bill to authorize the Commissioners of the District of Columbia to sell a right-of-way across a portion of the District Training School grounds at Laurel, Md., and for other purposes;

S. 3638. A bill to authorize certain expenses in the government of the District of Columbia, and for other purposes; and

S. 3639. A bill to amend the District of Columbia Practical Nurses' Licensing Act, and for other purposes; to the Committee on the District of Columbia.

By Mr. BEALL:

S. 3640. A bill authorizing the Secretary of the Interior to erect a monument at Fort Cumberland, Allegany County, Md., in honor of George Washington; to the Committee on Rules and Administration.

By Mr. RUSSELL (for himself and Mr. TALMADGE):

S. 3641. A bill to amend the Textile Fiber Products Identification Act; to the Committee on Commerce.

CONCURRENT RESOLUTION

PRINTING OF ADDITIONAL COPIES OF HEARINGS ENTITLED "MILITARY COLD WAR EDUCATION AND SPEECH REVIEW POLICIES" AND THE REPORT THEREON

Mr. STENNIS, from the Committee on Armed Services, reported an original concurrent resolution (S. Con. Res. 87) authorizing the printing of additional copies of the hearings entitled "Military Cold War Education and Speech Review Policies" and the report thereon, which was referred to the Committee on Rules and Administration.

(See the above concurrent resolution printed in full when reported by Mr. STENNIS, which appears under a separate heading.)

RECOMMENDATION FOR COMPULSORY SCHOOL ATTENDANCE TO AGE 17 OR HIGH-SCHOOL GRADUATION

Mr. PROXMIRE. Mr. President, I submit a resolution stating it as the sense of the Senate that compulsory school attendance be extended to the 17th birthday or to high-school graduation, whichever comes first, as a means of combating serious unemployment among young people.

I believe that, as a national goal, States and communities should be encouraged to provide useful education and training opportunities for young people until their 18th birthday.

Unemployment among our Nation's teenagers is staggering, and is steadily getting worse. It is double or triple the rate among other groups in our population.

Right now, over 1 million young people aged 14 to 19 are in the labor force, but are out of work. If present trends continue, by 1970 the number will be 1.5 million. As they are now so they will be then: the largest single age group of unemployed workers in America.

The right kind of increased education is a key to reducing unemployment. It is the best way to develop the competence and skills that our young people need in order to fill the myriad of skilled jobs stemming from our rapid technological progress.

Our high school dropout rate has reached fantastic proportions: 2½ million out of the 10.8 million students in high schools will drop out before graduation. That is nearly one in four.

What is more, the least competent students, who need training and education most, are the ones who drop out first.

Of the national total of 6 percent unemployment in June 1962, a full 2.9 percent—nearly half—was composed of young people aged 24 and under; and 2 percent, or one-third, were in the 14 to 19 age group.

The training demands of available jobs are rising sharply, and at an increasing rate. Professional and technical occupations will increase 40 percent in the 1960's; clerical and sales jobs will increase 28 percent. For all such positions a high school diploma is a minimum requirement.

In his authoritative study of American youth, entitled "Slums and Suburbs," Dr. James Bryant Conant observed that enormous numbers of young people in cities are out of work and out of school, once they turn 16. These youth behave in ways that may have serious social consequences.

When we recognize that only 4 out of every 100 jobs available today do not require education, the staggering dimension of this problem becomes apparent.

One way to tackle the problem is to state a clear national goal of raising the school-leaving age to 17. This is what my resolution recommends.

I ask unanimous consent that the text of the resolution be printed at this point in the Record, and also that there be printed in the Record a very excellent article published on August 11 in the magazine Business Week, entitled "Only High School Grads Need Apply." The article shows the great need for such action by the State authorities.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The resolution (S. Res. 376), submitted by Mr. Proxmire, was referred to the Committee on Labor and Public Welfare, was ordered to be printed in the Record, as follows:

Whereas education and training enable young people to develop useful skills and talents; and

Whereas young people with limited education have difficulty finding and keeping satisfactory employment; and

Whereas there exists a seriously high level of unemployment among our Nation's young people, especially those with low educational attainment; and

Whereas a large percentage of all the unemployed in our Nation are young people; and

Whereas the several States and communities of our Nation have full responsibility and authority over education policies and standards: Now, therefore, be it

Resolved, That it is the sense of the Senate (1) that it should be a national goal that all States have compulsory school attendance laws requiring school attendance until the seventeenth birthday or completion of the twelfth grade if prior to such birthday, and (2) that all States and communities should be encouraged to provide adequate education and training opportunities for young people while in such required attendance.

The article submitted by Mr. Proxmire is as follows:

Only High School Grads Need Apply

"Until recently, all we asked of a job applicant was that he be able to sign his name and find his way to the time clock. Now he's got to have a high school diploma."

The speaker, a southern California electronics manufacturer, could serve as spokesman for much of American industry. The high school diploma—once the mark of the better-educated worker and often his passport to a white-collar job—has become the minimum requirement for many basic industrial jobs.

This is the word from Missouri utility executives, Washington paper mill officials, Pennsylvania steelmen, Texas oilmen, Massachusetts electrical equipment manufacturers.

TREND IS UP

A Business Week survey of major industrial centers finds the trend toward higher educational requirements for factory jobs strongest in the west coast aerospace industry (where a high school graduate taking night school math courses may start work as a mailboy), weakest in the Southeast's textile and woodworking industries.

In some areas such as Chicago, automation has produced a split trend in companies as diverse as Bell & Howell and United Biscuit Co. These employers require less than a high school education for the routinized machine operations, more for trouble-shooting jobs.

Overall, the trend is up—and rising fast. Although some aircraft companies required it 20 years ago, most of the formal requirements for a high school diploma went into effect during the past 5 years, some within the past 2. So did many of the high-school-level aptitude tests often substituted for a diploma requirement, especially in northern cities with heavy southern migration. And many companies that favor the graduate informally expect to formalize the requirement soon.

The same signs are apparent in apprenticeship programs. Nearly all require a high school diploma, and many require the ability to do college-level work.

LOW IMPORTANCE

Where educational requirements remain of minor importance, the whole issue is apt to be academic. A West Virginia supplier for the steel industry hasn't changed its grade school level requirement for years; it does all its hiring from a layoff list, relic of a 1960 cutback. A New York-based metal fabricator with plants across the country still ignores educational requirements—but it hires only seasonal workers.

The pattern indicates that the educationally undemanding companies are often stable or shrinking companies, with few job openings. Growing companies make growing educational demands. Even in companies where the lack of a diploma is not a bar to employment, personnel men agree it is a bar to advancement.

INEVITABLE TREND

Considered simply as a fact of economic life, the trend toward higher educational requirements has the inevitability of Tuesday following Monday.

First of all, galloping technology has made jobs different and harder.

In the huge Lockheed Aircraft Corp. plant in Burbank, Calif., a curious personnel manager recently tried to find an occupation that had remained unchanged since World War II. He tracked down only a janitor's job and a handful of assembly line chores. Rosie the riveter has long since been replaced by Andrew the assembler, who must know riveting, drilling, countersinking, and a mixed batch of other techniques.

At Humble Oil & Refining Co. in Houston, crews formerly turned hand valves under a supervisor's eye. Now the same unit is run by a remote control operator who visualizes what's going on by checking his dials and log sheets.

In industry after industry, jobs requiring some degree of judgment and flexibility have replaced the old one-operation tasks and the old continuous runs. Materials are costlier, tolerances closer, product lines more varied. Technician-level jobs multiply like fruit flies as production line jobs decrease. This is especially true in research and development industries that do the most hiring.

COMPANIES PLAN AHEAD

Moreover, even when filling simple jobs, most companies consciously look ahead 5, 10, or 15 years. The Detroit industrial concerns that specify a high school diploma for a sweeper don't expect the man they hire to be a sweeper forever.

Two things give them this long-range view. One is the sweeper's union contract, which guarantees him a crack at a better job if it opens up and penalizes his employer for firing him and hiring someone else if job requirements change. The second is the firm expectation, based on the experience of the past decade, that job needs will indeed change.

Anecdotes abound of aircraft workers hired for their woodworking ability who now work with metals, of plumbers who had to learn blueprint reading to lay pipes in concrete-slab, lift-wall buildings, of switches from blue-collar to white-collar skills.

There are also horror stories of companies or workers who failed to make the switch. One company employing 69 electricians—each equipped specifically to install conduit or to pull wire or to work on switchboxes—had to contract out fairly elementary electrical work on consoles because no one could do it.

NARROW SKILLS OBSOLETE

Such narrowly skilled workers are often products of World War II's crash training. Once laid off, they find it almost impossible to get jobs. In today's terms, they are not skilled at all.

Says a Wisconsin employment service official: "Occupations used to have a kind of character. If a man had a trade, he was trained for life. That isn't true any more. In effect, everybody's moving up the ladder all the time. Workers must either acquire new skills or master new machines. And they can't do it if they lack basic learning abilities."

To the personnel man, the high school diploma is an indication that the worker possesses these abilities. It also gives him hope that he can be promoted to supervisor someday.

Not all companies go along with this policy. A vocal minority feels that hiring overqualified workers for low-level jobs insures nothing but a high turnover rate.

MINORITY VIEW

"There is such a thing as job satisfaction," says a Dallas manufacturer of heavy equipment. "If you take a high school graduate with ambition, he is not content to move machinery."

The dissenters—strongest in such mature Midwestern industrial centers as Cleveland and Chicago—believe that the high school diploma has become a fetish, that attitude and ability are still the most important qualifications for most factory jobs, and that formal education is no guide to either.

In practice, however, this group is likely to favor the high school graduate over the dropout, because "the dropout is a quitter." They agree with the experts that nowadays youngsters tend to quit high school for psychological rather than economic reasons.

"A dropout usually is a kid who has been in difficulty in his home environment or at school. We just don't have time to cope with his problems," says a St. Louis personnel director.

BUYER'S LABOR MARKET

Another reason why companies hold out for a diploma is that, with unemployment at 5.3 percent, they can afford to. It's a buyers' market. And the number of young people finishing high school has jumped from an estimated crop of 1.2 million in 1950 to almost 1.9 million this year. In a labor market where high school graduates are plentiful why settle for less?

"Manpower demand has a greater effect on educational requirements that change in job content," says the director of Michigan's employment security commission.

If the labor market should tighten up, auto manufacturers would undoubtedly discover that non-high-school graduates could be trained for even technologically advanced jobs, he theorizes.

As a matter of fact, few auto makers formally require diplomas now—but find that most of the men they hire have them. This raises another point: whether the new educational requirements don't simply reflect the higher educational level of the population as a whole.

WORSE FOR JOBHUNTERS

So far, the jobhunter without a diploma has been handicapped more than the jobholder without a diploma. A company that upgrades a job rarely expects the incumbent to fulfill the new requirements. In most cases, companies report, he stays on the job if he can do it, gets retraining if it's necessary and he's up to it, or is moved to another job, if at all possible, if he falls short. But most companies demand that new employees be qualified from the start.

A substantial amount of retraining is available in some companies that seek to upgrade their work force. Such companies pay workers' tuition for job-connected courses, set up in-plant training, cooperate with local school systems, and use other methods. Over the years, much of the present skilled work force has achieved the equivalent of advanced technical school training in this way.

But if the incumbent can't benefit from retraining and the company feels it can't absorb any more displaced employees, he's out of luck.

EARLY RETIREMENT

Some companies deal with this problem—often with union support—by offering the worker financial inducements to retire early. This creates other problems, a Texas labor analyst points out.

"They are turning loose people with 10 earning years left to them, before they are eligible for social security, with little chance of finding other jobs in industry," he says.

These people swell the ranks of the hard-core unemployed, a group with heavy representation among the "uneducated" at both ends of the age scale: young high school dropouts and older nongraduates, mainly unskilled and semiskilled workers who were educated before the high school diploma became commonplace. A sad role awaits them, according to economist William Haber of the University of Michigan.

They—rather than any racial or religious category—are "the real minority group of tomorrow," he says.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM — AMENDMENTS

Mr. KEFAUVER (for himself and Senators NEUBERGER, MORSE, GRUENING, BARTLETT, LONG of Louisiana, and BURDICK) submitted amendments, intended to be proposed by them jointly to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. LAUSCHE. Mr. President, I submit two amendments to the pending bill, H.R. 11040, and ask that the reading of the amendments be dispensed with, that they be printed in the RECORD, and that they also be printed and ordered to lie on the table.

The ACTING PRESIDENT pro tempore. Without objection, the reading of the amendments will be dispensed with, and the amendments will be received, printed, printed in the RECORD, and will lie on the table.

The amendments are as follows:

On page 36, line 10, strike out the word "business" and insert after the word "entities" the phrase, "or international bodies."

On page 38, line 4, strike out all of section 402 through line 14 and insert in lieu thereof the following: "The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entry shall be subject to the approval of the Department of State."

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Excerpts from address prepared by him for delivery over Wisconsin's radio stations, weekend of August 11–12, 1962, dealing with legislative problems.

PRESIDENT KENNEDY'S VISIT TO MAINE

Mrs. SMITH of Maine. Mr. President, the President of the United States gave the people of Maine a great thrill in his visit to our State this past weekend. We hope that he enjoyed his stay and that he will return many times. I wrote him today expressing these sentiments and assuring him that my house at West Cundy Point in Casco Bay was available to him and Mrs. Kennedy at any time.

I regret very much that I could not attend this afternoon the dedication of an international bridge between Lubec, Maine, and Campobello, New Brunswick, Canada, named after another Democratic President who spent his summers in that area, Franklin D. Roosevelt. It was my honor and privilege to be the author of the legislation that made the U.S. effort in this international project possible.

I would like to have carried through on my participation on getting the legislative authorization for this international bridge through to the final satisfaction of being present to see with my own eyes the actual realization of the goal of my bill.

However, as I anticipated we have just had a rollcall vote and my official duty to legislate and to be present voting came ahead of the personal pleasure of attending the dedication ceremonies on the matter on which I have repeatedly introduced legislation and repeatedly gotten the Congress to enact.

Had the dedication ceremonies been on Saturday or Sunday I could have had the pleasure of attending just as I was able to be present for all rollcall votes Friday and still get to Maine in time, thanks to the Navy, to welcome President Kennedy in person.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

Mr. CURTIS. Mr. President, the bill, H.R. 11040, to establish a commercial communications satellite system must be enacted soon, or the Senate of the United States will suffer a loss of prestige that will be damaging to our Republic.

This measure has passed the House of Representatives. It has been studied and favorably reported and recommended by the Committee on Aeronautical and Space Sciences, by the Committee on Interstate and Foreign Commerce, by the Committee on Foreign Relations, and by the Democratic policy committee.

The bill has the active support of 85 percent of the Senators. The question before us is, Shall a minority of 15 percent deprive our country of the benefits of this legislation? In my opinion the 85 percent must avail themselves of the Rules of the Senate, to bring about prompt passage of this measure. If not, we shall fail to meet our responsibilities.

Rule 22 of the Senate Rules provides that upon the affirmative votes of two-thirds of the Senators present and voting, debate may be brought to an end. I shall vote to invoke cloture in connection with this bill. I shall do this because this measure, in my opinion, involves the security of our country.

We are in a race with the Soviets in the field of intercontinental and space satellite communications. The advances which will result from this undertaking will make a contribution to our defense and to our intercontinental and space communications. In the contest for the minds of men throughout the world, the achievements of American private enterprise in this field are a vastly important national asset. To delay would mean to aid and give comfort to our adversaries.

If we do not invoke cloture when our national security is involved, how can we defend the Rules of the Senate? If two-thirds of the Senators do not avail themselves of the existing cloture rule when the security of our Nation is at stake, how can we resist a change in the rules which would permit a measure to be brought to a vote by the affirmative votes of less than two-thirds of the Senators present and voting? If legislation important to our military and ideological contest with communism, and which has received the thorough study of four committees, cannot be supported by the votes of two-thirds of the Senators, to assure its passage, how could we hereafter defend the two-thirds vote?

As for me, there is no other choice: We must invoke cloture.

IMPORTANCE OF THE JOINT ECONOMIC COMMITTEE

Mr. PROXMIRE. Mr. President, there appears today in the New York Times an editorial which is very encouraging to those of us who serve on the Joint Economic Committee. The editorial indicates that this committee is right now playing a very useful role for those of us concerned with the economic problems confronting the country.

I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HEARINGS ON THE ECONOMY

The country's need for full information about the state of the economy is being met from many directions. President Kennedy will take to television and radio tonight to give his estimate of our economic condition. Congress' Joint Economic Committee also is off to a good start in its public hearings on the same subject. Chairman Walter W. Heller, of the President's Council of Economic Advisers, and several private economists have presented their diagnoses in an atmosphere relatively free of political bickering.

There is a good deal of merit in the decision to conduct these hearings provided they remain reasonably objective. The committee last studied the situation after publication of the President's Economic Report early this year, and since the performance of the economy has not measured up to expectations, a reappraisal appears in order.

If the hearings degenerate into a political tug of war, then their usefulness will be limited. The public has already been subject to a multitude of conflicting and partisan opinions on the state of the economy and what should be done about it. This has confused rather than clarified the issues.

Politics, of course, cannot be entirely avoided in any discussion of the economy. But the Joint Economic Committee, which has no legislative jurisdiction or powers, is making a real contribution by concentrating on objective analysis. This should be helpful to the public, the administration, and Congress itself.

WASTE IN THE SPACE PROGRAM

Mr. PROXMIRE. Mr. President, yesterday there was published in the New York Times a most important article written by James Reston, the head of the New York Times Washington bureau. In the article he set forth the assertions of former President Eisenhower, the former president of the American Association for the Advancement of Science, and the former head of our National Bureau of Standards that our space program may be spending at a wasteful pace.

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FIERY RUN, VA.: SOMETHING TO MUSE ABOUT ON A SUMMER'S DAY

(By James Reston)

FIERY RUN, VA., August 11.—There is a growing uneasiness among many thoughtful people in the country these days about the cost of our military and space programs.

The issue is not whether the Nation should defend the free world and explore outer space but whether the military aid programs to other countries, the propaganda aspects of the space program and the military budget itself can be modified to do the job with considerably less money—the savings to be used in other ways.

Former President Eisenhower, for example, was saying this week that the space budget, averaging between $3 and $5 billion a year, was well beyond its scientific requirements. His chief scientific adviser in the White House, Professor Kistiakowsky, of Harvard, calls the space program a "technological spectacular," more concerned with national prestige than scientific progress.

Warren Weaver, former president of the American Association for the Advancement of Science, puts the cost of the man-on-the-moon project at $30 billion and adds: "I believe that most scientists consider the proposed expenditure quite unjustified on the grounds of scientific considerations, and also consider the frantic pace of the program to be wasteful."

Dr. E. U. Condon, professor of physics at Washington University in St. Louis and former director of the National Bureau of Standards, said this week in Colorado that the unmanned flights to the moon were valuable for astrophysics but quite inexpensive compared to the cost of trying to send a man there and bringing him back alive. This latter part of the program he defined as a kind of "lunar Olympic game."

THOSE MILITARY AID PROGRAMS

Meanwhile, the most serious doubts are being expressed by many of the President's own advisers about the cost and value of military aid to many countries. One high official said privately this week that he believed over $1 billion a year could be cut from our overseas military expenditures without changing the balance of power, and much more if our European military programs were put on a fair partnership basis with our European allies.

The question then is one of balance when the administration is worried about a prospective $10 billion deficit, high unemployment and a constructive tax policy.

Every time somebody raises this question he is asked whether he wants to let the Communists win the cold war, but that is not the issue. The issue is whether, at a time when the nuclear powers of the world have stockpiled the equivalent of 10 tons of TNT for every man, woman, and child on earth, it is necessary to go on spending nearly $50 billion a year to deter the Communists.

Are they deterred from making war by our will or by the difference between, say, $40 billion and $50 billion in the military burget? Is the thing in balance, or could some of this money not be spent in another way that would strengthen our society even more?

Dr. Weaver, for example, in the Saturday Review, speculates on what might be done with the $30 billion going into the man-in-the-moon project over the next 10 years. With this money, he points out, we could give a 10-percent raise in salary for 10 years to every teacher in the United States ($9.8 billion); give $10 million each to 200 of the best small colleges in the Nation ($2 billion); finance 7-year fellowships at $4,000 a year for 50,000 new scientists and engineers ($1.4 billion); contribute $200 million each to create 10 new medical schools ($2 billion); build and largely endow complete universities for all 53 of the nations which have been added to the United Nations since it was founded ($13.2 billion); create three more permanent Rockefeller Foundations ($1.5 billion). He observes that we would still have $100 million left over to educate the people on the changes in the modern world.

Maybe this dramatizes and oversimplifies the point, but it's something to think about on a summer's day when presumably families are thinking about the allocation of the family budget. The easiest thing in Washington is to get money for military and scientific machines, and the strongest thing in Washington is the momentum of programs already established—even after they are obsolete.

But this is precisely what President Kennedy promised to do when he ran for office; to question the obvious and review the past. It's still not a bad idea.

COMMERCIAL COMMUNICATIONS SATELLITE — PERSONAL STATEMENT

Mr. DOUGLAS. Mr. President, after mature consideration, I have decided to vote against the cloture motion which will be the order of business tomorrow.

We who advocate a change in rule XXII have always defended the right to free and full debate under the rules of the Senate, and the changes which I have proposed in the past, and which have been voted down, have provided for at least 3 to 4 weeks of full discussion under the rules before a majority of the Senate could limit the debate of other Senators to 1 hour.

While there has been full consideration of the satellite bill in committee, there has certainly not yet been such full consideration on the floor, and a number of Senators who have very valuable contributions to make have not been heard from, and will not be heard from, if the cloture motion is adopted.

I am told that a number of Senators have pledged to absent themselves tomorrow, and therefore, in effect, to vote for cloture. I hope that the country will see who the Senators are who thus absent themselves for A.T. & T.

Second, I think that those northern Senators and western Senators who have voted against cloture on civil rights matters in the past should consider very carefully before they vote for cloture on the satellite communications bill. I think the country will be watching their votes, too, to see whether they will vote against cloture when it serves to defeat civil rights, but will invoke cloture to help turn over space communications to a completely private corporation without adequate Government controls or compensation for public moneys expended.

Mr. President, I am a peace-loving man, but in a world of force people other than saints must defend themselves. The law-abiding citizens who rode into Dodge City in the old days, when the outlaws were not only armed to the teeth but in addition had the sheriff, the court of justice, and the newspaper on their side, did not enter unarmed. No, the lawabiders came in with sixshooters at their sides. While we may be peace-loving, I do not propose to strip the opponents of the bill of adequate sidearm protection as they battle for what they believe to be the people's interest.

Mr. DOUGLAS subsequently said: Mr. President, I ask unanimous consent that rollcalls published by the Democratic policy committee on three previous motions to invoke cloture in this Congress be printed in the RECORD at the conclusion of the remarks which I made previously when I had the floor in my own right.

There were 43 votes against cloture and only 37 votes for cloture when the issue was that of changing the rules of the Senate.

On the civil rights literacy test bill, 53 Senators voted against cloture and only 43 voted for cloture, on the first vote on that issue. Five days later the vote was 52 to 42 against cloture and against civil rights. It will be extremely interesting to compare the votes against cloture on the satellite bill with those against cloture on civil rights and rules changes.

There being no objection, the rollcalls were ordered to be printed in the RECORD as follows:

CLOTURE RULE 22 (MANSFIELD-DIRKSEN CLOTURE PETITION)

Senate Resolution 4, a resolution to amend the cloture rule by providing for adoption by a three-fifths vote.

Vote on Mansfield-Dirksen (and 19 others) petition to bring to a close the debate on the motion to take up Senate Resolution 4, a resolution to amend the cloture rule by providing for adoption by a three-fifths vote of those present and voting. (Cloture petition filed Sept. 16, 1961.) Two-thirds affirmative vote required.

YEAS (37)

Democrats (26, or 58 percent): Anderson, Bartlett, Carroll, Clark, Dodd, Douglas, Engle, Hart, Humphrey, Jackson, Lausche, Long of Hawaii, Magnuson, Mansfield, McCarthy, McNamara, Morse, Muskie, Pastore, Pell, Proxmire, Randolph, Smith of Massachusetts, Symington, Williams of New Jersey, Young of Ohio.

Republicans (11, or 42 percent): Beall, Case of New Jersey, Cooper, Dirksen, Fong, Javits, Keating, Kuchel, Saltonstall, Smith of Maine, Wiley.

NAYS (43)

Democrats (28, or 52 percent): Bible, Byrd of Virginia, Byrd of West Virginia, Cannon, Church, Eastland, Ellender, Ervin, Fulbright, Hayden, Hill, Holland, Johnston, Jordan, Kefauver, Kerr, Long of Louisiana, McClellan, McGee, Monroney, Robertson, Russell, Smathers, Sparkman, Stennis, Talmadge, Thurmond, Yarborough.

Republicans (15, or 58 percent): Bennett, Boggs, Butler, Capehart, Carlson, Case of South Dakota, Dworshak, Hickenlooper, Hruska, Miller, Mundt, Prouty, Tower, Williams of Delaware, Young of North Dakota.

NOT VOTING (20)

Democrats (10): Burdick, PF ** [1]; Chavez, PA [3]; Gore, PA *; Gruening, AF [1]; Hartke, PF [1]; Hickey, PA ** [1]; Long of Missouri, PF [1]; Metcalf, PF*; Moss, PF** [1]; Neuberger, PF [1].

Republicans (10): Aiken, PA [1]; Allott, PF ** [4]; Bridges, A [3]; Bush, PF [4]; Cotton, A [2]; Curtis, AN [2]; Goldwater, AN [2]; Morton, PF [3]; Schoeppel, PA [4]; Scott, PF.

Symbols:
A—Absent.
AF—Announced for.
AN—Announced against.
PF—Paired for.
PA—Paired against.
*Live pair given.
** Live pair received.
Explanation of absenteeisms.
[1] Official business.
[2] Necessarily absent.
[3] Illness.
[4] Excused, leave.

LITERACY TESTS, MAY 9

Legislation: S. 2750, to protect the right to vote in Federal elections free from arbitrary discrimination by literacy tests or other means.

Vote analysis: Vote on motion to invoke cloture and limit debate on the Mansfield-Dirksen amendment, as a substitute for the text of H.R. 1361, a private bill for the relief of James M. Norman. The amendment, endorsed by the administration, prohibits arbitrary or unreasonable tests for voter registration and would provide that citizens who have completed six grades in an accredited school in any State or territory, the District of Columbia, or Puerto Rico would be considered as "literate" for the purposes of State literacy or interpretation tests in registering to vote in Federal elections.

Background: On April 24, Senator MANSFIELD requested unanimous consent to lay the unfinished business (H.R. 1361—the Norman bill) before the Senate during the morning hour. Had this request been granted, it was the intention of the leadership to move to substitute the Mansfield-Dirksen amendment.

YEAS (43)

Democrats (30 or 50 percent): Anderson, Burdick, Carroll, Clark, Dodd, Douglas, Engle, Gruening, Hart, Hartke, Humphrey, Jackson, Lausche, Long of Missouri, Long of Hawaii, Mansfield, McCarthy, McNamara, Metcalf, Moss, Muskie, Neuberger, Pastore, Pell, Proxmire, Randolph, Smith of Massachusetts, Symington, Williams, of New Jersey, Young of Ohio.

Republicans (13 or 36 percent): Allott, Beall, Boggs, Bush, Case of New Jersey, Dirksen, Fong, Javits, Keating, Kuchel, Saltonstall, Scott, Smith of Maine.

NAYS (53)

Democrats (30 or 50 percent): Bartlett, Bible, Byrd of Virginia, Byrd of West Virginia, Cannon, Chavez, Eastland, Ellender, Ervin, Fulbright, Gore, Hayden, Hill, Holland, Johnston, Jordan, Kefauver, Kerr, Long of Louisiana, McClellan, McGee, Monroney, Robertson, Russell, Smathers, Sparkman, Stennis, Talmadge, Thurmond, Yarborough.

Republicans (23 or 64 percent): Aiken, Bennett, Butler, Capehart, Carlson, Case of South Dakota, Cooper, Cotton, Curtis, Dworshak, Goldwater, Hickenlooper, Hruska, Miller, Morton, Mundt, Murphy, Pearson, Prouty, Tower, Wiley, Williams of Delaware, Young of North Dakota.

NOT VOTING (4)

Democrats (4): Church, PF** [1]; Hickey, PA*; Magnuson, AF [1]; Morse, PF** [1].

Republicans (0).

Symbols:
AF—Announced for.
PF—Paired for.
PA—Paired against.
*Live pair given.
**Live pair received.
Explanation of absenteeism:
[1] Official business.

LITERACY TESTS, MAY 14

Legislation: S. 2750, to protect the right to vote in Federal elections free from arbitrary discrimination by literacy tests or other means.

Vote analysis: Vote on second motion to invoke cloture and limit debate on the Mansfield-Dirksen literacy test amendment, as a substitute for the text of H.R. 1361, a private bill for the relief of James M. Norman.

Following this vote, Senator MANSFIELD moved to take up H.R. 10788, the textile bill. Senator JAVITS requested the yeas and nays on the motion which, in effect, would lay aside the Mansfield-Dirksen amendment on literacy tests. The vote on the Mansfield motion to proceed to another bill was not taken until May 15. For the remainder of the 14th and up to the time of the vote on the 15th, the subject of literacy tests and the cloture rule (XXII) were discussed:

YEAS (42)

Democrats (31 or 51 percent): Anderson, Burdick, Carroll, Clark, Dodd, Douglas, Engle, Gruening, Hart, Hartke, Humphrey, Jackson, Lausche, Long of Missouri, Long of Hawaii, Mansfield, McCarthy, McNamara, Metcalf, Morse, Moss, Muskie, Neuberger, Pastore, Pell, Proxmire, Randolph, Smith of Massachusetts, Symington, Williams of New Jersey, Young of Ohio.

Republicans (11 or 33 percent): Boggs, Bush, Case of New Jersey, Dirksen, Fong, Javits, Keating, Kuchel, Saltonstall, Scott, Smith of Maine.

NAYS (52)

Democrats (30 or 49 percent): Bartlett, Bible, Byrd of Virginia, Byrd of West Virginia, Cannon, Chavez, Eastland, Ellender, Ervin, Gore, Hayden, Hickey, Hill, Holland, Johnston, Jordan, Kefauver, Kerr, Long of Louisiana, McClellan, McGee, Monroney, Robertson, Russell, Smathers, Sparkman, Stennis, Talmadge, Thurmond, Yarborough.

Republicans (22 or 67 percent): Aiken, Bennett, Butler, Capehart, Carlson, Case of South Dakota, Cooper, Cotton, Curtis, Dworshak, Goldwater, Hruska, Miller, Morton, Mundt, Murphy, Pearson, Prouty, Tower, Wiley, Williams of Delaware, Young of North Dakota.

NOT VOTING (6)

Democrats (3): Church, PF [1]; Fulbright, PA [2]; Magnuson, PF [1].

Republicans (3): Allott, PF *; Beall, PF * * [2]; Hickenlooper, PA * * [3].

Symbols:
PF—Paired for.
PA—Paired against.
* Live pair given.
** Live pair received.
Explanation of absenteeism:
[1] Official business.
[2] Necessarily absent.
[3] Illness.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KEFAUVER. I heartily congratulate the able statesman from Illinois on the position he has taken. I have observed no Senator who has been more diligent in attending the sessions when this matter has been debated, and who has asked more questions, trying to learn the real meaning of the bill, the hidden giveaways in it, of which there are many. If there is any U.S. Senator who would know that this bill has not been sufficiently debated to protect the public interest and to enable the Senate to vote intelligently on amendments, it is the Senator from Illinois. I commend him and congratulate him upon his statesmanship. I know that this has not been an easy decision.

Mr. DOUGLAS subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD an article by Arthur Krock which appeared in the New York Times for yesterday. In the concluding part of this article, Mr. Krock correctly points out the reasons behind the opposition to the communication satellite bill and why the liberal opponents of the bill refuse to disarm themselves of the protection afforded by the Senate rules when the same rules are used by their conservative opponents when it suits their convenience.

Incidentally, it was Mr. Krock who 10 years ago had the courage and the acumen to write:

> The Senate is the graveyard of civil rights legislation and rule XXII is the gravedigger.

I should like to point out, in connection with this matter that when the administration proposes liberal legislation the opposition uses rule after rule in the congressional book so that they become high hurdles in the obstacle race against passage. When the administration proposes conservative legislation, as unfortunately it is doing in this case, are the liberals in the Senate to sit placidly by and watch this legislation become law? The weight of congressional practice and rules—such as the seniority system, the Rules Committee in the House, and in many other ways—against liberal legislation is bad enough without making these rules entirely a one-way passage for conservative legislation and a permanent road block to liberal legislation.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Illinois?

There being no objection, the article was ordered to be printed in the Record, as follows:

The Liberals' Filibuster: Inconsistency of Using a Tactic They Have Long Fought Is Examined

(By Arthur Krock)

Washington, August 11.—The Senate filibuster to prevent the committee draft of the administration's satellite communications bill from coming to the voting stage differs from most of its predecessors for several reasons.

All the Senators who engaged in it belong to the group which classifies itself as liberal and begins each session of Congress with an attempt to repeal Senate rule XXII, by which this and prior filibusters have been protected. They normally are strong supporters of administration programs and the New Frontier political philosophy these programs have reflected. And for the first time they are accusing a Democratic President and administration, instead of a Republican executive of an attempt to give away public property to private interests that justifies them in seeking to talk legislation to death by the use of a rule they constantly have condemned.

NOT EASILY EMBARRASSED

This inconsistency of position, which the remainder of the Democratic liberals and other supporters of the satellite bill were quick to point out, might have embarrassed some politicians, but not those engaged in the filibuster with Senator Wayne Morse, of Oregon. In their evaluation of their legislative courses, inconsistency is a virtue when they practice it; and the end in view vindicates the means employed to attain it—even as, in this instance the denial to a large majority of a chance to vote—because they invariably are positive they are fighting for a principle. They find no difficulty in dismissing as unfounded this identical when made by the Southern Democrats who use the same profilibuster rule for the same purpose of immobilizing the majority.

But though for these reasons they were not embarrassed by the high visibility of their flagrant parliamentary pragmatism, there was an attendance circumstance which counseled a covering strategy. This circumstance was the split between them and other Democratic liberals, shattering their usual unity on such issues as the Morse group raised against this particular bill. Moreover, these erstwhile colleagues were joining the Democratic moderates and conservatives, plus the Republicans, in the cry of inconsistency.

MORSE PROPOSAL

The covering strategy decided on was a proposal by Morse that, if the leadership would bring rule XXII before the Senate for an amendment whereby any debate could be terminated by the majority of a quorum—or 26 of the 100 Members of the body—and keep this amendment before the Senate until it was voted up or down, Morse and his followers would end their filibuster. Since this procedure would automatically have displaced the pending legislation, and hence achieved the purpose for which the filibuster against it was invoked, manifestly the proposal could be made without any risk of acceptance by the leadership. But it could still be cited as a demonstration on the record of the basic fidelity of the Morse group to the long liberal campaign against rule XXII.

And this would provide at least a strategic defense against the charge of inconsistency for their current employment of it.

Probably this parliamentary maneuver will not minimize in the minds of very many citizens the disillusionment of the evidence that the sworn Senate enemies of the filibuster readily resort to it when that suits their purpose. But Morse and most of the Senators alined with him against the satellite bill are not only so seriously disturbed by this legislation that they are convinced that their tactics in fighting it will become a minor factor in eventual public opinion. They also are certain that Members of Congress who campaign in November against the committee draft—whether or not previously legislated—will be reelected.

UNUSUAL FILIBUSTER

Their filibuster has other differences from the usual pattern. For example, when the Southern Democrats have talked equal rights legislation to death through the instrumentality of rule XXII, they have padded their speeches with wholly extraneous matter. They have read for hours out of books, newspapers and other forms of print lengthy passages on subjects having nothing to do with the business at hand.

But, though Morse and his band are fewer in number than the southerners who unite in a filibuster, they have spoken much more to the point.

This improvement to the specific has not drawn any larger group of Senators than the few who dutifully sit through even a part of these talkathons. When Senator Estes Kefauver took over the floor from his Tennessee colleague, Albert B. Gore, on Wednesday, the only Member the galleries could see in his seat was the Republican picket, Senator John Tower, of Texas.

DEALT WITH ISSUE

Nevertheless, both Tennesseans struck directly at the heart of the dispute between the Kennedy administration and the dissenting Senate Democrats. In their judgment: (1) it is a "gigantic giveaway * * * of the benefits of hundreds of millions of taxpayers' money" to turn over the communications satellite to the operational control of a private monopoly which—though holding only 50 percent of the stock—is certain to gain complete private control through its unimpeded acquisition of the corporation's securities, (2) the implications have not been "thought through of assigning to the private corporation the authority to conduct negotiations with foreign governments, (3) the responsibility of directors of a private corporation is to make a profit for the stockholders, and this will result in their concentration on that endeavor, (4) the advances wrought by competition are risked by assignment of the project to a monopoly, (5) the full development of the satellite system will be impeded by an inevitable conflict of interest between this and the monopoly's investment in existing facilities which will soon become obsolete. And so on.

Therefore, this antifilibusterer's filibuster, though classic in the sense that it was used by LaFollette and other early liberals in controversies between alleged public-private interests, is different from most. And not the least so because a Democratic President classified as a liberal is being accused by a group of these in his party of selling out their common philosophy and the American people as well.

Mr. GRUENING. Mr. President, would the Senator object if I were to read five of the points which Mr. Krock makes?

Mr. DOUGLAS. I would be happy to have the Senator do so.

Mr. GRUENING. Mr. Krock says:

> 1. It is a "gigantic giveaway of the benefits of hundreds of millions of taxpayers' money" to turn over the communications satellite to the operational control of a private monopoly which—though holding only 50 percent of the stock—is certain to gain complete private control through its unimpeded acquisition of the corporation's securities.

Remember, it is Arthur Krock, the noted columnist, who lists these reasons in his statement—

> 2. The implications have not been "thought through" of assigning to the private corporation the authority to conduct negotiations with foreign governments.
>
> 3. The responsibility of directors of a private corporation is to make a profit for the stockholders, and this will result in their concentration on that endeavor.

That is an extremely important statement. If profit is to be the sole motive, what will become of the great international value of this new means of communication? This provision may be a serious impairment of the work of our friends who are seeking to promote peace in the world.

> 4. The advances wrought by competition are risked by assignment of the project to a monopoly.

What will happen if it soon is discovered—as we already know is likely—that a high-orbit satellite, placed 22,000 miles above the earth, is infinitely superior to the present low-orbit satellite? Will the present profit investment be scrapped? It seems hardly likely.

> 5. The full development of the satellite system will be impeded by an inevitable conflict of interest between this and the monopoly's investment in existing facilities which will soon become obsolete.

So there are many other objections.

Mr. GRUENING subsequently said: Mr. President, I ask that my remarks be placed following the statement by the Senator from Illinois [Mr. Douglas] in which he declared his intention to vote against cloture.

Mr. President, I congratulate the senior Senator from Illinois for the forthright and correct stand he has taken in the announcement that he will vote against cloture. I have in the past shared his view on the desirability of cloture after a full and extended opportunity has been given for debate. but I contend that no such opportunity has been given for sufficient debate in the consideration of this extremely important bill dealing with the little explored and potentially immense field of space communication.

Despite the impressive statistics which our able and beloved majority leader has cited concerning the number of pages in the Congressional Record and the extent of the hearings which have been held, I submit that there has been no debate on the Senate floor on any of the many amendments which are necessary in the judgment of those who want to improve the bill, and make it more compatible with the public interest.

I have in my hand some 30 amendments which it is proposed to offer. The only speech which I have been able to make was directed toward one aspect of the bill, the very matter which the junior Senator from Tennessee [Mr. GORE] is bringing up today, covered by the Gore-Lausche amendment, which aims to restore the language which was sought by President Kennedy, was deleted by the Space Committee and replaced by another version by which the negotiating powers with foreign nations will be vested in a private corporation, and not in the Government of the United States.

Apparently, there is, with the cloture vote due at 1 p.m. tomorrow only 1 day left to discuss these 30 amendments. We are limited to 1 single day. I submit this is a shocking application of the cloture rule. I cannot recall any time when the Senate has spent so little time discussing so important a bill when cloture was so prematurely and unwarrantedly invoked.

I hope this fact will serve to persuade our colleagues to vote against cloture, so we will have full opportunity to consider the amendments and make the bill more nearly what the President has asked for, which it is not, and make other improvements which will protect the public interest.

In further elaboration of my argument that far too little time has been allowed for debate on the very important satellite measure, H.R. 11040, and that calling up the cloture motion is wholly premature, let me point out that my able colleague from Alaska [Mr. BARTLETT], who has desired to speak in opposition to the measure, has not yet been given an opportunity to do so.

Further, this measure was referred to the Foreign Relations Committee which held hearings on the bill last week. Only on last Friday at 11 o'clock in the morning did we receive the 456-page report of the hearings. I took this report home with me Friday night and read the 456 pages over the weekend. I assure my colleagues that it required a good many hours to read those 456 closely printed pages carefully. How many Senators had time to do so? In fact, the publication was assembled so hastily that in my copy of the hearings the last 50 pages, from pages 405 to 456, were inverted.

We were told that there would be two reports from the Foreign Relations Committee, one of the majority of the committee and one of the views of the minority which latter is to set forth the views of four committee members, Senators GORE, LONG, MORSE, and CHURCH. Here we are, a few minutes before 11 a.m. on Monday, scarcely 24 hours before the cloture petition will be called up and voted upon, and we have not had an opportunity to read either the minority views or the majority report. Yet in 24 hours the move will be made to shut off debate. Haste in calling up the cloture motion at this time is inexcusable. I can see no reason why Senators, no matter what their previous position has been on cloture, such as has been the attitude of the Senator from Illinois [Mr. DOUGLAS] and my own attitude, should not in this instance raise the issue that we truly have not had sufficient time thoroughly to debate this complex and far-reaching measure. We have not been allowed to debate any amendments. One amendment will be called up for the first time today. There is every good reason for rejecting the cloture motion emphatically when it comes before the Senate.

I have been able to make only one speech on the bill, and that dealt with only one aspect of the legislation, the aspect to which the amendment of the able Senator from Tennessee [Mr. GORE] is addressed.

There are many other aspects of the bill that need to be discussed, such as the lack of adequate regulations, whether by regulatory machinery or by competition; the rates that may be charged, whether they can be exorbitant charges, whether, as Ed Murrow feared, the cost to our own Government would be prohibitive. The exclusion of other companies from participation. The compulsion of equipment suppliers to deal only with A.T. & T. affiliates, and much else. There are any number of issues involved in this hastily and poorly drafted bill, to diminish the power of the President to negotiate with foreign nations, which was amended in the Space Committee, and needs to be discussed and the people of America should know about. I submit that it would be a calamity for the American people if the cloture motion is favorably acted upon tomorrow. If it is and this bill is rushed through to enactment we will live to regret it.

ANNIVERSARY OF BERLIN WALL

Mr. KEATING. Mr. President, just a year ago today oppressed people were risking their lives and possessions in a last desperate attempt to crawl through an escape hatch which was gradually being sealed off to the outside world. I speak of those thousands of East Berliners and East Germans who, subjecting themselves to the scrutinizing stares and threating rifles of the green-uniformed people's police, boarded city trains, swam through the Wannsee, the Spree River, and the canals, and by night slipped through the forests to an island of freedom in a Communist tyrannized land.

On the 13th of August 1961, in flagrant violation of the Four Power agreement which has governed Berlin since 1945, a shattering blow was dealt to those who believe in human dignity and the law of nations. As the horrified world stood by and watched, a Communist regime, with the support of the entire Red bloc, erected a wall of concrete and barbed wire through the city of Berlin. A clear agreement with the Soviet Union as to the special status of Berlin was broken.

Mr. President, Roscoe Drummond, in a recent column, chronicles the events of the year which has passed and reports the tenacity and refusal to give up on the part of the East Germans who were left behind. I ask unanimous consent that Mr. Drummond's column be reprinted following my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit No .1.)

Mr. KEATING. My purpose today is not merely to reawaken the horrible memories of these sensational events, nor only to commemorate those involved in that life-and-death struggle for freedom. My purpose is to urge and implore our President and his advisers to be prepared to meet any Communist action—be it one of force or negotiation—which would cause us to relinquish our rights in Berlin or to break our commitment to the brave West Berliners who look to us as their last hope of freedom. The failure of the Rusk-Gromyko talks and the very real possibility that the Russians will sign a separate treaty with their puppet East German regime must cause us to be even more prepared for firm and immediate action.

In November 1958, Khrushchev in a note to the Western Powers threatened to sign a peace treaty with the German Democratic Republic and to turn over to it control of all access routes to Berlin. He at that time stated that "the most correct and natural solution would be to absorb West Berlin into the German Democratic Republic. No one can prevent the Soviet Union from signing the "peace treaty" with their puppet regime. However, the threat to West Berlin begins with the contention that such a peace treaty would annul Western rights pertaining to Berlin. It is inevitable that the chicaneries of the East German regime, which we have seen so blatantly demonstrated in the past, would be directed at the free access, indispensable to the survival in freedom of West Berlin.

Mr. President, one area in which we can insure that the very considerable economic power of the West is forcefully brought to bear is in the question of trade with East Germany. According to recent press reports, the United States is encouraging West Germany to extend to the Ulbricht puppet regime credit up to $800 million.

This would be expended for the purchase of coal, machinery, and chemicals over a 10-year period. In my judgment, such an agreement would be entirely inconsistent with the newly enacted amendments to the Export Control Act unless there are clear strings on this agreement to block credit or further transactions should an East German-Soviet peace treaty be signed. The economic dependence of East Germany on the West is one of our greatest strengths and it should not be ignored or deliberately bypassed.

Mr. President, at the time of the Berlin blockade, there was indecision in our policymaking and success only because of unexpected and fortuitous circumstances. When the wall was erected a year ago, we were equivocal and without a policy. We can no longer afford the luxury of indecision and equivocation in regard to Berlin. The time for preparedness is now—and we look to the administration not only for a firm commitment but also for reassurance that we are prepared to fulfill that commitment.

Exhibit 1

[From the Washington Post, July 29, 1962]

The Wall 1 Year After: Germans Refuse To Stay Jailed

(By Roscoe Drummond)

The Kremlin and its East German puppet regime will soon celebrate the first anniversary of one of their best-known achievements to get communism better understood around the world.

One year ago the Soviets erected a massive memorial to their faith and confidence that if they built a wall high enough, strung barbed wire sharp enough, deployed troops widely enough and shot down would-be escapees ruthlessly enough—by these methods they could show the whole world how thoroughly the people of East Germany enjoyed communism and liked being ruled by Moscow.

One year ago the Soviets acted to jail the entire population of East Germany to make sure they would remain to enjoy the Communist way of life which the Kremlin was bestowing upon them. The wall—the grim, formidable forbidding 35-mile East Berlin barrier—was put up so that those who lived on the Communist side could neither touch nor see nor feel nor be tempted to reach for freedom.

And what has happened? What is the record 1 year later? Are the East Berliners today a cowed people, their spirit broken, their resistence crumpled?

The answer is in their actions.

The wall decreased the number who could escape to freedom but increased the determination at all costs to do so.

Over the wall, around the wall, under the wall in improvised tunnels, through the wall in battering trucks, swimming through the waters of the wire-barricaded canal by boat, by sometimes unattended railway trains—the East Germans have refused to stay jailed.

Bravery, ingenuity, heroic fearlessness have combined to enable whole families, old and young, parents and children, to flee to freedom despite gunfire from the Communist police trying to shoot down their own people to stay the exodus.

Despite the wall, despite the danger, despite the harassment, despite the fact that the Communist guards have shot and either killed or severely wounded 100 persons, more than 12,500 East Germans are known to have escaped in the past 11 months all along the border from the North Sea to the Austrian-Bavarian frontier.

These escapees have included many East German police.

Since the erection of the wall, the East German regime has been subjecting its people to increasing oppression. It is trying to bring all aspects of existence under Communist control. Whole classes of people, like physicians and the clergy, are the targets of new government pressures to conform.

In spite of the fact that they have spent their whole lives under the Communist regime, East German young people, like the Hungarians, are showing themselves more hostile to the regime than all others. This is why the Ulbricht government has recently adopted universal conscription, thus enabling it to uproot teenagers from their home environment and bring them under the full force of official indoctrination.

The rate of industrial growth in the Soviet zone has dropped to the lowest point in years. Farm production has been steadily going down; food shortages are visible and the East Germans are not providing the exports to Russia which the Kremlin has scheduled.

This is the record of the wall—1 year after. I suspect that the most powerful and persuasive messages which are being broadcast to the whole world are the stories of the horror and bravery, the shootings and the heroic escapes.

Here is communism doing what comes naturally—jailing a whole population and shooting their own people who are asking nothing more than to be allowed to leave.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

Mr. KEFAUVER. Mr. President, we know that the pressure is on by the leadership on both sides to ram the bill through, and that we are witnessing the biggest public relations effort to complete a giveaway, on behalf of A.T. & T. and other monopoly corporations which do not want the truth known about the bill.

I saw nothing in the press about the item I am about to discuss, so I hope Senators will read page 15111 of the daily Record for Friday last. I do not know how this failed to get into the papers. It is very, very important:

> Mr. Long of Louisiana. I should like to ask the Senator from Utah whether the telephone company has offered him the kind of proposal that it has offered me?

Then there was some colloquy. In the next column there appears:

> Mr. Long of Louisiana. Has the Senator had proposals made to him that he could own a telephone building in his State and that the telephone company would make the loan and endorse the loan to build a building in a big city in his State just on the assurance that the Senator would give sympathetic consideration to the company's problem, if he would go along with them, and that the company would then build the building and endorse the mortgage loan and engage the bank to make the loan with the probability that he would wind up eventually being worth $5 million or $25 million?

Then there follows a colloquy in which the Senator from Utah said that he had not had an offer of that kind. Then there are broad hints by the Senator from Louisiana that he had.

The page is taken up with that item. There certainly should be some inquiry. If this is the kind of pressure being put on, if Senators are made propositions which go beyond the realm of public relations, if promises of contracts and corruption are being made, I think the American people are entitled to know about it, Mr. President.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. BARTLETT. Has the Senator seen any of that which he is now calling to the attention of the Senate in the newspapers Saturday, or Sunday, or this morning?

Mr. KEFAUVER. No. I am sure the good working press must have put it out, because this is scandalous, if true.

Mr. BARTLETT. These are very grave charges, are they not?

Mr. KEFAUVER. I have heard other kinds of things of this sort—rumors of them. I cannot verify them. If this kind of thing is going on, to ramrod a big giveaway through the Congress, to give away the heritage of the people, I think the public ought to know about it. I do not understand why this has not been written up in the press.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield to the Senator.

Mr. BARTLETT. This is a pretty direct statement, when the Senator from Louisiana [Mr. Long] queries the Senator from Utah in this manner:

> I should like to ask the Senator from Utah whether the telephone company has offered him the kind of proposal that it has offered me?

Mr. KEFAUVER. Then he goes on to describe what kind of a proposal it was.

Mr. BARTLETT. I certainly agree with the Senator from Tennessee that this ought to be investigated very carefully. It is reminiscent of another situation a few years ago.

Mr. KEFAUVER. We know that the public relations man for A.T. & T. in Minnesota brought economic pressure to try to put a publisher of a little newspaper with 1,000 circulation out of business, because that little newspaper dared to publish an editorial critical of A.T. & T.

That is the kind of thing that is pushing the bill through. If the American people can get the facts about it they will have nothing to do with this kind of scandalous pressure and giveaway. If we can have 3 weeks to debate the matter here, the majority of the Senate of the United States will turn it down, as they have always turned down every unconscionable giveaway, when they get the full information.

Mr. DOUGLAS rose.

Mr. KEFAUVER. I yield to the Senator from Illinois.

Mr. DOUGLAS. Does not the question of the Senator from Louisiana on Saturday seem to be so specific that it cannot be purely hypothetical?

Mr. KEFAUVER. I cannot see how it could be.

The ACTING PRESIDENT pro tempore. The time of the Senator from Tennessee has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator may have 3 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KEFAUVER. The wording is "whether the telephone company has offered him the kind of proposal that it has offered me."

Then the Senator goes on to describe the proposal in the next column and the column following:

> Mr. Long of Louisiana. Did it ever occur to the Senator that what the American Telephone & Telegraph Co. is worried about is cheap rates, and the fear that if the bill should not become law, A.T. & T. might not be able to control the satellite, and, therefore, rates might be cut by 100 percent? Did it ever occur to the Senator from Utah that the whole object of the bill might be to enable A.T. & T. to control this operation and thus prevent telephone rates from coming down?

And so forth and so on. I do not know why the great press of the country and other media of communications would have so much fear of A.T. & T. and be so tender with them that they would not go into a matter of this kind.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield further to my distinguished colleague.

Mr. DOUGLAS. In the column prior to the column from which the Senator read, in the question by the Senator from Louisiana, the Senator from Louisiana said:

> I should like to ask the Senator from Utah whether the telephone company has offered him the kind of proposal that it has offered me?

Mr. KEFAUVER. That is correct.

Mr. DOUGLAS. Then, in the second column, he does not say that this proposal was made to him, but he does ask if the Senator from Utah had such a proposal made to him.

I think this is a very serious matter which deserves to be gone into by the Senate, by the press, and by the country before cloture is invoked on this matter.

Mr. KEFAUVER. I agree with the Senator. I wish the Senator would read the statement by the Senator from Louisiana, previous to that, in which he talked about a proposition that had been made to him. This is an indication of what he has in mind:

> When this bill first started out I thought it was as crooked as a dog's hind leg. I am now convinced that that would be a compliment. This bill is as crooked as a barrel of snakes. I ask the Senator whether he does not agree that this is the most corrupt and the most crooked and most dishonest piece of legislation that he has experienced while he has been in the Senate.

Then there is some colloquy and a statement that a proposition had been made to him, and a question whether the proposition had been made to the Senator from Utah.

Mr. DOUGLAS. And it was very specific; asking whether it was a proposal to make from $5 to $25 million out of a building.

Mr. KEFAUVER. Yes.

Mr. DOUGLAS. Proposed to be owned by the Senator from Utah. The Senator from Utah of course denied that. I want to say that they could offer the Senator from Utah $100 million and he would not take it. The Senator from Louisiana is a man of equal integrity to that of the Senator from Utah.

Mr. KEFAUVER. And they could offer the Senator from Louisiana $100 million and he would not take it.

Mr. DOUGLAS. That is correct.

Mr. KEFAUVER. I do not know of any other Senator who would take it. I am sure no other Senator would take a proposition of that kind.

The **ACTING PRESIDENT** pro tempore. The time of the Senator from Tennessee has again expired.

Mr. MANSFIELD. Mr. President, I am delighted that the Senator from Tennessee added to his statement, when he said that they could offer $100 million to the Senator from Louisiana or to the Senator from Utah, and then he said they could do the same to any other Senator and that the Senators would not accept it. I am glad the full Senate is included.

Mr. KEFAUVER. Mr. President, will the Senator yield?

COMMITTEE MEETING DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Indian Affairs of the Committee on Interior and Insular Affairs be permitted to meet during the session of the Senate today.

Mr. KEFAUVER. Mr. President, reserving the right to object——

Mr. MANSFIELD. Just object, and then I will yield.

Mr. KEFAUVER. I beg the Senator's pardon?

Mr. MANSFIELD. Just object, and then I will yield. The committee meetings are being objected to, anyway. I would assume the Senator would be honorbound to object.

The **ACTING PRESIDENT** pro tempore. Is there objection to the request of the Senator from Montana?

Mr. KEFAUVER. I will not object.

Mr. MANSFIELD. Very well.

The **ACTING PRESIDENT** pro tempore. The Chair hears no objection, and it is so ordered.

Mr. KEFAUVER. Now will the Senator yield?

The **ACTING PRESIDENT** pro tempore. Does the Senator from Montana yield to the Senator from Tennessee?

Mr. KEFAUVER. I imagine I surprised the Senator.

Mr. MANSFIELD. The Senator certainly did.

Mr. KEFAUVER. We may have surprised the Senator when we did not object to the Finance Committee meeting when the Senate is in session all during the remainder of this session of Congress.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. KEFAUVER. I am glad the Senator from Montana made reference to my opinion that no Member of the Senate would be tempted by any offer by A.T. & T. or any other corporation of $100 million.

But does not the Senator think that if offers like that are being made they ought to be looked into? Does he not think that we ought not give something worth billions of dollars away to a corporation that is attempting this kind of thing?

Mr. MANSFIELD. Of course.

Mr. KEFAUVER. Does not the Senator think this is an indication of a scandalous situation that ought to be looked into before the Senate votes on whether we are going to have a "gag rule" or not?

Mr. MANSFIELD. No, I do not. I think it ought to be looked into, but I think we ought to follow the rules and procedures of the Senate. That is what the leadership intends to do insofar as it is capable of doing it.

Mr. KEFAUVER. May I ask the Senator when he plans to look into it?

Mr. MANSFIELD. I am not going to look into it. I have never been approached by anyone from A.T. & T. that I know of. A.T. & T. has made no offers to me. I know of nothing of that nature. The first I heard about it was when the Senator raised the question this morning

Mr. KEFAUVER. I wish the Senator would read the statement and see if he does not have some obligation as majority leader to do something about it.

Mr. MANSFIELD. The Senator from Montana will be delighted to read it.

Mr. KEFAUVER. I thank the Senator.

The **ACTING PRESIDENT** pro tempore. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, in response to what the Senator from Tennessee has stated, I most respectfully suggest to him that if any Senator has any information of the category enumerated by the Senator from Tennessee, he ought to make that information available to the proper investigative committees of the Senate, and I am quite certain that the matter will be looked into thoroughly, completely, and impartially.

Mr. KEFAUVER. Does the Senator feel that it can be done before we vote tomorrow at noon?

Mr. MANSFIELD. I do not, and I am sure that the Senator from Tennessee understands the situation as well as I do in that respect.

Mr. KEFAUVER. If I may be recognized in my own right——

The **ACTING PRESIDENT** pro tempore. The Chair recognizes the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I am surprised. There have been undenied efforts to put a little newspaperman out of business. There have been undenied efforts to change the decision of a board, which had decided upon General Telephone facilities at the Houston plant in connection with missiles, to that of A.T. & T. With indications of that kind all around, I think it is absolutely astonishing that anyone would not want those matters investigated before our national heritage has been given away to a corporation which has allegedly been perpetrating that kind of thing. It is quite obvious that A.T. & T. and those so anxious that the bill be passed in the Senate know that unless they can get the bill through before the public finds out the giveaway and the hidden, silent subsidies involved in the bill, they know it will never get through.

Give us 3 weeks to debate the bill, and the public will revolt against it.

The majority leader of the Senate, in my opinion, would have no part of it. And yet with almost no debate and with no opportunity of some Senators to speak, we shall be forced to vote on a gag rule.

I shall speak later on the subject. I do not believe that in the history of the Senate—certainly during my 24 years in Congress——

The **ACTING PRESIDENT** pro tempore. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator may have an additional 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KEFAUVER. I thank my genial colleague. We are getting along very well this morning.

Mr. MANSFIELD. Not congenial, I assure the Senator.

Mr. KEFAUVER. Mr. President, I was about to say that I do not believe that in the history of the Senate any group who felt very sincerely opposed to a bill, as we do the one before the Senate, and has endeavored to engage in an educational debate of somewhat extended length, has been more cooperative with and helpful to the leadership by not blocking bills and not being obstructionists than has the small group of which I am very proud to be a part.

I should like to state the record. If I make any misstatement, I wish the majority leader would correct me.

Over our objections, the bill was first called up. We urged the leadership not to call it up. We pointed out, when the majority leader called up the bill on June 21, that we could not finish consideration of the bill by July 30, when certain legislation would expire. Nevertheless, the bill was called up.

We have the leadership over a barrel. We have the manpower and the womanpower—and I am glad we have the womanpower, which is very important—to debate the issue around the clock for 3 weeks, 4 weeks, or even longer. But we knew that the debt ceiling had to be raised, taxes had to be extended, and many other measures which would expire on June 30 had to be extended. So we agreed to a unanimous-consent request that the pending business be set aside in order that those very important questions might be brought up.

They were brought up. On July 27, the Senator from Arizona [Mr. HAYDEN] came to the Senate with a resolution to extend appropriations during the month of August. We could have continued the debate and not have permitted the pending business to be set aside. We could have debated the resolution to extend the appropriations for the month of August. At that time we had more manpower and womanpower than we did before. We could have forced an agreement on the majority leader to put the bill over until the next session of Congress. But, Mr. President, we did not do so. We cooperated. We agreed to waive our rights to debate the motion to make the bill the pending question, and to let it be the pending question, when the bill was sent to the Committee on Foreign Relations, even though we had the manpower and the womanpower to debate for 6 or 8 weeks longer at that time. But we have felt sincerely that it should go to the Committee on Foreign Relations, and the committee needed more time. The committee should have heard former President Truman, who knows that the bill is not in the public interest. He knows the power that the President and the State Department ought to have. He elaborates upon his condemnation of the measure every time he holds a press conference. The Committee on Foreign Relations should have heard from Mr. Stevenson. So we have not obstructed any bill.

The ACTING PRESIDENT pro tempore. The Senator's time has again expired.

Mr. KEFAUVER. Mr. President, I cannot speak for the future, but the past speaks for itself.

Mr. McGEE. Mr. President, may I ask if we are still in the morning hour?

The ACTING PRESIDENT pro tempore. The Senate is still in the morning hour.

COMMUNISM HAS ONE OF ITS WORST WEEKS

Mr. McGEE. Mr. President, I wish to call to the attention of the Senate an article that appeared in yesterday's issue of the Washington Star entitled "A Report From the U.N. Communism Has One of Its Worst Weeks," by William R. Frye.

In the article Mr. Frye suggests the difficulties that Moscow has run into. At Geneva, at the very moment when conversations were going on about an agreement on A-tests, the Soviets launched an even more violent testing program than in the past. Mr. Frye has explained the degree to which the resumption of testing reacted against the Russians, and particularly among the neutral countries who had joined in the conversations at Geneva. Likewise, he made reference to the backfiring of events at Helsinki at the Communist-dominated world youth festival. In all, I think Senators will find it refreshing to read the summation of the report entitled "Communism Has One of Its Worst Weeks."

I ask unanimous consent that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COMMUNISM HAS ONE OF ITS WORST WEEKS

(By William R. Frye)

UNITED NATIONS, N.Y.—Rarely has the Communist world taken such a thoroughgoing licking in the battle for men's minds as it has taken this last week.

From Geneva to Helsinki, and from Pankow to Tokyo, communism has been held up to public scorn and condemnation. Rarely if ever since the butchery of Budapest has there been such a week.

In Geneva, the Soviet Union was shown to be determined not to accept any limitation on its freedom to poison the atmosphere and perfect its nuclear weapons stockpile. Through a masterpiece of bad timing, Soviet Premier Khrushchev began a new series of atomic tests virtually on the eve of the Hiroshima anniversary.

This fact found an echo in Tokyo, where the Communists—their signals obviously crossed—were staging a "world convention against atomic and hydrogen bombs." The Japanese Socialist Party, a bright pink but non-Communist group participating in the convention, offered a resolution protesting the Soviet tests. It was rejected on the ground that Soviet nuclear tests were necessary for peace.

This made the convention a laughingstock in Japan. Its propaganda boomeranged. The Socialist delegation walked out. out.

SOVIET EMBARRASSMENT

In Geneva, a new Anglo-American plan for a test-ban treaty, going as it did a long way toward meeting Soviet fears of "espionage," helped to highlight and intensify Soviet embarrassment. Valerian Zorin, Russia's delegate, is an old hand at propaganda warfare. He did his wily best to minimize the Western move and blunt its impact.

But he had an impossible task. He could not change the essential fact that the United States and Britain wanted a treaty and the Soviet Union did not. That fact stood out a mile.

The presence of eight neutral countries at the Geneva neogtiations was a benefit to the West. Except for India, whose disarmament diplomacy has seemed to reflect irritation with the West over Goa and Kashmir, the neutrals all contributed to the pressure on Russia. Even India took the occasion to renew its objection to all testing everywhere.

The manner in which the Anglo-American proposals were put forward—with American Negotiator Arthur Dean approaching Mr. Zorin privately in advance of formal public disclosure—added to the impression of Western seriousness. It made Moscow's "nyet" even more damaging.

The same triumph could be repeated by the West with 10 times as much impact in this fall's session of the U.N. General Assembly were it not for the fact that, because of misfirings on Johnston Island the United States may also be testing at that time.

ECHOES ARE HEARD

In the meantime, however, echoes from Geneva and Novaya Zemlya are being heard around the world.

And there are other matters to give Moscow concern. East Germany's food supplies are reported at a 9-year low. The equivalent of food rationing has been introduced.

Tomorrow is the first anniversary of the building of the Berlin Wall. The hateful date August 13 has become a symbol of tyranny and the methods it uses to keep its people in bondage.

These two facts—hunger in East Germany and a wall to keep the people prisoners—adds up to a terrible indictment of the Ulbricht regime and of communism itself.

The impact of these facts was felt last week with dramatic effect in Helsinki, where a Communist-dominated world youth festival proved to be an embarrassment for its sponsors.

THE FESTIVAL FIASCO

For days, the festival had been overshadowed in much of the world press by anti-Communist demonstrations on the part of Finnish young people—young people obviously unswayed by years of Soviet threats and blandishments.

Finally, on the last day of the festival, word of the new Soviet test series arrived. About 100 of the participants tried to introduce into the closing parade banners protesting all testing.

They were ruled out of order by festival leaders. Efforts were made to balk them physically. The local police, worried about offending Finland's giant neighbor, were called in to curb the demonstrators. Even so, at least one young man from Iceland marched for a time in the parade, and others displayed posters on the fringes. Anti-Communist handbills were distributed. The parade itself provoked yawns.

BRAZIL'S EXPLOSIVE NORTHEAST

Mr. McGEE. Mr. President, I was attracted yesterday to a column published in the Washington Post entitled "Brazil's Northeast: Explosive as Cuba," by Mr. Willem Brugsma. The article seemed to come very close to an accurate description of the affairs in that very potentially explosive area. It is a description that squares with what some of us in the Senate found when we were permitted to travel extensively throughout the rugged country and the parched lands of northeast Brazil.

Mr. Brugsma puts it clearly when he says that the outcome in northeast Brazil will be either in the solution of Mr. Castro's friend, Francisco Juliao, leading his peasant leagues to open rebellion, or in the solution of Dr. Celso Furtado, chief of Sudene, pushing through a legal revolution by fundamental structural reforms.

The members of my study mission visited for many hours with Dr. Furtado, and we were taken with the thought that he, indeed, offered the nonviolent way into the future in this desperate region of Brazil.

I ask unanimous consent that the entire article may be published in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Brazil's Northeast: Explosive as Cuba

(By Willem Brugsma)

In a hotel room in Campinha Grande I reread the Brazilian newspaper stories about the drought in the "Nordeste," Brazil's northeast. They said: "Emergency; no rain for a year; food prices multiply; famine forces tens of thousands to leave; catastrophic situation worse then in 1932; people plunder shops; United States considers airlift; why doesn't Brazilian Government act?"

No rain for a year? A downpour was hammering against the windows of that hotel room in Campinha Grande. And Campinha Grande is the main town in the center of the nine states of the "Nordeste," an area three times France's size, where 23 million people live in abject poverty and in a classical prerevolutionary situation. As one of its governors said: "The northeast is as explosive as six Cubas."

What causes the misery? The unvarying answer is: drought. And that is a myth. Dry the northeast may be, but its misery is not an act of God—against whom one cannot revolt—it is the consequence of man's inhumanity to man. Against that one can revolt and will. Legally or illegally, revolution will come to Brazil's northeast. Either Fidel Castro's friend, Francisco Juliao, will lead his peasant leagues to open rebellion, or Dr. Celso Furtado, chief of Sudene (the federal government's development agency) will push through a legal revolution by fundamental structural reforms.

A trip with Dr. Furtado through the northeast is an enlightening sociological, economical and political experience. While an American camera team was desperately looking in vain for the extremes of misery: parched earth, starving farmers and the distribution of American "Food for Peace," Dr. Furtado coolly and competently analyzed the conditions of the "Nordestinos" and their origin.

In brief this is the picture of the northeast. There is a rich, fertile coastal belt with abundant rain. Behind that lies a semiarid zone with very uncertain rainfall. Inland there is the dry "serta," the wild high plain. The coastal belt is taken up by "latifundias," sugar plantations of absentee landlords.

In the semiarid zone small tenant-farmers or sharecroppers grow cotton for "latifundistas" or farm little plots for themselves. This zone is heavily overpopulated, the soil erodes, the delicate climatical balance is continuously upset by local lack of rain. The "sertao" is restricted to extensive ranching.

The key to an economic solution is not difficult to find: land reform in the sugar belt. Cut the area under sugar in half, but maintain present production by irrigation and modernizing the incredibly inefficient management and equipment of the sugar mills and plantations. Use the other half of the coastal belt for growing foodstuffs by farms on a family-unit basis. Further ease the population pressure on the semiarid zone by irrigation, opening new land (for example in the almost empty northern state of Maranhao) and industrializing. Pursue a vigorous anti-illiteracy and technical schooling program. Explore and exploit to the maximum the rich mineral resources of the region. Find more drought-resistant cultures for the semiarid zone, build up strategic food reserves (beans and rice are the staples) for the really serious droughts that occur once every 15 years.

This is Furtado's program for which he will get the support of the Alliance for Progress. But the key remains land reform and very powerful hands are trying to keep Furtado from turning that key in the lock. These powerful hands belong to the vested interests, the sugar barons who pay their workers and tenant-farmers starvation wages (child-mortality runs as high as 46 percent in some areas), while they gaily live in Rio. They and their "capitaos" keep their farmers under a reign of feudal, sometimes armed terror. They and most of the priests would like the "campesinos" to believe that this untenable status quo is the will of the Almighty. They and their press want Brazil and the world to think that drought is the only cause and aid and more aid the only remedy. They and their "politicos" put up to 40 percent of that aid in their own pockets.

THE SITUATION IN ARGENTINA

Mr. McGEE. Finally, I call the attention of the Members of the 3enate to an article by Roscoe Drummond which appeared in the Washington Post yesterday which evaluates Argentina's difficulties, when he says that the reason for the crisis in that country is that there is such a backlog of inaction, such a gap in which so little is done, that now the cumulative effect is a desire to have everything achieved at once.

I ask unanimous consent that the entire article by Mr. Drummond be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Everything Has To Be Done Now

(By Roscoe Drummond)

Buenos Aires.—The reason Latin America is the "crisis continent," whose fate is a crucial concern to us and to the whole free world, is that so much has been so long delayed that everything has to be done at once—or else.

By everything I mean faster economic development, better living standards for millions of its underprivileged people and a maturing under fire of the widely emerging South American democracies.

An urgent, tardy, uncertain, heroic beginning is being made through self-help and through U.S. help in the Alliance for Progress.

Massive roadblocks loom in the way at every turn. The symbolic road signs read in effect: "Stop, Look, and Detour," "Better Turn Back," "Proceed at Your Peril."

The perils are inordinately large because:

Despite the progress which has been made during the last decade in throwing off the old-style Latin-American dictatorships, not one of the newly emergent democracies has the political stability to tackle securely and effectively the problems of rapid economic growth.

These fragile democratic institutions—as events in Peru, Argentina and Brazil clearly show—need a period of testing and tempering. But such a period of relative calm and consolidation is not in sight. These nascent democracies and semidemocracies must immediately confront all the political tensions inescapably involved in achieving both widespread social reform and accelerated economic development.

On the basis of even my limited observation, it is clear that if the elected and semielected governments of South America do not overtake these pressing social and economic problems, these problems will overtake them—with disastrous political results.

Finally, everywhere in the hemisphere the Communists and that part of the extreme left willing to work with them are practicing crafty, cynical, and ruthless strategy. The Communists do not hesitate to aline themselves with the extreme right—whether it be the military junta in Peru or the Peronists in Argentina. Their purpose is to undermine the liberal democratic parties and keep them from power.

The Communists can come to power if the Latin American nations fail to move ahead economically, or they can come to power by deception—as in Cuba. To the Communists, chaos is the road to power. Chaos is what they seek. That is what they will get if the Alliance for Progress falters and fails.

The road to a stable democracy is hard to negotiate, as the Germans found under the Weimar Republic, as the French found before De Gaulle, as all Latin Americans are finding after having progressed so far as to rid themselves of Peron in Argentina, Vargas in Brazil, Odrea in Peru, Rojas in Colombia, Jiminez in Venezuela, Trujillo in the Dominican Republic, and Batista in Cuba.

These victories over dictatorial regimes show how much Latin American people are determined to win democratic institutions. Today there are some setbacks in Peru, where the military is momentarily dominant, and in Argentina and Brazil, where military influence is great but not always decisive.

The crucial test is still ahead—the test of using Alliance for Progress funds imaginatively, effectively and in a way that more Latin American people may share in the fruits of economic growth.

PAY PROBLEM OF NURSES

Mrs. NEUBERGER. Mr. President, nurses in Oregon have discovered that the only way to get any recognition for pay increase was to become active in politics. They did that, and they were successful in pushing such a law through the State legislature. Oregon has become the first State to pass such legislation, and the efforts of these nurses are now being emulated in other parts of the country.

I ask unanimous consent to have an article relating to this subject, written by Marge Davenport, printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Oregon Journal, July 4, 1962]

Nurses Push Pay Problem

(By Marge Davenport)

"If people want to be assured of the best nursing care when they are sick, they are going to have to become aware of the economic problem of nurses," declares a representative of the Oregon Nurses Association.

Like other members of the American Nurses Association (ANA), the Oregon group's long-simmering resentment boiled over last year when it broke from traditional negotiation sessions with the Oregon Hospital Association and went to the State legislature, "mainly to gain assurance that individual nonprofit hospitals would have to bargain with nurses in good faith, and that nurses would have written contracts."

Now, with the distinction of being the first nursing association to push a law through their State legislature requiring nonprofit hospitals to bargain collectively with nurses' representatives, the Oregon nurses are proceeding cautiously. They intend to press their "overdue" demands for pay increases in a ladylike and professional manner, and they are eager that the public understand their economic position.

Nationally, the ANA voiced its resentment at being what members feel is "the forgotten segment" of the medical profession by taking a stand opposite doctors and favoring a program for medical care of the aged financed through social security. The doctors' American Medical Association is a stanch opponent of such an administration-backed plan.

* * * * *

From the end of World War II until now, the Oregon Nurses Association has managed to battle wages from a beginning level of $190 per month to the present $350 per month starting salary for general duty nurses.

* * * * *

Oregon's $350 present minimum salary in effect in a majority of hospitals carries with it a recommended $10 per month pay increase per year for the following 4 years and provisions for 3 weeks vacation after 10 years. However these provisions are all recommendations and not all hospitals in the State have complied, the nursing association points out.

According to a 1962 survey, Oregon ranks among the top eight States in average wages for general duty nurses, but the ONA emphasizes that even so, the nurse pay scale is only about $1.97 per hour as compared to the current wage rate of $4.02 per hour for a plumber, or $3.68 per hour for a paperhanger.

"Can I afford to be a nurse?" is a question many girls contemplating the career ask themselves, Mrs. H. Yvonne Gardiner, associate executive secretary of the ONA, believes.

She says the primary concern of nurses is, and always has been, care of the patient. Nurses are concerned that the present shortage of working nurses may be affecting patient care, and that aids and other persons may be endangering care by improperly being assigned nursing functions.

* * * * *

Most metropolitan hospitals here list permanent "help wanted" ads for nurses with the ONA, Mrs. Gardiner says.

* * * * *

Who doesn't want the nurses to get higher wages?

Right down to a man, hospital administrators will deny that they oppose increases in nurses salaries—they say it is the public that is already protesting about "too high prices" for hospital patient care.

Both nurse association and the hospital association representatives agree that the whole problem of patient care is a complicated and many faceted one. Both organizations recognize that they are dispensing a public service and agree that the public should take a deep interest in the problem.

A COUNTY DONATES CHAIRS TO THE PEACE CORPS

Mrs. NEUBERGER. Mr. President, recently, when I was invited by the Vice President to visit the outpost of our Peace Corps in Puerto Rico, I renewed my interest in that wonderful organization. Therefore, I was further pleased to find an item from Portland, Oreg., which tells of the ingenuity of these young people. A volunteer by the name of Richard A. Simon, who had worked in the county courthouse in Portland, remembered that there were some obsolete folding chairs stacked in a storeroom. When he got to Colombia, there were no chairs for the school there. Therefore, he wrote home, asking if he could have these obsolete chairs. The community in Colombia paid the freight. The story of this incident is interesting, and I therefore ask unanimous consent that it may be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Journal, Aug. 8, 1962]

COUNTY DONATES CHAIRS

The Multnomah County Commission acted Tuesday to aid the Peace Corps.

Responding to a letter from John D. Weldon, a registrar of elections, it declared 100 county folding chairs "surplus" and voted to send them to Colombia in South America to help furnish a proposed library.

The cost of water shipment to South America will be paid by the community to receive them, Fresno, in the state of Tulima.

Weldon sought the chairs in behalf of Richard A. Simon, 24, of 441 NE. Webster Street, a Jefferson High School graduate and former Portland State College student, who is serving with the Peace Corps in the community.

In a letter to Weldon, Simon, a former employee in the registrar's office, told of seeing some obsolete chairs in a warehouse and asked Weldon to see if the commission would consent to release them for the library.

Simon described the community as primitive and without schools and a library. He said that in a community development project he and other members of the Corps are attempting to fill both vacuums.

The books for the library will be sought from various organizations in the United States, Simon said.

The commission was delighted with the opportunity to help and voted unanimously to donate the chairs and ordered the matter given priority treatment.

BOOKS FOR THE U.S. INFORMATION SERVICE

Mrs. NEUBERGER. On Saturday I placed in the RECORD a report from a former employee of mine who is now working in Nyasaland. In the course of the newsletter which he sends home, he says that he and his wife are teaching, on their own time, English classes, but that there is a shortage of books.

Apropos of our discussion on the pending bill of what use the USIS could make of the proposed communications satellite, I thought his comment would be of interest. He says that the library is not very good, and "We need not tell you that anyone cleaning out his or her library would find a welcome home for old books—even if they are in poor condition."

The line that I thought was most interesting was:

> The U.S. Information Service in Blantyre (43 miles south) has neither books to spare nor money to open up a Zomba branch.

I wonder, under these circumstances, how the U.S. Information Service will be able to afford to beam American information into Nyasaland.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

Mr. WILEY. Mr. President, I favor the pending bill for the following reasons:

First. As the majority leader said, four committees have considered this bill.

Second. The President is in favor of the bill.

Third. It is so constituted that it is a free enterprise structure placing in the hands of the carriers—and there are 10—50 percent of the stock, and in the hands of the people another 50 percent, each of whom appoints six directors and the President appoints three directors.

Fourth. At this time I want to get rid of a piece of misrepresentation that has operated to prejudice many people.

(a) The Government, over a period of 4 years, has spent between $100 and $200 million in an effort to develop a communications satellite in Project Advent. The justification for these expenditures was the pressing military need for a communications system with wider capabilities than were currently available or foreseeable by expansion of conventional communication techniques.

(b) The Advent project program found itself further from the attainment of its objectives than it had been before the program started. Very little of the intended system was working, even on the ground, so the Government wisely decided against an attempt to launch into orbit the fruits of the research and developments it had nurtured.

(c) Now the A.T. & T. launched, on boosters and with facilities for which it had paid the Government, a communications satellite that worked. The A.T. & T. invested approximately $50 million of the corporation's funds in the research and development necessary to create the Telstar.

Let it be made clear that the A.T. & T. has achieved what the Government did not and apparently could not achieve, and that probably is the reason that all the advisers of the President, recognizing the significance of what has been accomplished in the interest of the Nation by A.T. & T., have come out flatfooted for the satellite bill as set up. Again I say, let it be understood that it was not Government funds which brought Telstar into being. I repeat, it was the fruits of the research of A.T. & T. which did the job.

Fifth. Now, let us remember that the Attorney General, the Secretary of State, the Secretary of Defense all testified before the Senate Foreign Relations Committee in favor of the administration's satellite bill. Also, the House approved the bill by a vote of 354 to 9.

The arguments that this was a gigantic giveaway and would permit the companies to interject themselves into the conduct of international affairs—these arguments were all demolished.

The argument that the Government has financed the research and development to space communication and that now the administration plans to turn the benefits over to a large private corporation will not stand examination. As the Green Bay, Wis., Gazette says in its editorial of June 13:

> Many private corporations have spent millions of dollars on research and development of this project. Many of the basic elements were privately developed—transistors, solar batteries, guidance systems, TV communications themselves. A.T. & T. Co. financed the complete $4 million cost of building, launching, and tracking Telstar.

Across the Nation, stockholders in U.S. corporations today number about 17 million, including over 2 million for A.T. & T. That is about the same number of personnel who belong to the unions of this country. So, you see, just like the unions, the so-called big corporations actually belong to the people. Of course, we know that if this corporation becomes a paying proposition, under the law, it will pay 52 percent of its profits to the Government.

We all know that it is through our free enterprise system that the American scientific progress has achieved what it has.

Now on this subject of controls, we know that the President spearheads foreign affairs. We know that FCC has a great interest in this matter. We know that the directors of this institution are Americans and will be interested in doing the right thing. I like the editorial of the Wisconsin State Journal where it says:

> What does matter is that private enterprise has scored a signal victory. If the world needed any more proof that the old picture of capitalism is erroneous, it has it now. Capitalism today is as dedicated as the laboratory, as up-to-date as Madison Avenue, as forward-looking as Canaveral. Space, like the earth, seems to get smaller with each scientific achievement, but we have proof now that there is still room in it for good new private enterprise.

Mr. President, in the last century man has accomplished more than in all the previous years; and in recent years, we have continued to look beyond the limits of yesteryear and have expanded our knowledge and experience. New information, new vistas, new developments of the natural sciences continue to push back the horizons of yesteryear.

As we view the world, particularly many of the nations that were free and now find that they are within the Communist orbit and, to a large extent, have lost their form of government, we ask ourselves what sort of a plan will become operative in this country of ours? Will we deteriorate into a socialist state or will we carry on as the representative of free enterprise thought and system?

Much was said in the testimony about monopoly. Well, it will be interesting to see what kind of a monopoly the A.T. & T. is. As I mentioned, there are about 17 million stockholders of business, and, we might say, that there are approximately 17 million union members in the unions of America. Big business? Yes. Big unions? Yes. But they are made up of the common American.

Now the other day I read that in the opening days of the century there were 239,000 people on the Federal payroll—just civilians. Since that time there has been an increase of 1,000 percent. There are now up to 2,496,000 people on the Federal payroll. If this increase of labor in Government keeps on, what is going to happen to private enterprise?

Now, as we showed previously, 6 of the corporate directors will be elected by the carriers—and there are 9 or 10 of them—and 6 of the others will be elected by the common stockholders, and the President will appoint 3. And, of course, of whatever earnings this corporation realizes, 52 percent will come back to the Government without any load on the taxpayers, but if Government keeps on increasing its employees, then the taxpayers will have to bear the load.

I heard a Democratic Senator say the other day:

> I do not blame the State Department with all its problems and with all its bureaucracy. I do not think anyone will disagree that we are floundered with bureaucracy today with all these people on the Federal payroll.

If we are alert and recognize the philosophy which, if we adopted, would cause our country to end up in State Socialism, we will be enabled to avoid it. I believe we are alert. I believe the vote in the House, and the vote here tomorrow will indicate clearly that we have not been put to sleep by a lot of emotional statements which do not hold water. I think we have demonstrated definitely that this is not a giveaway—this is really picking up where the Government failed and made a reality of the satellite.

By that last statement I mean that the Advent program of the Government did not produce the goods, whereas A.T. & T. launched, on boosters and with facilities for which they had paid the Government, a satellite which worked—and it is still working.

I think there is a real, vital question involved and that is, Do we want this big Government to grow bigger in its activities? Do we want it to head more and more in the line of the Socialist state? Or do we want to carry on in the way that has brought this country to its pinnacle of world leadership today—with free enterprise?

IMPORTS OF TOOL AND FINE STEELS

Mr. SCOTT. Mr. President, the domestic producers of tool steel and fine steel are faced with a very serious problem which merits the attention of the Senate. Although tool and fine steels do not account for nearly as much volume as tonnage steels, they are specialty items which possess certain properties making them essential to the national defense effort. They have been rated by defense agencies first in priority of strategic importance, since they are essential to the cutting, shaping and forming of virtually every weapon in our defense structure.

Imports of tool and fine steel have increased dramatically in recent years, so that foreign supplies aggregate approximately 14 percent of domestic production. The price at which these imports enter the United States is so low that domestic industry is being hard pressed. Consequently the very survival of a vitally important defense industry is threatened.

I am troubled by this situation, not only because the U.S. tool and fine steel producers are located largely in the State of Pennsylvania, but constitute a principal source of employment in several localities. I am extremely concerned that the Nation assure itself of a steady domestic supply of these strategic materials.

Mr. Sturgis Potter, chairman of the Tool and Fine Steel Industry Committee, testified before the Senate Finance Committee regarding the Trade Expansion Act on August 8, 1962. His testimony raises a number of questions about the trade legislation which I believe deserves the consideration of each member of the Senate.

I ask unanimous consent, Mr. President, to have Mr. Potter's testimony printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF H. S. POTTER

My name is H. S. Potter. I am vice president, sales, of Carpenter Steel Co., Reading, Pa., and chairman of the Tool and Fine Steel Industry Committee. The names of the companies which join in this statement are listed on an attached sheet. I appreciate the opportunity to be here and discuss with you the proposed Trade Expansion Act as it presents problems which very seriously concern our industry.

I

THE TOOL AND FINE STEEL INDUSTRY IS VITAL TO OUR NATIONAL SECURITY

Tool steel and fine steels are high alloy specialty products which do not account for nearly as much volume as tonnage steels. Nevertheless, by reason of their content they possess certain properties, such as a high degree of heat resistance, which greater volume steel products do not enjoy, and can fulfill a number of vital functions for which tonnage steels are not qualified. Indeed, tool steel is listed by the defense agencies of the U.S. Government as first in priority of strategic importance. It is indispensable to the cutting, shaping, and forming of virtually every weapon in our defense arsenal. I submit to this committee that not a wheel in our defense structure could turn if there were not an adequate supply of tool and specialty steel. And I submit further that as the missile age progresses, the highly heat resistant steels will become increasingly important to American advancement and security. The large tonnage steel mills have neither the equipment nor technical knowledge to make the tool steel and specialty steels which are essential to our national defense effort.

We are certain that neither this committee nor Congress would favor or permit importation of these items to reach such a level that the existence of an adequate, steady domestic supply would be imperiled, as such a result would bring about the total reliance of our defense effort on foreign supplies of a highly strategic material. The principal supplying nations—Austria, Sweden, West Germany, France, Italy, and the United Kingdom—are in such proximity to the Soviet Union to make such a course neither safe nor prudent. We contend that it is essential for the United States to maintain a flexible defense posture to meet emergencies of all dimensions in all parts of the world and that such flexibility can only be maintained if the country has available to it adequate domestic supplies of such critical materials as produced by our industry.

II

THE TOOL AND FINE STEEL INDUSTRY IS NOW THREATENED BY IMPORTATION

We in the tool and fine steel industry are by no means opposed to an expanded international trade for the sake of being opposed. We are, however, presently suffering a severe loss of the U.S. market to foreign imports and fear that H.R. 11970, in its present form, could result in further losses and threaten the elimination of U.S. production altogether.

Importation has in recent years absorbed a dramatically expanding share of the domestic market. In 1960, total domestic production of tool steel was approximately 87,000 tons, although average production has been 100,000 tons annually. That same year, imports reached the level of 12,000 tons, or 12 percent of average annual domestic production and over 14 percent of actual domestic production for that year. Moreover, these figures do not include another estimated 12,000 tons of product imported in various finished forms. This trend toward an ever increasing market share supplied by imports means not only a loss of earnings for the domestic industry, but a loss of employment for American workers.

The cause of this threatening pattern which is facing the tool and fine steel industry is not the ability of foreign competition to apply better production techniques and place superior products in the domestic market. It is very simply a question of price. For instance, Japanese stainless sheets are being offered at 20 percent below the domestic market. Stainless cold heading wire from the same country is offered at 16 to 27 percent below my company's prices and a popular grade of oil-hardened tool steel from Austria is being offered here at prices 53 percent below my company's price.

These lower prices at which foreign producers are able to compete in the domestic market are attributable to two chief factors: the substantially lower wages and working standards prevalent in the principal foreign countries producing tool and fine steel and the narrowing of our margin of productive efficiency. Faced with a continuation of this situation and the continuing increase in the ration of imports to domestic demand, the U.S. tool and fine steel industry is in an extremely precarious position.

III

ADEQUATE SAFEGUARDS MUST BE PROVIDED TO PROTECT VITAL DEFENSE INDUSTRIES

In the light of the importance of tool and fine steel to the Nation's defense production and the current status of imports, we submit that adequate safeguards are essential for our industry. The present bill does not contain these safeguards.

We contend that a strengthening of the national security clause is essential. We submit that the provision has not always been implemented in accordance with legislative intent. In view of this history we hope that Congress will take positive steps to strengthen the national security clause so that it will become an effective, operative instrument of national trade and defense policies. We suggest that this committee consider exercising legislative review of executive decisions in this field—certainly determinations here are at least as important as under the escape clause in which national security may or may not be involved. By like token, the application of specific time limits for national security determinations may be advisable. In the past, proceedings alone have consumed as much as 18 months. These suggestions by no means exhaust the possible avenues of improving this clause.

For example, we understand that Senator Kerr has indicated that more specific criteria for industries significant to national security would be extremely helpful. We fully agree.

The underlying approach of the trade expansion program is an open departure from past tariff policies, yet section 232 is fundamentally the same as enacted 7 years ago. Whereas prior trade legislation seems to have been based on the premise that no injury as a result of foreign competition would be suffered by industry which could not be alleviated by the safeguards provided, the present act, as seen by its detailed attention to adjustment assistance, is founded on the premise that substantial injury will occur but will be compensated for and by the Government.

This new approach, whatever its merits or inadequacies, at least demands a new and vigorous national security clause. It is not enough that the prior clause be boiler-plated onto H.R. 11970. With the threat of substantial dislocation and disruption in our economy as a result of foreign imports—a fact which the proponents of this bill admit by so carefully providing means to alleviate the distress—the importance of the national security provision is significantly increased. It is one thing to risk the economic destruction of some domestic industry in the hope of obtaining increase in export trade. It is quite another to jeopardize our national security in the process of this gamble. We submit, therefore, that section 232 be redrawn in such a way to absolutely insulate key industries and commodities from the harsh impact of increased foreign imports.

We are especially concerned with the exclusive discretion granted the President to eliminate duties altogether on undefined broad categories of goods in entering into agreements with the Common Market nations. Should tool and fine steels be lumped with tonnage steel, any deliberative consideration of the critical national defense contribution and precarious market position of our industry could be unwittingly ignored with the destruction or crippling of the specialty steel industry as the result and agreements producing total disruption of the tool and fine steel industry could be negotiated without Congress exercising any review whatever over administrative determination. We consider this to be one of the principal flaws of H.R. 11970.

It is also to be emphasized that the bill retains only the facade of the peril-point provision of existing law. Briefly, the Tariff Commission may not find any specific level of duty below which injury would be likely to occur but may only advise as to the economic effect of reductions or eliminations. Consequently, the President need not report that any recommendation or finding was rejected, and the economic conclusions of the Commission would not permit Commission analysis only of the effect on overall industry operations of proposed reductions, a particular detriment to tool and fine steels.

The ineffectiveness of the escape clause provision is also a glaring inadequacy. Although it is unquestionably an improvement over the language originally proposed to the House of Representatives, it is still not a mechanism for guarding essential domestic industries against irreparable harm. The Tariff Commission may only find that an industry has suffered or is threatened with injury, and the term industry is nowhere defined in the bill. Conceivably, "steel" would constitute an industry. The segmenting of industries authorized by present law would not be allowed. Combining tool and fine steels with tonnage steel would effectively deny our industry the consideration which its particular problems merit.

It is also provided that the Commission must find that the injury was produced entirely (rather than in part as in present law) by a tariff concession. This change imposes an unjustifiably harsh burden of proof upon the party seeking relief. He must, in effect, prove that no other cause contributed even in small part to his plight. Furthermore the standards to be applied in determining injury are not adequate to provide relief while the industry is still able to make use of it. Finally, the provision for legislative review seems largely ineffective by reason of the need for the affirmative vote of a constitutional majority of both Houses and the failure to insure that a review resolution will obtain a floor vote.

This safeguard machinery would, if properly implemented, insure a prudent trade policy which could permit recognition of the total national interest. They seem to us far preferable to the other relief mechanisms set forth in the legislation before you. The other adjustment assistance provisions are both fiscally questionable and contrary to the established provisions which are directed toward preserving American firms and workers who have suffered injury from importation.

Testimony has been received that the cost of these programs to the Treasury could reach enormity. I am not an economic forecaster and cannot predict with any degree of certainty the extent to which this would be true. Nevertheless, I can make some statements with respect to the steel industry. The American Iron and Steel Institute recently estimated that 40,000 jobs in the steel industry have been lost to foreign competition. If adjustment assistance at 65 percent of average earnings were paid these workers for the basic 52-week period, the cost would run over $200 million.

We stress that the subsidy provisions are not as consonant with our free enterprise system as a selective trade program. The adjustment assistance provisions of H.R. 11970 are throughout infected with the likelihood of Government supervision and control. For example, broad discretion is vested in the executive branch to determine whether or not tariff concessions have caused or threatened serious injury or unemployment; review and act upon proposals for economic adjustment; decide whether or not a firm has developed a sufficient plan to use its own resources for development; require appropriate cost-sharing; set interest rates; and determine the type and extent of security for financial assistance. Further, if particular firms in an industry are selected for relief whereas others are not, relative competitive advantages and disruptions would occur. It seems to us that, at best, such a grant of authority has no place in trade legislation, but that a reasoned program of import regulation is by far the wiser course.

As I said at the outset, we are not opposed to expanded foreign trade. Yet whatever trade policy is adopted should take full cognizance of the need and provide machinery for protecting and preserving industries such as ours which are threatened with severe injury and are essential to the national defense effort.

IV

THE ILL-FOUNDED OPTIMISM OF THE PROPONENTS OF H.R. 11970 UNDERSCORES THE NEED FOR EFFECTIVE SAFEGUARDS

The radical departure from existing law that the Trade Expansion Act represents necessitates certain risks and serves to underscore the need for the preservation of safeguards for vital domestic industry. These procedures would be essential even were the broadly stated goals which H.R. 11970 seeks wholly attainable and even were the overall economic impact clearly to be beneficial. They are more so because of the uncertainty of impact and achievement which infects the bill.

Although sweeping pronouncements by the advocates of H.R. 11970 style it as a solution for the problems of growth-rate, unemployment, balance-of-payments deficits, gold drain, and virtually every economic question facing us, the information essential to a full evaluation of these claims has been somewhat beclouded. We suggest, as have many others, that the glorified predictions regarding H.R. 11970 are at best well-meaning speculations, unsupported by fact.

Permit me to discuss briefly some of the reasons why we believe that the goals cited in the preamble of H.R. 11970 are not supported by the arguments made in behalf of the bill.

First, it is contended that the United States has benefited in trade negotiations by obtaining greater tariff concessions than it has given away. In press release No. 369, June 7, 1962, the State Department announced that in the recent Geneva negotiations, the United States has obtained concessions amounting to $1,575 million for exports while conceding an estimated $1,225.5 million on imports. Yet the estimate on which the latter figure is based takes into consideration only imports from the EEC or the particular GATT country with which each concession was negotiated, and does not include other nations which are entitled to the concession; it substantially understates the value of the concessions made by the United States. Further, the $1,225.5 million figure is computed on the basis of values in the foreign markets whereas domestic port-of-entry values actually average a conservatively estimated 15 percent above those of foreign markets. Taking these factors into account, it appears that the concessions granted are, in fact, significantly in excess of those we received.

Second, the Secretaries of Commerce and Labor allege that approximately 4 million jobs are dependent on foreign trade, whereas something in the vicinity of a mere 90,000 are liable to injury from increased importation. Although the 4-million-job estimate is based on a formal Labor Department report, the diminutive 90,000 figure is not so founded. In fact, we have no idea of the source or accuracy of this key figure and the supporting information used by the Labor Department seems unreliable. The Labor Department report which undertakes to estimate jobs lost as a result of imports in 1960 indicates that competitive imports of all products of primary metal industries were $570.8 million based on foreign value plus a 17 percent factor. Since this figure was less than imports of steel mill products alone (foreign value $506 million, plus 17 percent equals $592 million) we looked further.

The official Census Bureau report of imports, FT 110 for 1960, shows the following, in millions of dollars, foreign values:

Iron- and steel-making war materials	346.0
Steel mill products	505.5
Iron and steel manufactures	124.8
Ferric alloys, ores and metals	174.7
Aluminum and manufactures	206.6
Brass and bronze manufactures	56.2
Copper and manufactures	401.6
Lead and manufactures	92.6
Zinc and manufactures	74.6
Total	1,982.6

When the 17 percent is added, the total becomes $2,319.6 million.

It is evident that this total includes some unknown amount of products advanced beyond the stage of primary metal products, but it is also evident that the great bulk of the total is of primary ores and metals, iron ore, steel, aluminum, copper, lead and zinc. How then could the Labor Department report that imports of primary metals were only $570.8 million?

It becomes clear that the finding is based on certain assumptions which seem to us unwarranted. Imports are divided into two classes, competitive and supporting, and supporting imports were disregarded in arriving at the competitive import figures. Next, in the category of "supporting" imports were included all raw material and semi-manufactured imports which supply more than 75 percent or less than 5 percent of U.S. consumption. Further, imports, even within these percentage figures, are supporting if they are considered essential to U.S. industry, exemplified by petroleum, iron ore and softwood lumber. On such a basis, since total U.S. imports are under 5 percent of total U.S. consumption, the Department might well have said that there are no competitive imports whatever. Although such a statement would be absurd, we submit that it is equally unreliable to make such assumptions on a narrow base as on a broader one. And the supporting import category is utilized not only to reduce the estimate of jobs which might be lost to exports but to increase the number supplied by imports.

Third, the Under Secretary of State testified before the House Ways and Means Committee to the effect that the Common Market and the United States have about the same level of tariff protection. He said the EEC tariff on industrial products averages 5.7 percent and that the comparable figure for the United States is 7.1 percent (hearings on H.R. 9900, p. 639).

We studied the Commerce Department tabulation on which the Under Secretary based his statement. We noted that it omitted chemicals on which the Common Market tariffs are high. On the other hand, it included the products which are not produced in significant quantities in the Common Market and which are imported in large quantities duty free. Thus, to get a low EEC tariff average the tabulation included oilseeds, crude rubber, raw cotton, wool, jute and other vegetable fibers, iron ore and nonferrous ores, crude petroleum and precious stones.

Now these are not industrial products. They are primary products that are the raw materials for the Common Market industries. Their inclusion substantially reduces the average level of EEC tariffs, which average is then styled as relating to industrial products.

Fourth, in February the opening sentence of a Commerce Department press release said, "Dollar volume of exports of steel mill products from the United States in 1961 ran ahead of imports for the second year in a row." (BD-62-67, Feb. 26, 1962). As a matter of fact, the volume of imports of steel mill products in 1961 ran ahead of exports for the third year in a row. Of course the Department makes a technical justification for the quoted statement—they were talking about dollars, even though they used the word "volume" which connotes quantity, not value. But this justification is still inaccurate because the dollars of imports referred to are the values of the goods in the countries of export which, of course, are much lower per unit than the U.S. values of competitive steel.

Most other countries, including the EEC, value imports on a CIF port of entry basis. The United States values imports on a foreign basis, usually the mill or factory abroad. If the United States were to follow the EEC practice, our statistics would make a fairer showing of trade balances.

Statistical argumentation of this nature makes us uncertain that the bill will attain its goals and fearful of its impact. Presentations of that sort hardly appear to be of the class of information which will assist Congress to fully deliberate and determine the turning point issue now before it. In addition the vulnerability of administration statistics suggest a free trade bias so strong as to underscore the need for more adequate congressional checks.

Yet despite the uncertainties of attainment, the present bill cloaks the executive branch with unprecedented authority to reduce tariffs and diminishes the powers of Congress in the trade area to an all-time low.

V

RECOMMENDATIONS

We of the tool and fine steel industry would recommend that, as a minimum, the following changes be made in H.R. 11970:

1. The national security clause should be strengthened.
2. Congressional review of negotiated trade agreements should be provided. Both this review and review of Presidential refusal to take action on escape clause recommendations should be able to override Presidential action or failure to take action by simple majority vote on one House acting on a privileged resolution.
3. The escape-clause provision should be amended as to definition of industry and criteria of injury so that it comports with present law.
4. The peril-point provisions of existing law should be retained.
5. The subsidy involved in the adjustment assistance provisions should be stricken from the bill.

We must emphasize that we are not against free trade so long as it is not unfair trade, but regret that in our opinion present conditions prevent the attainment of such an ideal. Until such time as wage and working standards and fiscal and monetary conditions improve, vital American industries are entitled to protection.

APPENDIX

Participating companies: Allegheny Ludlum Steel Corp., Armco Steel Corp., Bethlehem Steel Co., Braeburn Alloy Steel Corp., the Carpenter Steel Co., Columbia Tool Steel Co., Crucible Steel Co. of America, Eastern Stainless Steel Corp., Firth Sterling, Inc., Jessop Steel Co., Jones & Laughlin Steel Corp., Joslyn Stainless Steel Division, Latrobe Steel Co., Republic Steel Corp., Sharon Steel Corp., Simonds Saw & Steel Co., Universal-Cyclops Steel Corp., Vanadium-Alloys Steel Co., Vulcan-Kidd Steel Division, Washington Steel Corp.

HOMECOMING OF WISCONSIN'S 32D NATIONAL GUARD DIVISION

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the Record at this point as a part of my remarks an editorial entitled "Well Done, Men of the 32d," published in the Milwaukee Journal of August 10, 1962, dealing with the homecoming of Wisconsin's 32d National Guard Division.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

WELL DONE, MEN OF THE 32D

Last autumn when Wisconsin's 32d National Guard Division began training at cold and rainy Fort Lewis, Wash., President Kennedy explained why the men had been called from their homes and jobs to serve their country.

"We called them in," said the President, "to prevent a war, not to fight a war * * * to prevent a war in which they and many, many more would be forced into far greater sacrifices."

Now that the 32d has completed its 10 months of service and its trim, tanned members have come streaming back to Wisconsin, it is appropriate to recall those words.

It is appropriate, too, as Milwaukee prepares a welcome home party at the stadium Sunday, to sum up what the 32d and other servicemen who responded to the call to duty accomplished and what they contributed.

The Berlin crisis of last summer was an alarming threat to the peace of the world and to the safety of every American household. Premier Khrushchev had blustered before. Never, though, had his threats been quite so blunt.

Khrushchev promised to sign a separate peace treaty with puppet East Germany that would, he warned, bar American and Allied forces from West Berlin. Communist fighter planes harassed Western aircraft flying the corridors to Berlin. "The wall" was thrown up overnight, splitting Berlin and sealing in residents of the eastern sector so that they could not longer flee the Communist "paradise" as many thousands had already done. American and Communist tanks faced each other menacingly.

President Kennedy obtained from Congress authority to bolster the Nation's convential forces. He summoned the 32d of Wisconsin and the 49th Armored of Texas as two crack divisions in the National Guard establishment, plus numerous Army Reserve units and fillers. The purpose, said the President, was to show that the United States "is serious about its commitments."

At Fort Lewis there was temporary confusion. Supply shortages developed. Sufficient weapons were not on hand. Many fillers, it developed, had been improperly called. A parade of Congressmen didn't help matters.

But the 32d fell to, as it always has. Military service such as this in peacetime can be frustrating. The few serve; the many stay comfortably at home. There was no Hindenburg line for the Red Arrow to pierce as in World War I. There were no Japanese to dig out of steaming New Guinea jungles as in World War II. There was just hard work, steady training, participation in maneuvers in order to become combat ready.

The 32d measured up. By mid-February it was named part of the elite Strategic Army Corps (Strac) which stands ready for deployment at a moment's notice to any part of the world.

One cannot know for certain that the callup gave Khrushchev pause. He must have been impressed by American determination. At least he moderated his tone. The tension over Berlin was eased.

So now the members of the 32d and the other reservists have come home. Their return is welcome. Their work has been well done. They achieved the objective the President set for them—not to fight a war but to help prevent one. What more can be asked of soldiers than that they achieve their objective?

SOVIET CHALLENGE IN SPACE

Mr. WILEY. Mr. President, the Soviet Union, on August 11, successfully launched Vostok III to orbit a Soviet cosmonaut in space.

On August 12, the Soviets successfully launched a second cosmonaut in Vostok IV.

As a significant "next step" in the Soviet space program, these launchings have special meanings, not only for the Communists but for the free world. These include:

First. The accomplishment, in itself, represents a major scientific feat; moreover, we can expect that this will be fully exploited for propaganda purposes.

Second. The flight demonstrates that the Soviets continue their great dedication to conquest of space—reflecting a willingness to make a great investment in space for whatever rewards may ultimately be forthcoming—scientifically, economically, politically, militarily, and ideologically.

Third. For practical reasons, the Soviets may also be attempting to create—in the world mind—"progress in space" as a symbol of Communist dynamism—even thought it suffers serious failures at home in agriculture and other fields. The people can starve as long as the Reds can try to sway public opinion with space feats.

The successful flight of Vostok III and Vostok IV, then, should serve as a warning to the free world that the Communists intend to challenge us "all the way"—not only on earth, but in outer space.

The United States, too, recently accomplished a successful "feat" in space—the Telstar project.

The Kremlin, however, must get a great deal of satisfaction out of the fact that while they have two cosmonauts talking to each other in space, we, here in the Senate, continue to "talk to each other," seemingly endlessly, about even consideration of a bill to establish a satellite communication system in space.

In a challenging era of history—in which time—weeks, days, yes, even hours—are highly significant—there rests a great responsibility for delays—from whatever quarters—to the U.S. space program.

COPE CONFRONTS AN EFFECTIVE CHALLENGER

Mr. MUNDT. Mr. President, while realistic political observers and knowledgeable students of political affairs generally recognize that today, COPE—the CIO's Political Action Committee—has become the strongest single political force now operating in America, I have never been one to contend that Reuther and his aids have no right to formulate and operate this effective political machine. The fact that COPE today exercises a more effective and determinative influence upon the selection and election of Senators and Congressman than either the Democratic National Committee or the Republican National Committee is at once both a tribute to the effectiveness of this partisan, political machine and a challenge to those who oppose the objectives of COPE but who lack either the energy, the courage, or the ability to offset COPE's political activities.

Now—at long last—at least one group in this country has arisen and gotten organized to fight back against COPE. It calls itself AMPAC and is comprised largely of doctors and physicians who are opposed to COPE's determined drive to win acceptance for its compulsory system of medicare. Judging from the editorial from the Washington Evening Star which I now ask be incorporated at this point in the Record as a part of these remarks, COPE is already concerned and disturbed that organized and direct opposition has arisen to its political operations.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

COPE Fears AMPAC

The AFL–CIO Committee on Political Action has sent out an S O S that deserves attention, of a certain kind.

The committee, well known and hereinafter referred to as COPE, has discovered, or thinks it has, that a powerful new ultraconservative political alliance may be forming between big business and the American Medical Association. COPE is disturbed, and understandably so, that a rather newly formed (copy-cat) organization known as the American Medical Political Action Committee (pronounced AMPAC) will be the vehicle for this alliance. COPE says that AMPAC already is making significant headway and that in the near future it may even distribute its own version of COPE's "How To Win" handbook to folks active in political campaigns and to candidates it supports.

COPE is disturbed, too, at the likelihood that big business money will seek and find it (AMPAC) because the green stuff has an automatic way of traveling from big business coffers into organizations which beaver (sic) for business's conservative political ends.

Freely translated, all of this means, presumably, that COPE may soon be faced with a political rival of its own kind—a well-financed outfit that knows where it stands and is prepared to do something about it. The fact that it stands on the opposite side of the street from COPE has, thus far at least, alarmed only COPE. There is evidence, in fact complaints, from those whom COPE has not liked that labor's political arm has been quite successful. On that basis, imitation is not only a sincere, but a real smart, form of flattery.

Mr. MUNDT. Mr. President, from the foregoing any American business or professional man; any citizen believing in our private ownership system; any farmer desiring to remain free from new oppressive Government controls; any Democrat in the Deep South, or any Republican anywhere should learn a lesson and confront a challenge to both his courage and his capacity. It is now clear that those who believe in preserving our freedoms can do so if they will organize their resources together and do more than develop lipservice as the measure of their opposition to the encroaching advances of the welfare state in the United States. What they can and should do if they desire "to put their money where their mouth is" is obviously clear they should organize a PEPAC of national scope.

A private enterprise political action committee could embrace everybody regardless of political affiliation and activate their efforts in the nomination and election of Senators, Representatives, and Governors who believe in our private enterprise system and who desire to stop further attempts toward the socialization of America. The ACA—Americans for Constitutional Government—has already made a good start in this direction. Maybe all trade associations, and other organizations embracing the memberships of bankers, insurance people, processors, fabricators, retail businessmen, professional men and women, and like-minded citizens should now unite in creating and operating an all-American PEPAC. Such a private enterprise political action committee in this country should be triumphant.

ELECTORAL COLLEGE REFORM

Mr. MUNDT. Mr. President, I am certain that most of my colleagues are aware of the fact that Senate Joint Resolution 12, which proposes a constitutional amendment for the reform of the procedures by which we elect our President and Vice President, has been cleared for the consideration of the full Judiciary Committee by the Subcommittee on Constitutional Amendments. It is my hope that in the very near future the Judiciary Committee will see fit to report this resolution to the Senate.

I am most encouraged by the fact that the district plan for electoral college reform is rapidly gaining national understanding and acceptance. My own estimates of national sentiment indicate that there is an extremely broad consensus among the American people that we must make changes in the existing system by which we elect the President and Vice President. There are differing views as to how we should modify the existing system. Some favoring direct popular vote, some favoring the proportional division of electoral votes within each State, and an increasing number of people supporting a system strongly akin to our existing congressional system with proper safeguards against gerrymandering, which simply stated is the essence of the reform plan presented in Senate Joint Resolution 12.

Representative of the responsible and highly informed grassroots support for Senate Joint Resolution 12 are editorials which recently appeared in two of our South Dakota weekly newspapers. I am, of course, profoundly appreciative of the fact that two editors from my home State have taken up the cudgel in behalf of Senate Joint Resolution 12, and so that my colleagues may have the benefit of these two editors' thoughts on the subject of electoral college reform, I request unanimous consent that the editorial from the Highmore Herald and the editorial from the Lemmon Tribune may appear at this point in the Congressional Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Highmore (S. Dak.) Herald, July 12, 1962]

Fair Presidential Elections

The first congressional step has been taken to make it possible for us to elect a President in as fairly and representative a manner as we elect a Congressman or Senator.

A constitutional amendment (S.J. Res. 12) sponsored by Senators Mundt (Republican, of South Dakota), Thurmond (Democrat, of South Carolina), Fong (Republican, of Hawaii), Hruska (Republican, of Nebraska), Goldwater (Republican, of Arizona), and McClellan (Democrat, of Arkansas), by which candidates for the electoral college would each declare his choice for President and Vice President and then run for election in a manner similar to Senators and Representatives, is now under study by the full Senate Judiciary Committee.

Under the present system of a statewide general ticket, a voter has as many votes in presidential elections as his State has electors—one for each of its two Senators and one for each Congressman. Each New Yorker had 45 votes in 1960, each Delawarian but 3.

Senator Mundt's amendment would restore the purpose of the electoral college—to prevent distortions in the election of the President arising from the widely varying populations of the different States. Under this reform, every voter in every State would vote for three electors—just as he helps elect two Senators and one Representative.

Public dissatisfaction with the presently gerrymandered electoral system—by which the larger States, especially those dominated by their big cities, have an inordinate voice in both the selection of Presidential candidates and their election, is wide and deep. Public opinion polls reveal a substantial majority anxious for correction of these evils.

W.J.M.

[From the Lemmon (S. Dak.) Tribune, July 12, 1962]

Fair Presidential Elections

The Tribune was particularly interested in a constitutional amendment (S.J. Res. 12), now under study by the Senate Judiciary Committee which would, for the first time, give the American electorate fair representation in the selection of a President.

Basically, the resolution would have candidates for the electoral college declare their choice for President and Vice President and then run for election in a manner similar to Senators and Representatives. Consequently, instead of voting for a panel of electors representing one party or the other, the individual citizen, under the proposed amendment, would vote for two electors at large (as for Senators) and for one elector in his area (comparable to his congressional district). Thus, the electoral vote would very likely be divided. Most States would then be sending electoral college members of both parties, rather than sending the victorious panel, either all Democrat or all Republican, as is now done—depriving the State's minority of all representation.

Under the present system of a statewide general ticket, a voter has as many votes in Presidential elections as his State has electors—one for each of its two Senators and one for each Congressman. Each New Yorker, for example, had 45 votes in 1960, in contrast to each South Dakotan's four.

What is perhaps of equal significance to the people of this State is that South Dakota's own Senator Karl Mundt designed the resolution and has obtained the following sponsoring Senators—Thurmond, Democrat, of South Carolina; Morton, Republican, of Kentucky; Fong, Republican, of Hawaii; Hruska, Republican of Nebraska; Goldwater, Republican, of Arizona; and McClellan, Democrat, of Arkansas.

Recognizing the merits of such proposed legislation is indeed an easy task for folks of sparsely populated areas like the Dakotas. However, ushering through such an equalizing proposal is something else again when one realizes that the present electoral voting giants (high industrial metropolitan areas), would be placed on a more even keel with their country cousins.

Unless the people's voice can be heard—and heard with resounding force—that it's about time the vast electoral powers of the larger States be given an overhaul, it is doubtful whether Mundt's resolution will reach first base.

For all these years the minority party's electoral vote has carried no weight whatever, other than the satisfaction that each respective vote was carefully entered on the popular tab. Unfortunately, the popular vote does little in the election of a President.

Write your Senator and tell him your views on why such a resolution should be supported.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, with the concurrence of the Senate, I should like to suggest the absence of a quorum. I understand that the distinguished Senator from New York [Mr. Keating] wishes to introduce a bill under rule XIV, and the presence of the Senator from South Carolina [Mr. Johnston] is desired.

Mr. YARBOROUGH. Mr. President, is the morning hour ended?

The ACTING PRESIDENT pro tempore. Under the unanimous-consent agreement, the morning hour will continue until 12 o'clock.

Mr. MANSFIELD. Mr. President, I hope that so long as objection has not been raised, there will not be a request for a live quorum. If so, more time will be available for a discussion of the bill.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF THE TRADING WITH THE ENEMY ACT

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate, for second reading, House bill 3460, which will be read by title by the clerk.

The Chief Clerk. A bill (H.R. 3460) to amend section 9(a) of the Trading With the Enemy Act, as amended.

Mr. KEATING. Mr. President, under section 4 of the rule XIV, I object to further proceedings in connection with this bill.

Mr. JOHNSTON. Mr. President, I rise to a point of order.

The ACTING PRESIDENT pro tempore. The Senator will state the point of order.

Mr. JOHNSTON. Under the rules of the Senate, it will be found that rule XXV states the way of handling bills in the Senate. Therefore, the bill should be referred to committee.

For the information of the Senate, hearings have been set on this particular matter for the 22d of this month, and the announcement appears in the Congressional Record. For that reason, I ask that the bill be referred to the committee.

Before I complete my statement, let me say that I have a statement from the Department of Justice, the Office of Alien Property. I quote from that memorandum, as follows:

> Serious doubt was expressed within the Office as to the constitutionality and practical usefulness of this legislation. First, it was noted that the governmental power to requisition upon payment of just compensation was a power to take for public use; whereas the bill called for a taking of private property, not for public use, but for

> disposition to other private interest. Moreover, the bill fixed compensation as either value at the time of vesting, or the proceeds of sale; whereas the court, in exercising its normal jurisdiction to determine what is constitutional just compensation for a taking for public use, might determine the 'taking' to be the election by the Custodian not to return. In such case, the court could determine that the proceeds of the sale did not represent the just compensation value.
>
> Second—

And I am still quoting the memorandum—

> it was pointed out that in the principal case at issue, the GAF case, the plaintiff would certainly insist on fully trying out the constitutionality of such a new enactment before acceding to it, which would involve in itself long and involved litigation. In view of these doubts, and the possibility of a settlement of the GAF case, it was decided not to press for the measure.

I have read from a memorandum of the Justice Department concerning the matter.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield for a question only.

Mr. KEATING. What is the date of that letter?

Mr. JOHNSTON. This is an old memorandum, but I was about to say that in discussing this matter with the Attorney General—and the Senator was present at the time—the Senator will recall the Attorney General said that if this property were sold, and at a later date it was decided that it belonged to the Swiss Government—as the Germans say it does; and the Swiss say it belongs to them—then it would have been sold at a time when the title was under a cloud.

The one reason why I do not want it sold at the present time is that I feel some people want to pick it up at a bargain counter and get it for much less than it is worth today.

If that happens, what will take place later? The Attorney General has said that if it were sold at a price less than it was worth, and the parties came back later when they were entitled to the article itself, and not the money, we would have to pay the price of whatever it was worth. The Attorney General said that. That being so, who would pay the difference between its actual worth and the bargain price at which it was sold? The Government of the United States would have to pay the difference.

That is the reason why I am not here asking for the sale of it today. After the litigation is completed, and it is ready to be sold, let it be sold then, and not until then. If the Senator had a piece of property and its title was under a cloud, the Senator knows he could not sell it for as much as he could if it had a clear title. That is the position we find ourselves in.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JOHNSTON. I am going to take the 45 minutes.

The ACTING PRESIDENT pro tempore. The point of order is not debatable. The Chair is ready to rule.

Mr. KEATING. Mr. President, may I be heard on the point of order?

The ACTING PRESIDENT pro tempore. The Chair will hear the Senator briefly, but the Chair is ready to rule. Then the ruling will be debatable. Both Senators will be recognized in order. I wonder if they will permit the Chair to make the ruling. Then the debate will continue.

Mr. KEATING. I will only say on the point of order that subsection 4 of rule XIV and rule XXV can be read together, and it as a well recognized rule of construction that if two rules can be interpreted consistently, they will both be in force.

The ACTING PRESIDENT pro tempore. The present occupant of the Chair is aware of that rule of law. Under the ruling the Chair is prepared to make, the argument the Senator from New York is now making can be presented. The point of order is that paragraph 4 of rule XIV was superseded and annulled by the Reorganization Act of 1946, and that under rule XXV the bill should be referred to the appropriate committee.

The Parliamentarian provided the Chair with the precedents when this matter was before the Chair on previous occasions. Under the precedents, the matter has been referred to the Senate for decision. That is what the Chair is going to do at the present time—refer the matter to the Senate for decision on the question, Is the point of order of the Senator from South Carolina well taken? If the point of order is sustained by the Senate, the Presiding Officer will refer the bill to the appropriate committee. If the point of order is not sustained, the bill will be placed on the calendar.

The question then is, Is the point of order made by the Senator from South Carolina well taken? The question is debatable.

Mr. KEATING. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from New York.

Mr. KEATING. In answer to the last memorandum which the Senator from South Carolina has cited from a former Attorney General—I assume not the present Attorney General—I call attention to the fact that the present Attorney General favors the enactment of this legislation, and has urged enactment.

Under the existing situation the stock of the General Aniline & Film Corp., of which 93 percent is owned by the U.S. Government, is vested in the Alien Property Custodian. This was done in 1942. The company has been under the management and control of the U.S. Government since that time. Every Attorney General since 1952 including the present Attorney General, has urged that this great industrial enterprise, the stock of which has a book value of around $120 million, be free from the dead hand of Federal ownership and control.

The endless litigation which has followed the vesting of this stock and has resulted in the continued functioning of this corporation under the Department of Justice prevents this company from achieving anything like its potential in growth and progress.

The plants operated by GAF are located in the States of New York and New Jersey. My colleague from New York [Mr. Javits] and my two colleagues from New Jersey [Mr. Case and Mr. Williams] have joined in sponsoring this bill.

Mr. President, it is not good or sound policy for the United States indefinitely to run an ordinary commercial enterprise like General Aniline. By enactment of the bill passed last Thursday by the House we would get the Government out of this chemical and photographic business and out of the other commercial activities in which this company is engaged.

This proposed legislation is unique because of the exceptionally wide support it has received, above and beyond the active support of the Government. It is supported by the present Attorney General and therefore is an administration measure. It also has the support of the chamber of commerce; of the AFL–CIO; of the Supervisory Association of the General Aniline Corp.; of the International Chemical Workers' Union, which includes among its membership most of the employees of the company; and of all kinds of veterans organizations and civic organizations in the communities affected.

The only opposition I have ever heard of, Mr. President, has come from the Interhandel Co., which is a Swiss corporation that claims to be the owner of this stock by transfer from the German interests which owned it when it was vested. This claim is seriously disputed by the Attorney General and by others who are interested in this legislation.

Mr. President, there has been an astonishing and long-standing effort to prevent this legislation from being acted upon by the Senate. I feel confident that if the Senate could vote on the merits of the measure it would have nearly unanimous approval, just like it received in the other body. H.R. 3460 passed last Thursday in the other body by a unanimous vote. Why? Because nearly all—I believe all—of the Members of both bodies are opposed to indefinite Government ownership of a corporation such as this which is engaged in industrial activities competing with private firms in our economy.

My friend from South Carolina [Mr. Johnston] has said that a hearing has now been set for the 22d of this month. That is a very recent decision, Mr. President. On the 15th of January of this year I addressed a letter to the distinguished Senator from South Carolina saying that it had come to my attention that the Subcommittee on Trading With the Enemy of the Committee on the Judiciary had announced plans for hearings on the constitutionality of the proposed legislation for the sale of these vested assets, and I urged that hearings be held promptly, since it was my intention, in concert with my colleagues who were interested in this problem, to move to amend another bill on the calendar relating to trading with the enemy to include the provisions of this proposed legislation. Nothing happened. Nothing happened at all, Mr. President, until the other body by a unanimous vote passed the bill which is now at the desk.

There have been hearings on this matter both in the Senate and in the House over a period of 8 years. This is nothing new. This measure was favorably reported to the full Committee on the Judiciary some 2 or 3 years ago, but it has never been possible to get it before the Senate. This is why I have invoked rule 14 today.

I am informed that the Attorney General, as well as all of the varied interests in the affected communities, is very distressed that this bill, so enthusiastically endorsed by labor and management, has not received any attention in the Senate.

Mr. President, it now seems to me that the only way to get any action on the bill is by the procedure which I have suggested. I sincerely hope that the Senate will see fit to place this bill directly on the calendar. Of course, if that occurs at this late date, it by no means would insure further proceedings at this session. At least, it would improve the situation. It would be much better than having the bill referred to the subcommittee which in the past has been so reluctant to pass upon this matter on its merits.

Mr. CASE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator yield?

Mr. KEATING. I yield to my colleague from New Jersey.

Mr. CASE. The Senator is aware, is he not, of the fact that one of the plants of this company—and an important one—is located in New Jersey?

Mr. KEATING. I am aware of that.

Mr. CASE. And it has been located there for many years?

Mr. KEATING. Yes.

Mr. CASE. The Senator is also aware of the fact, is he not, that the union representing the employees of that plant—who are many in number—has for many years been urging the Congress of the United States to take action to have the stock of this company disposed of to private interests?

Mr. KEATING. I am aware of that. The employees simply do not want to work for the Government, which is understandable.

Mr. CASE. The Senator is aware of the fact, I think, that not only are the employees concerned about what will happen to the company—because with decreased momentum its original store of scientific knowledge, discoveries, patents and what not will have considerably less value—but also because they may be seriously prejudiced as employees of a company which may not be able to compete in the future.

Mr. KEATING. The Senator is correct. The skilled personnel of the plant, the scientists and other technical personnel, have presented their views very forcibly.

There is great competition for scientific brains in this country. Other companies are trying to siphon them off. Their position is, "If this company is always going to be owned by the Government, we had better look somewhere else for our jobs."

That is a very serious problem, because the value of the company of course will deteriorate if it loses the scientific brains which are in effect a part and parcel of the assets of the company.

Mr. CASE. Mr. President, will the Senator yield for a further question?

Mr. KEATING. I yield.

Mr. CASE. The Senator is aware, is he not, of the fact that the employees—at least those in the New Jersey plant; and I assume this is the experience in the plant in the Senator's own State—are very tired of working for a Government-owned organization, since their relationships with the employer are not normal?

Mr. KEATING. That is certainly true in New York.

Mr. CASE. The Senator is also aware, is he not, that his constituents and mine have expressed concern not only for their own personal interests in this regard, as employees of a company which may not maintain its standing in its industry, which is so important to them, but also because they are even more concerned as American citizens that the contribution which this company can make, and which the country needs to have it make, to the country's advance in science and technology may well be prejudiced if it is left in the hands of the Government?

Mr. KEATING. The Senator has expressed it perfectly. That is precisely the situation with which we are confronted.

Mr. CASE. I should like to ask the Senator one further question.

Mr. KEATING. I yield.

Mr. CASE. Is not the Senator's experience the same as my own? Is it not a fact that his constituents, as well as mine, cannot comprehend the reluctance and the pressures which must operate in some strange, hidden way to prevent what all our constituents and many people interested in this company have been urging for years; namely, taking the firm out of the dead hand of government and placing it in the live and active hands of private industry?

Mr. KEATING. It is absolutely incomprehensible to them why in a free government—which is supposed to reflect the wishes of the people—when all the people, with the exception of a little handful who might have an interest in a Swiss corporation, are in favor of the proposed legislation or in some way getting the Government out of that business, action toward that end is not taken.

A question has been raised about the constitutionality of the measure. The question was expressly put to Attorney General Kennedy. It was also expressly put to Attorney General Rogers, Mr. Kennedy's predecessor. Both gave us written opinions to the effect that in their judgment the bill is constitutional.

If doubts about the constitutionality of this measure are to be resolved, undoubtedly there will be litigation. But when the Attorney General of the United States and his predecessor have both said that the proposed legislation is in their opinion constitutional, it seems to me that it is amiss for the Senate to set itself up as a court of appeals over their decision.

If there is any doubt about the question, the place to test it is in the Supreme Court of the United States and not in the Senate Chamber. Therefore, Mr. President, I hope that the Senate will not sustain the point of order and will leave the bill on the calendar.

Mr. President, I wish to make one further statement on the procedural merits of the point of order which has been made. Rule XIV, subsection 4, states:

> Every bill and joint resolution reported from a committee, not having previously been read, shall be read once, and twice, if not objected to, on the same day, and placed on the calendar—

That is the procedure which I invoked today. There would be no question at all about it were it not for the provisions of rule XXV. Rule XXV, which was adopted as part of the Reorganization Act of 1946, states the jurisdiction of the various committees of the Senate. The preliminary wording in each case is the same. When we come to the Judiciary Committee, the rule states:

> (k) Committee on the Judiciary, to consist of 15 Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects.

The word "shall" is the whole source of the confusion. One of the subjects referred to, although it is not stated precisely, is trading with the enemy matters. It is clear that the Committee on the Judiciary has jurisdiction over this legislation.

The point I make is as follows:

Under well-recognized principles of construction, if the two rules can be read together, it is done. If there is clear inconsistency in them, and they cannot be read together, one must prevail over the other. The later one usually prevails. But certainly when rule XXV was adopted without any reference to rule XIV, it was not intended to repeal the provision "shall be referred all proposed legislation," and so on.

But an exception should be made in the case of proposed legislation which has been put on the calendar under rule XIV to which objection has been made after the first and second reading.

As I see it, there is no provision in rule XXV which would in any way repeal or deal with rule XIV. In the absence of any such language, certainly rule XXV can be interpreted, and in my judgment should be interpreted, as meaning that proposed legislation, messages, and so on, shall be referred to the committee, the same as in the case of other committees, barring, of course, any proposed legislation, the second reading of which has been objected to under rule XIV. Otherwise I am afraid one would be required to say that when the Senate adopted rule XXV, it did not know what it was doing. As I said, rule XXV was a part of the Legislative Reorganization Act and was very carefully drafted. It was very thoughtfully considered. It was the subject of extensive hearings. The committee that conducted the hearings had an accomplished staff working with them. They were experienced in dealing with the rules of the Senate. It is inconceivable that it was intended to abrogate rule XIV by the adoption of rule XXV.

Mr. JOHNSTON. I should like to ask the Chair to state the position in which the Senate now is.

The PRESIDING OFFICER. The question is on the point of order. The question is whether point of order of the Senator from South Carolina is well taken. That is the question before the Senate.

Mr. JOHNSTON. The Chair did not make a decision?

The PRESIDING OFFICER. The Chair did not make any decision, but referred the question to the Senate.

Mr. JOHNSTON. The matter before the Senate at the present time is that the Senator from New York is making a motion to put the bill which came from the House of Representatives on the calendar. I believe that is the situation.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JOHNSTON. My position is that under rule XXV all bills which come from the House are referred to the appropriate committee. Under these circumstances the appropriate committee would be the Judiciary Committee. I do not believe there is any question in anyone's mind that that is the committee to which the bill would be referred.

The reason why the bill should be referred to the Committee on the Judiciary is that there is a serious constitutional question of whether the property should be sold at the present time when it is in litigation.

Mr. ERVIN. Mr. President, will the Senator from South Carolina yield for a question?

Mr. JOHNSTON. I am glad to yield to the Senator from North Carolina, who is a former member of the Supreme Court of North Carolina, and is also a member of the Committee on the Judiciary. Because this matter has been discussed in the committee, I know what must be his feelings concerning the case.

Mr. ERVIN. Has not the proposal that General Aniline Corp. be sold been under discussion in the Committee on the Judiciary?

Mr. JOHNSTON. It has.

Mr. ERVIN. Was not information given to the Committee on the Judiciary that the ownership entitlement to General Aniline Corp. is in controversy?

Mr. JOHNSTON. That is true; there is a controversy concerning whether the corporation belongs to Germans or to Swiss.

Mr. ERVIN. Has not information been laid before the Committee on the Judiciary indicating that the dispute about the title to the property is complicated and that undoubtedly a considerable period of time will be required before the question who actually owns General Aniline Corp. can be determined?

Mr. JOHNSTON. The case has been before the Supreme Court and has been remanded for further information. It has been before the World Court, and that proceeding has not yet been completed.

Mr. ERVIN. Does not the information before the Committee on the Judiciary disclose, as the bill also indicates, that General Aniline Corp. was seized by the United States during the Second World War and that title to it as alien property vested in the United States?

Mr. JOHNSTON. The property was seized by the United States during the war and held as property that, it was felt at that time, belonged to the Germans.

Mr. ERVIN. Does not the Senator from South Carolina share my opinion that if the bill were passed and the property of General Aniline Corp. were sold pending the time the question who actually owns title to the property can be determined, there would be liability on the part of the United States to recompense whoever may ultimately be determined to be the owners from the U.S. Treasury for the difference between the amount of sale under the bill would bring and the amount which may ultimately be determined to be the true actual value of the property?

Mr. JOHNSTON. The Government of the United States would have to pay the difference between what was determined to be the actual value and the amount which was paid for the property. To go a step further, I believe the Senator from North Carolina will recall that the Attorney General answered that question by saying that that would be the case.

Mr. ERVIN. Therefore, would not a sale to General Aniline Corp. at this time be fraught with the possibility—indeed, the probability—that those who purchased the property now, while title is in dispute, would acquire it at far below its actual value, and that ultimately, when the question of title was determined, the taxpayers of the United States would, in effect, have to pay a part of the purchase price of the corporation for the benefit of those who are so anxious to buy it at this particular time?

Mr. JOHNSTON. I think that is certainly true.

Mr. ERVIN. Does not the information before the Committee on the Judiciary indicate that General Aniline Corp. is now being operated in a satisfactory manner, without loss to the United States or to the taxpayers of the United States?

Mr. JOHNSTON. That is true; the corporation is making a net profit every year.

Mr. ERVIN. I thank the Senator from South Carolina for yielding.

Mr. KEATING. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON. I yield.

Mr. KEATING. Was it not also made perfectly clear in the evidence and statements of the Attorney General that it is not desirable to have the Government operating this property, and that the Government is most anxious to get out from under?

Mr. JOHNSTON. The Government itself is not in favor of being in business; that is true. At the same time, I am not in favor of having the Government sell General Aniline Corp. to a group of people, probably in New York, who might pick it up for probably one-third what it is worth, letting the Government pay two-thirds later on.

Mr. KEATING. Mr. President, will the Senator from South Carolina further yield?

Mr. JOHNSTON. I yield.

Mr. KEATING. I do not know what inference the Senator from South Carolina intended to leave with the Senate about people in New York being interested. I know of no specific corporation in New York that is interested. There may well be. I assume a great many people would be interested in purchasing the company.

I say to the distinguished Senator from North Carolina [Mr. ERVIN] that it seems to me to be just as likely that the price received on an open market, with competitive bidding among others interested in this field, and among all those who might be interested, would result in the property being sold for more, rather than less, than its present value.

But the Attorney General very frankly said—and I also would concede—that there might be a liability if the property were not sold for as much as its existing market value. Still, in face of that, the Attorney General always has insisted, as also did the previous Attorney General, that it was to the general advantage of everyone, including the taxpayers, the people in the communities, the business interests, the labor interests, and everyone else, to get the dead hand of government out of running this business. So I am at a loss to understand the reasons for opposition to such a course of action by those who are generally strong defenders of the free enterprise system.

Mr. JOHNSTON. I shall answer the first part of the Senator's statement. I wish also to include New Jersey. Then I shall follow that up by explaining why I made the statement.

The plant is located close to New York. I think the Senator from New York will acknowledge that. A part of its operations is located in New Jersey, as the Senator from New Jersey [Mr. CASE] knows. That being true, interested persons both in New York and New Jersey know what the concern is worth. I think there are good businessmen in New York, and I think there are good businessmen in New Jersey.

The only reason why I made the statement was that I believe that they are looking at the property; and seeing it, they believe that considering the circumstances under which it would be sold—that is, under a clouded title—it would be sold for less than it is worth. For that reason, naturally, they would not be good businessmen, right there on the scene, if they did not attempt to buy it, if the property were put up for sale, and I would not blame them for doing so. In a way, I think they are to be commended, from a business standpoint, for being ready to pick up a bargain right in their own backyard. Probably some of them know more about the property than anyone in South Carolina or California, or far away from the property, knows about it. That is the only reason why I made that remark; no reflection was intended upon any person or location, so far as I am concerned.

Mr. ERVIN. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON. I yield.

Mr. ERVIN. The Senator from South Carolina has had a distinguished career at the bar. Can the Senator think of a single instance when property has been sold for its fair market value at a time when the title was in dispute?

Mr. JOHNSTON. I have never heard of a single instance of that kind.

Mr. ERVIN. Is not the question before the Senate at this moment not whether the property should be sold, but whether the Senate committee has jurisdiction of the question, and whether the action should be taken in the first instance, should have an opportunity to conduct hearings, to receive testimony, and to ascertain whether it is advisable to sell the property? Is not that the fundamental question?

Mr. JOHNSTON. That is the question before the Senate at the present time.

Mr. ERVIN. Would not the motion to bypass the Committee on the Judiciary and deny it an opportunity to conduct such a hearing necessarily compel the Senate to act upon a measure of this consequence without affording any real opportunity for the Senate as a whole to be informed concerning the bill?

Mr. JOHNSTON. That is exactly what I am asking. The hearings have already been announced in the Congressional Record; they will be held on the 22d, before the subcommittee of which I am chairman, and of which the Senator from North Carolina is also a member.

Mr. ERVIN. I thank the Senator from South Carolina.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation and regulation of a commercial communications satellite system, and for other purposes.

Mr. YARBOROUGH. Mr. President, the Congressional Record for Friday, August 10, page 16144, contains shocking information with respect to an offer of bribery made to a Senator of the United States. Having been placed in the Congressional Record, the statement became even more shocking. The alleged offer deals with the space satellite communications bill. The statements made by the Senator from Louisiana [Mr. Long] have again been read into the Record today by other Senators. That the charge should be made publicly on the floor of the Senate by a Senator, and that thereafter a cloture motion should be filed, with no effort made to investigate, is shocking.

I refer the Senate to title 18 of the United States Code, section 204:

SECTION 204. OFFER TO MEMBER OF CONGRESS

Whoever promises, offers, or gives any money or thing of value, or makes or tenders any check, order, contract, undertaking, obligation, gratuity, or security for the payment of money or for the delivery or conveyance of anything of value, to any Member of either House of Congress, or Delegate to Congress, or Resident Commissioner, either before or after he has qualified, or to any person with his consent, connivance, or concurrence, with intent to influence his action, vote, or decision on any question, matter, cause, or proceeding which may at any time be pending in either House of Congress, or before any committee thereof, or which by law may be brought before him in his capacity as such Member, Delegate, or Resident Commissioner, shall be fined not more than three times the amount of such money or value of such thing or imprisoned not more than three years, or both. (June 25, 1948, c. 645, 62 Stat. 692.)

Mr. President, the offer to bribe a Member of Congress is no misdemeanor. It is a felony. A Member of the Senate has charged on the floor of the Senate that an effort has been made to bribe a Senator, which is a felony, in order to secure the passage of the space communications satellite bill. I say that it is the duty of the Senate leadership to lay the bill aside until that charge of bribery has been investigated.

Mr. President, this morning we were shocked to read the news that Soviet Russia has two men in orbit in two different spaceships and flying so close together that they can communicate with each other. The officials in charge of our space efforts have admitted today that the Russians are now 2 years ahead of us in space development. Yet we see another shocking example of an effort to shackle the national aims of America by giving away our communications in space to a private monopoly, at the very time when the Soviets are gaining on us in the race for space. It is a shocking charge that is rocking the country, even if it does not rock the Senate. The people of our country are becoming aware of what is going on.

In the past few days I have had printed in the Record samples of the kinds of communications I have received. I have not put all of them in the Record, for the number is too great. I wish to have inserted in the Record another sprinkling of such communications to show that they have not been received merely from my home State of Texas, but that they have come from many other parts of the country.

Here is a letter from the Chefs, Cooks, Pastry Cooks & Assistants Union, Local 111, of Philadelphia, Pa. It reads:

Chefs, Cooks, Pastry Cooks and Assistants Union—Local 111,
Philadelphia, Pa., July 26, 1962.

Senator Ralph Yarborough,
U.S. Senator,
Washington, D.C.

Dear Senator Yarborough: We are proud that we still have men like you representing and fighting for the rights of the American people.

Do not let the big barons and monopolists take over our country. Stop all giveaways.

* * * * *

Respectfully yours,
Victor P. Civatte,
Secretary.

Executive committee: Nolen Farr, Paul Civatte, Janet Weckesser, Daniel Hangis, John Castagna, Albert Barkus, Robert Armstrong, Ivory Higgs, DeWanze McEver, John Ruff, Morris Wallace, Peter Simons, Dorothy White.

Here is a telegram from my home State, from Houston:

Houston, Tex., *August 1, 1962.*

Senator Ralph Yarborough,
Senate Office Building,
Washington, D.C.:

Keep up good fight for public interest versus utility companies.

Mr. and Mrs. Martin Elfant.

Here is a postcard from Vedalia, La.:

Dear Ralph: Appreciate your efforts on keeping private interests from profiting on the public's satellites.

Prayers and thanks.

Bob Doyle.

Vedalia, La.

People are even praying that the bill will not pass.

Here is a telegram from Fort Worth, Tex.:

Fort Worth, Tex.,
August 1, 1962.

Senator Ralph Yarborough,
Senate Building,
Washington, D.C.:

We are back of you 100 percent. Against any monopoly without competition. When this exists it should be owned by the public. Why not give further consideration to public ownership.

Clory Cole,
President,
Southern Technical University.

Here is a letter from Mr. C. D. Di Giambattista, which reads:

C. D. Di Giambattista,
Midland, Tex., July 30, 1962.

Hon. Ralph Yarborough,
Senate of the United States,
Washington, D.C.

Dear Senator Yarborough: Please accept my congratulations for your stand against the communications satellite bill. I am heartily on your side.

It is time that the American public be made more clearly aware that the biggest single free enterprise in this country has long been financed at public expense through fantastically contrived depreciation privileges. The present bill is simply one more attempt to confiscate public capital for private uses through legislative fiat. I hope that you and your colleagues can defeat this shameful scheme.

I have been protesting about the same kind of thing on my own smaller scale through use of a little stamp on my correspondence (as below). It is a trick I learned from the telephone company itself.

Very truly yours,
C. D. Di Giambattista.

[Your taxes subsidize the telephone monopoly.]

I have here a letter from Dr. Edwin Elliott, which reads:

Fort Worth, Tex.,
July 24, 1962.

Hon. Ralph Yarborough,
U.S. Senate, Washington, D.C.

My Dear Senator and Friend: Mrs. Elliott and I are most proud of your opposition to the Kerr bill to turn our space development over to A.T. & T.

You have our great regard for your excellent record in the interest of the people.

Sincerely,
Dr. Edwin A. Elliott.

I have a letter from the Amalgamated Meat Cutters and Butcher Workmen of North America, from Chicago, Ill., which reads in part:

Amalgamated Meat Cutters and Butcher Workmen, of North America,
Chicago, Ill., July 31, 1962.

Hon. Ralph W. Yarborough,
U.S. Senator, U.S. Senate, Washington, D.C.

Dear Senator Yarborough: We want to congratulate you on your efforts against the satellite giveaway bill. We fully agree with you that the bill should not pass. We are also concerned that the majority leadership is making such intense efforts against your filibuster when it was so comparatively inactive against the filibuster which defeated the voting bill.

Sincerely yours,

Leon B. Schachter,
International Vice President.
Arnold Mayer,
Legislative Representative.

I have here a letter from Mr. O. W. Skirvin, of Gainesville, Tex., in which he says:

Gainesville, Tex., *August 9, 1962.*

Senator Ralph Yarborough,
Senate Office Building,
Washington, D.C.

Dear Senator: * * * This evening I read with much satisfaction that former President Harry S. Truman has thrown his considerable influence against this obnoxious communications satellite bill. I agree with him 100 percent and I trust it will never become law.

Yours respectfully,

O. W. Skirvin.

Attached to Mr. Skirvin's letter is a clipping from an Oklahoma City newspaper, the headline of which reads, "Truman Joins Fight Against Satellite." I ask unanimous consent that the clipping be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Truman Joins Fight Against Satellite—Bill Assailed by Senators as Giveaway

Washington.—Former President Harry S. Truman joined two Democratic Senators Thursday in fresh attacks on the filibuster-threatened administration communications satellite bill as "a gigantic giveaway."

The new assaults came as the Senate Foreign Relations Committee discussed possible foreign policy provision changes without reaching any decisions.

Senator J. William Fulbright, Democrat, of Arkansas, the committee chairman, called an afternoon session to consider proposed amendments, and expressed doubt that action could be completed Thursday night. He said a morning session might be necessitated Friday to meet a noon deadline for reporting the bill back to the floor.

Meanwhile Truman, in an interview, called the measure setting up a privately owned corporation to own and operate the satellite communications system a gigantic giveaway, as it was also characterized by Senators Estes Kefauver, Democrat, of Tennessee, and Wayne Morse, Democrat, of Oregon.

Truman, on a visit to Washington, told a reporter he is finding no fault with President Kennedy and is supporting him heartily. But he added, "I don't think the President understands the bill."

"The damned Republicans and some Democrats are trying to give away public property," the former President declared.

NEW DEMAND MADE

Meanwhile, Morse again demanded that the Foreign Relations Committee hear testimony from Adlai E. Stevenson, U.S. Ambassador to the United Nations, before the Senate votes on the bill.

His new demand was prompted by testimony Thursday by Ernest Gross, onetime State Department legal adviser and a former representative to the U.N., suggesting a strengthening of State Department authority over the corporation and clarifying the U.N. role in its operation.

STAND PRAISED

In a Senate speech, Morse praised Truman's stand against the bill which Morse described as the proposed "giveaway this administration is guilty of."

Meanwhile, Kefauver, in a speech that appeared to be a day-early curtain raiser for another round of extended Senate debate, declared he and colleagues would discuss the measure at some length when it returns to the Senate.

Mr. YARBOROUGH. I have here a telegram from Washington, D.C., from the National Telephone Cooperative Association, in which the president, Mr. James L. Bass, says:

Washington, D.C., *July 30, 1962.*

Senator Ralph W. Yarborough,
Old Senate Office Building, Washington, D.C.:

As national representative for Telephone Cooperatives we wish to congratulate you on your opposition to the space satellite bill. This legislation would create another huge communications monopoly to the detriment of hundreds of independent telephone systems.

James L. Bass,
President, National Telephone Cooperative Association.

JOBS WILL BE INCREASINGLY SCARCE FOR UNSKILLED WORKERS IN THE FUTURE

Mr. YARBOROUGH. Mr. President, an article in the New York Times of July 30, 1962, points out:

> By 1970 there will be 70,000 to 80,000 fewer jobs for unskilled and semiskilled workers in New York City. At the same time substantial increases in the number of skilled jobs are anticipated.

Studies by the Department of Labor indicate that such a trend will be the case for the country as a whole. The May 1962 edition of the Bureau of Labor Statistics publication, the Monthly Labor Review, reports:

> Labor force changes expected in the 1960's emphasize the importance of an educated and trained work force and the difficulties which will be faced by young people who have cut short their schooling. Rapid growth is expected in the professional, technical, and clerical occupations. Continuing advances in automation and technology will mean that young office workers will have to be better educated and more highly skilled to be able to operate more complicated equipment. Among blue-collar workers, demands will be greatest for those who are skilled.

Mr. President, S. 349, the cold-war GI bill, which has been on the Senate Calendar for over a year would, if enacted, attack the heart of the above problem. Available evidence indicates that 40 percent of our cold-war veterans have not graduated from high school. Moreover, 36 percent of these young people had no civilian occupation prior to service, 16.3 percent had only a semiskilled occupation, and 14.3 percent had performed unskilled and nonfarm labor before entering service. The cold-war GI bill would provide these young veterans with subsistence educational assistance in high school, in college, below the high school level, and in vocational training programs.

Mr. President, is it not clear that since one of our main employment problems is that of unskilled and uneducated workers, and that since these same people are being discharged from our Armed Forces in such large numbers, that by providing these cold-war veterans with educational and vocational training assistance, we will deal a killing blow to the source of our concern.

The 37 cosponsors of this bill believe that it is vital to the welfare of this country, that the Senate take action on this bill before it is too late.

Mr. President, I ask unanimous consent to have printed in the Record an article from the New York Times of July 30, 1962, captioned "Unskilled Jobs To Decline Here."

There being no objection, the article was ordered to be printed in the Record, as follows:

Unskilled Jobs To Decline Here—But the Demand for Skilled Workers Will Increase, City Survey Shows—More Training Sought—End to Discrimination Urged To Avert Unemployment in Current Decade

(By Stanley Levey)

Two trends—more jobs for the skilled, fewer jobs for the unskilled—will characterize New York's manpower picture between now and 1970, the city labor department said yesterday.

This situation will pose a threat and a challenge to the two principal groups of unskilled workers. They are those under 25 years of age, and Negroes and Puerto Ricans.

The answers to both the threat and the challenge are training and an end to discrimination in apprenticeships and employment, according to Commissioner of Labor Harold A. Felix.

These and other points are made in a report entitled "The Manpower Outlook in New York City, 1960–70." The 40-page study was prepared by George Perkel, the department's director of labor research. The report contains a foreword by Mr. Felix.

Mr. Felix wrote:

"Our study shows that by 1970 there will be 70,000 to 80,000 fewer jobs for unskilled and semiskilled workers in New York City. At the same time substantial increases in the number of skilled jobs are anticipated.

"Particular emphasis must be placed on overcoming the handicaps suffered by culturally deprived groups so that the principle of equal opportunity for all, regardless of race, color, creed, or national origin, shall be fully implemented."

By 1970, the report estimates, New York's present job total of about 3,500,000 will increase by 75,000 to 110,000.

MINORITY GROUPS GROW

In the same period, the study says, white-collar occupations will offer 115,000 to 135,000 more jobs.

On the other side of the employment ledger, manual jobs will decline by 45,000 to 60,000.

Complicating the problem for Negro and Puerto Rican workers, many of whom are unskilled, will be the fact that by 1970 they will constitute 30 percent of the city's population, the report says. Today they represent 22 percent.

Other conclusions contained in the study are:

In 1970, 1 in 5 persons in the resident work force will be under 25. In 1960, the ratio was 1 in 7.

Women will make up 40 percent of the labor force in 1970. The 1960 percentage was 36½.

A great expansion of educational, training, and guidance programs will be needed to prepare new members of the labor force to find jobs and to help adult workers increase their skills.

Industrial redevelopment will be needed to absorb unskilled workers and untrained young people entering the work force.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. GRUENING. Mr. President, I wish to commend the Senator from Texas for his eloquent and fine effort in trying to have passed by the Senate the GI education bill. It seems particularly shocking in this session of Congress, when all other education bills seem to be failing, that this important bill, which would do so much for veterans, which is an educational bill, and an economic bill, is not being brought up.

Passage of the bill would give these young men an opportunity for training which they otherwise would not have. They would be able to take advantage of educational opportunities, as their predecessors in World War II and in the Korean conflict had an opportunity to do.

They would have a better capacity to earn a living and would better be able to pay income taxes, which they cannot do now, and also be able to end some of the existing unemployment.

Mr. YARBOROUGH. I thank the Senator from Alaska.

RACIALLY MIXED HOUSING

Mr. HOLLAND. Mr. President, I note in today's Wall Street Journal an interesting article entitled "Race and Residence—Negro Efforts To Find Racially Mixed Housing Lead to New Ghettos."

The article seems to be a rather objective report by the reporter, Laurence G. O'Donnell, of conditions developing in the three States of Connecticut, New York, and Pennsylvania, where deliberate efforts to create integrated housing have succeeded only in creating segregated housing, due to the fact that the white people who were there have moved elsewhere and other people who are Negroes have come in, until finally we find that the original Negro residents—for example, in the case of the Village Creek development—feel that "one more Negro family would turn the section into a segregated 'ghetto'."

This is a most interesting series of comments on the deliberate efforts to bring about integrated housing, which has failed because of the basic feeling among people of both colors against mixing on the basis that had been prescribed by the developers, in spite of the existence of laws on this subject in these three States.

I ask unanimous consent that this very interesting and intriguing article may be printed in the body of the RECORD, for the information of the Senate.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RACE AND RESIDENCE—NEGRO EFFORTS TO FIND RACIALLY MIXED HOUSING LEAD TO NEW GHETTOS—IRONIC TWIST OFTEN OCCURS BECAUSE FEW RESALES ARE CONSUMMATED WITH WHITES—CONTROVERSY IN CONNECTICUT

(By Laurence G. O'Donnell)

NORWALK, CONN.—Formidable obstacles lie in the way of the growing number of Negroes seeking to escape segregated housing in the North. And it would be hard to find a more striking example of these difficulties than the one provided by recent events in a racially mixed residential development here.

The development is called Village Creek. Located on the shore of Long Island Sound, Village Creek contains 53 homes, ranging in market value from $20,000 to $45,000. It was laid out a dozen years ago by developers who made a point of selling houses to both whites and Negroes, with the aim of achieving a "favorable racial balance."

All seemed harmonious until last summer. Then a Negro electronics technician and his wife sought to purchase a house, and there were complaints from homeowners in the section of Village Creek where the would-be buyer wanted to settle. The strongest objectors, strange to relate, were Negroes. The proportion of Negroes in the neighborhood had been growing for several years, and the Negro residents felt one more Negro family would turn the section into a segregated "ghetto." The dispute is still unresolved.

AN ELUSIVE GOAL

Village Creek's plight shows the difficulty of maintaining racial "balance" in a neighborhood, even when residents support such a policy. As houses or apartments in an integrated area are put up for sale or rent from time to time, the percentage of Negroes almost inevitably grows, raising the prospect that the area may eventually become a segregated Negro community. The explanation, say students of racial matters, is that Negroes seeking good-quality housing are often limited to interracial developments, and thus demand from Negroes is heavy. Whites, even if not deterred by prejudice, are less likely to settle in integrated communities simply because they have so many more places to choose from.

The problems faced by Negroes fleeing segregated neighborhoods naturally become even more acute when they move into previously all-white neighborhoods. Whereas opposition to a new Negro family is a startling exception to the rule at Village Creek, in most white communities Negroes can count on a chilly reception from many homeowners, landlords, and real estate agents. Even in the 17 Northern States from Alaska to New York which have some sort of law against discrimination in housing, Negroes usually find it impossible to obtain housing in a white neighborhood, civil rights groups report.

Only last week the Congress of Racial Equality, a civil rights organization, complained to the New York State Commission for Human Rights that barriers against Negroes in many housing developments in Nassau County, a populous suburban area on Long Island just outside New York City, were impenetrable. In a test, Negro families visited 42 developments in the county and expressed interest in purchasing a home. In every case, the Negroes were rebuffed, said CORE. The organization added that when whites cooperating with the Negroes subsequently visited the same developments to make inquiries about buying a house, they were welcomed by the builders and their sales agents.

DISCOURAGING NEGRO BUYERS

The pattern seems to be that the development representatives are polite and conscious of a New York law forbidding discriminatory sales practices in developments, comments Mrs. Mark Dodson, chairman of the housing committee of CORE's Long Island chapter. But, says Mrs. Dodson, the builders and agents nevertheless discourage Negro buyers by such devices as specifying excessive down payments, pleading that houses cannot be shown at the particular time the Negro calls or stating that all houses have been sold.

If a Negro family does manage to overcome such obstacles and establish residence in a white neighborhood, its battle against segregation may still be far from won. The whites often depart, partly out of bias and partly out of fears property values may drop. These fears are sometimes encouraged by real estate men who see the opportunity for a quick profit if a number of houses pass from whites to Negroes, maintain groups favoring integration. Whatever the reasons behind the whites' departure, the upshot is that the new Negro residents soon find they're living in a segregated area again.

The question of how housing integration can be achieved in the face of such problems is likely to receive increasing attention in the months ahead. "Pressure for nonsegregated housing is mounting in every metropolitan area outside the South," declares Margaret Fisher, an official of the National Committee Against Discrimination in Housing, an organization which keeps close watch on new racial housing trends.

MORE MIDDLE-CLASS NEGROES

Behind the pressure is the scarcity of decent housing available to Negroes, coupled with the steady increase in the number of middle-class Negroes able to afford good housing if only it were open to them, say housing experts. They report that in most urban areas Negroes, even those who are well off, are now forced to seek residences in deteriorating and crowded neighborhoods abandoned by whites.

Civil rights authorities say the Negroes' drive for housing integration could help break down segregation barriers in many other fields. They say, for instance, that much of the defacto segregation that exists in northern schools and recreational facilities is traceable to housing patterns. Housing segregation is the "core problem, the heart of other civil rights problems," says Berl I. Bernhard, staff director of the U.S. Civil Rights Commission.

Currently, Negro rights groups, including the National Association for the Advancement of Colored People and the Urban League, are looking to the White House for help in achieving housing integration. Through Federal mortgage insurance and a variety of other programs, the Government plays a big role in home financing. President Kennedy is almost certain to sign, before the November elections, a long-promised executive order that would outlaw racial discrimination in all federally aided public or private housing.

The proposed order is drawing the fire of many homebuilders, who claim its restrictions would hurt their business. The National Association of Home Builders claims a broad antidiscrimination order on federally assisted housing could slash home construction activity by $6 billion annually.

INTERRACIAL PROJECTS MULTIPLY

While the construction industry as a whole is opposing an immediate Government crackdown on residential segregation, a small but growing number of builders and developers have moved ahead on their own to create interracial apartment and single-home developments. These businessmen, who say they are motivated mainly by personal convictions in favor of integration, have built at least 200 private, interracial projects across the country, according to Eunice Grier, Washington, D.C., social researcher who has made a study of intentionally integrated developments. In 1955, says Mrs. Grier, there were only 50 such developments. Two recently announced integrated developments are a $7.5 million garden apartment project in Providence, R.I., and a group of 46 two-family houses in Downingtown, Pa.

But the experience of many developers of integrated projects has been similar to that of Village Creek. Some integrated developments try to set racial quotas to prevent an overwhelming preponderance of one race—say, 60 percent whites to 40 percent Negroes. But Negroes often view these quotas as a form of discrimination, and in some cities they have also run into legal snags. The latter situation, exists in Pittsburgh, where the city's Human Relations Commission recently complained that racial quotas in an integrated apartment project violated a local antibias law. Before any legal action was launched, the project abandoned its quota.

PROBLEMS AT CONCORD PARK

Morris Milgrim, developer of Concord Park, an 8-year-old 139-home interracial community at Trevose, a Philadelphia suburb, says he established a ratio of 55 percent white residents to 45 percent Negro after his sales office initially was deluged with Negroes. To maintain the ratio, he had buyers agree to let him handle resales for the first 3 years.

After the period covered by the resale agreements ended, however, it became difficult to maintain the original quotas. "White sellers had trouble getting white buyers," says Mrs. Charlotte Meacham, a resident. As a result, a number of whites have been forced to sell to Negroes, and the percentage of Negroes in the development has risen.

Mrs. Meacham and other Concord Park residents say real estate agents contributed to the breakdown of the quota system. "Traditionally brokers bring only Negroes to an interracial area," she says. "We are not able to persuade them that we are interested in white prospects."

Here in Village Creek, where angular modern homes line tree-shaded streets, whites have been in the majority ever since the development was opened. But the proportion of Negroes has risen, especially in one section where properties are generally lower in price. It was in this section last summer that one of the few remaining white families contracted to sell to the Negro electronics technician and thereby touched off the controversy still underway. If the sale were to be carried through, the ratio of Negroes to whites in the section would be 10 to 2.

WORRIED NEGROES

"Negroes were more perturbed than the whites," recalls one Negro housewife. "Some had had this happen to them before. They had lived in an area once all white, then mixed and finally segregated because whites sold to Negroes."

To prevent the creation of a neighborhood in their community that would, in effect, be segregated, the Village Creek Home Owners Association bought the house from the white family. The Negro technician and his wife were told they could buy elsewhere in the devolpment. But they insist their original choice fits their price requirements best, and they have brought suit against both the association and the white family which reneged on the sale to them.

In established white neighborhoods where Negroes are just beginning to settle, there is evidence that white residents increasingly are making efforts to achieve a smooth transition to a mixed racial composition and head off the creation of a segregated Negro community. But they face a hard job.

"Prejudice of some whites won't permit them to remain in an area where Negroes are," says David Kadane, a lawyer who is working to slow the pace of racial change in the section of Freeport, Long Island, N.Y., in which he lives. "Other whites fear diminished social standing in the eyes of friends if they live in a community with Negroes."

Also, continues Mr. Kadane, "a great many whites hold the mistaken belief that property values will fall substantially despite statistical evidence to the contrary." He refers to research by such groups as the New York City Commission on Human Rights, which suggests that values drop sharply only when a number of properties are offered for sale at the same time.

HOW "BLOCKBUSTING" WORKS

The attempts by some real estate agents to capitalize on fears of declining property values are known as "blockbusting." A New York City civil rights official describes this technique as follows: Spreading alarm about the likelihood of such a drop in values, the agents frighten white residents into selling their homes. Sometimes the agent may simply act as a broker and pick up a flock of commissions in a hurry by selling to Negroes eager to move into good homes. Other times an agent may buy whites' houses himself at low prices and sell them to Negroes for premium prices.

To bring about gradual integration, white residents of some communities have sought to line up homeowners and apartment landlords scattered throughout their towns who will sell or rent to Negroes. In Great Neck, a prosperous Long Island suburb of New York, a fair housing movement has succeeded in placing 10 Negro families in private houses and apartments previously occupied by whites. In towns such as Great Neck, however, generally high house prices and rents rule out a mass influx of Negroes.

Communities less expensive to live in are likely to have more trouble achieving orderly integration. In some of these, white homeowners have tried to thwart blockbusting by putting up signs saying they won't sell out. But such campaigns often don't work. In Springfield Gardens, a neighborhood of single-family homes in the New York City borough of Queens, "we have not succeeded," reports Mrs. Evelan Glavans, a white housewife active in the not-for-sale campaign. In the last few years, says Mrs. Klavans, the racial composition of Springfield Gardens has changed from a "heavy Negro minority" to "predominantly Negro."

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The PRESIDING OFFICER. The hour of 12 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The question is on agreeing to the amendment of the Senator from Tennessee [Mr. GORE], as a substitute for certain language in the committee amendment beginning on page 38, in line 3.

Mr. GORE obtained the floor.

Mr. KEFAUVER. Mr. President, will my colleague yield, so that I may propound a unanimous-consent request?

Mr. GORE. Mr. President, I ask unanimous consent that I may yield for that purpose without prejudice to my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Then I yield, Mr. President.

Mr. KEFAUVER. Mr. President, I have a number of germane amendments to the space satellite communications bill. I send the amendments to the desk and ask that they be treated as read and printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

Mr. McGEE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KEFAUVER. Mr. President, will my colleague yield the floor at this time?

Mr. GORE. I yield.

Mr. KEFAUVER. Mr. President, I request recognition in my own right; and I send to the desk a number of amendments to the space satellite communications bill, and ask that the amendments be treated as read and printed in the RECORD.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered; and the amendments will be received and printed, and will lie on the table; and, without objection, they will be printed in the RECORD.

The amendments submitted by Mr. KEFAUVER are as follows:

On page 32, line 3, delete lines 3 through 5 and insert in lieu thereof "No more than six members of the board shall be elected annually by those stockholders who are communications common carriers and no less than six shall be elected".

On page 30, insert between lines 18 and 19: "(d) the corporation shall—

"(1) perform research and development for the United States on reimbursable basis in the field of space communications;

"(2) comply with all presidential directives pursuant to section 201(a)(4) of this Act;

"(3) comply with all directives of the Commission pursuant to section 201(c)(3) of this Act".

On page 21, line 22, change the comma to a period and delete the balance of the subsection.

On page 21, insert between lines 10 and 11, the following: "that the most advanced and efficient technology be adopted by the corporation as soon as possible;".

On page 20, delete line 23, and insert in lieu thereof: "magnetic frequency spectrum, toward the speediest development and adoption of the most advanced and efficient technology, and toward the reflection".

On page 25, delete line 11, and insert in lieu thereof

"(4) exercise such direct control and supervision over negotiations and relationships".

On page 25, line 13, delete "maybe" and insert in lieu thereof "the President or his delegate may deem".

On page 26, add after line 5

"(8) so exercise his authority as to ensure that the corporation will adopt the most efficient and advanced technology, as soon as practicable."

One page 27, line 2, insert between "Commission" and the semicolon the following: "unless the administration determines that the provision of such services is not in the public interest".

On page 27, delete "and" on line 2, delete the period on line 6 and insert in lieu thereof "; and" and add the following:

"(7) furnish the same services and assistance on the same basis to any other commercial satellite communications system which may be established."

On page 27, line 12, delete the words "where appropriate" and insert in lieu thereof "unless not in the public interest."

On page 27, line 24, delete the period and insert in lieu thereof "; in each case where the corporation procures apparatus, equipment and services other than by competitive bidding, the Commission shall within thirty days after any decision is made, file a full report thereof with the Antitrust Division of the Department of Justice setting out in full the reasons for dispensing with competitive bidding."

On page 28, line 24, delete the semicolon and insert in lieu thereof "except that in no instance shall the need for interconnection with existing facilities be used to retard the adoption of the most advanced and efficient technology;".

On page 29, line 19, delete the semicolon and insert in lieu thereof ", *Provided, however,* That no such authority shall be given to a communications common carrier where the Department of Justice advises the Commission that such construction or operation may substantially lessen competition in any line of commerce in any section of the country or tend to monopoly;".

On page 30, line 4, add the following: "in making such determination, the Commission shall, after consultation with the Department of Justice, take all steps necessary to ensure that the corporation is not dominated by any one or more interests;".

On page 31, delete everything on lines 2 through 4 starting with "The" and ending with "reserved.".

On page 32, line 3, insert after "succeeds." the following: "The three directors shall include a representative of the Department of State, of the Department of Justice, and of the National Aeronautics and Space Administration.".

On page 32, line 24, add "No director may have any relationship of any kind with any communications common carrier which owns stock in the corporation.".

On page 33, line 18, add the following: "In any case where the Commission finds that such ownership is not consistent with the public interest, convenience and necessity, any aggrieved party may appeal to the United States district court in the district in which such aggrieved party resides.".

On page 34, line 24, delete the period and insert in lieu thereof "so long as no dividends or interest are paid on such nonvoting securities, bonds, debentures or other certificates of indebtedness.".

On page 36, insert between lines 17 and 18, the following: "(4) and shall do all things deemed appropriate by the President of the United States under the powers given him by this Act to further the national interest of the United States.".

On page 38, delete lines 12 through 14, and insert in lieu thereof: "tions. In any case where the Department of State deems it appropriate in the national interest, that Department shall assist in the negotiations.".

On page 38, add on line 14 "In each case final determination as to whether the negotiations are solely business negotiations shall rest with the Department of State.".

On page 38, lines 8 through 10, delete everything starting with "shall" on line 8 and ending with "such" on line 10, and insert in lieu thereof "determine whether such negotiations are solely business negotiations. In any case where that Department determines that foreign policy considerations are relevant, the Department shall conduct or supervise such negotiations throughout the course of any business.".

On page 21, line 22, delete the word "unique".

On page 25, line 22, delete "and appropriate utilization".

On page 25, line 25, delete the word "unique".

On page 21, line 16, delete the words "consistent with" and substitute in lieu thereof "subject to."

On page 21 beginning on, line 20, delete the words "where consistent with the provisions of this act."

On page 22, line 13, after the semicolon add the words "and satellite terminal stations," and delete subsection (4), beginning on line 23 of page 22.

On page 26, line 23, delete the words "on request" and substitute in lieu thereof "when appropriate".

On page 31, line 2, delete the words "District of Columbia Business Corporation Act" and substitute in lieu thereof "California Business Corporation Act."

On page 32, line 11, delete the word "three" and substitute in lieu thereof "two."

On page 32, line 11, delete the words "three candidates" and substitute in lieu thereof the words "one candidate."

On page 32, line 22, after the word "officer" add "or director."

On page 32, line 24, change the period to a comma and add "nor shall he be a controlling stockholder in any communications carrier corporation."

On page 32, line 24, after the period add "No director of any communications common carrier shall be eligible to be a director of the corporation."

On page 32, line 24, after the period add "No director or officer of any communications common carrier shall be eligible to be a director of the corporation."

On page 33, line 4, delete the words "without par value" and substitute in lieu thereof "of par value of $100".

On page 33, line 7, delete the word "encourage" and insert in lieu thereof "insure".

On page 33, beginning on line 12, delete everything through the period on line 24.

On page 34, line 23, after the word "shall" add "not".

On page 35, delete subsection (d) and renumber the sections accordingly.

On page 35, delete the entire subsection (f).

On page 35, line 21, after the word "of" insert "voting."

On page 35, line 21, after the word "of" insert "nonvoting."

On page 37, line 7, after the word "and" add "the corporation shall receive such communications services of cost."

On page 37, line 7, after the word "and" add "the corporation shall receive such communications services at preferential rates".

On page 38, line 3, delete the word "Business".

On page 38, line 5, delete the word "business".

On page 38, line 12, delete the word "may" and substitute in lieu thereof "shall".

On page 40, delete line 4, after the word "The" insert "Federal Trade".

On page 40, line 13, delete the words "assure the Congress that" substitute in lieu thereof "determine whether".

On page 24, line 21, before the word "aid" insert "supervise and".

On page 25, delete subsection (6) and renumber the remaining subsection accordingly.

On page 29, line 21, delete the word "except" and insert in lieu thereof "including".

On page 31, line 14, add "No incorporator shall be an officer, director or controlling stockholder of any communications common carrier."

On page 31, delete line 11, after the word "offering", insert "of voting stock".

One page 31, lines 11 and 12, delete the words "whatever other actions" and substitute in lieu thereof "only such other actions as".

On page 32, line 19, after the word "board" insert "not to exceed $22,500 per annum".

On page 32, line 20, after the period insert "Officers shall not have employment contracts with the corporation for items in excess of two years. Such contracts may be renewed".

On page 32, line 16, after the period add "The preemptive rights of noncarrier shareholders may not be limited or denied in any way".

On page 31, line 14, after the period add "The power to make, alter, amend, or repeal the bylaws of the corporation is reserved to the stockholders of the corporation".

On page 32, line 16, after the period add "Section 29–914 of the District of Columbia Business Corporation Act relating to voting trusts shall not apply to the corporation."

On page 32, line 16, after the period add "Section 29–916e of the District of Columbia Corporation Act relating to the creation of an executive committee shall not be applicable to the corporation. The corporation shall not have an executive committee."

On page 36, line 3, after the period add "The corporation shall not declare dividends payable in its own stock."

On page 31, line 14, after the period add "The bylaws of the corporation shall be subject to the approval of the President."

On page 31, line 14, after the period add "The bylaws of the corporation shall be made a matter of public record by filing with the Commissioners in the same manner provided for the articles of incorporation. There shall be no fee for such filing."

On page 32, line 14, after the period add: "The corporation shall not commence business until a minimum of $150,000,000 in cash has been paid into the corporation."

On page 31, line 7, after the word "appoint" insert "seven".

On page 36, after line 3, add: "(g) The articles of incorporation shall not contain any provision allowing class voting".

On page 37, line 13, add:

"(d) Section 29–927 and the subsections thereof of the District of Columbia Business Corporation Act relating to merger and consolidation shall not apply to the corporation."

On page 37, line 13, add:

"(d) Section 29–930 and the subsections thereof of the District of Columbia Business Corporation Act relating to voluntary dissolution shall not apply to the corporation."

Mr. GORE. Mr. President, on the question of agreeing to my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

AMENDMENT OF TRADING WITH THE ENEMY ACT, AS AMENDED

Mr. GORE. Mr. President——

Mr. KEATING. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I ask unanimous consent that I may yield to the junior Senator from New York, to permit him to make a brief statement, without prejudice to my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KEATING. First, Mr. President, I rise to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. KEATING. Do I correctly understand that the amendment of Trading With the Enemy Act which we debated earlier remains at the desk in its present status and will be brought up again in the next morning hour?

The PRESIDING OFFICER. It will not come up in the next morning hour; it will have to come up on motion at some appropriate time.

Mr. KEATING. In other words, a motion to bring up the bill must be made by some Member of the Senate?

The PRESIDING OFFICER. That is correct—in the absence, of course, of unanimous consent.

NO FARM LEGISLATION THIS YEAR BETTER THAN BAD LEGISLATION

Mr. KEATING. Mr. President, I have a suggestion to make to the leadership. I believe that the following of my suggestion would expedite the handling of the necessary legislative business, would save a great deal of time, and would help us move on to other important legislation. So I suggest that we drop the matter of legislating on the farm bill at this session of Congress.

For many months, Congress and the administration have been struggling to develop a solution to the farm problem. In May, the Senate passed, by a narrow margin, the wheat and feed-grain portions of the administration's original supply-management proposal, but the other body rejected a similar bill. A little later, the House took another giant step when it passed a 1-year extension of the current emergency program for wheat and feed grains. That bill was sent to the Senate Committee on Agriculture and Forestry, for study and report; and that is where we stand right now.

This committee has reported, for consideration by the Senate, a bill which provides for a compulsory supply-management—certificate—plan for wheat and a 1-year extension of the emergency feed-grains program. There are indications that if this bill ever gets to the floor of the Senate, an effort will be made to include, as well, the administration's supply-control feed-grain proposal.

Mr. President, it is abundantly clear that there is very little agreement among the major farm organizations and the experts in this field. In addition, the Agriculture Committees of both bodies are almost evenly split, as is shown by the narrow votes taken there on vital questions of agriculture policy.

It seems to me that, under the circumstances, the best thing to do would be drop the matter entirely for this session of the Congress. It is getting very late, and we have many other more important matters to consider—questions on which there is less controversy and on which the opportunities for sensible legislation are much more promising.

Although I am by no means an expert on farm problems, I have been advised by those who are well informed in this area that we can get along very well without any new farm legislation this year. In any event, no legislation would clearly be preferable to bad legislation.

What will happen if we do not enact a new farm bill this year? For wheat, the program would revert to the 1938 act on acreage allotments and the 1949 law on price supports. The Secretary of Agriculture has announced that this will be done, even if a new bill is enacted this year. Under these provisions, the support price will be 75 percent of parity, or $1.82 a bushel, as compared with $2 a bushel under the current emergency program. I am told that this would mean a saving to taxpayers, in subsidies on exports and on acreage-diversion payments, of nearly $500 million a year, as compared with the proposal now in the farm bill before the Senate.

I am opposed to the administration's multiple-price plan for wheat on another score. It would operate as a bread tax on all consumers. Processors of wheat would be forced to acquire certificates, at face value, for every bushel of wheat they used. But because the certificates are to be issued to farmers on the basis of planting history, without regard to grade or quality, processors might have to buy one lot of wheat in order to get certificates and then buy noncertificate wheat in order to get the type and grade they need. This complicated system would be sure to increase processors' costs, which would, in effect, be a tax on bakers, which would have to be passed on to consumers. This is characteristic of the history of these across-the-board farm-control programs. The taxpayers and the consumers get hit in the pocketbook, but the farm dilemma stays pretty much as it is.

The feed grains program is an excellent case in point. If we did not have a farm bill this year, we would revert to the 1958 Farm Act. Here, again, the savings to taxpayers by not having new farm legislation, as compared with the cost of an extension of the current emergency program, would be around a billion dollars a year. Altogether, that would mean a total taxpayer saving of $1.5 billion, if we sat on our hands and put off until next year a decision on the basic dimensions of our farm programs.

Since 1961 we have had to live with the administration's "boondoggle" on feed grains. I do not know what else to call it. The Treasury in 1961 paid out nearly three-quarters of a billion dollars in subsidies for comparatively small reductions in production—nothing like the reductions in production which were predicted at the time we were asked to pass the legislation. This was a heavy price to pay for such little results. The same program is being repeated in 1962, and the current Senate bill calls for a 1-year extension for 1963.

I voted against these programs in 1961 and shall vote against the bill that is expected to be before the Senate shortly. It seems to me that what is needed at this time is a "cooling off" period and a nonpartisan study of the problem. I suggested this last year, and again in February of this year. I urge that the Chairman of the Senate and House Agricultural Committees organize a joint bipartisan congressional study commission on the farm problem. This administration has failed to chart new directions for American agriculture. The time has now come for the Congress to take the initiative.

A number of alternative farm programs have been proposed, but only the administration proposals have been given serious consideration, and even then in a highly charged political climate. It is evident now that for most people these programs are unacceptable. The theory on which they are based is wrong. They lead in the wrong direction—compulsion, control, planned scarcity, and stifling of private initiative. These programs have failed miserably elsewhere in the world. Why must we try them?

The only sound solution rests in a serious nonpolitical study of the question. This can be done only by a bipartisan or nonpartisan group, in an atmosphere of calm study, with the interest of farmers, consumers, and the Nation in general controlling.

The section of the country which some of us represent, particularly the Northeast, produces largely dairy and poultry products and fruits and vegetables. So far we have escaped the attempts at 100-percent controlled production. But New York farmers are very much concerned by the attempts of the administration to control feed grains production, because they know that it would be the first step toward tight controls on feed consumption industries, like dairy and poultry. In fact, there was an attempt to place turkey production under control this year, but the producers voted the program down in a referendum.

We already have legislation on the books which will tide us over until next year—and will at the same time mean a net savings to the taxpayer of $1 billion. We need new directions in agriculture, but to go in the wrong direction would be very costly both in terms of money and in terms of a dangerous threat to the kind of a free economy which we want. I seriously urge that we take whatever emergency technical steps may be necessary, and that we not enact new farm legislation this year. Let us take a long-range look and see where we stand before we leap "hog wild" down the long, hard road toward Federal controls and individual restraint.

I thank the Senator from Tennessee for allowing me to intrude.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 1918) to extend benefits of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 to widows and surviving children of former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, the White House Police force, or the United States Secret Service Division, who were retired or who died in the service of any such organization prior to the effective date of such amendments.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 2135. An act to authorize the Securities and Exchange Commission to delegate certain functions;

H.R. 23. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes;

H.R. 3372. An act for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil;

H.R. 5139. An act for the relief of Helena M. Grover;

H.R. 7741. An act to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade;

H.R. 8168. An act to admit the oil screw tugs *Barbara*, *Ivalee*, *Lydia*, and *Alice* and the barges *Florida*, *DB–8*, *No. 220*, and *No. 235* to American registry and to permit their use in coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes;

H.R. 11400. An act to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing; and

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. GORE. Mr. President, should the pending bill unfortunately be enacted in its present form, the Congress and the President will have delegated to a private corporation, chartered under the laws of the District of Columbia for the purpose of making a profit for its stockholders, the authority to negotiate, on behalf of the United States, international agreements which could, and in all probability would, materially affect the foreign policy of the United States. In my considered view, such a situation would be most unfortunate and would bear consequences of a far reaching and complicating, but unforeseen character.

The distinguished United States representative to the United Nations, Ambassador Adlai Stevenson, on December 20, 1961, in behalf of the United States, made a policy statement respecting the developments in the area of space communications.

I ask unanimous consent to have printed in the RECORD at this point an excerpt from the statement of Ambassador Stevenson appearing on pages 414 and 415 of the Foreign Relations Committee report.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

> Now, the fourth part of the space program looks toward the establishment of a global system of communications satellites. Space technology has opened enormous possibilities for international communications. Within a few years satellites will make possible a vast increase in the control and quality of international radio, telephone, and telegraph traffic. In addition, something new will be added: the possibilities of relaying television broadcasts around the globe.
>
> This fundamental breakthrough in communication could affect the lives of people everywhere. It could forge new bonds of mutual knowledge and understanding between nations. It could offer a powerful tool to improve literacy and education in developing areas. It could support world weather services by speedy transmittal of data. It could enable leaders of nations to talk face to face on a convenient and reliable basis.
>
> The United States wishes to see this facility made available to all states on a global and nondiscriminatory basis. We conceive of this as an international service. We would like to see United Nations members not only use this service, but also participate in its ownership and operation, if they so desire.

Mr. GORE. Ambassador Stevenson eloquently and forcefully outlined the enormous potential for bringing about international understanding, friendship, and good will through the medium of this marvelous new scientific development. But obviously, Mr. President, this primary foreign policy objective of the United States cannot be achieved without a national effort. Unless our Government is in a position to participate in a global commercial satellite communications system in a manner in which the system can be used as an instrument of national policy by the Government, the national goal will not be attained.

Yesterday President Kennedy extended congratulations to the Government of the Soviet Union for the feat of the cosmonauts who are now in dual orbit. This outstanding feat makes it imperative that the United States maximize its efforts particularly in those areas in which the United States maintains a technological lead in the development of space technology. One area in which the United States has definitely established a lead is in space communications. This has been done largely by reason of a stupendous national effort, with the cooperation of private enterprise.

We must push forward, not only to maintain America's lead in space communication, but to increase that lead. In order to do so, in my opinion, an all-out national effort will be required. Our lead may be hampered and hindered if we farm out a significant portion of the effort and give a monopoly over a significant portion of space communication to a private satellite corporation. Therefore I suggest to the Senate that an all-out national effort in this field is imperative.

The philosophy of the bill before the Senate is wholly inconsistent with the philosophy of the U.S. policy statement as enunciated by Ambassador Stevenson in behalf of the United States. The pending bill is based upon the philosophy that communication by space satellite is nothing more than the extension of conventional communications methods available for exploitation for private profit. I cannot agree, Mr. President, with those who insist that communication by space satellite involves but a "cable in the sky" and that we should proceed with this development and with its operation under the same procedures that have been applied with respect to telephonic communication by cable on an international basis.

This point of view is unrealistic. The medium of communications with which the pending bill deals is a new medium vast in its potential for the attainment of the aspirations of the American people to communicate their good will and their programs and policies to the people of the world, thus rendering international service; as well as the desire to cooperate with members of the United Nations, which, as I said, is the policy of the U.S. Government, as stated to the United Nations by our representative and Ambassador, Adlai Stevenson.

I emphasize again that the pending bill is not consistent with that policy, which Mr. Stevenson has stated to the United Nations.

If the contentions of the proponents of the bill were correct there would be little to argue about in this debate. But I submit, Mr. President, that their contentions are not correct. The manner in which the United States participates in an international arrangement for establishment of a global satellite communications system will have a great impact upon our foreign policy. The manner in which we utilize such a system will be a significant factor in the achievement, or the failure, of our foreign policy objectives.

At this time we do not know upon what political or economic basis a cooperative international arrangement can be achieved. Until we do, we cannot know what would be the best organizational form of management and control of the U.S.-owned elements of the system. In my view, it is of the greatest importance that the formulation of policy and the conduct of negotiations involved in the establishment and operation of a space communications system be retained firmly and explicitly within the control of the Government of the United States.

The legislative history of those provisions of the bill respecting international negotiations, as they now stand, is clear. In submitting a message to the Congress, President Kennedy stated that under the administration proposal, in addition to implementing its regulatory responsibility, the U.S. Government would "conduct or maintain supervision of international agreements and negotiations" with respect to the satellite communications system.

Along with this message, President Kennedy submitted a proposed bill. Section 402 of that bill read as follows:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

I emphasize, Mr. President, that the provision which I have quoted was recommended by the President of the United States.

It was included in the bill which President Kennedy recommended and requested. It is not included in the bill now before the Senate. Instead, section 402 of the pending bill would place the Government in an ambigous but clearly secondary position.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. GORE. I yield to my colleague from Tennessee.

Mr. KEFAUVER. I think it ought to be clearly understood, as my colleague has stated, that the amendment of my colleague and the distinguished Senator from Ohio [Mr. LAUSCHE] contains the exact language which the President of the United States recommended in his message to the Congress as being necessary for the President and the State Department to have the powers they thought were required for negotiation with other nations in connection with the satellite system, and that this is the language which was contained in the bill which was recommended by the President. So what the amendment of the two distinguished Senators would do would be to put back into the bill the exact language recommended by the President and sustained and supported by the various witnesses for the Government, at least, in the initial hearings in connection with the bill.

Mr. GORE. I thank the Senator for the emphasis he has added to the point.

During hearings before the Committee on Aeronautics and Space Sciences of the Senate, section 402 of President Kennedy's bill came under vigorous attack. It was defended with equal vigor by Assistant Secretary of State George McGhee. In his testimony before the committee, Secretary McGhee stated succinctly the reasons why control of these negotiations by the Government of the United States was essential.

Mr. President, I read an excerpt from the statement by Secretary McGhee which appeared on page 155 of the committee hearings:

> However, the worldwide scope of this new medium of communications and its potential impact on the achievement of our foreign policy objectives clearly indicate the necessity of the Department's involvement as the President's agent for dealing with foreign affairs.

Subsequently, Mr. President, during the course of his testimony, when the provision for a State Department voice in the negotiations was under attack, Secretary McGhee spoke eloquently for the national interest in a proposed satellite system. I quote further from his testimony from page 192 of the hearings:

> The specifications with respect to the State Department, I believe, are necessary for the reasons I stated, because of the unusual and global nature of the program—the fact that it involves all of the countries of the world practically at once. It also involves very complicated intergovernmental affairs. It may, for example, be the desire of the Government, for a valid reason, to encourage the building of receiving stations and systems in parts of the world which may not immediately be economically attractive. This, of course, would have to be done under the provisions of section 201(c)(3) of S. 2814 but if the corporation is to make a profit, it would have to be compensated for in the rates it charges.
>
> It may be that it is necessary for our Government to negotiate wtih groupings of nations, which could not be done by a single corporation. As an example, during the war, when our telegraph and telephone companies wanted access to the British Commonwealth, this access could only be negotiated by our Government. There are scores of situations which you can envisage might arise in carrying out the very complex negotiations and the establishment of operations which this corporation would have to go through. These are beyond the sphere of competence or responsibility of a normal corporation. I honestly feel, even were this not a provision of this law, that the corporation would need assistance from the Department similar to that specified in the law.
>
> I think that we must recognize here, too, that this is much more than a communications system such as we have known in the past. This program has tremendous potentialities in terms of the achievement of our global foreign policy objectives. There is involved here what degree of cooperation we can engage in with the Soviet Union, pursuant to the recent exchange between Mr. Khrushchev and President Kennedy. There is involved here the question of whether or not the United Nations can become more effective by virtue of this facility being able to broadcast hearings or meetings of the United Nations to the world.
>
> A tremendous flow of understanding can come from broadcasting television programs all around the world by such a system and, ultimately, to the greatly reduced cost for normal voice and telegraph communications that should result.
>
> The potentialities of this are so great that I do believe, Senator, that it justifies taking considerable risk that the form devised here will, in fact, work.

It seems to me, Mr. President, that Secretary McGhee's testimony was most persuasive. Apparently, however, it was not persuasive to the members of that committee. It appears, from reading some of the questions asked of Secretary McGhee and some of the observations made, that some members of the committee clearly did not want the Department of State, acting under the direction of the President of the United States, to have anything whatever to do with the complex multilateral international negotiations which must be successfully concluded before an international system can be established, and that the Department of State should likewise be excluded from participating in the negotiations for resolution of whatever international problems might arise during the operation of such a system once it should be established. Section 402 was stricken from the bill by the Aeronautical and Space Sciences Committee.

Subsequently, hearings were held by the Committee on Commerce. Again, the question of the original language of section 402 came under discussion. I do not question the fact that Secretary McGhee, during his appearance before the Commerce Committee, indicated that the Department of State had acquiesced in the action of the Space Committee in striking from the bill the original language of section 402 and in inserting in lieu thereof the present language of the section which permits the proposed corporation to enter into international negotiations merely by advising the Department of State of its intentions so to do. There is reason to believe that officials of the Department of State acquiesced in this change reluctantly. Indeed, Secretary McGhee, in his testimony before the Commerce Committee acknowledged that he still preferred the original language. I have previously characterized acquiescence of the Department to this change in the bill as a retreat. I still adhere to that view, and I submit that the more one studies the language of this pending bill, together with its legislative history, the more damaging and humiliating the retreat or surrender becomes.

Proponents of the bill insist that authors of the language now found in section 402 really had no intention of delegating to a private corporation the authority to conduct international agreements affecting U.S. foreign policy. Why, then, was the original language of section 402 stricken? Whatever may have been their intention, the clear effect of the language of the pending bill is to give the satellite corporation the initiative and the primary position in negotiations with foreign governments and entities, with the State Department relegated to an ignominious secondary position of merely being advised of the foreign negotiations being conducted by the corporation and directed by the bill to assist the corporation if requested to do so by the corporation.

Proponents of the bill insist that section 402 now applies only to business negotiations, and I agree that the caption of this section so states. But, Mr. President, as I have pointed out on numerous occasions, there is no way in which the business aspects can be separated from the political or foreign policy aspects of international negotiations involved in the establishment and operation of a satellite communications system. Assuming that a distinction would be made—that some negotiations would be political and that others would be business—the bill does not specify who is to make the decision as to whether or not a given negotiation is a business negotiation.

Under the terms of the bill the business of the proposed corporation is the establishment and operation of a global commercial communications satellite system. Therefore, it would appear that any negotiation having anything to do with such a system would involve the business of the corporation. Therefore, Mr. President, and in the absence of any restriction whatever to the contrary, section 402 authorizes the proposed corporation to proceed to negotiate with whomever it may wish on any matter which it construes as involving the business of the corporation.

Some proponents of the bill contend that the provisions of section 402 are in some way modified by the provisions of section 201(a)(4) of the bill. It is argued that the provisions of this section give to the President of the United States all the authority needed to control negotiations. Section 201(a)(4) provides as follows:

> (a) the President shall—
>
> (4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

In the judgment of the junior Senator from Tennessee, Mr. President, the language quoted above confers upon the President of the United States no substantive authority whatever. Let me make it clear that I do not contend that the pending bill prohibits the President from conducting international negotiations whenever he may choose to do so. No bill could detract from the President's constitutional authority in that regard. What concerns me is the fact that the pending bill fails to place proper limits and restrictions on the right of the proposed corporation and the authority of the proposed corporation to negotiate plus the fact that it would give the initiative in the field to the corporation.

Now let us examine the provisions of section 201(a)(4) to determine just what it means. I do not subscribe to the contention that whenever someone is told by language in a bill to do something that that person, whoever he may be, is automatically granted the authority to implement and enforce his instructions. It is significant that neither section 201(a)(4) nor any other provision of the bill directs or requires the proposed corporation to follow any instructions the President might wish to issue under the provisions of section 201(a)(4) or otherwise. It is significant also that section 201(a)(4) does not employ the traditional legislative words "authorize" and "direct." Rather, the section states that the President shall "exercise such supervision."

I do not know, Mr. President, what is the legal effect of the words "exercise such supervision." In my view, they have no precise legislative or legal meaning. I have consulted authorities who concur in my view.

I do not know what meaning the authors of those words intended for them to have. I observe that Webster's Unabridged Dictionary gives the following definitions for the word supervision:

> 1. Act or occupation of supervising; inspection, oversight.
> 2. The direction and critical evaluation of instruction.

It occurred to me, Mr. President, that if the President of the United States is to be a supervisor of this proposed corporation it might be helpful to ascertain a definition of the word "supervisor." According to the dictionary, this word may have any of the following meanings:

> 1. One who supervises; an overseer; inspector; superintendent.
> 2. A spectator; a looker-on.
> 3. One who reads over.
> 4. In some States of the United States, an elected official standing, either alone or with others constituting a board, at the head of the administration of a township or other county subdivision.
> 5. An officer of a school system who has supervision over the courses and the teachers giving instruction in a special subject.

As I say, Mr. President, I do not know which of these meanings the authors of this language intended to apply. Neither does the committee report give us a guide.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question without losing his right to the floor?

Mr. GORE. I yield.

Mr. LAUSCHE. Secretary Rusk, as shown by page 176 of the testimony, dealt briefly with this item which is now being discussed by the Senator from Tennessee. In his testimony he said:

> When the Congress, by legislation, says the President shall do something, I believe it constitutes a grant of authority to do that thing. Thus, section 201(a), in the passages I have indicated, gives the President authority to require action by the corporation in those directions, so long as that action is consistent with the overall concept of this corporation as a commercial enterprise and is not at odds with other provisions of our Constitution and laws.

I ask the Senator from Tennessee whether the Secretary of State did not labor there to try to get a construction to the word "supervise" as meaning direct and control, and that it is rather a tenuous position to take, ascribing to the words used in this section the meaning of granting of authority to direct an order.

Mr. GORE. My interpretation of the Secretary's testimony in this regard was that he was patently straining and laboring to make legislative history in order to give a meaning to language which clearly is not there.

Representatives of the Department, as I have said earlier, have acquiesed in the provision which is in the pending bill. In order to correct that mistake, I believe the Secretary was, as the Senator has stated, laboring to give the language of the pending bill an interpretation to which I do not believe it is entitled, and thereby trying to establish legislative history.

I ask my distinguished friend the Senator from Ohio, who is an able lawyer, if ever before, from his law school days to now, he has heard the ukase laid down that whenever one is directed to do something he has authority, ipso facto, to do it.

Mr. LAUSCHE. I would have to answer that question in the negative. I commend the Secretary of State for trying to establish a history which would interpret the language to mean that the foreign relations aspects will be conducted by the State Department, but that the business operations would be negotiated by the corporation. His very effort to do that indicated his belief that the language was ambiguous, and something had to be done.

Mr. GORE. I agree.

Mr. LAUSCHE. Whatever happens on the amendment offered by the Senator from Tennessee and myself, if it is a fact that this language contemplates placing the negotiations on foreign relations in the Secretary of State and not in the corporation, the amendment will have served a good purpose; but I would rather have it spelled out in specific language than by a delineation made through the establishment of legislative history, such as the Secretary of State intended.

Mr. GORE. Like the senior Senator from Ohio, I believe that in his suggestion the Secretary is properly acting to endeavor to assert the primacy of the Government in the field of foreign policy. I cannot concur that the legislative history involved in this particular section can lend any validity to the Secretary's interpretation of it. I say that because in the message to Congress President Kennedy stated, as I have quoted, that the Government would maintain control or supervision over international negotiations, and then the bill which the President submitted to Congress had language implementing the message. The committee struck it out, over the objection of the Department of State, and then the Department of State acquiesced in it, though still stating that it preferred the explicit language which the Senator from Ohio and I have offered by way of amendment to be restored to the bill.

Mr. LAUSCHE. Mr. President, may I interrupt the Senator at that point?

Mr. GORE. Let me go a step further; then I will yield. Now that the question is submitted squarely to the Senate, if the Senate rejects the amendment, I say it rejects the specific and explicit placement of the Government of the United States in full control and direction of international negotiations respecting a satellite communications system. I believe the only way to correct what might be a grievous and damaging error is the adoption of the amendment which the Senator and I offer.

Mr. LAUSCHE. Yes. Will the Senator yield further, without losing his right to the floor.

Mr. GORE. I yield.

Mr. LAUSCHE. In offering the amendment we are trying to achieve exactly what the Secretary of State has in mind.

Mr. GORE. And what the President said he had in mind.

Mr. LAUSCHE. Yes; that is, that the negotiation of business matters shall be carried on by the corporation, and that can be done through the cooperation of the Secretary of State; but the aspects which deal with international relations shall be conducted under language which is not equivocal, but clear and precise, by the Secretary of State.

Mr. GORE. I concur in the statement of the Senator. I believe he will agree that under the amendment we have offered the Secretary of State, acting on behalf of the President, could decide what is foreign policy and what is business, and that he could delegate the purely business negotiations, but the decisions as to which is business and which is foreign policy would be left to the Government of the United States.

Mr. LAUSCHE. Mr. President, will the Senator yield further?

Mr. GORE. I yield.

Mr. LAUSCHE. I do not know whether the Senator knows that the Secretary of State pointed out that in the pending bill there is no definition of what the term "business" would comprehend. He implied that the bill was weak from that standpoint. Who is going to make the differentiation of what is business and not business, unless we put the right to make the differentiation in the Secretary of State, and not in the corporation?

Mr. GORE. I should like to recall to the Senator the testimony of Assistant Secretary of Defense Rubel, that only about 10 percent of the effort to develop a commercial satellite communications system would actually be communications; and this system of communication, as the Senator well knows, can only come into being and into viability through the conclusion of a whole series of agreements between our Nation and other nations.

Therefore, it is most difficult, particularly in the initial stages, to separate what is business and what is foreign policy; in fact, I am at a loss to know exactly how they may be clearly divided.

Mr. LAUSCHE. But if the approving power is conferred upon the Secretary of State, he will be able to say directly, "This involves foreign relations, over which I will negotiate." If it is business, the Secretary can say to the private company, "You may proceed with the negotiations; that is your business. We will approve."

Mr. GORE. The Senator is correct. In taking that position, the Senator from Ohio and I do not wish to change in any respect the practice of many years in aeronautics and international radio telecommunications. That is the practice which has been followed.

As the Senator knows, the provision in the pending bill would constitute a precedent. We wish to see the Government of the United States remain in the primary position in which the Constitution places it, with latitude and opportunity given to the Government to delegate that portion which is purely business or which it determines to be business.

Mr. LAUSCHE. I thank the Senator from Tennessee.

Mr. GORE. I thank the Senator from Ohio for his questions and statements.

Mr. President, the dictionary can sometimes be very helpful, and I sought its assistance with respect to the phrase "as may be appropriate" as used in section 201(a)(4). So I examined the dictionary to ascertain the meaning of the word "appropriate." Mr. Webster defined it as follows:

> 1. Appropriated; specif., attached as an accessory possession.
>
> 2. Set apart for a particular use of person.
>
> 3. Belonging peculiarly; special.
>
> 4. Specially suitable; fit; proper.

Again, Mr. President, I do not know which of the foregoing meanings the authors of section 201(a)(4) intended to apply. Assuming they intended the word "appropriate" to mean suitable, fit, or proper, I raise the questions: Suitable for whom? Fit for what? Proper from whose standpoint?

Mr. President, I can find no substantive authority whatever in language which instructs the President of the United States to be a supervisor over this proposed private corporation in such manner "as may be appropriate."

Would it be "appropriate" for the President to direct a private corporation organized for profit to pursue a course of action which would be unprofitable for the corporation, and therefore its stockholders, or to desist from a course of action?

And if he did so, where is the language requiring the board of directors to obey? "Supervision" which the President considered appropriate might be considered inappropriate by the corporation.

If the authors of section 201(a)(4) really intended to authorize and direct the President of the United States to exercise control over the proposed private corporation, language is required which explicitly empowers the President to issue the directions or orders to the corporation and which explicitly requires the corporation to comply. As I have said, Mr. President, I do not know what the intent of the authors was, but I rather doubt that they did intend to authorize the President to control the corporation. If that was the intent, the language used fails to accomplish it. Any such effect could be achieved only by way of amendment. Of course, should such an amendment be offered, Senators will wish to consider the matter carefully because, if the Congress may properly authorize the President to control one private corporation organized for the profit of its stockholders, it could legally and perhaps properly authorize the President to control other private corporations organized for profit.

This demonstrates, Mr. President, something of the dilemma in which proponents of the pending bill find themselves. The mission of the proposed private corporation is to make a profit for its stockholders.

I do not criticize the organization of corporations for the profit of the corporate stockholders. That is a part of our free enterprise system.

However, this mission may at times be wholly inconsistent with the objectives of our foreign policy, as involved in the establishment of a communications satellite system. In my view, Mr. President, the pending bill does not achieve a satisfactory union between our foreign policy objectives and the profit motive of a private corporation.

This is not to criticize the profit motive. I applaud it; I believe in it. In private life, I find myself motivated by it. But because I believe in the free enterprise system, because I think that capitalism and the profit motive act as stimuli to a society of great people, that does not lead me to conclude that the objectives of all the American people and the objectives of the U.S. Government with respect to this vast new medium of communication can properly and accurately be measured by the necessarily less broad, less comprehensive strictures of a profit-and-loss statement of a private corporation. That is the nub of this question.

Mr. CHURCH. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield to the Senator from Idaho.

Mr. CHURCH. As the Senator from Tennessee knows, several witnesses before the Committee on Foreign Relations testified, and the argument was made later in committee itself, that existing private corporations, such as A.T. & T. have extended cables across the Atlantic Ocean and the Pacific Ocean and have established communication with other continents, and have entered into necessary arrangements with other countries in order to make such communication possible.

So it has been argued that the provision in the bill to which the Senator from Tennessee directs his argument represents no new departure and ought not to be an occasion for concern.

Having these arguments in mind, can the distinguished Senator from Tennessee state whether he knows of a case in the whole history of the country, in connection with either A.T. & T. or any other company, in which Congress, by statute, has conferred upon a corporation any power with respect to negotiating agreements with foreign countries?

Mr. GORE. I know of none; and former Ambassador Ernest Gross, a former legal adviser to the State Department, testified that there were no precedents.

Mr. CHURCH. So does not this bill represent the first time the Congress has undertaken to confer expressly upon a private corporation the right to enter into negotiations and make agreements with foreign countries, the implications of which could profoundly affect the foreign policy of the United States?

Mr. GORE. It would be the first time, and I believe it would be a most unfortunate precedent.

Mr. CHURCH. I agree with the Senator. I was one of those in the Foreign Relations Committee who voted against reporting this bill favorably. I did so for reasons different from those expressed in the minority views. Accordingly, I have had attached to the committee report—which I understand will be available to the Senate later today—a statement of my own individual views; and in them I express the same concern that the Senator from Tennessee is now expressing with respect to the need to safeguard the primacy of the President and his State Department in connection with the conduct of the foreign relations of the United States. I believe that the Senate should be fully forewarned that if this bill is enacted without such an amendment, we shall be, for the first time, undertaking to confer upon a private corporation the right to enter into negotiations, and to consummate agreements with foreign countries; and I believe that the precedent thus established will tend to weaken the Office of the Chief Executive, particularly with regard to the prerogative of the President to conduct the foreign policy of our country.

So I am happy to join the Senator from Tennessee in supporting his amendment; and I hope the Senate will give it the serious attention it deserves, and will proceed, when the vote is taken, to adopt it.

Mr. GORE. I thank the distinguished, brilliant, and able senior Senator from Idaho. He has expressed a hope about which I should like to make a brief comment. He expressed the hope that the Senate will give the amendment the serious and careful consideration which is warranted by the gravity of the issue. However, in view of the existing circumstances, I question whether that will be done. Some of the administration officials downtown feel that the administration must achieve a victory on this bill. However, Pyrrhic it might prove, they feel that the President must win a victory by having the bill passed without any amendments. For some reason, our distinguished majority leader and the able minority leader feel that their prestige is at stake. For one reason or another the Government and the Senate find themselves in a position of such rigidity that I question whether there is sufficient leeway to make possible the serious consideration which, in my opinion, the pending amendment deserves. Certainly, I hope my apprehensions are ill founded.

The Senator from Idaho has raised another very important question. He has pointed out that for the first time it is proposed that Congress pass a bill—and of course, the bill would require approval by the President, in order to be enacted—which would delegate to a private corporation a portion of the responsibility which, under the Constitution, belongs to the President, with the advice and consent of the Senate. Able lawyers will say there is some question whether Congress can constitutionally do that. I raise the question with my distinguished and able friend: How is such a question to be tested in the Supreme Court, if the Government itself acquiesces in such an act? What party at interest would go before the Court with that question? I do not wish here to engage in a lawyer's argument on that point; but since the Senator from Idaho has raised a pertinent question, I thought I would point out that in the minds of those of us who contend that a portion of our Nation's sovereignty cannot constitutionally be conferred upon a private corporation, there is some question as to the final determination of the question and the manner of its determination. Furthermore, if that is not what is sought, why was section 402 stricken out and section 402 of the pending bill inserted, instead?

Mr. CHURCH. Mr. President, in response to the Senator's first question, let me state that I do not know of any way to have a constitutional question passed upon by the Supreme Court except in connection with a justifiable controversy which has been brought first before the inferior Federal courts, and subsequently has been appealed to the Supreme Court, for final determination.

As the Senator from Tennessee has quite properly pointed out, it would seem highly unlikely that any situation would arise to bring this question into the courts in such a way as to have the constitutional issue properly passed upon.

So not only is it proposed that we do an unprecedented thing—and certainly that would be the case if the bill is not amended in this way—but it is also possible that any question as to constitutional propriety could not later be brought before the Court. So we would open a door which the courts could not close, and do ourselves much mischief in the years ahead.

In response to the Senator's question as to why the original language was changed, let me state that from a comparison of the two provisions it is evident that the clear and unequivocal language of the first bill—which had the endorsement of the President—has been obscured by the substituted provision which clearly strengthens the role of the corporation, subjecting it to rather dubious control on the part of the President and his Secretary of State. It seems to me that all one needs do is read these two provisions, one after the other, in order to see that not only has the power of the State Department been watered down, but, in addition, the corporation has been given full control to conduct the "business negotiations"—whatever that term may mean—and would need only to invite the advice of the State Department; and then the State Department is instructed to give whatever advice the corporation requests. But nothing in the substitute language makes it clear that the State Department retains the right to exercise final judgment over what the corporation might interpret to be business negotiations.

It is hard for me to visualize business negotiations in this field of communications in space, Mr. President, that does not necessarily involve the broadest and gravest implications to the foreign policy of this country. Nor do I think the defect is cured by section 201(a)(4), because, as the Senator from Tennessee has well pointed out, this language leaves the position of the President and his State Department in considerable ambiguity.

There is no reason why the Senate of the United States should leave the President in a position of ambiguity with respect to his right to direct our foreign policy. When the Senator from Tennessee says that we are asked to do so in order that the President may achieve a victory, I reply, what better way can we see to it that the President wins a victory than to insist upon the restoration of the President's original language in this bill, language that makes perfectly clear that the President and his State Department retain the prerogative to direct and control this corporation in whatever negotiations may occur that implicate the foreign policy of this country?

Restore the President's language—that is the best way to give the President a victory, and to avoid establishing a precedent, the mischievous scope of which we cannot possibly foretell. It is a dangerous business.

I commend the Senator from Tennessee for standing up for an amendment to this bill that is consistent with the long tradition of this Government, and which conforms with the fundamental principles of the Constitution. I hope the amendment will be adopted.

Mr. GORE. I am most grateful for the generous, eloquent, and able remarks which the senior Senator from Idaho has expressed. I only wish, Mr. President, that every Member of the Senate could have heard the erudite statement which the senior Senator from Idaho has just made with respect to the issue pending before the Senate in the amendment which the Senator from Ohio [Mr. LAUSCHE] and I have submitted.

I wonder if the Senator, after that very eloquent statement, would be willing to lend to the amendment the prestige of his cosponsorship?

Mr. CHURCH. Mr. President, I question whether it would lend prestige to the amendment, but I am honored by the invitation of the Senator from Tennessee, and I am happy to join in cosponsoring the amendment.

Mr. GORE. Mr. President, I ask unanimous consent that the senior Senator from Idaho may be listed as a cosponsor of the amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. YARBOROUGH. Mr. President, will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. YARBOROUGH. I wish to commend the distinguished junior Senator from Tennessee and the distinguished senior Senator from Idaho for their statements. As I listened to the eloquent appeal by the distinguished Senator from Idaho, I thought of another great Senator from the great State of Idaho whom I heard as I sat in the galleries years ago, Senator Borah. I thought that here was a younger man from Idaho, also on the Foreign Relations Committee. I never dreamed the day would come when I would stand on the floor of the Senate and see another Borah coming from that State to lend his eloquence and leadership to his body.

I do not want to embarrass the distinguished Senator from Tennessee, but, as I have been here day after day and watched the two Senators from Tennessee lead the fight to save for the people of the United States this great heritage, I could not help thinking, as a Texan, of two other great Tennesseeans who, in 1836, led the revolution in Texas, first to establish it as in independent nation, and then as a State of the Union. I think of Davy Crockett and Sam Houston and the great contributions that were made to the history of Texas by those two great men from Tennessee.

Now, in Senator Gore and in Senator Kefauver we have two other great leaders, fighting, not to restrict the President's power, but to restore it; and the victory will be for the President only if the amendment for which the Senator from Tennessee is fighting today prevails.

I know the distinguished Senator from Tennessee, as a member of the Foreign Relations Committee, is conversant with the procedure and precedents of the past.

In the colloquy had between the Senator from Tennessee and the Senator from Idaho they just developed the fact that never before in our history has the Senate been asked to vote away to a private corporation the power to negotiate with foreign nations. That power belongs to the Executive, but the Senate has the power to ratify treaties. The Senate is asked to vote away to a private corporation the power of negotiating with foreign nations.

I want to refer to Executive K, 87th Congress, 1st session, which was an International Convention for Safety of Life at Sea. That treaty was ratified by the 87th Congress. It exemplifies what the Senator from Tennessee and the Senator from Idaho have stated here—that in the past, although private advisers have gone to these international conventions, the negotiation has been conducted by officers of the Government. The convention I have mentioned was attended by 65 representatives of the United States. As is recited in the document I hold in my hand, the convention was brought about by the collision between the liner *Stockholm* and the *Andrea Doria*, when they collided in the vicinity of Nantucket Lightship, as a result of which 50 people lost their lives and the *Andrea Doria* sank.

They were fine, new ships, but it was discovered that the Convention of 1948 for Safety of Life at Sea was obsolete. So the seafaring nations of the world agreed on a new convention because of what happened in that collision between the *Stockholm* and *Andrea Doria,* which showed that new regulations and equipment were needed.

This Nation was represented by 65 persons at the convention and there were 74 persons from the United Kingdom. It was a great international convention.

I ask unanimous consent that there may be inserted in the RECORD at this point, Mr. President, the names of the delegates representing the United States, taken from page 20 of the report. I shall not put the whole convention in the RECORD, in the interest of space.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

For the Government of the United States of America: Alfred C. Richmond, R. T. Merrill, Robert T. Bartley, John P. Comstock, Irving T. Duke, Arthur Randolph Gatewood, Henry T. Jewell, Vito L. Russo, Lyndon Spencer, Charles P. Murphy, Albert J. Carpenter, John W. Heck, Robert I. Price, Archibald H. McComb, Jr., Oscar C. B. Wev, William G. Allen, Harry J. Parker, Charles B. Smith, Ben H. Davis, George C. Steinman, Paul A. Lutz, Stewart Springer, Joseph A. Cerina, William G. Watt, Edward G. Magennis, Charges M. Robertson, Wayne Mason, Curtis B. Plummer, Duncan D. Peters, W. E. Smith, E. M. Webster, John C. Neidermair, R. R. Waesche, George R. Jacobs, Harold R. Woodyard, Jonathan A. Sisson, E. E. Benzenberg, M. G. Forrest, Owen H. Oakley, James B. Robertson, Jr., Maurice J. Scanlon.

Mr. YARBOROUGH. I also ask unanimous consent that the excerpt containing the names of the two plenipotentiaries who actually signed the treaty on behalf of the United States, which appear on page 26 of the list—namely, Adm. Alfred C. Richmond, Commandant of the U.S. Coast Guard, and Robert T. Merrill, Chief of the Shipping Division, Department of State—be printed at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The United States of America: Adm. Alfred C. Richmond, Commandant of the U.S. Coast Guard; Mr. Robert T. Merrill, Chief of the Shipping Division, Department of State.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the chart appearing at page 276 of the convention, showing how the U.S. delegation was made up, be printed at this point in the RECORD.

There being no objection, the list of the delegation was ordered to be printed in the RECORD, as follows:

U.S. DELEGATION TO SOLAS CONFERENCE, 1960

SECRETARIAT

Coordinator: Capt. Albert J. Carpenter (U.S. Coast Guard).

Technical secretary: Lt. Comdr. Robert I. Price (U.S. Coast Guard).

Secretary of delegation: Mr. Maurice J. Scanlon (State).

GENERAL PROVISIONS COMMITTEE

Adm. Alfred C. Richmond, U.S. Coast Guard (Commandant, U.S. Coast Guard), chairman of delegation.

Mr. Robert T. Merrill (Chief, Shipping Division, State Department), vice chairman of delegation.

Delegates: Mr. Robert T. Bartley (FCC), Mr. John P. Comstock (Shipbuilders' Council), Rear Adm. Irving T. Duke (U.S. Navy, retired), Mr. Arthur Gatewood (ABS), Mr. Vito L. Russo (Maritime Administration), Rear Adm. Henry T. Jewell (U.S. Coast Guard).

Advisers: Capt. Albert J. Carpenter (U.S. Coast Guard), Mr. Ralph E. Casey (American Merchant Marine Institute), Mr. Ben H. Davis (State), Rear Adm. Walter C. Ford, U.S. Navy (retired) (Maritime Administration), Mr. George R. Jacobs (State), Mr. Alex Kerr (Lykes Lines), Mr. Leigh R. Sanford (Shipbuilders' Council), Vice Adm. Lyndon Spencer (U.S. Coast Guard, retired), (Lake Carriers Association).

COMMITTEE ON CONSTRUCTION

Mr. John P. Comstock (Shipbuilders' Council), chairman. Advisers: Mr. Edwin E. Benzenberg (Gibbs & Cox), Mr. Matthew G. Forrest (Gibbs & Cox), Mr. John W. Heck (ABS), Comdr. Archibald H. McComb (U.S. Coast Guard), Mr. John C. Niedermair (naval architect), Mr. Owen H. Oakley (U.S. Navy, Bureau of Ships), Lt. Comdr. Robert I. Price (U.S. Coast Guard), Mr. James B. Robertson (U.S. Coast Guard), Mr. Vito L. Russo (Maritime Administration), Rear Adm. Halert C. Shepheard (U.S. Coast Guard, retired) (AMMI), Lt. Comdr. Jonathan A. Sisson (U.S. Navy) (Bureau of Ships), Comdr. George C. Steinman (U.S. Coast Guard).

Subcommittees on subdivision, stability, and watertight integrity

Mr. Comstock, spokesman; Mr. Forrest, Mr. Niedermair, Mr. Oakley, Lieutenant Commander Price, Mr. Robertson, Mr. Russo, Rear Admiral Shepheard, Lieutenant Commander Sisson.

Subcommittee on machinery and electrical

Mr. Heck, spokesman; Commander McComb, Lieutenant Commander Price, Commander Steinman.

Subcommittee on fire protection

Mr. Benzenberg, spokesman; Commander McComb, Lieutenant Commander Price, Commander Steinman.

COMMITTEE ON LIFE SAVING APPLIANCES

Rear Adm. Henry T. Jewell, U.S. Coast Guard (Chief, Office of Merchant Marine Safety), chairman. Advisers: Mr. William G. Allen (Maritime Administration), Mr. Charles E. Hoch (U.S. Navy-MSTS), Mr. Leslie H. Quackenbush (States Marine Lines).

COMMITTEE ON RADIOTELEGRAPHY AND RADIOTELEPHONY

Mr. Robert T. Bartley (Commissioner, FCC), chairman. Advisers: Mr. Wayne Mason (RCA), Mr. Duncan D. Peters (FCC), Mr. Edward C. Phillips (American Merchant Marine Institute), Mr. Curtis B. Plummer (FCC), Lt. William E. Smith (U.S. Coast Guard), Mr. William R. Steinberg (American Radio Association), Mr. M. H. Strichartz (American Radio Association), Mr. G. G. Thommen (Mackay Radio), Mr. Harold R. Woodyard (FCC).

COMMITTEE ON SAFETY OF NAVIGATION

Rear Adm. Irving T. Duke (U.S. Navy, retired) (Office of Chief, Naval Operations), chairman. Advisers: Capt. B. B. Backston (U.S. Lines), Mr. Joseph A. Cerina (National Cargo Bureau), Mr. Arthur W. Johnson (U.S. Weather Bureau), Lt. Comdr. Paul A. Lutz (U.S. Coast Guard), Capt. Edward J. Magennis (U.S. Navy) (JAG), Capt. Harry J. Parker (National Cargo Bureau), Mr. Edward C. Phillips (American Merchant Marine Institute), Capt. Charles M. Robertson (U.S. Navy) (CNO), Rear Adm. Halert C. Shepheard (U.S. Coast Guard, retired) (AMMI), Mr. Charles B. Smith (U.S. Coast Guard), Mr. Stewart Springer (Fish and Wildlife), Capt. Russell R. Waesche (U.S. Coast Guard), Mr. William G. Watt (U.S. Navy-Hydro), Commodore Edward M. Webster (U.S. Coast Guard, retired) (Radio Technical Command), Capt. Oscar C. B. Wev (U.S. Coast Guard).

Subcommittee on grain and ore

Captain Parker, spokesman; Captain Backston, Mr. Cerina, Mr. Fleming, Rear Admiral Shepheard.

Subcommittee on safety of navigation

Captain Wev, spokesman; Mr. Johnson, Lieutenant Commander Lutz, Mr. Phillips, Captain Robertson, Mr. Springer, Mr. Watt, Commodore Webster.

Subcommittee on collision rules

Captain Magennis, spokesman; Captain Wev, Captain Robertson, Mr. Springer.

Subcommittee on dangerous goods

Mr. Smith, spokesman; Captain Backston, Mr. Cerina, Rear Admiral Shepheard, Captain Waesche.

COMMITTEE ON NUCLEAR POWER

Mr. Arthur Gatewood (vice president-engineer, American Bureau of Shipping), chairman. Advisers: Dr. Clifford K. Beck (AEC), Dr. William M. Breazeale (Babcock & Wilcox), Mr. John M. Dempsey (States Marine Lines), Mr. David W. Fleming (States Marine Lines), Capt. Leonard R. Hardy (U.S. Navy) (CNO), Mr. Harborough I. Lill (New York Shipbuilding Co.), Mr. Douglas C. MacMillan (Geo. A. Sharp Co.), Capt. Charles P. Murphy (U.S. Coast Guard), Mr. Donald J. Nelson (Public Health Service), Mr. David H. Specht (Maritime Administration-AEC), Comdr. George C. Steinman (U.S. Coast Guard), Mr. E. Kemper Sullivan (Maritime Administration-AEC), Mr. James G. Terrill (Public Health Service).

Mr. YARBOROUGH. The chart shows that the delegation was headed by the Chairman, Adm. Alfred C. Richmond, Commandant, U.S. Coast Guard, and the Vice Chairman was Robert T. Merrill, Chief of the Shipping Division of the State Department.

It shows the names of the six delegates who accompanied them and their advisers. It shows other advisers from ship lines and private business were there as advisers, but that the official representatives of the Department of State conducted the negotiations for the President of the United States.

This is the way it is done; and if we had an international convention, reserving this right for the President, doubtless the companies would have advisers, just as occurred in the case of the shipping convention. But there is a difference between being an adviser, seeing what technically can be done, and conducting negotiations. In that convention there were shipowners and representatives there who knew something about navigation, but there was no attempt to take away from the President and the Secretary of State the power to negotiate treaties.

All the Senator from Tennessee is asking is that the same power be preserved to the President, as the Constitution of the United States provides. Representatives of A.T. & T. and I.T. & T. would go along, named as delegates by the President, but when it came to signing treaties, only officers of the United States, with their full time dedicated to the Government of the United States, could sign the treaties as plenipotentiaries.

There are ample precedents for how to negotiate treaties when expert advice is needed.

There were named 65 delegates from this Nation, 74 from the United Kingdom, 12 from the Union of Soviet Socialist Republics, 26 from Norway, 49 from the Federal Republic of Germany, and 26 from Japan. Apparently it depended somewhat upon the interest of the nation as to how many were named.

With respect to the signing of treaties, only the officials of the governments had the power to bind the governments.

It would be strange and anomalous to take that power away from the Government and, instead of permitting representatives of private businesses to act only as advisers, to give to them the Government power, such as is proposed.

I commend the distinguished Senator from Tennessee for bringing to us his knowledge, acquired from many years of service on the Committee on Foreign Relations. He has served ably in respect to the treatymaking functions of the Senate.

We should not give to a private organization the power provided under the Constitution to the Senate of the United States, with reference to treaties, as we are now asked to do, to permit a private corporation to make treaties on its own.

The proposal attempts to delegate the power of the Government, which is irrevocably, by the Constitution, vested in the President and in the Senate. We are asked to give that power to a private corporation. This is something the Founding Fathers would never have considered. What would Jefferson, Madison, Franklin, and Washington have thought of that kind of a proposal, under the Constitution of the United States?

I congratulate the Senator from Tennessee.

Mr. GORE. Mr. President, I point out to the senior Senator from Texas that this right, this privilege, this power which the pending bill proposes to vest in the corporation, to negotiate on behalf of the United States, is not to be exercised for national purposes but, instead, for the profit of the stockholders of the proposed corporation. It is inconceivable to me that the United States would seriously consider taking such an action.

The issue is squarely joined by the pending amendment. In my opinion, no statement by the Secretary of State in a hearing before a committee and no exchange on the floor of the Senate can obliterate the clear and unmistakable legislative history on this issue. If the Senate votes down the pending amendment, then the Government of the United States will be given at best an ambiguous position, and at worst—which I believe would be the fact—a secondary position in the many international negotiations which will be necessary to bring into being a global satellite communications system.

Proponents of the bill have referred to section 403 as being available to the Government to compel the corporation to conform its operations with official Government policy in case there should be a disagreement. Section 403 would authorize the Attorney General of the United States to go into court to seek an injunction to compel the corporation to comply with the terms of the act. But the mission of the corporation, Mr. President, is to make a profit. Could the corporation, under this provision, be enjoined to follow a course of action which would be unprofitable? What would be the outcome of litigation based upon a contention that the corporation refused to comply with the "supervision" of the President issued pursuant to section 201(a)(4)? Distinguished attorneys appearing before the Senate Foreign Relations Committee suggested that the outcome would be uncertain and that, even should the outcome be in favor of the Government, it would indeed be a cumbersome and anomalous way to seek to implement the foreign policy formulated by the President of the United States in accordance with his responsibility under the Constitution of the United States.

I raised this issue previously during debate on the floor of the Senate. It was in large measure for study of this problem and for correction of this defect in the bill that I sought consideration of the bill by the Committee on Foreign Relations. I observe that the distinguished Secretary of State, in appearing before the committee in his testimony, undertook to place a construction on the language to which I have referred which would be most favorable to the rights of the Government. I must say that I was somewhat surprised at some of the assertions made by the Secretary as to the meaning of the language which is now in the bill.

I do not wish to be misunderstood, Mr. President. It is my view that the primacy of the President of the United States in the conduct of international negotiations must be upheld in every respect.

Let me refer again to the legislative history of section 402 as it now stands. The President of the United States recommended a provision which would clearly reserve to the President, acting through the Department of State, authority to exercise full control over the conduct of international negotiations on matters affecting foreign policy of the United States, as they will be involved in establishment of a satellite communications system. The language recommended by the President was stricken from the bill. In its place we find language which transfers the initiative from the President of the United States to the proposed corporation, and authorizes this corporation to proceed to negotiate merely upon advising the Department of State of its intentions. The language in the bill does not even require specifically that the notice be given in advance. It merely provides that whenever the corporation shall enter into negotiations it shall advise the Department of State.

For what purpose was the original language stricken, Mr. President, if not to weaken the hand of the President of the United States?

It may well be, Mr. President, that after a satellite communications system is established and in operation there may be matters to be negotiated by the nations participating in the system which are minor in nature and which would not materially affect the foreign policy of the United States. This will not be true of the initial negotiations, but it could be true with respect to some subsequent negotiations after the system is in operation. Under the language recommended by the President, the Government could permit the proposed corporation to negotiate on matters that were purely "business." The question is: "Where rests the power to decide whether a given matter to be negotiated so affects the foreign policy of the United States as to require government-to-government negotiations?" Under the language recommended by the President the authority to make that decision would clearly lie with the Government. Under the language in the bill the proposed corporation would have the initiative, and no such right would be clearly reserved to the Government.

Under the language of the bill the corporation could proceed to negotiate with anyone—the Russians, the Chinese, or our friends in Europe, or with any nation. And let me remind my colleagues, Mr. President, that when the corporation negotiates, its mission will be to conclude an agreement that will insure a profit for its stockholders. That objective might, or might not, be clearly consistent with the foreign policy of the United States.

Mr. President, this is a serious defect in the bill. In my view, the authority to control the conduct of international negotiations which affect the foreign policy of the United States in the space communications field must clearly and unequivocably rest with the President of the United States. We must rely on the President of the United States in the area of foreign policy to promote the national interest, including the interests of the proposed corporation. We cannot safely rely upon the management of a proposed corporation, whose officials are not named and whose mission is to make a profit for its stockholders, to promote and protect the foreign policy objectives of the United States.

This defect in the bill can be corrected, Mr. President, by restoring to the bill the language recommended by the President of the United States. The language is explicit. The language is in conformity with the Constitution of the United States and the practice of our Republic through many, many years.

I urge Senators to consider this most carefully in the exercise of their individual responsibilities as Members of the U.S. Senate.

Mr. KEFAUVER. Mr. President, I congratulate my distinguished colleague upon his very fine argument and upon the presentation of the amendment. There can be no question about it, the foreign policy of the United States should be negotiated by the President through the State Department. We cannot afford to abandon our Constitution, our historical bases and precedents, assigning the sovereignty of the United

States to a private corporation to negotiate with other nations in international affairs.

(At this point Mrs. NEUBERGER assumed the chair as Presiding Officer.)

Mr. KEFAUVER. Madam President, not only is it not proper, but also it is unthinkable to assign and delegate the treatymaking powers of the United States to a private corporation. It is equally unthinkable to believe that the interests of a private corporation would be the same as those of the United States. The private corporation's interests might not be—in most instances might not be—the same as the interests of the Government of the United States.

We ought to examine what are the interests of the private corporation to which we are asked to delegate the sovereign power to negotiate with foreign governments. We know that among the corporations most interested are A.T. & T., RCA, I.T. & T., the big communications carrier. There is not any question that if the power to conduct foreign policy negotiations is delegated to the corporation it would be dominated by A.T. & T., which, of course, has many fine and able people working for it. The interests of the corporation may not be, and are not likely to be, the same as the interests of the United States.

I wish to say something now about A.T. & T.

It is almost a truism that when a big Government giveaway is about to be consummated, if one looks long enough and hard enough he will find one or more of the recipient's employees, agents or friends boring from within. This is particularly easy in the case of space communications, because the Government is already honeycombed with A.T. & T. "alumni."

A good example of how the wrong bees get in the honeycomb was the Dixon-Yates giveaway proposal. There, after a lot of digging, we unearthed Mr. Adolph Wenzel, who, simultaneously was working for the Bureau of the Budget and the First Boston Corp., an agent for Messrs. Dixon and Yates. This revelation put an ax handle through the spokes of that deal.

The size of the proposed giveaway of space communications to A.T. & T., and others, accompanied by the most intense lobbying activity in history by A.T. & T., led me to wondering whether the expected agent or agents might not also be lurking in the shadows in this case. I remembered the scandal that broke in 1958 at the Celler committee hearings in the House of Representatives when it was revealed how A.T. & T. had managed to get its antitrust suit settled.

In brief, what happened is this: Dr. Mervin Kelly, president of A.T. & T.'s Bell Laboratories, was also an adviser to to the Secretary of Defense, Mr. Charles E. Wilson. Dr. Kelly wrote a memorandum to Secretary Wilson, at the request of Wilson's Deputy Secretary, outlining why the Department of Justice's suit against A.T. & T.—for the divorcement of its manufacturing subsidiary, Western Electric—should be dropped. Mr. Wilson then put the memo in letter form, almost identically, signed it, and sent it to the Attorney General, Mr. Brownell. In due time, the Justice Department agreed to a consent decree in which Western Electric was neither divorced from A.T. & T. nor forced to compete in supplying hardware to A.T. & T.; it was, in short, a complete victory for A.T. & T.—and Dr. Kelly.

Guess what. Dr. Kelly is back in town—this time as an adviser at NASA rather than the Defense Department. I did not learn of this fact until very recently, and I do not yet know exactly what he is doing at NASA, except Senators may be sure that he is very busy pushing the interest of A.T. & T.

All I know at this time is that he is working on space communications satellites. His very presence as a government adviser, however, came as a shock in view of his past activities. Maybe we should appoint a convicted price-fixing executive as an adviser to the Assistant Attorney General in charge of the Antitrust Division.

I also find that Dr. Kelly is not alone in the current membership of the "Society of the Friends of A.T. & T. in Government." But maybe I should go back and explain how I discovered Dr. Kelly's return to Washington.

When the Senate Antitrust and Monopoly Subcommittee began its investigation into the anticompetitive aspects of proposals for commercial space satellites, I wrote all of the international common carriers and General Telephone & Telegraph and asked them for the names of persons on loan to the Government who were working in the field of space communications.

A.T. & T.'s reply was prompt and brief. It listed only two persons, Mr. D. P. Ling and Mr. J. R. Pierce. However, one of these names rang a bell with me. I recalled seeing a statement earlier this year by Dr. Pierce which was exceedingly critical of the U.S. space communications efforts. If what he said is correct, we are in deep trouble. I also wondered about the propriety as well as the accuracy of his remarks. I had a member of my staff look up the statement. It is entitled "Stringent Missile Standard Held Key to Com Success" and was published in the Electronic News on March 5 of this year. I was particularly interested that a Defense Department adviser would publicly question and disparge "the goals and chances for success of the Army Advent program."

Madam President, the other day in a colloquy with the distinguished Senator from Pennsylvania [Mr. SCOTT], he said that the same Dr. Pierce, presumably while advising here for the Government, told him that his great problem with A.T. & T. in getting the Telstar going was not a question of technical details, but was concerned with legislative questions. In other words, the Government, working for Telstar and A.T. & T. was having trouble with legislative details, apparently trying to persuade or influence Members of the Congress.

In addition to writing to the communication carriers, I also wrote to a number of Government agencies engaged in space communications work and asked them for the names of employees who were employed by A.T. & T. and its subsidiaries currently or in the past.

The date on the substantive reply from NASA is June 13, 1962. It is in this letter that Dr. Kelly is listed as consultant, space program planning and policy. As I said earlier, I have not had time to investigate into the details of his activities, with respect to space satellite communications, but I am sure he is taking an active part for A.T. & T.

My curiosity was aroused by the appearance in the letter from the Department of Defense of the name of Dr. Brockway McMillan, an A.T. & T. man, as Assistant Secretary of the Air Force for Research and Development, a most important position in the Air Force—head of their entire research and development program—a most important and massive program.

Regardless of ability of Dr. McMillan, this seemed an odd spot to pick for a man who had spent most of his adult life at Bell Labs. Yet, he had been routinely cleared by the Senate.

He was with Bell Laboratories from 1946 until 1961. He then came to take up the important job of Assistant Secretary of the Air Force for Research and Development.

Dr. McMillan's name did not appear in the brief list of two persons submitted by A.T. & T.; but, my request of A.T. & T. could be interpreted in a very narrow way as not to require submission of his name. However, its omission also seemed curious, as Dr. McMillan occupied, by far, the most prominent position of all A.T. & T. employees and "alumni," and he had worked at Bell Labs continuously from 1946 until 1961.

I assumed, because of his recent past and constant connection with A.T. & T., that Dr. McMillan would disqualify himself from all decisions involving A.T. & T., Western Electric, and Bell Labs. To confirm this, I asked the Secretary of the Air Force to let me review documents and manuscripts by Dr. McMillan, as Assistant Secretary, and relating to space communications.

I was able to make this review only recently. I made the request and have reviewed most of the documents, including two very important ones.

What did I find?

Much to my amazement, I found that Dr. McMillan not only did not disqualify himself from decisions bearing on A.T. & T., he has also deliberately and gratuitously gone out of his way to help A.T. & T. with the low-orbit Telstar system and disparage the efforts of A.T. & T.'s competitors who want to develop a synchronous system.

Before that, when he was still with Bell Laboratories, he had testified and filed a statement with the FCC, in which he, with other A.T. & T. employees, discussed the space problems in which A.T. & T. is interested.

I do not know to what extent Dr. McMillan has acted out of pure motives or bad motives.

I do not know if he consciously intended to help A.T. & T.

I do not know to what extent he acted to help the Air Force in its white-hot feud with the Army over the development of the space communications program.

I do know, however, that with his background, it is shocking to find him taking an active role in furthering the fortunes of A.T. & T. and spiking those of its competitors, and in disparaging the Advent program, the synchronous satellite proposal.

It is possible that Dr. McMillan has only exercised bad judgment. That is possible. He has taken A.T. & T.'s side both in advocating a low-orbit system and in advocating that the Government at least indirectly help A.T. & T. in its low-orbit Telstar system.

I cannot go into the details of these memorandums, but I do think the Senate ought to know the details. In order to do that, at this time it would be necessary to clear the galleries and to have them read to the Senate confidentially.

On May 21, 1962, Assistant Secretary of the Air Force McMillan, the man from A.T. & T., sent a memorandum to the Director of Defense, Research and Development, Department of Defense, which in substance had this proposal: That the Air Force should spend approximately $1,350,000 of its funds actually to assist A.T. & T. in the Telstar program; that the funds were to be used for the leasing from I.T. & T. of two portable ground stations, one of which was to be transported to the Southern Hemisphere by the Air Force. The Air Force was to participate in the Telstar operations. The Air Force funds would be made available by reprograming funds already appropriated to the Air Force. The Air Force would not only lease the ground stations and transport the one station to the Southern Hemisphere, but would also operate them for the benefit of the Air Force, A.T. & T., and I.T. & T. A part of the proposal was for a coordinating team consisting of A.T. & T., I.T. & T., and the Air Force. The million dollars was to be spent in the furtherance of the study of information that might be gotten in which A.T. & T. would share. Let me say in connection with Dr. McMillan that I have confidence in Mr. Zuckert. I have asked him to make the information public.

Mr. BARTLETT. Madam President, will the Senator yield?

Mr. KEFAUVER. I am happy to yield to the distinguished Senator from Alaska.

Mr. BARTLETT. The Senator from Tennessee is, in my opinion, making a statement that ought to be heard not only by all Members of the Senate but also by the entire country. It is important. It may even be vital. The Senator in effect is making some very serious charges. I should like to ask him whether he himself has seen the documents from which the information he is now giving us was obviously produced.

Mr. KEFAUVER. This is shocking, that a man directly out of Bell Laboratories would use his influence for these purposes. I have seen and read the documents. I cannot discuss the details of them, but they are signed by Dr. McMillan. One disparages the high synchronous system, the Advent system. The obvious purpose of it was to get it settled and to get us committed to a low-orbit system, Telstar or something like it.

Mr. BARTLETT. Is not the low-orbit system the one which so many people have said is less efficient than the high-orbit system may well prove to be?

Mr. KEFAUVER. There is no question about it. All of the witnesses, or most of those who know about these matters, say that eventually we will have to have a high-orbit system. These memorandums, signed by Dr. McMillan, the head of Research and Development for the Department of the Air Force, is directly disparaging the high-orbit Advent system, and recommends the low-orbit Telstar-type system.

In the other document that I have seen, Dr. McMillan recommends that the Air Force should use its funds to lease two ground stations also from I.T. & T. So far as I know, the money has been spent, and that is going on now. I have not followed up the details. I have urged Mr. Zuckert—whom I like and who I think is a fine Secretary—that this situation and these documents be made public. I cannot make them public, and Mr. Zuckert declined to do so.

Mr. BARTLETT. In what manner, may I ask, are they privileged?

Mr. KEFAUVER. They are marked "secret."

Mr. BARTLETT. By the Department of Defense?

Mr. KEFAUVER. Yes.

Mr. BARTLETT. It would not be beyond the capacity, however, of the Senate to make a careful inquiry into the nature of these documents and to make an assessment of whether the contention that they ought to be secret is valid or not. The Senate could do it, could it not, if time were taken to inquire and investigate?

Mr. KEFAUVER. The Senate, of course, can do that. On previous occasion it has cleared the galleries and gone into executive session and has demanded that documents like this ought to be read. That should be done before the motion to gag us is acted on.

Mr. BARTLETT. Is the Senator saying in effect that these documents might be stamped "secret" for purposes of national defense or for quite different reasons?

Mr. KEFAUVER. That is true. Mr. Zuckert has said that there was not anything secret about them. I wrote him that he let the public know what these documents were and let the Congress know what they were. That has not been done.

Mr. BARTLETT. That should be done.

Mr. KEFAUVER. It certainly ought to be done. Anyway, it shows what kind of situation we are getting into when we turn our foreign policy over to A.T. & T. and these other corporations.

Unfortunately, the Department of the Air Force is not the only Government agency infiltrated by A.T. & T. Senators will hear about a number of others before this debate ends, at least if the gag rule is not put on us.

A.T. & T. has dominated and intimidated Government agencies for years. It may continue to do so for years to come. But it shall not do so without being exposed to the view of public opinion and reaction.

I shall have more to say soon on A.T. & T. and the General Services Administration, which I understand other Senators will discuss, and NASA and the Department of Justice, and other Government agencies and their relations with A.T. & T.

I think it is obvious that the primary reason for A.T. & T.'s honeycombing the Government is to protect its monopoly and further, to protect its huge investments in such things as undersea cables from being obsoleted by such revolutionary things as space satellites.

You can bet your bottom dollar that, if H.R. 11040 passes, the new satellite corporation will be dominated by A.T. & T., and that it will be the Telstar system which is adopted.

As a matter of fact, provisions of the pending bill now require conformity with existing facilities. Of course, they already have a great many existing facilities. The bill commits us irrevocably not to the system that will put us ahead in space communications, but one which will be obsolete within 2 or 3 years.

This dominance of A.T. & T. will be aided and abetted by A.T. & T. influence in those Government agencies which are both to cooperate with the new corporation and to regulate it.

In my view, we cannot and should not trust our all-important future in space communications to a private monopoly of this type.

Madam President, I yield the floor.

Mr. BARTLETT. Madam President, I want to tell the Senate the story of an A.T. & T. which is so powerful that it can undo the will of Congress by immobilizing, if not destroying, a small Government unit that had saved the taxpayers millions of dollars by working for reductions in excessive telephone rates.

The story begins on July 14, 1959. On that date, 12 employees of the General Services Administration received individual cash awards ranging from $200 to $3,000 for what was described as "exceptional accomplishment resulting in estimated savings to the Government of more than $100 million over a 10-year period." The individual awards totaled $10,000 and constituted the largest group monetary award ever given in GSA.

The 12 employees receiving these awards had been members of what was called the SAGE project team. SAGE is the first letter abbreviation for "semiautomatic ground environment." This is a system of communications contracted for by the Air Force to shorten the time interval between the discovery of attacking enemy aircraft and the use of planes and missiles to bring them down.

As we all know, the use of private line telephone services for this purpose involves tremendous costs to the Government. GSA's role in the project was to represent the Government's interests in rate proceedings before Federal, State, and local regulatory bodies.

Referring to the achievements of the 12 GSA employees receiving the cash awards, GSA declared:

> The extraordinary efforts of all the members extending over a 2-year period resulted in rate reductions and consequent savings to the Government far beyond expectations.

That was on July 14, 1959. Madam President, the A.T. & T. vice president in charge of regulatory matters is one Edward B. Crosland, who maintains offices at both 195 Broadway, New York City, and 1730 K Street NW., Washington, D.C.

This is the same Mr. Crosland who played a leading role in lobbying the individual members of the Federal Communications Commission at a crucial point in behind-the-scenes maneuvering that resulted in the consent-decree giveaway to A.T. & T. during the previous administration. As shown by the investigation of this giveaway by the Celler Antitrust Subcommittee in the House, there were long-distance telephone calls during this crucial period between Mr. Crosland and individual members of the FCC even at his home.

This is the same Mr. Crosland who was hovering in the background during proceedings before the FCC in 1961 which led to the establishment of the ad hoc carriers' committee on space satellite communications.

When last heard from, Madam President, this same Mr. Crosland was chasing around the country making speeches—aided by fancy props—favoring the giveaway in satellite communications which some of us are trying here today to prevent.

But to get back to Mr. Crosland in 1959: A few weeks after the GSA awards ceremony, Madam President, there was a meeting of the Transportation and Communications Committee of the U.S. Chamber of Commerce. This meeting was held on September 9 and 10, 1959, and Mr. Crosland attended.

The evidence is clear that he was burned up about the actions of GSA. In an account of the meeting, the September 19, 1959, issue of Traffic World, at page 31 reported:

> The subject of intervention by Government departments or nonregulatory agencies in rate cases or acquisition cases was brought up by Mr. Crosland of A.T. & T., after action on the expiring policies had been completed. It was a wasteful duplication of effort, he contended, for the General Services Administration to make representations before the FCC when the latter agency had its own Common Carrier Bureau which was charged with protection of the public interest, including that of the Government.
>
> "We think it unfair for the Government to appear in these cases as prosecutor," he (Mr. Crosland) said. "About a year ago, 20 State commissions sent a letter to the Senate Appropriations Committee protesting against GSA activities. Recently, at the FCC, the GSA filed a petition to reduce our private-line telephone rates, and the FCC did reduce them. * * * I haven't proposed any recommendations, but I think we should spell out our opposition."

Madam President, I wish to repeat this one quotation attributed to Mr. Crosland—that the GSA had "filed a petition to reduce our private-line telephone rates, and the FCC did reduce them." I suggest that this, together with the cash awards so recently given to the GSA people, was the source of his anger.

What was the upshot of his speech before the U.S. chamber committee? According to the same issue of Traffic World, at page 27:

> Chairman Carey (of the transportation and communications committee) appointed a subcommittee to study the matter and report its recommendations with respect thereto at a later meeting of the committee. Edward B. Crosland, vice president of American Telephone & Telegraph Co., New York City, was named chairman of the subcommittee.

Thus began, Madam President, a concerted campaign to weaken what was then known as the Transportation and Public Utility Service—TPUS—of GSA. It was carried on through not only the U.S. Chamber of Commerce but also the National Association of Railroad and Utilities Commissioners, individual State regulatory commissions, elements of the transportation industry, and other groups.

Hearings on the GSA appropriation for fiscal 1962 before the Senate Appropriations Subcommittee on Independent Offices are full of examples of organized opposition to the activities of the little TPUS unit in GSA.

I refer Senators to pages 925 to 928 for a statement on behalf of the Transportation Association of America; to pages 929 to 932 for a statement on behalf of the U.S. Chamber of Commerce; to pages 1051 to 1058 for statements on behalf of the U.S. Independent Telephone Association, the Air Transport Association of America, several so-called independent telephone companies and others; to pages 1318 to 1320 for letters and statements by or on behalf of the chairman of the Virginia State Corporation Commission, Mr. P. M. Shoemaker, of the Erie-Lackawanna Railroad Co.—who, incidentally, was a member of the Crosland subcommittee—and representatives of the Arizona Railroad Association and the Alabama Public Service Commission.

On pages 917 and 918 of this same record, Madam President, will be found the text of an oftquoted resolution adopted at the 1960 annual convention of the National Association of Railroad and Utilities Commissioners, calling for curbs on GSA's appearances before regulatory bodies. In a moment, I should like to explain the circumstances under which this resolution was adopted.

The casual observer might conclude that all of these statements, letters, and resolutions by these individuals and groups were spontaneous. However, Madam President, there is persuasive evidence that the campaign was organized and directed from A.T. & T. offices right here in Washington.

In August 1960, the head of the A.T. & T. Washington office sent a communication to all so-called public affairs representatives and all general counsels in the Bell system listing a number of businesses and trade organizations which allegedly had become concerned about GSA's interventions in regulatory proceedings. He noted that the U.S. Chamber of Commerce, the Air Transport Association, and the Movers' conference had adopted anti-GSA resolutions and that others—including the Transportation Association of America, the Association of American Railroads, the Independent Natural Gas Association and others—were expected to follow suit very shortly.

Then he made the admission that A.T. & T. had conferred with many of these businesses and trade organizations, including their lawyers, and discussed with them their policies toward GSA.

Moreover, he admitted that A.T. & T. had discussed with these people the contents of a 65-page anti-GSA memorandum prepared by A.T. & T. which A.T. & T. had sent to these organizations and which many of these organizations, in turn, had mailed to their members.

Indeed, Madam President, A.T. & T. carried on a most concerted campaign to whip up antagonism against this little TPUS unit in GSA, a unit whose only sin was trying to protect the public interest. They even brought in reinforcements from the associated Southern Bell Telephone Co. in Atlanta in the person of an attorney who was kept busy for months preparing legal study after legal study and report after report and writing letter after letter—all in support of the proposition that the TPUS unit in GSA just had to go.

He was a very busy man. He wrote to the Alaska Steamship Co.: the Delaware, Lackawanna & Western Railroad Co.; the Eastern Railroad Presidents Conference; the Railway Express Agency; the Connecticut Light & Power Co.; the Washington Gas Light Co.; the Southern Co.; Western Union—to both New York and Washington offices—the Baltimore & Ohio Railroad Co.; the First National Bank of Chicago; the Commonwealth Edison Co.; the American Waterways Operators, Inc.; American Airlines; the Association of American Railroads; the Alcoa Steamship Co., Inc.; the Florida East Coast Railway Co.; the Movers Conference of America; the American Gas Association; the law firm of Smith, Gray, Hill & Rodgers of Portland, Oreg.; the Pacific Northwest Power Co.; the Montana Power Co.; and the Continental Illinois National Bank & Trust Co. of Chicago. I have read enough names to indicate that that attorney for Bell was quite a letterwriter. It appears that this Southern Bell attorney also went to Chicago to personally deliver some anti-GSA material to Continental Illinois.

And all the while, Madam President, he remained on the payroll of Southern Bell. So there he was, in Washington, being paid by the telephone ratepayers of Tennessee, Georgia, Mississippi, North Carolina, South Carolina, Florida, and Alabama, to carry on a campaign against the interests of the same telephone users and millions of others around the country.

One of the principal complaints which he helped to spread against GSA was that the taxpayers were spending an undue amount of money to finance GSA intervention in regulatory proceedings. As I shall later show, Madam President, the cost of such representation has never exceeded a few hundred thousand dollars, whereas the benefits in terms of dollar savings in telephone charges to the Government have been enormous.

I have no way of knowing how much money, time, and effort A.T. & T. spent to carry on this campaign against the interests of the taxpayers; I doubt that such information is filed with the FCC. But I am confident that the amount far surpasses the relative pittance appropriated to the TPUS unit of GSA.

As I have noted, Madam President, one of the products of this anti-GSA campaign was a resolution adopted by the 1960 Annual Convention of the National Association of Railroad & Utility Commissioners, in Las Vegas. We are indebted to the distinguished Senator from Maine [Mr. MUSKIE] for bringing to the RECORD an eyewitness account of the circumstances attending the adoption of this anti-GSA resolution.

In volume 107, part 11, page 14143, of the CONGRESSIONAL RECORD, Senators will find this account, written by Commissioner Richard J. McMahon, of the Maine Public Utilities Commission, in a letter to Senator MUSKIE, dated April 7, 1961. Commissioner McMahon said:

> When this resolution was adopted, there was only a voice vote. When the vote was taken, there were several individuals standing, asking for a call of the States by rollcall and by commission, but the president announced the results before he would recognize anybody on the floor. What he did—he allowed a motion to reconsider, but that was voted down by voice vote, and he announced that result and moved on to the next resolution before anything could be done to determine what States and commissions were in favor of the adoption of this resolution.

Commissioner McMahon's account continues—and I urge that Senators pay particular attention to this part:

> In the room at the time were possibly 100 commissioners representing most of the States and Federal commissions. Also, another 200 guests of the convention representing the affected industries of all the resolutions passed at that session were present.

Madam President, I am informed by others who were present that by far the majority of these 200 guests were employees of the Bell System, and that many of these joined in shouting for the resolution at the time when the voice vote was taken.

This, then, was the buildup which A.T. & T. had generated to prepare the way for the publication, in November 1960, of the anti-GSA report of the chamber of commerce special subcommittee which Mr. Edward B. Crosland, of A.T. & T., had inspired, and which he had been named to head.

A copy of the report may be found in the record of the fiscal year 1962 hearings before the Senate Independent Offices Appropriations Subcommittee, beginning at page 933. Substantially, it is a broadside attack on GSA intervention in rate cases before regulatory bodies; and it wound up with recommendations urging that GSA's functions in this respect be severely limited.

If anyone doubts that the aim of this report was to immobilize the TPUS unit in GSA, then let me read from the minutes of a meeting of the Transportation and Communications Committee of the U.S. Chamber of Commerce. This meeting was held at Sans Souci, Mich., on September 7–8, 1960, just a month or two before the report of the Crosland subcommittee of this group came out. Mr. Crosland was present, as was the attorney who had been lent to A.T. & T. by Southern Bell to carry on the campaign against GSA.

The discussion got around to the budget for the TPUS unit in GSA; and there is this entry in the official minutes:

> It was stated that the subcommittee felt—

And that means the Crosland subcommittee, Madam President—

> that a simple rollback in funds would not solve the situation, but what is needed is to get GSA out of such activities entirely.

"Such activities," Madam President, refers to GSA's intervention in rate cases. I do not know who slipped up and let this real aim of the Crosland subcommittee get into the official minutes, but there it is—"what is needed is to get GSA out of such activities entirely." Not a little bit, not part way, not halfway, not three-quarters of the way, but altogether destroy this unit that had saved the taxpayers well over $100 million since it commenced its effective representation before the regulatory bodies in behalf of the people, the taxpayers of the United States.

That was the way for the A.T. & T. to get the rates that it desires—put out of business this little gnat that has been biting them so hard and constantly. That is what they wanted to do. Their minutes disclose their purpose. I surely do not know how they came to leave those words in the record of the official minutes.

(At this point Mr. BARTLETT yielded to Mr. MORSE for the submission of amendments. Mr. MORSE's remarks appear elsewhere in today's RECORD.)

Mr. BARTLETT. Madam President, I have found it always easy to yield to the Senator from Oregon because I am in such thorough agreement with everything he has had to say.

To return to my basic point, and which I believe to be a very important one for the consideration of the American people and the consideration of the Senate in connection with the communications satellite bill, I want to call the attention of my colleagues to the summary to be found on page 1119 of the hearings on the independent offices appropriations for the fiscal year 1962 before the Senate Appropriations Subcommittee. This summary shows what? Well, I have been dealing in minimum figures up to this time in connection with the amount this little tiny unit of GSA has saved all of us, all the taxpayers, by its appearances in behalf of the Government before regulatory agencies of the Government. I have said the savings were in excess of $100 million.

Well, the fact is that GSA has saved the taxpayers, not $100 million, not $110 million, not $150 million, but, indeed, in excess of $160 million by virtue of its appearances before regulatory agencies. And even in this day when we are used to talking in large terms about money, that is a lot of money of the taxpayers.

And the largest saving in the summary, Madam President, is in connection with private-line telephone service in which A.T. & T. was involved and to which Mr. Crosland referred in his speech before the U.S. Chamber Committee. The 10-year saving here is listed as $100 million. It is no wonder then that Mr. Crosland, as A.T. & T. vice president in charge of regulatory matters, was so anxious to get GSA out of the picture.

At any rate, Madam President, after Mr. Crosland and his subcommittee submitted the report, the A.T. & T. lobby started to work. They began working both sides of the Capitol, trying to whittle down the Transportation and Public Utilities Service of the GSA.

Before we knew it, there was tacked onto the independent offices appropriation bill for fiscal 1962 a Senate amendment which reads as follows:

> No part of the funds appropriated by this act shall be used for the preparation or presentation of evidence or arguments before Federal and State regulatory agencies concerning the regulatory policies of such agencies on overall earnings level or total property evaluation of transportation or utility companies.

This amendment is substantially what Mr. Crosland and the A.T. & T. wanted. And we know why they wanted it.

Under this amendment, the entire reduction proposed in the GSA budget for fiscal 1962 would have come out of its allocation for representing the interests of the Government before regulatory agencies. The GSA, before the Federal Power Commission, before the State regulatory agencies as well—before all of these—would have been prevented from introducing evidence or making any representation, from presenting any evidence or arguments having to do with rate or valuation. This would have meant that the GSA would not have represented the Government in a rate case, because rate and valuation are the only two things really involved.

If one would go to a rate lawyer and say, "You can represent me in this rate case, but you cannot present my arguments or any evidence or build up any case on rate or valuation," the lawyer would say, "There is no use in my presenting the case. That is all I can talk about." Indeed, those are the only things involved in respect to the amount the utility is entitled to charge.

So what we had before us in the Senate last summer, my colleagues may recall, was an amendment to the GSA appropriations bill which naturally A.T. & T. wanted us to agree to.

Now, Madam President, A.T. & T. likes to charge the Government very large amounts—very, very large amounts. At page 1179 of House hearings on independent offices appropriations for fiscal 1962 will be found a table showing approximate amounts paid by the Federal Government for communications, as well as for transportation and other utilities services.

This table shows that the cost of communications services to the Government had gone up from $205 million in 1956 to $386 million in 1961—almost double. And the rate of increase has been far greater for communications services during this period than it has been for transportation and other utilities services.

We may safely assume that almost all of the nearly $400 million a year spent by the Government for communications—and this is a conservative estimate—goes into the pockets of the A.T. & T., considering the virtual monopoly in domestic and worldwide communications enjoyed by this Goliath.

Have A.T. & T.'s charges to the Government been excessive? Indeed they have been, Madam President.

In November 1959, the Comptroller General issued a report entitled "Review of Management of Leased Private Lines Telephone Facilities in the Department of Defense and Selected Civil Agencies." It was stated in the covering letter, by the Comptroller General to the Speaker of the House of Representatives:

> The Government has been incurring excessive costs amounting to possibly more than a million dollars annually in the leasing of private lines facilities. These excesses have been the result of (1) the erroneous application of certain rates and (2) inefficient administrative practices on the part of the Government departments and agencies.

And further:

> Part of the excessive costs which have been and are being incurred can be attributed to the fact that the American Telephone & Telegraph Co. (A.T. & T.) has not fully applied Tariff FCC No. 231, which is in effect a discount for volume service, to the eligible circuits of each Government department and agency.

And so on. I turn now, Madam President, to a second report issued by the Comptroller General. This is more recent—February 1962—and is entitled "Review of Programing and Procurement of Selected Operational Equipment and Communication Services and the Utilization of Certain Technical Personnel by the Department of the Air Force Semiautomatic Ground Environment System—SAGE." Let me read an excerpt from the covering letter from the Comptroller General to the Speaker of the House of Representatives:

> Our review disclosed that about $13 million has been unnecessarily expended by the Air Force in equipping and operating the SAGE system. The unnecessary expenditures for equipment, amounting to about $10.8 million, were caused by failure to reduce the amount of consoles, generators, air-conditioning and boiler equipment at various sites to actual needs when operational experience became available, by premature purchase of gap-filler radars, and by failure to terminate a contract for the purchase of manual control equipment after it became apparent that the equipment was not needed for the SAGE system. The other unnecessary expenditures comprised the payment of at least $1.5 million in improper minimum service charges (MSC) for canceled services that had been re-leased to other users, including the Army, and the training of SAGE operational personnel, at an estimated cost of about a half million dollars, who thereafter were not fully utilized to perform work they were specially trained to do.

Further in this letter, the Comptroller General makes this comment on the excessive payment of minimum service charges:

> With respect to the payment of at least $1.5 million in improper MSC for canceled communication services, the American Telephone & Telegraph Co. (A.T. & T.) agreed to the existence of erroneous MSC payments by the Air Force and has subsequently advised us that its total completed refunds amount to $1,226,996 for SAGE. Also, the Air Force has informed us that it is reviewing all MSC payments.

Madam President, the Comptroller General's report from which I am quoting contains what, in my opinion, is a most eloquent argument for the need for constant Government surveillance of A.T. & T. I want to quote a passage that says to me, in effect, "If you don't keep an eye on this outfit all the time, they will steal you blind." I quote:

> The private line communication requirements of the SAGE system at times have necessitated construction by the American Telephone & Telegraph Co. (A.T. & T.) of special telephone facilities for which there was no foreseeable use at time of construction, other than as part of the SAGE system. The telephone tariffs applicable to these facilities permit arrangements whereby the revenue from the services is guaranteed to A.T. & T. by the Air Force for a 10-year period through the medium of minimum service charges on unused facilities.

Parenthetically I wish to emphasize that the arrangement provides that the Government must pay something—minimum charges—for facilities that would not be used at all.

I continue to read:

> Minimum service charges differ from termination charges in that minimum service charges are recurring and apply where one or more but not all of the services and circuits involving special construction are discontinued. Because the Air Force must continue to pay these charges over the remainder of the 10-year minimum service period, they are termed minimum service charges although they are computed at the same tariff rates as monthly recurring service charges.

I remind Senators that it is the Comptroller General of the United States who is speaking:

> Our review showed that the Air Force depended too much on A.T. & T. and did not provide adequate surveillance or sufficient cross checks of its own to insure that minimum service charge billings were supported by complete and accurate records of the assignment of circuits to specially constructed facilities. We further found that the Air Force was unaware of the costs of unused circuits in that it knew neither the amount of minimum service charges already paid, the potential liability for minimum service charges, nor the contingent termination liability.
>
> Our study of SAGE also showed that the A.T. & T. construction proposals, which are the bases for determining whether minimum service charges should apply to canceled circuits, did not reliably reflect the circuits on special construction. For example, the Air Force ordered 30 circuits from north Syracuse, N.Y., to Claysburg, Pa., and, in order to provide alternate routing, specified that 15 circuits were to use cable and 15 circuits were to use microwave facilities. A.T. & T. prepared special construction proposals for each facility. The Air Force canceled the 15 circuits on cable and was being billed for minimum service charges. We found that A.T. & T. did not construct the microwave facilities but instead placed the inservice 15 circuits on the cable which was constructed for the canceled group.

Thus, we see, Madam President, that not only does A.T. & T. like to charge the Government very large amounts, but it also charges excessive amounts even when any charge would be inappropriate.

Had the restrictive amendment to the GSA appropriation bill prevailed last summer—and fortunately it did not—the attorneys for A.T. & T. in rate proceedings would have been allowed to make their record as to why A.T. & T. should have the rate it was trying to charge, or why A.T. & T. should have a larger rate, or why the rate should not be reduced; but the GSA would be prohibited from building up any record or from making any argument on behalf of the U.S. Government as to the injustice of the rate, as to why the rate should be reduced, as to why the rate should not be increased, or as to why the interests of the Government would not be protected if the position of A.T. & T. should prevail.

In other words, A.T. & T. wanted to have the plaintiff, itself, represented by counsel and to build up a record, but it did not wish to have the Government of the United States—the taxpayers, the people who pay—represented by any counsel to build up any record so that the overall merits of the two sides could be considered.

Senators will remember that the amendment prevailed in the Senate vote last summer on the GSA appropriations despite the efforts of the Senator from Wisconsin [Mr. PROXMIRE] and others of us here. However, the conference committee struck the amendment, restored all but $75,000 of the $300,000 originally cut out by the Senate and directed that this $75,000 reduction be spread throughout the entire TPUS and not applied solely to the GSA representation function before regulatory bodies.

In other words, the conferees—and the entire Congress, by its final vote on this appropriation—left the clear implication to GSA that it was to continue to represent the Government in rate matters before Federal and State regulatory bodies with the same vigor and militancy that it had in the past.

However, Madam President, this is not the end of the story—not by any means. Congress had spoken; its will had been firmly stated; the instruction to GSA was clear. But did A.T. & T. consider that it had been defeated? It did not, and here is why:

When Congress is in session, the A.T. & T. Washington office sends to its A.T. & T. associated company offices around the country periodic legislative reviews. By means of these reviews during 1961, the Bell System had been kept informed of the progress of the GSA appropriation bill right on up to the final vote on the conference bill.

But the A.T. & T. legislative review containing the information about this final vote ended on a rather hopeful note—hopeful, that is, for A.T. & T. In effect, the Washington office of A.T. & T.

let everybody in the Bell System know that everything would be all right because there had been a realinement of GSA functions and personnel in the Transportation and Public Utility Service.

These words, "realinement" and "functions," are those used by A.T. & T. in August to describe the changes taking place within GSA. How strikingly similar this wording is to that used by the GSA Administrator, John L. Moore, just a few months later when he announced that the TPUS unit had been reorganized. According to the October 30, 1961, issue of Telecommunications Reports, GSA said of the reorganization, "this realinement of functional elements has resulted from a comprehensive study of our changing needs."

Getting back to the A.T. & T. legislative advisory to the Bell System: What could A.T. & T. mean when it spoke of the realinement of GSA functions and personnel in the TPUS unit? And why did A.T. & T.'s Washington office think this information was significant?

At the outset of my remarks, Madam President, I related that in July 1959, 12 so-called SAGE project employees of GSA had received cash awards for "extraordinary efforts" resulting in rate reductions and consequent savings to the Government by reason of GSA's appearances before regulatory agencies in private line telephone rate cases.

I do not wish to embarrass any of these people by referring to them by name. But here is what happened to several of these receiving the top awards:

One, who had received the top individual award of $3,000, was "eased out" of the GSA—and after 30 years in Government service, mind you.

Another, who had received $2,000 as the second highest individual award winner, is now working for another agency.

The No. 3 award winner, who had received $1,500, was taken off telephone rate casework—in which he was expert—and given other duties. Now, he, too, has left GSA.

A fourth award winner, who had received $550, is likewise no longer with GSA. He went to another Government agency here in Washington, as did still another $500 award winner.

Two other award winners have remained with GSA but have been taken off telephone rate work, I am informed.

Thus, Madam President, every one of those who had been in the forefront of the fight to keep down A.T. & T. rates in behalf of the taxpayers—and had been rewarded by their Government for it—have now been eliminated or neutralized, one way or the other.

But neither is this the end of my story, Madam President.

I do not know all of the pro-A.T. & T. agents within GSA, but I do know that one of them may be the man who drafted the paper, a copy of which I have here.

This copy came to hand, Madam President, from an independent source. It is a working paper entitled "Reappraisal of GSA Representation Functions," and is dated November 7, 1960.

Under the subtitle, "The Budget Increase Problem," there is the following—and I quote:

> There are possible methods of limiting GSA litigation expenditures which might be given consideration upon reappraisal:
>
> 1. Being more selective in choosing cases for GSA intervention or other action, and engaging in fewer cases;
>
> 2. Relying on regulatory agencies and their staff to protect the consumer interests of the Government in particular cases in which staff activities would be fairly adequate; and
>
> 3. Delegating authority to other Federal agencies to represent the Government in cases in which the other agency would have sole or predominant consumer interest, as presently we do to DOD.

In other words, Madam President, rather than having GSA pursue its traditionally militant role in regulatory proceedings, this policy planner would have had GSA cut back on its interventions, would have had GSA rely on others to do the job that the law tells GSA to do and would have hidden behind other Federal agencies.

Elsewhere in this most unusual document there is the suggestion that GSA intervene only in cases in which there is a good chance that at least part of the rate increase request will be denied. How that could be predetermined by GSA or anyone else is beyond me, Madam President, but the suggestion itself clearly reflects a roll-over-and-play-dead attitude.

A further suggestion in this GSA document, Madam President, is that GSA should not offer evidence on the subject of rate of return unless it offers substantial evidence on other issues, and can subordinate the rate of return material to the other data.

So it goes. There are other suggestions, all indicating the attitude on the part of the writer of the document that GSA should abandon much of its militant approach of the past.

I might add, Madam President, that according to another document which came to hand from an independent source, the GSA General Counsel on February 13, 1961, endorsed the suggestions I have cited.

Moreover, Madam President, the writer of the working paper I referred to has since been promoted to one of the top positions in the GSA Transportation and Communications Service—while those who had fought hard for the taxpayer have been eased out.

Among those who are no longer with GSA are two former members of the Transportation and Public Utilities Service who appeared before the House Independent Offices Appropriations Subcommittee a year ago and vigorously defended the GSA regulatory work.

I think it is significant, Madam President, that these witnesses did such a good job of justifying the proposed budget for their unit that almost all the money they asked for was approved by the House.

However, neither of these men testified before the Senate Appropriations Subcommittee—and it was in this committee that the restrictive amendment was added and the move made to cut the heart out of the GSA representation function.

The two GSA officials who did appear before the Senate subcommittee were the present GSA Administrator, Mr. Bernard L. Boutin, then the Deputy Administrator, and Mr. Malcolm D. Miller, who is now the Assistant Commissioner of the Transportation and Communications Service of GSA.

I should like to refer to a part of their testimony, appearing at page 1299 of the Senate subcommittee hearings. I quote Mr. Boutin:

> Mr. Chairman, if I may speak, please, on the matter of policy. Of course we are in no position to speak for what has gone on before, we were not aboard—speaking of Mr. Miller and myself. It would be unfair to make a comparison. We can only speak to what our policy is going to be in trying to properly fulfill our statutory responsibility.
>
> We believe that the effort should be made by the Government through GSA to negotiate with any utility and transportation company, for reasonable rates and for reasonable services on behalf of the Government as a user. We only intend to intervene in those cases where negotiations have failed to produce the desired results, both as to amount of rate and as to the service that is rendered to the various Government agencies. We intend in those cases to present evidence to the best of our ability without confining it to specific issues because we think this would destroy the entire principle of our being there in the first place—to present the issues before the regulatory body in the interest of the Government as a large and substantial user, in fact many times as principal user.

In other words, Madam President, the GSA policy which was to ensue under the new administration was to be this: In rate cases, we will negotiate first and intervene second. The GSA law as I read it does not make negotiation a condition precedent to intervention. Besides, rate lawyers tell me they do not know how you can accomplish anything by trying to negotiate with a utility like A.T. & T. when it is going after a general rate increase.

Some further light on the new roll-over-and-play-dead policy which now exists in GSA is shed by the December 26, 1961, issue of Telecommunications Reports in reporting on a so-called get-acquainted press conference held by GSA Administrator Boutin.

One sentence in that account is particularly significant:

> Mr. Boutin declared, however, that GSA "has a duty to appear" in cases where the "Government is being penalized by rates or services."

Now compare that with one of the principal objectives of the opponents of GSA intervention, as set forth—among many other places—in a resolution adopted by the U.S. Independent Telephone Association in October 1960, as found at page 1053 of the Senate hearings. This resolution expresses "this association's firm conviction that GSA's intervention in regulatory matters should be restricted solely to the presentation of evidence of claimed discrimination against the Federal Government as a user of service and that any further or additional participation constitutes dilution of responsibility, unwarranted waste, and duplication of effort."

The opponents of GSA intervention want GSA to go in only where the Government is being discriminated against. Mr. Boutin says GSA should go in where the Government is being penalized. It would seem to me that he had bought this argument of the enemy's as well.

Again, at page 1301 of the Senate Independent Offices hearing, we find Mr. Miller explaining GSA's new policy of adding "additional considerations" for intervening in regulatory proceedings and being "much more selective in the future in choosing cases for intervention." This is his answer in reply to a question as to which of the 75 GSA cases then pending would GSA have refrained from entering if the policy expressed in a GSA letter of May 19, 1961, to the committee had been in effect during the pendency of these 75 proceedings:

> Mr. MILLER. Yes.
>
> The policy contained in the letter of May 19 was not based upon any analysis of the prior decisions, as to which we would have entered or which we would not have entered. The policy, as stated, would not necessarily have resulted in our refraining from entering any of those cases. The policy does propose to add additional considerations for entering into the proceedings and to provide for full participation in the cases.
>
> Pursuant to Mr. Boutin's statement concerning negotiation, to be followed by participation in the cases, it is probable we will be much more selective in the future in choosing cases for intervention. There is really no way out of applying this policy to the past that I can see. If anything, it would be a matter of saying, "Well, we should not have been in the cases we were less successful in, and we should have been in the cases we have been more successful in." That is about all that can be said.

This seems to me to signify the same kind of surrender by GSA to A.T. & T. which runs all through the draft document which I spoke of a few minutes ago. Greater selectivity in the choice of cases for GSA intervention was certainly one of the suggestions made in that document.

I might add, too, Madam President, that greater emphasis upon the rate negotiation function, as compared with the intervention function, has been one of the alternative goals of A.T. & T.

It is no surprise, Madam President, to learn from the House Independent Offices Appropriations hearings held last February that the "selective" policy of GSA, as described by Mr. Boutin and Mr. Miller, has led to little or no activity.

As explained at pages 399 and 400, part 2, Administrator Boutin could now say he enjoyed a "vastly improved relationship" with the utilities, that the "air has been cleared" and that GSA has a "minimum of complaints."

Of course, I should imagine that the relationships of this agency, which is no longer going forth to do battle in behalf of the taxpayers, would be excellent with the communication carriers, and all others concerned.

In contrast to the previous year's record of savings in regulatory cases, the only proceeding mentioned in this year's hearings relates to Telpak, as to which the Administrator says it is "interesting" that GSA is on the same side as A.T. & T.—page 400. Great emphasis was placed on savings from the use of Telpak telephone services, but it is clear they did not result from any negotiations with A.T. & T. or any effort by GSA, because the Commissioner of GSA's Transportation and Communications Service—which has succeeded TPUS—stated to the committee:

> So far as the bulk tariff offering is concerned, this is an offering which they [A.T. & T.] of their own volition, have advanced. It is not something which has been sought particularly but they [A.T. & T.] have advanced it (p. 400).

A statement of savings to the Government from all sources, requested by the committee, discloses savings only in connection with transportation and none in connection with communication services.

Another interesting thing about the fiscal 1963 appropriations hearings in the House is this: Although GSA is seeking vastly more money than ever before for the transportation and communications function—$4.4 million rather than the $2.3 million about which there was an uproar last year—not a single objection was raised by the U.S. Chamber of Commerce group headed by Mr. Crosland, of A.T. & T., or by the multitude of organizations which flooded both Houses of Congress with indictments of GSA last year.

Is that not significant? I believe it is very significant.

Last year, the Crosland group was vigorously urging that a million dollars be cut from the $2.5 million being sought for GSA's Transportaticn Public Utility Service, on the ground that the appropriation had grown too large and a cut was requested in the interest of economy. Many individuals or organizations were shown in last year's hearings to have joined in this request.

But this year, although nearly twice as much money is sought, not a complaint is heard. It is very easy to understand why the utilities and A.T. & T. are satisfied—especially the latter—because it once again proves the power of A.T. & T. to control the very process of government.

At the outset of my remarks, Madam President, I said that A.T. & T.'s power is such that it had undone the will of Congress in bringing to a virtual standstill the activities of GSA in protecting the interests of the taxpayers in communications and other utilities' services before Federal and State regulatory bodies.

I wish now to explain how the will of Congress in this regard was undone. Not only that, but I want to show GSA itself is guilty of a deliberate misrepresentaton that has the effect of showering upon a GSA employee the glory that rightfully belongs to certain Members of the Senate.

First, as to the matter of undoing the will of Congress:

I have pointed out that the House of Representatives last year approved an appropriation for the GSA Transportation and Public Utilities Service totaling $2,475,000. No restrictive language was written into the House committee report which would have curbed GSA's intervention activities.

I have also pointed out that this was largely the result of vigorously defended GSA's regulatory work but who since have been eased out of GSA.

I have also pointed out that it was in the Senate Appropriations Committee that not only was $300,000 knocked out—virtually the entire amount assigned to GSA representation before regulatory bodies—but a rider was written in which would have barred Government intervention in almost every kind of regulatory proceeding.

This cutback, as I have noted, came as the result of testimony by GSA Administrator Boutin, then the Deputy Administrator, and by Mr. Miller of the Transportation and Communications Service.

Senators will recall that it was only after a vigorous fight put up on the floor of the Senate by a number of my colleagues—the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Maine [Mr. MUSKIE], the Senator from Alaska [Mr. GRUENING], to mention just a few—that all about $75,000 of the funds cut out by the Senate was restored and the amendment was stricken. Moreover, according to the language of the conference report, this lesser reduction of only $75,000 was to be applied uniformly throughout the Transportation and Public Utilities Service and not against the representation function only.

According to a table to be found at page 1106 of the Senate independent offices appropriations hearings for fiscal 1962, entitled, "Estimated cost of participation by TPUS before regulatory agencies, fiscal year 1961," the total for this functions is given as $390,000.

Recently, GSA was asked to give—in the same tabular form—the estimated cost of its participation before regulatory agencies for the fiscal year 1962. It was given for the period July 1, 1961, through March 31, 1962, and the total for those three quarters was a mere $181,000. This would indicate an annual rate of $241,332—or a reduction of $148,868 from the estimated cost for the previous fiscal year.

Therefore, Madam President, not only was the entire $75,000 reduction in the fiscal 1962 appropriation applied to the representation function, but there was a further reduction of almost equal amount in expenditures for appearances before regulatory bodies—contrary to the will of Congress.

But the crowning blow was delivered a month ago, on July 11, 1962, when GSA held its annual honor awards ceremony. According to a copy of the program which I have here, the meritorious service award was given to Mr. Malcolm D. Miller, Deputy Commissioner, Transportation and Communications Service. Listen to some of his achievements:

> The recommendations and comments made by Mr. Miller have led to more efficient operations within this Service.

There is no specific mention, however, of his authorship of the draft memorandum—later adopted by the GSA General Counsel—urging a roll-over-and-play-dead policy by GSA in regulatory interventions.

Further, according to his citation:

> He participated in the selection of key personnel and as a result, those officials are

now serving in positions for which they are most highly qualified.

However, nothing is said in the citation about the magnificent public servants who, at a previous honor award ceremony, were given cash prizes or cash awards for their contributions, in recognition of the many millions of dollars they had saved all of us, but who since then have been eased out of GSA after making long and distinguished records of protecting the interests of the taxpayers against the greed of A.T. & T. and other utilities before the regulatory bodies. One such employee served the Government for 30 years; but his discharge was his reward for performing outstanding service and helping to save up to $160 million. He was booted out of GSA.

Then there is this paragraph in Mr. Miller's citation:

> During this period (May to September, 1961) Mr. Miller participated in a special hearing before the Senate Appropriations Subcommittee and, as a result of his expert testimony on a highly controversial subject—

And, as an aside, I will concede that it was—

> the reduction in funds was considerably less than the amount originally recommended by that committee.

I am sure that the Senator from Wisconsin [Mr. Proxmire] especially will appreciate this, for it was as a result of Mr. Miller's testimony that the drastic reduction in the proposed GSA appropriation was made; and it was only after the fight, to which I have already referred, led by the distinguished Senator from Wisconsin [Mr. Proxmire], that most of the funds were restored in conference.

Thus, Madam President, ends my story of an A.T. & T. so powerful, so big, and so insidious that it can undo the will of Congress, and neutralize, if not destroy, an arm of the Government—all at terrific cost to the taxpayers.

During the delivery of Mr. Bartlett's speech on the commercial communications satellite bill,

Mr. MORSE. Madam President, will the Senator yield with the understanding that he does not lose his privileges to the floor and will not lose his position with regard to making his first speech in regard to this subject matter, so that I may submit for printing amendments to the bill, with the understanding that the interruption will appear elsewhere in the Record?

Mr. BARTLETT. With that understanding, I am indeed happy to yield to the Senator from Oregon.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MORSE. Madam President, I was not in the Senate on Saturday because of the fact that I had gone to Oregon to deliver a series of speeches at various Democratic rallies in various parts of the State.

In those speeches I discussed the satellite bill and I discussed the amendments I had offered in the Foreign Relations Committee.

While away, my good friend from Louisiana carried out some instructions given to him by members of the staff who had the Senator submit these amendments, but did not make clear to the Senator that the amendments were to be introduced in my name.

In view of the fact that I introduced these amendments in the Foreign Relations Committee, and in view of the fact that I have discussed these amendments in my State at some length, I feel that I owe it to my own record to submit the amendments today in my name.

I have modified some of the amendments; some are in the same form in which I presented them in the Foreign Relations Committee and explained them in the Foreign Relations Committee, including my two substitutes in the nature of substitutes for the bill.

One provides that NASA shall be enlarged so as to exercise jurisdiction over the satellites as American-flag satellites, and that the operation of the satellites shall be by way of contract or lease or license let to any private corporation in this country that may be interested in participating in the development of a satellite communications system.

The other substitute is the bill that provides for the creation of a separate Government corporation, also with authority to enter into contracts and leases.

I ask consent that I may send these amendments to the desk out of order, have them printed and available for introduction and debate. I only want to say that this demonstrates again the good faith of the senior Senator from Oregon in connection with his sincere desire to have the bill amended, and bears out, as I said in many parts of the State of Oregon over the weekend, my deep conviction that the Democratic Party owes it to the people of this country to see to it that adequate time is made available for the presentation of our case on each one of those amendments.

As I said all over my State over the weekend, the President of the United States cannot escape his clear responsibility to the American people to join in urging that adequate time be allowed for the introduction, consideration, and debate of these amendments.

I want to say to my colleagues on the floor of the Senate that if they do not think the American people are fast coming to recognize what is involved in the debate, they are sorely mistaken, because they are going to find that the American people also believe that there should be no cloture until there is full debate. We cannot have full debate with the rush act of the leadership of the Senate in trying to put a gag on the Senate and close the opportunity for adequate time for debate on the amendments.

But, keeping faith with my people, in accordance with the pledge I made to them over the weekend, I offer the amendments, and we will leave it to the Democratic Party to make the record for the upcoming campaign as to whether or not this procedure presented fair and full consideration.

The PRESIDING OFFICER. Does the Senator wish to have those amendments considered as read, so as to comply with the rule?

Mr. MORSE. That is quite all right.

Mr. KERR. Madam President, I object.

The PRESIDING OFFICER. The Senator from Oklahoma objects.

The question is on agreeing to the amendment of the Senator from Tennessee [Mr. Gore]. The yeas and nays have been ordered.

Mr. McGEE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEFAUVER. Mr. President, in the interest of expediting the taking of the vote on this very important amendment, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. KEATING. Mr. President, under instructions from Members who are not now present, I am forced to object.

The ACTING PRESIDENT pro tempore. Objection is heard; and the call of the roll will continue.

The legislative clerk resumed and concluded the call of the roll; and the following Senators answered to their names:

[No. 155 Leg.]

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Cooper
Cotton
Curtis
Dirksen
Douglas
Ellender
Engle
Ervin
Fong
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Jackson
Johnston
Jordan, N.C.
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Morse
Mundt
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. MANSFIELD. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], the Senator from Minnesota [Mr. Humphrey], the Senator from Oklahoma [Mr. Monroney], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], and the Senator from Rhode Island [Mr. Pastore] are absent on official business.

I also announce that the Senator from Arizona [Mr. Hayden], the Senator from New Mexico [Mr. Anderson], and the Senator from Pennsylvania [Mr. Clark] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Arizona [Mr. Goldwater], the Senator from New York [Mr. Javits], the Senator from Idaho [Mr. Jordan], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

The ACTING PRESIDENT pro tempore. A quorum is present.

Mr. McGEE. Mr. President, as the Senate prepares for a vote on the pending question, the Gore-Lausche amendment, I think some brief additional comment is needed, inasmuch as the discussion on the floor has tended to explain the basis for the amendment. I should like to take a few moments to explain why the committee opposes the Gore-Lausche amendment and why we believe that the vote should be "nay" on this particular question.

The amendment stems from the very proper and wise concern of the two distinguished Senators from Tennessee and Ohio as to the foreign policy implications of the measure.

Throughout the discussion on the communication satellite legislation reference has been consistently made to the foreign policy implication of the legislation. More specifically that H.R. 11040 would transfer "from Congress to a private corporation the power of making treaties and agreements which are ordinarily ratified by the Senate." Frankly, I am surprised that such statements were being made because even a cursory reading of the bill, the report, or the hearings would disabuse anyone of such conclusion. There are two sections of the bill which must be considered when discussing this question: Section 201(a)(4) and section 402.

Section 201(a)(4) is very specific in its direction. It specifically states that the President would exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships will be consistent with the national interest and foreign policy of the United States. This language is a broad mandate to the President to make sure that what this corporation does is consistent with our foreign policy. What form such direction or supervision will take would, of course, be for the President to decide in each case. There is no question that negotiations with foreign governments or any other negotiations other than technical or business negotiations fall under this section.

Section 402, on the other hand, requires the corporation to notify the Department of State when it institutes certain business negotiations. The Department then advises the corporation if any foreign policy negotiations are involved and, if requested, assists in the negotiations as does the State Department today with reference to communications and rendering assistance to representatives of private enterprises who may be engaged in business negotiations overseas.

The record is clear that section 402 applies only to technical and business negotiations with international and foreign entities. There is nothing new in having private firms negotiate on business agreements with foreign or international entities. This has always been the common practice. What is new, and this authority is being asserted through this legislation for the first time, as a matter of law, the corporation must notify the Department of State and keep it informed.

During the hearings conducted by the Senate Commerce Committee, the Senator from Texas [Mr. YARBOROUGH] asked Under Secretary George C. McGhee:

> Mr. McGhee, who do you think would be best qualified to conduct negotiations with foreign nations? The Government through the Department of State or the new private corporation if created?

Mr. McGhee answered:

> At the outset there may be required an intergovernmental negotiation involving matters which affect our foreign policy with respect to the nations concerned, either individually or in groups, and such negotiations could best be conducted by the Department of State in behalf of the corporation under the authority granted the President in this act.
>
> * * * * *
>
> When you come to the specific commercial or technical negotiations which would be conducted, these can only be done really by the corporation, * * * when the provisions of the language offered more authority to the Department, we pointed this out.
>
> The Department of State is not qualified to conduct many, and there will be a great many negotiations of a detailed or commercial nature. Indeed, the Department cannot assume the responsibilities involved in commercial negotiations.

In addition, when the Senator from Rhode Island [Mr. PASTORE] asked Mr. McGhee:

> Do you feel that the power as given to the President would supersede any other activity by this corporation?

Mr. McGhee replied:

> When the national interests are involved; yes, sir, we feel it does.

I refer to this partial history because it appears to me to be the root of the misunderstanding that prevails. Perhaps if I explain why that section, and section 201(a)(4), were reworded, it will become apparent that this bill is virtually the same as the original administration bill so far as foreign policy is concerned. It is true that the original section 402 was much more sweeping than the present section 402; it is also true, though this point is seldom mentioned, that the original section 201(a)(4) was looser and more general than the present section 201(a)(4). Section 402, as originally drafted, covered all negotiations, business and otherwise. This was too broad. The Department of State testified on several occasions that it never wanted to conduct or supervise the corporation's business or technical negotiations. It does not have the time or the manpower. On the other hand, while the original section 201(a)(4) called on the President to exercise "general supervision" over relationships of the corporation with foreign governments or entities or with international bodies, the present section 201(a)(4) empowers the President to exercise, not "general supervision," but "such supervision as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States." It seems clear to me that the net effect of these changes, considered together, is simply to relieve the State Department of a burden it did not want, and that the changes do not basically diminish the power of the President, and through him of the Department of State, for seeing that the activities of this corporation are in harmony with our national interest and foreign policy. The report of our committee expressly notes that the bill reaffirmed the traditional responsibility of the President and the Department of State in this area. I might also point out that these changes were made with the full approval of the State Department, which testified before the House Committee on Interstate and Foreign Commerce and before the Senate Commerce Committee that the provisions of the present bill were acceptable.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. McGEE. I think it is important that we bear these origins in mind.

I am glad to yield to the Senator from Missouri.

Mr. SYMINGTON. As a member of the Aeronautical and Space Sciences Committee I verify that the position of the Senator from Wyoming also was the understanding of the members of that committee, same as the distinguished Senator gives as the position of the Commerce Committee. In addition, I present the fact that, in testimony before the Committee on Foreign Relations, both the Secretary of State and the Secretary of Defense stated that, in their opinions, any further prolongation of this extended discussion, prevention of the obtaining of this satellite communications bill, would be against the best interests, the security of the United States. We should remember that at this particular moment—unless something has happened recently of which I am not aware—there are two Russians now orbiting the earth. I think that testimony from the two Secretaries is significant, and thank the Senator.

Mr. McGEE. I thank the Senator from Missouri for his comment. The Senator has been a great leader in trying to develop the soundest possible policy in the satellite communications realm, so far as guidance for our country and the national interest are concerned.

Mr. SYMINGTON. I thank the Senator.

Mr. McGEE. This leads me to again express the thought that if I had any doubt that this bill derogated from the responsibilities of the President or of the Senate for conducting foreign policy or approving agreements, I would be the first to oppose it. But there is no doubt at all in my mind that this bill gives the President complete and unrestricted authority to supervise the foreign policy relationships of this corporation.

On August 6 the Secretary of State Dean Rusk appeared before the Senate Foreign Relations Committee and clearly put to rest any question concerning the President's authority regarding the foreign policy aspects of this legislation. He stated:

> As to foreign policy, two basic questions need to be answered: First, is the privately owned corporate entity envisioned in the bill an effective instrument for U.S. participa-

> tion in a global satellite communications system in the light of relevant foreign policy considerations? Second, does the bill provide adequate authority in the national Government to safeguard and promote our foreign policy interests insofar as the activities of the corporation may impinge on this area? Our answer to both of these questions is "Yes." Let me address each of them in turn.
>
> The fact is that the bill, in section 201(a)(4), expressly directs the President to "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the international interest and foreign policy of the United States."
>
> This provision confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interest of the United States are involved. Where he considers it necessary for the executive branch to conduct the negotiations himself, he will be able to direct this.
>
> A certain confusion has arisen on this subject because section 402 of the administration bill in its original form contained the following provison:
>
> "The corporaton shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."
>
> That provision taken literally was perhaps too broad. But as Under Secretary McGhee made clear in the very first testimony of the State Department on this bill, the Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporations, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business. Moreover, the original language lodged the negotiating authority in the State Department rather than in the President who has the constitutional responsibility for the conduct of foreign policy.
>
> For these reasons that language was dropped, and the language I have previously read to you was inserted in section 201(a)(4) to confirm the President's authority to conduct negotiations having international political significance. In exercising this authority the President will use the Department of State as his principal arm; but, as this committee knows, in conducting its international negotiations the Department associates with itself representatives of other agencies which have interest and competence in the subject matter.
>
> ### BUSINESS NEGOTIATIONS LIMITED BY PRESIDENTIAL AUTHORITY
>
> In the course of congressional consideration, section 402 was rewritten to govern those situations in which the corporation is negotiating abroad on business or technical matters arising in the conduct of its operations. We do not interpret this new section 402 as a grant of power to the corporation to negotiate on these matters. That derives from its charter power to do the kind of business it will be doing. Section 402 in its present form is a recognition that, with this corporation, even technical or minor business negotiations may raise problems of wider concern. It provides a procedure for dealing with those problems. Under this procedure the corporation must keep the Department informed about such negotiations. The Department will advise the company of relevant foreign policy considerations and be ready to provide appropriate assistance if necessary. Although the bill contains no definition of "business negotiations," this creates no difficulty. It is, after all, for the President to determine, under section 201(a)(4) as well as under his constitutional power to conduct foreign policy, what negotiations should be conducted by the Government and which may be left to the corporation.
>
> I can assure the committee that we in the State Department are fully aware of the broad range of questions involving foreign policy interest that may arise in connection with this satellite communications system. The Department will wish to follow them closely either through direct conduct of the negotiations or by close association with the company under the procedure prescribed by section 402, whichever is appropriate.

Then on August 9 in a letter to Mr. J. W. FULBRIGHT, chairman of the Foreign Relations Committee, Dean Rusk, reaffirmed his position by saying:

> As I stated in my testimony, it is our belief that section 201(a)(4) confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved. It is our belief as I stated, that where he considers it necessary for the executive branch to conduct the negotiations itself, he will be able to direct this. If the committee feels it would be helpful to add some language to provide further clarity as to the authority of the President to make these determinations, it could be added in section 402 but we believe it would more properly fall in section 201(a)(4) which, as I explained in my statement, is the section dealing with the President's general authority in foreign relations.

The entire contents of this letter appears in the printed hearings of that committee. Just so the RECORD can be complete on this point I also ask unanimous consent that the letter from Mr. George C. McGhee, Under Secretary for Political Affairs, dated June 22, be printed in the RECORD at this point, in which he holds:

> While we, of course, appreciate the concern which several Senators have shown for making sure that the Government, rather than a private corporation, conducts foreign policy, it is our view that H.R. 11040 does not derogate from the traditional responsibilities of the Government in this area.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., June 22, 1962.

Hon. JOHN O. PASTORE,
U.S. Senate.

DEAR SENATOR PASTORE: You have requested the views of the Department of State on the adequacy of those provisions of the communications satellite bill that concern the responsibility of the Government for conducting foreign policy.

It is the view of the Department that H.R. 11040, both as reported out of the Senate Committee on Commerce and as passed by the House of Representatives, adequately reflects the responsibility of the Government for conducting the foreign policy of the United States. Section 201(a)(4) of both bills provides:

"SEC. 201. in order to achieve the objectives and to carry out the purposes of this Act—

"(a) the President shall—

"(4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;"

We agree with the interpretation of that section which appears on page 24 of the report of the Commerce Committee. The report states that section 201(a)(4) "recognizes the President's authority to take whatever steps he deems appropriate to assure that the relationships of the corporation with foreign governments, entities, or international agencies are consistent with the foreign policy of the United States. This section reaffirms the traditional responsibility of the President, and through him of the Department of State, for conducting foreign policy."

In addition to the broad authority granted the President by section 201(a)(4), there is the authority provided by section 402, which requires the corporation to give notice to the Department of State when entering into technical business negotiations. Even with respect to such negotiations, the Department "shall advise the corporation of relevant foreign policy considerations" and shall assist the corporation in the negotiations if requested to do so. We would point out that section 402 is limited to "business negotiations with respect to facilities, operations, or services." Negotiations of this character are carried on by private firms in the normal course of business. Any agreements, however, of a character which customarily call for approval by the Executive or the Congress would, in our opinion, continue to require that approval.

While we, of course, appreciate the concern which several Senators have shown for making sure that the Government, rather than a private corporation, conducts foreign policy, it is our view that H.R. 11040 does not derogate from the traditional responsibilities of the Government in this area.

Sincerely yours,
GEORGE McGHEE,
Under Secretary for Political Affairs.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. McGEE. I yield to the Senator from Virginia.

Mr. ROBERTSON. Am I correct in my understanding that both the Secretary of State and the President prefer the wording which the committee put into the bill to the amendment offered, which contains the original wording?

Mr. McGEE. The Senator is correct. If I may, I wish to read the statements made in the hearings. That will answer the question of the Senator. I will read from the testimony of the Secretary of State before the Committee on Foreign Relations, page 174. The Secretary said:

> The Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporation, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business. Moreover, the original language lodged the negotiating authority in the State Department rather than in the President who has the constitutional responsibility for the conduct of foreign policy.

I quote further from the Secretary's testimony:

> For these reasons, that language—

Meaning the original language—

> was dropped, and the language I have previously read—

Meaning the language then being considered—

> was inserted in section 201(a)(4).

The language in section 201 and in section 402 is the language which is the focus of the amendment pending.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. McGEE. I am glad to yield to the Senator from Alabama.

Mr. SPARKMAN. While the Senator is referring to the hearings before the Committee on Foreign Relations, I should like to invite his attention to a series of questions I propounded to Secretary Rusk, commencing on page 178.

Will the Senator look at page 178 of the hearings before the Foreign Relations Committee? I was concerned over that question. In view of the questioning by the distinguished Senator from Tennessee I felt that there was merit in the proposal that we should have a clear understanding as to the scope of the language included in the bill as it came to us from the Space Committee and from the Committee on Commerce. If the Senator will look at page 178 of the hearings, he will observe in the middle of the page the heading, "Relationship of the Corporation With Foreign Governments."

I propounded a series of questions to the Secretary of State which I think clarified the situation with reference to the language in the bill. I believe it would be well if those questions, commencing in the middle of page 178 and going through the middle of page 180, and the answers thereto were printed at this point in the Record.

Mr. President, if the Senator will yield to me for that purpose, I ask unanimous consent that that portion of the hearings be printed at this point in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

Senator Sparkman. Thank you, Mr. Secretary.

I have just a few questions I want to pose to you.

I note that you point out in your statement section 201(a)(4) of the bill directs the President "to exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

This would seem to me to mean plainly that the President will have full power to decide in each case what supervision would be appropriate.

Do you understand it that way?

Secretary Rusk. That is my understanding, sir. I would say the answer to that is "Yes."

POWERS OF THE PRESIDENT AS SEPARATE FROM THE POWERS OF THIS CORPORATION

Senator Sparkman. It would seem to me that if the President is to exercise such supervision over relationships of the corporation as he may deem appropriate, and so forth, it is clear that he may decide what negotiations he believes the Government should conduct and what negotiations are business matters of the nature which the corporation may conduct under the provisions of section 402.

Is that the way you understand it?

Secretary Rusk. I think that is correct, Mr. Chairman, if the President is to give effect to his responsibilities under this bill.

Senator Sparkman. Yes. I am just trying to make a record here as to your conception of what the powers of the President are as separated from the powers of the corporation.

I would assume, then, that the Government, rather than the corporation, would conduct basic negotiations affecting foreign policy, including such important negotiations as next year's ITU conference and any other negotiations with foreign governments, whenever the President thought it appropriate?

Secretary Rusk. I think that is undoubtedly true, Mr. Chairman. I think that would be especially true at the early stages of the establishment of an international communications satellite system.

Senator Sparkman. I assume, on the other hand, that the corporation would, in all probability, conduct its own technical business negotiations with foreign entities; is that right?

Secretary Rusk. That is correct, sir, with notification to the Department of State so that the foreign policy interests can be observed.

NOTIFICATION TO STATE DEPARTMENT CONCERNING NEGOTIATIONS WITH FOREIGN GOVERNMENTS

Senator Sparkman. You make it clear in your statement that notice must be given to the State Department in every instance when negotiations are to be conducted, even those of a business nature. And, furthermore, when it does this, it would be under the provisions of section 402 which require notifying the State Department?

Secretary Rusk. That is correct, sir.

Senator Sparkman. I assume, also, that when the President determines that it is appropriate for the executive branch to conduct a particular negotiation, he would direct that such negotiations would be conducted by the Department of State in conjunction with other interested agencies in the usual way. Is that correct?

Secretary Rusk. That would be the normal practice, and I might say, as happens in other fields, I would suppose that at a number of these negotiations a representative of the corporation would also be a part of the negotiating team associated with the Department of State.

Senator Sparkman. But always under the supervision of the President?

Secretary Rusk. That is correct.

Senator Sparkman. And the State Department acting, of course, for the President?

Secretary Rusk. That is correct.

RESPONSIBILITY FOR NEGOTIATION OF TREATIES

Senator Sparkman. It has been said that this bill would give the corporation the right to negotiate on behalf of the Government agreements and treaties which would require the approval of Congress.

Am I correct in reading the language of section 201(a)(4) to mean that the executive branch will negotiate all such agreements and treaties under the direction of the President, just as at the present?

Secretary Rusk. That is correct, sir. I would anticipate that any negotiation leading to an executive agreement or to a treaty on behalf of the Government of the United States would be conducted by the Government of the United States.

PROVIDING FOR FOREIGN POLICY REQUIREMENTS

Senator Sparkman. Do I understand, also, that you are satisfied that the powers given the President under section 201(a), when read with the overall objectives and purposes of the act as stated in section 102, are sufficient to provide for the foreign policy requirements of the United States?

Secretary Rusk. Yes, sir.

Senator Sparkman. Although it seems to me that the statute clearly says what I have stated in these questions addressed to you, and to which you agree, it might be helpful for us to state these points in the report that we make.

Now, Mr. Secretary, I want to call to your attention a couple of technical matters.

POSSIBLE AMENDMENT RELATING TO CREATION OF ADDITIONAL SYSTEMS

Just before you came in we had a discussion with Mr. Murrow relating to some of the language of the bill, and I refer to section 102(d).

The bill provides that it is not the intent of Congress to preclude the creation of additional systems, if required to meet, and I quote the language, "unique governmental needs, or if otherwise required in the national interest."

But section 201(a)(6), on the other hand, says:

"The President shall take all necessary steps to insure the availability of the system for such general governmental purposes as do not require a separate system to meet 'unique governmental needs.'"

Now, Mr. Secretary, the question I want to address to you is this:

In your opinion, should we not amend section 201(a)(6) to conform to the wording of section 102(d)?

In other words, would it not be desirable for us to add the words "or if otherwise required in the national interest" to the end of section 201(a)(6) and thereby make it conform with section 102(d)?

Secretary Rusk. Mr. Chairman, it seems to me that section 201(a)(6) was intended to facilitate the use of the communications satellite system for general governmental purposes except for those involving the "unique governmental need" provision. I think that is probably why the other phrase was left out. But I would see some advantage in conforming those two, and I would be agreeable to your amendment, as suggested.

Senator Sparkman. It would seem to me, offhand, that it would be well to make the two conform. There is one other instance that I want to suggest to you with reference to conformity.

Mr. SPARKMAN. Mr. President, two other amendments have been submitted. All the discussion on this point was brought out in the course of the hearings before the Foreign Relations Committee. The Senator from Tennessee was instrumental in developing the other two amendments. Two very small amendments have been proposed by the Senator from Ohio [Mr. Lausche], and the Senator from Idaho [Mr. Church], which are really conforming amendments. They help to bring the language in line as between two different sections of the bill. They are connected with the subject in that they would make the language in one section of the bill conform to language in other sections of the bill.

Even though those amendments are not before the Senate at this time, I earnestly hope that they will be agreed to. During the hearings in the Committee on Foreign Relations, I felt that virtually every member of the committee agreed to them. Secretary of State Rusk testified that they would be helpful.

The reason I mention the point at this time is that in part the amendments are covered in the series of questions and answers which I have asked to have printed in the Record.

Mr. McGEE. I thank the Senator for his comments. I am delighted that he has placed the questions and answers in the Record. He anticipated what I was turning to next in the colloquy and remarks of Secretary of State Dean Rusk. I, too, thought it was important that the replies to the questions of the Senator from Alabama [Mr. SPARKMAN], be made a part of the RECORD.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. McGEE. I yield to the distinguished Senator from Washington.

Mr. JACKSON. As I read the amendment proposed by the Senator from Tennessee [Mr. GORE], and the Senator from Ohio [Mr. LAUSCHE] it provides that the Department of State shall conduct or supervise such negotiations. In other words, the language is in the disjunctive. Am I correct in my understanding that under the amendment it would not be mandatory for the Department of State to conduct the negotiations?

Mr. McGEE. The Secretary felt that it was a clarifying provision, which was made by striking that clause, and refining it in the form in which it appears below, making it less all-encompassing.

Mr. JACKSON. As I read the language, which I understand is the original section sent up by the administration, it seems to me that it is discretionary and would leave to the Secretary of State the discretionary authority to intervene if the Secretary of State felt that such action was necessary. It seems to me offhand that it would be a very wise course to follow.

As I gather my colleague's impression of this testimony, the position of the Secretary is that the State Department does not have the technical competence to enter into that sort of negotiation. I agree. I think it would be unwise for the Department of State to set up another department or section within the Department to engage in the communications business. On the other hand, it seems it would be proper, and would make some sense, that the Secretary of State should have some authority to move into a situation if one should develop in which the foreign policy interests of our country might be involved.

Mr. McGEE. In reply to the Senator from Washington, the same point he has mentioned was raised repeatedly in the hearings, and the testimony given to the Committee on Commerce and also the Committee on Foreign Relations was that from the point of view of the Department, speaking for the President and the Department, they preferred the change in the language to avoid the generalites that were implicit in the original wording. On that basis the committees acted as they did.

Mr. JACKSON. I am fully cognizant that under the Constitution the President of the United States has full authority to enter into negotiations. It seemed to me that the original language of section 402 merely restated what was already a matter of constitutional law. I should think we would want to retain that authority as a matter of policy. Obviously we could not change the constitutional power of the President to designate the Secretary of State as a negotiator.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. McGEE. I wish to complete the reply to the question, and then I shall be happy to yield to the Senator from Ohio. In view of the point raised by the distinguished Senator from Washington, I think it would be appropriate to read a letter from the Department of State to the chairman of the Subcommittee on Communications, the Senator from Rhode Island [Mr. PASTORE], in which those two questions were specifically answered. They were brought up on the floor of the Senate after the discussion started here on the floor. It was thought wise to obtain the position of the Department on the question again in writing. The letter addresses itself to the point raised by the junior Senator from Washington:

> It is the view of the Department that H.R. 11040, both as reported out of the Senate Committee on Commerce and as passed by the House of Representatives, adequately reflects the responsibility of the Government for conducting the foreign policy of the United States. Section 201(a)4 of both bills provides—

This is considered an important part of the protection—

> SEC. 201. In order to achieve the objectives and to carry out the purposes of this Act—
>
> (a) the President shall—
>
> * * * * *
>
> (4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States.

Under Secretary of State for Political Affairs, Mr. McGhee, went on to say that—

> We—

Meaning the State Department—

> agree with the interpretation of that section which appears on page 24 of the report of the Commerce Committee. The report states that section 201(a)(4) "recognizes the President's authority to take whatever steps he deems appropriate to assure that the relationships of the corporation with foreign governments, entities, or international agencies are consistent with the foreign policy of the United States. This section reaffirms the traditional responsibility of the President, and through him of the Department of State, for conducting foreign policy."
>
> In addition to the broad authority granted the President by section 201(a)(4), there is the authority provided by section 402, which requires the corporation to give notice to the Department of State when entering into technical business negotiations. Even with respect to such negotiations, the Department "shall advise the corporation of relevant foreign policy considerations" and shall assist the corporation in the negotiations if requested to do so. We would point out that section 402 is limited to "business negotiations with respect to facilities, operations, or services." Negotiations of this character are carried on by private firms in the normal course of business. Any agreements, however, of a character which customarily call for approval by the Executive or the Congress would, in our opinion, continue to require that approval.
>
> While we, of course, appreciate the concern which several Senators have shown for making sure that the Government, rather than a private corporation, conducts foreign policy, it is our view that H.R. 11040 does not derogate from the traditional responsibilities of the Government in this area.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. JACKSON. As I listened to the reading of the letter I received the impression that what the Secretary is asking for is contained in the pending amendment. In other words, the pending amendment really restates what is a matter of constitutional power on the part of the President at the present time.

Mr. McGEE. The letter was subsequent to the change in the language. The Secretary is addressing himself to the language in the bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. McGEE. I yield to the Senator from Ohio.

Mr. LAUSCHE. I believe this discussion has been very illuminating on the real issue involved.

There are two subjects of negotiation, one business and the other the international relations of our Government. We all intend that the business negotiations shall be carried on by the corporation; and that the international negotiations involving foreign relations shall be carried on by the Department of State. Originally the language submitted by the administration, as was said by the Senator from Washington, was carefully drawn and presented in the bill, because it places in the Department of State the full power to deal with matters of business through the corporation, and with matters of international relations by the Department of State:

> SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

When the administration submitted its language in the bill it undoubtedly gave close attention to it and decided that the word "conduct" would deal with international relations of our country and the word "supervise" would cover the business negotiations to be carried on by the corporation. What the Department of State has written in that letter was properly described by the Senator from Washington when he stated that in that long letter it is trying to give a historical background of what it intends, whereas in the specific language of our amendment we achieve it directly, concisely, and to the point, instead of doing it by legislative history.

Mr. McGEE. I should like to say, as I conclude my remarks, that I believe our concern is the same on all sides in the protection of our national interest. It seems to me that those who are advocating the amendment are suggesting to the patient ills that he does not have and pains that he is not experiencing; and that the administration is satisfied that the national interest is protected in the proposed legislation as it is now written. I express the hope that the vote will be "No" on the pending amendment.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. MAGNUSON. Mr. President, we very carefully went over the suggested amendment in committee. The reason for the change was a very practical one. This is the same method that is used when we negotiate for cable systems and radio systems. Arrangements are made between a corporation here and the person at the other end, be it a government or a government-owned corporation, with which the Departments of State in both countries involved want nothing to do. They are not equipped to do anything about it. On all occasions, however, they keep the State Departments of the countries involved informed of what is going on. If there are any foreign policy questions involved, the State Departments of both countries involved step in.

Other purposes are served by the language in the bill, it provides that the State Departments of both countries will watch developments, and if the companies run into trouble in their negotiations, the State Department is asked to come in to help, and then suggest and advise on the technical aspects. If a treaty or agreement is required it is up to the State Department to negotiate. Therefore, it seems to me that the suggested amendment, although it sounds all right, might put the State Department into some negotiations of a technical and practical and purely private nature between one corporation and another corporation or a governmental agency, into which they might not desire to enter. With respect to section 402, we were very careful to ask the State Department if the change would in any way jeopardize or negate its historic responsibilities in foreign matters as between it and other nations, and on many occasions it said it would not.

Mr. McGEE. I thank the Senator from Washington for his comments. I yield the floor.

Mr. CHURCH. Mr. President, as one of the sponsors of the amendment I should like to state my reasons for supporting it.

I think the amendment has very great significance and ought to be carefully considered by the Senate before the vote. I am not able to concur in the able argument presented by the Senator from Washington, broad though his experience is in the field of communications. He has said that some of our big companies do in fact establish communications systems which link one continent with another, and that in order to establish these systems it is necessary for them to enter into agreements with foreign governments and other entities abroad. With that statement I am in full concurrence.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. MAGNUSON. In the beginning we had treaties with various countries, and these negotiations come within the treaties. The initiation was a treaty or an agreement on communications.

Mr. CHURCH. I am in full concurrence with what the Senator has said. I do not argue that point.

However, this is the first time that Congress has ever undertaken by a statute to confer express authority upon a private corporation to enter into negotiations and form agreements with foreign countries.

This is a new departure and a new precedent. It is pregnant with implications as to the prerogative of the President and his State Department in the conduct of American foreign policy. The first language submitted by the administration fully protected the prerogative of the President to conduct the foreign policy of this country, and conformed completely with the basic constitutional principle. All one has to do to understand the amendment and its significance is to read the two provisions—the original provision submitted by the administration, which was the language the President first endorsed, and the language that has been substituted for it by the Senate committees. The first provision read:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

This language makes it perfectly clear that the Department of State always retains a veto power over any agreement that may be reached between the private corporation and any foreign government. It wholly accords with the fundamental principles of the Constitution.

Compare with that language the substituted language.

Mr. KERR. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I should be happy to yield, but first I wish to complete my argument.

Mr. KERR. At this very point, I would greatly appreciate it if the Senator would yield.

Mr. CHURCH. I yield.

Mr. KERR. The Senator said that the amendment would conform with the constitutional provisions with respect to the authority of the Department of State. Will the Senator refer me to that part of the Constitution?

Mr. CHURCH. I stand corrected. I meant, of course, the President of the United States. I referred to the Department of State merely as an arm of the President. But the Constitution vests full prerogative in the President of the United States, and it was to the President that I meant to refer.

Mr. KERR. I do not contest that statement; but will the Senator refer me to the provision in the Constitution which states what the Senator just said?

Mr. CHURCH. I shall be glad to do so.

Mr. KERR. If he has that language available to him.

Mr. CHURCH. I am certain there could be no question with respect to the constitutional authority of the President in the field of foreign relations.

Mr. KERR. I did not say that. I asked the Senator if he would refer me to the provision of the Constitution to which he has referred.

Mr. CHURCH. I shall be glad to do so when I have had an opportunity to refer to the Constitution, upon the completion of my argument.

If we compare the language of the bill, as submitted by the President, with the language that has been substituted by the committee, it at once becomes evident that a substantial change has been made, because the substituted language reads as follows:

> Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this title with any international or foreign entity, it shall notify the Department of State of the negotiations—

First of all, the corporation is required only to notify the Department of State with respect to the negotiations—

> and the Department of State shall advise the corporation of relevant foreign policy considerations.

So two duties are here prescribed: First, that the corporation shall notify the Department of State; and second, that the Department of State shall advise the corporation of relevant foreign policy considerations. The remainder of the section reads:

> Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations. The corporation may request the Department of State to assist in the negotiations, and that Department shall render such assistance as may be appropriate.

This section, as a careful reading reveals, merely requires notification to the Department and response on the part of the Department advising the corporation of foreign policy considerations, and then such cooperation from the Department of State as the corporation may request.

These two sections—the one with the original language and the one containing the substitute language—cannot be read together without seeing at once that we are, by this act, not only conferring unprecedented authority upon a private corporation to enter into negotiations with foreign powers, but we are confining the Department of State to the advisory role of informing the corporation as to foreign policy considerations. There is nothing in the section that clearly leaves with the Department of State, as the executive arm of the President, the right to veto or direct any particular aspect of the negotiations. If we write this language into the law, we shall be leaving it open to the corporation to take the position, with respect to some particular provision to which the State Department may object that it falls within the term "business negotiations," and that therefore is a matter resting with the corporation itself to decide.

I suggest that we cannot take the language of these two sections, read them together, and conclude that the constitutional prerogative of the President has been left unclouded by the substituted language. I plead with the Senate that since we are, for the first time, expressly conferring upon a private corporation the right to negotiate agreements with foreign governments, we should be particularly careful not to do so in language that will leave in any ambiguity the constitutional prerogative of the President of the United States. There is no reason why we should. It is not necessary to the establishment of the communications satellite system that we should cast a cloud upon the authority of the President to conduct our foreign policy.

If we adopt the substitute language and turn down the amendment, we shall be doing precisely that. We shall have departed from precedent in language that places in serious obscurity the right of the President to intervene and direct the course of the corporation in negotiations with foreign countries, negotiations which could have the most profound implications, since they deal with limitless space, upon the foreign policy of this country. This is unnecessary to the objectives of the act. It is unwise; it is unprecedented.

So I urge that the Senate adopt the amendment. The amendment will strengthen the bill, and will create no dangerous precedent which may plague us in the years to come.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. CHURCH. I yield to the Senator from Tennessee.

Mr. KEFAUVER. Article II, section 1, of the Constitution provides:

> The executive Power shall be vested in a President of the United States of America.

Article II, section 2, provides:

> He shall have Power, by and With the Advice and Consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur;

That language has been interpreted by the courts to mean that all power to negotiate with a foreign government shall be in the President. That is a constitutional power, is it not?

Mr. CHURCH. It is. I am happy that the Senator from Tennessee has called these sections of the Constitution to the attention of the Senate. I too would cite article II, section 1, and article II, section 2, of the Constitution. These two sections, taken together, are cited by the courts as the constitutional basis for the President's direction of the Nation's foreign affairs.

Mr. MAGNUSON. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield. I shall be happy to yield the floor to the Senator.

Mr. MAGNUSON. I hope the Senator does not misunderstand. Despite the controversy about other sections of the bill, what we were trying to do, at least in the Committee on Commerce, was to separate, if it is possible to do so, the power to make technical business arrangements, which has been done on many occasions with respect to other communications, so that the Department of State would not be cluttered up with questions as to whether it must be concerned with technical service; whether this facility or that facility must be used. That is what we are trying to do.

We use the term "business negotiations" because in some countries the communications service is owned by the government, although it is run as a private corporation.

I think all of us are trying to do what the Senator from Idaho is suggesting; but the original language would cover business and technical discussions and agreements, whereas we tried to write section 402 in a way which would make it possible for them to be removed, but still keep the State Department doing what the Senator from Idaho is suggesting it should do. So I wonder what all the discussion is about.

Section 402, as now set forth in the bill, reads, in part, as follows:

> SEC. 402. Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any international or foreign entity, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations.

Having done that, we proposed the inclusion of language similar to the language of the original section, so the State Department will not be cluttered up with highly technical agreements, purely business agreements, made with other countries. That system is already used in connection with cable systems—for instance, in connection with the landing arrangements—and also in connection with radio and other international communications; and that is what we are trying to have done in this case.

It may be that it would be possible to separate them and do exactly what the Senator from Idaho was trying to do. I could not be present at all the hearings of the Commerce Committee; but the Senator from Rhode Island and the entire subcommittee went into this matter at great length in the subcommittee, because they had the same concern that the Senator from Idaho has.

Mr. CHURCH. I am certain that it was not the purpose of the committee in any way to impair the powers of the President in the conduct of our foreign policy. But I believe that the effect of the language used might produce this result.

In the first place, I question whether it is possible to divide negotiations which pertain to space into nice categories, so that "business negotiations" can be separated from foreign policy considerations. I suggest to the Senator that the language originally proposed by the President not only wholly conforms with the basic constitutional principles, but also leaves the State Department in the very position the Senator would want it left in—in other words free to leave the business aspects of the negotiations to the corporation, while always remaining in position to direct those aspects felt to involve our foreign policy. But we would take serious risks if we substituted the language now proposed for the language originally proposed. That is why I support this amendment.

Mr. MAGNUSON. However, this part of the bill does not relate to space in particular. It also relates to negotiations in regard to the ground system, and these agreements are technical. I have seen the agreements which have been made in connection with international cables. The agreements deal with the arrangements made when the cables reach shore, and so forth, and so on.

We asked the State Department for the correct language to be used. We, ourselves, did not undertake to provide the necessary language. And this language is what the State Department suggested to us, and it is not strongly in favor of the proposed corporation.

Mr. CHURCH. But "business negotiations" is not a term of art with a clear meaning established by a long period of litigation. Therefore, to use such a term is to invite ambiguity as to its meaning.

Thus it is that this amendment would eliminate any such ambiguity or trouble, while clearly preserving the prerogative of the President, which every Senator should be anxious to have the bill do.

As to space, it seems to me that the space aspects of the bill involve the most serious questions of foreign policy. Once a satellite is in orbit, it cannot be recaptured; it will continue to circle the earth in an area which cannot now be defined legally, and the wavelengths used must become the subject of international agreement. So I believe that the bill would open up a whole series of negotiations necessarily involving the foreign policy of the United States, which ought not to be placed in the hands of others. I wish to make certain that the bill preserves the prerogative of the President in connection with the conduct of the foreign policy of our country. If we adopt the pending amendment, we shall remove all doubt. If we do not adopt the pending amendment, there will be considerable doubt.

Mr. MAGNUSON. Well, Mr. President, the Senator from Idaho is a member of the Foreign Relations Committee, and I am not. Perhaps it is just as well that I am not a member of that committee, or else I might become too much involved with some of these foreign-policy problems.

At any rate, our committee took the language the State Department said it wanted and said the President suggested. That is about as far as I can go in obtaining advice on this subject.

Mr. GRUENING. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. GRUENING. I wish to compliment the Senator from Tennessee [Mr. GORE], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Idaho for submitting the amendment and for bringing about the first serious debate on the bill—on one important aspect of the bill—that has occurred during the various days it has been before the Senate.

I desire to point out the large number of empty seats across the aisle. In fact, that part of the Chamber was even emptier a minute or so ago, just before the distinguished minority leader [Mr. DIRKSEN] entered the Chamber; and at present he is one of only 3 Republican Senators now on that side of the aisle, listening to the debate. We Democrats are more interested. At least 30 of us are here to listen.

However, I wish to congratulate the Senators from Tennessee, Ohio, and Idaho for bringing about the first realistic debate on this issue.

It seems to me it is most unfortunate that the vote on the cloture motion has been set for 1 p.m. tomorrow, even though we are only on the eve of the vital debate on this measure; and I believe it most regrettable that all these issues involved in this important bill cannot be debated in the way this amendment has been debated this afternoon—and really for the first time. That is the way every significant amendment should be debated. But we may be foreclosed by cloture.

Mr. CHURCH. I thank the Senator from Alaska.

Mr. KERR. Mr. President, I rise to oppose the amendment submitted by the Senator from Tennessee [Mr. GORE], on behalf of himself, the Senator from Ohio [Mr. LAUSCHE], and the Senator from Idaho [Mr. CHURCH].

In order that the Senator may know just what it is that I oppose, I wish to read the amendment:

> Beginning with line 3, page 38, strike out all to and including line 14, page 38, and insert in lieu thereof the following:
>
> "FOREIGN NEGOTIATIONS
>
> "SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

Mr. President, that does not and could not add to or detract from the constitutional authority or power of the President in the field of foreign relations. But it does do this: It makes the State Department—not the President—the sole negotiator and the sole and final arbiter in connection with any agreement between this corporation and any agency or entity of any other government. It would make the Department of State the sole arbiter, the sole negotiator, and the only authority which could enter into an agreement with an agency of a foreign government with reference to international communications.

I would like to illustrate the absurdity of this amendment. At the present time American communication carriers have over 400 agreements with agencies of foreign governments with reference to the receiving and transmission of international communications. They have been making them since 1867.

When this matter was before the Space Committee, the distinguished Senator from Nevada [Mr. CANNON] asked the representative of the State Department this question:

> Senator CANNON. Section 402, as you know, provides the corporation shall not enter into negotiations with any international agency, foreign government, or entity, without a prior notification to the Department of State, which will conduct or supervise such negotions. All agreements and arrangements with any such agency, government, or entity, shall be subject to the approval of the Department of State.
>
> Does the Department have that authority with respect to operations conducted in the same area at the present time, abroad?
>
> Mr. McGHEE. No, Senator, we do not.

Mr. President, how in the world, for nearly 100 years, have the private communications carriers in this country—Western Union, International Telephone & Telegraph Co., American Telephone & Telegraph Co., Radio Corp. of America, Hawaiian Telephone Co., telephone companies on the west coast that have transoceanic cables to Hawaii and are now in the process of building them to Japan, companies that have cables across the Atlantic, the Middle Atlantic, the North Atlantic—been able to develop the amazing facilities for international telephone, telegraph, and radio communications without having the transactions and agreements negotiated by the State Department?

No wonder, when this matter was brought to the attention of the State Department, they ran away from it as if it were smallpox. They did not want it, and they do not want it. We asked them specifically if they wanted it. The question was again asked by the Foreign Relations Committee after this matter was referred to that committee.

During the hearings conducted by the Senate Commerce Committee, the Senator from Texas [Mr. YARBOROUGH] asked Under Secretary George C. McGhee—this was before the Commerce Committee and before the report was made by the committee:

> Mr. McGhee, who do you think would be best qualified to conduct negotiations with foreign nations? The Government through the Department of State or the new private corporation if created?

Mr. McGhee answered:

> At the outset there may be required an intergovernmental negotiation involving matters which affect our foreign policy with respect to the nations concerned, either individually or in groups, and such negotiations could best be conducted by the Department of State in behalf of the corporation under the authority granted the President in this act.
>
> When you come to the specific commercial or technical negotiations which would be conducted, these can only be done really by the corporation, * * * when the provisions of the language offered more authority to the Department, we pointed this out.
>
> The Department of State is not qualified to conduct many, and there will be a great many negotiations of a detailed or commercial nature. Indeed, the Department cannot assume the responsibilities involved in commercial negotiations.

Mr. President, I have been a Member of the Senate now for nearly 14 years. I have heard many arguments about what the authority of the Department of State ought to be, about what the treaty-making authority and the executive-agreement making authority of the President of the United States ought to be. I have heard thunderous debates on the floor of the Senate by men who knew what was in the Constitution and who knew that the Department of State was never mentioned in it; by men who knew what the two provisions in the Constitution with reference to foreign affairs responsibility and power of the President contained, and what they meant under interpretations of the court.

I read two very simple sentences. Article II, section 1:

> The executive Power shall be vested in a President of the United States of America.

The distinguished Senator from Tennessee read another section of the Constitution, section 2 of the same article:

> He shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur;

The proposed act relates to the making of commercial agreements, or agreements which, by the wildest stretch of the imagination, could not be raised to the dignity of treaties; and if they assumed such proportions they could, under the Constitution, be made only by and with the advice and consent of two-thirds of the Senate.

Where are the Senators who want the hundreds—yes, thousands—of agreements that would be made in the future with reference to international communications brought before the Senate for confirmation?

This measure could not take one jot or tittle from the power of the President of the United States in the field of foreign affairs if it wanted to. It could add to it if Senators wanted it to, and the Congress wanted it to, and the President signed the legislation proposed. But the President does not want it.

This matter was debated before the Space Committee for weeks. The Deputy Attorney General helped write the report of the Senate Space Committee. After consultation with the Federal Communications Commission, after extended consultation with the State Department, he approved every word in the report with respect to the entire bill, and certainly with reference to this part of it. The people in the State Department do not want this power, and I agree with them that they probably have as much as they can do now. No man in the Senate respects them more than I do. I even respect them enough to be willing to comply with their wishes in this matter.

The Secretary of State came before the Foreign Relations Committee and said the bill provides "no delegation of the President's authority to engage in international negotiations." That is what the Secretary of State said.

Senators may know more about it than the Secretary of State does. They may know more about it than the Justice Department does. A few of them may know more about it than members of the Space Committee do, and all of the members of the Commerce Committee but two, and all of the members of the Foreign Relations Committee but four; but I doubt it.

The Secretary of State said:

> In recent weeks most of the discussion of the foreign policy provisions of the bill has centered on whether they delegate to the corporation a part of the President's authority to engage in international negotiations on behalf of the U.S. Government. Let me state most emphatically that they do not.

This was not a Senator who thought the State Department was mentioned in the Constitution. This was the statement by the Secretary of State of the United States before the Committee on Foreign Relations a few days ago:

> Let me state most emphatically that they do not.

Can there be doubt in the minds of Senators, after that statement by Secretary Rusk?

No member of the Aeronautical and Space Sciences Committee wanted to take anything away from the President. No one on the Commerce Committee wanted to take anything away from the President. Certainly no member of the Committee on Foreign Relations wanted to take anything away from the President, or from the Department of State.

None of those committees, nor the Secretary of State, nor the President, wants an incalculable burden to be put upon the Department of State.

The Secretary continued:

> Indeed, to my mind, there would be a constitutional question whether Congress could by legislation deprive the President of any such authority.

I surely agree with him in that regard.

> The fact is that the bill, in section 201(a) (4), expressly directs the President to "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the international interest and foreign policy of the United States."

With reference to that authority which the President has, and with reference to that responsibility which he has under the Constitution, the bill, as it is now before the Senate, expressly would protect it, and, if mere legislation could reinforce the constitutional provision, would do so. Actually, the only thing the bill could do would be to make it more clear and explicit, because the language in the Constitution is general, and its meaning comes down as a result of interpretations of the Supreme Court, rather than by reason of the naked language of the Constitution.

Mr. Rusk then said:

> This provision confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved.

Senators say that is all they are trying to do—to protect the foreign affairs responsibility and authority of the President by and through the State Department. The Secretary of State says that the language of the bill already will do that. The report of the Committee on Commerce, the report of the Committee on Aeronautical and Space Sciences, and the word from the Committee on Foreign Relations, all tell us that the language of the bill already will do so.

Mr. Rusk then said:

> Where he considers it necessary for the executive branch to conduct the negotiations himself, he will be able to direct this.
>
> A certain confusion has arisen—

That is a mild understatement. I might say there have been those who have contributed to that confusion. I am glad there has not been an epidemic. I am glad that those who have permitted it to arise within themselves and have sought to generate it in others have run into almost a blank wall. The mentality of the Members of this body is such as to insulate them against that which is apparently and palpably either confusion or an effort to create it.

Mr. Rusk says:

> A certain confusion has arisen on this subject because section 402 of the administration bill in its original form contained the following provision—

Which is the language of the amendment—

> "The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

The Secretary stated:

> That provision taken literally was perhaps too broad. But as Under Secretary McGhee made clear in the very first testimony of the State Department on this bill, the Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporation, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business.

I add—any more than it has tried to do so in connection with the approximately 400 agreements now in effect and under which American communications carriers are operating.

Mr. Rusk continued:

> Moreover, the original language lodged the negotiating authority in the State Department rather than in the President who has the constitutional responsibility for the conduct of foreign policy.

I wish to express my appreciation to the Secretary of State, who disowned language in proposed legislation which would attempt to deprive the President of the United States of his constitutional authority.

Senators sponsoring this amendment say they are trying to protect the constitutional authority of the President of the United States. The Secretary of State says that they are trying to deprive the President of the United States of his constitutional authority and responsibility. No lawyer needs to be in doubt about that.

Who seeks to deprive the President of the United States of his constitutional authority—those who recognize it and confirm it, or those who would take it away from him if they could and lodge it in the State Department? Such an action, if passed, would be unconstitutional. We could not do that if we wanted to. The Secretary of State has so advised the Committee on Foreign Relations and the Senate.

> For these reasons—

The Secretary said—

> that language was dropped—

I wish to say, for the Secretary of State, that when he saw that a mistake was made, he tried to correct it, not to perpetuate it or to perpetrate it, which is the thing sought to be done now—

> and the language I have previously read to you was inserted in section 201(a)(4) to confirm the President's authority to conduct negotiations having international political significance.

I asked the representative of the Secretary of State as to who had this authority, and when faced with that question, he said, "It belongs to the President." I said, "Do you want it, or should we leave it with him?" He said, "Leave it with him." Secretary Rusk told the Foreign Relations Committee, "Leave it with him."

We cannot take the authority away from the President if we want to. We would not if we could. Yet the sponsors of the amendment would do that very thing.

The Secretary also said:

> In exercising this authority the President will use the Department of State as his principal arm.

The Department of State is not going to be neglected or permitted to wither on the vine. All the foreign affairs responsibility of the President—all of his powers which he directs and permits—will continue to be exercised through the Department of State. But then Congress will not have gone through the folly of attempting to deprive the President of the United States of that which the Constitution has placed in him and to put it in the Department of State, which does not want it, to which we could not give it, for whom the President does not seek it.

Mr. Rusk also said:

> But, as this committee knows, in conducting its international negotiations the Department associates with itself representatives of other agencies which have interest and competence in the subject matter.

This bill would deprive all other such agencies, to which he refers, of their responsibility or of that which the President might delegate to them or request of them.

I read further from the statement of Secretary Rusk:

> In the course of congressional consideration, section 402 was rewritten to govern those situations in which the corporation is negotiating abroad on business or technical matters arising in the conduct of its operations. We do not interpret this new section 402 as a grant of power to the corporation to negotiate on these matters.

The officials of the Department are pretty good at protecting their prerogatives. They are pretty good at protecting the position of the President of the United States. Secretary Rusk said:

> We do not interpret this new section 402 as a grant of power to the corporation to negotiate on these matters.

The Space Committee did not so interpret it. The Attorney General did not so interpret it. The Committee on Foreign Relations did not so interpret it. The Committee on Commerce did not so interpret it. The distinguished chairman of the Committee on Commerce has so stated. The distinguished presiding member of the Committee on Foreign

Relations, the Senator from Alabama [Mr. Sparkman], has so stated.

Mr. Rusk said:

> We—

The State Department—

> do not interpret this new section 402 as a grant of power to the corporation to negotiate on these matters.

The Senator from Idaho [Mr. Church] does. Apparently the Senator from Ohio [Mr. Lausche] does. I do not know about others. I do not know much law, just as I do not know much mathematics. But I know that 2 times 2 is 4. And I know that the Congress of the United States cannot deprive the President of the United States of that which the Constitution has given him, even if he asks for it—which he does not—even if he claimed it—which he does not—even if the Senators who are pretty proud of themselves think that they can give it to him, which they cannot.

I remind Senators that the amendment does not protect the power of the President of the United States. If effective, it would deprive the President of the United States of constitutional authority and place it in the State Department, as Mr. Rusk said, to the detriment of many other agencies, all of whom have responsibility in these matters, when indicated by the President.

Mr. Rusk said:

> That derives from its charter power to do the kind of business it will be doing. Section 402 in its present form is a recognition that, with this corporation, even technical or minor business negotiations may raise problems of wider concern. It provides a procedure for dealing with those problems. Under this procedure the corporation must keep the Department informed about such negotiations. The Department will advise the company of relevant foreign policy considerations and be ready to provide appropriate assistance if necessary. Although the bill contains no definition of "business negotiations," this creates no difficulty. It is, after all, for the President to determine, under section 201(a)(4) as well as under his constitutional power to conduct foreign policy, what negotiations should be conducted by the Government and which may be left to the corporation.
>
> I can assure the committee that we in the State Department are fully aware of the broad range of questions involving foreign policy interests that may arise in connection with this satellite communications system.

That ought to be some reassurance to these gentlemen who seek to protect that which is not threatened, who seek to convey that which is not sought, who seek to deprive the President of that which is his under the Constitution, who seek to impose upon the State Department authority and power which they shun, and which we could not grant if we wanted to do so.

Mr. Rusk continued:

> The Department will wish to follow them closely either through direct conduct of the negotiations or by close association with the company under the procedure prescribed by section 402, whichever is appropriate.

I submit that the amendment before the Senate, if it were agreed to, and were found to be valid and constitutional, would destroy the corporation. It would put shackles about it so that it would be unable to do anything other than what the State Department permitted it to do—a power which the State Department shuns, a power which the Justice Department repudiated.

Those responsible in the Department of Justice know what is in the bill. They know what the Constitution gives to the President. They know what his power and responsibilities are. They know what Congress can or cannot do, and they put their brand of approval on the bill.

When the bill was referred to the Committee on Foreign Relations, the administration did not send mere boys to the committee. They sent the Attorney General of the United States, the brother of the President, the Honorable Robert Kennedy, before that committee. He did not hesitate to put the brand of approval on the bill.

They did not send an under secretary of State. They sent the Secretary of State, Mr. Rusk. It is his words that I have read to the Senate.

They send the Chairman of the Communications Commission to the Foreign Relations Committee.

They sent the Deputy Director of NASA to that committee.

They send the Secretary of Defense. They did not send any of those who work for him.

They send the biggest guns the administration has, and they spoke for the departments and for the President of the United States.

They said, "This bill has our approval." And, Mr. President, I believe the bill has the approval of the Senate. If it does, we will not permit it to be impaired or destroyed by the amendment.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Louisiana.

Mr. ELLENDER. I am sorry I was not present to hear all of the Senator's remarks. According to the memorandum issued by my good friends, the Senator from Tennessee [Mr. Gore] and the Senator from Ohio [Mr. Lausche], section 402 was originally placed in the bill and was afterwards changed. Who was instrumental in suggesting the change?

Mr. KERR. The Department of State and the Department of Justice.

Mr. ELLENDER. Did any prospective member of a corporation have anything to do with that, or did the suggestion of the proposed changes themselves come entirely from the sources to which the Senator has referred?

Mr. KERR. The persuasive suggestions came entirely from the Department of State and the Department of Justice.

Mr. ELLENDER. I thank the Senator.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. KERR. I yield the floor. I presume the Senator has the floor in his own right.

The PRESIDING OFFICER. The Senator from Oklahoma yields the floor. The Chair recognizes the Senator from Tennessee.

Mr. GORE. Mr. President, I always listen with rapt attention to the remarks of my distinguished friend, the Senator from Oklahoma. What he says is always important. In this particular argument what he left unsaid is more important.

I submit that it is really specious to try to draw a legalistic distinction between the President of the United States and the Department of State. In act after act reference is made either to the Secretary of State or to the President of the United States, and the meaning is the same, because the Secretary of State is the arm of the President in foreign affairs.

I have studied with great care the testimony before the Space Committee. I believe that Under Secretary of State George McGhee made a very strong defense of the request of the President for the original language which the Senator from Ohio, the Senator from Idaho, and I suggest be restored to this bill.

My distinguished friend the senior Senator from Oklahoma says that the Department of State fled from this language as if fleeing from smallpox. I do not think those who read the testimony before the committee will conclude that the Department of State was fleeing from smallpox. They were fleeing the power, the pressure, and the personality of the distinguished chairman of the committee, who insisted that this language be stricken. It is perfectly plain that the Department of State with the greatest of reluctance retreated from this position which the President had recommended. Then what happened when they went before the Commerce Committee? Secretary McGhee testified that the Department had acquiesced in this, but he still said that he preferred the original language which the President had recommended.

By what authority are we told here that President Kennedy wants the language he requested to be stricken out? He sent a message to Congress in which he assured Congress that under the bill the Government would "conduct or supervise the international negotiations." Along with that message came the proposed legislation, with his approval, with the approval of the Justice Department, with the approval of the Department of State, requesting in explicit language a provision which would fix the traditional and constitutional roles of the Government in foreign affairs in this new field.

My friend, the very able and distinguished senior Senator from Oklahoma, refers to the myriad agreements with other countries in the telecommunications field. What he did not tell the Senate was that in more than 100 of those instances the Government of the United States conducted and supervised the negotiations. There have already been six international telecommunications conferences this year. U.S. participation in all of them was supervised and conducted by the Government of the United States. A great and very important international telecommunications conference is scheduled to be held in Geneva in August of next year. One of the subjects to the conference will be the allocation of wavelengths to make possible, if it be possible, a global satellite communication system.

Too often this vast new medium of communications has been compared with a basketball in the sky or a cable in the sky. The former legal adviser to the Department of State and former Ambassador, Ernest Gross, said in testimony before our committee, that to say that this was just trying to do what we had already done was like saying that an atomic bomb was just another way of shooting off a firecracker.

This is a vast new field. We are asked to take unprecedented action—not one such action, but many. What is the first unprecedented action that it is proposed we take? It is that Congress itself by statute authorize the establishment or the creation of a private corporation for profit. We have authorized the incorporation of the American Legion and the Boy Scouts. However, never before has Congress passed a bill to authorize the creation of a private corporation for the profit of its stockholders. Therefore, whether it is wise or unwise to do this, it is an unprecedented step.

Then there is another one. There is contained in the bill the requirement that the Government of the United States, even though it may have other communications facilities of its own, utilize the facilities of the proposed corporation for the transmittal of its own messages, excepting the "unique," messages such as security messages.

Then there is another unprecedented thing that flows from the bill. I cite the testimony of Dr. Dryden before the Foreign Relations Committee. I asked him if under present law the space agency would cooperate with other corporations, other agencies, and other citizens in the launching of satellites and in the development of technology in this field. He said the offer was open to all who had the necessary technical capability—Howard Hughes, General Electric, RCA, CBS—anyone. Then I asked him what would be the situation after Congress passed the bill. He said that he would interpret the passage of the bill as the selection of a chosen instrument. He went on to say that NASA would then cooperate only with this corporation.

I am only citing these three unprecedented steps in order to come to the fourth, which we are asked to take, which is the subject of the pending amendment.

Fourth, it is proposed to give the initiative and the primary position in the negotiation of international agreements on behalf of the United States to a corporation organized for the profit of its stockholders.

The distinguished senior Senator from Oklahoma said that it is not within the power of Congress to take away the constitutional powers of the President in foreign relations. I agree with that statement. However, it is possible for Congress to prejudice the exercise of that power.

How would that operate in this case? It is proposed to give to this corporation, for the first time, the power to conclude agreements with foreign governments. What must it do? I call attention to section 402 as it is now in the bill. Senators will find that it applies exclusively to the so-called business negotiations. Foreign policy agreements and political agreements are nowhere mentioned. I ask Senators to turn to the bill and read it.

For the first time, the bill proposes to give statutory sanction and authority to a private corporation, created for the profit of its stockholders, to negotiate, on behalf of the United States, international agreements of vast import.

Mr. President, I said a moment ago that Congress could impair the authority of the President. If Congress passes and the President signs such a bill giving the primary position of initiative to a private corporation to enter into negotiations and agreements, who is to challenge such infringement upon the power of the President if the Government itself acquiesces in it?

At this time of the day I do not wish to make a legalistic, lawyer's argument to the Senate, but I suppose it is necessary to point out that it is not every person who can get to the Supreme Court of the United States on an issue. There must be parties of interest. The issue must be justiciable. Who is to bring the action, if the Government of the United States, through the action of Congress and the signature of the President, acquiesces in the granting of this privilege to negotiate on behalf of the United States with foreign countries for the profit of the stockholders of the corporation? I say this section impairs, it impinges upon, it infringes upon the constitutional power of the President, with the advice and consent of the Senate to direct the foreign policy of the United States.

What would the amendment do? It would restore to the bill the identical language recommended and requested by the President, approved by the Department of Justice, and approved by the Department of State. Eventually, yes, they acquiesced in a change; and what do all the letters and statements that the distinguished senior Senator from Oklahoma [Mr. KERR] read amount to? They amount to an attempt to build legislative history as the senior Senator from Ohio [Mr. LAUSCHE] pointed out, to seek to excuse and justify this strange and odd procedure.

I close by asking Senators to read the amendment we propose and to read the language in the bill, and then to reach their own conclusion as to which is specific; to reach their own conclusion as to which conforms to the Constitution and the tradition of the United States of America. If I wanted to go into greater detail, I could point out that the report of the Committee on Aeronautical and Space Sciences, over which the senior Senator from Oklahoma presides, interprets this position in one way, and the Committee on Commerce interprets it in another way.

Ambiguity? Fuzziness? As the senior Senator from Idaho [Mr. CHURCH] said, the proposed language is designed to make much mischief. I again ask the Senate to read the specific, clear, concise language of the bill which President Kennedy recommended, which followed his message to Congress, but which was stricken out. Why was it stricken out if it was not desired to change the authority of the Government, as it was specifically reserved in the original bill.

Mr. MORSE. Mr. President, I wish to speak for a few minutes in regard to what I consider to be the great desirability of the amendment. But I point out that the discussion of the amendment proves the case of us who oppose the bill with respect to the desirability of full and adequate debate on the merits of serious proposals and changes in the bill; for here in my judgment, we are coming to grips with a very important series of foreign policy programs affecting our country in respect to the bill which we have been debating for some time. Yet it is proposed that tomorrow two-thirds of the Senate should vote to close debate on the amendments, thus depriving the proponents of the amendments of adequate time to present their case on this very important issue.

I simply respectfully point out that the debate this afternoon proves how unwise the cloture petition is. In my judgment, it proves that if two-thirds of the Senate vote for the cloture petition tomorrow, they will be denying to the American people the record which ought to be made on the merits of the amendments, before there is any final vote either on the amendments or on the bill.

Next, I point out that there is much argument by way of analogy in the debate as between a communications satellite system involving space and a communications system involving terra firma, involving the land of the globe, involving cables and wires. Any argument by analogy is fallacious. I think the fallacy of the argument by analogy is well demonstrated by those who seek to put a communications satellite system on parallel argumentative premises with cable and wire communications. I think it is fallacious reasoning for the reasons I now set forth.

When we deal with space communications, we are dealing with a sphere in which international law rights do not yet exist, other than such very limited commendations by way of accomodations to the various nations set forth in the United Nations resolution of October 1961. But the resolution of the United Nations of October 1961 does not create permanent international law rights in any nation with respect to space. Do not forget that the United States proposed the resolution. Our delegation succeeded in getting the Soviet Union finally to join in agreeing to the resolution, but the statement of United States policy in connection with the resolution was made by the head of the United States delegation at the United Nations, Adlai Stevenson.

As the great international lawyer, Mr. Gross, who testified before the Committee on Foreign Relations, pointed out, the premise on which the United States bottomed its position in respect to the resolution was that it was our policy, our proposal, to establish a global space communications system. Other nations in the United Nations went along with the resolution on the basis of Stevenson's representation as to what U.S. policy was in relation to a space communication system.

As is known, the senior Senator from Oregon has been insistent that Adlai Stevenson be brought before the Committee on Foreign Relations for a discussion of that resolution; because before this record is completed, the Senate ought to know the meaning and intent of the U.S. proposal in October 1961, when the so-called commendatory resolution—and that is all it is—was adopted. It simply states that the United States commends; it does not create international law. We have been unable to get Ambassador Stevenson to appear before the Committee on Foreign Relations.

I say to my leadership that, in my judgment, under no circumstances should the bill go to a final vote until Stevenson has been brought before that committee for a statement—and for examination on it—as to what, if any, he considers the international-law rights of the United States in space are in relationship to a space communications system. I regret very much that he has not appeared before the committee. It was agreed among us in the committee that as this debate proceeded, there undoubtedly would be time to bring Mr. Stevenson before the committee, some time this week; and I have been persistent and insistent that that be done. I repeat, this afternoon, my request that Ambassador Stevenson be brought before the Foreign Relations Committee for a discussion of the commendatory resolution—which is all it was—sponsored in the first instance by the United States, and joined in by Russia, in connection with a space satellite communications system.

I make this point because I wish to state that we cannot separate a space communications system from foreign-policy questions; and we have the future ahead of us for the determination of what rights the United States has in space and what rights Britain, France, Italy, West Germany, Russia, or any other nation which at present is working in the field of space has in space.

Therefore, I believe it is a false analogy to argue that this new system of international communication is comparable to the existing ones, and that there is an analogous relationship between such international-law rights as we now have in connection with cables and wires—communications systems related to terra firma—and whatever rights, if any, we have in space, for international lawyers are warning us now that no nation has international rights in space, except as such rights are established by international agreement; and the Senator from Tennessee [Mr. GORE] has referred to an international conference, for the purpose of entering into such agreements, which is scheduled, I believe, to meet in August 1963. That conference will be dealing with the task of trying to obtain some understanding in regard to international-law rights in space, in an effort to determine the frequencies used in international space communications systems. Notice that I use the word in the plural, because international-law rights in space will not be gained in the way that international-law rights have been obtained in the past—by planting a flag at some previously unclaimed place on the globe, whether in the Arctic or in the Antarctic.

The so-called ground-station operations cannot be separated from the space operations of the system; and this is where I think the proponents of the bill commit a fallacy in connection with their argument by way of analogy, because the ground-station operations are essential to the operation of the satellite in space, and also the operation of the satellite in space is inseparable from the operation of the ground stations. Certainly they are inseparable insofar as the international-law rights of any nation—either our Nation or any nation—in respect to a satellite communications system are concerned. So such a system itself is pregnant with foreign-policy implications and complications. Thus it is that I say respectfully to the Senate this afternoon that we must make perfectly clear that the Government of the United States is "in the saddle" all the time—and not any corporation created through this act by the Congress of the United States.

It seems to me that unless we give consideration to the underlying basic problem of foreign policy connected with the establishment of a satellite communications system, we miss the point which the proponents of the amendment have been seeking to make over and over again during this debate.

Mr. GORE. Mr. President, will the Senator from Oregon yield? I should like to make a point at this time.

Mr. MORSE. Very well; I yield.

Mr. GORE. Today, we see that the Soviets have two space vehicles in parallel orbits. I point that out for the reason that I asked Dr. Dryden what would be the result if the United States placed into orbit some communications satellites on given wave lengths, for its own purposes, without having reached the requisite agreements with other nations, and if, because of the lack of an agreement with other nations, some other nation with the technical capability of doing so were to place a satellite similar to ours in a similar orbit, on a similar wavelength. The answer was, "Complete confusion." I cite this to illustrate that, just as the Under Secretary of Defense said, 90 percent of this problem is not related to communications. If this system is to come into being, that must be done through the successful prosecution of international relations and the achievement and conclusion of a whole series of multilateral and multination agreements.

Mr. MORSE. I thank the Senator from Tennessee, for he has expressed in a most effective way the point I have been trying to make—namely, that this entire subject is pregnant with foreign-policy problems, and the space operations cannot be separated from the ground-station phases.

So, Mr. President, in my judgment it is unsound to argue that because in connection with cable services and wire services on the face of the earth we follow certain policies, therefore we should follow similar policies in connection with a space communications system.

But now let us consider the language which the proponents of the bill are willing to accept.

Mr. MAGNUSON. Mr. President, at this point will the Senator from Oregon yield briefly?

Mr. MORSE. I yield.

Mr. MAGNUSON. On pages 152 to 160 of the hearings held by the Commerce Committee we find a statement about 6 pages in length which was made by Adlai Stevenson, and also the resolution adopted in December 1961. I point that out in case any Senator wishes to refer to it. All of it is printed at that point in the hearings.

Mr. MORSE. It is also included in the hearings of the Senate Foreign Relations Committee.

Mr. MAGNUSON. Yes. I understand that the resolution suggests that in connection with the matter of international law, we move through the United Nations.

Mr. MORSE. The resolution sets forth the then commendatory policy of the United Nations, but does not arrive at a final determination in regard to the rights of nations. It was a resolution of accommodation. It was a resolution which we can say temporarily waived any objection on the part of any member nation to any nation's proceeding with its experimentation and development of satellites. But that does not fix permanent international law rights.

Mr. MAGNUSON. Yes.

Mr. MORSE. That is the point I wish to make.

Mr. President, at this time I wish to consider the language of the proponents of the bill, in connection with which we offer the substitute. The language of the bill is as follows:

> Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this act with any international or foreign entity, it shall notify the Department of State of the negotiations.

It does not say "it shall notify the President." Yet the proponents of the amendment are subjected to criticism on the floor of the Senate because we followed the same language as the proponents of the bill, for we recognize, as did apparently the proponents of the bill, as pointed out by the Senator from Tennessee [Mr. GORE], that under our constitutional system it is common practice to refer to the State Department as the arm of the President in foreign policy.

The proponents of the bill make the same reference to the Department of State that the opponents of this section of the bill make in their proposed substitute. Yet an attempt has been made this afternoon to give the impression that we are seeking, in some way or other, to restrict or impinge upon the power of the President of the United States in the field of foreign policy. Not only could it not be done under the Constitution, but our amendment would not do it, for our amendment refers to the right arm of the President, so to speak, in the field of foreign policy; namely, the Secretary of State, who always acts for the President in the field of foreign policy.

So in my judgment there is no merit in the argument that has been made on the substitute amendment because we do not mention the Presidency of the United States, but mention the Department of State—as do the proponents of the bill in the section that is under dispute.

Let me read further with regard to the language in the bill to which we are taking exception:

> And the Department of State—

They do not say "the Presidency," they say "the Department of State"—

> shall advise the corporation of relevant foreign policy considerations. Throughout such negotiations the corporation shall keep the Department of State—

They do not say "the President," they say "the Department of State"—

> informed with respect to such considerations. The corporation may request the Department of State to assist in the negotiations, and that Department shall render such assistance as may be appropriate.

What do we propose as a substitute? We propose that—

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations—

Note, we say "conduct or supervise." This does not prevent the Department of State, if it has some problem the Department of State thinks can be handled by some experts on the staff of the corporation, from entering into negotiations, but it does keep the Department of State in the saddle, in that the Department of State will supervise the negotiations.

I continued to read—

> which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

We think that is very important, because we are dealing with a new subject matter, not comparable to cables or wire communications; we are dealing with a communications system an essential part of which is ground receiving stations, but such ground-receiving stations should come under the same control, the same check, the same supervision, as the satellites that send the messages to the ground stations.

In my judgment, that is a very important difference between our proposal and the proposal of the proponents of the bill as it is written at the present time.

Much argument has been made this afternoon with regard to the President and the Secretary of State; and I speak most respectfully when I make this argument. The proponents of the bill are not talking about a President Kennedy bill. They are not talking about a Secretary of State Rusk bill. We are talking about a bill which we think ought to be absolutely certain will fit into the constitutional system of checks and balances, irrespective of who the President is or who the Secretary of State is. Also keep in mind that we are talking about a bill that will be the law of the land long after the present President of the United States and Secretary of State have left their offices. We are talking about a bill that is to determine the rights to space communications of future generations of Americans.

Let us consider for a moment the argument which has been made—although I think it was very effectively answered by the Senator from Tennessee [Mr. Gore], so far as the President of the United States is concerned—in which it was stated that Secretary Rusk says he does not want the measure we are offering. My question is, So what? Does that mean that the language is sound and that, as a matter of sound public policy, we should hesitate to urge that language merely because a Secretary of State is going along with a compromise bill?

Let us talk about the compromise features of the bill. What does the testimony before the Foreign Relations Committee show?

I refer Senators to the testimony of the Attorney General, Mr. Robert Kennedy. The testimony shows that the bill before us is not the bill the Department of Justice wants. The Attorney General made clear in his testimony—and I invite Senators to turn to his testimony if they will not take my word for it or my interpretation of his testimony before the Foreign Relations Committee—that this was not the bill the Department proposed. They preferred another bill, but, he frankly said, this is a compromise bill. He reached the conclusion that the bill would be satisfactory, and he therefore recommended the bill.

I stress the point with respect to the argument that our language ought to be rejected because the Secretary of State now says he prefers the language at present in the bill. That argument cannot be squared with the fact that when the bill was first presented it was the bill the administration wanted; and then, for various reasons, they had to compromise their position. But that was not the compromise the Department of Justice wanted in the first instance. Senators will find that what I say is a fair interpretation of the position of the Attorney General, spokesman of this administration, before the Foreign Relations Committee.

Next, Mr. President, with respect to the argument in regard to cables and wires—and of course it has to be extended also to agreements—I refer to the hearings before the Space Committee, at page 178. Mr. McGhee, Assistant Secretary, was the witness. The chairman stated:

> The proposed language, section 402 of S. 2814—

And that is the language we are now proposing—

> says, "The Corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."
>
> Does that sound to you like the authority to be of assistance to them?
>
> Mr. McGhee. Senator, this is already the situation with respect to cable agreements, that they have to be approved by the Department of State, presumably for somewhat the same reasons as envisaged in this bill.
>
> The Chairman. Show me that law.
>
> Mr. McGhee. It is the Communications Act that so provides, Mr. DeWolf tells me. We can get the reference for you.
>
> The Chairman. Get that and put it in the record, where it says they cannot have an international cable without approval from the Department of State.
>
> Mr. McGhee. I am told that the provision of law is that any cable landing in the United States has the approval of the FCC and the State Department.
>
> The Chairman. Any cable landing in the United States?
>
> Mr. McGhee. Yes, sir.
>
> The Chairman. What about any cable built by an American communications company to a foreign nation?
>
> Mr. McGhee. Only here, sir. As I understand it, the provision of law only applies to cables emanating from the United States, not as between two other countries.
>
> The Chairman. Nor as between what this country does from any other country to any other country?
>
> Mr. McGhee. To my knowledge, the law does not cover that situation.
>
> The Chairman. You are going to put in the record, though, the law that you mentioned?
>
> Mr. McGhee. Yes, sir.

Then Mr. McGhee put the following statement in the record at a later date:

> Title 47, paragraph 34 of the United States Code provides as follows:
>
> "Sec. 34. Licenses for landing or operating cables connecting United States with foreign country; necessity for.
>
> "No person shall land or operate in the United States any submarine cable directly or indirectly connecting the United States with any foreign country, or connecting one portion of the United States with any other portion thereof, unless a written license to land or operate such cable has been issued by the President of the United States. The conditions of sections 34–39 of this title shall not apply to cables, all of which, including both terminals, lie wholly within the continental United States."

Then there is cited the remainder of the law.

The point I wish to make is that even under existing law in connection with cables, and, as Senators will see in a moment, aviation agreements, the Department of State has always exercised a considerable amount of jurisdiction, for there has been historic recognition that in respect to some of these agreements sought to be entered into between private companies and foreign Governments the foreign policy of the United States has a vital part in the negotiations.

Therefore, I say that the argument of analogy by the proponents of the present bill breaks down.

Now let me take Senators to the hearings before the Aeronautical and Space Sciences Committee, page 182 thereof. Mr. McGhee still is the witness. This is a discussion in regard to State Department negotiations of bilateral aviation agreements:

Mr. McGhee. Sir, the aviation agreements that we negotiate are the most obvious example.

The Chairman. What do you negotiate with reference to aviation?

I ask Senators not to forget that this was the administration witness, the Assistant Secretary of State, testifying before the Aeronautical and Space Sciences Committee in support of the original language of the bill. That is the language the administration wanted. That is the language which was modified under the compromise procedure about which the Attorney General of the United States testified.

In support of the language of the bill the Assistant Secretary of State said, on page 182 of the hearings, in regard to the bilateral aviation agreements:

Mr. McGhee. Senator, I apologize. I am not an expert in this matter.

The Chairman. Well, I am not, either, so we will just find out together.

Mr. McGhee. It is my understanding the State Department, negotiates bilaterally for the general framework of routes and the general conditions under which international commercial air traffic would be carried into and out of the United States.

The Chairman. I thought the agency down here, the CAB, were the ones that gave licenses.

Mr. McGhee. The CAB, after due notice and hearing, grants permits, subject to the President's approval, for the U.S. and foreign carriers to operate international routes to and from the United States. The State Department negotiates these bilateral arrangements under which these routes are granted.

The Chairman. Does the State Department negotiate the agreement or the opportunity for the agreement? Or the opportunity for the license?

Mr. McGhee. The actual bilateral agreement. The Department is not responsible for the individual "licenses" or permits.

The Chairman. The framework of routes, you would just negotiate with a foreign government that you would permit them to license one of their airplane companies to make certain landings in this country if they will let our airplane companies make certain landings in their country?

Mr. McGhee. That is correct, sir.

(The Department of State later supplied the following information:)

"In bilateral negotiations, routes for the carriers of both countries are usually negotiated. However, before the respective carriers can actually start operations, they must be designated for the particular route to the other government and the respective aeronautical authorities must grant operating permits to the individual airlines."

Senators should note that the negotiation of the agreement, which permits the subsequent granting of licenses, is government to government, and remains in the control of and under the directon of the State Department:

The Chairman. But the CAB, subject to the approval of the President, is the one that grants the license to the American company that uses or takes advantage or gets the benefits of that negotiation?

Mr. McGhee. Yes, sir. The CAB grants the permit to the American company that it authorizes to serve the route as well as to the foreign airline which has been designated by its government to carry out the rights granted in the bilateral agreement. We conduct the negotiation in behalf of CAB.

This makes perfectly clear that even on terra firma, in regard to the establishment of international routes under bilateral aviation agreements, the State Department is in the saddle. I want to keep the State Department in the saddle in regard to this whole new area, in respect to which practically no international law rights exist, and such as are are commendatory, resulting from a commendatory resolution which the United Nations passed, which vests no permanent international law rights in space.

If we do this in regard to many of our international cable negotiations and many of our international aviation negotiations, I think it is very important that we do it in connection with this whole new area.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Ohio.

Mr. LAUSCHE. Some discussion has been had about the time, the place, and the parties who initiated the change in the bill which is now pending before the Senate, as distinguished from the original bill which was submitted. The impression is left that it was done by the administration on its own.

A moment ago the Senator stated that a compromise was reached, led by the Attorney General. Will the Senator elaborate on that?

Mr. MORSE. A compromise was reached between the Department of Justice and the Federal Communications Commission. That was the testimony of the Attorney General. The Department of Justice did not like the recommendations of the Federal Communications Commission and, as a result, the bill which is now before us was the compromise.

Mr. LAUSCHE. I did not at all understand at any time that all the changes were made on the basis of the will and decision of the administration, and not at all upon the request or the persuasion of those who wanted a change in the bill.

Mr. MORSE. Undoubtedly those who wanted a change in the bill proved to be very persuasive in the compromise procedures which resulted in the compromise bill.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MORSE. If the Senator will permit, I should like to finish this portion of the argument. Then I shall be glad to yield.

I continue to read from the testimony by Assistant Secretary McGhee before the Aeronautical and Space Sciences Committee:

The Chairman. But you don't fix the rates?

Mr. McGhee. No, sir.

The Chairman. You don't negotiate the contracts?

Mr. McGhee. That is correct—if by contracts you mean the permits issued by the aeronautical authorities.

Senators should not forget that permits are issued by the aeronautical authorities, which are Government authorities—the CAB. The Government is still in the saddle when it comes to the granting of licenses and permits, because the petitioners must come before the Government agency and prove that their request for a permit or license is within the framework of the international agreement that has been negotiated by the State Department.

It is not required in the bill. It would be under the substitute that we are offering, for that would leave no room for doubt that the State Department would stay in the saddle.

There has been argument that the State Department may have a great deal of work to do, and perhaps it should not have the additional burden placed upon it. When we start to deal with space rights, and the clear implication as to what space rights will mean to the future of our Republic, I know of no reason why the State Department should not be required to exercise the jurisdiction that we seek to require in our amendment. I certainly do not think that the international implications of the space satellite communications system justifies the Senate, in the public interest, in giving the amount of authority that the language of the bill that we are seeking to change would give to the corporation created by the bill.

There is a great deal of argument about what our past corporate practices have been in foreign lands. It does not follow that they have always been good. We know that the corporate practices in foreign lands, justified on the ground that only business negotiations have been involved, have often vitally affected the foreign policy of the United States. Sometimes the business practices of some foreign businesses in foreign lands have so vitally affected the foreign policy of the United States, and business negotiations have aroused such ire and such anti-American feeling, that on occasions we have had to send in the Marines. As I said in the Foreign Relations Committee hearings, I have not heard anyone suggest that the President ought to appoint some members of the board of directors of the United Fruit Co. or of the American oil companies operating in Latin America or the Middle East, and yet American history is perfectly clear that a good many phases of their operations have seriously affected American foreign policy.

As the Senator from Idaho [Mr. Church] pointed out, we cannot find any definition of art connected with the language of the proponents of the bill in relationship to business negotiations. Business negotiations may very well be, and frequently are now, intertwined. Foreign policy having become as complex as it is, and the economic aspects so determinative of foreign policy, I suggest that we had better take a long, hard look at the business practices of some American corporations abroad, and not continue under the bill to seek to give a sort of carte blanche authority to a corporation to proceed to meddle and meddle in American foreign policy under the claim that all they are doing is negotiating business contracts.

I respectfully say that the argument of analogy that has been made here today breaks down fallaciously on that score, too.

But the important point I wish to stress is that we cannot separate the satellites in space from ground stations in France, Bolivia, Ecuador, southeast Asia, or anywhere else in the world. In my judgment, the attempt to apply a doctrine of separability—that we should have the United States exercise greater control in the part of the space communications system as it relates to high-altitude orbit, but we would let business firms take over on ground stations that are inseparably connected with those satellites in high-altitude orbit—is highly fallacious reasoning and unsound public policy.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Colorado.

Mr. CARROLL. The remarks of the able Senator from Oregon concerning the Federal Aviation Act of 1958 are absolutely unanswerable. For example, from the testimony in the record what do we first find? Bilateral negotiation. By whom? By the State Department. I do not think this point has been placed in the RECORD. I would like, if I may, briefly to indicate that under the Federal Aviation Act of 1958 the Civil Aeronautics Board has the power among others to issue certificates of authorization for air carriers to engage in air transportation in interstate or foreign commerce. The Board's decision with reference to air transportation in foreign commerce, however, are subject to Presidential approval or veto.

Mr. MORSE. Certainly.

Mr. CARROLL. That is not some hidden power in the Constitution. That is not some inherent power in the Constitution. It is explicit in title 8, section 801 in Public Law 85–726.

Mr. President, under the Federal Aviation Act of 1958 the Civil Aeronautics Board has the power, among others, to issue certificates of authorization for air carriers to engage in air transportation in interstate or foreign commerce. The The Board's decisions with regard to air transportation in foreign commerce, however, are subject to presidential approval or veto. The extent of the President's power is readily apparent from the language of section 801 (P.L. 85–726, title VIII, sec. 801, Aug. 23, 1958, 72 Stat. 782; 49 U.S.C. sec. 1461 (1958)):

> The issuance, denial, transfer, amendment, cancellation, suspension, or revocation of, and the terms, conditions, and limitations contained in, any certificate authorizing an air carrier to engage in oversea or foreign air transportation, or air transportation between places in the same territory or possession, or any permit issuable to any foreign air carrier under section 402 (49 U.S.C. sec. 1372) shall be subject to the approval of the President. Copies of all applications in respect of such certificates and permits shall be transmitted to the President by the Board before hearing thereon, and all decisions thereon by the Board shall be submitted to the President before publication thereof.

Mr. President, this provision has been part of our air law since 1938 and has been commented up by the courts in several opinions. Perhaps the most significant comments are those contained in *Chicago and Southern Air Lines, Inc.* v. *Waterman Steamship Corp.*, 333 U.S. 103 (1948). Describing the scope of the power given the President in section 801, the Court stated, at page 109:

> When a foreign carrier seeks to engage in public carriage over the territory or waters of this country, or any carrier seeks the sponsorship of this Government to engage in oversea or foreign air transportation, Congress has completely inverted the usual administrative process. Instead of acting independently of executive control, the agency is then subordinated to it. Instead of its order serving as a final disposition of the application, its force is exhausted when it serves as a recommendation to the President. Instead of being handed down to the parties as the conclusion of the administrative process, it must be submitted to the President, before publication even can take place. Nor is the President's control of the ultimate decision a mere right of veto. It is not alone issuance of such authorizations that are subject to his approval, but denial, transfer, amendment, cancellation or suspension, as well. And likewise subject to his approval are the terms, conditions and limitations of the order (49 U.S.C. sec. 601). Thus, Presidential control is not limited to a negative but is a positive and detailed control over the Board's decisions, unparalleled in the history of American administrative bodies.

Mr. President, commenting that Congress could delegate to the President large grants of its power over foreign commerce and noting that the President possesses in his own right certain powers conferred by the Constitution on him as Commander in Chief and as the Nation's agent in foreign affairs, the Court found not only that there was no constitutional objection to the grant of such powers to the President but also that his decisions in exercising them were not subject to judicial review.

As the able senior Senator from Idaho has said, the point is something new. It is something greater than Congress has ever handled before. As I read the amendment, we would add nothing except that all agreements with any such agency, government or entity, shall be subject to the approval of the Department of State.

Frankly, I would rather have the words "of the President" used. But I understand that Supreme Court decisions and statutes sustain such actions of other agencies. I can understand why some private corporations exercising great power do not want any Government interference.

The argument, which I believe is specious, is that this inherent power exists in the Constitution. If it is there, let us spell it out, so there will be no question about it. I thank the Senator from Oregon for making what I believe to be a sound and brilliant and logical argument, sustained by the Supreme Court and sustained by practice. I believe we can practice the analogy that some 25 years ago—this is in the 1938 act—Congress took this action—to practice what? This is in a new field, aviation. In 25 years we have made tremendous strides. In 1958 Congress again reiterated that the President had this power. Now in the great space age it is proposed to deny all this. Are we going to leave this field untouched? I believe that the arguments of the able Senator from Oregon are absolutely unanswerable.

Mr. MORSE. I thank the Senator from Colorado very much. His citation of the Supreme Court cases clinches the thesis that I have been seeking to present in this argument. I think it is a sound thesis. I think it fully supports the amendment that we are offering.

I wish to finish in another minute or two, by citing the testimony of Assistant Secretary McGhee at page 138 of the Space Committee hearings. I read further:

> The CHAIRMAN. You just negotiate the right for them to have that opportunity?
>
> Mr. McGHEE. Yes, sir. I think this might be a very good analogy to what will work out in this space satellite since the Department negotiates commercial rights for U.S. carriers and these rights and the general conditions under which they may be implemented are included in the bilateral agreement.
>
> The CHAIRMAN. Would you be willing to have an amendment that designated your responsibility in this field as being similar to that?
>
> Mr. McGHEE. No, sir; I don't think we can foresee how this responsibility will work out in detail. But certainly, the language——
>
> The CHAIRMAN. You want greater responsibility in this field than you have in that?
>
> Mr. McGHEE. I would say it is less. It says negotiate or supervise. Supervise is less than negotiate.
>
> The CHAIRMAN. But under this you can do either.
>
> Mr. McGHEE. It is permissive that we do less.
>
> The CHAIRMAN. But you are the ones that determine that, and if they do it, even after you supervise it, it has no validity until you approve it.
>
> Mr. McGHEE. That is correct, sir.
>
> The CHAIRMAN. That is not true of these airplane permits by the CAB?
>
> Mr. McGHEE. It would be true of the agreement with the other country, if we negotiated it.
>
> (The Department of State later supplied the following information:)
>
> "The CAB normally issues permits only for rights covered by a bilateral agreement negotiated by the State Department. In certain cases where no bilateral agreement exists, the respective carriers may operate on the basis of permits issued at the discretion of the respective aeronautical authorities."
>
> The CHAIRMAN. The airplane routes?
>
> Mr. McGHEE. Yes, sir.
>
> The CHAIRMAN. I thought you said you didn't do that.
>
> Mr. McGHEE. No, we do negotiate that.
>
> The CHAIRMAN. I thought you said you negotiated the opportunity for some American company to land there.
>
> Mr. McGHEE. No, sir. We negotiate the framework of routes and the general operating conditions for the implementation of these routes.
>
> The CHAIRMAN. What does the CAB do?
>
> Mr. McGHEE. The CAB advises the Department of State in these bilateral negotiations and is represented on the U.S. negotiating delegation. The CAB, as indicated earlier, also issues the permits for the U.S. and foreign carriers operating on international routes into the United States. Rates are usually worked out among the airlines concerned in the International Air Transport Association. Such rate agreements must be approved by the CAB before being placed into effect by the U.S. carrier.

The Chairman. I thought they determined which company did it.

Mr. McGhee. We would negotiate in behalf of this company, but our negotiations would be for a specific company, a route and a frequency.

The Chairman. Then why do they go to the CAB?

Mr. McGhee. We negotiate for the CAB as their agent dealing with other governments.

The Chairman. Then why have the CAB? Isn't that a duplication of expense? That would be a place where we might save a little money, wouldn't it?

If you are going to do all the work, what do they do?

Mr. McGhee. We have representatives already abroad, so I think this saves money. They don't have to send their representatives abroad to negotiate.

(The Department of State later submitted the following information:)

"The CAB, after due notice and hearing, recommends to the President the U.S. carrier which should operate the routes in question. The CAB also issues the permit to the foreign carriers which have been designated by their government to operate the routes covered by the agreement.

"The carriers have to apply to the CAB for authority to operate on international routes. The CAB also consults with the carriers with respect to the advice to be given the Department in connection with international negotiations.

"The CAB has a necessary and positive role to play in international aviation relations since the Department relies on the CAB for recommendations on economic considerations relevant to the aviation negotiations. In addition, of course, the CAB is a regulatory body, charged by law with the regulation of domestic air transportation and also the grant of permits in international transportation."

The Chairman. You or I, one, better read that law so we can understand what is in it.

How much more control would you have over this corporation with reference to its international communications if the Government owned it, than you would have the way it is set out in this bill?

Mr. McGhee. Sir, this being a hypothetical question, it has not been considered.

I close by saying that all the arguments by analogy this afternoon in connection with cables and wire services, and any argument by analogy in connection with foreign airline routes, have no application to the problem that is before the Senate. Even in respect to those areas we find that the State Department exercises great jurisdiction. This is a new field. This is an area in regard to which substantial international law rights do not exist. We still have to negotiate agreements. Those agreements ought to be negotiated by the State Department. To label some problems business problems does not eliminate international foreign policy implications in regard to the matter of satellite communications system.

Therefore, as the Senator from Tennessee [Mr. Gore] and the Senator from Idaho [Mr. Church] and the Senator from Colorado [Mr. Carroll] have pointed out, we ought to keep the State Department in the bill in all these negotiations, and we will do that, acting for the President, by the adoption of the Gore amendment.

Mr. HOLLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

(At this point Mr. Hart assumed the chair.)

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. Gore], the Senator from Ohio [Mr. Lausche], and the Senator from Idaho [Mr. Church] as a substitute for certain language in the committee amendment beginning on page 38, line 3. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARTKE (when his name was called). On this vote I have a pair with the senior Senator from Alaska [Mr. Bartlett]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. METCALF (when his name was called). On this vote I have a live pair with the junior Senator from North Dakota [Mr. Burdick]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Alaska [Mr. Bartlett], the Senator from North Dakota [Mr. Burdick], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], the Senator from Minnesota [Mr. Humphrey], the Senator from Oklahoma [Mr. Monroney], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Rhode Island [Mr. Pastore], and the Senator from Massachusetts [Mr. Smith] are absent on official business.

I also announce that the Senator from Pennsylvania [Mr. Clark], the Senator from New Mexico [Mr. Anderson], and the Senator from Arizona [Mr. Hayden] are necessarily absent.

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Connecticut [Mr. Dodd]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Connecticut would vote "nay."

On this vote, the Senator from Utah [Mr Moss] is paired with the Senator from Rhode Island [Mr. Pastore]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from Minnesota [Mr. Humphrey], the Senator from Oklahoma [Mr. Monroney], the Senator from Maine [Mr. Muskie], and the Senator from Massachusetts [Mr. Smith] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Arizona [Mr. Goldwater], the Senator from New York [Mr. Javits], the Senator from Idaho [Mr. Jordan], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Nebraska [Mr. Hruska] is absent on official business. If present and voting, the Senator from Nebraska [Mr. Hruska] and the Senator from New Hampshire [Mr. Murphy] would each vote "nay."

On this vote, the Senator from New York [Mr. Javits] is paired with the Senator from Utah [Mr. Bennett]. If present and voting, the Senator from New York would vote "yea," and the Senator from Utah would vote "nay."

The result was announced—yeas 19, nays 56, as follows:

[No. 156 Leg.]

YEAS—19

Carroll
Chavez
Church
Douglas
Gore
Gruening
Hart
Jackson
Kefauver
Lausche
Long, Hawaii
Long, La.
McNamara
Morse
Neuberger
Pell
Proxmire
Yarborough
Young, Ohio

NAYS—56

Aiken
Allott
Beall
Bible
Boggs
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Cooper
Cotton
Curtis
Dirksen
Ellender
Engle
Ervin
Fong
Hickenlooper
Hickey
Hill
Holland
Johnston
Jordan, N.C.
Keating
Kerr
Kuchel
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Mundt
Pearson
Prouty
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NOT VOTING—25

Anderson
Bartlett
Bennett
Bottum
Burdick
Butler
Clark
Dodd
Eastland
Fulbright
Goldwater
Hartke
Hayden
Hruska
Humphrey
Javits
Jordan, Idaho
Metcalf
Monroney
Morton
Moss
Murphy
Muskie
Pastore
Smith, Mass.

So the amendment offered by Mr. Gore, for himself and other Senators, was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. SMATHERS. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. KEFAUVER. Mr. President, I have an amendment to offer, and I should like to have it voted on tonight.

Mr. MAGNUSON. Mr. President, will the Senator from Tennessee yield briefly?

Mr. KEFAUVER. I should like to proceed now with my amendment.

Mr. MAGNUSON. If I may be permitted to make a brief statement at this point, I think the Senator from Tennessee will understand why I make this request.

Mr. KEFAUVER. Very well.

Mr. MAGNUSON. The Senator from Ohio [Mr. LAUSCHE] and the Senator from Idaho [Mr. CHURCH] have an amendment which the committees are willing to accept. The Senator from Ohio has a very important engagement, and wishes to leave. We can take care of this matter in about 2 minutes, if the Senator from Tennessee will withhold his amendment.

Mr. KEFAUVER. I was about to explain my amendment; and then I was going to say that if these Senators wish to have their amendment called up, I shall withdraw mine. But while so many Senators are in the Chamber, I wish to present a brief explanation of this amendment.

Mr. MAGNUSON. Why not let us accept the other one first?

Mr. KEFAUVER. If Senators will bear with me, I shall try to present my explanation very quickly.

Mr. MAGNUSON Very well.

Mr. KEFAUVER. Mr. President, my amendment tries to protect the ability of the United States to have the best kind of system. The amendment lodges with the President the right to make that determination.

The absence from the bill of a provision for this right is, I believe, a fatal defect, for the bill as it now stands would leave to a private corporation the determination of whether in the future we would have the best satellite system or whether we would have one which would not be able to compete effectively with the existing facilities.

This amendment would give the President authority to decide what system we should go forward with.

I shall offer the amendment later, and I wish to have it voted on; but I understand the situation of the Senator from Ohio, and I realize that he and the Senator from Idaho wish to offer another amendment. So at present I shall withhold this amendment.

Mr. CARROLL. First, Mr. President, let me ask whether the amendment of the Senator from Tennessee would lodge with the President the authority to change the system of communications.

Mr. KEFAUVER. That is the purpose.

Mr. CARROLL. For example, let us assume that under this bill the corporation utilized the low-orbital system.

Mr. KEFAUVER. Under this bill we would be stuck with it forever, unless the corporation decided to change it. But this amendment would give the President that supreme power.

Mr. CARROLL. So if in a few years the President decided that a high-orbit system would be better, under this amendment he could make the change?

Mr. KEFAUVER. Yes.

Mr. CARROLL. I have been trying to draft an amendment in this field——

Mr. KEFAUVER. If the Senator from Colorado wishes to offer his amendment, I will join him in supporting it; or if he wishes me to offer my amendment, I shall do so, and shall be glad to have him join me in supporting it.

Mr. CARROLL. I have been trying to make sure that the ultimate power would be lodged with the President. But my amendment does not satisfy me, although I have had the benefit of a most helpful opinion prepared by the American Law Division of the Legislative Reference Service of the Library of Congress. So I am at a loss to know the best way to achieve the result we seek.

Mr. SMATHERS. Mr. President, let me ask whether the Senator from Tennessee wishes to have the yeas and nays ordered on the question of agreeing to his amendment.

Mr. KEFAUVER. I do.

The PRESIDING OFFICER (Mr. HART in the chair). The amendment of the Senator from Tennessee is not at the desk.

Mr. KEFAUVER. Mr. President, I send the amendment to the desk.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. I understood the Senator from Tennessee to state that he would withhold his amendment until the Senator from Ohio and the Senator from Idaho had offered their amendment.

Mr. KEFAUVER. But if, first, we can have the yeas and nays ordered on the question of agreeing to my amendment, that will be all right with me.

Mr. KERR. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Did the Senator from Tennessee include in his request a request that debate on his amendment be limited to a certain time—for example, to 15 minutes to a side?

Mr. KEFAUVER. I would be willing to agree to a limitation of 30 minutes to a side.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be stated.

Mr. LAUSCHE. Mr. President——

The PRESIDING OFFICER. The clerk will read the amendments.

The LEGISLATIVE CLERK. It is proposed on page 24, after line 25, to insert the following new subsection:

> (2) decide whether the communications satellite corporation authorized under title III of this Act shall initially utilize a synchronous or nonsynchronous system and may decide at a future date that the corporation shall change from one system to the other.

On pages 25 and 26, renumber subsections of section 201(a) to conform with the new subsection (2).

Mr. KEFAUVER. Mr. President, I ask for the yeas and nays.

Mr. KERR. Mr. President, did the acting majority leader make a unanimous-consent request?

Mr. SMATHERS. Mr. President, I ask unanimous consent that on the amendment offered by the able Senator from Tennessee the time be limited to 30 minutes——

Mr. KEFAUVER. Thirty minutes on each side.

Mr. SMATHERS. How much time does the Senator want?

Mr. KEFAUVER. I want 10 minutes. I think the Senator from Colorado [Mr. CARROLL] wants 10 minutes——

Mr. SMATHERS. Will the Senator be agreeable to 20 minutes a side?

Mr. KEFAUVER. I would be agreeable to 30 minutes a side.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the time be limited to 30 minutes a side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SMATHERS. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. KEFAUVER. Mr. President, I ask unanimous consent, for the convenience of Senators who have some urgent matters, that, without upsetting the status quo, they may present other amendments.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I send to the desk a series of amendments, and ask that they be printed in the RECORD, and be considered as read.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. The distinguished Senator from Alaska has sent a number of amendments to the desk to be inserted in the CONGRESSIONAL RECORD. This would constitute a presentation and reading——

Mr. GRUENING. I said "considered as read."

Mr. DIRKSEN. Is the unanimous-consent request to have them considered as read?

The PRESIDING OFFICER. The request was to have them considered as read, which makes them eligible to be offered.

Mr. DIRKSEN. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. If my count is correct, late this afternoon I thought 213 amendments had been offered or presented in printed form, of which 44 would not qualify under the rules. Can the Chair advise the Senate now how many in excess of 213 amendments have been submitted?

The PRESIDING OFFICER. Will the Senator from Alaska state the number of his amendments?

Mr. GRUENING. Thirteen. If the Senator prefers, they can be read by the clerk, but I thought it would save time to have them considered as read. They are all germane to the bill.

Mr. DIRKSEN. I was asking only about the number.

The PRESIDING OFFICER. Thirteen amendments have been offered by the Senator from Alaska.

Mr. DIRKSEN. Without putting upon the Chair the responsibility of counting, I should say that as of this time there are 226 amendments pending.

I withdraw the parliamentary inquiry.

The PRESIDING OFFICER. Without objection, the request of the Senator from Alaska is agreed to, and the amendments will be received, printed in the RECORD, and will lie on the desk.

The amendments submitted by Mr. GRUENING are, as follows:

On page 36, following line 3, insert the following:

"(g) No communications common carrier which owns any shares of any class of stock of the corporation may sell apparatus, equipment, or services to the corporation in an amount exceeding $5,000 per annum, either directly or indirectly through any subsidiary, affiliated company, nominee, or any persons subject to its direction or control.".

On page 30, following line 4, insert the following subsection and renumber the succeeding subsections accordingly:

"(9) approve the bylaws of the corporation and each alteration, amendment or substitution made therein;".

On page 21, line 9, after the semicolon, insert: "that each communications common carrier shall have the right to fully interconnect its communications system with the communications system of any other communications common carrier;".

On page 28, following line 24, insert the following and renumber the succeeding sections accordingly:

"(5) insure that any international communications common carrier has the right to interconnect its communications system on such reasonable and nondiscriminatory terms as may be determined by the United States with the domestic communications systems of any other communications common carriers to provide any services authorized by the Commission;".

On page 25, line 20, strike out the semicolon and insert in lieu thereof the following: ", and for the determination of the most constructive role for the United Nations and its specialized agencies;".

On page 34, line 20, delete the period and insert in lieu thereof the following: "which shall be sold at a price of $1 for each share and in a manner to insure the widest distribution to the American public and among the communications common carriers.".

Beginning with line 12 on page 33, strike out everything through line 16 on page 34 and insert in lieu thereof the following:

"(b) No communications common carrier shall own any shares of stock in the corporation either directly or indirectly through subsidiaries or affiliated companies, nominees, or any persons subject to its direction or control or owning shares of stock in such carrier."

Beginning with "Such" on page 34, line 20, strike out everything through page 35, line 2.

On page 33, line 6, strike out "initially offered" and insert in lieu thereof the following: "initially or subsequently offered".

On page 21, line 9, after the semicolon, insert: "that each communications common carrier shall have the right to fully interconnect its communications system with the communications system of any other communications common carrier;".

On page 28, following line 24, insert the following and renumber the succeeding sections accordingly:

"(5) insure that any international communications common carrier has the right to interconnect its communications system on such reasonable and nondiscriminatory terms as the United States may determine with the domestic communications systems of any other communications common carriers to provide any services authorized by the Commission;".

On page 32, line 24, immediately following the period, add the following: "Each such officer shall devote his full time and best efforts to the work of the corporation. No officer or director of the corporation shall have any financial interest of any kind in any communication carrier corporation or other entity engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended, or in any corporation, partnership, or other entity from which the corporation purchases equipment or services."

On page 28, strike out lines 20 through 24 and renumber the succeeding subsections accordingly.

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Communications Satellite Authority Act'.

"DECLARATION OF POLICY AND PURPOSE

"SEC. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time and to insure that the benefits of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership of the United States portion of the communications satellite system and invites all nations to participate in the system.

"DEFINITIONS

"SEC. 3. As used in this Act—

"(1) The terms 'private communications carrier', 'common carrier', and 'carrier' mean any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

"(2) The terms 'communication satellite system', 'satellite system', and 'system' include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a 'communications satellite system', 'satellite system', or 'system' refers only to the satellite portion of the system.

"COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

"SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to as the 'corporation'), whose purpose and object shall be to develop, construct, launch, operate, manage and promote the use of a communications satellite system, and to foster research and development in the field of space telecommunications.

"(b) In order to assure a structure of control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in oversea communication rates, the corporation shall be organized and operated as a communications common carriers' carrier. It shall acquire, own, and operate, as an agent of the United States Government, the United States portion of the communications satellites, and the ground stations and associated ground control and tracking facilities situated in the United States, territories, or dependencies thereof.

"(c) The corporation shall lease communication channels on a nondiscriminatory and equitable basis to all United States carriers authorized by the Federal Communications Commission to provide communications services via satellites, and shall provide facilities for governmental needs, as a part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

"(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

"(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of the global communication system.

"BOARD OF DIRECTORS OF THE CORPORATION

"SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the 'board') shall be composed of nine members.

"(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, a Commissioner of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as 'governmental directors'.

"(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. Directors so appointed shall be known as 'private directors'. The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

"(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial member of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

"(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate, unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

"(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

"(h) Each private director shall receive compensation at the rate of $22,500 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

"(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

"(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

"(k) No director may have any financial interest in any communication carrier corporation engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended.

"(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

"(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

"DUTIES OF THE BOARD

"SEC. 6. (a) The board shall—

"(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

"(2) foster research and development in the field of space telecommunications; and

"(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

"(b) The board shall—

"(1) meet upon the call of the chairman, but not less than once in each month; and

"(2) direct the exercise of all the powers of the corporation.

"EXECUTIVE SECRETARY

"SEC. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $20,500 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corporation unless otherwise specified in this Act.

"(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

"(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

"(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

"(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

"COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"SEC. 8. (a) The corporation is hereby authorized—

"(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

"(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the Corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corporations, and governmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid and continuous scientific technological progress in a global communication system.

"(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

"COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

"SEC. 9. (a) The Federal Communications Commission is authorized and directed to—

"(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically compatible with and operationally interconnected with existing terrestrial communication facilities; and

"(2) establish such rules and regulations as may be required to regulate all overseas communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

"(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

"ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

"SEC. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

"(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

"(c) Any invention of discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

"GENERAL POWERS OF THE CORPORATION

"SEC. 11. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

"(1) sue and be sued in its corporate name;

"(2) adopt and use a corporate seal, which be judicially noticed;

"(3) adopt, amend, and repeal bylaws:

"(4) make, perform, and enforce contracts as authorized by this Act;

"(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

"(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

"(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

"(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(9) transfer to any other department, agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite system;

"(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

"(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

"(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

"PROCUREMENT OF SUPPLIES AND SERVICES

"SEC. 12. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

"(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

"(1) an emergency requires immediate delivery of the supplies or performance of the services;

"(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

"(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchase may be made in the open market.

"(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

"FINANCIAL ACCOUNTABILITY OF THE CORPORATION

"Sec. 13. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation, and the names, salaries, and duties of those who receive compensation at the rate of $5,000 per annum or more.

"(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each such audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms, and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

"(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

"CAPITAL AND REVENUE OF THE CORPORATION

"SEC. 14. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

"(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

"(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term 'net communication proceeds' means that portion of the annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

"(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and for other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

"BONDS ISSUED BY THE CORPORATION

"SEC. 15. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of overseas communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

"(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

"(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

"(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

"(e) Obligations issued by the corporation to the Secretary may not exceed $150,000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

"(f) If agreement is not reached within eight months concerning the issuances of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds.

"(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the corporation under this section during the year.

"(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such other matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

"(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes.

"APPROPRIATED FUNDS

"SEC. 16. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

"(b) From net communciations proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning with the first fiscal year beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

"(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

"(2) a sum of repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

"(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities as of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations, or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

"(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond the control of the corporation.

"REVENUE AND APPLICATION THEREOF

"SEC. 17. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

"(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

"ACCESS TO PATENTS AND TECHNICAL INFORMATION

"SEC. 18. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulas, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening oversea communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

"(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his Office.

"PROPERTY RIGHTS IN INVENTIONS

"SEC. 19. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

"(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

"(2) the Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

"(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent on behalf of the United States.

"(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

"(g) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"SECURITY PROVISIONS

"SEC. 20. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

"(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

"(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property or equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

"PENAL PROVISIONS

"SEC. 21. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

"(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $5,000, or imprisoned not more than five years, or both.

"LEGISLATIVE RECOMMENDATIONS

"SEC. 22. The President and the corporation shall from time to time transmit to the Congress recommendations for such additional legislation as may be deemed necessary or proper to carry out the purposes of this Act.

"SAVING PROVISIONS

"SEC. 23. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstances, shall not be affected thereby."

On page 27, line 6, after the period, insert: "All inventions and other technology furnished by the Administration to the corporation shall be in the form of a nonexclusive license for which the corporation shall pay a reasonable royalty. Any inventions developed by the corporation from the inventions and technology furnished by the Administration shall be made available to the United States or to any designee of the United States in the form of a nonexclusive royalty-free license."

On page 31 strike out lines 16 through 25 and on page 36 strike out lines 1 through 16 and insert in lieu thereof the following:

"SEC. 303. (a) The corporation shall have a board of directors consisting of nine individuals who are citizens of the United States appointed by the President, with the advice and consent of the Senate, for terms of three years or until their successors have been appointed and qualified, except that of the first nine members of the board so appointed, three shall continue in office for terms of one year, three for terms of two years, and three for terms of three years, as designated by the President of the United States. Any member so appointed to fill a vacancy shall be appointed only for the unexpired term of the director whom he succeeds."

Mr. CHURCH. Mr. President, on my own behalf and that of the distinguished Senator from Ohio [Mr. LAUSCHE], I call up our amendment identified as "8-11-62—B," and ask to have it read.

The PRESIDING OFFICER. The amendment offered by the Senator from Idaho for himself and the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. It is proposed on page 25, line 26, immediately after the word "needs," insert the following: "or if otherwise required in the national interest."

Mr. CHURCH. Mr. President, the purpose of this amendment is to make the operative language of the bill itself conform with one of its most important declared purposes. Under the declaration of policy and purpose of the bill, section 102(d) reads:

> (d) It is not the intent of Congress by this Act to preclude the use of the communications satellite system for domestic communication services where consistent with the provisions of this Act nor to preclude the creation of additional communications satellite systems, if required to meet unique governmental needs or if otherwise required in the national interest.

The wisdom of the last clause "or if otherwise required in the national interest" is perfectly apparent. We cannot now foretell how well the corporate instrumentality established by this act will serve the needs of our people. If it should develop that the rates charged are too high, or the service too limited, so that the system is failing to extend to the American people the maximum benefits of the new technology, or if the Government's use of the system for Voice of America broadcasts to certain other parts of the world proves to be excessively expensive for our taxpayers, then certainly this enabling legislation should not preclude the establishment of alternative systems, whether under private or public management. And just as certainly is that gateway meant to be kept open, just in case we should ever have to use it, by the language to be found in the bill's declaration of policy and purpose to which I have referred.

However, when it comes to the operative language of the bill itself, the all-important phrase "or if otherwise required in the national interest" has been left out. The pertinent part of the bill, section 201(a)(6), reads:

> (a) The President shall—
>
> (6) take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs;

It will be seen, Mr. President, that the substantive part of the bill not only creates one monopoly, but requires the Government to use it, excepting only such Government use of a separate system as may be required to meet "unique governmental needs." All of the testimony before the Senate Foreign Relations Committee—that given by both the Secretary of State and the Secretary of Defense—bears out the fact that a very narrow definition is being given to the term "unique governmental needs." The legislative history on this bill, made before the committee, makes it clear that this term is meant to embrace only functions of a highly classified nature, extremely restricted in their scope. In effect, the gateway meant to be left open in the bill's declaration of policy and purpose, is slammed almost shut in the substantive language of the bill itself.

The amendment would correct this serious defect in the bill, by making the language of section 201(a)(6) conform with the language used in the last clause of section 102(d), adding "or if otherwise required in the national interest" to the substantive provisions of the bill.

This amendment has the approval of the Secretary of State and so, I take it, of the administration. I hope the Senate will adopt it.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. KEFAUVER. If Senators will look at the RECORD of Saturday, in the back part, they will find some 25 very important provisions, of great importance to the future of this system, even if the philosophy of the bill is adopted. In my opinion, the bill must be amended, if it is not to be all one-sided toward the corporation and if it is to protect the interest of the Government.

These are discussed at length beginning on page 16239. Senators will see that this was one of the points discussed. I spoke about it on Saturday.

Before the Committee on Commerce I pointed out that under the bill as it is now written, if the Government found it necessary to put up another system, like the Advent system, for its own purposes, it would be limited to the use of such governmental system only for coded messages and strictly military matters. Even though Ed Murrow of the USIA, or other governmental agencies, might have a use for the Government system, and even though there were channels of the Government system unused, the bill would force the Government to go through the commercial system and to pay the commercial rates.

As I understand the amendment offered by the Senator from Idaho and the Senator from Ohio, it would provide that if the Government should put up a system of its own the system could be used without restriction only with respect to coded, secret, unique military messages. It could be used by the USIA, or for any other governmental use, without having to go through the commercial system; is that correct?

Mr. CHURCH. That is correct.

Mr. KEFAUVER. I thought the legislative history ought to be very direct on that point. I think attention should be called to the fact that if the amendment is to be effective it will have to be considered as modifying the language on page 26 of the bill.

Mr. YOUNG of Ohio. Mr. President, may we have order? There is too much conversation by the attachés. I wish they would be quiet, so that we could hear what is going on without having to also listen to conversations between attachés.

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Senate will be in order.

The Senator may proceed.

Mr. KEFAUVER. Mr. President, subsection (7) on page 26 of the bill provides that the President shall "so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad."

To me this means that the President must try to see to it that any system which is put up is compatible with then existing facilities, which might mean the low-orbit system or A.T. & T., if the bill should ever be passed.

There is another provision to which reference has been made; that, except in unique situations, the President shall use his authority to see that the commercial system is used.

It is the intention of the proponents of the amendments, as I understand, to modify both of those provisions. We would not be committing the President to prevent the establishment of a governmental system which would not be compatible with an existing system; and, also, the President and the Government would be free to use the governmental system for general Government purposes as well as for unique military coded messages which might be sent back and forth. Is that a correct understanding?

Mr. CHURCH. I can only say to the Senator that the short statement I made in behalf of the amendment was meant to define the reasons for offering it.

The purpose of the amendment is to make the substantive language contained in section 201(a)(6) conform to the declaration of purpose contained in the preamble, in section 102(b), so that it will be perfectly clear that if future developments should, for one reason or another—now difficult to foretell—lead us to conclude it is either in the national interest or required for purposes of meeting unique governmental needs to establish an alternative system, passage of the bill would not preclude the Government from so doing.

Thus, the amendment's purpose is to make the substantive language of the bill conform to the language in its preamble, to make it as broad as that language but no broader, so that the door may remain open to establish an alternative system, if it should prove to be in the national interest to do so at a later date.

This is the intent of the amendment as we have offered it.

I think this was what the Secretary of State had in mind when he indicated his approval of the amendment.

Mr. KEFAUVER. If the Senator will yield further, section 201(a)(6), as it now reads, provides as follows:

> Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs.

As I understand the language, the President would be directed to try to see that all governmental communications were channeled through the commercial system; and if the Government for some reason decided to put up a system of its own it could use that additional system only for unique governmental needs. "Unique governmental needs" have been defined by the Secretary of State and others as classified, secret, coded military messages; is that correct?

Mr. LAUSCHE. Mr. President, will the Senator yield to me?

Mr. KEFAUVER. Will the Senator wait a minute, please?

Mr. CHURCH. That was the testimony before the committee.

Mr. KEFAUVER. That was the testimony before the committee.

If the amendment were adopted, the President would not be required to use a governmental system, if it were put up, only for coded, secret military messages, but might use it for general governmental purposes; is that correct?

Mr. CHURCH. Again I say to the Senator, if the amendment were agreed to, it would make the substantative language of the bill conform to the language in the preamble, and therefore would leave it open to the Government to establish an alternative system, either to meet unique governmental needs, or if otherwise required in the national interest. That would seem to me to be a sufficient answer to the Senator's inquiry.

Mr. KEFAUVER. We have heard much testimony from Mr. Edward Murrow, who could use a system, if it were available, to send his messages on behalf of the United States, of freedom and democracy, to the developing small nations of the world. Would the Senator's amendment be sufficient to enable Mr. Murrow, of the USIA, if he were otherwise authorized to do so, to use the governmental system for foreign relations and information purposes in line with the purpose of his program, which is peace and understanding in the world?

Mr. CHURCH. I think the adoption of the amendment would leave it open for the Government to utilize an alternative system if it were later found that to do so would serve the national interest. This would be one of the purposes for which an alternative system might be used.

Mr. KEFAUVER. The Senator is talking about Mr. Murrow's purposes?

Mr. CHURCH. Yes.

Mr. LAUSCHE and Mr. DOUGLAS addressed the chair.

Mr. CHURCH. First I yield to the Senator from Ohio, who is a cosponsor of the amendment. Then I shall be glad to yield to the Senator from Illinois.

Mr. LAUSCHE. The report of the Committee on Commerce described the language with reference to the unique governmental needs to mean that the Government, through the Department of Defense, might establish its own satellite system to supply the unique needs. The unique needs are the coded messages, the secret messages.

The amendment which has been offered by the Senator from Idaho and myself provides that the Government may set up its own satellite communications system to supply unique needs, which means the transmission of coded and secret messages, and may set up a separate satellite communications system when the national interest requires it.

Under the second condition it would mean that if we must sell our image to the world through a satellite communications system, we could set up our own. It does not mean that we would have to, but the base would be there to which we could return and say that such a system is needed in the national interest. That is my understanding of the amendment. The amendment would make the substantive law in section 201, subparagraph (6), comply exactly with the language in the declaration of policy.

Mr. CHURCH. The Senator is correct in his statement of the purpose of the amendment. His understanding of the amendment is the same as my own.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. DOUGLAS. I have listened to the Senator from Idaho with great care. I should like to ask a question. As I remember his statement, he said that his amendment would mean that an additional communications system, if otherwise required in the national interest, would not be precluded by his amendment. The question which I should like to ask is as follows: Would it be authorized by his amendment or would there have to be further legislation before the President or appropriate authority could develop a communications system for other than "unique" purposes?

Mr. CHURCH. I think that would depend upon whether a system set up to meet unique governmental needs could also simultaneously be utilized for some other purpose. If so, nothing in the bill, once the amendment is agreed to, could preclude it.

The answer to the second question raised by the Senator, as to whether separate authorization would be necessary, it seems to me might depend upon whether a whole new and separate system had to be set up, and appropriations had to be secured from the Congress for that purpose. But the purpose of the amendment is not to leave this law, which establishes one corporate instrumentality for one satellite communications system, in such form as would preclude us from setting up an alternative system, if the national interest should so require. I believe we want to leave the door open so that we will not be precluded from taking such action in the future.

Mr. DOUGLAS. Did I correctly understand the statement of the Senator from Idaho that the language of his amendment would mean that there was not necessarily full authorization for such an alternative system?

Mr. CHURCH. Again I say it would depend upon the circumstances. It might be necessary to come back for additional authorization. It might not, depending upon the type of system proposed.

Mr. DOUGLAS. Then the reply to my question is that the amendment may authorize, or it may not authorize, such an alternative system for other than unique national purposes.

Mr. CHURCH. Since I would prefer not to speculate, I should say the safest reply I could give is that the amendment would leave the bill in such shape as not to preclude the establishment of an alternative system if the national interest should require it.

Mr. DOUGLAS. But it is not specifically authorized.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. MAGNUSON. Naturally there would have to be an appropriation. I understand the amendment to provide what the Senator from Ohio [Mr. LAUSCHE] has said. The space agency, under its broad authority, could set up a communications system if Congress appropriated the money.

Mr. CHURCH. Yes. The authority is there. Subsequent congressional action to implement the action with additional money might be required.

Mr. MAGNUSON. Under their broad authority such a communication system could be established.

Mr. CHURCH. The purpose of the amendment is to put the bill in such shape that we will have written nothing into the law that would preclude us from such a project if we should find it in the national interest to do so.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CHURCH. I yield to the Senator from Oregon.

Mr. MORSE. I think it is very important that we get the legislative history on the amendment crystal clear. The Senator from Illinois has raised a vital question. My understanding of what the Senator from Idaho and the Senator from Illinois are seeking to do is to make clear that the Government will be authorized under the bill to proceed to develop its own satellite communications system, not only to send messages that now fall under the category of so-called unique needs of the Government, but also to send any other program that it may wish to send over a Government system, if the President should decide that it is in the national interest to do so.

Let us assume a hypothetical situation. Let us assume that we find that our contest with Russia is such a serious one that we must transmit very rapidly what we might call programs of freedom to win over the minds of men to the cause of the democratic system. But the President might find that if we have to do that under the commercial rates that would have to be paid to the commercial system created by the corporation, it would involve a great waste of the taxpayers' money, and therefore he might decide that it would be more desirable to expand an existing system that they may then be using to meet some of the unique needs of the Government in satellite communication, such as sending coded messages and dealing with other high security messages, such as we know are involved in some of our spy activities, and the like. The President would not have to come to Congress and get authorization to build that kind of system, but he would have to come to Congress to get the appropriation for it.

The distinction is very important. I think it is the one raised by the question of the Senator from Illinois; and I think the authors of the bill, in the interest of the legislative history of the amendment, should make it very clear as to whether or not we are right when we take the position that the President would have authority to proceed with the development of this system, and would have to come to Congress for the appropriations for the expansion of the system.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CHURCH. I yield to the Senator from Ohio.

Mr. LAUSCHE. The answers to my inquiry have been to the effect that authority now exists in law to go forward with the type of communication proposed. What our amendment seeks to do is to remove the preclusion against such an operation contained in the present law.

Mr. CHURCH. Certainly. I think the contribution made by the distinguished senior Senator from Washington and the distinguished Senator from Oregon have been very helpful in pointing up the fact that authority now exists in the law, and that therefore any subsequent action by the Congress that might be necessary would be confined to the appropriation.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. GORE. In other words, if the Government should find that by the establishment of a satellite communications system of its own, to be used for its own purposes, it can accomplish its objectives and save the taxpayers enormous sums of money, the national interest would require such use. Therefore the amendment would prevent the section referred to from requiring the Government to use the corporation's system, if vast savings to the taxpayers could be accomplished through the use of the Government's own system.

Mr. CHURCH. The Senator is correct. Of course, if future development should show that it would be desirable for the Government to use an alternative system for any number of purposes, doubtless the recommendation would be made, and if an appropriation were needed to implement it, the executive department would bring that recommendation to the Congress and the Congress could exercise its judgment upon it.

Mr. MAGNUSON. The Department of Defense now has authority. They could designate the Signal Corps of the Army. It would have to come to Congress to get the money, but it has authority to have any kind of communications system it wishes to have.

Mr. KERR. Mr. President, never in my life have I had so much trouble trying to accept amendments offered by a Senator. In doing so, however, I would like to make one or two points clear.

In the judgment of the senior Senator from Oklahoma the effect of the amendment is to clarify, as has been so repeatedly stated by the Senator from Idaho, what is in the declaration of policy and purpose of the bill at the bottom of page 21 and at the top of page 22. In order, however, that the record may be clear, let me say, first, that there is no inhibition in the bill limiting the authority of the Government to establish other communications satellite systems.

On page 21, subsection (d) provides, as follows:

> (d) It is not the intent of Congress by this Act to preclude the use of the communications satellite system for domestic communication services where consistent with the provisions of this Act nor to preclude the creation of additional communications satellite systems, if required to meet unique governmental needs or if otherwise required in the national interest.

As has been so ably stated by the Senator from Washington, chairman of the Commerce Committee, under existing law the Defense Department has complete authority to establish additional communications satellite systems, provided Congress sees fit to give it the money. Congress has been giving the Defense Department money to do exactly that, and the Defense Department has been doing it.

Furthermore, the language of the bill at page 25, paragraph 4, 5, and 6, under section 201, does not do what the distinguished Senator from Tennessee [Mr. KEFAUVER] and the distinguished Senator from Tennessee [Mr. GORE] have said they feared it did.

The bill is not intended to require that the Government use the privately owned corporation for the transmission of communications by way of the satellite system authorized to be established and operated by the corporation.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KERR. In a moment. The language of these provisions, in accordance with the request of the Department of Defense, as shown in the report of the Commerce Committee, at page 38, in the middle of the page, is as follows:

> Another provision in S. 2814 (sec. 403(a)(6)) and H.R. 11040 (sec. 201(a)(6)) directs the President to insure "the availability and appropriate utilization of the communications satellite system for general governmental purposes which do not require a separate communications satellite system to meet unique governmental needs." Under this provision, which is favored by the Department of Defense, Government agencies would use the civil communications system in accordance with normal practice, and the power to assign priority of governmental traffic over commercial traffic as necessary for national security purposes would be reserved.

The sole and exclusive purpose of the language is not to compel the use of the satellite system by the Government, but to reserve to the Government the right to use it, if the national security should require or indicate its use, and to have priority for its use over any commercial or civilian use.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KERR. In a moment.

Therefore, it is perfectly acceptable to the subcommittee, to the majority leader, to the minority leader, to the chairman of the Commerce Committee, and to the chairman of the Foreign Relations Committee to accept the amendment. It is a clarifying amendment. It recites what is specifically contained in the bill.

I say again that it is not necessary to reserve to the Government the right to establish other communications satellite systems. That right is inherent in the Government and Congress.

It is specifically contained in the bill. It is not necessary to relieve the Government of a requirement to use it if it does not want to do so, because that provision is not contained in the bill. If clarifying language in that regard were needed, it would be gladly accepted. The only provision referred to guarantees the Government priority over the system, if it needs it, wants it, and desires to preempt it.

Therefore, I say again that the amendment is perfectly satisfactory, but I never had so much trouble accepting one in my life.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. SYMINGTON. First I congratulate the senior Senator from Oklahoma for the fine work he did when we carefully studied this bill in the Space Committee. I also congratulate the distinguished chairman of the Commerce Committee, the Senator from Washington [Mr. MAGNUSON], for his fine work. We on these two committees believe we understand this bill; therefore I am surprised and distressed by some of the harsh and unfair criticism being made against it.

Contrary to what has been said, is it not true that under the bill the Government of the United States can do anything it deems necessary in the satellite field?

Mr. KERR. For itself and other communications system that the Congress will pay for. That is absolutely correct. Nothing in the bill prevents it. On the contrary, the language in the bill specifically contains a declaration of that reservation.

Mr. SYMINGTON. I thank the Senator. Most certainly I would not want to place in the hands of a privately-owned utility anything which was not controlled by the Government. Would not the able chairman agree that however this matter is handled, it must be handled in effect, in a big manner? Therefore, the question is, should we handle it through big business, completely subject to regulation by the Government, or should we handle it by big Government?

Mr. KERR. Subject to no regulation.

Mr. SYMINGTON. Right; and thus have further heavy addition to the tremendous bureaucracy we find it necessary to have to operate this Government?

Mr. KERR. The Senator understands that that is the alternative as proposed by some opponents of the bill.

Mr. SYMINGTON. I do. Now in the Foreign Relations Committee, I recently brought out the fact that in recent years the number of Government employees has increased by more than 1,000 percent, from a few hundred thousand to millions. If this trend continues, and if we have steadily more Government corporations of this character established by the Congress—which invariably take away from the tax base, realizing that in our way of life the only source of taxes is income, including profits—then the question of whether or not we believe in free enterprise will be theoretical, will it not, because everyone will be working for the Government?

Mr. KERR. Yes. Who would be paying for it, the Senator from Oklahoma does not know, because taxes are now collected from the people on the basis of what they produce by private enterprise, and thereby funds are secured by the Government to pay for what it does, and to any degree that we preempt further the field of operation for a Government corporation, which otherwise would be producing revenue, would be consuming tax money and not producing it for the support and operation of the Government.

Mr. SYMINGTON. The Senator is so correct. Does not the able chairman of the Space Committee agree that the Russians, under their system of Government ownership, have performed magnificent scientific feats in recent hours and days?

Mr. KERR. They have performed an astonishing feat.

Mr. SYMINGTON. But the chairman does not say such feats cannot be performed under private enterprise as well as under socialism or communism, does he?

Mr. KERR. The Senator from Oklahoma feels that the American system of competitive private enterprise can outperform any socialistic or communistic system. I believe that the record has proved it. I agree with the great Senator from Missouri that that should be the pattern that the Government should follow in the establishment of this communications satellite system and the corporation to own and operate it.

Mr. SYMINGTON. Does the able senior Senator from Oklahoma not agree that, if we continue, every time something new comes up, to demand that we take it away from private enterprise and place it under Government ownership, we can only be moving slowly but steadily toward a socialistic state?

Mr. KERR. There can be no doubt that that statement is correct.

Mr. SYMINGTON. I thank the able Senator from Oklahoma. That is the reason I intend to support the bill, believing in free enterprise. I believe in the capitalistic system. Regardless of any successes achieved by countries that have other economic systems, I prefer the system which has made this country the greatest Nation in the world today.

Mr. KERR. I appreciate what the distinguished Senator from Missouri said about the Senator from Oklahoma, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Washington [Mr. MAGNUSON].

I am especially grateful to the distinguished majority leader and the distinguished minority leader for their support of the proposed legislation.

I pay special tribute to the distinguished Senator from Rhode Island [Mr. PASTORE] who is not able to be in attendance in the Senate today, but who, together with other members of the Committee on Commerce, spent many weeks in hammering out the language of the bill. Although he is not able physically to be here, he is present in spirit; and the work which he has so ably helped to do as chairman of the subcommittee of the Committee on Commerce is reflected in the excellent provisions of the bill. I know the Senator from Missouri joins with me in paying tribute to the Senator from Rhode Island for his work on the bill.

Mr. SYMINGTON. I surely wish to pay tribute to the great Senator from Rhode Island, who not only wholeheartedly supported the bill in the Committee on Commerce under the able leadership of the distinguished Senator from Washington [Mr. MAGNUSON], but also had the courtesy to sit with the distinguished Senator from Oklahoma [Mr. KERR], the chairman, and the rest of the members of the Committee on Aeronautical and Space Sciences, to fully understand the bill, this before he gave it his unqualified approval.

Mr. KERR. The Senator from Missouri is correct. The distinguished minority members of both those committees and also of the Committee on Foreign Relations gave their undivided attention and wholehearted cooperation and support to the bill through the contribution of their great intellects. They participated in the discussion and helped to fashion the bill. I am grateful to them.

I observe in the Chamber the distinguished senior Senator from Wisconsin [Mr. WILEY], the ranking Republican member both of the Committee on Aeronautical and Space Sciences and the Committee on Foreign Relations, who made a distinct contribution to the drafting of the bill.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. GORE. I have enjoyed the colloquy between the distinguished senior Senator from Missouri and the distinguished Senator from Oklahoma.

Mr. KERR. I am especially happy to have contributed to the enjoyment of the Senator from Tennessee.

Mr. GORE. The enjoyment of the colloquy was slightly diminished by the fact that I have previously read such catechisms published by the U.S. Chamber of Commerce and the Republican National Committee.

Mr. KERR. The Senator has a broader range of reading information than I had been aware of. He does not often give evidence of it.

Mr. GORE. I am glad that now and then I can recall something I have read and recognize the similarity in the catechisms.

Mr. KERR. Does the Senator from Tennessee reassure the Senator from Oklahoma that there is nothing offensive in the word "catechism" as applied to this subject?

Mr. GORE. Speaking as one good Baptist to another, I can give such reassurance.

Mr. KERR. I thank the Senator from Tennessee.

Mr. GORE. Everything the Senator from Oklahoma has said with respect to the interpretation of subsection (6) of section 201 relates exclusively to the availability of the communications system. The Senator did not refer to the requirement that the President take all necessary steps to insure the utilization of the communications satellite system for such general governmental purposes as do not require a separate communications system to meet Government needs. I submit that any reasonable interpretation of that language is that the President must take all necessary steps to insure that the facilities of the corporate satellite system be used for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs. The Senator from Oklahoma in his interpretation has not made reference to that. As I understood him, he said that the purpose of this section was to assure the availability of the system for Government use.

Mr. KERR. The Senator from Oklahoma helped to write this language. He knows what was intended by the committees which reported the bill to the Senate. The intention is contained in the reports. It is contained in the statement which the Senator from Rhode Island made to the Senate. It is contained in the statement made by the Senator from Oklahoma to the Senate.

The Senator from Tennessee can build up a strawman out of his imagination or his own interpretation and attack it all he desires. That still does not change the interpretation of this section as it is understood by the committees which wrote it and reported it to the Senate, and the interpretation which the Senator from Oklahoma now gives it.

The Senator from Oklahoma further says that if there is any possibility of a misunderstanding on the part of the majority of the Members of the Senate that the language means exactly what the reports and what the Senator from Rhode Island and the Senator from Oklahoma have said, he will be happy to accept clarifying language to make it abundantly clear to the distinguished Senator from Tennessee, whose sincerity he does not doubt, but with whose interpretation of the language he does not agree.

I repeat, if language is needed to make the intent abundantly clear, the Senator from Oklahoma would be glad to recommend that it be accepted by the Senate, just as he is now recommending the acceptance of the amendment offered by the Senator from Idaho [Mr. CHURCH] and the Senator from Ohio [Mr. LAUSCHE], provided those who seem to favor it will permit the Senate to have an opportunity to approve it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. CHURCH] and the Senator from Ohio [Mr. LAUSCHE].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. Has time now begun to run under the unanimous-consent agreement?

The PRESIDING OFFICER. Time has begun to run on the Kefauver amendment.

Mr. KEFAUVER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Tennessee will state it.

Mr. KEFAUVER. Did the time consumed by the Senator from Colorado come out of my time or his time?

The PRESIDING OFFICER. The time of the Senator from Tennessee begins to run now. How much time does the Senator from Tennessee yield himself?

Mr. KEFAUVER. I yield myself 10 minutes.

Mr. President, what has just happened in taking out a provision which any reading of the English language would indicate to mean that the President had to work with the corporation in seeing that all governmental business, except unique uses, such as coded messages, went through the corporation is typical of about 25 other sleepers in the bill which ought to be corrected and amended, but which will not be if the bill is pushed through.

The Committee on Commerce said that the language meant that the Government had to let all business, except "unique" business, pass through the corporation. We hear the ballyhoo about the public being able to buy stock; but that would apply only to the original issue. The corporation could issue $1,000 worth of stock, of which the public might get $500, and then issue all the rest of the stock as nonvoting stock, in which the public would have no participation whatsoever.

I shall now discuss the amendment I have offered.

The recent Russian feat of placing two astronauts in orbit shows the kind of competition with which we must contend. We want to be first in communications satellites. We must be first. The surest way not to be first is to pass the bill and leave to a private corporation the decision as to the kind of system which will be built, whether a low-orbit system or a high-orbit system.

We all know that in the years to come a low-orbit system—at least all the witnesses say so—will be the kind that will orbit the earth. That is the kind on which the Soviet Union is working. Yet under the bill—and admittedly so—no flexibility is provided. What the corporation decides upon will be the kind of system we will have. The President, by a directive in the bill, is required to see to it that the system is compatible with existing facilities—in other words, a low-orbit system.

Dr. McMillan, head of research and development, and all the people from A.T. & T., which will dominate the corporation, have already filed their statements with the FCC and have said that they are committed to a low-orbit system; that they are plugging for a low-orbit system.

The high-orbit system has been criticized by Dr. McMillan, who now is working for the Air Force. He went there directly from A.T. & T.

Frankly, Mr. President, this bill is for a low-orbit system. That means that if the bill as it now stands is passed, we shall never have the best kind of system and we shall not have the necessary flexibility in connection with the system to be used.

The only part of the bill which refers to a governmental agency's having anything to do with the determination of the kind of system to be used is section 201, subsection (c), paragraph (6), as follows:

> (6) approve technical characteristics of the operational communications satellite system to be employed by the corporation and of the satellite terminal stations; and

However, Mr. President, the FCC witnesses have testified that in their opinion that provision will not enable them to make a decision which would require the corporation to change from a low-orbit system to a high-orbit system. They have testified that this provision applies only to the "technical characteristics". In short, we would be stuck with whatever system the corporation decided to use.

Furthermore, the A.T. & T. witness, Mr. Dingham—whose testimony is to be found on page 203 of the hearings held before the Commerce Committee—stated:

> Taken alone, however, this language would not seem to empower the FCC to compel the abandonment of an operational system approved by it and the substitution therefor of another system.

So, Mr. President, there can be no question that, in the first place, the power and the authority provided by the bill would make possible the use of an inferior system; and in view of the fact that the only facilities now existing are based on a low-orbit system, it is obvious that we would be tied to a low-orbit system before work on a better system could be started; and under the provisions of this bill, neither the President nor anyone else would have power to order a change from a low-orbit system to a high-orbit system.

Mr. President, this amendment is most essential. All it seeks to do is authorize the President of the United States, when he deems it to be in the national interest, to order a change from one type of system to another. Such a provision is supported by every thoughtful report which has been made. For example, the Rand report to NASA states, on pages 58 and 59, that we ought to have flexibility both as to the type of ownership and the type of system.

On page 104, the Rand report specifically states:

> Therefore, the more flexible the initial arrangements are, the better.

That statement appears on page 104 of the Rand report, one of the volumes submitted to the National Aeronautics and Space Administration.

Furthermore, in the report of the Committee on Aeronautics and Space Sciences we find the statement:

> However, the Government must retain maximum flexibility.

Mr. President, what kind of a situation would we be in if the corporation decided that for its own purposes of profit, for the purpose of making the biggest possible profit, it wished to have one kind of system, even though in the national interest it would be important to have an international system by means of which we could reach all the nations of the world, and also if the President, the FCC, and all other Government authorities were convinced that we should use a high-orbit system, but were powerless to do anything about having a high-orbit system used? Are we going to leave the development of this most important communications system in the hands of a private corporation, without any power on the part of the FCC or the President or any other part of the Government to order a change to a better system?

So, Mr. President, I believe that the least we can do is provide that there shall be lodged with the President of the United States the power to order—if he deems it desirable to do so in the interest of the United States—a change of system, so we can be first in this development.

Mr. CARROLL. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. First, Mr. President, let me ask how much time remains available to me.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Nine minutes out of the 10 the Senator from Tennessee previously yielded to himself, and 21 minutes in all out of the 30 minutes available to the Senator from Tennessee on his amendment.

Mr. KEFAUVER. Mr. President, I yield 6 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 6 minutes.

Mr. CARROLL. Mr. President, previously I stated on the floor of the Senate that I have been absent for 2 weeks, because of illness, and therefore I did not hear all the earlier debate on this bill.

Two things about the bill have worried me. One of them is called, I think, the first Gore amendment—an amendment which had to do with lodging in the Department of State complete power in regard to foreign relations. I discussed that at length, and also I discussed the Federal aviation statute and the Supreme Court decision arising under it, with the able senior Senator from Oregon [Mr. MORSE].

I believe that as a matter of law and as a matter of logic the Senate made a mistake in rejecting the Gore amendment in that respect, because I think that leaves a so-called no man's land area in the bill.

Specific authority enumerates in great detail what the President could do and what he could not do. Nevertheless it was brought under attack in the Waterman case. I have already cited this for the RECORD, so there is no use going over it again at this time.

I commend the Senator from Oklahoma [Mr. KERR]. I think that as a result of the amendment of the Senator from Idaho [Mr. CHURCH] and the Senator from Ohio [Mr. LAUSCHE] and as a result of the colloquy which occurred between the Senator from Oregon [Mr. MORSE] and the Senator from Illinois [Mr. DOUGLAS] there has been a clarification.

In my opinion there is not the slightest doubt that the statement of policy did not square with (6) of subsection (c) of section 201, and therefore I felt that that correction was a necessary and good one.

It is my opinion that the statements made by the able senior Senator from Oklahoma [Mr. KERR] have clarified certain problems about this bill. Certainly they have helped clarify my thinking about it. As I understood the statement made by the Senator from Oklahoma, it was that we in the Congress should not, as we pass this bill, close the door on other courses in the future. After all, we could not do so even if we wished.

However, I believe there should be in the bill a statement which will specifically place power in the hands of the President.

I wish to state to the able Senator from Tennessee that we have been working on an amendment, and in that connection I have called for assistance from the American Law Division of the Legislative Reference Service in the Library of Congress.

I wanted to test the constitutionality of the proposed amendment. In connection with the opinion which the Library of Congress gave me, it called to my attention the Federal Aviation Act, about which I have already spoken. The Legislative Reference Service pointed out to me that under my proposed amendment the power that would be given the President would be, in some respects, narrower and in other respects broader than that given the President over air transportation in section 801 of the Federal Aviation Act of 1958.

In commenting on the constitutional issues raised in my proposed amendment the Legislative Reference Service had the following to say:

> It is narrower in the sense that it is a simple veto power rather than a power of approval as well. Acts of the corporation, or the administration or the Commission would be effective without his approval and indeed without his knowledge. Under the Aviation Act applications are to be submitted to the President before any hearings are held, and decisions must be approved by him before they are published.
>
> It is broader in the sense that the President's veto power under the Satellite Act would embrace every act of the corporation or the Government, even those dealing with domestic matters such as rates for transmission to and from points in the United States, while his power under the Aviation Act embraced only matters of oversea and foreign transportation. This difference presents constitutional issues not raised by the provisions of the Federal Aviation Act. In the very short time we have had to weigh them, however, they would not seem to require a determination that it would be unconstitutional for Congress to give the President the proposed powers.
>
> In the Waterman case the Court commented on the propriety of providing stricter regulations of air commerce than had been provided for earlier forms of transportation:
>
> "We find no indication that the Congress either entertained or fostered the narrow concept that airborne commerce is a mere

> outgrowth or overgrowth of surface-bound transport. Of course, air transportation, water transportation, rail transportation, and motor transportation all have a kindship in that all are forms of transportation and their common features of public carriage for hire may be amenable to kindred regulations. But these resemblances must not blind us to the fact that legally, as well as literally, air commerce, whether at home or abroad, soared into a different realm than any that had gone before. Ancient doctrines of private ownership of the air as appurtenant to land titles had to be revised to make aviation practically serviceable to our society. A way of travel which quickly escapes the bounds of local regulative competence called for a more penetrating, uniform, and exclusive regulation by the nation than had been thought appropriate for the more easily controlled commerce of the past. While transport by land and by sea began before any existing government was established and their respective customs and practices matured into bodies of carrier law independently of legislation, air transport burst suddenly upon modern governments, offering new advantages, demanding new rights, and carrying new threats which society could meet with timely adjustments only by prompt invocation of legislative authority. However useful parallels with older forms of transit may be in the adjudicating private rights, we see no reason why the efforts of the Congress to foster and regulate development of a revolutionary commerce that operates in three dimensions should be judicially circumscribed with analogies taken over from two-dimensional transit.
>
> "The 'public interest' that enters into awards of routes for aerial carriers, who in effect obtain also a sponsorship by our Government in foreign ventures, is not confined to adequacy of transportation service, as we have held when that term is applied to railroads. *Texas* v. *United States,* 292 U.S. 522, 531. That aerial navigation routes and bases should be prudently correlated with facilities and plans for our own national defenses and raise new problems in conduct of foreign relations, is a fact of common knowledge." 333 P.S. 103, 107–08 (1948)
>
> It is certainly arguable that the entire concept of a communications satellite system is so global in its nature that no decision with respect to any of its components is or can be of a purely domestic character, that every move may have significance in relation to our foreign policy. The Constitution makes the President our national agent in the conduct of foreign affairs.

My proposed amendment was drafted in such a way as to make it possible for the President to disapprove the acts or actions of the corporation or of agencies of the Government, whenever necessary, in order to obtain full compliance with national policy regarding communications through space satellites. The amendment would give the President this power. It would really be a veto power.

Under the Federal Aviation Act, the President had the power of approval—a much broader power, of course.

But what disturbs me about the amendment is that when the amendment refers to "all acts or actions," I realize that many acts could be initiated by the private corporation in connection with contracts domestic in nature; and I am afraid that that provision is too comprehensive and might not be constitutional.

However, Mr. President, my chief concern now about the bill is that there would be no real Presidential control over the corporation.

But, it may be said, the membership of 3–6–6 is a measure of control. My prediction is that in the next year and a half the low-orbit system will be established. This is free enterprise. We know they are going to operate for profit when they create it, and we intend that they shall make a profit. It is a monopoly. Under the law it is entitled to a profit. What I am afraid of is that they can become set in their ways, and once they have a low-orbit system, the question arises whether we can force them to adopt a higher orbit system if it becomes necessary in the national interest.

I think in some way that power should be reposed in the bill. It may be argued, "Why can Congress not act? If it can create this piece of legislation, why can it not create another one providing for a higher orbit system?"

We know how difficult it is even today to get full debate on these amendments. There are powerful pressures on us.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KEFAUVER. Mr. President, I yield 5 additional minutes to the Senator. Will the Senator yield for a question?

Mr. CARROLL. I yield.

Mr. KEFAUVER. If this legislation were enacted, freezing the system into a low-orbit system, which is done in several provisions of the bill, and 5 years from now we passed a bill providing that there should be a high orbit system, that would be equivalent to eminent domain, and the Government of the United States would have to pay the A.T. & T., and possibly other corporations, all the damage they might be subjected to, as would be true under eminent domain, because the system was changed from one to the other. But if such a provision were written into the law, and if the company were ever entitled to go on with the program, under the bill, they would know there was power in the President to change the system and that they would have to accept it under those circumstances.

Mr. CARROLL. There is considerable merit in the contention of the Senator from Tennessee, but I like to believe that people in a private corporation, even with the 3–6–6 setup, will be looking ahead. I know they will have great experience. This is why I think the legislation is premature; and particularly in view of what happened yesterday, we ought to take another look at this legislation for a few months.

As I stated the other day, I am not one of those who advocate public ownership, but I do advocate that more Government control be provided in the bill.

Who is going to operate the system? Suppose we set up a Government commission comparable to the Atomic Energy Commission? Suppose we set up a space commission? There is not the slightest doubt in my mind that A.T. & T. would have to operate the system under a lease or contract. I expect it to play a major role.

I repeat what I said about Government control. This is not the time to slip or rush legislation through. I have been studying the question because I wanted to find out more about this legislation. At the time there was debate on the floor of the Senate on nuclear energy, the issue arose as between civilian and military control. As I studied the debates and a book on the subject, I learned that it was months before a decision was reached.

I cast no aspersions on the motives of Senators who worked on the bill. They are all experienced legislators. I raise this simple point, this one question. I think the men who are to operate the private corporation have expressed a deep concern as to whether we are going into a low-orbit system or a high-orbit system.

I have expressed myself on the Gore amendment. I think a mistake was made in rejecting it, and I cited the law to sustain my position.

I saw the amendment of the Senator from Tennessee this afternoon. I liked the general idea of reposing in somebody—and I mean the President of the United States—the authority to distinguish between a lower system and a higher system, and, more than that, having the power to act. The President of the United States represents all the people. We represent the States. We have State interests and regional interests, but, in the words of ex-Presidents, only one man represents the whole people, and I would be willing to repose that power in his hands.

I do not have the slightest doubt this evening that this amendment will be rejected overwhelmingly, but we are making a record, and I think the record will be read. I think the bill is going to be passed. I want to be very candid.

The PRESIDING OFFICER. The additional 5 minutes yielded to the Senator have expired.

Mr. CARROLL. May I have an additional minute?

Mr. KEFAUVER. Mr. President, I yield to the Senator from Colorado 1 more minute.

Mr. CARROLL. I think I can conclude my remarks in 1 more minute.

I know the work that has been devoted to this bill by able Members of this body. I do not impugn any Senator's motives. I think the question of control is vital, and perhaps there will be greater evidence of that than has been shown; but I believe we are making a record which will be beneficial to those who are going to operate the corporation and the public bodies and the men the President selects as his representatives, and I hope they will pay attention to the relative merits of the two systems, about which there is great dispute.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Who has control of the time in opposition?

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. KERR. I yield myself 10 minutes.

In opposing this amendment, I want to make it definitely and distinctly clear what the amendment proposes to do. It adds a new subsection on page 24, after line 25. This is under the section of the bill which sets forth the powers and the duties of the President. It would make this additional responsibility incumbent upon the President to "decide whether the communications satellite corporation authorized under title III of this Act shall initially utilize a synchronous or nonsynchronous system and may decide at a future date that the corporation shall change from one system to the other."

We have a great Defense Department, which has been working for years to develop a system of communications satellites. We have the great National Aeronautics and Space Administration, which has grown out of other activities and out of research agencies of this Government, and now has certain responsibilities in connection with development of communications satellites. We have great corporations in private industry either spending money under Government research contracts or study contracts, or on their own, trying to find the most efficient, the most workable, and the most available system of communications satellites possible.

I do not see why these agencies and corporations do not cease their efforts and ask certain Members of the Senate what to do. Why should the Department of Defense spend hundreds of millions of dollars, or even tens of millions of dollars, in experiments with low-orbit communication satellites, medium-range communication satellites, or high-altitude satellites known as synchronous satellites, when all their problems could easily be solved by a whisper from certain Members of the U.S. Senate.

The distinguished Senator from Colorado said, "Somebody should have the power to act."

Mr. President, the Senator from Colorado ought to read the bill. Then he would learn that it gives somebody the power to act. Can Senators imagine a private corporation spending hundreds of millions of dollars of its money in an effort to develop as rapidly as possible, a highly efficient system of communications satellite, if there were a provision in the bill that any morning they might be awakened by the receipt of a special delivery letter from the White House, saying, "You must discard all you have done. You must eliminate and do away with all your experimentation, scientific progress, and effort, and substitute something directed by the President of the United States, in lieu of what the corporation has done by the expenditure of its own money."

That will be especially meaningful, Mr. President, when men understand the rigorous gantlet the corporation will have to run in order to be permitted even to spend its own money.

The Senator from Colorado said, "Somebody should have the power to act."

I advise the distinguished Senator that, under existing law, and under the bill, somebody has the power. It is the Federal Communications Commission. The Senator should read the bill.

He complimented those who did, and I appreciate it. I wonder why he did not follow their example. He would have learned by reading pages 26, 27, 29, 30, and 37 that the bill specifically sets forth the power which somebody has in connection with the question referred to in the amendment.

On page 37 of the bill, under title IV, in section 401, there is language beginning on line 16:

> The corporation shall be deemed to be a common carrier within the meaning of section 3(h) of the Communications Act of 1934, as amended, and as such shall be fully subject to the provisions of title II and title III of that Act.

Therein is the language which provides that somebody has the power, and designates who has the power.

I ask Senators to refer to the Communications Act of 1934, as amended, to see what that power is, in part.

Section 308(b) of the Communications Act of 1934, as amended, contained in the edition revised to September 30, 1960, reads in part as follows:

> The Commission, at any time after the filing of such original application and during the term of any such license, may require from an applicant or licensee further written statements of fact to enable it to determine whether such original application should be granted or denied or such license revoked.

Section 307(d) states in part:

> No license granted for the operation of a broadcasting station—

In view of the fact that this paragraph, in another sentence, refers to the restrictions to which the corporation would be subject, I ask Senators to listen:

> No license granted for the operation of a broadcasting station shall be for a longer term than three years and no license so granted for any other class of station shall be for a longer term than five years, and any license granted may be revoked as hereinafter provided.

Mr. President, the first gauntlet the corporation has to run is to be licensed by the Federal Communications Commission. It cannot be licensed for a period of more than 5 years, and the license can be revoked by the Federal Communications Commission under the rules of its procedure when in its discretion such revocation should occur.

I ask Senators to look at page 27 of the bill.

The PRESIDING OFFICER (Mr. Pearson in the chair). The 10 minutes the Senator yielded have expired.

Mr. KERR. Mr. President, I yield myself 5 more minutes.

The PRESIDING OFFICER. The Senator is recognized for an additional 5 minutes.

Mr. KERR. Mr. President, on lines 6 to 9 on page 26 Senators will find this language:

> The National Aeronautics and Space Administration shall advise the Commission on technical characteristics of the communications satellite system;

The Commission is the Federal Communications Commission.

On page 27, begining in line 7, it is provided, as follows:

> The Federal Communications Commission, in its administration of the provisions of the Communications Act of 1934, as amended, and as supplemented by this Act, shall—

On page 29, in subparagraph (6) it is provided, as follows:

> Approve technical characteristics of the operational communications satellite system to be employed by the corporation and of the satellite terminal stations;

On page 30, beginning in line 10, it is provided, as follows:

> Require, in accordance with the procedural requirements of section 214 of the Communications Act of 1934, as amended, that additions be made by the corporation or carriers with respect to facilities of the system or satellite terminal stations where such additions would serve the public interest, convenience, and necessity; and

In other words, Mr. President, the bill would make the corporation a common carrier subject to the regulation and order-making authority of the Federal Communications Commission. Under the provisions of the bill and the Communications Act of 1934, as amended, with the advice of the National Aeronautics and Space Administration—which it actually would not be bound by, but which it would have the benefit of—the Federal Communications Commission would have full authority to grant the license, to specify the equipment, to approve the application which set forth the equipment to be used, to amend it, to prescribe certain changes, and to limit the license to not to exceed 5 years, which would be revocable under the rules of the Commission; and the Commission, to begin with, further could direct the corporation to submit a satellite system which it approved, and also could require, in accordance with the procedural requirements of section 214 of the Communications Act of 1934, as amended, "that additions be made by the corporation or carriers with respect to facilities of the system or satellite terminal stations where such additions would serve the public interest, convenience, and necessity."

Mr. President, I yield myself an additional 5 minutes.

In other words, under the bill and under existing law the authority which the amendment of the Senator from Tennessee would vest in the President is already vested in the Federal Communications Commission, except that the Federal Communications Commission would issue its orders in accordance with existing law. It would let the corporation know ahead of time whether it approved its investments or not. Therefore, it would not be likely, and, in my judgment, would not leave it dangling with the sword of Damocles above its head in the realization that regardless of how much money it might have spent in the development of a communications satellite system which had been approved by the Federal Communications Commission, at any morning it might wake up with the knowledge that the President of the United States had ordered it to junk everything it had and to install another system, with reference to which it might not even have access, or know about, or be prepared to pay for, or operate if it could and did pay for it.

Therefore, I say, that either the bill or the amendment ought to prevail. If the bill has any significance, the amendment is ridiculous. If the amendment has any significance, it would destroy the bill. I, therefore, urge its defeat.

Mr. KEFAUVER. Mr. President, a parliamentary inquiry

The PRESIDING OFFICER. The Senator will state it.

Mr. KEFAUVER. What time remains?

The PRESIDING OFFICER. The Senator has 9 minutes remaining.

Mr. KEFAUVER. Mr. President, I have heard many fine speeches by the distinguished Senator from Oklahoma [Mr. KERR], but I frankly must say that his speech tonight is the most remarkable presentation I have ever heard.

Mr. KERR. I thank the Senator.

Mr. KEFAUVER. He has stated how horrible it would be for the President of the United States, the head of our Nation, to have the power, after getting all necessary information from NASA, the FCC, the Defense Department, and the State Department in consideration of our foreign policy, to direct what kind of satellite system we should have in our best national interest. It would be a terrible thing for him to have that power.

Yet at the same time he has said that the Federal Communications Commission already has the power, and that it is perfectly all right for the Commission to have it. It would be a terrible thing for the President to change the system or to direct the system, but the bill would give the power to the Federal Communications Commission.

Mr. Dingman, the witness for the American Telephone & Telegraph Co., does not think that the Federal Communications Commission has the right to change the system. If the Senator will look at page 203 of the Commerce Committee hearing, he will see that in answer to a question, that is what Mr. Dingman said.

The Senator has talked about section 214 of the Act of 1934, under which the FCC is supposed to be able to require the A.T. & T. to install additional faciilties. Nobody is more familiar than is the Senator from Oklahoma with the fact that never in the history of the Federal Communications Commission has the FCC, under that section, been able to get A.T. & T. to install service in the rural areas of our country where telephone service is needed. They will only go where the service is profitable, and profitable in a big way.

Finally we had to pass the Rural Telephone Act, because the Commission would not and could not make A.T. & T. extend its facilities to the rural sections of the country.

The witnesses who have testified on the subject, the I.T. & T. witnesses and others, have said that if facilities are to be put into the developing nations of the world, there will have to be a Government subsidy. The Federal Communications Commission has never been able to force the A.T. & T. to abandon any facilities.

Mr. President, here is the point: The FCC has never been able to make the company go into the rural sections of the United States. The witnesses have not said, the bill contains no provision, and there is no provision of the Federal Communications Act which states that the FCC has the power to make the proposed corporation adopt the best system so that we can keep ahead in the field of communication satellites. We must have that power if we are going to keep ahead.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. KEFAUVER. I am happy to yield.

Mr. CARROLL. The Senator from Tennessee has touched on the heart of the matter, which the able Senator from Oklahoma [Mr. KERR] skirted. The real question is, What power exists in the Government to control after the corporation has initiated a program? Under the bill it is true that the corporation would be a common carrier. It is true that NASA would have something to do with it. But it is also true that once the license was issued—we are now talking about administrative law—the FCC would have a right to reexamine or to reissue.

Let us assume that the proposed corporation would adopt the low-orbital system. Let us assume that it has an investment of $100 million. Does any Senator think that the FCC could deny the corporation a license in 3 years? Oh, no.

The courts would throw out such a case very fast. Why? It would be based upon an arbitrary and capricious use of the licensing power.

The able Senator from Tennessee has only a few minutes remaining, and I shall make my statement quickly.

Once the low-orbital system is installed, should the Government decide it is in the national interest to go to the higher system in 3 or 4 years, who would have control? Nobody.

Mr. KEFAUVER. Nobody would have control, and A.T. & T. would not want to make the change because such action would make their investment in the low-orbit system obsolete.

Mr. CARROLL. That is possible. I am hopeful that they will be more intelligent. I am hopeful they will not invest their money in any system until they ascertain the best system available. Even if the Senator's amendment is not agreed to—and I expect it will not be—it ought to alert the corporation to the fact that it should not put their money into a system until we get the best. I do not believe we will get the best system until we get the high orbital system. I think the real purpose of the Senator's amendment is to issue a warning. But of course, we shall continue to try to have the amendment agreed to if we can.

Mr. KEFAUVER. Mr. President, I thank my distinguished colleague from Colorado. I call attention to the fact that other thoughtful groups are considering the bill today. I have a statement by the AFL–CIO Executive Council on the Communications Satellite Act of 1962, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE AFL–CIO EXECUTIVE COUNCIL ON COMMUNICATIONS SATELLITE ACT OF 1962, AUGUST 13, 1962

Labor hails the unbelievably rapid advance of communications technology, particularly in the new field of achievement of global communications through the use of space satellites.

Already it is predicted that this technology will revolutionize both domestic and international communications, make it possible to exchange messages between any two spots in the world, enhance peaceful contact between the peoples of the world, increase communications and interchange of ideas among peoples, aid under-developed nations, and, in addition, develop into a business which will return untold billions of dollars annually.

Satellite relays have already been dramatically demonstrated in relationship to television broadcasting by Telstar. In addition satellite communications will also involve voice messages, meteorological communications, aircraft and aerospace, radio, astronomy and further research into other fields, and in ways which have already begun to change the everyday aspects of our lives, and promise to bring more changes in the near future.

In the face of these revolutionary achievements, labor must call attention to proposed legislation before the Senate of the United States which in its present form would undertake to write into law a mistaken national policy under which space communications would be carried out.

The U.S. Government has invested almost $25 billion in the overall orbit and space programs, for defense and peaceful uses which have made it possible at this time to consider turning over the program to private business. Out of this colossal outlay of American taxpayers' money, about $500 million has gone into the space communication satellite program. Moreover, all future programs will find the U.S. Government as the largest user, the leader in research and developmental activities, the judge of where ground stations should be located, the furnisher and owner of launching vehicles, crews and facilities, the regulator of private activities, to mention several of its most important continuing activities.

In view of these considerations labor urges the defeat of H.R. 11040 unless its monopolistic features are removed by drastic amendment. We urge that the most essential amendments include:

1. Government ownership and control of the communications satellite program but with private operation.

This will achieve the needed flexibility and assure maximum progress in this vital field. The approach of combining Government ownership and control with private operation will make it possible to draw fully on the genius of American Government which combines the efforts of both Government and private groups.

2. There should be added to the bill a provision which would require NASA to contract with private companies to operate the program under cost-plus-fixed-fee contracts in the public interest. This kind of policy has prevailed for many years between the Atomic Energy Commission and its private contractors but control and ownership of the program has remained in the hands of the Federal Government through agency of the Commission. It has been in the public interest and would be of particular benefit

to labor in maintaining its established collective bargaining arrangement with management in the communications industry.

The advantages to the national interest of continued Government ownership and control at this time are numerous. In the research field it will foster competition and protect against monopolization, it will enable quicker and more flexible programing, remove the threat of having our foreign policy decisions interfered with by a private consortium and, by no means least, it will aid the potentially vast revenues of this program to accrue to the people of the United States.

Under this program a White House policy study of the economic, social and foreign implications of the space age could proceed in a more relaxed atmosphere and provide much needed opportunities for free and full discussions which will underlie America's future and well-considered response to the challenge of the new age of space.

We hope this study will be directed to the utilizing and combining of the knowledge of private and Government resources.

Mr. KEFAUVER. That is what those of us who are in favor of any part of governmental ownership advocate. We do not advocate a great working force, but a system under Government control, which would then lease out facilities by contract and permit private companies to run it. Mr. President, we are going to get the second best again. The Government cannot protect itself, or be assured that we shall have the best system unless it has the final decision as to what kind of orbital system we will have. Under this bill we place our destiny in the hands of a private corporation with no direct controls or direction over it. The provisions that the Senator from Oklahoma has referred to, relating to additional facilities, do not apply to this situation, according to the testimony of the witnesses themselves.

Mr. KERR. Mr. President, does the Senator yield back the remainder of his time?

Mr. KEFAUVER. I yield back the remainder of my time if the Senator does likewise.

Mr. KERR. I yield back the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. Kefauver]. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the amendment offered by the Senator from Tennessee [Mr. Kefauver]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). On this vote I have a live pair with the junior Senator from Idaho [Mr. Jordan]. If he were present and voting, he would vote "yea"; if I were permitted to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], the Senator from Alabama [Mr. Hill], the Senator from Minnesota [Mr. Humphrey], the Senator from Ohio [Mr. Lausche], the Senator from Missouri [Mr. Long], the Senator from Oklahoma [Mr. Monroney], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Rhode Island [Mr. Pastore], the Senator from Virginia [Mr. Robertson], the Senator from Massachusetts [Mr. Smith], and the Senator from Georgia [Mr. Talmadge] are absent on official business.

I further announce that the Senator from Arizona [Mr. Hayden], the Senator from Pennsylvania [Mr. Clark], and the Senator from New Mexico [Mr. Anderson] are necessarily absent.

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Arizona [Mr. Hayden]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Arizona would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], the Senator from Alabama [Mr. Hill], the Senator from Minnesota [Mr. Humphrey], the Senator from Missouri [Mr. Long], the Senator from Oklahoma [Mr. Monroney], the Senator from Maine [Mr. Muskie], the Senator from Virginia [Mr. Robertson], the Senator from Rhode Island [Mr. Pastore], the Senator from Massachusetts [Mr. Smith], and the Senator from Georgia [Mr. Talmadge] would each vote "nay."

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. Clark] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Arizona [Mr. Goldwater], the Senator from New York [Mr. Javits], the Senator from Idaho [Mr. Jordan], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Nebraska [Mr. Hruska] is absent on official business.

The Senator from Massachusetts [Mr. Saltonstall] and the Senator from North Dakota [Mr. Young] are detained on official business.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from Nebraska [Mr. Hruska], the Senator from New Hampshire [Mr. Murphy], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from North Dakota [Mr. Young] would each vote "nay."

The result was announced—yeas 14, nays 54, as follows:

[No. 157 Leg.]

YEAS—14

Bartlett
Carroll
Church
Douglas
Gore
Gruening
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Neuberger
Proxmire
Yarborough

NAYS—54

Aiken
Allott
Beall
Bible
Boggs
Bush
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Cooper
Cotton
Curtis
Dirksen
Ellender
Engle
Ervin
Fong
Hart
Hartke
Hickenlooper
Hickey
Holland
Jackson
Johnston
Jordan, N.C.
Keating
Kerr
Kuchel
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Mundt
Pearson
Pell
Prouty
Randolph
Russell
Scott
Smathers
Smith, Maine
Sparkman
Stennis
Symington
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, Ohio

NOT VOTING—32

Anderson
Bennett
Bottum
Burdick
Butler
Byrd, Va.
Chavez
Clark
Dodd
Eastland
Fulbright
Goldwater
Hayden
Hill
Hruska
Humphrey
Javits
Jordan, Idaho
Lausche
Long, Mo.
Metcalf
Monroney
Morton
Moss
Murphy
Muskie
Pastore
Robertson
Saltonstall
Smith, Mass.
Talmadge
Young, N. Dak.

So Mr. Kefauver's amendment was rejected.

Mr. DIRKSEN. Mr. President, will the Presiding Officer repeat the result of the vote?

The PRESIDING OFFICER. On this vote there are 14 yeas and 54 nays. The amendment is not agreed to.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I should like to inquire of the distinguished majority leader about the program for the remainder of the evening. Of course, the procedure tomorrow will be more or less automatic. Is a further session contemplated tonight?

Mr. MANSFIELD. So far as I know, the Senator from Alaska [Mr. Gruening] will make a speech. I do not know whether other Senators will make speeches. If so, I should like to be informed.

Mr. MORSE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. I intend to make comments, but I should like to ascertain from the majority leader when it will be possible for us to offer amendments. Some Senators wish to offer amendments and have them considered. I have some amendments to offer.

Mr. MANSFIELD. A number of Senators have left the Senate, I believe under the impression that there would be no further voting tonight. They were not told that by me.

Mr. MORSE. Certainly they were not told by me.

Mr. MANSFIELD. Then do I correctly assume that further votes may be desired?

Mr. MORSE. I expect to offer some amendments. I hope the Senate will have the good judgment not to adopt the cloture petition tomorrow, in view of the number of amendments that are awaiting action. We have had a wonderful debate today.

Mr. MANSFIELD. The majority leader has received his answer. That is the best he can state at this time.

Mr. YARBOROUGH. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. YARBOROUGH. I should like to offer amendments, but not to present them tonight. I do not desire to ask for votes on them tonight. I simply ask that they may be eligible to be offered.

Mr. MORSE. Does the majority leader have any objection to my submitting an amendment and ask that it be made the pending business?

Mr. MANSFIELD. None at all.

Mr. MORSE. Mr. President, I send to the desk an amendment in the nature of a substitute and ask that it be made the pending business.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment designated "8-11-62—FFFF."

Mr. DIRKSEN. Mr. President, would the distinguished Senator from Oregon object if the further reading of his amendment in the nature of a substitute were dispensed with?

Mr. MORSE. Copies of the amendment have been made available. I will cover the purpose of the amendment when I speak on it.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the further reading of the amendment be suspended.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. Without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Communications Satellite Act of 1962'.

"DECLARATION OF POLICY AND PURPOSE

"SEC. 2. (a) The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a communications satellite system, as part of an improved global communications network, which will be responsible to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding.

"(b) The new and expanded telecommunication services are to be made available as promptly as possible and are to be extended to provide global coverage at the earliest practicable date. In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed, toward efficient and economical use of the electromagnetic frequency spectrum, and toward the reflection of the benefits of this new technology in both quality of services and charges for such services.

"AUTHORIZATION FOR ESTABLISHMENT OF COMMUNICATIONS SATELLITE SYSTEM

"SEC. 3. (a) Pending further legislation by the Congress, the National Aeronautics and Space Administration is authorized and directed to take such action in conformity with the provisions of this Act as may be required to prepare plans and conduct research and development for, and place in operation at the earliest practicable time a space satellite communications system.

"(b) For the purposes of this Act, the Administration, in conformity with the provisions of the National Aeronautics and Space Act of 1958 may allocate its functions, by contract, lease, or otherwise, to public agencies and to private corporations in such manner as it shall determine to be best calculated to advance the national interest, except that no proprietary interest in any part of the system (including ground terminal stations and associated equipment and facilities) may be vested in any individual, partnership, corporation, association, or other business entity.

"(c) The Administration shall transmit to the Congress on January 1, 1963, and once in each period of six calendar months thereafter, a full and complete report concerning its activities under this Act and its progress in the accomplishment of the purposes of this Act.

"APPROPRIATIONS

"SEC. 4. There are hereby authorized to be appropriated to the Administration such sums as may be required to carry into effect the purposes of this Act."

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Is the amendment a substitute for the entire bill now pending before the Senate?

Mr. MORSE. That is correct.

Mr. DIRKSEN. Does the distinguished Senator expect to discuss his amendment at length tonight?

Mr. MORSE. Not at great length, but I intend to discuss it.

Mr. DIRKSEN. Does the Senator expect to ask for the yeas and nays?

Mr. MORSE. I always like to have the yeas and nays on very important amendments. This is a very important amendment.

Mr. DIRKSEN. I should like to have a really responsive answer.

Mr. MORSE. I shall ask for the yeas and nays. I ask for them now.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. MORSE. I may be able to get the yeas and nays later in the morning.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Idaho.

Mr. CHURCH. Mr. President, earlier in the day, the Senate adopted an amendment sponsored by myself and the Senator from Ohio [Mr. LAUSCHE]. We find now that the purpose intended to be served by that amendment is not carried out in a grammatically valid way by the amendment as it was adopted, although there is no dispute as to the intent of the amendment.

Upon a closer examination, the amendment is found to contain a defect in grammatical construction. Therefore, I ask the consent of the Senate to have substituted for the language of that amendment the language that ought to have been adopted at the time, in order to serve the intent of the amendment.

Mr. KERR. Mr. President, the purpose of the Senator from Idaho can be accomplished by striking out about three words of the language of the bill prior to the point where the amendment was inserted; and I would construe that act as a purely technical change in order to implement the purpose of the amendment.

Mr. CHURCH. I thank the Senator from Oklahoma very much.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Is there objection?

Mr. CARROLL. Reserving the right to object, Mr. President——

Mr. CHURCH. Mr. President, for the record, will the Senator from Colorado permit me to read the language as the section then would read?

Mr. CARROLL. First, will the Senator from Idaho yield for a brief question?

Mr. CHURCH. I yield.

Mr. CARROLL. In view of the colloquy which established the legislative history, would the legislative history remain the same following this technical change?

Mr. CHURCH. Nothing would be changed either with respect to the intent of the amendment, the purpose to be served by the amendment, or the legislative history in regard to the policy made prior to the making of the change.

Mr. CARROLL. And the prior colloquy is in line with the technical amendment now offered, is it?

Mr. CHURCH. It is, indeed, as the Senator will find when I read the amendment now proposed.

Mr. KERR. Will the Senator agree that the correct answer to the question of the Senator from Colorado is that the prior colloquy would be as applicable to the technical amendment the Senator is now suggesting as it was to the amendment which was adopted?

Mr. CHURCH. That is a correct statement of the case.

Mr. President, with this amendment, section 201(a) (6) of the act would read:

> Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for general governmental purposes except where a separate communications satellite system is required to meet unique governmental needs, or is otherwise required in the national interest; and—

If the amendment contains this language, it will accomplish the intent of the Senate at the time when the other amendment was adopted.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. The other amendment was adopted, was it not?

The PRESIDING OFFICER. That is correct.

Mr. DIRKSEN. Then the action taken by the Senate on that amendment would have to be vacated before the new amendment could be offered; is not that correct?

Mr. CHURCH. Mr. President, I ask unanimous consent that this language be substituted for the language of the amendment as adopted.

Mr. DIRKSEN. First, it would be necessary to vacate the prior action.

Mr. CHURCH. Then, Mr. President, I ask unanimous consent that the action taken by the Senate in adopting the previous amendment be vacated.

The PRESIDING OFFICER. Is there objection?

Mr. CAPEHART. Mr. President, reserving the right to object, let me ask whether we are to understand that one slight amendment was finally adopted, but those who were sponsoring it now have found that a mistake in the language of the amendment was made.

Mr. CHURCH. The amendment was adopted; but afterward it was found that there was a mistake in the language, with the result that the intent would not be accomplished.

Mr. CAPEHART. In other words, after one tiny little amendment was adopted, its sponsors found that there was a mistake in it?

Mr. MILLER. Mr. President, will the Senator from Idaho read the language which would be included if his wishes were carried out?

Mr. CHURCH. I shall be glad to do so. Section 201(a)(6) would then read as follows:

> Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for general governmental purposes except where a separate communications satellite system is required to meet unique governmental needs, or is otherwise required in the national interest.

This amendment would merely preserve to the Government its right to establish an alternative system if "unique" governmental needs or other considerations in the national interest were to require it.

Mr. MILLER. I see.

The PRESIDING OFFICER. Without objection, the corrected amendment is agreed to.

Mr. CHURCH. I thank the Chair.

Mr. DIRKSEN. Mr. President, I still think that in the interest of proper parliamentary procedure, a motion should be made to vacate the action taken by the Senate on the other amendment, and the new language should then be offered, for approval by the Senate.

The PRESIDING OFFICER. The Chair is advised that the amendment may be reconsidered, for the purpose of making a correction, without offering a motion to that effect; that is, by unanimous consent.

Mr. DIRKSEN. Mr. President, I move that the prior action be reconsidered.

Mr. KERR. Mr. President, I ask unanimous consent that the Senate reconsider the vote by which the amendment was agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I now withdraw my previous amendment, and submit the amendment which I now send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 25, in line 21, in lieu of subparagraph (6), it is proposed to insert the following:

> Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for general governmental purposes except where a separate communications satellite system is required to meet unique governmental needs, or is otherwise required in the national interest; and * * *.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho. Without objection, it is agreed to.

Mr. CHURCH. Mr. President, I move that the vote by which this amendment was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. YARBOROUGH obtained the floor.

Mr. KERR. Mr. President, I rise to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. What is the pending question?

Mr. YARBOROUGH. Mr. President, I have the floor; I have been recognized.

Mr. MAGNUSON. Mr. President, I rise to a parliamentary question: What is the pending question?

Mr. YARBOROUGH. Mr. President, I am not trying to prevent the making of such an inquiry; I merely wish to point out that I have the floor.

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Oregon [Mr. Morse].

Mr. KERR. Mr. President, will the Senator from Texas yield, so that I may propound a unanimous-consent request for a limitation of time on debate on the Morse amendment?

Mr. YARBOROUGH. Yes; if I may do so without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, let me say to the Senator from Oklahoma that I will not agree to a limitation of time on the debate in connection with my amendment.

Mr. KERR. Will the Senator wait until I submit my request?

Mr. MORSE. I thought the Senator from Oklahoma was asking me to yield.

Mr. KERR. No; I asked the Senator from Texas to yield.

Mr. MORSE. I shall be glad to hear the request, but I want the Senator to know what my answer will be.

Mr. KERR. Mr. President, I ask unanimous consent that debate on the Morse amendment be limited to 30 minutes to a side.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. I object.

Mr. KERR. Mr. President, will the Senator from Texas yield long enough to permit me to make an inquiry?

Mr. YARBOROUGH. I yield, if I may do so without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Would the Senator from Oregon agree to a request for a longer period of time as a limitation on the time available for the debate on his amendment?

Mr. MORSE. No; I would not want to agree to anything of the sort until I consulted my colleagues.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. DIRKSEN. And who has the floor?

The PRESIDING OFFICER. The Senator from Texas.

Mr. YARBOROUGH. Mr. President, I send to the desk two amendments, and ask that they be considered as having been read and be filed.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Mr. President, I reserve the right to object, only in order to ask whether I am correct in understanding that, following the addition of these two amendments, the total number of amendments will now be 228.

Mr. YARBOROUGH. The total I will offer will be eight.

Mr. DIRKSEN. However, I believe the total will be 228.

The PRESIDING OFFICER. Without objection, the amendments of the Senator from Texas will be received, will be considered as read, and will be printed in the Record.

The amendments submitted by Mr. Yarborough are as follows:

> On page 25, line 20, immediately after the semicolon insert the word "and".
>
> Beginning with line 21, page 25, strike out all to and including line 26, page 25.
>
> On page 26, line 1, strike out "(7)" and insert in lieu thereof "(6)".
>
> Beginning with line 21, page 25, strike out all to and including line 26, page 25, and insert in lieu thereof the following:
>
> "(6) take all necessary steps to insure the availability of the communications satellite system for use by any department or agency of the United States whenever that department or agency determines such use to be necessary or desirable for the performance of any of its functions; and".

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to have printed at this point in the Record a letter addressed to me by C. M. Richards, general vice president and secretary-treasurer of the Southwestern Division of the Commercial Telegraphers' Union, of Dallas, Tex. The letter is in strong opposition to the pending bill.

There being no objection, the letter was ordered to be printed in the Record, as follows:

SOUTHWESTERN DIVISION,
COMMERCIAL TELEGRAPHERS' UNION,
Dallas, Tex., August 7, 1962.

HON. RALPH YARBOROUGH,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: As general vice president and secretary-treasurer of the Commercial Telegraphers' Union, AFL–CIO, I respectfully urge you to reject Senate bill

S. 2814. This bill as presently written will create a satellite communication system that will come under the inevitable domination of the competition-destroying American Telephone & Telegraph Co.

Those of us who have tried to live under the monopoly of the A.T. & T. in the communications industry can readily and clearly see what will happen to competition in the communication field if the Senate passes this bill.

The U.S. taxpayer will ultimately invest about $25 billion in the research and development of the outer space satellite communication system. I do not believe the Senate should, through bill S. 2814, hand this satellite communication system to the monopolistic A.T. & T. at the very moment the Justice Department is engaged in its antitrust campaign, aimed at restoring a free, competitive communications industry.

The A.T. & T. is apparently not satisfied with its ironclad telephone monopoly, it has been moving steadily into the telegraph business for many years. It has now become a large domestic telegraph carrier in addition to a telephone monopoly.

The Federal Communications Commission reports on the Bell System's invasion of the telegraph field as follows:

"During 1945–60, Western Union's share of total domestic telegraph communications revenues declined from 80.7 percent to 58 percent, while Bell's share increased from 19.3 percent to 42 percent."

A.T. & T. is already the biggest corporation in the world and Senate bill 2814, as it is presently written, will make it an even more gigantic communications monopoly, in both the domestic and international communications field.

Please, Senator, on behalf of the members of our union, I respectfully urge you to reject Senate bill 2814 and keep the new satellite communications system free from monopoly by the monolithic A.T. & T.

Sincerely yours,

C. M. Richards,
General Vice President, Secretary-Treasurer.

Mr. YARBOROUGH. Mr. President, I also ask unanimous consent to have printed at this point in the Record a letter addressed to me by David C. Fullarton, executive manager of the National Telephone Cooperative Association, of Washington, D.C. This letter also is in very strong opposition to the pending bill.

There being no objection, the letter was ordered to be printed in the Record, as follows:

National Telephone
Cooperative Association,
Washington, D.C., August 7, 1962.

Hon. Ralph Yarborough,
U.S. Senate, Washington, D.C.

Dear Senator: The National Telephone Cooperative Association is the national service organization for telephone cooperatives throughout the country.

At our annual meeting held last January in New Orleans, La., our members passed the following resolution:

"Whereas the space program was instituted and has been developed by the Federal Government: be it

"*Resolved,* That NTCA request the Congress to formulate and pass legislation to insure that benefits related to the communications phase of the space program be properly distributed to all segments of the communications industry."

Pursuant to this resolution, the National Telephone Cooperative Association now urges that passage of the Communications Satellite Act of 1962 (S. 2814) be deferred until such time as the public has had opportunity to indicate their feelings to the Congress, and until the effects of the bill on our foreign policy and foreign relations are fully and completely understood.

The National Telephone Cooperative Association has opposed the Communications Satellite Act of 1962 before the Senate Commerce Committee and the Anti-Trust and Monopoly Subcommittee of the Senate Judiciary Committee, and others on the above basis.

We feel it is in the best public interest that the bill not be acted upon this session, and we ask your help in this matter.

Sincerely yours,

David C. Fullarton,
Executive Manager.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to have printed at this point in the Record sundry letters and telegrams which have come to me from Houston, Austin, Denton, and Terrell, Tex.—all in opposition to this measure.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Houston, Tex., *August 11, 1962.*

Senator Ralph Yarborough,
Senate Office Building,
Washington, D.C.:

Congratulations on strong opposition to space giveaway bill, continue the good fight.

Darrell B. Carter.

Austin, Tex., *August 8, 1962.*

Senator Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Mr. Yarborough: Thank you for helping to hold up the bill to set up a corporation to develop and operate communications systems that utilize space satellites. I think that such a trend-setting bill as this should be discussed widely before it or a substitute is passed.

Very truly yours,

Delores K. Malof.

Denton, Tex., *August 8, 1962.*

Hon. Ralph W. Yarborough,
Senate Office Building,
Washington, D.C.

Dear Mr. Yarborough: As an employee of a small communications company, I urge you to vote against Senate bill 2814 which would give American Telephone & Telegraph Co. monopolistic control of the proposed satellite communication system.

Many of our employees have already lost their jobs as a result of American Telephone & Telegraph Co. monopolizing the communications business.

Yours respectfully,

Robert J. Walker,

Terrell, Tex., *August 9, 1962.*

Senator Ralph Yarborough,
Senate Office Building,
Washington, D.C.

Dear Senator Yarborough: We are enthusiastic backers of your bill for public ownership of the space communications satellites.

You are to be commended for supporting a measure that is mindful of the interests of great numbers of our citizens rather than one small segment of our population.

Thank you for sending us copies of your weekly newsletter.

Sincerely yours,

Walter P. Bell,
Retired Hospital Chaplain.

Mr. YARBOROUGH. Mr. President, I have before me a number of other letters in opposition to the bill. One of them comes from the president of the Texas State AFL–CIO; another comes from Newtonville, Mass., and is dated August 10; another comes from Monroe, N.C.; and I have received sundry other communications, all of them are in opposition to this bill. However, at this time I have merely stated the substance of the letters, rather than read them in full into the Record. I have done this in the interest of saving the time of the Senate.

I now yield the floor.

Mr. GRUENING. Mr. President, in rising to speak on the satellite bill, I wish to call the attention of the Senate to the fact that this is only the second opportunity I have had to speak on this bill.

On June 21 I took the floor to express my objections to this bill and to urge that it be referred to the Senate Foreign Relations Committee to clarify the position of the President of the United States in the conduct of foreign relations.

I stated at that time:

> It is my opinion, Mr. President, that we already have too many diverse Federal agencies operating in foreign countries. We cannot, and we should not, delegate the conduct of our foreign policy to a private agency which would not even be under the control of the Department of State.
>
> I strongly urge that this bill be referred to the Senate Foreign Relations Committee, so that we may have the benefit of the views of all the members of that committee and any recommendations as to how a private corporation could be placed in charge of the operation of the communications satellite and agreements negotiated with foreign powers without jeopardizing the conduct of our foreign relations.

I wish to ask of the distinguished Senator from Oregon at this point whether he knows if the report of the Foreign Relations Committee—that is, the report and the minority views—has as yet been made available to the Senate?

Mr. MORSE. I understand they were presented for printing today. That is all I know.

Mr. GRUENING. Does not the Senator think it shocking, when we have gone to the effort of referring the bill to an important committee, when the committee has had hearings on it for a week, and we are waiting for the report, that tomorrow we are to be faced with a vote on cloture?

Mr. MORSE. My answer is that the entire handling of the bill by the leadership of the Senate is shocking.

Mr. GRUENING. I would like to address a question to the distinguished ranking member of the Foreign Relations Committee, the Senator from Alabama [Mr. Sparkman]. Has the report of the Committee on Foreign Relations, as well as the minority views, been made available to Members of the Senate?

Mr. SPARKMAN. The report was held up pending receipt of the minority views. They were supposed to be available today. I have not seen a copy of them.

Mr. GRUENING. Has the report of the committee itself been made available?

Mr. SPARKMAN. No; because the minority views were to be printed along with the majority report. As the Senator knows, the hearings have been available ever since Friday. They have been on our desks.

Mr. GRUENING. Yes. I had the pleasure of reading the 456 pages over the weekend.

Mr. SPARKMAN. The majority report was ready at the same time the hearings were made available, but the report was held up in order to permit the minority views to be prepared. I understood they were to be ready Saturday. If they had been, the full report together with the minority views would have been made available at noon today. But I have not seen the minority views, and I assume, therefore, that the minority views were not ready.

Perhaps the Senator from Oregon can enlighten us on this aspect.

Mr. GRUENING. I will ask the Senator from Alabama, who has had vast experience in such things as cloture, if he does not think it extraordinary that we should have cloture fastened upon us within a few hours, even before we receive the report of the committee. Is that not an unusual procedure?

Mr. SPARKMAN. I may say to the Senator from Alaska that the invoking of cloture is no part of mine. I have not had anything to do with it.

Mr. GRUENING. I trust the Senator will not have anything to do with it tomorrow.

Mr. GORE. If the Senator will yield, the minority views were filed.

Mr. SPARKMAN. I was informed on Saturday that if the minority views were received Saturday they could be printed and available today.

Mr. GORE. The agreement was that if they could be submitted by noon Monday——

Mr. SPARKMAN. That is what I say. If they had been submitted Saturday, they would have been here.

Mr. GORE. The agreement was that if they could be submitted by noon Monday, they would be printed along with the majority report.

Mr. SPARKMAN. That is correct. All I am saying is that if they were not submitted, they could not possibly be printed.

Mr. GORE. Is the majority report available?

Mr. SPARKMAN. No, it could not be, because the two would go together.

Mr. GORE. The point is that the Senate is proceeding to act before either the majority report or the minority views are available.

Mr. SPARKMAN. It is not the fault of the majority that the report is not here, because the majority report was ready to be printed last Friday. It would have been printed last Friday, but the minority asked for time to file their own views. If they were not filed until noon today, of course, the report cannot be available until tomorrow; but it is not the fault of the majority.

Mr. GRUENING. I would not ascribe any blame to or censure anyone for the delay, but I would like to ask for information of a Senator much senior to me, who has vastly more experience, whether it is an unprecedented procedure that, before we receive the report of an important committee to which the Senate referred a bill, we are expected to vote on cloture. Has the Senator from Alabama known of such a thing to happen before with such speed?

Mr. SPARKMAN. I cannot say. I have not reviewed the various cloture petitions that have been considered. I rather think there have been times when cloture petitions have been filed before anything was before the Senate, certainly before any committee report was before the Senate. In fact, we have complained many times about being forced to a consideration of a question when we did not have a committee report to consider and when we had absolutely nothing on our desks on the subject.

Mr. GRUENING. I trust the Senator does not approve of such procedure.

Mr. SPARKMAN. I am not defending it. I was critical then, and I am critical now, of that kind of procedure.

Mr. GRUENING. I am glad to hear that statement.

Mr. SPARKMAN. I believe in bills being referred to committees and considered by committees.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. CARROLL. The Senator from Alabama has made it crystal clear that he was not a party to the motion for cloture. I commend him for that. We will wait until tomorrow to see the report.

This has been a very illuminating discussion, and the able Senator from Alaska has put some very penetrating questions. I can remember many occasions when this question arose in the Senate Judiciary Committee. At one time, when I was really on the other side of the issue, they stood steadfastly against any action being taken without having the report.

I was amazed to hear about this procedure tonight. I did not know about it. I had not had an opportunity to check with my office. I have been in the Chamber for many hours. I did not know that the reports were not available.

I commend the able Senator from Alaska for calling this fact to the attention of the Senate. I thank the able Senator from Alaska. Especially do I thank him now for bringing this important point before this body immediately before the cloture vote.

Mr. GRUENING. I thank the Senator from Colorado. I wish to make it clear that nothing improper was said or implied or even remotely thought. In addressing my question to the distinguished Senator from Alabama, I was merely seeking information. I was happy that the colloquy brought out the point that we are dealing with an unprecedented procedure, so far as I am able to ascertain. Never before has an important bill been rushed to passage under the club of cloture, when Senators do not even have a report from one of the important committees which heard the evidence on the bill.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. Does the Senator recall any time in his service in the Senate when the leadership of the Senate followed a course of action seeking to impose cloture before the Senators even had an opportunity to present a series of amendments. Some of us in all sincerity, dedicated to the public interest, think the amendments ought to be fully debated on the floor of the Senate, in the interest of trying to improve the bill.

Mr. GRUENING. I appreciate that the distinguished Senator from Oregon has made every effort to avoid this precipitate, unprecedented, unwarranted haste in considering one of the most important bills—perhaps the most important bill—to come before the 87th Congress.

Mr. MORSE. Does the Senator from Alaska think the voters of America will overlook the conduct of the leadership of the Senate on both sides of the aisle with respect to the handling of this bill when the election vote occurs on November 6?

Mr. GRUENING. I think the voters of America will wake up and be shocked to think that this important bill was railroaded through in behalf of a vested interest without due consideration in the public interest.

Mr. President, I continue my remarks.

I was pleased when the bill, in accordance with my urging, was referred to the Senate Foreign Relations Committee. I was sorely disappointed, however, when an unrealistic time limit was imposed upon that committee.

I was shocked when last Saturday, the day after the deadline, before we had had an opportunity to read, let alone digest, the 456 pages of testimony before the Senate Foreign Relations Committee, before the majority report and minority views of the members of that committee were before us, before many Members of the Senate had an opportunity to make their views known, a cloture petition was filed.

This bill has not been adequately debated.

The speed with which it is sought to rush the bill through Congress is frightening.

In my remarks on June 21, I referred to the remarks of Mr. Samuel M. Barr, vice president of Western Union Telegraph Co., before the Senate Antitrust and Monopoly Subcommittee when he was asked what he would do if he had $200 million to spend on a communications satellite right now. Mr. Barr replied:

> Well, for an appreciable period of time it would sit on its hands. Deferral of this legislation until next year will not delay the development of a space satellite communications system in any degree.

With such a statement before us, how can the unseemly haste to enact this bill be justified?

Such haste can be justified, Mr. President, only on the basis that those who seek its enactment want to perpetuate a monopoly and fear that delay will enable the people of the United States to learn the facts and demand the enactment of legislation precluding any such monopoly in this vital, new field.

Eight years ago, during the Senate debates on the atomic energy patents, there was a similar attempt to rush a bad bill through the Senate. Through the valiant efforts of the distinguished senior Senator from Oregon, the then able Senator from Connecticut, Brien McMahon, and many others, the bill was greatly amended.

My colleague, the able and distinguished junior Senator from Utah [Mr. Moss], in a brilliant speech on Friday, August 10, urging us to go slow in the enactment of this legislation, reminded us of the statement made by the distinguished senior Senator from Oklahoma [Mr. KERR], who said:

> Mr. President, I ask, why rush, in the closing days of this session, to give it away? We shall still be sovereign when we return in January. If, when we return our hearts are pierced with regret that we have let pass this great opportunity to give this away, we could rectify that next January; we could give it away then.
>
> But, Mr. President, I remind Senators of this irrefutable fact: If we give it away this July, we cannot recapture it next January.
>
> So why all this hurry, Mr. President? We have done pretty well this session in the field of giving things away.

I ask the same question now: Why the hurry to give the satellite system to A.T. & T.—the same question the Senator from Oklahoma asked 8 years ago when it was sought to give away atomic energy patents.

The fact is there is no real need for rush. Let us take it to the people. Let the people speak.

I wish to devote myself today to an examination in depth of the lack of effective control by the Department of Justice over the antitrust and monopolistic activities of A.T. & T.

Mr. President, A.T. & T. has a long history of using its research and development to block new competition and strengthen existing monopolies. Research and development by A.T. & T. is to a great extent carried on in areas other than telecommunications. The reason for this is to insure that A.T. & T. has something to trade off to competitors who threaten A.T. & T. in telecommunications—something which threatens the major area of activity of the would-be competitor. In this connection, I noted with great interest an A.T. & T. memorandum on this very point, reprinted in the FCC report on A.T. & T. of 1939. It says:

> If the American Telephone & Telegraph Co. abandons its activity in the commercial competitive field and other potentially competitive interests continue their activities, it means that they will carry their offensive right up to the wall of our defense and our trading must be in our major field against activities in their outlying commercial fields. The nearer the trading can be carried to the major field of our competitors the more advantageous trading position we are in. * * *
>
> This indicates the desirability of our retaining control over the activities that lie between our respective fields.
>
> For example, our position in the submarine telegraph and telephone cable fields and our control over transoceanic communication may at a future date prove to be an effective instrument in regulating the relationship with the International [Telephone & Telegraph Co.].

In a great number of instances this technique of blocking competition—that is, the controlling by A.T. & T. of "no man's land"—have been effectively used. Many are chronicled in the 1939 FCC report. Such noncommunications areas Vitaphone, phonograph, race-timing apparatus, hearing aids, and movie sound tracks are things of the past as far as A.T. & T. is concerned.

But new areas of commercial interest have been found to replace them—electrolarynxes, municipal fire alarm systems, public address, microwave, data transmission, and so forth.

I call the Senate's attention to the fact that most of these activities are not on the vanguard of modern science and technology. They are merely applications of existing techniques. For example, municipal fire alarm systems built by A.T. & T. are applications of ordinary telephonic and other electronic techniques.

Some of these new areas of commercial activity are byproducts of Bell Laboratory research. Examples are the commercialization of transistors, solar batteries, electrolarynxes, and so forth.

This emphasizes an important point; A.T. & T. does not always move into commercial, noncommunications areas of operation solely for the purpose of preempting its communications competitors. More often than not its motive is a much more prosaic one, to wit—to make money. Potentially profitable ventures, compatible with the know-how and expertise acquired by A.T. & T. in its communications operations, are consistently invaded.

When happens when A.T. & T. invades a nontelephone market? What does it mean to existing competitors in the invaded market? What is it like to compete with A.T. & T?

I could put before the Senate any number of examples of A.T. & T.'s use of oppressive, anticompetitive techniques—resulting from its gigantic monopoly power.

I have before me a pile of papers 9 inches high, containing letters from all parts of the country, which tell the story. I expect to introduce a few of them into the RECORD at the conclusion of my remarks.

I have in my possession nearly a hundred complaints by small intercom manufacturers, giving specific facts and incidents. These hundreds—if not thousands—of pages of complaints allege that A.T. & T., by refusing to interconnect to its telephone lines with any intercom systems except its own, has destroyed competition in the intercom industry. Dozens of small, intercom manufacturers face economic extinction because of A.T. & T.'s tactics.

I am, however, going to take as an example the municipal fire alarm industry. Senators know the devices which this industry produces and installs. They include the familiar red fire alarm boxes that can be seen on almost every street corner in every city in America, police callboxes, and so forth.

This is an industry which has nothing to do with public telephone communications. Some police callboxes have telephones inside them, but these are strictly for the use of municipal policemen and not the public. Fire alarm boxes typically do not contain telephones, but rather transmit an electronic, telegraphlike signal to the nearest fire station, which indicates on a master board in the station from which box the alarm was sent.

Now the reasons I have chosen the municipal fire alarm industry as an example of what it is like to compete with A.T. & T. in a nontelephone area of manufacturing and selling, are these: First, municipal fire alarms are a small industry, made up largely of small businessmen. It is an industry intimately involving the protection of property and, therefore is highly charged with the public interest. As a longtime believer in protecting the legitimate rights and interests of small business, I am particularly concerned about their preservation and encouragement, especially ones which so deeply involve the public good as fire alarm manufacturing.

Secondly, there has come into my possession, a copy of a confidential memorandum prepared for the Department of Justice by Gamewell Co., of Newton Upper Falls, Mass.

This memorandum prepared only last year, is entitled "The Effect on Competition in a Free-Enterprise Industry Created by the Entry of the American Telephone & Telegraph Co and its Subsidiaries: A Case Study of the Municipal Emergency Reporting Business."

The municipal fire alarm industry is a rough and tumble, competitive industry. It is characterized by a good bit of hard selling and sometimes at least apparently devious practices, resulting from the intense desire of its members to sell to various municipalities. Because the products are sold almost exclusively to municipal governments, there are sometimes opportunities for influence peddling.

Until the entrance of A.T. & T. into the municipal fire alarm industry in 1953, Gamewell was by far the leading seller, competing with 8 or 10 other manufacturers of comparable equipment.

The competitive situation changed a good bit, to say the least, when A.T. & T. entered the industry in 1953. Eight years thereafter, A.T. & T. had installations accounting for more than 9,000 boxes, located in well over 100 cities in the United States and Canada such as Syracuse, N.Y.; New Orleans, La.; Indianapolis, Ind.; New Haven, Conn.; Springfield, Ill.; and Roanoke, Va., to mention only a few.

I am sorry that the distinguished Senators from some of the States in which A.T. & T. has invaded in private business are not here. I should like to call to the attention of the two distinguished Senators from California the fact that it has happened in their State in Sunnyvale, Fallbrook, Arvin, San Leandro, Arcadia, Compton, Sacramento, Downey, Fairfield, Huntington Park, Placerville, Whittier, Redondo Beach, and Vernon.

In Colorado it has happened in Pueblo. In Connecticut it has happened in New Haven, Westport, West Hartford, and Windsor.

I am sorry that the two distinguished Senators from Florida are not present. It happened in Miami, Miami Beach, Orlando, Pensacola, Coral Gables, Hialeah, Hollywood, and West Palm Beach.

In Georgia it has occurred in Augusta and Atlanta.

In Illinois it has occurred in Rockford, Evanston, Glencoe, and Skokie.

In Indiana it has occurred in Muncie, Indianapolis, and Bloomington.

In Iowa it has happened in Des Moines.

In Kansas it has happened in Topeka. They have picked out some of the largest and best communities for the invasion.

In Kentucky it happened in Owensboro.

In Louisiana it occurred in New Orleans and Covington.

In Maryland it occurred in Towson.

In Massachusetts it happened in Lowell, Peabody, Methuen, and Fitchburg.

In Michigan it happened in Bay City, Sault Sainte Marie, Grand Rapids, Wyandotte, Kalamazoo, Riverview, Warren, and Pontiac.

In Missouri it happened in Springfield.

In Nebraska it occurred in Omaha.

In New Jersey it happened in Highland Park, Lyndhurst, Phillipsburg, Princeton, Hasbrouck Heights, North Arlington, North Bergen, Matawan, and Union Beach.

In New York it occurred in East Meadow, Floral Park, Lynbrook, Massena, Solvay, Syracuse, Troy, Mount Kisco, Spring Valley, Brooklyn, Levittown, and North Bellmore.

In Ohio it happened in Maple Heights and Youngstown.

I am happy to see that Oregon has suffered only one such casualty—in Oregon City.

Mr. MORSE. That is one too many.

Mr. GRUENING. In Pennsylvania it happened in Nanticoke, Turtle Creek, Wilkinsburg, Canonsburg, Clearfield, and Duquesne.

In South Dakota it occurred in Sioux Falls.

In Texas it happened in Victoria.

In West Virginia it occurred in Huntington.

In Wisconsin it happened in Cudahy, Sheboygan, Lake Geneva, Eau Claire, Whitefish Bay, Marinette, South Milwaukee, Stevens Point, Green Bay, and Oshkosh.

In Virginia it happened in Roanoke and Portsmouth.

It has been quite an invasion of many of our important communities in which our small growing businesses are practically put on the rocks by the invasion of this corporate monster.

In 1957, it was reliably estimated that A.T. & T. controlled about 60 percent of the market, the remaining 40 percent being divided among Gamewell and 8 to 10 other companies.

The Gamewell memorandum gives a pretty clear picture of how this radical change in the industry occurred; the types of pressures A.T. & T.—because of its vast size and wealth—was and is able to apply to municipal councils and purchasing agents; the power A.T. & T. has—by virtue of its ability to offer interconnections between its telephones and its fire alarm system and to refuse such interconnections to competing companies—to suppress competition; and the actual techniques it has used to drive out competition.

The brutal power to kill off small competitors which A.T. & T. possesses does not always result from any overtly illegal act on its part. Basic problems result from four other sources: First, A.T. & T.'s enormous size and wealth; second, its deeply entrenched position in almost every community and market by virtue of its control over communications facilities; third, the lack of any truly effective regulation of it by the FCC and State regulatory bodies; and fourth, the failure of State and Federal Governments to prevent it from competing in all areas other than the furnishing of telephone communication services, its so-called natural monopoly.

The memorandum shows exactly what can and does happen when all the sources are combined by A.T. & T. in a drive to get nontelephone business away from infinitesimal competitors.

But even more important is the role of the Department of Justice in this anti-small-business and anticompetitive situation. Here are the facts, with respect to the Department of Justice:

Section V of the A.T. & T. consent decree of 1956 provides, as follows:

> The defendant A.T. & T. is enjoined and restrained from engaging, either directly, or indirectly, through its subsidaries other than Western Electric and Western's subsidaries, in any business other than the furnishing of common carrier communications services; provided, however, that this section V shall not apply to (a) furnishing services or facilities for the plaintiff [that is, the U.S. Government] or any agency thereof, (b) experiments for the purpose of testing or developing new common carrier communications service, (c) furnishing circuits to other communications common carriers, (d) for a period of 5 years from the date of this final judgment, leasing and maintaining facilities for private communications systems, the charges for which are not subject to public regulation, to persons who are lessees from defendants or their subsidiaries of such systems 45 days after the date of this final judgment, (e) directory advertising, (f) advice, or assistance to other communications common carriers, or (g) businesses or services incidental to the furnishing by A.T. & T. of such subsidiaries of common carrier communications services."

Now a layman might well be led to believe, from the wording of this section, that it would keep A.T. & T. out of the fire alarm, as well as a good many other industries.

Obviously, however, from the very start, President Kappel, of A.T. & T., saw just how wrong one would be if one thought section V had any meaning at all, for he advised his people, right after the decree was entered:

> Don't brag about having won victory of getting everything we wanted. Antitrust suit disposed of, but still have politicians, to think of.

While I am glad that he did not completely count me out and that he is still thinking of me, I am quite willing to admit that had I, at the time, contended that the seemingly tough wording of the decree required A.T. & T. to mind its telephone business and leave other industries to free and open competition, I would have been dead wrong and Mr. Kappel would have been dead right.

Now, we come to the Gamewell memorandum. Bear in mind that until consent decree negotiations were approaching completion, 4 years after the original complaint was filed, A.T. & T. had not even entered the fire alarm industry. They did, however, enter. Gamewell believed that section V of the consent decree would, if the matter were put before a Federal court, prevent an A.T. & T. takeover of the municipal fire alarm industry. This belief turned out to be totally incorrect.

A.T. & T. not only stayed in the industry, it rapidly became by far the dominant firm in that industry, using techniques which I will come to in a minute.

Well, then, what was Gamewell to do in this situation? They did what appeared to be the only course left to them, other than just lying down and letting A.T. & T. bury them.

Gamewell gathered together all the facts which they—without the compulsion of subpena power—were able to ferret out, and turned them over to the Department of Justice in the form of a memorandum, case study.

I had planned, Mr. President, to read the entire Gamewell report to the Senate. However, in view of the cloture position, I have time only to list briefly the 50 charges—relating to the municipal fire alarm industry alone—of illegal, predatory, anticompetitive conduct by A.T. & T. Many of these charges name names and specific incidents. It charges as follows:

First. A.T. & T. has improperly influenced municipal governments by swamping municipal meetings with A.T. & T. representatives.

Second. A.T. & T. has improperly influenced municipal meetings by entertaining city officials in order to induce them to favor A.T. & T. over its competitors.

Third. A.T. & T. sales personnel have engaged in extensive missionary work with city officials which is uneconomic and cannot be matched by competitors.

Fourth. A.T. & T. has deluged municipal meetings with charts, slides, and literature, unmeetable by competitors.

Fifth. A.T. & T. uses public officials who are former A.T. & T. employees to influence municipal government decisions.

Sixth. A.T. & T. uses promises of local construction and favors in order to influence city officials.

Seventh. A.T. & T. threatens not to engage in new construction if cities do not "cooperate"; that is, take the A.T. & T. fire alarm system rather than one of its competitors', who have no such leverage.

Eighth. A.T. & T. requires its employees to be active in civic affairs for the specific purpose of influencing municipal matters of importance to A.T. & T.

Ninth. A.T. & T. uses the taxes it pays to municipalities as an argument why it should be given favored consideration over its competitors.

Tenth. A.T. & T. attempts to influence municipal affairs by making financial contributions to community activities.

Eleventh. A.T. & T. provides free vacations for key city employees, thinly disguised as "educational trips."

Twelfth. A. T. & T. refuses to interconnect its telephone lines with a municipal fire alarm system if that system is not purchased from A.T. & T.

Thirteenth. A.T. & T. threatens refusal to interconnect, if its system is not purchased, in order to silence the objections of key city employees, such as fire chiefs, at times when bids are being received.

Fourteenth. A.T. & T. uses its large advertising expenditures in order to influence the press to favor its fire alarm system over those of its competitors.

Fifteenth. A.T. & T. plants key personnel in local, influential civic groups for the specific purpose of influencing official municipal decisions.

Sixteenth. A.T. & T. threatens oppressive legal actions, financed by its vast resources, against cities which purchase a fire alarm system from its competitors. These legal actions have nothing to do with the question of who will receive the fire alarm system bid.

Seventeenth. A.T. & T. offers side inducements to cities, contingent on its bid being successful. Such inducements having nothing to do with fire alarm systems.

Eighteenth. A.T. & T. engaged in predatory tying arrangements in violation of section of the Clayton Act.

Nineteenth. A.T. & T. engages in full line forcing in violation of section 3 of the Clayton Act.

Twentieth. A.T. & T. prohibits users of Bell wires to purchase equipment from anyone except Western Electric.

Twenty-first. A.T. & T. sells equipment below cost in order to suppress competition, in violation of the Sherman Act, Federal Trade Commission Act, and Robinson-Patman Act.

Twenty-second. A.T. & T. extends its regulated monopoly power into nonregulated area by using its control over duct space to repress fire alarm system competitors, in violation of the antitrust laws.

Twenty-third. A.T. & T. uses and abuses its position as a consumer in order to advance its monopoly power, in violation of the Sherman Act.

Twenty-fourth. A.T. & T. has conspired to monopolize competitive communications industries in, among others, the space communications field and the public utility telegraph field, particularly, with respect to the latter, through its Telpak service and its efforts to block broad channel communications.

Twenty-fifth. The, excessive noncompetitive earnings of Western Electric result from the monopoly power of A.T. & T. and the absence of effective regulation.

Twenty-sixth. A.T. & T. engages in discriminatory price cutting in violation of the Robinson-Patman Act.

Twenty-seventh. A.T. & T. suppresses manufacturing competition by its foreign attachment rule.

Twenty-eighth. A.T. & T. falsely and deceptively advertises the newness and uniqueness of its fire alarm equipment.

Twenty-ninth. A.T. & T., if permitted to continue its present course of conduct, will untimately eliminate all competitors in the municipal fire alarm system industry.

Thirtieth. A.T. & T. planted an article in the Readers' Digest for the specific purpose of disparaging and suppressing competitors.

Thirty-first. A.T. & T. uses unfair and uneconomic advantages in the fire alarm system field, including a sales force which is 30 times larger than all the rest of the industry combined; unmatchable institutional advertising; influential employees in almost every community; and the ability to lease wires—which its competitors cannot afford to do—by virtue of its telephone monopoly.

Thirty-second. By virtue of one of its Bell executives also being a city councilman in Sheboygan, Wis., A.T. & T. improperly applied pressure which led to Sheboygan signing a fire alarm system contract with A.T. & T., despite a ruling by the city attorney that the contract would be invalid because of the conflict of interest involved.

Thirty-third. A.T. & T. encourages city officials to avoid the political risk of bond issues, required to finance the purchase of fire alarm systems from A.T. & T.'s competitors, by simply leasing facilities from A.T. & T.

Thirty-fourth. A.T. & T. has been directly responsible for radically increased selling expenses throughout the fire alarm industry.

Thirty-fifth. A.T. & T. discourages investment and expansion by its competitors.

Thirty-sixth. A.T. & T. influenced the Department of Justice, through the former Attorney General himself, in such a way as to receive favored treatment in the 1956 Consent Decree.

Thirty-seventh. A.T. & T. denied cities access to poles and ducts and charged them rent for such poles and ducts in a predatory manner and with unlawful objectives, in order to facilitate its monopolistic aspirations and to "punish" cities for actions unfavorable to A.T. & T. in 15 named cities.

Thirty-eighth. A.T. & T. forecloses competitors from vital public information in its possession in such a way as to suppress competition.

Thirty-ninth. A.T. & T. placed eight named employees of A.T. & T. subsidiaries in public office where they exerted influence on behalf of Bell, in direct conflict of interest with their employment position.

Fortieth. Identified, highly placed A.T. & T. subsidiary employees have been involved in other conflicts of interest.

Forty-first. A.T. & T. directly influenced officials of the National Fire Protection Association so as to obtain a relaxation of standards established for fire alarm equipment.

Forty-second. A.T. & T. threatened not to build its new Bell office building in New Haven, Conn., and thereby seriously cripple the New Haven urban redevelopment program, if the city's fire alarm system contract was not awarded to A.T. & T. New Haven Fire Chief Thomas Collins is alleged to have admitted in this connection that he was given no choice but to go along with A.T. & T.

Forty-third. Similar charges are made in the memorandum against A.T. & T. involving Steubenville, Ohio, and Augusta, Ga.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Oregon.

Mr. MORSE. Does the Senator agree with me that some of these nefarious practices of A.T. & T. can best be described as blackjack or blackmail practices?

Mr. GRUENING. I believe that would be a fair appraisal.

Forty-fourth. A.T. & T. includes the costs of advertising fire alarm equipment in the charges to users of its telephone services.

Forty-fifth. A.T. & T. purchases existing facilities from cities at such high prices that the effective cost of a new Bell fire alarm system is reduced below actual cost.

Forty-sixth. A.T. & T. charges noncompensatory rates for its mobile radio and Telpak facilities.

Forty-seventh. A.T. & T. offers jobs to identified relatives of identified influential public officials, in order to influence the selection of A.T. & T. fire alarm systems over those of its competitors.

Forty-eighth. A.T. & T. has attempted to pursuade an identified city official to cancel contracts made by the city with competitors of A.T. & T.

Mr. President, these are shocking charges.

It is hard to believe we are being asked to turn over control to A.T. & T. of anything which so vitally touches and concerns the public welfare as does the space satellite communications system.

This memorandum was filed in 1961. The Department of Justice, at that time, apparently had already committed itself to reopening the consent decree and trying to do something about the manufacturing monopoly of Western Electric and the selling monopolies of A.T. & T. in a whole host of other, nontelephone industries.

One might reasonably have been led to suppose that the allegations contained in the Gamewell memorandum would constitute an important new element in the arsenal of evidence already gathered by the Department of Justice. The memorandum names names and incidents. It is not unreasonable—let me restate that—it is highly reasonable to assume that the Department of Justice would check out each and every fact in the memorandum, get the FBI's fine antitrust investigators and lawyers to work on the job, and see just how much of the story could be effectively documented. This assumption is particularly reasonable because of the very reasonableness and credibility of the facts which the memorandum, itself, sets forth.

Yet, the hard fact of the matter is that no full checkout of the Gamewell memorandum has even been made by the Department of Justice. Nor has the FBI been employed to find out whether all the potentially highly illegal acts which it catalogs are supported by valid evidence.

What has happened is that this memorandum has been permitted to gather dust in a file drawer in the Department.

Mr. President, so long as we are on the subject, let me put another hard fact before you. There is not one attorney at the Department of Justice today who is devoting even the majority of his time to the A.T. & T. consent decree—let alone all of his time. There are lawyers devoting a majority of their time to cases involving crushed gravel, Icecapades, brazing alloys, kosher bakeries, and innumerable other small industries.

I certainly do not want to give the impression for 1 minute that I am opposed to keeping other sectors of our economy free from antitrust violations. So I hope no roll baker in this country will think ill of me if I ask the question: Which is more important to the economic strength of our great Nation; keeping illegal monopoly power out of the roll baking and Icecapades industries or out of the communications system of the entire country? Which warrants more careful scrutiny and continuous study: the Bronx, Manhattan & Long Island Delicatessen Dealers Association, Inc., or the world's largest monopoly, the American Telephone & Telegraph Co.?

These questions may sound rhetorical and indeed they should.

Mr. President, the only attorneys at the Department of Justice who are currently giving even the slightest consideration to the possibility of reopening the most astonishing and shocking antitrust sellout of the decade are one senior trial attorney who, in fact, devotes most of his time to lobbying—or I should say, "following"—the very bill we are considering, and two young men whose primary duties are to devote their time and talents to electronic techniques for data retrieval in legal cases.

This is a project of great worth and one which I know is very close to the heart of our distinguished Assistant Attorney General, Lee Loevinger; but one which is, nonetheless, rather far removed—to say the least—from the problem of A.T. & T.'s burgeoning monopoly power.

The Department of Justice appears to care so little about anything having to do with A.T. & T.—except passing H.R. 11040—that it does not even have a full-time attorney, let alone a staff, working on it.

I think Congress is entitled to an explanation of this. The Department of Justice ought either to tell us that it no longer believes that the possession of A.T. & T. of monopoly power in a great number of nonregulated, nontelephone industries is a violation of the antitrust laws, or else get on with the job of reopening the consent decree.

I think the Department of Justice should tell us, immediately, whether or not it supports the amendment to H.R. 11040, submitted by the distinguished Senator from Louisiana [Mr. Long], which directs the Federal Communications Commission to conduct and report on a full-scale investigation of competition in the communications industry.

I trust the Attorney General will reply as promptly to these questions, as he has acted in support of the numerous, different versions of H.R. 11040 which make possible so much control over our country's space satellite communications by A.T. & T.

Mr. President, I fail to understand why the administration is so much more eager to assure that our Nation's space communications system can come under the control of A.T. & T., than it is to investigate the charges which I have read.

At the risk of being repetitive, let me state again that I believe the Department of Justice owes Congress and the people of the United States an explanation. I have today sent to the Attorney General a copy of these remarks and have asked for an immediate explanation for the delay in investigating thoroughly the Gamewell Co.'s charges.

Mr. President, I ask unanimous consent that a small selection of a few thousand of the letters which have been received complaining against these abuses be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Terryphone Corp.,
Camp Hill, Pa., June 14, 1962.

Mr. Clarence A. McKee,
President, Private Communications Association, Senate Antitrust Committee, Old Senate Office Building, Washington, D.C.

Dear Clarence: This will confirm the verbal authorization I gave you by phone last night to turn over copies of the material we have previously furnished the Justice Department, and to the Senate Antitrust Committee. Included among this material are numerous, well-documented instances of what we feel are violations of the consent decree. These are all too familiar to bother repeating in this letter.

However, among the material I have furnished to the Justice Department were about five or six instances of what we considered to be obviously unfair competitive tactics, which amount to an illegal restraint of trade. These include the refusal by C. & P. of Virginia to permit us to share conduit with them at the Republican national headquarters, Washington, D.C., which resulted in a considerable loss to us—even though they finally retreated from this indefensible position because, when they did so, they did it in such a manner as to thoroughly scare the customer by saying that undoubtedly our wiring would interrupt his Bell service and if that were the case, they would not be responsible for service and would remove their wires from the conduit and run them around the moldings of the rooms;

A similar refusal by the Bell operating subsidiary handling the Cincinnati, Ohio, Airport was only finally resolved by the customer's installing at its own expense, separate conduit for the Terryphone installation; the blunt threat by the president of the Cincinnati Bell to James M. Hutton III, of W. E. Hutton & Co., to the effect that if W. E. Hutton & Co. kept Terryphone, Cincinnati Bell and its officers would cease doing business with W. E. Hutton & Co.; the communicator packing pricing tariff in Missouri which requires the customer to pay for intercommunication facilities, even though he does not wish them or use them, which effectively tends to freeze out competition and which has resulted in specific losses to us as detailed in my letter of November 16, 1961, to Attorney John James of the Justice Department; Ohio Bell's arbitrary refusal to supply leased lines at Lockborne Air Force Base, which has increased the cost of communications to the Air Force and taxpayers—again, this is detailed in the letter just referred to; the protective equipment harassment we suffered in Illinois; the flagrant conduct of Southwestern Bell in Kansas City, Mo., with regard to the Westfall GMC truck request for a leased line as detailed in my letter of January 17, 1962, to John James; and other incidents of similar sort too numerous to list specifically.

Recently, we have run into numerous cases in the Pittsburgh, Pa., area, where Pennsylvania Bell has deliberately and knowingly sold customers 756-type automatic switchboards when equivalent facilities could have been provided by the use of a simple switchboard with secondary dialing behind the board and direct lines for outgoing calls on all or as many telephones as the customer wished at a cost of between $75 and $150 per month less to the customer. In other words, Bell told the customer the only solution to their communication requirement was a 756 when in fact, this was not the case and the 756 cost the customer considerably more than equivalent Bell facilities. Naturally we feel that a far superior job could have been done by the use of simple telephone company switchboards and Terryphone or other private internal communication systems.

Three specific instances of this practice involve the Commercial Bank of Parkersburg, Parkersburg, W. Va.; James H. Matthew Co., headquarters building, W. Liberty Avenue, Pittsburgh, Pa.; Air Reduction Co., Parkway Office Building, Green Tree Office Center, Pittsburgh, Pa. As you probably are aware, in Pennsylvania the 756 switchboard is installed on a 1-year contract with a $200 installation charge, but in West Virginia, it is installed on a 5-year contract with a $1,000 charge, payable $200 per year.

Last week we were bidding on a new building under construction in Cleveland, Ohio, and planned to install our wires in the communication conduit, Ohio Bell told the customer that they could not have any other wires in the communication conduit, except telephone company wires and that if they did install other wires, the telephone company would no longer assume responsibility for service and the customer would have to pay for all service required on his telephone system and that this is what their tariffs provided. I have a call in for our Cleveland sales manager to get the name of the company and the name of the Bell representative. We are also attempting to get Bell to put this in writing and we will get a copy of the tariff, if any exists. If I have this information by tomorrow, I will send this to you by separate cover.

In going through my files, I find I have accumulated a number of new violations of the consent decree, including an interesting one in Norfolk, Va., at Norfolk Motors, where C. & P. of Virginia has installed six telephones that are not connected in any manner to the outside telephone system, but are used strictly for internal use—in other words, it is an internal communication system. We do not have the exact price being charged the customer, but believe it to be between $10 and $15 per month.

If we can be of any further assistance, please don't hesitate to call. We are willing to bring all of our files on Bell's method of operation and as many witnesses as necessary to Washington to testify at any time.

Incidentally, while we have succeeded gradually in cracking the leased line barrier you will no doubt recall the tariff, as filed by Bell in various States where they have filed tariffs on leased lines, limit the provision of these leased lines to two or more noncontingent properties owned or used by the same customer. There is no legitimate reason for this limitation since Bell themselves provide off-premises extensions between different subscribers all the time. We recently had a customer here in Harrisburg, Valley Transportation, a public utility (a bus company) request from Pennsylvania Bell Telephone a leased line to be used to connect two Terryphone systems—one at Valley Transportation and the other at Valley Sales & Service, a truck dealership owned by the same people, but admittedly a separate corporation, located about one-half mile away. This request was refused by the telephone company on the grounds the tariff only permitted the provision of leased lines as mentioned above between remote premises of the same subscriber. We are presently conducting a survey among our sales personnel to establish whether a need for the service exists and if it does, we contemplate beginning a campaign to have these tariffs changed.

That seems to be all my thoughts for the moment.

Good luck.

Regards,

H. M. EATON,
Secretary and Chief Counsel.

PRIVATE COMMUNICATIONS
ASSOCIATION, INC.,
New York, N.Y., March 1, 1961.

Mr. ALBERT S. LEVENSON,
President, Detroit Communications Corp., Detroit, Mich.

DEAR MR. LEVENSON: I am very sorry for the delay in answering yours of February 11.

The first instance with Michigan Typesetting—it should be determined first if the dial system installed by Michigan Bell is entirely free of outside connections. If so, this is a violation. If it has outside connection and can dial out on "9," this can be connected to a privately owned paging system. This is not a violation.

The paging system at Pfeiffer Brewing is a definite violation and we have forwarded your letter to our attorney who will forward it along with other complaints to the Justice Department.

We are presently annoying the life out of the Justice Department with a letter campaign via the Senators and Congressmen, and Justice, in reply, has admitted that they are now making an investigation of why Bell has not pulled out on January 24.

I think the answer is a stopgap until the new head of the Antitrust Division is finally confirmed.

You asked for an application which is enclosed, together with an invoice for your business records.

We will be pleased to welcome you to PCA and anytime you are in New York, please phone me.

Sincerely,

——— ———.

DETROIT COMMUNICATIONS CORP.,
Detroit, Mich., February 11, 1961.

Mr. CLARENCE A. MCKEE,
President, Private Communications Association, Inc., New York, N.Y.

DEAR MR. MCKEE: We have recently encountered two instances of apparent violation of the article V of the consent decree on the part of the Michigan Bell Telephone Co.

The first appears to be an intent to violate this decree. Within the Michigan Typesetting Co., a Detroit firm, there is now installed a private automatic exchange, leased from the Michigan Bell Telephone Co. at standard monthly charges. There is also installed a privately owned voice paging system, which is used by the switchboard operator while she is on duty to locate persons, for various purposes. At present, the Michigan Bell system has no access to voice paging.

On January 30 I visited the premises of the Michigan Typesetting Co. and was informed that Michigan Bell had offered to make voice paging available through the Bell instrument, by connecting to the privately owned system. Tariff for this service, apparently on file with the Michigan Public Service Commission, is $15 per month.

The second instance is a continuing violation at the Pfeiffer Brewing Co., also a Detroit firm. Here, a voice paging system, operated by the switchboard operator continues to be leased and maintained by the Michigan Bell system. In addition, an autocall system, with access through the public utility instrument, is also leased and maintained.

Of further interest is the fact that in neither case is management of these two companies aware that these services are in violation of the Department of Justice consent decree.

In pursuing this matter further, I would appreciate being informed of any steps which are contemplated being taken.

Thank you for your consideration of this matter.

Very sincerely,

ALBERT S. LEVENSON,
President.

DETROIT COMMUNICATIONS CORP.,
Detroit, Mich., February 11, 1961.

Mr. CLARENCE A. MCKEE,
President, Private Communications Association, Inc., New York, N.Y.

DEAR MR. MCKEE: Thank you very much for your prompt reply to my letter and for your interest in the situation here in Michigan. Both are very much appreciated.

As you requested, I am enclosing two copies of a letter addressed to you which explains the two instances of violation we have encountered to date. Both of these violations were discovered in our program of evaluating these companies' communications needs. Needless to say, both of these may have direct bearing upon our ability to install a privately owned system.

We would appreciate knowing of any contemplated steps, before, if possible, they actually take place.

We would also like you to consider this an application for membership in your association and we look forward to many years of mutually profitable relationship. Would you be so kind as to submit a bill to us covering initiation fee and membership?

Thank you again for your prompt attention. I trust I will have the pleasure of visiting your offices and meeting you personally on my next trip to New York.

Very sincerely,

ALBERT S. LEVENSON,
President.

P.S.—The name of the other official representative is C. A. Nutting, Jr.

TELEPHONE SALES & SERVICE CO.,
New York, N.Y., June 15, 1962.

Mr. CLARENCE MCKEE,
President, Private Communications Association, Senate Antitrust Committee, Old Senate Office Building, Washington, D.C.

DEAR MR. MCKEE: In reference to our telephone conversation of June 15, 1962, I am happy to repeat the matters we discussed relative to the present practices of the New York Telephone Co.

On September 20, 1961, I contacted Mr. L. DeLalio of Filtors, Inc., at 30 Sagamore Hill Road, Port Washington, Long Island, N.Y., to discuss intercommunications for their contemplated new plant in Commack, Long Island, N.Y. He referred me to his assistant, Mr. J. Carlin, with whom I subsequently initiated preliminary studies of their requirements.

At later dates, my associate, Mr. A. Cannon, and I met with Messrs. Aspinwall (president of Filtors, Inc.), Carlin, and Deitches (comptroller) for final discussions of our proposal. On March 4, 1962, we were awarded a contract for a Private Interior Communication System as evidenced by exhibit A.

Discussions with Filtors' personnel brought the fact that New York Telephone Co. representatives made a traffic survey of Filtors' existing facilities approximately in late September 1961 or early in October 1961. As a result of this survey, the telephone company representative, Mr. M. N. Shock, tendered a proposal to Mr. Carlin dated November 2, 1961 (see exhibits B and B-1).

Please note that at this time the New York Telephone Co. recommended a 2 position operators switchboard and a total of 20 operating trunks plus 5 auxiliary lines. At this time, Filtors was operating with 15 trunks with 2 auxiliary lines.

At this point, I would like to stress a most important fact: on the dial system as presently used by Filtors and the various ones proposed by New York Telephone Co., all of the trunks cannot be used two ways; i.e., incoming and outgoing. On a pure manual type system, trunks are automatically two way since they are operator controlled.

You will note in exhibit C that in a proposal to a prospective customer, the New York Telephone Co. shows that approximately 26 percent fewer trunks are required on a manual type system in comparison to a dial system. This is a result of more efficient use of trunks (two way versus one way).

Curiously enough, some time after March 12, 1962, the New York Telephone Co. submitted another proposal (exhibit D).

Without any additional surveys having been made, they now stated that Filtors could operate with only 12 trunks and a one-position operators' switchboard. It is believed that the New York Telephone Co. was now aware that we either had an order or that they had competition. To further examine this proposal, we find that they had reduced the switchboard so that at least 15 extension users now had no way of accepting incoming calls.

It should also be noted at this time that representatives of Filtors stated that only 40 or a maximum of 45 extension users had a requirement for either initiating or receiving outside calls over New York Telephone Co. facilities.

At the request of Filtors, we prepared an analysis of exhibit D as answered in our letter of April 2, 1962 (exhibit E). Each item should be examined, one by one, to see the inaccuracies. At a later meeting with Filtors personnel, our analysis was accepted in its entirety, and Mr. Deitches, of Filtors, made a remark to the effect that New York Telephone accountants who might have prepared this analysis were obviously inaccurate. In the event that their present tariffs are based on such accounting procedures, then they should be investigated without delay.

Some time after exhibit D had been delivered to Filtors, Inc., Mr. Romo of the New York Telephone Co. and two of his associates, met with Mr. DeLalio of Filtors and stated that if they went private with a manual system for common-carrier service, they would need a two-position switchboard with at least two operators. We immediately received a call from Filtors to meet with them to discuss cancellation of our order. Mr. A. Cannon and I met with Mr. Carlin and Mr. Deitches of Filtors, along with Mr. Romo and his superior from the New York Telephone Co., at the offices of Filtors, Inc.

Mr. Carlin had a tape recorder set up to transcribe the meeting, but we have been unable to secure a copy as yet.

At this meeting, Mr. Romo and his associate made many untrue statements and other statements which we believe to be untrue.

1. "The New York Telephone Co. in the New York metropolitan area always furnishes their subscribers with the latest equipment available." For the veracity of this statement, all one has to do is visit the

Hotel New Yorker in New York City and they will find that almost all, if not all, guestrooms are equipped with No. 200 style telephone instruments. These instruments were superseded with the No. 300 style prior to 1941 and the No. 300 style was then superseded by the No. 500 style now in use since 1948 or earlier.

Recently, in our own office, when we changed our New York telephone system, we were furnished No. 530 type instruments which are a halfbreed, in that they are piece parts of the old No. 300 style enclosed in a facsimile No. 500 style case with a new handset handle.

If more documentation is required for these type examples, we will be happy to furnish same.

2. In answer to a question addressed to Mr. Romo regarding the basis for the statement that two operators would be necessary if Filtors took a private system with a manual Bell System, he stated that it was based on their latest survey (taken in the fall of 1961). It was then asked, "How many incoming calls were there during the busiest period?"

Answer: "28 incoming calls." This averages out to less than one incoming call every 2 minutes.

Question: "How many times was there an all-busy condition on the outgoing dial trunks and how many direct outgoing calls during the busiest period?"

Answer: "We did not tally this."

Question: "How many intercommunication calls were made during the busiest period?"

Answer: "We did not tally this."

In spite of this, the New York Telephone Co. representative insisted that the traffic showed that a manual system would require two operators.

At this time, it was admitted that the survey was done visually and not with the appropriate meters that most operating telephone companies employ to take accurate surveys. It has been learned that a subsequent survey was taken; again, visual only, without meters as normally employed for accuracy. It is our contention that such surveys are of no value and can be altered without any method of checking for accuracy. The implication was made that since we (Mr. Romo and his superior) are "Bell" we must be right since we are bigger.

It was further stated that the New York Telephone Co. gives all their subscribers same-day maintenance service (except, of course, for disasters). This is untrue as can be documented by service reports on my own personal home telephone last fall. On a Saturday morning a friend attempted to call me; the line was reported as nonworking. My friend called repair service for me as he felt that I was unaware of the condition. Repair service said that they would take care of it right away. At 11 p.m. that same evening, the telephone was still inoperative and my friend had to drive to my home in order to get in touch with me. On Sunday morning, I reported the trouble again from a pay telephone; service was promised for the same day. Service was not restored on my telephone until 4 days later, Thursday.

In view of the untruths concerning service and the latest equipment that are being made to the public, I believe that public retractions in all New York newspapers should appear without delay so that the public is aware of the unethical practice as stated.

The completely unfair competitive edge given to the Bell System over the private communication industry as granted by public tariffs must be stopped. I refer to the use of unfair installation costs for installation and/or relocation of telephone instruments and related equipment. The representatives of the Bell System will state in their presentations that they charge less than those of us in competition with them for installation and/or moves and changes. For example; in the State of New York, to install or move a telephone instrument, the charge is only $3.75, whether it be a business or residential telephone. If you were to examine any time sheet records for this, it would become quite obvious how ridiculous these charges are in relation to their true costs.

On June 15, 1962, the writer spoke with a Mr. Leary of the New York Telephone Co., in New York City via telephone. In answer to my question regarding number of instruments in use in the State, he replied; "As of the close of 1961 there were 1,861,000 residential extensions, 5,100,000 business lines (this is trunks only, but many more actual extensions), and 1,530,000 other (hospitals, schools, hotels)." Anyone remotely acquainted with the industry knows that the highest percentage of moves and installations fall in the business category. For instance, when was the last time you had a telephone moved? Consequently, we residential subscribers are underwriting these apparent losses by paying higher rates for service. We pay two ways: higher rates and subsidize our competition.

With the advent of Centrex in New York City we will be asked to subsidize our competition again. Since the Bell System will be renting space to house their equipment, whether it is 10 or 100 percent used, all nonusers of Centrex will be paying for those that do.

To cite a comparison all we have to do is examine costs of installation of dial equipment at Filtors, Inc. Since our dial equipment has outside trunking facilities, it should be less expensive. Since we both have to use union labor, hourly costs would be comparable. Yet, our cost to Filtors, Inc., will exceed New York Telephone's, and our net profit is less than New York Telephone's.

Our cost (labor and construction material): $4,800.

New York Telephone Co. cost (exhibit D): $1,621.25.

The conclusion should be quite obvious that Bell tactics where competition is concerned remains unchanged, only the method. I quote from the "Story of Independent Telephony," by Harry B. MacMeal published by the Independent Pioneer Telephone Association, page 63: "In Norwalk, Ohio, the Central Union (Bell) cut its rates to $1 a year. The Independent Harrison Co. had rates of $30 for business telephones and $18 for house instruments. The Central Union slashed its prices to $18 and $12 and then to $1."

You can rest assured that other Bell subscribers were even then subsidizing the losses incurred by Central Union. Our learned representatives in Washington could learn much of Bell practices by the reading of the history of intrigue.

To show further their intimidation of subscribers, I cite a recent case: Public Juniper Corp., Oakdale, Long Island, N.Y.

At our request, the customer installed a ¾-inch conduit to accommodate our cable (14 conductor) and necessary lines for their Bell instruments. When it came time to install our lines, the New York Telephone Co. had jammed the conduit with a 25-pair cable. This cable is more than would ever be required in the event the customer had put in a six button key telephone with five lines and lights, etc. At the very most, they would only require an 11-pair cable. The customer had the Bell man come out to discuss the jamming and they refused to pull out the cable or permit us the usage of unnecessary pairs. As a result, the customer ran a trench for us so that he could be in immediate service rather than wait for the settling of the dispute.

To just elaborate on the subsidation of labor, let us compare the breakdown of the New York Telephone charges of installation per exhibit B, $1,621.25. Since we only have the New York Telephone Co.'s "Preloading of installation orders by labor units" for installation of telephone instruments, this will only cover that phase of the cost: 95 extensions, $356.25 or $3.75 each.

According to their "preloading labor" factor, the allowable time for an extension is 2.85 hours and according to the latest information available, installer's minimum rate is $3.37 per hour, which does not include company fringe benefits and/or company overhead. Without these latter items, we now have an actual cost of $9.60 per extension plus fringe benefits, overhead, and all construction materials (wire, drive rings, etc.). Who then is paying for the difference between the chargeable $356.25 and the actual cost of $921? Again, this is before the other true costs are added. The answer is simple, yet the unfair competitive advantage given over competition is disastrous.

It is our sincere hope that our congressional investigators will correct these competitive evils so that we may have a true competitive economy and not one of subsidation.

Very truly yours,

EDGAR ZIMONT.

PRIVATE COMMUNICATIONS ASSOCIATION, INC.,
New York, N.Y., October 24, 1961.

Re installation of intercommunication equipment, Bayonne, Hudson County, N.J.

Mr. JAMES M. MILLER,
Assistant Solicitor, Office of the Solicitor, U.S. Department of Labor, Washington, D.C.

GENTLEMEN: Thank you very much for your letter of September 13, clarifying the application of the Davis-Bacon Act as it applies to the installation of intercommunication equipment.

Perhaps the problem raised in our original letter might be more clearly understood if the phrase "in construction" were clearly defined as regards the installation of an intercommunication system.

For example, one of our member companies is a full-time authorized distributor of a particular brand of communication equipment. This company maintains a full-time force of installation and servicemen on the payroll year around. They have installed numerous similar intercommunication systems for various branches of the Federal Government without such work having been interpreted as "construction work." Such work is done in a similar manner and price quotations are based on the same formulas for private industry.

Perhaps further light might be reflected on this problem if consideration is given to the differences between an intercom installer and an electrician. For example, very little of the intercom installer's work is concerned with conduit, none of it is concerned with high voltage installation, it is not as hazardous and in many respects the working conditions in the field are probably better. Perhaps a new classification should be established and a proper rate based on prevailing rates? In this case, these rates would, we imagine, be comparable to those paid by the telephone company and other people engaged in installation of equipment similar to that of our member company.

However, if an installation of an intercommunication system is a part of a general building contract for a construction of a new building, its expansion or a major renovation, then such installation must be done by electricians in the employ of the electrical contractor. In this case, the price quotations are, of course, on an entirely different basis and the member company's installation personnel can only provide supervision since their personnel are not union electricians.

The question then arises whether the installation of an intercommunication system in an existing building unaccompanied by any other work should be defined as work performed in construction.

By its very nature, the construction industry relies on various trades who are hired by the day or week, very few of such workers enjoying the security and steady income of a yearround, everyday job. Under these circumstances, it would appear that the U.S. taxpayer is footing the bill unnecessarily for a higher cost of installation than necessary.

If, in your opinion, there is some possibility of clarifying and defining this subject along the lines mentioned in this letter, please let me know and I will be glad to put you in touch with the particular member company concerned who will be in a position to discuss in detail a concrete example which brought this problem to light.

Thank you very much for your courteous interest.

Very truly yours,
CLARENCE A. MCKEE,
President.

CLARK WALTER & SONS, INC.
Newark, N.J., October 10, 1961.

Re Installation of intercommunication equipment, Bayonne, Hudson County, N.J.

MR. JAMES M. MILLER,
Assistant Solicitor, Office of the Solicitor, U.S. Department of Labor, Washington, D.C.

GENTLEMEN: Thank you very much for your letter of September 13, clarifying the application of the Davis-Bacon Act as it applies to the installation of intercommunication equipment.

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Thank you very much for your courteous interest.

Very truly yours,
——— ———.

CLARK WALTER & SONS, INC.,
Newark, N.J., October 10, 1961.

MR. CLARENCE A. MCKEE,
McKee Electric Co., Inc.,
Mount Vernon, N.Y.

DEAR CLARENCE: You forwarded to me a copy of the U.S. Department of Labor's letter of September 13, regarding Davis-Bacon Act application in an intercommunication installation in the naval supply depot in Bayonne.

Enclosed is a draft of a suggested reply to this letter which might bring out another angle and offer some possibility of relief.

Naturally, I appreciate very much your interest in this case and hope that we can solve it to the benefit of our industry.

Best regards,
CLARK WALTER, Jr.

TERRYPHONE CORP.,
January 17, 1962.

JOHN S. JAMES, Esq.,
Antitrust Division,
Department of Justice,
Washington, D.C.

DEAR MR. JAMES: Here is what I believe to be a rather flagrant example of the sort of conduct we have come to expect from Southwestern Bell Telephone Co., and, which I believe to be violative of the antitrust laws. The background:

On July 31, 1961, we obtained the trial installation contract from Westfall GMC Truck, Inc., in Kansas City, Mo. Installation of this system was completed on August 11, 1961, and the customer agreed to keep the system in September on our standard rental agreement for a term of 30 months. The principals of this corporation have another truck dealership in Excelsior Springs, Mo., Clay County Motors, and on August 25, we obtained a trial rental agreement for that business, provided we were able to connect it with Westfall GMC in Kansas City. Ever since that time we have been endeavoring to secure a leased line from Southwestern Bell Telephone Co. Despairing of this, we recently began negotiations with Western Union for a private voice circuit to connect, these two systems; however, in the meantime, Southwestern Bell has put pressure on the customer and as a result, I today received a memorandum from our representative in a Kansas City, outlining the history of the problem and a request that the Clay County Motors order be canceled. You will note about two-thirds of the way through the first paragraph of the memorandum, copy of which is attached, Southwestern Bell sent a member of their purchasing department to discuss their lists of new trucks they intended to purchase this year with our customer. During this visit, he casually mentioned they were refusing the leased line requests. Our customer is anything but stupid and he immediately got the point. As is evidenced by the statements they made to our representative, they recognize this is blackmail, pure and simple. For your information, as mentioned above, I am enclosing photostatic copies of our sales representative's memorandum, together with copies of a letter written by Southwestern Bell's general manager to the Missouri Public Service Commission to our customer in which the Southwestern Bell letter was enclosed. You will note that nowhere in the Southwestern Bell letter to Missouri Public Service Commission do they indicate they had satisfied the customer. They hint at it, but that is a damn lie.

I would appreciate your adding this to your list of complaints and, incidentally, what, if any, progress is being made and are you in a position to forecast whether any action will be taken.

Yours very truly,
H. M. EATON,
Secretary and Chief Counsel.

TELE-NORM CORP.,
Woodside, N.Y., December 8, 1961.

MR. CLARENCE MCKEE,
Private Communications Association,
Mount Vernon, N.Y.

DEAR CLARENCE: During the last meeting you asked me to give you the name of the apartment house on which the New York Telephone Co. is bidding.

I am enclosing a copy of a letter which the New York Telephone Co. wrote to the builders. Until now they have at least charged for some installation and now they are even going to pay.

It is a 350-line dial system under consideration and I assume other members of the association are also bidding on the project.

I thought this would be of interest to you.

Best regards.

Sincerely yours,
BERND CLAUSS,
Project Engineer.

SEPTEMBER 6, 1961.

MR. BERNARD SPITZER,
200 Central Park South, Inc.
New York City, N.Y.

DEAR MR. SPITZER: I wish to confirm discussions between you and Mr. Azarik of this company with respect to the furnishing of communications services and facilities for the apartment building which you are planning to construct at 200 Central Park South.

It is our observation that more and more occupants of apartment buildings require multiple telephone installations. In order to minimize installations of exposed wires or cables in apartments, this company has arranged to furnish, on a trial basis, special cable which will be placed on the floor of each apartment prior to the time the concrete flooring is poured.

It is contemplated that the telephone cables will be looped through the telephone portion of the dual wall outlet boxes in which the electric cables are to be terminated.

The New York Telephone Co. agrees to furnish all of the telephone cables without charge to your company or its contractor. This company will retain ownership of all telephone cables but there shall be no obligation on the part of this company to remove the cables when their use shall have been permanently discontinued. It is agreed that upon discontinuance of such use by this company, the cables shall become the property of the owner of the building.

Your company would be responsible for the laying of the cables in the floors, the installation of the dual wall outlet boxes, and the looping of the telephone cables through the boxes. As to each such outlet box, installed by mutual agreement of our companies, through which cable has been looped and is found to be in good working order for this company's purposes, the New York Telephone Co. agrees to pay your company $3.75.

We are glad to be able to submit this proposal, believing that this cable system will contribute significantly to the attractiveness of residential buildings and the avoidance of telephone service interruptions.

In order that we may proceed with the necessary planning for the furnishing of the cable, will you kindly note your agreement to this proposal by signing the duplicate copy of this letter in the space provided therefor and returning it to me at your earliest convenience.

Yours very truly,

——— ———,

General Plant Manager.

PRIVATE TELE-COMMUNICATIONS, INC.,

November 8, 1961.

Re private communications installed by Illinois Bell Telephone Co.

LEE LOEVINGER, Esq.,
Assistant Attorney General, Antitrust Division, U.S. Department of Justice, Washington, D.C.

DEAR MR. LOEVINGER: May we bring the following case to your attention.

In the summer of 1961 we were called to plan a private communication system for the McMaster-Carr Supply Co., 640 West Lake Street, in Chicago. The requirements consisted of providing facilities for a number of buyers and city desk clerks, sitting at individual desks, to communicate with a number of stockroom people. The latter ones were to hear the communication through a loudspeaker and reply, without operating any buttons or switches, or without lifting a telephone. The buyers and city desk clerks should use a telephone instrument.

The system is strictly for internal use and inventory control and under no circumstances will an outside call be permitted to go directly into the stockroom.

Our engineers went to work and laid out a system. Copies of the plan, our quotation, our traffic chart and our print are attached. We were advised that the system was under serious consideration and that we had a good chance of obtaining the order.

Yesterday we were advised that the Illinois Bell Telephone Co., had designed a special private communication system for the use of the McMaster-Carr Supply Co. A similar private communication system had been furnished previously by the telephone companies. Inasmuch as the public utility will provide this private communcation system, the prospective customer did not want to deal with a private communication concern.

To our knowledge there is no tariff for such a system in Illinois. Even if there were such a tariff it appears strange that a private communication system and private communication equipment becomes common carrier equipment solely by the fact that Illinois Bell or any other Bell company is ready to supply it. We have a letter, dated July 17, 1961, in our files from Mr. Horace Moulton, general counsel of A.T. & T., copy of which you have in your file, in which he states that a system will be supplied by the telephone company if a tariff exists.

Here is a perfect example of a strictly internal communication system which is furnished by the telephone company under this contention, to the loss of the small business and private enterprise.

We solicit your help and consideration in this matter.

Very truly yours,

RONNEY L. HARLOW.

AUGUST 30, 1961.

MCMASTER-CARR SUPPLY CO.,
Chicago, Ill.

Attention: Mr. Ronald W. Murphy.

GENTLEMEN: We think you for your interest in our equipment and are pleased to submit, herewith, our recommendations and quotations for a Fonex Intercommunication, Tele-Reply and sound distribution system.

Functions: The basic functions of this system are as follows:

FONEX INTERCOMMUNICATION

1. Direct communication facilities between 11 telephone instruments as per the attached intercom layout plan.

2. To call another station, the handset is lifted and the button corresponding to the name of the party desired is depressed. The button will lock in place.

3. The ring key is depressed and if the ring tone is heard, the call is going through.

4. The person being called, hearing the buzzer sound, lifts the handset to reply. No switch operation necessary.

5. Conference calls can be made between three or more stations.

6. All conversations are absolutely and fully private. No calls can be overheard accidently.

7. When a station being called is busy with another conversation, the next caller will receive a busy signal and cannot break in until the first conversation is completed.

TELE-REPLY

8. Eleven instruments will be equipped to call all or a group of nine stockroom areas as per attached intercom layout plan.

9. Fonex Intercom unit selects the stockroom, tests for busy conditions and talks to the stockroom area.

10. Conversation is controlled by a pushbutton in the handset. No other switches to be operated.

11. Stockroom personnel does not have to operate any buttons or switches to reply.

12. Facing the speaker/microphone and talking in a normal tone of voice transmits the reply to the calling instrument.

13. Crisp, clear, intelligent voice reproduction in all stockroom areas.

14. Multichannel operation permits conversation between all Fonex Intercom units plus up to three simultaneous conversations with three stockrooms.

SOUND DISTRIBUTION

15. Microphone pickup at switchboard.

16. High fidelity sound distribution over all loudspeaker equipped areas.

17. Facility to control volume of one speaker.

18. Available power of 40 watts, including sufficient reserve power for additional speakers if later desired.

Equipment: To meet these functions the following equipment is required:

FONEX AND TELE-REPLY

Ten No. 415L1S director stations, one No. 423L1S director station, ten No. PT19 junction boxes, one No. PT27 junction box, one No. P24 power supply, three No. LS7A relay units, three No. M102 amplifiers, nine No. 2109 speaker/microphone: nine No. 208 speaker transformers, eleven No. PBHS key switches, eleven busy lights.

SOUND DISTRIBUTION

One No. M305 amplifier, one No. 1246BL microphone, one No. 1124 switchboard stand, one No. 1102S footswitch, one No. R1012 transformer, twenty-nine No. 3408A ceiling speakers, twenty-nine No. 3408ABD mounting boards, twenty-nine No. 208 speaker transformers, one No. 220 volume control.

SPECIFICATIONS

The director stations are distinctive in styling, with cabinets of heavy gaged steel, finished in gray, moss green, or light beige. A black plastic handset is cradle mounted at the side of the cabinet. The buttons are of clear lucite illuminating from the rear. They restore automatically when the handset is replaced.

The No. 1246BL microphone is a high-fidelity-low-impedance unit, equipped with switchboard stand and footswitch. It is finished in satin chrome.

The No. M102 amplifier and No. 3408A speaker are described on the enclosed technical data sheets.

COST: The cost of this system is as follows:

FONEX AND TELE-REPLY

10 No. 415L1S director stations at $126	$1,260.00
1 No. 423L1S director station	140.00
10 No. PT19 junction boxes at $5.20	52.00
1 No PT27 junction box	6.00
1 No. P24 power supply	60.00
3 No. LS7A relay units at $160	480.00
3 No. M102 amplifiers at $69.50	208.50
9 No. 2109 speakers at $27	243.00
9 No. 208 transformers at $4.50	40.50
11 No. PBHS key switches at $6	66.00
11 Busy lights at $7.50	82.50
Cable	370.00
Installation	960.00
Total	3,968.50

SOUND DISTRIBUTION

1 No. M305 amplifier	154.50
1 No. 1246BL microphone	42.50
1 No. 1124 switchboard stand	15.00
1 No. 1102S footswitch	19.00
1 No. R1012 transformer	17.50
29 No. 3408A speakers at $13.50	391.50
29 No 3408ABD mounting boards at $2.50	72.50
29 No. 208 transformers at $4.50	130.50
1 No. 220 volume control	5.00
Cable	45.00
Installation	360.00
Total	1,252.50

GUARANTEE

The above system is unconditionally guaranteed as to material and workmanship for a period of 1 year from date of installation.

We hope to be favored with your order and assure you of our best service at all times.

Very truly yours,

RONNEY L. HARLOW.

SEPTEMBER 27, 1961.

MR. WILLIAM V. KAHLER,
President, Illinois Bell Telephone Co., Chicago, Ill.

DEAR MR. KAHLER: One of your employees has again taken it upon himself to hurt the private communication industry.

We have been in touch with Mr. Angus, manager of Friden, Inc., at 407 South Dearborn Street, since June with regard to the installation of a private telephone system in their new space on Wacker. An appointment had been arranged between Mr. Angus and one of our field engineers for yesterday, September 26.

The appointment was canceled because Mr. Angus advised that the representative of the Bell Telephone Co. had insisted not to waste the Bell Telephone Co.'s time by also seeing the private communication industry and seeking prices from them. He suggested that nothing good would result from a conversation between Friden and the private communication industry representative.

We feel constrained to express our deep disappointment over this new violation of business ethics and of the position the telephone company maintains as a public utility. We are impatient with such actions and may say that apologies from the Illinois Bell Telephone Co. and A.T. & T. do no good. It is easy to say that this is a human error. Such human errors must not occur.

It is useless to ask that we get in touch with you should such an occurrence repeat itself. A public utility must not act repeatedly in a manner that will hurt the private enterprise system.

Please let us know how you wish to proceed with this matter. Thank you for your immediate attention.

Very truly yours,

Ronney L. Harlow.

August 25, 1961.

Mr. R. Parker Sullivan,
Care of Telephony, Chicago, Ill.

Dear Mr. Sullivan: The August 19 issue of Telephony included part IV of an article under your byline entitled "Marketing Makes Money." It was most interesting to read your views, but I wish to point out that your views contain a basic error. You say that this "outside competition is developing in the field of communications." May I point out to you, Mr. Sullivan, that private communications have existed for many, many years. Fortunately for the American public private communications have helped develop communications as a whole and it does not behoove the telephone company to place itself on a pedestal and "protect our present position." In a fair competitive situation the private communication industry would, I am sure, be glad to compete. But you must remember that the telephone industry as a utility prevents in this country the private communication industry to connect to its lines. Private industry therefore jealously guards its rights in the private communications field and must employ its efforts to prevent the telephone companies from "taking over" this field developed with the money and effort of the private communication industry.

If the telephone industry would permit the private communication industry to connect to its lines, then there could be free competition for the benefit of the public at large, but until such time the telephone industry must confine its activities to common carrier communication service. Any efforts by the utility to enter into this private communication field without permitting the private communication industry to connect with its lines, cannot be considered free competition, and must be avoided.

Thank you for taking my point of view into consideration.

Very truly yours,

Ronney L. Harlow.

July 28, 1961.

Mr. Horace P. Moulton,
American Telephone & Telegraph Co.,
New York, N.Y.

Dear Mr. Moulton: Thank you for your letter of July 17. It was most interesting to receive this communication and it was interesting to learn how, in your opinion, devices become common carrier communications solely by the fact that they are connected to a telephone. Does that mean, in your conception, that a data processing machine or a dictating machine if connected to a telephone system becomes a common carrier service?

Secondly you state that, in your opinion, anything and everything is common carrier communication service, according to the final judgment of January 24, 1956, if it is communications services and facilities, the charges for which are subject to regulation. My dear Mr. Moulton, does that mean if you or anyone of your subsidiaries files a tariff for telephone operators, for dictating machines, for data processing machines or any other type of service that this then, by virtue of your having filed a tariff, becomes a common carrier communications service?

As a customer, as a supplier and as a stockholder of the American Telephone & Telegraph Co., I suggest that the private communication industry be authorized to tie into telephone company lines; mind you, not private lines but regular telephone lines. In this way there could be competitive efforts in the communication industry without impairing the very fine service that A.T. & T. and its subsidiaries have given over the years.

On the other hand, as long as the private communication industry is not authorized to connect its equipment to the telephone company lines, then the telephone companies should refrain from furnishing devices and services that are now furnished by the private communication industry. It is incongruous that the telephone companies should be able to furnish private communication devices and tie these into their lines but that the private communication industry cannot tie such devices into the telephone company lines.

It will be most interesting to hear from you further.

Very truly yours,

Ronney L. Harlow.

Warwick Communications, Inc.,
Cleveland, Ohio, June 15, 1962.

Mr. Clarence McKee,
President, Private Communication Association, c/o Senate Antitrust Committee, Old Senate Office Building, Washington, D.C.

Dear Clarence: Here is a copy of what was sent Lee Loevinger plus a little miscellaneous which has been accumulated since I saw you in New York. Had I more time I could detail the following:

1. No attempt on the part of Bell to leave their existing P.A. business, unless forced.
2. New pressures through the use of conduit in new construction to prevent private system sales.

If I can supply any further information just give me a call. I will be flying in from Quebec on Saturday and if it would help and you let me know I'll route back through New York and meet with you as time permits at the airport.

Cordially,

R. A. Kuehn,
Vice President.

Regulatory Review

No. 27928: The commission dismissed the complaint of the Mid-America Telephone Co., 4222 Stilmore Road, South Euclid, Ohio, versus the Ohio Bell Telephone Co., 750 Huron Road, Cleveland, Ohio, regarding the furnishing of private telephone system.

On November 22, 1960, the commission overruled the motion of Ohio Bell to dismiss the proceeding. On March 22, 1960, the commission ordered that private telephone system tariffs granted to Ohio Bell be declared illegal and void; that Ohio Bell be directed to withdraw all private telephone systems from lease and operation to and for any and all private and public persons, companies, and organizations; and that Ohio Bell be prohibited from offering for lease private telephone systems to any private or public persons, companies, or organizations.

The question involved is whether the service offered by Ohio Bell under its P.U.C.O. No. 3, General Exchange Tariff, section 24, second revised sheet No. 1, is a public utility service subject to the jurisdiction of the commission. Now, the commission's view is that private-systems service appears to be in the gray area between public utility and nonutility services. It is distinguishable, in part, from those types of service which are implanted obviously with public utility characteristics, such as local and message toll services. On the other hand, private-systems service does represent a communication service which is allied closely to the services required to be rendered by a telephone utility; and, the offering of such private-systems service by a filed tariff makes such arrangements available to the general public without discrimination, subject to regulation by the commission. The regulated offering of this service by utilities does not preclude competitive enterprises from entering the private communications or private-system business which they may do without being subject to regulation. (Mid-America Telephone Co. is now out of business after unsuccessful attempts to sell service and lease private telephone intercommunication systems.)

The Commission found that Ohio Bell's "private-systems" service is offered to the public without discrimination, subject to regulation, and ordered that such service may continue to be offered by Ohio Bell pursuant to provisions of section 24 of its general exchange tariff, P.U.C.O. No. 3, second revised sheet No. 1.

No. 30299: The Commission in regards to the application of the Paulding Telephone Co. for authority to increase its rates and charges for telephone service furnished to its subscribers and to file its tariff, P.U.C.O. No. 11, approved a 1-year period ending December 31, 1960, as the test year for accounting purposes. The Commission ordered that nothing contained in this entry shall in any way restrict or limit the Commission from requiring the production of such additional data as may be deemed necessary.

No. 30315: The Commission granted the application of the Ohio Bell Telephone Co. to revise its exchange rate tariff, P.U.C.O. No. 2, section 3—Columbiana, Leetonia, Lisbon, and New Waterford. The change approved is the revision of company's exchange rate tariff to provide for the furnishing of 2-party line residence service in the above exchange areas. The revision did not increase any existing rate, joint rate, toll, classification, charge or rental.

No. 30313: The Commission granted the application of the Ohio Bell Telephone Co. to revise its general exchange tariff, P.U.C.O. No. 3. The change approved is the revision of section 8, "service connections, moves and changes" of company's exchange rate tariff to provide that no service connection charges apply when an existing off-premises extension station is converted to a main station, and vice versa, provided that locations involved are in the same central office. The revision did not increase any existing rate, joint rate, toll, classification, charge or rental.

No. 30314: The Commission granted the application of the Ohio Bell Telephone Co. to revise its general exchange tariff P.U.C.O. No. 3. The change is the revision of section 27, "connection with subscriber-owned voice recording equipment" of Ohio Bell's general exchange tariff to provide for exceptions to the regulations governing the connection of subscriber-owned voice recording equipment with the company's facilities for the recording of telephone conversations in order that such connections may be made for fire calls and other emergency reports under certain circumstances without using equipment which produces a recorder tone. Ohio Bell represented that such exception is necessary to prevent distortion of essential information. The revision did not increase any existing rate, joint rate, toll, classification, charge or rental.

The Ohio Bell Telephone Co.,
Cleveland, Ohio, October 6, 1961.

M. R. A. Kuehn,
Vice President, Warwick Communications, Inc., Cleveland, Ohio.

Dear Mr. Kuehn: Mr. Sparling has requested that I reply to your letter of September 20, 1961, in which you question our move charges and our position in connection with bids.

The $3.50 move charge to which you referred is a part of our service connection, move and change charge schedule which is on file with the State regulatory body, and applies to establishment, moves and changes of telephone service, lines or equipment.

If one of our sales engineers made the statement referred to in your letter, I would suppose that he was referring to the fact that this company is a public utility subject to the jurisdiction of State and Federal regulatory bodies.

Since we are a public utility, the rates which we charge for an installation are those set forth in our filed tariffs. Therefore, in regard to the bids for the school board, whether or not the bid you were making was known to our company could not have affected our price quotation.

I trust that the above comments satisfactorily answer your questions.

Very truly yours,

W. H. CHASE,
Vice President.

WARWICK COMMUNICATIONS, INC.,
September 20, 1961.

Mr. WALTER SPARLING,
Ohio Bell Telephone Co. Cleveland, Ohio.

DEAR Mr. SPARLING: During the normal course of our business, which does compete with your service in the field of internal communication, two questions have been asked me. Since I could not satisfactorily answer either one, I thought you may be able to help me with these:

1. In work standardization charts used by A.T. & T. operating companies, 2.8 hours are allowed an installer to move a standard telephone set and 6.2 hours to move a key telephone set. For this a flat fee of $3.50 is charged. How is it possible to justify such a charge on the basis of allowed time.

2. In an instance when two private communication companies submitted sealed bids on the leasing of an internal telephone system to a local school board, your sales engineer was allowed to study these bids before submitting a price. When questioned about this, he stated, "Ohio Bell does not have to submit a bid because it is a bona fide communications company." Mr. Sparling, just what is a bona fide communications company and why are all companies bona fide in the internal communications field?

I would like to thank you for your help in answering these two puzzling questions.

Cordially,

R. A. KUEHN,
Vice President.

WARWICK COMMUNICATIONS, INC.,
July 12, 1961.

Mr. LEE LOEVINGER,
U.S. Department of Justice, Antitrust Division, Washington, D.C.

DEAR MR. LOEVINGER: The information contained in this letter is supplemental to section III of my letter of June 20th, concerning certain practices of Ohio Bell Telephone Co. division of American Telephone and Telegraph in the Greater Cleveland area. Specifically, this relates to section V, part D of the 1956 consent decree signed by Western Electric Co. Inc., American Telephone & Telegraph.

It would be my understanding that this section specifically prohibits the Bell operating companies in their capacity as common carriers to provide separate leased intercommunication systems for use by their subscribers. The specific instance I am about to outline is very similar to the second case under section III of my previous letter.

The case began approximately June 1 and concerns the General Electric Co.'s quartz plant in Willoughby, Ohio. A proposal consisting of approximately 20 phones on a private internal telephone system was made by our office to Mr. Hugh Zion, of General Electric Co., which outlined a clear and discernible saving which would be available through the removal of the present leased Bell Telephone intercommunication system and the installation of a Kellogg private internal system.

This savings was primarily available due to the removal of push button or key equipped telephone instruments and replacing these with standard telephones. With the installation of a separate internal telephone system the push buttons needed primarily for intercom traffic handled through the same instrument were unnecessary. In order to save this sale, the telephone company's local representative, a, Mr. Johnson, proposed that a completely separate intercom system, in no way connected to the outside, be leased from the local utility. This system consisting of 20 phones on an automatic switchboard was then ordered by General Electric and subsequently installed.

Again, may I reiterate that this type of business seems to fall far from the common carrier communication field.

I am looking forward to hearing from you regarding my previous letter and this additional information. Thank you for your attention to this matter.

Cordially,

R. A. KUEHN.

WARWICK COMMUNICATIONS, INC.,
June 20, 1961.

Mr. LEE LOEVINGER,
U.S. Department of Justice,
Antitrust Division,
Washington, D.C.

DEAR MR. LOEVINGER: This letter is written to document certain practices of the American Telephone & Telegraph Co.'s Bell operating company in the Greater Cleveland area. It is prepared in conjunction with the U.S. Department of Justice's present investigation of the American Telephone & Telegraph Co. and its compliance with the spirit and letter of the consent decree issued by the New Jersey Federal District Court in 1956.

Warwick Communications, Inc., is the authorized distributor for Kellogg division, International Telephone & Telegraph in the Greater Cleveland area. As such, competition is consistently carried on with the local Bell operating company. During the course of this competition many measures of unfair practices have come to light.

It is the purpose of this report to outline and document as many of those practices as possible, which we believe to be unfair, either because of the large size of Bell exerting pressure, or areas infringing on the consent decree. At the same time, it will be shown to the best of our ability, those areas in which the local operating company is in violation of, if nothing more, the spirit of the consent decree. In order to best pursue this further, it is well that the Justice Department understand the writer's definition of both common carrier and the areas specifically violated by the consent decree.

Any telephone operating company is franchised by the local public utilities commission or the department of public service to act as a common carrier of either voice or written messages from point to point. Therefore, it would be apparent that his franchise calls for the establishing and maintaining of communication channels between two points on different properties suitable for the transmission of telephone or telegraph signals. It is evident that this common carrier licensed to transmit the spoken or written word between two points at various locations on separate properties is of necessity placed in the intercommunication business as an adjunct to their providing of common carrier equipment.

However, it is also believed that as an adjunct this intercommunication or noncommon carrier business should be relegated to secondary status. At the same time, the Consent Decree issued in the U.S. District Court of New Jersey against Western Electric Co., Inc., and American Telephone & Telegraph Co., specifically outlines in section 5, point D, that "The defendant A.T. & T. is enjoined and restrained for a period of 5 years from the date of this final judgment of leasing and maintaining facilities for private communications systems, the Charters of which are not subject to public regulation, to persons who are lessees from the defendants or their subsidiaries of such systems 45 days after the date of this final judgment."

In all too many cases, the local operating company has either circumvented this Federal court order or taken the attitude that regardless of any such order, if the local governing body will approve tariffs at a State level, the Federal order is nullified.

This report will endeavor to show certain areas which specifically fall into the private communication system class which through methods of circumvention, the Bell operating companies are presently engaged actively in soliciting business which rightfully should not come under their domain.

This report will be divided into three sections:

1. Advertising and literature of the Bell operating companies in violation or unfair competition status.

2. Various equipments provided by the operating companies in violation or disregard of the court order.

3. Various unfair or monopolistic practices of the local Bell operating company.

This section, devoted to advertising and literature of the Bell operating companies which would appear to be in violation or to fall into an unfair competition status, could easily be made much more extensive. However, only two examples will be used; these two are taken from current magazines of wide circulation.

To begin with, these would fall into several categories, the first of which you will notice entitled "If You Have a Problem in Intercommunication."

It should again be reiterated that the intercommunication segment of any operating telephone company, while it is an excellent source of revenue, is not of prime or chartered purpose. This equipment or service is made possible through the addition of costly equipment on the subscriber's instruments and on his premises. At the same time, this field is extremely lucrative for any telephone company. It can be easily proven that in the Greater Cleveland area, the Ohio Bell Telephone Co. established system rates to recover the cost of equipment and installation within a 5-year period.

It should be added that while this equipment, which is used for internal purposes, also partially functions on an external basis, it again would be of secondary nature to that of the prime function of providing access to common carrier channels. Advertising of this type by the Bell telephone systems is extremely costly and would be prohibitive for any internal communication equipment supplier to undertake.

[Advertisement]

"IF YOU HAVE A PROBLEM IN INTERCOMMUNICATION

"And you know that one company 'wrote the book' on all kinds of communications.

"A company which offers every type of communications equipment and service.

"And has settled more business communications problems for more customers than any other company in the world.

"Which requires no capital investment on your part and provides dependable maintenance service at no extra cost.

"Doesn't it make good sense to discuss your intercom problem with your communications consultant? Just call your Bell Telephone business office for this free consulting service.—Bell Telephone System, the one source for all business communications."

The second example is one showing the Bell telephone system's "call director" stating "On your desk two telephones can't live as cheaply as this one." Again, it is readily apparent this is directed at the private internal communication business and a simple computation of costs on the pictured unit proves the ad itself to be false.

Based on the present rate structure of Ohio Bell, the "call director" shown would be charged for in this way: $12.50 per month for the desk unit; $4 per line picked up and held with lights. There are 17 lines to be used on this unit which would indicate a cost of $68 per month plus $12.50 giving a total monthly cost for the unit of $80 per month plus Federal excise tax.

I am sure that without further explanation you can readily see that any two telephones (be one private and one leased monthly from the telephone operating company) can live on your desk more cheaply than this one.

[Advertisement]

"ON YOUR DESK * * * TWO TELEPHONES CAN'T LIVE AS CHEAPLY AS THIS ONE

"Why burden yourself with the capital investment and maintenance headaches involved in owning and operating your own system for interoffice and in-plant communications? One integrated Bell telephone system is all you need to handle both inside and outside calls.

"Intercom and interoffice telephone facilities can be incorporated in your regular Bell installation. This one system is more flexible and more practical than two separate installations. Through one instrument, you can communicate across the hall or across the country. You can set up telephone conferences with key people, internally and externally. You can keep outside lines free to take incoming calls. The system is tailored to your exact needs, and can be changed as your needs change—with no capital investment on your part.

"Let a Bell system communications consultant take a look at your present installation. His advice may save you money or make you money, or both. Just call your Bell Telephone business office for this free consulting service. No obligation.

"BELL TELEPHONE SYSTEM,

"The one source for all business communications."

At this point, we will endeavor to enter three fields which can more readily be shown to be in direct violation of the consent decree of 1956. These points will be taken in three separate categories, each one respectively explained. They will be:

1. Home and farm interphone systems.
2. Mobile telephone service.
3. Bellboy pocket pagers.

On the following page you will find literature describing the Bell System's "home interphone" internal communication system. This system is designed specifically for use as a voice intercom over a common talking channel throughout the home.

Its advantages are obvious; it eliminates going to the door to answer a caller and it enables you to page an individual party throughout the house to answer the telephone. However, it should be pointed out that this ability to page throughout the house is in direct violation of both A.T. & T.'s order to the Bell operating companies and the consent decree respecting voice paging and noncommon carrier equipment.

It is realized that the Bell System can argue the legality of the "home interphone" system primarily because of its attachment to the telephone. This attachment is nothing more than a two-position rotary selector key which enables the user to select between a present trunk line and a separate channel with no connection to the outside, which is utilized for home internal communication. It would seem that this "home interphone system is in direct violation to the consent decree.

For detailed explanation of operation and the selection between one line outside and your "interphone" or intercom line, see the enclosed bulletin entitled "How To Use Home Interphone."

Actually, with the exception of a common run line connecting all telephones in a home to voice paging speaker boxes and an amplifier unit, there is no connection between this phone necessary for common carrier or outside communication and the "Home Interphone" system.

This same basic home internal communication system has been readily available to the homeowner for years; yet no manufacturer has had the funds for the national advertising campaign undertaken by A.T. & T. As a result, many will be forced from the field.

Again, section V of the 1956 consent decree specifically prohibits the Bell operating companies engaging in noncommon carrier or private communication field. With the inception of the consent decree, the Bell companies divested themselves of all mobile telephone services not directly connected to their lines. For example: base-to-mobile-unit systems which they were then leasing to subscribers.

However, in order to again enter this field, Ohio Bell immediately placed on the market a mobile telephone service operating in the following manner. It is possible to call from your mobile unit only to a base unit located on the premises of your factory or office location. However, at the same time, it is possible to only receive messages placed from any telephone throughout the Bell system. It is not possible to place messages to any telephone in the Bell system.

This would definitely appear not to be a violation of the letter of the consent decree, but certainly that of its spirit. It would seem apparent that a unit which can only receive common carrier communication but cannot place them except to a base station is an internal or private unit for private use.

Last, is a unit not presently employed in the Greater Cleveland area, but used rather extensively throughout the Pennsylvania Bell Telephone operating area.

This unit, a Bellboy pocket pager operates in the following manner. If a man is absent from his office, should he subscribe to this service, it is possible to call a central number at the local telephone company. At this number, a signal is sent out via the airwaves which will sound an annunciator in a pocket paging unit carried by the individual. At this point, he then procedes to a telephone to call either his office or the local telephone company office to find out the nature of the call.

It should be readily apparent to all, that this unit falls far from the field of common carrier communications.

The following will attempt to outline three cases of many involving unfair or monopolistic practices regarding the local Bell operating company.

Example No. 1, that of the Carnegie Body Co., of Cleveland, Ohio: The following facts took place approximately 2 years ago and this is used just to cite a practicing example. After the presentation of a proposal to the Carnegie Body Co., which outlined a very definite dollars and cents savings over a 5-year period through the lease-purchase of Kellogg Internal telephone equipment versus that supplied for internal communicating purposed by the local utility the following was told to the customer. In order to install this private communication system, the customer (in this case Carnegie Body) must supply a completely separate set of conduit to house any cabling. It was impossible from the standpoint of cooperation to install the internal system's cabling with that of the equipment cabling used for Bell's external system.

After careful investigation through the electrical contractor, it was further found out that the installation of such conduit would cost the ultimate user approximately $300. It should be pointed out at this time that the original conduit installed to house the cabling of the Bell company is paid for by the owner, not the utility. Therefore, it was Warwick's position that the local utility has no control over what is run in that conduit.

However, this obvious statement to eliminate the possibilities of installing a private system was made by the utility and held to in spite of objections on the part of both the user and Warwick. The outcome of this case was that the user, Carnegie Body Co., did install a separate set of conduit and the private internal telephone system; however, this was an extra burden placed by Bell on our customer. After following this through further with the local utility, this provision that no foreign lines may be run in the conduit supplied them in spite of the fact that equipment being manufactured under a patent interchange with Western Electric Co. was used in the private system, has been dropped as a sales point on the part of the utility.

The second case in point is that of the Shaker Club Apartments owned by Keyes-Treuhauft, Inc. This apartment building actually has two telephone systems. The first, that of private trunk lines entering each particular apartment unit, just the same as would be placed into any home. Secondly, a separate telephone instrument utilized only for internal communication between the apartment unit and the front and rear doors or the garage area.

This consists of approximately 150 instruments and when the fact that a separate internal telephone system was in violation of the 1956 consent decree was pointed out, it was then suggested by the utility that the single instrument in the manager's office be provided with key equipments enabling him to have both his trunk line and his internal line on the same instrument, thus alleviating any consent decree violation because the system is utilized in common carrier communications. It should be pointed out and evident that where this then complies with the letter of the consent decree, it certainly is in violation of spirit.

The third case is that of the Euclid Board of Education and one of pure pressure placed by size, rather than any other factor. You will see inserted an article from the Cleveland Plain Dealer explaining the results of a board meeting as to the decision to lease the internal segment of their communications between all schools from the local Bell utility.

"RICHMOND HEIGHTS APARTMENT CENTER URGED

"A proposal for a $7 million apartment center was presented to the Richmond Heights Planning Commission last night. It got preliminary approval.

"Irwin Marmorstein, the developer, asked rezoning of 45 acres off Chardon Road to erect the 700-suite development. Richmond Heights has no apartments.

"It was a big night for the commission, which also received plans for a second shopping center proposal at Wilson Mills and Richmond Roads and for a $180,000 medical center.

"The medical facility would be on Chardon Road across the street from the Richmond Heights General Hospital, now under construction, and in the same area as the apartment project.

"Marmorstein's plans now go to council for the actual zoning decision.

"The builder said the development, to be known as Whiteacres, would have 13 one-story ranch-type buildings, 15 two-story buildings with row houses and 37 two-story buildings with apartment suites.

"The commission also gave preliminary approval to the other two zoning requests. The proposal for the medical center was presented by Robert Stakich, a builder.

"The other request—for rezoning of 260 acres on the south side of Wilson Mills for commercial use—came from Henry Petti of Hilltop Realty, Inc. The adjoining 400 feet, extending to the corner of Richmond, is already zoned for business.

"Petti said he plans to build a $1 million shopping center on the two parcels. He said the development would include a commercial bank and a drive-in restaurant. Several buildings now on the property would be torn down.

"Sudden opposition to Petti's plans came from 60 residents who came to protest rezoning for a $3.5 million center on the north side of Wilson Mills. The plans had been presented by Claude H. Whipple at a council meeting last month. He did not appear at the commission meeting and the request was not discussed.

"Euclid asks ruling on intercom lease

"The Euclid school board decided to obtain a legal opinion before signing a new contract with the Ohio Bell Telephone Co.

"Law Director John F. Ray will be asked to advise on the legality of the contract which calls for a 5-year lease of intercom equipment and a monthly telephone bill of $1,539 plus overcalls.

"The school system plans to increase trunk facilities and eliminate 67 private lines to cut down on a telephone bill which has run as high as $2,000 a month.

"The board heard protests from Leonard F. Zaller, president of Electronic Products & Equipment Inc. He asserted that his bid of $3,000 to sell Euclid the intercom equipment met all the specifications and would cost less than the lease agreement.

"Board President Dale E. Mansperger said the board's decision to contract with Ohio Bell was not based on cost alone, but rather on considerations of service and convenience as well as a tax-factor. Ohio Bell pays $105,000 a year in utility taxes."

In this article, it is clearly evident that pressure was brought to bear regarding the number of employees of Ohio Bell Telephone Co. living in the city of Euclid and also the tax money paid to the city to support the school system. It should in addition be pointed out in this paragraph that the net savings available to the Euclid Board of Education through the installation of a private internal telephone system would have been a minimum of $5,000 per year.

This was a simple case of numbers. At the final board meeting any private internal telephone system supplier was completely outnumbered by the Bell Telephone representatives and in no position to apply the tax pressure or the resident-employee pressure which was used.

This is just three examples of many heard from people, whom we call on daily, who are afraid of the problems resulting from going against the Bell operating company and installing private internal communication equipment, problems such as loss of business they are presently doing with the telephone company, unwillingness on the part of the telephone company for prompt service calls or prompt equipment changes.

We sincerely hope that this information will be of some value to you in your study of the American Telephone & Telegraph complex. Should we be able to supply you with any further information and data regarding these cases mentioned, or any other data regarding the practices or experiences in this area, we would be more than happy to do so.

Cordially,

R. A. KUEHN.

APRIL 16, 1959.

MICHIGAN BELL TELEPHONE CO.,
Detroit, Mich.

GENTLEMEN: Please find attached our invoice in the amount of $1,599.60, representing treble the amount of credit for an installation of private communication equipment returned by Sears, Roebuck & Co. from their store site, Fort Street and Grand River Avenue, Port Huron, Mich.

Sales to stock area systems have been furnished by us to Sears for a long time.

When it became known that "where there is a requirement for integrated operation to meet customer needs, arrangements can be made to connect customer-owned loudspeaker paging equipment to Bell Telephone Systems" (the Bridgeport Telegram, Aug. 22, 1958), Sears bought such equipment from us for their Port Huron store.

Subsequently, we were advised that you had not seen fit to make arrangements for such connection and that you would furnish the equipment for the operation yourself. Our equipment was returned to us for credit.

The consent decree entered in the U.S. District Court of New Jersey, dated January 24, 1958, states in section V, in part "The defendant A.T. & T. is enjoined and restrained from engaging, either directly, or indirectly through its subsidiaries other than Western and Western's subsidiaries, in any business other than the furnishing of common carrier communications service." It is our opinion that the sales to stock area system is not a common carrier communication service.

We will, therefore, appreciate receiving payment for our attached invoice.

Very truly yours,

"PRITEC",
RONNEY L. HARLOW.

EXAMPLES OF SOME BELL SYSTEM UNFAIR SELLING METHODS AND OF UNAUTHORIZED ENCROACHMENT INTO THE FIELD OF INTERNAL COMMUNICATIONS, PREPARED BY ALBERT A. JACOBS CO., INC., MILWAUKEE, WIS.

1. WILKINSON CLINIC, OCONOMOWOC, WIS.

In May 1961 this firm signed a contract for an internal telephone system to be installed by the Albert A. Jacobs Co., Inc. in their new building.

On August 7, 1961, Robert J. Kuemmin, from the Jacobs Co., Jack Reuter, a sales representative for the telephone company, James F. Dowd, business manager for Wilkinson Clinic, and a "Cass", the electrician for Salter Electric, met at the jobsite to survey the building and jointly decide on installation methods to be used and the proper conduit runs to be installed.

Previously, while still competing for the internal portion of the entire communication package, Mr. Reuter, or another Bell System salesman, stressed to our prospect that Bell would not allow any other wires to be run in their conduit. On August 7 Mr. Reuter again explained he did not believe the telephone company would allow us to run our wires in the same conduit with theirs, but that he would check with his engineers. About a week later he confirmed this by notifying Mr. Dowd that they would not allow it and, therefore, Jacobs Co. wires should be run out of conduit or a second set of conduits would be necessary.

(NOTE.—The conduits involved were short runs of no more than several feet each of 1-inch thinwall. The telephone company cable and the Jacobs wire combined would use no more than half the cross-sectional area of the conduit and no bends were involved.)

About August 15, 1961, Mr. Dowd, of Wilkinson, called Mr. Reuter in Watertown, who was on vacation, and was referred to Mr. Jay West, probably his supervisor, in Janesville, Wis. When asked to spell out their telephone company's refusal to run their wires in adequate conduit runs, along with low d.c. voltage telephone wires for the Jacobs Co. internal system, Mr. West offered to send someone from the Oconomowoc area Wisconsin Telephone Co. office to look at the building again. This time the telephone company agreed to work with Jacobs Co. wires in the same "Wilkinson Clinic conduits."

2. STOLPER INDUSTRIES, INC., MENOMONEE FALLS, WIS.

On September 13, 1961, R. Kuemmin from the Jacobs Co. learned that Dick Libby, a Wisconsin Telephone Co. Bell System salesman, had told Mr. Kampschroer, office manager for Stolper, that no wires the Jacobs Co. would run, if Stolper decided to use an internal telephone system installed by this firm, could be run in our conduit with telephone company wires.

Mr. Kampschroer explained, however, that he then pointed out to Mr. Libby that the conduit belonged to Stolper and other wires could be run in them.

Mr. Libby, who is trying to sell Stolper on buying an automatic dial PBX system which will provide direct internal dialing between phones, then explained that one of the reasons the Bell System did not want this was that other wires run with Bell wires could carry high voltages which could be shorted onto their lines which could electrocute one of their men working in a manhole outside the building. Of course, Jacobs Co. telephone wires will never carry high voltages and doubly insulated, as are telephone company wires. Also, all telephone company wires are fused as they enter or leave any building, so no high foreign potentials can pass either way.

Mr. Libby also implied, and this is now a major fear on the part of our prospect, that Stolper could expect annoyances arising from bickering between the two communications firms if our system was installed. He indicated that neither firm would take responsibility for a trouble on a line and the result would be poor service.

This has not happened before where the Jacobs Co. was involved, and is a clear case of intimidation of a prospect for competitive reasons.

(NOTE.—These are simply two of many instances involving the same subject. It would seem that each salesman was not, therefore, acting innocently and independently on this score but with the training and sanction of their supervisors and the local Wisconsin Telephone Co. Sales Department.)

3. PRECISION MOLDED PRODUCTS DIVISION, REPUBLIC INDUSTRIES, INC., GREENDALE, WIS.

In February 1958 through February 1959 calling on Lance Wikkerink, president. Talking about six phones—Select-O-Phone. Telephone Company trying to sell their intercom. Mr. Wikkerink for us, especially because he could page over his public address system from our phones, something the telephone company could not, at that time, do and had no tariffs for. However, the telephone company salesman showed him how to hook up his public address system so could page from telephone company phones and intercom line, which he did and is still using at no cost even though a tariff has now been set up to cover connecting arrangement to make this possible. The tariff rate for this from button phones is a minimum of $7.50 per month plus tax.

4. A. O. SMITH CORP., MILWAUKEE, WIS.

In November 1958, we started talking with Ed. Ryczek, assistant to Clarke Woodward, safety director, concerning an emergency communication system for the service building and annex. Our competition was the telephone company whose representative, Roy Engelking, and his supervisor, recommended a system using separate telephone company phones tied in in the same way to the switchboard system.

5. RANK & MOTTERAM CO., MILWAUKEE, WIS.

In February 1959, we demonstrated Select-O-Phone for Robert and James Rank hoping to sell a system to them for their new quarters at 217 East Wisconsin Avenue. H. W.

Brown Co., Inc., which they had just purchased, was currently occupying those quarters. The Brown Co., now under Rank management, was using a separate DuKane Flexifone voice intercom system rented from the telephone company and Rank had grown to like the separate intercom facilities and so were thinking in our direction until the telephone company offered to install a completely separate intercom telephone system. This was never done, but the promise of it delayed the signing of our contract long enough to permit the prospect to cool on our idea.

6. NATIONAL SAVINGS & LOAN ASSOCIATION, MILWAUKEE, WIS.

In December 1960, I called on Louis Fons, Jr., vice president, and Alois Fons, president, to talk with them about the possibilities of using our telephone and paging system in their new offices at 829 West Mitchell Street. They had already signed a contract for a 740E dial PBS system from the telephone company but were willing to listen to our story.

They were surprised during our interviews to learn that their monthly payments to the telephone company were not just the amount shown on their contract, which covered just basic equipment, but much higher when extensions, pushbutton phones, conference equipment, etc., were included—all necessary equipment for doing what they were told by Ken Munger, the telephone company salesman, they could do with the system.

They subsequently cancelled their telephone company contract. But later, Ken Munger and his supervisor, Frank Saber, sold the Fons Bros. on the idea of paging through the Jacobs Co. public address system using the switchboard operator's headset as the announcing station rather than our microphone. Here again, being led to believe this was free, National Savings & Loan agreed. Later upon being informed by R. Kuemmin, of Jacobs, Co., that this would cost them $5.50 per month forever, the equipment was removed.

This is typical of many instances of unfair and unethical selling practices where prospects receiving bids on competing equipment from private suppliers are swayed toward the telephone company system because, by deliberate understatement or omission of cost information covering all costs and all equipment necessary to do the promised job, the prospect believes telephone company monthly rental charges will be less than they really would be.

From training in 1955–57 in the Wisconsin Telephone Co. sales division of the commercial department, I know that though it is not written into practices, it is the unofficial practice of sales management to encourage sales personnel never to quote prices, including tax, and never to put anything but what is absolutely required into writing.

Whereas the private supplier, in his unfavored initial position, must always put his costs completely and accurately in writing in order to get business, few ever question the telephone company representative because of his company's past history as the "only place to go for information on communications."

7. MILWAUKEE SCHOOL OF ENGINEERING, MILWAUKEE, WIS.

In May 1961, the Jacobs Co. sold a voice paging system to this firm. At the switchboard a high quality microphone was installed as the prime announcing station for the system. Before it was installed, Dan Tetzlaff, a telephone company sales representative, mentioned that the telephone company could hook up the operator's headset so paging could be originated through the headset rather than the microphone. Heinz Werwath, Milwaukee School of Engineering vice president, agreed that this should be installed under the assumption that this service was free, or its cost negligible. Upon learning from the Jacobs Co. that not only was paging from this carbon granule transmitter inferior to a good microphone, but that it would cost him $5.50 per month forever (including tax) or $66 every year.

Here again was a case of no misstatement of information, simply a careful and deliberate omission of information in order to get an order. No private supplier could possibly get away with this.

Since then, it has been necessary for Milwaukee School of Engineering to rent some wire circuits from the telephone company to permit paging into outlying buildings. It took about 1 month and many phone calls to get the telephone company to put these in. Now that they are in, these circuits are of the poorest quality, carrying much interference, including music from WFOX and other unnecessary noises.

8. PEOPLES SAVINGS & LOAN ASSOCIATION, MILWAUKEE, WIS.

In March 1961, Dan Tetzlaff, a telephone company representative, in an effort to confuse our prospect and to keep them from buying an internal telephone system from the Jacobs Co., inaccurately computed charges of a less expensive system the prospect would still be renting from the telephone company if they used our internal system. This was to minimize the savings claimed by the Jacobs Co. representative.

9. ALLEN D. EVERITT KNITTING CO., MILWAUKEE, WIS.

On August 1960, the Jacobs Co. proposed to Mr. Allen W. Everitt, president, that he have Jacobs install a private internal telephone and voice paging system in his plant when he consolidated another of his enterprises and this operation together in this building in the future.

In order to compete, the telephone company got the job by offering and installing a "high-powered speakerphone" system which is, of course, a voice paging system with another name.

In February 1961 Mr. Everitt said the telephone intercom system and this high-powered speakerphone system would be going in with about eight speakers or more, to permit voice paging from the Bell System phones via their intercom lines. He was not clear at all what the cost would be but felt they would be very small, which is definitely not so.

10. STANLEY J. BROWN CO., INC., MILWAUKEE, WIS.

In July 1961, the Jacobs Co. proposed to install an internal telephone system in their building which was undergoing renovation. The Jacobs Co. representative accurately pointed out the reduction in their telephone company monthly rental bill they could expect by deleting certain intercom facilities from the Bell System equipment.

However, probably feeling somewhat obliged, Stanley J. Brown, president, called Mr. Day, manager of the telephone company publicity department, for whom the Brown Co. had previously made displays, for his opinion.

As a result, a few days later a telephone company salesman called on Eugene C. Dick, office manager for this firm, and inaccurately computed the savings claimed by the Jacobs Co. representative and spoken of above, causing the Brown Co. to not sign the Jacobs Co. contract for their services.

The telephone company salesman left no notes with Mr. Dick, as usual, for anyone to question or compare, just a few scribbled figures and accusation by implication which, backed by the telephone company's past and possibly Mr. Brown's fear of loss of future business, caused this firm to discount the Jacobs Co. figures on expected savings.

11. NACKIE PAPER CO., MILWAUKEE, WIS.

In January 1960, the Jacobs Co. installed a voice paging system in this firm's new building. After control equipment had already been installed for paging from a microphone at the switchboard, the telephone company persuaded Mr. McNaab, president of Nackie Paper, to hold up our installation and to have the microphone equipment removed (and replaced by paging through the operator's headset instead). This was done before any tariff had definitely been established on such a telephone company service in Wisconsin and was done at a considerable inconvenience and expense to the Jacobs Co.

The very idea is, of course, a clear circumvention of the intent of the 1956 consent degree against the Bell System and an infringement into the area of internal and private communications.

12. DWIGHT BROS. PAPER CO., MILWAUKEE, WIS.

In November 1961, this firm signed a contract for an internal telephone and voice paging system to be installed by our firm, the Albert A. Jacobs Co., Inc., in their new buiding. After a lively competition with the Wisconsin Telephone Co., a subsidiary of the Bell System, and many sales contracts with the customer on both sides over a period of several months, we finally managed to sell them our system. Of course, Bell got the lion's share of the order with their outside telephone system, as they always do. Nevertheless, the competition for the minor portion, the intercom part of the system, was vigorous. One big obstacle we had to overcome was the Bell System insistence they would not allow us to go in their conduit. Their argument was that we might damage their wires pulling ours in, and that if later any trouble developed it might be difficult to pin responsibility on either supplier and that, therefore, there might be trouble for the customer.

The results of this are interesting and point out the trend of intimidation, which has been used by the Bell System to beat us, especially during the last year. The customer, thinking they might at some future date get business from the telephone company and fearing possible reprisal for antagonizing Bell, compelled us to install additional conduit runs paralleling those already installed for telephone purposes at our own expense or possibly lose the order. The firm has about 20 phones with double conduit runs coming to each location. The conduit run housing the Bell System wires was paid for by the customer and is about 2 inches by 3 inches conduit laid in the floor with one cable in it about three-eighths inch in diameter which is looped from pushbutton phone to pushbutton phone. Our wires, to the phone requiring the most number of conductors in our system, bunched together, would form a cable also of about three-eighths or one-half inch diameter.

It strikes us that the conduit in the first place belongs to the customer and, as you can see, has room for half a dozen telephone system or more, with certainly little prospect of anyone hurting anyone else's wire through pulling and this, in our book, is a clear-cut case of intimidation by a Bell representative to crowd out competition, if possible. I am sending with this report a photocopy of a letter sent to the customer by the Bell System representative covering conduit idea.

13. C. J. KOENIG CO., INC., MILWAUKEE, WIS.

In March, this year, this company agreed to have us install a 13 station internal telephone system. Competition was Bell and included a joint meeting between the customer, our representative, and two Bell System representatives. Part of the Bell System competitive selling arguments centered around the fact that they, too, could supply a separate intercom system on separate phones from the outside phones. It happened that this was a desirable feature because the customer, by not having his intercom feature use up the last button on the right on each of his six button telephones, could instead install another outside line on that button and not have to go to call directors, which are a larger type of pushbutton instrument having a basic cost in Wisconsin of $7.50 per month instead of the 75 cents per month for the six-button set. We got the job but, here again, as always, month after month, year after year, Bell is receiving by far the lion's share of the revenue, anyway. Where does a common carrier company stop? Apparently they want all the business and no one else to have any.

WISCONSIN TELEPHONE CO.,
Milwaukee, Wis., November 1, 1961.

Mr. DON COLEMAN,
Dwight Brothers Paper Co.,
Milwaukee, Wis.

DEAR MR. COLEMAN: Your concern over the sharing of conduit and ductwork is not without precedent or justification.

Our construction advisers have talked with your building contractor, as I have talked with you. Out of genuine concern—concern for the liability and expense you may incur if people are injured or equipment damaged.

The following are some of the reasons for our reluctance to share facilities.

Safety is an important factor. Without control or knowledge of our telephone facilities, our people may be subject to injury. We may then, at our option, elect to run the entire cabling exposed to minimize hazard and facilitate any future repairs.

The fact that our repair service is only minutes away, skilled, and free, we are usually the first to be called when a communication problem exists. Experience over the years has shown the trouble is quite often in the private system. As a result we are forced into the role of consultants, advisers, and repairmen for our competition which, if continued, can only lead to higher telephone rates for you, our customer.

Cross talk, hearing your private paging system on our telephone lines, has occurred in the past. We have requested the paging system be removed from the conduit.

Our corporate purpose is to give you the finest communications service possible. Adapting our equipment to that of our competitors would render our corporate purpose unattainable.

We adopt and tailor our communications for you, our customer. Communications is not a sideline with us, it is our sole intent and purpose, the very reason for our existence.

Knowledge, matured by years of research and experience is offered to give you a communication system which is, and will continue to be, as flexible and modern as tomorrow."

Yours truly,
DANIEL G. WINTERS,
Communications Consultant.

14. BLOOMBERG LEATHER GOODS CO., MENOMONEE FALLS, WIS.

In March 1961, one of our representatives stopped in on a cold sales call, only to learn that this firm had been sold what is known as a 755 type automatic switchboard from the telephone company. This switchboard is designed to handle up to 20 phones and 4 outside lines. All the phones are pushbutton type and there is no console at which a switchboard operator sits. Incorporated with it, and terminating on the last button to the right on each six-button telephone, is a three private channel intercom with two-digit dialing.

Menomonee Falls, the exchange in which this firm operates, had just been cut over to dial by the Wisconsin Telephone Co., and the Menomonee Falls exchange had just been purchased by the local Bell System company 1 year before. As a consequence, all the phones then in operation were being replaced with Bell phones and, of course, many new systems from Bell went in. This customer was informed that the only thing that would suit his needs would be this automatic switchboard system. The strange thing was that this customer was only putting in four phones and had for many years gotten along with no intercom whatsoever, and all of the phones were in the office area within a few feet of each other and, if anything at all was necessary it would have been simply the single party line intercom offered by Bell.

The interesting point here is that this representative, imbued with the idea of aggressive selling from his 2-week training course, did a fine job of overselling. This is typical of many, many cases which we have come across here in Wisconsin within the last 2 years.

We would like to point out that here is a very clear-cut case of where private competition, such as ourselves, benefited this customer. Upon informing the customer that he had been oversold, he investigated and found this was not all he had to have and, although we dropped the case, we found out just this morning, upon calling the customer, that he had not installed the automatic switchboard. In so doing, he has saved himself about $30 a month, or $360 a year.

15. SPLAINE & FREDERICK, INC., MILWAUKEE, WIS.

In April 1962, our firm installed an 11-station internal telephone and voice paging system for this firm. Our first contact with the firm was through a man who does business with us intermittently by supplying us with leads. This person indicated that he knew the firm, that they were expanding their operations and that they had been given a very high price by the telephone company for expanding their telephone system.

After talking with Mark Splaine, chairman of the board, of this stock and bonds brokerage business, we found that the telephone company had indicated that his only choice for expanding his system from about 8 phones to 11, with 7 outside lines and about 6 private lines, would be an automatic dial switchboard system known technically as the 756A system. This would have cost approximately $120 a month more than the firm is already paying for their telephone service. No alternatives were offered.

We offered a proposal to the firm for installing our system and using a pushbutton type call director system for handling their outside calls, at a considerable savings. The interesting point here is that after this, and not until we had been there and made our proposal, the telephone company came back with no fewer than three different alternative proposals, each at a lower cost. It seems to us that it is hard to mistake the intent here. The intent as it appears here was to sell the customer a high revenue system. How could the customer possibly object since he was not aware that any alternatives were possible until after we had injected competition into the picture? Mark Splaine will verify these claims.

16. STANDARD UNIT PARTS, INC., MILWAUKEE, WIS.

This wholesale dealer in automotive parts moved to a new location in May 1962. During March and April, 1962, our firm and the telephone company competed for the internal portion of this firm's communications business. After many calls, Mr. Tom Emerson, Jr., vice president of this firm, was about to sign our contract. However, he then received a call from the telephone company representative, Don ——— saying that the telephone company had just come out with a new intercom system which would only cost him $30 a month and which had six channels of communications, rather than the two channel system they had proposed previously, which from previous conversations Mr. Emerson understood would cost him in the neighborhood of $80 a month.

Mr. Emerson then informed me that it was such a good proposition that he could not afford to pass it up and, therefore, would probably not be taking our system. Upon further investigation, however, which I pursued, I found that the $30 a month actually meant $30 a month more than the two channel system previously proposed. This Mr. Emerson had not understood and, of course, as always, nothing was ever put in writing other than very scribbled notes at the time of the contract which were never left by the telephone company representative with the customer.

In my presence, Mr. Emerson then called the telephone company representative and found out that my assertions were correct. He then signed our contract and we have installed our system for him in his new building.

The important point here is that an error of omission was committed. Since the telephone company representatives are trained not to write letters if they can avoid it, all of their proposals are simply scribbled notes and verbal. It is next to impossible to pin anything down, and any statement such as the one this telephone company representative made, can always appear as a mistake. Mr. Emerson's comment at the time was, however, that it certainly seemed to him that the telephone company's representative had lied to him by deliberately omitting part of the information.

17. CONCORDIA COLLEGE, MILWAUKEE, WIS.

Concordia College is a well-known Wisconsin school for the training of young men to be ministers. Early this year we were called in by Mr. Robert Wuebben, business manager of the college, to discuss his internal communications. It turned out that Mr. Wuebben was quite irritated with the telephone company because of a bill he had received from them asking him to pay for equipment which they claimed he had been using for 3 years but not paying for. No explanation of the bill was given.

Upon further inquiry, Mr. Wuebben asked for a detailed description of the equipment he was supposed to be using and not paying for and received a letter to this effect. The letter pointed out that certain stations had been installed and had never been added to the monthly rental. However, in many instances, the letter simply stated that the phones had been in for an unknown period of time and, therefore, the retroactive billing would go back to the time when that particular system was installed, approximately 3 years ago. Mr. Wuebben told me that some of these phones had only been installed about 6 months ago, and yet the telephone company was trying to bill him for the entire period that that particular system had been in operation.

Now, this could be an error in bookkeeping on the part of the telephone company and no one could complain of that. However, what other firm but a monopoly could possibly send such a bill to their customers and expect to be paid? The telephone company, of course, can threaten to discontinue service if a bill of this nature is not paid. Of course, then, since no one else can, by charter, supply outside telephone service, this customer would have been in a very bad spot. The point, and it is a very strong one, that competition is needed in the communications field as it is in every other field to keep the entire situation clean and healthy.

18. W. J. KUHN SALES & SERVICE, INC., AND W. J. KUHN WAREHOUSE SALES, INC., MILWAUKEE

These two companies under the same ownership are using what is known as the farm inner phone system from the telephone company. Each branch is paying about $16 to $17 per month for this feature. The feature is a talk-back speaker arrangement where origination is accomplished from a telephone instrument, the voice being heard over a speaker and the party in the warehouse area hearing the question can respond from anywhere within the area without going to a phone. The answer comes back through the earpiece of the originating phone. Here is a situation where Bell has stepped into an area which is extremely far afield from common carrier. Its only connection in one case, is that one phone has a turn button on it and in one position the button picks up an extension off the switchboard and in the other position it picks up the inner phone system. The only connection with the common carrier part of the business is entirely superficial. This would seem like a deliberate attempt to beat out competition and to flaunt the intent of the 1956 consent decree. This farm inner phone system, particularly in this business use, is no more than a small voice paging system cleverly disguised to look like something else. Furthermore, when this was first brought before the Public Service Commission of Wisconsin, it was presented as being something for the farm and seems to have been approved on that basis. This, of course, is a business use, not a farm use.

19. WAUWATOSA STATE BANK, WAUWATOSA, WIS.

This bank, within the last 4 months, has signed a contract and started to use the telephone company 756A switchboard. This is a switchboard which has a small consolette, or call director, type instrument at the operator's desk rather than a tall upright console at which she sits. It is cordless and entirely automatic internally and to the outside. They are using 33 dial extension lines from the common equipment and have about 18 to 20 phones. The common equipment, for which they are paying $175 a month according to an itemization on their first bill, is only 40-line equipment. The tariff in Wisconsin reads that the 40-line equipment should run $160 a month and that the 60-line equipment should run $175 a month. I am sending with this report a photocopy of this itemization. The point here is that this bank is still not aware of this error in billing and probably would not be aware of it for a long time. We have not had a chance to get back to talk to them about it, but we will shortly and it does prove, once again, that private competition is an absolute essential in the communications business.

20. CUTLER-HAMMER, INC., MILWAUKEE, WIS.

In about November 1958 our firm succeeded in showing Cutler-Hammer that by discontinuing their plant paging system which was rented from the telephone company and covered about 460,000 square feet in their north side industrial plant, that they would stand to save about $140 per month for 5 years and over $300 a month after that. This meant that we would install a voice paging system to cover this same area for much less money, including maintenance, and also that our system would have 1,000 watts of audio power rather than 500, high quality dynamic paging microphones rather than telephone handsets, and electrovoice sound diffraction projectors, which were far superior and have proven to be so, to the metallic reentrant type horns the telephone company was using. In other words, we were charging much less, giving a much better system, and making a good profit at it. The import here is that the telephone company certainly was not charging rates according to their cost of providing service but rather whatever the trade would bear. An example of this would be the rates they were charging, and still do charge, for a 50-watt DuKane booster amplifier. The telephone company rate for such an amplifier, and for that matter for any amplifier above 25 watts is $10 a month forever. It so happens that DuKane is the brand we are franchised to distribute in this area, and we are able to buy this same amplifier from our manufacturer for $65. The telephone company was able to buy that same amplifier for just about that price or perhaps a very slight amount more. The point here is, then, that within 7 months the cost of the amplifier was paid, and certainly within a year all overhead would be paid off on that piece of equipment, and then during the next 9 years the telephone company would make $1,080 revenue on that one piece of equipment. Our revenue, or gross profit as we call it, would probably have been about $65 plus perhaps another $65 over a 10-year period for maintenance and carrying charges. How can these rates possibly be based upon costs? It seems very apparent that private competition in this field is a very vital thing and in the interest of all users of any form of voice type communications.

Recently Cutler-Hammer asked us to come in and look at another quite small voice paging system they were still renting from the telephone company in one of their offices and give a quote on replacing it with one of our systems since the Bell System apparently appeared to be getting out of the voice paging business. January 24, 1961, of course was the date they were supposed to be out, according to the consent decree, and yet at this date, June 18, 1962, they have just gotten around to sending their remaining voice paging customers letters (some of the letters went out as early as February) that these customers could buy these paging systems from Bell or, if they preferred, they could go on renting them until June of 1965, at which time Bell would have to relinquish control. It would seem that not only is this letter over a year late, but that the continued operation of these systems through 1965 is a violation again of the consent decree. Apparently consent decrees and court orders are only a challenge for Bell to get their attorneys busy to outmanuever wherever possible any such court action.

There are many systems still operating and apparently will go on operating until June of 1965 simply because it is not economically inviting for a firm such as ours to take over at practically no profit a system somebody else installed, just for servicing purposes.

21. LOUIS ALLIS CO., MILWAUKEE, WIS.

About the same time that our firm installed the system for Cutler-Hammer, we also installed a similar system for the Louis Allis Co. The conditions were the same. They replaced a Bell system paging system. Recently Louis Allis called us in for consultation on the possibility of installing a telephone type centralized timekeeping system, possibly using tape type recording machines in the central area and telephone handset type instruments as originating or announcing stations spotted throughout the shop in strategic locations. They had also received a proposal (not in writing) from the local Bell company system on a system to be rented from them. This, too, would be separate in its use from common carrier or outside telephone usage. Its sole purpose would be for communications between reporting workers and the centralized recording station. However, by using the same centralized common equipment and selectors required, the telephone company can make it seem as if this too is part of an integrated internal-common carrier system—which it is not.

22. A. O. SMITH CORP., MILWAUKEE, WIS.

About 2 years ago the Jacobs Co. installed an emergency reporting telephone system for A. O. Smith. Red dialist wall phones at strategic locations on each phone of the Science Building can report to a centralized emergency station. From a central point, then, an attendant can give simultaneous instructions to each "warden" who are listening on their emergency telephones which we have installed. This is a strictly separate system and has nothing to do with common carrier. However, here again Bell offered a proposal for this purpose to A. O. Smith.

23. FAIRHAVEN HOME FOR THE AGED, WHITEWATER, WIS.

Here is a situation where the architect has informed us that the telephone company indicated to him that we would not be able to go into the same conduit with their wires. Many buildings and much territory is involved here and a great deal of cost would be incurred to the customer if a paralleling and duplicate set of conduit runs should be installed for a private internal system. This would be about like the problem we are having now with duplicated railroad tracks running between various points. The architect wanted to know what kind of conduit would be needed for our system and implied that our system probably would be out if separate conduit was necessary and the expense was large. Here the Bell System has deliberately attempted to keep private competition out through the use of causing the customer to believe it was absolutely impossible for anything else to be done but separate conduit run if a private system were used at considerable additional expense to him.

24. E Z PAINTR CORP., MILWAUKEE, WIS.

About 3 years ago E Z Paintr had the Jacobs Co. install about a 30-station automatic internal telephone system and voice paging system. At that time one of our representatives helped Mr. Jack Quinn, controller, survey their present Bell System equipment for the purposes of comparing it with their bill. Some discrepancies were noted, as usual on the high side, and itemization of equipment charged for was asked from the telephone company. About 2 weeks later, when the itemization arrived, it was found that E Z Paintr had been paying for some time for equipment which had never been installed. E Z Paintr was able to get a check from the telephone company for $200 or $300 for this error. E Z Paintr was also able to reduce the amount it was paying to the telephone company for special pushbutton telephone and light and visual illumination features which even if they had not purchased our internal system would not have been necessary. They believed it was the only thing that could be done. This again points up the need for private firms working in the communications field. Every other field has competition and it is important that the private communications firms be allowed to compete on an equal basis with their huge competitor.

It might be of interest here to note that this same thing happened at Cutler-Hammer and Louis Allis. A survey of their speaker systems before they were taken out, when compared with an itemization from the telephone company of their monthly bill for their speaker system showed again a discrepancy on the high side. Each firm received a check for several hundred dollars from the telephone company as a result of this survey which was only made possible because of a firm competing with Bell in the private communications field. It would seem from here that the importance of keeping private suppliers healthy and within an area in which to work is important to every American business.

25. WACHTEL TREE SERVICE CO., MILWAUKEE, WIS.

About a year and a half ago our firm installed an internal telephone system for this firm in conjunction with certain talk-back speaker arrangement which would be located at the outside door. Our competition is always with the telephone company who had a similar service to offer at a very low price. It was very difficult to compete. However, we succeeded in selling this firm our services. The question here is that should the Bell System, which had nearly a virtual monopoly in the common carrier field be allowed to spread its gigantic arms into noncommon carrier areas? The fact that their prices on the home interphone system are so low for the services offered, whereas they are so high in other noncompetitive areas would seem to indicate that Bell is capable, by virtue of its very size, to run all other competitors out of any business they wish to through the manipulation of rates.

26. JACK WINTER, INC., MILWAUKEE, WIS.

Early this springg, 1962, we competed with the telephone company for the internal portion of their telephone communications business. They had signed a contract with the telephone company for their automatic dial switchboard which was offered as the only thing available for them. No alternative had been offered. We succeeded in showing them that we could offer more for less money covering the internal portion of their communications and also offered them an alternative switchboard system for handling their outside calls which, of course, would be rented from Bell. The Bell System salesman then promptly informed Jack Winter, and this has happened many times, that this board was an obsolete type. This, of course, is ridiculous since the board has recently been installed in many institutions and business operations and, for that matter, has only been on the market for about 7 or 8 years. Furthermore, when we tried to show precise figures of cost savings to Jack Winter, Inc., through the use of detailed itemization of equipment charges, Bell System representative indicated that these figures probably were not correct and implied that Jack Winter probably should not take stock in them because they were undoubtedly dealing with a second rate firm. What the Bell System representative never did, however, even upon request was to submit anything in writing to back up his claims. All of his claims and implications were verbal and could never be completely pinned down.

It is important here to note that the Jacobs Co. nearly lost this order because the customer, finding it hard to believe that anyone but the Bell System could possibly know anything about their rates, or any other area of telephone communication and that, certainly, the Bell system representative would not fool them.

27. WISCONSIN TITLE SERVICE, MILWAUKEE, WIS.

Several years ago our firm installed a small internal telephone system for Wisconsin Title Service using about seven phones. They are probably using a push type telephone system for handling their outside calls. Early in April, this year, our firm was called in again to consult with them concerning their communications needs when they moved into their new building a few blocks away. Mr. William Hoyer, Sr., president of the firm, indicated to me that he had called in the telephone company several times and had thought of going along with their suggestion of throwing our system out and putting in an internal system from the telephone company but, that, after several calls he was thoroughly confused. A salesman named Gerald Aschenbrenner had called on him and suggested a two channel intercom system to be used in conjunction with their pushbutton telephone setup in the place of our internal system. However, Mr. Hoyer indicated that he really did not understand the system nor the rates very well and could we explain them and could we do something better for him. We offered a proposal on expanding our system and reinstalling it in the new building, which he seemed ready to accept. Mr. Aschenbrenner then came back with a Mr. Daniel Winters, who probably was his immediate firstline supervisor, and proposed a new type of six channel intercom system which we have since come to know as the "20–40 dial pack" which would apparently only cost $30 a month more than they were paying. Here again, the implication, as with the Standard Units Parts Co., had been left that this six channel intercom would only cost $30 a month. This, of course, was false since what was really meant was that it would cost $30 a month more than the two channel intercom, or a total of around $100 a month. After further discussion, Mr. Hoyer agreed to use an operator controlled 555 type switchboard from the telephone company for handling outside calls, and our internal telephone system for internal calls. He then called the telephone company about the middle of April and specifically ordered a 555 switchboard with 13 phones to be installed in his new building with all the outside lines required on June 1, 1962. A few days later, Mr. Aschenbrenner returned to the Wisconsin Title Service Co. to show them pictures and explain the operation of a new type of manual switchboard known as the 608, or Universal 80-type switchboard, which had just come on the market. He explained how it operated and apparently felt that Mr. Hoyer approved of its operation and, therefore, ordered that switchboard for Mr. Hoyer instead of the 555 switchboard.

On June 4 a 608 switchboard was delivered at the new location and the next day cable was strung across and on top of a false ceiling and then dropped down through a hole in the ceiling, completely exposed, and this is a large cable, directly to the switchboard with no attempt being made to conceal it. Furthermore, without really understanding what he was doing, Mr. Hoyer was caused to sign a 5-year contract for an improved type of conference jack arrangement with a penalty for taking it out prior to the 5 years. The board came equipped with this jack. On June 5, one of our representatives stopped in to see how the installation of our internal system was coming and noticed the board. Upon asking Mr. Hoyer about it, he said "Why, that's the 555 board which I ordered." Of course, it was not true.

A call to Mr. Aschenbrenner then uncovered the fact that Mr. Aschenbrenner had assumed that Mr. Hoyer indicated that he approved of the way the 608 board operated and that that was the board he wanted. Therefore, ordered that board rather than the 555 board. The new 608 board, of course, runs $70 a month, whereas the 555 board ran $26 a month, and the new conference jack, which he had signed a contract for ran $12.50 rather than a conference jack for the 555 board which ran $4 a month and did not require a contract.

Finally, through a series of telephone calls and threats to go to the Public Service Commission, Wisconsin Title Service got the 555 board installed and the 608 taken away and, at our suggestion, the customer insisted that the telephone company run the cable to the new board a different way so it would not be exposed and hanging down from the ceiling. Finally, this system was installed. However, each phone installed was not the new 500 style but the old square base style and old used phones. Now, of course, there is nothing wrong with this except that it is just not being done in major offices in Milwaukee any more since the new phone is much superior and the handset is lighter and more desirable.

The import of this, of course, is that every attempt was made, it would seem, by the telephone company to install high revenue equipment instead of low revenue equipment and to make the customer sorry in any way possible that he ever considered any other idea except the telephone company's idea. This, of course, would have considerable and damaging effect on any of our prospects who might be asked to contact them in the future. These prospects, finding that going against the Bell System ideas would cause them grief, would be tempted sorely to not use our system.

In fairness, it should be noted here, that we have since heard that the salesman is no longer working for the telephone company. However, it should also be noted that on one call previously noted, he was with his immediate supervisor and on another call, according to the customer, he was with his second line sales manager, Alfred F. Braun. The customer even remarked to our representative at one time that he could see where the salesman could make a mistake, but that he was amazed that his supervisor who had accompanied him had not set him straight.

It should be noted here that it is our feeling from the many cases we have run into similar to this one, that this salesman's manager did know what was going on and although he did not specifically authorize it, did nothing to impede this activity. We believe that Wisconsin Telephone Co., which has become extremely aggressive in its competitive activities, has imbued its salesmen throughout their training courses with a somewhat over-zealous and over-aggressive competitive feeling to beat private competition. The pressure within the telephone company sales department to sell is very great and it is well understood that promotions are based upon one's ability to bring in revenue. This, of course, is a far cry from the telephone company pictured in the minds of most who, without question, depend upon and believe everything the telephone company representatives tell them.

28. GENERAL

The telephone company may argue that private suppliers cannot serve their customers well. Certainly not as well as the telephone company can. Recently there have been a number of cases where this has been strongly implied by the telephone company representatives and in several our prospects have been asked to call a number of our customers to get the "bad" word on our service. Unfortunately, however, for the telephone company, in the case of Splaine & Frederick, whose case has been described previously, Mark Splaine, who called several of our customers, received very good reports from them and in the case of one of them we have recently installed and enlarged a new system to replace the smaller system they had been using for many years. The problem here, however, is that since the Bell System is regarded by many as being their wholly benevolent counselor, and as the next thing to a nonprofit organization as they could possibly be, will believe their allegations without checking and simply write any private organization which approaches them off as being a bad risk. This is strictly unfair and is possible only because of the hold the Bell System has on the entire communications field.

Bell System often argues that private communications suppliers are not serving their customers well because they do not come to see every prospect when he is about to move or make a change and, therefore cannot offer their services and really serve the customer. This is partly true, perhaps, but only true because being a monopoly in the common carrier field, Bell is always called in by every customer whenever a move or change is made, strictly because of the common carrier part of the business and not because of the internal part of the business. Here is a situation where this could well be believed by those who do not compete with the telephone company every day as we do. Even such esteemed people as Senators might, like most other users who have had telephone company public relations people, visit their grade schools and Kiwanis Clubs since they were 6 years old, on up, with glowing stories of colored motion pictures of the greatness and grandeur and benevolence of the Bell System, believe that absolutely the only concern the Bell System has is the interest of the customer and that the furthest thing from their minds is a profit motive.

This is sort of a wolf in sheep's clothing idea which is very useful in keeping down any sales resistance to any suggestion at all the telephone company might make, for example: 50-percent control of the space satellite communications system.

29. GENERAL

There have been so many cases, especially in the past 2 years, that have come to our attention because we are competing with Bell each day, of what we feel are unfair trade practices definitely an attempt to restrain trade and eliminate competition in any area of the communications field that these attempts do not seem incidental to us. These instances have occurred all over Wisconsin and with many different salesmen handling different areas and with different supervisors that we cannot help but feel that their attitudes and methods are the result of their training and definitely reflect the attitude of their supervision of the sales department within the Wisconsin Telephone Co. and of the entire Bell System attempt to increase revenue.

No one objects to fair trade practices and to good clean stiff competition. Every other field of business has this. No one objects to the telephone company making money for we all know it must remain strong to serve well. However, what we do and what everyone should object to is the Bell System or any other company which is so large that by its very bigness it tends to gobble up all other businesses and spread its area of influence into every avenue within its field of operation and others. Because of its very bigness and its apparent overpowering need for revenue, the Bell System appears to be destined to continue to try to operate through methods which necessarily restrain trade and which are unfairly competitive. A typical example of one of its less well-known methods is one which will be described as follows. This method might be entitled "The 20–40 dial pack intercom system."

30. FONS & CO., MILWAUKEE, WIS.

Our firm recently lost a sale of an internal system to the telephone company when a new Bell System intercom was introduced into the Milwaukee area on a trial basis. It is our understanding from another user who is trying it that there are only six operating in the country right now, three in Boston and three in Milwaukee.

Temporary rates have been filed with the Wisconsin Public Service Commission covering monthly charges and final rates are expected to be filed shortly.

This intercom system and its rates appear to be a further attempt by Bell to crowd out smaller businesses supplying intercom facilities.

This intercom is a 6-channel, 40-extension-number private intercom to be used with standard or pushbutton phones. A call director type attendant's (operator's) unit is used as an answering device. Its features are as follows:

1. Every phone in the system can use a free intercom channel to call every other phone.

2. By use of an add-on feature the operator can transfer an incoming outside call via an intercom channel to a phone which is not ordinarily equipped to handle a call on that outside line. Six add-ons are included as a basic feature. That means six incoming calls can be transferred via intercom channels by the operator, to phones which would not otherwise pick up calls on those outside lines.

3. Three universal or conference (more than two phones can converse at a time) features are included in the basic price package.

4. Holding and illumination on central office lines associated with add-on (see 2 above) (up to six). These are the lights which go on under the clear buttons on pushbutton phones to indicate an incoming call or a call taken or being held. These illuminations are per outside line and not per phone and indicate on each phone in the system which has a button picking up that line simultaneously when a call is on that line.

5. Charges for this system are $62.50 per month for all features plus $2 per intercom extension number.

5a. The total monthly charge for a 20-phone system with this 6-channel intercom would be:

Basic intercom equip	$62.50
20 intercom extension numbers	40.00
	102.50

By comparison a two-channel intercom system in use for the past 3 years with only two add-on's included, no attendant's (operator's) answering unit, two conference circuits and no illumination would cost per month.

Basic intercom common equip	$43.00
1 Call Director (answering unit-attendant's)	7.50
4 Add-on's (additional)	8.00
6 Illuminations	18.00
20 Intercom extension numbers	38.00
1 Conference (additional)	2.00
Total	116.50

In other words the 6-channel intercom with many more features and greater capacity is less than the earlier two channel, from about two phones on.

This new intercom hits us right in the breadbasket and seriously threatens to put us and every other private supplier out of business by making the few crumbs (orders) which fall from the table so small and infrequent as to make our business unprofitable and so we will get out of it.

The common equipment which operates and is the heart of this intercom system is a modification of that which operates the expensive 756A automatic switchboard system renting for $160 per month for common equipment plus $1.15 for each extension number in use.

A 20-phone system would cost $160 plus $23 or $183 per month.

This equipment is much more elaborate than that supplied for the two channel intercom and costs less.

The features (internal portion) are more similar in operation and price to private systems and yet the common equipment used is very elaborate and costly (and Bell has never before been competitive where cost was a factor).

The point here is that Bell has deliberately reduced the price of equipment in a competitive area to eliminate competition but of course offers integrated features previously only available with an automatic switchboard system (at higher cost) which no noncommon carrier supplier can provide because they are not allowed to tie into common carrier lines.

From paragraph above on the Wisconsin Title Service Cast it is apparent on the other hand that Bell can and does raise rates in noncompetitive areas. The new No. 608 manual switchboard console costs $70 per month and the similar 555 board with nearly as much equipment in it runs only $26 per month. No one, of course, competes in this area.

However when there's any extra profit in it Bell is happy to have so-called foreign equipment connected to their lines, e.g.: Telephone, television, facsimile, teletype, data transmission, centralized dictating, voice paging equipment, and almost anything else noncompetitive and where a dollar can be made. What's benevolent or fair about this?

Although these rates are shown in the Wisconsin Tariffs as temporary during my conversation of June 15, 1962, with two men, John Walsh and Ed Baldwin of the Wisconsin Telephone Co., commercial rates and codes division, I learned from them that the final rates, soon to be filed, will be about the same and probably a little less for this six channels 20–40 dial pak intercom.

31. UNIVERSITY OF WISCONSIN, MADISON

Wanted to put in Centrex service to their dormitories and other buildings to allow intercommunication and inward dialing from the outside to any inside phone.

Bell quoted a very high price. When asked whether something couldn't be done to lower the price Bell said, "No, that's the package." Russ Pavlot, the State's communication expert, then complained to the Wisconsin Public Service Commission about it and pressure caused Bell to offer four-party service at a lower price.

32. PRIVATE SUPPLIERS THREATENED BY BELL SYSTEM MONOPOLISTIC TACTICS

Attached is a photocopy of excerpts cut from the Wisconsin Telephone News for May and June 1961 showing that there are a quarter-million firms in this country using non-Bell intercoms. It would seem that this then is an important part of American business and of value to everyone. This copy also shows Bell is going to do something about it.

The new 20–40 dial pak is a very serious threat to private suppliers at the rates filed here in Wisconsin. And yet paradoxically Bell would never have produced it without competition.

Why should Bell be allowed in the intercom field at all? Most of their intercoms are strictly separate and only incidentally connect to outside phones on one of the buttons on the phone and have nothing to do with common carrier service in any way.

According to this Telephone News article, adding all the intercom systems in the country would only add 1 percent to their annual revenue and yet it would deprive everyone from the benefits of any competition in the field of communications.

It doesn't seem wise to us to let Bell encroach in any way into the intercom (internal telephone or other) field. No one will really benefit and all competition could easily be wiped out to everyone's loss.

In an article dated August 21, 1958, from the Milwaukee Journal, the Bell System was quoted as saying, "a survey indicates, the company said, "that other suppliers now can furnish such equipment." This referred as the rest of the article explains to loudspeaker paging systems and was used as a reason for the American Telephone & Telegraph Co. to get out of that phase of communications.

If that therefore is the reason for their vacating this field there is even stronger reason for their quitting the intercommunicating, noncommon carrier field based on the same reasoning, for it is apparent by their own admission that private intercom suppliers have been very busy and aggressive in supplying intercom, noncommon carrier facilities (see Wisconsin Telephone News, May-June issue, excerpts included with this report).

ALBERT A. JACOBS, INC.,
ROBERT J. KUEMMIN,
Sales Manager.

WINTRONICS LTD.,
New York, N.Y., June 14, 1961.
W. WALLACE KIRKPATRICK,
Acting Assistant Attorney General Antitrust Division, U.S. Department of Justice, Washington, D.C.

DEAR MR. KIRKPATRICK: Enclosed are two copies of letters which we have sent to A.T. & T. and the two replies received from that company.

Initially, we requested A.T. & T. to lease a Telpak A service to our customer, but were denied for the reason that the A.T. & T. tariff forbids a termination on telephone company circuits in our PAX equipment. In the second instance, we requested the same service for one of our customers utilizing land lines. Here again, as you can see by the enclosed, a refusal was received.

At this point we see the big Bell System monopoly at its worst. First they stifle the growth of private microwave companies by noncompensatory tariffs, secondly they refused to lease to our customers Telpak or land line circuits for termination in PAX equipment. Such grossly unfair practices may well cause the failure of our switchboard enterprise and then, in addition to enjoying a monopoly on telephone transmission circuits, the A.T. & T. will also protect the market for switching equipment which is exclusively provided for them by their 99-percent owned manufacturer—Western Electric Co.

It is imperative that a service such as we requested for our customers be made available to them. We have been approached by several large industrial concerns with multistate operations and even though we can design a more efficient system at a saving, in each plant, we are unable to compete because we are not now able to interconnect these systems.

I do not understand why this giant does not grant these facilities to us except for the fact that we are in direct competition. They grant lease lines to people in other fields such as music, data, etc., they will not however, lease voice grade circuits to us.

If we are to survive the granting of this service is imperative.

Very truly yours,
LIONEL A. WINSTON, *President.*

KANSAS HEARING CENTER,
Wichita, Kans., October 8, 1960.
Mr. E. E. HUTH,
General Manager,
Chicago, Ill.

DEAR MR. HUTH: I am writing to express my opinion regard the new electrolarynx to be produced by Bell Telephone, which I understand is to be sold at about manufacturing cost (as a public service).

Why should this product be singled out as a public service feature any more than say, eyeglasses, hearing aids, or telephones? This is clearly an infringement on rights, and I do not believe that any manufacturer has the moral right, no matter how big he might be, to operate in a manner which is hurtful to other smaller independent businesses.

Unfortunately, as the Bell System is a monopoly in its field, we cannot retaliate in any way.

I do feel, however, that this matter should be brought before the proper Government authority for consideration: Persons who have speech afflictions and who need these devices also need places, such as ours, which are operated and maintained at considerable cost, where they can obtain help and advice, where they may come for mechanical adjustments, batteries, and the various personal services which cannot be maintained by a nonprofit organization (the telephone company?).

At any rate, service, counsel, and assistance, locally and personally, are a necessity to those who need a speech device. If sufficient publicity is given to the low cost of the Bell product we will be forced to discontinue the sale of such products as the Aurex electro-larynx, and the user will be deprived of the services he needs. No one will gain, except that Bell might hold itself up as a public benefactor (?).

I hope that you can present these facts, and more, equally important but difficult for me to put into a letter, to those persons in authority who might see that there are no "free" services anywhere, in the final analysis. A large company, making huge sums of money, can conceivably invade someone else's field, and as a gesture, produce an item at cost, for its advertising value, writing off the loss as a tax deduction.

It is my understanding that this is contrary to the Government's own policy of fairplay in industry, aside from the questionable "ethics" involved.

Very truly yours,
C. W. HOFMANN.

S. H. COUCH CO., INC.,
North Quincy, Mass., June 15, 1962.
Mr. CLARENCE A. MCKEE,
President, Private Communications Association, Inc., care of Senate Antitrust Committee, Old Senate Office Building, Washington, D.C.

DEAR CLARENCE: On June 20, 1961, Mr. Cameron wrote a letter to the Honorable Lee Loevinger, Assistant Attorney General of the Antitrust Division in the Justice Department in Washington, D.C., and a copy was sent to you. I believe this letter clearly and explicitly sets forth the problem of competition we are experiencing from the Western Electric Co. and American Telephone & Telegraph Co. which, we feel, is in violation of a judgment entered in the U.S. District Court of New Jersey on January 24, 1956.

To supplement this letter, I call to your attention a few specific instances of competition. The S. H. Couch Co.'s private apartment house telephone system was specified in the Marine Apartments in Chicago, Ill., and the Highland Towers Apartments in Pittsburgh, Pa. On the basis of an inducement to incorporate the charges for this service as a part of their regular telephone monthly rental, the telephone companies were able to have this portion of the electrical contract deleted from the building contract.

Similarly, the telephone companies have engaged in furnishing internal fire detection systems for the school district of the Borough of North Braddock, Pa. These specifications were so prepared that the equipment to be furnished would have to make use of existing Bell Telephone commercial facilities, which are not available to any other manufacturers of this class of equipment.

In the hospital field they have promoted equipment to perform the function of a nurses' call system, which normally has no connection whatsoever with the commercial telephone system. We would like to cite two hospitals using this type of equipment: Haverford Mental Hospital in Haverford, Pa., and the Eastern State Hospital in Ben Salem Township, Pa.

If this continues, it will seriously affect not only our operations, but all companies engaged in the manufacture of private telephone systems, local fire alarm systems, and hospital signaling systems.

Very truly yours,
KENNETH J. RITCHIE,
Vice President, Sales.

THE DIXIE NETWORK,
Jackson, Tenn., July 23, 1959.
Senator ESTES KEFAUVER,
Senate Office Building,
Washington, D.C.

DEAR ESTES: I am again writing you concerning a matter of grave importance, not only to us but to upward of 500,000 people who depend on WDXI-TV for primary television service.

As you know, American Telephone and Telegraph rates for television transmission service is out of all reason, but to add to this situation, the service we are receiving is terrible. Since early in July we have received practically no service. The picture has been interrupted countless times because of poor transmission from Memphis to Jackson. In addition, the picture has streaked thousands of times. We cannot hold an audience or advertisers with this type of service, yet they will not give us any assurance that the situation will improve.

We have had this happen before, in fact during the Democratic and Republican conventions in August 1956. At this time, we protested payment for the month of August as we had not received satisfactory service. In spite of the fact that the service was wholly unacceptable this monopoly forced us to pay almost $5,000 for such service. Under the present FCC tariff they will only give you credit for the actual amount of time lost. For instance, say that 20 interruptions lasted a total of 40 minutes, you only receive a few dollars credit for the total amount of time lost, yet you have lost your audience as well as your revenue for the entire evening. Some of these interruptions have lasted as long as 10 minutes. You well know that no one is going to watch a show with constant interruptions in service. Sometimes as many as 8 or 10 in a 30-minute show.

When we went into television we wanted to build our own microwave system from Memphis to Jackson. The FCC would not allow us to do this as public carrier service was available. We could have built our own system for less than $70,000, yet we are forced to pay A.T. & T. in excess of $50,000 per year. In addition, they dictate the number of hours daily we are to buy. We can't buy 4 hours per day. They make us buy 8 hours per day whether or not we use the service.

Talking about a giant and dangerous monopoly, this is certainly one. About a year ago the FCC changed their rules so as to allow stations to build their own microwave systems. Naturally, we looked into this as the payment to A.T. & T. was and is breaking our back financially. After investigation, we found that we could build our own system all right, but here is the clincher. A.T. & T. refused to furnish service or connect a privately owned system into their system. There again you are stymied at every point.

You possibly read Drew Pearson's column the other day relative to the exorbitant costs of A.T. & T. transmission service to television stations. He stated that the FCC had been holding, without any action since 1953, a proposal to investigate the exorbitant cost of A.T. & T. transmission service. When a 77-mile jump from Memphis to Jackson costs in excess of $50,000 per year on a $70,000 investment, someone certainly should investigate. Then in addition to this tremendous cost be forced to accept the rotten service we are getting is out of all bounds of reason.

We believe A.T. & T. should be forced to sell service at reasonable rates and that a station should not be forced to buy any more time than they can use. We also believe that a station should not be forced to pay for service which is wholly unacceptable.

The Atlanta headquarters of A.T. & T. are entirely indifferent about the situation. They take the attitude that "we are doing the best we can. If you don't like it, you will still pay." In other words, "to hell you with you."

As you are looking into monopolies, you will not find a better example than this outfit, who have us over a barrel and in a hostile and arrogant manner informs us to take what they give us or go somewhere else. Unfortunately, we have nowhere else to go.

This is such a critical matter both from a standpoint of service and of costs, I'm sure you will go all out in trying to provide some relief for us.

I hope this letter finds you well and getting in good shape for a campaign to beat "Frankie-Boy" next year. In talking with "Tip," I don't believe he will oppose you. I believe he has too much judgment to run against you when he has such a good shot at the governorship 4 years from now.

With best regards, I am,

Cordially,

Aaron B. Robinson,
President and General Manager.

Atomic Sound Equipment Co.,
Oklahoma City., Okla., July 29, 1958.

Hon. Estes Kefauver,
U.S. Senate,
Washington, D.C.

Dear Sir: I understand that you are strongly in favor of the Justice Department taking some action against A.T. & T. regarding their monopolistic practices.

The Southwestern Bell Telephone Co. in Oklahoma is competing with us in the installation of loudspeaker type intercommunication and paging systems on a rental basis which, you can see, will eventually put all small electronics people out of business and they will have the field to themselves.

I thought at one time the Justice Department had made some type of consent decree advising A.T. & T. to stop this practice, as it is certainly not a part of their telephone type communication. I am wondering what has happened.

The telephone company has just installed two systems in the last week in Oklahoma City, one of which was one of our customers and now they are figuring with another of our customers for the same type of service.

Will appreciate your advising me if I can be of any assistance to you or anyone else to try and stop this monopoly.

Very truly yours,

C. E. Friedlander.

Taylored Sound, Inc.,
Albany, N.Y., March 17, 1960.

Mr. Kent Brown,
General Counsel,
N.Y. State Public Service Commission,
Albany, N.Y.

Dear Mr. Brown: We are negotiating with the Amsterdam Printing & Lithographing Co., of Amsterdam, N.Y., for installation of an internal dial telephone system.

Yesterday we met with the principals and their architect and they told us that they preferred our system for internal service over the service offered by New York Telephone Co. During the conversation with these people it was reported to us that the representatives of New York Telephone Co. stated that it would be a violation of a law if we installed our wiring in the same ducts as their wiring would be in. It was further stated that if at a later date Stromberg-Carlson equipment was installed in the same ducts, and this was found to be so while servicing Bell equipment, New York Telephone Co. would then remove their wiring from those ducts and install new exposed wiring at their expense.

We would appreciate your quoting that section of the law which prohibits this.

An immediate answer from you would allow us to conclude negotiations.

Very truly yours,

S. F. Myers, *Treasurer.*

State of New York,
Public Service Commission,
Albany, March 21, 1960.

Taylored Sound, Inc.,
Mr. S. F. Myers, *Treasurer,*
Albany, N.Y.

Dear Mr. Myers: In response to your letter of March 17, 1960, this is to advise you that there are no provisions in the public service law which relate to the problem you have raised, namely, whether other wiring can be installed in the same ducts in which the New York Telephone Co.'s wiring is installed.

There has been no attempt to determine whether any other provisions of law might apply or what provision of law the representatives of the telephone company had in mind.

Further, this letter does not pass on the right of the telephone company to remove its wiring from said ducts in the event that other equipment is installed therein.

This letter also assumes that you do not have reference to underground conduit with regards to which the telephone company has filed tariff provisions.

Very truly yours,

Kent H. Brown,
Counsel.
By Lawrence M. DeVore,
Assistant Counsel.

Hirsh Electronics,
Memphis, Tenn., June 5, 1962.

Mr. Cecil Mackey,
Assistant Counsel, Subcommittee on Antitrust, U.S. Senate, Washington, D.C.

Dear Mr. Mackey: Answering your letter of May 22 regarding instances where A.T. & T. through its subsidiaries have engaged in practices injurious to the interests of small independent competitors.

The enclosed list is a few users of communication equipment whose business we solicited and lost to the Southern Bell Telephone Co. or Southwestern Bell Telephone Co.

Various reasons were given to us by the prospects as to why they prefer to do business with the Bell company. These reasons include but are not limited to lower rates; no capital investment; monthly fixed rates; 24-hour and very prompt service; use of one telephone instrument to serve a number of functions; income tax factors; they are also often confused as they cannot break down the total rate into the cost per function, and so forth.

Almost any functions desired by these users, except public carrier service, can be provided by us and hundreds of other people in our type of business. We cannot compete with the Bell System in many ways and a great many of these handicaps are due to factors completely beyond the ability of a small company. It is our opinion these factors are available to the Bell company because of the basic revenue allowed to them by virtue of exclusive franchises granted to them for certain functions. Many of the communication functions can be provided by concerns, such as ourselves, but we are essentially noncompetitive because the Bell people combined these subsidiary functions with functions for which they are granted their franchises.

The enormous prestige and guaranteed income of the Bell System places them at an advantage in so many respects that competition with them is often impractical.

We specifically go on record that we have no grievances against the Bell System because of the size alone.

We also agree that the basic functions of citywide and nationwide communication concerns such as the Bell companies should be protected by exclusive franchise. What we are trying to emphasize is that small independent concerns should not be handicapped as a result of franchises for purposes which we consider proper, per se, but which are extended to other purposes not proper.

Yours very truly,

B. W. Hirsh.

1. Joint Administration Building, 200-line board, Memphis, Tenn.
2. Federal Building, 400-line board, Memphis, Tenn.
3. Memphis City Hall, 200-line board, Memphis, Tenn.
4. Central Police Station, 100-line board, Memphis, Tenn.
5. Ellis Bagwell Drug Co., automatic telephone system, Memphis, Tenn.
6. Memphis Compress & Storage Co., automatic telephone system, Memphis, Tenn.
7. Infirmary, Blytheville Air Force Base, Ark., Southwestern Bell furnished DuKane intercom system on rental basis.
8. Plough Broadcasting Co., Memphis, Tenn.
9. Humko Co., Memphis, Tenn.
10. C. F. Works & Sons, Memphis, Tenn.
11. Brewer and Schews, architects, Clarksdale, Miss.
12. Chapman Chemical Co., Memphis, Tenn.

Communication Equipment &
Engineering Co.,
Chicago, Ill., August 17, 1962.

Senator John O. Pastore,
U.S. Senate,
Washington, D.C.

Dear Senator Pastore: I am writing you with regard to H.R. 11040. In the Chicago Tribune, Sunday, August 5, I read a quotation by you stating that you believed there was no monopoly in it. Like you, I believe in free enterprise. However, I am sure that if you had studied the history of the A.T. & T. Co. you would realize that that organization has been cited by the Government several times for monopolistic practices and has been compelled to divest itself from certain organizations engaged in manufacture of equipment not associated with telephone plant, or operation. The A.T. & T. Co. has also been compelled to recognize independent telephone companies and cooperate with them in service to the public. In 1956 the A.T. & T. Co. signed a consent decree which we in the independent and private communication field felt was just and reasonable. In part, the consent decree required the A.T. & T. Co. to discontinue the furnishing of private communication services to utilities and other organizations. We feel that the intent of the decree in regard to private communication systems was simple and understandable. It meant that the A.T. & T. Co. could not furnish communication which was not associated directly with the operation of telephone service to the public. In other words, it could not furnish a private loudspeaker service, for example, in a powerplant or in an industrial factory where the loudspeakers were not connected to the lines of the A.T. & T. Co., or its switchboard, or used in connection with telephone service normally furnished to such customer. Another example, the A.T. & T. Co. was required to discontinue private radio communication service for power companies where the radio system was not associated with the telephone plant used by the power company and general public. The A.T. & T. Co. lived up to the consent decree in this respect by giving up the service it furnished the Consumer's Power Co. in Michigan which was taken over by another organization and, I understand, is entirely satisfactory as now being operated.

I believe you have received a telegram from Mr. Clarence A. McKee, national president of Private Communication Association, Inc., stating that the A.T. & T. Co. is flagrantly violating the 1956 consent judgment. Mr. McKee has a record of many cases in his files. I wish to tell you of two other instances which in my opinion are violations of the intent of the consent judgment. No. 1, the A.T. & T. Co. through the Bell System has installed and leased to the Federal Aviation Authority at Atlantic City several devices known as simulators.

This equipment has nothing to do with the telephone system and is entirely separate from the communication service furnished over telephone lines to the FAA. Similar equipment was furnished to the FAA in Oklahoma City. At this location the equipment is used solely for the training of controllers who guide aircraft. Prior to the time the telephone company entered this field, we had furnished equipment to the FAA which, so far as I know, was entirely adequate for their requirements and has been and still is working satisfactorily. After the A.T. & T. Co. entered the field, we were not even requested to bid on the project even though they were similar to what we had previously furnished and which we had cooperated in the engineering.

No. 2, the A.T. & T. is now taking over through its subsidiary company, the Southern Bell, the entire private communication system of the Florida East Coast Railroad. This includes equipment and circuits to transmit information such as hotboxes on railroad cars, train movements, etc., which have absolutely nothing to do with telephone service. There is some doubt in my mind whether or not they are even capable of furnishing such service as will be required for the protection of the public and railroad employees. To my knowledge, such service has never been furnished before by the A.T. & T. Co. or any of its subsidiaries.

As I said before, I believe in free enterprise. I also have a great deal of respect for the engineering ability of the A.T. & T. Co. and its subsidiary, the Bell Telephone Laboratories. With proper governmental supervision, I believe that the telephone company is best suited to operate the long-distance communication facilities in the United States and jointly operate with companies in Hawaii and Alaska. Likewise, cooperative operation should be had with companies on foreign shores; however, until the purely monopolistic practices of the A.T. & T. Co. are restricted and adequate safeguards established in connection with Telstar, I feel that H.R. 11040 should be kept in committee for study and revision.

Respectfully yours,

R. A. CLARK, Jr.,
President.

CORPORATION COMMISSION,
COMMONWEALTH OF VIRGINIA,
Richmond, Va., April 25, 1961.

Subject: Installation of private home intercommunication systems by the Chesapeake & Potomac Telephone Co. of Virginia.

GENTLEMEN: Enclosed is a full page advertisement from the April issue of the American Home and a quarter page advertisement from the April 3 issue of the Norfolk Virginian Pilot soliciting the installation of private home interphone systems by the Bell Telephone System and its associated companies. These ads are typical of those currently appearing in the principal national consumer magazines and local newspapers. Extensive coverage is also being given this new service by the telephone company through local radio and television services.

Also enclosed are sales brochures of the Bogen-Presto Co., Paramus, N.J., and the Talk-a-Phone Co., Chicago, Ill., describing home intercom and interphone systems which have for many years been available to the public through their distribution system of local distributors, dealers and servicemen. These brochures describe equipment typical of that now being offered by numerous manufacturers, distributors, and dealers to all who desire and are willing to purchase or lease this equipment for their personal convenience or pleasure.

There is no public demand for this personal private service that cannot be met by the existing facilities of independent manufacturers, distributors, dealers and servicemen on a competitive bid basis. There is no justification for the vast expenditure of money, manpower and material required to enter this new field by the Chesapeake & Potomac Telephone Co., a Bell System company chartered as a legal monopoly to provide a public telephone service to the exclusion of all competition.

Should a homeowner desire such a private personal interphone system for his own convenience he should be required to purchase or lease such a system from the existing independent business firms now licensed to provide such services. He should pay exactly what the costs are for his particular installation, not a average installation fee and an average monthly charge, the expense of which and the revenue from which becomes inseparable from the general expenses or revenues of the public telephone service which is the basis for determining the public telephone tariffs.

A consent decree, *United States of America* v. *the American Telephone and Telegraph Company and associated companies,* entered in the New Jersey court on January 24, 1956, took cognizance of the fact that the Bell telephone companies should restrict their activities to the public telephone field in which they hold a legal monopoly with private communication systems where required or desired by the individual being supplied by independent business firms operating under the free enterprise system. The telephone companies are not exhibiting good faith by now entering into the private home intercom field which as already stated is adequately served by existing facilities. Any gains made by the telephone companies in this new endeavor can only come at the expense of existing small independent business firms who have invested their own time and money in building up a business which the telephone company would now like to take over.

I would appreciate any action that you might consider to restrict the Chesapeake & Potomac Telephone Co. from continuing in the private home intercom field and would further appreciate a listing of the tariffs under which the C. & P. Telephone Co., is now providing private intercom, interphone, public address, and paging systems. The dates on which these tariffs were enacted would also be appreciated.

Very truly yours,
ELECTRONIC ENGINEERING CO., INC.,
LOUIS E. GUY.

ELECTRONIC ENGINEERING CO., INC.,
Norfolk, Va., February 22, 1961.

Mr. CLARENCE A. MCKEE,
President, Private Communications Association, Inc., Mount Vernon, N.Y.

DEAR MR. MCKEE: We wish to advise that the Chesapeake & Potomac Telephone Co. of Virginia is in apparent violation of the consent decree in that they are now leasing the paging system at the Norfolk Municipal Airport to the Port Authority of the city of Norfolk.

Several months prior to this I called the port authority and asked if they were familiar with the provisions of the consent decree and if the telephone company had given any indication canceling their contract for the paging system.

I called again the first week in January and was advised that the telephone company acknowledged the consent decree and had advised the port authority that while they could not expand the system now in use that they intended to continue to lease and maintain the system until further notice. I might add that the airport manager is interested in adding background music to the system but that the telephone company advised that they would not permit the attachment of foreign equipment to the system. Incidentally, we are at present supplying the music source for the Richmond and Newport News, Va., airports. In each of these cases, however, the equipment is owned by the city.

I hope that the above information will be of some help to you in our continuing fight against this overpowering monopoly.

Sincerely,

LOUIS E. GUY.

JANUARY 23, 1956.

Judge RALPH T. COTTERAL,
State Corporation Commission, State Office Building, Richmond, Va.

DEAR JUDGE COTTERAL: I would like to thank you for the opportunity given Mr. Walker C. Cottrell and me to discuss with you our concern over the sales activities of the Chesapeake & Potomac Telephone Co., in the field of private communications.

As stated in our conversation, I feel that the telephone company is taking an unfair advantage of its position and prestige gained in the public telephone industry in which it holds a legal monopoly, to aggressively enter the field of private communications, a field which has been developed and served, almost 100 percent by private nonregulated, competitive firms.

The aggressive entry of the public telephone industry into the private communication field is voluntary and not necessitated by public demand. The private communications field has been adequately served by concerns who are capable of expanding to meet any increased demand for their services.

I recognize the necessity and desirability of maintaining a legal monopoly in the public telephone industry, as duplication of such facilities would not be in the public interest. I recognize also the necessity for average rates in order that all persons be afforded the protection and convenience of a public telephone. I question, however, the entry of the telephone company into the private communication field on an average regulated rate or tariff basis as the installation of a private communication system is for the benefit and convenience of the individual only and can in no way be construed to be a necessary public service.

While on the subject of tariffs, I received the impression while in your office that tariffs had been approved for public address, intercommunication and two-way radio service. I find, however, from examination of the public records, at the Norfolk office of the Chesapeake & Potomac Telephone Co., that while a tariff has been established for public address amplifiers and speakers, no tariffs are listed for intercommunication or two-way radio service. I know, however, that the telephone company is quoting rates for such services.

I further question the good faith of the telephone company in employing its facilities and resources to enter the private communication field in competition with nonregulated private industry at a time when it is not fulfilling its obligation under its charter to render public telephone service.

To be specific, on December 26, 1955, in a news article in the Norfolk Virginian Pilot, Mr. Wesley E. Vellines, chief engineer of the Chesapeake & Potomac Telephone Co., stated that the Norfolk area had a backlog of 3,435 unfilled telephone orders.

Two days later an article appeared in the same paper reporting an offer by the telephone company to purchase the police radio equipment of the city of South Norfolk for the sum of $2,775.90. This equipment to then be leased back to the city with full maintenance at an annual cost of $275 per mobile radio unit.

As stated above, I question the good faith of the telephone company in its aggressive entry into the private communication field, at a time when by its own admission it is not fulfilling its obligation to provide public telephone service.

If it is in order, I would appreciate your advice on the following points.

As indicated above, a tariff for the installation of two-way radio equipment is not on public record at the Norfolk offices of the Chesapeake & Potomac Telephone Co. of Virginia. How then did the telephone company establish the rate quoted the city of South Norfolk for the purchase and lease of radio telephone equipment?

Have tariffs been granted for the installation and lease of intercommunication equipment separate from that provided by the public telephone?

Specifically, the Chesapeake & Potomac Telephone Co. has been installing and leasing Teletalk amplified intercommunication equipment manufactured by the Webster Electric Co., Racine, Wis. This equipment is in no way connected into the public telephone system, nor is it dependent upon the public telephone system for its effective use. The tariffs for this service are not on public record in the Norfolk office of the Chesapeake & Potomac Telephone Co.

If tariffs for these services have not been established it is requested that the hearings for this purpose be made public. If possible I would appreciate being advised when the hearings would take place.

Enclosed is a copy of the December issue of Sound Merchandising. An article on page 1 of this publication is indicative of the concern felt by the commercial communication firms and the possible steps to be taken in opposing unfair competition by the public telephone industry.

Thank you for your consideration of the above requests.

Very truly yours,
Electronic Engineering Co., Inc.,
Louis E. Guy,
Secretary-Treasurer.

March 27, 1959.

Mr. Victor R. Hansen,
Assistant Attorney General, U.S. Department of Justice, Antitrust Division, Washington, D.C.

Re: VRH:WDK—60-9-96-7: *United States* v. *Western Electric Co., Inc., et al.*

Dear Mr. Hansen: On July 30, 1958, you were kind enough to write to us that you will not relax your efforts to enforce the prohibitions of the consent decree.

Recently, systems for private communications which we have supplied in many instances to one customer are being returned to us for credit and orders have been canceled.

Our customer has described the features of this system to its own branches as follows:

Functions:

1. Permits salespeople to step to nearby phone-type instrument and call the stockroom.

2. Permits stockmen to reply or acknowledge wherever they are in the stockroom without leaving their work.

Advantages:

1. Saves time of salespeople. Eliminates use of outside phones through switchboard to stockroom phone (which may be busy).

2. Relieves switchboard congestion, especially during busy times.

3. Saves time of stockmen. They needn't leave their work to answer the phone.

4. Completes a sale more quickly. The salesperson can wait on the next customer faster.

5. Simple talk-listen switch operation in the phone handset.

6. Greatly simplified installation.

7. Greater stability than package No. 3.

8. Lower cost than package No. 3.

Operations:

1. Salesperson lifts the phone-type handset and listens for a moment.

2. If conversation is heard, line is busy. If nothing is heard, salesperson slightly depresses bar in the handset and releases it. Salesperson now hears the room noise in the stockroom.

3. Salesperson depresses the bar in the handset to talk and releases to listen.

4. Stockman acknowledges from wherever he happens to be in the stockroom.

5. Salesperson hangs up the phone, which clears the line automatically.

Method: On the selling floor there is the convenience and privacy of phone conversation. In the stockroom there is amplified voice-type operation over speakers and pickup microphones."

When in July of 1958 Mr. Hanselman wrote to the operating telephone companies, our customer concluded that the telephone companies would be willing to connect their telephone systems to subscriber-owned special stockroom equipment. Under this assumption, we have received a number of orders for such equipment. Some have been delivered and some are ready for delivery.

Last week we received a telephone call from our customer with the request to cancel the outstanding orders and authorization to return equipment for credit which had been delivered in the past few months.

We were advised that the telephone company has vacillated for several months between their willingness to connect telephones to the subscriber-owned stockroom equipment and their refusal to do so.

Finally, the subscriber has asked the telephone company to have a clear-cut decision made which would affect installations in a number of areas served by three or four Bell operating companies.

A reply came recently through a representative of the Illinois Bell Telephone Co. but with the understanding that this decision was reached in New York and would affect other operating companies as well. It stated:

1. The Bell System will furnish and connect to their equipment, speakers and mike pickups for two-way point to area communication between their telephones on the one end and amplified voice area communication on the other.

2. The Bell System will not furnish speakers to be used solely for paging from their equipment to an area.

3. The Bell System will not connect their equipment to a subscriber owned paging or intercom system.

We feel that a private communication system which meets the requirement of internal communication, such as a sales-to-stockroom area system, does not become a common carrier by the sole virtue of the telephone company connecting it to its instrument.

If the telephone company contends that the stockroom area system is, in reality, nothing other than a hands-free telephone, it must be said that a hands-free telephone is used primarily and, in most instances, exclusively used for internal communications.

The telephone company has furnished one such system in Illinois.

May we ask you to be so kind as to explain to us what the position of the Justice Department is in regard to the supply of systems as described above by the operating telephone companies of A.T. & T.? Thank you sincerely for your prompt reply.

Very truly yours,
Ronney L. Harlow.

Merpaco Electronics,
Montgomery, Ala., May 9, 1957.

Executone Systems Co.,
Birmingham, Ala.
(Attention of Mrs. Blevins).

Dear Mrs. Blevins: I thought you would be interested in this matter. I know that Executone has been fighting this same problem on a national scale. I have endeavored on several occasions to contact you via long distance to discuss this but have been unable to reach you at the time. Please review the situation as briefed herein and I hope that we shall hear from you favorably.

In the course of our electronics business, we have encountered considerable difficulties with Southern Bell Telephone & Telegraph Co. In fact, we recently lost a very sizable contract regarding the installation of a loudspeaker system in a large plant being constructed nearby. We were notified by our prospective customer that contractual arrangements had been made with Southern Bell, an operating subsidiary of American Telephone & Telegraph Co., to install this loudspeaker paging system on which we had been in negotiation.

We had thought that a sale or lease by Southern Bell of the type of equipment involved in such a loudspeaker system would fall within the scope of a decree of the U.S. District Court for the District of New Jersey in a suit by the United States against Western Electric and American Telephone & Telegraph dated January 24, 1956.

However, Southern Bell has contended that such a paging system service was a "common carrier communications service" and hence not within the prohibitory features of the New Jersey decree.

Apparently this approach on its part is to be a common one in an attempt by the Bell operating companies to avoid the effects of the antitrust judgment.

We do not propose to let the matter drop. We are contemplating several courses of action which we hope will bring us some relief. The purpose of this letter is twofold: To elicit from you information from your own experience or from the experience of others within the scope of your knowledge regarding similar competitive action by Southern Bell, and to know whether you think any common endeavor to relieve the situation would be feasible and if you would be willing to cooperate with us and our attorney in providing the above information and also financial assistance to help defray attorney's fees.

I would appreciate your communicating the requested information to me at your very earliest convenience.

Yours very truly,
Irvin Gassenheimer, Jr.

Acousticon Hearing Aids,
Lincoln, Nebr., October 7, 1960.

Aunex Corp.,
Chicago, Ill.

Dear Sir: We are handling the Aunex electro-larynx speaking instrument mainly because we were asked to by a number of our medical men who wanted a good speaking device and service made available to their patients. Our volume is quite small and our profit from this business is negligible.

It seems that this is a principle involved, however, that could apply to any business. Why should a large company, especially a public utility company, who are making their profits from something that has become a necessity to the public, sell an item at cost thereby depriving those that are in that business from making a normal profit? Certainly it is unfair competition of the highest order.

Surely we all feel sorry for the people, who of necessity must use this device, and are willing to invest our time and money to be of service to them but still feel that this should not be donated. The doctor who operated on them and the hospital who cared for them certainly made a good profit from their services.

Suppose this situation could be turned about so that the people who make a living from the manufacture and sale of speaking devices could furnish, telephone service at cost? This picture might look differently.

Yours truly,

ACOUSTICON-HANCOCK CO.,
LOUIS M. HANCOCK.

MARCH 6, 1962.

Mr. JOHN JAMES,
Antitrust Division, Department of Justice, Washington, D.C.

GENTLEMEN: On August 2, 1961, we changed our telephone number from Graceland 7-0116 to 477-0300. It was agreed at that time that all calls for Graceland 7-0116 would be terminated to a special operator's desk and be referred to the new number until the yellow pages have been replaced.

Instead, the number Graceland 7-0116 was assigned to another customer with, of course, considerable loss of calls to our corporation. Please note that we were paying money for advertising the Graceland 7-0116 number in the yellow pages.

On December 12, 1961, the attention of the telephone company was drawn to the fact that they had violated our agreement. We received a letter of regret with the indication that arrangements had been made, effective December 15, to start referring any calls to our new number, 477-0300. The only compensation that was offered is according to the attached copies of letters from the telephone company.

Even today our calls are referred to as Central Auto. We are still losing business as we have continuously since September of 1961.

The compounding of errors in this instance is indeed remarkable when compared to the often-referred-to efficiency of the telephone company. We are unfortunately in a position of having to make our living often in competition with the telephone company.

It is hard to understand why the common carrier should be permitted to divert telephone calls destined for a competitor in the private communication field.

What should our course of action be?

Very truly yours,

CENTRAL AUDIO EQUIPMENT CORP.
RONNEY L. HARLOW.

APRIL 11, 1961.

Mr. W. WALLACE KIRKPATRICK,
Acting Assistant Attorney General,
Antitrust Division,
U.S. Department of Justice,
Washington, D.C.

DEAR MR. KIRKPATRICK: It is my understanding that the Antitrust Division of the Justice Department is conducting an investigation of violations by A.T. & T. and the Bell operating companies of the consent decree entered into by them in 1956. Attached is a list of violations in existence on January 24, 1961, or discovered by our representatives since that date.

We are very much interested in this matter, since Bell's violations have cost us business in some instances.

We are also enclosing a second list of violations. This list was made up around January 18, and contains violations discovered prior to that date, which to the best of our knowledge still exist.

Yours very truly,

H. M. EATON,
Chief Counsel.

Date violation discovered: Bell paging installed November 15, 1960.

Bell subsidiary: Ohio Bell.

Bell customer: The Youngstown Buick Co., Youngstown, Ohio.

Type of service: Paging system.

Comments: Bell told this customer this was a violation of their tariff when it was installed, and they would sell the system to them later if they had to.

Bell subsidiary: Pennsylvania Bell.

Bell customer: Penco Division of Alan Wood Steel Co., Oaks, Pa.

Type of service: Bell paging from simple board.

Bell subsidiary: Pennsylvania Bell.

Bell customer: Pennsylvania Lumberman's Mutual Insurance Co., Philadelphia, Pa.

Type of service: paging from 701 board.

Date violation discovered: April 7, 1961.

Bell customer: Available to any.

Type of service: talkback paging system.

Comments: Michigan Bell is now offering the above system which is presently limited to five speakers. We are advised that Bell expects to expand this to at least seven speakers in the near future. The rental for the above system would be approximately $30.

Date violation discovered: March 15, 1961.

Bell subsidiary: New York Bell.

Bell customer: Hickok Manufacturing Co., Lyons, N.Y.

Type of service: There are extensions on the dial intercom that are used for intercom only, along with extensions connected with public exchange.

Date violation discovered: Approximately March 20, 1961.

Bell subsidiary: Pennsylvania Bell.

Bell customer: Peerless Footwear, Souderton, Pa.

Type of service: Dial paging system.

Comments: Terryphone system was removed due to the installation of this Bell dial paging system.

Date violation discovered: Approximately February 28, 1961.

Bell subsidiary: Pennsylvania Bell.

Comments: Bell Telephone of Pennsylvania assumed maintenance responsibility and ownership of the private telephone system of the city of Philadelphia, thereby restraining Terryphone from improving the communications of the Philadelphia International Airport, which is a job we had in progress.

Date violation discovered: Installed June 1960.

Bell subsidiary: Diamond State Telephone Co.

Bell customer: Speackman Plumbing Supply Co., Wilmington, Del.

Type of service: Bell autocall.

Date violation discovered: Approximately February 22, 1961.

Bell subsidiary: Diamond State Telephone Co.

Bell customer: Earnest DiSabitino & Son, Wilmington, Del.

Type of service: Bell paging system.

Date violation discovered: December 22, 1960.

Bell subsidiary: Wisconsin Bell.

Bell customer: Lurie Glass Co., Milwaukee, Wis.

Type of service: Voice paging.

Date violation discovered: December 6, 1960.

Bell subsidiary: Wisconsin Bell.

Bell customer: Humphrey Chevrolet Co., Milwaukee, Wis.

Type of service: Voice paging and paging system using callback over separate speakers similar to no-hands telephone.

Comments: An independent company is putting a central paging system in Humphrey Chevrolet. Bell Telephone will bill the customer and be billed in return by the independent company. Mr. James Gaynor of Bell Telephone told Mr. Schnitz, sales manager of Humphrey Chevrolet, that they would be billed only by Bell.

Date violation discovered: January 17, 1961.

Bell subsidiary: Wisconsin Bell.

Bell customer: Jaeger Oldsmobile Co., Milwaukee, Wis.

Type of service: Voice paging.

Date violation discovered: December 9, 1960.

Bell subsidiary: Wisconsin Bell.

Bell customer: Selling Aids, Inc., Milwaukee, Wis.

Type of service: Signal call, paging by bells.

Comments: This is an autocall, owned and leased by Bell Telephone.

Date violation discovered: December 28, 1960.

Bell subsidiary: Wisconsin Bell.

Bell customer: Charles H. Stehling Co., Milwaukee, Wis.

Type of service: Voice paging connected to a 755-dial intercom.

Date violation discovered: November 15, 1960.

Bell subsidiary: Wisconsin Bell.

Bell customer: Hunter Machinery Co., Inc., Milwaukee, Wis.

Type of service: Voice paging connected to a 740-dial board.

Date violation discovered: January 30, 1961.

Bell subsidiary: Wisconsin Bell.

Bell customer: Pelton Steel Casting Co., Milwaukee, Wis.

Type of service: Voice paging.

Date violation discovered: January 27, 1961.

Bell subsidiary: Wisconsin Bell.

Bell customer: Fiebing Chemical Co., Milwaukee, Wis.

Type of service: Voice paging.

Date violation discovered: January 18, 1961.

Bell subsidiary: New England Telephone & Telegraph.

Bell customer: O'Donnell-Ulsen, South Boston, Mass.

Type of service: Signal call, paging by bells.

Date violation discovered: February 3, 1961.

Bell subsidiary: New York Bell.

Bell representatives: Messrs. Dueel, DuVal & Marshall.

Customer: B. & J. Spring & Equipment Co., New York City.

Comments: Messrs. Duell, DuVal & Marshall of Bell called on B. & J. Spring & Equipment Co., in an attempt to sell them a paging system through their switchboards, in order to knock out a trial installation that we now have installed. The trial installation at B. & J. is not complete, for a leased line has to be installed from their New York office to their Mineola, Long Island, office. This is a distance of about 20 miles. The Bell men told Mr. Rettig, vice president of B. & J. that they would install the leased line, and the only thing to be determined was what the tariff would be, radio line or regular leased line. Our service manager in New York, Mr. Vobis, has talked to Mr. Marshall and Mr. Dueel of Bell about our technical requirements, and they clearly understand that we do not need a radio line.

Date violation discovered: February 2, 1961.

Bell subsidiary: New York Bell.

Bell customer: Crust Products, Bronx, N.Y.

Comments: Installation was completed in February. It was the first installation of this kind, to the best of our knowledge. Paging is accomplished through operator's standard headset, via footswitch and selector key on the switchboard. Zoning is accomplished via selective dialing to any area, and selective dialing for all page.

Date violation discovered: February 2, 1961.

Bell subsidiary: New York Bell.

Bell customer: Jennings Ford Co., Bronx, N.Y.

Comments: This customer has signed a contract for a system similar to the one mentioned above. They have a service department five blocks away from their main office which is being connected via leased lines. All equipment used on both jobs belongs to the New York Telephone Co.

Date violation discovered: February 15, 1961.

Bell subsidiary: Bell of Pennsylvania.

Bell customer: Gibson, MacElvain Lumber Co., Philadelphia, Pa.

Type of service: Bell paging.

Date violation discovered: February 15, 1961.

Bell subsidiary: New York Bell.

Bell customer: Narico, Hartman & Leddon, Philadelphia, Pa.

Type of service: Bell paging.

Date violation discovered: February 15, 1961.

Bell subsidiary: New York Bell.

Bell customer: Mohawk Devices, Doylestown, Pa.

Type of service: Bell paging.

Date violation discovered: February 20, 1961.

Bell subsidiary: Southern Bell of Georgia.

Bell customer: B. F. Goodrich Co. warehouse, Atlanta, Ga.

Type of service: Voice paging.

Date violation discovered: April 5, 1961.

Bell subsidiary: Bell of Pennsylvania.

Bell customer: Carl's Hillview (bowling) Lanes, Greensburg, Pa.

Type of service: Internal communication system isolated from common carrier equipment.

Date violation discovered: January 25, 1961.

Bell subsidiary: Wisconsin Bell.

Bell customer: Humphrey Chevrolet, Milwaukee, Wis.

Comments: Our Milwaukee salesman was working on a Terryphone installation for the above company. In an attempt to stop the Terryphone installation, Bell has installed speakers and added them to the customer's 740 automatic board. They set up a dial page to compare to the Terryphone system. These are not Bell speakers, but have been obtained in some way from a local distributor.

PRIVATE COMMUNICATIONS
ASSOCIATION, INC.,
New York, N.Y., September 18, 1961.

Mr. JOHN JAMES,
Assistant Attorney General, U.S. Department of Justice, Washington, D.C.

DEAR MR. JAMES: At our last meeting in May I agreed to write you on the subject of telephone lines of competitive systems in the same conduit.

A long, tiresome treatise could be written, going into engineering detail. This would be of little interest to the layman who wishes to determine whether there would be any crosstalk or interference from private intercom dial system telephone lines drawn into the same conduit with telephone lines of a public utility system.

It must be remembered that standard telephone practice calls for balanced telephone lines wherever lines are packed tightly, as in cable and closely associated as in conduits.

The balancing is done by feeding talking battery to both sides of the calling line using a dual relay or repeat coil. Similar type battery feed is used on the called side of the line. This system is used by all leading telephone equipment suppliers—Western Electric, Automatic Electric, North Electric, Kellogg, Stromberg-Carlson, Tele-Norm, and others.

The cable pairs and telephone lines are twisted to decrease the capacity which would cause crosstalk.

All these lines, when connected through in the talking position, are at zero level, and since they are all of one level, no crosstalk will take place.

Since the Bell system provides service to many subscribers in the same cable or conduit, how can they tell such an untruth that equipment of another manufacturer which is identical to theirs, would cause interference or crosstalk if the lines were intermingled or associated with theirs?

This statement is made to scare the prospect and the private communication company loses the order in many cases, as people feel that the Bell company would not tell an untruth.

Another obstacle in the way of the private contractor is to find room in the conduits which, incidentally, have been installed by the owners. The Bell companies pull in large cables to fill up the conduits, even though only one telephone line is required in order to prevent a private system being installed. The cost of the cable is charged to the rate base and waste of cable is of no concern to Bell.

In my 40 years in the telephone business I have been responsible for the installation of several thousand lines of private dial telephones, the great majority of which are in the same conduit with Bell system lines.

The Bell system tries to insist that a separate conduit system be installed just to make the cost prohibitive.

This, in my opinion, is determined by the top brass and is in restraint of trade.

Very truly yours,
CLARENCE A. MCKEE,
President.

MEMORANDUM

AUGUST 13, 1962.

To: All Senators.
From: Senator ESTES KEFAUVER.

Never in the history of the Senate, in my opinion, has there been a group of Senators, conscientiously opposed to a bill and desirous of an extended educational debate, who have been fairer or more considerate in their willingness not to block the vital business of the Senate and the Nation, than the group which now opposes H.R. 11040.

I call your attention to the following facts:

1. Though H.R. 11040 was first called up nearly 2 months ago, there have been only a few days of full debate. Continuity has been completely lost by the opponents.

2. On June 21, we had the manpower (and womanpower) to block vital emergency bills by extended debate. At the request of the leadership, we refrained from so doing.

3. On July 23, we acceded to a unanimous-consent request by Senator MANSFIELD that the Finance Committee be permitted to sit for the entire remainder of the session, thereby eliminating any interference with progress on the tax, tariff, and other vital measures in the President's program.

4. On July 27 we acceded to a unanimous-consent request by Senators HUMPHREY and HAYDEN to take up and pass a Senate resolution extending all Federal appropriations until August 31, 1962.

5. On August 1 we acceded to a unanimous-consent request by the majority leader that H.R. 11040 be referred to the Foreign Relations Committee, even though the time allotted was far too short.

6. On August 1 we acceded to a unanimous-consent request by Senator MANSFIELD, that, on August 10, H.R. 11040 become the pending order of business, even though many of our group had not had an opportunity to make even one speech on the motion to take up. This agreement was in response to Senator HUMPHREY'S repeated plea that debate be on the bill itself, not on the motion to take up.

7. On the evening of July 27, Senator YARBOROUGH deferred to the promise Senator HUMPHREY had made that there would be no live quorum calls, despite the fact that such a call might well have found an adjournment.

8. We refrained throughout the debate from exercising many of the rights guaranteed us by the Senate rules, with the exception of a single request that the Journal be read, and this after the majority leader used the admittedly unusual procedure of trying to bring up a major bill during the morning hour.

9. We allowed gaps in debate from June 21 to July 27 and from August 1 to August 10 which completely destroyed the continuity of our attempt to put our case before the Senate and the American people.

In return for these concessions and attempts to be fair and reasonable, we have been rewarded with:

1. Unprecedented Saturday sessions.
2. Sessions beginning early in the morning and ending late at night.
3. Repeated criticism and abuse as a "little band of willful men."
4. Only 2 days of debate (one on a Saturday) since H.R. 11040 became the pending business of the Senate.
5. Denial of several Senators' right to give so much as one speech on H.R. 11040.
6. A gag cloture petition, filed before the report of the Foreign Relations Committee has even been filed.

I am compelled to state that I believe Saturday's cloture petition to be unwarranted and unfair treatment of a group of U.S. Senators attempting to follow their deepest convictions. This is particularly true in light of the great lengths to which my colleagues and I have gone to be fair and reasonable with the leadership.

Mr. GRUENING. Mr. President, I suggest the absence of a quorum. It will not be a live quorum.

Mr. MORSE. Mr. President, will the Senator from Alaska withhold his suggestion of the absence of a quorum?

Mr. GRUENING. I shall be glad to withhold it.

Mr. MORSE. Has the Senator finished his speech?

Mr. GRUENING. I have finished my speech.

Mr. MORSE. If the Senator from Alaska does not mind, I should like to proceed with my speech without a quorum call.

ICC RULE UNFAIR TO AMPUTEES

Mr. CARROLL. Mr. President, Senators know well my interest in improving the safety record on our highways. I have often on this floor deplored the outrageous carnage that occurs on our Nation's highways.

One important approach to reducing our highway accident rate is to improve and to enforce the standards required for driver licenses.

It is important that the standards be set intelligently and enforced fairly and justly. The Federal Government and the Interstate Commerce Commission have a responsibility to lead the way in establishing sound licensing procedures.

By and large, the Commission's regulations for the licensing of drivers in interstate commerce are fair and responsible.

There is, however, an exception.

The Interstate Commerce Commission now denies—totally and absolutely—permission to drive in interstate commerce to anyone who has suffered the loss of a limb.

I should like to bring to the attention of the Senate today a case in which, in my opinion, a serious injustice has been done and is still being done to a rehabilitated amputee because of this regulation.

This rule was brought to my attention by the case of Mr. Harold Hunter, a driver for the Shupe & Yost Trucking Co. in Greeley, Colo. Mr. Hunter lost his left leg in an accident in 1950. For over 6 years, he has driven a truck without accident of any kind. He has now lost his job because of regulation 191.2 of the Interstate Commerce Commission.

According to my information, there is no question as to Mr. Hunter's ability to handle a truck effectively and safely.

It appears to me that such a regulation as this works what appears to be an unnecessary hardship upon those who, already physically handicapped, are attempting to return to a normal and productive life.

Mr. President, I have had considerable correspondence on this matter, which I should like to bring to the attention of the Senate. I ask unanimous consent that my letter to the Interstate Commerce Commission on his subject, and the reply of the Commission, and a letter from Mr. Chester C. Hadden, of Denver, be included in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

July 18, 1962.

Mr. Rupert L. Murphy,
Chairman, Interstate Commerce Commission, Washington, D.C.

Dear Mr. Murphy: I am enclosing for your information an article written by the widely read Denver columnist, Pasquale Marranzino, which was published in the Denver Rocky Mountain News on July 13, 1962.

This article outlines the difficulties of Mr. Harold Hunter, a driver for the Shupe & Yost Trucking Co. Mr. Hunter lost his left leg in an accident in 1950. He has for the last 6 years, and until recently, driven a truck in interstate transport.

He has now lost his job because he is unable to obtain an interstate permit due to regulation 191.2 of the Interstate Commerce Commission. This regulation, as you know, denies a permit to anyone who has lost a limb or the use thereof.

In view of the fact that Mr. Hunter has driven for 6 years without accident, it seems unduly harsh on him and his family to prevent him from pursuing an occupation which he apparently does well.

I know that the Commission has, in recent months, been giving much thought and attention to this regulation. It is my information that Congressman Williams, chairman of the Subcommittee on Transportation and Aeronautics, has introduced a bill (H.R. 4273) which provides that if a doctor certifies that a man's loss of limb will not prevent him from safely operating a vehicle, the Interstate Commerce Commission shall—if he is otherwise qualified—allow him to drive in interstate commerce. I know that you have communicated with the subcommittee on this bill.

I am confident the Commission is anxious to remedy any injustices which may exist in this regulation. I know that the Commission feels that it is of paramount importance to insure the continuance of the very highest possible standards of competence and ability. I completely agree.

It is my understanding that the Office for Vocational Rehabilitation has sponsored a study by the Harvard School of Public Health. This study will be, I believe, the first detailed investigation into the effect of loss of limb upon driving skills.

As soon as this report is complete, I urge the Commission to give its findings and recommendations its most careful and sympathetic attention. As the enclosed article points out, this regulation works what appears to be an unnecessary hardship upon those who, already physically handicapped, are attempting to return to a normal and productive life.

If it is found that amputees are fully capable of driving in interstate commerce, if it is found that safety standards are not lessened by their driving, then surely there can be no excuse for the continuation of this regulation.

Kindest regards.

Sincerely,

John A. Carroll.

(CC: Congressman Williams.)

Interstate Commerce Commission,
Washington, D.C., July 25, 1962.

Hon. John A. Carroll,
U.S. Senate,
Washington, D.C.

Dear Senator Carroll: This will reply to your letter of July 18, 1962, enclosing an article written by Mr. Pasquale Marranzino, published in the Denver Rocky Mountain News on July 13. The article deals with the fact that Mr. Harold Hunter, a driver for Shupe & Yost Trucking Co., fails to qualify under our minimum safety regulations as a driver in interstate commerce because of amputation of his left leg in 1950. He has worked for 6 years and until recently as a truck driver in interstate service.

You mention the fact that Congressman Williams, chairman of the Subcommittee on Transportation and Aeronautics, has introduced H.R. 4273, a bill to limit the Commission's duty with respect to amputees. You have urged that upon completion of a study by the Harvard School of Public Health, for the Office of Vocational Rehabilitation, the Commission give the findings and recommendations careful and sympathetic attention.

I assure you that the Commission is anxious to maintain safety regulations which impose as little personal hardship as possible. Under section 204 of the Interstate Commerce Act, the Commission is required to prescribe regulations governing the qualifications of drivers of commercial vehicles in interstate and foreign commerce. In doing this, it must give overriding consideration to the public interest. The Commission adopted the present regulation, as to amputees, in 1937. Thus, it has been in effect 25 years. It is important to emphasize that the regulation has not in the past, and does not now, prohibit the driving of vehicles in local operations, such as in a city, or the commercial zone thereof.

This is the area in which commercial firms ordinarily operate small vehicles. The limitation runs to vehicles in intercity service, most of which are large, travel long distances and at sustained speeds. Those amputees who are competent drivers can be employed in the operation of small vehicles in local service where the hazard to them and the general public is very much less than in long-distance high-speed operations.

When the results of the Harvard study are made known, careful examination of the findings and recommendations will be made to determine if they furnish a sufficient basis for review of our regulations, in view of the special nature of the Commission's responsibility.

I appreciate your expression of interest in this problem. We will continue to maintain regulations relating to the safety of interstate commercial vehicles, to the best of our ability, which are adequate to their purpose and as reasonable as is consistent with that purpose.

Sincerely,

Rupert L. Murphy,
Chairman.

(CC: Hon. John Bell Williams.)

Gaines Orthopedic Appliances, Inc.,
Denver, Colo., July 23, 1962.

Hon. John A. Carroll,
U.S. Senator, Senate Office Building, Washington, D.C.

Dear Senator Carroll: I am enclosing herewith some newspaper clippings relative to one Harold Hunter, Evans, Colo. As you know Evans is a small community located near Greeley.

Mr. Hunter had been driving for the firm of Shupe & Yost in Greeley for 7 years, averaging about 100,000 miles a year and had never had any kind of an accident. In spite of this, he, like many hundreds of others throughout the Nation have been fired arbitrarily because of ICC regulations. I was hoping, following my telephone conversation with you of a couple of weeks back, that possibly his employers might not follow the ICC instructions and would keep him on. As a matter of fact, they did keep him on 3 weeks longer than the ICC told them they could keep him.

Your files will show as mine do, this fight started with the ICC back in 1957. General Maas has been carrying on as a good soldier always carrys on, in trying to battle this but is getting no place so far as I know. I would like to quote from a letter I received from you dated July 16, 1957, in which you said, "I would be the last one to suggest any weakening in the rules of the Commission with regard to highway traffic safety, however, if it can be demonstrated as seems to be the case of Mr. Winn that a physically handicapped person can and has operated a truck through the aid of an artificial limb without impaired safety then I would like to respectifully suggest that your honorable body consider a modification of its rules to make employment of such individuals as Mr. Winn possible." Shortly after this date the American Academy of Orthopedic Surgeons, who should be in probably the best position of any group of medical men in the world to evaluate physical disability, passed a resolution condemning the ICC procedures as being completely unscientific and morally wrong. In spite of all we have done we are about in the same position that we were in, in 1957.

The Office of Vocational Rehabilitation has given a grant to Harvard University to study the situation and a final report on this grant is not yet available and I cannot tell you how soon it will be but it is obvious to me at least the Interstate Commerce Commission has no intention of changing their attitude unless it is done through legislative action. I believe that there is a bill in the House at the present moment which would relieve to some degree this situation and it would be my sincere hope that you will lend all of the prestige of your office in seeing that this bill gets out of committee and on the floor so that some final determination can be made by the Congress of the United States on this rather ridiculous ICC rule which is certainly not based upon any scientific standards whatsoever.

The following quotation from an article entitled "Administration of the Law", by Simon Sobeloff, chief judge, Fourth Circuit Court of Appeals, seems to me to apply very well to the situation of the Interstate Commerce Commission and their attitude. "So, the thing to remember is that they are not engaged in a mechanical process, but are dealing with people and peoples' rights. Involved in every decision are considerations of reasonableness, commonsense and fairness to attain sound results, the administrator must not concentrate on the ends and disregard the means—neither should he consider the means without regard to the ends to be reached. He must be sensible to both."

It appears from the article in today's Rocky Mountain News that you are on the side of the truck drivers and I hope that you will use all the influence that you possibly have in this regard. If there is anything that happens locally that I think will be of importance to you I will certainly forward it to you by air mail and if there is anything that you think I might do locally to help the situation please do not hesitate to call upon me.

Sincerely,

CHESTER C. HADDAN.

(CC: Gen. Melvin J. Maas.)

Mr. CARROLL. Mr. President, I also request unanimous consent that an article by the widely read columnist, Pasquale Marranzino, an editorial, and two news stories from the Rocky Mountain News be included in the RECORD at this point.

There being no objection, the articles and editorial were ordered to be printed in the RECORD, as follows:

ICC TRUCK RULE CUTS LEG FROM UNDER DRIVER

(By Pasquale Marranzino)

Harold Hunter will be 30 on Saturday.

It's a birthday he probably will remember all of his life because as a special present he is getting the sack.

He will drive his transport truck into the Greeley garage of Shupe & Yost Trucking Co. where the pink slip will be waiting. His bosses love him, he has an unblemished record of 6 years as a driver, he is well thought of in his farm community of Evans near Greeley.

Hunter has three children—10, 8, and 5 years old. He has a house and an automobile and was getting along fine until he was dismissed. But he hasn't a leg to stand on.

That's not a figure of speech, that's a fact.

TRACTOR MISHAP

In 1950 Harold was driving a tractor on his father's farm and there was a mishap. The tractor mashed his left leg and it had to be amputated above the knee.

The strapping young man recovered from his injury quickly. "By beet time," he smiled, "I was out helping dad with one leg."

Then Harold ran into Chet Haddan, who runs Gaines Orthopedic Appliances in Denver. Chet thought Harold could be as good as new with a prosthetic device—an artificial leg. Harold thought he'd stay on his crutches. Then Chet whacked his own left leg with one of the crutches. Harold hadn't realized that Chet was in the same boat.

DRIVER'S TEST

Harold threw away the crutches and pretty soon was out playing ball with the kids on his artificial leg. He passed his regular driver's license test and threw away the hand brake he had fixed on his steering wheel.

Then he applied for and passed the test for a chauffeur's license and began driving for the trucking company.

He hauled grain from the Greeley area to Salt Lake City for poultry feed. Then he hauled a truckload of salt back. This is what's called interstate driving. He drove 100,000 miles a year.

And back in Washington is a little old bureau called the Interstate Commerce Commission. Like all little old Washington bureaus, the ICC is hogtied with mountains of regulations.

NOTE TO BOSS

One of these is regulation 191.2 wherein the Commission decrees that anybody without part of any limb cannot wheel trucks in interstate commerce.

The Commission found out about Harold and sent a note to his boss, Harvey D. Shupe, pointing out that his truck line was in violation of regulation 191.2 and that he better get straight.

Shupe told the district ICC office that Hunter was a man with 6 years of unblemished record—a competent, trustworthy, and capable driver whose artificial leg was no handicap at all.

Washington was unrelenting. Drivers with artificial limbs pose a menace to interstate highway travel. Sack Hunter.

So "with regrets," Shupe pulls Hunter off his rig on Saturday.

Hadden, a member of the National Advisory Council to the Secretary of Health, Education, and Welfare, began talking to Washington.

BAFFLING RULE

"The regulation is baffling," Hadden said. "We have letters from the leading insurance companies attesting to the competence of men like Hunter.

"We have a letter from the President's Committee for Employment of the Handicapped recommending he stay. The Civil Service Commission approves the hiring of men and women with artificial legs and arms to drive Government cars," he said.

His appeal reached the ears of Dr. Ross A. McFarland, director of research grants for Health, Education, and Welfare. McFarland responded with the approval of $250,000 for a Harvard research project on the capabilities of drivers with artificial limbs.

The progress report from Harvard is a classic in fiddle-faddle, from the place where fiddle-faddle is the chief export.

It has graphs and statistics which show that a man with two arms and two legs has better reactions than a man with one hand and two limbs missing. This is $250,000 worth of important conclusion.

There it stands. The ICC holds to its regulation. Hunter has to give up a job which paid him as much as $150 a week. Everybody is apologetic all around and Hunter does not have a leg to stand on.

REDTAPE TANGLE

The administrative halls of Washington are chronically tangled in a skein of tape, cobwebbing and other obstacles that forever hinder the cause of efficiency and occasionally justice.

These are caused by reams of regulations, department by department—regulations set up for the honest purpose of policy and direction, but some of them foolish, costly and unnecessary.

Such is the case with the Interstate Commerce Commission which, through a regulation prohibiting drivers with loss of any limb from driving trucks in interstate commerce, has forced the dismissal of a 30-year-old Evans, Colo., trucker.

The driver, Harold Hunter, suffered loss of his left leg in a tractor accident in 1960. For 6 years he has had an unblemished record of driving interstate with a Greeley truckline.

Insurance companies, people interested in employing the so-called handicapped, even one major Government bureau, the Department of Health, Education, and Welfare, have intervened asking that Hunter be an exception to the regulation because of his excellent record.

But the ICC has been adamant. Their refusal to budge certainly kicks the props out from under the hopes of the thousands of limbless who are capable of living normal, productive lives.

THERE IS NOTHING ARTIFICIAL ABOUT HAROLD HUNTER'S HEART

EVANS, July 17.—"It's just one of those things a guy has to face."

Harold Hunter's voice reflected his deep disappointment.

Hunter, a driver for Shupe & Yost Trucking Co. of Greeley, has been forced out of the trucking business because he has an artificial leg.

He piloted the mammonth 10-ton trucks for 6 years for the firm. He had a perfect record.

Saturday night, when he returned from a trip to Salt Lake City, the company informed him he was through with driving.

He can continue on as long as he wants in the workshops. But that isn't what Hunter wants.

"I just can't take that kind of work. It's hard on my leg and besides that I love those big trucks," he said.

Hunter lost his leg in a farming accident in 1950. He was driving a tractor when he engaged a power takeoff and his leg—below the knee—was caught in the tractor machinery.

IN SPITE OF RECORD

"Driving was easy for me," he said, "I never had any trouble and it was easy on my leg."

But in spite of Hunter's record, the Interstate Commerce Commission ruled he couldn't drive any more.

They cited a regulation that demands all drivers have no missing limbs.

The ICC ordered the trucking firm to take Hunter off in 2 weeks after their visit about the first of the month.

"I felt bad for 2 weeks. It was a good livelihood. A good living for me."

Hunter said he plans to relax and think for a while before making any decision about his career.

"The company has been very good to me. I think they were just as disappointed as I was. Henry Shupe and Howard Yost have really been great. I appreciate that," he said.

WET BLANKET

"I'd like to keep on driving but wherever I'd go, the ICC would be all over me like a wet blanket.

"I guess I'll have to drive inside the State. I know I'll find a job somewhere," he said hopefully.

Hunter, his wife, Helen, and their three children, Gary 10, Sherry 8, and Gerald 4, all live in Evans, a small community south of Greeley.

"One thing I know for sure," Hunter declared, "I can drive a truck as good as anybody."

CARROLL RAPS RULING ON AMPUTEE DRIVER

Senator JOHN A. CARROLL, Democrat, of Colorado, has charged that the Interstate Commerce Commission's (ICC) regulation denying a permit to amputee driver Harold Hunter of Evans is "unduly harsh to him and his family."

In a letter to ICC Chairman Rupert L. Murphy, CARROLL said he was "confident the Commission is anxious to remedy any injustice which may exist in this regulation."

CARROLL referred to an article by Rocky Mountain News Columnist Pasquale Marranzino rapping ICC regulation 191.2 which forced the ICC to revoke Hunter's interstate driving permit.

RELUCTANTLY FIRED

Hunter, who lost a leg in a 1950 farm accident, was reluctantly fired by Shupe & Yost Trucking Co. July 14, after a 6-year record of accident-free driving between Greeley and Salt Lake City. He drove 100,000 miles in 1961.

Company appeals were ignored by the ICC which held firm on regulation 191.2 which states anyone missing a limb or any part of a limb cannot drive trucks in interstate commerce.

Chet Hadden, who runs Gaines Orthopedic Appliance in Denver, and a member of National Advisory Council to the Secretary of Health, Education, and Welfare, appealed to Washington. It did no good.

He produced a letter from the President's Committee for Employment of the Handicapped recommending Hunter be retained.

REGULATION STUDIED

Said CARROLL, "I know that the Commission has, in recent months, been giving much thought and attention to this regulation.

"Congressman WILLIAMS (JOHN BELL WILLIAMS, Democrat, of Mississippi), has introduced a bill which provides that if a doctor certifies a man's loss of limb will not prevent him from safely operating a vehicle, the ICC shall—if he is otherwise qualified—allow him to drive in interstate commerce," CARROLL said.

CARROLL reminded Murphy that a study is currently being conducted at the Harvard School of Public Health investigating into the effects of loss of limb upon driving skills.

"If it is found that amputees are fully capable of driving in interstate commerce, and if it is found that safety standards are not lessened by their driving, then surely there can be no excuse for the continuation of this regulation," CARROLL concluded.

Mr. CARROLL. Mr. President, there is pending in the House at this time a bill, H.R. 4273 introduced by Representative JOHN BELL WILLIAMS which provides that if a doctor certifies that a man's loss of limb will not prevent him from safely operating a vehicle, the Interstate Commerce Commission shall, if the driver is otherwise qualified, allow him to drive in interstate commerce.

This is not a new or dangerous provision. The Federal Aviation Agency utilizes a similar system for certified pilots.

I am hopeful that the Commission will of its own accord alter its regulations in this regard and that congressional action upon this bill will therefore not be necessary. I intend to continue to keep close watch on this situation.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM — AMENDMENTS

Mr. GRUENING submitted amendments, intended to be proposed by him, to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. YARBOROUGH submitted amendments, intended to be proposed by him, to House bill 11040, supra, which were ordered to lie on the table to be printed.

Mr. MORSE submitted amendments, intended to be proposed by him, to House bill 11040, supra, which were ordered to lie on the table and to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, August 13, 1962, he presented to the President of the United States the enrolled bill (S. 2135) to authorize the Securities and Exchange Commission to delegate certain functions.

TAX REDUCTION

Mr. MORSE. Mr. President, the President of the United States tonight made his long-awaited speech on taxes. As Senators know, I have the highest respect and regard for the President of the United States, but I have my responsibilities in the Senate to keep the trust that I believe I owe to the constituents of my State. Therefore, I have to say that in this instance, I thoroughly disagree with the decision of the President of the United States to postpone until the next session of Congress the submission of a tax reduction program.

TAX CUT OVERDUE

In my judgment a tax reduction is long overdue in this country. I think that Congress during this session should have taken action before this upon a needed tax reduction program. I think that, instead of the President suggesting that he will make some recommendations with respect to a tax reduction on January 1 and thereafter, it would have been much better to meet the crying needs of the American people for a tax reduction now. It would have been better if the President had given assurances that immediately following the election in November a special session of Congress would have been called to do those things about which Congress at this session has dillydallied for months, with the result, in my judgment, that it has probably made the poorest legislative record of any Congress in the past 20 years.

One of the great needs of the economy of the country and of the people of the country is a tax reduction program now, not next January, not at some indefinite time in the future.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. GRUENING. Did the senior Senator from Oregon observe that when the President listed all the "must" legislation, the important legislation which he felt it was imperative that Congress pass, he made no mention of a communications satellite bill?

Mr. MORSE. Let me refresh the memory of the Senator from Alaska and the memory of the President of the United States. The Democratic platform of 1960 did not contain a plank requiring communications satellite legislation being vested in a new monopolistic combine, such as the administration's program now before the Senate provides. In fact it does not now have a plank on a satellite communications system.

Mr. President, in my judgment the Democratic Party owes a tax reduction to the American taxpayers now not at some time in the future, after January. The great need of our national economy is expansion. But today the economy is restricted. If anyone has any doubt about that, let him talk to American businessmen, for businessmen from coast to coast will tell us that many of them are seeking to get their businesses "into the black," so they can stop working for the Government at a 52-percent tax rate.

CUT CORPORATE TAX RATES ON EXISTING BUSINESSES

Mr. President, in recent weeks tax authority after tax authority and tax economist after tax economist have been pointing out that the 52-percent corporate tax can be cut to 46 percent, in all economic fairness to American business. Heretofore I have suggested, in several speeches on tax matters, that in my judgment there is no question that this rate could be cut to 50 percent, and that a sound case can be made for reducing it to 48 percent, and that a good prima facie case exists for reducing to 46 percent.

To say to American business, "You must postpone the initiation of an expansion program which a cut in the 52-percent corporate tax would permit" cannot be justified, in view of the economic needs of the country.

We must keep in mind the fact that expansion of the country's economy would not come primarily from new businesses. All of us want new businesses to be established; but, again, the economists point out to us that the largest percentage of the expansion of the economy, when it comes, will come from the expansion of existing businesses whose managements decide that they will increase their employment by expanding their productive power 10 percent, 15 percent, 20 percent, or 25 percent. Investments made by expanding existing businesses would create the greatest percentage of the expansion of the economy. That is sorely needed, Mr. President. I was not impressed with the economic analysis presented tonight in the President's speech, because the actual economic situation of American businessmen persuades me to the contrary. The serious problem of chronic unemployment in many parts of the country rebuts the administration's decision to postpone until sometime in January a tax reduction or consideration of a tax reduction.

He would note the absence from the President's speech that of any bill of specifics as to the nature of the tax-reduction program, if, as, and when one is finally proposed.

INCREASE INDIVIDUAL EXEMPTIONS

Furthermore, the proposal made tonight by the President in the course of his speech offers no hope to the people with small incomes, who at the present time, insofar as their economic needs are concerned, pay taxes really quite out of proportion to the taxes paid by persons of greater wealth, for all of us know that a tax dollar paid by a person of small income means much more to that person than 10 tax dollars paid by persons of great wealth. For a long time our tax authorities have been telling us—and it is quite obvious—that if the Federal income-tax exemption for the low-income group is increased, the resulting tax savings will flow directly into the cash registers on the Main Streets of the Nation, and will increase purchasing power across the country, in hamlet after hamlet, city after city, and community after community. Such an economics "shot in the arm" is needed now by the Nation's economy.

The record shows clearly that a number of years ago some of us proposed an increase to $1,000 of the personal exemption in connection with the Federal income tax. Finally, we were able to have a vote taken on a proposal to increase the exemption from $600 to $800; and on that proposal we were defeated.

Tonight we are just as sound in making this proposal as we were then. It is generally agreed, by most of the tax authorities, that such a tax reduction should be put into effect. I do not know what we are waiting for. I do not know what further proof the administration needs to justify increasing the Federal income-tax exemption from $600 to $1,000. From the standpoint of doing justice to American businessmen, I do not know what further proof or demonstration or testimony the administration requires as to the economic need, to reduce the corporate tax from the present 52 percent to somewhere between 46 and 48 percent.

INCREASED WEALTH WOULD CUT DEFICIT

It is said by some that such a tax reduction would produce a temporary deficit. So it would; but there are places where the money needed to fill that deficit could be obtained, until the increased purchasing power resulting from such a tax reduction now, with the resulting increased employment it would be bound to bring in its wake, would, in effect, create new wealth, and would create new tax dollars in excess of the losses to be suffered at the present time from any such tax reduction.

WASTE IN FOREIGN AID

Mr. President, for the first time in my 18 years in the Senate I refuse to vote for a foreign-aid bill. I refuse to vote for a foreign-aid bill because I am satisfied that our foreign-aid program is honeycombed with hundreds of millions of dollars of shocking waste. We should have made some savings on the foreign-aid bill.

It was for this reason, I moved that consideration of the foreign-aid bill be postponed for a time, until we could take care of some of our domestic economic problems. When I made my speech at the time I made the motion to postpone the consideration of the foreign-aid bill, I stated that we should grapple first with the tax program, before we pass the bill for a foreign-aid program, which is so greatly honeycombed with shocking waste. I suggested then that we should take care of the appropriation bills and the foreign trade bill, before we decided how much should go into a foreign-aid bill.

I would point out respectfully to the administration that I am satisfied that across the Nation increasing millions of the American people are becoming fed up with the waste in the foreign-aid program of the United States.

NATO POWERS SHOULD PAY MORE

Millions of the American people—in increasing numbers—as I hear from them across the country, want to know when we are going to start insisting upon a foreign-aid program premised upon the proposition that some of the now wealthy nations of the world, which we have helped make wealthy since World War II, start paying a greater share of the cost of protecting freedom around the world.

Take a look at the bills we are paying in NATO, although NATO country after NATO country is now in a financial position which makes it possible for them to pay much more than they have been paying, and we should pay much less than we have been paying.

We fulfilled a great moral obligation when we poured our largesse into Europe under the Marshall plan, the point 4 program, and the Turkey-Greece program. It was right to do this; and I voted for these programs. We kept the faith. We saved Europe from being overrun by communism. That was in our self-interest, too. The important point is that it was essential for the preservation of a free world.

We put those countries in a better economic condition now than they were before World War II. Yet it is interesting to note that they have a reluctance about proceeding to pay, as I think they should, a larger share of the cost of NATO.

Or take a look at the expenditures of the United States in southeast Asia, where freedom is threatened. Of course, we have a great national interest in seeing to it that freedom is protected in southeast Asia, but so do the other free nations of the world, many of which are, in one sense, in a better economic condition to pay then we are. They certainly are in a position to pay more.

U.S. NATIONAL DEBT GREATER THAN ALL OF FREE NATIONS COMBINED

A vital statistic that came to light the other day should be used again tonight in commenting upon the President's speech. The total national debt of the United States at the end of 1961 was $295 billion, but the total national debt of all the other free nations of the world combined was only $209 billion.

The national debt of the United States is greater, by $86 billion, than the national debt of all the rest of the nations of the world combined.

The American people have the right to say to their Government at some point: "There must be a halt." The time has come when contributions to the protection of freedom must be based on ability to contribute. The figures indicate that too many of the free nations of the world are not making their fair share of contributions.

Oh, there are some token contributions. They always seem to make some token contributions. But take a look at southeast Asia. Who is footing the bill? It is the American taxpayer. I think the American people have the right to say to our allies, "What are you doing toward helping protect freedom in southeast Asia?"

FOREIGN AID CUT BACK TO REDUCE DEFICIT

Some of the deficit that would be created by a tax reduction now long overdue the American people could be replenished by cutting back on our foreign aid program, and saying quite frankly, to our allies, "The time has come now for you to pay a greater share, for we have made it possible for you to recover." That was a moral obligation, and also our obligation as an ally in the war.

FREE ECONOMY OUR GREATEST WEAPON

I am very much concerned about the greatest security weapon the United States of America has, and that weapon is not missiles, nuclear weapons, or atomic bombs. It happens to be our free economy. Our free economy is in need of some attention by the Congress of the United States. And, I am convinced that the kind of aid to that economy that a tax reduction program at this time would provide ought to be given by this Congress.

PRESIDENT SHOULD FIGHT FOR TAX REDUCTION

I was very much interested in the language of the President's speech regarding the prospects for tax reduction in this Congress. It may be that we cannot get a tax bill out of the Senate Finance Committee now. It may be that we cannot get a tax bill out of the corresponding committee in the House. But the President, nevertheless, in my judgment, should make a fight for it. He should make this fight because the American people are entitled to it, and the President should make clear, in my judgment, that he is asking for it, and that he proposes to call this Congress back into session immediately following the election to see what the Congress will do after they have faced the American people in the election.

TAX CUT A CAMPAIGN ISSUE

I am certain that, if the President makes the tax issue an issue of the campaign, there is no question what the decision of the American people will be in the campaign. I think they are entitled to have it made an issue in the campaign. I think they are entitled to have the assurance that, immediately following the election, if we do not do the job before the campaign, we will be brought back and tax reduction will be one of the issues we are required to act on.

I am sorry to find myself in disagreement with the President, for on few questions do I find myself in disagreement with him. But I certainly disagree with him on taxes, and I certainly disagree with him on the shocking bill now before the Senate of the United States, known as the communications satellite bill.

On these two issues I part company with him, but in the overwhelming majority of the issues before this Congress he finds me standing shoulder to shoulder with him in my legislative work in the Senate.

Mr. President, under the system of checks and balances, in keeping with our obligation as Senators under the oath we took when we came into this body, if we sincerely believe our President is wrong on an issue, we have an obligation to disagree with him. We owe that to the constituency we represent.

For some time past I have disagreed with the dragging of heels in this session of Congress in connection with a tax reduction program. I have spoken about it in the Senate and across the country on several occasions. I have stood for a tax reform program since 1947 in this body when, in that year, I offered as tax amendment recommendations of the Committee for Tax Reforms. I have battled for them. Some have been adopted, but not very many. But, now we have an opportunity to face the fact that we could lower the corporate tax. We could also increase the tax exemption in the low-income brackets.

TAXPAYERS ARE ENTITLED TO RELIEF

I think the American taxpayer is entitled to that double relief now.

I shall discuss the tax situation in the future, both in the Senate before adjournment and on the campaign platform this fall. It will sadden me to be campaigning on an issue on which I disagree with my President, but I think we owe it to the President now to take the issue to the people in our respective States, to find out what is their thinking, and to make certain that we are right as to the public demand—and I think I am.

Then, in a special session of Congress—if the President, on further reflection, sees fit to call us back for a special tax session, or for a session to take care of other substantive pieces of legislation, for obviously we shall not be able to take care of them all before adjournment—we shall be in a position to advise the President on the basis of our contacts with our own people.

I am satisfied that in his speech tonight the President did not bespeak the will of the overwhelming majority of the American people on the tax issue.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MORSE. Mr. President, I turn to the bill which is before the Senate. I said earlier this afternoon that on Saturday the staff of our group in opposition to the bill took a course of action which I think they were very wise in taking under the circumstances, because they were not aware as to what the parliamentary situation might be on Monday. They asked the Senator from Louisiana [Mr. LONG]—and in his usual gracious, accommodating, cooperative manner he agreed to oblige—if he would offer, in behalf of the members of the group in opposition to the bill, these amendments had been offered in the Committee on Foreign Relations. We fought for them but they were voted down in the Committee on Foreign Relations.

In that group of amendments there was a series of amendments the senior Senator from Oregon had offered in the Foreign Relations Committee, argued for in the Foreign Relations Committee, and obtained votes on.

I had also made commitments to individuals and groups throughout the country that I would offer amendments on the floor of the Senate even though defeated in the Foreign Relations Committee. I said in the Foreign Relations Committee, after I was defeated on a series of amendments, that I would offer those amendments to the Senate.

This past weekend I was at home. I discussed the satellite communications bill in a series of speeches. In each of those speeches I discussed some of the amendments which I said to my constituents I would offer on the floor of the Senate on Monday. I was not aware that my amendments had been offered through the courtesy and cooperation of the Senator from Louisiana.

Since the amendments were offered by the Senator from Louisiana, of course the RECORD shows that they appear in his name. I feel that I owe it to those to whom I made my promises, and I also feel that I owe it to myself to offer the amendments, so that no one will think I would say one thing in Oregon and then in the Senate, not in fact, offer the amendments. I have looked these amendments over. I have worked them over, Mr. President, and have made some changes and refinements in them.

Mr. President, I send the amendments to the desk, to show that I am offering them in behalf of myself, and in one or two instances in behalf of myself and a colleague; and I ask that the clerk read the amendments.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read as follows:

Following line 13, page 37 of the bill, add the following subsection:

(d) In carrying out the purposes of this Act——

Mr. MORSE. Mr. President, I interrupt just long enough to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I want it to be understood that I am offering the amendments, I am asking to have them read, and I am also asking that they be printed so that they will be available for consideration as I call them up one by one.

The PRESIDING OFFICER. They will be so accepted.

Mr. MORSE. And I ask that they be read.

Mr. SCOTT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCOTT. May we ascertain the number of amendments the Senator has submitted? Does the Senator submit more than one for reference, or only one amendment.

The PRESIDING OFFICER. The amendments are not submitted for reference. The amendments are to be read, so that they will comply with rule XXII.

Mr. SCOTT. Would the Senator be good enough to advise us as to the number of amendments?

Mr. MORSE. I believe there are 13 or 14.

The PRESIDING OFFICER. The clerk will read the amendments.

The legislative clerk reads as follows:

Amendment intended to be proposed by Mr. MORSE (for himself and Mr. CLARK) to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, viz: Section 305 shall be amended by adding, following line 13, page 37 of the bill, the following subsection:

"(d) In carrying out the purposes of this Act, enumerated in section 305 (a) and (b), the corporation shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. With respect both to its own operations and to the operations of any contractor engaged to carry out these purposes, the corporation shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin."

Mr. SCOTT. Mr. President, will the Senator from Oregon yield with the understanding that he will not lose his right to the floor, so that I may make a suggestion?

Mr. MORSE. I shall be glad to do so, with that understanding.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCOTT. May I suggest to the Senator from Oregon that if he wishes to have the amendments considered as read there will be no objection.

Mr. MORSE. I am very anxious to have them read.

The legislative clerk read as follows:

Amendments intended to be proposed by Mr. MORSE to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, viz: On page 34, line 12, insert the following before the period: ", and no such communications common carrier shall at any time own more than 12 per centum of such shares issued and outstanding".

On page 36, between lines 3 and 4, insert the following:

"(g) The limitations applicable to voting stock in the above sections shall also be applicable to all other securities of the corporation."

Mr. MORSE. Mr. President, I interrupt the clerk for a moment to address a comment to the acting majority leader and the acting minority leader.

I would be open for negotiation for a yea-and-nay vote on my NASA amendment. I have tried to make that clear. When the Senator from Oregon merely asked his colleagues to stand up and be counted on a substitute amendment and there was no willingness on the part of his colleagues to give him a yea-and-nay vote, he decided that they might want his company for the remainder of the night. At least, they probably want a little time for dinner.

The senior Senator from Oregon is very serious about this, because the amendments he is offering are not frivolous amendments.

The amendments I am offering represent deep convictions with me.

ENLARGE JURISDICTION OF NASA

The first amendment, which is now pending before the Senate, is the amendment which seeks to enlarge the jurisdiction of NASA. It has been supported by two brilliant international lawyers who testified before the Committee on Foreign Relations. It suggests another approach to this program, an approach which guarantees the private enterprise system in this country an opportunity to participate in the development of a satellite communications system. It would give to every corporation an opportunity to come in on the ground floor. It has been recommended by some highly qualified authorities in this field.

All the Senator from Oregon asked for was a yea-and-nay vote on that amendment. If the Senate does not wish to stand up and be counted on it, I shall have to discuss it at some length.

Mr. SCOTT. Mr. President, will the Senator yield again with the same understanding that he will not lose his right to the floor?

Mr. MORSE. I will yield, with that understanding.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCOTT. I should like to say, in all good humor, that there are a few things which most of us would prefer to be doing tonight, in contrast to enjoying the company of the distinguished senior Senator from Oregon, but I am not authorized to comment further, although I stand here in some high hopes that those who stand behind me may have something further to say before the evening is over.

Meanwhile, the Senator from Oregon will understand that, somewhat like the cat who took too much medicine, "I'm just filling in."

Mr. MORSE. I wish to make my case on my amendment tonight for the RECORD. Those who wish to read can then read it. Depending on what time the Senate convenes tomorrow, and I should make my argument tonight, I would have no objection to a vote at the end of 30 minutes of debate after we have convened tomorrow, with 15 minutes for each side. But if I cannot get that kind of understanding, then I shall have to use whatever parliamentary rights I have to make my case.

Mr. SCOTT. If the Senator will yield further with the same understanding that he does not lose his right to the floor——

Mr. MORSE. I yield with the same understanding.

Mr. SCOTT. I believe the Senator also holds the opinion that he would have no objection to a vote occurring at 1 o'clock tomorrow on the cloture proceedings, no matter what time we meet?

Mr. MORSE. Of course, I have objection to a vote occurring. But, there is nothing I can do about it because of the cloture petition that has been filed. My understanding is that the vote will be automatic anyway.

Mr. SCOTT. One hour after the Senate convenes. Is that correct?

Mr. MORSE. I do not know what time the Senate will convene. All I am saying is that I cannot stop the cloture vote. However, I hope the Senate will have the good judgment not to vote cloture tomorrow. A group of Senators in all sincerity, and dedicated to the cause for which they stand, have a series of good faith amendments that they think the Senate should consider, debate, and vote upon before there is any end to the consideration of the bill, leaving always the possibility and the prayerful hope that the Senate may exercise the good judgment of ultimately postponing consideration of the bill until after the election.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MORSE. I yield, with the understanding I do not lose any of my rights to the floor.

Mr. DIRKSEN. Mr. President, the provisions of rule XXII are quite clear. It is within the province of any 16 Senators to sign a cloture petition, and once the petition is signed, 1 minute after 1 the vote becomes automatic. The Senate comes in, and whenever it comes in—and already the order has been entered to come in at 12 o'clock tomorrow—there will be 1 hour of discussion. Thereafter the Chair is mandated to order a quorum call in order to ascertain if a quorum is present. After a quorum has been ascertained, the vote on the cloture petition is not only automatic, but it is mandatory.

Senators are familiar with the rule. Senators knew when the cloture petition was filed that it would have to take its course under the rules of the Senate. To agree now, or to contrive a unanimous-consent request whereby that might be modified or the action on the cloture petition might be postponed for the purpose of obtaining a vote on the substitute, is within the province of the Senate, of course. As I remember the rule, it is possible by unanimous consent to postpone proceedings under the cloture petition. But Senators have been notified, and that is the rule. I know of no reason why we ought to recede. For that reason, I can think of no reason why there should be an intervening vote on the substitute that is presently pending.

Mr. MORSE. Is the Senator laboring under any impression that I am seeking to prevent a cloture vote?

Mr. DIRKSEN. Oh, no.

Mr. MORSE. The Senator is aware of the fact that this afternoon the Senate agreed to rollcall votes on a series of amendments. I asked for a yea-and-nay vote on my amendment and I could not get enough hands to give me a yea-and-nay vote on the amendment. I must do the best I can to educate the public through a rather lengthy speech as to the merits of my amendment. I made the suggestion that 30 minutes after the Senate comes in tomorrow noon, with 15 minutes alloted to each side, we could have a yea-and-nea vote on my amendment, to show my good faith in regard to the situation. But the fact is that a sufficient number of Senators do not want a vote on my amendment by way of a yea-and-nay vote. I merely wish to say that the Senator from Illinois ought to know me well enough to know that when I think as a matter of courtesy, I ought to have a yea-and-nay vote on my amendment, I will do the best I can, either to get the yea-and-nay vote, or to help inform the country as to what the parliamentary situation in the Senate is.

Mr. DIRKSEN. Mr. President, will the Senator yield further without losing his right to the floor?

Mr. MORSE. I yield, with that understanding.

Mr. DIRKSEN. Where the Senator falls in error is that early this afternoon the order for the Senate to come in at 12 o'clock tomorrow was obtained by the majority leader. Any Senator could have risen in his place and objected to the unanimous-consent request. There was no objection. Therefore the Senate formalized the fact that the Senate would convene at 12 o'clock tomorrow in compliance with the rules. Is the Senator now willing to have 30 minutes of debate on each side on his substitute amendment, after which the Senate will vote tonight?

Mr. MORSE. No, I am not.

Mr. DIRKSEN. There we are.

Mr. MORSE. I cannot present my case in 30 minutes. What I sought to do was to get an agreement to vote tomorrow, and then Senators could go home and go to bed, if they wanted to do so, or wherever else they wished to go, and I will make my case for the record. I have certain obligations to the people that I represent and certain obligations to people whom I assured I would offer the amendment and make a case for it. In the Committee on Foreign Relations I made very clear, when I was defeated in that committee, that I would make my case on the floor of the Senate.

Mr. DIRKSEN. Mr. President, if the Senator will yield further without losing his right to the floor——

Mr. MORSE. I yield with that understanding.

Mr. DIRKSEN. The majority leader asked that the Senate come in this morning at 10 o'clock. He allowed plenty of time for debate. I thought he was extremely forbearing under all circumstances. Of course, there was opportunity to get a good many things done, but evidently they were not done this morning. There was an opportunity. But the Senate utilized all the time available to discuss, first, the Church amendment and, second, the Kefauver amendment, so that we went around the clock and before we knew it, 6 o'clock had arrived before any action was finally taken.

I think the leadership has been extremely fair in the matter, and I am sure the distinguished Senator from Oregon will concede that fact.

Mr. MORSE. Mr. President, I am not responsible for what the majority leader requested. I heard the debate this afternoon. I thought it was one of the best debates we have had in the Senate for quite some time. It was a very able debate by those who participated in it.

The Gore amendment was a very fundamental amendment. It represented one of the major contentions of the opposition to the bill. Let the RECORD speak for itself. I ask Senators to read the debate on the Gore amendment today. I think the Senate has a right to be proud of that debate. The same goes for the debate on the Church amendment.

PHILOSOPHY OF MORSE NASA AMENDMENT

I am offering an amendment on the proposition on which I have stood from the very beginning when I said that I am not for Government ownership and operation. I am for Government ownership, for the time being, and for private operation of the satellite. But I am for giving every corporation that is interested in participating in a satellite communications system an opportunity to work on it. They could do so by entering into contracts, leases, or licenses with NASA. Therefore, I propose to enlarge the jurisdiction of NASA and open the opportunity to all who are interested in a communications development program to come in and to show the country what they want to do. We can then have judgment passed on their capabilities. Let NASA decide whether a contract ought to be let. This amendment is just the opposite program from the one contained in H.R. 11040. Those of us who believe that the alternative way of doing the job ought to be considered believe we should have adequate time to present our case. What do I get by way of an offer from the minority leader? Thirty minutes to present my case. All I am asking is that I may present my case for the Record. Senators may go home if they wish to. If they are interested enough in the argument, they can scan the Record in the morning and give me an agreement for a yea-and-nay vote on the question. I think the people of America are entitled to a yea-and-nay vote on this issue.

Mr. DIRKSEN. Mr. President, will the Senator yield further without losing his right to the floor?

Mr. MORSE. Without losing my right to the floor, I yield to the Senator from Illinois.

Mr. DIRKSEN. How deep and compelling is the faith of the distinguished Senator from Oregon in the cause that he presents?

Mr. MORSE. Mr. President, I do not know of anything about which I could be more convinced.

Mr. DIRKSEN. Then why is not the distinguished Senator willing to wait until after the vote on the cloture motion? Somehow the conviction that he has expressed, in and out of the Senate, and on the front pages of the newspapers, must necessarily pervade the thinking of Senators, and it could very conceivably have an impact on the first vote that is to come tomorrow under the rule.

Mr. MORSE. Let me——

Mr. DIRKSEN. So we can have a vote on his substitute after we have finished action on the cloture petition.

Mr. MORSE. Let us discuss the vote on the cloture motion for just a moment. Let us assume that the cloture motion is adopted. How much time will we have then after that on the amendment?

Mr. DIRKSEN. My distinguished friend from Oregon and all of his associates in this monumental effort will have exactly 1 hour apiece on the bill and all the amendments and all motions, on everything related thereto. That is the rule. The rule has been evident ever since 1927, when there was the first successful cloture motion. The rule has been evident since the 8th day of March 1917, which is a long time ago. It must be 45 years ago. It was adopted by the Senate by a vote of 76 to 3, with such great worthies and distinguished Senators as Pomerene, Lodge, Norris, Borah, and Poindexter. I could mention a great many others. They were a part of the Senate, and they were just as jealous of the prerogatives of free speech as the day that they voted for the adoption of rule XXII.

Mr. MORSE. The Senator has mentioned several times, as new amendments have been offered, that "the count now is up to 224," and so on.

Mr. DIRKSEN. It is 239 now.

Mr. MORSE. Then, finally, the count was 238. Now it is 239. He has just finished telling me that if he should succeed tomorrow in adopting the cloture motion each Senator will have 1 hour apiece on the bill and the 239 amendments. Is that the Senator's conception of fair debate, fair opportunity to present the point of view of sincere and honest men on these amendments? It must be remembered that bill came out of the Foreign Relations Committee at noon, August 10, and we are still to get the reports of the committee, which will not come until tomorrow, the very day that the cloture petition is to be voted upon.

Mr. DIRKSEN. My friend is familiar with the time factor. He is familiar with the rule and how it operates. He must be familiar, for a very good reason, because amendments to be considered must be presented and read, under the rule. As I understand, 44 of the 239 amendments do not qualify. Somebody had knowledge of that rule and precisely what it would take in order to get these amendments finally offered under the rule, and with the request for a rollcall if the time came. So no one has been imposed upon in the grand entourage, including the Senators' grand strategy commander, for whom I have the greatest affection.

Mr. MORSE. The Senator does not come to grips with the point the senior Senator from Oregon is raising, namely that the cloture tactic is aimed at a shutoff of full and fair debate on a series of amendments offered by sincere and honest colleagues in the Senate. They say, "You ought to provide for adequate time to debate these amendments."

I hope cloture does not succeed. However there is no way of knowing what arrangements have been made, how many absentees there will be, how many Senators have been sent away on special missions. I do not know what the facts are.

However, I trust that the Senate is not going to set a precedent tomorrow when a bill has been out of the Foreign Relations Committee only since noon of August 10, without the committee reports reaching the Senate, when there are amendments which colleagues in the Senate want to adopt in good faith on the floor of the Senate, by putting a gag rule on us, putting a straitjacket on the Senate, because the majority has the power, perhaps, to vote us down and deny us an opportunity to make a record.

Knowing of that possibility, I selected one of my two substitute amendments for the amendment that provides for the enlargement of NASA, so we can apply to the satellite system the contract, lease, and license system, which has permitted the Defense Department to do such a remarkable job with defense contracts and to do the remarkable job just as the Atomic Energy Commission has done, in some instances, with contracts.

Therefore, we ask at least for consideration and debate and a yea-and-nay vote on the application of that same principle, so strongly recommended by some of the witnesses who were brought before the Foreign Relations Committee. What does the Senator from Illinois say as being my only relief?

He says, "We will just wait and see what you can do after cloture is applied, if it is applied." That is not my conception of the way we deal with each other on the floor of the Senate. That has not been my experience for 18 years. We like to say, "Are Morse, Gore, Kefauver, Clark, Gruening, Bartlett, or Mrs. Neuberger sincere in their opposition to this measure? Are they in good faith trying to have this bill amended?"

If the answer is not in the affirmative, then by all means what the Senator is doing is what he should be doing. If, on the other hand, the answer is in the affirmative, and if these Senators are acting in good faith, I say most respectfully that the Senator will take advantage of majority power in order to deny to a minority the opportunity that it ought to make its case on this record and to have our colleagues stand up and vote on the amendments on a rollcall vote.

Mr. DIRKSEN. Mr. President, will the Senator yield without losing his right to the floor?

Mr. MORSE. I yield with that understanding.

Mr. DIRKSEN. I am amazed how quickly the Senator from Oregon forgets what he said over and over again on the floor. He said that this bill ought to go over until after election day.

Mr. MORSE. I still say so.

Mr. DIRKSEN. He wanted no vote in this session of the Senate.

Mr. MORSE. I still think so.

Mr. DIRKSEN. He thought we ought to go back and submit ourselves to the people and then come back for action on the satellite bill, at a time when time is crowding in the whole space field. Does the Senator admit that he said that?

Mr. MORSE. I challenge the majority to do that.

Mr. DIRKSEN. He said it. How do we interpret it? To amend the bill? He wanted no vote on the bill. He wanted to stop the bill.

Mr. MORSE. I still do.

Mr. DIRKSEN. That is the issue before the Senate.

Mr. MORSE. I still do.

Mr. DIRKSEN. Having no action at all. We had no choice when the Senator said, "We will use every rule in the rule book and stop you from getting action on this bill." We accepted the challenge.

That is what we are going to do tomorrow.

Mr. MORSE. I will tell the Senator what choice he had. He had the right to apply gag rule after he was satisfied that we had exceeded what he considered to be a fair time for debate on the amendments. The minority leader wants to stop the debate on this amendment. We want to make our record on the amendment. He does not want to stand up and be counted on these amendments.

Mr. DIRKSEN. I must refresh the Senator on the fact that in the House and Senate 358 pages of the CONGRESSIONAL RECORD have been devoted to date on the bill. Between the House and the Senate it has taken 14 days; 3,000 pages of testimony have been taken before the four committees of the Senate. Great conscience. What do we have to do? Do we have to jump off the Washington Monument to get consideration of the bill?

Mr. MORSE. Is the Senator suggesting that we substitute a committee report or a transcript of a record in some committee for debate on the floor of the Senate? Since when do committees of Congress run the Senate?

We take the reports, we discuss the reports on the floor of the Senate, and reach an opinion as to whether the committee did a good or a bad job.

Mr. DIRKSEN. Mr. President, will the Senator further yield, without losing his right to the floor?

Mr. MORSE. I am delighted to yield.

Mr. DIRKSEN. That is not the issue. The Senator from Oregon has served notice on the Senate that he does not want a vote to occur on the bill at this session.

Mr. MORSE. That is correct.

Mr. DIRKSEN. He wants it to go over until November.

Mr. MORSE. That is what ought to be done.

Mr. DIRKSEN. He wants the Senate to come back after the election.

Mr. MORSE. That would be fine.

Mr. DIRKSEN. To pass on the question.

Mr. MORSE. I am all for it.

Mr. DIRKSEN. What are we to take from all that? The Senator from Oregon does not want any action taken on the bill. He does not give a hoot about the 239 amendments; he wants to stop action on the bill. It is as clear as crystal. We are determined that he shall not succeed.

Mr. MORSE. Did the Senator from Oregon say this afternoon that he did not give a hoot for the Gore amendment or the Church amendment? Did the Senator from Oregon discuss them this afternoon, and discuss them with all propriety under the rules of the Senate, to show his good faith?

I have offered an amendment that I wish to discuss tonight. I want to have a vote on the amendment tomorrow.

Mr. DIRKSEN. The Senator from Oregon still does not want action on the bill.

Mr. MORSE. Of course.

Mr. DIRKSEN. He wants to wait until after the election.

Mr. MORSE. This is a shocking bill. When the voters get through, we will know how shocked they are.

Mr. DIRKSEN. We are content. The clock on the wall says it is 5 minutes to 10. It is time for good Christian gentlemen to be in bed.

Mr. MORSE. I can talk until 5 o'clock in the morning.

Mr. DIRKSEN. Does the Senator want to vote now?

Mr. MORSE. I am going to discuss the amendment tonight. I propose to finish my speech against the bill. The Senator from Illinois can get the repose he has been speaking of and then come in tomorrow morning; and 30 minutes after the Senate convenes, with 15 minutes to a side, we can vote.

I do not know why, because it has been said that we are to convene at 12 o'clock tomorrow, we cannot come in at 11 o'clock. It does not follow that the previous arrangement cannot be modified.

Mr. DIRKSEN. The Senator had an opportunity to object.

Mr. MORSE. Developments in the Senate indicate that that would have been a wise course. I am very sorry that I was not here at the opening of the Senate this morning. I was on my way back from Oregon, where in a series of speeches to one Democratic rally after another, on Saturday and Sunday—five in all—I talked about the monstrous satellite bill which is before the Senate. I am satisfied about what the people of my State think about the bill. I am satisfied they believe it is just as bad as I think it is. But it is for the Senator to find out what the people of Illinois think about it. Perhaps they do not think the same way.

All I say is that I am sorry I was not here when the agreement was entered into this morning. I am responsible for my absence. I returned just as fast as the flight could get me here, flying all night. But I do not believe that because an agreement was entered into this morning that the Senate will convene at 12 o'clock noon tomorrow, the Senator from Illinois must take the position that the agreement cannot possibly be changed.

Mr. DIRKSEN. Mr. President, will the Senator from Oregon yield, without losing his right to the floor?

Mr. MORSE. Certainly.

Mr. DIRKSEN. Other members of the great Oregonian, Macedonian phalanx are on the floor of the Senate. Of course, they are highly skilled, well disciplined, and well drilled. One of its members told me that they were never better organized than they are now. We take them at their word.

If they are so well organized, well disciplined, and well drilled, then we know, of course, with 229 amendments pending, that we will be in the trenches until Christmas. Perhaps it will require Henry Ford's old peace ship to get us out of the trenches. So we accept them at their word. We accept their challenge under the rules of the Senate.

I want to go to bed tonight. It is 2 minutes to 10. I hope the Senator from Oregon will let the Senate recess or adjourn. We will vote on cloture tomorrow. Then, out of the great, consuming faith he has in his cause, for 1 hour he will have an opportunity to express himself in a dramatic fashion such as the Senate has never seen before.

Mr. MORSE. I have two things to say to my good friend. I had a very restful sleep on a double seat of a jet airplane last night, all the way from Portland. I am very much refreshed. But this is what the Senator from Illinois overlooks: Until the vote takes place on the cloture motion tomorrow, it seems to me that all our colleagues, those in the opposition included, ought to have the right to present their amendments; and when there is a major amendment, which goes to the very heart of our case, so far as the substantive proposal is concerned, we ought to have the courtesy of a yea-and-nay vote on the amendment.

Mr. DIRKSEN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. DIRKSEN. The Senator knows he will get licked. So why make a point of it?

Mr. MORSE. I take much hope from a great statement that came out of Chicago, Ill., today, a statement by the AFL–CIO executive council.

AFL–CIO ANNOUNCES OPPOSITION TO THE BILL

It is some indication that, after all, the people are beginning to find out about the defects of the bill. The statement reads as follows:

> Labor hails the unbelievably rapid advance of communications technology, particularly in the new field of achievement of global communications through the use of space satellites.
>
> Already it is predicted that this technology will revolutionize both domestic and international communications, make it possible to exchange messages between any two spots in the world, enhance peaceful contact between the peoples of the world, increase communications and interchange of ideas among peoples, aid underdeveloped nations, and, in addition, develop into a business which will return untold billions of dollars annually.
>
> Satellite relays have already been dramatically demonstrated in relationship to television broadcasting by Telestar. In addition, satellite communications will also involve voice messages, meteorological communications, aircraft and aerospace, radio, astronomy and further research into other fields, and in ways which have already begun to change the everyday aspects of our lives, and promise to bring more changes in the near future.
>
> In the face of these revolutionary achievements, labor must call attention to proposed legislation before the Senate of the United States which in its present form would undertake to write into law a mistaken national policy under which space communications would be carried out.
>
> The U.S. Government has invested almost $25 billion in the overall orbit and space programs, for defense and peaceful uses which have made it possible at this time to consider turning over the program to private business. Out of this colossal outlay of American taxpayers' money, about $500 million has gone into the space communication satellite program. Moreover, all future programs will find the U.S. Government as the largest user, the leader in research and developmental activities, the judge of where ground stations should be located, the furnisher and owner of launch-

> ing vehicles, crews and facilities, the regulator of private activities, to mention several of its most important continuing activities.
>
> In view of these considerations labor urges the defeat of H.R. 11040 unless its monopolistic features are removed by drastic amendment. We urge that the most essential amendments include:
>
> 1. Government ownership and control of the communications satellite program but with private operation.

Mr. President, that is the Morse amendment now pending before the Senate. That is the amendment I have fought for from the beginning of the debate. That is the amendment recommended by a great international lawyer, a former negotiator for the United States in several international negotiations—Ben Cohen.

I continue to read the message from the labor meeting in Chicago:

> This will achieve the needed flexibility and assure maximum progress in this vital field. The approach of combining Government ownership and control with private operation will make it possible to draw fully on the genius of American Government which combines the efforts of both Government and private groups.
>
> 2. There should be added to the bill a provision which would require NASA to contract with private companies to operate the program under cost-plus-fixed-fee contracts in the public interest.

In essence, that is the principle of the Morse amendment which is now before the Senate, on which I am even denied the opportunity to have a yea-and-nay rollcall vote. I continue to read:

> This kind of policy has prevailed for many years between the Atomic Energy Commission and its private contractors but control and ownership of the program has remained in the hands of the Federal Government through agency of the Commission. It has been in the public interest and would be of particular benefit to labor in maintaining its established collective bargaining arrangement with management in the communications industry.
>
> The advantages to the national interest of continued Government ownership and control at this time are numerous. In the research field it will foster competition and protect against monopolization. It will enable quicker and more flexible programing, remove the threat of having our foreign policy decisions interfered with by a private consortium and, by no means least, it will aid the potentially vast revenues of this program to accrue to the people of the United States.
>
> Under this program a White House policy study of the economic, social, and foreign implications of the space age could proceed in a more relaxed atmosphere and provide much-needed opportunities for free and full discussions which will underlie America's future and well-considered response to the challenge of the new age of space.

I only wish to say for the RECORD that the statement by the executive counsel of the AFL–CIO is only the latest indication that the public is awakening. We have already heard the announcement by the great former President of the United States—the great fighter from Independence, Mo.—Harry Truman. When he arrived in Washington, he stated that he is opposed to the bill, and that it is, in effect, a monstrous giveaway.

FARMERS UNION OPPOSED

Furthermore the Farmer's Union is adopting resolutions against the bill, and in my opinion more and more farmer groups will raise the warning flag of opposition to the bill. As more and more Americans come to understand the bill, although Senators who are in support of the bill may now be a majority in the Senate, they may discover that before long they will not represent a majority of the people of the United States. I am convinced that as the American people come to understand the bill, a majority of the people will leave the majority in the Senate. If I am proven wrong, the people will give me the answer; and I am perfectly willing to run all the risks involved in taking that answer.

As I said in all the places in Oregon which I visited during the past weekend—and over the weekend I traveled approximately 1,000 miles in Oregon and made five speeches there—I would rather walk out of the Senate on November 6 than vote for this bill, because I am convinced that the bill is not in the interest of the American people. In those speeches, I proceeded to discuss the defects of the bill.

So I am perfectly willing to have the voters in Oregon register their decision on November 6; but tonight I am asking for an opportunity to make my case in regard to the type of a substitute which I am sure many of the American people favor. It is a substitute which was recommended to the Foreign Relations Committee by one of the great international lawyers of the country.

I am also asking the Senate to agree to stand up and be counted on a yea-and-nay vote on the question of agreeing to my amendment; and I am asking that tonight I be allowed to make my case for the amendment, and that tomorrow morning the Senate take a yea-and-nay vote on the amendment. However, thus far I have not seen any willingness to extend that courtesy to me, although earlier today I heard no objection when the Senator from Tennessee [Mr. GORE] requested a yea-and-nay vote on the question of agreeing to his amendment—and a yea-and-nay vote was taken on that question; and I heard no objection to the request of the Senator from Idaho [Mr. CHURCH] that a yea-and-nay vote be taken on the question of agreeing to his amendment, and a yea-and-nay vote was taken on that question.

But apparently there must be some difference between my amendment and theirs, insofar as the attitude of the majority is concerned, or—and I am not unaccustomed to it—it may be that they simply do not want to permit a yea-and-nay vote to be taken on the amendment of the senior Senator from Oregon. Of course, that is their privilege.

Mr. KERR. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I am delighted to yield.

Mr. KERR. Is the Senator from Oregon under the impression that the amendment of the Senator from Idaho [Mr. CHURCH] was voted on by a yea-and-nay vote this evening?

Mr. MORSE. Two yea-and-nay votes were taken this afternoon.

Mr. KERR. I am speaking of the amendment of the Senator from Idaho which was voted on this evening.

Mr. MORSE. I mean the amendment of the Senator from Tennessee [Mr. GORE].

Mr. KERR. Then in that respect the statement of the Senator from Oregon was in error?

Mr. MORSE. Yes, I misspoke.

Mr. KERR. Mr. President, will the Senator from Oregon yield for another question?

Mr. MORSE. I yield.

Mr. KERR. Does the Senator from Oregon recall that earlier this evening, when the Senator from Oklahoma, speaking for the majority leader and the minority leader, requested unanimous consent that there be a limitation of 30 minutes to a side on the debate on the amendment of the Senator from Oregon, the Senator from Oregon objected? Does the Senator from Oregon also recall that thereupon I asked him what time limitation he would like to have, by means of a unanimous consent, in connection with the debate on his amendment, with the understanding that there could be a yea-and-nay vote on his amendment tonight, and the Senator from Oregon replied that he would not agree to any vote tonight? Does the Senator from Oregon recall that?

Mr. MORSE. I think the RECORD will show that I said I would not agree to any limitation on the debate tonight.

Mr. KERR. That would be the only way we could reach a vote tonight, would it not?

Mr. MORSE. Let me say that I think the RECORD will show that I stated that I would not agree to a limitation by unanimous consent on the debate. I want to make a record on my amendment; but other Senators do not have to remain to listen to the record being made.

Mr. KERR. But the Senator from Oklahoma asked what time limitation the Senator from Oregon would agree to, and the Senator from Oregon replied that no limitation would be agreeable to him.

Mr. MORSE. And I say so now. I will not agree to a limitation on the debate tonight. I want to discuss this subject matter tonight. Tonight may be my last chance to make my record against this bill. I do not know what the result of the cloture motion vote tomorrow will be. I hope a good night's sleep will be so helpful to the chemistry of the blood running through the veins of Members of the Senate that tomorrow they will have such calm, sound judgment that they will not vote in favor of the cloture motion.

Mr. KERR. I hope the Senator from Oregon will permit Senators to get a good night's sleep.

Mr. MORSE. I am offering it.

Mr. KERR. But at too great a price.

Mr. MORSE. But I am not getting any takers.

Mr. KEFAUVER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. KEFAUVER. I think the amendment of the Senator from Oregon is a most important one. It provides an alternative method of having the Government at least control its future and at the same time have private industry by contract and lease do all the work on the ground stations and other facilities, without any Government payroll. The amendment is in line with other recommendations which have been made; and I wish to aline myself in support of the amendment of the Senator from Oregon. I think it should be adopted.

I am sorry that the Senator's request for a yea-and-nay vote on the question of agreeing to his amendment was not complied with. At that time I was temporarily out of the Chamber. I am very sorry I was not present then, so as to be able to join in his request for the yeas and nays on his amendment. I understand that there would be time to have a yea-and-nay vote taken on the question of agreeing to the Senator's amendment if the Senate would agree to meet 20 or 30 minutes before 12, tomorrow.

Mr. MORSE. Thirty minutes would be sufficient. Theoretically, there would be sufficient time for that purpose if the Senate would meet at 11:30 tomorrow morning, instead of at noon. Alternatively, if the Senate meets at noon tomorrow, such a vote could be taken between noon and 12:30. And in the meantime I could be permitted tonight to make my case for the amendment.

Mr. KEFAUVER. I hope the majority leader and the minority leader will give favorable consideration to such a program, because this is an important amendment. There are many important amendments; and I certainly believe we should have an opportunity to vote on this amendment before the vote on the cloture motion is taken.

Mr. MORSE. I think all of us are agreed that it will be the last major amendment on which Senators will have a chance to vote before the vote is taken on the cloture motion. And in view of the fact that the amendment offers a direct opportunity to have an alternative approach taken, I think it desirable and appropriate that Senators have an opportunity to stand up and be counted in connection with a yea-and-nay vote.

I think we have had a delightful, enjoyable, and pleasant debate during the last few minutes.

The Senator expressed the hope that there might be a little consideration of the parliamentary situation. Unless the Senator wishes to say something more——

Mr. KEFAUVER. I merely wish to make clear that the Senator from Oregon is not anxious to hold Senators here, if they wish to go home tonight. Is it not true that it is the hope of the Senator from Oregon that some agreement will be worked out with the majority leader and the minority leader, and then have the vote taken tomorrow?

Mr. MORSE. Let me say, good naturedly, that I would be at a loss to know why Senators would wish to remain here tonight. They can go home and get their rest; and I will make my case tonight for the amendment, and then will go home in due course of time.

Mr. KEFAUVER. Certainly some of us will be here to hear the Senator's speech, because we think the study he has made of this matter is of great importance.

I agree with the Senator from Oregon that public sentiment on the bill is changing rapidly. The Senator from Oregon has said he expects that within a month the Senate majority which now may be in favor of this bill will find themselves in a minority insofar as the people are concerned.

In my candid opinion, if we can have an opportunity of presenting the facts about this bill in debate for 3 weeks, I think a majority of the Senate will have nothing to do with it.

Mr. MORSE. Mr. President, having the floor and having the right to have my amendments read, I now ask that the clerk procede to read my amendments under the procedure to be read to comply with the rule and so they will be in a position to be called up whenever I have an opportunity tomorrow to call them up.

The Legislative Clerk. On page 28, line 14, strike out the following: "institute forthwith appropriate proceedings under section 214(d) of the Communications Act of 1934, as amended, to".

On page 30, line 11, strike out the following: ", in accordance with the procedural requirements of section 214 of the Communications Act of 1934, as amended,".

On page 37, between lines 13 and 14, insert the following new subsection:

> (d) The corporation may not at any time directly or indirectly acquire, own, or control more than 25 per centum of the share capital or assets of any satellite terminal station situated in any foreign country or any associated equipment and facilities.

On page 27, line 17, insert the following after the semicolon: "by insuring that no manufacturer of such apparatus or equipment shall own any of the voting or other securities of the corporation;".

On page 25, line 20, insert the following before the semicolon: "and for the determination of the most constructive role for the United Nations;".

On page 25, line 13, strike out "or with" and insert in lieu thereof the following: "and with the United Nations and other".

On page 38, strike out lines 3 through 14 and insert in lieu thereof the following:

> CONDUCT OF FOREIGN NEGOTIATIONS
>
> Sec. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity, without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements with any such agency, government, or entity shall be subject to the approval of the Department of State.

Mr. DIRKSEN. Mr. President.

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Illinois?

Mr. DIRKSEN. The Senator lost the floor.

Mr. MORSE. The Senator from Oregon was on his feet.

Mr. DIRKSEN. I asked for recognition prior to the Senator from Oregon, and the Senator from Oregon lost the floor.

Mr. MORSE. The Senator from Oregon was in conversation with the Senator from Colorado.

Mr. DIRKSEN. I asked for recognition.

The PRESIDING OFFICER. It is the Chair's understanding that the reading of the amendment cannot be interrupted.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry. Did the Senator from Oregon lose the floor?

The PRESIDING OFFICER. The Senator from Oregon has lost the floor.

Mr. MORSE. Mr. President, a parliamentary inquiry. On what basis have I lost the floor?

Mr. DIRKSEN. Under the rule, the Senator from Oregon lost the floor when the amendment was submitted.

The PRESIDING OFFICER. When the amendment was being read.

Mr. MORSE. They have to proceed with the reading of the amendment.

The PRESIDING OFFICER. That is the ruling of the Chair—that they must proceed with the reading of the amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. During the reading of the amendment, the Chair is advised, it is not possible to interrupt.

Mr. DIRKSEN. Mr. President, can more than one amendment be read at a time?

The PRESIDING OFFICER. At the conclusion of the reading of the next amendment, the Chair will recognize the Senator from Illinois.

Mr. DIRKSEN. I thank the Senator.

Mr. MORSE. Mr. President, a point of order. The Senator from Oregon will show—and I ask the transcript to be brought to the floor—that the Senator from Oregon offered the whole group of amendments. He asked for permission to have those amendments read to meet the rule so that they would be available at the desk, to be called up seriatim when they were in order tomorrow or thereafter, depending on when I would have the opportunity to call them up.

It is the opinion of the senior Senator from Oregon that he is entitled to have those amendments read through so that they will be at the desk and be in order. It is the only opportunity the Senator from Oregon has to get these amendments at the desk read and put in order. That was the request of the Senator from Oregon. I think the Record will show that was the request of the Senator from Oregon. The request was accepted, and the clerk started to read the amendments. We had the interruption as we had the delightful series of colloquies as to whether or not there should be the rollcall privilege granted the senior Senator from Oregon. After we finished the colloquy I asked the clerk to proceed in accordance with my previous request.

The PRESIDING OFFICER. The Chair certainly understands that during the course of the reading of an amendment it cannot be interrupted, but at the conclusion thereof another Senator may be recognized.

Mr. MORSE. I think we ought to take a look at the transcript, because I think we must go back to the request the Senator from Oregon made. I had permission to introduce them as a group of amendments to be read seriatim, so that they would be available under the rule to be called up tomorrow. We are in a situation that these amendments, so I understand from the Parliamentarian, have to be read tonight. That is the position the Senator from Oregon found himself in. When he found out that was the position, then he made the proposal that they should be offered in a group, to be read one after another, so we would have them out of the way. That is the position in which I found myself. I think I am entitled to have all the amendments read.

I admit that after the last amendment has been read, I have lost the floor temporarily. I will be very interested in seeing what the strategy of the majority will be in giving the senior Senator from Oregon the opportunity to make his argument on the pending amendment.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. On page 37, between lines 13 and 14, insert the following new subsection:

(d)(1) In furnishing telecommunication service through the communications satellite system, the corporation shall give priority of transmission to communications of the United States Government for which priority is requested by the President of the United States—not less than two hours of the daily transmittal time of the satellite communication system. The corporation shall have no power to alter, amend, or edit the form or content of any such communication.

(2) Such transmissions and communications shall, at the request of the President, be carried by the corporaton at a price not to exceed the cost of such service, as computed by the Federal Communications Commission.

On page 37, between lines 13 and 14, insert the following new subsection:

(d) In consideration for the authority conferred upon the corporation by this Act, the corporation, under such regulations as the President shall prescribe, shall provide telecommunication services without charge for communications of a public service nature—not less than 1½ hours of the daily transmittal time of the satellite communication system as such communications shall be defined by such regulations.

MOTION TO ADJOURN

Mr. DIRKSEN. Mr. President, I move that the Senate do now adjourn.

Mr. MORSE. Mr. President, I raise a point of order that the Senator from Illinois is out of order. In my judgment, I am entitled to have the rest of my amendments read.

Mr. DIRKSEN. My request to adjourn is in conformity with the previous order entered—until 12 o'clock.

Mr. MORSE. I raise the point of order that the Senator from Illinois is not entitled to recognition until the amendments have been read. I raise the point of order that the Senator from Illinois is not entitled to recognition to make a motion to adjourn or for any other business until the amendments have been read.

Mr. DIRKSEN. Mr. President, a motion to adjourn is not debatable.

Mr. MORSE. If it is not made in order, it is not before the Senate.

The PRESIDING OFFICER. The question that first occurs is whether or not at the conclusion of an amendment another Senator can be recognized.

Mr. MORSE. The question is whether or not under the request I made at the very beginning—and that is why I asked the Chair to check the transcript of the proceedings—I am entitled to have these amendments read seriatim, without interruption.

The PRESIDING OFFICER. The Chair does not have the transcript before him.

Mr. MORSE. I have called for it.

The PRESIDING OFFICER. I presume it can be obtained.

The Senator from Illinois having been recognized by the Chair, the point of order having been made by the Senator from Oregon, the motion is to adjourn; is that correct?

Mr. DIRKSEN. That is correct; in conformity with the order previously entered.

Mr. MORSE. Mr. President, I want to make clear that I do not recognize the motion.

Mr. DIRKSEN. Mr. President, the motion is not debatable.

Mr. MORSE. I appeal from the decision of the Chair on a point of order, and a point of order is always in order. I make the claim that the Senator is out of order in making the motion to adjourn.

Mr. DIRKSEN. Mr. President, the motion to adjourn is not debatable.

Mr. MORSE. I appeal from the ruling of the Chair on the motion to adjourn. I make a point of order that the Senator is out of order, and I appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is on the motion to adjourn.

Mr. KEFAUVER. Mr. President, a parliamentary inquiry.

Mr. DIRKSEN. Mr. President, the motion to adjourn is not debatable.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 158 Leg.]

Carroll
Dirksen
Gore
Hart
Hickey
Jordan, N.C.
Kefauver
Kerr
McGee
Morse
Prouty
Randolph
Sparkman
Tower
Williams, Del.
Yarborough

The PRESIDING OFFICER. A quorum is not present.

Mr. KERR. Mr. President, I move that the Senate now stand in adjournment in accordance with the previous order.

Mr. MORSE. Mr. President, a point of order. The Senator cannot move to adjourn on the basis of a previous order. When there is not a quorum present, all the Senator can do is to move to adjourn the Senate, not on the basis of a previous order.

Mr. KERR. I move that the Senate adjourn, Mr. President, until 12 o'clock tomorrow.

The PRESIDING OFFICER. The question is on the motion to adjourn. [Putting the question.]

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Am I entitled to a yea-and-nay vote on the question of adjournment?

The PRESIDING OFFICER. The Senator may ask for the yeas and nays.

Mr. MORSE. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to adjourn. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 15, nays 6, as follows:

[No. 159 Leg.]

YEAS—15

Dirksen
Hart
Hickey
Jordan, N.C.
Kerr
McGee
Mundt
Pearson
Prouty
Randolph
Smith, Maine
Sparkman
Thurmond
Tower
Williams, Del.

NAYS—6

Bartlett
Carroll
Gore
Kefauver
Morse
Yarborough

NOT VOTING—79

Aiken
Allott
Anderson
Beall
Bennett
Bible
Boggs
Bottum
Burdick
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gruening
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, Idaho
Keating
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McNamara
Metcalf
Miller
Monroney
Morton
Moss
Murphy
Muskie
Neuberger
Pastore
Pell
Proxmire
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Stennis
Symington
Talmadge
Wiley
Williams, N.J.
Young, N. Dak.
Young, Ohio

So Mr. DIRKSEN's motion was agreed to and (at 10 o'clock and 32 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, August 14, 1962, at 12 o'clock meridian.

EXTENSIONS OF REMARKS

Legislative Problems

EXTENSION OF REMARKS
OF
HON. ALEXANDER WILEY
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES
Monday, August 13, 1962

Mr. WILEY. Mr. President, the Congress—at this late stage in its session—still has a tremendous amount of work to accomplish.

In a weekend broadcast over Wisconsin radio stations, I was privileged to discuss some of the issues still confronting us.

I ask unanimous consent to have certain excerpts from my text printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS OF ADDRESS PREPARED FOR DELIVERY BY SENATOR ALEXANDER WILEY, REPUBLICAN, OF WISCONSIN, OVER WISCONSIN RADIO STATIONS, WEEKEND OF AUGUST 11 AND 12

Friends, this is your senior Senator ALEX WILEY.

I welcome this opportunity to report to you once again from Washington.

Unfortunately, the legislative wheels of Congress have been grinding exceedingly slow. Consulting their crystal balls, the political diagnosticians are offering differing excuses for the slow progress.

Realistically, however, there is still legislation pending in major fields, which require the consideration of Congress, including: Revision of U.S. international trade policy; changes in our tax laws; consideration of the farm bill; and a variety of other bills.

In recent days, progress of legislation in the Senate has been jammed by the talkathon on the U.S. communications satellite program.

This legislation, if enacted, would establish a private corporation—subject to appropriate governmental regulation—for a satellite communications system.

What would this mean to Mr. and Mrs. Wisconsin—and to all America? A broadening of our news-education-cultural horizons (as reflected in early United States-Europe television exchanges via Telstar); including possible direct home reception from Telstar-type satellites (now being explored by the television-communications industries); opportunity to shift the overheavy traffic on existing radio, telegraph, telephone, and other conventional channels to the satellite system; and ultimately, dramatically improved—and perhaps less costly—telephone, radio, television and other communications at home, as well as around the globe.

Recognizing the significance of this program, the Senate—in my judgment—should move ahead on this legislation.

Fundamentally, there is a responsibility for careful and thorough analysis and evaluation. Blockading even consideration of the proposal by talkathons, however, results: In a serious roadblock in establishing of the communications satellite system; and a holdup of consideration of the great backlog of important legislation still pending in Congress.

To attempt to break the deadlock, the bill is committed for a 10-day period to the Foreign Relations Committee—where it is now under consideration.

In the interests of moving ahead on the satellite program—of significance nationally, internationally, and as a U.S. triumph in the cold war—the Senate, in my judgment, should speedily, and expeditiously, get this consideration of the bill underway.

Normally, the Congress—at mid-August—is winding up this session. As things look now, however, this workload may require the session to extend into early fall.

Naturally, there will be some Members—1962 being an election year—eager to get back to political hustings. However, the challenges are too great—and the times too critical—for just politically expedient consideration of the agenda of significant legislation. Consequently, we will need to stay on the job until the work of the Congress is effectively finished.

George McGovern and Food for Peace

EXTENSION OF REMARKS
OF
HON. HAROLD D. COOLEY
OF NORTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
Monday, August 13, 1962

Mr. COOLEY. Mr. Speaker, a distinguished former colleague in the House of Representatives, Hon. George McGovern, has resigned as director of food for peace, to offer his service directly to the people of his native State that he loves so dearly, South Dakota.

He seeks to become the U.S. Senator from that great State, and in this I wish him well.

But my purpose now in addressing the House is not to explore the new horizons that lie ahead for George McGovern and for his friends and neighbors back in South Dakota, but, instead, to praise the quality of this young man and deeds already accomplished. I am certain that my feelings in this are shared by other Members of this body.

George McGovern's name now is known around the world. His name is associated with food for hungry people.

Soon after John F. Kennedy took the oath as President of the United States some 18 months ago, he appointed this son of South Dakota as the food-for-peace administrator. In this limited span of time he has brought world attention to the purpose and meaning of this program. He has spread the gospel that America's great abundance—surplus, if you will—of food is not a curse, but a blessing. He has dedicated himself to the proposition that by using our great abundance to feed the hungry around the world we can strengthen the prospect and the assurances of world peace.

George McGovern was our colleague here in the House for a number of years. He served with distinction on the Committee on Agriculture, of which it is my privilege and honor to serve as chairman. He impressed all of us as a forward-looking, careful-thinking young man with great energy, and he dedicated his exceptional abilities to the people he represented in South Dakota, particularly to the farm families of that great agricultural State.

In this service with the Committee on Agriculture he became aware of the problems related to our accumulating food and fiber stores, which are beyond our needs in the United States, and he saw clearly the opportunity for the use of this abundance to promote the cause of peace around the world.

President Kennedy made a natural and fortunate choice when he appointed him as Director of food for peace.

Mr. Speaker, it is not my object here to deliver a campaign oration for our former colleague, in his new undertaking, but I do want to say this:

By his leadership in alleviating hunger and misery abroad, contributing to economic development in underdeveloped countries, and in winning America millions of friends across the seas, backed by the ingenuity and industry of our farmers, George McGovern has served his country well.

I think that we may confidently expect to rely upon him for leadership in other great undertakings for many years ahead.

George McGovern is a devoted and dedicated public servant. By the splendid manner in which he discharged the duties of his high office while serving here in Congress he endeared himself to his colleagues and to his countrymen.

Independence Day of the Central African Republic

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, August 13, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency, the President of the Central African Republic, David Dacko; and His Excellency, the Ambassador of the Central African Republic to the United States, Jean-Pierre Kombet, on the occasion of the second anniversary of the Central African Republic's independence.

On August 13, 1962, in the heart of the African Continent, 1 million citizens of the Central African Republic celebrate the anniversary of their national independence. Slightly larger in area than France, this country covers a vast rolling plateau between the Congo and Chad Basins. The area, formerly known as Ubangi-Shari after its two principal rivers, became a French territory in 1894 and a half-century later its peoples became citizens of France. During the summer of 1960 the Central African Republic became a free and independent nation, as did several other former French territories. Its Constitution proclaims the nation's "attachment to the rights of man, to the principles of democracy and of the self-determination of peoples."

President David Dacko, a former teacher and one of the world's youngest heads of state, is leading his people on the road to economic and social development. Increasing recognition of the significance of this newly independent nation is indicated by the fact that the Heads of State Conference of the Afro-Malagasy Union convened in Bangui, capital of the Central African Republic, this past March. The Afro-Malagasy Union includes the Central African Republic and 11 other French-speaking African nations.

President Dacko and a national development committee are striving to coordinate the industrial growth of their country, whose beginnings include the building of a cement factory, plans for a railroad, and programs for the development of hydroelectric power. Efforts are also being made to strengthen the cultivation of cotton, which along with coffee and peanuts provide the main bases for the nation's economy. The educational system of the country is being broadened. We congratulate the people of the Central African Republic on the second anniversary of their independence and salute them for the great tasks in which they are engaged.

The Crime Problem in the District of Columbia

EXTENSION OF REMARKS

OF

HON. JOE D. WAGGONNER, JR.

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 13, 1962

Mr. WAGGONNER. Mr. Speaker, I share with my colleague, Representative FRANK BECKER and, I am sure, the other Members of Congress, the feeling of concern for the crime problem here in the District.

I do not share, however, the feelings of the Washington Post that the sex offender, housebreaker, and three-time rapist who attacked Representative BECKER's aid while she prayed in her church, is the "unfortunate" victim of that tragic event.

Last Friday, I sent them the attached letter and I look forward to their reply with great interest. When I receive it, I will make it available to all the Members.

The letter follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 10, 1962.

THE EDITOR,
Washington Post,
1515 L Street NW.,
Washington, D.C.

DEAR SIR: I have read with both interest and a growing sense of confusion, your recent editorial, "Community Failure."

Prior to that time, my heart and sympathies had gone out to the young secretary of my colleague, Representative BECKER, as the unfortunate victim in the recent stabbing in her church. Your editorial, however, describes the three-time rapist and housebreaker as the "unfortunate" party and, like Niobe, you weep for him and not for her.

If there is, indeed, a misfortune here, it is that this animal who has failed in his role as a social being has been allowed to vent his perversions on at least three women and the misfortune is theirs, not his.

You have, in your ultimate sentence, called for the "kind of constructive program that is needed" without defining the program you have in mind. I would like to know the details, with specific reference to your stand on allowing the police to do their job of making Washington clean and putting it in order before it becomes, even more explicitly the Casbah of America.

Sincerely yours,
JOE D. WAGGONNER, Jr.

Bernardston, Mass., Bicentennial

EXTENSION OF REMARKS

OF

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 13, 1962

Mr. CONTE. Mr. Speaker, it is my pleasure today to call the attention of my colleagues to a birthday of considerable significance that is being celebrated this year—the 200th anniversary of the founding of the town of Bernardston, Mass. The celebration of the anniversary of any birthday is a joyous event, but this one is especially noteworthy since Bernardston's history dates back to pre-Revolutionary days.

Bernardston, located in Franklin County, in the western part of Massachusetts, borders on the State of Vermont. This beautiful little community is surrounded by attractive natural features, nestled comfortably in the valley through which Fall River tumbles. The mountainous regions to the east and west present a colorful and picturesque display of charming scenery. West Mountain overlooking Bernardston on the west, rises high above the village. The more towering Bald Mountain in the northwest, and Wildcat Mountain just to the north, give Bernardston a setting of majestic beauty.

It is difficult for many to realize that the western part of Massachusetts shares a background different from that of the eastern portion of our great Commonwealth. The first pioneer towns in western Massachusetts were founded by religious liberals who for reason of conscience had protested against the rigidity of Puritan doctrine. From the very beginning, these doughty pioneers lived in constant peril from marauding tribes of Indians. Many experienced the horror of seeing loved ones slain and homes burned. Yet they persevered in this battle for survival. One of the towns threatened with extinction was Bernardston, whose bicentennial celebration this year is the finest tribute we can pay to the tenacity and fighting spirit of its people which have made Massachusetts and these United States such formidable forces in freedom's fight against totalitarianism.

A review of its early history shows that Bernardston was originally called Falls Fight Township, in commemoration of an encounter between settlers and Indians in 1676. In November of 1734, a petition for a territory in which to establish a town, signed by surviving officers and soldiers that belonged to the company of Captain Turner, "and the representatives of them that are dead," was presented to the General Court, and confirmed by 1736. In October 1741, the town had changed its name to Fallstown, adopting its present name upon incorporation on March 6, 1762, in honor of Sir Francis Bernard, appointed in 1760 as Governor of the Province.

The settlement was seriously threatened during the period of Indian warfare between 1745 and 1750, and many of the settlers moved temporarily to towns with greater security. Those who remained worked feverishly to protect their families against the dreaded Indian attacks. The settlement was not extinguished at the hand of the savages. By 1750 the wanderers had returned, and the business of pushing the settlement forward was briskly resumed.

With the pacification of the frontier, the settlers were able to again turn to the needs of their community. From the very beginning, the citizens of Bernardston were strong adherents of the wisdom of worshiping God and educating their children. The first church was constructed by 1740, a roadhouse by 1760, and the first schoolhouse by 1770. Since then, progress has been steady. Today public buildings and small industries add their outlines to the horizon of this community serenely resting in a river valley surrounded by three mountains: Wildcat, West, and Bald.

The records show but vaguely the action of the town during the stirring years of the American Revolution, but they do show that Bernardston was prompt and patriotic in meeting the challenges of the day, and in devoting its energies to a noble contribution of men and means in behalf of the common cause.

Among the noted men to whom Bernardston has given birth, none holds so firm a place in the grateful remembrance of the town as the Honorable Henry W. Cushman. Mr. Cushman frequently represented Bernardston in the State legislature and was elected as a member of the State senate in 1844. He reached the peak of his political career when he served as Lieutenant Governor of Massachusetts from 1851 to 1852. Upon his death, Mr. Cushman bequeathed considerable sums of money for the establishment of a library and other projects for the benefit of the community. Cushman Library, Cushman Park, Cushman Hall, and Cushman Lyceum today are integral parts of this beautiful New England community.

Another of Bernardston's benefactors was Mr. Edward Powers, born in Columbus, Ga., but an adopted son of Bernardston. Mr. Powers bequeathed the sum of $20,000 in 1855 for the establishment of Powers Institute.

In 1862, the citizens of Bernardston were joined by their neighbors in celebrating their first centennial. This year, friends are joining in honoring this symbol of 200 years of unflinching devotion and contribution to our Nation's growth and defense against its enemies—from the Revolutionary, through the Civil War, as well as the two World Wars and the Korean war of our own century. We join together to praise progress and devotion to those ideals and traditions which have made us the greatest Nation on earth: devotion to duty, endurance, sacrifice and the precepts of democracy, guided by principles of law and justice. Americans have shown their ability to meet and conquer adversity by squarely facing reality and having faith in God and the will to win. I am sure we all share in the pride of this fine community as it celebrates 200 years of devotion to the democratic way of life.

It Takes a Jolt To Get New Drug Laws—Article by Miriam Ottenberg in the Washington Star

EXTENSION OF REMARKS

OF

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, August 13, 1962

Mrs. SULLIVAN. Mr. Speaker, long before the thalidomide tragedy became an international issue, I began working on the problem of tightening our "new drug" laws to give the Food and Drug Administration far more power to act quickly in removing dangerous or doubtful drugs from the market. The stilbestrol incident involving hormone-treated chickens, which cost the Federal Government about $10 million several years ago—an incident I discussed in an insertion in the CONGRESSIONAL RECORD on August 6—pointed up the fact that after the Government once approves the use of a new drug for commercial purposes, it must then prove the product dangerous in order to take it off the market. Proof of danger is difficult, and involves legal proof, not just substantial scientific doubt as to safety.

OMNIBUS BILL NEEDED TO CLOSE LOOPHOLES

This and other loopholes in the Food, Drug and Cosmetic Act prompted me late in 1960—after we had enacted the Color Additives Act as an emergency piecemeal change in the 1938 act intended primarily to bail out the lipstick manufacturers—these things prompted me, I repeat, to develop an omnibus bill to cover not just one or two but all of the many loopholes in consumer protections under that act. I introduced H.R. 1235 on the first day of this Congress, January 3, 1961. It was, and is, I believe, the only omnibus bill which has been introduced since 1938 to close in one piece of legislation all of the gaps and loopholes in the 1938 act in order to protect the consumer in the purchase and use of nearly $100 billion a year of foods, drugs, and cosmetics.

It would cover not only those shortcomings in the drug provisions of the act which have now come to blazing public attention as a result of the thalidomide incident, but would apply to a lot of other important things as well. For instance:

LABELING ABUSES

H.R. 1235 would crack down in the labeling abuses which make it difficult if not impossible for the housewife to figure out the comparative prices of different sizes of the same products.

H.R. 1235 would eliminate the special interest exemptions in the law for butter, ice cream and cheese, which exempt the producers from showing on the label the presence of artificial coloring matter.

PRETESTS COSMETICS, CURBS PEP PILLS

H.R. 1235 would, for the first time, give the Food and Drug Administration power to require pretesting for safety of any new cosmetic item prior to public sale.

H.R. 1235 would strengthen our powers in combating the frightening increase in the bootlegging of pep pills and barbiturates—the former, one of the major causes of our worst highway disasters, the latter a very common cause of suicide and death.

SAFETY AND EFFICACY

H.R. 1235 would require for the first time pretesting for safety of all the therapeutic devices prior to sale.

H.R. 1235 would require for the first time proof of the efficacy of new drugs and new therapeutic devices, as well as of their safety.

PUBLIC CONFIDENCE IN DRUGS

H.R. 1235 would make possible wider use by physicians in prescribing by generic rather than trade names of drugs, thus helping to bring down prices.

H.R. 1235 would bolster and make really effective the factory inspection authority of the Food, Drug, and Cosmetic Act.

SAFE, ECONOMICAL FOODS AND DRUGS, SAFE COSMETICS

H.R. 1235 would help rid the market of fake cancer remedies, which not only victimize the pocketbooks of those who buy them but, more important, deter the patient from seeking medical help while there is still time to curb this disease.

H.R. 1235 would require the batch-by-batch testing of every antibiotic drug sold in this country, rather than just the five known at the time this special certification provision of the law was enacted more than 20 years ago.

H.R. 1235 would mean safer and more economical foods and drugs, and safe cosmetics; in addition, it would give the Government the most important powers it lacks in dealing with a situation such as confronted Dr. Kelsey and FDA on thalidomide. These include the power to study all research data of the manufacturer; the clear-cut authority to take as long as necessary in passing on a new drug application, instead of the maximum period of 180 days now available in a contested case; also the power to move instantly to take a new drug off the market in case later information or experience should prove the drug has unexpected or dangerous side effects which outweigh its advantages.

FDA REGULATIONS COVER EXPERIMENTAL TESTING

All of us who have spent years studying our food, drug, and cosmetic laws know that the changes we now need in the law would not have prevented the use of thalidomide on a test basis. Such testing is covered by FDA regulations and these regulations applying to experimental drugs in the research stage can and must be strengthened. That is now being done. The thalidomide tragedy precipitated these improvements in the regulations. It is too bad that the price was so high—in terms of thousands of malformed babies in other countries. But this experience will henceforth improve the safety of all experimental testing of new drugs prior to public sale. Nevertheless, in addition to the tighter regulations now being drawn, we also need new laws to close the loopholes in those cases where a new drug has passed all tests and seems to be safe and efficacious prior to marketing, but then discloses dangerous side effects after going on commercial sale. The Government must be able to move in fast and remove the drug from sale instantly on the basis of substantial doubt. That is the minimum change needed in the law.

Let us not confuse the various aspects of this complex issue. Dr. Kelsey deserves all of the public acclaim she has received, but we will continue to need this same kind of stubborn insistence on proof of safety on the part of all of our FDA pharmacologists, no matter how much we strengthen the new drug laws, because in the final analysis, the experience and knowledge of the licensing officials are the crucial determinants. We can strengthen the hands of the Dr. Kelseys—and we should do so—but let us not sit back then and think all of the problems have been solved and all future crises averted.

OUTSTANDING ARTICLE IN WASHINGTON STAR

Mr. Speaker, the outstanding investigations reporter of the Washington Star, Miss Miriam Ottenberg, who has deservedly won many awards and much recognition for her work, yesterday had an excellent article in the Sunday Star giving the background of the adoption of the 1938 Food, Drug and Cosmetic Act, a monumental piece of legislation for its time. She describes the crisis which occurred from the sale of an untested "wonder drug," Elixer Sulfanilamide. In my testimony before the House Interstate and Foreign Commerce Committee this year, on June 20, on H.R. 1235 and on the two administration bills to amend the Food, Drug and Cosmetic Act, I also cited this background. My testimony is in the CONGRESSIONAL RECORD for June 20. Miss Ottenberg has presented the background much more dramatically. As the headline states, "It Takes a Jolt To Get New Drug Laws: A 1938 Parallel."

Mr. Speaker, we could go back to the fantastic exposure of the journalistic "muckrakers" of the early years of this century for similar stories about the "jolts" behind the original Pure Food Law of 1906, the Wiley Act, and its companion measure, the 1906 meat inspection law.

HOW THE COSMETIC LAW WAS ENACTED IN 1938

In 1938, we had cases of women being blinded by the use of eye beautifiers which had never been tested for safety. Out of this came the enactment as part of the new Food, Drug and Cosmetic Act of 1938 the first safe cosmetic law—but it is a law which had loopholes deliberately written into it then, and those loopholes are still in it.

Any enterpriser, regardless of ability or experience or knowledge of facilities, can make or market any cosmetic item he wants to without first proving it safe. Once it is on the market, the FDA can move against it if FDA can prove it is not safe to use. The only ingredient which must be pretested for safety is the coloring matter. That is the only one, for that is the only aspect of cosmetic safety covered in the 1960 law.

How many women must be scalped, denailed, burned, blinded, scarred or otherwise disfigured or injured before we can develop enough public concern, and congressional concern, to do something more about this terrible gap in the cosmetic laws? Apparently, we are going to have a chance this year to take up a new drug bill—but the other features of H.R. 1235 and the nondrug features of H.R. 11581 and H.R. 11582, the two administration bills based on H.R. 1235, are apparently not going to be considered this year.

HAVE WE BEEN JOLTED ENOUGH?

H.R. 1235 was introduced, as I said, on January 3, 1961. The two administration bills were sent up in May 1962, covering many of the same provisions. The jolt came late in July, in the thalidomide case, finally putting some urgency behind the drug changes proposed in H.R. 1235, H.R. 11581, and the original Kefauver bill.

Mr. Speaker, as part of my remarks, I include Miss Ottenberg's excellent article in yesterday's Sunday Star, giving the history of the 1938 act, and what it took to get it enacted. How often do we have to go through these crises before enacting the laws our good sense tells us are needed?

The article referred to follows:

IT TAKES A JOLT TO GET NEW DRUG LAWS: A 1938 PARALLEL

(By Miriam Ottenberg)

It takes a catastrophe—or a near miss—to get new drug control laws in this country.

Today, the name of the drug is thalidomide, blamed for thousands of deformed babies overseas. Only a hunch, a chance look at a letter in a British medical journal and one woman scientist's determined delaying action averted major disaster here.

In late 1937, the name of the drug was "Elixir Sulfanilamide." That time, tragedy was not averted. It took 108 deaths to jolt Congress into modernizing a 1906 law.

The drug situation in 1937 closely parallels today's story except for the deaths. Then, as now, the deficiencies in the law—as far as protecting the public was concerned—had been recognized and bills were before Congress.

But they weren't moving any faster then than they did this time before the thalidomide scare. A strong new measure had been drafted in 1933. Four years later, it was still there—cut to shreds by amendments and not yet enacted into law. Similarly, Senator KEFAUVER's bill with its combined effort to lower drug prices and increase drug safety had been gutted by the Senate Judiciary Committee just before the thalidomide near-miss became public.

THE NARROW ESCAPE

As Food and Drug Administration officials are called to Congress these days to shape new laws making certain that drugs are effective as well as safe and that the methods of controlling drugs keep abreast of new scientific discoveries, they can't help thinking how close they came to another "Elixir Sulfanilamide" episode before Congress woke up.

In the fall of 1937, sulfanilamide had been widely heralded as a new miracle drug, able to cope with a variety of infections and serious ailments which had previously resisted cures. Publicity that sulfanilamide could also cure gonorrhea in a hurry had contributed to the boom in sales of the drug.

In a small southern plant, a salesman suggested that if sufanilamide could be put in liquid form, it would have a ready sale among patients who couldn't swallow tablets and capsules.

The plant's chief chemist found that the drug wouldn't dissolve readily in the usual liquids used in medicines, but he found another answer—diethylene glycol, a product of the petroleum "cracking" process. Sulfanilamide would dissolve in that.

NO TEST FOR SAFETY

The chemist tested his pink liquid for taste and odor. He did not test for safety. Nor, presumably, was he aware of articles in medical journals reporting that diethylene glycol, during experiments, had killed frogs, mice, rabbits, and dogs.

His Elixir Sulfanilamide went on the market during September 1937. The patients were to take two or three teaspoonfuls every 4 hours, reducing the dosage in a day or two and continuing "until recovery."

The plant's 200 salesmen handed out sample bottles to druggists and doctors across the country and the orders poured in from almost every State.

Then, on October 11, 1937, the American Medical Association got two telegrams from physicians in Tulsa, Okla. Six of their patients had died after taking the "elixir" and they wanted more information about the drug. Analysis of the pink liquid as well as the drug manufacturer's answer to the AMA inquiry revealed the terrible truth. The "elixir" was not a lifesaver but a deadly poison.

TRYING TO CALL IN DRUG

The drug manufacturer by now was sending frantic telegrams to his salesmen to pick up the drug and asking customers to send it back. But by that time, the Food and Drug Administration had embarked on its own Operation Elixir. Virtually every FDA chemist and inspector had embarked on a round-the-clock search for the bottles. State and local authorities and medical societies were mobilized to join the hunt and newspapers and radio stations sounded the alert.

With an unknown number of bottles still in public hands, the search for the elixir had turned into a race against certain death.

Despite the massive search, 107 men, women and children had fallen victim to the poisoned medicine. The toll went to 108 when the chemist who had conceived the "elixir" took his own life.

The deaths provided all the evidence Congress needed of at least one gaping hole in the law. In fact, even the bill then on Capitol Hill would not have filled it. The bill was hastily amended to forbid the marketing of any new drug product until the manufacturer persuaded the Food and Drug Administration, which might also make its own tests, that the drug was safe.

In June 1938 the bill sponsored by the late Senator Royal S. Copeland, himself a physician, cleared Congress. It met not only the emergency which had spurred its passage but broadened protection of foods and included cosmetics for the first time.

As the years passed, it became increasingly clear that the 1938 law, too, needed revision. New drugs had come on the market. Scientific discovery—here and abroad—had outdistanced the law.

In December 1959, when Chairman KEFAUVER of the Senate Antitrust and Monopoly Subcommittee opened hearings on ways to reduce the cost of drugs, it soon became apparent that health as well as price was involved. Many of his proposals, when he finally introduced his measure in April 1961, were double-barreled. While aiming for lower prices for vital prescription drugs, he specifically provided that drugs should be proven efficacious for their intended use as well as safe.

In March 1962 drug legislation then pending at the Capitol was given a push by President Kennedy in his first message in behalf of consumers. But the push didn't go very far. There were warnings that something could go drastically wrong if more controls weren't placed over the mass of new drugs—but nobody around the Capitol had heard of thalidomide.

PUSHED BY KENNEDY

On April 10, President Kennedy gave the legislation another push. He wrote Chairman EASTLAND of the Senate Judiciary Committee pointing out that Senator KEFAUVER's bill incorporated the major recommendations he had made in his consumer message, suggesting some amendments to strengthen the bill's controls and urging passage.

As Senator KEFAUVER told the Senate later, he was preparing to offer President Kennedy's proposals in the Judiciary Committee when the boom was lowered. At a secret meeting to which he was not invited, he told the Senate on June 11, an agreement was reached either to eliminate or water down virtually every feature of the bill.

One of the watered-down provisions concerned how much time the Food and Drug Administration would be given to appraise the possible side effects and efficacy of a new drug and no new drug application would automatically become effective. Senator KEFAUVER's bill imposed no time limit on FDA. The watered-down version would have increased the present 60-day time limit to 90 days.

It was that 60-day time limit that Dr. Frances Kelsey was sidestepping when she kept delaying approval of the application for sale of thalidomide in this country on the grounds that the application was incomplete and new information was required.

By the time Senator KEFAUVER wrote his minority report on his bill, he had heard about Dr. Kelsey and used the near-miss of the thalidomide story to illustrate one of his arguments for a bill strong enough to meet not only episodes like this but to get the rest of what he wanted—including price reduction.

THE HARRIS BILL

Meanwhile, on the House side, Chairman HARRIS of the House Commerce Committee on May 1 had introduced the administration's bill to improve the safety, efficacy, and reliability of drugs. The bill also provided for the factory inspections wanted by FDA and more control over barbiturates. Mr. HARRIS' committee held 4 days of hearings on the bill in June and then suspended hearings until further notice. There was no indication he would get back to the bill this session.

It was in that atmosphere of frustration, delay, and uncertainty that the thalidomide story snowballed. The impact of what could have happened here, combined with more details of what had happened abroad, the desperate efforts of an expectant mother to have an abortion for fear of a deformed child and the speculation on how many women of child-bearing age have taken the drug in this country—all contributed to spur action.

At President Kennedy's request, the Senate Judiciary Committee is now busy rewriting the rewritten Kefauver bill with amendments along the lines of the Harris bill. Chairman HARRIS' committee has announced it will resume hearings on his bill this month. Dr. Kelsey has gotten the highest civilian award the Government gives to its employees.

And out of it all, the chances are good that the parallel with the "Elixir Sufanilamide" story will become even closer—that, before the session ends, a new drug law will be on the books.

Hungary Can Save the United Nations From Disaster

EXTENSION OF REMARKS

OF

HON. MICHAEL A. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, August 13, 1962

Mr. FEIGHAN. Mr. Speaker, under leave granted, I insert in the RECORD an address which I have prepared for delivery on Sunday, August 19, at Euclid Beach Park, Cleveland, before the United Hungarian Societies of Cleveland, at ceremonies commemorating the 60th annual Hungarian Day. The title of my address is "Hungary Can Save the United Nations From Disaster":

This is a memorable day for all the officers and members of the United Hungarian Societies of Cleveland, as you and all your friends observe the 60th annual Hungarian Day in our great city of Cleveland.

The period of 60 years which we mark today in the cultural life of our city is filled with events of great happiness and joy and of accomplishment as well as chapters of great sorrow and tragedy.

While the Hungarian Societies of Cleveland are devoted to the advancement of the cultural and civic life of our city, your interest and your cares reach beyond our city, the shores of our country, to the ancient nation of Hungary from whence sprang the heritage of your organization.

This is in keeping with the finest American traditions.

This is an imperative of our times, because the world in which we live compels us to have interest in, concern for, and compassion toward all the nations that have contributed to the building of our great Nation, and which today are denied their freedom and independence.

Among the great cultural works of your organization here in Cleveland we are reminded immediately of the statue of Louis Kossuth which stands in University Circle and which reminds our people of the life and times of a great fighter for liberty and the independence of Hungary.

We then turn to the statue of Alexander Petofi, the great Hungarian poet and patriot, which graces the Cleveland Public Library.

Both of these men are symbols of the enduring character of the Hungarian nation, of its spirit and of its hope for the future.

We are reminded that it was at Petofi Circle in Budapest in October 1956 that the writers and students gathered to recite the stimulating poetry of Petofi, and to applaud his words as a symbol of their defiance of the despotic Russian occupiers now in Hungary.

These rallies at Petofi Circle played a leading part in lighting the fire of revolution which swept throughout Hungary in October of 1956, driving the Russian tormentors from Hungarian soil and winning 7 historic days of freedom and national independence for Hungary.

The spirit of Louis Kossuth ran side by side with that of the poet, Petofi. And in the distant background stood a history of over 900 years filled with the epics of King Stephen, the patriot saint of Hungary, Prince Hunyadi, whose historic stand against the Turks caused the daily angelus throughout the Christian world.

The people of Hungary wrote another gallant chapter in the book of human freedom in 1956 which symbolizes anew the traditional role of the Hungarian nation as defender of Western civilization.

But these thoughts of greatness and national heroism which we enjoy this day must share the platform with the great tragedy which has befallen the Hungarian nation in our times.

I speak of the tragedy which began with World War II when Hungary, caught in the giant vise of Russian imperialism and Nazi imperialism, became the victim of these twin tragedies.

In the wake of the war, the Red army occupied Hungary and under the protection of Russian armed forces, a puppet government was forced upon the people which has endured ever since—with the exception of the great, but short freedom victory in the revolution of 1956.

Hungary today is in chains—Russian chains.

The tyrants of Moscow have been conducting systematic genocide programs against the Hungarian people, calculated to break their spirit and to turn them to soulless, obedient vassals—which the Russians call the Soviet man.

The people of Hungary fight on against the tyranny and genocide, against tremendous odds, and with little or no help, and indeed small comfort from the great Western nations which, in centuries past, enjoyed peace because the Hungarian people manned the barricades of Europe.

This suffering of the Hungarian nation cannot go on forever.

The conscience of the West is tormented by its failure to act in support of the Hungarian freedom revolution.

There is no easy way out in the total war which the Russian imperialists have launched against all the nations and peoples of the world.

The case of Hungary has been before the United Nations since December 1956, when a general assembly resolution on Hungary was adopted by an overwhelming vote, with only the Russians and their puppets voting against it.

Each year the agenda of the United Nations has carried the resolution on Hungary.

No action has been taken on that resolution during the past 6 years but the resolution nevertheless was maintained on the agenda.

That resolution to which I refer condemned Russian aggression against the Hungarian people and demanded the removal of all Russian military, economic, and political elements from Hungarian soil.

Voluminous reports of official hearings and testimony and documents on Russian criminal aggression against the Hungarian people were compiled and distributed by the United Nations.

The Eisenhower administration did absolutely nothing to give practical meaning and purpose to the United Nations resolution on Hungary.

For 4 long years this inaction further troubled the conscience of the West.

The victory of President Kennedy in the 1960 national election was accompanied by the clear trumpet sound of freedom's cause and hope sprang anew that justice would be done to the gallant people of Hungary in the forum of the United Nations.

In recent months there has been much talk and allegation about a secret agreement between the United States and the Soviet Union to drop the Hungarian issue from the United Nations agenda.

The Department of State has, on June 28, 1962, publicly denied the existence of any such secret agreement and has declared that the events connected with the 1956 Hungarian freedom revolution and its aftermath remain an unresolved problem in the United Nations.

The final date for completion of the United Nations agenda was last Friday, August 17.

All items for the agenda had to be entered before the close of business that day.

The American delegation to the United Nations, acting in accord with the policy established by the Kennedy administration, took the necessary steps to place the Hungarian question on the United Nations agenda for 1962.

This action was confirmed to me by responsible officers of the Department of State on Friday past.

I know of no reason to prevent the Hungarian question from being placed on and remaining on the agenda.

The Russians or any of their stooge representatives in the United Nations can object to the Hungarian question remaining on the General Assembly agenda.

This action by our Department of State proposing that the Hungarian question be placed on the agenda is consistent with the public statement by our Department of State on June 28, 1962, denying that any deal had been made with the Russians to drop this all-important question.

However, this action by the Department of State, which deserves the enthusiastic support of all thinking people, is only the first step in the long political fight with the Russians.

The fact that the Hungarian question is on the agenda does not mean that an all-out effort will be made to cause the Russians to abide by the United Nations General Assembly resolution.

To bring about successful action requires still another determination by the Department of State, together with a practical program to bring this burning question to final issue.

I am sure you are aware that shortly after the enactment of the United Nations resolution on Hungary, I proposed that the Russians be required to either abide by the terms of that resolution or be expelled from membership in the United Nations.

I introduced a resolution in Congress, the purpose of which was to put Congress on record in support of my proposal.

I believe that the passage of time has proven the merits of my proposal.

N. Khrushchev, addressing a Moscow luncheon for visiting Ghanaian President Kwame Nkrumah, denounced United Nations resistance to the U.S.S.R.'s demand for a 3-member executive representing the Soviet, Western and neutral blocs. He said: "The imperialist powers wish to preserve their rule in the United Nations." "But it is perfectly obvious that the domination of this or that group of states * * * prevents the organization from fulfilling its functions." "For instance, even if all the countries of the world adopted a decision that did not accord with the interests of the Soviet Union and threatened its security, the Soviet Union would not recognize this decision but would uphold its rights, relying on force."

Moreover, everyone is aware of the Russian effort to introduce the troika system into the United Nations through which that body will be paralyzed to take any action, including the mere passage of resolutions in the General Assembly.

Finally, I believe that the Russian refusal to pay their bills at the United Nations demonstrates that they regard that body as nothing but a propaganda forum.

They despise the principles of the charter and have set upon a course to either completely control the United Nations or destroy it.

The time has come for the United States to take whatever actions are necessary to prove the validity and the mission of the United Nations, or give it up as a failure before the Russians reduce it to a state of public contempt.

The resolution on Hungary presents an ideal case to begin this task.

The time is now to cause the Russians to either abide by the terms of the United Nations resolution on Hungary or be expelled from membership in that body.

I hope action in that direction will be taken in the coming session of the United Nations General Assembly.

If our people demand action of this type, your Government will respond.

Let your voices be heard. Write, call or telegraph your President and your Ambassador at the United Nations telling them exactly what you think on this vital question.

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 13, 1962

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of August 11, 1962:

WASHINGTON REPORT: COMMONSENSE AND TAXES

(By Congressman BRUCE ALGER, Fifth District, Texas)

A conservative and commonsense creed for many years has been that taxes directly affect the strength of the economy, that high taxes drain incentive capital from the economy and prevent growth by gradually strangling business activity and initiative. Today, at long last, it seems the liberals have recognized this basic economic truth and are advocating tax cuts as a spur to the economy. In logic then we know that liberals must now also give proper recognition to the basic ingredients of our economy—a freely competitive market and the all-important incentive which is the profit motive and profits, stemming from a society of free people. Without all of this there would not be an American economy, the marvel of the world. Here the liberal philosophy breaks down. How can a tax cut be a boost to the economy when the Federal Government's big and increasing expenditures both negates any benefit of a tax cut (and waters the value of our money) and progressively limits the economic freedom of individuals and businesses by Federal rules and regulations. The falsity of the contradictory logic of liberals is further exemplified by their adherence to Federal pump priming, monetizing the debt (prosperity by printing money and floating bonds), the devastating effect of astronomical spending for liberal legislative proposals, involving government in business, including public housing, public food, urban renewal, TVA and other public power projects, farm subsidies, foreign aid, welfare programs, and many, many others. To summarize the President and the liberals' present dilemma, no tax cut can be beneficial without being matched by reductions in Federal spending, and the President and his advisors are not even considering reduced spending, on the contrary.

As to the discussion of taxes and tax cuts, there are two possibilities: (1) The "quickie" tax cut allegedly to prevent a recession; (2) tax reform (in structure and brackets) to correct basic inequities. The quickie approach is not good. It reduces revenue at a time when we are already deficit financing and increases inflationary pressures. This is the plan advocated by the President who wants flexible taxes, that is, he wants to be able to increase and lower taxes at will, a false economic theory because the uncertainties acompanying fluctuating tax rates will further damage profits, risk and business investment.

Tax reform tackles the problem on a responsible basis. It removes inequities of the present improper bracket system which is too progressive, too confiscatory. Reform is proper at any time, regardless of revenue because it deals not directly with the amount but how it's produced. This brings us to the heart of the political argument on taxes: a flat percentage tax on one hand as against our present form, the Communist-Socialist dictum "from each according to his ability." The solution to imposing taxes in a free society, in my firm opinion, is the flat percentage tax.

Granted there must be a transition period and this is provided by the Alger-Baker-Herlong bill. This legislation reduces both individual and corporate tax rates over a 5-year period within a balanced budget; defers taxes for individuals on long-term capital gains as long as the taxpayer reinvests his holdings; reduces the rates of tax on estates and gifts, and establishes more realistic depreciation rules. This legislation strikes at the crux of the tax problem which is the sharp climb in the graduated rates in the middle income brackets. This is the bottleneck that has slowed the flow of investment funds, especially the risk venture variety, since our capital availability is firmly tied to the rate at which savings can be accumulated. This elementary economic truth is not recognized by the administration which holds that private savings are actually a liability and that economic strength is built through pumping Federal funds into the economy. President Kennedy's economic philosophies are buried in the gobbledygook of administration spokesmen such as in the following statement:

"If the economy were at full employment today, we estimate that total income and total output would be about $30 billion higher than at present. But Federal tax receipts would be about $9 billion above present levels, and private savings would be $5 or $6 billion higher than today. Thus, taxes and savings would be drawing $14 or $15 billion from the economy which would have to be offset by additional investment and Government expenditures for full employment to be maintained. This means that, at present levels of Government expenditures, our present tax system bars the way to full employment unless we are able to raise private investment about $14 or $15 billion above present levels."

The administration, if this statement can be unraveled, does not understand the role of savings and Government spending. Profits and savings provide the necessary investment capital. Federal spending takes away from this investment capital (in taxes) in order to replenish it—obviously self-defeating and contradictory. In conclusion: we have in proper tax reform (Alger-Baker-Herlong bill), the dual forces for impressive and lasting public betterment—the urgently needed tax rate reform and a checkrein on Government spending.

Philadelphians Defend America

EXTENSION OF REMARKS

OF

HON. HERMAN TOLL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 13, 1962

Mr. TOLL. Mr. Speaker, I had the pleasure of attending the commissioning ceremony of the U.S. ship *Barney*—DDG-6—on August 11, 1962, at the Philadelphia Naval Base. The commanding officer, Comdr. Joseph J. Doak, Jr., U.S. Navy, is a Philadelphia native who was appointed to the Naval Academy by former Congressman Leon Sacks from the First District of Pennsylvania. The executive officer, Lt. Comdr. Ralph J. Reeder, U.S. Navy, is also a Philadelphian who lives in the present Fifth Congressional District represented by the Honorable WILLIAM J. GREEN, Jr., of Philadelphia. This district has been changed by reapportionment and is the new Fourth Congressional District in which I am a candidate for reelection to the 88th Congress. The ship was built by the New York Shipbuilding Corp. of Camden, N.J., which is right across the Delaware River from the Philadelphia Naval Base.

The show was therefore run by Philadelphia, starring a Philadelphia commanding officer, a Philadelphia executive officer, a commission at the Philadelphia Naval Base and a construction across the Delaware River.

I wish to extend my best wishes to the Philadelphians who will defend America and work to keep the world at peace.

SENATE

TUESDAY, AUGUST 14, 1962

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou who changeth not: In a world rocked and shaken and swept by the whirlwind and riven by the earthquake, we would find the peace of Thy presence and the whisper of the still, small voice.

In the dire need of these times, steal Thou upon our troubled spirits like the vesper calm of lingering twilight, like the gentle dew on parched ground; commission us, we pray, as the servants of Thy righteous will, and fit our spirits for that high role as channels of Thy purpose for all mankind.

Save us from the tragic mistakes of the past. Make us architects of a statelier temple of humanity where no child of Thine shall lack daily bread or be denied access to the common altar of fellowship where all kindreds are one before Thine impartial eyes.

Thus may we know the things which belong to our peace and to the peace of the world.

In the Redeemer's name we ask it. Amen.

CALL OF THE ROLL

The VICE PRESIDENT. The Senate will be in order.

The Senate having adjourned last evening in the absence of a quorum, it cannot transact business until a quorum is present. Therefore, the clerk will call the roll, to establish the presence of a quorum.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 160 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Murphy
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from North Carolina [Mr. Jordan], the Senator from Arkansas [Mr. McClellan], the Senator from Utah [Mr. Moss], and the Senator from Virginia [Mr. Robertson] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

The VICE PRESIDENT. A quorum is present.

The Senate will be in order. The Senate will not transact business until the Senate is in order. Senators will take their seats.

THE JOURNAL—DIVISION OF TIME ON CLOTURE MOTION ON COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal be dispensed with; and, furthermore, I ask unanimous consent that the time between now and 1 o'clock be equally divided on the cloture motion between myself and the senior Senator from Tennessee [Mr. Kefauver].

Mr. JAVITS. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Is there objection?

Mr. JAVITS. Will the Senator yield for a question?

The VICE PRESIDENT. Is there objection?

Mr. JAVITS. Reserving the right to object——

The VICE PRESIDENT. The Senator from New York reserves the right to object.

Mr. JAVITS. Will the Senator yield for a question?

Mr. MANSFIELD. If I can.

Mr. JAVITS. I will take only 1 minute. I have a two-line amendment which I think would be very helpful to the bill. I ask the Senator whether he will allow me, and whether other Senators will allow me, as I was not here, to send it to the desk so it can be received and be at the desk. It relates to the matter the Senator from Tennessee [Mr. Kefauver] was trying to amend.

The VICE PRESIDENT. The Senator from New York asks unanimous consent to send an amendment to the desk. Is there objection? The Chair hears none, and the amendment will be received, printed, printed in the Record, and lie on the table.

The amendment is as follows:

> On page 38, line 14, immediately after the period, insert the following new sentence: "Nothing contained in this section shall be construed as derogating from the authority of the President pursuant to section 201(a)(4)."

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MANSFIELD. What does the division of time amount to?

The VICE PRESIDENT. Twenty-one minutes on each side.

Mr. MANSFIELD. I yield 2 minutes to the Senator from Ohio [Mr. Lausche].

The VICE PRESIDENT. The Senator from Ohio will be recognized for 2 minutes.

MESSAGES FROM THE PRESIDENT

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The VICE PRESIDENT. The Senator from Ohio is recognized for 2 minutes.

The Senate will be in order. The attachés of the Senate not having business on the floor will leave the Chamber. The Senator from Ohio will not proceed until the Senate is in order.

The Senator from Ohio.

Mr. LAUSCHE. Mr. President, I shall vote for the cloture motion that will be submitted to the Senate at 1 o'clock. I shall do so because I believe, on the basis of what happened yesterday, that there is no purpose to use time for the objective of analyzing and acquainting the Members of the Senate with the negative and affirmative sides of the various issues that have been placed before us. On the Gore-Lausche amendment prolonged remarks not germane to the immediate issue were delivered.

In my judgment, this entire proceeding has turned into a circus of delaying tactics. It is fitting for a carnival, but inimical to the rationality and dignity that ought to prevail in the U.S. Senate.

No explanation can be given that will be acceptable to the people of Ohio as a justification of the delaying tactics and the exhibition that has taken place here in the past 3 weeks.

The Soviets are orbiting. We are filibustering. All arguments that are needed on these issues have been made. I believe the cloture motion ought to be adopted and the issues brought to a vote before the Senate.

The VICE PRESIDENT. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, does the Senator from Ohio yield back the remainder of his time?

Mr. LAUSCHE. Yes, I do.

Mr. MANSFIELD. Mr. President, I yield myself 10 seconds.

COMMITTEE MEETING DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Government Operations be permitted to meet during the session of the Senate today.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I yield 30 seconds to the Senator from Colorado [Mr. ALLOTT].

WHEN WILL THE WALL FALL?

Mr. ALLOTT. Mr. President, I had prepared a statement on the Berlin wall for delivery yesterday. I ask unanimous consent that my remarks may be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ALLOTT

More than ideology separates the enslaved East from the free West. More than the Iron Curtain reminds us of the difference which on one side encourages slavery and on the other side recognizes the dignity of man and his right to pursue a life of his own choosing. There is tangible proof of the marked demarcation, and its presence is a constant reminder that the struggle between communism and freedom has not ended. Just 1 year ago today, the people of Berlin witnessed a barricade being erected and this barricade is today a symbol of the division which exists between the East and the West. On August 13, 1961, the Berlin wall was erected to prevent the escape of suffering people from behind the Iron Curtain. It is a barrier, symbolic of the contrast in ideology—it stands as a token of our uncertainty—it marks a day when, by failing to act swiftly and unerringly, we lost a battle in the war with communism.

No useful purpose is served by recalling the anniversary, unless as a reminder that the cold war rages on. No war, either cold or hot, is won without succeeding in battles. It goes without saying that, in the struggle, the race is not only to the swift, but to the sure and to the constant. If there is anything to be gained by marking this day, August 13, it can only be as a reminder that where we have failed once, we must not do so again. Where we have faltered upon an occasion, we must succeed thereafter.

The Berlin wall is much more than a physical barrier, it stands as a constant reminder that freedom-loving people are being contained, physically, mentally, and spiritually, against their will. The day must come, and surely it will, when the wall will fall. It is built on a flimsy foundation; it stands on shaky soil. These are encouraging facts. Nevertheless, the wall will not fall of its own accord. It will only be removed as the blight that it is, when the free world will, as a man, stand together, unyielding, in the face of the Red offensive.

We in America have been and are the leaders in this struggle—not so much by choice as through circumstance. Whatever the reason, we bear this burden and must acquit ourselves accordingly. Ours is the responsibility to assume this leadership in a meaningful way until these responsibilities have been discharged. In fulfilling them, it is of utmost importance that we realize that firmness is the one act which the Russians understand. In the past we have not displayed this firmness to the extent which is necessary to accomplish our objective. The time has long since passed for concessions—be they over the conference table—in southeast Asia or Geneva, or in any other part of the world. Our mistakes should be behind us, and with a display of courage, for which we are justifiably proud, find the way to ultimate freedom for all the peoples of the world.

We will continue to mark the 13th day of August as long as the wall stands. It will not crumble, it will not collapse; it will not decay or disintegrate. It must be crushed; it must be crumbled; it must be demolished and destroyed.

In the immortal words of Abraham Lincoln: "Let us have faith that right makes might, and in that faith let us to the end dare to do our duty as we understand it."

It is our duty to turn the Red tide and by so doing make a lasting peace not an objective, but a reality.

Mr. ALLOTT. Mr. President, I yield back the remainder of my time.

I thank the distinguished Senator for yielding.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MANSFIELD. Mr. President, I yield 3 minutes to the distinguished Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. Mr. President, I am deeply concerned over the long delay in the passage of House bill 11040 which would establish a commercial communications satellite system. This bill has already been considered by the Senate for 3 weeks, and even now there is no indication as to when final consideration can be had. With the more than 200 amendments already filed, the debate could go on for several weeks more.

It is highly important that legislation on the commercial communications satellite system be enacted at the earliest possible time so that this program can get underway. Present delays are characteristic of many previous delays which in a large measure are responsible for the United States lagging behind Soviet Russia in the space program. We must get going on this program at once.

House bill 11040 represents the best thinking of the vast majority of people in and out of Government. In my opinion, it would offer the best possible advancement of our commercial communications satellite system. It permits private industry to work with the Government in this tremendously important field. This legislation has the approval of the President of the United States, the State Department, the Justice Department, the Federal Communications Commission, and passed the House by the overwhelming vote of 354 to 9.

In the Senate it has received unusual scrutiny and examination. It has been carefully considered and approved by the Committee on Aeronautical and Space Sciences, the Committee on Interstate and Foreign Commerce, the Foreign Relations Committee, and the Judiciary Committee, as well as the Democratic policy committee. I know of no piece of legislation in recent years which has been more carefully considered or more highly recommended than House bill 11040.

After these 3 weeks of debate in opposition to the communications satellite bill, I have only received three communications from North Dakota people in opposition to it. One was from the local Teamsters Joint Council No. 82 of Fargo, N. Dak.; one from a resident of Fargo; and the other from a farmer. It has not been opposed by the biggest and most important organizations in North Dakota such as the Greater North Dakota Association, the Farmers Union, the Farm Bureau, and the many local chambers of commerce and civic organizations. It is not opposed, so far as I know, by the North Dakota Federation of Labor which includes most of the North Dakota labor unions; and it is not opposed by any of the railway brotherhoods so far as I know.

Mr. President, all during my more than 17 years as a Member of the U.S. Senate I have never voted for cloture. It has always been my feeling that somehow, some way, legislative problems could be resolved without the imposition of cloture. I doubt if the failure to invoke cloture has prevented the passage of any necessary legislation all during this time. Even the most controversial legislation—that involving civil rights—has been passed several times without the necessity of invoking cloture.

I cannot help feeling differently about the present situation. There is no great constitutional issue at stake in this debate. Indeed, no important issue is involved so far as I can see except the feeling on the part of a small minority of the Senate who, as I understand it, want the Government to own, operate, and control the commercial communications satellite system. It is with great reluctance that I will for the first time vote for cloture; and I hope it will be the last time.

I yield back my remaining time.

Mr. KEFAUVER. Mr. President, I yield 4 minutes to the distinguished Senator from Louisiana [Mr. LONG].

The VICE PRESIDENT. The Senator will not proceed until the Senate is in order. Senators desiring to converse will please retire to the cloakrooms. Aides in the Senate whose presence is not required will please be seated or retire from the Chamber. The time should be used for discussion.

The Senator from Louisiana may proceed.

Mr. LONG of Louisiana. Mr. President, during the 14 years it has been my honor and privilege to serve in this body, I have participated in some of the longest debates which have occurred, including the 8 weeks' debate over the civil rights bill in 1960.

Mr. President, let me say that if there have been filibusters in this body—and in my opinion there have been—I have been a part of them during the past 14 years while I have been a Senator, along with other Senators who have determined that they were not going to permit a bad bill to come to a vote because they thought it was not the thing which should be passed through this body.

That is not what is now happening. I have sat in on practically every meeting held by those who are opposing the pending bill. We are convinced that this is a horrible bill, that this is a bad bill, which should be defeated. We have not determined that we will conduct a filibuster.

We are making headway against the bill. There are more Senators who are opposed to it now than there were when we started debating the bill.

When we started debating the bill we did not know how the AFL-CIO stood. This organization represents the greatest labor group in America. Now we know how they stand. They are against the bill, and they have notified us they are.

We did not know how former President Truman, who could smell a bad monopoly bill, felt about this bill. We know now how he feels about it.

We have been making our case, in the effort to prove that here we are dealing with the greatest and most powerful monopoly which has ever existed in the history of mankind, and that this is a bill which seeks to make the U.S. Government a mere contractor, in some instances, for an already overpowerful monopoly.

Some remarks were made on the floor to the effect that I had implied that someone had improperly tried to influence me. I intended no such implication with respect to anyone with whom I discussed the bill, nor for any Senator in this body. I do say that the power of this monopoly is so enormous and so tremendous—that it reaches into so many different facets of American life—that I suggested to the chairman of the committee that we should investigate the various ramifications, including the enormous amount of money that this company has to spend for advertising, and including the many connections it has in different fields. That was not agreed to by the Committee on Foreign Relations. That was an effort to show how tremendous and powerful this monopoly is.

Before we give more power, it seems to me we ought to have a right to debate, to see what should be done; to offer our amendments and to have them debated, and, if the Senate so decides, agreed to.

This bill has been before the Senate for 4 days—4 days. No one has any right to count the previous occasions when an effort has been made to call the bill up or to discuss it, because we have never counted that way in any other so-called filibuster of the past. This bill was called up on Friday at noon. The junior Senator from Louisiana was prepared to discuss the bill on Saturday. He had just come back from his home State, where he won the primary election by about an 80 percent vote. He told Senators that they need not even come to the Chamber Saturday, but that he wanted to make a speech for the RECORD, if nothing else.

On Saturday the cloture motion was filed.

There have been only 4 days of debate. Senators would not do that for the NAACP. Why do they wish to do it for the A.T. & T?

This is a matter which should be discussed and thoroughly explored. We ought to have a right to make our case, exactly as the case has been made in the past.

I say to my southern friends, to my southern colleagues, to those with whom I have fought against others, "Other Senators have protected your rights. We are looking to you today. Other Senators have voted, when it was not good politics, to give you a right to make your case. You ought to give us a right to make our case."

I say to Senators, "After 4 days of debate you have no business voting for a cloture motion."

Mr. KEFAUVER. Mr. President, does the Senator yield back the remainder of his time?

Mr. LONG of Louisiana. Yes.

Mr. KEFAUVER. Mr. President, I yield 2 minutes to the distinguished Senator from North Dakota [Mr. BURDICK].

Mr. GORE. Mr. President, may we have order?

Mr. KEFAUVER. May we have order, Mr. President?

Mr. BURDICK. Mr. President, the question that we shall decide today is whether or not we have had a full and complete debate on this subject. Based upon prior filibusters, it seems we have not.

Through Saturday this Senate has spent a total of 12 days on this bill. On June 14, June 25, June 28, and August 1 it was before the Senate for 5 minutes or less.

At the end of Saturday 42 hours and 15 minutes had been spent on this bill.

Let us look for a moment at the experience we have had in other matters which have been spoken to at length.

On the civil rights bill of 1960 the discussion ran for 37 days, from February 15 to April 11, 1960.

On the tidelands oil bill in 1953 the debate extended for 35 days, from April 1 to May 5, 1953.

On the antilynching bill of 1938 the discussion lasted from January 6 through February 21, a total of 29 days.

I submit that there has not been full discussion of the bill.

Second, my colleagues, or at least some of them, know that I tried to obtain the floor 2 weeks ago. I was scheduled to make a long speech as of today. This is the first time that I have had the floor to talk. So I say to Senators that the motion for cloture is premature, and I shall vote against cloture.

Mr. KEFAUVER. Mr. President, will the Senator yield?

The VICE PRESIDENT. The time of the Senator from North Dakota has expired.

Mr. KEFAUVER. I yield to the Senator from North Dakota 1 minute.

The VICE PRESIDENT. The Senator from Tennessee yields 1 minute to the Senator from North Dakota.

Mr. BURDICK. Mr. President, I yield to the Senator from Tennessee.

Mr. KEFAUVER. Is it not true that the Senator from North Dakota, as well as the Senator from Michigan [Mr. MCNAMARA], the Senator from Pennsylvania [Mr. CLARK], and other Senators who are vitally interested in the bill, have had amendments pending and have not had an opportunity to speak on the bill, even though they have been ready and willing to speak during the limited time that the bill has been before the Senate?

Mr. BURDICK. I know I have been ready, and I believe other Senators have been ready, too.

Mr. KEFAUVER. Does the Senator not feel that before a gag rule is put upon him, he should have an opportunity to express himself?

Mr. BURDICK. I think all Senators should have such an opportunity.

Mr. KEFAUVER. Does the Senator yield back the remainder of his time?

Mr. BURDICK. I yield back the remainder of the time allotted to me.

Mr. MANSFIELD. Mr. President, I yield 2 minutes to the Senator from Iowa.

The VICE PRESIDENT. The Senator from Iowa is recognized for 2 minutes. The Senate will be in order. The Chair will direct the Sergeant at Arms to ask staff assistants, unless their presence is required, to retire from the Chamber. The Senate is operating under limited time. Senators are entitled to that time, instead of yielding for the purpose of permitting staff members to march back and forth.

The Senator from Iowa is recognized for 2 minutes.

Mr. MILLER. Mr. President, I propose to vote for cloture today. I shall do so reluctantly. During the debate on the so-called literacy test bill I stated that I felt cloture should be invoked only under exceptional circumstances. I pointed out during the debate at that time that I thought the literacy test situation was one of the exceptional circumstances. However, I also pointed out that the so-called literacy test bill was not a true literacy test bill. I told the proponents of that bill that if they would revamp the bill so that it would become a literacy test bill, and nothing else, I would vote for cloture. Unfortunately, they failed to do so. Accordingly, I did not vote for cloture at that time.

The situation now before the Senate is different. We have a good bill. I am satisfied that the bill is adequate. It meets the approval of the President of the United States, the overwhelming majority of the House, three committees of the Senate; and, so far as I am concerned, it has been properly aired on both sides. Accordingly, I propose to vote for cloture, but I add that I do so reluctantly.

In this connection, there appeared in yesterday's Washington Evening Star, a timely article entitled "Liberals Peril Space Project," by the distinguished columnist, William S. White. I ask unanimous consent that this be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LIBERALS PERIL SPACE PROJECT

(By William S. White)

The increasingly savage filibuster against the administration's bipartisan bill to give private enterprise a large and proper share in our space communications system has now reached the point of rule or ruin by a handful of professionally liberal Democratic Senators.

Not without heavy cost to orderly government and responsible party conduct can the President longer ignore what has become a bitter attack of rarely exampled recklessness upon the honor and integrity of his whole administration from within his own party.

And an even deeper challenge is posed, too. This is a threat to the whole cooperative arrangement between Government and business on which every single phase of the national space effort has thus far been so patiently built.

Grant what the leading filibusterers really want—a totally nationalized space communications system from which private business is excluded in any owning capacity—and the whole future of the space program is unarguably cast into a mold of massive state socialism. What then? Can bureaucracy and liberal slogans build the great machines through which man will talk to man in endless space? If private companies are not to be trusted in the infinite outer air, should private companies continue to own our radio and television and telegraph on earth?

Far from placating them, however, every concession made to such men as Senator MORSE and Senator ESTES KEFAUVER, of Tennessee, has led only to more and more demands and more and more violent accusations. Senator KEFAUVER, for example, now proceeds to the incredible charge that this bill is "the most gigantic giveaway in the history of this country."

If this is so, the President, his Cabinet and immense majorities in both parties in Congress are prepared to defraud the country as it has never been defrauded before. By a ratio of more than 35 to 1 the House of Representatives has already sealed the fraud. For it has passed the bill by 354 to 9; the Senate long has been ready to approve it overwhelmingly, too, if only the filibusterers would allow a vote.

If the President does not now denounce and destroy this almost hysterical thrust at the heart of capitalistic democracy he will have surrendered to a small coalition of shouting demagogs and good but deluded men who are still Populists at heart in a world where populisim has been dead for half a lifetime.

Moreover, he will have let himself down and his principal Cabinet officers—including Attorney General Robert Kennedy and Secretary of State Dean Rusk—as well. And he will have run away from that high noon showdown which sooner or later he must at any rate face with the leftwing of his party: Will this administration finally submit to these irresponsibles on the left, or will it stand at last and fight them to the end and thus maintain its due authority and responsibility?

The question is genuine, not rhetorical. For every day the irresponsibles are throwing away congressional seats to the Republicans in the elections of this fall. They can throw away the President's seat, too, in the elections of 1964.

Mr. MILLER. Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President——

The VICE PRESIDENT. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I yield to myself such time as I may desire under the rule, and then I will yield to the Senator from Rhode Island [Mr. PASTORE]. If he does not use the remainder of the time, I shall then yield to some other Senator.

I have asked a member of the policy committee staff to prepare a memorandum on the time devoted to congressional hearings and debate on the communications satellite bill.

There were 11 days of hearings before the Committee on Interstate and Foreign Commerce of the House of Representatives, resulting in 710 pages of testimony and related material. The committee reported the bill favorably with a vote of 19 to 0 in executive session.

In the House of Representatives, there were 2 days debate on the bill, occupying 50 pages of the RECORD.

In the hearings before the Committee on Aeronautical and Space Sciences of the Senate there were 6 days of hearings, resulting in 473 pages of testimony and related material.

There were 7 days of hearings before the Committee on Commerce of the Senate, resulting in 413 pages of testimony and related material.

There were 9 days of hearings before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee, resulting in 757 pages of testimony and related material.

There were 4 days of hearings before the Committee on Foreign Relations of the Senate, resulting in 456 pages of testimony and related material.

There were 8 days of hearings before the Select Committee on Small Business, Subcommittee on Monopoly, of the Senate, resulting in 755 pages of testimony and related material.

There was 1 day of consideration of the bill, with other bills, before the Democratic policy committee of the Senate.

There were 16 days of debate on the bill in the Senate, resulting in approximately 500 pages of debate.

Totaling those figures, there were five committees in the Senate alone, plus the policy committee; 34 days of hearings in the Senate alone; 16 days of debate in the Senate, resulting in approximately 3,000 pages of testimony and related material in the Senate alone, and 500 pages of debate in the Senate alone.

Mr. President, I ask unanimous consent that the memorandum to which I have referred, which was prepared for me by Mr. Kenneth Teasdale, a member of the policy committee staff, be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

AUGUST 14, 1962.

To: Senator MANSFIELD.
From: Kenneth Teasdale.
Subject: Time devoted to congressional hearings and debate on the Communications Satellite Act.

Hearings before the Committee on Interstate and Foreign Commerce, House of Representatives: 11 days of hearings on July 25, 26, 27, 28, 1961, and March 13, 14, 15, 16, 20, 21, 22, 1962; 710 pages of testimony and related material. In 1962 committee voted to report bill favorably 19–0 in executive session.

Debate on bill in House of Representatives: 2 days of debate, on May 2 and 3, 1962; 50 pages of debate.

Hearings before the Committee on Aeronautical and Space Sciences, U.S. Senate: 2 days of hearings, on February 27 and 28, 1962; 473 pages of testimony and related material.

Hearings before the Committee on Commerce, U.S. Senate: 7 days of hearings, on April 10, 11, 12, 13, 16, 24, and 26, 1962; 413 pages of testimony and related material.

Hearings before the Subcommittee on Antitrust and Monopoly, U.S. Senate: 9 days of hearings, on March 29, 30, and April 4. 5, 6, 10, 11, 12, and 17, 1962; 757 pages of testimony and related material.

Hearings before Committee on Foreign Relations, U.S. Senate: 4 days of hearings, on August 3, 6, 7, and 8, 1962; 456 pages of testimony and related material.

Hearing before Select Committee on Small Business, Subcommittee on Monopoly, U.S. Senate: 8 days of hearings, on August 2, 3, 4, 9, 1961; 755 pages of testimony and related material.

Democratic policy committee, U.S. Senate: 1 day of consideration.

Debate on bill in U.S. Senate: 16 days of debate, on June 14, 15, 18, 19, 20, 21, July 25, 26, 27, 28, 30, 31, August 1, 10, 11, 13, 1962; approximately 500 pages of debate.

Totals: 5 committees in the Senate alone (plus policy committee); 34 days of hearings in the Senate alone; 16 days of debate in the Senate; approximately 3,000 pages of testimony and related material in the Senate alone; 500 pages of debate in the Senate alone.

Mr. MANSFIELD. Mr. President, on July 27 I inserted in the RECORD a letter, dated June 30, 1962, from Mr. J. A. Beirne, president of the Communications Workers of America, which is the union most directly concerned with the bill before the Senate. I read the letter in part:

> I think I really need not remind you that our hundreds of thousands of workers in the communications industry are making their judgment on the basis of experience. They know their industry. They know where the money came from that went into the building of the system that is ready to be launched now. Not once was the word "giveaway" mentioned in the convention where the workers themselves were debating their own future, in the only industry they know.
>
> Not once was the satellite system referred to as another TVA. Our people are solidly behind the TVA idea because they understand it for what it is—a magnificent experiment conducted by Government because there was no other way to accomplish what TVA does. Communications satellites, on the other hand, are not only possible through private enterprise, private initiative, but will actually be operating sooner if private industry is permitted to go ahead now.
>
> It is our belief that America badly needs a functioning communications satellite system now, and, as a final resolve, our delegates urged prompt enactment of a law so that the circuits will soon be busy bringing people around the globe closer together.
>
> Sincerely yours,
>
> J. A. BEIRNE,
> *President.*

Also, at that same time I had printed in the RECORD a letter from Nicholas deB. Katzenbach, Deputy Attorney General, under date of July 27, which I quote in part:

> The Department of Justice is entirely satisfied that this corporation is the best answer we can devise to a realistic cooperation of private industry and the Government in a program of national and international significance. If this legislation is not passed at this session the possibility of a creative solution will be seriously jeopardized for the reasons expressed above. Ironically, in view of the argument made by those in opposition—

I ask Senators to listen to the following statement—

> the possibility of a system owned and operated exclusively by existing carriers would be greatly enhanced.

Mr. President, yesterday a memorandum was distributed to all Senators by the opposition to H.R. 11040 which stated that the filing of a cloture petition by the leadership last Saturday was "unwarranted and unfair."

In support of this statement, several points are made in the memorandum which I would like to discuss. I do this because I believe the Senate should have the facts before making the important decision which it is about to make.

Point No. 1 of the memorandum reads:

> 1. Though H.R. 11040 was first called up nearly 2 months ago, there have been only a few days of full debate. Continuity has been completely lost by the opponents.

The fact is, Mr. President, that floor debate on the bill has been conducted during 16 days. The number of pages of the Congressional Record actually devoted to the bill totals approximately 500 for the Senate alone. From either point of view—days in which the bill was discussed, or volume of remarks addressed to it—the bill has received more exhaustive consideration than any other bill in the 87th Congress.

The memorandum makes as its second, third, and fourth points:

> 2. On June 21, we had the manpower (and womanpower) to block vital emergency bills by extended debate. At the request of the leadership, we refrained from so doing.
>
> 3. On July 23, we acceded to a unanimous-consent request by Senator Mansfield that the Finance Committee be permitted to sit for the entire remainder of the session, thereby eliminating any interference with progress on the tax, tariff, and other vital measures in the President's program.
>
> 4. On July 27, we acceded to a unanimous-consent request by Senators Humphrey and Hayden to take up and pass a Senate resolution extending all Federal appropriations until August 31, 1962.

These contentions, Mr. President, are all entirely accurate. In substance, Mr. President, the contentions hold that the opponents did not use their individual rights under the rules of the Senate to reduce the Government of the United States to chaos, and to make a mockery of a major segment of the President's fiscal and international policies. Had they sought to do so, there would have been little in the Senate rules to stop them except an earlier invocation of rule XXII which the leadership is now suggesting that the Senate apply. I appreciate the fact that in this connection the opposition exercised the self-restraint and the cooperation which is essential if the Senate is to discharge its constitutional functions in an orderly fashion.

The memorandum continues:

> 5. On August 1, we acceded to a unanimous-consent request by the majority leader that H.R. 11040 be referred to the Foreign Relations Committee, even though the time allotted was far too short.

Mr. President, this referral was proposed by the leadership mainly to meet the objections of the opponents of the bill. The measure had already been the subject of hearings before four committees of the Senate. The Foreign Relations Committee made it five Senate committees—the hearings of which produced a total of approximately 3,000 printed pages of testimony and related matter in 34 days of hearings. It was the opponents who advocated the need for further committee consideration and not the leadership. The fact is that the request for referral was undertaken by the leadership in an effort to extend a courtesy to those Senators who felt that foreign relations questions should be reexamined. The memorandum points out in this connection that the opponents of the bill also agreed that it would become the pending business upon being reported by the Foreign Relations Committee on August 10.

This agreement was in exchange for the referral of the bill to the Foreign Relations Committee and represented, I believe, an honorable compromise. It was a compromise, again, made necessary by the rules which permit a delay of days, if not weeks, on the simple question of whether to take up a bill, let alone get at its substance.

Paragraph 7 of the memorandum states:

> 7. On the evening of July 27, Senator Yarborough deferred to the promise Senator Humphrey had made that there would be no live quorum calls, despite the fact that such a call might well have found an adjournment.

Mr. President, on July 27, Senator Yarborough did defer to a request that no live quorum be called late that evening and the leadership appreciated this routine courtesy. However, a number of live quorums have been requested during the course of debate on the bill. On Saturday, July 28, the Senate spent more than 10 hours in securing two quorums. A number of those opposing the bill did not respond to the quorum calls. Those resisting the bill had an opportunity to speak against it throughout that day—an opportunity they did not avail themselves of.

The memorandum next mentions in paragraph 8:

> 8. We refrained throughout the debate from exercising many of the rights guaranteed us by the Senate rules, with the exception of a single request that the Journal be read, and this after the majority leader used the admittedly unusual procedure of trying to bring up a major bill during the morning hour.

I might add, Mr. President, that those opposing the bill have, during the period of its consideration on the floor, denied committees the opportunity to meet; resisted for several days the motion to take up the bill; and devoted 2 days to amendments to the Journal. Some have discussed nongermane matters at great length.

It is true, Mr. President, that they could have gone further, that they would have been entirely within their rights in going further. The Senate, I am sure, is grateful for the restraint which they have exercised.

Paragraph 9 of the memorandum reads:

> 9. We allowed gaps in debate from June 21 to July 27 and from August 1 to August 10 which completely destroyed the continuity of our attempt to put our case before the Senate and the American people.

Mr. President, those opposing the bill did "allow gaps" of several days in debating it, the longest of which was for the consideration by the Foreign Relations Committee which they had sought themselves. In addition, several Members of the opposition have expressed the hope that a further gap—until the 88th Congress convenes or even beyond—be permitted before the bill is read the third time and passed. The opposition to the bill, far from urging that there be no "gaps" in debate, has in fact, suggested that the debate be terminated by withdrawing the bill from any further consideration.

The memo goes on to say that there have been "unprecedented Saturday sessions," and sessions "beginning early in the morning and ending late at night." In the first place, Saturday sessions are not unprecedented during this session although the leadership has done its best to keep them to a minimum. Moreover, Senators who have served in prior Congresses will remember precedents for Saturday sessions in July and August, particularly during election years, as well as sessions commencing in the morning and extending to 9 or 10 o'clock at night, or, indeed, all through the night.

That is the kind of Senate circus operation which the leadership has gone to great lengths to avoid. And, may I say, it hurts, it hurts deeply, after these efforts, to hear the unwarranted charge that Members have been pushed into unprecedented sessions, that they have been subject to a trial by endurance and inconvenience.

If the introduction of a cloture petition, after this extended period of debate, is unwarranted and unfair, I do not know what is fair under the Senate rules. The leadership does not believe it has dealt unfairly with the Members opposing the bill; it has, on the contrary steadfastly resisted the urgent request of many other Senators that, considering the lateness of the congressional session, the importance of this bill, and the heavy backlog of other legislation still to be considered, round-the-clock sessions be held until the bill could be brought to a final disposition. The leadership does not believe such sessions are necessary in order to bring about action on the bill. It believes that Members have been treated fairly; that the bill has been amply considered both in committee and on the floor; and that it is now time to vote. The leadership would have preferred a unanimous-consent agreement limiting debate on the bill to the restrictions of debate under cloture which would have allowed ample time for a final consideration of the measure. It requested that consent. It was not forthcoming. Consequently, the leadership had no other alternative but to offer a cloture motion.

That motion is now to be decided. The issue is clear cut: Are two-thirds of the Senators determined that a decision shall be made, one way or the other? Are the Senate rules a two-way proposition or a one-way street, a street that can be blocked to all the legislative traffic of the Nation, by a small minority of Senators if they are healthy enough and determined enough. Much has been said of the rules of the Senate, and much has been said of the rights of the minority to extensive debate under those rules. I believe in those rights. But I also believe in the higher responsibility of the Senate as a whole to fulfill its constitutional legislative functions.

Rule XXII is a rule of the Senate, and it is entitled to the same respect as other rules for it signifies a realization on the part of the Senate that at some point, there must be an end. When Members of the Senate are as courageous, as honest, and as unshakable in their convictions as have been the men on both sides of this question, sometimes no other course is possible under the Senate rules except an interminable delay if not a default in the constitutional responsibilities of this body or the application of rule XXII. The leadership believes the Senate is now at such a point.

The bill that we are considering has received far more of the time, attention, and energy of the Senate than has any bill in the 87th Congress. These proceedings have culminated in 16 days of debate on the Senate floor. Almost all committee activity except that of the Finance and Appropriations Committees have come to a standstill. The legislative process has slowed to a halt. The President spoke last night of the legislative needs of the Nation—of the need for action to begin to meet the great social and economic issues of the day. Will the Senate continue to dawdle? To decide for cloture is to decide honorably and reasonably to settle this issue one way or another and get on with the business of the Senate for the remainder of the session.

The leadership has placed the question before the Senate. Now the Senate itself will decide. It is my firm belief the Senate owes the country a decision.

The VICE PRESIDENT. The time of the Senator from Montana has expired. All time on his side has expired.

Mr. KEFAUVER. Mr. President, how much time do I have remaining?

The VICE PRESIDENT. The Senator from Tennessee has 14 minutes remaining.

Mr. KEFAUVER. I yield 2 minutes to the distinguished Senator from Alaska [Mr. Bartlett].

Mr. BARTLETT. Mr. President, I shall suffer no pangs of conscience in voting against cloture.

The VICE PRESIDENT. The Senator from Alaska will suspend until the Senate is in order. The occupants of the galleries will be in order. Senators will cease conversation. The Senator from Alaska may proceed.

Mr. BARTLETT. This will represent for me no deviation in attitude or action. Almost uniformly, during my brief service in the Senate, I have voted against cloture. It is true that my previous votes have been on the subject of civil rights, and for this I have been in some quarters branded a vicious reactionary, and, worse, I have been called anti-Negro and antihumanitarian, and anti a good many other things.

However, I voted as I did out of a very deep conviction that there ought to be one parliamentary body in the world where there might be the right of unlimited discussion; and that also is a reason why I voted in the previous Congress against a move to permit cloture by fewer than two-thirds of the Senators present and voting.

This right for free and unlimited debate I have long held to be vital to the protection of a minority in Congress, and the country.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. KEFAUVER. I yield 1 more minute to the Senator from Alaska.

Mr. BARTLETT. That fact is too frequently forgotten today, when it is said that prolonged debate is desired only to stop civil rights legislation. Nothing could be further from the truth. This is a part and parcel of our bulwark of freedom. I hope that cloture will not be imposed upon this body for the first time in 35 years.

Mr. KEFAUVER. Mr. President, I yield 2 minutes to the distinguished Senator from Illinois.

The VICE PRESIDENT. The Senator from Illinois will not proceed until the Senate is in order.

The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, I shall vote against cloture, for two reasons:

First, the advocates of the bill, with the exception of a brief appearance by the distinguished Senator from Rhode Island [Mr. Pastore] and yesterday by the distinguished Senator from Oklahoma [Mr. Kerr], have not really presented their case and have not permitted us to ask sufficient questions about the technique, the methods, or the corporation which may control this venture, or about other related matters.

Second, after 15 years as a Member of the Senate, I am tired of the one-sided application of the rules of the Senate and the use of rule XXII and other devices by the opponents of civil rights legislation, and also of what we regard as progressive legislation, to defeat those measures by interminable debate and other delaying tactics.

While such tactics are conducted and legitimized, I do not wish to disarm those who favor progressive legislation. I believe in mutual disarmament—both international and national—but I do not believe in unilateral disarmament, and I do not believe in taking away from conscientious Senators the one weapon they have left.

The Senate should proceed in January to change the rules; but while the rules exist, I shall not strip their protection from those who are fighting for what they believe to be the defense of the American people. The Senators from Oregon and Tennessee and their associates have the right to carry their sidearms into battle in view of the fact that their opponents are so heavily armed.

Mr. President, I yield back the remainder of my time.

Mr. KEFAUVER. Mr. President, I yield 1 minute to the distinguished Senator from Michigan.

Mr. McNAMARA. Mr. President, the bill before the Senate presents us with many problems. I have prepared a speech which I hope I shall have the opportunity to make. I have not had the opportunity up to this time. Therefore, I, too, will vote against the motion for cloture.

I yield back the remainder of my time.

Mr. KEFAUVER. Mr. President, I yield 2 minutes to the distinguished Senator from Colorado.

Mr. CARROLL. Mr. President, at the outset, I wish to make it crystal clear that I do not join in the criticism of the majority leader, the assistant majority leader, or the Senator from Rhode Island [Mr. Pastore], the Senator from Washington [Mr. Magnuson], or many other able Senators, who have given weeks of their time to the consideration of this complex bill. What I am specifically interested in is the debates which took place yesterday on two important issues. One had to do with the vesting in the President of more control of international relations. This subject, which was germane to the bill, was intelligently debated, but the proposal was defeated.

The second issue was the question of how much authority should be vested in the President to determine the difference between possible systems, that is, either the low orbital system or the high orbital system. Those were intelligent debates; there was no filibustering on those questions at all.

I believe I am correct in stating that the business which would be pending before the Senate, should cloture be rejected, would be one of the most important amendments to the entire bill, and on that question I am sure we would have one of the finest debates. That amendment has to do with the vital question whether the power of NASA should be enlarged. To do what? To lease as contract on a cost-plus basis. With whom? Of course, in all probability they would negotiate with the telephone company and other communication carriers. I do not believe the majority leader or the President or anyone else wishes to initiate a giveaway program, and I do not so charge. But I do say that the motion for cloture at this time is premature. I say that the debate up until this point has not been of sufficient duration. Yet for the first time in the history of America it is proposed to grant great power to a private corporation in a new field of science which is in its infancy. This is a proper subject for debate, not a filibuster. I believe the issue should be thoroughly probed. Searching questions should be asked and answered.

Mr. President, I ask the able Senator from Oregon if I have correctly stated that his amendment is now pending before the Senate.

Mr. MORSE. The Senator has made a correct statement.

Mr. CARROLL. Mr. President, under those conditions, I shall have to vote against the motion for cloture. Let me suggest that if the motion should fail, and if I correctly read the press reports, the majority leader—and he is my friend—within his rights——

The VICE PRESIDENT. The time of the Senator from Colorado has expired.

Mr. CARROLL. Mr. President, may I have another minute?

Mr. KEFAUVER. Mr. President, I yield one-half minute to the Senator from Colorado.

Mr. CARROLL. The majority leader can immediately file another petition for cloture. The Senate will vote again in 2 or 3 days. I believe the majority leader has stated to the press that if that motion did not then prevail, he would then move to set the present bill aside and have the Senate move on to the consideration of other important business. In my opinion, there is no great immediate emergency to enact a communications satellite bill. That is the opinion of other Senators and American leaders who have studied this subject very carefully.

Mr. KEFAUVER. Mr. President, I yield 1 minute to the distinguished junior Senator from Oregon.

Mrs. NEUBERGER. Mr. President——

The VICE PRESIDENT. The Senator from Oregon will suspend her remarks until the Senate is in order and the marching around the Chamber stops. The Chair is unable to understand why Senators need so many aides in the Chamber.

The Senator from Oregon may proceed.

Mrs. NEUBERGER. Mr. President, it is natural for both sides to defend the positions which they have taken on the bill. Much has been said during the short time remaining to us about procedure. I should like to express my opinion and my thoughts and the reason why I have taken the stand I have.

The big advertisement on the back page of the first section of the New York Times this morning reads:

> A.T. & T. * * * is, by far, the world's biggest business. Without it, we could not call home * * * or fight a nuclear war.

Mr. President, I do not want a private corporation to have this hold upon me.

Mr. KEFAUVER. Mr. President, I yield 5 seconds to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to submit two amendments and have them printed as if read.

The VICE PRESIDENT. Without objection, it is so ordered. The amendments will be received, printed, and will lie on the table; and the amendments will be printed in the Record.

The amendments are as follows:

On page 25, line 16, insert the following: "and conduct any negotiations affecting the corporation or the communications satellite system with such governments, entities, or bodies when in his judgment the foreign policy or national interest of the United States requires."

Beginning with line 3, page 38, strike out all to and including line 14, page 38, and insert in lieu thereof the following:

"FOREIGN NEGOTIATIONS

"Sec. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the President."

On page 31, beginning with line 16, strike out everything through "corporation." On line 6, page 32, and insert in lieu thereof the following:

"Sec. 303. (a) The corporation shall have a board of directors consisting of individuals who are citizens of the United States, of whom one shall be selected annually by the President of the United States to serve as chairman. Five members of the board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, effective the date on which the other members are elected, and for terms of five years or until their successors have been appointed and qualified, except that the first five members of the board so appointed shall continue in office for terms of one, two, three, four, and five years, respectively, and any member so appointed to fill a vacancy shall be appointed only for the unexpired term of the director whom he succeeds. Five members of the board shall be elected annually by those stockholders who are communications common carriers and five shall be elected annually by the other stockholders of the corporation."

Mr. KEFAUVER. Mr. President, I send to the desk an amendment and ask that it be printed in the Record and treated as read.

The VICE PRESIDENT. Without objection, it is so ordered. The amendment will be received and printed, and will lie on the table; and the amendment will be printed in the Record.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Space Communications Act'.

"TITLE I—DECLARATION OF POLICY AND DEFINITIONS

"Declaration of policy and purpose

"Sec. 101. (a) The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding.

"(b) The new and expanded space communications services are to be made available as promptly as possible and are to be extended to provide global coverage at the earliest practicable date. In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed, toward efficient and economical use of the electromagnetic frequency spectrum, and toward the reflection of the benefits of this new technology in both quality of services and charges for such services.

"(c) In order to facilitate this development, United States participation in the global system shall be the responsibility of the Space Communications Commission established by this Act. It is the intent of the Congress that such Commission, acting in cooperation with other departments and agencies of the Government under policies approved by the President, shall provide facilities for the rendition of space communication service, and shall provide for the operation of such facilities by authorized communications carriers. It is further the intent of the Congress that such operation shall be conducted under terms and conditions effective to insure nondiscriminatory access to such facilities and the rendition of effective and economical service to the Government for its requirements and to the public.

"(d) It is the intent of the Congress that insofar as practicable the communications satellite system shall be used for domestic as well as for international communication service. It is not the intention of the Congress to preclude the creation of additional communications satellite systems which may be required for communications needs.

"Definitions

"Sec. 102. As used in this Act—

"(1) the term 'communications satellite system' means a system of communications satellites in space whose purpose is to relay telecommunication information between satellite terminal stations, including communications satellites, satellite terminal stations, and associated equipment and facilities required for launching, tracking, guiding, controlling, commanding, and utilizing communications satellites for space communications purposes;

"(2) the term 'satellite terminal station' means a complex of communication equipment located on the earth's surface, operationally connected with one or more terrestrial communication systems, which is capable of transmitting telecommunications to or receiving telecommunications from a communications satellite system.

"(3) the term 'communications satellite' means an earth satellite which is intentionally used to relay telecommunications information;

"(4) the term 'associated equipment and facilities' means all facilities (other than satellite terminal stations and communications satellites) required for the primary purpose of establishing and operating a communications satellite system, whether for administration and management, for research and development, or for direct support of the space operations incident to the rendition of space communications service;

"(5) the term 'space communications service' means the rendition or furnishing of telecommunication service through the use in whole or in part of a communications satellite system;

"(6) the term 'telecommunication' means any transmission, emission or reception of signs, signals, writings, images, and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems;

"(7) the term 'research and development' means the conception, design, and first creation of experimental or prototype operational devices for the operation of a communications satellite system, including the assembly of separate components into a working whole, but does not include the construction of such devices through repetitive duplication to fixed specifications compatible for operational applications;

"(8) the term 'communications common carrier' has the same meaning as the term 'common carrier' has when used in the Communications Act of 1934, as amended;

"(9) the term 'authorized carrier' means a communications common carrier which has been authorized by the Federal Communications Commission under the Communications Act of 1934, as amended, to provide services by means of communications satellites;

"(10) the term 'Commission' means the Space Communications Commission established by this Act;

"(11) the term 'Administration' means the National Aeronautics and Space Administration; and

"(12) the term 'Communications Commission' means the Federal Communications Commission.

"TITLE II—FEDERAL PLANNING, COORDINATION, AND REGULATION

"The President

"SEC. 201. In order to achieve the objectives and to carry out the purposes of this Act the President shall—

"(1) plan, develop, and supervise, and foster the execution, of a national program for the establishment by the Commission and the operation, as expeditiously as possible, of a communications satellite system;

"(2) provide through the National Aeronautics and Space Council for the continuous review and coordination of the activities of all Government departments and agencies in all phases of the development and operation of such a system;

"(3) supervise relationships of the Commission with foreign governments, other foreign entities, and international organizations as may be necessary to assure that such relationships shall be consistent with the national interest and the foreign policy of the United States;

"(4) insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a worldwide communications satellite system;

"(5) take all necessary steps to insure the availability of the communications satellite system for general governmental purposes; and

"(6) take appropriate action for the attainment of coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with communications facilities in the United States and abroad.

"National Aeronautics and Space Administration

"SEC. 202. To carry out the purposes of this Act, the National Aeronautics and Space Administration, under policies approved by the President, shall—

"(1) advise and consult with the Commission and the Communications Commission as to the technical characteristics and requirements of the communications satellite system;

"(2) cooperate with the Commission in research and development activities required for the establishment and operation of the communications satellite system;

"(3) assist the Commission in the conduct of its research and development program by furnishing to the Commission, on a reimbursable basis, such satellite launching and associated services as may be necessary for the most expeditious and economical establishment and development of a communications satellite system;

"(4) furnish to the Commission, on request and on a reimbursable basis, satellite launching and associated services required for the establishment, operation, and maintenance of the communications satellite system; and

"(5) furnish to the Commission, on a reimbursable basis, such other services as it may require in connection with the establishment and operation of the system.

"Federal Communications Commission

"SEC. 203. (a) To carry out the purposes of this Act, the Federal Communications Commission, in its administration of the provisions of the Communications Act of 1934, as amended, and as supplemented by this Act, shall—

"(1) upon application made by any communications common carrier which is obligated by lease, contract, or other arrangement with the Commission to render space communications service through the use of facilities of the Commission, grant authorization to such carrier for the rendition of that service under such terms and conditions as the Federal Communications Commission shall determine to be required for compliance with the provisions of this Act;

"(2) insure effective competition, including the use of competitive bidding where appropriate, in the procurement by authorized communications common carriers of apparatus, equipment, and services required for the rendition of space communications service;

"(3) insure that all departments and agencies of the United States shall have full and adequate space communication service, and that all present and future authorized carriers shall have nondiscriminatory use of, and equitable access to space communication service;

"(4) insure that all space communication service is rendered under just and reasonable charges, classifications, practices, and regulations; such services rendered to the United States Government and agencies thereof shall be at preferental rates;

"(5) prescribe such other terms and conditions as may be required to regulate in the public interest the manner in which available facilities of the communications satellite system are allocated among users of space communications service;

"(6) render such advice and assistance to the Commission as may be required to insure that facilities of the communications satellite system and satellite terminal stations are technically compatible and interconnected operationally with each other and with existing communications facilities;

"(7) prescribe such accounting regulations and systems, and initiate such ratemaking proceedings, as will insure that any economies to communications common carriers made possible through the use of the communications satellite system are appropriately reflected in reductions in rates charged by such carriers for communication services; and

"(8) make such rules and regulations as the Federal Communications Commission shall determine to be necessary to carry out the provisions of this title.

"(b) In order to insure that small business concerns are given an equitable opportunity to share in the procurement programs of the Commission and communications common carriers for property and services (including but not limited to research, development, construction, maintenance and repair), the Federal Communications Commission shall cooperatively develop with the Small Business Administration within four months after the effective date of this Act a small business contracting program which shall contain such provisions as may be necessary to (A) enable small business concerns to receive, either directly or as subcontractors, a fair proportion of the contracts and procurements for property and services (including but not limited to research, development, construction, maintenance, and repair) awarded in the implementation and effectuation of the purposes of this Act, and (B) enable the Small Business Administration to obtain from the Commission and communications common carriers such reasonably obtainable information concerning contracts and procurements, including subcontracts thereunder, awarded in the implementation and effectuation of the purposes of this Act. In the event the Federal Communications Commission and the Small Business Administration cannot reach agreement on any matter with regard to the development of the small business contracting program, the matter in disagreement shall be submitted to the President who shall make the final determination.

"Secretary of State

"SEC. 204. Under the direction of the President, the Secretary of State shall conduct or supervise such negotiations with foreign governments and international bodies as may be required for the attainment of the objectives described in section 101 of this Act.

"TITLE III—ESTABLISHMENT OF THE SPACE COMMUNICATIONS COMMISSION

"Space Communications Commission

"SEC. 301. (a) There is established a Space Communications Commission, which shall be composed of five members, each of whom shall be a citizen of the United States. The President shall designate one member of the Commission as Chairman thereof to serve as such during the pleasure of the President.

"(b) The Chairman may from time to time designate any other member of the Commission as Acting Chairman to act in the place of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all meetings of the Commission and a quorum for the transaction of business shall consist of at least three members present.

"(c) Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons or the public, and on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct.

"(d) The Commission shall have an official seal which shall be judicially noticed.

"Appointment, terms, and compensation of members

"SEC. 302. (a) Members of the Commission shall be appointed by the President, by and with the advice and consent of the Senate. In submitting any nomination to the Senate, the President shall set forth the experience and qualifications of the nominee. Each member, except the Chairman, shall receive compensation at the rate of $22,000 per annum. The member designated as Chairman shall receive compensation at the rate of $22,500 per annum.

"(b) The term of office of each member of the Commission taking office after June 30, 1962, shall be five years, except that (1) the terms of office of the members first taking office after June 30, 1962, shall expire as designated by the President at the time of the appointment, one at the end of one year, one at the end of two years, one at the end of three years, one at the end of four years, and one at the end of five years, after June 30, 1962; and (2) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term.

"(c) Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

"(d) No individual who is affiliated with any communications common carrier may serve as a member of the Commission. As used in this subsection—

"(1) the term 'person affiliated with a communications common carrier' means any individual who is an officer or a director, or who holds legal title to or any beneficial interest in more than 200 shares of the stock of any class, of any corporation which is a communications common carrier or a parent or subsidiary corporation of any such common carrier;

"(2) the term 'parent corporation' means a corporation which has control over another corporation;

"(3) the term 'subsidiary corporation' means a corporation which is subject to control by another corporation; and

"(4) the term 'control', when used with respect to any corporation, means (A) the beneficial ownership of more than 25 per centum of the share capital of any class of that corporation, or (B) the exercise in fact of control over the policies or activities of that corporation by contract or otherwise.

"Principal office

"SEC. 303. (a) The principal office of the Commision shall be in or near the District of Columbia, but the Commission or any duly authorized representative may exercise any or all of its powers in any place.

"(b) The Commission shall maintain an office for the service of process and papers within the District of Columbia.

"General Manager, Deputy, and Assistant General Managers

"SEC. 304. There is established within the Commission—

"(a) a General Manager, who shall be the chief executive officer of the Commission, and who shall discharge such of the administrative and executive functions of the Commission as the Commission may direct. The General Manager shall be appointed by the Commission, shall serve at the pleasure of the Commission, shall be removable by the Commission, and shall receive compensation at a rate determined by the Commission, but not in excess of $22,000 per annum.

"(b) A Deputy General Manager, who shall act in the place of the General Manager during his absence when so directed by the General Manager, and who shall perform such other administrative and executive functions as the General Manager shall direct. The Deputy General Manager shall be appointed by the General Manager with the approval of the Commission, shall serve at the pleasure of the General Manager, shall be removable by the General Manager, and shall receive compensation at a rate determined by the General Manager, but not in excess of $20,500 per annum.

"(c) Assistant General Managers, or their equivalents (not to exceed a total of three positions), who shall perform such administrative and executive functions as the General Manager shall direct. They shall be appointed by the General Manager with the approval of the Commission, shall serve at the pleasure of the General Manager, shall be removable by the General Manager, and shall receive compensation at a rate determined by the General Manager, but not in excess of $20,000 per annum.

"Other officers

"SEC. 305. There shall be established within the Commission—

"(a) such program divisions (not to exceed ten in number) as the Commission may determine to be necessary for the discharge of its responsibilities. Each such division shall be under the direction of a Director who shall be appointed by the Commission and shall receive compensation at a rate determined by the Commission but not in excess of $19,000 per annum. The Commission shall require each such division to exercise such of the Commission's administrative and executive powers as the Commission may determine;

"(b) an office of the General Counsel, which shall be under the direction of a General Counsel, who shall be appointed by the Commission and shall receive compensation at a rate determined by the Commission, but not in excess of $19,500 per annum;

"(c) an Inspection Division, which shall be under a Director, who shall be appointed by the Commission and shall receive compensation at a rate determined by the Commission, but not in excess of $19,500 per annum. The Inspection Division shall be responsible for gathering information to ascertain whether the contractors, licensees, and officers and employees of the Commission are complying with the provisions of this Act and applicable rules and regulations of the Commission; and

"(d) such other executive management positions (not to exceed six in number) as the Commission may determine to be necessary to be discharged of its responsibilities. Such positions shall be established by the General Manager with the approval of the Commission. They shall be appointed by the General Manager with the approval of the Commission, shall be removable by the General Manager, and shall receive compensation at a rate determined by the General Manager, but not in excess of $18,500 per annum.

"Employees of the Commission

"SEC. 306. In the performance of its functions the Commission may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Commission. Such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with the Classification Act of 1949, as amended, except that, to the extent the Commission deems such action necessary to the discharge of its responsibilities, personnel may be employed and their compensation fixed without regard to such laws. No officer or employee (except such officers and employees whose compensation is fixed by law, and scientific and technical personnel) whose position would be subject to the Classification Act of 1949, as amended, if such Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under such Act for positions of equivalent difficulty or responsibility. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

"Space Communication Advisory Committee

"SEC. 307. (a) There shall be a Space Communication Advisory Committee to advise the Commission on scientific and technical matters relating to materials, production, and research and development required for the establishment and operation of the communications satellite system. The Committee shall be composed of nine members, who shall be appointed from civilian life by the President from individuals specially qualified by training and experience to render such advice.

"(b) Each member of the Committee shall hold office of a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office after September 1, 1962 shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and three at the end of six years, after September 1, 1962.

"(c) The Committee shall designate one of its own members as Chairman. The Committee shall meet at least four times in every calendar year.

"(d) Members of the Committee shall receive a per diem compensation not exceeding $100 for each day spent in meetings or conferences, and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

"TITLE IV—POWERS AND DUTIES OF THE COMMISSION

"Duties of the Commission

"SEC. 401. (a) In order to achieve the objectives and to carry out the purposes of this Act, the Commission, through the exercise of powers conferred upon it by section 402, shall—

"(1) plan, initiate, construct, own, manage, and maintain the communications satellites, satellite terminal stations, and associated equipment and facilities which comprise the contribution of facilities of the United States to the establishment and maintenance of the communications satellite system in conformity with international agreements entered into with the approval of the President; and

"(2) provide, by contract, lease, or other arrangement, for the rendition by communications common carriers of space communication service for the public and for departments and agencies of the United States, through the use of the facilities of the Commission, in compliance with the provisions of this Act. Communications services utilizing satellite communication facilities shall be provided to departments and agencies of the United States at special preferential rates.

"(b) Each contract, lease, or other arrangement entered into by the Commission for the rendition of space communication service by any communications common carrier through the use of facilities of the Commission shall contain such provisions as the Commission, with the approval of the Attorney General, shall determine to be effective to insure—

"(1) the rendition by that carrier of adequate, efficient, nondiscriminatory and economical space communications service to the public and to departments and agencies of the Government;

"(2) compliance by that carrier with the provisions of this Act and with applicable orders, rules, and determinations made by the Commission and by the Federal Communications Commission with respect to the rendition of such service;

"(3) compliance by that carrier with the provisions of applicable treaties and agreements in effect between the United States and foreign governments with respect to the operation of the communications satellite system;

"(4) payment by that carrier to the Commission for the use of facilities of the Commission of compensation at rates adequate to reimburse the Commission for all costs incurred by the United States in providing those facilities; and

"(5) compliance by that carrier with such terms and conditions, consistent with policies prescribed by the President, as the Commission shall include in that contract, lease, or other arrangement to carry into effect the provisions of this Act.

"General powers of the Commission

"SEC. 402. In the performance of its functions, the Commission is authorized—

"(1) to make, promulgate, issue, rescind, and amend rules and regulations governing the manner of its operations and the exercise of the powers vested in it by law;

"(2) to acquire in conformity with the provisions of the Federal Property and Administrative Services Act of 1949 (by purchase, lease, condemnation, or otherwise) real and personal property (including patents), or any interest therein within and outside the continental United States;

"(3) to acquire by lease or otherwise, through the Administrator of General Services, buildings or parts of buildings in the District of Columbia for the use of the Administration for a period not to exceed ten years without regard to the Act of March 3, 1877 (40 U.S.C. 34);

"(4) to dispose of real and personal property (including patents and rights thereunder) in accordance with the provisions of the Federal Property and Administrative Services Act of 1949;

"(5) to accept unconditional gifts or donations of services, money, or property, real, personal, or mixed, tangible or intangible;

"(6) to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its work and on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or with any political subdivision thereof, or with any person, firm, association, corporation, or educational institution;

"(7) to use, with their consent, the services, equipment, personnel, and facilities of Federal and other agencies with or without reimbursement, and on a similar basis to cooperate with other public and private agencies and instrumentalities in the use of services, equipment, and facilities. Each department and agency of the Federal Government shall cooperate fully with the Commission in making its services, equipment, personnel, and facilities available to the Commission, and any such department or agency is authorized, notwithstanding any other provision of law, to transfer to or to receive from the Commission, without reimbursement, equipment, facilities, and supplies (other than administrative supplies or equipment) required for the performance of the duties of the Commission;

"(8) to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates not to exceed $100 per diem for individuals;

"(9) when determined by the Commission to be necessary, and subject to such security investigations as he may determine to be appropriate, to employ aliens without regard to statutory provisions prohibiting payment of compensation to aliens; and

"(10) (A) to consider, ascertain, adjust, determine, settle, and pay, on behalf of the United States, in full satisfaction thereof, any claim for $5,000 or less against the United States for bodily injury, death, or damage to or loss of real or personal property resulting from the conduct of the functions of the Commission if such claim is presented to the Commission in writing within two years after the accident or incident out of which the claim arises; and

"(B) if the Commission considers that a claim in excess of $5,000 is meritorious and would otherwise be covered by this paragraph, to report the facts and circumstances thereof to the Congress for its consideration.

"Property rights in inventions

"Sec. 403. (a) Whenever any invention is made in the course of or incident to the performance of any contract entered into by or on behalf of the Commission, such invention shall be the exclusive property of the Commission, and if such invention is patentable, a patent therefor shall be issued to the Commission notwithstanding any other provision of law upon application made by the Commission unless the Commission waives all or any part of its rights to such invention in compliance with the provisions of this section. No patent may be issued to any applicant other than the Commission for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system, a satellite terminal station, or associated equipment and facilities unless—

"(1) the applicant files with the Commissioner of Patents, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any contract of the Commission; and

"(2) the Commission transmits to the Commissioner of Patents a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner of Patents to the Commission.

"(b) Whenever application is made by the Commission under subsection (a) for the issuance of any patent to the Commission, determination of any question arising with respect to its entitlement under that subsection to receive that patent shall be made in conformity with the provisions of subsections (d) and (e) of section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457).

"(c) Each contract entered into by the Commission with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Commission a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(d) Under such regulations as the Commission shall adopt in compliance with the provisions of this section the Commission may waive all or any part of its proprietary rights under this section with respect to any invention or class of inventions made, or which may be made, by any person or class of persons in the performance of any activity required by any contract of the Commission if the Commission determines that the fulfillment of the purposes of this act will be facilitated thereby. Any such waiver may be made upon such terms and under such conditions as the Commission shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the United States Government or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions Board which the Commission shall establish. Such Board shall accord to each interested party an opportunity for hearing, and shall transmit to the Commission its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(e) The Commission shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the Commission for the practice by any nongovernmental person of any invention for which the Commission holds a patent.

"(f) The Commission shall take suitable and necessary action to protect any invention or discovery in which it has any proprietary interests. The Commission shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(g) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made,' when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"Control in time of war

"Sec. 404. Each contract, lease, or other arrangement entered into by the Commission for the use, by any communications common carrier, of any property of the Commission shall contain provisions effective to insure that in time of war or national emergency declared by the President or by the Congress, the Commission may take possession and assume control of all or any part of such property for the use of the Government of the United States or any of the armed forces thereof.

"TITLE V—MISCELLANEOUS

"Applicability of Communications Act of 1934

"Sec. 501. The provision of space communication service by one communications common carrier to one or more other communications common carriers shall be deemed to be a common carrier activity fully subject to the Communications Act of 1934, as amended. Whenever the application of the provisions of this Act is determined to be inconsistent with the application of the provisions of the Communications Act of 1934, the provisions of this Act shall govern.

"National Aeronautics and Space Council

"Sec. 502. Section 201 (a) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2471 (a)), is amended by—

"(1) striking out the word 'and' where it appears following the semicolon in paragraph (4) thereof;

"(2) striking out the period at the end thereof, and inserting in lieu thereof a semicolon and the word 'and'; and

"(3) adding at the end thereof the following new paragraph:

" '(6) the Chairman of the Space Communications Commission.'

"Reports to the Congress

"Sec. 503. (a) The President shall transmit to the Congress in January of each year a report which shall include (1) a comprehensive description of the activities and accomplishments of departments and agencies of the Government during the preceding calendar year under the provisions of this Act; (2) an evaluation of such activities and accomplishments in terms of the attainment of the objectives of this Act; and (3) any recommendations for additional legislative or other action which the President may consider necessary or desirable for the attainment of such objectives.

"(b) The Commission shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this Act.

"(c) The Federal Communications Commission shall transmit to the Congress, annually and at such other times as it deems desirable, a report concerning (1) its activities and actions pursuant to the provisions of this Act; (2) an evaluation of such activities and actions taken by communications common carriers engaged in activities authorized by this Act; and (3) its recommendations for such additional legislation as it may consider to be necessary in the public interest for the effectuation of the purposes of this Act.

"Appropriations

"Sec. 504. There are hereby authorized to be appropriated to each department and agency of the United States charged with any responsibility under this Act such sums as may be required for the performance of its duties under this Act."

Amend the title so as to read: "An Act to provide for the establishment, ownership, operation, and regulation of a communications satellite system, and for other purposes."

Mr. MORSE. Mr. President, I ask unanimous consent that amendments I have at the desk be considered as read.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendments will be received and printed, and will be printed in the RECORD, and will lie on the table.

The amendments are as follows:

After section 404 add the following:

"SEC. 405. (a) Whenever the Attorney General receives a signed complaint that any person is being deprived of, or is about to be deprived of, the equal protection of the laws, and whenever the Attorney General certifies that, in his judgment, commencement of litigation by such person (1) may create the danger of injury to the person, family, or property of the complainant or of any other person with standing to bring such litigation, or of any counsel retained for purposes of such litigation, or (2) may create the danger of economic sanctions against the complainant or any other person named in (1), the Attorney General is authorized to institute for or in the name of the United States a civil action or other proper proceeding for relief, including an application for a permanent or temporary injunction, restraining order, or other order.

"(b) Whenever an action has been commended in any court of the United States seeking relief from the deprivation of the equal protection of the laws, the Attorney General in the name of the United States may intervene in the action with all the rights of a party thereto if he certifies that, in his judgment, the maintenance of the action may result in any of the injuries or economic sanctions set forth in subsection (a).

"(c) Nothing in this section shall be construed to deny, impair, or otherwise affect any right or authority of the Attorney General under existing law to institute or intervene in any action or proceeding.

"(d) In any proceeding under this section the United States shall be liable for costs the same as a private person. The district courts of the United States shall have jurisdiction of proceedings instituted pursuant to this section and shall exercise the same without regard to whether the party aggrieved shall have exhausted any administrative or other remedies that may be provided by law."

Strike out all after the enacting clause and in lieu thereof insert the following: "That this Act may be cited as the 'Communications Satellite Authority Act'.

"DECLARATION OF POLICY AND PURPOSE

"SEC. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time, making full use of the contributions which can be made by the Government and by private enterprise, and to insure that the benefits of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership and operation of the United States portion of the communications satellite system and invites all nations to participate in the system.

"DEFINITIONS

"SEC. 3. As used in this Act—

"(1) The terms 'private communications carrier', 'common carrier', and 'carrier' means any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

"(2) The terms 'communications satellite system', 'satellite system', and 'system' include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a 'communications satellite system', 'satellite system', or 'system' refers only to the satellite portion of the system.

"COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

"SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to as the 'corporation'), whose purpose and object shall be to develop, construct, launch, operate, manage, and promote the use of a communications satellite system, and to foster research and development in the use of space.

"(b) In order to assure a structure of organization and control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in communications rates, the corporation shall, as an agent of the United States, acquire, own, and operate the United States portion of the communications satellite system: *Provided, however,* That, where appropriate in the national interest, the corporation may contract with any other person for the operation of some or all of the communications satellite system. The corporation may not enter into such a contract where the effect thereof may be to substantially lessen competition in any line of commerce in any section of the country, or tend to monopoly.

"(c) The corporation shall lease communication channels on a nondiscriminatory and equitable basis to all persons authorized by the Federal Communications Commission to transmit communications via satellites, and shall provide facilities for governmental needs, as part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

"(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

"(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of a global communication system.

"BOARD OF DIRECTORS OF THE CORPORATION

"SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the 'board') shall be composed of nine members.

"(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, the Chairman of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as 'governmental directors'.

"(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. One of these five may be a representative of the communications industry. Directors so appointed shall be known as 'private directors'. The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

"(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven, and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial members of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

"(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate, unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

"(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

"(h) Each private director shall receive compensation at the rate of $20,000 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

"(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

"(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

"(k) No director other than the communications industry representative provided for in section 5(c) of this Act, may have any financial interest in any communication carrier corporation engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended.

"(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

"(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

"DUTIES OF THE BOARD

"SEC. 6. (a) The board shall—

"(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

"(2) foster research and development in the field of space telecommunications; and

"(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

"(b) The board shall—

"(1) meet upon the call of the chairman, but not less than once in each month; and

"(2) direct the exercise of all the powers of the corporation.

"EXECUTIVE SECRETARY

"SEC. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $25,000 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corporation unless otherwise specified in this act.

"(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

"(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

"(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

"(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

"COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"SEC. 8. (a) The corporation is hereby authorized—

"(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

"(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the Corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corporations, and governmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid and continuous scientific technological progress in a global communication system.

"(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

"COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

"SEC. 9. (a) The Federal Communications Commission is authorized and directed to—

"(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically compatible with and operationally interconnected with existing terrestrial communication facilities; and

"(2) establish such rules and regulations as may be required to regulate all overseas communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

"(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

"ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

"SEC. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

"(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

"(c) Any invention or discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

"ASSISTANCE FROM PRIVATE INDUSTRY AND INDIVIDUALS

"SEC. 11. (a) There shall be a Space Communication Advisory Committee to advise the corporation on scientific and technical matters relating to materials, production, and research and development required for the establishment and operation of the communications satellite system. The Committee shall be composed of nine members, who shall be appointed from civilian life by the President from individuals specially qualified by training and experience to render such advice. They may be persons associated with the communications and aerospace industries.

"(b) Each member of the Committee shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office after September 1, 1962, shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and three at the end of six years, after September 1, 1962.

"(c) The Committee shall designate one of its own members as Chairman. The Committee shall meet at least four times in every calendar year.

"(d) Members of the Committee shall receive a per diem compensation not exceeding $100 for each day spent in meetings or conferences, and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

"GENERAL POWERS OF THE CORPORATION

"SEC. 12. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

"(1) sue and be sued in its corporate name;

"(2) adopt and use a corporate seal, which shall be judicially noticed;

"(3) adopt, amend, and repeal bylaws;

"(4) make, perform, and enforce contracts as authorized by this Act;

"(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

"(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

"(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

"(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(9) transfer to any other department, agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

"(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite system;

"(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

"(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

"(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

"PROCUREMENT OF SUPPLIES AND SERVICES

"SEC. 13. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

"(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

"(1) an emergency requires immediate delivery of the supplies or performance of the services;

"(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

"(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchases may be made in the open market.

"(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

"FINANCIAL ACCOUNTABILITY OF THE CORPORATION

"SEC. 14. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation and the names, salaries, and duties of those who receive compensation at the rate of $7,500 per annum or more.

"(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each such audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms, and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

"(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

"CAPITAL AND REVENUE OF THE CORPORATION

"SEC. 15. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

"(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

"(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term 'net communication proceeds' means that portion of the annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

"(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and for other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

"BONDS ISSUED BY THE CORPORATION

"SEC. 16. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of overseas communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

"(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

"(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

"(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

"(e) Obligations issued by the corporation to the Secretary may not exceed $150,000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

"(f) If agreement is not reached within eight months concerning the issuance of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds.

"(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the corporation under this section during the year.

"(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such others matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

"(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes.

"APPROPRIATED FUNDS

"SEC. 17. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

"(b) From net communications proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning with the first fiscal year beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

"(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

"(2) a sum in repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

"(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities as of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

"(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond control of the corporation.

"REVENUE AND APPLICATION THEREOF

"SEC. 18. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

"(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

"ACCESS TO PATENTS AND TECHNICAL INFORMATION

"SEC. 19. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening overseas communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

"(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

"PROPERTY RIGHTS IN INVENTIONS

"SEC. 20. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

"(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

"(2) the Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

"(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice of any nongovernmental person of any invention for which the corporation holds a patent on behalf of the United States.

"(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

"(g) As used in this section—

"(1) the term 'person' means any individual partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"SECURITY PROVISIONS

"Sec. 21. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

"(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

"(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property of equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

"PENAL PROVISIONS

"Sec. 22. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

"(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"LEGISLATIVE RECOMMENDATIONS

"Sec. 23. The President shall from time to time transmit to the Congress his recommendations for such additional legislation as he may deem necessary or proper to carry out the purposes of this Act.

"SAVING PROVISIONS

"Sec. 24. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstance, shall not be affected thereby."

On page 30, line 22, insert after the numeral "301" the designation "(a)".

On page 31, between lines 4 and 5 add the following:

"(b) all measures to repeal, alter or amend this Act, together with all amendments to such measures which shall be debated in the Senate of the United States, shall be debated under the following procedure:

"If at any time, notwithstanding the provisions of rule III or rule VI or any other rule of the Senate, a motion, signed by sixteen Senators, to bring to a close the debate upon any such measure, together with all amendments thereto, is presented to the Senate pursuant to this section, the Presiding Officer shall at once state the motion to the Senate, and one hour after the Senate meets on the fifteenth calendar day thereafter (exclusive of Sundays and legal holidays) he shall lay the motion before the Senate and direct that the Secretary call the roll, and, upon the ascertainment that a quorum is present, the Presiding Officer shall, without further debate, submit to the Senate by a yea-and-nay vote the question:

"'Is it the sense of the Senate that the debate shall be brought to a close?'

"And if that question shall be decided in the affirmative by a majority vote of the Senators duly chosen and sworn, then said measure, together with all amendments thereto as aforesaid, shall be the unfinished business to the exclusion of all other business until disposed of.

"Thereafter no Senator shall be entitled to speak in all more than one hour on the measure, all amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time. No dilatory motion, or dilatory amendment, shall be in order. Points of order, including questions of relevancy, and appeals from the decision of the Presiding Officer, shall be decided without debate."

On page 39, line 24, add the following: "All bills embodying such recommendations for additional legislative action shall be debated in the Senate of the United States under the procedure established in Section 301(b) of this Act."

On page 40, line 11, insert after the word "interest" and before the semicolon the following: "which recommendations for additional legislation shall be debated in the Senate of the United States under the procedure established in Section 301(b) of this Act".

Mr. KEFAUVER. Mr. President, as the spokesman—and the very proud spokesman—for a very courageous group of Senators who are fighting in the best tradition for the national heritage, I wish to say that we are not asking for mercy; we are asking only for justice and fair treatment. We are fighting for a great principle. We are fighting for the prevention of the giving away of our heritage and of the assets of the Nation. We are acting in the tradition of La Follette, of Lincoln, of Norris, of Teddy Roosevelt, and many others.

No group has ever been more considerate of the majority leadership than we have; and I have yet to hear any statement to the contrary. I hope the majority leader will correct me if I am in error. We urged the majority leader not to bring up the bill on June 15. We pointed out to him that he could not possibly debate the "must" measures which expired on June 30 and have them passed if he did. Nevertheless, he brought it up.

On June 21, he pointed out to us that bills relating to the raising of the debt limit and the extension of taxes and seven or eight "must" measures had to be passed by midnight June 30. By unanimous consent, we agreed to set aside the communications satellite measure, although we had the manpower—and, thank God, the woman power also—to secure any kind of agreement we might possibly have wanted to offer the majority leader, because it was necessary for him to have those "must" measures passed. So we acceded to his request.

The bill was not brought up again until July 27. At that time, the distinguished Senator from Arizona [Mr. HAYDEN] came before the Senate with a bill to extend appropriations for the month of August. We could have debated the setting aside of the pending measure at that time and could have tied up the country and have forced the majority leader to an agreement to put the communications satellite bill over until the next session of Congress. But we did not do so. We allowed the appropriations measure to be agreed to and continued the consideration of this bill by unanimous consent.

It is customary to object to committees meeting when the Senate is in session; but knowing of the heavy workload of the Committee on Finance, we agreed that that committee might meet when the Senate was in session for the rest of this session of Congress.

Then, on August 1, while we were still debating whether the bill should be taken up again, we stepped down from another strong position and agreed that the bill should be referred to the Committee on Foreign Relations and that when it was reported to the Senate it would be the pending business.

If we had wished to do so, we could have prevented the bill from becoming the pending business for a month, for 6 weeks, or for the rest of the session.

Then it came back last Friday noon. The Senator from Louisiana [Mr. Long] had said he would not ask for a live quorum on Saturday. The Foreign Relations Committee report was not in; and I do not know whether it is here yet or not. No one expected that a cloture petition would suddenly be filed on Saturday, when we had had only one-half of a day. But on Saturday morning the cloture petition was filed. The Senator from Montana did request unanimous consent. But the Senator from Oregon was in Oregon and the Senator from North Dakota was in North Dakota, and there were only about four of us here. We did not even have a chance to talk about it, before this rule was put on us.

We have not had time. We want to be treated fairly and justly, so as to be able to present our case. That is all we ask.

The VICE PRESIDENT. The time now being 1 hour after the Senate met today, the Chair, under rule XXII, paragraph 2, lays before the Senate the motion, presented on Saturday last, to bring to a close the debate on House bill 11040, the Communications Satellite Act of 1962, and direct the Secretary to call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 161 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Murphy
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The VICE PRESIDENT. A quorum is present.

The Chair submits to the Senate the following question: Is it the sense of the Senate that the debate shall be brought to a close?

The yeas and nays are required by the rule; and the Secretary will call the roll.

Mr. GORE. Mr. President, a point of order. Many persons who are in the Chamber do not have the right to the floor. I ask that the rule be enforced.

The VICE PRESIDENT. All persons in the Chamber who are not entitled to be here by virtue of the rule of the Senate will please retire from the Chamber.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McGEE (when his name was called). On this vote I have a pair with the junior Senator from New Mexico [Mr. Anderson] and the junior Senator from Utah [Mr. Moss]. If they were able to be present, they would vote "yea." Were I permitted to vote, I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from North Carolina [Mr. Jordan], the Senator from Arkansas [Mr. McClellan], the Senator from Utah [Mr. Moss], and the Senator from Virginia [Mr. Robertson] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from North Carolina [Mr. Jordan], the Senator from Arkansas [Mr. McClellan], and the Senator from Virginia [Mr. Robertson] would each vote "nay."

The yeas and nays resulted—yeas 63, nays 27, as follows:

[No. 162 Leg.]

YEAS—63

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Butler
Capehart
Carlson
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Engle
Fong
Hart
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Magnuson
Mansfield
McCarthy
Metcalf
Miller
Monroney
Morton
Mundt
Murphy
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Symington
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—27

Bartlett
Burdick
Byrd, W. Va.
Cannon
Carroll
Douglas
Eastland
Ellender
Ervin
Goldwater
Gore
Gruening
Hill
Johnston
Kefauver
Long, La.
McNamara
Morse
Neuberger
Russell
Sparkman
Stennis
Talmadge
Thurmond
Tower
Yarborough
Young, Ohio

NOT VOTING—10

Anderson
Bible
Byrd, Va.
Fulbright
Hayden
Jordan, N.C.
McClellan
McGee
Moss
Robertson

The VICE PRESIDENT. On this vote the yeas are 63, the nays are 27. Two-thirds of the Senators present and voting having voted in the affirmative, the sense of the Senate is that debate shall be brought to a close.

TOO MUCH STALEMATE IN LEGISLATIVE PROCESS

Mr. RANDOLPH. Mr. President, my reason for signing the cloture petition and voting for the motion to apply a limitation of debate on the pending communications satellite bill is set forth in a press statement released by me on August 12, 1962. I ask unanimous consent that my position in this matter as reflected in the statement be printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Senator Jennings Randolph, Democrat, of West Virginia, is one of the 23 Senators who signed a petition for cloture—a motion to bring debate to a halt in the Senate on the pending communications satellite bill so that there may be a vote on the measure.

The cloture motion, which was filed Saturday, will be voted on under Senate rules an hour after the Senate convenes Tuesday. Cloture cannot be invoked and the present filibuster terminated unless two-thirds of Senators present and voting cast their votes in favor of it.

Senator Randolph said that in addition to having signed the petition, he will be present in the Senate on Tuesday and to vote for the cloture motion. He said this is consistent with his views throughout his career in Congress that discussions on pending business should be totally germane to the subject and that after a reasonable period of debate on any item of legislation it should be placed in a parliamentary position under which it can be brought to a vote on its merits.

"When it is obvious that a small minority of the Senate is resorting to overly extended debate and other maneuvers in order to prevent a measure from being considered by the body or to keep it from reaching the voting stages of procedure," Senator Randolph remarked, "I believe it is time for the Senate as a whole to bring its cloture rule into operation."

The communications satellite bill, he pointed out, passed the House of Representatives overwhelmingly, with only 9 Members of that body having voted against it and over 300 for it. Likewise, he said, three standing committees of the Senate devoted more than 45 days to considering the legislation and all three have overwhelmingly recommended its passage. He noted, too, that before the cloture vote Tuesday, the bill will have been under debate in the Senate 16 days, and he declared:

"I believe, therefore, that after all of this consideration and after 16 days of debate on this measure alone, it is time for the Senate to act on it and move on to other important business. The Senate has historically been a deliberative body—but we must not allow it to become a frustrated body. There is too much stagnation in the

> legislative process now and too much stalemate on too many vital matters. We are overdue in moving ahead with the Nation's business, not only as relates to the space satellite bill but also in the fields of legislation on public works, revenue, trade, and others vital to the country's progress."

Mr. RANDOLPH. Mr. President, I believe it to be pertinent also to ask unanimous consent to have printed in the RECORD portions of the editorial entitled "Issue Before the Senate," published in the Washington Post of Tuesday, August 14, 1962.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ISSUE BEFORE THE SENATE

> More than the satellite communications bill will be at stake when the Senate votes on cloture this afternoon. The outcome will necessarily have a vital effect on the Kennedy legislative program. If the Senate should refuse to limit debate on the pending bill and thus launch another talkathon of uncertain duration, it would inflict incalculable damage on the administration, the Democratic Party and the country. The question is whether, in a time of continued world tension and on the eve of a congressional election, the Senate will conduct itself as a responsible legislative body.
>
> * * * * *
>
> Senators need to remember also that a vote for cloture will not be, as Senator KEFAUVER has charged, a vote to "ramrod this bill through in silence." As a matter of fact, the bill has already been extensively debated. Additional hearings were held before the Senate Foreign Relations Committee at the behest of the bill's critics. If cloture is voted, each speaker will still have an hour to air his views. We surmise that every Senator knows now how he is going to vote. Further discussion for the sake of the record is reasonable, but the country will have very little patience with endless talk designed to keep the Senate from voting.
>
> Liberal Senators who are concerned about the record of the administration that will be before the voters in November should be especially aware of the danger of talking themselves into an indefensible position. They cannot frustrate Congress and jeopardize the vital bills awaiting action, without giving aid and comfort to their own political enemies. This is no time to be making the Congress appear either ridiculous or helpless or to be recklessly squandering party unity and good will for a Pyrrhic victory.

Mr. RANDOLPH. Mr. President, I reiterate that there is too much stagnation in the legislative process now and too much stalemate on too many vital matters. We are overdue in moving ahead with the Nation's business, not only as relates to the communications satellite bill, but also in the fields of legislation on public works, revenue, trade, and others vital to the country's progress.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE].

Mr. MANSFIELD. Mr. President——

Mr. KEFAUVER. Mr. President——

The VICE PRESIDENT. The Presiding Officer calls to the attention of the Senate that no Senator shall be entitled to speak in all more than 1 hour on the measure, motion, or other matter pending before the Senate, or the unfinished business, the amendments thereto, and motions affecting the same, and it is the duty of the Presiding Officer to keep the time of each Senator who speaks.

The Senator from Montana is recognized.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Montana yield for that purpose?

Mr. MANSFIELD. Yes.

Mr. RUSSELL. A Senator can divide his time as he sees fit; can he not? He can speak 5 minutes on one amendment and 5 minutes on the bill, for example, if he wishes to, can he not?

The VICE PRESIDENT. Yes; a Senator may divide his time.

Mr. KEFAUVER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield?

Mr. MANSFIELD. Does it come out of my 1 hour?

The VICE PRESIDENT. Yes.

Mr. MANSFIELD. I yield 15 seconds to the Senator from Iowa [Mr. MILLER].

The VICE PRESIDENT. The Senator from Montana yields 15 seconds to the Senator from Iowa.

Mr. MILLER. In connection with the business at hand——

The VICE PRESIDENT. The Chair cannot hear the Senator. The Senate will be in order.

Mr. GORE. Mr. President, a point of order.

The VICE PRESIDENT. The Senate will be in order.

Mr. GORE. A point of order, Mr. President.

The VICE PRESIDENT. May the Chair have the attention of Senators. The Parliamentarian informs the Chair that the Senator from Montana cannot yield his time to another Senator, although he can yield to a Senator.

Mr. GORE. A point of order, Mr. President.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. MANSFIELD. Mr. President, I would prefer to go ahead on my time, but I yield for that purpose.

Mr. GORE. Mr. President, I happen to occupy a seat on the back row. I can hear nothing of the business that is transpiring. Without any unkindness to all the visitors in the Senate, when the Vice President asked the aides of Senators to take seats or to leave the Chamber my aide left the Chamber. I ask that the aides of all Senators who are not needed to sit beside a Senator in debate leave the Chamber, so that the Senate can conduct its business, and I ask the Presiding Officer to enforce the rule.

The VICE PRESIDENT. It will be helpful to the Chair if Senators present will be cooperative and ask their own aides, unless it is absolutely essential that they remain in the Chamber, to leave the Chamber. It will be assumed any aide of the Senate remaining is absolutely essential to the transaction of the business of the Senate.

It appears that the Senate can operate without the assistance of most of the assistants.

The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I wish to congratulate the Senator from Tennessee [Mr. GORE]. I think the statement he made was long overdue. I am glad, now that the circus aspects of today's meeting have been done away with, that the attachés from various offices have left the floor. I hope that from now on this will not be considered a gathering place for the attachés of the Senate in such numbers as has been the case over the past several days, and most especially today.

Mr. President, I congratulate the Senate on the decision which has just been made. It is neither a victory nor a defeat either for the leadership or for any Member of this body. It is a victory for good sense. It indicates that even in the most difficult circumstances the Senate is capable of effecting an adjustment between the rights of individual Members and the responsibilities of this body as a whole under the Constitution. It is a decision for procedure in this body by reason rather than by recrimination.

The VICE PRESIDENT. The Senator from Montana will suspend. The Senate will be in order.

The galleries will be in order.

The Senator from Montana may proceed.

Mr. MANSFIELD. I want at this time to express my respect for those who opposed cloture, even as they have opposed the measure to which it was applied. They fight for what they believe in, with the weapons which the rules of the Senate place at the disposal of every individual Member. This they had every right to do, even as every other Member has the right to do so. So long as the present rules of the Senate prevail, it would be most inappropriate for any Member of this body to criticize any other Senator for the exercise of his rights under the rules if he is moved by conviction to exercise them.

That the Senate decided to invoke cloture is no reflection on the opposition to H.R. 11040 in any manner, shape, or form. It in no way discredits the substance of their arguments or their sincerity or the conviction with which they maintain their views.

Cloture means simply that the Senate wishes to make a decision on H.R. 11040 and to get on with other business. I hope that the Senate will now proceed promptly to make this decision so that it may move next to the farm bill, to the drug-control bill, and to other essential legislative and executive business. It will be up to the Senate to decide how quickly it wishes to move through the remainder of the program for this session to adjournment. The leadership will do what it can to hasten this process, but in the last analysis it is the Senate itself which will decide the pace.

Mr. President, I yield to the Senator from Tennessee [Mr. KEFAUVER] for a parliamentary inquiry.

Mr. KEFAUVER. I appreciate the majority leader's yielding for a parliamentary inquiry.

Mr. President, this procedure is so unprecedented—at least within the service of many of us—that I should like to make two or three parliamentary inquiries.

The VICE PRESIDENT. Will those who are in the galleries be in order so that the Chair can hear the Senator from Tennessee, and will the Senator from Tennessee speak louder?

Mr. KEFAUVER. First, Mr. President, each Senator, as I understand, is entitled to 1 hour, which he may divide as he sees fit. Is that correct?

The VICE PRESIDENT. That is correct.

Mr. KEFAUVER. Can one Senator assign or transfer any part of his hour to another Senator?

The VICE PRESIDENT. He cannot.

Mr. KEFAUVER. The third question is, after a Senator's hour has expired, will it be in order for the Senator to offer an amendment which has been submitted and read into the Record and secure consideration of it?

The VICE PRESIDENT. The rule says that "no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time."

If the amendment has been presented and read prior to this time, it can be voted on.

Mr. KEFAUVER. Let me state a hypothetical case. Several of us have a number of amendments which have been read and were submitted prior to the cloture vote. After a Senator's hour is exhausted, will it be in order for a Senator to offer such amendments as he wishes and to have them read to the Senate and voted on?

The VICE PRESIDENT. Not new amendments.

Mr. KEFAUVER. No.

The VICE PRESIDENT. If the amendments have been previously offered and ordered read and printed in the Record, then they can be called up and voted on.

Mr. KEFAUVER. All of those which have been offered and printed in the Record prior to the vote on cloture?

The VICE PRESIDENT. That is correct.

Mr. MANSFIELD. Mr. President, if I may regain the floor——

The VICE PRESIDENT. The Senator from Montana is recognized.

Mr. MANSFIELD. While a Senator can parcel out his time, he can parcel it out only to himself. Is that correct?

The VICE PRESIDENT. That is correct.

Mr. MANSFIELD. So far as amendments are concerned, if they are offered at the conclusion of the hour allocated to a Senator, they will then be nondebatable.

The VICE PRESIDENT. That is correct.

Mr. KEFAUVER. Mr. President, I did not understand the last ruling.

The VICE PRESIDENT. The Chair wishes to point out that the amendments would be nondebatable so far as the Senator whose time has expired is concerned, but 99 other Senators could debate them 99 hours.

Mr. MANSFIELD. I meant, so far as the individual Senator was concerned.

Mr. KERR. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. MANSFIELD. I yield.

Mr. KERR. If the Senator had used up his hour of time, how could he be recognized for any purpose?

The VICE PRESIDENT. The parliamentarian informs the Chair that the 1-hour limitation is to be applied to debate only; that a Senator could be recognized to call up an amendment without debate.

Mr. KEFAUVER. Mr. President, a further parliamentary inquiry.

Mr. MANSFIELD. Mr. President, may I continue my inquiry?

The VICE PRESIDENT. Does the Senator from Montana yield?

Mr. MANSFIELD. In all, so far as debate is concerned, it is not to exceed 100 hours. Is that correct?

Mr. KEFAUVER. Unless we get some more Senators.

The VICE PRESIDENT. Each Senator will be allowed 1 hour. If 100 Senators are present and desire to speak an hour each, the maximum debate will be 100 hours. That would not include quorum calls, rollcalls, the calling up of amendments, or routine items.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MANSFIELD. If the Senator from Montana were to take his seat now, as he intends to do, would he, before sitting down, be required to reserve the remainder of the hour allotted to him, or would it be automatically reserved to him?

The VICE PRESIDENT. No. The Chair will be responsible for keeping the time available to each Senator. The Senator will not have to reserve his remaining time.

Mr. MORSE and Mr. KEFAUVER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Montana yield; and, if so, to whom?

Mr. MANSFIELD. Mr. President, I yield the floor.

Mr. MORSE. Mr. President——

The VICE PRESIDENT. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MORSE. My amendment is pending at the desk. It provides that the jurisdiction of NASA shall be enlarged so that it would exercise the jurisdiction of the U.S. Government over the development of a satellite communications system, leaving those satellites American flag satellites, but with power to lease and contract out through private corporations in this country interested in a satellite communications system the right to help develop the satellite system. That is the pending amendment.

The VICE PRESIDENT. The Chair has not studied the amendment. The Senator is familiar with his amendment.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MORSE. If the amendment were read, would it be read on the time available to me?

The VICE PRESIDENT. It would be.

Mr. MORSE. The amendment is on the desk of each Senator. I shall proceed to use such time as I shall need to make a speech on the amendment.

The VICE PRESIDENT. The Senate will be in order. The Senator will suspend until the Senate is in order. The Chair desires order. Senators will take their seats and the Senate will be in order. Aides of the Senate will take their seats or retire from the Chamber. Occupants of the galleries will be in order.

The Senator from Oregon may proceed.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MORSE. Am I correct in my understanding that such time as is necessary to obtain order in the Senate will not come out of the time available to me?

The VICE PRESIDENT. The Senator is correct.

Mr. MORSE. Mr. President, a few minutes ago the Senate cast an historic vote. It will rise to plague the Senate for decades.

As with many great issues, the communications satellite bill has stirred intense feelings.

CLOTURE VOTE WAS PREMATURE

There are three brief points I wish to make. The first is, that based upon the precedents accumulated in this Chamber over the past 35 years, the vote for cloture was premature and grossly unfair to the rights of the minority to present their case from the floor of the Senate to the Amerian people.

The proponents of the motion have strained to make it appear that the petition was in order.

The distinguished majority leader came before this body on Friday, August 10, and stated that we were about to begin the 15th day of debate on this bill. On the following day the majority leader corrected the Record to show that at the time of his statement the bill had been before the Senate only 12 days.

I have examined the Congressional Record for the days itemized by the majority leader as days of debate and find that on 4 of these days, June 14, July 25, July 28, and August 1, the bill was before the Senate for 5 minutes or less.

I find further that a tabulation of the debate on specific aspects of this measure, on the basis of the calculations made by the Senator from Pennsylvania [Mr. Clark] on August 2, shows that the satellite bill had actually been debated a total of 42 hours and 15 minutes up to yesterday morning. Including the full day of debate yesterday, the total is now just under 50 hours.

The VICE PRESIDENT. Will the Senator yield to receive a message from the House of Representatives, with the understanding that the time necessary to receive the message will not be charged to the Senator from Oregon?

Mr. MORSE. I yield.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 3315) to relieve owners of abutting property from certain assessments in connection with the repair of alleys and sidewalks in the District of Columbia, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 2357. An act to provide for the regulation of credit life insurance and credit accident and health insurance in the District of Columbia; and

S. 3086. An act to provide for a reduction in the workweek of the Fire Department of the District of Columbia, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1341. An act to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards;

H.R. 8563. An act to amend the Life Insurance Act of the District of Columbia to permit certain policies to be issued to members of duly organized national veterans' organizations;

H.R. 9045. An act to amend the Trading With the Enemy Act, as amended;

H.R. 10188. An act to amend sections 2 and 5 of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in the Georgetown area of the National Capital," approved September 22, 1950 (64 Stat. 903);

H.R. 11698. An act to amend the act of March 3, 1901, to permit the appointment of new trustees in deeds of trust in the District of Columbia by agreement of the parties;

H.R. 12689. An act to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901; and

H.R. 12727. An act to amend the act of February 28, 1901, to insure that policemen and firemen in the District of Columbia will receive medical care for all injuries and diseases.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 1341. An act to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards; to the Committee on Commerce.

H.R. 8563. An act to amend the Life Insurance Act of the District of Columbia to permit certain policies to be issued to members of duly organized national veterans' organizations;

H.R. 10188. An act to amend sections 2 and 5 of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in the Georgetown area of the National Capital," approved September 22, 1950 (64 Stat. 903);

H.R. 11698. An act to amend the act of March 3, 1901, to permit the appointment of new trustees in deeds of trust in the District of Columbia by agreement of the parties;

H.R. 12689. An act to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901; and

H.R. 12727. An act to amend the act of February 28, 1901, to insure that policemen and firemen in the District of Columbia will receive medical care for all injuries and diseases; to the Committee on the District of Columbia.

H.R. 9045. An act to amend the Trading With the Enemy Act, as amended; to the Committee on the Judiciary.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The VICE PRESIDENT. The Chair recognizes the Senator from Oregon.

Mr. MORSE. Mr. President, on August 2 the Senator from Pennsylvania [Mr. CLARK] inserted in the CONGRESSIONAL RECORD, on page 15492, a tabulation of the debate up until that time, which showed that there had been 12 hours and 27 minutes of debate on this bill.

DEBATES OF PAST TWO AND THREE TIMES AS LONG

Let us compare this with some of the recent debates in the past. Assuming that we have had 12 to 16 days of debate—depending on whether the 5-minute sessions count as "days of debate"—this stands in rather marked contrast to the precedent on the Civil Rights Act of 1960 which ran to 37 days of continuous debate between September 15 and April 11, 1960.

In 1953 the tidelands oil debate of 1953 ran to 35 days between April 1 and May 5, 1953.

In 1938 the antilynching bill was filibustered, in the best sense of the word, for 29 days from January 6 through February 21, 1938, during which time only two conference reports and an appropriations bill passed the Senate.

In 1942, 1944, 1946, and 1948 there were four highly organized and extended filibusters on the question of Federal antipoll tax legislation.

Mr. President, none of these filibusters or debates were shut off by cloture, although they far exceeded the present debate. They exceeded this debate by 100 percent and in two cases about 200 percent in length.

Clearly on the basis of the history of the Senate, cloture was not justified. To invoke it, therefore, under these circumstances wrote an entirely new chapter in the history of this body which will be full of nothing but foreboding for the future.

At this point I should like to have printed in the RECORD a tabulation of the actual hours and minutes of debate on the satellite bill from June 14 until the present day, together with a history of the outstanding filibusters from 1841 to 1960 which appeared in the CONGRESSIONAL RECORD of January 11, 1961. I believe that the record speaks for itself and should conclude the issue in the minds of those who read this RECORD. Therefore, for history I wish that material to be printed in the RECORD at this point.

There being no objection, the tabulation and history were ordered to be printed in the RECORD, as follows:

TABULATION OF TIME SPENT ON DEBATE OF SATELLITE BILL, H.R. 11040

At the time Mr. MANSFIELD was saying, "Today we begin the 15th day of debate on this bill," the bill had been before the Senate on 13 days for a total of 33 hours 15 minutes.

On 4 of these days, the bill was discussed for 5 minutes or less.

After the August 10 and 11 sessions, the total time spent on the bill had risen to 42 hours 15 minutes.

In addition, 6 hours and 8 minutes were consumed in debate on the Rules in connection with amendment of the Journal.

A daily tabulation and supporting documents follow:

Days of debate on H.R. 11040

	Hours	Minutes	Amending Journal	
			Hours	Minutes
June 14	0	1½		
June 15	2	12		
June 18	1	54		
June 19	4	40		
June 20	1	37		
June 21	2	4		
July 25	0	1		
July 26	0	0	3	5
July 27	4	14	3	3
July 28	0	5		
July 30	8	1		
July 31	8	51		
Aug. 1	0	5		
Aug. 10	3	9		
Aug. 11	5	30		
Aug. 13	7	44		
Total:				
Until Monday	42	15		
Until Tuesday	49	59		
Rule total			6	8

NOTE.—Basis of calculation 3 minutes per column, germane talk.

OUTSTANDING SENATE FILIBUSTERS FROM 1841 TO 1960

In 1841 a bill to remove the Senate printers was filibustered against for 10 days.

A bill relating to the Bank of the United States was filibustered for several weeks and caused Clay to introduce his cloture resolution.

In 1846 the Oregon bill was filibustered for 2 months.

In 1863 a bill to suspend the writ of habeas corpus was filibustered.

In 1876 an Army appropriation bill was filibustered against for 12 days, forcing the abandonment of a rider which would have suspended existing election laws.

In 1880 a measure to reorganize the Senate was filibustered from March 24 to May 16 by an evenly divided Senate, until two Senators resigned, giving the Democrats a majority.

In 1890 the Blair education bill was filibustered.

The force bill, providing for Federal supervision of elections, was successfully filibustered for 29 days. This resulted in the cloture resolution introduced by Senator Aldrich which was also filibustered and the resolution failed.

In 1893 an unsuccessful filibuster lasting 42 days was organized against a bill for the repeal of the Silver Purchase Act.

In 1901 Senator Carter successfully filibustered a river and harbor bill because it failed to include certain additional appropriations.

In 1902 there was a successful filibuster against tristate bill proposing to admit Oklahoma, Arizona, and New Mexico to statehood, because the measures did not include all of Indian territory according to the original boundaries.

In 1903 Senator Tillman (South Carolina) filibustered against a deficiency appropriation bill because it failed to include an item paying his State a war claim. The item was finally replaced in the bill.

In 1907 Senator Stone filibustered against a ship subsidy bill.

In 1908 Senator La Follette led a filibuster lasting 28 days against the Vreeland-Aldrich emergency currency law. The filibuster finally failed.

In 1911 Senator Owen filibustered a bill proposing to admit New Mexico and Arizona to statehood. The House had accepted New Mexico, but refused Arizona because of her proposed constitution. Senator Owen filibustered against the admission of New Mexico until Arizona was replaced in the measure.

The Canadian reciprocity bill passed the House and failed through a filibuster in the Senate. It passed Congress in an extraordinary session, but Canada refused to accept the proposition.

In 1913 a filibuster was made against the omnibus public building bill by Senator Stone, of Missouri, until certain appropriations for his State were included.

In 1914 Senator Burton (Ohio) filibustered against a river and harbor bill for 12 hours.

Senator Gronna filibustered against acceptance of a conference report on an Indian appropriation bill.

In this year also the following bills were debated at great length, but finally passed: Panama Canal tolls bill, 30 days: Federal Trade Commission bill, 30 days; Clayton amendments to the Sherman Act, 21 days; conference report on the Clayton bill, 9 days.

In 1915 a filibuster was organized against President Wilson's ship purchase bill by which German ships in American ports would have been purchased. The filibuster was successful, and as a result three important appropriation bills failed.

In 1917 the armed ship bill of President Wilson was successfully filibustered, and caused the defeat of many administration measures. This caused the adoption of the Martin resolution embodying the President's recommendation for a change in the Senate rules, on limitation of debate.

In 1919 a filibuster was successful against an oil and mineral leasing bill, causing the failure of several important appropriation bills and necessitating an extraordinary session of Congress.

In 1921 the emergency tariff bill was filibustered against in January 1921, which led Senator Penrose to present a cloture petition, The cloture petition failed, but the tariff bill finally passed.

In 1922, the Dyer antilynching bill was successfully filibustered against by a group of southern Senators.

In 1923 President Harding's ship subsidy bill was defeated by a filibuster.

In 1925 Senator Copeland (New York) talked at length against ratification of the Isle of Pines Treaty with Cuba, but the treaty was finally ratified.

In 1926 a 10-day filibuster against the World Court protocol was ended by a cloture vote of 68 to 26, the second time cloture was adopted by the Senate.

A bill for migratory bird refuges was talked to death by States rights advocates in the spring of 1926, a motion for cloture failing by a vote of 46 to 33.

In 1927 cloture again failed of adoption when it was rejected by 32 yeas against 59 nays as a device to end obstruction against the Swing-Johnson bill for development of the Lower Colorado River Basin.

One of the fiercest filibusters in recent decades succeeded in March 1927, in preventing an extension of the life of a special campaign investigating committee headed by James A. Reed, of Missouri. The committee's exposé of corruption in the 1926 senatorial election victories of Frank L. Smith in Illinois and of William S. Vare in Pennsylvania had aroused the ire of a few Senators who refused to permit the continuance of the investigation despite the wishes of a clear majority of the Senate.

In 1933, early in 1933, a 2-week filibuster was staged against the Glass branch banking bill in which Huey Long first participated as a leading figure. "Senators found him impervious to sarcasm and no man could silence him." Cloture was defeated by the margin of a single vote. Finally, the filibuster was abandoned and the bill passed.

In 1935 the most celebrated of the Long filibusters was staged on June 12–13. Senator Long spoke for 15½ hours, a feat of physical endurance never before excelled in the Senate, in favor of the Gore amendment to the proposed extension of the National Industrial Recovery Act. But the amendment was finally tabled.

In 1938 a 29-day "feather duster" filibuster in January–February defeated passage of a Federal antilynching bill, although an overwhelming majority of the Senate clearly favored the bill.

In 1939 an extended filibuster against adoption of a monetary bill, extending Presidential authority to alter the value of the dollar, continued from June 20 to July 5, 1939, but finally failed by a narrow margin.

In 1942, 1944, 1946, and 1948 four organized filibusters upon the perennial question of Federal anti-poll-tax legislation were successful in these years. An attempt to pass fair employment practice legislation in 1946 was also killed by a filibuster. The Senate cloture rule proved ineffective in these cases as a device for breaking filibusters.

In 1949 a motion to take up a resolution (S. Res. 15) to amend the cloture rule was debated at intervals in the Senate from February 28 to March 17 when it was amended and agreed to.

In 1950 a motion to take up the FEPC bill (S. 1728) was debated in the Senate, May 8–19, 1950, a total of 9 days. Ten Senators spoke in favor of the motion to take up (really in support of the bill) and eight Senators spoke against the motion. According to a rough calculation, the proponents of the motion and bill used 35 percent, and the opponents used 65 percent, of the space in the Congressional Record devoted to the subject. During the 9-day period 3,414 inches of the Record were consumed with discussion of FEPC and 2,835 inches with other matters.

Mr. Malone filibustered for 11 hours against the conference report on the slot machine bill (S. 3357) in December 1950.

In 1953 a prolonged debate took place on the so-called tidelands offshore oil bill. It began April 1 and ended May 5. The tidelands debate lasted for 35 days, one of the longest on record. During this debate Senator Morse established a new record for the longest single speech. On April 24–25 he spoke for 22 hours and 26 minutes.

In 1954 an extended debate occurred in July on a bill to amend the Atomic Energy Act of 1946 (S. 3690). The debate lasted 13 days. On July 26 Senator Knowland sought to invoke cloture on S. 3690, but his motion failed by a vote of 44 yeas to 42 nays.

In 1957 (August 28–29) during the debate on the civil rights bill of 1957, Senator Strom Thurmond made a 24-hour and 18-minute speech, the longest in Senate history.

In 1960 the Senate debated civil rights from February 15 to April 11. Actual debate on civil rights consumed 37 days, during which 45 rollcalls votes were taken. Eighteen southern Senators conducted a systematic filibuster. In an effort to break the filibuster, around-the-clock sessions were held from February 29 through March 8. The Senate was in continuous session for 9 days, or a total of 157 hours and 26 minutes, with two breaks.

LEADERSHIP RESPONSIBLE FOR CLOTURE

Mr. MORSE. Before I leave this point, however, it should be noted that since the measure first came up on June 14, the opponents of the bill have been highly cooperative in allowing and in actually seeking to bring up important legislation.

The distinguished Senator from Tennessee [Mr. Kefauver] pointed out in his brief remarks a few minutes ago that on August 10 motions were made to have the Senate consider the administration's farm bill and the drug bill of the Senator from Tennessee [Mr. Kefauver]. The leadership itself took the initiative in defeating these motions.

As I have said to the American people from the floor of the Senate and from the platforms of America, and will continue to say, the responsibility for the defeat of the motion to make the farm bill and the drug bill the pending business of the Senate on August 10 rests squarely on the shoulders of the leadership of the Senate on both sides of the aisle, because they were in complete agreement on a parliamentary tactic to deny to the American people the opportunity to have those pieces of emergency legislation brought to the floor of the Senate on that day.

On August 10, for example, motions were made, as I have said, to make those bills the pending business.

Further, it should be noted that the report of the Senate Foreign Relations Committee was not available for study until this very morning.

My second point is made in passing.

AMENDMENTS SHOW SUBSTANCE TO OBJECTIONS

The excellent debate yesterday on the Gore amendment, which would have restored to the bill the language proposed by the President in the realm of foreign policy, indicates beyond a shadow of a doubt the depth and substantiality of the points raised by the opponents of this bill.

There are some who have made light of the number of amendments that have been proposed to the bill. For myself I have submitted on behalf of myself and other colleagues in the Senate 15 amendments.

One is to allow USIA preferential rates for "freedom programs" in repayment of the $9.5 billion which the Government has already committed to our space effort. This amendment was fully supported by the facts brought out in the testimony of Edward R. Murrow both before our committee and before the House Space Committee.

I wish to say to the American taxpayers from this floor today, "You are going to pay through the economic nose if this bill is adopted in its present form. You are going to pay commercial rates for most of the programs essential to be sent to the undeveloped areas of the world in this great contest between freedom and communism. You will have to pay a gigantic monopoly monstrosity created by the bill commercial rates in the contest with Russia for freedom in this world."

If this were the only defect of the bill I would never vote for it. I would never want my descendants to read the history of my public life and have them read that I voted to impose that kind of economic injustice upon the taxpayers of the United States.

This is only one of the many reasons why I believe this is a shocking bill and why I think my administration is on the way to being guilty of imposing upon the American people a giveaway program in the bill greater in its economic effect than any giveaway program of the Republican Party in all of its history. That will be a part of the Kennedy administration's record if the bill is adopted by the Senate and becomes the law when signed by the President of the United States.

I wish to say to my Democratic colleagues: "Oh, you talk to me about not pointing out to the people of this country this failure of the Kennedy administration to protect the economic interests of the American people." That falls on deaf ears, because I do not intend to play Democratic partisan politics above the trust I owe to the people of the State of Oregon.

This course of action on the part of the Kennedy administration in regard to the bill is a shameful course of action from the standpoint of public interest and the rights of the American people.

AMENDMENTS CANNOT BE ADEQUATELY DISCUSSED

I have some amendments in which I seek to prevent this great mistake of the Kennedy administration. The Senate is allowing me 1 hour to discuss all of my amendments. The same is true of all my colleagues in the Senate who are offering amendments. Each of us will have 1 hour to speak on our amendments. In my case I have a total of 15 amendments, which figures out to be about 4 minutes per amendment.

I propose in my speech to consume a considerable amount of my 1 hour's time to let the record be crystal clear as to where the senior Senator from Oregon stands in relation to this action of the Kennedy administration. I want my leadership to know that I do not support the Kennedy administration in this kind of giveaway of the economic rights and interests of the taxpayers of this country. I believe that the voters in November will make perfectly clear to the Kennedy administration that they do not support this kind of giveaway program, which the administration is seeking to impose upon the American people. The amendments I and my colleagues offered in the Foreign Relations Committee have been supported by competent international lawyers who testified before that committee. Yet we are not being given time to analyze and present to the Senate the testimony of those great international lawyers. We are not going to have the time to present on the floor of the Senate for the consideration of the American people what the testimony before the Foreign Relations Committee shows.

Therefore some of us—and I speak for the senior Senator from Oregon—have come to the conclusion that the administration did not want us to have the time to make the record in regard to the foreign relations aspect of the bill. In my judgment, when the foreign relations aspect of the bill becomes understood by the American people—and the senior Senator from Oregon is going to do the best he can from coast to coast to make it clear to the American people what is involved in regard to the foreign relations aspects of the bill—I am satisfied what the final judgment of the American people is going to be. It is going to support the position of this so-called little willful band of Senators who have run up this warning signal to the American people that this monstrous giveaway program to an American monopolistic combine must be stopped.

BILL SHOULD PROVIDE FOR ROLE OF U.N.

I wish to point out also that my second amendment would restore the original language relating to the United Nations, which the President proposed, in the first place. This was supported by the testimony of two distinguished international lawyers, one of whom was a former adviser to the Department of State, Mr. Cohen. The other was a former Ambassador to the United Nations. Our present Ambassador to the United Nations, now Mr. Stevenson, whom since the end of July I have been trying to get before the Foreign Relations Committee for examination, was also quoted by a witness in support of determining the role of the United Nations regarding satellite communications.

That great witness, Ernest Gross, as the record will show, supported the position of the senior Senator from Oregon for an amendment to the bill which makes perfectly clear that we ought to write into the bill recognition of the United Nations role with respect to the development of a global satellite system.

Let us not forget that when Mr. Stevenson, in behalf of the U.S. Government, offered the famous resolution before the United Nations in December 1961 and persuaded Russia to go along with that resolution, Mr. Stevenson spoke of a global satellite system. He did not speak of an American monopolistic satellite system. He did not speak of an attempt on the part of the United States to set up a monopoly control of an American satellite system from which profit tribute will be collected from the taxpayers of the United States. And also, if it is going to be effective in the underdeveloped areas of the world, a profit tribute will be extracted from the peoples of the underdeveloped areas of the world themselves.

If anyone thinks that is the way to win the cause of freedom and put this matter of sending to the underdeveloped areas of the world the great freedom programs that will be necessary for the next quarter century, if we are to beat Russia in her lying and deceitful and misrepresenting propaganda game in the underdeveloped areas of the world, then I say most respectfully he could not be more mistaken. If we are to whip Russia now we must have a satellite communication system over which we can transmit "freedom programs" to the underdeveloped areas of the world at the least possible cost, the greatest possible quantity.

Yet the Senate of the United States proposes to put a price dollar sign between the United States and the people of the underdeveloped areas of the world. I say it is a horrendous mistake which the Senate made a few minutes ago. I shall do my best, so far as I am given the trust of serving in the Senate in the years to come to correct the mistake that was made here this morning.

AID TO EDUCATION AMENDMENT

Mr. President, the third of my amendments deals with insuring service to underdeveloped lands without extended adversary litigation; a fourth has to do with setting aside a portion of the revenues of the corporation for advancing education, as did the Northwest Ordinance of 1785; and as we tried to do in the Hill "oil for education" amendment of 1953, which was supported by the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wisconsin [Mr. WILEY], and the then Senator from Massachusetts, Mr. Kennedy.

In fact, on the basis of communications that we have received from great educational associations in the United States and from some leading educators in the United States in support of the Morse satellite aid for education amendment, this amendment alone ought to have been the subject of debate and discussion and perfecting, if it needs any perfecting, for at least 3 days in the Senate. Because of the steamroller gag rule tactics which the Senate has imposed upon a group of very sincere Senators, who are seeking to perfect the bill, we are now limited to 1 hour for presentation not only of this amendment but of all amendments.

In my judgment the course of action followed by the Senate today makes it almost certain that future generations of school boys and girls and college men and women were jeopardized by the course of action followed by the imposition of the gag. We all know now that there will not be time enough to discuss the Morse satellite communications aid to education amendment. I know what will happen. The amendments will be brought up, but there will be a quick vote on them, and that will be the end of them.

ISSUES SHOULD BE FULLY DISCUSSED

There should be time for us to proceed with a full debate on the amendments. I know it is said that we could not do that and adjourn by September 15. Granted. But no good reason has been presented on the floor of the Senate by any Senator who favors the bill to justify our not coming back in the week following the election and proceeding to take up the bill.

The senior Senator from Oregon has said from the beginning that he will stand shoulder to shoulder with the leadership of the Senate in arriving at an agreement even to limit the bill to a reasonable debate after the election, and fixing a time certain to vote. The senior Senator from Oregon has been completely consistent in his position. He has said that the bill cannot possibly be considered on its merits, with all the implications and obligations involved in it, and voted upon, and have the emergency pieces of legislation passed before adjournment, unless it is desired to have the Senate remain here through election. That has been my position.

CONSEQUENCES OF CLOTURE

This is a sorry day. The Democratic Party, under the Democratic leadership, has made a colossal blunder by way of imposing cloture on the Senate after less then 50 hours of debate. It is impossible for us to put on the fight, to make the explanation, to produce the arguments in support, for example, of the Morse satellite communications for education amendment. The amendments at the desk have been carefully thought out. They have been drafted after consultation with recognized authorities and with the individual offerers of the amendments. We have done our bookwork in opposition to the bill. We are sincerely convinced that the bill needs to be modified in many respects. But the gag which has been imposed upon us by the Senate today makes it impossible for us to protect this great body as the last remaining citadel of untrammeled debate in the world. It means that we cannot protect the interests of the American people in respect to the amendments that are before the Senate.

I say to the American people, take note of what the Senate did today, and take note of who did it to you. Make your day of reckoning clear to them when you have the opportunity to call them to account for the course of action that was followed in the U.S. Senate today.

Mr. President, I shall not discuss the merits of the amendments at this time. Indeed, time will not allow me to do so. Now that cloture has been invoked, the Senate will have perhaps 15 minutes to discuss each pending amendment. Does any Senator believe that the education provision of the Northwest Ordinance was forged in 15 minutes of debate in the Senate of the United States? This will be only one small indication of what has been cast away by the invoking of cloture today.

BASIC TRADITION OF GOVERNMENT OF LAWS THREATENED

My third and most important point is that the imposition of cloture threatens us with a direct violation of a tradition that ours is to be a government of laws, and not of men. Under the rules of politics in our democratic society, we do not question, and I make it perfectly clear that I do not question, the integrity or patriotism of anyone involved with this proposed legislation or anyone who would be involved with the proposed corporation. Our system of government assumes this integrity and patriotism and dedication.

Upon this foundation the Constitution superimposes, in an act of consummate wisdom a system of checks and balances. It does so to keep power decentralized and to assure that the wisdom of many men and institutions with differing experience will be brought to bear upon the conduct of affairs and the creation of legislation.

The invoking of cloture now without full debate casts away the wisdom of the Constitution in this instance and sets a perilous precedent for doing so in the future.

It involves an abdication of the responsibility of the Senate and by each individual Senator—a responsibility that is keenest and most pressing in the realm of foreign affairs, which is profoundly involved in this legislation, and as to which the Constitution confers an explicit duty upon the Senate.

Mr. President, powerful influences are at work at this hour, and the most powerful is the psychology of the majority which may permit a Senator to rationalize to himself a justification for his vote for cloture.

This body until a few minutes ago was one of the last citadels of untrammeled debate in the world. It is a place where each vote is important and consequential and is studied by historians for profoundness of analysis and power of intellect and understanding.

I say most respectfully that the constitutional aspects of this legislation cannot be ignored. I say most respectfully that the antidemocratic overtones of this parliamentary situation cannot be ignored.

The cloture action preventing the debate from running its course does a great injustice to the history of the Senate. It has not—as the indisputable facts and figures show, been justified on the merits of the debate thus far.

POSITION OF OPPONENTS OF BILL

When the Foreign Relations Committee hearings began, the opponents of the bill made the following statement of position:

> We feel also that the fullest possible record should be made; that the facts should be elicited in depth, that these facts should be analyzed and applied to the legislation.
>
> It is our position that there should be legislative safeguards protecting the rights of the President and the Senate in foreign affairs, and of the taxpayers and citizens of the United States in all areas. These protections, we feel, should be explicit and should be as tightly drafted as the accumulated wisdom and independent judgment of the U.S. Senate can make them.

In contrast to this, I was shocked to hear a principal witness for the bill, the Attorney General, state:

> But I would think, in the last analysis, in all of these matters, you are going to have to be dependent upon individuals, and if we do not have people of honesty and integrity and people who perform their duties and meet their responsibilities running the Government, either whether they are Senators of the United States or in the executive branch of the Government, that we might as well all dig a little trench and crawl in.

All that the opponents of the bill ask is time to debate the merits of the proposed legislation. Ideally, the issues should be discussed fully in the coming campaign. But, minimally, they must be fully discussed in the Senate.

But I ask and I plead with the Senate to sit in this Chamber and hear debate on this bill. I plead with the Senate to write safeguards into this bill. I plead with the Senate to explore the alternatives.

EDUCATIONAL VALUE OF SENATE DEBATE

Mr. President, I have pleaded with the Senate to make this rostrum, as it has been throughout history, one of the great educational seminar classrooms of America. The sad fact is that today, by virtue of the gag rule that was imposed, the American people have been denied the information that a full debate on this measure would have brought out in the days ahead. I say as a Democrat that I think it is one of the worst mistakes my administration could make. It is a precedent that I think we will come to rue for ever having set in the Senate.

MORSE AMENDMENT WOULD PROTECT PRIVATE ENTERPRISE

Now for a few minutes, because I could not possibly discuss the implication of the pending amendment in less than 3 hours. I wish to say that all the pending amendment would do would be to protect the private enterprise system of America. All the Morse amendment, pending at the desk, would do would be to assure every corporation and business house in the country that wanted to come in on the ground floor and participate in the development of a communications satellite system an equal break, an equal opportunity, with the giant monopoly which will be invested and embedded in the bill, if the language is not changed. Let the Record be clear again that A.T. & T. is a monopoly greater in its extent than United States Steel, General Motors, and Standard Oil Co. of New Jersey combined. That is what we are dealing with in the bill.

I say most respectfully and good naturedly that if any Senator really thinks that A.T. & T. will not dominate the proposed corporation to be created by the Government under the bill, he is naive. And I know of no Member of the Senate who is naive.

A.T. & T. is as certain to dominate the proposed corporation as day is to follow night.

Why do I protect private enterprise, and how do I protect private enterprise in the bill? I extend jurisdiction to NASA. NASA would continue to have jurisdiction over the development of the communications satellite system; and I would authorize NASA, in the bill, to enter into contracts with any private corporation, including Hughes Aircraft Corp., about which I shall say something in a moment; General Electric; General Telephone; RCA; or any other corporation interested in a communications satellite system. My amendment would permit any of the various communication corporations in the country to approach NASA and say, "We would like to come in on the ground floor, on a competitive basis."

MONOPOLY NOT PRIVATE ENTERPRISE

Senators should not forget that the very essence of private enterprise is competition. Monopoly is not private enterprise. Monopoly lacks the essence of private enterprise, which is competition. The Morse amendment which is at the desk guarantees competition and guarantees every corporation interested in a satellite communications system an opportunity to compete with every other corporation which might be interested. But if this amendment is not adopted, the Hughes Aircraft Co. will have to come hat in hand to A.T. & T. I say A.T. & T. because it is synonymous with the corporation set up by this bill. The Hughes Co. will have to make its arrangements, if any, with A.T. & T., if Hughes is to participate in the program. And so will every other corporation.

My amendment guarantees to all competitive corporations in the United States which wish to compete an opportunity to compete in connection with the operation of a satellite communication system. Yet just as recently as today, in a speech on the floor of the Senate, the Senator from North Dakota [Mr. YOUNG] again stated that the position of those of us on this bill is for Government ownership and operation. I do not know where he has been during the debate, for he has not yet learned that we do not stand for Government ownership and operation on the satellite communications system. We have made clear that we do stand for Government ownership of the satellites and for the operation of the satellites in keeping with the private-enterprise competitive system, under the pending Morse amendment.

Who are for the amendment? Let me point out that one of the great international lawyers of our time, Benjamin Cohen, testified for this amendment, and had the daring and courage and foresight to call a spade a spade about the administrations' bill. He named it for what it is—a cartel. For the administration bill wishes to legalize—for the first time—a cartel in the American economy; and, as Benjamin Cohen pointed out, this will be more than a monopoly: it will be a consortium; a cartel. As I pointed out in the hearings, let the American people remember that before Hitler and Mussolini, cartelism took over in Germany and Italy. Cartelism is the death of free enterprise. Cartelism is irreconcilable with competition. I do not mean to imply that this bill will create any danger of any loss of freedom on the part of the American people; but I do not see why we should ever put our sanction on the system of cartelism that came to rule economically in Germany and Italy.

Ambassador Gross supported, in his testimony, the principle of this amendment. Let Senators read his testimony. If we had had sufficient time for debate, we would have read during the debate the hearings record of the position taken by Benjamin Cohen and Ambassador Gross. I had intended to quote their statements at length, and that should be done. But the gag rule of the Senate denies such a presentation of facts to the American people from this seminar today.

And Mr. Joseph Rauh, who has represented the U.S. Government in many important legal capacities, and is a recognized student of international law, also pleaded for the adoption of this amendment.

Only yesterday, the executive council of the AFL–CIO—and last night I put its statement in the RECORD—specifically called for an expansion of NASA's jurisdiction, and called for giving to NASA the jurisdiction to own the satellites and to enter into contracts with American corporations and other private enterprise for the development of the satellite communications system.

Let me point out again that President Truman has called this bill for what it is—a giveaway of the people's interest. President Truman never surrendered to monopoly. This Democratic administration has done just that in this bill. As I said, the other day, thank God for Harry Truman.

Let my Democratic colleagues take note in the weeks ahead of the reaction of American public opinion to the shocking give-away features of this monopoly-controlled bill, once they come to understand how it betrays the public interest.

Mr. President, I ask unanimous consent—because I cannot take time to read them—to have printed at this point in the RECORD pertinent parts of the testimony of Mr. Cohen, Ambassador Gross, Mr. Rauh, and such others as I may see fit to use to supplement my remarks.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection?

There being no objection, the excerpts from the hearings before the Senate Committee on Foreign Relations, 87th Congress, 2d session, August 3 to 9, 1962, were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM STATEMENT BY BENJAMIN V. COHEN, WASHINGTON, D.C.

It seemed to me some broadening of NASA's authority to make contracts that would permit their experiments to be carried into the commercial field would be adequate to cover the situation at the present time, and would provide much greater flexibility in meeting various situations.

It would not prejudice the setting up of a more permanent system later if found desirable, and it would seem to me in the long run to be more helpful than the present rigid bill.

I am not trying to weight future operations in favor of public or private enterprise but to allow wide discretion to NASA to meet developing and presently unforeseeable needs.

It seems to me in many ways what I am proposing in the long run would be more satisfactory to the private corporations involved than the present hybrid public-private corporation which cannot really satisfy either the public or private interests involved.

The CHAIRMAN. Senator Morse?

Mr. COHEN. I should think so, much more than this cartelized NRA corporation.

Senator MORSE. I have been waiting for that word. I wanted it to come from a witness rather than from me. This really is a proposed American cartel. As far as I know, it is the first time in our history that our Government has proposed an economic cartel in any field. We apparently have forgotten German and Italian history. We apparently have forgotten that freedom started to be lost in Germany and Italy when cartelism was substituted for economic competition and economic freedom in those countries. We seem to have forgotten that cartelism is always a danger sign, as far as the perpetuation of free political insitutions is concerned.

I am so grateful to you for using as a descriptive term in connection with this corporation the term "cartel," for that is what it is. Let us take a look at it.

EXCERPT FROM STATEMENT OF JOSEPH L. RAUH, JR., WASHINGTON, D.C.

NEED TO KEEP SPACE COMMUNICATIONS SITUATION FLUID

The more I heard Mr. Cohen say it over and over again about fluidity the more obviously the point came—there is just one thing I do not understand, Mr. Chairman.

How can reasonable men disagree at this time on fluidity in this situation? We might disagree on a lot of things. We may disagree on the ultimately private versus public ownership, whether it should be leased or contracts with a fixed fee and so forth. But I do not see how we can conceivably disagree on the one, simple proposition that at this stage in the history of the world, with this whole thing unknown, that we want to keep it fluid.

Maybe we can argue about something, but I just cannot see how we have an argument about that, Mr. Chairman. And I think, as a matter of fact, that your first question to Mr. Cohen was whether that really was not essentially his point, and I think it was essentially his point. It is essentially mine; if I understand the Democratic, the liberal opposition to that, it is essentially their point: that we just ought not to freeze this thing now and forever.

WISE TO DELAY ACTION ON THE BILL

I suggest to the committee that whether you look at the administration's position from the Democratic platform or you look at it from the principles they have announced on space communication, this bill fails to pass muster, and that the wise thing to do would be for the administration to turn it aside until next year or until maybe after the elections this year, turn it aside and look again next year.

I think that nothing will be lost; that NASA can go ahead. NASA put Telstar up. NASA rockets sent that up. NASA technicians worked with A.T. & T. technicians to do that. There is only one reason it will not work between now and next year. There is only one possible reason and that is because A.T. & T. may not work.

That is the only way that this thing can be held up between now and when this Congress can give this another look next year.

A.T. & T. does not lobby me so I do not know what their position is, but I say if their position is they will not cooperate between now and next year, there should be an investigation of that fact, and the American public should know what they are saying to the Senators.

And if their position is they will cooperate, then I want to know how we lose any time between now and next year by having NASA and A.T. & T. continue the cooperation that has gone before.

If we lose any time through not passing this bill, it would be because of a sitdown strike by A.T. & T.

Now, I am not accusing them of that. I am only saying there are only two ways to have it, and we might as well face up to it.

If they are prepared without this bill to continue cooperating with NASA, we will not lose any time in our space race, which we must win, by not enacting that bill at this session.

If they are not prepared to cooperate without this bill, then I think there ought to be an investigation of A.T. & T., and that fact ought to be known to the American public: that they are putting their dollars ahead of the fight against communism.

That is what it would be if they are refusing to cooperate without this bill, and so I say let us decide which it is. If it is the former, then we can wait. If it is the latter, let us find out if that really is A.T. & T.'s position.

Today we face one of the most exciting prospects in the history of mankind: the conquest and use of space for the benefit of mankind. NASA experiments like Score, Echo, and Courier gave us a hint of the possibilities; the recent Telstar experiment last month dramatically illustrated some of the possibilties inherent in a usable space communication satellite system. Future NASA experimentation with Relay, the high-orbit synchronous system, and with other experiments, will teach us more and more and bring an operational system closer and closer.

The social, economic, and political implications for space satellite communications are just beginning to come home to us. Murrow pointed to some of these the other day. Others have indicated some of the other implications and possibilities.

These vast implications and ramifications raise very serious foreign policy problems. International cooperation is indispensable to the effective operation of the system, but such cooperation will be as different as it is indispensable. We have already seen some of the difficulties we can expect from the Russians. More can be expected in the future.

H.R. 11040 would start us off on the wrong foot. It would prematurely and unnecessarily freeze the situation which should remain fluid.

Let us turn back and reason further before we take a false step from which we may never recover.

Thank you, Mr. Chairman, for your patience.

FCC PROCEDURE AT THE BEGINNING OF TV

If you have studied the history of television development, you would find the situation something like this. I was in the Federal Communications Commission as the Assistant General Counsel and for a while Acting General Counsel in 1940, and television was just starting. CBS would come in and say, "We have got the system." NBC would come in, "We have got the system." So did DuMont. And Macy's started to sell some sets.

And Larry Fly was very frightened, the then Chairman, that this might freeze the situation.

He made a public statement saying that we have not approved any system yet, and oh, he was attacked as a great antibusiness fellow.

Well, he "saved the day," because suppose it had frozen at that terrible state of the art in 1940. Then you came along with a different situation later on. This happened over and over again.

To Larry Fly and Wayne Coy, two people who kept this situation fluid, go the credit for the fact that we have such good television, and by this I am not arguing about the content of the programs.

I am saying that technically reception is magnificent in America. We see things clear; we see baseball games where you can see the ball going over the fence, especially when the Senators are in the field.

And what we have here, Mr. Chairman, is the fact that this is due to two great men who kept the situation fluid when companies wanted to freeze it.

And when I saw the Hughes thing in the paper the day before yesterday, to which Senator Morse referred, I just said, "Well, this is the proof they cannot do that with the bill. They cannot freeze things now. There is something in the offing."

It just reminds me of my whole experience in the television front. We have got so many things in this country because of keeping the situation fluid that I cannot understand why we want to change.

I am an old reactionary. I just want to keep the old principle here of leaving the thing open for the best possible development.

Mr. MORSE. Mr. President, at this point I shall close my remarks, and shall save whatever few minutes I have left for comments on other amendments.

OPPOSITION TO ADMINISTRATION ON THIS BILL

Mr. President, this has not been an easy fight for me. I do not break easily with my administration. But I break with my administration insofar as this issue is concerned. I know that I will stand with my administration on the great majority of the issues still to come before the Senate and before the country during the remainder of President Kennedy's first term and throughout all of his second term as President of the United States. But I owe it to my President not to hesitate, as I see the trust reposed on me as a Member of the Senate, to oppose him when I think he is wrong. And I think he is not only wrong in this case; he is dead wrong. He could not be more wrong than he is in regard to this particular bill, because it is not necessary. No emergency requires it. It could have gone over until after the election. The American people are entitled to have it debated during the election; and the President should have called Congress back immediately after the election—as I said last night on the floor of the Senate—for prompt consideration of a tax reduction program, for I also completely disagree with the President's speech of last night in regard to the tax issue—as I also said last night. The American people, American business, and particularly the people in the low-income brackets—as I said last night—are entitled to tax relief now, rather than to have to wait until next January for it.

OBLIGATION TO PEOPLE OF OREGON

But, Mr. President, as I have said, I am not happy about breaking with my administration on the satellite bill and on the tax bill; and I look forward to joining the Kennedy administration on the great majority of issues which it proposes to the Senate. But in keeping with the tenet which I laid down earlier in my speech, I point out that ours is a government of checks and balances, and the people of Oregon did not send me to the Senate to rubberstamp the requests of President Kennedy. They sent me here to exercise an honest independence of judgment on the merits of issues, in accordance with the facts as I find them, testing the facts against the public interest. That is what I have done; and I am satisfied that the facts clearly do not support the Kennedy administration on this bill, just as I am satisfied that the facts clearly do not support President Kennedy on the position he has taken on the tax issue.

Therefore, I propose to carry out the trust I owe the people of my State and to fulfill the obligations I have as a result of the oath which I took when I came to the Senate.

Mr. President, I am about to yield the floor. Not enough Senators are present at this time. I shall take 30 seconds to comment on that point.

The RECORD of last night speaks for itself. It is interesting to note that last night I was unable to obtain an agreement for a yea-and-nay vote on the question of agreeing to my amendment; and I indicated then that I would like to have an answer to the question, Why? Why did not Senators last night want to stand up and permit themselves to be recorded on the question of agreeing to the Morse amendment?

ASKS ROLLCALL VOTE ON MORSE AMENDMENT

Mr. President, at this time, I shall not ask for the ordering of the yeas and nays, because only a few Senators are in the Chamber at this moment. But if I have a second or two left before the amendment comes to a vote, I shall once again request the ordering of the yeas and nays, because I think the Members of the Senate should be willing to extend to me, as the proponent of this amendment, the same courtesy the Senate was willing to extend yesterday to the proponents of two amendments voted on then. Furthermore, I think the American people are entitled to a yea-and-nay vote on the question of agreeing to this amendment, because that will put Members of the Senate on record as to whether they want to support private enterprise in the operation of a satellite communications system under the American flag, with American-flag satellites up in space, or whether they want to support a monopolistic control of a communications satellite system.

CLOTURE AND CIVIL RIGHTS LEGISLATION

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

Liberals on civil rights voted on both sides of the cloture motion, and no one has greater respect for those who voted differently from myself than I; but I think it is just as important to spread the views of those who feel as I do upon the record as to spread other arguments upon this subject, and I shall do so briefly. In the first place we who are for civil rights have always pleaded for Members to call such votes as they see them on the merits—not to vote against cloture because of a doctrinaire objection to cloture as such. This vote certainly explodes the myth of precedent in respect to cloture.

Now, for 35 years no cloture was voted in this Chamber. During all that time civil rights legislation efforts were frustrated. We are trying hard to amend the rule, but we have tried a number of times at the opening of new Congresses in that 35 years without success. Now I think the time came to tear away the mask from what is going on in this Chamber, and face it for all to see.

I would like to state the following facts briefly. We lost on a cloture vote on the last civil rights legislation—the literacy test bill—on May 14, 1962; that vote lost by 42 to 52. We did not carry even a majority. Twenty-five Members of the Senate who voted against us on that cloture motion on May 14, 1962, voted for cloture today, and only 8 Members of the Senate who voted for cloture then voted the other way today—for reasons which I respect and which are sufficiently theirs.

Let the country take note that when the Senate wants to vote cloture, it votes cloture, and that a substantive vote on every civil rights measure is a vote for cloture. If we need to reduce the requirements in order to let a majority express its will, then I think we are in much better shape to do that now, because it is just as wrong to defy a majority of the Senate interminably as it is to defy two-thirds interminably—the issue decided today. The point of cloture is to ascertain when the exposition of a viewpoint has stopped and when efforts to block action have begun so that a vote may not be taken. But on civil rights there is no such rule and the cloture vote should prove that there should and can be the same standard for civil rights legislation as for this measure.

I think, for myself, the vote today may well measurably advance the possibility of getting civil rights legislation through this body, because it will expose the power which inheres in the Senate when it wishes to exercise it. There was not a chance like this for 35 years. As in my view the point to which the debate had come, warranted it, I think it was high time we took the opportunity when we did.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 additional minute on another subject.

The PRESIDING OFFICER. The Senator from New York.

A REPLY TO THE PRESIDENT'S BROADCAST ON THE NATION'S ECONOMY

Mr. JAVITS. Mr. President, the President's televised talk on the Nation's economy last evening settles the question of an incentive—or as the President put it—"a creative tax cut" for this session. It is clear that, without administration support, it cannot be enacted.

I wish to enter a personal dissent inasmuch as I am convinced that an incentive tax cut could and should be designed now to serve precisely the purposes the President outlines for his tax cut to be proposed in the next session.

The period of agonizing indecision which preceded the President's speech as to what he would do about a tax cut is now apparently to be succeeded by a period of doubt for the country as to whether it will slip into a recession. The cliff hanging on the subject continues because the President says he will call back the Congress into session in order to vote a tax cut if he feels the economy is weakening.

It seems to me that these risks are not only inadvisable but unnecessary.

I believe the key to the President's decision is found in the phrase "a cut which could not now be either justified or enacted," with emphasis on the word, "enacted." I believe this is very important for the country to understand: It is clear that the President does not feel that action for an incentive or creative tax cut can be carried, though the President's party is in full control of both Houses of the Congress. The President and his party must therefore assume full responsibility for the decision.

There is in my view a "clear and present danger" of a recession notwithstanding the President's calming words. Most of the so-called leading indicators are pointing down: orders for durable goods, especially new machinery and equipment, the factory workweek, and new job placements are all pointing downward. New claims for unemployment insurance are rising. In spite of the testimonials to the New Frontier, read by the President, this does not bode well for the short-term future—yet we must do all we can, even though the most promising action, an incentive tax cut, is foreclosed, apparently for now.

Although I disagree thoroughly with the tax cut decision, yet it is our duty in Congress to go forward, as the President has said, with other measures which he apparently believes can be enacted and which may also be of some help in respect of heading off a possible recession. I find myself in general agreement with the measures outlined by the President but believe that they do not represent a nearly adequate program for the President or the Congress to help avoid a recession, in the absence of an incentive or creative tax cut.

I point out some actions which can be very helpful, which the President himself can take without any aid from Congress.

For example, the President can establish policy for the executive and regulatory agencies which will encourage economic growth and business confidence. He can call for an antitrust law administration directed toward the same end. He can review defense procurement policies as they relate to set-asides for small business and labor surplus areas and competitive bidding on negotiated contracts. He can move more vigorously into the area of eliminating discrimination in jobs with Government contractors. And he can signal a new era in Federal action for civil rights by an Executive—stroke of the pen—order eliminating segregation in housing and in all federally aided housing programs. He can also make progress by bringing the private economic system into more effective activity in the foreign aid program where such activity would be of immense benefit.

Also, the President can call on Congress to improve the statutory base for depreciation allowances on new equipment, thereby giving business confidence that the present policy will continue. He can call for legislation to deal more effectively with strikes which bring about economic paralysis or endanger public health, safety, or the national interest. Through his Labor-Management Advisory Committee, the President can move against any vestiges of bias and discrimination in apprenticeship programs, trade union membership, or private job and training opportunities. Also through this committee the President can give leadership to the means for lessening the impact of automation and other technical change on workers.

In short, while I believe we have taken an undue risk in the President's decision not to seek an incentive or creative tax cut now, but to defer it until 1963—and the responsibility must be that of the President and the majority party—there is much that can and should be done, not only by the Congress but also by the President in these critical months, when the economy will decide whether to slide down or to move forward. And I urge the President to give action to the spirit in which he spoke by moving on all these fronts.

Mr. McCARTHY. Mr. President, I wish to reply briefly to what the Senator from New York has said. He has raised the issue of a tax cut as being the responsibility of the President and Democrats in the Congress. Of course, the President has a responsibility, and all Members of Congress also have a responsibility. I do not think the Senator would like to have the record stand that only Democratic Members of the House and the Senate have that responsibility. Every Member of the Senate and of the House casts his own vote. When a Republican casts a vote, he does so with the same responsibility as a Democrat does when he casts a vote.

I am quite sure that if the President had assurance that a majority of Republicans of the House and Senate would have supported a tax cut at this time, he could certainly have obtained a vote of a majority of the Democrats of both the Senate and the House.

I do not think the cause of democracy is well served by repeated statements which are being made by Members of the Republican Party today, and the leaders in the party, that it is the responsibility of the President and of the Democrats in the Congress. Every Member of Congress, whether Republican or Democrat, is answerable for his votes.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. McCARTHY. Mr. President, I make the point that a quorum is not present.

The PRESIDING OFFICER. The question is on agreeing——

Mr. McCARTHY. Mr. President, I make the point that a quorum is not present. I suggest the absence of a quorum.

The PRESIDING OFFICER. It will have to come out of the Senator's time.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. I understand that is not so if we proceed to a vote; that the Senator is entitled to a quorum as a matter of right, and that the call for a quorum does not come out of his time.

The PRESIDING OFFICER. If the Senate is ready to vote, that is correct.

Mr. McCARTHY. I wanted to make certain there was a quorum call before the vote.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. Will the Chair state for the record the situation with reference to the suggestion by a Member of the Senate of the absence of a quorum? Under what conditions would it come out of his time? Under what conditions would it not?

The PRESIDING OFFICER. If the debate is not concluded prior to the calling of the quorum, it will be taken out of that Senator's time. The only time that a quorum can be called without it coming out of his time is just preceding the vote.

Mr. KUCHEL. How is one to determine when a debate has been concluded? Take the present situation. The Senator from Oregon has laid down his amendment and has completed his speech in favor of it. If there is no other Senator ready to discuss it pro or con, and the absence of a quorum is suggested, then am I to understand the Chair would conclude that debate on that amendment had been completed?

The PRESIDING OFFICER. That is the practice that is followed.

Mr. KUCHEL. And after a quorum had responded and another Senator then spoke on the amendment, the Chair would take the time for the quorum out of the time of the Senator who had suggested its absence?

The PRESIDING OFFICER. That is correct.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARTHY. I understood there was a call for a vote before I suggested the absence of a quorum. If there was no request for a vote, I withdraw my suggestion of the absence of a quorum.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. I ask for the yeas and nays.

Mr. HUMPHREY. Mr. President, will the Senator withhold his request for a minute?

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the time necessary for further quorum calls not be charged to the time of any Senator, since we have no particular rule to guide us on this matter.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

Mr. KUCHEL. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Mr. President, is there an amendment before the Senate now?

The PRESIDING OFFICER. The pending amendment is the amendment offered by the Senator from Oregon.

Mr. MANSFIELD. Mr. President, is that the pending question?

The PRESIDING OFFICER. It is the pending question.

Mr. MANSFIELD. Is the Senate prepared to vote on it?

Mr. MORSE. Mr. President, I ask for the yeas and nays.

Mr. MANSFIELD. Mr. President, I move to table the amendment offered by the Senator from Oregon.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table, made by the Senator from Montana.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KUCHEL. Mr. President, will the Presiding Officer state the question?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana [Mr. Mansfield] to lay on the table the amendment offered by the Senator from Oregon [Mr. Morse]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from Arkansas [Mr. McClellan], and the Senator from Utah [Mr. Moss] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

On this vote, the Senator from Nevada [Mr. Bible] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Utah would vote "nay."

I further announce that, if present and voting, the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], and the Senator from Arkansas [Mr. McClellan] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], and the Senator from New Hampshire [Mr. Cotton] are detained on official business, and, if present and voting, would each vote "yea."

The Senator from Indiana [Mr. Capehart] is necessarily absent, and if present and voting, would vote "yea.'

The result was announced—yeas 74, nays 15, as follows:

[No. 163 Leg.]

YEAS—74

Aiken
Allott
Bush
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Curtis
Dirksen
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Beall
Bennett
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Murphy
Muskie
Pastore
Boggs
Bottum
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—15

Bartlett
Burdick
Carroll
Clark
Douglas
Gore
Gruening
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Neuberger
Yarborough
Young, Ohio

NOT VOTING—11

Anderson
Bible
Butler
Byrd, Va.
Capehart
Chavez
Cotton
Fulbright
Hayden
McClellan
Moss

So Mr. Mansfield's motion to table Mr. Morse's amendment was agreed to.

Mr. KERR. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG of Louisiana. Mr. President, I call up my amendment "8-11-62—DDDD" and ask that it be stated.

The VICE PRESIDENT. The amendment of the Senator from Louisiana will be stated.

The Chief Clerk. On page 34, line 12, it is proposed to insert the following before the period: ", and no such communications common carrier shall at any time own more than 10 per centum of such shares issued and outstanding".

On page 36, between lines 3 and 4, it is proposed to insert the following:

"(g) The limitations applicable to voting stock in the above sections shall also be applicable to all other securities of the corporation."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, we have been told by some of the sponsors of the bill that it is not a bill to make it possible for the American Telephone & Telegraph Co., to have control of the proposed space satellite corporation. It is possible that that company could control the corporation even though it owned only 10 percent of the voting stock. But it is also possible that some of the other major corporations may have an opportunity to have an equal voice in the operation. We are told by many that it is anticipated that the American Telephone & Telegraph Co. would have 40 percent—perhaps 50 percent—of the stock in the company, and in the future it would be possible for them to have even more than that, because there would be no limitation on how much their stockholders could own.

This amendment seeks at least to some degree to carry out the antitrust philosophy of our laws, by preventing the company from completely owning and dominating this undertaking, by providing that no more than 10 percent of the stock or more than one-fifth of the stock reserved for corporations shall be held by anyone.

The amendment is simple enough and easy enough to understand. I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second?

Mr. PASTORE. Is it in order to make a motion to table?

Mr. LONG of Louisiana. Mr. President, is there a sufficient second?

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. PASTORE. Mr. President, I move to table the amendment.

Mr. KEFAUVER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 164 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Miller
Monroney
Morse
Morton
Mundt
Murphy
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The VICE PRESIDENT. A quorum is present.

Mr. LONG of Louisiana. Mr. President, on the motion to lay on the table, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. LONG of Louisiana. Mr. President, how many seconds of the request for the yeas and nays did the Chair count?

The VICE PRESIDENT. The Chair counted 15. The Chair will ask all Senators who favor a yea-and-nay vote on the motion to table to raise their hands.

There is a sufficient second. The yeas and nays are ordered.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Rhode Island will state it.

Mr. PASTORE. Is the vote about to be taken a vote on the motion to table?

The VICE PRESIDENT. It is a vote on the motion to table. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from Montana [Mr. Metcalf], the Senator from Utah [Mr. Moss], and the Senator from Missouri [Mr. Symington] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Missouri [Mr. Symington]. If present and voting, the Senator from Utah would vote "nay" and the Senator from Missouri would vote "yea."

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], and the Senator from Montana [Mr. Metcalf] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. Capehart] is necessarily absent.

The Senator from Kansas [Mr. Carlson] is detained on official committee business.

If present and voting, the Senator from Indiana [Mr. Capehart] and the Senator from Kansas [Mr. Carlson] would each vote "yea."

The result was announced—yeas 63, nays 27, as follows:

[No. 165 Leg.]

YEAS—63

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Butler
Byrd, W. Va.
Cannon
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Morton
Mundt
Murphy
Pastore
Pearson
Pell
Prouty
Randolph
Robertson
Saltonstall
Scott
Smathers
Smith, Maine
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—27

Bartlett
Burdick
Carroll
Church
Clark
Douglas
Eastland
Gore
Gruening
Hart
Hill
Javits
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Muskie
Neuberger
Proxmire
Russell
Smith, Mass.
Sparkman
Stennis
Talmadge
Yarborough
Young, Ohio

NOT VOTING—10

Anderson
Bible
Byrd, Va.
Capehart
Carlson
Fulbright
Hayden
Metcalf
Moss
Symington

So Mr. Pastore's motion to lay on the table the amendment of Mr. Long of Louisiana was agreed to.

Mr. KERR. Mr. President, I move that the vote by which the amendment was laid on the table be reconsidered.

Mr. PASTORE. Mr. President, I move to lay on the table the motion to reconsider.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table the motion to reconsider. [Putting the question.]

The "ayes" appear to have it; and the "ayes" have it, and the motion to reconsider is laid on the table.

Mr. KEFAUVER. Mr. President, I send to the desk the amendment identified as "8-13-62—AAAA." It is an amendment to be proposed by the Senator from Alaska [Mr. Gruening]; but I have the same amendment here, and ask that it be reported.

The VICE PRESIDENT. The amendment will be reported.

The Chief Clerk. On page 33, in line 6, it is proposed to strike out "initially offered" and insert in lieu thereof the following: "initially or subsequently offered".

Mr. KEFAUVER. Mr. President, on the question of agreeing to this amendment, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second?

The yeas and nays were ordered.

Mr. KEFAUVER. Mr. President, this is a very important amendment, and I hope Senators will listen to my explanation of it for just a few minutes.

The administration's witnesses have said that the only way the public will have an opportunity to get back any of the taxpayers' investment in this satellite communications system is by purchasing stock in the corporation. In his message to Congress, the President specifically set forth that in that way there might at least be partial compensation to the taxpayers for the millions of dollars they have spent on research and development in connection with communications satellites, to say nothing of the billions of dollars which have been spent on research on rockets and missiles and to put them into orbit. In no other way, not even by means of preferential rates to the Government, would there be an opportunity for the individual taxpayers to get back any reward from this corporation.

Of course, the very idea that some of the stock would be purchased by every taxpayer of the United States is ridiculous, but this is the basis on which some justification is claimed for the giveaway—namely, that people can buy shares of the stock. The President has stressed the point that people can buy the shares of stock, and thus can get back some of their money; and the Attorney General, Robert Kennedy, testified at the hearings before the House Committee on Interstate and Foreign Commerce:

> We feel very strongly that Americans generally should be permitted to participate in this corporation. It has been American money, American know-how, American taxpayers' money, that has made this possible; and I think everybody should be permitted to participate.

But, Mr. President, here is a "sleeper" in the bill; and I called it to the attention of the Senator from Rhode Island [Mr. Pastore] when I testified before his committee. I ask Senators to look at line 6, on page 33; there they will find that only the shares which the corporation decided to offer initially to the public would be available to the American people; that would be their only chance to purchase any part of the stock. Once the corporation was formed, it could authorize the issuance, initially, of only $1,000 worth of stock, and only $500 of it would be available to the public. Then, at the next go-around, the corporation could offer any number of shares it wished, but they would not be available to the public, and the public would not then have an opportunity to participate.

I read now the language on page 33 of the bill, beginning in line 5:

> The shares of such stock initially offered shall be sold at a price not in excess of $100 for each share and in a manner to encourage the widest distribution to the American public.

All that is well and good; but do Senators think that if the corporation became very profitable, it would wish to have the subsequent shares purchased by the public? This was not done by accident. It is the idea of the monopoly corporation not to make the shares subsequently to be issued available to the public. It may issue 1 million shares of stock, 500,000 shares of which would be available to the public; but as to any subsequent issue of bonds, debentures, or preferred stock, it would have the exclusive right of buying them for itself, without offering the public one share whatsoever. It could raise the price above $100 so it would not meet this description.

I think, small as this little piece of cheese is that is thrown out to the American people, the American people ought to have the right, at least, to buy not only some part of the initial issue, but a part of the subsequent issue of stock of the corporation. That is what the President asked for. That is what the Attorney General testified for. That is what all the witnesses contended for.

The general impression I get from reading the newspapers is that half of the stock is to be offered to the American public. That is not true at all. Only half of the stock that is issued initially will be offered to the American public, and that may be only one-tenth or one-hundredth of the total amount to be issued.

I am ready for a vote on my amendment.

Mr. PASTORE. Mr. President——

The VICE PRESIDENT. The Senator from Rhode Island.

Mr. PASTORE. This proposal has to do with the price of the stock. It is to be $100 initially. If the stock goes down, the FCC is authorized to issue new stock, by application, at a lesser price. If it goes up, it can issue stock at a higher price. If the price is pegged, it would do nothing else than stymie it. This is the American free enterprise system.

I move to table the amendment.

Mr. KEFAUVER. Mr. President, does not the Senator want me to answer him on my own time?

The VICE PRESIDENT. The motion has been made.

Mr. KEFAUVER. Then I suggest the absence of a quorum, if the Senator will not let me answer his argument.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 166 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Murphy
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER (Mr. PELL in the chair). A quorum is present.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. Is the question on the motion to table?

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island to table the amendment offered by the Senator from Tennessee.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRUENING. Would the amendment permit the American public to buy stock?

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. GRUENING. I was asking to what amendment the motion to table would apply. May we have the amendment read?

The PRESIDING OFFICER. The amendment which the Senate is debating the question of tabling is the amendment offered by the Senator from Tennessee.

Mr. GRUENING. I ask unanimous consent that the amendment may be read, so that we may know what it is sought to table.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alaska?

Mr. PASTORE. I object.

Mr. GRUENING. It is only four lines.

The PRESIDING OFFICER. Objection is heard. The question is on agreeing to the motion of the Senator from Rhode Island to table the amendment offered by the Senator from Tennessee.

Mr. GRUENING. We should like to know what we are voting on.

The PRESIDING OFFICER. All in favor of the motion say "yea."

Mr. KEFAUVER. Mr. President, the yeas and nays have been ordered. The yeas and nays were ordered.

The PRESIDING OFFICER. The Chair understands that the yeas and nays were not ordered on the motion to table.

Mr. KEFAUVER. Mr. President, I ask for the yeas and nays.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. It has just been announced that a quorum is present, and no business has been transacted. The question is on agreeing to the motion by the Senator from Rhode Island to table the amendment of the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KEFAUVER. There has been a parliamentary inquiry made after the motion to table and the suggestion of the absence of a quorum, and there has been the request for the yeas and nays.

The PRESIDING OFFICER. A parliamentary inquiry does not constitute the transaction of business.

Mr. KEFAUVER. I appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is: Shall the decision of the Chair stand as the judgment of the Senate?

Mr. DOUGLAS. Mr. President, I now ask for the yeas and nays.

Mr. KUCHEL. Mr. President——

Mr. MORSE. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. The question is: Shall the decision of the Chair stand as the judgment of the Senate? The yeas and nays have been requested.

The yeas and nays were not ordered.

Mr. KUCHEL. Mr. President——

Mr. DOUGLAS. Mr. President, I now ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. The question is: Shall the decision of the Chair stand as the judgment of the Senate? (Putting the question.)

The PRESIDING OFFICER. The "ayes" appear to have it.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 167 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Engle
Ervin
Fong
Goldwater
Gore

Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Murphy
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment of the Senator from Tennessee [Mr. KEFAUVER].

Mr. DOUGLAS. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Tennessee. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. LONG], and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], and the Senator from Hawaii [Mr. LONG] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART] is necessarily absent.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

If present and voting, the Senator from Indiana [Mr. CAPEHART] and the Senator from Kentucky [Mr. COOPER] would each vote "yea."

The result was announced—yeas 73, nays 17, as follows:

[No. 168 Leg.]

YEAS—73

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Butler
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cotton
Curtis
Dirksen
Dodd
Eastland
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Murphy
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—17

Bartlett
Burdick
Carroll
Church
Clark
Douglas
Gore
Gruening
Hart
Kefauver
Long, La.
McNamara
Morse
Muskie
Neuberger
Smith, Mass.
Yarborough

NOT VOTING—10

Anderson
Bible
Byrd, Va.
Capehart
Cooper
Ellender
Fulbright
Hayden
Long, Hawaii
Moss

So Mr. PASTORE's motion to lay on the table Mr. KEFAUVER's amendment was agreed to.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the motion was agreed to.

Mr. LONG of Louisiana. Mr. President——

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island. The motion to lay on the table is agreed to.

Mr. LONG of Louisiana. Mr. President, I have asked for the yeas and nays.

Mr. MORSE. The yeas and nays were called for before the Chair announced the result of the vote on the motion to lay on the table.

The PRESIDING OFFICER. On what question were the yeas and nays requested?

Mr. MORSE. On whether the motion to reconsider the vote should be laid on the table.

Mr. LONG of Louisiana. I was asking for the yeas and nays on the motion to lay on the table.

The PRESIDING OFFICER. The Chair is sorry; he did not realize that.

Mr. KERR. The request for the yeas and nays was not made until after the vote on the tabling motion had been announced.

Mr. MORSE. The Senator from Louisiana was on his feet calling for the yeas and nays.

Mr. KERR. Mr. President, I withdraw my motion.

The PRESIDING OFFICER. The Chair now understands that the Senator from Oklahoma withdraws his motion. Therefore, the bill is open to further amendment.

Mr. MORSE. Has the Chair recognized the withdrawal of the motion to reconsider by the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma has withdrawn his motion. The bill is open to further amendment.

Mr. KEFAUVER. Mr. President, I yield myself 1 minute. Those of us who are opposed to the bill regretted the action taken by the Senate in imposing cloture. However, the action has been taken. We sincerely feel that the bill has many defects even if we adopt the philosophy of the bill. Many of us feel that many amendments are needed to correct the inequities in the bill and to improve the bill in several ways. Therefore we will offer amendments to the bill. The amendments that we have offered and the amendments that will be offered——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KEFAUVER. I yield myself 1 more minute.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. KEFAUVER. The amendments that have been offered and those that will be offered are sincerely for that purpose. The amendments that have been offered and will be offered are not offered merely for the purpose of being time consuming and holding up the Senate. Many of these amendments have been thoroughly studied and have been recommended in some cases by witnesses for the administration. They are well reasoned. The Senate should know that they are offered in good conscience, not for the purpose of delay, but for the purpose of perfecting a bad bill and make it at least a little fairer to the public. That is the basis on which we will offer our amendments.

Mr. MORSE. Mr. President, I call up my amendment identified as "8-13-62—UUUU," and I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. On page 25, line 20, insert the following before the semicolon: "and for the determination of the most constructive role for the United Nations;".

Mr. MORSE. Mr. President, I will talk on my amendment for a minute or two. This is the language which the administration had recommended in the first instance. This language was in the administration bill. It recognizes the role that the United Nations must play in this whole connection of international rights in space. The interesting thing is that in the bill before the Senate all reference to the United Nations is stricken out. We think that is a most serious mistake, testified to by the international lawyers we had before us, Mr. Gross and Mr. Cohen.

I understand that it is not the insistence of the administration that there be no reference to the United Nations in the bill.

In closing I wish to say that it would be most unfortunate if we did not return to the language of the bill the reference to the role of the United Nations. If we leave it out we will be misunderstood around the world. Let us not forget that when Mr. Stevenson offered the U.S. resolution in the United Nations in respect to the so-called commendatory resolution, agreed to by the United States and Russia, he talked about a global satellite system, and he talked about the role of the United Nations in respect of international rights of all nations in space. Here is a chance for Senators to demonstrate whether or not they want to stand up and be counted in support of an amendment which recognizes the role of the United Nations in space.

Mr. LONG of Louisiana. Mr. President, I will take some of my own time to discuss the amendment being offered by the senior Senator from Oregon. I shall be very brief.

Obviously, the Senate is not in a mood to consider these amendments fully on their merit at this point; at least, that is the impression I have gained. The language in the Morse amendment was offered by the administration. It is the opinion of those who represent this Nation in the United Nations that this language should be contained in the bill. Without this language in the bill, it fails to recognize that this is an international problem which cannot be settled alone by any nation. Our Acting Ambassador to the United Nations testified before the Foreign Relations Committee that there is a real question as to the legal rights of any nation in space.

It was agreed that during the International Geophysical Year any nation could put a so-called satellite in orbit; but there is even a real legal question as to whether any nation can properly possess any satellite in orbit around the planet, because it could well fall within the definition of a celestial body, which is free to be explored and used by any nation.

In my judgment, the case made for the amendment before the Committee on Foreign Relations was a most compelling one, and the amendment should have been agreed to. Unfortunately, the Committee on Foreign Relations did not agree to any amendments. I believe this is one amendment which should be agreed to.

There is a serious question whether a nation has the right to park a satellite over the property of another nation, or even be in a position to spy on another nation at all times of day and night over what could be claimed as that nation's air space.

These are international problems which must be negotiated, and the role of the United Nations is most important in that connection. Actually, many of the arrangements and understandings leading up to our place in space and the Russians' place in space were the subject of debate within the United Nations, and that should continue to be the situation.

I hope the amendment will be agreed to.

Mr. PASTORE. Mr. President, I invite Senators to read the record of the hearings at page 351. There they will find the precise answer to the questions raised by the amendment.

Mr. President, I move to table the amendment.

Mr. DOUGLAS. Mr. President, on that motion, I ask for the yeas and nays.

Mr. PASTORE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Oregon [Mr. MORSE]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] is necessarily absent.

On this vote the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote the Senator from Tennessee [Mr. KEFAUVER] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from Tennessee would vote "nay," and the Senator from Arizona would vote "yea."

I further annouce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Michigan [Mr. HART] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART] is necessarily absent, and if present and voting, would vote "yea."

The result was announced—yeas 72, nays 18, as follows:

[No. 169 Leg.]

YEAS—72

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Butler
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Eastland
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Murphy
Pastore
Pearson
Pell
Prouty
Proxmire
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—18

Bartlett
Burdick
Carroll
Church
Clark
Douglas
Gore
Gruening
Javits
Lausche
Long, Hawaii
Long, La.
McNamara
Morse
Muskie
Neuberger
Randolph
Yarborough

NOT VOTING—10

Anderson
Bible
Byrd, Va.
Capehart
Ellender
Fulbright
Hart
Hayden
Kefauver
Moss

So Mr. PASTORE's motion to lay Mr. MORSE's amendment on the table was agreed to.

Mr. MORSE. Mr. President, I call up my amendment identified as "SSSS," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 25, in line 13, it is proposed to strike out "or with" and insert in lieu thereof the following: "and with the United Nations and other".

Mr. MORSE. Mr. President, my remarks on the amendment will be brief. I shall not ask for a yea-and-nay vote on the question of agreeing to the amendment, because it is the second amendment which involves the United Nations language of the bill.

The administration's original bill referred to the United Nations at this point in the bill, also; but I wish to have both amendments acted on. So, Mr. President, I submit the amendment.

Mr. PASTORE. Mr. President, if there is no further debate on the amendment, I respectfully move that the amendment be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table. [Putting the question.]

The ayes appear to have it; the ayes have it, and the motion to lay the amendment on the table is agreed to.

Mr. GRUENING. Mr. President, I call up my amendment identified as "8-13-62—FFFF," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 27, in line 6, after the period, it is proposed to insert:

> "All inventions and other technology furnished by the Administration to the corporation shall be in the form of a nonexclusive license for which the corporation shall pay a reasonable royalty. Any inventions developed by the corporation from the inventions and technology furnished by the Administration shall be made available to the United States or to any designee of the United States in the form of a nonexclusive royalty-free license."

Mr. GRUENING. Mr. President, I do not see how anyone can seriously object to this amendment. It simply provides that inventions furnished to the corporation by the United States shall not become the exclusive prerogative of the corporation, but that it shall pay a reasonable royalty for them, and that the results of the inventions supplied by the United States shall be available to others on the same basis. The amendment is designed to prevent a further giveaway inside of what some of us regard as a major giveaway.

Mr. DOUGLAS. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. DOUGLAS. Is not this provision substantially similar to language included in the 1954 Atomic Energy Act, as a result of the long fight on the floor of the Senate by the liberal bloc?

Mr. GRUENING. Precisely.

I wonder whether the Senator from Rhode Island will consider permitting this amendment to come to a vote, instead of moving that it be laid on the table, because the amendment does not conflict with the provisions of the bill; it merely provides a safeguard for the public.

Mr. PASTORE. Mr. President, with a heavy heart, I must decline the request; and I move that the amendment be laid on the table.

Mr. DOUGLAS. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Alaska. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from Louisiana [Mr. Ellender], the Senator from Tennessee [Mr. Kefauver], the Senator from Utah [Mr. Moss], the Senator from Virginia [Mr. Robertson], and the Senator from Missouri [Mr. Symington] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Tennessee [Mr. Kefauver] is paired with the Senator from Virginia [Mr. Robertson]. If present and voting, the Senator from Tennessee would vote "nay," and the Senator from Virginia would vote "yea."

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], and the Senator from Louisiana [Mr. Ellender] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. Capehart] is necessarily absent.

The Senator from Connecticut [Mr. Bush], the Senator from Kansas [Mr. Pearson], and the Senator from Vermont [Mr. Prouty] are detained on official business.

If present and voting, the Senator from Connecticut [Mr. Bush], the Senator from Indiana [Mr. Capehart], the Senator from Kansas [Mr. Pearson], and the Senator from Vermont [Mr. Prouty] would each vote "yea."

The result was announced—yeas 66, nays 20, as follows:

[No. 170 Leg.]

YEAS—66

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Butler
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Eastland
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Morton
Mundt
Murphy
Pastore
Pell
Proxmire
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—20

Bartlett
Burdick
Carroll
Church
Clark
Douglas
Gore
Gruening
Hart
Javits
Long, Hawaii
Long, La.
McNamara
Miller
Morse
Muskie
Neuberger
Randolph
Yarborough
Young, Ohio

NOT VOTING—14

Anderson
Bible
Bush
Byrd, Va.
Capehart
Ellender
Fulbright
Hayden
Kefauver
Moss
Pearson
Prouty
Robertson
Symington

So the motion to lay on the table was agreed to.

Mr. DOUGLAS. Mr. President, I make a point of order that no quorum is present.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 171 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Butler
Byrd, W.Va.
Cannon
Carlson
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Engle
Ervin
Fong
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Murphy
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is a quorum present?

The PRESIDING OFFICER. The Chair is considering.

Mr. DOUGLAS. Will the Chair inform the Senate whether or not a quorum is present?

The PRESIDING OFFICER. The Chair will.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. We are waiting for the answer by the Chair.

The PRESIDING OFFICER. A quorum is present.

Mr. DIRKSEN and Mr. KERR addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

LEGISLATIVE PROGRAM AND ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. DIRKSEN. Mr. President, while Senators are present I should like to ask the majority leader about his plans for tonight and possibly for tomorrow.

Mr. MANSFIELD. Mr. President, if it meets with the approval of the Senate, I should like to have the Senate adjourn or recess between 5:30 and 6 o'clock this evening until 10 o'clock tomorrow, when we can continue our discussion of the bill.

Mr. President, I ask unanimous consent that when the Senate concludes its deliberations tonight it take a recess to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. MORSE. Mr. President, may we have order?

Mr. KERR. Mr. President, if there are no further amendments to be proposed, may we have the third reading of the bill?

The PRESIDING OFFICER. The Senator from Texas has been recognized.

Mr. YARBOROUGH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. YARBOROUGH. Has the vote been completed on the previous question, or are we waiting for a quorum?

The PRESIDING OFFICER. A quorum is present. The bill is open to further amendment. The Senator from Texas asked for recognition.

Mr. YARBOROUGH. Mr. President, one of the other Senators wishes to speak. I yield the floor.

Mr. DOUGLAS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the question before the Senate?

The PRESIDING OFFICER. The question before the Senate is on the committee amendment, as amended.

Mr. DOUGLAS. Mr. President, I claim the floor in my own right.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DOUGLAS. I hold in my hand an amendment which I understand is to be proposed by the Senator from Oregon [Mr. Morse] and the Senator from Pennsylvania [Mr. Clark] bearing the caption "8-13-62—TTTT."

Mr. President, I read the amendment:

> In carrying out the purposes of this Act, enumerated in section 305 (a) and (b), the corporation shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. With respect both to its own operations and to the operations of any contractor engaged to carry out these purposes, the corporation shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin.

Mr. President, I am not calling up the amendment, but I understand that the Senator from Oregon and the Senator from Pennsylvania wil call it up at a subsequent date. I claim the right to speak on this amendment.

Mr. President, we voted cloture this afternoon by quite an extraordinary vote.

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOUGLAS. A solid phalanx of Republicans voted for cloture. The majority leadership and its faithfuls also voted for cloture. I noticed that five eminent Senators from south of the Mason and Dixon line absented themselves from the floor, and therefore in effect voted for cloture. Two were present and cast specific votes for cloture. There were some of my good friends, members of the so-called liberal bloc, who are political nonresistants and procedural pacifists, who do not believe in using against other opponents the methods which are so often applied to them. As a result, we got cloture by a vote of 63 to 27. I shall not touch on the motives which swayed any of those gentleman, except to say that from a whole series of different motives, we reached that final result.

Mr. JOHNSTON. Mr. President——

Mr. DOUGLAS. I like my dear friend from South Carolina, but I am not going to yield. The Senator from South Carolina was present and voted against cloture, unlike some of his fellow southerners.

Mr. President, we were assured by the Democratic leadership that if cloture were voted, then we could present amendments which would be thoroughly discussed and voted upon, and there would be a thorough discussion before passage of the bill. What we have witnessed instead is the free use of the guillotine. Extremely important amendments were offered without the majority leader or his deputies taking the trouble to debate them. Immediately a motion to table was offered, and without debate, we are seeing a shutting off of discussion on vital issues, just as many of us feared would happen.

Mr. President, a good many of our friends may not have noticed amendment designated "8-13-62—TTTT," of the Senator from Oregon [Mr. Morse] and the Senator from Pennsylvania [Mr. Clark]. Perhaps some of our friends from south of the Mason and Dixon line who absented themselves, and therefore permitted cloture to be applied, did not notice the amendment. I will read the amendment again so they will know what they got themselves in for. I am very glad the amendment is to be submitted. The amendment reads as follows:

> (d) In carrying out the purposes of this Act, enumerated in section 305 (a) and (b), the corporation shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. With respect both to its own operations and to the operations of any contractor engaged to carry out these purposes, the corporation shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin.

In effect, the amendment would put the principles of the FEPC into the communications satellite system. I would be very reluctant to see the leaders of the Democratic Party make a motion to table that amendment, because the platform of the Democratic Party pledges itself to that type of provision all across the board in industry as a whole. If we get a motion from the Democratic leadership to table the amendment and to guillotine any further discussion, it will be a pretty clear repudiation of the program upon which President Kennedy and the rest of us went to the country in 1960.

Mr. PASTORE. Mr. President, will the Senator yield on my time?

Mr. DOUGLAS. I am glad to yield.

Mr. PASTORE. If the Senator from Rhode Island, who, when he was Governor, was the father of the FEPC law in the State of Rhode Island, is in the Senate Chamber at the time the amendment is proposed, he will vote to table the amendment. I shall do so with a full heart. I shall do it with no qualms of conscience, because I know the purpose and motive behind the amendment.

Mr. DOUGLAS. Mr. President, that is a very grave confession, if true. May I say the point is fundamental. If we believe in fair employment practices, we should believe in them for the commercial communications satellite system as well as for industry as a whole. May I point out that now that cloture has been voted, majority rule will prevail and debate is limited. I think no Presiding Officer could properly rule that the amendment is not germane. It certainly is germane to the employment practices of the communications satellite system. If the Chair should err in ruling that it is not germane, an appeal can always be taken from the ruling of the Chair and the issue will be decided without debate by majority vote. So we will have at least and at last the opportunity to vote on a civil rights measure by majority vote.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. DOUGLAS. I yield.

The PRESIDING OFFICER. The Chair is informed that the Senator cannot yield his time to some other Senator.

Mr. JAVITS. I yield my own time to myself.

The PRESIDING OFFICER. The Senator from Illinois will then lose the floor.

Mr. DOUGLAS. Do I understand it is in order for me to yield to the Senator from New York so that he may speak on his own time?

The PRESIDING OFFICER. The Senator will lose the floor if he yields.

Mr. DOUGLAS. I regret, therefore, that I cannot yield.

Mr. JAVITS. Mr. President, the Senator can regain the floor immediately, can he not?

The PRESIDING OFFICER. If he is recognized, the Senator can regain the floor.

Mr. JAVITS. Mr. President, will the Senator yield on that basis?

Mr. DOUGLAS. Mr. President, if I yield the floor to the Senator from New York, can I recover the floor again if I catch the eye of the Presiding Officer?

The PRESIDING OFFICER. The Senator is correct, if the Chair chooses to recognize the Senator.

Mr. DOUGLAS. With that understanding I am glad to yield the floor.

Mr. JAVITS. Mr. President, I yield myself 1 minute.

Mr. President, I shall vote for the amendment. I shall vote to sustain an appeal from a ruling of the Chair, if that is made necessary by an adverse ruling on germaneness. I shall vote against tabling the amendment. I think the only justification for voting for cloture upon this whole matter is that it is conducive to sound legislative practice for everybody, including liberals, to call them as we see them on particular legislative matters regardless of where the chips might fall. I hope the Senate will take that to heart. The Senator from Oregon [Mr. Morse] is right. What is occurring is historic. Unless we are going to hew to a historic line, we will be in a great deal of trouble, having adopted a principle that we will apply cloture when we think in all honesty it is deserved. I think we must pursue that principle and adopt amendments, too, and not cut them off except as we decide on a case-by-case basis if we are going to be worthy of the name of Senator and if this body is to be worthy of the great name of the U.S. Senate.

Mr. DOUGLAS. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DOUGLAS. I wish my good friend, the Senator from Rhode Island [Mr. Pastore], were present in the Chamber, because I would like to reply to his imputation that the motive behind the amendment is unworthy.

First, I did consider the possibility of offering amendments such as part III, which I rejected on the ground that such amendments would not be germane. The amendment to which I refer, however, is perfectly germane. It covers employment practices which a communications satellite system corporation is to observe. We have been very solicitous about the rights of the big corporation which is to control the proposed communications satellite system. Since cloture was applied, we have voted down without debate every measure that would provide for some degree of public participation. Now are we going to vote down, without debate—and with the guillotine operating—an amendment which would provide that the corporation shall not practice discrimination on the grounds of race, creed and color?

Mr. MORSE. Mr. President, will the Senator yield for two questions?

Mr. DOUGLAS. I am glad to yield.

Mr. MORSE. It is true, is it not, that the Vice President is chairman of a commission which seeks to eliminate all racial discrimination in connection with Government contracts?

Mr. DOUGLAS. Yes.

Mr. MORSE. It is true, is it not, that the proponents of the bill have been trying to argue that the Government, after all, is setting up a bill under which the President of the United States would appoint three members of a board of directors?

Mr. DOUGLAS. Three out of fifteen.

Mr. MORSE. Three of the fifteen. To show the great Federal interest in the bill, should not the same principle apply to such a corporation that applies to a defense contract?

Mr. DOUGLAS. The Senator is correct.

Mr. President, I understand that it is not the intention of the framers of the amendment—the distinguished Senator from Oregon [Mr. MORSE], who has never covered himself with more glory than he has during these past days—and the Senator from Pennsylvania [Mr. CLARK]—to bring the amendment up tonight.

I understand it is their intention to bring it up tomorrow. I believe that Senators from all parts of the country and the press and the country should be aware of what the issue is. I hope very much that when the heat of the day subsides and the cool of the evening comes and the calm of meditation replaces the heat of passion the leadership will not decide to guillotine this amendment with another tabling motion, because to do so would be contrary to the principle of the Democratic Party, contrary to the principles upon which President Kennedy was elected, and contrary to the principles by which we won control of the Senate.

I raise this issue, and now await with interest what the Senator from Oregon and the Senator from Pennsylvania will do tomorrow. I believe that we should all search our consciences during the evening and the morning of the second day.

Mr. MORSE. Mr. President, I call up my amendment identified as 8–13–62—KKKK. I call attention to the fact that it is not identified with three K's. [Laughter.]

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 40, after line 14, insert the following new section:

CREATION OF EDUCATIONAL RESERVE FUND

SEC. 405. (a) There is hereby created on the books of the Treasury of the United States a fund to be known as the "educational reserve fund". The educational reserve fund shall consist of revenue received through payment as described by subsection (b).

(b) In consideration of the privileges granted by this Act, any corporation engaged within the United States or any territory or possession thereof in furnishing for hire channels of communication through the use of communications satellites shall annually set aside for the educational reserve fund an amount equal to 8 per centum of the net proceeds of such corporation, as defined by the Federal Communications Commission. Such revenue shall be paid into the fund in conformity with such regulations as the Secretary of the Treasury shall prescribe.

(c) Such fund shall be available for the support of any statutory program for Federal aid to public educational institutions and programs hereafter enacted by the Congress, including, but not limited to, primary, secondary, higher, and graduate levels and programs such as educational television, international education, and exchange scholarship.

Mr. MORSE. Mr. President, I will take only a minute or two. This amendment was known in the hearings and in the debate as the Morse-satellite-communications-aid-to-education bill.

Mr. KEFAUVER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MORSE. The amendment is similar and almost identical in purpose to the purpose of the famous Hill-aid-to-education bill connected with the tidelands debate of some years ago. Here is a chance to tell the world that we are going to seek to use this system to obtain some funds for education here and abroad, because it deals with international educational programs, and it deals with exchange fellowships and scholarships.

I close by saying that here is a program endorsed by a large, large, large number of educators and educational associations.

It is only regrettable that because of the gag rule imposed upon free debate in the Senate today by the leadership of the Senate we do not have the time to inform the American people what we are doing, namely, fighting for the educational rights of future millions and millions of American boys and girls.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. KEFAUVER. Mr. President, will the Senator from Oregon yield for a question?

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Oregon.

Mr. DOUGLAS. On this question I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is agreeing to the motion of the Senator from Montana to table the amendment of the Senator from Oregon. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Utah [Mr. MOSS], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS].

If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Virginia [Mr. ROBERTSON] and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART] is necessarily absent and, if present and voting, would vote "yea."

The result was announced—yeas 73, nays 17, as follows:

[No. 172 Leg.]

YEAS—73

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Butler
Byrd, W.Va.
Cannon
Carlson
Case
Chavez
Church
Cooper
Cotton
Curtis
Dirksen
Dodd
Eastland
Engle
Ervin
Fong
Goldwater
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Murphy
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—17

Bartlett
Burdick
Carroll
Clark
Douglas
Gore
Gruening
Hart
Hartke
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Muskie
Neuberger
Yarborough

NOT VOTING—10

Anderson
Bible
Byrd, Va.
Capehart
Ellender
Fulbright
Hayden
Moss
Robertson
Russell

So the motion to lay on the table was agreed to.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent—and I hope the minority leader will agree with me—that notwithstanding the fact that the Senate has agreed to convene at 10 o'clock tomorrow morning, the Committee on the Judiciary be allowed to meet during the morning session of the Senate. I make this request for two reasons: First, I understand that tomorrow the nomination of Judge Thurgood Marshall will be considered perhaps for the final day; and also it may be possible for the committee to do some work on the amendments to the drug bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I also ask unanimous consent that the Committee on Government Operations, under the chairmanship of the distinguished senior Senator from Arkansas [Mr. McCLELLAN], be permitted to sit during the session of the Senate tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON, Mr. RIVERS of South Carolina, and Mr. ARENDS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 12180) to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. KING of California, Mr. O'BRIEN of Illinois, Mr. BYRNES, and Mr. BAKER were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H.R. 10928) to transfer casein or lactarene to the free list of the Tariff Act of 1930.

The message also announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H.R. 4449. An act to amend paragraph 1774 of the Tariff Act of 1930 with respect to the importation of certain articles for religious purposes; and

H.R. 10852. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 1918. An act to extend benefits of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 to widows and surviving children of former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, or the U.S. Secret Service Division, who were retired or who died in the service of any such organization prior to the effective date of such amendments;

H.R. 2139. An act for the relief of Suraj Din;

H.R. 2176. An act for the relief of Salvatore Mortelliti;

H.R. 3127. An act for the relief of Amrik S. Warich;

H.R. 3507. An act to provide for the withdrawal and reservation for the Departments of the Air Force and the Navy of certain public lands of the United States at Luke-Williams Air Force Range, Yuma, Ariz., for defense purposes;

H.R. 3508. An act to amend the Tariff Act of 1930, as amended;

H.R. 6219. An act to permit the vessel *Bar-Ho-IV* to be used in coastwise trade;

H.R. 6456. An act to permit the tugs *John Roen, Jr.*, and *Steve W.* to be documented for use in the coastwise trade;

H.R. 7549. An act for the relief of Lewis Invisible Stitch Machine Co., Inc., now known as Lewis Sewing Machine Co.;

H.R. 8100. An act to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund;

H.R. 10308. An act for the relief of Elizabeth A. Johnson;

H.R. 11643. An act to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates; and

H.J. Res. 439. Joint resolution authorizing the State of Arizona to place in the Statuary Hall collection at the U.S. Capitol the statue of Eusebio Francisco Kino.

EXECUTIVE COMMUNICATIONS, ETC.

The **VICE PRESIDENT** laid before the Senate a communication and the following letters, which were referred as indicated:

PROPOSED AMENDMENT TO THE BUDGET, 1963, FOR GENERAL SERVICES ADMINISTRATION (S. Doc. No. 120)

A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1963, in the amount of $20,206,000, for the General Services Administration (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PLANS FOR WORKS OF IMPROVEMENT IN CERTAIN STATES

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement on the Big Wyacondah watershed, Iowa, Lattas Creek and Stucker Fork watershed, Indiana, Bee Creek and Middle Caney watershed, Kansas, Big Muddy Creek, Ky., Bayou Folse watershed, Louisiana, Upper Bogue Phalia watershed, Mississippi, Big Indian Creek, Nebr., Lower Forest River, N. Dak., Middle Fork-Hood River watershed, Oregon, Kaercher Creek, Pa., Duncan Creek watershed, South Carolina, and Neshobe River, Vermont (with accompanying papers); to the Committee on Agriculture and Forestry.

REPORT OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION ON CIVIL SERVICE EMPLOYEES

A letter from the Deputy Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the civil service employees in that administration, as of June 30, 1962; to the Committee on Appropriations.

CENTRAL INTELLIGENCE AGENCY ACT AMENDMENTS OF 1962

A letter from the Director, Central Intelligence Agency, Washington, D.C., transmitting a draft of proposed legislation to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes (with an accompanying paper); to the Committee on Armed Services.

DEPARTMENT OF DEFENSE COMMENTS RELATING TO REPORT OF COMPTROLLER GENERAL

A letter from the Assistant Secretary of Defense, transmitting, for the information of the Senate, a copy of the letter by that Department, to the Comptroller General of the United States, providing comments relating to his report on "Review of Stock Funds and Related Consumer Funds in the Department of Defense, Part I," dated June 13, 1962 (with accompanying papers); to the Committee on Government Operations.

REPORT ON PERSONAL AND REAL PROPERTY DISPOSED OF TO OR RECEIVED BY PUBLIC HEALTH AND EDUCATIONAL INSTITUTIONS AND CIVIL DEFENSE ORGANIZATION

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on personal and real property disposed of to or received by public health and educational institutions and civil defense organizations, for the calendar quarter ended June 30, 1962 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF CERTAIN POLICIES AND PRACTICES RELATING TO EMPLOYEE FIELD CONFERENCES, BUREAU OF OLD-AGE AND SURVIVORS INSURANCE, SOCIAL SECURITY ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of certain policies and practices relating to employee field conferences, Bureau of Old-Age and Survivors Insurance, Social Security Administration, Department of Health, Education, and Welfare, May 1962 (with an accompanying report); to the Committee on Government Operations.

PROPOSED CONCESSION CONTRACT AT RAINBOW FOREST LODGE, PETRIFIED FOREST NATIONAL MONUMENT, ARIZ.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed concession contract at Rainbow Forest Lodge in Petrified Forest National Monument, Ariz. (with accompanying papers); to the Committee on Interior and Insular Affairs.

Kenneth E. Foussé and Others

A letter from the Secretary of the Navy, transmitting a draft of proposed legislation for the relief of Kenneth E. Foussé and others (with an accompanying paper); to the Committee on the Judiciary.

Plans for Works of Improvement in Certain States

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement on Brandywine Creek, Del. and Pa., Twin Caney watershed, Kansas, Sandy Creek, Pa., and Salado Creek and Valley Creek, Tex. (with accompanying papers); to the Committee on Public Works.

PETITION

The VICE PRESIDENT laid before the Senate a resolution adopted at the 1962 convention of the Disabled Officers Association, in San Francisco, Calif., commending the Commander in Chief, the U.S. Senate, the Secretary of Defense, the Surgeon General, and the Secretary of the Army for allowing Gen. J. W. Schwartz to address the convention, which was referred to the Committee on Armed Services.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr CHURCH, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 12355. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe (Rept. No. 1879).

JOINT RESOLUTION INTRODUCED

A joint resolution was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DOUGLAS:

S. J. Res. 216. Joint resolution to authorize the President to designate the period from November 18, 1962, through November 24, 1962, as National German-American Week; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, August 14, 1962, he presented to the President of the United States the enrolled bill (S. 1918) to extend benefits of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 to widows and surviving children of former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, or the U.S. Secret Service Division, who were retired or who died in the service of any such organization prior to the effective date of such amendments.

TRIBUTES TO THE LATE SENATOR CASE OF SOUTH DAKOTA

Mr. BOTTUM. Mr. President, I ask unanimous consent to have printed in the Record several items appearing in newspapers published in South Dakota and elsewhere concerning the death of my predecessor and friend, the Honorable Francis Case.

There being no objection, the items were ordered to be printed in the Record, as follows:

[From the Pierre Reminder, June 1962]

Van Rambles

(By Cyril Van Hise)

As other South Dakotans are, I am saddened by the death of our devoted servant Francis Case and can recall a little incident that was typical of our honored Senator.

Back in 1939 when I was commander of the local American Legion Post, "Hook" Phares died in Chicago and the body was shipped to Pierre for burial. "Hook" had a friend in Francis Case. Those of you who knew him remember that he acquired the name of "Hook" from his ability to acquire extra food for the soldiers on the border and he had a gift for getting into extraordinary places at unusual times. Whenever Francis had a campaign to win he hired "Hook" to put up posters. Mr. Case said his candidacy was emblazened on backyard fences, in barns, granaries, and even outhouses and there was much good-natured banter about the whole thing.

"Hook" died of cancer and Senator Case (then Representative Case) had made it possible for him to be admitted to the best Government facility. When he died I knew Francis Case was in the Black Hills so I called him and advised him of the funeral date and hour. He said he would attend.

Came the funeral * * * we went out to the cemetery and were completing the military rites. I looked out of the corner of my eye and saw a solitary figure making his way up the rise through the trees. I motioned to the minister and the others and went out to meet Mr. Case. He came to the graveside proudly and I asked that he say a few words. His response was touching and very beautifully done. I shall never forget it.

This was Francis Case * * * an unforgettable character.

South Dakota Poetry: Our Great Good Neighbor, U.S. Senator Francis Case, Republican, of South Dakota, 1896–1962

(From Pasque Petals)

He was good neighbor of our great Northwest—
Intent on projects that would serve us best,
With grave intensity he gave his days
To details solving baffling maze on maze.
He early learned how illy ignorance rules,
And through his papers pressed for better schools.

At his young neighborliness we sometimes laughed—
Then—in our startled pride, our hats we doffed;
"The summer White House" was his bravest loot—
It put our Black Hills on world tourist route!
Reared in a manse, he seemed to take us all
As his parishioners—answered call on call:
He heard the cattle bawl on range drouth-bare,
And water rights, cloud seeding were his care.

In his integrity he clearly knew
Not rank nor wealth to a man's worth gave clue;
Time and again he went by land and air
To check that servicemen had what was fair.
In deep sincerity he lived his creed
When neighborliness must answer personal need.

He was good neighbor to our hills and plains;
But he was more. He knew the waking pains
Of bypassed men—the power we hold in trust—
He fought the acrid danger of power lust.
Significant as was his job and great,
Yet now and then he still had stolen date
With poetry, and nourished in his heart
To found a National Center for the Arts;
While for his loved Black Hills, his newest dream—
To place above its pines the marble gleam
Of "Christ the Redeemer," on a mountain crest—
Surely a symbol of what he held as best!
This our memorial—high in the sun—
A joy and a challenge to all who may come!

—Adeline M. Jenny.

Valley Springs, S. Dak.

[From Yankton Press and Dakotan, June 23, 1962]

Republicans of State Shocked by Case Death

The shock which Republicans of South Dakota felt Friday morning when word came from Washington of the death of Senator Francis Case was somewhat like the bombshell that hit Americans all over the world in the spring of 1945 when President Franklin D. Roosevelt died.

When President Roosevelt died while World War II was still in progress in Europe and the Pacific, people all over the world wondered just who could take his place in a time of crisis.

And when Francis Case died last week, the Republican Party in South Dakota was left to wonder. "Where do we go from here?" The party was badly shaken by the sudden development, as the highly regarded Senator had been poised to battle George McGovern in the U.S. Senate race in November.

Just who will replace Mr. Case as the Republican candidate in the fall general election—as well as Gov. Archie Gubbrud's choice to fill the vacancy the rest of this year—is still a matter of speculation. An Associated Press story from Pierre Monday listed as favorites for the nomination by the State GOP central committee July 9 the names of Lt. Gov. Joe Bottum, Congressman Reifel, Boyd Leedom, and Nils Boe.

Francis Case was a distinguished public servant who served South Dakota and the Nation well over a 25-year period in the Halls of Congress. He was widely recognized as a man of integrity and a painstaking student of legislation. His contributions in shaping U.S. policy and drafting the law of the land were many.

Just 2 weeks before his death, Senator Case stopped in the Daily Press and Dakotan office while in Yankton for a poetry society banquet at Yankton College. He showed no effects of his mild heart seizure a few months ago, and he was ready for the battle with Democratic Candidate McGovern.

The Food for Peace Director, commenting on Case's overwhelming victory in the primary election a few days before, had suggested that both Senate candidates pledge to conduct a clean campaign according to a code put forward by a committee headed by Charles Taft. Senator Case's reply was significant:

"I do not think I have to take the pledge on that," he stated. "I have been in quite a few campaigns and I cannot recall one in which my opponent or commentators accused me of any mudslinging or dirty tactics * * *. I incline to the belief that the average voter already has some opinion on how our habit of action squares with prior statements of purpose or declarations of intention."

[From the Watertown Public Opinion, June 23, 1962]

Senator Francis Case

Few men in public or private life in South Dakota have achieved a record of great and effective service to their State and Nation of such proportions.

Without reservation, this can be said of Senator Francis Case, whose death, as he faced a political campaign for election to his third term in the U.S. Senate, stunned and sorrowed South Dakotans as it did his colleagues in Washington and the scores of others in or out of Federal service with whom his years in Congress had brought him into contact all across the country.

Death did not, in this instance, cut short as it sometimes does, a man's career. Rather it unexpectedly ended a particularly fruitful one that spanned 14 years in the U.S. House of Representatives and almost 12 years in the Senate, yet came at a time when Senator Case was still adhering to the same rigorous work schedule he had always observed and with the same display of vigor, enthusiasm and vitality that characterized his application to every task.

The shock which swept the State and National Capital in the news of the death of Senator Case was magnified, of course, by the sequence of medical bulletins issued during and after the Senator's confinement in a hospital some weeks ago. These indicated that whatever impairment caused the hospitalization was a mild affair and that treatment and rest had fully restored the Senator's health. If the Senator, himself, was aware of any other situation than thus revealed, his refusal to acknowledge it or yield to its possible implications was characteristic of his lifelong attitude of always placing duty to his responsibilities above personal convenience or comfort.

Throughout his long career, Mr. Case was known for the strenuous work routine he observed and the physically demanding schedules he followed in fulfilling every demand on his time and talent he could possibly meet.

It was this diligence, of course, plus his informed judgment, experience and intimate knowledge of South Dakota and its problems and people, which enabled Senator Case to attain the achievements that constitute his impressive record.

More completely chronicled elsewhere, Mr. Case's accomplishments include such outstanding contributions as his long participation in the formulation of the Missouri Basin program now materializing in the gigantic flood control dams, great inland lakes, hydroelectric power and irrigation potential; his leading role in the planning and legislation for the great Interstate Highway System that will give the Nation more than 40,000 miles of superhighways within a few more years; his sponsorship of the Renegotiation Act of 1942 which saved the Federal Government millions of dollars on wartime contracts; and of the legislation which assisted surplus disposal as well as advancing foreign aid by providing payments to the United States in the currencies of the countries being helped.

Mr. Case was a diligent student in every facet of his responsibilities as a Congressman. He probably possessed as thorough knowledge and understanding of the tremendous flow of legislation in Capitol Chambers, and of its implications for the State and Nation, as any man in Congress. It was this informed knowledge that won the admiration and the respectful ear of his colleagues in both political parties through the years, and made effective so many of the efforts he undertook. He attained positions of influence on powerful committees of the Senate, where his service won the respect and esteem that was reflected in and out of Government in the messages of sorrow and regret that mounted throughout Friday.

Throughout South Dakota, as in the Capitol, the name of Senator Case has long been a symbol of dedicated and honorable public service and so it will remain. We join with thousands of others in extending our sincerest sympathy to Mr. Case's family.

[From the Sioux Falls Argus-Leader, June 25, 1962]

Herb Bechtold's Round Robin

MEMORIES OF A COLUMNIST ABOUT A FRIEND

Senator Francis Case was a hard worker. There was the time he was scheduled to make three appearances in Sioux Falls in 1 day. The first was at 7 a.m. At 3:30 that afternoon he had inspected the new armory in Sioux Falls and had given speeches at two other places—and still had not had time to eat that day.

He generated ideas by the dozen. He kept his staff stepping with his ideas, scrawled on newspaper clippings, paper napkins or any old scrap that was handy. His major ideas usually showed up as a new piece of legislation or an amendment. It was said that he was the "amendingest Senator" in service.

Senator Case was a dry. His father was a retired Methodist minister and his mother was active in temperance work.

There was the time a reporter in Pierre invited him to have a beer before the Senator left by train.

They moved to a local tavern where the Senator matched the reporter bottle for bottle—but with grape pop.

Rancher Case found relaxation in Washington by riding horseback—usually at the Maryland farm of Owen Scott, former Sioux Falls man who is executive editor of U.S. News & World Report.

Case also used to play baseball and tennis. A reminder of his baseball days was a bat which stood in one corner of his office with a broken handle. It was broken the last time the Senator got hold of it during a game.

Look magazine once referred to Senator Case as an "outstanding campaigner for higher ethics in public office." It was his policy to accept only small gifts "such as candy or fruit." The largest gift he would accept was "an annual turkey."

Senator Case was a religious man. In August of 1958, while on a trip to South America, he saw the towering, impressive "Christ, the Redeemer" statue on Mount Corcovado overlooking Rio de Janeiro. That Christmas, he used a picture of the giant statue on his Christmas cards and advocated a figure of "Christ on the Mountain" in the Black Hills near Spearfish, home of the famous "Passion Play." He suggested that a model made many years ago by Gutzon Borglum be used. Case wanted the beatitudes from the Sermon on the Mount inscribed on the pedestal below the figure.

National Geographic magazine carried a picture in 1959 which showed Senator Case with the flag that never was. It was one of the 39-star flags which were designed in 1889 when it seemed likely that the two Dakotas would form one State.

Senator Case met General de Gaulle at the French Embassy in Washington in 1960 and pointed out to him that predominantly Scandinavian South Dakota has a French name for its State capital. Case told the general that no offense was meant in the un-French pronunciation which South Dakotans use when they call Pierre "Peer."

Case was sharp with figures in Congress and also in predicting the outcome of elections. Prior to the November 1960 election he predicted that Richard Nixon would carry South Dakota by 57.34 percent. Actual vote was 58.21. Case forecast a 52.76 vote for Senator Karl Mundt. Actual vote: 52.44. Case said Archie Gubbrud would win by 50.57. Actual margin: 50.73.

Most people, to look at the small, solemn and, seemingly humorless Senator from Custer, would never dream that he was in one of the great absurdities of the 20th century.

Anyone old enough to have read a newspaper in 1927 must remember that photograph of "Silent Cal," taken in the Black Hills near Senator Case's ranch. President Calvin Coolidge had a 20-gallon hat rammed down over his ears. He looked so utterly absurd with his dour visage peering out from under the monstrous sombrero that the entire Nation was convulsed.

The picture was printed and reprinted, to undiminishing mirth. It became such a sensitive matter that those who were in on the stunt soon got to the point where they would not admit having been in the vicinity, or even South Dakota.

Nearly three decades later, Senator Case confessed that he was in on the shenanigans. "I was standing right beside him when it was done," he said. "But wild horses couldn't make me identify the actual culprit."

Indian Group Honors Memory of Senator Francis Case

"His day is done, the shadows have fallen and a great friend of the Sioux lies at rest.

"Eloquence and elaborate phrases will not express the feeling of the Sioux people. Glowing tributes would be amiss, this public servant and a great friend of the Sioux, if living, would not desire them so.

"Then let's all be agreed: Here was an honest, sincere friend of the great Sioux Nation. And after all, what tribute could be finer: Therefore be it

"*Resolved*, That since the Great Spirit, the Creator of all mankind, in His infinite wisdom has chosen to take from among us, this diligent, honest and devoted friend of the Sioux people, the Wounded Knee Subcommunity Council of Wounded Knee, S. Dak., regrets the passing of this devoted friend and servant whose memory we shall ever cherish; be it further

"*Resolved*, That to his bereaved wife, Mrs. Francis Case, friends and relatives, we tender our heartfelt sympathy. We sincerely hope and pray that the Great Spirit will look down with compassion upon the bereaved, and will encircle His arms of love and protection around them during their hour of trial; be it further

"*Resolved*, That in token of our feelings, a copy of this resolution be mailed to the surviving spouse, Mrs. Francis Case, of Custer, S. Dak., and that copies of this resolution be incorporated in the minutes of our proceedings, there to remain as a memorial to the integrity and fidelity of our friend and defender of the Sioux people's right, the Honorable Francis Case."

CERTIFICATION

I, the undersigned, as secretary of the Wounded Knee Subcommunity Council of Wounded Knee, S. Dak., hereby certify that the foregoing resolution was duly adopted by the members of said Wounded Knee Subcommunity Council on June 26, 1962, by a unanimous vote.

Matthew High Pine,
Secretary.

Attest:

Oscar Hollow Horn,
President.

Dated June 26, 1962.

[From the Aberdeen American-News, June 26, 1962]

Credit to Midwest Republicanism

Tributes paid to Senator Francis Case at his funeral Tuesday, added to those that have been voiced and written by hundreds of his friends during the past few days, strongly reveal the esteem in which he was held.

The respect for him expressed in the newspapers of South Dakota—the State he had served in Congress for 25 years—was expected by all who were familiar with his record of service.

The late Republican Senator's friends are gratified to know that many persons outside of South Dakota shared with his home State constituents a sincere admiration for his qualities.

As an example, the Washington Post, a newspaper that favors the liberal point of view in Government and finds merit in more Democratic than Republican policies, commented editorially:

"The death of Francis H. Case takes from the Senate an honest, conservative friend of the District of Columbia and a legislator who was spunky enough to report on the offer of a bribe. The offer came in 1956 when a $2,500 campaign contribution was dangled before the South Dakota Republican with the object of influencing his vote on natural gas legislation then before Congress. Mr. Case was shocked by the blatant offer, and had enough courage to expose this attempt to use money to buy votes.

"Ultimately, the natural gas bill was vetoed by President Eisenhower on the grounds that improper influences were used to secure its passage. But some of Mr. Case's colleagues seemed more indignant at the Senator's exposure of the scandal than they were by the offer of the 'gift' itself.

"An inquiry headed by the late Senator George censured the lobbyists involved but failed to commend Mr. Case for bringing the improper offer to attention. It was a wry footnote that a 'clean elections' bill arising from the incident and sponsored by virtually every Member of the Senate was entombed in committee.

"Senator Case deserves to be remembered for more than his connection with a notorious incident. He served as chairman of the Senate District Committee for many years and showed a diligent concern for the welfare of Washington. Always an advocate of economy, he is credited with saving the taxpayers millions when he introduced a bill during World War II requiring renegotiation of war contracts.

"A former newspaperman, a politician who inclined more to the colorless than the flamboyant, Senator Case was an agrarian conservative whose earnest sincerity was a credit to Midwest republicanism."

[From the Milwaukee Journal, June 27, 1962]

Senator Case's Finest Hour

Senator Francis Case, Republican of South Dakota, who died last week, was not a lawmaker of unusual distinction, generally. But 6 years ago he set one example of tested virtue that stirred the country and had historic repercussions.

Probably many legislators receive propositions in various forms that could be broadly termed attempts to bribe. But even when they conscientiously spurn such offers they are usually unwilling to crowd the hero's bench by exposing the propositioners. Not Case.

In 1956 the Senate was about to pass and send to the White House the heavily lobbied bill to exempt natural gas producers from Federal rate regulation. Case was about to vote for it, but told the Senate he would not because of having just received, and rejected, a $2,500 "campaign contribution" from one of the gas companies.

The Senate passed the bill anyway, but Case had stirred such public indignation at the gas interests' overlobbying that President Eisenhower, who would have signed the bill, vetoed it by way of rebuke to their "arrogance." The odor has so lingered that to this day the proponents have not been able to get the bill passed again.

Senate investigators came up with a fine distinction that the money was an "attempt to influence" but not a bribe, because no specific tit for tat was proposed. Far from being a forthright contribution, however, it was in $100 bills in a blank envelope, relayed through two gas company attorneys to a friend of Case's campaign manager. The two attorneys confessed to lobbying without a license, but that was the legal end of the matter.

The Senator himself was a reluctant hero, wryly noting that a $2,500 contribution in any case would have raised too many eyebrows in South Dakota. Nor did he get any praise or thanks from his colleagues, who generally felt more annoyed than anything else at having the subject come up. Clean-election bills in the wake of the incident have fared no better than the gas bill itself.

[From the Corsica Globe, June 27, 1962]

As it comes to all men, so death came to Senator Case on Friday. South Dakota and the Nation lost a great statesman. During his 25 years in Washington, Mr. Case demonstrated that he was a student of public affairs, that because his decisions were based on principle and study he did not waver, while being tolerant and moderate.

Those who now say that they did not always see eye to eye with the Senator, but respected his great devotion to his position, are in effect saying that he was right. That is perhaps the highest tribute that can be paid to a public servant.

More or less personal: The writer knew Senator Case as a newspaper publisher before he went to Washington, and was delegate at the State convention which nominated him over four other candidates for Congressman. Subsequently it was always a privilege and a pleasure to visit with him when the opportunity presented itself.

[From the Clark County (S. Dak.) Courier, June 27, 1962]

Selecting a New Candidate

Clark County, S. Dak., and the Nation lost a true friend last week with the death of Francis Case. Admiration for the man has been expressed by men of both parties, among those being his competition for office, George McGovern.

The quality that made a lasting impression on the writer's mind was the announcement some years back that he was considered one of the hardest working Senators in Washington. Time magazine and dailies carried the story, in which they remarked how thorough he was in securing the facts before making a decision. Because of this thoroughness, Senator Case was one of the best informed men in Washington.

The Senator visited Clark County not many months ago. He had aged since his previous visit, but he was still loaded with ideas, and prepared to fight for the things he felt were right.

[From the Elk Point (S. Dak.) Leader-Courier, June 28, 1962]

Senator Case

South Dakota and the Nation have lost a great man. Senator Francis Case, U.S. Senator from South Dakota, an able man and an outstanding Senator has died.

Senator Case was a highly respected man in the U.S. Senate. He sponsored many important bills in Congress and saw many of them enacted into law. The Senator was highly regarded among his colleagues for his knowledge of the many complex problems confronting the lawmakers. At the same time he worked energetically and successfully for the State of South Dakota. This State has benefited tremendously from his efforts.

Senator Francis Case has made his mark on the Nation and certainly on South Dakota. In South Dakota he will long be remembered for the personal attention he gave to the many problems brought to him by his constituents. The friendly, thoughtful consideration given to the people he served will always assure him a place in the hearts of his fellow South Dakotans.

[From the Moody County (S. Dak.) Enterprise (Flandreau), June 28, 1962]

Senator Francis Case

Many words have been written and many will be added concerning the loss to South Dakota and the Nation in the death of Senator Francis Case. The news was received in South Dakota and across the Nation last Friday and came as a shock to the country. It was known that the Senator had been hospitalized in March and on Thursday evening news was relayed that the Senator had been taken to the hospital but his illness was not termed as serious. Thus his sudden passing had not been expected and his loss was keenly felt.

Francis Case served the State and Nation faithfully through seven terms in the House of Representatives and two in the U.S. Senate. He has been described as an indefatigable worker, a man of firm convictions and vast knowledge, with an unusual insight into the workings of government.

As a public servant, Mr. Case never ceased to strive for what he thought was right, and his opponents would and have been the first to praise his abilities, integrity, and effectiveness.

The examples set by Francis Case as he served his State and Nation should form a great challenge for his successor and the individuals who follow in his stead would be wise to heed his great work both in South Dakota and in Washington.

[From the Woonsocket (S. Dak.) News, June 28, 1962]

Death of Case Loss to South Dakota and Nation

The untimely death of Senator Francis Case Friday is a distinct loss to South Dakota and the United States. The Senator served South Dakota through nearly all of his adult life, as a newspaper publisher, then as Congressman for many years and was nearing the end of his second term as Senator. He served his State and Nation well in the interests of good government and South Dakota residents stand to benefit for untold years as result of his leadership in developing State resources, particularly the harnessing of the Missouri River. His accomplishments include the stature and courage to battle for what he believed to be the best for his country and for the people he represented in national legislative assembly. His death leaves a vacancy in the U.S. Senate which will be exceedingly difficult to fill in the manner in which it has been occupied.

[From the Wolsey (S. Dak.) News, June 28, 1962]

South Dakota politics were upset last week in the death of Senator Francis Case. He had served well in the House of Representatives and in the U.S. Senate, and all South Dakotans can well be proud of the fine record he made in the 25 years he represented this State.

At the time of his death, Senator Case was the Republican nominee to succeed himself and he was to be opposed by George McGovern of the Democratic Party. It was generally conceded that the Senate race this year would be exciting and probably close with the edge going to Senator Case. Now, however, the Republicans have to select a new candidate strong enough to retain the senatorship for their party.

Senator Case was strong politically in South Dakota and very influential in Washington, D.C. He was a reserved and a firm student of government and was constantly alert to benefits to be derived by the Nation and the State of South Dakota. Many pieces of legislation he sponsored will have a long-lasting benefit. His fine work on the National and State levels will be greatly missed.

[From the White (S. Dak.) Leader, June 28, 1962]

Nation Mourns Death of Senator Francis Case

Flags in our town and over the State were at half-staff Tuesday as the citizens shared in honoring the memory of Senator Francis Case whose funeral was held that day.

From everyone, all party lines erased, come praises for the service Senator Case rendered his State and country during the 25 years he represented South Dakota in Congress.

The descriptive word used most often is "dedicated." Perhaps no other expresses more precisely his attitude toward his responsibilities. His integrity, honesty, industry, and ability never were questioned.

In one of his late newsletters he said: "The destiny of man in the province of God is not the destruction of His universe. It is the privileged responsibility of everyone to hope and to work for a brighter day for all mankind."

Everett M. Dirksen said some time ago, "Case is undramatic but he is thorough."

All seem to agree that Senator Case contributed service far beyond the call of duty.

His passing on is a great loss to his party, his State and to the Nation. Let us honor his memory by our own more devoted participation in the movements that will accomplish the high standards for which he strove.

The various interests of Senator Francis Case are shown in his last newsletter. In it he touched upon weather, crops, the wise use of water, flood control on the Vermillion River, satellite communications, importation of beef, connected with tariff-cutting, dropouts from high school, construction for defense, foreign aid, and more. He closed with this expression of appreciation: "A personal note: Thank you, everyone, for whatever interest you may have taken in the primary election of June 5, 1962. I trust that in every respect the results may contribute to responsible and effective representative government."

[From the Sisseton (S. Dak.) Courier, June 28, 1962]

Greatly Missed Leader

The sudden death of Senator Francis Case has caused great sorrow among residents of South Dakota.

This was a man who had provided 25 years of outstanding service to the State and Nation. Few men in public or private life have provided such capable leadership in Washington.

People of Roberts County, credited with giving him the largest margin of victory of any area in the State during the June primary, will sadly miss this man. He was a real friend of people in northeast South Dakota regardless of their color, creed or political beliefs.

Accomplishments in the Senate include legislation for weather research, cloud modification, desalination of water and highway acts. He also introduced laws to dispose of surplus farm commodities for foreign currencies.

It goes without saying that both South Dakota and the Nation will sadly miss this great man in the coming months.

[From the Selby (S. Dak.) Record, June 28, 1962]

South Dakota lost a great booster and friend when Senator Francis Case passed away from a heart attack last Friday. Sincere sadness was expressed by men and women when they learned of the unexpected death of a man who was completing 25 years as a Member of Congress from the State of South Dakota. From both political parties came expressions of regret for his untimely death. During the 25 years that Francis Case served South Dakota, many accomplishments were made under his direction and his works and efforts for the State will live for many years in the minds of those who knew him. His loss is a distinct one to the State.

[From the Salem (S. Dak.) Special, June 28, 1962]

Senator Case

South Dakota citizens were stunned Friday morning by the sad news of the death of Senator Francis Case. His sudden passing came as a complete surprise to all his constituents.

It has been said by many already, and we wish to concur, that in the loss of Senator Case, South Dakota and the Nation lost a true public servant. The one thing about Senator Case which will always be remembered is that he never forgot, in all his years in Washington, that he was elected by South Dakotans to represent their needs in our Capital and this was a job he performed with great ability. With him his State and people were first.

Certainly it is no secret that we have, on numerous occasions, taken exceptions to many of his ideas and philosophies, because we belonged to different political parties with different ideas, but we always respected the Senator because he was consistent in his politics and the people of South Dakota always knew where the former newspaperman from Custer stood. For this he was respected by his fellow Republicans and Democrats alike.

His confidence in the wonderful natural resources of our State and the work he did in behalf of the conservation and development of those resources will linger long to remind us of his service to all of the people of South Dakota.

[From the Rosholt (S. Dak.) Review, June 28, 1962]

Just recently, Senator Francis Case wrote a nice personal note to us, little knowing that it would be the last letter we would ever get from him.

Senator Case is dead.

The State of South Dakota thus loses a public servant of tremendous ability and dedicated service.

Nothing spectacular about Mr. Case, but when he said something he meant it and everybody knew he meant it.

Here's one man whose shoes will be hard to fill in the Halls of Congress.

[From the Pollock (S. Dak.) Pioneer, June 28, 1962]

Pollock Shares Sadness Over Death of Case

The people of Pollock share the sadness of the rest of South Dakota, and of the Nation, over the loss of Senator Francis Case.

His loss, in fact, may be felt more deeply here than in many other areas. Not only was he a personal friend of many Pollock residents, but he was a friend of the community. He was the chief speaker at the ground breaking which started the new town in June of 1955, and he was the chief speaker at the opening last August of the north causeway, which marked the completion of the actual relocation phase of the new town.

In between these events he made several visits to Pollock, and helped the community win success in many projects of vital importance which otherwise might have ended in failure. His work in Washington, along with that of Senator Karl Mundt, helped get the water system, the school, and even the causeway which now has formed the new Lake Pocasse.

No one is impossible to replace, but it will be difficult, at best, to replace Senator Case. His years of experience and his seniority, and his extensive knowledge of the problems of South Dakota, meant much to the State.

[From the Mobridge (S. Dak.) Tribune, June 28, 1962]

Senator Case's Successor

The unexpected death Friday of Senator Francis Case was a great loss to South Dakota and to the Nation, and a personal blow to the friends in this vicinity who had known him personally for many years and held him in the highest esteem.

Senator Case was a friend to Mobridge during the many years when he was west river Congressman, as well as during his 12 years in the U.S. Senate. His place will be hard to fill.

The Republican Party now has the difficult task of selecting the man they feel can best fill Francis Case's shoes. There will be no lack of candidates, for anyone who has been in the political arena considers serving in the U.S. Senate as the highest position to which he could aspire.

Both Sigurd Anderson and Boyd Leedom, now serving in Federal bureaus in Washington, have been mentioned as possible candidates. The Tribune believes that both men have lost touch with the problems and needs of South Dakota during their 10 years in the National Capital, and should remain in their high bureaucratic positions.

Nor do we believe that either of our U.S. Representatives should desert the posts to which they are certain to be reelected for the dangerous assignment of challenging George McGovern for the Senate post. Both Reifel and Berry will serve us better where they are.

Our choice for the Republican candidate would be either former Gov. Joe Foss or Lt. Gov. Joe Bottum, both exceptionally able campaigners and men of high repute. We recommend either to the members of the State central committee who will make the decision.

[From the Milbank (S. Dak.) Herald Advance, June 28, 1962]

We Express Sympathy

South Dakota will long mourn, nor will it soon replace Senator Francis Case, who died Friday while at work for his country.

But to his family and to his immediate associates the loss is a personal one that is only made sharper by the greatness of the man they can no longer see or hear, but only remember.

Eulogies have been written, memorial services have been held, praise has been freely given, but these are but the gestures made when loss is too great to encompass in a few moments.

It is in the hours that follow those of shock and reaction that those close to the Senator must face their loss.

The editor of the Herald Advance and the members of her family join all the others of our Nation in extending sympathy to the family of Senator Francis Case, his wife, his daughter, his granddaughter, and his sisters.

To his office force, too, we express our regrets for we know in what deep respect and affection they held their wonderful "boss."

Perhaps this is the moment to remind them how fortunate they all have been to expend their energies, their love, and affection, upon one who so richly deserved it, who was held in esteem, not only by those who knew him well, but by the great men of our Nation who worked with him and were impressed by his integrity and ability.

[From the Lennox (S. Dak.) Independent, June 28, 1962]

A Hero Passes On

He may not have fallen in battle on the shores of a Pacific island or on a battlefield in Europe, but Senator Francis Case died a hero last week in the battle to preserve this Republic and the liberty for which it stands.

A soft-spoken but influential Member of the Senate, Francis Case was respected by Republicans and Democrats alike. No one ever had reason to question the good Senator's integrity or sincerity and the most evident reason for the opposition he collected during his political career was due to the fact that he refused to compromise his principles nor show personal favoritism in return for financial or political support.

Lobbyists and special interest groups always could count on Senator Case listening to their pleas, but all soon came to realize that their cause would be considered by him only if it were in the best interests of South Dakota and our Nation. Even those with whom he disagreed came to respect him and often had to concede in the long run that Case was right and they were wrong.

We are proud to have known Francis Case. It always gave us a certain feeling of satisfaction that Case, a former weekly newspaper publisher, so well represented the people of South Dakota and was able to hold his own against any and all statesmen and politicians regardless of their background or circle of friends. We did not have the privilege of talking to the good Senator in the past 2 years but the last time he was in Lennox we visited with him at the Independent office and through that conversation were again reassured that South Dakota was represented in the Senate by one of the most able and conscientious men we have known.

Senator Case loved South Dakota and its people and was justly proud of his beloved Black Hills. Although his demanding duties in Washington gave him little time at home, he often expressed his joy at being able to return occasionally, and had he lived beyond his active career in the Senate we are sure he would have thoroughly enjoyed his declining years in the land he loved and served so nobly.

We know there are others who are better able to eulogize this great man at his passing, but as South Dakotans and Americans we wish to express our deep feeling of loss. Francis Case will not be easily replaced for men of such dedication, courage, and high principles are few and far between. The good soldier he was, Senator Case did not expect to go unscathed in the battle for liberty. He did not find his work easy or his path smooth, and as a Christian soldier, we are sure Francis Case understood the significance of the words that God will bury the workman but not his works.

The work of Senator Case will live on as this country remains free and his passing should serve to remind us all of our personal responsibilities in matters of government. We should, with increased devotion, seek to serve our country with courage, and adherence to those principles which have made this country great, as did Senator Case.

[From the Britton (S. Dak.) Journal, June 28, 1962]

Senator Francis Case Dies

South Dakota lost an exceedingly able and conscientious citizen last week in the death of Senator Francis Case. His loss will be felt not only in South Dakota but in the Halls of Congress for he was highly respected by political friend and foe alike.

Senator Case worked tirelessly for South Dakota and the Nation and his devotion to public duty certainly serves as an outstanding example to others. There is little question that Senator Case worked for the future as well as present day. Many of the proposals submitted by the late South Dakota Senator and adopted by Congress will have their greatest benefit to the Nation and to South Dakota in the years to come—his legislation to study brackish water and cloud seeding to mention only two.

Development of the Missouri River was promoted by Senator Case, as well as others, and the full impact of this project has not begun to be felt as yet.

Senator Case leaves a "big pair of shoes" to fill in Washington—though not big in the physical sense, he was indeed big in ability. Whoever steps into those shoes has his work cut out for him.

[From the Miner County Pioneer (Howard), June 29, 1962]

The death of Senator Francis Case was a great loss to both South Dakota and the Nation due to his devoted service during the many years he served this State in both the House and Senate in Washington.

His passing, as that of others, reminds us of something that has always seemed a pity—we might even say a tragedy. The fact that a person must die to be recognized for his abilities and his contributions in life.

In fact, it makes us just a bit sick to our stomach when we read and hear the many tributes paid to men and women after they are dead. Then, it seems they just can't say enough good about them, but they could not find the time to say anything nice about them while they were living.

It seems that most persons are prone to "criticize, condemn, and complain" than they are to "honor, praise, or give thanks." It would be a much happier world if we could just keep that in mind.

[From the Lake Preston (S. Dak.) Times, June 29, 1962]

True Servant of the People

The sudden and untimely death of Senator Francis Case last Friday ended 25 years of service to State and Nation in Congress and there are a lot of high points in an illustrious legislative career for South Dakotans to recall.

Coming to South Dakota in 1949, we knew Case only during the second, or Senate phase of his congressional career. But in the past dozen years—through a few meetings, hearing some speeches, but mostly through close study of newsletters through many congressional sessions we gained a great respect for his conscientious attention to duty, his sincerity and legislative honesty, and an unremitting industry in fulfilling his legislative duties.

Naturally, there were many instances when we didn't agree with his views, but shadings of economic and sociological viewpoint are minor compared to an intellectual honesty that made publicity seeking secondary to legislative accomplishment, even to one making a career of politics.

A lack of bombast, the barest minimum of National and State headlines characterized his career—but that career was also characterized by lot of accomplishment, much of it unheralded.

To our way of thinking the high point of Case's career came in December 1955, when he put the gas and oil industry to rout—and the American public is still reaping dollar and cent benefits from Case's exposé of the attempt to bribe him.

For that bribe which went awry as it ran up against an honesty the like of which the gas and oil lobby had had no firsthand experience before, killed the gas bill in that and several succeeding congressional sessions. Regulation of gas rates was not taken from the Federal Power Commission.

It required moral courage for the Senator, then in his first term, to risk ostracizing himself in that most close-knit of all clubs, the U.S. Senate; it took political courage, too, to make South Dakota's largest newspaper "look bad" in the State and in journalistic circles over the entire Nation.

Yes, it would have been financially rewarding to have accepted the $2,500 he could have used very well; it would have been convenient to have politely—and quietly—declined the bribe offer. That would have been the easiest way, but would not have been the way of a truly dedicated public servant.

So, for one of the few times in the past half-century, the oil and gas industry was taken to task.

For above all, Francis Case was a true servant of the people.

[From the Lemmon (S. Dak.) Tribune, June 29, 1962]

The Senator

The impact of Senator Francis Case's death, although a stunning blow to all America, will not reach its proportional import for many months to come. It is difficult, you see, to hurriedly weigh the abilities of a man of the Senator's caliber in a few short days. No one, with the exception of God Himself, could do justice to such a monumental endeavor in so short a period of time.

All that can be done by the Nation's press, in due tribute to Senator Case's admirable record, is to reflect briefly his public mood, temperament, accomplishments, and dreams of the future. This of course is being done, as we all know.

Many of his congressional and senatorial colleagues, high governmental officials and President Kennedy himself, have offered comments of the highest praise about this unusual man who seemed to possess a rare virtue of commanding the respect of even his most intense political rivals.

These excerpts too, regardless of their well-written structure, do not come close to doing the Senator proud. For words of this nature, like all words of respect and admiration associated with death, have a way of being too freely given. Consequently, they lose much of their significance when a truly deserving man like Senator Case is involved.

The Tribune believes that South Dakota and likewise the Nation, has lost one of the most dedicated legislators ever to trod the thankless road of public service. Senator Case was not a controversial or for that matter, an extremely colorful solon. His frail physical stature seemed to coincide with his quiet mannerisms. Yet, what he lacked in unimportant material attractiveness, he more than made up for with devoted heart, keen mind, and an awing ability to get things done—and done right. It was these segments of his character which molded the foundation for his greatness.

Needless to say, a one-hundred percent replacement for Senator Case is the next thing to impossible.

It is our hope however, that the man chosen to occupy the Senator's office in Washington, D.C., will pattern his tenure after the atmosphere of high integrity which must abound from within its confines.

[From the Canova (S. Dak.) Herald, July 4, 1962]

An Able Statesman

South Dakota lost one of its ablest—if not the ablest—public servant the State has ever had in the recent death of U.S. Senator Francis Case. Case was a man who carefully examined all angles of every problem that confronted him and when he once decided on a course of action he could not be sidetracked by fear or pressure from doing the thing he thought best for his State and the people in it. After going to Washington a quarter of a century ago he soon acquired the reputation of being a hard worker and he never forgot that his first obligation was to the people of South Dakota. He never was inclined to be a social butterfly in the

Nation's Capital and took out little time for recreation. In fact, his strict adherence to business and the duties of his office may have been a factor in shortening his life but he probably would not have had it any other way. It will be hard to pick a man to fill Senator Case's shoes. He will occupy a big place in the history of the State. The newspaper fraternity of the State is proud of the fact that Case started his career as a newspaperman in South Dakota.

[From the Hamlin County (S. Dak.) Herald Enterprise (Hayti), July 5, 1962]

It is trite to say that in the passing of Senator Francis Case both the State of South Dakota and the Nation sustained an irreplaceable loss—particularly so in a distraught time like the present when coolheaded, analytical thinking is so vitally important. For more than most, the late Senator possessed a deep sense of statesmanship that ran like a bright golden thread through his public service. It, and his sterling honesty, earned him the deep esteem and respect of all whom he served. Not an extremist, he demonstrated repeatedly nevertheless throughout his fine public career that he was not afraid to stand upon his convictions, or to champion righteous, albeit momentarily unpopular, causes. In the light of this it is not to be wondered that South Dakotans generally experienced a sense of deep depression on that beautiful June Friday morning when the shocking word came that its good and faithful servant of long years had passed on unexpectedly. For he had rendered a uniformly superb quality of service that will be difficult to match, ever.

Perhaps few people can comprehend the energy and application to the job that the late Senator Case devoted to his work, or even make an approximation of the widespread ramification of his interests and activities. The writer recalls the thoroughness of the Senator's application in the instance some years back when certain liquor interests in the State embarked on a program of compromising and corrupting municipal liquor store managers through resort to gifts and bribes. The Senator followed up every lead, assembled an impressive volume of information on the subject, spoke repeatedly in the Senate on the subject, and finally brought the offending wholesalers to book. It cost these malingerers some hundreds of thousands of dollars in penalties, and brought about a general housecleaning for the whole sorry picture. While this was a masterful victory for the public, a tribute to his tireless persistence, and a distinct feather in his cap, Senator Case carried it along routinely with his customarily heavy grist of senatorial work. Nor did we ever learn that he capitalized publicly—as he would have been fully justified in doing—on the fine job he consummated so successfully in this instance.

IDENTIFICATION OF PADEREWSKI RESTING PLACE

Mr. WILLIAMS of New Jersey. Mr. President, for 21 years the remains of Ignace Jan Paderewski have rested in Arlington National Cemetery in a vault beneath the mast of the U.S.S. *Maine*. No word or symbol marks this crypt. Paderewski, known to the world during his lifetime as a pianist who became patriot leader of Poland, thus lies, unforgotten but unacknowledged, in a nation which treasures the memory of this great man.

In 1941, when his body was first placed in Arlington Cemetery, the thinking was that no marker should be placed there, because the body would be moved to Poland when that nation became free once more. This is still the plan, and we know that some day the transfer will be made. Poland will become free once more. Her people demand it. People of other free nations, including our own, know that the Polish yearning for freedom is as alive today as it has been through the centuries. The eventual triumph of this spirit is inevitable.

Until that day, and until the body of Ignace Paderewski is moved to his free homeland, I believe that we in this Nation should do everything we can to express our affection, friendship, and respect for him. A simple marker at his tomb would, I think, serve as a reminder to the world that the United States holds his remains in temporary trust. We will yield his remains when the goal he worked for is achieved.

If we were to identify Paderewski's resting place, we would, I think remind the world once more that Paderewski and the United States worked together after World War I to create a new state. Wilson said then that self-determination was every nation's right. We hear the same theme at the United Nations today. It is a vital theme. It should be heard in every decade, and the simple act of placing a marker at Paderewski's tomb would help us sound that theme in very effective fashion.

The marker would remind us, too, of Paderewski's other contributions to Poland and to the world.

President Kennedy himself has said:

> Paderewski rose to become one of the greatest musicians in the history of the world, and one of the foremost statesmen of the 20th century.

This reputation was earned during Paderewski's years of struggle for Polish independence, years of leadership in his own nation, and a final effort to rid his homeland once more of aggressors. His public career began during World War I, when he interrupted his spectacular career as a concert pianist to come to America and recruit and organize a hundred thousand Poles to fight for Polish independence.

He returned home after the armistice to become Poland's Premier and Foreign Minister. At the Versailles Peace Conference it was Paderewski and Wilson who established the basis of modern Polish independence. One of President Wilson's 14 points was the creation of an independent Polish state.

After free Poland was created, Paderewski returned again to the music he loved. His concert tours were among the most successful in the world. The music critic of the New York Times remarked, "If one takes examples of his most lovely and iridescent performances, there is no one else who matches him."

Hitler's invasion of Poland in 1939, once again called Paderewski from his music and to the defense of liberty. He immediately began raising funds for Polish defense, again contributing much of his own money to the cause. In 1940, Paderewski, 79 years old and in poor health, accepted the Presidency of the Parliament of the Polish Government-in-exile; once again he assumed leadership in the battle for Polish independence.

But efforts on behalf of his countrymen soon exhausted the final measure of his strength and he died in New York City on June 29, 1941.

Upon his death, Acting Secretary of State Sumner Welles, speaking for President Franklin Roosevelt, expressed America's deep sorrow and profound respect. He said:

> The spirit of Mr. Paderewski which illuminated his whole life is by no means extinguished; the influence of his personality, character, and genius must persist. It will continue to inspire for many years to come those who are struggling for the highest ideals of humanity.

Today, when millions are captive behind the Iron Curtain, Paderewski's life is indeed an inspiration. It was a life guided by faith in the human spirit and devoted to the ideal of human freedom.

For 21 years Paderewski's body has remained in America, but he will return to Poland because the yearning of the Polish people for freedom and independence will endure. It will endure, it will persist, and it will triumph.

But for 21 years we have left his resting place unidentified. I have made numerous inquiries into the official explanations for this situation but none of the answers are satisfying. I have discussed it with the White House and I hope soon to have an official decision. A simple marker would remind the world of our temporary trust and would also be a tribute to the indomitable spirit of the Polish people, a spirit that has outlived tyrannies of the past, and a spirit that will outlive communism, the most modern of tyrannies.

TEXAS VIEW OF DISARMAMENT CONCESSIONS

Mr. TOWER. Mr. President, I respectfully submit that the editorial entitled "Disarmament Concessions," published in the Dallas Morning News, August 8, 1962, fairly represents the point of view of the overwhelming majority of Texans.

The U.S. Government is preoccupied with disarmament. Under present world conditions, this is unrealistic and dangerous.

We have continually offered more and more concessions, and each "nyet" incites us to even greater offerings. As pointed out in this perceptive editorial:

> Sooner or later, we will have reached that limit, and the Russian delegates will be directed to say "Da" instead of "Nyet." When that day arrives, maybe we will have learned our lesson. Unfortunately by that time it will be too late.

Mr. President, surely we and our contemporaries are living through a period of transition in the moral strength and willpower of the United States of America in her relations with foreign governments. At an earlier time in our history, while engaged in conflict with an avowed enemy, as we are with the Communists today, suggestion of disarmament concessions would have seemed ludicrous and treasonous.

Our Founding Fathers saw that the prerequisite of a free America was victory over England. Victory alone could and did preserve the Union at the time of the War Between the States. Our determination to achieve victory carried us successfully through World War I and World War II.

But this decade, in the view of some, has seen the repeal of such logic. Although bold words have not been lacking, our actions have too often been halfhearted, defeatist, designed only to hold onto the status quo, to appease the hungry Russian bear, to retreat with dignity and good humor.

A few years ago we debated whether to stop Communist expansion by preventive war. Today the debate is between resistance and surrender.

I ask unanimous consent to place the editorial in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DISARMAMENT CONCESSIONS

When the U.S. proposal for "general and complete disarmament" was offered last April at Geneva, many Americans felt their leaders in Washington were playing with fire because the proposal was not a plan for disarmament at all. It proposed the scrapping of our Armed Forces in favor of an international "peace force," and in the opinion of the News would have led toward world government and the surrender of American independence if it had been accepted.

Fortunately, it was not accepted; the Soviets vetoed the U.S. proposal. And this act seemed to convince many people that the proposal was all right. Without asking why the Soviets rejected the plan, they reasoned that if the Russians couldn't accept it, it must have been all right.

The Soviets, however, may have had different reasons for using their veto. It seems quite likely, for example, that they have learned that whenever they reject a U.S. disarmament proposal the United States will offer something better the next time around.

The Soviets are persistent. They have plenty of time. As long as they are winning the cold war—or as long as the United States refuses to try to win it—they can afford to hold out for the maximum gain.

It now seems fairly obvious that this is exactly what they were doing last April in Geneva, when they rejected the U.S. disarmament proposal out of hand.

Though the proposal went a long way toward meeting their demands, it did not meet all of them. They were probably fairly certain that by holding out for the limit, President Kennedy and his disarmament advisers would back down on the few remaining U.S. safeguards the next time they met.

This, of course, is what has happened. Last week, at a press conference, President Kennedy announced that the United States was willing to "compromise" on the disarmament issue by acceding to the demands of the eight "neutral" nations which have delegates at Geneva.

The President said that we are now willing to give up the demand for an international network of 180 seismic detection stations and to retreat on the number of onsite inspections within the Soviet Union.

Adequate inspection always has been demanded by the United States to insure against surprise attacks or secret testing of nuclear weapons by the Soviets—whose word we cannot accept on face value.

The United States traditionally has demanded at least 20 onsite inspections within the Soviet Union each year, and a network of seismic detection stations manned by representatives from Soviet, Western, and neutral nations.

Not long ago the President said the number of onsite inspections could be limited to 12 to 20, and last week he merely used the word "some" without specifying a number. In addition he has almost completely conceded on the matter of seismic stations, offering to let the Soviets man their own stations and holding out only for some kind of international "monitoring" or "supervision" of these control posts.

The President's latest concessions are based on a new technique we are supposed to have acquired which will distinguish between underground nuclear explosions and earthquakes. This technique supposedly was discovered during our recent atomic tests in the Pacific.

But Representative CRAIG HOSMER, Republican of California, who is a ranking member of the Joint Congressional Atomic Energy Committee, claims that we can by no means be certain of our ability to distinguish between earthquakes and atomic tests without closer detection stations or onsite inspections.

He has pointed out that the Defense Department's Advanced Research Projects Agency—which was reported to have made the claim—merely announced that we have made progress toward the identification and location of underground disturbances.

Yet, the President is using this questionable achievement as the basis for his newest round of concessions to the Soviets. But maybe we don't have to worry much about these concessions, for the Soviets have indicated they will reject them as well. They have seen how the veto of our disarmament proposal last April brought out a few more concessions, and they will no doubt hold out for the limit.

Sooner or later, we will have reached that limit, and the Russian delegates will be directed to say "Da" instead of "Nyet." When that day arrives, maybe we will have learned our lesson. Unfortunately by that time it will be too late.

WE NEED TO SPEAK UP

Mr. McGEE. Mr. President, free speech is one of the hallmarks of our democratic society. In these days of complex problems and varied threats to our security and our way of life, it is extremely important that we are able to speak freely, as citizens, on the issues of our day.

Yet too often those who speak with the most vehemence on these issues are those who deny the complexity of our times, offer simple solutions to complex problems, and suggest that those who speak for different solutions are somehow less than patriotic and perhaps intentionally or unintentionally allied with our enemies. The effect of this attitude often is to silence moderates, thus leaving the arena to the discordant voices of extremism and thoughtless action.

The need for a greater participation by the calm voices of moderation is aptly presented in an editorial in the Laramie Daily Boomerang. This editorial appeared on August 8, 1962. I think it is an excellent statement of the problem, and I commend it to the Members of this body. I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WE NEED TO SPEAK UP

Now and again you hear it said that Americans, in high places and low, have become too timid to speak up for their convictions. It is even contended that some people simply have abandoned all conviction and exist in what they think is a safe no man's land.

To produce any sort of conclusive evidence would be almost impossible without exhaustive studies in this field. Most efforts to gage the general strength of people's convictions are fragmentary and of only partial value.

Obviously, extremists exhibit no lack of vocal conviction. Indeed, it is often the very force of their aggressive assaults that produces timidity in countless others of more moderate outlook.

Men fear if they speak up for what they see as reasonable positions in politics, business, education, or whatever, that they may endanger their jobs, their status in a community, the future of their children.

Whether there is actually more of such fear today than in earlier periods is the question. It may be so.

We live in a time marked by incredible complexity. Everything about us seems to exist in shades of gray. Yet man is a creature who likes certainty, a clear choice, a call to action he can understand.

Inevitably, then, many must rebel against the shades of gray. They meet this age by demanding the certainties they see slipping away from them.

They insist on these clear choices not only for themselves but for everybody else. Thus arises the "you are either with us or against us" approach that characterizes a good deal of our public debate on major issues.

If black-and-white attitudes are expressed with great frequency and vigor, then many of those who would normally prefer to take a more complex, more flexible stand may fear to speak out. They conclude that their views may be labeled fuzzy, or soft, or defeatist.

Some people, of course, have views which deserve such labels. But many others simply are trying desperately to put themselves in tune with these very tangled issues that confront us on a mounting scale.

If it is true that too many of such voices are being silenced by fear, the loss to the Nation and perhaps the world is thoroughly clear.

Aware of man's long quest for certainty, we cannot expect human beings today to adjust quickly to an era whose hallmark seems the very opposite.

Yet the great weight of evidence suggests that complexity is here to stay. The sooner we learn to live with it, the more likely is it that men who hold views befitting that complexity will feel generally free to speak their convictions.

FACETS OF RUSSIAN DAILY LIFE

Mr. GOLDWATER. Mr. President, Arizona has produced talented men and women during its history, and now she can lay claim to one of the finest contemporary writers. I speak of Mr. Don Dedera, columnist for the Arizona Republic in Phoenix who writes with wit and insight on the life and times of Arizona. Recently he and his wife, Nancy, toured Russia. His 12-part series recounted all facets of Russian daily life—from State weddings, State farms, sloppy construction, to so-called religious free-

dom and Soviet bureaucracy. This series is of such timeliness and value that I ask unanimous consent that the articles by Mr. Dedera be printed in the body of the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Arizona Republic, July 15, 1962]

SOVIET PASSION TO BE FIRST COMES OUT EARLY IN JOURNEY

(By Don Dedera)

EN ROUTE BY TRAIN TO LENINGRAD.—Whistling and steaming like a storybook character, the 11 o'clock train huffed out of Helsinki. Destination, reality: Leningrad, Russia, Soviet Union.

We had boarded with anxieties not at all soothed by our hotel clerk at Helinski.

"Yes, you should go to Russia," he had said. "You will learn how much you don't know. Leave behind your convictions. Trust only your own eyes. Don't drink the water."

And then he gravely cautioned: "Be curious but be careful."

It was a heck of thing to say to a naive couple from the Arizona desert whose only outstanding foreign experience had been a gay evening in Nogales, Mexico. Our impulse was to fly straight back to Phoenix. But there we knew we'd have to face an editor and a publisher.

"Go to Russia" they had said. "Choose your own itinerary. Write what you see. Bear in mind that the history of Russia does not begin with your arrival nor end with your departure.

"Poke your nose into anything that interests you. But stay out of trouble—and by the way don't drink the water."

BROCHURE, REALITY FAR APART

So we were edgy about the size of our assignment. And, too, we were exhausted by 5 months of negotiating with the Soviets.

In contrast to the hospitable brochure and magazine literature exported to America, the official Soviet travel agency, Intourist, can be cold and arbitrary. Without explanation, our proposed journey to some small Soviet cities were denied.

"Many people ask if they may come to the Soviet Union in their own cars," stated the April issue of U.S.S.R. magazine. "Yes, of course, they may."

But April 1 car travel by tourists was banned. Our request to drive 1,000 miles by rented car brought a firm "Nyet."

Twice our tour was delayed, without so much as a word of regret from the Soviets in Moscow and Washington.

I think my wife, Nancy, had the toughest chore. Besides the normal preparations for foreign travel, she had to learn of the little things required for hotel housekeeping behind the Iron Curtain: drip-dry clothing, cold-water soap, paper products. And a sink stopper. Everybody carries his own sink stopper in the land of communism.

Meanwhile, I had tried to recover some college Russian. At odd hours, our home trembled with explosive conjugations erupting from the record player. By the departure day, my Russian was a necklace of 1,000 nouns and a few verbs: all beads and no strings.

Two days before departure, our Soviet visas were approved. And then in barely a week, we were in Helsinki, on the train to the East. With our nouns, with our bottles of mineral water, with our sink stopper; in dull, green car No. 12, bearing a bold, gold emblem of the hammer and sickle.

TRAVEL FACILITIES FIRST-CLASS

Our compartment was comfortable and clean. The seats were covered with fresh white linen, and the decorations were in shades of green and gilt and anodized aluminum. There were pillows and blankets, fan, air conditioning, rayon curtains and radio.

These cars used for international routes are the best money can buy, and later we were told that is how the Soviets obtained the cars, by purchase from a Western nation.

"Chai?" the porter asked.

"Da, spasibo," I answered, and continued in Russian, "I speak Russian."

"Very badly," grinned the porter.

But he brought the tea anyway, and some biscuits that tasted like animal crackers.

I struck up a halting conversation with our porter, a lanky, dour Russian dressed in a checkered shirt, green tie, plaid vest and royal blue trousers. When I displayed my family photographs, he countered with pictures of his own multitude.

"This is my fine camera, and my fine light meter," said I.

He courteously appraised the items, then took me by the arm and led me to the other end of the car.

"This is my fine samovar, where I make the tea," he said. "This is my room and this is the control panel for the dynamo which makes the electricity for the lights and the radio and electric shaver."

It was my introduction to a national characteristic. Not even the Russian porters are modest. In this regard, Russians are exactly like Americans.

"This is my fine cigarette lighter," I went on. "It was given to me by the Santa Fe Railroad, and when you operate the lighter, it has a music box that plays 'The Atchison, Topeka, and the Santa Fe.' That is a fine railroad in America."

"I never heard of it," said my friend. "Do you want to play a game of chess?"

He had me there.

"I haven't played in years," I responded.

Soviet honor was safe, and the porter was agrin. Such incidents were to occur throughout our journey, from the cities to the provinces, among the ruling classes and the common people. To be first is a Soviet passion.

The train rolled through a land of pines and firs, pastures sprinkled with dandelions and lakes bordered by birches. At Vainikkala, Finnish inspectors checked currency. Our cars were hitched to businesslike Soviet diesels. The Finns saluted, and we moved again under Soviet control.

SOLDIERS, SOLDIERS, SOLDIERS

The border, after so much anticipation, was a letdown. Plain posts straddled the rails. A farm fence wandered out to tidy forests, following, I guessed, the boundary line. There was a brief stop for a Russian soldier to search the train for hitchhikers.

For the next 5 miles soldiers were everywhere: guarding watchtowers, swimming in the lakes, hanging laundry, loading trucks, laboring on roads.

Then, at Viborg, the Soviet inspectors boarded the train. A fat, motherly woman doctor scrutinized our smallpox vaccination certificates. A Russian officer in a frayed tunic, still elegant with epaulets and minor medals, stamped our passports. He was young and handsome, smiling and courtly.

Next in our compartment was a portly civilian in a white cotton suit. He handed us forms for the declaration of all dollars, checks, watches, rings and valuables, and affidavits that we were not smuggling in guns and other undesirable objects.

The questionnaires were long and tedious. We finished, at last, and the inspector did not so much as ask to look inside our luggage. He studied our declarations, put them away, and leaned close.

"And now," he said, "I have two special questions. First, do you have a suit for sale?"

"Well, uh, no," I sputtered. "On the plane I could bring only what I needed."

"I understand," he said. "Now. Do you have a Bible in the Russian language?"

Again I said, "No," and without comment the official rose.

"So. Goodby and good luck."

We never knew if he was trying to buy a suit and a Bible, or just testing us. But we went on to Leningrad with greater confidence, in a country that could want or fear such common Western commodities.

[From the Arizona Republic, July 16, 1962]

HIS CAMERA GETS DON INTO TROUBLE

(By Don Dedera)

LENINGRAD.—My two pious pledges, to stay out of politics and to keep out of trouble, didn't last a day in the Soviet Union.

For taking an unrepresentative photograph, I was detained and lectured. And before the long summer day ended, I had talked more politics than I would in a month at home.

The day began with hope, and a breakfast of good cheese and sausage and black bread, and coffee that tasted like the Neva at floodstage. I strolled from the hotel toward a downtown newsstand, and absorbed the Leningrad scenes so strange to an American eye:

Broad avenues, 11 lanes wide, but few cars, nearly all taxicabs, and everyone speeding. The teeming sidewalks. Buildings and monuments of faded prerevolutionary fanciness. Women in babushkas and jackets sweeping the gutters with twig brooms. And no children. Where are the children, I wondered?

"Do you have a copy of today's Arizona Republic?" I asked the woman newsdealer.

Russian phrases filled her little glass cage, and tumbled out of the window.

"Perhaps a New York Times or a Manchester Guardian or even a Brewery Gulch Gazette?"

More spicy Russian. The woman thrust three English-language papers toward me. They are the only ones for sale here, or anywhere, in the Soviet Union. The Daily Worker of London, the Worker of New York, and the Moscow News, a weekly rewrite of the Soviet press for tourist consumption.

And so I read about Western warmongery, Los Angeles juvenile delinquency, the inevitable collapse of Wall Street, Midwest unemployment, and American atomic crimes until it was time to meet our first Intourist guide.

GUIDE THOROUGHLY TRAINED

Like every Intourist guide we were to meet or hear about, Nina was admirably mannered and thoroughly trained. She was 36, had red hair suggesting a tint, and was made up with pink lipstick and mascara. She had made her own clothes of Western style.

"Where can I buy an American newspaper?" I asked.

"They may be seen in the state library," she said. "In the people's democracies it is believed that the captive capitalistic press should not be allowed to circulate."

Nina showed us Leningrad with a narration of touching, genuine sentiment. When the city was besieged by Hitler for 500 days, Nina was in her middle teens. Three hundred thousand citizens of Leningrad starved, she said, and the memory of those times shades a lot of things. Truly the City of Orphans does not want another war, said Nina. Her own husband was wounded three times as a boy fighting for the city. She could not understand why the United States wished for war.

I could bite my tongue no longer.

"Without a free press, how do you know what America wants? How can you make your own opinions count in a country where there are no elections?"

"We do have elections," she said. "They are formalities, but before the voting the people nominate the candidates, by neighborhood meetings and meetings at factories. All differences are worked out in advance. The system is much more liberal since the death of Stalin."

I asked, "Can a citizen complain about his government?"

"Yes," she said, "of course."

"Change his job?"

"If he gives notice, and is not badly needed."

"Get a letter published in Pravda?"

"Yes."

"Petition and sue the government?"

"In a sense."

"Start an opposition political party?"

"No counterrevolutionary movements are allowed."

NO STRIKE SINCE REVOLUTION

"Strike for higher pay?"

"No. There has not been a strike since the revolution." Of this she seemed quite proud. Mind you, the debate was continuing in the most friendly fashion. Nina said:

"As our leaders were meeting to talk peace, you sent your spy, Powers, with gold watches to buy our secrets. That was very bad news in Leningrad."

So I asked her: "What was Leningrad's reaction to the release of Gary Powers?"

"Is he released?" asked Nina.

"Yes, he was exchanged months ago in Germany for your spy Col. Rudolph Abel."

Pravda, which means truth, at a cost of 6 rubles a year, is delivered daily by a little boy member of Lenin's Sparks to Nina's apartment door. But she never read about Abel.

My own arrest, if that is what it was, occurred in Leningrad's largest downtown department store. At Nina's invitation and blessing, I went to snap a few, natural-light indoor scenes. I was surprised at the variety of consumer goods, and shocked by the high prices. No wonder the customs agent wondered about suits. The cheapest in Russia is $150.

A saleswoman fluffed her hair for me, and smilingly posed with dress patterns. But the light was dim, and I was drawn to the brighter second floor arcade that encircles the store. For no sinister reason, a gathering at a children's clothing counter attracted me.

"What are you doing?" a man said softly, in Russian, behind me.

"Photograph. I am an American tourist. Do you speak English?"

"I don't want to speak in English. Come with me."

The man was a dead ringer for Boston Blackie. Dark clothes. Cigarette with long paper filter. Trench coat. A professional manner. Thirty years old.

I followed him to the store administrator's office where he rattled Russian so fast to a becoming brunette, she blinked at every comma. Then she translated.

"Please," she said. "It is important that you do not understand. This man is simply a citizen of Leningrad, and he wonders what you are doing."

CONFUSION IS OUR BUSINESS

"I had been invited to take pictures by my guide, who said the store encourages this practice by American tourists. Americans are very curious about your stores."

More fast Russian. More translation.

"You are welcome. But this citizen of Leningrad wishes to point out to you that the interior of our store is much better organized than the arcade. The arcade is not representative."

"Truly I had not noticed any difference, and I had meant no wrong."

An exchange in Russian.

"Please sit down," said the brunette. I sat. "We would like you to take pictures inside. You do not have to ask permission."

"If it's all the same to you folks, I've lost my desire for pictures. Inside or outside."

We went over it all again, three or four more times, and then they bade me rise. I smiled at the girl and shook Boston Blackie's hand, and I was free to walk back to the hotel.

Nearly every American visitor to Russia has such a first day, I learned later. It is the flash of ideological collision, the fire of pride, the heat of righteousness.

Once again I resolved, no politics, no trouble.

[From the Arizona Republic, July 17, 1962]

Wedding of Alexandra and Sergei Provides Insight to Soviet People, Communist System

(By Don Dedera)

LENINGRAD.—At the wedding of Alexandra and Sergei, we sensed our first insight into the Soviet people, and the Communist system.

For 3 days we had wished for such a contact. But our pretty guide, Nina, kept us running on the tourist trails. Unless told the contrary, Russian guides believe that American tourists are interested only in museums and art galleries, and projects of the people's revolution.

We passively followed Nina to the Hermitage and its 35 Rembrandts, to the cruiser *Aurora*, to the first log cabin and last ornate gardens of Peter the Great.

And between statues and fountains, we snapped judgments of the Russian people:

Women work at everything. We saw them tarring roads, breaking concrete with jackhammers, laying bricks, driving buses, mixing concrete. Because of World War II casualties, there are 20 million more women than men in the Soviet Union. Even the Russian mailmen are women.

Russian drivers are as mad as Ivan the Terrible. They have a disquieting habit of accelerating to full speed, turning off the ignition, and coasting to a crawl. They think it saves fuel. Cars have the right-of-way when turning right into pedestrian lanes, but drivers may be fined for running over pigeons.

Pedestrians are crazier than drivers. Their pace is a steady 5 miles per hour. They surge across the intersections with no regard to signals, grudgingly parting for hurtling taxis.

RARELY LAUGH, EVEN AT OWN JOKES

Russians seldom smile, rarely laugh.

"Have you heard of our new spaceship?" a Russian will tell you. "It carries a man and a woman. They could not find an apartment in Leningrad."

A Russian will tell you this joke, but he will not laugh.

Russians ride up elevators, but they walk down the stairs.

They adore bigness. Big parks. Big buildings. Big signs. Perhaps it's only natural for the people of the world's largest country, so big its citizens speak 60 languages.

They line up as automatically as geese. The Russian man stands in line for his newspaper; the Russian woman for strawberries and baby socks. An American resident told us he was once on a crowded bus, when suddenly everybody stepped off to run to a long line.

"What's for sale?" yelled the American.

"I don't know," shouted back a sprinting Russian. "But for such a long line, it must be good."

Everybody reads. The cabdriver has a novel open on the seat. Between floors, the elevator operator snatches paragraphs from a war story. The coat checker at the Kirov Ballet is reading Hemingway. Seemingly every business block has a bookstore, and supplementary open-air stands on the curbs and corners.

Drinking is lusty, drunks plentiful. Russians quaff champagne for breakfast, vodka for lunch, and red wine through the night. the Government economic prohibition (vodka is $4.50 per half liter) has created the "bottle buddy."

MARK SHARES WITH PENCIL

He is a man with 1 ruble, and a thirst. At the state liquor store he waits for three other thirsty men who also have single rubles. They go together to buy a bottle, gage it with pencil lines, and gulp their shares.

Few pregnant women are seen. Maternity clothing is expensive. Mothers-to-be simply stay home.

Men kiss freely on the mouth, and burly soldiers walk hand in hand. These are pure expressions of brotherhood.

American girlwatchers are disappointed in Russia. Soviet men like them fat. And Russian girls have hairy legs.

Russians are constantly eating on the streets. The far-and-away favorite is ice cream. Batteries of coin machines dispense everything from snacks to kvass, a tart brew of fermented bread.

Manners are paradoxical. A polite Russian will not whistle, will not wear an overcoat into a building, will not put his hands in his trousers pockets, will not cross his legs while seated, will not scatter litter.

But the same Russian will elbow his way through a crowd, spit in the street, slurp his soup, and go to the opera house in his shirtsleeves.

Our oblique views of the Russian people finally became so obsessive, I said to Nina:

"We have seen enough museums. We want to see more of Russian life."

"Well, why didn't you say so?" Nina rebuked us. "Would you like to go to a wedding?"

And so we were invited to the ceremony uniting Alexandra, a salesgirl, and Sergei, a factory worker.

Until recently, they would have become married simply by registering at the same office where divorces and deaths are recorded. In an attempt to make marriages more lasting, Khrushchev decreed that every city should have a wedding palace to be used for no other ceremonies.

In Leningrad, the wedding palace is a restored home of a czarist nobleman, across the Neva from the Academy of Arts. As we entered we were dazzled by marble stairs and plaster statues.

There is a long waiting list for the wedding palace. Officially, a couple must wait 7 days after registering, and with a rate of 200 weddings a week, the wedding palace cannot keep pace with demand. Alexandra and Sergei were delayed 3 weeks, and their wedding day and hour was set by the state.

From the ground floor, where wedding parties wait their turns, we climbed the white stairs. The second story is arranged for efficiency. First are rooms with gold rings ($22 apiece) and small gifts the friends and family may buy.

In the largest room a wedding was in progress. In another room, around a table of showcase setting, still another wedding party was toasting with champagne.

MARRIAGES ON ASSEMBLY LINES

We joined Alexandra and Sergei in an anteroom. In their late teens, both were short and slim, handsome and beautiful, nervous as wedding couples the world over. Sergei wore a suit, and Alexandra a stylish ballerina dress of white crepe, and no hat or veil. With an authorization from the marriage bureau, they had been allowed to shop at the Leningrad Marriage Store of quality goods.

Abruptly, the champagne drinkers put down their glasses and went down the white staircase.

Another newlywed couple emerged from the wedding room, and headed for the champagne table.

We, the wedding party of Alexandra and Sergei, seated ourselves in the wedding room. The long rectangle was scalloped in white and hung with gilt. Deputies, a man and a woman, were seated behind a long table, behind which was a frowning, massive statue of Lenin.

The couple stood on a small oriental rug. The woman spoke briefly, asking if Alexandra and Sergei appreciated the importance of their act, to themselves and to their state. Both nodded. The man deputy, bearish in a boxy gray suit, walked out to stand before the couple. He congratulated them, and shook their hands.

The ceremony, which took no more than 5 minutes, was over. Along with relatives and a few friends, we crowded around the newlyweds.

They seemed honored that American tourists would come to their wedding. I shook Sergei's hand, and before he could kiss me, I blushingly bussed his bride. Our guide, Nina, and my wife, Nancy, sobbed happily.

It was a noble moment, but brief. The champagne was chilling, and out in the foyer, another couple was waiting.

[From the Arizona Republic, July 18, 1962]

PROPAGANDA—EVERYWHERE PROPAGANDA

(By Don Dedera)

KIEV.—Americans with doubts about the intensity of the cold war, as waged within the Soviet Union, are invited to the Drushba Theater on Kreshchatic Street, the main thoroughfare of Kiev.

"Drushba" means "friendship." Current at the Drushba the day we arrived was the eye-catching title, "Behind the Ramparts of America." It was, to us, a new concept in geography.

What are the Soviet people told about America? Through what windows are Soviet citizens allowed to peek at the country we ourselves criticize freely, but love as the land of opportunity and liberty?

"Behind the Ramparts of America" was the most popular show in town. Nancy and I asked for tickets a half day ahead of curtain time. Even so, we were lucky to get seats. We and 200 Ukrainians filled the modern Drushba to capacity.

The lights faded. A color cartoon leaped to the screen. An American woman tourist, aglow with makeup, haughty in furs, strutted down a Soviet street. Behind her loped her henpecked husband in porkpie and trenchcoat, carrying a camera and a baby.

Light laughter rippled over the Drushba audience. We also were amused but abashed at the moral of the caricature. The couple looked like Jiggs and Maggie, and their baby grew up to be Marilyn Monroe, chomping gum, gulping martinis, and dancing the twist.

Oh, well. The next cartoon was more complicated. An American boss, a man with a gray complexion and a huge desk and a lap-robe, sent one of his robot workers to the U.S.S.R. to obtain propaganda material for American TV.

But the American lackey was foiled by Soviet splendor. Every time he saw what he took to be a fault, he was knocked down by a busy Russian crane, or buried by Khazak gang plows. We thought the cartoon was quaintly nationalistic, and uproarious.

NOTHING FUNNY ABOUT MOVIE

But then the main feature began, and there was nothing funny in it.

The movie was a travelog of a troupe of young Russian folk dancers who toured the United States some months ago. As they had been enthusiastically cheered and entertained by Americans, the Soviet cameraman had recorded every flaw, every injustice, every ugliness in sight.

In Washington, Philadelphia, Boston, Chicago, San Francisco, Denver and Los Angeles, the cameraman photographed:

Crazy quilts of neon, swaggering cops with guns, decrepit produce stands, slums, striking workers, every woman and girl in capri pants and sunglasses, going-out-of-business signs, pedestrian accidents, war statues.

Unemployed languishing in filthy parks. War headlines. Extreme TV commercials. Parades of soldiers, parades of high school girls, parades of Boy Scouts, all speeded up by the camera, and marching to dubbed-in jazz.

In Washington, Bob Kennedy with his feet on his desk, Philadelphia, a crack in the Liberty Bell. Boston, dilapidated tenements near the harbor of the Tea Party. Chicago, sex and crime, with scenes taken as fact from "The Roaring Twenties." Los Angeles, choked freeways. Denver, the rich people in tuxedos. In New York, every Negro deprived of food and labor and dignity.

"Behind the Ramparts of America" was a full-blown masterpiece of the Soviet propaganda czars. The travelog followed the clean-cut, wholesome, Communist dancers through the depraved centers of capitalism.

Everything bad about America was magnified; the little good was done in double time, to rock 'n' roll, to sarcastic narration. Later from memory I was able to jot down 50 gross exaggerations, the worst of which was picturing a little boy, at his soldier father's grave, as a warmonger.

Our cars, finny and tinny; theirs sturdy and functional. Our roads, running with blood; theirs clear and clean. Our apartments, with rickety fire escapes; theirs, with cheerful balconies.

Then, when the last montage of apple-checked Russian folk dancers flickered out, we all stood up and blinked and walked out of the Drushba.

NOWHERE A RELAXING OF CONTROL

Some experts on Soviet psychology have laid the popularity of such films to rampant curiosity about anything, however perverted, in America. They say that Soviet citizens are smart enough to see behind the distortions, and secretly want to be what we are.

I wish these experts would have walked with us from the Drushba down a hundred steps to the street. Two unmistakable Americans in the midst of that chill, home-bound theater crowd could have used company.

How can such a thing be discounted? By what miracle are Soviet citizens to obtain a rebuttal?

Their radio is an extension of the state. All but musical broadcasts from the West are jammed. Programing throughout the Soviet Union is dictated by Radio Moscow.

TV, too, is a primary governmental tool. I watched one drama. Igor loved Yekatarina who loved Boris who loved Mila who loved her job in the tractor factory. The commercials (as often as every 15 minutes) plug products and services the state wishes to push. "Drink fruit juices and feel better," goes one, and another, "Next time take the taxi, and economize time."

Books and periodicals are altogether controlled by the Government, and the leading newspapers, Pravda and Izvestia, make no pretense to be other than organs of state and party.

"The revolution makes its own morals," Lenin said. "That which is good for communism is good; that which is bad for communism is bad."

We looked hard, in our trip through Russia, for some relaxation of that maxim.

At Kharkov, for example, we went to the Gagarin Planetarium sincerely craving a fresh breath of science, unperfumed by politics.

But along with re-creations of the sunrise and constellations, we were shown a movie "Vostok II," the flight of Titov. He was born in a log house, of ideal parents, and studied hard. He can recite Pushkin and is as handsome as Alan Ladd, and his wife is lovely.

To this point Soviet propaganda went no further than the American assessment of Col. John Glenn, but "Vostok II" concluded with an emotional political sales talk by Titov by quote and narration.

"Why were the launching and landing of Vostok II faked with models on the film?" I asked our planetarium guide.

"We offered to share our space secrets with you," he said, "but you refused."

I said, "Hundreds of newsmen the world over were invited to our astronaut launchings and landings."

NOTHING IN RUSSIA NONPOLITICAL

He turned away, and I began to realize the wisdom of an American medical student I had met in Leningrad. He had said:

"There is nothing nonpolitical here, and anyone who believes he can accommodate with a devoted Communist is a fool. At home I am a lot less black-and white about my opinions. Here I turn off my brains and argue as arbitrarily as they do."

Next day, after the Drushba show, we met our new Intourist guide for Kiev. Nelja was dark, thirtyish and friendly.

"And what do you wish to see?"

"Your slums," I said, "your juvenile delinquents, your war monuments, the broken statues of Stalin, your pedestrian accidents, your criminals."

But instead we went to a children's camp, and to some palatial metro stations, the pride of Kiev.

The problem, of course, is how an open society can compete in propaganda with a closed one. And anyone who wonders what the struggle is all about is invited to the Friendship Theater, admission 50 kopecks.

[From the Arizona Republic, July 19, 1962]

SOVIET WORKMANSHIP APPALLINGLY SLIPSHOD

(By Don Dedera)

KIEV.—During the hours we spent at the Moskva Hotel in Kiev, I couldn't stop thinking about Fred Klotz, of Phoenix.

Fred is a master bricklayer and stonemason. He emigrated to the United States from Germany when he was 18. He has worked hard all his life, and now Fred and his sainted wife have erected a building of four modest and immaculate apartments just north of the Phoenix Country Club.

Once when we were guests of the Klotzes, Fred came home at noon from his job on a big store building.

"Are you sick?" I asked.

"No," said Fred. "They wanted me to fill a wall by throwing the bricks into it five at a time, and I walked off. I need the money, but when I lay a brick, I told them, by God I lay a brick."

And so as I inspected our quarters in Kiev, I tried to imagine the salty Germanic oaths that would fall from Fred Klotz' month.

BRICKWORK OUTRAGEOUS

The Moskva has been finished 2 months. From a distance the Moskva is of appealing scale and design. Up close:

Of a battery of glass front doors, only one works.

The two 8-person-capacity elevators are loaded with as many as 14 passengers.

Woodwork paint is falling off in sheets. Wall paint rubs off on clothing.

The doors to our balcony were of unseasoned soft wood, which had warped and swollen, freezing in the jambs.

The clothing rack was coming apart at the joints.

Parquet floors were loose, splintered, and squeaky.

All plumbing pipes were exposed, their holes in partitions unpatched.

Wall switches, set 7 feet high in the plaster were wearing out.

Baseboards had sprung away from walls.

And my list goes on with leaking roofs and grimy windows and crooked fixtures. But if anything would send Fred Klotz to summits of outrage, it would be the brickwork.

The blocks stagger from grass to the 16th floor like casual dominoes. About a quarter of the joints are unfilled with mortar, and the entire building is splattered with mortar stains.

"If you want to know the age of a Soviet building," we concluded, "you've got to ask."

Nearly all Americans we talked to in the U.S.S.R. were astonished and saddened by the incredible shoddiness of construction. Much of European Russia was pulverized by the Nazis. Only in sacrifice of luxury and some necessities did the Soviet people find the wherewithal to rebuild.

"But the emphasis is on quantity, not quality," an American student told us in Kiev. "To complete is the whole goal."

Others blamed women laborers, saying that hard as they may try, they cannot become construction artisans. Others saw the error in Moscow, where decisions and programing had to filter through a baffling bureaucracy.

We talked to people critical of materials and fixtures. They said Russia, which launched sputnik, can't produce a workable beer bottle opener.

APARTMENT POORLY BUILT

But from all we could see, the Soviets can conceive and carry through engineering and construction marvels. After the Germans left the last time, Kiev's main street was a footpath between slopes of rubble, and now it is nearly all put back taller, if not stronger, than before.

The metro stations are models of public transportation. Lines are being extended in Leningrad and Kiev, and in the famous Moscow network. Trains run as frequently as every 200 seconds. The fare is 5 cents. Soviets are told that in 10 years there will be no fare at all.

Atop the hydroelectric dam on the Volga near Volgagrad, a proud guide will boast that the 21 generators outproduce our Hoover Dam and Grand Coulee, and that in Siberia a dam is being built with an electric output capacity of 10 million kilowatts. Soviets brag of the Volga-Don Canal that links 1,000 miles of inland waterways, of the atomic icebreaker *Lenin* that has run 2 years without refueling, of the development of an industrial complex from a nation that could produce only 10 trucks in 1924.

They further are ecstatic about their opening of vast virgin lands, of the building of four atomic power stations, of what they claim is the largest oil reserve in the world under the Caspian Sea, of their pioneering in passenger jets.

In the last 5 years, goes the official announcement, 50 million Soviet citizens have been given new apartments. By 1970, "the housing problem will be solved."

We visited one of these new apartments in Kiev.

This was not a distorted example chosen by us, but the biggest, best equipped model apartment on display at the Exhibition of Advanced Experience in Agriculture and Industry of the Ukrainian Republic, near Kiev.

The apartment, which all Soviet families are assured of having by 1970, consists of a living room 9 by 13 feet, a three-quarter bath with no tile or cabinets, one tiny bedroom, a hall, and a kitchen with a two-burner stove, an 18-inch square sink and 5-cubic-foot refrigerator (one ice cube tray).

The place was decorated in good taste, and the furniture was solid and comfortable.

But here again we were shocked at the poor construction, the distance between poster dream and finished product. If anywhere, we expected good buildings at the Exhibition of Advanced Experience, etc. Yet floors were warping, walls sagging, paint peeling, steps tilting.

Anyone who has had his hands in mortar must, finally, look for a deeper significance in the careless workmanship.

SHODDINESS FORM OF PROTEST?

All of it cannot be attributed to bureaucratic befuddlement, and all of it cannot be the dabblings of dilatory womenfolk. It is true that western Russia was scorched by war, but it also is true that it takes little more time to build right than to build wrong. To me, the fault was not in the materials, either.

I looked around our room in the Hotel Moskva once more:

The sponge rubber lining falling out of the window frames.

The splatters of paint on every bathroom fixture.

The chattering plumbing running red with rust.

The matrix missing from the bathroom tiles.

The painted-over light switches.

The door cut on a bias.

And I went outside and looked at the brickwork again. It is an expression of people who don't know how, or don't care, or have no pride or hope. It is almost . . . intentional. Could it be a form of quiet resistance?

Whatever the cause, the Moskva Hotel in Kiev is a doubtful monument to the regime that has no patience with the Fred Klotzes of the world.

Fred would have come home swearing, the first day, before noon.

"When I lay a brick, by God, I lay a brick."

[From the Arizona Republic, July 20, 1962]

Church, Churchgoer Fare but Poorly Under "Religious Freedom" of Soviet

(By Don Dedera)

Kiev.—"Yes, there is religious freedom behind the Iron Curtain," a father whispered to me in extraordinary confidence.

"We go to church. My daughter goes to church. She also has a great talent with the piano, and she wants to go to music school, but those who approve the admissions to the music school have told her she cannot go to music school if she goes to church.

"So she has the freedom of choice.

"School or church."

Furtively as was the information given, it is hardly different from the public Communist attitude toward religion. I could rely on our bright-eyed Kiev guide, Nelja, to state the party line in simple terms:

"Religion is disappearing in the Soviet Union.

"Before the revolution the Orthodox Church was all-powerful, and in league with the czars. Religion was taught in the schools. The church never experienced a reformation.

"After the revolution it was necessary to act against the church and to discourage churchgoing. But now the people are realizing there is no God. Now we can say, let all who desire to go to church, go. But you see, there are very few. They are old. They were born before the revolution."

GUIDE PARROTS PROPAGANDA LINE

"I do not believe in God. Do you believe there is an old man who sits up in the sky?"

"Uh, well," I mumbled.

"Excuse me," she smiled tolerantly, "I think it is an old superstition. Could there be a heaven, for everybody, for everybody who ever lived? If there were a God, would he allow suffering on earth?

"We have sent our cosmonauts to heaven, and they have seen no God."

Almost word for word, Communists repeated the explanation to us, in Leningrad, in Moscow, in Volgograd, in Kharkov. In Leningrad there are today 15 Orthodox churches, 1 mosque, 1 Catholic church, 1 synagogue, 1 Baptist church. In Kharkov, second city of the Ukraine, are five Orthodox churches. In the new city of Volzhsky, no church for 75,000.

Volgograd, a city of more than half a million, has one church. Our guide, Edward said:

"Some day there will be no church here. There will be no churches anywhere. Man is the dominant being. Look at his accomplishments. He is extending life. He is exploring space. He is creating a dog with two heads. Yes, someday he will make a tree."

They contrive no secret of it. Indeed, today the Soviet Government is restoring some churches and preserving others as museums. Apparently the Communists believe their work is so effective the people can resist exposure to confiscated houses of worship.

Barney Choseed, cultural exchange student at Ukrainian State University, himself an American of Jewish parentage, told us of the methods of promoting atheism:

PENTECOSTAL CHURCH CLOSED

"The young are under terrific social pressure not to go to church. Letters appear in the newspapers chiding churchgoers and vilifying the church. Komsomol (Young Communist Society) members lecture young people seen attending services, and the Komsomols excessively boast of their own godlessness. A young churchgoer has little chance for school and career.

"But I am convinced, after 6 months here, that no person today in the Soviet Union is deprived the right to worship, if he is willing to make all the sacrifices socially and economically."

Antireligion propaganda does continue. In Moscow an entire museum is devoted to the alleged crimes and depravities of the clergy before 1917. A Pentecoastal church in the Urals was closed, said Radio Moscow, for having "a character hostile to humanity." The congregation was denigrated for drinking wine from a single vessel, an act "dangerous to health." (Every Moscow hotel lobby has a carafe of water, which atheists and believers alike drink from a common glass.)

Khrushchev, at the Communist Party's 22d Congress, called for an unrelenting struggle against religion. The party especially called for stronger propaganda against the Baptists, and keen surveillance of the Seventh-day Adventists, considered outright enemies of the state.

In Riga, Latvia, according to the Baptist World Alliance, a 500-member congregation was evicted to make room for a television station that would use the steeple as a broadcasting tower.

A Government newspaper states:

"Islam exists as a vestige of the past, the remnant of an exploiting society, and this vestige does great harm to the Soviet people."

The magazine, The Militant Atheist, denounces Judaism for exploiting classes and promoting Zionism, which is in allegiance with American imperialism.

And so it goes.

In Kiev, capital of the Ukraine, one Saturday night I had a few hours. I had heard that this once great center of Judaism, and present home of thousands of Jews, had but one synagogue.

"Synagogue," I told the taxi driver.

"Synagogue?" He craned his neck over the seat.

"Do you not know where is the synagogue?" I asked in my schoolboy Russian.

"No," said the driver. "But I will learn."

After getting general bearings, we plummeted down the Dnieper cliffs to the old slum town by the river. Four times the driver stopped to ask questions. Two citizens could not, or would not, give help. At length we arrived at the old temple, faded blue and white, on a shaded side street. A fence gate was ajar, and I entered a bare courtyard where six ancients sat on a bench.

"I speak English and a little Russian," I said. "I am an American, and I want to see your synagogue."

The old men shook their heads and spoke swiftly and together in a tongue strange to me. I thought I was unwanted, and I turned to go.

SYNAGOGUE SHOWS DEFEAT SIGNS

One of the men took my arm and patted my head. Wait, he gestured. He fetched a black skullcap from the synagogue, and now that I was properly attired, he urged me inside and grandly offered a seat at the rear.

Thirty-nine men were in the synagogue, at this, the evening meeting. A rabbi spoke with great animation, and the men, some seated on benches and some on chairs, responded with nods and soft words. Not one of the men, I guessed, was younger than 60.

Of course, I couldn't understand a word. But the need of the synagogue was obvious. The furniture was in bad repair, windows out, the fixtures in disrepair.

After a decent interval, I went away from there, back to my room where I had a copy of U.S.S.R. magazine, distributed in the United States.

"According to Soviet law," I read, and reread, "religion is a private affair. We therefore collect no statistics on the subject nor can we make any inferences except for this one, obvious to anyone who visits a church, synagogue, or mosque, it is mostly the elderly people who attend places of worship."

[From the Arizona Republic, July 22, 1962]

Molding of Young Minds Easy; Soviet Leaders Start Early

(By Don Dedera)

Kharkov.—"We thank our nation for our happy childhood," was the direct translation of a red sign over an outdoor stage of a kindergarten near the industrial center of Kharkov.

It was the most disturbing sight of our Soviet trip.

A few years ago the same sign read:

"We thank Stalin for our happy childhood."

Next year there may be another name for the sign.

But without question, the sign will be changed, and the moppets of the Soviet Union will live on in gratitude toward whatever symbol is representing the Communist Party.

As parents of a 6-year-old girl we were beginning to miss greatly, we were delighted when our Intourist guide suggested that we visit the kindergarten.

This was, then, a trip selected for us by persons devoted to communism. We did not show up unexpectedly. Everything was revealed quite freely.

The kindergarten, for children of the workers of the Kharkov tractor plant, was opened under a program adopted by the ministry of education. The director is an altogether pleasant grandmother named Fera Moyceybia.

Because of near-total employment of men, and 85 percent employment of women in the Soviet Union, she explained, the state must assume a great responsibility in caring for the young.

"We begin educating our children as soon as they are able to learn," said Fera.

The 300 children of the kindergarten are boarded during the week, and some go home for Sundays.

"Our program gives proper rest and recreation," Fera continued. "In winter the children sleep in good protection, and they exercise in ultraviolet light."

PARENTS PAY WHAT THEY CAN

"Our children are from 3 to 7 in age. A typical schedule for an older child would be: up at 7, gymnastics until 8, then breakfast, then a lesson in music or some other art, followed by a walk in the outdoors, and then return for dinner.

"A bath, and then sleep for 2 hours. Up at 3:15 for tea, some amusing play such as dolls or theater. Seven o'clock supper, and to bed by 8.

"Parents pay as they can. Some children are boarded free.

"Now the children have prepared a show for you."

We were seated around a sandy rectangle with a stage and piano at one end. On the stage was a large portrait of Lenin, and words of Lenin and of Lenin's wife. The "happy childhood" sign was in letters 10 inches high.

The children marched to their chairs, single file, by squads. Most were blonds, and we saw our own child in the soft cheeks and bright eyes and pudgy legs.

A girl of 7 rose and strode to the center of the stage. In a carrying voice, she recited:

"Once I became lost in the forest, and I became cold, and the darkness fell, and I was afraid that I would die, but Comrade Lenin found me and made me warm and showed me the way to safety."

The girl smartly faced right and marched to her seat.

On signals from the half-dozen woman attendants, the children danced, sang about the forest birds, and recited poems about the joy of school, which would begin for many of them in September.

Then with gusto they sang with the piano:

"On the stage is a portrait.
It is of Comrade Lenin.
He is known to everybody.
He is smiling especially at me."

The demonstration of total indoctrination went that way to the end—a dance, a song, a story about Lenin.

Once, the children held a tag dance, and they tagged us. We went out into the sand with them, and polkaed.

We tagged others, who tagged still more, until the whole kindergarten and two towering American grownups were jumping in the sunny sand, under the baleful eye of the god who was the cause of all joy.

The last Lenin poem was intoned, and on command the children stood and formed in ranks. They filed by me, and impulsively I reached out and touched the first child's hand.

Thereafter, every child paused to shake or stroke my hand, and doggone it, a bit of sand must have gotten into my eye.

PROGRESSION GOES SMOOTHLY

Afterward we were shown the dormitories and dining rooms, also guarded by pictures of Comrade Lenin, and draped in the flags and hung in the slogans of communism. Fera had us sit down and eat a lunch of magnificent fish soup, kvass, dark bread and corn cake with sour cream.

"You see," she said, "nothing is too good for our children."

This was the reason we had seen so few children on our Soviet trip. In kindergarten and camps, at Leningrad and at Moscow and at Kiev, at every urbanized area and even on the collectivized farms, the children are in state institutions.

The progression to maturity is smooth: After kindergarten, school with emphasis on technology and neglect of humanities (the state decides the morals).

After school, Pioneer Camps to age 12, and then to the Komsomol (Young Communists Society) which now claims a membership of 20 million.

To those who learn their political lessons well, and to the gifted, stipends for higher education. To those who rebel, or are dull, the factory and the farm.

At Kharkov, I accompanied my guide to a camp of Pioneers of the metro workers. The camp would have cost 500,000 rubles, but the metro workers pitched in and reduced the cost to 300,000 rubles.

Here 200 children, ranging from 8 to 12, are boarded under the pines in substantial dormitories.

The director, a retired Red army colonel still most military in a tailored suit and crisp mustache, explained the schedule for the summer months: 9–10, labor education, or in other words, mopping the floors and watering flowers. 10–11, hobbies. 11 to noon, arts. Dinner. Afternoons, walks in the forest, songs, gymnastics.

"A typical group is waiting for you," he said.

The children performed in a woodland glade. The leader was an unpretty but exuberant woman who had a magic way with the children. Clearly, they adored her.

"Do the Russian people stand for war?" they sang to her direction, and the response was an echoing, "No."

EVEN IMAGINATION RED LINED

And here, too, the agenda was dancing, poem of Communist praise, chicken fighting between two boys, song about Lenin, ring-around-the-rosy, lecture on the happiness of the people's democracies.

Nelja, my guide, stood by me in the pines and ferns, and translated every word. Again there was no attempt to disguise the merciless molding of virgin minds.

A girl of about 10 went to the higher side of the circle, and with passion she told a story from her own imagination.

"I dreamed that I boarded a great Soviet jet airplane," she said.

"And I went to Africa, and walked into the jungle. There I found a poor, old Negro woman. She was living in a very bad house. She was hungry and cold, and afraid she would die.

"I asked her why she was so poor, and she said she was oppressed by her colonial masters, who were taking the fruits of her labor for the bosses of the capitalist nations.

"And so I showed her a photograph of Comrade Lenin, and this made her very happy."

[From the Arizona Republic, July 23, 1962]

An American in Soviet Heartland Inspires Staring, Probing Curiosity

(By Don Dedera)

Poltava.—The Soviet Union is no place for a shy American tourist.

And what a paradise for extroverts.

Soviet citizens are insatiably curious about everything that is American. To draw an audience, all an American has to do is—be. Sit. Stand. Walk. Eat. In one restaurant Nancy nagged me into a before-dinner dance. Instantly, every window in the room was filled with faces of Soviet citizens in the streets.

It became a game with us, to sit in a park of culture and rest, and glance up suddenly at the people around us. Never—not once—did we find ourselves ignored.

"I'm beginning to think I've got two heads," said Nancy. But she enjoyed the attention. "I don't know how I can go back home where the men don't look at me anymore."

You may read in the faces anything you imagine. I don't believe I ever detected a face of hatred, although the Soviet Government bombards its people daily with anti-American propaganda. But the diatribe is directed toward the American Government and groups. The strongest negative feeling

I encountered in 3 weeks was of pity, that Americans had not seen the light of communism.

In Poltava, a farming center of a few hundred thousand in the heart of the Ukraine, only 18 American tourists had preceded us in 1962.

"I could sell tickets to these people to let them watch me tie my shoelaces," said I to my bride. The deeper we penetrated the Soviet Union, the more ragged the people were dressed, and we also dressed more and more casually. If we had gone on to Siberia, I suppose, the people would be in G-strings when we arrived in our swimsuits.

TOURING YANKEES INCREASING

Elsewhere, however, American tourists are common as sparrows. They flock to the larger of the 38 cities open to tourists.

This year a 10-percent increase is expected in touring over last year, when 12,000 Americans visited the Soviet Union. (Included in this figure is a shipload of people who merely touched at Leningrad, and also Americans in Russia for business reasons.)

Against the constant curiosity, there is only one defense: stare back.

Dinner in the Soviet Union can be as much a visual, as a tasteful, experience. Tourists unweaned from tender steaks and icy cocktails gripe about Soviet restaurants. But we thought the chow was fine.

"Borscht. Black bread. Butter. Beer. Goulash," was the first meal I ordered in Russia, in the Russian language.

"I am so proud of you," said my lady, when the feast arrived.

"Let me know how you like the meal 3 weeks from now," I had to say. "I have just used my entire mealtime vocabulary."

Helpfully, most menus are printed in four languages. (Last year, when the Soviet Union and Red China were undivided, the menus also were in Chinese. Now there is no Chinese on the menus; in fact, no tourists from China.) We were able to enjoy the fabled Soviet delicacies, caviar, shashlik, soodak fish, Kiev cutlets, fried sturgeon, and roast duck.

More interesting were the people we had for dinner. The custom is to be seated anywhere, regardless of others at the tables. In Moscow we had wiener schnitzel with an Uzbek engineer, and in Leningrad breakfast cheese with an East German businessman, and in Kiev jellied sardines with a Ukrainian lawyer and his actress wife.

The linens are gray, the service slow, the dishes excessive, the bread by the loaf, the salads meager, the champagne, $3 a liter. Lose a little; win a little.

AIRLINER: CONVERTIBLE BOMBER

We traveled on four kinds of airplanes, including the Soviet pioneering jet, the TU-104. A convertible bomber, the TU-104 is sparsely appointed, but its performance is outstanding. Contrary to Soviet boasts, the two-engine propeller IL-14, something like our DC-3, is still a mainstay of Aeroflot, the state airline.

In order to go from Kharkov to Volgograd, we had to fly a turboprop AN-10 to Moscow, stay a night, and take an IL-14 to Volgograd. There was no direct flight between these two major cities, and the airstrip at Volgograd, with a bigger population than Phoenix, is unpaved.

Trains vary from luxurious to undescribable. Women and men, without so much as an introduction, are bunked together in compartments. One night we were put in with two snoring Russians, whom we could have ignored if they weren't passed out from beer. The nook reeked like a fraternity house the day after final exams.

"Not me, buster," mama rebelled. So we sat up the night in the aisle.

Hotels are also * * * variable. In Leningrad we had four rooms of Victorian elegance, including crystal chandelier and gilded piano. But we didn't have, by Western standards, a clean room in all our travels. The hotel in Kharkov was like a camp in a swamp. More than new hostelries, more than faster service, my woman announced, the Soviet Union needs an old-fashioned housecleaning, especially in the little girls' rooms.

Lord knows, at their prices, the Soviets could afford scouring powder. Deluxe touring costs $35 per day for one person, $50 for a couple. This is for room, 3-hour daily guide service with interpreter, and a book of meal tickets which can also be used for small gifts and potables.

Intourists, in Moscow, can be as arbitrary as a branch of the Soviet foreign office, which it is.

Encouraged by Soviet brochures, in February we applied to rent a car at Kiev. We wanted to drive to Kharkov, and if possible, to the Black Sea resorts. Two days before we left the United States, we were informed the car trip would not be allowed.

"So many French tourists, there are no cars left," was the explanation given us in Russia.

WHERE ARE THE MOTORISTS?

A Frenchman similarly disappointed, told us: "The excuse Intourist gave me was, there are too many Americans this year renting cars."

For the hell of it, I went to a roadside resting camp on the highway near Kharkov. The camp was nearly empty; only a few Soviet cars. The manager said he had not put up a single American motorist this year.

Another aspect of Soviet tourism troubled me deeply. I'm a guy who wants to wait his turn. But guides automatically escort American tourists to the head of every line, at airports, at the ballet, at museums. "You are our dear guest," purrs the Communist guide.

Soviet propaganda accuses Americans of pushiness, and the Intourist guides seem on be instructed to prove it. I noticed on landing at airports, before the guides appeared, Soviet citizens tried to get off the airplane all at once, Americans be trampled.

But the dominant attitude of individual Soviets to us was curiosity, and frequently, affection.

An American flag was a surprise on our table at Volgograd, and the waitresses giggled in a group when we waved our thanks. The babooshkas who guard the hotel hallway key depositories are tubs of kindness. I fought four of them who insisted on carrying down my luggage at Kiev, and I lost the fight. At every departure, a swarm of jabbering old grandmothers searched our room, and they usually found something we would have left behind.

At Poltava, for the only two Americans in town, a 65-year-old porter arose at 4 a.m. in order to carry our suitcase down on flight to the cab.

Most Soviets will accept capitalistic tips, but this man put his hand on his heart and pronounced grandly in English, "You are welcomed."

To Americans, Russia turns a curious face but it is well to remember that sometimes the face is old, with a tear in its eye, from some unfathomable source.

[From the Arizona Republic, July 24, 1962]

Soviet State Farm Okay for Cows, but U.S. Cowboys Would Be Unhappy

(By Don Dedera)

Kharkov.—Cows would be contented on Lydia Alexandra Yazeba's ranch, but I don't believe cowboys would.

Her ranch is 7,700 hectares of dry farm about 15 miles out of Kharkov.

More accurately, the outfit is a state farm for agricultural experiments, and Lydia is the chief technician. She is in her 50's, university educated, stocky of stature, and peacock proud of the farm.

She made us sit down and listen, and if it weren't for her yellow bandana and suit coat over a Ukrainian dress, she could be mistaken for a Kansas farm wife putting on airs. Anyway, almost.

"There are mainly two kinds of farms in the Soviet Union," she began. "The state farm and the collective farm. After the revolution it was difficult to nationalize the land. It was decided to collectivize the land, under management elected by the peasants, until the superiority of the state farm system could be demonstrated.

"This is a state farm, of our agricultural institute. Primarily we are experimenting in beef growing. But we have other work: fruit and vegetable growing, and sheep, pigs, and poultry. Our farm carries out artificial insemination for the entire Kharkov region.

"Here we have 2,850 head of horn cattle, 1,137 cows, 7,500 swine, 350 sows, 5,500 sheep, 10,000 laying hens, 2,500 rabbits, 500 bee hives, and 200 horses."

DISMAL FACTORY TOUR

Lydia noticed that I was smiling as I jotted down the statistics.

"I cannot be positive of the number of rabbits," she said. "Russian rabbits are like American rabbits."

Every year the farm ships 400 good bulls to improve Ukrainian herds. Other meat animals, fattened on corn and sugarbeets, are supplied to state stores.

On a collective farm, the peasants have a direct interest in the production of the farm. It is the closest industry to capitalism remaining in the Soviet Union. As well as sharing in the total harvest, collective workers have their own small plots where they may raise crops and animals for direct sale in the cities.

It is an embarrassment, Lydia admitted. The workers of the collective farms right now are dilly-dallying on the collective areas, and tilling mightily on their little plots.

"On this state farm," said Lydia, "our workers are paid in money, just like factory workers. They work 7 hours a day, a half day on Saturday. The average wage is 70 to 90 rubles (about $85) per month. Tractor drivers may make 120 rubles. The lowest paid plantgrower makes 40 rubles. Have you been to a factory?"

Earlier in the day we had gone to a fur factory, where the average worker makes 90 rubles. It was so dismal, I was surprised that the Intourist guides had chosen it for a tour. As it turned out, the plant manager refused to show us the first two floors, because, he said, "they are too dirty."

American labor would throw a picket line around the Kharkov fur factory until the management fixed the stairs and tripled the lighting and made the first two floors decent.

But the 3,000 women workers at the Kharkov fur factory by law cannot strike, and they must go on producing 600 lamb coats a day, 5½ days a week, except for holidays and summer vacation. Our guide said worker complaints were welcomed by union committees, which had great power with management. A dissatisfied worker could quit, by giving 2 weeks' notice.

WORKERS LIVE ON STATE FARM

Coat styles were determined by a committee of fashions.

"Yes," I said to Lydia, "I have seen a factory."

"Well, here the same general rules apply. A worker's time off is his own.

"We have 800 workers, all of whom live on this state farm. Each family has a flat supplied by the state. There are clubrooms, kindergartens, libraries, nurseries. The young people have their social circles. They even dance to their own jazz band. Everyone eats in the dining room for all meals.

"Would you want to see the farm?"

Soon we were walking knowingly through the cattle barns, where the stock is held and fed through the hard winters. We saw the calf feeding operation, in which a woman is assigned to babysit and care for 40 calves, behind electric fences.

We laughed at the sows, mountainous and dusty in the Ukrainian sun, and we admired the mechanized feeding operation in the henhouses. This farm was one of those visited and praised by Emil Garst, of Iowa, who later had Khrushchev over to his house for chicken dinner.

Lydia showed me her favorite cow, Dibrovka, that had given 4,000 liters of milk with 5.53-percent butterfat for a 300-day milking period, and was put on exhibit in Moscow.

At one field Lydia beckoned me into the rows, and she leaned over and picked handfuls of sweet peas. We popped the husks and ate the peas like candy.

"What about Soviet agriculture problems?" I asked Lydia.

"We have problems. Our goal is to catch the United States."

My friend, Sam Maxcy of the Maricopa Farm Bureau, had armed me with some statistics. Productivity of the average American farmer has more than doubled in the last 20 years. Forty percent of the people of the Soviet Union are trying to grow enough food; in the United States, 10 percent of the people produce a troubling surplus.

"Can you overcome the geographical realities of the Soviet Union: limited areas of good soil, short growing season, times of drought?"

NO LIFE FOR U.S. COWBOY

"Certainly," said Lydia, around a mouthful of peas. "With mechanization and fertilization and opening of the virgin lands."

Between munches, I said: "Some call the virgin land program Comrade Khrushchev's greatest gamble."

"It will succeed, and the farms of the virgin land are all state farms. We will have none of the problems of individualism on the state farms in the virgin lands."

More peas. "Wasn't the recent 30-percent increase in meat and butter an admission that something is not right with the Soviet farming system?"

Lydia said, "As I said, we admit our problems. It is an effort to give the farmer a fairer reward for his labor. We are carrying out experiments right here on this farm toward solving these problems. We have a considerable exchange of ideas with American farmers and agricultural experimenters, and it is with the American success with corn as cattle feed that our farm is most concerned."

And we had another mouthful of sweet peas and gazed around the lush fields, to the rolling slopes of latticed currants, to the windbreaks of apricot and berry trees.

"Lydia," I said, "in my State there are a lot of people we call cowboys who take care of our cattle. The American cowboy is probably the worst paid, hardest worked, poorest fed human in civilization, but he is so independent, a rancher doesn't dare to give him a simple direct order. What do you say about that?"

"Ah," Lydia exclaimed. "Our cowboys are better disciplined."

[From the Arizona Republic, July 25, 1962]

RUSSIAN TEENAGERS RESTLESS, INDEPENDENT; WILL THEY REBEL AGAINST BUREAUCRACY?

(By Don Dedera)

VOLGOGRAD (Stalingrad)—Between the embankment of the Volga and the Fallen Fighters Square is the Alley of Heroes of the Past.

The future takes over this mall on these soft, dusky nights.

Streams of teenagers meander the broad walks among saplings, and whisper on benches bordered by beds of phlox. And so, too, do the young capture at night the streets of every Soviet city.

In Leningrad they stroll the Neva; in Kiev, they climb into the forests of the Dnieper cliffs; in Poltava, they march in chains, arm in arm, softly singing; in Kharkov, they go to Gorki Park.

At home, five people live in one room. At the social club is an old woman with sharp eyes. To the streets, then go the Soviet young, to promenade as in Old Mexico, because there is no other place to go with their fresh aspirations and ageless hungers.

The young men of Volgograd wear black, pegged trousers, tightly tailored. Their white dress shirts are open at the collar, the sleeves rolled above the elbow.

The girls wear short skirts and daring blouses, bouffant petticoats, high heels, rope jewelry, light pink lipstick.

A few boys are drunk, and they horse around when a doll swings by. Grandmas on the balconies of nearby apartments look down and cluck. The girl holds her chin up high and straight, turns a corner, and titters with delight.

We went to the Alley of the Heroes for a close look at the Soviet teenager, object of so much speculation on both sides of the Iron Curtain.

The Soviet teenager, apparently, is a teenager first, and a Russian, Communist, and budding engineer second, third, and fourth. They are as hard to figure as American teenagers, and opinions vary as much for one country's young as the other's.

Are the Western styles evidence of rebellion, and if so, against what?

SUPER-COMMIES OR SUPERCYNICS?

Has a lifetime of indoctrination created a generation of super-Communists or supercynics?

Can a nation, as has the Soviet Union, explode educational opportunity without an inevitable fallout of freedom?

Do the young Soviets want what we've got, or do they want to be what we are?

The children of Volgograd walk the dust of revolution and rubble of World War II, by the vacant pedestals of the fallen god, Stalin. Aside from hard aftermath, they have had no experience with war. As principal benefactors of a system of total security, they have not known a hungry day.

They are more akin to Karl Marx than our boy next door is to Benjamin Franklin.

They are smart. Strong. On the make. Fully aware of the scientific, if not political, promise of automation, atomic power and space exploration.

I thought they looked at me and said, "OK. So you're an American, and you have the highest living standard in the world.

"You don't scare us. We'll have it too, and soon."

But I also thought they were saying, by their dress and manner, "Comrade Khrushchev is an old square in bell-bottom pants, but we put up with him because he has liberalized the system at home, and shocked the world with our space feats."

It was the cheapest kind of speculation on my part. Answers are easy and the questions are hard:

"How can the young people of Volgograd have faith in communism, after Stalin was denounced and his name removed from the city?" I asked my young guide, Edward.

STALIN? COULDN'T HAPPEN AGAIN

He said, "Stalin was a good man who turned into a monster. It could never happen again under our present form of collective leadership. More attention is being paid to housing, agriculture, science and art.

"You say we do not have free speech, and it is true that we do not have men making speeches in public parks, but criticism by the people is becoming a moving force in the development of our society. Demands and requests are heard, and we can never go back to terror."

More important than the truth of Edward's words, perhaps, was his belief in them.

If never back to terror, then to what?

How long will the youngsters of Volgograd be content with 7 square meters of living space, and at the fruition of the 20-year plan, 19 square meters?

Will they, like their mothers, tie their heads in bandanas and break concrete with jackhammers in the streets—these pink-lipped flirters of Volgograd?

Will the young men be satisfied with nothing more than a 30-kopeck chance on a pepless Volga car in the state lottery?

Will they abide an economic system that rewards an uninspired farmer as much as a gifted surgeon?

Will they be satisfied with marriages sanctified by a dowdy functionary in a plaster palace?

Will they allow their infants to be taken from them, and fastened to the treadmill of total indoctrination?

How long will the young people of Volgograd be denied travel to non-Communist countries, on the grounds that they are susceptible to the lies of capitalism?

Will the youngsters grow sick of statues of Lenin in every square, and begin to ask why the works of Picasso are hidden from view in the basements of the museums?

SMALL REVOLTS AMONG YOUTH

If there are in 678 libraries 18 million books in Kharkov, and the libraries are well visited, and there are bookstalls at every intersection, how long will the young people believe a monolithic press?

Will they go on sacrificing personal happiness to the ideal of communal equality?

What will their feelings be, toward an idiotic distribution system that forces a Soviet housewife to stand in line 30 hours a week, just to feed her family?

Will they do something about an inflexible bureaucratic system that stifles innovation?

"We discovered," a young Moscow brain surgeon told me, "that a certain kind of dental cement was perfect for attaching electronic sensors to brain tissue.

"As our supply grew low, we requisitioned more. The reply came back: Use of dental cement for any other purpose could not be authorized. After 3 months of filling out forms, I went to the factory and pounded the director's desk until he filled my order."

From all I could gather, such small revolts, unthinkable in the days of Stalin, are increasing among the young people of the Soviet Union.

They seem eager for lives of grace and plenty, under a governmental system evolving away from what they have.

It may be, in time, that the best hope of the world walked at night through the Alley of Heroes of the Past.

[From the Arizona Republic, July 26, 1962]

TAKING COFFEE TO WIFE IN BED PUTS HOTEL STAFF IN AN UPROAR

(By Don Dedera)

"One cup of black coffee, please."

"Aren't you going to sit down and drink it here?" asked the Russian waitress.

"No. It is for my wife."

"We will bring it to your room. That is part of the service."

"You do not understand," I said. "I want to give it to her in person."

The waitress staggered back into the kitchen, and I waited in a chair. Women cooks came to the service doors and peered at me and wagged their heads. In 10 minutes the chef, himself, emerged with a tray.

"I want to make sure," he said. "You wish a cup of black coffee that you will take to your room and give to your wife?"

"Yes."

Then I carried the coffee through the hotel lobby, where the news had spread.

The woman at the gift counter put her hand over her mouth. The bell captain rushed toward me, arms extended, and then froze. From her chair behind the stairs the elevator operator sprinted to her station. On our floor two chambermaids broke off their gossip in midsentence to watch me go by.

Nancy woke, smelled the coffee, and said, "Oh, how nice."

"You are welcome," said I. "But if our countries are this far apart on the issue of a man bringing his wife a cup of coffee once in a while, how will we ever make any progress with the H-bomb?"

Here's a smile: the most sugary pastry in Russia is called Mother-in-Law's Tongue.

MINERAL WATER AND CAPITALISM

Our prettiest guide was Svetka, in Poltava.

A teacher by profession, she was embarrassed with her English. But from time to time she'd burst out with peppy versions of "My Old Kentucky Home," and "You Are My Sunshine." We had such a grand, gay day with her we urged her to dine with us. The evening was flawless until at coffee we asked Svetka about her girlhood.

"I am from Leningrad," she said. "Through the (German) siege, I was there. In the winter I would climb a snow mountain, and then I would see the mountain was a mound of bodies. I was only 7."

"Well," she shook her head as if to clear her brain. "Shall we go for a walk in the park?"

Soviets are very big on mineral water.

Warned about the tapwater, we followed the three rules of safety: (1) Buy mineral water. (2) Keep it sterile. (3) Drink beer.

But the Soviet people actually drink the mineral water, which is sulfurous, carbonated and good for the insides, they say.

Lora, our Kharkov guide, took us to the famous mineral springs there. A legend tells how the springs were discovered by a wife who wanted eternal youth. She drank so much water she turned into a little girl, and so she lost her husband anyway.

"Here the mineral water is free," said Lora, sharpening her political needle. "Don't you have to pay to drink the mineral water in America?"

"Not at all," I was able to say. "At Wickenburg there is a famous well of the Hassayampa River where the water is free. A legend says that after a man drinks there, he will never tell the truth again."

"Have you drunk there?"

"Yes," I said, and with a Mona Lisa smile, Lora asked if much of the water was bottled and sent to Washington.

HAIR CARE CAN BE EXPERIENCE

I had my hair cut and Nancy went to the beauty shop.

"Why?" said the barber, looking at my crewcut. He had a point. Even before he went to work, I had the shortest hair in Moscow.

The shop had six chairs, fixed facing mirrors over sinks with marble counters. The barbers wore white gowns that hung below their knees. My barber washed his hands and took fresh linens from a central washstand, fitted the protective cloth around my neck and pitched in with scissors and an aluminum comb. He had an electric cutter but he used it very little.

When it was time to trim the top, my barber carded cotton on the comb, soaked it in water and ran it through my hair. Then with his scissors he swung across my scalp like a reaper in heavy wheat.

There is no conversation in Russian barbershops, but the young man in the next chair, who was having a permanent wave dried under a net, turned to watch the operation on the crazy American.

Strangely, the haircut turned out pretty good. It cost 50 kopecks, and just like home, the barber managed to get a little hair down my neck.

Here is milady's report from the beauty shop in Kiev:

The beautician was a serious, dark gent of about 30. They had not one word in common, but by sign language she indicated shampoo and set. There was a half-hour wait for hot water, which arrived rusty.

He washed her head in a sink, which was streaked with rust and old paint. He wound her locks on metal rollers with rubber bands, and put the wads under a drier of a type not seen in America in 20 years. She steadfastly waited her turns with the Soviet women, who jabbered constantly about her honeybear bob.

"Except that my hair is probably not as clean as when I went in, and that he didn't set one side of my hair, and I don't know what to do with these spitcurls," Nancy reported, "I'd say it was a bargain at 86 cents."

We had hoped to be invited to a Russian home.

But it didn't happen. I thought that if a Russian couple came to the United States, and for 3 weeks made hundreds of contacts, surely one American would have said, "Come on over to the house and meet the missus."

We heard several reasons while we were not asked: historical distrust of foreigners, fear of wrath of state and, most likely, the homes are crowded and poor and hardly the place for proud Soviets to entertain.

HOUSEWIFE ENEMY OF WORKERS

You fish on the Volga thusly: At night, cast your minnow-baited hook and tie the line to a stick anchored to the beach. On the stick is a little bell. You fish for soodak, a pike-perch that can be as much as 2 yards long.

Around a fire of driftwood you tell lies and eat supper and wait for the bell to ring.

In Volszhsky, a new city of 75,000, lovely plaster statues of saints of labor stare down on fountains and ponds that have collapsed because of poor workmanship.

Soviets, to a man, woman, and child, believe that American housewives are parasites.

"Do you work?" they would ask Nancy.

"No, I'm a housewife," she'd begin, and after a while she developed an automatic little speach. "We have a house, not a tiny apartment, and our child is being reared and educated by us, not by the grandmothers or the state, and we eat all of our meals at home as a family, and I do all the cooking, washing, cleaning, ironing, shopping, and I help in community charities which are not outlawed in America as they are here."

But I don't think she converted any Russians. They think she lounges around all day, reading French novels and gulping cocktails, a useless burden to the working class.

[From the Arizona Republic, July 27, 1962]

LIBERALIZATION OF SOVIET REGIME OVERESTIMATED IN WESTERN NATIONS

(By Don Dedera)

Moscow.—For the many misconceptions that Americans and Russians hold of one another, the Russians are more easily excused.

"Oh, I hope that some day you become a millionaire," gushed a girl guide as we said goodby. It was the nicest wish she could conjure for a citizen of capitalism.

"Twenty-five percent of your citizens are unemployed," other Russians told us. "We read it in your own newspapers."

Which newspapers? The Worker of New York, which has a circulation bigger than the New York Times, the Pravda of the U.S. Government.

Soviet citizens think of capitalism in terms of the 1890's, of our civil liberties as tragic hoaxes on the workers, of our affluent living as moral decay. They know no better. They are told nothing else.

If you mention to a Russian Communist that his nation was held back by a remnant feudal and religious system, he will agree. But if you then say Russia may have made greater progress under enlightened capitalism, he will question your sanity. He thinks he knows what is capitalism.

"Freedom." There is another word.

"There is only one truth," a devoted Communist told us in Kharkov. "In your so-called free press you give the people a choice of many truths, and this is ridiculous, especially for people as simple as ours."

I paraphased Jefferson: You say the people are too ignorant to make their own decisions; then it is our duty to enlighten them.

"Yes," said the Communist. "That is the ideal. But until the people are enlightened, there can be only the one truth."

MISCONCEPTIONS CLEARED

We joined a tour group of about 20 persons in Moscow, and we began to isolate some of our own false judgments about the Soviet Union.

We learned, in some surprise:

The Russian people as individuals have an obsessive fear of war. We met none who wanted to be liberated by us.

That with no comparison, and being better off economically than they have ever been, many Russians consider communism the wave of the future.

Publicly, at least, Russian morals are puritanical. And although God is denied by the Government, one to another the people of Russia practice nothing less than the Golden Rule.

That politics aside, they are a painfully sober and proud people who believe in the destiny of their motherland.

We also took to Russia a belief that the liberalization of the Soviet system has been considerable in recent years.

"It's just not that much," emphatically stated an American who has lived for years in Moscow.

"Western journalists in Moscow grow weary of sending the same hopeless stories out of Russia. So they grasp the first small sign of liberalization and blow it all out of proportion.

"So what, if the poet, Evtushenko, reads critical poetry to a crowd of students? Evtushenko is devoted to communism. He never goes too far. And his clever game wins the Soviet Union a great propaganda victory in the Western press.

"Meantime, there are 215 million Soviets who never heard of Evtushenko."

People still are being arrested for telling Khrushchev-farm jokes. Recalcitrant workers still are being shipped "voluntarily" to the virgin lands. The last shovel of dirt has not been stirred on Stalin's grave; his picture still can be seen, smaller, but no less ominous, everywhere.

"I saw the way the new liberalization works, in an incident on a trolley bus," said our friend. "An old drunk was weaving around and lecturing the passengers.

"A squad of the Komsomol, young Communists, took the old man in hand. They kidded him, they begged him to sit down, they offered to take him home, they tried to reason with him. But he kept arguing, and finally, they simply picked him up and threw him off the bus.

"That's the new liberalization. You're allowed to gripe, but if you go too far, you can still get thrown off the bus."

NIGHTCLUB DULL AFFAIR

Our friend took us to Aelita, the nightclub in Moscow that has been interpreted in the West as a significant relaxation of the Soviet regime. Of modern decor, the place is in a squat yellow building on Armory Lane. The queue was short but slow moving, because Komsomol members kept breaking in at the head of the line, and gaining admission by flashing their Communist Party cards.

"You will also hear that the Soviet Union is a classless society," our Moscow friend said. "What is classless about a card that allows you to go to the head of the line? What about the Kremlin rulers living in their palatial dachas in the suburbs? They come into town in their own lanes in the street, marked off by white lines, where no one else may go."

Aelita proved as unexciting as a bowling alley bar. A good jazz band was playing "Mack the Knife," and a college crowd was sipping espresso or beer. We were seated, and were joined by a black-eyed couple with whom we traded photographs and pleasantries.

We wondered why the Russian dancing was so formal, even to music with a beat. Our answer came when a Swedish couple swung apart in an ordinary breaking step. Two members of the Komsomol management told them to hold each other with both hands, or get out.

Aelita, which opens at 8, closes at 11 p.m.

"All right," said our escort. "You have seen Aelita. True, it could not have existed before liberalization. But how much does it mean, one nightclub for all of Russia?"

Moreover, we saw no sign that the Communist minority that rules the Soviet Union has softened its indoctrination at home, or lowered its goals for the world.

To a Westerner, the idolatry of Lenin borders on obscenity. His picture is on everything; his bust in every corner; his statue in every town.

Even his flesh, if that is what it is, is displayed in that red marble mausoleum, where the darkness and coolness and soldiery have been chosen by expert psychologists. Even the long lines in front of the tomb are creations of the State, insured by opening the tomb only a few hours a day.

COMMUNISM RULE PREDICTED

And if we had any doubts about the evangelism of the religion of communism, they were dispelled by one of its priestesses, Nina.

She took us to the Lenin museum in the old interim parliament building off Revolution Square. Here the baby pictures, the hats, and coats, the manuscripts, the suitcases of Lenin are collected. There is even a motion picture, "Lenin Alive!" made of meticulously edited newsreels of cinema's early days.

Here the tourist, Soviet and Western alike, is exposed to world history and destiny as projected through the warped lenses of communism.

The climax is a map of the world, extending almost from ceiling to floor.

Some areas are red. Some orange. Some yellow.

"The red areas indicate where independence has been achieved under the people's democracies," said Nina.

Crimson stretched from the Baltic to the Pacific, from the Mediterranean to the Arctic. Cuba, too, was red.

"The orange areas show where the people are struggling to achieve independence under socialism." Algeria. Laos. Congo.

Nina began to move away from the map. It was too much.

"But wait," I said. "What, then, is indicated by the yellow portions of the globe? I notice the United States is yellow."

"They are countries," she said, "which have not yet achieved independence of the Socialist system. The people in the yellow countries are controlled by the rich. But the people in those countries will some day establish their own Communist governments."

Her statement touched off a lively debate in the Temple of Lenin. A crowd of Soviet citizens pressed around and hung on every translation. Some Englishmen in our tour, strangely enough, were most outraged.

"This is your terrible illusion," said an English lawyer to Nina. "Wealth is no longer concentrated in the hands of a few. Why, even our queer is middle class."

Nina smiled almost pityingly, and said:

"What does the West offer the underprivileged and undeveloped nations of the world? Contradictions and injustice. We have a positive plan. We say—look, you can have this, exactly this, in 10 years.

"Our movement is international.

"There can be no question that some day communism will prevail in every nation of the world."

NEEDED: "HANDBOOK OF FARM LAWS AND PROGRAMS"

Mr. WILEY. Mr. President, over the years, the Nation has adopted an extensive, complex system of farm laws and programs.

Unfortunately, the complicated system, however, now suffers from lack of communication to farmers on available programs, and how to use them; entanglements in governmental redtape; eligibility requirements so complicated—or often so buried in bureaucratic language—as to discourage participation.

As a result, the existing programs—even though administrative costs continue—may not be fully utilized to help the farmers.

For this reason, I am proposing that the Secretary of Agriculture prepare a simplified handbook of farm laws and programs.

This would, I believe, be extremely useful to farmers, county agents, conservationists, State and Federal departments of agriculture and others interested in agriculture, as well as Congress.

I ask unanimous consent to have the text of my request to the Secretary of Agriculture printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

My Dear Mr. Secretary: I am writing to respectfully urge the preparation for farmers of a simplified handbook of farm laws and programs. The purpose would be to provide a summary of existing laws and programs; a clear definition of their purposes; illustrations of how these can effectively help the farmer; and simplified ways for participating in such programs.

Over the years, the Nation has adopted an extensive, complex system of laws relating to agriculture.

A simplified handbook of farm laws and programs would, I believe, help to provide for greater, more effective use of such programs; and serve as a useful guide for review, revision, and, as necessary, repeal of existing—or adoption of new—programs to improve the economic outlook in agriculture.

This would, I believe, be extremely useful to farmers, county agents, conservationists, State and Federal departments of agriculture, and others interested in agriculture, as well as to Congress.

With appreciation for the consideration I know you will give this matter, I remain with kindest regards,

Respectfully yours,

Alexander Wiley.

SWIMMING POOLS ON WHEELS

Mr. CASE. Mr. President, I ask unanimous consent to have printed in the Record an article by Jesse Brodey, published in the New York Sunday News on July 29, explaining the work of the YMCA in Elizabeth, N.J., in teaching swimming through a very interesting development, the swimmobile.

This innovation, known as "Instant YMCA," has been made possible through the active cooperation of many individuals and groups. I believe it offers a method of helping to reduce the drownings which are too frequent each summer, as well as contributing to the fitness and recreation of many children who would not otherwise have this opportunity.

There being no objection, the article was ordered to be printed in the Record, as follows:

Swimming Pools on Wheels Making State Drownproof

(By Jesse Brodey)

In this motorized age of sprawling suburbia, it had to come: swimming pools on wheels. Now, 500 youngsters a week, from Elizabeth to Camden, are learning to swim in two YMCA swimmobiles that set up shop right in the kids' own neighborhoods.

The swimmobiles were dreamed up by Gerald H. Croushore, of 128 Mohawk Drive, Cranford, a secretary at the Eastern Union County YMCA in Elizabeth for the past 5 years. "Our aim is to 'drownproof' the State," Croushore said.

Each swimmobile is a 20 by 8 foot swimming pool mounted on a tractor-trailer. One is 3 feet deep and the other 4.

"It's just another case of the mountain and Mohammed," Croushore said. "We had to move the mountain. We found that we had a growing community to serve and transportation, parking problems, infrequent bus service, and so forth were discouraging many from using our YMCA in Elizabeth."

"We just decided to bring the Y to the youngsters," Croushore added. "We call it, 'Instant YMCA.'"

With two instructors taking turns handling half hour sessions, each swimmobile usually schedules 24 classes a day. By the end of five lessons, more than 50 percent of the youngsters age 6 to 11, can pass the beginners' tests by swimming two lengths of the 20-foot pool.

THREE TRAILERS DONATED

According to George W. Hoffman of Scotch Plains, Y secretary in charge of swimmobile class registrations, each swimmobile is worth about $15,000 but because of donations of time, workmanship, and materials by local firms, the total cash outlay by the Y was less than $700 each.

Joseph Perrotto, vice president of Eastern Motor Dispatch and a member of the YMCA Men's Health Club, donated three trailers. One was a 22-foot-long box carrier, which the Y converted into a funmobile by equipping it with tumbling mats, athletic equipment, and a long arts and crafts workbench. It has since been donated to Puerto Rico and is being operated by a YMCA branch there.

Members of Carpenter's Union Local 715 of Elizabeth erected the swimming pool walls of plywood on a heavy steel frame without charge. Ed Bittner, an executive of Better Finishes and Coatings of Clifton which supplies material for mothballing the U.S. Fleet, put on overalls to spray on five waterproof coats of flexible vinyl plastic coating.

One swimmobile has been touring different cities elsewhere in the State this past month and has already been in action in Camden and New Brunswick.

To haul the pool from place to place, Eastern Motor Dispatch is contributing both a tractor and a driver.

The second swimmobile has already handled an average of 250 youngsters a week in swim classes at sites in Elizabethport and Union.

Berman Trucking has donated the use of a tractor for the second swimmobile for the summer. James McAteer, 22, of Cranford, a second year law student at Vanderbilt University, doubles as driver and swimming instructor. Croushore's daughter, Karen, 20, a student at Bethany College, West Virginia, is the other swimming instructor.

RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, in accordance with the order previously entered, I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 4 o'clock and 56 minutes p.m.) the Senate took a recess, under the order previously entered, until tomorrow, Wednesday, August 15, 1962, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 14, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

COLLECTOR OF CUSTOMS

Frank A. Sedita, of New York, to be collector of customs for customs collection district No. 9, with headquarters at Buffalo, N.Y.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for temporary appointment to the grade of colonel, subject to qualification therefor as provided by law:

Stevenson, Howard F.
Bacon, Franklin C.
Roush, Martin B.
Saussy, George S., Jr.
Johnson, William G.
Mitchell, William P.
Conley, Robert F.
Bolish, Robert J.
Wilkinson, Frank R., Jr.
Lyford, Truman K.
Carpenter, James B., Jr.
Bruder, Joseph A.
Whipple, Warren E.
Norris, Glenn E.
Lanigan, John P.
McShane, Bernard
Horn, Charles H.
Gilson, Leslie A.
Reusser, Kenneth L.
Smith, Paul M.
Keith, Bruce E.
Short, James C.
Ourand, William R., Jr.
Wallace, Harold
Munday, Jack R.
Thomas, Frank C.
Hise, Henry W.
Rouse, Jules M.
Tillmann, Alfred A.
Hearn, Alexander M.
Johnson, Dan H.
Risher, Clarence T., Jr.
Voorhees, Edward H.
Severance, Dave E.
Nelson, Harold E.
Hunt, Sanford B., Jr.
Haberlie, Douglas E.
Clark, Albert L.
Richardson, Judson C., Jr.
Blackburn, George P., Jr.
Simmons, Edwin H.
Bridges, David W.
Carrington, George W., Jr.
Jeschke, Richard H., Jr.
McNeil, John P.
Scherr, Robert A.
Williams, Grover C., Jr.
Cibik, Steve J.
Treadwell, James P.
Thompson, Roy H.
Casey, Dennis P.
Rathbun, Robert L.
Windsor, John J.
Fairbanks, Willis L.
Steinkraus, Robert F.
Ellis, George W.
Haynes, Fred E., Jr.
Bates, William L., Jr.
Carney, Robert B., Jr.
McClanahan, James F.
Silverthorn, Merwin H., Jr.
Dick, William L.
Gall, Walter
Gilhuly, Fred J.
Zastrow, Herbert E. L.
Randall, Thomas L.
McMaster, Robert G.
Poggemeyer, Herman, Jr.
Twisdale, Robert H.
Laing, Robert B.
Bowman, John W.
Chip, William C.
Donahoe, Joseph F.

IN THE AIR FORCE

The following-named officers for promotion in the Regular Air Force, under the appropriate provisions of chapter 835, title 10, United States Code, as amended. All officers are subject to physical examination required by law.

LIEUTENANT COLONEL TO COLONEL

Line of the Air Force

Adams, Lawrence A., Jr., 8935A.
Adamson, Norman F., 9546A.
Adkins, James C., 6220A.
Alexander, Lawrence E., Jr., 7271A.
Alford, David G., 4582A.
Allen, John T., 6834A.
Andrews, George E., 7333A.
Andrews, George H., 10014A.
Anzelon, George J., 7942A.
Arnold, Carl, 8698A.
Bailey, Charles E., 4799A.
Baker, Frederick J., 19991A.
Baker, Lee E., 3287A.
Baker, Merlin W., 9698A.
Banning, Richard E., 8433A.
Barger, David H., 9851A.
Barton, William G., 9000A.
Baumgardner, Bruce K., 7451A.
Beall, Arthur W., 6797A.
Beers, Robert W., 8938A.
Begg, Charles F. H., 8476A.
Belfield, Douglas F., 8627A.
Bell, Homer C., Jr., 9652A.
Bender, Richard C., 5144A.
Bergum, Lester N., 9297A.
Berkow, Joseph J., 7839A.
Bertling, Stephen J., 6806A.
Best, Jack R., 7631A.
Bishop, Edwin, Jr., 4566A.
Bland, Edwin A., Jr., 3892A.
Bohman, Thomas S., 6685A.
Bonneaux, William K., Jr., 9051A.
Boone, Lewis P., Jr., 6524A.
Borellis, William F., 9871A.
Boreske, Andrew, Jr., 10121A.
Bounds, John E., 9408A.
Bowden, William M., 5790A.
Bowen, John W., 3873A.
Bradford, Carl W., 6620A.
Bradshaw, Marion A., 9119A.
Brady, Edward L., 8536A.
Brandeberry, Frank E., Jr., 3199A.
Brasier, Carl O., 7024A.
Brauer, William H., 9706A.
Bronson, Frederick F., 4253A.
Brooks, Philip, 8815A.
Buckley, Jack L., 5191A.
Budd, Hyme A., 3275A.
Burhanna, Howard, Jr., 3235A.
Bussey, Donald G., 9010A.
Butler, Clifton L., Jr., 9799A.
Butler, Edward G., 4617A.
Caffall, Joseph M., 18077A.
Cameron, William R., 9173A.
Carey, Robert H., 7047A.
Carlson, Francis B., 3637A.
Carlson, Thorgny C., Jr., 4405A.
Carroll, John A., Jr., 8762A.
Castle, Vernon H., 6675A.
Cathcart, Richard E., 8814A.
Chalek, William D., 4488A.
Chase, Linden, 3615A.
Cheever, Russell E., 4918A.
Christman, Harry W., Jr., 8014A.
Clark, Jack C., 4649A.
Clark, Joseph J. F., 12525A.
Claytor, Roy F., 7979A.
Cochran, Wharton C., 7120A.
Cole, Edward L., 6563A.
Couser, Walter J., Jr., 7860A.
Cox, Richard G., 9277A.
Crandall, George B., 3157A.
Crisp, Dennis, 5130A.
Cutler, John M., 9848A.
Dacus, John H., 9187A.
Damico, Robert H., 9733A.
Daniel, Joe R., 3968A.
Daunt, John J., Jr., 8312A.
Davidson, William H., 7853A.
Dean, David K., 5714A.
Delanoy, Charles W., 10277A.
Delapp, John R., 3560A.
Detwiler, Donald A., 10130A.
Dibrell, Charles F., 3843A.
Dickson, Marion L., 3471A.
Dienz, John E., 9221A.
Dieterich, Virgil C., 8873A.
Dinwiddie, Robert E., 6216A.
Dowswell, John R., 8365A.
Duch, Walter F., 9664A.
Dunn, Bruce C., 8774A.
Dyer, Frederick W., Jr., 8519A.
Eberts, Major D., 7769A.
Edwards, Wilbur H., 8289A.
Ehlers, Melville V., 3728A.
Eickemeyer, Karl F., 9872A.
Ellis, Frank T., 9823A.
Elmore, Vernon O., 3908A.
Emory, Frank N., 9304A.
English, Peter F., 9313A.
Erben, James B., 9265A.
Erdin, Robert A., 3307A.
Ernst, Sol E., 3574A.
Fenlon, James W., 9588A.
Fischer, Jerome J., 9488A.
Fishburn, James B., 7201A.
Fitzgerald, John E., Jr., 7404A.
Flynn, Charles J., Jr., 9945A.
Ford, Claud E., 9413A.
Foster, George M., 5145A.
Foster, James H., 8432A.
Fox, James H., 8877A.
Franks, George E., 3267A.
Frarie, Wayne M., Jr., 9095A.
Frisbie, Curtis L., 3977A.
Fulcher, Stanley A., 8164A.
Fulton, Raymond A., 9064A.
Gaffney, John W., 3535A.
Gallagher, Francis B., 3229A.
Galt, George T., 8585A.
Gandy, Hilliard L., 8161A.
Gardiner, Paul E., 8137A.
Gerdau, Walter H., Jr., 3138A.
Gibbons, William L., 10085A.
Glassburn, Kenneth L., 5077A.
Godfrey, Eugene O., 8622A.
Gordon, William P., Jr., 5771A.
Gourley, Harold H., 9397A.
Griffin, Joseph H., 5205A.
Gruetzemacher, Robert O., 8386A.
Gueydan, James E., 7278A.
Gustafson, Wayne A., 6930A.
Hale, Russell D., 3761A.
Hallam, Philip G., 8653A.
Haller, Roscoe R., 9210A.
Ham, Stephen P., 7368A.
Hamlyn, Raymond E., 9956A.
Hardaway, Ben F., Jr., 8889A.
Hargrove, Clifford W., 10038A.
Harmon, David N., 7677A.
Harris, Richard C., 9370A.
Harwell, James A., Jr., 9661A.
Hayes, William D., Jr., 7392A.
Heatly, Ralph O., 5149A.
Heinzel, Jack H., 3239A.
Hendry, Augustus M., Jr., 8645A.
Hennessy, Robert J., 5907A.
Hibner, Edwin L., 9069A.
Higginbotham, Harold K., 6466A.
Hill, Charles H., 6936A.
Hill, Landon P., 8340A.
Hoffman, Theodore C., 7542A.
Hogg, Robert, 5701A.
Holland, Chaz M., 9194A.
Hoss, Robert J., 32860A.
Hovatter, Elbert T., 9876A.
Howard, Homer B., 7304A.
Howard, James S., 4802A.
Huau, Joseph H., Jr., 10140A.
Hunter, James D., 9393A.
Hyde, Frederick W., Jr., 8941A.
Hyde, Thomas C., Sr., 8739A.
Ingram, James W., 7823A.
Jablecki, Leon S., 7170A.
Jacobs, Francis, 3208A.

Jarman, James T., 7547A.
Jefferson, Harold D., 8166A.
Jens, Henry P., 10205A.
Johns, Howard G., 9690A.
Johnson, Charles W., Jr., 8636A.
Johnson, Joseph G., Jr., 9744A.
Johnston, Robert E., 6711A.
Jones, David J., 5053A.
Jones, David R., 8065A.
Jones, Ernest B., 2005A.
Jones, George P., Jr., 18071A.
Jones, William T., 9593A.
Jordan, Samuel P., 7664A.
Kahley, William F., 32897A.
Kane, Francis X., 9774A.
Kelly, Dennis P., Jr., 7308A.
Kelly, Walter E., 8424A.
Kendig, Robert E., 8651A.
Kenney, Paul H., 9728A.
Kilgore, James L., 2938A.
King, Donald H., 8505A.
Kinney, George R., 9844A.
Knowles, Kenyon L., 6025A.
Knox, Glen E., 9365A.
Koehler, Leonard F., 9697A.
Konin, David H., 6724A.
Koontz, Ray W., Jr., 3759A.
Krause, Harris F., 6619A.
Kursar, August, 7172A.
Kyer, Fred E., 7862A.
Lafrenz, William A., 4855A.
Langford, Robert I., 7670A.
Laurents, Robert B., 9035A.
Leet, Jonathan, 5902A.
Lemley, Samuel A., 8852A.
Lemme, William P., 7650A.
Lind, Marcel, 6270A.
Lockhart, Russell D., 6837A.
Loisel, John S., 5235A.
Lollar, Clarence L., 7900A.
Long, Alan G., 6486A.
Louden, Edward K., 4664A.
Lucas, Anthony D., 8843A.
Lucia, Raymond W., 7361A.
Luts, John, 6277A.
Machemer, Carl C., 10251A.
Mahone, John R., 9943A.
Mallory, Robert F., 4574A.
Mansfield, Richard M., 8285A.
Mariska, Ben F., 3167A.
Maritzen, Lyle C., 6215A.
Markham, Peter J., 32864A.
Marschner, Bernard W., 9143A.
Martin, Clarence A., Jr., 4703A.
Massengale, Herbert W., 8503A.
Masters, Elmer L., 9880A.
Matthews, Donald E., 8485A.
Mattison, Robert M., 5877A.
May, Britt S., 9843A.
May, Richard H., 4695A.
McClain, Howard P., 9892A.
McComb, William J., 8043A.
McConnell, Charles H., 8848A.
McDavid, Andrew E., 6114A.
McDonald, John R., 8452A.
McGonnell, Owen J., 10088A.
McKee, Jack E., 9635A.
McKee, James T., 7389A.
McLaughlin, John A., 3862A.
McLean, Edward R., 9884A.
McRae, Roland L., 9668A.
McReynolds, Zachariah A., 9256A.
Mehaffey, Nathan G., 7771A.
Michels, Robert W., 19783A.
Miller, Richard W., 4995A.
Miller, Robert, 10073A.
Miller, William C., 7861A.
Mitchell, Richard R., 4209A.
Mobbs, George D., 5163A.
Montgomery, David F., 7105A.
Moritz, Gene P., 5941A.
Morris, Robert C., Jr., 8304A.
Muhlbach, Robert P., 3146A.
Muldrow, Robert, 9788A.
Munns, Edward A., 8905A.
Murphy, Benjamin S., 9421A.
Murphy, Robert E., 6232A.
Myers, Lansing H., 7305A.
Neighbors, Lloyd W., 6125A.
Neill, Dennis V., 9137A.
Newland, Martin K., 8281A.
Newman, Frank M., 4777A.
Nichols, John D., Jr., 4192A.
Nichols, Willard A., 9271A.
Nolan, John A., 9106A.
Nollkamper, James L., 9295A.
Norris, William A., 5046A.
Nowark, Charles G., 6778A.
O'Connor, Leo N., 3585A.
O'Donnell, John C., 7554A.
O'Donnell, John T., 6648A.
Odren, Harry M., 8492A.
O'Hara, Robert C., 9684A.
Owens, Marcus O., Jr., 5135A.
Palmer, Miles R., 3932A.
Parker, Julian W., 8300A.
Parks, Bernard G., 6646A.
Parks, Merton L., 32880A.
Patterson, Ralph R., 4605A.
Payne, Carl G., 8280A.
Pearsall, David W., 7938A.
Pearson, Ralph J., 10090A.
Pennywitt, Glen E., 6363A.
Perry, Bruce L., 8331A.
Perry, Gilbert T., 3145A.
Peterson, Lee L., 6376A.
Pike, Robert F., 6009A.
Pittman, George H., Jr., 4077A.
Plate, Stanley W., 6171A.
Ploetz, Frederick F., 3487A.
Price, William G., 3d, 7802A.
Pryor, Roger C., 32892A.
Rathbun, Edward L., 8062A.
Reed, Henry C., 8053A.
Reid, John D., 8901A.
Reifsteck, Calvin D., 6971A.
Riepe, Quenten A., 9883A.
Riggle, Glenn B., 5176A.
Riley, Lewis R., 7537A.
Ritter, James H., 6223A.
Ritter, Robert J., 5384A.
Robbins, Harold W., 6942A.
Roberts, George S., 8482A.
Rogers, Glenn E., 9535A.
Rose, Howard C., 10016A.
Ross, William E., 4579A.
Roth, Floyd E., 4929A.
Roth, John Y. C., 8066A.
Rundell, Francis E., 2d, 10114A.
Russell, Harold G., 9464A.
Ryan, John L., 8041A.
Rydstrom, Jean F., 7982A.
Sanctuary, Robert H., 10031A.
Saunders, Johnson R., Jr., 6853A.
Scales, John C., 6851A.
Schoenfeldt, Verl B., 4971A.
Schulte, Orville J., 9140A.
Schuyler, Dean H., 8667A.
Sevier, Coy T., 9209A.
Shackelford, Walter S., Jr., 7649A.
Shambeck, Clarence H., 9949A.
Shean, John P., 8965A.
Shelton, Eldridge G., Jr., 8837A.
Shelton, Lee M., 7258A.
Shirey, Clair L., 9607A.
Silliman, Clifford R., 8296A.
Silvester, Lindsey M., 10156A.
Simmons, J. A., Jr., 5060A.
Simpson, Thomas S., 9238A.
Smiley, Bert N., 7540A.
Smith, Hall F., 3278A.
Smith, Kenneth B., 10112A.
Smith, Raleigh D., 7891A.
Smith, Ralph L., 10089A.
Spear, Peter H., 8602A.
Stainback, Frank P., Jr., 7112A.
Stewart, Carl W., 6464A.
Stockett, John C., Jr., 6087A.
Strait, William V., Jr., 9218A.
Stubbs, James M., 9360A.
Stublarec, Michael J., 7050A.
Sullivan, Charles P., 3754A.
Sullivan, Frank E., 3721A.
Sullivan, William C., 10079A.
Swofford, John F., 7526A.
Sykes, George K., 9763A.
Taliaferro, Walter R., 9792A.
Tapp, James B., 9052A.
Taylor, Thomas R., 5041A.
Thacker, John M., 4603A.
Thompson, Dan F., 8234A.
Thorne, Walter E., 7717A.
Thornton, Clark O., 8329A.
Tidball, Dale R., 6194A.
Toole, Richard A., 7637A.
Topper, Morse, 6591A.
Torresson, Thomas S., Jr., 4237A.
Trask, James E., 8548A.
Tueller, Jack L., 8545A.
Turk, Wilbert, 9740A.
Twichell, Wallace B., Jr., 8284A.
Tyler, Joe M., 8260A.
Utley, William A., 6047A.
Vague, Harold R., 22991A.
Vanduyn, John E., 9827A.
Vignetti, John L., 6410A.
Walborn, George S., 3757A.
Walker, Lewis H., 9220A.
Walker, William A., 6586A.
Wegenhoft, Victor C., 7791A.
Weigel, Andrew H., 8902A.
Weiser, Gus, 9703A.
White, Donald B., 3697A.
White, Grover C., Jr., 3917A.
Whitlow, Robert V., 9837A.
Wiesner, Paul F., 6076A.
Wilds, Harry, 3949A.
Williams, Charles C., 8126A.
Williams, Philip Y., 49131A.
Williams, William A., 7388A.
Williams, William M., 7068A.
Williamson, Philip J., 11754A.
Wilson, Richard A., 9357A.
Winget, Francis E., 6296A.
Witters, Arthur G., 7814A.
Woida, Joseph A., 7215A.
Woolwine, Charles C., 3399A.
Wray, James W., Jr., 8790A.
Wright, Robert J., 9953A.
Young, Franklin F., 7199A.
Zalcudek, Charles J., 3605A.

Chaplain

Brennan, George J., 18795A.
Chess, Edwin R., 55101A.

Dental Corps

Fricke, Vernon S., 18951A.

Medical Corps

Bennett, Bruce H., 19198A.
Block, Herbert E., 19210A.
Brannon, Earl W.. Jr., 19288A.
Campanale, Ralph P., 19301A.
Defries, William A., 19254A.
Ferrell, Lee F., 19206A.
Frediani, Alexander W., 19236A.
Karstens, Andres I., 19740A.
Kavanagh, John J., 19563A.
Larson, Thurman A., 19314A.
Lawrence, Howard R., 19190A.
Lewis, Robert B., 19138A.
Lifton, Solomon E., 19318A.
Marett, William C., 19267A.
Norton, John A., 19151A.
Sawyer, Malcolm H., 27482A.
Steel, Maxwell W., Jr., 19275A.
Strub, Giles J., 19241A.
Tkach, Walter R., 19360A.
Wright, Paul E., 19229A.

Nurse Corps

Kehoe, Doris A., 20906W.

Medical Service Corps

Bryant, Russel L., 19418A.
Haines, Charles C., 19442A.
Edwards, Gerald, 48898A.
King, Paul W., 19457A.
Johnson, Kenneth B., 19473A.

Veterinary Corps

Rushmore, Rowland W., 19001A.

The following-named officers for promotion in the Regular Air Force, under the appropriate provisions of chapter 835, title 10, United States Code, as amended. All officers are subject to physical examination required by law.

SECOND LIEUTENANT TO FIRST LIEUTENANT

Line of the Air Force

Abe, Harry H. 56360A.
Abel, David R., 56026A.
Adam, Wallace B., 63132A.
Adamczyk, Edmund J., 56068A.
Adams, Ellis C. L., 59450A.

Ahart, Edward L., 63344A.
Ahearne, John F., 63228A.
Akers, Brian L., 63297A.
Alger, Harold C., 56383A.
Allison, Robert F., 56095A.
Anderson, Donald W., 56527A.
Anderson, Roger C., 56117A.
Armbruster, John A., 63226A.
Armistead, Samuel E., Jr., 56094A.
Armstrong, Arthur J., 63322A.
Arseneault, Gerard J., 62031A.
Austin, William J., 56066A.
Austin, William W., Jr., 56382A.
Avant, John P., 56215A.
Ayres, Donald L., 56150A.
Bahr, Donald P., 55756A.
Baird, James F., 59525A.
Barnett, Larry L., 63290A.
Beaty, Randall E., 56063A.
Beavers, Michael L., 56084A.
Beck, David H., 56332A.
Beerman, Raymond O., 63557A.
Bell, James M., 55752A.
Bellan, David F., 56090A.
Bergstad, Joe G., 63333A.
Bergstrom, Charles R., 3d, 63347A.
Black, Donald R., 56088A.
Boehm, John E., 56065A.
Boehm, Stanley P., 63339A.
Borkowski, William R., 59521A.
Bouska, Richard C., 59627A.
Boynton, Gerald D., 63102A.
Bracken, Edward R., 56069A.
Bridges, Edward S., 2d, 63182A.
Briesch, Earl W., 63191A.
Brooks, Kent, 63213A.
Brown, William R., 56108A.
Bruetsch, Walter E., 63239A.
Bryden, William D., Jr., 59571A.
Builta, James A., 56180A.
Bukovszky, Raymond A., 56082A.
Buran, Ronald D., 56304A.
Burchard, Donald C., 63145A.
Burke, James P., 63221A.
Burns, Richard S., 56144A.
Burt, James E., 56085A.
Butaud, Louis C., Jr., 56264A.
Campbell, James F., 63117A.
Carr, Houston H., 56212A.
Chambers, John E., 56218A.
Champagne, Kenneth F., 56269A.
Church, James W. B., Jr., 63230A.
Chynoweth, William M., 56364A.
Clark, Lawrence D., 56022A.
Clarke, Walter F., 63157A.
Cline, Lawrence A., 56089A.
Coblentz, Thomas H., Jr., 56101A.
Collins, Albert H., 56381A.
Colton, George M., 63294A.
Colwell, Gary A., 56300A.
Comeaux, David M., 56311A.
Conover, John A., 56099A.
Cooper, Charles W., 56337A.
Corbett, Lee T., Jr., 56079A.
Cornwell, Jefford R., 63298A.
Coston, Jack F., 56530A.
Cousar, Harold W., 56248A.
Craig, David C., 56513A.
Craig, Ronald W., 56267A.
Cronican, John G., 63241A.
Cronquist, Richard G., 63196A.
Culton, Robert E., 56072A.
Cunningham, Ralph L., 56288A.
Danekas, Gary N., 56363A.
Dauber, Carl W., 63303A.
Davenport, Ernest J., 63296A.
Davis, Richard F., 56106A.
Dawley, Donald L., 63318A.
Deeming, John E., 56253A.
Delaney, Robert S., 56302A.
Demarco, Joseph R., 56104A.
Denton, Harvey D., 59523A.
Dianich, David F., 63178A.
Dickinson, Dean C., 63149A.
Dipilla, Reginangelo A., 63121A.
Dow, Donald W., Jr., 63224A.
Doyle, David F., 56105A.
Driscoll, David L., 59573A.
Driskill, Joe W., 56520A.
Dubois, Joseph A., Jr., 56080A.
Dugan, James T., 56087A.
Duke, William G., 59518A.
Dytrt, William L., 56305A.
Easley, Michael W., 63440A.
Eastburn, Loren D., 56312A.
Eaton, Harold E., 59118A.
Edwards, Herbert H., 56098A.
Ellerman, Gaylord M., 56097A.
Ellis, Christopher F., 63352A.
Ellis, Ronald R., 56315A.
Engle, Donald S., 61692A.
Enomoto, Lawrence M. G., 55757A.
Erhart, Ronald G., 63315A.
Eskelin, Richard D., 56114A.
Evans, Charles D., 56362A.
Farrell, Joseph M., 56531A.
Farrington, John R., 56116A.
Farwell, David C., 56119A.
Fedder, Joel A., 56327A.
Feigert, Frank B., 56342A.
Fisher, Paul T., 56522A.
Fitzgibbon, James J., 56122A.
Fitzsimmons, Frederic S., 56534A.
Flood, Jerry D., 56366A.
Fogle, James M., 63161A.
Foster, Wallace K., 56341A.
Freer, Jerry H., 63125A.
Funkhouser, Robert E., Jr., 56348A.
Fyock, Milford D. V., 63288A.
Galias, Donald T., 63184A.
Gallinger, Robert J., 63249A.
Garrison, Harold T., 56262A.
Gazzola, Robert A., 56074A.
Gealta, Thomas S., 56239A.
Geesey, Roger A., 63199A.
Giddings, Glenn G., Jr., 59464A.
Giessman, John A., 61725A.
Gilbertson, Edward W., 56181A.
Gill, Ben T., Jr., 63332A.
Glenn, Robert D., 56071A.
Gnan, Johann K., Jr., 56241A.
Gobble, Robert D., 56135A.
Godsey, Neil W., 63331A.
Goetz, Michael B., 63329A.
Goetz, Robert C., 56369A.
Good, Ira D., 56346A.
Goode, John D., 56182A.
Gordon, Walter L., 56086A.
Graham, Bobby G., 56193A.
Grant, Richard C., 56268A.
Gravely, Elisha G., 56299A.
Green, Edward H., 56073A.
Green, Ronald R., 63246A.
Grubbs, Billie E., 56216A.
Haas, Harvey J., 59458A.
Hager, John A., 63257A.
Haines, Robert G., Jr., 56194A.
Haley, Robert L., 59529A.
Hall, Oscar W., 59452A.
Hamer, Howard A., 63300A.
Hancock, Charles C., Jr., 63122A.
Handley, Philip W., 59116A.
Hardy, Peter J., 56075A.
Hargrove, Floyd E., 56077A.
Hargrove, Jay P., 56365A.
Harlan, Billy C., 56502A.
Harpe, Winfield S., 56137A.
Harris, Emory F., 56256A.
Harris, Robert C., 56500A.
Harrod, James R., 56062A.
Hataway, James A., 59466A.
Haugeberg, Arnold W., 56179A.
Hawkins, Michael W., 59524A.
Hearn, Reginald A., 56536A.
Heaton, Wendell J., 56102A.
Heglie, Roger A., 59531A.
Henley, Jackson A., 56197A.
Henningsen, Richard M., 56301A.
Henry, Theron A., Jr., 62024A.
Hicke, Donald R., 56525A.
Higgins, J. Alan, 56007A.
Hilbing, Francis J., Jr., 56207A.
Hildner, Robert E., 56123A.
Hill, John R., 56139A.
Hill, William H., 59630A.
Himley, Richard O., 59520A.
Hinkle, Ronald L., 56349A.
Hinshaw, Carl S., 56213A.
Holt, Elmer E., 56504A.
Horner, Charles A., 63170A.
Horning, Richard M., 62027A.
Houde, Donald J., 56147A.
Huey, Frank M., 56120A.
Hugelman, Rodney D., 63200A.
Hughes, James E., 56339A.
Hunnicutt, John W., 56136A.
Irwin, Joseph R., 63101A.
Iwasko, Ronald A., 56347A.
Jackey, Phillip E., Jr., 56209A.
Jackson, Lee W., 63299A.
Jackson, Wingate A., 3d, 56380A.
Jacob, Corwin E., 59460A.
Jacobs, Gary L., 56033A.
James, John R., 63238A.
Janssens, Leo G., 63350A.
Javens, Jack R., 56127A.
Jean, James N., 62458A.
Jenkins, George T., Jr., 56303A.
Jensen, Richard L., 56295A.
Johannes, Philip H., 56130A.
Johnson, Allen L., 56372A.
Johnson, Laurence N., 56297A.
Johnson, Tony M., 56008A.
Jolly, Bobby G., 63144A.
Jones, Albert H., Jr., 56070A.
Jones, Walter H., 56306A.
Jones, William D., Jr., 56384A.
Kane, Jackie J., 63114A.
Keck, Nicholas A., 56356A.
Kennady, Richard M., 56067A.
Kepner, Harry M., 56103A.
Kerber, Dathan R., 56183A.
Kerby, Michael C., 56521A.
Key, James P., 56518A.
Kilroy, John D., 63109A.
King, Frederick M., 56128A.
Kinkead, William S., 56331A.
Klingbeil, Ronald L., 63295A.
Kuhar, Robert M., 63441A.
Lacosse, Donald E., 56083A.
Lair, Gary R., 59462A.
Lam, Carroll F., 56495A.
Lanahan, Robert J., 63165A.
Lawaetz, Hans, 56505A.
Laws, Louis W., 63236A.
Lebow, Fritz E., Jr., 59465A.
Lednicky, Edward F., 56025A.
Legare, Vincent P., 63233A.
Lehnhoff, Edward W., Jr., 63317A.
Leonard, Patrick R., 59457A.
Lesperance, Donald A., 56357A.
Levison, Robert L., Jr., 59512A.
Lindsay, Donald R., 56140A.
Little, Robert P., 56032A.
Loving, Errol K., 56263A.
Lueschow, Roger J., 62028A.
Luhrman, Charles R., 56516A.
Luke, David C., 56515A.
Lyons, Bernard G., 63309A.
MacDonald, Donald A., 56124A.
MacDougal, Harold I., 59103A.
Mackrill, Richard L., 56115A.
Macora, Stanley E., Jr., 56034A.
Maddocks, John A., 56149A.
Malone, Richard A., 56148A.
Mansfield, Don L., 56266A.
Marschalk, George F., 56134A.
Martin, Larue W., 59463A.
Martin, Norman C., 63247A.
Martin, Robert A., 56533A.
Masuga, Charles E., 56126A.
Matasick, Donald J., 56145A.
Matheis, Vernon H., 63211A.
Mathison, Richard A., 63134A.
Maurer, Richard J., 56131A.
Maxwell, Robert S., 63334A.
McBride, Jon R., 63277A.
McCall, Philip J., Jr., 63262A.
McCall, Thomas M., 56343A.
McCord, Saunders, 56307A.
McCorvey, William H., 56292A.
McCourt, Peter E., 59532A.
McDaniel, Dentis S., 63316A.
McDonald, Charles M., 56195A.
McDowell, Russell V., 56524A.
McKeon, Warren, 56121A.
McKiernan, John J., 56133A.
McKinley, Robert D., 63139A.
McKinney, John S., 56370A.
McKnight, George P., 63282A.
McLendon, Guyton S., Jr., 56096A.
McMullan, Charles D., 63099A.
McNeil, Robert S., 56296A.
McNeill, Ken B., 56257A.

McSherry, James C., 61687A.
Metsker, Robert C., 56494A.
Meurer, Frederick A., 59461A.
Meusel, William L., Jr., 56243A.
Meyer, Walter D., 56358A.
Middlemist, Louis S., Jr., 63212A.
Miller, John C., 63275A.
Miller, Paul M., Jr., 56373A.
Miller, Ralph B., 56132A.
Miller, Royal D., Jr., 56334A.
Miller, William J., Jr., 63141A.
Mitchell, Donald B., 56523A.
Mitchell, Fred C., 56340A.
Montecino, Allen J., Jr., 59119A.
Morgan, Richard H., 56118A.
Mulick, Richard F., 63276A.
Munson, John D., 61633A.
Murphy, Richard G., 56344A.
Murray, Guy E., Jr., 63271A.
Narog, Denney J., 56153A.
Nawrocki, Edmund A., 63253A.
Nelson, Elmer E., 63312A.
Nelson, Lowell P., 56154A.
Nelson, Michael A., 56151A.
Nethercot, Hubert S., 63280A.
Neveu, Florian R., 59526A.
Newell, Donald A., 56100A.
Newell, William M., 56035A.
Newman, Leon B., 56385A.
Newth, Robert C., 56023A.
Nielsen, Paul M., 56152A.
Noll, Kenneth E., 56330A.
Nordhauser, Fred, 63442A.
Norwood, William R., 56141A.
Ouren, Richard L., 56125A.
Paddon, Struan L., 59517A.
Parnell, James D., 62456A.
Parrish, Bishop P., 3d., 56138A.
Partin, James W., 56514A.
Peacock, James A., 56350A.
Pearce, Dennis A., 56146A.
Peebler, Richard D., 56155A.
Perkins, William F., 56309A.
Perkuchin, Dan N., 56247A.
Petersen, Dick J., 56290A.
Phillips, Bobby W., 56336A.
Phillips, George V., Jr., 56353A.
Pikell, Paul W., 63100A.
Powell, William E., 56519A.
Prestegard, Allen L., 56211A.
Prostko, Vincent A., 63208A.
Purrington, Linwood N., Jr., 56333A.
Quinby, Charles F., 63098A.
Rader, John R., 56143A.
Randolph, Ross W., 56142A.
Rask, Robert J., 56107A.
Read, Richard E., 59572A.
Reed, William C., 63204A.
Reginato, Dino D., 59104A.
Ricci, Alfred, 56289A.
Riddle, George M., 56499A.
Riggs, David A., 56076A.
Rindahl, Milton D., 55751A.
Risan, Thomas J., 63167A.
Risinger, Bruce D., 56313A.
Rivers, James W., Jr., 59459A.
Roach, Dwight E., 59114A.
Roach, James H., 63162A.
Roberson, Charles D., 56316A.
Robertson, William R., 56294A.
Rodean, Frederick R., 56261A.
Rodman, Stanley A., 56185A.
Rogers, Brown B., Jr., 56214A.
Rollins, Jimmy Y., 56252A.
Roselund, Gordon E., 63159A.
Ross, James C., 56506A.
Rossow, Carl J., 56217A.
Rostkowski, Alexander E., 63268A.
Rubel, Louis P., 56503A.
Rudy, Richard A., 56293A.
Rutten, Thomas W., 63346A.
Rutter, Joseph G., 63186A.
Sackschewsky, Virgil E., 63136A.
Sakella, John L., 56192A.
Sanders, Ernest L., Jr., 56368A.
Sargent, Jerry D., 56245A.
Sattler, Frank J., Jr., 56511A.
Schanz, Waldron A., 61960A.
Scheidt, William E., 56024A.
Schumacher, Eugene P., 56184A.
Schumacher, Frederick W., 63168A.
Selberg, Ronald L., 56535A.
Sellers, Kenneth, 56287A.
Schackleton, George, 56006A.
Shaffer, Lewis F., 55750A.
Shaper, James R., 63183A.
Shea, David J., 56379A.
Schuler, Ellie G., Jr., 56249A.
Sibbald, David M. H., 59578A.
Simmons, Warren L., 56498A.
Skucas, Donatas, 63107A.
Sloan, Peter L., 56351A.
Smalley, Vern G., 56345A.
Smith, Conrad E., 63343A.
Smith, Cromer W., Jr., 56081A.
Smith, Jerry B., 56250A.
Smith, Keith W., 63325A.
Smith, Walter E., 63142A.
Spielman, Robert W., 56285A.
Sprinkle, Howard B., 56529A.
Spurlock, Belford M., 55754A.
Starkey, Alden R., 56537A.
Steingrebe, Carl E., Jr., 59115A.
Stewart, Robert B., 56508A.
Stockett, Joe T., 55755A.
Stone, John T., Jr., 63105A.
Stoop, James K., 56286A.
Straight, Thomas E., 55758A.
Stroud, Donald E., 63314A.
Stuck, Monte L., 56078A.
Stueve, John B., 59453A.
Stutzman, Roger D., 63278A.
Sullivan, David J., 63341A.
Sullivan, Gerald J., 56238A.
Summers, Robert R., 56129A.
Suter, Richard M., 63274A.
Swofford, Frank W., 56009A.
Talbot, Richard J., 56265A.
Tarsoly, John B., 56338A.
Tate, Orlia A., Jr., 56298A.
Taylor, Bruce G., 59522A.
Termeer, John J., 63207A.
Tharp, Roland L., Jr., 63169A.
Thomas, Harry A., Jr., 55759A.
Thompson, Susan J., 59629W.
Tilley, Robert D., 56291A.
Traub, William H., 56242A.
Travis, Robert E., 56308A.
Trinchitella, Nicholas P., 56255A.
Troyer, Richard H., 56244A.
Trzaskoma, Richard J., 56509A.
Turner, Howard C., Jr., 56246A.
Tuttle, Thomas O., 63154A.
Ubelhor, Robert J., 63227A.
Unnerstall, Ronald W., 56258A.
Upton, Rodney A., 59449A.
Vajda, Frank S., 56259A.
Vankesteren, John A., 56092A.
Vaughan, John C., 3d, 56196A.
Veach, James P., 63177A.
Violett, Russell L., 63205A.
Voss, John H., 63181A.
Wade, Don R., 56109A.
Wade, James E., 63202A.
Wakefield, Kimball R., 56314A.
Walton, Morris D., 63195A.
Ward, Samuel M., 59530A.
Watkins, Devere M., 56254A.
Watkins, Losie V., Jr., 56335A.
Watts, James D., 63336A.
Waynik, Michael, Jr., 56510A.
Webb, Edward M., Jr., 56375A.
West, George W., 56328A.
West, John E., 63187A.
Wheelhouse, Jay L., 56526A.
White, Jerry E., 56354A.
Whiteside, Don M., 61862A.
Wiesner, John C., 63421A.
Wigton, Richard S., 63160A.
Wilcox, Bruce E., 59570A.
Williams, Edward R., 56367A.
Williams, Ray E., 56091A.
Williams, Warren R., 56064A.
Willingham, Larry D., 56492A.
Wilson, Norman D., 56538A.
Winton, Albert J., 56528A.
Wood, Lawrence M., 56093A.
Wood, William E., Jr., 56251A.
Woodring, Marvin J., 56493A.
Yager, Walter S., 63301A.
Young, Francis J., Jr., 63270A.

Medical Service Corps

Ayars, Richard W., 61201A.
Caldwell, Arthur P., 56222A.
Englekirk, Robert E., 56219A.
Gregory, Marvin G., Jr., 56221A.
Hendley, James W., 56226A.
Kern, John E., 56225A.
Laney, Sherrill G., 56220A.
Mabson, William E., 56329A.
Rowe, William B., 56326A.
Seese, Vernon L., 56224A.
Young, Robert M., 56223A.

Nurse Corps

Halley, Norma D., 63071W.

(NOTE.—Dates of rank of all officers nominated for promotion will be determined by the Secretary of the Air Force.)

HOUSE OF REPRESENTATIVES

TUESDAY, AUGUST 14, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

John 9: 4: *I must work the works of Him that sent me while it is day; the night cometh when no man can work.*

Almighty God, for insight and inspiration, for courage and consolation, we are turning unto Thee and beseeching Thee that in these perilous times the ageless and authentic spiritual foundations, which cannot be shaken, may be our shelter and strength.

Grant that we may cultivate and manifest the virtues of patience and perseverance when our minds and hearts are assailed by the storms of doubt and despair and might seems victorious over right and the arrogant forces of evil are seeking to impede the progress of the kingdom of peace.

May we daily dedicate our lives, which are so brief at their longest and so broken at their best, to the glorious task of hastening the dawning of that day when both friend and foe alike shall be drawn and held together by the bonds of that love which forgives and forgets.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

APPROPRIATIONS FOR CIVIL FUNCTIONS, DEPARTMENT OF DEFENSE, CERTAIN AGENCIES OF DEPARTMENT OF THE INTERIOR, AND OTHER AGENCIES

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on the bill making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and certain river basin commissions for the fiscal year ending June 30, 1963, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. JENSEN reserved all points of order on the bill.

ADDRESS OF THE PRESIDENT TO THE NATION ON THE NATION'S ECONOMY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that following the legislative business today, I may extend my remarks in the body of the RECORD and include the great, timely, and logical address of the President of the United States made to the American people last night.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

AMENDING TITLE 10, UNITED STATES CODE

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength, with amendments of the Senate thereto, and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: "That (a) section 4342 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"'(i) The Secretary of the Army shall, not later than November 30 of each year, compile a list of all nominees appointed to the Academy in such year, and shall provide the information contained therein to any Member of Congress upon request. Such list shall, in the case of each appointee, indicate (1) the domicile of such appointee at the time of his nomination, (2) the name and location of the high school (or equivalent) from which such appointee was graduated, (3) the date on which such appointee was graduated from high school (or equivalent), and (4) the name of the nominating authority responsible for the nomination of such appointee.'

"(b) Section 4343 of title 10, United States Code, is amended by striking out at the beginning of such section the word 'If' and inserting in lieu thereof '(a) If', and by adding a new subsection as follows:

"'(b) In addition to the appointments authorized under subsection (a) of this section, the Secretary of the Army shall determine during each academic year the number by which the number of cadets at the Academy immediately prior to the termination of the succeeding academic year will be below the authorized number. Within that determination, the Secretary may select for admission to the Academy qualified candidates only from those candidates described in clauses (1), (2), and (3) below who are recommended and found qualified by the Academic Board:

"'(1) Candidates who are first alternate nominees of the nominating authority specified in clauses (1) and (2) of section 4342 (a) of this title; except that in any case in which the first alternate nominee of any such nominating authority is not qualified for selection, the second alternate nominee of such nominating authority shall be eligible for selection, and in any such case in which the second alternate nominee of such nominating authority is not qualified for selection, the third alternate nominee of such nominating authority shall be eligible for selection.

"'(2) Candidates who are qualified nominees of the nominating authority specified in clauses (1) and (2) of section 4342(a) of this title and who were designated as congressional competitors; except that only one nominee of any such nominating authority, and only a nominee who is ranked by the Academic Board on the basis of merit next below a congressional competitor selected for admission to the Academy, shall be eligible for selection under this clause.

"'(3) Candidates who are qualified nominees under the provisions of clauses (3) through (8) of section 4342(a) of this title; but not more than 5 per centum of the total number of candidates selected by the Secretary under the provisions of this subsection in any year may be selected under authority of this clause.

Selections which the Secretary may make under the authority of clauses (1) and (2) of this subsection shall be made in accordance with the order of merit established by the Academic Board for all nominees referred to in such clauses (1) and (2), and selections which the Secretary may make under the authority of clause (3) of this subsection shall be made in accordance with the order of merit established by the Academic Board for nominees referred to in such clause (3). At no time may the number of cadets at the Academy appointed under this subsection exceed two hundred and fifty. An appointment under this subsection is an additional appointment and is not in place of an appointment otherwise authorized by law.'

"SEC. 2. Section 6954 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"'(d) The Secretary of the Navy shall, not later than November 30 of each year, compile a list of all nominees appointed to the Naval Academy in such year, and shall provide the information contained therein to any Member of Congress upon request. Such list shall, in the case of each appointee, indicate (1) the domicile of such appointee at the time of his nomination, (2) the name and location of the high school (or equivalent) from which such appointee was graduated, (3) the date on which such appointee was graduated from high school (or equivalent), and (4) the name of the nominating authority responsible for the nomination of such appointee.'

"SEC. 3. (a) Section 9342 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"'(i) The Secretary of the Air Force shall, not later than November 30 of each year, compile a list of all nominees appointed to the Academy in such year, and shall provide the information contained therein to any Member of Congress upon request. Such list shall, in the case of each appointee, indicate (1) the domicile of such appointee at the time of his nomination, (2) the name and location of the high school (or equivalent) from which such appointee was graduated, (3) the date on which such appointee was graduated from high school (or equivalent), and (4) the name of the nominating authority responsible for the nomination of such appointee.'

"(b) Section 9343 of title 10, United States Code, is amended by striking out at the beginning of such section the word 'If' and inserting in lieu thereof '(a) If', and by adding a new subsection as follows:

"'(b) In addition to the appointments authorized under subsection (a) of this section, the Secretary of the Air Force shall determine during each academic year the number by which the number of cadets at the Academy immediately prior to the termination of the succeeding academic year will be below the authorized number. Within that determination, the Secretary may select for admission to the Academy qualified candidates only from those candidates described in clauses (1), (2), and (3) below who are recommended and found qualified by the Faculty:

"'(1) Candidates who are first alternate nominees of the nominating authority specified in clauses (1) and (2) of section 9342(a) of this title, except that in any case in which the first alternate nominee of any such nominating authority is not qualified for selection, the second alternate nominee of such nominating authority shall be eligible for selection, and in any such case in which the second alternate nominee of such nominating authority is not qualified for selection, the third alternate nominee of such nominating authority shall be eligible for selection.

"'(2) Candidates who are qualified nominees of the nominating authority specified in clauses (1) and (2) of section 9342(a) of this title and who were designated as congressional competitors; except that only one nominee of any such nominating authority, and only a nominee who is ranked by the Faculty on the basis of merit next below a congressional competitor selected for admission to the Academy, shall be eligible for selection under this clause.

"'(3) Candidates who are qualified nominees under the provisions of clauses (3) through (8) of section 9342(a) of this title; but not more than 5 per centum of the total number of candidates selected by the Secretary under the provisions of this subsection in any year may be selected under authority of this clause.

Selections which the Secretary may make under the authority of clauses (1) and (2) of this subsection shall be made in accordance with the order of merit established by the Faculty for all nominees referred to in such clauses (1) and (2), and selections which the Secretary may make under the authority of clause (3) of this subsection shall be made in accordance with the order of merit established by the Faculty for nominees referred to in such clause (3). At no time may the number of cadets at the Academy appointed under this subsection exceed two hundred and fifty. An appointment under this subsection is an additional appointment and is not in place of an appointment otherwise authorized by law.'

"SEC. 4. (a) Paragraph (2) of section 4348, paragraph (2) of section 6959, and paragraph (2) of section 9348 of title 10 of the United States Code are each amended by striking out 'three' and inserting in lieu thereof 'five'.

"(b) The fourth sentence of section 182 of title 14 of the United States Code is amended by striking out 'four' and inserting in lieu thereof 'five'.

"(c) The amendments made by this section shall apply only with respect to cadets and midshipmen appointed to the service academies after the date of enactment of this Act, and shall not affect the obligated period of service of any cadet or midshipman appointed to one of the service academies on or before the date of enactment of this Act."

Amend the title so as to read: "An Act to amend title 10, United States Code, authorizing the appointment of additional qualified alternate and competitive nominees to the United States Military Academy and the United States Air Force Academy".

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. STRATTON. Mr. Speaker, reserving the right to object, I regret that as a member of the committee and as a member of the subcommittee headed by the distinguished gentleman from South Carolina I feel obliged to raise an objection to this request, but a serious question has come to the attention of the Congress with regard to the procedure followed in appointments to West Point which has been discussed at some length in the other body, and which I also brought to the attention of the House some 2 weeks ago involving an athletic professionalism which is currently running rampant in regard to appointments to our service academies. I believe the House should have a right to discuss this serious matter and to examine the Army's position on it before we proceed to enact this new legislation which gives to the Army wide additional authority in making appointments to West Point.

After bringing this matter to the attention of the House some weeks ago, Mr. Speaker, I submitted to the Secretary of Defense a detailed affidavit which had been submitted to me by a constituent of mine. As of today, Mr. Speaker, I have still not received an adequate answer from either the Secretary of Defense or the Secretary of the Army. I believe this matter is of such importance that until the Army at least indicates enough interest in the matter to give me the courtesy of a serious reply and to indicate to me in some detail what administrative steps they claim are being taken to eliminate any future trafficking in West Point appointments in violation of law, then I shall be constrained to object to the unanimous-consent request, and I do so object, Mr. Speaker.

The SPEAKER. Does the gentleman reserve the right to object and yield to the gentleman from South Carolina?

Mr. STRATTON. Under a continuing reservation of objection, I yield to the gentleman.

Mr. RIVERS of South Carolina. If the gentleman wants information I will be glad to give it to him.

Mr. STRATTON. Mr. Speaker, it is not a question alone of information; I have taken the matter up, as I have said, with the Department of Defense and neither the Department of the Army nor the Department of Defense has given me the courtesy of a reply to the detailed questions which I asked. I feel that this is a serious enough matter, Mr. Speaker, to warrant a full and conscientious reply. It goes to the very integrity of the Military Academy at West Point and I cannot allow this bill, especially in the light of the discussion which took place in the other body, and the information I placed in the Record to be adopted without some discussion of this matter in the House of Representatives.

Mr. RIVERS of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from South Carolina.

Mr. RIVERS of South Carolina. Mr. Speaker, if the gentleman seeks information, the discussion in the other body amply provides it. I do not know anything about the correspondence.

I do not condone the ignoring of correspondence by any department from any Member of Congress, but the other body has directed the Secretary to disclose the information the gentleman seeks not later than November 30 in each year. Such language is contained in the act.

We have an instance in South Carolina that has caused us a lot of dissatisfaction involving two young men, one from my own alma mater and one from Clemson.

This act amply corrects the situation.

Mr. Speaker, if the gentleman does not want to let the amendments be acted on in this way we can go to conference on the subject.

Mrs. ST. GEORGE. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I yield to the gentlewoman from New York.

Mrs. ST. GEORGE. The gentleman said he had not received a suitable reply. Did the gentleman receive any reply?

Mr. STRATTON. I did receive a reply from the Deputy Secretary of Defense, I may say to my colleague, the gentlewoman from New York, which was completely unsatisfactory, however, and which failed to answer the questions which I had raised based on sworn affidavits which had been included in the Congressional Record. In fact, Mr. Gilpatric told me over the phone that he regretted the offhand letter he had sent to me in reply. He said he realized it was a brushoff, and that it was not really responsive to the serious questions that I had raised. Some 10 days ago he even offered to have the Secretary of the Army tell me in detail what the Army was actually doing to prevent this kind of thing happening in the future. To date I have heard absolutely nothing from the Secretary of the Army or from Secretary Gilpatric.

Mrs. ST. GEORGE. Mr. Speaker, might I say to my colleague from New York I am sure he realizes that the high command at West Point are completely cognizant of this most unfortunate incident. I am myself. I have the greatest sympathy for the gentleman from New York, but this happened merely through the fallibility of one individual who was a coach up there.

I have had some experience myself. I may say that I think the gentleman did us all a service in calling the matter to our attention, and also he may be reasonably assured, as far as I can assure him of anything, that steps will be taken so that this cannot happen again. I hope the gentleman will not for the reasons he gave object to the whole bill which, after all, is a matter of considerable importance.

Mr. STRATTON. May I say to the gentlewoman from New York that under the rules of the House there is no other way in which a Member of this House who feels most strongly on a matter that he believes goes to the very integrity of our military academies and to the uses to which some $11,000 of taxpayers' money are being spent for each and every cadet in our service academies can get time to discuss the matter on this floor except by refusing to pass this bill in final form by unanimous consent, as I have refused.

Oh, I have had the same kind of verbal assurances that the gentlewoman refers to given to me by the Deputy Secretary of Defense. I say that without details these assurances are meaningless. I have even read the bland press accounts handed out by the Military Academy on this particular De Luca case, where they deplore the incident and blame it all on one overenthusiastic coach. This, in my judgment, is complete nonsense. We know this kind of thing goes on as a regular process. But so far as I know the case I have brought to the attention of the House is the first time a sworn affidavit has been given to a Member of Congress, describing just how this so-called system works. Here you have an athletic coach actually promising a boy that he would get him an appointment to the Academy from a Member from another State, which is in direct violation of the provisions of title 10, United States Code; and he did in fact get the appointment for him without the boy ever even applying for this appointment. Yet the Defense Department and the Department of the Army, since I disclosed these startling facts, have come up with absolutely nothing to assure me they are even aware of the seriousness of this case, or that they are ever aware of the complete impropriety of spending the taxpayers' money to train professional football and basketball players at West Point and our other service academies instead of career officers for our Army and Navy and Air Force.

Mr. Speaker, there is no other way I know of to underline the seriousness with which I regard this matter than to refuse unanimous consent, and I believe that Members of the House might be interested in the meantime in examining the debate that took place in the other body on last Thursday, when H.R. 7913 was debated there at some length, and when the matters I have referred to were discussed in great detail.

Mr. Speaker, I shall, therefore, have to insist on my objection. I hope that perhaps we will then have an opportunity, when the conference report comes back before the House, to discuss this matter more fully and to find out then what the Army really intends to do about protecting the proper and legitimate educational purposes for which our three great service academies were established and for which the taxpayers' money is being annually spent to give hundreds of young men a free college education.

Mr. Speaker, in reference to the specific request of the gentlewoman from New York [Mrs. St. George], I include herewith in the Record the specific exchange of correspondence on this important subject with Secretary of Defense McNamara and Deputy Defense Secretary Gilpatric.

I might add that the affidavits referred to in my original letter of July 11 are not included here because they already appear with my original remarks in the Congressional Record for July 11, on page 13169–13171.

The letters follow:

July 11, 1962.

Hon. Robert S. McNamara,
Secretary of Defense,
Washington, D.C.

Dear Mr. Secretary: As you must be aware, there has already been some discussion on Capitol Hill recently of certain practices followed by our three service academies in recruiting athletic personnel. The general impression is that in the case of recruiting midshipmen and cadets with special athletic abilities the procedures that are followed are quite different from those which are established by law and by regulation and which are followed in the case of most congressional appointees.

Within the past few days there has come to my attention the details of one of these cases, which involved a resident of my congressional district and concerns the Military Academy at West Point. It discloses a situation that, in my judgment, is so irregular, so scandalous, and so corruptive of the principles the three service academies ought to stand for that I believe it demands your complete and immediate attention.

The details of this case are disclosed in the sworn affidavits filed by the individual in question and his father, copies of which I attach. You may also be interested to know that I discussed this case in the House of Representatives on Wednesday, July 11, and a full transcript of my remarks is contained in the Congressional Record for that date.

Let me simply make some additional comments based on the facts as set forth in the affidavits.

First of all, all of my own appointments are made by the competitive method with individuals being selected on the basis of their results in the examination administered by the Civil Service Commission without regard either to their athletic ability or to their political affiliation. In order to qualify for these examinations, I generally have from 70 to 80 boys in my district who begin the competitive process more than a year before they expect to enter the Academy. Robert DeLuca never applied to me for a congressional appointment, and I judge from his statement on the affidavit that he was not really interested in a service career. Coach Hunter entered my congressional district and negotiated with Mr. DeLuca for a congressional appointment without ever informing me, although I am a member of the Armed Services Committee. This, in my judgment, is totally improper, totally unjustified, and ought never to have been permitted.

When Coach Hunter first approached Mr. DeLuca to offer him an appointment to West Point, in March of 1962, the final date for making congressional nominations, except for persons already fully qualified for appointment, was 2 months past. The final date was January 18, 1962. Obviously Mr. DeLuca was not fully qualified since even Coach Hunter recognized that he would have to increase his grade on his college boards. So, already Coach Hunter is proposing something in the case of this young man that is contrary to the regulations which apply publicly and generally to all Members of Congress.

Coach Hunter undertook to obtain a congressional appointment for Mr. DeLuca without any action being required by the young man himself, including any application being made. According to the affidavit he advised him "that this appointment would probably be from another State and a second or third alternate," and further told him "not to worry about this, it was standard procedure." What Coach Hunter undertook to do, as I am sure you must be aware, in direct violation of the provisions of subsection (c) of section 4342, title 10, United States Code.

I want to emphasize my impression that throughout this affair Mr. DeLuca and his family acted in complete good faith. This fact is attested to by the publication of a story in the May 15 issue of the Schenectady Union Star which reads as follows: "The U.S. Military Academy today awarded Linton High Sharpshooter Bob DeLuca an alternate appointment enabling the 17-year-old, 6 foot 1 inch, 180-pound senior to join the incoming class at West Point July 2.

"Sought by a dozen or so colleges, DeLuca already has passed all physical examinations and needs only a 'satisfactory' score on the West Point achievement exams to make the appointment 'official.' "

Anyone familiar with the rules and regulations and appointing procedures to the Academy could see on the face of the story that it was inaccurate, since obviously no one could guarantee that an alternate appointment would enable any individual to become a member of the incoming class. The announcement of the alternate appointment, as the records of the Department will show, was dated April 15, nearly 3 months after the legal closing date for congressional appointments. The information in the published newspaper story that Mr. DeLuca needed only to improve his score on the West Point examinations is obviously something that would not have been made public by someone who knew that the closing date for college board examinations for boys entering the Academy was March 3, 1962.

Mr. DeLuca's notification of appointment requested that he report to the Academy for college board testing on June 11, 12, and 13, although again the final college board date was on March 3 and the authority for this special action taken by the Academy is obscure.

The firmness of the promise made to DeLuca by Coach Hunter is underlined by the assertion that once the alternate appointment had been made he instructed DeLuca to advise the other colleges to which he had been considering making final application that he would be attending West Point, and therefore, of course, Coach Hunter advised Mr. DeLuca to cut off his chances for starting a college education this year in the event anything happened to his West Point entree. This possibility doubtless seemed remote to DeLuca anyway, since Coach Hunter is quoted as saying that "he was sure that I would receive the necessary score on the college boards." I am sure that you can understand the most improper and unadvisable implication that this remark contains.

Just as the coach had predicted, however, Mr. DeLuca did pass his examination, and on June 28 he received formal notification from the Academy, dated June 21, that he had passed but there was no vacancy. It is interesting to see that on the basis of the story which the coach sold to young DeLuca, he found discouraging news to be encouraging, because he had been told that this paradoxical behavior was "standard procedure" and that "everything would be all right."

Nowhere in the account of the dealings with Coach Hunter is there ever any indication that he described to the young man frankly and honestly what the rules, regulations, and laws were governing appointment to the U.S. Military Academy.

I assume that the comment to which Mr. Valentine J. DeLuca, the boy's father, has sworn in his affidavit that the reason for withholding the appointment 3 days prior to the boy's leaving for West Point "was due to the pressure from the Southern States on the Academy pertaining to athletes," refers to earlier charges with regard to athletic professionalism in our service academies that had been made on the floor of the Senate by several U.S. Senators, including Senator Long of Louisiana.

At any rate, Mr. Secretary, this sorry mess is what we are told is "standard procedure at West Point."

What possible business, Mr. Secretary, do coaches have trafficking in congressional appointments anyway?

How can we ever expect to inspire confidence in the young men who apply through regular channels for Academy appointments when they learn that this kind of thing goes on as "standard procedure?"

How does West Point really expect to enforce its much-vaunted code of honor when the procedure by which some of its own cadets are encouraged to enter the Academy is based on impropriety and illegality?

How can we hope to recruit cadets with a sense of service motivation when many know that their major qualification for entrance to the Academy has been some special athletic ability?

This whole business, Mr. Secretary, amounts to nothing less than trifling with the lives and the futures of young men—trifling in the interest of an athletic professionalism that should have no proper place in any of our service academies. It is a dirty business and the U.S. Government ought to have no part of it.

I therefore demand, Mr. Secretary, that this young man, whose future has thus been trifled with by an agent of the U.S. Army, be given an appointment to West Point so as to keep the Army honest, and to make good on the promise made by the Army's own agent. You must remember that it was at the urging of the Army's agent that Mr. DeLuca cut off all of his other opportunities for a college education this year. Once the Army or any other service is allowed to get into the dirty business of rigging appointments to the service academies and makes improper and unfounded promises to individual young men and their families, then it seems to me that the Army has a solemn obligation to see this thing through and to do what can be done not only to be fair to one boy and his family, but also for the good of the whole Army itself. Once this is done, Mr. Secretary, I then insist that you move to put an end once and for all to this rampant athletic professionalism that has gone so far already as to threaten to make a complete mockery of the whole service academy appointment procedure.

I am also requesting Chairman Vinson of the House Armed Services Committee to undertake a full-scale committee investigation of Academy appointing procedures in the light of the DeLuca case.

I shall wait to hear from you both with regard to the action that you have taken to assure that justice is done to Robert DeLuca and to his family, and also with regard to the action that you have taken to put an end to the improper practices and procedures that created this unfortunate case in the first place.

Sincerely yours,

Samuel S. Stratton.

The Deputy Secretary of Defense,
Washington, D.C., July 20, 1962.

Hon. Samuel S. Stratton,
House of Representatives.

Dear Mr. Stratton: This is in response to your letter of July 11, 1962, to the Secretary of Defense, concerning Robert L. DeLuca's candidacy for admission to the U.S. Military Academy.

The Secretary of the Army has looked into this matter and has confirmed that there were improprieties in the handling of Mr. DeLuca's candidacy. Mr. DeLuca was improperly advised concerning his opportunities for admission. His adviser, Mr. George Hunter, the basketball coach at West Point, made an unwarranted and erroneous assumption that Mr. DeLuca's entire record was such that he would be selected by the Academic Board for admission as a qualified alternate nominee under the provisions of section 4343, title 10, United States Code. The Academic Board did find him qualified, but his qualifications were not sufficiently high to warrant his selection in this highly competitive evaluation.

The origin of Mr. DeLuca's candidacy lies in the wholly desirable program, conducted by numerous organizations and individuals interested in the welfare of the Army and the Military Academy, to contact capable young men who may be interested in a service career. Throughout the secondary school system of the Nation the program is oriented toward those who give evidence of outstanding scholarship or of leadership in school activities or athletics. Interested students are provided information concerning admission, and may be advised concerning sources of nomination available to them. This program of information, advice, and assistance has done much to enable the services to acquire talented young men with leadership potential. In the case of Mr. DeLuca, the program miscarried because of improper advice given to him by a participant in this program.

The Department of Defense and the Department of the Army keenly regret the improper and erroneous advice given Mr. DeLuca and his resultant disappointment at not being admitted to the Academy. However, as you have pointed out, the law specifies those who have authority in the admission of cadets to the Academies, and no other person may or should give any young man assurance of appointment. In spite of the reported assurance received by Mr. DeLuca, he was not admitted because the limited number of vacancies for which he was competing were exhausted before his qualification level had been reached. Accordingly, although sympathetic to Mr. DeLuca, the Departments are unable to authorize or direct his admission to the Military Academy. Aside from the unfortunate instance of inaccurate counseling, Mr. DeLuca received the same consideration in his efforts to gain admission as did all other candidates.

Your letter expressed concern over the propriety of Mr. DeLuca being examined in June instead of in March. June examinations have been held at West Point for many years to permit the testing of those candidates who are nominated after the closing date for the March examinations or who were unable to take the March examinations. The June examination is fully publicized in the West Point catalog and is specifically provided for in the regulations for the U.S. Military Academy. Be assured that it is conducted under the same conditions as the March examination, with the academic portion graded by the college entrance examination board, exactly as is done for the March examination.

Unquestionably, athletic professionalism has no place at a service academy. At West Point, a student must first be a cadet and he may then be an athlete. Specifically, the cadet athlete's duties and responsibilities are the same as those of other cadets—the same military training program, the same academic curriculum, the same pay, allowances, and expenses, and the same postgraduate service obligation. You will be interested, I know, in the judgment made by the Middle States Association of Colleges and Secondary Schools, after its most recent inspection at West Point, concerning the intercollegiate athletic program at the Academy. Typical extracts of this report are:

"The demands of the 4-year program are so rigorous that there is little appeal to the professional type college athlete."

"An athlete is first of all a cadet."

"Eligibility is determined weekly, and cadets on athletic teams are immediately removed from athletic squads when their academic records show impairment."

The judgments of the highly qualified individuals who prepared this report confirm the views of the Department of Defense that the handling of athletes and athletics at West Point is accomplished in a most satisfactory manner. Accordingly, it is not planned to initiate any investigation of this subject at the service academies.

To preclude the recurrence of an error such as that in the case of Mr. DeLuca, the Superintendent of the Military Academy has taken action, both with respect to Mr. Hunter and for the purpose of reaffirming the policies concerning the advice and assistance which may be given by representatives of the Academy to candidates. In addition to these immediate corrective measures, the Department of the Army, along with other services, is preparing a legislative proposal to provide for additional opportunities for young men to enter the service academies. For many years, the number of Regular Army officers trained at West Point has been far below that considered necessary to provide the optimum balance of the Army. Concurrently, each year the number of young men who are notified, as was Robert DeLuca, that they are qualified for admission but have no vacancy, is approximately equal to the number of candidates who are admitted. Implementation of a plan such as that now under preparation by the Military Departments would do much to alleviate this condition.

Your interest in the Military Academy is appreciated, and I hope that this information will be of assistance to you.

Sincerely yours,

ROSWELL L. GILPATRIC.

AUGUST 14, 1962.

Hon. ROSWELL GILPATRIC,
Deputy Secretary of Defense,
Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: Some 2 weeks ago I had occasion to discuss with you over the phone the contents of your letter to me dated July 20, regarding the case of Robert L. DeLuca, of Schenectady, about which I had previously written to Secretary McNamara.

You acknowledged to me at the time that the bland and casual nature of your reply was not in any real sense responsive to the serious information that I had submitted to Secretary McNamara, particularly in the attached affidavits.

Your reply, for example, said nothing about how a coach was in a position to obtain an official congressional appointment to the Academy. Surely this could not have been merely the result of an "impropriety" on the part of the coach; it could not possibly have been accomplished without the approval and cognizance of the authorities themselves.

You said nothing about how the Academy could have sanctioned an appointment going to a lad who did not even live in the congressional district of the appointing authority in violation of the provisions of section 4343, title 10, U.S.C.

You did not say how the Academy could tender this appointment 2 months after the closing date for congressional appointments.

Clearly, this case could not have proceeded as far as it did without far more being involved than purely the "impropriety" or the "undue enthusiasm" of a single "misguided" coach. The case I have presented to you could not have occurred without the full knowledge and connivance of the authorities in West Point and in the West Point section of the Pentagon. Yet your letter says nothing whatsoever about this.

Nor does it tell me anything about the procedures that are being followed by the Army to see that this kind of occurrence cannot happen again. I am sure that you must realize that as a member of the Armed Services Committee of the House of Representatives I would need something more to assure me that this situation has been eliminated than merely the bland statement that "the Superintendent of the Military Academy has taken action."

You told me in your telephone conversation that you recognized that your letter was inadequate and that it should have been revised or should not have been sent. You also assured me that the new Secretary of the Army, Mr. Vance, would be in touch with me to outline in detail what action the Department of the Army intended to take with regard to this case. Yet as of today I still have received no further letter from you, nor have I received any communication whatsoever from anyone connected with the Department of the Army.

As a Member of Congress and as a member of the Armed Services Committee of the House, I believe that I am entitled to a frank and full and responsive reply on this matter and I hereby urgently request that you provide it to me without further delay.

Very truly yours,

SAMUEL S. STRATTON.

The SPEAKER. The gentleman from New York [Mr. STRATTON] objects.

AMENDING TITLE 10, UNITED STATES CODE

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the United States Military Academy and the United States Air Force Academy up to full strength, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. VINSON, RIVERS of South Carolina, and ARENDS.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ROGERS of Texas. Mr. Speaker, I ask unanimous consent that during general debate today the Committee on Interior and Insular Affairs be permitted to sit.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE PRESIDENT'S TAX POLICY

Mr. PELLY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. PELLY. Mr. Speaker, the American people will applaud the decision of President Kennedy given over television and radio last evening against an immediate tax cut. It was reassuring that the President ignored his Keynesian liberal advisers who have been clamoring for a "quickie" stimulant to the economy. Properly, the President found no immediate crisis. On the contrary, in line with the thinking of our colleague, the House chairman of the Ways and

Means Committee, the gentleman from Arkansas [Mr. Mills], he recommended action in January after a careful study of the overall tax burden and its depressing effect on the economy.

The President spoke of full employment and stepped-up productivity as a means of bringing about a balanced budget. Indeed, I agree a tax cut could raise the actual revenue of the Government. That has been the experience in the past, but I would have hoped he would have stressed more the need to reduce unnecessary Government spending. He mentioned Secretary McNamara's proposed $3 billion saving in defense, but why not call for a stop to the waste and inefficiency in the administration of our foreign-aid program and reduction in Federal bureaucracy on the domestic front?

Much of what the President said will serve to create confidence. It will offset somewhat his Yale University speech about economic myths. However, let us hope the President's ADA Fabian advisers do not get his ear too soon or no one will find assurance when he speaks calmly and persuasively as he did last night.

THE PRESIDENT'S SPEECH ON THE TAX REDUCTION QUESTION

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I have asked for a special order of 1 hour this afternoon which I shall take to discuss the President's political address last night, which I was happy to see the majority leader has put in the Record.

Mr. Speaker, I think it is a strange thing that Congress has to get its information on what the Executive ideas are in this fashion, instead of through a message to Congress.

Mr. Speaker, the essence of my remarks is going to be devoted to the President's speech, which was not an economic presentation and, as I pointed out in a press release of my own, contained very dubious economic figures taken out of context.

OUTLAW POLITICAL EXTORTION OF FEDERAL EMPLOYEES

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, the gentleman from Michigan, Congressman August Johansen, a member of the Post Office and Civil Service Committee, and I have today introduced legislation making it a criminal offense to threaten Federal employees with the loss of their jobs in the event they do not contribute to a political party.

This legislation is made necessary by the refusal of the Justice Department to use laws now on the books to prosecute party fund solicitors who coerce Federal employees into party contributions under threat of being fired.

I was recently unable to get any action by the Justice Department in such a case involving alleged threats of a Democratic fund solicitor against postal employees in my district. By a strange interpretation of the law, the Department maintains that it is legal for anyone, who is not a Federal employee, to threaten Federal employees with job loss as a means of coercing contributions to the party in power.

It is regrettable that Congress is forced to restate a law which clearly prohibits such pernicious activity. It is regrettable that Federal employees will be without the protection of the law until Congress is able to act. It is regrettable that the civil rights of those employees can still be violated with impunity.

I urge prompt passage of the bill. It reads as follows:

> Whoever, directly or indirectly, deprives, attempts to deprive, or threatens to deprive any person of any employment, position, work, compensation or other benefit provided for or made possible by any Act of Congress, in an effort to force participation in any political activity, or support or opposition to any candidate or political party, or financial contributions to any candidate or political party, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

FREE IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS BROUGHT INTO THE UNITED STATES UNDER GOVERNMENT ORDERS

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12180) to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs. Mills, King of California, O'Brien of Illinois, Byrnes of Wisconsin, and Baker.

TRANSFERRING CASEIN OR LACTARENE TO THE FREE LIST OF THE TARIFF ACT OF 1930

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10928) to transfer casein or lactarene to the free list of the Tariff Act of 1930, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

> Page 1, line 10, strike out "1827" and insert: "1828".

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, as Members of the House will recall, the purpose of H.R. 10928 as passed by the House is to transfer casein or lactarene to the free list of the Tariff Act of 1930.

The amendment of the other body is purely technical in nature. As passed by the House, the bill would have established paragraph 1827 of the Tariff Act and listed casein under that paragraph. However, since the bill was introduced a new tariff paragraph 1827 has been established for other commodities placed on the free list. The next consecutive paragraph would be 1828, and the bill was amended in the other body to change the tariff paragraph number from 1827 to 1828.

SUSPENSION OF DUTIES ON CERTAIN CLASSIFICATIONS OF SPUN SILK YARN

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10852) to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

> After line 11, insert:
>
> "Sec. 2. The Secretary of the Treasury is authorized and directed to admit free of duty one towing carriage and appurtenances (whether arriving in one shipment or in separate shipments) imported for the use of the Virginia Polytechnic Institute."
>
> Amend the title so as to read: "An Act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, and to provide for the free entry of a towing carriage for the use of the Virginia Polytechnic Institute."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Reserving the right to object, Mr. Speaker, what is here proposed to be done?

Mr. MILLS. Mr. Speaker, as Members of the House will recall, H.R. 10852 as passed by the House would continue for 3 years, until the close of November 7, 1965, the existing suspension of duties on certain classifications of spun silk yarn.

As passed by the other body, a provision has been added to the House bill directing the Secretary of the Treasury to admit free of duty one towing carriage and appurtenances imported for the use of the Virginia Polytechnic Institute. This type equipment is not made in the United States. In reporting favorably on this amendment, the Finance Committee stated that the hydraulic laboratory of the Virginia Polytechnic Institute, which will use the towing carriage, will "serve to modernize and enhance the research facilities of the school and the knowledge and experience derived from its use will benefit the boatbuilders, shipping interests, and the Armed Forces of the whole country."

Mr. GROSS. What might a towing carriage be, and do we not produce towing carriages in this country?

Mr. MILLS. They want to use it in some experiments at Virginia Polytechnic Institute. This has to do entirely with research.

Mr. GROSS. This cannot be produced in this country, or is not produced here?

Mr. MILLS. That is my understanding, yes.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

IMPORTATION OF CERTAIN ARTICLES FOR RELIGIOUS PURPOSES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4449) to amend paragraph 1774 of the Tariff Act of 1930 with respect to the importation of certain articles for religious purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 10, after "granite" where it appears the first time insert "or marble".

Page 1, line 10, after "granite" where it appears the second time insert "or marble".

Page 2, line 1, after "granite" insert "or marble".

Page 2, after line 12, insert:

Sec. 3. (a) The Secretary of the Treasury is hereby directed to admit free of duty any silver cross made in England and donated to the Christ Episcopal Church, of Cincinnati, Ohio, which may have been imported before the date of enactment of this Act.

"(b) If the liquidation of the entry, or withdrawal from warehouse, for consumption of any article subject to the provisions of subsection (a) has become final, such entry or withdrawal may be reliquidated and the appropriate refund of duty may be made."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, reserving the right to object, are we now importing marble along with glass?

Mr. MILLS. The gentleman from Iowa will remember that the House earlier passed this bill which would provide duty-free importation of certain articles for religious purposes that normally would be subject to duty. In particular, iconostases and certain appurtenances of altars in churches were added to the list to which duty-free treatment was provided. There was some question about whether or not the House bill, in amending this provision of the Tariff Act, had excepted marble markers and headstones as well as granite markers and headstones. The first amendment adopted in the other body dealt with this subject matter, making it clear that marble markers and headstones are excepted.

Mr. GROSS. I just wanted to be sure that we were not importing a lot of foreign marble for the new, new, new House Office Building.

Mr. MILLS. No, that was not intended initially, and is not involved in the bill.

Mr. GROSS. Do you know whether foreign workers have been imported for the marble work on the east front of the Capitol or on the House Office Building since we are discussing the subject of imports?

Mr. MILLS. I am sure that is not the case although I do not know of my own personal knowledge.

Mr. GROSS. I thank the gentleman.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. Byrnes] and I may be permitted to extend our remarks in further explanation of these amendments.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas [Mr. Mills]?

Mr. BAILEY. Mr. Speaker, further reserving the right to object, I do so for the purpose of asking a question of the gentleman from Arkansas. Is it the purpose of this to remove the tariff or import duties on stained glass?

Mr. MILLS. That is involved to some extent in another bill that I had intended to call up and ask unanimous consent to agree to the Senate amendment. You will recall that the House passed H.R. 7431 providing for the free importation of certain stained glass windows for use in St. Joseph's Cathedral in Hartford, Conn. An amendment was added in the Senate to the bill. The gentleman from California [Mr. Hiestand] advised us earlier that, if we endeavored to agree to the Senate amendment by unanimous consent, that he would have to object. Therefore, it is not being called up today.

Mr. BAILEY. Mr. Speaker, I withdraw my reservation of objection.

Mr. MILLS. Mr. Speaker, as Members of the House will recall, as passed by the House H.R. 4449 added certain altar appurtenances and iconostases to the list of articles for religious purposes for which duty-free importation is provided in paragraph 1774 of the Tariff Act of 1930, as amended, and also extended the application of the duty-free treatment to such articles under this paragraph when imported in good faith for the use of any corporation or association organized and operated for religious purposes, including cemeteries, schools, hospitals, orphanages, and similar nonprofit activities staffed and controlled by such corporations or associations.

There are two principal amendments to the House bill as passed by the other body, the first being of a somewhat technical nature, amending the provision of the House bill which excepted granite markers and headstones from application of its provisions by adding marble markers and headstones to the exception.

The second amendment provides for the free importation of a silver cross donated to the Christ Episcopal Church, of Cincinnati, Ohio.

The amendments of the other body are consistent with the basic policy underlying H.R. 4449 as passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas [Mr. Mills].

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE

The SPEAKER. Pursuant to the provisions of section 1, Public Law 689, 84th Congress, the Chair appoints as members of the U.S. group of the North Atlantic Treaty Parliamentary Conference the following members on the part of the House: Mr. Hays, chairman; Mr. Thornberry, Mr. Anfuso, Mr. Rodino, Mr. Denton, Mr. Arends, Mr. Westland, Mr. Devine, and Mr. Lindsay.

SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES

The SPEAKER. Pursuant to the provisions of House Resolution 753, 87th Congress, the Chair appoints as members of the Special Committee to Investigate campaign expenditures the following Members of the House: Mr. Davis of Tennessee, chairman; Mr. Jones of Alabama, Mr. O'Brien of New York, Mr. Cramer, and Mr. Devine.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I understand that the bill to be called up next deals with about $1,300 million. Therefore, Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 195]

Andersen, Minn.
Arends
Baker
Baring
Bass, N.H.
Becker
Blitch
Bolling
Boykin
Bromwell
Celler
Chelf
Clancy
Cook
Cunningham
Curtis, Mass.
Davis, Tenn.
Dent
Diggs
Dooley
Durno
Farbstein
Frazier
Garland
Gavin
Granahan
Grant
Griffin
Hansen
Harding
Hardy
Harrison, Va.
Harsha
Hébert
Hoeven
Hoffman, Mich.
Jennings
Kearns
Kilburn
King, Utah
Kowalski
Lane
Lesinski
McIntire

McSween
McVey
Martin, Nebr.
Mason
Merrow
Miller, N.Y.
Monagan
Moore
Moorehead, Ohio
Moulder
Pilcher
Pillion
Poage
Powell
Rhodes, Pa.
Riley
Rooney
Saund
Scranton
Seely-Brown
Smith, Iowa
Smith, Miss.
Spence
Taber
Teague, Tex.
Thompson, La.
Thompson, N.J.
Wilson, Calif.
Zelenko

The SPEAKER. On this rollcall 362 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TRANSFERRING MOTIONS TO SUSPEND THE RULES FROM MONDAY, AUGUST 20, TO MONDAY, AUGUST 27, 1962

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that motions to suspend the rules under rule XXVII, in order on Monday, August 20, be transferred to Monday, August 27, 1962.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. HALLECK. Reserving the right to object, Mr. Speaker, and I shall not object, I have made this reservation only for the purpose of saying that this matter has been discussed with me by the Speaker and the majority leader. There is no question but that it will expedite the work of the House, and I am sure we are all interested in that.

There was some question raised as to the situation in respect to primaries. There is a primary in Wyoming, on August 21, which might interfere with votes if this request were not granted. There are no primaries, as I understand, the week of the 27th, so that if the suspensions are in order on August 27, we can go ahead and have the votes on that day.

I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

MILITARY CONSTRUCTION APPROPRIATION BILL, 1963

Mr. SHEPPARD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate on this bill be limited to 1 hour and 30 minutes, one-half to be controlled by the gentleman from North Carolina [Mr. JONAS], and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from California.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 12870, with Mr. BASS of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SHEPPARD. Mr. Chairman, I yield myself such time as may be necessary.

Mr. Chairman, budget estimates for the military construction program for fiscal year 1963 are $1.5 billion. Your committee recommends appropriations slightly in excess of $1.3 billion, a reduction of approximately $225 million below the budget estimates.

In the committee's consideration of the program, it has continued several policies to the fullest extent practicable in determining the projects and the funds to be approved. These policies are enumerated beginning on page 3 of the committee report; however, I would like to reiterate them to you at this time.

First and most important is the disapproval of projects not clearly essential to the military posture of this Nation at the present time or in the foreseeable future. We are constantly being reminded of the effects of breakthroughs in scientific and technological fields and the present world situation with its continuing and new trouble spots. These factors can change the direction of the military effort, and consequently affect requirements for military funds on a short notice. Once a facility is constructed, it is usually impossible to recover the funds from that construction. Therefore, the committee thinks that items which are not essential to the military requirements of this country or about which doubt exists should be denied or studied further.

The committee does not feel that it can accept, as essential facilities, additions to officers clubs, certain branch post exchanges, unnecessary duplication of facilities, and those in support of research and development programs which can be performed in private institutions or other Government agencies in a realistic and economical manner. We have eliminated funds requested for additional tennis courts, some swimming pools, and gymnasiums.

Second, the committee has always insisted that maximum use be made of existing facilities. The services continue to request funds for the replacement of facilities, but at the same time plan to hold the ones to be replaced in so-called mobilization reserve or use them for less important purposes. We are not satisfied that the Defense Department and the services give adequate consideration to the use of existing facilities, including those available throughout the military base structure regardless of military service, and those in the private economy. We have therefore eliminated, in several instances, funds for the replacement of facilities that would be continued in use for less important purposes. The committee has also eliminated, in several instances, requests for construction of administrative type facilities where little or no consideration has been given to the feasibility of leasing space in the private economy. The committee does not take the position that the military services should move into the private economy under leaseholds regardless of the cost, but certainly Congress is entitled to know whether or not it is feasible and more economical to use private facilities than Government facilities.

Third, projects have been deleted or reduced where the costs were excessive or where the plans were too elaborate. The committee has pointed out in the report several examples of this type. For instance, why should the Air Force program officer quarters in Korea at a cost of $4,200 per man while Army facilities for similar purposes in the same area are programed at a cost of $2,800 per man? Why should the cost of similar school facilities be 40 percent higher in one service than in another? We believe that Congress is entitled to firm and realistic cost estimates based on acceptable and reliable criteria before funds are appropriated.

Fourth, the committee has insisted that maximum utilization be made of funds appropriated in prior year programs and remain unobligated. The nature of the military construction program is such that changes in technology, requirements, and highly competitive bidding constantly result in overall savings. We do not feel that sufficient emphasis has been given by the departments to the recoupment of funds from prior year programs. There seems to be an increasing tendency on the part of the services to build up so-called slush funds to provide funding for projects not included in the regular military construction program. The committee has made a reduction of $52 million in this respect.

In other words, Mr. Chairman, the committee insists on a firm, realistic, military construction program based on realistic requirements, sound planning, and supported only by the funds needed to accomplish the construction in an efficient and economical manner. Those estimates which did not meet the standards I have outlined have either been deleted or reduced.

A detailed tabulation of the projects approved by the committee will be found at the end of the committee report. The specific reductions have been outlined in the body of the report accompanying this bill.

The fiscal year 1963 program sees a reinstitution of the use of appropriated funds for the construction of family housing. I am personally heartily in favor of this change and congratulate the Committees on Armed Services for refusing to continue the former backdoor method of funding housing requirements. I feel that this type of programing will force a closer review of the housing requirements by the services and by the Department of Defense, and that it will result both in the savings of funds and in the construction of better housing. The committee has, generally speaking, approved the military housing program requested by the services for continental United States, except in certain specific instances which are outlined in the committee report.

The question of housing in oversea areas brings up another problem which admittedly faces us. Many of us are concerned about the balance-of-payments problem, or the gold outflow from this country. Many of the operational requirements requested in this program in oversea areas are absolutely essential to our military forces. Generally, they do not contribute to a large extent to the gold outflow problem. The Secretary of Defense has also taken steps to carefully monitor the purchase of supplies for these essential requirements. Family housing in oversea areas, in our opinion, does not fall within the area of critical requirements no matter how desirable it might be. Percentagewise, at the present time, it has a large effect on gold outflow since much of the labor and materials are purchased in the local areas. Admittedly, the Secretary of Defense is trying to realine this program so as not to use as much local labor and supplies as in the past. If this is done, of course, this means a completely different type of housing program than that presented to the Congress in the authorization bill, or in support of the appropriation bill and therefore I think it requires a complete new look. With these thoughts in mind, the committee has eliminated all construction of family housing in oversea areas.

Many of you have asked questions about armories and other construction projects for the Reserve and National Guard components of these services. This year, for the first time in a good many years authorizations were requested in lump sums. Congress authorized funds in this fashion. Your committee has appropriated the funds in similar fashion. There is no earmarking of funds for specific projects. I would like to emphasize, however, that the committee has approved all the funds requested for these programs in the three services.

I am certain that these funds, together with those remaining from prior years will be ample to meet all of the valid requirements of the Reserve components.

The Military Construction Authorization Act provides for the establishment of a family housing management account on the books of the Treasury to include funds made available in all appropriation acts for all phases of the family housing program, including construction, operation and maintenance, and debt payments. The act provides that obligations against this management account are to be specified in appropriation acts. In requesting language to be included in the military construction appropriation bill to implement this management account, the Department of Defense sought to remove all limitations in existing appropriation acts and to administer the account in a single lump sum. The effect of such a procedure would be to turn over to the Secretary of Defense the authority to use funds appropriated by the Congress for operation and maintenance, for example, for family housing or vice versa, in other words, to give the Secretary a blank check for operations in the family housing area where heretofore Congress has always retained control of the type of obligations made. What the committee has done is simply to remove the blank-check-type operation from this $800 million account and impose the restrictions always envisaged by the Congress. The limitations imposed by this language provide ample flexibility for the efficient operations of the military services in these areas, while at the same time, retain congressional control over this large sum of money.

The limitations imposed by the committee are provided by services and by basic functions, including construction, operation and maintenance, and debt payments. There are several factors in each of these functions which I would like to enumerate for the RECORD.

The construction includes new housing, improvement of inadequate public quarters, preliminary studies, initial acquisition of Wherry housing, improvements to Wherry housing units and other miscellaneous Wherry housing costs. It also includes other activities including rental guarantee housing, primarily for the Air Force.

The operation and maintenance category includes operation and maintenance funded from both the regular operation and maintenance accounts and the research, development, test, and evaluation accounts, rentals paid from operation and maintenance accounts, and surplus commodity housing funded from military personnel accounts.

Debt payments include Capehart housing payments, Wherry housing payments, Commodity Credit Corporation payments, and funds required for the servicemen's mortgage insurance programs. These items are funded in the various military personnel accounts.

The operation and maintenance for defense agencies is merely the authority to obligate funds already appropriated in the Department of Defense Appropriation Act of 1963 and now covered into the management account.

Mr. Chairman, may I depart from my summary of this bill and be parochial for a moment. The bill contains funds for the construction of a 350-bed hospital at Naval Station, Long Beach, Calif. The request of the Navy was for a 500-bed hospital. This request was approved by all reviewing agencies in the executive branch. It is based on requirements generated by the same criteria applied to every hospital in this bill. Local medical authorities at first opposed the project. Then after their detailed investigation they too requested Congress to authorize and fund a 500-bed hospital. A special committee appointed by the Secretary of Defense to review medical and hospital requirements of the several services recommended approval of the construction of this hospital at the size of 500 beds. Some way or another in the authorization process, and may I say through no fault of members of the Committee on Armed Services who supported the 500-bed hospital, this authorization was reduced to 350 beds.

Now let us look for a few moments at the facts in this case. First of all, there is no naval hospital in this area, and this is one of the largest concentrations of naval personnel in the country. At the present time, a hospital ship tied up to a dock serves as a hospital. It is in deteriorated condition. It is costly to maintain. The medical services offered to the patients are not near what they should be. The condition of the ship makes it plain that the time has come to either get another hospital or forget about medical service to the military personnel in this area. The committee therefore has recommended funds for the construction of the admittedly inadequate 350-bed hospital.

What is the effect of this reduction in hospital beds, both from the dollars and cents standpoint and from that of medical service? First of all, the plan to construct a 500-bed hospital contained 50 beds for Army personnel. This would have enabled the Army to close a badly deteriorated facility with a high maintenance cost factor at nearby Fort MacArthur and utilize these modern facilities. The reduction in size deletes these beds. The hospital at Fort MacArthur must be continued in operation. The Office of the Secretary of Defense estimates that this will cost a minimum of $459,000 annually, exclusive of military personnel costs.

The Department of the Air Force was allotted 50 beds in this new hospital, primarily to be used as long-term specialty beds for the treatment of critically ill personnel requiring the skills and services which could only be found in a hospital of this type. These 50 beds had to be eliminated as a result of the cutback in the size of the hospital.

This means that these highly specialized requirements will have to be met at more distant hospitals in San Diego and in the San Francisco Bay area, at additional tranportation costs, of course, and at risk of serious harm or loss of life to the patients involved. It is impossible to place a dollar figure on this.

The hospital as proposed by the Navy provided a limited number of beds for obstetrical care for the dependents of military personnel. Admittedly such care is available in the Long Beach area from private physicians and in private hospitals, although conditions are quite crowded. At other locations where there are military hospitals, generally speaking, the dependent is given a choice of using a civilian doctor under the medical care plan or of using the service doctors with whom the family has been familiar most of their life. I cannot place a value on this, but it is no secret that obstetrical care under the medical care program requires a larger out-of-pocket cost than does similar care in Government hospitals. It is estimated conservatively by the Secretary of Defense that the elimination of obstetrical services from this hospital will cause an out-of-pocket cost to the Federal Government in excess of $294,000 annually. Navy estimates in this respect run as high as $700,000 a year.

Mr. Chairman, the reduction of the size of this hospital is going to cost the Federal Government a minimum of $750,000 a year, with a maximum considerably higher than that, and deny badly needed medical services to military personnel and their dependents. In other words, the cost of adding 150 beds to this hospital can be amortized at a maximum of less than 3 years and a minimum of much less than that.

Although this hospital is located in California, it is not located in my congressional district. I doubt that any of the military dependents or other personnel living in my district will utilize this hospital except in isolated cases. It happens to be in the congressional district of a gentleman of the opposite political faith than myself. But to me the elimination of these beds is unwarranted, uneconomical, and can only result in decreased morale among the military personnel in this area. The condition of the existing medical facilities makes it impossible to delete the 350-bed hospital. It is not, however, too late to do something about it. The Congress is still in session. Construction of the hospital will not start for some time. It will cover longer than a 1-year construction period. If authority is obtained for the construction of these additional beds, funds can be appropriated in this Congress or the next Congress. Personally, I can only urge the legislative committee and the executive branch to take another look at this problem and see if it cannot be dealt with in a more satisfactory manner. Meanwhile you may be assured that the Appropriations Committee will carefully monitor the operation of the medical activities in this area to see that they are properly handled in the most efficient and economical manner.

In closing, let me call your attention to one thing. As I have stated in the past, this committee realizes that unfortunately it cannot run a popularity contest in handling these bills. In my opinion, we have done a thorough job in bringing this bill before you. I think it is a good bill. It deserves your attention, your consideration, and I am personally convinced, your approval.

Mr. Chairman, I would like to add to that that the members who serve on this subcommittee are men of considerable length of service and very responsive to their obligations, for which I am very grateful.

Mr. HOSMER. Mr. Chairman, will the gentleman yield?

Mr. SHEPPARD. I yield to the gentleman from California.

Mr. HOSMER. Mr. Chairman, I want to thank the distinguished gentleman for the remarks he made respecting the proposed Long Beach Naval Hospital. I sincerely believe that his remarks are accurate in every respect and state the case as definitely and as positively as it can be stated. It is, in fact, a case which has every merit that the gentleman from California has indicated.

Mr. SHEPPARD. I thank the gentleman very much.

Mr. DOYLE. Mr. Chairman, will the gentleman yield?

Mr. SHEPPARD. I yield to the gentleman.

Mr. DOYLE. Mr. Chairman, I want to compliment the gentleman from California [Mr. SHEPPARD] on his factually analytical statement concerning the existing needs of a larger naval hospital at Long Beach. I am familiar with the growing problem and have been for several years. I urge that the very uneconomic and inadequate situation which the gentleman has so graphically described, be corrected; if possible in this session of Congress. He said it could be and should be. It will save much money and meet a dire need.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. SHEPPARD. I yield to the gentleman.

Mr. BAILEY. Mr. Chairman, I would like to ask the distinguished chairman of the subcommittee a question with reference to the item on page 2 of the bill, military construction, Army. Included in that there is a program for military construction for the Army and also the Reserves. I notice on page 3 of the report as follows:

> Third, projects were eliminated or estimates reduced where the costs appeared excessive or plans and design were inadequate or too elaborate.

What would be the status of a Reserve unit provided for in last year's appropriation, the construction for which was not placed under contract?

Mr. SHEPPARD. Every dollar that was requested for the Reserve component was granted. This has no bearing on the Reserves.

Mr. BAILEY. What about an armory that was placed under contract?

Mr. SHEPPARD. They can go ahead and build the armory.

Mr. BAILEY. What is the status of those funds?

Mr. SHEPPARD. They are all available.

Mr. BAILEY. They have all been made available.

Mr. SHEPPARD. Let me say this. If I recall correctly, last year the gentleman expressed, and properly so, a very definite interest in additional armories in his State. It would be well if the gentleman would go back and tell his Governor to get in line and get his funds out for availability. That has not been handled properly. Those funds could well be expended if the State will just get in there and do its job.

Mr. BAILEY. I thank the gentleman for the information. I did not know that was one of the handicaps.

Mr. SHEPPARD. I am sure the gentleman did not, because I know of his aggressive interest in the problem.

Mr. BAILEY. In years past they have been quite active in participating in the program.

Mr. Chairman, I thank the gentleman.

Mr. JONAS. Mr. Chairman, I yield myself 10 minutes, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JONAS. Mr. Chairman, first I should like to express concurrence in the comments of our subcommittee chairman. I agree with all he had to say in his discussion of the bill, but especially wish to associate myself with his comments concerning the Long Beach Naval Hospital. I think I am safe in saying that every member of the subcommittee feels exactly as the chairman does about this hospital. We cannot understand why 150 beds were eliminated in the authorizing legislation. I doubt if you can find any military area in the United States that is in more need of hospital beds than Long Beach. The only hospital available there for the fleet, the naval units in and around Long Beach, is a hospital ship that should have been dismantled many years ago. I join the chairman and the other members of the subcommittee in urging the legislative committee to take prompt action to correct this situation and permit the construction of the 500 beds before we go too far in the plans and design and begin construction.

Mr. Chairman, I may say to my friend from Iowa who made the point of order of lack of a quorum that while the bill appropriates $1,369 million, in new money, that is not the whole story. When you add to the new money appropriated in this bill the unexpended balances on hand in the services from prior appropriation bills, you find that the spending authority granted in this bill will exceed $2,700 million. So we are not dealing here with peanuts but with a very substantial construction program. It is an expensive program and it involves substantial sums of money.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Iowa.

Mr. GROSS. I assume the gentleman will tell us where the additional money is to be spent.

Mr. JONAS. The unexpended balances exist in all three of the services. The bill permits the use of these unexpended balances on projects previously authorized. When you add those sums to the new money you do come up with this sum of spending authority next year of $2.7 billion, not all of which can certainly be spent in 1 year and not all will be spent in 1 year, because this is a continuing program, as the gentleman knows.

Mr. GROSS. Can the gentleman put his finger on any one outstanding reason for the increased expenditure?

Mr. JONAS. It runs throughout the bill. This is the military construction program providing for barracks, classrooms, laboratories, landing fields and facilities in support of Air Force operations, family housing, and all of the facilities that are required to house and train military personnel in all of the services.

Mr. GROSS. The Defense Department has closed a number of bases of one kind or another in the past year or two. Is not the closing of these bases going to show up in some economy somehow, somewhere, or is the Defense Department simply expanding the bases already in existence, or is it building new bases?

Mr. JONAS. Unfortunately, I must say to my friend from Iowa that all of the breast beating about closing bases has not actually amounted to a great deal. I can cite a base in a State near my own in which an Air Force installation was announced as going to be closed on two separate occasions, but an appeal to the President resulted in a cancellation of the closing order. So all the announcements about the closing of bases have not borne fruit although some minor installations are being closed and will be closed in the future. I can assure the gentleman that this subcommittee is requiring each service to survey all existing facilities before we will fund money to build new ones. The unfortunate thing about it is that the services always maintain that they need the new facilities where their activity is and the vacant facilities are not suitable for the buildup of new activities; but to every degree it is possible for us to do it, we are monitoring that situation and requiring the services to utilize all existing facilities before we fund additional facilities elsewhere.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. I should like to commend the gentleman from California [Mr. SHEPPARD] and the gentleman from North Carolina [Mr. JONAS], as well as other members of the subcommittee, because I think you have done a good job in this bill in screening the requests for appropriations. I am disturbed about the overall situation of almost continually increasing the appropriations for these purposes. There will come a day when this will have to end.

Mr. JONAS. There is no doubt about that. I would, however, say to my friend that $529 million of the money in this bill is for missile site construction facilities. That accounts for a substantial part of it—about one-third of the money in the bill.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman.

Mr. SIKES. I think the Committee should take proper cognizance of the fact that the marked increase in the number of missile installations has resulted more than anything else in the continued buildup in the costs of military construction. Over one-third of the money in this bill is for missile sites. These, we hope, will be completed within another year or two or three and we hope then that these huge expenditures will be markedly reduced.

Mr. GROSS. Mr. Chairman, will the gentleman yield further on this subject?

Mr. JONAS. I yield to the gentleman.

Mr. GROSS. Then eventually, I will say to my good friend, the gentleman from Florida [Mr. SIKES], the conventional setup ought to begin to disappear because if we are going into missiles and new systems of weaponry, there ought to be some cutbacks somewhere in the old system of defense and weaponry.

Mr. SIKES. Mr. Chairman, if the gentleman will yield further, the committee certainly shares that hope. It should be pointed out, however, that a considerable part of the military facilities now in use are facilities which were built during World War II and which are of temporary construction. This is 20 years later and a lot of these buildings are simply wearing out. They have been repaired to the point where they cannot economically be repaired any more. Maintenance is a very costly item and we are having to replace a certain number of these facilities each year. Remember, our military forces still must be maintained at high levels worldwide and many separate bases are required. While we share the gentleman's hope that these costs will be leveling off, and in certain areas they will be leveling off, we must be realistic about the continuing requirements for facilities.

Mr. JONAS. I would say in addition to that, Mr. Chairman, one of the categories of cuts includes projects which were to replace existing facilities where they were in such condition that it was contemplated they would be continued in use for some subordinate purpose. The committee has insisted that we will not provide funds to build new barracks, for example, unless the existing barracks are in such deteriorated condition that the cost of repairs and upkeep will be excessive and where it appears that the old facilities will be demolished.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I shall be glad to yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I was interested in the President's address to the Nation last night and particularly that part in which he advised that the Secretary of Defense told him they were going to be able to make cuts in the Defense Department to the tune of $3 billion. I am wondering if this bill reflects any cutback in expenditures that he referred to.

Mr. JONAS. No, I do not believe it could be said that those cutbacks are reflected in this bill.

Mr. BYRNES of Wisconsin. Has the Secretary come to your committee and made any changes in their original plans in this area which would reflect some savings?

Mr. JONAS. No, he has not suggested any cutbacks. In fact, the funds requested by the administration in this one bill amounted to an increase over last year of approximately $650 million. Our committee reduced these requests by $224.9 million below the amounts requested by the President.

Mr. BYRNES of Wisconsin. I am hopeful that what the President has suggested will turn out to be a reality, that we will be able to have a cutback of $3 billion in the expenditures of the Defense Department. We were told, however, less than a couple of months ago when we were considering an increase of the debt ceiling that we had to provide every cent they asked for in additional borrowing authority because if we did not it was going to affect adversely defense expenditures and require, if you will recall, a cutback in defense contracts.

That cut that I was suggesting at that time was a $2 billion cut covering nondefense basically, and the great hue and cry was raised that we did not dare cut back the borrowing authority by $2 billion because some of it was bound to take place in the Defense Department, and if we took 1 cent out of what we were planning to spend in the Defense Department we were going to jeopardize our security. I wonder what happened in the last couple of months to change the thinking?

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I think my colleague from Wisconsin is referring primarily to the Defense Department appropriation bill, not the military construction bill. He is referring to the total of spending for the Defense Department. In the Defense appropriation bill we appropriated $48,136 million, which was an increase of about $1,500 million over the Defense Appropriation Act of 1962, in which we appropriated $46,662 million.

The statement that was made by the President last night, that the Secretary of Defense had informed him that he could save some $3 billion out of the appropriation bill which passed the House of $48,136 million, has not been supported by any evidence submitted to the House Appropriations Committee as of this date. If the Congress ever appropriated $3 billion I would be pleased but also surprised. The Congress already has cut the 1963 defense appropriation bill by $400 million and today will cut the administration's request for 1963 military construction by $224 million.

Mr. Chairman, I doubt that the additional savings figure in the amount, $3 billion, which would reduce our defense appropriation bill level for fiscal year 1963 to $45,136 million for the Department of Defense will be accomplished. It is true savings can be accomplished if the Secretary goes forward with his plans not to fund the RS–70 program and also freezes other appropriations. I do not believe, however, that the Secretary will freeze an amount anywhere near the $3 billion outlined by the President in his speech last night. I personally believe the President's statement last night was most misleading.

I think it is important that the Committee on Appropriations of the House before this session of Congress adjourns calls the Secretary of Defense before it and finds out exactly where this $3 billion curtailment is going to take place in the Department of Defense. On the basis of the jusification submitted to us such savings would not be possible unless programs are curtailed through immediate budget freeze orders.

Mr. JONAS. I join the gentleman from Wisconsin in that hope, and I can assure him that whenever the administration comes up with a recommendation that will save any such sum of money, it will receive sympathetic consideration. In fact I, for one, will welcome such a recommendation and I hope it is forthcoming.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Florida.

Mr. SIKES. We must bear in mind the fact that appropriations for fiscal year 1963 requirements for the military services already have been completed, other than the bill now before us. The reductions which are contemplated by the Secretary of Defense and the President are largely in procurement and in the single service agencies. It wil be difficult to make significant changes or savings during the current fiscal year. Purchases already have been made or committed and expenditures are in progress. There can be some improvement, of course. The Secretary of Defense is attempting to make material improvements. Greatest showing, however, will be in future year savings. A saving of $3 or more billions a year can have a marked effect on our budget and on our economy.

I think it more important that the committee today look at the bill now before us and see what this subcommittee has done toward reducing expenditures. This is one of the most significant reductions made in any appropriations bill this year. Here we have made a definite contribution to savings in Government.

Mr. LAIRD. May I say to the gentleman from Florida certainly the savings estimated by the Secretary through the establishment of a general supply agency were anticipated in the appropriation bill for the Department of Defense for the fiscal year 1963. In the testimony of the Secretary of Defense before our committee those particular savings were taken into consideration at the time the bill was before the House and before the Senate. In reference to the additional $3 billion savings outlined last night for this fiscal year, I do not think anybody on our committee had any advance information on where those savings would be made.

Mr. JONAS. I may say, Mr. Chairman, that the subcommittee which handles this bill is undertaking to accomplish some of those things. We cut the budget requests in this bill by nearly a quarter of a billion dollars, which is a substantial cut when you are dealing with family housing, barracks, and training facilities for our military operations at home and abroad. We tried to help the President with another of his problems, and that is the problem of balance of payments and our continuing loss of gold. I think this should concern all of us.

I brought over from the office with me this morning the daily statement of the Treasury for August 8, 1962. It shows that on August 8, 1962, our gold assets were down to $16,148,054,120.11 from $17,601,412,573.11 1 year ago. This represents a loss of $1,453,000,000 in gold during the past 12 months.

Mr. Chairman, the committee took the responsibility of cutting out $36 million of requested funds for oversea housing, because we just do not think or, rather, we think until we get this outflow of gold problem solved we ought to begin to watch our expenditures abroad with more care than we have been doing in the past. I would say that this bill would have been even more substantially reduced than is the case but for the fact that for the first time we are now building family housing with direct appropriations instead of using the backdoor approach which has been in vogue heretofore.

Mr. Chairman, we were asked to appropriate $276 million for family housing in the continental United States. That is getting to be a substantial item—$276 million—plus $36 million overseas. We cut out the oversea housing altogether and reduced the housing funds for the continental United States to $201 million.

Mr. Chairman, I mention these things in order to show that even in the critical field of housing—and we have to house our military people; we are able to make substantial cuts without impairing efficiency and without doing any disservice to the men who wear our uniform.

Mr. Chairman, I think this is a sound bill and that the cuts can all be justified. We think in view of the fact we are now borrowing money to pay current bills and that our national debt is about $300 billion, we cannot justify building additional officers' clubs and branch post exchanges and continue to duplicate facilities which are available in private industry in the research field. We made cuts in those nonessential activities, but we did provide funds which we know are necessary and justified even in view of our critical fiscal situation in order to preserve the military posture of this country and provide the necessary facilities to support our military people at home and abroad.

Mr. SHEPPARD. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. SHELLEY].

Mr. SHELLEY. Mr. Chairman, our subcommittee chairman has discussed with you in general, the actions taken by the committee on this bill and the several policies followed.

Now let us talk about the program itself. This program continues to place emphasis upon construction of facilities to strengthen and modernize essential operating forces. For example, approximately $529 million of the total program for the active services relates to missile facilities. This includes facilities in support of new operational squadrons of the Minuteman missile, increased protection for presently operational Atlas and Titan intercontinental ballistic missiles, additional training and support facilities for Polaris program of the Navy, and systems improvements to the Army's Nike-Hercules and Hawk missile systems.

The construction of facilities in support of the research and development, test and evaluation activities of the services requires another large portion of these funds. For example, funds are included for construction of certain radar-type facilities in support of the research and development effort of the Army through the Nike-Zeus anti-missile-missile program. The request of the Air Force for funds for a modern electrogas dynamic facility to be used by all of the military services and the nonmilitary Government agencies concerned has been approved, as has a nuclear effects laboratory at White Sands Missile Range, Army in support of the nuclear operations of the Army and the other services. A nuclear radiation laboratory has been funded for the Navy.

Another large portion of these funds is in support of worldwide communication requirements, many of which are vitally tied in with the intelligence functions of the Department of Defense.

Now let us look at the action the committee took on the specific services and the funds which will be available to them if the bill is approved. The committee has approved $197.5 million for the regular construction program of the Army. These funds when added to unexpended balances from prior years will make over $445 million available for expenditure. A large portion of the funds approved for the Army is in support of missile programs, as has been outlined previously, and replacement of essential training facilities which are now outmoded and sadly deteriorated.

The amount of $214.3 million is recommended for the regular construction program of the Navy, which, when added to carryover funds, will make over $507 million available for expenditure in fiscal year 1963. The projects approved for the Navy are in support of the operational efforts of the Navy and include such items as facilities in support of the Polaris ballistic missile, antisubmarine warfare, nuclear shipbuilding facilities, and essential communication items.

The committee has approved $863.7 million in support of the Regular Forces of the Air Force. This amount, when added to unexpended balances from prior year programs, will provide in excess of $1.5 billion for expenditure by the Air Force for fiscal year 1963. As has been pointed out previously, large portions of the Air Force appropriations, and for that matter the largest single item in the entire bill, is in support of the ballistic missile program. Other essential operational facilities have also been provided including continued support of the SAC operational forces.

In total, the bill as approved by the committee when coupled with existing unexpended balances will make over $2.5 billion available for the military construction programs in support of the Regular Forces of the services in fiscal year 1963.

The appropriation for loran stations provides funds which are transferred to the Coast Guard for the construction of long-range navigation facilities in accordance with defense requirements approved by the Joint Chiefs of Staff. Loran is a passive all-weather system which permits safe and effective operations of ships and aircraft. They can quickly fix their locations throughout large areas by means of this system. It is a defense requirement because our forces must be prepared to operate on the sea, under the sea, and in the air wherever and whenever their presence may be required. Funds recommended by the committee will provide for necessary equipment procurement, advance site survey, completion of three stations, modification of others, and the construction of transmitting and associated facilities.

Mr. Chairman, when a committee recommends a reduction, even of this magnitude, in a defense program the question is always raised as to whether or not we are crippling the defense effort. First, let me point out to you that a major portion of the reduction is realized from recoupments of funds as a result of dropouts from prior programs and other savings as a result of favorable bid experiences and the reduction in the construction of oversea family housing. Second, your committee has approved the essential operating facilities requested in this program. Where there has been doubt in our minds we have resolved it in favor of a strong national defense.

The methods of budgeting review in the executive branch always result in the inclusion of nonessential and questionable facilities and we trust that we have eliminated such facilities. We have eliminated administrative space, headquarters facilities and other items where adequate consideration had not been given to the use of existing facilities. Mr. Chairman, your committee did these things and we are presenting what we feel to be a realistic construction program. Those of us on both sides of the aisle who have participated in the lengthy and detailed hearings and in the writing of this bill do not believe that the actions taken will, in any way, shape or form retard or damage our defense effort. On the contrary, if properly implemented these actions will add to the defense effort of this country. This bill is based on long days and hours of searching, exhaustive hearings and research as well as careful and detailed committee markup session. I know that it will not satisfy every military service. Perhaps it will not satisfy every Member of the House, but I assure you that this is a solid bill. Our goal has been, and will be a program that, if properly implemented by the Defense Department and the military services will save money, make better use of existing facilities and keep the military construction program under continuous review by those in authority in the executive branch and the Congress.

Mr. SHEPPARD. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Massachusetts [Mr. PHILBIN].

Mr. PHILBIN. Mr. Chairman, I think that the items in the amount of $1,010,000 for a headquarters building and $336,000 for associated heating facilities at Hanscom Field, Mass., should be put back in the bill. These items were in the military construction authorization bill approved by the Congress, but for some reason were not included in this bill.

These items would provide urgently needed 45,000 square feet of administrative space to house management-type personnel assigned to the Electronic Systems Division at L. G. Hanscom Field, Bedford, Mass.

The Electronic Systems Division at Hanscom Field is the headquarters for development of communications systems for the Air Force. These include such important communications systems as the SAC Control System, Surveillance and Warning, Air Weapon Control, SPADATS, Intelligence Gathering System, Air Communications System, and other similar systems essential to the defense effort.

Hanscom Field is a very important electronic center, and in order to provide the necessary effort to continue development and improvement of these vital systems, the Electronic Systems Division and supporting units of this installation must increase their personnel.

Consequently, additional administrative space is urgently needed to provide working space for new people and help to alleviate the existing overcrowded conditions which are seriously hampering current operations. No suitable, nearby leaseholds are available.

Presently there are more than 3,200 management personnel at Hanscom. The existing net area of some 300,000 square feet, including about 37,000 square feet at Murphy General Hospital, 20 miles away, provides an average net area of only 93 square feet per person.

The carefully prepared manpower forecast confirmed in June 1962 was that by June 1964 there will be about 4,150 management personnel to be housed. With the existing net space, the net area will drop to 79 square feet per person thereby intensifying the overcrowded working conditions.

The total future requirement for administrative space to support the Electronic System Division and its supporting units is computed at 190,500 square feet. This proposed project does not completely take care of this requirement, but it reduces the deficiency to 160,500 square feet and relieves the immediate situation only. Future programs will carry projects to provide additional space in phase with personnel expansion.

Since this phase is intended to meet a pressing need in the vital electronic field, it would be very risky business, in my opinion, not to provide this additional space, and I hope the distinguished chairman and members of the committee will arrange to provide money to meet the crucial need already authorized by the Congress.

I repeat: the situation at this vital activity is serious. At present the Air Force is required to utilize widely scattered space in converted barracks, mess halls, orderly rooms, and so forth. Moreover, and even more serious, it has been necessary to locate some of the personnel in dispersed and temporary off-base locations extending several miles away from the base, as far as 20 miles away.

Experience has taught the Air Force that physical concentration of the most important managerial elements is essential to effective operation. This assumes more importance when it is applied to programs such as the development and acquisition of the command and control systems for the national defense and space effort. It is most essential that the Air Force obtain adequate facilities to accommodate an efficient management organization at Hanscom Field.

One of the prime reasons for selecting this field for this particular mission, admittedly one of great importance, was the excellence of nearby educational institutions and the overall scientific and technical environment prevailing in the Boston area.

It was recognized that this combined academic and industrial talent would form a team which would work closely together in assisting the Air Force in accomplishing all phases of electronic system acquisition from advanced planning through the research and development stage to production and installation. There certainly is no question in my mind, and I think that the basic justifications submitted regarding this item bears out the fact, that this is a most important installation and activity critical to the national defense and the space effort.

It should not be set back and weakened by failure of Congress to provide sufficient funds to permit this vital work to be conducted efficiently, and I respectfully ask and urge the committee to restore this item to the bill.

I would like to ask the distinguished gentleman from California, the chairman of the committee, whether it might be possible for him to consider this item so that the projects I have mentioned relating to the need for administrative space to support the Electronic System Division and its supporting units amounting to $1,010,000 might be put back in the bill. I would like to have the gentleman's views as to the prospects for including these projects in the bill.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. PHILBIN. I am glad to yield to the very distinguished gentleman from Florida [Mr. SIKES].

Mr. SIKES. I do not seek to speak for the gentleman from California [Mr. SHEPPARD] but I will express my views on the matter.

First, let me commend in the highest terms my distinguished friend, the gentleman from Massachusetts. The gentleman is one of the ablest Members in the House and he always diligently works in the interest of his constituents. He is very effective in their behalf. In this particular instance, I think it should be brought to the attention of the committee that last year we appropriated $919,000 for administrative space at Hanscom. This project is under construction, but it has not been completed. A considerable part of the needs of Hanscom for administrative space, and they are very substantial needs, are now being met at Murphy General Hospital, 12 miles away. These are good facilities although the 12-mile distance is some handicap. In a number of instances similar to this one, the committee has asked that effort be made to find lease space in privately owned facilities. Frequently such space is found which is satisfactory both in cost and in accommodations. This saves the Government money.

Patrick Air Force Base in Florida is one base where satisfactory lease space has been found to be available. This eliminates the necessity for Government construction. The Hanscom situation requires further study. It is difficult to know just exactly what the requirements are for administrative space there, but we were not convinced of an immediate need. I can say to the gentleman, we are always sympathetic with his problems and those of his district, and certainly that includes Hanscom. The committee will continue to take a long and careful look at this situation and if the Air Force makes a strong case in the other body and is successful in having this item reinstated, I am confident the conferees will consider very carefully what should be done.

Mr. PHILBIN. I thank the able gentleman for his fine statement, and I hope that the committee will decide to do something about this matter because it is very, very important to critical areas of the national defense.

Mr. SHEPPARD. Mr. Chairman, I yield myself such time as may be required and I yield to my colleague the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. I merely want to ask the chairman of this fine committee a question which affects my congressional district, and which affects the Committee on Merchant Marine and Fisheries which has jurisdiction over migratory birds.

In my congressional district of North Carolina, there are 15 existing bombing ranges or target practice ranges, as they may be called, operated by the Marine Corps, the Navy, and jointly by the Air Force. They surround a part of my congressional district. The peninsula between Albemarle and Pamlico Sounds comprise the counties of Beaufort, Washington, Hyde, Dare and Tyrrell. The Air Force is interested in building a target range or bombing practice range in the middle of the existing target ranges of the above area that are there now. I rise to ask the chairman of the Committee on Appropriations, if the language on page 19 in the last paragraph or whether there is any language in any part of this appropriation bill which gives the Air Force the authority to spend moneys—herein appropriated—to rent property or to buy property to construct target practice or bombing ranges within that area—above described—or to provide such additional target practice or bombing ranges in that area.

Mr. SHEPPARD. The answer to your question is that the language you refer to does not give them that privilege, and there is no money in this bill provided for that purpose.

Mr. BONNER. I thank the gentleman very much.

Mr. JONAS. Mr. Chairman, I have no further requests for time and yield 10 minutes of my time to the gentleman from California [Mr. SHEPPARD].

Mr. SHEPPARD. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, I shall be very brief. I think the proposition before us is very simple. All we need do is to look at what is happening in space to realize very conclusively that we have no choice but to continue to maintain a strong defense at all levels. This bill, of course, has little or nothing to do with space, but we can be certain that the current outstanding Russian accomplishments in space will be reflected in new Communist pressures on the ground. When those pressures come, we know from sad experience that it will not be American diplomatic forces that are most effective in holding those Communist advances in check, but the state of American defenses; the number of divisions, ships, submarines, aircraft, and missiles back of those diplomatic forces, and the state of their preparedness.

This bill, trimmed to the bare minimum, does provide the support needed by the military forces which we have earlier this year authorized and funded. It is a strong and a realistic bill.

Mr. SHEPPARD. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, I would like to ask the gentleman from California a few questions, but wish to preface the questions by making a statement. I notice in the hearings on this bill that the chairman of the committee made a statement, and this is in regard to the Sugar Grove project in West Virginia which the Secretary of Defense recently saw fit to stop altogether. The chairman, the gentleman from California [Mr. SHEPPARD], made the statement that witnesses who appeared from the Defense Department and the scientific element clearly indicated to this committee the necessity for this kind of operational project. During the course of the hearings he asked Admiral Roeder the following:

> Mr. SHEPPARD. Admiral, do you have any idea at this time whether or not this is a valid requirement?
>
> Admiral ROEDER. The Sugar Grove project?
>
> Mr. SHEPPARD. Yes.
>
> Admiral ROEDER. Yes, sir; it definitely is a valid requirement. In my opinion, it is just as important now as it was in 1957 when the project was originated.

Does the gentleman from California care to comment on that?

Mr. SHEPPARD. I may say to the gentleman from West Virginia that he is right as far as I can recollect. The gentleman has the printed statement before him and it must be correct. However, I want to say this to the gentleman, while that is the opinion of some of the officers of the Navy, it is not the opinion of the Secretary of Defense and his associates. They are the ones who are responsible for the discontinuance of this particular project.

Mr. STAGGERS. I am not blaming the committee because I know they have viewed this sympathetically.

May I say it appears to me that with the Space Agency and everything we are in today, with two of the Russian astronauts circling above us, something should be done. I heard a TV program this morning in which the gentleman from Connecticut [Mr. DADDARIO] and the gentleman from Pennsylvania [Mr. FULTON] discussed the fact that we have inadequate tracking facilities to track these astronauts in space. I understand the facilities at Sugar Grove would have allowed America to do just that; also this facility would enable us to probe space far beyond anything man has ever done before.

Because to the situation we are in, this race in the quest of space, Secretary McNamara is going to have to take the responsibility for terminating this project. It seems to me as important as perhaps it is to our future that he and his scientists should take another look and return to the Congress with further recommendations. In fact, I think the Congress ought to take another look at the Naval Radio Research Station and call Mr. McNamara in to give the facts and figures to the Congress showing it is not necessary.

I would like to make a further statement. The Russians have been making great progress. We simply say we are doing all right, but it seems that recent developments show that we are not. Although in the last year we have appropriated $2 billion additional for our space agency and our projects in space, we need to do much more. And if it takes $2, $4, or $10 billion more, we ought to appropriate the necessary money. The challenge is with us now, not tomorrow or 10 years from now. We should get every scientific and military man together, determine their needs in the space program and give them the money for carrying out an adequate program.

In this bill we are spending $1.5 billion in 44 States in the Union and the District of Columbia. It is rather ironic that there is not a cent allocated in West Virginia, and the Secretary canceled out what we are getting. I protest that action.

It seems to me that it is the duty of the Congress to study carefully the purposes and the usefulness of the Sugar Grove project before it is thrown into the discard.

Mr. ST. GERMAIN. Mr. Chairman, it is a privilege for me to join with my distinguished colleagues in urging passage of H.R. 12870, the millitary construction appropriation bill of 1963, as it has been reported by the Committee on Appropriations.

Of particular interest to me and to the people of my congressional district and State are the provisions authorizing $2,772,000 for the construction of a dormitory building at the Officer Candidate School, Newport Naval Station, Newport, R.I., and $132,000 for an electronic data-processing installation at Quonset Point Naval Air Station, Quonset, R.I.

On July 24, 1962, I wrote to the President urging him to approve the authorization bill for the appropriations which we are now considering. In that letter I stated that the funds allocated to Rhode Island would not only help the naval installations there, but they would stimulate employment in the building trades of my State which is of the greatest importance at this time. May I again stress these facts to the House, and ask favorable action on this measure.

The CHAIRMAN. All time having expired, the Clerk will read the bill for amendment.

The Clerk read as follows:

MILITARY CONSTRUCTION, AIR FORCE

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, and facilities for the Air Force as currently authorized in military public works or military construction Acts, in sections 2673 and 2675 of title 10, United States Code, the Act of April 1, 1954 (Public Law 325), without regard to section 9774(d) of title 10, United States Code, to remain available until expended, $863,722,000.

Mr. SCHENCK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, one item in the military construction bill holds such significance for our entire Nation that I would like to call specific attention to it today. I refer to the appropriation of $4 million for the Air Force Institute of Technology at Wright-Patterson Air Force Base.

As you know the Air Force Institute of Technology is a small fully accredited graduate engineering college which serves as the backbone of the Air Force technical manpower program. It is one of only a few graduate engineering schools in the country offering work in such fields as air weapons, guidance and control, nuclear engineering and astronautics. The present position of the Air Force Institute of Technology is fully explained in the hearings and I shall not repeat the statistics on its graduates and its position of excellence in the technical field. However, I do feel that I should mention that Gen. Bernard A. Schriever, commander of the Air Force Systems Command in a speech last September said:

> I talk about the Air Force Institute of Technology because it certainly is the key to the future of the Air Force, and thereby a major factor in national survival as well.

One of the pressing needs of the Defense Department today is for the development of an in-service capability of contracting and scientific personnel to enable them to work with the many private research organizations and contractors who receive Department of Defense grants. Without this in-service capability our defense contracts cannot be properly monitored or evaluated. As our scientific progress advances the need for this in-service capability becomes ever greater.

The real bottleneck in our present day defense and space activities is the lack of trained manpower and this fact is becoming more evident with each passing day.

The Air Force Institute of Technology has been occupying a barnlike structure which is completely unsuitable for the work being done and is an actual firetrap due to its partitioned wooden interior.

Ever since I first came to Congress, my distinguished colleague, the Honorable Clarence J. Brown, and I have been urging that funds be appropriated to aid this vital defense effort. I am glad to say that a great many Members of Congress have joined with us in the recognition of the fine work being done at the Air Force Institute of Technology. Especially do I want to express my appreciation to the chairman and members of the Armed Services Committee and the chairman and members of the Military Construction Subcommittee of the Committee on Appropriations for their understanding and always friendly cooperation.

Although in the past the Defense Department has failed to assign this project the priority it deserved, it has now become a focal point of attention in our scientific advance.

I sincerely feel that there is no other single item which will aid our national scientific and defense progress more than the relatively small appropriation for the Air Force Institute of Technology.

The Clerk concluded the reading of the bill.

Mr. SHEPPARD. Mr. Chairman, I move that the committee do now rise and report the bill back to the House without amendment, and that the bill do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Bass of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. SHEPPARD. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on the military construction appropriation bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FEDERAL RESERVE BANK BRANCH BUILDINGS

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 749 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. Smith], and, pending that, I yield myself such time as I may consume.

Mr. Speaker, this rule calls for the consideration of the bill, S. 1005, which has passed the Senate and is now before the House with certain minor amendments. The bill merely provides for additional authority for the Federal Reserve to construct necessary facilities for the conduct of the business. I know of no opposition to the rule. The bill was reported by the Committee on Banking and Currency. There were two Members who dissented. But, otherwise, it is a unanimous report and is recommended by the committee.

Mr. Speaker, I have no further requests for time, and I yield now to the gentleman from California [Mr. Smith].

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 749 provides for an open rule with 2 hours of general debate for the consideration of S. 1005; with the exception that all points of order are waived. I will say to my distinguished colleague from Iowa that they are waived because of the transfer of funds allowing the Federal Reserve Bank to spend some of its own money.

Section 10 of the Federal Reserve Act, in effect, imposes a $30 million limit on the construction of buildings for branches of the Federal Reserve Bank. S. 1005 will change that limitation and increase it to $60 million.

It also provides that contracts for the erection of branch buildings may be let only with the approval of the Board of Governors of the Federal Reserve System, thereby writing into the statute the longstanding practice of the Board in supervising such expenditures.

The existing $30 million authorization, which was previously $10 million back in 1947, was increased by $20 million to $30 million in 1953. This amount of money is virtually exhausted and these new buildings are needed to permit the Federal Reserve System to perform its functions efficiently.

It seems that as of now the Federal Reserve System is being called upon to process more checks, to handle more currency than they have done in previous years, and that these two activities, handling more checks and more currency, have made it necessary to have increased space.

Since 1953, the year the present $30 million authorization was enacted, the volume of cash handled by the Federal Reserve branch offices has increased by about 50 percent and the volume of checks has increased by about 80 percent.

There is a minority report filed by the gentleman from Texas [Mr. Patman], and the gentleman from Texas [Mr. Gonzalez] in which they set forth their positions. That report is quite extensive and I suggest Members refer to it.

They state that they are opposed to the bill for two reasons: First, it involves an abdication of congressional responsibility over the spending of public funds; and, second, it involves the spending of public funds much more than $30 million, for purposes for which there is little, if any, public need. They also mention in their minority report that in their opinion this is back-door spending.

Mr. Speaker, I know of no objection to the rule. I have no further requests for time.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 1005, with Mr. MACDONALD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. REUSS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the bill S. 1005 in essence permits the Federal Reserve System an additional $30 million with which to build new branches for the Federal Reserve System. There are 12 main banks of the Federal Reserve System and 24 branches.

By legislation passed by the Congress in 1947 and in 1953 the Federal Reserve was given an allotment of $30 million for the erection of branch bank buildings. This $30-million allotment is now substantially exhausted.

As passed by the other body, this bill would have repealed entirely any dollar limitation on what might be spent by the Federal Reserve System for branch bank construction. Your House Committee on Banking and Currency, after full hearings and careful consideration, was of the opinion that it would be more in accord with the ultimate control which Congress wants to maintain if the dollar limitation were inserted. This was done. In essence, as I say, the bill now before us adds an additional $30 million to what the Federal Reserve can spend on branch banks. The figure in the bill is $60 million, but if Members will consider the fact that $30 million of that has in effect been used, this leaves $30 million.

What, one may ask, is it that the branch banks of the Federal Reserve System do? Their principal function is to process checks and to handle currency. Both of these are activities which tend to show an increase rather directly related to the expansion of our economic system generally.

As the years have gone by since Carter Glass envisioned the Federal Reserve System, and since Congress in 1913 first wrote it into the law of the land, our economy has expanded many times, and so has the business of the Nation's central banking system, the Federal Reserve.

To meet its growing volume of work, the Federal Reserve Board in the last 15 years has authorized either the building or the purchase of branch buildings in 20 Federal Reserve cities throughout the country. There is an immediate need for several new buildings. The two most urgent needs are for New Orleans and Denver. I have had the benefit of the counsel of distinguished Members of this body from both these cities, and I am convinced that the Federal Reserve facilities in both these communities are entirely inadequate.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman.

Mr. ROGERS of Colorado. You have just made reference to the immediate need for new buildings and for substantial improvements at New Orleans and Denver, Colo. Do I understand that by the enactment of S. 1005, the Federal Reserve Bank Board will have authority to proceed with the construction of a building that has been contemplated in Denver, Colo., for a long time?

Mr. REUSS. That is correct. Actually, of course, the Federal Reserve Board has authority to proceed with that construction now, but they lack the funds to do it. This bill, by raising the ceiling, will permit the construction, and the Denver branch bank can go ahead, and it will similarly permit the construction of a branch bank in New Orleans to proceed.

Mr. ROGERS of Colorado. What causes me to ask this question is the fact that on the same page you list the allocation of authorizations for Federal Reserve branch buildings with the cost, and you list new buildings but you do not list Denver, Colo., or New Orleans.

Mr. REUSS. I think I can explain that to the gentleman. The listing which the gentleman is looking at, which is on page 3 of the report, relates to buildings that were built pursuant to the earlier authorization of 15 years ago. If the gentleman will read further, he will read the statement, and I quote:

> There is an immediate need for new buildings or substantial improvements at New Orleans and Denver.

And then it goes on and lists the other places where improvements are needed.

Mr. ROGERS of Colorado. Do I understand that the Federal Reserve Board has the right, duty, and responsibility of selecting the place where a building will be built?

Mr. REUSS. That is entirely correct, and it has promised to inform fully the proper committees of the Congress what it does. However, I am glad to tell the gentleman that we specifically asked about Denver and we were assured in the testimony at the hearings by the Federal Reserve System and, specifically, by Vice Chairman C. Canby Balderston that Denver was, together with New Orleans, one of the two most necessitous places, and I believe it to be their immediate intention, if this bill is enacted, to proceed to the construction of a branch bank at Denver.

Mr. ROGERS of Colorado. May I inquire further whether the Board itself would be required to take into consideration the desires and wishes of the people interested in banking circles, let us say, within Colorado as to where it should be located?

Mr. REUSS. Here again I have had numerous informal dealings with the Board on just this subject, and it is my judgment that the Board, being composed of reasonable men, would be not only willing but eager to sit down with leaders in the Denver and the Colorado business community and the financial community, and civic and Government leaders and, of course, with their Representatives here in the Congress, to discuss the nature of that construction, so that it will fit in with whatever plans Denver might have. This is simply good sense and, certainly, it would apply to Denver.

Mr. ROGERS of Colorado. If the gentleman will yield further, I would assume that if the Federal Reserve Board would have the authority to proceed they could proceed without reporting back to the committee of the Congress.

Mr. REUSS. That is correct.

Mr. ROGERS of Colorado. And that their judgment in the selection of a site would be a final decision as to where it would be constructed.

Mr. REUSS. That is correct.

Mr. ROGERS of Colorado. I thank the gentleman. I may say there has been a great deal of discussion in my congressional district as to where this new Federal Reserve bank building should be located. I assume they will be given sufficient funds for the purchase of the site together with whatever amounts are necessary out of the $30 million to construct the building, and that it is of No. 2 priority in the new authorization.

Mr. REUSS. The answer to all those questions is "Yes." And I would emphasize again that, from my dealings with the Board of Governors of the Federal Reserve System, I would feel confident that they would not arrive at a vital decision like the site or the nature of construction without full consultation with the Denver and Colorado people who are primarily served by that branch.

Mr. ROGERS of Colorado. I thank the gentleman for the information.

Mr. REUSS. There are other cities, of course, on the list for rather prompt consideration. They are set out on page 3 of the report. The hearings were full, and we had favorable reports from all branches of the Executive, including the Treasury Department and the Bureau of the Budget.

Two distinguished members of the House Committee on Banking and Currency have filed a dissent. I am sure they will be heard from, but I would point out that the dissenters were only two.

The bill S. 1005, as amended by your House committee, deserves prompt consideration and passage.

Mr. McDONOUGH. Mr. Chairman, I yield myself 10 minutes.

There is no new policy established by this bill; it is a continuation of a policy which has been in effect for many years.

This bill provides for a $30 million authorization to the Federal Reserve Bank Board to build branches and provide facilities for its operation throughout the United States. Heretofore they have had such authority, and the authority that they have been granted previously has been exhausted.

The need for this legislation stems from the Nation's growth that has resulted in certain Federal Reserve offices being called upon to process more checks and to handle more currency than can be done efficiently in their present quarters. These two activities—handling checks and handling currency and coin—require most of the space in Federal Reserve offices, and they are the ones that are growing the fastest. Since 1953, the year the present $30 million authorization was enacted, the volume of cash handled by the Federal Reserve branch offices has increased by about 50 percent, and the volume of checks handled has increased by about 80 percent.

To meet this growing volume of work, the Board over the past 15 years has authorized construction or purchase of branch buildings in 20 Federal Reserve cities throughout the country. The cost of these authorizations has totaled slightly over $28 million, and it is expected that the remainder of the $30 million authorized under present law will be utilized for a larger office that is much needed at Little Rock.

The following schedule shows how the existing authorization for construction of branch buildings has been used:

Allocations of authorization for Federal Reserve branch "building proper" costs

Statutory authority as amended May 29, 1953 (Federal Reserve Act, sec. 10, par. 9; 12 U.S.C. 522)	$30,000,000
New buildings:	
Seattle	1,419,661
Portland	1,371,470
Jacksonville	1,277,668
San Antonio	1,254,414
El Paso	618,000
Houston	1,286,755
Louisville	2,528,536
Buffalo	2,251,042
Nashville	1,323,126
Salt Lake City	1,534,215
Total	14,864,887
Additions:	
Detroit	2,160,670
Los Angeles	2,487,988
Charlotte	789,458
Baltimore	840,427
Omaha	1,036,497
Pittsburgh	2,190,134
Birmingham	1,339,696
Oklahoma City	1,090,691
Total	11,935,561
Purchased building:	
Cincinnati	1,294,575
Little Rock [1]	126,850
Total	1,421,425
Total allocations	28,221,873
Remainder of authorization	1,778,127

[1] Building on site for future addition.

Source: Board of Governors of the Federal Reserve System, Division of Bank Operations, Feb. 21, 1962.

There is an immediate need for new buildings, or substantial improvements, at New Orleans and Denver. Moreover, growth trends indicate that there will be a need for expanded facilities at Jacksonville, Memphis, Helena, Omaha, and Los Angeles. The present office at New Orleans was erected in 1923 at a cost of about $650,000. In 1924, this office had 81 employees and processed 4 million checks; in 1961, the office had 226 employees and processed 49 million checks. Over the past 10 years alone, the number of checks processed annually increased by 23 million, and 49 employees were added. The present Denver office was built in 1925 at a cost of about $230,000. The number of checks processed annually at this office rose from 9 million in 1925 to 27 million in 1951 and reached 49 million in 1961. Employees increased from 75 in 1925 to 149 in 1951 and 160 in 1961. Both of these offices are badly overcrowded and their working conditions are unsatisfactory.

Enactment of S. 1005 was recommended by the Board of Governors of the Federal Reserve System. Favorable reports on it were received from the Treasury Department and the Bureau of the Budget. Your committee recommends favorable action on the bill, as reported, because it will enable the Federal Reserve System to serve the growing needs of our economy more effectively.

We believe because of the urgency for a more expeditious manner and efficiency in the handling of the Federal Reserve System throughout the United States this bill should be passed, and we urge your favorable action on it.

Mr. SPENCE. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. PATMAN].

OPPOSITION TO FEDERAL RESERVE BUILDING BILL

Mr. PATMAN. Mr. Chairman, I regret very much to find myself in disagreement with the distinguished chairman of the committee, the Honorable BRENT SPENCE, on this particular bill. It is a bill I have had something to do with over the years, and I would have to sacrifice everything I ever stood for in matters of this kind if I were to agree to this bill. It is therefore necessary that I oppose it.

If you will get the report of the committee and notice the dissenting views that the gentleman from Texas [Mr. GONZALEZ] and I have filed, you will find we have pretty good reasons for opposing the bill.

First, there is abdication of congressional responsibility over the spending of public funds.

Second, it involves the spending of public funds much more than $30 million for purposes for which there is little if any public need.

I want to invite your attention to some things that do not appear on the surface. My real opposition, in addition to the bill on its merits, is failure to have adequate hearings on this bill. The hearings, of course, are only a few pages, but the main facts are not brought out, and there has been a failure to have adequate hearings.

There is only one way to deal with this bill and that is to recommit it to the committee and have adequate hearings on it.

Mr. Chairman, back-door financing is a phrase which is being considered around Congress and in the country today. I want to explain to the Members how this bill is worse than back-door financing. This is getting finances that belong to the Government without going through any committee. Back-door financing is where the committee authorizing the funds makes it possible for the funds to be spent or authorizes the appropriation of the funds to be spent without going through the Appropriations Committee. That is back-door financing.

Mr. Chairman, this bill provides that money which has come into the hands of the Federal Reserve, which should go into the Treasury would be spent for buildings without any accounting of any kind and without any audit of any kind.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Did I understand the gentleman to say that it is possible to spend the money for the erection of these facilities without regard to the law, with regard to the award of contracts to the lowest responsible bidder?

Mr. PATMAN. Yes; and there are no audits. In other words, there is no supervision of it at all.

Mr. Chairman, if you examine the dissenting views to which I invited the Members' attention, you will find that a number of agencies obtain funds, but we never allow them to take any part of the money to build buildings for themselves—not one penny. They must go through the authorizing committees and the Appropriations Committees where there is some control and some supervision, as well as audits of the books, in order to make sure that there is no conflict of interest, and that everything is on the up and up and aboveboard. But there are no such checks in this bill. This bill would permit the Federal Reserve to just keep that much money and spend it anyway that they want to spend it. We have nothing to do with the contracts. The Federal Reserve makes no reports to us. Their books are not audited.

Now, Mr. Chairman, if the Members will notice on page 7 of the dissenting views, one will find a list of the different agencies listed such as Interstate Commerce, Federal Trade, and many others which collect hundreds of millions of dollars each year. But every dollar of that money goes into the Treasury and the only way you can get it out is for Congress to appropriate it or permit them to spend it under certain conditions, limitations, restrictions, supervision, audits, and so forth. But among all those agencies we are picking out just the banking agency, the Federal Reserve, and saying "You are entitled to special treatment; we are going to let you spend that money as you want to."

Mr. Chairman, that $30 million should go into the Treasury and should help every taxpayer. But we are going to let the Federal Reserve hold it back and spend it for buildings where they want to spend it.

Mr. Chairman, another reason for my opposition to this bill, particularly since there were no adequate hearings on it, involves the use to which these buildings will be put. The proponents admit that the buildings are to be used to clear checks. To clear checks for whom? For the banks. They should pay that charge. The Federal Government should not pay it. It would be just as reasonable and logical for the Post Office Department to pay certain people to rent buildings and take letters that belong to mail-order houses, fold them up, seal them and put stamps on them, and mail them in the Post Office Department. It would be just as reasonable for the Post Office Department to be allowed the privilege of spending money for that purpose. Why, it would be ridiculous. This is exactly the same thing. The reason this has been done over the years is because nobody paid much attention to it. Heretofore it did not amount to too much money and they let it go. But suppose the Small Business Administration came here and said, "We collect several hundred million dollars a year and we turn it back into the Treasury. We wish you would let us spend $30 million to build some buildings over the country, the way we want to build them. We will pick out the sites, we will make the contracts, we do not want to report to you; we do not want any audits, we want no interference from the Congress. We just want to keep that much money."

You would not tolerate that. You would not stand for that for a minute. You would not stand for any of these agencies doing that. And yet we are picking out the Federal Reserve and making it the exception and saying, "You have the Government's money. We are going to let you spend it with no accounting and no audit."

Please notice the report and the dissenting views. You will find some interesting information in it, some that I will not have the time to bring out.

The clearing of checks is the main thing. They want to clear checks in these buildings. So will someone who is a sponsor of this bill tell me, since you admit that it is for clearing checks, clerical work to be done by clerical people, why you want to build fine, marble, stately buildings, that will cost millions of dollars, to do something that does not require such buildings as that?

We ought to have hearings on this bill to see what is required, to see what is needed. Was the question asked, Where is it done now? How much rent are you paying? Can we afford to switch from a lease arrangement, a rental arrangement, where the rental is cheap, and build these fine, stately, fabulous buildings, such as the Federal Reserve Building downtown, on Constitution Avenue? Some of these buildings will be as fine as the Capitol of the United States. For what purpose? To clear checks, that is all. They will tell you that. They cannot tell you anything else. They do not do any business for the Government there. There may be one transaction every 5 days or every 2 weeks, requiring no discretion, requiring no judgment. This is just a clearinghouse proposition that the banks should have to pay for, and they are switching it over to the Federal Government and we are paying it now, about $130 million to $150 million a year of a plain subsidy. And when I put this in the RECORD today you will find out, anybody who wants to vote for this bill will find that they are voting for another bankers' bonus bill. That is all it is. It is just an additional bankers' bonus bill. We are paying them $130 million a year now for nothing, for what they should pay for, and here they want to add $30 million to it.

They have not made any case for it. The hearings are no good. They are inadequate. They are incomplete. They do not touch the question about how much you could rent these buildings for. I think this bill should go back to the committee and it should come back here if they can make a case. And I assure you that it is very doubtful that they will be able to make a case that it is in the economic interest of the taxpayers of this Nation.

They talk about passing up the committees of Congress and back-door financing. This is worse than any back-door financing that was ever devised by man. This is just taking the Government's money and spending it just the way they want to. The tables I will insert in the RECORD will disclose the information I have inferred should be needed.

CANNOT DEFEAT

I know it is very difficult to get consideration of opposition to a bill like this when the committee has passed on it favorably, although it did not have information adequate to consider it. We have about as much chance killing this bill as the sheep has killing the butcher. The committee has passed on it. The gentleman from Texas [Mr. GONZALEZ] and I were the only two who voted against it, and we are proud of our opposition to it. I know it is difficult to get serious consideration of opposition to a bill, but if you will read the dissenting views I believe you will be impressed because we have disclosed questions there that cannot be answered with logic and reason. It just is not right to throw Government money around this way.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. ROUSSELOT. I want to bring up one point to make the record correct. I also oppose the bill for the same reasons the gentleman from Texas has listed. I believe he is correct, that this is not needed by the Federal Reserve Board for this purpose. In committee I so stated, and I state it now.

Mr. PATMAN. I thank the gentleman. I had forgotten that. The gentleman did vote against the bill in committee.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Florida.

Mr. HALEY. The gentleman is making, I think, a very fine statement here today. I think there should be some justification. I do not believe this has been justified. I hope that if you continue to try to oppose this bill the House will vote it down and send it back and have a proper hearing; $30 million is still a lot of money to make the taxpayers pay. I commend the gentleman for the statement he is making.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. ROOSEVELT. May I ask my colleague from Los Angeles, the distinguished ranking minority member of the committee, What are the justifications for these additional facilities in Los Angeles? Is there anything in the hearings that would indicate what these are? I have seen the building there and my information is that there is no immediate need.

Mr. PATMAN. I do not think you will find anything in the hearings. The reason this bill got through is that there is nothing to pass on except the Federal Reserve wants it. The bankers want it. Why should we pick out the bankers of all the different agencies of Government and say, "You sent us word that you want this, and without any hearings to back it up we will just give it to you."

About Los Angeles, last year, 1961, the Los Angeles bank made loans in the form of discounts to the Federal Reserve, which, of course, is the business they do at these banks, 14 transactions, $308 million in interest charges. Of course, they are all short term, about 15 days. Fourteen transactions in 12 months. That is about once a month that they pass on a transaction, and because they are doing that they want another building costing $7 million. If that makes sense—it does not make sense, common, book, or horse, no kind of sense.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. REUSS. On the subject of Los Angeles, I would call to the attention of the gentleman from California the testimony on page 7 of the hearings of the Vice Chairman of the Federal Reserve Board, Mr. C. Canby Balderston, who said this:

> There remains, however, an immediate need for new buildings, or substantial improvements, at New Orleans and Denver. Moreover, growth trends indicate that there will be a need for expanded facilities at Jacksonville, Memphis, Helena, Omaha, and Los Angeles.

The testimony of the Federal Reserve Board was that while there was not an immediate need there may well be one in the future, and consistent with the practice of the Congress in the past in the $30 million authorization in 1947 and 1953 this bill grants an additional $30 million authorization, because the existing authorization has been entirely used up.

Mr. ROOSEVELT. I would like to ask my distinguished colleague if the gentleman he referred to as testifying went beyond indicating that we are growing in population. It does not seem to me that because we are growing in population that establishes a need for building a new building for the Federal Reserve in the Los Angeles area. I gather from the testimony there may be a need, but there is no established need at this time. Is that correct?

Mr. REUSS. That is correct.

Mr. PATMAN. It is just doing this in advance—they admit it is not enough now but they want to get the money while they think the getting is good—I do not know.

Mr. BROWN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Ohio.

Mr. BROWN. I wonder if the gentleman could inform the House as to whether or not any foreign-aid funds are used for the purpose of erecting bank buildings in other countries?

Mr. PATMAN. I do not know.

Mr. BROWN. The gentleman is informed on this subject. Does not the gentleman believe that that information would be of interest to the House in the consideration of this legislation?

Mr. PATMAN. Yes; it would be interesting and the gentleman brings up a subject worthy of great consideration that these hearings should cover. I am glad the gentleman brought it up.

Mr. BROWN. It would be a little late now; would it not?

Mr. PATMAN. I hope you pursue it and help to send this bill back.

Mr. BROWN. I am sorry that the gentleman from Texas who has served with such great distinction on the Committee on Banking and Currency has not pursued it in the past because I though he kept abreast of all banking practices all over the world, and this is the first time I have been able to ask him a question that he could not answer. The next question is: Does the International Bank loan money for the construction of financial institutions in other countries?

Mr. PATMAN. Well, that does not relate to this, I do not believe, but if the gentleman wants to pursue that, it is all right with me.

Mr. BROWN. That institution is financed by our contributions as well as the contributions of other countries.

Mr. PATMAN. This is not related to that.

Mr. BROWN. No, it is not related except that it would certainly be an example of another international institution erecting a bank building.

Mr. PATMAN. Let me clarify the issue. The issue here is that an agency of Government has money that belongs to the Treasury. The question is whether or not they shall put it in the Treasury or hold back $30 million and spend it any way they want to in the future without reference to conflict of interest or without reference to any competitive bids or without reference to any audits or any sort of trouble or anything like that.

Mr. BROWN. I understand that. But will the gentleman yield further?

Mr. PATMAN. I yield to the gentleman.

Mr. BROWN. Are any of the funds of the Export-Import Bank used for this construction?

Mr. PATMAN. The gentleman is pursuing a tangent there, and I say that respectfully.

Mr. BROWN. I do not know whether it is a tangent or not, but that is the question I have in mind.

Mr. PATMAN. The Export-Import Bank is not allowed to do things like this and never has been allowed, and I doubt that this Congress would allow it to do that. You see the Export-Import Bank is in its own field just like the Federal Reserve bank or the Small Business Administration and other Government agencies.

Mr. BROWN. Will the gentleman yield for one further question?

Mr. PATMAN. I yield, but I hope the gentleman will yield me a little time since I am the only one opposing this bill.

Mr. BROWN. I hope you will yield me a half a minute to ask this question. Does the gentleman object to the original $30 million for the construction of this Federal Reserve bank building?

Mr. PATMAN. I do not recall how that came up. I think that was in the 1935 amendments to the banking law—I am not sure.

Mr. BROWN. The gentleman was here at that time.

Mr. PATMAN. I have always been against it.

Mr. BROWN. And he has a remarkable and marvelous memory, and I wonder if he remembers?

Mr. PATMAN. My memory is no better than the gentleman's and I am sure he remembers if he was here at that time.

Mr. BROWN. I was not here. I would remember it if I had been here.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McDONOUGH. Mr. Chairman, I yield the gentleman 3 minutes.

Mr. PATMAN. All I ask you to do please is to read the dissenting views. Look at what is in there. In the absence of information on which you could base a judgment as to whether to pass on this bill, where is the justification? Why do you say you want to vote for it? Just because the committee voted it out? That is the only reason I know. As a Member of the Congress—as a Member of the House of Representatives, when I am privileged to make a speech in my own district or any place in the United States, I am always glad to say that I belong to one of the most democratic bodies on earth, the House of Representatives, a body that is close to the people, the Members of which are elected every 2 years. And I point out if the Congress is doing something that is contrary to the wishes of the people and if there is a bad trend, they can always change that trend every 2 years by changing their House of Representatives. Everyone of us has to come up for reelection every 2 years. That is a wonderful thing, and I tell the audience that I happen to have how proud I am that we have committees in the Congress that are so diligent; that they will take a bill which is introduced and have witnesses appear before the committees of the Congress.

I often say that every page, every paragraph, every sentence, every phrase, and every word is carefully gone into by that committee. They are experts on this subject; they go into committee, and after carefully going into it they make a report to the House of Representatives and disclose their views, and their views are always based upon the testimony that was given in the hearings. They are printed and made available to everybody. They justify the report of the committee. But in this case I must say that it is just not true. We had no hearings that could be called hearings. The bankers just sent us word that they wanted this $30 million and gave us no justification for it, gave us no reason why we should make an exception in this case, but just said, "We want it now." That, of course, is persuasive, coming from such a fine fraternity as the banking fraternity, but at the same time their views and analyses, their ideas and suggestions should be analyzed and evaluated just the same as the views of any other group, as we should make no exception here. No other agency is allowed to do this. Dozens of agencies look at this report. Dozens of agencies make hundreds of millions of dollars, but not one of them is allowed to say where that money is spent unless it is appropriated, first authorized by the legislative committee and then appropriated by the Appropriations Committee. That is the only way they can do it. But here we make an exception, we say that for the bankers we will not do that.

LITTLE PUBLIC NEED WOULD BE SERVED BY NEW FEDERAL RESERVE BRANCH BANKS

To further document the fact that there is little public need for these Federal Reserve branch banks, I insert in the RECORD at this point a tabulation prepared by the Federal Reserve showing the amount of discounts and advances at each of the Federal Reserve branches covering the years 1957 through 1961.

This tabulation demonstrates not only that the current level of discounts and advances at these branches is woefully low, but also that it has been declining sharply in recent years. For example, the Jacksonville branch in 1961 handled only 49 discounts and advances in the aggregate amount of $90 million. This compares with some 716 discounts and advances aggregating $2,363 million at the same branch in 1959.

The New Orleans branch last year handled only 227 discounts and advances, amounting to $332 million, as compared with 901 aggregating $3,496 million in 1959.

The Memphis branch had only 177 discounts and advances in 1961, aggregating $679 million. The Helena branch had only 166 discounts and advances, aggregating $119 million; the Denver branch 84, totaling $229 million; the Omaha branch 330, totaling $462 million; and the Los Angeles branch 14, aggregating $308 million. In every instance the level of discounts and advances was substantially below that of earlier years.

Discounts and advances at certain branches of Federal Reserve banks 1957–61

[Amounts in millions of dollars]

Year	Jacksonville		New Orleans		Memphis		Helena		Denver		Omaha		Los Angeles	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1957	321	1,268	751	$2,977	244	1,323	344	284	508	1,726	956	1,347	209	1,807
1958	262	724	512	1,293	168	712	128	93	190	509	686	1,055	85	671
1959	716	2,363	901	3,496	260	987	380	305	491	2,271	1,190	2,736	182	2,218
1960	484	879	793	2,616	228	1,273	276	190	295	1,361	654	583	119	1,563
1961	49	90	227	332	177	679	166	119	84	229	330	462	14	308

Source: Board of Governors of Federal Reserve System.

I also insert at this time another tabulation prepared by the Federal Reserve Board, showing the total discounts and advances by Federal Reserve districts for the same period, 1957–61:

Discounts and advances by Federal Reserve districts, 1957–61

[Amounts in millions of dollars]

Year	Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1957	2,370	3,238	3,120	29,477	2,471	11,903	2,345	13,765	2,393	5,794	1,872	8,223
1958	1,406	1,559	2,097	11,121	1,440	1,559	1,441	6,044	1,338	2,294	1,234	3,706
1959	1,890	2,881	3,245	24,099	2,246	6,262	1,883	10,369	2,499	6,891	2,442	9,346
1960	1,634	1,449	1,710	7,873	1,821	2,712	1,174	3,671	1,832	3,194	1,821	5,872
1961	746	475	1,020	4,180	909	564	445	1,145	746	708	439	652

Year	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1957	2,680	15,716	1,181	3,416	1,474	4,880	3,002	9,041	845	2,682	913	6,336
1958	1,805	6,051	769	1,974	536	853	1,774	3,396	315	1,016	314	1,733
1959	3,494	15,433	1,293	3,771	1,450	3,060	3,893	11,973	899	3,455	919	7,523
1960	2,845	12,559	945	3,249	1,084	3,790	2,484	6,611	889	2,643	576	4,434
1961	1,104	3,573	283	813	341	197	869	1,308	145	329	155	712

Source: Board of Governors of Federal Reserve System.

A comparison of the two tabulations shows that the new branches handled a very small proportion of the total discounts and advances in their respective Federal Reserve districts.

An even weaker situation is indicated by the small earnings derived by the Federal Reserve branches from their operations of making discounts and advances. This is shown by a third tabulation prepared by the Federal Reserve Board, which I insert herein.

Estimated earnings from discounts and advances at certain Federal Reserve branches, 1961

Branch:	*Thousands*
Jacksonville	25
New Orleans	90
Memphis	90
Helena	30
Denver	40
Omaha	90
Los Angeles	35
Total, 7 branches	400

Source: Board of Governors of Federal Reserve System.

The above figures represent estimates for the year 1961, and show that the total estimated earnings on discounts and advances of all seven branches amounted only to $400,000.

FED CLAIMS $12.6 MILLION OF NEW BUILDINGS NEEDED TO HANDLE DISCOUNTS AND ADVANCES WHICH YIELD ONLY $400,000 IN EARNINGS

I insert here a table prepared by the Federal Reserve Board showing the total operating expenses for 1961 for the seven Federal Reserve branches. This tabulation shows that total operating expenses for even the smallest of the branches—at Helena—far exceeded the estimated earnings on discounts and advances of all seven branches.

Total operating expenses, 1961

Jacksonville	$2,484,362
New Orleans	1,654,926
Memphis	934,897
Helena	602,158
Denver	1,178,584
Omaha	1,376,304
Los Angeles	6,803,604
Total	15,034,835

Source: Board of Governors of Federal Reserve System.

I also include a tabulation prepared by the Federal Reserve Board showing the present cost and contemplated building proper cost of seven Federal Reserve branch buildings scheduled for the next 5 to 15 years under the proposed authorization. This shows that while the seven branches earn only about $400,000 at present on discounts and advances, the Fed believes that it needs to build new buildings for these seven branches at an estimated cost of more than $11 million.

Estimated building proper cost of Federal Reserve branch building construction

	Present	Contemplated in 5 to 15 years
Jacksonville	$1,277,668	$2,500,000
New Orleans	650,000	2,700,000
Memphis	195,803	1,400,000
Helena	125,165	500,000
Denver	$230,000	$2,000,000
Omaha	1,266,724	800,000
Los Angeles	3,195,752	1,400,000
Total	6,941,112	11,300,000

NOTE.—In addition, a Little Rock, Ark., branch at a cost of $1,300,000 will be financed out of existing authority.

Source: Board of Governors of Federal Reserve System.

NEW BRANCHES JUSTIFIED ONLY IF WE WANT TIGHTER MONEY AND HIGHER INTEREST RATES

Indeed, it is clear that the only way in which the building of these new Federal Reserve branch banks can be justified is on the assumption that we are heading for tighter and tighter money and higher and higher interest rates.

At present, money is tight and interest rates are unduly high. Even so, these Federal Reserve branches do only a negligible amount of discount business. We certainly do not want to see the Federal Reserve continue its recent program of tightening the money supply but that is the only way that these new branch banks can be justified. In other words, there is no need of new branch buildings to handle such a pitifully small volume of discounts and advances.

Of course, the fact is that these new branch buildings are solely for the purpose of providing free services for the

commercial banks—for handling and clearing checks and for providing other services. These services the commercial banks get as a gratuity. So this is just another bankers' bonus bill.

IN OPPOSITION TO S. 1005, A BILL WHICH WOULD INVOLVE AN ABDICATION OF CONGRESSIONAL RESPONSIBILITY OVER EXPENDITURE BY THE FEDERAL RESERVE OF PUBLIC FUNDS IN THE AMOUNT OF MORE THAN $30 MILLION—FOR PURPOSES FOR WHICH THERE IS LITTLE IF ANY PUBLIC NEED

Mr. Chairman, the gentleman from Texas [Mr. GONZALEZ] and I have dissented from a report of the Committee on Banking and Currency of the House on S. 1005. At this time I wish to read our dissenting views:

DISSENTING VIEWS OF HON. WRIGHT PATMAN AND HON. HENRY B. GONZALEZ

We are opposed to this bill for two reasons: First, it involves an abdication of congressional responsibility over the spending of public funds; second, it involves the spending of public funds—much more than $30 million—for purposes for which there is little if any public need.

In brief, in approving S. 1005 Congress would be approving back-door spending at its worst. Not only does this bill authorize a Federal agency to erect public buildings without first obtaining appropriations for the purpose—a bypass of a requirement of the Constitution—but it permits the use of public funds to erect buildings without any requirement that Congress approve the kinds, cost, times, or places where these buildings will be built, or approval of the actual uses for which they will be built. Indeed, under this bill public funds would be spent to erect buildings, and to staff and operate buildings, without even a requirement that the General Accounting Office or any other independent agency audit the funds after they have been spent.

The Federal Reserve System is one of a number of Federal agencies which collect substantial amounts of funds from the public as a major or incidental part of their functions. The Federal Reserve System collects a large amount of such funds, paying into the Federal Treasury approximately $1 billion per year. This bill would authorize the System to make expenditures from such funds, before turning them into the Treasury, up to a total of $30 million, for the purpose of erecting new Federal Reserve bank buildings, or expanding already existing buildings. If Congress adopts the theory that it is none of its business how public funds are spent so long as the funds are spent before they are turned over to the Treasury, it will abandon its responsibility over substantially all Federal spending.

MANY OTHER FEDERAL AGENCIES EQUALLY JUSTIFIED TO ENGAGE IN BACK-DOOR SPENDING FOR NEW BUILDINGS

If Congress allows the Federal Reserve System to use public funds to erect buildings whenever and wherever officials of the System please to erect them, and for whatever purpose they think appropriate, there will be equal reason to give several dozen other Federal agencies a free hand to do likewise. Indeed, there will be even stronger reason because these other Federal agencies are at least subject to independent audits, and Congress at least receives reports on how the funds they are authorized to spend have been spent.

The Post Office Department, which collects about $8½ billion yearly from the public, from the sale of stamps, would decide when and where to build post offices, without congressional approval. The Commodity Credit Corporation, which takes in about $3.2 billion per year, would likewise erect whatever buildings it chose to erect, and for whatever purpose it might think justified. Several other Federal agencies which take in substantial amounts of funds from the public are indicated below, along with their receipts for the calendar year 1960.

Receipts in calendar 1960

[In thousands]

Farm Credit Administration	$11,410
Federal Savings and Loan Insurance Corporation fund	53,885
Small Business Administration	130,956
Veterans' Administration	199,278
Housing and Home Finance Agency:	
Office of the Administrator	295,524
Federal Housing Administration	271,165
Public Housing Administration	133,237
Agriculture Department:	
Federal Crop Insurance Corporation	16,640
Farmers Home Administration	44,554
Health, Education, and Welfare Department: Social Security Administration: Operating fund, Bureau of Federal Credit Unions	3,383
Interior Department:	
Bureau of Indian Affairs	2,672
Bureau of Reclamation	4,633
Alaska Railroad	18,532
Virgin Islands Corporation	3,142
Labor Department: Farm labor supply fund	3,573
Department of Justice	2,035
Farm Credit Administration: Banks for cooperatives and Federal intermediate credit banks	110,698
Exchange stabilization fund	9,498

Such justification as there may be for permitting the Federal Reserve to spend public funds to erect, modify, or enlarge buildings, applies equally to the above agencies and to others.

S. 1005 WOULD MAKE THE FEDERAL RESERVE SYSTEM MORE INDEPENDENT THAN THE SUPREME COURT OF THE UNITED STATES

The Federal Reserve System is only one of a number of independent Federal agencies which have been established to carry out certain duties and powers which are assigned to the Congress by the Constitution. These agencies are said to be "independent" because they have certain judicial or quasi-judicial duties, in the exercise of which they are, like the Federal courts, independent of both the executive and legislative branches of the Government.

It is for the reason of this so-called independence that officials of the Federal Reserve have adopted the view that they should be permitted to erect office buildings and expand already existing buildings without congressional approval. Seeking the prior approval of Congress for such expenditure of public funds would, it has been suggested, somehow impinge on the "independence" of the System. Hon. C. Canby Balderston, Vice Chairman of the Board of Governors of the Federal Reserve System who testified on behalf of the bill made this unique argument in reply to a question during the hearings:

"Mr. MOORHEAD. * * * in the question of buildings in this bill we aren't going too far in removing all limitations. Other agencies of Government have to go to an authorizing committee and then to the Committee on Appropriations before they can spend money to erect buildings.

"I don't think that the same rule should be applied in the case of the Federal Reserve System, but would the System object to, say, giving a 30-day notice to the Banking and Currency Committee of the House before granting the approval to erect a new building or an expensive addition, a $1 million addition to an existing branch bank?

"Mr. BALDERSTON. You are raising a very fundamental question, Congressman MOORHEAD.

"The Federal Reserve Board feels that it should report fully to the Congress, and especially to the House and Senate Banking and Currency Committees, as to what it has done or has spent.

"However, it has seemed fundamental to the preservation of the independence of central banks, not only in this country but in other leading countries of the world—such as Canada, Great Britain, Holland, France, Italy, Switzerland, and Germany—that the central banks should be able to control their expenditures without having to seek explicit authority from their respective governments.

"Now the reason for that is not hard to see. Because if a certain district needs additional space in a branch office for reasons of service—or if the Federal Reserve needs to conduct a research program in the interest of sounder monetary policy, or of improved banking supervision—it is important that those projects move forward without the delays and possible interruptions that might be caused by advance notice and consent."

If a requirement that the Federal Reserve come to Congress for appropriations or specific authorization to erect a new building impinges upon the "independence" of the System, then so, too, must this requirement impinge upon the "independence" of all of the other quasi-judicial agencies. These include, but are not limited to, the following:

Interstate Commerce Commission.
Federal Trade Commission.
Federal Power Commission.
Federal Communications Commission.
Federal Aviation Agency.
Federal Maritime Commission.
Federal Mediation and Conciliation Service.
Foreign Claims Settlement Commission of the United States.
Community Facilities Administration.
Indian Claims Commission.
National Aeronautics and Space Administration.
National Labor Relations Board.
National Science Foundation.
Railroad Retirement Board.
Securities and Exchange Commission.
Selective Service System.
Small Business Administration.
Smithsonian Institution.
Tariff Commission.
Tennessee Valley Authority.
Veterans' Administration.
Atomic Energy Commission.
And others.

The Federal courts are also independent of both the President and the Congress—in all of their functions. Indeed, the judicial branch of the Government is not only independent of the other two branches of Government, it is coequal with them. Yet the Federal courts are not permitted to erect buildings as they please, to spend for such purposes the fines they collect, or any other public funds passing through their hands. Not even the Supreme Court of the United States can erect for itself a new building without coming to Congress for specific authorization and appropriations. Congress is being asked, in this bill, to confer upon the Federal Reserve System an even more "independent" status than that which is provided by the Constitution for the judicial branch of the Government.

Governor Balderston's allusion to the possibility that the Federal Reserve may find that it hurriedly needs to erect a new branch bank "to conduct a research program in the interest of sounder monetary policy," or for "improved banking supervision" hardly requires comment. "Monetary policy" refers to decisions of the Federal Reserve officials to establish or modify the Nation's supply of money, for purposes of regulating the economy of the United States and certain of its component parts, such as the levels of incomes, savings, and investment, prices, etc. These monetary policy decisions are made at regular meetings at the head office in

Washington, and could hardly be delayed by any need for a new branch bank, in Milwaukee, say, to house a research program. It is equally inplausible to think that the System's bank examiners, as they travel from town to town, may be seriously inconvenienced by the absence of some new branch bank building that might have been erected except for "the delays and possible interruptions" which could result from the normal requirement that Congress approve such matters.

NEEDS AND USES OF FEDERAL RESERVE BRANCH BANKS

The Federal Reserve Act of 1914 establishes 12 Federal Reserve districts, and a Federal Reserve bank in each district. In addition, each Federal Reserve bank has, over the years, established a number of Federal Reserve branch banks in various cities in the respective districts.

Almost without exception these bank buildings and branch bank buildings are marble temples—imposing edifices which suggest that momentous affairs are conducted behind their gilded and bronzed doors. To obtain a Federal Reserve branch bank for one's city is an enviable objective, highly regarded by the business community of almost any city. Such a bank is thought to be a "money center," or at least a branch of a "money center," and is vaguely assumed to bring influence and advantage to the business and financial enterprises of a city worthy of having such an edifice.

In truth, the functions for which even the Federal Reserve banks were established have long since disappeared. The amount of credit which these banks extend by way of loans and advances to the private banks in the community is negligible, and has been for many years. Furthermore, such credit as is extended could be handled by mail or by telephone to some central office, as easily as by face-to-face dealings with an officer of one of these establishments. The amounts and the terms of such driblets of credit as these banks hand out are prescribed by rules promulgated by the Board in Washington. Such decisions the local bank officers may make as to the credit-worthiness of the borrowing bank, or as to the adequacy of the assets pledged to secure the loan, hardly require judgment of a high executive sort. With minor exceptions, obligations of the U.S. Treasury are deposited to secure any loan made to the private banks.

This is not to say that the Federal Reserve System extends no credit to the private banking system. Indeed, it does, but for many years now substantially all such extensions of credit have been made through the so-called open market operations in New York City. These credit extensions are all conducted by the manager of the open market account and a small staff of assistants housed in the Federal Reserve Bank of New York.

This is also not to say that the operations which take place in the Federal Reserve bank and branch buildings are of no importance. In point of fact, however, the space in these palatial buildings—other than that devoted to entrance lobbies, employee recreational lounges, officers' dining rooms, parking spaces for employees' autos, and so on—is largely devoted to routine clerical operations. And so too are the personnel which these buildings house.

One activity is the counting and sorting of currency. But for the most part, these buildings are used for "check clearance" operations. And so, too, are most of the staffs and expenses devoted to "check clearances" and related mechanics. The banks and branches receive large quantities of checks which the employees sort, record, and forward to the payee banks. This is a service provided to the private banks of the Nation at public expense. This is a function performed in many cities and towns by private clearinghouse associations, in which case the banks using these services pay the costs. The Federal Reserve banks and their branches also maintain telephone and telegraph systems over which messages are transmitted for the convenience of the private banks, without charge.

During the calendar year 1961, the 12 Federal Reserve banks and their branches earned from their operations—that is, from interest on loans, fees, etc.—some $4,033,000. Their net expenses, on the other hand, were $161,275,000. It is not improbable that 90 percent or more of the $157,242,000 out-of-pocket cost to the Government last year went to pay the costs of free services provided to the private banks.

By approving the spending of $30 million to build and enlarge branch banks, therefore, Congress would be approving another $30 million subsidy to the private banks, if, indeed, it will not be a waste, unneeded even for services to the private banks. Moreover, the amount involved will be a great deal more than the $30 million. New employees will be hired to staff the new buildings. The new buildings will incur new expenses for heat, light, water, air conditioning, travel, telephone service, and so on. Under present law, the Federal Reserve is already free to use public funds, without limit, to meet such expenses and to pay employee and officer salaries. And, unlike other Federal agencies which must come to Congress for appropriations to meet such expenses, the Federal Reserve is not subject to any audit by the General Accounting Office or by any other authority to determine how public funds have been spent, after they have been spent.

We have reason to know, however, that the Federal Reserve banks have made expenditures of public funds for most unusual purposes. At the request of one of the members of the committee [Mr. Patman], a few years ago, the Board of Governors submitted to the committee for its inspection audit reports—that is, reports made by the System's own auditors—of Federal Reserve bank operations over the several previous years. Statements from these reports were called to the attention of the full committee, in the course of public hearings during 1958. There were many instances where Federal Reserve buildings had been expanded, had acquired capital improvements, or acquired new furnishings, and charged the costs to current operating "expenses."

The other operating "expenses" showed, furthermore, a variety of most unusual uses of public funds. These included expenses for banquets—with paid entertainers—tickets to theaters, baseball and football games, deluxe staterooms on cruises, expenses for bringing officers' wives to conventions, plus "favors" for same—on the ground that "attendance by an officer without his wife may give rise to an unfavorable impression."[1]

With particular reference to the nature and uses of the Federal Reserve bank and branch buildings, the following excerpts from testimony [by Mr. Patman] before the committee in 1958 may prove useful. (The passages appearing in quotations are from the reports of the Federal Reserve auditors.)

Some of the banks give the clearinghouse associations rent-free space in the Federal Reserve Bank building. Examples:

"Philadelphia, 1952: 1,800 square feet assigned to Philadelphia Clearinghouse on rent-free basis.

"Boston, 1954: An office comprising 1,128 square feet has been allocated to the Boston Clearinghouse Association on rent-free basis, in consideration of Reserve Bank's exemption from association dues and assessments.

"St. Louis, 1955: Leased 705 square feet to the St. Louis Clearinghouse on a rent-free basis.

"San Francisco, 1952: The Reserve bank occupies the entire head office building except for a small area which the San Francisco Clearing House Association continues to use on a rent-free basis in lieu of payment by the Reserve bank of dues and assessments as paid by other members."

They may rent at nominal rates office space in the Federal Reserve bank buildings to private banker associations. Example:

"New York, 1952: 2,550 square feet of space leased to New York State Bankers' Association at $340.

"Richmond (Baltimore branch), 1952: A basement area of 1,531 square feet is rented to the Baltimore Clearing House Association at $50 per month."

When it comes to making the bank premises lush and plush, the Reserve banks spare no expense. They spend enough on the premises to have them goldplated. They have auditoriums and they buy organs. They build small dining rooms for entertaining banks' guests, presumably for small intimate parties where there aren't enough guests to feel comfortable in the large dining rooms. They build roof gardens. They build parking garages for bank personnel. They acquire land and buildings for future possible needs. They pay large sums to option land and allow the options to expire. They pay large architects' and engineers' fees, usually without indicating how the lucky contractor is selected, and they pay for costly plans for buildings that are not built.

These banks are supposed to be limited by law in their spending for bank premises. They are expressly forbidden to build or enter into any contract to erect any building to cost in excess of $250,000 without coming to Congress for the authorization.

But the Federal Reserve System has invented a new accounting system which seems to eliminate much of the normal inconvenience of any restraint on capital outlays. By this new system, they simply charge capital outlays to current expenses.

They lease bank space to others, including clearinghouse associations, and then meet their own needs by leasing space outside the bank building.

"Chicago, 1952: The head office building provides a total of 307,138 square feet of usable floor space, of which the Reserve bank utilizes 293,890 square feet for its operations. The remaining area of 13,248 square feet is occupied, under lease by the district chief national bank examiner, the Federal Deposit Insurance Corporation, and the Chicago Clearing House Association. The rental from these tenants amounts to $2,316.03 per month. The expanding level of operation at the bank has increased the space requirements considerably. To meet this situation 10,528 square feet of space has been leased in the insurance building, 175 West Jackson Boulevard, directly across the street from the bank, and during the course of examination this leased area was augmented by 5,000 additional square feet.

"Boston, 1953: An outstanding decorative feature of the entrance lobby is a relief map of the first Federal Reserve district carved in marble.

"Richmond (Baltimore branch), 1952: The available space seems adequate for the branch's operations at their current level. However, the management feels that additional space would be desirable to provide needed service and auxiliary facilities.

"Richmond, 1954: Expenditures in connection with the new building addition aggregated $2,551,349.75.

"Quarters on the first and third floors of the main building were redecorated and refurnished to provide for a reception area

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[1] For this and other examples of Federal Reserve expenses, see: Hearings Before the Committee on Banking and Credit, House of Representatives, 85th Cong., 2d sess., on S. 1451 and H.R. 7026, Jan. 14–Feb. 7, 1958, pt. II, pp. 1562–1570.

(first floor) and an exhibit conference room (third floor) at costs of about $6,000 and $14,800, respectively.

"Philadelphia, 1952: Estimated cost of construction of balcony on mezzanine, $55,000.

"St. Louis, 1956: Sculpture (estimate), $8,000; mural (estimate), $18,000.

"Boston, 1953: Cost of console organ purchased from the Baldwin Piano Co. on December 23, 1952, and placed in the new auditorium, $6,000.

"St. Louis, 1955: The garage contains a service center for bank-owned automobiles but is used primarily as a parking area for employees' cars. A nominal parking fee is charged for the latter accommodation.

"Atlanta, 1955: * * * with the authorization of the Board of Governors, construction of a 3-story, 7-deck parking garage for the use of bank personnel was commenced on this part of the property. When completed this structure will have a parking capacity for about 140 cars.

"The construction contract was awarded on the basis of a low bid of $269,900 and, inclusive of architects' fees and other expenses, it is estimated that the total cost will be $303,000.

"New York, 1952: * * * $6,145 for the erection of a platform on the roof of the annex building. The construction served two purposes: Needed repairs to the roof were made and the employees were provided with a roof garden which has proved to be highly popular with the staff.

"Philadelphia, 1952: Studies are now being made of the advisability of the construction of a joint assembly hall and recreation room on the roof of building No. 1B at a cost of about $150,000.

"Chicago, 1952: Projects * * * at the head office comprise the laying of tile flooring and installation of lockers in shower room * * *. The largest undertaking completed was the remodeling of the auditorium on the fifth floor. In addition to the reconstruction of the floor and ceiling, new seats and lighting were installed and a movie screen, cloak, and storage rooms were provided. The auditorium has a seating capacity of 240 persons and is used by the Reserve bank for personnel training through the medium of motion pictures and for employee meetings and other activities. The Reserve bank has also made the facilities of the auditorium available to member banks and other appropriate groups with related interest.

"Boston, 1953: There are also provided such facilities as an auditorium, a renovated and enlarged cafeteria, an employees' recreation lounge, a medical section, and classrooms.

"Atlanta, 1953: On September 23, 1952, the Jacksonville branch took occupancy of its new building at 515 Julia Street. This distinctive structure incorporates many features of modern design. Disbursements to this construction project amounted to the total cost to date to $2,314,961.33.

"SPACE ASSIGNMENT

"Fifth floor: Personnel department: employees' cafeteria and lounge; infirmary; kitchen; library; officers' lounge and dining room; old file storage; recreation room. Although there is considerable area of unused space on the fourth floor, the management does not contemplate the leasing of any space to outside tenants.

"Richmond (Charlotte branch), 1953: A new addition was, for all practical purposes, completed during the latter part of September 1952 although it had not been formally accepted. The addition which has increased usable space by approximately 64,000 square feet has not only supplied ample working areas, but has made possible such facilities as an auditorium, cafeteria, an employees recreational lounge, and a library and reading room. These together with the excellent modern lighting and soundproofing provide an efficient, comfortable, and attractive working environment.

"Dallas (Houston branch), 1956: The new home of the branch will be of modern design and without windows. It will consist of a basement, three floors, a penthouse for elevator machinery, and a roof terrace and sun deck for the use of employees.

"St. Louis, 1956: * * * a bid of $32,823.19 was accepted, covering food service equipment to be installed in the building.

"St. Louis, 1955: Chargeoff to expense for furniture and equipment purchases. In the year 1954, this amounted to $137,805.23. In the year 1953, this amounted to $187,209.33.

"St. Louis, 1956: It is planned also to replace the furniture in the accounting, fiscal agency, safekeeping, and money departments, and $101,000 has been budgeted for this purpose.

"Dallas, 1955: Forfeiture of option money on tentative building site at Houston, $1,500.

"St. Louis, 1952: Expenditures in connection with expired options on sites for a proposed new Louisville branch bank, $1,532.60.

"Atlanta, 1955: Architects' fees and other expenses related to the several projects thus far paid total $206,549.01 at the head office, $41,632.81 at the Birmingham branch and $29,208.24 at the Nashville branch. Architects' fees totaling $34,343.23 were paid for work done in preparing preliminary plans and cost estimates in connection with an earlier and radically different design for the head office construction. As this tentative proposal was discarded the relevant architects' fees were charged to profit and loss in 1954.

"Chicago, 1955: On a proposal to add four stories to the existing bank building. After full consideration that plan was abandoned and $110,000 which had been expended on it for architects' fees and engineers' fees was charged off.

"San Francisco, 1956: Loss on architects' fees paid for services performed in connection with subsequently discarded plan for proposed alterations to head office building, 1955, $2,035."

They expand bank premises beyond their needs, but hold space "in reserve," rather than making it available for rental.

"Chicago, 1953: Although the seventh and eighth floors of the new addition are currently not needed for bank operations, the management deems it advisable to hold this space in reserve, and not consider making these areas available for rental."

They make purchases without approval—not in accordance with even their own bank regulations.

"Richmond, 1955: Earnings and expenses: 'Under the Reserve bank's procedure, neither the disbursement vouchers nor the supporting invoices bear any direct evidence that the purchases were approved in accordance with the Reserve bank's regulations. This matter was discussed with the management and we were advised that appropriate revisions would be made in present procedures, so that the vouchers would carry evidence of the necessary official approvals.' "

They acquire land and buidings and lease them for $1 per year; in one case "in consideration of" the lessee's agreement to park bank employees' autos for $4 per month.

"Richmond, 1952: Other real estate consisted of two parcels of land acquired for banking house purposes at Richmond and Charlotte, the book value of these properties being $146,549.91 and $10,868.42, respectively. The head office figure reflected a reduction of $6,897.25 in the interval between examinations, representing the net proceeds of the sale of a small portion of the land.

"The Richmond property is located on North Eighth Street opposite the new building addition and is leased to a parking lot and filling station operator for $1 per year in consideration of his agreement to park bank-owned and employees' automobiles for a nominal fee of $4 per month.

"The Charlotte property adjoins the branch building and is used as a free parking lot for employees' automobiles.

"Richmond, 1953: An unimproved lot adjoining the rear of the branch of this building was acquired in 1944 in contemplation of a possible enlargement of the present building. The cost of this property, $10,868.42. The expenses, principally city and county taxes, incurred in connection with this property, amounted to $178.05 in the year 1952.

"San Francisco, 1952: Other real estate carried at a book value of $35,000. This property is currently used by branch employees as a free parking lot. Taxes are the only item of expense on the property and amounted to $817.80 for 1951, and $277.05 for the current year to date of examination.

"San Francisco, 1953: The Los Angeles property was acquired in the current year at a cost of $320,317. This property was acquired primarily to provide for possible future needs of the branch, but present plans contemplate conversion of part of it to a parking area for employees' cars.

"Dallas, 1952: * * * While the management is currently negotiating for the purchase of a desirable site, it is realized that 'regardless of the plan finally adopted the bank cannot proceed with any building program under present condition.'

"Philadelphia (Pittsburgh branch), 1952: The remainder of the land is rented by this company under a lease expiring on June 23, 1954, for $6,448.20 per annum, approximately the tax assessment, and is used as a parking lot. * * * However, plans for proceeding with the enlargement of the present building are being held in abeyance pending congressional authorization of additional branch building.

"Atlanta (Birmingham branch), 1955: One-half of the Birmingham property is under lease to a commercial parking lot operator at a monthly rental of $300. The remainder of this property and the property at Nashville are currently used as parking areas for employees' cars."

They let construction contracts without calling for fixed-price bids.

"New York, 1952: It was impractical to attempt to obtain bids for this work on a fixed-price basis and it is now expected that the final cost may exceed $635,000, by as much as $100,000."

They acquire properties and pay architects' fees for buildings not authorized.

"Dallas (San Antonio branch), 1953: Accordingly, a site was purchased on July 1, 1952, and a firm of architects has been engaged to prepare plans for a new building. Any program of construction is, of course, contingent on the obtaining of appropriate authorization.

"Minneapolis, 1955: The Board of Governors authorized a total expenditure of $5,105,000 which is intended to cover the construction costs specified in the aforesaid contracts, the architects' fee, and a contingency allowance of $200,000.

"This figure includes $81,523.33 covering architects' and engineers' fees and other costs related to the present construction which were incurred in prior years and previously charged to profit and loss when there was no definite assurance that the project would be adopted."

Here are just a few examples of construction costs which are charged to current expenses.

"Cleveland, 1952: 'Also nearing completion is the installation of new doors for the security court. The cost of this replacement is estimated to be approximately $39,000 and the entire amount is to be charged to current expense as repairs and alterations.'

"New York, 1952: Total costs $121,416 for alteration in the gold vault were charged to

current expense on the theory that the alteration did not materially add to asset values but served rather to make the alteration and utilization of existing vault space.

"Atlanta, 1955: During 1954, an incinerator was installed in the basement of the annex building at a cost of $15,287.38. The amount was charged to profit and loss on the assumption that the incinerator would have no salvage value.

"Cleveland, 1956: Construction costs of $135,000 allocated to current expenses.

"Philadelphia, 1956: Construction of a counter and rearrangement of the serving area in the cafeteria, $2,588.

"All of the expenditures in connection with the projects mentioned above were charged to current expenses."[3]

Respectfully submitted.

WRIGHT PATMAN.
HENRY B. GONZALEZ.

Mr. McDONOUGH. Mr. Chairman, referring back to the inquiry of my colleague from California [Mr. ROOSEVELT] concerning the statement in the report on Los Angeles, for his information I would inform him that Los Angeles is an authorization previously used. This is not a new building. This is what part of the previously authorized $30 million was used for.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. ROOSEVELT. I was referring to the fact that there was further expansion in Los Angeles.

Mr. McDONOUGH. As far as the total is concerned I have no information at this time. The gentleman was referring to a matter that came under a previous bill.

Mr. ROOSEVELT. No, I was not; I was referring to the matter the gentleman from Wisconsin explained.

Mr. McDONOUGH. Mr. Chairman, I have no further requests for time on this side.

Mr. SPENCE. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, the Federal Reserve System pays into the Treasury of the United States 90 percent of its net earnings. On liquidation, every dollar in its possession would go into the Treasury of the United States. Last year it paid into the Treasury close to $700 million.

The Federal Reserve System is asking for $30 million to build necessary branch buildings that are essential as a result of the increase in business.

The Federal Reserve System carried us through two wars and the Korean conflict. Today the United States is the leading financial country in the world. The purchasing power and stability of the dollar must be maintained to assure the continuation of our world financial leadership. The Federal Reserve System is charged with the duty of stabilizing and maintaining the purchasing power of the dollar. These branch buildings are instrumentalities by which the System may function properly.

All the affected Departments of the Government approve the measure and business interests favor it.

Mr. Chairman, I ask the House to pass this bill.

The CHAIRMAN. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 10 of the Federal Reserve Act, as amended, is hereby further amended by striking paragraph nine thereof (U.S.C., title 12, sec. 522).

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Strike out all of section 1 and insert the following: "That the ninth paragraph of section 10 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 522), is amended by striking out '$30,000,000' and inserting '$60,000,000'."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. Section 3 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 521), is hereby further amended by adding at the end thereof the following paragraph:

"No Federal Reserve bank shall have authority hereafter to enter into any contract or contracts for the erection of any branch bank building of any kind or character or to authorize the erection of any such building, except with the approval of the Board of Governors of the Federal Reserve System."

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 2, line 8, insert the following immediately before the period: ", and in such amount or amounts, or at such cost, as may be authorized in an appropriation Act".

Mr. PATMAN. Mr. Chairman, this amendment would eliminate the bad features associated with back-door financing. There is ample precedent for requiring this type of approval by the Appropriation Committees. You will notice this requires the Appropriation Committees to pass on this before the money can actually be spent. Then we will have some supervision over it. Contracts will be made like the Government lets contracts, in competition, and there will be no conflict of interest, there will be some supervision, there will be audits of books to make sure that everything is done properly. Without this amendment there will be no audits, there will be no competitive bidding required.

Mr. Chairman, this type of approval by the Appropriation Committees has been required heretofore, as witness the Foreign Assistance Act of 1961, when we required it in that act of 1961 relating to the use of foreign currencies, and H.R. 8900 of the present Congress as passed by the Senate relating to the use of public debt funds. There are two precedents for it right there. In both instances the funds were to be used only in accordance with Appropriation Committee actions.

Now, is not that in accordance with the parliamentary system? Is not that in accordance with democratic processes, that we require the expenditure of public funds only after being authorized by a committee of Congress? That is all I am asking for here—that it be authorized by the Appropriation Committees. Certainly, it is not asking too much. I do not see how anyone can oppose this amendment. Are you going to take the position that you do not want the Appropriations Committees to pass on the expenditure of public funds? Are you going to take the position that this one agency out of 50 agencies that receive money for the Government and for the taxpayers—that this is the only agency that is going to be allowed to just keep $30 million over there and not turn it over to the Treasury and not go through Congress in any way, shape, form, or fashion, and pay no attention to the traditional way in which the Government lets contracts? Go out and, regardless of what the traditions of the past have been, and let the contract; go ahead and let a few people make the contracts without reference to the bids?

Mr. Chairman, I hope that this amendment will be adopted and I certainly hope that the Committee will agree to accept this amendment. I do not see how they can oppose it. They are certainly in favor of a democracy. They are certainly in favor of the U.S. Government. They are in favor of Congress. They are in favor of the ordinary, usual procedure of appropriating money. They are against back-door financing. So I hope they will accept this amendment and that the Committee will approve it.

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment. I am sorry I shall have to disagree with my good friend, the gentleman from Texas [Mr. PATMAN], and oppose his amendment, for the simple reason that to adopt this amendment would frustrate, negate, nullify, stultify, and render a nullity the bill itself.

Mr. Chairman, the bill is drawn in accordance with the previous practices of Congress that the Federal Reserve be granted the authorization to expend up to an additional $30 million for the construction of new branch bank buildings. The amendment offered by the gentleman from Texas [Mr. PATMAN] would in effect wipe that out by requiring a special action of Congress each time a building is constructed.

I find it a little ironic that I am on the opposite side of these issues from that of my distinguished friend and colleague, the gentleman from Texas [Mr. PATMAN], because I am quite frequently as vocally critical as he is of the Federal Reserve Board. I am quite frequently critical of the way they administer the monetary policy of this country. I am equally critical upon occasion of what I regard as the less than completely adequate information which they give to Congress. But neither of those issues is involved in this amendment.

Mr. MEADER. Mr. Chairman, will the gentleman yield for a question?

Mr. REUSS. I yield to the gentleman from Michigan.

Mr. MEADER. Mr. Chairman, if the Committee on Appropriations appropriates funds for the Federal Reserve System for the construction of buildings, would not that imply a support by the Federal Government of tax funds for the Federal Reserve System rather than permit them to use their own funds which do not belong to the U.S. Government to build their buildings?

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[3] Source: Hearings, already cited, pp. 1570–1575.

Mr. REUSS. It would. Of course, the Federal Reserve does not receive appropriated funds from the U.S. Treasury.

Mr. MEADER. Am I correct in understanding that the Federal Reserve System, in its operations and construction of buildings and all of its expenditures, is supported by contributions of member banks of the Federal Reserve System and not by any appropriated funds?

Mr. REUSS. It is not quite that simple, and I will bet that the gentleman from Michigan wishes he had the power which the Federal Reserve System has of, in effect, printing money. This is a very handy thing to have, and it is very pleasant. But the point involved here is that no funds are voted by the Congress for the support of the Federal Reserve System, as the gentleman from Michigan well says, and I trust, therefore, that the amendment will be voted down.

Mr. MEADER. Am I correct that the $30 million is derived from their operating revenues and not from any appropriations?

Mr. REUSS. That is correct.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman.

Mr. PATMAN. Mr. Chairman, I think the gentleman overstated himself in his last statement, that the money comes from operating revenues. Only a small part of the funds coming into the Federal Reserve comes from operating revenues.

Mr. REUSS. Including their profits from open market operations.

Mr. PATMAN. Probably about $4 million a year. Does not the gentleman agree with me that the profits come from creating money on the credit of the Nation, with Federal Reserve notes printed over here at the Bureau of Engraving, to pay what is necessary to buy Government bonds, and they collect interest on those Government bonds? That is where the money comes from, 97 percent of it—does not the gentleman agree?

Mr. REUSS. This is where I am with the gentleman from Texas, and always have been. And when we argue that question I will be along with him. But the point at issue in this amendment is whether the Federal Reserve System should have renewed the power which it has always had to build its own branch banks. I hope the House will accord it that power.

Mr. WAGGONNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment which is aimed at preserving congressional authority and stopping back-door spending. This is not just a matter of providing an expenditure of $30 million. This is an amendment to preserve congressional authority and bar back-door spending.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I should like to know from someone where the Federal Reserve gets its money.

Mr. PATMAN. May I tell the gentleman about that? There will be no dispute about this. The gentleman from Wisconsin [Mr. REUSS] agrees with me. They get the money by buying Government bonds on the credit of the Nation. It costs them nothing. They take the bonds, they collect the money on them, and then 90 percent of the excess, which amounts to about $700 or $800 million a year, as the gentleman from Kentucky [Mr. SPENCE] said, which is correct, goes to the Treasury. After a certain point all of it goes to the Treasury. In most banks all of it goes to the Treasury. They make their money by clipping coupons of Government bonds that they paid for without anything.

Mr. GROSS. It is in effect public funds? It is money derived from the public?

Mr. PATMAN. It is public funds paid by the Treasury. They take this money just before it goes into the Treasury and use it any way they want to.

Mr. GROSS. I see no reason why we should not adopt the amendment offered by the gentleman from Texas.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. YOUNGER. The Federal Reserve is not doing anything different from any other bank in investing its own funds.

Mr. GROSS. I am told it is different.

Mr. YOUNGER. It is their own capital, it is their own funds they have built up. This statement here about the earnings being something like $4 or $5 million, they are more than that, many millions of dollars more. I forget the figure. I looked it up a while ago. They have the capital built up just like any other bank. The capital is furnished by subscriptions from all of the banks that pay in their own capital as member banks. It is not furnished by the Government. They have built it up out of earnings.

Mr. GROSS. The system was made possible by enactment of Federal laws.

Mr. YOUNGER. So is the national bank made possible.

Mr. GROSS. Yes; national banks are regulated by the Federal Government.

Mr. YOUNGER. All right; and the Federal Reserve bank and its capital was furnished by the member banks. There were no Government funds in it, and never have been.

Mr. GROSS. The Federal Government provided for the creation of the Federal Reserve banks, did it not?

Mr. YOUNGER. It provided for the creation of the national banks, too, by the National Bank Act, but the Government did not put any money in the national banks.

Mr. GROSS. There is a vast difference between the operation of a national bank in Waterloo, Iowa, and the Federal Reserve bank in Los Angeles, Calif.

Mr. YOUNGER. That may be.

Mr. GROSS. I will ask the gentleman, is not that true?

Mr. YOUNGER. I do not know how you operate your banks in Waterloo.

Mr. GROSS. Can you go borrow, if your credit is good, from the Federal Reserve bank in Los Angeles?

Mr. YOUNGER. Any member bank can, yes.

Mr. GROSS. I say, can you as an individual go to the Federal Reserve and get a loan?

Mr. YOUNGER. Indirectly I can go to my own bank and they can borrow money from the Federal Reserve bank, the same as the Federal Home Loan Bank operates.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. SISK. Every dollar is made by trading on the credit of the United States, may I ask the gentleman from California?

Mr. YOUNGER. Not any more than money made by insurance companies invested in bonds.

Mr. SISK. Every dollar the Federal Reserve is taking in is made by trading on the credit of the U.S. Government.

Mr. YOUNGER. They are not trading, they are investing their own funds in Government bonds. They cannot invest them in anything else.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Texas.

Mr. PATMAN. I believe the gentleman should read a little bit more about this capital. The capital of the Federal Reserve bank does not amount to anything. It is true that a member bank must invest a certain percentage of its capital and surplus, but it is not stock. They cannot hold it, they cannot use it, they cannot obligate it. It is just a token to claim to have an interest in the Federal Reserve, to have good relations among the banks, yet they do not make money on the capital stock.

Mr. GROSS. I can see no reason why the House should not adopt the amendment of the gentleman from Texas to permit the Committees on Appropriations of the House and of the Senate, and the Members of Congress, to pass on the building of these marble palaces.

Mr. Chairman, this bill involves the construction of $60 million worth of buildings. I know of no other department or agency of Government that is exempt from congressional scrutiny in matters of this kind. What valid reason can there be for saying that it is of no concern to Members of Congress how much the Federal Reserve spends for the construction, purchase or expansion of a building, where it is to be located, and how it is to be equipped?

I insist this is our business, and I reiterate my support for the amendment of the gentleman from Texas.

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, when I have about 5 hours that the Committee of the Whole or that the House will give me, I will try to get into a detailed explanation of the operation of the Federal Reserve System or a central bank system. Most of what has happened here today has just added confusion to a very simple issue.

Let me try to clarify it to some extent. The Federal Reserve System of the United States is a central bank. It is the Government bank that runs our monetary system for the country. The Federal Reserve Board is the controlling authority of the Federal Reserve bank just as the Comptroller of the Currency is the controlling authority for the national private commercial banks of the country. Under the guidance, supervision and regulation of the Federal Reserve Board, we have 12 Federal Reserve districts in each of which is a Federal Reserve bank, and in each district we have one or more branch Federal Reserve banks. It is through this operation of the banks under the supervision, guidance, and regulation of the Federal Reserve Board that we run our monetary system. It is through this operation that you get the money that is in your pocket—the Federal Reserve notes; and I think if you will look in your pocket, you will find that most of the currency you have on you is in the form of Federal Reserve notes.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I cannot yield at the moment. I will be glad to yield to the gentleman later, if time permits.

The simple issue presented here is whether or not, as has been done since the Federal Reserve Act was passed, we shall permit the Federal Reserve banks to build the branches and the buildings that they need and to improve and alter them as they may need to do, with one very important restriction which has been written into the law for the first time in this proposed bill; and, that is, from here in, these branch banks under the supervision of the district bank, and the district bank, cannot spend any more money for alteration, repair, and building of new buildings except with the approval of the Federal Reserve Board, which is the regulatory authority.

Furthermore, we are not spending or authorizing the expenditure of $30 million here—we are simply saying the total amount hereafter that may be spent for all of the branch banks and for all of the principal banks for alterations and improvements and renewals or new buildings may not exceed a total of $60 million. They already have in such assets or in such buildings about $30 million that they have heretofore spent.

This amendment is supported as preventing back-door spending by requiring that the Committee on Appropriations should review these things before this money is spent. If what the gentleman is trying to do is to call for competitive bidding as against negotiated bidding, he should so provide. The amendment does not do that. Up to this moment, no proof has ever been submitted to the Committee on Banking and Currency as long as I have been a member of that committee and that goes back as far as 1947, that there has ever been a 5-cent piece misspent by the Federal Reserve banks either in building new buildings or restoring old ones, or improving them whether they be branch banks, or otherwise.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am sorry I cannot yield to my colleague at the moment.

There is nothing in this record that says they are going to build a new building in Los Angeles next week or next month. They simply indicated to us that the growth of the branch bank in Los Angeles has been such that in the near future, they may have to enlarge its quarters. The Federal Reserve Board is the agent of the Congress, and if it is doing anything wrong or if the Federal Reserve banks are doing anything wrong, as has been intimated here, it is the fault of the Congress in permitting it to go on. So far up to this time, there has been no evidence of any wrongdoing in the Federal Reserve Board or in the Federal Reserve banks.

Now I yield to the gentleman from Iowa, and if there is time remaining, I will be glad to yield to my colleague, the gentleman from Texas.

Mr. GROSS. Do I understand that they are putting pipe organs in some of these Federal Reserve branch banks and in some of these buildings?

Mr. MULTER. This is the first I have heard of any pipe organs.

Mr. GROSS. And auditoriums?

Mr. MULTER. And auditoriums. Do you mean conference rooms? Yes.

Mr. GROSS. No, I do not mean conference rooms; I mean auditoriums.

Mr. MULTER. If you mean rooms into which the public has been invited and lectures given on the operation of the Federal Reserve System, I think it is necessary that our citizenry should know how our central bank operates.

Mr. GROSS. The gentleman does not know anything about pipe organs?

Mr. MULTER. No, I do not know anything about pipe organs.

Now, I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman has said the gentleman has never heard of the Federal Reserve being accused of the misapplication or misappropriation of funds. There is no agency of our Government that has had more accusations against it than the Federal Reserve. I will read just this one sentence.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection?

Mr. PATMAN. May I read just this one sentence:

> These included expenses for banquets—with paid entertainers—tickets to theaters, baseball and football games, deluxe staterooms on cruises, expenses for bringing officers' wives to conventions, plus favors for same—on the ground that "attendance by an officer without his wife may give rise to an unfavorable impression."

Mr. MULTER. Will the gentleman tell the House——

Mr. PATMAN. Just let me comment on this quotation.

Mr. MULTER. Mr. Chairman, I refuse to yield further if the gentleman will not let me ask a question and get an answer to it.

Will the gentleman tell the House when it was he conducted that investigation as a result of which he discovered the Federal Reserve Board made such expenditures?

Mr. PATMAN. While I was sitting as a member of the Banking and Currency Committee of the House of Representatives and interrogating the Federal Reserve Board and also the officers and directors of the 12 Federal Reserve offices.

Mr. MULTER. When?

Mr. PATMAN. In 1957.

Mr. MULTER. Yes, in 1957.

Mr. PATMAN. But it has gotten worse since that time.

Mr. MULTER. The gentleman has come before this House time and time again and told us there has been no accounting and no audit of the Federal Reserve System. Despite the fact that he himself conducted an investigation under the authority of the Banking and Currency Committee of the House, he caused all of their books and records to be brought before the committee and he was given carte blanche to go through them.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I assure the House that if there were anything seriously wrong in the operation of the Federal Reserve System the House Banking and Currency Committee would long since have known about it and remedial legislation would have been presented if it were necessary.

This amendment would do nothing but tie the hands of the Federal Reserve Board. The amendment should be defeated and this bill should be passed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken, and on a division (demanded by Mr. PATMAN) there were—ayes 27, noes 41.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MACDONALD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes, pursuant to House Resolution 749, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. ROUSSELOT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ROUSSELOT. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ROUSSELOT moves to recommit the bill S. 1005 to the Committee on Banking and Currency.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 80, noes 20.

Mr. PATMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present

Mr. SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 314, nays 50, answered present 2, not voting 70, as follows:

[Roll No. 196]

YEAS—314

Abbitt
Abernethy
Adair
Addabbo
Albert
Alexander
Alford
Alger
Anderson, Ill.
Andrews
Ashbrook
Ashley
Aspinall
Auchincloss
Avery
Ayres
Bailey
Baker
Baldwin
Barrett
Barry
Bass, Tenn.
Bates
Battin
Beckworth
Belcher
Bell
Bennett, Mich.
Berry
Betts
Blatnik
Boggs
Boland
Bolton
Bow
Boykin
Brademas
Bray
Breeding
Brewster
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Carey
Cederberg
Celler
Chamberlain
Chenoweth
Chiperfield
Church
Clark
Coad
Cohelan
Collier
Colmer
Conte
Cooley
Corbett
Cramer
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, James C.
Davis, John W.
Dawson
Denton
Derounian
Derwinski
Devine
Diggs
Dole
Dominick
Donohue
Downing
Doyle
Dwyer
Elliott
Ellsworth
Everett
Fallon
Fascell
Fenton
Findley
Finnegan
Fino
Fisher
Flood
Flynt
Fogarty
Ford
Forrester
Fountain
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Giaimo
Gilbert
Glenn
Goodell
Goodling
Granahan
Grant
Gray
Green, Pa.
Griffiths
Gubser
Hagan, Ga.
Hagen, Calif.
Halleck
Halpern
Hansen
Hardy
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hays
Healey
Hechler
Hemphill
Henderson
Herlong
Hiestand
Hoffman, Ill.
Holland
Horan
Huddleston
Hull
Ichord, Mo.
Inouye
Jarman
Jensen
Joelson
Johnson Calif.
Johnson, Md.
Jonas
Jones, Ala.
Jones, Mo.
Judd
Karsten
Karth
Kearns
Kee
Keith
Kelly
Keogh
King, Calif.
King, N.Y.
Kirwan
Kitchin
Kluczynski
Knox
Kunkel
Kyl
Laird
Landrum
Langen
Lankford
Latta
Lennon
Libonati
Lindsay
Lipscomb
Loser
McCulloch
McDonough
McDowell
McFall
Macdonald
MacGregor
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin, Mass.
Martin, Nebr.
Mathias
May
Meader
Michel
Miller, Clem
Milliken
Mills
Minshall
Moeller
Monagan
Montoya
Moore
Moorhead, Pa.
Morgan
Morris
Morse
Mosher
Moulder
Multer
Murphy
Natcher
Nedzi
Nelsen
Nix
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Osmers
Ostertag
Passman
Perkins
Pfost
Philbin
Pike
Pirnie
Poff
Price
Pucinski
Purcell
Quie
Rains
Randall
Ray
Reece
Reifel
Reuss
Rhodes, Ariz.
Riehlman
Rivers, Alaska
Rivers, S.C.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rosenthal
Rostenkowski
Roudebush
Roush
Ryan, N.Y.
St. George
St. Germain
Santangelo
Saylor
Schadeberg
Schenck
Scherer
Schneebelli
Schweiker
Schwengel
Scott
Selden
Shipley
Short
Shriver
Sibal
Sikes
Slack
Smith, Calif.
Smith, Va.
Spence
Springer
Stafford
Steed
Stephens
Stratton
Stubblefield
Taylor
Teague, Calif.
Thomas
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Van Pelt
Van Zandt
Vinson
Wallhauser
Watts
Weaver
Weis
Westland
Whalley
Wharton
Widnall
Willis
Wilson, Ind.
Wright
Young
Younger
Zablocki

NAYS—50

Ashmore
Beermann
Bennett, Fla.
Bonner
Cannon
Casey
Corman
Dent
Dingell
Dorn
Dowdy
Dulski
Edmondson
Feighan
Green, Oreg.
Gross
Haley
Hall
Holifield
Hosmer
Johansen
Johnson, Wis.
Kastenmeier
Kilgore
Kornegay
Mack
Matthews
Miller, George P.
Moss
Patman
Peterson
Roberts, Tex.
Roosevelt
Rousselot
Rutherford
Ryan, Mich.
Shelley
Sheppard
Siler
Sisk
Sullivan
Ullman
Vanik
Waggonner
Walter
Whitener
Whitten
Wickersham
Williams
Winstead

ANSWERED PRESENT—2

Pelly
Utt

NOT VOTING—70

Andersen, Minn.
Anfuso
Arends
Baring
Bass, N.H.
Becker
Blitch
Bolling
Bromwell
Chelf
Clancy
Cook
Cunningham
Curtis, Mass.
Davis, Tenn.
Delaney
Dooley
Durno
Evins
Farbstein
Frazier
Frelinghuysen
Garland
Gavin
Gonzalez
Griffin
Harding
Harrison, Va.
Hébert
Hoeven
Hoffman, Mich.
Jennings
Kilburn
King, Utah
Kowalski
Lane
Lesinski
McIntire
McMillan
McSween
McVey
Mason
Merrow
Miller, N.Y.
Moorehead, Ohio
Morrison
Murray
Pilcher
Pillion
Poage
Powell
Rhodes, Pa.
Riley
Roberts, Ala.
Rogers, Tex.
Rooney
Saund
Scranton
Seely-Brown
Smith, Iowa
Smith, Miss.
Staggers
Taber
Teague, Tex.
Thompson, La.
Thompson, N.J.
Wilson, Calif.
Yates
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Wilson of California for, with Mr. Utt against.

Mr. Hébert for, with Mrs. Riley against.

Until further notice:

Mr. Harding with Mr. Arends.

Mr. Thompson of New Jersey with Mr. Miller of New York.

Mr. Evins with Mr. Kilburn.

Mr. Harrison of Virginia with Mr. Clancy.

Mr. Baring with Mr. Durno.

Mr. Farbstein with Mr. McIntire.

Mr. Anfuso with Mr. Andersen of Minnesota.

Mr. Zelenko with Mr. Frelinghuysen.

Mr. Delaney with Mr. Gavin.

Mr. Powell with Mr. Becker.

Mr. Davis of Tennessee with Mr. Moorehead of Ohio.

Mr. Kowalski with Mr. Scranton.

Mr. Lane with Mr. Cunningham.

Mr. Morrison with Mr. Bromwell.

Mr. Thompson of Louisiana with Mr. Hoeven.

Mr. Staggers with Mr. Seely-Brown.

Mr. Pilcher with Mr. Griffin.

Mr. Roberts of Alabama with Mr. Dooley.

Mr. Rhodes of Pennsylvania with Mr. Pillion.

Mr. Rooney with McVey.

Mr. Rogers of Texas with Mr. Bass of New Hampshire.

Mr. Yates with Mr. Garland.

Mr. Lesinski with Mr. Taber.

Mr. King of Utah with Mr. Mason.

Mr. Jennings with Mr. Curtis of Massachusetts.

Mr. Teague of Texas with Mr. Hoffman of Michigan.

Mr. Cook with Mr. Merrow.

Mrs. BOLTON and Mr. GOODELL changed their vote from "nay" to "yea."

Mr. UTT. Mr. Speaker, I have a live pair with the gentleman from California [Mr. WILSON] who, had he been present, would have voted "yea." I voted "nay." I therefore withdraw my vote of "nay" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

BANK SERVICE CORPORATIONS

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 748, and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8874) to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Banking and Currency now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and at this time yield myself such time as I may consume.

Mr. Speaker, House Resolution 748 provides for the consideration of H.R. 8874, a bill to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes. The resolution provides an open rule with 2 hours of general debate, making it in order to consider the substitute committee amendment in the bill.

H.R. 8874 would enable banks to utilize modern equipment through stockownership in a jointly owned service corporation. At the present time nine States have enacted legislation specifically authorizing State banks to invest in bank service corporations, and in New York and possibly other States, State banks are authorized to invest in such service corporations under general provisions of the code. However, Federal law prevents national banks and certain other federally supervised banks from sharing this privilege because of investment restrictions in the applicable Federal statutes.

The bill removes all limitations and prohibitions of Federal law exclusively relating to banks, regardless of how owned, which would otherwise prevent banks from investing up to 10 percent of their capital and surplus in bank service corporations. The bill requires that initially, at least two banks must own stock in any such corporation, but provides that if one bank ceases to own stock and participate in a bank service corporation, the remaining bank may continue to hold stock in it.

Provision is made that a bank service corporation must, if requested, furnish its services to competing banks unless comparable services at competitive cost are available to the applying banks from another source, or unless the furnishing of the services sought by the competing bank would be beyond the practical capacity of the corporation.

Mr. Speaker, I urge the adoption of House Resolution 748.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include the dissenting views of Mr. GONZALEZ and myself in reference to the bill H.R. 8874.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I wish to insert at the end of the remarks of the gentleman from California [Mr. SISK], who has charge of the rule on 8874 the dissenting views of the gentleman from Texas, the Honorable HENRY B. GONZALEZ, and myself to H.R. 8874. The gentleman from Texas [Mr. GONZALEZ] is unable to be here today as he is attending the funeral of the late Owen Kilday, of San Antonio, longtime sheriff of Bexar County and a brother of our former distinguished colleague, the Honorable Paul Kilday.

DISSENTING VIEWS OF HON. WRIGHT PATMAN AND HON. HENRY B. GONZALEZ

We dissent to H.R. 8874 on seven grounds:

(1) The bill raises serious problems under the antitrust laws and may open the door to restraints of trade, price fixing, and bank mergers. This very important question was not raised in the hearings. We are presenting an opinion of Judge Lee Loevinger, Assistant U.S. Attorney General, Antitrust Division, Department of Justice, herewith, that is convincing that further study be given this proposal.

(2) Inadequate hearings were held to guide us in this very new pioneering venture. More time should be given for developments and experience.

(3) Billions of dollars are involved in this bill that is presented in very short hearings where limited information was presented and where few questions were asked. This is a bonus to the banks since it allows 10 percent of their capital funds to perform double duty. Banks' capital can also be diluted by investments in small business investment companies. Capital funds are sacred and should be carefully guarded.

(4) No foundation has been laid for the necessity for banks to invest in service corporations as the only means of securing the advantages of electronic clerical services.

(5) The bill as written is tailormade to benefit particularly branch and holding company banking.

(6) Banks should not be permitted to dilute their capital structure in this fashion, when the banks already complain about inability to make loans because of insufficient capital.

(7) It is doubted that small or independent banks will permit even friendly competitors to have access to their confidential transactions and business, so we can reasonably expect that only branch and holding company banks will utilize the provision, with the result that they will have an advantage over their small and independent competitors. The bill thus would have consequences which its sponsors claim they are preventing.

BILL RAISES SERIOUS QUESTIONS UNDER THE ANTITRUST LAWS

The committee might well have elicited testimony from the Chief of the Antitrust Division of the Department of Justice to explore the possibility of problems this bill might create under the antitrust laws. Mr. PATMAN undertook to ask Judge Loevinger about this and received the following reply—which speaks quite eloquently of the problems this bill might raise:

JULY 27, 1962.

Hon. WRIGHT PATMAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN PATMAN: This is in reply to your request for my views on the possible antitrust consequences of H.R. 8874, a bill to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes.

While I do not disagree with the basic objectives of this bill, you may wish to consider possible abuses which might raise questions under the antitrust laws.

The exchange of confidential business information among competitors carries with it the possibility that such information will be used for anticompetitive purposes. Thus the exchange of information concerning interest rates and charges to particular customers could result in an elimination of competition for the account and an artificial stabilization of interest rates at noncompetitive levels. Past experience has illustrated that such anticompetitive results have in fact occurred in the operation of many bank clearing house associations. To avoid this possibility, it would be desirable to provide that no information furnished to the service corporation may be made available to participating banks other than the bank directly involved.

Moreover, such jointly owned corporations could become vehicles through which large banks could enhance their dominant position in the market. Competition in the offering of services is one of the most important types of competition which the antitrust laws seek to preserve. Frequently, service competition is the principal means by which small businesses, including banks, are able to attract and maintain business. Any diminution in the incentives to small banks to engage in competition of this type would be of serious concern to the Department of Justice.

In view of the fact that the formation of such corporations is not exempted from the antitrust laws, any antitrust violations occurring in the operation of the service corporations would, of course, be subject to prosecution by the Department of Justice. If, for example, the acquisition of stock in any of these corporations should substantially lessen competition or tend to create a monopoly, section 7 of the Clayton Act would be fully applicable.

Time has not permitted a detailed analysis of the bill or coordination of these views either within the Department or with the Bureau of the Budget. However, I hope that these observations may be of some help in your consideration of this matter.

Sincerely,

LEE LOEVINGER,
Assistant Attorney General,
Antitrust Division.

Judge Loevinger raises the question about the possible "exchange of confidential business information among competitors" and the possibility that this procedure might "be used for anticompetitive purposes."

"This is obviously a serious matter, as witness the statement made by Mr. Wolcott:

"The bank service corporation will have in its possession records and data of two or more banks, confidential in nature and vital to the banks' operations. For that reason the supervisory agency must be put in a position of immediate control of any conduct by the bank service corporation constituting a violation of any provision of the bill or of any regulation thereunder." [1]

Thus, both the supervisory agencies and the Antitrust Division would, under this bill, be required to undertake additional burdens; namely, to observe very carefully the conduct of any bank service corporation, to determine whether they would involve any violations of law.

Judge Loevinger speaks of the danger of jointly owned corporations becoming "vehicles through which large banks could enhance their dominant position in the market."

He also stresses that "Competition in the offering of services is one of the most important types of competition which the antitrust laws seek to preserve."

Further, he notes that: "Frequently, service competition is the principal means by which small businesses, including banks, are able to attract and maintain business. Any diminution in the incentive of small banks to engage in competition of this type would be of serious concern to the Department of Justice."

Finally, Judge Loevinger points to the danger of monopolistic mergers. There is a tremendous merger movement underway among banks. The growing monopoly of money and credit—the lifeblood of our economy—poses an ominous threat particularly to opportunities for small business. The Congress should not take steps to accelerate this trend.

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[1] Hearings on H.R. 8874, p. 47.

HEARINGS INADEQUATE FOR SUCH A PIONEERING VENTURE

H.R. 8874 would permit any two or more National banks and State member banks, when authorized by State law, to invest not exceeding 10 percent of each bank's capital and surplus in stock of a bank service corporation, established to provide clerical and bookkeeping services.

The hearings were exceedingly brief. Testimony was heard from the Chairman of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and a Director of the Federal Deposit Insurance Corporation (Mr. Wolcott). Statements were also filed by counsel of the Connecticut Bankers Association and by the executive vice president of the Massachusetts Bankers Association. Very few questions were raised by committee members. Comptroller of the Currency Saxon termed the bill "purely a technical, procedural one in essence, and intended primarily to meet the requirements of smaller institutions." [2]

He commented further that "the proposal is not an earthshaking thing." [3]

Comments of the banking officials notwithstanding, this is a serious pioneering venture for banks into nonbanking fields. More thorough testimony should be elicited and more time should be given for development and experience in this area before taking the major step the bill provides.

BANKS SHOULD NOT BE PERMITTED TO DILUTE CAPITAL STRUCTURE

It need hardly be documented, in view of the complaints we have heard in increasing volume in recent years, that banks—particularly small banks—feel that their capital ratios are inadequate. It is contended that inadequate capital ratios are an impediment to making much needed loans.

The 1961 Annual Report of the Federal Deposit Insurance Corporation, a copy of which I have just received, reveals a further decline in the capital ratio of insured banks. This is shown by the following tabulation:

Ratio of total capital accounts to total assets other than cash and U.S. Government obligations (percent), of all insured banks in the United States, Dec. 31, 1958, through Dec. 30, 1961

Call dates:	*Percentage*
Dec. 31, 1958	14.1
June 10, 1959	13.9
Dec. 31, 1959	13.5
June 15, 1960	13.6
Dec. 31, 1960	13.7
Apr. 12, 1961	13.9
June 30, 1961	13.9
Sept. 27, 1961	13.9
Dec. 30, 1961	13.6

Source: Annual Report of the Federal Deposit Insurance Corporation, 1961, p. 107.

As shown above, the ratio of capital accounts to total assets other than cash and U.S. Government obligations has declined in recent years. As of December 30, 1961, it stood at 13.6 percent as compared with 14.1 percent at the end of 1958. During this same interval, total loans and discounts (net) of all insured banks rose from $117 billion at the end of 1958 to over $150 billion at the end of 1961.

That investment in service corporations will dilute the capital structure of banks is reflected in the efforts of the Comptroller of the Currency to raise the effective limit to 25 percent.

Already, the capital funds of the banks are doing double duty, since they can be diluted by investments in small business investment companies.

QUESTION NOT EXPLORED AS TO WHETHER BANKS COULD SECURE ELECTRONIC CLERICAL SERVICES WITHOUT INVESTING IN SERVICE CORPORATIONS

Were this a matter simply of enabling banks to secure the cost-saving benefits of electronic devices, it would not cause any great concern. However, it is in the means of securing such services that serious problems arise. Is it essential that banks secure an ownership interest in a service corporation in order to have the benefit of electronic services? No testimony was heard on this point. The matter was not raised by any of the members of the committee.

The limited testimony was to the effect that only by being permitted to join together with other banks and investing in service corporations would the smaller banks be able to secure the cost-saving efficiency of electronic bookkeeping.

Mr. Wolcott testified:

"The electronic computer, with related equipment, is ideally suited to the accounting needs of banks, but unfortunately is so costly that only the large banks can afford the machines. If the small banks, and 10,000 of the 13,400 banks of the country are small banks (under $10 million), were unable to utilize the electronic computer because of cost, they would be placed at a serious disadvantage.

"Fortunately, the great speed and capabilities of computers make it possible for one installation to perform the accounting function for several smaller banks located within a county or regional area possessed of good communications. By sharing the expense, two or more banks may enjoy the benefits of a computer system on a par with large banks.[4]

Mr. Saxon stated:

"Many of them singly lack the capital required to undertake these extensive programs in view of the cost of the equipment." [5]

Mr. Martin stated:

"Under the bill, two or more banks would be able to pool their resources through the corporate device in order to gain the benefits—for themselves and for their customers—of this expensive equipment." [6]

Electronic devices have been so publicized in recent years that one would think that nothing can be done without them. They are thought to be so efficient and so magnificent that merely to suggest their use is to induce enthusiasm. Maybe this is the reason why no questions were raised as to whether the only way banks could utilize such electronic equipment would be to own them. But this overlooks a very important fact; namely, that the major electronic companies provide these services through their own service bureaus. It is not necessary to own the equipment. Indeed, it is rare that the more expensive computers are purchased. It would be most uneconomical to own some of the more expensive machines unless the load factor were extremely heavy.

In short, until it is demonstrated that electronic clerical services can be secured only through the owning of service corporations, banks should not be permitted to join together for this purpose. Moreover, we should have some information as to the number of people in small communities that might be thrown out of work by the introduction of these electronic services.

BILL BENEFITS BANK HOLDING COMPANIES AND BRANCH BANKS

It is clear that the great beneficiaries of this bill are the bank holding companies and the branch banks. They are the ones who have the financial resources to undertake investment in service corporations. But more significant, the independent banks guard carefully information on their confidential accounts. Once other banks gain access to such information, the way is paved for overt merger, bank holding company takeover, or covert branching.

It is significant that no testimony was heard on H.R. 8874 from representatives of the small banks. The Independent Bankers Association did not testify on behalf of the bill. We have not received a single letter from banks in our districts recommending that the bill be passed.

In view of the serious questions raised by H.R. 8874, it is our sincere belief that it should be rejected.

Respectfully submitted.

WRIGHT PATMAN.
HENRY B. GONZALEZ.

Mr. SMITH of California. Mr. Speaker, as stated by the gentleman from California [Mr. SISK] House Resolution 748 does provide for an open rule of 2 hours for the consideration of H.R. 8874. The remarks of the gentleman from California [Mr. SISK] in explanation of the bill are precisely those in accordance with my understanding. Accordingly, I ask to be associated with the remarks of the gentleman in explaining the bill.

Mr. Speaker, may I simply add this: In addition to check handling there is a need for automation of the other bank services. Some banks are now processing their saving accounts and computing payrolls, calculating other credits and charges, and preparing and mailing statements through the use of automatic equipment. For the majority of banks the higher cost of the equipment makes this extremely difficult. Under this bill two or more banks would be able to pool their resources through the corporate device in order to gain the benefits of this expensive equipment for themselves and for the people of their communities.

Mr. Speaker, it is my understanding that no agency of the Government objects to this bill and that the banks themselves are all in favor of it.

Mr. Speaker, there is a minority report setting forth at least in quite some detail, listing seven particular points, where the two gentlemen from Texas [Mr. PATMAN and Mr. GONZALEZ] are in opposition to this bill. I call that to the attention of the Members. I am certain they will explain their objections to it.

Mr. Speaker, if I could have the attention of the members of the committee for just one minute, a question was asked me by one of the Members earlier today on this bill as to whether or not it will permit banks to engage further in certain services such as accounting and legal services to an extent greater than they can do at the present time. As you know, the banks have certain probates, certain trusteeships and the like and accounting is connected with them. In turn, there is always a little difference between the accountants, the lawyers, and the banks. In trying to look for an answer to this, I read section 4 of the bill which states as follows:

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[2] Hearings, p. 40.

[3] Ibid.

[4] Hearings, p. 46.

[5] Id., p. 40.

[6] Id., p. 34.

> No bank service corporation may engage in any revenue-producing activity other than the performance of bank services for banks and, to an extent not exceeding one-half of its total activity, the performance of similar services for persons or organizations other than banks.

As an attorney, I do not think that will permit them to engage further in accounting or in legal services. But I would like to have the RECORD made clear here today that there is no intent in offering this bill to give the banks an opportunity to extend their operations in the legal field or in the accountant field.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from New York.

Mr. MULTER. Mr. Speaker, I want to assure the gentleman and the other Members of the House that there is no intent to permit any bank or banking institution to engage in professional services, whether on its own behalf or on behalf of any other bank. This is not intended to permit them to extend or to exercise anything that is in the sphere of a professional such as a certified public accountant or an attorney. This is not intended to cover that kind of service at all.

Mr. SMITH of California. I thank the gentleman, and with that history, I know of no objection to the rule and, as far as I am concerned, I know of no objection to the bill.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8874) to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8874, with Mr. JOELSON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, the whole purpose of this bill is stated in the title. It provides that 2 or more banks may pool their resources to form a corporation to furnish bank services. The expense of furnishing this kind of service is so great that only the large banks can avail themselves of it. This is essentially a bill to help the small banks obtain an essential service which may not be obtained other than by the means proposed in this bill. The banks may invest up to 10 percent of their unimpaired capital and unimpaired surplus. By this measure many of the small banks will be able to pool their resources and obtain this service, which is an electronic service. It is accurate, it is faithful, it can be relied upon. I know that many of the small banks of America will look with pleasure on the passage of the bill. I think we should give them this opportunity.

These machines make no mistakes. They are not subject to temptation. What they produce is accurate. The banks will want to obtain this kind of service. I think we should give them the opportunity to obtain it. The money that will be invested in it will be a good investment for the banks. It will not impair their solvency. It will give them an opportunity to do better work, cheaper work and in the long run they will save very greatly by receiving this service.

Mr. Chairman, I hope the bill will be passed.

Mr. McDONOUGH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the operation of a modern-day bank entails a tremendous volume of data processing. The enormous growth in check money in this country has brought the volume of checks to be cleared to such proportions that it is almost beyond the understanding of the layman. More than 90 percent of the business transactions of the country are paid for by check. The representative of the American Bankers Association, testifying before the committee, stated that the American public would write 17 billion checks during the current year—and by 1970 we would be writing more than 22 billion.

It is because of this increasing need for automation for large and small banks alike that this bill was written. It would permit the banks of the Nation to organize service corporations to perform accounting, bookkeeping, sorting, mailing, statistical, and other like services. New automatic equipment is being offered that will perform these services with speed and accuracy that is astounding and even perplexing to the uninitiated. But this equipment is expensive. As a matter of fact, presently only the bigger banks—and by this I mean the banks with 100 million on deposit—can afford this kind of equipment. Because of the cost of the equipment, it must be kept in almost constant use to justify its expense.

Most of the larger banks are effecting programs to automate all or a greater portion of their accounting, bookkeeping, sorting, mailing, and other similar services. The smaller banks would like to obtain the advantages of this new equipment but are foreclosed from acting alone because the cost is prohibitive. Some of them are using outside facilities for these automation operations, principally by engaging an independent data processing bureau to do the work, or getting it done by a correspondent bank. However, such facilities are available on a limited scale and only in the metropolitan areas.

This bill would open up a new approach to banks for obtaining automation by enabling them to pool their resources through the corporate device with other banks in the community, and thus to gain for themselves and their customers the advantages of this expensive equipment. Present statutory prohibitions prevent the acquisition of stock in the service corporation. This bill removes existing prohibition to a limited extent. It would permit any bank to invest not to exceed 10 percent of its capital and surplus in the service venture.

At the hearings no one found any fault with this progressive legislation designed to benefit the smaller banks of the country, in that it would better enable them to compete on nearer equal terms with their larger competitors.

With the filing of the report of the Banking and Currency Committee, recommending that H.R. 8874 be passed, we find dissenting views of two members of the committee—and here appears the first opposition to the bill.

The dissenters claim that the proposal will unduly benefit holding companies and branch banks. Any attempt to drag in issues pertaining to holding companies or branch banks is to divert attention to matters having utterly no bearing on the proposal at hand.

Let me say with all emphasis—there is nothing in this bill that will be of any special benefit whatsoever to any holding company. The bill was designed to assist banks—regardless of the character of ownership of the institution—and there is every reason to believe that it will accomplish its purpose.

However, since an issue is raised suggesting special benefits to holding companies, let me point out that a holding company which wants electronic equipment with which to service its subsidiary banks need not resort to the formation of a new corporation to accomplish its purpose. It can acquire the equipment—perform the services for its subsidiaries—and bill the subsidiaries ratably for the services. All of this can be done within the scope of the present law. Further, a holding company may, if it chooses, use its own funds to establish and operate a service corporation for the exclusive purpose of providing banking services to its subsidiaries. So really, holding company benefits is a false issue that has been presented in the dissent.

We turn next to branch banks and branching systems. Again I repeat, this bill is intended to benefit banks—any kind of bank that may use the techniques authorized by the bill. Banks with authorized branches are as free to join in the service company undertaking as are unit banks. It was interesting to note that the witnesses at the hearings who were asked about the effect of the subject proposal on merger trends were all in accord that this proposal would mitigate against mergers by enabling smaller institutions to better compete with the larger institutions.

This bill primarily will enable the smaller banks to better serve their customers.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, the distinguished gentleman from Texas, the Honorable HENRY B. GONZALEZ, and I filed dissenting views on this bill. We are opposed to it. I think we are the only members of the committee opposed to it. The gentleman from Texas [Mr. Gonzalez] is unable to be here today.

I invite your attention to the dissenting views commencing on page 10 of the committee report. I will insert them in the Record. It is our belief that inadequate hearings were available on this bill, that we have very little in the form of hearings on the bill. Certainly, it did not go into major questions that should have been investigated for a bill of this type which is a new and pioneering venture. It is my personal belief and also the belief of my colleague, the gentleman from Texas [Mr. Gonzalez], that this bill is principally for branch banks and holding company banks. Many questions were not explored that should have been explored. A bank should not be allowed to dilute its capital stock in this way up to 10 percent. The hearings should have included much information that is desired by Members voting on this bill, which information they will not have. Furthermore, the bill raises serious questions under the antitrust laws. In the dissenting views that we filed, you will find a letter from Mr. Lee Loevinger, Assistant Attorney General of the Antitrust Division, about what he thinks concerning the bill.

It is my personal opinion that the other body probably will not take the bill up, and certainly not pass it because there are too many unanswered questions involved in it; and it is anticipating some things in the future that we are unable to be sure about. I know there is no reason to ask the Members to defeat the bill because the gentleman from Texas [Mr. Gonzalez] and I are the only two members in the committee opposed to it. But it is a bad bill, the way I look at it and it should not be passed. I hope, if it is passed in the House, and it probably will be, that the Senate will look into it very carefully and when it is looked into very carefully, I feel reasonably certain that it will not be passed in the form in which it is now presented.

Mr. Chairman, at this point I would like to insert two letters I have received expressing strong opposition to H.R. 8874. The first is from Michael B. Deane. The second is from Raymond E. Jennison, executive director, National Society of Public Accountants. These letters should be carefully considered by the Members:

August 13, 1962.

Hon. Wright Patman,
U.S. House of Representatives,
Washington, D.C.

Dear Wright: I understand that H.R. 8874 will come up in the House on Wednesday, August 15. It is also my understanding that there will be 2 hours' debate allowed on the bill.

There are two points concerning H.R. 8874 that I have not covered adequately in my previous communication. One is the recent introduction of original document processing which is a low-cost automatic input system. The second point is the effect of the adoption of MICR input as the common language by the ABA technical subcommittee.

When the ABA committee adopted MICR, it was obvious that the small bank was being left high and dry because of the high cost of the MICR reading techniques. Therefore, Cummins-American Corp. decided to develop low-cost automatic input equipment. This equipment is just now going into production. It is called ODP (original document processing). It is an adaptation and modernization of an old proven technique—reading punched holes.

The lowest priced, completely automatic MICR systems cost between $250,000 and $300,000. With ODP, a completely automatic system will cost between $50,000 and $60,000. This makes it possible for banks with $10 million to $12 million in deposits to have a completely automatic bookkeeping system. The cost of ODP input equipment can be further reduced by using even simpler techniques which Cummins-American plans to develop as time goes along. In other words, the banks with even less than $10 million or $12 million in deposits can look forward to automatic input equipment at even less than the $50,000 or $60,000 price range. The cost of MICR input equipment will always be extremely high because of the limitations on the techniques required to read the MICR coding.

All this would be good except that the ABA Committee has stipulated that all checks passing through the Federal Reserve must have MICR coding. This is required even though only the Feds and at the most 5 percent of the largest banks in the country can afford to read MICR and, further, that coding checks with MICR increases the cost of handling these checks by the smaller banks with no offsetting savings. Even a bank who puts ODP coding on their checks (which makes it possible to automatically process these checks) will be required to also encode the MICR, as well.

Cummins-American is planning to ask the Feds to accept ODP coding as well as MICR. If they accept this idea, Cummins would provide them with machines to convert from MICR to ODP or from ODP to MICR. This would not only enable the Feds to handle ODP checks automatically, but also would enable the maximum number of banks to enjoy the advantages of full automation on their own premises—not just the 500 largest banks.

Kindest regards.

Sincerely,

Michael B. Deane.

National Society of
Public Accountants,
Washington, D.C., August 13, 1962.

Hon. Wright Patman,
House Office Building,
Washington, D.C.

Dear Mr. Patman: We have noted with considerable interest your dissenting views, as well as those of the Honorable Henry B. Gonzalez, to H.R. 8874, a bill to authorize national and other federally supervised banks to invest in corporations which would provide clerical, bookkeeping, and accounting services.

The National Society of Public Accountants is likewise very much opposed to certain provisions in H.R. 8874, which we view as having serious implications for the members of our organization.

The National Society of Public Accountants is a professional organization, with 10,000 members, all of whom are engaged in the practice of public accountancy. Our members provide a variety of accounting services for many different clients. These services include the maintenance of adequate records, the preparation of periodic financial statements, the preparation of tax returns, and auditing, as well as others which run the gamut of all those embraced within the accounting function.

In our opinion, there are several provisions in H.R. 8874 which, if enacted in their present form, could result in many of our members losing clients of long standing as a direct result of competition which places them at an unfair disadvantage.

For example, we are seriously concerned with section 4 of H.R. 8874, which clearly establishes the right of the proposed bank service corporations to perform services for nonbanks. And according to the definition in section 1(b), these services can include "bookkeeping, accounting, statistical, or similar functions."

Thus, it would be entirely possible for the bank-owned service corporation to provide bookkeeping and accounting services to nonbanks. We believe this possibility is much more real than theoretical, because the proposed service corporations could well find, after a short period of experience, that their time and facilities are more than ample to service all of their participating client banks. As a result, with expensive electronic equipment on hand, as well as highly specialized personnel, neither of which can profitably remain idle, it is likely that the service corporations will expand their services to nonbank clients up to the limit allowed by law. Moreover, since these might well be termed "slack-time activities," the service corporation's rates to such clients could very well be lower than the prevailing rates for similar services being charged by practicing public accountants, in order to assure that the equipment and personnel of the service corporation are operating at a maximum capacity.

Once the bank service corporation obtains a nonbank client and performs bookkeeping and accounting services for it, the public accountant who formerly served that client will have lost one.

We have no particular quarrel with national and federally supervised banks being able to own stock in a service corporation and thus obtain the benefits of electronic data-processing equipment which they could neither afford nor justify on an individual basis. However, we do protest these proposed service corporations being given specific authority under law to provide bank services, as defined in section 1(b) of H.R. 8874, to nonbanks.

In light of the above comments, we sincerely recommend that section 4 of H.R. 8874 be amended to read as follows:

"No bank service corporation may engage in any revenue-producing activity other than the performance of bank services for banks."

Under our proposed amendment, the bank service corporation would be authorized to provide the full range of services required by its participating banks, while at the same time being restricted in the performance of these services to banks only. There would be no possibility under our proposed amendment for the bank service corporation to extend its accounting activities during slack times, or at any other for that matter, to commercial or industrial clients such as are presently being adequately served by practicing public accountants.

There is one other point which we would raise, and that concerns the basic fact that the bank service corporation would be a corporation performing accounting functions. As you may know, there are a number of States whose laws regulating the practice of accountancy prohibit such activities in corporate form. We think, therefore, that a serious question is raised by H.R. 8874, in that a corporation would clearly be permitted to perform accounting functions both for participating banks as well as for persons or organizations other than banks. We would recommend that before H.R. 8874 is given any further consideration by Congress, an interpretation be made as to whether the bill in its present form would be violative of any State laws prohibiting corporations from engaging in the practice of accountancy.

The National Society of Public Accountants sincerely appreciate your cooperation and interest in this matter. We stand ready to provide any additional information or material that you might desire. We trust that our comments and recommendations will be favorably considered, and efforts made to amend H.R. 8874 so that it will not have such an adverse effect on accountants in public practice.

Cordially,

R. E. JENNISON,
Executive Director.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. ROUSSELOT].

Mr. ROUSSELOT. Mr. Chairman, H.R. 8874 is a bill tailored to benefit the smaller banks of the Nation. It will enable smaller banks to better compete with the larger banking institutions and, at the same time, provide their customers with better services at no extra cost to the bank. To be more specific, it authorizes banks—national banks, member banks, and State insured banks alike—to purchase jointly with one or more other banks a limited amount of capital stock in service corporations organized to perform sorting, bookkeeping, accounting, statistical, and mailing services for the participating banks. Present Federal statutes prohibit the use of bank funds to purchase stock in a corporation of this character.

The overall purpose of this bill is to permit the smaller banks to band together by pooling their resources for the joint use of automatic data processing equipment. This equipment is expensive—whether it is bought outright or leased. In fact, it is so expensive that the equipment must be operated on close to a capacity basis for the equipment to be economically feasible. Small individual banks do not have sufficient work to keep this equipment utilized on an economic basis. However, if several banks band together and each uses the equipment at stated times and for a designated number of hours, so as to keep the wheels turning, all can get full benefit of this modern equipment. These benefits are presently available to the bigger banks—banks of $100 million in deposits and more. This bill will not help them. They have already for the most part gone automatic or the plans therefor are presently on the drawing boards. This bill would enable small and medium sized banks to obtain some if not all the advantages of automation—which presently are only available to the big institutions.

H.R. 8874 was substantially amended by the Banking and Currency Committee and, as now presented, has, I think, all the necessary safeguards to assure the effective operation of the service corporation. Thus, no bank can invest more than 10 percent of its capital and surplus in a service corporation. The service corporation cannot be established as a sham or front for other purposes. At least half of its total activity must be the performance of bank services for banks. The service corporation cannot discriminate against other competitive banks desiring to use the facilities of the service corporation. Upon application by any bank competing with any of the banks holding stock in the service corporation, the service corporation must provide such applicant bank the same banking services on the same cost basis as are available to the stock-owning banks. This provision prevents the freezeout of a small independent bank.

Finally, the service corporation is subject to the regulations and examinations of the Federal bank supervisory agency of each of the participating banks to the same extent as if the services were performed by the bank on its own premises.

At the hearings before the Banking and Currency Committee, there were no objections expressed to the bill. The American Bankers Association urged its enactment. Its representatives, as witnesses at the hearings, enthusiastically and wholeheartedly urged the speedy enactment of this bill. This organization represents approximately 98 percent of all the commercial banks of the country, both large and small. Several State associations endorsed the bill. H.R. 8874 will enable smaller banks to pool their resources and obtain the advantages of automation, and yet remain independent. I think this is a reasonable bill, and deserving of support from both sides of the aisle.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, this is a good bill. According to the testimony before the committee, this bill permits the smaller banks of the country to avail themselves of services that are now purchased or bought by larger banks, each for themselves. Rather than helping the holding companies or branch banks, it will help individual banks to get together and get this kind of service for themselves.

Mr. Chairman, I would like to make clear that the bill is not intended to go outside of the very language appearing in this bill. It is not intended to interfere with any of the rights banks now have, and as they do presently, to arrange for any of these services to be performed for them by independent agencies or independent contractors. This will not interfere with any authority now vested in banks by virtue of any of the banking laws of either the State governments or the Federal Government. It merely sets up a new means by which individual banks can acquire these additional services.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I would like to take a few minutes to discuss the charges made by the two gentlemen from Texas in their dissenting views to the committee report on the bank service corporation bill, H.R. 8874.

The dissenters have secured a letter from the Assistant Attorney General in charge of the Antitrust Division and have used this letter to create the impression that this bill will promote violations of the antitrust laws. The answer to this charge is found in a careful reading of Judge Loevenger's letter. He states:

> I do not disagree with the basic objectives of the bill.

He further states:

> Any antitrust violations occurring in the operation of the service corporations, would, of course, be subject to prosecution by the Department of Justice.

Thus the man has no quarrel with the objectives of the bill and if there are any antitrust violations they will be prosecuted. I do not know what further assurance anyone would want on this point.

Another point raised by the dissenters is that the public hearings were inadequate. Of course, this is the standard argument for anyone who is opposed to a bill. In this case, the argument does not hold water because representatives of the three Government agencies concerned—Federal Reserve Board, Comptroller of the Currency, and Federal Deposit Insurance Corporation—testified and were questioned by committee members. In addition, testimony was received from representatives of the American Bankers Association, Connecticut Bankers Association, Massachusetts Bankers Association, and Michigan Bankers Association. Other banking associations filed letters of support in the record. Perhaps, most important of all, everyone who requested an opportunity to testify was permitted to do so.

The dissenters also charge that permitting banks to invest up to 10 percent of their capital in bank service corporations will dilute their capital. I have confidence in the ability of the three Federal banking agencies to judge the adequacy of bank capital. The three agencies are experts in this field and live with it every day. They have expressed no concern on this score.

I am sure that International Business Machines, Remington Rand, General Electric, and other major electronic companies will appreciate the dissenters efforts to attract more business for their service bureau. The suggestion is rather clear that the banks should lease these electronic devices from the major companies rather than join together to purchase their own equipment. It is rather startling to see the dissenters defending the interests of big business against the efforts of small banks to make a cooperative effort to improve the service to their customers.

This brings us to the final point. Who will benefit from this bill? The dissenters allege that the "great beneficiaries of the bill are bank holding companies and the branch banks." Actually the bill is designed to help small banks to do jointly what they cannot afford to do individually.

At the present time, large banks, whether or not they are affiliated with a bank holding company or have branches, are purchasing electronic equipment to handle the ever-increasing clerical workload. Large banks have the resources to do this on their own and will continue to do so regardless of whether or not this bill is enacted into law. If this bill is defeated, the great losers will be the small banks, whether they are unit banks, holding company banks or branch banks, because they will be denied an opportunity to provide their customers with up-to-date service on an economical basis.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. O'HARA].

Mr. O'HARA of Michigan. Mr. Chairman, ordinarily I would not be speaking on a bill within the jurisdiction of the Committee on Banking and Currency, but I have a particular interest in this bill. The motivation for its presentation to the Congress arose, in part, from the needs, and the techniques developed to meet those needs, of three small banks in my congressional district. The banks are located in Algonac, Marine City, and Saint Clair, Mich. No one of these banks, each of which has capital funds of less than $1 million, could, by itself, afford to have its own automatic bookkeeping and data processing equipment. They were therefore at a disadvantage in competing with larger banks that could afford such equipment. Through the device of having one office of each bank join to form a service corporation they managed to acquire such services, but is is not nearly so satisfactory an arrangement as it would be if the banks themselves could own the stock in this service corporation. Even the device they followed would not be available to most small banks unless this bill is passed.

I make this point to demonstrate to the Members of the House and to the Members of this Committee that this bill is very much to the advantage of small banks in the United States. It permits them to compete effectively by cutting their bookkeeping and accounting costs. If we are interested in maintaining this type of banking institution the bill should be adopted by the Committee.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Michigan. I yield.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I believe the gentleman from Michigan is to be commended for the diligent effort he has been making on the floor of the House and in the Committee on behalf of the small banks in his district which also service the business and supply people of his congressional district.

Mr. O'HARA of Michigan. I thank the gentleman.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Michigan. I yield to the gentleman from California.

Mr. ROOSEVELT. I join in commending the gentleman because it is typical of the way in which he devotes himself at all times and on all occasions to matters in which the interests of his district are involved.

May I just add, sir, a point which somewhat worries me. There are in California, and I assume there may be in the gentleman's State and also in other States, many businesses which might be called data processing concerns which have arisen in recent years and which seek to perform many of the services this bill is directly aimed at.

What worries me is not that the banks could collaborate together to perform these services, but that they could also compete with outside private concerns doing the same type of processing. Would not this be unfair to a rising new industry? Such competition could come not only from a combination of smaller banks, but from the larger independents as well.

Mr. O'HARA of Michigan. To a certain extent that is correct. However if you did not permit such service corporations to do some work for outsiders, in areas where there are not enough small banks to efficiently utilize this machinery and equipment all of the time, you would invalidate the intention of the bill. I think the committee worked out a very good compromise solution by permitting some outside business, but not more than 50 percent of the total.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Michigan. I yield.

Mr. REUSS. Further on the point raised by the gentleman from California I would call his attention to the fact that a big bank which has its own data processing equipment is now able, without limitation, to go into the business of furnishing these services; so really this makes the situation referred to by the gentleman from California better rather than worse.

Mr. ROOSEVELT. The gentleman from Wisconsin is telling me a bank like the Bank of America can, through a subsidiary corporation, provide these services for itself, then get into competition with other businesses?

Mr. REUSS. Not through subsidiary corporations. There is a limitation.

Mr. ROOSEVELT. As part of the banking service to outside people?

Mr. REUSS. That is correct. This limitation improves the situation.

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent that the gentleman from Connecticut [Mr. SEELY-BROWN] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SEELY-BROWN. Mr. Chairman, I am in favor of the passage of H.R. 8874, a bill to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them. The bill as it is before us has been modified by amendments made by the Banking and Currency Committee, and in its amended form it has been endorsed not only in principle, but in its specific provisions by the three Federal agencies concerned with national banks—the Treasury Department, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation.

I hope that the report of the committee will be accepted and the bill passed. I believe that it is good for free enterprise in the banking field. I believe that it will make it possible for smaller banks, by cooperating with one or more other small banks, to continue to be competitive in the multiple channels of commercial banking, which in this era of mergers has become a battle of giants.

The high cost of electronic bookkeeping, sorting and data processing machinery makes it prohibitive for small banks to purchase this necessary banking equipment. Yet, in this day and age, they scarcely can operate effectively without it. However, what one small bank cannot do because of prohibitive cost can be done by pooling its needs with other small banks like itself.

Under present laws, national banks and certain other federally supervised banks are restrained from seeking this practical solution to their problem, because of investment restrictions in the applicable Federal statutes.

By the passage of this bill, limitation and prohibitions of Federal law exclusively relating to banks, regardless of how owned, will be removed, to the extent that banks may invest up to 10 percent of their capital and surplus in bank service corporations.

In my own State of Connecticut, the bank commissioner and the general assembly already have recognized the importance of a cooperative program such as is authorized for national banks under this bill. In 1961, Connecticut enacted legislation enabling State banks to do precisely what is authorized for national and member banks to do under H.R. 8874 which is now before us. Unless and until Congress passes this bill and it is signed into law, the State banks in Connecticut will have an advantage over national banks. Five other States have adopted enabling legislation pertaining to State banks, similar to Connecticut's.

However, the situation which exists in Connecticut and the five other States which already have passed enabling legislation probably is not different from that affecting the banks in the other States. For example, 12 Connecticut commercial banks, who thus far have been "merger proof" despite the tendency of recent years, have completed almost 2 years of study and are about to create a cooperative bank service center, using cooperatively the expensive equipment needed for processing. Five Connecticut national banks, who helped to pioneer this venture, may have to seek some other way to participate, unless Congress acts expeditiously, and by passing H.R. 8874 permit each bank to become a stockholder with equal rights.

I believe that the passage of this bill is in the interest of lawful commerce in this country, and therefore is in the public interest. It offers a new opportunity for small business to be competitive.

I am not impressed with the objection which has been raised, that this legislation invites and legitimatizes actions which violate the spirit if not the requirements of antitrust legislation. In any case in which the Government believes the antitrust laws are being violated, the way is open for it to proceed through the courts, now and in the future. For example, the approval which has been given by the various certifying authorities in the Federal Government to bank mergers, has not prevented or prejudiced antitrust actions in the courts, some of which are now pending.

I believe that H.R. 8874 is good legislation and ought to pass.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. HARVEY].

Mr. HARVEY of Michigan. Mr. Chairman, I also rise in support of the pending bill. Like the gentleman from

Michigan on the other side of the aisle who preceded me, I also have several small independent banks in Michigan who have experienced considerable interest in this bill.

After reading the report and the hearings, and after serving on the committee, I feel it is a good bill and should pass.

I do not agree with the two members of our committee who have stated there are some antitrust implications in the bill. I simply say it seems to me that rather than antitrust laws, which would deter bankers from perhaps exchanging information through a service corporation such as this, that the basic law is self-preservation, which would prevent them from doing it. It is inherent in the law of banking that bankers cannot do this sort of thing and survive. It seems to me that the fear of antitrust violations is not well founded.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to the gentleman from New York.

Mr. MULTER. In my opinion we do not attempt to change the antitrust laws. It seems to me the implication in the letter of the Antitrust Division of the Department of Justice, which is in the report before us, indicates that if because of this bill any bank should engage in antitrust violations, there is a warning that the Antitrust Division of the Department of Justice will go after that violator and will not permit antitrust violations and will not encourage them, and if they do engage in antitrust violations they are in trouble.

Mr. HARVEY of Michigan. I agree with the gentleman. This bill can only be a help to small independent banks.

Mr. Chairman, since all of the testimony before the committee favored enactment of H.R. 8874, I was surprised to find the dissenting views in the committee report. The dissent seems to be centered around a letter received by the distinguished gentleman from Texas from the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice written after the Banking and Currency Committee had voted to report the bill. The letter suggests that this bill has some antitrust implications. The observations are unconvincing and inconclusive.

The letter starts with a wrong hypothesis and continues for its entire length without recovering from its initial error. After a negative approval of the purpose of the bill, the writer falls into his mistake of assuming that the establishment of a jointly operated bank service corporation will involve an exchange of confidential business information among competitors. He concludes that such exchange could result in "anticompetitive practices."

The establishment of a service corporation by two or more competitive banks does not contemplate that there will be an exchange of confidential information. Nothing would disrupt the organization and operation of the service corporation quicker and more certainly than an intimation that one competitor might have access to the confidential information in the records or files of the other. In the organization of the center, the greatest care is necessarily taken to insure and protect the confidentiality of all the records of each bank participating in the service. The records and files of each participating institution are maintained intact and separate. Without a program that would prevent leaks and disclosures, no center could be successfully operated.

Traditionally, banks have been most scrupulous in maintaining the confidentiality of their own records. Their customers demand that banks be viligant in protecting and preserving the confidential status of the customer's records contained in the bank files. It is obvious that exchanges of confidential information between participating banks will not occur as an incident of the operation of the service center. I would point out that it is not the antitrust laws that would deter bankers from exchanging information, but the more valid reason—the law of survival and self-preservation. This law would be a more compelling deterrent than any manmade rule on the subject. The suggestion of such remote and hypothetical practices exhibits a lack of knowledge and understanding of banking requisites.

However, I might add, if bankers were mindful of exchanging information for the purpose of fixing or controlling loan rates, interest rates or service charges, most assuredly there would be no necessity to resort to the vehicle of a service center by which to effect the illegal scheme. The center would in no way contribute to the initiation of such a scheme or to its accomplishment. The inclusion of this contention is merely to divert attention from the merits of a progressive and beneficial program by talking of the immaterial and irrelevant.

It is suggested without any factual basis whatsoever that the joint bank operation of a service center might diminish the incentive of other banks in the community to compete by the rendition to its customers of services similar to those provided through the service center. There is no merit to this contention since it is solely supported by figments of the imagination as distinguished from facts.

However, even accepting the premise that there might have been such tendency, the committee by its amendment of the bill has fully cured the situation. Under the bill, any competing bank not participating in stock ownership in a service corporation may, by application, require the service corporation to render to it the same banking services at the same prices as are furnished to the banks owning stock in the service setup. The amendment of the committee thus removes any possibility of diminution of incentive among competing banks by reason of the operation of a service center.

In conclusion, I would assure my colleagues that there is nothing in this proposal, nor in the establishment of bank service centers, that has any adverse antitrust aspects or implications. There is nothing in the Justice Department letter that provides any valid concern that establishment of bank service centers might lead to violations of law. Likewise, there is nothing in the dissenting views of our distinguished colleagues that would justify renouncing the recommendation of the Banking and Currency Committee.

This is a sound and progressive proposal. Its enactment is in the public interest. The program authorized by the bill will be particularly beneficial to the smaller banks of the Nation. The banks availing themselves of the benefits of the legislation will, thereby, be able to better serve their customers. I urge all of my colleagues to support H.R. 8874.

Mr. Chairman, for the benefit of all Members of the House, I enclose the editorial which recently appeared in the Journal of Commerce on this subject:

Mountain From Molehill

Our text for today is how to make a mountain out of a molehill, convert a tremor into an earthquake, and make a big noise with a pipsqueak.

We get a lot of mail that is pretty dull, but try at least to see what it is about before discarding it. So it was with a report that came in from the House Banking and Currency Committee on bank service corporations. It didn't seem of major import, but it was of interest. It seems that the Nation's banks, which handled 3½ billion check items in 1939, expect to do 22 billion by 1970. They can't hope to get the manpower to handle such volume in the old-fashioned way; hence they want automation.

The big banks can afford all the automation equipment they need, but those machines, whether purchased or leased, run into big money, and the little banks can't afford it. So the idea was conceived of having two or more banks participate in an automation service corporation, investing in it up to 10 percent of their capital and surplus. The trouble is that national banks and some State banks couldn't do it unless the law was changed to allow such a cooperative enterprise.

So a bill—H.R. 8874—was introduced to change the law, the House committee got it and in due course asked all who ought to know what they thought of it. The Treasury said it was fine but didn't go far enough. The Federal Reserve Board favored it, suggesting some changes that might make it more workable. The Federal Deposit Insurance Corp. thought it was wonderful stuff, and that 10,000 banks might need it. They suggested a few minor alterations.

Then Mr. Wright Patman, a member of the committee, bethought himself that the committee should have asked the opinion of the Justice Department. So he wrote to Lee Loevinger, Assistant Attorney General in charge of antitrust matters. Judge Loevinger said he didn't disagree with the basic objectives, but that such service corporations might be used for the exchange of information for anticompetitive purposes, that large banks might use them to enhance their dominant position and that some other terrible things might happen with which the Justice Department might have to concern itself.

We cannot help wondering if the Justice Department is now so well along in its work on things that have happened that it feels it must take up those that only might happen.

Largely on the strength of what Judge Loevinger saw in his crystal ball, Mr. Patman, and his fellow committeeman from Texas, Henry B. Gonzalez, dissented on seven grounds, all of them, in our opinion, frivolous. They made some statements which were quite remarkable, coming from members of a committee that is supposed to know something about banking. Further, they said, the hearings by the committee on the service corporation bill were "exceedingly brief," so much so as to be inadequate, and few members raised any questions. If they didn't, where, we wonder, were Mr. PATMAN and Mr. GONZALEZ?

At the hearings, brief as they may have been, we note that Comptroller of the Currency Saxon tried to get things down to a proper perspective. After all, he said, the bill is "purely a technical, procedural one in essence, and intended primarily to meet the requirements of small institutions." And he added, seemingly as an afterthought, that "the proposal is not an earthshaking thing."

We feel so sorry for those 10,000 banks which, under the bill, might automate at a cost within their means. We think most of the committee membership will too, that they will pass the bill and give Mr. PATMAN, Mr. GONZALEZ and Judge Loevinger a monopoly of their own bad dreams.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, H.R. 8874 could well be cited as the "Small Bank Survival Act of 1962."

Under today's technological economy banks must automate to survive.

Many of the large banks of the country may be able to afford to purchase this expensive equipment, but the 10,000 small banks with deposits of $10 million or less cannot economically do so. The choice for such small banks is either to go out of business or to merge with larger banks.

H.R. 8874, by permitting smaller banks to pool their resources in bank service corporations, as newly enacted legislation in six States permits State banks to do, will permit the small banks of our Nation to survive.

As the Chairman of the Federal Deposit Insurance Corporation said in a letter to the chairman of the Committee on Banking and Currency:

> The electronic computer, with related equipment, is ideally suited to the accounting needs of banks, but unfortunately is so costly that only the large banks can afford the machines. Were the small banks, and 10,000 of the 13,400 banks of the country are classed as small banks, unable to utilize the electronic computer because of cost, they would be placed at a serious disadvantage and ultimately have to become a part of a larger banking system in order to survive.

Large banks can own their own equipment or enter into service contracts with others. H.R. 8874 would, as near as possible, place small banks in a competitive position with the larger banks.

Mr. Chairman, I urge the enactment of H.R. 8874.

The CHAIRMAN. All time has expired.

The Clerk will read the committee amendment as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of this Act—

(a) The term "Federal supervisory agency" means the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Board of Directors of the Federal Deposit Insurance Corporation.

(b) The term "bank services" means services such as check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or any other clerical, bookkeeping, accounting, statistical, or similar functions performed for a bank.

(c) The term "bank service corporation" means a corporation organized to perform bank services for two or more banks, each of which owns part of the capital stock of such corporation, and at least one of which is subject to examination by a Federal supervisory agency.

(d) The term "invest" includes any advance of funds to a bank service corporation, whether by the purchase of stock, the making of a loan, or otherwise, except a payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment.

SEC. 2. (a) No limitation or prohibition otherwise imposed by any provision of Federal law exclusively relating to banks shall prevent any two or more banks from investing not more than 10 per centum of the paid-in and unimpaired capital and unimpaired surplus of each of them in a bank service corporation.

(b) If stock in a bank service corporation has been held by two banks, and one of such banks ceases to utilize the services of the corporation and ceases to hold stock in it, and leaves the other as the sole stockholding bank, the corporation may nevertheless continue to function as such and the other bank may continue to hold stock in it.

SEC. 3. Whenever a bank (referred to in this section as an "applying bank") subject to examination by a Federal supervisory agency applies for a type of bank services for itself from a bank service corporation which supplies the same type of bank services to another bank, and the applying bank is competitive with any bank (referred to in this section as a "stockholding bank") which holds stock in such corporation, the corporation must offer to supply such services by either—

(1) issuing stock to the applying bank and furnishing bank services to it on the same basis as to the other banks holding stock in the corporation, or

(2) furnishing bank services to the applying bank at rates no higher than necessary to fairly reflect the cost of such services, including the reasonable cost of the capital provided to the corporation by its stockholders,

at the corporation's option, unless comparable services at competitive overall cost are available to the applying bank from another source, or unless the furnishing of the services sought by the applying bank would be beyond the practical capacity of the corporation. In any action or proceeding to enforce the duty imposed by this section, or for damages for the breach thereof, the burden shall be upon the bank service corporation to show such availability.

SEC. 4. No bank service corporation may engage in any revenue-producing activity other than the performance of bank services for banks and, to an extent not exceeding one-half of its total activity, the performance of similar services for persons or organizations other than banks.

SEC. 5. (a) No bank subject to examination by a Federal supervisory agency may cause to be performed, by contract or otherwise, any bank services for itself, whether on or off its premises, unless assurances satisfactory to the agency prescribed in subsection (b) of this section are furnished to such agency by both the bank and the party performing such services that the performance thereof will be subject to regulation and examination by such agency to the same extent as if such services were being performed by the bank itself on its own premises.

(b) The assurances required by subsection (a) of this section shall be given, in the case of—

(1) a national banking association or a bank operating under the code of of laws for the District of Columbia, to the Comptroller of the Currency;

(2) a bank (other than a bank described in paragraph (1)) which is a member of the Federal Reserve System, to the Board of Governors of the Federal Reserve System; and

(3) a bank (other than a bank described in paragraph (1) or (2)) whose deposits are insured by the Federal Deposit Insurance Corporation, to the Board of Directors of the Federal Deposit Insurance Corporation.

Mr. SPENCE (interrupting reading of committee amendment). Mr. Chairman, I ask unanimous consent that further reading of the committee amendment be dispensed with and that the same be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JOELSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8874) to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes, pursuant to House Resolution 748, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on both H.R. 8874 and S. 1005, the two bills just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

TIME TO DO SOMETHING ABOUT AUTOMOBILE EXCISE TAX REFORM

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, last night in his address to the American people on the state of the Nation's economy, the President urged that we get this country sailing, economically, and not let it merely ride the tide in harbor. I fully support such an aspiration, but I fail to see how we can get sailing anywhere before we have lifted the anchor of tax inequities and burdens that has been holding back our economic ship of state in that harbor. Specifically, I refer the depressive, discriminatory 10-percent excise tax chained to the industry to which our whole economic system is linked so sensitively and responsively; the consumption-discouraging, unemployment-encouraging excise tax on passenger automobiles.

Imposed as a temporary measure during the Korean war emergency, the 10-percent rate was specially designed as an anchor to hold back from the trade winds the flow of automobile production and consumption—resulting in fewer jobs for workers in automotive areas and thereby costing the Federal, State, and local governments millions of dollars in welfare benefits alone. Clearly, before we can hope to get this country really sailing, we must recognize that this discriminatory levy victimizes a crucial, basic industry—an industry that is responsible for one out of every six businesses and that employs one out of every seven workers.

I concur in the President's belief that the losses of tax revenues due to the reduction of taxes would be, in large measure, recouped from other tax sources through the increased productivity that such action would generate, but I cannot accept nor understand the President's failure to advocate the repeal of the automobile excise tax, particularly in view of the fact that several years ago when he was a Member of the other body he voted for its removal. Certainly it is no less a drag on the economy, no less an inequity, now than it was then.

I share his reluctance to effect an emergency, temporary tax cut at a time when our budget is so out-of-balance for a variety of other reasons. Now the President has asserted that permanent tax reform is absolutely necessary because our present tax structure is a drag upon the economy, but then he adds that we should wait until next year to eliminate that drag. I simply cannot follow his reasoning. If he is seriously concerned about correcting tax inequities and getting the economy sailing, he should direct his efforts toward those tax reforms related to the very vitals of our economy; he should have presented his tax reform program to the Congress months ago, instead of dragging his own anchor to the point where, for this year, it was made a question of an emergency tax cut or nothing. We have heard tax reform talk ever since this administration first took office, but today we still only know about its provisions in the vaguest terms. Just what are his recommendations now?

The President's failure to take positive action, coupled with his apparent failure to fully comprehend the basis for the drag on the economy that our present tax structure represents, by his ignoring of the merits of the case for the removal of the automobile excise tax, raises real doubts in my own mind as to the genuineness of his concern in these matters. Frankly, after listening closely to the President's talk, I question whether or not he is more preoccupied with political problems than he is with fiscal and economic problems.

TAX REFORM AND THE STATE OF THE ECONOMY

Mr. UTT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. UTT. Mr. Speaker, the Ways and Means Committee has recently concluded 2 weeks of executive hearings on the state of the economy—hearings which were necessitated solely because for the past several weeks the Kennedy administration has been sponsoring a guessing game as to whether there should be an immediate quickie tax cut.

In reckless disregard of the effect of such speculation upon the economy, statements have been made by economists close to the White House—including one of the President's official consultants—advocating such a temporary tax cut as a means of avoiding an impending recession, both economic and political, for the Democrats at the polls next November.

The public obviously was not convinced. Lacking public support for the plunge into the murky waters of complete fiscal irresponsibility, the President has attempted to reassure the public that all is well—that the administration does not advocate deficit spending as a panacea for our lagging economy.

Irrespective of the state of the economy, I would be opposed to the use of tax laws as a palliative to be administered by the President whenever an artificial economic stimulant might be politically expedient.

I have urged the immediate consideration of permanent tax reform—including a substantial across-the-board cut in tax rates—as a means of permitting the private sector of the economy to expand. However, if such expansion is to take place, there must also be a sincere effort to restrain Federal expenditures in order to avoid the ever-increasing burden of Government on our economy. This is not the President's philosophy of tax reduction. The administration would both reduce taxes and increase Government expenditures as a means, artificially, of ballooning the economic indicators.

The hearings which we have just concluded established one fact above all others. Business abhors doubt and uncertainty on the part of Government. More and more the business community has come to realize that the Kennedy administration is floundering in an ocean of press releases with very little constructive action. We had better not raise the anchor until the administration decides where we are going. Until business can see where the administration is going—and has confidence that the administration knows the course—tax gimmicks and quickie tax cuts will not produce any lasting economic benefits.

The failure of the Kennedy administration to understand the motivation of a free enterprise system is the real brake upon the expansion of the private sector of our economy. The economy cannot be expected to recover overnight from the shock of the President's intemperate attack on the steel industry—and the resulting decline in stock prices. There is nothing wrong with the economy that responsible fiscal leadership on the part of the administration would not cure.

True tax reform would greatly facilitate the growth of our economy and create more jobs for our ever-expanding population. Based upon our experience when the Republican administration put into effect a major tax reform bill in 1954, such a program ultimately would result in an increase in the Federal revenues. For such a program to be fiscally sound, however, it is also essential that the Kennedy administration be prepared to curtail nonessential Government expenditures so as not deliberately to create Federal deficits of ever-increasing magnitude. The administration has been talking about tax reduction for more than 18 months but has been unwilling to exercise the restraint on expenditures which would make tax reduction a reality.

Income and industrial production are at an alltime high. There has been a substantial recovery in confidence from the Kennedy stock market crash, which was triggered to the intemperate attack of the President upon the steel industry. It is indeed a tribute to the strength of the economy that we were able to attain our high level of income and production notwithstanding the attitudes of the Kennedy administration. Now is the time for the administration to put its house in order and come forth with a sound program both with respect to Government expenditures and with respect to tax reduction. I have repeatedly urged such a course, and will support such a program.

POLITICS AND THE FOOD STAMP PLAN

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. SULLIVAN. Mr. Speaker, I want to thank my Republican colleague from Missouri, Congressman HALL, and I want to thank him publicly here in the House, for his remarks yesterday in which he made a partisan political issue out of the food stamp program now in operation on a pilot basis in eight depressed areas of the country. This plan is to be extended between October 1 and December 1 to 26 additional areas of the country, including the city of St. Louis. I never considered the program a partisan issue, but if the Republican Party now wants to make it one, I am simply delighted, because we Democrats could not pick a more clear-cut issue of how the two parties differ in meeting the needs of the American people.

The pilot plan now in operation is functioning under authority which every Secretary of Agriculture has had since 1933. The New Deal used a somewhat similar program very effectively to help our poor and needy—and also to help dispose in an intelligent manner of some of the surpluses built up under price support programs for agriculture. The first program ended during World War II because there were then no surpluses anymore, and few unemployed. The huge surpluses such as we have now were accumulated only after the Eisenhower administration took office. Prior to that, although we had large crops, and occasional spot surpluses of some items, we were not spending from a million dollars a day up to a billion dollars a year to store surplus items, as we did under the Eisenhower administration.

In 1954, shortly after I came to Congress, I began urging the adoption of a food stamp method of distributing surpluses to the needy, in place of the dump method then being used by Mr. Benson.

In the Republican 83d Congress, I could not even get a committee hearing on my bill. In subsequent Democratic Congresses, I not only received full consideration from Chairman COOLEY, of the House Committee on Agriculture, but also his enthusiastic support, finally, in having the proposal enacted into law in 1959. Earlier, in support of my efforts, he had been instrumental in the insertion of an amendment in the 1956 conference bill on agriculture to require a departmental report on the feasibility of various food stamp plans. This is the report Dr. Hall referred to yesterday when he said the food stamp plan would cost $2½ billion a year. That report was the poorest excuse for a Government report I have ever seen, and the Department's own experts now have disproved and repudiated the so-called facts in it. The estimate was taken out of thin air—it was monstrous.

But I am getting away from the point, Mr. Speaker. The Democratic majority here wholeheartedly supported me in my efforts to get a food stamp plan enacted into law—so that Mr. Benson would have the clear-cut legislative authority he claimed was lacking in the 1933 law. Even after we gave him such authority, of course, he refused to use it. But it is significant, in view of Dr. Hall's charges yesterday, that all of the Republican members of the House Agriculture Committee opposed the food stamp plan, and nearly all of the Republicans in the House opposed it. They fought it because they said it was not as good a method of distribution as the direct distribution plan then in effect—and that is certainly condemnatory language in my opinion, because the direct distribution program under Mr. Benson was a national scandal. If a food stamp method is worse than that, I would be ashamed to support it.

In one vote we had here in the House on the food stamp amendment—not the year it was enacted, but on a previous attempt—it was noted in the CONGRESSIONAL RECORD that only one Republican Member of the House went down the line for my proposal. That took real courage, for the Republican leadership was frantically lining up the minority against it, and very effectively, too.

Now, Mr. Speaker, the remarks of my colleague from Missouri, charging politics in the assignment of the plan to additional areas of the country, raise some interesting questions in my mind.

First, is this plan a good thing? Is it desirable? I think so—and so do all of the other Democratic Members who supported it originally and who wanted it extended to their districts. If my colleague from Missouri thinks it a good plan—a good idea—then how does he explain the almost solid Republican opposition to it when we considered such proposals in previous years, and the absolute refusal of Mr. Benson and Mr. Eisenhower to put it into effect?

Second, if Mr. HALL thinks it is not a practical plan or idea, as his remarks yesterday indicated, how does he explain the letter I received yesterday from the executive director of the Missouri Retail Grocers Association asking for my help or advice in enabling the Ozark Empire Grocers Association of Mr. HALL's hometown, Springfield, Mo., to have the stamp plan extended to that area? The letter says:

> The Springfield group told me that there were about 13,000 persons now on the distribution list at Springfield and receiving surplus commodities—this being under a most wasteful and expensive distribution plan which is administered jointly by the county, State, and Federal Governments. The Springfield people feel that this distribution would be much more economical and beneficial to all concerned if it were handled through the stamp plan.

Mr. Speaker, this letter refers to the grocers in Congressman HALL's hometown. This letter then continues:

> We, here in Missouri, are well aware that you have been the champion of the stamp plan since its inception and are, no doubt, responsible for the plan being recently introduced in St. Louis.

Mr. Speaker, to interrupt, I hope that is true. I have the Speaker and the majority leader and the chairman of the House Agriculture Committee and other Democratic leaders to thank for that, since they all strongly supported the justice of having the plan extended to my city. But to get back to the letter from the executive director, Mr. Gilbert V. Jones, of the Missouri Retail Grocers Association; after noting my influence, as it were, in having the plan extended to St. Louis, he adds:

> The plan is looked upon with much favor because it takes the distribution of these commodities out of competition with private enterprise and accomplishes much more with less administrative cost. We are wondering what is necessary to have the stamp plan put in effect in Springfield and Greene County and would appreciate hearing from you at your earliest convenience.

Mr. Speaker, I suggest Mr. HALL talk to his local grocers about whether this is a good plan or a bad one, and whether it costs more or less in distributing surplus foods.

If he still wants to argue the politics of the idea, that is fine. Democrats are nearly all for this plan; Republicans in the House nearly all opposed it. I do not think politics should determine which areas are designated for test use of the plan, but I will say this: If St. Louis had not been included, after all of my efforts, I would have been more than disappointed; I would have been angry. If the majority leader and the chairman of the Agriculture Committee could not have obtained a test use of the plan in a single county in each district, it would have been ridiculous, since they worked along with me to make this thing feasible.

All I know is, that every Member of the House from areas of high unemployment, where surplus food is now distributed, seems to have wanted to have the plan used in his district. I look forward to the extension of this program on a national basis—that is what I have been seeking for 8 long years. If the Republicans now think it is a good idea, well, welcome to you one and all.

Mr. HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, I take this time to rise, as did my lovely colleague from Missouri [Mrs. SULLIVAN] to extend the colloquy on the food stamp plan pilot program. Evidently, the old adage is true, "The nearer the bone, the sweeter the meat." I am delighted that our exposé was near enough to the marrow of this problem to bring out not only this reaction from our Missouri Congresswoman, but also much floundering downtown in the Department of Agriculture. First, I would like to point out that my objection to the food stamp plan, as clearly stated—while recognizing her as the mother of this idea insofar as the never-used amendment to Public Law 480 in the 86th Congress so far as the food stamp plan was concerned—may be well worthwhile, and may be a means of reducing surplus, perhaps of stimulating the retail grocers economy, and taking care of the needy. My objection, as my colleague will find if she reads my remarks carefully, was in the way that the areas for the pilot program on the food stamp plan were selected.

Secondly, I cannot say that this experimental program would be a good thing to use throughout the United States, whatever the purpose; if it is going to cost us $2.5 billion as stated by the Agricultural Marketing Service of the Department of Agriculture.

Finally, Mr. Speaker, if this is such an erstwhile idea and is not political as alleged, I wonder why the opposition party and the gentlelady allowed the 86th Congress enabling amendment to Public Law 480 to drop so that the Department had to revert to the old and vague clause in the law of 1935 under Secretary of Agriculture Henry Wallace?

Let us keep the record clear; the current minority party has not and is not making this a political or partisan issue. That was done downtown, or by the Democrats who picked 25 of 26 areas in the congressional districts currently represented here by Democrats.

Therefore, I urge the treatment of the Appropriation Committee looking into "where shall we go," before we go off the deep end and spend another $2.5 billion, almost one-half of the Department of Agriculture's total budget for expenditures, at the deep end of a political slush fund.

Mr. BAILEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. BAILEY. Mr. Speaker, I want to commend the gentlewoman from Missouri [Mrs. SULLIVAN] for her position and her comments on the food stamp plan. I note the release of certain newspaper stories, AP and UP, in my district, by my Republican opponent, misleading in every respect and taking advantage of the position of the gentleman from Missouri [Mr. HALL] in bringing this matter up on the floor of the House, saying that my district, the First District, was ringed around with counties receiving this food stamp plan.

Let me say to you that there is not a county adjoining the First District of West Virginia that has participated in this program. The only counties in West Virginia participating are in the extreme south along the Virginia and Kentucky borders, and not in the northern panhandle. In fact, some of the counties in this area are the only ones that showed an increase in population rather than a decrease, like the rest of the State. I regret that the gentleman from Missouri is making political capital out of something that does not exist in the First District of West Virginia, nor in the areas of Ohio and Pennsylvania, adjoining the Panhandle area, of West Virginia.

THE PRESIDENT'S ADDRESS TO THE AMERICAN PEOPLE ON THE NATION'S ECONOMY

Mr. ALBERT. Mr. Speaker, President Kennedy's address to the American people last night manifested a high level of statesmanship and presented in clear and convincing terms his constructive approach to the problems of the sixties as they relate to the responsibilities and opportunities of our people in the years ahead.

The President outlined the impressive improvements which have taken place in our economy since January of 1961. His description of the present state of the economy clearly indicated that it is basically sound and that an immediate cut in taxes was not only not required but would be ill advised under present conditions.

The President further pointed out that a comprehensive long-range tax reduction bill would be a measure of top priority in the early weeks of the next Congress. In the meantime, he emphasized the importance of proceeding with the enactment during this session, of various measures vital to our economy.

Of the six measures to which the President referred specifically, three have already passed the House; namely, the higher education bill, the trade bill, and the tax adjustment bill. The President has asked the Congress to complete its job.

Mr. Speaker, the 87th Congress has already enacted many measures of transcendent importance. I am proud to be a Member of this Congress, and I feel that most Members share in this pride. In the President's words:

> This Congress has done more in the last 18 months to combat the recession and strengthen the economy than any Congress since the end of the Second World War.

We have yet to consider in the House three of the six measures which the President discussed last evening in his address. One of these, the public works bill, has cleared the Committee on Public Works and the Committee on Rules and is ready for floor action.

The bill to renew the temporary Federal backstop to unemployment compensation is before the Committee on Ways and Means, and I am advised by its distinguished chairman that hearings are scheduled at an early date.

Lastly, the President has asked us to pass the very important youth employment opportunities bill. This bill is an investment in young people who, in the words of the President, are "out of school and out of jobs."

Mr. Speaker, the President's address follows:

ADDRESS OF THE PRESIDENT TO THE NATION ON THE NATION'S ECONOMY, FROM THE WHITE HOUSE AUGUST 13, 1962

Good evening, my fellow citizens.

The Constitution of the United States states that on occasions the President shall report to the Congress on the state of the Nation.

I think it is also important that the President of the United States report to the American people because he is, with the Vice President, the only American official elected by all of the people in all of the 50 States.

Tonight I am going to talk to you about the American economy. I know that many of you have your eyes fixed in space and are interested and concerned about the extraordinary accomplishment of the Soviet Union in that area. I have said from the beginning that this country started late in the 1950's. We are behind and we will be behind for a period in the future, but we are making a major effort now, and this country will be heard from in space as well as in other areas in the coming months and years, but tonight I want to talk about our economy.

I know that statistics and details of the economy may sometimes seem dry, but the economy and economic statistics are really a story of all of us as a country, and these statistics tell whether we are going forward or standing still or going backward. They tell whether an unemployed man can get a job or whether a man who has a job can get an increase in salary or own a home or whether he can retire in security or send his children to college. These are the people and the things behind the statistics.

I have been in office now for a year and a half, 81 weeks. When I came into office in January 1961, this country was in a recession. We have made a recovery from that recession, but what we are concerned about now is where we have been, where we are now, and what we must do in the future.

First, where we have been: Tonight, looking back over the last year-and-a-half, we can take some heart from these statistics and these gains which have been made. The gross national product, which is the story of all the things that we produce has gone up 10 percent, over $50 billion in additional goods and services.

The second chart, industrial production, which is the output of our factories, has gone up 16 percent in that period of time. The unemployment rate—and the unemployment rate is still too high—has gone down 23 percent in the last year and a half; about a million people who were unemployed now have jobs.

The disposable personal income, which is the amount of income we have after taxes, has gone up $30 billion, 8 percent.

Wages and salaries have gone up 10 percent, $27 billion, and corporate profit before taxes since January 1961, have gone up 26 percent or a total of $10 billion.

So this is the story of our economic recovery. The pace thus far this summer, while not as good as all of us would have liked, has still brought further gains. Economic indicators which have been reported to me for July, which are just coming in now, do not warrant the conclusion that we are entering a new recession.

Pessimistic predictions to the contrary, the actual facts for the month of July, far from justifying a crisis atmosphere, show another new record high in industrial production, a new reduction in unemployment, and a significant rebound in department store, automobile, and other retail sales.

Employment and income have also continued to rise.

Looking ahead, moreover, there is every reason for confidence by the American people in the American system. American families are still spending a steadily increasing share of their personal income, which is steadily rising, to buy new cars and new homes and to enjoy a higher standard of living while continuing to put more money in the bank.

Our businessmen are investing more than they did last year, though not as much as we would like. While the sharp decline in the inflated stock market prices touched many homes directly and adversely, I think the stock market today rests on a sounder basis between the price of stocks and their earning potential than it did at the end of last year.

Our research laboratories are turning out new techniques and leading to new industries, and soon that crop of war babies, the boys and girls who were born during the war, the second war and at the end of the war, will be going to schools and colleges and founding their own homes and buying their own cars, and helping to build our own prosperity.

Inflation, which is the archenemy of consumers and housewives, has not wiped out these gains. We have had in the past 18 months the best record on price stability that we have had since the end of World War II, and the additional $40 billion which we have here in this country in the last 18 months has not been robbed in any sense by an increase in the cost of living.

Inflation, therefore, remains no longer a serious threat. I think we can be proud also of balancing our international payments—at least the progress that we have made—but we still have some distance to go.

This is the amount of dollars in gold we lose which affects our ability to maintain our security and commitments and troops overseas.

You will see in the last 3 years—1958, 1959, and 1960—the United States lost in dollars and gold nearly $12 billion. In 1961, that figure was cut sharply. The first half of 1962 we have had to cut still further, and we hope by the end of 1963 to bring our balance of payments into balance. Confidence in the dollar will be restored when we do this, and I think it will be obvious in the next 12 to 18 months, as I believe it is today, that the dollar is as good as gold.

All these things, of course, have been done by you and the support has been given by the American Government, but the major effort, of course, has been made in the local communities and in the States across the country. We have attempted to assist that recovery through new tax depreciation schedules so that business will invest more, which will make more jobs, to maintain industrial peace and collective bargaining, and we have had overall an extraordinary record in labor peace in the last 18 months and to encourage the increased participation in urban renewal and all the rest of the programs which bring prosperity to our country.

Finally, I think that you and I may have confidence in the longrun strength of our economy because it is solidly built on the largest output, on the highest wages and profits and the most bountiful standard of living that any people have ever known.

Since the dark days when Franklin Roosevelt entered his office, we have constructed strong safeguards against depressions, against bank failures, against substandard wages and watered stocks, and widespread farm foreclosures. We know now much more than we did in the past about relieving the hardships of unemployment and about cushioning employment against the business cycle. Every consumer and businessman in America listening to me tonight knows that he can safely spend and invest tomorrow with real confidence in the longrange future of the United States of America.

Nevertheless, of course, we cannot be complacent. I am satisfied with a good deal of the progress that has been made, but I don't think it is sufficient, and I am sure you don't either. I think we must strive to expand our economic expansion for the fact of the matter was that the economy in January of last year was sick, and it was sick not only because of the 1960–61 recession, but also because of the recession of 1958.

The fact of the matter is that there has been a slowdown in our growth and, therefore, in our employment, and, therefore in our use of our present facilities, really, since the beginning of 1957. We have had a 5-year period where we have been more or less standing still economically, at least in comparison to the countries of Western Europe and Japan. We have therefore been obliged to recover not only from the recession of 1960–61, but also from the recession of 1958.

Now we must be concerned with the forward movement of our economy. The level of our economy, as I pointed out today, is high but, considering all of the resources which this country has, it should be higher. It should be at least $40 billion a year higher if we did not have unemployment and if we were using all of the productive facilities that we had, $30 billion more we could produce.

Since January of 1961 that gap has been narrowed, but it could be and must be closed altogether. We will not find full employment in this country, we will not find our factories producing at full blast, and we will not find businessmen investing in new factories until we make better use of the work force and the plants that we now have until we have cleared away the effects not only of two recessions but 5 years of slowdown.

Employment, income, profits, construction, and investment must all move up more quickly than they have been doing this summer, and the greater wages and profits which full capacity could bring to all of our American citizens must soon replace the most extravagant ways which is to have men searching for jobs which they cannot find and factories which have a percentage of their machines unused.

Therefore, I am asking your help, the help of the Congress and the American people in pushing to enactment before adjournment those measures which I think would speed up our economy, which are designed to give us more and more growth. There is still time to close this gap, and close it we must.

Specifically, I think before the Congress goes home in September, we should enact these measures: We need enactment of the investment tax credit which would stimulate business outlays for modern machinery, the kind of taxes which they have used successfully in Western Europe to stimulate their economy.

As we produce more, businessmen buy more machines which make new jobs and with depreciation allowances should put us in a better competitive position.

Secondly, we need enactment of the bill to step up help to local and Federal works, increasing the yearly building of those products in parts of our country which most urgently need them where many of our fellow countrymen are out of work, and there is still a good deal to be done. That bill has passed the Senate, and I hope it passes the House.

Third—and I think this is most important—we need enactment of our bill to provide youth employment opportunities. You know, in this country today, we have 1 million boys and girls out of school, out of work. In the next 8 years of this decade, according to some predictions, we are going to have 8 million boys and girls who are going to leave school before they finish, and they are going to be around looking for work. They are going to be unskilled and they may have trouble finding jobs. The youth employment opportunities bill would give them a chance to work in our forests, in our parks, and I think it is better than having them standing on a street corner without hope. That bill awaits final action by both Houses of the Congress.

Fourth, we need to renew our temporary Federal backstop to unemployment compensation. There are 100,000 men who want to work and can't find a job, who every month exhaust their unemployment compensation benefits. Then they have to look for public assistance in order to support their families and themselves. I think that this bill should be carried out before this Congress goes home.

Fifth, we need to enlarge our export markets through the trade expansion bill so that we can sell abroad, so that we can get into the great Common Market which is being built up, so that we won't have our money going abroad to invest in plants overseas but invest here in this country.

Then we need a bill to assist our schools and universities, a bill particularly for higher education. There are going to be twice as many of your sons and daughters trying to get into college in 1970 as in 1960—7½ to 8 million. Our schools and colleges can't take all of them unless they begin a tremendous building program, and I think the National Government should play its fair part. Educated young men and women are our most precious asset. It is the key to economic and social advance, and I think that this is a most important piece of legislation.

The real key is the Congress, and this Congress has done more in the last 18 months to combat the recession and strengthen the economy than any Congress since the end of the Second World War. It has provided benefits for nearly 3 million unemployed men and women who were paid under last year's temporary unemployment compensation bill.

Seven hundred hard-hit communities are receiving area redevelopment assistance, communities where 10 percent, 15 percent, even 20 percent of the people were out of work. Four hundred thousand unemployed men and women are now receiving retraining so that they can find new work in new industries, in new jobs. More than 350,000 of our fellow Americans, men, women, and children, can get a more decent diet with the help of our new food stamp program, and 200,000 children of our unemployed workers now get welfare assistance. In the old days they got assistance only if the husband deserted the wife, and we had the experience of some of your unemployed workers who would desert their families in order to make their children eligible. That is no longer necessary.

Aid has been stepped up to nearly 3 million aged, blind, disabled, and dependent people on welfare and Federal help has been made available to reduce their dependency. One hundred thousand men are retiring every year under social security at 62 instead of 65, therefore providing jobs for younger men. More than 26,000—and this program, I think, can be most important in the coming years—aged couples and individuals are getting help for housing, especially designed for the elderly. Railroad and bus and excise taxes have been repealed and other measures have been taken which help our urban renewal programs, our housing programs, and our small business.

All these are not merely statistics and recitations of legislations. In Eau Claire, Wis., a veteran of 14 years on the assembly line of the Presto plant found his job discontinued and no new jobs around. He was 63 years old and men were not being hired. Under our bill, now he is able to retire and, under our bill, he and his wife are drawing over $140 a month.

In nearby Hagerstown, Md., we have had cases of individuals who were unemployed for many months. One of them I know in an airplane company is being retrained as a machine tool operator, and we hope he will be back earning, and supporting his family again.

In West Virginia, a young couple with only $100 a month have to feed eight growing boys. They regard the food stamp program as the salvation of their family budget.

In Carbon County, Pa., a 52-year-old George DeMart could no longer—and this is true many Pennsylvanians and southern Illinoisans, Kentuckians, West Virginians, and Ohioans—find a job in the coal mines to support his family.

Last November, his unemployment insurance ran out. Our Federal supplemental benefits, however, paid him benefits for 3 additional months. Our retraining program then taught him new skills of a welder. A trailer company newly located in Pennsylvania, with the help of the Area Redevelopment office, has him gainfully employed tonight on the night shift.

All these strands of administrative and legislative action have one common purpose, and that is a purpose of job and growth, strengthening the economy of our Nation, making the most of our machines and men, refusing to be satisfied with the status quo.

It is because in other years similar actions were taken under President Roosevelt and others that it was possible for us to move ahead in the period since the war. We also have to move ahead, and I know that there are those who oppose all these moves as they opposed moves in other days much as they opposed social security, much as they opposed minimum wage, much as they opposed a ban on child labor, and more recently in the Senate, medical care for the elderly.

This country would still be in the Dark Ages economically if we permitted these opponents of progress and defenders of special privileges and interests to veto every forward move, but the President of the United States, I believe, and the Congress and all of us must be committed to action in our time. Our Congresses and other Presidents were committed to other action in their time, and I do not believe that we should let the pressures from any special group or area stand in the way of fulfilling our promises in the 1960's.

I want to make it clear that we are not talking about Federal spending getting out of control. On the contrary, we are attempting to provide a dollar of service for the dollars that we spent to close down those installations and activities that are not essential.

Secretary of Defense McNamara has estimated that he can save $3 billion a year in the Department of Defense by new economy moves and other departments are going to make similar efforts, and all requests for funds are going to be very sharply judged in this office.

I am urging the Congress, moreover, to end the postal deficit of $600 million a year. That bill has passed the House; it is now in the Senate—to save $1 billion a year on farm surpluses, of which we already have today $9 billion stored away while maintaining the farmers' income and to close those tax loopholes enjoyed by a comparative few that will otherwise cost the taxpayers of the United States a billion dollars annually.

The true test is, Are we spending the least amount that is consistent with our necessary national goals? I take some pride in the fact that we kept last year's deficit well below that incurred in the recession of 1958, and reduced the actual burden of the national debt in relation to the Nation's output.

This chart shows that because our wealth has increased, the percentage of our debt to our wealth has substantially gone down since the end of the Second World War and is being steadily reduced.

In 1945, our national debt was about 120 percent of our wealth. Now this country's economy has gone forward so fast that it is 60 percent and it will be steadily reduced in comparison to our gross national product.

The administration increases in expenditures have been primarily in the field of national security, defense and space and human welfare and no increases are planned beyond those we have submitted to the Congress, but those are important, and I want to make it clear that we will have no hesitancy in doing whatever must be done to meet our obligations to the Nation.

The single most important fiscal weapon available to strengthen the national economy is the Federal tax policy. The right kind of tax cut at the right time is the most effective measure that this Government could take to spur our economy forward. For the facts of the matter are that our present tax system is a drag on economic recovery and economic growth, biting heavily into the purchasing power of every taxpayer and every consumer.

During the last 15 months, for example, of the current expansion in our economy, Federal purchases have added $7 billion to the economy, but Federal taxes have siphoned out $12 billion. It is estimated that at full employment our Federal tax system, if all of our people were working and all of our factories were working full time that our present budget tax system would bring in a $7 or $8 billion surplus, far too heavy for the purposes of curbing inflation and far too heavy to encourage investment and enterprise and risk taking which make jobs and which make growth.

Our tax rates, in short, are so high as to weaken the very essence of the progress of a free society, the incentive for additional return for additional effort.

For these reasons, this administration intends to cut taxes in order to build the fundamental strength of our economy, to remove a serious barrier to long-term growth, to increase incentives by routing out inequities and complexities and to prevent the even greater budget deficit that a lagging economy would otherwise surely produce. The worst deficit comes from a recession, and if we can take the proper action in the proper time, this can be the most important step we could take to prevent another recession. That is the right kind of tax cut both for your family budget and the national budget resulting from a permanent basic reform and reduction in our rate structure, a creative tax cut creating more jobs and income and eventually more revenue and the right time for that kind of bill, it now appears in the absence of an economic crisis today—and if the job is to be done in a responsible way—is January 1963.

Such a bill will be presented to the Congress for action next year. It will include an across-the-board, top-to-bottom cut in both corporate and personal income taxes. It will include long-needed tax reform that logic and equity demand, and it will date that cut in taxes to take effect as of the start of next year, January 1963.

The billions of dollars this bill will place in the hands of the consumer and our businessmen will have both immediate and permanent benefits to our economy. Every dollar released from taxation that is spent or invested will help create a new job and a new salary, and these new jobs and new salaries can create other jobs and other salaries and more customers and more growth for an expanding American economy.

Instead of being permanently saddled with excess plant capacity and the budgetary deficit that is created by this means, our goal must be fuller capacity and full employment and the budgetary surpluses that that kind of employment and capacity can produce.

By removing tax roadblocks to new jobs and new growth, the enactment of this measure next year will eventually more than make up in new revenue all that it will initially cost. By lightening tax burdens as the Common Market countries have done so successfully—and they have full employment and an economic growth rate twice ours—it will improve the competitive position of American business, encourage investment at home instead of abroad and improve our balance of payments and will help make us all as individuals and as a nation make the most of our economic resources.

The leaders of both Houses and the chairman of the House Ways and Means Committee, Congressman MILLS, have assured me of their cooperation in steering such a bill through the legislative mills with sufficient speed to make the January 1 date effective and make it possible and meaningful, and I am certain that such a measure will be supported by the clear-cut economic evidence by Americans in all walks of life and by a majority of both Houses of the Congress.

Let me emphasize, however, that I have not been talking about a different kind of tax cut, a quick, temporary tax cut, to prevent a new recession. Under the right circumstances, that is also a sound and effective weapon, but like many weapons, it should be fired only at a period of maximum advantage.

Timing is of the essence, and in the absence of a clear and present danger to the American economy today, I believe the American people are willing to bear the burdens of freedom and progress, to face the facts of fiscal responsibility and to share my view that proposing an emergency tax cut tonight, a cut which could not now be either justified or enacted, would needlessly undermine confidence both at home and abroad.

But let me make this clear: if more time should prove that this kind of a tax cut is necessary later this year, I will not hesitate to request it and to call Congress back into session if that should be necessary.

My fellow Americans, this administration is pledged to safeguard our Nation's economy. It is a vital matter to all of us. Upon it depends our individual well-being and the well-being of all the countries that so greatly depend upon us. I believe that it is necessary for those of us who occupy positions of responsibility in the National Government, in the Congress and in the States and all of us to work together to build an economy which can sustain all of the great responsibilities which have been placed upon it; where men can work, where businessmen can invest with hope in the future; where housewives can purchase with due regard to the security of their dollars. I have confidence in that kind of an America, and I think working together we can bring it about.

We have made progress in the last 18 months, but much remains to be done. I believe it is important that this country sail and not lie still in the harbors. Great opportunities lie before us and great responsibilities have been placed upon us. I believe we can meet them. We have in the past, and we are going to today, and I know we will in the future.

Thank you very much, and good night.

THE TEXTILE INDUSTRY

The SPEAKER. Under previous order of the House, the gentleman from South Carolina [Mr. HEMPHILL] is recognized for 60 minutes.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. HEMPHILL. Mr. Speaker, the subject of my remarks today is the same subject, one on which I have addressed the House of Representatives more than any other subject, that is the subject which concerns my district and I think concerns my Nation—the difficulties now being experienced in the textile industry because of textile imports.

Mr. Speaker, recently certain of those in the textile industry have seen fit in their wise discretion and in keeping with their responsibilities to the people whom they employ, the investors whom they serve, and the Nation which is still dependent to a large extent on the American textile industry, to complain about the fact—and I think in instances justly so—that the President's seven-point program has not been implemented, has not been carried out in the manner expected and in the manner necessary for the preservation of the textile industry of these United States. After those remarks were made, I was interested to see that the President of the Textile Workers Union of America joined with them in the criticism, and the justifiable criticism, of the delay which the textile industry, the textile people and those dependent directly or indirectly upon that industry, and the full employment incidental to that industry, had seen taking place. This particular individual made the statement—and I salute that statement because it is in keeping with the statement made by management and others interested—that the import fee question should have been decided, that the equalization fee which is now before the Tariff Commission, and too long has been before the Tariff Commission, should have been decided favorably; that is, that the import fee should be not only passed upon but decided favorably.

I shall read into the RECORD here, under permission already granted me, an article from the Charlotte Observer, Charlotte, N.C., dated August 11, 1962, by a gentleman named John S. DeMott. The headlines say: "TWUA Joins Plea To Block Imports." The article reads:

TWUA JOINS PLEA TO BLOCK IMPORTS

(By John S. DeMott)

The president of the Textile Workers Union of America said Friday that President Kennedy's plan to bolster the U.S. textile industry was not moving fast enough.

William Pollock of New York City was interviewed shortly after a conference with TWUA regional officials in Charlotte. He is scheduled to speak in Spartanburg, S.C., today and in Clover, S.C., Sunday.

Pollock's statement reinforced charges by the American Cotton Manufacturers Institute and Carolina textile industry officials that the President's seven-point plan of May 1961, was moving too slowly.

Both groups are complaining of what they call excessive imports of textiles. They say the imports have injured the domestic production and sale of textiles.

Among other things, the Kennedy plan would establish controls over cotton trade.

"We've been screaming for just such a plan for years," Pollock said. "As a matter of fact, many of our ideas were contained in the President's plan."

He said he did not want to be interpreted as seconding the complaints of the manufacturers, but he said he was dissatisfied with the speed with which the plan was being implemented.

Pollock said his union had been trying to get together for years with textile industry representatives to help regulate textile trade, "but they (the industry) have refused to cooperate with us.

"If industry had put up the same yell in the Eisenhower administration, they probably wouldn't have gotten any help. Now at least they're getting some help, and they are still yelling."

Pollock has been president of the textile workers since 1956.

It seems to me that those who have so long blocked progress of either the control of imports, or have adopted or formulated or followed policies against the best interests of the textile people should now get the message. Management knows there are too many imports. Labor says there are too many imports. The Congressmen from the textile districts have been talking for years. The President by setting out a seven-point plan recognizes that the situation is difficult, if not serious. Then what is the trouble? How can we continue to ignore the plight of an American industry and the citizens who are involved?

After these statements were made by industry I was contacted by one of the newspapers—the same newspaper; I do not have the article they wrote—and they asked me what I thought about it; the fact that not only the people in management complained, but that labor was complaining. I replied that I thought the complaints were justified. I was delighted that they were complaining. I think the issue should be brought out into the light again and again. Also I made this statement. I know the President and Secretary Hodges are sincere in their effort to help the textile industry of this Nation. I know that this seven-point program put out by the President and which Mr. Hodges, the distinguished Secretary of Commerce and former Governor of the great State of North Carolina, is seeking to implement, is a sincere program.

But I told the newspapers, and I am saying again today, that the State Department is dragging its feet. I have accused the State Department in the past in its policymaking of betraying the American people. I accuse them again today. I go further. They are betraying the Chief Executive as long as they are dragging their feet. I wonder when that branch of the Government, which apparently has the best interests of other countries at heart, will do anything beneficial insofar as the textile industry is concerned.

Mr. Speaker, the newspapers down in my section of the country are terribly concerned about this situation, and I share thier concern. I am happy that they do express themselves because it enables me to call attention to the fact that I am not expressing only my own views but the views of the people of my section, who are impressed with the dangers of the past, the current dangers, and those of the future.

In the Lancaster News of August 10, 1962, I found a very striking article which I shall include at this point in the RECORD. It is entitled "Textiles in Trouble." Then it goes on to say:

It is a difficult problem to attempt to explain why cotton mills are in trouble at a time when profits are rising and Secretary of Commerce Hodges can say the textile industry is "bouncing back" from the doldrums of 1961.

First of all, let us point out that this bounce back represents an increase in average profits of 1.5 percent in the first half of 1961 to 2.4 percent in the first half of 1962. As an increase, it is impressive. As a profit on investment, it is still in the shadow of bankruptcy. Two-point-four percent is not even the return on capital that a no-risk investment in Government bonds would yield.

It is also difficult to explain why the most efficient producers of cotton textiles have no immunity when it comes to low-cost competition from offshore manufacturers. But it is a fact that no domestic textile operation can compete beyond the point where its products are matched by lower priced imported goods of equal quality.

These goods, lower priced and equal in quality, are an ever-increasing reality. It is a problem the United States has in large measure brought on itself. To assist underdeveloped nations we have encouraged and financed cotton mills in areas of low employment and scanty clothing.

The humanitarian theory was that cotton mills employed large numbers of people with relatively little training and produced the most desired local product. It has not worked out that way. The product of these mills has a more important dollar value in foreign exchange.

Instead of being offered locally at prices natives could afford, these textiles are now being sold in the dollar markets of the world and exported to the United States in direct competition with our own domestic production.

To make the problem more confusing, certain agreements reached on July 17, 1961, in Geneva by 19 cotton textile producing nations are now being regarded with suspicion by the textile industry.

There is reason to believe that President Kennedy, who professes an understanding of the textile problem, has been misled by State Department reports on the terms and effect of the Geneva agreements.

Short-term agreements regulating the trade in cotton textiles became effective immediately after the Geneva conference. These expire on September 30. Long-term agreements covering a 5-year period become effective on October 1, according to the Geneva plan. However, none of the nations participating in the conference has yet ratified the long-term agreements.

When the Geneva arrangements were first announced, President Kennedy explained that the short-term agreements authorized limitation of imports to the level of the 12 months ending June 30, 1961.

"The long-term agreement which was just negotiated," the President continued, "will continue the same level of imports, with minor adjustments, for an additional 5 years."

It was generally assumed that when President Kennedy used the phrase, "same level of imports," he was referring to the level established in the short-term agreement; namely, the 12 months ending June 30, 1961.

For reasons to be more fully explained in this space later, this simply is not true. The long-term agreement sets up a different base period for establishing a level of imports and could be disastrous to the American industry.

Not long ago I found this advertisement, which I think is significant, in a newspaper that is not one of the South Carolina papers. This advertisement is headed "Fairplay Demands Equal Treatment for U.S. Textiles on Cotton Costs."

I do not suppose the State Department cares about fairplay, but America is built on fairplay. We teach our children sportsmanship. We encourage such things as participation in athletics. We call our honor system fairplay, that a man be given an equal chance, but not be given an advantage by using means which are subversive insofar as the classrooms are concerned. Fairplay is something to which people are entitled, and I think justice demands it.

Mr. Speaker, the full text of this advertisement to which I have referred is as follows:

Fairplay Demands Equal Treatment for U.S. Textiles on Cotton Costs—Import Fee Needed To Offset Unfair Competitive Advantage Given to Foreign Mills by U.S. Cotton Policies

The situation: Textile imports are on the rise again. During the first 3 months of 1962, cotton-textile imports have gone up a staggering 85 percent over the same period in 1961.

Why? U.S. cotton policies give foreign textile mills a price advantage which enables them to undersell American goods in the American market.

U.S. cotton, which U.S. mills are required by law to use, costs more because the price is supported by the U.S. Government.

The problem: What happens when this lower priced cotton is sent to the United States in the form of textile products?

Naturally, since foreign mills buy U.S. cotton for $42.50 less per bale than American mills pay, they can turn out textile products at lower cost. Because 50 percent of the cost of cotton textiles is in raw materials, it is obvious that such a price advantage creates an impossible competitive situation for American mills.

The remedy: This unfair situation is created by U.S. Government policies. It can be remedied by U.S. Government action.

An import fee on the cotton content of foreign-made textile products should be established by the U.S. Government. This fee—equivalent to the rate of the export subsidy—would equalize the cotton cost factor between foreign and U.S. mills. The rate at present amounts to 8½ cents a pound.

U.S. textile manufacturers must pay 33 percent more per bale for cotton than a foreign mill pays for the same bale, including American-grown cotton.

Outside the United States, cotton sells at a price at least 8½ cents a pound below the U.S. price.

In order to make American cotton competitive abroad, the U.S. Government subsidizes the sale of American cotton to foreign mills.

We don't believe that the U.S. Government cotton policy is intended to cripple the U.S. textile industry by placing it in an intolerable and unfair competitive position. But that's what is happening.

And until a remedy is found, the entire textile industry—and the millions of American families who depend on it—have no place to go but downhill.

This would offset the raw cotton cost advantage now being given to foreign manufacturers by U.S. Government policy. It would help finance the export subsidy program which presently is costing the American Government some $300 million a year.

It would help restore fair competition.

President Kennedy recognized the problem more than a year ago and, in his seven-point textile program, asked that a way be found to eliminate or offset "the adverse differential in raw-cotton costs between domestic and foreign textile producers." Agriculture Secretary Freeman proposed the import fee as the best solution. Last November President Kennedy referred the matter to the Tariff Commission for a decision. The Commission completed hearings last February. For nearly 4 months the textile industry has waited in vain for a decision.

We think this inequity should be corrected immediately. We think the Tariff Commission should discharge its responsibility. It should make its decision now.

South Carolina Textile Manufacturers Association.

Just the other day, on August 9, 1962, Mr. Robert T. Stevens, president of J. P. Stevens & Co., Inc., which has very fine and productive plants in my district, the running of which are essential to the economy of my part of South Carolina and much of the Southeastern area of the United States, made a statement before the Senate Finance Committee. I do not state that I agree with Mr. Stevens in everything he said, but I do say I respect him as a man of great patriotism, of great stature, a former Secretary of the Army, a man who is recognized in the industry. I salute him for making the statement. I include that statement at this point in my remarks because I think it is appropriate.

Statement of Robert T. Stevens, President, J. P. Stevens & Co., Inc., Before the Committee on Finance, U.S. Senate, August 9, 1962

Mr. Chairman and members of the Finance Committee, my name is Robert T. Stevens. I am president of J. P. Stevens & Co., Inc., a diversified textile manufacturing company. The Stevens Co. has been in business a long time—it will have its 150th anniversary next year. Our headquarters is located in New York City and we have 55 manufacturing facilities located in 8 States—Maine, New Hampshire, Massachusetts, Virginia, Tennessee, North Carolina, South Carolina, and Georgia. We employ 35,000 fine Americans. We are seriously concerned about their jobs. We do not use foreign textiles. I have spent nearly 41 years with the company and have never worked elsewhere except for several tours of public or military service. Although I became second vice president of the American Cotton Manufacturers Institute, Inc., an honorary title, last October, my appearance here is solely as an individual American citizen.

Over recent months, there has been discussion in the press regarding the textile industry in its relation to the legislative proposal currently before the committee. I would like to make a few comments in this connection.

On May 2, 1961, the President announced a seven-point program for the combined American textile and apparel industry. I had the honor of being present at the White House when the announcement was made. In connection with his textile program, the President said, "I believe it is time for action." As a textile man, I want to reiterate strongly here what I have said publicly many times; namely, that, if the President's program were fully implemented, it would be most encouraging to this beleaguered industry. Thus far, however, implementation has not been encouraging, even after 1¼ years have elapsed. Personally, I have every confidence that the President intends just as much now, as he did 15 months ago, that his textile program will be carried out. I regret that there seems to be opposition somewhere within the administration to implementing his plan in the manner that he clearly intended.

One of the key points in the President's program was his request to the Secretary of Agriculture to recommend appropriate action to eliminate or offset the cost to American cotton mills of the adverse differential in raw cotton costs between domestic and foreign textile producers. Present very heavy imports of cotton products, much of it manufactured from American cotton sold to our foreign competitors at 8½ cents less than we pay, are tending to defeat the President's program. Hearings before the Tariff Commission to remedy this situation ended on February 23, nearly 6 months ago. A decision, long past due, continues to be anxiously awaited.

We in our company have recently had to reduce production schedules at eight of our cotton manufacturing plants because of the excessive imports of cotton products this year. We don't like reducing pay envelopes of American workers and register our protest herewith. It is impossible to understand the redtape slowness of the Tariff Commission.

The President's program also envisioned a petition by the combined textile and apparel industries to the Office of Emergency Planning under provision of section 8 of the Trade Agreements Extension Act of 1958 regarding essentiality to national security. A full year has now elapsed since the petition was filed. Here again, a decision, long past due, is anxiously awaited. Consuming a year to make a decision vital to national security seems like a very long time.

Similarly, in the case of woolen and worsted products, plus products from manmade and silk fibres, there has been absolutely no action after 1¼ years, in spite of repeated commitments to take action. This is most discouraging especially since more than 12 percent of the domestic woolen and worsted market is already in the hands of foreign suppliers. It is a dangerous fact that more than 50 percent of this vital industry has been liquidated since World War II. In the event of another war, there is no possibility that what remains today of the domestic woolen and worsted industry could take care of military and essential civilian requirements. I doubt if the American people are aware of this important fact. I think they are interested in the preservation of America's mobilization base. It is my deeply serious concern about the national security provision of the legislation that brings me before you today. I intend to show that the national security provision of the 1958 act has proved ineffective.

Nine months ago, on November 2, 1961, when I read the Under Secretary of State's speech in New York and the editorial comments upon it, in which the broad general outlines of this legislation were first revealed, I felt that, unless drastically modified, it would adversely affect the security of our country. Our national security was not even mentioned. Two published letters to the Editor of the New York Times. (Nov. 13 and 29, 1961) attest to my early concern.

On June 19, 1961, I had been barred by the State Department from attending a briefing on the President's seven-point textile program, even though I had been personally invited in writing by the distinguished chairman of the House Committee on Armed Services—the Honorable Carl Vinson. Is not concern with national security a reasonable viewpoint to reflect?

When the American colonies made the momentous decision to forge themselves into one nation, independent of foreign oppression and exploitation, their energies were directed toward military and economic protection of this weak but dedicated sovereign Nation. As our young country grew, protection of economic and human assets became basic to the success of the American free enterprise system. We do not need to apologize for this. Furthermore, if there has been anything wrong with the United States having a measure of protective tariff, then the blame attached to our forebears, not to us.

Personally, I think no blame attaches. On the contrary, they were extremely farsighted. By protecting American industries, they made possible the maximum industrial development of the United States and the attainment of the highest standard of living ever achieved by any nation. Thus, American industry, along with American manpower, twice in our generation has saved the free world from being overrun by dictators. Had American industry not been protected from cheap labor overseas, is it likely that our country could possibly have survived two world conflagrations? Let us now be careful that, in all respects, not only in space age weapons, we maintain our ability to defend ourselves and the free world. In my judgment, the concept of America as the "arsenal of democracy" is not obsolete.

Through the years, the need for the same degree of earlier protection has lessened somewhat. We could move away from protection of infant industries as our basic industries grew more mature. Nevertheless, we never moved away from protection of our steadily improving standard of living. In my opinion, the standard of living we have created in this country is in serious jeopardy today. In some industries, it is surely not realistic to believe that the American standard of living can compete with the wages paid in the Middle and Far East.

I want to make it unmistakably clear that I believe in foreign trade. Having served our Government under both Democratic and Republican administrations, I have some understanding of the difficult international problems every administration faces. I believe in foreign trade because I recognize that trade policy is an integral part of overall foreign policy. One must be as consistent with the other as possible.

I realize the President strongly feels that he needs this bill. I deeply respect the view of the President and his efforts to deal with awesome world problems. I share with him his vital interest in and concern for the foreign trade of the United States as well as his deep concern for national security. He is the Commander in Chief and I am responsive to his leadership.

My own interest in national defense and military matters is not, however, new. I have studied them carefully over the years. I completed a course at the Command and General Staff School at Fort Leavenworth the day before Pearl Harbor. I attended that course at the suggestion of General Marshall, our Chief of Staff at that time. My views are neither political nor partisan. They are the heartfelt convictions of an American citizen who has tried to discharge some of his obligations to his country.

I was in the Army in both World Wars and through experience have an appreciation of the demands upon the American economy in time of war. I had the honor of serving again, this time as Secretary of the Army, while there was a shooting war still going on in Korea. I am very sensitive, therefore, to the absolute necessity of providing all our military forces, in abundant measure, with the right equipment and the right supplies in the right place at the right time. The American people properly expect this to be done. I am concerned as to whether we may, unintentionally in our foreign trade, be impairing our ability to do this job, if the occasion should arise.

In this connection, I sincerely believe that the American people do not have an adequate picture of the national security aspect of this bill. I am, for example, unaware of any important article in any national magazine which clearly sets forth what is happening to our mobilization base. I know that erosion of that base has been taking place but I don't think the American people are aware of it.

Competition with the Common Market is one thing. Competition with the wages paid in the Middle and Far East is a very different thing. The Common Market itself has very stringent restrictions against imports from Japan. The very fact makes us more of a target for floods of Japanese goods. New Common Market negotiations will, under "the most favored nation" concept, make us more vulnerable than ever to imports from Japan. Do the American people, and especially American workers, understand this?

Long before congressional approval of Secretary Hull's reciprocal trade legislation was sought in 1934, President Roosevelt stated his position to the American people as follows:

"I have advocated a lowering of tariffs by negotiations with foreign countries. But I have not advocated, and I will never advocate, a tariff policy which will withdraw protection from American workers against those countries which employ cheap labor or who operate under a standard of living which is lower than our own great laboring groups." There continues to be great significance in the quoted words of President Roosevelt.

Eleven years later, President Truman wrote Speaker Rayburn, on May 25, 1945, in part as follows:

"I have had drawn to my attention statements to the effect that this increased authority might be used in such a way as to endanger or trade out segments of the American industry, American agriculture, or American labor. No such action was taken under President Roosevelt and Cordell Hull, and no such action will take place under my Presidency."

Ten years later, on February 17, 1955, President Eisenhower wrote to Congressman MARTIN of Massachusetts in part as follows:

"Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women. Repeatedly, I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing so much throughout the world to preserve."

Even in an ever-changing world, the words of the three Presidents just quoted have deep meaning to me in terms of the American economy, of the American standard of living and, above all, of the security of the United States.

The United States is today one of the least protected industrial nations in the world. Tariffs have been reduced by more than 75 percent since 1934. For many years, following the end of World War II, we slashed tariffs consistent with our efforts to rebuild Western Europe and Japan. At the same time, we tolerated increased barriers to American exports by the same countries to whom we made important tariff concessions. In effect, our concessions amounted to additional foreign aid. We built up foreign industries, in many cases with American economic assistance and American technology. Is it not appropriate that this legislation should contain effective safeguards, at least insofar as our mobilization base is concerned?

Five weeks ago, the National Governors' Conference, in session at Hershey, Pa., adopted, by unanimous vote, the following resolution:

"WORLD TRADE

"Whereas encouragement of world trade and commerce is essential to friendly relations with the people of other nations and to the economy of our own country, and this should be continued with due regard to the ultimate effect on our domestic economy and national security; and

"Whereas employment security and job opportunities of millions of American citizens in major segments of our economy have already been seriously affected by excessive imports: Now, therefore, be it

Resolved, That the Governors urge further development and complete implementation of international arrangements on trade in cotton, wool, synthetic and silk fiber textile products with due regard for the impact on American industry and agriculture; and be it further

Resolved, That this 54th annual meeting of the Governors' Conference hereby urges and requests the executive and legislative branches of the Federal Government to give full effect not only to the provisions of our trade acts which are designed to promote increased trade with other nations, but also those provisions which are designed to prevent excessive imports of any goods or commodities which would endanger the national security or the domestic economy of the United States."

The resolution adopted by the Governors' Conference on July 3 this year is indicative of their serious concern to prevent excessive imports which could endanger the national security of the United States. The Governors urged development and implementation of international arrangements regarding cotton, wool, synthetic and silk fiber textile products.

Continuing my theme of concern for the security of our country, I am apprehensive over the loss of jobs and skills in the radio, sewing machine, watchmaking, typewriter, machine tool and many other industries. These skills will be desparately needed in the arsenal of democracy if an emergency should arise. The question in my mind is a simple one. Are we taking as good care of our mobilization base as we should? That base may well be the difference between victory or defeat, if we are ever attacked.

Let us look at typewriters as an example of the adverse effect on the highly skilled workers employed in that industry. In 1960, the United States imported 436,000 portable typewriters and exported 8,575. This represents a terrific impact on the skilled jobs in this industry over the past few years.

At an escape clause hearing before the Tariff Commission in 1960, Mr. F. P. Ryan, of Royal McBee Corp., a major American producer of typewriters, said:

"The fact that all domestic typewriter companies may have foreign manufacturing facilities is of no consolation to the American factory worker."

This observation would seem to have application on a broad scale today. American plants abroad don't help American workers. And American plants abroad are of little, if any, use to our mobilization base.

In discussing U.S. superiority in productivity, Mr. Ryan said:

"Greater productivity in the United States does not offset the lower wage rates in Europe. Royal McBee Corp., manufactures portable, manual, and electric typewriters in Europe and (we) will present evidence—illustrating beyond any doubt, that foreign wage rates, which are approximately one-quarter of U.S. rates, result in manufacturing costs which are approximately two-thirds to three-quarters of the U.S. manufacturing costs."

Here, it seems, is the heart of the problem. Plants are being established overseas not only to preserve export markets, but also in many cases to supply the American market at lower cost. This latter purpose is surely not in the overall best interest of the United States. To the extent carried out, it is an export of American jobs. It contributes to our adverse balance of payments. I don't believe the administration or the Congress favors such action. But what is being done to prevent it? Further slashing of tariffs, under this legislation, will surely accelerate this trend for American industry to supply the American market from overseas. At least insofar as production essential to national security is concerned, should not this legislation contain effective safeguards? That is the heart of my argument.

I will cite another important segment of our economy that is essential to national security and which likewise could suffer serious erosion. The American cattleman is faced with these facts:

(1) In 1961 imports of beef and veal (carcass weight) were 1,038 million pounds. Imports, therefore, were 6.3 as a percentage of domestic production. Exports were 36 million pounds. Thus the United States was a net importer of beef and veal by 1,002 million pounds.

(2) Total imports of beef and veal, including live cattle and calves (meat equivalent) in 1961 were 1,328 million pounds or 8.1 percent of U.S. production.

Here is a vitally important, free enterprise segment of the American agricultural economy. It has no Government subsidies. It stands on its own feet. It is nationwide in scope. The industry's meager tariff protection of 6 cents per pound in 1930 has been whittled down to 3 cents per pound at the present time. With 8.1 percent of the American market already in foreign hands, the drive is on overseas, based on low wages, to grab off more of the American market. Is this in the overall best interest of our country? Is it a safe course from the standpoint of our national security and the possible future needs of the free world that American cattle population might decline drastically because of unneeded imports? I do not think so.

Cattlemen from Florida to the great western plains of the United States and on to the Pacific recognize that their jobs and the jobs of fellow Americans are dependent upon each other. In furtherance of this truth, the American National Cattlemen's Association faced the issue squarely. At its 65th annual convention on January 25–27, 1962, the Association passed the following resolution:

"BUYING AMERICAN-MADE PRODUCTS

"Whereas American labor and American business constitute the only market of consequence for American beef; and

"Whereas existing and proposed Federal (foreign) trade policies will destroy the system that has permitted the development of the highest standard of living in history: Therefore be it

"*Resolved*, That we urge the cattlemen of America to purchase only American-made products in the hope that we may help preserve the high standard of living and the very jobs of American labor, our greatest customer, from ruinous foreign competition; and be it further

"*Resolved*, That it is our fervent hope that other industries and labor will see fit to join us in our efforts to protect this Nation from economic chaos."

Members of the committee, this is a strong resolution and indicates deep concern over unbridled foreign competition, especially where our national security may be affected.

Mr. Henry Ford II, on January 17, 1962, said, "As a matter of both justice and political realism, I think a liberalized trade program must contain an effective, clean, and simple mechanism that will rationally protect American institutions against cruel punishment by imports, but will not be so broad or loose as to undermine the larger purpose of the program or to insulate the American economy from the disciplines of import competition."

Mr. Ford added, "I, for one, would like to see us get back from Europe some of the one-sided concessions that we made at a time when they were in desperate need." He was speaking on behalf of freer trade and his remarks made a great deal of sense to me. There is no provision in the bill before you for "an effective, clean, and simple mechanism" that will do what Mr. Ford suggests.

Let me mention another facet of national security with which I have had some contact. Aside from the men and equipment involved during any all-out effort anywhere in the world, the Secretary of the Army also has a responsibility for the important work carried out by the Corps of Engineers on reclamation and flood control projects in the United States. This responsibility includes the purchase of electrical equipment to be installed at project sites.

As Secretary, I considered it important to discuss personally with the Chief of Engineers the purchase of any such equipment. Soon after I took office in 1953, it became clear that electrical manufacturers in foreign countries were substantially underbidding American manufacturers. It seemed to me that electric power facilities are very closely related to the security of the United States. Without adequate and dependable power, our industrial machine would be incapable of making the maximum effort.

In each instance, therefore, during my 2½ years as Secretary, I recommended the awarding of contracts for electrical equipment to the lowest American bidder consistent with what I considered to be in the best interest of national security. My recommendation was based on the uncertainty of delivery from abroad, the nonavailability of spare parts or delay in maintenance of the foreign equipment in time of emergency, and the inherent belief that American power development should use American equipment.

When these discussions with the Chief of Engineers were concluded, I would then write a memo to my superiors recommending the lowest American bid. In about half of these cases, my recommendation was overruled and the equipment was purchased abroad. This has always seemed to me to be inconsistent with basic American security.

As a related example of the sort of thing I had in mind, the July 27, 1959, issue of Electrical World disclosed that an imported transformer at the Scattergood Steam Plant of the Los Angeles Department of Water and Power failed in service. This unit manufactured in Britain, was a 200-megavolt-ampere (MVA) transformer and was placed in service July 1, 1959. It failed on July 12 and had to be returned to England for repair. One year later—on July 17, 1960—the unit was again installed. After 9 hours of service, the transformer again failed. In providing the basic power requirements of the United States, is it not a precautionary measure for the security of our country that we use American equipment with its superior record of performance and the ease with which repairs can be effected?

Some people think of any future emergency or war in terms of a few hours, or a few days, duration. It is clear, however, that our Defense Department today is planning to be ready for all types of wars of any duration. This is good. No one knows what kind of a war might come. We must be able to win any kind of war—long or short. Therefore, if the United States is ever called upon a third time as the arsenal of democracy, it is clear that we should not erode away vital industries in the meanwhile. This is what is going on. This is what worries me so deeply. That is why, in my opinion, amendments to strengthen the national security provisions of this bill are desperately needed. This is constructive, not destructive criticism.

I am not alone in my concern. I quote briefly from a statement made before an Office of Defense Mobilization hearing on June 3, 1957. This statement was made by Senator SALTONSTALL, ranking minority member of the Senate Armed Services Committee, on behalf of himself and his colleague in the Senate from Massachusetts, now the distinguished President of the United States. The paragraph quoted herewith summarizes their keen appraisal of this critical situation as of 5 years ago. Everything that has transpired since in the woolen and worsted segment of the American textile industry confirms the farsightedness of their conviction. The paragraph reads as follows:

"The question here involved appears to be relatively simple when stripped of discussion of collateral matters. The opinion of the Director of the ODM is solicited with respect to the question of whether the domestic wool-worsted industry now retains or will retain sufficient capacity to meet any demands which may reasonably be anticipated in the event of war."

In connection with these woolens and worsteds, I am certain that no member of this committee would wish to rely on the Common Market or Japanese sources for the necessary blankets and uniform fabrics that would be essential in the event of war. As stated earlier in this testimony, we cannot supply them now in the United States with what is left of the industry. The same holds true on machine tools. Anyone who is familiar with what constitutes the life blood of a warmaking potential realizes the important role that machine tools play in the manufacture of munitions. We have weakened our domestic machine tool industry. Many companies have established plants abroad to preserve export markets. The latter plants are probably useless to us in the event of war while the weakened position of the industry in this country would be inadequate to do the job.

Incidentally, it is extremely distressing that, in matters concerned with national security, foreign governments, often through highly paid representatives here in Washington, can and do make vigorous representations to the Office of Emergency Planning in investigations under section 8 of the act. Cannot all of us agree that, in matters relating solely to the security of the United States, the American Government is fully capable of making decisions without foreign interference? I would like to see this gratuitous practice precluded by law.

To sum up, it seems to me that proper emphasis has not been placed on the survival of our Nation in terms of essential American production. I do not feel that national security has played anywhere near an important enough part in this great 1962 foreign trade debate.

Yet, this security aspect is surely something which over the years has been of great interest to this committee. On July 16, 1958, Senator BYRD, then and now your chairman, spoke on the Senate floor with regard to the national security clause of the trade bill as it was reported by the Finance Committee. He said, "The committee also amended the House bill by provisions aimed at strengthening the national security section. More and more the national security becomes important, and more and more the strength of our internal economy becomes an essential part of our security.

"I sponsored an amendment providing that the President, in administering the national security provision, must take into consideration the effect on the national security of a weakening of the general internal economy by excessive imports of competitive products to the extent that unemployment, loss of revenue to Government, or loss of investment would result. The committee adopted the amendment by a 10-to-1 vote.

"Considerable unfavorable comment has reached the committee about the administration of what was thought to be a strongly worded national security amendment in the 1955 extension. That section has been further strengthened so that sound results may be expected from it. The committee amendment provides that, after the Director of the Office of Defense Mobilization has studied the matter and indicated to the President that, in his opinion, the national security is being or is likely to be impaired, the President must take corrective action covering materials and their derivatives, unless he finds that the security is not being so threatened."

In its report, the House Committee on Ways and Means stated that the proposed Trade Expansion Act "provides for continuing the policy of existing law that no action is to be taken reducing or eliminating tariffs when the President determines that such action would threaten to impair the national security." As for cases in which such threat exists the report declares: "The bill continues the existing provision under which the President shall take action to adjust the imports of a given article (or its derivatives) when he finds such imports threaten to impair the national security."

Under provisions of this proposed bill, Congress once again is expressing its intent that the administration of our trade and tariff programs shall not jeopardize our national security.

However, contrasted with this repeated expression and enactment of congressional intent is the repeated denial of relief to industries and employees seeking to invoke these national security provisions. The record thus far of cases considered under the national security clause is most discouraging. Here is the disturbing box score: 11 were withdrawn or suspended; 12 were denied; 2 (both crude oil) were approved, and 1 (textiles and textile products) has been pending for more than a year.

Included as a part of my statement is an analysis of the disposition of each of the applications filed under the national security provisions of the 1955 and 1958 Trade Agreements Extension Acts.

Aside from the very discouraging results obtained, one other fact is clearly set forth. In most cases, the time consumed in reaching a decision on these petitions relating to our national security generally has been protracted and, in one case, it took almost 3 years to finally obtain a decision—an adverse one.

The sound results which your chairman hoped for have not been achieved and the intent of Congress clearly has not been implemented.

In my opinion, the national security provisions of this legislative proposal must be greatly strengthened. I earnestly commend this problem to the members of this committee.

I thank you for granting me this opportunity to be heard.

Status of requests for investigations under national security provisions of Trade Agreements Act (sec. 7 of 1955 trade extension law and sec. 8 of 1958 trade extension law)

Product	Applicant	Date of application	Final disposition	Lapsed time
Analytical balances	Scientific Apparatus Makers Association	Feb. 6, 1956	Suspended on request of applicant, May 24, 1957	1 year 3 months.
Wooden boats	American Boat Builders & Repairers Association.	Sept. 14, 1956	Suspended on request of applicant, Jan. 7, 1958	1 year 4 months.
Dental burrs (1st application)	American Dental Trade Association	May 22, 1957	Withdrawn Aug. 28, 1957	3 months.
Dental burrs (2d application)	do	May 12, 1958	Withdrawn Jan. 10, 1961	2 years 8 months.
Clocks, pin-lever, watches, timers	Clock & Watch Manufacturers Association of America.	Apr. 18, 1956	Denied Feb. 28, 1958	1 year 10 months.
Hard fiber cordage and twine (1st application).	Cordage Institute	July 12, 1955	Denied May 6, 1958	2 years 10 months.
Hard fiber cordage and twine products (2d application).	Plymouth Cordage Co. and Columbian Rope Co.	Mar. 25, 1960	Denied June 22, 1962	2 years 3 months.
Crude oil (1st application)	Independent Petroleum Association of America.	Aug. 7, 1956	President accepts Cabinet Committee report calling for voluntary oil curbs, July 29, 1957.	1 year.
Crude oil and products (2d application).	Departments of State and Defense	Jan. 22, 1959	President imposes mandatory quota controls on oil imports, Mar. 10, 1959.	1½ months.
Heavy electric power equipment	General Electric Co. and National Electric Manufacturers Association (NEMA).	Mar. 7, 1958	Denied June 12, 1959	1 year 3 months.
Fluorspar (1st application)	Committee representing American fluorspar producers.	June 21, 1955	Suspended on request of applicant Nov. 1, 1956	1 year 4 months.
Fluorspar (2d application)	American Fluorspar Producers Association	Oct. 29, 1958	Denied Sept. 25, 1959	11 months.
Photographic shutters	Wollensak Optical Co	Feb. 24, 1956	Withdrawn Apr. 17, 1956	2 months.
Stencil silk	Albert Goode Bedin, Inc	Nov. 2, 1955	Withdrawn Apr. 5, 1956	5 months.
Clinical thermometers	American Clinical Thermometer Guild	Jan. 13, 1956	Suspended on request of applicant July 2, 1957	1 year 6 months.
Jeweled watches	American Watch Manufacturers Association.	Dec. 29, 1955	Denied Feb. 28, 1958	2 years 2 months.
Fine mesh wire cloth	The Industrial Wire Cloth Institute	May 6, 1957	Suspended after request of applicant Feb. 14, 1958	9 months.
Wool felt	The Felt Association	Apr. 20, 1956	Suspended on request of applicant May 27, 1957	1 year 1 month.
Wool textiles	National Association of Wool Manufacturers.	Mar. 14, 1956	Denied Jan. 6, 1958	1 year 10 months.
Cobalt	Howe Sound Co	Oct. 2, 1958	Denied Oct. 2 1959	1 year.
Steam-turbine generators	General Electric Co. and Westinghouse Electric Corp.	Feb. 20, 1959	Denied Nov. 18 1960	1 year 9 months.
Surplus military rifles	Sporting Arms and Ammunition Manufacturers Institute.	June 29, 1959	Denied June 5 1962	2 years 11 months.
Transistors and related products	Electronic Industries Association	Sept. 17, 1959	Denied May 29 1962	2 years 8 months.
Tungsten	Howe Sound Co	Oct. 2, 1958	Withdrawn Oct. 21 1959	1 year 1 month.
Wool knit gloves	Director's own motion	Feb. 25, 1959	Denied Nov. 18 1960	1 year 9 months.
Textiles and textile manufacturers	American Cotton Manufacturers Institute, Inc., and others.	May 15, 1961	Pending	

Now I should like to turn for just a minute to the Geneva agreement. I have had some personal experience because a plant in my district is being forced to curtail operations and lay off people. I have said that has happened before, but apparently it has fallen on deaf ears. There is a struggle which exists uptown today before the Tariff Commission between those who are right and know they are right and are for the import fee, the equalization fee, and those who would substitute international policies in lieu of the best interests of the textile people of this Nation. As the struggle goes on and on, we of the textile area wonder openly who is on our side and who is against us, and why.

You know it is a mighty sorry fellow who will not hand you a stick so you can kill a snake, and we have been doing that in my part of the country as neighbors for years. Yet, it appears that some of the administrative branches and agencies of the Government do not want to help.

Getting back to the Geneva agreements, I find that in this agreement there was a provision to stop imports provided the industry or a segment of an industry could prove that it was hurt. But the provision had a gimmick in it. In order to stop the imports, or peg them at a 110-percent level, there must be a justification to the satisfaction of the administrators of the act that the industry is being hurt or a segment of the industry is being hurt. Then they peg the imports at 110 percent of the previous 12 months. We found in a case pending today that the Japanese took advantage of a situation, and they are continuing to take advantage of the situation—and I am going to keep on talking about it. I found out what they did was to make sure that in the early days of 1962, before we could get any action, that they would have enough exports to the United States to have their level of exports doubled in a particular field as compared to what they had in the year 1961. What they were trying to do was to zero in on a segment of the industry that they were seeking to destroy.

I have here a letter from Mr. John K. Benfield, Jr., of Sullivan-Southern, Inc., Narrow Fabrics, York, S.C., that I will include in the RECORD at this point.

The letter is as follows:

SULLIVAN-SOUTHERN, INC.,
York, S.C., June 18, 1962.

Hon. ROBERT W. HEMPHILL,
House Office Building,
Washington, D.C.

DEAR BOB: Thank you so much for your letter of June 8, enclosing copy of a letter to you from Mr. Blumenthal, and the bilateral textile agreement with Japan. Unfortunately, zipper tape is in group V of this agreement, and that is why they started flooding us. I feel now that through your efforts, and the efforts of Mr. ALEXANDER, that at least we have held this thing steady until we can catch our breath. It is quite obvious that the Japanese have made a good start at flooding the market with zipper tape from the following figures which have come out in various publications and I show below the comparisons from the Daily News Record of June 11, showing what we show imported, and what the Japanese show as exported, over a few years:

[In pounds]

	Our figures	Japanese figures
1958	171,000	(1)
1959	274,000	216,000
1960	219,000	379,000
1961	667,000	754,000

[1] Did not show.

Our gigantic task now is to get the Japanese back to what should be normal. Our figures above are State Department figures, and you see that in late years they were low compared to the Japanese figures. The Japanese figures also show they shipped 874,000 pounds to us in the 12-month period ending April 1962. It is quite obvious that if they were not held back, the sky would be the limit.

We now need to get their exports to this country back to the poundage of average 1959–60, which is the figure of 300,000 pounds that I told Ste would be fair. How do we go about getting them to roll this back? Eight hundred and seventy-four thousand pounds, plus 10 percent, will choke us, as it is doing. They just went wild, as can be seen from the percentage increases in this, a small poundage textile application.

If you gentlemen had not stopped this when you did, you can readily see what the 1962 shipments would have been.

Will you please get together with Mr. ALEXANDER at your first opportunity, and advise me what the next move is to get this back to where it should be. Any or all of us involved will be happy to do whatever we can to help, we only need you to tell us what to do, then help us do it. I will await your recommendations on the next move.

Again, my most sincere thanks for what you have done for our industry. You have given us a breathing spell, and I know that if we work together, we can again find life for the zipper tape people.

With kindest personal regards, I am,

Sincerely,

JOHN K. BENFIELD, Jr.

(Cc: Congressman HUGH ALEXANDER.)

Mr. Speaker, I am going to dwell on this distinguished gentleman for just a little bit. He has a distinguished war record. He is the kind of employer that everybody loves. He is a citizen who gives his time to the community. He is just the kind of man everbody likes to know. As an American citizen he has difficulty in understanding, and I share his difficulty, why any policy of the Government would let them zero in on his part of the industry where they have a fine plant in York, S.C., and destroy the jobs and the destroy the economy and destroy their investment there and put that plant out of business.

In my office I happen to subscribe to a periodical called the American Textile Reporter. It is put out in Greenville, S.C., and while the editor has taken occasion to scorch me at times, I do not have any feeling against him because I think that is fair in this business of politics, but he has from time to time had some wonderful articles in this periodical and I have read them with a great deal of interest and I find since it reflects some of the thinking in the industry, I can refer to it with much confidence on many occasions.

I want to review in this article the seven-point program. Let us just see where we stand. First, there was a labor-management committee to be appointed by the Secretary of Commerce. The Secretary of Commerce was directed to launch an extended and expanded program of research. I am happy that the interagency committee was formed, and I congratulate the President of the United States and salute him for that appointment. I also congratulate the President for his effort in trying to protect the people. So that has been implemented.

The second point was on depreciation. Existing depreciation allowances on textile machinery have been revised. That has taken place, and that has had its effect, because if you are going to compete, if the trade bill which we passed here is going to become the law and we are going to enter into negotiations with common markets or similar organizations, it is necessary that we have the most modern equipment.

The Small Business Administration makes available the necessary finances. That is a very commendable policy.

Then we come to the fourth point, and this was suggested by the President of the United States way last fall, about August or September, somewhere along there, maybe in July, and that was the proposal for the imposition of an equalization fee. That is one of the things we are waiting on today. We have been waiting, and while we are waiting the people who are in competition with the American worker, I do not care whether he is in California, Florida, Texas, or Michigan, whether he is in the textile business or a related business, I am saying to the worker that the foreign competitor is able to compete with him and try to get his job, because we all know that the cost of the cotton is a great part of the cost of a yard of cloth.

Fifth, we have a trade expansion bill that passed the House of Representatives.

Sixth was the international agreement reached in Geneva on July 17, 1961. Let me dwell on that just another minute. I do not believe that the President of these United States ever considered the fact that once he had proposed such a proposition, those charged with administration would continue to ignore the best interests of the people of this Nation.

Next there were provisions to go to the Office of Emergency Planning. I think Mr. Stephens' remarks are more pointed on that particular question than mine.

Now I want to pass on to just some of the things I have seen in the Textile Reporter. We have got some friends overseas, I assume. I do not think we have bought any. We tried pretty hard, but we have some friends overseas, at least they are friends as long as we are strong, I suppose; and we find out that among our friends are those who play up to the European economy. They are raising duties on manmade fabrics.

But here is the thing that makes you sick at the stomach, and this is from the Textile Reporter of July 5, 1962: "The U.S. State Department has indicated a willingness to negotiate." Willingness, willy-nilly. Heaven help us. They ought to have been out in front 250 yards if they were determined Americans. Instead they express a willingness to negotiate. Have they lost their sense of obligation to the American people? They should have been ahead of the game. That is American. I am sure that some of us, if charged with that responsibility, would have been out in front.

Then I think there are some other things worthy of comment here.

We cannot give away this industry and survive. This industry is important to the United States of America, to its present and to its future.

I want to include at this point an article from the America's Textile Reporter of July 26, 1962, entitled "Are We Gaining or Losing?" This article starts on the cover and it takes up again at page 27. I want to include the full article in the RECORD, because I think it is important. It is an excellent article.

The article referred to follows:

ARE WE GAINING OR LOSING?

In 1929 we produced almost 15 million bales of cotton in this country. In 1960 we did about the same. The 1929 crop had a value of $1,250 million in 1929 dollars. The 1960 crop had a value of $2,125 million in 1960 dollars. Foreign countries, in 1929, produced almost an even 12 million bales. This had increased by 1960 to nearly 47 million bales. We used to export 7 or 8 million bales of our production; today we barely reach 5 million. Back in that earlier year, it took 43 million acres to produce that nearly 15-million-bale crop. Today it only takes a little over 14½ million. Our population then was approximately 123 million, while the 1960 figure is almost 180 million. There are two particular situations here which deserve comment. First, there is the matter of the tremendous increase in acreage yields while the total number of cotton farms has continued to decrease. Larger and larger farm units are receiving more and more of the Government subsidy. At the same time, fewer and fewer people are employed in cotton growing as the production continues to shift to the west and to the larger mechanized operations.

Then, too, as our population has increased, the per capita consumption has gone down. At the same time, the cost of the cotton to the mill has multiplied threefold. The figures suggest that, dollarwise, we have come a long way since that earlier year, but if it is this sort of combination which is incorporated into those arguments advanced by the economists, as they figure percentage increases in the gross national product, then shouldn't we wonder whether their premises are sound? Are we really making progress if we only consider the price? Shouldn't we, as we talk about the GNP, consider the pounds or yards of production as they have increased or decreased per capita over the years?

If in other industries the same sort of figuring is being carried on, we are not getting a true picture and it would almost seem as if we are not being told the truth. This whole problem is disconcerting and we wonder if our own Government people are not using the same sort of rule as they figure the economic advancement in foreign countries.

As we take the textile industry as a whole, we find that, and according to the Cotton Textile Merchants Association of New York, the per capita consumption of broadwoven goods including cotton, manmade fiber, wool, and silk has declined in the past 25 years from over 78 linear yards to just over 64 in 1962.

Of course, goods are wider which would change the picture somewhat if the figures were presented as square yards rather than linear ones. Nevertheless, this loss of over 12 yards per capita is very disturbing. And unlike the raw cotton picture, the price of broadwoven goods has not appreciably increased and surely the profits have not.

One item not taken into consideration is the amount of cotton yardage displaced by imports. Surely if our own raw cotton production has remained static and our exports have fallen off, something is filling in the gap to take care of our tremendous population increase. One factor, of course, is our own export picture—we have lost a lot of export yardage to foreign countries particularly in South America and in the East. And as we have pointed out previously, as well as here, more and more cotton is being grown abroad.

It is with these facts in mind that we wonder if those proposals to internationalize our economy can stand up under the pressure which is obviously building up. And we would like to argue that this problem will affect other industries besides cotton growing and textile manufacturing. If we allow others to enjoy a greater share of the American market, then what will be done about capital for reinvestment and expansion and our gold situation?

Perhaps we should copy from the German book and swap goods rather than buy and sell them as one way of stopping the dollar drain. That country has been very successful as they have traded production for raw materials without having to send marks abroad.

Thinking of Germany, we are reminded that it was the stupid gyrating of economic policies of the Weimar Republic which brought bankruptcy to that nation and to those people and opened the door for Hitler and the Nazi party.

It was quite awhile ago that we wrote that we would surely face dollar depreciation if we did not cut out deficit spending. History proves that every country who has followed that deficit spending policy has had to repeatedly devaluate. Why would it be different for the United States? The outsiders looking in, our foreign friends, are predicting that the United States will have to devaluate the dollar and do it by raising the price of gold.

We don't think that a tax cut is a remedy even though it would please our own individual pocket. A tax cut with no reduction in the debt is no indication that the administration intends to turn from deficit spending and would compound the felony. On an international basis, any tax cut without major economies would further lessen the confidence of businessmen abroad and further slow down investment in our own industrial economy.

It is predicted that our population will continue to increase, where, by 1975, there will be over 200 million of us. Such a population increase will continue to provide markets but when we consider the per capita situation, we are convinced that only a bulging population can maintain our economy. We shudder to think of what would have happened to the textile industry, for instance, if we had not gained a nearly 58 million population increase during the past 30 years.

In a current Warner & Swasey advertisement are sound thoughts which bear repeating:

"More people are employed today than ever before—68,200,000 of them—94 percent of all those who even say they want a job. The only reason there are any unemployed is that more people want work—millions of 'war babies' are now grown up; millions of women with 'automatic' homes prefer work; millions from farms move to the city.

"Service businesses have absorbed millions, but there is a ceiling to that growth. (Guess what has grown fastest—Government jobs.)

"The only hope for the needed new jobs is in manufacturing—it has not grown as fast as population. Why? Costs are too high. Labor cost per hour has increased 101 percent since the war. And since the percentage of business profits has gone down, there has been one place for those higher wages to come from—higher prices. That is why you have seen entire American industries folding or shrinking; because they can't compete with foreign goods made at lower labor costs."

While production per employee goes up, average industrial employment goes down. All of these conditions suggest that we should take a new look and invent or discover new measures for that indefinite gross national product conclusion.

Also from that Textile Reporter of July 26 I want to read something else that is quite significant. It goes on to say, and I dare the one worlders who are at our throats to refute it. It says:

> In the face of sharply increasing shipments of several cotton textile items to this country, the United States has warned Japan to distribute monthly exports more evenly throughout the year. Rising Japanese imports of cotton blouses, gingham and poplin cloths and some other cotton textiles—which have gained momentum in recent months—were the result of bigger orders from American importers who feared possible imposition of the 8.5 cents a pound equalization fee, Japanese officials claim.

That proves what I said a while ago. Now, we know the textile areas, and this magazine reflects that the textile industry is nearing or has already passed its peak of prosperity. Why should we not prosper? I have in mind other industries and I would quickly rise on my feet to support them. Some months ago I voted for a depressed area bill. It did not help my part of the country a bit. it helped people in other parts of the country. Someone asked me why I voted for it. I said, "I am an American, I am concerned with Americans everywhere. That is a part of my responsibility as a national legislator. I am concerned with other sections of my country and their economic difficulties, and I am going to vote for it whether it is popular or not." If it is not popular, it would be because the people do not have a full understanding. Our people are sympathetic to everybody else and want to help them.

Now, I have an article here I would also like to include in this Record. It is the July 26 issue, page 7 of the Textile Reporter, entitled "Next 10 Years Can Be Industry's Period of Greatest Progress."

The article referred to follows:

Next 10 Years Can Be Industry's Period of Greatest Progress—Continued Attack on Imports Problem, Better Job of Attracting Young People, Are Urged at Southern Textile Association Meeting

There is still hope for governmental assistance in the textile import problem although the situation is rapidly nearing its climax, Robert C. Jackson, executive vice president of the ACMI, told members of the Southern Textile Association in Asheville recently.

Mr. Jackson said that industry efforts to get favorable action on decisions now pending in Federal agencies have been stepped up in recent weeks and that decisive action is possible without new legislation. He referred to two points of the Kennedy administration's original seven-point program which yet need action: The section 22 case which would offset the disparity in world and domestic cotton prices through an import fee; and the OEP case which, if approved, would indicate that the national security and the economy are being jeopardized by imports.

He told the 54th annual meeting of the STA that most industry leaders agree it doesn't seem practical to abolish the farm price support program but that an import fee equalizing the disparity between world and domestic cotton prices is the answer.

He said the two-price cotton system forced American mills to pay $383,600,000 more for their cotton in 1961 than foreign mills would have paid.

North Carolina mills, for example, which use about 2,608,000 bales annually are $113 million behind their foreign competitors even before they spin the first pound of yarn, all because domestic mills pay $171.50 for a bale of cotton that would cost $129 overseas.

Foreign mills do not undersell American mills because of efficiencies but only because of access to cheaper labor and cheaper cotton, he added.

Joe D. Moore, vice president of Manufacturing, Reeves Brothers, Inc., in his talk, "A Look at the Textile Industry," admitted there are difficult and disturbing factors "even in normal times, but with further complications of import problems, the Common Market problem, the possibilities of the horrors of war and the economic ravages of inflation or deflation, the situation may seem utterly hopeless."

He said he could understand the sense of urgency and futility that many may feel in the temptation to live for the moment and to put aside all thought of the future. However, "if that defeatist philosophy is ever permitted to dominate the thinking of the textile industry there had better be no tomorrow; if there is it will be just about the most sorrowful day this old world has ever seen."

Mr. Moore reminded that more progress has been made in the last few years in the textile industry than was ever thought possible, however, the next 10 years should see more progress and change than in all of its history. "Changes and progress are taking place so fast it is said that 'if it works, it is obsolete.'

"In my opinion, the textile industry is the greatest industry in the world and I believe it is high time that we in the industry should let everyone, particularly our young people, know that this is true. We have complained about the industry's trials and tribulations for so long that even some of us who love it find ourselves feeling depressed about it occasionally. Our textile schools do not have the enrollment that the industry needs. Our young people are not challenged to accept textiles for their career and I think that each of us should boost our industry to the degree it rightly deserves and then our high school and college students will choose it as their profession."

Mr. Moore said there is nothing unique about the textile industry's problems. "Basically they are no different from those which have confronted most of the generation before us. The interval between generations is customarily recorded as 33 years, and if you will note, you will find in these generations since 1776 a great deal of the same problems existing in every generation, and yet the world has managed to survive somehow."

Referring to various threats to freedom in this country, Mr. Moore said that since the birth of Christ there have been about 45 billion people on earth but not more than 3 percent have ever known freedom as we understand it.

"Our American civilization is no accident. It exists because it was founded squarely upon the concept of human liberty. It exists because we have learned to defend the rights of the individual and respect the dignity of man. But for many years now, we have been surrendering these God-given rights bit by bit in a search for an even better way of life."

He offered as a partial solution to the problems of today that people try to attain a well-balanced PMS—a proper combination of physical-mental-spiritual activity in everyday life.

All industry including the textile industry should benefit from America's efforts to put a man on the moon during this decade, the Public Information Director for the National Aeronautics and Space Administration's George C. Marshall Space Flight Center in Huntsville, Ala., told the textile group.

Capt. Bart J. Slattery said that NASA Director James Webb has given the program high priority to pass on to industry every bit of information that can possibly be used. For example, he named the shiny finishes on some pots and pans as the result of developments emanating from nose-cone research. Also an early type of rocket fuel turned out to be beneficial both in the treatment of tuberculosis and mental disease.

Association President W. B. Etters, told the group that the Southern Textile Association can justify its existence by the quality and quantity of the work accomplished during the several divisional meetings.

He said that during the year there were a total of 1,782 registrations of which only 497 were associated members "which points up the fact that our mill operating personnel have attended and participated in the meetings."

Within the 1,782 registrants were millmen representing 210 different plants. He said that 88 mills were represented in the Piedmont Division meetings, 64 in the South Carolina Division, 34 in the Eastern Carolina Division, and 24 in the Northern Carolina Division.

Or. George D. Heaton, human relations counselor, was guest speaker on the subject "Some Urgent Management Responsibilities in Human Relations."

Dr. H. Roberts, Lydia Cotton Mills, Clinton, S.C., is the new president of the Southern Textile Association succeeding W. B. Etters, Reeves Brothers, Spartanburg, who became chairman of the board.

Mr. Roberts, who was second vice president, skipped one step to the presidency at the request of Herman Cone, Jr. (first vice president) who expressed the wish to bypass the presidency in view of his continued recuperation from a hunting accident late last year.

The new officers are: Mr. Roberts; J. W. Inscoe, Carolina Mills, Maiden, N.C., first vice president; Mr. Cone, second vice president; and Jack Kissiah of Textile Bulletin, Charlotte, secretary-treasurer.

Elected to the board of directors were: J. F. Chalmers, Greenwood, S.C.; C. H. Ward, High Point, N.C.; John Houston, Spray, N.C.; and J. L. Sherrill, Greensboro, N.C.

Because of these policies I have talked about again and again here, the last 10 years have been years in which we have enjoyed prosperity. But we have been on the brink, so to speak, of disaster, and the import problem has grown and grown and grown, and we have endeavored to get something done about it.

We have asked the people uptown who are making these policies to do something about it. I voted for the trade legislation because I felt then, and I feel now, we have to have trade and commerce. I voted for it, and I am now worried because if the same people administer the trade bill that for some years have been administering the other legislation, what is going to happen to us? Sold down the river again and again? And if anybody can refute these statements, I would be glad to hear them. I have talked time and time again about this matter, but nobody has refuted the statements I have made.

We let the Export Import Bank furnish millions of dollars so that the Japanese can buy the cotton at 8.5 cents per pound less. Not long ago they told the people in Hong Kong they could not ship back in here, and suddenly we find somebody cheating. The Hong Kong people are trying to get some trade, of course, and it is not them, but somebody was cheating the American worker, the American Congressmen, and I do not like to say this, the President of the United States. And I fear the wrong doing was being carried out by these same Americans who have long been against us.

I am sure that the President is not in favor of doing away with the textile industry. I suppose he may never hear of this talk. I wish he would, because I have confidence in his ability and his intention to do something about it. But I say it is time again that we take up the challenge, the challenge of the people who are taking the salaries, as I said before, from the American Government, some of whom have plush offices and drive big Cadillacs, and one thing and another—the bureaucrats who are really against America. Of course, while many people do not have textiles in their district and are not interested or they do not know or do not realize or, perhaps, they do not care, the fact that it is textiles today, it may be steel tomorrow. It was china yesterday and watches. We have no more watchmakers. It was leather goods in another day. We are not producing leather goods. It will be the tuna fishing industry which will suffer another day, or the coal industry another day. We find that Americans out of work have very little sympathy for departments which betray them. They live unhappily in some parts of the country.

Mr. Speaker, the reason I have talked so many times on this subject as I have is because I do not want us to live unhappily in the textile areas. I have seen the breadlines. I have seen people out of work. I have seen the hollow look in a man or woman's face when they are faced with the problem of providing for a family and that desire of paying the debts which they honestly intended to pay but do not have the employment or the salary with which to do so. So one of my purposes in rising here today is to say publicly what I have said before the Tariff Commission. I have tried to emphasize time and time again that we need this equalization fee now. We need some administration of the Geneva agreements in such a way as to protect our textile industry as it was promised and as the President intended.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. HEMPHILL. I am happy to yield to my friend, the gentleman from North Carolina [Mr. Alexander] who is always interested in and eager to participate in this particular subject.

Mr. ALEXANDER. Mr. Speaker, I want to particularly commend my colleague the gentleman from South Carolina [Mr. Hemphill] for the very proper subject that he has been discussing. I know of his intense interest in the textile people whom he represents and also the fine spirit in which he has gone about doing this great job.

Mr. Speaker, I am concerned about the imports and the handling of the Geneva conference, because I too, just as the gentleman from South Carolina [Mr. Hemphill], have a textile plant in my district that is about to be liquidated even though it has been covered and the State Department has agreed that it is in distress and that they ought to do something about it to protect that industry. Yet they seem to be dragging their feet. They tell us that they are going to take it up and discuss it with the Japanese and that they are going to stop it at 110 percent of the past year's consumption. But the last year's consumption has been multiplied due to the great imports that have been allowed to come in during that period of time, which takes away the effectiveness of the action that they are about to take. Now, more speed to them in their action in taking this course, but I think it is about time that the State Department got on America's side and began to fight for our team instead of every other country in the world.

Mr. Speaker, again I want to commend the gentleman from South Carolina [Mr. Hemphill], because throughout the years during which the gentleman has been here the gentleman has been one of the most tireless workers for the welfare and the benefit of his people.

It does my heart good because we represent the same kind of people. I say to you that on this import problem real action should be taken on the President's program, under which he has asked for this equilization fee. It was on November 13 that an action was instituted under section 22 of the Agricultural Adjustment Act. The case has been closed since March 26, this year, 1962, and still no action was taken on this matter which is so important to our people, a situation under which the manufacturers in this country pay one-third more for the cotton that they use than do their competitors in any other country in the world.

I think certainly with the flood of imports of all kinds into this country it is time the Tariff Commission gave us a favorable decision on this matter, at least putting a stop to the dwindling of our jobs down the drain.

Mr. Speaker, I thank the gentleman.

Mr. HEMPHILL. Mr. Speaker, I thank the gentleman from North Carolina not only for his interest but for his strong support. May I say to the gentleman that I just put in the Record the statistics on this particular question for the calendar year 1961. The exports were at a 300,000-unit level, which was about 10 percent of the U.S. market. They exported that 10 percent into this country. As soon as the Geneva agreement was reached, from January until May 1962, exports to this country of the particular item in which they were interested ballooned to about 500,000 units. So if you deduct the previous 12 months from May 1, 1962, dateline, which the Geneva agreements automatically instituted, under the procedures involved, instead of the 10 percent of the market here, they had about one-third of the market. I do not believe that was the intention. I think it is wrong and I hope something is going to be done about it. I do not believe the President ever intended that. I know that Mr. Hodges did not, because I have talked to him on the subject.

Of course, with reference to the President of the United States, he has the international situation on his hands and down in the bureaucracy they can slide these things through. That is the reason I raise my voice about it.

Mr. Speaker, I see that my distinguished colleague from Iowa [Mr. KYL] seeks recognition, and I yield to him at this time.

Mr. KYL. Mr. Speaker, I share the gentleman's concern in this entire subject. I should like to ask a couple of questions. Which department of the Federal Government will administer the new trade program if it is adopted?

Mr. HEMPHILL. I had hoped since the Department of Commerce has been recognized by this administration to the degree it has, particularly in this field, that there would be a joint administration. Actually, as the gentleman well knows from his history, this particular field of commerce among the nations was formerly a matter administered in large part by the Department of Commerce. After the war we got into the foreign aid field, and after the expiration of the Marshall plan we began to go into all the foolishness which has happened since. I know the gentleman shares my feeling on that. The State Department has administered more and more of the legislation and agreements in this field, which has been to the detriment of too many industries in this country, in my opinion.

Mr. KYL. Is it the gentleman's opinion that the bill which has passed the House and is now in the Senate would give additional powers to the President?

Mr. HEMPHILL. Actually it would give additional powers to the executive branch of the Government, but I think the fact that the executive branch has considered the textile problem and the import problem to the degree and the extent it has, and the fact we have a seven-point program and the promise from the Executive, indicates that we would have more participation given to the Commerce Department, and that is my hope.

Mr. KYL. When last we had under special order a discussion of this entire textile proposition there was some hope expressed that there would be an agreement that would solve the problems of the textile industry. I think the gentleman will remember that at that time, speaking to the gentleman from North Carolina [Mr. WHITENER] I noted that I did not think this optimism was well founded, because we had just had this experience in another area.

The American producers of lead and zinc had simply wanted 50 percent, one-half the market. They did not have it. But on top of this situation, the executive branch of the Government, as there were at least three departments involved, arranged a barter agreement which brought to the United States an additional 100,000 tons of these metals, thus almost breaking the entire business and, incidentally, putting this additional metal in a stockpile which we have since been trying to remove.

Now the Department says in hearings on the Hill that their hopes were false "because we had relied on foreign countries to curtail their production and they did not do this in agreement with the United States." So here again the gentleman will recognize the same old ring, "We had hoped that somebody else would cooperate but they have not. Therefore these imports continue to come in and we have this problem."

The gentleman should be complimented on bringing to the attention of the people what could be a most serious problem.

Mr. HEMPHILL. I thank the gentleman for his remarks. I am no philosopher, but I am a realist. As I view the world situation today and the past few years, the only do-gooders that I know are this group running the State Department. Nobody else in the world is interested in "do-gooding." They are out for themselves. We say, "We are going to go along with you, and you are going to return something," but they do not do it. We gave our friend India half a billion dollars, and they took Goa and bought Russian goods with our money. The do-gooders are really doing them good.

As far as I am concerned, if you are not for me you are against me. That is the American tradition. I follow the tenets of Andrew Jackson, who was born in my district, that if you are not for me you are against me. The Holy Scriptures say that, too. You cannot be in the middle of the road, you have to stand for something or you stand for nothing. The gentleman is eminently correct.

They smile, and they drink their tea, and they are dressed right, and they look around and somebody says, "You are a great statesman and a great internationalist," and they are ready to give away another part of the United States. That is just one reason I voted against foreign aid for 6 long years. I wish we could win the battle against this waste.

I yield now to the gentleman from North Carolina [Mr. KORNEGAY] who has expressed many times his interest in this problem.

Mr. KORNEGAY. I thank the gentleman for yielding to me. I commend the gentleman from South Carolina for his presentation here today. Although he says he is speaking for his district, I say he is speaking for many districts throughout the United States, indeed, for the country itself.

I commend you, sir, on your fine statement and on the fact that you bring this most important issue to the attention of the House at this time.

Mr. HEMPHILL. I thank the gentleman in behalf of my textile people for his interest in this important field and his activity for the preservation of American industry. He has done a great job and I appreciate that.

Mr. TAYLOR. Mr. Speaker, will the gentleman yield?

Mr. HEMPHILL. I yield to my distinguished friend, the gentleman from North Carolina.

Mr. TAYLOR. I, too, share the gentleman's concern and I want to commend him for bringing this matter to our attention. We must face the fact that the textile import problem is still with us. Last February, I along with several other Members of the Congress, appeared before the Tariff Commission and requested that an offset import fee be imposed as a means of offsetting the difference between the purchase price of American cotton in the world market and the American market. I have been much disappointed that action has not been taken by the Tariff Commission. To me, it is just not right that foreign manufacturers can continue to purchase American cotton on the world market for 8½ cents a pound cheaper than American manufacturers can purchase the same cotton and then sell that cotton in this country in competition with our own American industry.

Mr. HEMPHILL. I thank my colleague.

Mr. Speaker, let me conclude by just pointing this out. It is with no happiness that I rise here in the well of the House. It is with considerable sadness that I reflect that I have to get up here and talk, but it is part of my duty and my responsibility. I would be so happy if I were here in the well of this House today saying, we are so grateful that the President's program has been implemented by a news release saying that the import equalization fee assures a greater sense of fairness in dealing with our textile industry. Yes, Mr. Speaker, I would be so happy to say that.

Then I reflect on something else. It appears to me that when the Executive launched this program, there were those who recognized the fact that he is President of the United States, which is still the biggest job in the world, and recognized the fact that he is the boss elected by the people to preside over the executive branch and the administrations under that branch, and that they would try to implement this policy instead of trying to get around it, perhaps, embarrassing him and embarrassing those of us who have shown our confidence. Listen to what has happened.

The Department of Commerce, in my opinion, has done everything within its power to carry out the President's directive—not perfectly, but in a well-meaning way. The Internal Revenue Service in keeping with the President's plan has endeavored to implement the plan by its depreciation reforms. The Small Business Administration has indicated its willingness. Other branches of the Government—the Department of Agriculture appeared before the Tariff Commission and asked for the imposition of the equalization fee. The Congress of the United States has responded giving him a trade bill that he asked for. The Congress of the United States responded in good faith.

Wherein has there been a lack of good faith, except in that department of this Government which in the 6 years I have been here has never exhibited a first interest—a dedicated interest, a patriotic interest in America first—the State Department. I condemn them today as I have condemned those antitextile planners before as being unworthy not only of the salaries they draw but unworthy of the honors that they receive and unworthy of the confidence of the American people. I dare them to refute the fact and I dare them to say they have done anything for the textile industry as large as it is, as necessary as it is, and as important as it is, to the present and the future of this country. If the textile industry is destroyed or is seriously weakened, the country suffers.

As I pointed out before, Napoleon had a textile problem in Russia. We do not want any problem like that. We have got enough textile problems, but it can happen. It is past time that we had the same fairplay that all Americans are entitled to.

Mr. Speaker, I thank the various Members who participated in this presentation.

TWENTY-SEVENTH ANNIVERSARY OF THE SOCIAL SECURITY ACT

The SPEAKER pro tempore. Under the previous order of the House the gentleman from New York [Mr. FINO] is recognized for 30 minutes.

Mr. FINO. Mr. Speaker, today is a very important day in America because it marks the 27th anniversary of the birth of the original Social Security Act.

It is fortunate that we in this Republic, blessed by God and united in common efforts of caring for the individual, are able to reflect and to celebrate this joyful anniversary.

Twenty-seven years ago we began to erect a mighty fortress to protect our aged, our widows, and our orphaned children.

Yes, Mr. Speaker, just as our pioneer forebears built a stockade to shelter them in times of strife and danger, we built a stockade for some of our neighbors who were similarly beset by crises. And just as a fortress needs repairing and improvements, we have, from time to time, made changes in our Social Security Act. It is by no means perfect.

In all of the 10 years that I have been a Member of Congress, I have introduced and fought for legislation to humanize and liberalize this law. I have supported and urged measures to correct and improve the social security system in order to bring it in line with the social and economic facts of life and with the principle of social equity and individual incentive.

For the past 10 years, I have spoken on numerous occasions on this floor urging the correction of many unfair and unrealistic provisions which cause great hardships in millions of American homes. While we have made progress in improving our system, I feel that we have not gone far enough in eliminating many unjust features still in the law.

As I see it, there are 10 desperately needed changes that should be made in our social security law and I have introduced and reintroduced 10 bills that would correct these weaknesses.

First. Under my bill, H.R. 2423, the retirement age would be lowered for men to 60 and for women to 55 years of age.

Mr. Speaker, under the pressure of automation, which no one disputes is a necessary step in the march of industrial progress, many of our senior citizens find themselves unemployed at an age when they cannot effectively compete in the labor market. Just as the burden of defending the stockade fell largely to the young body, so too today the work in our industrial centers falls on the shoulders of the young, and the old warrior is turned aside. He should be allowed to draw on the benefits he has earned during his productive years.

Second. Under my bill, H.R. 2761, we would recognize the change in the value of the American dollar that has taken place since the inception of the social security system. The minimum payments under the act would be $50. Approximately one-quarter of all people drawing less than $50 a month receive old-age benefits. All of us know how the cost of living has increased since 1936. It is only right that we at least try to equate the contributing dollar paid in earlier days with the value of benefits received when the wage earner draws on his account.

Third. My bill, H.R. 3034, would create an elastic labor force by authorizing the President, during periods of acute unemployment, to provide that all individuals may retire with benefits at age 60. Such an authorization stands on its own merits. When there are few jobs to distribute among many, it is only fair that we allow our older citizens who desire to lay down their burden to do so with dignity and peace of mind. By the same token, when the threat of large-scale unemployment is removed, the President can raise the retirement age again to its original level and those persons who had already taken the option of retiring could continue to receive benefits.

Fourth. Under my bill, H.R. 3651, which removes the social security earnings limitation, we would take advantage of the increased study of geriatrics which teaches us that it is both unfair and grossly unhealthy to assign a mature adult of advanced years to total inactivity. At the same time we must recognize that the average benefit paid under the act is $75 a month per individual. With the limit on earnings that we have placed on recipients of old-age insurance, we have not given them enough to live adequately, yet we have consigned them to a morbid life of inactivity—a trait that surely runs against the grain of traditional American stock. I propose that we remove the restrictions on earned income so that individuals could continue gainful employment of a limited nature and still draw from the account in which they had contributed in their full-employment years.

Fifth. My bill, H.R. 3977, attends the need to examine that section of the act which determines who can receive benefits after the principal insuree had died. In the frontier days, the head of the household did not limit his protection and aid to just his wife and children but extended it to his kin: to his sisters, his brothers. This noble tradition is carried on even today by many of our fellow citizens who contribute more than half of the support of their brother or sister. But under the present law, when that fully insured individual dies, there are no provisions for continued aid to such dependent brother or sister. Through the passage of H.R. 3977 these dependents would qualify for benefits under the Social Security Act, in the event that the primary insured person died.

Mr. Speaker, in our society everyone recognizes the need for more and more education—everyone; that is, except the writers of the Social Security Act. For this act ceases the payments of benefits to a dependent child when he reaches the age of 18, assuming the cutoff date does not affect his secondary education. It still is not equitable unless it allows the child to take his place in the business world by fully preparing himself through attendance in either vocational or other higher levels of education. It has been said by a wise philosopher that that nation which does not enable its citizens to become educated, and yet expects to remain free, looks for the impossible. I propose that we implement that wisdom by passing my bill, H.R. 4419, which would allow such dependent children to continue receiving aid until they are no longer enrolled in our educational system.

Seventh. We must correct the situation of the widow who, after her children reach the age of 18, is denied further aid under the program. Under my bill, H.R. 5296, we would allow the mother's benefit to continue after her children reach age 18, equal to three-eighths of the primary benefit of the insured individual. These women in advanced years, unable to support themselves and now suddenly barred from further aid, must be protected. They have raised their children under the most difficult of circumstances. They have given society worthy citizens. We should recognize this priceless gift and see that their brows are not furrowed with new worries once they finished their task of rearing their children.

Eighth. We should change the present practice of diluting old-age benefits and wives' benefits of women who have not reached the age of 65. Under present law these benefits are actuarially reduced for women who apply for them before reaching age 65. Under my bill, H.R.

4088, they would receive their full amount at age 62.

Next, Mr. Speaker, we ought to allow the Federal employees, those people who have spent their working life for the benefit of this Nation in the service of our Government, to enroll under the social security program. It is inequitable that the very administrators of this act, the caretakers of the stockade, so to speak, are denied the protection it affords. We can correct this by by granting them the option of joining the social security program through passage of my bill, H.R. 10850.

And lastly, Mr. Speaker, I propose that we commend by deed those of our fellow citizens who feel that they can continue to make fruitful contributions to our society by working after the age of retirement. Under my bill H.R. 3273, we would allow such an individual to elect to have any work performed after reaching the age of retirement, exempt from coverage under the old age, survivors and disability insurance system. Sir, many of our senior citizens are not only able but willing to keep marching in the ranks of industry and work past the legal age of retirement. We should respect and encourage such admirable actions by allowing those people, if already fully insured under the act, to have their earnings exempt for both tax and benefit purposes from the OASDI tax.

Mr. Speaker, if I may refer to my opening analogy once more, 27 years ago we laid the foundation of a mighty shelter for our senior citizens. All of the rain is not kept out, nor are all of our neighbors allowed inside. What I have proposed to this Congress are 10 improvements we might make. Like the military general orders, these are designed to make the structure safer, more secure, impregnable. They have been referred to the Committee on Ways and Means, where they seem to have lost their way and no means have been found to call them forth.

Can we have closed our ears to the needs of our neighbors who are in want, because of the weaknesses of the act? Have we set our heart against the pleadings of widows and children? Have we consigned untold thousands to the valley of despair because we have not found the time to examine the cure but could only shed a few tears over their plight?

If we here, Mr. Speaker, ignore the tragedies caused by the inequities of the law, we will earn the deserved reward of a granite heart and an arctic conscience. But if we take up the task of our unfortunate neighbors, we will reap their undying gratitude and from the homes of citizens throughout our land will rise prayers of thanksgiving for us to Him who through parable and sermon reminded us that we are indeed our brother's keeper.

THE TEXTILE PROBLEM IN THE SOUTH

The SPEAKER pro tempore. Under the previous order of the House the gentleman from North Carolina [Mr. WHITENER], is recognized for 60 minutes.

Mr. WHITENER. Mr. Speaker, one of the most critical problems confronting the economy of our country is the problem of the textile industry in the area which I am privileged to represent.

Under the law of this country the textile people are barred from importing more than 120,000 bales of foreign-grown cotton each year. That is by act of Congress. That act of Congress sets up what we refer to as the global quota. This amount of cotton is little more than 3 days consumption by American textile plants; and, almost without exception, it comes into the United States on the very first day of each cotton year, on August 1.

In mentioning this I do not say that we should be permitted to flood our country with foreign-grown cotton, but to point out what a ridiculous situation we have when we have one law that prohibits the importation of raw cotton in excess of 120,000 bales, yet under other law we have very few restrictions on the amount of processed cotton goods that can be brought into this country from foreign countries. We are told on reliable authority that during this year there will be the equivalent of 700,000 bales of cotton imported into this country in the form of manufactured and processed textiles.

I have been faced with the problem of the global quota in practically every year that I have had the privilege of being a Member of this House, because I come from a combed yarn manufacturing center. As a matter of fact, a few years ago we were told, and I suppose that we are still in that position, that my home county manufactured 85 percent of the combed yarn manufactured in America.

I am further told that one of the banks in my hometown, which is a comparatively small city, is the second largest financial institution insofar as financing cotton purchases by banking institutions in America is concerned.

So this imbalance points out the problems that confront us as we try to deal with imports. Some have said here today they voted for the recent so-called Trade Expansion Act. I did not. I did not feel, after careful and serious study, that it was in the best interests of the economy of our Nation to do that.

I did not vote for it for another reason, and that was the one mentioned earlier today by the gentleman from Iowa [Mr. KYL] when he referred to the question of who had the authority and duty to regulate foreign commerce. As I read the Constitution, that responsibility is upon the Congress of the United States.

But, now, without regard to how we may have voted on this rather important piece of legislation, which is now pending in the other body, I think we can all agree that the situation in our country with reference to textiles is one which requires remedial action. Perhaps many of you are not aware of just what is happening in the field of textiles and the importation of textiles from other countries.

I am sure that very few Members of this House realize that during the month of June 1962, a new country entered the yarn importing picture. That new country, or alleged new country, is the Soviet satellite nation of East Germany. When this information first hit my office I thought there must be some error about it. Upon checking with Government sources I found that in the month of June 1962, East Germany sent to the United States 19,606 pounds of carded yarn.

So I think, Mr. Speaker, this indicates, along with other facts which I will mention, some of the reasons why the people who earn their livelihood in textile plants are concerned about the textile picture.

Within the next few days I am advised that the Tariff Commission, will commence studying the record in the recent section 22 hearings which were conducted several months ago. The Commission, in the opinion of many of our fine friends in the textile field, holds the key to a problem which is vital to the present and future of American textile manufacturing, and, to American cotton farming as well. The study which the Tariff Commission is making as a result of the petition filed by the Secretary of Agriculture, asks for an offset fee on cotton content of imported cotton textiles equal to the export subsidy rate on raw cotton. This is of great concern to all America. Those of us who serve here and speak out for our people who earn their livelihood in the textile plants are not being provincial; we are not speaking on behalf of one group. We are talking about both the textile industry and the cotton producing segment of our economy.

I represent a district which contains the greatest concentration of textiles of any congressional district in America.

In addition, one of the counties in the congressional district which I am privileged to represent is the second largest producer of cotton of any county in North Carolina. Truly, this problem is one which is vital to the cotton farmer, because textile imports resulting from windfall cotton profits by foreign mills paying approximately one-third less for their raw materials than is paid by our mills is wrecking the American cotton farmer's best customer, the cotton mills of the United States. So, the two-price cotton system not only is a threat to the farmer; it also places our textile industry in an unsurmountably competitive disadvantage.

Mr. Speaker, last year this two-price cotton policy caused the textile industry in this country to pay slightly less than $400 million more for raw cotton it used in 1961 than the same cotton would have cost foreign competitors who had bought the same amount. This cotton was not foreign-grown cotton. It was American-grown cotton.

Mr. Speaker, the people of our country were faced with this excessive cost as compared to what the foreigners pay. This added cost to the mills in the State of North Carolina amounted to $113,914,407. In South Carolina the textile plants had to pay $113,312,200 more than a foreign manufacturer would have paid for the same amount of cotton; in

Georgia mills had to pay $73,219,637 more, and in Alabama textile manufacturers were paying $40,952,830 more than foreign textile people would have paid for the same amount of cotton.

Mr. KORNEGAY. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I would be happy to yield to my friend, the gentleman from North Carolina [Mr. Kornegay].

Mr. KORNEGAY. I would like to heartily congratulate the gentleman for bringing this matter to the attention of the House of Representatives, as he has done on many previous occasions.

Mr. Speaker, I would like to associate myself with the remarks which have been made by the gentleman from North Carolina [Mr. Whitener]. As the gentleman knows, I have maintained a great interest in this proposition and have stated on the floor of the House previously that the matter of two-price cotton is the most indefensible situation in America today.

Mr. Speaker, I would like to take just a moment, if the gentleman will bear with me, and call to the attention of the gentleman a copy of an editorial which appeared in the Greensboro Daily News, my hometown, back on Sunday, July 1, 1962. Inasmuch, Mr. Speaker, as I have heretofore inserted this editorial in the Congressional Record, I shall not read it in its entirety, but I do feel that two pertinent paragraphs should be included at this time, and they state as follows:

> Foreign textile plants today can purchase American-grown cotton for $42.50 a bale less than American mills must pay for it. The U.S. Government's policy forced the American cotton textile industry to pay $383,600,000 more for its raw cotton used in 1961 than the same cotton would have cost the industry's oversea competitors. Even closer home, the added cost to North Carolina mills last year was $113,914,407.
>
> The reason for this monstrously unfair situation lies entangled in what appeared, at one time, to be a necessary subsidization of the price difference between U.S. and foreign cotton. But in the process the U.S. cotton manufacturing industry got kicked in the pants.

Mr. Speaker, the President has realized this inequity. Many of the Members of Congress have realized this inequity. The industry has realized this inequity. Labor has realized this inequity. I would like to ask, Mr. Speaker, how long will the textile industry of the United States continue to be kicked in the pants by the inequitable and unjust two-price cotton system?

Many of my colleagues appeared before the Tariff Commission back in March of this year and earnestly sought their assistance and their help in removing this most inequitable situation that is confronting a large segment of the American industry today. How long will it be, Mr. Speaker, before something is done to bring justice and equity to this large segment of American industry and this large segment of the American population?

Mr. Speaker, I thank the gentleman for yielding to me and again commend him for bringing his forthright statement to the attention of the House.

Mr. WHITENER. Mr. Speaker, I thank my friend from North Carolina for his splendid contribution to the discussion that we are having. I am delighted that his editorial writer had the same Government figures that I had on this matter of the cost to North Carolina industry. I would like to say to him that another phase of this matter, which was not discussed in the editorial to which the gentleman referred is the fact that the import data which we have at hand now seem to indicate that our foreign manufacturer competitors during recent months have gained a great deal by the delay of the Tariff Commission in acting on the case brought by the Secretary of Agriculture.

As a matter of fact, there are many of us who believe that this delay in reaching a decision has played into the hands of these foreign manufacturers. I think that the record will indicate that there must be a quick decision. Otherwise, this inordinate amount of inshipment of textiles is going to so glut the market that even if all of these seven- and eight-point programs that we talk about are put into effect, we are going to find our mills in this country either slowed down, or else having their warehouses so stocked with cotton textiles that there will be an unstable market. It presents a real and continuing threat.

We are not just talking about the mills. I am sure the gentleman from North Carolina [Mr. Kornegay] is just as aware of this as I. We have in our State of North Carolina more than 221,000 employees in textile plants with a total annual payroll in excess of $750 million. During 1960 the mills in North Carolina alone consumed 2.6 million bales of cotton; and they paid, as we have both indicated, over $113 million more for this cotton than they would have had to pay if they had been operating the same number of textile plants with the same number of employees in some of these foreign lands.

The gentleman from South Carolina [Mr. Hemphill], I am sure, is aware of the fact that in his State more than 130,000 textile employees who participate in a total annual payroll of approximately $500 million, are concerned about this matter. And I know that when he speaks here as he does so often that he is speaking for them. And my friend from Georgia [Mr. Flynt], who comes from a great textile area, is concerned with more than 94,000 textile employees in his State who participate in a total annual payroll in excess of $332 million. The mills in his State in 1960 used a little short of 2 million bales of this American-grown cotton.

Mr. HEMPHILL. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from South Carolina.

Mr. HEMPHILL. I want to salute my friend from North Carolina, my neighbor, on this exposition. He has given us a great deal of valuable information. When he gives statistics regarding North Carolina, the statistics do not reflect a part of the situation which may be hidden but of which we are very much aware. In certain sections of the textile industry in my part of the country the people who work participate in the profits. They have a profit-sharing plan which is one of the finest plans in America. I could not help but think as my friend revealed these alarming statistics that we have taken from their pockets not only their payrolls but the profit in which they would have shared.

I commend my friend, as I so often have, for bringing out these statistics and pointing out also, as he has so ably done, the fact that even though these specialized gimmicks were written into the Geneva agreement to give us some relief, the delays that have taken place in connection with the import fee have caused these agreements to have less impact and less effect.

I thank the gentleman for yielding to me and I again salute his efforts.

Mr. WHITENER. I certainly thank the gentleman, and say to my other colleagues who have stayed here so patiently at this late hour that I appreciate their interest.

I think since we have discussed the matter of the law that we in the Congress must recognize that the laws that we have in our country as a result of action by the Congress have brought about this two-price system. We pass on the one hand a foreign aid program and under it we set up mills with our own money. I hasten to point out that I have never voted for it. But this is what has happened. On the average these foreign mills are more modern than our textile plants. Our plants could be equally modernized if our industry had some government overseas setting them up with new mills. We could throw out all machinery over 3 years old if we had some generous friends overseas putting up the money for it.

Mr. FLYNT. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from Georgia.

Mr. FLYNT. I share the interest and the concern which has been expressed by my colleague, the gentleman from North Carolina. Those of us in the Congress who know firsthand the problems which beset and confront the American textile industry are concerned with the realization that obstacle after obstacle, hurdle after hurdle, is being placed in front of this great American industry. All of us know that this is a vital industry, one vital to America in time of war and in time of peace. It is essential, therefore, that this industry remain dynamic, and that once again it become a growing industry. It is necessary that the growth of this industry be at least in direct ratio with the growth of the gross national product of the United States.

We have watched over many months the delay in the consideration of the application for relief under section 22 of the Agricultural Adjustment Act, which has been pending for many months before the U.S. Tariff Commission. Many of us believe that this delay has not been justified. Those of us who have followed the proceedings before the Tariff Commission believe that the American textile industry made out a strong case which justified the relief which was sought. It is my recollection that the Department of Labor both through the Secretary and through the

Bureau of Labor Statistics has presented the facts and figures which show that if the American workingman and workingwoman presently employed in the American textile industry are to be protected in their jobs and their job security, that the requested relief should and must be granted. It is my further recollection that the Department of Commerce has shown and demonstrated very forcefully and effectively that this relief is necessary and should be granted. During the months which have intervened between the closing of the record in this case and now, the Tariff Commission has not handed down its decision. We, of course, hope that decision will be favorable. In this connection, let it be pointed out, as I am sure the gentleman from North Carolina well knows and may so state later in his remarks, the interval between the closing of the record and the decision of the U.S. Tariff Commission that foreign nations have absolutely flooded American ports with textile products. They have in some instances caused shipments to be turned around in midocean and caused shipments destined for other nations to be brought into American ports and placed in American warehouses to compete with the end products of American industry and American labor.

Mr. Speaker, I share this concern expressed by my colleague, the gentleman from North Carolina, and at this point I would like to express the sincere hope that the Tariff Commission will act promptly and favorably in the proceedings now pending in pursuance of section 22 of the Agricultural Adjustment Act.

Mr. WHITENER. I thank the gentleman from Georgia for his excellent contribution. I would call to his attention and to the attention of my colleagues, a bulletin designated as FAS M-125 issued by the Foreign Agricultural Service, U.S. Department of Agriculture in January 1962, entitled "United States Cotton Textile Imports—Perspective on a Complex Problem." This publication amplifies, I think in a very sound and accurate way some of the problems we are discussing here today. The following significant sentence appears on page 13 of that publication with reference to section 22 of the Agricultural Adjustment Act and the petition filed by the Secretary under that section of the law. It says, and I quote:

> Although section 22 is designed primarily to protect programs of the Department of Agriculture, the imposition of the import fee would tend to equalize the prices paid by foreign mills for raw cotton with those paid by domestic mills as far as competition of foreign goods in the domestic market is concerned. Therefore, the fee would not only tend to protect the Department's programs, but would also afford some protection to the domestic textile industry in line with the fourth point of the President's seven-point program announced in May 1961.

Mr. Speaker, I am delighted that the gentleman from Georgia, distinguished lawyer that he is, a former president of the bar association in his State, has seen fit to join in this discussion at a point where I was about to commence a discussion of the law and how it has contributed to and how it has created this two-price cotton system.

We are all familiar with the history of our agricultural legislation since the 1930's, during which time we have had a support price on raw cotton. In our country today this causes cotton to bear a price $42.50 a bale higher than the price of cotton on the world market. That is a result of the law. Since 1939, again under the law, we have had rigid quotas on raw cotton. We have had, as I have mentioned before, limitations upon the imports of cotton from abroad. These limitations on imports of foreign-grown cotton forces American textile manufacturers to buy American-grown cotton at $42.50 a bale higher than the world market price.

None of us want to injure the American cotton farmer, but at the same time the jobs of people in industry are important also. It is untenable to have rigid quotas on imported raw cotton and not to have rigid quotas on the manufactured and processed cotton which comes into the United States.

Another item which enters into this problem is that cotton being priced above the free world price we begin, then, to lose our export markets for raw cotton. So what is the way out?

We passed another law. We said that in order for American agriculture to have a foreign market for cotton so as to make our cotton competitive with foreign-grown cotton, the United States should subsidize the price thereby making American cotton available on the world market at world prices or as near thereto as possible. So there arose a subsidy which amounts to 8½ cents a pound or $42.50 a bale. This resulted in a bonus to the foreign textile manufacturer who is operating at low wages with this cheaper cotton, creating a competitive situation which is just about to break the back of a great industry which is the second largest employer of people of any of our domestic industries.

So the law that has been written here in the Congress has been instrumental in bringing about this situation.

But we have legislation which offers a solution to the problem, and that is section 22 of the Agricultural Adjustment Act. As has been so well said by my colleagues, in the pending proceeding under section 22 the President has requested the Tariff Commission to make a study of this two-price cotton problem. We are all hopeful that in the application of that part of the law, known as section 22 of the Agricultural Adjustment Act, a solution will be found to this very unfair competitive situation.

These foreign mills today are buying a bale of American-grown cotton at this lower price even though that cotton may have been raised in the same county where the gentleman from Georgia or the gentleman from North Carolina live, where we have a concentration of textile plants. The American textile industry sitting next door to the cotton patch, so to speak, is paying a premium for the use of American cotton which someone operating a plant in the Far East, the Middle East, the Near East, or somewhere in Europe does not have to pay.

I say to you, Mr. Speaker, it is an unfair situation when a foreign textile plant can buy a bale of American cotton for $42.50 less than American industry must pay. Under present conditions it actually amounts to the taxpaying domestic industry paying for our own cotton about 33⅓ percent more than a foreign manufacturer pays for the cotton.

Raw cotton accounts for better than half the cost of producing a yard of typical cotton cloth in this country. I contend, Mr. Speaker, that this unfair competition is something which ought to be dealt with by the same Government which created it.

The American textile industry has never asked for anything to which it was not entitled. The only thing the people in it ask is that they be given a fair deal and that the law which was placed upon the books by the Congress of the United States not be permitted to destroy the industry with one hand when by lifting the other hand there is an opportunity to apply the law to a situation and save them from destruction.

In 1954 this country saw its first noticeable rise in the cotton import situation. At that time cotton products brought in reached the equivalent of 100,000 bales. The rate of imports has progressed, so that based upon the first 3 months of imports during 1962, if computed in bales of cotton, and if that rate continues for the balance of this year, it will amount to the equivalent of 716,000 bales of cotton in the form of processed and manufactured textiles which will be brought into this country in 1962. This would be approximately 112,000 bales more than during any other year in our history.

So we say we do have a problem. We have read a great deal in the papers recently that the textile industry is showing great advances, that they have made great profits, and recently the Secretary of Commerce, for whom I have the greatest admiration, has issued a very rosy prognosis of the situation in the textile industry. I know that in doing so Secretary Hodges was as sincere as he could be, but I am afraid that somebody failed to get to him some of the facts about what is happening today in the industry.

Government figures show that textile profits today amount to only 2.7 percent of sales, whereas the average profit of U.S. industries generally is 4.4 percent of sales. The wholesale prices of cotton products have fallen 7 percent since the late forties, while industry prices generally have risen 28 percent.

Mr. Speaker, just because the industry has been able to keep the wheels turning—those that are left—some 818 plants are not in operation now that were operating 10 years ago—because these surviving plants have been able to keep the wheels turning and merely meet expenses or show a modest profit it should not be used as a basis for unwarranted rosy pictures being painted in the press and about the country.

The textile industry needs the elimination of the two-price cotton situation.

The Tariff Commission under the law has an opportunity under the pending proceedings to grant this relief. The President of the United States has enjoined them to make a study of it. The Secretary of Agriculture and his aids in the Department have appeared before the Tariff Commission. They have given evidence sufficient to warrant granting the relief which many of us feel is absolutely essential if we are to preserve this very basic part of our economy. Many Members of the House of Representatives have joined together, as did I, in going down and testifying before the Tariff Commission.

I know that many of them had the same feeling that I had as we saw appearing in opposition to this petition representatives of foreign industry and foreign governments, sitting there as equals with the American people, as these foreign representatives were opposing the granting of relief to our American textile workers. I say to the Members of the House, Mr. Speaker, that many of us who looked at those same people under different circumstances could not have the kindest feeling.

I say to the Members of the House of Representatives that our Government, and each of us as officials of this Government, has an obligation first to the American people—in textiles and in all types of industries—to see to it that the application of the laws which have been enacted in this Congress should not be used to destroy the American system and particularly the right of individuals to earn a livelihood and to support their families. We have an obligation, and that obligation is not fulfilled by standing idly by and failing to exercise those principles of law which the Congress has established for the protection and preservation of American jobs. If we do so we will have failed our people in one of their hours of greatest need.

Mr. FLYNT. Mr. Speaker, will the gentleman yield at that point?

Mr. WHITENER. I shall be happy to yield to my friend, the gentleman from Georgia [Mr. FLYNT].

Mr. FLYNT. In connection with the remarks made just above by the gentleman from North Carolina, I wonder if he is aware that certain importers of cotton products and cotton goods, especially cotton yarns and what we refer to as unfinished cottons, or gray goods, that prices on these products are now being quoted at the American price, less 8½ cents a pound in an effort to absolutely place a price differential upon them which will drive the American producers of yarns and unfinished cotton products almost completely out of the market. This will be true not only of the market abroad but the domestic market here in the United States.

Mr. WHITENER. I will say to the gentleman from Georgia that not only is that true, but we have seen other activities into which we could go here today if we were covering the entire scope such as the pirating of patterns of our textiles and many other unfair practices that are going on.

There is an American textile machinery show, one of the great ones that we have in this country, and one which I have had the privilege of attending. At the most recent show the promoters had to enact rules to the effect that no photographs could be taken of the machinery on exhibit because of the pirating of patented machine products.

My point is this: We have ample law under section 22 of the Agricultural Adjustment Act to take care of this particular unfair situation. I know that people say "Well, you cannot use quotas, and the President has to be careful about that." But I am sure the gentleman from Georgia remembers that a few months ago, perhaps a year or so ago, some bright foreigners decided that they could bring in picker laps as processed cotton under the law and get by with it. Very promptly the President, upon having representations made to him which satisfied him of the evil of that situation, was able to place a quota of 1,000 pounds—two bales of cotton—and it stopped it in its tracks. We are not asking that the importation of foreign textiles be completely barred. We are just saying that if they are to come in, we ought not by Government action make it impossible for our own textile people to compete.

Many textile people in North Carolina say that the removal of the 8½-cent bonus on each pound of cotton which our competitors overseas are getting, our domestic industry can run foreign competition ragged in the competitive market because, after all, that would reduce local cotton yardage cost by about one-third.

I might point out to the gentleman from Georgia [Mr. FLYNT] another thing that has been brought to my attention. There are at least two nations in the world whose governments are now reimbursing their local manufacturers any duty that is charged by any foreign country into which they ship textiles manufactured in those two countries. And so, even with this 8½-cent relief, this offset fee that we hope to have, the industries in those two low-wage countries could still have an advantage since whatever duty or charges they pay here are going to be reimbursed by their local governments. I say to the gentleman from Georgia, and all others who are keenly aware of these problems, that a solution is important to the district which I represent, to the State from which I come, but even more, to the entire economy of our Nation.

I hope and pray that within the next few days the Tariff Commission will have let a little sunshine in by rendering a decision which we conscientiously believe is dictated by the evidence which has been presented to that Commission.

THE PRESIDENT'S SPEECH ON TAXES

The SPEAKER pro tempore (Mr. JOELSON). Under previous order of the House, the gentleman from Missouri [Mr. CURTIS] is recognized for 60 minutes.

Mr. CURTIS of Missouri. Mr. Speaker, as I stated under the 1-minute rule this morning I was going to take the floor after all special orders to discuss the President's political speech last night, in which it was announced he was going to discuss the economic condition of the country in relation to a proposed recommendation to the Congress to cut taxes.

Regretfully, the President's speech to the Nation was political in nature and not economic. The President used rigged economic statistics. He failed to tell the people that the recovery from this recession has been the weakest of all post World War II recoveries by almost any economic measurements.

When the President said the gross national product had risen 10 percent, he used current dollars, when he and his Council of Economic Advisers are fully aware that constant dollars should be used to correct for the Kennedy inflation. This more economically meaningful figure would give an increase of the gross national product of about 8.5 percent, compared to over 10 percent in two postwar recoveries and 13 in the first.

The President's claim that his action has pulled us out of the recession is totally wrong. The recession bottomed out in February 1961, less than 30 days after he took office, before any action by him could become effective and before Congress could enact any legislation.

He also failed to mention that for the first time since World War I, and I daresay for the first time in the history of this country, the civilian work force has not increased in peacetime. Since 1957 the civilian work force has been increasing almost 1 million people a year, but in 1962, this year, the civilian work force has actually been decreasing over 1961.

Therefore, when the President says the economic gap that he and his Council of Economic Advisers have been stating existed during the Eisenhower administration has closed during his administration, he is mistaken. Using his own economic statistics it actually has widened.

We Republicans are happy that the President is recommending a permanent basic tax reform and rate reduction. The Republican Party has been recommending this for years and will be very pleased to assist in carrying through this recommendation in the next Congress. We wish to remind the people that the only two times tax reductions have been enacted since World War II have been in Republican-controlled Congresses, one during the 80th Congress and the other during the 83d Congress. If the people will elect a Republican Congress this fall they can be sure that President Kennedy will get his tax reform proposal enacted into law.

I want to go on to document just a little bit more some of the errors in the economic statistics that the President used in his speech last night. President Kennedy stated among other things, and I am quoting directly:

> We have had in the last 18 months the best record on price stability that we have had since the end of World War II.

That just flatly is not true. I say this has come to a sorry pass for our country when we cannot rely on the accuracy of basic statistics quoted by the President of the United States and his Council of Economic Advisers.

This record that I am making here today will be available for people to read tomorrow. I am going to refer to this record in the future. I gave advance public notice that I was going to take the floor this afternoon so that those who disagree with anything I have to say here would have an opportunity of bringing forth their views. The President has asked that there be national debate on these matters. Indeed, I feel there should be. But I submit it is no debate when anyone gives a speech to a captive audience without giving those who disagree the opportunity of rebuttal.

This business of exchanging press releases is not debate. Here is the well of the House and in the well of the other body, there can be debates. Here we yield to those who disagree with us so they may have their say at the same time before the same audience.

Here are the consumer price indexes, quoting from the Economic Indicators of July 1962, prepared for the Joint Economic Committee by the President's Council of Economic Advisers. These are our official Government figures, the actual Consumer Price Index is prepared by the Department of Labor.

In 1960 the Consumer Price Index was 103.1. And anyone can read this. May 1962, the Consumer Price Index was 105.2.

The differential, as anyone can see, is 2.1.

I might say since May of 1962, it being August now, the Consumer Price Index has gone up about 0.3 which makes the Consumer Price Index having gone up from the year 1960, 2.4 percent.

Now let us take a look at what might have been in the President's mind. Instead of taking the year 1960, he possibly took December or the last month of 1960 which is a higher figure than 103.1. It happens to be 103.9. So the differential again is obtained by taking 105.4 in this instance and subtracting 103.9 and you get the differential of the price index having risen in the 18 months that President Kennedy was referring to by 1.5.

Now let us take a look at our economic indicators for previous years since World War II. Again an official document, the 1960 Supplement to Economic Indicators, prepared by the accounting staff and the Office of Statistical Standards, Bureau of the Budget, prepared for the use of the Joint Economic Committee. On page 80, we can see the price figures, or rather on page 81 we find the actual table and the chart is on page 80.

Let me read two periods—not of just a year and a half but for 3 years, the years 1948, 1949, and 1950.

The Consumer Price Index in 1948 was 102.8.

In 1949 it actually went down to 101.8.

In 1950 it went up to 102.8.

In other words, for those 3 years the Consumer Price Index did not go up a bit. And that is a 3-year period and it is post-World War II.

Let us take the other period—1953 to 1955.

In 1953 the Consumer Price Index was 114.4.

In 1954 it was 114.8.

In 1955 it was 114.5.

In that 3-year period, the Consumer Price Index went up one-tenth of 1 percent.

It is almost unbelievable that the President of the United States in a broadcast to the people of this country would resort to this kind of chicanery of quoting inaccurately what the actual economic indicators are and that he would make a statement that cannot be substantiated at all in order to try to persuade the people that he has been successful in his endeavors as President of the United States.

He said, and again I repeat it:

> We have had in the last 18 months the best record of price stability that we have had since the end of World War II.

In my previous remarks I commented on the fact that in his estimates of what the recovery had been in gross national product he used current dollar figures instead of constant dollar figures. That is a technical term, but one of which the President as well as the Council of Economic Advisers is quite aware, because when we measure different periods of economic endeavor by statistics we try to adjust them for constant dollars, particularly when you have had a rise in the price index. That is what you are adjusting for, to try to get a constant dollar. Here is a 1.5 percent rise. So when we take these figures on gross national product in constant dollars and relate them to the nadir of the recession, which was February 1961, we find that the increase in gross national product was not 10 percent, was not $50 billion as President Kennedy said in his speech last night, but actually was 8½ percent, and it was about $42 billion. Fortunately the Chairman of the Council of Economic Advisers was a little more careful in his use of economic statistics, because when he testified before the Joint Economic Committee just a few days ago in his prepared statement he used the 10 percent all right but he immediately put in brackets what the 8½ percent, the real figure, was in constant dollars.

So it is not by accident that the President of the United States in addressing the people of this country used figures that tended to deceive in what was going on.

But here is the main matter out of context. Most people who are familiar with the way we measure economic endeavor think in terms of increase in gross national product from year to year; and, indeed, that is the way we have measured our economic progress in the past. Many people have become familiar with the figure of a 3-percent growth rate, 3-percent increase in gross national product from one year to the next, or 4 percent. But President Kennedy when he was Senator and campaigning in the 1960 campaign said that there was a gap in our growth rate and that during the Eisenhower years we had not been growing as rapidly as we should, that we should have been heading toward a 4-percent increase in our gross national product. The President is well aware of the fact that this kind of growth figures and percentages is in the minds of the people and, therefore, it seems to me important to point out to the people that when he was talking about 10 percent—it should have been 8½ percent—he was not comparing a growth rate of one year to another year; he was comparing a growth rate from the bottom of a recession to the period when we came out of the recession.

Let me give you the growth rate for the year 1961 over the year 1960, the first year that President Kennedy had served this Nation as President. The growth rate was 1.8 percent—1.8 percent. Actually in context—and here is what the people of this country are concerned about and we in Congress, Mr. Speaker, are concerned about, is how does the recovery from this recession compare to our recovery from previous recessions. We have had three previous recessions post World War II available for comparison. These are the meaningful comparisons; and, of course, the President did not want to compare that because this is the weakest recovery from any recession that we have ever had by any economic measurement, including the very series that the President referred to in his speech, which was gross national product. That was one the President used but, industrial production was another. He referred to a 16-percent increase there. The unemployment rate going down 23 percent is another indicator he used. Disposable income going up 8 percent, another indicator used by the President.

I have in front of me Business Cycle Developments of July 1962, the data being through June. This is again a Government publication of the U.S. Department of Commerce. These are statistics that the President's own administration prepares.

On page 57, table 8 is entitled "Typical Patterns Percentage Which Form Reference to Levels as Measured at Designated Months."

After the reference to date in the nine most recent expansions or recessions, the chart starts out with July 1921; July 1924; November 1927; March 1933; June 1938; October 1949, our first postwar recession; August 1954, our second one; April 1958, our third one; and February 1961, our fourth one.

Going down into these indicators we see these various measures that the President refers to.

Let us take unemployment, 26.6 percent was the decline in this recent recession, but in the previous recession it was 38.7, in the previous one 43, and in the previous one to that 123.7. Let us look at the indicator of the industrial production which the President referred to. The recovery was 15.4 percent, the previous recovery was 18.9, the previous one 17.2, the previous one 30.7.

I have already referred to gross national product, 8.5, 10.4, 13.0, 23.7.

Personal income is very similar. Sales in retail stores, any indicator that we select demonstrates that this is the weakest recovery that we have ever had.

So much for the erroneous statistics. I am going to come now to one other basic misuse of economic statistics that the President used last night, and probably the most serious of them all.

The President in his campaign of 1960 sought to persuade the people that the years of the Eisenhower administration had seen a dire and sluggish economy, that we did not have the growth rate that this country should have had. In order to prove this he used what I regard and called publicly at the time, rigged statistics. The basic rigging of our growth statistics was accomplished by a special group that was brought in by the Joint Economic Committee a few years ago, headed by Dr. Ekstein to do a special study. What I am saying here I have said to him and we Republicans have said in our minority views criticizing this report for the unscholarly methods used to get across a partisan political point of view.

What do I mean? Dr. Eckstein's group selected the year 1953 as a starting point to compare economic growth through gross national product. Why do we say that was unfair? He, by the way, carried it on through, I might say, to 1960, which was a year where we began a recession. No. 1, economists do not measure from a trough to peak or peak to trough. You measure from peak to peak or you measure from trough to trough. The year 1953 was a war year—the Korean war. Everyone knows what happens to gross national product indicators during wartime. It always goes up very high. As I pointed out, according to this Dr. Ekstein and the President cannot distinguish between an economy based upon war and one based upon peace. The fact that they have continued to use this kind of manipulation to measure growth to instill the belief in the minds of the people that there had been a tired, sluggish growth in this economy is just indefensible. Now they are caught in their own trap. A part of this growthmanship is the so-called gap theory—that there is a gap between what our Nation should be doing in gross national product and what it has been doing. The gap is based upon the theory if we had full employment, which is defined as being only 4 percent of our people unemployed. I frankly do not regard that as full employment. Believe me, we can do better than that. But with respect to their theory, at any rate, anything over 4 percent is regarded as the lag in economic growth and they therefore multiply those who are in the unemployed field by what would be the gross national product if they were working and the idle industrial capacity were being used. It is that kind of a chart compared to what our actual advance is in gross national product. It is that which is the gap.

Mr. Speaker, President Kennedy in his address last night told the people that this gap which he had inherited from President Eisenhower—a part of his political methods in discussing this issue with the people—that he had been able to close some of this gap. Let me point out something that I have been pointing out publicly for the past 2 weeks in the Joint Economic Committee to the witnesses who have appeared before us in our recent study, and these people include Dr. Heller. One of the strangest things that has happened to our Nation since its beginning—and I pointed it out in my preliminary remarks, and I am now referring to the economic indicators again of July 1962, prepared by the President's Council of Economic Advisors—on page 9 the figures are listed under "employment," "unemployment," "wages," and "status of the labor force."

There are three columns to which I want to refer. No. 1 is Civilian Labor Force. Civilian Labor Force is composed of two components. One is the column titled "Total Civilian Employment." The second column is "Unemployment." The civilian employment is a pretty fixed figure. In other words, we have fairly accurate figures that are specific as to who actually is employed in the United States. The unemployment figure is the result of a sample survey conducted scientifically, and I believe very well, throughout the country, but nonetheless has certain subjective aspects about it because the people who conducted the sample knock on the door and asked the person, "Are you employed, are there any other people in the household who are employed, or are you unemployed, and is there anyone in the household unemployed?" In the next question, if the answer is "Yes; I am unemployed," or someone else is unemployed—and this is a very key question: "Are you looking for work?"

If the answer is "No; I am not looking for work," then you are not listed as unemployed, and understandably. If you say "Yes, I am looking for work," then you are listed as unemployed.

Mr. Speaker, let me get back to this very important economic phenomena. On this indicator, going back only to 1955, we notice that the civilian labor force in 1955 was 65 million people—65,848,000 people. It continues to increase every single year by almost 1 million, not with regularity, but it averages out. Up until 1961, and through 1961, when it was 71,603,000. We have been increasing our civilian labor force by almost 1 million a year. And this is understandable, because our population has been increasing.

Let us take a look at the charts going back—and again I am referring to the 1960 Supplement of Economic Indicators, page 30—to see what happened, going back to 1929 and on up to 1959, which this table shows. We see that beginning in 1929 the labor force was 49 million. Every single year except the war years, the labor force increased, even during the depression. In those days it was about 400,000 additional people a year. After World War II it was up to around 700,000, and as I pointed out, since 1955, almost 1 million.

Mr. Speaker, this is a message that all Americans should get. In 1962, for the first time—and I believe even if we went back to the time before 1929—our labor force has not increased in peacetime. The figures of June 1961 would show from the table of July 1962 indicators, that in June 1961, the civilian labor force was 74,286,000. The civilian labor force as of June 1962 was 74 million, even; 286,000 less. You ask, Is that just the month of June? No. I brought the indicators for March of this year because they have the monthly figures in there for February and the other months, and in 1962 these other months show a decline. January 1961 was larger than January 1962.

The Secretary of Labor, Goldberg, says this is a new phenomenon, we do not know what the answer is, we do not know what the reason for it is. He does not deny that this is a new phenomenon.

Let me point out what this does to the President's gap theory and why it is so significant. There is no excuse for the President, in his message last night, to ignore this. If the labor force had been increasing in 1962 as it did over all the years of our recent history, these 1 million people would be in the unemployed sector in 1962. Dr. Heller, of the Council of Economic Advisers, calls that the submerged unemployed. What happens to this gap theory when you put this 1 million over into the unemployed sector? They have not narrowed any gap, I can assure you. That gap is widening according to their definition.

Mr. Speaker, my concluding remarks are these. I do agree with the President that our economy is sound, that it is moving forward. But the President needs to tell the people and the nations of the world that the economy of this country was stronger in the Eisenhower administrations and our growth rate was solid, and that this was not a tired, lethargic economy going nowhere any more than it is now that he happens to be President. He has some misinformation that he handed out during his campaign to correct, because this misinformation has created great troubles for us abroad. Many people, including business people abroad, believe some of this misinformation. We had some foreign experts testifying before the Joint Economic Committee just yesterday. They had been influenced by this kind of false information. Of course they were, because here is the leader of the Democratic Party and the man who is now President of the United States who had said these things. No. Our economy is not tired and lethargic, going nowhere. This is a dynamic economy. Partisan politicians and economists have been juggling economic statistics to try to prove things for political and partisan advantage in a way that is causing serious damage to the welfare of the United States.

The message of the President last night, which was no more than the first shot being fired in this fall's election campaign, in my judgment, was an endeavor to try to elect a Democratic Congress, not an endeavor to inform the people or discuss a serious national problem.

I am very hopeful, I might say, that the time that was given to him on television and radio on national hookups will be given equally to those on our side who want to rebut not only the partisan and unfair remarks that the President made but to correct the economic statistics he used. We should be given the same opportunity to let the

American people know that there is a political party in the United States that believes in the United States and that does feel that we are strong and have been moving places. This does not mean that we are complacent any more than the President in his overstatement of this case says he is complacent. We have a job to do, but the first thing in order to move forward is to identify what our troubles are and go to work on them instead of misinforming the people.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Ohio.

Mr. DEVINE. I would like to compliment the gentleman from Missouri on saying some things that needed to be said. It is most unfortunate that we are so late in the day in this session of Congress that few people have had an opportunity to hear these corrected figures the gentleman has set forth here. It is an unfair advantage for the President in making a political speech to have a television audience of 40 to 50 million people, and the rebuttal will be by just a handful here on the floor of the House and read by those persons who happen to read the CONGRESSIONAL RECORD. Perhaps the press might even print some of the gentleman's remarks. I certainly hope and pray that they do so.

The gentleman pointed out a number of instances where the President gave, to say the least, misleading figures, inaccurate figures, perhaps designed to mislead the American public. While listening to the remarks of the gentleman as he gave the official economic reports I was reminded of the appearance of the President about 3 months ago on the occasion of the Cecil B. DeMille extravaganza-type affairs at Madison Square Garden in which he spoke on a political issue, and in which he pointed out that there was a Member of Congress from his State who could not send his child to school because that particular Member of Congress had some medical bills to pay for his parents. I believe it was the Scripps-Howard papers that made an investigation of this to determine its accuracy. They were unable to find any Member of Congress from Massachusetts in the situation that was described. They found one that could have been remotely in that position, but the fact was that that child was in a private school and the parents had the benefit of hospital insurance. The White House was asked to correct this information, but it never came out of the White House. The only logical conclusion was that the information was inaccurate, as was the information given last night.

I again compliment the gentleman.

Mr. CURTIS of Missouri. I thank the gentleman. Regretfully I say the statement the gentleman made is true. I worry about this way beyond anything about Republicans or Democrats. I have taken the floor during the Eisenhower administration and criticized that administration where I thought they were in error, particularly when it involved the misuse of statistics or information. I remember taking the floor of the House one time and chiding some of the Republicans for accusing some of my Democratic friends of being soft on communism. I think that was not a fair argument, because we wanted to get into the issues themselves. And these kind of epithets distract us from the issues.

I am waiting for someone from the Democratic Party to take the well of the House or issue a statement saying, let us have a halt to this business of using erroneous information and misleading information; and even though it may have been used in good faith at the time, when it is called to their attention to correct it. I would call upon the President of the United States to correct the misinformation that he has given out to the people of this country on this very serious issue of our economic welfare.

I might say, I have not put in all of the points of misinformation I noted in the President's address, but there is one other point I do want to mention because I, for one, have thought that our balance of payments had improved considerably. I do think in certain parts of it there has been improvement, but I was misled by the President's figures because he was comparing the improvement from the fourth quarter of 1961 to the first quarter of 1962. Notice the use of quarters—yes—apples and oranges. When actually these balance of payments and the gold flow have some seasonal aspects about them.

Let me read our balance-of-payments deficit for the first quarter of 1961 and the second quarter of 1961 and compare them to the first and second quarters of 1962.

Minus $344 million in the first quarter 1961 plus $156 million in the second quarter, 1961, a surplus for first quarter 1961.

But compare that with the first quarter of 1962—minus $475 million. In other words, minus $344 million to minus $475 million—a plus, $156 million compared to minus $250 million in second quarter of 1962.

The gold lost from January 1961 to August 1, 1961, was $240 million.

January 1, 1962, to August 1, 1962, the loss was $742 million.

So even in this area where I think we have had some improvement—for other reasons—the President certainly has not been forthright in the speech that he gave to the people of this country. And this is one of the most troublesome things that faces our Nation today—this balance of payments—because this is something over which we do not have control because we are dealing with foreign nations and we have our economy to consider.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman.

Mr. KYL. There seems to be another area of confusion which could cause, again, some misleading and that is the comparison or rather the reference to two matters as a single matter. One is a quickie tax cut and the other is overall tax legislation and reform. I think that could be very misleading.

Mr. CURTIS of Missouri. The gentleman is making a very fundamental observation. In our secret hearings before the Committee on Ways and Means and then in the public hearings which my colleagues, my Republican colleagues on the Joint Economic Committee and myself requested, that we have been holding, with the same witnesses in most instances, this has been a strange thing. Even with good people trained in economics—businessmen—many of them were confused as to the difference between the theory behind a quickie tax cut which, incidentally, is the theory behind the President's message asking the Congress to give him standby authority to cut taxes, if the economy goes down—as I say, many of them were confused as to the difference between the quickie and the theory behind fundamental tax reform. What I am happy about is that the President in his message last night asked for fundamental tax reform in rates beginning January 1963. Let me say, we have needed that reform for years and that it does not depend at all on the state of the economy. If you have a tax system that is a deterrent to economic growth, and I think we have, there is one of the areas in which we need to move ahead, and the President says so now. But for many, many years as a member of the minority party in these Democratic controlled Congresses, I was not able to get across the significance of this economic message that our tax structure was impeding economic growth. I am so pleased that the President recognizes this basic need. But an entirely different theory applies, as the gentleman points out, than this quickie tax cut. The quickie theory is predicated—I guess we will have to accuse Lord Keynes of promoting the theory although before his death, I think, he said some things that indicated that he would never agree with it now—that if you release purchasing power, which you would do by cutting taxes, you thereby would increase consumer purchasing power, which, in turn, will automatically be spent, and, therefore, the factories would start up again and we will get employment. On this quickie tax cut, I may say, I have been asking all witnesses who favored it a very basic question. If we are already engaged in deficit financing and we have spent more than we are taking in, with the terribly big Federal debt that we already have to market—the roll over the Federal debt is $90 billion—next year we have to go into the market and sell to the public an additional $10 billion or $5 billion, whatever the tax cut is. We of the Ways and Means Committee then have to figure out how are we going to sell $10 billion more of bonds to the people. And if we do sell them to the people there goes the $10 billion we are supposed to give to them so they can spend it. It does not make sound sense.

Mr. KYL. If the gentleman will permit a further observation, what is the advisability of decreasing taxes unless there is a proportionate decrease in expenditures by the Federal Government?

Mr. CURTIS of Missouri. Correct. We must cut expenditures.

Mr. KYL. Coming back to the first point for just a moment, as I understand the Chief Executive did not say last night: "I am not recommending a tax cut today, but I will recommend a tax cut in January." This is not what was said. Is that correct?

Mr. CURTIS of Missouri. He said he was not recommending a quickie. Incidentally, one of the things that bothers the country is the uncertainty of these trial balloons sent out by the White House, the uncertainty they cause business. And even in his message last night the President did not remedy that uncertainty about a quickie tax cut, because he indicated that if things did not do so well he still might call the Congress back and talk about a quickie tax cut. But I think he did say that he was going to recommend a tax reform, and presumably it will come next January. Yes, here it is. He said:

> Such a bill will be presented to the Congress for action next year. It will include an across-the-board top-to-bottom cut in both corporate and personal income taxes. It will include long-needed tax reform that logic and equity demand.

What in the name of heaven does that mean? We on the Ways and Means Committee try to figure out what is logical and equitable, and that is the whole issue. One man's loophole is another man's equity. The President went on to say that it will take effect as of the start of next year, January 1963. Congress, of course, could pass a tax law in, say, March, April, or May, and make its effect retroactive to January 1, 1963.

Mr. KYL. Again you are talking about tax reform.

Mr. CURTIS of Missouri. Yes, tax reform.

Mr. KYL. Because if you base a tax cut on economic indicators it is impossible to say whether a tax cut should be effective in January, March, or July.

Mr. CURTIS of Missouri. No. You are absolutely right. In fact, our economic indicators regrettably are not that certain and given even the best indicators in the world, which we have, I think most economists would say that it would be very questionable whether we could really have a national policy based on them, particularly any unemployment indicators in view of the uncertainty of unemployment figures.

Mr. KYL. Finally, I hope the gentleman appreciates the difficult position of the economic advisers who are directing the efforts of the administration, because at this point they have economic indicators which are optimistic enough to demonstrate great improvement in the economy of the Nation, but, at the same time, low enough to justify the continuous promotion of projects for further Federal injection into business with greater spending. This is a very significant thing today. It requires not cold economic thinking but a kind of political legerdemain, and I think that is the reason why this conflict in figures, this confusion.

Mr. CURTIS of Missouri. I thank the gentleman. He is right. When one starts indulging in or messing around with figures to prove a point instead of going to the figures to try to find out what is really the case, there is no end to that kind of juggling. I think the future of this country is deeply involved in our not indulging in this kind of juggling around with our economic indicators.

Mr. CHAMBERLAIN. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Michigan.

Mr. CHAMBERLAIN. I would like to associate myself with my colleagues who have commended the gentleman from Missouri for his presentation. I think it is very timely, and I too regret the lateness of the hour, it being after 7 o'clock, that more of our colleagues could not be here and have heard what the gentleman had to say.

Mr. Speaker, I would like to ask the gentleman a further question with respect to the fundamental premise lying behind all of this talk on the tax subject which we have heard in recent months. Whether it be a quickie tax cut that the gentleman speaks of, or whether it be an across-the-board tax cut the President alluded to last evening, the tax reforms it seems at the moment, all of them, have pointed toward providing a stimulus to our economy during the period we are going through at the present time.

The gentleman from Missouri knows that I have for many years been deeply concerned about the tax inequities in our automobile excise tax structure. I am deeply disturbed when I hear the President of the United States talk about tax reforms and doing something to get our economy going, but making no reference whatsoever to taking off the depressing 10-percent excise tax that was placed on automobiles during the Korean conflict. It seems to me, with one out of every five retail dollars spent in this country being spent for automobiles, those who are interested in getting this economy going, and with one person out of seven being employed in the automotive industry, our people should give some thought to taking this depressive tax off our automobiles and get the economy going.

I would like to ask the gentleman a further question, and I take this from what the President said. I refer to the copy of the President's remarks that the gentleman has: "Such a bill will be presented to Congress next year and will include an across-the-board top-to-bottom tax cut, both corporate and personal. It will include a much-needed tax reform that logic and equity demands."

The gentleman has indicated he does not know what is meant by these words. I do not either. But as a distinguished member of the Committee on Ways and Means and having had this problem before him many times, has the gentleman any hope of action ever being taken with reference to the excise taxes that have been placed on these cars ever since the Korean war?

Mr. CURTIS of Missouri. Let me commend the gentleman for the work he has done in the past, to my knowledge, over a period of years, to keep this matter before the members of the Committee on Ways and Means. The gentleman is entirely correct, in my judgment, in pointing out the regressive aspects of the tax on automobiles. Let me enlarge it to include all taxes on transportation and communications, then relate it to this.

We deliberately put those taxes on transportation and communications in World War II. Then we extended it to the Korean war, to produce an economic effect, to get our people not to use transportation and communications facilities as much. We deliberately intended that to have a regressive economic effect, and for war reasons, very good reasons. Here we are talking about removing things that are impeding economic growth. You could not have hit at a more active thing in removing or lightening this burden that has been placed on automobiles for the purpose of limiting their use.

Mr. Speaker, the gentleman is pointing out a very key part, because after all, automobiles have become the base of transportation in the United States. I think the gentleman should persist in trying to bring about this kind of reform that is directly related to this question of economic growth and, indeed, in my judgment we should remove this impediment.

Now, let me say something kind about the administration. I was very happy that they did include in the budget—and that is where you have got to work on these things; it has to be budgeted because in my judgment we must start balancing this budget and getting this debt in hand, but a tax cut must be budgeted—this administration did budget a tax cut in the field of transportation, as I know the gentleman knows.

Mr. CHAMBERLAIN. But not on automobiles.

Mr. CURTIS of Missouri. No, not on automobiles. But I am giving the gentleman some hope here.

Mr. CHAMBERLAIN. Yes.

Mr. CURTIS of Missouri. They did recommend a cutback rather than extending all the Korean excise taxes, to exclude the full extent of our tax on transportation. That is now off. So we have moved forward in that limited way. But I think the gentleman should relate his tax—the one he feels is burdensome, and I agree with him—to this matter of transportation and communication.

Incidentally, from a tax standpoint those are the most inefficient taxes to collect, because those kinds of taxes are passed on and on and on throughout the economic process and we do not realize in tax revenue the full amount of their economic burden. By the time the consumer, who pays them—and that is who pays these taxes—he has paid this tax marked up 20 or 30 times and the Government, of course, only gets the original dollars. So from an economic standpoint, communication and transportation taxes are among the most inefficient, and in my judgment we should not even have them on the books, except when we try to produce the economic effect that we did in World War II in dealing with the limitation of the use of our communications and transportation facilities.

Mr. CHAMBERLAIN. I appreciate the gentleman's kind words, and I would simply say this with respect to the automobile excise tax: The gentleman has put his finger on the precise question as to why it is so difficult to have it removed, and that is because it is so well hidden from the American people that they do not realize they are paying it because it is so convenient.

Mr. CURTIS of Missouri. That is true.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I would be glad to yield to my colleague, the gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Speaker, I would like to commend my senior colleague and the chief of the Republican delegation from Missouri. He has made a record here today and certainly is well qualified as a member of the Joint Committee on Economic Affairs of the two bodies and as a member of our own Ways and Means Committee. It is always worthwhile to hear in the technical but clearly concise, analytical, and succinct terms what he has to say. This is without regard to his logic in today calling a spade a spade.

Mr. Speaker, I would like to add further, insofar as the gentleman's observations are concerned about the economic indicators, that it must be true that our gross national product in what gains it has made has been subject to Goverment pump priming, beefing up of the armed services, the great domestic spending which we did not renege on in our Executive speech last night, to say nothing again of public works which has done this. I listened to the address in its entirety last night. It would seem to me that in addition to the fine points that my colleague has made, the President addressed the Nation with every facility available to his command. The people were waiting with bated breath, so to speak, in the hopes of hearing words of wisdom from the acme of sources available, perhaps, even good news. At the outset our New Frontier leader seemed his former self again to make as though on the political campaign trail, whether from this or from more down-east recent sailing, he even appeared better physically to this seasoned observer. However, in my opinion the verbage was pure political pap, having in effect a credit-card type of Government the past 81 weeks as he so clearly tied it down. He apparently finds himself and the Nation in an awesome fiscal position.

The remedy appeared to be to talk politics loudly, place the blame on the Congress, if you please, and end up with a promissory note and a threat. When will we learn that in this country you cannot for long justify deficit spending, irresponsibility, inflation, and bankruptcy, with a rapid change of props and an outflow of words and cliches? I think what we need—and I hope my colleague will agree—is an honest administration in depth of stature and of experience. I certainly want to thank my colleague and ask if he further agrees about the gross national product and what this country needs at this time.

Mr. CURTIS of Missouri. Mr. Speaker, I do agree with the gentleman and I want to thank him for that contribution to this discussion. Again I want to emphasize that the President asked in his Yale speech for a national debate on these subjects. We are trying to provide that and if only we will be given an equal forum there is no question in my mind as to who will win the debate with the American people.

Mr. ELLSWORTH. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Kansas.

Mr. ELLSWORTH. Mr. Speaker, I want to compliment the gentleman on the fine job he has done in analyzing last night's economic speech. I have many, many questions I would like to ask the gentleman, because there are many points, I think, of substance in connection with the President's presentation last night that could be developed, and I think the gentleman from Missouri could shed even more light on them than he has already. I know that we will have opportunities in the future.

I want to ask the gentleman from Missouri just one question in the little time we have left, and that is this: Does the gentleman feel that running throughout this speech, and particularly when the President turned to the legislative program, his pending legislative program, and his requests for additional Governernment spending, he was running the theme that the solution to the problems lies in more and more Government spending? Does the gentleman from Missouri feel that this, perhaps, is an attitude that pervades the present administration, and that the present administration might possibly look upon some of these programs—and let me say to the gentleman that as he knows I am not one who opposes Government spending just because it is Government spending; I think there are some programs that have merit and on their merits are worthy of consideration and even should be enacted into law—but does the gentleman feel that there is a danger in promoting programs simply on the basis of the fact that through additional Federal Government spending we will thereby be able to correct the recession we are in and to correct the bad parts of our economy?

Mr. CURTIS of Missouri. I do agree with the gentleman; but let me say this. The President did make some statements paying, shall I say, lipservice, but certainly that much, to balanced budgets, but in the Yale speech he said that was something of a cliche.

The SPEAKER pro tempore. The time of the gentleman from Missouri [Mr. CURTIS] has expired.

THE INTER-AMERICAN DEVELOPMENT BANK: ECONOMIC PROGRESS THROUGH COOPERATIVE FINANCING

Mr. MULTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, to revise and extend my remarks, and to include charts with reference to the Inter-American Development Bank.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, in 1959 the nations of the Organization of America States came together to form the Inter-American Development Bank. This international banking group was organized to promote the economic progress of its members as individual states and as a whole. In its 2½ years of operation it has more than proved the wisdom of its founders.

The following information pamphlet gives pertinent data about this organization:

INTER-AMERICAN DEVELOPMENT BANK, 808 17TH STREET NW., WASHINGTON, D.C.

Felipe Herrera (Chile), president.

T. Graydon Upton (U.S.A.), executive vice president.

Executive Directors: Hernando Agudelo Villa (Colombia), elected by Colombia, Chile, and Venezuela; alternate, Oscar Niemtschik (Venezuela); Robert Cutler (United States), designated by the United States of America; alternate, Alexander Rosenson (United States); Lucien Hibbert (Haiti), elected by Haiti and Panama; alternate, Julio Ernesto Heurtematte (Panama); Cleantho de paiva Leite (Brazil); elected by Bolivia, Brazil and Ecuador; alternate, Federico Intriago (Ecuador); Raúl Martínez Ostos (Mexico), elected by Costa Rica, Dominican Republic, Guatemala, Mexico, Nicaragua, Paraguay and Uruguay; alternate, Max Jiménez Pinto (Guatemala); Mario Oscar Mendivil (Argentina), elected by Argentina and Peru; alternate, Emilio Ortiz de Zevallos (Peru); Alfonso Rochac (El Salvador), elected by El Salvador and Honduras; alternate, Juan Angel Núñez Aguilar (Honduras).

Nature: The Inter-American Development Bank is an international banking organization established to promote the economic progress of its member countries, individually and collectively, by providing financial and technical assistance for development programs and projects.

Resources: The Bank's authorized capital is the equivalent of $1 billion. Of this sum, the equivalent of $850 million constitutes ordinary capital resources to be subscribed by the member countries, and the equivalent of $150 million constitutes a fund for special operations, created from contributions from the member countries.

Of the $850 million in ordinary resources, $400 million represent capital payments in cash, while the remaining $450 million represent callable capital to meet the Bank's obligations. Provision has been made to increase callable capital by $500 million after the due date for all subscriptions of paid-in capital has passed.

A table showing resources actually subscribed and contributed appears on the reverse of this folder.

Ordinary operations: Operations carried out with the Bank's ordinary capital resources are the financing of development projects within the member countries, including those forming part of national or regional development programs. These operations consist of loans made, participated in or guaranteed by the Bank which are repayable in the currency or currencies in which loans are made.

The Bank may grant or guarantee loans to any member country, to any of the latter's government agencies or political subdivisions, or to any private enterprise within a member country. The Bank may make or guarantee comprehensive loans to development institutions or similar agencies in the member countries for relending to borrowers for specific projects which are not large enough in themselves to justify the direct supervision of the Bank.

Special fund: The fund for special operations permits the Bank to deal with special circumstances affecting individual countries or projects. Loans from the fund for special operations are repayable wholly or in part in the currency of the member country in which a project being financed is to be carried out. Resources of the fund for special operations are held and used as resources separate from the ordinary capital resources of the Bank.

Technical assistance: The Bank provides the services of economists, engineers and other specialists in preparing or reviewing development projects, as an aid to potential borrowers in utilizing available credit facilities obtained from the Bank or other sources. These services are provided, under stipulated conditions, at the request of member countries, private enterprise or qualified individuals.

Administration: The fundamental authority of the Bank resides in the Board of Governors, composed of a Governor and Alternate Governor from each member country, appointed for 5-year terms. The Board normally meets once each year in the capital of a member country, the site of its meetings being determined by a system of rotation.

Administration of the Bank is entrusted to the Board of Executive Directors, the President of the Bank, and the Executive Vice President.

The Board of Executive Directors functions in continuous session of the Bank's headquarters. It is composed of seven members, serving for terms of 3 years. One Director is appointed by the United States, the member country having the largest relative participation in the capital of the Bank, and the others are elected by groups of Latin American member countries. Directors appoint alternates who, like themselves, must be citizens of the member countries. Each Director has a voting power corresponding to the country or groups of countries which he represents.

History: The Bank was established by virtue of an agreement opened for signature on April 8, 1959, by the member states of the Organization of American States. This agreement was negotiated by a special committee of governmental experts representing all the American Republics, convoked for this purpose by the Inter-American Economic and Social Council as a result of various resolutions and recommendations adopted by inter-American organizations. The agreement was duly ratified by 20 countries, representing 95.94 percent of the authorized capital.

The Bank came into legal existence on December 30, 1959. The first meeting of its Board of Governors was held at San Salvador, El Salvador, from February 5 to 16, 1960. This meeting elected the institutions' first President and named its first Board of Executive Directors.

Headquarters: In accordance with the agreement which established the Bank, the Bank's headquarters are located in Washington, D.C.

The Board of Executive Directors, at its discretion, may establish branches, offices, or agencies of the Bank and designate representatives of the Bank elsewhere.

The address of the Bank is 808 17th Street, NW., Washington, D.C.; cable address, INTAMBANC; telephone, EXecutive 3-4171.

The Bank, in cooperation as far as possible with national and international institutions and with private sources supplying investment capital, will have the following functions:

(1) To promote the investment of public and private capital for development purposes;

(2) To utilize its own capital, funds raised by it in financial markets, and other available resources, for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth;

(3) To encourage private investment in projects, enterprises, and activities contributing to economic development and to supplement private investment when private capital is not available on reasonable terms and conditions;

(4) To cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and

(5) To provide technical assistance for the preparation, financing and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

Member countries and their participation in the bank

	Authorized capital	Special fund
Argentina	$103, 140, 000	$10, 314, 000
Bolivia	8, 280, 000	828, 000
Brazil	103, 140, 000	10, 314, 000
Chile	28, 320, 000	2, 832, 000
Colombia	28, 300, 000	2, 830, 000
Costa Rica	4, 140, 000	414, 000
Dominican Republic	5, 520, 000	552, 000
Ecuador	5, 520, 000	552, 000
El Salvador	4, 140, 000	414, 000
Guatemala	5, 520, 000	552, 000
Haiti	4, 140, 000	414, 000
Honduras	4, 140, 000	414, 000
Mexico	66, 300, 000	6, 630, 000
Nicaragua	4, 140, 000	414, 000
Panama	4, 140, 000	414, 000
Paraguay	4, 140, 000	414, 000
Peru	13, 820, 000	1, 382, 000
United States	350, 000, 000	100, 000, 000
Uruguay	11, 060, 000	1, 106, 000
Venezuela	55, 260, 000	5, 526, 000
	813, 160, 000	146, 316, 000
Total	959, 476, 000	

Established to promote the investment of public and private capital for development purposes the Bank has published the following information for loan applicants:

Purpose: The Inter-American Development Bank is an intergovernmental institution created for the purpose of contributing to the acceleration of the process of economic development of its member countries, individually and collectively. The agreement establishing the Bank entered into force on December 30, 1959. The Bank's membership presently consists of 19 Latin American countries and the United States of America.

Functions: The agreement establishing the Bank provides that in order to carry out its purpose the Bank shall: (a) promote the investment of public and private capital for development purposes; (b) utilize its own capital, funds raised by it in financial markets and other available resources for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth; (c) encourage private investment in projects, enterprises, and activities contributing to economic development and supplement private investment when private capital is not available on reasonable terms and conditions; (d) cooperate with the member countries in order to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and (e) provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

These functions are to be carried out through the ordinary capital resources of the Bank and the fund for special operations.

Ordinary operations: The Bank, in the use of its ordinary capital resources, may make or guarantee loans to any member country, agency, or political subdivision thereof, or any private enterprise operating in the territory of a member. Such loans are to be repayable in the currency borrowed.

Resources available for ordinary operations shall at all times and in all respects be held, used, obligated, invested, or otherwise disposed of entirely separately from the resources available for special operations.

Special operations: The fund for special operations may make loans to member countries and to private enterprises in such countries on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects. The loans made from the resources of the special fund may be partially or wholly repayable in the currency of the member in whose territory the project is located. The part of the loan not paid in the currency of the member shall be paid in the currency or currencies borrowed.

The question of whether a particular project should be financed through the fund for special operations will be determined by the Bank.

Technical assistance: The Bank may, at the request of any member or members or of private firms that are qualified to obtain loans from it, provide technical advice and assistance in its field of activity, particularly in the preparation, financing, and execution of development plans and projects, including the consideration of priorities, and the formulation of loan proposals on specific national or regional development projects. The Bank also may assist in training personnel specializing in the formulation and implementation of development plans and projects through seminars and other forms of instruction.

It is anticipated that potential borrowers may desire the collaboration of the Bank's technical assistance facilities in developing specific project proposals. Member countries may desire assistance in developing national or regional economic plans, advice on implementation of plans or assistance in preparing project proposals.

In extending technical assistance the Bank may arrange with the applicant for reimbursement of the expenses of furnishing such assistance on terms which the Bank deems appropriate.

Recipients of technical assistance should understand that the extension of such assistance in no way implies a commitment by the Bank to help finance a particular program or project.

Resources: The authorized capital stock of the Bank, together with the initial authorized resources of the fund for special operations, total $1 billion.

The Bank has an authorized capital stock of $850 million. Of this sum, the equivalent of $400 million corresponds to paid in capital, payable in three installments of 20 percent, 40 percent and 40 percent, respectively, and $450 million to callable capital. The first two installments were paid by September 30, 1960 and September 30, 1961 and the final installment was payable by September 30, 1962. The callable portion of the authorized capital in effect constitutes a guarantee to facilitate flotation of the Bank's securities and to stand behind guarantees which the Bank may issue.

The initial authorized resources of the fund for special operations are $150 million, one-half paid in by September 30, 1960, and the balance in 1961.

The amounts of resources actually subscribed are shown in the annexed table entitled: "Member Countries and Their Participation in the Bank."

One-half of the payments to the Bank, whether for the paid-in capital or as quotas for the fund for special operations, shall be in gold or U.S. dollars and one-half may be in the national currency of the members.

FACTORS CONSIDERED IN MAKING A LOAN

Eligible projects: The Bank has no predisposition to favor certain categories of development projects, as such, over others. However, the Bank will give priority to those undertakings which in its opinion will contribute most effectively to the economic growth of the member countries.

During its initial period of operations, it will be the policy of the Bank not to undertake, wholly on its own account, the financing of large-scale projects. However, the Bank will be prepared to consider participation with other financial institutions in such projects. Generally, projects involving loans of less than $100,000 will not be considered.

Criteria for making or guaranteeing loans: In making loans or guarantees the Bank will be guided by the following rules and conditions, among others:

(a) The applicant must submit a detailed written proposal outlining the nature of the project.

(b) Loans made or guaranteed by the Bank shall be principally for financing specific projects. However, the Bank may make or guarantee loans to development institutions or similar agencies, in order that the latter may finance specific development projects whose individual financing needs are not, in the opinion of the Bank, large enough to warrant its direct supervision.

(c) The Bank shall give priority to those loans and guarantees that will contribute most effectively to the economic growth of the member countries.

(d) The Bank will take into account the ability of the potential borrower to obtain the loan from private sources of financing on terms which, in the opinion of the Bank, are reasonable for the borrower, taking into consideration all pertinent factors.

(e) The Bank shall pay due regard to prospects that the borrower and its guarantor, if any, will be able to meet their obligations.

(f) Only in special cases, particularly when the project indirectly gives rise to an increase in the demand for foreign exchange in the country where the project is to be carried out, will the Bank furnish foreign exchange to meet local costs.

(g) The Bank may make loans in local currency to cover local costs in conjunction with a foreign exchange loan. However, generally, it will not be the Bank's policy to make loans in local currency solely to cover local costs unless it is impossible for the borrower to furnish the financing itself and domestic sources are not available.

(h) Generally, it will be the policy of the Bank to finance only projects in which the prospective borrower has made or plans to make a substantial investment. In the case of private borrowers, the Bank does not plan to finance more than 50 percent of the cost of a project in the absence of special justification to the contrary. In the case of loans to governments, consideration will be given to the contribution being made by the country to the total development effort.

(i) In making loans to a private enterprise the Bank need not require a guarantee of repayment by the country in which the investment is to be made, but may do so when circumstances warrant. Loans or guarantees by the Bank will not be made if they are unacceptable to the government of the country in which the project is proposed.

(j) The Bank may attach such other conditions to the making of loans or guarantees as it deems appropriate, taking into account both the interest of the members directly involved in the particular loan or guarantee proposal and the interests of the members as a whole.

PROCEDURE FOR MAKING LOAN APPLICATIONS

Presentation of proposals: The Bank does not have special forms for submitting loan applications. The Bank encourages prospective borrowers to make preliminary enquiries, either by letter or informal discussion. On the basis of such informal and preliminary exchange of information, it is possible for the Bank and the prospective applicant to determine whether it would be useful to submit an application.

Proposals for public sector financing may be presented by the member countries, agencies or political subdivisions thereof, or by autonomous authorities.

The Bank prefers to deal directly with the proposed borrower or his fully authorized representative.

Application: In order for the Bank to give adequate initial consideration to a loan request, the prospective borrower should provide in writing the following minimal information:

(1) Name, address, form of organization of the applicant; if the application is by or in behalf of a public entity other than the national government, explain the financial and legal relationship to the national government.

(2) General description of the project, including whether it is a new undertaking or an expansion or an improvement of existing activity.

(3) Plan of operations for activity to be developed, including, as appropriate: (a) Type and amount of products or services; (b) proposed markets and sales volume anticipated (indicate basis of estimate); (c) type and source of raw materials; (d) available transportation and other pertinent facilities; (e) plans for management.

(4) Estimated cost of project, by principal items, showing local and foreign exchange costs separately.

(5) Amount of loan requested and specific proposed uses of loan funds; proposed repayment schedule.

(6) Amounts and terms of other financing proposed, anticipated sources of funds, including applicant's own contribution.

(7) Estimated financial results (including, as appropriate, projected annual income, expenditures and profits) during first 3 years of operations; financial reports (such as balance sheets and profit-and-loss statements) for past 3 years.

(8) Copies of any available studies of costs, markets, prices of competing products or services, engineering feasibility surveys, and any other available material which will help to establish the economic and technical feasibility of the project.

(9) If any economic or other pertinent data are not available, indicate applicant's plan for providing such information. The applicant should indicate whether it will desire the collaboration of the Bank's Technical Assistance Division and, if so, whether it is in a position to finance or share in financing such assistance.

Prvate firms should supply the following additional information:

(10) Efforts made to secure capital elsewhere.

(11) Bank and other business references.

Additional detailed information: After the initial processing of the application, the applicant will be informed whether the Bank wishes to give further consideration to his request. If such consideration proves feasible, the applicant will be provided with a detailed outline of the additional information which must be received by the Bank before a final decision can be made.

ADDRESS OF THE BANK

All communications should be addressed to Inter-American Development Bank, 808 17th Street NW., Washington, D.C.; cable address, INTAMBANC; telephone, EXecutive 3-4171.

Our colleagues, Mr. Speaker, may be interested in what the Bank has accomplished. To acquaint them with the specifics of these accomplishments I commend to their attention the following summaries of social development projects:

INTER-AMERICAN DEVELOPMENT BANK—SOCIAL DEVELOPMENT PROJECTS—GENERAL SUMMARY

Estimated accomplishments in physical terms by July 1, 1963, and at time of completion of projects

	Social progress trust fund		Bank's funds		Under active consideration		Total			
							To July 1, 1963		Finished project	
	To July 1, 1963	Finished project	To July 1, 1963	Finished project	To July 1, 1963	Finished project	Items	People served	Items	People served
Housing:										
Houses constructed	42,870	93,429	300	660	26,906	72,247	70,076	----------	166,336	----------
People housed	254,975	646,699	1,800	3,960	163,368	437,778	----------	420,143	----------	1,088,437
Water supply and/or sewerage:										
System installed	123	594	1	6	37	405	161	----------	1,005	----------
Number of localities	199	555	4	4	118	305	321	----------	864	----------
People served	2,071,000	11,599,000	249,175	2,090,000	867,700	2,997,410	----------	3,187,875	----------	16,686,410
Agriculture: People served	77,600	269,330	19,900	133,256	107,000	377,500	----------	204,500	----------	780,056
Grand total of people affected	----------	----------	----------	----------	----------	----------	----------	3,812,518	----------	18,554,933

SUMMARY

Principal institutional progress in the areas contemplated in the Act of Bogotá and in the Social Progress Trust Fund Agreement (from Sept. 12, 1960, to July 1, 1962)

Country	National planning institutions and programs for economic and social development		Important reforms in the tax structure		Reforms in the agrarian structure		
	New planning institutions	Programs	Under discussion in the legislature	Legislation enacted	Under advanced study by the Government	Under discussion in the legislature	Law enacted (program in execution)
Argentina	Consejo Nacional de Desarrollo (August 1961).						
Bolivia	Junta Nacional de Planeamiento (October 1960).	Plan Nacional de Desarrollo (1962-71). Prepared in 1961.		Establishment of a new tax system on rural property.[2]			Yes.[1]
Brazil	Comision Nacional de Planeacion (August 1961).	(3)		Income tax reform (February 1960).		Yes	(4).
Chile	(5)	Programa Nacional de Desarrollo Economico (1961-70) prepared in 1961.	Land tax reform			Yes	
Colombia	(5)	Plan General de Desarrollo Economico y social (1961-70) prepared in 1961.		Income tax reform (December 1960).			Yes (November 1961).
Costa Rica						Yes	(6).
Dominican Republic.	Junta Nacional de Planificacion y Coordinacion (January 1961).			Income tax reform (May 1962).			Yes (April 1960).
Ecuador	(5)	Plan inmediato de desarrollo (1961-65), prepared in 1961.	Income tax reform			Yes	
El Salvador	Consejo de Planificacion y Coordinacion Economica (April 1962).			Income tax reforms (September 1961 and March 1962).			
Guatemala	(5)	(7)		(8)	Yes		(9).
Haiti							
Honduras	(5)	(7)	Income tax reform and establishment of taxes on inheritance, legacies, and donations.			Yes	
Mexico	Direccion de Planeacion Nacional de la Secretaria de la Presidencia (August 1961).	(3)		Income tax reform (December 1961).			Yes.[10]
Nicaragua	Oficina Nacional de Coordinacion y Planeamiento Economico y Social (December 1961).			General tax reform (June 1962).		Yes	
Panama	(5)	(7)		Income tax reform and establishment of land tax (February 1962).		Yes	
Paraguay	Secretaria Tecnica de Planificacion del Desarrollo Economico y Social (May 1962).						
Peru	Oficina Central de Estudios y Programas (August 1961).	(3)				(11)	
Uruguay	(5)			Establishment of income tax (July 1961).	Yes		
Venezuela	(5)	Plan Cuatrienal de[12] Desarrollo Economico y Social (1960-64) (1962-65).		Income tax reform (July 1961).			Yes.[10]
	Establishment of 9 institutions.	5 national development plans.	In 3 countries	In 10 countries	In 2 countries.	In 7 countries.	In 5 countries; in 2 of them since September 1960.

Country	Housing for low-income groups			Water supply and sanitation services	
	New national institutions	Important changes in the operative systems of existing institutions	Establishment of a system of savings and loans	New institutions	Important changes in the operative systems of existing institutions
Argentina	Administracion Federal de la Vivienda (July 1961).		(14)		Yes, the administrative decentralization of the services (December 1961).
Bolivia	(15)	(16)		Administracion Boliviana Autonoma de Obras Sanitarias (1961).[17]	
Brazil	(15)	(16)		Several semiautonomous state institutions.[17]	Yes, revision of the service rates.
Chile	(15)		Yes (April 1960) (began to operate in 1961).		
Colombia	(15)	Yes, favoring low-income groups.	(14)		Yes, revision of the service rates.
Costa Rica	(15)	do	(14)	Servicio Nacional de Acueductos y Alcantarillados (April 1961).[17]	
Dominican Republic.	Banco Nacional de la Vivienda (April 1962).	Yes, reorganization of the Instituto Nacional de la Vivienda (April 1962).[13]	Yes (April 1962)	(18)	
Ecuador	Banco Ecuatoriano de la Vivienda (May 1961).	Yes, reorganization of the Instituto Nacional de la Vivienda (1961).[18]	Yes (April 1961)		(19).

See footnotes at end of table.

Principal institutional progress in the areas contemplated in the Act of Bogotá and in the Social Progress Trust Fund Agreement (from Sept. 12, 1960, to July 1, 1962)—Continued

Country	Housing for low-income groups			Water supply and sanitation services	
	New national institutions	Important changes in the operative systems of existing institutions	Establishment of a system of savings and loans	New institutions	Important changes in the operative systems of existing institutions
El Salvador	(15)	Yes, reorganization of the Instituto de la Vivienda Urbana (1961).[18]	Yes (December 1961)	Administracion Nacional de Acueductos y Alcantarillados (October 1961).	
Guatemala	(15)		(14)		(20).
Haiti				(19)	
Honduras	(15)	Yes, reorganization of the Instituto de la Vivienda (1961).[18]		Servicio Autonomo Nacional de Acueductos y Alcantarillados (May 1961).[17]	
Mexico	(15)	(16)			
Nicaragua	(15)	(16)	(14)	(19)	
Panama	(15)			Instituto Nacional de Acueduc tos y Alcantarillados de Panama (December 1961).	
Paraguay	Instituto Paraguayo de la Vivienda (February 1962).			Servicio Autarquico Nacional de Obras Sanitarias (June 1962).[17]	
Peru	Banco Nacional de la Vivienda (September 1960).		(21)	Regional Sanitation Entities in Lima (1962) and Arequipa (1961).[17]	
Uruguay	(15)	(16)			Revision of service rates.
Venezuela	(15)	(16)	(14)		(19).
	Establishment of 5 new institutions.	In 7 countries	In 4 countries	In 8 countries	In 4 countries.

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[1] Since 1953.

[2] This law on rural property taxation was approved by Congress in April 1962 and will be promulgated in the near future.

[3] Regional development plans have been prepared.

[4] State programs are in existence in São Paulo and Rio Grande Do Sul.

[5] The institution existed before the Act of Bogotá.

[6] Costa Rican legislation contains measures assuring better distribution of land.

[7] A public investment plan has been prepared.

[8] Guatemala is the only Latin American country which does not have an income tax at the present time.

[9] A program of agrarian reform existed between 1952 and 1954 in Guatemala; this program was abolished in 1954.

[10] Since 1924.

[11] An agrarian reform project, presented to Congress in 1960, was not approved.

[12] A continuing 4-year plan; development goals and investment schedules to be reconsidered annually. In March 1962 the first adjustment of the plan for the 1962-65 period was made.

[13] Since March 1960.

[14] Under advanced study.

[15] There were institutions in existence before the Act of Bogotá.

[16] The reorganization of existing entities is under study and/or the incorporation of new operative systems.

[17] The establishment of one or more institutions has been accompanied by a revision of the operating systems in practice at the present time in the country; greater emphasis has been given to the use of service rates as source of financing and these rates have been revised, or are being revised, with the object of favoring low-income groups.

[18] Reorganization in order to improve the operational efficiency of the institution and to direct its operations toward the lower income groups.

[19] Under advanced study.

[20] Technical assistance has been requested to the IDB.

[21] Mutual credit associations for housing have been in existence since 1957.

COMMITTEE ON BANKING AND CURRENCY

Mr. TAYLOR. Mr. Speaker, on behalf of the gentleman from Alabama [Mr. RAINS], I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a report on the bill S. 2876.

The SPEAKER pro tempore (Mr. JOELSON). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FEDERAL EMPLOYEES

Mr. KYL. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. JOHANSEN] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, as a member of the House Committee on Post Office and Civil Service, I have today joined Congressman BYRNES of Wisconsin in introducing legislation making it a criminal offense to deprive, or threaten to deprive, any person of Federal employment for refusing to support or contribute to a political party or candidate.

I am introducing the bill, identical with one also introduced today by Congressman BYRNES, after the gentleman from Wisconsin revealed he was unable to secure Justice Department action on charges by employees of the Amberg, Wis., post office that a Democratic fund solicitor, representing himself as the next postmaster, threatened them with the loss of their jobs unless they contributed 2 percent of their salaries to the Democratic Party. The Justice Department told Congressman BYRNES that such solicitation is not prohibited by existing law.

The Amberg post office is located in Congressman BYRNES' Eighth Wisconsin Congressional District.

In a statement on the floor of the House July 17, Congressman BYRNES identified one Glenn M. Mattison as the individual who was alleged to have made the threat to the Amberg post office employees. Subequently, Mattison was appointed acting postmaster and was nominated for permanent postmaster. However, during an investigation by the Post Office Department prompted by Congressman BYRNES' disclosure, Mattison resigned as acting postmaster and his nomination by President Kennedy as permanent postmaster was withdrawn.

It is a matter of amazement to me that the Justice Department claims existing law does not prohibit threatening Federal employees with loss of jobs as a means of compelling support or contributions to a political party or candidate.

The purpose of the legislation which the gentleman from Wisconsin and I have today introduced is to spell out this prohibition with such definiteness and clarity that there can be no mistaking the intent of the Congress.

The proposed legislation provides a fine of not more than $1,000 or imprisonment for not more than 1 year, or both, for violation of the statute.

ACCOMMODATION OF RUSSIA IN THE FIELD OF ARMAMENTS TO BE A U.S. POLICY?

Mr. KYL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROUSSELOT] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. ROUSSELOT. Mr. Speaker, some of the Members of this House have been greatly concerned recently by continual and persistent reports that our military forces will be merged with the United Nations and that our foreign policy should be one of trying to find the "great area of accommodation" between ourselves and the Communist conspiracy. I do not believe the majority of the American people or my colleagues here in the House of Representatives agree with this point of view. They generally surmise that this type of thinking leads to a weakening of our firm intent to win over the Communist conspiracy. I share this latter view and am concerned by the continual agitation and encouragement of this kind of defeatist, backward, and strategic surrender type thinking.

It now appears that there are a great number of these advocates going about our country, giving major addresses in key places. Mr. Wilbur H. Ferry, vice president of the Fund for the Republic, is evidently one of these advocates of an "accommodation policy."

The Members of this House have now become fully familiar with Mr. Ferry's recent remarks at the Western States Democratic Conference held in Seattle, Wash., on August 6, 1962, where he accused Mr. J. Edgar Hoover and the FBI of being ineffective in their "spy swatting" efforts to fight communism. In this same address Mr. Ferry made the following statement about American business:

> Industry should not be wooed, but watched, and tolerated and reined in when it gets out of line * * *. They [the corporations] are not there to be loved, but to be used.

It does not take long to read the speeches and pronouncements of Mr. Ferry to determine that through the years he has uttered a great number of unfair and frankly incorrect statements about not only the FBI but the private enterprise system in general.

My remarks are not to be interpreted as saying that we cannot look for and encourage constructive and pointed criticism of any segments of our society. But when one begins to add up the great number of statements that Mr. Ferry has made on numerous subjects, he begins to wonder whether Mr. Ferry believes in our constitutional concepts of government.

Mr. Ferry also has commented on the general topic of disarmament and arms control. In the February 1960 issue of the Monthly Review, Mr. Wilbur H. Ferry outlines his general feelings on this important topic. I would like to quote from this article in the Monthly Review, a publication that gives great satisfaction to the collectivist elements in this society. It is constantly read by this following as an indicator of what I consider to be rather disconcerting views but which I am sure the pro-Socialist forces in this country consider very intelligible.

The following is an excerpt from an article entitled "Alternatives to the Arms Race" by Mr. Wilbur H. Ferry which appeared in the February 1960 issue of the Monthly Review:

> Suppose we were to junk all of our weapons of whatever kind? Suppose we were to tell the world that we are doing so because we are convinced that it is the only practical way out of the fateful dilemma in which all are caught? The best possible result of such a decision is that it would give us the unquestioned moral leadership of an apprehensive world, that Russia would follow our example because of its declared eagerness to compete and surpass on grounds other than armed might, and that all could turn to the solution of humanity's pressing problems. The worst possible result is that Russia would instantly take advantage of our defenselessness to bomb the United States into radioactive rubble. In this case we would not be worse off than if we had engaged in a two-way war * * *. It may better be supposed that Russia does not desire the extinction of the United States, but its submission as a nation and great production center to communism. Another and more possible result than this is that this country would be taken over by the Reds. This is a desperate and repellant vision, and while I do not believe that this would be the outcome, it is necessary to accept it as a possibility * * *. Red domination of this and other free nations is at least "thinkable." We can at least imagine it in all its hateful and dismal aspects, while we find the consequences of a nuclear, germ and gas war unthinkable and unimaginable.

Unfortunately, this type of pronouncement has given the major impetus and emphasis to the U.S. disarmament program. I personally believe that if pursued to its ultimate, this policy is one of national suicide and outright destruction of our fine, constitutional system. It is somewhat disquieting to see this kind of philosophy being given major prominence at a Western States Conference of our opposition party.

MAINTENANCE OF NAVIGATION CHANNELS TO PORT ELIZABETH, N.J.

Mr. KYL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey [Mrs. DWYER] may extend her remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mrs. DWYER. Mr. Speaker, I have today introduced for appropriate reference a bill to authorize the maintenance of navigation channels to Port Elizabeth, N.J. The authorization of this work would constitute a modification of the previously authorized Federal project for the improvement and maintenance of Newark Bay and Passaic and Hackensack Rivers in the State of New Jersey.

We in northern New Jersey have been witnessing in the past few years a transformation of wasteland into one of the most important economic assets of our State. I refer to the work being carried out by the Port of New York Authority and private industrial developers in the land area surrounding Newark Bay and the Passaic and Hackensack Rivers. This land was once part of the vast swamp known as the New Jersey Meadows that has lain undeveloped in the heart of the New Jersey-New York metropolitan area.

The Port of New York Authority has turned the marine terminal at Port Newark into a bustling and thriving depot of foreign and domestic oceanborne commerce. Having reached the capacity of this facility, the Port of New York Authority launched immediately into the reclamation and redevelopment of the area immediately to the south, in what is now called Port Elizabeth. The Port Elizabeth development alone will cost $150 million before it is fully completed and will handle 5 million tons of general cargo annually, generating 8,000 new jobs at a payroll of more than $40 million per year.

As a matter of fact, the Elizabeth Port Authority piers are being formally dedicated tomorrow morning and a special ceremony will celebrate the arrival of the first vessel at the piers, the new sea-land service "containership," the SS *Elizabethport*.

The modification proposed in this bill has been recommended by the North Atlantic division engineer of the U.S. Army Corps of Engineers in his report dated April 11, 1962.

This modification involves no new work but merely authorizes the Army Engineers to incorporate the channel serving Port Elizabeth, which branches off from the main Newark Bay channel, into the Federal project, for purposes of maintenance. The North Atlantic division engineer has forecast annual benefits of $8,078,000 and estimates that the annual cost to the Government for maintenance will be $230,500. Even after adding non-Federal charges, which include the cost to local interests for the maintenance of ship berths alongside the branch channel, the total annual charges for this project amount to $973,000, for a corresponding benefit-cost ratio of 8.3 to 1.

Because of delays encountered by the New York district and North Atlantic division engineers, the report recommending this improvement was not issued in time to allow for the normal cycle of review given these projects. As a result, the Board for Rivers and Harbors and other Government agencies have not had the opportunity to review this project. I believe, however, that the significance of the port improvement project being carried out by the Port of New York Authority is so vital to the economic welfare of the residents of northern New Jersey that Congress should authorize this project, particularly in view of the minor amount of money involved and the total absence of first construction costs.

THE FACTS ABOUT THE UNITED NATIONS CHILDREN'S FUND

Mr. KYL. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. JUDD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JUDD. Mr. Speaker, it was my privilege to have a part in the establishment, after World War II, of the United Nations International Children's Emergency Fund (UNICEF) by offering the amendment which gave it its first money to start operating. The children of Europe particularly were suffering from severe malnutrition and needed help at once. Some opposed the project because so much would go to children in Communist-dominated countries in Eastern Europe where the need was greatest. I had confidence in the Director, Mr. Maurice Pate, an American proposed for the position by former president Herbert Hoover on the basis of his work with Mr. Hoover in administering relief in Europe after World War I. The accomplishments of UNICEF have been extraordinary. American contributions were more than 70 percent of the total at the outset. No other country had funds to provide at that time. I proposed an initial contribution by the United States of $15 million in order to get the work started, with a total of $50 million to be available as others matched it with their contributions. Gradually the U.S. share has been reduced to 46 percent last year and 44 percent this year. Our contribution has amounted to $12 million a year these last few years. I do not know of any money we have spent anywhere that has done more good and been better administered.

Nevertheless, there began several years ago, originating from a very few sources, a series of grave misrepresentations regarding the children's fund and they have been spread across our land, raising questions in the minds of sincere citizens who, in many instances have not known how to get the truth for themselves. I wish to call to the attention of my colleagues and the country the following concise statement of the facts regarding UNICEF, its history, work, and development, which I am sure they will find useful in answering questions that may come to them from constituents.

Mr. Speaker, I take pride in UNICEF's accomplishments, as can all Americans and those in other countries that have supported it, and I feel a deep concern that the American people know the facts as I know them. The story of UNICEF follows:

THE STORY OF UNICEF

ORIGIN OF UNICEF

1. The United Nations Children's Fund (originally known as the United Nations International Children's Emergency Fund) was an outgrowth of World War II. Children were among the worst sufferers. In the war's aftermath, President Truman in February 1946 established a survey mission headed by former President Herbert Hoover. Upon Mr. Hoover's recommendation, the U.S. Government supported the creation of a special body within the United Nations to meet the emergency needs of children, primarily in the war-ravaged countries. UNICEF was established by the U.N. General Assembly on December 11, 1946. The first executive director (and first staff member) appointed by Secretary General Trygve Lie in consultation with the Executive Board of UNICEF, was Mr. Maurice Pate (an American), who had been associated with earlier Hoover-sponsored relief and humanitarian activities. Mr. Pate continues to hold this position.

OPERATIONS OF UNICEF

2. UNICEF helps governments plan programs of permanent benefit to children, provides supplies and equipment needed from outside the country, and aids schemes for training national staff to plan and operate these programs. The main types of projects aided are in the fields of nutrition, health services, disease control, and family and child welfare. In addition, emergency aid is provided for children in such catastrophes as earthquakes, floods and droughts. Both the governments and UNICEF receive technical advice from other United Nations Agencies such as the World Health Organization (WHO), the Food and Agriculture Organization (FAO) and the United Nations Bureau of Social Affairs.

3. During the period of its emergency operation, from 1947 to 1950, UNICEF, in accordance with its mandate, concentrated on aiding children of war-ravaged countries, mainly in Europe. In 1950 UNICEF began to shift its main emphasis to programs of long-range benefit for children in economically underdeveloped countries. From 1951 to date, European countries which have received aid from UNICEF have been: Austria, Finland, Germany, Greece, Italy, Poland, and Yugoslavia. UNICEF aid is currently reaching millions of needy mothers and children in over 100 countries without discrimination because of race, creed, nationality status or political belief in Africa, Asia, the Middle East, Europe, and Latin America.

4. Aid by UNICEF is given only on request by governments, and under strict rules of control and supervision set out in a formal agreement which the governments must conclude with UNICEF. This is supplemented by a detailed "plan of operation" to which the governments must agree for each project receiving UNICEF aid. The governments must agree that the supplies provided by UNICEF are to be used or distributed equitably and efficiently on the basis of need. They must agree at all times to admit UNICEF personnel, and provide access to up-to-date accounts.

5. To obtain UNICEF aid for a project benefiting its children, a government must make substantial expenditures, including locally available supplies, buildings, labor, and personnel. In recent years the aided countries have provided an average of at least 2½ times as much as they receive.

6. In many countries receiving aid from UNICEF, the collaboration of voluntary organizations, including mission groups, in the operation of child care programs does extend the possibilities for reaching more children. Although UNICEF aid is provided only for projects for which a government accepts responsibility, in a number of instances the government relies on voluntary agencies to carry out part of the operations.

7. During the first 15 years of UNICEF's operation, over 148 million children and young adults were vaccinated against tuberculosis in programs aided by UNICEF; over 17 million mothers and children were cured of yaws, a disease of tropical sores; almost 9.7 million mothers and children, victims of trachoma and acute conjunctivitis, were saved from possible blindness; almost 700,000 children and mothers were treated for leprosy; in 1961 alone, about 30 million mothers and children were protected from malaria, and 5.5 million children benefited from supplementary feeding programs. In addition many millions of children benefited from the 160 dairies and milk drying plants and the over 19,000 maternal and child health centers which UNICEF has thus far helped to equip.

COMMENTS ON UNICEF'S WORK

8. On October 13, 1961, President John F. Kennedy issued the following statement:

"The world's children offer our greatest promise for the future. It gives me great pleasure to send a message of congratulations and support to UNICEF again this year.

"The United Nations Children's Fund has worked tirelessly and effectively across national boundaries to help children escape the threat of hunger and disease. Their program of education in disease prevention, medical care and nutrition has already had a real impact upon today's children, and its benefits will be felt even more keenly by the millions of children to come. We can feel proud of the cooperative effort which has enabled UNICEF to carry out its work."

9. On October 23, 1959, President Dwight D. Eisenhower, in a letter addressed to Mrs. Guido Pantaleoni, Jr., president of the U.S. Committee for UNICEF, said:

"It is heartwarming to follow the work of UNICEF, the United Nations Children's Fund.

"Please give my congratulations to the members of the U.S. Committee for UNICEF for their unceasing efforts to alleviate hunger and disease among all the world's children. In their program, which enlists the support of many generous citizens, they contribute much to the lives of millions in need."

10. On September 10, 1960, Vice President Richard M. Nixon sent the following letter to Mr. C. Lloyd Bailey, executive director of the U.S. Committee for UNICEF:

"This organization, reflecting a universal concern with the welfare of children, despite differences in culture, religion, or political belief, has helped focus world attention on the many needs of children, and on practical ways in which international aid can help countries meet these needs.

"I am pleased that the United States has consistently supported UNICEF since its inception. We have exercised leadership within both the Executive Board and the Program Committee. The U.S. Congress, sympathetic with the noble purposes of UNICEF, has made generous appropriations toward its support. The U.S. Committee for UNICEF, a group of distinguished, dedicated citizens, is the largest private contributor to the organization. In 1959, as a result of its 'Trick or Treat for UNICEF Program,' it was able to raise $1,500,000.

"I am proud of U.S. leadership in this organization which today has underway in more than 100 countries and territories some 350 projects, all helping to break intolerable patterns of sickness, hunger, and ignorance. I am convinced that we all must endeavor to see that this leadership is continued."

11. The general board of the National Council of Churches of Christ in the United States of America has approved a statement commending "the United States for its support of the Specialized Agencies of the United Nations such as * * * UNICEF."

12. In a letter dated January 11, 1962, to Mr. Maurice Pate, Executive Director of UNICEF, His Eminence A. G. Cardinal Cicognani, Vatican Secretary of State, says in part:

"His Holiness continues to follow with keen interest the laudable efforts of the United Nations Children's Fund to assist underprivileged and needy children the world over, and would have me convey to you his wishes and hopes that the work of your organization may be blessed with success and every happy result.

"Further to manifest his concern, and as a mark of the Holy See's participation in your work, the sovereign pontiff has directed me to forward the enclosed check of $1,000 as a contribution toward the financing of UNICEF."

13. The American Jewish committee has approved a resolution which concludes with the affirmation that the organization "Urges all its members to stimulate public interest in and support for UNICEF and its humanitarian activities, and to cooperate with the U.S. Committee for UNICEF."

CONTRIBUTIONS

14. In 1961, 100 governments were contributors and 107 countries were assisted. Of the 107 countries assisted 68 also made voluntary contributions to UNICEF's central fund. The allocations have no relation to contributions which the government may make to UNICEF's central fund for its work throughout the world. UNICEF allocations to help a country's children are based upon the needs of children, and the aided government's willingness to do its share to assure that the programs will be effective.

15. In 1961 contributions to the central account of UNICEF totaled $22,959,796, of which the United States contributed $12 million subject to the condition that the U.S. contribution should not exceed 46 percent of the total government contributions. Governments other than the United States contributed $10,959,796 to the central account and in addition $2,393,189 (mostly in convertible currencies) toward the implementation of UNICEF-aided projects and $921,743 for local administrative and related costs of UNICEF field offices. The U.S.

pledges are subject to the condition that the actual U.S. contribution shall not exceed fixed percentages of the total audited government contributions to UNICEF; for 1962 that figure will be 44 percent.

16. Skim-milk powder made available by the United States under title III of Public Law 480 is shipped by UNICEF for distribution through maternal and child health centers, schools, and nutrition education programs in 78 developing countries in containers labeled "Donated by the People of the United States of America." Canada and Switzerland have also donated milk powder through UNICEF. The ocean freight charges for the donated milk costs UNICEF about a penny for five cups of milk.

17. Most of the governments which contribute to UNICEF do so in their own currency. For the most part UNICEF spends these currencies in the contributing country for the purchase and shipment of supplies and equipment for programs it is aiding in other countries. Over the years more than 85 percent of the U.S. contribution to UNICEF has been spent in the United States.

ADMINISTRATION OF UNICEF

18. In 1960 and 1961 UNICEF administrative costs amounted to between 7 and 8 percent of total expenditures. Operational service expenditures, which constitute a direct service to country programs (for example, engineering planning and supervision, supply procurement and shipping services, and services of field staff in direct contact with country programs), amounted to approximately 9 percent of total expenditures in those years. Approximately 83 to 84 percent of UNICEF expenditures was for direct material program aid.

19. The UNICEF professional staff is composed of citizens of 35 countries. This staff, which carries out the decisions of the UNICEF Executive Board, is composed of 163 persons. Of these, 42 are U.S. citizens.

20. Each U.S. citizen who is employed by UNICEF (or any other public international organization in which the U.S. Government is a participant) is subject to an investigation by the U.S. Government under the provisions of Executive Order 10422. Concerning each U.S. citizen in UNICEF employ, it has been notified officially by the International Organizations Employees Loyalty Board (an agency of the U.S. Government) that the Board has determined that there is no reasonable doubt as to the employee's loyalty to the U.S. Government.

CONTROL OF CONTRIBUTIONS TO UNICEF

21. Responsibility for all contributions received by UNICEF rests with the Executive Director who functions under the direction of the UNICEF Executive Board. During the past year there has been some misunderstanding on the part of the general public resulting from certain allegations that the Secretary General of the U.N. used UNICEF funds to help finance the Congo operation. This public concern developed from the fact that in May 1961 the State Department decided to make a loan of $10 million to the Secretary General of the U.N. for use in the general budget. For that purpose the State Department used money earmarked for a forthcoming U.S. contribution to UNICEF—at a time when this contribution was not yet due to be paid. (The U.S. Government appropriation for UNICEF was made with the stipulation that it not exceed a stated percentage of total governmental contributions.) It is reassuring to report that UNICEF received a check for $10 million last December 27 for the money that has been loaned by the United States to the U.N.

22. So far as the future is concerned, the Acting Secretary General of the U.N. has advised UNICEF that he recognizes that any funds contributed or collected for UNICEF from nongovernmental sources are naturally to be used for the purposes of UNICEF, and that they are not to be diverted for any other use. The Acting Secretary General has also given UNICEF the formal assurance that he does not expect to have any occasion to use even the restricted borrowing authority given to him by the General Assembly in respect to funds which have been contributed to UNICEF by governments.

EXECUTIVE BOARD

23. The Executive Board of UNICEF, consisting of representatives of 30 governments (originally 26) elects its own officers. The Chairmen of the Board, who preside over meetings but traditionally do not vote, have come from the following countries: Poland, Canada, Switzerland, India, Pakistan, Australia, New Zealand, and Mexico (incumbent 1962).

24. The UNICEF Executive Board meets semi-annually. Its functions are: to set policy, consider requests, allocate aid, evaluate results and establish the administrative budget of UNICEF. Recommendations for allocations are made by the Executive Director and all decisions are by majority vote. The 1962 membership of the Executive Board (elected by the UN Economic and Social Council) is: Afghanistan, Brazil, Bulgaria, Canada, Chile, China (Nationalist), Ecuador, El Salvador, France, Germany (Fed. Rep. of), Greece, India, Indonesia, Iran, Israel, Italy, Japan, Mexico, Nigeria, Pakistan, Poland, Sweden, Switzerland, Tunisia, Turkey, U.S.S.R., United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Vietnam (Republic of).

U.S. COMMITTEE FOR UNICEF

25. The U.S. Committee for UNICEF is made up of individual leaders in the religious, labor, education, social welfare, business, medical and civic life of our country. In its work, the Committee enjoys the cooperation of all major religious faiths, and of many national voluntary nongovernmental organizations. The U.S. Government has formally recognized the function of the Committee and has commended its accomplishments.

26. The U.S. Committee for UNICEF sponsors projects such as the "Trick or Treat for UNICEF" project at Halloween and the sale of UNICEF greeting cards. Through these and other private sources substantial funds are received for use by UNICEF to aid needy children. In addition, Youth Out for UNICEF, a project enabling American teenagers to express their concern for needy children in other parts of the world, and the "Hi Neighbor" series of books and records are sponsored by the U.S. Committee.

27. Sold all year 'round in over 100 countries for the benefit of the Children's Fund, UNICEF greeting cards reflect the ethical and spiritual values of the many peoples who make up the United Nations. Their designs are chosen solely on artistic merit, and are donated by well-known artists. UNICEF cards seek to maintain a universal appeal, and to express a sharing of human aspirations—which is the basic spirit of the Judeo-Christian teachings.

28. Through the "Trick or Treat for UNICEF" project, boys and girls in the United States express their concern for needy children in other countries through the greatest effort made thus far by children to help children. President Kennedy has said, "UNICEF has caught the imagination of our people—especially our Nation's children whose Halloween collections have become a symbol of concern and an expression of tangible aid. I urge all my fellow citizens, young and old, to support UNICEF generously again this year."

AGRICULTURAL PROBLEMS

Mr. TAYLOR. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. JOHNSON] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, on August 9, the members of the House Agriculture Committee heard an excellent statement presented by Homer Brinkley, executive vice president of the National Council of Farmer Cooperatives, on the basic economic reasons why the adaptive program for agriculture, suggested by the Committee for Economic Development would not solve our pressing agricultural problems. I would like to have Mr. Brinkley's statement printed in the RECORD at this point.

STATEMENT OF NATIONAL COUNCIL OF FARMER COOPERATIVES BEFORE THE HOUSE COMMITTEE ON AGRICULTURE ON "AN ADAPTIVE PROGRAM FOR AGRICULTURE"

I am Homer L. Brinkley, executive vice-president of the National Council of Farmer Cooperatives, Washington, D.C.

The national council is a nationwide organization composed of farmer-owned and farmer-controlled cooperative purchasing and marketing associations. Our marketing operations involve both domestic and foreign sales and include varying percentages of nearly every major farm crop produced in this country with a total volume of farm sales and purchases of farm production supplies amounting to about $5 billion annually.

The report of the Committee for Economic Development entitled "An Adaptive Program for Agriculture," is unrealistic and unacceptable for many reasons. The most important is that it fails to meet the first and foremost test that must be applied to any proposal in agricultural policy. That is, the test of effectiveness—whether or not it will achieve its stated purpose. The Committee for Economic Development proposal is designed to raise income from farming "without extensive Government control or subsidy" (p. 57). Even though the CED has correctly diagnosed the basic farm problem as imbalance between production and demand caused mainly by excess resources in agriculture, we believe the proposal will not be effective for at least three reasons. They are:

1. It fails to recognize that the free market in agriculture will not reduce total production or adjust total production in relation to demand.
2. It fails to recognize the influence of economic organization and structure of agriculture on output.
3. It fails to recognize the importance of many resources other than labor which influence farm output:

We will discuss each of these points in turn.

THE FREE MARKET FOR AGRICULTURE

Regardless of the transitional and cushioning measures which are recommended, the main thrust or theme of the overall proposal is to recommend a free market for agriculture. The last sentence of the report (p. 60) states "The program we have suggested seeks to establish free markets for farm products." This means, to the Committee for Economic Development, an agriculture free of any Government influence on output. This is considered the proper and appropriate environment in which farmers can adapt their business operations to the Committee for Economic Development conception of economic reality.

We reject this proposal outright on two grounds: First, because of the inequity in market power which this would create (we will discuss this later) and, secondly, and more importantly, because it would not result in an adjustment in total agricultural output as the Committee for Economic Development claims.

On page 60 the report states, "It is our central conviction that the resources employed in agricultural output can only be brought into balance with the demand for farm products if farmers get the right price signals." This means that the Committee for Economic Development believes the imbalance between output and demand has been caused by too high farm prices and that with fewer farmers and fewer farms, lower farm prices will call forth less output.

We fail to find any evidence in the Committee for Economic Development report to substantiate this conclusion, yet the whole proposal seems to stand or fall on this key point. The studies we have seen point to exactly the opposite conclusion. The following quotation from a study by USDA economists Johnson and Bachman and published in the Iowa State University book, "Problems and Policies of American Agriculture," page 20, is significant:

"From 1951 to 1957, inclusive, farmers faced difficult transitional problems but farm output increased despite a drop of 20 percent in farm prices, an increase of 5 percent in prices paid, and a decrease of 19 percent in net income per farm. Output increased 10 percent from 1951 to 1957 and a preliminary index for 1958 is 18 percent above 1951. This analysis of recent experience indicates that lower prices are not likely to result in reduced output—at least not for several years—unless prices fall so low that returns do not cover the variable costs. In a dynamic economy the possibility of reorganizing farms to take advantage of output-increasing technology may be great enough to permit continued expansion of output over a considerable period of time. Low prices, however, are likely to retard the rate of increase in output. Most farmers try to carry on in periods of low income in the hope of more favorable future developments. But, farming could become so unprofitable that large numbers would be forced to liquidate their investments in land, capital, and livestock. Income pressure great enough to reduce output in this way would involve large capital losses to those who have previously invested in agriculture."

Numerous studies have shown that the output of individual commodities is related to price received for that commodity in an earlier season or year. Reductions in planting and breeding are feasible, provided the farmer has good alternatives available to him. Downward adjustment in output of one crop or livestock product is different from adjustment in all products considered in total. The Committee for Economic Development drew unwarranted conclusions about total agricultural output from experience with individual products.

THE INFLUENCE OF ECONOMIC STRUCTURE ON OUTPUT

One of the major defects of the Committee for Economic Development proposal is the complete omission of any consideration of the great difference in economic organization and structure in different parts of the economy. This leads to the omission of the effect of economic structure on output. Such an omission is conspicuous by its absence and is fatal to the Committee for Economic Development program because it leads to a recommendation appropriate to manufacturing industry and organized labor, but which will not give the same type of results in agriculture. In other words, the free market (free of Government influence) in industry and labor with oligopoly structure leads to entirely different output results than the free market in agriculture with its atomistic structure.

Oligopoly structure in industry means a relatively few firms produce the bulk of the output in an industry such as steel, petroleum, or automobiles. Atomistic structure means thousands or even a million individual firms producing the output of an industry such as wheat, cotton, or milk. In an industry with few major producers it is relatively easy for each to see the influence of his output on industry output and, thereby, to see the influence of his output on price and to adjust output to the most profitable level. Hence, the free market in modern manufacturing industry leads to effective, private supply control or supply management. By contrast, the structure of agriculture, with thousands or hundreds of thousands of individual firms leads to full output. Each producer does not see the influence of his output on price and even if he did the numbers of producers and their geographic dispersion would make output control by individual decisions impractical. This is most elementary economics but the Committee for Economic Development has ignored it.

There is another factor in the economic organization of agriculture and industry which greatly affects output—and which the Committee for Economic Development ignored. That is, the fact that most firms in agriculture use the individual proprietorship form. In the latter, the farmer usually furnishes most of the land and capital and combines the labor and managerial functions in the same person. As a result the farmer seeks to maximize income to all of these factors and can do it only through increased output or lower costs. Even as prices fall, the individual farmer gets more labor income from higher output than from lower output. This creates a compulsion to produce at full output which is well known to those who are aware of the variety and complexity of economic pressures on farmers in a period of declining prices.

Industry, by contrast, seeks to maximize returns to capital and frequently does this by operating at less than full capacity. The professional business managers, making the basic output decisions, are under no such compulsions to maximize output at the expense of their price structure. They do not pay for supporting the unemployed resources. There is no reason to believe that the same compulsion to maximize output which exists today among 3½ million farmers would not also exist among the approximately 1½ million farmers which the Committee for Economic Development seems to think is the proper number. The persistent failure of the nonagricultural community to understand and appreciate this unique and pervasive compulsion to produce at full output is one important cause of misunderstanding about the farm problem.

TRANSFER OF EXCESS RESOURCES OUT OF AGRICULTURE

The Committee for Economic Development program to attract excess resources out of agriculture and, thereby, achieve satisfactory adjustment, centers on a rapid transfer of excess labor out of agriculture. Modest withdrawal of land is suggested. The general principle enunciated here is that it is desirable to transfer labor and other resources to occupations where they can be more productive.

We believe, however, that making this the key feature of a farm program is totally inadequate—it would not reduce total output because it would not reduce, by significant amount, the total effective resources in agriculture. Furthermore, it completely ignores the possibility of achieving more effective productivity and retaining its rewards through expanding markets, new uses, better products, more effective economic structures and better marketing. We would go even so far as to say that if the Committee for Economic Development program of drastic reduction in the next 5 years of one-third in the agricultural labor force were fully accomplished it would have practically no influence on the rate of increase in total agricultural output. This is a basically defeatist philosophy. Our reasons for saying this are at least two:

1. The labor which would be transferred out of agriculture is of low productivity. Agricultural output is already concentrated in relatively few commercial farms; therefore, the bulk of the farm labor force to be transferred out of agriculture would come from the 50 percent of the farms which now produce only 10 percent of the total output. Hence, it can be seen that their productivity is already relatively low and their loss from agriculture would be a relatively insignificant factor. As the land now farmed by small, unproductive farmers, was collected into larger holdings the increased investment in machinery and equipment would quickly compensate for the loss in labor inputs. This would be merely an acceleration of what has already taken place on a vast scale.

2. Total agricultural output is the complex result of many factors and the Committee for Economic Development took an unfortunately narrow view in ignoring all factors except labor. We would like to comment here briefly on a number of the factors which are important in influencing total agricultural output and which add up to the complex bundle known as total resources in agriculture. It will be seen that the labor factor is a relatively small part of the total and is becoming progressively less so without benefit of the Committee for Economic Development guidance.

Among the important factors, in addition to labor, influencing total agricultural output are:

1. Credit: The combination of private, governmental, and cooperative credit agencies has created a bountiful supply of credit for farmers. They can get all the credit they can use and show a reasonable expectation of repaying. This availability of credit from regular credit institutions has been greatly augmented by credit from farm supply agencies, such as feed and lumber dealers, chemical and fertilizer suppliers, and machinery and automobile dealers. Such credit has been put to use on farms in the form of operating and fixed capital investments of every conceivable kind. There is no question but that the availability of credit is an exceedingly important resource influencing total farm output. Material lowering of prices and expanded output would mean sharply increased reliance on Government and cooperative forms of credit of longer term. This would tend to prevent the sudden reduction of production envisaged by Committee for Economic Development.

2. Public and private research: Little need be added to what has already been said about the great and pervasive influence of research in creating new techniques which lower costs and raise output of farm products. New technology has had a drastic effect on farms through new varieties of plants and animals, new insecticides, new breeding practices, new feeds, new machinery—all of which have an effect on farm output. There is general agreement that public and private research efforts are an influential resource at work in raising total

farm output. Prof. George Mehren, director, Giannini Foundation of Agricultural Economics, has stated:

"From 1910 to 1950, agricultural output increased 75 percent. Of that growth, one-half to three-quarters must be credited directly to the new technology on the farm."

3. Vertical integration in agriculture: In recent years many nonfarm firms have made contracts with farmers for the production of crops or livestock. The purpose was to raise the profit of the nonfarm firm rather than the farmer. These contracts have frequently resulted in the firm furnishing machinery, equipment, supplies, raw materials or managerial and service talent not previously available to farmers. An outstanding example has been that experienced in the broiler and turkey industries. The net effect of this action has been to inject more resources into agriculture and, hence, to raise total farm output.

4. Rising costs and rising break-even point: Records show that the cost per unit of farm production supplies and family living has risen steadily and, in some periods, rapidly for the past 20 years. The principal reason for this has been the market power of nonfarm firms to pass along their rising production costs, including taxes, to consumers which, in this case, are farmers. Furthermore, cash costs have risen relative to noncash costs as more nonfarm inputs are used. These rising farm production costs, when combined with stable or falling per-unit prices for farm products, create what is generally referred to as the cost-price squeeze. Since farmers have inadequate power to pass along their rising costs, their reaction to a cost-price squeeze, which means lower net margin per unit, is to raise the number of units they have to sell. This means raising their output. Hence, rising costs and a rising break-even point create a compulsion on the part of farmers to utilize new research techniques, to apply for and use more capital for new techniques and new machinery and otherwise to utilize the resources available more intensively.

Many other factors could be listed such as quality of the managerial talent, public investment in irrigation projects, and rising equity of farmers in land and capital.

Many of the factors listed above are intertwined and interconnected and have a multiplier effect on one another. The most outstanding example of this is the combination of new research techniques and the structure of agriculture in its thousands of individual units. Research creating new techniques has a different effect on output in agriculture than in industry. In agriculture, new techniques are utilized in an uncontrolled and unrestrained way and introduced immediately when they are shown to reduce costs or raise output. The same kind and amount of new techniques in industry are introduced in a controlled fashion when they contribute to net profit. Most industrial product and method research is privately financed in contrast to agriculture, and, therefore, protected by patent rights.

The net effect of this discussion is that the labor resources in agriculture are only one of many resources affecting output. The Committee for Economic Development proposal fails to recognize the importance of these resources and, thereby, greatly exaggerates the effect of removing only the unproductive part of only one resource. It would leave untouched the most influential resources in agriculture which affect total output. We believe that removing excess labor from agriculture, as recommended by the Committee for Economic Development, would have an insignificant effect in reducing total effective resources used in U.S. agriculture.

Our view in this matter is supported by research work done at Iowa State University. In a report, published in the book "Problems and Policies of American Agriculture," pages 215 and 216, Prof. Earl O. Heady states:

"The structural change frequently suggested to solve the basic problem of agriculture is a reduction in the labor force, implying of course fewer and larger farms. This is a longrun solution; it is not a feasible solution of the current short-run price, surplus and income problem. It will not or cannot solve the aggregate surplus problem in the next decade. Rapid progress toward any longrun objective of an agricultural labor force consistent with today's techniques and relative demands may well accentuate the near-term surplus of farm products. Further downward adjustments in labor force, farm population and farm numbers promise to increase farm output in numerous segments of American agriculture."

MARKET POWER IN AGRICULTURE, INDUSTRY, AND LABOR

Entirely aside from the comments made above regarding the effectiveness of the Committee for Economic Development proposal, its implications for the great disparity in market power and economic influence between agriculture, industry, and labor, make it totally unacceptable to the members of this organization and to farmers in general. The proposal for the creation of the free market in agriculture with no compensating proposal for group action among farmers to solidify their economic strength and market power is simply a formula for the exposure of farmers to the competitive environment created by full output while, at the same time, preserving for industry and labor considerable insulation from the competitive environment of full output which oligopoly structure gives those segments.

The great difference in economic structure between agriculture, industry, and labor was discussed earlier. This difference in structure leads to difference in the ability to control the strategic supply-and-demand factors related to price and income. Such control is a measure of market power.

Difference in economic structure also leads to a different competitive environment. The fact that there may be intensive competition for sales or outlets among nonfarm firms does not create a free market in all respects as is generally implied. Most industry, labor, and agricultural markets are free markets in many important ways:

Consumers free to choose between competing products.

Producers free to shift among sources of capital and raw-material suppliers.

Businessmen free to invest capital in profitable outlets.

Labor free to strike for better wages and working conditions.

Business free to price its products.

Most industrial, labor and distribution markets are free of direct governmental control of prices or output.

But, labor has its union shop and its closed shop and industry has oligopoly structure which gives supply control and very strong price influence. Markets of such structure are not free of supply control. Most agricultural markets are free of fully effective supply control. This is a highly crucial point in the comparison of the structure of agriculture and the structure of nonagriculture. It spotlights the myth that the free market in agriculture is the same as the free market in industry and labor.

The amount of supply control which is practiced by industry and labor can be estimated roughly by the unemployment of resources in those segments of the economy.

In a talk made in October 1961, Mr. Walter Heller, Chairman, Council of Economic Advisers, estimated out idle resources at "6 or 7 percent of our labor force and 15 to 25 percent of our industrial capacity."

The Committee for Economic Development proposal for a free market for agriculture is nothing less than the exercise of a double standard. One competitive environment is recommended for agriculture but an entirely different competitive environment is in effect for industry and labor.

TRANSFER OF EXCESS LABOR UNREALISTIC

We believe it is highly unrealistic for the Committee for Economic Development to expect that a rapid increase in the transfer of what they refer to as excess people out of agriculture can be accomplished in the next 5 years. The Committee for Economic Development recognizes that the maintenance of a high level of industrial employment is essential in order to create the job opportunities for such excess labor. It states: "The annual increase in the nonfarm labor force will be from about 1½ million persons per year to about 1¾ million persons per year or some 40 percent more than now projected."

In the face of a continued poor performance level of the economy, and the maintenance of 5 to 7 percent of the work force unemployed, the transfer of excess farm labor would simply add greatly to the unemployment and relief rolls in urban centers. It is well known that the rapid transfer of excess farm labor off farms in the last two decades has been a remarkable achievement. In a paper included in the book "Problems and Policies of American Agriculture," Prof. T. W. Schultz stated:

"We have a sample of only one large sweeping event to illustrate the fact that U.S. agriculture is passing through a great change. Nearly 2 million people [net] left the farm population of the United States in 1 year recently, a drop of close to 10 percent in 12 months. Think of this as having happened in peacetime. Think of the social and community implications. The magnitude and rate of this change in the farm population seems truly fantastic by all social and economic standards known to me."

We suggest we may well have reached, if not already passed, the point of diminishing returns that might be expected from this solution to our problems so blithely advanced by Committee for Economic Development. Doubling the dose does not necessarily cure the illness in half the time. It may, instead, kill the patient.

SUMMARY

The Committee for Economic Development proposal—an adaptive program for agriculture—would reduce farm income and would maintain and increase the disparity in market power between agriculture and nonagriculture. It is a device for imposing the competitive discipline of an unhibited free market upon farmers while retaining the insulation from this type of competition for the remainder of the economy. These factors, as well as others we have not discussed, make the Committee for Economic Development proposal unacceptable. Furthermore, even if acceptable, it would not be effective in achieving its stated purpose.

For these reasons the Committee for Economic Development proposal must be rejected by all those seeking an effective approach to the solution of the problems of farmers.

GOOD NEIGHBORS ON CUMBERLAND HILL, R.I.

Mr. TAYLOR. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. St. Germain] may extend his remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ST. GERMAIN. Mr. Speaker, the following editorial from the Pawtucket, R.I., Times of Tuesday, July 17, 1962, calls attention to what is one of the finest examples of united community effort in behalf of the youth and adult population of one of the areas in my congressional district:

> ### Good Neighbors on Cumberland Hill
>
> At the dedication of the pool of the Sher-Le-Mon Swim Club on Sunday the relation of the club and President Kennedy's physical fitness was emphasized. The president of the affiliated Civic Center, John J. McLaughlin, who is also president of the Cumberland Chamber of Commerce, observed the club activities should play an important role in the community.
>
> The new swimming pool will do more than contribute to the physical fitness of youth. It will contribute to the social well-being of the community, because provision has been made for children of tender age, the wading set, for teenagers, and for adults, including diving enthusiasts. The accommodations carry out the togetherness theme of the sponsors—community leaders who gave of their professional skills and their money-raising ability. That the new swimming pool is a most valuable contribution to the community is realized by all who like to recall the "old swimming hole" but fail to remember that it was "for men only." The new pool on Mendon Road beckons the young and the old, girls and boys, men and women, to the new swimming "hole" for wholesome "integration."
>
> It was fitting to dedicate the swimming pool in advance of the discomfort of August, when hot humid days dictate the relief the swimming pool affords. Desirable is wide public acceptance of the civic center, which is striving to increase its enrollment by selling membership bonds. We recommend their wide acceptance so the club may do all the things the community leaders envision. The financial goal will be reached if it is generally understood the club was initiated to promote neighborliness, fraternity and healthy recreation in northern Rhode Island, in the Pawtucket area as well as in the environs of Woonsocket.

Mr. Speaker, because of the timeliness of this project in relation to the President's recent emphasis on physical fitness, I felt compelled to call my colleague's attention to what has been done in Cumberland Hill, R.I. Here we have an outstanding instance of what a united citizenry can do for a community, particularly for the youth of the community. By providing facilities for the social and recreational activities of the townspeople, they have increased the standard of the physical fitness of their youth and, equally as important, have insured the entire area's welfare by a marked absence of juvenile delinquency, which has been of such concern in many cities and towns of our State and country.

The President has urged the country to take stock of our youth's physical fitness and to do something about it. The Cumberland Hill community has been doing something about it for some time. The dedicated service of this group of interested and energetic people is being repaid tenfold by the enthusiasm and delight with which their long-range project has been received. Briefly, I would like to tell my colleagues how this project grew, because my own pride in it matches that of those who not only dreamed of its ultimate success, but achieved it.

The community of which I am speaking is a traditional New England town in the northern part of my district—Cumberland Hill—beautifully situated among rolling hills, wonderfully adaptable for summer and winter sports of all kinds. Shortly after World War II, in 1946, the American Legion established a post there, and it was named for three of Cumberland's servicemen who had given their lives in that conflict—the Sherman-Leclerc-Monteiro Post. From the outset the post was active in the community's affairs and its members worked equally diligently in behalf of the youth and adult population.

When the post headquarters had to be razed for the construction of the new Cumberland High School on the site, it was then that the dream of a fine civic center for the entire area started to materialize. The members of the post, together with dedicated and enthusiastic State officials who were residents of the town, town officials, and groups of the town's citizens, gave of their time and effort to raise the funds to construct what is now the pride of the community and the State. The Sherman-Leclerc-Monteiro Civic Center, a completely nonprofit, nonpolitical, nonsectarian organization. Unlike many similar projects the civic center is not a charitable organization, nor was it financed even partially by local, State, or Federal funds. The corporation, instead, sold interest-bearing bonds and so successful was this means of financing that $45,000 in bonds were sold, instead of the $25,000 which had been the goal.

Membership fees and rentals of facilities make the center self-sustaining and as of last month the center boasted of 900 families as paid-up members. The membership fee is a modest one, $3 per year, and the corporation takes pride in the fact that the entire Rhode Island congressional delegation are paid-up members of the civic center.

The civic center has enhanced the social and recreational activities of this growing community. It is now a parent organization, for last month was dedicated the Sher-Le-Mon Swim Club, separate from the civic center, but constructed and achieved by the same diligent group of citizens. In this connection there are tennis courts, basketball facilities, and in the winter months there will be a skating rink. I speak of these in order to give you a picture of the growth of this community effort.

I am proud of what they achieved, not only for Cumberland but for the citizens of the entire State—all are welcome. Because of the pride I have in this, I wish to mention the names of those who administer the facilities. The civic center officers are John J. McLaughlin, president; Dennis F. Malloy, first vice president; Earl W. Martell, second vice president; E. Lawrence Yacino, treasurer; Francis A. Fleurant, secretary; and Judge Frank O. Lind, Jr., counsel.

The officers of the Sher-Le-Mon Swim Club are: President, Peter L. Hogue, who is the town moderator of Cumberland; vice president, Judge Louis M. Macktaz; treasurer, Alphand J. Goulet; secretary, Francis A. Fleurant; legal counsel, Judge Frank O. Lind, Jr., all of whom give their time and effort untiringly and without remuneration to assure the continued success of these endeavors.

I cannot let this opportunity pass without mentioning the contribution made by the designing engineer, Edward J. Hayden, who is the town engineer, and his assistant, Stephen Irza, both of whom waived their fees for the designing and consultations necessary to the construction of these two most successful community projects.

It has been a privilege to have had this opportunity to point out to my colleagues what the citizens of one little community have done for themselves and their neighbors. The Sherman-Leclerc-Monteiro Civic Center and the Sher-Le-Mon Swim Club are living monuments to all of Cumberland's residents.

FEDERAL AVIATION AGENCY

Mr. TAYLOR. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. GONZALEZ] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, in my comments yesterday I mentioned that the Federal Aviation Agency has spent some $50 million in an unrewarding effort to develop a computer capacity that would be usable in removing errors from our air traffic route control system.

Members of the House have expressed their interest in knowing more of the details of FAA's fruitless research and development program, into which Congress has put so many millions of dollars. I shall endeavor to satisfy that interest, insofar as I am able. But you should be advised that this is not a pleasant story, nor is it one with a happy ending in sight.

I offer the opinion that there will not be a happy ending to this story so long as this Agency continues to suffer from the sickness of its inept and capricious management under the present Administrator.

Several of you can now bear personal witness in support of this opinion following your own experience with Mr. Najeeb Halaby, Administrator of FAA. In this regard, I wish to pause to commend my able and esteemed colleague, JOSEPH E. KARTH, of Minnesota, for the great care and skill with which he analyzed and refuted the contentions of Mr. Halaby in connection with FAA's proposal to utilize certain SAGE direction centers for air traffic control purposes. It is my hope that the gentleman from Minnesota will make his correspondence on this available to the House, for it illustrates so well the deceptive approaches this Agency is taking to air traffic control problems.

With regard to the deception FAA has practiced on the development of computer capacity, it is important that we first have an understanding on the data processing dilemma in air traffic control.

A major element of FAA's archaic air traffic control operation is involved in a quaint sort of bookkeeping. Information on flights is written on little slips of paper, and displayed before the controller.

This system, devised over 20 years ago, is basically unchanged today. A short flight, Washington to New York, might require a dozen of these flight progress strips; a transcontinental flight might involve a hundred. These strips are largely handwritten, and include pertinent data such as aircraft identity, altitude, route, speed, and time. Within a 24-hour period, the New York center can produce 15,000 of these strips—a total day's production by FAA throughout the country might approach a half million. The safety of each flight handled by air traffic control rides on the accuracy and legibility of these little strips of paper. A transposed figure, an illegible altitude, a miscalculation in time, speed, or distance, can mean disaster. Not only must these strips be produced rapidly and accurately, they also must be promptly distributed to the controller concerned. It is the kind of an operation which requires precision, accuracy, and speed. It is a routine bookkeeping function; but unlike a bank, where clerical errors in deposits can be leisurely corrected the following day, a bookkeeping error in air traffic control can be fatal. The ATC bookkeeping is ideally suited to the application of computers, and the FAA does in fact use off-the-shelf business machines in five of their centers. This equipment has proven itself beyond a shadow of a doubt in reducing the hazard of midair collisions. The machines calculate accurately and rapidly; the output is printed legibly; and flying in those areas so equipped is vastly safer.

In the fiscal year 1961 budget for the Federal Aviation Agency there was a provision to add more computers to the ATC operation. Specifically, the FAA justified and Congress approved funds to add computers in the Jacksonville, Atlanta, and Oakland centers. Personnel were trained and buildings were modified, but the equipment was not acquired. Jacksonville, Atlanta, and Oakland centers still do not have computers; still process this vital data by hand; and still have a high incidence of near misses, directly attributable to clerical errors and illegible flight progress strips. It is not uncommon for two flights to converge over a common point, at the same time and same altitude, simply because the controller had received erroneous information, or had received no information at all.

Perhaps the FAA feels that business machines equipment is not good enough, and that special purpose computer should be developed to handle this critical operation. Such special purpose computers were in fact contracted for by FAA in 1957. Six such computers have been purchased with R. & D. funds since then. These computers have been tested, and have failed. Despite these failures, FAA has continued to issue press releases extolling the virtues of the special purpose ATC computer. FAA is now attempting to quietly give these computers to the Air Force. Meanwhile the majority of the ATC bookkeeping operation is performed by hand; crudely, slowly, often illegibly, and inaccurately. And this situation exists despite the fact that $50 million has been expended in an effort to change it.

It is an amazing situation. It is particularly strange that it should continue after the Project Beacon report, so often cited by Mr. Halaby, recommended the use of presently available off-the-shelf computers. However, I have noticed that Mr. Halaby cites the independent study of Project Beacon only when it serves his purposes. And apparently his purposes are something separate and distinct from the recommendations of Project Beacon.

It is my thought that too much emphasis is being placed on the development of so-called ultimate tools for air traffic control despite the fact that improved and better tools and techniques are available here and now, if there were a will in this Agency to use them.

There is an interesting footnote that could be appropriately added to this story: On April 17, 1961, Mr. Halaby and members of his staff appeared before the Subcommittee on Independent Offices. Testimony was given that the data processing central program was proceeding satisfactorily. It was noted that new and additional contracts for this work were being given to General Precision Laboratories and it was suggested that some of the modern equipment being developed might be ready for the Boston ARTC Center during 1962. It should be remembered that this General Precision Laboratories has been given about $50 million in FAA contracts.

One of the FAA officials present at this hearing and associated with this testimony was Mr. James Pyle, at that time Deputy Administrator for FAA. But Mr. Pyle is no longer with FAA. Curiously enough, Mr. Pyle left FAA during 1961 and I am told became vice president of General Precision Laboratories. I would imagine that from this position he has little difficulty convincing FAA of the need to pour more millions into this automation fiasco. Apparently he is at least trying to do so, for I am advised that within the last month Mr. Pyle hosted members of Mr. Halaby's top staff officials at a well-appointed banquet.

This is an unsavory business, Mr. Speaker, and warrants our further inquiries.

COOPERATIVE HOUSING

Mr. ROSENTHAL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I am today introducing two bills which will provide some measure of much-needed and well-deserved relief for the owners of section 213 cooperative housing.

The first bill calls for a mandatory reduction in the premium rates for FHA insurance on cooperative housing from one-half of 1 percent to one-fourth of 1 percent. Under the provisions of the National Housing Act the premium may now be reduced to one-fourth of 1 percent at the discretion of the Commissioner of the Federal Housing Administration. Unfortunately, the Commissioner has not yet seen fit to exercise this authority, although section 213 cooperatives have proven over the years to be excellent risks.

The second bill would provide that mortgage insurance premiums paid by section 213 cooperatives would be accumulated in a separate fund and used solely for the servicing of these cooperatives and to pay any appropriate defaults. Under the current set-up the 213 insurance premiums are paid into the housing insurance fund with other types of FHA insured housing, with the result that the 213 projects have to share the financial responsibilities of payment of defaults in projects which are poorer insurance risks.

At the present time the 213 cooperative tenant-stockholders, many of whom are veterans, find themselves in some serious financial difficulties because of circumstances over which they have no control. The projects were specifically designed to provide adequate housing for those in the middle income group, and many of the purchasers were lead to believe that FHA financing was synonymous with federally constructed and operating housing. With the increases in carrying costs over the last few years, many of the owners are finding it extremely expensive to reside in the projects. However, for the most part, their life savings are invested in their homes, and they do not want to be forced to leave them.

Despite these difficulties, the 213 cooperatives have been able to operate and maintain their properties at a minimum cost through effective management. Because it is an acknowledged fact that these cooperatives are such an excellent risk, and because the default experience for such projects has been very favorable, it is hoped that favorable action can be taken on these bills as quickly as possible.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GONZALEZ (at the request of Mr. ALBERT), for today and tomorrow, on account of official business (attending a funeral in the district).

Mr. CHELF (at the request of Mr. ALBERT), for Tuesday, August 14 and Wednesday, August 15, 1962, on account of death in his family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. CURTIS of Missouri, for 1 hour, today.

Mr. PELLY (at the request of Mr. KYL), for 30 minutes, on August 15.

Mr. ALEXANDER (at the request of Mr. TAYLOR), for 30 minutes, on Wednesday, August 15, 1962.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. SANTANGELO in two instances and to include extraneous matter.

Mr. MINSHALL and to include extraneous matter.

Mr. REUSS and to include extraneous matter.

Mr. PATMAN to revise and extend his remarks on S. 1005 and include extraneous matter, including the dissenting views of Mr. GONZALEZ and Mr. PATMAN.

Mr. STRATTON following his reservation of objection with regard to H.R. 7913, and to include an exchange of correspondence with the Deputy Secretary of Defense.

Mr. HARVEY of Michigan and to include extraneous matter immediately following his remarks in the Committee of the Whole on H.R. 8874.

Mr. ALGER.

(The following Members (at the request of Mr. KYL) and to include extraneous matter:)

Mrs. MAY.

Mr. VAN ZANDT.

Mr. BARRY.

(The following Member (at the request of Mr. TAYLOR) and to include extraneous matter:)

Mrs. HANSEN.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2139. An act for the relief of Suraj Din;

H.R. 2176. An act for the relief of Salvatore Mortelliti;

H.R. 3127. An act for the relief of Amrik S. Warich;

H.R. 3507. An act to provide for the withdrawal and reservation for the Departments of the Air Force and the Navy of certain public lands of the United States at Luke-Williams Air Force Range, Yuma, Ariz., for defense purposes;

H.R. 3508. An act to amend the Tariff Act of 1930, as amended;

H.R. 6219. An act to permit the vessel *Bar-Ho-IV* to be used in coastwise trade;

H.R. 6456. An act to permit the tugs John Roen, Jr., and Steve W. to be documented for use in the coastwise trade;

H.R. 7549. An act for the relief of Lewis Invisible Stitch Machine Co., Inc., now known as Lewis Sewing Machine Co.;

H.R. 8100. An act to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund;

H.R. 10308. An act for the relief of Elizabeth A. Johnson;

H.R. 11643. An act to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates; and

H.J. Res. 439. Joint resolution authorizing the State of Arizona to place in the Statuary Hall collection at the U.S. Capitol the statue of Eusebio Francisco Kino.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1918. An act to extend benefits of the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 to widows and surviving children of former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, or the U.S. Secret Service Division, who were retired or who died in the service of any such organization prior to the effective date of such amendments.

ADJOURNMENT

Mr. TAYLOR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 27 minutes p.m.) the House adjourned until tomorrow, Wednesday, August 15, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2416. A letter from the Director, Central Intelligence Agency, transmitting a draft of a proposed bill entitled "A bill to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes"; to the Committee on Armed Services.

2417. A letter from the Assistant Secretary of Defense, transmitting a copy of the letter sent to the Comptroller General providing Department of Defense comments regarding his report transmitted to the Congress and recorded as executive communication No. 2183, dated June 13, 1962; to the Committee on Government Operations.

2418. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a report covering personal property received by State surplus property agencies for distribution to public health and educational institutions and civil defense agencies for the calendar quarter April 1 through June 30, 1962, pursuant to the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

2419. A letter from the Assistant Secretary of the Interior, transmitting a proposed concession contract which will authorize J. Dolman Robinson and Helen B. Robinson to provide facilities and services for the public at Rainbow Forest Lodge in Petrified Forest National Monument, Ariz., pursuant to 70 Stat. 543; to the Committee on Interior and Insular Affairs.

2420. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill entitled "A bill for the relief of Kenneth E. Foussé and others"; to the Committee on the Judiciary.

2421. A letter from the Deputy Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Post Office and Civil Service and to the Committee on Appropriations of the House of Representatives pursuant to section 1310 of the Supplemental Appropriation Act of 1952 (65 Stat. 736, 758), and is submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Post Office and Civil Service.

2422. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and an illustration, on a review of report on and an interim hurricane survey of Point Judith, R.I., requested by resolution of the Committee on Public Works, U.S. Senate, adopted July 1, 1949, and authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 521); to the Committee on Public Works and ordered to be printed with one illustration.

2423. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting plans for works of improvement relating to the following watersheds: Big Wyacondah, Iowa; Lattas Creek-Stucker Fork, Ind.; Bee Creek-Middle Caney, Kans.; Big Muddy Creek, Ky.; Bayou Folse, La.; Upper Bogue Phalia, Miss.; Big Indian Creek, Nebr.; Lower Forest River, N. Dak.; Middle Fork-Hood River, Oreg.; and Kaercher Creek, Pa., pursuant to the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005) and Executive Order No. 10654 of January 20, 1956; to the Committee on Agriculture.

2424. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting plans for works of improvement relating to the following watersheds: Brandywine Creek, Del. and Pa.; Twin Caney, Kans.; Sandy Creek, Pa.; and Salado Creek-Valley Creek, Tex., pursuant to the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005), and Executive Order No. 10654 of January 20, 1956; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GEORGE P. MILLER: Committee on Science and Astronautics. H.R. 12812. A bill to amend the National Aeronautics and Space Act of 1958 with respect to property rights in inventions; without amendment (Rept. No. 2185). Referred to the Committee of the Whole House on the State of the Union.

Mr. ASPINALL: Committee on Interior and Insular Affairs. H.R. 11266. A bill to amend the act of March 8, 1922, as amended, to extend its provisions to the townsite laws applicable in the State of Alaska; with amendment (Rept. No. 2186). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. S. 2179. An act to amend section 9(d) (1) of the Reclamation Project Act of 1939 (53 Stat. 1187; 43 U.S.C. 485), to make additional provision for irrigation blocks, and for other purposes; without amendment (Rept. No. 2189). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. S. 2399. An act to provide for the establishment of the Frederick Douglass home as a part of the park system in the National Capital, and for other purposes; with amendment (Rept. No. 2190). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. S. 2916. An act to change the names of the Edison Home National Historic Site and the Edison Laboratory National Monument, to authorize the acceptance of donations, and for other purposes; with amendment (Rept. No. 2191).

Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIAMS: Committee on Interstate and Foreign Commerce. H.R. 10542. A bill to repeal the Inland Waterways Corporation Act; with amendment (Rept. No. 2192). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 12164. A bill to provide for the establishment of the Fort St. Marks National Historic Site; with amendment (Rept. No. 2193). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELLIOTT: Committee on Rules. House Resolution 759. Resolution for consideration of S. 2020, an act to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gas field, naval petroleum reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes; without amendment (Rept. No. 2194). Referred to the House Calendar.

Mr. ELLIOTT: Committee on Rules. House Resolution 760. Resolution for consideration of H.R. 5423, a bill to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes; without amendment (Rept. No. 2195). Referred to the House Calendar.

Mr. SISK: Committee on Rules. House Resolution 761. Resolution for consideration of H.R. 12081, a bill to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property; without amendment (Rept. No. 2196). Referred to the House Calendar.

Mr. CELLER: Committee on the Judiciary. Senate Joint Resolution 179. Joint resolution authorizing and requesting the President to designate April 21, 1963, as a day for observance of the courage displayed by the uprising in the Warsaw ghetto against the Nazis; without amendment (Rept. No. 2211). Referred to the House Calendar.

Mr. RAINS: Committee on Banking and Currency. S. 2876. An act to extend the authority to insure mortgages under sections 809 and 810 of the National Housing Act, and to extend the coverage of section 810 to include persons employed at or in connection with an installation of the National Aeronautics and Space Administration or the Atomic Energy Commission; with amendment (Rept. No. 2212). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANE: Committee on the Judiciary. H.R. 10002. A bill for the relief of civilian employees of the New York Naval Shipyard and the San Francisco Naval Shipyard erroneously in receipt of certain wages due to a misinterpretation of a Navy civilian personnel instruction; with amendment (Rept. No. 2218 . Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. S. 3016. An act to amend the act of March 2, 1929, and the act of August 27, 1935, relating to load lines for oceangoing and coastwise vessels, to establish liability for surveys, to increase penalties, to permit deeper loading in coastwise trade, and for other purposes; without amendment (Rept. No. 2219). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. H.R. 11728. A bill to amend section 1208(a) of the Merchant Marine Act, 1936, to authorize investment of the war risk insurance fund in securities of, or guaranteed by, the United States; without amendment (Rept. No. 2220). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. H.R. 12601. A bill to provide for a comprehensive, long-range, and coordinated national program in oceanography, and for other purposes; with amendment (Rept. No. 2221). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'BRIEN of Illinois: Committee on Ways and Means. H.R. 12529. A bill to provide for the free entry of one nuclear magnetic resonance spectrometer and one mass spectrometer for the use of the University of Illinois; without amendment (Rept. No. 2222). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANNON: Committee on Public Works. H.R. 12900. A bill making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority and certain river basin commissions, for the fiscal year ending June 30, 1963, and for other purposes; without amendment (Rept. No. 2223). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 11543. A bill to authorize the Secretary of the Interior to grant an easement to Suitland Lodge No. 1856, Loyal Order of Moose, across a portion of the right-of-way adjacent to the Suitland Parkway in Prince Georges County, Md.; with amendment (Rept. No. 2187). Referred to the Committee of the Whole House.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 11551. A bill to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Holy Cross Lutheran Church, Greenbelt, Md., and for other purposes; with amendment (Rept. No. 2188). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 1781. An act for the relief of the heirs of Lt. Col. James Murray Bate (deceased) and Maj. Billie Harold Lynch (deceased); without amendment (Rept. No. 2197). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12101. A bill for the relief of Mrs. Nathalie Iline; without amendment (Rept. No. 2198). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12701. A bill for the relief of Catalina Properties, Inc.; without amendment (Rept. No. 2199). Referred to the Committee of the Whole House.

Mr. PETERSON: Committee on the Judiciary. H.R. 1696. A bill for the relief of the Outlet Stores, Inc.; with amendment (Rept. No. 2200). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12024. A bill for the relief of Librande P. Caltagirone; with amendment (Rept. No. 2201). Referred to the Committee of the Whole House.

Mr. LIBONATI: Committee on the Judiciary. H.R. 4800. A bill for the relief of Mr. and Mrs. Clay Curtis; with amendment (Rept. No. 2202). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 4964. A bill for the relief of Mrs. Margaret Patterson Bartlett; with amendment (Rept. No. 2203). Referred to the Committee of the Whole House.

Mr. SHRIVER: Committee on the Judiciary. H.R. 10415. A bill for the relief of Earl T. Briley; with amendment (Rept. No. 2204). Referred to the Committee of the Whole House.

Mr. ASHMORE: Committee on the Judiciary. H.R. 11388. A bill for the relief of Maurice Casner and Eileen G. Casner; with amendment (Rept. No. 2205). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 273. An act for the relief of Hratch Samuel Arukian; with amendment (Rept. No. 2206.) Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2184. An act for the relief of Mrs. Heghine Tomassian; with amendment (Rept. No. 2207). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2574. An act for the relief of Constantina Caraiscou; without amendment (Rept. No. 2208). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2686. An act for the relief of Stepanida Losowskaja; without amendment (Rept. No. 2209). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 86. Concurrent resolution favoring the suspension of deportation of certain aliens; with amendment (Rept. No. 2210). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2862. An act for the relief of Mai Har Tung; without amendment (Rept. No. 2213). Referred to the Committee of the Whole House.

Mr. LIBONATI: Committee on the Judiciary. H.R. 9832. A bill for the relief of Jack Shandler; without amendment (Rept. No. 2214). Referred to the Committee of the Whole House.

Mr. PETERSON: Committee on the Judiciary. H.R. 9587. A bill for the relief of Anthony E. O'Sorio; without amendment (Rept. No. 2215). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12090. A bill for the relief of James Comeau; without amendment (Rept. No. 2216). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12650. A bill for the relief of Luella O. Babb; without amendment (Rept. No. 2217). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNES of Wisconsin:

H.R. 12888. A bill to make it a criminal offense to deprive, or threaten to deprive, any person of Federal employment for refusing to contribute to a political party or candidate; to the Committee on House Administration.

By Mr. JOHANSEN:

H.R. 12889. A bill to make it a criminal offense to deprive, or threaten to deprive, any person of Federal employment for refusing to contribute to a political party or candidate; to the Committee on House Administration.

By Mr. HALPERN:

H.R. 12890. A bill to provide that unclaimed refunds of the Federal excise taxes on gasoline and special motor fuels used in motorboats shall be transferred to the States for use on projects for improving navigable waters; to the Committee on Ways and Means.

By Mr. LANGEN:

H.R. 12891. A bill to declare Leech Lake, Cass Lake, and Winnibigoshish Lake in the State of Minnesota to be nonnavigable waters for certain purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STEED.

H.R. 12892. A bill to amend section 203(j) of the Federal Property and Administrative Services Act of 1949 so as to provide that certain surplus property of the United States shall be offered for sale to the States; to the Committee on Government Operations.

By Mrs. DWYER:

H.R. 12893. A bill to authorize the modification of the Newark Bay, Hackensack and Passaic Rivers project relating to maintenance of navigation channels to Port Elizabeth, N.J.; to the Committee on Public Works.

By Mr. FRELINGHUYSEN:

H.R. 12894. A bill to amend the Railway Labor Act so as to authorize the President to establish boards to resolve jurisdictional disputes in the air transportation industry, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HAGAN of Georgia:

H.R. 12895. A bill to establish a Federal Commission on Alcoholism, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MILLS:

H.R. 12896. A bill to amend section 7652 (b)(3)(A) of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. OSMERS:

H.R. 12897. A bill to amend the Internal Revenue Code of 1954 to repeal the manufacturers excise tax on pens and mechanical pencils; to the Committee on Ways and Means.

By Mr. PELLY:

H.R. 12898. A bill relating to the appointment of the Director and Associate Director of the Federal Bureau of Investigation; to the Committee on the Judiciary.

By Mr. SPENCE:

H.R. 12899. A bill to amend section 5155 of the Revised Statutes relating to bank branches which may be retained upon conversion or consolidation or merger; to the Committee on Banking and Currency.

By Mr. CANNON:

H.R. 12900. A bill making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority and certain river basin commissions for the fiscal year ending June 30, 1963, and for other purposes.

By Mr. ROSENTHAL:

H.R. 12901. A bill to amend section 213 of the National Housing Act to place the Federal Housing Administration cooperative housing mortgage insurance program on a mutual basis, and to authorize loans to cooperatives under such program for replacements, improvements, and repairs; to the Committee on Banking and Currency.

H.R. 12902. A bill to reduce the premium rates for FHA insurance on cooperative housing to one-fourth of 1 percent; to the Committee on Banking and Currency.

By Mr. CELLER:

H.J. Res. 851. Joint resolution to amend the act of April 29, 1942, establishing the District of Columbia Recreation Board, to provide for the restoration and use of the Belasco Theater on Lafayette Square in the Nation's Capital as a municipal theater as proposed by President Kennedy in 1960, to provide that such theater shall be used solely as a children's theater and art center so as to provide cultural fare superior to many of the movies and television programs seen by millions of children today, and to provide that such theater shall be known as the National Capital Children's Theater and Art Center; to the Committee on the District of Columbia.

By Mr. McDOWELL:

H.J. Res. 852. Joint resolution clarifying the responsibility of the Joint Committee on the Library with respect to historical exhibits and objects, and other antiquities located in the United States Capitol Building, and for other purposes; to the Committee on House Administration.

By Mr. CANNON:

H. Con. Res. 513. Concurrent resolution for printing additional copies of hearings; to the Committee on House Administration.

By Mr. SMITH of Virginia:

H. Res. 758. Resolution to amend rule XIII of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. WESTLAND:

H. Res. 762. Resolution expressing the sense of the House with respect to the need of Point Roberts in the State of Washington for Federal assistance to combat its economic problems; to the Committee on Public Works.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL:

H.R. 12903. A bill for the relief of Anis Butros Sakhleh; to the Committee on the Judiciary.

By Mr. FISHER:

H.R. 12904. A bill for the relief of Mrs. Concetta Cioffi Carson; to the Committee on the Judiciary.

By Mr. HIESTAND:

H.R. 12905. A bill for the relief of Yohann (John) Lee; to the Committee on the Judiciary.

By Mr. MAILLIARD:

H.R. 12906. A bill for the relief of Rear Adm. Walter B. Davidson; to the Committee on the Judiciary.

By Mr. MOORE:

H.R. 12907. A bill for the relief of Dr. Mehmet Vecihi Kalaycioglu; to the Committee on the Judiciary.

By Mr. OLSEN:

H.R. 12908. A bill for the relief of Joseph P. Hennessey; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

400. By the SPEAKER: Petition of Isadore Matthews, Washington, D.C., requesting that the American Communist and Nazi Parties be outlawed—believing that these so-called parties are an insult to every decent American and a disgrace to the memory of all those who gave up their lives in defense of our beloved country; to the Committee on Un-American Activities.

401. Also, petition of Thomas B. Keys, Orlando, Fla., relative to the address of the President on July 4, 1962, at Independence Hall in Philadelphia, in which he stated that the United States will be ready for a declaration of interdependence, and respectfully requesting the House of Representatives to deliberate and debate the propriety of whether or not to impeach the President, and whether or not to expel Representative SILVIO O. CONTE for endorsing the President's declaration of interdependence, and any other Representatives who might have made like public endorsement; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

President Failed To Inspire the People in His Televised Tax Message

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 14, 1962

Mr. ALGER. Mr. Speaker, under leave to extend my remarks, I would like to include the following statement I issued to the press expressing my views on President Kennedy's discussion of taxes and the economy:

The harm done to American economy and business men and women by the President can only be undone by him through knowledge of basic economics, leadership, and restoration of confidence. In this he failed. He dismissed the threat of inflation, yet he is accelerating spending and deficit financing. He took pride in the balance of payments, yet the world holds $22 billion in claims against our $16 billion gold and a run on the dollar is imminent when confidence is lacking. He announced an extraordinary record in labor peace, which the facts belie, and he overlooks the strikes against our defense missiles, nuclear, and space programs. He proclaimed our standing still compared to growth of Germany and Japan, which fallaciously overlooks our tremendously high economic base and the war devastation of those countries. He disclaims wild spending, overlooking the increased outlays outside defense, and the cost of many new programs, some of which he outlined—public works, food stamps, education aid, etc.—and then erroneously pictured fiscal responsibility as a percentage of gross national product, overlooking the increased debt, heavier taxes ($1 billion increase in social security next January). He proclaimed the economic drag of present tax, but proposed no specific reforms, which he admits are overdue.

Indeed, this was a speech of alleged performances and promises, not matched by facts. It's time for Americans to ask how much better times would be and will be with less government, not more; less spending, not more; less debt, not more; and less tax, not more; in short, the plain unvarnished truth of capitalism and private enterprise, untrammeled by paternal government and the regimentation and planning of President Kennedy and the New Frontiersmen (like Schlesinger) who believe that "democratic socialism" must replace capitalism and freedom.

I concur with a statement issued by my colleague, TOM CURTIS of Missouri, in which he pointed out the rigged economic statistics contained in the speech. The American people deserve something better than the empty promises of the President's speech and hope for the future based on inaccuracies.

Mount Carmel Centennial at Mount Carmel, Pa.

EXTENSION OF REMARKS
OF
HON. JAMES E. VAN ZANDT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, August 14, 1962

Mr. VAN ZANDT. Mr. Speaker, the citizens of Mount Carmel, Pa., celebrated the centennial of the founding of their city on August 12. I was given the honor of delivering the Americanism address on this historic occasion.

Under leave to extend my remarks in the Record, I submit the program and the text of my speech:

Address by Representative James E. Van Zandt, Member of Congress, 20th District of Pennsylvania, at the Mount Carmel Centennial on August 12, 1962, at Mount Carmel, Pa.

To be asked to speak at this historic centennial celebration is indeed a high honor. I want you to know I appreciate it. The record shows that Mount Carmel, Pa., was incorporated from Mount Carmel Township on November 3, 1862, and that both are named for the biblical mountain in Palestine.

Yours is a proud heritage. Local history further advises that the Cartright family was one of the first to settle here.

The Cartrights were closely followed by Lawrence Lamerson who made the first substantial improvements on a tract of 406 acres granted to him on September 18, 1792. This tract was called Mount Carmel.

Richard Yarnell was the next and then came Felix Lerch. The latter leased the Mount Carmel Inn, first opened in 1824.

The town sprang up around the King's Highway and grew rapidly. Nature had provided an excellent deposit of coal in this area and with the resources of the land and the industry of the pioneer we can now look back upon a proud history.

Yours was the first town in the world to be lighted exclusively by electricity. Thomas A. Edison completed some of his earliest experiments in Mount Carmel and the third plant of the Edison System was erected here November 17, 1883.

I say in deepest reverence that we should thank God for the heritage which is ours—not only in the Commonwealth of Pennsylvania—but throughout the entire United States. Thus it is indeed appropriate that today we discuss Americanism.

Americanism is a favorite subject of mine.

I have an abiding faith in the heritage which is ours, but not ours to claim without self-discipline and hard work. It is our responsibility and privilege to keep alive the patriotic spirit that was the creed of our Founding Fathers. We are constantly reminded that the era in which we now live is a period of rapid social change. It is variously described as the power age, the empire of machines, the age of speed, the era of change, and the atomic age.

All these phrases aptly characterize our age, but one carries more significance perhaps than the rest, namely the era of change. Human society is now undergoing the most sweeping transformation in its history. Our entire pattern of living is being transformed at an unbelievably rapid rate. Our modern society is challenged by many serious social, economic, and political problems. This is a fact known to all of us.

However, do we realize that the problems we face today reflect the rapid transition which is all around us?

It is common belief that changes in our way of life come gradually; that life differs but little from one generation to another. This was true in earlier centuries. But today we find the world undergoing such rapid changes that perhaps a contemporary of Abraham Lincoln would be more at home in ancient Rome than in present day Washington, D.C.

A healthy nation requires that its citizens shall recognize the social and economic changes and make the best possible use of new mechanical advantages.

At the same time we are privileged to remember that the basic documents that shaped our Government will survive change. It is, therefore, for us to combine the heritage of the past with the changes of tomorrow to make for a stronger America.

Many forms of republics have been created by the peoples of many lands in the history of the struggle for human rights. From a political point of view a republic has meant government by a majority of the people. The majority rule has been achieved by means of universal suffrage and representative government.

As an ideal it is more than a mere form of government. It not only means the participation of the people in public affairs through their elected representatives, it implies that there will emerge out of popular sovereignty a beneficial type of social organization. Our form of government places a responsibility upon the people to control public policy. It demands that they produce a social organization that will give every member of society an opportunity to develop his personal capabilities to the fullest extent.

Representative governments throughout the world have been facing serious crises. Nearly all European governments have been undermined or menaced by fascism, communism, and war.

America not only faced a serious international situation in the Second World War, it continued after the war to be challenged by complicated problems both abroad and at home. The end of World War II found terrible devastation and chaos in all the countries of Europe and Asia that had been engaged in conflict.

The Communists seized upon this situation and began waving the red banner, promising a better life for all those who followed the Communist pattern. But communism has been a world movement from its earliest days. Marx and Lenin in their thinking and planning divided the world into two irreconcilable camps.

The one camp was the Socialist or Communist group, the other the capitalist. They had forseen great conflicts between the two before communism would win out in the world.

Stalin realized it would require the entire productive capacity of the Soviet Union plus the cooperation of Communists everywhere to achieve world communism. He then united the people of the U.S.S.R. in a program to develop and maintain a war economy. He proclaimed the doctrine of "capitalist encirclement." He believed no Communist state could be safe from the influence of capitalist countries until all non-Communist countries had been destroyed.

He believed that any aggression, war, if need be, was justifiable if it extended communism in the world. The present Red empire represents the biggest "grab" in modern history. We know Russia has a way of life far different and far less desirable than our own.

While the Soviet constitution promises many personal liberties, they do not exist in actual practice. Soviet imperialism stands out today as the greatest menace to world peace.

Since 1939 the Communists have grabbed more than one-fourth of the inhabited land area of the world. The Communists control more than one-third of the world's people. The methods employed by the Soviet Union to sieze control of defenseless countries include propaganda, sabotage, infiltration, and outright war.

America must be capable of dealing with these underhanded tactics. Our Government cannot be too loose, too slow, too inefficient.

But we must move with concentrated effort to face these problems. We must set definite goals, follow long-range plans, and exert united action for a concerted effort to achieve clearly formulated objectives.

America now faces the test of an era in which, as I have previously stated, the pace and scope of change are unprecedented. Devotion to Americanism rests on knowledge of our way of life, that the ultimate source of our strength is the devotion of Americans to our own heritage and the determination to preserve it.

"President Lincoln," according to Carl Sandburg, "enjoyed quoting the Irishman who said 'In this country every man is as good as the next one and for the matter of that a little better.'

"We are men, not angels, that is sure.

"Also we hope we are men and not mice.

"And sometimes we feel like worms of the dust, doing the best we can, moving a little soil of the earth from where it was to where it will be."

These words by Sandburg indicate that personal liberty to an American has a special significance.

We place great emphasis on our individual liberty, on such rights as freedom of speech, on the right to do and act as we please under laws which "we the people" have made.

Most important, we have access to the truth on all questions; we may hear all sides.

I would like to emphasize that we should have faith. We should understand that in a democracy we often move slowly, because legal processes must move slowly. Purges, lies and killings are quick.

The most effective way to fight communism is to be a true American. It has always been the way of Americans to risk the abuse of the privilege of freedom rather than suppress those who so abuse it. Our Bill of Rights, which guarantees our freedom, must be taken seriously.

Our American way of life thrives on the challenge of new ideas. Our enemies watch and weigh our every action, every incident of suppression, bigotry, and discrimination.

Soviet propagandists saturate billions of listeners with what they call the ruthlessness of American capitalists and the big American life.

The American heritage will survive if we bring to bear upon the solution of America's problems, informed intelligence, and convictions based on justice.

It is healthy that we should ask ourselves why our sacred national documents have survived the test of time. For example, the best test of the greatness of the Declaration of Independence, both in matter and in expression, lies in the terrific ordeal to which it has been put.

For more than a century and a half the Declaration has been read at gatherings of perspiring citizens at Independence Day observances amid fireworks and orations. Yet, even under those circumstances, when read intelligently the dignity, the lofty aspirations, and the marvelous style of the Declaration have triumphed.

They have triumphed, too, over the criticism which beginning with that of John Adams in the committee which framed it, has been leveled at its originality, its rhetorical structure, and its political philosophy.

What has saved the Declaration of Independence has been the realization that in a brief space Jefferson wrote the creed of a new political faith.

It is faith in humanity, not as members of a caste or an order, but as citizens of a republic. Representatives of every shade of religious belief were in that assemblage. The men who signed that document were in every sense the sponsors of our American way of life, sponsors of a new type of citizenship.

One of the usual mistakes in the consideration of Americans, especially by those who do not know our way of life, is to think of us as though we are all alike. They presume that our democracy has reduced us to complete uniformity.

As a matter of fact it has produced the most highly individualized race in the world's history. Our personal individuality in meeting the struggle for existence comes partially from the training of the pioneer. He had to meet conditions for which there were no precedents—and he met them through individual initiative.

The epic of our Nation with its liberty under law, its many different faiths and national origins, its schools and churches, its clubs and free associations, its rights and responsibilities, that epic is one which we proudly cherish. Many persons, unfortunately, forget that the blessings they receive have come down to them through the bitterness of several wars.

There has been a tendency on the part of some to shun their responsibilities as citizens and react indifferently to the vital needs of our country.

It is through the cracks of this forgetfulness and indifference that the elements seeking to destroy can infiltrate.

Our Nation, therefore, will measure its success in a distinctive way. In the last analysis it will judge itself by the character of the men and women who make it up and the goals they strive to achieve. In the end it is the individual, his self-awareness, his personal powers, his acceptance of the responsibilities of citizenship, that will nurture our American way of life for the generations who follow us.

AMERICANISM PROGRAM, MOUNT CARMEL, PA., CENTENNIAL, SUNDAY, AUGUST 12, 1962

Master of ceremonies, Mr. Arthur A. Bressi.

Invocation, Rev. Robert G. Detwiler.

Greetings by the mayor, Hon. Lawrence R. Joyce.

Greetings by centennial chairman, Dr. Robert E. Allen.

Americanism address, Congressman JAMES E. VAN ZANDT.

Concert, Miss Marie Powers, world famous opera star, accompanist, Mr. George Cory. Selections: "The Lord's Prayer," Maillot; "My Days Have Been So Wondrous Fair," Hopkinson (this was the first American song ever written on our shores, and was dedicated to our first President, Gen. George Washington); "Peace of Mind," Cross-Cory (composer at the piano); "Song for the Lonely," Willian Grant Still (America's first Negro composer of opera); "The Hero," Menotti; "O Mio Fernando" (from La Favorita), Donizetti; "Air of Dido," Purcell.

Benediction, Most Rev. Lawrence F. Schott, D.D., L.L.D.

"Battle Hymn of the Republic," Marie Powers, soloist; Mount Carmel High School Band and centennial chorus conducted by Edmund Nejaimey.

National anthem.

Organ and piano through the courtesy of Parenzan's, Shamokin.

The Land-Grant Centennial

EXTENSION OF REMARKS
OF

HON. CATHERINE MAY

OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Tuesday, August 14, 1962

Mrs. MAY. Mr. Speaker, this year we are observing an important anniversary, the significance of which has been widely recognized.

One hundred years ago President Abraham Lincoln, in spite of his crushing load of military decisions, found the time to give thought to quite another kind of document among those heaping his desk. The document he signed into law was the Morrill bill, creating the land-grant colleges. It may have been because of other pressing decisions that seemed so important at the time, but the President's action on that day passed almost without notice. The Morrill Act, however, has become the most important single piece of Federal legislation in the history of American education. It has led to the establishment of 68 unique land-grant colleges and universities including Washington State University, and such other honored and distinguished institutions as the Universities of California, Illinois, and Maryland, Rutgers, Purdue, and the Massachusetts Institute of Technology.

My purpose in observing the 100th anniversary of the enactment of the Morrill Land-Grant Act is not merely to make passing reference to an anniversary, but to show that actions taken by the Federal Government today will oftentimes reach far into the future in shaping the lives of Americans yet unborn.

In 1862 only 1 young American in 1,500 went to college. Today one in three attend. The land-grant system has become the Nation's largest single source of trained and educated manpower. Today's land-grant colleges enroll 20 percent of all U.S. college students. They confer 40 percent of all the doctor's degrees awarded in this country. Through their ROTC programs, these institutions provide almost half of all the Regular and Reserve officers in the Armed Forces. Twenty-five of the forty-two living American Nobel Prize winners have earned degrees from land-grant institutions.

Research at these colleges and universities brought the development of the first cyclotron, television tube, transistor, the production of pure uranium, and the discovery of such wonder drugs as streptomycin, stilbestrol, and dicumarol. The ceramics, soybean, and woodpulp industries all have their start in land-grant colleges.

But perhaps the greatest impact these institutions have had is in the field of agriculture. In 1862 the farmer produced enough for himself and only four others. Today he provides enough for 26 others. Land-grant college research provided the key that unlocked the technological advances that made American agriculture the envy of the world.

Certainly, in our State we have benefited from the fine work that has been done by our land-grant college, the Washington State University. On this 100-year anniversary I pay tribute to all land-grant colleges in general and to our own Washington State University in particular with these words of Jonathan Swift:

> That whoever could make two ears of corn, or two blades of grass, to grow upon a spot of ground where only one grew before, would deserve better of mankind, and do more essential service to his country, than the whole race of politicians put together.

Land-Grant Act Has Had Immense Influence

EXTENSION OF REMARKS
OF

HON. JULIA BUTLER HANSEN

OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Tuesday, August 14, 1962

Mrs. HANSEN. Mr. Speaker, as a member of the House Committee on Education and Labor, I would like to join my colleagues who have paid tribute to an act of Congress which is now more than 100 years old but whose influence is far greater than was dreamed of when the law was passed.

I refer to the Morrill, or Land-Grant Act of 1862. It was finally enacted after a 5-year legislative battle and signed into law by President Lincoln during the midst of the Civil War despite the fact that President Buchanan vetoed an earlier version which he called unconstitutional. While Senator Justin Smith Morrill was responsible for pushing the land-grant legislation through Congress, a Yale-educated teacher in Illinois, Jonathan Baldwin Turner, was the man who first aroused people to the necessity for public higher education and helped to draw up plans for achieving this ideal.

During the 100-year period, 1862 to 1962, the organization and scope of operations in this nationwide system of publicly supported higher education has developed to keep pace with the expanding Nation. Although the present 68 land-grant colleges and universities represent only 3.4 percent of the institutions of higher learning in the United States, they enroll nearly one-fifth of the Nation's college population, award 21 percent of all baccalaureate degrees, grant 25 percent of all master's degrees and confer 40 percent of all doctorate degrees.

In my home State of Washington our land-grant college, Washington State University at Pullman, is doing outstanding work in preparing the young people of the State for useful and productive lives. It is interesting that the first State legislature in Washington, in the year 1890 chartered the Washington State Agricultural College and School of Science, following receipt of 90,000 acres of public land as an endowment for an agricultural college a year earlier.

Alumni bear witness to the quality of a university's education. Edward R. Murrow, Director of the U.S. Information Service, is a graduate of Washington State where he delivered the commencement address last June. Dr. Philip H. Abelson, director of the geophysical laboratory of the Carnegie Institution, is also on Washington State's roster of distinguished alumni. Henry Townley Heald, distinguished president of the Ford Foundation is still another well-known graduate. Washington State University is keeping step with the times in quality of instruction and facilities. Recently dedicated have been the E. C. Johnson Hall for the study of plant sciences; a new engineering building, Royal Sloan Hall; Fulmer Hall addition, dedicated to chemistry laboratories. Biological sciences also have a new home at Frederick D. Heald Hall.

The land-grant influence has spread overseas far beyond the shores of the United States. Washington State University has been working, under an AID contract, with the University of Punjab and others in Pakistan to help raise the quality of programs in agriculture, engineering, education, business administration, and home economics at the university level. To help this program, Pakistani faculty are studying for advanced degrees on the Pullman campus.

I will not attempt to describe the immense influence of the land-grant schools on the social and economic development of life in the United States. My colleagues have presented most of this information. But I am glad to add my voice to those raised in honor of this significant milestone in education and to say that we in Washington are proud of our land-grant university and its contributions to our State.

Yonkers Through the Years

EXTENSION OF REMARKS

OF

HON. ROBERT R. BARRY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 14, 1962

Mr. BARRY. Mr. Speaker, history, like charity, should begin at home. Our youngsters, as they pursue their studies in high school and college, are as a matter of course exposed to both world and national history. Far too often, however, the history of their own community remains to them—as to many of their elders—an almost total mystery.

Often the fault for this lack of local knowledge does not lie with the State or the school, but with the scarcity of appropriate study material. Such was, until recently, the case with Yonkers, N.Y., a city which it is my privilege to represent in the Congress. Although the Education Department of the State of New York requires that boys and girls study the history of their local communities in the seventh grade, most of the historical material at hand was beyond the reach of those in that age group. To remedy this situation, a group of teachers in the social studies department in the Yonkers secondary schools wrote an excellent booklet entitled "Yonkers Through the Years." This material was first run as a serial in the Yonkers Herald-Statesman, and the cost of printing it in booklet form was underwritten by the People's Savings Bank of Yonkers.

Such cooperation between the schools, the press, and the business community is an excellent example of what local communities can accomplish by and for themselves, unaided by the intervention or assistance of any outside authority. I wish to commend all those whose joint efforts resulted in the publication of "Yonkers Through the Years," and to commend it to all of my colleagues in the Congress. I am sure that schoolchildren for many years to come will greatly benefit from their increased knowledge of the history of their own hometown.

Is the Gerrymandering in New York State Illegal?

EXTENSION OF REMARKS

OF

HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 14, 1962

Mr. SANTANGELO. Mr. Speaker, recent decisions by the Supreme Court held that discrimination in reapportionment of districts electing Federal and State legislators are within the jurisdiction of the Supreme Court. Several States have been ordered to equalize the vote under the threat of invalidating the reapportionment or the failure to reapportion. New York State is one of the worst offenders of the gerrymandering of congressional districts and the Republican-dominated State legislature has failed to reapportion the State legislative districts.

One of the enterprising citizens, Mr. Peter Strauss, the owner of station WMCA, has appealed to the courts in an effort to prove that discrimination exists in the present apportionment of legislative seats. The Democratic Party leadership in New York County and private citizens have also applied to the Federal court to eliminate the discriminatory congressional reapportionment. Two of the seats in Manhattan have been eliminated and inasmuch as the Republicans controlled the New York State Legislature, the apportionment of congressional seats was done in such a way as to favor the Republican incumbents or to make difficult the election of Democrats.

Mr. Speaker, the Democrats of the newly created 24th Congressional District have a very special job on their hands. It is to show the little man with the pencil up in Albany that it takes more than a Rockymandered district to keep Democratic candidates out of office.

When the reapportionment made necessary by the 1960 census was put into effect, new district lines had to be drawn and the Republican Party gentlemen who drew them, under the tutelage of Gov. Nelson Rockefeller, followed only two precepts: Where there is a Republican in office keep him there and create as many new "Republican districts" as you can. They never heard of symmetry. They seem not to have heard of identity of social and economic interests or for that matter, historical proximity. They just have heard of votes.

One of the worst aberrations of this current reapportionment is the newly created 24th Congressional District. Based on the old 25th Congressional District, it has been cleverly redrawn to keep many of our neighbors out—because they usually vote Democratic. The people of lower economic levels are eliminated, also those who normally vote Democratic were eliminated from the district. The New York Times in an editorial describes this district as a "slightly tattered gingham dog; except for a scrawny neck, its head is separated from its body by a narrow sliver of the adjoining 24th District. Its tail wags feebly in Long Island Sound and one ear juts into neighboring Westchester County."

The district lines try to ignore as the New York Times points out, the fact that in the last 10 years, this area has been the scene of a great deal of building activity. Not only have many new apartment houses been built, but a number of new Government-subsidized housing projects have been developed in this vicinity.

The Albany supporters of the Republican boss of Bronx County seemingly worked on the assumption that only Republicans own their own homes or perhaps that only Democrats like to live in apartments. It is up to us to show them that they are wrong to believe so strongly in their economic labels. Maybe only the rich are Republicans, but many respectably affluent homeowners, or maybe just hard-working people who own their own homes, can still stick to their principles and remain Democrats.

Over 100 years ago, Eldridge Gerry, of Massachusetts, brought the system of districting for political purposes to such a degree of infamy that it bears his name to this day. Many Americans who have heard of "gerrymandering" have forgotten that Elbridge Gerry was a member of the Constitutional Convention and one of the Ambassadors to France who upheld our honor during the X-Y-Z affair.

Today his name and memory is tainted by the stigma of political chicanery. Let those who have foisted the current districts on New York remember and beware. Meanwhile it is up to us to prove that crime does not pay, whether it is a political crime or a felony.

Meanwhile each one of us has a responsibility as well, and that is to prove that a man with a pencil cannot make us into a permanent minority vainly casting our votes in a Republican stronghold. We are not going to be forced into living under a one-party system in a Democratic city in a Democratic nation.

The Republican boss of Bronx County must indeed have little faith in his own abilities to feel that this is the only way he can win. Let us show him that while he may be right about his abilities, he is wrong about us. We are still living under a two-party system and no walls or artificial barriers can contain people yearning to be free and to choose their representatives freely.

Minshall Traveling Office To Make Annual District Visit

EXTENSION OF REMARKS

OF

HON. WILLIAM E. MINSHALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 14, 1962

Mr. MINSHALL. Mr. Speaker, for the past 8 years it has been my privilege and honor to represent the people of the 23d Congressional District of Ohio in the Congress of the United States. As a Representative of this outstanding district, I have made every effort not only to be well informed of the opinions of the people through personal contact and use of opinion polls, but also to be of the greatest possible service to persons having problems dealing with Federal agencies and departments. To help accomplish this, I maintain on a year-round basis a congressional office in room 525 of the Federal Building in downtown Cleveland where I can meet with people personally during trips back to the district when my official duties permit. While I am in Washington, a competent staff is in charge of the Cleveland office.

A further service to the people of the 23d District is my Washington Report which, in newsletter form, periodically presents the major legislative activities of Congress, background information on the issues that confront the Nation, and Capitol Hill opinion.

During my service in the Congress, I have considered it of primary importance to be present at the Capitol whenever Congress is in session in order to participate in committee work and to vote on important legislation. This year with Congress in nearly continuous session, I have not been able, with intervening Appropriations Committee work, to return to Cleveland as much as I should have liked. Therefore, in accordance with the practice I initiated 8 years ago, I am bringing a traveling office to the various communities in the 23d District. This method of meeting with the public has been tremendously popular and it gives me an excellent opportunity to discuss and learn at firsthand the opinions and individual needs of the people.

With the expectation that Congress will not be in session during the early part of October, I will again this year, from October 8 through October 12, bring my traveling office to the people of the 23d District to make myself available to meet personally every resident of this suburban district who can conveniently arrange to visit me. These are not group meetings but office conferences for individuals which will enable them to discuss their views and problems directly. No appointments are necessary and I not only welcome, but I urge individuals to meet with me on the date and at the place most convenient. Every resident of the 23d District is cordially invited to talk over problems of national concern, to discuss personal problems with the Federal Government, or just to get better acquainted. The knowledge thus obtained will better enable me to represent the people of the 23d District in the Congress.

I am most thankful for the fine cooperation of the many officials who have made these meeting places available as an aid in rendering this public service.

Following is the schedule for these office conferences:

Community	Location	Date	Time—p.m.
Lakewood	Lakewood City Hall, 12650 Detroit Ave.	Monday, Oct. 8	2 to 4:30.
Westlake, Bay Village, North Olmsted	Westlake City Hall, 27216 Hilliard Blvd.	do	6:30 to 9.
Berea, Olmsted Falls, Olmsted Township, Westview.	Berea City Hall, 57 East Bridge St	Tuesday, Oct. 9	2 to 4:30.
Rocky River, Fairview Park, Parkview	Rocky River City Hall, 21012 Hilliard Blvd.	do	6:30 to 9.
Parma Heights, Brookpark, Linndale, Middleburgh Heights, North Royalton, Strongsville.	Parma Heights City Hall, 6281 Pearl Rd.	Wednesday, Oct. 10.	2 to 4:30.
Independence, Brecksville, Broadview Heights, Brooklyn Heights, Cuyahoga Heights, Seven Hills.	Independence City Hall, 6675 Brecksville Rd.	do	6:30 to 9.
Chagrin Falls, Bentleyville, Glenwillow, Moreland Hills, Solon.	Chagrin Falls Village Hall, 21 West Washington St.	Thursday, Oct. 11	2 to 4:30.
Warrensville Heights, North Randall, Orange, Warrensville Township, Woodmere.	Warrensville Heights City Hall, 4301 Warrensville Center Rd.	do	6:30 to 9.
Shaker Heights, Beachwood, Hunting Valley, Pepper Pike, University Heights.	Shaker Heights City Hall, 3400 Lee Rd.	Friday, Oct. 12	2 to 4:30.
Maple Heights, Bedford, Bedford Heights, Oakwood, Valley View, Walton Hills.	Maple Heights City Hall, 5353 Lee Rd	do	6:30 to 9.

German-American Cooperation: The Case for Noblesse Oblige

EXTENSION OF REMARKS

OF

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 14, 1962

Mr. REUSS. Mr. Speaker, I include in the RECORD an article which I wrote for the August 1962 issue of Aussen Politik, the German journal on foreign affairs, on the need for German initiative and leadership in Europe in reducing tariffs, increasing foreign aid, and helping to solve the international payments disequilibrium. The text of the article follows:

GERMAN-AMERICAN ECONOMIC COOPERATION: THE CASE FOR NOBLESSE OBLIGE

The decade of the fifties was one in which the United States reaped the fruit of its investment in Western Europe. After the clouds of the Suez crisis had cleared, Europe's economic renaissance was revealed in all its strength. The United States looked forward to a new period in which the Atlantic nations would use their unparalleled resources to spark a new surge of progress in the free world.

The realities today fall somewhat short of this expectation. Indeed, the effective strength of the free world may have been diminished in the past few years for, though Europe has continued to add to its strength, the United States has failed to keep in step.

The irony is that much of the problem need not exist.

If the man from Mars were to descend suddenly into our world, he would be as astonished at our condition as we would be at his appearance. He would find few who disputed the need for cooperation between the United States and prosperous Europe to advance their own interests as well as that of the poorer members of the free world community. But he would find the two halves of the Atlantic Community limping along under a burden of problems which would disappear if the halves were fitted together as complements.

The man from Mars would find some 5½ percent of the U.S. work force out of work. In Western Europe, on the contrary, there is superfull employment and acute labor shortages in some countries. Germany, for example, has more than twice as many job opportunities as there are unemployed, despite the import of labor from neighboring countries.

He would find that U.S. economic growth has been lagging along at a rate less than 3 percent per year, but would conclude that the economy has a great potential for more rapid growth in a huge manpower reserve, idle capacity, and relatively steady increases in productivity. Western Europe has in the past decade grown at double the U.S. rate, but shortages of labor and industrial capacity, combined with growing public, business, and consumer demands, threaten to convert growth into price inflation.

The man from Mars would see that Americans, though they eat well and cheaply, still struggle with mountainous farm surpluses produced by the most efficient agriculture in the world. In Western Europe, food prices are rising—more than 6 percent in some countries during 1961—with much of the increase attributable to higher subsidies paid to costly systems of agriculture. Our visitor would be incredulous to discover that the Common Market is determined to institutionalize this least efficient part of its economy and to forgo the benefits of American agricultural efficiency.

He would find that the United States has vast and efficient plants which can turn out huge quantities of consumers durable goods—from clothes driers, dishwashers, and garbage disposers, to air conditioners, TV sets, and a great array of other household electrical appliances. But the U.S. market is highly saturated with many of these appliances—the saturation ratios are said to be as high as 89 percent for TV sets; 96 percent for radios; 98 percent for refrigerators; and 91 percent for washing machines. Thus, much of America's capacity stands idle.

In Europe, the man from Mars would find that capacity for supplying these goods is limited just at the time when rising personal incomes presage a great boom in consumer demand. For unlike the majority of American families, European households are far from having satisfied their wants for these consumers' conveniences and luxuries. Market saturation ratios in the six countries of the Common Market are estimated to be only 10 percent for TV sets; 20 percent for radios; 12 percent for refrigerators; and 12 percent for clothes washing machines.

The man from Mars would boggle at the spectacle of continued large annual deficits in the U.S. balance of payments while equally large payments surpluses piled up in Western Europe. Yet he would find that the Common Market countries with the largest surpluses plan to keep quite high tariffs against the outside world which will further add to their surpluses and the deficits of other countries.

By this time, our unbelieving observer might clutch his forehead and say: "Why don't these foolish mortals put two and two together? The United States could eliminate unemployment and achieve a higher growth rate by supplying the goods that Western Europe needs. Western Europe could maintain full employment and continue to raise wages without risking inflation by importing goods to supply rising demand. In so doing, the United States and Western Europe would right the present payments imbalance, and together they could turn their attention outward to the solution of their common problems."

From the American point of view, what is good for Europe's short-run interest cannot be the sole criterion today, any more than narrow self-interest could have sufficed for U.S. policy in the immediate postwar period. The boundaries and interests of the free world are broader than those of the Common Market or, indeed of the Atlantic community.

Since this is so, any major economic or political decision taken in Europe, as well as in the United States, should, in the American view, be measured in terms of the welfare of the entire free world community—Africa, Asia, and South America, as well as Europe and North America. The economic obligations of a prosperous Europe, like those of the United States, include the responsibility to see to it that the growth of one is not at the expense of the other or of the free world at large. Beyond this, there is the overriding mutual obligation to assist the growth of poorer, developing nations.

In redirecting Western Europe to sensible and responsible international economic policies, Germany has unique qualifications as well as responsibilities for leadership. These do not derive solely from its position as one of the free world's leading industrial powers, though wealth itself imposes responsibilities—a recognition of economic noblesse oblige.

Like the United States, Germany is not hampered by a web of economic ties with former colonies for whom preferential arrangements have to be considered. Like the United States, Germany believes that its own interests will be best served by a generally low-tariff, nonrestrictive commercial policy. And like the Americans, the German people have always had a strong strain of idealism which, harnessed to the economic and managerial genius of the nation, could direct the growing power of Europe outward for the mutual benefit of the free world.

Specifically, Germany can join the United States in action on foreign aid, trade, and international payments.

With respect to aid, Germany, like the United States, is in a position to grant long-term development assistance to areas of the world which cannot look to former mother countries for help. Its expenditure in 1961 of DM1.2 billion, apart from DM900 million in long-term credits to the International Bank for Reconstruction and Development, is a good beginning. However, its continuing basic surplus payments position amply justifies an expanded program. With a large and growing aid contribution of its own, Germany's counsel in the Development Assistance Committee of the OECD could carry great weight in urging the other industrial countries to increase their aid efforts.

Apart from lending or giving money, the German people could work together with the Americans in establishing an international peace corps. The possibility of harnessing the energies and enthusiasm of talented German youth in such a people-to-people aid program was explored in preliminary discussions of a year ago in which the writer participated. As Americans can testify, this direct contact with the peoples of the developing countries is at least as rewarding to the aiders as to those aided. It gives the givers insight into problems which our young people will soon inherit. And Germany, like the United States, needs the widest public understanding of world problems if it is to safeguard itself from dangerous isolationism in the future.

Another German aid specialty lies in her own remarkable post-World War II achievement in democracy—honest courts, a working parliament, a free press, and an incorruptible civil service. The heritage of Vom Stein is not without its relevance today.

In trade, Germany together with the Benelux countries should continue to take the leadership in the Common Market for a substantial unilateral reduction of quota restrictions and tariffs. The recent initiative of the Common Market to reduce coffee and cocoa tariffs by 40 percent is a step in the right direction, but reductions are essential over a much wider range of industrial and agricultural products.

What does it profit Germany or France to protect inefficient coal mines[1] or costly agriculture if it aggravates an acute labor shortage, and industrial growth lags for lack of labor? How will the Common Market countries gain if wage increases continue and a deficiency of consumers' goods forces up prices into an inflationary spiral? A higher level of Common Market imports would be as beneficial to the Common Market now as it would be for the United States and many other countries. Moreover, in the long run, any action permitting a higher level of U.S. exports to Europe now—consumer durables, machinery, coal, paper products, food—will redound in Europe's favor later on. If the U.S. trade balance is expanded, this country is far more likely to grant meaningful concessions to Europe in the next round of trade negotiations, and these concessions will be needed if Europe is to have sustained growth in its most important external market.

Finally, as the country with the largest unobligated gold and foreign exchange reserves in the free world, Germany has a unique responsibility to take the initiative in correcting the international payments imbalance.

In the 4 years 1958–61, inclusive, the United States has had a series of large payments deficits. They were caused largely by the size of U.S. foreign aid, oversea military defense, and private foreign investment.

As a result, U.S. gold reserves declined by $5.9 billion, and U.S. short-term dollar liabilities increased $7.4 billion to a total of $22.6 billion. Western Europe, on the other hand, increased its gold and foreign exchange reserves by about $11 billion in this period, with nearly $8 billion of the increase going to the six countries of the EEC. This one-way drain upon U.S. reserves toward Europe cannot continue without serious consequences for the present international system of payments.

Through the recent supplementary credit agreement, $6 billion—$4 billion in nondollar currencies—has been added to IMF reserves, which could be borrowed by any of the 10 participating countries in case of emergency. Although this agreement and various informal arrangements among the central banks to prevent violent exchange-rate fluctuations help considerably in diminishing sudden liquidity crises, they do not go to the heart of the U.S. balance-of-payments difficulties. Similarly, the German advance debt repayment in 1961 of $587 million was extremely helpful in reducing the 1961 U.S. deficit, but it was a one-time benefit for the United States.

The dimensions of the basic problem are suggested by the fact that U.S. military expenditures in Europe alone come to $1.5 billion per year and that U.S. net private long-term investment in Europe adds another outflow of $1 billion per year.

There are a variety of measures which European countries could take. Two have been mentioned above. Increasing long-term loans and grants to poorer countries, on an untied basis, and increasing exports would greatly help the United States, as would picking up a larger share of the U.S. oversea military burden. German purchases of arms in the United States are now increasing.

Germany and the other Common Market countries could also work vigorously to establish a long-term capital market adequate for their own needs. It is not appropriate, in its present payments position, for the United States to continue to be the major source of large-scale foreign investment loans. The $25 million European Coal-Steel Community bond issue floated in Wall Street in May 1962, is a case in point.

Germany might also consider using fiscal stringency—more taxes or less spending—somewhat more, and high interest rates somewhat less, as a means of combating inflation. Somewhat lower private interest rates would encourage German lenders to lend abroad, and German borrowers to borrow at home. Lower interest rates abroad would permit the United States to have lower interest rates, and more economic growth, with less danger of losing capital to other countries.

A reduction in the Common Market's external tariff would help the U.S. balance of payments not only by increasing export possibilities, as discussed above, but also by reducing the incentive for American industries to leave home and locate behind the Common Market tariff wall. There is no doubt that a large part of American investment in the Common Market countries has been lured there by the attraction of getting inside the high tariff wall. Reducing the tariff wall would make plant-location decisions depend on more legitimate factors than the charms of a high-tariff protective area.

If this list of courses of action open to Germany seems long, the agenda for the United States is equally lengthy. Foremost for the United States is to employ vigorously President Kennedy's new Trade Expansion Act, as soon as the ink is dry, lower trade barriers, not just for the United States but for the whole free world. The United States supports the political and economic unity that is being wrought by the Common Market, but it aims to generalize the benefits of Common Market internal free trade as widely as possible.

As for Germany, one hears it said so often that German society today is unsure of itself. If there is any truth to this, one could do worse than to recall Schiller's words:

"Man grows according to his higher goals." Who knows? Perhaps some of the goals I have ventured to suggest may nourish this growth.

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[1] Germany now limits annual coal imports from the United States to 5 million metric tons, less than 5 percent of its domestic consumption, although U.S. coal can be landed in Germany at competitive prices.

To both Germany and the United States, much has been given. In the years to come, much will be required.

The Solution of Juvenile Delinquency Is in the Home

EXTENSION OF REMARKS

OF

HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 14, 1962

Mr. SANTANGELO. Mr. Speaker, I would like to discuss a matter on which I believe I have a certain amount of knowledge, the subject of juvenile delinquency. As a State Senator of New York, I was a member of the statewide Commission on Youth and Juvenile Delinquency. This commission consisted of nine members. It was headed by Thomas J. Watson, Jr., president of the International Business Machines. Some members were George B. DeLuca, then the Lieutenant Governor; Jacob K. Javits, then the Attorney General; Mrs. David M. Levy; Mr. Mark A. McCloskey; myself; and four other legislators.

We made a statewide study in the major cities and in the rural areas on this important subject. We heard thousands of witnesses, judges, probation officers, social workers, priests, rabbis, teachers, and citizens from every field of endeavor. As a result of the 6-month study, we made many recommendations to the New York State legislature, some of which have been enacted into law.

During hearings before the special Subcommittee on Education of the House Committee on Education and Labor, under the chairmanship of Congresswoman EDITH GREEN, I testified and gave the subcommittee the benefit of the experiences which I had learned during my senatorial experience. As the membership of the House knows, the committee recommended an appropriation of $30 million covering a period of 3 years to coordinate the various activities in the various States to combat this problem of juvenile delinquency.

There is probably no other area where statistics tell so little of the actual story than in the area of juvenile delinquency. Statistics tell us that 98 percent of our young people are good, law abiding citizens and only 2 percent can be placed in the category of "juvenile delinquency," but statistics do not tell us what 2 percent means in terms of disruptions of family life, losses of education for all children in classes where education is continually disrupted and loss of potential talent and manpower to our Nation. Finally, how can statistics measure the pain of the mother whose child is killed in a gang war or whose child does the killing?

Today, juvenile delinquency is a problem everywhere, in big cities and small rural towns, in slums and in suburbs. Three main reasons seem to be involved. The basic cause to my mind, is the breakdown of respect for authority, a breakdown that frequently manifests itself first in the home, later in the school, and finally in the courts. The second cause, is the breakdown in family life with today's increase in divorce, homes where both parents must work and there is insufficient supervision, and homes where there is lack of love and affection or indulgence and mother love.

The third reason is the negative role that youth is frequently asked to play in today's world. A hundred years ago young people had important things to learn if they were to take their place in society—things they were taught by their families and communities as well as by the schools. Today's young people have no apprenticeship to serve, nothing seemingly to contribute, so they become the rebels without a cause.

It is in the third category of causes that local communities today are playing an important part in the development of projects to integrate young people into the life and work of the community. In all areas, however, there is a great need for study, research and training on a national scale. Pilot projects are needed that will determine specific guides to the causes of juvenile delinquency and measures that can be taken to see that our current alarming increase in juvenile delinquency is halted and turned back. Pilot projects are needed that will show how our young juvenile offenders can first be rehabilitated and reclaimed for themselves, their families and society as a whole.

The Federal Government, through the Department of Health, Education, and Welfare, is actively engaged in many projects of this kind and millions of dollars have been spent in the search for these essentials, but more, much more is needed. A recent study revealed that in many areas, probation officers and others working with young people in trouble are not college graduates, and have received no special training. The preparation of materials and the provision of specialists to help give these people necessary training is a vast and essential area of endeavor.

Some Federal laws are aimed directly at the prevention of juvenile delinquency and rehabilitation of juvenile delinquents. The laws prohibiting interstate traffic in switchblade knives, enactments making it easier to arrest and prosecute pornographers and raising the age limit of youths covered by the Federal Youth Correction Act to 26 are explicit examples of such laws.

Much remains to be done. The creation of a new CCC Corps has often been recommended to give worthwhile work to the boy who would otherwise roam the streets. Laws which would protect the the youthful offender against the loss of his civil rights so that he would have a better chance at rehabilitation should receive consideration. Today a boy who has a record generally is not eligible for any civil service position, no matter how menial, nor can he hold a job that requires a license—he cannot, for example, be a barber or sell beer in a grocery store.

A boy whose way to a decent life seems blocked in all directions, who is told by his probation officer and officials that he has paid his debt to society, but he is not good enough to clean its streets, may certainly feel that crime is his only recourse.

The attack on juvenile delinquency, therefore, must come from all levels of society and government, with the role of the Federal Government a threefold one: Research and study; the provision of materials and trained personnel to help juvenile delinquency workers; and necessary legislation in areas where the problem comes under Federal domain.

HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 15, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalms 98:99: *With righteousness shall He judge the world, and the people with equity.*

Almighty God, we are becoming increasingly aware that the various crises of our time are so dire and desperate that we cannot meet and master them until there is an awakened spiritual life in all the citizens and homes and families of our beloved country.

Show us how we may stem the tide of lawlessness and crass materialism and grant that all the leaders and Members of Congress may renew their covenant with Thee and with one another that they shall endeavor to establish a finer social order.

The pages of history record so legibly that men and nations have rebelled against Thee and defied Thy righteous laws but their momentary triumph was only a brief prolog and prelude to disaster and defeat.

God forbid that we should ever presume or imagine that Thy judgments of retribution and recompense are more fanciful and fantastic than inexorable and inevitable.

Hear us in the name of our blessed Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

CIVIL DEFENSE SIRENS AND SOUNDS

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, now comes word that the Office of Civil Defense, apparently having nothing better to occupy its time and money, has made an award of $42,780 to Michigan State University for a study of sounds most likely to attract attention in the event of an airraid warning.

This appears to be the preliminary to junking the sirens that have been erected throughout the country at enormous expense and spending additional millions to replace them.

This recalls the grant of $50,000 made 2 or 3 years ago by the National Science Foundation to New York's Cornell University for a study of bird sounds.

Mr. Speaker, is it too much to hope the day will come when some foundation or agency of Government, richly endowed by Congress, will make a study of and record for posterity the anguished wails of taxpayers when they learn how their money is being frittered away on boondoggles such as these?

AMENDING ATOMIC ENERGY ACT OF 1954, AS AMENDED

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 750) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12336) to amend the Atomic Energy Act of 1954, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes of my time to the gentleman from California [Mr. SMITH], pending which I yield myself such time as I may use.

Mr. Speaker, House Resolution 750 provides for the consideration of H.R. 12336, a bill to amend the Atomic Energy Act of 1954, as amended. The resolution provides an open rule with 1 hour of general debate.

H.R. 12336 would make miscellaneous amendments to the Atomic Energy Act which can be grouped into four general categories: Regulatory amendments, indemnity amendments, standard authorization language, and minor drafting changes.

It has been customary for the Joint Committee on Atomic Energy to consider the original Atomic Energy Act each year and bring in an omnibus bill to bring the act up to date. There are a number of minor changes made in the act by this legislation which are noncontroversial.

Mr. Speaker, I urge the adoption of House Resolution 750.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, as stated by the gentleman from Texas, House Resolution 750 provides for a 1-hour open rule for the consideration of the bill H.R. 12336, which will amend the Atomic Act of 1954 in the four different categories as listed on page 1 of the report; namely, regulatory amendments, indemnity amendments, standard authorization language, and minor drafting changes.

It is my understanding that each year as the Atomic Energy Commission continues with its work, there are necessary changes that have to be made, and accordingly changes in the language of the particular act. This has nothing to do with the controversial Hanford reactor project.

I know of no objection to the bill itself, I know of no objection to the rule, and I have no further requests for time.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

KARTH SUBCOMMITTEE OF THE COMMITTEE ON SCIENCE AND ASTRONAUTICS

Mr. GEORGE P. MILLER. Mr. Speaker, I ask unanimous consent that the Karth subcommittee of the Committee on Science and Astronautics may be allowed to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENTS TO THE ATOMIC ENERGY ACT OF 1954

Mr. HOLIFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12336) to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 12336, with Mr. JOELSON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HOLIFIELD. Mr. Chairman, H.R. 12336 is a Joint Committee omnibus bill, which makes miscellaneous amendments to the Atomic Energy Act of 1954. The amendments may be grouped into four general categories:

First. Sections 1 through 3 of the bill amend the regulatory provisions of the Atomic Energy Act by authorizing establishment of one or more atomic safety and licensing boards, and modifying AEC regulatory procedures in other respects.

Second. Sections 4 through 7 of the bill amend the indemnity provisions of the Atomic Energy Act to extend Government indemnity to contractors of the U.S. Government for incidents occurring outside the United States.

Third. Section 8 of the bill incorporates into permanent law the boilerplate clause on "advanced planning and design," "restoration and replacement," and "substitutions," which in the past have appeared each year in the annual AEC authorization acts.

Fourth. Sections 9 through 12 of the bill make minor changes in several sections of the act to correct certain drafting errors or omissions.

Under section 1, the Commission is authorized to use an atomic safety and licensing board in lieu of a hearing examiner to conduct hearings and make decisions in atomic energy licensing cases.

The licensing of atomic reactors involves very complicated technical and scientific determinations. A study by the staff of the Joint Committee on Atomic Energy in 1960–61 pointed up the need for technical expertise in making these determinations, and the committee considered the problem during hearings in 1961 and again in 1962. The Atomic Safety and Licensing Board will consist of two persons with technical backgrounds and one person skilled in the conduct of administrative proceedings. The Commission is given wide flexibility in selecting members for the Board, in deciding in which cases to use the Board, and the amount of authority to be delegated to it. The Commission may also utilize the Board in an advisory capacity on rulemaking and other regulatory functions. It is the belief of the Joint Committee on Atomic Energy that the use of an Atomic Safety and Licensing Board, if properly implemented by AEC, will further improve the AEC regulatory process.

Section 2 of the bill relaxes the mandatory hearing requirement in section 189 of the Atomic Energy Act. Under existing law a hearing must be held on the application for a construction permit and on the application for an operating license. Under the terms of the committee's amendment a hearing will be required only on the construction permit, which is really the critical point in reactor licensing—the point at which the suitability of the reactor site is determined. This amendment in no way limits the right of an interested party to intervene and request a hearing at some later stage, nor does it affect the right of the Commission to hold a hearing on its own motion.

Section 3 of the bill relaxes the requirement for referral of license amendments to the Commission's Advisory Committee on Reactor Safeguards. It is the committee's hope that by relieving the very capable Advisory Committee on Reactor Safeguards of the responsibility for reviewing minor amendments, this distinguished group may be able to devote its full attention to safety questions of more far-reaching importance.

Sections 4 through 7 will extend the indemnity provisions of the Atomic Energy Act to cover contractors of the United States who are engaged in activities outside the continental limits of the country. The primary purpose of these amendments is to protect contractors of the AEC who are engaged in the nuclear submarine, nuclear rocket, and remote military reactors program. Under the terms of the amendment these contractors will be eligible for $100 million of Government indemnity with a comparable limitation of liability for incidents occurring outside the United States. This is in contrast to the $500 million indemnity which the AEC now makes available to licensees and contractors of the Commission for incidents occurring within the United States.

Section 8 of the bill incorporates into permanent law a number of standard provisions which appear each year in the AEC authorization act.

Sections 9 through 12 merely correct minor drafting omissions and are not intended to have any substantive effect on the Atomic Energy Act.

In connection with section 9 of the bill, Mr. Chairman, on page 8, line 4, where the words "11 b.(2)" appear, the reference should instead be to "11 v.(2)." This is an error in the bill as prepared for printing and I shall offer an amendment at the appropriate time to correct this printing error.

Mr. Chairman, this bill makes necessary amendments to the Atomic Energy Act as a result of careful studies and hearings by the Joint Committee on Atomic Energy, in order to keep the act up to date and adapted to our growing atomic energy program. The bill has been reported unanimously by the Joint Committee on Atomic Energy and I urge its adoption by the House.

Mr. HOSMER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the distinguished chairman of the Joint Atomic Committee has said, this bill is not controversial. He has explained it cogently and the entire committee is agreed on its content. It is a type of bill that comes before the Congress each year in order to modernize, to bring up to date, the Atomic Energy Act; this is the basic statute under which we operate, and which must be updated constantly in order to meet advancing technology, new conditions, and other situations as they arise.

The bill at the moment does not contain as much as I had hoped it would contain by way of adapting the provisions of law to some of the new problems that are facing us in the production of nuclear power. I am satisfied, however, that the legislation should be passed even without these changes because they are in extent and nature the kind of things which are technical, which have long-range implications, and which should receive a great deal more study and attention from the Joint Committee than our very busy program this year has allowed us to give to them. What I have in mind are those things that have to do with reactor economics. This Nation for many years has had a national policy of achieving economic nuclear power at the fastest possible rate. In the early days we believed this could be achieved in a short period of years. As scientists have gone into this work, the problems they have encountered and have had to surmount have simply been greater and more difficult than were anticipated. They could not be solved within a short period of time. This has been the common experience of all countries engaged in this work. As a consequence we have much more yet to do until the day when all regions of our Nation can get their power economically from the atom.

I believe as of today we can, in the high power cost areas of the Nation, offer competitive economic nuclear power in competition with conventional power, but under circumstances which tend to distort the economics of nuclear power production. By that I mean, for example, the matter of plutonium and its buyback price. We know that both uranium 235 and plutonium, fissionable materials used in weaponry as well as possibly used in power production, are under the law required to be owned by the U.S. Government. Therefore, when, as an incident of producing power in a power reactor, plutonium also is made as a byproduct, the Government must buy back from the operator of the reactor that plutonium. Naturally, the price at which the Government buys it back greatly influences the economics of the reactor. In several instances we are paying $30 a gram for each gram of plutonium that is repurchased. This means to the reactor operator a considerable income in addition to that which he gains from selling kilowatts. Unfortunately, the $30 a gram price is an artificial one. It does not reflect the value of plutonium except only as it might possibly be related to its assumed or arbitrarily fixed value for weapons use at some prior or future time. From the purely economic civilian standpoint of using plutonium for producing power as uranium is now used that value is considerably less. Because of this unrealistic buy-back price a power producer in designing his reactor is tempted to maximize the amount of byproduct plutonium production so he can maximize the amount he can sell to the Government at $30 a gram. This involves compromising some of the features of his reactor that might enable it to produce more electricity and introduces a highly artificial and undesirable impediment to the straightforward development of our nuclear power industry.

I think the day should come rather quickly when the only consideration in reactor design should be that of power economics. Therefore, we should be setting a realistic price for plutonium as quickly as possible.

I understand there has been an exchange of correspondence between the chairman of our committee and the Chairman of the Atomic Energy Commission which will specify that just such a realistic readjustment of the plutonium buy-back price is in the mill. We may need legislation next year to make it completely effective and apply it to foreign as well as domestic producers. I speak of these things today so that the power industry and the reactor industry of the United States may be placed on notice that these changes are coming up, and of the determination of many in Congress to remove artificial factors in nuclear power economics so that in plans for the future for new power reactor designs they will have in mind that their reactor concepts should be based on considerations of competitive power production economics rather than on artificial considerations as to the price of plutonium.

There is another matter they should have in mind also. That is as to the probability of switching over from public to private ownership of fissionable uranium under the proper kinds of safeguards that would prevent this material from being diverted surreptitiously to weapons use. That will be one of the issues with which the Joint Committee and Congress will probably be asked to wrestle next year. There will be others, too, of which the industry is aware, and which I will not, therefore, recount today. These are factors that by present law, introduce artificial considerations into the production of nuclear electric power. We will, I am sure, under the leadership of the chairman of the Joint Committee on Atomic Energy, get into these issues. Whether we are able next year to eliminate all artificial impediments to wholly unfettered production of power from the atom remains to be seen, but I am certain that we will make a good start on it. Those who are engaged in the industry in the United States of America and those who in other countries of the world look to us for technology and working relationships in connection with their peaceful uses of the atom for electric power should know that these changes are coming up, that new economic ground rules will be laid down, and that they, therefore, in the future, must design their new reactor for electric power generation on firm and sound electric utility economics.

In all this we will be seeking to achieve for our Nation and the world the highest beneficial use of the atom for peaceful purposes. That has been one of the prime objectives of the United States of America under Democratic and Republican administration alike, because our Nation and our people believe that this great discovery of our age should be used for the benefit of mankind, not for its destruction.

Mr. HOLIFIELD. Mr. Chairman, I have no requests for time. Unless there are some questions some Members wish to ask, I need no more time.

The **CHAIRMAN.** Does the gentleman from California [Mr. HOSMER] have any requests for time?

Mr. HOSMER. I have no further requests for time, Mr. Chairman.

The **CHAIRMAN.** The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Atomic Energy Act of 1954 is amended by adding thereto the following new section:

"SEC. 191. ATOMIC SAFETY AND LICENSING BOARD.—

"a. Notwithstanding the provisions of sections 7(a) and 8(a) of the Administrative Procedure Act, the Commission is authorized to establish one or more atomic safety and licensing boards, each composed of three members, two of whom shall be technically qualified and one of whom shall be qualified in the conduct of administrative proceedings, to conduct such hearings as the Commission may direct and make such intermediate or final decisions as the Commission may authorize with respect to the granting, suspending, revoking or amending of any license or authorization under the provisions of this Act, any other provision of law, or any regulation of the Commission issued thereunder. The Commission may delegate to a board such other regulatory functions as the Commission deems appropriate. The Commission may appoint a panel of qualified persons from which board members may be selected.

"b. Board members may be appointed by the Commission from private life, or designated from the staff of the Commission or other Federal agency. Board members appointed from private life shall receive a per diem compensation for each day spent in meetings or conferences, and all members shall receive their necessary traveling or other expenses while engaged in the work of a board. The provisions of section 163 shall be applicable to board members appointed from private life."

SEC. 2. The second sentence of subsection 189a. of the Atomic Energy Act of 1954, as amended, is deleted and the following is inserted in lieu thereof: "The Commission shall hold a hearing after thirty days' notice and publication once in the Federal Register, on each application under section 103 or 104b. for a construction permit for a facility, and on any application under section 104c. for a construction permit for a testing facility. In cases where such a construction permit has been issued following the holding of such a hearing, the Commission may, in the absence of a request therefor by any person whose interest may be affected, issue an operating license or an amendment to a construction permit or an amendment to an operating license without a hearing, but upon thirty days' notice and publication once in the Federal Register of its intent to do so. The Commission may dispense with such thirty days' notice and publication with respect to any application for an amendment to a construction permit or an amendment to an operating license upon a determination by the Commission that the amendment involves no significant hazards consideration."

SEC. 3. Subsection 182b. of the Atomic Energy Act of 1954 is amended to read as follows:

"b. The Advisory Committee on Reactor Safeguards shall review each application under section 103 or section 104b. for a construction permit or an operating license for a facility, any application under section 104c. for a construction permit or an operating license for a testing facility, any application under section 104 a. or c. specifically referred to it by the Commission, and any application for an amendment to a construction permit or an amendment to an operating license under section 103 or 104 a., b., or c. specifically referred to it by the Commission, and shall submit a report thereon which shall be made part of the record of the application and available to the public except to the extent that security classification prevents disclosure."

SEC. 4. Subsection 11o. of the Atomic Energy Act of 1954 is amended to read as follows:

"o. The term 'nuclear incident' means any occurrence within the United States causing, within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of source, special nuclear, or byproduct material: *Provided, however,* That as the term is used in subsection 170l., it shall include any such occurrence outside of the United States: *And provided further,* That as the term is used in section 170d., it shall include any such occurrence outside the United States if such occurrence involves a facility or device owned by, and used by or under contract with, the United States."

SEC. 5. Subsection 11r. of the Atomic Energy Act of 1954 is amended to read as follows:

"r. The term 'person indemnified' means (1) with respect to a nuclear incident occurring within the United States and with respect to any nuclear incident in connection with the design, development, construction, operation, repair, maintenance, or use of the nuclear ship Savannah, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability; or (2) with respect to any other nuclear incident occurring outside the United States, the person with whom an indemnity agreement is executed and any any other person who may be liable for public liability by reason of his activities under any contract with the Commission or any project to which indemnification under the provisions of section 170d. has been extended or under any subcontract, purchase order or other agreement, of any tier, under any such contract or project."

SEC. 6. Subsection 170d. of the Atomic Energy Act of 1954 is amended by adding before the period at the end of the second sentence thereof the following proviso: ": *Provided,* That in the case of nuclear incidents occurring outside the United States, the amount of the indemnity provided by the Commission shall not exceed $100,000,000."

SEC. 7. Subsection 170e. of the Atomic Energy Act of 1954 is amended to read as follows:

"e. The aggregate liability for a single nuclear incident of persons indemnified, including the reasonable costs of investigating and settling claims and defending suits for damage, shall not exceed the sum of $500,000,000 together with the amount of financial protection required of the licensee or contractor: *Provided, however,* That with respect to any nuclear incident occurring outside of the United States to which an agreement of indemnification entered into under the provisions of subsection 170d. is applicable, such aggregate liability shall not exceed the amount of $100,000,000 together with the amount of financial protection required of the contractor. The Commission or any person indemnified may apply to the appropriate district court of the United States having venue in bankruptcy matters over the location of the nuclear incident; except that in the case of nuclear incidents occurring outside the United States, the Commission or any person indemnified may apply to the United States District Court for the District of Columbia, and upon a showing that the public liability from a single nuclear incident will probably exceed the limit of liability imposed by this section, shall be entitled to such orders as may be appropriate for enforcement of the provisions of this section, including an order limiting the liability of the persons indemnified, orders staying the payment of claims and the execution of court judgments, orders apportioning the payments to be made to claimants, orders permitting partial payment to be made before final determination of the total claims, and an order setting aside a part of funds available for possible latent injuries not discovered until a later time."

SEC. 8. Section 261 of the Atomic Energy Act of 1954 is amended by adding thereto the following new subsections:

"c. Funds are hereby authorized to be appropriated for advance planning, construction design, and architectural services in connection with any plant or facility not otherwise authorized, and for the restoration or replacement of any plant or facility destroyed or otherwise seriously damaged, and the Commission is authorized to use available funds for such purposes.

"d. Funds hereafter authorized to be appropriated for any project to be used in connection with the development or production of special nuclear material or atomic weapons may be used to start another project not otherwise authorized if the substituted project is within the limit of cost of the project for which substitution is to be made, and the Commission certifies that—

"(1) the substituted project is essential to the common defense and security;

"(2) the substituted project is required by changes in weapon characteristics or weapon logistic operations; and

"(3) the Commission is unable to enter into a contract with any person on terms satisfactory to it to furnish from a privately owned plant or facility the product or services to be provided by the new project."

SEC. 9. Section 109 of the Atomic Energy Act of 1954 is amended by striking out the words "11p.(2) or 11b.(2)" and substituting therefor the words "11t.(2) or 11aa.(2)".

SEC. 10. Subsection 145f. of the Atomic Energy Act of 1954 is amended by striking out the comma after the word "investigation".

SEC. 11. Section 152 of the Atomic Energy Act of 1954 is amended by striking out the word "allowances" in the first paragraph thereof and substituting therefor the word "allowance".

SEC. 12. Subsection 161n. of the Atomic Energy Act of 1954 is amended by striking out the words "145e." and substituting therefor the words "145f.".

Mr. HOLIFIELD (during the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and be open for amendment at any point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HOLIFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLIFIELD: On page 8, line 4, strike the words "11b.(2)" and insert the words "11v.(2)" in lieu thereof.

Mr. HOLIFIELD. Mr. Chairman, this amendment merely corrects a typographical error and I move the adoption of the amendment.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. ALBERT] having resumed the chair, Mr. JOELSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12336) to amend the Atomic Energy Act of 1954, as amended, and for other purposes, pursuant to House Resolution 750, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the adoption of the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes, which is an identical bill to the House bill just passed.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Atomic Energy Act of 1954 is amended by adding thereto the following new section:

"SEC. 191. ATOMIC SAFETY AND LICENSING BOARD.—

"a. Notwithstanding the provisions of sections 7(a) and 8(a) of the Administrative Procedure Act, the Commission is authorized to establish one or more atomic safety and licensing boards, each composed of three members, two of whom shall be technically qualified and one of whom shall be qualified in the conduct of administrative proceedings, to conduct such hearings as the Commission may direct and make such intermediate or final decisions as the Commission may authorize with respect to the granting, suspending, revoking or amending of any license or authorization under the provisions of this Act, any other provision of law, or any regulation of the Commission issued thereunder. The Commission may delegate to a board such other regulatory functions as the Commission deems appropriate. The Commission may appoint a panel of qualified persons from which board members may be selected.

"b. Board members may be appointed by the Commission from private life, or designated from the staff of the Commission or other Federal agency. Board members appointed from private life shall receive a per diem compensation for each day spent in meetings or conferences, and all members shall receive their necessary traveling or other expenses while engaged in the work of a board. The provisions of section 163 shall be applicable to board members appointed from private life."

SEC. 2. The second sentence of subsection 189a. of the Atomic Energy Act of 1954, as amended, is deleted and the following is inserted in lieu thereof: "The Commission shall hold a hearing after thirty days' notice and publication once in the Federal Register, on each application under section 103 or 104b. for a construction permit for a facility, and on any application under section 104c. for a construction permit for a testing facility. In cases where such a construction permit has been issued following the holding of such a hearing, the Commission may, in the absence of a request therefor by any person whose interest may be affected, issue an operating license or an amendment to a construction permit or an amendment to an operating license without a hearing, but upon thirty days' notice and publication once in the Federal Register of its intent to do so. The Commission may dispense with such thirty days' notice and publication with respect to any application for an amendment to a construction permit or an amendment to an operating license upon a determination by the Commission that the amendment involves no significant hazards consideration."

SEC. 3. Subsection 182b. of the Atomic Energy Act of 1954 is amended to read as follows:

"b. The Advisory Committee on Reactor Safeguards shall review each application under section 103 or section 104b. for a construction permit or an operating license for a facility, any application under section 104c. for a construction permit or an operating license for a testing facility, any application under section 104 a. or c. specifically referred to it by the Commission, and any application for an amendment to a construction permit or an amendment to an operating license under section 103 or 104 a., b., or c. specifically referred to it by the Commission, and shall submit a report thereon which shall be made part of the record of the application and available to the public except to the extent that security classification prevents disclosure."

SEC. 4. Subsection 11o. of the Atomic Energy Act of 1954 is amended to read as follows:

"o. The term 'nuclear incident' means any occurrence within the United States causing, within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of source, special nuclear, or byproduct material: *Provided, however,* That as the term is used in subsection 170l., it shall include any such occurrence outside of the United States: *And provided further,* That as the term is used in section 170d., it shall include any such occurrence outside the United States if such occurrence involves a facility or device owned by, and used by or under contract with, the United States."

SEC. 5. Subsection 11r. of the Atomic Energy Act of 1954 is amended to read as follows:

"r. The term 'person indemnified' means (1) with respect to a nuclear incident occurring within the United States and with respect to any nuclear incident in connection with the design, development, construction, operation, repair, maintenance, or use of the nuclear ship Savannah, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability; or (2) with respect to any other nuclear incident occurring outside the United States, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability by reason of his activities under any contract with the Commission or any project to which indemnification under the provisions of section 170d. has been extended or under any subcontract, purchase order or other agreement, of any tier, under any such contract or project."

SEC. 6. Subsection 170d. of the Atomic Energy Act of 1954 is amended by adding before the period at the end of the second sentence thereof the following proviso: ": *Provided,* That in the case of nuclear incidents occurring outside the United States, the amount of the indemnity provided by the Commission shall not exceed $100,000,000."

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"e. The aggregate liability for a single nuclear incident of persons indemnified, including the reasonable costs of investigating and settling claims and defending suits for damage, shall not exceed the sum of $500,000,000 together with the amount of financial protection required of the licensee or contractors: *Provided, however,* That with respect to any nuclear incident occurring outside of the United States to which an agreement of indemnification entered into under the provisions of subsection 170d. is applicable, such aggregate liability shall not exceed the amount of $100,000,000 together with the amount of financial protection required of the contractor. The Commission or any person indemnified may apply to the appropriate district court of the United States having venue in bankruptcy matters over the location of the nuclear incident, except that in the case of nuclear incidents occurring outside the United States, the Commission or any person indemnified may apply to the United States District Court for the District of Columbia, and upon a showing that the public liability from a single nuclear incident will probably exceed the limit of liability imposed by this section, shall be entitled to such orders as may be appropriate for enforcement of the provisions of this section, including an order limiting the liability of the persons indemnified, orders staying the payment of claims and the execution of court judgments, orders apportioning the payments to be made to claimants, orders permitting partial payments to be made before final determination of the total claims, and an order setting aside a part of the funds available for possible latent injuries not discovered until a later time."

SEC. 8. Section 261 of the Atomic Energy Act of 1954 is amended by adding thereto the following new subsections:

"c. Funds are hereby authorized to be appropriated for advance planning, construction design, and architectural services in connection with any plant or facility not otherwise authorized, and for the restoration or replacement of any plant or facility destroyed or otherwise seriously damaged, and the Commission is authorized to use available funds for such purposes.

"d. Funds hereafter authorized to be appropriated for any project to be used in connection with the development or production of special nuclear material or atomic weapons may be used to start another project not otherwise authorized if the substituted project is within the limit of cost of the project for which substitution is to be made, and the Commission certifies that—

"(1) the substituted project is essential to the common defense and security;

"(2) the substituted project is required by changes in weapon characteristics or weapon logistic operations; and

"(3) the Commission is unable to enter into a contract with any person on terms satisfactory to it to furnish from a privately owned plant or facility the product or services to be provided by the new project."

SEC. 9. Section 109 of the Atomic Energy Act of 1954 is amended by striking out the words "11p.(2) or 11v.(2)" and substituting therefor the words 11t.(2) or 11aa.(2)".

SEC. 10. Subsection 145f. of the Atomic Energy Act of 1954 is amended by striking out the comma after the word "investigation".

SEC. 11. Section 152 of the Atomic Energy Act of 1954 is amended by striking out the word "allowances" in the first paragraph thereof and substituting therefor the word "allowance".

SEC. 12. Subsection 161n. of the Atomic Energy Act of 1954 is amended by striking out the words "145e." and substituting therefor the words "145f.".

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H.R. 12336, was laid on the table.

RESIGNATION FROM A COMMITTEE

The SPEAKER pro tempore laid before the House the following resignation from a committee:

AUGUST 14, 1962.

Hon. JOHN W. MCCORMACK,
Speaker, House of Representatives.

DEAR MR. SPEAKER: I hereby resign from the Committee on the Judiciary of the House of Representatives.

Sincerely yours,

JOHN H. RAY,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

A NATIONAL LOTTERY WOULD WORK FOR THE PUBLIC GOOD

Mr. FINO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FINO. Mr. Speaker, for the past several months, I have brought to the attention of the Members of this Congress the many foreign lotteries that are bringing great financial benefits to their respective nations.

Unfortunately, we in the United States stand virtually alone among the nations of the world in our hypocrisy in refusing to establish a national lottery.

It is difficult for most of our taxpayers to understand our Government's sanctimonious attitude about gambling, especially when we are told that gambling in the United States has become a $50 billion a year business—most of which is illegal.

Mr. Speaker, a Government-run lottery in the United States, like in Puerto Rico and most of the foreign countries, would not only satisfy the American thirst to gamble but would shut off the flow of billions of dollars now siphoned off by the underworld and by foreign-run lotteries. In addition, it would produce over $10 billion a year in new revenue which could be used for needed tax relief.

In 1961, the nations of the Americas and Western Europe, together with the more advanced nations in other parts of the globe, took in gross receipts of $1,575,576,567 from their national lotteries. The total profits accruing to the governments in question came to $528,871,799.

Mr. Speaker, is it not high time that we demonstrated similar wisdom here in this country and adopted a sensible and realistic attitude about our gambling problem? Is it not time that we removed the blinders and recognized the obvious—the fact that the urge to gamble is a universal human trait and should be regulated and controlled for our own benefit? When are we going to be as smart as all of these countries and capitalize on the natural gambling spirit of the American people?

Mr. Speaker, I am happy to list the 51 countries that recognize that gambling is a fact of life and allow gambling money to work for the public good rather than against it.

Country	Gross receipts	Net income
1. Argentina	$39,401,000	$17,131,390
2. Australia	73,196,744	24,752,999
3. Austria	13,500,000	3,200,000
4. Belgium	14,980,000	4,490,000
5. Bolivia	1,000,000	400,000
6. Brazil	17,465,000	6,090,000
7. Chile	23,000,000	5,500,000
8. Colombia	12,000,000	3,000,000
9. Costa Rica	9,450,000	3,193,723
10. Cuba [1]	35,400,000	11,100,000
11. Cyprus	2,016,070	884,170
12. Czechoslovakia	54,420,000	27,210,000
13. Denmark	6,042,000	270,000
14. Dominican Republic	32,000,000	8,000,000
15. Ecuador	3,128,000	930,850
16. England [2]	20,000,000	------------
17. Finland	4,331,250	1,590,625
18. France	140,000,000	45,000,000
19. Germany	320,000,000	127,000,000
20. Ghana	1,200,000	400,000
21. Gibralter	990,900	340,317
22. Greece	15,199,271	3,455,216
23. Guatemala	2,883,580	633,523
24. Haiti	2,256,000	663,080
25. Honduras	15,000,000	2,000,000
26. Ireland	48,976,859	12,244,215
27. India [3]	35,000,000	------------
28. Italy	71,600,000	38,000,000
29. Israel	20,000,000	6,000,000
30. Japan	11,914,000	4,406,000
31. Luxembourg	1,480,000	372,000
32. Malta	1,518,358	270,262
33. Mexico	56,000,000	15,000,000
34. Netherlands	9,676,243	1,400,000
35. New Zealand	1,914,671	835,108
36. Norway	16,800,000	5,200,000
37. Panama	34,124,931	5,623,357
38. Paraguay	900,000	180,000
39. Peru	3,083,000	449,000
40. Philippines	3,200,000	1,328,000
41. Poland	52,765,833	18,019,133
42. Portugal	30,492,385	7,089,144
43. Puerto Rico	52,650,000	10,497,355
44. Spain	98,509,867	27,774,343
45. Sweden	55,680,000	31,137,097
46. Switzerland	6,236,346	2,092,506
47. Thailand	34,285,700	13,714,300
48. Turkey	8,100,000	3,400,000
49. Uruguay	14,363,329	4,842,589
50. Venezuela	49,000,000	19,000,000
51. Yugoslavia	8,445,230	2,761,497
Total	1,575,576,567	528,871,799

[1] 1961 figures unavailable. Last year's figures used.

[2] Premium bond lottery used.

[3] Bond lottery used.

SENATE WHEAT CHANGES MAKE BAD FARM BILL STILL WORSE

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Speaker, the multiple-price wheat amendment tacked on the farm bill now before the Senate would create new problems for Illinois farmers and leave old problems unsolved. I hope the Senate will reject the bill. No farm bill at all this year is far better than the one the Senate is now considering.

The Senate proposal would provide each eligible wheat producer with a marketing certificate for a specific number of bushels and an acreage allotment. He could raise all the wheat possible on the assigned acreage. Wheat produced in excess of the bushels specified in the certificate could be sold, used for feed or turned over to the Government under a price-support program for noncertificate wheat.

I voted against this farm bill when it was before the House because it provides a continuation of expensive programs that are not solving the farm surplus problem. The wheat section changes adopted by the Senate committee make the bill even worse.

Farmers from Illinois have always opposed the multiple-price wheat approach, and this feeling is intensified today because this new proposal is the worst version yet. It is bad for the farmers in Illinois, bad for wheatgrowers across the Nation, and certainly bad for the consumers and taxpayers.

In my judgment, it would have these bad consequences:

It would perpetuate a shortage of quality wheat and an oversupply of unwanted kinds. It proposes to cut back all farmers the same amount, whether the wheat they produce is in short supply or spilling out of Government bins.

Certificates would be issued on a pro rata basis, and the result would be inefficiency and high costs all the way from the producer to the consumer.

All export wheat, including Public Law 480 and other giveaway wheat could be put in the primary market along with domestic food wheat. Secretary Freeman has estimated this would mean spending $430 million for export subsidies in the 1963 crop year in addition to about $600 million under Public Law 480 agreements. This would be a rough deal for U.S. taxpayers.

It would lead to dumping feed wheat in the already glutted feed grain market, and complicate problems for feed grain farmers. Government price rigging would guarantee a high price for all domestic food wheat and all export wheat—including giveaway wheat—and a feed price for all the surplus. Supports for noncertificate wheat would be high enough to invite many farmers to keep boosting per-acre yields. Feed grain farmers are willing to compete with wheatgrowers when the rulebooks are the same, but never on this unfair basis.

It would give vast discretionary authority to the Secretary of Agriculture. If you do not believe this, read the original bill carefully and count the number of important areas where the Secretary is granted almost unlimited power. No industry as important as wheat should be at the mercy of a Government official.

It would cause ill will among our customers abroad. The heavily subsidized export of wheat provided in this bill would have bad repercussions among countries such as Canada and Australia on whom we depend for trade. It would certainly work against the administration's commendable efforts to safeguard trade relations with the Common Market.

It would create a new bread tax. In effect, the cost of the wheat certificates bought by processors would be a tax on wheat earmarked for human use. Wheat for hogs would not be so taxed.

Bootlegging would be on its way back, not in bottles and jugs but in sacks and bulk. Whenever the opportunity for a quick buck is available, you will always find some takers. To show that the proponents themselves foresee this problem, take a look at the penalty provisions.

This latest innovation makes clear as never before that the 87th Congress will not come up with a sensible farm bill. Rather than pass a clobbered-up contraption, let us pass no bill at all. Perhaps the 88th Congress will be better constituted to meet the problem.

STRIKES AT MISSILE BASES HINDER U.S. SPACE PROGRAM

Mr. SIKES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, the Russians have made their greatest achievement in space to date. The world is very greatly impressed. Russian prestige is benefiting materially. While this is taking place, we in the United States must look upon the spectacle of a strike at Huntsville which will slow down much of our space effort. Time after time this has happened to us. Multiple strikes at Canaveral during the period of its greatest expansion and preparation for space exploration were a black mark upon America's space efforts at a most critical time.

It is time to deal decisively with such tactics. The Government should not baby labor leaders who are willing to jeopardize the Nation's safety in this fashion. If additional legislation is needed to stop strikes in the space and other essential defense projects, it should have administration support and be forthcoming before this Congress goes home.

While the United States has made a far greater scientific contribution in space studies, we have been unable to match the Russians in spectacular space achievements. We may as well face the fact that the gap is widening rather than diminishing. Sputnik I was launched in October 1957. The United States put its first satellite in orbit in January 1958. We were then 4 months behind. The first manned orbital flight was made by the Russians in 1961. It was 10 months later that the United States succeeded in orbiting John Glenn. In August 1961 the Russians demonstrated their capability to keep man in orbit for a full 24-hour period. This is a feat which the United States has not yet accomplished. Now, the Russians have accomplished an amazing joint mission which we may not duplicate for another 2 years. It is disturbing at the least that the Russians are widening their lead in space achievements. It should stimulate a more determined effort from every quarter in this country. We cannot afford business as usual in the space effort.

VIEWS WITH REGARD TO FINANCING OF THE UNITED NATIONS DEFICIT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Washington [Mr. PELLY] is recognized for 30 minutes.

Mr. PELLY. Mr. Speaker, I addressed the House on July 31, 1962, stating my view that the best interest of the United Nations and of world peace lay in the defeat of the proposed purchase of United Nations bonds. The United States, I said, should insist that the United Nations finance its operations by a special assessment to all members rather than by a voluntary bond subscription. My position was based on the International Court's recent decision that all members were obligated for the costs involved in so-called peacekeeping operations in the Congo and the Gaza Strip.

Since that speech, Mr. Speaker, the House Committee on Foreign Affairs, after a hearing, has reported S. 2768 with amendments to authorize a loan to the United Nations. My purpose today is to discuss this legislative proposal in line with the House committee's recommendations.

As I read the committee's report on S. 2768 the major amendments would improve the bill. The new section which is added, in effect, recapitulates the World Court decision and says thereby is provided a sound basis for obtaining prompt payment of assessments for expenditures by making them obligations of all members of the United Nations. The House bill carries a $25 million reduction as against the Senate bill in the authorized amount of the loan which could be made to the United Nations, and says furthermore the proceeds of the loan shall not be used to relieve United Nations members of their arrearages or reductions in assessments.

The question which I raise today has to do with the net effect of these changes and whether under an improved House bill the Congress should authorize the loan to the United Nations.

Mr. Speaker, as I stated on a previous occasion, I do not favor the United States advancing funds which constitute a contribution and are voluntary in nature to its members. I prefer and hold it essential that regular or special assessments to cure the United Nations deficit and its future costs be immediately voted by the United Nations on all its members. I believe the United States should pay and I would vote for such an appropriation for our share amounting to about 32 percent of the total of such assessment. But by voting to authorize a loan as provided by S. 2768 we would relieve the U.S.S.R. and other members from any immediate delinquency on account of these costs regardless of the wording of the bill. Therefore, the issue of losing their voice and votes in the United Nations General Assembly would be bypassed and put off into the distant future.

Mr. Speaker, I have taken this position realizing the value and potentiality of the functions of the United Nations. As a world forum it has no doubt served a good purpose. At times as an instrument of peace it has likewise justified many times its cost. The original objectives of the United Nations are meritorious and I would not wish by failure to support S. 2768 and its loan proposal to do what some fear—to wreck the United Nations. Rejection of this loan authority legislation would do no such thing.

Mr. Speaker, recently I heard this important fact affirmed by a member of the Committee on Foreign Affairs, by our well-informed and respected colleague, the gentleman from Indiana [Mr. ADAIR]. As I understood the gentleman he stated what I have said; namely, that failure to authorize a loan to the United Nations would not wreck the United Nations. Would the gentleman from Indiana [Mr. ADAIR] care to reaffirm that assertion?

Mr. ADAIR. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield.

Mr. ADAIR. The gentleman is certainly correct, in my opinion. Based upon the evidence which was presented to the Committee on Foreign Affairs, I find no reason for believing that failure to pass S. 2768 would endanger the continued proper operations of the United Nations.

Mr. PELLY. Mr. Speaker, I would like also to inquire of the gentleman from Indiana his opinion as to whether or not passage of S. 2768 would solve the financial problem of the United Nations, or just postpone, as I believe, the so-called crisis until next January.

Mr. ADAIR. If the gentleman will yield, I would be glad to say that he is correct in his assumption that we would only be postponing the day when we are sometime going to have to meet the question of proper financing for the United Nations. The evidence is that even if this money is made available, by the beginning of next year or shortly thereafter it would be exhausted; and so the United Nations would find itself in exactly the situation in which it now is. I say, therefore, that if the question of U.N. financing is to be confronted it ought not to be on any temporary basis, but it should be met squarely and a decision reached.

Mr. PELLY. Mr. Speaker, I have another question for the gentleman. The United States has been making payments in the form of voluntary contributions from foreign aid money. I understand we have paid 47.7 percent of the cost of U.N. military operations in the Congo—a total of $114 million. In addition we have contributed $98 million in economic assistance for the Congo through the United Nations. My question is, Did not our voluntary contributions cover to a large extent and reduce substantially the assessments to other members? Did, in effect, we not pay up to 80 percent of the assessments, for example, of Communist Cuba, Communist Yugoslavia, and Communist Bulgaria? Also of Communist Albania and of Communist Poland?

Mr. ADAIR. I am sorry to say I have to agree with the gentleman that his statement is correct. I am not sorry it is correct, I agree with his statement, but I am sorry that we find that our voluntary contributions have made possible the limiting of contributions by many nations in the world, including Communist-dominated states, to which the gentleman from Washington makes reference. The evidence as to this fact was one of the most shocking things which appeared before the Committee on

Foreign Affairs in the course of these hearings.

Mr. PELLY. Mr. Speaker, the mission of the United Nations in the Congo was to secure and keep the peace and eliminate mercenaries from Congo affairs. Now, it seems to me, our contributions are allowing the United Nations to go beyond this. In fact, I would say our State Department is really using the United Nations to try to nullify Katanga's secession from the central government. Actually is this an international dispute? A resolution of the United Nations dated August 9, 1960, as I understand, affirmed that its military force would not be used to influence the outcome of any internal conflict. So I ask the gentleman from Indiana, if he cares to comment, is the loan for a legitimate and legal operation?

Mr. ADAIR. In my opinion, it is not. If one will read the opening passages of the United Nations Charter, he will get the impression that in the matter of keeping peace that organization is expected to operate only where international questions are involved. By the definition of the United Nations itself, this situation in the Congo is not international because the U.N. says Katanga is a province under the control of the central government. Accepting that point of view, then there certainly is not an international dispute but rather a domestic dispute, one in which the United Nations, as the gentleman suggests, certainly should not take a part and certainly we should not finance such a large proportion of the expenses of that military operation.

Mr. PELLY. Mr. Speaker, I do not find language in S. 2768 that would terminate further loans or bond purchases. The bill does little more than express the pious sense of Congress in favor of the United Nations financing itself in the future in such a way as to avoid future deficits. More loans such as this bond issue could well be a part of such financing. Actually, it seems to me, more stopgap measures such as this one are invited by S. 2768. Would the gentleman from Indiana [Mr. ADAIR] agree with me, Mr. Speaker, that this legislation would constitute a bad precedent?

Mr. ADAIR. It certainly would, and I may say to the gentleman from Washington that I think we are inviting further invitations for this country to bear an unduly heavy proportion of such United Nations expenses.

One of the witnesses appearing before our committee used the phrase that the gentleman used, "stopgap legislation." If this is stopgap legislation, then it is not going to do the thing which many of its proponents hope, and that is to establish a financing of the United Nations on a permanent, proper, and fair basis.

Mr. PELLY. Mr. Speaker, this plan of loaning the American taxpayers' money to the United Nations, as I see it, solves nothing but would be only a temporary postponement of the basic need to resolve the problem. As previously stated by me, the delay in facing up to the financial crisis of the United Nations instead of assessing immediately all United Nations members to make up the deficit, could well doom the United Nations and defeat its objectives as an instrument of peace.

One more question, Mr. Speaker:

I ask this: If all members of the United Nations, the 70 delinquent ones, including the Soviet Union, if their delinquencies were paid would there be any deficit in the United Nations today either for regular cost or for the Congo and such expenses?

Mr. ADAIR. Mr. Speaker, if the gentleman will yield further, the evidence upon that point is very clear. The question was put bluntly to Secretary Cleveland and his reply was that if the various nations of the world had paid their assessments, this question would not be before us today. In my opinion the gentleman is pointing out a most important fact. So long as this country is willing to bear the lion's share of the cost, or at least a very greatly disproportionate share of those costs, I am quite certain that many other countries of the world will be content to permit it to do so.

Mr. Speaker, I would like at this point to say that I think the gentleman from Washington [Mr. PELLY] is performing a very real service in bringing these matters to the attention of the House in advance of the general debate upon this subject. I hope that the gentleman's remarks are widely read and studied, because they do point out some of the very important questions which are inherent in this proposed legislation.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I am glad to yield to the gentleman from Iowa.

Mr. KYL. I wonder if either the gentleman from Washington or the gentleman from Indiana [Mr. ADAIR] could tell us specifically how great an extra contribution the United States has made toward these special funds, either in replacing the funds on which other nations have become delinquent or regular special assessments toward the United Nations?

Mr. PELLY. Mr. Speaker, I would be happy to yield to the gentleman from Indiana in order for the gentleman to respond to that question.

Mr. ADAIR. If the gentleman will yield, I would say to the gentleman from Iowa that in the matter of these voluntary contributions in the period of approximately 2 years since the Congo became independent we have contributed something more than $30 million. This is in addition to our regular contributions and in addition to certain other items to which we have made contributions.

Mr. PELLY. Mr. Speaker, the gentleman from Indiana [Mr. ADAIR] has confirmed my belief that the best interests of peace in the world are not served by this legislation to authorize a loan to the United Nations. More than ever, I feel that those who support its objectives and desire it to become an effective instrument for international peace and freedom should oppose this legislation when it comes up for consideration here in the House as I intend to oppose it.

Mr. Speaker, the gentleman from Indiana [Mr. ADAIR] has affirmed my statement that failure of the United States to loan money to the United Nations will not wreck it. Secretary of State Rusk himself has denied that the survival of the United Nations or its special operations depends on our providing the money. On February 7, 1962, the New York Times quoted Secretary Rusk as denying that if Congress failed to approve the bond purchase plan the United Nations would have to pull out of the Middle East or the Congo. He said an alternative would undoubtedly be found. I think that alternative should be an assessment binding on all members.

One's position on S. 2768 is not a question of being for or against the existence of the United Nations. Rather, since the World Court decision the issue of S. 2768, as I view it, is one of being for or against immediate action by the United Nations to put its own financial house in order, and at the same time of being for or against a test of whether the Soviet Union, France, the Arab States, and few others who have refused to pay their share of peace operations can continue to get away with it and not lose their vote. This whole question is one of being for or against postponing a solution or facing up to it now.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Iowa.

Mr. GROSS. I would like to observe that this whole business of a loan of American taxpayers' money to the United Nations with the expectation that the money will ever be repaid is as phony as a three-dollar bill. It will never be repaid, and we ought to start from that premise.

Mr. PELLY. I would say to the gentleman from Iowa that I feel if we are going to spend any money in supporting the United Nations it should come the proper way, through an appropriation, which is the constitutional way of withdrawing money from the Treasury, as the gentleman knows.

Mr. GROSS. Certainly, if we are going to assume the obligations of the United Nations deadbeats. There is nothing startling about the information that came to the Committee on Foreign Affairs recently as to the matter of voluntary contributions and special assessments—call them whatever you wish. That information was made available on the House floor a year ago by the gentleman from Ohio [Mr. BOW], who ascertained what is taking place in hearings before the Subcommittee on Appropriations of which he is a member. The House has been on notice as to what this Government was doing for more than a year.

Mr. ADAIR. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Indiana.

Mr. ADAIR. In respect to that I would say that there are some matters about these voluntary contributions which are startling. First, the fact that it has continued this long. And secondly, the magnitude of these contributions. The gentleman is correct in saying that the fact that certain contributions have been made was divulged heretofore to some Members, but the size and importance of the contributions was not made clear to all Members.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Iowa.

Mr. GROSS. Yes, but I do not know—and I do not care to argue about this—I do not know why we should be startled by the magnitude of this operation. This is part and parcel of the whole business of giving away the resources of the taxpayers of this country; dishing out our dollars to every nook and corner of the world. It is part of the whole program of trying to give this country away to the foreigners.

Mr. PELLY. Mr. Speaker, I have a feeling that the taxpayers' money can never be properly spent unless there is a proper justification by an agency to Congress of all details and a regular annual review of all details by the Committee on Appropriations. For that reason alone I do not like this idea of just authorizing the President to make loans.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield.

Mr. GROSS. Another fraudulent feature of this proposal is the argument that if this country subscribes so much for a bond issue the other countries will match our dollars. I say this is fraudulent because the State Department has already assured the British that if they put in $12 million we will find a means of reimbursing them for the $12 million. If this is the way they are going to put money in as their share of this loan or bond issue, whatever it may be, we are actually putting up the money not only as the subscription of the United States, but the other subscriptions as well. And I see signs already of reimbursement because only a few days ago this Government dished out $7 million in economic aid to Jamaica, a British colony until a few days ago. Why in the world are we putting out $7 million in Jamaica? Why do not the British take care of their own possessions?

Mr. PELLY. I thank the gentleman for his contribution.

Mr. Speaker, I would like to conclude by saying that I have had some misgivings about the United Nations and its effectiveness in the past and with regard to its potentiality in the future. As long as the United Nations procrastinates in facing up to basic issues, such doubts of mine are going to continue. It is time for a test. The survival of the United Nations is not the issue here. The vital question is whether the membership of the General Assembly of the United Nations will carry out the charter regarding voting rights of nations in arrears.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield to the gentleman.

Mr. GROSS. The question is whether the rest of the countries in the United Nations are going to assume their responsibilities. That is the question. And if they cannot assume their responsibilities in the matter of paying assessments that are levied upon them under the Charter of the United Nations then this organization is doomed to fail. I think President Hoover hit the nail on the head the other day when he said, in effect, that it has failed.

Mr. PELLY. I will say to the gentleman that basically I think the charter provides that nations who are delinquent will lose their voting rights. My objective is to establish whether the charter will be lived up to in that respect. S. 2768 in my opinion should be defeated, or, as I see it, the United Nations is doomed as an effective international instrument of peace.

Mr. GROSS. If the Russians refuse to pay their share of the support of the United Nations in all its ramifications there is no way I know of under the United Nations Charter by which they can be eliminated from the Security Council, nor can any other permanent member of the Security Council be eliminated by reason of failure to pay their assessments.

Mr. PELLY. I think that in the General Assembly of the United Nations it is time to find out whether its members are going to live up to the charter and see that those nations who are delinquent are not permitted to vote. That is the test I would like to bring to a head now and not 25 years from now or some time in the future.

Mr. GROSS. I thoroughly agree with the gentleman and commend him for taking this time to call the attention of the House to this matter.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Iowa.

Mr. KYL. The gentleman from Indiana has pointed out that we voluntarily contributed $30 million in special assessments. If the procedure for paying that $30 million was legitimate and proper, then there would be no need for this proposed legislation which is coming before the House. On the other hand, if it was not in order, if it was not proper, then this legislation seems to give a little respectability to a practice which should not be approved.

Mr. PELLY. I would disagree to this extent, that I think the U.S. contributions to the U.N. were perfectly legal and proper. I realize that in order to get funds to continue these peacekeeping operations, especially in the Congo, the United Nations has had to borrow funds and use various devices in order to keep going. I should like to see the issue of its putting its financial house in order faced now, not next January.

Mr. KYL. From what funds were these accounts taken?

Mr. PELLY. As I understand, there were certain trust funds that were borrowed, but I yield to the gentleman from Indiana, who, I think, has the full details on that.

Mr. ADAIR. If the gentleman is speaking about the voluntary contributions, they were made for this year from chapter III funds in the Foreign Aid Act, that is, funds for International Organizations; previously they had come from the contingency fund.

Mr. PELLY. It was perfectly proper, as I understand, to utilize those funds in that way. I would only object to the fact that our voluntary contributions have helped out a lot of other nations including those that are dominated by and are a part of the Communist international bloc. I do not like that. Nevertheless, I think it was legal.

Mr. Speaker, in conclusion I would simply sum up by saying I am forced to take a position in opposition to legislation to authorize a loan to the United Nations. I do so on the basis of the fact that it would not wreck that institution, that on the contrary, by making such a loan, it would just put off the day when the United Nations is going to have to face up to the issue of its permanent financing. I should like to see this done now.

I should like to bring closer the day when those nations who are delinquent, and deliberately so, in the United Nations, lose their vote in the General Assembly.

Mr. Speaker, S. 2768 should be defeated or, as I see it, the United Nations is doomed and the cause of peace in the world will suffer.

EQUAL TREATMENT FOR U.S. TEXTILES

The SPEAKER pro tempore (Mr. ALBERT). Under previous order of the House, the gentleman from North Carolina [Mr. ALEXANDER] is recognized for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, fairplay demands equal treatment for U.S. textiles. I am deeply concerned at the differential between the price American mills have to pay for cotton and the price at which it is sold to foreign manufacturers. Under existing regulations foreign mills such as those in Japan and Hong Kong can purchase cotton about $42.50 per bale under what it costs the American manufacturers.

It is manifestly unfair to U.S. mills to allow our competitors to build up their exports to the United States on the basis of a cost advantage of $42.50 a bale, established by action of the U.S. Government. This disadvantage is brought about due to the policies of our Government which support the price of cotton and at the same time sell it on the world market for 8½ cents per pound less than it is sold to our own domestic manufacturers.

Three points of the President's May 2, 1961, seven-point textile assistance program relate directly to providing relief to the domestic industry from the influx of foreign textiles. One deals with international arrangements among the principal cotton textile producing countries designed to produce orderly trading. Two such arrangements have been negotiated: First, a Japanese bilateral arrangement to run for the calendar year 1962; and second, a multilateral arrangement running from October 1, 1961, to September 30, 1962. Both of these arrangements have been in operation since their effective dates. A third—a 19-nation, 5-year arrangement to run from the expiration of the short-term arrangements on September 30, 1962, to September 30, 1967, has been negotiated but not ratified by the signatory nations.

The other two points suggest relief by administrative and executive action. Under these the industry instituted an action under the national security provision of the Trade Agreements Act before the Office of Emergency Planning. The public record was closed in this case on October 15, 1961. No decision has been rendered to date. On November 13, 1961, an action was instituted under section 22 of the Agricultural Adjustment Act which was requested by President Kennedy. Hearings were had and the record was closed in this case March 26, 1962. To date no decision has been rendered in this case which is the case known as the equalization fee or the import fee needed to offset the 8½-cent unfair competitive advantage given to foreign mills by the U.S. cotton policy.

Mr. Speaker, it is imperative that favorable action be taken by the Tariff Commission immediately. It is important because, under the agreements already entered into, the imports have been steadily rising and no stern action has been taken by the administration. For example, the status of enforcement of Japanese bilateral cotton textile arrangement shows that this arrangement permits Japan to ship up to 275 million square yards of cotton textiles into the United States in 1962. These shipments were to be relatively evenly distributed throughout the 12-month period.

The Department of Commerce figures for the first 6 months of this arrangement reveal that the Japanese have shipped 185,300,000 square yards to the United States. This represents 67 percent of the allowable total; hence, as of June 30, Japan had exceeded its 50 percent pro rata quota by one-third or 47,800,000 square yards.

The status of enforcement of multilateral cotton textile arrangement is as follows: This arrangement did not have specifically set forth in it a ceiling as does the Japanese arrangement. The President and his representatives, however, stated quite clearly and frequently, that the imports under this arrangement were to be held at or about the limit admitted into the United States during fiscal 1961, by country and by category. This amounted to 567 million square yards, exclusive of the amount admitted under the then existent 5-year Japanese bilateral arrangement. So, in fact, 567 million square yards was to be the approximate ceiling in the multilateral 1-year arrangement just as binding as the 275 million square yard ceiling was in the 1-year Japanese bilateral arrangement.

Briefly, the record of performance for the short-term arrangement for the first 9 months—October 1, 1961, through June 30, 1962—is as follows:

First. Imports from all countries totaled 572 million square yards.

Second. This total represents 101 percent of the fiscal 1961 base.

Third. The fiscal 1961 base is 567 million square yards. The pro rata 9 months' import total should not exceed 425 million square yards.

Fourth. The actual 9 months import total of 572 million square yards is 147 million square yards above the 75 percent pro rata of the fiscal 1961 base.

Fifth. Imports in 27 out of 64 categories are now, after 9 months, already above 100 percent of their annual base.

The President stated in a letter to the gentleman from Georgia, Congressman VINSON, on June 27, 1962:

> I am requesting the Departments of Agriculture, Commerce, Labor, State and Treasury, which are represented on the Interagency Textile Administration Committee, to take such measures as may be necessary to limit imports of cotton textile products during the remainder of the short-term agreement to the desired level.
>
> Similarly, it is our intention to use the terms of the long-term agreement in such a way as to limit imports of cotton textile products during its life to a level designed so that the ratio of imports to consumption would be approximately that of fiscal year 1961, adjusted to such mandatory increases as are provided by the arrangement. To prevent hardship to any one sector of the industry, the levels of imports in each category will be held as closely as possible to the same desired level.
>
> It is my intention that these agreements, together with such other powers as are available to the executive department, be implemented and exercised in such a way as to prevent any further deterioration in the relationship between imports and domestic consumption.

It is, therefore, necessary and imperative that favorable action be taken immediately by the Tariff Commission because so long as the U.S. mills pay one-third more for their cotton than oversea operators the huge windfall profits on cotton textile sales to the United States will continue to build up pressure overseas for larger exports to the United States.

Thus, effective enforcement of the short-term cotton textile arrangement is made more difficult and, as the figures above show, is not being carried out.

The administration has promised that if the 5-year multilateral arrangement is ratified and becomes effective that the mandatory growth factor provided for in the arrangement will be interpreted and applied to mean that imports will be limited to an increase above the 567 million square yards fiscal 1961 base to not more than 6 percent of the total domestic consumption by the termination date of the arrangement—September 30, 1967. Actually the figures are now running much higher than 6 percent already.

I am getting reports of cutbacks of workweeks in the textile industry and there is a warning of more to come if something is not done to protect American mills against foreign imports.

The President has called for action. The State Department is dragging its feet and in my opinion is advising against a favorable decision by the Tariff Commission.

It is high time that the State Department quits dragging its feet and starts working for the best interest of the American workers. In my book, it is not asking too much to ask our own representatives in the State Department to work for the jobs of the American people instead of what they believe to be the good will and friendship of some of our allies.

I have just seen in the Daily News Record of August 13, 1962, headlines on the front page: "Two More Cotton Producers Take Steps To Curtail Output."

Other large mills throughout the country state:

> Curtailment is imminent. Unless the flood of imports is stopped soon, we are all going to have to take drastic measures.

I think it is time that the Tariff Commission takes favorable action on the import fee case and that the textile industry be declared essential to our national security. If these actions are taken immediately and carried out, it will be a step in the right direction to protect the jobs of the American textile workers.

The situation is rapidly becoming critical. Something must be done or our textile industry will have been done irreparable damage and we will have tremendously increased unemployment.

FOOD STAMP PLAN

Mr. MOORE. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. MOORE. Mr. Speaker, I was not present yesterday at the time my colleague, the gentleman from the Third District of West Virginia [Mr. BAILEY], addressed the House with respect to the food stamp plan and the stories relating to the same that were widely circulated in the State of West Virginia.

First, I think it should be said in response to those remarks that I made no release with respect to this matter and that the only stories released by AP and UP were those telling of the remarks of the gentleman from Missouri, Mr. DURWARD HALL. Therefore, the observations of the gentleman from the Third District were completely in error in indicating that I was responsible for the distribution of this story.

However, I also think it should be said that my name and district were mentioned by the gentleman from Missouri, Congressman HALL, at his news conference, also it so happens I do have a county in my district that is eligible and meets the criteria for participation in the food stamp plan. Perhaps the gentleman from the Third District is not aware of this. Furthermore, there are several counties which have been added to my district, effective January 1, 1963, presently represented by the gentleman of the Third District, that are eligible and meet the criteria for participation in the food stamp plan. Why he has not been able to have these counties included I am unable to say.

It is obvious in the remarks by the gentleman from the Third District of West Virginia that he knows little about the geography and economy of the First Congressional District. It is a well-known fact that while in certain areas we have our economic difficulties, by and large, it is the part of the State of West Virginia that is on the move. I should emphasize that the Panhandle area, which was loosely referred to by the gentleman of the Third District, consists of four counties, two of which are not eligible for participation in the programs of the Area Redevelopment Administration because they are not areas of persistent and substantial unemployment. If the administration were so inclined the gentleman from the Third District knows well that there are several counties in my district as well as his district that could qualify and would prefer participation in the food stamp plan.

WHO PAYS FOR WHAT?

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, I have just been reading the New York Herald Tribune of this date. I find therein the following:

> Attorney General Robert F. Kennedy and his vacation party have struck camp on the Elwha River in Olympic National Park in Washington State—and things now are said to be almost back to normal in the Government-owned Northwest wilderness country.
>
> But reports from Seattle yesterday were that the President's brother had left a couple of reminders.
>
> One is a well-manicured trail to the campsite. Prior to the Kennedys' arrival, the National Park Service cut the low-hanging branches from every inch of the 11.5-mile trail so the mounted party would have an easy trip, according to the Seattle Times.

Then the New York Herald Tribune goes on to state:

> A special radio communication network had been set up with a park ranger on continuous alert to relay vital messages from Washington to the official roughing it in the wilderness.

The Seattle Times said:

> The Park Service took 4 or 5 days to properly set up the campsite. Thirty packhorses were needed to bring in more than 2 tons of gear.

It also notes that among the uniformed forest rangers accompanying the Kennedys there is an individual described as an "official photographer."

Mr. Speaker, I think the Congress, and the taxpayers of this country are entitled to know who is paying for what in this expensive Robert Kennedy and family vacation trip to the Northwest. The public is entitled to know, down to the last dollar, who is paying the bill for all of this.

ADMINISTRATION'S ANNOUNCED $2 BILLION ACCELERATED HIGHWAY PROGRAM MEETS UNEMPLOYMENT PROBLEMS; PROVES ACCELERATED PUBLIC WORKS $900 MILLION PORK BARREL BILL IS POLITICAL BOONDOGGLE THAT IS UNWISE AND UNNEEDED

Mr. CRAMER. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes, to revise and extend my remarks, and to include tables.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. CRAMER. Mr. Speaker, I noted with a great deal of interest the announcement today by Mr. Rex Whitten, Highway Administrator, to the effect that the administration was making available for obligational purposes—that means for contract purposes—immediately for highways throughout the United States—listen to this figure—$1,994,104,000 of additional obligational authority to the States throughout this Nation as an acceleration highway program. At the same time he issued a set of figures indicating the amounts by States of additional money that will be made available to the States for highway construction immediately.

Let·us examine some of those figures, and I think this is important because I am sure Members of the House know that the administration at the same time is proposing a political pork barrel, leaf-raking $900 million of authority for the President to provide Federal matching grants up to 50 percent for all types of public work programs not previously made available for grant funds in the past, including such items as ski slides, swimming pools, golf courses, and injecting Federal intervention further into local public works programs, on an unprecedented basis, pork barrel preelection programs to an extent never before conceived and in local public works activities never before under Federal grant programs.

This more sound approach of making available presently available, and unallocated or unused funds as amended relating to highways today is $2 billion. This is over twice the amount of $900 million preelection pork barrel Presidential handout proposal known as the public works acceleration bill.

This is more than twice as much money and the administration has had it available for some time in the trust fund for spending and will do more, in my opinion, to help unemployment and can be made available to unemployment areas, can do more for unemployment than the entire $900 million pork barrel, grab bag proposal of the administration.

I call upon the administration to do the same thing in other public works programs where funds are available if the President determines that unemployment exists in particular areas and works acceleration is needed. I am glad to see this accelerated highway program rather than the program of public works, leaf-raking, preelection boondoggle proposed to be made available to the President to be used as he sees fit, where he sees fit, on projects he designates by this $900 million acceleration bill. This highway acceleration, spending available trust funds, on sound programs is the way to help employment, assuming employment pump-priming is needed in certain places. Let us see how much this means to the States.

It was proven under the previous acceleration program of 1958 to help employment that the $400 million made available by the Congress in the specific area of highways, a proven program tooled up to be accelerated, resulted in additional employment; that that was one program of acceleration that got results. So this administration now is making available $1,994,104,000. That means more money for every State in the Union to help unemployment if needed for that purpose—but it is noteworthy that this accelleration was not proposed to be used in unemployment areas although it would have been a simple thing to suggest this to the States. Is the administration afraid to make such a suggestion—for fear of killing off the $900 million pork-barrel proposal?

It looks mighty suspicious to me—and leads me to ask, Is the Kennedy administration really interested in unemployment depressed areas when no mention of the use of this $2 billion in those areas is made?

Let us look at some of the figures. Some of them are amazing. Let us take Virginia, $80,420,000 more is made immediately available for obligational authority. That is added to the quarterly approved authority already made available as of June 14, 1962, of $28,494,000, meaning that the State of Virginia has $108,914,000 for highway construction. That is this quarter. Add to that three remaining quarterly allocations of $26,103,000, the total for this year for Virginia is $187,224,000.

If we want to help unemployment, that is the way to do it if you are going to do it at all. This makes more sense than the political pork-barrel acceleration bill appproach.

Let us take Pennsylvania, an acknowledged unemployment State in a number of areas. Here is what Pennsylvania will receive. This order makes available now $149,149,000 more immediately for highway construction. This means interstate, primary, secondary, rural, and urban. This means $149 million more above the $49,725,000 already available, or a total of $198,874,000 this quarter, and the total for the year of $325 million for Pennsylvania. This $149 million is almost twice the maximum amount of $90 million that could be made available to Pennsylvania under the 10-percent-per-State limitation in the $900 million acceleration pork-barrel bill.

So the State of Pennsylvania is getting immediate relief in a proven program, with funds already in the trust fund, under a program already authorized by Congress on a sound basis—and nearly twice as much as would be possibly available under the much heralded antiunemployment public works acceleration bill proposed as a "must" bill to end unemployment in critical areas—which it will not do. That is the way to beat the unemployment problem, not giving the President unlimited authority for leaf-raking, pork-barrel activities, and election handouts to be designated solely by him, and doing away with all the standards for public works provided by the Congress.

Let us look at West Virginia. $4,991,000 more this quarter, in addition to the $13,998,000 that would be otherwise available, making a total of $59 million immediately available for obligational authority. The three remaining quarterly amounts made for the balance of the year is $12,937,000 each. The total available to West Virginia this year for highway construction, then, is a new high figure, as is the case in all the States, of $94,801,000.

Let us take the State of New York: $64 million more, bringing its total for the year to $251 million. This is the way to meet the unemployment problem. This is the program that the Republicans proposed rather than the pork-barrel approach, the preelection campaign, leaf-raking, swimming pool, golf course programs proposed by the New Frontier. This pork-barrel proposal is being pushed at the same time the administration says a tax cut is not needed. Yet it wants to spend $900 million over and above the presently available and even proposed budget funds to further unbalance the budget at the same time they are saying unemployment is not bad enough to require a tax reduction. How asinine can one get?

I am glad to see the administration taking the action recommended by the Republicans all along with regard to accelerated public works programs under present authorizations and proven programs with money already available to meet unemployment problems by announcing the additional release of nearly $2 billion in roadbuilding funds as announced by Rex Whitton, Federal Highway Administrator today.

This action should have been taken a long time ago if the administration really had a desire to do something about unemployment, and this amount in this one program alone amounts to over twice the money under the pork-barrel public works acceleration program of $900 million, and it is in a program proven of value that can be accelerated without waste or pork barreling.

This means to Florida $12,412,000 additional funds for immediate obligation and contracting and should pick up some of the slack in unemployment there as in other States—if the State authorities desire to direct such construction into areas where unemployment exists.

Incidentally, this means in the State of Florida that the $12,412,000——

The SPEAKER pro tempore. The time of the gentleman from Florida has expired.

Mr. CRAMER. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. CRAMER. Mr. Speaker, this means in Florida that in addition to the $18,292,000 available for this quarter, bringing the quarterly amount for contractual obligation up to $30,704,000, when added to the $19,648,000 available quarterly for the balance of the year, it brings the total in the State of Florida to a historical high from a Federal participation standpoint for all highway construction, to $89,648,000 for fiscal 1963.

Mr. Speaker, I urge the administration to accelerate other public works programs that have already been authorized and funded and proven programs to meet unemployment problems and to abandon the leaf-raking and pork-barrel program known as the public works acceleration bill that starts new federally funded programs on a political, boondoggle basis.

There are other authorizations unused in programs already legislated and in effect that could likewise be used much more effectively to increase employment—although admittedly not giving the President as much pork to hand out on a political, preelection basis as the acceleration bill.

Mr. Speaker, I have a list here of some of the programs that could be accelerated on a similar basis as this highway program is being done. We have the Veterans' Administration direct loans unobligated—and listen to this—direct loans for "Veterans' Administration housing" $500 million available and funded; "Community Facilities Administration," $451.5 million; "Urban renewal," $1,193 billion; the "Maritime Administration for shipbuilding," $64 million; "Area redevelopment for public facilities grants and loans," $66 million; the "Farmers Home Administration housing loan program," $334 million. I enclose the following table to further illustrate the situation:

Current status of obligations of funds reported in minority views on H.R. 10113, on p. 44 of the committee report

[In millions]

	Authorizations available for obligation during fiscal years 1962–63	Amounts obligated, based upon latest information available, July 24, 1962	Unobligated balance
Veterans' Administration, direct loans	[1] $700	[2] $200.0	[2] $500.0
Community Facilities Administration, public facility loans	[3] 650	[3] 198.5	451.5
Urban renewal	2,000	802.0	[4] 1,198.0
Maritime Administration, for shipbuilding	153	89.0	64.0
Area Redevelopment Administration, public facility grants and loans	90	24.0	66.0
Farmers Home Administration, housing loan program	430	96.0	[5] 334.0
Total	4,023	1,409.5	2,613.5

[1] $500,000,000 in 1962; $200,000,000 in 1963.

[2] VA plans to obligate approximately $200,000,000 during fiscal 1963 for an estimated 23,400 loans. So far in 1963 $50,000,000 has been borrowed from the Treasury for obligation.

[3] $50,000,000 has been set aside for mass transportation.

[4] $600,000,000 budgeted for 1963.

[5] $30,000,000 recently released for obligation by Bureau of the Budget.

Mr. Speaker, here are six programs in which there are available authorized funds—and this does not include the highway program which has just made available $2 billion more—of $2,613,500,000. If the administration wants to go forward and accelerate proven, existing programs to help unemployment in unemployment areas.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I would be delighted to yield to the gentleman from Iowa.

Mr. KYL. The gentleman mentioned this direct loan program for veterans housing. Was not that program curtailed before the first of the year?

Mr. CRAMER. That is a very interesting situation, and I am glad the gentleman mentioned it, because as I recall, in October the President of the United States made a public statement at one of his press conferences to the effect that he realized there was going to be a substantially unbalanced budget this year, and it proved to be nearly $5 billion. Therefore, he was asking all agencies to curtail and cut back and, specifically, the Veterans' Administration, to cut back some $300 million of funds available and appropriated and authorized by Congress. That amount of unobligated balance has now swollen to $500 million. If there is any area which would aid employment, it is in the home-construction industry, and that is the industry in my part of the State hardest hit and having the greatest difficulty in getting back on its feet.

Mr. ROGERS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I would be delighted to yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. Do I understand that the gentleman from Florida [Mr. CRAMER] is objecting to the allocations made to the State of Florida under this program?

Mr. CRAMER. The gentleman was not listening very well.

Mr. ROGERS of Colorado. I am asking the gentleman a question: Are you objecting to it?

Mr. CRAMER. Why, of course not. The gentleman knows I did not object to it. I said this announcement is following the Republicans' proposal for taking care of unemployment by using presently unobligated funds to go ahead with programs already tooled up and programs which can do something about employment, without wasting money and not done on a pork-barrel basis. Therefore, this is the way it should be done, and I congratulate the administration for doing it and say they should have done it a long time ago.

Mr. ROGERS of Colorado. Did not the gentleman start off by saying that the Commissioner of Roads, Mr. Whitton, had made the announcement of allocations?

Mr. CRAMER. Yes; and I congratulate him on that and say he should have done it long time ago.

I am enclosing the following two acceleration tables to illustrate what the revised schedule will mean to every State in the Union:

Federal-aid highway reimbursable obligation schedule showing additional release for first quarter of fiscal year 1963 to be paid out of accumulated trust funds

[In thousands of dollars]

Federal funds	1,994,104
State:	
Alabama	58,211
Alaska	10,368
Arizona	32,500
Arkansas	39,540
California	98,302
Colorado	40,069
Connecticut	26,549
Delaware	10,733
Florida	12,412
Georgia	67,641
Hawaii	17,007
Idaho	21,820
Illinois	48,276
Indiana	86,774
Iowa	18,107
Kansas	28,554
Kentucky	41,336
Louisiana	35,262
Maine	18,598
Maryland	50,227
Massachusetts	25,664
Michigan	68,611
Minnesota	55,862
Mississippi	37,886
Missouri	42,981

Federal-aid highway reimbursable obligation schedule showing additional release for first quarter of fiscal year 1963 to be paid out of accumulated trust funds—Con.

[In thousands of dollars]

State—Continued	
Montana	35,170
Nebraska	23,830
Nevada	20,910
New Hampshire	6,199
New Jersey	79,224
New Mexico	13,277
New York	64,086
North Carolina	40,695
North Dakota	14,419
Ohio	(1)
Oklahoma	38,212
Oregon	11,822
Pennsylvania	149,149
Rhode Island	12,830
South Carolina	21,229
South Dakota	22,055
Tennessee	55,940
Texas	91,558
Utah	28,905
Vermont	16,776
Virginia	80,420
Washington	33,624
West Virginia	41,991
Wisconsin	32,926
Wyoming	20,469
District of Columbia	38,351
Puerto Rico	6,747

[1] Previous 1st quarter release covered balance of apportioned funds.

Revised reimbursable obligation schedule, fiscal year 1963, by quarters (showing regular and accelerated schedules)

[In thousands of dollars]

State	1st quarter			2d quarter, available, Oct. 1, 1962 ($948,480)	3d quarter, available, Jan. 1, 1963 ($948,480)	4th quarter, available, Apr. 1, 1963 ($948,480)	Total ($5,788,024)
	Available June 14, 1962 ($948,480)	Additional release ($1,994,104)	Total ($2,942,584)				
Alabama	19,473	58,211	77,684	19,131	19,131	19,132	135,078
Alaska	9,521	10,368	19,889	10,227	10,227	10,226	50,569
Arizona	12,157	32,500	44,657	13,058	13,058	13,058	83,831
Arkansas	13,197	39,540	52,737	10,570	10,570	10,571	84,448
California	76,401	98,302	174,703	82,063	82,063	82,064	420,893
Colorado	13,357	40,069	53,426	13,026	13,026	13,025	92,503
Connecticut	11,452	26,549	38,001	12,301	12,301	12,300	74,903
Delaware	4,269	10,733	15,002	3,683	3,683	3,683	26,051
Florida	18,292	12,412	30,704	19,648	19,648	19,648	89,648
Georgia	22,949	67,641	90,590	18,798	18,798	18,799	146,985
Hawaii	6,190	17,007	23,197	6,648	6,648	6,649	43,142
Idaho	7,274	21,820	29,094	5,583	5,582	5,582	45,841
Illinois	43,786	48,276	92,062	47,031	47,031	47,031	233,155
Indiana	29,009	86,774	115,783	23,158	23,158	23,157	185,256
Iowa	13,032	18,107	31,139	13,998	13,998	13,998	73,133
Kansas	9,667	28,554	38,221	10,383	10,383	10,383	69,370
Kentucky	17,023	41,336	58,359	18,284	18,284	18,284	113,211
Louisiana	22,382	35,262	57,644	24,041	24,041	24,041	129,767
Maine	6,200	18,598	24,798	4,988	4,988	4,987	39,761
Maryland	16,742	50,227	66,969	15,738	15,738	15,737	114,182
Massachusetts	17,877	25,664	43,541	19,202	19,202	19,201	101,146
Michigan	33,310	68,611	101,921	35,779	35,779	35,779	209,258
Minnesota	22,309	55,862	78,171	23,962	23,962	23,963	150,058
Mississippi	12,629	37,886	50,515	12,108	12,108	12,107	86,838
Missouri	22,658	42,981	65,639	24,338	24,338	24,337	138,652
Montana	11,724	35,170	46,894	10,218	10,218	10,219	77,549
Nebraska	7,943	23,830	31,773	7,970	7,970	7,971	55,684
Nevada	7,004	20,910	27,914	5,773	5,772	5,772	45,231
New Hampshire	3,944	6,199	10,143	4,236	4,237	4,236	22,852
New Jersey	26,414	79,224	105,638	23,042	23,042	23,043	174,765
New Mexico	9,523	13,277	22,800	10,228	10,228	10,228	53,484
New York	44,469	64,086	108,555	47,764	47,764	47,765	251,848
North Carolina	13,576	40,695	54,271	11,601	11,601	11,602	89,075
North Dakota	5,311	14,419	19,730	5,705	5,705	5,704	36,844
Ohio	53,538	(1)	53,538	53,538	53,538	53,538	214,152
Oklahoma	12,738	38,212	50,950	12,961	12,961	12,960	89,832
Oregon	14,534	11,822	26,356	15,611	15,611	15,612	73,190
Pennsylvania	49,725	149,149	198,874	42,110	42,110	42,111	325,205
Rhode Island	4,277	12,830	17,107	3,893	3,892	3,892	28,784
South Carolina	8,555	21,229	29,784	9,189	9,189	9,188	57,350
South Dakota	7,369	22,055	29,424	7,441	7,442	7,441	51,748
Tennessee	20,883	55,940	76,823	22,431	22,431	22,431	144,116
Texas	43,169	91,558	134,727	46,368	46,368	46,369	273,832
Utah	11,604	28,905	40,509	12,464	12,464	12,464	77,901
Vermont	5,592	16,776	22,368	5,839	5,839	5,838	39,884
Virginia	28,494	80,420	108,914	26,103	26,103	26,104	187,224
Washington	17,239	33,624	50,863	18,517	18,517	18,516	106,413
West Virginia	13,998	41,991	55,989	12,937	12,937	12,938	94,801
Wisconsin	10,975	32,926	43,901	11,733	11,733	11,732	79,099
Wyoming	8,313	20,469	28,782	8,929	8,929	8,929	55,569
District of Columbia	13,070	38,351	51,421	11,355	11,355	11,356	85,487
Puerto Rico	2,249	6,747	8,996	1,685	1,685	1,685	14,051

[1] Previous 1st quarter release covered balance of apportioned funds.

The SPEAKER pro tempore. The time of the gentleman from Florida [Mr. CRAMER] has again expired.

AMENDMENT OF SMALL BUSINESS ACT

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I wish to announce that as chairman of Subcommittee No. 2 of the House Banking and Currency Committee that hearings are scheduled on H.R. 10518, and similar bills, commencing Wednesday, September 5, 1962, and continuing until all persons desiring to be heard on this legislation are accommodated.

The bill would amend the Small Business Act to provide that the program under which Government contracts are set aside for small business concerns shall not apply in the case of contracts for maintenance, repair, or construction.

The construction set-aside program was begun in mid-1958. In May 1959, SBA concurred in a proposal of the Department of Defense to suspend construction set-asides temporarily, provided that the small business share of this work was not adversely affected. Unfortunately, the participation of small firms in military construction contracts promptly declined; consequently the SBA requested reactivation of the construction set-aside program.

Under the SBA's agreement with the Department of Defense, all construction procurements, except Capehart housing, between $2,500 and $500,000 are considered to be within the set-aside program where the established criteria has been met. The procurement officers determine, however, whether the set-aside for each procurement is justified. In the event of his nonconcurrence, the contracting officer must state his reasons therefor. Generally no procurement is set aside without the concurrence of both SBA and the procurement agency, however, the procuring agencies may unilaterally set aside procurements where the criteria has been met.

Twelve members have introduced bills on this subject, most of them identical bills. I can assure all sponsors of the measure that they will be given as much of the subcommittee's time as they require. In addition we will have witnesses appear from the interested departments and agencies concerned with the administration of the set-aside program.

Any organization or person interested in testifying on these bills before the subcommittee should notify the counsel of the House Banking and Currency Committee promptly so that they may be scheduled to testify. The counsel may be reached by telephone, Capitol 4-3121, extension 4248.

I wish to emphasize our subcommittee's determination to have full and adequate hearings on these bills. The sponsors of the legislation are forewarned that the administration has expressed itself quite forcibly as being opposed to the bill. Consequently, there is a great need to have adequate, complete, and extensive hearings.

ACCELERATING RESEARCH ON CANCER, HEART DISEASE, AND MENTAL ILLNESS

Mr. RYAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes and to revise and extend my remarks.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RYAN of Michigan. Mr. Speaker, this afternoon I introduced a bill, H.R. 12912, to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness.

I hope this bill will receive the immediate attention of this Congress.

Today, about 45 million Americans now living will eventually have cancer; 1 in 4 persons, according to present rates. Cancer will strike over the years in about two of three families. This year, about 800,000 Americans will be under medical care for cancer.

In this year alone, there will be about 520,000 new cancer cases diagnosed for the first time. It is estimated that about 87,000 cancer patients will probably die in 1962. It is America's No. 2 killer.

We should not ignore the statistics that almost half of all the cancer deaths in 1962 will occur among persons under 65 years of age.

Each year, cancer costs the national economy 50,000 man-years of productivity; about $215 million in services and salaries; about $189 million in estimated spending earning; at least $26 million in income taxes; plus loss of other tax moneys on the lower levels at least equal to that.

Cancer also costs American business and industry very dearly; such as the loss of valuable executives at the peak of their efficiency and the loss of trained workers at the height of their productivity, plus the general loss that occurs when the disease strikes in an employee's family.

Cancer is a deadly disease which has no respect for age groups, sex, race, social status or profession.

We are very painfully aware of the sadness and tragedy which cancer can bring. This dread disease, only recently, took the life of our beloved Speaker. The whole Nation mourned the loss of House Speaker Sam Rayburn.

Other leaders whose life was snuffed out by this vicious disease were well-known personalities such as the former Secretary of State John F. Dulles, Actor Gary Cooper, Duncan Hines, of hotel fame, Madam Marie Curie, Irene Joliet-Curie, daughter, Damon Runyon, Mark Hellinger, Dr. John Von Newman, who developed the first electronic brain, and Enrico Fermi, nuclear scientist.

It also has taken the lives of other Americans not as well known who, nevertheless, left loved ones who grieved their passing.

Cancer will continue to take its high toll of American lives unless we quickly find the causes and cure.

These figures on cancer are very startling but we must never overlook the No. 1 killer in America today—heart disease.

More than 900,000 men, women, and children are meeting death each year from heart and circulatory diseases. These diseases affect more than 10 million Americans according to national health survey of the Government, and over half are in the 25- to 64-year-age bracket.

The economic costs of heart disease are enormous. In 1960, compensation and pension payments to veterans disabled by heart disease amounted to $464,000. The cost of lost productivity in 1958 of persons in the labor force disabled by heart disease has been estimated at $1,210 million.

The costs and toll of heart disease will further increase unless we make greater progress towards its conquest. There are real opportunities to achieve such progress.

When we consider what resources we must have to finish that job, there are two main points it is well to have in mind. One is the size and nature of the problem of heart disease. The other is the opportunity for greater progress and the unmet needs in research, education, and community services.

Advances have been made against the greatest of heart killers: hardening of the arteries, which leads to coronary attacks and strokes. Surgery now can help relieve some kinds of coronary and arteriosclerotic heart disease; clot-blocked arteries can be cleared or replaced. Drugs have been developed to strengthen the heart and prevent further blood clotting.

Although we have made strides all along the way, there is still a vast amount of knowledge we can gain by further research to prevent, treat, and control heart disease by providing adequate means for further study of this Nation's No. 1 killer.

Although Americans realize that cancer and heart disease are killers, it has just been within the past few years that our citizens have accepted mental illness in its true perspective. Although it may not kill instantly, it tends to sever the bonds that hold families together. It separates individuals from their loved ones and tends to put a stigma on a person greater than any other disease now known to humanity.

We should try to understand and accept the mentally ill, and we should do something about their misfortune.

We must place cancer, heart disease, and mental illness in their proper place; that is in the pages of medical history as diseases which our research must conquer. To do this job, I am today introducing a bill which calls for an authorization to appropriate $498 million to drastically step up the amount of research now being done in these fields.

Since the ravages of cancer, heart disease and mental illness are taking a heavier toll of life and health of American people; since existing research programs have thus far failed to produce the substantial results we expected in discovering the causes of, or the means of preventing and curing these dread diseases, it is of paramount importance and interest to the American people to expect that every reasonable effort be made to eliminate, or at least decrease, the threat of these diseases. I urge that the House committee will take to heart these threats on our American life and begin hearings on this measure at the earliest possible date.

We know we need action in these fields of medical research and aid. We do not need it at a date in the future. We need it now. Tomorrow may be too late and the subsequent cost of delay much more than at present.

DEDICATION OF ALVIN R. BUSH DAM

Mr. KYL. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SCHNEEBELI] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SCHNEEBELI. Mr. Speaker, on Wednesday, August 8, the $6 million U.S. Army Engineers flood control dam and reservoir on Kettle Creek, Clinton County, Pa., and recreation area developed by the State of Pennsylvania, were dedicated in the name of Alvin R. Bush, the late Representative of Pennsylvania's 17th Congressional District. Al Bush had many friends on both sides of the aisle who can attest to his interest and efforts in behalf of flood protection on the West Branch of the Susquehanna River. The Congress this year approved H.R. 6676 to designate this project as the "Alvin R. Bush Dam," and it is most appropriate that it should bear his name.

Many dignitaries participated in the dedication ceremonies at the site, and the dinner which followed in Renovo, including Gov. David Lawrence, of Pennsylvania; Mr. Walter Wilson, who represented the Susquehanna River System Flood Control Association; Senator Joseph Clark, of Pennsylvania; Gen. Robert G. MacDonnell, Director of Civil Works, U.S. Army Corps of Engineers; Col. Warren R. Johnson, outgoing district engineer for the U.S. Army Engineer District, Baltimore; Dr. Maurice K. Goddard, Pennsylvania secretary of forests and waters; State Senator George B. Stevenson; Judge A. H. Lipez, and Mayor Carmen Rosamillia, of Renovo.

The first dam to be completed in the comprehensive west branch flood control plan was built by the State of Pennsylvania and named in honor of Senator Stevenson. Mrs. Alvin R. Bush unveiled the plaque officially designating the Alvin R. Bush Dam, and the Bush family were guests of honor at the ceremonies. The entire proceedings were admirably planned and executed with the cooperation of the Susquehanna River System Flood Control Association under the able leadership of Mr. Theodore S. Lombardo, vice president; and the host chapter under the able leadership of Mr. R. O. Raymond, president of the Clinton County division. The enthusiastic cooperation of the entire town of Renovo as well as the fine contribution of the Milton area high school band deserve special mention.

Although Senator HUGH SCOTT and I were unable to attend these ceremonies because of our legislative schedule, my representative read the following message in my absence:

ADDRESS OF HON. HERMAN T. SCHNEEBELI, OF PENNSYLVANIA, AT THE DEDICATION OF THE ALVIN R. BUSH DAM

Honored guests, ladies, and gentlemen, you must realize my disappointment in not being able to be present at the ceremonies dedicating the Alvin R. Bush Dam and Reservoir, but I know that Al Bush, from his long and faithful service in the Congress would be the first to urge me to stay on the job and represent your interests in Washington. There are three or four important rollcall votes scheduled this Wednesday, and I feel it is imperative for me to be here in Washington during the closing days of this session of Congress. To emphasis my point, many of you here today, including members of the Susquehanna River System Flood Control Association, will recall that final action authorizing this very project was completed in the closing days of the 83d Congress.

This great project being dedicated today is an important unit in the West Branch flood protection and its completion marks a milestone in the coordinated and integrated plan of the U.S. Army Engineers and the State of Pennsylvania. It is indeed fitting that it bears the name of Alvin R. Bush, who as a member of the House Public Works Committee was instrumental in securing authorization of the project in 1954. Flood control in the West Branch Valley was of great concern to Al Bush and he spent much time and energy on the problem. Almost as soon as he took his seat in Congress he began to work for the Kettle Creek Dam, and he never let up in his efforts. Following the authorization approval, year after year he went before the Appropriations Committee, first for planning funds, then for construction funds, and he continued to work unceasingly in behalf of this project until his untimely death.

In the words of the House and Senate committees reporting the bill which I introduced to designate this important Army Engineers project as the Alvin R. Bush Dam: "It is most appropriate to name the Kettle Creek Dam for the late Alvin R. Bush, in honor of a great American and in recognition of his long and outstanding service to the State of Pennsylvania and to the Nation." This honor is richly deserved, and there are few people in our country who will ever have a structure of this magnitude and permanence dedicated to their work.

I congratulate the U.S. Army Engineers, the Pennsylvania Department of Forests and Waters, the Susquehanna River System Flood Control Association, and the many others responsible for the successful completion of this tremendous undertaking. Already the benefits have been noted, and in the years to come it will save countless lives and much property downstream which otherwise would be lost in devastating floods. Many will enjoy the recreational features inherent in this outstanding project.

This dam and reservoir will be a lasting monument to the fine Congressman and great American who helped spearhead the drive to make it a reality. Al Bush had many friends in Congress who loved and respected him, and our pleasure at this fitting recognition is unanimous.

To Mrs. Alvin R. Bush and the Bush family, and to the other distinguished guests present, I express my sincere regrets that circumstances prevent my being with you for these memorable dedication ceremonies.

Sincerely,

HERMAN T. SCHNEEBELI,
Member of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WHITENER (at the request of Mr. HALEY), on August 16, 1962, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. MORRIS K. UDALL (at the request of Mr. ROGERS of Colorado), for 60 minutes, on Wednesday, August 22, 1962.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ALEXANDER (at the request of Mr. ROGERS of Colorado), to revise and extend the remarks he made under special order today and include extraneous matter.

Mr. PHILBIN.

Mr. SHELLEY.

(The following Member (at the request of Mr. KYL) and to include extraneous matter:)

Mr. JUDD.

(The following Members (at the request of Mr. ROGERS of Colorado) and to include extraneous matter:)

Mr. POWELL in four instances.

Mr. SHIPLEY.

Mr. ANFUSO.

Mr. FENTON.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4449. An act to amend paragraph 1774 of the Tariff Act of 1930 with respect to the importation of certain articles for religious purposes;

H.R. 10852. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, and to provide for the free entry of a towing carriage for the use of the Virginia Polytechnic Institute; and

H.R. 10928. An act to transfer casein or lactarene to the free list of the Tariff Act of 1930.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 14, 1962, present to the President, for his approval bills and a joint resolution of the House of the following titles:

H.R. 23. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes;

H.R. 2139. An act for the relief of Suraj Din;

H.R. 2176. An act for the relief of Salvatore Mortelliti;

H.R. 3127. An act for the relief of Amrik S. Warich;

H.R. 3372. An act for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil;

H.R. 3507. An act to provide for the withdrawal and reservation for the Departments of the Air Force and the Navy of certain public lands of the United States at Luke-Williams Air Force Range, Yuma, Ariz., for defense purposes;

H.R. 3508. An act to amend the Tariff Act of 1930, as amended;

H.R. 5139. An act for the relief of Helena M. Grover;

H.R. 6219. An act to permit the vessel *Bar-Ho-IV* to be used in coastwise trade;

H.R. 6456. An act to permit the tugs *John Roen, Jr.,* and *Steve W.* to be documented for use in the coastwise trade;

H.R. 7549. An act for the relief of Lewis Invisible Stitch Machine Co., Inc., now known as Lewis Sewing Machine Co.;

H.R. 7741. An act to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade;

H.R. 8100. An act to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund;

H.R. 8168. An act to admit the oil screw tugs *Barbara, Ivalee, Lydia,* and *Alice* and the barges *Florida, DB 8, No. 220,* and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes;

H.R. 10308. An act for the relief of Elizabeth A. Johnson;

H.R. 11400. An act to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing;

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes;

H.R. 11643. An act to amend sections 216 (c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates; and

H.J. Res. 439. Joint resolution authorizing the State of Arizona to place in the Statuary Hall collection at the U.S. Capitol the statue of Eusebio Francisco Kino.

ADJOURNMENT

Mr. ROGERS of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 27 minutes p.m.) the House adjourned until tomorrow, Thursday, August 16, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2425. A letter from the Comptroller General of the United States, transmitting a report on review of payments made by the United States for the construction of airfields in France; to the Committee on Government Operations.

2426. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee and Science and Astronautics.

PUBLIC BILLS AND RESOLUTIONS

Under clause of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOGARTY:

H.R. 12909. A bill to amend the Internal Revenue Code of 1954 to provide that blood donations shall be considered as charitable contributions deductible from gross income; to the Committee on Ways and Means.

By Mr. THOMSON of Wisconsin:

H.R. 12910. A bill to exempt for the 1963 crop year Wisconsin (type 54 and 55) tobacco from the lease and transfer provisions of section 316 of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. MURRAY:

H.R. 12911. A bill to eliminate certain restrictions on the assignment of Government field personnel to duty in the District of Columbia, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. RYAN of Michigan:

H.R. 12912. A bill to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness; to the Committee on Interstate and Foreign Commerce.

By Mr. SAYLOR:

H.R. 12913. A bill to modernize the mining laws of the United States; to the Committee on Interior and Insular Affairs.

By Mr. ULLMAN:

H.R. 12914. A bill to amend section 350(a) of the Tariff Act of 1930, as amended, and for other purposes; to the Committee on Ways and Means.

By Mr. THOMPSON of Texas:

H.J. Res. 853. Joint resolution relating to the validity of certain rice acreage allotments for 1962 and prior crop years; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LIPSCOMB introduced a bill (H.R. 12915) for the relief of Leslie Freeworth (also known as Laszlo Freiwirth), which was referred to the Committee on the Judiciary.

SENATE

WEDNESDAY, AUGUST 15, 1962

(Legislative day of Tuesday, August 14, 1962)

The Senate met at 10 o'clock a.m., and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, out of earth's shadows in which falteringly we make our way, we turn to Thee, in whom there is no darkness at all, asking that by Thy strengthening grace we may open the windows of our lives, that they may be flooded with Thy light. We would lean our human frailty against the massive pillars of Thine almightiness.

With the revealing vision of Thy beauty, deliver us this day from ugliness in thought and speech and conduct. May those who here serve the Nation possess a hidden goodness which flames with moral indignation at blatant betrayals of trust endangering the very perpetuity of the Republic. Give us a dedicated sense of our national destiny and the calm assurance that, in all the tumult of these disordered days, Thy purposes are coming to their coronation in the lives of men.

We ask it in the name of the One who goes forth conquering and to conquer. Amen.

REQUEST FOR COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, following a consultation yesterday with the Senator from Tennessee [Mr. KEFAUVER] and some of his colleagues, I ask unanimous consent that the Judiciary Committee and the Government Operations Committee may meet during the session of the Senate this morning, and I ask unanimous consent that the Foreign Relations Committee may meet today, notwithstanding the session of the Senate.

The VICE PRESIDENT. Is there objection?

Mr. MORSE. Mr. President, because some of us who are involved in this debate serve on the Foreign Relations Committee, and therefore our rights there would not be protected while we were in the Chamber, I object.

The VICE PRESIDENT. Objection is heard.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

Mr. MORSE. Mr. President, is an amendment to the amendment pending?

The VICE PRESIDENT. No.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon withhold that suggestion, briefly?

Mr. MORSE. Very well.

Mr. MANSFIELD. Mr. President, what is pending?

The VICE PRESIDENT. The committee amendment, as amended, is pending.

Mr. MANSFIELD. The committee amendment, as amended?

The VICE PRESIDENT. Yes, as a substitute for the entire bill.

Mr. MANSFIELD. I thank the Chair.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 173 Leg.]

Aiken
Allott
Bartlett
Beall
Burdick
Case
Church
Douglas
Gore
Gruening
Hartke
Holland
Hruska
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Mansfield
Metcalf
Miller
Morse
Neuberger
Pastore
Pearson
Prouty
Proxmire
Robertson
Russell
Scott
Smith, Mass.
Smith, Maine
Talmadge
Tower
Wiley
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE] and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent to attend a funeral.

The PRESIDING OFFICER (Mr. JORDAN of North Carolina in the chair). A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

Mr. MORSE. Mr. President, I did not hear the Senator's motion.

Mr. MANSFIELD. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BENNETT, Mr. BOGGS, Mr. BOTTUM, Mr. BUSH, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CARLSON, Mr. CARROLL, Mr. CHAVEZ, Mr. CLARK, Mr. COTTON, Mr. CURTIS, Mr. DODD, Mr. EASTLAND, Mr. ELLENDER, Mr. ENGLE, Mr. ERVIN, Mr. FONG, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. HART, Mr. HICKENLOOPER, Mr. HICKEY, Mr. HILL, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCNAMARA, Mr. MONRONEY, Mr. MORTON, Mr. MUNDT, Mr. MUSKIE, Mr. PELL, Mr. RANDOLPH, Mr. SALTONSTALL, Mr. SMATHERS, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. THURMOND, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, and Mr. YARBOROUGH entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DOUGLAS. I will yield to the Senator from Tennessee.

Mr. MORSE. Is the Senator yielding?

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Can the Senator from Illinois yield to the Senator from Tennessee?

Mr. MORSE. That is the point I raise.

The PRESIDING OFFICER. The Senator can yield for a question but not for a statement, if some Senator makes a point of order.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Who has the floor?

The PRESIDING OFFICER. The Senator from Illinois.

Mr. KERR. Mr. President, a parliamentary inquiry.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry. Who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. DOUGLAS. I should like to continue, if I may.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. If I yield I lose the floor, and I shall have to recover it again.

Mr. LONG of Louisiana. The Senator can yield on his own time.

Mr. DOUGLAS. I yield on my time.

Mr. LONG of Louisiana. Can the Senator correct me about the wording of that ancient English poem——

Mr. KUCHEL. Mr. President, I call for the regular order.

Mr. LONG of Louisiana. Cannot the Senator yield for a question on his own time?

The PRESIDING OFFICER. The Senator can yield for a question on his own time.

Mr. DOUGLAS. I yield for a question on my own time.

Mr. LONG of Louisiana. Can the Senator correct me on the wording of that ancient poem which goes something like this:

> The law locks up——

Mr. DOUGLAS—

> Both man and woman——

Mr. LONG of Louisiana—

> Who steals the goose——

Mr. DOUGLAS—

> From off the common——

Mr. LONG of Louisiana—

> But then turns loose——

Mr. DOUGLAS—

> But lets the greater felon loose,
> Who steals the common from the goose.

Mr. LONG of Louisiana. Right.

Mr. DOUGLAS. That is an appropriate question at such a time as this.

Mr. KUCHEL. Mr. President, that is a joint question and a joint answer.

Mr. DOUGLAS. Mr. President, I ask if I am still recognized.

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. PASTORE. Mr. President, may we have order, and may we proceed?

Mr. DOUGLAS. Mr. President, the vote yesterday is attracting a great deal of attention all over the country. Many of the newspapers which were strongly in favor of the bill are beginning to have second thoughts.

I ask unanimous consent that at the conclusion of my remarks there may be included the news article in this morning's Washington Post, written by Robert C. Albright, the headline of which states "Leaders Jubilant as Liberal Bloc Is Beaten," and which in the body of the text states:

> Senate Democratic and Republican leaders, jubilant over their success, promptly started shelving like clockwork opposition amendments to the bill.

Also, Mr. President, I ask unanimous consent that a very excellent article by Mr. Tom Wicker, in the New York Times for this morning, be included in the RECORD at the conclusion of my remarks.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I will finish in just a minute.

And I ask unanimous consent that a very able article written by Marquis Childs, published in the Washington Post and Times Herald be included at the conclusion of my remarks. It prophesies that the action of the majority leadership through this debate will result in a split in the Democratic Party.

Mr. KERR. Mr. President, I object to the inclusion in the RECORD of any matter not read.

The PRESIDING OFFICER. Objection is heard.

Mr. DOUGLAS. Did I hear an objection?

The PRESIDING OFFICER. Objection is heard.

Mr. DOUGLAS. This is very interesting.

Mr. LONG of Louisiana. A new twist.

Mr. DOUGLAS. This is a new twist to the tactics of the proponents of this bill.

Mr. KERR. Mr. President, I withdraw my objection.

Mr. DOUGLAS. What has the Senator from Oklahoma done?

Mr. MANSFIELD. He withdrew his objection.

Mr. DOUGLAS. I am delighted. We are still preserving some of the amenities of this body which the Senator from Oklahoma would violate.

The PRESIDING OFFICER. There is no objection; so, without objection, the request of the Senator from Illinois is granted.

(See exhibit 1.)

Mr. DOUGLAS. Mr. President, I ask unanimous consent that an article by Mr. Chalmers M. Roberts, titled "Liberal Democrats Have Tough Week," be printed in the RECORD at the conclusion of my remarks.

I ask that this be printed in no spirit of inflicting pain upon myself or my friends but simply as a sober record of what has happened. I also ask unanimous consent that an article by Marjorie Hunter, titled "Absentees Play a Key Role in Senate's First Application of Cloture Rule in 35 Years," appearing in today's New York Times, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KUCHEL. Mr. President, what was the request?

The PRESIDING OFFICER. For an insertion in the RECORD.

(See exhibit 2.)

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield for a question on my own time.

Mr. LONG of Louisiana. Was the news article which the Senator put in the RECORD from the Washington Post and Times Herald?

Mr. DOUGLAS. Three were from the Washington Post and Times Herald.

Mr. LONG of Louisiana. Was one the lead article?

Mr. DOUGLAS. The lead article is entitled "Leaders Jubilant as Liberal Bloc Is Beaten."

Mr. LONG of Louisiana. Would the Senator mind reading the last paragraph of that story, which appears on the inside page?

Mr. DOUGLAS. Does the Senator mean the paragraph beginning:

> After the vote to invoke cloture?

Mr. LONG of Louisiana. The last paragraph of the article.

Mr. DOUGLAS. Yes.

> After the vote to invoke cloture, Prof. John P. Roche, professor of the Department of Politics at Brandeis University and national chairman of Americans for Democratic Action, issued the following statement: "What a sorry travesty that, after refusing repeatedly to take this action (cloture) on behalf of human rights on earth, it (the Senate) has done so to establish a private monopoly in space.

Mr. MANSFIELD. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield for a question.

Mr. MANSFIELD. The Senator from Illinois has mentioned twice that the leadership of the Senate is jubilant over the outcome of the vote. Is that correct?

Mr. DOUGLAS. I have quoted an article written by the very distinguished newspaper reporter, Robert C. Albright, whom we all respect and who frequently speaks for the leadership and knows its moods which states in the body of the article—

> Senate Democratic and Republican leaders, jubilant over their success—

And this is quoted in the headline, supposedly, put on by the city desk.

Mr. MANSFIELD. Mr. President, does the statement by a newspaper reporter make that true?

Mr. DOUGLAS. Not necessarily.

Mr. MANSFIELD. May I say, frankly, I am not at all jubilant, and I would not have been jubilant had the vote gone the other way.

Mr. DOUGLAS. I understand. I thank the Senator.

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. Mr. President, I yield for a question on my own time.

Mr. KEFAUVER. Mr. President, the defeat yesterday was, of course, a hard blow. But we who opposed the bill now, and without acrimony at the demonstration of the will of the Senate, ask whether it is not true that we had only about 2 days in which to obtain real consideration of the amendments. There are quite a number of important amendments that are necessary for the improvement of the bill. Would not the public interest be served if there could be some brief but genuine debate between the proponents and the opponents of the amendments so that Senators could have an opportunity to know the issues, rather than merely slapping down every amendment that is offered, regardless of its merits?

Mr. DOUGLAS. Mr. President, I deeply regretted the policy which the Democratic leadership adopted yesterday in tabling each motion as it was presented, thus shutting off any effort to reply to the brief arguments made by the proponents of the amendments. Notice was served yesterday by the Senator in charge of the bill that he intended to do so on the amendment to be offered by the Senator from Oregon [Mr. MORSE] and the Senator from Pennsylvania [Mr. CLARK] an amendment which would apply the principles of FEPC to the private communications monopoly which would be set up under the bill. It is upon that subject that I should now like to speak.

Mr. MANSFIELD. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I appreciate——

Mr. MANSFIELD. Because he made an allegation which I think should be answered.

Mr. DOUGLAS. Mr. President, if the Senator thinks I have made such an allegation, then of course I yield.

Mr. MANSFIELD. I wish to point out that the leadership on this side did ask for a limitation of debate, 1 hour on each amendment, 3 hours on the bill. It was objected to before the cloture petition was presented.

Mr. DOUGLAS. I understand. I was merely quoting my good friend the Senator from Rhode Island [Mr. PASTORE], who said yesterday, when I rose to mention the fact that the Morse-Clark amendment would be presented, that he would move to table that motion. I hope that he has had an opportunity to regret that statement, and that he will not so move today.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. DOUGLAS. Certainly.

Mr. PASTORE. That is precisely what the Senator from Oregon [Mr. MORSE] did last year with respect to his bill on education and the Bush amendment. When the Senator from Oregon was handling that bill, he voted to table an amendment that would enforce civil rights. I am not following any different procedure.

Mr. DOUGLAS. I am not scolding the Senator from Rhode Island. I am merely stating the facts. The Senators in charge of the bill have apparently adopted the program of tabling every amendment, however worthy it may be, and voting it down without their even stating their reasons against it.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. MORSE. Would the Senator agree with the senior Senator from Oregon that there is no comparable relationship between the satellite bill and the educational bill, because the satellite bill involves what the Senator from Rhode Island and other Senators have claimed would be a sort of mixed corporation in which the Government would have an interest, including, may I say, the appointment of three directors by the President of the United States, and that all we are seeking to do under the Clark-Morse amendment is to apply the same rules for that type of corporation that the Vice President of the United States is seeking to have adopted in connection with all U.S. defense contracts?

Mr. PASTORE. Mr. President, will the Senator yield so I can answer the question?

Mr. DOUGLAS. I yield on the time of the Senator from Rhode Island, with the understanding that I can catch the eye of the Chair when the Senator finishes.

Mr. PASTORE. Mr. President, is the Senator from Oregon trying to tell us this morning that the rights, interests, and welfare of our schoolchildren are less important than the satellite bill, in the matter of enforcing civil rights and the dignity of man?

Mr. MORSE. Mr. President, will the Senator yield on his own time? The answer is "No," and the Senator knows it. I do not intend to let the Senator from Rhode Island get by with that kind of misleading misrepresentation of the Senator from Oregon's position that the Senator from Rhode Island is trying to get by with on the floor of the Senate today.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. MORSE. I will take on the Senator from Rhode Island in a civil rights debate, and we will debate our positions on civil rights after this satellite bill has been disposed of. That is what we will do.

Mr. PASTORE. I will take the Senator on at any time.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Senate will be in order. The Senator from Illinois has the floor.

Mr. DOUGLAS. Mr. President——

Mr. KERR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. DOUGLAS. No, I should not yield. I will not yield to anyone, unless further disorder breaks out upon the floor of the Senate.

Mr. President, the vote yesterday was really quite extraordinary.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order. The Senate will be in order. Those not having business on the floor of the Senate will depart from the Senate Chamber. Senators will refrain from vocal conversation. The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, the 63 Senators who voted for cloture were made up of four very differing groups. In the first place, the vast majority of the 34 of the 36 Republicans who voted for cloture had voted against cloture when civil rights questions were involved. They voted against civil rights when they protected unlimited debate. They were not for cloture when cloture would have protected the Negroes of the South. But they were for cloture when it would help a private monopoly. They can answer that question on the stump and before the country as they may wish.

There were followers of the present majority leadership who voted for cloture, many of them my personal friends. They can deal with this question as their consciences dictate. I regret to see the leadership of my party turn its backs upon the principles of Bryan, Franklin D. Roosevelt, and Harry Truman.

Then, interestingly enough, we have two Senators from the Deep South who had always opposed cloture in the past and who had always said they believed in the right of unlimited debate, but who, when a question of granting rights to a private monopoly came up, were not for unlimited debate, but wanted to jam the bill through. They had the courage to come onto the floor and to vote for cloture.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. On my time.

Mr. LONG of Louisiana. Who was it said, over Caesar's dead body, "This was the most unkindest cut of all"?

Mr. DOUGLAS. The statement was of course attributed to Mark Antony, by Shakespeare, commenting on Brutus stabbing Julius Caesar to death. But there were five Senators from the South who did not appear to vote. One got lost on the way from the Finance Committee to the body of the Senate. As I believe Plautus remarked, "Funny things happen on the way to the Senate." One found correspondence in his office so interesting that he stayed there rather than come to the floor to vote. One went to New York City to speak before the Reader's Digest, and stayed over, so attracted by the fascination of that city that he did not come to the floor to vote.

One Senator from the Old Dominion stayed away. When the roll was called he was not present. One procedural ally of the South, from the Mountain States, took the train back home. One man from the Southwest found home engagements very important and stayed away.

Now, all those Senators, five from the South, two from the West, by staying away, actually voted for cloture. For those who were not against cloture were for it. By staying away they permit the bipartisan combination to impose cloture. Had they appeared and voted against cloture, it would not have commanded the required two-thirds. It is interesting to see that, therefore, they are against cloture when it does not serve their purposes but they are for cloture when it does.

I am not a resident of the South, so I shall not make any comments upon this subject. But I daresay that there will be southerners who from time to time will make comments, and I think in this country they should have freedom of discussion and freedom to scan the record.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield for a question on my time.

Mr. LONG of Louisiana. Did it ever occur to the Senator that imposing cloture upon the Senate is somewhat like getting olives out of a bottle? After one gets the first olive out of the bottle, the others come out easily.

Mr. DOUGLAS. That is the test.

I have mentioned four groups of Senators. There is a fine group composed of some very dear friends of mine who are my close associates in the Senate, and whose motives I highly respect. They are Senators who are sincere advocates of civil rights, sincere advocates of progressive legislation, but who voted for cloture. They did so for highly conscientious purposes. I would call them procedural pacifists or political nonresistants; these are men who, from high motives, will not take up weapons and will not defend themselves when they are attacked; who in a parliamentary jungle, with tigers and lions all about them, will not defend themselves. I applaud their principles. I have many friends and many religious friends of this type, and I regard them individually as some of the finest people I have known. I would like very much to be like them, but I cannot, because in a cruel world I realize that one must be armed and one must use weapons not only to defend oneself, but also one's principles. I believe in mutual disarmament, but not in unilateral disarmament. So, while I appreciate the motives of my friends, I think that they are incorrect in this point of view.

I have quoted before on the floor the Italian writer Niccolo Machiavelli, who said:

> Now, all the unarmed prophets have perished and only the armed prophets have survived.

That is true of prophets and of Senators. Their personal fate is relatively insignificant. It little matters to history what happens to us as individuals. But what is significant are causes. Those who refuse to take up procedural arms in defense of causes are not only doomed, but their causes are lost.

Cloture has now been voted. The leadership of the Senate has announced a policy of moving to table all amendments without opportunity to debate. The Morse-Clark amendment will be offered some time today. Debate will be limited. A rollcall will be demanded. The majority will prevail. Senators will not be able to duck this issue. They will have to vote.

Senators will have to make up their minds what to do when that happens. I will not scold my Republican friends about their duties. However, I would like to remind my Democratic colleagues that in the 1960 campaign the platform of our party, upon which we went to the country, there is this statement:

> The right to a job requires action to break down artificial and arbitrary barriers to employment based on age, race, sex, religion, or national origin.

All that the Morse-Clark amendment does is apply this principle to the specific issue before us; namely, to apply it to the space communications monopoly that is now being set up by action of this body and of Congress.

This is a very important amendment, because I hold in my hand a document of the General Services Administration's report to the Subcommittee on Civil Rights dated June 26, 1961, which states that they had difficulty in getting agreements from companies on a racial basis, and that the Southern Bell Telephone & Telegraph Co., for example, canceled its contract with GSA in 1960, stating, as a reason that no contract was necessary under regulations of the General Accounting Office.

That company is one of the great subsidiaries of the American Telephone & Telegraph Co. It has refused to put into effect a no-discrimination policy. I submit, therefore, that this is a very germane amendment. This is the pledge we took at election time. Such pledges should not be intended to fool the people. There are unfortunately a great many Democrats who like to run on the program of equal rights and no discrimination, but when the time comes to vote in these matters, vote against them.

If principles mean anything, they should apply to concrete instances. Abstract advocacy divorced from concrete application has no real substance.

So we will await with great interest the rollcall which we will seek to get on the Morse-Clark amendment. I believe our Republican friends have taken similar pledges against discrimination in their platform, but since I am not a member of their party, never will become a member of their party; and, never will I become a member of the coalition which now rules the Senate and dominates and controls the leadership of both groups, I shall not lecture them on what they should do.

I yield the floor.

Exhibit 1

[From the Washington Post, Aug. 15, 1962]

Rare Senate Vote Ends Satellite Bill Filibuster—Leaders Jubilant as Liberal Bloc Is Beaten 63–27

(By Robert C. Albright)

The Senate yesterday voted 63 to 27 to invoke debate-limiting cloture against a little band of filibustering liberals waging a last-ditch fight against the President's communications satellite bill.

Senate Democratic and Republican leaders, jubilant over their success, promptly started shelving like clockwork opposition amendments to the bill. Debate on the measure automatically is now limited to 1 hour to a Senator.

It was the first time since February 28, 1927, and only the fifth time in history that the Senate had been able to muster the required two-thirds majority to curtail debate on a talkbound bill. No present Senator was a Member of the body when the Senate last voted to do it.

CONGRATULATES THE SENATE

Senate Majority Leader Mike Mansfield, Democrat, of Montana, promptly congratulated the Senate on its "good sense."

Mansfield announced his intention of calling up the farm bill, the drug control bill, and other measures in the President's long-blocked program, once the Senate votes on the satellite bill, possibly later this week.

But Senator Wayne Morse, Democrat, of Oregon, a leader of the filibustering liberals, called it a shameless action, which will rise up and haunt the Senate for decades to come. Opening an attack on the Kennedy administration, he called it a giveaway greater than all the giveaway programs of the Republican administrations and said he will speak against it from coast to coast.

VOTING PATTERN SHIFTS

Gradually the Senate settled down to the new talk restrictions and an entirely new world for a generation of Senators. After shelving opposition amendments to the bill, almost at will Mansfield finally recessed the Senate at 4:56 p.m. until 10 a.m. today. He plans to hold the Senate in session until about 10 tonight.

The 63-to-27 majority, 3 more votes than were actually needed to impose cloture, was achieved by a dramatic shift in voting patterns on both sides of the aisle.

The Senate's bipartisan leadership, which cooperated to achieve the 63-to-27 vote will shortly part company on the principal side effect Mansfield wants to start the President's program rolling, and pass a long list of priority bills. Senate Republican Leader Everett M. Dirksen, of Illinois likes the satellite bill but wasn't interested in Mansfield's broader objective. He already has announced he will fight Mansfield's move to call up the farm bill.

Thirty-four of the Senate's 36 Republicans voted with 29 Democrats to roll up the cloture majority. Two Republicans and 25 Democrats voted "no." The two Republicans were Senators John G. Tower of Texas and Barry Goldwater, of Arizona. Goldwater promised Dirksen his vote if he needed it. It wasn't required.

SOUTH BACKS CLOTURE

But what really helped the leadership was a shift in the voting behavior of southerners, who in the past have voted to a man against cloture. For years, unlimited debate has been the chief weapon of Dixie Senators in their fight against civil rights measures.

Yesterday, two southern Members, Senators George A. Smathers, Democrat of Florida, and Spessard L. Holland, Democrat of Florida, actually voted for cloture. A dozen others showed up in the Senate to cast their traditional "no" vote.

But the key to the success of the maneuver was held by five southern Senators who, by staying away, cut the two-thirds majority of Senators required. They were Senators Harry F. Byrd and A. Willis Robertson, Democrats, of Virginia, J. William Fulbright and John L. McClellan, Democrats, of Arkansas, and B. Everett Jordan, Democrat of North Carolina.

Senator Byrd adjourned his Senate Finance Committee about 12:30 p.m., 30 minutes before the cloture vote, announcing important business was coming up in the Senate. He never arrived for the rollcall.

DIRKSEN EXPLAINS

"A lot of things can happen to a Senator on the way to the Senate," the irrepressible Dirksen told a press conference with a grin. "If anyone asked Harry Byrd what was in the tax bill, it would take a long time to tell them. Or someone might stop a Senator and try to sell him a horse. You can lose a lot of time in a horse trade."

Liberal bloc Senators, still smarting from the defeat, indicated they will try to give their Dixie colleagues a bad time in the Senate today. Senator JOSEPH S. CLARK, Democrat, of Pennsylvania, has pending on the desk a so-called FEPC amendment, requiring fair employment practices in the corporation which would operate the new satellite system, and in all contracting companies. Senator PAUL DOUGLAS, Democrat, of Illinois, said the southerners may have overlooked it.

After voting to limit debate, the Senate yesterday beat down by lopsided margins a long line of liberal bloc amendments aimed at alleged "monopoly" aspects of the bill. One of the first to fall was a complete substitute bill offered by Senator MORSE, designed to set up a Government-owned satellite system, with private leasing rights, under the national space agency. This was shelved 74 to 15. Another key liberal block amendment would have empowered the President to determine a constructive role for the United Nations to play in satellite communications. This was tabled 70 to 17.

DOUGLAS accused the leadership of using the guillotine as other amendments were killed by margins ranging from 66 to 20, to 63 to 27.

During the brief debate leading up to the vote, several Senators who traditionally have opposed cloture announced they would support it on this bill. Senator FRANK LAUSCHE, Democrat, of Ohio, said he was influenced by the fact that "this entire proceeding has turned into a circus." Senator MILTON R. YOUNG, Republican, of North Dakota, said he changed his position because a small minority want the Government to own, operate and control the communications satellite system.

COMMENT BY ROCHE

After the vote to invoke cloture, Prof. John P. Roche, professor of the Department of Politics at Brandeis University and national chairman of Americans for Democratic Action, issued the following statement: "What a sorry travesty that, after refusing repeatedly to take this action [cloture] on behalf of human rights on earth, it [the Senate] has done so to establish a private monopoly in space."

[From the New York Times, Aug. 15, 1962]

SENATE CURBS DEBATE ON SATELLITE BILL; VOTES 63–27 FOR FIRST CLOTURE SINCE 1927—MAJORITY INCLUDES MANY WHO HAVE DEFENDED UNLIMITED SPEECH

(By Tom Wicker)

WASHINGTON, August 14.—The U.S. Senate upset its ancient alinements today by voting for the first time in 35 years to silence a dissident minority of its Members.

By a margin of 63 to 27, 3 more than the required two-thirds majority of those voting, an unusual assortment of Republicans, Democratic moderates and southern Democrats voted to curtail an extended debate on the Kennedy administration's communications satellite bill.

The filibuster, as such debates are called, will not end immediately. Each Senator is entitled to an hour of further discussion and many amendments will be voted on. The expectation, however, is that the satellite bill will probably be brought to a vote this week.

LIBERALS THWARTED

The winning coalition, composed mostly of erstwhile defenders of the principle of unlimited debate, imposed its will on a group of Democratic liberals who had been fighting the measure for 14 legislative days. Some of the liberals ordinarily are among the strongest critics of unlimited debate.

Twice before in the 1962 session of the 87th Congress, moves to shut off debate and bring a civil rights bill to a vote failed. Neither received the support of even a majority of the Senators.

In all its history, the Senate had approved cloture—a limit to debate—only four times before today. The last occasion was in 1927, on a matter concerning prohibition.

Packed galleries witnessed the historic turnabout. Issues affecting the Senate's procedures and bound up with its hallowed rules always bring tension and high drama to the old Chamber in the north wing of the Capitol. And nothing so captures the imagination of Washington as a filibuster.

Those who could squeeze in were treated to an hour of occasionally impassioned debate and a tense rollcall that was in doubt almost to the final vote.

They also witnessed as curious a display of conflicting interests, obscure motivations, agonized decisions and political ironies as any Senate audience has seen in years.

Strangest of all, perhaps, was the reaction of the southern Democrats to the cloture petition, which had been offered by the majority leader, Senator MIKE MANSFIELD, of Montana.

Only 15 of the 22 Senators from the States of the Confederacy voted—as Senators from their region nearly always have—to resist cloture and uphold unlimited debate. Two Senators SPESSARD L. HOLLAND and GEORGE A. SMATHERS, both of Florida, voted for cloture.

FIVE SOUTHERNERS ABSENT

Five were not present, thus reducing the number of Senators required to produce a two-thirds majority of those voting. They were Senators HARRY F. BYRD, and A. WILLIS ROBERTSON, of Virginia, JOHN L. MCCLELLAN, and J. W. FULBRIGHT, of Arkansas, and B. EVERETT JORDAN, of North Carolina.

Had these southerners cast their customary votes against cloture, the Mansfield petition would have failed, assuming that all the other Senators present maintained their positions.

The 11 States of the Confederacy were Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

Democratic Senators CARL HAYDEN, of Arizona, and ALAN BIBLE, of Nevada, were also absent. Paired and not voting were Senator GALE MCGEE, Democrat, of Wyoming, who opposed cloture, and Senator FRANK E. MOSS, of Utah, and CLINTON P. ANDERSON, of New Mexico, Democrats, who favored it.

Because a two-thirds majority was required for cloture, Senator MCGEE's single vote in opposition had to be offset by two in favor, in order to establish a pair. This is a device by which Senators who cannot be present—the situation of Senators ANDERSON and MOSS today—can still be recorded on an issue.

GOP BACKS CLOTURE

Almost as strange as the schism in the southern ranks was the nearly unanimous support of the Republicans for cloture. Senators BARRY GOLDWATER, of Arizona, and JOHN G. TOWER, of Texas, the two most conservative Republicans in the Senate, backed the liberals in opposing cloture.

The 34 other Republican Senators, many of whom had been consistent allies of the southerners in opposing cloture petitions in other matters, lined up solidly to limit debate. The entire Republican membership voted on the petition.

The dilemma in which many Senators found themselves was summed up by Senator PAUL H. DOUGLAS, Democrat, of Illinois, a charter member in the antifilibuster ranks. He had not been part of the group opposing the satellite bill.

He would oppose cloture on this occasion, Senator DOUGLAS told the Senate, for two reasons. One, he said, was that he had more questions he wanted to ask of the proponents of the bill before he voted to approve it.

The other, he declared, was that he was "tired of the one-sided application of the rules of the Senate" to defeat what he called progressive legislation.

FOR MUTUAL DISARMAMENT

He would still join in moves to change the rules to prevent all filibusters, Senator DOUGLAS declared. But while the present rules were in effect, he said, the liberals had as much right to take advantage of them as did groups fighting civil rights or other bills.

"I believe in mutual disarmament," Senator DOUGLAS said. "I do not believe in unilateral disarmament."

The strange alliances and discords of the day produced an appropriate scene after the vote. Senator DOUGLAS, sitting directly across the aisle from Senator JOHN STENNIS, Democrat, of Mississippi, leaned over and solemnly shook hands with the southerner—a frequent foe in the past but an ally in today's fight against cloture.

One result flowing from today's vote cannot yet be clearly foreseen. That is the effect it will have on the biennial move to change rule XXII, under which the Senate can limit debate only by a vote of two-thirds of the Senators present and voting.

Such a move is expected next January, at the opening of the 88th Congress. Similar moves have been made at the beginning of each Congress since 1957, and the possibility of a rules change has been growing.

Today's vote, however, may enable proponents of the present rule XXII to argue that cloture is possible under its provisions and that no change is needed. Opponents of the rule have called for a reduction in the number of Senators required to cut off debate.

This possibility may have been in the mind of Senator WAYNE MORSE, Democrat, of Oregon, one of the current filibusterers, when he said in an angry speech that today's "historic vote—will rise to the Senate for decades to come."

The Republican leader, Senator EVERETT MCKINLEY DIRKSEN, of Illinois, made the point explicitly. The vote, he said, was "a demonstration that if you've got a case you can get cloture under rule XXII."

On the other hand, those arguing for an end to all filibusters will be enabled to point out, following today's decision, that many Senators apparently support unlimited debate only when it suits their interests—as when Southerners have opposed cloture on filibusters against civil rights bills.

Thus, the vote could have weakened the moral arguments for unlimited debate, summed up in the declaration, frequently heard in the Senate, that every Member is entitled to be heard, no matter how unpopular his stand.

Senator E. L. BARTLETT, Democrat of Alaska, took this attitude today. He said he would oppose cloture because "there ought to be one parliamentary body in the world where there is the right of unlimited discussion."

Senator MANSFIELD said he respected this right, but he said he also respected "the higher responsibility" of the Senate to transact the Nation's business. That is the argument usually adopted by liberals when they argue against the right of unlimited debate.

PROVISIONS OF BILL

The struggle today was the climax to a determined liberal effort to defeat an administration bill that would set up a private corporation to build, launch, and operate communications satellites such as Telstar. It would be half owned by the public, through stock holdings, and half owned by communications carriers such as the American Telephone & Telegraph Co.

The liberals contend that such satellites should be owned and operated by the Federal Government.

Today's vote was set up when Senator MANSFIELD filed the cloture petition last Saturday. Under existing rules it had to be acted on 1 hour after the Senate convened on the second legislative day that followed.

Senators were called to order at noon today, and an hour's debate ensued. It reached its peak when Senator MANSFIELD, whose manner ordinarily is no more agitated than an undertaker's, passionately denied that he had been unfair to the filibusterers.

"It hurts and its hurts deeply," he cried, "to hear these unwarranted charges." If he had been unfair in seeking cloture, he continued, "I don't know what is fair under the Senate rules."

If other vital bills were to be debated and acted upon, he declared, there was "no other alternative but to offer a cloture motion."

MRS. NEUBERGER'S STAND

In quiet contrast was the brief speech of Senator MAURINE B. NEUBERGER, Democrat, of Oregon, who quoted an A.T. & T. advertisement in a newspaper today. It declared that with out A.T. & T. "we could not call home or fight a nuclear war."

She would oppose cloture and the satellite bill, Senator NEUBERGER said, because "I do not want a private corporation having this hold upon me."

As the hour of voting neared, the galleries were overflowing and aids of Senators were standing several deep around the rear of the Chamber. Vice President JOHNSON, a vigorous gavel wielder, presided. He repeatedly and fruitlessly demanded quiet.

"I am unable to understand why the Senators need so many aids here," he complained. Few left, even when the Vice President demanded that they do so.

Then the rollcall began and silence fell on the Chamber. The clerk droned the names and the "ayes" and "nays," committing the Senate to one of its most dramatic actions, could be heard clearly.

EIGHT LATE VOTES

The final name was that of Senator STEPHEN M. YOUNG, Democrat, of Ohio, who voted against cloture. The count stood at 59 to 23 to end debate. That was five votes more than the two-thirds needed.

Four Senators seated in the Chamber, who had not voted when their names were called, rose immediately and voted "aye" on the Mansfield petition.

They were DENNIS CHAVEZ, of New Mexico; FRANK CHURCH, of Idaho, and JOSEPH S. CLARK, of Pennsylvania, all Democrats, and HOMER E. CAPEHART, of Indiana, a Republican.

That increased the margin to 63 to 23 for cloture.

Four other Senators, none of whom had been in their seats when their names were called, entered at this point and voted "nay." They were Senators ROBERT C. BYRD, of West Virginia; HOWARD W. CANNON, of Nevada, and SAM J. ERVIN, JR., of North Carolina, Democrats, and Senator GOLDWATER.

Thus the final vote was 63 to 27, with 29 Democrats and 34 Republicans on the winning side.

The four late voting Senators who supported cloture apparently would have voted against it if they could have changed the outcome. Similarly the four who voted "nay" appeared ready to have backed the cloture petition if their votes had been needed to insure its approval.

The Senate proceeded almost immediately to the job of disposing of a number of amendments to the satellite bill, most of them proposed by the liberals. Senator MANSFIELD and other leaders want no changes in the bill, which has been passed by the House of Representatives, so that a House-Senate conference to iron out differences will not be necessary.

Beaten or tabled were amendments to permit the National Aeronautics and Space Administration to lease satellite systems, to limit the communications carriers' participation in the new corporation to 10 percent each, to put a $100 ceiling on all stock sold to the public, to bring the United Nations into some control of satellite systems, and to forbid exclusive patents on investments growing out of such systems.

The Senate adjourned in midafternoon with more amendments pending.

SENATE'S ROLLCALL VOTE INVOKING CLOTURE RULE

WASHINGTON, August 14.—Following is the 63-to-27 rollcall vote by which the Senate invoked its cloture rule today to limit further debate on the communications satellite bill (a two-thirds majority was required).

FOR CLOTURE—63

Democrats, 29: Chavez, New Mexico; Church, Idaho; Clark, Pennsylvania; Dodd, Connecticut; Engle, California; Hart, Michigan; Hartke, Indiana; Hickey, Wyoming; Holland, Florida; Humphrey, Minnesota; Jackson, Washington; Kerr, Oklahoma; Lausche, Ohio; Long, Missouri; Long, Hawaii; Magnuson, Washington; Mansfield, Montana; McCarthy, Minnesota; Metcalf, Montana; Monroney, Oklahoma; Muskie, Maine; Pastore, Rhode Island; Pell, Rhode Island; Proxmire, Wisconsin; Randolph, West Virginia; Smathers, Florida; Smith, Massachusetts; Symington, Missouri; and Williams, New Jersey.

Republicans, 34: Aiken, Vermont; Allott, Colorado; Beall, Maryland; Bennett, Utah; Boggs, Delaware; Bottum, South Dakota; Bush, Connecticut; Butler, Maryland; Capehart, Indiana; Carlson, Kansas; Case, New Jersey; Cooper, Kentucky; Cotton, New Hampshire; Curtis, Nebraska; Dirksen, Illinois; Fong, Hawaii; Hickenlooper, Iowa; Hruska, Nebraska; Javits, New York; Jordan, Idaho; Keating, New York; Kuchel, California; Miller, Iowa; Morton, Kentucky; Mundt, South Dakota; Murphy, New Hampshire; Pearson, Kansas; Prouty, Vermont; Saltonstall, Massachusetts; Scott, Pennsylvania; Smith, Maine; Wiley, Wisconsin; Williams, Delaware; and Young, North Dakota.

AGAINST CLOTURE—27

Democrats, 25: Bartlett, Alaska; Burdick, North Dakota; Byrd, West Virginia; Cannon, Nevada; Carroll, Colorado; Douglas, Illinois; Eastland, Mississippi; Ellender, Louisiana; Ervin, North Carolina; Gore, Tennessee; Gruening, Alaska; Hill, Alabama; Johnston, South Carolina; Kefauver, Tennessee; Long, Louisiana; McNamara, Michigan; Morse, Oregon; Neuberger, Oregon; Russell, Georgia; Sparkman, Alabama; Stennis, Mississippi; Talmadge, Georgia; Thurmond, South Carolina; Yarborough, Texas; and Young, Ohio.

Republicans, 2: Goldwater, Arizona; Tower, Texas.

Not voting but announced as paired with a two-thirds majority required, two votes for were required to offset one vote against:

Anderson, Democrat, New Mexico, and Moss, Democrat, Utah, for; and McGee, Democrat, Wyoming, against.

Not voting nor paired were: Bible, Democrat, Nevada; Byrd, Democrat, Virginia; Fulbright, Democrat, Arkansas; Hayden, Democrat, Arizona; Jordan, Democrat, North Carolina; McClellan, Democrat, Arkansas; and Robertson, Democrat, Virginia.

[From the Washington Post]

A SPECK IN SPACE DIVIDES A PARTY

(By Marquis Childs)

No matter what the final outcome—and the odds are heavily weighted on the side of the powers that be—the struggle in the Senate over control of the satellite communications system will leave a wounding division in the Democratic Party.

The ideological nature of the struggle touches the roots of Democratic Party conviction. The little band of willful men, to appropriate a phrase out of an earlier and even more embittered struggle, see themselves as defenders of the great mass of the people against the ever-increasing reach of corporate power.

They see themselves as the heirs of the populism of William Jennings Bryan and the social advances of Franklin Roosevelt's New Deal. This was the ideological base from which the Democrats, beginning in 1932, made themselves the country's majority party. If this is no longer to be the party's base, these men are in effect asking: Then for what does the party stand?

One evidence that this may touch the conscience of many reflective party members is the fact that the Democratic conference of 13 Western States showed sympathy for the fight of the dozen or more Senators who have been filibustering to prevent passage of the administration bill putting the satellite communications system in a private corporation.

There is a disturbing analogy, as Senator ALBERT GORE of Tennessee noted, out of the recent past. Despite the blow of the stock market crash in the fall of 1929, the Republican Party was still the confident instrument of America's glowing and prosperous future. On the night of November 7, Senator George H. Moses, of New Hampshire, delivered a speech in which he used a phrase that was to become famous.

Moses denounced the rebels in the Republican ranks as "sons of wild jackasses" and, in effect, read them out of the party. These were the western Senators, George Norris of Nebraska, William E. Borah of Idaho, Robert M. La Follette, Jr., of Wisconsin.

A yeasty, leavening element was lost. Norris became technically an independent, in fact a Democrat reelected with the help of F.D.R. As today's opponents of the administration measure like to recall, it was Norris who on at least three occasions led a filibuster to block a measure giving the great powersite at Muscle Shoals to a private corporation.

The powers that be in this struggle are powerful indeed. They include the administration, the majority and minority leadership in the Senate, most of the Democrats and all of the Republicans and last, but far from least, the American Telephone & Telegraph Co.

The opponents contend that A.T. & T. will inevitably dominate the private corporation—with three Presidentially appointed directors on the board—and they charge, in effect, that the Government is giving away half a billion dollars in research.

As was perhaps bound to happen, the little band in opposition has a feeling of martyrdom. They see the rich and powerful leaders of their own party leagued against them. At the head of this list they put Vice President Johnson. He is overlord of the empire of space, and a hefty empire it is, with billions in contracts.

Next on the roster they put Senator ROBERT S. KERR of Oklahoma who, as chairman of the Committee on Aeronautical and Space Sciences, is the Vice President's close ally. KERR is probably the wealthiest man in Congress. The uranium contracts of his own company with the Government encompass hundreds of millions of dollars. His own oil and gas interests are extensive and he has major allies in the industry. KERR's position as No. 2 Democrat on the Finance Committee is possibly enough in itself to insure that any move to close or even narrow the 27½ percent depletion allowance tax loophole of the oil industry will fail

In the view of most of their colleagues, the little band is a group of soreheads. Their martyrdom gives them away. They are sons of wild jackasses braying before the image of a past that is gone forever.

So rigid have the postures of the opposing sides become that the substance of the debate has largely been lost sight of. Would not a Government-operated satellite system become merely another part of the swelling military bureaucracy? What about a lease to private communications companies, with the Government retaining ownership?

[From the Washington Post, Aug. 15, 1962]

GOP UNITY HURTS PRESIDENT—LIBERAL DEMOCRATS HAVE TOUGH WEEK

(By Chalmers M. Roberts)

It's been a tough week in Washington for the liberals. And not a very happy one for the President.

Indeed, it even raises the question in a serious fashion, which has been raised so hilariously in a paperback book entitled "Who's in Charge Here?"

On Monday President Kennedy took to television to put the best face possible on his inability to get the keymen in an overwhelmingly Democratic Congress to agree to vote a tax cut now.

It didn't take much reading between the lines to see that his conclusion was the result of an inability to get a tax cut passed rather than a feeling that now was not the time.

And so the dreams of the liberal economists to give the economy a big shot in the arm to "get the country moving again" gave way to the conventional wisdom of wait until later.

Mr. Kennedy may have won a Pulitzer Prize for his "Profiles in Courage" but he was in no mood to take some of the liberal advice and risk a battle with Congress he apparently felt he could only lose.

Then yesterday the little band of liberals in the Senate, all of them Democrats, were treated as though they were what Woodrow Wilson once called other Senate liberals back in 1917, "a little group of willful men" blocking the will of the majority.

It was the Southern Democrats who decided the issue, not on the merits of the communications satellite bill under discussion but as a question of how best to protect their own minority position on civil rights. And so enough votes were cast with the liberals to preserve the ideal of unlimited debate but not enough to prevent the first application of cloture in the Senate in 35 years.

The liberals themselves were split and the holdouts got no help whatsoever from the President or his Cabinet members. The administration long ago had backed away from its initial position on the satellite bill to take the best compromise it could get.

It probably will take some time to find out from actual application of the Government-industry partnership concept to determine who was right and who was wrong. But the point yesterday was that the Senate liberals couldn't even muster one-third of the votes plus one to prevent cloture.

The Republicans, with only a couple of exceptions, were clever enough to stick together on this one though procloture votes by some of their number may come home to haunt the GOP next year in the annual argument over halting a Southern filibuster on civil rights.

Monday evening out in Minneapolis, Secretary of State Dean Rusk responded to right-wing criticism that the New Frontier is operating on a "no win" foreign policy. He said it wasn't so but then he went on to list as administration policy a lot of the things which Senator BARRY GOLDWATER, Republican, of Arizona, insists are the elements of "no win."

In his inaugural the President declared: "Let us never negotiate out of fear. But let us never fear to negotiate." He is sticking to this position but it can hardly make him very happy to know that the GOP is complaining that the Soviet Ambassador was "chit-chatting" with Rusk on the anniversary of the Berlin wall.

On top of all these headaches for the President and the Democrats, a Republican Congressman is trying to make something out of Attorney General Robert Kennedy's dog. It seems even a dog can't enter a Federal building without running afoul of some law.

Add to this the pain Democratic politicians rather uniformly report over the highjinks at Brother Bobby's swimming pool. Now Look magazine comes along with an article saying that the President's "honeymoon with the press * * * is on the pebbles, if not the rocks." As a matter of fact it is rather amazing that Mr. Kennedy and his family have had such a good press so long.

The only thing missing from all this Washington gloom is a new Berlin crisis. And that may be just around the corner.

Probably it is best to be philosophical about all these problems. After they have been in office a while, most Presidents have begun to feel as though Washington were a jail. They seem to get a uniform urge to get out of town, to take the offensive on the political stump and to hear those cheering thousands once again.

Congress, at long last, soon will be going home. Mr. Kennedy, like his predecessors, then will be able to hit the road. And that doubtless will give him the boost any harried President must need to keep at the job.

[From the New York Times, Aug. 15, 1962]

ABSENTEES PLAY A KEY ROLE IN SENATE'S FIRST APPLICATION OF THE CLOTURE RULE IN 35 YEARS

(By Marjorie Hunter)

WASHINGTON, August 14.—The last time it happened was in 1927.

That was the year in which Sacco and Vanzetti were executed, Lindbergh flew the Atlantic and Babe Ruth set his record of 60 home runs.

It was the year the Senate, debating a bill to provide for machinery to enforce prohibition, put an end to a filibuster by voting cloture. Nothing like it happened again until today.

Today, the Senate rollcall vote to cut off a filibuster against the communications satellite bill took just 15 minutes. Nine Senators were occupied elsewhere—and a tenth was present but did not have his vote counted to accommodate two of the absentees.

Connoisseurs of politics will argue for a long time about what might have happened if all or some of the nine had been there.

Who were the missing men? And why did they miss the brief but dramatic chapter in Senate history?

Senator B. EVERETT JORDAN, Democrat, of North Carolina, spent the 15 minutes sitting in his office. Later, he explains why:

"I am for the [satellite] bill. I think the Senate should get on with it, as well as other business before it. But I could not in good conscience vote to invoke cloture, so I withheld my vote."

Senator J. W. FULBRIGHT, Democrat, of Arkansas, was in New York City. He had spoken there at noon yesterday to the Reader's Digest Foundation for International Journalists and stayed over for an extra day.

Senator ALAN BIBLE, Democrat, of Nevada, left at noon today for a visit to his home State. That was an hour before the Senate began voting.

Senator FRANK E. MOSS, Democrat, of Utah, was representing President Kennedy at a festival in Vancouver, British Columbia. He was paired in favor of cloture.

Senator CARL HAYDEN, Democrat, of Arizona, has been in his home State since last Friday.

Senator A. WILLIS ROBERTSON, Democrat, of Virginia, stayed away from the floor because according to an aid, "he had determined he could not vote for cloture."

Senator CLINTON P. ANDERSON, Democrat, of New Mexico, was in his home State taking a rest, under doctor's orders. He was paired in favor of cloture.

Senator HARRY F. BYRD, Democrat, of Virginia, went to a Senate Finance Committee meeting in midmorning and did not return to his office, aids said.

Senator JOHN L. MCCLELLAN, Democrat, of Arkansas, arrived at his office at 8 a.m., and departed at 9:30. Aids said they did not know where he had been during the Senate vote.

Senator GALE W. MCGEE, Democrat, of Wyoming, was present and announced a pair with Senators ANDERSON and MOSS. If present, they would have voted "aye" and he would vote "no", he announced.

Paring is a device by which a legislator can have his vote recorded but not counted. To pair, he must find someone who would otherwise vote on the opposite side of an issue. On an issue requiring a two-thirds vote to carry, such as today's cloture vote, two "ayes" equal one "no."

Filibusters are nearly as old as the Senate itself. Over the years, Senators seeking to kill bills have droned on for hours, sometimes reciting the Lord's Prayer, reading "Childe Harold" by Lord Byron or giving recipes for turnip greens and fried oysters.

In 1935, Senator Huey P. Long, Democrat of Louisiana, extolled the virtues of pot likker (corn bread crumbled up in the liquid left in the bottom of a pot of greens or field peas) in filibustering against extension of the National Recovery Act.

Many dozens of filibusters, big and small, have been staged, but seldom has the Senate tried to cut off debate by cloture.

The cloture rule was adopted in 1917. Since then, only 25 attempts have been made to impose cloture, and only 4 had succeeded until today.

Prior to 1917, unlimited debate was allowed in the Senate. During a 2-week filibuster against the reestablishment of the Bank of the United States in 1841, Senator Henry Clay threatened to seek the adoption of a cloture rule, but the debate finally ended and the bill was passed.

The first successful cloture vote came in 1919, when the Senate was considering approval of the Versailles Treaty. The cloture motion was adopted, 78 to 16.

In 1926, the Senate was debating a bill calling for adherence to the World Court. A cloture motion was approved, 68 to 26, but the bill later was modified before passage.

Cloture was invoked a third time in 1927, during debate over a branch banking bill, by a vote of 68 to 18.

Later that year, the cloture motion to cut off debate on a bill setting up a Treasury Department bureau to enforce prohibition was adopted, 55 to 27.

Of the 25 attempts to impose cloture, 9 have dealt with civil rights bills, all of these since 1938. None was sucecssful.

CHARGING TIME ON QUORUM CALLS

Mr. KUCHEL. Mr. President, on page 16441 of the RECORD there appears my inquiry of the Presiding Officer as to the conditions under which the Chair would charge the time against a Senator who suggests the absence of a quorum. The Presiding Officer said, on that page:

> The PRESIDING OFFICER. If the debate is not concluded prior to the calling of the quorum, it will be taken out of that Senator's time. The only time that a quorum can be called without it coming out of his time is just preceding the vote.

My question is, Is that the Chair's ruling today?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Chair is informed by the Parliamentarian that the Senate has no precedents on that question whatever. If the question is raised, it probably would be this Presiding Officer's intention to submit the question to the Senate for decision.

Mr. KUCHEL. I thank the Chair.

Mr. COTTON. Mr. President, the Senator from New Hampshire has derived a little quiet amusement from the fact that yesterday the distinguished Senator from Illinois [Mr. DOUGLAS], and only a few moments ago the distinguished Senator from Tennessee [Mr. KEFAUVER] expressed sorrow that during the long period of discussion of the pending measure the proponents of the bill did not see fit, with the exception, I believe they said, of the distinguished Senator from Rhode Island [Mr. PASTORE], to speak for the bill, so that they could not have the opportunity of hearing the arguments in its favor. I was amused, because for the past 2 weeks the Senator from New Hampshire, who is a member of the Commerce Committee, and who is also a member of the Subcommittee on Communications which considered the bill has been awaiting an opportunity to present a brief speech in favor of it. During all the time of this filibuster, it has been impossible for anyone not a member of the filibusters to secure the floor.

In eloquent words the distinguished Senator from Tennessee yesterday said, "We do not plead for mercy; we plead for justice," the Senator from New Hampshire is happy that at last with cloture, 1 hour under the rule is available to every Member of the Senate. I now have an opportunity to gratify the longings of those Senators who have been wondering why someone who was in favor of the bill did not raise his voice for it.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. COTTON. Of course I yield.

Mr. DOUGLAS. I wish to thank the Senator from New Hampshire for getting up to state a reason for the bill. I shall listen very carefully, because this will be the first argument that will have been made on the floor in favor of the bill.

Mr. COTTON. I thank the Senator.

Mr. President, the Senate and the Nation have reached a momentous point of decision in a project that only a few years ago would have seemed a fantastic dream: the establishment of a worldwide communications system using orbiting satellites as relay stations.

Such an intercontinental system could carry telephone, telegraph, and television signals to every corner of the globe. It would be capable of handling a thousand telephone calls at one time and could meet the world's fast growing needs for oversea communications for the foreseeable future. The first nation to set up such a system will have gained a clear advantage in the race for space. It will also reap the prestige of being the first to put space sciences to a practical, peaceful use. Nor are the rewards limited to the economic or prestige fields alone. The impact of global TV and telephone service on underdeveloped countries 10 or 15 years from now may be decisive on their culture, their outlook, and even their language. The race to establish a workable satellite communications system may even determine whether the world will speak English or Russian in the generations to come.

One thing is certain: We cannot win that race by waiting. We must start, and start now. Every delay will be costly. That is the main reason why I voted yesterday for cloture. I did so in order that we might not sit and wait until someone stole the fruits of victory from us in this great "first" which we have made—and our "firsts" in the space contest are few these days.

The bill before the Senate, H.R. 11040, as drafted by the Space Committee and the Commerce Commitee, makes such a start. It would set up a new corporation to own and operate the U.S. portion of such a space communications system, and enable it to begin in earnest the task of creating the system.

It has been suggested in this debate that we ought to delay action for a couple of years until we have more information about some of the technical problems involved in space communications. Wait, these people say, a little longer and we will know what type of satellites to use and whether to put a large number into random orbits, or just a few into high stationary, or synchronous orbits about the earth. This plausible sounding argument has two fatal flaws, as I see it:

First, while we have the ability now, I believe, to establish a workable space communications system, the improved technology these people seek may be farther into the future than they think. For instance, high-altitude, stationary satellites may be more useful, but the technology for launching them and keeping them in orbit is not just around the corner. The Defense Department program for launching such a system, the Advent program, has just undergone a drastic shakeup because it is more than 2 years behind schedule. Its plans have been completely revised, the timetable set back again, and Defense officials are even reported to be unable to say how much of the $170 million spent on the program will be a total waste. Furthermore, technical improvements in this field will be a continual process, and if we wait for the last word we will never get started at all.

Second, the legal, organizational, and regulatory issues in this legislation will neither be affected nor resolved by technical developments. Even if we wait 1 or 2 more years, we will still be faced with the same problems, the same decisions and the same arguments, regardless of the number of technical questions which may have been answered in the meantime. Waiting will not end any of the controversy about this bill. It will only hold up our entry into this vital race, and gravely handicap our chances for victory.

Delay in acting on this legislation, and delay in setting up the communications satellite corporation could have another adverse effect. A key element in the whole development of a communications satellite system is the availability of adequate room, on a worldwide basis, in the electromagnetic spectrum. Unless specific and effective frequencies are set aside for space communications, the problems of interference, static, and unintentional jamming may be overwhelming. To deal with this matter, an extraordinary international conference will be held in Geneva next year to negotiate the use of space frequencies. U.S. negotiators will have a crucial task, and the affected agencies of the Government are already hard at work in preparation for this conference.

Mr. President, this is another reason why it would be dangerous, if not fatal, to delay the bill until next January. I believe their difficult assignment will be eased if we can go into that conference fully prepared to move ahead in commercial space communications, with an effective, able, and qualified corporation ready to go. The simple existence of such a corporation will, in my opinion, greatly strengthen the hand of our negotiators. It will be best possible evidence of the need for adequate frequencies. Furthermore, the corporation, itself, ought to be on hand to advise and assist our negotiators in what will be virtually a life-and-death matter as far as it is concerned.

Mr. President, let me turn now to the bill before us. Its provisions have been spelled out in detail during the course of this debate. Briefly stated, the bill would declare it to be the policy of the United States to establish, in cooperation with other nations, as quickly as practicable a global commercial communications satellite system. The bill spells out in considerable detail, the responsibilities which the President, the National Aeronautics and Space Administration, and the Federal Communications Commission will bear in connection with this undertaking. The bill would also authorize the establishment of a private corporation to own and operate the U.S. share of the global system, and would provide for extensive Government regulation of the corporation.

The bill, like most legislation, is a compromise. Many changes have been made to meet objections raised by both the bill's friends and foes. Frankly, I think too much may have been compromised. Presidential selection of three members of the board of directors is a most unusual step. It may have the unfortunate effect of putting the President and the Federal Government deep into the day-to-day management of a private corporation. In addition, the regulatory restrictions which the bill would impose on the corporation are far-reaching indeed. The FCC will have power over the corporation's rates, charges and earnings and a veto over its financial structure, its procurement and its construction. Viewed in the worst light, these provisions could hamstring the corporation. Furthermore they could divide the responsibility and the authority to such a degree that effective and fast-moving operations would be all but impossible.

Another aspect of the bill requires a solemn word of caution. This is the provision in section 304 which requires that the corporation's stock be sold "in a manner to encourage the widest distribution to the American public." My concern is that many Americans may expect too much of the new corporation and invest on the basis of such expectation. The strong role of the Government with respect to the corporation and the very fact that it is authorized by act of Congress may lead the unwary to regard it as a Government corporation whose profits and dividends are assured. This may even encourage some persons to cash in their Government bonds and plunge into the purchase of the corporation's stock.

The full facts must be made clear. Despite its hopeful promise, the venture is untried and untested. The managerial powers of the corporation are narrowly restricted by the bill, as I have indicated. Initial costs may be very high and expenses heavy. Profits of the early years may be slim, if they exist at all. Investors seeking quick, sure gains may be deeply disillusioned about the corporation.

Both the corporation and the Government have a clear duty to fully inform the public before soliciting their investment. This language in section 304 must not claim any priority over prudence.

Despite my misgivings about these provisions of the bill, I shall support its enactment and oppose any major amendment. I suspect that the bill, since it is a compromise, is not exactly what any one of us would like it to be, but I regard it as a basically fair and just compromise and one which can be further improved in the committee of conference which will have to reconcile the provisions of this bill with the measure already passed by the House. With a proper appreciation of the prime importance of the task before the corporation, I think reasonable men can make the bill work, and can fulfill the magnificent promise of communications satellites.

At the same time, I am impelled to warn that further changes which would restrict the authority of the corporation or impose additional burdens of regulation upon it could create a corporation with an imposing facade, but no substance.

As it comes before the Senate, the bill strikes what I regard as a workable balance between corporate power and Federal regulation. To upset that balance, as additional amendments might well do, could endanger or fatally delay the undertaking.

My concern over this matter is heightened by another factor which will have a major effect on the corporation and the communications satellite system. I refer to the fact that this corporation will own only the American portion of the system and will have to work in conjunction with foreign governments or business entities in the establishment of a workable worldwide space communications network.

Like the need for international agreement on the radio frequencies for space communications which I mentioned earlier, this is a matter which cannot be spelled out in detail in the bill. Instead, it must be worked out on a mutual basis by those involved. Without cooperation at the other end, the system will be doomed from the start.

The corporation will have to deal with foreign governments and business entities for the establishment of ground terminal stations and for connection with their communications systems. In the somewhat comparable case of submarine cables which now carry the communications services between this country and Great Britain, the British paid half the cost. They own half the system and participate jointly in its ownership, its operations, and its profits or losses. With respect to the communications satellite systems, some nations may wish to own their own terminal stations; some may wish to own part of them; some may wish to rent a share. Some nations may wish to own a proportionate share of the satellite system itself, depending on their use of it; and others may be content to let the U.S. corporation own and finance the system. Those who elect to pay part of the capital costs of the system, and thus own part of it, will also, of course, have a voice in the determination of the rates which the system will charge and the profits it will make.

The bill is properly silent on these matters, because Congress can legislate in this field only at the expense of another country's national sovereignty. The corporation must have the authority and ability to negotiate effectively with similar business entities in other countries to be served by the system. Such business arrangements have been routine for American international common carriers for many, many years, and need not impose any insurmountable barriers to the new satellite communications system, if we give the corporation the proper range of authority.

As it was reported by the Senate Commerce Committee, the bill gives to the corporation sufficient authority to enable it to cope with these problems. Its authority must not be diluted by additional amendments.

To summarize, Mr. President, in concept this is a bill which meets the need for action, instead of apathy. In technology, it deals with the realities of today, instead of idly waiting for the promises of tomorrow. In substance, it is as near a proper meld of private initiative and government restraint as we could hope to obtain.

And it has one more major virtue, in my view: The bill creates, not a monopoly system, but a competitive communications service. The facilties of the new corporation will compete directly and indirectly with the existing services of both the international telephone and telegraph communication companies.

I rejoice, too, that the bill provides for a private corporation, and rejects the suggestion that the Federal Government undertake this task, in keeping with our essential concept of private enterprise. To borrow a phrase often used in another connection, this communications satellite system is the New Frontier, in which the communistic and the free systems compete for supremacy. It would be a sad error to launch a corporation that did not contain the best features of the free enterprise system. America's major effort for the peaceful use of space must not be launched under the red banner of government ownership.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

PROPOSED SECOND-CLASS POSTAL RATE INCREASES

Mr. MORTON. Mr. President, the Senate Post Office and Civil Service Committee has for some time been considering H.R. 7927. This bill passed the House some months ago, and deals with increased postal rates. It may well reach the Senate floor in the not too distant future.

I favor many of the rate increases as contained in the House version of the bill. I am absolutely opposed to the rate increases in second-class mail, because of my deep concern over the impact which the House-passed rates would have on weekly and small daily newspapers. It is my hope that the committee in its wisdom will either eliminate entirely or substantially reduce the increases in this area. I have every reason to believe that the committee will do so. If, however, it does not, it will be my purpose to offer amendments to this end, when the bill reaches the floor, for action.

In my opinion, the rates as established in the House-passed bill would put many weeklies and small dailies out of business. I know this to be a fact in the State of Kentucky.

If representative government is to survive in today's challenging world, we must have an informed electorate. The value of the press, both daily and weekly, is tremendous in achieving that purpose. Free press has built America. A free press can be killed in two ways: first, by censorship; second, by prohibitive costs of circulation.

Postmaster General Day stated that the proposed rates would not be overly burdensome on small newspapers. He indicated that the free in-county provision would take care of the situation. In a State such as Kentucky, with its many small counties, this just plain is not so.

In Kentucky, a State, relatively small in area, there are 120 counties. The average population is 25,318 per county, and the average area is 332 square miles. If we eliminate the 20 most populous counties, we find that the remaining 100 counties have an average population of only 13,363, or just about 3,500 families. To successfully operate a weekly newspaper in a county of this size presents a real economic challenge.

In many instances a paper must be mailed to a post office outside the county, for delivery to a subscriber within the county of publication. I am sure the same situation prevails in many other States; notably, Virginia, Georgia, Pennsylvania, Alabama, Mississippi, and the Carolinas.

On March 22 of this year Mr. Maurice K. Henry appeared before the Post Office and Civil Service Committee. Mr. Henry is the publisher of the Middlesboro (Ky.) Daily News. He is also chairman of the Postal Affairs Committee of the Kentucky Press Association. This association represents 25 daily and 140 weekly newspapers, with a combined circulation of over 1 million copies. Knowing that most Members of the Senate will not have time to study completely the voluminous hearings on this measure, I should like to quote briefly, for the information of my colleagues, from Mr. Henry's testimony:

> The surcharge in H.R. 7927 will be the death toll for many weekly and small daily newspapers.
>
> First, let us cite our own postal circulation situation for the Middlesboro (Ky.) Daily News. We are a daily newspaper publishing Monday through Saturday with a 6,500 circulation. Our basic circulation covers three counties in three States: Bell County, Ky.; Lee County, Va.; and Claiborne County, Tenn. Middlesboro corporation limits are 2 miles from the State lines of Tennessee and Virginia. The much talked about free in-county circulation item is a myth in many counties in Kentucky as well as throughout the United States.
>
> The theorist would make it appear that all publishing newspapers are located in the geographical center of the county and that all subscribers are located within the confines of the publishing center or county.
>
> Out of our circulation of 6,500, 39.3 percent, or 2,554, is out-of-county mail circulation, and only 6.9 percent, or 454 subscribers, are free within the county. This is not an unusual situation, but more typical than many of the postal authorities would indicate to you.
>
> Going further into our postal financial situation for the Middlesboro (Ky.) Daily News, our records reveal that in 1951 the Daily News paid 80 cents per subscriber per year for out-of-county subscribers. In 1961 this had increased to $1.56 per year per subscriber, and H.R. 7927 will jump this rate to $4.68 per subscriber per year. This will increase our postal bill 687 percent over our 1951 charges.
>
> This can be stated another way for the Middlesboro Daily News:

1951 monthly postal bill average	$117.65
1961 monthly postal bill average	307.05
New bill proposal (H.R. 7927)	921.21

> This type of new postal increase is equal to approximately 50 percent of our net profit. If the quick and easy recommendations come to mind—raise rates, let me say trying to increase rural circulation rates is a deadly procedure as we tried it 1 year ago and lost 900 or 14 percent of our subscribers and after trying to regain the lost customers over a period of months and in order to stabilize retail sales in our city, we were forced to go back to our old rates.

The publisher of another small Kentucky daily indicates that if this increased postal rate is passed on to the subscriber, many will just cancel their subscriptions. Such action will certainly not be of any financial benefit to the Post Office. More important, it will deny many of our rural families the services and enlightenment of a daily paper.

Now, Mr. President, let me discuss the impact of the House-passed bill on the weekly newspapers which render such great service throughout the Nation.

The postal increase would run for Kentucky weeklies from a minimum of $316 to $3,600 a year. For some of the Kentucky weeklies, this proposed surcharge rate increase would equal 5 percent of gross revenues for 1961. One Kentucky weekly newspaperman had this comment to make on this matter, as he analyzed it:

> Last week the Todd County Standard carried 19 stories concerning various Government agencies such as ASC, soil conservation, Selective Service, Farm Home Administration, savings bonds, USDA Extension Service. The majority of these notices were advising subscribers of benefits available to them, or deadlines for filing for them, or services that would help them. If these items had been run for a private business, we would have considered them advertisements and charged for the space they used.

This is a serious matter, because if postal rates legislate weekly and small dailies out of business, how much expense will be added to the Government operation in order to get this information disseminated?

Douglas Galbraith, of the Paintsville, Ky., Herald, said in the survey:

> No medium disseminates more needed information to the people who need it most than a newspaper. I know that publishing a weekly requires much beyond the call of duty, but this nibbling away at profits will finally stop a needed service to the people. We talk of enlightenment for the world, but this postage bill is like a curtain of darkness for the American people.

The Falmouth, Ky., Outlook said:

> This bill will drive many weeklies out of business. We have not been ashamed to tell our Senators our newspaper gross and the profit is simply not there. We are now working an average of 70 hours per week. We would hate to see the American weekly newspaper driven from the scene by these excessive postal newspaper costs.

The Herald-News, of Hardinsburg, Ky., said this on the proposed rate increase:

> I have a letter over the President's signature written during his campaign in which he pledged: "First, restore the principle that the postal service is a public service. Second, separate the public service costs from those to be borne by the users of the mails." Also the Kennedy letter sent to George Wilson, stated the desire to make "much needed improvements in the postal services."

One Kentucky weekly publisher comments on the postal-rate increase in the McLean County News:

> We will have to pay the 1-cent surcharge on hundreds of our papers that go to subscribers who live in the county because they go through post offices that are out of the county. It is a good example of our having to pay for the Post Office Department's ossification.

Mr. President, as previously stated, I have every confidence in the senior Senator from South Carolina [Mr. JOHNSTON] and the senior Senator from Kansas [Mr. CARLSON], the chairman and the ranking minority member, respectively, of the Post Office and Civil Service Committee. They have had long service in this body. I served on this committee for several years, and in 1957 helped to lead the fight against exhorbitant second-class rate increases. I know the committee will take into consideration the enormous percentage increases which have occurred since 1951 in the matter of second-class mail rates. These increases have been much greater than those applied to other classes of mail, especially first class.

No Member of Congress is unwilling to fight to the end for freedom of the press. Let us not make the mistake of killing a free press with excessive economic burdens. To be effective, a free press must be read. To be read, it must have circulation. Let us be sure that all possible economies are effected in the postal service, and let us also be sure that the costs of the many public services performed by the Post Office Department are fairly and properly assessed.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. SCOTT. Mr. President, all of us have a tendency at times, often inadvertently to make broad, general, categorical statements which will not stand up under a close examination of the record. Among some of the broad, if not reckless, statements which one hears is the one that the communications satellite bill during the period of 3 weeks or more has never been explained on the floor of the Senate.

I respect Senators who hold that view; and I do not question their right to hold it or to express it, however much in conflict it may be with the actual record which has been made here over a period of a number of weeks.

The communications satellite bill was carefully explained in detail by the distinguished Senator from Rhode Island [Mr. PASTORE], the chairman of the Communications Subcommittee of the Commerce Committee not once, but several times. The bill has been explained time and again by the distinguished Senator from Oklahoma [Mr. KERR], the chairman of the Space Committee. More than 60 Senators were familiar with the bill by reason of their attendance at the committees' hearings. The junior Senator from Pennsylvania made a fairly lengthy speech on the floor in regard to this bill, while it was still in committee; and he had hoped that his speech would be classified as an explanation of the bill and as affirmative evidence of his support of it. One does not expect that Senators who are opposed to the bill would be required to listen, but one might suggest that they be invited to learn, by reading the RECORD. Any Senator has the opportunity to inform himself, as the public has been informed, that this bill has been thoroughly and exhaustively and lengthily explored by those in support of it, and it has been equally explored, perhaps even more exhaustingly, by those Senators who are in opposition.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SCOTT. I am glad to yield.

Mr. PASTORE. The distinguished Senator from Pennsylvania realizes that there are more than 150 amendments that have been submitted. Under the rule, the Senator from Rhode Island, who chances to be in charge of the bill for no more reason than that he happens to be chairman of the Communications Subcommittee of the Committee on Commerce, has 1 hour, just as any other Senator has. If the Senator from Rhode Island must stand here and answer all the questions that are going to be asked on 150 or 200 amendments, how long will his hour last? It will not be long before he uses all his time on the amendments.

Why have we reached this impasse and awkward situation? The distinguished majority leader asked for limited debate of 1 hour on each amendment. The request was rejected by those in opposition to the bill. The cloture was brought about through their own fault. We could have had a limitation of one-half hour's debate to a side on each amendment, for the proponents and opponents. The opponents refused. That situation brought us to the position where cloture was applied. By whom? By the Senator from Rhode Island? No; by the Senate of the United States.

The point I make is, that it would be impossible for me to answer all the questions on the amendments that would be asked during the cloture period, for the simple reason that I have only an hour, as every other Senator has an hour. I have to answer the questions of practically every Senator. When I make a motion to table, even the time for that motion is taken out of my time.

Mr. SCOTT. The Senator is absolutely correct. My references were principally to procedures in the Senate and in committee prior to the cloture motion. There is a great deal of breast-beating around here, to the effect, "We do not ask for mercy; we ask for justice." The crying towel has been exhibited ad nauseum, the crocodile tears have flowed unceasingly, all because a small group of Senators, within their rights, have opposed the bill.

Mr. President, I recall on a number of other occasions—certainly on one or two recent occasions—when an amendment prohibiting discrimination on the grounds of race or creed or color or national origin was offered. I voted for those amendments. But I heard some of the Senators who are now in opposition to the bill, and who are asserting that they are in support of this amendment now, say on other occasions when such amendments were offered to other bills that, great and potent civil rights advocates as they asserted themselves to be, nevertheless they were going to vote to table those amendments. And why? They gave the reason clearly. Because they thought the amendments were offered solely for the purpose of killing the bill.

Now this righteous attitude is succeeded by another. The same Senators come in and now offer the same amendment to this bill which they themselves voted against on other occasions, for reasons of outward piety, let us call it, for sweet charity's sake.

This amendment has a plausible appeal. I myself expect to vote for it, after I expose it for what it is. I expect to vote for it because years from now, should I be around, the question will arise whether the junior Senator from Pennsylvania has been consistent. Well, the junior Senator from Pennsylvania is going to be consistent, all right, but he is going to expose the inconsistency of those breast-beating so-called liberals who will use a device to kill a civil rights amendment on one occasion because it would kill a bill, but who will——

Mr. BURDICK. Mr. President, will the Senator yield?

Mr. SCOTT. I decline to yield at this time.

Mr. BURDICK. I ask the Senator from Pennsylvania——

Mr. SCOTT. The Senator from Pennsylvania declines to yield at this time. I will yield later.

The PRESIDING OFFICER. The Senator from Pennsylvania declines to yield.

Mr. SCOTT. But the same Senators will now come here and introduce the measure and say openly, as the Senator from Illinois has said, that this amendment will embarrass some Members of the Senate, and he jokes about the dilemma which he supposes is created for some of the Senate Members, largely on his side of the aisle.

I think amendments ought to be offered in good faith. I think an amendment which will kill a bill in one case ought to be admittedly offered in this case for the same purpose if Senators so believe, and the Senators who offer the amendment know it is intended to kill the bill if it is adopted. Their purpose is to kill the bill. Their purpose is to go on jamming Telstar while the Russians talk to each other in space; and while the Russians in orbit can agree among themselves upon the advantage which they have gained over us, we in the Senate cannot get off the ground and agree on a basic bill which will advance our ability to compete with the Russians.

Mr. President, I think this is a shameful situation.

If the Senator from North Dakota wishes me to yield to him, I shall be glad to do it on his time.

The PRESIDING OFFICER. The Senator from Pennsylvania yields to the Senator from North Dakota.

Mr. BURDICK. I ask the able Senator from Pennsylvania if there is not a difference between the civil rights amendment on this bill and a civil rights amendment on an education bill. A civil rights amendment on this bill will not kill the bill, because we are under controlled time. A civil rights amendment on an education bill would be under a filibuster. There is that difference.

Mr. SCOTT. I do not agree, because the purpose is the same, and whether the Senate is operating on controlled time or not, if it is offered to the bill, it is obviously the hope that with it in the bill, Members of the other body will reject the amendment and so the bill will fail. I question whether the fact that the time is under control is the motivation which compels some Senators to come rushing in with an amendment that would kill the bill.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SCOTT. I yield.

Mr. PASTORE. Is it not a fact that, if the FEPC measure is added, the bill will have to go to the House, then if and when the bill comes back here, we will have a filibuster not only by Senators who are against the bill, but, we will have a filibuster also by Senators who are against an FEPC? We will have a double-barreled filibuster.

Mr. SCOTT. Yes. Instead of a single, long-tailed filibuster, we will have a double, fork-tailed filibuster.

Mr. PASTORE. And this strategy has been formulated to accomplish what? Not to impart dignity to all men, which I am for, and will fight for to the end. No, it is being done to kill the bill.

Mr. SCOTT. Let me make it clear that, notwithstanding any allegations to the contrary whatsoever, while this delaying procedure goes on, the drug bill, designed to do what ought to be done with regard to protection of the public against dangerous drugs, cannot be reported from the committee which has been considering it. It certainly cannot be considered on the floor of the Senate. The trade bill cannot be considered. The tax bill, if any, cannot be considered. The farm bill cannot be considered.

The Senate of the United States has been hung on dead center by a small group of Senators, and the blame is theirs, Mr. President. They cannot shift it.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. BURDICK. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. BURDICK. Mr. President, for myself and other Senators, I call up my amendment 6-15-62—Q.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 31, line 14, it is proposed to add the following:

> Such articles of incorporation shall thereafter be amended only upon the initiation by or the approval of the President.

Mr. BURDICK. Mr. President, this amendment treats with the process of organization of the corporation.

The original language, approved by the administration, would have given to the President authority for approval of the articles of incorporation both in the beginning and with respect to all amendments thereafter. The language is as follows:

> The President of the United States shall designate incorporators who shall arrange for an initial stock offering and take whatever other actions are necessary to establish the corporation, including the filing of articles of incorporation which shall thereafter be amended only upon the initiation by or the approval of the President.

In the bill as reported the language is altered considerably. I read the pertinent portion from section 302:

> Such incorporators shall arrange for an initial stock offering and take whatever other actions are necessary to establish the corporation, including the filing of articles of incorporation, as approved by the President.

In other words, the President would have authority to approve the articles in the first instance, but any amendment thereafter would not require Presidential approval.

Any curbstone lawyer knows that the corporation representatives could meet in 1 year, or in 1 month, or in 1 week, and change the articles of incorporation. If there is to be executive surveillance of the organization, certainly the President should have the right also to approve amendments, which right was contained in the original language of the bill.

Mr. MORSE and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

Mr. KEFAUVER. Mr. President, will the Senator withhold his suggestion, so that I may speak on this amendment?

Mr. MORSE. Mr. President, I withhold the suggestion.

The PRESIDING OFFICER. The Senator withdraws his suggestion of the absence of a quorum, and the Senator from Tennessee is recognized.

Mr. KEFAUVER. Mr. President, this amendment is very important, as are all amendments which will be offered by those of us opposing the bill.

Again I wish to point out that, so far as we who are opposing the bill are concerned, we have had 2 days of earnest and useful debate on three amendments. We were prepared to bring up amendment after amendment of great importance, which would improve the bill, and which would do something toward protecting the public interest and the people of the United States.

We have, of course, been put under a cloture rule. We have, of course, been informed by the Senator in charge of the bill, the Senator from Rhode Island [Mr. PASTORE], that there will be no debate back and forth, or no answer to our arguments; that there will be only motions to table. I think this is really—and I say this sincerely—not in the interest of improving the bill, because the amendments would improve the bill.

The amendment offered by the distinguished Senator from North Dakota simply provides added protection. For some reason or another, the corporation laws of the District of Columbia were decided upon for the guidance and direction of the corporation. Under the corporation laws of the District of Columbia, after the board of directors met and adopted the original articles of incorporation, as to which the President would have some influence and must approve, the following day it would be possible for the directors of the corporation under the corporation laws of the District of Columbia to change the articles of the corporation so as to merge the corporation with some other corporation, so as to dissolve the corporation, so as to merge it wholly and make it a wholly-owned subsidiary of the American Telephone & Telegraph Co., or so as to do anything with the corporation they wish, and the President would be helpless and the country would be helpless to do anything about it.

As the Senator says, it does not make sense to have the President approve only the original articles of incorporation when, by a majority vote, the articles could be amended the day after they were approved and the President could not do anything about it.

Certainly the President should have the authority to approve at least any amendments to the articles of incorporation.

As a matter of fact, the President also ought to have a right of veto of changes in the bylaws of the corporation, which he would not have under the terms of the bill. As a minimum, the President should have the right to veto changes, if he wishes. He should have the right of approval, not only of the original articles of incorporation, but also of all amendments thereto. Otherwise this little "window dressing" for the President would be entirely meaningless.

Mr. President, I do hope, in a spirit of improving the bill and protecting the President to some extent, that the distinguished Senator from Rhode Island will not merely move to table the amendment and block off real consideration of it, as he has of other amendments.

I yield the floor.

Mr. KEATING. Mr. President——

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. KEATING. I merely wish to say a very few words about yesterday's vote. I have heard on the air and have read in some accounts by news commentators that yesterday's vote was a great victory for the President.

I wish to point out that, in my judgment, it was a great victory for responsible behavior in this body; and the tally by which that was achieved carried more Republican names that Democratic names.

Yesterday's vote was a classic illustration of the facts of life in this 87th Congress. I hope there will not be any further question on two points. First, the vote shattered completely the irresponsible accusations that Republicans are obstructionists. As we all know, the national chairman of the Democratic Party has repeatedly made these charges. The President himself has both directly and obliquely blamed the Republicans for the failures of this legislative session.

It is apparent now that the communications satellite bill, written with the best interests of all Americans in mind, having the support of the administration, will pass. Why will it pass? It will pass, Mr. President, because 34 Republicans—all but 2—as compared with 29 Democrats, voted responsibly to cut off this "talkathon."

The second fact it underscores is a fact which should be obvious throughout this session, that Republicans—or many Republicans—will support worthwhile legislation when it is put forward regardless of its parentage. This was demonstrated earlier, for instance, on the manpower retraining bill.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Alaska?

Mr. KEATING. In one moment I will yield, on the Senator's time.

The PRESIDING OFFICER. Does the Senator yield?

Mr. KEATING. I will yield on the Senator's time, not on my own time, Mr. President.

Mr. GRUENING. That will be satisfactory.

Mr. MANSFIELD. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. MANSFIELD. I believe the Presiding Officer has ruled that the Senator cannot yield on that basis without losing his right to the floor. Is that correct?

The PRESIDING OFFICER. The Chair believes that is the rule.

Mr. KEATING. If that is the rule, then I do not care to yield.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. If the Senator yields, under the procedures of the Senate he will have to yield on his own time, will he not?

The PRESIDING OFFICER. If the Senator yields on the time of the Senator requesting him to yield, he will lose his right to the floor. Does the Senator yield?

Mr. KEATING. Mr. President, I do not wish to lose my right to the floor. I will take only a few additional minutes.

The PRESIDING OFFICER. The Senator from New York declines to yield.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from New York yield for a parliamentary inquiry?

Mr. KEATING. Under the ruling of the Chair, I decline to yield for any purpose.

What I have stated was demonstrated once in respect to the manpower retraining bill. It was demonstrated in yesterday's vote upon a bill related to further U.S. technical advances in the space field.

Mr. President, as one who supported the cloture move and has supported cloture moves in the past, there is only one other general observation that I feel impelled to make. Very frankly, I am rather disappointed at the result which has come from the shutting off of debate. We all respect the opponents of the measure. We are motivated by different actions, but we have mutual respect for each other's views. I had hoped that they would bring up 5, 6, 7 or perhaps up to 10 of the most important amendments for which they were really hopeful of securing support, and that those amendments would be thoroughly discussed and voted up or down on their merits.

I should like to have seen a real debate on the most important amendments, with both sides participating fully. Having participated myself as a member of the Communications Subcommittee, presided over so ably by the distinguished Senator from Rhode Island [Mr. Pastore], and having covered nearly all of the points contained in the amendments, and having sat in days of hearings, although not to the extent that the chairman did, I say very frankly that I would not be sympathetic to very many of the amendments that are at the desk. But there are some I would support. I was prepared, and still am, to listen and be convinced, if a good case can be made for them.

Yet yesterday, instead of a fine debate on several amendments, there was a marathon in which the opponents of the measure tried to see how many amendments could physically be called up and explained in a given time without much regard for their merits or the results in debate or in voting. It reminded me of the medieval custom of debating how many angels could be carried on the head of a pin. At other times, at times it was more like a tobacco auction than a Senate debate.

That pressure, it seems to me, could be somewhat relieved if we had our deliberations limited to a few of the amendments. I would respectfully suggest that the opponents of this measure while criticizing the bill and offering amendments, might concentrate on a few amendments, instead of continuing the marathon. The distinguished Senators handling the bill, the Senator from Rhode Island [Mr. Pastore], and the Senator from Oklahoma [Mr. Kerr] would not then have to engage in an immediate tabling motion the moment an amendment is offered. I make that suggestion most respectfully, and I urge my colleagues on both sides of the aisle to consider whether that cannot be done and whether a better and more responsible result would not be achieved by that approach.

Mr. JAVITS. Mr. President, I support my colleague [Mr. Keating] in what I think is an excellent suggestion. I invite the attention of the Senator from Rhode Island. With all due respect, I hope the Senate will vote down one of the motions to table with the same decisiveness as my colleague has so ably said it voted for cloture. I think the purpose of cloture would easily be defeated and cloture could be discredited. I do not wish to see it discredited, because I believe it is an extremely useful instrument for the Senate. At long last it has been used. I am pleased to see it come in my own experience and presence in the Senate Chamber.

But if cloture should become a guillotine, it could be destroyed. In other words, if the Senate believes, when it votes cloture, that it will mean the bill must be taken as it is, the purpose of cloture will have been defeated.

I appreciate the sentiment of the distinguished Senator from Rhode Island [Mr. Pastore] that if the Senate will send the bill over to the House of Representatives, the other body will take it. Such action would avoid a conference and the possibility of another filibuster. But, Mr. President, that is not the way we ought to legislate. The other body may not take what we present. So much to its credit if it does not like an amendment. That does not mean we should prostitute our own judgments as to what we should put in or refrain from putting into a bill.

I thoroughly agree with my colleague [Mr. Keating]. There are some provisions of the bill which should be amended, and urgently need to be amended. No one is desirous of bringing about a giveaway. My reputation and standing in the Senate and in the country would indicate it would be as distasteful to me to be a party to a giveaway as it would be to any of the liberals who are contending in respect to the public ownership features of the bill.

But I happen to feel, as do others who are liberal and those who are contending for public ownership, that a mixed Government-business corporation organized to develop the proposed operation would be an extremely useful, interesting, and worthwhile technique. That does not mean that the bill is sacrosanct and should not be amended in any respect or in any manner in framing and developing a Government-business enterprise, in which I thoroughly believe. I think it is a fine thing. I think that is the direction in which business will have to go more and more in the future. The measure is a good program to bring it about. It would be helpful in the proposed system.

Whatever one may say about the A.T. & T., I am not for "buttering it up" any more than anybody else. But the fact is that in the presence of the two space ships that the Russians have in the atmosphere today, the only counterpropaganda we have is Telstar. So let us not merely pass off private enterprise as being immaterial, improper, and nothing but a giveaway. It is capable of great accomplishment. Let us use it.

In defining the bill we must pay the strictest attention to its implications in terms of our foreign policy, and the fact that it is a national trust. We must remember that billions of dollars, prestige, and resources are involved in the proposed development. So I, for one, wish to pass upon the amendments one by one, voting for those that are good and voting against those that are bad, and not merely striking them all down on the guillotine of a motion to table.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I will yield in a moment.

I join my colleague [Mr. Keating] in urging that the Senate pay attention to the motions to table. It is not fair merely to use the cloture motion as a signal that that is the end of consideration of a bill. It does not mean that the bill should pass exactly as it is, but we should use the opportunity to improve it.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield first to the Senator from Tennessee [Mr. Kefauver], and then I will yield to the Senator from Rhode Island [Mr. Pastore].

Mr. KEFAUVER. Does not the Senator feel that the amendments that have been offered, including the amendment now before the Senate, are important and are sincere efforts on the part of at least the authors of the amendments to improve the bill?

Mr. JAVITS. I voted against the motion to table some. I voted for the motion to table others, because I felt on the motion to table I was voting on the merits. I think some of the amendments were substantially good.

Let us take for example the amendment now proposed. That is an example of what I mean. We have not had a chance to examine it. Some of the other amendments were not particularly important. I do not wish to characterize them, because that would be impolite to the ones who offered them. I believe that my colleague from New York is right about the fact that the opponents of the bill have not chosen their prime amendments. They have a whole series of amendments at the desk—no doubt they consider them all important, and I will not characterize them—but I do believe there is a great deal of merit to what my colleague says about taking up those that the proponents really believe to be directed to the fundamental concept of the bill under a given situation, because it is extremely difficult to get any amendment considered.

I say again, as I said before, that it is a fact that in our debate on the bill, on a motion to table, when we vote on that motion we are voting in essence on the merits of the bill. It is no excuse, so far as a vote is concerned, merely because the vote is on a motion to table, because as I say, in essence on such a vote we vote on the merits of the bill itself.

I wish to remind the Senate again that cloture does not mean that we must simply take the bill as it is.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. Mr. President, I sympathize with the position of my good friend from New York. As a matter of fact, I am not in a very pleasant position here in challenging and disputing with this galaxy of friends with whom I have stood shoulder to shoulder many times on problems which are involved in this debate.

The spokesman of the opponents, the Senator from Texas [Mr. Yarborough], attended the hearings of our committee. We went out of our way to take every suggestion that he made. I invite him to stand up and deny it. Of course I know he will not do so. I am forced into this position by reason of the cloture being applied. We now have a limitation of debate on all amendments. There are 200 amendments at the desk. Every amendment that has been brought up so far, with the exception of the FEPC amendment, has been discussed by a committee. It has been rejected or discussed in one fashion or another.

How in the world can I stand here and intelligently answer these very controversial questions, when 200 amendments have been submitted? I have only 1 hour available to me. I am in charge of the bill on the floor of the Senate. I have been forced into this position. I have been forced into it by the vote of the Senate. How can I intelligently answer, elaborately, for the purpose of the record, questions about every single amendment that has been proposed? I cannot do it. I would be able to speak on three or four amendments, and then I would have no further time to discuss any amendment. The Senator from New York could not give me any time; neither could any other Senator.

I did not ask to be put in this position. I was forced in it. I begged, and I begged those now opposing the bill to give me their ideas, and I would consider them. They told me from the start that unless we made this a Government corporation and kept private industry out of it, they would fight the bill to the end. That is what they said. I know that a few of them wish to put it over until November. The Senator from Oregon [Mr. Morse] will not deny it, because he made that statement several times. I do not care how the bill is amended, and it will not matter to some how it is amended, because there are Senators who do not want it at any price, and will fight against it. I would not be able to speak against more than two or three amendments and I would run out of time. No other Senator could give me time then.

Mr. JAVITS. Mr. President, will the Senator yield to me on my time? This time will have to come out of my time, anyway, and I will not have enough time to yield. I merely wish to make this additional statement. I should like to say to the Senator that is the very reason for feeling—and I wish to commend my colleague from New York for initiating this thought—that if the opposition will limit themselves to some principal amendments—two or three or four—there would be an opportunity to debate them. This guillotine method of immediately moving to table an amendment means that the Senate cannot make its contribution toward improving the bill.

Mr. PASTORE. Does the Senator consider the FEPC amendment to be one of the important amendments?

Mr. JAVITS. I consider the FEPC amendment to be very important. The amendments I am talking about now are amendments which are directed toward a substantive fashioning of the bill.

Mr. PASTORE. I should like to ask the Senator one question and then I shall sit down. Will the Senator admit that if the FEPC amendment is added to the bill, it will kill the bill?

Mr. JAVITS. I do not admit that at all.

Mr. PASTORE. I disagree with the Senator.

Mr. JAVITS. If we are to legislate intelligently, as we showed by the cloture vote, which is a concept that represents the seizure by the Senate of its own destiny, it must do the same with regard to the terms of the bill.

I yield the floor.

Mr. MORSE. It is obvious from the remarks of the Senators from New York that the cloture action has already come home to roost on their shoulders, and they do not like it, because it is accompanied here by another gag rule in the form of motions to lay on the table as fast as amendments are called up. November 1962 is not 1963. The Senator from Oregon has only asked that the bill go over to the week following the election. We are entitled to adequate debate on the amendments. The Senators from New York are correct; these are very important amendments. We should not be gagged on the floor of the Senate, because, as the representatives of the people, when we are gagged, the American people are gagged and prevented from benefiting from the full debate on the amendments.

Mr. YARBOROUGH. Mr. President, I yield myself 15 minutes of my own time, and I ask the Chair to notify me when I have used up the 15 minutes. The distinguished Senator from Rhode Island said that the committee accepted my amendments. They did accept some amendments. Then he challenged me to name some amendments that they did not accept. I ask the attention of the distinguished Senator from Rhode Island. He challenged me to name one amendment that was not accepted in the Commerce Committee. I will tell the Senator one amendment that he did not accept, which was tabled yesterday. That was the amendment limiting to any one ownership a maximum of 10 percent of both voting stock and nonvoting stock, whether it be class A or class B, or any other kind. That is one amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I will yield on the Senator's time, not on my time.

Mr. PASTORE. I do not have that much time.

Mr. YARBOROUGH. I will not yield. The guillotine is on our necks.

Mr. MORTON. Mr. President, will the Senator yield to me?

Mr. YARBOROUGH. Mr. President, if I yield for a question, do I lose the floor?

The PRESIDING OFFICER. If the Senator yields to the Senator from Kentucky, and if he yields on his time——

Mr. YARBOROUGH. I have only 15 minutes, Mr. President. I will not yield at this time. I call particular attention to paragraph 6 of section 201(a) of the bill, at page 24. We come now to the meat of the coconut. The distinguished Senator from Rhode Island asked for it. He said we should get to the meat of this thing. Section 201(a) (6) reads that the President shall take all necessary steps to insure the availability and the appropriate utilization of the communications satellite system by the Government of the United States.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I will yield on the Senator's time.

Mr. PASTORE. Of course, the Senator will not yield.

Mr. YARBOROUGH. I will yield on the Senator's own time.

Mr. PASTORE. I do not have that much time.

Mr. YARBOROUGH. The Senator has the guillotine on our necks. The Senator and his group invoked cloture. Now, after he has cut off the time, he is complaining about not having time. Why? Incidentally, where did the word "cloture" come from? It was not in our language until after the French Revolution. It was brought into our language as a parliamentary term after the French Revolution. The distinguished Senator from New York used the term "guillotine." That is also a proper parliamentary term. Where did we get it? How did it come into our English language? It also came into our language from the French language of the French Revolution, from the French Revolutionary tribunals.

Cloture was not known in the British Parliament until 1882, and was not adopted in the Senate rules until 1917. It had not been used in the defense of human rights in 35 years. No one used it during Warld War II or during the Korean conflict. No one used it in a great national emergency. However, now it is used to give away this vast governmental largess to a private monopoly. I wish to read section 201(a) (6).

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. On the Senator's time.

Mr. PASTORE. On the time of the Senator from Texas, I mean.

Mr. YARBOROUGH. No. The Senator from Rhode Island put the guillotine on our necks; if he wants time let him use his own.

The PRESIDING OFFICER. The Senator refuses to yield. The Senate will be in order. The Senator from Texas has the floor.

Mr. YARBOROUGH. I ask unanimous consent to have printed in the Record at this point page 128 of the hearings before the Foreign Relations Committee, from the testimony of Edward R. Murrow. Mr. Murrow speaks about the cost of this thing.

There being no objection, the excerpt from the testimony was ordered to be printed in the Record, as follows:

IMPORTANCE TO USIA OF COST OF SATELLITE

As regards the usefulness of this system to the U.S. Information Agency, we have two paramount concerns. One is the cost. The other is the signal.

First as to cost. Our Agency will use a satellite system only if we can afford it. We cannot squander millions for the novelty of using a new satellite system. On our Agency budget we must staff and maintain over 200 posts in 100 countries around the world carrying on all the highly diversified activities I mentioned previously. Broadcasting—although it is important—is only one of these activities.

I think it is reasonable to suggest that the national interest demands that we use the system. Reflect, if you will, on the impact around the world of the instantaneous live television coverage of the launching of a man into orbit. Dwell upon the lessons of freedom that would attend the worldwide live television coverage of an American election.

USIA'S CONCERN THAT IT CANNOT AFFORD TO USE SATELLITE

It is thus with some apprehension that I inform this committee of our concern that we may not be able to afford to use the satellite. May I cite the following example? It is one I suggested in my testimony to the Communications Subcommittee of the Senate Interstate and Foreign Commerce Committee.

I draw the parallel to the Atlantic cable. It, like the satellite, is a different means of communication which my Agency would benefit in using. Based upon current cable rates, were we to have seven television circuits—one each to Latin America, the Near East, Far East, southeast Asia, south Asia, West Europe, and Africa—and use each an average of 1½ hours a day, the cost to us would be over $900 million a year. There has been nothing to suggest that for some period of time satellite rates will be any cheaper than current cable rates. It seems then that present speculation on using satellites can reasonably be based on the present costs of using the cable.

We calculate the $900 million as follows:

The cable costs $4 a minute for a 3-kilocycle channel, a normal telephone channel. A minimum television channel is 3 megacycles, or about 1,000 times a telephone channel. One thousand times $4 a minute is thus $4,000 per channel minute for television. Multiplied by 90 minutes for 1½ hours of daily broadcasting gives $360,000 for each channel of television. Recall, we have seven geographical areas of the world to reach. Multiplying them by the seven channels gives us $2,520,000 for each day. Daily operation for a full year brings us to the final cost of over $919 million.

Note that we have assumed the telephone channel rate as a base. Since the TV circuit would use channels otherwise available for telephone, we think this is a fair assumption.

We are dealing then with a considerable sum of money. It is for broadcasting television only. It also is eight times the complete budget for all the operations of the entire Agency this past year.

Mr. YARBOROUGH. Mr. President, Mr. Murrow testified it would cost $900 million a year to use the satellite system being created by the bill for 1½ hours a day of broadcasting by the USIA. That does not include weather broadcasting; it does not include broadcasting for the navigation of ships or planes.

Mr. PASTORE. Mr. President, is the Senator asking unanimous consent to do that?

Mr. YARBOROUGH. Mr. President, I ask unanimous consent.

Mr. PASTORE. I do not object.

Mr. YARBOROUGH. That will save time. Mr. Murrow did not pick some wild figure out of the air. He figured, per cable, that it would cost $4 a minute for a 3-cycle, normal telephone channel, and that a minimum television channel is 3 megacycles, or about 1,000 times a telephone channel. He makes his computation on a minute-by-minute basis, or $4,000 per channel minute for television. This was no wild estimate; Mr. Murrow was cross-examined time after time before the Foreign Relations Committee. He testified to the same facts before the Committee on Commerce. The distinguished Senator from Rhode Island [Mr. PASTORE] cross-examined Mr. Murrow but could not shake him.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, page 289 of the hearings of April 24, 1962, before the Senate Committee on Commerce. This is the testimony of Mr. Edward R. Murrow to the effect that it would cost the Government $900 million a year to use the facilities of the satellite solely for USIA for 1½ hours per day. This testimony occurred months before Mr. Murrow testified before the Committee on Foreign Relations.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

On a technical level, there are problems of different European line standards and electrical systems that must go through conversion before transmission.

And on both sides there are mutual problems to be worked out. The day of the week for the broadcast is not yet known, nor is the hour of the day. A major problem is the difference of time. When it is evening in Paris and London, it is afternoon in New York. The 6-hour difference in time is a major obstacle in choosing the optimum time for broadcast.

For advance planning, we are limited to program preparation. All else must wait the launching and technical determination of whether the public demonstrations are, in fact, feasible. The decision must be made by technical experts of A.T. & T., NASA, and the participating countries. The orbit achieved will determine the date, time, and duration.

I should add the technical observation that this will be a relay of television signal between ground terminals. This satellite will not enable direct broadcast to be made to home receivers. Recent studies show that formidable technical problems remain to be solved before such direct broadcasting becomes feasible. I am informed such a development may not be possible in the foreseeable future.

As we are interested and involved in the programing experiment and its impact abroad, so are we interested and will, I hope, be involved in the long-range use of the space communications system. In this connection I would like to make just a few comments on the legislation before your committee:

Our agency wants to use the system. We think the national interest demands that we do so. Suffice to reflect upon the impact around the world of simultaneous live-television coverage of the Glenn orbital shot—and of his reception in Washington, in New York, and in New Concord, Ohio. We must inform your committee of our deep concern that we may not be able to afford to use the system. May I cite the following example: Were we to have seven television circuits, one each to Latin America, the Near East, Far East, southeast Asia, south Asia, West Europe, and Africa, and use them each an average of 1½ hours a day, the cost to us of relaying by means of the space system at comparable current rates would be $900 million a year. Our complete budget for salaries and expenses in fiscal year 1962 is $111,500,000, which covers television, radio, press, publications, personnel salaries, exhibits—and all the other myriad activities in which we engage.

I think we can agree that, however the ownership question is ultimately resolved, the national investment in the system has been great. We believe and urge strongly that affordable rates for our Agency's usage is an appropriate partial repayment of that national investment. Under the administration bill, direct negotiation with the owning corporation is possible, thereby permitting some possible reduction in rate, subject of course to FCC regulation. If, however, as has been proposed, ground stations were not to be included in the system owned by the corporation, we would have to deal with the common carriers owning the ground stations as well as the corporation, or conceivably with the common carriers alone. Under that circumstance, assuming current practices are followed, no reduction in rate would be possible. Only in severe emergencies do we use existing submarine cables for our radio broadcasts. We cannot afford it.

Mr. YARBOROUGH. Mr. President, section 201(a)(6) binds the President. It provides:

> The President shall—

Not "may"; he shall—

> take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as to not require a separate communications satellite system to meet unique governmental needs.

It has already been admitted in the testimony that even military needs are not considered unique needs. The testimony further shows that 80 percent of the contemplated use of the satellite system will be by the Government of the United States. So the taxpayers will be mulcted, under the bill, in a way without parallel in the history of the United States. I have documented the facts that since the founding of the Republic, all the giveaways by this Nation, if they were combined, would not equal what we are binding the taxpayers to give away by this bill. I do not object to A.T. & T. having Telstar. I have no bias against A.T. & T. as a company. I think it is a good company. My father owns more of the stock in that company than he owned of anything else in the world. I have brothers and other relatives who own stock in A.T. & T. I have no prejudice against any American business. My prejudice is against section 201(a)(6) of the bill, which puts a brake on the economy, and is the most enormous giveaway and squandering of the taxpayers' money in American history.

Mr. PASTORE. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I will yield on the Senator's time.

Mr. PASTORE. I do not own any stock in A.T. & T.

Mr. YARBOROUGH. Neither do I. Many of my relatives do because they consider it safe. I have no prejudice against A.T. & T. I am opposed to the bill because I think it is the most monstrous bill ever attempted to be crammed down the throat of the Senate. I think the leadership knows it could not have accomplished it without cloture and the guillotine—both—and the leadership has used both, and again I remind the Senate that both terms are proper parliamentary terms, both borrowed into English from French revolutionary tribunals.

I call attention to an article written by Mr. Marquis Childs, and published in the Washington Post this morning.

He tells in his article what purports to be the views of both sides about what the leadership has done. Mr. Childs is an outstanding writer; I am sure he has conferred with both sides on this question. In writing of those of us opposed to the giveaway Mr. Childs says:

> In the view of most of their colleagues, the little band is a group of soreheads. Their martyrdom gives them away. They are sons of wild jackasses braying before the image of a past that is gone forever.

Mr. Childs has a very able column, which the Senator from Illinois has had printed in the Record in full earlier today, and I refer to it in full now.

However, when I saw the reference in the column to martyrdom, I looked up the word "martyr" in the dictionary. Here is the definition of "martyr":

> Martyr: Put to death for adhering to some belief, faith, or profession, esp. Christianity; to make a martyr of. (2) To torture to death; kill also, to wound, mutilate. obs. (3) To inflict agonizing pain upon; to torture.
>
> (One who voluntarily suffered death for refusing to renounce his religion. (2) One who sacrifices his life, station, etc., for the sake of principle. (3) Colloq. a constant sufferer, as from disease.—v. t. to put to death for adhering to some belief, esp. christianity; to torture.)

Our opponents mistake our resolution. We do not feel as soreheads or martyrs.

Have the proponents inflicted agonizing pain upon their opponents by these monstrous acts? No; they have not killed anybody. They have not made a sorehead out of me. They have not done anything to me. They have only guillotined the hopes of the people. The bill only kills the rights of all, not us. We are here; we are alive and kicking. Let me tell Senators that the people of the United States are alive and kicking, too. They, the people, are learning more day by day about this iniquitous bill. The more the people learn, the stronger our support.

I received a telegram from the Hillsborough County Democratic Executive Committee of Tampa, Fla.

Mr. President, I ask unanimous consent that the telegram be printed at this point in the Record.

There being no objection, the telegram was ordered to be printed in the Record, as follows:

> Tampa, Fla., *August 14, 1962.*
>
> Senator Ralph Yarborough,
> *Senate Office Building,*
> *Washington, D.C.:*
>
> It was tonight passed by unanimous vote that the Hillsborough County Executive Committee meeting whereas the commercial communication satellite system H.R. bill 11040 is of such importance in enabling the United States in forming the proper image and opinion throughout all the world of our sincere interest in the welfare of mankind and its rights of private enterprise as opposed to monopoly and dictatorial systems.
>
> Whereas the people of America with great pride in their Government do want the Government to be the world leaders in communication with other nations and not to be embarrassed in international relations by mere profit motives and look to our Government to keep down monopolizing.
>
> Whereas H.R. bill 11040 is vital to all people and vital to the welfare and education of all the world and should be used to enlighten the dark areas of the world and to brighten the way of life to freedom.
>
> It was hereby resolved we humbly request that you vote against the cloture rule and vote to allow unlimited debate in order to give all people, wherever in America, the knowledge of this important bill.
>
> Hillsborough County Democratic Committee,
> Raymond Sheldon, *Chairman.*
> Dorothy Johnson, *Vice Chairman.*
> Anna M. Denham, *Secretary.*
> Yale Whidden, *Treasurer.*

Mr. YARBOROUGH. Mr. President, the Hillsborough County Democratic Executive Committee of Tampa, Fla., unanimously approves the stand we are taking against the bill because it "is of such importance in enabling the United States in forming the proper image and opinion throughout all the world of our sincere interest in the welfare of mankind and its rights of private enterprise as opposed to monopoly and dictatorial systems."

Mr. President, what is proposed by the bill is not true private enterprise; it is monopoly. If anyone has doubt about that, let him read history; let him read Adam Smith's "The Wealth of Nations." Monopolies were the rule in medieval times. A government would grant an exclusive monopoly to one company to mold tallow candles. England granted an exclusive monopoly to the London Company to colonize Virginia for profit. In Holland, the Dutch East India Company was formed to colonize and monopolize the trade of the Dutch East Indies. It was given by the Government of Holland a monopoly of trade, and the power to make war and the power to negotiate treaties. It had the power to send missionaries to the East Indies and the power to wage war in the Dutch East Indies. It attempted to Christianize Ceylon and conquer Java by war. The countries of Europe were kept in economic shackles by monopolies until the growth of the free enterprise system. The free enterprise system grew up as a revolt of the merchant classes against the exclusive royal monopolies of the Middle Ages. This private monopoly space communications satellite bill is a reversion to a medieval monopoly and is a blow at the free enterprise system. Under the latter, all communications companies would be given an equal opportunity to rent use of the satellite.

Mr. President, the bill is of, by, and for great aggregations of wealth. There is nothing in the bill for the American people. The bill is against the people. We have heard some discussion about who is responsible for the bill. One of the opposition parties said that the Senators across the aisle are responsible for cloture. I am willing to give them credit for it. Our able majority leader truthfully said yesterday, as appears on page 16432 of the Record:

> It is neither a victory nor a defeat either for the leadership or for any Member of this body.

He said truthfully that it was not a victory for the leadership. But I regard it as a defeat for those of us who are fighting for the people. But we are not martyrs.

The French killed by the guillotine. But we have not been killed, we are not even wounded; we have only been temporarily silenced by the weapon. We are messengers of the truth, both in our Democratic Party and, with our ideals, across the country. The Democrats did not vote cloture and bring down the guillotine on us. The Democratic vote was 29 to 25. It was the Republican Party, by a 34 to 2 vote, that put the guillotine on our necks.

I pay honor to the distinguished junior Senator from Arizona [Mr. Goldwater] and my colleague from Texas [Mr. Tower]. They stood up and voted against cloture. That is one little shred of credit that the Republican Party can claim out of the whole sorry spectacle—just those two Senators, one from Arizona and one from Texas. I am glad to see that a couple of good liberals over there have joined us.

Mr. PASTORE. Mr. President, will the Senator from Texas yield on my time?

Mr. YARBOROUGH. I will not yield. My time is running short.

Mr. President, I made a statement that we are hearing from the country and have referred to the telegram I received from Tampa, Fla.

Mr. President, Mr. Edward R. Murrow complained that for the Government to get an hour and a half a day, it would cost the taxpayers $900 million a year.

Why have we suffered such a setback by the adoption of cloture? Here is one reason. I have received a letter from Fresno, Calif., which reads, in part, as follows:

> One of the strongest possible arguments against private ownership of the satellite communications system is contained in the manner in which our private communications industries, the radio and television networks have handled the reporting of the present senatorial discussions on the administration's proposed satellite bill. I listen to radio a great deal and during the past several weeks I've heard only one mention made (by a news announcer in a 5-minute broadcast on the ABC network) of the very logical reason for calling the administration's bill a giveaway; that reason being that literally (B as in Boston) billions of taxpayers' money has been spent to research and develop the rockets that put the satellites into orbit.
>
> Your statement (reported about 2 weeks ago in the above ABC newscast) pointed out that something on the order of 25 (B as in Boston) billions of taxpayers' dollars had been spent in the above rocket research and development. Facts and figures of this kind are essential if the "free" American citizen is to have a basis for intelligent understanding of present American issues.
>
> The reporting of the satellite issue by the newspapers has been somewhat better than the radio and television reporting mainly because the newspapers experience less "conflict of interest" in the subject matter under report.

Mr. President, this is a very illuminating letter. The time available to me will not permit me to read all of the letter; therefore, I ask unanimous consent that the letter from George Leonard Waters, dated August 12, addressed to me, and sent to me from Fresno, Calif., be printed at this point in the Record, together with an article from the Los Angeles Times which is enclosed with the letter.

Mr. KERR. Mr. President, reserving the right to object, I wish to say that I am so entranced by the speech of the Senator from Texas——

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry: Does the time now being used by the Senator from Oklahoma come out of the time available to me? I have not yielded the floor. I have been advised that if any Senator speaks during my time, the time he uses is charged against my time.

The PRESIDING OFFICER. The Chair is advised that when a request for unanimous consent is made, a Senator may either object or not object.

Mr. KERR. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. YARBOROUGH. Then, Mr. President, I object. [Laughter.]

Mr. KERR. Mr. President, in view of the fact that the Senator from Texas has objected to his own request, I withdraw my objection.

Mr. YARBOROUGH. Mr. President, I was objecting to having the Senator from Oklahoma speak in my time, after he had objected. If he withdraws his objection, that will be fine.

Mr. KERR. Mr. President, if the Senator from Texas now withdraws his own objection, then I object.

The PRESIDING OFFICER. Objection is heard.

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. The time the Senator from Texas has yielded to himself has expired.

Mr. YARBOROUGH. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 more minutes.

Mr. YARBOROUGH. Mr. President, I wish to read another significant letter. I am reading these only because they demonstrate that knowledge of the bill has become nationwide. I am not in the leadership position of the Senators from Tennessee, the Senators from Oregon, and the Senator from Louisiana. But even though my part is a minor one, in comparison to theirs, it is known from coast to coast, because this bill is such an outrage that people are rising up in indignation about it.

Before I read another letter about the bill, Mr. President, let me read a telegram which I received from a member of the Texas Legislature. As we know, members of the State legislatures do not have a great deal of money in their allowances for telegrams. Nevertheless, this member of the Texas Legislature has sent me the following telegram:

BORGER, TEX.,
August 14, 1962.

Senator RALPH YARBOROUGH,
Washington, D.C.:

Fight for taxpayers' investment in Telstar systems. People excited.

CHARLES L. BALLMAN,
State Representative.

Mr. President, this morning I receive the following postcard, which also indicates the growing indignation as the knowledge of the evils of this bill becomes nationwide:

SCHENECTADY, N.Y.,
August 12, 1962.

Hon. RALPH W. YARBOROUGH,
The Senate, Washington, D.C.

DEAR SIR: Keep up your wonderful fight against private monopoly of space communications. Democracy and the freedom and welfare of future generations are at stake.

Respectfully yours,

E. J. LANGWORTHY,
Teacher and former Missionary.

I have also received the following telegram:

HOUSTON, TEX., *August 14, 1962.*

Senator RALPH YARBOROUGH,
Washington, D.C.:

Congratulations your Telstar stand. I appreciate a Senator acting for voiceless taxpayers.

CAROLYN SMITH.

Mr. President, now I read a letter which I began to read a moment ago:

CENTRAL LABOR COUNCIL OF
FRESNO AND MADERA COUNTIES,
Fresno, Calif., August 10, 1962.

Hon. RALPH W. YARBOROUGH,
Member of the U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SIR: During the regular council meeting August 3, 1962, the delegates unanimously voted to commend you for your efforts to save the space communication system of all the people and urge that your efforts be continued in that direction.

Your action in behalf of the general interests of the Nation as a whole is deeply appreciated.

Sincerely,

W. T. O'REAR, *Secretary.*

Mr. President, the letter I have just read is indicative of the people's appreciation of the great fight which has been made by the great leaders we have here—among them, the distinguished Senator from Illinois. When Sir Walter Scott wrote:

> Where, Oh where was Roderick then!
> One blast upon his bugle horn
> Were worth a thousand men!

He was not writing of our DOUGLAS, because his horn was heard. He is always here, always in the forefront of the fray when the people's rights are at issue.

Certainly those famous words could never have been penned of the distinguished Senator from Illinois. He said it cost him to fight and not to be a pacifist—I think that it costs his inner spirit a great burden to fight because I think he is a Quaker. But he and the rest of us who are associated with him see him standing up here and fighting. Because the parliamentary guillotine which has been used has not yet cut off our heads, we are still alive and are still fighting. We will continue to fight. We are not soreheads, and we are not martyrs. But our cause is just, and ultimately it will prevail.

In his article, Mr. Marquis Childs writes:

> In the view of most of their colleagues, the little band is a group of soreheads. Their martyrdom gives them away. They are sons of wild jackasses braying before the image of a past that is gone forever.

Do they mean that the past of idealism is gone forever, that rampant, crass materialism has finally triumphed in America, and that now a billion dollars a year of the money of the taxpayers of the United States is to be given away to a giant corporation and that this is the wave of the future? Do they think the image of the Founding Fathers has been politically killed and that their political idealism is dead?

Mr. President, the truth about this matter is just becoming known, and it will live in the future.

Our band is fighting for the best governmental ideals that have been developed in America. I wish some of the proponents of this bill would go to Monticello, and also would look again at the writings of Thomas Jefferson. I wish, too, that they would go to Stratford Hall to Lee's home, and to Fredericksburg and to Mount Vernon. There were patriots in those days. What would those men have thought about such a proposal? What opinion of this proposal would have been had by Thomas Jefferson, George Washington and by Franklin D. Roosevelt, George Norris, McNary, and Bob La Follette, who for 15 years——

Mr. PASTORE. How about John Kennedy, who has supported this bill? This is his bill.

Mr. YARBOROUGH. I think he is a great President and a great Democrat.

The PRESIDING OFFICER. The additional time the Senator from Texas has yielded to himself has expired.

Mr. YARBOROUGH. Mr. President, I yield myself 5 more minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 more minutes.

Mr. YARBOROUGH. Mr. President, I served for about 3 years on the Committee on Labor and Public Welfare with John F. Kennedy, and I think he has a brilliant mind. He has not been asking our advice on this matter; I will say that. [Laughter.] I think that if he had done so, there would be some different recommendations. But I am not complaining, because he had Cuba on his mind and he had Laos on his mind, and he had the Berlin wall to think about; and the biggest thing he had to watch was our fight against communism all around the rim of the free world. He had to turn over these domestic affairs to someone else. I believe that if it had not been for the Communist pressures at every point of the periphery of the free world, this situation would be different. He has given brilliant leadership in connection with the situation in Laos, and we are in better shape there than ever. In July 1961, a raw, brazen threat was made by Khrushchev in Vienna to have our forces get out of Berlin or else he would throw them out by force. President Kennedy's reply to that was the hard decision to call up our Reserve divisions and send additional divisions of our forces to Berlin. President Kennedy had to shore up the forces of freedom in South Vietnam, in Laos, in West Berlin, and around the free world's periphery.

But the greedy ones at home were grabbing out of the sugar barrel while he was defending freedom around the world.

Mr. President, we are right, because we are the voice of history; we are voicing the hopes people have dreamed.

Not long before his death, the great novelist, William Faulkner, said:

> What happened to the American dream? We dozed, and it abandoned us.

I think that is an unduly pessimistic view, Mr. President. Instead, I follow the view expressed by Walter Lippmann. It expresses my hope and belief when he said:

> America has always been not only a country but a dream. There has always been a general and unquestioned belief that here on this soil there would be demonstrated to mankind the blessings of freedom: As the shackles and servitudes of the past were put away, there would arise a great and glorious society.

Mr. President, I have that faith, that we will build here that great and glorious society.

But this bill is a turnback, a surrender to the crassest materialism of our age. It makes the so-called robber barons look like pikers. Morally, most of them were basically good men. Matthew Josephson, in his book "The Robber Barons," wrote in 1934:

> In general, they were puritanical and pious. Only one of them, Fisk, was given to free living, drinking and flesh pots. In private life they were generally discreet, sober, well-controlled, their strongest lust being the pecuniary appetite.

So, Mr. President, I do not challenge the patriotism of any of the gentlemen who are urging the enactment of this bill. As Mr. Josephson stated of the "robber barons" of that earlier day, they were not considered other than pious and patriotic; the only question was where the emphasis was put.

Mr. President, the Russians now have put two men into orbit. One of them has logged 1½ million miles; the other has logged 1¼ million miles—the most stupendous scientific achievement of all time. It calls on us to have greater faith, greater dedication, and greater patriotism. Mr. President, we cannot beat the Russians by using ramrod tactics and guillotine tactics at home, in connection with pushing through bills of this sort and giving a private corporation a billion dollars a year out of the U.S. Treasury, by requiring the Government to send 80 percent of its business through that system, and thus weakening the ability of our Government to compete with the Soviets.

This is the time to meet the Russians. We cannot take out a billion dollars here for one monopoly and a billion dollars somewhere else for another. I want to appeal to NASA. I know Mr. Webb is a brilliant man. He has said that, regardless of whether this bill is passed or not, he would not slow up research. I want to appeal to those in control of our space program. The times call for a higher patriotism than the surrender to a greedy monopoly in this bill.

The PRESIDING OFFICER (Mr. HICKEY in the chair). The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 2 more minutes.

Mr. President, a parliamentary inquiry, if I can make the inquiry without losing the floor. How much time do I have left?

The PRESIDING OFFICER. The Senator has 35 minutes remaining.

Mr. YARBOROUGH. I yield myself 2 more minutes, Mr. President.

I do want to say to the distinguished Senator from Rhode Island and the distinguished Senator from New York, we will offer serious amendments. I have an amendment here to strike out section 201(a)(6), and another to drastically amend it. I will offer both of them, and we will give Senators chance to vote on something that is really meaningful and see if the chairman of the subcommittee will put it to the guillotine, or use cloture, the other weapon of the French Revolution. He has two weapons, with the motion to table, and can use either one.

Mr. President, I have not given up hope because of the bad shape we are in on this bill parliamentarily. This bill is so bad that a little help to stir conscience in the minds of the American people will stop it somewhere along the line. It should not, and must not, pass. If the American people knew enough about it, they would, like the French at Verdun, say, "They shall not pass."

Far from being what some columnists have called us, soreheads, I want to say it has been the highest privilege in my life for me to participate in the debate on the side of those who have given so much. The other day I mentioned the Senators from Tennessee. I think of the formation of the Republic of Texas, led by two Tennesseans, Davy Crockett and Sam Houston, one of whom perished at the Alamo, and the other of whom helped to bring Texas into the Union.

The present two great Tennesseans in the Senate [Mr. KEFAUVER and Mr. GORE] have given leadership to the whole Nation in this fight just as the two former Tennesseans gave leadership to a struggling province of Texas that became a great independent republic and then a great State.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 3 more minutes.

The great Senator from Oregon [Mr. MORSE] has covered himself with more glory in this debate and more credit than anything else with regard to it than I have seen him do in the more than 5 years I have been in the Senate.

It has been a privilege for me to work with men who have brought to this fight great legislative experience and great accomplishments. I include too Senator DOUGLAS, of Illinois, and Senator MORSE, of Oregon, both university professors, one a former dean of a law school, both authors of books, both with distinguished records before they came to the Senate.

I also include Senator GRUENING, of Alaska. It has been a great privilege to be associated in this fight with both Senators from Alaska [Mr. BARTLETT and Mr. GRUENING]. I was the first Senator from Texas who ever advocated Alaskan statehood. I am prouder than ever of having done that now that Alaska has furnished two of the group of Senators who are fighting for the interests of the people of the country.

Senator GRUENING, who wrote a book about Mexico that is still accepted by the State Department as the most authoritative work on Mexico written by a Norte Americano, was for 13 years Governor of Alaska, and was publisher of a news magazine in New York before that.

These Senators and the Senator from Oregon [Mrs. NEUBERGER] have brought to this body proven and great ability.

We have had in the Senate before, members of the fair sex, but none before stood for 4½ hours in the toughest kind of defense, or with greater parliamentary skill, which distressed some Senators when they could not run over her with parliamentary maneuvers. She proved that parliamentarily she can hold her own with the best of them.

Here is the distinguished Senator from North Dakota [Mr. BURDICK], from the great Northwest, a State adjoining the State of Burton K. Wheeler and Thomas J. Walsh, who in this body held the line against their own party to prevent the giveaway of TVA and powersites in the Northwest. He comes from a distinguished family and is the son of a distinguished father who served many years in Congress.

There are others. It would doubtless have been easier for the senior Senator from Michigan [Mr. MCNAMARA] to vote with the majority. He comes from a great State with great cities, with great aggregations of wealth, with corporations representing great stock ownership. There were great pressures on him. I want to commend him for standing up and being counted on the side of the people.

I want to pay tribute to other Senators who are not here at this time. The able junior Senator from Louisiana [Mr. LONG], an able son of an able father, has been a tremendous fighter against this monopoly giveaway. If the other side just knew the feeling of the people, they would know we should not be called soreheads or be referred to as taking a martyr's role, because those are not our feelings. Ours is the majority opinion of the people of this country. I am as confident of that as I have been of any governmental or political fact in my life.

Later I will offer an amendment to take out this $1 billion-a-year sweetener for the private monopoly, and see if they want the bill passed. Let them stand up and be counted on section 201(a)(6). I hope they will stand up and be counted for the people.

Mr. BURDICK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Will the Senator from North Dakota suspend his request until the Senate can receive a message from the House?

Mr. BURDICK. Yes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 8874. An act to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes; and

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 8874. An act to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes; to the Committee on Banking and Currency.

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; to the Committee on Appropriations.

ORDER OF BUSINESS

The PRESIDING OFFICER. Does the Senator from North Dakota renew his request?

Mr. BURDICK. Yes.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection to the request of the Senator from California? The Chair hears none——

Mr. MORSE. Mr. President, a parliamentary inquiry. The Senate is not in order, and I did not hear the request.

The PRESIDING OFFICER. The Senator from California asked unanimous consent that further proceedings under the quorum call be dispensed with.

Mr. MORSE. I object.

The PRESIDING OFFICER. There is objection. The clerk will proceed with the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 174 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Chavez
Church
Clark
Cotton
Curtis
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

SUPERB SPEECH BY PRESIDENT KENNEDY

Mr. PROXMIRE. Mr. President, on Monday night when the President addressed the Nation, he was confronted with an extremely difficult decision and a very rough problem. In my judgment, he handled it perfectly. I thought it was a really great speech. I think he made exactly the right decision when he chose not to ask for a quick tax cut. I think he was right because most of the indicators suggested that the economy was on the way up. In fact, only today we have reports that industrial production has reached an all-time new high. The gross national product was reported a couple of days ago as reaching the highest levels in our history. Personal income is at an all-time high. Nevertheless, the President was, of course, correct to give the quick tax cut proposal the greatest consideration, because we do have a nagging, serious, and tough problem of unemployment. There is no indication that the unemployment situation will get much better. One of the best aspects of the address by the President of the United States, as noted this morning in the press, was the fact that it is a rare occasion when an occupant of the White House makes an economic speech and does not claim that the situation is perfect, that everybody is happy, and that ours is the best of all possible worlds.

The speech on the economy was an honest speech. The President recognized that we are not doing as well as we should do, that we should and must do better. He made suggestions for legislation which can greatly improve our economy.

I was also greatly impressed by the fact that the President has demonstrated a real concern for saving money in the operations of our Government. He pointed to the fact that the Defense Department intends to economize to the extent of approximately $3 billion to $4 billion over the next few years. He is deeply concerned that we operate on as sound an economic basis as possible.

ECONOMIC EXPERT ATTACKS HIGH INTEREST RATE DRAG ON ECONOMY

Mr. PROXMIRE. Mr. President, the reason I rise this afternoon is that the Joint Economic Committee has heard testimony on the state of the economy from a very fine series of witnesses. With some exceptions, the consistent argument that is made to us is that the rising trend of interest rates and the tight present money situation are already putting the brakes on the economy. As the Senator from Illinois in a colloquy with me brought out some weeks ago, one of the things that seemed to be forcing us into a tax cut was the monetary policy adopted by the Federal Reserve Board, a policy of money tightness, a policy of rising interest rates, and a policy of restricting the economy.

Yesterday one of the witnesses before our Joint Economic Committee was Prof. J. M. Culbertson, of the University of Wisconsin, a professor of economics and commerce. In the course of his appearance, Professor Culbertson said:

> A policy of more drastic monetary restriction, as has recently been urged upon us from several quarters, surely would make matters still worse, and might have quite disastrous consequences.

He said:

> The grip of the mystical attachment to high interest rates and deflation seems, despite the clear lessons of that period, to have reasserted itself with alarming force. The grip of this dogma and the habitual errors of Federal Reserve monetary policy are the principal impediments to the reachievement of full prosperity in the U.S. economy.

He went on to say—

> The deflationary nature of recent monetary policy: The confusion and obscurantism that surrounds discussion of monetary policy may have concealed from many the fact that—at least as I see the matter—monetary policy in recent years has on balance been deflationary, has been of such a nature as to tend to produce just about the sort of economic weakness that has, in fact, developed.

Further, he stated:

> Would monetary restriction plus tax reduction produce prosperity? Since our present situation seems to impose upon us a conflict between policy objectives, it is now commonly suggested that we, in effect, mount our charge and ride off in both directions, that we maintain our restrictive monetary policy—or go further and set about to raise interest rates—in deference to our balance-of-payments disequilibrium while reducing taxes in the hope that this will improve employment.

Professor Culbertson said that would not work. It would be very bad economic policy and extremely unwise.

In conclusion he recommended as follows:

> The Federal Reserve must immediately cease its moratorium on monetary growth. While I think that the rate of money increase can and should be flexibly adjusted about its normal value in response to changes in economic conditions, a reasonable starting point for policy now would seem to be a presumption for an increase in money supply on the order of a 4 or 5 percent annual rate.
>
> Until economic conditions strengthen, the Treasury should severely limit its issue of securities other than short term. It should freely increase the economy's supply of liquidity instruments.

Mr. President, I ask unanimous consent that the statement by Professor Culbertson be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF J. M. CULBERTSON, PROFESSOR OF ECONOMICS AND COMMERCE, UNIVERSITY OF WISCONSIN, BEFORE THE JOINT ECONOMIC COMMITTEE, AUGUST 14, 1962

I am happy to have an opportunity to appear before you today, because I believe that our country is now at a crucial turning point in its economic policies. Continuation of the policies of the recent past will most likely lead to perpetuation of economic weakness and high unemployment, with the erosion of the prestige and economic and political power of the United States that this would entail. A policy of more drastic monetary restriction, as has recently been urged upon us from several quarters, surely would make matters still worse, and might have quite disastrous consequences. What is required to get the American economy once again moving toward full prosperity is nothing less than a total reorientation of the monetary and debt management policies of the Federal Reserve and the Treasury, coupled with an economically stimulating fiscal policy.

The Government evidently has been deterred from undertaking a thoroughgoing program for full employment in part because of the prevalent idea that this would be a violation of international morality, that the United States at this juncture owes it to the world to give its balance-of-payments position priority over domestic prosperity, to desist from undertaking the policies that would promote full employment, in a word, to deflate. I believe that this is an entirely erroneous and dangerous premise. There are means of correcting balance-of-payments disequilibrium other than protracted deflation of the income or prices of any country. Students of such matters took it for granted that the postwar international financial system would explicitly avoid any such reliance upon deflation. However, the emotional gold standard thinking that wrought such havoc upon the world in the 1920's and 1930's with its mystical attachment to high interest rates and deflation seems, despite the clear lessons of that period, to have reasserted itself with alarming force. The grip of this dogma and the habitual errors of Federal Reserve monetary policy are the principal impediments to the reachievement of full prosperity in the U.S. economy.

The present position of the economy: Without undertaking any detailed review of the present situation of the U.S. economy, let me espouse the generally accepted interpretation that the economy has for some years had excessive unemployment of labor and plant because total demands for final output were insufficient to buy our full-employment output at stable prices, that business investment expenditures have failed to show the growth that was expected and that our circumstances called for, and that the continued weakness of the economy is resulting in revision of those optimistic expectations and planning assumptions that underlay people's economic decisions in prior years and that were one of the foundations of our successful economic performance. No economic crisis or collapse seems imminent, but just as our earlier successes fed on themselves, so failure could begin to feed on itself, with consequences that no one could predict with confidence. I agree with most observers, I believe, in judging that with continuation of present Government policies a spontaneous generation by the economy of expansive forces sufficient to move us speedily back to full employment seems beyond the range of reasonable probabilities.

The deflationary nature of recent monetary policy: The confusion and obscurantism that surrounds discussion of monetary policy may have concealed from many the fact that—at least as I see the matter—monetary policy in recent years has on balance been deflationary, has been of such a nature as to tend to produce just about the sort of economic weakness that has, in fact, developed. As we moved from the early postwar years to more normal conditions, as people's redundant balances of cash and liquid assets were used up and their urgent spending needs filled, we should expect that a more rapid rate of increase in the money supply would be required to sustain total expenditures at the full-employment growth rate. What we have had is just the opposite. after increasing at an average rate of about 2¼ percent from the end of 1950 through mid-1959, the money supply has shown virtually no net increase in the past 3 years (about one-half of 1 percent per year). During the past half year, in which our economic hopes have withered so rapidly, the money supply also showed no increase.

The economy is a very complex and interrelated behavioral system and I am sure that the absence of monetary growth is not the sole explanation of the short-fall of our growth in national product. I am quite persuaded, however, that it was an important contributing factor. Given all of the surrounding circumstances, including the limited intensity of spending desires, such restrictive money behavior surely was not conducive to expansion of total expenditures at the full employment rate, and may have been enough of an impediment to preclude it.

The people of the Federal Reserve are a most public-spirited group and their failure is not due to any nefarious intentions but, I take it, to misguided conception of the objectives and guides of monetary policy. They tend to think of themselves as controlling credit conditions, rather than governing the Nation's money supply. They seem to have some conception of the normal or proper "credit conditions" or "degree of credit restraint" that ought to prevail in the economy, and this they take it as their province to enforce. Some of their statements suggest a curious fear of "sloppy money," of money market conditions easier than they take to be normal and proper. Therefore, when the economy weakens, when demands for credit fall off, interest rates naturally decline, and banks insist upon having a more liquid balance sheet, the Federal Reserve frequently succumbs to the temptation to offset this by limiting the volume of bank reserves, thus causing the money supply to stop growing or to decline. This approach is inherently destabilizing, since under it the money supply tends to grow most rapidly when the economy is strongest and to level off or decline when it is weak. This preoccupation with credit conditions to the exclusion of money has characterized the Federal Reserve since its inception, and its current theory seems to be a modern descendant of an ancient fallacy of banking theory known as the "commerial loan theory of banking" or the "real bills doctrine."

Another element in the interpretative muddle over monetary policy is the meaning ascribed to changes in the amount of commercial bank time deposits, which have been increasing very rapidly recently. The Federal Reserve seems to hold that changes in time deposits have about the same effect on the economy as do changes in demand deposits or the money supply, in which case its record is not so restrictive as it otherwise appears. For reasons that are rather abstruse, I think that this is an erroneous interpretation. Time deposits, which bear interest and are not means of payment, and which arise out of the demands of the holders, seem to play a fundamentally different role in the economy than money and are best treated as similar not to money but to other liquid assets. It is relevant to observe that the rapid increases in time deposits since early 1960 and the extraordinarily rapid increases early this year had no noticeable effect in strengthening the economic situation.

Since liquid assets, although not identical in their impact upon the economy with money, are a significant variable that the Government through debt management policy does influence, it is useful to observe that on a liquid asset criterion also, Government financial policy has been restrictive. The ratio of money supply plus liquid assets to current GNP now is lower than it was earlier in the decade, and the ratio if computed against full employment GNP would be lower still.

In short, on any reasonable criterion, the Federal Reserve, exercising the Government's power to regulate the Nation's money supply, has done so in a manner that discouraged full employment, if it did not make it impossible.

Debt management policy and Federal Reserve "nudging": A great deal of publicity has been given to Federal Reserve open-market purchases of Government securities other than short-term as a force for reducing long-term interest rates and contributing to economic expansion. In truth, an effective policy of reducing the volume of long-term Government securities in the hands of the public and increasing the volume of short-terms can be a useful part of an overall policy program to promote economic expansion. It increases the liquidity of the public, tends to reduce interest rates in the capital markets where the most interest-sensitive private borrowing is done, by maintaining yields on liquid short-term debt provides incentives for people to avoid hoarding cash, and since international mobility of funds is greater in the short-term area it somewhat aids the balance of payments position.

The crucial fact to have in mind regarding such a policy is that it has not been undertaken during the past year and a half. On the contrary, the Treasury has been more active in drawing funds from the intermediate and long-term capital markets than during most of the earlier postwar period. The highly touted Federal Reserve purchases of securities other than short-term did nothing more than buy back a part of the illiquid debt that the Treasury was selling. To argue that selling two bonds with one hand and buying one of them back with the other hand would raise bond prices has always seemed to me rather silly, and I see nothing in recent experience that requires a change in that view.

Actually to increase the volume of liquid short-term Government securities outstanding and limit or reduce the volume of long-term securities would have some favorable effect upon domestic economic developments and the balance of payments. Such actions should be a part of a total Government program to achieve full employment. Obviously, the major responsibility for such a program must fall upon the Treasury, since its financing operations dwarf Federal Reserve operations in Government securities, and it is futile and confusing to have the Treasury and the Federal Reserve busily engaged in offsetting one another's actions. However, the Treasury has not followed such a policy in the past, and I have heard no intimations that it intends to do so in the future. It again entered the long-term market within recent weeks. In the debt management, as well as monetary, area what we need is a complete reorientation of policy.

I think it important to observe that our present economic weakness does not seem to be episodic or temporary, but rather appears as a continued tendency toward insufficient dollar demands for the final output of our economy. Thus, it is just the sort of condition that we should expect to be produced by monetary and debt management policies that were over a period of time steadily too restrictive. By the same token, we evidently should assume that what the economy will be needing is not a temporary, one-shot upward push, but rather the continued maintenance of an environment more conducive to economic expansion. For this purpose, fiscal policy is evidently not a fully satisfactory answer. If large Government deficits had to be expected to persist over a considerable period of years, even the most enthusiastic admirer of fiscal policy must regard the prospect as something of an embarrassment, and as limiting the economic efficacy and political attainability of the required policy. On the other hand, placing under the economy a foundation of money and liquid assets consistent with full employment levels of expenditures will help not only to bring the economy to full employment, but to maintain it there indefinitely thereafter without problems or embarrassments. In attacking protracted conditions of excess or deficiency of total demands, stock adjustments through monetary policy, and in a secondary role debt management policy, are immensely more suitable than flow adjustments through fiscal policy.

For these reasons, it seems to me that a reconstruction of our monetary and debt management policies presently must be the foundation of an effective policy for full employment. We have very little experience with such a constructive venture, and I am sure that we cannot hope to achieve policy actions precisely optimal in timing and degree. But I am nevertheless confident that we shall greatly improve our fortunes if we stop pushing in the wrong direction and turn around and begin pushing in the right direction. The amount of ammunition potentially available to monetary and debt management policies is, in relation to conceivable needs, virtually unlimited. I see no reason whatever to fear that we cannot keep the demands for the output of our economy on the average over periods of years within the zone consistent with acceptable full employment and price stability. Future failures, like past failures, will result not from any flaw in the basic logic of the market economy, but from the failure of Government to make effective use of its inherent powers over the money supply, the Government debt, and the Government fiscal position.

Would monetary restriction plus tax reduction produce prosperity? Since our present situation seems to impose upon us a conflict between policy objectives, it is now commonly suggested that we, in effect, mount our charger and ride off in both directions, that we maintain our restrictive monetary policy—or go further and set about to raise interest rates—in deference to our balance of payments disequilibrium while reducing taxes in the hope that this will improve employment. The chances that such a program would bring us to full employment seem to me extremely small, and the chances that it would lead us to an intolerable plight seem rather substantial. I think that the implications of any effort through Federal Reserve policy to raise U.S. interest rates are not widely appreciated.

One reason for this is the difference between the financial system of the United States and those of some other countries, in many of which interest-rate manipulation seems to be carried on without any drastic effect upon domestic investment and economic activity. In many other countries, capital markets are extensively regulated and dominated by formal or informal credit rationing. Interest rates are administered prices not closely related to true supply and demand. Thus, the central bank may be able to raise its discount rate and induce an administered increase in other interest rates, while credit rationing is sufficiently eased that total domestic investment is virtually unhurt.

In the United States, we are in precisely the extreme opposite situation. We have built up a system of free credit markets that are, I think, unparalleled in their integration and responsiveness to supply and demand forces. The Federal Reserve has no magic wand that it can wave at these markets in order to raise interest rates without affecting investment. If it were to seek to raise interest rates above present levels, it could do this only by enforcing a liquidation of money and bank credit, by reducing bank reserves and the money supply. The economy would suffer not only the direct effects of the reduction in the volume of bank credit, which would be transmitted throughout credit markets, but also the persisting effects of the smaller money supply, which would be a continued drag on the economy until it was again increased or until incomes were reduced to conform to it.

Those who propose that we take the great risks that such a policy of monetary contraction would entail for our economy in order to achieve an adjustment in the flow of international funds into New York, one that might be generously appraised as amounting to something on the order of one-tenth of 1 percent of our gross national product, could hardly be further from the domain of reasonable policy suggestions. This would be a case not of the tail wagging the dog, but of the tail of the flea on the dog wagging the dog.

As a means of calling to your attention the lessons of an episode so closely parallel to our present situation that I am surprised that it is not more commonly referred to, I am moved to quote from the argument that Keynes made in "The Economic Consequences of Mr. Churchill" in opposition to England's ultimately catastrophic defense through deflation of its overvalued pound during the 1920's: "Credit restriction is an incredibly powerful instrument, and even a little of it goes a long way—especially in circumstances where the opposite course is called for."

I appreciate that on economists' simplifying assumptions there is no combination of restrictive monetary policy and other adverse circumstances so bad but that it could be offset by a Government deficit sufficiently large. But practical policy appraisals must take account of the fact that many businessmen and other people feel in their bones that large and prolonged Government deficits are improper, and thus will respond negatively to them both in their economic and political behavior. Even if it made sense to try, which it surely does not, I doubt that fiscal policy could enlarge the Government deficit in the near future fast enough, far enough, and long enough to bring us to full employment in the face of a deflationary monetary policy. Much more likely, we should find ourselves at the end of another year with an even weaker economy, a very large deficit, shattered confidence, and—since we should erroneously feel that policy had already done what it could—at a loss as to where to turn next.

Is "a little deflation" a tenable policy? Even those gentleman who feel most piously that a little deflation is good for a Nation's efficiency and moral fiber do not propose that we should be given more than a modest dose of it. This is anomalous, to begin with, for if our balance of payments problem is purely temporary, deflation is not necessary or called for by any reasonable rules of the game, while if our payments deficit reflects fundamental disequilibrium there is no reason to expect that a couple more years of moderate deflation of income and of high unemployment would solve the problem.

Beyond this, however, a little deflation may be a most touchy and uncertain thing to manage. On economists' blackboards, economies are docile creatures that sit politely in one equilibrium position until they are asked to move over to another. But actual economies show none of this tractability, but behave like the unruly and unpredictable creatures whose affairs they organize, basing today's actions on yesterday's experience, suffering sometimes from an excess of animal optimism and then excessively abandoning faith, naively extending current trends into the future. All economic decisions rest upon a framework of planning assumptions as to the nature and future of the economy, which themselves rest upon an interpretation of the meaning of past economic experience. So long as experience remains within usual bounds and these planning assumptions are not overturned, behavior may be reasonably predictable. But if an extended period of deflation forces people to a reinterpretation of the future of the economy and a new set of planning assumptions, no one can pretend to predict with any confidence how they will behave and what the consequences will be. However, we can expect that failure would tend to breed failure, and that the further deflation goes the more difficult it would become to correct it and the more unpredictable the environment in which policy would have to operate.

We must keep in mind, also, that the cost of deflation goes far beyond that real output that might have been consumed but was not. Indeed, that may be the least part of it. The heavy, and perhaps unbearable cost is the loss of prestige of the Nation, and of the system of the free economy, the uneconomic habits of make work and job sharing that then persist on, the loss of the sense of achievement and pride, the turning to illiberal and extreme political doctrines, the impulse to international irresponsibility. We have known these things well enough in the past. We see incipient signs of some of them now. With a few years of yet higher unemployment, the crop would grow rapidly.

These are the costs of deflation that the United States cannot afford if it is to meet the enormous challenge of leading the free world through a successful competitive struggle for survival. These are the most compelling reasons why a continuation of deflationary policies ought to be entirely outside the bounds of consideration. We have had too much unemployment and paid too dear a price already.

Soundness versus realism in stabilization policy: There has always been an approach to economic policy that is more psychological or emotional than logical in character, that judges policies not in terms of their probable effects but of their absolute soundness, and that tends to see soundness and moral virtue mainly in policies that are deflationary in effect. This ideology gained an unusual ascendancy in this country in the latter 1920's and had much to do with causing our great depression to be what it was. The policies of soundness were then consistently applied. We raised taxes sharply in 1932. The Treasury burdened the bond market with a very large volume of issues while permitting a shortage of liquid short-term debt to develop. And the Federal Reserve in 1931 with catastrophic effect applied a large dose of credit restriction to cure a speculative outflow of gold. Each of these policies was applauded as eminently correct by adherents of the soundness approach, but very little applauding was being done by anyone a few years later when the country was enjoying their full effects.

With the eventual development of prosperity and the dimming of these memories, the soundness doctrine seems to have arisen again. Again, it sees soundness exclusively in policies that are deflationary: defend the dollar by economic restriction, accept the discipline of the balance of payments, fund the Government debt, do not force credit upon the economy and avoid sloppy money, balance the budget in bad times as well as good.

It is difficult to see policy discussion in perspective without recognizing the existence, the historical lineage, and the essentially emotional basis of the soundness approach. One dimension of policy controversy involves whether we shall approach matters in a businesslike and pragmatic way, realistically appraising the probable effects of alternative policies, or whether we shall invoke an emotional formula that sees moral virtue in policies that lead to deflation.

Does international cooperation require U.S. deflation? The free world does need an orderly system of international trade and finance. If a U.S. policy of continued deflation of incomes and high unemployment were the only way that such a system could be maintained, doubtless we should be willing to make the sacrifice, and the free world would be willing to suffer the resulting impairment of our capacity for leadership.

Actually, the situation seems to be quite the reverse of this. The rules of the game that would call for U.S. deflation are an unreasonable and illogical set. Solidifying them will only multiply the damage that they will do before they are, as ultimately they must be, discarded. Rather than invoking archaic formulas for deflation, the United States should be contributing imaginative and creative leadership to the development of an international financial system that will make sense and will prove viable in the long run. Our fulfillment of this responsibility recently seems to be somewhat wanting.

Let us consider the essential elements in our problems. We assume that the deficit in our balance of payments and the corresponding surpluses in the position of other countries may be of a fundamental and persistent character. If they were taken to be purely temporary and subject to reversal, the proper course would be simply to let our gold flow out, to reduce our liquid reserves. That is what liquid reserves are for. If we lack the courage ever to use them, they are of no value to us.

If the disequilibrium in international payments appears to stem from fundamental causes, then there are six major types of measures for correcting it: Devaluation of the dollar, appreciation of the currencies of countries experiencing balance-of-payments surpluses, tightening of U.S. trade restrictions and controls on capital export, easing of the trade restrictions and capital controls of countries experiencing surpluses, restriction of incomes and reduction of wages and prices in the United States, expansion of incomes or increases in wages and prices in surplus countries.

Having excluded U.S. deflation as a way of correcting the disequilibrium, let us tentatively make three more exclusions. Leading surplus countries are not in a position sharply to increase their domestic incomes and expenditures without causing inflation, and a burden to inflate ought also to be excluded from our rules of the game. U.S. devaluation is a step to be avoided, if this can be done without deflation, because of the status of the dollar as the leading international reserve currency, as the pivot of the international financial system. Finally, we are reluctant to impose trade and exchange restrictions, as that goes against the trend toward liberalization that we have fostered.

Still this does not leave us without resources to correct disequilibrium. Logic requires that if the dollar is the center of the universe and cannot be devalued or its access or use restricted, then the adjustment must be made on the other end. If we can make no adjustments to combat payments deficit because we are the center of the universe, then the planets must adjust to us. If we cannot impose trade restrictions, then other nations must ease their import restrictions and export subsidies sufficiently to restore equilibrium to the system. If we cannot tighten capital restrictions, then others can achieve the same effect by easing theirs. If we cannot devalue, then surplus countries can increase the values of their currency in relation to the dollar. To achieve such adjustments will not be an easy political task, for not only the existing system but the gold standard in practice had a deflationary bias in that surplus countries were disposed to avoid adjustments, putting the full burden on the deficit countries. But the logic of the system requires this approach. If the surplus countries will not so behave as to keep the system in equilibrium, then the key currency countries when in deficit must be expected to devalue, or to impose trade and exchange restrictions.

In the absence of this, the system would impose a systematic burden of deflation on the key currency countries. If other countries when they have a deficit can devalue against the key currency countries and can impose trade and capital restrictions, and then can neglect to make any adjustment when they have a surplus, obviously the cumulative effect of these actions must be offset by deflation in the key currency country. Such a system surely is not going to work, and the sooner the issues are faced, the better.

It has not been past practice for surplus nations and those in a balanced position to assume responsibility for making adjustments to bring the system and the position of the key currency into balance. The United States has at times in the past been a very bad offender in this regard. However, it is only through this means that a more drastic reform can be avoided. If such a reorientation of the system is to be achieved, this can be done only through forceful U.S. leadership. In recent statements by U.S. policymakers, I do not see a recognition of the necessary for this. Rather, they seem to have acquiesced in and supported the asymmetry and illogic of past arrangements by proclaiming that the major responsibility for correction of the U.S. balance-of-payment deficit lay with ourselves. A reorientation of the U.S. Government position on this matter seems indispensable to any constructive policy program.

Towards a viable international financial system: The immediate problem of correcting the disequilibrium in the international financial balance, in which the United States finds itself on the deficit end, should be regarded not as a unique incident—one in the correction of which we ask other countries to do an unreasonable favor for us—but rather as a step in the building of an international financial system that is viable, that will stand the tests of the future. A system imposing a burden of deflation on key currency countries will not do so.

More broadly, we should see our present position not as one of defense of a finished and satisfactory international financial system, but rather as a stage in a process of experimentation and development. The system built up since the war, a system in which many experts always have seen grave defects, is only now being tested in the sort of open international financial interchange that we expect to maintain in the future. We must be ready pragmatically to assess the lessons of that experience and to revise the system on the basis of it. What is needed is imaginative leadership in economic architecture, and not resolutions to do or die for the institutions that now exist.

In this connection, it is essential to keep in mind that not only is our present international financial system in some respects anomalous and defective, but that we have never had a system that was satisfactory. Enough time has now elapsed since its failure and ultimate collapse that some people seem to take the gold standard of the 1920's as a proper guidepost for our future development. However, it was not so regarded when the experience was fresher. Some of our difficulties stem from the fact that the well-recognized flaws of the gold standard have been built into the system with which we are now working: the instability of the gold exchange standard, the disruptive influence of unregulated short-term capital movements, the excessive rigidity of exchange rates, the asymmetry of the system and the deflationary burden that it sometimes implies.

Thus, it behooves us to keep our minds open to the possibility that experience will indicate the necessity for substantial changes in the present system along the several dimensions that past discussion has clearly delineated, principally (1) greater flexibility of exchange rates as a way of maintaining payments balance, (2) further internationalization of the responsibility for management of the international money, to limit the instability of the key currency system and the burdens that it sometimes imposes upon the key currency countries, and (3) regulation or better considered rules of the game for international capital movements.

Since this last point is a fundamental one perhaps neglected in recent discussion and quite relevant to the present problem of the United States, let me make a point regarding it. I do not have at hand any suggested set of rules of the game for international movements of private capital in the modern world, but I am very doubtful that the situtlon of laissez faire now evidently taken as the goal of policy development makes any sense. I think that this whole matter needs a fundamental rethinking. Consider these points:

1. It has long been recognized that short-term speculative international capital movements are a disruptive force ordinarily lacking economic function. Since improved communications have brought nations closer together, they are likely to prove more troublesome in the future than in earlier times. Some things have been done to limit and offset these, but very likely not enough. Interestingly, much current discussion takes it for granted that in determining U.S. domestic policies for full employment we should avoid doing anything that would offend the ideas or the prejudices of the currency speculators.

2. Recent experience has illustrated the systematic tendency for capital to escape from a country experiencing recession, where interest rates are down and investment prospects temporarily unattractive, to a country with a boom, where the opposite conditions prevail. Obviously, this is destabilizing to both countries.

3. A general system of free international movement of capital implies equal freedom and equal development of the domestic capital markets of the various nations. Otherwise, the nation with the freest and best developed capital market becomes the dumping ground for issues that are excluded from or cannot be serviced in their home market. Since many nations now evidently do not intend to have free domestic capital markets, it is not reasonable to require that those that do have them permit capital outflows arising out of this discrepancy.

4. Long-term international private capital movements in the modern world have political implications different from those of the last century in at least two respects: (a) In the ideological struggle for survival that now dominates the world, in which growth in economic strength is crucial, a nation may not be able to ignore the cost to its own economic growth and standard of living that results from the export of its capital. (b) Private investment abroad often damages the lending country in international political terms because of suspected "imperialism," because the investments arouse antagonism among inhabitants and lend fuel to antidemocratic forces, because the government of the lender later feels impelled to defend the investments against expropriation at political cost to itself, and so forth. In this political environment, to pretend that international capital movements are purely a matter of private concern may turn out to be a costly oversight. In considering what are reasonable rules of the game for capital movements, we should perhaps be doing more looking ahead and less looking backward.

A program for U.S. policy this year: Since it may be useful for discussion and for evaluation of the actions that the Government does finally take this year to have some concrete suggestions as to a course of action, let me outline a set of policies that I think would lay the groundwork for a prompt movement of the U.S. economy toward full employment.

I should emphasize the importance of beginning constructive policy actions immediately. The present position of the U.S. economy is such that the prevalent forecast of a recession next year is not at all implausible. A recession, once permitted to begin, has a momentum of its own that precludes its immediate correction. If recession is permitted to get underway, the timetable of possible progress toward full prosperity in this country may be set back by a full year, and this even if one makes the most optimistic assumption regarding the resulting deterioration of people's expectations and planning assumptions. If, as I think may be quite possible, the prompt and careful application of more stimulative Government policies can prevent our turning around that corner to recession, this will be immensely advantageous to us.

My program for prosperity has five points:

1. Every effort must continue to be made to restrain increases in wage rates and to discourage unreasonable increases in administered prices. In the present setting of policy, larger wage increases will almost certainly have to mean larger unemployment in the short run and other unattractive adjustments in the longer run.

2. The Federal Reserve must immediately cease its moratorium on monetary growth. While I think that the rate of money increase can and should be flexibly adjusted about its normal value in response to changes in economic conditions, a reasonable starting point for policy now would seem to be a presumption for an increase in money supply on the order of a 4 or 5 percent annual rate.

3. Until economic conditions strengthen, the Treasury should severely limit its issue of securities other than short term. It should freely increase the economy's supply of liquidity instruments.

4. I believe that a moderate tax reduction this year would be a wise policy. Because our limited abilities at economic forecasting create the need for flexibility of policy, the President's proposal that he be given limited power to change tax rates for economic stabilization reasons also should be passed this year.

5. Further revision of the tax system to encourage business investment, as through the investment credit proposal, also seems desirable.

If it uses its principal powers thus in a coordinated way, rather than using some of them to oppose others, I am confident that the Government has ample ammunition to prevent accumulation of either deflationary deficiency or inflationary excess of total demands. We surely shall not be able to manage these powers perfectly and get exactly what we want in every year, but I think it is extremely important to be able to feel that our system of policy use will never permit the economy to get very wide of the mark, to again get really out of hand.

Achievement of progress toward full prosperity in the United States doubtless in the short run will act to aggravate the balance-of-payments deficit, although some forces will work in the opposite direction. Nothing will retain and draw capital to the United States like prosperity and the attractive yields that it entails. The high levels of investment by which it is hoped that our productive efficiency may be increased and the payments position improved in the longer run can hardly be conceived as occurring except in a prosperous economy. However, any weakening of the balance of payments that occurs as a result of prosperity without price inflation need not, I think, be feared. We have resources that, if properly used, are sufficient to ride through the period. Indeed, concealing the nature of the world's payments disequilibrium by continued U.S. stagnation will make it more, rather than less, difficult to get a proper diagnosis and the action that is required to correct the matter.

Many devices available to U.S. policy to improve its balance of payments have been dealt with in fruitful discussions before this committee, and many are embodied in the Government's program. I should like only to mention several measures on which I should put more stress than they ordinarily receive:

1. The United States should lead an international reconsideration of the rules of the game of our international financial system with a view to relieving the deflationary burden on key currency countries by primary assumption of responsibility for adjustments by surplus nations, thus mutualizing the responsibility for maintaining the present dollar parity as the focal point of the system.

2. Abolish the gold reserve requirement for Federal Reserve notes and deposits and stand ready to effect some additional redistribution of the large gold stock still held by the United States.

3. Insofar as their prosperity and income levels make it appropriate, urge assumption by other nations of a larger share of the defense and foreign aid costs now borne by the United States on behalf of the free world.

4. Develop a Government program to speed the rate of improvement in efficiency of U.S. business by selected applied and technological research and informational and educational services.

5. Stimulate exports through tax advantages or other such means insofar as this is consistent with what other nations are doing.

6. So far as practicable under the developing rules of the game, discourage the export of U.S. capital where it does not offer any net advantage to the Nation and the free world, especially speculative flows, movements stemming from our temporary stagnation and unattractive yields, flows arising out of the restrictions existing in foreign capital markets, etc.

7. Proceed with a continuous reevaluation of the logic and workability of the international financial system, drawing from this guidance as to the direction in which to move in solving the shortrun problems that arise.

8. Last, but perhaps most important, seize every opportunity to spread understanding that wage increases must be confined to bounds consistent with price stability and maintenance of reasonable profits, and that the structure of wages must not be deprived of all equity and reason by the exactions of groups with superior power or inferior conscience.

I should be quite hopeful that a combination of policy measures such as this could put us a year from now in a position to feel that the U.S. economy was once again moving toward the kind of record that we could take as a source of pride and other nations as an example. On the other hand, I am no less fearful that without such constructive application of policy, we could quite possibly find ourselves a year from now in a position that had deteriorated to a surprising degree.

CONGRESS AND PRESIDENT MUST INSIST ON REGAINING CONTROL OF INTEREST RATES

Mr. PROXMIRE. Mr. President, I invite the attention of Senators to the fact that there is pending in the Committee on Banking and Currency a bill that would provide that the term of the Chairman of the Federal Reserve Board should be the same as that of the President of the United States, and that his appointment should be subject to Presidential appointment when the new President reaches office. As Marriner Eccles, former Chairman of the Federal Reserve Board, said to us only a few minutes ago at the meeting of the Joint Economic Committee, one of the worst aspects of our economic policy is that the President has no real control over the most important economic policy instrument in our arsenal; namely, monetary policy. The President cannot when he first assumes office appoint the head of the Federal Reserve Board, and as a result it is very difficult for him to influence monetary policy, or interest rates.

Yesterday the vice president of the Harris Bank in Chicago, a distinguished and successful banker, appeared before the Joint Economic Committee and criticized the Federal Reserve policy on exactly the same grounds and argued that money was too tight and interest rates were too high.

He said:

> All economic declines were preceded by monetary restriction, i.e., reduced growth in the money supply, thereby supporting the argument that monetary restriction leads to less spending.
>
> All recoveries were preceded by monetary ease, i.e., increased monetary growth, thereby supporting the argument that monetary expansion leads to higher spending.

That statement by Mr. Beryl W. Sprinkel, vice president and economist of the Harris Trust & Savings Bank, is also a fine statement. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EFFECTS OF MONETARY CHANGE AND SOME IMPLICATIONS FOR MONETARY POLICY

(Testimony presented to the Joint Economic Committee, Congress of the United States, August 14, 1962, by Beryl W. Sprinkel,[1] vice president and economist, Harris Trust & Savings Bank, Chicago)

I. INTRODUCTION

There is general agreement among students of money that monetary change is capable of affecting total spending upon goods and services. But the intensity of the effect, the timing of the effect, and the channel through which monetary change works remain in dispute. Since wages and prices are not, and never have been, perfectly flexible, changes in total spending in turn affect production and employment, in addition to prices.

Students of money frequently disagree on the appropriateness of a particular policy. Disagreement stems either from: (1) Disagreement as to the effects of monetary change, or (2) disagreement as to the social desirability of a particular result. A careful, dispassionate study of positive monetary economics should be capable of eliminating many disagreements of the first order, but different value judgments will make inevitable disagreement as to the desirability of a particular economic result.

Far too much time and talent has been devoted to argument over theoretical niceties of various monetary approaches and too little time and effort devoted to testing alternative theories against accumulated historical evidence. Unless it can be established beyond reasonable doubt that monetary change does affect economic activities in a predictable fashion, it is meaningless to talk about a monetary policy designed to facilitate achievement of widely accepted social objectives such as high employment of resources and price stability, since we cannot know what monetary action should be taken under particular circumstances.

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[1] The views expressed are those of the author and not necessarily the official policies of the Harris Trust & Savings Bank.

I plan to present what I believe to be some empirically supported results of the effects of monetary change upon other economic variables, discuss some of the implications, and comment on some current monetary policy debates.

II. EMPIRICAL STUDIES OF THE EFFECTS OF MONETARY CHANGE

In the writer's opinion, the most careful and exhaustive recent study of the effects of monetary change has been conducted by Prof. Milton Friedman and associates of the University of Chicago. A study entitled "The Relative Stability of Monetary Velocity and the Investment Multiplier in the United States, 1897–1958," by Professor Friedman and Prof. David Meiselman, will shortly be published by the Commission on Money and Credit. That study contains the strongest available evidence of the close and consistent relation between the stock of money and income and between changes in the stock of money and income. The study supports the view that the quantity of money matters because: (1) Changes in the quantity of money do result in substantial changes in income, prices, and employment; (2) the relationships between the quantity of money and other assets and income are relatively stable and therefore, the effects of changes in the stock of money are to a significant extent predictable; and finally (3) the quantity of money can be controlled accurately within narrow limits by monetary policy.

On a less sophisticated level than the Friedman-Meiselman study, analysis of the attached chart, relating monetary change to U.S. business cycles since 1918, suggests the following conclusions:

1. All economic declines were preceded by monetary restriction; i.e., reduced growth in the money supply, thereby supporting the argument that monetary restriction leads to less spending.
2. All recoveries were preceded by monetary ease; i.e., increased monetary growth, thereby supporting the argument that monetary expansion leads to higher spending.
3. The time lead of monetary contraction prior to declining economic activity is relatively long, averaging about 18 months, but is somewhat variable.
4. The time lead of monetary expansion prior to rising economic activity is relatively short, averaging about 9 months, but also somewhat variable.
5. Although the relation is not perfect, there is a noticeable correlation between the severity of monetary change and the subsequent change in economic activity. For example, the largest monetary contractions coincided with the largest economic declines, 1921, 1929, and 1937 and the largest monetary expansions accompanied the unusually sharp rate of recovery following each of those declines.

It is worth noting that the consistent relation between monetary change and spending change is not unique to the United States. I know of no foreign country that suffered significant inflation that did not experience a large growth in the quantity of money. Nor do I know of a country suffering serious deflation that did not have monetary contraction. Monetary change and hence monetary policy can be a source for great good or great evil. It cannot solve all our economic problems such as encouraging greater investment and hence higher economic growth, or greater price flexibility, but it can and does exert important effects upon total spending.

III. SOME POLICY IMPLICATIONS

Some of the policy implications that appear to follow from these empirical relations are:

1. Monetary change and hence monetary policy is an extremely potent economic tool capable of either increasing or decreasing total spending. Excessive monetary growth when the economy is fully employed can lead to increased spending and inflation. Too little money and liquidity is capable of reducing spending and initiating an economic decline.
2. The use of monetary ease for inducing expansion in total spending is not analogous to pushing on a string but is more nearly analogous to pushing a ramrod. In fact, monetary policy appears to work with a shorter lag in inducing rising spending than in causing reduced spending.
3. Large variability in monetary expansion should be carefully avoided since business fluctuations appear to be more closely associated with the change in the monetary growth than with the level of monetary growth. On the whole, monetary policies pursued since the accord compare very favorably with those proceding 1951; first, because monetary fluctuation has been less, and second, those policies have been accompanied by lesser economic extremes such as inflation and deflation.
4. Adapting monetary change to the current economic trend may frequently prove inadequate and destabilizing because of the lag and variability in the effect of monetary change upon total spending. Until we understand more about the lagged responses, we may be better served to maintain a fairly stable rate of growth in the quantity of money, approximately equal to the average annual growth in the total economy. The only feasible alternative is to base current monetary actions upon predictions of future economic change, since action taken today will affect total spending at a later and partly indeterminable date. Under certain conditions, economic forecasts can be made with a high degree of accuracy, but that is not always the case. Although we can determine the average lead between monetary change and spending change, the average may not apply to a particular instance. The Friedman-Meiselman study indicates the highest correlation is achieved with a two-quarter lag after monetary change.

IV. SOME COMMENTS ON CURRENT PROBLEMS

A. The state of the economy

The economy is currently expanding at only a modest pace, at a level substantially below full employment of resources and there appears to be no sizable stimulus on the near-term horizon. Consumer outlays are high and rising but the recent Federal Reserve Board survey of consumer plans suggests it is unlikely that a substantial increase will occur in this area over the balance of the year. Business investment surveys suggest modest further increases in capital spending and construction contracts appear large enough to sustain the present high rate of construction. However, a further rise in construction on the order that occurred earlier this year seems improbable. Also Government spending may rise modestly over the balance of the year.

Furthermore, weakness is now appearing in those indicators which in the past foreshadowed a later economic decline. The NBER indicators appearing in the July issue of the U.S. Department of Commerce publication, Business Cycle Developments, were mostly in a downtrend even though in many cases they are not far from previous peaks. No one can know if the current trend is foreshadowing a recession within 6 to 9 months from now, but unless current trends are shortly reversed, such an eventuality is a good possibility. In any event the possibility of achieving full employment of labor and capital resources in that time period appears remote.

B. Current policy debates

Under present conditions of a sluggish economy and a balance-of-payments deficit, it is frequently argued the solution lies in an easy fiscal policy (large deficits) and a tight monetary policy. It is felt that a large deficit would stimulate the internal economy while a tight monetary policy would raise interest rates, and reduce short-term capital flows and gold drains. In other words, monetary and fiscal policies are considered to be substitutes rather than complements. Although this idea is intriguing, the assertion is not supported by the long-term evidence. Total spending on income has been in the past closely correlated with the money supply regardless of whether the monetary change came about through the private or public sector of the economy. Income has been positively correlated with monetary change, not the size of the Government deficit. Unless a Government deficit is financed at least partly by new money, which is possible only by an expansionary monetary policy, it is unlikely to be a substantial and lasting stimulant to income. Conversely, a budget surplus, unless accompanied by monetary restraint, will not exert a strong brake on total spending. The long-term record suggests monetary change is both a necessary and sufficient condition for bringing about a substantial change in total spending. The data suggest that monetary and fiscal policies can best be considered complements and not substitutes. A policy of substantial monetary restraint and temporary fiscal ease is likely to generate shortly a decline in total spending.

Several able observers of the U.S. economic scene have recently argued ardently that interest rates should now be raised in the United States in order to make our interest rates competitive with those abroad and hence reduce short-term capital outflows and the drain on the gold stock. I know of no way for the Federal Reserve to raise internal interest rates at present other than to pursue a policy of monetary restraint, thereby reducing reserves of the banking system. This action would inevitably reduce assets of the banking system by promoting loan and investment liquidation, and consequently, the stock of money would be contracted. Although such action would probably raise interest rates temporarily, it would also induce decreased economic activity unless we are to argue that the past provides no guidance for the future. Declining economic activity would be accompanied by lower demands for loans, and interest rates would decline sharply, thereby placing renewed pressure on the gold stock. It is generally true that high interest rates generated by rising demands for funds are symbolic of a healthy economy, but it is not true that high interest rates generated by monetary restraint during a period of economic slack will bring economic health. Therefore, I emphatically reject a policy of monetary restraint under present economic conditions as a palliative for reducing our balance-of-payments woes. The "cure" might well be worse than the disease.

A partly analogous experience occurred in 1931. In September of that year, Great Britain went off the gold standard. Several other countries followed and many more imposed exchange controls. In 2 months the U.S. monetary gold stock dropped $703 million to $4.29 billion or 14 percent. During October the Federal Reserve of New York raised the discount rate from 1½ to 3½ percent. Reserve balances of member banks declined 17 percent from July 1931 to February 1932. As indicated on the preceding chart, severe monetary contraction occurred during that period. Higher interest rates were successful in halting the gold exodus, but the resulting monetary contraction was responsible in the opinion of many observers, including the author, for substantially deepening and prolonging the great depression. Officially imposed higher interest rates at the present time would run the serious possibility of repeating the 1931 experience.

Fortunately, various measures taken in recent years plus rising costs and prices abroad are resulting in some current improvement in our balance of payments. If the deficit nonetheless persists, there are only five courses of action open to U.S. Government officials: (1) Using reserves to buy more time by permitting more gold to flow out and if necessary borrowing reserves from IMF or other lenders; (2) tightening money and forcing a domestic deflation with its consequent unemployment of resources; (3) devaluing the dollar or permitting the exchange rate to float; (4) resorting to direct controls such as restricting imports, restricting foreign borrowing, restricting investment abroad, subsidizing exports; and (5) curtailing foreign aid or other foreign expenditures. Perhaps none of these actions is pleasant to contemplate, but they represent the only alternatives available. Of those, probably the most costly in terms of employment, production and income would be internal deflation brought on by monetary restriction.

A policy of monetary restraint is highly appropriate during periods of excessive spending and borrowing resulting in inflation. Rising interest rates during a period of rapidly rising demands perform the valuable function of rationing the limited supply of money. Such is not the case at present nor does inflation promise to be a near-term problem. A policy of monetary restraint under present circumstances would probably temporarily slow the gold exodus, as in 1931, but only at the cost of significantly reducing productive economic activity.

ECONOMIST DOCUMENTS CONTENTION THAT BALANCE OF PAYMENTS NO ALIBI FOR HIGH INTEREST RATES

Mr. PROXMIRE. Mr. President, there has been only one consistent objection to following a policy of monetary ease. Economists appearing before our committee cover the objection quite often. It would allegedly aggravate our balance-of-payments problem. The argument is that interest rates should be high so that capital would flow into our country rather than out of the country. That would be intended to correct our balance-of-payments difficulty.

Mr. President, there have been very few studies of the situation to determine whether or not interest rates do in fact play an important part in the international balance of payments, but the studies that have been made, including those by the Federal Reserve Board and others, indicate that the interest rates do not play an important part in the flow of capital. One of the most profound studies has been made by Prof. Philip W. Bell, professor of economics, Haverford College, and it was presented to the Joint Economic Committee yesterday.

In the course of that study Professor Bell said:

> Study of the components of the recorded outflow during those 2 years, and of movements in the 3 years previous to that period—what types of capital moved and where they went—as well as of the timing of the various movements in conjunction with the timing of interest rate changes, does not support the hypothesis that U.S. short-term capital has been moving in recent years primarily, or even significantly in response to changes in short-term interest rates.

I quote further:

> In an interesting study of the movement of such funds over the past few years, Robert F. Gemmill of the Federal Reserve System found that the amplitude of the fluctuations about the trend from peak to trough in dollar assets held by foreign commercial banks and other private parties in recent years has been between $600 million and $1 billion—

In other words, it is limited to a relatively small amount of money—

> suggesting that this is the maximum amount of switching which may take place as a result of interest rate differentials or for other reasons.

Mr. Gemmill further shows that two other considerations probably swamped the interest rate factor, even with this small switch.

In other words, it does not amount to anything like a billion dollars. It is a minor consideration.

Under these circumstances, the arguments of those who are advocating a tax cut, even though we face a deficit, on the alibi that this is necessary to protect the international balance of payments, do not stand up. The studies which have been made indicate that this is not necessary. We do not need to have high interest rates or other restrictions of any kind in order to have a favorable balance-of-payments situation.

Furthermore, all witnesses agree that the fundamental correction lies in the foreign aid field and the commitment of troops overseas.

I ask unanimous consent that this paper may be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Statement of Philip W. Bell, Professor of Economics, Haverford College, Before the Joint Economic Committee of Congress, August 14, 1962

The outflow of private capital from the United States in recent years has become a matter of considerable concern to those formulating national economic policy. In the last 5 years the outward flow of private long-term capital has approximated the total of Government loans and grants (other than military grants, which do not directly affect the balance of payments), which we hear so much about, and there has been a substantial outflow of private short-term capital as well. More important, there has been a substantial increase in private capital moving abroad in the last 5 years as compared with the previous 5 years, as shown in table 1.

I understand that this committee is interested this afternoon primarily in the question of what role interest rates and interest rate policy has played and might play in the future in influencing these private capital movements. I have been studying this question this summer and hope that some of my preliminary, very tentative findings may be of some use to the Congress and the administration in formulating policy. I emphasize that what I say this afternoon must be of a very tentative nature—it is based primarily on a careful but still incomplete study of the data available. I mistrust this approach by itself just as I mistrust sweeping conclusions based simply on personal experience. But I have not yet had a chance to test the hypotheses that are posed by study of the data against the judgments of people in the field, and I cannot attach great significance to them until this is done, especially since private international capital movements comprise a complex and tricky field, and while I have studied around it, so to speak, for a number of years, I have been deeply immersed in it for only 2 months.

Be that as it may, the evidence which I have been able to put together thus far does not lend support to those who attach great importance to the role of interest rates in inducing either short- or long-term capital flows, or both, into and out of the United States. The data do not suggest that no importance should be attached to interest rates, or more generally to the degree of looseness or tightness in money markets. They suggest rather that interest rates and interest rate changes play a relatively minor role in and of themselves, although under certain circumstances, when interest rate differentials favorable to the movement of capital are combined with certain other, in many ways more influential considerations such as speculative fear of devaluation, the role of interest rates may be more significant.

I would like to divide my testimony into four parts, the first concerned with long-term portfolio investment—our purchases of foreign stocks and long-term bonds; the second with changes in our short-term claims on foreigners, i.e., what is reported in balance-of-payments statistics as "U.S. short-term capital (net);" the third with changes in our short-term liabilities to foreigners, i.e., their short-term claims on us; and lastly with the "errors and omissions" item in balance-of-payments statistics, an item which has been subject to a sharp adverse shift from a traditional plus to a substantial minus in the last 2 years, a shift which can, I believe, be shown to be linked to private capital movements. I am excluding consideration of direct investments from my testimony. It is possible that some of the substantial increase in direct investment outlays by American businesses abroad during the last few years has been motivated by high interest rates abroad and low rates in this country. A large proportion of what is direct investment capital involves simply changes in intercompany accounts, between the parent company in the United States and subsidiaries abroad. Faced with borrowing short-term capital abroad on the one hand, and borrowing it here or using existing cash here and directing it abroad through intercompany accounts on the other, a corporation may make its decision in part on the basis of interest rate differentials. But it seems doubtful that the movement of any large magnitude of funds is in fact determined in this way, i.e., solely or even primarily by interest rate considerations—if for no other reason than that foreign operations of most U.S. companies do not seem to be closely integrated with domestic operations.

I. INTEREST RATES AND LONG-TERM PORTFOLIO INVESTMENT

The basic components of recorded movements in long-term portfolio capital into and out of the United States over the last 10 years are shown in condensed form in table 2. Investment by U.S. residents in foreign stocks has been approximately matched throughout the decade 1952–61 by foreign investment in U.S. stocks. The substantial increase in recorded net portfolio outflow has been in bonds, not stocks, and while most of this has been in the form of increased new issues on the New York market, the demand for foreign bonds seems to have outrun the new supply coming to that market so that U.S. residents have been buying outstanding issues, presumably (but not necessarily) going to foreign capital markets to fill their needs.

It is interesting, and necessary if we are to consider interest rate motivation, to get some perspective on the regional distribution of these portfolio investments. Ninety percent of the U.S. outflow over the 5-year period 1957-61 has gone to regions other than Europe (unlike direct investment outlays, 50 percent of which has been going to Europe). This 90 percent is split about equally between Canada and less-developed countries (counting that moving to such regions through international institutions). Perhaps more informative is the net movement of portfolio capital between the United States and other regions of the world. It is evident from the third part of table 3 that during the last 5 years the United States has supplied Canada with something over $2 billion, largely through purchases of Canadian bonds, less-developed countries something under $1 billion, and that one-third of this total $3 billion outflow has been offest, or financed so to speak, by an inflow of long-term private capital from Europe.

The question arises as to how much of this substantial long-term portfolio investment of the last 5 years, which greatly exceeds that of the previous 5 years, is actually mobile capital—capital which can move in response to changes in interest rates, in share prices, in levels of economic activity, in tax policy, or whatever else may influence it. It would appear from study of the data that around $1 to $1.5 billion worth of increased U.S. security holdings by foreigners, and about the same amount of accumulations of foreign securities by U.S. residents, is potentially mobile capital—about half consisting of bonds, half of stocks.

Long-term interest rates in the United States have been consistently below long-term rates in Canada and in Europe during the last 5 years; the Canadian-United States differential has been relatively constant, but the United Kingdom-United States differential has varied from between ½ a percentage point to more than 2½ percentage points in the middle of last year. A high foreign and low U.S. rate, or an increasing differential, might be expected to have two types of effects on long-term portfolio capital movements: (1) It might induce a larger amount of new issues of foreign securities here; (2) it might induce foreigners or U.S. residents to sell U.S. bonds and/or buy foreign bonds, i.e. the capital movements would be reflected in transactions in existing securities.

I have tried to investigate these possibilities by comparing bond purchases and relevant interest rates, using quarterly data of the last 5 years. The only relationships which proved to be statistically significant (and these only barely so) were deviations from trend values of U.S. net purchases of Canadian bonds and European net purchases of U.S. bonds, i.e., the deviations from the upward trend of these two variables did appear to bear some relationship to Canadian and U.S. long-term interest rates on the one hand, and United Kingdom and United States long-term interest rates on the other.[1] But even these relationships, out of a great many experiments tried, could be established only in terms of deviations from trend values, i.e., the relationship between bond purchases and interest rates independent of the trend was not statistically significant at all for U.S. purchases of Canadian bonds, only of very slight significance in the case of European purchases of U.S. bonds. And this latter relationship is statistically significant probably only because U.S. interest rates were relatively high during the 2 years following the establishment of convertibility in Europe at the end of 1958, when Europeans probably would have increased their holdings of U.S. bonds anyway in order to build up working balances which they had been prevented from doing by exchange restrictions. The fact that long-term interest rates seem to have at least a minor influence on variations around the trend of net purchases of foreign bonds, but little or no influence in determining the trend itself, suggests that perhaps the timing, but not the absolute level of bond purchases is what is influenced by interest rate considerations. If the decision of Canadians to issue new Canadian bonds in the U.S. market, or of Europeans to purchase U.S. bonds—say sometime within a given 6-month or year period—is made largely independently of interest rate considerations, and only the timing of the purchase is influenced by interest rates, then the importance of long-term interest rates to our balance-of-payments position is negligible.

Let me say just a word about recorded foreign purchases of U.S. stocks and our purchases of foreign stocks. As in the case of bonds, the trend factor seems to have been dominant over the last 5 years. I can find no consistent relationship between deviations from trend (on a quarterly basis) and share prices, although various leads and lags were tried as well as coincident series. One thing that can be said, however, is that foreign purchases of U.S. stocks in particular seem to be related much more to the level of economic activity in this country than to share prices; in the 1957-58 recession and again in 1960-61 foreign purchases fell consistently with the index of U.S. production while U.S. purchases of foreign stocks rose during recession. As suggested by the data in tables 2 and 3, this type of capital transaction is an item of growing importance for the viability of our international economic position.

So much for long-term securities. I can summarize by saying that I have hunted high and low for an honest interest rate effect and been unable to find one that is truly significant. That does not mean that long-term interest rates will necessarily continue to be relatively insignificant in influencing foreign portfolio investment, for admittedly the past 3 years have been dominated, at least so far as movements in and out of Europe are concerned, by the establishment of convertibility, while the net outflow to Canada, I believe, has been strongly influenced by tax considerations—a matter to which I shall return later.

II. INTEREST RATES AND THE OUTFLOW OF U.S. SHORT-TERM CAPITAL

It is not really long-term capital but short-term capital which is supposed, in textbook treatments of the subject, to be dominated by interest rate considerations. It is not surprising, then, that when U.S. short-term capital began to flow out at an alarming rate in 1960 and this continued in 1961, and further, the statistics showed that European short-term interest rates were substantially above short-term rates in the United States, people quickly put two and two together and concluded that "the emergence of significant differentials in short-term interest rates has resulted in an enormous outflow of U.S. private short-term funds."[2]

Study of the components of the recorded outflow during those 2 years, and of movements in the 3 years previous to that period—what types of capital moved and where they went—as well as of the timing of the various movements in conjunction with the timing of interest rate changes, does not support the hypothesis that U.S. short-term capital has been moving in recent years primarily, or even significantly in response to changes in short-term interest rates. (I emphasize the term "recorded" capital movements; I shall come to consideration of what I believe to be a very substantial amount of "unrecorded" short-term capital shortly.)

The basic components of movements in the U.S. short-term capital account during the past 5 years are compiled in table 4. There are two main reporting groups providing information on outstanding short-term claims on foreigners: U.S. banks, and some 600 large U.S. nonfinancial corporations with operations abroad. The data in the table have been grouped to show six basic categories of flows, with a regional breakdown for each. The four basic types of recorded U.S. short-term claims are: (1) Loans by U.S. banks to foreign banks and official institutions; (2) a composite of other bank loans and collections outstanding which I will call trade credit—the amounts outstanding tending to move closely with the level of our exports; (3) "other dollar claims" reported by U.S. banks, which contains two quite different types of claim: special arrangements, such as those with Japanese banks and others, that appear to be closely geared to our level of exports, as is the "trade credit" total; and dollar deposits, presumably of U.S. banks and individuals, in Canada and Europe; (4) dollar claims of U.S. nonfinancial corporations. The two other categories of claims shown consist of amounts payable in foreign currency as reported by banks, and by nonfinancial corporations. They consist of deposits in foreign banks (other than dollar deposits) and an "other" category which includes accounts, notes, bills, and drafts receivable, as well as short-term foreign security holdings.

In table 5 the 2-year outflow of 1960-61 is broken down into these six basic categories regionally subdivided. It can be seen right away that almost 60 percent of the nearly $3 billion total outflow was of a type which would not be expected to be moving primarily in response to changes in interest rates, viz, bank loans to foreign banks and official institutions, bank trade credit, and the other category reported by banks vis-a-vis the rest of the world, consisting primarily of very large acceptance arrangements made with Japanese banks and corporations. The latter two items are export finance, and pre-

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[1] The relationship may be expressed in terms of regression equations as follows (with 21 observations, 1 per quarter including the 1st quarter of 1962):

$$\text{United States net purchases of Canadian bonds} = 101 + \underset{(75)}{195}\ \text{Canadian interest rate} - \underset{(77)}{161}\ \text{United States interest rate} - \underset{(3)}{11}\ \text{trend} \quad R^2 = 0.49$$

$$\text{European net purchases of United States bonds} = -420 - \underset{(40)}{11}\ \text{United Kingdom interest rate} + \underset{(61)}{156}\ \text{United States interest rate} + \underset{(5)}{8}\ \text{trend} \quad R^2 = 0.46$$

The figures in parentheses are standard errors; if the number above it is more than twice this standard error, the variable associated with that number and the dependent variable (bond purchases) may be said to be significantly related one to another. The 1st equation shows that from the beginning of 1957 through the 1st quarter of 1962 more new Canadian bonds were issued in New York or U.S. residents bought more Canadian bonds in Canada the higher the Canadian rate of interest and the lower the U.S. interest rate, as we would expect. The second equation suggests that Europeans tended to purchase more U.S. bonds the higher the U.S. interest rate and the lower the United Kingdom rate, although this latter variable is not statistically significant.

[2] Edward M. Bernstein, "Interest Rates and the U.S. Balance of Payments," in Carl J. Friedrich and Seymour E. Harris, "Public Policy." "A Yearbook of the Graduate School of Public Administration, Harvard University, 1961," p. 173.

sumably are in part responsible for our $4 billion increase in merchandise exports between 1959 and 1961. It is doubtful that a change of 1, 2, or even 3 percentage points in our short-term interest rates would have affected these short-term outflows.

But what of the other 40 percent of the short-term capital outflow which amounts to well over $1 billion over the 2-year period? I have tried to trace the responsiveness of five of the basic categories of short-term capital to various determinants, using quarterly data for the last 5 years. The results are summarized in table 6, with the technical apparatus on which these conclusions rest tucked away in the appendix. I tried to test in each case the general relationship between claims on the one hand, and the relevant interest rates and/or level of exports on the other, and deviations from the general trend in claims with interest rates and/or level of exports.

The evidence summarized in table 6 supports the view that bank loans to foreigners other than banks and official institutions and collections outstanding do indeed comprise a short-term capital outflow which is very largely determined by export levels. There is also strong evidence that the other category payable in dollars as reported by U.S. banks vis-a-vis the rest of the world (the item which includes the special Japanese acceptance arrangements) is closely related to exports. These two items, with bank loans to foreign banks and officials comprise the 60 percent of total figure referred to previously. Interest rates appear to play no role whatsoever in determining either the level or the timing of these movements of U.S. short-term capital.

But the evidence also suggests that interest rates have perhaps played only a minor role in influencing the other 40 percent of the outflow of 1960–61. Interest rates prove to be statistically significant variables for outflow involving only 6 percent of the total or 15 percent of the 40 percent remainder. Two categories of short-term capital are involved: (1) The other category reported by U.S. banks which in this case probably comprises dollar deposits in Canada and in the Euro-dollar market; and (2) dollar claims of nonfinancial corporations against regions of the world other than Canada and Europe, claims which may also consist of dollar deposits in the Euro-dollar market. Interest rates appear to have had no significant bearing on the outward flow of U.S. short-term capital which involved increases in claims payable in foreign currency. This flow has been steadily increasing since 1959, and the growth rate seems to be unaffected by interest rates. Nearly 60 percent of the portion of this outflow which was reported by banks went to Canada, approximately 30 percent to Europe; nonfinancial corporations reported a much smaller proportion going to Canada, a much larger proportion going to Europe, and a considerable amount going to other regions, but possibly ending up in some way in the Euro-dollar market.

The fact that the outflow of U.S. short-term capital into foreign currency over the last 2, 3, or 5 years does not appear to have been systematically linked to interest rates does not, of course, mean that interest rates in fact played no role in the movement. The fact of the matter is that short-term interest rates in the main financial centers abroad were generally higher than in the United States. Even if more was sent abroad when rates were 1 percentage point higher than when rates were 2½ percentage points higher (which is generally what the evidence indicates), whatever was sent abroad may have been because the return there was higher than it was in this country. What alternative explanation is there for the movement?

There would appear to be two possible alternative explanations. One is that with convertibility coming in Europe toward the end of 1958 and in early 1959 there was need and an opportunity to develop working balances for the extensive interrelated economic activities expected and already developing between the Common Market and the United States. European banks and others invested heavily in both short- and long-term U.S. securities in 1959; U.S. banks and others were slower to respond, but the widening interest rate differential and the sluggish U.S. economy made 1960 a propitious year to start. The fact that there appears to have been little systematic playing of the interest rate game implies that funds were not being moved primarily to take advantage of higher yields but rather for other purposes, with the higher yields perhaps serving as an added, but secondary inducement.

The second alternative explanation, which probably has more to do with the capital movement reported by nonfinancial concerns than that reported by banks, involves the various types of tax inducements which exist for companies with oversea operations to send capital abroad and to keep capital abroad. I am thinking particularly of tax haven operations where they involve investment in liquid assets, through personal holding companies or corporate subsidiaries in countries which do not tax income earned outside the borders of the country. Section 13 of H.R. 10650 as amended in the Senate should help to close some of these loopholes. I am thinking also of the inducement established by the provision instituted in 1959 to enable firms to consolidate all of their oversea earnings in measuring the tax credit to be allowed in computing U.S. taxes when those earnings were brought back to this country. It is believed that a number of companies, even before the Canadian Government recently instituted its special 15-percent withholding tax on dividends thereby sending the statutory corporate tax rate on income distributed by U.S. companies in Canada to 57½ percent, may have had excess tax credits on consolidated foreign operations—particularly, perhaps, some petroleum companies. Interest rate differentials would have to be substantial indeed to outweigh tax considerations if one income was to be taxed 52 percent, the other income at a low rate or not at all because of unused tax credits. The amendment to H.R. 10650 proposed by the Treasury Department in the Senate, which would separate interest income from other income in tax credit computations, should alleviate this situation.

Before considering some further possible ramifications of U.S. short-term capital which are possibly involved in the "errors and omissions" item in balance-of-payments data, let me turn to our short-term liquid liabilities and the possibility that their level at any given time is influenced by short-term interest rates here and abroad.

III. INTEREST RATES AND U.S. SHORT-TERM LIABILITIES

If there exists a single, dominant world financial center, a role London fulfilled in the 19th century, short-term interest rates can affect only the amounts of liquid assets which would be kept at home or deposited in London. With two main financial centers today, and a number of smaller subcenters—in Switzerland, Canada, France, etc.—the possibility is opened up for the switching of foreign exchange reserves from low- to high-interest rate countries, or more likely, for simply a building up of balances in one center rather than another as foreign exchange reserves are accumulated, thereby altering the ratio of reserves held in different foreign centers.

In some cases, such movements in reserve holdings would make little or no difference to the financial centers involved; a liquid liability is merely transferred from the name of one country to the name of another in the country losing the balance, while the recipient country experiences both an increase in an asset (in the other financial center) and an increase in a liability. Even when a commercial bank repatriates a foreign asset, it may often mean simply that the liability of the financial center is now to a foreign central bank rather than to a foreign commercial bank.

If, however, a liquid liability of the United States owed to, let us say, a German commercial bank is moved to London because of a higher yield there, it may mean that the United States loses gold. The British exchange equalization account may prefer to hold gold rather than U.S. securities. And if the German bank moves its asset home, the German authorities may decide to exercise the same option. Thus, while the movement of foreign short-term funds in response to interest rate differentials is unlikely to affect our overall financial deficit as measured by the Commerce Department presently (this is even true of commercial bank assets as the financial deficit is measured in table 1 but not of nonbank assets), it may affect our gold holdings and thus have an influence on our world economic position.

In table 6 there is presented a summary picture of changes in our liquid liabilities to foreigners for the period from the end of 1956 to the end of 1961. Sixty-five percent of our increased liquid liabilities to other countries from the end of 1956 to the end of 1961 consisted of new liabilities to Europe, and 88 percent of the total increase involved additional liabilities to Canada and Europe combined. Furthermore, 60 percent of the increase in our liquid liabilities to other countries, or about $3.2 billion, represents new, privately owned dollar assets; only $2.2 billion of the $5.4 billion increase has accrued to foreign central banks and governments. Surely the stage has been set for large-scale "switching" operations if foreign banks and private citizens, particularly the former, wish to, or feel compelled to move their liquid assets out of the United States, either in response to interest rate differentials or to some other stimulus.

In an interesting study of the movement of such funds over the past few years, Robert F. Gemmill of the Federal Reserve System found that the amplitude of the fluctuations about the trend from peak to trough in dollar assets held by foreign commercial banks and other private parties in recent years has been between $600 million and $1 billion, suggesting that this is the maximum amount of switching which may take place as a result of interest rate differentials or for other reasons. And he suggests that two other considerations may well have swamped the interest rate factor, in spite of a relatively high correlation between deviations from trend and interest rate differentials, viz, the need to build up working balances consequent upon convertibility, to which I alluded previously, and probably a speculative movement against the dollar in late 1960 and early 1961, which could explain the large absolute decline in privately held liquid dollar assets during this 6-month period.[3]

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[3] Robert F. Gemmill, "Interest Rates and Foreign Dollar Balances," Journal of Finance 16 (September 1961), 363–376.

TABLE 1—*U.S. balance of payments, annual average of 1952–56 and 1957–61*

[Millions of dollars]

	Annual average	
	1952–56	1957–61
Balance on current account	2,083	3,450
Private remittances	−471	−587
U.S. long-term capital:		
Direct investment	−1,006	−1,657
Net purchases of foreign securities	−100	−778
Other, including trade credits	−138	−232
Total	−1,244	−2,667
Foreign long-term capital:		
Direct investment	169	144
Other, including net purchase of U.S. securities	161	265
Total	330	409
Government loans and grants (nonmilitary)	−2,247	−2,744
Basic balance	−1,549	−2,139
Short-term capital		
United States	−254	−672
Foreign	217	224
Errors and omissions	427	137
Total	390	−311
Financial balance	−1,159	−2,450
Change in gold holdings	163	930
Change in liquid liabilities to banks plus official	996	1,520
Total	1,159	2,450

TABLE 2—*Annual averages of net purchases of foreign long-term securities by U.S. residents and of U.S. long-term securities by foreigners, 1952–56 and 1957–61*

[Millions of dollars]

	Annual average	
	1952–56	1957–61
U.S. net purchases of foreign securities as given in Treasury data:		
Bonds	−102	−650
Stocks	−124	−210
Total	−226	−860
Less adjustment for direct investment transactions	−126	−82
Total, for balance-of-payments purposes	−100	−778
Of which—		
New issues	−289	−660
Redemptions	138	111
Net	−151	−549
Transactions in existing securities	51	−229
Foreign net purchases of U.S. securities as given in Treasury data:		
Government bonds	125	261
Corporate bonds	19	18
Stocks	115	195
Total	259	474

Source: Treasury data compiled from tables I-3, and I-4 in the capital movements section of the Treasury Bulletin, May 1962, pp. 81–82. The breakdown of U.S. net purchases into new issues and redemptions is from lines 33 and 34 of the latest Commerce Department revision of balance-of-payments data, as yet unpublished, while the figure for transactions in existing securities was supplied the writer by the Commerce Department. The adjustment factor for direct investment in the residual of Treasury and Commerce data; it is largely the amount of purchases recorded in Treasury data which Commerce has recorded as direct investment.

Using a slightly different approach, I have tried to analyze the degree of switching of foreign exchange reserves which might be occurring in response to interest rate differentials by considering how the composition of foreign assets around the world has varied with movements in short-term interest rates. Table 7 shows first of all that between 1956 and 1958 foreign central banks and other official bodies tended steadily to increase the ratio of both gold and dollars relative to total foreign asset holdings, and that this ratio was relatively constant through 1959, 1960, and 1961, although there was a movement away from dollars into both gold and other foreign currencies—presumably sterling—during the period of substantial speculation against the dollar, evidently sparked by a fear that the United States might devalue, in late 1960 and early 1961.

The behavior of the group holding the second largest portion of liquid dollar assets—foreign commercial banks—follows a somewhat different pattern. It appears that banks steadily lowered the ratio of dollars to total foreign exchange reserves between 1956 and 1958, increased the ratio substantially again following convertibility (the increase comprising mostly increased holdings of European commercial banks), and dropped the ratio even more sharply than did central banks during the last quarter of 1961 and first quarter of 1962. The 10 percentage point drop during this period implies a loss of around $500 million in U.S. liquid liabilities; whether this in fact meant a gold loss of that amount depends upon what the recipient central authority, in the bank's own country or elsewhere, did about its increased foreign assets, i.e., whether it decided to increase its gold stock, its dollar assets, or its exchange reserves in nondollar currencies.

An aggregative approach to the switch problem can hide a multitude of sins. Perhaps reserves were simply moving from countries which do not hold the bulk of their reserves in dollars (sterling area countries, for example) to countries which do, and this movement was reversed toward the end of 1960 and in early 1961. In an attempt to scrutinize the switching problem more closely, I have analyzed the behavior of some 23 countries, tracing the relationship between the ratio of dollar assets to total foreign exchange reserves and the short-term interest rate in London and New York, and the relationship between this ratio, short-term interest rates, and total foreign exchange reserves of the country, using quarterly data for the period 1957–61. A few countries—Belgium, the Netherlands, Mexico, and Peru, for example—do seem to be responsive to interest rates here and in London, and build up and draw down exchange reserves in one center or the other accordingly (assuming that the residual foreign exchange not in dollar assets is in pounds sterling, although there is no way to know this for sure). But most countries seem either to maintain a relatively fixed ratio of dollar reserves to total foreign exchange reserves or to alter this ratio in some regular and systematic fashion in accordance with the level of their total reserves.

There thus appears to have been only a small amount of switching of foreign exchange reserves around from one country to another—presumably primarily between London and New York—in response to movements in interest rates in recent years. As in the case of U.S. short-term claims, the fact that higher short-term rates prevailed abroad may have aided and abetted the speculative movement out of dollars in the fourth quarter of 1960 and first quarter of 1961, but it seems doubtful that interest rates caused the movement, per se. The short-term interest differential between London and New York was large on either side of this period of speculation, but relatively small during the period. Furthermore the spot price of sterling fell steadily from September of 1960 to May of 1961 so that people who switched funds suffered at least short-run losses.

TABLE 3.—*Cumulative net purchases of foreign long-term securities by U.S. residents and of U.S. long-term securities by foreigners, regional breakdown, 1957–61*

[Millions of dollars]

	Canada	Europe	Other regions	International institutions	World
Net U.S. purchases of—					
Foreign bonds	−1,704	333	−509	−1,200	−3,081
Foreign stocks	−226	−696	−111	----------	−1,033
Total	−1,930	−363	−620	−1,200	−4,114
Net foreign purchases of—					
U.S. bonds	−193	543	244	798	1,391
U.S. stocks	−142	887	215	15	974
Total	−335	1,430	459	813	2,365
Net portfolio capital flow in—					
Bonds	−1,897	876	−265	−402	−1,690
Stocks	−368	191	104	15	−59
Total	−2,265	1,067	−161	−387	−1,749

Source: Figures are compiled by cumulating the monthly totals given in the Treasury Bulletin over the 5-year period 1957–61. The Treasury Department publishes only preliminary data on net purchases of securities vis-a-vis individual countries; revised data are given only for the world as a whole. There are therefore small discrepancies between the data in this table and the data in table 2.

IV. THE ERRORS AND OMISSIONS PROBLEM

Everything that I have said so far relates to recorded long- and short-term capital movements. One of the great problems for balance-of-payments analysts has to do not with what is recorded in the official statistics, but rather what is not recorded—with the residual item entered at the bottom of balance-of-payments tables which is termed "unrecorded transactions" or "errors and omissions." Many people suspect that movements in this item represent short-term capital flows. There is a logical reason for this suspicion. The statistics for most balance-of-payments items are collected for flows during a period. But the statistics on which short-term capital movements data are based are stocks at the end of a month, and the flow is measured by the change in the stock outstanding from month to month. Suppose deposits payable in foreign currency, either of banks or of nonfinancial corporations, rise from the end of one quarter to the end of the next, then are lower at the end of the following quarter. The statistics report that there was a short-term capital outflow during the first quarter, an inflow during the second quarter, as if the funds came back to this country. But there would seem to be no real reason to believe this to be the case; the foreign deposits may well have turned into another kind of foreign asset. If the deposit was used to buy out a foreign firm, and the U.S. firm making the purchase was one of those reporting to the Commerce Department on its direct investment both sides of the movement from one type of foreign asset to another will be recorded in balance-of-payments statistics. (The purchase of English Ford by the parent company was first recorded in the statistics of December 1960 as an outflow of short-term claims payable in foreign currency on the part of nonfinancial corporations, then moved to direct investment.) But if the deposit is used to buy short- or long-term securities through a foreign broker, then it will probably not be recorded since we collect no information from foreign brokers and security dealers. There will be recorded an outflow and then a flow back of short-term capital, and a negative amount for errors and omissions which should in fact be recorded as purchases of either short- or long-term securities.

The errors and omissions item in our balance-of-payments statistics was substantially positive throughout the 1950's, but turned sharply negative in 1960 and 1961, leading many people to feel that the outflow of short-term capital during this period was substantially greater than that indicated by the statistics on recorded flows. I share this view and have tried to trace what type or types of capital flows may have been involved. Time does not permit me to go into the details of this work, but there is evidence which points to the movement of capital by U.S. nonfinancial corporations as a likely suspect. Changes in short-term claims on the part of such corporations are very closely correlated with changes in errors and omissions—so closely correlated that, regardless of the paucity of data, it seems almost inconceivable that the relationship is due to chance.

If changes in errors and omissions are in fact associated primarily with short-term capital movements as the data suggest, the outflow was actually $2.5 billion in each of the years 1960 and 1961, rather than the $1.3 billion which was recorded. Some of the unrecorded flow may well have been moving in response to interest rate differentials, but the suggested link to the short-term capital outflow of nonfinancial corporations would point more, perhaps, to the tax factor. I am afraid that I will have to end this section at this point by simply saying that more work needs to be and is being done on this thorny problem.

TABLE 4.—*U.S. short-term capital outflow, 1957–61*

[Millions of dollars]

	Increase in short-term claims—					Claims outstanding, December 1961
	1957	1958	1959	1960	1961	
A. Total payable in dollars	−350	−175	−99	−877	−1,414	5,427
BANKS						
1. Loans to foreign banks and official	−66	−192	−1	26	−201	1,014
Of which—						
Canada	−12	13	8	−1	−3	9
Europe	−10	−39	56	−33	57	121
Rest of the world	−44	−166	−65	60	−255	884
2. Bank loans to other and collections outstanding	8	−110	−135	−91	−251	1,322
Of which—						
Canada	8	−81	−56	−14	−5	218
Europe	−20	−3	−5	−12	−64	251
Rest of the world	20	−26	−74	−65	−182	853
3. Other dollar claims	−269	58	74	−610	−597	1,789
Of which—						
Canada	3	−7	12	−10	−43	65
Europe	−84	54	110	−7	−56	151
Latin America	−159	18	28	−195	−28	498
Japan	−24	8	−91	−375	−444	999
Rest of the world	−5	−15	15	−23	−26	76
NONFINANCIAL CORPORATIONS						
4. Dollar claims	−23	60	−37	−202	−365	1,301
Of which—						
Canada	−1	19	−6	−25	−359	492
Europe	18	−12	−22	−132	5	377
Rest of the world	−40	62	−9	−45	−11	432
B. Total payable in foreign currency	19	−62	14	−390	−153	893
1. Banks	28	−50	−38	−241	−109	585
Of which—						
Canada	−4	−17	5	−103	−90	249
Europe	6	−31	−20	−105	5	244
Rest of the world	26	−2	−23	−33	−24	92
2. Nonfinancial corporations	−9	−12	52	−149	−44	308
Of which—						
Canada	−2	−9	7	−35	−22	84
Europe	−1	−2	37	−111	9	142
Rest of the world	−6	−1	8	−3	−31	82
C. Grand total	−331	−237	−85	−1,267	−1,567	6,320
D. Broker balances and adjustments	55	74	8	−45	184	
E. U.S. short-term capital (net) (in balance-of-payments data)	−276	−311	−77	−1,312	−1,383	

Source: Compiled from monthly data reported to the U.S. Treasury Department, most of which is published in the Treasury Bulletin; line 10 is from unpublished revisions of the Department of Commerce's balance-of-payments data (and/or in the Survey of Current Business).

TABLE 5.—*Change in recorded U.S. short-term claims on foreigners, 1960–61*

[Increase in claims equals capital outflow (millions of dollars)]

	Amount	Percent of total
Total payable in dollars	−2,291	81
Bank loans to foreign banks and official	−175	6
Bank "trade credit"	−342	12
Bank, other:		
Canada	−53	2
Europe	−56	2
Rest of the world	−1,098	39
(Of which Japan)	(−819)	
Total	−1,207	
Nonfinancial corporations:		
Canada	−384	14
Europe	−127	4
Rest of the world	−56	2
Total	−543	
Total payable in foreign currency	−543	19
Banks	−350	12
Nonfinancial corporations	−193	7
Grand total	−2,834	100

TABLE 6.—*Summary of analysis of relationships between U.S. short-term claims and interest rates and exports* [1]

Line in table 4	Short-term claim	Relationship to interest rates and exports
A-1	Bank, "trade credit":	
	Canada	Dominated by upward trend; level of exports to Canada and Canadian and United States short-term interest rates had no significance by themselves or together, nor did they have any influence on deviations from trend.
	Europe	Strong upward trend, but exports to Europe a significant factor; no significance can be attached to United Kingdom and United States short-term interest rates.
	Rest of world	Dominated by exports to other than Europe and Canada; United Kingdom and United States short-term interest rates had no significance by themselves in terms of deviations from trend or in terms of influencing the residual not accounted for by exports.
A-2	Bank, "other":	
	Canada	Canadian short-term interest rate of considerable significance, not U.S. rate, nor level of exports; no marked trend.
	Europe	Both United Kingdom and United States interest rates significant in measuring deviations from trend, but not in and of themselves; no significant relationship with level of exports to Europe.
	Rest of world	Strong relationship with level of exports, both in and of themselves and in terms of deviations from trend; no significant relationship with United Kingdom and United States short-term interest rates.
A-3	Nonfinancial corporation, dollar claims:	
	Canada	Dominated by strong upward trend; exports and interest rates had no significance in and of themselves, nor in terms of deviations from trend.
	Europe	Strong upward trend, but level of exports to Europe quite significant, both by itself and in terms of deviations from trend; United Kingdom and United States interest rates of no significance whatsoever.
	Rest of world	Unusually strong relationship with United Kingdom short-term interest rate, considerably less significance for relationship with level of exports and with United States short-term interest rate.
B-1	Bank, claims payable in foreign currency:	
	Canada	Dominated by strong upward trend; interest rates had no significance in and of themselves, nor in terms of deviations from trend.
	Europe	Same as Canada.
	Rest of world	Largely the same as Canada and Europe, although United Kingdom short-term interest rate significant in terms of deviations from trend.
B-2	Nonfinancial corporation, claims payable in foreign currency:	
	Canada	Strong upward trend; interest rates not at all significant in and of themselves, nor in terms of deviations from trend.
	Europe	Same as Canada.
	Rest of world	No trend; interest rates not at all significant.

[1] See appendix for detailed evidence which underlies table 6.

Changes in U.S. liquid liabilities owed to foreigners, 1957–61

[Millions of dollars]

	Increase during year—					Outstanding, December 1961
	1957	1958	1959	1960	1961	
1. International institutions	65	27	1,614	795	−149	3,804
2. Official national bodies	−128	748	480	1,226	880	10,902
3. Commercial banks	−4	83	1,069	176	458	5,345
4. Official (national) and banks	−132	831	1,549	1,402	1,338	16,247
Of which—						
Canada	76	363	160	308	314	2,466
Europe	159	587	719	735	1,122	9,424
Rest of world	−367	−119	670	359	−98	4,357
5. Other	266	171	−13	−186	139	2,358
Of which—						
Canada	29	22	33	−70	8	279
Europe	244	−18	−14	−95	44	763
Rest of world	−7	167	−32	−21	87	1,316
6. Total, all countries	134	1,002	1,536	1,216	1,477	18,605
Of which—						
Canada	105	385	193	238	322	2,745
Europe	403	569	705	640	1,166	10,187
Rest of world	−374	48	638	338	−11	5,673
7. Grand total	199	1,029	3,150	2,011	1,328	22,409

Sources: For the breakdown between lines 2 and 3, see source, table 7. Lines 1 and 4-7 are from published information in the appropriate Treasury Bulletin.

TABLE 7.—*Estimated world national holdings of gold, liquid dollar assets, and other foreign exchange, 1956–61*

[Dollars in millions]

End of period	1956	1957	1958	1959	1960				1961			
					I	II	III	IV	I	II	III	IV
Official:												
Gold	$14,027	$14,493	$17,493	$18,363	$18,388	$18,742	$19,425	$20,246	$20,622	$20,777	$21,338	$21,918e
Foreign exchange	$19,785	$18,950	$19,230	$19,175	$19,405	$20,515	$21,300	$21,600	$22,196	$22,220	$22,450	$22,480
Of which—												
Dollar assets	$7,874	$7,746	$8,494	$8,974	$8,828	$9,401	$9,939	$10,200	$10,212	$9,910	$10,862	$10,902
Other	$11,911	$11,204	$10,736	$10,201	$10,577	$11,114	$11,361	$11,400	$11,983	$12,310	$11,588e	$11,578e
Ratio:												
Dollars to gold	0.561	0.534	0.485	0.489	0.480	0.502	0.512	0.504	0.495	0.477	0.509	0.497
Dollars to foreign exchange	0.398	0.409	0.412	0.468	0.455	0.458	0.467	0.472	0.460	0.466	0.484	0.485
Commercial banks:												
Foreign exchange	$5,705	$6,303	$6,852	$8,118	(1)	$8,700	$8,764	$8,930	$9,514	$10,349	(1)	(1)
Of which—												
Dollar assets	$3,563	$3,559	$3,642	$4,711	$5,160	$5,294	$5,373	$4,887	$4,781	$5,183	$5,313	$5,345
Other	$2,142	$2,744	$3,210	$3,407	(1)	$3,406	$3,391	$4,043	$4,733	$5,166	(1)	(1)
Ratio: Dollars to foreign exchange	0.624	0.565	0.532	0.580	(1)	0.609	0.613	0.547	0.503	0.501	(1)	(1)
Other foreigners: Dollar assets	$1,981	$2,247	$2,418	$2,405	$2,243	$2,252	$2,230	$2,219	$2,107	$2,190	$2,226	$2,358

[1] Not available.

Source: Official gold and total foreign exchange reserves, and the total foreign exchange reserves of commercial banks, are the latest estimates for each period published in the International Monetary Fund, International Financial Statistics. Data on dollar assets are published in the Treasury Bulletin.

BALANCE OF PAYMENTS GREATLY IMPROVED

Mr. PROXMIRE. Mr. President, in connection with the debate on the U.S. international balance of payments, the fact is that we have been doing extraordinarily well in the first half of 1961. A recent survey made of current business shows that, as a matter of fact our surplus on trade—this is not an adverse balance of trade, but a surplus of favorable balance of trade—is now $4.8 billion. This is on an annual basis, seasonally adjusted.

Our surplus or favorable balance of services reached a new high. In other words, we are selling more services abroad than buying. That is $1.7 billion.

The reason we have an adverse balance of payments is due to the next factor; namely, our military outlays, which are minus $2 billion, and our economic grants, which are minus $3.2 billion. This is the entire reason why we have had an adverse balance of payments.

Furthermore, the private short-term capital outflow has been reduced to a mere trickle. It was as high as $2.1 billion in all of 1961. For the first quarter of this year, again seasonally adjusted, and on an annual rate, it has gone down to $300 million, a tiny fraction of what it was before. Our international balance of payments are improving.

I ask unanimous consent that this table may be printed in the RECORD as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. balance of payments, 1958–62

[In billions of dollars]

	1958–60 average	1961		1962, 1st half [1]
		Full year	2d half [1]	
Commercial exports	17.4	17.7	17.8	18.1
Government aid-financed exports [2]		2.2	2.4	2.6
Imports	−14.3	−14.5	−15.5	−15.9
Surplus on trade	3.1	5.4	4.7	4.8
Services rendered	7.0	7.7	7.8	8.2
Services received [3]	−5.9	−6.3	−6.5	−6.5
Surplus on services	1.1	1.4	1.3	1.7
Surplus on trade and services	4.2	6.8	6.0	6.5
Military outlays [4]	−2.9	−2.5	−2.4	−2.0
Economic grants	−1.6	−1.9	−4.0	−3.2
Loans [5]	−.8	−.9		
Total Government outlays	−5.3	−5.3	−6.4	−5.2

	1958–60 average	1961		1962, 1st half [1]
		Full year	2d half [1]	
Private long-term capital:				
Inflow	.3	.6	.1	.3
Outflow	−2.4	−2.4	−2.8	−2.5
Net	−2.1	−1.9	−2.7	−2.2
Total Government outlays and private long-term capital	−7.4	−7.2	−9.1	−7.4
Base deficit	3.2	.4	3.0	.9
Private short-term capital:				
Recorded outflow	−.6	−1.5	−1.2	−.8
Errors and omissions	.1	−.6	−.4	.5
Net	−.5	−2.1	−1.6	−.3
Overall deficit	3.7	2.5	4.6	1.2

[1] Seasonally adjusted, raised to annual rate.

[2] Excluding shipments under military aid programs.

[3] Including private remittances and Government pensions.

[4] Net of sales of military equipment.

[5] Net of repayments.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Survey of Current Business. Figures for the 1st half of 1962 are educated guesses based on preliminary and incomplete data.

TIME TO BE PROUD OF AMERICAN ECONOMY

Mr. PROXMIRE. Mr. President, on a related point, the Chairman of the Economic Advisers under the Eisenhower administration, Mr. Arthur F. Burns, has written an excellent column, which has been published in the Washington Post. In the column he points out the good facts about our economy. He notes that in spite of some recessions and some cyclical changes, we have an economy which is the marvel of the rest of the world. It is about time, Mr. President, that we talk about the strong points of our economy, the fact that we are leading the world economically, and that we should have confidence in our economy; that we do not need a quick tax cut or a permanent system of deficit financing in order to have our economy grow.

I ask unanimous consent that this article may be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A POSITIVE VIEW OF U.S. ECONOMY

(By Arthur F. Burns)

(Excerpted from a recent speech at DePauw University in Greencastle, Ind., by Dr. Burns, who served as Chairman of the Council of Economic Advisers under President Eisenhower.)

The essential features of economic planning, as it has developed in the United States, can be summed up in three broad propositions.

First, our planning for economic growth has been a widespread activity in which many millions of people actively participate. Second, the plans of individual economic units have been coordinated by the maintenance of competition and by a flexible use of the monetary and fiscal powers of the Federal Government. Third, despite an increasing array of protective devices that circumscribe individual planning, our economy has continued to be largely characterized by free and competitive enterprise.

The success that we have had through our kind of economic planning, while far from perfect, has been substantial in recent times, just as it has been substantial over the long stretch of history.

We have preserved economic and political freedom in a revolutionary age, when many other nations have lost or destroyed their freedom. Our economy has continued to grow—although it has grown less rapidly than many of us would like. We have made some progress in checking the inflation which has marred our prosperity in the postwar period. The fruits of enterprise have been widely distributed among the people, so that poverty—as understood a generation ago—has been nearly eliminated in our country. And we have had striking success in moderating the business cycle and in reducing the impact of recessions on the lives of individuals.

To be sure, the United States has experienced several recessions since the end of World War II, but they have been less severe on the average than earlier economic contractions. Not only have they been short, not only have they involved relatively small declines in production and employment, but the close link that once existed between cyclical declines in production and changes of personal income has been broken. * * *

All in all, therefore, while we have had no shortage of economic problems, the kind of economic planning on which our Nation has relied has worked tolerably well. Even now, the American economy—despite excessive unemployment and numerous other shortcomings—is the marvel of the rest of the world.

To be sure, our Nation's economic growth has recently been less rapid than that of some other nations—notably Russia, West Germany, France, and Japan. We must be careful, however, in making international comparisons.

In the first place, each of these foreign countries suffered devastation during the war. Under such circumstances, the mere rebuilding of a factory or a railway connection can often lead to spectacular increases of production. This source of growth, which was extremely important in the years immediately following the war, has lately waned in significance.

On the other hand, the stage of economic development reached by the United States continues to differ from that of other nations. The American people are abundantly supplied with material goods—not only with food and clothing, but also with washing machines, refrigerators, television sets, automobiles, and countless other expensive goods. To an increasing degree, therefore, we spend our income on services rather than commodities—on such things as health, education, and travel.

It is far more difficult to improve the productivity of physicians, teachers, artists, or hairdressers than the productivity of those engaged in manufacturing steel or textiles or automobiles. As other nations continue to develop their economies, services are likely to become a larger part of their endeavor. Their rate of economic growth will tend to become lower for this reason, as well as because the opportunities for adopting American technologies will already have been exhausted.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. I have listened to the statement of the Senator from Wisconsin about the propriety of an across-the-board tax cut. I agree completely with what he has said. I should like to read the statement made by the President in his January budget message.

> A planned deficit would increase the risk of inflationary pressures, damaging alike to our domestic economy and the international balance of payments.

I cannot reconcile the creation of a $15 billion deficit with the statement that it is wrong to plan a deficit which would increase inflation, which would be damaging alike to our domestic economy and the international balance of payments.

I submit that without a tax cut we will have probably a $5 billion deficit in fiscal 1963. With a tax cut that amounts to a planned deficit. The deficit, of course, will be greater, and the net result will be injury to our domestic economy and an aggravation of the problems confronting us internationally.

Mr. PROXMIRE. I say the Senator is absolutely correct. The fact is that if we have a tax cut we will increase the deficit. Some Senators and a very few economists argue that we can have a tax cut without necessarily increasing our deficit. They argue that if we have a tax cut, we will stimulate the economy, people will have higher incomes, and they will pay more taxes. In that way we will be able to raise enough in taxes at the lower rates and thus prevent a deficit, and, in fact, even work toward a surplus. That is absolute nonsense, of course.

Mr. LAUSCHE. I concur with that statement, if it is connected with the condition that we cut our spending and thus make possible a tax reduction.

Mr. PROXMIRE. It is not possible to increase the deficit and by doing so to reduce the deficit. That is not possible. What these politicians say overlooks the mathematical fact that by reducing taxes we increase the deficit. In the process of doing so, they say, there will be sufficient income so that we will have a balanced budget.

But in the process of getting that additional income, if that contention were correct, it would mean that the deficit would be decreased. It would mean that taxes would go up; and the tax take would have exactly the same effect it had before, so there would be no stimulus. Now, obviously there is some stimulation. But it is a provable arithmetical fact that the deficit must increase.

So if it is proposed to reduce taxes, we cannot say that taxes will be reduced and at the same time say we are going to increase them. We must do one thing or the other. There is no question in my mind—and every economist except one who has appeared before the Joint Economic Committee has agreed to this—that to reduce taxes is to increase the deficit.

Mr. LAUSCHE. Is the Senator from Wisconsin a member of the Joint Economic Committee?

Mr. PROXMIRE. I am a member of the Joint Economic Committee and have attended every hearing held by the committee during the past 2 weeks.

The Senator from Ohio has commented on the effect of a tax cut on our international balance of payments. He is correct. Some international officials, people who carefully watch our budgetary operations, undoubtedly would lose confidence in our economic system if we were not able to balance the budget, though it is true some would not. There are certain qualifications; but, by and large, I think that is a true statement. So I believe that what the Senator from Ohio has said is absolutely correct. I commend him for his recalling to our attention what the President said last year. That is why I believe the President is 100 percent correct in announcing that he will not ask for any quickie, antirecession tax cut at the present time.

Mr. LAUSCHE. With respect to whether there will be an international impact if our deficit is increased perceptibly, I point out that our country is a member of the World Bank, which is an adjunct of the International Monetary Fund. The International Monetary Fund is available for countries which are suffering because of the softness of their currency. Softness of currency usually is a product of deficit operations.

The charter of the International Monetary Fund provides that if a country wishes to receive aid from the fund, through its supply of gold or hard currency, it must first put its fiscal house in order; it must stop deficit operations; it must operate within its revenues. That is the mandate issued by the International Monetary Fund and subscribed to by the United States. Yet the very principles that we advise other nations to follow, we flagrantly violate domestically.

Mr. PROXMIRE. That is particularly important at a time of relative prosperity. While we have a situation of some unemployment, the fact is that our economy is expanding. We have a record gross national product, a record industrial production, a record personal income. With the serious exception of unemployment the situation is improving. If taxes are to be cut now, what will we do in a recession? What will be left?

Mr. LAUSCHE. I concur in the statement of the Senator from Wisconsin. Let us start talking about our strength. We produce one-third of all the goods and services in the world. The statistics show that clearly. With our allies, we produce practically two-thirds of the goods and services of the world. Yet we are always talking about hunger, a breakdown of the economy, and all the other evils which portray us so badly throughout the world.

Until 2 years ago, the total production of the world amounted to about $1,300 billion. We produced about $450 billion of the products and services. Not one word has been mentioned about the excellence of that record. Constantly the talk is about the badness of our economy, and that is not a truthful statement.

Mr. PROXMIRE. I thank the Senator from Ohio. I also add in connection with what he has just said that the fact is that while our economy has not grown percentagewise as much as the economies of some of the countries of Europe, it is true that European countries have had a much longer way to go. They had a great number of unfilled needs. For instance, 99 percent of the people of the United States have refrigerators; in England, only 50 percent of the people have refrigerators. Most of our people have television; in those countries only 1 out of 10 or 1 out of 20 families have television sets. So they have enormous unfilled needs. But they have great skills, and they have American capital working for them. Of course, their economies will grow more rapidly in the coming years.

But in absolute terms our economy has grown much more rapidly than have the economies of European countries, and more rapidly than the economy of our Russian adversary.

Mr. President, I ask unanimous consent that my colloquy with the distinguished Senator from Ohio be placed in the RECORD following my insertion of the article by Mr. Arthur Burns.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point a report published in the New York Times entitled "Gross National Product Rises to Record Rate of $552 Billion."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GROSS NATIONAL PRODUCT RISES TO RECORD RATE OF $552 BILLION

WASHINGTON, August 13.—The gross national product rose to a record annual rate of $552 billion in the quarter ended June 30, the Commerce Department reported today.

This was $7 billion above the rate for the first quarter.

The Department's detailed report was in line with preliminary estimates announced last month.

A noteworthy feature of the report was an accounting of Government purchases of goods and services. This showed that purchases by Federal, State and local governments increased by $800 million to $116 billion on an annual basis, between the first and second quarters. The rise was the smallest since 1960 and centered in State and local purchases.

The gross national product measures the value of all goods and services produced in the United States. It is the most comprehensive of all economic indicators.

The $7 billion increase in the second quarter compared with a rise of $6,400 million in the first quarter. Final demand—gross national product minus changes in business inventories—increased by $10 billion in the second quarter, compared with $6 billion in the first.

Part of the advance in final demand was offset by the fact that inventory buying added $4 billion 3 months earlier.

"Dominant factors" in the second-quarter advance were said to be increases of $4,700 million in expenditures for personal consumption and $2 billion in residential construction.

The report noted that the gross national product had increased by 10 percent from its recession low of $500,800 million in the first 3 months of 1961. However, the increase in volume was closer to 8 percent because of price increases.

The Department also said that corporations paid cash dividends of $995 million in July, an increase of $59 million over July of last year.

The Department said the year-to-year gain centered in such nonmanufacturing industries as trade, finance, utilities and communications.

During the first 7 months of 1962, publicly owned corporations paid cash dividends of $8,100 million, an increase of nearly $500 million over the same period last year.

Mr. PROXMIRE. Mr. President, a very entertaining and amusing and perceptive article appeared in the New York Times this morning, written by Mr. James Reston, one of the outstanding columnists in America. The article discusses some human as well as statistical problems of our economy. It is such an entertaining and enlightening article that I ask unanimous consent that it may be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW TO REDUCE AMERICA TO AN EQUATION

(By James Reston)

WASHINGTON, August 14.—President Kennedy's Economic Report to the Nation was the most difficult speech he has faced since entering the White House.

There were a number of reasons for this. He had nothing urgent to propose at the end. He could not get a tax cut now from Congress without arguing that the Nation faced a depression, which he did not believe. He was not asking the voters to do anything, and though he had hoped to spell out in some detail the extent of the tax cut he wanted next year, the Treasury has been so preoccupied with immediate problems that it has not had time yet to work out its plans for 1963.

More important, it was not possible to generalize about the economy without adding a bewildering catalog of qualifications. For the main problem with the economy is not that it's depressed but that it's lopsided.

Toal employment was high in July at 69.9 million, but unemployment was still just above the 4 million mark. Some parts of the country were booming, others were slumping. There is a shortage of skilled workers and a glut of unemployed unskilled workers. At home, the gross national product was up $50 billion since the President entered the White House, but overseas, the dollar was still weak and the balance of payments, while better, still disturbing.

Meanwhile, even with almost 70 million employed, there are still 1 million youngsters out of school and out of work, and the unemployment rate of teenagers, many of them huddled in the slums of the largest cities, is 12.5 percent compared to the overall unemployment rate of 5.3 percent.

WHAT A COUNTRY

If the President appeared on the TV screen like a slightly harassed mathematics teacher, it is small wonder. The amazing thing in a continent of this size and diversity is that anybody can put calipers on America and come out with the vaguest idea of what's going on.

Damn people won't stand still. One-fifth of them, or 35,500,000, move every year. They have increased by over 7 million people just since Kennedy entered the White House, by 32 million since Eisenhower got the job. The pioneers of the covered-wagon generation, moving westward, were shut-ins compared with this station-wagon generation of the sixties. They are moving out of the rural South into the great cities of the North, drifting westward and southward into the vast sunny crescent from San Francisco through Texas to Florida.

How do you absorb 3 million new Americans every year while labor-saving automatic machinery is knocking off 1,250,000 jobs every 12 months, and whole new competing mass-production industries are rising in Europe and Japan?

This is the central question before the Nation. It is dealing, all at once, with a powerful and hostile concert of nations, a proud and diverse coalition of allies, a scientific revolution of even greater potentiality than the industrial revolution of the 19th century, a clamorous, ambitious, and hungry combination of ill-trained and newly independent countries, and a social revolution between the races and between the rural and urban dwellers of the continent.

These are not the kind of things that can be reduced easily to statistics or graphs, but the President attempted it, with one eye on the blackboard and the other on the election. His problem is change and his formula is economic growth. Despite all the talk about devising a better tax bill, his aim is not tax perfection but some combination of events that will get full employment and full production.

SWITCH-BLADE STATISTICS

The question the President tried to pose last night was not whether the Nation could afford to achieve full employment and maximum use of its industrial capacity, but whether it could afford not to do it. His reference to the 1 million youngsters out of school and out of work illustrates the point.

This combination of idle energy is what James B. Conant, former president of Harvard, calls "social dynamite." Mr. Conant recently pointed out that in a single large city in the Nation, 59 percent of the male youth between 16 and 21 were roaming the streets.

"The problem of unemployed youth in the large cities," he said, "is in no small part a Negro problem. We do not facilitate its solution by trying to * * * hide this fact. * * * The building up of a mass of unemployed and frustrated Negro youth in congested areas of a city is a social phenomenon that may be compared to the piling up of inflammable material in an empty building in a city block. Potentialities for trouble—indeed possibilities of disaster—are surely there."

Yet, as the President pointed out, his youth employment opportunity bill is still stuck in the Congress—and this is only one of many urgent issues that persist between the columns of the President's statistics.

Little wonder, then, that he had a hard half hour on the TV screen. All he could promise was jam tomorrow, though for political reasons he would have liked to produce jam today.

EXTRAVAGANCE IN SPACE APPROPRIATIONS

Mr. PROXMIRE. Mr. President, yesterday I appeared before the Independent Offices Appropriations Subcommittee of the Committee on Appropriations to appeal for economy in our space effort. I pointed out what an enormous increase we have had, and the kind of increase we are asked to have in our space planning; namely, an increase from $1.7 billion last year to $3.7 billion this year, or an increase of $2 billion, by far the biggest proportionate appropriation increase of any agency of our Government.

Although the Russians have achieved great success in space in the last few days, it still seems to me that we must put this subject in perspective and recognize that spending by NASA is not related to the defense effort. It has gone ahead at such a headlong rush that we are wasting money. In my statement yesterday I documented where we are wasting money. I ask unanimous consent that my statement before the Subcommittee on Appropriations be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILLIAM PROXMIRE BEFORE SENATE SUBCOMMITTEE ON SPACE APPROPRIATIONS, AUGUST 14, 1962

I am appearing before this subcommittee at my own request because I am deeply concerned about the impact of the huge increase in spending for space recently authorized by Congress, and projected future space budgets, on our Nation's other vital needs and goals. Let me emphasize at the outset that I do not question the importance of our space effort. I support it warmly. I favor the manned lunar probe enthusiastically. The significant question is not whether our Nation should undertake a space program—of course it should—but rather at what rate we should carry on such a program and what goals we should establish for our space effort, in relation to other important undertakings.

One of the basic responsibilities which Congress has is the allocation of funds to various programs, taking account of priorities and the amount of money which can wisely be spent in any particular program. It is my firm belief that money is being poured into NASA without significant regard to a reasonable scale of national priorities, and at a faster rate than can be prudently used. As a result, fiscal caution is being thrown to the winds in the administration of our Nation's space program.

The available evidence points to one example after another of a disturbing lack of concern about costs, spending, and basic budget discipline in the space program.

ROCKETING COSTS OF SPACE CENTER

One striking instance is the Manned Space Flight Center in Houston, Tex. The projected cost of this installation has zoomed from the initial estimate of $60 million to the current cumulative figure of $90 million plus. According to a recent New York Times article, the final total cost will be about $123 million, more than double the original estimate, with construction barely started.

If the cost of the Center was to be this high, Congress should have been told the full story right away, instead of being spoon fed the bitter medicine of growing costs dose by dose.

Even the first step of acquiring the land involved a shocking example of ballooning costs. Originally, the site of the Center was to be a tract of land donated by Rice Institute. Indeed, the availability of free land was one reason for choosing the Houston location.

But within months after the Center was announced, the initial plans were deemed inadequate, and an additional 600 acres of land had to be bought.

By that time, land prices around the site had skyrocketed, as can be seen from these independent land appraisals before and after the announcement:

Before announcement	After announcement
1. $692,875	$1,246,175
2. $750,000	$1,021,000
3. $635,000	$720,000

It is my understanding that NASA actually paid $1.4 million for the additional land, about double the price before the premature announcement sent prices shooting up.

Both these matters—the vastly increased cost of the Center itself and the unnecessarily high cost of land acquisition—raise serious questions about the prudence with which the space program is administered.

FOR LOW-PRIORITY FACILITY, $10.6 MILLION

Another instance of the lack of sensitivity to costs: In the additional $30.7 million requested in the current budget for the Manned Space Flight Center there is included $10.6 million for a flight acceleration facility, with centrifuge and supporting equipment.

I seriously question the need for this item, in view of the fact that the Navy's $5.7 million Johnsville centrifuge will provide ample capacity to handle tests on the Apollo and the Dyna-Soar (X-20). It strongly appears that the new centrifuge in Houston would be more a convenience than a necessity—but a $10.6 million convenience.

While it may be maintained that the new centrifuge will accommodate the larger vehicles that will follow the Apollo, it would certainly make sense to wait until these are at least more fully conceived and are approaching the serious design stage before building a device at enormous cost to test them.

This will prevent expensive errors resulting from going to the construction stage before we know what we are doing. The land has been acquired, and there will be ample time later to build the facility when it is needed.

In addition to the Houston centrifuge and the existing Johnsville facility, this year's NASA budget requests two other centrifuges, one at Ames and one at Goddard. Just last year the National Academy of Sciences reported that existing centrifuges and similar motion devices for research were underutilized, partly because of a critical shortage of qualified personnel to operate them.

In the light of this comment, I urge the subcommittee to scrutinize very carefully the justification for building still more excess capacity for flight acceleration testing purposes.

BUDGET BUREAU SCRUTINY IS MINIMAL

The responsibility of this subcommittee is all the greater because, as indicated during the House appropriation hearings, this is one appropriation which the Budget Bureau leaves virtually untouched. The budget request has come to Congress almost precisely as NASA submitted it to the President.

This is a rare accomplishment indeed, but it imposes a far greater than normal responsibility on Congress to make sure that every item in the budget is fully justified, necessary, and to be acquired at reasonable cost.

In pointed contrast to the lax budgetary control of the space agency, the Defense Department has just announced a cost cutting and control program that is estimated to save $3 billion in procurement costs per year at the end of 5 years. This kind of rigorous attention to budget practice, guarding against unnecessary and overlapping expenditures, is urgently needed in our space effort.

Another specific aspect of our mushrooming space effort that concerns me is NASA's increasing tendency to dispense with advertised competitive bidding in the award of space procurement contracts. I recognize that certain aspects of the space program may be difficult to operate under the sound discipline of advertised competitive bidding. But this is by no means the case universally. It has been shown time and time again that competitive bidding is the most effective way to reduce costs and is the fairest to all companies concerned. Departures from this procedure should be as infrequent as possible, and should only occur when clearly and absolutely necessary.

The use of so-called competitive negotiation rather than advertised competitive bidding, while probably preferable to sole source procurement, nonetheless lacks both of the main virtues of formal competition. It does not allow all interested firms to compete. And it does not impose the same solid cost discipline. While I recognize the urgency with which our space program is viewed, I cannot believe that the need for speed is so great that NASA should virtually ignore competitive bidding. With all the urgency of military procurement, the Defense Department has a far better record on competitive bidding.

"COMPETITIVE NEGOTIATION" NOT COMPETITIVE

Upon detailed investigation "competitive negotiation" often turns to be a lot less competitive than the term suggests. The contract for the Saturn S-1 is an interesting example of this. Before this $200 million contract was awarded, the Chrysler Corp. had already put in over 2 million man-hours on the Saturn project. For 18 months before the award, Chrysler had over 700 men working at Huntsville on Saturn. The corporation earned over $16 million on this project before the contract competition and award. Not surprisingly, Chrysler got the $200 million contract. Surely this makes a farce of a procedure designated as "competitive." While certain other firms also had engineering contracts for Saturn before the contract was awarded, none of these were of the same order of magnitude, and none of the other firms were of a size to permit realistic bidding on the $200 million pirme contract.

This practice of permitting one company to get a tremendous head start in the construction of a major new space item before specific contracts are awarded simply cannot be justified in the name of competition. This committee should investigate carefully the circumstances under which so-called competitive negotiation was conducted in this and other instances. The close relationships that undoubtedly exist between the "negotiators" on both sides—NASA and the firm doing the extensive precontract development work—make it extremely doubtful that the negotiations are in any real sense competitive.

So far, I have been dealing only with a few examples of loose management of our huge space expenditures. In addition to these, I would like to draw the attention of the subcommittee to the long-range implications of the space effort, and to the many problems which can be foreseen. These problems may be of great magnitude because, as this committee well knows, the space program's sheer size—in terms of dollars and resources, both human and material—make it without question the largest undertaking of the U.S. Government since the total involvement of our economy and Nation in World War II.

Already the massive cost and rate of growth of our space program are putting serious strains on our Nation's scientific and defense capabilities, and on scientific education. Our entire space effort can have staggering effects on our education system, our supply of scientific manpower, our industrial defense capability, and on the American taxpayer. Comprehensive, detailed study of these effects should be undertaken immediately.

DRAIN ON SCIENTIFIC MANPOWER

The National Aeronautics and Space Administration already is draining our limited supply of scientific and engineering personnel, thus reducing the manpower available for work in defense, industry, and education. This crucial problem of scientific manpower should be recognized now, and steps should be taken at once to solve it.

A recent article in the Washington Post entitled "Moon Aims Strain Manpower Supply" noted that NASA will need approximately 13,000 more scientists and engineers in the next few years in order to carry out its projected program. The article went on to say: "There is now danger that space program recruiters will begin to entice scientists and engineers away from other Government agencies and laboratories and then from universities." Yet at the same time private industry and the universities will be demanding more scientific manpower in order to carry out their functions. The question I am asking is this: Where are all these extra scientists and engineers going to come from? From our graduating university classes? Hardly. The proportion of scientists and engineers in graduating classes has been declining for several years and the industrial and especially defense demand for these graduates has greatly increased.

To try to get an answer to this question, I wrote to Dr. Howard A. Meyerhoff, Executive Director of the Scientific Manpower Commission. He replied: "I have been working on the scientific and engineering manpower problem for nearly 10 years, and even if I apply my imagination to my knowledge, I frankly do not know where these people are coming from, unless we are prepared to cut back sharply on the use of competent teachers in our institutions of learning, and on research and development in industry, and in other Government agencies." And then Dr. Meyerhoff came to this conclusion: "* * * NASA's manpower requirements have not been integrated and therefore have not been seen in perspective in relation to other overall needs in education, industry, and Government." This is what one component authority has to say about how the huge expenditures for our space program are going to affect our supply of scientific manpower.

Our Nation's scientific manpower is just one specific aspect of the larger general problem of viewing our space program in the context of our Nation's priorities and needs. Several eminent scientists have spoken out against placing an excessive emphasis on a space program. For example, Dr. James R. Killian, Jr., chairman of the MIT Corp., perhaps the Nation's greatest institution of scientific learning, and first science adviser to President Eisenhower said recently: "The United States must decide whether it can justify billions of dollars for man in space when its educational system is so inadequately supported." And further, he warned: "The Nation must seek to determine whether it is now proceeding too rapidly in this area and whether it can manage the present man-in-space program without weakening other important national programs, including defense."

MAGNITUDE OF SPACE PROGRAM QUESTIONED

Along the same lines, a distinguished Member of the House, Congressman Chet Holifield, chairman of the Joint Atomic Energy Committee, stated on a television program in June, in speaking of our space program: "I have seen what I think (are) very worthwhile programs in applied science, which have direct benefit to the people of America, put on the shelf for the pursuit of some fantastic objective which may or may not be attained 10 or 15 years from now. And, in the meantime, the people are denied the benefits which are just around the corner."

In the New York Times of August 12, 1962, the distinguished columnist James Reston addressed himself to this key question. He wrote: "There is a growing uneasiness among many thoughtful people in the country these days about the cost of our military and space programs.

"The issue is not whether the Nation should defend the free world and explore outer space but whether the military aid programs to other countries, the propaganda aspects of the space program, and the military budget itself can be modified to do the job with considerably less money—the savings to be used in other ways.

"Former President Eisenhower, for example was saying this week that the space budget, averaging between $3 billion and $5 billion a year, was well beyond its scientific requirements. His chief scientific adviser in the White House, Professor Kistiakowsky of Harvard, calls the space program a technological spectacular, more concerned with national prestige than scientific progress.

"Warren Weaver, former president of the American Association for the Advancement of Science, puts the cost of the man-on-the-moon project at $30 billion and adds: I believe that most scientists consider the proposed expenditure quite unjustified on the grounds of scientific considerations, and also consider the frantic pace of the program to be wasteful.

"Dr. E. U. Condon, professor of physics at Washington University in St. Louis and former director of the National Bureau of Standards, said this week in Colorado that the unmanned flights to the moon were valuable for astrophysics but quite inexpensive compared to the cost of trying to send a man there and bringing him back alive. This latter part of the program he defined as a kind of 'lunar Olympic game'."

Mr. Reston further reports Dr. Weaver's comments on what alternative projects might be accomplished with the funds for the man-on-the-moon project over the next decade. He writes: "With this money, we could give a 10-percent raise in salary for 10 years to every teacher in the United States ($9.8 billion); give $10 million each to 200 of the best small colleges in the Nation ($2 billion); finance 7-year fellowships at $4,000 a year for 50,000 new scientists and engineers ($1.4 billion); contribute $200 million each to create 10 new medical schools ($2 billion); build and largely endow complete universities for all 53 of the nations which have been added to the United Nations since it was founded ($13.2 billion); create 3 more permanent Rockefeller Foundations ($1.5 billion). He observes that we would still have $100 million left over to educate the people on the changes in the modern world."

It is plain that the massive size and rapid growth rate of our space effort are having the effect of diverting resources away from the fulfillment of other vital needs and goals which merit high national priority. The task of properly evaluating the relative priorities of these goals must be shouldered by Congress—particularly through its control of appropriations. I believe that Congress can fulfill this responsibility by more carefully evaluating the enormous expenditure increases that are programed for space, and by cutting back judiciously to bring these programs back into balance with other national priorities.

As I said before, I do not object to our effort to land men on the moon. Some protests against the usefulness of this undertaking have been voiced, but I reject them. Man's ambition has brought him to the brink of a great adventure in space, and our country should indeed work hard to be first with a manned lunar landing. But our space program should be kept in balance with other national goals. If huge costs are to be incurred, if billions of dollars are to be spent, we should explore the implications of this commitment in advance, with our eyes open, taking every possible step to judge the value of what we will be getting for our investment.

The significant question is not whether we should undertake a space program—of course we should—but rather at what rate such a program is carried on, and what specific goals are set for it.

I have drawn the attention of this subcommittee to two distinct problems concerning our space expenditures: first, to specific examples of looseness in the administration of the tremendous amount of money going into our space program, and second, to the long-range impact of these huge space expenditures on other vital national needs and goals, particularly on our supply of scientific manpower.

HARDHEADED APPROACH NEEDED

In view of the staggering effects which the presently projected space program could have upon education, scientific manpower, and even our defense capabilities, I hope that the subcommittee will take a hardheaded and realistic approach in analyzing our long-range space objectives and will trim from our space program those projects which are of secondary importance. To help accomplish this I propose two specific recommendations:

1. The subcommittee should request NASA to make alternative proposals to show specifically how a slower expansion of funds for the space program would affect the man-to-the-moon timetable and other NASA goals;
2. NASA should be requested to provide a justification for the timing of the lunar effort in addition to its item-by-item cost justification.

Further, turning to the present budget, I have pointed out examples which indicate that because of the rapid growth of the space program, the usual procedures of sound budgetary control are not being applied. As a result, NASA has received what amounts to a carte blanche to spend money in any way it desires.

The evidence, though fragmentary because no one is investigating these matters sufficiently, clearly points to imprudent administration of our space budget. The specific examples which I cited are symptomatic, I feel, of the general looseness with which these funds are being expended.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the Record a brief interview published in the U.S. News & World Report, in which I question some of the waste in the space field.

There being no objection, the interview was ordered to be printed in the Record, as follows:

We're Proceeding Too Rapidly—Interview With Senator William Proxmire, Democrat, of Wisconsin

Question. Senator Proxmire, have you dug deeply into the moon project?

Answer. I have been interested in the moon program—its impact on education, on science, on defense. It is going to have a big impact there, and, of course, on our whole economy.

Question. Is the taxpayer getting his money's worth?

Answer. I think there's great danger that the taxpayer is going to have to pay a great deal more—and by "more" I mean billions of dollars more—than he should have to pay.

I think there is great waste in this program. We're proceeding much too rapidly with it. There are areas in which we can save money in which we are not doing so. The failure of the Senate to provide for competitive bidding for major space contracts is going to result in more waste.

Question. Just how much money is involved?

Answer. The amount that was spent in 1960—to give you an idea of how this has escalated—was $523 million. The next year, it was $964 million. In the just-concluded fiscal year, $1.7 billion. And this fiscal year, it's going to be $3.7 billion, an increase of $2 billion over last year—by far the biggest increase that any agency of significant size, from a percentage standpoint, is going to have this year—a perfectly immense increase.

Question. Is the total to grow each year?

Answer. Oh, yes. They expect it to go up to about $5.5 billion in 1964 and to go on up to—conservatively—to an area of $10 to $15 billion a year by 1970. On the basis of everything I've seen since I've been in Washington, I'd estimate it would be a lot closer to $20 billion a year.

Question. Why do you say that there is waste? What is being wasted?

Answer. I want to stress one particular aspect of waste, and that is the allocation of a very scarce and enormously valuable resource we have—scientific manpower.

We have a great shortage now of competent scientists and engineers. We have had for years. I think anybody who has observed university employment knows that when the boys graduate from universities and colleges with any kind of scientific or engineering backgrounds, there are likely to be three or four or five jobs waiting for them. And of course, those who have had some training and experience are in very scarce supply.

Now, the impact of this program on that scientific personnel just can't be overestimated. It's perfectly tremendous. National Aeronautics and Space Administration last year took over 2,000 scientists and engineers. Estimates are that, in the next 3 or 4 years, they'll take something like 13,000.

Question. Do you mean that NASA is out raiding scientific personnel from universities and industry?

Answer. There's no question that they're raiding. That's the only way they can get them. They're raiding scientific personnel from industry, they're taking them from defense industry. That means that the scientists who are contributing to the security of this country are taken from key defense jobs and put to work on the moon project. They're also taking them from graduate education. There's no other place to get these scientists.

Some people say that this is a great program for taking care of unemployment. But you aren't putting people who are unskilled workers on this job. This moon project has, by far, the highest impact on very skilled and very specialized personnel, none of whom are now unemployed. The only way you can get people on this project is to take them from some other project. There's no question that it's robbing personnel.

Question. Senator, do you oppose the idea of going to the moon?

Answer. Oh, no, no. I think that going to the moon is undoubtedly necessary. We're going to do it. I earnestly hope we're first. It's important that we be first, and I think we should be willing to take risks and to pay heavy taxes in order to do this, but I think we must put this in terms of priorities, in perspective. We should recognize that we also have an even more urgent, a more necessary obligation to defend this country. And I think defense has to come ahead of space.

What most people overlook is that whereas we're spending this enormous amount in the coming year—nearly $4 billion on space—none of this is for defense.

Question. Is it important which nation is first to the moon?

Answer. We'd like to win, surely, but I cannot see that being first is going to make the difference between whether freedom or communism triumphs in the world.

Although the Russians have scored a number of firsts in space, it's my judgment that in the 5 years since their first big space breakthrough that we have advanced in world prestige more than they. This is because more mundane, less exciting matters are more significant.

One example: our great agricultural efficiency. It has resulted in a food-for-peace program which has been very successful throughout the world. Terrible farm failures in China and in Russia and throughout the Communist world have made more and more people realize that where communism moves in, hunger follows.

While this is, I suppose, a kind of simple concept, it seems to me that here is an area which is far more important in terms of victory for freedom than is any spectacular achievement in space.

Question. Should the United States ignore the Russians and pursue its own schedule at a slower pace?

Answer. I wouldn't say we should ignore the Russians. At the same time, I feel very strongly that we owe the taxpayer a far more careful and sober and conservative approach to this moon project than we've had so far.

The fact is that, by proceeding with such fantastic rapidity, there is every possibility that we're going to so damage scientific education that 5 or 10 or 15 years from now we will suffer in the space race. With all of our magnificent economic power, and with our great ingenuity, if the Russians are able to achieve scientific superiority over us because they have more scientists than we have, and their scientists are of comparable competence, then we may lose because of this.

Question. Are the Russians pulling ahead in that field?

Answer. Nicholas DeWitt of Harvard has made the most comprehensive study of Soviet scientific education that's ever been made, and it shows that the Russians are now graduating some 125,000 engineers and scientists a year compared to our 45,000. That is in contrast with the situation 10 years ago when we were graduating about 55,000—more scientists then than we are now—and the Russians were graduating about 36,000. These statistics are of deep concern. What we have to do is concentrate on scientific education rather than on these spectacular leaps to the moon as a first priority.

Question. Getting back to what you consider wasteful procedures——

Answer. Yes, I want to give you a specific example of how the speedup in the space program actually is costing money, because we are skipping competitive bidding:

Space authorities announced recently that they're dispensing with competitive bidding on further key projects. They said this can save as much as 4 months. They said then they were negotiating directly for construction of an upper stage costing $250 million for the advanced Saturn rocket. They said a new liquid-fueled engine for the Nova rocket—a project expected to cost up to $175 million might also be allotted to a single contracting source.

Question. Why is that considered wasteful?

Answer. This kind of activity, involving—in both cases—far more than $100 million and deliberately skipping competition in order to save time, may save a few weeks or even a couple of months, but it obviously cannot be justified, and it's going to cost millions of dollars more than it would if orderly competitive procedures were followed.

A policy enabling the space agency to skip procedures which the military has to follow, when defense is so much more urgent, is wrong, particularly when, in aggregate, it could amount to hundreds of millions of dollars of more taxes.

Question. How seriously are taxes being affected now as a result of the space race?

Answer. This latest single increase in the space budget will result in a tax of $70 for every American family—for all of our 50 million American families—for the nondefense space program. That is a fantastic burden for a nondefense program.

I wonder if most people approve of spending at that rate for this kind of a program.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an excellent article entitled "What a Moon Ticket Will Buy," written by Warren Weaver, and published in the Saturday Review for August 4, 1962. Mr. Weaver shows the perfectly enormous cost of the manned lunar project and puts it in perspective.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT A MOON TICKET WILL BUY—AN INCREDIBLE PRICE STATED IN EARTHLY CURRENCY

(By Warren Weaver)

(EDITOR'S NOTE.—The American expedition to the moon, which President Kennedy says must land on the moon by 1970 at the latest, has been criticized by many scientists. The usual reasons are that the project blocks other, equally if not more important, research work. Never before has anyone with sufficient breadth of vision and simultaneous grasp of the technicalities attempted to tote the bill for the moon voyage in terms of the whole of American civilization. The sane and sensible approach to the moon would be first to launch a series of unmanned spaceships loaded with supplies to protect the lives of the men who will follow. From these trips knowledge could be gained about spaceship launching, rendezvous and orbiting, as well as about the still virtually unknown surface of the moon. Only after all the possible lessons had been learned from the unmanned lunar craft would men be allowed to go. NASA has thrust these old-fashioned cautions aside. In a frenzy to reach the moon ahead of the Russians, young American astronauts will be assigned to travel to the moon, orbit around it, and ride a small lunar ferryboat out of that orbit 239,000 miles away from any possibility of earthly help or advice.)

The American program for exploration of extra-terrestrial space serves two distinct purposes. On the one hand, it contributes to defense, to international political purposes, and to our national prestige. On the other hand, it advances scientific knowledge.

Certainly few scientists have the professional competence or the practical experience which would enable them to make responsible judgments concerning the nonscientific aspects of space research. I am myself not prepared to oppose any level of expenditure which has been thoughtfully evaluated by leaders competent in the military and political fields, and which has been deemed by them, in careful review of alternative uses of the money and manpower, to be necessary for nonscientific reasons.

Apart from the military and political purposes (within which can be included possible beneficial effects on our economy and the charming possibility that we may force our enemies into economic collapse), there remain the essentially scientific purposes. I believe that most scientists consider the proposed expenditures quite unjustified on the grounds of scientific considerations; and also consider the frantic pace of the program to be wasteful.

It has been forecast that it may cost $30 billion to put a man on the moon. But how much is $30 billion?

It is sobering to think of an alternative set of projects that might be financed with this sum. We could give a 10-percent raise in salary, over a 10-year period, to every teacher in the United States, from kindergarten through universities, in both public and private institutions (about $9.8 billion); give $10 million each to 200 of the best smaller colleges ($2 billion); finance 7-year fellowships (freshman through Ph. D.) at $4,000 per person per year for 50,000 new scientists and engineers ($1.4 billion); contribute $200 million each toward the creation of 10 new medical schools ($2 billion); build and largely endow complete universities, with medical, engineering, and agricultural faculties for all 53 of the nations which have been added to the United Nations since its original founding ($13.2 billion); create 3 more permanent Rockefeller Foundations ($1.5 billion); and still have $100 million left over to popularize science.

Whether you are primarily concerned with national welfare, international prestige, or science, weigh these alternatives against a man on the moon.

SOVIET OPPRESSION OF HUNGARY

Mr. LAUSCHE. Mr. President, last week I stated on the floor of the Senate that I thought it was becoming increasingly more evident that the United States contemplates abandoning the course it has pursued since 1956 in the United Nations with regard to Hungary. On October 2, 1956, when the brave patriots of Hungary rose in rebellion, the world applauded their conduct. There was then visible a ray in the dark clouds, indicating that probably the captive nations of Europe would become emancipated. The United States was in the midst of a presidential election. The Nation was electrified when over the radio and television, it received reports of brave Hungarians, many of them with bare fists and only the strength of their bodies, standing up while the iron and the fire of the Soviet military machine invaded Hungary.

Many Hungarians, both young and old, died. They died partly for the cause of Hungary and partly for the cause of our country.

I wish today to review what took place after October 27, 1956, in the United Nations, where our country was demanding justice for Hungary and justice for the people of the world and dignity and respect for the United Nations.

I. THE SECURITY COUNCIL

The revolt in Hungary was first drawn to the attention of the United Nations on October 27 when the United States, France, and the United Kingdom asked for an urgent meeting of the Security Council. On October 28 the Hungarian Government protested the calling of the meeting but by November 1 the course of the rebellion in Hungary had caused a change in its attitude. The Prime Minister—Nagy—then asked that the question of the defense of Hungary's neutrality be put on the agenda of the forthcoming U.N. General Assembly session. He stated that Soviet units were entering Hungary, that he had demanded their withdrawal, and that Hungary had repudiated the Warsaw Pact. On November 2 the Prime Minister appealed to the Security Council to instruct the U.S.S.R. and the Hungarian Government to start negotiations immediately for the withdrawal of Soviet troops.

The Soviet attack in strength on Budapest led to a summons for an urgent Security Council meeting on Sunday, November 4. The U.S. representative—Lodge—reported that the Hungarian Prime Minister had appealed to the world for help as Hungary's capital city burned under the Soviet onslaught. He proposed that the Security Council should call on the Government of the U.S.S.R. "to desist forthwith from any form of intervention, particularly armed intervention, in the internal affairs of Hungary; to cease the introduction of additional armed forces into Hungary; and to withdraw all its forces without delay from Hungarian territory."

The vote on U.S. resolution: Nine in favor; one against, U.S.S.R.; one abstention, Yugoslavia.

The U.S. resolution was not passed because of the veto of the U.S.S.R. The Council then decided to call an emergency special session of the General Assembly.

II. THE U.N. GENERAL ASSEMBLY: SECOND EMERGENCY SPECIAL SESSION,[1] NOVEMBER 4–10, 1956

The General Assembly met at 4:30 p.m., November 4, and 4 hours later had adopted a resolution, as proposed by the United States and amended by France, substantially similar to the resolution introduced in the Security Council. It provided, as follows:

The General Assembly—

1. Calls upon the Government of the Union of Soviet Socialist Republics to desist forthwith from all armed attack on the peoples of Hungary and from any form of intervention, in particular armed intervention, in the internal affairs of Hungary;

2. Calls upon the Union of Soviet Socialist Republics to cease the introduction of additional armed forces into Hungary and to withdraw all of its forces without delay from Hungarian territory;

3. Affirms the right of the Hungarian people to a government responsive to its national aspirations and dedicated to its independence and well-being;

"4. Requests the Secretary General to investigate the situation caused by foreign intervention in Hungary, to observe the situation directly through respresentatives named by him, and to report thereon to the General Assembly at the earliest moment, and as soon as possible suggest methods to bring an end to the foreign intervention in Hungary in accordance with the principles of the Charter of the United Nations;

"5. Calls upon the Government of Hungary and the Government of the Union of Soviet Socialist Republics to permit observers designated by the Secretary General to enter the territory of Hungary, to travel freely therein, and to report their findings to the Secretary General;

"6. Calls upon all members of the United Nations to cooperate with the Secretary-General and his representatives in the execution of his functions;

"7. Requests the Secretary General in consultation with the heads of appropriate specialized agencies to inquire, on an urgent basis, into the needs of the Hungarian people for food, medicine, and other similar supplies, and to report to the General Assembly as soon as possible;

"8. Requests all Members of the United Nations, and invites national and international humanitarian organizations to cooperate in making available such supplies as may be required by the Hungarian people."

The vote: 50 in favor, 8 against, and 15 abstentions.

Against: Albania, Bulgaria, Byelorussia, Czechoslovakia, Poland, Rumania, Ukrainian S.S.R. and the U.S.S.R.

Abstentions: Afghanistan, Burma, Ceylon, Egypt, Finland, India, Indonesia, Iraq, Jordan, Libya, Nepal, Saudi Arabia, Syria, Yemen, and Yugoslavia.

On November 5 the Secretary General made public a cable from a new Soviet-dominated Hungarian Government, headed by Janos Kadar, stating that requests from the Nagy government that the United Nations take up the Hungarian situation were invalid and had no legal force. The Assembly, however, ignored the Kadar cable and on November 9 adopted three additional resolutions.

The first—sponsored by Cuba, Ireland, Italy, Pakistan, and Peru—reaffirmed the major provisions of the November 4 resolution and in addition stated that the General Assembly "considers that free elections should be held in Hungary under United Nations auspices, as soon as law and order have been restored, to enable the people of Hungary to determine for themselves the form of government they wish to establish in their country."

The vote: 48 in favor, 11 against, 16 abstentions.

The second resolution, introduced by the United States, called upon the U.S.S.R. "to cease immediately actions against the Hungarian population which are in violation of the accepted standards of international law, justice and morality."

The resolution also asked that the Hungarian authorities facilitate the receipt and distribution of food and medical supplies for the Hungarian people. It requested the U.N. Secretary General "to call upon the United Nations High Commissioner for Refugees to consult with other appropriate international agencies and interested governments with a view to making speedy and effective arrangements for emergency assistance to refugees from Hungary."

It further urged member states to make special contributions for this purpose.

The vote: 53 in favor, 9 against, and 13 abstentions.

On the proposal of Austria the Assembly then resolved "to undertake on a large scale immediate aid for the affected territories by furnishing medical supplies, foodstuffs and clothes" and called "upon all member states to participate to the greatest extent possible in this relief action."

The vote: 65 in favor, 0 against, 7 abstentions.

In compliance with the first Assembly resolution U.N. Secretary General Hammarskjold had on November 8 asked the Hungarian Government if it were willing to permit entry and free travel within Hungary to U.N. observers. He stated that he had taken steps to investigate the situation caused by foreign intervention in Hungary "on the basis of available and confirmed material" but he pointed out that without the Hungarian Government's cooperation, it would be impossible for him to suggest methods for ending the foreign intervention, as the Assembly has requested. On November 10 the Secretary General communicated with the Government of the U.S.S.R. asking for its assistance in the fulfilment of his mandate.

In the meantime, action was also taken to meet the relief needs of the Hungarian people and to speed aid for refugees. The U.N. Secretary General on November 4 authorized his Under Secretary for Economic and Social Affairs, Philippe de Seynes, to follow up the Assembly's directives on relief needs, and asked the U.N. Deputy High Commissioner for Refugees, James M. Read, to consult with governments and international bodies on giving emergency aid to the refugees and to coordinate the aid given.

III. UNITED NATIONS GENERAL ASSEMBLY: 11TH SESSION, NOVEMBER 12, 1962

The 11th session of the U.N. General Assembly opened on November 12. By this date the Soviet-dominated Hungarian Government had made known its view to the effect that any Assembly resolution on the country's political situation would be considered interference in its domestic affairs, that it would not admit observers, and that Soviet troops were in Hungary at its invitation. On November 13 a reply was received from the Soviet Union substantially to the same effect. However, the Hungarian Foreign Minister did cable his Government's intention to permit the receipt and distribution of food and medicines among the people.

It was announced at the United Nations on November 16 that a three-man group, consisting of Judge Gundersen of Norway, Dr. Alberto Lleras, of Colombia, and Arthur Lall, of India, had been appointed to investigate the situation caused by foreign intervention in Hungary.

In the meantime, three new resolutions were being circulated among U.N. members. The first, introduced by Cuba, was drafted in response to reports of deportations of Hungarians to the Soviet Union and called upon the U.S.S.R. and the Hungarian authorities to cease the deportations and returns those who had been deported. The second, sponsored by Ceylon, India, and Indonesia, urged Hungary to admit U.N. observers. The third, proposed by Argentina, Belgium, Denmark, and the United States, related to the coordination of relief actions. All three were adopted on November 21.

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[1] The first emergency special session had been called a few days before on the situation in the Middle East.

The vote on Cuban resolution: 55 in favor, 10 against, and 14 abstentions.

The vote on Ceylon-India-Indonesia resolution: 57 in favor, 8 against, and 14 abstentions.

The vote on Argentina-Belgium-Denmark-United States resolution: 69 in favor, 2 against, and 8 abstentions.

On November 30 the U.N. Secretary General reported that "no information is available to the Secretary General concerning steps taken in order to establish compliance with the decisions of the General Assembly which refer to a withdrawal of troops or related political matters." He stated that he had not been able to obtain permission from Hungarian authorities for observers to enter Hungary. He also pointed out that the U.N. investigating group appointed earlier in the month (see above) had examined the material available to the Secretariat and had concluded that it did not provide "a sufficient basis for a report to him at the present stage and that the group, moreover, deems it essential that its work should be supplemented and coordinated with such findings as might result from the process of direct observation in Hungary."

By December 3 the Hungarian authorities had made it known that they were ready to receive the U.N. Secretary General "at a later date appropriate to both parties." Not satisfied with this vague promise, the Assembly on December 4 adopted a resolution, sponsored by the United States and 13 other nations—Argentina, Australia, Belgium, Cuba, Denmark, El Salvador, Ireland, Italy, Netherlands, Norway, Pakistan, Sweden, and Thailand—which requested "the Government of the Union of Soviet Socialist Republics and the Hungarian authorities to communicate to the Secretary General, not later than December 7, 1956, their consent to receive United Nations observers."

It recommended that the Secretary General send observers to Hungary, and "other countries as appropriate," in other words, to any neighboring countries willing to receive them.

On the same day the U.N. Secretary General informed the Assembly that the Hungarian representative to the U.N.—Horvath—had agreed to suggest to his Government that the Secretary General be admitted to Budapest on December 16. Shortly afterward, however, the Hungarian radio rejected the date as "unsuitable." On December 8 in a report to the Assembly the U.N. Secretary General affirmed that no purpose would be served in making an on-the-spot investigation in Hungary unless he were admitted soon.

When it became plain that Soviet intervention in Hungary would continue, and that the U.N. would not be allowed to send observers, the General Assembly on December 12 passed a resolution sponsored by the United States and 19 other countries—Argentina, Australia, Belgium, Cuba, Colombia, Denmark, Dominican Republic, El Salvador, Ireland, Italy, the Netherlands, Norway, Pakistan, Peru, the Philippines, Spain, Sweden, Thailand, and Turkey—whose substantive provisions were as follows:

> The General Assembly—
>
> Declares that, by using its armed force against the Hungarian people, the Government of the Union of Soviet Socialist Republics is violating the political independence of Hungary;
>
> Condemns the violation of the Charter by the Government of the Union of Soviet Socialist Republics in depriving Hungary of its liberty and independence and the Hungarian people of the exercise of their fundamental rights;
>
> Reiterates its call upon the Government of the Union of Soviet Socialist Republics to desist forthwith from any form of intervention in the internal affairs of Hungary;
>
> Calls upon the Government of the Union of Soviet Socialist Republics to make immediate arrangements for the withdrawal, under United Nations observation, of its armed forces from Hungary and to permit the reestablishment of the political independence of Hungary.

The vote: 55 in favor, 8 against—Soviet bloc—13 abstentions.

Against: Albania, Bulgaria, Byelorussia, Czechoslovakia, Poland, Rumania, Ukraine, Soviet Union.

Abstentions: Afghanistan, Cambodia, Egypt, Finland, India, Indonesia, Jordan, Morocco, Saudi Arabia, Sudan, Syria, Yemen, Yugoslavia.

In early January U.N. Under Secretary for Economic Affairs, Philippe de Seynes, was permitted to enter Budapest in order to make a survey of the needs of the Hungarian people. Mr. Seynes made it clear that his mission was not to establish an aid program but simply to make a survey.

In a report to the Assembly on January 5 the U.N. Secretary General referred to the work of the investigating committee he had appointed on November 16 and stated that "serious consideration" should be given to the committee's conclusion that "short of access to reliable material, provided through observation on the spot in Hungary and by the cooperation of the governments directly concerned, there would be little purpose in attempting an assessment of the present situation or of recent events." India had taken the position that since the committee had not obtained permission to go to Hungary, it should not go to Austria, the only neighbor of Hungary willing to admit it. Because of the Hungarian refusal to admit observers "the only source of new and direct information might be hearings with refugees from Hungary, conducted, in the first place, in neighboring countries" the Secretary General stated "but in order to yield results of value, such hearings must be extensive and organized in a judicially satisfactory form." Mr. Hammarskjold suggested that the Assembly set up its own committee to take over from his committee "under somewhat broader terms of reference" than those implied in previous Assembly resolutions.

The Soviet Union was for the first time sharply critical of the Secretary General for this suggestion. The Soviet delegate said that he regretted that Mr. Hammarskjold had seen fit to act as a party in the dispute.

On January 10, 1957, the Assembly adopted a resolution whose principal provisions was as follows:

> "The General Assembly—
>
> "Establishes for the above-mentioned purpose (to gather information) a special committee composed of representatives of Australia, Ceylon, Denmark, Tunisia and Uruguay, to investigate and to establish and maintain direct observation in Hungary and elsewhere, taking testimony, collecting evidence, and receiving information, as appropriate, in order to report its findings to the General Assembly at its present session, and thereafter from time to time to prepare additional reports for the information of members of the United Nations and of the General Assembly if it is in session."

The vote: 59 in favor, 8 against, 10 abstentions.

Against: Albania, Bulgaria, Byelorussia, Czechoslovakia, Poland, Rumania, Ukraine, U.S.S.R.

Abstentions: Afghanistan, Cuba, Egypt, Finland, India, Jordan, Saudi Arabia, Sudan, Syria, and Yugoslavia.

IV. CONCLUDING COMMENTS

United Nations resolutions have pressed first, for a halt to the Soviet armed attack and a withdrawal of Soviet troops from Hungary; second, for nonintervention by the Soviet Union in the internal affairs of Hungary; third, for the right of the Hungarian people to a government responsive to their will; fourth, for a direct investigation by U.N. observers in Hungary or elsewhere; and fifth, for permission to minister to the relief needs of the Hungarian people and for aid to the refugees.

On December 12 the Soviet Union was condemned by the Assembly for violating the political independence of Hungary and the U.N. Charter.

In response, the Soviet Union and the present Hungarian authorities have rejected all the U.N. resolutions addressed to the rebellion and Soviet armed intrusion as an intervention in the internal affairs of Hungary. Their representatives have maintained further that Soviet troops were in Hungary at the request of the Hungarian Government and under the terms of the Warsaw Pact. The Hungarian authorities have, however, permitted U.N. economic experts to visit Budapest and allowed the distribution of relief supplies.

The Assembly's call for relief assistance for Hungary and the Hungarian refugees has met with an encouraging response, particularly among the European countries, and the United States. Not only have food, clothing, and medical supplies been rushed to Hungary and to the Hungarian refugees in Austria, but many nations have offered asylum to the refugees—see annex. However, the future of a substantial number of the refugees still remains uncertain.

On the other hand, in the absence of an unexpected softening of attitude on the part of the Soviet and Hungarian authorities, or of developments in the international situation relating to disarmament, the status of Germany or other matters it is doubtful if there will be compliance with the Assembly resolutions dealing with the withdrawal of Soviet forces and nonintervention in Hungary.

There were other developments in the United Nations, but I shall not speak now of them.

I now come to 1962, nearly 6 years later. What a difference there is in the situation. Time has passed. The plight of the Hungarian people obviously has become insignificant.

In 1956 and 1957 the United Nations declared that there was an armed intervention in Hungary unjustified by international law, and violative of the principles of the United Nations, inhumane, and that the Soviet Republic should withdraw its troops. Today we find complete lethargy and indifference. Today the word is current that this subject is to be dropped from further consideration by the United Nations.

I ask my colleagues, What has been accomplished? Have the Soviet troops been withdrawn from Hungary? Have the Hungarians been given the right to have free and independent elections, to choose their own government?

There has been no compliance with all the resolutions passed by the United Nations. Are only the little nations to obey the orders of the United Nations? Is the Union of Socialist Soviet Republics to be honored, to be credited with the right to indifferently look upon the mandates? Are we then to witness the pitiful spectacle of the United Nations and our country saying, "We will do nothing more about it"?

One might ask, "Why are we contemplating dropping the subject?" My understanding is that the position taken is, "We cannot do anything about it, and therefore we ought to quit pressing our demands."

Mr. President, it is better to try and to fail than not to try at all. If respect for the United Nations is to be maintained, if our word is to be accepted by the people of the world, can we in this shameful and indefensible fashion retreat from the lofty position which we occupy in defending the rights of the people to choose their own type of government, to be free from invasion? What will the people of the world say when the word goes out that the subject will be dropped at the United Nations, that the delegates from the Communist Hungarian government will be honored and recognized?

For 6 years those delegates have not been recognized. They have been rejected. If the subject is dropped, they will come in with their credentials. They will say, "We are the representatives of the duly recognized Hungarian Government, and we ask recognition."

For the good of the United Nations, for the good of our country, and consistent with decency and morality, this subject ought not to be dropped. Let it go to a vote. Let the Soviet Republic and those nations which want to follow it defeat our proposal. We will be stronger going down in honorable defeat than we will be in abandoning our position and saying that we will not try because we cannot succeed.

I think the subject is important. It may seem out of time, but to me it is not. Truth and justice are eternal.

The cause of the Hungarian people is just. The position of the Soviet Republic is wrong. The position of the present Government of Hungary is wrong. We ought not to yield to them.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 175 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W.Va.
Cannon
Carlson
Carroll
Case.
Chavez
Church
Clark
Cotton
Curtis
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from North Dakota [Mr. BURDICK].

Mr. MORSE and Mr. KEFAUVER requested the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana [Mr. MANSFIELD].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Colorado [Mr. CARROLL], the Senator from Indiana [Mr. HARTKE], the Senator from Alabama [Mr. HILL], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

I further announce that, if present and voting, the Senator from Indiana [Mr. HARTKE], the Senator from Alabama [Mr. HILL], and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Utah would vote "nay."

On this vote, the Senator from Arizona [Mr. HAYDEN] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Ohio [Mr. YOUNG]. If present and voting, the Senator from Nevada would vote "yea" and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kentucky [Mr. COOPER] is absent to attend a funeral.

The result was announced—yeas 66, nays 20, as follows:

[No. 176 Leg.]

YEAS—66

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W.Va.
Cannon
Carlson
Case
Chavez
Cotton
Curtis
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Hickenlooper
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.

NAYS—20

Bartlett
Burdick
Church
Clark
Dodd
Douglas
Gore
Gruening
Hart
Hickey
Javits
Kefauver
Long, Hawaii
Long, La.
McNamara
Metcalf
Morse
Neuberger
Yarborough
Young, N. Dak.

NOT VOTING—14

Anderson
Bible
Butler
Capehart
Carroll
Cooper
Dirksen
Hartke
Hayden
Hill
Moss
Murphy
Russell
Young, Ohio

So Mr. MANSFIELD's motion to lay Mr. BURDICK's amendment on the table was agreed to.

Mr. LONG of Louisiana. Madam President, I call up my amendment identified as "81-11-62—DDD."

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 23, in line 23, it is proposed to strike out the words "sections 303 and 304", and insert in lieu thereof the words "sections 303, 304, and 404".

On page 39, between lines 13 and 14, insert the following new section:

ANTITRUST LAW COMPLIANCE

SEC. 404. (a) Whenever the corporation contemplates entering into any contract with any other communications common carrier, it shall, before entering into that proposed contract, transmit promptly to the Attorney General a true and correct copy thereof, a full and complete written statement concerning the purpose and effect thereof, and such other information as the Attorney General may consider necessary for determination whether that contract, if entered into, would tend to create or maintain any situation inconsistent with the antitrust laws.

(b) Within a reasonable time thereafter, the Attorney General shall transmit to the corporation his written opinion on the question whether that contract, if entered into, would have any such effect. A copy of each opinion so transmitted to the corporation shall be transmitted to the Commission.

On page 39, line 15, strike out "SEC. 404", and insert in lieu thereof "SEC. 405.".

Mr. LONG of Louisiana. Madam President——

Mr. MILLER. Madam President, will the Senator from Louisiana yield to me, in my time?

Mr. LONG of Louisiana. Madam President, I cannot yield to the Senator in his time. The gag rule which is being applied requires that a Senator who has the floor and is speaking can yield only in his own time.

Mr. MILLER. I wish to find out what the pending amendment is.

Mr. LONG of Louisiana. It is one of my amendments. It is identified as "8-11-62—DDD." I wish the label were "DDT," so as to kill this bill. However, it is now labeled "DDD."

Mr. MILLER. I cannot find any amendment except one labeled "ZZZ."

Mr. LONG of Louisiana. Madam President, we know that most Senators will vote against the amendment. In fact, it will be disposed of by means of a motion to lay it on the table; there will not even be a vote directly on the amendment. We shall make a good case for the amendment, as we have done for the other amendments; but this amendment will be disposed of by means of a motion to lay on the table—as has been done right along, with the other amendments, under the most tyrannical rule I have ever seen in the Senate. I must proceed under it, so here I am.

I cannot yield to the Senator from Iowa, except by unanimous consent; and I am so upset about this matter that I do not feel disposed to agree to any unanimous consent.

Madam President, the purpose of this amendment is to make the proposed corporation comply with the antitrust laws. The bill as it now stands would create the most fantastic monopoly in existence, and the proposed monopoly would deal with space. Unfortunately, our country does not own space. But here we are: We do not own space, but we have spent $25 billion trying to get it; but the Russians appear to be ahead of us.

However, if an attempt is to be made to give our developments in space to the A.T. & T., at least let us require competitive bidding.

Madam President, I ask unanimous consent that the yeas and nays be ordered on the question of laying my amendment on the table. Of course, it will be tabled; I know that a vote will not be taken on my amendment on its merits.

Mr. PASTORE. Madam President, is the Senator from Louisiana now making a motion to lay his amendment on the table?

Mr. LONG of Louisiana. No, but the Senator from Rhode Island is going to make that motion.

Mr. PASTORE. Why does not the Senator from Louisiana wait until the motion is made?

Mr. LONG of Louisiana. I want to have the yeas and nays ordered now; and when the yeas and nays are requested, I want to agree to the request to have them ordered.

Mr. PASTORE. Does the Senator from Louisiana want me to move now that his amendment be laid on the table?

Mr. LONG of Louisiana. No.

Mr. PASTORE. Very well, if the Senator from Louisiana does not want me to make that motion now, let him wait until I make the motion; and we will ask for the yeas and nays.

Mr. LONG of Louisiana. Is the Senator from Rhode Island agreeing to do that?

Mr. PASTORE. Yes.

Mr. LONG of Louisiana. I thank the Senator from Rhode Island, and I thank the good Lord that the yeas and nays will be had on a motion to kill a good amendment.

Mr. President—or, Madam President, I wish to make a correction; under the circumstances, I should say "Madam President." However, the rule provides that when a Senator addresses the Chair, he should say "Mr. President"; the one who wrote this rule did not contemplate that a woman would ever occupy the chair.

Madam President, after all the billions of dollars our Government has spent on its developments in connection with outer space, we now have Telstar in outer space. Telstar, in my opinion, is of questionable value. However, under the pending bill, Telstar would be given to A.T. & T.

But Madam President, A.T. & T. already has so much. Why give them more.

Madam President, I am told that within a month the Russians will have a satellite up in space, broadcasting—something that we do not even think about doing now. They will be broadcasting live television programs to all the world. They will be doing it within a year. We cannot do that. The controlling factor is the problem of batteries. The Russian rockets have so much lifting power that they can send up the necessary batteries and thus can broadcast live to the entire world—right now. We are told that they will broadcast on three spectrums. The A.T. & T. says that cannot be done; they say we do not have on our receiver tubes the same linear spectrums that are used in Europe, so it will be necessary to use three spectrums. But we understand that the Russians will put up a device which will use three spectrums. Inasmuch as we cannot do that, the Russians will do it; and probably they will use an adaptation of the old song, "The Best Things in Life Are Free." But as the Russians use it, it probably will go something like this:

> You're listening to the people's star;
>   It's put here for you and me,
> Don't tune in on that satellite—
>   It's owned by A.T. & T.

[Laughter.]

I think they will use part of the American version of the song for the next four lines:

> The flowers in spring,
> The birdies that sing;
> The sunbeams that shine,
> They're yours, they're mine.
> And love can come to everyone—
> It's not a monopoly.

That will be the Russian version.

I suggest to the new corporation that it put out its own song, to compete with the Russians' song. Perhaps this corporation will use a song which will go something like this:

> This star is here to make a buck.

Mr. DOUGLAS. Please do not say that.

Mr. LONG of Louisiana. I ask the Senator from Illinois please to trust me:

> This star is here to make a buck.
> It's here for monopoly.
> Tell all poor folks they're out of luck,
> A man got to pay to see.
> Your telephones ring,
> It's Perry or Bing,
> Just any old thing
> You pay—we ring.
> You can reach beloved ones;
> Just pay old A.T. & T.

Madam President, that is what we are up against. The Russians say that under our form of government our people are taxed any given amount—let us say $25 billion—for their investment in outer space, but the first time it is possible to show a profit, our Government is determined to sell it for nothing to a monopoly. The Russians say that is the way our Government operates. But, Madam President, why in the world should we proceed in this way to prove it to the Russians and to all the rest of the world? Why do we not compete with the Russians?

Suppose we do what we are asked to do: We are asked to let this private monopoly charge everyone who uses our satellite. But suppose the Russians put up a satellite, and then say:

> Come on, everybody!
> Make your telephone calls for free.
> Look! It's our television program.
> This ain't pay TV.

That would make a terrific appeal to all the people of the world. But we would be hogtied by this private monopoly; we would be stuck with it, while the Russians won the propaganda race in the world.

I am just trying to resist this monoply. I am the chairman of a Subcommittee on Monopoly; and the Senator from Tennessee [Mr. Kefauver] is also the chairman of a Subcommittee on Monopoly. We are dedicated to opposing monopoly.

I asked the Secretary of State, "Did it ever occur to you that the major use will be for telephones? Why don't you give it to the telephone companies?"

But there was no answer.

Then I said—and what I said is correct—"You talk about all the money that would be made by telephone calls between New York and London. But there are five times as many channels between New York and Los Angeles. Why don't you include those, so this thing can be used domestically?"

There was no answer.

I will tell the Senate why they do it this way. It is because the telephone company wrote the legislation—at least the original draft of it. They were asked, "Why don't you do it this way?" No answer. All I say is that if they are going to do it, at least let us make them try to comply with the antitrust laws. That is what my amendment does.

The Senate may vote to table my amendment, but I am ready to vote.

Mr. PASTORE rose.

Mr. MORSE. Madam President, I ask for the yeas and nays.

Mr. LONG of Louisiana. Let the Senator make the motion first.

Mr. MORSE. I thought he had made it. He stood.

Mr. PASTORE. Madam President, I move to lay the amendment on the table, and I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Madam President——

Mr. KEFAUVER. Madam President, a point of order.

Mr. MORSE. Madam President, a point of order.

Mr. HUMPHREY. I would like to speak in my own time.

Mr. MORSE. Madam President, a point of order. The Senator is out of order.

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is on the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Louisiana. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Colorado [Mr. Carroll], the Senator from Alabama [Mr. Hill], the Senator from Utah [Mr. Moss], and the Senator from Georgia [Mr. Russell] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] and the Senator from Arizona [Mr. Hayden] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Moss].

If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Arizona [Mr. Hayden] is paired with the Senator from Colorado [Mr. Carroll].

If present and voting, the Senator from Arizona would vote "yea," and the Senator from Colorado would vote "nay."

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Georgia [Mr. Russell], and the Senator from Alabama [Mr. Hill] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kentucky [Mr. Cooper] is absent to attend a funeral.

The result was announced—yeas 72, nays 16, as follows:

[No. 177 Leg.]

YEAS—72

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W.Va.
Cannon
Carlson
Case
Church
Cotton
Curtis
Dodd
Eastland
Engle
Ervin
Fong
Fulbright
Goldwater
Hart
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—16

Bartlett
Burdick
Chavez
Clark
Douglas
Ellender
Gore
Gruening
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Neuberger
Yarborough
Young, Ohio

NOT VOTING—12

Anderson
Bible
Butler
Capehart
Carroll
Cooper
Dirksen
Hayden
Hill
Moss
Murphy
Russell

So Mr. Pastore's motion to lay on the table the amendment of Mr. Long of Louisiana was agreed to.

Mr. JAVITS. Madam President, I should like to address myself to my own amendment, 8-14-62—H.

Mr. PASTORE. May we have order, please.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Madam President, I call up my amendment 8-14-62—H, and ask that the Senator from Minnesota [Mr. Humphrey] may be joined as a cosponsor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 38, line 14, immediately after the period, it is proposed to insert the following new sentence:

> Nothing contained in this section shall be construed as derogating from the authority of the President pursuant to section 201(a)(4).

Mr. JAVITS. Madam President, if the Senate will give me its attention, I shall complete everything I have to say in about 5 minutes, in a colloquy with the distinguished Senator from Alabama [Mr. Sparkman], who is the Senator in charge of the bill for the committee which last reported it, the Committee on Foreign Relations.

Madam President, I yield myself 5 minutes.

The purpose of the amendment is to make it crystal clear that the President of the United States shall be the final authority in respect of any matter which concerns "the national interest and foreign policy of the United States" in international negotiations, even if those particular negotiations may be construed by the corporation organized under the act to be a matter of "business negotiations."

Those words I have used, Madam President, are words of art. The words "business negotiations" are found in section 402, and the words "the national interest and foreign policy of the United States" are found in section 201(a)(4).

Madam President, I know there was considerable debate about this question when the amendment offered by the Senator from Tennessee [Mr. Gore] was before the Senate on Monday. Having read that debate, it appeared both to the Senator from Minnesota [Mr. Humphrey], who had about the same amendment I have proposed, and to me that this question was not yet clear in terms of the basis of the bill, assuming that it should become law. It is critically important that it should be clear, for the reason that the power which is to be granted by section 201(a)(4) to the President of the United States is to be complete power. The President is given the power to "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

Mr. GORE. Madam President, will the Senator yield?

Mr. JAVITS. Not yet. Would the Senator allow me to finish my thought?

However, when dealing with "business negotiations," in section 402, provision is made for "whenever the corporation shall enter into business negotiations" the corporation shall keep the Department of State advised and the Department of State, it is to be assumed, may render such assistance as may be necessary or appropriate, as the language provides, or demur.

It is not clear from the wording that if the President believes the "business negotiations" will be not, as the company might think, "business negotiations" but relationships with foreign governments of the kind described in section 201(a)(4), he may assert his authority, and thereupon he shall have direct authority in those negotiations as if section 201(a)(4) were the section under which the negotiations were taking place.

To clarify that, Madam President, we really do not need an amendment if the legislative history is very clear on the subject. Therefore, if the Senator will allow me, I should like to complete my statement, and then I shall be glad to yield to the Senator from Tennessee.

I should like to address a question to the Senator from Alabama, the Senator in charge of the bill on behalf of the Committee on Foreign Relations.

Mr. GORE. Madam President, will the Senator yield?

Mr. JAVITS. Not yet. I should like to address a question to the Senator from Alabama.

The PRESIDING OFFICER. The time yielded by the Senator from New York has expired.

Mr. JAVITS. Madam President, I yield myself 3 additional minutes.

Is it the intention of the committee that section 402 of the bill is subject to and limited by section 201(a)(4), so that whether or not the corporation seeks the assistance of the Department of State under section 402 even in "business negotiations" it is the President who will have the power to determine when and under what circumstances "business negotiations" involve "the national interest and foreign policy of the United States," so as to warrant his intervention under section 201(a)(4)?

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Alabama.

The PRESIDING OFFICER. Does the Senator yield in his own time?

Mr. JAVITS. I yield in my own time.

The PRESIDING OFFICER. For a question?

Mr. JAVITS. Yes. I understand the Senator is going to ask me a question.

The PRESIDING OFFICER. Without objection, the Senator from Alabama is recognized.

Mr. SPARKMAN. Madam President, I fear I cannot frame this in the form of a question. Therefore, if I may, I will use my own time.

Mr. JAVITS. Very well, Madam President, I yield the floor.

Mr. GORE. Madam President, will the Senator yield before so doing?

Mr. JAVITS. If the Senator will allow me, I will yield in a minute. This is not a matter of time or of being didactic. I should like to get this set, and then I will yield in my own time to the Senator, if he will only allow me to do it in this way.

Mr. GORE. Madam President, will the Senator yield?

Mr. JAVITS. I will, but I wish first to get the Record straight by asking a question of the Senator from Alabama.

Mr. MORSE. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. JAVITS. Madam President, I yield for a parliamentary inquiry to the Senator from Oregon on my time.

Mr. MORSE. Madam President, is it not true that a Senator may ask unanimous consent of the Senate that he may yield to another Senator for a purpose other than to ask a question, and if he can get the consent, the Senator may speak?

The PRESIDING OFFICER. The request has been made and granted. The Chair recognizes the Senator from Alabama.

Mr. SPARKMAN. Madam President, I shall try to answer the question of the Senator from New York as completely as I can, and yet with reasonable brevity. I wish to call to the attention of the Senator from New York several things. First, the subject was one of considerable discussion in the Committee on Foreign Relations.

Very frankly, my own feeling is that the power of the President under the Constitution is so paramount on all these questions that it would not make a great deal of difference what wording was used. Congress cannot limit, take away, or destroy the powers of the President under the Constitution. I think that is basic.

However, due to the fact that some Senators were not satisfied, when Secretary Rusk appeared before our committee, he made a rather strong statement pertaining to that subject. The part to which I refer particularly is to be found on pages 174 and 175 of the hearings before the Committee on Foreign Relations.

Madam President, in order to help make a complete record, I ask unanimous consent to have printed at this point in the Record the portion of Secretary Rusk's statement beginning at the top of page 174 and extending through the break in the middle of page 175 of the hearings before the Committee on Foreign Relations.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

NO DELEGATION OF PRESIDENT'S AUTHORITY TO ENGAGE IN INTERNATIONAL NEGOTIATIONS

In recent weeks most of the discussion of the foreign policy provisions of the bill has centered on whether they delegate to the corporation a part of the President's authority to engage in international negotiations on behalf of the U.S. Government. Let me state most emphatically that they do not. Indeed, to my mind, there would be a constitutional question whether Congress could by legislation deprive the President of any such authority.

BACKGROUND OF SECTION 201(a)(4) OF THE BILL

The fact is that the bill, in section 201(a)(4), expressly directs the President to "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the international interest and foreign policy of the United States."

This provision confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved. Where he considers it necessary for the executive branch to conduct the negotiations himself, he will be able to direct this.

A certain confusion has arisen on this subject because section 402 of the administration bill in its original form contained the following provision:

"The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

That provision taken literally was perhaps too broad. But as Under Secretary McGhee made clear in the very first testimony of the State Department on this bill, the Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporation, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business. Moreover, the original language lodged the negotiating authority in the State Department rather than in the President who has the constitutional responsibility for the conduct of foreign policy.

For these reasons that language was dropped, and the language I have previously read to you was inserted in section 201(a)(4) to confirm the President's authority to conduct negotiations having international political significance. In exercising this authority the President will use the Department of State as his principal arm; but, as this committee knows, in conducting its international negotiations the Department associates with itself representatives of other agencies which have interest and competence in the subject matter.

BUSINESS NEGOTIATIONS LIMITED BY PRESIDENTIAL AUTHORITY

In the course of congressional consideration, section 402 was rewritten to govern those situations in which the corporation is negotiating abroad on business or technical matters arising in the conduct of its operations. We do not interpret this new section 402 as a grant of power to the corporation to negotiate on these matters. That derives from its charter power to do the kind of business it will be doing. Section 402 in its present form is a recognition that, with this corporation, even technical or minor business negotiations may raise problems of wider concern. It provides a procedure for dealing with those problems. Under this procedure the corporation must keep the Department informed about such negotiations. The Department will advise the company of relevant foreign policy considerations and be ready to provide appropriate assistance if necessary. Although the bill contains no definition of "business negotiations," this creates no difficulty. It is, after all, for the President to determine, under section 201 (a)(4) as well as under his constitutional power to conduct foreign policy, what negotiations should be conducted by the Government and which may be left to the corporation.

I can assure the committee that we in the State Department are fully aware of the broad range of questions involving foreign policy interests that may arise in connection with this satellite communications system. The Department will wish to follow them closely either through direct conduct of the negotiations or by close association with the company under the procedure prescribed by section 402, whichever is appropriate.

Mr. SPARKMAN. Answering further, I had wanted to make certain that the Record was clear. I supplemented Secretary Rusk's statement with a series of questions, which he answered. Those questions and answers are found beginning at the middle of page 178 of the hearings before the Committee on Foreign Relations and continue to just below the top of page 180. The series of questions and answers bears upon this very subject. I shall not take the time of the Senate to read it. I make reference to it and ask unanimous consent that that portion of the hearings before the Foreign Relations Committee be printed at this point in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

RELATIONSHIP OF THE CORPORATION WITH FOREIGN GOVERNMENTS

Senator Sparkman. Thank you, Mr. Secretary.

I have just a few questions I want to pose to you.

I note that you point out in your statement section 201(a)(4) of the bill directs the President "to exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

This would seem to me to mean plainly that the President will have full power to decide in each case what supervision would be appropriate.

Do you understand it that way?

Secretary Rusk. That is my understanding, sir. I would say the answer to that is "Yes."

POWERS OF THE PRESIDENT AS SEPARATE FROM THE POWERS OF THE CORPORATION

Senator Sparkman. It would seem to me that if the President is to exercise such supervision over relationships of the corporation as he may deem appropriate, and so forth, it is clear that he may decide what negotiations he believes the Government should conduct and what negotiations are business matters of the nature which the corporation may conduct under the provisions of section 402.

Is that the way you understand it?

Secretary Rusk. I think that is correct, Mr. Chairman, if the President is to give effect to his responsibilities under this bill.

Senator Sparkman. Yes. I am just trying to make a record here as to your conception of what the powers of the President are as separated from the powers of the corporation.

I would assume, then, that the Government, rather than the corporation, would conduct basic negotiations affecting foreign policy, including such important negotiations as next year's ITU conference and any other negotiations with foreign governments, whenever the President thought it appropriate?

Secretary Rusk. I think that is undoubtedly true, Mr. Chairman. I think that would be especially true at the early stages of the establishment of an international communications satellite system.

Senator Sparkman. I assume, on the other hand, that the corporation would, in all probability, conduct its own technical business negotiations with foreign entities; is that right?

Secretary Rusk. That is correct, sir, with notification to the Department of State so that the foreign policy interests can be observed.

NOTIFICATION TO STATE DEPARTMENT CONCERNING NEGOTIATIONS WITH FOREIGN GOVERNMENTS

Senator Sparkman. You make it clear in your statement that notice must be given to the State Department in every instance when negotiations are to be conducted, even those of a business nature. And, furthermore, when it does this, it would be under the provisions of section 402 which require notifying the State Department?

Secretary Rusk. That is correct, sir.

Senator Sparkman. I assume, also, that when the President determines that it is appropriate for the executive branch to conduct a particular negotiation, he would direct that such negotiations would be conducted by the Department of State in conjunction with other interested agencies in the usual way. Is that correct?

Secretary Rusk. That would be the normal practice, and I might say, as happens in other fields, I would suppose that at a number of these negotiations a representative of the corporation would also be a part of the negotiating team associated with the Department of State.

Senator Sparkman. But always under the supervision of the President?

Secretary Rusk. That is correct.

Senator Sparkman. And the State Department acting, of course, for the President?

Secretary Rusk. That is correct.

RESPONSIBILITY FOR NEGOTIATION OF TREATIES

Senator Sparkman. It has been said that this bill would give the corporation the right to negotiate on behalf of the Government agreements and treaties which would require the approval of Congress.

Am I correct in reading the language of section 201(a)(4) to mean that the executive branch will negotiate all such agreements and treaties under the direction of the President, just as at the present?

Secretary Rusk. That is correct, sir. I would anticipate that any negotiation leading to an executive agreement or to a treaty on behalf of the Government of the United States would be conducted by the Government of the United States.

Mr. SPARKMAN. In order to let the Senate know that that was our intention, I call attention to pages 2, 3, and the top of page 4 of the report of the Committee on Foreign Relations, which contain a quotation of the questions and answers between me and Secretary Rusk. They are identical with those contained in the hearings. Therefore I shall not ask that they be printed, but I make reference to the report of the Foreign Relations Committee.

I call attention to a part of the report by the Committee on Commerce. I refer to page 23, the bottom paragraph, section 402, under the heading "Notice of Foreign Business Negotiations." The report contains a discussion, which I think is clearly in point, answering to the question of the Senator from New York. I make reference to that section in the report of the Commerce Committee, one of the legislative committees reporting on the bill.

I ask unanimous consent that the pertinent portion of the report of the Committee on Commerce, beginning at the bottom of page 23 and extending to the top half of page 24, be printed at this point in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

SECTION 402. NOTICE OF FOREIGN BUSINESS NEGOTIATIONS

This section is to insure that the corporation, in its business negotiations with international or foreign entities over facilities, operations, or services, will conform to relevant foreign policies of the United States. Section 402 should be read with section 201(a)(4) as both are concerned with the role of the corporation in relation to U.S. foreign policy. Together these sections assure that this role will be carried out in a manner which contributes to the success of that policy. Section 402(a)(4) recognizes the President's authority to take whatever steps he deems appropriate to assure that the relationships of the corporation with foreign governments, entities, or international agencies are consistent with the foreign policy of the United States. This section reaffirms the traditional responsibility of the President, and through him to the Department of State, for conducting foreign policy. Section 402, on the other hand, is concerned with the narrower problem of the corporation's business negotiations with international or foreign entities. With respect to these negotiations, the corporation is to notify the Department of State when entering into negotiations and that Department is to advise the corporation of relevant foreign policy considerations. Moreover, during the negotiations the corporation may request the assistance of the Department; such assistance has customarily been furnished by the Department to communications carriers.

Mr. SPARKMAN. Madam President, further than that, our learned friend, the Senator in charge of the bill, the Senator from Rhode Island [Mr. Pastore], made inquiry of the Secretary of State even since the debate started. He has obtained a letter from Secretary Rusk which states the case quite fully. I shall not take time to read the letter, but I do make reference to it. I ask unanimous consent that the letter from the Secretary of State be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE SECRETARY OF STATE,
Washington.

Hon. JOHN O. PASTORE,
U.S. Senate.

DEAR SENATOR PASTORE: You have asked me to set forth the views of the Department of State on those sections of the communications satellite bill which provide authority to the Government to supervise and direct activities and relationships of the corporation which materially affect foreign policy. I am pleased to do so.

As you know, the Department has repeatedly expressed its support of the present bill. We have testified to this effect before several committees of the Congress. As recently as August 6, I testified before the Senate Committee on Foreign Relations and explained in detail how the bill would protect the foreign policy interests of the United States.

The authority of the President is contained in section 201(a). That section authorizes and directs the President to do certain things "in order to achieve the objectives and to carry out the purposes of this act." Congress has declared the major purposes and objectives in section 102. It is the policy of the United States, as declared by Congress, to establish a commercial communications satellite system, "in conjunction and in cooperation with other countries," which will "contribute to world peace and understanding." In developing the system, "care and attention will be directed toward providing such services to economically less developed countries and areas." To achieve these and other purposes of the act, the President is directed, among other things, to—

* * * * *

"(4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

"(5) insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system;

* * * * *

"(7) so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad."

Sections 201(a) 4, 5, and 7 both reaffirm the plenary constitutional power of the President to conduct foreign policy and authorize him to issue such directives and orders to the corporation as are appropriate "to achieve the objectives and to carry out the purposes of this act." It is for the President to determine foreign policy, and to require the corporation to act in conformity with that policy, subject to the limitation, as I pointed out in my testimony, that his direction must be consistent with the concept of the corporation as a commercial enterprise and with other provisions of our Constitution and laws.

Under section 201(a)4, it is for the President to determine, in each case, what supervision is appropriate. For example, the President will have to determine when and under what circumstances we will enter into agreements and arrangements with foreign governments, entities, or international bodies. He will also determine which agreements should be negotiated by the Government, and which can be left to the corporation. And under section 201(a)5, the President has authority to determine the form and content of any international arrangements—bilateral, regional, or multilateral—which may be required to bring about a global system, and to assure appropriate foreign participation in that system.

During the Senate debate on the bill, several Senators expressed concern that the bill delegated to the corporation authority to negotiate arrangements which it would be more appropriate for the Government to negotiate. This concern is, in our view, unwarranted. As we have noted, section 201(a)4 gives the President complete authority to conduct any negotiations with foreign governments, entities, or international bodies when, in his judgment, it is appropriate. This concern was perhaps based on a misunderstanding of section 402. That section is not a delegation of authority to the corporation to conduct negotiations. Rather, it is a recognition that even the most minor technical and business negotiations, which the corporation would have to conduct on its own behalf, might have foreign policy implications. To assure that the interests of the United States are protected when the corporation negotiates, section 402 requires the corporation to notify the Department of State before entering into such negotiations. The Department will then advise the corporation and, if requested, assist it.

It should be noted that the language of section 402 has been changed considerably from the form in which it appeared in the original administration bill. In its original form, section 402 authorized the Department of State to "conduct or supervise" negotiations with any "international agency, foreign government, or entity." Moreover, the section provided that all agreements and arrangements of the corporation with such agency, government, or entity would be subject to the approval of the Department of State. In the original bill, section 402 was the instrument through which the Government was to exercise supervision over activities of the corporation which might affect our foreign policy. Taken literally, however, the section would have imposed on the Department of State the responsibility for supervising and approving the vast number of ordinary business and technical arrangements which the corporation, as an operating business entity, will invariably enter into with its counterparts in other countries. The Department did not want to be burdened with this responsibility. Moreover, section 402 as originally written lodged in the Department of State an authority which the Constitution confers on the President. Accordingly, the authority contained in the original section 402 was transferred to section 201(a)4, and section 402 was rewritten to accomplish the more limited task just described. The action of the Senate in defeating an amendment offered by Senator Gore, which would have restored the original language of section 402, is consistent with the Department's position.

The views which I have set forth above were thoroughly discussed during my appearance before the Senate Foreign Relations Committee. It is my understanding that that committee shares these views.

If I can be of further assistance to you, please do not hesitate to call upon me.

Sincerely yours,

DEAN RUSK.

Mr. SPARKMAN. Madam President, I could continue to speak at great length on the subject, but I do not think anything further need be said. It seems to me that those statements show the belief of those who dealt with the subject. The intent of the Secretary of State is shown. The Secretary of State affirmed his feeling that the power of the President is inherent. He said so in his testimony before our committee. He said he did not believe that Congress could take away the power that belongs to the President, even if it sought to do so, and he did not interpret the language to contain any such meaning.

Mr. JAVITS. Madam President, I yield myself an additional 2 minutes.

May we say that the legislative intent is that the President shall have that power?

Mr. SPARKMAN. That is certainly my interpretation. I am sure that was the interpretation of the majority of the Committee on Foreign Relations. I think that is borne out by the citation I gave in the report.

Mr. PASTORE. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. I agree wholeheartedly with the interpretation given by the Senator from Alabama [Mr. SPARKMAN].

Mr. JAVITS. I am happy to hear that the Senator from Rhode Island has said that he agrees thoroughly with the statement of the Senator from Alabama.

Mr. KEFAUVER. Madam President, will the Senator yield for a question?

Mr. JAVITS. Within the limits of available time, I yield.

Mr. KEFAUVER. Does not the Senator know that many of us thoroughly disagree with that legislative history and intent? Does not the Senator realize that we are absolutely right in advocating the purpose of the amendment? Article II, section 2 of the Constitution gives the President power to make treaties, with the advice and consent of the Senate, but it does not extend to agreements of less stature. Does not the Senator realize that section 402 is in complete derogation of the power of the President, and that, coming after the previous section stating the power of the President, under the rules with respect to the interpretation of any statute, the specific derogation and diminution of the power of the President must be considered as an amending and qualifying effort of the power previously given?

Mr. JAVITS. Madam President, I yield myself 1 additional minute to reply. The Senator does not believe that. The Senator, as a lawyer and Senator, believes that the power of the President may be derived from the Constitution, but is certainly derived from the proposed statute, based upon the legislative intent, which has been clearly spelled out here. The Senator is satisfied that if the bill should become law, based upon the legislative intent and the normal rule of construction that a court will, wherever possible, give full effect to every part of the statute and not treat one part as canceling out another, the President would give effect to both parts of the statute in the way described. The Senator from New York is satisfied as a lawyer that that would be the construction.

Mr. KEFAUVER. Madam President, section 201 is a general statement of the powers of the President. Section 402, which would cut down the power of the President, is specific and definite, coming after the general statement in section 201.

The Senator knows, as an able lawyer, that a specific section is always interpreted as a diminution of a general one.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself half a minute.

The Senator has stated his legal view, on which the Senator will rely. I therefore withdraw my amendment.

Mr. MORSE. Madam President, will the Senator yield for a question?

Mr. JAVITS. Of course. I yield myself an additional half minute for that purpose.

Mr. MORSE. Is it not true that it is the elementary rule of statutory construction that if the court finds any ambiguity in a statute, it does not go into the question of legislative intent at all?

Mr. JAVITS. The Senator is quite correct. However, I believe that this is not quite an ambiguity. It is a question of giving both sections full effect. There, I believe, the court will go into the legislative intent. I believe that is firmly established. I do not wish to derogate from that by pressing the amendment and having it voted down or tabled. I think this still is the clear intent.

Mr. MORSE. I quite disagree, because, is it not true that the language is perfectly clear that it goes to the power to negotiate on so-called business matters?

Mr. JAVITS. I do not agree. I have stated my view. I yield the floor.

The PRESIDING OFFICER. The Senator has withdrawn his amendment.

Mr. MORSE. I believe what I have said is clear from the hearings of the Foreign Relations Committee.

Mr. GORE. Madam President, the distinguished Senator from New York [Mr. JAVITS], as well as other Members of the Senate, evidently now recognizes a serious error in the bill. Because of the rigidity of the political and parliamentary situation in which the Senate now finds itself, a majority seems determined not to correct this error. I shall not sit still and permit this patent and specious attempt to correct the error by establishing so-called legislative history to go unchallenged.

What is the legislative history?

The bill submitted to Congress contained clear and specific language. That clear and specific language, which would have maintained primacy of the Government in international negotiations, was stricken. One of the first rules of construction of legislative intent, if the court goes beyond the clear meaning of the language is that Congress does not perform futile acts. I am not sure that the court is always correct in that assumption, but it is one of the first rules of construction.

So the question arises, For what purpose was this provision stricken, and for what purpose was the provision now in the bill agreed to by the Senate?

We have just heard a colloquy which clearly demonstrates that two of our distinguished Members feel that some legislative history to correct an error should be made. Indeed, that was the thrust of the letter of the Secretary of State. That was the purport of his testimony before the Committee on Foreign Relations.

That is for the same purpose which the distinguished junior Senator from Alabama had reprinted in the RECORD the colloquy in the hearings of the Committee on Foreign Relations, which was also reprinted in the committee report. That is the purpose, in my opinion, of the exchange between the senior Senator from New York and the junior Senator from Alabama.

However, the fundamental error will not thus be corrected. There is one way it can be corrected, and that is by amendment in the Senate. The distinguished assistant majority leader, the Senator from Minnesota [Mr. HUMPHREY], also a high ranking Senator on the Foreign Relations Committee, has an amendment at the desk to make it specific and clear. However, even the amendment of the assistant majority leader is subject to the guillotine, subject to the blackjack procedure of tabling. He, too, has been told that his amendment will be tabled. He has been told that even though it goes to the correction of this basic error in the bill.

If the senior Senator from Minnesota does not call up his amendment, the junior Senator from Tennessee will. Again the Senate will have the opportunity to correct this error in the bill. Unless it does so, what will be the legislative intent of the refusal to do so by the the defeat of the amendment.

If the Senate has gotten itself into such a position that it can no longer legislate on the basis of substance and merit, there is one other hope to correct this error in our bicameral system. This bill must be accepted by the House before it can go to the President. Members of the House of Representatives have been in the Senate Chamber today talking to Members of the Senate, expressing their concern about the provisions of the Senate bill. Some of them have expressed the view that the House of Representatives shall have an opportunity to correct some of the basic errors which are in the bill. Among other things stricken from the House bill is a provision that the satellite corporation shall reimburse the Government for some of the costs. That provision is stricken.

Mr. GRUENING. Madam President, will the Senator yield?

Mr. GORE. I yield to the distinguished junior Senator from Alaska.

Mr. GRUENING. Does not the Senator recall, in connection with his remark that the assistant majority leader is likely to be guillotined by the policy which he and his colleagues have adopted, that in the French Revolution the creator of the guillotine subsequently fell its victim; and they who had guillotined so many, were subsequently guillotined themselves?

Mr. GORE. I hope the distinguished Senator from Minnesota will not really fall. I believe that this is an unfortunate but temporary episode in the Senate. The Democratic Party will recover. I believe we will find a way to stand traditionally for the public interest. In my view, history will deal generously with those of us who have opposed this bill, as indeed history has dealt generously in most instances when Senators have felt so intensely that the public interest is being outraged that they have been willing to stand and take personal and political vilification and abuse to conduct an extended debate.

But I wish to return to the subject at hand.

Mr. MORSE. Madam President, will the Senator yield for 30 seconds?

Mr. GORE. I yield for a question.

Mr. MORSE. It is true, is it not, that the Senator referred to striking from the House bill language that would have provided some reimbursement to the Government for the cost of launching in return for the gains which the private corporation would obtain?

Mr. GORE. Yes, that is true.

Mr. MORSE. Does the Senator agree with me that if anyone has any question as to whether the Senate bill involves a giveaway, that is but one of the many giveaways in the Senate bill?

Mr. GORE. I should say that is one of the smaller elements of it, but an important one.

Senators have referred repeatedly to the power of the President under the Constitution to conduct the foreign relations of the U.S. Government, with the advice and consent of the Senate. The subject to which we are directing our attention is the power or lack of power of the President of the United States over a corporation organized under the laws of the District of Columbia and empowered by Congress, by statute, if the bill shall be enacted, to enter into negotiations and conclude agreements with foreign nations.

If Senators will refer to section 402 as it is in the pending bill, they will find that it reads, in part, as follows:

> Whenever the corporation shall enter into business negotiations—

Note that the language does not provide that "before the corporation shall enter" into negotiations it shall advise the Department of State; it provides "Whenever the corporation shall enter into business negotiations."

Mr. MORSE. Madam President, will the Senator yield for a question?

Mr. GORE. I yield for a question.

Mr. MORSE. Is it not true that the language read by the Senator from Tennessee and the language that the rest of us propose is that "The corporation shall not enter into negotiations until" such and such takes place with relation to a study?

Mr. GORE. That is correct. I shall read section 402 as it was included in the bill submitted to Congress by the President, but which was stricken; and the court will not conclude that Congress acted futilely and without purpose in striking it out and substituting something instead. I shall read it in the identical form in which the senior Senator from Ohio [Mr. LAUSCHE], the senior Senator from Idaho [Mr. CHURCH], and the junior Senator from Tennessee [Mr. GORE] submitted it in an amendment as a substitute for the provision contained in the bill:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

That is, verbatim, the language as it was submitted to Congress. That specific language was stricken. Why? This language was resubmitted to the Senate, as I have said, and the Senate rejected it.

Now I should like to read the language of the amendment by the Senator from Minnesota [Mr. HUMPHREY], the assistant Democratic leader, which is now at the desk. I take it that the Senator from Minnesota will call up his amendment for action. If he does not, the junior Senator from Tennessee will.

The language reads:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the President.

If the Senate wishes to correct this error, there is yet time, there is yet an opportunity, even under the cloture rule, because the amendment has been submitted by the senior Senator from Minnesota. It has been printed, it has been read, and it is eligible for consideration and vote. Unfortunately, under the rule, but little debate can be had upon it, really, unless the Senate debates it before it is called up, because the guillotine has been laid to us and to every amendment. I am advised that that will continue to be the procedure. But the amendment is not difficult to read.

Senators can go to the desk and read the amendment offered by the senior Senator from Minnesota.

So I say that once again the Senate will have an opportunity to act. I do not believe that clear and concise action by the Senate will be mistaken by the courts. On the other hand, I do not believe that long letters of explanation which try to construe the language of the pending bill to have a meaning which the language clearly does not contain will suffice, nor do I think that this effort on the floor of the Senate to make so-called legislative history will stand against three specific acts of the Senate.

No, Mr. President, we shall not proceed on that basis, so far as I am concerned, and I do not believe the courts would conclude that the Senate is playing games when questions involving the foreign policy of the United States and the national interest of our country, on the one hand, and the interests of the proposed corporation, on the other hand, come to a judicial determination. I should think the courts would be likely to conclude that Congress intended to do what it did.

I point out further, that section 402 does not even require the corporation to give notice when it enters into negotiations or concludes agreements other than so-called business negotiations—whatever they are. Suppose the corporation entered into an agreement which it said was not a business agreement. Who would determine the question? Who would determine whether it was business or was, in fact, some other character of agreement? The bill is unclear.

If there should be disagreement between the Government and the corporation, there are two procedures which could be followed. One could be for the Attorney General of the United States to bring an action in the Federal district court, seeking injunctive relief, or equitable relief, on a question involving the foreign policy of this country. Another could be an adversary proceeding before the Federal Communications Commission between the proposed corporation—the satellite corporation—and the Government of the people of the United States of America.

It is not with pleasure that I puncture this colloquy for legislative history. It is in the hope that the error with which we are confronted will be corrected, not compounded. It can yet be corrected by the Senate through the amendment that is at the desk, and which will be voted upon before the bill passes. If the Senate refuses to correct the error, the error can yet be corrected by the House of Representatives. Then, finally, the President will have to decide whether to approve or to disapprove the bill, when it reaches him.

I shall later refer to the specific grant of authority to the proposed corporation that is contained in section 305.

SALUTES TO THE COAST GUARD

Mr. PELL. Madam President, having been an enlisted man in the Coast Guard Reserve prior to our entry into World War II, and having been an officer in it ever since, it gave me particular pride this morning to be aboard the training bark *Eagle* when two classes of the Coast Guard Academy Corps of Cadets manned the yards and had the privilege of being inspected by the President of the United States.

Madam President, in connection with the visit of these Coast Guard Academy cadets to Washington, I salute this group of splendid young Americans who are visiting us today.

The U.S. Coast Guard Academy, at New London, Conn., is an institution whose mission is to train young men "with sound bodies, stout hearts, and alert minds, with a liking for the sea and its lore, and with that high sense of honor, loyalty, and obedience which goes with trained initiative and leadership; well grounded in seamanship, the sciences, and the amenities; and strong in the resolve to be worthy of the traditions of commissioned officers in the U.S. Coast Guard in the service of their country and humanity."

These young men are now completing the final phase of their annual summer cruise aboard the famous training bark *Eagle,* and comprise the sophomore and senior classes for the ensuing year. Other cutters, the *Absecon,* from Norfolk, Va., and the *Yakutat,* out of New Bedford, Mass., accompanied the *Eagle* on the cruise. Of the 260 cadets embarked on this year's cruise, 153 presently serve aboard the *Eagle.* Each has spent two-thirds of the cruise on the *Eagle,* and one-third on one of the accompanying Coast Guard cutters.

These cadets have seen a good part of the world since they departed New London on June 8. They have visited such distant points as Edinburgh, Scotland; Antwerp, Belgium; and Las Palmas, in the Canary Islands. During their stay in Edinburgh, His Royal Highness, Prince Philip, made an official visit to the *Eagle.*

The purpose of these annual summer cruises is strictly professional. Aboard Coast Guard cutters, cadets of the first and third classes receive practical shipboard instruction in seagoing skills and other matters pertaining to their chosen profession. Combining the features of a sailing ship with a modern diesel engine, the *Eagle* is ideally suited to developing leadership potential and a capacity for teamwork so essential to a successful career as a commissioned officer in the Coast Guard. The *Eagle* also serves as an effective oceangoing classroom for third classmen, where they may learn elements of ship maintenance, housekeeping, and shipboard routine.

In addition to its practical training aspects, the cruise is also intended to provide future Coast Guard officers with a broader understanding of foreign countries and customs—an extremely important matter in this shrinking world.

So, Madam President, I give you the cadets of the U.S. Coast Guard Academy, who in a short time will take up their duties as officers in our country's oldest continuous seagoing armed force and foremost maritime safety agency. [Applause, Senators rising.]

Mr. DODD. Madam President, will the Senator from Rhode Island yield?

Mr. PELL. I yield to the Senator from Connecticut.

Mr. DODD. I wish to thank the distinguished Senator from Rhode Island for calling attention to the presence in the Senate gallery of the Coast Guard cadets. We are very proud that the Coast Guard Academy is located in the State of Connecticut. Each year the Academy sends out some of the finest officers who serve our great country.

I am sorry that this morning I was not able to join my colleagues on the *Eagle.* I am happy that these cadets are now in the Senate gallery, and I am very pleased that the Senator from Rhode Island has called attention to their visit.

Mr. GRUENING. Madam President, will the Senator from Rhode Island yield?

Mr. PELL. I yield.

The PRESIDING OFFICER. Let the Chair point out that the time now being used is being charged to the time available to the Senator from Rhode Island.

Mr. PELL. Yes, Madam President; that is understood.

Mr. GRUENING. Let me say that I am very happy that this tribute is being paid to the Coast Guard and to the Coast Guard Academy and its fine cadets.

The Coast Guard was established to guard the coasts of our great country, and it has performed its work in most notable and excellent fashion. In carrying out its purpose, it guards the coasts of Alaska, which has a coastline longer than that of all the 48 States counting the Atlantic, gulf, and Pacific coasts. In the State of Alaska, where not all agencies of the Federal Government have always been highly cherished, the Coast Guard is, I believe, the most popular agency of the Federal Government.

So I am very happy to join in the tributes being paid to the Coast Guard, the Coast Guard Academy, and its fine cadets.

Mr. KEFAUVER. Madam President, will the Senator from Rhode Island yield to me?

Mr. PELL. I yield to the Senator from Tennessee.

Mr. KEFAUVER. I wish to join in the tributes being paid to the Coast Guard, the Coast Guard Academy, and its cadets. The important functions which the Coast Guard has so ably carried out throughout the history of our country continue to be of great importance to the security and welfare of the United States.

Many Coast Guardsmen serve in Tennessee, on the great rivers there—the Tennessee and the Cumberland; and many of our finest young men are members of the Coast Guard, and many of them have graduated from the Coast Guard Academy.

Mr. PELL. I thank the Senator from Tennessee.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Madam President, I should like to propound a unanimous-consent request, which has been cleared with the Senator from Tennessee—namely, that on tomorrow, during the morning, the Committee on Government Operations be permitted to sit during the session of the Senate.

Mr. **KEFAUVER**. Until 12 o'clock noon.

Mr. **MANSFIELD**. Yes; until 12 o'clock noon.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. **KEFAUVER**. Madam President, first, let me say there can be no question that my colleague [Mr. GORE] is absolutely correct when he says section 402 of the bill is in derogation of the power of the President. The preceding section is only a generality.

Article II, section 2, of the Constitution refers to treaties, not to executive agreements. Any lawyer knows that when there is a specific derogation, as there is in section 402, it is a limitation on the preceding text.

All of us know that the last part of a piece of legislation restricts the preceding parts, inasmuch as it comes later. So there is no way to prevent the application of this derogation of the power of the President, except by amending the bill in the way we propose. I think this is also clearly borne out by the statement set forth in the minority views signed by several members of the Foreign Relations Committee, and also in the minority views signed by two Senators who are members of the Commerce Committee. I ask unanimous consent that these minority views be printed at this point in the RECORD.

There being no objection, the excerpts from the reports (Nos. 1584 and 1873) were ordered to be printed in the RECORD, as follows:

[From Report No. 1584]

MINORITY VIEWS

PART I

As President Kennedy has pointed out, science and technology have progressed to such a degree that communication through the use of space satellites has become possible. A global satellite communications system is an exciting thing to think about. It truly represents one of the most revolutionary and dramatic developments of this century. Man's ability to utilize space has created a new international resource that can further the cause of world peace and understanding and bring all the people of the world a better life. The benefits which mankind will derive from the conquest of space are as vast as this new frontier itself.

I. Communications satellites will have international political, economic, and social impact

A satellite communications system will have social, economic, and political benefits for all the countries of the world. Such a system will, of course, be international in the truest sense and will require international cooperation on an unprecedented scale.

The United States is far from alone in its interest or its efforts in satellite communications. Soviet publications have announced that the Russians expect to launch a communications satellite in the near future. Indications are that they expect to make use of a high-altitude or synchronous-type satellite. One such Soviet satellite appropriately placed in 24-hour equatorial orbit would afford communications coverage for virtually all the Communist-held world as well as Far East areas. Three or four such satellites could provide worldwide coverage.

The Japanese have recently announced that they plan worldwide television coverage of the 1964 Olympic games through the use of a satellite system consisting of three or four satellites in 24-hour orbit.

In addition, there are presently at least five other countries, not including the United States, that are engaged in the construction of ground stations. Some of these countries are also experimenting with the development of communications satellites themselves.

II. Government research has made United States the leader

To date research and development conducted by our Government has kept this Nation in a position of leadership in the field of space communications.

In testimony before the Senate Antitrust and Monopoly Subcommittee, Assistant Attorney General Loevinger noted that—

"Satellite communication is made possible through research and development paid for by Government funds because of the national interest in the establishment of such a system."

The programed expenditures on space communications alone of the National Aeronautics and Space Administration and the Department of Defense through fiscal 1963 give an indication of the costs involved.

Amounts spent by U.S. Government

NASA, space communications alone:	*Million*
Fiscal 1960	$3.1
1961	29.5
1962	94.6
1963	[1] 85.4
Total, 1960–63	212.6
Department of Defense, space communications alone:	
Fiscal 1959 and before	$8.6
1960	16.4
1961	42.0
1962	92.0
1963	[1] 100.0
Grand total, NASA and DOD [2]	471.6

[1] Proposed.

[2] Kerr committee staff report of Feb. 25, 1962, pp. 1 and 2.

This does not include the many billions of dollars that have been spent on our overall space program in developing technology and competence, absolutely necessary for a satellite communications system. Without this expenditure of billions of dollars by the taxpayers of the United States, there would be no space satellite communications system. The importance of the space program to satellite communications is illustrated by the following statement of Mr. John H. Rubel, Assistant Secretary of Defense, made before the Senate Space Committee:

"About 90 percent, I would say of the problem associated with the communications satellite system really doesn't have much to do with communications, Mr. Chairman. It has to do with launch vehicles, it has to do with spacecraft that you put into orbit, it has to do with controlling those spacecraft when they are up there in orbit, it has to do with the life of electronic and mechanical equipment in space. All of these are technologies and techniques that are being developed by the Department of Defense, partly as part of our communications satellite efforts, but not exclusively so. I just can't imagine that this kind of effort could successfully be undertaken by any organization other than both the NASA and the Department of Defense (transcript 462, Kerr committee hearing)."

III. Satellite legislation not necessary now

At this time the United States is moving forward with all possible speed toward the establishment of an operational satellite communications system. The alleged urgency for legislation at this time to decide upon the legal organizational structure for operation of the system does not exist. It will be at least a year before we have conducted the experiments and studied the technical information necessary for a decision on an operations system.

Before the Senate Antitrust and Monopoly Subcommittee, Samuel M. Barr, vice president of Western Union Telegraph Co., testified as follows:

"Senator KEFAUVER. Suppose you had a corporation of $200 million right now. What would it do with the money?

"Mr. BARR. Well, for an appreciable period of time it would sit on its hands. Deferral of this legislation until next year will not delay the development of a space satellite communications system in any degree."

IV. Committee bill would create a private monopoly

The legislation which has been recommended by the majority of this committee would create a private corporation that would own and operate the U.S. portion of a worldwide satellite communications system. This corporation would be a Government-created private monopoly. Such legislation is without precedent in the history of the United States. It runs counter to the historical and traditional hostility to private monopoly that has served as a foundation of this country's economic system of competitive free enterprise.

Not only does the committee bill create a private monopoly, it would go even further and bestow on that single private monopoly the benefits of billions of dollars of the taxpayers' money. This legislation, if enacted, likely would constitute the biggest giveaway in the history of the United States.

All the elements necessary for the very existence of an operational satellite communications system have been financed by all the taxpayers of the United States. It is our belief that all these same taxpayers should receive the benefits of the system when it becomes operational. There can be no justification for giving this vast resource that has been financed by the taxpayers away to a small group of stockholders for their private gain. The taxpayers have already paid for their right to share in the returns.

V. Government will continue to have a leading role

Even if a decision were made to place ownership and control of this country's satellite communications system in a private monopoly, the Government would necessarily continue to have its leading role. The Government would be required to:

1. Furnish launch vehicles.
2. Launch the satellites and provide launch crew and associated services.
3. Consult with the private corporation regarding technical specifications for satellites and ground stations and in determining the number and location of such facilities.
4. Coordinate continuing governmental research and development with the activities of the private corporation.

5. Insure that the satellite system established is technically compatible with existing facilities with which it will interconnect.

6. Insure that present and future access to the system on an equitable and nondiscriminatory basis is made available to all authorized communications carriers.

7. Preserve competition in the field of supplying goods and services to the corporation.

8. Supervise any change in the internal structure of the private corporation.

9. Insure that opportunities are provided for foreign participation in the system.

10. Insure that the corporation provides communication services to areas of the world where such services may be uneconomical, if it is determined that providing such services would be in the national interest.

11. Last, but by no means least, the Government would have to regulate the ratemaking process.

VI. Broad-based ownership illusory

The argument has been made that the rights of the people are protected by making it possible for some of them to buy stock in a private satellite corporation. This overlooks the fact that only a small percentage of the American people own or can afford to own stock in any private corporation. Many millions of these people who will never be able to own a single share of stock in a private satellite corporation do pay taxes, however, and have contributed to the investment that will make a satellite communications system possible. It would certainly not be in keeping with our standards of equity and fairness for Congress to give away to a few this investment of all the taxpayers.

VII. More competition would insure faster development

The satellite communications system is a revolutionary development that will be used for both domestic and international communications. It will inevitably be competitive with existing facilities owned by the communications common carriers: their oversea telephone cables or domestic long-distance telephone or telegraph lines. The committee bill would allow the communications common carriers to own up to 50 percent of the voting stock in a private satellite corporation and an unlimited amount of nonvoting securities, bonds, or debentures, or other certificates of indebtedness. Even though there is a limitation on the number of directors that can be elected by the communications carriers, their financial interest in a private corporation would give them extensive control over the corporation.

By allowing this element of control to pass into the hands of the communications carriers, we would lose the competitive stimulus to maximum advances in all fields of communication.

Historically, our public policy of prohibiting one form of transportation from owning or controlling a new form of transportation has fostered active competition, development, and innovation in the transportation industry. This successful policy should also be followed with regard to communications carriers and the satellite system. Thus, in the interest of fostering competition and innovation in the communications satellite field, separate ownership of international communications carriers and the communications satellite system is not only advisable but essential. Private ownership and control of the space satellites would carry with it a built-in conflict of interest that would inevitably tend to slow down the most rapid development and maximum utilization of the best possible satellite system.

In our efforts to move ahead and in our competition with the U.S.S.R. we cannot afford the risk of delay by allowing a private monopoly the right to protect its present investment in communications equipment at the expense of the national interest. In testimony before the Senate Antitrust and Monopoly Subcommittee, Assistant Attorney General Loevinger observed that—

"There would be a natural reluctance on the part of companies with large investments in existing facilities to take speedy action which would make these facilities obsolete. A company controlled by A.T. & T. could scarcely avoid considering the effect of satellite facilities on existing investments in cable facilities."

If the communications satellite system were owned by the United States, the Government would not send or receive telegrams nor would it operate telephones or radiophones. The Government would merely sell or lease channels on the space satellites system to privately owned communications systems for their use as a part of their communications system.

VIII. Satellite operations intimately connected with foreign relations

The successful establishment of an operational satellite communications system will require the cooperative efforts of the nations of the world on an unprecedented scale. Every phase of operations of the satellite system will be intimately connected with foreign policy. It is unrealistic to assume that there can be a meaningful separation of negotiations into categories of "business" which do not affect the national interest and "other" which do affect the national interest. A system which will ultimately link the entire world, provide for telephone, telegraph, television, and radio communication, and be used for data transmission, weather, navigation, mapping and oceanography is obviously an instrument of national policy. We cannot afford to delegate to a private monopoly the function of conducting American foreign policy. It is impractical to try to separate out the communications function alone and assign that to a private corporation and retain the responsibility for all the other phases of a satellite system in the Government.

A truly global satellite communications system must be made available to all nations, including the less developed nations of the world. We have begun negotiations with the Soviet Union which we hope will lead to peaceful joint uses of space and space technology. President Kennedy, in his letter of February 1 to Premier Khrushchev, specifically mentioned communications by satellite as one of the areas for cooperation.

The State Department, under the supervision of the President, is the only agency which is qualified or experienced enough to represent the United States in the conduct of the negotiations that will be necessary for the establishment of the satellite communications system.

IX. Federal Communications Commission not an effective regulator

The proposal of the committee bill to create a private monopoly to own and operate our satellite system is based on the proposition that the Federal Communications Commission will regulate the corporation and thereby insure that the public interest is protected. Any assumption that the Federal Communications Commission can or will do the job adequately is not supported by the facts. A recent study of the Federal Communications Commission made for the Bureau of the Budget by Booz-Allen-Hamilton, private management consultants, concluded that the Federal Communications Commission has had neither the will nor the way to regulate the communications common carriers. This study stated that the important functions of surveillance and regulation of common carrier rates and rate bases had not been adequately undertaken.[1] Many

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[1] Excerpt from "Organization and Management Survey of the Federal Communications Commission," by Booz, Allen & Hamilton, management consultants, March 1962:

"THE COMMON CARRIER BUREAU IS NOT WELL EQUIPPED TO MEET ITS RESPONSIBILITIES IN THE FACE OF A RISING WORKLOAD

"This outline of Common Carrier Bureau duties has sketched areas of responsibility of an order of magnitude and significance which exceeds the Bureau's resources. Neither the physical facilities, the staff, nor the budget provided the Bureau properly reflects a recognition of the Bureau's statutory obligations. Handicapped by inadequate provision of the means of insuring a satisfactory level of regulatory activity, Bureau management has never been tested by measuring performance against feasible program objectives. Further, there is evidence that much of the Bureau staff believes that the Commission has far less interest in the Bureau's activities than is warranted. Under these circumstances, Bureau management has been adequate but uninspired.

"Regulatory statutes such as the Communications Act obviously are intended to take effect under reasonable standards of administration. Without extending to the minute examination of each aspect of the financial and operating practices of every subject company in the country, the law presumably intends that the public interest in common carrier communications be protected by a reasonable level of Federal regulatory activity. Toll charges on interstate telephone calls, for example, may be reviewed to establish their reasonableness without questioning to the penny every calculation that went into toll rate determination.

"In sum, the regulatory activities of the Federal Communications Commission are expected to reflect an effort to provide reasonable protection of the public interest, convenience, and need. In this, the Common Carrier Bureau has not been so organized, staffed, and otherwise equipped so as to be entirely successful. This is particularly true of the attempt to regulate the telephone industry, for which the gross original cost of plant is valued at 25 times that of all other common carrier telecommunications activities regulated by the FCC, and where the largest single component—the Bell System—constitutes the largest corporate enterprise in the world. Further, the Bell System accounts for 96 percent of the telephone plant in service and 97 percent of the operating revenues received by all telephone companies fully subject to FCC regulations. About 25 percent of Bell System operating revenues are derived from interstate and foreign operations, and the percentage is increasing. The existence of this huge strategic enterprise places a particular burden on the Federal Government to look to the public interest.

"That the Common Carrier Bureau has been active in pursuing its duties in part is evidenced by app. I, which tabulates the rate reductions and increases negotiated between the American Telephone & Telegraph Co. and the FCC since 1935. However, it is clear that the important functions of surveillance and regulation of common carrier rates and rate base have not been adequately undertaken. These functions do not seem to have been accorded an appropriately high priority by the Commission in the allocation of resources and direction of attention. While the staff has sought to establish essential criteria for judging rates of return, the Commission, in fact, has established no firm criteria governing such rates of return and does not demonstrate that the reducother functions of the Federal Communications Commission with respect to the communications carriers have been performed in only a superficial manner, or for only a small fraction of the total area of responsibility.

The Federal Communications Commission in general, and its Common Carrier Bureau in particular, have been suffering from a lack of staff and budget. Furthermore, there is evidence to indicate that the Commission is relatively uninterested in the activities of its Common Carrier Bureau. Clearly, it would be folly to turn over the job of regulating a private satellite corporation to the FCC as it is presently constituted and financed.

X. Government ownership would insure that the whole Nation benefits

Government ownership is the only way to insure that all of the potentially vast revenues from this taxpayer financed system will accrue to all the people. Only under Government ownership can we be sure that the necessary research and development in comparatively less profitable, but highly important areas, such as weather, space research, and navigation, will proceed at the maximum rate. If the Government owns the satellite communications system, including both the satellites themselves and the ground stations, it can bring competition into the communications field.

XI. Government corporation would foster competition

A Government corporation can insure competition in the procurement of the equipment and services used by the communications satellite system. It is essential that all interested parties engaged in producing and selling communications and related equipment be given unrestricted chance to provide such equipment to the system whether or not they are owners of the system. This will enhance the chance for small business to participate in the development of the communications satellite system.

The committee bill cannot insure unrestricted opportunity to furnish equipment for the communications satellite system, since the major international communications carriers are integrated with the largest communications equipment manufacturers. Vertical integration of international communications carriers and the manufacturers of the equipment they use, moreover, inhibits a free competitive system. The choice which is before us is between Government ownership of a taxpayer-financed resource, with operation for the benefit of all the American people, or ownership by a Government-created private monopoly.

PART II

The foregoing arguments and observations show that a publicly owned communications satellite corporation would be far superior to the proposed private corporation. The public corporation, moreover, would avoid the pitfalls inherent in the proposed private corporation. Even, the committee bill, however, requires amendment in several respects to effectively accomplish the purpose for which it is offered.

Section 201(a)(6), page 25, line 20: The language of section 201(a)(6) provides that the President shall insure the appropriate utilization of the commercial system for General Government purposes that do not require a separate communications satellite system to meet unique Government needs.

This indicates that the President is expected, in fact required, to see that all Government communications will be channeled through the commercial system even though the Government might have its own satellite system, e.g., Advent or Relay, that could be used at a smaller cost to the Government. This, in effect, would provide a continuing subsidy to the private corporation. It is easy to visualize a Government-owned system whose existence is necessary in the national interest going unused while the Government pays a private monopoly for communications services that are already available to it.

Section 201(c)(1), page 27, line 17: Under section 201(c)(1) the Federal Communications Commission need only consult with the Small Business Administration and get recommendations on measures and procedures intended to provide small business concerns an equitable opportunity to participate in the procurement program of the corporation. This provision, as it is written, affords no real protection to small business. It is merely window dressing without substance. In view of the fact that the communications carriers who will be major investors in the corporation are also in the manufacturing business, and since the noncarrier stock can be held by large corporations engaged in manufacturing and supply, there should be strong language to guarantee the small business concerns a role in this important undertaking.

Section 201(c)(7), page 29, line 7: With reference to this section and the ownership of ground stations, the bill should provide that the ground stations will be owned by the satellite corporation. Only if the corporation owns the ground stations as well as the satellites will it have a communications system.

If the ownership of the ground stations is left to the communications carriers, they will, in effect, have control of satellite communications. If the ground stations and satellites are owned by the corporation, it may be possible to improve the competitive structure of both domestic and international communications.

Mr. Nicholas Katzenbach, Deputy Attorney General, appeared before this committee and testified in support of the President's recommended satellite bill. His comments on the subject of ownership of ground stations by the private satellite corporation are well worth repeating here:

"There are very good reasons for considering the ground stations to be properly part of the communications satellite system for which the proposed corporation will be responsible. But for the system, the ground stations would have no purpose.

"I am advised that technical compatibility between the satellites and the ground stations in any system is clearly mandatory, and that progress from initial satellites to more efficient and desirable types will not be possible if the ground stations would not be compatible with the improved satellites. There is a real danger that ground stations if separately owned by the carriers may, because of their high cost, represent an obstacle to technical growth so as prematurely to freeze the type of system.

"It is also important to note that satellites and ground stations will be technically able to handle all forms of communications, such as voice, record, and television, while particular carriers who might own ground stations may only hold authorizations for certain types of communications.

"Moreover, as anyone generally familiar with public utilities will realize, there may be different peaks in the demands for service, varying with the types of service or with the particular carrier. A more efficient utilization of the system could be achieved by pooling the capacity necessary to meet these varying peaks, thus conserving scarce radio spectrum allocations, rather than providing separate and partly overlapping reserves of capacity for each carrier and for each type of service. Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergenices, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.

"In addition, there might well be a savings in capital expenditures by avoiding the unnecessary duplication of ground stations constructed by the various carriers. Construction of ground stations as part of the corporation's assets would also facilitate regulation of rates by the FCC, because the costs involved could be isolated, rather than becoming hopelessly entangled in the present economic jungle of long-distance and oversea telephone services, the rates of which the FCC has thus far found it impossible to investigate or regulate effectively.

"To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be

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tions negotiated actually bring the overall rate of return down to reasonable limits. This activity merits far greater emphasis if the public interest is to be properly served.

"The list of Bureau functions which are explicit or implicit in the Communications Act is in fact a lengthy one. A tabulation of those which, for lack of staff and budget, are performed in a superficial manner, or are performed for a small fraction of the total area of responsibility, also would prove lengthy. It would include such items as the following:

"Since Jan. 1, 1956, accounting compliance reviews have been accomplished for only 14 of 24 Bell System companies and 9 of 40 independent telephone companies. App. J illustrates this by listing the dates on which accounting compliance reviews were last conducted for fully subject independent telephone companies.

"In 1960, Bell System purchases from the Western Electric Co., a Bell subsidiary, amounted to $1,800,000,000, which amount becomes part of the rate base on which the Bell companies expect a return. Apart from occasional review of periodic reports, no examination of the books of Western Electric or other leading telephone equipment manufacturers has been undertaken to determine the reasonableness of charges to the Bell System.

"Under the Communications Act, depreciation rates—a major factor in an industry with an increasingly faster rate of obsolescence for much of its equipment—must be prescribed by the FCC. Rates of Bell System companies can be reviewed every 3 or 4 years, at best. Although depreciation rates in general use are scanned for unusual factors, in fact no depreciation rates have been prescribed for the independent companies subject to the FCC.

"The method of timing and billing long-distance telephone calls never has been adequately examined.

"Tariffs for the relatively new broad band and private line services require study of level and structure which has not been possible to date on a scale in keeping with the rapid development of significant new services.

"Disparities which exist between interstate and intrastate telephone rates for comparable distances are blamed by State authorities for inequities in revenue distribution and consequent adverse effects on local tax yields. Additional accounting studies are needed to establish acceptable separations and division of revenue.

"This list is susceptible to considerable extension. The point is that the Bureau is in no position to establish the reasonableness of charges in most areas of common carrier service."

enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated."

Section 302, page 31, line 6: The President must approve the original articles of incorporation of the corporation. Under the original administration proposal, S. 2814, section 302, approval by the President was required for the original articles of incorporation and for any amendments thereafter. In addition the President was given the power to initiate amendments. This power over amendments should definitely be restored. Without it, the mere power to approve the original articles has little real substance. Under the District of Columbia Corporation Act, section 29-921, the articles of incorporation can be amended by a vote of two-thirds of the outstanding shares entitled to vote. (In some instances class voting is provided for.) If it is important that the President approve the articles of incorporation, as it surely is, then it is equally important to foreclose the possibility of accomplishing by amendment what would not have been approved originally. The President should have a continuing power to protect the public interest with respect to the contents of the articles of incorporation.

This would not subject the day-to-day affairs of the corporation to Presidential supervision. There is no provision in the bill which affects management's normal control over the bylaws, which provide for the operational aspects of the corporation's business. Section 29-909 of the District of Columbia Corporation Act which would apply to the corporation provides:

"The power to make, alter, amend, or repeal the bylaws of the corporation shall be vested in the board of directors unless reserved to the shareholders by the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation" (June 8, 1954, 68 Stat. 190, ch. 269, sec. 24).

Section 303(b), page 32, line 17: This section states that no officer of the corporation shall receive any salary from any source other than the corporation during the period of his employment by the corporation. Because of the unique character of the proposed form of business organization, a very strong provision is needed to guard against any possible conflict of interest. The fact that the communications carriers are even to be allowed to own stock in the satellite corporation requires an exemption to the antitrust laws. Protection of the public interest requires that officers and directors of the private corporation be forbidden to have any direct or indirect financial connection with any communications carrier or equipment manufacturer, or supplier of the satellite corporation.

Section 304(a), page 33, line 1: The original proposals for a private satellite corporation would have limited ownership to a small group of international communications carriers. This was the class identified by administration spokesmen as the "favored few." Subsequent proposals have included provisions that would allow the public to participate to some extent in the ownership of the corporation. Two principal reasons have been advanced for broadening the ownership base: (1) It would give the taxpayers who have already financed the necessary technical competence the chance to invest further in the hope of receiving a financial return. It was stated that it would be "unconscionable" to exclude the public. (2) It would help avoid domination of the satellite corporation by a single communications carrier.

Attorney General Kennedy in his testimony before the House Commerce Committee stated the administration position as follows:

"It is our firm conviction that the general public should be permitted to participate in this proposed corporation. A monopoly created by legislation should not be turned over to a favored few. This is even more true when the probable success of this venture has been assured by governmental research and development at considerable cost to the taxpayers.

"Public participation will help us to avoid domination by a single carrier. It will help to insure competition in all its ramifications. It will help to insure speed. Such a corporation would be interested in developing the widest possible usage of the system as soon as possible. It will help to insure adequate private financing if we do not close the door to noncarrier investment."

If private ownership is the final choice, these, of course, represent important considerations. However, section 304 as finally drafted will not accomplish the desired objectives. Section 304 states that the shares of voting stock initially offered shall be sold at a price not in excess of $100 a share and in a manner to encourage the widest distribution to the American public.

First of all the philosophy of insuring the widest possible distribution to the American public should apply to all issues of voting stock and to all issues of nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized under section 304(c). Only by so doing can we be sure of real participation by the public.

Second, if the taxpayers who have financed the present investment in space communications technology are to be brought into the corporation, the price of the stock should be set low enough that the average taxpayer can buy the stock; $100 a share is far too high. Only a small percentage of the shares listed on either the New York or American Stock Exchanges sell for as much as $100 a share. The price of stock in the satellite corporation should be set at $10 per share, or certainly not more than $25 per share.

If a private corporation must rely on public participation to protect the public interest, the corporation should be organized in such a way that widespread public participation will actually result.

A final point with regard to financing the corporation: Under section 304(b)(3) noncarrier stockholders are limited as to the amount of stock a single stockholder, syndicate, or affiliated group can own. The limit is 10 percent of the shares of voting stock outstanding. Fairness requires that this limitation be applied equally to the communications carriers. The same limitation of 10 percent should apply to both carriers and noncarriers with respect to ownership of nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized under section 304(c).

Section 402, page 38, line 4: The President's original bill, S. 2814, "Section 402. Conduct of Foreign Negotiations," provided as follows (S. 2814, p. 17, sec. 402):

"The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

The bill as approved by the majority of this committee contains as a substitute for that section the present section 402, "Notice of Business Negotiations" (H.R. 11040, Rept. No. 1873, sec. 402, p. 38):

"Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any international or foreign entity, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations. Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations."

This narrowing of the role of the State Department will endanger the position of the United States in its efforts to compete with the Soviet Union in the race for space. It amounts to a delegation of the conduct of American foreign policy to a private corporate monopoly.

RALPH W. YARBOROUGH.
E. L. BARTLETT.

CHANGES IN EXISTING LAW

There are no changes in existing law.

[From Report No. 1873]

MINORITY VIEWS

The record made in the hearings held by the Committee on Foreign Relations completely justifies the action of the Senate in referring H.R. 11040 to that committee. Testimony presented, both by administration witnesses and by those outside the Government, fully supports our view that the foreign policy implications of the bill are of enormous importance.

The committee did not have adequate opportunity to consider the bill thoroughly. The committee was diligent in initiating the hearings promptly and in conducting them with dispatch. Daylong sessions were held and, upon one occasion, an evening session as well. Even so, the committee was able to hear only three non-Government witnesses after administration witnesses were heard, and the printed record of the hearings was not available for study by members of the committee before it acted on the bill in executive session.

We think it significant that, although some administration witnesses at Cabinet level professed to be wholly satisfied with the bill in every respect, the Secretary of State agreed to the wisdom of certain amendments prior to the conclusion of his testimony. This supports our view that provisions of the bill have not been as thoroughly considered by the executive department as some have been led to believe.

We think it even more significant and, indeed, difficult to understand, that the committee declined to approve even those amendments which the Secretary of State agreed would improve the bill.

Testimony presented before the committee reinforces our strongly held opinion that enactment of H.R. 11040 in its present form, at this time, would be contrary to the national interest. In this statement of our views, we shall confine our remarks to our major objections to the bill from the standpoint of foreign policy, because it was for review of these aspects of the bill that it was referred to the committee. Other serious objections to the bill we shall undertake to outline during the course of the debate which will ensue.

THE BILL IS PREMATURE

Dr. Hugh L. Dryden of NASA and other witnesses testified that it would be at least 3 to 5 years before a viable global satellite communications system could be developed and made operational. Though the present state of redevelopment strongly indicates eventual feasibility of a commercial system, there is much we do not yet know. We do not yet know what type of system (low orbit, medium orbit, or synchronous orbit) will prove to be best. Moreover, we do not know under what international political and economic conditions a commercial system can be established.

Answers to the foregoing problems will not be forthcoming until there has been further extensive experimental and developmental work and until extensive multilateral negotiations have been successfully concluded with many other nations without whose cooperation and participation no workable system can be installed. Not until these and other questions have been resolved can we intelligently select the most appropriate vehicle for operation of the U.S. segment of what must be an international system.

Those who suggest we must pass the pending bill now to avoid delay have the cart before the horse. Passage of the pending bill will hamper rather than facilitate expeditious development and installation of a workable system. This is true for the following reasons:

1. Competition in developmental work would be eliminated. Dr. Dryden testified that cooperation by NASA in experimental work, now available to anyone with adequate technical and financial resources, would be available only to the proposed corporation upon passage of the bill.

2. Passage of the bill would freeze the U.S. position as to the type of arrangement in which we could participate.

3. By vesting legal rights in the proposed private corporate monopoly we would be informing the world that U.S. participation in a global cooperative effort would be guided by the narrow concepts of the profit motive at the expense of broad considerations of national policy.

4. Creation of the private monopoly as the chosen instrument of the United States, plus the wholly unsatisfactory provisions of the bill dealing with international negotiations, would make it much more difficult to achieve the international agreements necessary for installation of a global system.

No persuasive evidence has been presented to justify vesting legal rights in the proposed corporate monopoly before either the nature or extent of those rights has been ascertained. On the contrary, witnesses testified before the committee that such premature action would be both unnecessary and improvident. U.S. leadership in space communications is at stake. We should not jeopardize this leadership by acting prematurely before the essential broad international agreements have been reached.

On July 12, 1962, news articles referred to an announcement by the press secretary to the President that the executive department had initiated an interdepartmental study of the foreign policy implications of satellite communications. It is obvious that many problems have not even yet been defined, much less resolved. Prudence dictates that action on this legislation be deferred pending completion of this study and analysis of the conclusions reached.

After the problems have been more completely defined, after broad political negotiations have clarified the role which the United States will play, then we will be in a position to determine the most suitable form of ownership to which to entrust operation of the system in the United States.

Deferral of legislative action on this bill will in no sense delay experimental and development work. It is proceeding satisfactorily now. Indeed, the Secretary of Defense testified before the committee that the Department of Defense expects to proceed with the development of a Government-owned system to handle unique governmental needs, which system will in many respects be more complex than a commercial system because the former must be able to resist jamming interference. No one has suggested that we must create a private corporation to advance development of the Defense Department system.

The argument that we must create a corporation, at this time, to permit development of a commercial satellite communications system to go forward is nothing but a smokescreen.

THE BILL WOULD DELEGATE TO A PRIVATE CORPORATION AUTHORITY TO NEGOTIATE INTERNATIONAL AGREEMENTS AFFECTING FOREIGN POLICY

The bill relegates the President of the United States and the Secretary of State to a secondary position and establishes the proposed private corporation in a primary position for the conduct of the complex international negotiations that will be required for the establishment and operation of a global satellite communications system. Despite protestations to the contrary, the legislative record is clear.

On July 24, 1961, President Kennedy issued a statement on communications satellite policy. In outlining the governmental responsibility in connection with the announced policy the President stated that:

"In addition to its regulatory responsibilities the Government will—

* * * * *

"2. Conduct or maintain supervision of international agreements and negotiations."

To implement the foregoing portion of his policy statement section 402 of the bill submitted to the Congress by the President provided as follows:

"SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

As submitted to the Congress by the President, section 402 of the bill clearly reserved to the President, acting through the Department of State, full control over the conduct of international negotiations respecting the satellite communications system. Whatever may be said in various, and sometimes conflicting, committee reports, the fact remains that this provision has been stricken from the bill. It has been replaced by language which permits the corporation to conduct negotiations merely by advising the Department of State of its intention to do so. The Department may assist the corporation in these negotiations if the corporation so requests.

It is said that the prerogatives of the President are protected by language elsewhere in the bill which directs the President to "exercise such supervision over the relationships of the corporation with foreign governments or entities, or with international bodies, as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

Words in committee reports cannot convert the foregoing ambiguous general language into substantive authority on the part of the President to direct or control activities of a private corporation organized for profit. Moreover, even should authority in this respect explicitly be vested in the President, we would regard such as a dangerous precedent which would be inimical to our concept of the relationship between government and a private corporation.

Section 402, as now worded, undertakes to apply to only "business" negotiations. But there is no way to separate the business aspects from the political or foreign policy aspects of negotiations involving a global satellite communications system. The negotiations which will take place will, inevitably, include both. Under the terms of the bill, the proposed corporation would be in a position to determine for itself that a given negotiation was a business negotiation, and to proceed merely by advising the Department of State.

Witnesses who are distinguished attorneys, experienced in construction of statutory language, confirmed our conclusion that the language of the bill would delegate to a proposed corporation the authority to negotiate agreements with foreign governments on matters affecting U.S. foreign policy. We know of no precedent for such a delegation by statute, and a former legal adviser to the Department testified that he knew of no such precedent.

We submitted an amendment that would have restored to the President his traditional constitutional control over negotiations with other nations on matters affecting foreign policy. This amendment was identical with the provision recommended and requested by the President. Even so, this amendment was rejected, as were all others, but we shall offer it again on the floor of the Senate. Should the bill, unfortunately, be enacted into law without correcting this glaring defect, the consequences will be serious beyond our ability to describe.

PRIVATE MONOPOLY OPERATION WILL ADVERSELY AFFECT U.S. FOREIGN POLICY

We recognize that a form of regulated monopoly is inherent in our domestic system of utility, transportation, and communication facilities. But the pending bill would vest exclusive U.S. rights to commercial satellite communications in a corporation which would be dominated by the same interests that dominate and control conventional communications facilities. We do not here undertake to spell out the adverse domestic implications which would arise from such ill-advised action. Rather, we here confine our remarks to the adverse foreign policy implications.

The corporation which would be created by the bill, and which would be the recipient of vested monopoly rights in the anticipated commercial satellite communications system, would be organized solely for the profit of its stockholders. The directors of the corporation, including those appointed by the President, would owe their fiduciary responsibility solely to the stockholders. This is not to question the patriotism of members of corporation boards of directors, but only a statement of legal fact. Nowhere in the bill is there affirmatively imposed upon the corporation or any director any national interest responsibility or duty.

According to the testimony presented before all the committees, commercial satellite communication is not expected to be profitable for a number of years. Profits will first be achievable from communication with the more highly developed areas of the world. Clearly, satellite communications with the so-called underdeveloped portions of the world will not be profitable in the foreseeable future, from the standpoint of a private corporation.

If the U.S. participation in a global satellite communications system is to be based upon the profit motive, as it would be under the pending bill, then for all practical purposes we will have confined its use to the North Atlantic community or the U.S. Government will be required to pay enormous subsidy to the corporation.

We seek by every appropriate means to reach and win the minds of the uncommitted peoples—those who are yet undecided as to whether the national interests best lie in association with freedom or with communism.

Satellite communication offers a potentially invaluable medium for projecting the image of the American way of life to these peoples, most of them newly independent, for bringing about an interchange of hopes and aspirations for peace and freedom. Yet, under the pending bill, this will be achieved only to the extent that there is a profit to be made.

The Director of the U.S. Information Agency testified eloquently before the committee about the use that might be made of satellite communications to promote the responsibility with which the Agency he heads is charged. But he expressed doubt that his Agency would be able to afford to utilize such a system at commercial rates.

Whatever rates might be made available, or how large might be USIA's budget, however, satellite communications to the uncommitted areas of the world will not be possible unless facilities are available in these areas. They will not be available on a profitable basis. It was to correct this defect in the bill that we offered an amendment in committee which would have provided for preferential rates for Government-sponsored "freedom" programs.

Speaking before the General Assembly Political Committee of the United Nations, Ambassador Stevenson, in behalf of the United States, stated as follows:

"This fundamental breakthrough in communication could affect the lives of people everywhere. It could forge new bonds of mutual knowledge and understanding between nations. It could offer a powerful tool to improve literacy and education in developing areas. It could support world weather services by speedy transmittal of data. It could enable leaders of nations to talk face to face on a convenient and reliable basis.

"The United States wishes to see this facility made available to all states on a global and nondiscriminatory basis. We conceive of this as an international service. We would like to see United Nations' members not only use this service but also participate in its ownership and operation, if they so desire."

The foregoing U.S. policy statement was made on December 20, 1961. The bill before the Senate is wholly inconsistent with the philosophy of Ambassador Stevenson's statement. The committee rejected our amendment to restore to the bill a reference to the United Nations as recommended by the President.

In our view, the opportunity to utilize a commercial satellite communications system as an instrument of national policy for the furtherance of international understanding and peace ought not be crucified on the altar of profit for a private monopoly.

To promote this objective, we offered in committee an amendment to set aside 10 percent of the net revenues of the proposed corporation to be used to advance education, including international education and exchange scholarship. This amendment would have implemented our traditional policy of allocating a portion of the Nation's undeveloped resources for support of education, as established by the Northwest Ordinance of 1785, out of which have come our land-grant colleges. Its purpose was similar to that of the "oil for education" amendment which won the support of many Senators when offered to S. 1901 in 1953. This amendment, like others rejected by the committee, will be reoffered on the floor of the Senate.

In our view, enactment of the bill in its present form would only confirm the hopes of our enemies and the fears of our friends that we are incapable, as a people, of satisfactorily combining our traditions of private interest with the exigent demands of our public responsibilities.

For the foregoing reasons, and others, we oppose passage of the bill.

Wayne Morse.
Russell B. Long.
Albert Gore.

Mr. KEFAUVER. Madam President, Cabell Phillips, a very able writer, has written a very fair description of this matter, and it was published on yesterday in the New York Times. The article is entitled "Space Age Populists." I ask unanimous consent that the article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 14, 1962]

Space Age Populists—Senate Test Today on Satellite Bill Recalls Political Fires of the 1890's

(By Cabell Phillips)

Washington, August 14.—An extraordinary test of power will occur in the Senate tomorrow. It projects an issue out of the space age against a political backdrop of the latter-day Populist era.

A small group of liberal Democrats will be facing a showdown on whether they can maintain a filibuster against the communications satellite bill over the massed opposition not only of a bipartisan majority of the Senate, but also of a national administration they have loyally supported on almost every issue.

The embattled minority is as eager to have worldwide communications by satellite as is the majority, or as is the Kennedy administration. What it does not want is to have the system placed in the hands of a "private monopoly."

The administration-supported bill is designed to give private enterprise—a corporation dominated by the American Telegraph & Telephone Co.—virtually a free hand in the future development and exploitation of the system. The prototype communications vehicle now in orbit—Telstar—was built and is owned by A.T. & T.

The objectors ("a little band of willful men—and one woman") want the Government to retain control of the system as a public utility but possibly permitting commercial companies to operate it under contract.

POPULIST PLATFORM

In the days when electrical energy was still little more than a promise that man might be freed from the drudgery of physical labor, the basic issue of who should control it stirred the political fires of the Nation. The Populists, free-swinging liberals of their day, argued (among other things) for public ownership as a public trust. And in their platform in the presidential campaign of 1892 they put the issue of electrical communications in words that would not have sounded out of place in the Senate in the midsummer of 1962:

"The telegraph and telephone systems, being a necessity for the transmission of news, should be owned and operated by the Government in the interest of the people."

The bill about which the present controversy revolves has been much amended from its original version as prepared under White House guidance late in the winter. Its central purpose is to create a private corporation to take over the development of a commercial space communications system, using satellites such as Telstar.

The corporation would be financed by the issuance of stock. Up to 50 percent of the voting share of this stock can be purchased by regular communications carriers, which in this case means A.T. & T. because of its ownership of the only operable commercial satellite. The balance is to be offered to the public. The 15-man board of directors would have 6 members representing the company, 6 representing the public, and 3 appointed by the President.

The corporation would operate under the rules and regulations of the Federal Communications Commission, just as domestic carriers do. It would build at its own cost the additional satellites to complete the system, and pay the National Aeronautics and Space Administration for the missiles to put them in orbit from Cape Canaveral, Fla.

The corporation would also build and own the necessary group facilities to send and receive signals from the satellites in this country. It would negotiate with foreign governments and agencies for comparable ground facilities in such other countries as decided to get into the system, but would not necessarily own them.

The advantage of satellite communications is that it makes possible the dissemination of television signals from continent to continent. This is impossible otherwise, as the signals travel by line of sight and cannot be received over long distances because of the curvature of the earth. The signals are received by the satellite far above the earth and relayed back to the receiving area. A communications satellite can also greatly multiply the available channels for radio and radio telephone signals.

The basic research and delevolpment in space communication have been done by the space agency. Since 1959, Congress has appropriated $80,770,000 for this program alone.

PARALLEL RESEARCH

Simultaneously, A.T. & T. and other large communications companies have carried on their own research and development parallel to and cooperatively with the Government.

A.T. & T. says it has spent $50 million on this work in the last 5 years.

The fight against the communications bill has been waged by a small group of liberal Democrats including Senators Estes Kefauver and Albert Gore, of Tennessee, and Wayne Morse and Maurine B. Neuberger, of Oregon. They staged a 5-day filibuster to prevent Senate consideration of the bill. They yielded temporarily to have its foreign policy implications explored in public hearings by the Foreign Relations Committee.

When the group reported the bill back to the Senate last Friday without amendments demanded by the minority, they resumed their effort to talk it to death. Tomorrow an effort will be made to invoke the Senate's antifilibuster rule to force the measure to a vote.

Senator Morse has described the bill "as the most outrageous giveaway of a national asset in my 18 years in the Senate." He and his colleagues have demanded either that the Government retain full control of the communications system, or that the hand of the Government be greatly strengthened within the corporate setup.

Their fire has been concentrated on these main points:

That space communication, like the discovery of atomic energy, is too vital to the national interest to be allowed out of effective Government control.

That private enterprise should not be allowed to make profits out of a development on which the Federal Government has spent millions of taxpayers' dollars.

That the corporation, through its right to negotiate with foreign governments, has been given a hand in foreign policy to the disadvantage of the President and the State Department.

That the provisions for public and Presidentially appointed members of the board of directors, and for regulation by the Federal Communications Commission, are inadequate to protect the public interest.

CORPORATION'S PROFITS

A board of directors, Senator Gore said recently, has a fiduciary obligation to return a profit to a coropration's stockholders, and only incidentally does it have an obligation to the public interest. And Senator Morse has observed that the history of the FCC gives him little assurance that it will be as alert to the public interest as it has been to that of the communications industry.

One of the most effective witnesses against the bill heard by the Foreign Relations Committee last week was Benjamin V. Cohen, a Presidential adviser to Franklin D. Roosevelt and more recently counselor of the State Department. Addressing himself to the importance of global communications as an instrument of peace, Mr. Cohen said:

"It seems to me wholly premature to try to separate the commercial aspects of the problem from the public aspects. The corporate setup proposed resembles the code authorities set up under the NRA legislation in the 1930's. We know from experience that these hybrid code authorities satisfied neither the public interest nor the private interest."

In defense of the bill, President Kennedy, Secretary of State Dean Rusk and other high Government officials have spoken out at various times. In particular, they have stated that the foreign policy interests of the Nation are not endangered by any negotiating rights conferred on the corporation.

Senator STUART SYMINGTON, Democrat, of Missouri, among others, has emphasized the desirability of having private enterprise rather than Government operate the system.

"If A.T. & T. and the RCA (Radio Corp. of America) and other communications companies make money out of Telstar," he said, "it won't be for many years, despite the fact that this is a business they know. The Government doesn't know this business. In addition to any money made, 52 percent goes back to help us with this tax burden."

Addressing himself to the same point, James E. Dingman, executive vice president of A.T. & T., told the Senate Commerce Committee at hearings on the bill last April:

"The implication is * * * that the corporation will make large profits on research paid for by the Government. This is the sheerest nonsense. * * * The corporation will pay for everything it gets. It will lose money for a considerable period of time. When earnings do begin it will be allowed to earn only a reasonable return, since it will be a regulated utility."

And Newton N. Minow, Chairman of the FCC, assured the committee that under the proposed setup, the corporation would not be allowed to pass its costs for satellite communications experiments on to ordinary citizen telephone subscribers in the form of higher rates.

These arguments and explanations, however, have done little to quiet the fears of the opponents of the bill, or to dampen their ardor to fight to the bitter parliamentary end against the encroachments of the monopolists. Sixty years ago, they might have found a William Jennings Bryan on their side, or, later, a Bob La Follette or a George Norris.

DEATH OF EUGENE HOLMAN

Mr. KEFAUVER. Madam President, some persons think that I do not like businessmen. But I wish to say I had great respect for Eugene Holman, who for many years was chairman of the board of the Standard Oil Co. of New Jersey. He passed away yesterday.

He has appeared before our committee. He was fair; he did great civic work. He came up the hard way. He was always conscious of his responsibilities.

I enjoyed my friendship with Mr. Holman, and I regret very much that so useful a citizen has passed away.

I ask unanimous consent to have a very fine biography of Eugene Holman, which was published in the New York Times, printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EUGENE HOLMAN, OIL LEADER, DIES—JERSEY STANDARD CHAIRMAN UNTIL 1960 BEGAN IN 1917 AS GEOLOGIST IN CUBA; LABOR-PEACE ADVOCATE; OPPOSED DEPENDING ON U.S. ARBITERS; HEADED RADIO FREE EUROPE BACKERS

Eugene Holman, former chairman and chief executive officer of the Standard Oil Co. (New Jersey), died Sunday night at the age of 67.

His death, at Roosevelt Hospital, was announced yesterday by the company.

Mr. Holman retired as board chairman in May 1960, after having been a leading oil-industry figure for more than 25 years.

Mr. Holman, a Texan by birth, fitted the picture of an urbane business executive.

He was considered tough minded, tactful, and ethical. His casual informality won friends. His generalship of Standard Oil required that he compound his business and scientific background with the politico-sociological knowledge of the backward lands that yielded crude oil.

Mr. Holman oversaw the world's largest oil company, once part of John D. Rockefeller's empire.

Before he became its chief executive, Mr. Holman held a variety of jobs. He was an odd-jobs boy around his father's livery stable and feed store in Monahans, Tex.; a callboy on the Texas & Pacific Railway, a geologist in Texas, Mexico, Cuba, and the West Indies and an aerial photographer in the Signal Corps in World War I.

He was born in San Angelo and was graduated in 1916 from Simmons University. He then entered the University of Texas, where a professor encouraged him to pursue oil instead of civil engineering.

EXPLORED FOR CUBAN OIL

Mr. Holman received an M.A. degree in geology and in 1917 went to Cuba with an oil exploration party. After World War I, he worked for the U.S. Geological Survey. In Texas he renewed his acquaintance with Wallace E. Pratt, then chief geologist for the Humble Oil & Refining Co., a Jersey Standard affiliate.

In 1919 Mr. Holman went to work for Mr. Pratt, and in 1923 he became superintendent of the Louisiana-Arkansas division. Two years later he became chief geologist.

Coming to New York in 1929 as assistant to E. J. Sadler, then a vice president of Jersey Standard in charge of crude-oil production, Mr. Holman served as president and director of the Creole Petroleum Corp., and the Lago Petroleum Corp., Venezuelan affiliate of Jersey Standard.

Named a director of the parent company in June 1940, he was elected a vice president in 1942, then a member of the executive committee. He became president on June 12, 1944, executive committee chairman in January 1946, and board chairman on January 1, 1954.

A member of the American Association of Petroleum Geologists and the American Petroleum Institute, he contributed many technical papers and articles on the industry.

Proud that Jersey Standard had had no major strike since 1915, Mr. Holman held that labor and management must settle their own problems without calling on the Government.

LIKED TO WORK IN GARDEN

Six feet tall and weighing 190 pounds, the big-framed, ruddy-faced executive liked to tinker in the garden of his 18-acre farm near Greenwich, Conn. He enjoyed trapshooting, hunting and fishing and usually spent his vacation in south Texas or Colorado.

In November 1956, he became chairman of the Crusade for Freedom, which raises funds to support news broadcasts over Radio Free Europe and Free Europe Press. He felt that the only alternative to world cooperation was mass destruction.

He was a member of the American Institute of Mining and Metallurgical Engineers, the Chi Phi fraternity and the Masons. His clubs included the Explorers of New York, the University and the Round Hill of Greenwich, Conn.

LED COMMERCE UNIT

In 1956 and 1957, Mr. Holman was chairman of the Business Advisory Council for the Department of Commerce. He was also a director of the Metropolitan Life Insurance Co., the Chase Manhattan Bank and the Borden Co.

His awards included the American Petroleum Institute Gold Medal for Distinguished Achievement, which was presented in 1960. The next year the Franklin Institute awarded its Vermilye Medal to Mr. Holman for his "outstanding contributions" in industrial management.

Mr. Holman is survived by his widow, the former Edith Carver Reid; a daughter, Mrs. Franklin P. Johnson, Jr.; a son, Eugene, Jr.; three sisters, Mrs. Theo Andrews, Mrs. A. L. Draper and Mrs. I. H. Moody, and six grandchildren.

A funeral service will be held at 11 a.m tomorrow in St. James Protestant Episcopal Church at Madison Avenue and 71st Street.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. SPARKMAN. Madam President——

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SPARKMAN. I shall take only a minute or two to make some comments relating to the remarks of the Senator from Tennessee [Mr. GORE].

This matter was fully discussed in the Foreign Relations Committee. I call attention to the fact that an overwhelming majority of the members of the Foreign Relations Committee are lawyers, as is the Senator from Tennessee, and it was the considered opinion and belief of a very large majority of the Foreign Relations Committee that the attitude expressed by Secretary Rusk was correct and that the President's powers were not taken away and could not be taken away.

I call attention specifically to the discussion of Mr. Rusk on page 174 of the hearings in the Foreign Relations Committee, when he commented on the language that was originally in the bill, and which was read by the Senator from Tennessee. That language reads:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

Following that, Secretary Rusk discussed the paragraph and told us why it would be well to substitute the language that is in the bill for the language which was in that paragraph. I think it is pertinent to read what he said:

> That provision taken literally was perhaps too broad. But as Under Secretary McGhee made clear in the very first testimony of the State Department on this bill, the Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporation, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business.

I think he answered the question very well with those words, and also with his contention that it did not limit or invade the Presidential powers; that the State Department was pleased with the language we had in the bill; that the President was the one to determine at all times, under this language, what supervision should be exercised by the President, and what detailed part should be left to the corporation.

Mr. CARLSON. Madam President, will the Senator from Alabama yield to me on my time?

Mr. SPARKMAN. I will yield the floor, because I have said all I intended to say.

Mr. GORE. Madam President, I wished to ask a question.

The PRESIDING OFFICER. The Senator from Alabama is not permitted to yield time to another Senator except for a question.

Mr. GORE. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. GORE. Would the Senator be willing to recite any provision in the bill which requires the proposed corporation to comply with the direction of the President of the United States?

Mr. SPARKMAN. I think section 402 does. The intent of the bill is that the corporation shall be subject to the supervision and direction of the President of the United States, certainly, so far as concerns engaging in foreign affairs, or matters that may be of foreign affairs interest. Yes.

Mr. GORE. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. GORE. Will the Senator examine section 402?

Mr. SPARKMAN. I have examined it time after time.

Mr. GORE. Will the Senator read to me any requirement contained in that section which makes it incumbent upon the corporation to do anything other than advise the State Department?

Mr. SPARKMAN. Yes. It also provides that the State Department——

Mr. GORE. I beg the Senator's pardon. The word is "notify." Will the Senator point to any requirement on the part of the corporation other than to notify the State Department when the corporation "shall enter into business negotiations" and to keep the Department informed "with respect to such considerations"?

Mr. SPARKMAN. Yes.

Mr. GORE. Where is the requirement that it comply with the direction of the President?

Mr. SPARKMAN. If the Senator will follow me very briefly—and I do not want to take much more time—and refer to section 301 of the bill, he will find that it provides:

> There is hereby authorized to be created a communications satellite corporation for profit which will not be an agency or establishment of the United States Government. The corporation shall be subject to the provisions of this Act.

One cannot pull a single section out of context and use it; he must look to the four corners of the bill. And section 301 provides that:

> The corporation shall be subject to the provisions of this Act.

It covers section 201. It covers section 402. It covers every section in the bill.

Section 402 provides:

> the State Department shall advise the corporation of relevant foreign policy considerations.

Mr. GORE. What I asked the Senator was this: Where is the provision that provides that the corporation shall comply with the direction of the President?

Mr. SPARKMAN. Section 301 provides that the corporation shall be subject to the provisions of this act.

Mr. GORE. Section 301 states that it is not an agency of the Government.

Mr. SPARKMAN. Of course it is not.

Mr. GORE. It is a private corporation.

Mr. SPARKMAN. I am not an agency of the Government, but when the code says I must do something, I have to do it. The Senator is a lawyer, and he knows better than the argument he is making at the present time.

Mr. GORE. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. Yes, but very briefly.

Mr. GORE. The Senator is not implying, I take it, when he says I know better, that I am making an insincere argument?

Mr. SPARKMAN. I would not do that, but the Senator is trying to take one section out of context and consider only it, when he knows that the bill must be considered as a whole. I do not think anyone can read the bill and reach the conclusion that the corporation would not be subject to the provisions of the act. That means that all the laws and power of the U.S. Government would be behind seeing that the corporation abides by the provisions of the act.

Mr. GORE. I have asked the Senator to point to a single provision which requires the corporation to comply with the direction of the President. He has not been able to cite one.

Mr. SPARKMAN. I have cited section 301, which states that it shall comply with the provisions of the act. That covers section 201, which spells out the things the President may do.

It applies to section 402, which says that the State Department, which is the alter ego for the President in the field of foreign relations, shall keep the corporation informed and advised as to the implications affecting foreign affairs.

Mr. GORE. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. Yes, but let it be the last question, please.

Mr. GORE. I do not wish to press the Senator too far or too severely.

Mr. SPARKMAN. It is not severe.

Mr. GORE. This is an important question. The Senator said that section 301 provides that the corporation shall be subject to the provisions of the act. That section does not provide that the corporation must comply with the directions of the President. There is no such requirement in the bill. As a matter of fact, the pending bill would not confer any additional power upon the President.

If the bill should be enacted, for the first time in history a private corporation would be given statutory authority to proceed and to take the initiative, to enter into negotiations with, and to conclude agreements with foreign countries. The only requirement in the act in this respect would be that the corporation notify the State Department when such foreign negotiations on "business" matters have been entered and to advise the State Department of such negotiations.

Mr. SPARKMAN. The Senator forgot to ask a question and made a speech, on my time, and I shall yield the floor, Madam President. I do not subscribe to the speech.

Mr. CARLSON and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. KEFAUVER. Madam President, I was recognized a moment ago. Does the Senator wish to discuss the same subject?

Mr. CARLSON. I thought I would.

The PRESIDING OFFICER. The Senator from Tennessee yielded the floor.

Mr. KEFAUVER. That was with the understanding that I could get it back.

The PRESIDING OFFICER. In all fairness, the Chair must recognize the Senator from Kansas.

Mr. KEFAUVER. Very well.

Mr. CARLSON. Madam President, the question which has been under discussion for some time was of serious concern to the members of the Committee on Foreign Relations. I assure Senators that it was not lightly considered. We discussed it at considerable length. We were greatly concerned about it. We did not act on the bill until we had received a letter from the Secretary of State. Senators who are also members of the Committee on Foreign Relations will remember that we waited at least 45 minutes to obtain a final statement from the Secretary of State on this important question. We made it a part of the hearings.

I ask that the letter be made a part of my remarks. It is to be found on page 433 of the hearings. It is dated August 9, 1962. I shall quote only one or two sentences, but I ask unanimous consent to have the entire letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF STATE,
Washington, August 9, 1962.

Hon. J. W. FULBRIGHT,
Chairman, Foreign Relations Committee,
U.S. Senate.

DEAR MR. CHAIRMAN: During the hearing before your committee on the proposed communications satellite bill, H.R. 11040, on August 6, the acting chairman asked for my views on two conforming amendments and Senator GORE asked me to provide the committee with comments on two amendments suggested by him.

1. We have no objection to the conforming amendments and they will, in fact, be desirable. Suggested language for them is attached.

2. As I said at the committee hearing, we consider that the matters addressed by Senator GORE's suggested amendments are already covered by the bill, and his amendments would have the effect of making them more explicit.

Senator GORE's first amendment was intended to assure that, in matters relating to the foreign policy of the United States, the President's authority to issue necessary directives be recognized and that the corporation be required to comply with the directives of the President. To this end he suggested that there be added at the end of section 201(a) (4) the words: "and the corporation shall comply with the directives of the President."

As I stated in my testimony and discussed at some length in the hearings, it is our belief that section 201(a), not only in subsection (4), but in all its subsections, constitutes a grant of authority to him to direct the corporation to take action within the scope of the section—so long as such action is consistent with the overall concept of this corporation as a commercial enterprise and is not at odds with other provisions of our Constitution and laws. This authority is implicit in the fact that the section directs the President to take such actions. In this connection it is most important to recall that section 201(a) also incorporates the objectives and purposes of the act as set forth in some detail in section 102. It was pointed out in addition that section 403(c) imposes the duty on the corporation to comply, insofar as applicable, with all provisions of the act and all rules and regulations promulgated thereunder.

The language proposed by Senator GORE is explicit with respect to section 201(a)(4) but, we believe, does not fully carry out his intention in that it seems to draw a distinction between that subsection and the other subsections of section 201(a), which would imply a lesser power in the President as to these other subsections.

If the committee believes it would be useful to make any clarifying amendment it should apply equally to all of section 201(a). Such a result can, of course, be accomplished in more than one way. One appropriate way would be to add to section 403(c) the following language: "and all orders and directives issued by the President pursuant to the authority contained in section 201(a)." It should be noted that this language would specifically recognize that section 201(a) provides authority as well as direction to the President.

Senator GORE's second suggestion was to add to the end of section 402 the following language:

"*Provided*, That the right of the President to conduct international negotiations is fully reserved and the corporation shall not enter negotiations until and unless the Secretary of State shall have determined that the subject to be negotiated is of a business nature: *And provided further*, That there is reserved to the Department of State the right of approval of the terms of any negotiated agreement which materially affects the foreign policy of the United States."

As I stated in my testimony, it is our belief that section 201(a)(4) confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved. It is our belief as I stated, that where he considers it necessary for the executive branch to conduct the negotiations itself, he will be able to direct this. If the committee feels it would be helpful to add some language to provide further clarity as to the authority of the President to make these determinations, it could be added in section 402 but we believe it would more properly fall in section 201(a) (4) which, as I explained in my statement, is the section dealing with the President's general authority in foreign relations.

The authority which it is generally agreed the President should have and which, as I have said, we believe he does have, could be clearly stated by an addition to section 201(a) (4) reading: "* * * and conduct any negotiations affecting the corporation or the communications satellite system with such governments, entities, or bodies when in his judgment the foreign policy or national interest of the United States requires."

We believe it is important not to require a positive action by the Department of State with regard to each of the very numerous detailed business and technical negotiations the corporation will need to undertake in the normal course of business.

In conclusion, let me reiterate that the early establishment of this corporation would provide distinct advantages in accelerating further development of the system and for developing the necessary international arrangements.

Sincerely yours,

DEAN RUSK.

CONFORMING AMENDMENTS

[Matter proposed to be omitted in black brackets, new matter in italic]

In order to conform with the language of section 201(a)(4), the following changes may be made:

"SEC. 305 (a)(1). Plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or [business] entities *or international bodies* a commercial communications satellite system;

"SEC. 402. Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any [international or foreign entity,] *foreign government or entity or international body*, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations. Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations. The corporation may request the Department of State to assist in the negotiations, and that Department shall render such assistance as may be appropriate."

In order to conform with the language of section 102(d) the following change may be made:

"SEC. 201(a)(6). Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for [such] general governmental purposes [as do not require] *except where a separate communications satellite system is required* to meet unique governmental needs, *or is otherwise required in the national interest;* and".

Mr. CARLSON. The Secretary stated, on this very point:

> As I stated in my testimony, it is our belief that section 201(a)(4) confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved.

The Secretary of State also said:

> It is our belief as I stated, that where he considers it necessary for the executive branch to conduct the negotiations itself, he will be able to direct this.

Further, I invite attention to section 201(a)(4) of the bill itself.

Section 201 begins by providing:

> The President shall—

And one thing that the President shall do is—

> exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

Madam President, I do not see how language could be plainer than that. I assure Senators, as I stated earlier, that this question was given thorough consideration. I share the views of the Senator from Alabama and other Senators who have spoken as to the recommendation of the administration.

Mr. GORE. Madam President, will the Senator yield for a question?

Mr. CARLSON. I would rather not yield at this time, because my time is limited and I wish to make a speech on this subject.

Madam President, that ends my discussion on this particular phase. I wanted to get those statements in the RECORD as proof that we considered the question.

Madam President, I would not want this important debate to conclude without expressing my views on it.

Much attention is being paid the latest Soviet space "firsts"; yet when we have a "first" we do not seem to know what to do about it.

We should unite our efforts and not only write legislation that will keep us first in the field of space communications, but let us tell the world about it as Russia does in the case of its cosmonauts.

Delay and inaction have held up the passage of the communications satellite bill, and the United States is made to appear before the world as unable to handle leadership when it attains it.

Mr. GORE. Madam President, will the Senator yield?

Mr. CARLSON. Not at present.

Failure is frustrating enough—but what is more frustrating to the people of this country than smothering success in unending verbiage? There was no need for delay. In the House the satellite communications question has been considered by the Science and Astronautics Committee, the Antitrust Subcommittee of the Judiciary Committee and the Interstate and Foreign Commerce Committee.

It has been considered in the Senate by the Monopoly Subcommittee of the Small Business Committee, the Commerce Committee, the Aeronautical and Space Sciences Committee, the Antitrust and Monopoly Subcommittee of the Judiciary Committee, and the Foreign Relations Committee.

In my experience, few bills have enjoyed such a high degree of bipartisan support. The vote in the House was 354 in favor, 9 against. Every vote taken in the Senate indicates that it has the overwhelming support of this body.

Those who have been opposing the bill charge that it is a "giveway", and that it is not in the best interests of our Nation. But the President—a member of their own party—has recommended the bill; and surely they are not seriously charging him with recommending a "giveway," or endorsing legislation that is not in the best interests of our citizens.

The charge is made that the bill would permit A.T. & T. to dominate the satellite corporation. But the Attorney General says, "No." He points out that there are adequate safeguards on that score.

The charge is made that the bill would interfere with functions of the State Department. But the Secretary of State, who has to perform these functions, says this is not so. He urges passage of the bill. The charge is made that we should wait, that there is no need to rush. The Deputy Director of the National Aeronautics and Space Administration says that we should not wait, but should get on with the job.

It seems to me that these charges represent an attempt to keep the public from dwelling on the basic issue.

The issue here is Government versus private ownership. Make no mistake about it. The question before us is, Are we going to legislate the Government into the communications business or are we going to follow our traditional policy whereby private enterprise, under Government regulation, provides the country with its communications services?

This is the issue. Every Senator knows it. The other issues raised by the opposition are so much window dressing.

As a member of the Senate Foreign Relations Committee, I heard the testimony of the Secretary of State, the Attorney General, the Chairman of the Federal Communications Commission, the Secretary of Defense, the U.S. Information Agency, and the head of the National Aeronautics and Space Administration.

I heard the testimony of able and outstanding international lawyers and other citizens. The interrogation of those witnesses by those opposed to the bill could lead to but one conclusion—they want the Government in the communications business.

Obviously making changes in this bill would not satisfy them. They would only be satisfied with a bill that calls for Government ownership.

But nobody is going to get very far in this country continually calling for Government ownership, so the charge of "giveaway" is continually made.

In one area I am sure that some headway has been made in confusing some of the public. The opponents point to the billions of dollars the Government has spent on the space program and indicate that Government research has made communications satellites possible. This sounds plausible, but like so many things that sound plausible, it simply is not true.

Of course, everyone fully appreciates that Government research in rocketry has made it possible for us to put a satellite in orbit. But it seems to me that relatively few people appreciate the fact that research conducted by private industry, particularly the communications industry, makes communication by satellite a reality.

If one takes the time to look into this subject, he finds that a workable satellite communications system could not have been conceived, let alone carried out if it had not been for the scientific developments resulting from private research. Specifically, many of them have come from the Bell Telephone laboratories.

We would not even be debating a communications satellite bill, if the research of private industry had not brought forth the transistor, the maser, the traveling wave tube, the horn antenna, and the Bell solar battery.

These are the components that make Telstar an operating communications satellite and not merely a piece of hardware.

I understand that since World War II the Bell System alone has spent more than $1 billion in research and development in fields closely pertinent to today's satellite communications system development.

I stress these points about research that private industry carried out because I think that there is a great deal of misunderstanding on this point.

In short, a workable satellite communications system, if we get one, will have the customary number of parents—two—namely, Government and industry. It is rather worthless to argue which parent is the more important.

There is another charge that I would like to speak of. This is the old charge of monopoly, which seems to be the workhorse of the opponents' stable. It is pretty tired, but apparently it is thought that the emotion it is supposed to arouse is worth a great deal of mileage. And, as might be expected, the attack is centered on A.T. & T.

What is there to the monopoly charge?

Of course A.T. & T. is a monopoly. All telephone companies are monopolies. Years ago the people of this country struggled with the problem of how to reconcile the need for monopoly in the public utilities and the need for competition among industry generally. They arrived at the practical solution of giving public utilities franchises but, at the same time, putting them under Government regulation.

How has this practical solution worked out? In this country, the communications industry has given us the best day-to-day telephone service in the world. Anyone who has traveled beyond the borders of the United States knows that telephone service in other countries, mainly operated by government monopolies, does not compare in quality to the service provided here by private enterprise.

This country has been the world leader in communications research. And, if I need to refresh any memories, Telstar worked. It worked on the first try. It was built and paid for by private industry. As a result of the cooperation between Government and private industry, the United States was able to demonstrate to the world its leadership in space communications.

Mr. GORE. Madam President, will the Senator yield?

Mr. CARLSON. No; I will not yield now.

When we go back and look at all the arguments of those opposed to this bill they seem to be saying:

If we would believe these assertions, it would be pretty difficult to find anybody doing his job. It is obvious just where it is thought all the courage and competence reside.

One argument which has been used really upsets me personally. It is the argument that the Senate should not vote on the this bill until after election, so that the American people may have an opportunity to express their opinion at the polls.

This suggests a referendum type of government rather than a representative government. The Founding Fathers did not exactly have that in mind. Under our form of government, we are the duly elected representatives of the people. We should vote on the proposed legislation now.

The public directors of the proposed corporation will really not do their duty and A.T. & T. will be able to dominate.

The Attorney General will really not be watchful and will not move against the common carriers if the law is being circumvented.

The Secretary of State will be handicapped in foreign relations if the common carriers negotiate communications agreements. Although the common carriers have been negotiating similar agreements for years regarding oversea communications service, and the Secretary of State says that he will not be handicapped, those opposed to the bill say he really does not know what he is talking about.

It is said that the Federal Communications Commission would not really regulate the corporation.

Mr. PASTORE. Madam President, will the Senator yield? I wish to compliment the Senator.

Mr. KEFAUVER. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KEFAUVER. Who has the floor?

The PRESIDING OFFICER. No Senator has been recognized.

Mr. PASTORE. Madam President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield for a question?

Mr. CARLSON. Madam President, as I understand the ruling, I cannot yield for anything but a question. Therefore I yield the floor.

Mr. PASTORE. Madam President, I intended to ask the Senator a question.

Mr. FULBRIGHT rose.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

GLOBAL QUOTA SYSTEM FOR SUGAR

Mr. FULBRIGHT. Madam President, last week, less than a month after the President signed into law the sugar bill, the Department of Agriculture was forced to increase the size of the global quota from 300,000 tons to 541,745 tons in order to assure adequate supplies for August and September requirements.

During the recent sugar bill debate, two alternative courses for purchase of foreign origin sugar were discussed: The first called for maintaining the old-fashioned national quota system with high premiums attached; the second for adopting the global quota plan proposed by the President with the premiums recaptured for the Treasury.

In the end, a compromise was effected and the final bill contained elements of both approaches.

The import of the Agriculture Department's action last week was, in the words of an administration official, to show that the global quota system works and the country quota system does not.

During the past month, sugar exporting countries have been competing to supply sugar for the U.S. market at world market prices, with those having fixed U.S. quotas holding back on the premium-price sugar that had been allocated to them, knowing that they could always sell it here at the last moment. With this kind of activity, two myths have been destroyed: The first was the cliche that no one would deliver sugar to this country at world prices—they clearly have. The second was that payments of high premiums to foreign producers would guarantee a steady sugar supply—it does not for there is no way to force a country with a stated quota to deliver the sugar when this country wants it.

I ask unanimous consent to place in the RECORD at this point the Department of Agriculture release dated August 7, 1962, which describes its actions; a story from the August 8 Wall Street Journal entitled "Global Sugar Import Quota Is Increased To Assure Fall Supply," and a story from the August 14 Wall Street Journal describing a price rise in domestic sugar which has been traced to inadequate supplies obtained under country quotas and prospects that some countries will be unable to fill their U.S. quotas.

There being no objection, the release and article were ordered to be printed in the RECORD, as follows:

SUGAR IMPORT AUTHORIZATIONS INCREASED

The U.S. Department of Agriculture today announced that it is making available for importation by September 30 such part of the global sugar quota of 541,743 tons as may be needed to meet market requirements, provided application for set-aside or release for importation is approved by August 15. The USDA also announced additional import allocations for specific countries totaling 80,000 tons.

On July 16, 300,000 short tons, raw value of the global sugar quota were released for importation under similar time requirements (press release USDA 2558–62). It was assumed that this quantity would provide an adequate supplement to import supplies under country quotas to meet August and September requirements. Applications for importation under country quotas, however, have not been adequate to date.

Under the temporary regulations of July 16, applications could not be approved until 5 days before the sailing date of the ship so that transactions were severely hampered. Nevertheless by the close of business August 3, over 209,000 tons, or 70 percent of the 300,000 tons, had been approved for importation. In contrast, approvals for importation by August 3 under foreign country quotas other than the Philippines, with which the United States has special treaty arrangements for sugar trade, amounted to only 25 percent of the total of country quotas. Total approvals for importation under the Philippines quota amounted to 66 percent of its quota.

Revised Sugar Regulation 817 which relaxed the temporary regulations was released by the opening of the market August 6 and by midafternoon applications exceeded the quantity remaining available from the 300,000 tons of global quota sugar authorized July 16.

This is the season of high consumption and industrial use of sugar, including the use for food canning and freezing. Nevertheless, visible stocks are low. Refiners' stocks at the end of July were down 70,000 tons from a year ago.

The labor contract with east coast stevedores, which expires September 30, is in dispute. Market reports indicate that until this is settled and the threat of a possible strike is ended refiners and others will tend to maintain their sugar supplies at relatively high levels.

Supplies of Hawaiian sugar are fixed and supplies of new crop mainland cane and beet sugar will not become available until October. The Puerto Rican crop is short.

In view of the inadequate supplies obtained under country quotas and the prospect that some foreign countries will have inadequate supplies to fill their U.S. quotas until new crop sugar becomes available, Department officials said it is essential that more adequate supplies of global quota sugar be made available.

The short time permitted for importation of additional sugar under today's action will give an advantage to countries of the Western Hemisphere, but time will not permit working out special arrangements with respect to obtaining sugar from countries purchasing U.S. agricultural commodities.

In addition to the increase in the quantity authorized above for foreign countries as a group, the Department established allocations in accordance with President's Proclamation 3485 which will permit the importation of an additional 65,000 tons from the Dominican Republic and 10,000 tons from Argentina. Also, an allocation of 5,000 tons was established for Ireland.

1962 sugar quotas and prorations

[In short tons, raw value]

Area or country	Applicable period	Quotas and prorations	Direct-consumption limit
Domestic beet sugar	Calendar year	2,650,000	(1)
Mainland cane sugar	do	895,000	(1)
Hawaii	do	1,110,000	33,174
Puerto Rico	do	1,140,000	145,500
Virgin Islands	do	15,000	0
Total, domestic areas		5,810,000	178,674
Republic of the Philippines	Calendar year	1,050,000	59,920
Total		6,860,000	238,594
Peru	July-December	71,635	0
Dominican Republic	do	136,635	0
Mexico	do	71,635	0
Brazil	do	68,005	0
British West Indies	do	34,056	0
Australia	do	15,053	0
Republic of China	do	13,238	3,795
French West Indies	do	11,316	0
Colombia	do	11,316	0
Argentina	do	10,000	0
Nicaragua	do	9,395	9,395
Costa Rica	do	9,395	1,944
Ecuador	do	9,395	3
India	do	7,580	0
Haiti	do	7,580	1,175
Guatemala	do	7,580	3
South Africa	do	7,580	0
Panama	do	5,658	3,817
Ireland	do	5,000	5,000
El Salvador	do	3,843	0
Paraguay	do	3,736	0
British Honduras	do	3,737	0
Fiji Islands	do	3,736	0
Belgium	do	91	91
All countries, authorized for purchase	do	541,743	0
Prorations not established	do	4,312	0
Total		1,073,250	25,223
Full-duty country quotas	January to June	162,538	
Nonquota purchase authorized	do	1,604,212	
Total		1,766,750	
Grand total	Calendar year	9,700,000	

[1] No limit.

[From the Wall Street Journal, Aug. 8, 1962]

GLOBAL SUGAR IMPORT QUOTA IS INCREASED TO ASSURE FALL SUPPLY—FARM AGENCY RAISES ALLOTMENT TO 541,743 TONS BECAUSE OF LAG IN RECEIPTS OF FIXED-QUOTA SUGAR

WASHINGTON.—The Government has been forced to switch signals to assure the United States of enough sugar this fall—a sour beginning for the new Sugar Act passed last month.

The Agriculture Department raised the recently set global sugar quota to 541,743 tons from 300,000 tons to meet peak demands expected later this year. The change, however, doesn't increase the total amount of sugar to be consumed in the United States this year from domestic and foreign sources, about 9.7 million tons. The increase in the global quota came from allotments that in previous years went to Cuba but hadn't been reapportioned this year.

Under the new law, most U.S. sugar imports still are supposed to arrive through fixed quotas spread among a number of major world producers. The so-called global quota, primarily a device for parceling out part of Cuba's old quota on a first-come, first-served basis to foreign producers, was supposed to supplement fixed-quota deliveries. But in practice, the Department said, fixed-quota deliveries are slow in arriving, and of necessity the United States is turning to the other plan.

The action means little in relation to this year's bitter congressional battle over the terms of the new sugar measure. In any future fights, however, it may lend substance to administration arguments that foreigners should compete more for U.S. purchases.

Producers quickly snapped up the first 300,000-ton global allotment, the Department said. In contrast, the agency said, commitments for delivery of fixed-quota sugar amounted to only 25 percent of the total tonnage allotted to the countries. This estimate excludes the Philippines, which has arranged for delivery of 66 percent of its quota, the Department said.

Officially, the Department ventured no opinion on the lag in fixed-quota deliveries, although it noted there is a "prospect that some foreign countries will have inadequate supplies to fill their U.S. quotas until a new crop of sugar becomes available." One official, however, grumbled that the delay was caused by "producers who know the United States has to buy their sugar and who aren't in any hurry to get it over here. There's no incentive for efficiency."

Although suppliers of fixed-quota sugar receive the higher U.S. price and those shipping the global-quota sugar obtain the lower world price, some producers may be using the global allotments as a means of obtaining more U.S. dollars over the long run. Some producers, even though they have a fixed allotment, may prefer to compete first for global-quota shares, then try to meet their fixed quota. A Department official said it was known some of the global allotment was being supplied by producers in countries that have fixed quotas.

The Department noted that the drop in deliveries comes during a "season of high consumption and industrial use of sugar, including the use for food canning and freezing. Visible stocks are low. Refiners' stocks at the end of July were down 70,000 tons from a year ago." The low stocks and the lagging arrivals have been blamed for a rise in raw sugar prices for New York delivery to $6.47 a hundred pounds Monday from $6.43 a hundred pounds last Friday.

The increase in the global allotment, the agency said, will mainly benefit Western Hemisphere producers. Because of the low supplies here, the agency said deliveries under the increased global quota must arrive by September 30. A Department spokesman said this would mean the sugar "would almost have to be on the high seas now" in order to meet the delivery date.

The Department also noted that the present need for sugar is accented by labor negotiations involving east coast dockworkers whose contracts expire September 30. "Until the threat of a possible strike is ended," the agency said, "refiners and others will tend to maintain their sugar supplies at relatively high levels."

[From the Wall Street Journal, Aug. 14, 1962]

PRICE OF INDUSTRIAL GRADE REFINED SUGAR TO RISE 10 CENTS A HUNDRED POUNDS IN THE NORTHEAST ON AUGUST 24

Sugar refiners in the Northeast scheduled a price increase of 10 cents a hundred pounds for industrial grades of refined sugar in bags, to take effect after the close of business August 24.

The concerns also announced that prices for household grades of sugar will rise 6 cents per 60-pound bundle on the same date. The present price is $6.21 in the Northeast.

Refineries announcing price increases included National Sugar Refining Co., American Sugar Refining Co., Refined Syrups & Sugar, Inc., and SuCrest Corp.

The main reason for the price increases is the recent price advance of raw sugar. Delivered in New York, raw sugar sells for $6.50 a hundred pounds, up from $6.37 in early July and $6.03 a year ago. There are also fears of smaller than previously expected deliveries from some offshore producing areas. Nervousness over a possible dock strike along the eastern seaboard when present longshoremen contracts expire is another factor pushing prices up.

DUAL PRICE SYSTEM

Leading refiners yesterday sold industrial grades of refined sugar in 100-pound bags at $9.50 in New York and $9.60 elsewhere and stipulated that sales were subject to confirmation and ability to ship by August 24. The dual price system has been in effect for some time; competition in the New York metropolitan area has kept the price there lower.

National Sugar Refining announced that prices of sugar delivered in bulk by trucks and rail cars will also be advanced 10 cents a hundred pounds but that this rise won't take effect until after the close of business September 7. Other refiners took no action on sugar delivered in this manner.

Some industry observers believe that unless the price of raw sugar declines between now and late August, refiners may raise quotes of refined sugar for the New York metropolitan area by 20 cents a hundred pounds to the $9.70 price that then will prevail for other eastern marketing areas.

On August 8, the Department of Agriculture raised the recently set global sugar quota for the U.S. market to 541,734 tons from 300,000 tons for the last half of this year. At that time, the Department said it was forced to raise the unassigned global quota because countries which have a fixed quota haven't supplied enough sugar to meet U.S. demand. The Department said that in view of the inadequate supplies obtained under country quotas and the prospect that some foreign countries will be unable to fill their U.S. quotas, it was essential that more adequate supplies of global sugar be made available.

PUERTO RICO'S CROP TO BE SMALL

Puerto Rico this year is expected to have a sugar crop of only 1,008,000 short tons, the lowest production in 5 years and well below the island's 1,140,000-ton U.S. quota. The deficit will have to be allocated to other producers, sugar dealers said.

The overall quota established by the Department of Agriculture for this year is 9.7 million tons. Dealers say U.S. refiners will need all this sugar to satisfy demand and that at least 200,000 tons of Puerto Rico's quota will have to be reallocated.

No business in raw sugar was reported yesterday. Dealers said, however, supplies for delivery in September were sought by refiners at $6.50 a hundred pounds delivered at New York, but offers were held at $6.55.

In other commodity markets, price trends yesterday were irregular. Markets for most grains, eggs, soybean meal, copper and potatoes advanced, but for other staples prices were mostly lower.

Buying of corn and soybean contracts was touched off by last Friday's Government August crop report, which showed a smaller expected 1962 harvest than was predicted by private dealers.

CORN CROP ESTIMATE LOWER

The Government's estimate of a corn crop of 3.5 billion bushels compared with trade estimates of 3.6 to 3.7 billion bushels. Traders had expected a soybean estimate of around 720 million bushels to 725 million bushels. The Government estimated the crop at 703 million bushels.

Buying of soybeans also was spurred by the small stocks of soybeans at the marketplace. Dealers said industries were paying sharply higher prices for cash beans at central Illinois river points. The estimate of a small soybean crop also created active buying of soybean meal.

Elevator and export dealers bought corn. News that the Canadian Government has exempted corn from a 5-percent import surcharge if the corn is used for farm purposes also spurred buying of corn futures. The tax was imposed June 24, but complaints from Canadian feeders brought about its removal. Corn stocks at Chicago last week declined 1,870,000 bushels to 16,841,000 bushels. This sharp drop was an added consideration behind the futures buying, traders said.

A strong cash market for wheat in the Southwest and talk of an expected hike of about 20 percent in food-for-peace shipments overseas in the year ending June 30, 1963, helped to firm prices for wheat futures. Traders said they expect big increases in wheat and corn shipments under the food-for-peace program.

Trading in shell egg futures was active. Prices gained nearly three-fourths of a cent a dozen after recovering from an early decline of about one-half cent. The initial selling was attributed to disappointment over the U.S. crop report, which showed July egg production as the largest for the month on record. Later, however, reports of a firm cash market stimulated demand for futures. Cash prices at New York and Chicago were unchanged to up 2½ cents a dozen.

Prices for live cattle gained as much as 50 cents a hundred pounds, while hog quotes fell as much as 25 cents.

Receipts of cattle at the 12 major markets fell to 83,600 head from 89,700 a week ago and 95,300 a year ago. Receipts of hogs at the big terminals rose to 69,900 from 62,400 a week ago and 66,300 a year ago.

The market for live sheep was steady.

Mr. FULBRIGHT. Madam President, another aspect of the sugar bill is coming to the fore and that concerns my amendment to the honey bee bill which provided for distribution of shortfall premium sugar to Western Hemisphere countries at the discretion of the Secretary of Agriculture. These shortfalls refer to that amount of quota, both foreign and domestic, that cannot be filled by the foreign country or domestic growing area to whom it had been allotted. Under my amendment, after making allocation to the Philippines, the Secretary was given the authority to redistribute any such sugar to Western Hemisphere countries providing special consideration shall be given to those countries purchasing U.S. agricultural commodities.

Madam President, it has come to my attention that there are some who in reading this particular language have come to the conclusion that such sugar is to be distributed on the basis of barter transactions. As the author of that particular amendment let me say that such is not the case. It was my intention that the Secretary was to be free to distribute such sugar as may come under the amendment in any way he saw fit, as long as it went to a country within the Western Hemisphere. In making such allocation, however, he was to take into consideration those nations that have in the past, and are currently, purchasing our agriculture commodities. There was not then and certainly is not now any intentions on my part to tie this sugar distribution to barter agreements.

I would like to again call the attention of my colleagues to what is happening in the sugar market and voice the hope that when, in 2 years, we again open up this Pandora's box of foreign sugar quotas we will drop the whole country quota system and put our offshore sugar procurement on a competitive global quota basis.

And I would reiterate that the basic cause for this whole facade of international quotas, premiums, and the like rests with our sugar system which has been constructed to provide hidden subsidies to our domestic sugar producers.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

A HANDFUL OF DEMOCRATS AND A BARRELFUL OF REPUBLICANS

Mr. PROUTY. Madam President, the traditions of the Senate are not matters to be set aside for light and fleeting causes. And certainly high among these traditions is the practice of extended debate. Extended debate allows a small group to carry its case to the people in the hope that the public will respond and that its impact will be felt upon the Senate at large. This is a thing of no small importance.

Even more significant is the fact that extended debate is one of the few devices remaining for the protection of the smaller States. In the House of Representatives, which is based on population, a small State such as Vermont has but one Representative. He may function with the maximum degree of effectiveness and his proposals may be exemplary—and yet—he may not have an opportunity to voice them. Or having given them voice, the urgencies of time and the rapidity of House procedures allow them and him to be snowed under by the sheer weight of numbers.

It is the Senate which safeguards the rights and interests of the small State. If the rules of this body which allow extended debate are abandoned or made feeble, the unavoidable consequence will be unrestricted power in the hands of 9 or 10 of the big metropolitan States which could easily run roughshod over their smaller counterparts.

In the past I have stated that I would support cloture only in those instances when I feel that the public interest requires not just action—but immediate action. Yet I recognize that there are times when the habits and patterns of the Senate, however revered they may be, must not remain constant in a world of change and challenge. Yesterday was one of these times.

It would have been folly to stand on tradition in order to secure the past while in so doing we risked the future.

The communications satellite legislation is important to our national security, and failure to pass the bill may cost us the chance for a major victory in the cold war race for space.

Secretary of Defense Robert S. McNamara spoke of the national security aspects of the measure in his recent testimony before the Senate Foreign Relations Committee. He was asked point blank whether a delay in getting the communications satellite system rolling would be against the security of the United States. Without hesitation, Secretary McNamara answered "Yes." The Defense Department, he said, will benefit substantially from the early introduction of commercial satellite communications systems.

Hugh L. Dryden, one of the top men at the space agency, reached the same significant conclusion.

The success of the Telstar satellite has dramatized the tremendous potential of a worldwide communications satellite system, capable of bringing telephone, television, and telegraph service to every corner of the globe. The first nation to establish such a system will have a clear advantage in the race for space, and will harvest the prestige of being first to put space sciences to a practical and peaceful use.

The lead which America has in this field can be maintained only if we push ahead with work on a workable system. In the face of Russian space achievements, we certainly cannot maintain this lead by waiting a year, as opponents of the legislation have urged.

Still another key element in the picture argues against any delay in acting on this legislation. The development of a useful communications satellite system depends on the availability of adequate radio frequencies on a worldwide basis. Unless such frequencies are carefully reserved, the problems of interference, static, and unintentional jamming could block out signals from the satellite and render it useless.

To deal with this matter, an extraordinary international radio frequencies conference will be held in Geneva in October of next year, and preliminary conferences are scheduled for earlier dates.

U.S. negotiators will have a crucial task at these conferences, but their burden will be greatly eased if a going American concern is in business, with experimental satellites in orbit. The existence of such a corporation and its satellites will be the best possible evidence of the need for adequate frequencies. Furthermore, the corporation itself ought to be present to advise and assist the American negotiators in what will be a crucial matter as far as it and the Nation are concerned.

The evidence is clear and overwhelming: Delay could only lead to disadvantages and dangers. Cloture was not only desirable, it was absolutely necessary.

The fact that yesterday's vote represents only the first time in almost 35 years that a petition to invoke cloture was successful indicates the reluctance with which the Senate assumes such an awesome responsibility.

I voted for cessation of debate after diligent study of the matter and because of my conviction that no other course was available to me. I did not cast my vote yesterday looking for praise or thanks from the President, nor do I nor does any other Republican Member of the Senate anticipate such praise. However, the less than oblique attacks by the White House on Republican Members of Congress throughout this session require some frank, just appraisal.

The administration, conducting its business largely through what some of my colleagues have called agonizing indecision, and attempting to use legislation as simply a vehicle for the accumulation of power, has, nevertheless, running through it a fine thread of consistency. It has been consistent in endorsing legislation for the most part with which the Congress is becoming more and more impatient. It has also been consistent in its remarks of derision about Republican Members of Congress. The very small minority we compose are charged with being responsible for the failure of the White House programs.

Yet, I submit, Mr. President, that when the administration proposes or endorses legislation which is appropriate to the welfare of this Nation, it will find the Republican Members of the Senate in full force behind it. Such was the case on the cloture vote yesterday.

The vote yesterday was not close. It was over the necessary two-thirds vote required under the rule; 34 out of 36 Republicans voted to invoke cloture on the satellite bill. Only 29 Democrats out of 64 voted to protect the President's program. That means, Mr. President, that more Republicans voted with the President than did Democrats.

We do not expect the President to praise us. But, the President is an honorable man. He is the leader of his party. Accordingly, I invite the President to applaud in resounding tones the handful of Democrats who so gallantly assisted him in his efforts to continue work on his necessary legislative program.

Small, though their number be, they are good Americans, they are good Democrats, and they have been unafraid, as have an overwhelming majority of Republicans, to support the President.

And so, I say to the present occupant of the White House, "Thank this handful of your supporters, Mr. President. Tell them how much you appreciate the vote of a handful of your fellow Democrats."

"And the 95 percent of our Republican minority who voted with you will bask in the reflection of the praise and gratitude you owe to so few members of your own party."

Mr. KEFAUVER. Madam President, as spokesman for the group of Senators opposing the space communications satellite bill, I can express only regret that debate was cut off. However, our group will, of course, bow to the will of the Senate, and will do so without acrimony and in a spirit of good sportsmanship. Before cloture was applied, there was opportunity for thoughtful action by the Senate on only three amendments. If the Senate is going to pass a bill of this type—but, Madam President, of course, I will never vote for it—it will be passing a bill containing grave errors. It will have many shortcomings, and will omit provisions essential to the protection of the public. A number of the pending amendments should be conscientiously considered.

I wish to assure the Senate that we shall not call up amendments designed for delay or harassment. We shall call up only amendments which we think will provide substantial improvements in the bill before the Senate.

Since this will probably be our last chance to improve this important bill before it becomes law, I hope our amendments will be considered thoughtfully; and I hope the proponents of the bill will not summarily move to table them, thus automatically cutting off debate.

Madam President, at this time I call up my amendment identified as "8-11-62—MM," and ask that it be stated.

Mr. SPARKMAN. Madam President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I cannot yield in my time. I shall yield the floor, however, if the Presiding Officer will look my way afterward.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be read.

The LEGISLATIVE CLERK. It is proposed on page 29, to strike out lines 9 through 19, and insert in lieu thereof the following:

> (7) grant appropriate authorization to the corporation for the construction and operation of each satellite terminal station. No satellite terminal shall be owned or operated by any corporation, partnership, firm, or entity other than the corporation.

On page 30, lines 6 and 13, strike out "or carriers".

On page 37, lines 20 through 24, strike out the sentence beginning with "The" and ending with "Act."

Mr. KEFAUVER. Mr. President, this is an important amendment. I wish there were more Senators on the floor to listen to my discussion of it. I do not know how to get them here without taking the chance of using up my time. The amendment provides that the corporation shall own the ground stations. It will be seen by looking at the bill, at section 201(c)(7), on page 29, that the original language has been changed, and the language now states:

> (7) grant appropriate authorizations for the construction and operation of each satellite terminal station, either to the corporation or to one or more authorized carriers or to the corporation and one or more such carriers jointly,

The amendment would provide that the corporation itself shall own the ground stations. Why should it be that way? In the first place, the ground stations are the control access to the satellite. In order for any communications carriers to get to the satellite, it must go through the ground station. If A.T. & T. owns the ground stations—they have two of them now—others will have to negotiate through A.T. & T. in order to get to the satellite. That will mean that A.T. & T. can charge whatever rate it wishes to charge, even though subject to the regulation of the Federal Communications Commission, which never has regulated it substantially, admittedly so. Mr. Murrow, in testifying on the bill stated that with the ground stations in the hands of a private corporation it will be impossible for him to negotiate rates with the satellite corporation directly because he would also have to negotiate with the private corporation owning the ground station.

The administration, through witnesses, has supported the corporation owning the ground stations. In the hearings before the space committee, at page 66, Mr. Morton J. Stoller, Acting Director, Office of Applications of NASA, testified:

> The CHAIRMAN. Does the corporation operate the satellite?
>
> Mr. STOLLER. The entity that would be responsible for the technical operation of the satellites I would think would function better if it controlled the ground stations at the same time. This is my personal opinion.

He goes on to explain how it would be technically better for the corporation to own the ground stations.

A great deal has been said about Mr. Katzenbach, Deputy Attorney General of the United States. He testified that the corporation deserves to own the ground stations. I refer Senators to his testimony, which appears in the hearings of the Commerce Committee at pages 56 and 57. I shall not read it, but I ask unanimous consent that Mr. Katzenbach's statement in connection with ground stations be printed at this point in my remarks.

There being no objection, the excerpt from the testimony was ordered to be printed in the RECORD, as follows:

> There are very good reasons for considering the ground stations to be properly part of the communications satellite system for which the proposed corporation will be responsible. But for the system, the ground stations would have no purpose.
>
> I am advised that technical compatibility between the satellites and the ground stations in any system is clearly mandatory, and that progress from initial satellites to more efficient and desirable types will not be possible if the ground stations would not be compatible with the improved satellites. There is a real danger that ground stations if separately owned by the carriers may, because of their high cost, represent an obstacle to technical growth so as prematurely to freeze the type of system.
>
> It is also important to note that satellites and ground stations will be technically able to handle all forms of communications, such as voice, record, and television, while particular carriers who might own ground stations may only hold authorizations for certain types of communications.
>
> Moreover, as anyone generally familiar with public utilities will realize, there may be different peaks in the demands for service, varying with the types of service or with the particular carrier. A more efficient utilization of the system could be achieved by pooling the capacity necessary to meet these varying peaks, thus conserving scarce radio spectrum allocations, rather than providing separate and partly overlapping reserves of capacity for each carrier and for each type of service. Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergencies, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.
>
> In addition, there might well be a savings in capital expenditures by avoiding the unnecessary duplication of ground stations constructed by the various carriers. Construction of ground stations as part of the corporation's assets would also facilitate regulation of rates by the FCC, because the costs involved could be isolated, rather than becoming hopelessly entangled in the present economic jungle of long-distance and oversea telephone services, the rates of which the FCC has thus far found it impossible to investigate or regulate effectively.
>
> To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated.

Mr. KEFAUVER. He says, in part:

> Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergencies, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.
>
> To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated.

This is a big concession to A.T. & T. A.T. & T. wanted to have the authority for one corporation, a private corporation, to own ground stations. A.T. & T. does not want the corporation proposed to be formed under the provisions of the bill to own ground stations, for this simple reason: A.T. & T. knows that if private corporations are to have ground stations, there will be very few which can afford to have them, because there are no other companies which are in a position to charge off against the domestic users of telephone services, subject to the allowances of the FCC, what will be spent on the facilities, unless it might be General Telephone & Electronics Corp., which is not an international communications carrier.

A.T. & T. also knows that by allowing private corporations to own ground stations, they could utilize the two ground stations they already have, the one at Andover, Maine, and the other at Holmdel, N.J., without selling them to the corporation to be created under the bill.

Thus A.T. & T. could regulate effectively the rates the corporation would be charged for international radio and telephone communication through the satellite system.

The amendment provides protection for the small carriers, protection for the users of telephones, and protection for the Government, so that the Government can negotiate directly with the satellite corporation and not with A.T. & T. In the interest of breaking up deals and, to some little extent, the monopoly that is created by the bill, the amendment providing that the corporation shall own the ground stations should be adopted.

Madam President, I am ready to vote. I suggest the absence of a quorum.

The PRESIDING OFFICER. The amendment will be stated.

Mr. KEFAUVER. The amendment has already been read.

The PRESIDING OFFICER. The Chair understands that it has not been read.

Mr. KEFAUVER. Yes; the amendment was read before we entered upon this long colloquy. However, I think it might well be read again. I ask that it be read again.

Mr. MORSE. Madam President, I do not believe the amendment has been read. May we have it read?

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 29, it is proposed to strike out lines 9 through 19, and insert in lieu thereof the following:

> (7) grant appropriate authorization to the corporation for the construction and operation of each satellite terminal station. No satellite terminal shall be owned or operated by any corporation, partnership, firm, or entity other than the corporation.

On page 30, lines 6 and 13, strike out "or carriers".

On page 37, lines 20 through 24, strike out the sentence beginning with "The" and ending with "Act."

Mr. KERR. Madam President, I move to lay the amendment on the table.

Mr. MORSE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded, in view of the fact that the Senator from Oklahoma wishes to withdraw his motion to table the amendment so that the Senator from Kentucky [Mr. Morton] may discuss the amendment for a few minutes.

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed and concluded the call of the roll.

[No. 178 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W.Va.
Cannon
Carlson
Case
Chavez
Church
Clark
Cotton
Curtis
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion to lay the amendment on the table.

Mr. MORSE. On this question I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table. [Putting the question.]

The "ayes" appear to have it; and the "ayes" have it.

Mr. GRUENING. Madam President, I ask for a division.

Mr. MORSE. Madam President, I ask for a division.

The PRESIDING OFFICER. The result of the vote has already been announced.

Mr. SCOTT. Madam President, a parliamentary inquiry: Has not the result of the vote already been announced?

The PRESIDING OFFICER. That is correct.

Mr. MORSE. Madam President, I ask for a division.

The PRESIDING OFFICER. The request for a division followed the announcement of the result of the vote.

THE MORSE-CLARK AMENDMENT TO PROHIBIT DISCRIMINATION ON THE BASIS OF RACE, COLOR, OR RACIAL ORIGINS IN THE SPACE COMMUNICATION AGENCY AND ITS AFFILIATES—SENATOR GRUENING'S VIEW

Mr. GRUENING. Madam President, I understand that the distinguished senior Senators from Oregon and Pennsylvania [Mr. Morse and Mr. Clark] plan to present an amendment to prohibit discrimination in employment by the corporation created by H.R. 11040 on a basis of race, creed, color, or national origin.

Mr. President, may we have order?

The PRESIDING OFFICER (Mr. Metcalf in the chair). The Senate will be in order.

Mr. GRUENING. Mr. President, I intend to support this amendment. It is wholly germane. What is more, it is essential to the good name and repute of the United States of America.

In the course of the debate earlier today, the distinguished senior Senator from Illinois [Mr. Douglas] presented to the Senate testimony from the General Services Administration evidencing racial discrimination in the employment practices of the Southern Bell Telephone Co., an important subsidiary of the American Telephone & Telegraph Co., and an integral part of its system.

Shall it be said that we are going to carry discrimination on the basis of race, color, or national origins into outer space?

Shall it be said that the United States proposes to pollute the rarified atmosphere beyond the stratosphere, beyond the ionosphere, into the very heavens, with the happily dwindling practices of segregation and discrimination which persist in a few of our States?

We have been told how valuable this intercontinental transmission of news, opinion, and television will be to the presentation of ideas and ideals of the United States. How helpful will it be among the darker peoples of Asia, Africa, and South America coming from a racially segregated transmitting agency which, by virtue of the bill which is before us and is being rushed to enactment, is the sole representative in space of the United States?

What will be the effect in the 20 sister republics of the Americas when this widely proclaimed triumph of modern science is known to be owned, controlled, and operated by a racially discriminatory organization? How will that help the image of the United States which our Government is trying to transmit?

What will be the effect on the twoscore of emerging African nations into which we are pouring our taxpayers' dollars in the hope of keeping them free from totalitarian control and, by contrast, inculcating upon the consciousness of their peoples our purportedly American ideals of equality—of equality of opportunity? What will be the effect on them of the knowledge that this new communications agency denies the equality of opportunity to people of darker skin?

What will be the effect on the people of Asia? In India, seeking to maintain a reasonably democratic form of government, are half a billion people of dark skin. Our Government is, by a lavish use of our dollars, trying to help keep India free and to demonstrate to its people a community of ideals and goals for the freedom of mankind. How will that high purpose be served by launching into space a segregated, a racially prejudiced enterprise?

No, Mr. President, this amendment offered by the distinguished Senators from Oregon and Pennsylvania should be promptly adopted to safeguard the foreign policy of the United States and to keep before the world at least the high purposes which activate the majority of the American people in seeking freedom and equality for all mankind.

Shall it be said that the Democratic leadership and the Republican leadership, joined in happy wedlock to rush through this private monopoly space communications bill, are oblivious to the solemn pledges made in their respective party platforms? Are the Senators prepared to vote that the United States officially approves and tolerates racial discrimination shall be written into the sky in the clear view of all mankind?

Lest we forget, I have here the text of the Democratic and Republican Parties' platforms for 1960.

Both are extensive, both are explicit. They pledge equality of employment opportunity without discrimination on the basis of race, color, or national origin. They are too long to read, so I ask unanimous consent that they be printed at this point in my remarks.

There being no objection, the platforms were ordered to be printed in the RECORD, as follows:

DEMOCRATIC PLATFORM, 1960—DISCRIMINATION IN EMPLOYMENT

The right to a job requires action to break down artificial and arbitrary barriers to employment based on age, race, sex, religion, or national origin.

Unemployment strikes hardest at workers over 40, minority groups, young people, and women. We will not achieve full employment until prejudice against these workers is wiped out.

DEMOCRATIC PLATFORM, 1960—CIVIL RIGHTS

We shall also seek to create an affirmative new atmosphere in which to deal with racial divisions and inequalities which threaten both the integrity of our democratic faith and the proposition on which our Nation was founded—that all men are created equal. It is our faith in human dignity that distinguishes our open free society from the closed totalitarian society of the Communists.

The Constitution of the United States rejects the notion that the rights of man means the rights of some men only. We reject it too. The right to vote is the first principle of self-government. The Constitution also guarantees to all Americans the equal protection of the laws.

It is the duty of the Congress to enact the laws necessary and proper to protect and promote these constitutional rights. The Supreme Court has the power to interpret these rights and the laws thus enacted.

It is the duty of the President to see that these rights are respected and the Constitution and laws as interpreted by the Supreme Court are faithfully executed.

What is now required is effective moral and political leadership by the whole executive branch of our Government to make equal opportunity a living reality for all Americans.

As the party of Jefferson, we shall provide that leadership.

In every city and State in greater or lesser degree there is discrimination based on color, race, religion, or national origin.

If discrimination in voting, education, the administration of justice or segregated lunch counters are the issues in one area, discrimination in housing and employment may be pressing questions elsewhere.

The peaceful demonstration for first-class citizenship which have recently taken place in many parts of this country are a signal to all of us to make good at long last the guarantees of our Constitution.

The time has come to assure equal access for all Americans to all areas of community life, including voting booths, schoolrooms, jobs, housing, and public facilities.

The Democratic administration which takes office next January will therefore use the full powers provided in the Civil Rights Act of 1957 and 1960 to secure for all Americans the right to vote.

If these powers, vigorously invoked by a new Attorney General are backed by a strong and imaginative Democratic President, prove inadequate, further powers will be sought.

We will support whatever action is necessary to eliminate literacy tests and the payment of poll taxes as requirements for voting.

A new Democratic administration will also use its full powers—legal and moral—to ensure the beginning of good faith compliance with the constitutional requirement that racial discrimination be ended in public education.

We believe that every school district affected by the Supreme Court's school desegregation decision should submit a plan providing for at least first-step compliance by 1963, the 100th anniversary of the Emancipation Proclamation.

To facilitate compliance, technical, and financial assistance should be given to school districts facing special problems of transition.

For this and for the protection of all other constitutional rights of Americans, the Attorney General should be empowered and directed to file civil injunction suits in Federal courts to prevent the denial of any civil rights on grounds of race, creed, or color.

The new Democratic administration will support Federal legislation establishing a fair employment practices commission effectively to secure for everyone the right to equal opportunity for employment.

In 1949 the President's Committee on Civil Rights recommended a permanent Commission on Civil Rights. The new Democratic administration will broaden the scope and strengthen the powers of the present Commission and make it permanent.

Its functions will be to provide assistance to communities, industries, or individuals in the implementation of constitutional rights in education, housing, employment, transportation, and the administration of justice.

In addition the Democratic administration will use its full Executive powers to assure equal employment opportunities and to terminate racial segregation throughout Federal services and institutions, and on all Government contracts. The successful desegregation of the armed services took place through such decisive Executive action under President Truman.

Similarly the new Democratic administration will take action to end discrimination in Federal housing programs, including federally assisted housing.

To accomplish these goals will require Executive orders, legal actions brought by the Attorney General, legislation, and improved congressional procedures to safeguard majority rule.

Above all, it will require the strong, active, persuasive, and inventive leadership of the President of the United States.

The Democratic President who takes office next January will face unprecedented challenges. His administration will present a new face to the world.

It will be a bold, confident, affirmative face. We will draw new strength from the universal truths which the founder of our party asserted in the Declaration of Independence to be "self evident."

Emerson once spoke of an unending contest in human affairs a contest between the party of hope and the party of memory.

For 8 years, America, governed by the party of memory, has taken a holiday from history.

As the party of hope it is our responsibility and opportunity to call forth the greatness of the American people.

In this spirit, we hereby rededicate ourselves to the continuing service of the rights of man everywhere in America and everywhere else on God's earth.

THE 1960 REPUBLICAN PLATFORM ON CIVIL RIGHTS

This Nation was created to give expression, validity and purpose to our spiritual heritage. The supreme worth of the individual in such a nation, a nation dedicated to the proposition that all men are created equal. Racial discrimination has no place. It can hardly be reconciled with the Constitution that guarantees equal protection under law to all persons. In a deeper sense, too, it is immoral and unjust.

As to those matters within reach of political action and rendered, we pledge ourselves unreservedly to its eradication. Equality under law promises more than the equal rights to vote and transcend mere relief from discrimination by Government. It becomes a reality only when all persons have equal opportunity without distinction of race, religion, color, or national origin to acquire the essentials of life—housing, education and employment.

The Republican Party, the party of Abraham Lincoln, from its very beginning has striven to make this promise a reality. It is today, as it was then, unequivocally dedicated to making the greatest amount of progress toward that objective. We recognize the discrimination is not a problem localized in one area of the country but rather a problem that must be faced by North and South alike. Nor is discrimination confined to discrimination against Negroes. Discrimination in many, if not all, areas of the country on the basis of creed or national origin is equally insidious. Further, we recognize that in many communities in which a century of custom and tradition must be overcome heartening and commendable progress has been made. The Republican Party is proud of the civil rights records of the Eisenhower administration. More progress has been made during the past 8 years than in the preceding 80 years.

We acted promptly to end discrimination in our Nation's Capital. Vigorous Executive action was taken to complete swiftly the desegregation of the Armed Forces, veterans hospitals, Navy yards and other Federal establishments. We supported the position of the Negro schoolchildren before the Supreme Court. We believe the Supreme Court school decision should be carried out in accordance with the mandate of the Court although the Democratic controlled Congress watered them down. The Republican administration's recommendations resulted in significant and effective civil rights legislation in both 1957 and 1960, the first civil rights statutes to be passed in more than 80 years.

Hundreds of Negroes have already been registered to vote as a result of Department of Justice action, some in counties where Negroes did not vote before. The new law will soon make it possible for thousands and thousands of Negroes previously disenfranchised to vote. By Executive order a Committee for the Elimination of Discrimination in Government Employment has been reestablished with broadened authority. The President's Committee on Government Contracts under the chairmanship of Vice President Nixon has become an impressive force for the elimination of discriminatory employment practices of private companies that do business with the Government. Other important achievements include initial steps toward the elimination of segregation in

> federally aided housing. The establishment of a Civil Rights Division of the Department of Justice which enforces Federal civil rights laws and the appointment of the bipartisan Civil Rights Commission which has presented a significant report that lays the groundwork for further legislative action and progress. The Republican record is a record of progress, not merely promises. Nevertheless, we recognize that much remains to be done. Each of the following pledges is practical and within realistic reach of accomplishment. They are serious, not cynical pledges made to result in maximum progress.
>
> Voting: We pledge continued vigorous enforcement of the civil rights laws to guarantee the right to vote to all citizens in all areas of the country. Legislation to provide that the completion of six primary grades in a State accredited school is conclusive evidence of literacy for voting purposes.
>
> Public schools: We pledge the Department of Justice will continue its vigorous support of the Court orders for school desegregation.
>
> Employment: We pledge continued support for legislation to establish a commission on equal job opportunity to make permanent and to expand the legislative backing the excellent work being performed by the President's Committee on Government Contracts. Appropriate legislation to end the discriminatory membership practices of some labor union locals unless such practices are eradicated promptly by the labor unions themselves. Use of the full-scale review of existing State laws and of prior proposals for Federal legislation to eliminate discrimination in employment now being conducted by the Civil Rights Commission for guidance in our objective of developing a Federal-State program in the employment area. Special consideration of training programs aimed at developing the skills of those now working in marginal agriculture employment so that they can obtain employment in industry, notably in the new industries moving into the South.
>
> Public facilities and services—We pledge removal of any vestige of discrimination in the operation of Federal facilities or procedures whch may at any time be found. Opposition to the use of Federal funds for the construction of segregated community facilities. Action to insure that public transportation and other Government authorized services shall be free from segregation.
>
> We reaffirm the constitutional right to peaceable assembly to protest discrimination by private business establishments. We applaud the action of the businessman who has abandoned discriminatory practices in retail establishments and we urge others to follow this example.
>
> Finally, we recognize that civil rights is a responsibility of not only States and localities, it is a national problem and a national responsibility. The Federal Government should take the initiative in promoting intergroup conferences among those who in their communities are earnestly seeking solutions of the complex problems of desegregation. To the end that closed channels of communication may be opened, tensions eased and a cooperative solution of local problems may be sought.
>
> In summary, we pledge the full use of the power resources and leadership of the Federal Government to eliminate discrimination based on race, color, religion, or national origin and to encourage understanding and good will among all races and creeds.

Mr. GRUENING. Mr. President, the senior Senator from Illinois earlier today read the pertinent sentence from the Democratic platform. I will read the pertinent paragraph from the Republican platform.

> We pledge removal of any vestige of discrimination in the operation of Federal facilities or procedures which may at any time be found. Opposition to the use of Federal funds for the construction of segregated community facilities. Action to insure that public transportation and other Government authorized services shall be free from segregation.

Mr. President, we have here a plain issue which should appeal to all the people of our Nation. We have in our land a good many millions of people who have risen in peaceable rebellion against the nefarious practices of segregation, of racial discrimination, of denial of equal opportunity, based on race, creed, color, or national origin. This rebellion is both just and legal. It is sanctioned and buttressed by the highest authority in the land, the Supreme Court of the United States.

There are in this country some 15 million American citizens of wholly or partly African descent. In addition, there are hundreds of thousands of others of Hispanic and Indian descent. Both of these ethnic groups exist in substantial numbers in the great State of California, and in the Southwest, in Texas, in New Mexico, in Arizona, in Oklahoma. They exist in our great cities—in Chicago, St. Louis, Detroit, Louisville, New York, Seattle, Philadelphia, Pittsburgh, Baltimore, Cleveland, Kansas City, Minneapolis-St. Paul, Portland, Oregon, Omaha, Indianapolis, Topeka, Wichita, Denver, Cincinnati, Boston, Hartford, New Haven.

Shall those among these American citizens who are otherwise qualified be precluded from employment in the vast space communications system when its ground stations may be within their very communities? Shall this be permitted to happen in the agency which is to represent the United States in outer space?

Rejection of the Morse-Clark amendment will be disastrous to the United States and may be disastrous to others as well.

Mr. GORE. Mr. President, in further reference to the power or privilege which the pending bill, if enacted, would confer upon the satellite corporation to enter into international negotiations, to enter into agreements with foreign countries, I call attention first to the definition of "communications satellite system" found on page 22 of the bill, which reads as follows:

> The term "communications satellite system" refers to a system of communications satellites in space whose purpose is to relay telecommunication information between satellite terminal stations, together with such associated equipment and facilities for tracking, guidance, control, and command functions as are not part of the generalized launching, tracking, control, and command facilities for all space purposes.

Mr. President, I now turn to page 36. I read to the Senate the affirmative grant of privilege and power—the authorization contained in the bill for the corporation to conduct and to enter into agreements with foreign countries. I begin on line 4, page 36, with the caption of the section:

> PURPOSES AND POWERS OF THE CORPORATION

I now read section 305:

> In order to achieve the objectives and to carry out the purposes of this Act, the corporation is authorized to—
>
> (1) plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or business entities a commercial communications satellite system;

Mr. President, how can there be any doubt that unprecedent privilege is to be extended to this proposed corporation? No indefinite, strained colloquy on the floor of the Senate for the purpose of legislative history can overturn the explicit provisions of the pending bill.

I now read paragraph (2) of section 305:

> Furnish, for hire, channels of communication to United States communications common carriers and to other authorized entities, foreign and domestic.

Mr. President, there can be no doubt of the intent of the pending bill. I think it is an erroneous intent. There is yet time for the Senate to avoid the commission of this grave error—the error of conferring upon a private corporation the authority and power to negotiate on behalf of the United States with foreign governments, indeed, to enter into such agreements with foreign governments for the profit of the corporation.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. McNAMARA. The Senator refers to this as a private corporation. Is it not to be, in reality, a private monopoly, which is even worse?

Mr. GORE. Yes, indeed.

Mr. PASTORE. Third reading, Mr. President.

Mr. KERR. Third reading.

Mr. DOUGLAS. Mr. President——

Mr. KERR. Mr. President——

The PRESIDING OFFICER. The committee amendment, as amended, is open to further amendment.

Mr. KERR. Third reading, Mr. President.

Mr. MORSE. Mr. President, I call up my amendment 8-14-62—F, at the desk, and ask that it be stated.

The PRESIDING OFFICER. Does the Senator wish to have his amendment read?

Mr. MORSE. By all means. It is a very, very important amendment, and I want it read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and in lieu thereof insert the following:

> That this Act may be cited as the "Communications Satellite Authority Act".
>
> DECLARATION OF POLICY AND PURPOSE
>
> SEC. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time, making full use of the contributions which can be made by the Government and by private enterprise, and to insure that the benefits

of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership and operation of the United States portion of the communications satellite system and invites all nations to participate in the system.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The terms "private communications carrier", "common carrier", and "carrier" mean any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

(2) The terms "communications satellite system", "satellite system", and "system" include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a "communications satellite system", "satellite system", or "system" refers only to the satellite portion of the system.

COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to as the "corporation"), whose purpose and object shall be to develop, construct, launch, operate, manage, and promote the use of a communications satellite system, and to foster research and development in the use of space.

(b) In order to assure a structure of organization and control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in communications rates, the corporation shall, as an agent of the United States, acquire, own, and operate the United States portion of the communications satellite system: *Provided, however*, That, where appropriate in the national interest——

Mr. MORSE. Mr. President, the Senate is not in order. I cannot hear the clerk.

The PRESIDING OFFICER. The Senate will be in order.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Is the fact that the Senator from Oregon cannot hear an indication that the Senate is not in order or that his hearing is not in order?

The PRESIDING OFFICER. Obviously the Senate is not in order.

Mr. MORSE. If the Senator would like to give me a hearing test, I shall be glad to take it.

The PRESIDING OFFICER. The Senate will be in order.

The clerk will proceed.

The legislative clerk resuming the reading of the amendment, as follows:

the corporation may contract with any other person for the operation of some or all of the communications satellite system. The corporation may not enter into such a contract where the effect thereof may be to substantially lessen competition in any line of commerce in any section of the country, or tend to monopoly.

(c) The corporation shall lease communication channels on a nondiscriminatory and equitable basis to all persons authorized by the Federal Communications Commission to transmit communications via satellites, and shall provide facilities for governmental needs, as a part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of a global communication system.

BOARD OF DIRECTORS OF THE CORPORATION

SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the "board") shall be composed of nine members.

(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, the Chairman of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as "governmental directors".

(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. One of these five may be a representative of the communications industry. Directors so appointed shall be known as "private directors". The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven, and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial members of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate, unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

(h) Each private director shall receive compensation at the rate of $20,000 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount, which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

(k) No director other than the communications industry representative provided for in section 5(c) of this Act, may have any financial interest in any communication carrier corporation engaged in the business of "wire communications" or "radio communications" as defined in the Communications Act of 1934, as amended.

(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

DUTIES OF THE BOARD

SEC. 6. (a) The board shall—

(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

(2) foster research and development in the field of space telecommunications; and

(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

(b) The board shall—

(1) meet upon the call of the chairman, but not less than once in each month; and

(2) direct the exercise of all the powers of the corporation.

EXECUTIVE SECRETARY

SEC. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $25,000 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corporation unless otherwise specified in this Act.

(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

SEC. 8. (a) The corporation is hereby authorized—

(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the Corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corporations, and governmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid and continuous scientific technological progress in a global communication system.

(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

SEC. 9. (a) The Federal Communications Commission is authorized and directed to—

(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically compatible with and operationally interconnected with existing terrestrial communication facilities; and

(2) establish such rules and regulations as may be required to regulate all overseas communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

SEC. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

(c) Any invention or discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

ASSISTANCE FROM PRIVATE INDUSTRY AND INDIVIDUALS

SEC. 11. (a) There shall be a Space Communication Advisory Committee to advise the corporation on scientific and technical matters relating to materials, production, and research and development required for the establishment and operation of the communications satellite system. The Committee shall be composed of nine members, who shall be appointed from civilian life by the President from individuals specially qualified by training and experience to render such advice. They may be persons associated with the communications and aerospace industries.

(b) Each member of the Committee shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office after September 1, 1962, shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and three at the end of six years, after September 1, 1962.

(c) The Committee shall designate one of its own members as Chairman. The Committee shall meet at least four times in every calendar year.

(d) Members of the Committee shall receive a per diem compensation not exceeding $100 for each day spent in meetings or conferences, and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

GENERAL POWERS OF THE CORPORATION

SEC. 12. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

(1) sue and be sued in its corporate name;

(2) adopt and use a corporate seal, which shall be judicially noticed;

(3) adopt, amend, and repeal bylaws;

(4) make, perform, and enforce contracts as authorized by this Act;

(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

(9) transfer to any other department, agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite system;

(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, nothwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not allow credit for, nor——

Mr. MORSE. Mr. President, a correction. The word is "disallow," not "allow."

The PRESIDING OFFICER. The clerk will note the correction.

The legislative clerk resumed the reading of the amendments, as follows:

of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

PROCUREMENT OF SUPPLIES AND SERVICES

SEC. 13. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

(1) an emergency requires immediate delivery of the supplies or performance of the services;

(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchases may be made in the open market.

(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

FINANCIAL ACCOUNTABILITY OF THE CORPORATION

SEC. 14. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation and the names, salaries, and duties of those who receive compensation at the rate of $7,500 per annum or more.

(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each such audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms, and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

CAPITAL AND REVENUE OF THE CORPORATION

SEC. 15. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term "net communication proceeds" means that portion of the annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and for other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

BONDS ISSUED BY THE CORPORATION

SEC. 16. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of overseas communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

(e) Obligations issued by the corporation to the Secretary may not exceed $150,000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

(f) If agreement is not reached within eight months concerning the issuances of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds.

(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the corporation under this section during the year.

(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such other matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes.

APPROPRIATED FUNDS

SEC. 17. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

(b) From net communications proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning with the first fiscal year beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

(2) a sum in repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations, or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond the control of the corporation.

REVENUE AND APPLICATION THEREOF

SEC. 18. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

ACCESS TO PATENTS AND TECHNICAL INFORMATION

SEC. 19. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening overseas communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

PROPERTY RIGHTS IN INVENTIONS

SEC. 20. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

(2) the Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent on behalf of the United States.

(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

(g) As used in this section—

(1) the term "person" means any individual, partnership, corporation, association, institution, or other entity;

(2) the term "contract" means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

(3) the term "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

SECURITY PROVISIONS

SEC. 21. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property of equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

PENAL PROVISIONS

SEC. 22. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

LEGISLATIVE RECOMMENDATIONS

SEC. 23. The President shall from time to time transmit to the Congress his recommendations for such additional legislation as he may deem necessary or proper to carry out the purposes of this Act.

SAVING PROVISIONS

SEC. 24. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstances, shall not be affected thereby.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment.

Mr. MORSE. Mr. President, I can take only a minute or two to outline the major points of this amendment in the nature of a substitute.

First, the amendment in the nature of a substitute provides for operation by the existing and future communications carriers of the facilities of the satellite system. Ownership of the system would, however, remain in the Government.

Second, the Government would not be in the business of supplying communications services to any ultimate customers. All of that would be done in the traditional way.

Third, this measure would create a Government corporation, with nine directors to be appointed by the President. Five would be appointed by the President from private life; four would be appointed by the President from the Government—from NASA, from the FCC, from the State Department, and from one other department of the Government.

Fourth, this measure provides for competition in procurement.

Financing would be by $500 million in bonds; and as interim financing there could be the sale of securities not in excess of $150 million to the Secretary of the Treasury.

Mr. President, I ask unanimous consent to have printed in the RECORD certain excerpts from the testimony of witnesses who supported the bill, as printed in the record of the hearings.

There being no objection, the excerpts from the hearings before the Committee on Foreign Relations, U.S. Senate, August 3–9, 1962, were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM STATEMENT BY BENJAMIN V. COHEN, ATTORNEY, FORMERLY COUNSELOR OF THE DEPARTMENT OF STATE

In connection with the setting up of a space satellite communications system, you suggest, as one alternative to this bill, we should explore the feasibility and advisability of enlarging the administrative authority of NASA or some other Government agency to maintain governmental U.S.-flag jurisdiction over the system. The agency also would have authority to enter into contracts or leases with private corporations for the building and launching of a satellite or for the use of the satellite, if built and launched by NASA, or any other agency of Government. But the matter of vested jurisdiction should remain in the Government, and the corporation concerned will have a sort of lessee or contract relationship with the Government.

Is that not one of the alternatives you suggest?

Mr. COHEN. That is right, yes.

* * * * *

COMPETITION VERSUS MONOPOLY

Senator MORSE. As this record and the discussions that I have participated in on the floor of the Senate show, that has been the position of the senior Senator from Oregon from the very beginning. Charges were made that I seek Government ownership and operation of a satellite communications system. That never has been a true statement of my position. It is not true today.

But let us look at that instrument for a moment. If we have that type of a legal instrument, would it not be possible then for any American corporation to have an equal competitive break with all other corporations interested in space communication? The result would be that not only A.T. & T. and the carriers that this bill limits itself to, but RCA and General Electric and the Hughes group and General Telephone and all other corporations interested in the field of communications would have an opportunity, if they so choose, to come on in and negotiate a contract with the U.S. Government?

Mr. COHEN. That is true. There may be differences in their facilities and resources to perform some contracts, but the field would be open, as it should be.

Senator MORSE. Is that not in keeping with our system of free competition in the United States?

COMPARISON OF CORPORATION TO CARTELS

Mr. COHEN. I should think so, much more than this cartelized NRA corporation.

Senator MORSE. I have been waiting for that word. I wanted it to come from a witness rather than from me. This really is a proposed American cartel. As far as I know, it is the first time in our history that our Government has proposed an economic cartel in any field. We apparently have forgotten German and Italian history. We apparently have forgotten that freedom started to be lost in Germany and Italy when cartelism was substituted for economic competition and economic freedom in those countries. We seem to have forgotten that cartelism is always a danger sign, as far as the perpetuation of free political institutions is concerned.

I am so grateful to you for using as a descriptive term in connection with this corporation the term "cartel," for that is what it is. Let us take a look at it.

* * * * *

Obviously, if given to a private company, there are a number of safeguards that go into the contract, but I see no necessity at this time to decide that the operations should be private to the exclusion of public operation or public to the exclusion of private operations.

In defense work some of the work is done by the Government directly, and other work is done by private contractors.

I would deal in an ad hoc, pragmatic manner here trying to determine whether public or private operations is better suited to the needs of the particular case. The only thing that I would insist on is keeping the responsibility, if private responsibility, keeping that clear; and if it is public responsibility, keeping it clear; and not mixing the two.

Excerpts From Statement by Joseph L. Rauh, Jr., Attorney, Washington, D.C.

SPACE SITUATION SHOULD REMAIN FLUID

Yesterday a prominent businessman had the temerity to suggest that this did not go far enough. Yesterday, Mr. Sarnoff had the temerity to suggest that the administration deserves commendation for its foresight and initiative in advancing this bill, but it does not go nearly far enough.

What he wants is a cartel to end all cartels. It would put not only space communications in this one corporation, but wire communications, underwater communications all in one corporation.

Mr. Chairman, I respectfully submit that when you start down the road to monopoly in cartels, this is what you get, and that the suggestions made this morning while I listened to the questioning and to Mr. Cohen that now is the time to keep the matter fluid, I think was proved by Mr. Sarnoff yesterday in that speech.

If we start with a monopoly, we are going to end up with total monopoly in this country.

* * * * *

NEED TO KEEP SPACE COMMUNICATIONS SITUATION FLUID

The more I heard Mr. Cohen say it over and over again about fluidity, the more obviously the point came—there is just one thing I do not understand, Mr. Chairman.

How can reasonable men disagree at this time on fluidity in this situation? We might disagree on a lot of things. We may disagree on the ultimately private versus public ownership, whether it should be leased or contracts with a fixed fee and so forth. But I do not see how we can conceivably disagree on the one, simple proposition that at this stage in the history of the world, with this whole thing unknown, that we want to keep it fluid.

Maybe we can argue about something, but I just cannot see how we can have an argument about that, Mr. Chairman. And I think, as a matter of fact, that your first question to Mr. Cohen was whether that really was not essentially his point, and I think it was essentially his point. It is essentially mine; if I understand the Democratic, the liberal opposition to that, it is essentially their point: that we just ought not to freeze this thing now and forever.

* * * * *

Senator Morse. * * * On the floor of the Senate I proposed that we ought to use the lease-contract-license approach as a substitute for the monopolistic approach of this bill.

Again, as I said this morning, repetition is sometimes a necessary educational technique in order to get people informed. I am repeating it through you as a witness. You can add to this educational process, convinced as I am that once the American people understand this point, they are going to make it perfectly clear to this administration that they disapprove of its relinquishing pledges of the 1960 Democratic platform—as, in effect, you have pointed out here this afternoon, by their support of this bill.

And so I ask you: are you familiar, for example, with the operation of the Atomic Energy Commission and its contract policies over the years in respect to the development of atomic energy and power?

Mr. Rauh. Moderately so.

I am not an expert, sir, but I follow it generally. I am familiar also with the work that the Senator did in 1954 to protect against the atomic giveaway that was then proposed, and I must say every time I think about that I thank goodness for the work that was done by you and the others at that time.

Senator Morse. The two situations are not exactly identical, but there are a great many identities involved in the atomic energy fight of 1954 and the satellite fight in 1962.

In 1954 we debated 3 days and 6 nights, resulting in a series of amendments that really redrafted the bill. Before that debate was over, the American people became informed as to what was involved, and, in my judgment, Congress realized then that the people were way ahead of the Congress. Sometimes the shift in the position of Congress is due largely to the demands of the American public. And I hope, before this debate is over, the American people will make clear to their elected representatives in the Senate of the United States that they do not want this monopolistic bill, and all the dangers accompanying monopoly that you have so eloquently testified about this afternoon.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 179 Leg.]

Aiken
Bartlett
Bottum
Burdick
Byrd, W. Va.
Carlson
Case
Chavez
Cotton
Curtis
Douglas
Engle
Gore
Hruska
Humphrey
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Mansfield
McCarthy
McGee
McNamara
Metcalf
Miller
Morse
Pastore
Pearson
Prouty
Randolph
Saltonstall
Scott
Smith, Mass.
Talmadge
Thurmond
Wiley
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. Allott, Mr. Beall, Mr. Bennett, Mr. Boggs, Mr. Bush, Mr. Byrd of Virginia, Mr. Cannon, Mr. Carroll, Mr. Church, Mr. Clark, Mr. Cooper, Mr. Dodd, Mr. Eastland, Mr. Ervin, Mr. Fong, Mr. Fulbright, Mr. Goldwater, Mr. Gruening, Mr. Hart, Mr. Hartke, Mr. Hickenlooper, Mr. Hickey, Mr. Holland, Mr. Jackson, Mr. Long of Missouri, Mr. Long of Hawaii, Mr. Long of Louisiana, Mr. Magnuson, Mr. McClellan, Mr. Monroney, Mr. Morton, Mr. Mundt, Mr. Muskie, Mrs. Neuberger, Mr. Pell, Mr. Robertson, Mr. Sparkman, Mr. Stennis, Mr. Symington, Mr. Tower, and Mr. Williams of New Jersey entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. KEFAUVER. Mr. President, what is the pending question?

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KERR. Mr. President, the amendment before the Senate and the proceedings with reference to it dramatically illustrate the fallacy of the travesty being perpetrated in and on the Senate of the United States.

The Senator from Oklahoma sat in the Chamber while the clerk spent 42 minutes reading the amendment. I believe its author spent 2 or 3 minutes addressing the Senate on its merit. Much has been said about the desire of Senators to debate the merit of amendments. We have had an example of how eager Senators are to debate the amendments. I think no further comment is needed.

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, my reply to my friend from Oklahoma is that I know him to be a good mathematician, but he knows that with 15 amendments before the Senate, I cannot speak on 1 amendment for more than 1 or 2 minutes. I have only 15 or 16 minutes left. The reading of the amendment was my best argument. The amendment speaks for itself. I had the amendment read. That was my argument because of time limitations put upon me by the gag rules of the Senate. I could not spend more time in debate.

COLD WAR "WIN" POLICY

Mr. MILLER. Mr. President, I yield myself an additional 15 seconds.

In today's Washington Evening Star there appears an article by the distinguished columnist William S. White entitled "We Take a Cold War 'Win' Policy," which points out the declaration of the Secretary of State, Mr. Rusk, before the Veterans of Foreign Wars convention in Minneapolis, in which he declared our policy was definitely a win policy. I ask unanimous consent that the article be printed in the Record at this point as a matter of public interest as to the importance of the declaration.

There being no objection, the article was ordered to be printed in the Record, as follows:

We Take a Cold War "Win" Policy

(By William S. White)

The United States, after a year and a half of the Kennedy administration, has now specifically and unapologetically proclaimed a "win" policy in the cold war.

This, Secretary of State Dean Rusk, a combat veteran of infantry, has done in a speech before the Veterans of Foreign Wars in Minneapolis. In the domestic sense and also in its relationship to our future negotiations with the Soviet Union, it is the most important he ever delivered.

For 18 months there has been an almost constant overtone of criticism from Republicans and others that this country was committing itself to something short of victory: to a "no win" line.

For these same 18 months the State Department, itself, has been swept by undertones of debate between those who cried for caution and those who wanted a plain, hard declaration saying that we meant to do more than merely to coexist and survive. The hardliners have at last won the long dialog.

In this passage in Mr. Rusk's speech in Minneapolis there lies the heart of their victory:

"We have a simple but transcendent goal. It is, in President Kennedy's words, 'a peaceful world community of free and independent states, free to choose their own future and their own system, so long as it does not threaten the freedom of others.'

"This goal of ours—and of most of the nations of the world—and the Communist goal are incompatible. This global struggle will continue until freedom prevails. It goes without saying that our purpose is to win.

"One hears now and then that we have a 'no win' purpose or policy. That is simply not so. Of course we intend to win. And we are going to win. Our objective is a victory for all mankind."

FIRST BY TOP CIVILIAN OFFICIAL

Never before had any top figure of the administration, outside the military, been willing to say simply and clearly that to win was our purpose and our resolve.

Those insisting on describing our aims in terms softer than the term "win" had long had their way on roughly these arguments: That to speak baldly of "winning" would be to imply that we meant to go to nuclear war, to alarm our allies and to present ourselves in a falsely truculent position. So elevated an official as Under Secretary of State George Ball put substantially these arguments before Congress itself.

CONFUSED BY SOPHISTICATION

These men were not truly "soft on communism." They were, however, somewhat confused by their own sophistication. Too, they were tempted to an excessive stubbornness by the mere fact that some—but by no means all—of those who were denouncing "no win" were rightwingers, such as Senators Barry Goldwater, of Arizona, and Strom Thurmond, of South Carolina. To some New Frontier types, of course, no rightwinger can possibly be right about anything at all.

All the same, let fairness be heard now that the argument is over and rightly and reasonably won. It is fair to say that the defenders of the short-of-victory slogan were really anxious to win the cold war. But it is equally fair to say that their critics—not excluding Senators Goldwater and Thurmond—served a very good purpose here.

There was always plenty of reason not to permit military men themselves to cry up "win" as a policy. For coming from them, such a statement could be read with some approach to rational interpretation as a recommendation for war.

But for the highest diplomatic figure of this country to proclaim "win" is entirely legitimate—and also overdue. It serves to notify the increasingly belligerent Russians—or any unduly timid ally—that we really do mean business. And it serves to enlarge what is already the happily high degree of bipartisan unity in this country on the one really vital thing: the cold war.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. SCOTT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCOTT. Yesterday, on August 14, the Senator from California [Mr. Kuchel] asked whether the Chair would state for the Record the situation with reference to the suggestion by a Senator of the absence of a quorum and under what conditions it would come out of his time and under what conditions it would not.

The Presiding Officer then ruled:

> If the debate is not concluded prior to the calling of the quorum, it will be taken out of that Senator's time. The only time that a quorum can be called without it coming out of his time is just preceding the vote.

Mr. President, there has just been a quorum call. There has been intervening business. Time has been requested and allowed. I now make the parliamentary inquiry whether or not the last quorum call is chargeable against the time of any Senator and, if so, against whom?

The PRESIDING OFFICER. The Senators will recall the ruling of the previous occupant of the chair to the effect that the question can be submitted to the Senate. If the Senator from Pennsylvania desires to make a point of order to that effect, it is the opinion of the present occupant of the chair that the question should be submitted to the Senate as to whether the time consumed for the purpose of a quorum call shall be charged against the Senator who suggests the absence of a quorum.

Mr. KEFAUVER. Mr. President, a point of order.

Mr. SCOTT. Mr. President, I have not yet yielded.

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. SCOTT. Mr. President, I understood that the immediately preceding occupant of the chair had so ruled. I also understand that the present occupant of the chair has so ruled. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. SCOTT. May I understand whether or not the official timekeeper is reserving the time involved in that situation so that the question may be raised later on in the debate, and so that the Senate may, if it wishes, consider a question submitted by the Presiding Officer as to what Senators, if any, shall be chargeable with the time heretofore and hereafter used?

The PRESIDING OFFICER. The time necessary for quorum calls has not yet been charged to any Senator. The Presiding Officer, who is official timekeeper, has not been reserving the time.

Mr. SCOTT. I then ask the Chair if failure to raise a point of order from time to time has the effect, under the rule, of preventing any Senator from obtaining an opinion which would be retroactive as to calls of the Senate heretofore made by Senators under circumstances in which there has been intervening debate, and in which the vote has not immediately followed the quorum call.

The PRESIDING OFFICER. If the Senator from Pennsylvania desires to raise a point of order, the Chair will put the question, as heretofore stated. But the Chair states that the ruling cannot be made retroactive, and the Chair is not recording the time until the point of order is made.

Mr. MANSFIELD. Mr. President, will the Senator from Pennsylvania yield?

Mr. SCOTT. I am glad to yield.

Mr. MANSFIELD. Mr. President, I am very happy that the Chair has made a ruling which all Senators expected—that there would be no retroactive operation of any ruling yet to be made by the Chair. But I would suggest that this is not the time to raise a hypothetical question. I suggest further that the Chair is not in a position to rule upon a hypothetical question.

The PRESIDING OFFICER. The Chair will not rule upon a hypothetical question.

Mr. SCOTT. In deference to the statement made by the majority leader, I will not press the matter further at this time.

Mr. PASTORE. Mr. President, I move to lay on the table the pending amendment.

The PRESIDING OFFICER. The question is on the motion to table. (Putting the question.)

Mr. KEFAUVER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are requested. Is there a sufficient second?

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Did I not ask for the yeas and nays on my amendment?

The PRESIDING OFFICER. The yeas and nays were ordered on the amendment of the Senator from Oregon. The yeas and nays have not been ordered on the motion to table.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I ask whether the yeas and nays have been ordered on my amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment of the Senator from Oregon. The yeas and nays were not ordered on the motion to table.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

Mr. McNAMARA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr. Aiken answered to his name when called.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. What is the pending question?

The PRESIDING OFFICER. Pending is the suggestion of the absence of a quorum, made by the Senator from Michigan [Mr. McNamara]. The clerk is now calling the roll.

Mr. MAGNUSON. Mr. President, I make the point of order that it is difficult to hear what the Chair has to say when so many Senators are standing between the Chair and Senators.

The PRESIDING OFFICER. The Senate will be in order. The clerk will proceed with the call of the roll.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 180 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W.Va.
Cannon
Carlson
Carroll
Case
Church
Clark
Cooper
Cotton
Curtis
Dodd
Douglas
Eastland
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present. The question is on the motion to table the amendment of the Senator from Oregon [Mr. Morse] to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Chavez], the Senator from Louisiana [Mr. Ellender], the Senator from Alabama [Mr. Hill], the Senator from Ohio [Mr. Lausche], the Senator from Utah [Mr. Moss], the Senator from Georgia [Mr. Russell], and the Senator from Florida, [Mr. Smathers] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] and the Senator from Arizona [Mr. Hayden] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Chavez], the Senator from Louisiana [Mr. Ellender], the Senator from Arizona [Mr. Hayden], the Senator from Alabama [Mr. Hill], the Senator from Ohio [Mr. Lausche], the Senator from Georgia [Mr. Russell], and the Senator from Florida [Mr. Smathers] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from New Mexico would vote yea and the Senator from Utah would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent and, if present and voting, would each vote "yea".

The result was announced—yeas 73, nays 13, as follows:

[No. 181 Leg.]

YEAS—73

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Cotton
Curtis
Dodd
Eastland
Engle
Ervin
Fong
Fulbright
Goldwater
Hart
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—13

Bartlett
Burdick
Carroll
Clark
Douglas
Gore
Gruening
Kefauver
Long, La.
McNamara
Morse
Neuberger
Yarborough

NOT VOTING—14

Anderson
Bible
Butler
Capehart
Chavez
Dirksen
Ellender
Hayden
Hill
Lausche
Moss
Murphy
Russell
Smathers

So Mr. Pastore's motion to lay on the table Mr. Morse's amendment to the committee amendment was agreed to.

Mr. KEFAUVER. Mr. President, I call up my amendment designated "8-13-62—NN" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Chief Clerk. On page 34, line 23, in the committee amendment after the word "shall" it is proposed to add "not."

Mr. KEFAUVER. Mr. President, this is a very important amendment. I shall explain it briefly, if Senators will give me their attention.

If Senators will look at the bill on page 34, line 23, they will see that nonvoting securities which might be purchased by one of the communications carriers would pay dividends or interest, and also would be eligible to be placed in the rate base by means of which the communications carrier would charge the cost of the securities to the domestic users or the international users of the telephone service. In other words, there would be a double return. The carriers could buy nonvoting stock, bonds, or debentures issued by the satellite corporation and include in their rate base the amount spent on these securities. That would be charged to the domestic or the international users of the telephone service; and when—as would be the case—the bonds or nonvoting stock paid interest and dividends, the carriers also would receive the interest or the dividends on the bonds or nonvoting stock. So the carriers would be getting a double return; they would be making money both ways. They would be getting interest and dividends, on the one hand; and they would be collecting from the telephone users, on the other hand. That would not be right. It is a "sleeper" in the bill.

The history of the "sleeper" and its inclusion in the bill is that the original ad hoc committee appointed by the Federal Communications Commission proceeded on the principle that this would be a nonprofit corporation, that whatever was invested would merely be an extension of the investments which the communication carrier had already made—like constructing an addition to a building or an addition to a ground station—but that the corporation itself would make no profit. So in the bill as sent to us by the President it was specifically provided that the nonvoting stock—

> shall not carry voting rights and shall not entitle their holders to receive dividends, except liquidating dividends.

The nonvoting stock or class B stock in the later bill has been described as nonvoting stock, debentures, bonds, and so forth.

Mr. Katzenbach, the Deputy Attorney General, who has been referred to quite often—testified on this matter; and in that connection, I refer Senators to page 409 of the hearings before the Space Committee. When he was asked about the class B stock, which now is represented by "debentures, preferred stock, and bonds," he stated:

> Mr. Katzenbach. If it is approved by the FCC and if the carriers choose, they may make an investment in this corporation through the purchase of class B stock. The investment that they make in that corporation will thus be accorded the same treatment that would be accorded to the investment that they would make directly in communications facilities. That investment would be permitted by the FCC to be taken as a part of the capital investment upon which their rate of return would be measured.
>
> The Chairman. Would they have any return from that investment?
>
> Mr. Katzenbach. Yes, sir.
>
> The Chairman. Financial return?
>
> Mr. Katzenbach. Yes, sir.
>
> The Chairman. What would it be?
>
> Mr. Katzenbach. It would be a financial return out of rates——
>
> The Chairman. Does that stock pay any dividend?
>
> Mr. Katzenbach. No, sir; it does not.

He was talking about the original bill—about the class B stock, which is now the bonds and debentures. In the original bill, that stock would not pay dividends, but would be included in the rate base, and the carriers would get their return on that basis.

I read further from the hearings at that point:

> The Chairman. Then how would that stock bring them, as such, any financial return?
>
> Mr. Katzenbach. In the same way, sir, that their present capital investments do. Since they are permitted to make a reasonable profit on reasonable rates, if they can

add to the capital investment that they have there, they are permitted to take a return on that through the prices that they charge you and me for our phone calls. They are permitted to earn a return on that investment.

Mr. President, provision for the same right of return on the investment is left in the rewritten bill.

Mr. GORE. Mr. President, a point of order.

The PRESIDING OFFICER. Does the Senator from Tennessee yield to his colleague?

Mr. GORE. I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The Senator's point of order is well taken; the Senate is not in order.

The Senate will be in order.

The Senator from Tennessee may now proceed.

Mr. KEFAUVER. Mr. President, the same provision is left in the bill—namely, that the class B stock or the nonvoting stock or debentures or bonds shall be entitled to be included in the rate base. But there has been added a provision that they shall be interest-bearing stocks and bonds. So the A.T. & T. and the other corporations would make a double return immediately; whatever investment they made in the bonds they issued for equipment would be put into the rate base; and, in addition, they would be getting interest or dividends on the securities which they might purchase. That would not be right; it would make the telephone users pay twice; and the FCC would not be able to make any regulation as to the amount of interest which they would receive on the bonds and securities.

This is a "sleeper" in the bill, for the purpose of giving them a double return—a return in the rate base and a return on the interest and dividends, at the same time.

Mr. President, I am ready for the vote to be taken on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. PASTORE. Mr. President, I move that the amendment of the Senator from Tennessee be laid on the table.

Mr. KEFAUVER. Mr. President, on this question, I ask for the yeas and nays.

Mr. MORSE. I ask for the yeas and nays.

Mr. LONG of Louisiana. The yeas and nays, Mr. President. Do not tell me we cannot have the yeas and nays ordered.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

There is a sufficient second; and the clerk will call the roll.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

Mr. MANSFIELD. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. A suggestion of the absence of a quorum was made at 5:09 p.m., again at 5:40 p.m., and now at 6:09 p.m. The opponents of the bill have called for three quorum calls within the last hour. It is my belief that the opposition is abusing its right to ask for a quorum call. I make this point under rule XXII, which, as the Senate knows, is to serve the general purpose of requiring a subject matter to be disposed of. I believe that the request for this quorum call is a dilatory and delaying tactic; and I should like the Chair to rule.

The PRESIDING OFFICER. The Chair will state——

Mr. LONG of Louisiana. Mr. President, may a claim of the——

Mr. MANSFIELD. Mr. President, I call for the regular order.

Mr. LONG of Louisiana. On my time, Mr. President——

The PRESIDING OFFICER. The point of order is not debatable.

Mr. LONG of Louisiana. On my time, Mr. President, a point of order. I want to make a point of order on my own time.

Mr. MANSFIELD. Mr. President, I ask for a ruling.

Mr. LONG of Louisiana. I wish to make a point of order in my own time.

The PRESIDING OFFICER. The point of order is not debatable.

The Chair is ready to rule on this question in the same manner in which the Chair would have ruled on the question presented by the Senator from Pennsylvania.

The Parliamentarian has heretofore shown the Chair some precedents; and the Chair is going to submit the question to the Senate itself, for decision.

Mr. MANSFIELD. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. KEFAUVER. Mr. President a point of order.

The PRESIDING OFFICER. There cannot be a point of order against the Chair's counting to see whether there is a sufficient second of the request for the yeas and nays.

Mr. KEFAUVER. Very well.

Mr. LONG of Louisiana. Mr. President, there can be an appeal from this ruling.

The PRESIDING OFFICER. There is a sufficient second; and the yeas and nays are ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry: What question is before the Senate?

The PRESIDING OFFICER. There cannot be an appeal from the action of the Chair in submitting the question to the Senate, because the question is exactly the same as it would have been if a point of order had been made and had been sustained by the Chair, and if an appeal had then been taken from the Chair's ruling.

Mr. MORSE. Mr. President, in order to be certain that a quorum is present, I make the point that a quorum is not present, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair will make the same ruling; namely, that this question will be submitted to the Senate in accordance with the ruling made by the Chair on the point of order raised by the Senator from Montana.

The yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk proceeded to call the roll; and Mr. AIKEN voted "yea" when his name was called.

Mr. DOUGLAS. Mr. President, what is the pending question?

Mr. SCOTT. Mr. President, a point of order: The Senator from Illinois is out of order.

The PRESIDING OFFICER. The question before the Senate is, Will the Senate sustain the point of order raised by the Senator from Montana; namely, that repeated suggestions of the absence of a quorum are dilatory and are in violation of rule XXII.

On this question, a vote "yea" will be to sustain the point of order; a vote "nay" will be against sustaining the point of order.

The yeas and nays have been ordered; and the clerk will resume the call of the roll.

The Chief Clerk resumed and concluded the call of the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Alabama [Mr. HILL]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Alabama would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Virginia would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Arizona [Mr. HAYDEN] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Georgia would vote "nay."

I further announce that, if present and voting, the Senator from Ohio [Mr. LAUSCHE] and the Senator from Florida [Mr. SMATHERS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 52, nays 34, as follows:

[No. 182 Leg.]

YEAS—52

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, W. Va.
Cannon
Carlson
Case
Cotton
Curtis
Engle
Ervin
Fong
Fulbright
Goldwater
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Mansfield
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Pastore
Pearson
Pell
Randolph
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Symington
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—34

Bartlett
Burdick
Carroll
Church
Clark
Cooper
Dodd
Douglas
Eastland
Ellender
Gore
Gruening
Hart
Javits
Johnston
Kefauver
Long, Hawaii
Long, La.
Magnuson
McCarthy
McClellan
McNamara
Morse
Muskie
Neuberger
Prouty
Proxmire
Robertson
Sparkman
Stennis
Talmadge
Thurmond
Yarborough
Young, Ohio

NOT VOTING—14

Anderson
Bible
Butler
Byrd, Va.
Capehart
Chavez
Dirksen
Hayden
Hill
Lausche
Moss
Murphy
Russell
Smathers

So Mr. Mansfield's point of order was sustained.

The PRESIDING OFFICER. The question now recurs on the motion by the Senator from Rhode Island [Mr. Pastore] to table the amendment of the Senator from Tennessee [Mr. Kefauver].

Mr. DOUGLAS. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been previously ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Alabama [Mr. Hill], the Senator from Ohio [Mr. Lausche], the Senator from Utah [Mr. Moss], the Senator from Georgia [Mr. Russell], and the Senator from Florida [Mr. Smathers] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], and the Senator from Arizona [Mr. Hayden] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Utah would vote "nay."

I further anounce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Arizona [Mr. Hayden], the Senator from Ohio [Mr. Lausche], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], and the Senator from Alabama [Mr. Hill] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 72, nays 14, as follows:

[No. 183 Leg.]

YEAS—72

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Cotton
Curtis
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Hart
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—14

Bartlett
Burdick
Carroll
Clark
Douglas
Gore
Gruening
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Neuberger
Yarborough

NOT VOTING—14

Anderson
Bible
Butler
Byrd, Va.
Capehart
Chavez
Dirksen
Hayden
Hill
Lausche
Moss
Murphy
Russell
Smathers

So Mr. Pastore's motion to table Mr. Kefauver's amendment was agreed to.

Mr. KEFAUVER. Mr. President, I offer my amendment "8-13-62—R", which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be stated.

The Legislative Clerk. On page 34, line 24, it is proposed to delete the period and insert in lieu thereof "so long as no dividends or interest are paid on such nonvoting securities, bonds, debentures or other certificates of indebtedness.".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I shall not ask for the yeas and nays on the amendment, but I feel it my duty again to call to the attention of the Senate the double return that is unquestionably provided in the bill. I do not think the Senate will want to give a corporation a double return. I do not think the Senate would want the investment of the corporation charged in the rate base of the users of telephones. They must pay at the rate of 7½ percent, which is the rate allowed by the FCC. At the same time we would provide that the holders of the preferred stock would receive 7½ percent from their investment by way of interest or dividends. The bill so provides.

The amendment I previously offered approached the problem in a different kind of way. Some Senators may not have fully understood the other amendment. The amendment provides that it may be charged in the rate base so long as no interest or dividends are paid on the nonvoting securities, bonds, debentures, or other certificates of indebtedness. I should like to explain exactly what the bill provides and how that came about.

Suppose the proposed satellite corporation should issue bonds. Suppose A.T. & T. purchases $1 million worth of those bonds. The bill provides that it may be charged in the rate base. The FCC allows the company 7½ percent, which telephone users must pay. In other words, they would be receiving an annual return of $75,000 on the $1 million from the domestic users of telephones or the international users of telephones.

Then suppose the $1 million of debentures should pay 7½ percent. They would also be getting $75,000 return on the investment by way of interest or dividends that they would receive on the $1 million. In other words, they would be automatically guaranteed 15 percent return on an investment of $1 million.

Mr. President, that is not right.

In the first place, it is unprecedented for the ownership of stocks and bonds to go into the rate base. Ordinarily what goes into the rate base is the money spent by a communications carrier for equipment and things of that kind.

But under the bill the proposed satellite corporation would issue bonds. A.T. & T. might buy $1 million worth of such bonds. Telephone users would have to pay 7½ percent on those, and 7½ percent on the other side. The original bill that the administration proposed would not have allowed that. The provision to which I refer has been added as the bill has gone along.

Mr. President, I cannot really believe that the Senate wishes to guarantee A.T. & T. or some other carrier that may buy $1 million worth of bonds a 15-percent return on that $1 million investment. That is what the amendment would correct.

Mr. President, I ask for a vote on my amendment, which would prevent the company from charging the amount in the rate base if it were paying interest and dividends.

Mr. LONG of Louisiana. Mr. President, I dislike to say it, but I am prejudiced against the bill. I am the chairman of the Antimonopoly Subcommittee of the Select Committee on Small Business. I think the Senator from Tennessee is absolutely correct. Therefore, I feel compelled to support his position. I do not see how anyone who has made a study of the monopoly problem can vote for the bill. I know that the amendment of the Senator from Tennessee will be tabled. But I should like to say also that the Senator from Tennessee has conscientiously and devotedly resisted the bill. If he does not defeat the bill, which would give half of the world—the outer half of America—to A.T. & T. at least he has tried. He has tried diligently.

He has made a courageous fight. God bless the senior Senator from Tennessee [Mr. KEFAUVER], as well as the junior Senator from Tennessee [Mr. GORE].

These men have fought as God has given them the light to see it against monopoly. I am chairman of an Antimonopoly Subcommittee. I am doing the best I can. The Senator from Tennessee is the chairman of an Antimonopoly Subcommittee. He is doing the best he can. We will die with our boots on. God bless those who fight for their convictions.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I am proud that I am a friend of the Senator from Tennessee, and that he is willing to stand here and fight.

Mr. DOUGLAS. The sentiments of the Senator from Louisiana are joined in by many of us. Will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG of Louisiana. If I can. I have no right to yield, except for a question. Will the Senator please state his proposition in the form of a question?

Mr. DOUGLAS. I wanted to praise the Senator from Louisiana and to express my appreciation for the fight he has made. I hope I will be permitted to do so without being called to order. I am deeply grateful to him.

Mr. LONG of Louisiana. I thank the Senator for his compliments.

Mr. PASTORE. Mr. President, I assure the Senate that we were very much interested in the problem that is being considered. When the bill came to us from the other committee, there was a degree of ambiguity as to whether or not the voting stock could be included in the rate base. We have specifically provided that it shall not be included in the rate base. We made that specific. That provision can be found on the bottom line of page 34 of the bill, and into line 2 on page 35.

When it came to the question of debentures and bonds with no voting right, we left the whole problem to the discretion of the Commission. As a matter of right, no dividends must be paid, and no interest must be paid. If money is to be loaned to this corporation, that has to be done under the supervision and direction of the Federal Communications Commission. They determine whether or not any part of it can be included in the rate base, whether it shall be or shall not be, and whether any dividends or interest shall be paid. The whole matter is left to the discretion of the Federal Communications Commission. I do not see how any improvement can be made in that regard. If we lose confidence in the Commission, which is a governmental agency, and which would have authority over this operation, and is under the supervision of the President of the United States, as already indicated, we lose confidence in just about everything.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. PASTORE. The Senator may answer me in his own time.

Mr. KEFAUVER. I will take my own time. In the testimony of the Federal Communications Commission, through its Chairman, Mr. Minow, it was stated that the nonvoting stocks and bonds would be included in the rate base; in other words, that this procedure would be allowed by the Commission.

Mr. PASTORE. That is not the fact.

Mr. KEFAUVER. He has already gone on record to that extent.

Mr. PASTORE. He cannot do it.

Mr. KEFAUVER. I can point out the testimony if the Senator wishes to see it.

Mr. PASTORE. I wish to see it.

Mr. KEFAUVER. In any event, the Commission was in favor of the inclusion all the way through in the ad hoc report. Anyway, they can be included in the rate base to the extent allowed by the Commission, and the Commission is already in favor of including them. Of course, the debentures, stocks, and preferred stock and bonds will draw interest. No one would buy them if they did not draw interest. They would be offered to the public as well as to the A.T. & T. So they would be charged to the users of the telephones to the extent of the investment in nonvoting stocks and debentures, and then they would naturally be getting the interest or dividends from the debentures or bonds, in addition.

My amendment merely provides that they shall not be included during any time that the stocks or bonds are paying interest. In other words, any time that stocks or bonds are paying interest, they shall not be included in the rate base. I do not see how anything wrong can be found with that.

Mr. PASTORE. Mr. President, I move to lay the pending amendment on the table.

Mr. MORSE. Obviously there is not a quorum on the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BUSH. Mr. President, I raise the point of order that that is a dilatory tactic, and therefore out of order.

Mr. MORSE. Mr. President, will the Senator look around? Does he wish to deny the individual rights of a Senator? As a Senator from Oregon, I am entitled to have a quorum on the floor before business is transacted.

I suggest the absence of a quorum.

Mr. BUSH. A point of order. The Senate has just acted on that matter.

Mr. MORSE. I am entitled to a quorum. I want a ruling from the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is in order. The ruling of the Chair can be appealed.

Mr. MORSE. Mr. President, I appeal from the decision of the Chair, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. What is the pending business?

The PRESIDING OFFICER. The pending business is a quorum call preliminary to a vote appealing from a ruling of the Chair.

Mr. PASTORE. I thank the Chair.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. KEFAUVER. Reserving the right to object, did the Senator from Oregon hear the request?

Mr. MORSE. What is it?

Mr. KEFAUVER. That the order for the quorum call be rescinded.

Mr. MORSE. I object.

The PRESIDING OFFICER. The clerk will continue the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 184 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W.Va.
Cannon
Carlson
Carroll
Case
Church
Clark
Cooper
Cotton
Curtis
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Gore
Hart
Hartke
Hickenlooper
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. BUSH. Mr. President, may I withdraw my point of order?

The PRESIDING OFFICER (Mr. PELL in the chair). The Senator may withdraw his point of order by unanimous consent. Is there objection?

Mr. BUSH. Mr. President, I ask unanimous consent that I may withdraw my point of order.

The PRESIDING OFFICER. Without objection, the point of order of the Senator from Connecticut is withdrawn.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the motion of the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment of the Senator from Tennessee [Mr. KEFAUVER] to the committee amendment.

Mr. MORSE. Mr. President, on this motion I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment of the Senator from Tennessee [Mr. KEFAUVER] to the committee amendment.

The yeas and nays have been ordered, and the clerk will call the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Florida [Mr. SMATHERS] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Alaska would vote "nay."

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kansas [Mr. PEARSON] is detained on official business and, if present and voting, would vote "yea."

The result was announced—yeas 69, nays 13, as follows:

[No. 185 Leg.]

YEAS—69

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Cotton
Curtis
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Hart
Hartke
Hickenlooper
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Morton
Mundt
Muskie
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—13

Bartlett
Burdick
Carroll
Clark
Douglas
Gore
Kefauver
Long, Hawaii
McNamara
Miller
Morse
Neuberger
Yarborough

NOT VOTING—18

Anderson
Bible
Butler
Capehart
Chavez
Dirksen
Fulbright
Gruening
Hayden
Hickey
Hill
Lausche
Long, La.
Moss
Murphy
Pearson
Russell
Smathers

So Mr. PASTORE's motion to lay on the table Mr. KEFAUVER's amendment to the committee amendment was agreed to.

COMMUNICATIONS SATELLITE CORPORATION

Mr. SYMINGTON. Much of the Senate's time on the communications satellite bill has been used by Senators who find cause for concern in the proposed commercial corporation that will be authorized by H.R. 11040.

Although few of us have found it possible to be present throughout these statements, we have followed the RECORD with care. And though the record is now a lengthy one, the issues themselves are relatively few.

Briefly, opponents of the bill fear that its provisions, both in themselves and by implication, would abuse the public interest, defraud the American taxpayer, do harm to our competitive economy, and impinge upon the national sovereignty.

These are serious objections.

A study of this bill, and also of the objections thereto, has convinced me that the normal private-enterprise approach, as contained in the bill, safeguards the public interest, and would, in the long run, be better for the Nation than Government ownership.

The public interest in this issue is threefold:

First is the importance of the satellite communications system to our national security. Both the Secretary of Defense and the Secretary of State have testified that it is in the national interest to proceed as rapidly as possible with the commercial communications satellite system.

Second is the effectiveness of the communications satellite system itself, including the speed of its development and its optimum use upon completion.

Third, from a taxpayer's viewpoint, the public has the right to expect that Government funds be properly utilized; and, also, that there be sufficient rate regulation on the part of the Government to preclude exorbitant fees.

None of us can predict with complete accuracy which satellite communications system would assure the United States the most for its money in the shortest length of time.

We do know from the record, however, that the communications industry has been, and is, one of the most vigorous industries in our history and that, in contrast to publicly owned and operated carriers in other nations, ours has given us extraordinarily efficient telecommunications service. We are reminded of this each time we pick up a phone and talk to someone thousands of miles away, or even when we dial a number. This superb service is not in spite of private enterprise; it is because of it.

Now it has been charged that by creating the proposed communications satellite corporation, the Government would lose a substantial investment—and that this, in effect, would be a giveaway.

Indeed, one of my colleagues said recently:

> This proposal is the most extraordinary giveaway of a great asset of the Nation that I have ever known in the history of our country.

And he added:

> The Government of the United States—the taxpayers, if you please—has spent many hundreds of millions of dollars in research on space satellite communications in which at least 90 percent of the research and development has been done by the Government, to say nothing of the billions of dollars we have spent in research and development in building missiles, rockets, and carriers which are necessary to place a space communications satellite in orbit."

Now let us look at the facts.

Through the fiscal year 1960, the National Aeronautics and Space Administration had spent just $6.3 million on space communications; in fact, the total amount appropriated to NASA for space communications through the fiscal year 1962 is some $89.3 million.

Information placed in the RECORD by the senior Senator from Rhode Island [Mr. PASTORE] shows that, through the fiscal year 1962, NASA has obligated only $25.6 million for space communications. This is exclusive of the launch vehicle procurement for communications satellites.

In contrast, it is estimated that one private American company has spent $50 million on satellite communications. This company—A.T. & T.—is responsible for the Nation's, and the world's, first active communications satellite—placed in orbit on July 10, 1962. This satellite has been remarkably successful, and has given the United States the lead in space communications.

These are facts. It is also a fact that the contributions of private industry to communications in general, and to satellite communications in particular, have been very substantial.

The junior Senator from Pennsylvania [Mr. SCOTT] recently pointed out on the floor of the Senate:

> One private company alone has spent more than $1 billion of its own research and development program in fields closely pertinent to today's satellite communications development.

Mr. President, another fact to be kept in mind is that until very recently, the Government did little or no research in commercial communications. All of it was done by private enterprise. Not until the fiscal year 1961 did the Government start investing heavily in space communications directly applicable to commercial uses.

Surely it is to the Government's credit that they entered the field when the vast possibilities in this field were realized; but why should that be considered an argument for Government ownership?

The junior Senator from Louisiana pointed out last June 19:

> At present, the American Telephone & Telegraph Co. is pressing forward with the launching of its privately financed Telstar communications satellite.

In itself this statement proves that much of the financing is being handled by private corporations.

Pressing forward is a tradition in this country, and has made the United States first in space communications.

During a 5-year period, the fiscal years of 1958 through 1962, inclusive, the Government spent about $660 million on agricultural research. But none of these opponents of a private enterprise satellite bill are suggesting that because the Government has spent over half a billion dollars on agricultural research, the Government should take over the Nation's agriculture.

Over recent years, the Government has spent many billions of dollars on aeronautical research. But none of these opponents of this bill have suggested that, because of that fact, the airlines should be removed from private enterprise.

Already the Department of Defense has spent $1 billion on the research and development of a large supersonic airplane. FAA, NASA, and other agencies plan to spend more than three-quarters of a billion dollars on research leading to a supersonic transport. This is a sum vastly greater than what this Nation is spending on space communications. Nevertheless, there is no advocacy of Government ownership of supersonic airplanes when they become operational because the Government is taking a leading role in their research and development.

In the effort to move this satellite program away from private enterprise into our already staggeringly large bureaucracy, this satellite is depicted as a major new invention. But again the fact is that communication satellites are relay stations, similar to the relay stations which are now in use throughout the country. The major difference between a microwave space communication satellite relay station and a microwave relay station that now stands on top of a mountain in this country is that the satellite is higher in the sky.

True, it costs more to get it up there; and therefore it should have a longer operational life; that is, greater reliability.

The fact that we already have great potential for adequate reliability is as much a result of the research and development carried on by private companies as it is a consequence of Government-sponsored research and development.

Private corporation research and development, not Government research and development, gave us the transistor, the solar cell, and the traveling wave tube. All these three units are vital to a communications satellite.

Perhaps no other principle is more essential to our private enterprise system than that individuals and companies may ultimately profit from their initiative and investment in research.

If industry cannot be assured of the fruits of its efforts, industry as we know it in the free enterprise system cannot continue to function.

Today I ask this simple question: Should this be the time for the Senate of the United States to express a lack of faith in private enterprise?

The impact of this means of communication is most important; but the system itself must be used in conjunction with existing communication methods by extending the range of microwave transmissions. The space communications satellite is not a new system in itself, but a planned improvement in the current state of this art.

For any communications system to be useful, it must be able to first pick up a message, then transmit that message, receive it, and then distribute it.

The communications satellite is a link in one of these four essential processes—transmission.

Some of my colleagues have tried to draw an analogy between barge versus railroad transportation, and existing communications versus communications satellites.

On the floor it was said:

> We should undertake to see to it that there will be maximum competition between the new technology and the old technology. Congress did that sort of thing when it refused to permit the railroads to own the water carriers or the airlines or the buslines.

Again and again opponents of this bill have conjured up the grave danger in a transportation system where the railroads dominated the airlines, or the buslines owned the water carriers, and so forth.

But the analogy does not hold.

Denying the communications satellite to existing carriers would be comparable to denying the railroads the use of improved steel for making rails, or denying the airlines jet transports to replace propeller-driven aircraft.

A literal interpretation of the Senator's statement quoted above would deny new technology to existing enterprise; yet how many could exist for long if they did not have access to new technology?

The people of America are determined to protect their economy from monopolies and cartels; and are equally determined to maintain a future for independent business to participate in significant fields. In this respect, the bill itself piles safeguard upon safeguard against omnipotent power or its discriminatory use.

But this is a big country, and as we face the great monolithic structures of the Communist countries, we know, or surely we should know, that we must have large industry of our own, always provided the law insures they are to be properly regulated by the proper Government agencies.

The proposed bill is brief and to the point:

First. Authorized carriers, as a group, are prohibited from owning, directly, or indirectly, more than 50 percent of the outstanding shares of stock issued by the corporation.

Second. Communications carriers can elect only 6 out of 15 directors; and no communications carrier could vote, directly or indirectly, for more than 3 of the corporation's directors.

Third. Three members of the 15-man Board would be appointed by the President, with the advice and consent of the Senate.

Fourth. Regardless of any ownership in the Communications Satellite Corporation, all authorized carriers would be allowed full nondiscriminatory use of the satellite.

Fifth. All equipment and services procured by the Communications Satellite Corporation would be on a competitive basis.

Sixth. The FCC would be required to consult with the Small Business Administration, to insure that small business be given an opportunity to participate to the maximum extent possible.

Seventh. Not only the Satellite Communications Corporation itself, but all carriers which have an ownership interest in said corporation, would be regulated by the FCC.

Eighth. There is nothing in the bill to preclude additional communications satellite systems if required in the national interest.

Ninth. The corporation would be required to transmit to the President and the Congress each year, and at any other time deemed desirable, a comprehensive and detailed report of its operations, activities, and accomplishments.

In my experience, few measures have been drafted with more attention to the possible abuse of the public interest.

The Justice Department shares this opinion.

In testimony before the Senate Commerce Committee, the Deputy Attorney General replied to just such questioning as follows:

> I would disagree most respectfully with Senator KEFAUVER on that point. I believe it would be very unlikely that you could have dominance by any few groups of corporations.
>
> Furthermore, I think that if they conspired to do so, they would be in violation of the antitrust laws.
>
> Senator KEFAUVER, as I understood him, seemed to feel that in some way the antitrust laws were suspended by the creation of this corporation. That is certainly not the view of the Department of Justice. They aren't in any sense suspended. The antitrust laws apply to what is done in this corporation, to any conspiracies which are created with an intent to dominate or to lessen competition. Indeed, the whole thrust of the Department of Justice participation in this bill has been to make the communications system more competitive and to use this as a device for insuring that no single carrier would get monopoly control over this great new satellite system. And that has been our thrust. We believe that this bill, as drafted, accomplishes that purpose insofar as it is possible to accomplish it.

Mr. President, how could a position be stated with more clarity?

Judge Loevinger, Assistant Attorney General, Antitrust Division, told not only the House Antitrust Subcommittee, but also the Senate Subcommittee on Monopoly of the Select Committee on Small

Business, that to be consistent with the antitrust laws, any plan adopted must meet four conditions:

> 1. All interested communication common carriers be given an opportunity to participate in ownership of the system.
>
> 2. All interested communication common carriers be given unrestricted use on nondiscriminatory terms of the facilities of the system whether or not they elect to participate in ownership.
>
> 3. All interested parties engaged in the production and sale of communication and related equipment be given an opportunity to participate in ownership of the system.
>
> 4. All interested parties engaged in the production and sale of communication and related equipment be given unrestricted opportunity to furnish such equipment to the system whether or not they elect to participate in ownership.

Mr. President, the bill provides in full for these necessary protections; and the record is clear that the Department of Justice is convinced that the Communications Satellite Corporation, as proposed in the bill now before us, would conform to the letter and spirit of the law, including the antitrust statutes.

Much has been said and implied about monopoly relative to this proposed satellite setup. But one of the chief purposes in establishing this corporation is to provide an entity whereby all common carriers, whether large or small, will have available to them a communications satellite.

If such a corporation is not established, then individual companies will find it necessary to put up their own satellites, and only the largest companies could afford to do this.

The bill before the Senate provides the means whereby all common carriers will have an equal opportunity to use the communications satellites; and therefore it is a mystery to me why anybody would prefer Government ownership to private ownership.

I believe in adequate and proper Government regulation of all such business—but I would hope we could stop the steady trend upward of the percent of the population working for the Federal Government.

Already the people of this country are being heavily taxed—many believe too heavily taxed.

Any private corporation would reduce these taxes by 52 percent of its profits—but Government ownership would merely result in a further bureaucratic albatross around the taxpayer's neck.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to my able friend from Tennessee.

Mr. GORE. Before the Senator departs too far from the views he has expressed with respect to the availability of the technology developed by Government research and development, I should like to ask him a few questions. Before doing, so, I compliment my friend and neighbor the distinguished senior Senator from Missouri for having delivered one of the very few speeches in support of the bill. It is a well prepared and reasoned speech.

Mr. SYMINGTON. I thank my able colleague. He knows of my great respect and affection for him personally, even though on this issue we do not see eye to eye.

Mr. GORE. I have not objected to A.T. & T. or any other corporation or citizen having access to and benefits from the technology which the Government has developed at such great expense to the taxpayers. I am sure the Senator will recall that in 1954, when he and I were casting similar votes, we were urging that the Atomic Energy Commission push ahead in the development of nuclear power in order that this technology might be made available to private enterprise so that private enterprise could develop such technology further and bring competitive atomic power to fruition. The Senator will recall that, I am sure.

I do not feel very different in the present case. What I object to is that the passage of the bill, according to Dr. Dryden, would give exclusive cooperation and access to this corporation.

Mr. SYMINGTON. To these corporations.

Mr. GORE. To this corporation.

Mr. SYMINGTON. To the corporations under this corporation.

Mr. GORE. To this corporation.

Mr. SYMINGTON. "This corporation" is the corporation that will have operating under it a great many corporations, whereas if there were a Government corporation there would be only one corporation.

Mr. GORE. Even so, the bill would authorize the creation of a corporation. The provision is not in the plural, but in the singular.

Mr. SYMINGTON. There are many industries in the Tennessee Valley operating under the Tennessee Valley Authority.

Mr. GORE. Not under it, but possibly in association therewith.

Mr. SYMINGTON. In many places, they cannot buy their power from any source except the TVA.

Mr. GORE. Be that as it may, I hardly think it goes to this point.

Mr. SYMINGTON. Perhaps I did not understand the Senator.

Mr. GORE. I should like to read to the Senator, for his comment, a portion of the hearings before the Senate Committee on Foreign Relations. On page 263 I made this remark to Dr. Dryden:

> Under present law, NASA stands ready to negotiate for the launching of a satellite by any person or corporation of the United States, if that person or corporation presents a plan of technical feasibility for furthering the art of satellite launchings.

As it reads, the word is "launchings." I think I actually said "satellite communications." That is on page 263. Dr. Dryden replied:

> If, in our opinion, it will contribute to the early realization of an operational system. In other words, if it helps to solve some of the unanswered questions of life, for example, of the satellites, I think this is true.

Although I do not say that I am reading the colloquy in its entirety, I now turn to page 265. Does the Senator have that before him?

Mr. SYMINGTON. From what is the Senator reading?

Mr. GORE. The hearings before the Senate Committee on Foreign Relations.

Mr. SYMINGTON. I have a copy of the Commerce Committee hearings.

Mr. GORE. I hand the Senator a copy of the hearings before the Foreign Relations Committee.

Mr. SYMINGTON. Page 265?

Mr. GORE. I read excerpts from page 263. From page 265 I should like to read a brief colloquy in order to illustrate my concern. It is as follows:

> Senator GORE. In other words, if this bill passes, then it will be the position of the Space Administration that you would not enter into negotiations with any other American citizens or American concern for the launching of communication satellites? Did you not put it that way in your statement?
>
> Dr. DRYDEN. Yes.
>
> Senator GORE. All right.
>
> Dr. DRYDEN. I still stand by it. I say that our judgment would be made in the national interest.
>
> Senator GORE. I just want to know if that is what you mean.
>
> Dr. DRYDEN. I think this is a fair statement.

That testimony disturbed me. I believe in free enterprise, but it seems to me that the closing of the proposed corporation to anyone else would remove it from free enterprise and make it private—and entirely too private. I know the Senator will have some views on that point. I do not wish to delay his able speech. I would appreciate and respect his comments and views.

Mr. SYMINGTON. Mr. President, I thank the Senator.

As I understand, Dr. Dryden was saying that if we decided to go ahead with the bill, we would have only one communication satellite system. Secretary McNamara disagreed with his testimony. I cannot put my hands on the testimony at the moment. He disagreed and said that he would open negotiations with others if they had something to offer.

The Senator is fair and understanding. I wish to present to him a problem on which I worked during World War II, with Dr. Stark Draper of the Massachusetts Institute of Technology.

We developed an automatic gunsight computer that computed the lead at the same time the guns were moved. By the use of this computer on the famous battleship X, many American lives were saved.

When the Government had first asked some of us to become interested in this project, because of its radically new and complicated nature, the work itself could be done by only three, possibly four companies. This device was new in the electronic field. The first company, probably the greatest research laboratory in America, was the Bell Laboratories. The second was General Electric. The third was RCA laboratories. There was a possible fourth that could have manufactured the device. But we found, when we went into the question with all those companies that they had so much business none of them could take the work. They were loaded up already with high priority defense items.

Therefore, without a question of doubt, if they had had this automatic computing sight, many American fliers would be with us today. I feel strongly at this time, with what is going on in the field of space sciences and the great Soviet achievements in recent weeks, that if at least a part of the system can be turned over to private enterprise and not be again—I use the phrase advisedly—somewhat drowned in bureaucracy, we will stride ahead. From the standpoint of our security, I think Government scientists today have more than they can handle in the amount of work they have to do to make us competitive with the Russians in the space and the satellite field. Therefore if we could persuade those in private enterprise to expand their work in space communications and permit the Government technological people to concentrate on other great and grave problems already assigned to them, it would be better for the country's security.

Having worked for many years in private enterprise, and having also worked for many years in the executive branch of the Government before coming to the Senate, I say very respectfully to the great Senator from Tennessee [Mr. GORE], that I am as certain as I am that the sun will come up tomorrow, that we shall obtain quicker and better results by turning this problem over to private enterprise than by leaving the program in the hands of Government bureaucracy.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield.

Mr. GORE. I may not be prepared to disagree with great vigor with the Senator in that regard, if we could presume that private enterprise in that field would have the great benefit of competition.

As I have said to the Senators—and I think I have illustrated it by the colloquy I have read from the hearings—I am concerned that the corporation would be entirely too private. But if I may go beyond that—I do not wish to intrude on the Senator's very able speech—if he would let me progress to one other point I would appreciate it.

Mr. SYMINGTON. I shall be glad to listen to any point the able Senator wishes to make.

Mr. GORE. The Senator has made in essence a strong argument for a chosen instrument in this field.

Mr. SYMINGTON. The only reason I favor a chosen instrument is that it is the only instrument available to choose. If there were any better instrument, I would favor it. But there is no better instrument.

Mr. GORE. I respectfully dissent from the Senator's conclusion. But if the Senator will let me proceed upon the hypothesis that it is good to select a private chosen instrument, I will race to the major concern I have with the bill, which is that, having created a chosen instrument—a private corporation—shielded from the antitrust laws and protected from competition, the bill then proposes to give to the private corporation authority to negotiate and enter into agreements with foreign countries, really, on behalf of the United States, but for the private profit of the proposed corporation.

The Senator serves with me on the Committee on Foreign Relations. I solicit his comment on that point.

Mr. SYMINGTON. Before replying I should like to read into the RECORD the statement of the Secretary of Defense. No one has greater respect for Dr. Dryden than I do. We graduated from the same high school many years ago. He is a great scientist, but he is not at the top executive level of Government. Secretary McNamara is not only Secretary of Defense, but he is also a member of the Space Council which forms policy. This is what the Secretary of Defense said to the able Senator from Tennessee:

> I do not agree at all with Dr. Dryden's statement, as you quoted it, that following establishment of the corporation, the offer of launch and other assistance would be withdrawn. We in the Defense Department would continue to extend that offer of assistance if for no other reason than that we, of course, must continue to try to develop a satisfactory system to meet our unique military requirements.
>
> Furthermore, I would visualize that the corporation, after it were established, would certainly wish to consider a number of alternative systems, and during that period the corporation would extend all possible assistance to those alternative contractors.

My only point is that I think good commonsense plus experience makes us realize that that is what would happen.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SYMINGTON. I shall be glad to yield in a moment. In addition, the position of the Secretary of Defense is one of far greater authority in this field than that of the Deputy Director of NASA. That is the point I tried to make. I do not believe that people realize, when they use terms like "monopoly," "Government ownership," "sellout," and "giveaway," that four essential steps must be taken before anything is done in this field. First, it is necessary to pick up the message. It must then be transmitted. It must then be received. It must then be delivered. These are the four steps. There are very few corporations in this country or in the world that can perform all four steps. I know the Senator is interested in efficiency. I know he is interested, wherever possible in reducing the great number of people who work for the Government. This great number is an albatross around the taxpayer's neck.

Therefore, I believe, if we are competitive from the standpoint of letting anyone do it who can perform the four steps, it is proper for the country to handle the problem in that way.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield.

Mr. GORE. I could not accept the description which the able Senator gives about Government employees being an albatross.

Mr. SYMINGTON. I did not say that. I said the number of them are. The number of Government employees worries me in considering the future of capitalism.

Mr. GORE. Let us agree that it is a burden on the taxpayers, which the taxpayers must bear. I am sure we can agree on that.

Mr. SYMINGTON. I do not cast any aspersions. There are many Government servants, unsung, unpublicized, and unable to come to the floor of the Senate, who are very great people. I would not want in any sense to criticize them. In this century, the number of civilian employees working for the Federal Government has increased by more than 1,000 percent. If that trend should continue, all the talk about private enterprise would be theoretical, because, in time, nearly everyone in the country would be working for the Federal Government. Under our system the only place that I know of where the Government can get its taxes is from income, including profits. It is a very serious question.

Mr. GORE. I do not wish to make a major point of the term "albatross." I am sure the Senator does not wish to do so either. As I said, terms have been used——

Mr. SYMINGTON. In a figurative sense.

Mr. GORE. Rather loosely and in a figurative sense.

I should like to return to the principal point of our discussion. Secretary McNamara did not, in the statement which the able Senator read from his testimony, undertake to speak for the space agency.

Mr. SYMINGTON. He is a member of the Space Council.

Mr. GORE. If the Senator will read his remarks, he will see that he is representing the Department of Defense.

Mr. SYMINGTON. I have quoted his remarks.

Mr. GORE. I have listened to the Senator's reading of the remarks. I heard them, and I have reread them. It is the Space Agency which does the launching.

Mr. SYMINGTON. But it is the Space Council that establishes the policy on space. The Secretary of Defense is on the Space Council. The Deputy Administrator of NASA is not.

Mr. GORE. So be it. Dr. Dryden was testifying for the Space Agency, and no one from the Space Agency with authority to overrule such a statement from the Space Administration has appeared to retract this testimony.

The second point upon which I wished to elicit comment from the able Senator was whether or not, having decided upon a chosen instrument, a private corporation organized for the profit of its stockholders, it is advisable for Congress to enact a law authorizing the corporation to engage in negotiations and enter into agreements with foreign countries on behalf of the United States, but for the profit of the corporation. This is a very fundamental question, and the Senator has heard me express my views on it. I would appreciate his views on that point. I shall not further intrude upon his very able address.

Mr. SYMINGTON. I am very happy to discuss this question with the able

Senator from Tennessee, who has made a fine and constructive study of the bill. I should like, before answering his question, to read to him what I said to Dr. Dryden and what he said to me. I read from his testimony:

> Senator Symington. In my opinion, technically, you know more about this subject than anybody we are fortunate enough to have in the Government today. I read your last paragraph. You support this bill without reservation, do you not?
>
> Dr. Dryden. That is correct.
>
> Senator Symington. And you believe that it should be passed as soon as possible?
>
> Dr. Dryden. I do.

The next portion of the testimony which I am about to read is very important in this discussion. Let me read the next question and answer. I know that the able Senator from Tennessee would never have quoted Dr. Dryden if he did not respect his opinion.

> Senator Symington. In your opinion, if we continue delaying this matter, getting it all rolling, would that be against the security of the United States?
>
> Dr. Dryden. Yes. I think this is fair to say. It will certainly postpone the date of an operational system.

I agree with Dr. Dryden. That is the reason why I am making this talk on the floor of the Senate.

The Senator from Tennessee asked me a question. I do not quite remember what it was. Will the Senator repeat his question, or shall I proceed with my speech? It is entirely up to him.

Mr. GORE. I respect the able Senator's opinion and judgment. I had asked him his opinion on the advisability of authorizing a private corporation, even a private corporation which has been selected as a chosen instrument of the United States in this field, to conduct negotiations and enter into agreements with foreign governments on behalf of the United States but necessarily for the profit of the corporation.

Mr. SYMINGTON. It is a good question; but I think the man who knows the most about it today in our Government is probably the Secretary of State. He came before us and expressed his complete satisfaction with the bill from that standpoint. I believe he mentioned that there are a great many agreements between private corporations of the United States and other countries.

It would be better for the Secretary of State to answer the distinguished Senator from Tennessee than it would be for me to do so, because I am confident that the Secretary has had more actual experience. During the hearings before the Committee on Foreign Relations, the Secretary said, as appears on page 173 of the hearings:

> The corporation proposed by this bill is, in fact, another evidence of the pragmatic ability of Americans to devise new institutions, new techniques, and new organizational forms to meet the practical demands of new situations.
>
> The fact that the corporation will be owned and the capital supplied by private companies and individuals will not impair the ability of the United States to cooperate successfully with other countries and international organizations in establishing a global communications system. The ownership and management of telecommunications take a variety of forms in other countries. It is true that most often they are treated as a function of government, but there are countries where private quasi-private ownership is employed. The traditional form of ownership in this country has been private. This has not prevented us from taking the lead in the development of telecommunications and in cooperating successfully with other countries on a bilateral and multilateral basis.
>
> I know of no country that has refused to participate in a communications system because it would be doing business with a privately capitalized U.S. company. I do not believe that the form of organization proposed by this legislation will impede the necessary international cooperation.
>
> QUESTION OF ADEQUATE AUTHORITY TO PROMOTE FOREIGN POLICY INTERESTS
>
> Let me turn to the second question: Does the bill provide adequate authority to safeguard and promote the foreign policy interests of the United States?

Mr. President, in this connection, I know of no Member of this body who is more interested in promoting the foreign policy interests of the United States and in safeguarding them than is the distinguished Senator from Tennessee; but I believe the opinion of the Secretary of State on this subject is also worthy of full consideration. I continue to read the statement by the Secretary of State:

> To begin with, we expect there will be a powerful corporate interest in the closest cooperation with the U.S. Government. Unless it cooperates, the corporation will simply be unable to carry forward its business effectively. Therefore, we are proceeding on the basis that it will be in the elementary self-interest of both the corporation and the Government to work together harmoniously rather than as antagonists.
>
> Prudence requires that, in the event of failure of cooperation, the interests of the Government and the public be fully protected. Our belief is that the bill itself provides fully adequate protections.

Mr. President, to repeat what I said earlier in my talk, any private corporation would reduce these taxes by 52 percent of its profits, but Government ownership would merely result in a further bureaucratic albatross around the taxpayer's neck.

Another argument brought up on the floor of the Senate against this proposal is that it would delegate the Government's sovereign right to deal with foreign nations.

It was stated that "this is the first time that this great American Republic has delegated its sovereignty to a private corporation for the purpose of making treaties and executive agreements which of necessity must arise as a result of any successful international communications satellite system."

But there is no delegation of sovereignty in the bill, none whatever, and the corporation would make no treaties. They will simply continue—the word "continue" is important—to enter into agreements with foreign carriers, as they have already been doing for many years.

Some who opposed this bill in effect chastised the Senate for not being fully familiar with the record.

In this case, the record speaks for itself.

Let me read the testimony of Mr. Joseph A. Beirne, president of the Communications Workers of America, AFL–CIO, on this point of foreign negotiation:

> I would like to make the observation that the private companies with which we have contracts—the A. C. & R., the I. T. & T., and Globe Wireless, the All American Cables, and the others—they have been dealing in all countries of the world as long as we have been representing their employees and long before we became the representative of their employees, and there has been no time to my knowledge, and I have made inquiries on this point, that the activities of the private companies ever embarrassed the United States of America.
>
> There has never been one time, to my knowledge and I inquired about this point, that the State Department, the Department of Defense or anyone else interested might have had a reason to come to any one of these carriers and say, "We don't like what you are doing with this country, that country, or another country."

The fact is that for years our communications carriers have been making agreements with foreign based communication operators.

A.T. & T. has more than 160 of these agreements in force with foreign countries; and Dr. Engstrom of RCA testified before the Senate Committee on Aeronautical and Space Sciences that the Radio Corp. of America, Inc., operates communications carriers systems linking the United States directly with nearly 70 countries. That is a total of 230 relationships or agreements that the private carriers have today with other countries.

In response to questioning on this point, Dr. Hugh Dryden, Deputy Administrator of NASA, envisioned no problems there; and the Under Secretary of State asserted that essentially, the bill provides for what is already being done in such negotiations.

Let me read the testimony of Secretary of State Rusk, before the Committee on Foreign Relations, on this point:

> Senator Carlson. Do you have any difficulty in dealings with foreign governments because our systems happen to be privately owned?
>
> Secretary Rusk. No, sir; we don't. It is true that in these telecommunications matters, as I indicated earlier in answer to a question by Senator Sparkman, we are dealing with all sorts of entities. You get a great variety of arrangements with different countries.
>
> In the case of some countries, for example, with the Soviet Union, we have a much larger degree of governmental arrangement with telecommunications than we would have with other countries where the political problems are not so acute.
>
> But I would not consider the form of this organization to be an impediment to negotiations on our part with other governments.

The bill before the Senate provides, in no less than four places, for the protection of the Government's interest in space communications.

Section 201(a)(4) provides that the President shall exercise supervision over relationships of the corporation with foreign governments or entities, to assure that relationships are consistent with the national interests of the United States.

Section 201(a)(5) provides for timely foreign participation in the communications satellite system.

Under section 210(c)(3), the Secretary of State can direct the establishment of satellite communications to a particular foreign country.

Section 402 requires that the corporation notify the Department of State of any negotiations to be undertaken with any international or foreign entity. It further provides that State shall advise the corporation of revelant foreign policy considerations, and must keep the corporation informed with respect to such considerations.

Furthermore the corporation may request the assistance of the State Department in negotiations; and the Department would then render such assistance as it decides may be appropriate.

However, sections 201(a) (2), (3) and (7) are also important to the Government's foreign policy. Section 201(a) (2) directs that the President shall provide for continuous review of the activities of the satellite corporation; and section 201(a)(3) says that the President shall coordinate the activities of governmental agencies so as to insure that there is a full and effective compliance, at all times, with the policies set forth by the act.

The policy statement says—section 101(b)—that extended telecommunications and world coverage are to be provided at the earliest practicable date; and that attention will be directed to providing such services to other countries.

Concern was expressed that certain nations might find it difficult to participate in a privately owned space communications satellite system. The ability to utilize space communication broadcasts in a nation will depend on that nation's ground networks—telephone, radio, and television networks—which are capable of first receiving signals from satellite terminal stations, and then distributing them throughout the country in question.

It is clear, therefore, that this question depends upon the technical ability of an individual nation, not upon who owns the system in the United States.

However, section 201(a)(7) directs that the President shall exercise his authority to help attain technical compatibility of the system with communications facilities abroad.

And I am also concerned with the elimination of a large tax base that would result from a Government-owned communications satellite corporation.

It was said on the Senate floor:

> The whole purport of the bill involves a gift to the corporation without the corporation giving anything back to the Government.

Let us look at the record.

In 1961 one of these communications companies, American Telephone & Telegraph, paid a Federal income tax of $1,215,280,000. In addition, it paid State, local, and social security taxes amounting to $756,407,000; or total taxes of almost $2 billion.

Over the long haul the communications satellite corporation should show a profit. There is nothing wrong with that, in America. And the corporation will pay taxes on those profits. That, too, is America.

Our system of private enterprise would not continue to exist if, every time the Government decided to go into research and development of some advancing technology, the Government would demand ownership of the operating corporations, with heavy additions to our already huge bureaucracy.

Much time was devoted to questioning the efficiency and effectiveness of the FCC in rate regulation. If anybody proves the FCC is not doing its job, I would support efforts to correct that situation.

But to me it makes little sense to pass a law based on the premise that one of our regulatory agencies cannot do a proper job of regulating, and then to set up a new Government agency, with thousands of additional people added to the Government payroll.

Much attention has also been paid to the type of satellite system to be used by the satellite corporation. Some have argued that only a synchronous orbit system is useful and that to put up first a medium random orbit system would be folly.

I listened carefully to this testimony in the hearings. Many experts disagreed with each other. All of them knew more about the subject than any Senator. Mr. President, I went all through the discussion on thrust; and I wish to state right now that the reason why the Russians orbited this earth—before we did—many, many times this week—is what we did to the Von Braun team, at Huntsville, Ala. We strangled them with inadequate appropriations in the years between 1950 and 1960, to the point where we had no chance to duplicate what the Russians have done; and I have placed in the Record an article—and I intend to place another article in the Record—showing that if we had given Dr. Von Braun and General Medaris what they asked for, we would have had the necessary thrust and we could have done many, many months, at least—if not many years—previously what the Russians did this week.

But the discussion of the type of satellite system is irrelevant to the establishment of the satellite corporation. The best type of satellite system to be used is a technical question which cannot be decided on the floor of the Senate. It is a decision to be made not by the Congress but by the corporation and its technical experts with the advice of NASA and the approval of the FCC.

Such discussions relate in no way to the question of ownership. Even if they did, few Members of the Senate would claim for themselves sufficient technical knowledge to make the necessary judgment. Certainly I would be the last one ever to try to do that.

Mr. President, precious time is passing. We have been on this bill, in the committees and on the floor of the Senate, for many, many weeks. I reiterate that in the Space Committee we studied the bill carefully, and reported it favorably to the Senate by a vote of 15 to 0. Then the bill was studied carefully in the Commerce Committee.

The PRESIDING OFFICER (Mr. Pell in the chair). The time of the Senator from Missouri has expired.

Mr. SYMINGTON. Mr. President, I ask unanimous consent that I may proceed for 1 more minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Missouri may proceed for 1 more minute.

Mr. SYMINGTON. Mr. President, this bill was studied at great length in the Commerce Committee, and was reported favorably by it by a vote of 15 to 2. The bill has been through at least five congressional committees, and it has been studied carefully. As I have said, time is passing.

In the interest of both our security and our prosperity, I hope the Senate will now proceed to pass this measure without further delay.

Mr. President, I yield the floor.

A BRIEF ANALYSIS OF THE NEW FRONTIER

Mr. WILLIAMS of Delaware. Mr. President, in a recent press conference President Kennedy, when asked what his goal would be in this off-year election, said he would be happy if the Democrats could win 5 or 10 seats. Continuing, he said that even a small gain could change the whole picture.

This statement prompted me to conduct an extensive research program, in an effort to analyze the basic problems of the New Frontier.

Going back to January 3, 1961, I find that the Democratic Party started out with 64 seats in the U.S. Senate, a sizable majority.

Then 21 Democratic Senators voted against President Kennedy's medicare proposal. These 21 Senators were promptly repudiated by the President, which left them 43.

Eight Democratic Senators voted against the administration's farm bill. These eight were promptly repudiated by Secretary Freeman. That brought their total down to 35.

The Senator from Oregon corralled 14 Senators under his revolt against the leadership of both the administration and the Senate. This reduced the number to 20.

Former President Truman repudiates these, because of their support of the satellite bill. This brings the number down to zero.

Therefore, after a very careful analysis of the results of this extensive research program, there appears to be but one conclusion, and it is that the only hope which President Kennedy has of saving this country is through the Republican Party.

Mr. HUMPHREY. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. Under the rule of the Senate, I cannot yield.

Mr. HUMPHREY. Then, Mr. President, I shall use a minute of my own time.

In light of some of the criticisms I have recently heard of the Congress, I now understand the difficulty. The Republicans have been in charge all the time—at least, according to the interpretation made by the Senator from Delaware, the Republicans have been in charge all the time.

But I assure him that although he is a master on figures, yet when the figures on the election day are available, he will find that the Democrats are still in charge.

Mr. WILLIAMS of Delaware. Mr. President, let me say in my own time that I only point out to my good friend the Senator from Minnesota, that the statistics of that election may surprise him.

Mr. HUMPHREY. Mr. President, the Senator from Delaware is certainly very able in dealing with statistics.

ORDER FOR PRINTING OF MINORITY VIEWS OF MEMBERS OF FOREIGN RELATIONS COMMITTEE ON COMMUNICATIONS SATELLITE ACT OF 1962

Mr. MORSE. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. MORSE. I request the particular attention of the Senator from Vermont [Mr. AIKEN], who now occupies the seat of the minority leader.

Dr. Marcy, the chief of staff of the Foreign Relations Committee, has called my attention to the fact that unanimous consent must be obtained in order to have printed separately the minority views of members of the Foreign Relations Committee on the Communications Satellite Act of 1962; and he asked me to make this request.

Therefore, Mr. President, I ask unanimous consent to have the minority views which were submitted on the Communications Satellite Act of 1962 printed as part II of the Foreign Relations Committee Report No. 1873, for use of the Committee on Foreign Relations.

This is a pro forma request which must be made and must be agreed to, in order to have the minority views printed separately from the majority report.

Mr. HUMPHREY. I have no objection.

Mr. WILLIAMS of Delaware. Mr. President, reserving the right to object—although I have no objection—I ask that the request be withheld until other Members on this side of the aisle can be consulted.

Mr. AIKEN. Mr. President, I see no objection to the request.

Mr. HUMPHREY. There will be no objection.

Mr. WILLIAMS of Delaware. Very well; then I withdraw my reservation of the right to object.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? Without objection, it is so ordered.

FOREIGN AGRICULTURAL SERVICE—APPOINTMENT OF CLARENCE R. ESKILDSEN

Mr. HUMPHREY. Mr. President, the Department of Agriculture recently announced the appointment of Mr. Clarence R. Eskildsen as Associate Administrator of the Foreign Agricultural Service. Mr. Eskildsen succeeds Mr. Raymond A. Ioanes, who now is Administrator of the Foreign Agricultural Service.

I point with pride to the fact that Mr. Eskildsen grew up on a farm in Marshall County, Minn., and holds a bachelor's degree from Moorhead State College, in Moorhead, Minn., and holds a master's degree from the University of Minnesota. He is one of our able and dedicated and experienced career civil servants, and he has held responsible and important positions with the Department of Agriculture, both here in Washington and abroad.

Mr. President, the area of foreign agriculture is becoming an increasingly important one. With the emergence of the Common Market and the United Kingdom's expected entry into it, it is vital that our traditional markets for agricultural products not only be maintained, but also be expanded.

Mr. Eskildsen's splendid background will enable him to deal effectively in the area of agricultural trade. Prior to returning to Washington, to serve as Assistant Administrator for Export Programs of the Foreign Agricultural Service, Mr. Eskildsen was Agricultural Attaché in Bonn, Germany. Earlier, he was Agricultural Attaché in New Delhi, India; and from 1955 to 1957 he was Director of the Foreign Agricultural Service's Foreign Trade Programs Division, with primary responsibility for administration of title I, Public Law 480 sales of agricultural products for foreign currency. In 1957 Mr. Eskildsen received a departmental Superior Service Award for his work in expanding U.S. agricultural markets abroad, through Public Law 480 sales.

I extend my best wishes to Mr. Eskildsen in this important new position. On behalf of the people of Minnesota, I congratulate him and wish him every success.

TREATIES OF COMMERCE WITH LATIN AMERICAN COUNTRIES

Mr. HUMPHREY. Mr. President, in the course of the Foreign Relations Committee hearings on the Foreign Assistance Act of 1962, I was startled by an assertion by Mr. John O. Teeter, of the Chamber of Commerce of the United States, to the effect that we had "only one treaty of friendship, commerce, and navigation in force in Latin America which adequately reflects postwar conditions."

At that time, I asked the Department of State to supply information as to whether there was any real need for new treaties of this type; and, if so, what had been done about the situation. The Department's reply appears on pages 602–604 of the published committee hearings. While maintaining that it had made diligent efforts to bring up-to-date a number of commercial treaties with Latin American countries, the Department cited numerous and persistent difficulties standing in the way of such treaties. One of the greatest drawbacks, according to the Department of State, was that "such treaties are regarded as tending to infringe upon the sovereignty and independence of individual countries."

Subsequently, the Department sent me a letter stating that it is highly unlikely that the number of commercial treaties with Latin American countries can be greatly increased in the foreseeable future. On the other hand, the view is expressed that U.S. investments and other interests are not directly endangered by the lack of formal treaty protection. In general, the State Department appears to feel that the interests of American citizens in Latin American can no longer be adequately served by more or less old-fashioned treaties of friendship, commerce, and navigation. Instead, the Department pins its hopes on new methods, such as investment-guarantee agreements.

As a matter of public record, Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a letter from Assistant Secretary Frederick G. Dutton, date July 10, 1962, and including a country-by-country survey of U.S. attempts to conclude treaty agreements with 20 Latin American countries. It should be noted that in a significant number of cases, conditions were not considered favorable even to begin negotiations for such treaties.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit I.)

Mr. HUMPHREY. Mr. President, in only one case—that of Nicaragua—has a treaty reflecting modern conditions gone into force. A quick perusal of the facts presented by the State Department reveals the difficulties of strengthening our commercial relations with the extraordinarily sensitive republics in the Western Hemisphere. At the same time, it is a matter of common knowledge that the Alliance for Progress will be unsuccessful unless private investment in Latin America is made more attractive than it is at the present time. Together with a distressing decline in the prices paid for Latin American staple commodities, there has been a similar marked decline in United States investment throughout Latin America. Both these processes must be reversed.

EXHIBIT I

DEPARTMENT OF STATE,
Washington, July 10, 1962.

The Honorable HUBERT HUMPHREY,
U.S. Senate.

DEAR SENATOR HUMPHREY: The Department is pleased to submit the following additional information regarding treaties of commerce with Latin American countries, in response to your letter of June 14, 1962 (acknowledged on June 20, 1962).

There is enclosed a statement, tabulated country by country, which summarizes the Department's experience in seeking to negotiate modern commercial treaties with the governments of the Latin American countries, with an indication of the principal factors affecting the results in each case where a treaty has not been concluded.

As was indicated in the statement previously submitted and printed in the hearings on S. 2996 (at p. 602), the Department intends to continue to try to exploit every favorable opportunity for the negotiation of treaties of friendship, commerce and navigation with our Latin American neighbors. Considering the results of the persistent efforts that have been made to date and the known attitudes of Latin American governments, the Department regards it as unlikely, however, that the number of treaties in this area can be greatly increased in the foreseeable future. This does not mean that U.S. investment and other interests are endangered generally in Latin America because of the lack of treaty protection. In a number of countries marked progress has been made in recent years in increasing the security assured by law and by government policies to foreign investments. What it does mean is that other means than the negotiation of the traditional type of commercial treaty must be relied upon for the protection of the interests of American citizens in those countries. Investment guarantee agreements appear to offer one alternative method. Accomplishment of the objectives of the Alliance for Progress may be expected to gradually reduce the dangers to foreign investment in the area.

If I can be of further assistance, please do not hesitate to let me know.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

Argentina: Negotiations were actively carried on with the Argentine Government in 1950, were unsuccessful, and have not been renewed. The reason is that the political situation in Argentina has at no time since that date offered favorable conditions for negotiations. While the Frondizi government pursued policies favorable to private enterprise and the political situation seemed to be developing in such a way that a renewed effort for a treaty began to appear feasible, the overthrow of that government has necessitated a further delay. Certain existing Argentine legislation offers obstacles to a fully satisfactory treaty, particularly laws favoring the national shipping and discriminating against foreign insurance companies.

Bolivia: Because of the very difficult economic situation in Bolivia and the uncertain political conditions, often characterized by attitudes and movements inimical to alien property interests, the Department has not considered it useful to press for a commercial treaty with Bolivia.

Brazil: The Department made persistent efforts for several years (through the year 1950) to conclude a treaty with Brazil. The basic difficulties were the belief in some Brazilian circles that the treaty would be incompatible with Brazilian sovereignty, the difficult balance-of-payments situation which was thought to preclude treaty assurances on remittances of earnings and transfers of capital, and certain Brazilian policies unfavorable to alien interests, in the field of shipping, for example. The Department has recognized that these same difficulties have continued to exist in Brazil, and has, therefore, regarded further efforts to conclude a treaty as unpromising.

Chile: Repeated efforts were made between 1946 and 1956 to prevail upon the Chilean Government to enter into negotiations for a commercial treaty. In each case, however, the response of the Chilean authorities was quite unsympathetic, the attitude being that such a treaty would derogate from Chile's sovereignty and reflect unfavorably upon Chilean standards of law and justice in the treatment of foreigners. Because the present Government of Chile is regarded as favorably disposed toward private foreign investment, consideration is being given to the desirability of new treaty proposals. They have been withheld so far, however, because of the preoccupation of the two governments with matters relating to the carrying out of the Alliance for Progress policies.

Colombia: A treaty of friendship, commerce, and navigation with Colombia was negotiated and signed April 26, 1951, and submitted to the Senate shortly thereafter. Somewhat later, the Colombian Government informed the Department of State that approval of the treaty by the Colombian Congress could not be obtained, and the President subsequently withdrew it from the U.S. Senate before it could be acted upon by that body. The difficulty arose because of opposition in Colombia to the treaty provisions assuring rights to aliens with respect to carrying on religious activities. Insistence by religious groups in the United States that such provisions be retained in the treaty precluded amendments satisfactory to Colombia. Since it is thought that similar problems would still prevent the conclusion of a mutually satisfactory treaty, the Department of State has not sought to renew negotiations with Colombia.

Costa Rica: Negotiations for a new treaty were very close to successful conclusion in 1951, but broke down on the issue of the exemption of Costa Rican nationals from military service in the United States. The existing 1851 treaty with Costa Rica provides for mutual exemption of citizens from military service. The Department of State desired to terminate this provision, because our selective service law subjects aliens admitted for permanent residence to compulsory service, and the United States is consequently unable to carry out the terms of the provision. The Costa Rican Government refused to agree to deletion, and negotiations were suspended. Because the same problem would doubtless arise in any new negotiations, the Department has not sought renewal.

Cuba: Prior to the establishment of the Castro regime, a number of efforts were made to induce various Cuban governments to enter into negotiations for a commercial treaty, but without success. Numerous objections were voiced by the Cuban authorities, including lack of real reciprocal advantages, incompatibility with the Cuban Constitution and laws, and the political unpopularity of such a treaty in Cuba. Negotiations with the present regime in Cuba are, of course, impossible.

Dominican Republic: Efforts to negotiate a treaty of friendship, commerce, and navigation with the Trujillo regime were not considered desirable. Consideration is, however, being given to making treaty proposals to the present Government as soon as some of its initial tasks have been concluded and a situation of reasonable stability seems assured.

Ecuador: Treaty proposals have been made a number of times during the last 15 years to the Government of Ecuador, the last in 1957. It has not been possible, however, to bring about serious consideration of a treaty project. Ecuador's policies favoring trade preferences for several Latin American countries, previous discrimination with regard to shipping, and a firm position against forthright assurances with respect to compensation in case of expropriation were the major difficulties.

El Salvador: The 1926 treaty of friendship, commerce and consular rights was terminated in 1958 because of the conflict between the provisions of the treaty and the U.S. selective service legislation. At that time El Salvador agreed to enter negotiations for a new treaty of commerce, and the U.S. Embassy in San Salvador submitted a treaty project to serve as the basis for negotiations in February 1958. It has not been possible to initiate actual discussions of the project, however. The El Salvador Foreign Office staff is limited in size and it has been fully occupied with other high priority matters, such as the negotiation of an investment guaranty agreement with the United States, negotiations connected with the establishment of the Central American free trade area, etc. Several changes in government since 1960 and the resulting political instability have also affected the attention that the Government of El Salvador has been able to devote to this matter. Since a new and constitutional government has just been inaugurated for a 5-year term, it is hoped that discussions of the treaty project can be begun at an early date.

Guatemala: A treaty project was submitted to the Guatemalan Government in 1956, and several efforts have been made since then to initiate negotiations, but without success. Fear of public criticism of the Government was alleged at one time as a reason for not proceeding with discussions.

Haiti: A treaty of friendship, commerce, and navigation with Haiti was signed March 3, 1955. Objections were raised by various U.S. religious groups because the Haitian Government had failed to agree to the usual provisions regarding freedom of conscience and the holding of religious services. It was indicated that approval of the treaty by the Committee on Foreign Relations was unlikely, and the President withdrew the treaty from the Senate in 1957. Because of existing political conditions in Haiti, it is considered undesirable to renew efforts to negotiate a treaty.

Honduras: The existing treaty of friendship, commerce, and consular rights, concluded in 1927, has been found to be a reasonably satisfactory basis for regulating economic relations between the United States and Honduras. Consequently, no attempt has been made to negotiate a new commercial treaty with that country.

Mexico: Because of the known unacceptability to the Mexican Government of a number of the provisions normally included in U.S. commercial treaties, no serious effort to negotiate such a treaty with Mexico has been undertaken in recent years.

Nicaragua: A treaty of friendship, commerce, and navigation with Nicaragua was signed January 21, 1956, and is now in force.

Peru: A project for a treaty of friendship, commerce, and navigation proposed by the U.S. Government has been under consideration since 1956 by officials of the Peruvian Government. Little progress has been made, despite periodic approaches on our part. The effect of the recent Presidential elections upon the prospects for the conclusion of a treaty cannot yet be evaluated.

Panama: Because of the likelihood that controversial issues relating to the Panama Canal would become entangled with negotiations for a commercial treaty, it has not been considered practicable to propose commercial treaty negotiations with Panama.

Paraguay: Between 1950 and 1957, repeated approaches were made to the Paraguayan Government with regard to a treaty project. At one time, in 1952, it appeared that a treaty could be concluded without undue delay. The limited staff of the Foreign Office found it impossible to conclude the required work, and Paraguayan interest in the project lapsed. It appears that the principal obstacles to conclusion were shortage of qualified Paraguayan personnel and a failure to perceive any great advantage for Paraguay in a new treaty. Since the situation does not appear to have changed for the better, no recent attempt to renew negotiations has been made.

Venezuela: Several unsuccessful attempts were made prior to 1959 to interest Venezuelan authorities in negotiating an up-to-date treaty of commerce. The situation in Venezuela since 1959 has not presented us with the conditions which would be conducive for the negotiation of such a treaty.

Uruguay: A treaty of commerce was negotiated with Uruguay and signed November 23, 1949. It has never been acted upon by the Uruguayan legislature, in spite of a number of efforts, the last in 1958, by the Uruguayan executive authorities to obtain approval. No outstanding reason for failure to approve is known. It appears that the legislature is generally reluctant to approve international agreements, and the Uruguayan public has shown considerable irritation because of measures taken by the United States that are considered injurious to Uruguay's trade.

VOLUNTARY CONTRIBUTIONS BY YOUNG AMERICANS TO INTERNATIONAL UNDERSTANDING

Mr. HUMPHREY. Mr. President, I am pleased to note that American young people can and do make spontaneous, voluntary contributions to international understanding. They do not always have to join the Peace Corps in order to forge lasting ties with other nations and peoples. I say this not to disparage the Peace Corps, which has always had a prominent place in my affections, but simply to point out with satisfaction that in at least one case a group of college students from the University of Minnesota apparently served as trailblazers and advance envoys for the Peace Corps itself.

I am referring to an article in the New York Times of August 12, stating that 10 members of the University of Minnesota's Student Project for Amity Among Nations made such a favorable impression during a summer visit to Morocco that the Moroccan Government, which was evidently reluctant to do so beforehand, has now requested the services of more than 50 Peace Corps volunteers. I congratulate these Minnesota students for troubling to visit a key Arab state, for preparing themselves thoroughly in advance of their trip, for living modestly and reasonably close to the standards of ordinary Moroccans, and finally for using the trip to enhance their own understanding of Morocco and its people.

A summer vacation trip like this, Mr. President, is worth 50 or 100 grand sightseeing tours in Europe. The participants, the SPAN, and the University of Minnesota have reason to be proud of their initiative. They have all made a significant voluntary contribution to the wider purposes of American foreign policy.

Mr. President, I ask unanimous consent to place the article "Ten U.S. Students Impress Rabat," in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 12, 1962]

Ten U.S. Students Impress Rabat—Moroccans Like Them and Ask Peace Corps To Come

Rabat, Morocco, August 10.—Ten college students from Minnesota have helped pave the way for the arrival of the Peace Corps in Morocco by a highly successful 2-month visit here this summer.

For the first time, the University of Minnesota's Student Project for Amity Among Nations (SPAN) has visited an Arab country. The results are decidedly good.

Moroccan authorities and students have made friends with the SPAN students, and now are looking forward to the arrival of Peace Corps members.

The Corps is a mystery to most Moroccans, and attempts at establishing a program here have been slow and frustrating. But the students' visit, and earnest efforts by the Peace Corps' operations officer here, Lawrence E. Williams, have convinced the Moroccan Government that the Corps offers just what is needed. The Government has called for more than 50 volunteers as a start.

LIVED WITH MOROCCANS

The six girls and four young men from SPAN have spent 2 months here living with Moroccans and studying aspects of Moroccan life.

For the first 2 weeks they lived in the dormitories of Rabat University. When the school term closed they visited Moroccan families and later lived in third-class Moroccan hotels. They toured the country in Moroccan buses, seldom used by non-Moroccans.

Each student was operating on a $1,400 budget for the 3 summer months. The money included $250 for roundtrip fare on a chartered plane from the United States. The SPAN organization provided $400 for each student from private contributions and the rest came from colleges in Minnesota and from the students' families.

Other SPAN teams this year are visiting Peru, Nigeria, and Greece. The students, who generally are juniors in college, are expected to produce theses on their tour.

Miss Phyllis Swanson, of St. Cloud State College, in Minnesota, chose Agadir as her project. The Moroccan port was destroyed by an earthquake in 1960. Miss Swanson went to Agadir to study the reconstruction.

Other students studied education, the press, political parties, culture, agriculture, public housing, and the status of women.

The group's adviser was Mohamed Selim, an Egyptian professor at the College of St. Thomas, in St. Paul. Mr. Selim was working on a thesis of his own—the project for an Arab common market in relation to the European Economic Community.

SPAN students studied Morocco for a year before coming here. They met frequently last year and were coached by two Moroccans living in Minnesota. The students said their major handicap was the dearth of books on Morocco in American libraries.

ANNIVERSARY OF THE BERLIN WALL

Mr. HUMPHREY. Mr. President, Monday, August 13, marked the anniversary of a date which is not pleasant to commemorate. A year had passsed since the Soviet Union took its unilateral action in defiance of multilateral agreements concerning the administration of Berlin. I am, of course, referring to its construction of the wall which today physically divides East and West Berlin—a misguided step to further enslave the people of East Germany by preventing their access to the advantages of a free society.

This action clearly demonstrated complete disregard on the part of the Soviet Union not only for previous accords with its threat to Allied rights of access, but—worse still—its disregard for human rights in severing personal contact of Germans with Germans, Berliners with Berliners, brothers with brothers, and parents with children. It clearly shows that the Soviet Union could not tolerate free and open comparison of democracy and totalitarianism.

Mr. President, the infamous Berlin wall stands in sharp contrast to the Soviet feat of orbiting two cosmonauts simultaneously and keeping them aloft for days. The system that can mobilize its scientific talent so effectively cannot or refuses to solve the most elementary problems of human justice. Throughout recorded history, Mr. President, walls have been the hallmark of an empire's decadence and vulnerability. The Roman wall across ancient Britain failed to keep out the Picts and the Scots; the Chinese wall failed to halt the tide of northern invasion; the wall confining the Jews of German-occupied Warsaw merely inflamed the fighting spirit of a persecuted minority. The political system that builds a wall—either to keep its enemies out or to keep them in—confesses its failure. The system that builds a wall is on the decline: it has to take desperate measures in order to avoid collapse. That is the message of the Berlin wall on its first anniversary.

I can well understand the Communist regime's concern over the flight of a steady stream of refugees who were willing to give up their homes, their possessions, and their family and childhood ties in order to live in a free society. To rebuild part of a devastated country whose dissatisfied population was diminishing at the rate of 2½ million people in 15 years was no easy task. But to fence in human beings as if they were cattle can hardly be considered an acceptable solution to the problems of East Germany's so-called German Democratic Republic—a regime which rules by force and terror and which, in reality, is not supported by Germans and is far from being either a democracy or a republic, or even German.

Edward Shields, in an article in Sunday's "Outlook" section of the Washington Post, points out that the construction of the wall spelled out in concrete and barbed wire that East Germany could survive only by becoming a gigantic concentration camp. Mr. President, I ask unanimous consent to insert this article in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Year-Old Berlin Wall Bares Red Light

(By Edward Shields)

Berlin.—One year ago, goateed Walter Ulbricht hung out the bankrupt sign on Communist East Germany's policy and economy.

The sign was a wall 7 feet high and 26 miles long. It spelled out in concrete and barbed wire that East Germany could survive only by becoming a gigantic concentration camp.

The Communist regime under Ulbricht has survived for the past year, literally with its back to the wall. It bought 12 months' time with machineguns and the blood of its own citizens.

West Berlin, which the Communists said would wither inside their barbedwire noose, is booming, backed by the determination of the free world.

The wall stands as communism's desperate admission it couldn't meet the competition of the West.

In June 1961, Soviet Premier Nikita Khrushchev told President Kennedy that the Soviet Union would sign a peace treaty with

East Germany by the end of the year, and Western troops would have to leave Berlin.

To East Germans, that meant the closing of the "freedom gate"—the end of free movement between East and West Berlin which had been the way to freedom if life under Communists became intolerable.

That June, about 19,000 East Germans came through the gate. In July, Ulbricht and his lieutenants aired confident forecasts of what would happen when they controlled all access routes to a "free city" of West Berlin without its Allied garrisons.

But they had to erect roadblocks to control East Germans entering East Berlin and set up armed sentries to stop them from going on to West Berlin and freedom.

They slammed particularly harsh measures on the 60,000 to 100,000 East Berliners and East Germans who worked in West Berlin every day. Despite the ever-tougher border controls, 30,000 refugees from Ulbricht's Germany reached West Berlin in July.

East German industry came almost to a standstill, as skilled workers, foremen, and engineers disappeared. The harvest could not be gathered or transported because of the manpower shortage. Teachers and students, doctors and lawyers silently turned their backs on the "German Democratic Republic."

"We thought things would get better, but now they are as bad as they were 8 years ago" (at the time of the June 17, 1953, uprising) one refugee told UPI. "We can't even get diapers for our babies."

The refugee stream became a flood as East Germans became convinced the "freedom gate" would soon close.

On August 2, 1961, 1,322 refugees registered at the Marienfelde refugee camp in West Berlin. Six days later the total was 1,741. The next day 1,926 more people left East Germany forever.

A desperate Ulbricht flew to Moscow to consult Khrushchev, whose threat had loosed the flood. The only answer the rulers of the Communist world could find to stave off East Germany's collapse was brutal, harsh, and crude.

On gray, showery August 12, the line of refugees at Marienfelde contained 2,400 people. Hundreds more were with relatives in West Berlin. Then the Communists let their hatchet fall.

It was announced East Germany was setting up a system of "reliable supervision and effective controls" between East and West Berlin, with the backing of the Soviet Union and the Communist Warsaw pact.

Thousands of Communist police suddenly turned up in the darkness even as the ADN teletypes were rolling out the fateful message. The police began to string barbed wire along the border.

More than 80 crossing points between East and West Berlin shrank that night to 13. In the weeks that followed, they came down to seven road crossings and one rail line. Subway and elevated trains connections were severed. When the dawn came, the Berlin escape hatch had closed.

A chapter of drama and tragedy, high politics and squalid betrayals had opened. Escape from East Germany was no longer a matter of making a decision to abandon home and property and start a new life elsewhere. It was a question of how.

In the first few days, it was fairly easy. In more than one place, West or East Berliners clipped holes in the barbed wire, often under the eye of Communist guards, and escapees scrambled through. Others rammed cars or trucks through the wire, swam the rivers and canals on the borders, or even managed to evade Communist controls on trains entering West Berlin.

Then the Communists began to replace the barbed wire with concrete blocks, diverted from the construction of much-needed apartment houses. And the guards became much tougher.

West Berliners were angry, shocked, and frustrated but, restrained by their own police, they made no serious attempts to smash the wall. The Western Powers also were slow in reacting, except in protest notes and denunciations.

Mayor Willy Brandt wrote a personal letter to President Kennedy, asking for Western support. The appeal—which has never been made public—drew a dramatic answer.

A combat-ready battle group of the U.S. Army, 1,500 men with their vehicles, rolled up the Autobahn from West Germany on August 20. They were met at the edge of the city by Vice President Lyndon B. Johnson and retired Gen. Lucius D. Clay, the "Hero of Berlin" from airlift days, who had flown in from Washington.

The West Berliners gave an almost hysterical welcome to the troops, sent to beef up the 5,000-man U.S. garrison here. The British and French forces also were reinforced.

Johnson pledged the United States would continue to defend Berlin's freedom, and a month later Clay returned as President Kennedy's personal representative to watch the tense situation.

West Berliners felt their spirits rise as Clay flew over East Germany to the little West Berlin enclave of Steinstuecken, or sent U.S. tanks and armored cars patrolling the East-West city border along the wall.

But the wall itself was growing stronger and more permanent. Where there had been one strand of barbed wire, there now were two. Where there had been two, there were concrete walls. East Berlin garden allotments beside the border were bulldozed clear of trees and garden houses so they could not be escape routes.

On Bernauerstrasse, the windows of East Berlin apartment houses fronting on the West Berlin street were being walled up, and residents with friends or relatives in West Berlin were moved out.

The wall began to take its toll.

Rudolf Urban, 47, jumped from his upper-floor window into Bernauerstrasse when Vopos (People's Police) came to move him. He died in a hospital a month later.

Three wooden posts circled with a barbed wire wreath mark the place on Bernauerstrasse where 59-year-old Ida Sieckmann died in a drop from her apartment window on August 22.

Two days later, Communist bullets claimed their first victim, Guenter Litfin, 24, tried to swim across the Humboldt Basin on the border canal system. East German transport police NCO Herbert Paul fired at the swimming youth until his hands flew up and he sank.

At least 40 Berliners or East Germans have died in sight of freedom. The names of many of them are unknown to the West. Their memory is marked by the granite block on the edge of the Spree River in the center of Berlin inscribed to "the unknown refugee."

Most Vopos paid little heed to the plea broadcast by loudspeaker trucks and big placards, "German's, don't shoot your fellow Germans."

West German police tried to hold their fire. In many cases, they knew, the Vopos firing at refugees were aiming their shots wide. There always was a chance that the Vopo apparently trying to stop an escape was hoping soon to follow suit himself.

But there was no doubt when Bernd Luenser, 22, appeared 75 feet above Bernauerstrasse and called for help. Vopos on the rooftop were firing at him. West Berlin police fired back. One Vopo was injured. But another rushed at Luenser, who lost his grip and missed the firemen's net far below. A cross marks the place.

But many Vopos did flee, sometimes singly, often in pairs. Several Communist police and army members were shot by their politically indoctrinated comrades as they tried to cross the 6-inch white line to the West.

The loyal Communist East police have not come through unscathed. Border gunfights became more frequent last spring.

On May 23, Cpl. Peter Goering, 21, and Cpl. Kurt Laumer, 20 confidently sprang on the wall beside a border canal and began to pump machine-pistol bullets into a 15-year-old boy swimming to the West.

A West Berlin policeman raised his American-made carbine and fired two shots, killing Goering and seriously wounding Laumer.

The boy still is in a West Berlin hospital, permanently crippled.

Goering became a Communist martyr.

After the wall went up and morale went down, several thousand West Berliners gave up and moved to West Germany.

But in the last 6 months, many have returned and the places of the others have been taken by new settlers, brought here by good wages, good housing and good jobs, by the desire to live in one of the world's most sophisticated cities—and even by interest in being in one of the most exciting outposts of the West.

Part of the renewed confidence in Berlin is recognition that the United States and the French and British forces here have met and stood up to Communist challenges.

Last October, United States and Soviet tanks stood muzzle to muzzle in their first hostile confrontation as the Communists attempted to interfere with U.S. rights to enter East Berlin. The attempt failed.

East Germany tried to harass and interfere with Allied traffic on the Autobahns and was rebuffed.

Soviet aircraft tried to squeeze Allied planes out of their vital air corridors to West Berlin. The West filled the corridors with its own planes.

One year after the wall, West Berliners know the Communists still have an arsenal of weapons to use against the city. West Berliners have faith in themselves that they can meet the challenge, and faith that their Western Allies are standing by. If either faith is ever broken, the Communists won't need their wall—the whole city will be theirs.

Mr. HUMPHERY. Mr. President, I wish also to call attention to an article by Harry Schwartz on the Berlin situation in the August 12 New York Times. Mr. Schwartz writes of the "importance of Berlin as a symbol in a test of wills between" the Soviet bloc and the West. He states that while Moscow has centered its horrendous tactics on Berlin, West Germany as "the strongest, richest, and most populous country in Western Europe" is its "real target * * * and with it, the end of the North Atlantic Alliance, the destruction of the European Common Market, and therefore the beginning of the end of Western Europe's status as one of the free world's key bulwarks against Communist expansion."

Mr. President, I ask unanimous consent that this article, as well as a New York Times editorial of the same date entitled "The Berlin Wall—A Year Later," be placed in the Record.

There being no objection, the article and editorial were ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 12, 1962]

The Situation

(By Harry Schwartz)

(The anniversary of the building of the wall in the heart of Berlin finds that city still the focus of East-West tensions. Following are a description of the facts in the dispute and reports from the three capitals most vitally concerned.)

One year after the East German wall cut Berlin into two cities, tension remains high at this key point. Western troops remain in Berlin, but the possibility that Nikita Khrushchev may attempt to drive them out makes this city one of the most sensitive points in today's world.

Important as are West Berlin's 2,200,000 people and its major industrial capacity, these are not the elements that explain why the West has been determined to defend this tiny enclave of freedom against Communist aggression even at the risk that this defense might mean a thermonuclear war.

The real importance of Berlin is as a symbol in a test of wills between the two great opposed international alliances of our time. If the Soviet Union were to impose its will on the West regarding this issue, it would be a major defeat with the most profound political and psychological potentialities. In particular, it would open the way for a major propaganda campaign aimed at convincing the West Germans that the path of wisdom for them would be to break with the West and make the best deal they could with the Soviet Union, which would have demonstrated by this victory that it was the world's dominant power.

THE REAL TARGET

West Germany is Moscow's real target because it is today the strongest, richest, and most populous country in Western Europe. Neutralization of West Germany would mean the end of the North Atlantic Alliance, the destruction of the European Common Market, and therefore the beginning of the end of Western Europe's status as one of the free world's key bulwarks against Communist expansion.

The Western presence in Berlin, which began in the early summer of 1945, originated in the fact that the United States, Britain, and France were, together with the Soviet Union, the conquerors of Nazi Germany.

The basic agreements governing the partition and occupation of all Germany and of Berlin were approved at the Yalta Conference of February, 1945. When the European war ended 3 months later, Soviet troops were in occupation of all of Berlin, but Western troops had conquered and controlled much of what had been agreed would be the Soviet occupation zone elsewhere in Germany. Stalin did not permit Western troops to enter Berlin until his own forces had been permitted to take over the area West of the Elbe River assigned to them earlier.

At the time Western troops entered Berlin, it was taken for granted by all concerned that they would have air, railroad, and automobile road corridors open to connect West Berlin with what is now West Germany. In 1948 when the Soviet Union blockaded the land routes between West Germany and West Berlin, the air corridors remained open and the airlift overcame the blockade. In the spring of 1949, the Soviet Union ended its blockade and the foreign ministers of the four powers signed an agreement saying that each occupying power had the obligation in its zone to "insure the normal functioning and utilization of rail, water, and road transport."

East German authorities now control all civilian rail and motor transportation between West Berlin and West Germany. Movement of Western troops and military supplies between West Germany and West Berlin is supervised by Soviet troops, who also provide representatives for the Berlin Air Control Center. The center supervises air traffic in the Berlin area.

The Soviet threat to sign a peace treaty with East Germany has been accompanied by the declaration that this would mean the West would have to deal directly with East Germany and secure its permission for all travel between West Berlin and West Germany. Any Western effort to engage in such travel without East German permission would start a conflict in which the East Germans would have Soviet military support, Soviet sources have declared. It is this Soviet threat that raises the possibility of the eruption of World War III.

THE BERLIN WALL—A YEAR LATER

On Sunday morning, August 13, a year ago, amid the screams of East German police sirens and the rumble of Soviet tanks, Premier Khrushchev flung down his most reckless challenge to the West by closing the border between East and West Berlin with barbed wire which has since grown into a concrete and fortified wall. This action was a brazen defiance of all four-power agreements establishing Greater Berlin as a four-power occupation zone, and a shocked world looked to the West and especially the United States to take counteraction.

President Kennedy did vow to defend the freedom of West Berlin and took military measures that may well have kept the Soviet ruler from going further. But apart from verbal protests and some gestures to reassure the West Berliners, nothing was done about the wall and American authorities in Berlin who did urge action were held to be suffering from "localitis." So the "wall of shame," which Secretary Rusk calls an affront to human dignity, continues not only to imprison the East Germans but also to threaten the Western position.

This threat exists despite the fact that the wall did not wholly succeed in its immediate purposes. It was erected to stop the mass flight of refugees from the East German worker's paradise which began to cripple its economy. But more than 12,000 have defied Communist bullets to escape over, under, and around it to join the 3 million who chose freedom before them. Today East Berlin, like all East Germany, is a bleaker, grayer, and more lifeless world than before the wall, run by Soviet puppets and technicians for Soviet purposes at the price of growing shortages of food and clothing. West Berlin, having overcome the first shock, continues to flourish as a luminous symbol of both freedom and prosperity.

But there is also continued violence and death at the wall, and the signs multiply that Premier Khrushchev is preparing to seize on these Communist-provoked incidents to launch a new drive to oust the West from Berlin. In his upside-down language, of which his new notes to the Western Powers are a sample, the Communist provocations are provocations by an aggressive NATO and West German militarists and revanchists which bring the world to the abyss of war. To eliminate that danger, which can only come from him, he again threatens to sign a separate peace treaty with his East German puppets which, by his dictate, would end Western rights in Berlin. Unless the West is ready to accept these terms he is not interested in a modus vivendi for Berlin, and all American exploratory talks and concessions have come to nothing except an intensified Soviet rearmament.

The separate peace treaty would be no cause of war for the West. But any interference with Western rights in Berlin would have grave consequences, and so would the threatened break in relations between West Germany and any country recognizing East Germany. The West must therefore brace itself for a new Berlin crisis.

Mr. HUMPHREY. Mr. President, on this grim anniversary, I commend the courageous people of West Berlin who have not weakened in their steadfast opposition to communism during 17 years of continuous harassment. They can be assured of the continued determination of the West to defend their island of freedom. West Berlin is the advance guard of freedom in Central Europe.

Mr. President, I wish also to extend our sympathy to those on the other side of the wall whose "gate to freedom" has been slammed shut, as well as to the many persons whose desperate attempts to escape in the past year have been paid for with their lives.

Berlin, today, remains the focal point of the German problem. The Western Allies will continue in their willingness to negotiate with the Soviet Union for an acceptable solution to a question which has hung over Europe for 17 years. There will be no agreement, however, which would endanger the freedom of West Berlin; there will be no settlement which would permit this wall to remain. The incarceration of a dynamic people is not part of the so-called unpaid bill for World War II. There is nothing in the Teheran, Yalta, or Potsdam agreements which gives even tacit Western assent to the Soviet practice of treating Berlin and Germany as its private domain. In the words of Secretary of State Dean Rusk, the wall is an "affront to human dignity." This effrontery cannot be effaced by empty diplomacy. Unless and until the wall is dismantled, unless and until all harassment of western traffic to and from Berlin ceases, until the freedom of West Berlin is admitted to be inalienable, this divided city will remain the most explosive issue in postwar Europe.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MORSE. I call up my amendment JJJJ, and ask that it be read.

The PRESIDING OFFICER. The clerk will read——

Mr. MORSE. Mr. President, I withdraw my amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment, 8–14–62—C, and ask to have it read.

Mr. MORSE. Mr. President, if the Senator does not object, I wish to say I withdrew the amendment because I did not see the Senator from Rhode Island [Mr. PASTORE] in the Chamber. I agreed to withhold it until he could be present.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. Beginning with line 3, page 38, in the committee amendment, it is proposed to strike out all through and including line 14, page 38, and insert in lieu thereof the following:

FOREIGN NEGOTIATIONS

SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the President.

Mr. HUMPHREY. Mr. President, I shall take only a moment or two on the amendment. It is very similar to the amendment which was offered by the Senator from Tennessee [Mr. GORE]. I sincerely believe the amendment would improve the bill. The State Department has made it quite clear that the bill as now written includes this provision in terms of meaning and legislative history.

I believe the Senator from Tennessee himself, and I think other Senators, feel that the specific language offered in the amendment would remove any doubt or ambiguity and would establish the priority of the President of the United States in the conduct of our negotiations relating to the activities of this corporation.

I note that the language requires that—

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations.

This is a reasonable provision. It is very similar to the provision sent to us by the administration, which was modified in committee.

I am of the opinion that the language in the committee bill, as interpreted by the Secretary of State, and as constructed in our legislative history on the communications satellite bill, means what is contained in this particular amendment. I believe the amendment would clarify the bill and improve it.

I believe that the Senator from Tennessee [Mr. GORE], the Senator from Oregon [Mr. MORSE], the Senator from Idaho [Mr. CHURCH], and other Senators have made a worthy and valuable point on the question of international negotiations. The Senator from Tennessee [Mr. KEFAUVER] and the Senator from Ohio [Mr. LAUSCHE] and other Senators have felt the same as I do.

I am hopeful that the language will be accepted. I am not too encouraged, but I am hopeful.

Mr. PASTORE. Mr. President——

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PASTORE. One of the painful elements in managing the bill is that I had either to challenge or disagree, or sometimes equivocate, in the case of some of my dear friends with whom I have fought shoulder to shoulder. I assure the Senator from Minnesota that we discussed this question this afternoon. I think it is abundantly clear, from the testimony not only before our committee, but the Foreign Relations Committee, that the bill does precisely what the amendment would do. The language in the amendment would be surplusage.

Therefore, I move to table the amendment. I do it with a heavy heart.

Mr. MORSE. Mr. President, there are 14 Senators in the Chamber. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 186 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Cooper
Cotton
Curtis
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Gore
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Magnuson
Mansfield
McClellan
McGee
Metcalf
Miller
Morse
Morton
Mundt
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. MORSE and Mr. DOUGLAS asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], and the Senator from Virginia [Mr. BYRD] would each vote "yea."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Ohio [Mr. LAUSCHE] is paired with the Senator from Lousiana [Mr. LONG]. If present and voting, the Senator from Ohio would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Michigan [Mr. MCNAMARA] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Oklahoma would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Alabama [Mr. HILL]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Alabama would vote "yea."

On this vote, the Senator from Michigan [Mr. HART] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from Utah [Mr. MOSS] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from Utah would vote "nay," and the Senator from Maine would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Georgia would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. BUSH], the Senator from Kansas [Mr. PEARSON], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 53, nays 17, as follows:

[No. 187 Leg.]

YEAS—53

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Byrd, W. Va.
Cannon
Carlson
Case
Cotton
Curtis
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Holland
Hruska
Johnston
Jordan, N.C.
Jordan, Idaho

Keating
Kerr
Long, Mo.
Magnuson
Mansfield
McClellan
McGee
Metcalf
Miller
Mundt
Pastore
Prouty
Randolph
Robertson
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—17

Bartlett
Burdick
Carroll
Cooper
Douglas
Gore
Humphrey
Jackson
Javits
Kefauver
Kuchel
Long, Hawaii
Morse
Morton
Pell
Proxmire
Yarborough

NOT VOTING—30

Anderson
Bible
Bush
Butler
Byrd, Va.
Capehart
Chavez
Church
Clark
Dirksen
Fulbright
Gruening
Hart
Hayden
Hill
Lausche
Long, La.
McCarthy
McNamara
Monroney
Moss
Murphy
Muskie
Neuberger
Pearson
Russell
Saltonstall
Smathers
Wiley
Young, Ohio

So Mr. PASTORE's motion to table the amendment of Mr. HUMPHREY was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment identified as JJJJ–8–13–62.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 27, line 17, insert the following after the semicolon: "by insuring that no manufacturer of such apparatus or equipment shall own any of the voting or other securities of the corporation;".

Mr. MORSE. Mr. President, I shall speak but a minute or two on the amendment. The antitrust implications of the bill have hardly been touched upon in the debate on the floor because of the lack of time. This is a vast and vital field, as indicated by the general testimony which I have already placed in the RECORD in support of my prior amendments.

With regard to this particular field, certain statements have been made by the head of the Antitrust Division of the Department of Justice, Mr. Loevinger, with respect to some of our antitrust problems that are involved in the kind of vertical monopoly which would permit manufacturers of apparatus and equipment to also own voting stocks and other securities of a corporation. I ask unanimous consent that certain excerpts from the RECORD in support of my amendment be printed at this point in my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

ANTITRUST MEANS ECONOMIC FREEDOM

(Address by Lee Loevinger, Assistant Attorney General in charge of the Antitrust Division, U.S. Department of Justice, prepared for delivery before the American Society of Corporate Secretaries, Atlantic City, N.J., June 19, 1962)

The term "antitrust" is an anachronism, although the idea it represents is as contemporary as the human spirit. To understand both the word and the idea it is best to begin by looking at their history.

From the beginning of recorded history, man has been concerned about the exercise of economic power. The oldest known legal code is that of a Sumerian king who ruled in the 24th century, B.C. This code set forth laws on clay tablets providing for removal from office of the "grabbers" of the citizens' oxen, sheep and donkeys, for setting up and enforcing an honest system of weights and measures, and for protecting widows and orphans against the wealthy and powerful. Similar provisions are in the code of the Babylonian king, Hammurabi, of the 21st century, B.C., and in ancient Chinese legal codes. An edict of the Roman Emperor Zeno in A.D. 483 prohibited any monopolizing and price fixing among competitors under penalty of forfeiture of all property and perpetual exile.

The first reported English case on restraint of trade was in 1415. The court held that such a contract was unenforcible and went on to say that the party who tried to enforce it should be sent to jail. The English courts first held that a monopoly was against the public interest and illegal in 1602. Parliament passed a statute outlawing monopoly in 1623. Blackstone's commentaries on the laws of England, published in the 1760's, said not only that monopolies are illegal but also that any party injured by a monopoly might sue and recover treble damages and double costs. Laws enacted in France in 1791 declared illegal any combination of persons for the purpose of charging a certain price for services. Article 419 of the penal code promulgated by Napoleon in 1810 made it a criminal offense to attempt to bring about an artificial rise or fall in the price of foodstuffs or other goods by combining or monopolizing.

During the 19th century, there was an explosive development in the means of production, transportation, and communication. As a consequence, markets became national in scope and economic organizations grew to unprecedented size. Accompanying the industrial and technological changes were two important legal developments. The first was the emergence of the corporation in its modern form. The second was the discovery of several means of combining the economic strength of different enterprises. One of the most effective of these legal devices was the so-called voting trust by which control of the shares of a number of corporations was brought into the hands of a single trustee or group of trustees. This served effectively to centralize the operations of the corporations and to eliminate competition between them. By this means, large concentrations of economic power were built up and these became popularly known as trusts.

In the latter half of the 19th century, the opinion developed in the United States that State laws were inadequate to cope with the growing power of the great trusts. Public sentiment demanded an effective national "antitrust" law. As the term "trust" in this sense meant essentially what we mean today by monopoly, so the term "antitrust" meant essentially "antimonopoly."

By the latter part of the century, such sentiment was sufficiently widespread and powerful to secure results. In 1889, an antitrust statute was passed in Canada, and the following year, 1890, the Congress of the United States passed the Sherman Act, which remains the basic antitrust statute of this country.

THE OBJECTIVES OF ANTITRUST

The objectives of the antitrust laws are the economic aims of the American people. The first, and the most obvious purpose is to avoid exploitation of the consumer by maintaining reasonable prices and good quality. It is the assumption of the antitrust laws that this can best be achieved by the maintenance of competition.

The second objective is economic efficiency, which it is thought will result from an impersonal and automatic control of prices, products, the quality of goods, and, perhaps, most important, the allocation of manpower and resources. Our economic system is based on the premise that the automatic and impersonal action of the market is likely in the long run to be more effective and more efficient than personal judgment, whether exercised through government power or private monopoly.

In the third place, it is believed that we will insure technological and economic progress best by a full utilization of the diversity that a free competitive market offers. Our great resource of individual inventiveness and personal initiative can be fully utilized only in a free enterprise system. Under a system of cartels or of monopolies, inventions and technological innovations will be employed only within the confines of the cartel or monopoly with established power over the relevant field. The contributions of outsiders are neither encouraged nor permitted. By keeping the economy free, we offer both opportunity and incentive for the widest participation, and thus for utilization of the full range of diversity, individual talent and energy which is possessed by the entire population.

As one of our greatest judges, Learned Hand, has said, the Sherman Act is based on these premises: "That possession of unchallenged economic power deadens initiative, discourages thrift, and depresses energy; that immunity from competition is a narcotic, and rivalry is a stimulant, to industrial progress; that the spur of constant stress is necessary to counteract an inevitable disposition to let well enough alone. * * * [C]ompetitors, versed in the craft as no consumer can be, will be quick to detect opportunities for saving and new shifts in production, and be eager to profit by them." (*U.S.* v. *Aluminum Co.*, 148 F. 2d 427.)

Fourth, it is a premise of the antitrust laws that by maintaining the widest possible area of freedom in the economic realm, we maintain the conditions and lay the foundation for political democracy and civil liberties. To illustrate this point, it is necessary only to suggest the situation that might exist were the economy to be composed of a series of cartels or of a single monopoly. Then an individual skilled in a business, craft, or profession might find only a single employer within the economy. The overwhelming majority of people would most surely be under great restraint and personal freedom would be dependent on the tolerance of the employer. This, of course, is precisely the situation that does exist in countries where the economy is wholly socialized. Monopoly is merely slightly less extensive in its effect.

The U.S. Supreme Court has recently recognized these objectives of the antitrust laws in an opinion which declared:

"The Sherman Act was designed to be a comprehensive charter of economic liberty aimed at preserving free and unfettered competition as the rule of trade. It rests on the premise that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic political, and social institutions." (*Northern Pacific* v. *United States*, 356 U.S. 1.)

Finally, it should be added, that by seeking to maintain and preserve economic freedom, the antitrust laws secure something which is valued as an end in itself. Freedom needs no justification or ulterior purpose. Freedom itself is something that the American people believe to be good, and is an essential part of that ethical system in which the individual and the welfare of the individual represent the ultimate standard of value.

THE ALTERNATIVE METHODS OF ACHIEVING ECONOMIC AIMS

Although there is infinite variety of detail possible, there are a limited number of basic methods by which society can achieve its economic aims. All of the methods involve the existence of some laws which control or limit economic activity in some degree. Any society which has a business and economic system is based upon a legal order. Most business enterprises, such as corporations, partnerships, trusts, and joint ventures, are creations of the law, as are such elements of business itself as money and credit, bills and notes, contracts, property and, most basic of all, the reasonable expectation of law and order. The law which creates these economic instruments also specifies their use and limitations.

Basically, there are three alternative methods of securing economic objectives. The first is by a limitation on the form and extent of economic power. This is the method of competition or free enterprise. The second is by a government determination of the standards of economic performance. The government's determination may be made effective either by the imposition of sanctions for failure to comply with the standards of performance, or by the offering of incentives for such compliance. There are many variations of this method, but they all involve the determination by government itself of the kind and quality of economic performance that is sought. This is the method of regulation. The third alternative is the control of major economic institutions by government through ownership. This is the method of nationalization or socialism.

All governments utilize some elements of each of these methods to some extent. In the United States the post office system is owned and operated by the Government and thus may be regarded as a socialized enterprise. The transportation industry is largely subject to governmental control and, therefore, is an example of the method of regulation. However, with respect to the greater part of the economy, the American method is that of private enterprise operating freely within the broad limits set by legal rules required to maintain competition. This is the general method of American law. In other fields than the economic, conduct or activities which are thought to be undesirable are prohibited, and citizens are left free to engage in the pursuit of their own interests so long as they do not commit acts that are forbidden. To prescribe and require conduct that is thought to be desirable would leave a much narrower area of freedom to the citizen and would require a much greater governmental apparatus to administer.

Both theory and experience indicate it to be more practical and more efficient, particularly in the economic realm, to have the limited prohibitions of law protecting a wide area of freedom, and to permit the widest possible discretion for the individual, rather than to subject extensive areas of economic life to either Government regulation or Government ownership.

THE PRINCIPLES OF ANTITRUST

As business and economic activity have expanded and developed in complexity through the years, so has the law. Thus, the simple principle of limiting the form and extent of economic power now has been embodied in a very large number of statutes. There are antitrust statutes applicable to numerous specific situations such as those involving import and export trade, those involving special or partial exemptions or administration procedures and those applicable to particular businesses ranging from packers and stockyards to ocean carriers. There are provisions relating to the issuance of injunctions, to damage suits by private parties and by the Government to limitations of time within which action may be brought, to the procedural effect of judgments, to securing testimony before grand juries, and to many other similar matters.

However, detailed, technical, and complex as the body of statutes may be, there are, basically, four simple principles of the antitrust laws. The first principle, contained in section 1 of the Sherman Act, is that all contracts, combinations, and conspiracies in restraint of trade are prohibited. In this usage, the word "trade" may be understood as meaning "competition." Thus, the first and most general principle is simply that all combinations to restrain competition are prohibited.

The second principle is in section 2 of the Sherman Act and is that it is prohibited to monopolize or attempt to monopolize or combine or conspire to monopolize any part of trade.

The third principle, in section 7 of the Clayton Act, is that no corporation shall acquire or merge with any other corporation where the effect may be substantially to lessen competition or tend to create a monopoly.

The fourth principle is in section 2 of the Clayton Act, commonly known as the Robinson-Patman Act. This provides that it is unlawful to discriminate in price, directly or indirectly, between different purchasers of the same or similar commodity where the effect may be to lessen competition or tend to create a monopoly. This statute permits differentials that make only due allowance for differences in cost of manufacture, sale, or delivery, and contains a number of other specific provisions. This act seeks to spell out with some certainty the circumstances which involve illegal price discrimination and those in which price differentials are permitted. However, the attempt to write rules that are certain and specific has probably created as much difficulty and confusion as would exist if the law stated merely a general principle against discrimination and left detailed construction to the discretion of the courts.

There are some other additional specific provisions of the law, such as prohibitions against tying agreements and against interlocking directorates. In essence, these are merely efforts to specify and emphasize particular practices which are thought to constitute restraints of trade or competition.

THE EFFECTIVENESS OF ANTITRUST LAWS

There has been a continuing debate among businessmen, lawyers, and economists as to the effectiveness of the antitrust laws almost since their passage. These criticisms, however, have by no means been consistent.

Some businessmen assert that the antitrust laws are too rigid, restrictive, and inflexible. They say that these laws have put business in a straitjacket, that it is necessary in the modern age for business to grow bigger than ever, and that it cannot grow and expand as it should with the antitrust laws in effect.

It is asserted by some businessmen that the antitrust laws are too indefinite and uncertain. They say that because of this uncertainty they cannot know how to comply with the antitrust laws.

On the other hand, there are critics who say that the antitrust laws are not rigorous enough. They assert antitrust has not succeeded in preventing the concentration of economic power, that business in America has grown bigger than ever before, that competition has given way to administered prices. They argue that the antitrust laws serve only as a symbol with which to satisfy the public while monopolistic businesses grow ever larger and more powerful.

Another group believes business should be subject to greater limitation and that antitrust is not adequate to provide this in contemporary circumstances. The underlying assumption of this viewpoint is that competition is no longer a reliable governing principle for the economy. It is interesting to note that faith in the efficacy of competition is rejected by those who believe that we must have Government regulation in one form or another and by those who advocate socialism as well as by those who contend that business should be permitted to form cartels or exercise monopoly power.

It is significant that the criticisms of the antitrust laws are inconsistent and contradictory to each other. Some business critics claim that the laws are at once too rigid and inflexible and also too uncertain. However, it is impossible for the laws to be both flexible and certain at the same time. To the degree that the laws are flexible and adaptable to different circumstances they are uncertain, since judgments will differ as to their application. To the degree that the laws are certain and definite they are rigid and inflexible.

The antitrust laws combine both flexibility and certainty, or generality and detail, by the same method as most of our important laws. The basic principles of the laws are stated in broad general terms. This requires the laws to be interpreted in the course of application to specific situations. Thus a body of judicial precedents is built up by the decisions in specific cases, which supplements the statutes and provides guides to the meaning of the laws.

This is the common-law method of developing legal doctrine and is fundamental to our system of government. For example, the legal principle of most common and general application is the rule imposing liability for negligence. This rule states generally that anyone who fails to exercise the care of a reasonable man and thereby injures another must pay for the damages caused. This is a principle of wide application stated in simple and general terms and most flexible in its application. The interpretation or application of this principle has given rise to literally tens of thousands of cases which give specific content to the general rule.

Similarly, Chief Justice Hughes stated, the Sherman Act, as a charter of freedom, "has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape. The restrictions the act imposes are not mechanical or artificial." (*Appalachian Coals* v. *U.S.*, 288 U.S. 344.)

Early in the history of the antitrust laws, the Supreme Court declared that the Sherman Act was to be applied in a reasonable manner, which would not interfere with the power to carry on business by all normal methods, but which would prohibit all acts and practices that restrained competition. Over the years, the courts have recognized that certain practices are of a kind the statute clearly intended to prohibit. Thus the Supreme Court has held that certain acts are unreasonable per se and therefore illegal. The practices that are conclusively presumed to be unreasonable are principally price fixing of every kind, agreements among competitors for the allocation of customers or territories, group boycotts, the pooling of profits by competitors, and other similar types of agreements not to compete.

As to these practices which are per se unreasonable, and therefore illegal, there is great certainty and little flexibility. On the other hand, practices which are not per se unreasonable must be judged by their purposes and probable effects in the light of all the economic circumstances. As to these practices, there is considerable flexibility but correspondingly less certainty. This antithesis of certainty and flexibility is not a peculiarity of the antitrust laws, but a logically inescapable element in all law.

The argument that the antitrust laws are not rigorous enough, is, of course, completely inconsistent with the claim that the laws are too rigorous. The validity of this argument necessarily depends upon the view that is held as to the economic structure that this country should possess. But generally the argument is rested upon the assertion that economic concentration is increasing despite the antitrust laws.

Unfortunately there is dispute among scholars and others both as to whether economic concentration has increased significantly in this country during this century and also as to the nature and validity of the criteria by which such concentration may be measured. In any event, it is clear that there is still a large degree of competition and freedom in the economy generally. This appears to be due in great measure to the antitrust laws.

It is, of course, impossible to make a rigorous proof of any historical cause and effect. No one can measure the degree to which basic legal principles have influenced social development. For example, the concept of "due process of law" has certainly had a profound effect on the course of American history. But it is difficult to specify and impossible to quantify that effect. Likewise, the principles of antitrust have had a substantial effect upon economic structure according to the testimony of most observers and business participants although the degree of influence is incommensurable.

Those who criticize the antitrust laws on the ground that competition is ineffective or outmoded have yet to make either a cogent theoretical argument or a practical demonstration that there is any better alternative social model. The experience of this country would certainly seem to offer at least some evidence to the contrary.

One of the first great antitrust cases resulted in the dissolution of the Standard Oil combination in 1911. Now, half a century later, the oil companies which resulted from the splitting up of the Standard Oil combine, are large and prosperous and are among the largest corporations of the country. On the other hand, many railroads, airlines and other regulated enterprises are in obvious financial difficulty. Clearly there are numerous complex causes. However, this suggests at least that regulation and restriction of competition is no guarantee of prosperity, and that competition enforced by antitrust action is no barrier to prosperity and growth. There are numerous industries in which antitrust action has taken place and in which business has grown large and prosperous. Indeed the critics who claim that the antitrust laws are too rigorous can point to no specific example where they have prevented the growth or development of American industry in any field.

In any event, no system or regulation or of Socialist incentives has yet been suggested that will secure all of the purposes and objectives of the antitrust laws. It is possible that regulation or Government ownership might avoid exploitation of the consumer and unduly high prices. There is no serious reason to doubt that this will be true in practice over any substantial period, but the point may be conceded for the sake of argument. However, it is clear that neither regulation, Government ownership, nor monopoly, will furnish that automatic and impersonal control of prices and allocation of resources which is most likely to insure economic efficiency without reliance upon the fallibility of human knowledge and judgment. Further, the stimulation and utilization of diversity which generate technological progress can hardly be achieved by any other method than that freedom which is protected by antitrust principles.

It is noteworthy that since the end of World War II many of the other industrial countries of the world, particularly in Europe, have adopted new or substantially strengthened statutes against restrictive business practices. Japan adopted such a statute in 1947; Austria in 1951; Norway, Sweden, and Ireland in 1953; France in 1954; Denmark in 1955; Great Britain and Netherlands in 1956; Germany and Finland in 1957; Belgium, Israel, and Canada in 1960. Moreover, broad provisions against restraints on competition were contained in the treaty establishing the European Coal and Steel Community in 1951, and also in the Treaty of Rome establishing the European Economic Community (or Common Market) in 1957. The treaty setting up the European Free Trade Association or the "Outer Seven," in 1960 likewise contained provisions on the subject. While there are numerous differences and a variety of detail among these statutes and treaties, it is significant that all, like our own antitrust laws, seek the maintenance of competition and the elimination of what we call restraint of trade.

Prof. Albert Coppé, vice president of the High Authority of the European Coal and Steel Community and a distinguished economist, has said:

"Even among those of us who looked for great results from the Common Market there was astonishment at the swiftness with which the intensification of competition produced a considerable increase in investments. In various sectors of the Community's industries, investments are now going up swiftly. There has been a 40 percent increase in coal mine investments, and an increase of nearly 50 percent in the steel industry as compared with the first years of the Common Market.

"With this increase in capital investment has come increased productivity in the community's industries. Certainly productivity is the key to higher living standards in a modern industrial economy. Therefore, another lesson to be learned from our experience is that by establishing a climate of competition it becomes possible—because it becomes commercially necessary—to increase investments, boost productivity, and thus contribute to higher living standards." (Speech at St. Mary's University, San Antonio, Tex., Oct. 3, 1957.)

Beyond the economic benefits, probably the most important purpose achieved by the maintenance of a free enterprise system through the antitrust laws is the establishment of conditions that foster and permit political democracy and civil liberty. Neither Government regulation nor any of the alternative theories or schemes yet suggested would afford conditions of individual economic freedom to nurture political democracy and civil liberty as antitrust and free enterprise do.

Without suggesting either that the antitrust laws are perfect or that they are the sole cause involved, it may be observed that their purposes have been largely achieved. The United States has developed a free and competitive economy and has made unprecedented technological progress. It has increasingly made more goods available to more people and has maintained an economic system with a very large degree of individual freedom, opportunity for initiative, and political democracy. These achievements are surely the result of both the underlying philosophy that produced the antitrust laws, and the existence and enforcement of the laws themselves.

ENFORCEMENT POLICY

The enforcement of laws can be more or less efficient or vigorous, but, if it is honest, it cannot be partisan or political. The enforcement of the Federal laws, particularly the antitrust laws, over the years has been honest, nonpartisan, and nonpolitical. Differences of opinion as to application of general antitrust principles to particular cases can and do exist among conscientious lawyers. However, there has been relatively little difference among those charged with enforcement of Federal antitrust laws as to the principles that should apply.

The basic antitrust enforcement policy is, and we believe always should be, to achieve the objectives of the law by securing compliance. The enforcement policy of this administration does not seek to impose penalties upon business, to secure injunctions or to win cases for the sake of a statistical record. Indeed, we believe that the effectiveness of antitrust enforcement cannot be measured by statistics. Were the program of enforcement perfectly effective, there would be universal voluntary compliance and litigation would be confined entirely to borderline cases in which the application of general principles required full judicial inquiry and determination. No such utopian condition seems imminent or prospective. However, such a hypothesis emphasizes the point that statistical measures of cases filed are not a good indication of the effectiveness of enforcement activity.

With respect to the specific cases that are brought, there is an inescapable burden of discretion on enforcement officials since manpower and money are limited. There always are more complaints than it is possible to investigate fully and more potential cases than it is possible to prosecute.

Within this area of discretion, the selection of cases is now being made on the basis of economic significance and potential contribution to the achievement of antitrust objectives. Enforcement activity is not fashioned to fit any preconceived ideas as to which sections of law should be enforced or which areas of business should be prosecuted. While errors of judgment are always possible, enforcement policy now is guided solely by the policy and standards of the statutes on the basis of the specific facts in each case. Despite some published opinions to the contrary, enforcement policy and activity under the present administration has been neither punitive nor hostile. For example, the proportion of criminal cases filed in 1961 was the lowest of any year in the last decade.

In the past, enforcement officials sometimes have suggested that one section of the antitrust statutes might be more important or more effective than another. The announced policy of this administration to enforce all sections of the law with equal vigor has led some writers to the erroneous conclusion that we are less vigorous with respect to certain statutes than those who talked more emphatically about them. Specifically it has been asserted that we are bringing fewer cases under the Celler-Kefauver Antimerger Act than the preceding administration. The fact is, however, that the largest number of cases brought under this statute in any year prior to 1961 was 11, while 18 such cases were filed in the year 1961. Furthermore, of the 18 cases filed in 1961, 5 were actually brought to trial during that calendar year and 1 additional case was brought to trial within 1 year of the date on which it was filed. As many merger cases were tried in 1961 as were tried during the preceding decade.

This does not mean that all mergers are automatically challenged by the Antitrust Division. On the contrary, the number of cases is relatively small in relation to the total number of mergers. The Antitrust Division examines over a thousand mergers a year. Between 1 and 2 percent of these mergers are challenged in court.

In this connection, the Antitrust Division is guided by the statements of the courts that mere size is not an offense against the antitrust laws, but that market power is one of those economic circumstances relevant in certain cases. Practices such as price fixing which are unreasonable per se are equally forbidden for all businesses whether big or small in market power. On the other hand, a far wider range of practices is prohibited only as the practices appear to be unreasonable in the setting of economic circumstances. In such cases the relative market size of the enterprise involved clearly is of importance. For example, an acquisition or merger by a company that is already very large in relation to its market is far more likely to lessen competition substantially or tend to create a monopoly in violation of the antitrust laws than a similar transaction by a small company.

Most of the investigations and cases of the Antitrust Division are in response to complaints received. These come in at the rate of more than 100 a month. Of the total number of complaints received only about 13 percent develop into major investigations and less than 5 percent in the filing of a case. A most significant fact is that of all the complaints received over two-thirds are from businessmen themselves. The great majority of the investigations made and the cases filed under the antitrust laws are the result of requests by business for legal protection.

THE SPIRIT OF ANTITRUST

In the final analysis, therefore, the antitrust laws are truly probusiness. By keeping the economy free, by preventing restrictive and unfair practices, and by permitting equality of opportunity for all, they have maintained the conditions that permit and foster the growth of American business. The antitrust laws, in this respect, may be likened to the laws that regulate traffic. Nearly everyone is annoyed at some traffic laws and indignant after receiving a traffic ticket. But most reasonable men recognize that without traffic laws and officers to enforce them no one could drive safely on the crowded public highways.

In the same manner it is antitrust enforcement that keeps the economic highways free and open to business. If it were not for enforcement of the antitrust laws there might be one or two businesses able to survive and drive others off the highway or out of the field. However, the overwhelming majority of businesses, literally more than 99 percent of all present business enterprises, would have little chance of prosperity or even survival without such protection.

Beyond this, the antitrust laws offer one common ground upon which those of varying political and economic viewpoints can, and indeed must, meet if Americans are to work together in building greater economic strength for the future. The concept of pluralism in the organization of power is the one positive and practical program that can challenge the strength of tyranny arising from the monopolistic concentration of power under the totalitarian systems.

The matter was well stated by Fortune in an editorial in July 1948:

"Unique among those institutions which have tended to preserve America's flexible, dynamic, and competitive society is the Sherman Antitrust Act, passed 58 years ago by a Republican Congress and currently being applied in a way that may profoundly affect U.S. enterprise. * * * Redemption can come only as freemen everywhere come to see that liberty is meaningful only as power, political as well as economic, is dispersed, and that the high road to such dispersal lies through the cultivation, not the elimination, of private property, and the broadening, not the constriction, of the market. But within the context the Sherman Act does make sense—a signpost from the past providentially preserved into the present. We may not be able and we may not wish to re-create the exact ideal society envisaged by its framers. They too were unsure and did not know all the answers. What they did know was that the free society rests on the idea of limited power and that there are moral reasons for insisting on this which transcend any economic considerations. Let us, therefore, apply the letter of the Sherman Act as best we can to our complex industrial society—preserving its spirit to fight the deadly statist tyrannies of our time."

This is the spirit of the antitrust laws, as it is the spirit of the American Constitution and the American people. This is the spirit that moves and guides the present enforcement of the antitrust laws. In this spirit, antitrust is truly probusiness, but is much more than that. Antitrust means free enterprise. It means equal economic opportunity for all in a free society.

The basic vision of the antitrust laws is that freedom can exist only where it is established and protected by law, and that the law must secure a pluralistic rather than a monopolistic organization of power in every realm. This concept is built into the very structure of our Government. The Constitution itself provides for a system of checks and balances by organizing the power of Government into three separate and coordinate branches. The purpose of the founders of the Nation was to guard against tyranny by preventing too great a concentration of power in the hands of one or a few. In the economic, as in the political realm, we must insure that power is organized on a pluralistic, not a monopolistic basis. The spirit of antitrust is the spirit of liberty, and its method is the most practical means of securing and maintaining liberty that mankind has yet learned.

Mr. President, a few hours ago the Department of Justice appealed to the Supreme Court the decision of Federal District Judge Walter J. La Buy in the Du Pont-General Motors case.

This case, in which the Government seeks to force the Du Pont Co. to divest itself of 63 million shares of General Motors stock, most of it acquired more than 40 years ago, has already been dragging through our courts for 11 long years.

I have no idea, Mr. President, what this litigation has cost the Government and the taxpayers, as well as the defendants, over this long period, but the figures must be staggering.

The appeal filed by the Department of Justice will prolong this litigation, and continue to engage the time and talent of the Government's attorneys for at least another year. I submit that a better course is available, and the Department of Justice knows it.

On a previous appeal, decided 3 years ago, a minority of the Supreme Court—four of the six Justices who took part—decided that because the Du Pont Co. owned 23 percent of the stock of the General Motors Co., there was created a "reasonable probability" that Du Pont would have a preferred position in supplying General Motors with finishes and fabrics. While the four Justices, in a new interpretation, held that this was in violation of section 7 of the Clayton Act, they also found that during the preceding 40 years "all concerned in high executive posts in both companies acted honorably and fairly, each in the honest conviction that his actions were in the best interest of his own company and without any design to overreach anyone, including Du Pont's competitors.

Mr. PASTORE. Mr. President, all I care to say is that I refer the membership of the Senate to page 21 of the bill, where it is provided:

> The activities of the corporation created under this act and of the persons or companies participating in the ownership of the corporation shall be consistent with the Federal antitrust laws.

Our subcommittee wrote that language into the bill. Furthermore, I read from page 27 of the bill:

> The Federal Communications Commission [shall] insure effective competition, including the use of competitive bidding where appropriate, in the procurement by the corporation and communication common carriers of apparatus, equipment, and services required for the establishment and operation of the communications satellite system and satellite terminal stations; and the commission shall consult with the Small Business Administration and solicit its recommendations on measures and procedures which will insure that small business concerns are given an equitable opportunity—

And so forth. I further suggest that the public interest has been guaranteed and insured and competitive bidding provided, and that the antitrust laws will be applied.

Mr. MORSE. What the Senator from Rhode Island has read becomes verbiage in the bill unless we protect the public from the purchasing of voting stocks and securities by manufacturers of apparatus and other equipment. That is what we are seeking to prevent. I point out also that unless there is this bill, the power that is sought to be vested here would automatically be in violation of the antitrust laws of this country. It is necessary to have the bill to take this monopoly out from under the antitrust laws. This is a good example of the type of vertical monopoly that we are in danger of subjecting the American people to. I submit my amendment.

Mr. PASTORE. Mr. President, I move to table the amendment.

Mr. MORSE and Mr. DOUGLAS requested the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Oregon [Mr. MORSE]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORTON. On this vote I have a live pair with the senior Senator from Tennessee [Mr. KEFAUVER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oklahoma [Mr. MONRONEY], the

Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Oregon [Mrs. Neuberger], the Senator from Georgia [Mr. Russell], and the Senator from Ohio [Mr. Young] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] and the Senator from Arizona [Mr. Hayden] are necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. Byrd], the Senator from Michigan [Mr. Hart], the Senator from Arizona [Mr. Hayden], the Senator from Ohio [Mr. Lausche], and the Senator from Minnesota [Mr. McCarthy] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Tennessee [Mr. Gore]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Tennessee would vote "nay."

On this vote, the Senator from Nevada [Mr. Bible] is paired with the Senator from Alaska [Mr. Gruening]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from New Mexico [Mr. Chavez] is paired with the Senator from Idaho [Mr. Church]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Wisconsin [Mr. Wiley]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from Arkansas [Mr. Fulbright] is paired with the Senator from Louisiana [Mr. Long]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Alabama [Mr. Hill] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from Alabama would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Michigan [Mr. McNamara] is paired with the Senator from Oklahoma [Mr. Monroney]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Oklahoma would vote "yea."

On this vote, the Senator from Maine [Mr. Muskie] is paired with the Senator from Oregon [Mrs. Neuberger]. If present and voting, the Senator from Maine would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from Georgia [Mr. Russell] is paired with the Senator from Ohio [Mr. Young]. If present and voting, the Senator from Georgia would vote "yea," and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. Bush], the Senator from Kansas [Mr. Pearson], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Wisconsin [Mr. Wiley] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 61, nays 7, as follows:

[No. 188 Leg.]

YEAS—61

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Byrd, W. Va.
Cannon
Carlson
Case
Cooper
Cotton
Curtis
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Magnuson
Mansfield
McClellan
McGee
Metcalf
Miller
Mundt
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—7

Bartlett
Burdick
Carroll
Douglas
Long, Hawaii
Morse
Yarborough

NOT VOTING—32

Anderson
Bible
Bush
Butler
Byrd, Va.
Capehart
Chavez
Church
Clark
Dirksen
Fulbright
Gore
Gruening
Hart
Hayden
Hill
Kefauver
Lausche
Long, La.
McCarthy
McNamara
Monroney
Morton
Moss
Murphy
Muskie
Neuberger
Pearson
Russell
Saltonstall
Wiley
Young, Ohio

So Mr. Pastore's motion to lay on the table Mr. Morse's amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment designated "8–13–62—QQQQ" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 37, between lines 13 and 14, it is proposed to insert the following new subsection:

> (d)(1) In furnishing telecommunication service through the communications satellite system, the corporation shall give priority of transmission to communications of the United States Government for which priority is requested by the President of the United States—not less than two hours of the daily transmittal time of the satellite communication system. The corporation shall have no power to alter, amend, or edit the form or content of any such communication.
>
> (2) Such transmissions and communications shall, at the request of the President, be carried by the corporation at a price not to exceed the cost of such service, as computed by the Federal Communications Commission.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. MORSE. Mr. President, I shall take half a minute to state the purpose of the amendment. It is an important amendment and is based upon testimony received by the Committee on Foreign Relations to the effect that there ought to be a guarantee to the taxpayers of the country that some priority will be given to the transmission to underdeveloped areas of the world of what are called freedom programs.

A restriction ought to be placed upon the proposed corporation, giving to the Government the right to make use of 2 hours a day, if it wishes to exercise that right. Such a use of the facility is very important in our great contest with Russia. There ought to be a guarantee, as some of my other amendments provide, that the Government will have this right. There ought to be a guarantee that the Government will be able to transmit at cost or at a preferential rate, so that the American people will not have to pay through the economic nose commercial rates to an American monopoly in order to transmit freedom programs so that we may compete with Russia for the minds of millions of people whose thinking must be brought over to the side of freedom in the great contest between freedom and enslavement which will occur in the decades ahead.

Mr. MORTON. Mr. President will the Senator from Oregon yield on my time?

Mr. MORSE. I yield on the time of the Senator from Kentucky.

Mr. MORTON. The Government would not be required to use the 2 hours, but could if it wished to do so?

Mr. MORSE. The Government could use the 2 hours if it wished to use it, but it would not have to use it. The committee was much upset and disturbed by the testimony of Mr. Edward Murrow. Our Government is making great progress with the USIA television program abroad.

It was pointed out, I may say to the Senator from Kentucky that the time is close at hand when there will be a scientific breakthrough which will enable transmission to take place from a satellite directly to a television screen in a little hamlet or village square in India or Latin America or southeast Asia. We believe that this situation is so important that our proposal ought to be accepted and taken to the House.

Mr. MORTON. The Senator from Oregon is very generous in yielding.

Mr. MORSE. I have tried to be generous to all Senators.

Mr. PASTORE. Mr. President, the answer to that question is in the bill on page 25:

> The President shall take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs.

And if they do not do it, we can shoot our own up

Mr. MORSE. Mr. President, will the Senator from Rhode Island yield? The testimony——

Mr. PASTORE. Under the rule, I cannot yield. The Senator from Oregon may speak in his own time.

Mr. MORSE. Mr President, I shall take only half a minute.

The testimony is clear that the Federal Communications Commission in behalf of the President of the United States will have to take them into District Court. That is "some" protection of either the President or the American people.

The PRESIDING OFFICER (Mr. Metcalf in the chair). The question is on agreeing to the amendment of the Senator from Oregon [Mr. Morse].

Mr. PASTORE. Mr. President, I move that the amendment be laid on the table.

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORTON (when his name was called). On this vote, I have a live pair with the senior Senator from Tennessee [Mr. Kefauver]. If the senior Senator from Tennessee [Mr. Kefauver] were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was resumed and concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Idaho [Mr. Church], the Senator from Pennsylvania [Mr. Clark], the Senator from Arkansas [Mr. Fulbright], the Senator from Michigan [Mr. Hart], the Senator from Ohio [Mr. Lausche], the Senator from Louisiana [Mr. Long], the Senator from Minnesota [Mr. McCarthy], the Senator from Michigan [Mr. McNamara], the Senator from Alaska [Mr. Gruening], the Senator from Tennessee [Mr. Kefauver], the Senator from Utah [Mr. Moss], the Senator from Oklahoma [Mr. Monroney], the Senator from Maine [Mr. Muskie], the Senator from Oregon [Mrs. Neuberger], and the Senator from Ohio [Mr. Young], are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from New Mexico [Mr. Chavez], and the Senator from Arizona [Mr. Hayden], are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], and the Senator from Arizona [Mr. Hayden] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Michigan [Mr. Hart]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Wisconsin [Mr. Wiley]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from Arkansas [Mr. Fulbright] is paired with the Senator from Michigan [Mr. McNamara]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Louisiana [Mr. Long] is paired with the Senator from Minnesota [Mr. McCarthy]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Oklahoma [Mr. Monroney] is paired with the Senator from Ohio [Mr. Young]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Ohio would vote "nay."

On this vote, the Senator from Maine [Mr. Muskie] is paired with the Senator from Oregon [Mrs. Neuberger]. If present and voting, the Senator from Maine would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from New Mexico [Mr. Chavez] is paired with the Senator from Idaho [Mr. Church]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. Bush], the Senator from Kansas [Mr. Pearson], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Wisconsin [Mr. Wiley] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 61, nays 10, as follows:

[No. 189 Leg.]

YEAS—61

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Byrd, W. Va.
Cannon
Carlson
Case
Cooper
Cotton
Curtis
Dodd
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Kuchel
Long, Mo.
Magnuson
Mansfield
McClellan
McGee
Metcalf
Miller
Mundt
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—10

Bartlett
Burdick
Carroll
Douglas
Gore
Javits
Keating
Long, Hawaii
Morse
Yarborough

NOT VOTING—29

Anderson
Bible
Bush
Butler
Byrd, Va.
Capehart
Chavez
Church
Clark
Dirksen
Fulbright
Gruening
Hart
Hayden
Kefauver
Lausche
Long, La.
McCarthy
McNamara
Monroney
Morton
Moss
Murphy
Muskie
Neuberger
Pearson
Saltonstall
Wiley
Young, Ohio

So the motion to lay on the table was agreed to.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, informed the Senate that, pursuant to the provisions of section 1, Public Law 689, 84th Congress, the Speaker had appointed Mr. Hays of Ohio, Mr. Thornberry, Mr. Anfuso, Mr. Rodino, Mr. Denton, Mr. Arends, Mr. Westland, Mr. Devine, and Mr. Lindsay as Members of the U.S. group of the North Atlantic Treaty Parliamentary Conference, on the part of the House.

The message announced that the House had passed, without amendment, the bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 4449. An act to amend paragraph 1774 of the Tariff Act of 1930 with respect to the importation of certain articles for religious purposes;

H.R. 10852. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, and to provide for the free entry of a towing carriage for the use of the Virginia Polytechnic Institute; and

H.R. 10928. An act to transfer casein or lactarene to the free list of the Tariff Act of 1930.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service, without amendment:

S. 2363. A bill to amend the Civil Service Retirement Act to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes (Rept. No. 1880).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BUSH:

S. 3642. A bill to amend paragraph 1101(b) of the Tariff Act of 1930 to provide for the duty-free importation of certain wools for use in the manufacture of polishing felts; to the Committee on Finance.

(See the remarks of Mr. Bush when he introduced the above bill, which appear under a separate heading.)

By Mr. SMATHERS:

S. 3643. A bill to amend section 660 of title 18 of the United States Code, relating to the misuse of common carriers' funds derived from commerce, in order to expand the coverage of such section; to the Committee on the Judiciary.

By Mr. JACKSON (by request):

S. 3644. A bill to authorize the acquisition of lands for addition to the Adams National

Historic Site; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. JACKSON when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF PARAGRAPH 1101(b) OF TARIFF ACT OF 1930

Mr. BUSH. Mr. President, I introduce a bill to amend paragraph 1101(b) of the Tariff Act of 1930, and ask that it be appropriately referred.

I ask unanimous consent that the text of the bill and a statement prepared by me, in explanation of the bill may be printed in the RECORD following these remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 3642) to amend paragraph 1101(b) of the Tariff Act of 1930 to provide for the duty-free importation of certain wools for use in the manufacture of polishing felts, introduced by Mr. BUSH, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) is amended by inserting "pressed felt for polishing plate and mirror glass" immediately after "papermakers' felts,".

(b) The amendment made by subsection (a) shall be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption, on or after the thirtieth day after the date of the enactment of this Act.

The statement presented by Mr. BUSH is as follows:

STATEMENT BY SENATOR BUSH

I have today introduced a bill to amend paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) to permit the duty-free entry of certain coarse wools which are not produced in this country provided those wools are used in the manufacture of "pressed felt for polishing plate and mirror glass".

Paragraph 1101(b) lists a number of products for which such wools may be entered free of duty provided a bond is posted guaranteeing their end use in such products. The bill would simply add "pressed felt for polishing plate and mirror glass" to this list of products.

This bill is of great importance to the felt industry in this country. The tariff on imports of felt products made abroad from these same coarse wools was recently reduced by 20 percent in the multiple country tariff negotiations held at Geneva earlier this year. Even before the 20 percent tariff reduction just mentioned, felts of this type were being imported at prices substantially below domestic production costs for these felts. This statement alone serves amply to underscore the significance of the bill to the American felt industry.

I am advised that annual imports of these coarse wools, on a grease basis, have been running at something less than one million pounds. The average grade of these wools, under the system used to designate coarseness, is 36's to 40's and is therefore, as the present law requires, coarser than 46's. These wools in their principal type are designated as British Wool Type 220 (BWT 220).

As I have indicated, wools of this coarseness are not to be found in this country other than perhaps in entirely insignificant quantities. They are, in fact, virtually unknown in our domestic production of wool. For this reason, I do not anticipate that this bill will engender any opposition. It will not hurt any American industry but will be of great help to the domestic felt industry, a relatively small but important segment of our economy.

I understand that the various executive departments having an interest in this legislation have no objection to its enactment. In particular, I am informed that the Department of Agriculture and the Tariff Commission have no objection to legislation for this purpose.

I recommend accordingly that this legislation be enacted by the Senate.

ACQUISITION OF LANDS FOR ADDITION TO ADAMS NATIONAL HISTORIC SITE

Mr. JACKSON. Mr. President, by request, I introduce, for appropriate reference, a bill proposed by the Department of the Interior to authorize the acquisition of 5.08 acres of land to be added to the Adams National Historic Site at Quincy, Mass.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3644) to authorize the acquisition of lands for addition to the Adams National Historic Site, introduced by Mr. JACKSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

TRADE EXPANSION ACT OF 1962—AMENDMENTS

Mr. PELL. Mr. President, I submit, for appropriate reference, and ask to have printed in the RECORD, some amendments to the trade expansion bill, H.R. 11970.

Wisely negotiated agreements under the trade program offered by President Kennedy offer many opportunities for expanded trade with the countries of the Common Market and other nations. However, we cannot neglect or sweep under the rug the problems which an expanded trade program can cause, particularly when some of our industries will be subject to increased competition from low-wage industries abroad. I am particularly concerned about the effect upon the State of Rhode Island.

Therefore, I hereby submit an amendment which directs the Secretary of Labor to compile a comparative real wage index which would contrast the average real wages or earnings—in terms of purchasing power—for a worker in an American industry with the average real wages or earnings for a worker in the same industry in a country with which we would be negotiating an agreement. It is my thought that this index would be used as a guide when negotiating tariffs and that any modification of duties or other import restrictions with respect to manufactured articles would be directly related to how the wage index for the industry in the country producing the product compared with the index for the American product.

My amendment provides that within 2 years from the date of passage of this act, the Secretary of Labor will provide the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate with these indexes, and they would consider whether to recommend the enactment of appropriate legislation to relate the wage index to tariff agreements. Such an index, I believe, would help to protect our industries from unfair foreign competition, and, especially, if agreements were made contingent upon and in proportion to periodic reductions in the wage differential, this could well provide an incentive toward improving wages in those industries of other countries where the wage index compares unfavorably with the index for the equivalent U.S. industry.

I would also like to submit several amendments which I believe would strengthen the adjustment assistance provisions of H.R. 11970, the Trade Expansion Act of 1962. I strongly believe that adjustment assistance must be an integral and important part of this trade expansion program. It is a positive approach to the domestic problems which may be created. While I approve of all of the present adjustment provisions, I do not believe they are strong enough. In my judgment, we must have a more responsive adjustment assistance program which would provide more substantial and meaningful assistance to affected firms and communities in cases of import injury in enabling them to adjust to import competition.

In this connection, I submit an amendment which will make grants, in addition to loans, available to firms for the purpose of acquiring and installing new machinery, or modernizing or converting existing machinery. These incentive grants naturally would be made within the context of the firm's certified adjustment proposal if such a grant is deemed essential in order to enable the firm to carry out its approved adjustment proposal, and would cover up to two-thirds of the cost of the approved adjustment project.

This is not a new principle. When we condemn a man's house or his business to implement an urban renewal program, we compensate him for making a sacrifice in the public interest. If a man's business is injured in the national interest of expanding trade, there is no reason why the same principle should not apply.

The next amendment I wish to submit recognizes that in some instances, an affected firm or firms may well have deep roots in, and great importance to, the economic life of a particular community. Indeed, there are communities in my own State and throughout the United States whose economy is almost solely dependent upon a single industry.

My amendment would authorize such a community which suffers serious injury through idling of productive facilities and unemployment resulting from expanded imports to apply for adjustment assistance. This would include technical assistance and appropriate financial assistance for public facilities which would materially contribute to the economic adjustment of the particular community.

I would also like to offer some comments regarding other improvements to the bill, although, in this connection, I am not submitting formal amendments at this time. I believe it is inequitable that, according to the present provisions of this bill, no worker may apply for adjustment assistance unless he had lost his job 30 days after the bill becomes law. This means, of course, that workers in import-troubled businesses who have already lost their jobs are not eligible for trade adjustment assistance. On the other hand, adjustment assistance for businesses is retroactive in that it may be based on economic conditions before the passage of the 1962 act and one criterion for deciding that any industry has been and still is in trouble is that there is serious unemployment. I believe this difference in treatment between firms and workers is unfair.

In my judgment, too, it would be very useful to try to reduce certain time limits and set others so that, for example, a small firm which is injured would not be insolvent by the time governmental action could be mobilized. It would seem to me that the Tariff Commission, which already has at hand many of the relevant statistics, would be able to make a determination such as is required under sections 301(b) (1) and (2) in considerably less than 120 days, while determinations for firms and workers should be made promptly and well within the maximum of 60 days.

Another thought I have in connection with adjustment assistance is that it is tremendously important to encourage research and development, and to this end grants should be made to appropriate research institutes in order to develop new products and lines for use in affected industries. In this way, small firms would have the advantage of large expenditures which could not be divided up or rationalized on a small individual firm basis.

In conclusion, I want to emphasize my conviction that we must not lose sight of the fact that strong trade adjustment provisions must be a vitally important part of any realistic trade expansion program.

The PRESIDING OFFICER. The amendments will be received, printed, and referred to the Committee on Finance; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

A

On page 12, between lines 18 and 19, insert a new section as follows:

"SEC. 227. INDICES CONCERNING CERTAIN LABOR COSTS IN FOREIGN COUNTRIES.

"(a) The Secretary of Labor shall prepare suitable indices to provide a current and convenient basis for comparison of—

"(1) the average real wages or earnings (in terms of purchasing power) which prevail in the various manufacturing industries of foreign countries which produce manufactured articles to be considered for modification of duties or other import restrictions; and

"(2) the average real wages or earnings (in terms of purchasing power) which prevail in domestic industries which produce articles which are like or directly competitive with articles referred to in paragraph (1).

In determining average real wages or earnings in any industry, the Secretary shall consider the extent to which fringe benefits (including free meals at the plant, health and social security benefits, and free transportation) are received by workers in the industry in addition to their regular wages. In relating wages or earnings to purchasing power the Secretary shall consider available and relevant price indices on food, shelter, and clothing. In the preparation of such indices the Secretary may request information and advice from any of the executive departments or agencies of the Government.

"(b) The indices prepared by the Secretary of Labor pursuant to subsection (a) shall be submitted to the President, and to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, not later than two years after the date of enactment of this Act. Such indices shall be considered by the President and such committees in determining whether to recommend the enactment of appropriate legislation authorizing the President to make any offer to a foreign country for the modification of duties or other import restrictions, with respect to manufactured articles, contingent upon and in proportion to, such periodic reductions in any wage differential that may exist between the domestic and foreign industries as may be desirable and appropriate in order to provide an incentive to certain foreign industries to bring their wages more closely in line with those prevailing in comparable domestic industries."

B

On page 36, line 20, strike out "or loans" and insert in lieu thereof "loans, or grants".

On page 37, between lines 9 and 10, insert the following new subsection:

"(c) Grants shall be made under this section only for the purpose of making funds available to the firm for the acquisition, installation, modernization, or conversion of machinery."

On page 37, line 10, strike out "(c)" and insert in lieu thereof "(d)".

On page 39, line 14, after "314" insert "in the form of a loan, guarantee, or participation in a loan,".

On page 39, after line 25, insert a new subsection as follows:

"(g) (1) Any grant under this chapter shall not exceed two-thirds of the cost, as determined by the Secretary of Commerce, of acquiring and installing new machinery, or modernizing or converting existing machinery, and no such grant shall be made to any firm unless the Secretary determines that the grant is essential in order to enable such firm to carry out its certified adjustment proposal.

"(2) The Secretary of Commerce shall by regulation provide for such supervision with respect to the expenditure of funds granted under this chapter as he deems necessary to insure that Federal funds are not wasted or dissipated."

C

On page 16, line 14, strike out "4" and insert "5".

On page 27, line 9, strike out "or 3" and insert in lieu thereof ", 3, or 4".

On page 27, line 10, strike out "or industries" and insert in lieu thereof "industries, or communities".

On page 27, line 17, after the period insert the following: "In the case of a community, such petition may be filed by any duly authorized representative of the community, including a public organization or association."

On page 29, between lines 17 and 18, insert a new paragraph as follows:

"(3) In the case of a petition by a community for a determination of eligibility to apply for adjustment assistance under chapter 4, the Tariff Commission shall, in addition to making an industry determination under subsection (b), determine whether, as a result of concessions granted under trade agreements, an article like or directly competitive with an article produced in the community is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the economy of such community. In making its determination under this paragraph, the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities of one or more firms situated in the community, the resulting unemployment or underemployment in the community, and the extent to which the economy of the community depends upon the productive activities of such firm or firms."

On page 29, line 18, strike out "(3)" and insert "(4)".

On page 29, line 24, after "industry" insert ", or a community the economy of which is affected by such industry,".

On page 31, line 6, strike out "or (c)(2)" and insert ", (c)(2), or (c)(3)".

On page 31, line 7, after "workers" insert "or community".

On page 31, line 24, strike out "or".

On page 31, between lines 24 and 25, insert a new paragraph as follows:

"(4) provide, with respect to such industry, that communities the economies of which are dependent substantially on such industry may request the Secretary of Commerce for certifications of eligibility to apply for adjustment assistance under chapter 4, or".

On page 31, line 25, strike out "(4)" and insert "(5)".

On page 32, between lines 20 and 21, insert a new paragraph as follows:

"(3) The Secretary of Commerce shall certify, as eligible to apply for adjustment assistance under chapter 4, any community the economy of which is dependent substantially on an industry with respect to which the President has acted under subsection (a)(4), upon a showing by such community to the satisfaction of the Secretary of Commerce that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused serious injury or threat thereof to such community."

On page 32, line 23, strike out "or group of workers" and insert in lieu thereof ", group of workers, or community".

On page 32, line 24, strike out "or group of workers" and insert in lieu thereof ", group of workers, or community".

On page 67, between lines 2 and 3, insert a new chapter as follows:

"CHAPTER 4—ASSISTANCE TO COMMUNITIES

"SEC. 339. CERTIFICATION OF ADJUSTMENT PROPOSALS.

"(a) A community certified under section 302 as eligible to apply for adjustment assistance may, at any time within two years after the date of such certification, file an application with the Secretary of Commerce for adjustment assistance under this chapter. Within a reasonable time after filing its application, the community shall present a proposal for its economic adjustment.

"(b) Adjustment assistance under this chapter consists of either technical assistance or financial assistance, or both. Except as provided in subsection (c), no adjustment assistance shall be provided to a community under this chapter until its adjustment proposal shall have been certified by the Secretary of Commerce—

"(1) to be reasonably calculated materially to contribute to the economic adjustment of the community, and

"(2) to demonstrate that the community will make all reasonable efforts to use its own resources for economic development.

"(c) In order to assist a community which has applied for adjustment assistance under this chapter in preparing a sound adjustment proposal, the Secretary of Commerce may furnish technical assistance to such community prior to certification of its adjustment proposal.

"(d) Any certification made pursuant to this section shall remain in force only for such period as the Secretary of Commerce may prescribe.

"SEC. 340. USE OF EXISTING AGENCIES.

"(a) The Secretary of Commerce shall refer each certified adjustment proposal to such agency or agencies as he determines to be appropriate to furnish the technical and financial assistance necessary to carry out such proposal.

"(b) Upon receipt of a certified adjustment proposal, each agency shall promptly—

"(1) examine the aspects of the proposal relevant to its functions, and

"(2) notify the Secretary of Commerce of its determination as to the technical and financial assistance it is prepared to furnish to carry out the proposal.

"(c) Whenever and to the extent that any agency to which an adjustment proposal has been referred notifies the Secretary of Commerce of its determination not to furnish technical or financial assistance, and if the Secretary of Commerce determines that such assistance is necessary to carry out the adjustment proposal, he may furnish adjustment assistance under sections 341 and 342 to the community concerned.

"(d) There are hereby authorized to be appropriated to the Secretary of Commerce such sums as may be necessary from time to time to carry out his functions under this chapter in connection with furnishing adjustment assistance to communities, which sums are authorized to be appropriated to remain available until expended.

SEC. 341. TECHNICAL ASSISTANCE.

"(a) Upon compliance with section 340 (c), the Secretary of Commerce may provide to a community, on such terms and conditions as he determines to be appropriate, such technical assistance as in his judgment will materially contribute to the economic adjustment of the community.

"(b) To the maximum extent practicable, the Secretary of Commerce shall furnish technical assistance under this section and section 339(c) through existing agencies, and otherwise through private individuals, firms, or institutions.

"(c) The Secretary of Commerce shall require a community receiving assistance under this section or section 339(c) to share the cost thereof to the extent he determines to be appropriate.

"SEC. 342. FINANCIAL ASSISTANCE.

"(a) Upon compliance with section 340(c), the Secretary of Commerce may provide to a community, or any public agency or instrumentality thereof, on such terms and conditions as he determines to be appropriate, such financial assistance in the form of loans or grants, or both, as in his judgment will materially contribute to the economic adjustment of the community. Such loans may be made directly or through the purchase of securities and obligations of the community or any public agency or instrumentality thereof.

"(b) Loans or grants under this section shall be made only for the purpose of making funds available for the purchase or development of land for such public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of such public facilities, as will, in the determination of the Secretary of Commerce, assist in the economic adjustment of the community by providing improved opportunities in the community for economic growth and expansion with a resulting reduction in unemployment or underemployment.

"(c) To the maximum extent practicable the Secretary of Commerce shall furnish financial assistance under this section through agencies furnishing financial assistance under other law.

"(d) In administering financial assistance under this section the Secretary of Commerce shall have the powers set forth in section 316(a).

"SEC. 343. CONDITIONS FOR FINANCIAL ASSISTANCE.

"(a) Loans under this chapter shall be subject to the restrictions and limitations set forth in subsections (a)(1), (a)(2), (a)(3), (a)(4), (b), and (d) of section 7 of the Area Redevelopment Act.

"(b) Grants under this chapter shall be subject to the restrictions and limitations set forth in (a)(1), (a)(2), (a)(3), (b), and (c) of section 8 of the Area Redevelopment Act, and no such grant shall be made unless the Secretary of Commerce determines that it is necessary in order to enable a community to carry out its certified adjustment proposal."

On page 67, line 3, strike out "4" and insert "5".

On page 72, line 14, strike out "5" and insert "6".

On page 73, line 3, strike out "and 3" and insert ", 3 and 4".

On page 77, after line 12, insert a new paragraph as follows:

"(7) The term 'community' means a political subdivision of, or an incorporated or unincorporated town in, any State (including the Commonwealth of Puerto Rico), and shall include the District of Columbia."

PRINTING OF REVIEW OF REPORT ON NOYO RIVER AND HARBOR, CALIFORNIA (S. DOC. NO. 121)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico [Mr. CHAVEZ], I present a letter from the Secretary of the Army, transmitting a report dated June 22, 1962, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the reports on the Noyo River and Harbor, Calif., requested by a resolution of the Committee on Public Works, U.S. Senate. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRINTING OF REVIEW OF REPORT OF KANSAS RIVER AND TRIBUTARIES, KANSAS, NEBRASKA, AND COLORADO (S. DOC. NO. 122)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico [Mr. CHAVEZ], I present a letter from the Secretary of the Army, transmitting a report dated November 13, 1961, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the reports on the Kansas River and tributaries, Kansas, Nebraska, and Colorado, requested by resolutions of the Committee on Public Works, U.S. Senate. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that yesterday the Senate received the nomination of Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador to France.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. COTTON (for Mr. BUTLER):

Letter dated August 6, 1962, from Senator BUTLER to President Kennedy, together with sundry newspaper articles dealing with the development and construction of the nuclear-powered merchant ship, the nuclear ship *Savannah*.

TRIBUTE TO JORDAN W. CHAMBERS

Mr. LONG of Missouri. Mr. President, even though we know that death will come to every man, it is always a shocking and sad time when a good friend is suddenly taken from us.

As he was to countless thousands of persons, Jordan W. Chambers was a good and loyal friend of mine.

Mr. Chambers, officially, was a constable in St. Louis, Mo., and Democratic committeeman of the 19th ward. He was the oldest member in point of service on the St. Louis Democratic City Committee. But his ability and leadership were not confined by ward boundaries. His was the vital support which is credited with helping to win a first term U.S. Senate seat for Harry S. Truman. Thus, Mr. Chambers had a major role in the making of a President. But he was no stranger in this role; fantastic majorities in his and other wards of St. Louis had no small part in carrying Missouri for President John F. Kennedy. Through all his successes, yes, and failures, too, Jordan Chambers' word was his bond. He never went back on his word.

Jordan Chambers' outstanding leadership abilities, and his deep understanding of people and the problems of his city, State, and Nation will be greatly missed. While he grew to national prominence and power in the councils of his party, Jordan Chambers remained a deeply human man who got his greatest pleasure from doing things for others. He helped countless thousands.

One of Mr. Chambers' greatest accomplishments was in the practical direction he gave to the growing enlightenment which is making our Constitution a living guarantee of rights for all Americans.

Jordan Chambers' accomplishments were so many that he became a legend in his lifetime. In itself, that is a measure of how well he spent his allotted time on earth.

CIGARETTE ADVERTISING IN BRITAIN

Mrs. NEUBERGER. Mr. President, the Independent Television Authority of Great Britain has submitted a most constructive suggestion regarding cigarette advertising. I ask unanimous consent that the text of a note published by the Postmaster General of England relating to this subject, be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

TEXT OF NOTE PUBLISHED BY THE POSTMASTER GENERAL OF ENGLAND IN THE OFFICIAL REPORT OF THE HOUSE OF COMMONS, JULY 10, 1962, CONCERNING ACTION TAKEN BY THE INDEPENDENT TELEVISION AUTHORITY IN CONNECTION WITH CIGARETTE ADVERTISING ON TELEVISION

The authority has concluded its review of cigarette advertising in the light of the report of the Royal College of Physicians and, with the support of the advertising advisory committee, has asked the program companies to secure modifications that will include the avoidance of those aspects of the advertising which could reasonably be taken to make a special appeal to young people. Neither the authority nor its advisory committee think it reasonable to be so discriminating as to use their powers to exclude all cigarette advertising from independent television alone. Action has already been taken by the tobacco industry voluntarily to withdraw all cigarette advertising until about 9 p.m.

The authority is now securing modifications of the advertising so that in the future there will be no advertisements that can be seen clearly to come within the following broad classes:

(1) Advertisements that greatly overemphasize the pleasure to be obtained from cigarettes.

(2) Advertisements featuring the conventional heroes of the young.

(3) Advertisements appealing to pride or general manliness.

(4) Advertisements using a fashionable social setting to support the impression that cigarette smoking is a "go-ahead" habit or an essential part of the pleasure and excitement of modern living.

(5) Advertisements that strikingly present romantic situations and young people in love, in such a way as to seem to link the pleasures of such situations with the pleasures of smoking.

THE VOICE OF THE NEW MEXICO TAXPAYER

Mr. CHAVEZ. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a special press release from the Taxpayers' Association of New Mexico, including an essay written by Laurie D. Bourne, a student at Eisenhower Junior High School in Carlsbad, N. Mex., entered in the Bill of Rights essay contest of the Los Angeles Examiner.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

THE VOICE OF THE NEW MEXICO TAXPAYER

This week's message was mailed to us, and came from the Los Angeles Examiner Bill of Rights essay contest, and was written by Laurie D. Bourne; she is a student at Eisenhower Junior High School in Carlsbad, N. Mex..

"MR. BILL OF RIGHTS

"Since there is only one of me in the United States, this composition won't be exactly like anybody else's. The words and punctuation will be different. But no matter whose interpretation you read or hear, the guarantees under the Bill of Rights are the same to every citizen of the United States—big or little, rich or poor.

"My history book was the first acquaintance I had with Mr. Bill of Rights. Being somewhat older than myself, I (sic) had a little trouble understanding him at first. He told me his father, Mr. Jefferson, had given him a special meaning that little people like me could interpret in their own ways.

"After I closed my book, I got to thinking about what my new friend had said. I am a Protestant and will always remain so. However, a good friend of mine is a Catholic. Freedom of religion, h'mmm—why that means I'm free to go to Sunday school, church, choir and youth fellowship wherever I please.

"Freedom of speech—that means I can criticize our Government and say or write most anything I want to. Of course, I'm not going to say to someone, 'I don't like your hair, shoes, dress, etc.' Mom and Emily Post wouldn't consider that proper. But still, I can cry out if something harms me.

"Guarantee of trial by jury. Mr. Bill of Rights certainly stressed this one. He mentioned that without this right people wouldn't have half a chance for freedom. This means that no official can walk up to you and say, 'You're guilty. Come to jail or pay me.' You have a right to know what you are being charged with, and you can refuse to answer any questions that might incriminate you—unless of course you are on trial by a jury.

"Freedom to limit the right of search. Let me see. This means that nobody can come into my house and behave like a cyclone. Anything in my drawer or in my pocket is marked 'Private.' The police can search me if I have done something definitely illegal, but I don't ever intend to do so, not with such bountiful opportunities as I have. My family, my friends, my country and my future are all protected by Mr. Bill of Rights.

"He surely makes the United States a wonderful place to live—doesn't he?"

HAGUE PROTOCOL TO THE WARSAW CONVENTION

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that there be inserted at this point in the RECORD a press release which I issued today announcing that the executive branch has submitted its recommendations on the Hague Protocol to the Warsaw Convention, together with executive branch correspondence on this subject.

There being no objection, the statement and correspondence were ordered to be printed in the RECORD, as follows:

Senator J. W. FULBRIGHT, the chairman of the Committee on Foreign Relations announced today that he had received the recommendations of the executive branch on the Hague Protocol to the Warsaw Convention governing the responsibilities and liabilities of airlines towards passengers and shippers in international air transportation.

The recommendations of the executive branch were developed as a result of inquiries initiated by the Committee on Foreign Relations more than a year ago. Those inquiries led to a careful and thorough reexamination of the protocol and convention by the Interagency Group on International Aviation in the light of the controversial provision regarding the limitation of liability of airlines to passengers killed or injured in airline accidents. The Interagency Group consists of the Administrator of the Federal Aviation Agency and representatives from the Departments of State, Defense, Commerce, and the Civil Aeronautics Board.

Under the terms of the Warsaw Convention of 1929, which is currently in effect, the liability of an air carrier for the death of or injury to each passenger is limited to $8,300, unless it can be shown that such death or injury was caused by the willful misconduct of the carrier. The Hague Protocol to the Warsaw Convention, which was signed in behalf of the United States in 1956 and which has been pending before the Committee on Foreign Relations since 1959, would raise this limitation of liability to $16,600. In addition, the Hague Protocol would permit recovery of attorneys' fees and costs of litigation.

In a letter dated August 9, 1962, the Secretary of State, Mr. Dean Rusk, advised Chairman FULBRIGHT that the Interagency Group on International Aviation made two basic related recommendations:

"1. that the United States ratify the Hague Protocol, which (upon ratification by a sufficient number of states) would raise the liability of carriers in international aviation from the present limit of $8,300 to a new limit of $16,600;

"2. that the United States enact complementary legislation which would require U.S.-flag carriers operating in international air transportation to provide all passengers with automatic accident insurance in the amount of $50,000 for the benefit of each passenger killed and up to $50,000 for each passenger injured in an accident, in addition to the amount of recovery provided for in the Hague Protocol."

In his letter to Senator FULBRIGHT, Secretary Rusk stated:

"I have tentatively approved the recommendations made by the IGIA. We are going ahead with the appointment of an interagency committee to draft the appropriate legislation, and we are also preparing a supplemental message concerning ratification of the Hague Protocol. It is expected that formal proposals for action in accordance with the IGIA recommendations will be submitted as part of the administration's legislative program for the 88th Congress. We believe that this program should be implemented as soon as possible, thus relieving the traveling public from the present $8,300 limit of liability provided in the Warsaw Convention."

In making today's announcement, Senator FULBRIGHT said he was pleased that the committee's inquiries had resulted in executive branch recommendations which, when approved by Congress, would assure American citizens of far more adequate insurance protection in the event they are involved in international airline accidents.

August 9, 1962.

The Honorable J. W. Fulbright,
Chairman, Committee on Foreign Relations, U.S. Senate.

Dear Mr. Chairman: On June 12, 1961, you wrote to me inquiring about the Department of State's attitude on the Hague protocol amending the Warsaw Convention for the unification of certain rules relating to international carriage by air. By letter of September 22, 1961, from Mr. Brooks Hays, we indicated that we were referring the matter of the Warsaw Convention, the Hague protocol, and related questions concerning compensation for passengers injured in aviation accidents to the Interagency Group on International Aviation (IGIA).

Since that time the Interagency Group on International Aviation has held a number of meetings, has conducted public hearings on the subject, and has studied recommendations from a great number of representatives of the aviation industry and the public. The conclusions and recommendations of the Interagency Group are contained in a letter to me from Mr. N. E. Halaby, Chairman, dated August 3, 1962. I am enclosing a copy of Mr. Halaby's letter.

You will note that the IGIA makes two basic related recommendations:

1. That the United States ratify the Hague protocol, which (upon ratification by a sufficient number of states) would raise the liability of carriers in international aviation from the present limit of $8,300 to a new limit of $16,600;

2. That the United States enact complementary legislation which would require U.S.-flag carriers operating in international air transportation to provide all passengers with automatic accident insurance in the amount of $50,000 for the benefit of each passenger killed and up to $50,000 for each passenger injured in an accident, in addition to the amount of recovery provided for in the Hague protocol.

There are also certain other recommendations of a more technical nature which are stated in Mr. Halaby's letter.

I have tentatively approved the recommendations made by the IGIA. We are going ahead with the appointment of the Interagency Committee to draft the appropriate legislation, and we are also preparing a supplemental message concerning ratification of the Hague protocol. It is expected that formal proposals for action in accordance with the IGIA recommendations will be submitted as part of the administration's legislative program for the 88th Congress. We believe that this program should be implemented as soon as possible, thus relieving the traveling public from the present $8,300 limit of liability provided in the Warsaw Convention.

Sincerely yours,

Dean Rusk.

Federal Aviation Agency,
Office of the Administrator,
Washington, D.C., August 3, 1962.

Hon. Dean Rusk,
The Secretary of State,
Washington, D.C.

Dear Mr. Secretary: By letter dated July 26, 1961, Deputy Under Secretary of State Johnson requested that the Interagency Group on International Aviation (IGIA) broadly review the relationship of the United States to The Hague Protocol and the Warsaw Convention in consultation with representatives of industry and the public.

The members of the IGIA, and a representative of the Department of Justice, met on September 7, 1961, to consider Mr. Johnson's letter. As a result of decisions taken at that meeting the Civil Aeronautics Board prepared a limited economic study of the impact of denunciation of Warsaw on U.S.-flag carriers (attachment A hereto). It was also decided to solicit the views of industry and public representatives. Accordingly, on September 22 a letter requesting comments was sent to approximately 300 addresses. These included all certificated U.S. direct and indirect air carriers, bar associations, law professors, insurers, selected individuals expert in aviation, and attorneys. An invitation to the general public to submit comments was made by publication of the September 22 letter in the Federal Register and by means of a press release containing the text of the letter.

In response to the September 22 letter, the notice in the Federal Register and the press release, 138 comments were received (attachment B contains a list, arranged according to the positions taken, of the persons and organizations that responded; copies of the replies have been sent to the legal adviser). In general, the air carriers and lawyers associated with the air carriers favor ratification of the Protocol, while claimants' and certain other attorneys favor denunciation of Warsaw. Among the bar associations that submitted comments, the Committee on Aeronautical Law, and its Subcommittee on International Agreements, of the American Bar Association; the Illinois State Bar Association; the Committee on Aeronautical Law of the New York State Bar Association; the Chicago Bar Association; the Committee on Aeronautics of the Association of the Bar of the City of New York; and the Committee on International Law of the State Bar Association of Connecticut favor ratification of the protocol; whereas the National Association of Claimants' Compensation Attorneys and the New York County Lawyers Association favor denunciation of Warsaw. The Pennsylvania Bar Association recommended that the United States should reconsider the desirability of continuing to adhere to the Warsaw Convention. A majority of the professors of law favor ratification of the protocol.

On December 18, 1961, a hearing was held in Washington at which 10 witnesses testified before and were questioned by the IGIA members and the ad hoc members from the Departments of Justice and Labor (a copy of the transcript of this hearing has been sent to the legal adviser). At the hearing considerable attention was directed to the possibility of enacting legislation to require automatic insurance coverage for passengers whose international transportation would be subject to the liability provisions of the convention. Subsequent to the meeting the Civil Aeronautics Board prepared a preliminary estimate of the possible cost of automatic insurance (attachment C).

On January 3, 1962, the regular and ad hoc members of the IGIA met to consider the written and oral comments obtained from the public and industry. Having the CAB cost data before it, the IGIA agreed that the possibilities of automatic insurance legislation should be explored. To this end the Civil Aeronautics Board was requested to prepare a study of such a scheme; a copy of this report is enclosed (attachment D).

On April 10 the IGIA members, together with the ad hoc representatives of the Departments of Justice and Labor, met to exchange views and to consider the Civil Aeronautics Board's insurance legislation report. It was agreed that the several proposals put forward at the meeting should be circulated, and that the regular and ad hoc members should vote thereon, indicating, if more than one affirmative vote were cast, the order of preference. The proposals, as subsequently refined and amended, were reduced to four alternatives as follows:

1. Recommend ratification of The Hague Protocol;

2. Recommend ratification of The Hague Protocol and recommend complementary legislation which would require U.S. air carriers to provide all passengers engaged in international travel with compulsory, automatic accident insurance in the amount of $25,000 for the benefit of each such passenger killed or injured in an accident (i.e., the CAB report, attachment D);

3. Recommend ratification of The Hague Protocol and recommend complementary legislation which would require U.S. air carriers to contract with their passengers (in accordance with article 22) that notwithstanding the limitation of liability in the Warsaw Convention they would agree to accept liability up to a limit of $100,000 in the case of death, and $200,000 in the case of personal injury;

4. Recommend against ratification of The Hague Protocol and recommend denunciation of the Warsaw Convention.

It is to be noted that the first three alternatives recommend that the United States ratify The Hague Protocol, although two of these (2 and 3) also recommend supplementary legislation; only alternative 4 recommends that the protocol not be ratified and the Warsaw Convention be denounced.

On June 5 the IGIA Staff Officer circulated the written submissions of the regular and ad hoc members (attachment E). The record shows that all the regular member agencies of the IGIA, and the Department of Justice, favor ratification of The Hague Protocol by the United States. Only the Department of Labor has recommended that The Hague Protocol not be ratified and the Warsaw Convention be denounced.

The Federal Aviation Agency, the Civil Aeronautics Board, and the Department of Justice favor, as their first preference, alternative 2, insurance legislation. The Department of State favors alternative 3, increased limit of liability, and the Department of Defense favors a combination of alternatives 2 and 3. The Department of Commerce recommended, as its first choice, that The Hague Protocol should be ratified without supplementary legislation of any kind, that is to say, it favors alternative 1 (however, Commerce does favor "a greatly strengthened regulation" to notify the passenger of the limit of liability and "easy access to purchase additional trip insurance"). The Department of Labor, as aforesaid, advocates alternative 4.

As second choice the Departments of Justice and Labor favor alternative 3. If a combination of alternatives 2 and 3 is not feasible, the Department of Defense favors alternatives 3, 2, and 1 in that order. Other preferences were not expressed.

While there was no absolute majority for any one alternative, alternative 2 received the largest number of first preference affirmative votes (3); alternatives 1, 3, and 4 received ony one first preference affirmative vote each. Alternative 3 received three second preference votes.

Because all first preference votes, except that of the Department of Labor, advocate that the United States should ratify The Hague Protocol, it is the recommendation of the IGIA that the Department of State should advise the President to maintain the request for Senate advice and consent to The Hague Protocol.

It is also clear from the first preference votes of the IGIA that supplementary legislation is desirable. Only the Department of Commerce, which favors alternative 1, and the Department of Labor, which favors denunciation of the Warsaw Convention, do not support the passage of supplementary legislation as outlined in alternatives 2 or 3. Such supplementary legislation is designed to meet the principal criticism of the Warsaw Convention and The Hague Protocol: the low limitation of liability. The critics of Warsaw state that the convention, even if amended by the Hague Protocol, will in certain cases result in inequities to U.S. passengers. Thus, except in the case of willful misconduct, recoveries for death or injury will be limited to $16,600, an amount that is often not compensatory to U.S. citizens because of the standard of living prevailing in this country. They also state that the amount is often below the damages recoverable in similar cases in some domestic airline accidents.

Having reviewed the recommendations of the individual agencies contained in attachment E, and after further interagency discussions, it has been concluded that the IGIA recommendation should be the additional legislative scheme set out in alternative 2, rather than in alternative 3, but that the amount of such automatic insurance should be $50,000 rather than the $25,000 originally suggested. With this modification the Federal Aviation Agency, the Civil Aeronautics Board and the Departments of State, Defense, and Justice concur in this IGIA recommendation.

Alternative 2 meets the major criticism directed to the Warsaw Convention and The Hague Protocol that the limit of liability is too low. If the protocol is ratified and the $50,000 automatic insurance legislation is enacted, a plaintiff can recover up to $66,600, taking into account both the limit under the protocol and the maximum amount payable under the insurance plan.

It is also recommended that in supplementary legislation U.S. air carriers be required to give clear and positive notice of the limitation of liability article (article 22) of the Warsaw Convention and the extent of coverage under the automatic insurance plan. Thus each passenger intending to embark on carriage covered by the Warsaw Convention should be positively advised, when he buys his ticket or when he checks in, of the exact amount of the carrier's limitation of liability under both the protocol (or the convention) and the insurance plan.[1] Such a passenger would then have the opportunity of buying at his own expense additional insurance according to his needs.

It is further recommended that the supplementary legislation create a separate right of action under the Warsaw Convention, as amended by the Hague Protocol. This would enable passengers or their representatives to sue directly upon the convention in U.S. district courts and not have to rely upon local law, foreign or state, to establish a cause of action. It would avoid the possibility of the application of a lower limit of liability imposed by the local law and will serve to answer a criticism of the convention to the effect that it constitutes only an upper limit. There is substantial authority that this was the original intent of he drafters of the Warsaw Convention but recent U.S. court decisions have indicated to the contrary (e.g., *Noel* v. *Linea Aeropostal Venezolana*, 247 F. 2d 667). In establishing a separate right of action the legislation should further provide, in accordance with, and within the limitation of, article XI of the Hague Protocol (article 22(4) of the Warsaw Convention, as amended) that the judge hearing the case can award an additional amount to the plaintiff for court costs and other expenses of litigation, including attorneys' fees.

The Department of Defense has requested that in the event the United States ratifies the Hague Protocol the reservation permitted by article XXVI be declared by notification to the depository state that the convention as amended by the protocol shall not apply to the carriage of persons, cargo, and baggage for U.S. military authorities on aircraft, registered in the United States, the whole capacity of which has been reserved by or on behalf of such authorities.

The United States had, at the time of adherence, made the equivalent reservation under the Warsaw Convention. No objection is interposed by the other members of IGIA to this request, and it is accordingly included in this recommendation.

In summary, it is recommended that the Department of State advise the President to maintain the request for Senate advice and consent to The Hague Protocol and to recommend complementary legislation as set forth in alternative 2 modified as previously indicated to change the amount of the automatic insurance from $25,000 to $50,000. It is also suggested that every effort be made to obtain Senate advice and consent to the Protocol as soon as possible in order to expedite the coming into effect of The Hague Protocol thus relieving claimants from the present $8,300 limit of liability provided in the Warsaw Convention.

If the recommendations made by the IGIA meet your approval, I recommend that you concur in the appointment of a committee composed of the representatives of the Departments of State and Justice, the Civil Aeronautics Board and the Federal Aviation Agency, which would be charged with the preparation of the legislation in time for consideration by all agencies and for inclusion in the administraton's legislative programs for the 88th Congress.

The Department of Commerce and the Department of Labor were not in full agreement with the foregoing and have submitted separate letters (attachments F and G).

Sincerely,

N. E. HALABY,
Chairman, Interagency Group on International Aviation.

PROMOTING TOURISM IN WISCONSIN

Mr. WILEY. Mr. President, tourism, as an industry, is becoming an increasingly important economic factor to my home State of Wisconsin and to the Nation.

Annually, Americans spend over $20 billion for recreation and vacationing.

In Wisconsin, a great many communities are undertaking farsighted programs to cut a larger slice of the tourism pie.

Recently, the La Crosse Sunday Tribune published an informative article on further improving tourism by a travel expert, Mr. L. G. Monthey, University of Wisconsin extension specialist on travel and recreation. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the La Crosse (Wis.) Tribune, Aug. 12, 1962]

FORMULA BY A TRAVEL EXPERT—MASTER PLAN NECESSARY TO BUILD AND MAINTAIN TOURIST INDUSTRY

Before a community can hope to attract the tourist dollar in large sums, it must develop a plan.

It is a rare community in which tourism flourishes without a concerted effort on the part of those persons and organizations that make up the community.

But how do you go about it?

A master plan is the place to begin, says L. G. Monthey, University of Wisconsin extension specialist on travel and recreation.

"If you seriously want to increase your tourist business, you can," Monthey says of any community. Some have a better opportunity than others, such as La Crosse, but all can improve, he says.

Following is Monthey's master plan. This is a generalized plan, but one that applies to all communities.

1. Determine local interest.

This is the guts of building tourism. Before a community can go after the tourist business, practically every person in the community must be sold on the idea. Local government must back the idea. It must be ready to lend all possible assistance. Service clubs and service organizations in the community must be willing to pitch in and actively support given projects.

If the majority of the community is not convinced that tourism is the right path to follow, then the idea should be abandoned, Monthey says.

2. Set your goals.

Assuming the community is ready to actively campaign for the tourist dollar, the next step is to set certain goals. In determining the goals, it must be determined how big a share of the tourist business the area can handle. Can you provide for 1 million tourists a year? Perhaps you should settle for 750,000? Or, maybe you can handle 1.5 million.

This figure is largely determined by the accommodations in the area. You have to have a place to put these people. It must also be determined what type of tourist business you are best equipped to handle. Most communities find they are best able to provide for the weekend vacationer.

These goals should be charted over a 5-year period. Monthey says it takes at least a 3-year plan to achieve any results. Four years is acceptable but 5 years is best. In this plan the community must determine its assets and outline the attractions it can most quickly enhance and improve.

Determining your best drawing cards is the way Monthey puts it.

3. Enlist support.

Service clubs within the area, and other smaller clubs, are now asked to actively pitch in. So is the chamber of commerce. Since you have alrady set your goals and determined your major drawing cards, you assign certain projects to certain groups. Perhaps the local garden club will develop flower gardens around areas selected for further development. Perhaps a service club elects to create, donate, and maintain a bridle path.

4. Develop things of immediate potential first. In La Crosse's case, this would be the bluffs and the rivers. An area with natural assets is cheaper to develop than one without. Monthey points out that Walt Disney spent $3 million to build a bluff in Disneyland. The bluff was used for cable car runs.

"But you people have the bluffs—right now," he says.

Monthey, who travels Wisconsin from one end to the other every week and all week, says that some of the best fishing in the State and the Midwest is found around La Crosse.

"But, the tourist does not know where to go to catch fish. Guides and information centers must provide him with this information. You can't just turn this guy loose on the Mississippi River and tell him to go to it."

5. Seek new tourist attractions. Once your greatest assets are underway then you must create new ones to keep people coming back and to draw tourists who may not have visited your area so far. In this category are such things as an amusement park.

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[1] Should call for notice of the automatic insurance coverage as well as the protocol limits in order to enable the passenger to determine whether he needs additional insurance.

"An amusement park may sound corny," Monthey admits, "but if you decide to get into this tourist thing, then you have to go all the way. You have to provide attractions in addition to natural ones. You need something for people to do—all the time."

These five steps are the initial ones.

Once the ball has begun to roll, other items are considered. One is to study other areas.

The tourist business is a competitive one. Perhaps your nearest competitor has a wingbang attraction that you could begin in your area. Perhaps he has others which fail to draw. By studying these other areas, you **can perhaps do a better job on your own area.**

As the tourists begin to arrive in increasing numbers, you must pinpoint your markets. Once you know where your visitors are coming from and what they like to do, then you turn your advertising gun on these markets.

"Spend your advertising dollars in the areas which will most benefit you," Monthey says. "Go after the tourist with a rifle, not a shotgun."

The last step, and probably the most important one, is selling your product. You must talk up your product, believe in it and keep the quality high. You must constantly improve your competitive position **and let your markets know what improvements you have made.**

It takes time, talent and money to build a tourist industry, Monthey says.

It takes time, talent and money to build any industry.

RECESS TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 9 o'clock and 11 minutes p.m.) the Senate took a recess until tomorrow, Thursday, August 16, 1962, at 10 o'clock a.m.

EXTENSIONS OF REMARKS

Great and Hospitable Community of Mount Carmel, Pa., Is Gloriously Celebrating Its 100th Birthday

EXTENSION OF REMARKS
OF

HON. IVOR D. FENTON

OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, August 15, 1962

Mr. FENTON. Mr. Speaker, on Sunday evening I had the honor and privilege of attending the opening of the centennial celebration at Mount Carmel, Pa., with the week's great activities opening with an Americanism program at the fine Catholic high school field.

My good friend and colleague, Congressman JAMES E. VAN ZANDT, for 3 consecutive years national commander of the Veterans of Foreign Wars and a leader in the activities of all veterans' organizations, was the principal speaker. In his usual forceful manner JIMMY delivered an excellent discourse.

Mr. Speaker, Mount Carmel and its people are among the most hospitable in the United States. I have many close and dear friends in Mount Carmel, and I certainly would have liked to be present for the entire week and renew acquaintances with those who came from far and near to join in the celebration.

However, Mr. Speaker, I was present at the opening program in Mount Carmel and I know the people of that fine American community realize it was more important for me to return to Washington to represent their interests in the busy schedule and important matters we are having this week both in committees and on the floor of the House.

The Mount Carmel Item, Mr. Speaker, estimated that more than 35,000 persons witnessed the great opening spectacle, fittingly designated as "Americanism Day." Incidentally, Mr. Speaker, the progressive and alert Mount Carmel Item published an excellent centennial edition on Monday which consisted of 40 pages and contains much information about good old Mount Carmel, which was incorporated as a borough on November 3, 1862.

Yes, Mr. Speaker, it was a wonderful opening for Mount Carmel's 100th anniversary celebration, and the many committees in charge, as well as all the citizens of Mount Carmel can well feel proud of their accomplishments during the past century.

Mount Carmel is a community of all nationalities. It is a real and typical American community whose sons and daughters have fought in many wars. Many of them went on to win national acclaim, and the list is so extensive that to mention them individually might result in some one being overlooked. However, suffice to say that many of these names have and will go down in history; for Mount Carmel has always stood ready to give its all under the Stars and Stripes.

Mount Carmel is a community that has also gone through many domestic battles to maintain its economy, but each time it emerges bigger and greater. From a onetime area whose activities were almost confined to the production of anthracite, its citizens have forged forward and today are engaged in an expansion of industrial activities which will create greater advancement and progress for all the citizens of this fair community.

Mr. Speaker, in addition to the opening centennial program having as its guest speaker, it had another star-studded attraction in the appearance and participation of its native-born daughter, Miss Marie Powers, internationally famous opera star.

Miss Powers, who has thrilled music lovers throughout the world, was brilliant and enchanting in her hometown appearance. The local folk will long remember their vocal pride for the great voice and fine renditions she gave to open her home community's centennial celebration.

In all, Mr. Speaker, it was a wonderful Americanism program to open Mount Carmel's centennial and was presented as follows: master of ceremonies, Mr. Arthur A. Bressi; invocation, the Reverend Robert G. Detwiler; greetings by the mayor, the Honorable Lawrence R. Joyce; greetings by centennial chairman, Dr. Robert E. Allen; Americanism address, Congressman JAMES E. VAN ZANDT; concert, Miss Marie Powers, accompanied by Mr. George Corty, presenting "The Lord's Prayer," "My Days Have Been So Wondrous Fair," "Peace of Mind," "Song for the Lonely," "The Hero," "O Mio Fernando"—from "La Favorita"—and "Air Dido."

Benediction, Most Rev. Lawrence F. Schott, D.D., LL.D., "The Battle Hymn of the Republic," with soloist Marie Powers accompanied by the Mount Carmel High School Band and Centennial Chorus conducted by Mr. Edmund Nejaimey.

The great audience joined the program participants in singing "The Star-Spangled Banner," and it was a thrilling climax as music and voices reverberated throughout a community which is proudly proclaiming to the world this is our centennial, our community is 100 years old and ready to go forward with greater enthusiasm and spirit in the dawn and twilight of "Onward Christian Soldiers."

Yes, these citizens and soldiers of Americanism in Mount Carmel are celebrating the 100th natal anniversary of the borough's birthday, and that they will go on to many more centennial and glorious celebrations I know is the wish of all the Members of this House.

Independence Day of the Congo

EXTENSION OF REMARKS
OF

HON. ADAM C. POWELL

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, August 15, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the President of the Congo, the Abbe Fulbert Youlou, on the occasion of the second anniversary of the Congo's independence.

The advent of the former French Congo as an independent nation has been far overshadowed by the more dramatic entrance of its sister republic, the former Belgian Congo, into the community of sovereign states. Thus, it would be well if, on this second anniversary of the independence of the Republic of the Congo—Brazzaville—we look a moment at its political structure and at its accomplishments since independence.

The Constitution of the Republic of the Congo rests on the principle of popular sovereignty and specifically states that the Republic is "indivisible, democratic, and social." It provides for a separation of powers and a parliamentary system whereby the President is elected by the National Assembly. Its preamble invokes the French declaration of the rights of man. Thus, the Republic of the Congo is undeniably a democracy in the Western sense, since it has evolved a political system which guarantees individual liberties and balanced parliamentary government.

In the economic sphere the Congo Government has shown wisdom and forethought. Recognizing the continuing need for foreign advisers in a number of technical fields, the newly independent government retained some 500 French technicians. The Congo has remained a member of the franc zone, an important factor in the stabilization of its currency. It has applied for membership in numerous international organizations interested in economic development programs, such as the U.N. specialized agencies and the International Bank for Reconstruction and Development. For the purpose of encouraging both domestic and foreign investment, the Government has adopted a code providing guarantees for qualified business ventures. A National Development Bank has been created in order to assist financially and technically in economic and social development projects. All of these actions are important and well reasoned steps for a country which is attempting to raise its standard of living to the maximum possible in a minimum amount of time.

But social programs have not been neglected. Education has improved at all levels, and approximately 31 percent of the 1961 budget was allocated to educational expansion. Nearly 80 percent of the elementary school age population was attending school, as compared with 75 percent in 1960 and 65 percent in 1959. A center offering university-level training was opened in Brazzaville in 1959, and there are now over 200 students attending it.

In the field of inter-African cooperation, too, the Congo has asserted its leadership and has been a moderating influence. The Brazzaville group of 12 French-speaking states takes its name from the capital of the Congo, where it met in December 1960 to discuss the situation in Léopoldville, across the river. The group endorsed U.N. technical assistance and rejected intervention by African states. Its decisions of later meetings, at which plans for economic and political coordination were formulated, were equally moderate.

The Congo has continued to maintain close economic links with France and has remained a member of the French community. Soon after its accession to independence it became a member of the United Nations under French sponsorship. Its domestic policy has been well reasoned. In foreign affairs it has been cooperative and constructive. We commend the Republic of the Congo and President Fulbert Youlou for a noteworthy record of accomplishment.

World War I Veterans

EXTENSION OF REMARKS

OF

HON. GEORGE E. SHIPLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. SHIPLEY. Mr. Speaker, I intend to keep these remarks as short as possible for I would like them to be read by the Members of Congress rather than skipped over. To make a long story short, I, as one Member of Congress, am getting tired, disgusted, and a little sick of the way the World War I veterans are being ignored in regard to their pension. Since being elected to Congress 4 years ago, I have witnessed legislative sneaks, and the old bamboozle; but the action on H.R. 3745 beats anything I have seen yet. In 1958, there was a discharge petition filed and there were only 65 signers on this petition. In 1960, there were 145. In 1962, there were 199 signers. This interest shown by the Members who have signed this petition is a direct and clear mandate of the U.S. Congress wishes.

I disagree bitterly with the cost figures some people estimate is involved with this legislation. The cost of this program would only be a drop in the bucket compared to what we are throwing away overseas. As I understand the statistics, World War I veterans are now dying at the rate of 1 every 4 minutes. During the hour in which this statement is being given 15 World War I veterans will have passed on, and the World War I pension obligation will have been reduced by the amount of $1,500; by the amount of $36,000 per year; by the amount of $12,960,000 per year until the year of 1976, at which time only of 4 of 100 World War I veterans will be living and these at the average age of 82 years so that each year until 1976 the World War I pension obligation will be reduced 6 percent until the reduction has reached 96 percent; and thereafter, there will be left only a token amount to be paid out; and shortly thereafter, death will have permanently removed the governmental obligation to these defenders of our country entirely.

The World War I pension expense peak arrived before the year of 1960, and said expense is now fast receding toward the vanishing point.

These men suffered the tortures of hell in the trenches; sometimes belly deep in water, mud, filth, and blood, besides the other terrible rigors of war. It is not the will of the people that these veterans in their declining years be deprived of a little security long overdue. It is indeed a shame and an insult to these old veterans, to treat them as they have been treated in this and past sessions of Congress. I can tell you it surely leaves a bitter taste—not against their country or its citizens; but to those now in power. Did the big money interests fight against a $4 billion foreign aid bill to be doled out to Communist-controlled nations? No; and I am pleased to say I did not support or vote for the bill.

Independence Day of Korea

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency, the Acting President of Korea, General Park Chung Hee; and His Excellency the Korean Ambassador to the United States, General Il Kwon Chung, on the occasion of the 14th anniversary of Korea's independence.

When on August 15, 1948, the U.S. administration of South Korea was terminated, a new era of Korean independence was inaugurated. It is the anniversary of this occasion that we celebrate today.

In fulfillment of pledges made at the 1943 Cairo Conference the United States and other nations set out at the conclusion of the Second World War to help Korea gain freedom and self-government. Although some 35 years of Japanese colonial rule was ended, the joy of Koreans was dampened by the separation of the two halves of their country. Originally designed merely to expedite the surrender of Japanese forces, this division of the country at the 38th parallel became fixed, because of Soviet recalcitrance. The elections which were to have reunited the country were never held, as the Communists in the north refused to allow the United Nations Temporary Commission on Korea to enter the territory under their control. Consequently, the U.N.-supervised free election was held only in South Korea. This election led to the installation of the Republic of Korea's first independent government.

It has been Korea's fate to have had to provide the unhappy battlefield for one of the major confrontations between freedom and totalitarianism in the modern era. Tragically miscalculating free world willingness to deter Communist aggression, the North Korean puppet government mounted a fierce attack on the south in June 1950. Finally, after millions of casualties had been suffered, an armistice was reached in July 1953. Although the fighting has now been over for 9 years, South Korea still bears a heavy burden from the war's cruel legacy of misery. Millions of refugees poured into the country during the Korean war, thereby adding to the already considerable population pressure on the Nation's land resources. Furthermore, because of the ominous threat posed by the Communists to the north, South Korea has had to keep some 600,000 men in the military services, and now has the fourth largest standing army in the world. Half of the South Korean budget goes for defense, which necessarily puts great strains on Korea's attempts to achieve economic prosperity.

The first 5-year economic development program, which is now in progress, seeks to eliminate waste, usury, bribery, and corruption, and to lay the groundwork for broad economic advance. I believe that with the successful implementation of this plan, Korea's traditional dead hand of poverty can be replaced by the seeds of long-term national prosperity. Among its major exports, the South Korean Government has undertaken the construction of the great Ulsan industrial complex, about which Acting President Chung Hee Park has said:

> It is no exaggeration to say that the development of Korean industry depends on the success of this project.

President Park has pledged that control of the country will be returned to civilian hands not later than the summer of 1963. While not detracting from the positive aspects of the present Government, most Americans will welcome this restoration.

I believe that the Korean people are today experiencing a new awakening and consolidation of their national spirit. I offer them my best wishes in this great effort, and I am pleased to extend my congratulations to the people of Korea on this 14th anniversary of Korean Independence Day.

Dedication at Maynard, Mass.

EXTENSION OF REMARKS

OF

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. PHILBIN. Mr. Speaker, under unanimous consent to revise and extend my remarks, and include therein a speech that I made at the dedication of the beautiful new townhouse and library at Maynard, Mass., July 29, 1962:

REMARKS IN PART OF CONGRESSMAN PHILIP J. PHILBIN AT DEDICATION OF TOWNHOUSE AND LIBRARY, MAYNARD, MASS., JULY 29, 1962

Reverend clergy, distinguished guests, and friends, it is a very great pleasure and privilege for me to join you in these historic exercises here this afternoon.

The town of Maynard is very close to my heart, and I rejoice with your officials and all your people upon the completion of this very beautiful new townhouse and library.

With great satisfaction, I compliment and congratulate the chairman and members of the committee who have been responsible for the conduct of this constructive work, the architect, the builders and all those who have had anything to do with the completion of this magnificent new facility.

Your community has long been noted for the high quality of its leadership and the industry, civic spirit, and patriotism of its people. Indeed, there are few, if any, communities anywhere that have given such a splendid example of courage and fortitude in times of adversity and discouragement as the town of Maynard.

Time and again you have shown your mettle, you have demonstrated your ability to stand together and join, intelligently and wholeheartedly, to overcome obstacles confronting you.

Time and again you have gladly responded to the call of our country when our liberties were at stake, and this memorable service goes back to the very earliest days of our Nation, and has continued up to this very moment.

You may well be proud, therefore, of the outstanding record which your fellow townspeople and your community as a whole has made throughout the years, and I may state without question that your unflinching loyalty and devotion to the principles of our great democracy is a source of great pride to me as it must be to you, and all our fellow Americans who have had the opportunity to observe your sterling contributions to our State and Nation.

The loyal spirit you have manifested in this community, and particularly your devotion to the cause of freedom, is needed as much, if not more, today, than ever before in our history.

Those who would destroy every vestige of freedom and democracy, not only here, but throughout the world, are striving with unceasing vigor and skill to achieve their nefarious purpose of enslaving mankind.

They do not hesitate to use threats, blandishments, and every tactic of deceit, artifice and falsehood to plant seeds of distrust and strife, and weaken the resolve of the free world to resist the tyranny and dictatorship of the Communist police state.

But they will not succeed in their evil aims, because the people of this Nation and this world will not be deluded by their trickery, will not be deceived by their insincere promises, and will not be intimidated by their dire threats.

This Nation, born in freedom, pledged to freedom, intends to preserve that freedom, and we will not allow any other nation, or group of nations, to steal away our hard-won liberties or to challenge the safety of our shores and the security of our homes.

Let every leader and conspirator seeking the destruction of freedom in this Nation and the world well understand that Americans propose to defend and preserve our great heritage, that we are unalterably pledged to the perpetuation of free government, just as we are resolutely committed to the cause of world peace.

It is for us to maintain our strength at every level, military, economic, and spiritual and, above all, to uphold at all times the moral precepts and spiritual truths upon which our great Nation was founded.

It is for us to try to build and shape a greater and stronger and more prosperous Nation, and to hold out the hand of friendship, amity and assistance to other nations who earnestly seek peace and who wish to live and develop under institutions of freedom.

Above all, it is for us to work for the holy cause of peace and human brotherhood as devoutly and vigorously as some other nations are working to spread hatred, instead of love, turmoil, instead of order, and tyranny and slavery, instead of good will, mutual helpfulness, and freedom.

The world can have peace, good will, and a golden age of brotherhood and prosperity for all, if the leaders of the Communist conspiracy would tomorrow agree to outlaw war, provide international control for nuclear weapons and substances, and divert them to the ways of peace rather than unspeakable violence, if they would agree to universal disarmament and world legal institutions to promote world cooperation, unity of the human family, and order and justice for all mankind.

To be sure, it is encouraging that, to no inconsiderable extent, we are moving toward these goals, slowly but perceptibly, and the Soviet Union, as well as all other nations, must come to realize—and I hope and pray that they will soon do so—that lasting peace must be assured, if the world is to be spared an unprecedented blood bath of destruction and devastation.

As we work for peace with all our hearts and energies, let us work with more vigor than ever before and with vigilance and resolution to build our own strength, preserve our great free system and carry out our commitments to the free peoples of the earth that we will not stand idly by while tyranny overruns the world.

This splendid new facility will serve your beautiful town and its devoted people for many years to come. It will do much to strengthen your municipal posture and to provide for the convenience of your people. Not only this generation, but future generations, will have reason to be grateful for the concern you have shown to conduct your town government with efficiency and effectiveness. I am very happy for you today.

May you continue to grow in strength, union, prosperity and the ways of freedom.

U.S. Coast Guard Academy

EXTENSION OF REMARKS

OF

HON. JOHN F. SHELLEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. SHELLEY. Mr. Speaker, I should like to call to your attention to the presence of a group of splendid young Americans who are visiting us today. They are cadets of the U.S. Coast Guard Academy at New London, Conn., an institution whose mission is to train young men "with sound bodies, stout hearts, and alert minds, with a liking for the sea and its lore, and with that high sense of honor, loyalty, and obedience which goes with trained initiative and leadership; well grounded in seamanship, the sciences, and the amenities and strong in the resolve to be worthy of the traditions of commissioned officers in the U.S. Coast Guard in the service of their country and humanity."

These young men are now completing the final phase of their annual summer cruise aboard the famous training bark *Eagle*, and comprise the sophomore and senior classes for the ensuing academic year. They are stopping over briefly in Washington prior to returning to New London where they will begin their summer leave. Two other cutters, the *Absecon* from Norfolk, Va., and the *Castle Rock* from Boston, Mass., accompanied the *Eagle* on the cruise. Of the 260 cadets embarked on this year's cruise, 153 presently serve aboard the *Eagle*. Each has spent two-thirds of the cruise on the *Eagle*, and one-third on one of the accompanying Coast Guard cutters.

These cadets have seen a good part of the world since they departed New London on June 8. They have visited such distant points as Edinburgh, Scotland; Antwerp, Belgium; and Las Palmas in the Canary Islands. During their stay in Edinburgh, His Royal Highness, Prince Philip made an official visit to the *Eagle*.

The purpose of these annual summer cruises is strictly professional. Aboard Coast Guard cutters, cadets of the first and third classes receive practical shipboard instruction in seagoing skills and other matters pertaining to their chosen profession. Combining the features of a sailing ship with a modern diesel engine, the *Eagle* is ideally suited to developing leadership potential and a capacity for teamwork so essential to a successful career as a commissioned officer in the Coast Guard. The *Eagle* also serves as an effective oceangoing classroom for third classmen where they may learn elements of ship maintenance, housekeeping, and shipboard routine.

In addition to its practical training aspects, the cruise is also intended to provide future Coast Guard officers with a broader understanding of foreign countries and customs—an extremely important matter in this shrinking world.

Independence Day of Pakistan

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the President of Pakistan, Field Marshal Mohammed Ayub Khan; and His Excellency the Pakistani Ambassador to the United States, Aziz Ahmed, on the occasion of the 15th anniversary of Pakistani independence.

Pakistan became an independent nation of Asia on August 15, 1947, 15 years ago today. Born in the strife-torn aftermath of World War II, Pakistan faced staggering problems of national consolidation. The tragic days of partition had uprooted whole communities, and some 10 million refugees had to be resettled in the new State. Conflicts with India over the status of Kashmir imposed further strains.

And finally, the young country had to overcome what appeared to be immense problems arising from the physical separation of the nation into two parts, divided by 1,000 miles of Indian territory. Although over half of the population lives in East Pakistan, this region has only 15 percent of the land area. East Pakistan has a monsoon economy, while West Pakistan has a river economy. East speaks Bengali, while Urdu is used in the West. East grows jute and tea and eats rice and fish; West grows cotton and wool and eats wheat and meat. East Pakistan seems almost a part of southeast Asia, while West Pakistan is contiguous to the Middle East.

In 1947 many observers confidently predicted the imminent disintegration of the Pakistani nation. These observers have been proven wrong, for they did not realize that the Moslem heritage which unites 85 percent of the people of Pakistan would prove capable of overcoming the divisive forces arising from geographical separation. Furthermore, they did not understand that the experience of previous decades had aroused within the Pakistanis a common, living conviction that they were of one nation and one state.

Pakistan is truly a nation inspired by an idea, an idea of independence that led from the formation of the Moslem League in 1906, to the successful formation of the independent state in 1947. The ideal of a self-governing Pakistan found its greatest prophet in the person of Quaid-i-Azam Mohammed Ali Jinnah, who consolidated the movement in its later stages and was the major architect of Pakistan's subsequent independence.

The Quaid-i-Azam once summarized the national goals of Pakistan by saying:

> The people of Pakistan desire nothing which is not their own, nothing more than the goodwill and friendship of all the free nations of the world. We in Pakistan are determined that having won our long-lost freedom we will work to the utmost limit of our capacity not only to build up a strong and happy state of our own but to contribute in the fullest possible measure to international peace and prosperity.

Pakistan is not only an active member of the United Nations and the Commonwealth of Nations, but has also elected to join free nations of Asia and the West in two of the key defense pacts aimed at containing Sino-Soviet expansionism, CENTO and SEATO.

Having overcome many of the problems which plagued the early postpartition years, Pakistan is today a nation that looks proudly to a future which will bring even greater fulfillment to its people. It is encouraging among the people a greater political awareness and a sense of responsibility in representative institutions, through the medium of basic democracies. Its new constitution, promulgated in March 1962, provides for the full restoration of civil liberties and representative government in Pakistan. The economy is also making impressive advances. It is estimated that the second 5-year plan, now in progress, will bring a 24-percent increase in gross national product by 1965. Also, by 1975, Pakistan will be providing all children of school age with an 8-year primary education.

It is with great pleasure that I extend my congratulations to President Mohammad Ayub Khan and the people of Pakistan on this the 15th anniversary of Pakistan's independence.

Address by Secretary of State Dean Rusk Before National Convention of Veterans of Foreign Wars

EXTENSION OF REMARKS

OF

HON. WALTER H. JUDD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. JUDD. Mr. Speaker, last night the Honorable Dean Rusk, the Secretary of State, made a major foreign policy statement before the 63d National Convention of Veterans of Foreign Wars, meeting in my congressional district in Minneapolis, Minn. Sometimes only announcements of new or changed policies are considered of major importance. But in a world where the hope of so many countries for survival depends so largely upon the strength and steadfastness of U.S. policy, no statement has greater significance to them and is more reassuring to our own people, than a calm and clear appraisal of the world situation we face, an assessment of both the forces against us and those for us, and a fresh declaration of firm commitment to defend, by peaceful solutions wherever possible, America's basic principles and vital interests. These principles and interests do not change and steady adherence to them is the truly productive course to follow.

Mr. Speaker, I wish to include also the fine statement made by the national commander in chief of the VFW—Mr. Robert E. Hansen of St. Paul, Minn., in introducing Secretary Rusk and presenting to him the Bernard M. Baruch Gold Medal for Distinguished Service.

The introduction and address follow:

INTRODUCTION OF HON. DEAN RUSK, SECRETARY OF STATE, DISTINGUISHED GUESTS BANQUET, BY COMMANDER IN CHIEF ROBERT E. HANSEN AT THE 63D NATIONAL CONVENTION, VETERANS OF FOREIGN WARS OF THE UNITED STATES, MINNEAPOLIS, MINN., AUGUST 13, 1962

The Veterans of Foreign Wars historically has taken a deep and continuing interest in the foreign policy of our Nation. All citizens should be interested in what goes on in the world beyond our geographic borders. However, the intense interest of our organization in world affairs stems, I believe, from the common background of each and every member of the Veterans of Foreign Wars. I refer, of course, to the fact that every member of our organization has served our Nation overseas.

Understandably, the VFW should have, as it does, a more than average interest in and understanding of the vital importance of foreign policy. It is, therefore, particularly fitting that it is our privilege at this distinguished guests banquet to have as our speaker the much-respected Secretary of State, the Honorable Dean Rusk.

Our speaker has served as Secretary of State since January 21, 1961, when he was sworn into office as the 54th Secretary of State. Secretary Rusk comes to his present position of vast responsibility from a background of vast experience for such an assignment.

Born in Cherokee County, Ga., he graduated from Davidson College in North Carolina, where he achieved membership in Phi Beta Kappa. He was a Rhodes scholar at Oxford in England, and following that he studied at the University of Berlin. Returning to the United States in 1934, he served as associate professor of government and dean of faculty at Mills College, Oakland, Calif. But this distinguished Secretary of State who works so constantly for the preservation of peace is certainly not unacquainted with the ways of war. In December of 1940 Dean Rusk began active Army duty as a captain. He participated in two campaigns in the Burma theater, rising to the position of deputy chief of staff. At the time of his return to inactive duty, he held the rank of colonel. He holds the Legion of Merit and Oak Leaf Cluster.

With such a background of campaign soldiering, he was well prepared to return to matters pertaining to international affairs. In 1946 he joined the State Department as Assistant Chief of the Division of International Security Affairs. After this he served as Special Assistant to the Secretary of War. Rejoining the Department of State, he served as Director of the Office of Special Political Affairs and as Director of the Office of United Nations Affairs.

In 1949 he became the first Assistant Secretary for United Nations Affairs. After serving as Deputy Under Secretary of State, he became Assistant Secretary for Far Eastern Affairs in March of 1950. I believe that it is a commendable commentary on State Department personnel policy that one who served so extensively in war in the Far East should have become the Assistant Secretary for Far Eastern Affairs.

He was in charge of Far Eastern Affairs until March of 1952, when he became president of the Rockefeller Foundation.

As we members of the VFW are well aware, our Nation, together with the cause of freedom, is exposed to constant peril in these times of unrelenting Communist aggression. The international seas are treacherous and turbulent. If our Nation is to survive this era of continuing international storms, it will do so only if the course is well charted and the ship skillfully navigated.

Secretary Rusk's direction of our foreign policy has been impressive. His calm demeanor, his firm determination, and his broad intellect have gained for him respect at home and in other nations. The firm U.S. policy which our Nation has followed in the recurring crisis in Berlin has served notice to Europe that that vital citadel and symbol of freedom would be defended against all Red threats. This, indeed, has contributed to the strength of freedom's cause in the Western community of nations.

In the Far East the continuing support which our Government has given our loyal friend and vigorous anti-Communist leader, President Chiang Kai-shek, has paid vast dividends in national security in the western Pacific.

These are examples of sound policies which have been pursued under the direction of this man who honors us with his presence this evening.

It is in view of his devoted service, his skillful direction of foreign policy, and the personal qualities which have gained for him the profound respect of freedom-loving people, that I now have the privilege of presenting to the Honorable Dean Rusk on behalf of the 1,300,000 oversea combat veterans comprising the Veterans of Foreign Wars the highest award which our organization can bestow—the Bernard M. Baruch Gold Medal for Distinguished Service to our Nation.

ADDRESS BY THE HONORABLE DEAN RUSK, SECRETARY OF STATE, BEFORE THE VETERANS OF FOREIGN WARS CONVENTION, LEAMINGTON HOTEL, MINNEAPOLIS, MINN., MONDAY, AUGUST 13, 1962

(Secretary Rusk's address was carried by the National Broadcasting Co. radio network and highlights broadcast by the Mutual Broadcasting System)

Commander Hansen, distinguished guests, fellow veterans, it is a great pleasure to be here in Minneapolis for this great convention of the Veterans of Foreign Wars. All of us, of course, are deeply concerned about our country's future; but there is something special about that concern among men and women who have worn the uniform of their country in times of trial. For us, words like war and peace have a special meaning. We know, as veterans, that foreign policy reaches into every home and every community. We know the price when statecraft fails. We know why it is important to seek peaceful solutions wherever possible, consistent with basic principles and vital interests.

I know I don't need to prove to you that we live in a world of turmoil and change. I know I don't need to emphasize to you that we live in a time of danger and that the primary cause of this danger is the existence of powerful forces which are determined to destroy our free way of life.

The global struggle for freedom and against Communist imperialism is our main business in the State Department. My colleagues and I give intensive attention, day by day, to Communist strategy and tactics.

No one has to convince us that when Khrushchev said communism will bury us he was proclaiming, not just an alleged historical inevitability, but an objective toward which Communists work relentlessly by all the means they deem effective. No one has to convince us that "peaceful coexistence" means to them a continuing attempt to spread their system over the earth by all means short of the great war which would be self-defeating. No one has to convince us that the contest between Communist imperialism and freedom is for keeps.

We have a simple but transcendent goal. It is, in President Kennedy's words, "a peaceful world community of free and independent states, free to choose their own future and their own system, so long as it does not threaten the freedom of others."

This goal of ours—and of most of the nations of the world—and the Communist goal are incompatible. This global struggle will continue until freedom prevails. It goes without saying that our purpose is to win.

One hears now and then that we have a "no win" purpose or policies. That is simply not so. Of course we intend to win. And we are going to win. Our objective is a victory for all mankind.

For let us be clear about what we mean when we say: "We are going to win." Who makes up the "we?" Not only 185 million Americans, but most of the rest of the people of the world. And what is the worldwide victory we work for? Not the victory of one nation over another or of one people over another, but a worldwide victory for freedom.

To win this worldwide victory we must achieve:

A world free of aggression—aggression by whatever means.

A world of independent nations, each with the institutions of its own choice, but cooperating with one another to their mutual advantage.

A world which yields continuing progress in economic and social justice for all people.

A world which provides sure and equitable means for the peaceful settlement of disputes and moves progressively toward a rule of law which lays down and enforces standards of conduct in relations between nations.

A world in which, in the great tradition shared by peoples in every continent, governments "derive their just powers from the consent of the governed."

A world in which the powers of the state over the individual are limited by law and practice—in which the personal freedoms essential to the dignity of man are secure.

Our hope and purpose is to win without a great war and the damage which the weapons of today would inflict upon the human race. We will defend our vital interests and those of the free world by whatever means may be necessary, but a military climax to this struggle is to be prevented if possible.

The primary purpose of our military forces is to make resort to force by our adversaries unprofitable and dangerous. Our forces have been greatly strengthened in the last 18 months. Our nuclear deterrent has been amplified, and a rising proportion of it is relatively invulnerable to attack. We have the capacity to inflict massive destruction upon any nation that would be so irrational as to attack us or our allies.

Our conventional forces, too, have been strengthened. They are being modernized and made more mobile—not as a substitute for our nuclear capacity but to cope with more limited requirements.

In addition, we have been improving our capacity to deal, and assist our allies in dealing, with guerrilla warfare—a form of aggression which the Communists, in their inverted jargon, call "wars of national liberation." This is the form of the present aggression against South Vietnam. It will not be allowed to succeed.

Thus, as my colleagues in the State Department and I go about our business, we have at our backs a formidable array of military strength under the command of a resolute President. This strength, with that of our many allies, is capable of defending the vital interests of the free world. When President Kennedy says that we and our allies have vital interests in West Berlin—vital interests which all free peoples share with the brave inhabitants of that city—"vital interests" means just that: interests to be protected as a matter of elementary safety for freemen. We are prepared to discuss ways and means for reducing tensions in central Europe and to search for more permanent solutions to those problems, but we will not be forced, harassed, or squeezed out of West Berlin. We are determined to see that West Berlin thrives in freedom. And we have other vital interests in common with the free peoples of Latin America, Europe, Asia, the Far East, and elsewhere, which we are resolved to maintain.

At the same time, despite bitter and far-reaching differences, we seek continually areas of common or overlapping interest—areas of potential concrete agreements. In June 1961, at Vienna, Mr. Khrushchev and President Kennedy agreed that both favored an independent and neutral Laos. Last month at Geneva an agreement was signed by 14 nations, providing for the independence and neutrality of Laos. If the agreement is faithfully executed, all foreign troops will leave Laos and the Laotians will be left alone to control their own affairs—and Laos will cease to be an avenue of supply and reinforcement for the Communist aggression against South Vietnam. I underline the need that the agreement be faithfully executed. We on our side shall do everything possible to see that it is. We believe the

Government of Laos will do its best; we expect all others to do the same.

There is another matter in which, objectively examined, all the great powers have a genuine common interest. I refer to the problem of halting the upward spiral of the arms race. Let us be clear about what this means and what it does not mean. We have a security interest in turning the arms race downward; otherwise the path ahead means increasingly vast diversions of resources away from the unfinished business of mankind and increasing dangers for all concerned as weapons systems tax or exceed the capacities of the mind of man. But disarmament measures cannot be unilateral—surely the free world learned that lesson from the demobilization after World War II. Disarmament must be achieved by steps consistent with the security of all concerned and with fully adequate assurance that agreements are faithfully carried out. In today's world, such agreements cannot rest upon blind faith; but arrangements can be worked out under which confidence can rest upon knowledge and not mere trust. In limited fields, such as nuclear testing, improved techniques and instrumentation may permit more efficient and less costly arrangements. But the need for verification remains. We see no way in which the abolition of all nuclear testing can be achieved unless the Soviet Union is ready to abandon its obsession with secrecy. And the rest of the world cannot disarm without knowing what arms are being concealed in those vast and closely policed areas in the very heart of the Eurasian land mass. We hope that self-interest and the yearning of the Soviet peoples for a better life will cause the Soviet Government to reconsider and sit down with the rest of us to work out practical steps which will begin to reduce the burdens and dangers.

PROGRESS TOWARD OUR GOAL

How are we getting along in this great struggle for freedom? A Secretary of State, watching the daily flow of cables from a world in rapid and far-reaching change, cannot afford to be an easy optimist. But I believe that a measured appraisal leads to the conclusion that the historical forces of freedom are writing fresh chapters of achievement and confidence.

1. The vitality and growing strength of the economically advanced countries of the free world: A new industrial revolution has swept over the free countries of Europe in this postwar period. Everywhere there are new factories, new jobs, new buildings, growth and prosperity. Strong new economic and political links have been forged and still others are now taking shape.

The notion that we in America somehow resent or regret this new vitality and confidence in Europe is plain nonsense. This new era has been an objective of our own hopes and policy; it is, among other things, the rich harvest of the massive efforts which the Europeans and we made together through the Marshall plan. We applaud the result thus far and warmly support the prospects for an even stronger and more unified Europe.

Let us not underestimate the importance of these developments to the worldwide struggle for freedom. A vigorous Atlantic partnership will mean closer political consultation to build the strength and unity of the free world as a whole. It will mean an ability to share more broadly the larger economic responsibilities for development beyond the Atlantic Community. Already Europe is approaching the magnitude of effort of the United States in responding to the urgent needs of the developing countries.

And under the strenuous conditions of a still unsettled world, this partnership can provide the military strength, both conventional and nuclear, necessary to defend the peace and to sustain a steadily growing rule of law. In a period of lively discussion within the NATO alliance about next chapters in the organization of our common defense, it is inevitable that there would be speculation which misses the point. NATO is not a limited liability company. For us, and for our allies, the defense of NATO requires whatever means are necessary. We have taken important steps, through the sharing of information, the frank discussion of strategic problems, and consultation on multilateral NATO nuclear forces, to emphasize that we consider that the safety of NATO as a whole is critical to our own security. If there is a ferment of discussion within the alliance, this has nothing to do with the underlying commitments to which we all pledged ourselves when NATO was born. "What is past is prologue." The ferment comes out of the creative discussion of next steps—of which the Common Market negotiations are only the most immediate.

Beyond the Atlantic Community are others joining in similar efforts—nations such as Japan and Australia, whose contributions are large and growing.

The prospect among all these nations is for vigorous economic growth and the steady expansion of trade. Let me point out that according to Marxist-Leninist dogma this could not occur. Acocrding to that fanciful doctrine, the industrialized nations should be ripped by ever-deepening economic crises and by fighting among themselves. Instead, they are working together in ever closer cooperation and are enjoying levels of well-being undreamed of a generation ago.

2. Progress within the underdeveloped world: Equally dramatic changes are taking place in that vast portion of the non-Communist world that is less advanced industrially. Never before in history have so many new, independent states been born in so short a period of time. And all of them, as well as the older but still underdeveloped nations, are determined to modernize their societies and improve the standards of living of their people.

One by one, new nations and their leaders are experiencing the sobering influence of responsibility. They are learning, sometimes painfully, that independence is by itself no panacea for their ills, that it alone does not feed hungry mouths nor turn the wheels of industry, that it alone does not find markets for excess production nor automatically build schoolhouses, homes or communications.

Some have managed the transition from revolutionary struggle to peaceful construction with great skill and statesmanship. Within the last few years a number of underdeveloped countries have made solid economic and social advances. And many others have made promising starts.

Some are still floundering. Some are devoting time and energy and resources to questionable adventures. But, on the whole, there is progress within the underdeveloped areas of the non-Communist world. All the free nations have a vital interest in assisting this progress.

3. Growing understanding of our purposes and the developing partnership between the advanced and underdeveloped nations of the free world: We have rejoiced in the arrival of the peoples of Asia and Africa to the "separate and equal station to which the laws of nature and of nature's God entitle them." This is well understood in the new nations. Most of their leaders are familiar with our history and the great and enduring ideas expressed in our Declaration of Independence.

Nearly all of them also appreciate our readiness to assist them, and understand well that our only purpose is to help them maintain their independence and improve the well-being of their people. And nearly all understand that the United States stands not for a sterile status quo but for vigorous progress.

As President Kennedy said at La Morita, Venezuela, last December: "We do not merely talk of slogans, of democracy and freedom; it is our function here in this hemisphere in 1961 to make it possible not only for all the people to be free, but to have a home and educate their children, and have a job for themselves and in security. And that is what we are determined to do."

President Kennedy spoke of this hemisphere, but the goal he set applies to other regions as well.

New ties are being created almost daily between us and the new states of Asia and Africa. In Latin America, the Alliance for Progress has breathed new life and vigor into an old and valued relationship. We must expect change to create tension; but we and our Latin American partners must insure that change and tension mean movement toward a free society.

We are not interested in maintaining a dole or giveaway program. We are pledged to help most those who do most to help themselves bridge the wide gap between what they have and what they need to provide their people with a decent life.

For the most part, the transformation of the old empires into independent states has proceeded in an orderly manner. In some places, resentments still linger from the old colonial era. These the Communists try to inflame. But on the new and better basis of political and social equality, new partnerships are developing between the industrially advanced free nations and the underdeveloped areas.

4. Competitive coexistence: There are other reasons for quiet confidence, and these come out of the Communist world itself. The sterility of their original doctrine has long been exposed. Marxism first offered a fictitious debate between a communism rejected by its own disciples and a capitalism which has long since disappeared, if it ever existed at all. In recent decades the Communists themselves have, in a curious left-handed way, recognized the overwhelming strength of the great tradition of freedom throughout the world. They have done this by their insistent efforts to capture the great words of that tradition and turn them to their own ends.

They have spoken of "peace" to conceal the use of force; they have spoken of "liberation" to conceal an effort to capture; they speak of "peoples democracy" to avoid the free consultation of the people themselves. Conversely, the people of Germany who want self-determination are "revanchists." Free peoples determined to defend themselves are "militarists." And, oddly enough, those the Communists like to call 'imperialists" or "colonialists" are exactly those who have ushered into the United Nations row upon row of independent nations since World War II.

This tactic is increasingly transparent all over the world. So too is the emptiness of such phrases as "classless society," "workers' paradise," and "great leap forward."

There is no question but that the Soviet Union has achieved some notable successes in certain directions, for example, in space science and technology, in mass education, in public health, and in selected sectors of industry. But it is interesting to note that their successes have come where they have permitted science and technology to move forward without doctrinal blinders and where substantial freedom of action is given to those responsible for the particular enterprise. In other sectors, for example in agriculture, there are serious difficulties throughout the bloc from East Germany to North Vietnam. Nature itself has imposed certain limitations but this cannot be the answer throughout so vast an area. Limitations are imposed by organization, by official stultification of scientific freedom, and by failure to mobilize the most productive element in the history of agriculture, namely, the incentive and individual initiative of the farmer himself. The desperate situation in mainland China cannot advertise successfully the promised paradise of communism.

Other adjustments are having to be made within their bloc because of powerful ideas which long preceded the Communist revolution. A sense of national pride and desire for national independence, yearnings for more freedom for the individual himself, and the desire for higher standards of living and security for family and home have forced changes in the monolithic structure of an authoritarian system. These changes, in turn, have produced sharp differences within the bloc itself—differences of doctrine, organization, tactics, and priorities.

Successful societies do not have to build walls and string barbed wire against their own people. The Berlin wall, erected a year ago today, is a monument to failure—the failure of a "competitive coexistence" that dared not compete.

No quick or easy victory for freedom can be promised. But those who are committed to freedom have less to worry about than those who would reverse the centuries-old history of man. As I have said on another occasion:

"It is not for us to fear the great winds of change that are blowing today. They are the winds we have long known and sailed with, the winds which have carried man on his unending journey, the winds of freedom.

"America at her best is admired and trusted; and America is at her best when she is true to the commitments we made to ourselves and to history in the Declaration of Independence. These are the ideas and ideals which give us allies, spoken or silent, among men and women in every corner of the earth. They are part of the unfinished business which is a part of our story. This is the basis of our confidence; this is the scope of our task.

"The revolution of freedom, which we have so proudly nurtured and fought for in the past and to which we pledge today, as in 1776, 'our lives, our fortunes, and our sacred honor,' is the true, enduring revolution, because it springs from the deepest, most persistent aspirations of men. History says this revolution will not fail."

Independence Day of India

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the President of India, Dr. S. Radhakrishnan; and His Excellency the Ambassador of India to the United States, Braj Kumar Nehru, on the occasion of the 15th anniversary of India's independence.

On August 15, 1947, the world's largest democracy was born on the south Asian subcontinent. Nurtured by such world-renowned statesmen as Mohandas K. Gandhi and Jawaharlal Nehru, the new nation promised a new birth of freedom. Americans in all walks of life cheered India's birth, and each of us welcomed its strong adherence to the ideals of human dignity. By bringing democracy to the village level, India has shown the world what inspired leadership can do to give the people of a less-developed country the reality of active participation in government. As its development program brings India greater prosperity, economic freedom and personal dignity will move ahead in firm alliance with political liberty. The spirit of Indian democracy was effectively expressed in these words of President Radhakrishnan, upon his recent assumption of office:

> In our national concerns we adopt democracy not merely as a political arrangement but as a moral temper. It is of piece with our great traditional habits of behavior. We realize that freedom has no meaning save in the context of equality and there can be no equality without economic justice. These ideals of freedom, equality, and justice are not possessions to be defended but goals to be reached.

India's literary tradition extends back thousands of years, and has given India a rich cultural legacy of enormous range and depth. The spiritual resolve inherited from its past gives India great strength, and finds its noble embodiment in such present-day leaders as Prime Minister Nehru and President Radhakrishnan. With guidance from truly inspired men like these, India cannot help but continue along the road of idealism, enlightenment, and progress which is the treasure of Indian culture.

On the international level India has chosen to act as a positive, neutral exponent of the views of a large part of the Afro-Asian world. India aims at being a constructive mediator between the two major blocs in the cold war. Its goal of constructive service in the cause of world peace has been seen in its generous assistance to the United Nations operation in the Congo.

India seeks to provide a better life for its people through the successful execution of carefully drafted 5-year plans. The third 5-year plan, which will be completed in 1965–66, envisages a 30-percent increase in national income over the plan period. If this goal can be reached, India will show itself well on the way to overcoming the obstacles to economic growth. One of the most imposing of these problems is India's population, which is increasing at a yearly rate of over 2 percent. With its 438 million inhabitants, India is the second most populous nation in the world; within 35 years this number will reach some 900 million. To surmount these strains great efforts will be required. Fortunately for the people of India, the planning authorities have taken rational cognizance of the various barriers to development and have shown their ability to guide the nation along the path of progress. In the great tradition of its independence movement, India is today devoting its national energy to a social and economic revolution which promises a new threshold of liberty for the Indian people.

I am most pleased to offer my felicitations to the people of the Republic of India on the happy occasion of this 15th anniversary of India's independence.

First Nuclear-Powered Merchant Ship: The Nuclear Ship "Savannah"

EXTENSION OF REMARKS

OF

HON. NORRIS COTTON

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Wednesday, August 15, 1962

Mr. COTTON. Mr. President, many Members of the Senate, I am sure, have followed with deep interest the progress in the development and construction of this Nation's first nuclear-powered merchant ship, the nuclear ship *Savannah*.

The *Savannah* is now tied up at its dock in Yorktown, Va., as a result of a labor dispute which is delaying its maiden sea voyage.

With characteristic forthrightness, Senator JOHN MARSHALL BUTLER has expressed his concern over this situation to President Kennedy and urged the President to act immediately.

I ask unanimous consent, on behalf of the Senator from Maryland [Mr. BUTLER], to insert in the CONGRESSIONAL RECORD, the text of his letter to the President, dated August 6, together with newspaper articles from the Baltimore Sun, the New York Times, and the New York Herald Tribune regarding it.

There being no objection, the letter and articles were ordered to be printed in the RECORD, as follows:

AUGUST 6, 1962.

The PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: As you know, the nuclear ship *Savannah*—researched, developed and constructed at a cost of approximately $80 million of the taxpayers' money—is currently inoperative. Its future is uncertain as a result of the voracious appetite of the union members selected to man this precedent-setting vessel. I need only remind you that the nuclear ship *Savannah* is owned by the people of the United States, and that any reckless display of irresponsibility on the part of its crew members and their union bosses is thus a strike against the Federal Government.

I cannot imagine that you, as Commander in Chief, would tolerate for a moment a strike by the crew members of any vessel of the U.S. Navy, and in like manner, the situation affecting the nuclear ship *Savannah* has already gone beyond any face-saving devices on behalf of the unions and any time-consuming activities by an emergency advisory board. This incredible situation warrants your personal intervention and immediate action.

Your readiness and willingness to initiate corrective measures to curtail impetuous inflationary pressures is already historic. Surely, the potential destructive ramifications in the present nuclear ship *Savannah* impasse cannot be ignored, and failure of the Federal Government to face the issues head on can only undercut your efforts to curb inflation, and to protect the public's investment in this great ship.

The outcome of this situation will, in addition to all other factors, affect the future of the U.S. merchant marine. Should the group that is now striking against the Federal Government be successful in its unjustifiable demands for wage revisions, the upward spiral of wage demands throughout the entire maritime industry, both at sea and ashore, would create a further impediment to the competitive position of the U.S. merchant marine in seeking to assume its rightful place in the trade and commerce of the world.

It is regrettable that the actions of a few dictatorial union bosses can do more to destroy the symbol of freedom, characterized by the nuclear ship *Savannah*, than the entire Communist propaganda machine. Moreover, we who have dedicated our time and energies to a strong U.S. merchant marine have always looked to the nuclear ship *Savannah* as a shining example of Government, labor, science, and industry working together to demonstrate how atomic power can be used for peaceful purposes. If these union bosses persist, the world will instead view the nuclear ship *Savannah* as a symbol of labor supremacy in the United States at the expense of the taxpayers and the public treasury. I am sure you do not want that to come to pass.

The Secretary of Commerce and the Maritime Administrator have spoken eloquently and widely about the attributes of the nuclear ship *Savannah*, and have suggested that the knowledge acquired through its construction and operation will be shared with the world. Surely, it would not be your wish to share with our friends and allies an incredible example of union effrontery.

With highest personal regards, I am,

Respectfully,

John Marshall Butler,
U.S. Senator.

[From the Baltimore (Md.) Sun, Aug. 8, 1962]

Butler Asks A-Ship Move—Sees "Savannah" as Symbol of Labor Supremacy

(By Helen Delich Bentley)

Washington, August 7.—The strikebound *Savannah* is becoming a "symbol of labor supremacy in the United States at the expense of the taxpayers and the public Treasury," President Kennedy was told today.

In a letter appealing to the President to intervene personally in the situation, Senator Butler, Republican of Maryland, said that unless the tieup of the $80 million vessel is halted now, the United States will be sharing "with our friends and allies an incredible example of union effrontery."

SENATOR PUTS COST UP

The $80 million figure used by the Senator is the highest ever cited as the cost of the world's first nuclear-powered merchant ship.

An official of States Marine Lines, the company operating the ship for the Government, indicated that the Senator's figure was probably more accurate than the $50 million used since the ship's completion.

No comment on the amount was available from the Maritime Administration late yesterday.

Originally the estimate for the United States floating demonstration of the peaceful application of the atom was $30 million.

THREE UNIONS BALK SINCE JULY 31

The *Savannah* has been idle at her Coast Guard berth in Yorktown, Va., since July 31 when the crew members belonging to the three unions refused to assist in shifting the ship to a Norfolk shipyard where permanent ballast was to be put aboard.

When they refused a second time last Thursday, States Marine Lines attempted to pay the crew off—tantamount to firing them—but they refused to accept the money. They have continued to live aboard, although the company no longer is providing meals on the *Savannah*.

The unions involved in the sitdown are the American Radio Association, the International Organization of Masters, Mates & Pilots, and the National Maritime Union.

ENGINEERS GOT EXTRA PAY

They are demanding extra pay parallel with that granted to the engineers belonging to the Marine Engineers Beneficial Association who run the reactor of the vessel.

Senator Butler calls the future of the *Savannah* uncertain as a result of the voracious appetite of the union members selected to man this precedent-setting vessel.

"I need only remind you that the NS *Savannah* is owned by the people of the United States, and that any reckless display of irresponsibility on the part of its crew members and their union bosses is thus a strike against the Federal Government.

"I cannot imagine that you, as Commander in Chief, would tolerate for a moment a strike by the crew members of any vessel of the U.S. Navy and, in like manner, the situation affecting the NS *Savannah* has already gone beyond any face-saving devices on behalf of the unions and any time-consuming activities by an emergency advisory board.

"This incredible situation warrants your personal intervention and immediate action."

"Another reason the President should participate in the situation," he added, "is the inflationary ramifications, which 'cannot be ignored'." The Senator commented that "failure of the Federal Government to face the issue head on can only undercut any efforts to curb inflation, and to protect the public's investment in this great ship."

The outcome of the *Savannah* situation will affect the future of the U.S. merchant marine, in addition to all other considerations, Butler continued.

LIKENED TO NAVY CREW

"Should the group that is now striking against the Federal Government be successful in its unjustifiable demands for wage revision, the upward spiral of wage demands throughout the entire maritime industry, both at sea and at shore, would create a further impediment to the competitive position of the U.S. merchant marine in seeking to assume its rightful place in the trade and commerce of the world."

A FEW UNION BOSSES

"It is regrettable that the actions of a few dictatorial union bosses can do more to destroy the symbol of freedom, characterized by the NS *Savannah*, than the entire Communist propaganda machine.

"Moreover, we who had dedicated our time and energies to a strong U.S. merchant marine have always looked to the NS *Savannah* as a shining example of Government, labor, science and industry working together to demonstrate how atomic power can be used for peaceful purposes.

"If these union bosses persist, the world will instead view the NS *Savannah* as a symbol of labor supremacy in the United States at the expense of the taxpayers and the public treasury. I am sure you do not want that to come to pass."

PHRASES IN SHARING

In his closing paragraph, the Senator referred to the phrases spoke by Luther H. Hodges, Secretary of Commerce, and Donald W. Alexander, Maritime Administrator, about the *Savannah* and how the knowledge acquired through its construction and operation will be shared with the world.

"Surely, it would not be your wish to share with our friends and allies an incredible example of union effrontery," he concluded.

ADVISORY BOARD TODAY

As the strike aboard the ship entered its second week today, James J. Healy, the chairman of the emergency advisory board named to investigate the dispute, completed preliminary talks in New York and left for Washington, where the three-man body will convene formally at 1:30 p.m. tomorrow.

Although the board was requested to make a report within 10 days after its appointment last Friday, various arbitration meetings going on in connection with the *Savannah* dispute may make it difficult for the board to complete its work in time.

One of the arbitration sessions is scheduled for 3 p.m. tomorrow between the MMP and States Marine Lines in the presence of their permanent arbitrator, Walter Gelhorn, Columbia University professor and labor arbitrator.

UNION PLEADS NO CONTRACT

However, up to this afternoon, the union was denying that it was under obligation to adhere to its compulsory arbitration clause on the premise that it had no contract on the *Savannah*.

The ARA has taken the same position.

The company said the ARA was due for a meeting Sunday and again today, but failed to appear.

Officials of the NMU, representing the 79 unlicensed seamen aboard, showed up for a compulsory arbitration session last Saturday, but little was accomplished waiting on the progress of the other two unions.

The NMU arbitration is to be resumed Friday with Theodore W. Kheel, permanent arbitrator for that union.

At least 10 of States Marine's regular freighters are still suffering delays and setbacks in various ports as throwbacks by the unions on the *Savannah* matter.

[From the New York Times, Aug. 8, 1962]

Strike Still Ties Up "Savannah": Owners and Factfinder Confer

(By George Horne)

Negotiating efforts in the strike of seamen on the NS *Savannah* remained on dead center yesterday.

James J. Healy, a Harvard University professor, chairman of a special labor panel named by the Maritime Administrator to obtain facts on the dispute conferred during the day with officials of the States Marine Lines, operating agents of the federally owned ship.

A meeting has been scheduled for this afternoon between the company and striking deck officers. Meanwhile, radio officers ignored yesterday a company offer to arbitrate the dispute.

As the $50 million ship remained at her base in Yorktown, Va., Senator John Marshall Butler called the White House to act in what he called "an incredible act of union effrontery."

In a letter to President Kennedy, the Maryland Republican said the voracious appetites of the unionmen involved would transform the original concept of the *Savannah* as a shining example of Government, labor, science and industry working together to demonstrate peaceful application of atomic power.

If the union bosses persist, he warned, "the world will instead view the NS *Savannah* as a symbol of labor supremacy in the United States at the expense of the taxpayers and the public treasury."

EQUAL PAY SOUGHT

The unions are the International Organization of Masters, Mates & Pilots, representing deck officers, and the American Radio Association, and the National Maritime Union, representing unlicensed seamen.

The unions are demanding treatment equal to that accorded the Marine Engineers Beneficial Association. Engineers on the ship, on the premise of special skills and training for this particular ship, are getting as much as 20 percent more in wages than the scale for conventionally powered vessels of this class.

The 13,559-ton *Savannah* is manned by 75 seamen, 16 engineers, 5 mates under Capt. Gaston R. DeGroote, 3 pursers, and 4 radio officers. She had been scheduled to go to Savannah, Ga., soon on the way to the west coast for her first "show ship" cruise.

The striking unions are also demanding improvements in benefits, including a higher manning scale and better accommodations.

Negotiators for the three labor groups have charged that the States Marine Lines has refused to negotiate the demands. On this basis, although the company has called for arbitration under the existing contract grievance procedure, the mates' union has declined to participate in arbitration.

KHEEL SLATES MEETING

Theodore W. Kheel, arbitrator for the NMU contract, will hold an arbitration meeting here on Friday.

A spokesman for the company said yesterday that some of the union's officials considered the refusal by the company to accept union demands equivalent to refusing to negotiate. He said the company had negotiated in good faith.

The *Savannah* received its official classification yesterday from the American Bureau of Shipping, this country's official classification society. The ship was given the society's top rating.

The *Savannah*, planned jointly by the Maritime Administration and the Atomic Energy Commission, is the first such commercial ship in the world, and required special standards under which the American Bureau carried out its tests and examinations.

Senator Butler reminded President Kennedy in his letter that the *Savannah* was owned by the people of the United States and that the men were striking against the Government.

"I cannot imagine that you as Commander in Chief would tolerate for a minute a strike by the crew of any vessel of the Navy," he said.

Last week, Representative Herbert C. Bonner, Democrat, of North Carolina, proposed that the *Savannah* be laid up or transferred to the Navy, because of the intolerable labor situation.

[From the New York (N.Y.) Herald Tribune, Aug. 8, 1962]

SENATOR BUTLER APPEALS TO KENNEDY: URGES INTERVENTION ON "SAVANNAH"

(By Walter Hamshar)

President Kennedy was urged yesterday to intervene in the dispute that has tied up the nuclear ship *Savannah*, the world's first nuclear-powered merchant ship, for 2 weeks. The *Savannah* has been immobilized at her berth at Yorktown, Va., where she was being prepared for service as a showcase of peaceful uses of atomic power.

The President's intervention was urged by Senator John M. Butler, of Maryland, ranking Republican member of the Senate Foreign Commerce Committee, who supported legislation to build the experimental ship.

Mr. Butler called the refusal by members of three maritime unions to sail the ship until their demands are met a strike against the Federal Government, which owns the *Savannah*. This is an "incredible situation" that warrants "personal intervention and immediate action," Senator Butler declared.

SITTING ABOARD SHIP

Members of the Masters, Mates & Pilots, the American Radio Association and the National Maritime Union are sitting in abroad ship although they were removed from its payroll after refusing last Thursday to move the vessel to a Norfolk shipyard for minor repairs. The unions are demanding parity in wages, manning and quarters with the Marine Engineers Beneficial Association, whose members are still employed aboard the ship.

In a letter to the White House, Senator Butler said "The action of a few dictorial union bosses can do more to destroy the symbol of freedom characterized by the nuclear ship *Savannah* than the entire Communist machine."

WARNS OF WAGE SPIRAL

Recalling the President's words, Butler warned that "should the group that is now striking against the Federal Government be successful in unjustifiable demands for wage revisions, the upward spiral of wage demands throughout the entire maritime industry both at sea and ashore would create a further impediment to the competitive position of the U.S. merchant marine."

The Government has "eloquently and wisely" offered to share with foreign nations the knowledge acquired in constructing and operating the $80 million *Savannah*, Mr. Butler reminded the President. "Surely it would not be your wish to share with our friends and allies an incredible example of union effrontery," he said.

Mr. Butler's letter was the second written by Congressmen disturbed by the *Savannah* work stoppage. Last week Representative Herbert C. Bonner, Democrat, of North Carolina, chairman of the House Merchant Marine Committee, suggested in a letter to the Department of Commerce that it might be wise to turn the *Savannah* over to the Navy and remove it from the influence of maritime unions.

ARBITRATION DATE SET

Efforts to arbitrate the dispute advanced slightly yesterday when the Masters, Mates & Pilots and States Marine Lines, which acts as agent for the *Savannah*, agreed to meet at 3 p.m. today to turn the dispute over to Walter Gelhorn, arbiter. The NMU has already agreed to submit its part in the dispute to Theodore W. Kheel, permanent arbiter for the union's agreement. The ARA was considering similar action.

A Worthwhile Cultural Project

EXTENSION OF REMARKS

OF

HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 15, 1962

Mr. ANFUSO. Mr. Speaker, as a Representative from the city of New York, the activities of our entire State are of interest to me. A project has recently come to my attention, undertaken by our neighbors in Long Island, the citizens of Nassau County. I make record of it now, for the project is of such interest that other cities and communities may well want to put it into effect in their own areas.

County Executive Eugene Nickerson, one of the Nation's most able civic administrators, has just appointed the noted industrialist, Mr. Norman Blankman, as chairman of the Long Island Cultural Center. This is a nonpolitical committee composed of outstanding citizens of Long Island. They are banding together, under Mr. Blankman's leadership, to produce what will become one of the most unusual projects of its kind in the country.

Slated to begin this summer, they are forming their own symphony orchestra, their own pops concert band, a huge summer festival which will equal the one held annually in the city of New York. They are organizing their own ballet and putting together one of the most valuable and extensive collections of famous paintings and art work in the country.

The citizens of Long Island and of Nassau County are fortunate, indeed, to have men and women of this caliber ready to serve their community. Mr. Nickerson's forthright appointment and his demand that this committee and this idea remain nonpolitical in every way is certainly to be admired and commended. Mr. Blankman's tireless efforts to put his idea into successful being is, likewise, commendable.

May I take this opportunity to wish our neighbors in Long Island continued success in this most worthwhile project.

SENATE

THURSDAY, AUGUST 16, 1962

(Legislative day of Tuesday, August 14, 1962)

The Senate met at 10 o'clock a.m., on the expiration of the recess, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Father of all mercies, with the hunger for Thee forever gnawing in our inner selves, save us, we pray, from accepting the low standards of the world across which we move and from thus spinelessly melting into our surroundings. Join us to the company of whom in the final record it will be said: "They looked unto Him and were radiant and their faces were not ashamed."

Even as we come with deep contrition for our shortcomings, give us to sense, beyond all the irritating details of legislation, that Thou hast summoned us as trustees of civilization to defend the gains of the ages and to help create social institutions essential to human progress.

We pray for those who here serve in this temple of governance, that giving expression to their highest and noblest thoughts, there may rest unsullied upon their shoulders the white mantle of the Nation's honor.

We ask it in the Redeemer's name, Amen.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On August 14, 1962:

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller;

S. 2844. An act for the relief of Alice Amar Froemming;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities;

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW. in the District of Columbia, and for other purposes; and

S.J. Res. 91. Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes.

On August 15, 1962:

S. 296. An act for the relief of Hanna Ghosn;

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 1882. An act for the relief of Assunta Bianchi;

S. 2572. An act for the relief of the Merritt-Chapman & Scott Corp.;

S. 2614. An act for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang;

S. 2769. An act for the relief of Renato Granduc and Grazia Granduc; and

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario.

On August 16, 1962:

S. 405. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, the Senate gave its permission for the Judiciary Committee to meet on Wednesday and Thursday, for the purpose of concluding the hearings on the nomination of Judge Thurgood Marshall. I have discussed this matter with the members of that committee. I have been informed by them that Judge Marshall could not appear on Wednesday or this morning because of prior commitments on the west coast. I have been informed, further, that if the Senate gives permission for the Judiciary Committee to meet tomorrow, Judge Marshall will be before the committee tomorrow, and that it is anticipated that the hearing on his nomination will be completed at that time.

Therefore, Mr. President, I ask unanimous consent that the Judiciary Committee may be permitted to sit during the session of the Senate tomorrow morning.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Public Lands Subcommittee of the Committee on Interior and Insular Affairs be permitted to sit during the session of the Senate today.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Internal Security Subcommittee of the Judiciary Committee be permitted to sit during the session of the Senate today.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 190 Leg.]

Aiken
Allott
Bottum
Burdick
Carlson
Chavez
Church
Dirksen
Douglas
Fulbright
Gore
Holland
Hruska
Kefauver
Kuchel
Lausche
Magnuson
Mansfield
McCarthy
McClellan
Metcalf
Miller
Monroney
Morse
Pastore
Pearson
Pell
Proxmire
Randolph
Robertson
Smith, Mass.
Smith, Maine
Sparkman
Talmadge
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible] and the Senator from Utah [Mr. Moss] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] is necessarily absent.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The VICE PRESIDENT. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms is instructed to execute the order of the Senate.

After a little delay, Mr. Bartlett, Mr. Beall, Mr. Bennett, Mr. Boggs, Mr. Bush, Mr. Byrd of Virginia, Mr. Byrd of West Virginia, Mr. Cannon, Mr. Carroll, Mr. Case, Mr. Clark, Mr. Cooper, Mr. Cotton, Mr. Curtis, Mr. Dodd, Mr. Eastland, Mr. Ellender, Mr. Engle, Mr. Ervin, Mr. Fong, Mr. Goldwater, Mr. Gruening, Mr. Hart, Mr. Hartke, Mr. Hickenlooper, Mr. Hickey, Mr. Hill, Mr. Humphrey, Mr. Jackson, Mr. Javits, Mr. Johnston, Mr. Jordan of North Carolina, Mr. Jordan of Idaho, Mr. Keating, Mr. Kerr, Mr. Long of Missouri, Mr. Long of Hawaii, Mr. Long of Louisiana, Mr. McGee, Mr. McNamara, Mr. Morton, Mr. Mundt, Mr. Muskie, Mrs. Neuberger, Mr. Prouty, Mr. Russell, Mr. Saltonstall, Mr. Scott, Mr. Smathers, Mr. Stennis, Mr. Symington, Mr. Thurmond, Mr. Tower, Mr. Wiley, Mr. Williams of New Jersey, Mr. Williams of Delaware, Mr. Yarborough, and Mr. Young of North Dakota entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

Mr. CLARK. Mr. President, I shall call up shortly an amendment jointly sponsored by the senior Senator from Oregon and me, but I shall not call it up immediately because I have been advised that a point of order may be raised against it on the ground that the amendment is not germane and therefore under rule XXII would be subject to a point of order. I have had, through my staff, informal consultations with the Parliamentarians and they have advised me that they believe the point of order would be well taken.

With deep regret, and expressing my very warm regard for my close friends, the Parliamentarians, for whom I have the greatest respect, I believe the ruling which I have been informally advised they would recommend that the Chair make will be wholly and totally erroneous. Since, under rule XXII, if the amendment is formally called up, a point of order would be in order and an appeal from the decision of the Chair would not be subject to debate, I shall not call up my amendment until all Senators who desire to speak briefly in support of it have been granted the opportunity.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. CLARK. Am I permitted to yield?

Mr. PASTORE. For a question.

Mr. CLARK. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Am I permitted to yield?

The VICE PRESIDENT. The Senator can yield for a question.

Mr. CLARK. I should be happy to yield for a question to my very good friend from Rhode Island, with whom I have discussed this matter informally.

The VICE PRESIDENT. The Senator from Pennsylvania yields to the Senator from Rhode Island for a question, with the understanding that he does not thereby lose the floor.

Mr. CLARK. On that basis, I yield.

Mr. PASTORE. Is this presentation based on our understanding that all who desire to talk will talk before the ruling is made or sought?

Mr. CLARK. The Senator is correct. I thank my friend from Rhode Island for the courtesy he afforded me and other Senators when we discussed this matter informally yesterday.

So, Mr. President, I shall not for the moment call up my amendment, but I wish to make clear to the Senate the reason why I feel so strongly that a ruling by the Parliamentarian that the amendment was nongermane would be incorrect, and that therefore the Senate should sustain an appeal from the decision of the Chair, if the Chair should follow such advice by the Parliamentarian.

I shall read the amendment, which would insert in section 305 of the bill, on page 37, line 13, a new subsection dealing with the powers and duties of corporations. The amendment would provide:

> (d) In carrying out the purposes of this Act, enumerated in section 305 (a) and (b), the corporation shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. With respect both to its own operations and to the operations of any contractor engaged to carry out these purposes, the corporation shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin.

In other words, Mr. President, this is a limited-purpose FEPC amendment dealing with the employment practices of the corporation intended to be created by this proposed legislation.

The contention has been made that an amendment dealing with the employment practices of the corporation is not germane to the purposes of the bill. This contention seems to me to be wholly unfounded, and I will state my reasons briefly.

Section 305(c) of the pending bill provides:

> To carry out the foregoing purposes, the corporation shall have the usual powers conferred upon a stock corporation by the District of Columbia Business Corporation Act.

In other words, in terms familiar to every lawyer in this body, the District of Columbia Business Corporation Act is incorporated by reference in this bill, and many of the most important powers and duties, and many of the most important restrictions on what the corporation could and could not do, are set forth, not in H.R. 11040 at all, but in the District of Columbia Business Corporation Act, to which one must turn to see what are the privileges, obligations, and duties, as well as restrictions on the corporation proposed in the bill.

Mr. President, the District of Columbia Business Corporation Act, like every other corporation act in the country, is full of provisions dealing with personnel and employment matters, so it appears to me that if one looks beyond the end of one's nose and takes a glance at the District of Columbia Business Corporation Act, it must be abundantly clear that the amendment, which would modify those provisions to the extent that fair employment practices would be required, is totally and wholly germane to the bill presently pending.

The District of Columbia Act provides, among other things, in section 4 that a corporation shall have power "To elect or appoint officers and agents of the corporation, to define their duties, and to fix their compensation."

My amendment provides merely that in doing so, they must comply with the fair employment practices requirements. They could not refuse to select an officer or an agent because he is a Negro or because he belongs to some religious faith of which the corporation or any of its representatives might not happen to approve. I quote again:

> Officers of the corporation are elected by the board of directors at such time and in such manner as may be prescribed by the bylaws.

Can it be said that the bylaws might provide that no Negro shall ever be selected by the board of directors?

Lower level officers and other agents of the corporation may either be chosen by the board of directors or "chosen in such manner as may be prescribed by the bylaws."

All my amendment provides is that the bylaws shall not contain any provision which would not require that all employees of the corporation should be selected without regard to race, creed, color, or national origin.

Mr. President, I submit in all candor that to rule the amendment out of order on the ground that it is not germane could not be sustained in logic or in precedent. I hope very much that a point of order will not be raised. I hope very much it will not be necessary to appeal from a ruling of the Chair. I hope very much that the amendment can be voted on on its merits, and therefore that a motion to table will not be made.

Mr. President, those are fond hopes which I feel will, in the course of the next couple of hours, turn out to be no more than foolish fantasies. I urge Senators to let us come to grips with the amendment on its merits, and not to resort to parliamentary tactics in order to prevent the Senate, for the first time this session, to have a vote on the merits of a civil rights amendment.

The ranks of those of us who have for so long fought to tighten the rule against the filibusters—rule XXII—on the ground that it did not permit the Senate to come to a vote on the merits of proposed civil rights legislation, have been split asunder, albeit temporarily I am sure. Let us face it and admit it. Some of us have fought as conscientiously, as ably, and as sincerely against cloture on the pending bill as we fought conscientiously, ably, and sincerely in opposition to filibusters earlier in the present session and other sessions on the civil rights issue. Others of us have felt with equal sincerity and conviction—and I number myself in the group—that if we would have cloture on civil rights, we could not consistently be against cloture on the bill now before the Senate when a majority is clearly ready to act after lengthy discussion of the issues, even though we thought it was a bad bill—a bill which was against the national interest, a bill which should never have been brought up at the present session of the Congress.

I say to my friends on both sides of the aisle and to those who have voted in the past to prevent proposed civil rights legislation of a meaningful nature from coming before the Senate, as well as to those who have sought such legislation, that now is our opportunity to get a vote on the merits of an important provision that would create or maintain for many citizens of our country those privileges and immunities of citizens which are guaranteed to them by the Constitution of the United States. I plead that we meet the issue on the merits, and not resort to technicalities to prevent that from being done.

Mr. President, the question may be raised that if the amendment is agreed to, will I vote for the bill? The answer is, "No." I will not vote for the bill if the amendment is agreed to, because I think the bill is a bad bill, a bill not in the public interest. I have stated briefly on the floor at earlier times why I have that conviction.

Let me briefly restate my views. I am not one of those who think that the A.T. & T. is a monster. I am not one of those who think that the A.T. & T. and its officers and directors are any less patriotic American citizens than anybody else, including, if you will, all Senators. I am glad that I, my wife, and my daughter are stockholders in small amounts of the A.T. & T. If I were going to vote for the bill—and I am going to vote against it—I would think that every Senator would want to make a public record of the fact whether he does or does not own shares in the American Telephone & Telegraph Co. However, it is not for me to police the ethics or views of other Senators. I am quite content to let them make up their own minds on the conflict-of-interest point. However, I do say that I own less than 100 shares of A.T. & T. My wife owns slightly more than 100 shares of A.T. & T. My daughter and perhaps my son—he has not confided his investment portfolio to me—own some few shares of A.T. & T.

I shall vote against the bill because I think it is a bad bill.

The VICE PRESIDENT. The Senate will be in order. The Senator will suspend.

The Senator from Pennsylvania may proceed.

Mr. CLARK. Mr. President, I oppose the bill because I do not think that the national interest of the United States of America, in promoting the dissemination of information through the new media which would be available through this communications satellite system, can best be advanced by a corporation for profit, nor do I think that it would be wise to vest in a private corporation as much control over matters which are essentially matters of foreign policy for the President and the Secretary of State to handle as the bill purports to do.

After all, one of our great objectives in creating a new satellite communication system should be to assure that the nations of the underdeveloped part of the world—Latin America, Africa, and Asia—should be brought into the modern world through the educational process, through the amelioration of their social and political conditions and through the increase in their gross national product and per capita income, until the time when they can play their part to a greater extent than they are able to do at the moment in moving ahead in the cause of freedom and in the cause of civilization.

I believe that that cause can best be served if we have a communications satellite system which can freely and without thought of profit make available to these underdeveloped areas of the world the information coming by TV or radio over this satellite system, without having to think about whether, if that is done, whether it will be possible to declare a dividend. So I believe this is a bad bill in the two regards that I have just stated.

Let me say further, however, that I do not favor Government operation of this system, I am opposed to Government operation. I believe that the Government should own and control the system only to the extent that it is necessary to assure its operation in the public interest. The system will be expensive to put into operation, and only the general taxpayer will be prepared to provide the moneys necessary to provide the best satellite system—not the second best, but the best. I would favor leasing or contracting for the operation of the satellite system with that company or group of companies which, as a result of proposals and specifications submitted to the Government, gave promise of continuing the operations at the least cost to the taxpayer, but also assuring that a fair profit would be made by the free enterprise companies who bid for the work.

I would provide from time to time that the Government make arrangements to review the operations of the system or systems, so that if new developments occurred, they could be used, and it would be possible to take advantage of the latest research for the operation of the satellite system, without undue regard to the effect on profits. A factor which is present all too frequently in our private industrial system is an unwillingness to scrap obsolescent or obsolete equipment and methods, because of the adverse effect on current profits.

For these reasons and others I have cited before, I shall vote against the bill.

Mr. DOUGLAS. Mr. President, will the Senator yield in my time?

Mr. CLARK. I am happy to yield for a question to the Senator from Illinois, on his time, with the understanding that I shall not lose my right to the floor. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Have I the right to do that?

The VICE PRESIDENT. The Parliamentarian informs the Chair that that would be in violation of the rule.

Mr. CLARK. I suggest to the Senator, in view of the ruling, that he wait, and that I shall be happy to yield to him briefly at a later time.

Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Is it not possible to yield for a question on my time?

The VICE PRESIDENT. The Senator can yield for a question to any other Senator, but he cannot yield in another Senator's time. He can yield only in his own time.

Mr. CLARK. How much time have I taken thus far?

The VICE PRESIDENT. Sixteen minutes.

Mr. CLARK. I yield to the Senator from Illinois on my time, for a question.

The VICE PRESIDENT. The Senator from Pennsylvania yields to the Senator from Illinois for a question in his time.

Mr. DOUGLAS. I thank the Chair.

I ask the Senator from Pennsylvania this question: In connection with his FEPC amendment, is it not true that the President's Equal Job Opportunity Committee has received, during the last year and a half, 18 to 20 complaints from the NAACP concerning alleged employment discrimination by A.T. & T. or its subsidiaries, namely, Southern Bell Telephone Co., Southwestern Bell Telephone Co., Western Electric, and the Chesapeake & Potomac Co.?

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. In other words, this company has already been complained against for discriminating in matters of employment on grounds of race and color?

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. So that there is a real fear that it would continue to discriminate if it were either the controlling company or if it were the operating company under a contract from the Government?

Mr. CLARK. I share the Senator's concern in that regard.

Mr. DOUGLAS. Is it not true that these complaints have fallen into three categories; namely, first, those in which the Committee has no jurisdiction, as the Federal Government has no contract with the facilities in question?

Mr. CLARK. That is one of the categories.

Mr. DOUGLAS. If there is an outright private satellite corporation, without an FEPC amendment in the act, could not this fact be used as a defense against putting the company under a no-discrimination contract?

Mr. CLARK. I should think it would.

Mr. DOUGLAS. The second category includes those complaints in which the allegations have not been resolved between the complainants and the Committee.

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. If they were not satisfactorily resolved, and if A.T. & T. and its subsidiary continued to discriminate, then the Committee would have difficulty in obtaining jurisdiction. Is that correct?

Mr. CLARK. The Senator is quite correct.

Mr. DOUGLAS. The third class is the class in which complaints have been satisfactorily resolved, and this, I believe, is primarily the case with respect to Western Electric, which is the manufacturer of equipment for A.T. & T., and which is located in the city of Cicero, just outside Chicago.

Mr. CLARK. The Senator is correct according to my information. I point out also that there are instances in which subcontracts will inevitably be let to concerns operating in areas where, to put it mildly, fair employment practices are the exception rather than the rule. I believe we should provide in the bill an absolutely watertight prohibition against any discrimination wherever it may occur. The need for it is clear. There is a General Accounting Office regulation calling for the "permissive nonuse of contracts" in the Government's relations with utility companies where rates and tariffs are regulated by law. Therefore, in the bulk of cases coming to the attention of the President's Committee, it is likely to be found that the Committee does not have jurisdiction under the Executive order, which is limited in scope in non-Federal employment areas to cases in which employment is performed under contract with the Government.

Mr. DOUGLAS. In other words, do I correctly understand the Senator, who is a very able lawyer and a very distinguished member of the Philadelphia bar—and Philadelphia lawyers are supposed to be the best in the Nation——

Mr. CLARK. I am an ex-lawyer.

Mr. DOUGLAS. In other words, utilities perform their services for the Government on a noncontract basis?

Mr. CLARK. Frequently.

Mr. DOUGLAS. Commonly?

Mr. CLARK. Commonly.

Mr. DOUGLAS. Therefore, since they do not perform their services on a contract basis, they are not bound by the antidiscrimination clauses which are included in most of the Government's contracts?

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. Therefore, unless there is specific statutory authority, in all probability A.T. & T., or whatever communications carrier is set up, could permit discrimination and could not be held to any account by the President's Special Commission on Employment Opportunities?

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. Therefore, the Senator from Pennsylvania and the Senator from Oregon feel very strongly that this clause should be written into the basic legislation?

Mr. CLARK. I hope my concern is shared by many Senators.

Mr. DOUGLAS. It is shared by me. In connection with this subject, I am sure the Senator remembers, does he not, the pledge in the Democratic Party's platform of 1960, that the Democratic Party would work for the abolition of discrimination on the ground of race, creed, color, or national origin?

Mr. CLARK. I do indeed. I point out that there is an equally interesting clause in the Republican platform, which reads as follows, under the heading "Employment":

> We pledge continued support for legislation to establish a commission on equal job opportunity, to make permanent and to expand with legislative backing the excellent work being performed by the President's Committee on Government Contracts.

Therefore, both parties are on record as supporting this type of legislation. This is the first time in the history of the Senate that there has been an opportunity to bring such a measure to a vote. It is my hope that the Senate will not defeat it.

Mr. DOUGLAS. In the past the filibuster or threat of filibuster has prevented the Senate from voting on this measure, is that correct?

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. Does the Senator from Pennsylvania remember the words of Samuel Johnson:

> Words are the daughters of earth, and * * * things are the sons of heaven.

Mr. CLARK. The Senator is contributing to my adult education. I am sorry I am not as familiar with these words as he is.

Mr. DOUGLAS. Is it not true that today will be the payoff as to whether we believe in the platforms and principles we have advocated before the country, or whether they are simply for campaign purposes?

Mr. CLARK. I hope that today will be one of the payoffs; but I hope there will be many more payoffs in the years ahead.

Mr. President, I thank the Senator from Illinois for his helpful interjection. I read now from the unanimous recommendations contained in the 1961 report of the Commission on Civil Rights:

> Recommendation 1: That Congress grant statutory authority to the President's Committee on Equal Employment Opportunity or establish a similar agency—
>
> (a) To encourage and enforce a policy of equal employment opportunity in all Federal employment, both civilian and military, and all employment created or supported by Government contracts and Federal grant funds.

Nothing could be clearer than that the Democratic Party, the Republican Party, and the U.S. Commission on Civil Rights are all in accord that this type of antidiscrimination legislation is necessary, and I am confident they would all be in accord in believing that this bill is one of the best places in the world to initiate such legislation.

I shall shortly yield the floor, stating my intention, when all Senators who desire to speak on my amendment have completed their remarks, of calling it up.

I yield the floor.

Mr. KEATING. Mr. President, I find myself in general agreement with the distinguished Senator from Pennsylvania with regard to this amendment, although not with regard to the bill as a whole. I shall vote for the bill whether the amendment is adopted or not, and later in the debate shall state my reasons why I favor the bill. But I am in agreement with the distinguished Senator from Pennsylvania on the merits of this amendment and its germaneness to this bill. All that the distinguished Senator from Pennsylvania is seeking to do by the amendment is to simplify what is set forth in subparagraph (c), which provides:

> To carry out the foregoing purposes—

That is, the powers set forth in the earlier part of section 305—

> the corporation shall have the usual powers conferred upon a stock corporation by the District of Columbia Business Corporation Act.

The amendment would then continue the purpose by providing that in carrying out these same purposes, the corporation shall not discriminate against any employee or applicant for employment on the ground of race, creed, color, or national origin.

I believe strongly that such language is germane to the purposes and powers of the corporation. I believe strongly that the best place in the world to include a provision for nondiscrimination in employment, is in this corporation which will be a semiprivate, largely private corporation, but will have strong provisions for governmental supervision.

In my judgment, it should be clearly the national policy for Government agencies and for corporations, as clearly associated with the public interest as this corporation will be, to hire its employees on the basis of merit. The language of the proviso would apply not only to the operation of the communications satellite corporation itself, but also to the operations of any contractor engaged to carry out this work. The amendment further requires that the corporation take affirmative action to insure that no employee or applicant for employment shall be discriminated against because of race, creed, color, or national origin. It is strong language; but under the circumstances which confront us, it is necessary.

The proposed corporation will play a unique role in a new area of Government-industry cooperation. The proposed legislation is the only genuinely new legislation, which we have been seeking to pass at this session of Congress. It is an important measure. As I have said, the corporation will play a unique role. It is my hope that it may be able to set an example to American business in all parts of the country, and in all other nations, as well, where the impact of space communications may be felt.

The language of the proposal is wholly consistent with the official policy of the U.S. Government. Although technically the corporation would not be a Government agency, as we who favor the bill do not wish to have it, and as we have fought not to make it, yet it will be operating in conformity with Government policies. In the eyes of the world it will be a symbol of how American business functions. For these reasons, it is altogether fitting and proper—indeed, it is desirable and necessary—that language of this kind be included in the bill.

One of the first and foremost opportunities which a free and growing country must offer to all its citizens, if it is to continue to thrive, is the economic opportunity to earn a living according to one's training and ability, and according to no other standard. The chance for every individual to work his way in our society should not be limited by his race, his religion, his color, or his national origin. Jobs and career opportunities must be available only on the basis of ability. Promotion or preferment possibilities should depend on the quality of the work an employee is doing, and on nothing else. His longtime economic security should not depend on whether he is a member of any particular racial, religious, or nationality group.

For most of the breadwinners in this country, the right to fair treatment economically, the right to hold a job on the basis of merit, is one of the most important aspects, if not the most important, of a free society. It is a vital, a bread-and-butter issue which none of us can ignore. For that reason, Mr. President, I believe that the Senate would be doing a service to the entire Nation by establishing this principle clearly and unequivocally in the very heart of this legislation. All the people of America are supporting our national space effort. All the people of America have been taxed to support our space ventures. When the tax collector comes around to collect their taxes, he does not ask what their race or color or national origin is. He collects the taxes from the pay envelopes of everyone, and part of that money is used for the space effort in which we are engaged.

Therefore, the people have a right to expect that in this important field they will be treated on their merits, not in accordance with some outmoded or discriminatory ideas of race, nationality, or religious restrictions. As we enter the new space age, we should have our eyes on the abilities of each individual, not on his background. We should look forward to a future in which competence and ability will be the yardsticks by which the individual will hold his job. And by giving vigorous support to this amendment, we can put the firm seal of Senate approval upon the principle of fair employment practices in this vital area of national effort.

I call the attention of the distinguished Senator from Pennsylvania [Mr. CLARK] and the attention of other Senators to the fact that this is not the first effort at this session to put into effect this part of the provisions of the platforms of both political parties, and I agree with the Senator from Pennsylvania that it is clearly within the platforms of both parties to support this amendment. We had a similar amendment under consideration when the agricultural bill was before us. An amendment to title I of the bill provided for setting land aside for recreational facilities, in order to take land out of production. In connection with that amendment, there was offered an additional amendment providing that those facilities should be open to all citizens, regardless of their race, color, creed, or national origin. I am sorry to say that amendment was rejected—although by a narrow margin. I shall offer the amendment again when the farm bill is again before us.

The distinguished Senator from Pennsylvania [Mr. CLARK] and the distinguished Senator from Illinois [Mr. DOUGLAS], as I recall, voted for that amendment when it was offered before, in connection with the agricultural bill. Unfortunately, by a margin of approximately three votes, as I recall, that effort to carry out this plank of the platforms of both parties was defeated. But in a short time we shall have another opportunity to test whether the Members of this body will vote in favor of carrying out this plank of the platforms of the respective political parties.

Mr. President, at this point let me say that I was not present when yea-and-nay vote No. 159 was taken. If I had been present at that time, I would have voted "yea."

Mr. YOUNG of Ohio. Mr. President, this amendment will guarantee that officials of the proposed satellite communications corporation shall not discriminate because of a person's race, creed, color, or national origin, either in regard to the employment practices of the corporation or in regard to the operations of its subcontractors.

Mr. President, I should like to vote for this meritorious amendment, and I expect to vote for it. I commend the distinguished senior Senator from Oregon [Mr. MORSE] and the distinguished senior Senator from Pennsylvania [Mr. CLARK] for having introduced this amendment. It seems to me that the amendment is germane to this bill, and that a point of order against the amendment should be overruled. However, if the Presiding Officer at the time when such a point of order is made rules otherwise, at this time I reserve my decision as to how I shall vote on the question of whether the ruling by the Chair should be sustained.

Mr. President, may I preface my remarks by stating that as a member of the Senate Committee on Aeronautical and Space Sciences, I voted to report, with a recommendation that it pass, the administration's space communications satellite bill, as amended. I supported the President's views on private ownership, and I support them now. I vigorously opposed any provisions which would have allowed the giant communications carriers to seize control of, completely dominate, and reap the profits from the proposed satellite communications corporation. Also, Mr. President, I attended every session of the Senate Committee on Aeronautical and Space Sciences, listened to the testimony of the witnesses, and studied the bill. I feel that I worked industriously in the committee in favor of the adoption of provisions which would enable small investors in our country—and, in fact, the world over—to participate in this corporation, so as to insure the widest possible range of ownership and control. I opposed a proposal for the sale of stock at $100,000 a share; and I opposed a provision in the administration's bill, as introduced, for the sale of stock at $1,000 a share. I very definitely objected to that provision, as I felt that it would work to freeze out small investors. Instead, I desired to have it made possible for millions of people with moderate incomes the world over to share in this new enterprise, if they choose to invest in the great corporation for which we are providing.

It is a fact that private companies have already spent huge sums of money on vitally important research and development programs in this field. It was not until 1961 that the Federal Government began to invest heavily in space communications directly applicable to commercial uses. In reality, there is already in this field what might be termed a quasi-partnership between the Federal Government and private communications carriers.

All the communications systems are presently in the hands of private enterprise and have been over the years. Historically, our communications development has been the result of the efforts of privately owned corporations. Why then should we hesitate about extending the same principle to a new branch of this system? The Federal Government subsidizes many important industries and performs valuable and expensive research in others—agriculture, airlines, medicine, to name a few—but no serious claim has been made that the Government should preempt these fields.

We live in a space age of challenge. Americans have always had the pioneering spirit. Private investment has already gone into the technology which made Telstar an achievement of which every American may well be proud. Of course, this triumph would not have been possible except for the expenditure of millions of dollars of taxpayers' money in our exploration of outer space. Recent events have convinced all of us that we must continue to spend taxpayers' money in this endeavor, as we cannot afford to permit the Soviet Union to dominate and control outer space. On the other hand, this achievement would undoubtedly have been impossible without the research of private firms.

The principle of free enterprise is basic to the American economy. This principle will best be served by a corporate structure in which many small investors can participate in the ownership and profits of the satellite communications corporation. This is my belief after listening to debate in committee and in the Senate Chamber, and this is the belief I shall stand by.

This principle is preserved in this legislation. The bill before us protects the companies already in the field of international communications. It protects the investment of American taxpayers. According to my view, this bill as amended is a legislative proposal carrying forward and exemplifying the best in our free enterprise system, and I intend to give it my support.

Mr. President, had this fair employment amendment been considered in committee, I would have supported it. More than $400 million of taxpayers' money is invested in projects connected with the development of communications satellites. In addition, billions of taxpayers' dollars were spent in other aspects of space research and development without which communications satellites would not have been possible. These tax dollars come from citizens of all races, creeds, and national origins. When these taxes were collected no one asked the taxpayer his religion or took note of his color. Now, we are about to create a corporation to administer the fruits created by this money, and, incidentally, to collect the profits. Perhaps I am an optimist on the subject, but I believe there will be profits. The U.S. Government will be a partner in this exciting new space age venture. To be sure, investors will not be questioned as to their race or creed. Likewise, we should make absolutely certain that no American shall ever be denied employment or participation in this national enterprise because of his color or creed.

Mr. President, as a delegate from my State of Ohio to the Democratic National Convention in 1960—the same convention which I am very happy to say, nominated John F. Kennedy for President of the United States and Lyndon B. Johnson for Vice President—I voted for the platform of my party—a document entitled "The Rights of Man." The right of fair employment practices is reaffirmed in numerous planks of the platform. The section on discrimination in employment states:

> The right to a job requires action to break down artificial and arbitrary barriers to employment based on age, race, sex, religion, or national origin.

The section on welfare states:

> We propose * * * to help solve problems of discrimination in housing, education, employment, and community opportunities in general.

Finally, the civil rights plank specifically reads:

> The new Democratic administration will support Federal legislation establishing a Fair Employment Practices Commission to secure effectively for everyone the right to equal opportunity for employment.

Mr. President, I voted for these principles as a delegate to my party's national convention. I reaffirm my belief in their validity. I could not do otherwise.

Mr. President, in this bill we have been carefully solicitous of the principle of free enterprise and the rights of private industry. We must also ever support and uphold the rights of freemen and private individuals. To do otherwise would be contrary to the principles of the Democratic Party upon which President Kennedy and Vice President Johnson were elected, and, much more important, contrary to the principles upon which I believe our country was made great.

I yield the floor.

Mr. GRUENING. Mr. President——

The VICE PRESIDENT. The Senator from Alaska.

Mr. GRUENING. Before speaking on the pending amendment, which I favor, I would like to call the attention of the Senate to the fact that former President Truman has spoken twice in opposition to the proposed legislation. He arrived in Washington last Thursday and was met here by a group of reporters and made an off-the-cuff statement; but, apparently thinking this was not sufficient, when he returned to Independence, he called a press conference and gave out another statement, which I think should be called to the attention of the Senate, because it seems to have been omitted from some of the press. At least, I could not find it in the papers which appeared that afternoon and next morning. Former President Truman stated as follows:

> When I arrived in Washington, Thursday morning, August 9, 1962, I was met, as usual, by many of my reporter friends. They had at least a dozen microphones set up, in front of which they asked me the usual questions.

In the answer to the question, "What do you think of the Senate filibuster on the bill to give away the power of atomic energy to private control—the power of the space communications program?"—he replied that he was against it. He said:

> The Government of the United States has furnished between $25 and $30 billion to develop it without injury to so-called private enterprise.
>
> That has been done in the Tennessee Valley development and the Northwest power pool. How far could we have proceeded in the development of atomic power if there had been no TVA and no power pool in the Northwest.
>
> The special interests have been busy trying to ruin both those projects. Now they are as usual working on the greatest power control in history; the power of space communications.
>
> It was my privilege to lay the keel of the first ship powered by atomic energy. It was a success. This power will be a success for the future development of all the power necessary in this world for heat, light, and energy.
>
> Why tie up the space communications program in a way so the so-called special interests can tax future generations. The people as a whole paid for its development. They should have the benefit.
>
> That benefit can be obtained from this great discovery and it should not be given away. The people who pay taxes have paid for it and the people of the United States should have the benefit.
>
> The pending bill would give away the people's ownership.
>
> That was tried at Muscle Shoals in Alabama as the Dixon-Yates program for the purpose of its possibly ruining TVA.
>
> It was successful in hampering the Northwest power pool when Hell's Canyon was given away.
>
> It is my opinion that the Government of the United States should keep the ownership and control of this great discovery, financed and proven as practical by the Government of the United States.

Mr. President, I think this is a fine statement and one with which I fully agree. It presents my point of view.

I have no objection to private enterprise. Indeed I favor it whenever possible. I would be perfectly willing to have A.T. & T. or any other company knowledgeable in this field operate the satellite, provided the Government keeps control and puts it out on a lease basis, on competitive terms, so that if there should be any abuses by the operating company—if rates should turn out to be exorbitant, or if there should be developments against the public interest or any improper practices—the Government could exercise its control and rectify the situation, which it cannot do under the terms of the present bill. It is a bad bill for a number of reasons that were brought out in the amendments that we presented. They represent the changes that would have made it a good bill.

Mr. President, yesterday I spoke in favor of the Morse-Clark amendment to prevent discrimination in employment under the legislation by the corporation which will operate the communications system. I mentioned yesterday that there have been complaints of discrimination in the case of the Southern Bell Telephone Co., which is an important subsidiary of the American Telephone & Telegraph Co., and an integral part of its system. I am reliably informed that there have been further complaints as to other subsidiaries, and that they have come to the President's Equal Job Opportunities Committee. These complaints show that there have been discriminations not merely in regard to Southern Bell Telephone Co., but also in regard to Southwestern Bell Telephone Co., Western Electric, and in Washington, D.C., the Chesapeake & Potomac Telephone Co.

It seems to me to be profoundly shocking that we are about to launch this enterprise before the whole world without protecting our citizens against this type of discrimination in employment based on race, creed, color, or national origin.

I think this is the acid test as to how Members of the Senate feel on this important issue which has been one issue which in other fields the administration has pursued vigorously, as to which the distinguished Vice President has had a part. It seems to me that throughout the bill we should make provision for nondiscrimination, in the face of proved discrimination by subsidiaries of the American Telephone & Telegraph Co. We should not permit the bill to go through without these requirements being written into it.

How would it appear to the world? How would it appear to the people of Latin America, if the satellites should be launched and operations conducted by a company which discriminates against people on the basis of race, creed, color, or national origin? How would it seem to the twoscore emerging nations of Africa, which we are trying to win over to our side in this conflict between totalitarianism and freedom, if we should nullify our fine professions and permit the vast amount of money which we are sending to this area, in order to bring those people to our side, to be used under discrimination?

How will the people of India feel? India now holds the balance of power between freedom and totalitarianism on the Asian Continent, and has a half billion people who are of darker color. How will it appear to them if we do not take the precaution and do not insert this provision in the proposed legislation?

I very much hope that the amendment will be adopted by an overwhelming vote.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The question is on agreeing to the committee amendment, as amended.

Mr. BURDICK. Mr. President, yesterday I received a letter from Bruce Hagen, commissioner of the North Dakota Public Service Commission, which I thought would be of interest to my colleagues. I should like to read it.

> DEAR SENATOR BURDICK: I have been following your efforts in regard to the communications satellite system. I think it makes a good deal of sense that this system should be leased by the Government to private business because I can agree that this would not be putting the Government in the telephone business, but it would be a means of insuring free private enterprise and competition rather than the Government creating a private monopoly.
>
> There is no rush for the Government to approve a different method. This can be done at any time, if a leasing arrangement would not prove satisfactory.
>
> There is a public domain in space just as there was in the early frontier days in this country. The Russian Government has just put up two cosmonauts. I think this points out the very definite need for some tight strings on communications satellites in the next few years.
>
> Private investor-owned utilities must operate for a profit in order to survive. This means that many areas in this country, and, conceivably in this world, could not obtain the benefits of global television communications via the communication satellite system as there might be no profit involved for the private utility. This is why the Government must, at the very least, lease this communication satellite system rather than giving it away. If leasing cannot be obtained, usage at cost of the system by the Government for defense purposes must be insured.
>
> I hope that you obtain favorable action from your efforts to protect the public interest for the American people.
>
> With kindest personal regards, I am,
>
> Sincerely yours,
>
> BRUCE HAGEN.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. BURDICK. I yield to my colleague for a question.

Mr. MORSE. Will the Senator inform me who Bruce Hagen is?

Mr. BURDICK. Bruce Hagen is a member of the three-man commission known as the Public Service Commission of North Dakota, which deals with the regulation of utilities and other matters.

Mr. MORSE. Mr. President, will the Senator yield for another question?

Mr. BURDICK. I yield.

Mr. MORSE. As a member of the Public Service Commission of North Dakota, would Mr Hagen be well informed concerning the practices of monopolies in the field of communications?

Mr. BURDICK. I am sure he is a very well versed man in that field.

Mr. MORSE. Mr. President, will the Senator yield for another question?

Mr. BURDICK. I yield.

Mr. MORSE. Would the Senator agree that when we receive a letter from a public service commission which, in effect, protests the turning over of the satellite communications system to the monopoly to be created by the bill, we ought to give heed to the warning?

Mr. BURDICK. I think that is correct. I am not sure that this is a formal action by the Public Service Commission of North Dakota itself, but it is certainly an expression by one member of the commission.

Mr. MORSE. Mr. President, will the Senator yield for another question?

Mr. BURDICK. I yield.

Mr. MORSE. It is true, is it not, that the amendments offered by the Senator from North Dakota sought to protect the public interest? I commend the Senator for his courage and for his foresight in opposing this administration's giveaway of a satellite communications system in collusion with a unanimous bloc of Republicans on the other side of the aisle.

Would the Senator agree with me that we ought to do everything we can to gain adoption of the amendments he, I, and other Senators have offered, if we are to carry out the objectives stated by Commissioner Hagen of the Public Service Commission of North Dakota?

Mr. BURDICK. I say to the able Senator from Oregon that I have been doing my best to do exactly that. The amendment the Senator first offered to the Senate regarding the bill was one which would have granted the Federal Government authority to lease the system to private enterprise. It has been my position all through this debate that that is what should be done. I am happy to find that Mr. Hagen has the same point of view.

Mr. MORSE. It is true, is it not, that the Senator from North Dakota, the senior Senator from Oregon, the junior Senator from Oregon, and other Senators who have fought the giveaway of our satellite communications system potentialities, have urged only that the satellites remain American-flag satellites, but that they be operated by American private industry?

Mr. BURDICK. The Senator is correct.

Mr. MORSE. It is true, is it not, that if one of our amendments had been adopted—the so-called NASA amendment—it would have enlarged the jurisdiction and authority of NASA, the agency now in charge of the development of a satellite system for the U.S. Government, so that it could have leased, contracted, or licensed the use of these satellites to private enterprise?

Mr. BURDICK. That was the reason for the amendment.

Mr. MORSE. It is true, is it not, that we stand for Government ownership, but private competitive business operation of the satellite?

Mr. BURDICK. That has been the position of the junior Senator from North Dakota at all times.

Mr. MORSE. It is true, is it not, that if we give away the system to the most powerful monopolistic combine that has ever yet been envisioned, in fact, to the first cartel that has ever been seriously proposed in legislation before the Senate, the American taxpayers will have lost a precious right which ought to be preserved for them, namely, the right to control the administration of the communication satellite system?

Mr. BURDICK. I feel that the loss would be irreparable.

Mr. MORSE. Mr. President, will the Senator yield for another question?

Mr. BURDICK. I yield.

Mr. MORSE. Is the Senator aware that in this great fight for the public interest, the former President of the United States, Harry S. Truman, one of the incomparable liberals of American history, has taken an unequivocal stand in opposition to the monopolistic bill that is being foisted upon the American people? Is the Senator aware that Harry Truman has made his views known, both in a press statement in Washington the other day, and also in a prepared press release that he issued from Independence, Mo.?

Mr. BURDICK. I heard that statement a few minutes ago from the able Senator from Alaska.

Mr. MORSE. Is the Senator aware that former President Truman has written a short letter addressed to me which reads as follows:

> DEAR WAYNE: For your information I am enclosing a copy of the statement that I issued this afternoon.
>
> Sincerely yours,
>
> HARRY TRUMAN.

And then in his handwriting that he added:

> Keep up the fight. You are right.

Does the Senator agree with me that this statement indicates pretty clearly the unequivocal opposition of Harry Truman to the proposed giveaway set forth in the bill now pending before the Senate?

Mr. BURDICK. It most certainly expresses the opinion of the former President of the United States in his own inimitable way.

Mr. MORSE. Would the Senator be willing, on his time, to insert in the RECORD, on my behalf, the press statement issued by Harry Truman in Independence, Mo., the other night with the corrections thereon? President Truman has authorized that his statement be corrected so that it refers to the communications satellite system instead of atomic power.

Mr. BURDICK. I am happy to do so.

Mr. President, I ask unanimous consent that the press release issued by former President Harry S. Truman be printed at this point in the RECORD.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

PRESS RELEASE MONDAY AFTERNOON, 2 P.M., AUGUST 13, 1962

When I arrived in Washington, Thursday morning, August 9, 1962, I was met, as usual, by many of my reporter friends. They had at least a dozen microphones set up, in front of which they asked me the usual questions.

One question seemed to interest them very much. It was, "What do you think of the Senate filibuster on the bill to give away the power of space communications program to private control?"

My reply was that I am against it. The Government of the United States has furnished between 25 and 30 billions of dollars to develop it without injury to so-called private enterprise.

That has been done in the Tennessee Valley development and the Northwest power pool. How far could we have proceeded in the development of atomic power if there had been no TVA and no power pool in the Northwest?

The special interests have been busy trying to ruin both those projects. Now they are as usual working on the greatest power control in history; the space communications program.

It was my privilege to lay the keel of the first ship powered by atomic energy. It was a success. This power will be a success for the future development of all the power necessary in this world for heat, light, and energy.

Why tie up the space communications program in a way so the so-called special interests can tax future generations? The people as a whole paid for its development. They should have the benefit.

That benefit can be obtained from this great discovery and it should not be given away. The people who pay taxes have paid for it and the people of the United States should have the benefit.

The pending bill would give away the people's ownership.

That was tried at Muscle Shoals in Alabama as the Dixon-Yates program for the purpose of its possibly ruining TVA.

It was successful in hampering the Northwest power pool when Hell's Canyon was given away.

It is my opinion that the Government of the United States should keep the ownership and control of this great discovery, financed and proven as practical by the Government of the United States.

Mr. JAVITS. Mr. President, I rise in favor of the amendment which has not yet been offered, but which will be. I speak as one Senator who will vote for the bill. Later in the day I hope to outline to the Senate my reasons for supporting the bill, notwithstanding the scare in imprimaturs or labels which my friends have stamped upon it.

I yield to no one in the Senate Chamber in my solicitude for the public interest or in being a liberal in the true sense of the word. Nonetheless, I shall support the bill. I shall state my reasons and be willing to debate them with anyone who chooses to debate them with me.

As a Senator who will support the bill, I feel strongly that the amendment should be a part of it. I feel that way because I believe it is time to face realities. Albany, Ga., should awaken us to the realities of life. If we are to sit on the boiling cauldron which is represented by race relations, equal opportunity, and civil rights in our country, the result will be to induce people who are frustrated and despairing and who have no other place to turn, to resort to extralegal means. That does not mean that the means would be illegal. It merely means that they are extra legal. Whether it means Gandhian nonresistance to an immobilization of the processes of society in government, or whether it means an outbreak in some other direction, it is nonetheless dangerous to the body politic.

Mr. President, if I must make the statement a thousand times, I repeat it most advisedly today. We are doing the damage to ourselves, and the fact that the Congress is not acting as it should in respect of legislation in that field is an important contributing factor.

I place a good deal of the responsibility at the door of the President of the United States; for whatever may be his other virtues in this field with respect to litigation and personal actions, which are highly commendable in respect of equal opportunity, he has sedulously refrained from demanding of the Congress legislation which only the Congress can pass, and which alone can deal with the situation.

In the bill we have an opportunity to act in that spirit. I propose that we take it. In my mind, and with all deference to the Parliamentarian, the amendment is entirely germane and entirely lawful. I shall vote in favor of any appeal from the Chair on that subject for the following reason:

The bill enters into the highest degree of specialization as to qualifications. I direct attention to section 302 and section 303 (a) and (b), as to who shall be incorporators, who shall be directors, who shall be stockholders, and even who shall be officers.

For example in section 303(b) it is provided that:

> No individual other than a citizen of the United States may be an officer of the corporation.

Mr. President, if we can qualify incorporators, directors, and officers, we can qualify employees as well. The amendment is completely germane to the provisions of the bill once we have undertaken to make such specifications.

There is no statutory base under the President's Committee for Equal Employment Opportunity. In this particular case it can be defied, in my opinion, and there would be great difficulty in doing anything about it, because it is unlikely that there would be formal contracts with the United States of such benefit to the proposed corporation that the danger of cancellation of such contracts would be either practical or meaningful. That is the only recourse that the President's Committee has, and no other, in the absence of any statutory base under it.

So, Mr. President, that is not an effective section.

Second, and very importantly, we are not trying to legislate in respect to some unique statute which is alone the one which would contain the particular proposed clause with respect to equal opportunity. Such a provision is contained in the School Lunch Act. It is contained in the Selective Service Act. It is a very bad provision, but nonetheless a provision exists on that subject.

A very bad provision, but nonetheless a provision on that subject, against which I have fought, is contained in the Hill-Burton Hospital Construction Act, which contains the separate but equal provision, and in the Morrill Land-Grant College Act, which also has the separate but equal provisions. So to say that the amendment would kill the bill is saying that amendments of a similar character could have killed a number of other bills.

The point is that the Senate has imposed cloture. It has imposed cloture because it wishes to rid itself of the danger of frustration on this particular measure. In that case it is my belief that that procedure should cut right across the board for amendments which we may like as well as for amendments which some of us may not like though, as I say, I am strongly in favor of the present amendment.

Finally, I hope very much that there will be a really bipartisan attitude upon the particular amendment before the Senate. I listened with great interest. Because of time limitations yesterday I was unable to reply to my dear friend the Senator from Illinois [Mr. DOUGLAS], who spoke of the fact, to use his own words, that "A vast majority of Republicans were not for cloture when cloture would have protected the Negroes of the South."

With all deference—and my friend from Illinois and I are partners in the great civil rights effort, and I am very proud to be associated with him in it—that is not quite accurate. I would like to refer to the fact that at the beginning of the 1961 session, on the motion to refer the rule XXII amendment to the Rules Committee, 32 Democrats voted "aye" and 31 voted "nay." On the Republican side 18 Republicans voted "aye" and 15 voted "nay." To use the words of my friend from Illinois, that was no "vast majority."

Similarly in September 1961, on the motion to invoke cloture, 11 Republicans voted "aye" and 15 voted "nay." Among the Democrats there was the same situation: 26 voted "aye," 28 voted "nay."

Then on the motion to table, which came later, in September 1961, with respect to the rule XXII amendment, 17 Republicans voted "yea," and 10 voted "nay"; 30 Democrats voted "yea," and 25 Democrats voted "nay."

In short, this effort has been constantly a bipartisan effort. I would not wish to see whatever happens with respect to the communications satellite bill destroy or distort that particular situation.

To sum up, a nondiscrimination amendment has been present in other measures, and has not killed them; it will not kill this measure. It belongs in the pending measure because there is no statutory base in the President's Committee on Equal Job Opportunity among Government contractors, and no sanction under the terms of the bill.

Finally, Mr. President, it is high time that we in Congress legislate in this field, because otherwise we are facing, as the situation in Albany, Ga., shows, a very serious situation, in which those who are being disadvantaged and abused and not treated as citizens of the United States will feel that they have to pursue extralegal means in order to attain perfectly legal ends. We must by all means guard against such a situation, and see that nothing of that character overtakes us. If there is anything I can do about it, I shall do my utmost to see to it that our Nation is not found lacking in this critical area.

Mr. MANSFIELD. Mr. President, is the Senator from Pennsylvania offering his amendment?

Mr. MORSE. Mr. President, I should like to have the attention of the majority leader. I propose to suggest the absence of a quorum, in order to permit time for the Senator from Rhode Island to come to the floor, so that no one will be able to say that I made my remarks in his absence. I will withdraw the quorum request as soon as the Senator from Rhode Island comes to the floor. This will be the last speech on this subject. I therefore suggest the absence of a quorum.

Mr. MANSFIELD. That is fair.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. I shall speak a few minutes on the Morse-Clark amendment under the gag rule which has been imposed on us by the leadership. It is a Senate gag rule which has denied to the American people a precious right which should never be denied them—the right of having full and adequate time to have the major decisions of the era discussed fully before their legislative bodies. This is especially true upon a measure which affects not only the welfare of the American people but their relationships to other nations for decades to come. It is legislation, I emphasize, which seeks to take from the American people their precious right to have American-flag satellites in space and transfers this right to the monopoly created by this bill.

The amendment before the Senate is the Morse-Clark fair employment practices amendment. There has developed in the debate the argument that the senior Senator from Oregon moved to lay on the table, when he was floor leader on an education bill, an amendment which sought to deny funds to segregated schools.

I have pointed out, as the RECORD will show, and I do so again this morning, that there is a Supreme Court decision which has outlawed segregation in public schools in the United States. It is the responsibility of the Department of Justice and other executive agencies of the Government of the United States to enforce that decision. If the executive agencies need any further enforcement power that they have not received or have not yet asked for, the civil rights legislation now on the books should be amended.

The duty of enforcement of civil rights in public schools is the duty of the Department of Justice. Neither under the Eisenhower administration nor yet under this administration, in my judgment, have fully adequate steps been taken under existing law to carry out the Supreme Court decision.

The proposal which was made when I was floor leader on the education bill had nothing to do with the matter of the enforcement by the Government of civil rights in the schools. What it would have done would have been to deny possibly to some States money for the building of needed schools in some school districts which were in compliance if other school districts in the State were not. What it might have done would have been to prevent in those instances making facilities available for all the children—Caucasian, Negro, oriental, or any other race. Needed schools should be built. That was the position of the senior Senator from Oregon. The executive department of this Government ought to enforce the Supreme Court decision. It is just as simple as that.

In the pending bill we have the U.S. Government proposing to set up a corporation. We have the U.S. Government telling us through the administration, "We are going to select three members of the board of directors of this corporation. We are going to maintain great control over this corporation. This is going to be a 'mixed' corporation, in which the Federal Government will have a great continuing interest."

The amendment is therefore germane; and it is vital. This amendment, just as in connection with defense contracts, is germane to the bill and it ought to be adopted, so that the discriminations of this world are not projected by this country into outer space. By this amendment we are going to exercise the authority that Congress now possesses to set forth the other conditions and terms and regulations in the bill, and extend the exercise of authority to what the employment policies of the corporation shall be. It is as simple as that. Once the corporation is established, this might involve some difficulties. But creating the corporation on this basis at the outset is easy and practical.

We say that if we apply the Federal stamp of approval to the corporation, that stamp must also extend to its employment policies. What we are saying in the Morse-Clark amendment is: "If this corporation is established, then the corporation will be bound, under the law, to follow employment practices which do not discriminate because of race, color, creed, or national origin."

I wish to get into the proposed law a legal requirement for the elimination of discrimination based upon race, color, creed, or national origin in the employment policies of the corporation. I do so for the same reasons which governed the U.S. Supreme Court in its historic decision for freedom, when it handed down its decision against segregation in our schools, and ruled that this is the law of our land, and that the administration ought to enforce it.

Mr. CLARK. Mr. President, unless other Senators desire to speak on my amendment—and I see none rising—I shall suggest the absence of a quorum, after which I shall call up my amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair assumes that the Senator from Pennsylvania is aware that the amendment has not been laid before the Senate.

Mr. CLARK. I am.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 191 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER (Mr. Hickey in the chair). A quorum is present.

Mr. CLARK. Mr. President, according to the folklore of the Senate under which we operate, the presence of a quorum has just now been announced. However, I doubt very much that a quorum is present; as I glance around the Chamber, it seems rather clear that a quorum is not now present. However, I shall not make a point in that connection, because I am satisfied that although one can lead horses to water, it is impossible to make them drink; and, likewise, although Senators can be required to come to the Chamber, to answer to a quorum call, they cannot be compelled to remain here. This seems to me to be just one of the very many reasons why the rules of the Senate must be changed.

Mr. President, having made that somewhat irrelevant comment, I now propose, within the next few minutes——

Mr. HUMPHREY. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I am happy to yield in my time.

Mr. HUMPHREY. Either in the Senator's time or in my time.

Mr. CLARK. No, Mr. President, under the rule it must be in my time.

Mr. HUMPHREY. I merely wish to say to the Senator from Pennsylvania that I know he would not want to indicate, for the Record, that he believes the Presiding Officer would have announced the presence of a quorum if one had not been present, under the Senate rule. The Presiding Officer is a man of great integrity, and I am sure he would not announce the presence of a quorum unless a quorum was present. I can assure the Senator from Pennsylvania that a quorum has been present under the Senate rule.

Mr. CLARK. The Senator from Minnesota is quite correct, and I intended no reflection on the integrity of the Presiding Officer or anyone else.

Mr. HUMPHREY. I knew that.

Mr. CLARK. But I repeat that the folklore of the Senate is such that the Presiding Officer always states, "A quorum is present"—regardless of whether one actually is present at the time—when the clerk tells him that 51 Senators have answered to their names. Fifty-one Senators have answered to their names; but a number of them, after answering to their names, left the Chamber. The Presiding Officer was conforming to the best traditions of the Senate when he said, "A quorum is present," when it was not.

Mr. President, I shall call up my amendment, and I hope that during the next few minutes a yea-and-nay vote will be ordered on the question of agreeing to it. I hope the amendment will be considered on its merits, although I fear that it will not be.

While a number of Senators are in the Chamber, I wish to point out why a fair employment practices amendment is both germane and necessary to this bill. I am not attempting to add to the bill an amendment which is irrelevant. This fair employment practices amendment is important for all employees, agents, contractors, and subcontractors of the giant corporation which is about to be authorized by the Senate by means of this bill.

FEPC legislation was advocated in the Democratic Party's platform of 1960, and also in the Republican Party's platform of 1960, and was requested by the Civil Rights Commission in its 1960 report.

Mr. President, I believe that adoption of this amendment, in connection with the activities of this giant corporation, many of which will not be conducted under contract at all and therefore not subject to the jurisdiction of the President's Equal Job Opportunity Committee, is most important to assure that those who work for or apply for work with the corporation are not discriminated against in such employment on the basis of race, creed, color, or national origin.

I know it will be said in a minute or two by the distinguished Senator from Montana or another Senator that this amendment will gut the bill. But I pay no heed to such statements, although I know they will be made with sincerity.

It is argued that if this amendment is adopted, the bill will have to go to conference. But, Mr. President, why not have the bill go to conference? Why should it be argued that the bill should not be amended in desirable ways regardless of whether it has to go to conference? I hope the amendment will be adopted, and that then the bill will go to conference.

I suggest this bill ought to go to conference, and, when it gets there, if this amendment can be adopted, I hope the conferees will stand firm in favor of the fair employment practices provision of this bill. I hazard a guess that if they do, the House will accept it.

Mr. President, this is not a dilatory tactic. This is no gimmick. This is an earnest and sincere effort to add a provision to an important piece of legislation so that people across the world can see that when we can vote on the merits of the matter, we propose to stand by the Constitution and see to it that no one is prevented from or discriminated against in employment, first in this corporation, and then later in all forms of employment across the whole width and breadth of the United States of America, because of his race, color, creed, or national origin.

I call up my amendment.

Several Senators addressed the Chair.

Mr. CLARK. Mr. President, since several Senators have asked me to yield, I will withdraw calling up my amendment for now, if it is satisfactory to the majority leader.

I yield in my time to the Senator from Tennessee [Mr. KEFAUVER], with the understanding that I shall not lose my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KEFAUVER. I want to ask the Senator one point about the proposal that should be considered and which makes this different from most Government corporations. The President envisions this, and we all envision this, as eventually an international system in which other nations—some African nations, some Asian nations, some nations with different religions or people with different colors—will want to join. I think it is going to be hard enough to get them to negotiate with a private corporation, in any event, instead of with the Government, but is it not likely that they might not be admitted to participation because of race or religion? At least I think the matter should be debated and this debate should not be cut off by a motion to table.

Mr. CLARK. The Senator from Tennessee has made an excellent point. I am in complete agreement with him. I am glad he has made it.

I would like to point out again that the Equal Job Opportunities Committee of the President has, within the last year and a half, received 18 or 20 complaints concerning alleged employment discrimination by A.T. & T. or its subsidiaries—Southern Bell, Southwestern Bell, Western Electric, and the Chesapeake & Potomac Telephone Co. If that is not clear evidence of the great need for the amendment, I do not know what is.

I yield to the Senator from Michigan [Mr. HART] with the understanding that I shall not lose my right to the floor and that it is in my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, I hope very much we will have an opportunity to vote this amendment up or down, and not have a motion to table, and not have to vote with respect to the question of germaneness, although on the latter point I am satisfied that, since the District corporation code is to be a part of the satellite bill, the amendment is wholly germane.

I was one who voted to invoke cloture. I did it because this has been my vote on other cloture motions that have been before the Senate during the brief period I have been a Member of the Senate. On one of the cloture motions, we did not have discussion or hearings that were as detailed as have occurred in this case. If I was right in my position on the earlier cloture motions, I felt I was right on this one. But I regret very much that, cloture having been applied, there is no opportunity given to vote for or against this amendment to give Senators an opportunity to be recorded. I think the bill can be improved by some of these amendments. I hope in this instance the Senate will have an opportunity to vote, on a substantial proposal, "yea" or "nay."

What is there to assume that, given this opportunity, the amendment may not be adopted by the House? Certainly we ought not mindread the House of Representatives, but let us adopt the amendment.

Mr. CLARK. I thank the Senator from Michigan.

I ask unanimous consent that I may yield to the junior Senator from Oregon [Mrs. NEUBERGER], in my time and without my losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. NEUBERGER. Mr. President, when a philanthropist makes a great and generous gift, it is altogether proper that he set some conditions on the enjoyment of the gift to insure that it is utilized in a manner most beneficial to society. As the Senate prepares today to make a grand and generous gift of our space technology to A.T. & T., it does not appear ungracious to require that the employees of the satellite corporation be employed without discrimination. Though we may dissipate the taxpayer's claim to participate in the fruits of research developed through his investment, at least we can insure that working people will gain some small advantage because of that investment.

The supposed efficiencies of A.T. & T. which have stimulated the administration to abdicate the role of government in operating the communications satellite system do not depend upon discrimination in hiring. Nowhere was it suggested during the truncated debate on the satellite bill that one race or religion has produced superior space communications scientists or technicians.

Traditionally, we have required fair employment practices in areas in which the Government plays a significant role as purchaser or financier. Surely the Government's role as sole creator of the satellite corporation, as principal benefactor, and as a major potential customer, entitles us to exact this small concession to democratic ideals.

For these reasons, I commend to the Senate the amendment proposed by the senior Senator from Oregon and the senior Senator from Pennsylvania which would prohibit the satellite corporation from discriminating against any employee because of race, creed, color, or national origin.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. If I call up my amendment, do I lose my right to the floor?

The PRESIDING OFFICER. The Senator will lose his right to the floor when he calls up his amendment.

Mr. CLARK. Then, before I call up my amendment, I would like to make my final plea to the leadership and to my friends from the South: Please do not raise a point of order and obscure the issue, and please let us vote on the merits of a significant civil rights measure for the first time in many years, a proposal which is not watered down.

My colleagues, if my plea to the leadership falls on deaf ears, please vote against the motion to table, so we can for once in the Senate of the United States vote on a clear question of civil rights.

Mr. President, I call up the amendment—that is, the amendment sponsored by the Senator from Oregon and me.

The PRESIDING OFFICER. The clerk will read the amendment.

The Chief Clerk read the amendment, as follows:

> Section 305 shall be amended by adding, following line 13, page 37 of the bill, the following subsection:
>
> "(d) In carrying out the purposes of this Act, enumerated in section 305 (a) and (b), the corporation shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. With respect both to its own operations and to the operations of any contractor engaged to carry out these purposes, the corporation shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin."

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER. The Senator from Montana.

Mr. MANSFIELD. The able Senator from Pennsylvania [Mr. CLARK] has called up his amendment. He has called it up in spite of the informal conversations with the Parliamentarian which indicate that the amendment is not germane.

He intends further, if I understand him correctly, to appeal a ruling of the Chair should the ruling be that the amendment is not germane.

I see no virtue in such a proceeding. Even if the amendment were germane, its adoption, as the Senate knows, will not advance the cause of civil rights one inch. What it will do will be to defeat the bill, for instead of the one-barreled filibuster which we now have, we would have a two-barreled filibuster on the conference report, as the Senator from

Rhode Island [Mr. Pastore], one of the most consistent champions of civil rights in the Nation, both as Governor of Rhode Island and as a distinguished Senator from Rhode Island, pointed out yesterday.

We would have the filibuster by the opponents of this bill and the filibuster by those who oppose civil rights measures.

I am asking the Senate to use its good judgment.

Mr. President, I move to table the amendment offered by the Senator from Pennsylvania.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

Mr. CLARK. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The motion is not debatable. The question is on agreeing to the motion by the Senator from Montana [Mr. Mansfield] to lay on the table the amendment offered by the Senator from Pennsylvania [Mr. Clark] for himself and the Senator from Oregon [Mr. Morse] to the committee amendment, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Utah [Mr. Moss], and the Senator from Missouri [Mr. Symington] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from New Mexico [Mr. Chavez], and the Senator from Arizona [Mr. Hayden] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson] and the Senator from Nevada [Mr. Bible] would each vote "yea."

On this vote, the Senator from Arizona [Mr. Hayden] is paired with the Senator from Utah [Mr. Moss].

If present and voting, the Senator from Arizona would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from New Mexico [Mr. Chavez] is paired with the Senator from Missouri [Mr. Symington].

If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Missouri would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

If present and voting, the Senator from Maryland [Mr. Butler] would vote "yea."

On this vote the Senator from New Hampshire [Mr. Murphy] is paired with the Senator from Indiana [Mr. Capehart]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Indiana would vote "nay."

The result was announced—yeas 54, nays 37, as follows:

[No. 192 Leg.]

YEAS—54

Aiken
Allott
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Cotton
Curtis
Dirksen
Eastland
Ellender
Ervin
Fulbright
Goldwater
Hickenlooper
Hickey
Hill
Holland
Hruska
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Long, La.
Mansfield
McClellan
McGee
Metcalf
Miller
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Robertson
Russell
Saltonstall
Smathers
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, Del.
Young, N. Dak.

NAYS—37

Bartlett
Beall
Burdick
Carroll
Case
Church
Clark
Cooper
Dodd
Douglas
Engle
Fong
Gore
Gruening
Hart
Hartke
Humphrey
Javits
Keating
Kefauver
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Magnuson
McCarthy
McNamara
Morse
Morton
Neuberger
Proxmire
Randolph
Scott
Smith, Mass.
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—9

Anderson
Bible
Butler
Capehart
Chavez
Hayden
Moss
Murphy
Symington

So Mr. Mansfield's motion to lay on the table Mr. Clark's amendment to the committee amendment, as amended, was agreed to.

Mr. WILEY subsequently said: Mr. President, I had not expected to have anything particular to say today on the subject being debated in the Senate, for the other day I placed in the Record a statement of my views on this matter.

However, this morning I received a telephone call: "Senator, you had better vote for the FEPC amendment."

I asked, "Who are you?"

The one making the telephone call said, "Never mind, but I am telling you that you had better vote for it."

Mr. President, during all my years in public service, only once before has someone attempted to tell me how I should vote; and then I threatened to kick that guy out of my office.

Of course, I myself, have been "kicked out" when I would not take orders; in the campaign 6 years ago my own party organization opposed me because, among other reasons, I would not take orders from them. But the people "kicked me back in".

Mr. President, I have listened to the reasons stated by the majority leader, by the acting majority leader, and by the minority leader. I have listened throughout this debate; to all who spoke and I formed my own conclusions in regard to how I would vote.

But after that telephone call came in, this morning, I recalled that Wisconsin already has an FEPC statute. However, I fully agree, for the reasons already stated by the majority leader, the acting majority leader, and the minority leader, that an amendment of the type proposed this morning has no place in this bill.

I rose at this time simply to ask unanimous consent to have the Wisconsin FEPC statute printed in the Record. I shall make this request for the simple reason that we in Wisconsin have long ago set forth our opinion on the subject of FEPC.

But that does not give anyone the right or the authority to try to dictate how I shall vote.

When I got through, and after I told him how I was going to vote, that fellow said, "We'll see about this."

Well, Mr. President, when I issued my statement on May 20—and I shall ask unanimous consent to have it printed in the Record at the conclusion of my remarks—I quoted Edmund Burke, who said, in substance, that one should listen to his constituents and should argue with them, but that when the time comes for us to decide how we will vote, it is up to us to arrive at our own convictions; and that if we fail to act on the basis of our own convictions, we are traitors to our constituents. I think one would also be a traitor to himself.

I now ask unanimous consent that the Wisconsin statute and my previous statement be printed in the Record following the vote on the amendment. I tried to get the attention of the Chair before.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the statute and the statement were ordered to be printed in the Record, as follows:

WISCONSIN FEPC

Wisconsin has under title 13 of the Wisconsin Statutes Annotated, section 111.31, a law on fair employment. The declaration of policy of this law is set forth in three paragraphs to wit:

111.31 DECLARATION OF POLICY

(1) The practice of denying employment and other opportunities to, and discriminating against, properly qualified persons by reason of their race, creed, color, national origin, or ancestry, is likely to foment domestic strife and unrest, and substantially and adversely affect the general welfare of a State by depriving it of the fullest utilization of its capacities for production. The denial by some employers and labor unions of employment opportunities to such persons solely because of their race, creed, color, national origin, or ancestry, and discrimination against them in employment, tends to deprive the victims of the earnings which are necessary to maintain a just and decent standard of living, thereby committing grave injury to them.

(2) It is believed by many students of the problem that protection by law of the rights of all people to obtain gainful employment, and other privileges free from discrimination because of race, creed, color, national origin, or ancestry, would remove certain recognized sources of strife and unrest, and encourage the full utilization of the productive resources of the State to the benefit of the State, the family, and to all the people of the State.

(3) In the interpretation and application of this subchapter, and otherwise, it is declared to be the public policy of the State to encourage and foster to the fullest extent practicable the employment of all properly qualified persons regardless of their race, creed, color, national origin, or ancestry. All the provisions of this subchapter shall be liberally construed for the accomplishment of this purpose.

FROM THE OFFICE OF SENATOR ALEXANDER WILEY, SENIOR SENATOR, WISCONSIN

Senator ALEXANDER WILEY today announced his candidacy for reelection to the U.S. Senate.

There follows the text of his announcement:

"This is an announcement that I am a candidate for reelection to the high office of Senator of the United States.

"For 23 years, I have served you in Washington and during that time the days have been filled with great experiences. There were also tragic days—for the Nation, and for myself.

"In the decisions that I have had to make, I have followed the directive of Edmund Burke, in which he said:

" 'You must pay attention to them, and give heed to and counsel with them, but at long last, when it comes time to best serve your constituency, then you must render your independent judgment, based upon your conviction, for if that fails, you do indeed betray your people.'

"This has been part of my political philosophy long before I came to the Senate.

"I also have never hestitated to seek guidance from the divine how I could best serve the interests of my country and State.

"If I am reelected, I shall follow the same practice.

"The years up ahead are full of challenges—in many respects more serious than the years that have gone. I refer to three: (1) War or peace; (2) communism and its impact on the world and on America; (3) can we preserve the political and economic integrity of this country?

"The fact that I am the only Wisconsin man who has been chairman of the Foreign Relations Committee and chairman of the Judiciary Committee; am now ranking Republican member thereof; as well as of the Senate Aeronautical and Space Sciences Committee; and also am now senior Republican of the U.S. Senate—can only add to the qualifications that a Senator should have in this challenging period.

"I am ready and willing to continue to render the service in the future such as I have given in the past. My great ambition is to continue to serve and preserve America, with its Constitution and liberties.

"ALEXANDER WILEY."

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

Mr. DIRKSEN. Mr. President, only for the purpose of making a little legislative history——

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DIRKSEN. Mr. President, for the moment I have the floor. I shall take only 2 minutes, if the Senate will subside that long, so I can make a statement in the interest of the legislative history on the amendment that was just tabled.

Mr. President, this morning I explored——

The PRESIDING OFFICER. The Senate will be in order. The clerks of Senators who are not actively engaged in their duties will leave the Chamber.

Mr. DIRKSEN. Mr. President, this morning I explored this subject in the light of the President's Executive order which was issued on March 6, 1961, under which there was established the President's Commission on Equal Employment Opportunity. The purposes and scope of the Committee are exceedingly broad and extend not only to Government agencies, but to those who contract with the Federal Government. I explored somewhat further to ascertain how a corporation established under the terms of the satellite bill would have to operate.

First, it would have to contract with the National Aeronautics and Space Agency. In so doing, it would come within the jurisdiction and provisions of the Commission on Equal Employment Opportunity.

Second, in order to put a satellite into orbit, it would require the kind of thrust and rocket power that could be obtained only under Government auspices, and for the second time it would come within the jurisdiction of the Commission.

Third, the larger corporations in this field are all in compliance with the provisions of the Commission on Equal Employment Opportunity, and under the circumstances I think everyone who has an interest in nondiscrimination and the protection and safeguarding of civil rights is adequately protected under existing law and under the provisions under which the Commission operates.

Mr. HOLLAND. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. WILEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. WILEY. Only for a minute or two.

Mr. HOLLAND. I yield to the Senator from Wisconsin——

Mr. WILEY. In my own time.

Mr. HOLLAND. I cannot yield in the Senator's own time. If he wishes me to yield for purposes of an insertion in the RECORD or some other courtesy, I shall be glad to yield in my time. If it is for the purpose of his making a speech, I shall have to ask the Senator to wait until he obtains the floor.

Mr. President, yesterday the distinguished Senator from Illinois [Mr. DOUGLAS]—and I am glad that he is present in the Chamber—in commenting on the cloture vote held 2 days ago, made the statement that two Senators from the Deep South who had always opposed cloture in the past—and I quote those words: "who had always opposed cloture in the past"—had voted for cloture. Since the Senator from Florida was one of the two who voted for cloture, the remarks of the Senator from Illinois would mistakenly imply that the Senator from Florida had never voted for cloture in the past but had always opposed it. I am sure that the distinguished Senator knew that such a statement was in error, and that he made it inadvertently. The Senator from Florida has voted for cloture in the past, and that fact has been mentioned several times during the course of the debate.

Mr. DOUGLAS. Mr. President, I certainly did refer to the senior and junior Senators from Florida. I would be very glad to have the Senator from Florida correct my statement if I am in error.

Mr. HOLLAND. The Senator, of course, was in error. I thought he knew he was in error after the matter was called to his attention. I was sure that he did not realize he was in error when he made the statement.

Mr. DOUGLAS. When did the Senator from Florida vote for cloture?

Mr. HOLLAND. The Senator from Florida voted in favor of cloture in 1954 in the course of the atomic energy debate in that year.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that my statement may be changed to read as follows:

> The senior Senator from Florida always votes against cloture when civil rights are involved, but always votes for cloture when the question of giving Government expenditures to private corporations is concerned.

I ask unanimous consent that my statement may be so revised.

Mr. HOLLAND. Mr. President, I object. I would rather have the statement remain as it is.

The more recent statement sought to be made by the Senator from Illinois is also in error because the Senator from Florida has not always objected to cloture on all civil rights bills. It has been only those civil rights measures which are regarded as vital in the opinion of the Senator from Illinois that the Senator from Florida has opposed and with respect to which he has voted against cloture. But the Senator from Florida has for 14 years himself offered the anti-poll-tax amendment, and he was happy that this year he finally had the support of the distinguished Senator from Illinois in obtaining, for the second time on the floor of the Senate, by a large vote, the two-thirds majority required for the submission of that amendment to the States.

The Senator from Florida, along with his other southern colleagues, did not resort to filibuster in connection with the Civil Rights Commission Act or the extension of that act, or the placing in the extension of the Selective Service Act the provision for integration in the armed services. The Senator from Florida was against these measures. However in the field of civil rights he has never felt that, except as to some measures in the field of civil rights, which are so vital and which, if they were adopted, would lead in his opinion to confusion and breach of the peace in his own area, that he should oppose by filibuster or vote against cloture.

In order that the matter may be made completely clear, the Senator from Florida would like to quote from his statement which appears in the CONGRESSIONAL RECORD, volume 100, part 9, page 11940, which preceded by a few minutes the vote for cloture by the Senator from Florida on that occasion.

My statement is as follows:

> Mr. HOLLAND. Mr. President, I intend to vote for the pending cloture motion, though I have no illusions as to the outcome. Along with every other Southern Senator and many others, I supported the adoption of rule 22 in its present form, in the effort to secure a more workable rule. The Senate well knows that in its provisions exempting from cloture any motion to take up an amendment of the rules, and requiring 64 affirmative votes to make cloture effective, the new rule gives greater protection than heretofore against such a measure as a compulsory FEPC law, with all its grave implica-

> tions upon the established social structure of an entire region and involving, as it would, grave questions of constitutionality, bitter conflict between Federal and State laws, and probable civil disorder and strife. At the same time the new rule is more efficient than the old in that it makes subject to cloture all the parliamentary proceedings on any pending legislation, excepting only a motion to take up an amendment to the rules.
>
> I have always regarded the new rule as a two-edged sword upon which I can and always will rely in opposing such measures as FEPC and similar vital measures which are wholly unacceptable to great regions of our Nation. At the same time I believe we have the right to use it in a proper case in enabling the Senate to come to a vote upon measures of less grave importance after they have been subjected to reasonable debate. In other words, I do not regard the present rule 22 as wholly defensive, but I regard it also as an effective offensive provision which should be used to end futile filibusters such as the pending one, which has been frankly described as such by one of the participants. Every Senator must in his own judgment decide what measures can be properly subjected to cloture and at what stage in the debate. For myself, I think that the pending measure should be subjected to cloture and that the debate has long since exceeded the limitations of reasonable argument.
>
> The fact that this filibuster has been employed in the closing days of the second session of a Congress when many vital measures still await final action is a strong argument for the application of cloture. The farm bill, the social security bill, the tax revision bill, and others of great importance still require Senate action.

Mr. President, I digress to say that these words, without many changes, could have been applied to the situation the other day when the petition for cloture came up in the closing days of this session, which is the second session of Congress, leaving still undisposed of a farm bill, a tax revision bill, and other bills of great importance to the United States.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Vermont.

Mr. AIKEN. Will the Senator agree that the Nation might possibly survive without the farm bill?

Mr. HOLLAND. The Senator from Florida agrees that that is the case, and he will oppose the farm bill. At the same time, he does not believe that it is one of those measures which are of such vital importance to any great area of our people that it should be subjected to a filibuster, and he would not join in a filibuster against that bill.

Mr. AIKEN. It is quite apparent that the supporters of the farm legislation and the administration will have to accept full responsibility for whatever action is taken.

Mr. HOLLAND. I will let the record speak on that. The Senator from Florida opposes that bill, but he would not use the filibuster in opposing it, because he does not think it measures up in its aspects to the vital requirements of a measure which does justify Senators from a great area of the country to stand and debate, literally, until they fall.

Now, Mr. President, I conclude my 1954 statement:

> Aside from that, in this critical stage of world affairs it is particularly necessary that the Senate show its capacity to function on such important matters rather than to be held in a state of frustration and futility by the marathon talking of a decided minority. Any other course would hold us up to the ridicule of our own people and of the world at large, particularly the other free peoples who look to us for leadership and example.

Mr. President, that last paragraph of my statement of 1954 is also exceedingly applicable to the situation which we confronted the other day when, as my distinguished friend from Ohio [Mr. LAUSCHE] said in his usual colorful fashion, "the Soviets are orbiting and the Senate is filibustering." I predict that that statement will go down in history as almost the equal of the statement that "Nero fiddled while Rome burned." It so clearly explains the apathy of the Senate and its unwillingness to come to a decision on an important national matter while in that same field the Soviets are exploiting their latest accomplishment. It is true—and I hope the Senator from Illinois, who has lately become converted to my point of view—and I congratulate him upon it——

Mr. DOUGLAS. Mr. President, I protest.

Mr. HOLLAND. I am sure the Senator will agree with that point of view, because I heard him agree the other day. It is my view that a filibuster is a two-edged sword which may be used either on the defensive or on the offensive. I heard the distinguished Senator from Illinois say that he was going to vote for cloture, though with some regrets.

Mr. DOUGLAS. When was this?

Mr. HOLLAND. During this debate.

Mr. DOUGLAS. No; I am sure the Senator never heard me say that.

Mr. HOLLAND. He said that he would vote for cloture.

Mr. DOUGLAS. Oh, no; the Senator never heard me say that.

Mr. HOLLAND. The Senator voted for cloture, and he never has before. He inveighed loudly and effectively on the floor of the Senate against the use of the cloture rule. Yet my distinguished friend answered with a resonant voice that he would vote—that he would vote against cloture on this matter.

Mr. DOUGLAS. The Senator has been misrepresenting my position completely. He said I voted for cloture, when, as a matter of fact, I voted against cloture.

Mr. HOLLAND. The Senator is correct. Let me correct my statement, which is that he has always voted for cloture before, and has very stoutly maintained the position that cloture should be voted. He has stood on the floor and has advocated that a simple majority should have the right to close the debate. He has in every way within his right advocated the use of cloture; yet when it comes to this particular matter the Senator from Illinois has come to my position, which is that cloture is a two-edged sword, by voting the other way.

I commend him and congratulate him upon finally seeing the light and finally coming to the position of realizing that there are two sides to the cloture question; that there are cases in which cloture should be used; and then, as his recent vote indicates, cases in which, in his judgment, cloture would be an abomination. So I think the Senator is making progress. I congratulate him upon that fact.

I call attention to the fact, as recognized by the press generally and by the Senate, that cloture could not have been obtained on the pending bill except for the support of certain Senators from the South. I want that to be made perfectly clear.

The Senator from Illinois made that statement, which appears on page 16564 of the CONGRESSIONAL RECORD of yesterday. I remind him that he did make that statement, in effect, at some length, and that this happened to be the case.

Mr. DOUGLAS. The Senator from Florida says that I understand what happened to be the case?

Mr. HOLLAND. I shall yield after a bit; I hope the Senator will abide by the rules, even though he does not agree with my statement.

Mr. DOUGLAS. I am delighted to await the opportunity to respond.

Mr. HOLLAND. The Senator from Illinois made it perfectly clear that by two affirmative southern votes for cloture and by the absence of certain Senators—and more Senators could have been absent—the South made it possible for cloture to be adopted. Apparently the Senator from Illinois thought that that was an unusual situation; something that had not occurred before. But the Senator, with all his willingness to study history and to recite it to the Senate, together with much poetry and other literary effusions, has missed the point on this subject, which is that every time cloture has been invoked in the history of the Senate, which has been five times, it was voted because southern Senators supported it. Probably the Senator from Illinois, even now, does not realize that. I see him looking at me with an air of suspicion. But the fact is that that is true. I want him, and other Senators, too, to realize that cloture has been applied to other fields, despite their feeling in these days that it is only civil rights, as conceived by them, that has become such a dominant issue that they think the whole cloture rule applies only to that field. It has been voted five times, and it could not have been voted any of those times—and I make this statement advisely—without the support of southern Senators. It is to bring that point to the attention of the distinguished Senator from Illinois that I wish at this time to read from a letter furnished me by the Library of Congress on this subject.

Mr. President, I first ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., August 15, 1962.

To: Hon. SPESSARD L. HOLLAND, attention Mr. Norman.

From: American Law Division.

Subject: Four instances prior to August 14, 1962, when cloture was invoked in Senate.

Following is a list of four previous instances when cloture was invoked, including the number of southern Senators voting for invocation with specific reference to the Florida Senators:

1. Treaty of Versailles: Cloture invoked November 15, 1919 (58 Congressional Record 8555–8556); yeas 78, nays 16; 20 southern Senators voted to invoke cloture, Fletcher and Trammell among the 20.

2. World Court: Cloture invoked January 25, 1926 (67 Congressional Record 2678–2679); yeas 68, nays 26; 18 southern Senators voted to invoke cloture, Fletcher and Trammell among the 18.

3. Branch banking: Cloture invoked February 15, 1927 (68 Congressional Record 3824); 65 yeas, 18 nays; 17 southern Senators voted to invoke cloture, Fletcher voted "yea," and Trammell voted "nay."

4. Bureau of Customs and Prohibition: Cloture invoked February 28, 1927 (68 Congressional Record 4986); 55 yeas, 27 nays; 12 southern Senators voted to invoke cloture, Fletcher and Trammell among the 12.

Edwin B. Kennerly,
Editor, Bill Digest.

Mr. HOLLAND. Mr. President, the letter is dated August 15, 1962. It is addressed to me and was sent by the American Law Division. The subject is: "Four Instances Prior to August 14, 1962, When Cloture Was Invoked in Senate."

The first of those instances was in connection with the Treaty of Versailles. The statement by the Library of Congress reads:

> Cloture invoked November 15, 1919. Yeas 78, nays 16. Twenty Southern Senators voted to invoke cloture.

If those 20 southern Senators had voted the other way, the vote would have been 58 to 36, and cloture would have failed.

I desire that not only the senior Senator from Illinois [Mr. Douglas], but Senators generally, realize that at that important stage in the history of this Nation, after the futility of a long filibuster had long withheld the verdict of the Senate on that important question, the votes of 20 southern Senators—along with the votes of other Senators, and there has been no time when enough southern Senators were present that by themselves they could have brought about cloture—were indispensable and irreplaceable in voting cloture to end that long-standing, vitriolic debate on the floor of the Senate.

I am proud to say that both Senators from Florida, Senator Duncan U. Fletcher and Senator Park Trammell, were among the 20 southern Senators who voted for cloture in that instance.

Incidentally, I think Senators should know that Senator Fletcher was perhaps the most distinguished man who ever served the State of Florida in the Senate. I think they should also know that Senator Trammell was one of two men from our State who have served both as Governor and as Senator. I hope they will know that those two Floridians each served longer in the Senate than any other Senator from Florida. So I think they should be fairly representative of the thinking of the people of their State when they voted for cloture on that occasion.

According to the letter which I have placed in the Record, in full, the next vote for cloture was on the question of the adherence by the United States to the World Court. On that occasion, cloture was invoked on January 25, 1926. There were 68 yeas and 26 nays. Eighteen southern Senators voted at that time to invoke cloture. If those 18 Senators had voted the other way, the vote would have been 50 yeas and 44 nays, which obviously would have completely prevented the adoption of cloture.

I am very happy to say that of the 18 southern Senators who voted on that occasion to invoke cloture on the question whether the United States should adhere to the World Court—which was certainly an important question—both of the distinguished Senators from my State were among those who voted for cloture. Both Senator Fletcher and Senator Trammell were among the 18 southern Senators who voted to invoke cloture.

The third issue on which this important question was raised was one of less earth-shaking importance; nevertheless, it was of importance. The question was whether branch banking should be permitted. On this question, cloture was invoked February 15, 1927. There were 65 yeas and 18 nays. Of the 65 Senators who voted "yea," 17 southern Senators voted to invoke cloture. It is quite obvious that cloture would have been defeated if the southern Senators had voted the other way.

In that instance, Senator Fletcher voted "yea"; Senator Trammell voted "nay."

The fourth instance in which cloture was invoked was on the subject of the Bureau of Customs and Prohibition. That vote took place February 28, 1927. There were 55 yeas and 27 nays, just one more than was needed to invoke cloture. On that occasion, 12 southern Senators voted to invoke cloture. I am happy to say that both Senators from Florida, Senator Fletcher and Senator Trammell, were among the 12 southern Senators who voted for cloture.

So, Mr. President, it is no accident or happenstance that southern support made possible the invoking of cloture the other day, because now it can be said, and it is a fact, that of the five instances in the history of the Senate in which that long tradition to allow unlimited debate has been breached by invoking cloture under the rule adopted in 1917—and, by the way, it was adopted under the leadership of a distinguished southern Senator, Senator Martin, of Virginia—of those five votes for cloture, not one could have been effective in closing debate but for southern support.

So I think the throwing of brickbats at the South in this field has gone far enough. I resent it, and southern people generally resent it. I am sure they want the actual facts to be reviewed again; and I hope it will not be regarded as improper for me to call the attention of the distinguished Senator from Illinois to the fact that his history has gone amiss on this matter, because instead of throwing all the blame at an area which he says has always opposed cloture, to the contrary, in the five instances when cloture was invoked, southern support made it possible, along with the votes of others, for that end to be reached.

My view on this subject is rather well known. I think cloture should not be invoked when a question is of such vital importance to a great area of the Nation that it runs to the question whether there shall be law and order or disorder; runs to the question whether people shall live cordially and amicably together; and runs to the question whether it goes so far that the law would not be observed even if it were passed; and particularly, when it runs against longstanding traditions and against the rights of the States which are affected.

Mr. President, my views on this matter have been stated sufficiently heretofore in the Record, I believe. However, at this time it might be well for me to state that in connection with this matter I find myself in strong accord with one of the most distinguished liberals of the Nation, Mr. Walter Lippmann, who, by means of two articles on this specific subject, has shown how strongly he feels about it. He is not the only great liberal who feels that way. One of the astounding things about this matter is the fact that persons who are so-called liberals get so obsessed with the idea that what they believe in, in connection with the field of civil rights, should be done, that they become tyrannical, if they have the power to do it, and try to defend and perpetrate things which would be tyrannical if done.

Mr. President, in 1949, Mr. Lippmann wrote a very able article on this subject. I ask unanimous consent that it be printed in full in the Record.

The PRESIDING OFFICER (Mr. Metcalf in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the Record, as follows:

> Although the question before the Senate is whether to amend the rules, the issue is not one of parliamentary procedure. It is whether there shall be a profound and far-reaching constitutional change in the character of the American Government. The proposed amendment to rule XXII would enable two-thirds of the Senate to close the debate and force any measure, motion, or other matter to a vote. If the amendment is carried, the existing power of a minority of the States to stop legislation will have been abolished.
>
> "Stripped of all mumbo-jumbo and flag waving," says the New York Times, "the issue is whether the country's highest legislative body will permit important measures to be kept from a vote through the activities of a few leather-throated, iron-legged Members who don't want democratic decision." * * *
>
> This is an unduly scornful and superficial way to dispose of a great constitutional problem. For the real issue is whether any majority, even a two-thirds majority, shall now assume the power to override the opposition of a large minority of the States.
>
> In the American system of government the right of democratic decision has never been identified with majority rule as such. The genius of the American system, unique I believe among the democracies of the world, is that it limits all power—including the power of the majority. Absolute power, whether in a king, a president, a legislative majority, a popular majority, is alien to the American idea of democratic decision.

> The American idea of a democratic decision has always been that important minorities must not be coerced. * * *
>
> When there is strong opposition, it is neither wise nor practical to force a decision. It is necessary and it is better to postpone the decision * * * to respect the opposition and then to accept the burden of trying to persuade it.
>
> * * * * *
>
> For a decision which has to be enforced against the determined opposition of large communities and regions of the country will, as Americans have long realized, almost never produce the results it is supposed to produce.
>
> The opposition and the resistance, having been overridden, will not disappear. They will merely find some other way of avoiding, evading, obstructing, or nullifying the decision. * * *
>
> For that reason, it is a cardinal principle of the American democracy that great decisions on issues that men regard as vital shall not be taken by vote of the majority until the consent of the minority has been obtained. Where the consent of the minority has been lacking, as for example in the case of the prohibition amendment, the democratic decision has produced hypocrisy and lawlessness.
>
> This is the issue in the Senate. It is not whether there shall be unlimited debates. The right of unlimited debates is merely a device, rather an awkward and tiresome device * * * to prevent large and determined communities from being coerced.
>
> The issue is whether the fundamental principle of American democratic decision—that strong minorities must be persuaded and not coerced—shall be altered radically, not by constitutional amendment but by a subtle change in the rules of the Senate.
>
> The issue has been raised in connection with the civil rights legislation. The question is whether the vindication of these civil rights requires the sacrifice of the American limitation on a majority rule. The question is a painful one. But I believe the answer has to be that the rights of Negroes will in the end be made more secure, even if they are vindicated more slowly, if the cardinal principle—that minorities shall not be coerced by majorities—is conserved.
>
> For if that principle is abandoned, then the great limitations on the absolutism and the tyranny of transient majorities will be gone, and the path will be much more open than it now is to the demagogic dictator who, having aroused a mob, destroys the liberties of the people. * * *

Mr. HOLLAND. Mr. President, in order to save the time of the Senate, I shall quote only certain portions of the article; and Senators can later read all of the article if they wish to do so.

Mr. Lippman wrote, in part, as follows:

> In the American system of government the right of democratic decision has never been identified with majority rule as such. The genius of the American system, unique I believe among the democracies of the world, is that it limits all power—including the power of the majority. Absolute power, whether in a king, a president, a legislative majority, a popular majority, is alien to the American idea of democratic decision. The American idea of a democratic decision has always been that important minorities must not be coerced.

He also wrote:

> For a decision which has to be enforced against the determined opposition of large communities and regions of the country will, as Americans have long realized, almost never produce the results it is supposed to produce.
>
> The opposition and the resistance, having been overridden, will not disappear. They will merely find some other way of avoiding, evading, obstructing, or nullifying the decision.
>
> For that reason—

And, Mr. President, I ask Senators to listen to the words of this distinguished historian, columnist, and philosopher, who is quoted much more often by liberal Members of the Senate than by Senators who are much more conservative—

> it is a cardinal principle of the American democracy that great decisions on issues that men regard as vital shall not be taken by vote of the majority until the consent of the minority has been obtained. Where the consent of the minority has been lacking, as for example in the case of the prohibition amendment, the democratic decision has produced hypocrisy and lawlessness.

And I quote again the third part of this particularly fine article:

> The issue is whether the fundamental principle of American democratic decision—that strong minorities must be persuaded and not coerced—shall be altered radically, not by constitutional amendment but by a subtle change in the rules of the Senate.

That article was written at a time when it was proposed to make a radical change in rule XXII. I hope my so-called liberal friends will listen particularly to the following part of the article:

> The issue has been raised in connection with the civil rights legislation. The question is whether the vindication of these civil rights requires the sacrifice of the American limitation on a majority rule. The question is a painful one. But I believe the answer has to be that the rights of Negroes will in the end be made more secure, even if they are vindicated more slowly, if the cardinal principle—that minorities shall not be coerced by majorities—is conserved.
>
> For if that principle is abandoned, then the great limitations on the absolutism and the tyranny of transient majorities will be gone, and the path will be much more open than it now is to the demagogic dictator who, having aroused a mob, destroys the liberties of the people.

Those quotations are from Mr. Lippmann's article in 1949.

In 1961, Mr. Lippmann wrote another valuable article—at a time when another debate in the field of civil rights was pending. Mr. President, I ask unanimous consent that excerpts from the article be printed at this point in the RECORD.

There being no objection, the excerpts from the article were ordered to be printed in the RECORD, as follows:

> The problem of the Senate, on the other hand, involves questions of high constitutional principle. The crux of the question is not whether the majority should rule but what kind of majority should rule. Shall it be a simple numerical majority of the Senators present and voting? Shall it be two-thirds of all the Senators elected? Or shall it be something between the two?
>
> Here lies the crux of the argument. What kind of majority shall have the right to end debate in the Senate, and therefore to bring about a vote? The kind of majority that has the power to do this has the power to legislate.
>
> The recognition that there may be various kinds of majorities is deeply imbedded in the Constitution. Simple majority rule—one more than half a quorum—is by no means the general principle of the Constitution. Constitutional amendments, the expulsion of Members, the overriding of the President's veto, require two-thirds of all the Senators elected. Treaties and impeachments require two-thirds of those present and voting. Why these variations? Because these are questions which involve the whole Nation, it may be for war. The Constitution requires that such grave decisions shall have a large not merely a simple majority.
>
> In my view it is important, indeed vital to our liberties, to preserve the principle that for great issues, for issues that affect deeply great regions or sections of the Nation, there should be required more than a simple majority. For we must never forget that majorities are not always liberal and that they may be quite tyrannical. It is, I have always thought, a short view of history to equate simple majority rule with the defense of the civil rights of Negroes. The civil rights of all Americans will be safer if within the Senate, which represents the Federal principle, we do not give absolute power to simple majorities.

Mr. HOLLAND. Mr. President, without imposing on the patience of the Senate, I wish to read one part of this article, which is just as important as the first one:

> In my view it is important, indeed vital to our liberties, to preserve the principle that for great issues, for issues that affect deeply great regions or sections of the Nation, there should be required more than a simple majority. For we must never forget that majorities are not always liberal and that they may be quite tyrannical. It is, I have always thought, a short view of history to equate simple majority rule with the defense of the civil rights of Negroes. The civil rights of all Americans will be safer if within the Senate, which represents the Federal principle, we do not give absolute power to simple majorities.

Mr. President, I thought it well to elaborate to some extent on this point, because in the first place I want it to be understood that the concept that the South is against cloture on all occasions and for any kind of a bill is not correct, and it was shown not to be correct by the vote which was taken a few days ago, and it has been shown not to be correct in every instance in the Senate in which cloture has been invoked.

The pity is that some Senators—because of their tremendous interest in the important subject of civil rights, according to their own notions of what constitute civil rights—have felt that all rights of minorities should be overridden, if necessary, by a simple majority, simply to get something done in the field of civil rights on the floor of the Senate. But, Mr. President, that does not accomplish anything in the field we are discussing now, because these problems exist in the minds of the men, women, and children who live in a great area of our Nation—one larger than most nations on the earth, an area in which 50 million people reside under all conceivable contacts—some in proximity to others, and some in areas remote from others. It is not proper to consider that question apart from the long established right as now controlled by the rewritten rule XXII—namely, that so long as it is not possible to obtain the affirmative votes of two-thirds of the Members of the Senate present and voting, a minority may not be shut off in connection with an issue as vital as this one.

Mr. President, I hope the Senate will, as a result of its cloture decision, move forward to a speedy decision on the main issue, which is whether our Nation shall take advantage of its chance to develop and to utilize one of the greatest inventions of our time, one of the great products of the genius of our independent industry and of our Nation as such, and will show, by so doing, that we are not willing to waste our time and the time of the Nation on idle talk here on the floor of the Senate, when, as my distinguished friend, the Senator from Ohio [Mr. LAUSCHE], has said—and it was true on that day—the Russians were orbiting while we were filibustering. There could not be a more eloquent summation of the supineness and futility in which these debaters—who are so good at their business, and my hat is off to every one of them—have indulged in this long, drawnout argument, in which they have participated on three occasions, and in which they have been successful twice, but now have not been successful in trying to frustrate the will of the Senate as a whole.

And, Mr. President, I point out that that was not after bringing to the floor of the Senate a measure upon which there had been no committee approval, but it was after having brought to the floor of the Senate a measure which, after long hearings, had the approval of all of the members of the 15-member Space Committee, whose business it is to familiarize themselves with this space activity of our Nation and of our independent industries, and also had the approval of 15 of the 17 members of the Commerce Committee, after long additional hearings; and also had the support of 13 of the 17 members of the Foreign Relations Committee, after additional hearings.

So, Mr. President, why are we willing to give the Nation such a spectacle of ourselves, particularly in choosing what has proved to be a time when the effort of our great adversaries in the world to attract and persuade the minds of men to their way of thinking was being made in so colorful a way, in their attempt to exploit the advantages of their peculiar efficiency in this field, although in this communications field we have an efficiency which they have never dreamed of, and never have attained, in connection with a discovery which is of such great import to men all around the earth; and yet at that very time we were squabbling among ourselves over the question of whether the bill should be passed.

Mr. President, I hope that this precedent of voting cloture in such a manner will be followed if necessary when there is a matter which addresses itself to the conscience of the Nation as a whole as being a matter of the gravest importance to our Nation, and when we may move ahead only in that way.

I hope these remarks will also clearly show what has been the record of the South in this field.

Mr. DOUGLAS. Mr. President, I ask for the floor on a matter of personal privilege. The Senator from Florida began with an attack on the Senator from Illinois and then continued with a lengthy speech of self-justification. I therefore ask that I may have the floor on a matter of personal privilege.

The PRESIDING OFFICER. Is the Senator from Illinois asking for the floor outside of the regular hour that would be permitted under the rule?

Mr. DOUGLAS. I thank the Chair——

The PRESIDING OFFICER. It is the opinion of the Presiding Officer, after consultation with the parliamentarian, that the Senator from Illinois is entitled to the floor outside the time, with the admonition that any remarks must be germane solely to the point of personal privilege.

Mr. KUCHEL. Mr. President, may I ask a parliamentary inquiry?

The PRESIDING OFFICER. If the Senator from Illinois will yield for that purpose.

Mr. DOUGLAS. Mr. President, I desire to be very cooperative, but since I have been attacked by the Senator from Florida, I would appreciate it if I might reply without having foot faults called against me, especially since the Presiding Officer has ruled that I am entitled to the floor outside of the time assigned on the bill. I hope my good friend from California, therefore, will desist from raising any point of order. If later he wishes to make the point, he may do so.

The Senator from Florida began with a personal attack on the Senator from Illinois, and then continued with a lengthy speech of self-justification.

First, let me clarify my attitude toward the Senator from Florida. I have never said he was the worst Senator in the U.S. Senate. Quite the contrary—I have been careful to say there are many Senators who, in my judgment, were worse Senators than the Senator from Florida.

May I also say that I have never said the Senator from Florida was the most obdurate Senator from south of the Mason-Dixon line in the matter of civil rights. I recognize the fact that upon occasion the Senator from Florida has brought forth an innocuous measure. This was the case with the repeal of the poll tax by constitutional amendment. He well knew this had been refused by the House in a previous session, and that it was being condemned to a state of innocuous desuetude in the present session, and that in all probability it would not be submitted to the States, or, if submitted to the States, would never be ratified by the necessary three-quarters of the State legislatures.

What the argument of the Senator from Florida seems to boil down to is that in the past—back in the dim past—the Senators from the South have upon occasion voted for cloture on other than civil rights matters, and that every cloture that has been put into effect has been put into effect in the past with the cooperation of the southern Senators.

I have not had occasion to examine the RECORD as closely as has my good friend from Florida, but if we accept his statement as true, they boil down to the point, first, that cloture in the Senate cannot be obtained without the consent of the southern Senators; second, that the southern Senators and their allies will never permit cloture under present rules when any vital question of civil rights comes up. That is the whole gist of the situation, and I think the Senator from Florida has accurately described it.

The Senator from Florida has referred to some quotations from a friend of mine, Mr. Walter Lippmann. He never made quite clear which were Mr. Lippmann's statements and which were the statements of the Senator from Florida, but he at least quoted them with approval. I think he quoted Mr. Lippmann to the effect, and with approval, that "important minorities must not be coerced." I only wish the Senator from Florida really believed in that, because that really means important minorities should not be coerced, but he permits the coercion of millions of colored citizens in the South who are not permitted to vote, who do not get a fair share of employment, who are denied equal opportunity in employment, whose children are denied equal opportunity for unsegregated education. There was not a word about that. No; it is only the ruling white oligarchy of the South of whom he makes mention. It reminds me of what Thomas Paine said about Edmund Burke—"He pities the plumage, but forgets the dying bird." This is precisely the attitude of the Senator from Florida.

It is true that not only have I advocated ultimate majority rule in the Senate, after full and extended debate, and have been one of the sponsors of the so-called change in rule XXII, but it is also true that, in connection with the atomic energy bill of 1954, I voted for cloture. That is true. I did so at that time in the belief that if one applied cloture across the board, to those with whom one agreed as well as those with whom one did not agree, possibly the sincerity of our position would appeal to our southern friends and to their allies, and that we could get a possible resolution of this issue.

I am sorry that in the 8 years that have passed my faith in human nature has been disabused. Time after time I have seen cloture refused by the southerners and their northern allies on both sides of the aisle, but particularly on the other side of the aisle, so that until today we are unable to get a vote on civil rights measures.

Though I kept aloof from the battle in its early stages, both because I had not made up my mind as to where the equities lay and because I was busy on the tax bill and on the trade expansion bill, nevertheless, as I listened to the debate, and as I tried to ask questions, and the only ones who answered them were the opponents of the bill, I came to the conclusion, first, that more time was needed to discuss the bill and, second, that there were grave faults with the bill with which I could not reconcile my conscience.

I have felt, as I have said twice before, that when in the Senate the rules have been used against those who believe in civil rights and against what we at least regard as progressive legislation, I was not then going to strip the Senator from Oregon and the two Senators from Tennessee and their associates of the weapons that they now have under the rules. I was not going to disarm them of their limited weapons when they came into the Senate with the opposition heavily loaded with weapons, controlling the machinery of the Democratic Party in the Senate, and getting the virtually unanimous support of the Republican Party.

Mr. President, if you charge me with inconsistency, I will have to say that the harsh experiences of the Senate have taught me that in this world, and in the Senate, one must preserve and utilize weapons of the flesh if one is to defend the freedom of the spirit.

So I make no apology for my vote against cloture a few days ago. I am ready to go before the people of my State, and before the people of the country, and defend that vote.

I want to say that I am eternally grateful to this small band of Senators who, against the pressures of other Senators, against the denunciations of the Democrat leadership, both the leader and the whip, and against the solid opposition of those on the other side of the aisle, stood firm and steadfast. While I was not one of them, as I watched the attack go on, I felt I could not disarm them. Now I feel spiritually akin to them and have resolved to walk with them the rest of the way and to do so with pride and fellowship.

Mr. President we get somewhat hardened by life. Life teaches us many tough lessons. I have always believed, throughout my life, in peace and good will, and in the ability of good will to melt opposition, and to dissolve, not rid. I still hope that good will is a force in the world but I have become sadly weakened in that belief by the years I have spent in the Senate.

I shall try to be gentlemanly. I shall try to be courteous. I shall try not to take any unfair advantage of others, but I say that I will not strip from minorities the protection now afforded by the rules of the Senate, though I shall press on to change the rules so that after full and free debate—and I emphasize those words—a majority can decide.

That is what the Senator from Oregon has been contending for. That is what all other Senators in his group have been contending for. That is all I am contending for. That is the goal for which we have been contending.

In our proposed changes in rule XXII, we would provide that cloture could only be effective 15 legislative days after the petition had been filed, which would provide at least 2½ weeks of full debate. We do not propose to change the provision that the opponents of cloture could oppose both a motion to consider a bill and a motion to pass a bill, so, if they wished to, they could take at least 5 weeks. Of course, we would never file petitions on the first day of debate, but would wait for some time, so in all, probably, there would be permitted from 6 to 8 weeks of debate.

I can say, as one humble member of the civil rights bloc, once cloture were voted we would never move to shut off discussion by a tabling motion. We would permit Senators to talk for the full hour each would be allotted. I want to pledge myself to that.

I must say that I was shocked by the attitude of the majority in not discussing the amendments offered by the two Senators from Tennessee and by the Senator from Oregon. Some of those amendments, I think, were good amendments. I could not make up my mind as to all of them, but I wanted to hear a discussion on them, so that we could all know. But the representative of the majority would get up immediately and move to table the amendment, without offering any defense as to why he was moving to table the amendment. The guillotine would operate. The bipartisan combination which rules this Senate would then swing into action. All the Republicans on the other side would vote to table. The leadership followers on this side of the aisle would vote to table. The juggernaut would roll on.

Mr. PASTORE. Mr. President, will the Senator yield at that point for just a moment?

Mr. DOUGLAS. I am glad to yield.

Mr. PASTORE. As a matter of fact, we had a discussion with the distinguished Senator from Pennsylvania [Mr. CLARK]. We had an understanding that we would allow all Senators to speak all they wished before the motion would be made.

Mr. DOUGLAS. On that motion, yes.

Mr. PASTORE. Yes.

Mr. DOUGLAS. I am referring to the procedures followed in the past 2 days. Then the guillotine fell immediately.

It reminded me of Dickens' "Tale of Two Cities," when Sydney Carton was being put in the tumbrel and led to execution. He was brought out to the guillotine, where the women were sitting beside the guillotine, in the Place de la Concorde—so inappropriately named—and were knitting. As one person after another was led out, and had his head chopped off, the women would count, "one," "two," "three." When it came to the girl who preceded Sydney Carton, they counted "22." Then Carton's turn came, and they counted, "23."

I suppose that is how the expression "23" crept into slang idiom.

I have watched the galleries of the Senate, and I have watched the Members of the Senate, smiling with approval—not knitting, but giving approval—as the guillotine fell, as amendment after amendment of the Senator from Oregon and the Senators from Tennessee were guillotined.

I want to tell my friends that if we ever change rule XXII, so far as I am concerned I shall use what little influence I have to see to it that not only the Senators have an opportunity to state their amendments, but that reasoned replies will be made with respect to those amendments.

Mr. PASTORE. Mr. President, on that very point will the Senator yield again?

Mr. DOUGLAS. I am glad to yield.

Mr. PASTORE. The Senator addressed a letter to me, which was a complicated letter. I have an answer. I am going to put it in the RECORD.

Mr. DOUGLAS. That is very nice.

Mr. PASTORE. As the Senator well knows, under the rule relating to cloture, a Member of this body has 1 hour. The Senator in charge of the bill has 1 hour, like every other Senator. Nearly 200 amendments have been submitted. How in the world can I answer every Senator on this floor, without remaining mute after replying with respect to two or three amendments?

Mr. DOUGLAS. May I say that I have deep respect for the Senator from Rhode Island.

Mr. PASTORE. The Senator is making an allegation. We will now answer.

Mr. DOUGLAS. The Senator from Rhode Island was not the only sponsor of the bill. He had the very able Senator from Oklahoma, the uncrowned king of the Senate, on his side. [Laughter.] The Senator from Oklahoma could have spoken up. There were other Senators who could have spoken up. The leader and the whip could have spoken up. They threw upon the Senator from Rhode Island the disagreeable task of using the guillotine, which is so contrary to his considerate nature.

Mr. PASTORE. Please do not make me the object. I left my knitting back home. [Laughter.]

We have not used the guillotine on anybody.

Mr. DOUGLAS. The guillotine was used no less than 15 times.

Mr. PASTORE. We moved to table amendments, exactly as has been done time and time again. Guillotine is a nice word to be using around the Senate, but I wish to say to the Senator from Illinois, as to the application of the guillotine, when I reach even half his age I hope that I may look as well as he does now.

Mr. DOUGLAS. I thank the Senator very much. If the Senator will keep a clear conscience, he will.

Mr. MORSE. Mr. President, will the Senator yield for half a second?

Mr. DOUGLAS. I yield.

Mr. MORSE. There was not anything to stop any one of the opponents of the bill from replying to us for a reasonable period from the hour allocated to each Senator, was there?

Mr. DOUGLAS. That is the point.

Mr. MORSE. We are going to close this debate, as the record at the Parliamentarian's desk will show, with many of the proponents of the bill having used practically none of their time.

Mr. DOUGLAS. With the exception of the very able speech by the senior Senator from New Hampshire [Mr. COTTON] no one rose on that side of the aisle, other than, I think, once or twice the Senators from New York for brief interjections.

I congratulate the senior Senator from New Hampshire for his readiness to air his views. He spoke in a reasonable and sensible fashion.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. Let me finish my paragraph, and then I will yield.

Mr. PASTORE. Very well. That does not involve me.

Mr. DOUGLAS. I again wish to congratulate the senior Senator from New Hampshire [Mr. COTTON]. He made a reasoned statement in behalf of the bill. I went over to listen to him. I congratulated him, at the conclusion of his remarks. I wish that the other defenders of the bill had followed his example.

I now yield to the Senator from Rhode Island.

Mr. PASTORE. I am the Senator who reported the bill. I have been in charge of the bill. I came on the Senate floor and explained the bill. I have been in this Chamber day in and day out, with the exception of the short time when I was at Bethesda, because of a little illness. I have been on this floor. I have answered questions.

No Senator asked me any questions I did not answer. When I came on this floor there was only a coterie of people opposed to the bill. I made an opening statement. I gave an explanation of every section in the bill. I was in the Chamber, ready to answer questions. No Senator asked me questions.

Now Senators come in to say that no one ever explained the bill. Of course it was explained. It was explained when the bill was made the unfinished business, when it was made the pending business. I made an opening statement on that day. I explained the bill, and I put into the RECORD an explanation of every section.

No Senator was here to ask me questions. The Senator from Illinois was not in the Chamber then. Now the Senator comes in and says that the proponents have said nothing about this bill. That simply is not so.

Mr. DOUGLAS. Mr. President——

Mr. PASTORE. That simply is not so.

Mr. DOUGLAS. The Senator from Rhode Island has alluded to some private correspondence I had with him. Therefore, I think it is appropriate to mention the fact that when the junior Senator from Tennessee had the floor about 2 weeks ago I addressed a series of technical questions to him, which he answered.

I was not certain that the Senator had answered the questions correctly. Therefore, I sent the text of my questions and the replies by the junior Senator from Tennessee to approximately 30 Members of the Senate, including the ranking Republicans and Democrats on the Committee on Interstate and Foreign Commerce, which was the committee which had dealt with the bill. I asked them if they would reply to these issues in order that I might form a clearer judgment of the matter. I also said that I was concerned about who would actually control the corporation which was to be set up.

I had a reply from one Senator, the great Senator from Texas, who went into the question with great care. He took hours, apparently, to reply. I shall be glad to make our correspondence a part of the RECORD. He corrected one or two statements which the junior Senator from Tennessee had made. He made a most valuable contribution.

Mr. President, I ask unanimous consent that my letter and the list of Senators to whom I addressed the letter, and the reply made by the Senator from Texas [Mr. YARBOROUGH], who is in the Chamber now, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? Without objection the material will be printed in the RECORD.

(See exhibit 1.)

Mr. PASTORE. Mr. President, will the Senator allow me to add, after that, the letter he sent to me, together with the answer I make?

Mr. DOUGLAS. When did the Senator reply?

Mr. PASTORE. I did not reply. I am going to put it in the RECORD.

Mr. DOUGLAS. Yes; after the debate is over.

Mr. PASTORE. What does the Senator mean by saying "after the debate is over"?

Mr. DOUGLAS. We know what will happen.

Mr. PASTORE. The Senator sent me a letter the latter part of last week. Specifically, it was dated July 31, and received in my office on August 2. I have been in the hospital. I came back here Tuesday. Cloture was applied. When could I do it?

Mr. DOUGLAS. Mr. President, I will be delighted——

Mr. PASTORE. When could I do it?

Mr. DOUGLAS. I will be delighted to have the projected reply of the Senator from Rhode Island put into the RECORD. I would be just delighted to have it.

The PRESIDING OFFICER. The Senator from Illinois is admonished that he is not speaking on the subject with respect to which he obtained unanimous consent, that is, a point of personal privilege, in order to reply to the Senator from Florida.

Mr. KERR. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. The Senator from Illinois did not procure the floor by unanimous consent. He procured it on a ruling of the Chair. I agree with the Chair that the Senator is not speaking consistently with the request that he made and the ruling given.

The PRESIDING OFFICER. The Chair will say to the Senator from Oklahoma that it is not the ruling of the Chair that the Senator from Illinois or any other Senator may speak on his own time. The Chair treated it as a unanimous-consent request, and if a point of order had been made, it would have been submitted to the Senate. The Chair is not prepared to rule on whether or not a question of personal privilege can be raised outside the cloture rule.

The Chair feels that under the provisions of rule XIX any Senator is not without recourse even if a question is raised and the cloture rule is applied. So the Chair treated the request of the Senator from Illinois as a unanimous-consent request, and no objection was heard.

The Chair is grateful to the Senator from Oklahoma for giving the present Presiding Officer an opportunity to clarify that position. No ruling has been made on the question.

Mr. KERR. Mr. President, I say in deepest respect for the Presiding Officer that I sat here when the Senator from Illinois made his request. I heard no evidence whatever that it was a unanimous-consent request. This is the first intimation that the Senator from Oklahoma has had of such a request. He feels that the Chair is perfectly capable of making a ruling. He is perfectly capable of presiding. He is perfectly capable of determining whether or not the Senator from Illinois is speaking on a point of privilege and whether he is doing so either by unanimous consent or a ruling of the Chair.

Mr. DOUGLAS. Mr. President, since I am involved, may I submit a hypothetical question?

Mr. MORSE. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Illinois may do so.

Mr. MORSE. Mr. President, I raise a point of order.

Mr. DOUGLAS. I wish to comply with the ruling of the Chair. I would like to submit a hypothetical question so I may know how to adjust myself.

The PRESIDING OFFICER. The Senator may proceed in the time of the Senator from Illinois.

Mr. DOUGLAS. Has it now been decided that I am not speaking on the point of personal privilege?

The PRESIDING OFFICER. Thus far the Senator from Illinois has not been charged with any time under the cloture rule, because it was the impression of the Chair that the Senator was answering the Senator from Florida under the unanimous-consent request.

Mr. DOUGLAS. Mr. President, has any motion been made to strike my remarks from the RECORD?

The PRESIDING OFFICER. No. The Chair interrupted the Senator from Illinois because there had been an admonition that he must speak only on the subject of personal privilege.

Mr. DOUGLAS. Mr. President, I would like to obtain a ruling on that point.

Mr. MORSE. Mr. President, will the Senator yield? I suggest that he is now on his own time.

Mr. DOUGLAS. Suppose I should discuss the recent vote on the Morse-Clark amendment, because the Senator from Florida did so: Would that be regarded as a reply on a matter of personal privilege or a speech on the bill?

The PRESIDING OFFICER. The Chair is not prepared to answer any general statement such as that. The Senator's time has not yet been charged, but it was the impression of the Presiding Officer that the Senator from Illinois was embarking into areas that were related to the bill that is before the Senate rather than to the point of personal privilege that was raised.

Mr. DOUGLAS. Mr. President, may I ask how much time I have remaining on the bill?

The PRESIDING OFFICER. The Senator has consumed 28 minutes.

The Senator has 32 minutes remaining.

Mr. DOUGLAS. Mr. President, in order to remove any possibility of doubt in the matter, I abandon my request for personal privilege and am willing to speak on the bill.

Mr. MORSE. Mr. President, the Senator from Oregon wishes to raise a point of order.

Mr. DOUGLAS. I hope that this time will not be charged to me.

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Oregon?

Mr. DOUGLAS. I yield, with the understanding it is not charged to my time.

The PRESIDING OFFICER. The Senator still has time under what the Chair recognized as a unanimous-consent request. Does the Senator yield to the Senator from Oregon for a point of parliamentary inquiry?

Mr. DOUGLAS. Would this be under the unlimited time granted to me as a matter of personal privilege?

The PRESIDING OFFICER. Does the Senator yield the floor?

Mr. MORSE. Mr. President, the Chair is in error. I raise a point of order in regard to the position that the Chair has taken. We cannot be presided over and be prevented from raising a point of order against wrong rulings of the Chair. No Presiding Officer can sit in the chair and take our rights away and charge us with time when we raise a point of order. I wish to raise a point of order.

The PRESIDING OFFICER. The Senator has not been charged with time. No Senator has been charged with time during the course of the debate. The Senator from Illinois has the floor.

Mr. DOUGLAS. Mr. President, I would like to proceed.

The PRESIDING OFFICER. The Senator from Illinois has asked for the floor in his own right, the time to be counted under the 32 minutes remaining to him.

Mr. DOUGLAS. Mr. President, I should like to proceed.

Mr. MORSE. Mr. President, I ask the Senator to yield 1 minute of his time to me.

Mr. DOUGLAS. Mr. President, if the Chair thinks at any time that I am not speaking on the point of personal privilege, I hope the Chair will call me to account and I will start to speak on the remainder of the hour that has been assigned to me. But please permit me to go ahead, if I may.

Mr. FULBRIGHT. Mr. President, is the Senator proceeding under his own time or not?

The PRESIDING OFFICER. It was the impression of the Chair that the Senator from Illinois was now asking to proceed under the time remaining to him on the bill. There is nothing that the Chair can do to prevent the Senator from saying anything he chooses in the 32 minutes remaining to him.

Mr. DOUGLAS. Mr. President, I wish to withdraw my request that I speak as a matter of personal privilege. I simply ask to be recognized on the basis of the 32 minutes remaining.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. HOLLAND. Mr. President, will the Senator yield to me?

Mr. DOUGLAS. No, I will not yield on my own time. From now on I have to yield on my own time.

Mr. MORSE. Mr. President, will the Senator yield 1 minute of his time to me?

Mr. DOUGLAS. No, I cannot do that.

Mr. PASTORE. He cannot do so without unanimous consent.

Mr. DOUGLAS. Mr. President, having refused the Senator from Florida, I cannot grant the request of the Senator from Oregon.

The PRESIDING OFFICER. The Senator cannot yield without obtaining unanimous consent except for a question.

Mr. DOUGLAS. I am trying to comply with the rules of the Senate and to be more than obliging to everyone.

Mr. MORSE. The rules do not permit the setting up of a dictatorship.

The PRESIDING OFFICER. The Senate will be in order.

Mr. PASTORE. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DOUGLAS. I hope I do not get into a quarrel with my friends here.

Mr. President, both the vote on cloture and the vote on the fair employment practices amendment were extremely interesting. They indicate the basic political forces in the Senate, although I do not think they represent the basic political forces in the country. I have previously analyzed the vote on the cloture, and correctly, I think, pointed out that that was a composite of four forces, including an almost solid group of Republicans voting for cloture—34 out of 36 Senators, except the Senator from Arizona [Mr. GOLDWATER] and the Senator from Texas [Mr. TOWER]. It was also composed of the leadership faithfuls. It was also composed of 18 of the 24 southern Senators plus a group of 5 Senators who believe in doing good for evil.

The last vote on civil rights is extremely interesting. I have tried to get an accurate rundown on it but I have had some difficulty in compiling it because some Senator came to the desk and whispered their reply instead of stating it openly. I might have misunderstood their whispers. As I understand it, the vote was 54 against fair employment practices and 37 for. This was the payoff vote. First, let me consider the other side of the aisle. If I am in error I wish to be corrected. My record shows that there were the following Republican Senators who voted for fair employment practices and against tabling: BEALL, CASE, COOPER, FONG, JAVITS, KEATING, KUCHEL, MORTON——

Mr. KEFAUVER. Yes.

Mr. DOUGLAS. And SCOTT. This adds up to nine. My record shows that there were at least three Republicans absent. Of the 36, therefore, the Republican vote was 24 to 9 against the civil rights amendment or nearly 3 to 1 despite the pledge in the Republican Party platform that the Republican Party would do everything it could to further fair employment practices and would do so by legislation.

Mr. KEFAUVER. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOUGLAS. I wish to commend the nine Republican Senators who voted in behalf of their party platform. I think their names should be on the roll of honor. I regard them as the fair flowers of their party. I hope that in the course of time they may be able to convert their erring brethren, or cross the aisle and join us.

I should also like to pay tribute to the two great Senators from Tennessee, a border State, and probably more southern than it is northern. They had the courage to vote against tabling and to vote for fair employment practices.

I will also include in the list the great senior Senator from Texas [Mr. YARBOROUGH]. I think these men took political risks which are tremendous in nature. They deserve not only praise, but also the active support of the people of this country. I would remind the Senate that of the 30 Democrats voting against civil rights, 21 came from the South and border States, including Oklahoma as a border State. The leadership was only able to win this measure by bringing into their camp nine northern and western Democrats who chose to disregard the pledges in their platform and to follow the leadership instead. They were few in number but they turned the tide. I will make no comment on their motives or on their character, except to say that the keeper of the books both in heaven and on earth will note the votes. I am proud that 25 northern or western Democrats voted for civil rights and that they formed approximately three-fourths of the northern and western Democrats who voted.

What happened in this vote has been going on in the Senate for a long time. It is an alliance between the overwhelming proportion of southern Democrats and the overwhelming proportion of northern and western Republicans, with a sprinkling of Democrats either from the southwest or if those who go along with the leadership, which has made this and other implicit agreements with the Republican leadership.

This is the bipartisan coalition or unholy alliance which dominates the Senate. It is the force which defeated health care for the aged, when 20 of the 24 Senators from the South voted against the President's program and joined with the Republicans to defeat that measure. It is well to recognize this simple fact. We do not have two political parties.

We have four political parties. We have the great mass of northern and western Democrats who are committed to civil rights and a progressive policy.

We also have the great mass of southern Democrats, excellent people individually, including my good friend from Florida—he is very kind individually—who are committed, with a few honorable exceptions such as the great Senators who voted with us today, to opposing civil rights and to opposing what we at least regard as progressive legislation.

Then on the Republican side we have the overwhelming mass of Republicans who vote with the conservative southern Democrats, at least three-fourths and possibly four-fifths of them on every rollcall.

Finally we have the small but gallant band of noble Republicans who try, ineffectually, to moderate the principles of their party and who oppose going back to the days of U. S. Grant.

That is the party lineup. The people of the country might as well know it, and we might just as well decide on which side we will be. That is the issue. No personal animus is involved in these matters. These are simply the facts.

We Democrats of the North and of the West, who fight for what we regard as progressive measures, also represent the great mass of the population of the country. The men who stand against us represent either States in which a large proportion of the population is barred from voting—the black population—and in five States the poor whites as well, because of the poll tax, or represent the small States with small populations. Those from the big industrial States, which have had some experience with this situation, stand relatively united in behalf of the progressive platform of our party. We do not count for much in the Senate. We do not have seniority. Almost none of our Members holds a chairmanship.

The organization of our party in this body is loaded against us. The personnel of the staff is not politically friendly to us. I am sorry to say that our senatorial party is loaded against us. We are in a sense pariahs. However, when election time comes around, they want our help, because they know that the Democratic Party cannot elect a President without the great industrial States. And if we cannot carry the industrial States, we lose the Senate and the southerners will not be chairmen of the committees. Then the national party comes around and asks for our help, and they put clauses in the platform pledging themselves to progressive steps such as civil rights. The bipartisan oligarchy will, however, sit back and say, "Oh, yes, that is only a party pledge. Wait until we get them in the Senate. Then we will cut their throats."

We have just seen another illustration of this. For despite the pledges of both parties the majority has turned down fair employment practices. I think it is about time that we shed this hypocrisy and got down to the real issues and real facts. I make an appeal to the noble Republicans on the other side of the aisle to join with us in as many of these measures as possible. I make an appeal to the Democrats of the North and the West to get a leadership which will stand for these principles, not merely when we adopt a platform at convention time, not merely in the months preceding a presidential election, but also when the real test comes, on the floor of the Senate and on the floor of the House.

The American people are not fools. They are not going to be deceived by this present sham battle between the basically united leadership on both sides of the aisle. They see through the unholy alliance. The press does not always make it clear, but there are many very honest reporters and many very honest newspapers who do make it clear.

This will be the issue in the coming years. It is the basic issue inside our party. On which side do we stand? It is also the issue inside the party on the other side of the aisle. I hope this discussion may have served to increase realism in this situation.

In conclusion, let me say that I have no animus against anyone. One can differ on issues and yet respect opponents as individuals. I shall try not only to be courteous but friendly and to go out of my way to be obliging. I shall take many steps in conciliation. I shall give up many rights and privileges, but I will not disarm myself in a world of force; and, so far as I am concerned, I will not permit others to be disarmed if I can help it.

Mr. President, I yield the floor.

EXHIBIT 1

JULY 31, 1962.

Hon. RALPH YARBOROUGH,
U.S. Senate, Washington, D.C.

DEAR RALPH: I am taking the liberty of enclosing some tearsheets from the CONGRESSIONAL RECORD for yesterday in which I asked a series of technical questions of Senator GORE relative to the space communications bill. If you have leisure, I would appreciate it if you would be willing to read my questions and his answers.

I have not fully made up my mind on this matter but I believe there are fundamental issues which need to be cleared up, and it was with that purpose that I addressed these questions to Senator GORE. It is my belief that they are of sufficient importance that the proponents and opponents of the bill should seek to answer them either in speeches on the floor or in response to questions addressed to them.

I hope that the members of the committee and the leadership in charge of the bill, which I take it is bipartisan in nature, will be ready to discuss these matters, and it is my hope that this be done. Just as I have asked these questions of Senator GORE, one of the leading opponents of the bill, it is my intention to ask them of the sponsors of the bill so that we may find out what the agreed facts are and what the points of difference may be.

I think we can make the discussion of this bill a very helpful and educational one and I am quite confident that this is your purpose as well as mine.

With all best wishes.

Faithfully yours,

PAUL H. DOUGLAS.

LIST OF SENATORS AND NEWSPAPERS TO WHOM QUESTIONS WERE SENT

REPUBLICANS

1. Senator KENNETH KEATING, July 31, 1962.
2. Senator HUGH SCOTT, July 31, 1962.
3. Senator THRUSTON MORTON, July 31, 1962.
4. Senator CLIFFORD CASE, July 31, 1962.
5. Senator NORRIS COTTON, July 31, 1962.
6. Senator JOHN MARSHALL BUTLER, July 31, 1962.
7. Senator EVERETT M. DIRKSEN, July 31, 1962.

DEMOCRATS

1. Senator HUBERT HUMPHREY, July 31, 1962.
2. Senator GALE W. MCGEE, July 31, 1962.
3. Senator VANCE HARTKE, July 31, 1962.
4. Senator CLAIR ENGLE, July 31, 1962.
5. Senator STROM THURMOND, July 31, 1962.
6. Senator GEORGE SMATHERS, July 31, 1962.
7. Senator E. L. BARTLETT, July 31, 1962.
8. Senator RALPH YARBOROUGH, July 31, 1962.
9. Senator FRANK J. LAUSCHE, July 31, 1962.
10. Senator WAYNE MORSE, August 2, 1962.
11. Senator ESTES KEFAUVER, August 2, 1962.
12. Senator JOHN O. PASTORE, July 31, 1962.
13. Senator WARREN G. MAGNUSON, July 31, 1962.
14. Senator A. S. MIKE MONRONEY, July 31, 1962.
15. Senator MIKE MANSFIELD, July 31, 1962.
16. Senator WILLIAM PROXMIRE, August 1, 1962.
17. Senator PHILIP A. HART, July 31, 1962.

NEWSPAPERS

1. Chicago Sun-Times, July 31, 1962 (two letters).
2. St. Louis Post-Dispatch, July 31, 1962.
3. New York Times, July 31, 1962.
4. Chicago Daily News, July 31, 1962.
5. Mr. Marquis Childs, July 31, 1962.
6. The Washington Post, July 31, 1962.
7. The Washington Star, Aug. 1, 1962.
8. Illinois State Register, July 31, 1962.

WASHINGTON, D.C.,
August 10, 1962.

HON. PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR PAUL: Thank you for your thoughtful letter concerning Senate debate on the communications satellite bill. I, too, feel the debate on this bill should seek to clarify and explain this technical and most complex development in international communications, not obfuscate the important issues at stake here.

I have reviewed your colloquy with Senator GORE on the communications satellite bill and am submitting summary answers to your questions, which I hope will be helpful. I compliment you on your usual dispassionate and careful examination of the pros and cons of the satellite legislation. I wish that every person concerned were as meticulous and conscientious a student of this legislation as you have been.

Sincerely yours,

RALPH W. YARBOROUGH.

P.S.—The attached questions and answers were prepared by my staff and other staffs under my direction. These are composite answers, for brevity. Full explanations would require many pages.

R.W.Y.

Question. Are there two rival communications satellite systems?

Answer. Yes, there is the low-orbit system in which the satellites orbit between 3,000 and 5,000 miles. Examples of such a system are the NASA Relay Project and A.T. & T.'s Telstar; the other system is a high-orbit synchronous satellite system in which the satellites follow a synchronized orbit 22,300 miles out in space. NASA's project Syncom is investigating the research and development of such a high-orbit satellite system. All three systems are in the research stage of development and require a great deal of study before we can settle upon one system as the best.

Question. How many satellites would be needed to permit full coverage of the world with a low-orbit system?

Answer. At the altitude at which Telstar is orbiting the earth 40 randomly placed satellites would be required; a high-orbit system would require 19 randomly placed satellites; if it were possible to place the satellites precisely in controlled orbit at 22,300 miles only 3 satellites would be needed.

Question. How much has been spent by NASA and the Department of Defense on communication satellites?

Answer. The direct expenditures of NASA and the Department of Defense for communications satellites will total $471 million through fiscal 1963.

Question. How much of this sum was spent by NASA and how much by the Department of Defense?

Answer. Since the Advent communications satellite system has been transferred to the Air Force from the Army at considerable loss, and NASA has not spent in fiscal 1962 all the money authorized for communication satellites, it is impossible to give any firm estimates of how much has been spent by these two agencies on communication satellites.

Question. What is the direct cost of Telstar to A.T. & T.?

Answer. Mr. James E. Dingman, executive vice president for A.T. & T. testified that A.T. & T. has already spent over $25 million on both the ground station at Andover, Maine, and for research and development of the Telstar satellite. The $50 million figure is the estimated total cost of the Telstar experiment. Based on the $25 million figure, the Government expenditures for communication satellites are about 19 times as great as those at A.T. & T.

Question. What is the direct cost of launching a Telstar satellite?

Answer. Approximately $3 million ($2.5 million for the Thor-Delta booster and $500,000 for support activities).

Question. How many satellites would be needed for a high-orbit system moving synchronously approximately 22,300 miles out in space?

Answer. Three to five.

Question. What is the difference between the cost of a low-orbit and high-orbit satellite system?

Answer. A conservative estimate of the cost of the two systems is $200 million for the three satellite high-orbit system and $500 million for a low-orbit system employing 40 satellites.

Question. Is there an estimate of the thrust necessary to put up a high-orbit synchronous satellite of 22,300 miles out in space?

Answer. No firm, reliable estimates have been made.

Question. Has NASA suspended research and development of the high-orbit Syncom satellite system?

Answer. Definitely not, NASA is continuing to pursue this system; the Department of Defense has reoriented and transferred the high-orbit Project Advent from the Army to the Air Force; this transfer has resulted in substantial monetary loss for which there are no firm estimates. Some people may have confused this action with the development of the NASA Syncom project which is continuing full steam ahead.

Question. Does the proposed bill assume that a low-orbit system will be the first operational communication satellite system?

Answer. Not necessarily, technical witnesses have refused to state without qualification, that, at the present level of research and development, one particular system should be developed to the exclusion of competing alternatives.

Question. How many useful minutes of broadcast time are provided between Europe and the United States by Telstar?

Answer. The path of Telstar is an eccentric orbit, thus the amount of useful broadcast and transmission time varies with the orbital path. Roughly 15 to 20 minutes of usable time are provided by Telstar.

Question. How many satellites would be required for full coverage of the North Atlantic community?

Anwer. Full coverage in a low-orbit system would require 40 satellites the same as is required for complete world coverage, because of the rotation and revolution of the earth.

Question. How much do ground stations for a communication satellite system cost?

Answer. The A.T. & T. ground station at Andover, Maine, cost $10 million, but it is the first such station and later ones would reasonably be expected to be less.

Question. How many ground stations would be required for full coverage of the Atlantic community nations?

Answer. This would depend upon the extensiveness and level of developments of the existing ground communications network in the nations involved. If there is a good system as in the United States, several stations would be sufficient, perhaps two would be adequate for coverage of the United States.

Question. Does this legislation mean that the U.S. Government gives up any right to have a complementary system or competing system?

Answer. There is no doubt that military requirements for space communications will necessitate the existence of a separate system designed to fulfill military needs.

Question. Is A.T. & T. committed to the development of a low-orbit communications satellite system to the exclusion of other systems?

Answer. Mr. Dingman, executive vice president of A.T. & T., testified that A.T. & T. has no commitment to any particular kind of satellite system; they have simply proposed before the FCC that A.T. & T. proceed with the so-called medium altitude satellite system; so that the United States can be first to have an operational system.

Mr. HOLLAND. Mr. President, I have three points to make. I shall make them briefly.

First, while I think the distinguished Senator from Illinois had very little to say along the lines of personal privilege, I had no objection to his statement, and I did not raise any objection while he was speaking. I hope that no Senator will be so unfriendly to me as to move that the remarks of the Senator from Illinois be deleted from the RECORD, because I prize the admission from him in the RECORD that the Senator from Florida is not the poorest Senator in the Senate.

Mr. DOUGLAS. I have always said so.

Mr. HOLLAND. I am very grateful for such gracious recognition from Olympus.

Second, I listened very attentively to hear whether the Senator mentioned one thing which I had said which I thought was a questioning of his earlier position. I said he had incorrectly stated—and I felt certain he had done so inadvertently—that I had always opposed cloture in the past. I showed rather conclusively that that was not the case. I did not hear the distinguished Senator from Illinois mention that fact at all. I really thought that that would be the onus of his remarks on the question of personal privilege, because I had stated, and I now state, that that remark was not correct. But I also said—that I think the remark was inadvertently made——

Mr. DOUGLAS. I qualified my statement by saying that the Senator from Florida is perfectly ready to vote for cloture if cloture can defeat progressive legislation. He is unwilling to vote for cloture on a substantive measure to protect civil rights.

Mr. HOLLAND. With that remark, the Senator from Illinois again shows his complete unwillingness to face up to the realities of the situation. I know that the distinguished Senator is proceeding progressively, but very slowly, to realize what cloture really means.

I call attention to the fact that 8 years after the Senator from Florida had made his position very clear on the floor of the Senate in 1954 that cloture was really a two-edged sword and could be used for either offense or defense, and he had so used it, the distinguished Senator from Illinois finally reached the same conclusion by voting as he did the other day on the cloture motion. I congratulated him very warmly upon having, at least after 8 years, caught up with the position of the Senator from Florida.

I did not hear any reference to that in the Senator's remarks on personal privilege.

The third thing on which the Senator from Illinois proved my case so conclusively, my case based on what I had said that the Senator from Illinois is one of those—and I hope they are few now—who feel that cloture really does not apply at all except in the case of civil rights matters, as thought by the Senator from Illinois, to be vital civil rights proposals. I think that is rather clearly but conclusively shown by his own statement, as the Senator from Illinois talked about cloture, the rules, and proceedings under the rules solely in the light of what he regards as important civil rights provisions. I shall let the speech of the distinguished Senator from Illinois speak for itself in that regard.

I yield the floor.

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

I have listened with great interest to the colloquy between the Senator from Florida [Mr. HOLLAND] and the Senator from Illinois [Mr. DOUGLAS]. It is well known that I and others who voted as we did on the cloture motion may have voted with opposite feelings but may very well have come to the same end point. This may have been based upon the rationale for our judgment on the measure.

The end point is that it is the duty of the Senate to apply cloture—and cloture has been in desuetude for 35 years—to make it possible that at long last it would have remained to the Senate to show it can apply cloture, and that it will apply cloture, and this has not been, as has been so constantly advertised, the citadel of unlimited debate, because the citadel of unlimited debate may remain a citadel at the price of their being inundated by a flow of the waters of time or being so isolated, it will fall to the next aggressor by its lack of contact with the working world.

So whatever may have been the rationale for our views, the end point is the same.

Also, I do not feel that we have in any way done other than advance the cause of those who would amend the rule which has a strangulating effect upon the Senate—rule XXII—for this reason: The Senate has shown that it will not be frustrated by a minority; and that, therefore, when it wishes to work its will, it knows how to do it. That minority having been 12, 13, or 14 Senators, proves that the rules of the Senate were adequate to allow the Senate to work its will. But when the minority is 22 Senators, then the present rules of the Senate do not permit a working of the Senate's will. Hence, I feel we have the right, when we face any kind of opposition, the principle having once been established, to seek to amend the rules of the Senate so that after reasonable and proper debate, a constitutional majority of the Senate—51 Senators—may deal with the larger minority, to wit, that minority which will filibuster any civil rights measure, which also can frustrate and defeat the ends of the majority of the Senate.

It was very clear that this cloture could not have been carried unless a number of southern Senators had absented themselves from the Chamber, as indeed they did.

One other point, the idea that there are four realities in this Chamber. I do not agree that there are four parties in the Chamber. I think each of us who entertains views—I do and the Senator from Illinois [Mr. DOUGLAS] does—has a dual duty, and that is the duty to work within our parties, as we have the duty to work within this Chamber for the legislation which we consider to be just.

I have always been against a realinement of the American political parties for that reason. I should like to highlight and pinpoint it now.

There are half a dozen cases in which it would have been impossible to pass measures in this Chamber had there not been a ferment within my party, as there is in the Democratic Party, on a particular measure. I pointed out this morning how in the debate, in 1961, on rule XXII there was no such gross decision by the bulk of the party as to what it would do in respect to cloture, in respect to motions to table, and the other votes which took place then. But, in substance, the parties were quite evenly divided as to those who were for and those who were against the amendment of rule XXII and the effort to make some change at that time, at the beginning of a Congress.

We will be back again—perhaps I shall not; perhaps someone else will succeed me, although I hope not—but most of us will be back in January, 1963. I believe what we have learned now in connection with this cloture vote will be of inestimable help to us in January, 1963. I look with greater optimism to the fight that I know will be made then to change rule XXII, based upon the constitutional proposition that the Senate has the power to change its rules, whatever the rules may say on that subject.

I feel that when the Senate returns in 1963, it will have the capability, based upon the precedent which has been set by the Senate, to amend the rule so as to apply cloture, if only it desires to do so.

Mr. President, while I am on my feet, I yield myself 5 additional minutes in order to make a statement which I had in mind to make at some stage of the debate, as to why I shall vote for the bill. This is a very serious decision on my part. I have made it only after considerable deliberation.

I have come to the conclusion that I shall support the pending communications satellite bill. Although it is by no means the optimum bill for the situation, and I consider the guillotine methods of cutting off amendments to have been most unfortunate for this legislation, as well as for the legislative process, nonetheless, I conclude that the bill offers us the better of the two alternatives—a mixed private-Government enterprise rather than, as the proponents of the bill desire, a wholly Government-owned enterprise. What has been too little noted about this bill, and what is conclusive to me, is that governmental control over the bill, as well as its operation, is retained once it becomes law. Indeed, I can clearly envisage further revision of the plan early in the next session of Congress.

In my judgment, the United States retains authority to regulate and control all matters connected with foreign policy and foreign relations including such matters which are inherent in business negotiations. Also, the United States retains full veto power over the satellite communications corporation's activities. This veto power is most importantly contained in section 102(d) which expressly excludes from the operation of the act "the creation of additional communications satellite systems, if required to meet unique Government needs or as otherwise required in the national interest."

In short Mr. President, we can take another course, if we desire to do so, in connection with any other communications satellite system, for this one is not a monopoly. Clearly we can do that under the provisions of this bill, and I believe that is perhaps the most important aspect of the bill. Also, a combination of the provisions of section 301 reserving to the United States "the right to repeal, alter, or amend this Act at any time" and section 403(c) requiring compliance by the corporation with all provisions of the act as well as rules and regulations under it subject to judicial sanction, is very effective veto power. If more were required, it may be found in the complete authority—indeed it is the only capability available—of the United States to put the satellite into orbit, section 201(b)(5) and section 305(b)(3).

Let us remember that nothing can be lofted into space from the United States unless the U.S. Government chooses to put it there. So there is a complete veto power by the U.S. Government, because the U.S. Government is completely untrammeled in that regard.

Notwithstanding the doubts of the opponents of the bill, I believe that the interpretation of the powers of the President to control the corporation as its activities relate to the national interest and foreign policy of the United States, section 201(a) has now been established as paramount over the authority of the corporation in business negotiations as set forth in section 402 and elsewhere in the act.

Finally, the complete power of regulation invested in the FCC, including the right to compel stock to be transferred by any authorized carrier to any applicant, section 304(f), is an added and strong safeguard of the public interest.

I have felt that a mixed public-private enterprise plan for the communications satellite system is the most effective and proper one, first as an extension of our existing communications systems which are private, but, even more important, as an appropriate means for developing what I feel must increasingly be the nature of our economic society's future if it is to develop along the national and world lines now envisaged. Such public-private forms of organization are to my mind an extension of our system necessary to cope with the state trading and the monolithic economies of the Communist system. If we follow the path of strictly private enterprise, we will find ourselves speedily at a disadvantage and unable to compete effectively. If we follow the path indicated by the opponents of this bill into strictly Government enterprise where private enterprise is willing and able to operate, we will lose the benefits and strengths of our system and become weaker in the competition with the Communists. The fact is that we have probably the best utility, telegraph, telephone, radio and television systems in the world, in terms of the service to the users, all privately owned, but regulated by the Federal Government.

The next step is Government-business cooperation as attempted in this bill and it is so vital as to be worth trying. It is to be noted that thereby the United States will be relieved of further investment in development which will be undertaken by private financing while the Federal Government will fully participate in management and have the effective benefits of the creation and operation of the system. The U.S. Government will sit in on management through 3 of the 15 directors. It certainly is very important that these directors be subject to confirmation by the Senate, section (302).

I would have preferred some amendments to the bill, among them a 10-percent limitation on ownership of voting stock by any one authorized carrier; and a restriction imposed on stockholders which are not authorized carriers. I would also have preferred some stock ownership by the United States, with the right to sell stock to the public after a period of years, and other amendments. But the heat and tension generated by the debate and cloture vote destroyed the opportunity to perfect the bill, for all practical purposes, although I and others have tried to vote in a selective way even on the guillotine motions to table. We must rely upon the power of the President to recommend additional legislative or other actions under section 404(a) or we must initiate such legislation ourselves to perfect the plan of operation. It may well be that the failure to perfect the bill now is not as serious as it seems for we may be helped in this work by experience.

Mr. President, I should like to have the particular attention of the Senator from Rhode Island [Mr. PASTORE], when I now state that it is my understanding that the Senators in charge of the bill understand and accept the fact that we may well have to deal with this legislation again early in the next Congress.

The PRESIDING OFFICER. The time the Senator from New York has yielded to himself has expired.

Mr. JAVITS. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 more minutes.

Mr. JAVITS. Mr. President, I have asked the Senator from Rhode Island whether it is his belief, as the floor manager of the bill, that we may well have to deal with this legislation again early in the next Congress; and he has told me—and he is here now, and can either confirm or deny it—that he understands that perfectly, and that his mind is perfectly open on that subject.

Mr. PASTORE. That is absolutely true.

Mr. JAVITS. And that this bill may not by any means be the final word.

Mr. PASTORE. That is absolutely true, because we really do not know what the future has in store; and in dealing with the 10 percent which the common carriers can purchase, there is provision for divestiture—that is, if another common carrier requests a certain bloc of the stock, under the provision quoted the holder of the stock can be forced to divest. That does not apply to the public ownership. Furthermore, the Space Committee had more or less limited the purchase of the stock to the international communications carriers; but we have broadened it by providing that it shall apply to all the communications carriers who are regulated by the FCC. That might extend it to perhaps be broad enough to include 35 or 40 communications carriers.

Mr. JAVITS. I thank the Senator from Rhode Island.

The PRESIDING OFFICER. The additional time the Senator from New York has yielded to himself has expired.

Mr. JAVITS. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 more minute.

Mr. JAVITS. Mr. President, the success of the twin Russian cosmonauts should teach us that this is no time to dally in developments in space. It is unnecessary to consider ourselves in a race to recognize that we cannot, in the national interest, be outclassed in space exploration and use. While the Russians may leap ahead in a particular field, as they have with the twin cosmonauts for which they are properly to be congratulated, we can leap ahead in other fields of communications—for example Telstar—and I think also we have an excellent chance to leapfrog them in their own chosen fields, for the very reason of our having started later may mean that the most modern technology will ultimately be ours.

Therefore because it is the best of the alternatives before us, because essential U.S. Government control is inherent in the plan, because there will be an opportunity to perfect the plan of operations hereafter, and because time is of the essence in getting on with this vital national business, I shall vote for the bill.

Mr. GOLDWATER. Mr. President——

The PRESIDING OFFICER. The Senator from Arizona.

Mr. GOLDWATER. I will yield myself 8 minutes.

Mr. President, we would all be well advised, I might suggest, to reflect for a moment on the debate we have witnessed over the past 3 weeks. The U.S. economy, regardless of what other systems administrations may toy with, is still one of private enterprise. All of us, at one time or another, may use this phrase in a general way, but we know, when debate arises on a piece of legislation or another Presidential request, that we must think in terms of just how this proposal will fit with our fundamental protections from a centralized government.

The communications satellite bill is an excellent example of a case where free enterprise stands in need of protection. We have delayed too long in acting on the measure before us, but I am sure that when debate time has expired, the Senate will approve the bill and the American people will benefit from our action. It would be foolish indeed for us to take the successful venture Telstar—which was accomplished through initiative and research of American business—and drop it into the maze of Federal bureaucracy. A new Government agency, with all its attendant authority and all its requests for money and power, would be necessary if the Federal Government were to assume ownership and control of our communications in space.

Mr. President, the American people can ill afford another agency, another anthill of bureaucracy, to absorb the taxpayers' dollars. Consider for a moment the current trend in bureaucratic empire building.

There are more Federal civilian employees on the New Frontier's payroll today than at any time in a decade. What is more, the payroll will amount to more than $14 billion, not just the biggest in a decade, but the biggest in history and the biggest civilian peacetime payroll of any country in all history.

In June alone, the Kennedy administration hired 34,921 new employees. Since June a year ago, the New Frontier has obtained 77,351 more employees. Since he took office, the President has hired 139,718 new employees.

These figures do not include the December Christmas help. The figures do include employees of the General Accounting Office and the Government Printing Office, both of which are subject to Civil Service. Also included are the comparatively small handful of advisers or so-called dollar-a-year personnel, who nevertheless require office space, equipment, and secretaries.

And in Mr. Kennedy's budget message this year he estimated a need for 46,000 more civilian employees in the fiscal year which began July 1.

Mr. President, this type of irresponsibility breeds only confusion and waste and it would be irresponsible on our part to place our communications satellite system in the hands of a governmental agency.

In order to get on with the vitally important business of enacting the Communications Satellite Act, I would like to suggest that we recess over the weekend so as to give the President time to call together his Democratic leaders, unite the schizophrenic elements of his party, and, if I may borrow a phrase, "get this country moving again." I think the President would be well advised to invite the leaders of both factions of the Democratic Party up to Hyannis Port, and, by the cooling waters of the bay, instill some sense of responsibility. It is interesting to note that, while the President is out in California this week, he will be preaching one thing about Democrats while, at the same time, he is being contradicted by reactionaries of his own party here in the Senate.

Frankly, the American people deserve better treatment than the farcical display they have witnessed over the past weeks. While the senior Senator from Oregon has been stalling Senate action on the pending bill, his action has also stalled important bills in the field of education. Solely as a result of his prolonged attack on private enterprise, the Senate has been delayed and even kept from debating the administration's own measures which are before his Subcommittee on Education.

Three bills—improving the quality of education, adult literacy, and general university extension—introduced by the senior Senator from Oregon, have been languishing in his subcommittee while he leads his small band of reactionaries in an endless series of time-consuming tactics.

The higher education bill was sent to conference on May 9, but the first meeting was not held for over a month—June 19 to be exact. Two subsequent meetings were held—June 22 and July 18—but since that time there has been no action at all on this administration-sponsored bill.

President Kennedy has an overwhelming majority of Democrats in both the House of Representatives and the Senate. He is charged with leadership. He is charged with guidance and direction. But as an experienced navigator he must realize the dangers inherent in allowing the ship of state to drift aimlessly, subject to the rocks and shoals of liberalism. I would like to suggest that the President drop anchor and take a fix, so to speak, "to get this country moving again."

Mr. PROUTY. Mr. President——

The PRESIDING OFFICER. The Senator from Vermont.

Mr. PROUTY. I yield myself 8 minutes.

I have compiled a series of questions to which I shall give the answers. I think that these exchanges will aid the public in finding out what has been going on in the Senate and in determining whether the pending legislation has been given adequate consideration.

Question 1: Have the Senate Commerce Committee, the Senate Space Committee, and the Senate Foreign Relations Committee all held hearings on the communications satellite bill, and have the Subcommittee on Monopoly of the Small Business Committee and the Subcommittee on Antitrust and Monopoly of the Judiciary Committee also held hearings on the subject matter of this legislation? The answer: "Yes."

Question 2: Is it true that these 5 committees have taken about 3,000 pages of testimony over a period of 34 days of hearings? The answer: "Yes."

Question 3: Is it a fact that the Commerce Committee heard seven administration witnesses, all of whom testified in support of the satellite bill? The answer: "Yes."

Question 4: Who were these administration witnesses? The answer is Frederick W. Ford, Commissioner, Federal Communications Commission; Nicholas Katzenbach, Deputy Attorney General; George C. McGhee, Under Secretary of State for Political Affairs; Newton Minow, Federal Communications Commission; Edward R. Murrow, U.S. Information Agency; James Webb, National Aeronautics and Space Administration; Edward C. Welsh, Executive Secretary, National Aeronautical Space Council.

Question 5: Is it a fact that the Space Committee heard nine administration witnesses, all of whom spoke in favor of the bill before the Senate at the present time? The answer is "Yes."

Question 6: Who were these administration witnesses heard by the Senate Space Committee? The answer is: Commissioner T. A. M. Craven, FCC; Dr. Hugh Dryden, NASA; Nicholas Katzenbach, Assistant Attorney General, now Deputy Attorney General; George McGhee, Under Secretary of State; Newton Minow, Commissioner of FCC; John Rubel, Assistant Secretary of Defense; Martin Stoller, NASA; Bernard Strassburg, Assistant Chief of Common Carrier Bureau, FCC; Dr. Ed Welsh, NASA Counsel.

Question 7: Is it a fact that the Foreign Relations Committee heard six representatives of the administration, all of whom testified in support of the legislation? The answer is "Yes."

Question 8: Who were these administration witnesses? The answers is: Attorney General Robert F. Kennedy; Director of USIA Edward R. Murrow; Chairman of FCC Newton N. Minow; Secretary of State Dean Rusk; Deputy Administrator NASA Dr. Hugh Dryden; Secretary of Defense Robert S. McNamara.

Question 9: Is it a fact that there are 41 different Senators on the three commitees which considered the actual communications satellite bill? The answer is "Yes."

Question 10: Is it true that the Commerce Committee reported the bill by a vote of 15 to 2? The answer is "Yes."

Question 11. Is it true that the Aeronautical and Space Sciences Committee approved the bill with no dissenting vote? The answer is "Yes."

Question 12: Is it true that the Committee on Foreign Relations reported the bill by a vote of 13 to 4? The answer is "Yes."

Question 11: Is it true that there have been 18 or 19 days of debate in the Senate on this proposed legislation, which takes up approximately 600 pages of the CONGRESSIONAL RECORD? The answer is "Yes."

Question 12: Is it a fact that most—perhaps all—of the amendments which have been offered by opponents of the bill in the Senate either were offered or discussed in committee or could have been offered or discussed in committee? I think the answer is "Definitely yes."

Question 13: If major substantive changes were made in the bill on the Senate floor, would not those changes cause great delay and possibly endanger the passage of the bill, even though the membership of both Houses of Congress overwhelmingly favors the adoption of the proposed legislation? The answer is "Yes."

Question 14: Is it true that if the FEPC amendment had been approved it would have caused a major substantive change in the bill and might have resulted in delay or defeat of the bill? I think the answer is "Undeniably yes."

Question 15: Is it true that on 19 key votes on amendments to the satellite bill offered in the Senate an average of about 66 Senators voted against the amendments and an average of about 16 Senators voted for them? The answer is "Definitely yes." I might say that I did not include the vote on cloture in this tabulation because obviously several Senators who voted against cloture favor the bill.

Question 16: Is it true that the House of Representatives supported the communications satellite bill by the overwhelming vote of 354 to 9? The answer is "Yes."

It seems to me, Mr. President, that the approximately 16 Senators who oppose the enactment of the bill have had more than ample time to present their views. I do not question the sincerity of any one of them, but I believe they should recognize that debate has been full and complete both in the committees and in the Senate. I hope that they will gracefully allow the Senate to proceed with the pending business, which is of vital significance to the national welfare.

I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President——

Mr. MORSE. I beg the Senator's pardon. I did not know the Senator wished to make a speech. I withdraw my suggestion.

The PRESIDING OFFICER. The suggestion of the absence of a quorum has been withdrawn. The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, I yield myself whatever time I have remaining within the limitation of the cloture rule to discuss certain aspects of the proposed legislation and why I support the bill which is before the Senate.

Mr. President, as one who supports the bill before us to establish a privately owned communications satellite system, I would like briefly to discuss some of the arguments and charges that have been made in opposition to this measure and, indeed, some of the arguments which should be made for the measure.

First, let me say that I respect the position expressed in all sincerity by opponents of this bill, a position held by some Senators, that it would be preferable for the Government to own and control the communications satellite system rather than a private corporation. A good argument can and has been made for such a position, and while I and the vast majority of the Members of the Congress feel that the pending measure is preferable to one providing for Government ownership and management, this is certainly an issue over which reasonable men can disagree.

It is my own feeling, in view of our traditional private ownership of communications systems, and in the absence of any reason to believe that an effective communications satellite system cannot be built and operated by private industry, that private rather than public ownership is preferable; provided, of course, that there be adequate governmental regulation and supervision of the communications satellite corporation. I am convinced that the bill before us does contain adequate safeguards to protect the public interest and, indeed, to protect our national security. It is my intention to document that position.

There has been a great deal of talk, Mr. President, about the groups who are for and against the bill. It has been said that liberals are opposed to it, which I suppose would imply that conservatives are for it. I am convinced that is far too simplified an explanation either of the opposition or of the support for the measure.

I am a political liberal, and I have supported public ownership in those areas where the job would not otherwise be done or done as well. This is why, for example, I have been a stanch supporter of the Tennessee Valley Authority, and why I have supported on many occasions in this body the development of our hydroelectric power resources under the terms of public power, and why I have supported, of course, reclamation and irrigation projects which have been proposed. These are some of the instances in which I feel the Government has performed a service which the private sector of our economy was simply not in a position to handle or to handle as well, due to the costs involved and the lack of prospects for adequate profit to make such ventures worthwhile for private entrepreneurs, and, indeed, due also to the sharing of the benefits on a more equitable basis than would come when there was private development of the great natural resources.

I am not one of those who would argue that Government cannot perform certain business activities just as well as private industry, depending, of course, on the nature of the project. The TVA is an outstanding example of efficient Government management.

Even the most bitter foes of TVA are forced to concede that TVA does a most outstanding and efficient job.

It is for this reason that I have supported proposed legislation in the Senate to strengthen the TVA, to give it the opportunity to perform the services for which it was designed. But, as a political liberal, I do not take the position that Government ownership is necessarily to be preferred to private ownership.

One of the characteristics of a liberal is that he is not dogmatic or doctrinaire. As a liberal, I desire to see a system that will best serve and benefit all the American people. I prefer to see economic institutions that permit high standards of living, good working standards for employees, excellent services for the consumer, and a constant awareness of the public interest. In making a decision as to the kind of institution we might wish to develop, we must weigh economic, social, and political factors.

I have always been a stanch supporter of the rural electric cooperatives, which have played such a vital role in bringing electricity to many millions of people. Experience has shown that the cooperatives do an efficient and good job for the rural consumers of electricity.

Few, if any, I hope, would suggest that the rural electric co-ops be turned over to Government operation. They are privately operated according to the principles of cooperative economic enterprise. But I repeat that they are privately owned. They are not owned by the Government. In large measure, the success of our economy has been due to the fact that we have recognized that private profitmaking businesses, or, as we call them, free enterprises, cooperative ventures, and government all have an important role to play. Our economy is an admixture of corporate enterprise, private enterprise in terms of individual ownership, cooperative enterprise, and some public ownership.

It is very difficult to find one word that would properly explain or classify that type of system. I would call it the American economic system, which has produced more benefits for the people than any other economic system on the face of the earth.

Governmental operation and ownership of a system do not guarantee that it is fair, just, and equitable, or even serviceable. There are instances in which Government ownership produces all of the desired results, but there are instances in which Government ownership produces nothing but chaos, losses, and trouble. In our private economy, workers in America receive better wages, more benefits, and better working conditions than workers in any other country on the face of the earth, whether that country has public or private ownership. No workers in the world are paid as well and given as good working conditions as those in the United States in the instance of some of our largest businesses. That does not mean that big business is always fair and just, but it does mean that it is possible, not only in theory, but also in fact, for a private corporation to do much more for the people of the Nation and for its workers than any doctrinaire state-owned system. I repeat that one does not need to be dogmatic on that subject. That which works best and produces the greatest good for the greatest number is the system which I think ought to be adopted.

The segments of that admixture of corporations, private businesses, cooperatives, and Government-owned enterprises have not worked in opposition to each other, but really as parts of the economic system we have developed, which is unique to our country. I repeat that it is an economic system unsurpassed in world history.

The development of the regulatory bodies and agencies on the part of the Federal Government, the State government, and the local government have done much to bring a quality of justice, fairplay, and public service into the private sector of our economy. The tax laws of our Nation have done much to assure a more equitable sharing of the economic rewards of industry and labor. The laws we have enacted relating to social security, in the States, laws concerning workmen's compensation, and other matters, have so conditioned our economic system that we call it a humanitarian system. As one American, I am proud of the fact that we have developed one of the most efficient, just, and humanitarian political and economic systems that the world has ever known. I do not intend to classify it under any name, as either capitalism or socialism. I prefer to classify it as a working operating system which produces great benefits and rewards for those who invest their capital, for those who invest their labor, for those who invest their talent and their skill, and for the consumers—the general public.

To my mind the pending measure is a good example of Government and private business working together for the express purpose of developing a global communications system.

Unless the United States of America, with its system of private enterprise and representative government, is able to pool the resources of Government and industry, unless we are able to bind these two great forces together in a common purpose, we shall suffer an ignominious defeat in every sector, in every area, at the hands of the totalitarian powers that use dictatorship, force, planning, and coercion to mobilize every human resource they have for an objective.

The task today is so to plan the proper use of our resources, physical and human, governmental and economic, without coercion, and through cooperation, in a free country and in a free society so we can realize the objectives and goals we have envisioned.

I have heard on the floor of the Senate the charge that the communications satellite proposal sets a bad example for America in the world. To the contrary, I am not trying to encourage the whole world to have state ownership. There are areas in every economy in which state ownership may be preferable. But I do not think it is the purpose of the United States to demonstrate to the world that the only way the resources of an economy can be mobilized is through Government ownership, direction, and control. I believe that we ought to demonstrate to the world that a free people, through their free institutions of Government and through their free economic institutions, can pool their resources without the loss of identity of either Government or private enterprise in the fulfillment of a common objective.

I wish to afford the world an example of what can happen in this country when the Government works with the private sector of our economy and when Government and industry walk arm in arm toward a common purpose and with a common goal. Rather than be ashamed of what we are doing, we ought to proclaim it.

If the proposed legislation needs modification, there are days yet to come, I trust, for the institution of representative government. It is well known that this is a pioneering effort. It is well known that next year we may have to take another look at the legislation after we have had some experience with it. The law relating to TVA has been modified. The law relating to the Atomic Energy Commission has been modified.

I hope we will learn from experience. I trust we are not going to close our eyes to the realities and the needs of the time. Therefore, I, for one, am not here to apologize for my support of this proposed legislation, H.R. 11040, the communications satellite proposal; nor am I here to say that this is perfect legislation; nor am I here to say that it cannot be improved. I am here to say that it is a reasonable and acceptable beginning in the field of global communications, in the field of communications satellite development. I am here to say that we are making a right beginning. With some reason and sense, instead of passion and emotion and stubbornness, we can perfect this legislation, if not now, because of the climate of opinion in this body, at a later date.

I know one of the reasons why the President sent the bill here as he did. Let us face up to it. If we are going to move ahead in the field of communications satellites, we must have legislation. It could be legislation which simply stated that a private communications carrier should operate under existing law, under the Federal Communications Act. That would really have been a monopoly. That would have failed to take into consideration the existence of global communications development. Or, the President could have sent here a bill which said we will make it Government owned. So the President of the United States, who has responsibility, not for political theory but for the operation of this country, and for political reality, sent here a proposal which combines public and private responsibilities, public and private resources, a proposal which he believes would, as I shall demonstrate, protect the public interest and further the national interest. If we wish to have merely an academic debate on the theoretical premises about communications satellites, we can do that, but we ought to do it at universities, not in the U.S. Senate. We are here as legislators. Every Member of the Senate knows deep down in his heart that it would not even be possible under the existing climate of political opinion in America to adopt a publicly owned communications satellite system.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I cannot yield at this time, I say most respectfully. If I have a few minutes left later, I shall be glad to yield.

Second, every Senator knows that if this proposal or one like it is not adopted, the telephone company, which has been bandied back and forth here again and again, A.T. & T., can go to the Federal Communications Commission and can apply for a license; and if it can demonstrate that it has the capacity to do the job and to serve the public interest, that license will have to be granted. Then we will have a full-scale monopoly.

What President Kennedy has tried to do is to avert that possibility. What President Kennedy has tried to do is to harness the governmental and private resources of America, so that America can lead in space development.

Let me make this crystal clear. Our foreign aid program will be a complete flop if it is going to depend only on the Government, as good as the Government activities may be. Our foreign aid program will require private participation in a degree that far exceeds Federal commitment if it is to succeed, and it will require private participation far beyond what it is today if we ever hope to compete with the Russians. The Russians have an economic structure in which the Government is everything, in which it is all power. We have a system in which the Government represents only a little of the power of America. Thank God for that. I do not want to turn America over to the Government, under which every aspect of our economy, every candy store, every machine shop, every laundry, every telephone, would be turned over to the Government. I like my country. I believe in its system. I believe that we have a system that can promote the greatest industrial development of any country on the face of the earth with justice, with equity, with rewards to workers and consumers and investors, and preserve individual freedom.

I see in this proposal an honest effort, although not a perfect one. It accommodates both private and public interests. Instead of being critical of it we ought to say that it is a great beginning, just as we had other beginnings.

The pending measure is a good example of Government and private business working together to develop a global communications system. It is a good example for the world. I do not believe our Government needs to demonstrate to the world that we can put up something that is just as good as the Russians can put up. I am sure that we can. When it comes to Government operations, they are experts in it. We are pretty good when it comes to private industry.

I say with all respect to the opposition that the licensing proposal which was made has considerable merit. I do not want my remarks to be misinterpreted. I know that those who oppose this system have not asked that the private sector be kept out. It is a matter of who would have the ultimate say. I would like to say further to those who oppose this matter that many of their arguments have great merit. I believe that the legislative history which has developed here will put every agency of the Government on guard to make sure that none of the abuses develop that have been outlined here as possibilities under the proposal that is before us.

Let us not think for a minute that the United States can maintain superiority in the communication field without the wholehearted cooperation and effort of both public and private sectors of the economy. This is what the bill before us would provide.

I am convinced that this privately owned communications satellite system, working in close cooperation with the Federal Government and under supervision and regulation of our Government, provides the best means of obtaining our desired goal of getting on with the job of developing a first-rate communications satellite system.

I must be frank to say that I have been disturbed by some of the charges that have been made—on and off the Senate floor—that the pending bill is a "reactionary measure," a sell-out to big business, a giveaway bill, the building of a giant predatory private monopoly.

For example, it has been indicated to the public that the only way that this satellite system can be put into orbit is through the Federal Government's activity. That is true. However, has it also been pointed out that the costs are reimbursable? It has been said that the original research has been done by the Federal Government. That is true. I might add that that is not the only thing that has been done by the Federal Government. The same thing has been true with respect to airports for communities, and airplanes for airplane manufacturers, and drugs for drug companies, and clothing for clothing manufacturers. The Government of the United States has made vast efforts in research.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I will yield at the conclusion of my remarks.

Mr. President, such emotion-laden charges make for great headlines in newspapers, but I am afraid that they throw more heat than light on any rational discussion of the measure before the Senate.

This is no giveaway. As a matter of fact, the taxpayers of this country should know that the cost of this communications satellite system will be privately financed rather than have it come out of the Federal budget, which is already running at a $6 billion deficit. What we are attempting to do is to adapt the resources of the country and to bring in the capital through other means than taxation. We are seeking to develop and improve a communications system. I see nothing wrong in that—not a thing.

As one who has been rather proud through his political life of being called a liberal, and sometimes a radical, I categorically take issue with any assertion that this is a bill that liberals cannot support. I remind such critics that the bill which the Senate is considering is one proposed by the present administration—a liberal administration—indeed, one, if you please, that the business community says is too liberal, one that it does not like. Some of our conservative colleagues have charged that this administration is unmindful of the business community. In fact, some have even charged the administration with being antibusiness.

Does any Senator really believe that President John F. Kennedy would propose to Congress the creation of a private communications satellite corporation, based upon cooperation between Government and private enterprise, if he did not believe it was in the best interests of the country and in line with his overall policies as President of the United States?

President Kennedy has read the bill. He has read it line for line. He has reviewed the bill with his top advisers. When people say the President would not support the bill if he knew what was in it, I suggest they ask the President of the United States, as I did, "Mr. President, are you familiar with the details of the proposed legislation?" His answer to me was, unequivocally, "Yes." President Kennedy has as good a mind as anyone I know, as that of any man I have ever met, and he has studied the bill. I suppose one of the reasons why much study has gone into it is the controversy over it. But I do not think it dignifies the President to indicate that he may not have read the bill. He has read it and has studied it.

Does anyone seriously believe that the President of the United States would propose a giveaway measure? I do not know what is being given away. Any satellite system which is developed will have to be paid for by investors. In fact, if there was any real giveaway, it would be if the Government owned the system and then leased it to a private enterprise, because in the leasing of the system surely the Government would not make any money. The Federal Government has not had very good results in leasing things.

Does anyone seriously believe that our President and this administration, which have taken the lead in the fight against monopoly, would permit a proposition or a proposal that would violate this administration's basic tenets and principles?

I know, and the American people know, that our President would not have submitted this proposal to Congress unless he was convinced that it was in the best interest of the country, and, as I have already said, unless he was convinced that it was needed now in order to begin to move on the creation of a global communications satellite system.

This is what the President said in his letter accompanying the transmittal to Congress of this communications satellite bill:

> Within the policy framework, particular attention has been given to the question of the ownership of the entity that will operate this system. Throughout our history this country's national communication systems

> have been privately owned and operated, subject to governmental regulation of rates and service. In the case of the communications satellite operation, our studies have convinced us that the national objectives outlined above can best be achieved in the framework of a privately owned corporation, properly chartered by the Congress. The attached bill authorizes the establishment of such a corporation, financed through the sale of stock to the public.

Those are the words of the President of the United States—a Democrat, a liberal, a man who ran on a liberal platform, and a man who is adhering to that platform.

The Communication Workers of America, AFL–CIO, the union most involved in the communication field, employed two eminent outside experts in the field of communications satellite development to examine into the merits of public ownership and private ownership under governmental regulation. What was the result of that study? Unequivocally, it was that if it was desired to move ahead, to tap the resources of the country, to move forward in the field of communications satellites, a proposal which embodied private ownership with public control and regulation was desirable.

I believe the Senator from Missouri [Mr. SYMINGTON] read into the RECORD yesterday a letter from Mr. Joseph A. Beirne, president of the Communication Workers of America, AFL–CIO, so it will not be necessary for me to read Mr. Beirne's letter again.

Joseph Beirne is a liberal. He has supported many liberal measures which were before the Senate. His organization is a good, substantial one. Why does that organization support the pending proposal? I will tell the Senate why. It is because trade unions have trouble negotiating with the Government for fair and decent wages. If one wants good working conditions, he works with private enterprise. Every year Government employees come before Congress, begging on bended knee that Congress give them a little better deal. Only this year, in 1962, did the Government of the United States accord unions recognition.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield on that point?

Mr. HUMPHREY. I will yield at the end of my remarks.

Only in the year 1962 did the Government accord unions recognition.

I do not equate the public interest always with private business interests and liberal interests, but I say that this is one of the factors that ought to be taken into consideration.

Mr. Beirne appeared before the Committee on Aeronautical and Space Sciences on March 7 of this year to testify on the bill. Since then, Mr. Beirne has answered the letters of Senators, and I have seen copies of those letters. He has not backtracked one inch. He has answered the charges that have been made. He has not yielded at all in his position.

Testifying before the committee, Mr. Beirne said:

> Not long ago we had a study made by a Dr. Williams of the University of Tennessee, and by a Dr. O'Brien of the University of Toronto, wherein public owned communication companies and privately owned communication companies were studied both as to the rates they charged, as to the wages they paid, as to the conditions of employment that existed, and as to the service which the public received.

That is a pretty big prescription.

> The finding of those two eminent professors are conclusive in that the privately owned and operated and managed company (a) give better service to the public, which is really why we have a communication system; (b) provide wages, working conditions, and working practices which are superior to those in the public sector.

Mr. President, anyone who has traveled knows very well that the telephone system in America is superior to any other system in the world. Try to make a telephone call in Paris. Try to make a telephone call in London. One soon realizes that the American telephone system is the most efficient telephone communication system in the world. I know it makes money. What is wrong with that? The Federal Government alone taxes 52 percent of the profits. I am not opposed to people making a legitimate profit.

By the way, the telephone system is a regulated entity. But the charge is made, "Oh, yes, but did you ever hear of anybody regulating A.T. & T.?" If the Government cannot regulate A.T. & T.—if it is not big enough to regulate A.T. & T.—then I do not think it is big enough to run a communications satellite system. The same people who, in the Government, are called upon to regulate the telephone companies are being advocated, in a sense, to establish a new communications system.

Robert Kennedy, the Attorney General of the United States, said in his testimony before the Committee on Foreign Relations that ultimately it was necessary to depend upon the integrity of the people in the Government—their ability, their competence, their integrity in enforcing the laws under which they operate.

Mr. President, the Federal Communications Commission can regulate. Certainly Congress has been derelict in the performance of its duty in not giving the FCC the tools it needs in order to do a proper job of regulation. I suggest that rather than condemn the FCC, we might very well look into our own activities.

MONOPOLY CHARGES

The charge has been made that this bill would hand over lock, stock, and barrel the control of this corporation to A.T. & T. It is charged that we are furthering a giant monopoly which is going to own and run this corporation as it pleases, free of effective controls and unmindful of the national interest.

Now, Mr. President, just what does the bill provide?

Instead of concerning ourselves with what some people say the bill provides, let us find out exactly what the bill itself does provide.

First of all, the communication common carriers may not own more than 50 percent of the voting stock of the corporation.

Mr. President, I am not an expert in this field, although I am about as much of an expert in it as are some of those who are opposing the bill. But I wish to say that one who holds only 50 percent of the stock of any corporation and has only three of its fifteen directors cannot run it. In our family we have a little corporation, but I do not have 50 percent of the stock. So I cannot run the corporation. I have a brother who has 51 percent of the stock, and he runs the corporation. He is interested in having the corporation make money; and I am not opposed to having it make a little money, either.

A.T. & T. is only one of a number of common carriers that would be eligible to purchase stock in the corporation. Testimony indicated that there are something like 8 to 10 common carriers who would be in a position to buy such stock.

Furthermore, of the 15 directors of the corporation, no one common carrier can elect more than 3. This means that A.T. & T. could have at the most only 20 percent of the membership of the board of directors of the corporation. Mr. President, if 3 members of a board of 15 can dominate the board, they really will be powerful. How anyone can say that having 3 members out of 15 on the board of directors can give one company control is beyond my grasp.

But in addition to these safeguards in the bill, it is also provided in section 304(f) that the Federal Communications Commission upon application of any authorized carrier and after notice and hearing "may compel any other authorized carrier which owns shares of stock in the corporation to transfer to the applicant, for a fair and reasonable consideration, a number of shares as the Commission determines will advance the public interest and purposes of the act."

Mr. President, I should like to have any Member of the Senate point out even one private corporation which is subject to such a requirement. This provision of the bill certainly provides protection of the public interest. If Senators wish to state that the FCC will not do its job, then I suggest that Senators introduce a bill to abolish the FCC. After all, if the FCC is incompetent, why pay its members? However, I think the FCC will do a proper job.

And the section goes on to provide:

> In its determination with respect to ownership of shares of stock in the corporation, the Commission, whenever consistent with the public interest shall promote the widest possible distribution of stock among the authorized carriers.

That includes all of them. It includes Western Union, International Telephone & Telegraph, Radio Corp. of America—all of them.

So we see that under the terms of the bill before us, A.T. & T. is not going to hold the majority of the voting stock, and even the stock which it does hold is subject to sale to another competing common carrier at the direction of the FCC. And we see that A.T. & T. is not going to control the board of directors, but it is specifically limited to only three out of the fifteen board members. I would hardly call this monopoly control of the corporation, as has been charged by some.

PROTECTION OF THE PUBLIC INTEREST

Now, Mr. President, I turn to the charge that this bill does not adequately protect the public interest. This is a serious charge; and, if true and valid, it would be reason enough for rejecting the bill.

Mr. President, I suggest that every Senator carefully examine every line of the bill, and determine whether the public interest is protected. I have done so, and I can testify that I have read this bill—not just once, but several times; and I have read much of the testimony; and I have read the reports—because, as every Senator knows, I have gone through a good deal of soul-searching in connection with this measure. I have not been happy about some of the procedures which have been proposed. This is no secret. I think some of the amendments were good ones which should have been adopted. But I think this body got itself into a position where reason went out the door, and stubbornness remained within. So we had to deal with the situation as it developed before us; and the majority leader has had to oppose some amendments which I favored. I tried to be a peacemaker, but my only reward for that was woe and trouble, for it seemed that among some there was little interest in peace-making attempts.

Mr. President, I am frank to state that the bill is not perfect. But I am convinced, as is the President of the United States, the Secretary of Defense, Mr. McNamara, the Secretary of State, Mr. Rusk, the Chairman of the Federal Communications Commission, Mr. Minow, the Attorney General of the United States, Mr. Kennedy, the overwhelming majority of the Members of the House of Representatives, the Senate Space Committee, the Senate Commerce Committee, and the Senate Foreign Relations Committee that this bill does adequately protect the public interest.

Mr. President, Senators trust the President of the United States with the very life of the Nation; and they trust the Secretary of Defense and the Secretary of State. Senators take the word of the Secretary of Defense about the country's defense needs. But will Senators refuse to trust him when it comes to dealing with a communications satellite? That sounds rather ridiculous, Mr. President. The Secretary of State can, by one word or one statement or one act, put our country into an impossible international situation. We trust him to go to Berlin and to southeast Asia and to South America. We trust our Secretary of State with our Nation's very life. Yet there are some who say that when the Secretary of State says this bill adequately protects the public intrest, he cannot be believed; he is wrong.

Mr. President, I disagree. I think the weight of the evidence is on the side of the proponents of this legislation.

First of all, although this is to be a privately owned and operated corporation, the bill provides that the President of the United States shall appoint three members of the corporation's board. It has been charged that the members of the board appointed by the President will owe their allegiance to the corporation rather than to the public. Understandably, the board members appointed by the President will desire to see the corporation succeed and be a profitable enterprise, but I cannot believe that they as Presidential appointees would be the type of people who would act contrary to the public interest. The nominations of these members will have to be confirmed by the Senate; and if Senators do not believe the nominees will protect the public interest, Senators should not vote for confirmation of their nominations. After all, the three directors who will be appointed by the President will be as many as the number to be appointed by A.T. & T.; and, Mr. President, I think the President of the United States is stronger, more powerful, and more important than the president of A.T. & T.—a great deal more important.

In this bill the powers and duties of the President in regard to the communication satellite system are spelled out in very specific and all-encompassing terms.

Here is what the act provides in section 201:

The President shall—and the word "shall" is a directive—"aid in the planning and development and foster the execution of a national program for the establishment and operation, as expeditiously as possible, of a commercial communications satellite system."

The President shall "provide for continuous review of all phases of the development and operation of such a system, including the activities of a communications satellite corporation authorized under title III of this act."

The President shall "coordinate the activities of governmental agencies with responsibilities in the field of telecommunications, so as to insure that there is full and effective compliance at all times with the policies set forth in this act."

The President shall "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

The President shall "insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellites system."

The President shall "take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs or if otherwise required in the national interest."

The President shall "so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad."

The corporation will, of course, be subject to close regulatory controls by the Federal Communications Commission. The corporation is not given a free hand to do simply as it wishes. The FCC has adequate powers of regulation and supervision.

Section 401 of the bill states that the corporation shall be deemed a common carrier within the meaning of the Communications Act of 1934 and as such shall be fully subject to the provisions of titles II and III of that act. In addition section 201 of the pending bill states specifically:

The FCC shall "insure effective competition, including the use of competitive bidding where appropriate, in the procurement by the corporation and communications common carriers of apparatus, equipment, and services required for the establishment and operation of the communications satellite system and satellite terminal stations; and the Commission shall consult with the Small Business Administration and solicit its recommendations on measures and procedures which will insure that small business concerns are given an equitable opportunity to share in the procurement program of the corporation for property and services, including but not limited to research, development, construction, maintenance, and repair."

The FCC shall "insure that all present and future authorized carriers shall have nondiscriminatory use of, and equitable access to, the communications satellite system and satellite terminal stations under just and reasonable charges, classifications, practices, regulations, and other terms and conditions and regulate the manner in which available facilities of the system and stations are allocated among such users thereof."

The FCC shall "in any case where the Secretary of State, after obtaining the advice of the administration as to technical feasibility, has advised that commercial communication to a particular foreign point by means of the communications satellite system and satellite terminal stations should be established in the national interest, institute forthwith appropriate proceedings under section 214(d) of the Communications Act of 1934, as amended, to require the establishment of such communication by the corporation and the appropriate common carrier or carriers."

The FCC shall "prescribe such accounting regulations and systems and engage in such ratemaking procedures as will insure that any economies made possible by a communications satellite system are appropriately reflected in rates for public communication services."

The FCC shall "grant appropriate authorizations for the construction and operation of each satellite terminal station, either to the corporation or to one or more authorized carriers or to the corporation and one or more such carriers jointly, as will best serve the public interest, conveniences, and necessity. In determining the public interest, convenience, and necessity the Commission shall authorize the construction and operation of such stations by communications common carriers or the corporation, without preference to either."

The FCC shall "insure that no substantial additions are made by the corporation or carriers with respect to facilities of the system or satellite terminal stations unless such additions are required by the public interest, convenience, and necessity."

The FCC shall "require that additions be made by the corporation or carriers with respect to facilities of the system or satellite terminal stations where such additions would serve the public interest, convenience, and necessity."

I also call attention to section 403 of the bill which grants authority to the Attorney General of the United States to go into Federal court to obtain such equitable relief as may be necessary or appropriate to prevent any action or practices on the part of the corporation which are inconsistent with the policy and purposes set forth in the declaration of policy of the act or which are in violation of any sections of the act.

But it has been argued by some opponents of this measure that they do not believe the Federal Government will adequately supervise this corporation even though it has such powers under the act. One of the best answers to this argument is the one made by Attorney General Kennedy in his appearance before the Committee on Foreign Relations when he said:

> In the last analysis you are going to have to be dependent upon individuals, and if we do not have people of honesty and integrity and people who are performing their duties and meeting their responsibilities running the Government, whether they are Senators of the United States or the executive branch of the Government, then we might as well all dig a little trench and crawl in.

I, for one, have faith that our Government will meet its responsibilities in seeing that this corporation is adequately supervised and regulated so as to protect the public interest. I have faith in the President of the United States that he will see that this law is enforced. I have faith in our Attorney General that he will take appropriate action to safeguard the public interest. I have faith that the Federal Communications Commission under the outstanding chairmanship of Newton Minow will adequately supervise and regulate the corporation.

And now, last, but not least, I want to briefly discuss the foreign policy implications of the pending measure.

FOREIGN POLICY ASPECTS

Some critics have charged that the bill would permit a delegation to the corporation of the President's authority to negotiate international agreements affecting foreign policy. The executive branch states emphatically that no such delegation of authority is contained or contemplated. Moreover, as Secretary Rusk observed:

> There would be a constitutional question whether Congress could by legislation deprive the President of any such authority.

Secretary Rusk pointed out that—

> Section 201(a)(4) confirms the authority of the President to control international negotiations * * * in any way he deems appropriate, where the foreign policy interests of the United States are involved. Where he considers it necessary for the executive branch to conduct the negotiations himself he will be able to direct this.

And the Department of State's Legal Adviser, Mr. Abram Chayes, told the Foreign Relations Committee that—

> The Supreme Court has said over and over again that the President says what the foreign policy interests of the United States are in those areas such as this. * * * That has been true in case after case * * * the Court takes the foreign policy of the United States from the President.

In its declaration of policy, the bill reflects an awareness of our foreign policy and national objectives. It proposes that—

> Our efforts will be made in conjunction and cooperation with other countries as part of an improved global communications network which will be responsive to public needs and national objectives * * * which will contribute to world peace and understanding * * * to provide global coverage at the earliest practicable date. * * * Care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed.

In this connection let me direct attention to section 403 of the act, which states specifically:

> If the corporation created pursuant to this act shall engage in or adhere to any action, practices or policies inconsistent with the policy and purposes declared in section 102 (declaration of policy section) of this act, or if the corporation or any other person shall violate any provision of this act, or shall obstruct or interfere with any activities authorized by this act, or shall refuse, fail, or neglect to discharge his duties and responsibilities under this act, or shall threaten any such violation, obstruction, interference, refusal, failure, or neglect, the district court of the United States for any district in which such corporation or other person resides or may be found shall have jurisdiction, except as otherwise prohibited by law, upon petition of the Attorney General of the United States, to grant such equitable relief as may be necessary or appropriate to prevent or terminate such conduct or threat.

Mr. President, as I read this section, it gives the Attorney General of the United States ample power to see that the corporation carries out the intent of the act. If the corporation does not act in accordance with the intent of the Congress, the Attorney General can go into Federal court to obtain whatever equitable relief is necessary.

What broader authority can we give to the Attorney General in this regard? I do not see how we could possibly strengthen the language I have just read.

Section 201(a)(4) explicitly provides that—

> The President shall exercise such supervision over relationships of the corporation with foreign * * * bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States.

The next subparagraph (5) states that the President shall "insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system."

Furthermore, all agreements entered into between a U.S. international carrier and a foreign agency are required to be filed with the Federal Communications Commission to insure that they are in keeping with established policy and the terms of outstanding licenses and authorizations issued by the Commission. Also, according to FCC rules, each common carrier involved in foreign telegraph or telephone traffic must file with the Commission a report "covering all negotiations, written or oral, initiated or conducted during the preceding calendar month with any foreign administration, agency, or carrier for (a) the establishment of a direct or indirect circuit between the United States and any foreign or oversea point, other than temporary arrangements for emergency routing of traffic; (b) any new foreign traffic contract, agreement, concession, license, or authorization; or (c) any change or modification in any existing arrangement."

For nearly a century our international carriers have negotiated agreements with foreign agencies involving reciprocal communications rights and the use of transoceanic cables and other facilities. Although some of these agreements may have touched on foreign policy, the vast majority have been routine business arrangements. However, without exception all such agreements made pursuant to this legislation will have to be made known to the Department of State under section 402.

The foreign policy aspects of this matter have been given careful consideration.

There has been some talk about what Mr. Stevenson thinks about the bill. I got in touch with him, as did others. I insisted on at least a letter. He wrote a letter to me dated today, August 16, which reads as follows:

> U.S. REPRESENTATIVE TO THE
> UNITED NATIONS,
> *August 16, 1962.*
>
> Hon. HUBERT H. HUMPHREY,
> *U.S. Senate.*
>
> DEAR HUBERT: I am glad to respond to your request for my views on the implications of the satellite communications bill for our policies and objectives in the United Nations.
>
> I assure you that if I had any serious concern about this I would somehow have made my views heard long before this.
>
> At the risk of repeating the obvious, let me emphasize that any satellite communications system in which the United States would be interested must be international in scope.
>
> It follows that the corporation envisaged in the bill could not possibly develop a rational communications satellite system without entering into numerous bilateral and multilateral international agreements. Anything else would be a technological and political impossibility. So we start with this fact of life: Any system of communication via satellites that makes any sense depends for its existence on international cooperation and agreement. This is the heart of the whole matter.
>
> But for what purpose do we want international cooperation and agreement in developing a workable and useful system of communications via satellites? On this, it seems to me that the language of the bill before the Senate is clear. In the declaration of policy and purpose it is stated:
>
> That our purpose is to establish a global communications network;
>
> That our aim is global coverage at the earliest possible date;
>
> That our policy is to do this in conjunction and cooperation with other countries;

That our purpose is to serve the communications needs of the United States and other countries;

That in doing so care and attention will be directed toward providing such services to economically less developed countries and areas; and

That the system herein envisaged should be so designed as to contribute to world peace and understanding.

It therefore seems to me that the bill explicitly recognizes that the system is to be global in scope, including expressly the less developed areas; that it ties this scientific wonder directly to the basic aim of U.S. foreign policy which, of course, is to "contribute to world peace and understanding;" and that international cooperation and agreement is the sine qua non of the system.

These clear commitments to policy and purpose are given teeth in section 201 where the President is directed to insure the realization of these policies and the FCC is directed, among other things, to "insure that all present and future authorized carriers shall have nondiscriminatory use of and equitable access to, the communications satellite system."

While I think the bill should have made precise reference to the United Nations, its language and intent are consistent with the relevant part of Resolution 1721 adopted by the General Assembly of the United Nations last December. Included in that long and detailed resolution are these words:

"Communication by means of satellites should be available to the nations of the world as soon as practicable on a global and nondiscriminatory basis."

That the policy set forth in the bill and the policy enunciated by the General Assembly fit each other so neatly is not entirely coincidental. The U.S. delegation played the leading role in drafting this resolution and supporting its adoption by the assembled nations of the world. Speaking to the General Assembly on December 4, 1961, I stated:

"The United States wishes to see this facility made available to all states on a global and nondiscriminatory basis. We conceive of this as an international service. We would like to see United Nations members not only use this service, but also participate in its ownership and operation if they so desire."

The similarity of purpose—and of language—is again clear.

I understand that some doubts have been expressed as to whether, however clear the language may be, the proposed corporation can be required to give effect to national policy, especially as it bears on foreign participation in an ultimate international system. Once again, it seems to me that the language of section 201 is adequate when it directs the President to "insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system."

While, as I say, specific reference to the United Nations has been omitted, section 201(a)(4) refers to the authority of the President to supervise relations of the corporation with "foreign governments or entities or with international bodies." The United Nations and its family of agencies are, of course, "international bodies."

The role of one of those international bodies—the International Telecommunications Union—is at least tacitly recognized in the bill itself in section 201(a)(7) which directs the President to "so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum"—which is something that can be done only through the ITU. And the hearings have been replete with specific references to the primary role in store for the ITU.

So I am satisfied that the role of the United Nations in a satellite communications system is explicitly intended by the language and legislative history of the bill.

Let me add that in the United Nations General Assembly and its Outer Space Committee, in the International Telecommunications Union, and in bilateral conversations with the Soviet Union and other interested countries, the United States has and will promote the objective which it successfully advocated in the General Assembly—that "communications by means of satellites should be available to the nations of the world as soon as practicable on a global and nondiscriminatory basis."

The record seems clear that the United States has been committed—since year 1 of the space age—to a policy of seeking the maximum amount of cooperation in outer space for which we can obtain international agreement, and that policy guides our actions on space matters before the United Nations and its family of agencies. I believe that the progress that has been made in the United Nations on this complex and delicate subject is quite hopeful, and I repeat that the United States will continue to press forward in line with our own policy and in the spirit of the United Nations resolution I have just been describing.

I conclude that the legislation before you provides the President and the executive branch of this Government with adequate control and influence to insure that the instrument proposed here can be fitted or adapted to an international system when we learn enough to design one.

Sincerely yours,

Adlai E. Stevenson.

Mr. President, this legislation is in the public interest. This legislation is designed to pool the resources of America and put us into orbit, so to speak, in a communications satellite system.

Mr. MORSE. Mr. President, does the Senator from Minnesota still refuse to yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. It is very interesting that Mr. Stevenson was not brought by the administration down here to take his examination in regard to his position on this bill or to square it with the statement made before the United Nations on December 21, 1961, when he offered the U.S. declaration resolution before the United Nations; and the senior Senator from Oregon asked that he be produced for examination, and I want to say he could not come.

Mr. HUMPHREY. Mr. Stevenson works under the authority of the President of the United States and the Secretary of State. When the President has testified by letter, and the Secretary has testified by the hour, I do not think it is necessary to bring him here also.

Mr. MORSE. I could not disagree with the Senator more.

Mr. HUMPHREY. He says it is in the interest of the United States and its requirements in the United Nations. Any arguments to the contrary are spurious and have no foundation in fact.

Mr. MORSE. The Senator may say they are, but that does not make them spurious.

Mr. HUMPHREY. Mr. President, in conclusion, I submit that this measure as proposed by the President of the United States, reviewed, studied, and debated by four separate standing committees of the House and Senate, passed overwhelmingly by the House, and supported without reservation in its present form by the administration, is in the national interest and will make it possible for the United States to move ahead to participate in a global communications system.

I am convinced that this bill gives the President ample authority to supervise and control any and all dealings of the corporation which affect our Nation's foreign policy, that adequate safeguards are written into the bill to prevent any single company from gaining monopolistic control over the satellite corporation, and that the public interest is protected by the powers given to the Federal Communications Commission and to the Attorney General of the United States.

Convinced, as I am, that the national interest will be promoted by such a communication satellite system and that private industry has the means and capability of doing the job that has to be done under adequate governmental supervision and regulation, I support this bill as a major step forward in mankind's advancement in the field of communications.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. He has used all of his time, without question, let the Record show.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. KEFAUVER. Mr. President, the Senator from Minnesota would not yield to me, but I challenge the Senator from Minnesota to point out one place in this bill where the taxpayers or the Government get back anything whatsoever for the investment they have made in research and development, both in rockets and satellites. There is not even a provision for preferential rates to the Government of the United States.

This is a giveaway bill with no compensation back to the Government even in a reduction of rates.

The Senator from Minnesota has spent much time talking about research and development and what has been done in other fields, such as fertilizer, seeds, jet planes, but those have been made available to everybody. One does not have to join a monopoly in order to get to use it. The result of research in this field is being exclusively giver to a private monopoly, which we have demonstrated, in my opinion, will be dominated by A.T. & T.

In order to try to prevent a little of that domination, I have an amendment which I send to the desk and ask to have read. It is a very important one. I refer to my amendment identified as "8-11-62—WW."

The PRESIDING OFFICER. The amendment will be read.

The Chief Clerk. It is proposed on page 38, following line 14, insert the following and renumber the succeeding sections accordingly.

Sec. 403. The Communications Act of 1934, as amended, is amended as follows:

(1) paragraph (2) of subsection (c) of section 222 of said Act is hereby repealed.

(2) Notwithstanding any provision, in any consolidation or merger of domestic telegraph carriers heretofore approved by the Federal Communications Commission pur-

suant to said section 222 for the divestment of the international telegraph operations theretofore carried on by any party to the consolidation or merger and notwithstanding any order heretofore made by said Commission with respect to such divestment the consolidated or merged carrier resulting from any such consolidation or merger shall not be under any requirement for the divestment of its international telegraph operations.

Mr. KEFAUVER. Mr. President, this is a most important amendment, as are all the amendments we have offered, even though they have been stricken down by motions to table. In order that some Senators may be present, since they may be interested in the amendment, to which every Senator ought to agree, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PELL in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 193 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. KEFAUVER. Mr. President, I ask for order in the Senate.

The PRESIDING OFFICER. The Senate will be in order.

Mr. KEFAUVER. Mr. President, I hope that Senators will listen to me for only a few minutes. The amendment is an important one. I think it is an amendment that every Senator ought to be glad to agree to. I testified in support of the amendment before the Committee on Commerce and submitted the amendment for the consideration and judgment of the Committee on Commerce.

The amendment was proposed by Mr. Barr, the vice president of Western Union, before the Committee on Commerce, before the Small Business Committee, and before the Antitrust and Monopoly Subcommittee. Senators who were present then will remember that in 1943——

Mr. PASTORE. Mr. President, may we have order so that we may hear the speaker?

The PRESIDING OFFICER. The Senate will be in order.

Mr. KEFAUVER. In 1943 there were two telegraph companies in the United States. A.T. & T. had not entered the private line telex field at that time. Postal Telegraph was in bad shape. Western Union agreed to take it over and merge the two companies. But in order to make possible the merger of the companies, it was necessary to enact a law to get around the antitrust laws.

Public Law 4 of the 78th Congress was then passed authorizing the merger of Western Union and Postal Telegraph. But over the objection of Western Union, there was forced into the bill at that time a second section which required, as a condition of the merger, that Western Union give up its international operations. Western Union at that time, as now, had some international telegraph operations.

The PRESIDING OFFICER. The Senate will be in order.

Mr. KEFAUVER. Mr. President, for 19 years Western Union has been under the ax of divestiture. They have not been able to find anyone who would be able to take over the business, and who would be satisfactory. They make very little money out of their oversea business, but they would like to keep it.

It is true, as Mr. Barr has pointed out before the committees, that A.T. & T. has no restriction on it for voice or telegraph business in the United States. Since 1945 A.T. & T.'s telegraph business in the United States has increased from 19 to 45 percent of all the telegraph business in the United States. A.T. & T. has no restrictions upon it for telegraph business overseas or for voice business overseas. It is the only company that sends voice messages overseas from the United States. As Mr. Barr has pointed out, it is utterly unfair to allow a large company to have no restrictions on it for voice or telegraph domestically or overseas, and at the same time to require a small company, Western Union, which is offering a little competition on telegraph business—none on voice business—to go through with this divestiture. They have made a genuine effort to dispose of their oversea business, but they have not been able to do so.

Western Union is the oldest telegraph company in the world. It was formed 103 years ago. It is a good company. It has fine management. It has done much in research and development. It has pioneered in the telegraph business.

Western Union cannot and would not be interested in going into the satellite corporation if it has to be divested of its oversea business, as is required by the second section of the act of 1943.

A.T. & T. has assets amounting to $27 billion. Western Union has assets amounting to $315 million. Are we going to impose no restrictions on the giant with respect to voice and telegraph business domestically and overseas, and at the same time require a small competitor, one one-hundredth, approximately, the size of A.T. & T., to divest itself of its oversea business? This amendment would provide a little competition. That is what we need to have. Western Union could then go into the voice business, if they could do oversea business and use the satellite. They cannot at the present time, because they do not have the facility. A.T. & T. will not let them use their cables. Therefore, by direction of Congress, they will have to go out of the oversea business. It is not fair. It is not right. We need a little competition in this field.

I was looking in the Fortune directory this morning for the comparable sizes of these two corporations. I find under utilities that A.T. & T. is No. 1 in everything. It is No. 1 in income, No. 1 in the business it does. It earns a net profit on investment, after taxes, of more than 9 percent. I looked down the list to try to find Western Union. It is not listed in Fortune's 500 large corporations. However, I have an annual report by Western Union. This little company has spent more than $200 million in the last few years in modernizing its plants and its operations, getting in a position to do better business.

It will have to give up its oversea business. A little competitor will have gone by the wayside. It cannot get into the satellite corporation, because it would have no business there. Mr. Barr says they want to, but there would be no use of their getting into the satellite corporation if they could not send messages from here to Europe or somewhere else.

So I say that in the name of competition, in the name of fairness between these companies, in the name of trying to help the little company have some advantages that the larger company has, this restriction in the 1943 law ought to be removed. That is the purpose of the amendment.

Mr. MAGNUSON. Mr. President, what the Senator from Tennessee says with regard to the history of the restrictions on Western Union is entirely correct. My committee has had this matter before it on three or four and maybe on five or six occasions. In fact, I introduced a bill by request on three or four occasions. Every time when we had a hearing on this matter we found that the Attorney General's office opposed us, on the ground that this might have some semblance of monopoly.

Western Union has tried, as the Senator from Tennessee has said, to live up to the divestiture clause for many years. They honestly and conscientiously have tried to sell or lease or get rid of their oversea communications system. They have never been able to do so. It must be said, however, that A.T. & T. at one time, about 1½ or 2 years ago, made an offer, under which A.T. & T. would lease some of its cables. I do not know what happened. I do not know whether they came to a meeting of minds.

There is no opposition to Western Union within the common carriers to proceed to use their oversea system. However, there is this order of divestiture. The Attorney General always opposes the kind of proposal I have in mind. They regularly oppose it, because this law was stuck in some years ago at a time when the circumstances were quite different. I am familiar with the situation.

I suggest to the Senator from Tennessee, since there is the rule of germaneness when cloture is invoked, there might possibly be a point of order made against the amendment for germaneness, and therefore, because I am wholeheartedly in favor of what he is trying to do, would suggest that the Senator from Tennessee—and I will join him—introduce his amendment as a bill. It will be promptly referred to the Senate Committee on Commerce.

I wish to assure him, and I know I can give the assurance of the distinguished Senator from Rhode Island also, that we will hold hearings on the bill. We do not need many hearings. I am sure that a majority of the committee members are in favor of it. We will have our next meeting on Tuesday, and I hope we can get it out of committee promptly at the next meeting. I will make that promise. I would ask the Senator if he does not wish to introduce the bill as such and ask for its appropriate reference, regardless of the action on his amendment.

Mr. KEFAUVER. Let me ask the Senator from Washington if this is not true——

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

Mr. MAGNUSON. Mr. President, will the Senator from Tennessee first let me introduce the bill?

Mr. KEFAUVER. Very well.

Mr. MAGNUSON. I introduce the bill for appropriate reference.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3646) to amend the Communications Act of 1934, as amended, relative to mergers of domestic telegraph carriers, introduced by Mr. MAGNUSON (for himself, and Senators KEFAUVER and LAUSCHE), was received, read twice by its title, and referred to the Committee on Commerce.

Mr. KEFAUVER. I ask the Senator from Washington if this is not the case: There has been ample testimony in the present hearing in connection with the satellite communications measure, in addition to all the other testimony that the Committee on Commerce has taken. I call attention to the fact that the hearings of the Subcommittee on Monopoly contain some 35 or 40 pages.

The representatives of Western Union testified at great length before the Committee on Commerce. So the question has been discussed in connection with the bill now before the Senate. The amendment is entirely germane, because the Federal Communications Commission, under the act, has the obligation to determine who will be a carrier entitled to belong to the corporation. There are sections which deal with the Federal Communications Act, and this is simply another amendment relating to the eligibility of who can participate in the satellite system.

There is no reason for futher delay. However expeditious the handling of such a bill might be, it would not be passed in this Congress. What would that do to Western Union? Western Union is under the ax right now to divest. It is important that Western Union have an opportunity to invest money in the satellite corporation, if the corporation is to be formed. Otherwise, Western Union could not invest money; it would have no incentive to invest money, so as to become a part of the corporation, because it would have no international business. That is not fair, when a little company is trying to plan for the future, not knowing whether next month it will be in operation or will have its oversea business taken away from it.

I think the time to act on the amendment is today. The record before us is clear. We have waited 19 years. We have a bill before us to which the amendment would be germane. Western Union will be needed as a member of the corporation, if the corporation is to be formed. I think we should take such action in the name of competition—and believe me, I would not be for anything unless it would promote competition, and this arrangement would. I do not want to see a little competitor pushed out of the picture. I think the amendment ought to be adopted now.

Mr. MAGNUSON. I do not think Western Union is a little company. It may be small in comparison with A.T. & T., but Western Union is a very healthy, large American company.

Mr. KEFAUVER. It is one one-hundredth the size of A.T. & T.

Mr. MAGNUSON. I have known of this situation for many years—all the years I have been a member of the Committee on Commerce. The members of the FCC have been very sensible and wise about this proposal, although at any time they could have moved in on Western Union to ascertain what had been done. They have not done so, because they know that Western Union has honestly tried to divest itself. I do not believe the present FCC will do anything about the situation until Congress has settled the question.

Actually, one of the reasons why the Committee on Commerce did not approve the proposal after the Attorney General had appeared before us was that we believed—perhaps wrongly so—that the Subcommittee on Antitrust and Monopoly, of which the Senator from Tennessee is the chairman, would positively differ with us and say it was monopoly.

Mr. KEFAUVER. I went before the Committee on Commerce and testified for the amendment. So I would never have jumped down the committee's throat.

Mr. MAGNUSON. The Senator from Tennessee, after examining into the question, has discovered what I have long believed; namely, that this proposal will work all right. But it is a piece of proposed legislation that is somewhat foreign to the bill. I am glad that this colloquy has taken place, because I believe the members of the Committee on Commerce who are present will understand and go along with the proposal.

I am sure it will be favorable to the Western Union people. I do not know how many discussions I have had with them. I have observed that all the other common carriers have tried to be helpful in this situation. I think the Committee on Commerce would be glad to proceed with the proposal forthwith. There has been no House action on it. There would not be any if we put it on this bill. The House would have to act on it, too. I think Chairman HARRIS would like to have a look at it, but I would almost be willing to wager that with the Subcommittee on Antitrust and Monopoly agreeing—I do not know whether the Attorney General would still agree or not—we could have this action taken. It is a worthy thing to do.

Mr. LAUSCHE. Mr. President, I should like to join as a cosponsor with the Senator from Washington of the bill which he introduced a moment ago.

Mr. MAGNUSON. I thank the Senator from Ohio.

Mr. LAUSCHE. It seems to me that the Attorney General and others who are in a position to compel divestiture would give recognition to the purpose of the Committee on Commerce to act on the bill.

Mr. MAGNUSON. I thank the Senator from Ohio.

Mr. KEFAUVER. Mr. President, I should like to have the floor for 1 minute.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. KEFAUVER. It is right, it is proper that this amendment be taken up at this time. There is legislative background in the Senate. I see no reason, while we are dealing with who are to be eligible, why we cannot make it clear that Western Union will have an opportunity to be a part of the corporation so far as its oversea business is concerned. I see no reason why the amendment should not be agreed to right away, while the bill is before the Senate for consideration.

Mr. PASTORE. Mr. President, I subscribe to everything that has been said by the Senator from Washington (Mr. MAGNUSON]. I was one of those who participated in most of the hearings which had to do with the question of divestiture. There is a little opposition. I would not say it is widespread or substantial, but there is some. There is opposition on the part of the Attorney General. The question was discussed in an informal way, not as a result of any proposed legislation having been introduced. I am glad that the bill has been introduced today. This matter has not been cleared by the House. I do not believe we can act on this amendment at this time. I do not think we will be doing a disservice to Western Union, which I think needs a lot of consideration; but we will be doing a greater disservice to the bill. If the amendment were to go to conference, it would kill the bill.

Therefore, I move to table the amendment.

Mr. KEFAUVER. Mr. President, will the Senator withhold his motion to table?

Mr. PASTORE. I withhold my motion to table.

Mr. KEFAUVER. I simply wish to say that the House is familiar with the proposal. There was testimony before the House about it, and Western Union apparently does not believe it will hurt their chances, because their representatives appeared before House and Senate committees and asked to be included; to have the limitation removed.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

Mr. KEFAUVER. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Colorado [Mr. CARROLL], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Wyoming [Mr. MCGEE], and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE] and the Senator from Mississippi [Mr. EASTLAND] would each vote "yea."

On this vote, the Senator from Colorado [Mr. CARROLL] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from California would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from New Hampshire [Mr. MURPHY] and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kentucky [Mr. MORTON] is detained on official committee business.

The result was announced—yeas 67, nays 20, as follows:

[No. 194 Leg.]

YEAS—67

Aiken
Allott
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Cotton
Curtis
Dirksen
Ellender
Ervin
Fong
Fulbright
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
Metcalf
Miller
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—20

Bartlett
Burdick
Cooper
Dodd
Douglas
Goldwater
Gore
Gruening
Hart
Javits
Keating
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Neuberger
Randolph
Talmadge
Yarborough

NOT VOTING—13

Anderson
Bible
Butler
Carroll
Clark
Eastland
Engle
Hayden
McGee
Morton
Moss
Murphy
Saltonstall

So the motion to lay on the table was agreed to.

Mr. YARBOROUGH. Mr. President, I call up my amendment identified as "8–13–62—IIII," and ask that it be stated. It is the first amendment of mine which I have called up.

The PRESIDING OFFICER. The amendment of the Senator from Texas will be stated.

The LEGISLATIVE CLERK. On page 25, beginning with line 21, it is proposed to strike out all to and including line 26, and insert in lieu thereof the following:

> (6) take all necessary steps to insure the availability of the communications satellite system for use by any department or agency of the United States whenever that department or agency determines such use to be necessary or desirable for the performance of any of its functions; and.

Mr. YARBOROUGH. Mr. President, I think this is a very important amendment. I shall take only a few minutes to present it.

This amendment strikes at the heart of the matter. For days we have heard much debate about whether the bill is a giveaway or is not a giveaway. The bill as drawn is an enforced giveaway, by the Government of the United States, of billions of dollars.

My amendment would not impede one whit the operations of the corporation. I have no objection to having NASA shoot up satellites for A.T. & T. or to having A.T. & T. operate the satellites. My objection to the bill, as drawn, is that it forces the Government to give to the corporation billions of dollars.

The proposed amendment would leave it optional with the U.S. Government as to the extent that it wanted to use the space satellite system.

As the bill is drawn, section 201(a)(6) provides that the President shall "take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs."

It was testified that unique governmental needs do not include even military needs; that, under the bill as drawn, the U.S. Government would be forced to utilize the satellite system for its U.S. Information Service, and for anything else the Government used except something like secret coded messages, and that, if they were not secret, even the military messages would have to be sent over this system.

Attention has been called to the fact that Mr. Edward Murrow, of USIA, before the Commerce Committee on April 24, and before the Foreign Relations Committee last week, testified that to use this satellite system for 1½ hours a day for a year would cost $900 million to the people of the United States under existing tariffs.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. Not in my time.

Mr. LAUSCHE. In my time?

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry. May I yield in the Senator's time without losing the floor?

The PRESIDING OFFICER. The Senator from Texas may yield, but he would have to be re-recognized afterward.

Mr. YARBOROUGH. I would rather proceed.

Mr. LAUSCHE. The question is very simple.

Mr. YARBOROUGH. I did not vote for this guillotine. The Senate voted it, and I am under a ruling under which, if I yield, I would lose the floor. I decline to yield.

Mr. President, as the amendment is drawn, it provides that the President shall:

> (6) take all necessary steps to insure the availability of the communications satellite system for use by any department or agency of the United States whenever that department or agency determines such use to be necessary or desirable for the performance of any of its functions.

Under the language of the amendment as drawn, the U.S. Government could still use the satellite system. The difference between the bill and this amendment is that the amendment would not mandatorily require that the President use this system to the exclusion of any other system.

The meat in the coconut was shown again today when the senior Senator from Rhode Island [Mr. PASTORE] engaged in a colloquy with another Senator and he qualified the statement as to what the satellite could or would do. Finally the Senator from Rhode Island said, "If they do not do it, we can shoot our own satellite up." He admitted that, under the language of the bill, the U.S. Government could not shoot up and use its own satellite.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I wrote down what the Senator from Rhode Island said. The Senator from Rhode Island said, "If they do not do it, we can shoot our own." It is an admission that the Government put up its own satellite under the terms of the bill as drawn.

Mr. PASTORE. Will the Senator yield?

Mr. YARBOROUGH. No. I cannot yield without losing the floor, under the ruling of the Chair.

Mr. PASTORE. Of course the Senator can.

Mr. YARBOROUGH. That is the statement the Senator from Rhode Island made. It will be in the RECORD tomorrow, if it is still there as spoken this morning.

That is the vice of the language of the proposed bill. I am not opposed to private enterprise. I am opposed to shackling the hands of the Government in this gigantic giveaway of the property of the American people.

I hold in my hand a letter from the Library of Congress, dated June 22, 1962. I asked the Library for a tabulation of the U.S. Government land grants to the railroads and canal companies. The total to the railroads was 132,803,493 acres. The total to the canal companies was something over 4½ million acres of Government grants of land to private companies.

I ask unanimous consent that the letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., June 22, 1962.

To: Hon. RALPH YARBOROUGH.
From: Economics Division.
Subject: Land grants to railroads and canals.

As requested by Miss Weiser of your office by telephone June 21, 1962, we are listing herein, in partial response to your request, a summary of the acreage received by railroads as a result of Federal land grants. The information is based on reports of the railroads and on records of the General Land Office, compiled by the U.S. Coordinator of Transportation and reported in "Public Aids to Transportation," volume 2. The net acreage received up to June 30, 1933, as found in Government records and to December 31, 1927, as reported by the railroads, after deduction of acreage lost by forfeiture, conflicting title or error in patenting, is given for railroad systems as they existed in 1938. The original recipients of the grants can be included in the more detailed data on which we are working and which we will complete as soon as possible.

Railroad systems	Acreage based on Federal records	Acreage based on railroad reports
Atlantic Coast Line	1,843,922	3,957,986
Chicago & North Western	7,302,238	7,429,902
Chicago, Burlington & Quincy	3,292,749	3,293,443
Chicago, Milwaukee, St. Paul & Pacific	1,453,565	1,453,565
Chicago, Rock Island & Pacific	538,882	538,882
Chesapeake & Ohio	513,152	513,472
Canadian Pacific (Duluth, South Shore & Atlantic, etc.)	1,273,960	1,322,519
Canadian National (Port Huron & Lake Michigan RR. Co., etc.)	6,468	6,468
Illinois Central	4,630,453	4,625,072
Missouri Pacific	954,958	1,001,783
Missouri-Kansas-Texas	576,683	572,081
New York Central	741,131	744,827
Pennsylvania	846,679	850,960
Seaboard Airline	1,318,913	1,346,533
Southern Ry	2,263,931	2,263,931
Southern Pacific	761,681	761,681
St. Louis-San Francisco	1,540,394	1,546,828
Union Pacific	18,492,850	18,560,578
St. Joseph & Grand Island Ry. Co	486,800	455,764
(Following are unadjusted amounts)		
Atchison, Topeka & Santa Fe	14,886,795	16,242,842
Chicago, Rock Island & Pacific (branch)	184,658	184,658
Great Northern	2,823,145	2,861,034
Missouri Pacific	2,794,190	2,185,291
Northern Pacific	39,843,053	41,076,749
Southern Pacific (western division)	11,432,039	11,350,811
Southern Pacific RR. Co	6,793,144	6,899,605
Total, Federal grants	127,337,284	132,803,493
(Total, unadjusted grants)	(78,452,466)	(81,512,218)

Canals were built and owned by the States for the most part from the beginning of canal building. New York and New Jersey provided State aid as did others later. However, there were some grants for internal improvements made to the States by the Federal Government, some of which were used for canal building, and some grants were designated by the Federal Government for the purposes of specified canals. Some of the canal land grants by the Federal Government between 1824 and 1866 provided for 90 feet of land on either side of a proposed canal but the States determined the routes, etc., for the most part. Distribution of grants for canal building is summarized by Benjamin H. Hibbard in "A History of the Public Land Policies," published in 1924, as follows:

	Acres
Indiana	1,480,408.87
Ohio	1,204,113.90
Michigan	1,251,235.85
Wisconsin	338,626.97
Illinois	324,282.74
Total	4,598,688.32

ESTHER J. DUDGEON,
Analyst in Transportation and Communications.

Mr. YARBOROUGH. And the Government in return for these land grants got lower rates. It received the right to haul its troops free of charge over the roads and to fix the rates for carrying the mail. Both were later revised. But the present giveaway bill has absolutely no provision for reduced rates for Government use for these space satellites. The Government must pay through the nose the rates fixed by the monopoly corporation.

Mr. President, a parliamentary inquiry. How much time have I left?

Mr. President, a further parliamentary inquiry. Is the time consumed in finding out how much time I have left taken from my time?

The PRESIDING OFFICER. The answer is "No." The Senator from Texas has 10 minutes left.

Mr. YARBOROUGH. I yield myself 3 minutes.

The examples of giveaways by this Government have fallen into three categories. I am reading only a few sentences from research I have had done by the Library of Congress. I have given the example of one kind of giveaways, those involving the public domain, or the natural wealth of America, such as land grants to railroads. Land grants to two of them involved over 50 million acres, nearly half of the total, and they were made under laws passed in 1862 and 1864, when the country was at war, and the legislation was slipped through. We are not at war now. We have time to study the legislation. We ought to carefully consider and deliberate it.

The second category of giveaways include those involving public investment, or the monetary wealth of America. The third category of giveaways include those involving the monopoly power, or the use of public authority to promote private gain.

In this case we do not have a giveaway involving the monopoly power only; in this type of giveaway we take the public investment, of the monetary wealth of the people, taken from them in the form of taxes to be given to the corporation by this section 201(a)(6) of the act.

We are taking billions of dollars a year from the taxpayers of the country and saying in this bill that the Government cannot shoot up its own satellites and cannot use such satellites. If we put up a satellite at 22,000 miles, we cannot use it. It could only be used by the Government if shot up by NASA, the use given to the private corporation, then sold back to the Government.

I want to read a couple or more sentences from the study by the Library of Congress:

> In the instances I have cited, before the War Between the States, at the beginning, these giveaways numbered the dollars involved in the thousands, then in the tens of thousands, and in the hundreds of thousands. More recently the amounts asked for began in the millions of dollars and extended to the tens of millions and hundreds of millions. However, this has been a process of relatively long growth, extending over decades. It is only when we come to the matter now before us that we begin a giveaway program with amounts of Federal money running into billions of dollars.

Look at the value of the land that was granted to the railroad companies—a dollar and a half an acre—peanuts as compared to this giveaway.

I continue from the report of the Library of Congress:

> If the money which we obtain from all of the people is to be expended, let it be expended in the interests of all of the people, and not given away to satisfy the desires of private interests motivated primarily by a desire for private gains. Let us stop this giveaway here, and keep the control of the satellite program in the hands of the Federal Government, and the hands of the people.

If the bill passes, at least this giveaway should be stopped, and my amendment will help. Mr. President, it is claimed by the bill's advocates that no giveaway is involved. Not only have the bill's opponents stated, on their own research, that this bill was a gigantic giveaway; now, I have proven, by a research paper from the Library of Congress, that this is the first billion- or multibillion-dollar giveaway in the history of the U.S. Government. It dwarfs all other giveaways; it is larger than all others combined.

Mr. President, a parliamentary inquiry. How much time have I left?

The PRESIDING OFFICER. The Senator from Texas now has 15 minutes.

Mr. YARBOROUGH. Mr. President, I yield myself 3 more minutes.

I referred briefly a moment ago to the fact that two big railroad grants were made in time of war, when people could not devote their attention to proposed legislation.

The first of the really major land grants for railroad purposes came with the passage of the Pacific Railroad bill in 1862. This bill gave to the Union and Central Pacific Railroads 10 alternate sections per mile of track within 10 miles of either side of the right-of-way. This allotment was subsequently increased in 1864 to double the acreage of the grant, extending the limits from 10 to 20 miles on each side of the track. In both cases the railroad company was granted a 400-foot right-of-way and allowed the use of Government timber along the right-of-way for use in the construction of the railroad.

The largest land grant of 41 million acres was made to the Northern Pacific Railroad in 1864. It allowed 10 sections per mile in the States and 20 in the territories along a route from Lake Superior to Puget Sound. Other important grants were one to the Union Pacific Railroad which was chartered to build a railroad from Missouri and California following the route of the Santa Fe Trail, and a grant to the Southern Pacific in 1871 for a railroad from New Orleans to California. In all, approximately 131 million acres of land was transferred from the ownership of the Federal Government to that of the railroad companies. In return the United States only stipulated that it should be allowed to ship troops over the railroads built free of charge and retain the right to fix the rates for the U.S. mails to be carried by the railroads. In actual practice, because the land-grant railroads protested even those modest requirements, the Government paid 80 percent of the commercial price for the carriage of the mails and 50 percent of that price for the carriage of Government troops and property.

Mr. President, the amendment I offer would not impede private development. It would not impede the chartering of the corporation. It would not impede free enterprise. It is not an amendment for Government ownership. It would merely make unnecessary the mandatory giving away by the United States of billions of dollars, under this bill to the private corporation.

The pending bill without my amendment will restrict free enterprise by putting shackles on the Government and on the hands of the people of the United States. It represents an impediment to national progress, because it would shackle our scientific effort, and the efforts of our Government and of our people, thereby making it impossible to go forward as rapidly as necessary in competition with the Russians, with the Soviet Union.

If ever there was a time in history when we needed to stop to appraise our objectives, that time is now, since the Russians have put into orbit two spacemen, two astronauts or cosmonauts, as they call them. One has gone a million and a half miles. The other has gone a million and a quarter miles. The trip of 1½ million miles is equal to a trip to the moon three times and back.

Despite this scientific breakthrough, we have before us a bill which would shackle the U.S. Government in its attempt to improve its communications in space.

I submit that my amendment is reasonable, clear, and easy to understand. I hope it will be adopted in the interest of the Government and of the people of the United States. I yield the floor.

Mr. **LAUSCHE**. Mr. President, I wanted to ask the Senator from Texas a question. Is it not a fact that last Saturday an amendment was adopted to the bill which changed the language and rendered what was read by the Senator from Texas inaccurate?

The original language in the bill provided that "the President shall" see to it that the Government would have available the satellite services and would use them except when "unique governmental needs" required a separate system. Last Saturday that language was amended to provide that the Government should use the facilities except when a separate communications satellite system was required "to meet unique governmental needs," and then we added "or if otherwise required in the national interest."

Mr. **YARBOROUGH**. Yes.

Mr. **LAUSCHE**. The addition of the language "or if otherwise required in the national interest" contemplated that if conditions should occur that the Government should need this service for other than unique purposes it could set up its own system. I submit that since the premise upon which the Senator from Texas has built his argument is different from the one he related his whole argument falls to the ground.

Mr. **YARBOROUGH**. Mr. President, I ask the floor on my own time, to answer this inquiry.

Mr. **KERR**. Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER**. The Senator from Oklahoma will state it.

Mr. **KERR**. How much time does the Senator from Texas have remaining?

The **PRESIDING OFFICER**. The Senator from Texas has 16 minutes remaining. [Laughter.]

Mr. **KERR**. Mr. President, a parliamentary inquiry. How could the Senator have 16 minutes remaining, after he has used 15 minutes of his last 12 minutes. [Laughter.]

Mr. **YARBOROUGH**. Mr. President, in fairness to those who are at the desk, I think I should state that I asked how much time I had before I started to speak the first time, and I was informed I had 30 minutes. I feel certain that the first answer by the Presiding Officer, that I had 10 minutes remaining, was in error. When I began I checked at the desk and I was told I had 30 minutes, before I started to present the amendment.

Mr. President, I yield myself 1 minute, to answer the distinguished Senator from Ohio.

We have considered that point. It was discussed in the colloquy a few days ago with the Senator from Idaho. The clause referred to by the distinguished Senator from Ohio was added to the end. It made no real or material change in the provisions of section 6. The provision still would require the President of the United States to "take all necessary steps to insure the availability and appropriate utilization" of the system. Those are the key words. The little clause, on the end, relating to "otherwise required," would not detract from the previous words. The mere fact that the service would be useful would not be sufficient. It would have to be required. In other words, it would have to be stated that a message could not be obtained over the low-orbit satellite system before the Government could use its own facilities. There would have to be a situation in which one could not get messages over the high-priced system before there could be brought into play the restricted language.

The language is so restricted as to mean little. That is why we have offered language which will mean something.

This provision would require that the President take all necessary steps to insure the availability of the communications satellite system for use by any department or agency of the United States. It still would require that the President "shall" use the system, but would not permit him to put up one of the Government's own, nor could put up a different one if the Hughes or some other company should get a satellite in orbit at 22,300 miles, or if I.T. & T. or some other company should develop a better one.

My amendment would permit the U.S. Government to buy the best service available, instead of being limited, as the proposed legislation would provide, to buying from A.T. & T. regardless of price, whether for official use or not.

Mr. President, I yield the floor.

Mr. **PASTORE**. Mr. President, I respectfully move to lay the amendment on the table.

Mr. **GORE**. Mr. President, will the Senator withhold his motion?

Mr. **PASTORE**. I withhold, Mr. President.

Mr. **GORE**. Mr. President, I yield myself 1 minute.

If Members of the Senate will carefully read subsection (6) of section 201, on page 25 of the bill, they will find the key words in line 24, "as do not require a separate communications satellite system."

I submit that the amendment adopted helps a little, but only a little. It would only apply to uses which require a separate satellite communications system in the national interest.

Mr. **PASTORE**. Mr. President, I move to lay on the table the amendment offered by the Senator from Texas to the committee amendment.

Mr. **YARBOROUGH**. Mr. President, I ask for the yeas and nays.

Mr. **KEFAUVER**. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Texas to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **METCALF** (when his name was called). On this vote I have a pair with the junior Senator from Oregon [Mrs. NEUBERGER]. If she were present, she would vote "nay." If I were at liberty to vote, I would vote "yea"; I therefore withhold my vote.

The rollcall was concluded.

Mr. **HUMPHREY**. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Colorado [Mr. CARROLL], the Senator from Pennsylvania

[Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from South Carolina [Mr. Johnston], the Senator from Hawaii [Mr. Long], the Senator from Arkansas [Mr. McClellan], the Senator from Utah [Mr. Moss], and the Senator from Oregon [Mrs. Neuberger] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] and the Senator from Arizona [Mr. Hayden] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from South Carolina [Mr. Johnston], the Senator from Hawaii [Mr. Long], and the Senator from Arkansas [Mr. McClellan] would each vote "yea."

On this vote, the Senator from Nevada [Mr. Bible] is paired with the Senator from Colorado [Mr. Carroll]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Arizona [Mr. Hayden] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Mississippi [Mr. Eastland]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Mississippi would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. Allott], the Senator from Maryland [Mr. Butler], the Senator from New Hampshire [Mr. Murphy] and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. Bush] is detained on official committee business and, if present and voting, would vote "yea."

The result was announced—yeas 68, nays 15, as follows:

[No. 195 Leg.]

YEAS—68

Aiken
Beall
Bennett
Boggs
Bottum
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Hartke
Hickenlooper
Hickey
Holland
Hruska
Humphrey
Jackson
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McGee
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—15

Bartlett
Burdick
Church
Douglas
Gore
Gruening
Hart
Hill
Javits
Kefauver
Long, La.
McNamara
Morse
Pell
Yarborough

NOT VOTING—17

Allott
Anderson
Bible
Bush
Butler
Carroll
Clark
Eastland
Hayden
Johnston
Long, Hawaii
McClellan
Metcalf
Moss
Murphy
Neuberger
Saltonstall

So Mr. Pastore's motion, to lay on the table Mr. Yarborough's amendment to the committee amendment, was agreed to.

Mr. PASTORE. I ask for the yeas and nays on the committee amendment.

Mr. LONG of Louisiana. Mr. President——

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. Is the request sufficiently seconded?

The yeas and nays are ordered.

Mr. DIRKSEN. Mr. President, in my own time I have——

Mr. LONG of Louisiana. Mr. President, a parliamentary inquiry.

Mr. DIRKSEN. Mr. President, I should like to inquire of the distinguished majority leader as to what the program will be for the balance of the day and also what he envisions for tomorrow.

Mr. MANSFIELD. Frankly, I cannot give the minority leader much of an answer. We must play this matter by ear.

Mr. GORE. Mr. President, Members in the rear of the Chamber cannot hear. The Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MANSFIELD. It is the intention of the leadership to stay in session until 10 o'clock or thereabouts tonight, depending on conditions, and to come in at 10 o'clock tomorrow morning and to stay with this matter until it is concluded, and then turn to the farm bill, and following the farm bill to turn to the drug bill.

Mr. DIRKSEN. Mr. President, in my own time I should like to ask the distinguished senior Senator from Oregon if he can enlighten the Senate as to whether there will be a continuation of these amendments and if he anticipates quorum calls and yea-and-nay votes, as has been the case thus far? The basis for my inquiry is—and I do not vouch for it at all—that I understood there was afoot a plan to take perhaps another four or five or six major amendments out of the entire heap, and offer them, and let it go at that.

Mr. MORSE. I appreciate very much the fairness of the Senator from Illinois in offering to do this in his own time. I should like to answer at great length, but in fairness to the Senator, I believe we should have unanimous consent that the colloquy which will take place will be charged to no one's time.

Mr. DIRKSEN. That is all right. I have some time left. I am asking the question.

Mr. MORSE. I have already told the Senator from Illinois, the Senator from Florida, and the Senator from North Dakota that I thought it only fair that the Senate know what the plans are, so far as the senior Senator from Oregon is concerned, with regard to the rest of the amendments.

I have 4 minutes left on the bill. I wish to use those 4 minutes to answer the Senator from Minnesota [Mr. Humphrey]. I will use the time for that purpose.

However, my position on the amendments which I have submitted is this: I have submitted every one of them in good faith. In my judgment each one, without exception, is an important amendment and would, if adopted, improve the bill. I believe that each should be adopted.

I have been placed in the position where I cannot discuss these amendments at any length. To cover this situation, if I can, I shall propose a unanimous-consent agreement.

The amendments will have to be set forth, and all I can do is to call them up and have them read. I shall ask unanimous consent that I be allowed to file in the Record a memorandum about each one of them which will set forth my position upon it.

I do not expect to obtain agreement, but I want to set forth my reasons for following the course of action I have outlined in fulfilling my obligation. I have an obligation to present these amendments for the Record. I have an obligation to give the Senate an opportunity to vote on them one way or another. I do not intend, because the die has been cast, to call for a yea-and-nay vote on very many of the amendments. I believe there may be two or three on which I do wish to have a yea-and-nay vote. However, I intend to call up every amendment that I have submitted which has not already been considered by the Senate.

I intend to call up every amendment of which I am a cosponsor. I did not lend my name to a single amendment on the desk which in my judgment should not be adopted. Each one of them were designed to protect the public interest against the provisions of this monstrous bill which the Senate is about to pass.

This process will take time. Senators may not believe it, but the Senator from Oregon regrets that it is going to take time. It is, however, necessary, in view of what has developed in the Senate. It is necessary in view of the fact that the Senator from Oregon recognizes that he has no chance at all of getting any of these amendments adopted.

However, I do owe an obligation to my position in the Senate and to the people I represent.

I do not wish the debate on this issue to close without a complete history of it being made so far as the amendments which ought to be offered to the bill are concerned. I believe in each amendment that I will offer tonight and tomorrow morning. I assure the Senate, however, that I will not call for a yea-and-nay vote on every amendment. I may not get a yea-and-nay vote on all of those on which I desire to obtain it but it is my hope that I will.

I have long since been convinced that I must vigorously protect my rights in this session of the Senate.

I shall offer my amendments, and the Senate can dispose of them as rapidly as the clerk can get through reading them and the Senate's guillotine can dispatch to them to the table. However, the amendments which bear the name of the senior Senator from Oregon will be offered before we dispose of the pending bill.

Mr. DIRKSEN. If I could get from the Senator from Oregon a slightly more explicit answer——

Mr. MORSE. I believe there are approximately 30 amendments.

Mr. DIRKSEN. I was about to ask the Senator how many there were. How many amendments will we have the pleasure of guillotining tonight?

Mr. MORSE. I believe that in the course of this evening the Senator may be able to drop the guillotine on half of them or more. Of course, I am fit as a fiddle, and if the Senate wishes to stay here all night, I shall be delighted to have the Senator from Illinois remain.

Mr. DIRKSEN. Mr. President, still in my own time, I see my affable friend, the distinguished Senator from Tennessee [Mr. KEFAUVER], on the floor, whom I regard as the grand captain. I should like to ask the grand captain whether on his amendments he expects to follow the same course of procedure. He has submitted quite a number of amendments. I believe on one occasion he dropped 70 amendments on the desk, as my list indicates. I am wondering whether he is going to call up a very substantial number of them and attempt to secure yea-and-nay votes on them or suggest the absence of a quorum.

Mr. GORE. Mr. President, I make a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. GORE. The rules of the Senate do not permit one Senator who has the floor to propound questions to a Senator who does not have the floor.

The PRESIDING OFFICER. The point of order is sustained.

Mr. DIRKSEN. I have the floor. I believe I can ask a question.

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GORE. What was the ruling of the Chair?

The PRESIDING OFFICER. The point of order of the Senator from Tennessee was sustained.

Mr. DIRKSEN. I yield to the distinguished Senator from Tennessee to ask me a question.

Mr. KEFAUVER. In the Senator's time?

Mr. DIRKSEN. Yes.

Mr. KEFAUVER. Is the time for answering the question limited or unlimited?

Mr. DIRKSEN. Unlimited.

Mr. KEFAUVER. Does the Senator not know that I have stated to him on the floor of the Senate that if this type of bill is going to be passed, I and others have an obligation at least to call the attention of the Senate to some improvements that might be made in it? I am sure the Senator knows that I have offered, I believe, up to this time, three amendments, all of which were important amendments.

I offered an amendment to let the public participate in all the issues of voting stock, not merely the initial issues. That amendment was defeated. I offered an amendment to prevent an investor like A.T. & T. from getting a double return, a return from the users of the telephone and a return from interest on bonds. That was a serious amendment. That was defeated.

I am sure the Senator from Illinois knows that I offered an amendment to try to let Western Union rid itself of its divestiture order so that it could participate in the satellite program. I believe everyone agreed. The chairman of the Commerce Committee agreed, I am sure. The Senator handling the bill on the floor agreed. Apparently everyone agreed, but almost no one voted in line with their agreement.

So far as my position is concerned, I believe that those who have the feeling that they should at least give the Senate a chance to vote on amendments should have the opportunity of offering them. May I ask another question?

Mr. DIRKSEN. Let me ask the Senator another question.

Mr. KEFAUVER. I expect to offer about two more amendments.

Mr. DIRKSEN. The Senator from Tennessee submitted 46 amendments. Action was taken on five. The Senator has 41 amendments remaining at the desk. Does he propose to call up all of them? I desire only an answer to that question.

Mr. KEFAUVER. The Senator from Illinois yielded for an unlimited time; I took him up on his proposal.

Does the Senator know that when the cloture petition was filed unexpectedly on Saturday morning, without notice to many Senators, a number of the opponents of the bill were absent from the city; that we who were here feared that Senators who were out of the city might not have an opportunity to submit amendments and have them printed in the RECORD; that the Senator from Louisiana [Mr. LONG] and I, in order to try to protect the rights of Senators who were absent, submitted a number of other amendments; that when the absent Senators returned and found they could submit their amendments and have them printed in the RECORD, they did so, and that many of them were duplicates of those which had been submitted on Saturday; that in many cases the amendments are in triplicate, exactly like those which had first been filed?

For my part, I shall ask for the consideration of only the amendments which I believe ought to be adopted.

Mr. DIRKSEN. That is, two?

Mr. KEFAUVER. I have many more that I think ought to be adopted; but out of deference to the distinguished minority leader, knowing what will happen by way of motions to table some of the amendments which I think should be adopted, I may not offer them. But I do not want to make any binding agreement.

Mr. MORSE. Mr. President, will the Senator from Illinois yield for 30 seconds on his time, so that I may propound a unanimous-consent request?

Mr. DIRKSEN. I yield.

Mr. MORSE. My unanimous-consent request is that I be permitted to file in the RECORD, following each amendment I offer, each of which I expect to be shot down by the tabling procedure, a memorandum explaining the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Mr. President, reserving the right to object, does that query come in the form of a request merely to file an amendment and a memorandum in connection with it?

Mr. MORSE. No; it comes in the form of a request that as I offer an amendment and it is read by the clerk and submitted to the Senate for action, there may be printed in the RECORD a memorandum explaining the amendment and setting forth a brief argument in favor of it.

Mr. DIRKSEN. I would be glad not to object, if the request involved only an insertion of the amendment in the RECORD or that it be read by title.

Mr. MORSE. I withdraw the request.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. DIRKSEN. If I may.

Mr. LONG of Louisiana. Is the Senate operating under a unanimous-consent agreement at this time?

Mr. DIRKSEN. Wait. First let me yield to the Senator from Louisiana for a parliamentary inquiry. Then everyone can hear and understand it. Now I yield.

Mr. LONG of Louisiana. Mr. President, is the Senate operating at this time under a unanimous-consent arrangement, or is it still operating under the cloture rule?

The PRESIDING OFFICER. The Senate is operating under the cloture rule.

Mr. DIRKSEN. On my time.

The PRESIDING OFFICER. On the time of the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I yield the floor.

POSTAL RATES FOR THE BENEFIT OF BLIND PERSONS

Mr. CURTIS. Mr. President, I send a bill to the desk in behalf of the senior Senator from Kansas [Mr. CARLSON], the senior Senator from West Virginia [Mr. RANDOLPH], and myself. I ask that the bill remain at the desk for a week to enable other Senators to join as cosponsors.

This bill is for the benefit of the blind and particularly for the benefit of blind children. For some time I have been interested in their welfare. I have been particularly interested in the work of the Christian Record Benevolent Association of Lincoln, Nebr. They have done so much in printing and distributing the scriptures and religious books for the blind. Through them I have been in contact with many other fine groups over the country who are likewise doing a very worthwhile work.

Mr. President, the bill relates to the assistance by the Post Office Department to blind persons. At the present time sound recordings on disks can be mailed without charge but the more modern device of tapes does not qualify. This is one of the items taken care of in the bill being introduced today.

Braille material is likewise handled without charge, however, many people are legally blind, and this is particularly true of children who, with the aid of new lenses being developed, can read a large script prepared for them. Such script is not used by persons other than the blind. This proposal would cause that type of printing to be handled free as braille is now handled.

At the present time books for the blind are sent at a special rate of 1 cent per pound. The revenue the Post Office Department receives from this is negligible and it is burdensome from the standpoint of bookkeeping. This charge is removed and, in addition, the scope of what can be sent in the way of supplies for the blind is enlarged.

Mr. President, I ask unanimous consent to have printed in the Record portions of a letter I have received from Mr. George E. Keane, chairman of the legislative committee of the American Association of Workers for the Blind, which further explains these changes.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the excerpts from the letter will be printed in the Record; and, without objection, the bill will lie on the desk, as requested by the Senator from Nebraska.

The bill (S. 3467) to amend sections 4653 and 4654 of title 39, United States Code, with respect to the mailing of certain reading and other materials for the use of blind persons, introduced by Mr. Curtis (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

The excerpts presented by Mr. Curtis are as follows:

The Industrial Home for the Blind,
Brooklyn, N.Y., July 31, 1962.
Hon. Carl T. Curtis,
U.S. Senate, Senate Office Building, Washington, D.C.

Dear Senator Curtis: * * * A brief explanation of the background and reason for the proposed changes may be useful here. I know that you are familiar with most of these reasons, but put in a brief memorandum form, they may be useful.

First, we are suggesting two separate proposals. In the amendments to section 4653 we are asking for the inclusion of sound recordings other than those on discs, and in addition, matter in sightsaving-size type. The first addition is self-explanatory, since research and development in the field of recordings for the blind seem to indicate that ultimately more and more of the material prepared in sound recordings for blind persons may be on tape as a more economical method both in terms of cost and in terms of space needed. The inclusion of sightsaving-size type material, however, is new, and it should be said here that such material will probably be confined exclusively to the use of blind children with some remaining vision, as it will never be practical to try to publish extensive lists of titles in large type for the adult population. The reason for its importance for the child is that practically all of the material prepared in large type for blind children is hand transcribed by volunteers. There are very few titles available through the American Printing House for the Blind or any other agency, and the local volunteer will probably have the burden of completing texts for blind children in this type for many years to come. The preparation of these texts is conducted for the most part by private, voluntary agencies which provide large-type typewriters, the paper, and other materials essential for preparing the books. Much of this is mailed to the volunteer and thereafter returned by mail to a central bindery for preparation for use by the child.

The present rate of 1 cent per pound has not applied to this material in the past, nor to the finished books which are then mailed to the child, and it would be a valuable contribution if these could be mailed free, as braille material and sound recordings are now mailed. The probabilities are that this will never be in the aggregate a very substantial addition to the burden on the Post Office Department, but it can be a real saving to the local agency for the blind handling the problem.

You will note that another minor change is that we have suggested rewording the phrase, "for the blind," to read, "for blind persons."

The amendments proposed to section 4654 are self-explanatory insofar as they suggest the abandonment of the 1 cent per pound rate for the mailing of sound reproducers or parts thereof, braille writers, and other appliances. You will note, however, that we have included the phrase, "and paper, records, tapes, and other raw materials necessary for the production, etc." in subsection (b) of section 4654. We have included this phrase so that the local agency or a central agency, hopefully the American Printing House for the Blind at a later date, may be able to provide paper and production material to volunteers throughout the country for the transcribing of large-type books for blind persons. You will recall that Mr. Duffield, in his review of his discussions with the Post Office Department and others, found a willingness to consider the abandonment of the 1 cent per pound rate in the mailing of such machines and appliances as are described in the law—first, because the aggregate income to the Post Office Department in such mailing is negligible; and, second, because as a bookkeeping item it becomes burdensome.

Work for the blind in the United States, however, which is always confronted with the problem of raising funds to carry its work forward, would find the saving substantial enough to warrant requesting the change in the law, particularly those agencies, whether public or private, which carry forward extensive programs of volunteer transcription for blind children. Very often the geographic area covered by such an agency may be quite large, and there may be several agencies for the blind in the area which do not carry forward a transcription program. The major burden, therefore, for a large population may fall on one agency, and the mailing costs may become significant. We feel very strongly that it is a sound plan for one central agency to do as much of this work as is possible, and we feel that the elimination of costs such as the penny a pound mailing charge may encourage such agencies to extend their services. Very often the mailing of paper to the volunteer transcriber and its return to the library is more expensive because of the frequency of such mailing. Some agencies, for example, have as many as 1,000 volunteer transcribers who must be provided with the materials for producing books, all of which are sent by mail and returned by the transcriber to the library by mail. Under present conditions costs for such mailing are borne by the local agencies. We believe sincerely that the Postmaster General will have no objection to the inclusion of this material once he understands the problem.

* * * * *

Faithfully yours,
George E. Keane,
Chairman, Legislative Committee.

Mr. CURTIS. Mr. President, we have in the very good judgment of our people and of the Congress made very special provisions for the blind of the United States by law and by unanimous consent. We have had for many years one special provision concerned with the mailing of reading matter for the blind, creating very liberal provisions so that no hardship shall arise in seeing to it that reading matter is brought directly to the blind person, and beyond this, that equipment and facilities for reading are made available to him.

In the past quarter century there have been many changes in our life, in our sciences, in our economy, which make the provisions which have been available just a little archaic and ready for change.

Because I have always had an interest in the welfare of our blind citizens, I have been particularly aware of this problem of the preparation and distribution of reading matter for blind persons. It has been brought to my attention by a number of leaders in the field of work for the blind through the representative of an organization in my own State, the Christian Record Benevolent Association, Mr. Dean C. Duffield, who has brought the problem specifically to my attention, representing the American Association of Workers for the Blind, the National Federation of the Blind, the American Association of Instructors of the Blind, the American Printing House for the Blind, the American Foundation for the Blind, the Library of Congress, and others who have a particular knowledge and interest in the cultural and educational opportunities for blind persons in our country.

We have in the past been primarily concerned with producing and distributing reading matter for an adult population of blind persons. However, in the past 20 years we have been more and more concerned with reading matter for blind children, and it has been the pressure to produce and distribute such reading matter for these children that has brought to the attention of the field of work for the blind and of Congress some of the inadequacies of the law concerned with the mailing of this material.

With the advent of scientific discoveries which made it possible to preserve life in very small children who were born prematurely, and with the inadequacy of the knowledge of the use of oxygen in conjunction with their incubation, an eye condition known as retrolental fibroplasia increased the numbers of blind children substantially in the United

States. Fortunately, the problem surrounding the use of oxygen has been conquered and this is no longer a serious problem, but there are now literally thousands of blind children going through the schools for the blind and the public schools who need and must have substantial quantities of reading matter to carry forward their studies in the community.

In earlier days braille material produced by the American Printing House for the Blind was adequate because much of the educational program available to blind children was carried forward in residential schools. Now, however, more than 50 percent of all of these children are educated in their home communities in public schools where it may be necessary to provide a complete set of texts for a child which may be the only ones needed by any blind child. Most of these books are produced and distributed by local voluntary agencies for the blind using volunteer transcribers who produce the books by hand, return them to libraries operated by such local agencies, who in turn bind them and send them to the blind children who need them.

During the same period of time there were other significant developments which affected this group of children and adults substantially. Beginning with a small installation at The Industrial Home for the Blind of Brooklyn in 1953, and since spreading to all parts of the United States, experiments were carried forward in the use of telescopic and microscopic lenses to assist these children and adults who were classified as legally blind but who had some remaining vision, to use this vision to its utmost. It was possible with these lenses for persons classified as blind persons to read special sightsaving-size type, usually a type face in the area of 14- to 24 point type, as described by printers. Here again, it was necessary to have special texts and reading matter prepared in such type, almost exclusively by volunteer transcribers, although there is a limited number of printed volumes in these type sizes, sometimes called "cleartype."

The problem immediately arose as to the distribution of this material which, of course, was neither transcribed in embossed or raised type such as braille, or on records such as the talking book, and with the best will in the world the postmasters of the various communities were unable to accept this material as free reading matter for the blind, in terms of cost of mailing, yet this material was just as important to the blind child who could see with these lenses to read, although he might not be able to see to do anything else, as the braille material was to him prior to the use of the lenses.

Another important development over the years has been the effort on the part of the Library of Congress and others concerned with reading matter for the blind to find a more economical method of producing reading matter for blind persons than that now available either on sound recordings or in raised type, and it has become increasingly clear that it would be far more economical to produce reading matter on tape recordings than on disks, not only because of the cost of producing disks as compared with the cost of producing tapes, but in even greater measure in the space required both for the production and storage of disks as compared to tapes, and the weight in mailing to and from the libraries and agencies handling these tapes and records.

In order to resolve some of the problems which are apparent in these new developments, there have been innumerable meetings between the representatives of various associations and agencies concerned with the education and rehabilitation of blind persons over the past several years, and the proposals contained in the two sets of amendments to Codes Nos. 4653 and 4654 are an effort to correct some of the problems that have arisen in the simple matter of mailing reading matter for blind persons. In the consultations that have preceded this proposal the publishers, private agencies, the Library of Congress, and the associations of workers for and of the blind have been deeply involved, and the proposals suggested here are the result of these discussions.

Conferences have been held with the Post Office Department, and I myself have had some correspondence with all of these parties. It would appear that the proposals we make here, which I am very glad to say are cosponsored by my distinguished colleagues, Mr. RANDOLPH, Mr. CARLSON, and others, will, in effect, facilitate the movement of reading matter for the blind in the United States and will make it more effective and more useful to the blind reader.

We feel very strongly that while the immediate problem relates to the movement of books to blind children and consists of a very substantial program of mailing, that over the years this phase of the problem will be reduced by the fact that the numbers of blind children grow steadily less, despite the fact that the numbers of older blind persons continue to increase. The masses of mail now required are related to the children's programs and should, therefore, over the next 10 or 20 years mean a very big reduction in the burden on the postal services. It is entirely probable that when the present large numbers of children have completed their education the problem of mailing sightsaving-size type will be negligible, indeed, for as most of the older blind persons use the sound recordings for reading matter, there will undoubtedly be a reversion to the more extensive use of embossed type and sound recordings, and less use of the sightsaving-size type.

We should have the privilege, however, of extending to our blind citizens the most complete opportunity for reading that is possible for them. We have asked, too, in this proposal that materials which need to be used by volunteer transcribers to produce the books required by blind readers be included in this free mailing program. This is an effort to reduce the cost of the production of reading matter for blind readers. Most of this cost is now being borne by voluntary agencies for the blind, and it seems an unjust burden to place upon them.

We sincerely believe that the proposals we have made here will resolve many of the developing problems in the mailing of reading matter for the blind which have been coming to our attention over the past decade, and we respectfully urge favorable action by the Senate.

CONSTITUTION DAY — PROPOSAL FOR LEGAL HOLIDAY

Mr. DIRKSEN. Mr. President, I ask unanimous consent, out of order, to introduce a joint resolution to make September 17 a national legal holiday, to be known as Constitution Day.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 217) making the 17th day of September in each year a legal holiday to be known as Constitution Day, introduced by Mr. DIRKSEN, was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. DIRKSEN. Mr. President, for many years we have celebrated that day in 1776, the 4th day of July, when the people of the colonies declared their independence, absolved themselves from their former allegiance and dissolved their former political connections, declaring that the colonies were free and independent States.

In that declaration, which has become one of the historic documents by which men have set out the self-evident truths and the principles of government, they also set out for all mankind to know the causes which impelled them to their determination.

But that declaration rending asunder the bonds of a former allegiance was only the first step in creating this great Nation that now comprises 50 States which reach from the Gulf of Mexico to the Arctic Circle and beyond and span from the Atlantic Ocean to our island State in the Pacific.

The next task of those patriots, our forebears, was to establish the authority by which they were to be governed because they knew that revolution rightly conceived in justice is not anarchy. In the beginning they used the means at hand. Each colony became a free and independent State; all were bound together in a firm league of friendship by Articles of Confederation for their common defense and the security of their liberties and their mutual and general welfare.

So, bound together, they fought a war. It was a common war of independence against a common oppressor, and, in the adversity of that war, the people put aside their provincial thoughts in order to achieve a common victory. By the fire of war they were welded into one Nation. The bond has never since been broken, though it has been severely tried by issues which have from time to time divided different parts of this great country.

So it was, Mr. President, that the people of those free and independent

States, having fought this common war, sent their representatives to Philadelphia in February of 1787 to devise such further provisions as should appear necessary to provide a Federal Government adequate for this Union. Among this group of 42 men assembled in the statehouse in Philadelphia were some of the most famous in our history. George Washington, Benjamin Franklin, James Madison, and Alexander Hamilton were there. So were Gunning Bedford and Robert Morris. Two of these men were to become Presidents of the United States, three Cabinet officers. Fifteen became U.S. Senators, eight more became Governors, one became Chief Justice of the U.S. Supreme Court, and three became Associate Justices. George Washington, who had led the people in their common war, was unanimously elected President of this convention.

Mr. President, it was a convention which was to prepare the greatest document of government the world has yet seen—a document of a government which would be of the people, by the people, and for the people. The task was not an easy one. For 124 days they labored, as they discussed the provisions that were proposed. So carefully was their work considered. But all this care and attention was not for naught. One-hundred and seventy-five years later that Constitution, which those wise and foresighted men prepared, has been amended only 23 times. The first 10 amendments, as every schoolboy knows, were called the Bill of Rights and were adopted almost as this Nation came into being; and since then only 13 amendments have been made.

This Constitution which was established for a nation with a population of less than 4 million persons today governs more than 186 million persons. One might think that such a document of government would be long and involved but such is not the case. It is exactly 89 sentences long; can be contained on 4 sheets of paper and can be read by anyone in 15 minutes. But it has stood the test of time. It has seen a continent transformed from a wilderness to the greatest economic power in the world. It has seen the surface of the globe transformed. Empires have risen and fallen. Communication around the world has become a matter of seconds instead of weeks and months. Men fly through the upper regions of the heavens and travel deep under the sea. The moon, the planets, and the very cosmos are growing close. Yet, the form of government as set out in that Constitution 175 years ago has endured and has been adopted by the people throughout this planet.

And so, Mr. President, I think it is only fitting that we should do honor to those men and to the Constitution of our country which has been engrossed upon the records of history through their efforts. The day upon which they duly affixed their signatures to that document they had so carefully prepared was September 17, 1787, 175 years ago. To that end Mr. President, I now introduce a joint resolution that this significant day become recognized as part of our national traditions and I ask that this resolution be referred to the appropriate committee.

NEWSLETTER OF SENATOR COTTON

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed at this point in the Record a most compelling document in the form of a newsletter by the distinguished senior Senator from New Hampshire [Mr. Cotton].

There being no objection, the newsletter was ordered to be printed in the Record, as follows:

Norris Cotton Reports to You From the U.S. Senate

"I have sworn eternal hostility against every form of tyranny over the mind of man," declared Thomas Jefferson. Never did these words ring more true than in this space age. The cold war we wage is to unshackle the minds of men. It is a battle of ideas—and ideas cannot be blasted by missiles or smothered by fallout. Faith and freedom are our weapons and the world will survive if we can beam them to those behind the Iron Curtain, and to new and underdeveloped countries.

With full knowledge of this and a vision for which we honor him, President Kennedy 1 year ago marshaled the departments and resources of Government in a drive to put a communications satellite in orbit: "I am anxious that development of this new technology to bring the farthest corner of the globe within reach by voice and visual communication, proceed with all possible promptness." One month ago the almost fantastic dream came true. Some of us who serve on the Communications Committee had the chance to witness the first sound and pictures sent into space and bounced back from the Telstar satellite. Next day messages and television were relayed to and from Europe. The United States had scored its greatest "first"—and our firsts in space are few these days. We have led the world in putting space science to a practical, peaceful use. If we act quickly, we can hold that lead and provide a world satellite system handling more than a thousand messages at a time, meeting the fast-growing needs for oversea communications. With it we can project the picture of freedom, clear and unmistakable, to all peoples everywhere.

But, in the midst of our jubilation, we came to earth with a thud. Our eyes may have been on the stars but our feet were dragging in the mire. We are in danger of letting the fruits of victory slip away from us. Here are some facts you should know:

For years Government and private enterprise have worked side by side, pacing each other, in space research and development. Government, largely through NASA (National Aeronautics and Space Administration), has sought many goals including weather, navigation, and surveillance (spy) satellites. Government research contributed to Telstar and Air Force's Thor rocket launched it.

Meanwhile, Bell Telephone has spent a billion dollars producing the transistor, the solar battery, the traveling wave tube, the maser, the waveguide, and the horn antenna—all essential to Telstar, but most of them required for Government's other purpose satellites. The telephone company spent $35 million preparing six Telstars, $15 million on the ground station in Maine and paid $2.7 million to NASA for the launching and the use of its tracking system. Thus, Government and industry have been working partners.

President Kennedy, wisely I believe, seeks to continue this partnership. His bill provides for a special corporation owned equally by the public and the telephone companies, six directors named by each group and three by the President. As a private corporation it will have the profit incentive which has always put the surge into America's free competitive system—and it will pay taxes. On the other hand, it will be subject to carefully spelled out controls by the President, NASA, and the FCC. I think it's a workable combination.

Congress thinks so too. The bill passed the House almost unanimously. Approved by both the Senate Space Committee and my own Commerce Committee, it came into the Senate with almost complete bipartisan backing. Then followed one of the worst debacles in American history. A few Senators, bound and determined to send America into the space race under the red banner of Government ownership, are defying the President and the Senate. For 2 weeks they filibustered. Then, to appease them, the bill was sent to the Foreign Relations Committee to determine if the corporate setup is adapted to our foreign policy. The Secretary of State and other high officials testified that it is, so this committee, like the other two, reported it favorably.

As I write this report the filibuster is on again. Actually, representative government is on trial. What a stimulus for dictatorships if, in a national emergency, a handful of Senators can paralyze our entire Congress. I shall vote for cloture. This is one time we should clamp down on needless debate. The scientific triumph of the century must not be erased by a foolish filibuster.

In the words of Franklin Roosevelt, "This generation of Americans has a rendezvous with destiny."

That rendezvous must be kept.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Rhode Island will state it.

Mr. PASTORE. Has action been taken on my request for a yea-and-nay vote on the committee amendment?

The PRESIDING OFFICER. The Chair is informed that a yea-and-nay vote has been ordered.

Mr. PASTORE. I thank the Chair.

Mr. MORSE. Mr. President, I call up my amendment designated "8–13–62—LLLL," and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 28, line 14, it is proposed to strike out the following: "institute forthwith appropriate proceedings under section 214(d) of the Communications Act of 1934, as amended, to".

On page 30, line 11, strike out the following: ", in accordance with the procedural requirements of section 214 of the Communications Act of 1934, as amended,".

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 196 Leg.]

Aiken
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Oregon to the committee amendment.

Mr. PASTORE. Mr. President, does the Senator from Oregon desire to have printed in the Record an explanation of his amendment, before I move that the amendment be laid on the table? I am perfectly willing to agree to a unanimous-consent request to have an explanation printed in the Record.

Mr. ERVIN. Mr. President, I shall object to a request for unanimous consent.

Mr. LONG of Louisiana. Mr. President, all that the Senator from Oregon wishes to do is to have an explanation of the amendment printed in the Record—in cooperation with the leadership.

Mr. ERVIN. I will go along with the leadership.

Mr. LONG of Louisiana. But if we are to reach the point where an explanation cannot be printed in the Record——

Mr. PASTORE. Mr. President, I have no objection to having an explanation of the amendment printed in the Record.

Mr. ERVIN. Then, Mr. President, I have no objection.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Senator Morse on Amendment LLLL

1. The clauses that this amendment would strike out provide the procedures which H.R. 11040 imposes as a precondition of compelling the proposed corporation to render service to underdeveloped nations and areas.

2. These procedures are spelled out not in the present act but in the Communications Act of 1934. They provide for an adversary proceeding at which the U.S. Government would be forced to litigate against the corporation.

3. The penalty for noncompliance with section 214D of the Communications Act is a fine of $100 a day, which would be a slap on the wrist to this corporation which may gross $33 billion a year in a decade.

In support of this point I ask unanimous consent that the portion of Senator Kerr's Senate Space Committee Report of February 25, 1962, dealing with attractiveness of space communications as an economic venture be included at this point in my remarks.

4. The act presently provides that the Secretary of State make a determination that communication with a particular foreign point, i.e., India or Ghana or Argentina, is in the national interest. If this amendment is not passed the corporation can refuse to comply with the Secretary's decision. The only recourse of our great Government—which may have discerned that such communication may be crucial during a certain period—for instance—immediately following independence—the only recourse is to engage in an adversary proceeding with the corporation.

5. This proceeding would be lengthy, expensive, and the results would by no means be certain. Section 214D provides "full opportunity for hearing" giving the corporation well defined legal rights.

6. We can avoid placing our Government in this inferior position and avoid thwarting foreign policy aims in this area by requiring that the corporation, as a condition of gaining the privileges of this act and the $33 billion annual income, be required to comply with the determination of the Secretary of State without a § 214D hearing.

7. I ask my colloquy with Commissioner Minow in the Foreign Relations Committee hearing on this point be here included.

Mr. PASTORE. Mr. President, if the Senator from Oregon has nothing further to say——

Mr. MORSE. I do not have available time in which to speak.

Mr. PASTORE. Then, Mr. President, I move that the amendment of the Senator from Oregon be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Oregon to the committee amendment. [Putting the question.]

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I ask that the clerk call up my amendment identified as "MMMM," and I ask that the amendment be read.

The PRESIDING OFFICER. The amendment submitted by the Senator from Oregon to the committee amendment will be stated.

The Legislative Clerk. On page 34, in line 12, it is proposed to insert the following before the period: "and no such communications common carrier shall at any time own more than 12 per centum of such shares issued and outstanding".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the committee amendment.

Mr. KEFAUVER. Mr. President, in my own time, let me state that this is a very important amendment. It restricts the ownership of the stock set aside for the communications carriers, by providing that no one of them may own more than 12 percent of the stock.

As I recall, as the bill was before the House of Representatives, it provided that any one of the common carriers would be limited to 10 percent of the stock, and in the original administration bill the limitation was 10 percent of the stock.

This provision gives the carriers an opportunity to own some stock, but, as the committee amendment is now written, A.T. & T. could legally own up to 50 percent of the voting stock.

Mr. President, this amendment is a most important one. The administration originally recommended 10 percent; and the amendment of the Senator from Oregon, as I heard it read, provides for 12 percent.

Therefore, Mr. President, this amendment should be given very serious consideration.

When a motion to lay the amendment on the table is made, I think a yea-and-nay vote should be taken.

I point out this inequity in the bill: No noncarrier—for example, General Electric, or the Senator from North Carolina, myself, or anyone else who might wish to buy some of the 50 percent of the stock set aside for the public—may own more than 10 percent. Yet in the committee amendment there is no limitation as to the amount which a communications carrier could own of the 50 percent set aside for them. Certainly that provision is not fair or equitable. Why should the public be limited to 10 percent, whereas the communications carriers are not limited at all, other than to the total of 50 percent to be available for all of them.

Mr. PASTORE. Mr. President, if the Senator from Oregon desires to have an explanation of the amendment printed in the Record, I have no objection.

The PRESIDING OFFICER. Without objection, an explanation of the amendment may be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Senator Morse on Amendment MMMM

1. The substance of this amendment is to take the limitation applicable to ownership of stock imposed by noncarriers under section 304(6)(3), and to apply a similar limitation to the 10 international communications carriers, which may now own up to 50 percent of the voting stock and unlimited amounts of other securities.

2. Testimony before the Foreign Relations Committee by Joseph Rauh established that pursuant to the Public Utility Holding Company Act and the investigations upon which it was based, back in the 1930's, there is a presumption that about 10 percent of stock ownership in a large, publicly held corporation, is controlling.

3. If there were time, these hearings would have been studied and digested for inclusion in this Record. It is clear that this material, which contains the accumulated experience and wisdom of this Nation with monopoly in the utilities industry should have received close study and consideration by the committees of the Senate before which the measure was brought.

4. In the absence of the provision, it is clear that A.T. & T. will own 35 percent to 45 percent of the stock in the proposed corporation. This conclusion is justified by the position taken by A.T. & T. in the ad hoc carrier conference sponsored by the

FCC in 1961 during which A.T. & T. indicated a willingness to invest some $65 million out of $75–80 million which all carriers would have invested.

This estimate was confirmed by the testimony of Deputy Attorney General Katzenbach before the Senate Antitrust and Monopoly Subcommittee and FCC Chairman Newton Minow before the Senate Foreign Relations Committee.

5. The Supreme Court in the case of *U.S.* v. *E. I. du Pont*, 313 U.S. 586 (1957), held that a 23 percent stock interest inhibited competition and therefore violated section 7 of the Clayton Antitrust Act. Another case in this area involved a 24 percent stock interest which a Federal Court enjoined from being voted, *Hamilton Watch Co.* v. *Benrus Watch Co.*, 206 F. 2d 738 (2d Cir., 1953). This line of cases should have been given a full airing and thorough consideration both in the Senate Commerce Committee and on the Senate floor.

6. In light of the standards set by both the Public Utilities Holding Company Act and the Supreme Court regarding the relationship of stock ownership to control, it is clear and certain that passage of H.R. 11040 in its present form, and without such an amendment as this, will result in a dominance of the proposed corporation by the American Telephone & Telegraph Co. that will rise to haunt the Senate and the Nation for decades to come.

Mr. PASTORE. Mr. President, I move that the amendment of the Senator from Oregon to the committee amendment be laid on the table.

Mr. KEFAUVER. Mr. President, on this motion, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). On this vote I have a live pair with the Senator from Oregon [Mrs. Neuberger]. If she were present and voting, she would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Colorado [Mr. Carroll], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from Utah [Mr. Moss], the Senator from Oregon [Mrs. Neuberger], and the Senator from Virginia [Mr. Robertson] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] and the Senator from Arizona [Mr. Hayden] are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona [Mr. Hayden] and the Senator from Virginia [Mr. Robertson] would each vote "yea."

On this vote the Senator from Nevada [Mr. Bible] is paired with the Senator from Colorado [Mr. Carroll]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Mississippi [Mr. Eastland]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. Allott], the Senator from Maryland [Mr. Butler], the Senator from New Hampshire [Mr. Murphy], and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 73, nays 13, as follows:

[No. 197 Leg.]

YEAS—73

Aiken
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—13

Bartlett
Burdick
Douglas
Gore
Gruening
Hart
Javits
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Yarborough

NOT VOTING—14

Allott
Anderson
Bible
Butler
Carroll
Clark
Eastland
Hayden
Metcalf
Moss
Murphy
Neuberger
Robertson
Saltonstall

So Mr. Pastore's motion to table Mr. Morse's amendment was agreed to.

Mr. PASTORE. Mr. President, I should like to state to the Members of the Senate as respectfully as I can, that we are moving along rather rapidly now. If Senators will remain in the Chamber, they will be accommodating themselves as well as the Senate. I ask their indulgence.

Mr. KEFAUVER. Mr. President, I could not hear what the Senator said.

The PRESIDING OFFICER. The Chair apologizes.

Mr. PASTORE. May I repeat it, on the Senator's time?

Mr. YARBOROUGH. Mr. President, I will yield some of my time to the Senator.

Mr. PASTORE. What the Senator said, using the time of the Senator from Texas, is that we are moving along rather rapidly now, and if Senators will remain in the Chamber, they will not only be accommodating themselves but also accommodating the Senate. I asked for their indulgence.

Mr. BURDICK. Mr. President, I invite the attention of my colleagues to a very important telegram I have received from my home State of North Dakota, as follows:

> Re A.T. & T. satellite bill, please vote against any bill that would give the telephone companies 50 percent control of communications satellites. The Government has perpetrated A.T. & T. into a monstrous monopoly. Existing tariffs for landlines and service by microwave systems is 400 percent greater than that private systems can be operated for, and I can prove it. I am against Government control and/or ownership, but in this instance I feel that control of this system should be widespread through public and industry with A.T. & T. allowed only a minority interest.
>
> John W. Boler,
> *North Dakota Broadcasting Co.*

The reason this is important is that the North Dakota Broadcasting Co. owns a chain of television stations covering practically the entire State of North Dakota, part of South Dakota, and the eastern part of Minnesota.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. BURDICK. I yield.

Mr. KEFAUVER. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER (Mr. Hickey in the chair). The Senate will be in order.

The Senator may proceed.

Mr. MORSE. Does the Senator from North Dakota interpret the telegram which he received from the representative of the North Dakota Broadcasting Co. as indicating a protest against the communications monopoly aspects of A.T. & T.?

Mr. BURDICK. The telegram is signed by John W. Boler, who is president of the company. It certainly speaks for itself. That is the conclusion I draw.

Mr. MORSE. Does the Senator agree with me that monopoly cannot be reconciled with competition?

Mr. BURDICK. I was under the impression that free enterprise connoted competition.

Mr. MORSE. Is the Senator familiar with an article written by J. Robert Moskin entitled "The Surprising Story of 'Ma Bell,'" which appeared in the August 28, 1962 issue of Look magazine, and in which there is much discussion of the activities of A.T. & T.?

Mr. BURDICK. I regret that I have not read the article.

Mr. MORSE. Has the Senator been informed that the article quotes Mr. Frederick R. Kappel, chairman of the board of A.T. & T., as follows:

> The company flies in the face of the American faith in competition. Kappel says, "If you get what the breaker-uppers want, you get competition, and if you get competition, you get waste."

Is the Senator familiar with that quotation?

Mr. BURDICK. I am not familiar with it.

Mr. MORSE. Does the Senator agree with me that this quotation from the president of A.T. & T. makes perfectly clear what we, who are opposing this monopolistic bill, feel will happen against the best interests of the American people, if the satellite communications bill is not amended; namely, that competition will be killed?

Mr. BURDICK. There is certainly a basis for that assumption.

Mr. MORSE. Is the Senator aware that in the Look magazine article the author points out that:

> A.T. & T. officials confess that they sympathize with these complaints and worry about their customers' anger. But they also admit that, in the distant future, it is conceivable that everybody will be given a personal telephone number at birth to carry around all his life. In that futuristic day, telephones will be freed from cords and fixed locations, and every customer will be able to call any other from a telephone in his pocket. Then automation will be complete.

Is the Senator familiar with the stated attitude of the president of A.T. & T.?

Mr. BURDICK. I was not familiar with it until now.

Mr. MORSE. Did the Senator hear the Senator from Minnesota [Mr. HUMPHREY] this afternoon point out, and I paraphrase his comment, that Joe Beirne, the head of the Communications Workers of America, is for this bill?

Mr. BURDICK. I believe I heard that statement.

Mr. MORSE. But is the Senator aware that another great communications union, the Independent Telephone Workers Union, is against the bill?

Mr. BURDICK. I understand that is correct. I also understand that some official action has been taken by the AFL-CIO itself against the bill.

Mr. MORSE. Does the Senator know that Joe Beirne of the Communications Workers is a member of the executive council of the AFL-CIO?

Mr. BURDICK. I think that is correct.

Mr. MORSE. Is the Senator from North Dakota aware of the fact that, although Joe Beirne is a member of the AFL-CIO executive council, the AFL-CIO executive council at its meeting in Chicago, recently held, anounced its opposition to this monopolistic bill?

Mr. BURDICK. That is what I understand.

Mr. MORSE. Is the Senator aware that in the Look magazine article Mr. Kappel, president of A.T. & T., speaking about the A.T. & T. investment policy, is quoted as saying:

> Only management can judge that—not a sharp-penciled economist. It's the one-legged ex-motorcycle cop and the ex-drugstore clerk who got to be a commissioner, who know all about it.

He was speaking of the FCC.

Is the Senator aware that such is the attitude of the president of the A.T. & T. toward the Federal Communications Commission?

Mr. BURDICK. I was not previously aware of it, no.

Mr. KEFAUVER. Mr. President, I did not hear the last statement read by the Senator.

Mr. MORSE. The article quotes the President of the A.T. & T., showing his complete disrespect for the FCC by saying, with respect to the investment policies of A.T. & T., that:

> Only management can judge that—not a sharp-penciled economist. It's the one-legged ex-motorcycle cop and the ex-drugstore clerk who got to be a commissioner, who know all about it.

Does the Senator agree with me that this is a shocking statement for the president of the A.T. & T. to make and demonstrates clearly the kind of attitude we will have on the part of A.T. & T. when and if the Senate tomorrow gives away the public interest by passing this monopolistic bill? Does the Senator further agree that such a Senate action will strengthen the tentacles around the throats of the American taxpayers so that A.T. & T. can squeeze the last dollar of profit and the highest rate that it can extract from the taxpayers and ratepayers of America? Does the Senator agree with the Senator from Oregon on these points?

Mr. BURDICK. I would say that I am very surprised at the statement.

Mr. MORSE. Does the Senator now have better understanding why the senior Senator from Oregon has opposed so vigorously entrenching deeper the A.T. & T. into an even stronger monopolistic position than it now occupies in the American economy?

Mr. BURDICK. Apparently my friend from North Dakota, Mr. Boler, who is president of the North Dakota Broadcasting Co. thinks so, too.

Mr. MORSE. Does the Senator think that Mr. Minow, the head of the FCC ought to have called to his attention the published attitude of Mr. Kappel, the president of A.T. & T., regarding the qualifications of members of the FCC?

Mr. BURDICK. It seems so.

Mr. MORSE. Does the Senator from North Dakota agree with me that the telegram he has received from the broadcasting and TV company official from his State ought to make the Senator from North Dakota and the rest of us in this little willful band of Senators more determined, once the outrageous bill is passed, to carry the story across America to the American taxpayers as to what has happened to their interests by Senate passage?

Mr. BURDICK. In view of the vote on the last amendment, by which the Senate refused to limit stock ownership in carriers to 10 percent, it would appear that Mr. Boler of the North Dakota Broadcasting Co. would be opposed to the bill, too.

Mr. MORSE. Did the Senator from North Dakota hear the Senator from Minnesota [Mr. HUMPHREY] argue this afternoon, and I believe I paraphrase his language correctly in sense if not verbatim, that which those of us who oppose the bill point out that the FCC has never successfully completed a single general rate hearing on A.T. & T., and his answer to that argument was that if the FCC cannot regulate the A.T. & T., what makes us think that the Federal Government could operate a satellite system?

Mr. BURDICK. It is my recollection of the record that the FCC has never held a formal hearing on telephone rates.

Mr. MORSE. Does the Senator agree with me that if the FCC has never been able successfully to regulate the A.T. & T., that fact certainly could not justify entrenching A.T. & T. even more firmly into the economy by providing it with a stronger monopoly than it now possesses? Does not the Senator agree further that in place of an A.T. & T. monopoly we ought to keep our satellites, American-flag satellites, owned by all the people of the United States, and that in keeping with our private enterprise traditions, we should carry out the recommendation of Ambassador Gross and that great international lawyer, Ben Cohen, by entering into contracts on a competitive basis with all communication companies in the country which wish to join on a basis of equality to help operate our satellite communications system? Does the Senator agree?

Mr. BURDICK. I agree that one has apprehension about effective regulation of the carriers in space when there has been little activity on the ground.

Mr. MORSE. Did the Senator from North Dakota hear the Senator from Minnesota argue this afternoon, and again I must paraphrase, that because A.T. & T. will be able to select only three of the members of the board of directors, since three of the board of directors are named by the other carriers and an additional six by the general public stockholders, and another three will be appointed by the President, that therefore A.T. & T. could not possibly control the board of directors. Did the Senator hear that argument?

Mr. BURDICK. I heard it.

Mr. MORSE. Does the Senator agree with the Senator from Oregon that A.T. & T. has already shown its powerful control, and its ability to control. Its control is pretty well recognized across our country, and has been for years gone by. Time and time again it has been able to invoke its will on State legislatures. Time and time again its great lobbying power has permitted it to have its way. As I speak here in the Senate, its lobbyists are scattered throughout the galleries of the Senate Chamber. If A.T. & T. can exercise the type of control it has always been able to exercise over legislation across the country, does the Senator have any doubt about the ability of A.T. & T. also to dominate a board of directors set up under the monopolistic combine in the bill?

Mr. BURDICK. I would say they would be in a very powerful position to do so.

Mr. MORSE. Does the Senator agree with the Senator from Oregon that all we have to go on is our experience with A.T. & T.? Has not our experience with A.T. & T. in this country been one which has demonstrated that it has always functioned as a monopoly and as such against the best interests of the American people?

Mr. BURDICK. I will say that they are large, powerful, and influential.

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. BURDICK. I yield.

Mr. KEFAUVER. I was just looking at the article in Look magazine to which the Senator referred. Does the Senator know that the article states that A.T. & T. spent $51,400,000 on advertising and public relations last year?

Mr. BURDICK. I did not know that until the Senator read it.

Mr. **KEFAUVER**. Does the Senator think that that is a mighty large amount to spend?

Mr. **BURDICK**. That is a great deal of money in our part of the country.

Mr. **KEFAUVER**. Speaking about the FCC—and I have not seen any denial of the statement—Mr. Kappel stated in the article:

> It's the one-legged ex-motorcycle cop and the ex-drugstore clerk who got to be a commissioner, who know all about it.

While I know the FCC has not regulated A.T. & T., I do not know of any one-legged motorcycle cop or ex-drugstore clerk who is a commissioner. Does the Senator?

Mr. **BURDICK**. Not to my recollection.

Mr. **MORSE**. Does the Senator think that the quoted statement connotes an arbitrary and disrespectful attitude toward a Commissioner of the Federal Government?

Mr. **BURDICK**. I would think so.

Mr. **KEFAUVER**. I think the Senator from Oregon has done a mighty good public service in pointing out that article. It is shocking to me that we should want to place our destiny in the hands of a company whose chairman of the board has that attitude toward Federal employees.

Mr. **MORSE**. Mr. President, does the Senator yield for a question?

Mr. **BURDICK**. I yield.

Mr. **MORSE**. Did the Senator hear the Senator from Minnesota [Mr. HUMPHREY] this afternoon argue to the effect that there is no giveaway in the bill?

Mr. **BURDICK**. I do not recall whether I heard that remark or not.

Mr. **MORSE**. Will the Senator advise the Senator from Oregon as to whether the bill proposes to turn over the satellite communications system to the monopoly set up in the bill for profitmaking purposes?

Mr. **BURDICK**. I had that apprehension.

Mr. **MORSE**. Does the Senator agree with me that if we maintain a system of American-flag satellites we are in a better position to guarantee the American taxpayers a return to the Treasury of a far greater amount than the taxes the Senator from Minnesota was talking about, for the use of satellites?

Mr. **BURDICK**. Certainly there is a better chance for a recoupment under that system.

Mr. **MORSE**. Does the Senator agree with me, in rebuttal to the statements made by the Senator from Minnesota, that it is true that when we enter into a lease or contract relationship the taxpayers will benefit to a greater degree from the standpoint of economic return than if we establish a monopoly, where the taxpayers will benefit only to the extent of the taxes that are collected from the monopoly?

Mr. **BURDICK**. In any event, if a business makes a profit, there will be a corporation tax, whether it is given anything or not.

Mr. **MORSE**. Does the Senator agree with me that if the Senate had adopted the amendment which the Senator from Oregon offered, an amendment which was recommended by Ambassador Gross, recommended by Ben Cohen, and recommended by the AFL-CIO Executive Council in Chicago, and an amendment consistent with the opposition to the bill by former President Harry Truman, the Federal Government could have entered into contracts whereby all communications corporations in this country would have an equal competitive opportunity to enter into business arrangements with the Federal Government for the development of the satellite system and that the consideration for such contracts could very well have—and undoubtedly would have—returned to the taxpayers money in excess of the taxes which the monopoly would pay under the bill?

Mr. **BURDICK**. I do not know what it would return, but it would certainly return more. I have not heard a Senator who is opposed to the bill recommend operation. They have all recommended either lease, contract, or license. Government ownership and control does not necessarily mean operation. As for myself, for a long period of time I have recommended and sponsored the theory that the system should be owned by the Government but operated by private carriers.

Mr. **MORSE**. What does the Senator think of the argument as I recall it in substance, made by the Senator from Minnesota this afternoon, to the effect that because the President of the United States, the Secretary of Defense, the Secretary of State, the head of FCC, and the overwhelming majority of congressional committees which have conducted hearings on the bill are in favor of the bill, therefore the Senator from North Dakota, the Senator from Oregon, and other Members of the so-called little willful band of Senators opposed to the bill should subside? Does he feel we should agree to function as rubberstamps in the Senate even though our study convinces us that the proponents of this bill are dead wrong insofar as the public interest is concerned?

Mr. **BURDICK**. The Senator and I, as lawyers, know that the greater number of witnesses does not necessarily mean the greater weight of the evidence.

Mr. **MORSE**. Does the Senator agree with me that the trust we owe to our people in our States is to study every bill on the basis of the facts and to exercise an honest independence of judgment on the merits of the legislation before coming to a decision on the basis of the public interest involved?

Mr. **BURDICK**. That is the only way we should decide it.

Mr. **MORSE**. Does the Senator agree with me that since, as a result of our study, we believe that this bill is decidedly against the public interest, that we ought to continue to insist that the public be informed of our position and that of the proponents of the bill with respect to the public interest aspects of the bill?

Mr. **BURDICK**. That is right. I yield the floor.

Mr. **KEFAUVER**. Mr. President, I call up my amendment identified as "8-14-62—D," and ask that it be read.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

The **PRESIDING OFFICER**. Does the Senator wish to have the amendment read?

Mr. **KEFAUVER**. A part of it. After it has been read in part, I will ask that the further reading be suspended.

Mr. **MORSE**. Mr. President, I should like to have the whole amendment read. I want to hear it.

The **PRESIDING OFFICER**. The clerk will read the amendment.

The legislative clerk read the amendment, as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Space Communications Act'.

"TITLE I—DECLARATION OF POLICY AND DEFINITIONS

"Declaration of policy and purpose

"SEC. 101. (a) The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding.

"(b) The new and expanded space communications services are to be made available as promptly as possible and are to be extended to provide global coverage at the earliest practicable date. In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed, toward efficient and economical use of the electromagnetic frequency spectrum, and toward the reflection of the benefits of this new technology in both quality of services and charges for such services.

"(c) In order to facilitate this development, United States participation in the global system shall be the responsibility of the Space Communications Commission established by this Act. It is the intent of the Congress that such Commission, acting in cooperation with other departments and agencies of the Government under policies approved by the President, shall provide facilities for the rendition of space communication service, and shall provde for the operation of such facilities by authorized communications carriers. It is further the intent of the Congress that such operation shall be conducted under terms and conditions effective to insure nondiscriminatory access to such facilities and the rendition of effective and economical service to the Government for its requirements and to the public.

"(d) It is the intent of the Congress that insofar as practicable the communications satellite system shall be used for domestic as well as for international communication service. It is not the intention of the Congress to preclude the creation of additional communications satellite systems which may be required for communications needs.

"Definitions

"SEC. 102. As used in this Act—

"(1) the term 'communications satellite system' means a system of communications satellites in space whose purpose is to relay telecommunications information between satellite terminal stations, including communications satellites, satellite terminal stations, and associated equipment and facilities required for launching, tracking, guiding, controlling, commanding, and utilizing communications satellites for space communications purposes;

"(2) the term 'satellite terminal station' means a complex of communication equipment located on the earth's surface, operationally connected with one or more terrestrial communications systems, which is capable of transmitting telecommunications to or receiving telecommunications from a communications satellite system;

"(3) the term 'communications satellite' means an earth satellite which is intentionally used to relay telecommunication information;

"(4) the term 'associated equipment and facilities' means all facilities (other than satellite terminal stations and communications satellites) required for the primary purpose of establishing and operating a communications satellite system, whether for administration and management, for research and development, or for direct support of the space operations incident to the rendition of space communications service;

"(5) the term 'space communications service' means the rendition or furnishing of telecommunication service through the use in whole or in part of a communications satellite system;

"(6) the term 'telecommunication' means any transmission, emission, or reception of signs, signals, writings, images, and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems;

"(7) the term 'research and development' means the conception, design, and first creation of experimental or prototype operational devices for the operation of a communications satellite system, including the assembly of separate components into a working whole, but does not include the construction of such devices through repetitive duplication to fixed specifications compatible for operational applications; and

"(8) the term 'communications common carrier' has the same meaning as the term 'common carrier' has when used in the Communications Act of 1934, as amended;

"(9) the term 'authorized carrier' means a communications common carrier which has been authorized by the Federal Communications Commission under the Communications Act of 1934, as amended, to provide services by means of communications satellites;

"(10) the term 'Commission' means the Space Communications Commission established by this Act;

"(11) the term 'Administration' means the National Aeronautics and Space Administration; and

"(12) the term 'Communications Commission' means the Federal Communications Commission.

"TITLE II—FEDERAL PLANNING, COORDINATION, AND REGULATION

"The President

"SEC. 201. In order to achieve the objectives and to carry out the purposes of this Act the President shall—

"(1) plan, develop, supervise, and foster the execution of a national program for the establishment by the Commission and the operation, as expeditiously as possible, of a communications satellite system;

"(2) provide through the National Aeronautics and Space Council for the continuous review and coordination of the activities of all Government departments and agencies in all phases of the development and operation of such a system;

"(3) supervise relationships of the Commission with foreign governments, other foreign entities, and international organizations as may be necessary to assure that such relationships shall be consistent with the national interest and the foreign policy of the United States;

"(4) insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a worldwide communications satellite system;

"(5) take all necessary steps to insure the availability of the communications satellite system for general governmental purposes; and

"(6) take appropriate action for the attainment of coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with communications facilities in the United States and abroad.

"National Aeronautics and Space Administration

"SEC. 202. To carry out the purposes of this Act, the National Aeronautics and Space Administration, under policies approved by the President shall—

"(1) advise and consult with the Commission and the Communications Commission as to the technical characteristics and requirements of the communications satellite system;

"(2) cooperate with the Commission in research and development activities required for the establishment and operation of the communications satellite system;

"(3) assist the Commission in the conduct of its research and development program by furnishing to the Commission, on a reimbursable basis, such satellite launching and associated services as may be necessary for the most expeditious and economical establishment and development of a communications satellite system;

"(4) furnish to the Commission, on request and on a reimbursable basis, satellite launching and associated services required for the establishment, operation, and maintenance of the communications satellite system; and

"(5) furnish to the Commission, on a reimbursable basis, such other services as it may require in connection with the establishment and operation of the system.

"Federal Communications Commission

"SEC. 203. (a) To carry out the purposes of this Act, the Federal Communications Commission, in its administration of the provisions of the Communications Act of 1934, as amended, and as supplemented by this Act, shall—

"(1) upon application made by any communications common carrier which is obligated by lease, contract, or other arrangement with the Commission to render space communications service through the use of facilities of the Commission, grant authorization to such carrier for the rendition of that service under such terms and conditions as the Federal Communications Commission shall determine to be required for compliance with the provisions of this Act;

"(2) insure effective competition, including the use of competitive bidding where appropriate, in the procurement by authorized communications common carriers of apparatus, equipment, and services required for the rendition of space communications service;

"(3) insure that all departments and agencies of the United States shall have full and adequate space communication service, and that all present and future authorized carriers shall have nondiscriminatory use of, and equitable access to, space communication service;

"(4) insure that all space communication service is rendered under just and reasonable charges, classifications, practices, and regulations; such services rendered to the United States Government and agencies thereof shall be at preferential rates;

"(5) prescribe such other terms and conditions as may be required to regulate in the public interest the manner in which available facilities of the communications satellite system are allocated among users of space communications service;

"(6) render such advice and assistance to the Commission as may be required to insure that facilities of the communications satellite system and satellite terminal stations are technically compatible and interconnected operationally with each other and with existing communications facilities;

"(7) prescribe such accounting regulations and systems, and initiate such ratemaking proceedings, as will insure that any economies to communications common carriers made possible through the use of the communications satellite system are appropriately reflected in reductions in rates charged by such carriers for communication services; and

"(8) make such rules and regulations as the Federal Communications Commission shall determine to be necessary to carry out the provisions of this title.

"(b) In order to insure that small business concerns are given an equitable opportunity to share in the procurement programs of the Commission and communications common carriers for property and services (including but not limited to research, development, construction, maintenance, and repair), the Federal Communications Commission shall cooperatively develop with the Small Business Administration within four months after the effective date of this Act a small business contracting program which shall contain such provisions as may be necessary to (A) enable small business concerns to receive, either directly or as subcontractors, a fair proportion of the contracts and procurements for property and services (including but not limited to research, development, construction, maintenance, and repair) awarded in the implementation and effectuation of the purposes of this Act, and (B) enable the Small Business Administration to obtain from the Commission and communications common carriers such reasonably obtainable information concerning contracts and procurements, including subcontracts thereunder, awarded in the implementation and effectuation of the purposes of this Act. In the event the Federal Communications Commission and the Small Business Administration cannot reach agreement on any matter with regard to the development of the small business contracting program, the matter in disagreement shall be submitted to the President who shall make the final determination.

"Secretary of State

"SEC. 204. Under the direction of the President, the Secretary of State shall conduct or supervise such negotiations with foreign governments and international bodies as may be required for the attainment of the objectives described in section 101 of this Act.

"TITLE III—ESTABLISHMENT OF THE SPACE COMMUNICATIONS COMMISSION

"Space Communications Commission

"SEC. 301. (a) There is established a Space Communications Commission, which shall be composed of five members, each of whom shall be a citizen of the United States. The President shall designate one member of the Commission as Chairman thereof to serve as such during the pleasure of the President.

"(b) The Chairman may from time to time designate any other member of the Commission as Acting Chairman to act in the place of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all meetings of the Commission and a quorum for the transaction of business shall consist of at least three members present.

"(c) Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons or the public, and on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct.

"(d) The Commission shall have an official seal which shall be judicially noticed.

"Appointment, terms, and compensation of members

"SEC. 302. (a) Members of the Commission shall be appointed by the President, by and with the advice and consent of the Senate. In submitting any nomination to the Senate, the President shall set forth the experience and qualifications of the nominee. Each member, except the Chairman, shall receive compensation at the rate of $22,000 per annum. The member designated as Chairman shall receive compensation at the rate of $22,500 per annum.

"(b) The term of office of each member of the Commission taking office after June 30, 1962, shall be five years, except (1) the terms of office of the members first taking office after June 30, 1962, shall expire as designated by the President at the time of the appointment, one at the end of one year, one at the end of two years, one at the end of three years, one at the end of four years, and one at the end of five years, after June 30, 1962; and (2) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term.

"(c) Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

"(d) No individual who is affiliated with any communications common carrier may serve as a member of the Commission. As used in this subsection—

"(1) the term 'person affiliated with a communications common carrier' means any individual who is an officer or a director, or who holds legal title to or any beneficial interest in more than two hundred shares of the stock of any class, of any corporation which is a communications common carrier or a parent or subsidiary corporation of any such common carrier;

"(2) the term 'parent corporation' means a corporation which has control over another corporation;

"(3) the term 'subsidiary corporation' means a corporation which is subject to control by another corporation; and

"(4) the term 'control', when used with respect to any corporation, means (A) the beneficial ownership of more than 25 per centum of the share capital of any class of that corporation, or (B) the exercise in fact of control over the policies or activities of that corporation by contract or otherwise.

"Principal office

"SEC. 303. (a) The principal office of the Commission shall be in or near the District of Columbia, but the Commission or any duly authorized representative may exercise any or all of its powers in any place.

"(b) The Commission shall maintain an office for the service of process and papers within the District of Columbia.

"General manager, deputy, and assistant general managers

"SEC. 304. There is established within the Commission—

"(a) A General Manager, who shall be the chief executive officer of the Commission, and who shall discharge such of the administrative and executive functions of the Commission as the Commission may direct. The General Manager shall be appointed by the Commission, shall serve at the pleasure of the Commission, shall be removable by the Commission, and shall receive compensation at a rate determined by the Commission, but not in excess of $22,000 per annum.

"(b) A Deputy General Manager, who shall act in the place of the General Manager during his absence when so directed by the General Manager, and who shall perform such other administrative and executive functions as the General Manager shall direct. The Deputy General Manager shall be appointed by the General Manager with the approval of the Commission, shall serve at the pleasure of the General Manager, shall be removable by the General Manager, and shall receive compensation at a rate determined by the General Manager, but not in excess of $20,500 per annum.

"(c) Assistant General Managers, or their equivalents (not to exceed a total of three positions), who shall perform such administrative and executive functions as the General Manager shall direct. They shall be appointed by the General Manager with the approval of the Commission, shall serve at the pleasure of the General Manager, shall be removable by the General Manager, and shall receive compensation at a rate determined by the General Manager, but not in excess of $20,000 per annum.

"Other officers

"SEC. 305. There shall be established within the Commission—

"(a) such program divisions (not to exceed ten in number) as the Commission may determine to be necessary for the discharge of its responsibilities. Each such division shall be under the direction of a Director who shall be appointed by the Commission and shall receive compensation at a rate determined by the Commission but not in excess of $19,000 per annum. The Commission shall require each such division to exercise such of the Commission's administrative and executive powers as the Commission may determine;

"(b) an Office of the General Counsel, which shall be under the direction of a General Counsel, who shall be appointed by the Commission and shall receive compensation at a rate determined by the Commission, but not in excess of $19,500 per annum;

"(c) an Inspection Division, which shall be under a Director, who shall be appointed by the Commission and shall receive compensation at a rate determined by the Commission, but not in excess of $19,500 per annum. The Inspection Division shall be responsible for gathering information to ascertain whether the contractors, licensees, and officers and employees of the Commission are complying with the provisions of this Act and applicable rules and regulations of the Commission; and

"(d) such other executive management positions (not to exceed six in number) as the Commission may determine to be necessary to be discharged of its responsibilities. Such positions shall be established by the General Manager with the approval of the Commission. They shall be appointed by the General Manager with the approval of the Commission, shall be removable by the General Manager, and shall receive compensation at a rate determined by the General Manager, but not in excess of $18,500 per annum.

"Employees of the Commission

"SEC. 306. In the performance of its functions the Commission may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Commission. Such officers and employees shall be appointed in accordance with the civil-service laws and their compensation fixed in accordance with the Classification Act of 1949, as amended, except that, to the extent the Commission deems such action necessary to the discharge of its responsibilities, personnel may be employed and their compensation fixed without regard to such laws. No officer or employee (except such officers and employees whose compensation is fixed by law, and scientific and technical personnel) whose position would be subject to the Classification Act of 1949, as amended, if such Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under such Act for positions of equivalent difficulty or responsibility. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

"Space Communication Advisory Committee

"SEC. 307. (a) There shall be a Space Communication Advisory Committee to advise the Commission on scientific and technical matters relating to materials, production, and research and development required for the establishment and operation of the communications satellite system. The Committee shall be composed of nine members, who shall be appointed from civilian life by the President from individuals specially qualified by training and experience to render such advice.

"(b) Each member of the Committee shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office after September 1, 1962, shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and three at the end of six years, after September 1, 1962.

"(c) The Committee shall designate one of its own members as Chairman. The Committee shall meet at least four times in every calendar year.

"(d) Members of the Committee shall receive a per diem compensation not exceeding $100 for each day spent in meetings or conferences, and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

"TITLE IV—POWERS AND DUTIES OF THE COMMISSION

"Duties of the Commission

"SEC. 401. (a) In order to achieve the objectives and to carry out the purposes of this Act, the Commission, through the exercise of powers conferred upon it by section 402, shall—

"(1) plan, initiate, construct, own, manage, and maintain the communications satellites, satellite terminal stations, and associated equipment and facilities which comprise the contribution of facilities of the United States to the establishment and maintenance of the communications satellite system in conformity with international agreements entered into with the approval of the President; and

"(2) provide, by contract, lease, or other arrangement, for the rendition by communications common carriers of space communication service for the public and for departments and agencies of the United States, through the use of the facilities of the Commission, in compliance with the provisions of this Act. Communications services utilizing satellite communication facilities shall be provided to departments and agencies of the United States at special preferential rates.

"(b) Each contract, lease, or other arrangement entered into by the Commission for the rendition of space communications service by any communications common carrier through the use of facilities of the Commission shall contain such provisions as the Commission, with the approval of the Attorney General, shall determine to be effective to insure—

"(1) the rendition by that carrier of adequate, efficient, nondiscriminatory and economical space communications service to the public and to departments and agencies of the Government;

"(2) compliance by that carrier with the provisions of this Act and with applicable orders, rules, and determinations made by the Commission and by the Federal Communications Commission with respect to the rendition of such service;

"(3) compliance by that carrier with the provisions of applicable treaties and agreements in effect between the United States and foreign governments with respect to the operation of the communications satellite system;

"(4) payment by that carrier to the Commission for the use of facilities of the Commission of compensation at rates adequate to reimburse the Commission for all costs incurred by the United States in providing those facilities; and

"(5) compliance by that carrier with such terms and conditions, consistent with policies prescribed by the President, as the Commission shall include in that contract, lease, or other arrangement to carry into effect the provisions of this Act.

"General powers of the Commission

"SEC. 402. In the performance of its functions, the Commission is authorized—

"(1) to make, promulgate, issue, rescind, and amend rules and regulations governing the manner of its operations and the exercise of the powers vested in it by law;

"(2) to acquire in conformity with the provisions of the Federal Property and Administrative Services Act of 1949 (by purchase, lease, condemnation, or otherwise) real and personal property (including patents), or any interest therein within and outside the continental United States;

"(3) to acquire by lease or otherwise, through the Administrator of General Services, buildings or parts of buildings in the District of Columbia for the use of the Administration for a period not to exceed ten years without regard to the Act of March 3, 1877 (40 U.S.C. 34);

"(4) to dispose of real and personal property (including patents and rights thereunder) in accordance with the provisions of the Federal Property and Administrative Services Act of 1949;

"(5) to accept unconditional gifts or donations of services, money, or property, real, personal, or mixed, tangible or intangible;

"(6) to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its work and on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory, or possession, or with any political subdivision thereof, or with any person, firm, association, corporation, or educational institution;

"(7) to use, with their consent, the services, equipment, personnel, and facilities of Federal and other agencies with or without reimbursement, and on a similar basis to cooperate with other public and private agencies, and instrumentalities in the use of services, equipment, and facilities. Each department and agency of the Federal Government shall cooperate fully with the Commission in making its services, equipment, personnel, and facilities available to the Commission, and any such department or agency is authorized, notwithstanding any other provision of law, to transfer to or to receive from the Commission, without reimbursement, equipment, facilities, and supplies (other than administrative supplies or equipment) required for the performance of the duties of the Commission;

"(8) to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates not to exceed $100 per diem for individuals;

"(9) when determined by the Commission to be necessary, and subject to such security investigations as he may determine to be appropriate, to employ aliens without regard to statutory provisions prohibiting payment of compensation to aliens; and

"(10)(A) to consider, ascertain, adjust, determine, settle, and pay, on behalf of the United States, in full satisfaction thereof, any claim for $5,000 or less against the United States for bodily injury, death, or damage to or loss of real or personal property resulting from the conduct of the functions of the Commission if such claim is presented to the Commission in writing within two years after the accident or incident out of which the claim arises; and

"(B) if the Commission considers that a claim in excess of $5,000 is meritorious and would otherwise be covered by this paragraph, to report the facts and circumstances thereof to the Congress for its consideration.

"Property rights in inventions

"SEC. 403. (a) Whenever any invention is made in the course of or incident to the performance of any contract entered into by or on behalf of the Commission, such invention shall be the exclusive property of the Commission, and if such invention is patentable, a patent therefor shall be issued to the Commission notwithstanding any other provision of law upon application made by the Commission unless the Commission waives all or any part of its rights to such invention in compliance with the provisions of this section. No patent may be issued to any applicant other than the Commission for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system, a satellite terminal station, or associated equipment and facilities unless—

"(1) the applicant files with the Commissioner of Patents, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any contract of the Commission; and

"(2) the Commission transmits to the Commissioner of Patents a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner of Patents to the Commission.

"(b) Whenever application is made by the Commission under subsection (a) for the issuance of any patent to the Commission, determination of any question arising with respect to its entitlement under that subsection to receive that patent shall be made in conformity with the provisions of subsections (d) and (e) of section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457).

"(c) Each contract entered into by the Commission with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Commission a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(d) Under such regulations as the Commission shall adopt in compliance with the provisions of this section the Commission may waive all or any part of its proprietary rights under this section with respect to any invention or class of inventions made, or which may be made, by any person or class of persons in the performance of any activity required by any contract of the Commission if the Commission determines that the fulfillment of the purposes of this Act will be facilitated thereby. Any such waiver may be made upon such terms and under such conditions as the Commission shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the United States Government or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions Board which the Commission shall establish. Such Board shall accord to each interested party an opportunity for hearing, and shall transmit to the Commission its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(e) The Commission shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the Commission for the practice by any nongovernmental person of any invention for which the Commission holds a patent.

"(f) The Commission shall take suitable and necessary action to protect any invention or discovery in which it has any proprietary interest. The Commission shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(g) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"Control in time of war

"SEC. 404. Each contract, lease, or other arrangement entered into by the Commission for the use, by any communications common carrier, of any property of the Commission shall contain provisions effective to insure that in time of war or national emergency declared by the President or by the Congress, the Commission may take possession and assume control of all or any part of such property for the use of the Government of the United States or any of the Armed Forces thereof.

"TITLE V—MISCELLANEOUS

"Applicability of Communications Act of 1934

"SEC. 501. The provision of space communication service by one communications common carrier to one or more other communications common carriers shall be deemed to be a common carrier activity fully subject to the Communications Act of 1934, as amended. Whenever the application of the provisions of this Act is determined to be inconsistent with the application of the provisions of the Communications Act of 1934, the provisions of this Act shall govern.

"National Aeronautics and Space Council

"SEC. 502. Section 201(a) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2471(a)), is amended by—

"(1) striking out the word 'and' where it appears following the semicolon in paragraph (4) thereof;

"(2) striking out the period at the end thereof, and inserting in lieu thereof a semicolon and the word 'and'; and

"(3) adding at the end thereof the following new paragraph:

" '(6) the Chairman of the Space Communications Commission.'

"Reports to the Congress

"SEC. 503. (a) The President shall transmit to the Congress in January of each year a report which shall include (1) a comprehensive description of the activities and accomplishments of departments and agencies of the Government during the preceding calendar year under the provisions of this Act; (2) an evaluation of such activities and accomplishments in terms of the attainment of the objectives of this Act; and (3) any recommendations for additional legislative or other action which the President may consider necessary or desirable for the attainment of such objectives.

"(b) The Commission shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this Act.

"(c) The Federal Communications Commission shall transmit to the Congress, annually and at such other times as it deems desirable, a report concerning (1) its activities and actions pursuant to the provisions of this Act; (2) an evaluation of such activities and actions taken by communications common carriers engaged in activities authorized by this Act; and (3) its recommendations for such additional legislation as it may consider to be necessary in the public interest for the effectuation of the purposes of this Act.

"Appropriations

"SEC. 504. There are hereby authorized to be appropriated to each department and agency of the United States charged with any responsibility under this Act such sums as may be required for the performance of its duties under this Act."

Mr. KEFAUVER. Mr. President, a great deal of care has been taken by the members of the staff, by me, and by others in the preparation of the proposed measure.

The substitute would establish an AEC type of direction for space satellite communications. That is, the President of the United States would appoint a Commission composed of five members, whose nominations would be approved by the Senate.

It is envisioned that the Commission itself, or the Government, would actually own the satellite, and that that would be all the Government would own directly, except by lease and contract, as I shall explain.

Of course, channels would have to be assigned, on a nondiscriminatory basis to those who wished to use the satellite, and it would have to be in accordance with international agreement.

The proposal does not envision that the Government would get into the telephone business. It envisions that the ground stations would be built, under contract, by private industry; and that telephone companies and other communications carriers would have the right to use, by lease or otherwise, the ground stations, as provided on page 20.

This would not contemplate that the Government would have any part to play except as to the making of policy. According to the bill everything else would be operated in about the same way as operations are conducted under the Atomic Energy Commission Act, which has been so successful.

I wish to make it clear that all the talk about having either a private corporation or a Government corporation does not relate to the intent of most of the opponents of the bill.

This proposal represents an AEC-type control over the radio and television operations, all to be done by private industry, but it would give the Government control over the satellites and the policies as to operations.

This is a reasonable alternative. It is a good one. It is one which has proved out in the Atomic Energy Commission operations. This is the type recommended by the Rand Corp. study in the report to NASA. This is the type of operation which it was thought would be most efficient.

Mr. President, most of my time has expired, so I yield the floor.

Mr. MANSFIELD and Mr. KEATING addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I move to lay on the table the amendment to the committee amendment offered by the Senator from Tennessee.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

Mr. MANSFIELD. Mr. President, I object.

Mr. KEFAUVER. Mr. President——

The PRESIDING OFFICER. Objection is heard. The clerk will continue the call of the roll.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 198 Leg.]

Aiken
Bartlett
Beall
Bennett
Boggs
Bottum
Burdick
Bush
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Church
Cooper
Cotton
Dodd
Douglas
Ervin
Fong
Fulbright
Goldwater
Gore
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Pastore
Pell
Prouty
Proxmire
Randolph
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. MANSFIELD. Mr. President, at the request of the Senator from Colorado [Mr. CARROLL], who I understand wishes to make a brief statement on the pending substitute amendment, I withhold my motion to table for the time being.

The PRESIDING OFFICER. The motion is withheld.

Mr. CARROLL. Mr. President, I express my thanks to the majority leader.

My statement will be brief, requiring 5 minutes or less.

The agreement, as I understand it is that after my statement, the motion to table the amendment will again become the order of business, and there will then be a yea-and-nay vote on the amendment.

The amendment we have before us is similar to one considered by the Foreign Relations Committee which would have expanded the role of NASA——

Mr. DOUGLAS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senate is not yet in order.

The Senator from Colorado is recognized.

Mr. CARROLL. Mr. President, I had two reasons for voting against the motion for cloture.

First, I thought, in the national interest, we ought to bring about greater control of the corporation proposed in the bill through the so-called NASA amendment offered in the Foreign Relations Committee by the able Senator from Oregon [Mr. MORSE], which would have enlarged the powers of NASA itself in connection with space communications.

My second reason was the amendment now pending before the Senate. In the past week I have studied the amendment very seriously to determine whether I would offer it.

I wish the RECORD to show that out of the 1 hour allotted to the junior Senator from Colorado under the cloture rules, this is the first time he has had the opportunity to speak on the bill.

I wish the RECORD to show further that at no time has the junior Senator from Colorado participated in what might be known as a filibuster nor has he spoken on the bill more than 10 or 15 minutes.

The amendment we are now considering proposes the creation of a space communications commission, which might be comparable in legislative history to the creation of the AEC at the close of World War II.

I have discussed this proposal with lawyers, and experts, and asked them to examine the history of how the Atomic Energy Commission was created by the Congress. I have before me a book entitled "The New World—1939-1946," in which the story of the creation of the U.S. Atomic Energy Commission is documented. I have spent several days studying that story. The junior Senator from Colorado was not a Member of Congress when the AEC was formed. But, as I recall, there was then a serious dispute between the military and civilians for supremacy in the future development and control of nuclear energy. That debate endured for months and was participated in by some of the most distinguished men who have ever sat in the Senate. Brien McMahon was one. Arthur Vandenburg was another. Months passed before that complicated policy question could be resolved. It was eventually resolved by the creation of a Commission that directed the progress of this new scientific development.

It is said by some that the AEC was really the greatest Government socialistic monopoly created in the history of our Nation; that if established, the AEC, it was certain that the Nation was on the road to socialism; I say—nonsense. Now, I have reservations about some of the provisions of the amendment before us.

For example, while it would extend necessary control in the public interest, the amendment may go beyond that control alone and may include the concept of public ownership. I said the other day in debate that I did not favor public ownership. However, I do think that a Space Communications Commission, or an enlargement of the power of NASA in this field, could be developed that would be entirely compatible with our free enterprise system.

I would prefer debating the amendment previously offered by the senior Senator from Oregon, which would have enlarged the power of NASA, and thus have given greater control of this new scientific development, without Government ownership, to the Federal Government, in the national interest.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. MORSE. Mr. President, does the Senator agree with me that the Morse-NASA amendment would have kept the American-flag satellite under the jurisdiction of the Federal Government through NASA and would have given every communication corporation in America that wanted to come in on the ground floor in developing the communications satellite system an equal chance on the basis of the precious private enterprise system of competition?

Mr. CARROLL. It is my understanding that it was intended to achieve that result. I believe I am correct when I say that we have appropriated approximately $25 billion for development of the rocket programs. I believe I am correct when I say that almost $500 million has gone into the development of a communication satellite program. This being true, it would seem to me that in consideration of the national interest, the question is how we can control and develop it and make it more successful. This is not a question of public ownership. This is not a Fabian philosophy. But it must be a question of serious and extensive debate in the Senate.

Many Members of the other body have come to me and said, "We really did not understand what this issue was." I can understand why they did not understand it. It is a very complex issue. I have spent days examining the background of the Atomic Energy Commission, in an effort to determine if there was a useful analogy between it and a possible Space Communications Commission.

I will not labor this point any further, except to say that I sincerely appreciate the courtesy of the majority leader. He could have insisted upon making his motion to table, and I would have been shut off again. I say "again" because I want the able senior Senator from Oregon to know that when he brought up his NASA amendment I did not realize that I would not have the opportunity to speak on that amendment. I was having lunch at that time, but I thought there would be ample time for me to use a part of my hour in that debate. However, a motion to table was offered before I returned. That is one of the reasons why I have continued to vote against the tabling motions, because I believe the use of this device violates the principle of rule XXII.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. MORSE. Did I correctly understand the Senator to say that Members of the House have come to him and said that they did not understand the complexities of the bill when they voted for it?

Mr. CARROLL. They have been on the floor of the Senate, and discussed it with me. They stated they were not fully aware of its complexities.

Mr. MORSE. Does the Senator believe that perhaps one reason for the lack of understanding in the House was that they labored for 2 days under a 2-hour rule, which means that in 2 days they had a total of 4 hours of debate on the bill?

Mr. CARROLL. It seems to be a reasonable explanation as to why they might not have understood it.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. MORSE. Does the Senator agree with me that we in the Senate ought to protect the right of Members of the Senate to have full debate on each of the amendments, so that we will not find ourselves in the position in which Members of the House found themselves?

Mr. CARROLL. I agree with the Senator. However, I wish to say to the Senator from Oregon—he asked my opinion and I will give him my frank opinion—that I believe too many amendments have been filed to this bill. I believe we might have limited ourselves to four or five basic amendments, which we could have debated thoroughly and deliberately. I believe that should have been done at the outset. I have no desire to be a part of obstructionist efforts and I accuse no one else of such tactics. I contend there must be ample opportunity for intelligent debate on a most complex bill involving a new scientific discovery. I have said previously that I was not present in Washington when the debate began. I missed a full week of it due to illness. In my opinion it would have been far better to have four or five key amendments offered and debated in the beginning.

The majority leader has been very courteous to me. I said I would take about 5 minutes. My time is up. I thank the majority leader for giving me an opportunity to express my thoughts. This is a very important amendment, and I will vote against the motion to table.

Mr. MANSFIELD. It is always a pleasure to yield to the Senator from Colorado.

Mr. President, I move to table the amendment, and ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). On this vote I have a live pair with the junior Senator from Oregon [Mrs. Neuberger]. If she were present and voting, she would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from Louisiana [Mr. Ellender], the Senator from California [Mr. Engle], the Senator from Arkansas [Mr. Fulbright], the Senator from Alaska [Mr. Gruening], the Senator from Ohio [Mr. Lausche], the Senator from Missouri [Mr. Long], the Senator from Utah [Mr. Moss], the Senator from Oregon [Mrs. Neuberger], and the Senator from Virginia [Mr. Robertson], are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], and the Senator from Arizona [Mr. Hayden], are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Mississippi [Mr. Eastland], the Senator from Louisiana [Mr. Ellender], the Senator from California [Mr. Engle], the Senator from Arkansas [Mr. Fulbright], the Senator from Ohio [Mr. Lausche], and the Senator from Missouri [Mr. Long], would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Chavez] is paired with the Senator from Pennsylvania [Mr. Clark]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Pennsylvania would vote "nay."

On this vote, the Senator from Alaska [Mr. Gruening] is paired with the Senator from Arizona [Mr. Hayden]. If present and voting, the Senator from Alaska would vote "nay" and the Senator from Arizona would vote "yea."

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Virginia [Mr. Robertson]. If present and voting, the Senator from Utah would vote "nay" and the Senator from Virginia would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Maryland [Mr. BUTLER], the Senator from Illinois [Mr. DIRKSEN], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL], are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], the Senator from Kansas [Mr. PEARSON], and the Senator from Wisconsin [Mr. WILEY], are detained on official business and, if present and voting, would vote "yea."

The result was announced—yeas 64, nays 11, as follows:

[No. 199 Leg.]

YEAS—64

Aiken
Beall
Bennett
Boggs
Bottum
Bush
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Cotton
Dodd
Ervin
Fong
Fulbright
Goldwater
Hart
Hartke
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pell
Prouty
Proxmire
Randolph
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—11

Bartlett
Burdick
Carroll
Douglas
Gore
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Yarborough

NOT VOTING—25

Allott
Anderson
Bible
Butler
Byrd, Va.
Capehart
Chavez
Clark
Curtis
Dirksen
Eastland
Ellender
Engle
Gruening
Hayden
Lausche
Long, Mo.
Metcalf
Moss
Murphy
Neuberger
Pearson
Robertson
Saltonstall
Wiley

So the motion to lay on the table was agreed to.

ORDER OF BUSINESS—ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I should like to have the attention of the Senate. After a discussion of the subject with many Members of the Senate on both sides of the aisle, it has been decided that there will be only one more amendment before the Senate for consideration tonight, and that then, with the concurrence of the Senate, a recess will be taken until 10 o'clock tomorrow morning.

Mr. President, I ask unanimous consent that when the business for today has been concluded, the Senate take a recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, it is further the understanding of the leadership and other Senators that there may be as many as six or seven yea-and-nay votes tomorrow. It is anticipated that the vote on the passage of the bill may occur at about 3 o'clock.

Mr. KEATING. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am glad to yield.

Mr. KEATING. Is it the intention of the leadership to call up the farm bill following the conclusion of the consideration of the measure now before the Senate?

Mr. MANSFIELD. It is, and that was stated at the time the original agreement was reached to refer the communications satellite bill to the Committee on Foreign Relations. That intention has been reiterated several times since then, and the leadership feels bound by the statements and pledges it has made. I am sure the Senator from New York understands that position.

Mr. KEATING. I thoroughly understand the problems which the leadership faces. Some of us are violently opposed to the farm bill; and in the allotment of our time, it is very important for us to know the intention of the leadership.

Mr. MANSFIELD. The Senator from Montana understands.

Mr. MUNDT. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. MUNDT. Is it the plan of the majority to hold a session of the Senate on Saturday for the consideration of the farm bill, or to call up the farm bill on Friday with the expectation that the voting will take place sometime in the following week?

Mr. MANSFIELD. My guess is that the vote on the farm bill might occur some time in the following week; but I believe, due to the lateness of the session, the Senate should anticipate the possibility of being in session practically every Saturday, beginning with this Saturday, to take up other measures as well, because the calendar is becoming a little heavy.

Mr. MUNDT. I take it, then, that the majority leader is not pressing for a vote on the passage of the farm bill on Saturday and is not anticipating that?

Mr. MANSFIELD. No.

Mr. LONG of Louisiana. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. LONG of Louisiana. Does the Senator from Montana understand that he does not have a unanimous-consent agreement?

Mr. MANSFIELD. Absolutely.

Mr. LONG of Louisiana. He has nothing more than a gentleman's agreement with a number of Senators.

Mr. MANSFIELD. That is correct. In turn, those Senators have my word. I am sure the understanding is mutually acceptable to both sides and will be honored by both sides.

Mr. LONG of Louisiana. But the Senator from Montana understands very well that a number of Senators are not bound by the agreement. That is understood, is it not?

Mr. MANSFIELD. I understand that. I am sure the Senate understands it. I have not made a unanimous-consent agreement. I would not, under the circumstances. If I could, I would not. It is a gentleman's agreement. I fully expect it to be honored by both sides.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Government Operations may sit tomorrow morning during the session of the Senate.

Mr. KEFAUVER. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HRUSKA. Mr. President, tomorrow the Judiciary Committee expects to hear from a number of witnesses who are scheduled to appear there in connection with the nominations of Mr. Crary and Mr. Curtis, to be district judges for the State of California, and also in connection with the nomination of Judge Thurgood Marshall.

Mr. MANSFIELD. Mr. President, permission for the committee to meet during the session of the Senate tomorrow morning has previously been granted.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. KEFAUVER. Mr. President, earlier today the Senate granted unanimous consent that the distinguished Senator from Oregon [Mr. MORSE] might file brief statements of explanation of various amendments. A number of Senators are running out of time. In order to save time and expedite the procedure, I ask unanimous consent or suggest that the majority leader ask unanimous consent that any Senator may file a brief statement in explanation of his amendment, the explanation to be printed at the place in the RECORD where the amendment is read.

Mr. MANSFIELD. That is perfectly agreeable. I hope the unanimous-consent agreement requested by the Senator from Tennessee will be granted.

The PRESIDING OFFICER. Is there objection?

Mr. KERR. Mr. President, reserving the right to object, let me say that I understand that the Senator from Tennessee is requesting the privilege of filing a statement explaining the amendments, and to have the statement printed in the RECORD without being read, although the amendments may or may not be read.

Mr. KEFAUVER. That is correct.

The PRESIDING OFFICER. Is there objection?

Mr. KUCHEL. Mr. President, reserving the right to object, do I correctly understand that the proposed agreement would apply only to amendments offered by the Senator from Tennessee?

Mr. KEFAUVER. It would apply to amendments offered by any Senator.

Mr. HICKENLOOPER. Mr. President, reserving the right to object, I should like to know whether the explanations will be offered in the time of the Senators who submit the amendments; or would the time required for that purpose be in addition to the time otherwise available?

The PRESIDING OFFICER. The Chair understands that the regular procedure would be followed.

Is there objection to the request of the Senator from Tennessee? Without objection, it is so ordered.

Mr. PASTORE. Mr. President, a parliamentary inquiry: What is the pending question?

The PRESIDING OFFICER. The pending question is on agreeing to the committee amendment, as amended.

Mr. MORSE. Mr. President, I call up my amendment identified as "8–13–62—NNNN," and ask that it be read. The statement I placed in the RECORD regarding amendment MMMM also applies to this amendment, the first portion of which is identical to MMMM. The second portion would extend the stock limitation to nonvoting and debt securities, which may far exceed the voting securities in financing the corporation.

The PRESIDING OFFICER. The amendment to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 34, in line 12, it is proposed to insert the following before the period: ", and no such communications common carrier shall at any time own more than 12 per centum of such shares issued and outstanding".

On page 36, between lines 3 and 4, insert the following:

> (g) The limitations applicable to voting stock in the above sections shall also be applicable to all other securities of the corporation.

Mr. MORSE. Mr. President, I submit the amendment.

Mr. PASTORE. Mr. President, I move that the amendment of the Senator from Oregon to the committee amendment, as amended, be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Oregon to the committee amendment, as amended. (Putting the question.)

The "ayes" appear to have it; and the "ayes" have it, and the motion to lay on the table is agreed to.

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess——

Mr. KEATING. Mr. President——

Mr. MANSFIELD. Mr. President, I withhold my motion.

Mr. KEATING. Mr. President, it had been my purpose today to explain my reasons for supporting the satellite bill, as a member of one of the committees from which it came. However, since it is the intention of the leadership to have the session tonight concluded, I shall withhold my statement until tomorrow.

Mr. MANSFIELD. Mr. President, will the Senator from New York yield?

Mr. KEATING. I yield.

Mr. MANSFIELD. Let me state that I did not know of this situation, and I apologize to the Senator from New York.

Mr. KEATING. Oh, no; the distinguished majority leader is always most considerate.

I shall frankly explain my purpose: I am very much opposed to the farm bill, which is about to come up. I deem it to be in the interest of the people of the State of New York, and also in the interest of other Senators who likewise are opposed to that measure, to use the balance of my time on the pending satellite bill tomorrow, rather than tonight, so as to defer action on the farm bill. I have already made public my reasons for supporting the satellite bill. I shall explain them more fully tomorrow.

The distinguished Senator from Montana is always most considerate and gracious; and certainly under no circumstances would I do anything to add to the burdens which are placed upon him. I merely state at this time that I still want the farm bill to be defeated, and shall do my utmost to persuade my colleagues to defeat it when it comes up.

ANTISEMITISM IN ARGENTINA

Mr. JAVITS. Mr. President, I yield myself 30 seconds.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, I submit, for printing in the RECORD, a letter from the State Department.

Mr. President, there is justified concern over the threat of anti-Semitism that has been growing in the Argentine over the past 2 years. This development is marked by a constantly increasing number of anti-Jewish incidents, culminating in the shocking kidnapping of, and assault upon, a young Jewish girl.

It is generally acknowledged that the Argentine Government entertains no anti-Semitic feelings; but its promises to "crack down hard" on extremist groups, in order to halt the anti-Semitic incidents, have not been followed by arrest of the culprits and restoration of order. In part, the uneasy political situation there is to blame; but what is not generally reported is the existence of an unhappy native Nazi movement, nurtured originally by German and other European Nazi emigrees.

I have expressed to the Department of State my concern over this developing situation. I ask unanimous consent to have printed at this point in the RECORD the reply I received on August 13 from Assistant Secretary of State Dutton.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., August 13, 1962.

Hon. JACOB K. JAVITS,
U.S. Senate.

DEAR SENATOR JAVITS: I want to thank you for your letter to the Secretary expressing concern about reports of anti-Semitism in Argentina and Uruguay.

The Department of State with the assistance of our Embassy at Buenos Aires has for a period of 2 years been following closely the manifestations of anti-Semitism in Argentina. Our information regarding these manifestations has been supplimented by periodic receipt of data from organizations in the United States directly concerned both with threats to human rights and the welfare of Jewish communities throughout the world.

On the basis of the information available to us, it seems that most if not all of the anti-Semitic activities are attributable to small, largely covert and somewhat amorphous groups which appear to be ultranationalist in nature and to have chosen anti-Semitism as one vehicle for the expression of their personal and social hostilities. The groups construe themselves as quasi-political but it cannot be said that general public opinion in Argentina dignifies them as such. We are advised by our Embassy that the Argentine populace seems genuinely horrified by the recent violent acts and deplores the activities of those responsible for them.

Officers of the Embassy were apprised some time ago of the importance of the evidence of anti-Semitism in Argentina and were instructed to make use of suitable opportunities to point out to responsible Argentines the unfavorable world reaction to be expected from pronounced anti-Semitic activities. Following the attacks in June, our Ambassador discussed the matter with Rabbi Israel Goldstein, of New York, a member of the World Jewish Congress.

You will appreciate that since no American citizens have been involved the Ambassador was not in a position to make formal representations to the Government of Argentina. However, he reports subsequent conversations with officials of the Government who recognized that the activities of the anti-Semitic groups do not accrue to the credit of the nation and expressed the intent of the Government to cope vigorously with the outbreaks.

On June 25, 1962, a statement was issued by the Presidency of the Argentine Republic expressing the "executive power's forceful repudiation" of the acts and pledged its decision to "suppress with the full force of the law incidents of this nature which do grave injury to the social structure of the nation." This sentiment is shared, we are informed, by the Minister of Interior who is responsible for police forces in the nation. It would thus appear that Argentine authorities are fully aware of the need to take firm measures in the present circumstances. Our officers in Buenos Aires will continue to press with members of the Argentine Government the concern of all decent men whenever minority groups are subject to unlawful acts.

Our Embassy at Montevideo has provided us with the following information respecting the incidents that have occurred in Uruguay:

"The Uruguayan Minister of the Interior informed the Uruguayan House of Representatives on July 31 that measures have been taken to prevent recurrence of incidents. These included establishment of street patrols by the police reinforced by Uruguayan Army troops, highway patrols, and 100 police normally assigned to the interior of the country, as well as police raids against the headquarters of organizations suspected of involvement in the incidents.

"The Uruguayan public and press have become very concerned at these unfortunate incidents, which are thought to be the work of a very few extremist members of a society. It would appear this concern is reflected in a vigorous effort on the part of their governmental authorities to halt this series of criminal acts."

If I may be of any further assistance to you, please do not hesitate to call on me.

Sincerely yours,

FREDERICK G. DUTTON.

TRIBUTE TO SENATOR BYRD OF VIRGINIA

Mr. THURMOND. Mr. President, I take pleasure in calling to the attention of the Senate the cover story in the

August 17, 1962, issue of Time, the weekly news magazine, on one of the most respected and popular Members ever to serve in the U.S. Senate, the distinguished senior Senator from Virginia [Mr. BYRD]. On the index page of the magazine there is a letter from the publisher, Mr. Bernhard M. Auer, which explains that a photograph of Senator BYRD has twice previously appeared on the cover of Time magazine, in conjunction with a special story on some aspect of his public service. The publisher makes the point that it has been 27 years since Senator BYRD's photograph last appeared on Time's cover, and in his comments seems to apologize for not having brought this great fiscal expert of the Senate and outstanding newsmaker to public attention with other cover stories in the intervening years.

The people of Virginia evidently appreciate the long and distinguished record of public service which Senator BYRD has rendered in their behalf during the past 37 years, dating back to his election as a State senator, and then Governor, and then his election and reelection so many times to the U.S. Senate. I am sure the members of this body recall, Mr. President, that Senator BYRD tried to retire in 1958; but the Virginia General Assembly passed a resolution urging that he offer for another term in the Senate, and similar expressions were made by many Members of this body and by the large number of his friends all across this country who have been attracted to him because of their respect and admiration for his integrity, his intelligence, his industry, and his dedication to constitutional government and sound economic policies.

I ask unanimous consent, Mr. President, to have printed in the RECORD at the conclusion of these remarks the cover story and the letter from the publisher of Time magazine.

There being no objection, the letter and the article were ordered to be printed in the RECORD, as follows:

A LETTER FROM THE PUBLISHER

Some people reach the cover of Time on the spur of a sudden event; others are chosen at the capstoning moment of a long career. Still others belong to a category of cover-worthy candidates whose familiar names are continually under consideration, but for one reason or another in the random play of the news, never make our cover.

Senator HARRY BYRD's case is an unusual one. It has been 27 years since he last appeared on Time's cover, and yet in the intervening years he has been continually in the news and rarely out of consideration as a cover possibility. It may well be that no other man has had such intervals between appearances.

In Time's earlier days, before the cover story became a thoroughly researched documentary, the man out front was often someone with a timely but transient surfacing in the news, and the story inside was only a column or two long. Those earlier stories read like period pieces now—but have a carefree and pleasing chattiness about them. The first BYRD cover, October 25, 1928, is mostly about a Governor's Ball in Richmond, and talks almost as much about Lady Astor's homecoming to Virginia as it does about the hero. ("Governor BYRD's widest claim to fame is his brotherhood with Richard Evelyn Byrd, famed flyer over far poles.") The May 13, 1935, BYRD cover story is devoted to the New Deal farm program, with some references to Senator BYRD's attack on it—and is illustrated by eight snapshots of Agriculture Secretary Henry A. Wallace and his aids, but no picture of BYRD.

Much of the reporting for this week's cover story was done by Loye Miller, Jr., 32, who came back huffing and puffing from a brisk, 75-minute early morning walk with the 75-year-old Senator BYRD. They got along fine: Miller comes from the South (his father is editor of the Knoxville News-Sentinel and he himself broke in on the Charlotte Observer). Reporter Miller, one of Time's two congressional correspondents, got well adjusted to the ways of Senators in the months he spent whistle-stopping across the United States with LYNDON JOHNSON, and tagging along with him to such outposts as India and Berlin.

GIVING THEM FITS

It is 7 a.m. in Washington, D.C. Through the deserted lobby of the Shoreham Hotel moves an elderly man with a brown cane. He sets out at a brisk pace into the morning mist that still mantles Rock Creek Park. His shoes are scuffed, his trousers baggy, his shirt frayed. He is alone, and he is happy.

Not many people know this side of the man. He is perhaps most content while walking through a park—or climbing to the top of Old Rag, his favorite mountain in the Blue Ridge chain. Up there he may be alone—as he often is—but in a political and philosophical sense, he will be master of all he surveys. "I love these mountains," says Virginia's Senator HARRY FLOOD BYRD. "I like to look out over the ridges and valleys and watch the changing shadows."

SYMBOL OF REBELLION

The shadows are changing for HARRY BYRD. He is 75. His Senate career spans the New Deal and the New Frontier. "I am," he says in wry pride, "the only man left in the Senate who voted against the Wagner Act and the TVA." Throughout his career, he has been fighting against burgeoning bureaucracy and bloating budgets. It galls him that during his three decades in the Senate the public debt has swelled from $23 billion to $298 billion, and the number of Federal employees has grown from 580,000 to 2,500,000. This is an issue about which BYRD, far from being resigned with the passing of the years, is still expertly indignant. Last week he jabbed a finger at a sheet of statistics on his cluttered desk and complained: "The civilian employment in Government went up 35,000 in just the last month." Jab, jab, jab went the finger. "Just think of that—35,000 in the last month."

It is an irony that, as he nears the end of his political life (BYRD says nothing about the subject, but friends give odds that he will not run for reelection in 1964), HARRY BYRD has arrived at a crest of effective power and influence. He has, in fact, become a symbol of the Capitol Hill rebellion against the young activist who lives at 1600 Pennsylvania Avenue.

Old HARRY BYRD is rather fond of young Jack Kennedy. "He's a very attractive person," says the Senator from Virginia. "He's got ability, no doubt about that." The President of the United States returns the compliment—in a way. "You know," he has said, "HARRY BYRD is the most gracious person you'd want to meet. But does he give us fits."

"Fits" is the word for what BYRD is giving the New Frontier. Items:

The President's medicare bill theoretically had to go through the Senate Finance Committee—and Chairman BYRD was characteristically against the measure. BYRD does not like to simply pigeonhole a bill, no matter how much he may dislike it. That would be politically crude. But first things come first, and BYRD scheduled lengthy hearings on tax revision before medicare. Desperate to get medicare through the Senate and thus pressure the House (where the measure faced a savage fight), the administration decreed that medicare be tacked onto a less important bill and be brought to a Senate vote without ever being considered by BYRD's committee. But in the gentleman's club that is the U.S. Senate, it is very risky for anyone to try an end run around such senior Members as BYRD. By a Senate vote of 52 to 48, medicare died a premature death and the administration suffered a sobering defeat.

In the controversial area of tax policy, BYRD is playing a key role. Before going to the Senate floor, the New Frontier's tax-revision program was butchered by BYRD's Finance Committee. Sliced away was the administration's scheme to require financial and business firms to withhold taxes due on interest and dividends. Says BYRD: "I'm firmly opposed to the idea of the Government using the businesses of the country as collection agencies for taxes."

As for a quick 1962 tax cut, BYRD is stubbornly negative. His opposition is one of the reasons why President Kennedy, except at the cost of gallons of political blood, could not hope to get such a tax slash through. BYRD's position: he would like a tax cut as much as anyone—but not if it means running the United States deeper and deeper into debt. His implacable stand won support in a recent Gallup poll which reported that 72 percent of the people opposed a tax cut if it meant increasing the national deficit.

The administration's foreign trade bill—the boldest and best program the New Frontier has yet put forth—is still up for consideration by BYRD's committee. Scores of protectionist witnesses have testified or are still waiting in line. On the basis of BYRD's record, the White House supposes that he favors the bill. But there is still a gnawing at administration innards about what BYRD may finally decide to do. It should come as considerable comfort to New Frontiersmen to know that BYRD privately says: "I'm going to support the President on the trade bill."

The CONGRESSIONAL RECORD for 1962 is proof enough of BYRD's present influence. But how and why, in the twilight of his political life, has BYRD come into his most effective political period?

The answer, of course, lies in the political climate of the day. President Kennedy has so far shown himself to be much more adept at activity than at achievement, to think in terms of politics rather than principles. Despite his personal popularity, the President has yet to win popular support for his programs. As no one else can, the veterans of the House and Senate sense this gap between promise and performance.

WANDERERS AND WONDERERS

Thus, there has clearly been a failure in leadership at the White House level. On the floors of the Senate and the House, the Democratic leadership has been equally ineffectual. Many Members of the lopsided Democratic majorities in the Senate and the House have therefore felt free to vote according to their own, local political interests.

In such an atmosphere, leadership must inevitably be taken over by the few legislators who really know what they stand for. BYRD knows what he stands for. So does everyone else. BYRD believes that a dollar should be worth a dollar. This is still a popular notion in the United States. And so, in one of the most crucial of all areas, BYRD has become a kind of unwavering banner around which the wanderers and the wonderers of Capitol Hill can rally.

ONE OF THE LAST

In many ways, BYRD seems a complex of contradictions. To his critics, he is the symbol of public stinginess; to his friends, he is the soul of private generosity. In Washington he walks alone; but at the entrance to his magnificent Rosemont estate in Berryville, Va., is a sign saying "Visitors Welcome"—and the Senator has been known to spend entire afternoons escorting unknown callers around the vast premises. In the Senate Club, BYRD stands in the center of the innermost circle, but he is far from being one of the boys. He dislikes and avoids cloakroom politics; but many of the cloakroom politicians are nowadays holding his coat.

Democrat BYRD has declined to actively support the Democratic nominees in the last six Presidential elections; yet he is the active leader and patron saint of the most enduring State Democratic organization in the United States. He was one of the several Democrats that Franklin Roosevelt would have liked to purge from the Congress. But BYRD considers himself a sort of charter member of the Roosevelt club. "I'm one of the last of the old New Dealers," he says, with only the tiniest twinkle of humor. "I campaigned for the New Deal platform in 1932—and I'm still standing on it." It takes a moment or so for a listener to recall that Roosevelt's 1932 campaign program promised Federal frugality—including a cut of 25 percent in the cost of Federal Government.

While these political positions may seem inconsistent, BYRD's complete consistency is the secret of his increasing political strength. Democrat HARRY BYRD is stronger if only because Democrat John F. Kennedy's administration, for all its brave words, seems weaker.

A BUNCH OF BILLS

The most famous family name in the United States today is Kennedy. But the Byrds can overwhelm the Kennedys with escutcheons. HARRY BYRD is an authentic—as opposed to a working—aristocrat. He is of the eighth generation of the Byrds of Virginia. William Byrd I, sailed up the James River in 1670 from his native England at the age of 18. He acquired 26,000 acres, grew wealthy as a tobacco planter, slave dealer, importer, and exporter. He also fused the Byrd blood with another famed line: that of Mary Horsemanden, a 21-year-old widow who traced her ancestry clear back to Charlemagne.

The Byrd lands grew to 179,000 acres under William Byrd II, who, like his father, served in the Virginia House of Burgesses. Bill II, built Westover, an elegant Georgian mansion with a fine library. He also founded the city of Richmond—but he remains best remembered for his spicy diaries. Sample entries: "I went to the Capitol where I sent for the wench to clean my room and I kissed her, for which God forgive me." "I had wicked inclinations to Mistress Sarah Taylor." "When I returned I had a great quarrel with my wife, in which she was to blame altogether; however, I made the first step to a reconciliation."

The next Byrd, William III, committed sins far graver, in the family's view, than the mere stealing of kisses. He blew the family fortune through gambling and wild spending, lost Westover, committed suicide on New Year's Day, 1777. As a French and Indian War colonel, however, he had fought so gallantly that his portrait hangs today in the restored colonial capitol in Williamsburg. Most tourists are happily unaware that in the Revolutionary War his sympathies were with George III.

By 1887, when HARRY FLOOD BYRD was born in Martinsburg, W. Va., the intervening Byrds had made money, mainly as talented lawyers, built some fine mansions in Winchester, Va. HARRY's father Richard, was perhaps the most brilliant of the lot, a spectacular courtroom figure with black hair that seemed electrified, steel-rimmed glasses and a flair for oratory. Richard was a colorful politician—he was elected speaker of the Virginia House after just one term. With offbeat humor, he named his three sons, Tom, Dick, and Harry (they arrived in reverse order), was to take great pleasure in their later success: Tom in business, Dick as the world-famed polar explorer Adm. Richard E. Byrd, who died in 1957; Harry in politics. But old Dick was also a most convivial fellow, who loved a social sip and was so totally lacking in financial sense that he rapidly took his family toward bankruptcy.

SAVING THE STAR

That was where young HARRY came into his own. He had been bored by his lessons at Winchester's Shenandoah Valley Academy. His father had purchased a small daily newspaper, the Winchester Star, for use as a personal political vehicle. When the paper seemed about to go under, 15-year-old HARRY saw a chance to quit school. He persuaded his father to let him try to save the Star. Save it he did—by scrimping on expenses and contributing a remarkable amount of journalistic ingenuity. Today, the Winchester Star and the Harrisonburg News-Record are prosperous papers operated by the Senator's oldest son, Harry F. Byrd, Jr.

But running a paper was not enough for teenager BYRD. He bought a patch of land at the edge of the city, planted a few apple trees with his own hands. Then he began leasing orchards. "I had a kind of a big house on wheels from which we sprayed the trees," he recalls. "The people who did the spraying lived in it. I'd get the spraying done, and the picking and the selling, and then the owner of the orchard and I would divide the profits." HARRY BYRD has since become the world's largest individual apple orchard owner, with some 4,000 acres and 200,000 trees in rows up to 2 miles long. Harry Jr. is the general supervisor of the multimillion-dollar business; another son, Dick, runs the cannery; and another son, Beverley, is in charge of planting and picking.

ROAD TO RICHMOND

After marrying Anne Douglas Beverley, a lovely girl whose family name was every bit as important in Virginia as Byrd's, HARRY turned serious toward politics. At that time, he had about as many kinsmen as there were voters in Virginia; HARRY, at 28, easily won election to the State senate. His service there was lackluster—until in 1923 he found an issue that outraged his hard-earned sense of economic propriety and jolted him into angry action. He was chairman of the senate roads committee when a $50 million bond issue was proposed to improve the State's roads. There was no question about the condition of those Virginia roads. "There was even a bunch of farmers who'd stay by the road with their mules down there around Fredericksburg," BYRD recalls. "Everybody would get stuck and they'd charge $10 a car to pull 'em out. Ten dollars was plenty in those days. Used to make 'em mad as hell." But BYRD was also dead certain that bonds were not the way to fix things up. It had taken Virginia taxpayers some 30 years after the Civil War to pay off more than $45 million worth of bonded debt incurred before the war. The memory was painful. Says BYRD: "That's the big reason I have always been so opposed to bond issues."

BYRD slogged across those awful roads by horse and buggy and model T to stump the State for a pay-as-you-go gasoline tax instead of the bond plan. The bonds were rejected by 46,000 votes, and HARRY BYRD was a statewide hero who rode the road issue straight to the Governor's chair in Richmond.

As Governor, he was quite a Byrd. Besides streamlining the State constitution with 80 amendments, he pulled the State from a $1.3 million budget deficit into a $4.2 million surplus, drove through a tough antilynching law, lured new industry, supervised the State's takeover of every road, even farm-to-market, in Virginia. He also became the chieftain of the longest lasting Democratic State machine in America; it's members call it the Organization; political scholars have described it as a true oligarchy. In any event, it has dominated the statehouse since the turn of the century.

FADING GLOW

In March 1933, 3 years after he left the statehouse, BYRD was appointed to the Senate in place of Claude Swanson, who had been named Navy Secretary by F.D.R. BYRD had campaigned for Roosevelt, was all aglow at the moneysaving promises of the New Deal platform. The glow quickly faded. BYRD recalls the disenchantment: "The first bill I voted for was to preserve the Federal solvency, to cut Federal expenses 15 percent across the board. That was the way to do things, and I was all for Roosevelt on things like that. But then this fellow Keynes got hold of him." Soon BYRD was leading the Senate opposition to the AAA, TVA, NRA—and when Roosevelt tried to pack the Supreme Court, BYRD knew that his dissent was total.

Their feud became so fierce that Roosevelt tried to funnel patronage through BYRD enemies in Virginia. Says BYRD: "Not controlling patronage turned out to be a damn good thing for me, because the depression was still on and everybody was wanting a job. There weren't enough to hand out."

BYRD has been at odds with every subsequent President. He considered Harry Truman just another big spender. Irritated by BYRD's opposition, Truman made his famed offhand remark: There were, he told a White House visitor, "too many BYRDS in Congress." Predictably, BYRD liked Ike—but the pair came to a parting of the political ways when Eisenhower ran up that whopping $12.4 billion budget deficit in 1959. "I didn't like that thing about sending those troops down to Arkansas either," recalls BYRD. BYRD has inflamed the segregation issue in Virginia with his demand for massive resistance to school integration. He has denounced the NAACP and "the Warren Supreme Court," and pleaded in 1958: "Let the laws be enforced by the white people of this country."

Nothing attests to BYRD's influence on the voters of Virginia more convincingly than the fact that in the past three presidential elections HARRY has been too busy "picking apples" to speak out for the Democratic ticket—and the State has gone Republican each time. BYRD did not endorse Ike in 1952, but he did tell Virginians by radio that "I will not, and cannot, in good conscience endorse the national Democratic platform or the Stevenson-Sparkman ticket." In 1956 he said nothing at all. In 1960 he announced only that "I have found at times that silence is golden." Republican Nixon carried Democratic Virginia by more than 42,000 votes.

TART REPLIES

In the Senate, BYRD's power is seldom exhibited before the galleries. Ordinarily, he is a poor speaker. But when his dander is up, his oratory can be blistering. His reply to criticism from Florida's Claude Pepper in 1946 is a Senate legend: "When I became a Member of the Senate, a distinguished colleague said to me that it never paid to get into a contest with a skunk." When HUBERT HUMPHREY, as a freshman Senator, had the temerity to call BYRD's Joint Committee on the Reduction of Nonessential Federal Expenditures an example of "waste and extravagance," BYRD's floor reply covered five pages of acidic language in the CONGRESSIONAL RECORD. HUMPHREY has since told BYRD that this was "the worst mistake I ever made."

When aroused, BYRD is also apt to dash off a letter. U.S. Chamber of Commerce President H. Ladd Plumley received one recently when the chamber endorsed a tax cut—something which, to Byrd, smacked of conservative heresy. The chamber's statement, wrote Byrd, was "fiscally irresponsible in the highest degree." Byrd dismisses the notion of getting more revenue by a pump-priming tax cut as "a damned absurdity." The only big outlays of which Byrd approves are those for defense, conservation and highways—as long as the last is pay-as-you-go.

Byrd is as conservative personally as he is politically. For years he would buy a Chevrolet and drive it until it was falling apart; he switched to his present habit of getting a new Chevrolet each year only when persuaded that it would save him money (he has a dealer who gives him a new car for $600 and his old one). His wife has been an invalid for several years; but Harry and "Sittie" Byrd were never much for Washington's social merry-go-round. His only social extravagances are a picnic in his orchards each August, which attracts some 3,000 Virginians, and a series of 3 spring parties at Rosemont for Washington's elite and some of his Virginia cronies. Although he neither smokes nor drinks, he serves a man-sized drink, follows it with a billowing buffet of fried chicken, Smithfield ham and strawberry shortcake.

RANGER 777

Byrd's only fiscal soft spot is in his love for national parks. He has visited nearly every one in the United States. The National Park Service, he says, is one agency that "returns $1.20 value for every $1 spent." The Service in turn clearly appreciates Byrd: he is the Service's only honorary ranger, proudly wears his silver badge No. 777 at park ceremonies. He has been climbing in the Blue Ridge—such peaks as Hawks Bill, Naked Top, Roundhead Ridge and his favored Old Rag—for 60 years. He spent his honeymoon in those mountains, got Roosevelt to start the 500-mile-long Blue Ridge Parkway, is mainly responsible for Shenandoah National Park. On each of his past two birthdays he has donated a camping shelter near Skyland; they have been dubbed "Byrd's Nest No. 1" and "Byrd's Nest No. 2." Byrd gallantly danced at the dedication of Byrd's Nest No. 2 this year.

When his Senate duties keep him away from the Blue Ridge, Byrd takes that early morning walk through Rock Creek Park—and his musings are a seminar in political history and practice, well salted with great issues and names of the past. "I've lived here ever since I came to Washington," he says as he sets out from the Shoreham. "It's nearly 30 years ago now. You know, the Shoreham was in bankruptcy when I first came here. I told 'em I didn't have any money, but they said I might as well stay until I could pay, because nobody else had any either."

He swings his cane nonchalantly at a bush, looks back to see if his aging cocker spaniel is still with him. "You know," he says, "they were telling me not too long ago that I couldn't walk any more. One winter they had some ice on those steps back there and it was covered with snow and I didn't see it, so I fell and hurt my knee and it gave me arthritis." He flexes his left knee. "They wanted to take my kneecap off, said it wouldn't cripple me and it would stop the arthritis. But I didn't like that idea much, so I did just the opposite. I went out and climbed Old Rag the next weekend. It hurt like hell, but I got up there. Now I've got it built up so I can get around all right. It's built up muscles all around that knee. Look here." He hauls up his left pant leg. "Look at the difference from the other one." He tugs up that pant leg.

ON HIS BELLY

He comes to a high wire fence sealing off the Dumbarton Oaks estate, a public haven filled with dogwood, rhododendron, and massive trees. Since it is not open so early in the morning, Byrd for years used to crawl on his belly through a hole in the fence. Then the hole was patched. Byrd hesitantly asked if he might have his own key to the gate—something the Park Service would have granted long ago at the slightest hint. "I got 'em to put in the Shenandoah Park when I was Governor. It was the depression then, but I got a million dollars out of Congress, and we raised another million. Ickes wouldn't let the mountain people stay in there. He made them all move out. I begged him not to do that. I said just let the old ones stay there and live out their lives. But this Tugwell fellow had just come back from Russia, and he and Ickes got the idea of moving them all in together.

"You know mountain people won't live close to anybody else. But they made 'em get out and burned their houses down and built two settlements for them outside the park—that cost nearly as much as the whole park did. And it didn't last very long either. They were making them all work and put everything they raised in together. One night after they'd been there about a year, one man got in and robbed the smokehouse where all the meat was, and the others got mad and they killed him. That was the end of that Russian business."

Byrd heads back down a bridle path, the Shoreham's sandy-colored brick looming above the trees. "When I was Governor they asked me if Winston Churchill could come down and visit. He wanted to see the battlefields. The only trouble was that when he got there, they told me he drank a quart of brandy a day. It was strict prohibition, and I never had allowed any in the mansion. I called up a fellow who I thought might be able to get it and said, 'John, I'm in a hell of a fix. I need you to deliver a quart of brandy to the kitchen of the Governor's mansion every day this week.'

"Churchill had some fellow with him named Lord so-and-so, and the Lord had a girl in San Francisco and was always calling her up the whole time they were there. After they left, I got a bill for those calls for $250."

Harry Byrd walks back into the Shoreham to change his clothes and cook his own breakfast. He is ready to do a day's work on the Hill in defense of his idea that a dollar is a dollar and that economics is really a simple, commonsense subject. To a man with reminiscences like his, it does not seem illogical that he should think that he may yet teach quite a few lessons to that attractive young fellow in the White House.

THE JOURNAL

Mr. MANSFIELD. Mr. President, earlier today I had intended to ask unanimous consent that the reading of the Journal of Tuesday, August 14, and the Journal of Wednesday, August 15, be dispensed with. I now make that request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 3428) relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes, and it was signed by the Vice President.

PETITION

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the Oliver American Trading Co., Inc., of New York, N.Y., signed by Howard T. Oliver, president, relating to an investigation of the claims convention with Mexico, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment:

H.R. 11721. An act to authorize the payment of the balance of awards for war damage compensation made by the Philippine War Damage Commission under the terms of the Philippine Rehabilitation Act of April 30, 1946, and to authorize the appropriation of $73 million for that purpose (Rept. No. 1882); and

S. Con. Res. 84. Concurrent resolution expressing the sense of the Congress that arrangements be made for viewing within the United States of certain films prepared by the U.S. Information Agency (Rept. No. 1883).

REVENUE ACT OF 1962—REPORT OF A COMMITTEE—ADDITIONAL, DISSENTING, SUPPLEMENTAL, AND MINORITY VIEWS (S. REPT. NO. 1881)

Mr. KERR. Mr. President, from the Committee on Finance, I report favorably, with amendments, the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, and I submit a report thereon.

I ask that the report be printed, together with the individual views of Senators Byrd of Virginia, Gore, Williams of Delaware, and Curtis; the additional views of Senator McCarthy; the dissenting views of Senators Carlson, Bennett, Butler, Curtis, and Morton, and the supplemental and minority views of Senators Douglas and Gore.

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Oklahoma.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

William R. Tyler, of the District of Columbia, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State;

Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary to France;

Foy D. Kohler, of Ohio, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics;

John H. Ferguson, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary to the Kingdom of Morocco;

William Leonhart, of West Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Tanganyika; and

Bernard T. Brennan, of New York, to be Deputy Administrator for Administration, Agency for International Development.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

S. 3645. A bill for the relief of Jean Rosen; to the Committee on the Judiciary.

By Mr. MAGNUSON (for himself, Mr. KEFAUVER, and Mr. LAUSCHE):

S. 3646. A bill to amend the Communications Act of 1934, as amended, relative to merger of domestic telegraph carriers; to the Committee on Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. CURTIS (for himself, Mr. CARLSON, and Mr. RANDOLPH):

S. 3647. A bill to amend sections 4653 and 4654 of title 39, United States Code, with respect to the mailing of certain reading and other materials for the use of blind persons; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. CURTIS when he introduced the above bill, which appear under a separate heading.)

By Mrs. SMITH of Maine:

S. 3648. A bill authorizing the project for Narraguagus River, Maine; to the Committee on Public Works.

By Mr. DIRKSEN:

S.J. Res. 217. Joint resolution making the 17th day of September in each year a legal holiday to be known as "Constitution Day"; to the Committee on the Judiciary.

(See the remarks of Mr. DIRKSEN when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. RANDOLPH:

S.J. Res. 218. Joint resolution authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America; to the Committee on the Judiciary.

(See the remarks of Mr. RANDOLPH when he introduced the above joint resolution, which appear under a separate heading.)

SENATOR RANDOLPH INTRODUCES A RESOLUTION THAT THE UNITED STATES CONVEY ON SIR WINSTON CHURCHILL HONORARY CITIZENSHIP

Mr. RANDOLPH. Mr. President, Winston Churchill represents perhaps better than any man alive, the strong ties of love, honor, and sacrifice which so closely join the United States of America and Great Britain. As a warrior of his country, as a statesman of vision and purpose, and as a gifted leader in letters and literature and law, he will be acclaimed by generations yet unborn for a true hero of his time.

His is a genius of spirit, of character, of conviction,—that urged a battered nation onward to victory over a merciless foe—that lighted a pathway through the gloom of postwar adversity, and spurred a flagging people to superhuman effort and sacrifice—that marshaled hopes and shored up faith, rekindled hope and engendered confidence.

His, the dream of unity among the democratic nations of the Atlantic; his, the idea of a fraternal association between Britain and the United States. I shall never forget that memorable day when, as a Member of the House of Representatives, I listened to his dynamic address in a joint session of the Congress.

And, Winston Churchill's courage and devotion to the cause of freedom and human dignity have served to challenge and inspire our Nation to victory in war, and to achievement in peace. Our debt to him can never be repaid. It exceeds infinity, and increases daily.

However, there is one honor, one token of rare esteem and love which is within this Nation's power to bestow, and which is worthy of Winston Churchill's place of history. The recognition of which I speak is the gift of honorary citizenship of the United States of America. Surely there is no more fitting demonstration of the respect and gratitude which we hold for this champion of mankind than the gift of citizenship—the most highly prized possession of every patriotic American. His mother was Jenny Jerome, a citizen of our Republic.

No more tangible evidence could we offer than that this Nation, through action of the Congress, authorize the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of our public.

To this purpose I introduce a joint resolution, which I send to the desk and request that it be appropriately referred, for what I hope will be positive action.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 218) authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America, introduced by Mr. RANDOLPH, was received, read twice by its title, and referred to the Committee on the Judiciary.

FOOD AND AGRICULTURE ACT OF 1962—AMENDMENT

Mr. McCARTHY. Mr. President, I submit an amendment to H.R. 12391, the farm bill, as reported by the Senate Committee on Agriculture, which I intend to offer at the appropriate time on behalf of myself and the senior Senator from Minnesota [Mr. HUMPHREY], and I ask that it be printed.

The purpose of this amendment is to add a dairy program to the new version of the Senate farm bill. Last spring the administration recommended that a dairy program be enacted. Testimony was given on the rapidly rising dairy surpluses and on the increasing costs of the present dairy program to the Government. Despite these recommendations the Senate committee could not reach agreement on a dairy provision. Attempts by myself and other Senators to add a dairy provision on the floor also failed to carry.

The House of Representatives, however, has provided for a minimum voluntary reduction program in its farm bill. The amendment which I propose to offer strengthens the House provision and offers an opportunity to adopt an effective voluntary program which will improve the income of dairy farmers and at the same time cut down on surpluses and Government costs.

The dairy problem is fast approaching emergency proportions, and I believe there are solid reasons why the Senate should now adopt a temporary program even though it rejected action last spring.

There were some who believed that the drop in price supports from 82 to 75 percent of parity on April 1 would result in a substantial cut in production. This has not been the case, although production is temporarily down in some areas because of a drought condition.

The Department of Agriculture estimates that Government expenditures for dairy purchases will be about $550 million for the current marketing year, approximately the same as for last year. The Commodity Credit Corporation is purchasing dairy products for price-support purposes at the equivalent of an annual rate of 10.5 billion pounds of the annual marketing of 119.3 billion pounds of milk. It is expected that the CCC will have to acquire 400 million pounds of butter, 250 million pounds of cheese, and 1.2 billion pounds of dry milk this year.

I have talked with many dairy farmers and representatives of major producer groups in the past few weeks. Dairy farmers are worried about the mounting surpluses and the drop in income of dairy farmers. I have been told by many dairy leaders that while they believe the majority of dairy farmers would still vote to reject a program with mandatory quotas, they would welcome an effective voluntary program.

The dairy industry is disturbed, likewise, about the possible effects of the Supreme Court decision of June 4, Lehigh Valley Cooperative Farmers, Inc., against United States, which has left the future effectiveness of Federal marketing orders in doubt.

We have a situation, then, in which dairy farmers are losing between $250 and $300 million in income because of the drop in price supports. The Government is acquiring the equivalent of about 10 percent of the milk marketed. Government costs are continuing at about the same rate and Government-held surpluses are rising rapidly.

In my judgment it is clear that the present program is not accomplishing its purpose and that a change is needed.

The House bill has the merit of recognizing the problem and of making an attempt to meet it, but the House measure lacks the potential to reduce the surplus to a significant degree or to improve the income of dairy farmers.

The House dairy provision provides for surplus reduction payments to producers of up to $2.50 per hundredweight for the amount they reduce their 1961 average marketing of milk, within a range of 10 to 25 percent. Provision is also made in the bill to permit producers in Federal order markets to make adjustments in their marketings at the surplus price rather than at the blend price. They will not be penalized in their share of the class I sales because they participate in the program.

The amendment which I intended to propose incorporates the House provision in general. The important addition in my amendment is the provision to permit the Secretary of Agriculture to make supplemental payments to cooperating producers in addition to the surplus reduction payments.

The amount of the supplemental payment would be set by the Secretary at a rate not to exceed the difference between the U.S. average price at wholesale for milk for manufacturing purposes and 90 percent of parity for that quantity of milk the participating producer markets.

The amendment also permits the Secretary to set the general basic price support for milk at between 70 and 75 percent of parity, dependent upon supplies, but this authority would not be effective until the end of the current marketing year, March 31, 1963.

The use of this authority, of course, is confined to the period when the Secretary has the emergency program in operation. It does not replace the provisions of the basic act of 1949 but only provides a temporary exception, to be used at his discretion in order to achieve the purposes of the emergency program.

In effect the proposed dairy program is simply an application of the procedures of the temporary feed grain program to milk. The surplus reduction payments for milk are the equivalent to the payments on acreage diverted from feed grain production. The supplemental payments on the milk marketed by those choosing to enter the reduction program are equivalent to the difference between the support price offered feed grain producers and the market level at which those who do not enter the program sell their feed grains.

Of course in the dairy program it is not possible to maintain different prices in precisely the same manner as in the feed grain program. The loans and purchases used in the feed grain program for supplemental benefits to cooperators cannot be extended in the same way to individual producers on their milk. The effect of the supplemental payments for milk, however, is the same: the supplemental payments would reflect the difference between the market price and special support level, up to 90 percent of parity, as set by the Secretary for those participating.

The proposal is for a temporary program to meet the emergency situation. It would be effective for a year and a half, from October 1 of this year to March 31, 1964. The House provision of surplus reduction payments is limited to 9 months.

The program provided by my amendment gives the Secretary the flexibility to develop an effective reduction program and to improve the net income of those who participate. Because the cost of the program depends upon the level at which the Secretary sets the surplus reduction payments and also the amount of the supplemental payments—and in turn these amounts are related to available supplies—it is not possible to give an exact cost estimate. It can be stated that the program should cost less than the existing program and at the same time accomplish a substantial reduction in surpluses and surplus storage costs. The savings over the existing program would be achieved because it is cheaper to make a surplus reduction payment of $2.50 or less to the producer for not producing a hundred pounds of milk than for the CCC to pay over $4 for the milk after it is produced and processed. The economy of this procedure is estimated to be great enough to permit making the supplemental payments to cooperating producers and still realize a savings in total costs over the existing program.

The program will also improve the income of those who participate. They would receive reduction payments up to $2.50 per hundred for the amount they cut back and supplemental payments on what they market. Taken together, these payments would provide the average dairy producer with a larger net income than he would receive from his present higher production under the existing price support program. It is also clear that the whole dairy industry will be more stable and in a better economic condition if the excessive surpluses are reduced.

We are spending large amounts under the existing program; yet the Government-held supplies are increasing and the income of dairy farmers is declining. This is not the time for drifting and inaction, a policy which can only lead to a crisis in the whole industry with the result that the family-type dairy farmer is certain to be hurt.

The program which I am proposing and which Senator HUMPHREY has joined me in sponsoring is an emergency measure. It is a voluntary program. It imposes no mandatory quotas or controls. Producers who do not wish to enter the program would be free to produce as they choose at the market price. Because the Secretary would be permitted to adjust the basic price support level between 70 and 75 percent of parity, there would be no incentive for those not entering the program to expand their operations. To the extent that the Secretary used his authority to adjust the general price support between 70 and 75 percent of parity, consumer prices for dairy products would be reduced somewhat and consumption stimulated. But the purpose of the program is to establish stability in the industry and to improve farm income. I believe that once the program is in effect the market price would tend to rise above the basic price support level and that the entire dairy industry would benefit.

Mr. President, we are faced with a situation which calls for effective action. The House has approved a dairy program but it is insufficient to reduce the surplus which is now requiring the Government to purchase the equivalent of about 10 percent of the milk marketed. The Senate should act, I believe, to strengthen the House provision and to provide a temporary program to improve the income of the dairy farmer and to reduce Government costs.

I believe we could expect good participation in this type of voluntary program, just as the response to the emergency feed grain program was good and the program effective. Dairy farmers are aware of the problem and greatly concerned about it. They would respond to an opportunity to work out their difficulties, but the present program provides no procedure by which they can make adjustments in an equitable and reasonable manner.

I ask unanimous consent that the amendment I intend to propose in behalf of myself and my colleague, the senior Senator from Minnesota [Mr. HUMPHREY], be printed at this point in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 91, between lines 7 and 8, insert the following:

"SUBTITLE C—DAIRY

"SEC. 326. The current rate of production and marketing of milk in the continental United States, excluding Alaska, is such as will result in excessive and burdensome supplies of milk and other dairy products during the period ending March 31, 1964.

"In order to afford producers the opportunity and the means by which they can on a compensated basis voluntarily adjust their marketings of milk during the period ending March 31, 1964, more nearly to equal demand and thus reduce Government purchases under its price support program, the Secretary of Agriculture is hereby authorized, through the Commodity Credit Corporation, to carry out for the period ending March 31, 1964, an emergency dairy surplus reduction payments program as set forth in the following sections of this subtitle.

"SEC. 327. The Commodity Credit Corporation is hereby authorized to make surplus reduction payments to producers in continental United States, excluding Alaska, who agree to reduce, during any one or more quarterly marketing periods starting on or after October 1, 1962, and ending March 31, 1964, their marketings to a level not (1) less than 10 per centum or (ii) more than the larger of 25 per centum or fifteen thousand pounds of milk below their normal marketing levels established pursuant to section 328 of this Act for each such quarterly marketing period. Such payments shall not exceed (i) $2.50 per hundredweight of milk, basis 3.82 per centum butterfat content, (ii) such rates as the Secretary determines will effectuate voluntary reduction in marketings by producers, or (iii) the cost of acquiring such milk in the form of dairy products had such milk been marketed. A producer who fails to reduce his marketings to the extent required by his agreement shall be eligible to the surplus reduction payment on the quantity by which he actually reduced his marketings below his normal marketing level, provided he reduces by as much as 10 per centum of his normal marketing level, but the amount of such payment shall be reduced by an amount equal to 20 per centum of what would have been the payment on the quantity of milk which he failed to reduce. Agreements entered into hereunder may contain such terms and conditions as the Secretary determines necessary to effectuate the purposes of the emergency dairy surplus reduction payments program and to assure that a producer's reduction in marketings is not offset through a transfer of his milk cows to another producer for the production and marketing of milk.

"SEC. 328. The Secretary shall establish a normal marketing level for each producer in the continental United States, excluding Alaska, who desires to enter into an agreement with Commodity Credit Corporation pursuant to section 327 of this Act. Such normal marketing level shall be the number of pounds of milk, or the number of pounds of milkfat, or such units of dairy products as the Secretary may deem appropriate for the administration of this subtitle which is the lower of (i) the producer's marketing during the marketing year ending March 31, 1962, or (ii) the Secretary's estimate of what would be marketed in a marketing year by the producer based on the rate of his marketings when he enters into the agreement with Commodity Credit Corporation, adjusted for seasonal variation. In establishing a normal marketing level, the Secretary shall make such adjustments in the producer's 1961–62 marketings as he deems necessary for flood, drought, disease of herd, personal health, or other abnormal conditions affecting production or marketing, including the fact that the producer may have commenced production and marketing after April 1, 1961. A producer's normal marketing level for the marketing year shall be apportioned by the Secretary among quarterly marketing periods thereof in accordance with the producer's prior marketing pattern, subject to such adjustments as the Secretary determines necessary to enable the producer to carry out his herd management plans for the marketing year. The quantity thus apportioned to a quarterly marketing period shall be the producer's normal marketing level for such period.

"SEC. 329. The Secretary shall prescribe such conversion factors as he deems necessary for use in determining the quantity of milk marketed by producers who market their milk in the form of farm-separated cream, butterfat, and other dairy products.

"SEC. 330. The quantity of milk reduced by a producer pursuant to his agreement under this Act shall be considered as having been produced and marketed by him for the purpose of determining his production or marketing history under any farm program in which such history may become a factor. A producer who moves from one area to another and there engages in the production and marketing of milk may take with him all or any portion of his normal marketing level.

"SEC. 331. The Commodity Credit Corporation may make supplemental payments to producers of milk for manufacturing who enter into agreements under section 327, which shall be in addition to the surplus reduction payments made to such producers. The amount of such a supplemental payment to be made with respect to the quantity of milk marketed by a producer may not exceed the difference between the United States average price at wholesale of milk for manufacturing and 90 per centum of the parity price for that quantity of such milk.

"SEC. 332. (a) The Secretary shall prescribe such regulations as are necessary for the enforcement and the effective administration of this subtitle.

"(b) Costs incurred in the carrying out of the provisions of this subtitle shall be borne by the Commodity Credit Corporation and shall be considered as nonadministrative expenses of the Corporation.

"SEC. 333. Whenever normal marketing levels are established under this subtitle, notwithstanding any provision of the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.), any order issued under section 8c thereof shall in addition to the provisions in section 8c (5) and (7) contain provisions for an adjustment in the uniform price for producers receiving surplus reduction payments for marketings below their normal marketing level. Under such provisions the total payments to such producers under an order shall be equal to (1) the uniform price multiplied by their normal marketing level minus (2) the lowest class price under the order multiplied by the amount by which such producers have reduced marketings below their normal marketing level. In the computation of the uniform price there shall be included, at the lowest class price, the volume of milk upon which producers will be entitled to surplus reduction payments. For the purposes of this section a producer's normal marketing level shall be apportioned on a monthly basis. In the case of a producer, part of whose normal marketing level is based on marketings which were not subject to regulation under the order during the representative period, the Secretary shall apportion such producer's normal marketing level in accordance with his deliveries of milk in such representative period and the reduction in deliveries from the amount apportioned to the marketing area shall be considered in the calculation of the uniform price and payment under such order. The incorporation of provisions in an order hereunder shall be subject to the same procedural requirements of the Act as other provisions under section 8c.

"SEC. 334. No person engaged in the purchase or handling of milk, milk fat, or dairy products shall discriminate against any producer who enters into an agreement with the Commodity Credit Corporation pursuant to this Act. The Commodity Credit Corporation shall not purchase dairy products from any person whom the Secretary determines practices such discrimination. The several district courts of the United States shall have original jurisdiction to hear and determine controversies arising under this section, without regard to the amount in controversy, and to enjoin and restrain any person or persons from discriminating or conspiring to discriminate against any producer in violation of this section.

"SEC. 335. (a) Notwithstanding section 201 (c) of the Agricultural Act of 1949, as amended, the Secretary may, in carrying out the emergency dairy program authorized in this subtitle, establish price supports for milk and butterfat at such level between 70 and 75 per centum of the parity price therefor as he deems appropriate.

"(b) The authority granted by the provisions of subsection (a) of this section shall become effective on April 1, 1963."

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the nomination of Francis H. Russell, of Maine, a Foreign Service officer of the class of career minister, to be Ambassador to the Republic of Tunisia.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

PRIORITY IN DISTRIBUTION OF ELECTRIC POWER IN THE NORTHWEST

Mr. MUNDT. Mr. President, last Thursday prior to the Senate's final action on S. 3153, the bill granting the Pacific Northwest a first call on power generated at Federal plants in that region, I expressed disappointment with the fact that debate on this far-reaching bill was not heard by many Members of the Senate. I further stated that it was my belief that a goodly number of my colleagues did not fully understand the future effects flowing from adoption of this measure, and I expressed the hope that the House would give careful and deliberate consideration to the record of the debate in the Senate.

Since our final action, I have re-read the Senate debate, and I find that it is ambiguous and perhaps incomplete on one major issue raised in our discussion. I refer to the issue of the Bonneville Power Administration's present capacity to market secondary energy. For the benefit of the Members in the other body, I feel that some supplementary remarks on this issue are in order.

During the Senate debate the statement repeatedly was made by the proponents—CONGRESSIONAL RECORD, pages 15700, 15701, 15707, and 15939—that the Bonneville Power Administration needs S. 3153, the regional priority bill, in order to prevent the waste of $30 million a year in potential secondary energy which now is spilled over the dams bypassing the power generators.

The allegation has some substance but its connotations, as implied by the Senator's argument, are extremely misleading.

In the first place, the $30 million figure is of questionable validity. That amount, according to the Interior Task Force report is $15 million at the highest. That is the largest flow of water in the wettest year—CONGRESSIONAL RECORD, page 15909. In average years it would be a lower amount and in dry years it, of course, would be well below the figure used by the proponents of S. 3153.

It should be noted also that such secondary power is available only at certain times of the year, at certain times of the night, and on weekends and holidays. Whether a market exists anywhere for all of this offpeak power is questionable. Thus the assigned value, which assumes marketability, is certainly subject to challenge.

Second, the allegation is not accurate that this legislation is necessary in order that Bonneville can sell its surplus energy outside the Northwest without giving preference to public agencies outside the Northwest.

Bonneville does not need this legislation to sell such energy. It never has needed it. Bonneville has been selling such energy outside the Northwest for years. It even has a contract to sell U.S. energy to a utility in Canada. For many years a utility operating in Wyoming and another utility in Montana have purchased power from Bonneville under contracts, and the utilities in turn have supplied power to REA cooperatives in Wyoming and eastern Montana, respectively, both outside the defined Northwest region—Senate Interior Committee hearings, May 5, 1960, page 15. This is the fact, and it is at variance with contentions in the Senate debate that "presently there are no such contracts"—CONGRESSIONAL RECORD, page 15911. It has never been claimed that these separate transactions have given the cooperatives any preference right to Bonneville power.

Moreover, the Department of the Interior has expressed the opinion that preference does not attach to Federal power sold to such private utilities which in turn resell it to their customers, both public and private—CONGRESSIONAL RECORD, page 15937.

In fact, Bonneville could have been selling surplus energy in California under just such arrangements as it has with these utilities in other outside areas. In 1959 Bonneville requested the Pacific Gas & Electric Co. to consider purchasing surplus energy from the Northwest—House Appropriations Subcommittee hearings, May 8, 1962, page 146. Early in 1959 the Bonneville Power Administration went to P.G. & E. in an effort to sell surplus power. P.G. & E. agreed to buy on a "when, as, and if available basis," and the two parties negotiated a contract—Senate Interior Subcommittee hearings, April 9, 1959, pages 154, 156. Under the Bonneville proposal to P.G. & E. nearly 1 billion kilowatt-hours a year, on the average, would have been transmitted over existing interconnections between California and Oregon utility companies and a new 230-kilovolt interconnection the companies would have built. Had the contract been executed, Bonneville net revenues would have been increased by $6 million during the intervening 3-year period to June 30, 1962—House Appropriations Subcommittee hearings, May 8, 1962, page 146.

A draft of contract was agreed upon, satisfactory to the United States, and also satisfactory to Bonneville, protecting existing and future customers in the Northwest. In other words, no strings were attached. Bonneville could draw back the power at any time in any amount the Northwest desired—hearings, April 9, 1959, pages 161, 174. There was no protection problem whatever. In fact, Bonneville could cancel the contract at any time—on 30 days' notice.

In spite of this, when the draft of contract was submitted in April of 1959, to the Senate Committee on Interior and Insular Affairs, final action was suspended on the request of the committee, until legislation could be introduced to do the same thing. That is the purpose, allegedly, for S. 3153. The fact is that such protection for the Northwest consumers is the very thing Bonneville now assures the Northwest in selling the same kind of power to the same kind of private utility companies serving the same kind of diversified customers, including public agencies, in other areas, outside the Pacific Northwest as delineated in S. 3153. And, no mistake can be made about it, preference does not attach to that power.

Thus there was no need for this legislation at all. There never was. There never would be—except if a Federal transmission line were built. A regional solicitor in the Portland, Oreg., office of the U.S. Bureau of Reclamation in 1959, held that preference would attach to the power over a Federal line—Senate Interior Subcommittee hearings, May 5, 1960, pages 27–29. In that opinion the regional solicitor made no ruling with respect to a private line. Thus with a Federal line, the Northwest's nonpreference, private customers would have to take a back seat to public agencies up and down the length of the line—a distance of 2,000 miles—or however far advanced technology may make it economic.

The proponents of S. 3153 confused the issue in the Senate debate—CONGRESSIONAL RECORD, page 15938—by implying that the ruling applied to private lines. The fact is, and the record shows, that the Department of the Interior in Washington, D.C., specifically held that "the proposed sale of secondary energy by Bonneville Power Administration to Pacific Gas & Electric Co. for delivery, whether at Yamsay, Oreg., or at the Oregon-California border, will not establish any preference rights in California to power sold under such contract over any customers of the Bonneville Power Administration in the Pacific Northwest"—CONGRESSIONAL RECORD, page 15938, quoting hearings, May 5, 1960, page 29.

Therefore, once again, it is clear that S. 3153 is not needed. It is not needed in order for Bonneville to sell its surplus energy. It is not needed to obviate draining off of power legitimately needed in the Northwest. It is not needed for Bonneville to keep from wasting water over its dams. It is not needed any more today than it ever was or ever would be. The arguments of its proponents appear to indicate the real purpose of the bill is to clear the way so that a Federal transmission line can be built and let the Northwest eat its cake and have it, too.

All the problems this legislation creates for other regions, for other States, for the fundamental principle of customer preference, for equitable treatment of all the people with Federal power paid for by all the people, could have been avoided with the death of S. 3153.

As it is, other regions and other States have every right to introduce similar bills in the quest of equity. Indeed, the majority leader has introduced legislation to provide that his State of Montana will get similar protection by his proposed bill, S. 3558 which would provide Montana with a first priority to Federal power generated in that State.

All of this competition between the various power-production regions in the United States can be avoided if the House will kill S. 3153. I earnestly hope this will be the result. The Federal Power Commission is undertaking a comprehensive study of our national power needs and the optimum methods for integrating and distributing electrical power derived from all sources. I feel Congress should await the results of this study and the FPC's report before enacting such a regional preference law as S. 3153 and thereby jeopardizing preference customers throughout the Nation by walling them away from access to power generated in preference regions.

IMPROVEMENT OF U.S. EDUCATIONAL SYSTEM

Mr. WILEY. Mr. President, for the future, the Nation—to obtain the great reservoir of professional and well-trained individuals essential for progress and security—will depend to a large degree, upon our educational system.

For this reason, we need to continue to improve and expand educational opportunities for the youth of America.

In addition, it requires a renewed effort to prevent dropouts from schools—adversely affecting not only the interest of the individual, but of the Nation.

Earlier this session, I introduced legislation, Senate Resolution 348, for a study of the dropout problem—the objective is to obtain information for a solution. Unfortunately, no action has been taken on it as yet. Although it is getting near the end of the session, the inquiry into this national problem would, I believe, still be well justified, and I urge that it be done.

Today, I was pleased to receive from Charles Wedemeyer, director of the extension division of the University of Wisconsin, a letter endorsing the idea of the dropout study. Director Wedemeyer, too, resoundingly endorsed the objectives of S. 3477—designed to improve and strengthen the extension educational program.

Reflecting thoughtfully upon challenges in the field of education, I request unanimous consent to have the letter from Director Wedemeyer printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE UNIVERSITY OF WISCONSIN,
UNIVERSITY EXTENSION DIVISION,
August 9, 1962.

Hon. ALEXANDER WILEY,
The U.S. Senate,
Washington, D.C.

MY DEAR SENATOR WILEY: I was pleased to note (in the CONGRESSIONAL RECORD of June 1, 1962) your concern with the problem of school dropouts. I hope your proposal to carry out a national study of the problem will be accepted.

You know, I am sure, that one of the Nation's strongest bulwarks against dropouts is the university extension system. You may recall that university extension had its origins at the University of Wisconsin and has now spread throughout the country and the world. The National University Extension Association includes some 85 universities whose educational programs—for youth, college students, and adults—reach out to people wherever they are. Over 50 of these universities (the correspondence study division of NUEA) offer instruction by correspondence, including courses for regular university credit. There are literally thousands of high-quality courses available at low cost through extension. Unfortunately, the universities that offer such instruction are generally unable to advertise the available educational opportunities to those persons who most need them. The bitter complaint we often receive from persons who have just found out about our programs is, "Why didn't I know about these opportunities sooner?"

The answer to the dropout problem, and the need for continuing education throughout adult life, is not the creation of new systems of education, but rather the more extensive use of those systems appropriately designed for these problems which are already in existence. In this connection the general extension bill, S. 3477, is of the utmost importance in helping extension divisions to equalize educational opportunities for citizens who are "out of phase" with local education programs, as well as for other reasons. I am pleased that you are a cosponsor of bill S. 3477, and hope that you will continue to support it strongly and bring about its passage.

* * * * *

Sincerely yours,
Charles A. Wedemeyer,
Director.

Mr. MORSE. Mr. President, I ask unanimous consent that a letter dated August 15, 1962, which I have received from officials of the American Association of University Women, in support of my education amendment, KKKK, together with my supplemental statement on my amendment TTTT be printed at this point in my remarks together with my supplemental statement upon my amendment JJJJ.

There being no objection, the letter and statments were ordered to be printed in the Record, as follows:

American Association of
University Women,
Washington, D.C., August 15, 1962.

Hon. Wayne Morse,
U.S. Senate,
Washington, D.C.

Dear Senator Morse: Through the work of the Washington staff of the American Association of University Women, we have learned of your proposal made during the course of the hearings of the Senate Foreign Relations Committee on the communications satellite bill. We believe that it is essential in the interests of education to comment on two points which have arisen in these hearings. We firmly believe that specific channels should be reserved for educational purposes. We further support your proposal that if any lease arrangement is made with private corporations for the use of the wave lengths of the satellite system, the revenue should be designated for educational purposes.

Respectfully yours,
Veta Lee Smith,
Chairman, Mass Media Committee.
Katherine W. Bain,
Chairman, Legislative Program Committee.
Dr. Maycie K. Southall,
Chairman, Elementary and Secondary Education Committee.
Dr. R. Jean Brownlee,
Chairman, Higher Education Committee.

SUPPLEMENTAL STATEMENT BY SENATOR MORSE ON AMENDMENT TTTT

I have received the following information concerning the President's Equal Job Opportunity Committee.

The Committee has received in the last year and a half 18 to 20 complaints from the NAACP concerning alleged employment discrimination by A.T. & T. or its subsidiaries (Southern Bell, Southwestern Bell, Western Electric, and C. & P. Co.).

The complaints fall into three categories. There are those in which the Committee has no jurisdiction as the Federal Government has no contract with the facilities in question (for reasons set forth below); second, those in which the allegations have not been resolved; and three, those in which complaints have been satisfactorily resolved (primarily in the case of Western Electric Co.).

Most Government relations with utility companies, including communication utilities companies are not performed on a contract basis. There is a GAO regulation calling for the "permissive nonuse of contracts" where rates and tariffs are regulated by law. Therefore, in the bulk of cases coming to the attention of the President's Committee, it is likely to be found that the Committee does not have jurisdiction under the Executive order which is limited in scope to cases in which employment is performed under Government contract.

SUPPLEMENTARY STATEMENT BY SENATOR MORSE ON AMENDMENT JJJJ PURSUANT TO UNANIMOUS-CONSENT AGREEMENT OBTAINED BY SENATOR KEFAUVER

I have here a very brief memo which cites three cases which support my amendment 8-13-26—JJJJ which was called up at last evening's session, and is found at page 16648 of the Congressional Record.

Unfortunately, this memo could not be presented or discussed at that time or this.

Because it sets forth additional legal support for my amendment and stresses the dangers of verticle integration under the antitrust laws, the data should be included in the Record.

MEMORANDUM

On Monday, June 25, 1962, the Supreme Court reaffirmed our fundamental belief in competition, in the preservation of the small independent businessman and again pointed to the danger of concentration of economic power. In the Brown Shoe Co. case, the court held that acquisition of the largest independent chain of family shoe stores by the fourth largest shoe manufacturer, itself a leading shoe retailer both directly and indirectly, violated section 7 of the Clayton Act, as amended by the Celler-Kefauver Act of 1950. The considerations which led the Court to this conclusion are directly relevant here, and indicate that the acquisition of powerful stock positions in the corporation would similarly violate section 7.

To start with, the Court stressed that "the dominant theme pervading congressional consideration of the 1950 amendments was a fear of what was considered to be a rising tide of economic concentration in the American economy"[1] (p. 20). And it approvingly quoted a statement by Learned Hand.[2]

It went on to find that the acquisition of the leading independent family shoe chain by one of the leading shoe manufacturers would foreclose a substantial share of the market to small manufacturers.

Exactly the same effect will result from the proposed organization of the satellite—A.T. & T., RCA, GE, Lockheed, and other large equipment manufacturers who will buy most of the stock will certainly try to raise their inside position to allocate the bulk of the corporation's equipment procurement to themselves. It is to prevent this evil of vertical combination that my amendment was introduced.

A.T. & T. presently buys all but a negligible fraction of its equipment from its own subsidiary and, as shown by testimony before my subcommittee, from small businessmen. This Western Electric monopoly has seriously hampered many small businessmen. The passage of this legislation will thus fly directly in the teeth of our professed concern for the small businessman and the reduction of concentration.

And let there be no mistake about the probabilities of this—GE and others clamored for a chance to buy stock in the corporation, because they feared A.T. & T. would funnel all satellite procurement to itself. Obviously, this was because they plan to use this stockownership to get a piece of the pie for themselves.

And one doesn't need full ownership to obtain such power. In the *Du Pont-General Motors* case, *U.S.* v. *E. I. Du Pont de Nemours & Co.,* 313 U.S. 586 (1957), the Supreme Court found that Du Pont's 23-percent stockownership in GM gave it an unfair competitive advantage in the sale of finishes and fabrics, in violation of section 7. In the satellite corporation, A.T. & T. can hold up to 50 percent, and, according to one of the bill's own proponents, Mr. Kazenbagh is likely to take 35 percent. According to the testimony of Mr. Minow in the Foreign Relations Committee, it would be about 40 percent.

And the fallacy that ownership can possible resolve these antitrust problems was exploded in that very decision. In footnote 56 of the majority opinion, the Court stated:

"The potency of the influence of Du Pont's 23 percent stock is greater today (than when just purchased) because of the diffusion of the remaining shares which, in 1947, were held by 436,510 stockholders; 92 percent owned no more than 100 shares each and 60 percent owned no more than 25 shares each."

The fact that there may be a few other large stockholders, none of whom can own more than 10 percent of the voting stock, does nothing to cut down the effect of the 35 to 40 percent or more of the voting stock which A.T. & T. will have.

Moreover, the decision in Du Pont-General Motors did not turn on the number of directors Du Pont had. The fact is that Du Pont had very few—never more than 6 or 7, of board which, between 1925 and 1947 was between 32 and 30, and very frequently less. In 1923, Du Pont just bought this 23-percent stock for the express purpose of getting a share of the General Motors market, it contented itself with only two directors. (Lee 1953 Trade Cases, p. 69,927.)

The Brown Shoe opinion also found that Brown Shoe's retail outlets competed with Kenney and that the merger would eliminate this kind of competition as well in many cities. The same result will flow from the acquisition of huge shares of stock in this satellite corporation by A.T. & T., with whom the satellite will compete. Elimination of such competition will inevitably result and is, indeed, the purpose of permitting the carriers to control the satellite, according to FCC testimony before both the Kefauver antimonopoly committee (pp. 332–333) and other committees of the Congress. Such deliberate suppression of competition could not be more offensive to our system of free enterprise which relies upon and is supposed to foster competition.

Again, as I have pointed out earlier, the fact that 100-percent ownership is not involved is irrelevant—in many cases, merely partial ownership has been held to violate section 7 because of the "reasonable probability—which the Court reaffirmed as the appropriate test—that competition would be lessened. Strikingly parallel situation, Benrus Watch Co. was enjoined from voting a 24-percent stock interest in Hamilton Watch Co. (*see Hamilton Watch Co.* v. *Benrus Watch Co.*, 114 F. Supp. 307 (D., Conn.), aff'd, 206 F. 2d 738 (2d Cir. 1953).) The requisition of this stock by a competitor was held to result in a danger of a lessening of competition. Benrus right to elect just one director was held to give Benrus an opportunity "to persuade or to compel a relaxation of the full vigor of Hamilton's competitive effort." And that referred to just one director—here, A.T. & T. will be able to have three.

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[1] *U.S.* v. *Aluminum Co. of America* (148 F. 2d 416, 429 (2d Cir. 1945).

[2] Not supplied.

For these reasons I believe my amendment should be considered upon its merits, and be added to the bill.

CALIFORNIA COUNCIL OF GROWERS DENY INTENT TO SUE SECRETARY GOLDBERG

Mr. WILLIAMS of New Jersey. Mr. President, I am very happy to inform the Senate that the California Council of Growers is not contemplating a suit against Secretary of Labor Arthur Goldberg as the Washington Post indicated 3 weeks ago. Many of us were very disturbed 3 weeks ago to read that the growers intended to initiate legal action against the Secretary contending that he had no right to set a minimum wage for braceros in California. Several of us associated ourselves with the Secretary's action; I remember our discussion of the contemplated suit and our support for the Secretary at that time.

I received a letter from the California Council of Growers providing unique evidence that they were not and are not contemplating such a suit. I am pleased to find then that Secretary Goldberg's reputation for fairness and ability has spread all over the country; it is entirely deserved. In what is perhaps an unusual type of tribute to the Secretary, therefore, I ask unanimous consent that the July 17 story in the Washington Post headlined "Goldberg May Face Suit on Farm Wage," together with the Council of California Growers letter to me disclaiming any such intent, be printed at this point in the Record.

There being no objection, the letter and article were ordered to be printed in the Record, as follows:

Council of California Growers,
San Francisco, Calif., July 23 1962.
Hon. Harrison Williams,
Senate Office Building,
Washington, D.C.

Dear Senator Williams: On page 13897 of the Congressional Record dated July 17, 1962, there appears a statement entered by yourself concerning, "the threatened legal action against Secretary of Labor Arthur J. Goldberg by the Council of California Growers."

On behalf of the council, I wish to advise you that the Council of California Growers is not planning any such legal action against Secretary of Labor Goldberg, nor does the council intend to bring any such legal action against Secretary Goldberg in the future.

The Council of California Growers is strictly a public relations and news reporting organization for California agriculture. As such, it is in no way engaged in the filing or prosecution of legal action as you have stated in the Congressional Record. Nor is the Council engaged in any other activity relating to farm labor matters with the single exception of performing a news and information disseminating service to—and on behalf of—California agriculture in general.

I would also like to point out that the council's public relations and news disseminating activities are by no means restricted to the subject of farm labor. The council was established for the express purpose of establishing a two-way communications system to—and from—California agriculture. This communications system was established so that (1) information relating to any and all phases of California agriculture could be made known to individual farmers throughout California, and (2) so that the general public could become better informed on the various matters related to California agriculture—our State's most vital industry.

In view of these facts, we respectfully request that the Congressional Record be corrected at the earliest possible opportunity and that said correction make it absolutely clear that the Council of California Growers is not bringing about, nor "threatening" legal action against Secretary of Labor Goldberg as was indicated in your entry of July 17, 1962.

Sincerely,

O. W. Fillerup,
Executive Vice President.

Goldberg May Face Suit on Farm Wage

(By Harry Bernstein)

Los Angeles—Secretary of Labor Arthur J. Goldberg may be faced soon with legal action by California growers who charge he has illegally imposed a minimum wage for farm workers.

The planned legal action and other grower activities protesting Government moves in the farm labor situation is regarded as an indication that the growers now regard their key battle as one with the Department of Labor rather than with attempts to unionize agricultural workers.

Two years ago, the growers were spending most of their time and money put into their associations in a fight against unionization.

Now, one grower representative said, the center of the battle has become concentrated in protests against Government actions that have limited the use of imported Mexican farmworkers (braceros) and set minimum wages for braceros that "mean a minimum for domestic (American) too."

A $1 MINIMUM IS SET

Goldberg, last March 29, after a series of hearings around the Nation, said no braceros could be hired at a rate below $1 in California. Rates in other States ranged from 60 cents in Arkansas to the $1 figure for 16 States.

Anything less, he said, would adversely affect the wages and working conditions of domestic farmworkers.

The growers, according to Jack Miller, head of the Agricultural Producers Labor Committee, contend that Goldberg has no legal right to fix the minimum wage rate since Congress has refused to include farmworkers in the Federal minimum-wage law.

While the growers now seem unconcerned about the union organizing campaign, union leaders say the campaign is far from over.

The AFL–CIO in late 1960 established the Agricultural Workers Organizing Committee, which, along with the United Packinghouse Workers, made a major attempt to organize farmworkers in Imperial Valley, near the Mexican border.

IMPROVEMENTS REPORTED

A series of strikes there, union spokesmen contend, helped improve wages and working conditions, but no union contracts were signed.

Officials of both the Eisenhower and Kennedy administrations have decried what is called the "plight of the forgotten Americans," the farmworkers who now average about $900 a year.

The Government has partially supported union contentions that the use of braceros is almost automatically harmful to domestic workers.

A spokesman for the privately run emergency committee to aid farmworkers here, said "the public will not permit any further extensions of Public Law 78 (the bracero program) because as long as braceros are so easily available, growers are doing almost nothing to provide wages and working conditions which would insure a stable domestic work force."

HIGHEST FARM WAGES

The committee, which includes such men as poet Carl Sandburg and author John Steinbeck, "wants the same kind of programing now used to help braceros to be utilized for American workers," the spokesman said.

The Council of California Growers points out that farm wages in this State are the highest in the Nation (averaging $1.25 an hour), and the council emphasized that the law does not permit growers to hire braceros unless there is a shortage of domestic workers.

The Department of Labor says that in the past this provision has been inadequately enforced, but additional appropriations are being sought to make more vigorous enforcement of the law possible.

Miller, speaking for the growers' labor committee, said the $1 minimum in California is resulting in "the creation of a feeling among many domestic workers that they don't have to work as hard, that they will get their $1 even if they don't produce."

RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate this evening, I move that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 8 minutes p.m.) the Senate took a recess, under the order previously entered, until tomorrow, Friday, August 17, 1962, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 16 (legislative day of August 14), 1962:

Diplomatic and Foreign Service

Francis H. Russell, of Maine, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia.

U.S. Circuit Judge

Carl E. McGowan, of Illinois, to be U.S. circuit judge for the District of Columbia circuit, vice Henry W. Edgerton, retiring.

In the Air Force

Gen. Lauris Norstad, 25A (major general, Regular Air Force), U.S. Air Force, to be placed on the retired list in the grade of general, under the provisions of section 8962, title 10, of the United States Code.

Lt. Gen. John P. McConnell, 611A (major general, Regular Air Force), U.S. Air Force, to be assigned to positions of importance and responsibility designated by the President in the rank of general, under the provisions of section 8066, title 10, of the United States Code.

Maj. Gen. Joseph J. Nazzaro, 124A (major general, Regular Air Force), U.S. Air Force, to be assigned to positions of importance and responsibility designated by the President in the rank of lieutenant general, under the provisions of section 8066, title 10, of the United States Code.

The following-named officers for temporary appointment in the U.S. Air Force, under the provisions of chapter 839, title 10, of the United States Code:

To be major generals

Brig. Gen. Jack N. Donohew, 1319A, Regular Air Force.

Brig. Gen. Paul T. Preuss, 1407A, Regular Air Force.

Brig. Gen. Maurice C. Harlan, 18858A (colonel, Regular Air Force, Dental), U.S. Air Force.

Brig. Gen. Robert P. Taylor, 18737A (colonel, Regular Air Force, Chaplain), U.S. Air Force.

To be brigadier generals

Col. Michael J. Ingelido, 4295A, Regular Air Force.

Col. Edwin R. Chess, 55101A (lieutenant colonel, Regular Air Force, Chaplain), U.S. Air Force.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 16, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 36: 7: ***How excellent is Thy loving-kindness, O God; therefore the children of men put their trust under the shadow of Thy wings.***

O God of all grace, Thou knowest how greatly we need a more vivid sense of Thy living presence to keep our minds and hearts aglow with the light of Thy divine wisdom and love.

We humbly acknowledge that we are frequently confused and confounded by conditions and circumstances which are so very dark and difficult.

Grant that Thou wilt manifest Thy loving-kindness to all whose days and nights are a litany of doubt and despondency and show us how we may kindle within them the spirit of heroic faith and hope as they look and wait wistfully for the dawning of a better day.

Hear us in His name who is our shield and shelter both now and forever. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

THE REPUBLIC OF CYPRUS—ITS INDEPENDENCE DAY

Mr. RYAN of New York. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RYAN of New York. Mr. Speaker, the small island of Cyprus in the eastern Mediterranean is one of the oldest inhabited islands in the ancient world. Today it is one of the newest independent and sovereign states in the Middle East.

In ancient and medieval times the clever and enterprising seafaring Greek merchants of the island had enjoyed a considerable measure of freedom. In early modern times, when they became subjects of Ottoman sultans, they lost much of their freedom. In the course of some 300 years of Turkish rule tens of thousands of Turks settled in Cyprus, who since the turn of this century have constituted about one-fourth of its 560,000 inhabitants. Late in the 19th century Cyprus became a British protectorate. They longed for their independence. In August 1960, the Greek and Turkish Cypriots finally, after years of bitter strife, agreed to live together on the island in peace, and with that understanding, Britain granted the inhabitants of Cyprus freedom and independence. On August 16, 2 years ago, the Republic of Cyprus was proclaimed. On the second anniversary of that event I greet the citizens of Cyprus as our friends and allies in our struggle for peace and democracy.

APPOINTMENT OF JUDGES IN THE DISTRICT OF COLUMBIA

Mr. DOWDY. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 3428) relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) the second sentence of the first section of the Act entitled "An Act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'The Municipal Court for the District of Columbia', to create 'The Municipal Court of Appeals for the District of Columbia', and for other purposes", approved April 1, 1942 (56 Stat. 190; D.C. Code, sec. 11–752), as amended, is amended to read as follows: "The court shall consist of a chief judge and fifteen associate judges appointed by the President with the advice and consent of the Senate."
>
> (b) The third sentence of section 6 of such Act, as amended (D.C. Code, sec. 11–771), is amended to read as follows: "The said court shall consist of a chief judge and two associate judges appointed by the President with the advice and consent of the Senate, two of whom shall constitute a quorum."
>
> SEC. 2. (a) Subsection (a) of section 19 of the Juvenile Court Act of the District of Columbia, approved June 1, 1938 (52 Stat. 601; D.C. Code, sec. 11–920), as amended, is amended by striking out "three judges" and inserting in lieu thereof the following: "a chief judge and two associate judges".
>
> (b) Subsection (c) of section 19 of such Act is amended by striking out the first sentence thereof.
>
> SEC. 3. Nothing contained in any amendment made by this Act shall be construed as affecting any appointment or designation as a judge or chief judge of the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, or the juvenile court of the District of Columbia made prior to the date of enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DOWDY. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point a statement of the purposes of the bill and also a letter from Deputy Attorney General Katzenbach relative to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DOWDY. Mr. Speaker, the purpose of this bill is to remove any existing ambiguity concerning the power of appointment of chief judges for the municipal court of appeals, for the municipal court, and for the juvenile court of the District of Columbia by amending existing law to provide clearly that such chief judges shall be appointed by the President with the advice and consent of the Senate.

In 1942, the Congress enacted Public Law 512 to establish the present municipal court and the municipal court of appeals for the District of Columbia. This act also provided for a new position of chief judge for each of these courts. The House bill, H.R. 5784, 77th Congress, carried language which clearly provided that such chief judges of those courts were to be appointed by the President with the advice and consent of the Senate.

That bill, as introduced, provided as follows concerning the municipal court:

> The court shall consist of a chief judge and nine associate judges appointed by the President with the advice and consent of the Senate.

In relation to the municipal court of appeals, section 6(a) of the House bill provided as follows:

> The municipal court of appeals shall consist of a chief judge and two associate judges appointed by the President, with the advice and consent of the Senate.

When this bill was considered by the Senate, the text of the bill was revised language provided as to both courts that the judges be "appointed by the President with the advice and consent of the Senate, one of whom shall be designated by the President as chief judge."

During the intervening years, appointments of chief judges have been made "with the advice and consent of the Senate." On October 1, 1961, the Justice Department advised the Senate Committee on the District of Columbia of its intention to depart from the established procedure and to appoint a chief judge for the municipal court of appeals by designating the Honorable Andrew Hood, associate judge of the municipal court of appeals, to be chief judge without submitting the designation to the Senate for approval.

The Senate Committee on the District of Columbia thereafter made a careful study of the existing law and found no legislative intent that the appointment of chief judges be exempt from Senate confirmation. However, possible ambiguity of language was found in Public Law 512 of the 77th Congress. To clarify the law, all members of the Senate Committee on the District of Columbia joined in sponsoring the pending bill, S. 3428.

The language of this bill essentially restores the original language of H.R. 5784 of the 77th Congress by providing that the chief judges of the municipal court of appeals, the municipal court, and the juvenile court of the District of Columbia shall be appointed by the President with the advice and consent of the Senate.

This bill does not add any new judges to any of the courts and does not involve any additional expenditures. The House Committee on the District of Columbia in full executive session gave unanimous approval to the bill. The Senate is withholding action on recommendations for judicial appointments to the juvenile court pending approval of this bill.

JULY 30, 1962.

Hon. ALAN BIBLE,
Chairman, Committee on the District of Columbia, U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 3428, a bill relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia.

The language of existing law relating to the appointment of judges to the above courts has raised a question as to whether designations of the chief judges of those courts are subject to Senate confirmation. The bill would provide specifically that the chief judges and associate judges shall be appointed by the President with the advice and consent of the Senate. This would be consistent with laws providing for the appointment of chief judges and associate judges of other courts, including the Supreme Court.

Accordingly, the Department of Justice favors enactment of the bill.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,
NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

PUBLIC WORKS APPROPRIATION BILL, 1963

Mr. CANNON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12900) making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and certain river basin commissions for the fiscal year ending June 30, 1963, and for other purposes.

Pending that motion, I would like to agree with the gentleman from Iowa on time for debate. I wonder if it would be agreeable to the gentleman if we on the bill be limited not to exceed 1 hour.

Mr. JENSEN. I would agree to that due to the fact that the bill came out of the subcommittee and the full committee with almost perfect agreement. There might be an item or two that some of us would rather have out of the bill, but as a whole the bill is a good one and should not take more than 1 hour of general debate, 30 minutes on a side. If others want to speak on the bill which the 1 hour will not permit, of course, they can proceed under the 5-minute rule.

Mr. CANNON. Mr. Speaker, I ask unanimous consent that general debate on the bill be limited not to exceed 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. HALLECK. Mr. Speaker, reserving the right to object, and I am not going to object, I want to say to the chairman that I wish as soon as possible to call to your attention and that of the members of the committee the inclusion of an item of $50,000 for a further harbor survey on the shore of Lake Michigan in Indiana. I just want it understood that the survey has been made.

I started that, because when I first came here in 1935 I took up this matter with Governor McNutt and later with Governor Schricker, Senator Van Nuys and Senator Minton. I want to call to the attention of the committee the fact that the Army Engineers surveyed the whole lake shore of Lake Michigan in Indiana and they came up with the definite conclusion that there is only one place on the Indiana shore of Lake Michigan which had sufficient space available for the type of industrial and commercial harbor desired by local interests.

The point I make is I cannot see any reason for throwing $50,000 down a rathole to resurvey something that has been surveyed already, and in respect to which a definite conclusion has been reached.

Mr. Speaker, I withdraw my reservation of objection.

Mr. CANNON. The gentleman understands that the bill will be read paragraph by paragraph, and ample opportunity to discuss any item will be afforded when it comes up in the regular order.

Mr. FORD. Mr. Speaker, reserving the right to object, I take this time to make an inquiry concerning a rumor I have heard that at the conclusion of this bill, which is the last bill on the whip notice for this week, the GI insurance reopening bill is scheduled to be called up. If it is proposed to call up H.R. 12333 it is my intention to object to its consideration today.

What is the schedule concerning that proposed legislation?

Mr. CANNON. I trust the consideration of pending appropriation bill will move with such expedition as to obviate the gentleman's inquiry.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. We had planned to bring up the GI bill under a rule, if a rule is granted, on Monday; but in view of the fact that we have no other major legislative business ready to be scheduled for next week, we had hoped we might be able by a two-thirds vote, if necessary, to bring that bill up today or tomorrow, and also to dispose of three or four other legislative matters. We hope to do this only for the purpose of giving the Members of the House the opportunity to take off next week. This will probably be our last chance to take a week off before the beginning of the next school term.

That is the plan and that is the purpose. Of course we can program this bill for Monday, and I think we will have to program the bill for Monday unless we can dispose of it this week.

Mr. FORD. As I understand the schedule for the week preceding Labor Day, it is intended to have at least two bills up of some significance. It is my feeling there is no urgency about the consideration of this bill for extension of GI insurance. Why cannot H.R. 12333 be fitted into that week just before Labor Day?

Mr. ALBERT. The decision has been made. Others are involved in the decision that this bill will be taken up not later than Monday of next week.

Mr. FORD. I understand some of the background of this controversy. Personally, I resent that there are some Members of the other body who seem to be influencing our legislative schedule. I am not blaming my good friend from Oklahoma, but, as one individual, I resent the kind of pressure they are exerting on us to bring this thing up without any previous notice, bringing up a bill that was not on the whip notice for this week.

I am constrained under the circumstances to indicate what my position will be, that I will object to the consideration. If the leadership wants to bring it up under a two-thirds vote, I will be one who will oppose such action.

Mr. HALLECK. Mr. Speaker, I think I should say to the membership that for some days there have been discussions regarding the possibility of a light schedule for next week which might accommodate a great many Members.

I want to say to the gentleman from Michigan that up until shortly before noon today I did not know about the arrangement with respect to this particular measure in which he is interested. If two-thirds of the Members want it, whether it comes up today or some other day will not make much difference, although I understand the gentleman objects. But I think in fairness to the majority leader and the Speaker, insofar as the arrangement for next week is concerned, I have consulted with them and they have consulted with me, and I have consulted with numerous Members, in the hope that we could work out a schedule next week.

Mr. FORD. Is it not also fair to say that the gentleman had no forewarning that this legislation would be put on the agenda before next week?

Mr. HALLECK. If the gentleman will yield, I do say to the gentleman that until shortly before noon, I had no knowledge of this arrangement. It was suggested to me that otherwise it might have to come up next week.

Mr. ALBERT. Mr. Speaker, if the gentleman will yield, I had definitely planned and had arranged with the gentleman from Texas [Mr. Teague], that the bill would be programed for Monday. But in view of the total situation, I am prepared now to announce other bills that we can take up either this week or next week. There are three bills which can be considered which come from the Committee on Armed Services. I would like to get them up. I have talked to the gentleman from Illinois about this.

Mr. VINSON. We are ready to take those up at any time.

Mr. ALBERT. The gentleman from Georgia [Mr. Vinson], advises that they are ready for consideration. These bills are: S. 2020, having to do with development of the South Barron gasfield; H.R. 5423, regarding possession of oil shale reserves, and H.R. 12081, on the conveyance of land in California at the Hunter-Liggett Military Reservation.

I would like to further advise that we had planned to bring up the GI bill on Monday. It is only a matter of accommodating the Members of the House that we now hope to bring up the bill this week.

Mr. FORD. As I say, Mr. Speaker, I am constrained under the circumstances to ask the consideration of the leadership that at the time this bill is to be scheduled today I be advised previously in order that I can be here to indicate my objection. If the House wishes to act by a two-thirds vote, that is of course the decision of the House. However, I do ask that I be given an opportunity to be here when I can raise my objection to this procedure of bringing legislation to the floor without previous notification.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cannon]?

There was no objection.

The SPEAKER. The Chair would like the attention of the gentleman from Michigan [Mr. Ford]. The Chair desires to state that a number of Members have spoken to me as Speaker about the problems that confront them, which problems I thoroughly appreciate. In my years of experience as majority leader I always bore these problems in mind. But this situation did not develop until within 24 hours where arrangements could be made for next week. There are problems of the leadership, and there are problems of all the Members.

The Chair felt if this bill could be brought up today, and these other three bills, we could adjourn over today until Monday of next week, and from Monday of next week to Thursday of next week, and from Thursday of next week to the following Monday. The Chair takes complete responsibility, the responsibility, as the Chair felt, being in the interest of the Members of the House that consideration could be given at this time because later on the Chair could see where there would be extreme difficulty and next week afforded an excellent opportunity. These decisions are made rather quickly because we just do not know what problems might arise. As a matter of fact, the Chair did not definitely make the decision until this morning, although the Chair had pretty well formulated it in the mind of the Chair yesterday afternoon and last evening.

Mr. FORD. Would the Speaker grant me unanimous consent to proceed for 1 minute?

The SPEAKER. The Chair recognizes the gentleman from Michigan.

Mr. FORD. Mr. Speaker, I think my past record is fairly clear in trying to cooperate with the leadership. It is certainly my intention to do so to the maximum extent possible in the future. Unfortunately certain facts probably should not be stated on the floor concerning the background of this legislative controversy. One way to extricate the House from this dilemma is to make certain changes in H.R. 12333. If this could be done I would have less objection to the committee's proposal. Unless such changes can be made in the bill I am unalterably opposed. I do not like the position in which I find myself but I do not intend to let Members of the other body dictate our legislative schedule.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12900) with Mr. Boggs in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. CANNON. Mr. Chairman, we bring you today the bill of the year—the culmination of the domestic fiscal program for the session.

This bill changes the face of America. It reconstructs the continent. It preserves and activates and vitalizes the resources of the Nation.

The bill is comprehensive. It includes every State and practically every congressional district in the Union. There is something here for everybody and no project of merit has been omitted. The bill promotes universally the health, happiness, and prosperity of the people as a whole of every section of the country. It supplements the policy and purpose and program of the President of the United States as declared in his inaugural address and in his notable address to the Nation over the air this week.

It rejuvenates and accelerates the business progress of the country. It starts new wheels turning, both urban and rural. It moves up the pace both in the factory and on the farm. It creates new jobs and new markets. It opens up new avenues and develops new skills and starts the cash registers ringing in every community.

It protects and renews depleted national resources. It purifies rivers and curbs unruly floods. It integrates and amplifies power production and transmission at reasonable rates.

It is true that the cost is heavy and that some of the cost must be paid by the children and grandchildren, but it saves and transmits to posterity invaluable resources and national wealth and economic democracy, which otherwise would be lost to the people forever.

The bill husbands and sustains and promotes in atomic energy the fabrication and perfection of new tools and new weapons without which the future of the Republic is seriously problematical.

It insures to that extent the continuation of a classless democracy—of government and standard of living—that constitutes an indispensable part of the prerogatives reserved and guaranteed to the public by the Constitution of the United States.

Of course, we could not include every request; we could not provide for every suggestion; we could not comply with every importunity. We were necessarily constrained to omit local projects dear to the hearts of some of our friends, the ultimate cost of which would have aggregated billions of dollars and which, if included in this bill, would have rendered it ridiculous and impracticable, and which would have imperiled the rest of a wise and warranted program.

I trust, Mr. Chairman, that they will not be offered on the floor here in the form of amendments, but if they are, it should be remembered that this bill was formulated and written, after long consideration, and exhaustive hearings, and after consultation with the most eminent authorities of the Congress and the country, and it should be remembered that the President in his fireside talk the other evening warned of the need of economy and of the demand for tax reduction and the unavoidable consequences of deficit spending at this critical time.

There is a point of reckless expenditure beyond which we cannot—beyond which we must not—venture however great the local demand for economic and political advantage which might accrue to sections already amply favored in this bill and in previous bills of this character.

Mr. Chairman, I reserve the balance of my time.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman says that no project of merit has been omitted. Would he also say that no unmeritorious projects have been included in this bill?

Mr. CANNON. Of course, the gentleman understands that the term is relative—that when we say, "No project of merit," we mean "No project of sufficient merit."

There is merit in all projects proposed—to a greater or less degree—and in every bill of this character. There may be some projects in this bill which are of less merit than others. The committee after months of hearings has made a voluminous record, which has been submitted to the gentleman and of which he has, I am certain, read every word. He must be aware of the extent of the need which prompted the committee to include particular projects.

Mr. GROSS. This bill is $672 million or almost $673 million more than was expended on public works in the last fiscal year.

Mr. CANNON. The gentleman overlooks the fact that there has been a material reduction in this instance and that the Bureau of the Budget sent up requests for much more than the amounts allowed by the committee. The committee in the interest of economy has seen fit to reduce the budget requests of the administration and the departments.

Mr. GROSS. Will not the gentleman agree with me that the budget figures are always the asking price and usually most committees, as a matter of course, cut the budget request? I am speaking now of the more than half a billion dollars increase over the same pork barrel bill in fiscal year 1962.

Mr. CANNON. The gentleman has been here a long time and is unusually well informed. I regard his opinion as highly as I regard any opinion that could be expressed here. I am certain also he understands the circumstances calling for the inclusion of every item in this bill.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Tennessee.

Mr. EVINS. The gentleman from Missouri might also point out to the gentleman from Iowa that $312 million of this amount more than last year is to the Atomic Energy Commission for the tests they have been making and for other weapons requirements.

Mr. CANNON. That is true. The atomic energy items reflect the greatest increase of any section of the bill. The appropriations for the routine public works—especially the river and harbor items of the bill—are less than usual.

Mr. JENSEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I may say at the outset of my remarks that I approve of this bill as a whole. I did offer several amendments to the bill in the committee, amendments which sought to considerably reduce the bill. The committee did not see fit to approve all my amendments. Nevertheless, I come before the House today in support of the bill.

The budget request for these many, many functions of Government was in the amount of $4,745,332,000. We reduced those figures by $131,524,100. The bill we bring before you today is in the amount of $4,613,807,900. It must be remembered, however, that in that amount we have included for the Atomic Energy Commission, for their regular functions, $3,122,819,000. This brings the balance of the bill down to $1,490,988,900.

This bill is about $670 million over the appropriations for 1962. However, in that amount you will find an increase of $571 million-plus for the Atomic Energy Commission's weapons program. This leaves an amount of a little over $100 million for these other many, many functions of Government which cover the United States like a blanket.

There is scarcely a district in the entire United States that does not suffer a disastrous flood at least once every 10 years, and there are many districts, many areas in this country which will suffer devastating floods three, four, and five times every 10 years. Those floods are not only destructive of property in the amount of billions of dollars, but also in the loss of human lives. You will find in this bill, funds to carry on flood control projects that are now under construction or in the planning stage, and funds for preliminary investigation and surveys.

I may say that there were in the neighborhood of 1,000 people from all over America who came before the committee to testify in favor of the projects which they felt were absolutely necessary. Here you can see a stack of hearings about a foot high, 5,633 printed pages of hearings, Mr. Chairman.

Among the people who came before our committee were not only the people from these disaster areas but also the officers and members of the U.S. Army Engineers. The Secretary of the Interior, Mr. Udall, the Chief of the Bureau of Reclamation, and their staffs appeared before the committee to justify the budget requests.

When the hearings were over we held our markup—I should call it a markdown, because we reduced the President's budget in the amount of $131,524,100.

Mr. Chairman, this bill is an all-American bill. It is to develop our natural resources, to control our rivers, to preserve and conserve our water and soil resources and for everything that is good for the progress of America.

I offer no alibis or excuses for the bill that has come out of this committee on interior and public works appropriations during the past 20 years.

Mr. Chairman, it has been said that God made heaven perfect in all its aspects, and surely heaven must be perfect. But God purposely made the earth imperfect. Had He not done so, we would have long ago become a nation of drones and we would have perished as the drone in the beehive soon perishes. Yes; it is our duty as Members of this Congress and the duty of every American, as I see it, to assist in making this earth a little more perfect in all its physical aspects. We call it reclamation. Had we not done this long ago our land would have eroded, washed away, and blown away. Of course, we have had a lot of help from that great organization, the Soil Conservation Service, in reclaiming, protecting, and conserving here a nation of fertile, productive land. Therefore, my colleagues, I am proud to be a member of this committee. I commend every member of the committee. I commend our good clerks who work diligently year in and year out to get the information which we, the members of this committee, must have in order to bring to the House of Representatives a bill which is justified and which will stand the acid test.

Mr. KIRWAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman and members of the Committee, last year when this bill was before the House I made this statement:

> It is the cheapest public works bill you will see for many, many years.

Now, this year it is $672.8 million more than it was last year. This bill, of course, includes the request for the Atomic Energy Commission, which accounts for $572.4 million of the increase, primarily for the weapons program, including testing.

I believe this is one of the best bills which has ever come before the Members of the House. We all recall that former President Theodore Roosevelt, a great President, instituted the Reclamation Act in 1902. From 1902 to World War I all we spent in America for reclamation and water resources development was about $300 million. So you know what we are going to have to pay in the next 10 or 15 years to save what Mr. Theodore Roosevelt started to save in 1902. There is no escape from it, if we are to preserve and develop our great natural resources.

Just to give you a little idea of the task facing our committee on this bill, I have in front of me a project listing, covering nine very large pages. It involves over 300 projects on which the Members of Congress asked the committee to either raise the budget or insert starts that were not budgeted. Needless to say, considering all the factors involved, it is possible to implement only a relatively small number of these unbudgeted items in any one fiscal year.

The bill includes funds for a total of 459 projects with a total estimated Federal cost of about $17 billion. Of course, many of these have been under construction and a great deal of this amount has already been appropriated. However, the total cost is $17 billion.

That is a lot of money. But I again tell you that it is going to cost a lot more money as time marches on.

Sometimes the press calls this a "pork barrel" bill, but down through 30 years we spent only about $300 million on our water resources and reclamation. We are now going to pay the penalty and how we are going to pay for this neglect, for many, many years to come.

I repeat, when you realize the Members of this body asked the committee to raise the budget or put in items that were not budgeted on over 300 projects—and you know that everybody knows his own district—then you know that he knows that there is something wrong in that district that should be corrected. That is why for years and years to come it is going to cost plenty of money. There is no escape from it.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. GROSS. It is my understanding that the AEC appropriation is not yet authorized by law. Are there any other projects in this bill that are not authorized by law?

Mr. KIRWAN. I know of only one project, Flushing Bay and Creek in New York. This modification should be completed in time for the New York World's Fair so we included $1,500,000 to get the work started. However, the money cannot be used until the project is authorized.

Mr. GROSS. Then you are making an appropriation here without authorization.

Mr. KIRWAN. I understand that, but we cannot postpone the fair. We have got to have some little leeway. Language in the bill prohibits the use of the money until it is authorized.

Mr. GROSS. Is that the only one?

Mr. KIRWAN. Yes, to my knowledge. I repeat that down through the years we are going to pay and pay heavily. But every dime in this bill and every public works bill that will follow will be spent either in or on America. We cannot go forward without adequate waterway transportation, flood control, and reclamation.

To ship a ton of coal today from West Virginia to Norfolk, Va., costs $4.50. Do you think we can compete with the world at that rate? No wonder the miners in West Virginia, Pennsylvania, Kentucky, and all those places are idle. We need cheaper and better transportation, like the rest of the world. That is going to cost money. It is not going to be done for a couple of dollars. But we want to compete with the rest of the world and keep the people employed and not on a dole. It must be and is going to be done.

Every dime here that is spent on this country of ours will come back, because this is the greatest country in the world. Nobody can doubt that. All you have to do is look and see the streams and the mountains and the climate and the soil. Everything God ever put into a country he has done for America. But we have not done the best job in this country. We robbed and looted it for 300 years. It will take us a long time to catch up.

So I am in the well today to put the stamp of approval on a bill that came out of committee without any serious controversy. I believe it is one of the best bills to be presented to Congress.

Mr. JENSEN. Mr. Chairman, I yield such time as she may desire to the gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Chairman, I should like to take this opportunity to call special attention to the items in this bill which affect the vast New Jersey-New York port area, the greatest in the world, and to indicate my very strong support for these items.

As I indicated in my testimony before the Public Works Subcommittee, it is easy to overlook the importance of the individual parts of such a huge and complex whole as the metropolitan area of New York and New Jersey. Yet, these parts are vital to the health and prosperity of that whole, and none more so than maintenance of the waterways that have given the area its preeminent position in world trade. In terms of income and employment, it would be difficult to overstate the significance of its oceangoing commerce to the entire metropolitan region.

For that reason, I am delighted the committee has recommended approval of each of the items included in the budget, the studies covering flood control of the Elizabeth River, development of the Jersey Meadows, the Newark Bay-Passaic River-Hackensack River project, Jamaica Bay, and the New York State barge canal, and two major construction projects, a new south entrance channel to New York Harbor and continuation of the improvements on the waterway from the Great Lakes to the Hudson River.

Of the two unbudgeted requests submitted by the Port of New York Authority—and apparently not approved by the committee—I hope special attention will be given at the earliest possible time by the committee and the Corps of Engineers to the rehabilitation of Shooter's Island dike, which is located at the confluence of the Arthur Kill, Newark Bay and the Kill van Kull, one of the most heavily traveled ship channels in the entire port area. The dike is designed to protect the channels from silt and suspended materials. It is extremely dilapidated and maintenance has been deferred for many years.

Rehabilitation of the dike is particularly important, I believe, in connection with development of two of the most important areas in the Port of New York, Port Newark, and Port Elizabeth which, together, will account for a substantial portion of overall port business. Port Elizabeth was formally dedicated yesterday with the arrival of the first ship at the Port Authority piers, and this $150 million project will eventually provide employment for 9,500 people with an annual payroll of approximately $52 million.

I was especially pleased, Mr. Chairman, that the committee has recommended continuation and completion of the Corp of Engineers' study of the need of flood control of the Elizabeth River. As was the case last year when the study was initiated, funds for the project are included in the $150,000 special study of the Jersey Meadows. The committee and the Corps of Engineers have informed me that sufficient funds to complete the study—an estimated $30,000—are earmarked for the Elizabeth River, in this fiscal 1963 bill.

Earlier this summer, the Corps of Engineers completed its preliminary economic evaluation of the project and recommended that the survey be continued. Flood damage along the river, especially in Elizabeth, Hillside, and Union, has become increasingly serious over the years. I hope, therefore, that the Engineers' survey in the months ahead will show that flood control is both necessary and economically feasible, and that we can then proceed with the actual construction of flood control facilities.

Mr. JENSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. FENTON].

Mr. FENTON. Mr. Chairman, the public works appropriation bill, H.R. 12900, now under consideration by the House provides funds for numerous fine projects and programs. There are, however, a few items in the bill that are not justified under any conditions and particularly so, under present fiscal conditions.

Through the many years that I have been on the Public Works Subcommittee of the House Appropriations Committee, I have spent countless hours listening to the various Federal agencies' witnesses attempt to justify the budget requests for the various projects and programs. Later, Members of Congress, together with hundreds of witnesses from all over the country appeared before our subcommittee to give testimony in support of many of the projects, some of which were not included in the budget request of the agency involved. Ofttimes some of the projects are not even authorized. Then, there are other groups of witnesses who appear in oppositon to specific projects or programs.

The bill before you while below the budget request by some $131,523,100 is nevertheless $672,851,920 in excess of the fiscal year 1962 appropriations for the agencies concerned. In view of the substantial budget deficit in excess of $6 billion for fiscal year 1962 and a probable greater budget deficit for fiscal year 1963, it is difficult to justify many of the programs, studies and projects provided in this bill. Many of the projects are of very questionable economic justification, others are of doubtful national benefit, and in some instances funds are provided for projects which non-Federal entities are willing and able to provide for.

Back in 1959 when Congress voted to permit the Tennessee Valley Authority to issue revenue bonds to finance its operation, many Members of Congress thought that meant the elimination of further appropriations for TVA. Such is not the case, however, as the appropriation in this bill is nearly 2½ times the appropriation provided in 1959 for TVA for fiscal year 1960.

The funds provided for TVA in this bill includes an item of $2,500,000 to begin construction on a tributary area development program. See page 899 of part 3 of hearings through page 906. This program is in large part a usurpation of the work done by the USDA Soil Conservation Service in other parts of the country. Some years back TVA spokesmen assured this committee that this sort of thing was to be turned over to the local and State interests for implementation. But like many other TVA promises it was honored in the breach only. There is no justifiable reason why this soil conservation work should be taken over by TVA with the taxpayers of the Nation footing a much larger part of the bill than would be true under the Soil Conservation Service program. It is high time that Congress reasserted its proper control over the actions of TVA.

I also want to call attention at this time to the testimony before our subcommittee by the Tennessee Valley Authority relative to a possible violation of the United States Code and the circumvention of the will of Congress regarding the area wherein TVA power can be distributed. See part 3 of the hearings, pages 936 through 942. It seems that meetings were held at TVA headquarters that were attended by groups outside the "fence" Congress had placed around the TVA power systems. In one such meeting it appears a newspaper reporter was present as a member of the outside group and he published an account of the procedures outlined by TVA officials for getting the "TVA fence" moved. If his account was true—and there is every reason to believe it was—then the TVA officials involved appear to have acted in violation of the United States Code.

We who were opposed granting TVA authority to issue bonds and to operate without proper congressional control were not surprised at this TVA action in encouraging a breaching of the TVA power system "fence."

Another highly questionable program provided for in this bill is the funding of uneconomic and unwarranted interregional transmission line ties. These are all part and parcel of the plan put forth back in the early 1920's to create a Federal superpower system for the entire Nation. I am convinced that the majority of the people in the United States are opposed to this piecemeal promotion of socialism in this country. It can only end up in a Federal monopoly that is contrary to our system of free enterprise which has made this country so great. The end result would be a loss of the freedoms which thousands of our people have died to preserve.

An example of this is the tie-in with the Missouri River basin and the Southwestern Power Administration.

CRESTON-FAIRPORT TRANSMISSION LINE

The proposal of the Bureau of Reclamation to construct a transmission line from Creston, Iowa, to Fairport, Mo., to bring about the interconnection of the Missouri River basin with the South western Power Administration raises for Congress a basic and fundamental issue of power policy.

This is not the type of line that Congress provided for under section 5 of the Flood Control Act of 1944, which is the authorizing act for the Missouri River basin.

On July 27 the Comptroller General, in a letter of Representative JOHN R. PILLION, introduced the question of necessity of the line. Since, as the Comptroller General stated, this is a matter for determination by the Congress, it is well to examine the factors involved. The issue that is raised by this question goes ultimately to what type of power system this country is to have. Will it continue to be a mixed system, but one primarily reliant on the skills and talents of private industry to supply the bulk of the Nation's power? Or is it to become an all-Federal public power monopoly?

In the public works appropriations bill of 1963 the Bureau is requesting $500,000 to start construction of this project. Eventually it will cost $2.65 million. In the longer run it will cost the Nation much more in terms of weakening the free enterprise system, in contributing to the size of the Central Government, in increasing individual taxes.

Congress should know that in proposing this project, the Bureau is, first, going completely contrary to the intent and purpose of section 5 of the Flood Control Act of 1944; second, proposing a project that is unnecessary since there are other facilities available to achieve the same objective; and, third, proposing a step which is part of a long-range plan to blanket the Nation with a Federal transmission grid.

1. SECTION 5 OF THE FLOOD CONTROL ACT OF 1944

This section governs the construction of transmission lines by the Department of the Interior to market power from dams built by the Corps of Engineers. It states in part:

> Electric power and energy generated at reservoir projects under the control of the War Department and in the opinion of the Secretary of War not required in the operation of such projects shall be delivered to the Secretary of the Interior, who shall transmit and dispose of such power and energy. The Secretary of the Interior is authorized, from funds to be appropriated by Congress, to construct or acquire, by purchase or other agreement, only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at said projects available in wholesale quantities for sale on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives, and privately owned companies.

The meaning and purpose of this language is without question. It was originated in the Senate and proposed as an amendment to the Flood Control Act of 1944 which then had already passed the House. But the House subsequently concurred in this action. It came about for reasons which are remarkably similar to conditions existing today. Interior Secretary Harold Ickes at that time was seeking almost unlimited authority for his Department to build transmission lines. He sought this authority before both House and Senate. He was conclusively turned down by both.

But the Senate realized that this denial of authority to the Secretary still was not enough and that something positive had to be done to protect private industry in this country from rapacious government.

It drafted what eventually became section 5 of the act and the Senate Commerce Committee in explaining the action in its report on the bill said:

> The committee desires an amendment which provides a convenient and practical method of disposing of power at projects under the control of the War Department without setting up a public power trust which would be unduly competitive with established private power utilities. The committee, therefore, has inserted a proviso which authorizes the Secretary of the Interior to construct and acquire only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at such projects available in wholesale quantities for sale on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives, and privately owned companies.

Section 5, therefore, has a very clearly defined purpose. Congress in limiting the authority of the Secretary to build only necessary lines was to protect the country against a public power trust which would be unduly competitive with established private utilities. At the same time, however, Congress was also protecting the preference customer. By authorizing the construction of necessary transmission lines to bring power in wholesale quantities to public bodies and cooperatives, Congress made it clear that it wanted Federal power to be made available to preference customers where they needed it rather than to be sold at the dam only to those who were, so to speak, able to come and get it.

2. THE PROJECT IS UNNECESSARY

Section 5 states clearly that the Secretary of the Interior is authorized to build "only such transmission lines, as may be necessary." The Creston-Fairport line is not necessary. During our hearings in May 1962, before the House Appropriations Subcommittee, witnesses for electric companies in the area testified that facilities were available to achieve the same objective as the proposed Federal line.

As recently as August 1, 1962, the Iowa Power & Light Co., and the Kansas City Power & Light Co., wrote a joint letter to the Secretary of Interior offering the use of existing transmission facilities to the Interior to achieve the same purpose as the Creston-Fairport Federal line. A Federal Creston-Fairport line would be duplication of existing facilities, and unnecessary spending of $2.65 million of Federal funds.

3. THE LINE IS PART OF A LONG-RANGE PLAN TO BLANKET THE NATION WITH A FEDERAL GRID

The Department of the Interior announced the proposed Creston-Fairport line in April 1962. At that time, Assistant Interior Secretary Kenneth Holum said the proposed intertie is in keeping with President Kennedy's directive that the Department develop plans for the early interconnection of areas served by its marketing agencies with common-carrier transmission lines.

The Creston-Fairport line, therefore, is one phase of a continuing program to build Federal transmission lines throughout the country. The original announcement of the line also stated the recommendation covered "only the first phase of continuing studies on integrating Missouri River basin-Southwestern Power Administration transmission systems. Studies are going forward on the possibilities of an extra-high-voltage intertie between the two systems." In other words, the Creston-Fairport line is a step toward creation of the very "public power trust" which section 5 of the Flood Control Act of 1944 seeks to prevent.

The directive of the President cited in this instance is the directive that is being cited for every other proposed or contemplated Federal transmission intertie between Federal power systems. It is the directive under which the Bonneville Power Administration in the public works bill sought $500,000 for further studies of a Federal interconnection of the Bonneville system with California. And, in that connection, the Appropriations Committee reduced the amount to $300,000, told Bonneville that no actual ground survey is to be undertaken and further stated:

> It is apparent from testimony to date that more specific negotiations and planning between the Federal Government and private and public utilities in the area affected must be accomplished if the Congress is to

be assured that it is being presented with the most feasible and economical plan for the construction and use of intertie facilities.

The case of the Creston-Fairport line is no different. It is more significant, however, for this reason: It is being proposed under the authorizing act which contains the expression of congressional policy and intent—namely, section 5—but it is not in accord with the policy of Congress when it enacted that section.

The question before Congress is clear. This project is not in accord with the will of Congress. Congress hammered out the policy reflected in section 5 after careful deliberation in hearings and debate. It is a policy that is fair to both sides.

Congress said that only such transmission lines as were necessary should be constructed. Congress did that because it was opposed to setting up a public power trust. The Creston-Fairport line would contribute to setting up such a trust.

The Creston-Fairport line would be part of a Federal national power grid. It would join two large, separate Federal power systems and be a long step toward the creation of a huge public power trust spread across all or parts of 10 States and which because of tax exemption and other advantages would be unduly competitive with established private power utilities.

This is the issue before Congress. It is a decision which cannot be postponed to another day because every Federal power project, every inroad by the Government into a field of business, merely facilitates the next step and makes easier the ultimate displacement of free enterprise by Federal ownership.

During the hearings I brought out the need for increasing turning basins or anchorages for ships traveling the Philadelphia-to-the-sea stretch of the Delaware River. I am pleased that the bill provides funds to make a start on this much needed work. Numerous collisions and damages in the past attest to the need for such work. See pages 620 through 621 of part I of hearings.

Mr. Chairman, this bill in general, is a good bill. The report, No. 2223, accompanying it is very complete and explains the reasons for the actions taken by the subcommittee and I trust it will be accepted by this body.

Mr. CANNON. Mr. Chairman, I yield such time as he may require to the gentleman from Colorado [Mr. ASPINALL].

Mr. ASPINALL. I thank the gentleman from Missouri [Mr. CANNON] very much for yielding a little time to me.

Mr. Chairman, first I wish to commend the gentleman from Missouri, the distinguished chairman of the committee, and the members of the committee for what I think is one of the finest bills that have been brought before the House in regard to appropriations for public works and kindred operations.

Mr. Chairman, I would like to make a brief statement with respect to the funds included in this bill for the Glen Canyon unit of the Colorado River storage project. The amount included for this unit is $44,924,000, less its share of the undistributed reduction based on anticipated delays. This amount includes $875,000 for the purchase of substitute energy for the firm energy deficiency which will arise at Hoover Dam during the filling of Glen Canyon Reservoir. This procedure is in accordance with the principles and criteria governing operation of the Colorado River during the Glen Canyon Reservoir filling period which were approved by the Secretary of the Interior on April 2, 1962. Since this is the first time that funds appropriated for the Upper Colorado River Basin fund have been earmarked for the purchase of replacement power, I want to make it absolutely clear that the principles and criteria approved by the Secretary also provide that the Upper Colorado River Basin fund be reimbursed from Hoover Dam power revenues, beginning with June 1, 1987, to the full extent that it will be depleted by virtue of such procedure, and to ask the chairman of the committee if this is his understanding regarding this matter.

Mr. CANNON. I may say to the gentleman from Colorado that this is our understanding and that under existing conditions and so long as the situation obtains, the schedule indicated by the gentleman will be followed.

Mr. ASPINALL. I thank the gentleman. I understand exactly why he says, "under existing conditions," because there is no certainty in constancy of any matter in today's world, if there ever was.

Mr. Chairman, supplementing my remarks, and under permission previously granted, I include the following statements:

[From the Federal Register, July 18, 1962]

GENERATION AND SALE OF POWER

On May 20, 1941, there was promulgated, in accordance with the act of July 19, 1940 (54 Stat. 774; 43 U.S.C. 618), General Regulations for Generation and Sale of Power in Accordance with the Boulder Canyon Project Adjustment Act. The purpose of additional regulation No. 1 is to provide for an adjustment, under certain conditions, of charges for electrical energy sold to the allottees. In accordance with Article 27 of the above cited regulations, on April 4, 1962, the power allottees affected were furnished copies of additional regulation No. 1 in order that they might present their views with respect to it. Having considered all comments received, additional regulation No. 1 is hereby adopted without change and is set forth below.

GENERAL REGULATIONS FOR GENERATION AND SALE OF POWER IN ACCORDANCE WITH THE BOULDER CANYON PROJECT ADJUSTMENT ACT

Additional Regulation No. 1

Commencing with June 1, 1937, charges for electrical energy in addition to such other components as may then be authorized or required under the then existing laws and regulations, and to the extent not inconsistent therewith, shall include a component to return to the United States funds adequate to reimburse the Upper Colorado River Basin fund for moneys expended from such fund on account of allowances for Hoover diminution during the filling period of the storage project reservoirs authorized by the act of April 11, 1956 (70 Stat. 105), in accordance with paragraph 5 of the General Principles to Govern, and Operating Criteria for, Glen Canyon Reservoir (Lake Powell) and Lake Mead during the Lake Powell filling period, approved April 2, 1962. Such component shall be sufficient, but not more than sufficient, to provide said reimbursement in equal annual installments over a period of years equal to the number of years over which costs on account of allowance were incurred by the said Upper Colorado River Basin fund.

STEWART L. UDALL,
Secretary of the Interior.

GENERAL PRINCIPLES TO GOVERN, AND OPERATING CRITERIA FOR, GLEN CANYON RESERVOIR (LAKE POWELL) AND LAKE MEAD DURING THE LAKE POWELL FILLING PERIOD

1. The following principles and criteria are based on the exercise, consistent with the Law of the River, of reasonable discretion by the Secretary of the Interior in the operation of the Federal projects involved. The case generally styled *Arizona* v. *California, et al., No. 9 Original,* is in litigation before the Supreme Court of the United States. Anything which is provided for herein is subject to change consistent with whatever rulings are made by the Supreme Court which might affect the principles and criteria herein set out. They may also be subject to change due to future acts of the Congress.

2. The principles and criteria set forth hereinafter are applicable during the Lake Powell filling period, which is defined as that time interval between the date Lake Powell is first capable of storing water (estimated to occur in the spring of 1963) and the date Lake Powell storage first attains elevation 3,700 (content 28.0 MAF total surface storage) and Lake Mead storage is simultaneously at or above elevation 1146 (content 17.0 MAF available surface storage), or May 31, 1987, whichever occurs first. If, in the judgment of the Secretary, the contents of Lake Powell and Lake Mead warrant such action, and after consultation with appropriate interests of the Upper Colorado River Basin and the Lower Colorado River Basin, the Secretary may declare that in not less than one year from and after the date of such declaration these principles and criteria are no longer applicable.

3. Sufficient water will be passed through or released from either or both Lake Mead and Lake Powell, as circumstances require under the provisions of principles 7 and 8 hereof, to satisfy downstream uses of water (other than for power) below Hoover Dam which uses include the following:

(a) Net river losses.

(b) Net reservoir losses.

(c) Regulatory wastes.

(d) The Mexican Treaty obligation limited to a scheduled 1.5 million acre-feet per year.

(e) The diversion requirements of mainstream projects in the United States.

4. All uses of water from the main stem of the Colorado River between Glen Canyon Dam and Lake Mead will be met by releases from or water passed through Lake Powell and/or by tributary inflow occurring below Glen Canyon Dam. Diversions of water directly out of Lake Mead will be met in a similar manner or, if application of the criteria of principles 7 and 8 hereof should so require, by water stored in Lake Mead.

5. The United States will make a fair allowance for any deficiency, computed by the method herein set forth, in firm energy generation at Hoover powerplant. For each operating year deficiency in firm energy shall be computed as the difference between firm energy which, assuming an overall efficiency of 83 percent, would have been generated and delivered at transmission voltage at Hoover powerplant in that year if water had not been impounded in the reservoirs of the Colorado River storage project storage units (Glen Canyon, Flaming Gorge, Navajo, and Curecanti), but excluding the effects of evaporation from the surface of such reservoirs, and the energy actually generated and delivered at transmission voltage at Hoover

powerplant during that year adjusted to reflect an overall efficiency of 83 percent. At the discretion of the Secretary, allowance will be accomplished by the United States delivering energy, either at Hoover powerplant or at points acceptable to both the Secretary and the affected Hoover power contractors, or monetarily in an amount equal to the incremental cost of generating substitute energy. To the extent the Upper Colorado River Basin fund is utilized the moneys expended therefrom in accomplishing the allowance, either through the delivery of purchased energy or by direct monetary payments, shall be reimbursed to said fund from the separate fund identified in section 5 of the act of December 21, 1928 (45 Stat. 1057), to the extent such reimbursement is consistent with the expenditures Congress may authorize from said separate fund pursuant to said act. The attached additional regulation No. 1 for generation and sale of power in accordance with the Boulder Canyon Project Adjustment Act, upon issuance, will be made a part of these principles and criteria.

6. In accomplishing the foregoing, Lake Powell will be operated in general accordance with the provisions of principles Nos. 7 and 8.

7. Storage capacity in Lake Powell to elevation 3,490 (6.5 million acre-feet surface storage) shall be obtained at the earliest practicable time in accordance with the following procedure:

"Until elevation 3,490 is first reached, any water stored in Lake Powell shall be available to maintain rated head on Hoover powerplant. When stored water in Lake Powell has reached elevation 3,490, it will not be subject to release or diminution below elevation 3,490. The obtaining of this storage level in Lake Powell will be in such manner as not to cause Lake Mead to be drawn down below elevation 1,123 (14.5 million acre-feet available surface storage), which corresponds to rated head on the Hoover powerplant. In the process of gaining storage to elevation 3,490, the release from Glen Canyon Dam shall not be less than 1 million acre-feet per year and 1,000 cubic feet per second, as long as inflow and storage will permit."

8. The operation of Lake Powell above elevation 3,490 and Lake Mead will be coordinated and integrated so as to produce the greatest practical amount of power and energy. In view of the provision for allowance set forth in principle 5 hereof, the quantity of water released through each powerplant will be determined by the Secretary in a manner appropriate to meet the filling criteria.

9. In general, it is not anticipated that secondary energy will be generated at Hoover during the filling period. However, any secondary energy, as defined in the Hoover contracts, which may be generated and delivered at transmission voltage at Hoover powerplant will be disposed of under the terms of such contracts.

10. In the annual application of the flood control regulations to the operation of Lake Mead, recognition shall be given to available capacity in upstream reservoirs.

Stewart L. Udall,
Secretary of the Interior.

Mr. CANNON. Mr. Chairman, I yield such time as he may require to the gentleman from West Virginia [Mr. Bailey].

Mr. BAILEY. Mr. Chairman, I asked for this 1 minute's time from the distinguished chairman of the Appropriations Committee to get information about an item in 12900.

When I appeared before the committee in the hearings I requested that a small amount of money be appropriated, and I want to clarify that for the information of my colleagues.

I am not asking for free facilities on the Little Kanawha River. The Army Engineers want to survey three separate places in an effort to determine the feasibility of where they will build the one facility.

I also asked that $30,000 be included for a restudy of the Stonewall Jackson Reservoir on the West Fork of the Monongahela River in West Virginia. I would like to ask the chairman if these item are included in the bill.

Mr. CANNON. Mr. Chairman, the committee always accepts any suggestion from the gentleman from West Virginia with an open mind. That is true in this case. We have taken care of all these items that are authorized.

Mr. BAILEY. And the $65,000 item?

Mr. CANNON. Yes. Ample provision has been made to take care of it.

Mr. BAILEY. We thank the gentleman for his answer and also thank the committee for the fine job they did on this bill.

Mr. CANNON. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. Evins].

Mr. EVINS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. EVINS. Mr. Chairman, the public works appropriation bill for 1963 is one of the most important of the appropriation bills annually considered by the Congress.

The bill provides for the continued development of our Nation's resources and for the overall growth and strengthening of the United States.

The bill includes funds for the civil works functions of the Corps of Engineers, the Bureau of Reclamation of the Department of Interior, the Atomic Energy Commission, the Tennessee Valley Authority, and the several public power agencies, including the Bonneville Power Administration, the Southeastern Power Administration, and the Southwestern Power Administration.

Our committee has done a monumental job in bringing this bill to the floor of the House and I want to take advantage of this opportunity to pay a tribute to the distinguished chairman of our committee, the gentleman from Missouri [Mr. Cannon], the great chairman of the Committee on Appropriations. The gentleman from Missouri, Chairman Cannon, has personally carried on these hearings and labored for several months hearing the testimony of the hundreds of witnesses, which resulted in the recommendations contained in this bill. His broad knowledge and his great experience, his vast wisdom and fairness and objectivity have as always proven invaluable.

I deem it a great privilege to serve on this committee with the gentleman from Missouri, Chairman Cannon, and also with the other members of our committee, including the gentleman from Ohio [Mr. Kirwan], the gentleman from Rhode Island [Mr. Fogarty], the gentleman from Massachusetts [Mr. Boland], the gentleman from Washington [Mr. Magnuson], the gentleman from Mississippi [Mr. Whitten], the gentleman from Iowa [Mr. Jensen], the gentleman from New York [Mr. Taber], the gentleman from Minnesota [Mr. Andersen], and the gentleman from New York [Mr. Pillion].

The two very capable and diligent members of our subcommittee staff, Carson Culp and Gene Wilhelm, also should be commended publicly for their valuable assistance throughout the hearings and in the handling of the details and the much work performed in getting this bill to the floor.

Appropriations carried in this bill total $4,613,879,000. This is $672,851,920 more than was appropriated for the fiscal year 1962—but $131,524,100 less than the budget recommendations.

The budget estimates included a proposal for 39 new construction starts for the Corps of Engineers and 2 new starts for the Bureau of Reclamation. Our committee has added 12 additional projects for the Corps of Engineers, making a total of 51 new construction starts. The bill provides also for 28 new planning starts by the Corps of Engineers, which will provide vast benefits for our Nation.

Funds are provided in this bill to bring 36 projects to completion which will have a total net value of $511 million.

The 51 new construction starts, provided for in this bill, when completed, will have an estimated total value of $715 million.

The total construction program of the Corps of Engineers for next year is some $15 million less than requested in the budget.

Certainly the appropriations provided in this bill represent a large sum of money but the funds also represent a capital investment in America—an investment which will strengthen our country and improve our Nation through the prevention of floods, through the reclamation of vast wastelands, through improved waterways, through increased use of our water resources, to generate electricity, the promotion of navigation, and through the development of atomic energy for peaceful purposes and for defense.

The primary purpose of this bill is to provide funds for great public works projects for our Nation. However, our country will receive benefits not only from the projects to be built, through the appropriations provided in this bill, but there is also a very valuable additional benefit—that of providing increased employment throughout the country. That is only a side effect but an important additional benefit and one that will mean much to our country at this time.

Every region and every section of the Nation will share in the projects included in this bill.

This is a bill with a truly national point of view—one which recognizes the needs of every area of our country and the different types of projects needed in the various regions of our country.

This is an all-American bill benefiting every region and every section of our country. It is truly national in scope. With the approval of this measure we will be building up the productive capacity of this Nation and strengthening our country.

CORPS OF ENGINEERS

For carrying out all the civil works activities of the Corps of Engineers, this bill provides total appropriations of $1,006,561,900.

The bill provides for 28 new planning starts and 51 new construction starts—which will provide vast benefits to our Nation. Funds are provided to bring 36 projects to completion which will have a total net value of $511 million. The 51 new construction starts provided for in this bill, when completed, will have an estimated total Federal cost of $706,700,000.

A total of $762,361,000 is included for the overall construction program of the Corps of Engineers. This is some $15 million less than requested in the budget.

A total of 246 authorized surveys are funded to provide an orderly program of public works.

The work and accomplishments of the Corps of Engineers represent some of our Nation's greatest developments and the funds carried in this bill will enable the Corps to move forward with these vital projects across the Nation.

BUREAU OF RECLAMATION

This bill provides total appropriations of $325,308,000 for the Bureau of Reclamation to carry on its reclamation programs during fiscal 1963. This is an increase of some $50 million over the appropriations for last year and a reduction of some $15 million from the budget requests.

These funds provide for two new construction starts by the Bureau of Reclamation during fiscal year 1963. Adequate funds are included to carry forward the important Colorado River storage project—that great new addition to the Nation's hydroelectric system which will serve a marketing area primarily in Arizona, New Mexico, Colorado, Utah, and Wyoming. The Flaming Gorge unit of the Colorado storage project is nearing completion and the first power is expected to be produced at this facility during this fiscal year.

The Glen Canyon project is also moving ahead and power production is planned on this unit to begin in 1964.

TENNESSEE VALLEY AUTHORITY

The bill carries total appropriations for the Tennessee Valley Authority of $35,071,000 which sum is some $3,132,000 less than the amount appropriated for the TVA for 1962.

Mr. Chairman, it should be pointed out that there is no appropriation of funds carried in this bill for the power program of the TVA. Instead, the TVA budget provides for payments to the Treasury of $50 million or more from power proceeds to apply as a return on appropriations earlier invested in the power program. Payments from the TVA into the Treasury to date total $438,133,337—a great return on the investment in the TVA. The TVA is well ahead of its schedule of repayments into the Treasury.

Appropriated funds go to carry on the other valuable programs of the TVA. These include flood control, the improvement of navigation, conservation, and reforestation programs, the fertilizer program and other conservation and development programs of the TVA.

The TVA is moving forward and is making valuable contributions in the overall resource development of the area—in line with the original purpose of the TVA Act.

The Tennessee Valley Authority, in order to meet the needs of the entire valley area, created the Office of Tributary Area Development in order to advance economic development of small tributary areas of the Tennessee Valley. The watersheds of these tributaries are very important to the development of the Tennessee Valley area.

Since the passage of the TVA Act, it has been recognized that the authority and responsibility of the TVA extend not only to the Tennessee River but to all the streams and tributaries in the TVA area. The TVA Act again and again states that the agency very definitely has a responsibility throughout the valley area in this field. Section XXII of the act states:

> To aid further the proper use, conservation, and development of the natural resources of the Tennessee River Drainage Basin and of such adjoining territories as may be related or materially affected by the development, consequent to this Act.

Sections 1 and 4(j) also provide authority for the watershed program.

Flood control cannot be made effective unless adequate steps are taken along the tributaries of our major streams. The work of the Office of Tributary Area Development is designed to further this objective.

The TVA has a responsibility of providing technical assistance in connection with the planning of the overall development of the valley area. The agency has given and is giving valuable assistance to local groups who have organized to cooperate with State and local governments, to prevent floods and promote the development of the area—along the tributaries of the Tennessee River.

The Beech River Watershed Development Authority is a local agency chartered by the State of Tennessee for the development of the Beech River watershed. This local agency will repay those costs of the development program which may not be allocated to flood control.

The Beech River development program is a typical TVA approach to tributary development. This plan, as do the other plans which TVA contemplates, depends upon acceptance by local authorities of local cost sharing and local assumption of the responsibility of management and of care of the system before the planning is initiated.

The total cost of the Beech River project will be $6 million, of which local interest will repay $2 million. In addition to the $2 million which will be returned to the Treasury, it is important to note that local interests have already contributed the equivalent of approximately $3 million in land treatment work of the type which would be required under the regular soil conservation, watershed improvement program. The cost benefit ratio of this project is 2 to 1. Two dollars will be returned into the Treasury for every dollar invested.

Mr. Chairman, we have made great strides in the Tennessee Valley since 1933. The major dams needed on the Tennessee River itself have been built and are now in operation. These dams result in the savings of millions of dollars each year through flood control alone. However, the job is not complete. We must not fail to provide for the adequate development of the tributaries of the Tennessee River.

There is much local interest in the program and there is adequate legal authority and precedent for its continuation. The tributary development work is an important and vital part of the future operations of the TVA.

There is no duplication of work in this area by the TVA and the Soil Conservation Service. In fact, a spirit of splendid cooperation exists.

The report of our committee calls for full cooperation between the TVA and the Soil Conservation Service—and I read from our report:

> Within the budget estimate which has been allowed there is an item of $2,500,000 for the tributary area development program in the Beech River area. The committee directs that local contribution arrangements be made as nearly comparable as practicable to the requirements placed on regular soil conservation service watershed treatment projects, particularly with respect to those contributions required in advance of Federal construction and other expenditures. It also directs that in the accomplishment of this program, nothing be done which would interfere with the regular soil conservation service program in the Tennessee Valley area. It expects full cooperation between the Soil Conservation Service and the TVA wherever their interests and abilities coincide in execution of the tributary area development projects.

U.S. DEPARTMENT OF AGRICULTURE,
SOIL CONSERVATION SERVICE,
Washington, D.C., August 15, 1962.
Hon. JOE L. EVINS,
House of Representatives.

DEAR MR. EVINS: This is in response to your question about related programs of the Soil Conservation Service and the Tennessee Valley Authority.

We are glad to report that good cooperation exists on soil conservation work in soil conservation districts. There was a time in the past when this presented a problem, but the favorable experiences of working relationships have essentially erased this problem.

No doubt your question arises from the fact that TVA is just now proposing to initiate a small watershed program. This interest is quite understandable in view of the widespread successes and contributions from watershed projects initiated under authority of the Watershed Protection and Flood Prevention Act (Public Law 566). The launching of such an endeavor by TVA does raise a question of what standards, procedures, economic criteria, and cost-sharing requirements they propose to use in comparison to such provisions under authority of Public Law 566. It would seem reasonable that standards would be as comparable as practicable.

The Soil Conservation Service stands ready to coordinate the nationwide watershed program with any program Congress may authorize for the TVA area. We have followed the policy that any watershed community in any State can make application and receive assistance under authority of Public Law 566.

We appreciate your interest in these relationships and shall be glad to provide additional information at any time.

Sincerely yours,

GLADWIN YOUNG,
Acting Administrator.

ATOMIC ENERGY COMMISSION

Mr. Chairman, the major portion of this appropriation—indeed the largest funded amount in this bill—goes to the Atomic Energy Commission, whose important work is concerned with the development of atomic energy for peaceful purposes as well as for defense.

For the Atomic Energy Commission we are recommending an appropriation of $3,122,819,000. This is some $572,458,000 more than the appropriation for 1962 but a reduction of $98,114,000 from the 1963 budget request.

A breakdown of these figures show an appropriation of $2,860,974,000 for operating expenses and $261,845,000 for facilities and construction.

This is a reduction of $27,614,000 and $70,500,000 respectfully for these purposes—for AEC—a total reduction and cut of $98,114,000 from the budget recommendation for 1963.

The breakdown for operating expenses follows:

Program	Budget estimate	Allocation	Reduction
Raw materials	$500,585,000	$497,000,000	−$3,585,000
Special nuclear materials	537,300,000	534,000,000	−3,300,000
Weapons program	797,010,000	797,010,000	
Reactor development program	503,745,000	495,628,000	−8,117,000
Physical research program	216,000,000	206,000,000	−10,000,000
Biology and medicine	71,353,000	71,353,000	
Training education, and information	15,165,000	14,815,000	−350,000
Isotopes development	7,462,000	7,100,000	−362,000
Civilian application of nuclear explosives	10,050,000	9,650,000	−400,000
Community program	9,114,000	9,114,000	
Program direction and administration	64,111,000	62,611,000	−1,500,000
Security investigations	6,019,000	6,019,000	
Other costs	4,100,000	4,100,000	
Selected resources	173,274,000	173,274,000	
Revenues received from non-Federal sources	−26,700,000	−26,700,000	
Total	2,888,588,000	2,860,974,000	−27,614,000

A breakdown of the funds provided for facilities and construction follows:

Program	Budget estimate	Allocation	Reduction
Special nuclear materials	$85,605,000	$81,605,000	−$4,000,000
Weapons program	56,585,000	51,085,000	−5,500,000
Reactor development program	77,950,000	77,450,000	−500,000
Physical research	132,200,000	71,700,000	−60,500,000
Other items	7,505,000	7,505,000	
Less unobligated balance brought forward	−27,500,000	−27,500,000	
Total	332,345,000	261,845,000	−70,500,000

The work of the Atomic Energy Commission each year becomes increasingly more important as the AEC develops additional, practical uses of atomic energy. We have provided the full budgeted amount for the weapons program for the Atomic Energy Commission.

We have made some significant reductions in the reactor development program because the committee feels that this Commission is not proceeding as rapidly as desired in the development of electricity by atomic energy for commercial purposes.

With appropriations provided, this Commission will be able to move forward with its important nuclear programs as well as the other vital and complex programs of the Atomic Energy Commission.

OTHER POWER PROGRAMS

An appropriation of $42,513,000 is recommended for the Bonneville Power Administration. The sum of $8,660,000 is provided for the Southwestern Power Administration and the budget request of $800,000 is provided for the Southwestern Power Administration.

SUMMARY

In summary, Mr. Chairman, this bill provides some substantial reductions but the necessary appropriations for the operation of some of our Nation's most important agencies.

The Atomic Energy Commission serves as an agency of defense for our country and the Corps of Engineers—TVA, Bonneville and the Bureau of Reclamation—also promotes and strengthens our Nation.

This is a vital bill and, as recommended by the committee, is worthy of passage. I urge its passage.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. Cannon] has expired.

Mr. JENSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. Nelsen].

Mr. NELSEN. Mr. Chairman, I wish to commend the committee for the obviously fine job that has been done, and I want to particularly compliment my colleague, the gentleman from Iowa [Mr. Jensen] for the fine work that the gentleman has done with reference to the soil conservation and water conservation programs over a period of many years. I know, Mr. Chairman, that our colleagues join with me in expressing appreciation to the gentleman from Iowa because this is a constructive, long-range program in the interest of our country and of our agriculture. I wish to thank the gentleman very much for the efforts which the gentleman has put forth in this program.

Mr. JENSEN. I thank the gentleman.

Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. Cannon].

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Chairman, the public works appropriation bill now before the committee calls for the appropriation of $4,613,807,900. This figure represents a cut of $131,525,100 from the original estimates submitted to our Appropriation Subcommittee.

I have stated before, Mr. Chairman, this bill is designed to build America. The money that is spent on the programs and projects that are recommended in the proposal we are now considering will help to conserve our resources, protect property and save lives.

Mr. Chairman, since joining this important subcommittee 8 years ago, it has been my constant concern and interest to insure that the flood control programs of the Corps of Engineers and the Bureau of Reclamation be activated and pursued to rapid completion as quickly as possible. This committee and the Congress have joined in this desire and all over the United States, projects have been completed and are underway that seek to accomplish this end.

Mr. Chairman, I am happy that the flood control program for New England has moved ahead with speed and effectiveness. I take pride in the part that I have played to guarantee an adequate flood control protection for the New England area. Great and important strides have been made these past 8 years to give protection to the lives and property of the people of this locality from the terrible ravages of flooding and savage waters. Yes, indeed, we have come a long way since the U.S. Government made it a policy of national import in 1936 to assist the States and local communities in public works projects constructed to control the rivers, streams, and harbors.

GROUNDBREAKING FOR LITTLEVILLE RESERVOIR

Mr. Chairman, last Friday, August 10, 1962, I participated in the groundbreaking ceremonies for Littleville Dam and Reservoir located on the Middle Branch of the Westfield River—a tributary of the great Connecticut River Basin.

Mr. Chairman, I filed H.R. 94 back in the 85th Congress on January 3, 1957, to bring this project into existence. It was authorized in the 1958 Flood Control Act and money was soon appropriated to commence planning.

The Littleville Dam is unique in that it is the first flood control dam in New England that is designed for use in flood control and as a future supplement to the regional water supply.

The dam will be 1,360 feet long and 164 feet high. It will be of earth and rock fill construction with a chute spillway located in a rock cut on the left bank with a 400-foot curved concrete weir constructed adjacent to the left abutment of the dam. A 935-foot-long dike will also be constructed and will be connected with the east end of the dam by a bridge across the spillway channel. The access road to the dam will be built on top of the dike and entrance will be effected from Goss Hill Road.

There will be two distinctly different reservoir outlets built into the dam. One outlet will be a cut-and-cover conduit with a control tower on the upstream toe of the dam located near the streambed and will be used for diversion, downstream low-flow control and future water supply. The other outlet, for flood control, will be a tunnel and gate control shaft constructed high on the left bank to control flood water storage. It will discharge into the spillway channel. A combined utility building and garage will be constructed near the spillway and access road on the left bank. This building will include office, storage, workshops and garage facilities and a comfort station for public use. It is expected that three construction seasons will be needed to complete the entire project at an approximate cost of $7 million.

The Littleville Reservoir will be regulated in conjunction with the Knightville Reservoir to control floodflows on the Westfield River. In addition the reservoir will be operated in combination with other reservoirs in the Connecticut River Basin, for regulation of flows in the lower Connecticut River. The dam will be operated for flood control only until such time as the city of Springfield needs an additional water supply, possibly 15 years from now. During this period a permanent pool will be maintained to enhance public use and recreation at the level of the future water supply pool. The recreational uses of the reservoir, watershed, and tributaries shall be permitted until such time as Springfield begins to use the water for municipal water purposes at which time the State Department of Public Health may promulgate rules and regulations for the water supply. The Corps of Engineers will develop two areas for picnicking and boat launching facilities.

Floods will be controlled by utilizing the capacity of the reservoir above the level of the permanent pool and by operation of the flood control gates. There will be no change in the method of flood regulation when the water supply is utilized.

Mr. Chairman, I include with my remarks the program of the ceremonies at the Littleville ground breaking:

PROGRAM OF GROUND-BREAKING CEREMONIES AT LITTLEVILLE DAM AND RESERVOIR, MIDDLE BRANCH, WESTFIELD RIVER, HUNTINGTON AND CHESTER, MASS., AUGUST 10, 1962, 10 A.M.

National anthem: U.S. Army Band, Fort Devens; CWO Gerald M. Clapper, director.

Master of ceremonies: Alban J. Parker, chairman, Connecticut River Valley Flood Control Commission.

Invocation: Rev. Alva J. Rhines, pastor, First Congregational Church, Norwich Hill.

Welcome: Charles S. Daniels, chairman, Chester Board of Selectmen; and Hans Schott, chairman, Huntington Board of Selectmen.

(Introduction of guests.)

REMARKS

Laurence W. Shattuck, president, Connecticut River Watershed Council.

Richard D. Carmel, president, Westfield River Watershed Association.

Mayor John D. O'Connor, of Westfield.

Walter G. White, chairman, New Hampshire Water Resources Board, representing Gov. Wesley Powell.

Leonard J. Collamore, administrative aid to Mayor Charles V. Ryan, Jr., Springfield.

Richard Martin, general manager, Manchester, Conn., representing Gov. John Dempsey.

ADDRESS

Brig. Gen. Seymour A. Potter, Jr., Division Engineer, U.S. Army Engineer Division, New England Corps of Engineers.

ADDRESSES

Congressman SILVIO O. CONTE, of Massachusetts.

Congressman EDWARD P. BOLAND, of Massachusetts.

(Ground-breaking ceremony.)

Benediction: Rev. Joseph F. Gagan, pastor, St. Thomas Church, Huntington.

(Closing selection: U.S. Army Band.)

NEW ENGLAND FLOOD CONTROL PROJECTS

Mr. Chairman, since the 1955 floods in New England, the Corps of Engineers have placed in operation 18 flood control projects, have construction underway on 7 flood control projects and have preconstruction planning underway on 11 flood control projects of which the fiscal year 1963 budget includes funds for initiation of construction for 3 projects. There are three active authorized flood control projects on which preconstruction planning work has not been started.

These 39 projects have a total estimated Federal cost of $193,296,000 and $120,257,000 has been appropriated to date and $14,285,000 is included in the fiscal year 1963 budget now before the Congress.

Mr. Chairman, during consideration of this bill, testimony of the Corps of Engineers of the New England division indicated that there were capabilities for the use of appropriations greater than anticipated for a number of flood control projects in the New England area. I am happy to state that the committee has made these adjustments. Specifically, with reference to the Connecticut River Basin, it was pointed out that the Corps of Engineers could utilize $300,000 more than originally requested so that amount was increased from $1.9 million to $2.2 million.

Planning would be completed with the $50,000 asked for the local protection works in Three Rivers and the engineers indicated that they could move into the construction phase of this project in fiscal year 1963. I requested and the committee approved an additional $300,000 to commence construction in this fiscal year.

Mr. JENSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. FINDLEY].

Mr. FINDLEY. Mr. Chairman, I wish to thank the Appropriations Committee for granting a request I made to committee members on June 5. I appreciate this consideration very much. I appreciate especially the cooperation given by the gentleman from Iowa [Mr. JENSEN].

My request was that prior non-Federal expenditures be considered in computing the 20-percent non-Federal participation required for public works under a policy established last year by the Appropriations Committee.

The 20th Congressional District of Illinois has for many years participated in projects designed to alleviate the continued threat of flooding. Work has been undertaken for over 90 years, some dating back as far as 1870. The great share of this early construction was undertaken on a non-Federal basis. In view of this, it was logical consideration of previous, non-Federal expenditures by drainage districts be given in the computation of the 20-percent requirement of non-Federal participation on public works projects.

In the 20th Congressional District, three drainage districts were affected by the 20-percent construction cost participation recommendation. Had my request not been granted, these districts which have patiently waited their turn for planning and construction would have been penalized.

These drainage districts originally constructed their own levees, drainage ditches, pumping plants, and other projects at their own expense. Subsequently, the levees have been improved with Federal assistance under various flood control acts.

The committee thus makes a proper distinction between these old, well-established districts and new projects. These drainage districts are old, existing, duly organized governmental units. They are supported by taxes against the lands within each district. They are self-contained agricultural areas of great import to our national economy. Further, it should be indicated, these districts have no source of revenue other than taxes placed upon the lands within each district.

All advantage does not accrue to the citizens living in these three districts. For example, the levees assist in the operation and maintenance of the 9-foot channel on the Mississippi River. Some of the lock and dam closures tie into existing levees.

The expenditures of non-Federal moneys since 1870 by the Sny Levee Drainage District, the Indian Grave Drainage District, and the South Quincy Drainage District totals $9,105,000. Federal participation in these same three projects has amounted to $15,760,000. These three districts have already matched Federal expenditures at a 60-percent rate. If the inflationary trend since the period 1870–1915 is taken into consideration, there is no doubt but that the non-Federal contributions would be far in excess of this proportion.

To itemize further and to clarify the significance of these figures I would like to provide a more detailed breakdown in the three districts mentioned.

[In thousands of dollars]

District	Federal costs	Non-Federal costs
Sny Island District:		
Main stem levee	8,900	212
Construction since 1870	None	2,375
Operation and maintenance to date	None	2,885
Total	8,900	5,472
Indian Grave District:		
Main stem levee	5,700	106
Construction since 1880	None	1,482
Operation and maintenance to date	None	1,027
Total	5,700	2,615
South Quincy District:		
Main stem levee	1,160	29
Construction since 1913	None	275
Operation and maintenance to date	None	464
New pumping plant to be constructed in conjunction with levee improvement project	--------	250
Total	1,160	1,018
Total all 3 districts	15,760	9,105

All of these projects have been considered under the same interim report on the "Mississippi River-Guttenberg, Iowa, to Hamburg Bay, Ill."

Mr. JENSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Chairman, I would like to direct one question to the chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON] if I may.

I have received a number of letters from conservation groups in my district asking what the plans of Congress might be as to the construction of the protective dam to protect the Rainbow Bridge in connection with the Upper Colorado River project. I would like to ask what plans the committee might have for the allocation of funds for the construction of that protective dam which I understand was authorized in the Upper Colorado River project.

Mr. CANNON. Mr. Chairman, in response to the inquiry of the distinguished gentleman from California [Mr. BALDWIN], I regret to say that this item was not budgeted and that we have turned it down for the third and I trust the last time.

Mr. JENSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. EVINS].

Mr. LOSER. Mr. Chairman, will the gentleman yield?

Mr. EVINS. I yield to the gentleman from Tennessee.

Mr. LOSER. Mr. Chairman, I want to associate myself with my colleague, the gentleman from Tennessee [Mr. EVINS], in the beautiful tribute that he has paid to the distinguished chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON], and to his associates on that committee.

Mr. Chairman, I would like to call the committee's attention to the fact that down in Tennessee in the congressional district which it is my privilege to represent, my predecessor, the late and lamented Percy Priest, was quite anxious while he was serving in the House of Representatives to have a project started down there in Davidson County. But over the years it has found to be unjustified because the benefit-cost ratio was not satisfactory. However, during the last year the Corps of Engineers found the project justified, and through the help of my good friend, the gentleman from Tennessee [Mr. EVINS], a member of the committee, and his associates, we now have this project approved and this appropriation bill carries in it $1 million with which to begin construction, as well as $404,000 with which to finish the planning.

So, Mr. Chairman, I am happy to have had this project approved by this committee, and I want to express my deep appreciation to the members of that committee and especially to my colleague, the gentleman from Tennessee, [Mr. EVINS], for the splendid help they have given me.

Mr. JENSEN. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, I note with a great deal of interest, and I congratulate the committee on its deliberations with regard to this appropriation bill—involves about $4.6 billion, and would like to comment at this time on a subject matter related to this appropriation bill and public works matters in general. I am deeply disturbed, I say to my colleagues in the House, over the fact that our Public Works Committee on which I have the privilege of serving, the authorizing committee, is not this year even considering an omnibus authorization bill, particularly in view of the fact that there have been presented to our committee by the proper agency of the Federal Government, the Corps of Army Engineers and others, projects that are feasible and sound, not pork barrel, boondoggle projects, amounting to some $4 billion, not counting the $1 billion of additional basin authorization, meaning $5 billion which is, incidentally, almost as much authorization as presently remains in all public works, civil functions authorizations on the shelf, and is in excess of that amount of on-the-shelf authorizations if you take into consideration the $6 billon presently on the shelf and not appropriated for, which includes the $3 billion that have been declared either inactive or deferred.

Mr. Chairman, I say to my colleagues that I think it is completely inexcusable that our authorizing committee should not consider in this session of Congress an omnibus rivers and harbors authorization bill. There has been one in every session since I have been here. And I say this particularly in view of the fact that the administration has made such a to-do about the need for increased public works authorizations on the blank-check, pork-barrel basis, as proposed in the $900 million accelerated public works proposal.

Here in considering an omnibus public works authorization bill is a way for the Congress of the United States by properly accepting its responsibility to provide for sound, feasible, needed rivers and harbors, flood-control projects throughout the United States of America on a long-range planning basis, which is being completely ignored in this session of Congress. The acceleration bill calls for long-range planning, and Congress is ignoring the necessary authorizations in these fields that must be accomplished before any long-range financing can be accomplished.

And let me say this, I am more disturbed over the fact—and I was informed of this a couple of weeks or so ago—that we were threatened that our Public Works Committee was not going to act on the authorization bill until and unless the $900 million political pork barrel, boondoggle was brought to the floor of the House for action. That is a pretty poor way to legislate, holding a heavy club over the heads of the Members of this, the highest legislative body in all the world, holding such a heavy club of nonauthorizations, if you do not give the Executive this unlimited authority in this area. I say it is wrong and I hope that our committee will reconsider, particularly in view of the fact that we have supposedly such pockets of unemployment throughout this country that could be affected by public works but only if first authorized by Congress in the area of public works in rivers, harbors, and flood control matters.

Mr. ICHORD of Missouri. Mr. Chairman, I want to take this opportunity to thank the distinguished gentleman from Missouri [Mr. CANNON], chairman of our great Appropriations Committee, and the members of the Committee on Appropriations, for their consideration of a very worthwhile study project on the Gasconade River in central Missouri. There is included in H.R. 12900 an appropriation of $15,000 to the Department of the Army, Corps of Engineers, special studies, to initiate a restudy of the Gasconade River Basin in Missouri.

The 1938 Flood Control Act authorized construction of two dams, one near Arlington and one near Richland, both on the Gasconade River, primarily for flood control in the Missouri River Basin. Subsequent to the time of authorization, there have been many important changes and improvements in the area, and new relocation problems now exist. Among the developments is the growth of Fort Leonard Wood near the proposed dams. Due to all these changes the project has been placed in an inactive category pending a restudy to be based on current conditions. This restudy was authorized by resolution of the House Public Works Committee, dated June 12, 1956, but to this date no funds for the restudy have been appropriated.

Although the primary purpose of the Arlington and Richland Dams is for downstream flood control, they would also provide important local benefits. A conservation pool for the use of Fort Leonard Wood is a new benefit that would receive consideration in the restudy, as would the feasibility of developing hydroelectric power.

The population of Pulaski County in which Fort Leonard Wood is located has doubled twice within the last 10 years, and the recreational value of the proposed reservoirs would be very great to these people, many of whom are service personnel and their families.

The development would also be an important factor in stimulating the long-term growth of a primarily rural area in which farm income has been low. The counties which would be most directly affected by the development are Phelps, Laclede, and Pulaski. The recent census of agriculture shows that the average farmer in these three counties sold farm products with a total value of about $3,210, only a little more than half the State average of $5,997. If the proposed dams should prove feasible and their construction should take place, it would be a tremendously important thing to these farmers and to other people in the area in giving them added employment opportunities and a chance to raise their standard of living.

I sincerely hope that the restudy initiated by this appropriation will result in the eventual construction of the dams.

Mr. ST. GERMAIN. Mr. Chairman, the measure we are now considering, H.R. 12900, the public works appropriation bill of 1963, is of vital importance to my State of Rhode Island, as I know it is to all those areas which are scheduled to undertake or continue projects under the provisions of the legislation.

Included in this appropriation bill is the sum of $4 million for the Fox Point hurricane barrier in Providence.

My State has been seriously affected by the loss of human life and property which has resulted from the devastating hurricanes which have hit Rhode Island in recent years. The completion of the Fox Point project would go a long way toward alleviating the misery and hardship which any future such storms would cause.

Also allocated in this bill is the sum of $300,000 for the lower Woonsocket flood control project which is located in my home city of Woonsocket, R.I.

In 1955 the social district of Woonsocket was inundated by a tragic flood which caused severe personal and financial suffering on the part of a great number of people. In an appearance before the Subcommittee on Public Works of the House Appropriations Committee on June 13 of last year, I strongly urged that the appropriation for the preconstruction planning phase of the project be increased from $130,000 to $300,000. We were successful in having the amount raised to $270,000, and now, additional funds of $300,000 have been set aside for the construction phase. The approval of these funds would make possible the continuation of this project which would provide protection and peace of mind for thousands of people.

Rhode Island would also benefit in this measure from the allocation of $6,000 for completion of the navigation study of the Providence River Channel and $810,000 for the Point Judith Harbor breakwater, another project of great importance in the program of guarding against the hazards of hurricane destruction.

Mr. Chairman, I shall vote for H.R. 12900, because of the needed benefits it will give Rhode Island and other deserving areas of this Nation. I urge my colleagues to do likewise.

Mr. EDMONDSON. Mr. Chairman, no bill considered by this Congress is more vital to the long-range, internal growth and progress of America than the measure, H.R. 12900.

Within its terms and provisions will be found the insurance of our Nation's future water supply, the instrument for the continued development of our waterborne commerce, and the guarantee of security from flood damage for millions of Americans.

Oklahoma was benefited greatly from the generous and statesmanlike consideration which this great committee and the Congress have extended to our severe flood problems and to the wise provisions recommended by the Army Engineers and the Bureau of Reclamation to meet those problems.

We now look forward with high hopes and deep appreciation to that glorious day—now only a few years away—when our State will know once again the splendid opportunities and benefits of water transportation, along the Nation's greatest unused waterway today, the Arkansas River.

I strongly support H.R. 12900 and urge its overwhelming approval.

Mr. ASHBROOK. Mr. Chairman, the people of the 17th Ohio District are vitally interested in the matter of adequate flood protection, having been the victims of the devastating flood destruction which occurred in January 1959. I would venture to say that our district and particularly the Mount Vernon area is very disturbed that we have not been able to get the program off of dead center due to the fact that the Public Works Committee has not yet conducted hearings on the flood control projects and other public works measures throughout the country. I will not say that politics has necessarily been involved but the entire authorization bill seems to have been left in the wings waiting while new actors are brought out on the stage. In this instance, the new act involved takes the form of the so-called Public Works Acceleration and Coordination Act which would give the President authority to dispense public works projects throughout the country where he wants them and when he wants them. I feel this is an irresponsible approach and we in Congress should not grant this requested authority. It is far better to legislate in the responsible manner in which we have committee hearings by the Public Works Committee and regular appropriations by the Appropriations Committee which will assure that projects are handled according to their merit and not their political appeal.

I mentioned the Mount Vernon area before, and I did so because the Kokosing project in Knox County of my district is the only one of our several projects which has reached the stage where it can be authorized by this Congress. The other projects are still under study by the Corps of Engineers. We are at the point where a 2-year delay is possible unless this Congress votes an authorization bill. It is impossible to amend this bill before us today since the project has not received prior congressional authorization and the amendment would be subject to a point of order. There has been, in fact, no opportunity to advance the Kokosing project in this session of Congress despite every effort.

On Wednesday, May 9, 1962, I appeared before the Appropriations Subcommittee with a group of Knox County citizens to present the need for expeditious action on the Kokosing project. We did so to highlight the need for an immediate start in this vital flood control endeavor. The committee respectfully heard us but was not able to grant our request because the project is as yet unauthorized. I think the hearings present a good thumbnail brief for our argument and I want to bring them to the attention of the Members of this House. Under unanimous consent, I include the hearings at this point in the Record:

Flood Control, Kokosing River Basin, Ohio

(Witnesses: Hon. John M. Ashbrook, a Representative in Congress from the State of Ohio; Howard Hollinger, president, Mount Vernon Area Chamber of Commerce; Mark Kinney, president, city council, Mount Vernon, Ohio; Richard L. Moffitt, city engineer, Mount Vernon, Ohio; Lynn Thuma, Knox County, Ohio; Norman Bland, chairman, Finance Committee, Mount Vernon City Council.)

Mr. Cannon. We are glad to have you with us, Congressman Ashbrook.

Mr. Ashbrook. With your permission, Mr. Chairman, I will file my statement.

Mr. Cannon. It will be included in the record.

(The statement follows):

"STATEMENT OF HON. JOHN M. ASHBROOK, OF OHIO

"Mr. Chairman and members of this committee, I appreciate your kind consideration in affording me the opportunity to speak in behalf of the citizens of Knox County, Ohio, and the 17th District, who are vitally interested with flood control in the Kokosing River Basin. My appearance, today, is for the purpose of requesting funds for the preconstruction planning of two projects in this river basin. These two projects that the Corps of Engineers report recommends have not yet been authorized by the Congress and, consequently, no funds have been appropriated for advance engineering and design or for construction. It is anticipated they will be authorized this year pursuant to the report transmitted by the Secretary of the Army on August 9, 1961. Our particular problem is that the need is great, as I will demonstrate, but it has been impossible to get the project authorized by Congress since no authorization bill has yet been passed. We earnestly are concerned about a possible 2-year delay.

"Considering the overall capability of the Corps of Engineers for the fiscal year 1963, an amount of $75,000 could be used to initiate preconstruction planning of the North Branch Kokosing River Reservoir and an amount of $110,000 could be used to initiate and complete preconstruction planning and construction of the snagging and clearing project on the Kokosing River at Mount Vernon, Ohio. This is based on a report by Maj. Gen. William F. Cassidy in a letter to me on March 7, 1961.

"I limit my remarks to the status of the study of the Kokosing River Basin, but as a matter of information there are at the present time four authorized studies in various stages of completion in my seven-county district. Each of these projects cover flood control and allied purposes, including water supply, pollution abatement and recreation for the following watersheds; Kokosing River, Licking River, Clear Fork, and Rocky Fork, and the Scioto River.

"At the outset, let me remind this committee that the district I am privileged to represent was one of the hardest hit in the January 1959 flood which caused such havoc in many areas of our Nation. The people of this area appreciate the considerate treatment they have already received by this committee in expeditiously appropriating funds for these worthy projects which are so ably administered by the Corps of Engineers. However, without appearing ungrateful, or unappreciative of these fine efforts, I must frankly state that the proposals in the Kokosing project are of the greatest necessity in affording proper flood protection for the citizens in the Kokosing River Basin and for their property.

"Your committee has already received a great amount of testimony regarding the extent of flood damage to this area. The passage of over 3 years, of course, tends to dim the memory of this event and the hardships it imposed on so many of our citizens. The Kokosing and its tributaries in Mount Vernon, Fredericktown, and surrounding rural areas during the January 1959 flood inflicted damages totaling $5,300,000. The destruction occurred, primarily, to individual private properties and business establishments. This river basin has a serious history of extensive flooding dating as far back as 1932 with the more destructive ones occurring in 1913 and 1959. The January 1959 flood had a water runoff, above Mount Vernon, amounting to 5.2 inches which resulted in the highest cresting in history for the Kokosing River Basin. The record demonstrates that flooding is not restricted to any season, but that floods may occur in any month of the year. This recorded history of flood frequency and damages clearly illustrate the urgent need for immediate flood preventive measures.

"The city of Mount Vernon and the village of Fredericktown are the major municipal areas in the river basin where the potential flood hazard is of extreme concern. Rural areas above and below Mount Vernon are also subject to flooding and would substantially benefit from the improvements.

"Following the record 1959 flood the Corps of Engineers conducted a detailed damage survey based on a house-to-house canvass of the flooded areas. All tangible flood damages were placed on a monetary value. Physical damages included direct damages to buildings or parts thereof, and loss or damage to contents. Emergency costs, such as flood fighting, evacuation of families, and emergency restoration of damaged flood protection facilities were estimated conservatively because of the difficulty in estimating the thousands of man-hours donated by the residents of the area. This evidence more than substantiates the above-mentioned damage estimates and realistically illustrates the necessity for funding this program.

"The Corps of Engineers has indicated the necessity of commencing this project as soon as possible, indirectly, by demonstrating the fact that June 1959 Federal costs of the North Branch Reservoir were estimated at $2,334,000 and by July 1961 these costs had increased by their estimate to $2,520,000. A substantial cost savings to the taxpayers will be afforded by expeditiously commencing work on this project.

"The intangible damages, those that could not be given any monetary value, are very real and must be recognized. The principal intangible damage that merits discussion is the high probability of loss of life that exists at Mount Vernon in the event of the present levee overtopping at night. There are approximately 650 homes that are located in the flood plains of the Kokosing River behind the existing levee. First floor elevations of these homes vary from 2 to as much as 8 feet below the top of the protective levee. On January 21, 1959, the levee was overtopped early in the afternoon. Actual evacuation of most of the area was not started until after the levee failed, and even at this time was carried out under hazardous conditions. Had the overtopping and subsequent failure fo the levee occurred late at night it is highly probable that loss of life by drowning or exposure would have reached disastrous proportions, and also, very probable that movable property evacuation would have proceeded at a much slower rate, thereby increasing the losses.

"At this point I would like to elaborate on a quote taken from the report submitted by the Board of Engineers for Rivers and Harbors:

" 'An accurate forecast of the future trend of development for the Kokosing River Basin is extremely difficult to develop. For this reason a conservative approach to this phase of damage and benefit evaluation has been adopted.'

"Even though the Corps of Engineers issued a relatively conservative analysis report, the strategic location of the city of Mount Vernon and the rate of future growth predicted for the Kokosing River Basin and the inevitable extensive expansion in the use of lands in the flood plains, in my opinion, more than vindicate the approval of this project. In fact, the projected future growth of this area in the next 50 years is 100 percent.

"As has been earlier stated, the Kokosing River Basin has an extensive history of flood problems which naturally has been long recognized by the local residents as evidenced by the efforts put forth, locally, on projects to curb flooding. Following the 1898 flood the people of Mount Vernon constructed a levee system that provided partial protection. This levee was destroyed by the 1913 flood and subsequently was rebuilt. The levee was again overtopped and partially destroyed by the 1959 flood.

"Soon after the 1959 flood, local interest at Fredericktown, Mount Vernon, and affected rural areas throughout the basin again demonstrated their intense interest by working with the Corps of Engineers, U.S. Soil Conservation Service, Ohio Department of Natural Resources, and the Muskingum Watershed Conservancy District in designing and promoting concrete actions for attacking the flood menace. As a result of these fine efforts and extensive studies by the Corps of Engineers two separate and distinct plans were selected and recommended to make up the project plan for the Kokosing River Basin. This combination of projects, the North Branch Reservoir and the snagging and clearing of the Kokosing at Mount Vernon, will have widespread benefits throughout the most densely populated reaches of the basin. The two plans will, respectively, provide virtually complete protection at Fredericktown and would prevent overtopping of the existing levee at Mount Vernon on the basis of the record January 1959 flood and will virtually eliminate damages from all floods having an estimated frequency of recurrence in the order of 100 years.

"In addition, the construction of the proposed North Branch project will greatly enhance the net flood control in the Mohawk Reservoir which is a key link in the 14 reservoir Muskingum River Reservoir system.

"Both the North Branch Reservoir and the snagging and clearing project at Mount Vernon show a favorable justification. Based on an incremental analysis, the two projects together have a favorable overall benefit-cost ratio of 1.3 to 1. Even though the snagging and clearing project at Mount Vernon has a higher benefit-cost ratio than the North Branch Reservoir, it is not recommended that the Mount Vernon project precede the North Branch Reservoir since it would create a false sense of security among the citizens of Mount Vernon.

"The U.S. Fish and Wildlife Service reports that the proposed projects would have no significant effect on the fish and wildlife resources in the Kokosing River Basin.

"The U.S. Public Health Service investigated the need for water supply and pollution abatement and reported that there will be no need for such storage in the foreseeable future.

"In conclusion, I would like to say that I concur with the Corps of Engineers recommendations that the comprehensive plan for flood control and other purposes in the Ohio River Basin be modified to include the North Reservoir on the North Branch of the Kokosing River at the estimated cost of $2,520,000 and that the clearing and snagging project on the Kokosing River at Mount Vernon be adopted at the estimated cost of $104,000. I sincerely urge that this committee approve this request so that the future of the citizens of the Kokosing River Basin can be secure from floods that have plagued them with damages amounting to millions of dollars over a short period of years."

Mr. CANNON. Mr. Hollinger.

STATEMENT OF MR. HOWARD HOLLINGER

Mr. HOLLINGER. Thank you very much.

Mr. Chairman and members of the committee, I am Howard Hollinger, president of the Mount Vernon Area Chamber of Commerce. I would like to point out to the committee the economic loss that was suffered in just one area, which was that of damage to our local industry. For example, the Continental Can Co. of Mount Vernon suffered three-quarters of a million dollars in damage and the Cooper-Bessemer Corp., $370,000. These figures only represent the tangible losses and do not include the many intangibles. A great amount of community effort is directed to retaining our present industry as well as acquiring new industry. Removal of the flood threat for our existing industry would be of great service in stabilizing and perhaps increasing the employment force in our county.

In behalf of the Kokosing Watershed Committee, I would like permission to file this prepared statement which gives more details about the whole problem.

Thank you very kindly.

Mr. CANNON. It will be included in the record.

(The prepared statement referred to follows:)

"STATEMENT OF THE KOKOSING WATERSHED COMMITTEE OF MOUNT VERNON, KNOX COUNTY, OHIO

"Mr. Chairman and members of the Committee, the following statement is presented as evidence of the public need for continuation of the Kokosing River watershed program through preplanning of the last and largest part of the program which would consist of a headwaters dam north of Mount Vernon and snagging and clearing of the river channel in the Mount Vernon area, an area which has experienced 13 costly floods in a 39-year period.

"The flood of January 1959 was the greatest flood on the Kokosing River since 1881. Estimated damage to the watershed was $5,350,450 in tangible losses of which $4,854,300 occurred at Mount Vernon. Intangible losses would be very difficult to calculate but were heavy.

"In consideration of the work which has been performed on this project by the U.S. Army Corps of Engineers, and work done by city and county to fulfill local responsibilities, and with the pressing thought in mind of the ever possible reoccurrence of another flood, the Kokosing Watershed Committee respectfully requests and petitions your committee to approve the request for $200,000 appropriation with which to proceed with preplanning for the last and largest part of the program.

"The Kokosing River watershed

"The Kokosing River is in the Muskingum watershed district, an area which has led the country for years in flood control. Being at the northwest end of the district, Mount Vernon and Knox County have not received the extensive control methods such as used in the Dillon Dam at Zanesville, Ohio. The Kokosing watershed area is 482 square miles; population of 37,346. The topography of the area is flat to hilly and much of the land is used for agriculture. Mount Vernon is the county seat of the area and is industrialized. Population of Mount Vernon is 13,238 with a metropolitan area of 16,000.

"Floods in 39 years of record

"There is a great need for protection from floods in the Kokosing River watershed and evidence of this is provided by records kept at the gaging station on the Kokosing River at Millwood, about 19 miles downstream from Mount Vernon. Millwood is used, rather than Mount Vernon, because the record is much longer than the station at Mount Vernon can supply. The 15-foot flood stage was exceeded 13 times in 39 years of record. Occurrence of floods was erratic. Mount Vernon is in an area where floods can occur any time of the year. Some occurred on the average of three per decade—only one was experienced in some decades, whereas five occurred during the period 1932–41 and also during the period 1940–49. This erratic occurrence is of much concern to those who have suffered in the terrible flood of 1959. The flood of 1959 produced a peak flow of 38,000 cubic feet per second at Mount Vernon with a gage reading of 18.19 feet while the 1913 flood is estimated at 27,000 cubic feet per second with a gage reading of 17.3 feet.

"Damage caused by the flood

"Mount Vernon suffered the worst flood in its history when the levee along the Kokosing River gave way after being overtopped, and water quickly reached a depth of as much as 8 to 10 feet in parts of a large residential and business area. Nearly one-third of the city was flooded. The Continental Can Co. was reported to have suffered very heavy damage along with other local industries. A mass evacuation of over 1,000 homes was required. The fact that the flood occurred during the daytime hours, with 2 hours' notice given the public by radio and firetrucks, was the only factor that saved heavy losses of life and additional damage to cars, furniture, and so forth. Power and water failures added to the disaster. The approaches to the highway bridge on State Route 3 at the west edge of town were washed out. Only one road into the city was passable, and the flooded area was closed to all unauthorized personnel. National Guard units were sent in to assist the local officials in maintaining order. The floodwaters at Dry Run in the south end of the city also contributed to the flood problems of Mount Vernon.

"At Fredericktown severe flooding of streets and basements was reported in the north section of town. Heavy damage was incurred to rural roads and bridges in the vicinity. The percentage of roads washed out was high. The bridge over the Kokosing on State Route 95 was damaged. Approaches to a bridge east of Cardington were washed away. Many suburban and rural homes were isolated and suffered damage. Farm fences and farmlands were severely damaged.

"It was difficult to bring together all reports of damages following the flood. Many groups worked together to bring the city and area back to normal and varying reports were received on funds spent and work done. It is known that—

"(a) In addition to homes and contents damaged by the actual floodwaters, many were affected by backing up of sewers and similar problems; 3,500 persons were evacuated from their homes. Extremely low temperatures of around zero added to the problem.

"(b) Industrial damages were high to three major industries and affected all in the city. Much material damage was suffered and, in addition, many man-hours were lost, employees' wages, production time, and other intangibles.

"(c) The city of Mount Vernon was placed in a severe financial situation as a result of the flood. City government had an estimated $75,000 in unplanned expenses over and above funds received in Federal disaster assistance. Much of this cost had to be absorbed, and, as a result, ordinary obligations of the city were cut down to minimum service.

"(d) Electric service was off in the community as a result of the substation being under water. The water supply of the city could not be maintained due to inundation of the city waterworks plant.

"Present protection from flood

"Existing levees do not protect the city and area from another severe flood even though steps have been taken by local officials to strengthen the levees. There is nothing to prevent the same tragic loss as occurred in 1959 and prior years until we have secured the complete plan for flood protection as proposed by the U.S. Army Corps of Engineers.

"Therefore, we respectfully urge your committe's favorable attention and action to the request as outlined by Congressman JOHN A. ASHBROOK and urge that the requested funds of $200,000 be made available for preplanning of the final stages of the Kokosing watershed project.

"The threat of another great flood is still with the citizens, the business houses, the industries, of Mount Vernon and Knox County and only continuing action on the part of local persons and of those, such as yourself, and your committee can bring about peace of mind and protection of property to the many people in our area. Your favorable action will be sincerely appreciated by those people.

"Respectfully submitted.

"KOKOSING WATERSHED COMMITTEE,
"JAMES DALLY, *Secretary*.

"Members of Kokosing Watershed Committee, Mount Vernon-Knox County, Ohio; Morris Fisher, Route No. 1, Bellville, Ohio; Howard Hollinger, Chamber of Commerce, Mount Vernon, Ohio; Wayne Burkhart, Box 268, Mount Vernon, Ohio; Raymond Pophas, Route No. 1, Fredericktown, Ohio; George McConnell, Post Office Building, Mount Vernon, Ohio; Claude James, Route No. 3, Mount Gilead, Ohio; Ed Miller, 1104 West Gambler, Mount Vernon, Ohio; Mark Kinney, West Chestnut Street, Mount Vernon, Ohio; Mayor Harry Bennington, City Hall, Mount Vernon, Ohio; Lynn Thuma, Fredericktown, Ohio; Monroe Boutan, Route No. 2, Mount Vernon, Ohio; James Dally, Chamber of Commerce, Mount Vernon, Ohio; L. L. Rinehart, Route No. 3, Mount Gilead, Ohio; John Phillips, Route No. 2, Fredericktown, Ohio; Carroll Lloyd, Route No. 1, Marengo, Ohio; Richard Moffit, city engineer, Mount Vernon, Ohio; Norman Bland, 605 Newark Road, Mount Vernon, Ohio; Eugene Grant, Fredericktown, Ohio; Ken Bebout, chairman, County Commissioners, County Court House, Mount Vernon, Ohio; Arthur Gregg, Route No. 1, Bellville, Ohio."

STATEMENT OF MR. MARK KINNEY

Mr. ASHBROOK. At this time I would like to present Mr. Mark Kinney, president of the City Council of Mount Vernon, Ohio, to give you a short summation on the statistics as to how the flood affected the community.

Mr. KINNEY. Mr. Chairman and members of the committee, I am Mark Kinney, president of the City Council of Mount Vernon, Ohio.

The flood of 1959 caused nearly $5.5 million in tangible property damages in Knox County's Kokosing watershed area. Nearly $5 million of this loss was suffered by Greater Mount Vernon. Industrial property losses alone were $2,547,000, and losses in residential property were $1,083,000.

Approximately 3,500 people were driven from their homes by the flood, some barely escaping with their lives. And the whole productive life of the community was disrupted. The hardships of the flood are vivid in the memories of the people of Mount Vernon, and with every heavy rain they keep a wary eye on the river. Industry, too, keeps the flood factor in mind as they consider plant location and expansion.

Speaking for the people of Mount Vernon, I can say that your favorable action on the proposed Kokosing flood control project will be greatly appreciated.

Mr. HOLLINGER. Mr. Richard Moffitt, our city engineer of Mount Vernon.

Mr. MOFFITT. Mr. Chairman and members of the committee, I am Richard L. Moffitt, city engineer of Mount Vernon, Ohio.

Having been city engineer for the past 15 years, I know from personal experience that it is impossible to completely protect the city of Mount Vernon from future flooding with walls and levees alone, and that retention of the headwaters plus a certain amount of channel clearing and maintenance of our existing levees is the only solution to our flood problems.

Due to the complexity of the project, and since the benefit ratio as determined by the U.S. Army Engineers is favorable, we believe we are justified in requesting assistance from the Federal Government.

If the 1959 flood had occurred at night instead of 1:30 p.m., I am of the opinion that at least 200 people would have lost their lives in the Mount Vernon area.

Mr. HOLLINGER. Mr. Lynn Thuma.

STATEMENT OF MR. LYNN THUMA

Mr. THUMA. Mr. Chairman and members of the committee, I am Lynn Thuma, Knox County resident. I am making the following statement as evidence of the need of the program outlined by the Army Engineers of Huntington, W. Va. Living in one of the flooded areas, I have worked on this program since the flood of 1948, one that was near the crest of the flood of 1959.

The people in the Fredericktown area, 7 miles north of Mount Vernon, have no dikes to help protect them nor have the areas between or below Mount Vernon.

Although there have been no threats of flood, the river has flooded parts of these areas four times this year.

The river channel is crooked and full of swail, making it impossible for high water to have a free flow. The areas above and below Mount Vernon are very rich and productive farmlands, which will flood and endanger homes and crops with only 2 inches of rainfall.

It would be impossible to give the damage to farmland and homes in these areas—it was estimated $150,000 in fences alone by Wayne Burkhart, county agricultural agent.

I made a picture survey of a 2-mile area in which I live, which would be similar to approximately 40 miles of the Kokosing River, showing the condition of the channel. I presented this survey to Col. Steven Malevich, and was told that, although he could do nothing about the channel, the proposed dry dam north of Fredericktown would help to remedy this situation.

Your favorable consideration of this request would be greatly appreciated by the Kokosing Watershed Committee and the citizens of Knox County.

STATEMENT OF MR. NORMAN BLAND

Mr. BLAND. Mr. Chairman and members of the committee, my name is Norman Bland, chairman, finance committee, Mount Vernon City Council.

The city of Mount Vernon was placed in a severe financial situation as a result of the 1959 flood. City government had an estimated $75,000 in unplanned expenses, over and above funds received in Federal disaster assistance. Much of this cost had to be absorbed, and as a result, ordinary obligations of the city were cut down to minimum service.

We are still in a difficult financial situation.

Electric service was off in the community as a result of the substation being under water.

The water supply of the city could not be maintained due to inundation of the city waterworks plant. This created a health hazard which could have been serious.

Existing levees do not protect the city and area from another severe flood even though steps have been taken by local officials to strengthen the levees. There is nothing to prevent the same tragic loss as occurred in 1959 and prior years until we have secured the complete plan for flood protection as proposed by the U.S. Army Corps of Engineers.

Therefore, I respectfully urge your committee's favorable attention and action to the request as outlined by Congressman J. M. ASHBROOK and urge that the requested funds of $200,000 be made available for preplanning of the final stages of the Kokosing watershed project.

Your favorable action will be sincerely appreciated by the citizens of Knox County, Ohio.

Thank you, Mr. Chairman.

Mr. ASHBROOK. That concludes our statement.

Mr. CANNON. Thank you, Congressman ASHBROOK; we are glad to have this information.

Mr. JONES of Alabama. Mr. Chairman, I am pleased to support the items in this appropriation bill for TVA's watershed development project for the Beech River project.

This program is an intensification and unification of TVA's valleywide resource development activities through a concentrated effort by TVA with the local people and State agencies in subareas of the Tennessee Valley. The purpose of this program is to accelerate sound economic progress based on comprehensive unified development of all resources. The program includes research, demonstration, and development activities.

It is an arrangement under which more local people and State agencies can participate more effectively in developing and using the resources of the valley and thus make a greater contribution to strengthening the regional and national economy.

TVA is currently working in seven organized tributary areas and is helping people in three other areas get organized so they may develop programs for their areas.

Initially in all of these areas local people and State agencies have come to TVA with requests for help in solving specific resource problems. They have established organizations tailored to the needs of their area and especially designed to permit effective local and State participation in broad programs of comprehensive unified resource development as a basis for solving problems and accelerating economic growth.

Two of the seven areas have been established as State watershed authorities. Five are incorporated as watershed development associations under State laws. In these 7 areas there are 45 active resource work groups involving between 280 and 300 local people.

Five of the seven organized areas have individual membership-type associations which include approximately 3,500 members. In each of the organized areas and in one of those in the process of organization technical people from State agencies are actively participating.

In each of the above tributary areas the first step has been a joint cooperative inventory of all the resources of the area in order to determine just where the area is and its potential as well as to identify problems and opportunities.

The resource groups which are used in this initial examination include the following: human resources, land, water, agriculture, forests, minerals, recreation, business and industry, transportation and communications facilities, and public and private institutions and services.

Next the findings of the inventories are analyzed and evaluated. This provides the basis for identifying problems and opportunities and giving them quantitative and qualitative dimensions. This analysis is used as a basis for determining objectives and goals on which a cooperative resource development program can be developed, specific plans made, and the program implemented.

From the first step—inventory—local people participate through their resource work groups. These work groups are provided with technical guidance and assistance by TVA and State agencies. Participation of local people in the inventory and analysis stage gives them the background they need for participation in subsequent steps implementing specific programs for the development of their areas.

Mr. MACK. Mr. Chairman, I am supporting this bill because it is in the best long-range economic interest of the Nation.

The taxpayers never lose any money on the kind of projects that are in this bill. Such projects create wealth.

In a very real sense this bill gives us an opportunity to invest in the future of America. Our investment in the development of natural resources in all parts of our country will come back to the Government as tax revenues on the wealth created by these projects.

Anyone who has had the experience of sponsoring a public works project cannot help but have respect for the painstaking scrutiny each project receives, first from the Army Corps of Engineers, then from the Bureau of the Budget, and finally from the Public Works and Appropriations Committees of the House and Senate.

It is sometimes a frustrating experience for the sponsor and the local interests involved, but the step-by-step procedure that must be followed before a single spade of earth is turned is a guarantee that the taxpayers' dollars will be spent wisely and not wasted on worthless projects.

I, therefore, congratulate the chairman of the Committee on Appropriations, and his colleagues, especially those on the Public Works Sunbcommittee, for their hard work on this bill.

I am particularly pleased that the committee has seen fit to include in this bill the funds recommended in President Kennedy's budget for continuing the flood control program in the upper Mississippi Valley.

The present inadequate levees in that region were subject to severe stress last spring. Experienced observers reported that the area was spared a serious flood only because no rain of any consequence fell during a 60-day period while a record-breaking snow cover in the upper Mississippi watershed was melting.

This bill will permit the orderly development of the Sny Basin interior drainage project in western Illinois, for which $3,800,000 is alloted for construction, and the Sny Island levee on the Mississippi River, for which $100,000 is provided for continuing the advance planning.

This bill also provides $27,000 to complete the advance planning of the South Quincy drainage district project and $50,000 to begin planning the Indian Grave drainage district project.

The amount of $900,000 is provided in this bill for construction of levees and pumping plants in the vicinity of Beardstown, Ill. The Sid Simpson flood control project, a 3,300-foot floodwall named after our late colleague, has been completed. The work remaining to be done will complete the protection system for an area which has suffered severe damage in the past from flood waters of the Illinois River.

Finally, I take great personal pride in the Shelbyville Dam and Reservoir project on the Kaskaskia River in Illinois. The $326,000 recommended in the budget and included in this bill will enable the Army Engineers to begin construction of this vital project during the present fiscal year.

Mr. Chairman, all these projects will be of tremendous benefit to our State of Illinois, and to the Nation, and I have no hesitancy in urging my colleagues to support these appropriations.

Mr. MONAGAN. Mr. Chairman, I support H.R. 12900, the public works appropriation bill for 1963, in its entirety, but particularly because it provides generously in funds for the continuing development of the flood control complex of Connecticut's Naugatuck Valley.

The House, and my colleagues, have responded effectively to the pleas for adequate flood control bulwarks in my district, since we were visited with disastrous floods in 1955. We have made commendable progress. Two major dams have been completed, and we have finished the construction of several lesser projects. The combination of these with the projects provided for in this budget, and those on the Army Engineers' planning boards will, I am confident, provide a full measure of protection to the people and the industries and properties of my district.

Mr. Chairman, I wish to compliment and thank Chairman CANNON and the members of his committee for the splendid manner in which they have presented this bill, and particularly for their courtesies to me and to the Fifth Congressional District of Connecticut.

We have not only made fine progress in the development of our flood control program, we have also recovered fully from the effects of the 1955 disaster that cost us heavily in human lives and property damage. For this we can be thankful to the cooperative spirit of the people of the areas affected, to the Army Engineers, to the Congress, to the Executive, to the Governors, and to the General Assembly of the State of Connecticut.

The public works appropriation bill for 1963 includes approximately $3,376,000 for flood control projects in my district. These funds will make possible the construction of four additional dams, in Winsted, Torrington, Plymouth, and Northfield, and provide for planning of another in the Middlebury-Waterbury area.

One further point I wish to make is that in the development of our flood control complex in Connecticut, we are also creating, through Federal-State coordination, new areas for recreation, including fishing, swimming, and boating where practical. The Congress has enacted the enabling legislation for this side development which will further enhance Connecticut's vacation and scenic splendors simultaneously with the development of these protective bulwarks against a repetition of the floods we experienced in 1955.

For these many reasons, and especially in the interest of safeguarding lives and property, I wholeheartedly support the adoption of H.R. 12900.

Mr. ELLIOTT. Mr. Chairman, I support H.R. 12900, a bill making appropriations for public works, including the Tennessee Valley Authority for the fiscal year ending June 30, 1963. This bill is important to the whole country. The civil works of the Corps of Army Engineers comes under this bill. Our Engineers have always handled their civil works in an economical manner. Their work has been well planned. Indeed, some of the finest construction in the United States has been done by the U.S. Army Engineers.

The civilian work done by the Corps of Engineers has a great auxiliary value in training our engineers for the proper defense of our country. The fine work done by them in building bridges, harbors, roads, airfields, and other installations in wartime has underscored the value of the training they get from building civil works in times of peace.

The State of Alabama, which I am privileged to represent, has many items in this bill. They include money for construction of the Columbia lock and dam in the amount of $2,254,000; they include construction funds for the Holt lock and dam in the amount of $3,500,000; they include construction funds for the Millers Ferry lock and dam of $1,000,000; they include construction funds for improvement of the Paint Rock River in the amount of $350,000; they include construction funds for the Walter F. George—Fort Gaines—lock and dam of $8,138,000.

Likewise, this bill contains important planning funds for the Claiborne lock and dam in the amount of $210,000; for the Jones Bluff lock and dam in the amount of $150,000; and for the Tennessee River and tributaries in the amount of $106,000. These funds total $15,602,000 and they will greatly benefit the well-being and the economy of Alabama. I am happy that they are included in the bill. And, while I am on this subject, I want to take this opportunity to thank the chairman of the committee, the gentleman from Missouri [Mr. CANNON] and other members of the committee for the sympathetic consideration that they have given Alabama projects in this bill. Our needs in Alabama for river and harbor development are very great and this helpful consideration of our problem is gratefully acknowledged.

TRIBUTARY AREA DEVELOPMENT PROGRAM

Mr. Chairman, the tributary area development program of the Tennessee Valley Authority, and the Beech River development plan, in Tennessee, which is a part of it, are not new programs in the Tennessee Valley. Since TVA was first created, in 1933, the people living in the region served by it have been working with TVA in a comprehensive program to improve their natural resources—agriculture and forestry, navigation, recreation, flood control. Building upon this basis, the TVA area itself has been able to develop jobs, and the incomes that go with jobs, rapidly enough to pull closer to the Nation's rising economic standards, instead of continuing to fall behind, as today do so many areas of the southern part of our country.

THE BEGINNINGS

As long ago as TVA's 1936 report to Congress, the Board of Directors discussed the fact that later development of tributary streams to the Tennessee River would show some different benefits and considerations from the basic Federal development of the Tennessee River itself. Early reports also pointed out that resource development programs carried out across the whole region would eventually have to be concentrated and especially organized in some instances to meet particular needs in specific areas. As early as the 1940's, TVA had begun research projects to answer some of the technical problems involved in meeting these needs. It also was starting some experimental local development efforts in small areas to find the most practical means of combining the necessary local leadership and initiative with the technical skills of agencies like TVA. These pioneering efforts served as proving grounds for working out area development administrative methods that could be really effective in practice, not just in theory.

The result was the present tributary area development program in the Tennessee Valley, which is under attack here today. There are many tributary valleys to the Tennessee River in the seven States through which it flows. Today, nearly a dozen of these tributary valleys are working with their own people, and with TVA and with such State and county agencies as are available, to make their areas better places in which to live. In each of these tributary valleys people are applying the basic principle of what might be called unified resource development to and on particular situations.

They are examining all of the resources their area has to build upon, and carefully deciding what development activities will make the most effective program for that particular area.

These people in these tributary areas have heard TVA stress again and again that the success of these efforts is in their hands, and that the program for tributary area development cannot be considered simply in terms of Federal projects. Water control plans, such as the Beech River, will be a part of these area development programs only where this careful study of all local economic opportunities shows that water control is a necessary and valuable part of the overall development effort.

That is exactly what happened in the case of the Beech River area. An examination of the area's opportunities for growth and progress showed a water control system to be a basic and promising step in area development, if a sound way could be worked out to match Federal and local costs—sharing of the respective Federal and local benefits that would result. The present proposal for Beech River, in Tennessee, is believed to fill that need, offering financing arrangements which local interests can afford to accept, but in a way which would result in local interests paying their share of the costs incurred. Local benefits will be recovered to help repay the project costs, rather than these local benefits coming as windfalls to particular landowners.

In my talk, I have mentioned Beech River in Tennessee because it is the tributary area now furthest along in its development. What I want to emphasize, however, is that the same principles, if found practicable and feasible at Beech River, and I think they will be, will be applied, in time, to similar developments on other tributaries of the Tennessee River, if detailed studies by people living in these areas indicate that similar developments to those at Beech River are economically feasible, and if studies indicate that they are vital to area progress.

BEAR CREEK

I represent an area of many small streams. A few of them, one in particular—Bear Creek—is a principal tributary of the Tennessee River. I have been privileged to see in the past few years the people of Bear Creek meeting regularly and working to inventory such resources as they have. I have seen them elect their own officials who have given good leadership. I have seen them divide themselves into committees and have seen the laborious and detailed way in which they went about examining the various phases of their own possibilities. It is to help groups like the Bear Creek group, and efforts like they are putting forth in tributary areas that this item in this appropriation bill is designed to aid. Most of the money in the appropriation bill goes this year to Beech

River. If Beech River is successful, and I am sure it will be, then other tributary areas can profit by the Beech River experience. All I am saying is that here we have a program to develop local areas of America that happen to be located in watersheds tributary to the Tennessee River.

In this program local costs will be recovered after the improvements have been made. It appears to be a very practical approach to resource development at the local level.

I am glad this bill contains an item for construction on Beech River and for planning on other tributary streams.

Mr. SELDEN. Mr. Chairman, I take this occasion to commend the Appropriations Committee for funds approved in the bill presently before the House of Representatives for projects located in the State of Alabama. At the same time, I want to call to the attention of the members of the committee and the House of Representatives an anticipated project which I believe has considerable merit.

WARRIOR-TOMBIGBEE

Included in the bill is the sum of $3,500,000 for the Holt lock and dam. This structure was started in fiscal 1962 with an appropriation of $750,000. I am advised that the full amount of $3,500,000 contained in the bill is necessary to maintain an orderly construction schedule, and I urge its approval.

The Holt lock and dam, located approximately 9 miles upstream from Tuscaloosa, Ala., will eliminate four small navigation structures built in 1915 or earlier. It is the last new dam required in the modernization program presently underway on the Warrior-Tombigbee.

There is the necessity, however, of initiating construction of a new lock at the present John Hollis Bankhead Dam, which is located approximately 18 miles upstream from the Holt structure.

The Bankhead Dam itself is not to be replaced. Although it was built in 1915, the concrete structure, to which 12-foot vertical lift gates were added in 1937, will serve usefully for many more years. Navigation, however, must pass the dam by means of two locks which are but 285.5 feet long and 52 feet wide. The Jackson, Demopolis, and Warrior locks and dams, located between Tuscaloosa and Mobile, already have eliminated nine similar sized locks while the Holt lock and dam will replace four more.

I believe it essential that studies be started at once to determine the feasibility and justification of replacing the two small Bankhead locks, which provide a total maximum lift of 72 feet, with a single-lift, 600- by 110-foot chamber, the same dimensions as at the new facilities downstream.

The inclusion in this legislation of $75,000 for this purpose under operation and maintenance funds will enable the Corps of Engineers to make a survey looking toward early replacement of the present obsolete locks.

COOSA-ALABAMA

Also contained in the bill now before the House are funds that will make it possible for Federal construction to begin on one of the largest undeveloped waterways in the United States—the Coosa-Alabama.

For work on the Alabama River, the lower segment of the great Coosa-Alabama system, the bill contains $1 million to begin construction of the Millers Ferry Multiple Purpose Dam, $210,000 to complete advanced planning of the Claiborne Navigation Dam, and $150,000 to resume planning of the Jones Bluff Multiple Purpose Dam.

Investigations by the Corps of Engineers indicate that the three authorized facilities to be built by the Government on the Alabama River are economically justified. It has been recommended by the Corps of Engineers that the Millers Ferry lock and dam be built first, and construction on this priority facility can be begun this year if funds are approved.

The funds for the Claiborne facility will make possible the completion of advance planning of this structure that the Corps of Engineers has recommended be completed concurrently with Millers Ferry. The Jones Bluff Dam is scheduled for construction when these two are completed, and will take about 4 years to build.

The overall plan of development for the important Coosa-Alabama River system provides for the installation of locks at the dams built by the Alabama Power Co. on the Coosa River as soon as navigation is assured to Montgomery and Wetumpka.

The Carters Flood and Power Dam, for which the bill includes $2,500,000 for continued construction, is located in northwest Georgia on the Coosawatee River which joins the Etowah River near Rome, Ga., and forms the Coosa. This facility will hold back flood waters in the downstream areas, as well as generate power needed for the rapidly expanding industrial section of northwest Georgia.

The potential uses of the Coosa-Alabama are not only important to the areas in Alabama and Georgia that will benefit economically but also to the entire United States, as the Coosa-Alabama will provide a major source of water transportation, reservoirs, and hydroelectric power for national defense. Its proper and early development, recognized in this legislation by the Corps of Engineers and the Appropriations Committee, cannot be overemphasized.

CHATTAHOOCHEE RIVER

Included also in the bill before the committee is the sum of $2,254,000 for the construction of the Columbia lock and dam and $8,138,000 for the completion of the Walter F. George lock and dam. These installations are an integral part of the Apalachicola, Chattahoochee, and Flint Rivers comprehensive plan to provide a 9-foot depth for navigation on the Chattahoochie River to Columbus, Ga., and on the Flint River to Bainbridge, Ga. The three structures required to provide 9-foot depth to Columbus, Ga., are the Jim Woodruff lock and dam, the Columbia lock and dam, and the Walter F. George lock and dam. The Jim Woodruff Dam is completed and in operation, the Walter F. George lock and dam is expected to go into operation in December of this year, and the lock at the Columbia lock and dam is scheduled to be opened shortly after the first of the year.

TENNESSEE-TOMBIGBEE

The outstanding progress made in recent years on the Warrior-Tombigbee, the Coosa-Alabama, and the Chattahoochee systems in Alabama indicate that these vital waterways will be functioning in the not too distant future at their full capability for the benefit of the State and the Nation.

Still pending, however, is an extremely important waterway development directly affecting not only the State of Alabama, but also the States of Mississippi and Tennessee. This is the linking of the Tennessee River with the Gulf of Mexico in order to provide an alternate inland water route from the Gulf of Mexico to the Great Lakes.

The U.S. Corps of Engineers recently completed an exhaustive investigation and recommended that the proposed Tennessee-Tombigbee project be constructed to serve as the alternate route. The engineers' report endorses changing the classification of the project from a "deferred for study" status to "active."

This project, which was envisaged 150 years ago and authorized by Congress in 1946, is designed to connect by a canal the Tennessee River with the Tombigbee River which flows into the Gulf. According to the Engineers, the canal will accommodate the size tows now being operated on the Ohio, Tennessee, and upper Mississippi Rivers.

The proposed waterway will provide a slack water channel 9-feet deep with a minimum width of 170 feet, stretching 253 miles from Demopolis to the Pickwick Pool on the Tennessee River.

The Tombigbee is navigable now from the port of Mobile to Demopolis, Ala., situated at the Tombigbee's juncture with the Warrior River.

In its report, the Corps of Engineers concludes that construction of the Tennessee-Tombigbee Waterway "in accordance with the plans proposed herein is feasible from an engineering standpoint and that the economic benefits to be derived therefrom are of widespread nature and of sufficient magnitude to warrant the undertaking of the project."

The benefits accruing from the connection of the Tennessee with the Gulf of Mexico are of primary importance to the States of Alabama, Tennessee, and Mississippi, as well as to the midcontinent region. The project can also be expected to benefit a large segment of the national population through the lowering of production and marketing costs afforded by cheaper transportation along the water route.

Despite the fact there were no budgeted planning funds for the proposed Tennessee-Tombigbee Waterway, the Alabama, Mississippi, and Tennessee delegations, as well as other interested parties from these States, urged the Appropriations Committees to include such funds in the bill presently under consideration. While we were disappointed that the House Appropriations

Committee did not grant our request in this instance, we note with satisfaction in the following paragraph contained in the committee's report that the project was deferred without prejudice:

> Tennessee - Tombigbee Waterway.—This project was not budgeted and the report on the restudy of it was received by the committee after it had concluded hearings with the Corps of Engineers. However, on the basis of testimony offered by nongovernmental witnesses, the committee very carefully considered funding for the project in fiscal year 1963. It was decided to defer without prejudice action on this $281,025,000 project until there has been an opportunity to go into all of the details concerning its justification with the Corps of Engineers.

I am calling this important project to the attention of the Members of the House of Representatives, as I believe a careful study by the Appropriations Committee of the details concerning this project's justification will warrant its favorable consideration in the not too distant future.

Mr. JUDD. Mr. Chairman, this appropriation bill contains an appropriation of $4 million which will at last bring true a wonderful dream for the people of my city. It is the 16th annual appropriation, and the final one, for the two dams and locks at St. Anthony Falls, the head of navigation on the Mississippi River, in the center of the city of Minneapolis.

The city grew up around St. Anthony Falls because its waterpower made possible erection there of great flour mills and powerplants. But the Mississippi descends into a deep gorge which has prevented development of adequate docks and storage installations. Minneapolis has been like a city with a railroad coming to its borders but with no terminal.

Above the falls the river is wide and deep for about three miles with low flat banks, ideal for industrial and harbor developments. There are extensive railroad yards on both sides. Thirty years or so ago, when the 9-foot channel of the Mississippi was being planned, persons in Minneapolis saw the possibility and had the dream of constructing great locks to lift barges through the falls and building above it what some engineers said will be one of the finest internal harbors in the world.

Despite endless discouragements and delays, it is now approaching completion. With today's appropriation, the whole project should be ready to go into operation in July 1963.

Americans have given generously to build larger and more expensive projects in various parts of the world, but none, I dare say, will be more appreciated and few will bring more long-range benefits than this Upper Harbor in Minneapolis.

After authorization first in 1937, the project was delayed for years by litigation to prevent use of public funds by the city of Minneapolis to do the necessary alteration of two privately owned railroad bridges.

While this was being resolved by the city's making a direct contribution to the Government for it to use for this purpose, World War II arrived.

One of the first projects on which I began work when I came to Congress in 1943 was to get the Upper Harbor reauthorized in 1945, and I have worked at it every year since.

In 1947, Senator Joseph Ball and Congressman George MacKinnon of the Third Minnesota district and I persuaded the 80th Congress to make the first appropriation.

Dredging began in 1948 and, despite greater difficulties than anticipated in getting firm foundations for the dams and despite opposition from various groups that sincerely thought it was not economically justifiable or would provide too great competition for existing means of transportation, vision and faith and persistence have brought it to fruition.

The original cost estimate in the 1937 study was about $8 million, plus the city's contributions. In 1945 the estimate had grown to $17 million. Increased costs of materials and labor in postwar years, plus the foundation difficulties referred to above, ran the estimate for the Federal cost up to $31.9 million as late as a year ago. I am happy to report that the Army Engineers now believe the final cost will be $1.6 million less because of lower bids than expected, mostly by Minneapolis firms. It is gratifying to be able to make the unusual and newsworthy report of money saved.

With today's appropriation, which is $430,000 less than requested, the total contribution by the Federal Government from the beginning will amount to $29,870,000 and that by the city of Minneapolis to $3,370,000, consisting of $1.1 million direct contribution to the project and $2,270,000 spent to alter highway bridges and publicly owned utilities and to provide free of cost all lands, easements, rights of way, and suitable disposal areas.

At the outset, some said the river traffic to Minneapolis would never exceed 1 million tons a year. But it has already reached 4 million tons annually even with the present very limited terminal facilities. We can be sure traffic will grow beyond our fondest hopes, bringing up mostly coal and fuel oils and taking down mostly grain and its products, such as linseed oil. It should lead to an increase of traffic for railroads and other transportation, too, as they bring products from the vast hinterland to the harbor and take other commodities back.

Mr. Chairman, a Congressman suffers some frustrations, but there are also great satisfactions. When he is able to help convert a great resource that nature gave us into a magnificent development to benefit a great city and a greater area and their people for decades to come, it is very rewarding. Not the least of the satisfactions is the knowledge that the taxpayers who paid the bill will get full value received.

TRIBUTE TO BEN JENSEN

Mr. SCHWENGEL. Now, Mr. Chairman, there has been a lot of kind words spoken here today, about both people and projects.

I cannot remember a year in my eight sessions here when there has been less acrimony on this bill than this year. Perhaps we are becoming more polite, but I like to think we have become more wise. We realize that these great projects are capital improvements, but there is a certified benefit to be reaped from each of them, in varying degree.

I sit on the public works legislative committee, and I know that we listen carefully to these requests for authorizations. They have to make just as good case for us as they do later when they come before the Public Works Appropriations Subcommittee. We do not wave a doubtful project through, hoping that it will get stuck in the money committee for lack of merit.

Therefore, at this point, I would like to commend my earnest colleague from Iowa, Ben Jensen, for his conscientious work on the Appropriations Subcommittee dealing with these countrywide projects.

He comes from the Missouri River side of our State, while my district lies along the Mississippi River. But when it comes to a sympathetic ear for funds to create necessary public works, my constituency could have no greater friend. I am extremely pleased to have him in his position of prominence on the powerful Committee on Appropriations. When the Republicans capture the House this year, as it begins to look increasingly likely, Iowa's Ben Jensen will become one of the most powerful men in our Government, and right at a time when this country can use him most.

Ben Jensen, fighting mainly from a minority position, has already saved this country billions of dollars. Whether he becomes chairman after this year or not, his influence will still be felt considerably. His is not a blind conservatism. He recognizes the responsibilities and obligations of the Central Government in many constitutional fields. He is generous where the veterans are concerned, and their widows and orphans. He supports all kinds of medical and scientific research.

He is a leading soil conservationist and watershed advocate; he supports enthusiastically meritorious flood control projects, and he has strongly supported for his 24 years in the Congress the basic purpose of the act creating the REA. He favors bringing low-cost energy into farm homes not served by investor-owned companies, and his record shows that.

So, I find it a labor of love to recite these encomiums relative to the dean of our delegation.

He is an asset to Iowa, and practically a necessity to our country. We need more like him. We should not expect him and a few others to shoulder the whole burden.

Despite all efforts by Ben Jensen and a handful of other sound thinkers, this country continues to slip deeper and deeper into debt.

I hope we can bring about some miracle which will alter that bankruptcy course, but in the meantime we can sleep easier knowing that but for Ben Jensen and others of similar philosophy on the Appropriations Committee we would be another $50 or $60 billion in the hole.

The Clerk read as follows:

TITLE I—DEPARTMENT OF DEFENSE—CIVIL

Department of the Army

Cemeterial Expenses

Salaries and expenses

For necessary cemeterial expenses as authorized by law, including maintenance, operation, and improvement of national cemeteries, and purchase of headstones and markers for unmarked graves; purchase of one passenger motor vehicle for replacement only; maintenance of that portion of Congressional Cemetery to which the United States has title, Confederate burial places under the jurisdiction of the Department of the Army, and graves used by the Army in commercial cemeteries; $10,276,000: *Provided*, That this appropriation shall not be used to repair more than a single approach road to any national cemetery: *Provided further*, That this appropriation shall not be obligated for construction of a superintendent's lodge or family quarters at a cost per unit in excess of $17,000, but such limitation may be increased by such additional amounts as may be required to provide office space, public comfort rooms, or space for the storage of Government property within the same structure: *Provided further*, That reimbursement shall be made to the applicable military appropriation for the pay and allowances of any military personnel performing services primarily for the purposes of this appropriation.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time at an early stage in the reading of the bill in order to speak of an item that is included, an item about which I had no information until yesterday after the bill was reported.

To give you just a little background, when I first came here in 1935 the Governor of my State was Paul V. McNutt. In concert with him and other Representatives of the State of Indiana—I think at that time Senator Minton was here, and Senator Van Nuys was in the Senate—we began work on what we as people from Indiana thought was a matter of vital necessity to the industrial development of our State. We were seeking to bring about the construction of a deepwater port on Lake Michigan on the shore of Indiana where there would be space available for industrial expansion.

As I say, that started a long time ago. It began with a bill for the survey and the examination of the lakeshore of the State of Indiana. At that time the Secretary of War was directed and authorized to make an examination and survey of the shore of Lake Michigan and the frontage thereon in the State of Indiana looking to the establishment and construction of a new and adequate commercial harbor at the most suitable site. You understand, the directive at that time in 1935 was the determination of a suitable site.

Following hearings the Board said that it recognized the probable future need for a suitable harbor for general commercial use on the lakeshore of the State of Indiana but was of the opinion that the selection of such a site for such an improvement should be based on a comprehensive review of the whole available frontage.

That was provided for by action of the Congress in 1937. The survey was made. It dealt extensively with all of the existing harbors on the Indiana shore of Lake Michigan, their facilities and their potential use. It dealt with the geographic distribution of these ports, the cities and towns in the immediate area of that site. It dealt with existing rail and truck facilities and their availability, and many other features.

Then, under the heading of "Conclusion," the Army Engineers said this:

> The Burns Waterway site is the only one on the Indiana shore of Lake Michigan at which sufficient space is available for the type of general and industrial commercial harbor desired by local interests.

That is pretty conclusive, is it not? That plainly establishes that a determination had been made.

Then further they refer to the adjacent State park which we have in Indiana with 3 miles of shoreline, just a bit of it presently used, the nearby towns, residential development, and the heavy industrial development west of the Burns Waterway site, and they ruled that out as the place to build a harbor. So finally, after hearing after hearing and many representations made, the Army Engineers finally recommended the Burns Waterway Harbor site in Indiana, with provision for a deep-draft harbor at Burns Waterway on the south shore of Lake Michigan. Harbor improvements would consist of a north breakwater, a west breakwater and so on; and then the estimates are given as to the cost.

Now let me again point out that this has been an effort carried on by the State of Indiana by every elected Governor, Democrat and Republican, and is being presently carried on by Gov. Matthew E. Welsh, of Indiana, who happens to be a Democrat and the Indiana Port Authority that has spent many, many dollars of Indiana money to further this project and which is now in the process of acquiring land to build this harbor, approved by the Army Engineers, and waiting for final action from downtown.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Chairman, here is an item of $50,000 included in this bill. I am saying to you in the light of the history of everything that has gone on if this item is intended to be in the nature of something adverse to the Burns Waterway project it would be pretty much a slap in the face for the people of Indiana, and I say even now under the present administration, to Members of Congress by and large and U.S. Senators who have been for this port at the Burns Waterway; here there is $50,000—to do what? To study something in an adjacent area, apparently, to once again determine feasibility. Well, the proposition as to the feasibility has already been determined. How many times do we have to determine it before Indiana can achieve the thing for which we have been struggling all these years, and that is, our fair opportunity of access to the waterways of the Great Lakes and now through the St. Lawrence Seaway, which I supported, to the ocean itself.

Mr. Chairman, I say this item should never have been in here. I have just talked to Governor Welsh by phone. I understood that there is some language which may be acceptable and the Governor has asked me not to offer an amendment to strike out the $50,000. After all, the Governor is the representative of the State of Indiana. He has appointed the harbor commission. He has been supporting this project. He has been in and out of Washington right along so I suppose that my situation is such that about all I can do is to make some observations here. But I just wanted this to be clearly understood: if this insertion of the amount of $50,000 were to be interpreted as any sort of a roadblock for the holding up of the approval of this report it will be a blow to the people of Indiana who have fought for so long, all of us—both parties—with some exception here and there, and I understand my great friend and colleague from the First District is now in favor of having this $50,000 in here. But from the standpoint of the overwhelming majority of the people of the State of Indiana, they want this Burns Waterway project accomplished. It is our just due. We do not want any more roadblocks thrown in our way. As I said at the outset, here you are asking the engineers to make another survey in spite of the fact that they were specifically directed to conduct the survey in an earlier action by the Congress—not just of one location but of the whole shore of the State of Indiana to determine the best site. They have made that recommendation. It came from the Chicago office to the Army Engineers here in Washington and they have approved it. So it has gone through all the proper actions and procedures that a matter such as this has to go through ordinarily when reports are asked for and the project has been submitted to all the interested parties and agencies of government. I express the hope that the Bureau of the Budget and the White House will give us the approval that I think we are entitled to, and will do so without further delay. So the least I can do on this occasion is to make it very clear in this RECORD that if this item remains in the bill, it should not be construed as an obstruction in the way of the accomplishment of this project with respect to which I and so many others have spent so much time. I have appeared at hearings all over the country, in Chicago and here in Washington and Detroit and in other places in the company of past and present Governors of my State and of U.S. Senators, and on many occasions in the company of the entire congressional delegation from the State of Indiana.

As I say, if the item stays in the bill, I certainly do not want it construed any place anywhere as roadblocking the accomplishment of our harbor project.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. CANNON. It was not the intention or purpose of the committee to take sides in the matter whatever. The proposition presented is so small, that of making a brief and minor exploratory investigation which would be concluded before final determinations on funding Burns Ditch Harbor would have to be made. I would say that the committee had no intention whatever of prejudging the merits of the Burns Ditch proposition. We appreciate the information the gentleman gives us.

Mr. HALLECK. I notice in the report mention made of the item. When I look further on in the report it is clearly indicated that it is an unbudgeted item; in other words, the Bureau of the Budget did not ask for the inclusion of this item.

Mr. CANNON. The gentleman is correct.

Mr. HALLECK. There is one other peculiarity about it I could not quite understand, and that is that this survey item is included in the projects for Illinois.

Mr. CANNON. The gentleman understands this was an exploratory proposition involving both States.

Mr. HALLECK. Then, I fairly assume from the fact that it was listed under Illinois projects that it primarily has to do with benefits to Illinois and hence would not have much to do with what we are trying to accomplish.

Mr. CANNON. It covers both States, and when it was included in the bill it was listed under the State which occurs first in alphabetical order as is customary in our report tables.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, what my friend and colleague from Indiana just stated is a rather enthusiastic résumé of what has taken place on this so-called Burns Ditch Harbor; but I merely want to kind of review a few facts that were omitted.

This Burns Ditch Harbor did not start with Governor Handley or Governor McNutt. This location at Burns Ditch Harbor is on the south shore of Lake Michigan, the southern point of Lake Michigan. There is a 600-mile sweep down the lake, and when storms strike from the north mammoth deposits of land, rock, and silt is what builds up the Indiana dunes.

I discovered some ancient history about this particular matter of the Burns Ditch Harbor over in the Congressional Library. I discovered that Senator Daniel Webster back in 1836 came to Michigan City on a big Fourth of July celebration for the opening of a new harbor at Burns Ditch. They had quite a celebration on the opening of a great harbor there. That was 126 years ago. They discovered later, however, which they did not know then, that these terrific storms that built up the dunes kept on coming, and the Government had to make about 8 or 10 appropriations over the next 50 years to keep that particular harbor cleaned out of sand and silt. Therefore, the harbor never amounted to much.

The Army Engineers in 1960, which is only 2 years ago, brought back a report on their long study on a harbor at Burns Ditch. They mentioned in a paragraph of that report the fact that the 600-mile sweep down the lake from the north would greatly jeopardize a harbor at this location.

They mentioned in another paragraph, Mr. Chairman, in this survey that the Army Engineers made in that 1960 report that 97 percent of the cargo for the foreseeable future—they mentioned 15 years—would go to two proposed steel mills to be located at Burns Ditch. One of these steel mills is headed by George Humphrey, former Secretary of the Treasury, who has started the construction of his National Steel mill. On the other side of Burns Ditch there will be a proposed steel mill owned by Bethlehem Steel. This Army Engineer report said that 97 percent of all the cargo for the next 15 or 20 years would be cargo for those two steel mills, which means only about 3 percent of lake shipping would benefit central Indiana.

The report of the Army Engineers 2 years ago, 1960, discounted the value of public shipping at this harbor point.

Now, a mysterious thing happend. In 1960 George Humphrey was very active as an adviser at the White House. The Army Engineers recalled that report. They held a new set of hearings in Indianapolis. I appeared at those meetings against the Burns Ditch location, and I reread before the Army Engineers what they stated in their 1960 report. So under this new hearing that took place the old Army report went into the discard, and the new report released months later did not mention the hazards of the Burns Ditch location which were set out in the 1960 report. The new report did not mention 97 percent of the shipping that the two proposed steel mills would receive from the $80-million harbor to be erected at taxpayers' expense.

About 15 or 20 miles west of Burns Ditch is a natural harbor location where there is industry already established. There are three major steel mills, the majority of the oil companies have their refineries there, and about 200 other industries, large and small, have already been located and established. This $50,000 Army Engineers survey calls for a study of the tricity harbor location in the center of a great industrial area.

Let the Army Engineers survey this magnificent harbor location at Hammond and East Chicago and Whiting where they have superior facilities, transportation, and an already constructed breakwater.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

(By unanimous consent (at the request of Mr. MADDEN), he was allowed to proceed for 3 additional minutes.)

Mr. MADDEN. Mr. Chairman, it seems there was a great deal of excitement during Governor Handley's administration a few years ago when this proposed Burns Ditch was promoted. There was a great opening ceremony held. Former Secretary George Humphrey was there, as well as a number of distinguished officials and real estate people from all over the State. A few distinguished politicians, investors, and other people organized and bought a lot of land around the Burns Ditch area. We do not need to go into that at this time. I am asking the Congress to let the Army Engineers make a harbor study in Lake County where large industry is located. It would cost only $50,000. Let them make that survey and make a report on it. If they want to go through and grant a permit to go ahead at Burns Ditch, let them go ahead. They will have to come back to Congress to get the money to build it, and we can then debate the pro and con of Burns Ditch harbor.

I ask the committee not to eliminate this amount of $50,000 which is necessary to study all locations for a Lake Harbor in northern Indiana. They estimate Burns Ditch harbor will cost $80 million. It will be $150 million before they get through. And for $50,000 you may save a $150 million experiment.

The chambers of commerce, labor, public, and the mayors of the cities of Lake County, Ind., all want a harbor in northern Indiana. We think we have a good location for it. I do not have time to read a statement made by the Inland Steel Co., stating their opinion against a harbor at Burns Ditch. You should read some of the things they say about the harbor at Burns Ditch. For instance, they owned for years 800 acres of land there, but the reason they never built a steel mill down there was on account of what I just narrated, the terrific storms from north to south on Lake Michigan with its tons of sand and silt which makes a harbor at Burns Ditch impracticable. I want to congratulate the Appropriations Committee for acting favorably on a $50,000 fund to start a survey on the tricity harbor in the great industrial region of Indiana.

Mr. ROUSH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is a very serious matter for the State of Indiana. I have also prepared an amendment which would have deleted this $50,000. The purpose of its preparation was to protect our present plans for an Indiana port at the Burns Waterway location.

Mr. Chairman, I would like to clarify a matter, for the sake of the record and to establish a proper legislative history. If the distinguished chairman of the committee, the gentleman from Missouri [Mr. CANNON] would give me his attention, I would like to ask concerning this item:

The item to which I am referring, Mr. Chairman, is to be found on page 5 of the report on the public works appropriation bill for 1963 under the general heading of "Civil Works," and then further, under the heading "Illinois" and the project is identified as "Hammond-Whiting-East Chicago, Navigation," for which $50,000 is designated. Do I understand, Mr. Chairman, that it is the intention of the committee that the appropriation of such funds is not an expression by the Congress at this time that the Burns Waterway harbor site for an Indiana port should either be approved or disapproved?

Mr. CANNON. Mr. Chairman, if the gentleman will yield, may I say that the gentleman is correct. The answer is "Yes."

Mr. ROUSH. I thank the chairman for his response. I wanted to make absolutely sure that the record was clear that there is to be no delay or interference with the construction of an Indiana harbor at the Burns Waterway site.

Mr. Chairman, my distinguished colleagues have given to the Members of the House a bit of the history on this harbor. When the northern border of Indiana was established, it was negotiated at a place above the southern shore of Lake Michigan in order that Indiana might have a portion of that shoreline with the view of someday using that lake. We have come a long, long, hard road in order to arrive at the place we are today. It now appears that an Indiana harbor will be constructed. We are interested in nothing which will obstruct the construction of that harbor.

Mr. Chairman, the Governor of the State of Indiana, who is a Democrat, his predecessor who was a Republican, the Lieutenant Governor of Indiana, and all but one of the Indiana congressional delegation, including the two Indiana Senators, have expressed themselves favorably concerning this proposed Indiana harbor at the Burns Waterway. I am glad that we have made this record clear. I am not going to offer my amendment. I trust that the administration, through the Bureau of the Budget, will give immediate approval to our Indiana harbor and that this project might be included in the rivers and harbors authorization bill so that Indiana might reap the benefits for the years to come from a harbor in the northern part of the State, which I am sure will be gratefully received by the vast majority of our people.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, with or without the $50,000 for Indiana this bill is still going to cost $4,613 million-plus. I am not particularly impressed with the $131 million cut below the asking price of the Bureau of the Budget, but I am impressed with the fact that it is almost $673 million more than was spent for the same general purposes last year. Now, with a deficit this year of $6.3 billion—and I am aware of the fact that much of the increase in the bill is going to the atomic energy setup—but with $6.3 billion deficit in the operation of this Government last year, it seems to me that sometime, someplace, somehow this Congress is going to have to begin to cut this and other bills. How is it expected to balance the budget and continue to spend more money? If the atomic energy program must go on at an accelerated rate, then cut somewhere else. But let us stop this spending that runs the Federal Government into the red to the tune of $6 to $8 billion a year, and a few years ago $13 billion in 1 year. How is it expected to keep this Nation from bankruptcy if there is no disposition to cut some of these bills?

All of these things are fine, I am sure, but somebody is going to have to forego some of the good things of life if this Nation is to remain solvent. Now, I am interested in the language to be found on page 4 of the bill, which says:

> That no part of this appropriation shall be used for projects not authorized by law.

It seems to me that in this bill the legislative process is operating in reverse. In other words, there must be projects in this bill that are not authorized by law but for which the committee is providing money and hoping the Congress will eventually pass the authorizing legislation. Is this common, ordinary, everyday appropriation language, or are we embarking upon something new in this bill that provides for the appropriation of money before Congress authorizes the appropriation? Is this common practice, I ask the Chairman?

Mr. CANNON. The gentleman, I have no doubt, is aware that this is a provision carried in the bill each year. We do not list each project in the bill as a line item, so we do make provision to prevent use of funds on unauthorized projects. Money cannot be used unless it is for authorized purposes, and the item is not subject to a point of order because this language protects it.

Mr. GROSS. The gentleman from Ohio [Mr. KIRWAN] mentioned the project in Flushing Bay and Flushing Creek, N.Y., as not being authorized. I wonder if somebody will tell me the purpose of this project? I do not seem to find anything in the report about it and I wonder why it is being appropriated for before Congress authorizes it. What is this project?

Mr. CANNON. It is in anticipation of a World's Fair in New York, as the gentleman understands. It provides for improvements to an existing harbor which are justified with a benefit-cost ratio of 3.3 to 1. These improvements will also incidentally facilitate water access to the fair area.

Mr. GROSS. I ask the gentleman from Missouri if we did not appropriate $17 million for the New York World's Fair in the belief that would take care of all Federal participation? What is it proposed to do—dredge a channel or establish a yacht harbor, something of that kind?

Mr. CANNON. The gentleman understands that these are two entirely different propositions. One is for taking care of a harbor which requires urgent attention. The other is for a purpose which had to be taken care of at a very early date.

Mr. GROSS. What is this Flushing Bay project? What is its purpose?

Mr. CANNON. In response to the inquiry of the gentleman from Iowa, may I say that this proposal is for an anchorage basin and for a breakwater, which are essential, as the gentleman understands, in that immediate area. The estimated Federal cost is $2,315,000. Local interests are contributing $1,154,000 or about 30 percent.

Mr. GROSS. It is a breakwater; is that what the gentleman says?

Mr. CANNON. Yes; and harbor deepening.

Mr. GROSS. To break what?

Mr. CANNON. It is an anchorage basin, and we must have the breakwater in order to protect the anchorage basin to make it safe in order that vessels using the harbor now and others which will be taking visitors to the fair may do so without hazard.

Mr. GROSS. What is there in Flushing Bay and Flushing Creek?

Mr. CANNON. There is an existing project there. It was authorized in 1925 and constructed in 1937. This deepens the harbor from 12 to 15 feet. This breakwater protects it. It makes a safe anchorage.

Mr. GROSS. Let me ask the gentlewoman from New York, Was it not understood when we passed the bill providing $17 million—was that the amount for the New York World's Fair?

Mrs. KELLY. That is my understanding, $17 million. I thank the gentleman from Iowa for giving me the opportunity to attempt to answer his inquiry. I want to pay tribute to him at this time. His capability and capacity to review and study all projects, and bills which come before us in this House is most helpful to all of us. He brings to this House an alert review of all that we attempt to do and helps us to exert our responsibility.

Mr. GROSS. Was it not understood that this would be the limit of Federal participation in the fair?

Mrs. KELLY. I am sorry, but I believe that $17 million was the U.S. participation in the World's Fair for a building that would be built there. I understand it was not for any other project. I am not fully acquainted with this item. to which you refer. I believe it is for an enlargement of the harbor, a deepening of the channel. It is true that it will be finished to permit larger yachts and boats to come in there bringing visitors to New York to attend the World's Fair. This project was planned, studied long before the idea of the World's Fair was conceived but just happened to be finished at that time. We in New York have given so much to the Federal budget that I do not think this is out of order. The local construction will be $11,154,000.

Mr. GROSS. Suppose Emperor Haile Selassie of Ethiopia decides to come to the New York World's Fair. Could he park that $3 million air-conditioned yacht that we provided him in the harbor?

Mrs. KELLY. My answer is, I hope he can come and bring that yacht, and maybe it would attract more tourists to the city of New York. I also hope the basin may be able to accommodate a yacht as large as that. Maybe in that way we could get returned some of the money we have given to that country.

Mr. GROSS. Mr. Chairman, I have reached the conclusion that this bill, otherwise known as the pork-barrel bill, is much the same as those which have preceded it through the years. There seems to be something in it for almost everybody. I reiterate that instead of having been reduced in cost as compared with last year it is increased by more than a half billion dollars. It is too rich for my blood and if there is no record vote I want to be on record as being opposed to it.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, very little testimony was given before the subcommittee relative to the East Chicago project. Of course, we have had much information relative to the Burns Creek Waterway project for many years past. It has been established here today that the $50,000 which is included in the bill for a survey for the Hammond-Gary area project would have no bearing whatever on the building of the Burns Creek Waterway project.

Mr. BRAY. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman.

Mr. BRAY. I am very happy to hear the gentleman say that it is the intention of the committee that this $50,000 item in the appropriation bill, which is not in the budget, shall not have anything to do with downgrading the Burns Ditch Port for northern Indiana. There has never been a project in Indiana that has had as nearly unanimous backing as this Burns Ditch Port project. Both Members of the Senate and Governors of the State of Indiana, past and present, and 10 of the 11 Indiana Members of Congress have enthusiastically supported the Burns Ditch project. The reason they backed that project is because its need and feasibility has been certified by the Army Engineers over a period of years. The Army Engineers has determined that the Burns Ditch location is where this port should be located. We all realize that most of the opposition to this project has come from interests outside the State of Indiana

Mr. JENSEN. I thank my colleague.

Mr. ROUDEBUSH. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I am happy to yield to my distinguished colleague from Indiana.

Mr. ROUDEBUSH. Mr. Chairman, I would like to say in the 2 years that I have been a Member of this body, I have attended at least 15 or 20 meetings of public-spirited groups in Indiana in favor of the Burns Ditch Waterway. Just this week, I received a rather lengthy communication from the executive secretary of Governor Matthew Welsh of Indiana asking my further assistance in behalf of the Burns Ditch Port. Mr. Clinton Green, who is Governor Welsh's secretary—and Governor Welsh is a Democrat—is chairman of the Burns Ditch Port Commission. I would just like to say to the gentleman from Iowa, as one Member of the Indiana delegation, I wholeheartedly favor the consideration of the port at Burns Ditch.

Mr. JENSEN. I thank the gentleman.

Mr. Chairman, may I say, since this controversy has arisen, if it is a controversy, it would appear that a port at both places might be justifiable. There is a great deal of shipping in this area, and I would be the last one to attempt to deny the Hammond-Whiting-East Chicago project from being developed, if the survey shows and proves that it is feasible. So, I say again, it appears to be very plain now that these two projects are separate and distinct enterprises, so to speak. Hence, the Burns Creek project should go forward, irrespective of other proposals.

The CHAIRMAN. The time of the gentleman has expired.

The Clerk read as follows:

CORPS OF ENGINEERS—CIVIL

The following appropriations shall be expended under the direction of the Secretary of the Army and the supervision of the Chief of Engineers for authorized civil functions of the Department of the Army pertaining to rivers and harbors, flood control, beach erosion, and related purposes:

Mr. BENNETT of Florida. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I note that in its report on H.R. 12900 providing appropriations for public works for the fiscal year 1963, the Committee on Appropriations has disallowed the President's budgetary request for $205,000 to complete the advanced planning and the design of the authorized Cross Florida Barge Canal. I have no doubt that this action by the committee was taken after careful and impartial consideration of the testimony of the Chief of Engineers supporting this request of the President, and also the ex parte objections presented by witnesses for the principal competing form of transportation. But I am convinced that the committee has erred in their interpretation of this testimony through an incomplete understanding of the true facts with respect to this project which is not only fully justified by its benefits to the national economy but which is today even more essential to the national defense than it was in 1942 when it was authorized for that purpose. It is my hope that the committee will embrace the first opportunity to reconsider their conclusion.

I believe that the committee has erred in their interpretation of and in the weight they have given to the elements of the testimony cited by them as the basis of their findings, and all of which contradict the data and opinions presented by the Chief of Engineers.

The committee states that the project was authorized in 1942 and that it has since been studied on four separate occasions, and that the cost estimates of the Chief of Engineers have varied from $44 million in 1942 to $145 million in 1962, and that the benefits/cost ratio found by him has risen from 1.05 in 1958 to 1.2 in 1962. The committee cites the findings of a ratio of 4.6 by independent expert consultants employed by the Chief of Engineers, and the ratio of 0.13 submitted in an ex parte statement by representatives of the principal competing overland carriers. The committee has overlooked the fact that the differences in the Chief of Engineers estimate of cost in 1944 and his current estimate is due solely to increases in the cost of labor and materials over that 20-year period adjusted to certain relatively minor changes in plan. A corresponding increase obviously applies to all projects which have been authorized for any considerable time. I submit that the estimates of the cost and the benefits made by the Chief of Engineers are admittedly conservative in the extreme and are highly consistent. A net result of all studies of this project is a confirmation of the adequate and ever-increasing justification. When the committee suggests that it be submitted to yet another study as a condition precedent to reauthorization because it has been authorized for 20 years, are we to understand that the committee is proposing the same procedure for all projects authorized more than a few years ago and not yet funded, and that all such be resubmitted to the legislative committees and the Congress for possible reauthorization?

Concluding that 80 percent of the benefits of the project found by the Chief of Engineers reverts to the State of Florida, the committee has overlooked the fact that, in addition to national benefits to through traffic, commodity movements via the proposed canal originating outside the State and destined to Florida benefit directly the areas of origin, and that commodity movements originating in Florida and destined to areas outside the State benefit directly the areas of destination. As a matter of fact, there is probably no project, proposed or existing, the benefits of which are as nationwide as will be those of the Cross Florida Barge Canal.

The record of the hearings held by the committee on this project makes it clear that objecting witnesses for competing modes of transportation who alleged that the proposed canal did not afford a safe route between the gulf and Atlantic systems of inland waterways did not fully inform the committee. The facts are as follows:

In House Document No. 109, 79th Congress, 2d session, upon which the authorization of this project was based, on page (iii), there is set forth a letter from the Chief of Engineers to the chairman of the Committee on Rivers and Harbors in which he states:

> With reference to the use by intracoastal waterway traffic of the open gulf between the eastern terminus of the present intracoastal waterways in the vicinity of Apalachee Bay and the gulf terminus of the above-mentioned barge canal, it may be stated that coastwise traffic now follows this route and that while some danger is connected therewith, I am informed that there is very little time lost in navigating this portion on the gulf. Accordingly, it would be possible to eliminate that section of the intracoastal waterway from the improvements proposed in H.R. 6999 and still move very large quantities of commerce by barge from terminals along the gulf coast to the eastern seaboard with the completion of the other improvements proposed in the bill.

Barge traffic is now, and has been for many years, moving over the Apalachee Bay reach from the terminus of the gulf intracoastal waterways near Carrabelle to the mouth of the Withlacoochee adjacent the proposed gulf terminus of the Cross Florida Barge Canal project and to Ceder Key and other points on the Florida west coast.

The ease of barge navigation and the safety thereof in open waters is not primarily dependent upon condition of wind and water but on the power of the tug. The power of the tugs used on our intracoastal and other inland waterways has been constantly increasing during the past two decades, and relatively short hauls, like that in question, over coastal waters are now routine. Almost all major routine barge movements over our inland waters are now propelled or towed by tug sufficiently powerful to move barges safely in the coastal water of Apalachee Bay.

The route of the Cross Florida Barge Canal was the subject of a very extensive survey—from southern Georgia to central Florida—extending over many years. The final selection of alinement was made in the light of the consideration—among others—that so far as through barge traffic is concerned, the reach in the gulf across Apalachee Bay is entirely practicable for inland barge navigation. This reach is no more hazardous than are the existing and well-traveled reaches of the intracoastal waterways across Mississippi Sound and Chesapeake Bay.

Probably paramount to all of these considerations is the fact that the reach in Apalachee Bay offers a route for barges which is protected from submarine torpedo attacks. Both naval and merchant officers agree that while offering adequate depth for barge movement, the shoals on this part of the coast extend so far out that they preclude the approach of the submerged submarine within effective range.

Congress was fully informed as to, and took congizance of, this existing reach of the Intracoastal Waterway of the coastal waters of Apalachee Bay, and enacted this authorization in the full light of that knowledge, accepting the judgment of the Chief of Engineers that any hazard to barge navigation in this reach is inconsequential.

In finding that the construction of the Cross Florida Barge Canal will downgrade the economics on which are now justified the Federal expenditures for improving the intracoastal waterways on both coasts of Florida, the committee has overlooked the unanimous agreement of all competent opinion that this project, so far from downgrading these economies, will very greatly enhance them. Typical of this body of informed opinion is that of the Chief of Engineers stated in a letter from him to the Secretary of War under date of March 29, 1945, and approved by the Secretary on April 19. In that letter, the Chief of Engineers says, in part:

> Plans have been completed for the early postwar construction of this Cross Florida Barge Canal which connects with the waterways leading north to Norfolk, previously referred to, the waterway from Jacksonville to Miami, which will constitute a principal seeder to these other sections, has been completed to a depth of 8 feet and a width of 100 feet. I am firmly convinced that there will be an ultimate requirement for a project of 12 feet in depth and suitable width to accommodate commercial needs of the waterways from Miami to Jacksonville. This requirement may not exist in the immediate postwar period, but will certainly become necessary when the Cross Florida Barge Canal has been constructed and placed in operation.

In conclusion, I wish to repeat that my respect for the fairness and conscientious regard to the committee for the relation of such public works to the national economy and the national defense inspires me with confidence that they will take the first opportunity to reconsider their conclusion in the light of the foregoing facts.

Mr. BENNETT of Florida. Mr. Chairman, I ask unanimous consent that the gentleman from Florida [Mr. SIKES] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Chairman, first let me express my appreciation and that of my colleagues from Florida to the Subcommittee on Public Works for its consideration and support on a substantial number of deserving Florida projects. I am particularly pleased to see funds approved for such needed projects as the St. Marks Harbor and Channel. This is one of the most rapidly growing of the smaller ports of the State. It serves as the port of Tallahassee and the Big Bend area of Florida and nearby south Georgia. Despite its growing importance as a port, the inadequate channel facilities require barges to come in light or to wait for high tide. Larger vessels are denied the use of the port for the same reason.

I am glad, too, to note that channel improvements are approved for the Apalachicola River. This is the main artery of the important Apalachicola-Flint-Chattahoochee Waterway. Already it is carrying a heavy traffic load, and when upriver dams are completed, this traffic will double. There is shoaling in the channel which interferes with the optimum use of the channel, and corrections have been recommended by the U.S. Engineers.

Completion of the survey on long needed improvements for East Pass channel at Destin also will be assured by an appropriation item in this bill.

Recognition is given to a growing demand for studies on the need for channels across Santa Rosa Peninsula and Santa Rosa Island. Boat traffic on Pensacola and Escambia Bays originating at Milton, Gulf Breeze, and Pensacola is now denied access to Santa Rosa Sound and the Gulf of Mexico without a long, circuitous trip. Similar recognition is given to the requirement for a survey to determine the need for a navigable channel in the upper Escambia River, Fla., and Ala. This is a growing industrial area which is generating more and more boat traffic.

These are projects which lie in my own district. I am equally appreciative of the consideration shown by the subcommittee in approving other justified and needed projects throughout my State.

In complete frankness, let me state too, I am disappointed in the action of the subcommittee in denying funds for the Florida Cross State Barge Canal. This is a budgeted item. These have been fully screened by administrative agencies and they have been determined to have ample justification. In this case, it is particularly unfortunate that funds were deleted since this year's budget allocation would have completed the preconstruction studies. The entire preconstruction package of design and engineering would have been finished. The only remaining decision would then have been on when to start construction on the project. Full information on which to base that decision would be available. Now, unless the present action is corrected in the Senate, the final stages of the preconstruction package will be left hanging in midair. It is significant that over $1,700,000 have been spent in surveys, advanced engineering, and design for this project. The $205,000 originally contained in this bill is a fully justifiable expenditure, and to delete it must be looked upon as poor economy. It will cost more to come back later, pick up the loose ends, and complete the preconstruction package. We consider that the need for the canal has been determined beyond question, and that a disservice is done to our State by referring further action in this manner.

Mr. BENNETT of Florida. Mr. Chairman, I ask unanimous consent that the gentleman from Florida [Mr. MATTHEWS] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MATTHEWS. Mr. Chairman, I should like to associate myself with the remarks of my colleague the Honorable CHARLES E. BENNETT, of Florida. I think he has given an excellent statement concerning the Cross Florida Barge Canal. I am, of course, very disappointed that the Committee on Appropriations not only disallowed the President's budget request for $205,000 for advance planning and design of this project, but recommended that Congress be asked to reaffirm a previous authorization before any request is again presented to the Appropriations Committee for funding. The committee report quotes varying benefit-cost ratio estimates, which might lead to the conclusion that this important project is not economically justified, in the absence of a more explicit explanation. I do not believe the committee report reflects the more favorable aspects of this proposed project, and I should like to call the attention of the Members of Congress to the fact that the U.S. Army Corps of Engineers, which is the agency of our Federal Government for evaluating projects of this kind, returned a favorable report on the Cross Florida Barge Canal, and recommended immediate construction. The Engineers recommendations were based on their own studies, which showed first a benefit-cost ratio for the canal of 1.05 to 1, in 1958, and later upon a reanalysis, a benefit-cost ratio of 1.17 to 1, in 1962, which for rounding out of the figures is given as 1.2 to 1. A private company which made a recent economic evaluation reported a benefit-cost ratio of 4.6 to 1. Now, I realize that the Corps of Engineers cannot accept an economic evaluation by a private company, but it is interesting to note that on the basis of this evaluation, the Corps of Engineers did find a more favorable benefit-cost ratio. I think it is important to point out, also, that each year there is a more favorable benefit-cost ratio from the previous year. With the extraordinary growth of Florida, this benefit-cost ratio could well become more and more favorable with the passage of time.

It is difficult, indeed, to estimate the great good that would result from this Cross Florida Barge Canal. In my opinion its worth to the entire State of Florida and to the Nation is incalculable. It would serve as a connection between the gulf and the Atlantic intracoastal waterways and would provide a new mode of transportation to the immediate tributary area which includes 10 Florida counties, 7 of which are in my district now, or will be added January 1, 1963; namely, Alachua, Clay, Flagler, Levy, Nassau, Putnam, and St. Johns. According to the U.S. Engineers' analysis:

> For certain commodities the trade area tributary to the canal is the entire State of Florida or the southeastern region of the United States.

I think it should be emphasized, also, Mr. Chairman, that this canal will have a tremendous effect on the defense of this Nation. Certainly in the age of space we now find ourselves with the tremendous space operations in Louisiana, Texas, and Cape Canaveral, Fla., this canal would be of tremendous benefit.

I most earnestly hope the Congress will see fit to restore the $205,000 recommended by the Corps of Engineers and the President for the further planning for the Cross Florida Barge Canal.

Mr. BENNETT of Florida. Mr. Chairman, I ask unanimous consent that the gentleman from Florida [Mr. HERLONG] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HERLONG. Mr. Chairman, I wish to associate myself with the remarks made by the distinguished gentleman from Florida [Mr. BENNETT].

It is true that a great deal of misinformation has been put out on this project, but the misinformation has been put out by the opponents. Of course this is designed to try to confuse the committee and bring about inconsistencies.

The argument that the committee makes in the report to the effect that the Cross Florida Barge Canal would not be feasible if constructed because the western terminus is 8 miles out into the Gulf of Mexico falls flat on its face when confronted with the fact that at the present time a number of barges are using the open gulf between Tampa and St. Marks.

The Clerk read as follows:

GENERAL INVESTIGATIONS

For expenses necessary for the collection and study of basic information pertaining to river and harbor, flood control, shore protection, and related projects, and when authorized by law, surveys and studies (including cooperative beach erosion studies as authorized in Public Law 520, approved July 3, 1930, as amended and supplemented), of projects prior to authorization for construction, $16,561,900, to remain available until expended: *Provided*, That $100,000 of this appropriation shall be transferred to the U.S. Fish and Wildlife Service for studies, investigations, and reports thereon as required by the Fish and Wildlife Coordination Act of 1958 (72 Stat. 563-565) to provide that wildlife conservation shall receive equal consideration and be coordinated with other features of water-resource development programs of the Department of the Army.

Mr. GOODELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to speak out of the regular order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

MANPOWER RETRAINING PROGRAM

Mr. GOODELL. Mr. Chairman, I have asked for this time to speak out of order simply to point out a statement that was made by the President on Monday night in his speech to the Nation which troubled me a great deal. I quote:

> Four hundred thousand unemployed men and women are now receiving retraining so that they can find new work in new industries and new jobs.

Mr. Chairman, I think everyone in this body knows I am in deep sympathy with and am greatly interested in the manpower retraining program.

I think that is a disservice to the program. The President says 400,000 people are being retrained. The fact of the matter is that there are exactly zero people being retrained under the manpower bill at this point. It is an unfortunate fact but a true one.

The President mentioned specific examples of individuals who are being retrained. Those individuals are being retrained under the area redevelopment legislation, the depressed areas bill, and there are a total, I am informed, of 9,000 people being retrained under the depressed areas bill. This is a long, long way from the 400,000 which the President indicated are being retrained.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GOODELL. I yield.

Mr. PERKINS. I think the gentleman will find that the President's statement does not limit the 400,000 to the manpower training bill which was passed this year. He meant the Vocational Rehabilitation Act and all the other training programs we now have in effect in this country.

Mr. GOODELL. I just read his statement. If that is not what he said, this is what he meant. First of all, it was misleading, and, second, it is still not true, because the Vocational Rehabilitation Act provides for training 100,000 people this past year. That is the number under the Vocational Rehabilitation Act. Under the vocational education program there were over 3 million people participating. He could not possibly have meant that program. The number of people in the various retraining programs does not add up to anything like 400,000.

Where he got this 400,000 figure I presume is from the projected training that will be done under the manpower bill. In the first year, if it were fully funded, with all the money that was requested, $100 million for the first year, we could train presumably 160,000 people. In the second year another 250,000 people. In these 2 years, if the program is running well and if we get all the appropriations necessary, we will have trained 400,000 people. That is the figure.

I may say to the gentleman further that I have talked to administration people who are running this program and they tell me they consider this to be an error and they do not know how it got there.

Mr. PERKINS. Mr. Chairman, will the gentleman yield further?

Mr. GOODELL. I yield at this point.

Mr. PERKINS. What the gentleman is now stating is correct as to the number that will be retrained under the manpower bill next year and the year after and in the future.

I believe that the distinguished gentleman from New York is indulging in the game of gnatpicking. If I were to play the same game, I would have no difficulty whatsoever in justifying the 400,000 figure from those being trained under the area redevelopment program, the veterans program, and the vocational rehabilitation program to mention only a few. In fact, I am advised that for this fiscal year the vocational rehabilitation program has reached the 100,000 mark. This past fiscal year I am advised that the Vocational Rehabilitation Agency in HEW is retraining at the rate of 100,000 annually. I am at a loss to account for my distinguished friend's reasons for his comments, especially when we both know that the President did not sign into law the appropriations bill to fund the Manpower Act until last Tuesday, the day following his television address.

Mr. GOODELL. Mr. Chairman, the President made a speech Monday night to the Nation. Among other things he mentioned the manpower retraining program.

I think all of you are aware of my ardent support for the retraining principle. It makes me unhappy, therefore, to have anyone misrepresent the program or inspire extreme expectations from it.

President Kennedy said, and I quote:

> Four hundred thousand unemployed men and women are now receiving retraining so that they can find new work in new industry and new jobs.

Mr. Chairman, unfortunately there is not a single unemployed person receiving retraining today under the Manpower Retraining Act. Two years from now, if Congress appropriates all the money authorized in the Manpower Act, we will have an estimated 410,000 people trained or in training. But that's 2 years from now, not today.

It should not be necessary for the President to exaggerate so grossly in order to defend a good program. It is wrong for him to mislead the American people. What are our people going to say next year when they are told we are training only 160,000 people? What are they going to say 2 years from now when we are training just the 400,000 the President boasted of this week? Mr. Chairman, I sincerely regret this obvious mistake.

Let me emphasize that there are some workers being retrained under the depressed areas bill. The total as of June 30, 1962 was 9,000, a far cry from the 400,000 mentioned by the President. Today I am authoritatively informed there are exactly zero trainees being retrained under the manpower retraining bill.

Actually, the Manpower Act specifically authorized $5 million to be spent between March and the end of the fiscal year, June 30, so that necessary preliminary studies could be completed and retraining started as soon as possible after July 1. That money was never appropriated because of the appropriations hassle between the House and the Senate.

Up until Tuesday of this week there has been no money available for the manpower retraining program. The President just signed the appropriations bill for labor, health, and welfare, cutting the program from $100 million to $70 million. I deeply regret the cut in this particular appropriation. It is a clear example of Congress being penny wise and dollar foolish.

In any event, let the record be clear that there are not 400,000 unemployed men and women "now receiving retraining."

I would hope the President would correct his error to avoid any inference that it was an intentional misstatement of fact. The American people should be able to rely on facts given to them by their President, particularly in a bipartisan program like the manpower retraining legislation.

Mr. Chairman, The President made the statement which I quoted specifically that 400,000 unemployed people are now being retrained. Try as you will, by combining all the various programs that are involved in retraining now, you cannot come up with 400,000.

The vocational rehabilitation program, which is quite apart from the retraining legislation, last year by actual figures retrained 100,000 people. The Area Redevelopment Administration retrained 9,000 people. They have now in retraining 9,000 people. The reason I take the floor is because I believe very deeply in this program. Two years from now, we are going to come back to the Congress and to the people of this country, if the program is successful, and say we are now retraining 400,000 people, and somebody is going to say, "Why President Kennedy said 2 years ago you were retraining 400,000 people." It should be clear to everyone here and to the country that at this point, we are retraining absolutely no one under the manpower bill.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GOODELL. I will be glad to yield at the end of my statement. I do not want to be cut off in what I want to say.

The combination of all programs does not reach 400,000 even if you stretch your imagination in every direction. We hope that we will get the appropriations to do the job of 400,000 in the next 2 years, but the Committee on Appropriations just cut the first year's appropriation from $100 to $70 million and when I talked to the people at the Labor Department and asked them how many they are retraining today, they said "Under the manpower bill in the Labor Department, no one, because we have not got the money yet. We specifically, in the retraining legislation which was signed by the President in March, put in an authorization for $5 million between March and June 30 hoping to get the preliminary studies done and start retraining some of these people on the 1st of July. Unfortunately, the appropriation never went through and the $5 million never became available. So there has been no preliminary study made and there is no one being retrained under the manpower bill. I say this in the greatest sympathy. I approve of the program, obviously. I wish more people were being retrained, but I did not want any misinterpretation of these comments.

Now I am delighted to yield to my colleague, the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I want to state that the gentleman is correct insofar as his statement applies to the general manpower bill.

Mr. GOODELL. Mr. Chairman, I decline to yield further at this point. The gentleman said all of this the last time. The gentleman can ask for his own time to answer, if he will. The gentleman said all this the last time, but I have been through the figures and those now being retrained in all programs do not add up to 400,000 even if you use your imagination on it.

Mr. JOHNSON of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Johnson of Maryland: On page 3, line 23, strike out "$16,561,900" and insert in lieu thereof ' $16,576,900".

Mr. JOHNSON of Maryland. Mr. Chairman, I rise in support of my amendment which would provide $15,000 for a much needed survey of the Rock Hall Harbor in Maryland. First, however, I wish to commend the Committee on Appropriations for their labors on the public works appropriations bill. With a great need for such improvements in our country, I am aware of the difficult task that confronts the committee in drafting a bill that would meet the need of the many meritorious projects throughout our country.

In my district, there are several approved resolutions for surveys. And I am sure many other Members of Congress have proposed projects in their districts in which they are vitally interested. The First Congressional District of Maryland and, I may add, the State of Maryland are perhaps confronted with as many navigational problems as any State in the Union. Many of our people and a great segment of our economy are dependent upon our innumerable waterways.

In particular, there is urgent need for harbor facilities at Rock Hall. Some years ago the Federal Government spent a considerable amount of money to provide Rock Hall with an anchorage area. Now apparently, the breakwaters have either sunken or the water level has raised, rendering the project ineffectual. During May of 1959, General Person, Assistant Chief of Engineers for Civil Works, stated that a study for this particular harbor was warranted, that there may be fuller utilization of the facilities. I have therefore endeavored to secure the necessary funds for the survey under section 107 of the Rivers and Harbors Act of 1960. It was only the past date that I was informed by the Corps of Engineers that the project in question could not qualify under this particular act. Feeling that the proposal was not only meritorious but urgently needed I talked with the chairman of the committee today, who advised me that the committee would accept my amendment.

I want, therefore, to thank the very able chairman as well as the members of the committee for their cooperation and interest in this project.

The CHAIRMAN (Mr. BOGGS). The question is on the amendment offered by the gentleman from Maryland [Mr. JOHNSON].

The question was taken; and on a division (demanded by Mr. CANNON), there were—ayes 17, noes, 67.

So the amendment was rejected.

The Clerk read as follows:

CONSTRUCTION, GENERAL

For the prosecution of river and harbor, flood control, shore protection, and related projects authorized by law; and detailed studies, and plans and specifications, of projects (including those for development with participation or under consideration for participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such studies shall not constitute a commitment of the Government to construction); $762,361,000, to remain available until expended: *Provided*, That no part of this appropriation shall be used for projects not authorized by law or which are authorized by law limiting the amount to be appropriated therefor, except as may be within the limits of the amount now or hereafter authorized to be appropriated: *Provided further*, That none of the funds appropriated for "Construction, general", in this Act shall be used on the project "Missouri River, Kansas City to mouth", for any purpose other than bank stabilization work: *Provided further*, That $600,000 of this appropriation shall be transferred to the United States Fish and Wildlife Service for studies, investigations, and reports thereon as required by the Fish and Wildlife Coordination Act of 1958 (72 Stat. 563–565) to provide that wildlife conservation shall receive equal consideration and be coordinated with other features of water-resource development programs of the Department of the Army.

Mr. **BATES**. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had hoped that the atomic energy authorization bill, which is now in conference, would be enacted into law by this time so this public works bill could contain funds for a marine products development irradiator, as recommended by the Joint Committee on Atomic Energy.

The Joint Committee held exhaustive hearings on the food irradiation programs of both the AEC and to the Department of the Army, and concluded that the AEC program is not receiving the financial support that it deserves, based upon recent technical advancements. Therefore, the Joint Committee, after careful deliberation, added two projects to the AEC authorization bill for fiscal year 1963, H.R. 11974. These projects were project 63-j-2, marine products development irradiator, $600,000; and project 63-j-3, two mobile irradiators, $700,000.

In its report, the Joint Committee, after discussing the hearings, the status of the program, and the technical details of these projects, concluded as follows:

> Food irradiation, when perfected after more research, will not replace commercial refrigeration equipment, but can be a useful supplement, extending the shelf life of many perishable commodities.
>
> The Joint Committee believes that these projects should be initiated in fiscal year 1963 in order to keep the program moving ahead and to obtain further data. Detailed studies on biochemical factors, and changes in odor and taste, are needed to assure the safety and acceptability of irradiated products for human consumption.
>
> The Joint Committee has included these two projects, totaling $1,300,000, in this bill, and recommends that the necessary funds be appropriated for construction and operation. These would include $1,400,000 operating funds for the AEC food and irradiation program during fiscal year 1963.
>
> It is the Joint Committee's belief that this modest increase of funds will bring very worthwhile results.

I understand that the Appropriations Committee has recommended $516,000 from the isotopes development program and $200,000 from the biology and medicine program, making a total of $716,000 available for food irradiation development during the next year. I recognize that this is $216,000 higher than the $500,000 requested by AEC, and I wish to express my thanks to the Appropriations Committee for recognizing the importance of this program. However, I believe that $716,000 is still a very small amount for this promising area of research and development. Food irradiation, if further perfected, could bring great benefits to the fishing industry, and to the producers of certain agricultural products, particularly fruits and vegetables, by extending shelf life and thus making wider distribution possible.

AEC Chairman Seaborg proclaimed before the world, at the International Atomic Energy Agency's General Conference in Vienna last September, that the United States was embarking on a 5-year food irradiation research program as part of our atoms-for-peace program. The United States could be embarrassed by failing to follow through with this program which is of great potential interest to other countries, as well as to our own industries and consumers.

I hope, therefore, that the Senate will provide an additional $600,000 construction funds for the marine products development irradiator, and approximately $1 million additional operating funds for the two mobile irradiators and associated operating expenses.

I hope further that, if the Senate does provide these increased funds, the House will agree to the increase, which is small in terms of dollars compared to the total amount in the bill, but large in terms of potential benefits.

In summary, Mr. Chairman, the AEC food irradiation program has tremendous possibilities for our fishing, agricultural and food distribution industries. A few more dollars well spent on research and development now can bring great benefits to our country, as well as to our atoms-for-peace program.

Mr. **HOLIFIELD**. Mr. Chairman, will the gentleman yield?

Mr. **BATES**. I am delighted to yield to the gentleman from California [Mr. HOLIFIELD].

Mr. **HOLIFIELD**. Mr. Chairman, I would like to say to my colleague on the Atomic Energy Committee that I believe this irradiation program is a very important program.

If the gentleman will yield further, I would like to ask one of the gentlemen of the Committee on Appropriations, preferably the chairman of the committee, the gentleman from Missouri [Mr. CANNON], how much money is included in the bill at this time for food irradiation?

Mr. **CANNON**. In response to the gentleman's inquiry, there is included the sum of $516,000 in the isotope development program and some $200,000 in the biology and medicine program, making a total of over $700,000.

Mr. **HOLIFIELD**. As I understand the response of the chairman of the Committee on Appropriations, there is now $716,000 in the bill, but there is an item of $600,000, I believe, that has been eliminated; is that not true?

Mr. **CANNON**. We eliminated nothing, but we did not include unbudgeted items. The item to which the gentleman refers was not budgeted and, therefore, we could not include it.

Mr. **HOLIFIELD**. The chairman has rightly said that the item in which the gentleman from Massachusetts [Mr. BATES], and I are interested was not a budgeted item. But I would like to also add my word of commendation to this item.

Mr. Chairman, the irradiation of food is becoming a very important and promising method of preservation. I hold here in my hand, for instance, a piece of beef that was irradiated in 1961—in November 1961. It has had no refrigeration. Yet it is in a condition today where it is ready to be eaten; just put it in the stove and cook it and eat it. This is true even though there has not been refrigeration. However, there has been irradiation.

Now, there is a further item in which our committee is interested, and the entire committee unanimously supported it, having to do with an irradiation machine that would cost about $600,000 which would irradiate fish on the seaboard, on the gulf, on the west coast, on the east coast, and it would make these fish available for inland consumption 6 or 7 days later without any kind of refrigeration.

Mr. Chairman, this is a very important science. While I do not intend to offer an amendment on this point at this time I do hope that the gentlemen who are conferees—if this item is a subject of conference in the conference—will look with favor upon it, because it promises a great deal of good to the people of America in getting food many times at places where otherwise they could not get it, and adding to the shelf life of food. For instance, with reference to tomatoes and strawberries it has been proven that their shelf life can be extended several days—5 or 6 days—as a result of irradiation. This is important in the shipment of food and makes it possible to keep the food a longer period of time while it is shipped to more distant places. So, this is a real important factor. The amount involved is only $600,000. It is still in the research and development stage. It has not been completely proved yet, but it has been developing for several years. I do hope that the Committee at the proper time will look with favor upon the restoration of this item.

The **CHAIRMAN**. The time of the gentleman from Massachusetts [Mr. BATES] has expired.

Mr. **CANNON**. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The **SPEAKER**. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. **CANNON**. Mr. Chairman, I am glad to have the opportunity to say to my distinguished friend, the gentleman from California [Mr. HOLIFIELD], that, while the committee was much interested in the subject, we labored under the disadvantage of not having an authorization. We had given notice early in the session that all authorization bills must be completed if they expected such authorized items to be included in the bill. Notwithstanding our importunities, at the time we had to mark up the bill—and we delayed the bill as long as possible—we did not yet have the authorization. The authorization bill is today still in conference.

How can we make an appropriation when, even at this late date, there is no authorization?

We would have been glad to include items in which the gentleman is interested had they been authorized. I trust in the future the legislative bill can have earlier attention.

Mr. **HOLIFIELD**. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to say that what the Chairman has said is correct. The authorization bill is still in conference and I understand the burden with which the committee has had to contend. I want to say in general that I think the committee has treated the Atomic Energy appropriation most fairly, and while this is such a small item that I hate even to get on my feet and mention it, I do believe from a scientific research standpoint it is an important item and I hope we can come back with a proper authorization in time so that the committee can take care of it.

Mr. CANNON. Mr. Chairman, I am certain, if the gentleman will yield to me, he will find the committee ready to cooperate.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Chairman, as the chairman of the Joint Committee on Atomic Energy has said—and I agree with the statement made by my colleague from Massachusetts [Mr. BATES], this is an important item. If it had been budgeted it would be in this bill. I would hope that by the time the AEC authorization bill is finally approved and signed, and if the item is added in the Senate, the committe will retain it in conference. I am sure it will.

I am familiar with the work that the gentleman from Massachusetts has done in this area and, as explained by the chairman of the Joint Committee on Atomic Energy, it is a field in which we ought to advance more rapidly. We cannot do it without the necessary facilities and equipment. The $600,000 will be a start in this direction. I am sure if it is put in in the other body we will retain it in conference.

Mr. HOLIFIELD. I thank the gentleman very much.

Mr. CANNON. Mr. Chairman, will the gentleman yield further?

Mr. HOLIFIELD. I yield.

Mr. CANNON. May I supplement what has been said by again calling the attention of all legislative committees to our entreaty early in the session for necessary authorizations required for the annual supply bills. I trust that the legislative committees will in the next session provide authorizations in time for us to consider them on their merits. We delayed the supply bills as long as possible. It is our regret that we could not have included items of great importance to the country because they were not yet authorized.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Massachusetts.

Mr. BATES. Mr. Chairman, in view of the colloquy had here today, I shall not offer an amendment, but I sincerely trust that this item will be accepted in the conference.

Mr. PRICE. Mr. Chairman, I move to strike out the requisite number of words.

FUNDS NEEDED FOR THE AEC FOOD IRRADIATION PROGRAM

Mr. Chairman, on March 6 and 7, 1962, the Subcommittee on Research, Development, and Radiation held hearings to review the Atomic Energy Commission and Army food irradiation programs. Since 1960 the Army Quartermaster Corps has been working on high dose sterilization of food, and the AEC has been assigned responsibility for the low dose pasteurization program.

Testimony received during the hearings showed that considerable technical progress has been made. The Department of the Army, for example, has submitted to the Food and Drug Administration a request for final approval for regular use of irradiated bacon. In Canada, potatoes are being commercially processed by means of cobalt irradiation. One scientific expert testified that, in his opinion, Canadian authorities approved the use of irradiated potatoes for consumer consumption on the basis of technical data developed within the United States.

During the course of the hearings held before my Subcommittee on Research, Development, and Radiation in March of this year, Dr. Bernard Schweigert, of the Michigan State University, had this to say about the importance of the AEC food irradiation program:

> It has come to my attention that no provision for support of the radiation pasteurization of foods program has been made in the budget that has been submitted to Congress. The profound implications of such a step to the research program on peacetime use of atomic energy, to the impact on understanding and leadership relationships with scientists and other international leaders, and to benefits to society in general merit reevaluation.
>
> The implications of the recommendations to terminate this program go far beyond any possible scientific question on the program's merit. It will be recalled that a critical public relations problem occurred with leaders in the United States and in other countries some years ago when the Quartermaster program was reappraised.
>
> Any action by the United States to drop the support of a scientific program initiated only a few years ago and when preliminary promising results were being obtained, is indefensible from a scientific standpoint in my judgment. One of the greatest issues of our time is the improvement in the preservation of food for the rapidly expanding world population."

Another witness, Dr. Samuel Goldblith, of the Massachusetts Institute of Technology, predicted:

> Within the next 12 to certainly the next 18 months we are going to have definitive data to present to industry, to all interested parties: "These are the data and this is what the process will do, and these are the data on the wholesomeness and so on. Here is a process. Do you want it or don't you?"

During the hearings references were made to the part the AEC food irradiation program has in the atoms-for-peace program and the adverse effect the cutback will have in the overall program. Of pertinent significance was the fact that Dr. Glenn T. Seaborg, Chairman of the Atomic Energy Commission, in a speech before the International Atomic Energy Agency in Vienna on September 27, 1961, drew attention to the U.S. belief in the program and commended it to the Agency. He stated:

> My Government would like especially to commend to the Agency the study of low dose radiation as a means of preserving food. The development of this technique could significantly improve the distribution of wholesome and nourishing food to many areas of the world. My own country recently initiated a 5-year research program in this area. The Agency, in cooperation with international organizations such as the Food and Agriculture Organization, might profitably undertake such research, convene meetings, arrange for expert advice, and furnish radiation sources. The Agency may be especially effective in establishing research centers in this field, with special consideration for those countries having limited scientific and financial resources and which are most likely to benefit. My own Government is prepared to support the Agency in developing such a program. I note that the Food and Agriculture Organization, the World Health Organization, and the Agency are sponsoring a conference in Brussels on the evaluation of the wholesomeness of irradiated foods.

We were pleased to find out that the Department of the Army, during the past 2 years, has become an enthusiastic supporter of the Quartermaster Corps' food irradiation program. The committee ascertained, however, that the AEC's complementary low-dose program was in jeopardy. The AEC had programed $2.8 million for food irradiation work for fiscal year 1963, which funds were eliminated in total by the Bureau of the Budget. It was brought out during our hearings that the Bureau of the Budget deleted these funds because of overriding priorities of the space program. When we announced the committee's intention to hold hearings, the Commission decided to attempt to carry on its program through the transfer of $500,000 of operating funds from other projects.

On the basis of the Joint Committee's review of AEC and Army food irradiation programs, through its Subcommittee on Research, Development, and Radiation hearings of March 6 and 7, 1962, and AEC authorization hearings by the Subcommittee on Legislation in May 1962, the Subcommittee on Legislation has added the following two line items to the AEC's fiscal year 1963 authorization bill:

Project 63-j-2, marine products development irradiator	$600,000
Project 63-j-3, two mobile irradiators	700,000

These were originally included in and recommended by the Commission in its fiscal year 1963 budget on the basis of technical and scientific needs. The Joint Committee accordingly recommended that they be included in the fiscal year 1963 authorization bill.

In addition to the $1.3 million for the irradiators an operating budget of $1.4 million is needed to adequately support this important program.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS: On page 4, line 15, strike out the figure "$762,361,000" and insert "$760,861,000."

Mr. GROSS. Mr. Chairman, I will make this very brief. My amendment would strike out the $1,500,000 for a yacht harbor, or a yacht basin, in connection with the New York World's Fair. I was under the impression and I am sure many other Members of the House were under the impression when the House voted $17 million for the New York World's Fair that the sponsors would not be back with their hands in the pockets of all the taxpayers for more money. I reiterate that all my amendment does is take out the $1,500,000. I hope the Members will support it in the interest of economy.

Mr. DELANEY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. DELANEY. This amount is not in support of the World's Fair. It is merely coincidental. Flushing Bay is being dredged. It is a permanent improvement for that area. All that was done here was to advance it so that the dredging would not take place at the exact same time the World's Fair was in progress. It has been authorized.

Mr. GROSS. There is some question about whether it has been authorized.

Mr. DELANEY. I mean, it is in the authorization bill.

Mr. GROSS. I do not believe the authorization bill has been passed.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman from Iowa yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. ROONEY. Of course this appropriation is authorized. According to the Corps of Engineers, this project has a benefit-to-cost ratio of 3.3 to 1. This appears at page 1079 of the printed hearings, part 5. Further, the local contribution to the Federal project will be in the amount of $1,154,000.

Mr. GROSS. But it still is a yacht basin to be used in connection with the World's Fair.

Mr. ROONEY. That is correct, to a certain extent. It is only a small part of the justification.

The details are contained in this letter from the Honorable Robert Moses under date of May 14, 1962, addressed to the distinguished gentleman from Missouri [Mr. CANNON]:

> DEAR CONGRESSMAN CANNON: I request that there be included in the Army civil functions bill for the fiscal year 1963 a sum to accomplish the Flushing Bay and Creek project in time for the New York World's Fair which will open on April 22, 1964.
>
> The project is in progress of modification pursuant to resolution of the Committee on Public Works, House of Representatives, dated June 7, 1961. The district and division engineers and the Board of Engineers for Rivers and Harbors have recommended favorably on the improvement. I have been assured that the report will shortly reach Congress and will be included in the river and harbor omnibus bill now before the Public Works Committees of Congress.
>
> The improvement proposed, in brief, provides for the deepening of the channel and maneuvering area from 12 to 15 feet mean low water; the widening of the bay channel from 200 to 300 feet; increasing the present 8-foot anchorage to 84 acres at 6-foot depth; and construction of a breakwater. The improvement is described in greater detail in the attached copy of public notice, dated April 18, 1962, issued by the Acting Division Engineer, North Atlantic Division.
>
> The estimated Federal cost is $2,315,000, including $622,000 for completion of the existing project to authorized depth. The local contribution, which is 50 percent of the recreational features, is estimated at $1,154,000. The project is sound, it has a benefit-cost ratio of 3.3, it will meet the present and growing needs of the community, and its timely accomplishment is essential to the waterway approach to the New York World's Fair in 1964–65 by private boat and commercial water transportation.
>
> In addition to the local contribution of $1,154,000 to the Federal project, there will be expended $4,500,000 by the State, city, fair, and private interests for the largest marina and boating center (2,000 boats) on the east coast, for shore line rehabilitation, pollution abatement, and for miscellaneous dredging beyond the limits of the Federal project. Commercial interests have just completed, at a cost of several million dollars, a new bulk cement distribution plant on the creek, and other commercial improvements are contemplated.
>
> I recognize that seeking an appropriation prior to authorization is unusual. However, I believe the circumstances warrant the request. At least a year will be required to do the dredging and construct the breakwater after the Corps of Engineers receive the funds. Assuming that fiscal year 1963 money will be available by September 1962, the work could be done by September 1963. We cannot wait for the fiscal year 1964 appropriation bill. The work would then not be completed until September 1964, or 5 months after the fair opens on April 22.
>
> The city of New York and the fair corporation are prepared to promptly fulfill all the items of local cooperation. The local contribution has been budgeted for and will be forthcoming promptly upon notice of Federal appropriation. I urge that you include in the Army civil functions bill for fiscal year 1963 $2,315,000 for the Flushing Bay and Creek project subject to authorization in the current river and harbor omnibus bill.
>
> Respectfully yours,
>
> ROBERT MOSES,
> *President.*

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would hope the Committee would not accept the amendment. This is a project, as the gentleman from New York said, which is connected with the World's Fair, but it is only coincidental with it. The project was originally authorized back in 1925 and built in 1937. This project calls for the deepening of the present channel from 12 to 15 feet. Authorization for this 3-foot additional depth is before the Public Works Committee. This is something which is not new. I am talking specifically about recreational facilities. We have this in a great number of States all over the Nation. We ought to do it for New York I am sure, as all members of this Committee recognize, that New York certainly pays its share of the taxes that go to support our Government. Here is a project which is being built in connection with the World's Fair. We did authorize the expenditure of some $17 million and appropriated $17 million for a building at the World's Fair. This is a separate item, and I hope the Committee will not accept the amendment offered by the gentleman from Iowa. This area is entitled to this project, and I sincerely hope the Committee votes the amendment down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. KLUCZYNSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very glad to see that the Appropriations Committee included an item of $700,000 for repair and rehabilitation of the Illinois and Mississippi Canal for recreation purposes. This is a project which has been dear to my heart. As a member of the Public Works Committee, I had considerable responsibility in securing its adoption. Unfortunately, however, there appears to have arisen some misunderstanding with respect to the present situation, particularly that concerning efforts being made by our Governor, the Honorable Otto Kerner. I would like to set the record straight on this matter by supplying the following information.

The Illinois and Mississippi Canal is a long-abandoned waterway of the United States which has become obsolescent. Because of the heavy cost of maintaining this obsolete waterway and keeping it in a safe condition, and because of the fact that portions of the waterway offered potentially valuable recreational possibilities, a report was made by the Corps of Engineers in which it was recommended that the canal be abandoned as a commercial waterway and turned over to the State of Illinois for development as a recreational facility. The cost of putting the canal in shape for such a transfer was estimated at $2 million. This was included as a project in the 1958 omnibus river and harbor and flood control bill, Public Law 85–500. As a member of the House Public Works Committee I followed the history of this, as the project was presented to the committee and made every effort in my power to secure favorable consideration by the committee and eventually by the Congress. Much of the work has been done and the amount of $700,000 in the pending appropriation bill will represent a major step toward completion of this project.

In view of the increasing demand for recreation in the State of Illinois of which the Governor and I are equally aware, it has been considered that the Corps of Engineers might possibly be requested to review their previous reports with a view to determining whether or not work could be done on the canal, beyond that contemplated in the original legislation, which might put it in a better position to be used as a base for a full-fledged recreational development. There was no thought of any restudy of the canal for a possible development of a through commercial waterway. After conferences and discussions on this matter, the chairman of our committee, the Honorable CHARLES A. BUCKLEY, of New York, at my request, asked the Chief of Engineers for his views on the desirability and cost of a study for the purpose of rehabilitating the canal for recreational purposes. Subsequent to that request, and prior to any reply from the Chief of Engineers, the Governor wrote me a very complete and detailed letter on August 2 of this year reaffirming the situation as I have outlined it above.

In order to give the Chief of Engineers all information in his consideration of the matter, the chairman of the committee, at my request, forwarded a copy of the Governor's letter to the Chief of Engineers. On August 14, 2 days ago, I wrote to the Governor acknowledging his letter and explaining that the committee was requesting the views of the Chief of Engineers on a proposed further study. When the comments of the Chief of Engineers are received by the committee I will study them very carefully and request the chairman to take whatever action seems appropriate.

I can assure you, Mr. Chairman, and all interested Members that I will not take any action which would result in halting any of the work being carried on under the existing project. Any statements made to the contrary are based on lack of accurate information and misunderstanding of the situation as it exists. If it appears that further studies are appropriate which will not interfere with the work now being undertaken, I will make every effort to see that such studies are authorized by our committee and funded when necessary.

I want to emphasize my statement that the project in which I have been so interested will not be stopped and that the best course of action, which will be dependent to some extent upon receipt of the views of the Chief of Engineers, will be followed for the welfare of the people of the State of Illinois in the preservation of this great historic and potentially valuable facility.

The Clerk read as follows:

GENERAL EXPENSES

For expenses necessary for general administration and related functions in the Office of the Chief of Engineers and offices of the Division Engineers; activities of the Board of Engineers for Rivers and Harbors and the Beach Erosion Board; commercial statistics; and miscellaneous investigations; $13,580,000.

Mr. PERKINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. CANNON. Mr. Chairman, reserving the right to object, the subject matter under discussion between the two gentlemen is completely extraneous to the pending bill, and is not in order and is an imposition on the House and I, therefore, regret that I must object.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

ADMINISTRATIVE PROVISIONS

Appropriations to the Bureau of Reclamation shall be available for purchase of not to exceed seventy-two passenger motor vehicles for replacement only; purchase of two aircraft for replacement only; payment of claims for damage to or loss of property, personal injury, or death arising out of activities of the Bureau of Reclamation; payment, except as otherwise provided for, of compensation and expense of persons on the rolls of the Bureau of Reclamation appointed as authorized by law to represent the United States in the negotiation and administration of interstate compacts without reimbursement or return under the reclamation laws; rewards for information of evidence concerning violations of law involving property under the jurisdiction of the Bureau of Reclamation; performance of the functions specified under the head "Operation and Maintenance Administration", Bureau of Reclamation, in the Interior Department Appropriation Act, 1945; preparation and dissemination of useful information including recordings, photographs, and photographic prints; and studies of recreational uses of reservoir areas, and investigation and recovery of archeological and paleontological remains in such areas in the same manner as provided for in the Act of August 21, 1935 (16 U.S.C. 461-467): *Provided*, That no part of any appropriation made herein shall be available pursuant to the Act of April 19, 1945 (43 U.S.C. 377), for expenses other than those incurred on behalf of specific reclamation projects except "General Administrative Expenses" and amounts provided for reconnaissance, basin surveys, and general engineering and research under the head "General Investigations".

Mr. FASCELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the distinguished chairman of our Appropriations Committee has done an excellent job on a very large and important bill. All of us represent the great interest of our people back home in the vital public works projects which Chairman CANNON's bill will move forward to completion.

The Fourth District of Florida is gratified at the favorable consideration given its projects by the hard-working members of the Appropriations Committee. The total budget request to initiate and complete vitally needed flood control measures within our State was approved. Records compiled by the Central and Southern Florida Flood Control District show that the partially completed works of this project, now about one-third complete, have already prevented over $84 million in flood damage; this is more than has been appropriated by the Federal Government to date and is proof of the high benefit-cost ratio of the State's flood control project. Included in the $13,500,000 approved for flood control in Florida this year are funds to complete Little River Canal extension and Black Creek Canal in Dade County, and continuation of levees encirclement of conservation area No. 3 in Dade and Broward Counties.

Also approved by the committee as requested by the President, is $800,000 to continue the Intracoastal Waterway from Jacksonville to Miami. It is estimated these funds will allow for dredging of the waterway from south of West Palm Beach to a point about 5 miles north of Boca Raton.

I am very pleased that the full budget request of $400,000 for construction of the Miami Harbor has been approved by the committee. Even with the existing facilities which are totally inadequate and outmoded, the port of Miami according to a recent survey, is the second largest cruise passenger port in the United States; cargo tonnage passing over these facilities has increased approximately 75 percent since October 1957. With the tremendous increase in population in the south Florida area and with the stepped-up industrial activity which we have been witnessing in recent years, early completion of this new port facility becomes increasingly important. I am proud of the fine progress which has been made thus far on this construction and am further pleased to report that local interests have already contributed about three-fourths of the required local contribution.

Another approved project on which funding is getting underway in this bill is the Bakers Haulover Inlet in my district. The bill carries $15,000, as requested by the President, for preconstruction planning. Hurricane Donna in 1960 and the numerous and severe storms which have occurred since that time have caused such deterioration at this inlet that navigational benefit of the north and south jetties there has been entirely dissipated. The approved project provides for the reconstruction of these jetties.

The county has already spent $110,000 on various maintenance projects; it is still spending money to keep the situation in hand but these makeshift efforts are ineffective and very costly. From an engineering standpoint, only reconstruction of the entire north wall, which is the minimum now required to prevent real disaster to the county's park property, restaurant, and even roads and bridges, can justify additional expenditures of effort and money. Local interests feel, and I support them in their position, that in light of the existing authorization, it is necessary and sensible to consider allowing for this reconstruction during this coming year. The Corps of Engineers estimates they do have a $40,000 construction capability for this project during the coming year.

I hope this matter will receive additional consideration in the Senate when it is called up. Guarantees have already been submitted to the Corps of Engineers that the county is ready, willing, and able to provide all of the local contributions needed to match any additional Federal funds that may be forthcoming to undertake this badly needed construction. The county has made $100,000 immediately available for this purpose.

I take this opportunity to assure the committee of the gratitude of the people of my district for the careful and thorough consideration they have devoted to public works projects in south Florida. The gentleman from Missouri, Chairman CANNON, and his committee have always been extremely cooperative and helpful in granting full opportunity for review of our authorized projects which need early funding, and the residents of south Florida join me in this expression of thanks.

The Clerk concluded the reading of the bill.

Mr. CANNON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOGGS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12900) making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the Saint Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and certain river basin commissions for the fiscal year ending June

30, 1963, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. CANNON. Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed prior to the vote on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXTENSION OF REMARKS

Mr. GOODELL. Mr. Speaker, I ask unanimous consent that my second remarks made in the Committee of the Whole, and out of order, be included with the original remarks I made in consecutive order.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO FILE REPORTS

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMITTING FOR 1 YEAR THE GRANTING OF NATIONAL SERVICE LIFE INSURANCE TO CERTAIN VETERANS HERETOFORE ELIGIBLE FOR SUCH INSURANCE

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 763, Rept. No. 2242), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12333) to amend title 38, United States Code, to permit, for one year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs, the bill shall be considered as having been read for amendment. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Veterans' Affairs now in the bill. No other amendment to the bill or committee substitute shall be in order except amendments offered by direction of the Committee on Veterans' Affairs, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but such amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House, with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit with or without instructions.

Mr. FORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. FORD. Mr. Speaker, is my understanding correct that the gentleman from California is moving for the consideration of the rule, and if this is approved by a two-thirds vote, then we will consider the rule, which also has to be approved by a two-thirds vote. Also is the rule granted by the Committee on Rules in reference to H.R. 12333 a closed rule with a motion to recommit with instructions?

The SPEAKER. The resolution has not been reported as yet, and the gentleman from California has not yet made a motion; but, assuming the gentleman from California offers a motion for the present consideration of the resolution, the question of consideration would be submitted to the membership without debate and a two-thirds vote would be necessary to consider the resolution. If the question of consideration was decided in the affirmative the resolution would then be considered under the regular rules of the House, providing 1 hour of debate, one-half of the time to be assigned to the member of the Rules Committee on the minority side in charge. At the termination of the hour, there would be a majority vote on the adoption of the rule.

Mr. FORD. I thank the Speaker. I appreciate his consideration and explaining the parliamentary situation.

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 763, and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12333) to amend title 38, United States Code, to permit, for one year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs, the bill shall be considered as having been read for amendment. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Veterans' Affairs now in the bill. No other amendment to the bill or committee substitute shall be in order except amendments offered by direction of the Committee on Veterans' Affairs, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but such amendments shall not be subject to amendment. At the conclusion of such consideration the Committee shall rise and report the bill to the House, with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit with or without instructions.

The SPEAKER. The question is, Will the House now consider House Resolution 763?

The question was taken; and (two-thirds having voted in favor thereof) the House agreed to consider House Resolution 763.

Mr. SISK. Mr. Speaker, I yield to the gentleman from California [Mr. SMITH] 30 minutes and, pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 763 will make in order the consideration of H.R. 12333. It provides for 1 hour of general debate and for a closed rule.

Mr. Speaker, this bill is now before us and, as amended, would authorize for a 1-year period only the granting of national service life insurance to veterans heretofore eligible to apply for such insurance before October 8, 1940, and December 31, 1956, inclusive. The 1-year period during which eligible veterans could purchase the insurance would begin 1 year after the date the bill is enacted.

Mr. Speaker, there are two types of insurance which will be issued under this bill. One to persons in good health, and another to persons whose service-connected disability would be compensable if 10 percent or more in degree. However, most types of insurance would be nonparticipating. There would be no dividends; only permanent life insurance could be purchased. There would be no term insurance.

Mr. Speaker, in other words, the bill is very limited in its scope, but it does make it possible for this 1-year period for veterans to secure in this limited fashion national service life insurance.

Mr. Speaker, I urge the adoption of House Resolution 763 to permit debate upon this bill, and I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I think we are faced with somewhat of a complicated situation here today which is a little bit like playing musical chairs insofar as I am concerned. But in any event, permit me to try to tell the Members of the House how I understand the situation.

Mr. Speaker, a week ago Monday we had this bill scheduled for consideration on the Suspension Calendar. At that time it was removed and sent to the Rules Committee. Yesterday afternoon we were notified—the members of the Rules Committee—that this bill would be heard today in the Rules Committee. It was heard today, and we granted a rule on the bill providing for 1 hour of debate, with a closed rule, with the exception of one motion to recommit.

Mr. Speaker, the reason why we granted a closed rule was because at the particular time we understood that probably the House will now adjourn after today until a week from this coming Monday so people can go home and see their families and so forth and so on. But in any event the closed rule was granted because we were a little bit concerned as to whether or not, if we left it as an open rule, it would open up the complete subject of veterans' affairs. Some of us felt it would not, that it would be strictly confined to the insurance sections. But in any event, in order to take care of that question we granted a closed rule, with one motion, a motion to recommit.

I understand the gentleman from Ohio [Mr. AYRES] will offer a motion to recommit the bill to the committee with instructions that the language be changed to limit it to insurance for service-connected disability cases. As I understand it—and I shall ask some questions of the chairman of the committee, the gentleman from Texas [Mr. TEAGUE], later on to verify this—the gentleman from Texas is in favor of the motion to recommit. In any event, Mr. Speaker, we are considering this particular bill, H.R. 12333, under a rule providing for 1 hour of general debate. It is a closed rule with the exception of permitting a motion to recommit.

Mr. Speaker, in reviewing this particular subject, may I state that in April 1951 the 82d Congress enacted Public Law 23 which, among other things, terminated the sale of national service life insurance to veterans of World War II. Now, more than 11 years later, the pending bill, H.R. 12333, will reopen the sale of this Government life insurance, not only to World War II veterans, but also to millions of other veterans who served in the Armed Forces between the end of World War II and January 1, 1957. All told, H.R. 12333 will make NSLI available to a group of approximately 16 million veterans, the vast majority of whom have no service-connected disabilities.

During my tenure as a member of the Committee on Veterans' Affairs—and I say to the gentleman from Texas [Mr. TEAGUE] that I have the greatest respect for him and I am certain every Member of the House has the greatest respect for him—this was a problem that we had over many years. The committee on several occasions thoroughly considered and rejected a large number of very similar bills after full and fair public hearings had been held on the merits—bills similar to the one we are considering today.

My recollection is that these previous bills were rejected principally because the committee felt that it was neither an obligation nor a proper function of the Federal Government to make Government life insurance available to veterans, other than those who because of service-connected disabilities cannot buy their life insurance from private insurance companies at normal rates. It is my further recollection that the last three administrations have consistently voiced strong opposition to all such NSLI reopening bills in principle, insofar as they affected nonservice-disabled veterans.

My recollections are confirmed in most important respects by a memorandum dated March 22, 1962, prepared by the Committee on Veterans' Affairs. While this memorandum deals primarily with the subject of service-connected compensation increase bills, it also contains some very significant and revealing facts about the history of NSLI reopening legislation which I feel should be brought to the attention of this body today. For example, here is some information in this memorandum:

> There are few pieces of legislation which have received as much consideration as the proposal to reopen the national service life insurance program, despite the claims of its Senate sponsor that the bill has not had fair consideration. The Committee on Veterans' Affairs has in the 82d, 83d, 84th, 85th, and 86th Congresses held hearings on proposals to reopen the national service life insurance program.
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> * * * * *
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> In each instance these bills have been rejected by the Subcommittee on Insurance. The Veterans' Affairs Committee has held hearings on these proposals in the 1st session of the 87th Congress and all interested groups were afforded an opportunity to present their views. The Veterans' Affairs Committee met in executive session on August 10, 1961, and voted to table all pending insurance bills.

The memorandum also states that the "proposal to reopen the national service life insurance program is opposed by the administration." It is made clear in the memorandum that the administration opposition referred to was consistent under Presidents Truman and Eisenhower and was continued under President Kennedy, at least as recently as March 22, 1962, the date of the memorandum.

Against this background of continuous opposition of NSLI reopening legislation on the part of the Veterans' Affairs Committee and three administrations for more than a decade, we find the committee has now favorably reported, and the present administration apparently now supports the pending bill, H.R. 12333. Since this bill is basically the same as the many NSLI bills that the committee and the administration have heretofore opposed, I for one am frankly mystified by what appears to be a sudden about-face on their part.

Mr. Speaker, I would like at this time to ask the chairman of the committee, the gentleman from Texas [Mr. TEAGUE], a few questions about this bill, if I may, in the hope that he can shed some much needed light on this important and controversial issue.

First, am I correct in my understanding that the principal, if not the only, reason why the administration consistently opposed and the Committee on Veterans' Affairs consistently rejected NSLI reopening legislation on numerous occasions prior to this year was essentially that both the administration and the committee believed that, as a matter of principle, it was neither an obligation nor a proper function of the Federal Government to make commercial-type life insurance available to veterans whose insurability has not been impaired by reason of service-connected disabilities?

Mr. TEAGUE of Texas. I think the gentleman is correct. I think the whole trend since the war has been to get the Government out of the insurance business.

Mr. SMITH of California. Recognizing that H.R. 12333 differs in numerous details from the NSLI reopening bills that your committee and the administration rejected in the past, in your personal opinion does the present bill differ in basic principle from previous bills insofar as it would apply to non-service-disabled veterans?

Mr. TEAGUE of Texas. I think every bill until this has included men now in service, which would pyramid survival benefits. This bill pertains only to permanent programs, 20- or 30-year programs. There is nothing in here about term insurance.

Mr. SMITH of California. There is nothing in here about term insurance? The gentleman agrees there should not be term insurance?

Mr. TEAGUE of Texas. I certainly do. I have been opposed to term insurance ever since I have been here.

Mr. SMITH of California. Then, am I correct in my understanding that if H.R. 12333 is enacted, the Federal Government will, for all practical purposes, become engaged in another business, that of selling commercial-type life insurance to able-bodied veterans?

Mr. TEAGUE of Texas. That is correct.

Mr. SMITH of California. Is it not true that the premium rates charged by private life insurance companies compare rather favorably with the rates that would be charged for the various types of NSLI provided for by H.R. 12333, despite the fact that the NSLI program would enjoy what amounts to a tax subsidy?

Mr. TEAGUE of Texas. This bill as reported, provides that the veteran would pay for all medical exams and administration costs. The insurance is nonparticipating. There is no dividend. Any surplus would go back into the Treasury of the United States.

Mr. SMITH of California. Would it not also be true in many cases that if a veteran bought one of the proposed new NSLI policies and was thereafter called back into service and died while on active duty, this insurance would not pay off, whereas his beneficiaries would still collect on any private life insurance that he owned?

Mr. TEAGUE of Texas. That is correct, but the gentleman knows when they are in service they are covered by the Survivors Benefits Act which provides monthly payments of $112 plus 12 percent of the base pay of the person who served.

The SPEAKER. The time of the gentleman has expired.

(By unanimous consent, Mr. SMITH of California was allowed to proceed for 5 additional minutes.)

Mr. SMITH of California. Do you personally feel that the able-bodied veterans who would be affected by this bill have suffered any real hardships by reason of the fact that NSLI has not been available to them?

Mr. TEAGUE of Texas. The gentleman knows I have never been for this insurance.

Mr. SMITH of California. Do you personally believe that the Government should undertake to sell these veterans their life insurance any more than the Government should undertake to sell them other forms of insurance, such as property and casualty insurance, and the like?

Mr. TEAGUE of Texas. I do not.

Mr. SMITH of California. Can you tell me why the administration has reversed its stand, as well as the stand of the Truman and Eisenhower administrations, on NSLI reopening legislation?

Mr. TEAGUE of Texas. That is a long story, if the gentleman wants me to tell it. We passed a compensation bill last year. It went to the other body and the other body has refused to pass it without an insurance rider, and they say they will continue to so refuse to pass it until there is some action taken on this floor on an insurance bill. So, actually, what I am trying to do is to pass a compensation bill here today. I am happy to say that H.R. 10743 has been reported by the Finance Committee without change and I hope the other body will soon pass it and send it to the White House.

Mr. SMITH of California. I understand the committee refused to include term insurance in the bill which we had before us, but the Senate Finance Committee has included term insurance. If this legislation passes, can we expect that the House conferees of the Committee on Veterans' Affairs will insist on the position we might take here today?

Mr. TEAGUE of Texas. I would not attempt to speak for the conferees, I will say to the gentleman; my personal position will not change so far as term insurance is concerned.

Mr. SMITH of California. On the motion to recommit, which I understand, with instructions, will be offered by the gentleman from Ohio [Mr. AYRES]; am I correct in stating that you are in support of that particular motion to restrict this legislation to service-connected disabled veterans?

Mr. TEAGUE of Texas. I intend to vote for a motion to recommit with instructions which will strike everything from the bill except service-connected disabled.

Mr. SMITH of California. And although we cannot guess or determine how many may apply for this insurance in the next year, I understand there are about 6 million now insured, all wars, and, actually, it would open it to approximately 15 million additional veterans, if they decided to apply; is that correct?

Mr. TEAGUE of Texas. That is correct.

Mr. LIBONATI. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman.

Mr. LIBONATI. As a matter of fact, this bill does not contemplate any expenditures of money by the Government; is that not true?

Mr. SMITH of California. As I understand it, there will be administrative costs of something a little over $7 million in the first year, but as time goes on that money is supposed to be repaid so that, actually, the statements made before the Rules Committee are to the effect that it will not cost the Government any money.

Mr. LIBONATI. And with reference to the 3-percent figure retained for administrative costs—that amounts to about $5 a year per policy; is that not correct?

Mr. SMITH of California. That is correct.

Mr. LIBONATI. As a matter of fact, in eliminating those who are not service connected from this bill and excluding those persons, you are contemplating a more unsettled financial situation so far as the service-connected veterans are concerned; are you not?

Mr. SMITH of California. I am afraid I do not follow the gentleman's question.

Mr. LIBONATI. If service-connected disabled veterans are insured under this bill, they cannot procure any insurance from private insurance companies; is that not so?

Mr. SMITH of California. I do not know, but an individual might have an injury and there might be many insurance companies that do insure individuals who might have some disabilities.

Mr. LIBONATI. But the majority of them would be disqualified by the doctor's certificate as to such disability; would they not?

Mr. SMITH of California. May I simply state this, so far as I am concerned, I think the Federal Government should offer insurance and do everything the Government possibly can for any service-connected disabled veteran. In my own opinion, there is not too much that the Government can do for them, and I am for that. On your question as to eliminating them, I cannot answer that.

Mr. LIBONATI. Does the gentleman from California feel that this position that is being taken today on recommitting the bill with a crippling amendment is purely to protect the insurance companies; is that not so?

Mr. SMITH of California. I could not make any such statement as that.

Mr. LIBONATI. What other reason would you give for not permitting a group of servicemen to support and carry on a program such as this which is self-liquidating where their premiums would pay for the expense of administrative costs and where they could be insured at a low rate. What other reasons would you have for recommitting this bill, which was voted out of the committee unanimously?

Mr. SMITH of California. Basically, I favor private enterprise. I would not reopen this at this time to 16 million people who are potential customers for private enterprise.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman.

Mr. MICHEL. I think the only point that the gentleman from Illinois is trying to make is that if the motion to recommit is limited to veterans with a service-connected disability, I think it should be pointed out that those premiums for insurance to service-connected disabled veterans are pegged at a higher level than for those who would not have a service-connected disability and is on an actuarial basis. Would that not be true, I ask the chairman.

Mr. TEAGUE of Texas. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman.

Mr. TEAGUE of Texas. The service-connected would pay the same price that the World War II service-connected paid, but this includes 100-percent disabled; World War II did not go above 90 percent.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman.

Mr. KUNKEL. How do the rates compare in the private insurance companies for the same types of insurance?

Mr. SMITH of California. The question is, How do the rates compare with the same type of private insurance company rates? I am inclined to think, and I will check with the gentleman from Texas [Mr. TEAGUE], but I am inclined to think that the way the bill is written, the chances are that they can obtain private insurance at about the same cost that this bill would provide. Is that statement reasonably correct?

Mr. TEAGUE of Texas. Under the reported bill it is somewhat cheaper, not any great amount for the average six companies, $281.86 per year for $10,000; under the bill it would be about $35 less annually.

Mr. SMITH of California. Mr. Speaker, if the rule is adopted and the bill is considered, I hope the motion to recommit will be supported.

I now leave it in the hands of my good chairman, the gentleman from Texas [Mr. TEAGUE].

Mr. SISK. Mr. Speaker, I now yield to the gentleman from Mississippi [Mr. COLMER] 3 minutes.

Mr. COLMER. Mr. Speaker, I am very grateful to my colleague for his gracious apportionment of time here; as a matter of fact, I do not know that I need the whole 3 minutes, but I think before I am through I may ask for an additional couple of minutes, since the time is so limited here for debate.

Mr. Speaker, I take this time merely to point out to this House again what you are doing here today. At the beginning of this session you added to the Rules Committee; you said you wanted the House to work its will. Some people call that packing or stacking the Rules Committee in order to get that obstreperous body in line so that the House could consider legislation it wanted and not be cut off and gagged. Yet, today, on a veterans' bill that affects over 16 million veterans, according to the statement here, you are calling up a bill that this generous Committee on Rules has voted out, the packed committee, if you will, that does not give you an opportunity to debate this thing for more than a couple of hours—and I am not sure it gives you that much—and to offer no amendments. If that is not gagging, I do not know what gagging is. If that is giving the House an opportunity to work its will, I do not know what that term means, either.

I am merely protesting here this growing tendency on the part of the liberal Committee on Rules to bring out gag rules. We brought one out last year on the postal bill. I opposed it in the committee and I opposed it on the floor. As a matter of fact, by one vote in committee we voted out an open rule on my motion, but then somebody moved to reconsider and we got the committee back together and in less than an hour we voted out a closed rule.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. SISK. Mr. Speaker, I yield the gentleman from Mississippi 5 additional minutes.

Mr. COLMER. I thank my liberal friend for his liberality.

I came down here in the well of the House on that occasion and pointed out to you what you were doing, and some of you, remembering what you had done before, reversed that position and we considered that bill under an open rule by voting down the previous question. Some people around here think of me and refer to me as a conservative, I have never denied that I am. But when it comes to matters of procedure in this House, I am a true liberal. I have not yet voted for a closed rule. I did not vote for this one.

I might mention that in the committee I was for reporting out an open rule and giving the House an opportunity to work its will.

I think we are all grown up. I think we know how to legislate and vote. I I do not think we have to be gagged. A lot of these veterans back home too are grown up enough to know what is going on around here. So do not think you are putting anything over on anybody by this gag rule.

I am not going to ask you, as I did on the postal bill, to vote down the previous question. You made your bed, now lie in it. But I want to point out to you just exactly what you are doing and the growing tendency on the part of this liberalized Rules Committee to report out gag rules.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. Libonati].

Mr. LIBONATI. Mr. Speaker, the sole purpose of this bill is to permit those veterans who have dropped their insurance after they came out of the service to reinstate their insurance.

As you will recall, the average of those who served in World War II was 19 years. We realize that whatever premiums they would have to pay after leaving the services they were unable to pay, just as those who served in World War I.

We did take the term insurance out of this bill. The Veterans Committee voted that out, and approved the action. The term insurance is removed so that we would not disqualify the general business trend of private business.

Unfortunately, some people think that by closing this avenue of insurance they benefit the private insurance corporations. In reality, when you open up insurance to people, even under this closed rule, you create a sentiment and a confidence in these same individuals for private insurance—insurance for the education of their children, insurance for whatever possessions they may have, and in all other fields of insurance. That was proven after the first war, that it was a stimulation to the insurance business.

Leading insurance men spoke before our committee who are Members of the House and stated they felt the same way about this question. This opens up insurance 5-year level premium term, 20-year endowment at age 60 and 65, 30-payment life, and ordinary life.

I do not see any reason why this Congress should prevent a group of veterans from reinstating their policies, if they show good health, under the same terms in an independent relationship to their classified groups. I think a great criticism would result if you defeat this bill. You would place upon the House a threat of defamation of honesty of purpose, you will not be serving these young servicemen who are able to pay the minimum premiums, you are mitigating against them because of private interests or private corporations. I do not accuse anybody. I am a friend of the chairman of my committee. I think he is honest and sincere and I have no doubt about his integrity. But I think he has made a mistake by making this move on the floor of the House. No one could attest to the fact that by changing the rules now you weaken the fund by limiting it to the service-connected disabled.

You may be called upon to replenish that fund, if in accordance with the medical situation they will succumb earlier than was expected under actuary tables.

Most of them cannot now get private insurance companies now to issue policies because of their physical condition. I say to you that it is a reflection upon the integrity of this House to defeat this bill by recommitting it with a crippling amendment and destroying its general purpose.

Mr. Speaker, every service organization—every national veterans' service organization—has asked for this relief for many years. Now we have an opportunity to give them what they so justly deserve; because of the conditions that they found themselves in subsequent to the war they were not able to continue payments on their policies. The committee took out the term insurance on the bill because it was shown that in World War I some had to pay as high as $16,000 on a $10,000 insurance policy, and that included General "Black Jack" Pershing. So, we realize that later on in life they would also be confronted with these high premiums of $57.50 a month, which is more than one can be expected to pay under term insurance. So we gave them this general health type of insurance with the provision that all expenses be taken out by the Government for the administration of the act, and all surplus moneys returned to the Treasury.

Mr. Speaker, I hope the House will defeat the motion to recommit with amendment and pass the rule.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12333) to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance.

The SPEAKER. The question is on the motion offered by the gentleman from Texas [Mr. Teague].

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12333, with Mr. Loser in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. Teague] will be recognized for 30 minutes, and the gentleman from Ohio [Mr. Ayres] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. Teague].

Mr. TEAGUE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill, as reported by the Committee on Veterans' Affairs, would accomplish the following:

First. It would reopen national service life insurance—for a maximum of $10,000—for 1 year from the date of enactment. By way of example, if the bill should be signed into law on September 1, 1962, applications would start being received on September 1, 1963, and eligible individuals would have until August 31, 1964, to apply for this insurance.

Second. Generally, it covers all individuals who served between October 8, 1940, and December 31, 1956, regardless of whether or not they had insurance at any time during their service.

Third. Excepting certain Filipino veterans and persons on active duty, it covers all individuals who served between October 8, 1940, and December 31, 1956, inclusive, who were eligible to apply for insurance, regardless of whether or not they had insurance at any time during their service.

Insurance issued under the bill to nondisabled individuals who return to active duty or active duty for training for 31 days or more is terminated, but may be picked again without medical examination within 120 days following their discharge. Also, the insurance is not payable for death which occurs while on active duty or active duty for training under a call or order for less than 31 days if dependency and indemnity compensation is payable at the time of death. In such a case the cash value, if any, is payable.

Fourth. The insurance is entirely limited to permanent plans—ordinary life, 20-pay life, 30-pay life, 20-year endowment, endowment at age 60, and endowment at age 65. No term insurance is provided.

Fifth. All service-connected disabled veterans, regardless of the degree of disability, are eligible for insurance.

Sixth. The administrative costs are estimated at $7,716,000 the first year, but this is a bookkeeping transaction, inasmuch as the insured will pay approximately $5 per policy per year for administrative costs.

Seventh. Medical examinations, where required, will be at the expense of the applicant.

The bill is the same as requested by the administration which I introduced last June, except in two respects. No term insurance is provided and service-connected disabled, regardless of the degree of disability, are eligible for this insurance. The original VA draft bill had limited the service-connected to those disabled between 10 and 90 percent. The amendment making these two changes was sponsored by the gentleman from Pennsylvania [Mr. SAYLOR].

The four major veterans' organizations—American Legion, Disabled American Veterans, AMVETS, and Veterans of Foreign Wars—all support the idea inherent in this legislation and the Veterans Administration is in favor of the general proposal, although it would prefer the version as originally introduced. The Bureau of the Budget has advised that, while it has in the past objected to this reopening question, it has no objection to enactment of a proposal of this nature. The views of the executive agencies are indicated by the letters which I will read:

EXECUTIVE OFFICE
OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 27, 1962.

Hon. OLIN E. TEAGUE,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for views of the Bureau of the Budget on H.R. 11832, a bill to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to veterans heretofore eligible for such insurance.

H.R. 11832 would establish a 1-year period, beginning approximately 1 year after the date of enactment, during which nondisabled servicemen and veterans, who served in the Armed Forces of the United States, during the period between October 8, 1940, and January 1, 1957, would be eligible to apply for new insurance under the national service life insurance program, or increase protection now held, up to a maximum $10,000. The bill would establish a new trust fund, designated the "postservice insurance fund," to receive income from premiums, investments, and appropriated funds, and to pay claims, dividends, and administrative costs. Nondisabled veterans and servicemen who applied for such insurance during the 1-year period would be charged for the additional administrative costs resulting from their participation in the insurance program. H.R. 11832 would also permit service-disabled servicemen and veterans to be granted insurance under the nonparticipating service-disabled veterans' insurance program during the same 1-year period.

H.R. 11832 is, therefore, similar in many fundamental respects to H.R. 6164, upon which the Bureau of the Budget reported adversely to your committee July 5, 1961. Our reasons for opposing enactment of legislation to reopen the veterans' insurance program as reflected in our report on H.R. 6164 related to the serious problems we foresee in relation to existing servicemen's and veterans' survivor benefits programs; the lack of relationship between the proposed reopening and any service-related need or Government obligation; the lapse of time, both since the termination of the military service periods and the closing of the insurance program; the duplication of the facilities and resources of commercial insurance companies which would occur; and the significant cost to the Government involved.

We have carefully reviewed our previously expressed position. While the review has confirmed our view that there is no compelling need or Government obligation to reopen those long-closed insurance programs, the Bureau of the Budget would not object to a limited period of reopening during which eligibility to take out insurance and keep it in force would be restricted to those not in military service who between October 8, 1940, and January 1, 1957, would have been eligible for insurance. If so limited, our most serious concern would be eliminated—i.e., the potential adverse impact of reopening on the existing comprehensive program of benefits for servicemen and for ex-servicemen deceased from service-connected causes. We believe that rates for this insurance should be based on the most modern actuarial tables, that it should be fully self-supporting as to administrative expenses and benefit costs, and that the policies issued should be nonparticipating (any surplus funds to be transferred to the general fund of the Treasury).

In summary, therefore, while we do not regard legislation of this sort as necessary, the Bureau of the Budget would not object to legislation limited along the lines outlined above if the Congress sees fit to enact such legislation.

The Veterans' Administration is transmitting a draft bill, in its report to the committee, which provides an acceptable program for reopening.

Sincerely yours,

DAVID E. BELL,
Director.

JUNE 27, 1962.

Hon. OLIN E. TEAGUE,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request for a report on H.R. 11832, 87th Congress, I am pleased to recommend favorable action by your committee on legislation to authorize, for a limited period, the granting of national service life insurance to veterans heretofore eligible for such insurance.

As you know the Veterans' Administration submitted an unfavorable report to your committee last year on a bill with a similar purpose. Our position at that time reflected a continuation of the policy of previous Administrators regarding the role of the Government in activities of a commercial type such as the life insurance program. Since then, the whole subject has been carefully studied and reevaluated and I have concluded that the withdrawal in 1951 of the privilege theretofore granted to millions of World War II veterans to secure insurance—many of whom had not yet determined their insurance needs—may well have caused hardship or unwise decision in many instances. I believe, therefore, that an extension of this privilege, for a limited period, to veterans who were previously eligible for insurance by reason of service to their country is appropriate. Further, with respect to veterans who served prior to 1951, adequate recognition has not been given to the obligation of the Government toward those veterans whose insurability has been seriously impaired, if not lost, by reason of their service-incurred disabilities. This legislation would properly meet that obligation.

For the above reasons I strongly urge that the Congress enact legislation having the basic objectives of H.R. 11832. However, to avoid the pyramiding of survivor benefits for deaths in the active service I suggest that the bill be amended to restrict eligibility to take out insurance and keep it in force to those not in the active military service who, between October 8, 1940, and January 1, 1957, were eligible for insurance. For administrative reasons I also believe it would be desirable to make such insurance nonparticipating. Veterans' Administration representatives will be pleased to furnish such technical assistance as your staff may desire in developing appropriate language for such amendments.

There is enclosed a detailed analysis covering the provisions of H.R. 11832; the legislative history of the insurance program since 1940; and data regarding the administrative and other cost aspects of the bill.

We understand that the Bureau of the Budget, in a separate report, is advising your committee that there is no objection to legislation on this subject, if limited along the lines covered by the above suggested amendments.

Sincerely,

J. S. GLEASON, Jr.,
Administrator.

The mortality table will be the commissioners standard ordinary table of 1958, 3 percent added, the insurance will be nonparticipating—no dividends.

The average age of World War II veterans as of June 30 was 43 years and of Korean conflict veterans 31.8 years.

The amendments adopted by the committee are an effort, of course, to give all service-connected disabled an opportunity to get this insurance, and the elimination of the term insurance was due to the experience which the committee has had in seeing thousands of World War I and some World War II veterans faced with ever-increasing premium rates, which they were and are finding exceedingly difficult to pay.

The Senate on August 8 passed S. 3597, a similar bill. The principal difference between the Senate version and the House bill is that the former provides for term insurance and the House version does not.

The rates for a given age on these policies are set forth in the tables, which I include as a part of my remarks.

H.R. 12333 AS REPORTED

Annual premium rates, good health applicants, per $1,000 insurance

[Gross=1958 CSO basic table (loaded), 3 percent (nonparticipating) (administrative cost estimated at $5 annually per policy not included)]

Issue age	Ordinary life	20-pay life	30-pay life	20-year endowment	Endowment at 60	Endowment at 65	Issue age	Ordinary life	20-pay life	30-pay life	20-year endowment	Endowment at 60	Endowment at 65
25	$10.30	$17.17	$13.14	$36.94	$17.64	$14.80	43	$21.55	$29.36	$23.80	$40.49	$48.42	$36.58
26	10.66	17.64	13.61	37.06	18.35	15.39	44	22.49	30.19	24.74	41.08	52.21	38.95
27	11.13	18.11	13.97	37.06	19.30	16.10	45	23.56	31.37	25.69	41.44	56.50	41.44
28	11.48	18.59	14.44	37.17	20.13	16.81	46	24.74	32.32	26.76	42.03	61.33	44.40
29	11.96	19.18	14.80	37.17	21.19	17.52	47	25.93	33.50	27.82	42.74	67.01	47.59
30	12.43	19.65	15.27	37.29	22.26	18.35	48	27.23	34.69	28.89	43.45	73.64	51.14
31	12.90	20.24	15.75	37.41	23.32	19.30	49	28.53	35.87	30.19	44.16	81.33	55.17
32	13.38	20.84	16.22	37.53	24.74	20.24	50	29.95	37.29	31.49	45.11	90.80	59.67
33	14.09	21.43	16.69	37.65	26.05	21.19	51	31.40	38.71	32.91	45.94	102.17	64.76
34	14.68	22.14	17.28	37.88	27.47	22.26	52	33.15	40.25	34.45	47.00	116.26	70.80
35	15.27	22.73	18.00	38.00	29.01	23.44	53	34.92	41.67	36.11	48.18	134.37	77.78
36	15.86	23.44	18.59	38.24	30.66	24.63	54	36.70	43.33	37.88	49.49	158.41	85.95
37	16.57	24.15	19.18	38.36	32.56	26.05	55	38.83	45.22	39.66	50.79	191.79	95.66
38	17.17	24.98	19.77	38.60	34.69	27.47	56	40.84	47.12	41.67	52.33	241.87	107.50
39	18.11	25.81	20.60	39.07	36.82	28.89	57	43.21	49.13	43.92	53.87	324.74	122.30
40	18.82	26.52	21.31	39.31	39.31	30.66	58	45.46	51.26	46.17	55.64	489.90	141.00
41	19.65	27.47	22.02	39.66	42.03	32.44	59	48.07	53.63	48.66	57.66	983.23	165.98
42	20.60	28.30	22.97	40.02	45.11	34.33	60	47.00	52.09	47.47	55.41	----------	192.74

Premium rates per $1,000 service disabled insurance (H)

ORDINARY LIFE

Age:	*Annual*
25	$16.22
26	16.69
27	17.05
28	17.52
29	18.00
30	18.47
31	18.94
32	19.53
33	20.01
34	20.72
35	21.31
36	21.90
37	22.61
38	23.44
39	24.15
40	25.10
41	25.93
42	26.87
43	27.94
44	29.01
45	30.07
46	31.25
47	32.56
48	33.98
49	35.40
50	36.94
51	38.71
52	40.49
53	42.38
54	44.40
55	46.53
56	48.89
57	51.38
58	53.99
59	56.83
60	59.91
61	63.22
62	66.65
63	70.44
64	74.59
65	78.97
66	83.70
67	88.67
68	94.12
69	100.04
70	106.43
71	113.18

Premium rates per $1,000 service disabled insurance (H)—Continued

ORDINARY LIFE—continued

Age:	*Annual*
72	$120.52
73	128.57
74	137.21
75	146.68

30-PAYMENT LIFE

Age	Annual
25	19.77
26	20.13
27	20.48
28	20.84
29	21.19
30	21.67
31	22.14
32	22.49
33	23.09
34	23.56
35	24.03
36	24.63
37	25.22
38	25.81
39	26.52
40	27.23
41	28.06
42	28.77
43	29.72
44	30.66
45	31.61
46	32.68
47	33.86
48	35.04
49	36.46
50	37.88
51	39.42
52	41.08
53	42.86
54	44.75
55	46.88
56	49.13
57	51.50
58	54.10
59	56.95
60	59.91
61	63.22
62	66.77
63	70.44
64	74.59
65	78.97

Premium rates per $1,000 service disabled insurance (H)—Continued

20-PAYMENT LIFE

Age:	*Annual*
25	$25.10
26	25.45
27	25.93
28	26.40
29	26.87
30	27.35
31	27.82
32	28.30
33	28.89
34	29.48
35	29.95
36	30.66
37	31.25
38	31.97
39	32.68
40	33.39
41	34.10
42	34.92
43	35.75
44	36.70
45	37.65
46	38.71
47	39.78
48	40.96
49	42.15
50	43.45
51	44.87
52	46.29
53	47.95
54	49.72
55	51.50
56	53.51
57	55.64
58	57.89
59	60.38
60	63.10
61	66.06
62	69.14
63	72.57
64	76.36
65	80.39
66	84.77
67	89.62
68	94.83
69	100.51
70	106.67
71	113.30

Premium rates per $1,000 service disabled insurance (H)—Continued

20-PAYMENT LIFE—continued

Age:	*Annual*
72	$120.64
73	128.57
74	137.21
75	146.68

20-YEAR ENDOWMENT

Age:	*Annual*
15	40.73
16	40.73
17	40.84
18	40.84
19	40.84
20	40.96
21	40.96
22	40.96
23	41.08
24	41.08
25	41.20
26	41.20
27	41.32
28	41.44
29	41.44
30	41.55
31	41.67
32	41.79
33	41.91
34	42.03
35	42.15
36	42.38
37	42.50
38	42.74
39	42.98
40	43.33
41	43.57
42	43.92
43	44.28
44	44.75
45	45.22
46	45.82
47	46.41
48	47.12
49	47.95
50	48.78
51	49.72
52	50.79
53	52.09
54	53.39
55	54.81
56	56.47
57	58.25
58	60.26
59	62.39
60	64.88
61	67.48
62	70.44
63	73.64
64	77.07
65	80.98
66	85.24
67	89.86
68	95.07
69	100.63
70	106.79
71	113.42
72	120.64
73	128.57
74	137.21
75	146.68

ENDOWMENT AT AGE 60

Age:	*Annual*
25	22.38
26	23.20
27	24.03
28	24.86
29	25.81
30	26.87
31	27.94
32	29.24
33	30.43
34	31.85
35	33.39
36	35.04
37	36.82
38	38.71
39	40.96
40	43.33
41	45.94
42	48.89

Premium rates per $1,000 service disabled insurance (H)—Continued

ENDOWMENT AT AGE 60—continued

Age:	*Annual*
43	$52.09
44	55.76
45	60.02
46	64.76
47	70.32
48	76.72
49	84.41
50	93.53
51	104.66
52	118.51
53	136.27
54	160.06
55	193.09
56	242.58
57	324.98
58	489.42
59	981.92

ENDOWMENT AT AGE 65

Age:	*Annual*
25	19.77
26	20.36
27	21.07
28	21.78
29	22.49
30	23.20
31	24.03
32	24.98
33	25.93
34	26.87
35	28.06
36	29.12
37	30.43
38	31.85
39	33.27
40	34.81
41	36.58
42	38.48
43	40.49
44	42.74
45	45.22
46	48.07
47	51.14
48	54.58
49	58.37
50	62.75
51	67.72
52	73.40
53	80.03
54	87.85
55	97.20
56	108.56
57	122.65
58	140.65
59	164.56
60	197.95
61	247.67
62	330.31
63	494.87
64	987.49

Any medical examination which is required would be at the applicant's own expense and by a duly licensed physician. However, it is the plan and hope of the Veterans' Administration that the so-called short form of application, not requiring a formal physical examination by a licensed physician, can be used in a vast majority of cases and this would involve no expense to the applicant.

All service-connected veterans serving during this period, regardless of the degree of their disability, would be eligible for a special type of insurance, usually described as "H" insurance, at rates which were applicable to the World War II group. It is believed that this program, too, would be on a self-sustaining basis and, as I have indicated, this covers all veterans who are service connected even though they may be 100-percent disabled. The World War II Act did not grant insurance for the totally disabled group, but only for those disabled between 10 and 90 percent.

The premiums on insurance issued to persons in good health would be credited to a revolving fund and benefits paid from that fund. Insurance for the service-connected disabled, on the other hand, would be funded through the national service life insurance appropriation.

When the committee met for the consideration of this bill, the gentleman from Pennsylvania [Mr. SAYLOR], who has shown great interest in this matter, offered the substitute amendment to the bill which the committee adopted unanimously. I take this opportunity to express my appreciation to the gentleman from Pennsylvania for his help and assistance in this matter and the great amount of work that he has done on this subject. The amendment, as adopted by the committee and which is before the House today, made two basic changes in the bill as introduced: First, it restricted the insurance to the permanent type and barred the issuance of term insurance; second, it made the totally disabled service connected eligible for insurance, a feature which was not included in the original draft submitted by the Veterans' Administration.

Over the years the committee has been very much concerned with the ever-increasing term rates applicable to the type of insurance available to both World War I and World War II veterans. Recently we were fortunate in securing enactment of Public Law 87-549, which gives a measure of relief to approximately 12,000 World War I veterans who have maintained their insurance on a term basis.

The committee has also passed this Congress, and it is still tied up as a result of a conflict between the two Houses, the bill, H.R. 856. This is a modified life bill which seeks to provide some relief to World War II veterans by providing a constant premium by authorizing a reduction of the face value of the policy by one-half at age 65. I hope that this latter bill can be enacted before this Congress adjourns.

Only recently the attention of the committee was called to a World War II veteran who had taken out national service life insurance at age 56, who now, at age 76, has paid approximately $12,500 in premiums. He has received approximately $1,000 in dividends, making a net cost for a $10,000 policy of approximately $11,500. Numerous other instances can be cited and I ask unanimous consent to insert in the RECORD at the conclusion of my remarks, certain tabular information on this and other related subjects.

It is for these valid reasons that the committee decided to bar the issuance of term insurance. It is the committee's belief that it is in the best interest of any veteran who wishes to take insurance under this bill that he obtain a permanent plan under which the premiums will remain constant and where he will have the advantage of cash surrender, paid-up insurance, loan values, and reinstatement rights.

My position on reopening the national service life insurance program is so well known as to need no further elaboration at this time. However, I do think the record should be clear that I have not favored reopening the national service life insurance program and my position remains unchanged. However, because of the unfortunate, and in my opinion unnecessary, association of the question of insurance and service-connected compensation, I did not feel I could take the responsibility for delaying the enactment of the service-connected compensation bill, H.R. 10743, regardless of the merits of the reopening question. My conscience is quite clear on this subject. The service-connected veteran comes first. It is fair, of course, to point out that the bill we are considering today has been greatly altered over the original proposition; all service-connected cases are covered; no term insurance is provided; the insurance is nonparticipating.

The day following the action of the Committee on Veterans' Affairs the Finance Committee of the other body reported favorably to the Senate, S. 3597, which is the same as H.R. 12333 as introduced except that it provides discretionary authority for the Administrator to increase or decrease the rates, depending on whether or not the premiums are sufficient to meet the charges against the revolving fund or are in excess to the needs of that fund. The Senate bill as reported also provides for term insurance. An adaptation of H.R. 856, the modified life plan bill is included.

It is also good to know that the same committee has reported, without amendment, the service-connected compensation bill, H.R. 10743. I am hopeful that that bill will soon be passed by the Senate and sent to the White House so that it can be enacted into law as promptly as possible.

Now a word about the history of insurance for our veterans.

INSURANCE HISTORY

The Government life insurance program for servicemen and veterans began during World War I. The War Risk Insurance Act, which was primarily intended to insure cargo on merchant vessels during that war, was amended in 1917 to authorize the issue of yearly renewable term insurance to persons in the active service in the 1917–18 conflict. After the war the insurance was placed on a more permanent commercial-type basis.

The World War Veterans' Act of 1924 provided for termination of the yearly renewable term insurance program. It authorized the issue of U.S. Government life insurance—so-called K policies—to persons in the active service. USGLI continued to be available to persons in the active service up to October 8, 1940, the date of enactment of the National Service Life Insurance Act, and to veterans of World War I up to April 25, 1951.

National service life insurance originally was available only on the 5-year level premium term plan. However, after 1 year it could be converted to a permanent plan of insurance. In 1946, after World War II, the program was broadened to include certain beneficiary, settlement, and other aspects of commercial insurance. Also, it was made available after service to certain World War II veterans. NSLI was available to persons in the active service and to World War II veterans up to April 25, 1951.

In the 81st Congress, the Committee on Veterans' Affairs, following an investigation made by a Government Operations Subcommittee headed by the gentleman from Virginia [Mr. HARDY], began hearings looking to the enactment of an indemnity program. Hearings were held in the fall of 1950 and consideration was had again in 1951. This led to the enactment of Public Law 23, 82d Congress, on April 25, 1951, which provided a free $10,000 indemnity payable to the members of the immediate family of a veteran who had lost his life in the service. The Servicemen's Indemnity Act was effective from July 27, 1950, through December 31, 1956. It provided a maximum payment of $92.90 a month for a period of 10 years. If the serviceman did not die in the service, he had 120 days from discharge in which to obtain a nonparticipating, term policy. This right, too, continued through December 31, 1956. It was estimated that had this indemnity been in effect in World War II approximately $587 million would have been saved.

All rights of the World War I, World War II, and Korean conflict veterans to obtain new insurance after service were terminated as of December 31, 1956, when Public Law 881, 84th Congress, was enacted. This law, effective January 1, 1957, consolidated the death compensation and servicemen's indemnity benefits into one new benefit. Dependency and indemnity compensation is payable to a widow in the amount of $112 a month, plus 12 percent of the basic pay of the person who served, and throughout her lifetime so long as she does not remarry. This is a more liberal benefit and one which generally lasts longer than the indemnity benefit, which expired at the end of 10 years.

Service-connected disabled veterans discharged after April 24, 1951, who are unable to get insurance generally, had—and still have—1 year from the date of establishment of service connection within which to obtain insurance.

	June 1962	May 1962	June 1961
VETERAN POPULATION			
Veterans in civil life end of month, total	22, 275, 000	22, 281, 000	22, 403, 000
Korean conflict, total	5, 586, 000	5, 577, 000	5, 531, 000
And service in World War II	1, 040, 000	1, 035, 000	993, 000
No service in World War II	4, 546, 000	4, 542, 000	4, 538, 000
World War II, total	15, 126, 000	15, 127, 000	15, 156, 000
World War I	2, 455, 000	2, 465, 000	2, 565, 000
Other wars and Regular Establishment	148, 000	147, 000	144, 000
NATIONAL SERVICE LIFE INSURANCE, WORLD WAR II			
Policies in force end of month, total	5, 008, 361	5, 013, 903	5, 204, 764
Term policies	2, 791, 981	2, 797, 575	2, 997, 392
Converted policies	2, 216, 380	2, 216, 328	2, 207, 372
Face value of policies in force end of month (thousands of dollars), total	$32, 573, 677	$32, 612, 706	$34, 059, 848
Term policies (thousands of dollars)	21, 401, 249	21, 444, 899	23, 004, 511
Converted policies (thousands of dollars)	11, 172, 428	11, 167, 807	11, 055, 337
U.S. GOVERNMENT LIFE INSURANCE, WORLD WAR I			
Policies in force end of month, total	291, 214	292, 678	304, 668
Term policies	13, 143	13, 335	14, 678
Converted policies	278, 071	279, 343	289, 990
Face value of policies in force end of month (thousands of dollars), total	$1, 286, 637	$1, 293, 394	$1, 348, 508
Term policies (thousands of dollars)	83, 158	84, 262	92, 731
Converted policies (thousands of dollars)	1, 203, 479	1, 209, 132	1, 255, 777
SERVICE-DISABLED VETERANS INSURANCE, KOREA			
Policies in force end of month	49, 577	49, 361	46, 594
Face value of policies in force end of month (thousands of dollars)	$432, 896	$431, 246	$407, 738
VETERANS SPECIAL LIFE INSURANCE, KOREA			
Policies in force end of month	649, 973	650, 226	658, 853
Face value of policies in force end of month (thousands of dollars)	$5, 758, 099	$5, 762, 095	$5, 842, 933
SERVICEMEN'S INDEMNITY, KOREA			
Cases on which payment is being made end of month	25, 193	25, 392	29, 990

Comparison of pending insurance proposals

Bill number and author	Coverage [1]—wars	Service connected (W.W. II)	Service connected (Korea)	Term insurance	Permanent plans	Participating	Time for applying	Mortality table	Premium rates	Administrative expenses	Medical examination expense	Double indemnity	Raising waiver and TDI age to 65	Service connected, less than total apply for full TDI	Administrative cost [2] (1st 5 years)	Service-disabled benefit cost [3] (1st 5 years)
H.R. 856 and H.R. 879 Long rider.	W.W. II and Korean. Oct. 8, 1940–Dec. 31, 1956. Service-disabled persons discharged after Apr. 24, 1951, and prior to date of enactment.	No	Yes	Yes	Yes	Yes; service between Oct. 8, 1940, and Apr. 24, 1951.	2 years after Jan. 1, 1962.	Table used depends on period of service, or if service-connected disabled. (See premium tables, page 2.)	See attached	Borne by new policyholders (other than service disabled). Estimated at $5 annually per policy.	Borne by applicant (other than service disabled).	No	No	No	$6,939,200, $5,573,400, $3,597,300, $2,874,500, $2,710,500. (Based on 1,000,000 policies.)	$195,000, 1st year; $450,000, 2d year; $515,000 for each of next 3 years. Based on 2,000 policies issued to service disabled including persons totally disabled. Also includes extra hazard cost.
H.R. 6164 Mr. Baring (by request—American Legion).	W.W. II and Korean. Dec. 7, 1941–Sept. 2, 1945; June 27, 1950–July 27, 1963. Service disabled, Oct. 8, 1940–Sept. 2, 1945; June 27, 1950–July 27, 1953.	Yes; same as applicable to Korean veterans.	Yes	Yes	Yes	Yes; service between Dec. 7, 1941, and Sept. 2, 1945.	1 year after Jan. 1, 1962.	do	do	do	do	No	No	No	$7,716,700, $5, 583,500, $3,088,500, $2, 907, 500, $2, 743, 500. (Based on 1,000,000 policies.)	$780,000, 1st year; $1,795,000 for each of next 4 years. Based on 90,000 policies issued to service disabled less than total and 2,000 policies issued to service disabled including totally disabled persons.
H.R. 9925 Mr. Teague of Texas (by request—AMVETS).	W.W. II and Korean. Oct. 8, 1940–Dec. 31, 1956. Service-disabled persons discharged after Oct. 8, 1940, and prior to Jan. 1, 1964.	do	Yes	Yes	Yes	No	1 year after Dec. 31, 1963.	do	do	Borne by policyholders, new and *existing;* except nonparticipating service-connected disabled.	Borne by applicant (including service disabled).	Yes; estimated premium, $3 per year.	Yes	Yes	$5,370,000, $10,012,000, $3,890,000, $3,398,000, $3,270,000. (Based on 1,000,000 policies and other factors.)	$10 million, 1st year; $23 million for each of next 4 years. Based on 100,000 policies issued to service disabled including persons totally disabled and on 100,000 age 65 TDIP riders issued to service disabled less than total.
H.R. 11268 Mr. Teague of Texas (by request—American Legion).	W.W. II and Korean. Dec. 7, 1941–Sept. 2, 1945; June 27, 1950–July 27, 1953. Service disabled, Oct. 8, 1940–Sept. 2, 1945; June 27, 1950–July 27, 1953.	do	Yes	Yes	Yes	Yes; service between Dec. 7, 1941, and Sept. 2, 1945.	1 year after 6 months from date of enactment.	do	do	Same as H.R. 6164.	Same as H.R. 6164.	No	No	No	Same as H.R. 6164.	Same as H.R. 6164.
H.R. 11832 (by request—AMVETS, Blinded War Veterans, Catholic War Veterans, Disabled American Veterans, Jewish War Veterans, Military Order of the Purple Heart, Paralyzed Veterans of America, Veterans of Foreign Wars.)	W.W. II and Korean. Oct. 8, 1940–Dec. 31, 1956. Service-disabled persons discharged after Oct. 8, 1940, and prior to 1 year after date of enactment.	do	Yes	Yes	Yes	Yes; service between Oct. 8, 1940, and Dec. 31, 1956.	1 year after 1 year from date of enactment.	do	do	do	Same as H.R. 9925.	No	No	No	do	$5,700,000, 1st year; $13,240,000 for each of next 4 years. Based on 100,000 policies issued to service disabled including persons totally disabled. Also includes extra hazard costs.
H.R. 12333 [4] Mr. Teague of Texas (by request).	W.W. II and Korean. Oct. 8, 1940–Dec. 31, 1956; service disabled less than total on or between such dates.	Yes; similar W.W. II.	Yes; similar W.W. II.	No	Yes	No	do	do	do	Borne by all policyholders, including service disabled.	do	No	No	No	Approximately same as H.R. 6164.	Estimated to be self-sustaining.

See footnotes at end of table.

Comparison of pending insurance proposals—Continued

Bill number and author	Coverage [1]—wars	Service connected (W.W. II)	Service connected (Korea)	Term insurance	Permanent plans	Participating	Time for applying	Mortality table	Premium rates	Administrative expenses	Medical examination expense	Double indemnity	Raising waiver and TDI age to 65	Service connected, less than total apply for full TDI	Administrative cost [2] (1st 5 years)	Service-disabled benefit cost [3] (1st 5 years)
H.R. 12680 [4] Mr. Saylor (by request).	W.W. II and Korean. Oct. 8, 1940–Dec. 31, 1956, etc.	Yes; similar W.W.II.	Yes; similar W.W.II.	No	Yes	No	1 year after 1 year, etc.	Table used depends on, etc.	See attached.	Borne by all policyholders, etc.	Same as H.R. 9925.	No	No	No	Approximately same as H.R.6164.	Estimated to be self-sustaining.
S. 3597 [4] [5] Senator Long of Louisiana.	do	do	do	Yes	Yes	No	do	do	do	do	do	No	No	No	do	Do.

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[1] Reopen program for persons heretofore eligible (except Filipino veterans) within the periods stated.

[2] Administrative cost reimbursed by nondisabled policyholders under all bills and also by the service disabled under H.R. 12333, H.R. 12680, and S. 3597. The administrative cost shown is based on an arbitrarily assumed number of policies issued to the classes covered. It is Veterans' Administration cost only and does not include cost which would be incurred by other Government agencies. In reality this is a bookkeeping transaction involving no cost to the Government, except in connection with policies issued the service disabled under bills other than H.R. 12333, H.R. 12680, and S. 3597.

[3] Based upon an arbitrarily assumed number of issues to the classes covered. Ultimate cost will, of course, depend upon the actual number of policies issued to the service disabled and experience thereunder.

[4] Will not be issued to any person in armed services or provide any protection while on active duty, or active duty for training.

[5] Provides for modified life plan as specified in H.R. 856.

Annual premium rates per $1,000 insurance

Issue age	H.R. 856, H.R. 879, long rider,[1] H.R. 6164,[1] H.R. 11268 [1] (gross=American experience table (1868), 3 percent; net=estimated)			H.R. 856, H.R. 879, long rider,[2] H.R. 6164,[2] H.R. 9925,[2] H.R. 11268,[2] H.R. 11832 [2] (gross=1941 commissioners standard ordinary table of mortality, 2¼ percent (nonparticipating))		H.R. 856, H.R. 879, long rider,[3] H.R. 6164,[3] H.R. 9925,[4] H.R. 11268 [3] (gross=X−18 (1950-54), 2½ percent (nonparticipating))		H.R. 11832,[5] (gross=1958 commissioners standard ordinary table of mortality, 3 percent; net=estimated)		
	Net 5-year term	Gross ordinary life	Net ordinary life	Gross 5-year term	Gross ordinary life	Gross 5-year term	Gross ordinary life	Net 5-year term	Gross ordinary life	Net ordinary life
25	$1.09	$16.22	$10.68	$3.09	$15.44	$0.95	$11.51	$1.05	$11.37	$10.18
26	1.09	16.69	11.07	3.21	15.92	.95	11.87	1.05	11.72	10.56
27	1.21	17.05	11.48	3.33	16.39	1.07	12.22	1.17	12.19	10.96
28	1.21	17.52	11.91	3.44	16.99	1.07	12.70	1.17	12.55	11.38
29	1.21	18.00	12.36	3.68	17.46	1.07	13.17	1.17	13.02	11.82
30	1.33	18.47	12.83	3.80	18.06	1.19	13.65	1.29	13.50	12.28
31	1.32	18.94	13.33	4.04	18.65	1.19	14.12	1.29	14.09	12.77
32	1.44	19.53	13.85	4.28	19.36	1.31	14.71	1.41	14.56	13.28
33	1.56	20.01	14.40	4.51	19.96	1.42	15.19	1.52	15.15	13.82
34	1.68	20.72	14.98	4.75	20.67	1.54	15.78	1.64	15.75	14.39
35	1.80	21.31	15.59	5.11	21.38	1.66	16.37	1.76	16.46	14.99
36	1.92	21.90	16.24	5.35	22.21	1.90	17.09	2.00	17.05	15.62
37	2.15	22.61	16.92	5.70	23.04	2.02	17.68	2.12	17.76	16.28
38	2.39	23.44	17.64	6.06	23.88	2.37	18.39	2.47	18.59	16.98
39	2.75	24.15	18.39	6.41	24.71	2.61	19.22	2.71	19.30	17.71
40	2.98	25.10	19.19	6.89	25.66	2.85	19.93	2.95	20.13	18.49
41	3.34	25.93	20.04	7.36	26.73	3.20	20.76	3.30	20.95	19.31
42	3.82	26.87	20.92	7.96	27.68	3.56	21.59	3.66	21.90	20.16
43	4.29	27.94	21.85	8.43	28.86	3.92	22.54	4.02	22.85	21.06
44	5.01	29.01	22.82	9.03	29.93	4.39	23.49	4.49	23.91	22.00
45	5.72	30.07	23.86	9.74	31.12	4.86	24.44	4.96	24.98	23.01
46	6.55	31.25	24.95	10.45	32.43	5.34	25.51	5.44	26.16	24.07
47	7.39	32.56	26.09	11.28	33.85	5.93	26.70	6.03	27.35	25.18
48	8.22	33.98	27.28	12.12	35.28	6.64	27.88	6.74	28.65	26.34
49	9.05	35.40	28.55	13.07	36.70	7.24	29.07	7.34	29.95	27.58
50	9.88	36.94	29.90	14.14	38.37	8.07	30.38	8.17	31.37	28.90
51	10.82	38.71	31.34	15.20	40.03	8.90	31.80	9.00	32.91	30.29
52	11.77	40.49	32.84	16.39	41.81	9.73	33.22	9.83	34.45	31.74
53	12.83	42.38	34.43	17.70	43.71	10.68	34.88	10.78	36.11	33.28
54	14.01	44.40	36.12	19.12	45.73	11.87	36.43	11.97	37.88	34.92
55	15.31	46.53	37.91	20.79	47.87	13.05	38.21	13.15	39.78	36.66
56	16.62	48.89	39.82	22.45	50.13	14.24	39.99	14.34	41.79	38.50
57	17.93	51.38	41.84	24.23	52.50	15.66	42.00	15.76	43.92	40.45
58	19.24	53.99	43.97	26.25	55.00	17.32	44.02	17.42	46.17	42.51
59	20.55	56.83	46.23	28.51	57.73	18.98	47.27	19.08	48.66	44.70
60	21.86	59.91	48.61	30.88	60.58	20.76	48.53	20.86	51.26	47.01

[1] For World War II veterans only (American experience table—adopted 1868).

[2] For service disabled only (Commissioners standard ordinary table of mortality, 1941).

[3] For Korean veterans only.

[4] For all veterans except service disabled (intercompany table of mortality, 1950–54).

[5] Identical to S. 3289.

NOTE.—None of these rates takes into account the administrative expense charges imposed by the various bills. Average age, June 30, 1962, World War II veteran is 43 years; Korean conflict, 30.8.

LIFE EXPECTANCIES

Year	Life expectancy at birth (males)	Age	Life expectancy (males)
1900	46.3	40	31.2
1910	48.4	50	22.8
1920	53.6	60	15.7
1930	58.1	70	10.7
1940	60.8		
1950	65.8		
1960	66.5		

Annual premium rates per $1,000 insurance

[Gross=1958 CSO basic table (loaded) 3 percent nonparticipating]

Issue age:	5-year term
25	$1.30
26	1.30
27	1.42
28	1.42
29	1.54
30	1.54
31	1.66
32	1.78
33	1.89
34	2.01
35	2.25
36	2.37
37	2.72
38	2.96
39	3.31
40	3.67
41	4.14
42	4.50
43	5.21

Annual premium rates per $1,000 insurance—
Continued

[Gross=1958 CSO basic table (loaded) 3 percent nonparticipating]

Issue age:	5-year term
44	$5.68
45	6.27
46	6.98
47	7.81
48	8.64
49	9.59
50	10.77
51	11.96
52	13.26
53	14.92
54	16.57
55	18.59
56	20.48
57	22.61
58	24.98
59	27.58
60	25.81
61	28.30
62	31.02
63	33.98
64	37.17
65	40.73
66	44.63
67	48.78
68	53.28
69	58.01
70	62.98
71	68.07
72	73.64
73	79.56
74	86.07
75	93.41

Annual premium rates per $1,000 insurance—
Continued

[Gross=1958 CSO basic table (loaded) 3 percent nonparticipating]

Issue age:	5-year term
76	$101.46
77	110.34
78	120.17
79	130.70
80	141.95
81	153.79
82	166.22
83	179.36
84	193.33
85	208.25
86	224.23
87	241.63
88	260.93
89	282.48
90	306.98

PREMIUM RATES PER $1,000 INSURANCE—WORLD WAR II 5-YEAR LEVEL-PREMIUM TERM

25	$7.93
26	8.05
27	8.17
28	8.17
29	8.29
30	8.41
31	8.52
32	8.64
33	8.76
34	8.88
35	9.00
36	9.12
37	9.35
38	9.59
39	9.83

Annual premium rates per $1,000 insurance—Continued

[Gross=1958 CSO basic table (loaded) 3 percent nonparticipating]

PREMIUM RATES PER $1,000 INSURANCE—WORLD WAR II 5-YEAR LEVEL-PREMIUM TERM—con.

Issue age:	*5-year term*
40	$10.06
41	10.30
42	10.54
43	10.89
44	11.25
45	11.72
46	12.19
47	12.79
48	13.50
49	14.21
50	15.04
51	15.98

Annual premium rates per $1,000 insurance—Continued

[Gross=1958 CSO basic table (loaded) 3 percent nonparticipating]

PREMIUM RATES PER $1,000 INSURANCE—WORLD WAR II 5-YEAR LEVEL-PREMIUM TERM—con.

Issue age:	*5-year term*
52	$17.05
53	18.23
54	19.53
55	20.95
56	22.49
57	24.27
58	26.16
59	28.41
60	30.76
61	33.39
62	36.35
63	39.54

Annual premium rates per $1,000 insurance—Continued

[Gross=1958 CSO basic table (loaded) 3 percent nonparticipating]

PREMIUM RATES PER $1,000 INSURANCE—WORLD WAR II 5-YEAR LEVEL-PREMIUM TERM—con.

Issue age:	*5-year term*
64	$43.09
65	47.00
66	51.38
67	56.12
68	61.33
69	67.01
70	73.16
71	79.68
72	86.78
73	94.36
74	102.64
75	111.88

U.S. GOVERNMENT LIFE INSURANCE (WORLD WAR I), 5-YEAR TERM

Examples of in-force cases where total net premiums (after dividends) exceeds the face amount of the policy

Original issue		Number of policies	Face amount of insurance	Total net premiums paid to date
Year	Age			
1927	42	11	$47,500	$50,106
1927	43	14	101,000	115,407
1927	44	7	31,000	38,284
1927	45	1	5,000	6,699
1927	47	1	5,000	7,894
1927	49	1	1,000	1,868
1930	52	1	1,000	1,901
1931	46	1	1,000	1,040
1931	47	2	5,000	5,638
1932	47	3	22,000	22,199
1932	48	2	18,000	19,710
1932	49	3	17,200	20,409
1932	50	3	$12,500	$16,100
1932	51	1	10,000	13,996
1932	52	1	2,000	3,043
1933	48	2	15,000	15,218
1934	49	2	2,000	2,023
1936	53	1	3,000	3,472
1936	54	1	2,000	2,516
1941	59	1	5,000	5,904
1943	60	1	5,000	5,062
1943	62	1	10,000	12,028
Total		61	321,200	370,517

Distribution of World War I term policies by year of issue

Original year of issue	Number of policies	Amount of insurance
1927	3,499	$21,601,314
1928	48	317,000
1929	196	1,118,000
1930	198	1,109,259
1931	263	1,486,367
1932	905	5,994,278
1933	373	1,964,723
1934	307	1,519,330
1935	236	1,176,294
1936	274	1,519,938
1937	325	1,731,942
1938	378	2,113,244
1939	419	2,628,562
1940	749	4,834,659
1941	310	1,798,589
1942	707	5,262,683
1943	1,230	9,449,376
1944	364	2,527,445
1945	170	1,174,173
1946	128	803,000
1947	394	2,424,053
1948	401	2,531,000
1949	285	1,765,500
1950	291	1,663,000
1951	187	1,116,354
1955	2	15,000
1956	1	1,000
1961	1	1,000
Total	12,641	79,637,083

Yearly renewable term (wartime) insurance—World War I

[Monthly premium rate per $1,000]

Age:	
20	$0.64
21	.65
22	.65
23	.65
24	.66

Yearly renewable term (wartime) insurance—World War I—Continued

[Monthly premium rate per $1,000]

Age:	
25	$0.66
26	.67
27	.67
28	.68
29	.69
30	.69
31	.70
32	.71
33	.72
34	.73
35	.74
36	.75
37	.76
38	.77
39	.79
40	.81
41	.82
42	.84
43	.87
44	.90
45	.92
46	.95
47	.99
48	1.06
49	1.08
50	1.14
51	1.20
52	1.27
53	1.35
54	1.44
55	1.53
56	1.64
57	1.76
58	1.90
59	2.05
60	2.21
61	2.40

Yearly renewable term (wartime) insurance—World War I—Continued

[Monthly premium rate per $1,000]

Age:	
62	$2.60
63	2.82
64	3.07
65	3.35
66	3.65
67	3.99
68	4.36
69	4.77
70	5.22
71	5.72
72	6.25
73	6.81
74	7.42
75	8.07
76	8.78
77	9.57
78	10.46
79	11.47
80	12.67
81	14.00
82	15.51
83	17.19
84	19.16
85	21.61
86	24.76
87	28.80
88	33.72
89	39.56
90	46.95
91	57.58
92	73.05
93	90.34
94	115.19

Yearly renewable term insurance has no cash, loan, paid-up, or extended insurance values.

COMPARISON OF H.R. 12333 VERSUS COMMERCIAL INSURANCE RATES

Annual net costs (premiums, including premium waiver), less dividends—$10,000 insurance

	Ordinary life		
	Age 25	Age 35	Age 45
Company A	$142.50	$202.30	$295.10
Company B	150.75	205.67	293.74
Company C	138.85	190.59	274.36
Company D	135.91	186.45	274.03
Company E	130.12	177.16	258.44
Company F	142.60	200.70	295.50
Average for 6 companies	140.12	193.81	281.86
Proposed annual premiums including $5 per policy for administrative cost, H.R. 12333:			
Healthy veteran	108.00	157.70	240.60
Service disabled veteran	167.20	218.10	305.70

AMVETS,
Washington, D.C., August 2, 1962.

Hon. OLIN E. TEAGUE,
Chairman, Committee on Veterans' Affairs, the House of Representatives, Washington, D.C.

DEAR MR. TEAGUE: I want to express the deep appreciation of AMVETS, and my own as well, for your outstanding leadership in bringing about the favorable report of H.R. 12333.

The Committee on Veterans' Affairs and its distinguished chairman have once again clearly indicated their concern for this Nation's war disabled, in amending H.R. 12333 to permit those with total disabilities to reinstate their lapsed national service life insurance. This particular provision of your bill has been noticeably missing from a variety of Senate bills which have been considered on this subject at various times.

Enclosed is a text of the wire sent to Chairman BYRD, of the Senate Finance Committee, by the eight national veterans organizations which signed the joint petition of April 18 to Senator BYRD.

Sincerely yours,

P. E. HOWARD.

NEW YORK, N.Y.,
August 2, 1962.

Hon. OLIN TEAGUE,
Chairman, Veterans' Affairs Committee, House of Representatives, Washington, D.C.:

The Paralyzed Veterans of America wishes to express its deepest appreciation for your efforts on behalf of its membership in having H.R. 12333 reported out favorably with the inclusion of the totally disabled under its provision.

ROBERT CLASSON,
Legislative Director, Paralyzed Veterans of America.

PARALYZED VETERANS OF AMERICA, INC.,
New York, N.Y., August 3, 1962.

Hon. OLIN E. TEAGUE,
Chairman, Veterans' Affairs Committee, House of Representatives, Washington, D.C.

DEAR MR. TEAGUE: It is my pleasure to reiterate my sincere appreciation to you, in behalf of the members of the Paralyzed Veterans of America, for your efforts in having H.R. 12333 reported out favorably and thus breaking the logjam on the service-connected compensation measure. We are especially cognizant of the amendment which will permit totally disabled veterans to reopen, since all of our members fall into this category.

Thank you, again, for your generosity.

Sincerely yours,

ROBERT CLASSON,
Legislative Director.

AMVETS NATIONAL HEADQUARTERS,
August 2, 1962.

Hon. HARRY BYRD,
U.S. Senate, Washington, D.C.:

Largely as a result of painstaking negotiations by the undersigned eight national organizations with the White House and Chairman TEAGUE, the Committee on Veterans' Affairs has this date unanimously reported H.R. 12333, which would reopen national service life insurance to World War II veterans. This bill will be voted on by the House of Representatives early next week, and its passage is virtually assured. Recalling the promise you made to our organizations when we met in your office on April 18 that the Senate Finance Committee would act on H.R. 10743 to grant cost-of-living increases in compensation for the war disabled "by sundown of the same day that the House committee favorably reported a NSLI reopening bill," we respectfully urge the Senate Finance Committee to act with dispatch and favorably report the compensation measure to the Senate floor. We believe that today's action by the House Committee on Veterans' Affairs clearly indicates that they have kept faith with this Nation's 2 million war disabled who have been deprived of a just increase in their compensation rates for over 2 years. In the interest of justice and fairness for those in our ranks who bear the scars of our Nation's wars, we respectfully request the Senate to act at once on this compensation measure.

EDWIN P. FIFIELSKI,
National Commander, AMVETS.
WILLIAM M. HUGHES,
National President, Blinded Veterans.
ALBERT J. SCHWIND,
National Commander, Catholic War Veterans.
ROBERT CLASSON,
Past National President, Paralyzed Veterans.
ROBERT E. HANSEN,
Commander in Chief, VFW.
FRANCIS R. BUONO,
National Commander, Disabled American Veterans.
THEODORE BROOKS,
National Commander, Jewish War Veterans.
EDWARD J. HOLIDAY,
National Commander, Military Order of Purple Heart.

Comparison of insurance bills, H.R. 12333, as reported Aug. 2, 1962, and S. 3597, as passed Senate Aug. 8, 1962

Item	H.R. 12333	S. 3597
Period of service: World War II and Korean (Oct. 8, 1940, through Dec. 31, 1956; service-disabled, including totally disabled on or between such dates).	X	X.
Term insurance	No	Yes.
Permanent plans: Ordinary life, 20-pay life, 30-pay life, 20-year endowment, endowment at age 60, endowment at age 65.	Yes	Do.
Nonparticipating (no dividends)	X	X.
Time for applying: 1 year after 1 year from date of enactment.	X	X.
Mortality table: 1958 commissioners standard ordinary 3 percent.	X	X.
Administrative expense borne by policyholder estimated at $5 annually per policy, including service disabled.	X	X.
Medical examination expense borne by applicant if required	X	X.
Administrative expense approximately $7,716,700 1st year based on 1,000,000 policies borne by policyholders.	X	X.
Adjustment of premium rates every 2 years	No	Yes.
Term insurance after age 50	(1)	No.[2]
Modified life plan for World War II and Korean policyholders as provided originally in H.R. 856 passed by the House on Mar. 6, 1961.	No	Yes.[3]

[1] None at any age.

[2] No term insurance may be issued at above age 50. For veteran obtaining it before age 50, when he reaches age 50 he has 3 choices: (1) Surrender the insurance; (2) convert to permanent plan; (3) convert to modified life plan with face value of the policy reduced by ½ at age 65.

[3] Effective the same date as balance of the bill.

NOTE.—S. 3597 as passed House, Aug. 16, 1962, provided coverage only for service-connected veterans with disabilities making them uninsurable according to good health standards as determined by the VA; administrative costs would be borne by the Government.

ESTIMATED COST ON THE BILL, S. 3597, AS PASSED HOUSE AUGUST 16, 1962

The bill would authorize for 1 year the issue of NSLI to any veteran heretofore eligible to apply for such insurance who is in good health except for service-connected disability which renders him uninsurable according to standards of good health established by the Administrator. The insurance would be nonparticipating and the premium rate would be based upon the American Experience Table of Mortality and interest at the rate of 3 percent per annum. The VA has no actual experience on this particular group. The closest experience we have is with nonparticipating insurance (with the same premium rate basis) issued to persons with service-incurred disability less than total in degree under section 602(c)(2) of the NSLI Act. If that experience is comparable, it is believed that the life insurance issued under committee print bill No. 3 would be self-supporting, or nearly so, and would require little or no Government subsidy from a claims-cost standpoint.

As of May 20, 1961, there were about 1,820,000 World War II, Korean conflict, and peacetime veterans on the service-connected compensation rolls who would be potentially eligible for insurance under committee print bill No. 3. It is not known how many of these veterans have the maximum amount of NSLI, or how many would file application or qualify for insurance under bill No. 3. Also, an unknown number of veterans no longer on the compensation rolls or who have never applied for compensation could qualify for life insurance under the bill.

The following is the estimated annual unit administrative cost to the VA of processing and maintaining each policy issued under the bill:

First full year processing and maintenance, $17.50.

Average, 4 years' maintenance, $3.64.

In addition, physical examinations, when required, would cost about $15 in routine cases and about $25 in complicated cases requiring further development. This, of course, does not include the cost of transportation which the VA is required to bear where it would be necessary to order a service-disabled veteran to report to the VA for a physical examination in conection with insurance issued under the bill.

The following estimated administrative cost to the VA of reopening the NSLI program for 1 year to veterans who are uninsurable because of service-connected disability is based upon each 100,000 applications received from the 1,820,000 veterans potentially eligible and upon the following arbitrary assumptions:

(a) Eighty percent of the applications received will be processed the first year after the effective date and 20 percent the following year.

(b) Seventy percent of the applications received will be approved and maintained thereafter with adjustments each year.

(c) That for each 100,000 applications received the VA will be required to give 50,000 free medical examinations.

(d) That of each 50,000 free physical examinations, 45,000 will be routine, cost about $15 each or $675,000 and 5,000 will be complicated requiring further development, cost about $25 each or $125,000.

(e) That for each 1,000 policies of seriously disabled veterans insurance in force there will be 10 maturities per thousand the first year, 11 the second, 12 the third, and 13 the fourth year.

Administrative cost to the Government

1st year	$1,758,200
2d year	689,500
3d year	267,000
4th year	255,600

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman.

Mr. MICHEL. The premium schedule we see here in this bill is higher, is it not, than for comparable policies that were issued to us as veterans of World War II?

Mr. TEAGUE of Texas. The rates for World War II were on the American experience table, the bill as reported uses the 1958 CSO table. The rates are as indicated in tables I have inserted in the Record. The impression has been created about this legislation across the country that we are giving the veterans the same insurance; we are not. He has to pay the administrative cost and a different table is involved.

Mr. MICHEL. Under the premiums paid heretofore, the policy was a participating policy and dividends were returned to the veteran, with a lower premium. Now we have a higher premium and it is nonparticipating. It seems to me that at some future date the Government is going to be making money on this premium schedule. Otherwise, why should it be higher than on policies under which a lower premium was being paid?

Mr. TEAGUE of Texas. The gentleman could be right, but the mortality table that has been selected is the best we have to date. It might be right. It might be possible to lose money, too. Actuaries are rather conservative.

Mr. MICHEL. I note a comparison on one of the documents put out by the committee as to the comparable rates of private insurance companies but nonparticipating in the area of ordinary life, the first 20 years, under age 45, a rate for a healthy veteran of $240.60 for a $10,000 policy, as against the average for the private-ownership companies of $281.86. This did not take into account any of the participating companies or mutual companies that would pay a dividend?

Mr. TEAGUE of Texas. There would be $5 added to the $240 for administrative costs. The rates cited are net rates.

Mr. MICHEL. What I am trying to say here is that the average companies must have been stock insurance companies, nonparticipating. Is that not correct?

Mr. TEAGUE of Texas. There is participating and nonparticipating.

Mr. MICHEL. What I am trying to say is that as to the mutual insurance companies that have for the last several years been paying a regular dividend on all the varieties of insurance offered here, there would be even a much more narrow gap between what the veteran pays under this program and what can be offered under private insurance.

Mr. AYRES. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Ohio.

Mr. AYRES. The figures the gentleman from Illinois is referring to on companies A, B, C, D, E, and F, they were not mutual companies and the rates cited are net.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The committee report states at page 6 that the administrative expenses which are outlined in connection with this bill in reality are a bookkeeping transaction involving no cost to the Government, inasmuch as the bill provides that funds so appropriated shall be repaid to the Treasury by collection of the administrative expenses from the policyholders. Would this hold true under either the bill of the committee or under the alternate which is being suggested in the motion to recommit?

Mr. TEAGUE of Texas. The motion to recommit, as I understand, will strike all from the bill except service connected. The service-connected administration cost will be borne by the Government.

He will get exactly the same insurance that the World War II disabled veteran received and at the same rate except this covers the 100-percent disabled and the World War II program went no higher than 90 percent.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from North Carolina.

Mr. JONAS. From the explanation the chairman has given, does this apply to the committee bill or the motion to recommit with instructions?

Mr. TEAGUE of Texas. It has been to the committee bill. The only portion I referred to is that the insurance for veterans in good health will be stricken under the motion to recommit.

Mr. JONAS. Should the motion to recommit prevail, how many veterans would be eligible for insurance?

Mr. TEAGUE of Texas. If it prevails, how many would it affect?

Mr. JONAS. How many would be encompassed by the new bill?

Mr. TEAGUE of Texas. I do not believe we have that figure.

Mr. JONAS. The 16-million figure that has been used today was applicable to the committee bill?

Mr. TEAGUE of Texas. Close to 15 million.

Mr. JONAS. And not necessarily to the motion to recommit with instructions.

Mr. TEAGUE of Texas. The 16 million was applicable to the bill as reported.

Mr. AYRES. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Ohio.

Mr. AYRES. The figure the gentleman from North Carolina is using is found on page 11 of the report which accompanies H.R. 12333. I quote:

> There are approximately 1,800,000 service-connected veterans who would be potentially eligible for insurance under the bill provided they do not now have the maximum coverage of $10,000.

In other words, you are not dealing with 16 million, you are dealing with a potential of 1,800,000.

Mr. JONAS. I understand that if the motion to recommit prevails the veterans who are service connected with respect to their disabilities will not be eligible for this insurance if they are fully covered with the maximum permitted under the NSLI program. Is that correct?

Mr. TEAGUE of Texas. That is correct.

Mr. JONAS. That would be $10,000?

Mr. TEAGUE of Texas. That is correct.

Mr. JONAS. But if a veteran had taken but a policy of $5,000 and he otherwise qualifies, he would be eligible for a policy of $5,000 under this program?

Mr. TEAGUE of Texas. Yes.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield.

Mr. MICHEL. Under the Veterans' Administration rules, there are some of us who can very well be described as having a service-connected disability, but whose disability is not severe enough so as to disqualify us from passing a regular insurance examination. How would the provisions of the motion to recommit affect those people who, by Veterans' Administration standards are service-connected disabled cases, but who can still qualify for private insurance?

Mr. TEAGUE of Texas. The motion to recommit would affect all service-connected disabled veterans who are uninsurable.

Mr. MICHEL. But in the report there seems to be language which would indicate otherwise, and I would be glad if my colleague would yield to the gentleman from Ohio [Mr. Ayres].

Mr. TEAGUE of Texas. I yield to the gentleman.

Mr. AYRES. I will read from the motion to recommit which will be offered under paragraph (a) of the motion:

> (a) Any person heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, who is in good health except for a service-connected disability which renders him un-

insurable according to the standards of good health established by the Administrator shall, upon application in writing made within one year after the effective date of this section, submission of evidence satisfactory to the Administration that but for service-connected disabilities he is in good health at the time of such application, and payment of the required premiums, be granted insurance other than on the five-year level premium term plan under the same terms and conditions as are contained in standard policies of national service life insurance except—

Mr. MICHEL. And so it goes on from there. So, apparently, if the Administrator in that case would draw up some rules of procedures—for example, I am a service-connected disabled veteran, but I am insurable, my point is I think under the language of this motion to recommit, if you are insurable even though having a service-connected disability, if the Veterans' Administration Administrator says, if you are insurable, you cannot have it, then you cannot have it. Am I not correct in that assumption?

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman.

Mr. EDMONDSON. With respect to this question of eligibility of service-connected disabled; do I understand correctly that this service connection and the disability resulting from the service connection need not be a disability that was present during the war or immediately following the war, but that it could be a disability recently discovered and recently credited by the Veterans' Administration?

Mr. TEAGUE of Texas. Yes, if the veteran is granted service connection by the Veterans' Administration.

Mr. EDMONDSON. In other words, a veteran who had had good health during the war and following the war, then in the last year or two discovered that he had a service-connected disability is given an opportunity to apply for this insurance while possibly a veteran who had had bad health during the war and following the war, but is now in good health would be deprived of it; is that correct?

Mr. TEAGUE of Texas. That is correct.

Mr. EDMONDSON. I thank the gentleman.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman.

Mr. VAN ZANDT. What was the vote in committee when this bill was reported out?

Mr. TEAGUE of Texas. As I remember, the vote was unanimous.

Mr. VAN ZANDT. Now do I understand that a committee member is offering a motion to recommit the bill?

Mr. TEAGUE of Texas. That is correct.

Mr. VAN ZANDT. This 16 million figure that has been mentioned, of course, that represents the ultimate or the highest figure; is that correct?

Mr. TEAGUE of Texas. That is correct.

Mr. VAN ZANDT. But does not your report say here that it is only possible that 1 million of the 16 million would actually apply for reinstatement of this type of insurance, among which there are 100,000 who are service connected?

Mr. TEAGUE of Texas. The Veterans' Administration gave a figure of 1 million, which they really have no way of proving.

Mr. VAN ZANDT. It is based on their experience having dealt with veterans over a period of many years.

Mr. TEAGUE of Texas. That is correct. It is a guess, really.

Mr. VAN ZANDT. This bill really will cost the Government nothing.

Mr. TEAGUE of Texas. This bill as reported will cost nothing. If the motion prevails, the Government will bear the administration costs.

Mr. VAN ZANDT. Does it not say in your report that it would represent a book transfer?

Mr. TEAGUE of Texas. As far as the good health cases are concerned, that is true, but as far as the service-connected policies are concerned, they would not have to pay the administrative costs under the substitute. They would not have to pay for any kind of medical examination. The Government will pay that, so for the service connected there will be a very small amount of cost.

Mr. VAN ZANDT. Is not this true, that the problem the Committee is faced with here is whether or not we are going to extend the right to the veteran who permitted his policy to lapse to reinstate it? Congress already has established the policy of insurance for veterans in this country. Is not that correct?

Mr. TEAGUE of Texas. The gentleman is correct.

Mr. VAN ZANDT. I thank the gentleman.

Mr. AYRES. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Chairman, the bill which we have before us today does not include term insurance. Since many of the veterans of World War I and World War II have not converted their insurance, many people are insisting and believe that this type of policy should be continued. Because of certain facts which the Veterans' Administration has made available to me and to anyone who is interested, the Veterans' Committee turned down this facet of term insurance.

As our eminent chairman, the gentleman from Texas [Mr. TEAGUE] has explained, the maximum insurance it is possible to procure under this bill is $10,000. I asked the Veterans' Administration to furnish me with the most outstanding example they had of a member of the armed services in World War I, World War II or Korea who has carried insurance and has paid in the most premiums over and above the dividends he has received. The gentleman who qualifies for that dubious honor was the commander in chief of the American Expeditionary Forces in World War I, Gen. John J. Pershing. As a member of the Armed Forces of the United States, General Pershing took out a $10,000 insurance policy. He carried it until he died. His estate received $10,000. For that policy of $10,000 General Pershing paid into the World War I insurance fund $16,499.60. He received in dividends $306.20, or a net total paid in during his lifetime of $16,193.40.

You might think that General Pershing is the only one who is in this field, that he was old in World War I and therefore is an unusual case. The Veterans' Administration and those who have charge of the insurance program have told me that during fiscal year 1962 we had 69 veterans whose estates or beneficiaries received insurance, each one of which had paid into the fund a great deal more money than they received; and they informed me that within the next few years the members of World War I who are more than 65—and we have some who served in World War II who are now over 65, who have already paid into the fund more than the face value of their policy after deducting all dividends.

It is for this reason, and if any benefits are to be given to the men they should not suffer the same injustice. This is one feature that the committee was unanimous on, and I hope there will be no attempt to try to extend term insurance under any provisions of this bill.

One of the unusual features is that the bill that was proposed by the Veterans' Administration that there should be only term insurance for one 5-year period after the members who served in World War II were entitled to take out this insurance reached age 50. Since the average of the men who served in World War II is now 45 years, it means that he would only have this insurance for a period of 5 years. Because of this feature, I certainly hope that the position will be sustained as far as term insurance is concerned.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Do I understand if this bill were to become law it would take care of the veterans of World War I who have this so-called term insurance?

Mr. SAYLOR. No, it will not take care of the veterans of World War I. This will affect only those men who entered the service between October 7, 1940, and January 1, 1957.

Mr. VAN ZANDT. Then these exorbitant premiums that the World War I veteran is paying on his insurance will continue?

Mr. SAYLOR. They will continue. The men who carry their World War I insurance have a different contract and cannot be covered in this bill. The Veterans' Affairs Committee did report out, Congress passed, and the President has just signed a bill that will afford these men some relief.

Mr. VAN ZANDT. Did the committee consider the plight of the World War I veteran who holds this insurance?

Mr. SAYLOR. No, not in relation to this bill, because World War I insurance must be considered in a separate act. But this is a matter the chairman of the Veterans' Affairs Committee assures us will be considered by that committee in the next session of the Congress.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. The majority of the mail that the Committee on Veterans' Affairs received is from World War I veterans who cannot afford to keep their insurance and they cannot afford to drop it. That is the reason I am unalterably opposed to term insurance.

Mr. AYRES. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, in 1951, Congress passed a law which suddenly and arbitrarily terminated the rights and privileges of World War II veterans to apply for new insurance or reinstatement of their national service life insurance. This, to me, represented a sneak attack on the rights of our war servicemen, who had been given assurances that they could apply for insurance at any time after discharge. This statute has created not only a great hardship, but has perpetrated an injustice to our veterans and their families.

Millions of veterans dropped their insurance after discharge, either because of financial difficulties, or because they felt that they did not need it while still unmarried. Now that they have been rehabilitated into civilian life, acquired families and other responsibilities, they find that Public Law 23 has cut off their rights.

The purpose of this bill, H.R. 12333, is to permit veterans, within 1 year after date of enactment, to apply and receive Government insurance subject to medical requirements. This proposal will not add any additional cost to the Government—since this insurance program pays for itself—and will greatly benefit millions of veterans. It is a remedial piece of legislation that removes a discriminatory law and corrects a gross injustice.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DULSKI].

Mr. DULSKI. Mr. Chairman, I rise in support of this legislation as presented which is before us today to permit veterans who served our country during the period between October 8, 1940, and December 31, 1956, to reinstate their national service life insurance. I introduced such a bill early in this Congress, and I feel it is a long-needed correction of an injustice that was done in 1951. I am opposed to the recommittal motion.

Many of these veterans were not given sufficient warning, and reopening the right for them to reinstate this insurance is only fair. Many, upon their discharge from military service, were comparatively young and had no realization of the value and importance of this insurance. It has been brought to my attention that in some cases veterans were even advised to drop this Government life insurance by service personnel who were uninformed.

This legislation will result in no cost to the taxpayer. The veteran will be required to pay the administrative cost, which is estimated at $5 per policy.

All veteran groups favor reopening for 1 year for insurable and service disabled veterans of World War II and of the Korean conflict. This organization is not opposed to the period included in the bill to permit veterans who served our country during the period between October 8, 1940, and December 31, 1956, to reinstate their national service life insurance. There are approximately 16 million veterans who would be eligible.

In 1951, when the national service life insurance program was abruptly discontinued, the average World War II veteran was 31 years of age. At that time, he could have purchased a $1,000 national service life insurance policy on the ordinary life plan at a net annual premium of approximately $13.33. Today 11 years later, at age 42, this same coverage would cost $20.92. If reopening is delayed much longer, the cost of national service life insurance will become too expensive for the average veteran to purchase.

In fact, time has already run out for the over one-half million veterans who died between the years 1951 and 1961. Over 400,000 of these deaths were not covered by any form of Government insurance. Of the approximately 100,000 deaths that did leave some insurance for the protection of their widows, minor children, and dependent parents, the vast majority carried less than $10,000, the maximum amount allowable. Aproproximately 44,000 veterans of the Korean conflict died over this same period and of this number only about 6,000 carried Government insurance at the time of death. Because the large majority of these veterans were deprived of the right to contract with their Government for a policy of life insurance at a premium they could afford to pay, many of their widows, orphans, and dependent parents are now faced with serious financial problems that could have been somewhat easier if some insurance were payable.

According to statistics contained in VA Research Monogram No. 5, July 1961, pages 2 and 7, 92.2 percent of all living veterans of World War II are married or have other dependents. Veterans between 30 and 44 years of age—58 percent of the total veteran population—have the largest families. Almost 70 percent have at least two children under 18 years of age, and 38 percent have three or more. This age group represents the bulk of the World War II and Korean veteran population. I believe that it would be in the interest of equity to give these veterans an opportunity to purchase NSLI or bring their existing protection up to the maximum amount allowable for the protection of these dependents. I have no way of knowing how many of the World War II and Korean conflict veterans who died over the past 11 years would have purchased national service life insurance or brought their existing protection up to the maximum, if such right had existed. I do know, however, that at the time this right was discontinued, these veterans were just reaching the time of most need, and the age in which they would have become most insurance-conscious. According to information published by the Life Insurance Agency Management Co., 42 percent of all ordinary life insurance policies written in the year 1959 were on the lives of persons between the ages of 25 to 44. The largest amount of insurance—63 percent—was written between these ages.

There are many reasons why so many veterans of World War II permitted their insurance to lapse at time of demobilization or shortly thereafter. Some of the reasons were due to administrative difficulties experienced by the Veterans' Administration because of the rapid and unprecedented demobilization, with the resultant inability to promptly and fully advise these veterans so that they could act in time to maintain their insurance protection. Other veterans were improperly advised at the time of separation from the service, while some simply could not afford the insurance due to economic hardship during the readjustment postservice period. They were reestablishing their families, completing their education, and trying to find jobs. I believe a great many of these veterans allowed their insurance to lapse simply because they were too young to appreciate its value. This is not an unusual circumstance. According to Mr. W. T. Scully, Southwestern Life, Sherman, Tex., in an address to the July 1961 meeting of Austin Association of Life Underwriters—as reported in the National Underwriter magazine, August 5, 1961—this condition continues to exist today in the younger age group. Mr. Scully stated in part:

> Young men are particularly difficult to sell to because they can't visualize themselves dying too soon or living too long.

Veterans of the Korean conflict, for the most part, found that the 120 days allowable in which to purchase the nonparticipating, nonconvertible type of insurance then available were insufficient. Some did not enjoy even 120 days, depending upon the date they were separated from the active military service. Those who remained in the service beyond December 31, 1956, were barred from securing any Government insurance upon separation unless they could establish service connection for a disability.

Reopening the right for these war veterans to obtain national service life insurance protection or to bring their existing contracts up to the maximum amount allowable, for a limited period, would not have the effect of continuing the Government in the insurance business beyond the duration of the existing program. The veterans who would be eligible to new policies are in the same age categories as existing policyholders.

I do not believe that the reopening of the national service life insurance program for a limited period would place the Government in unfair competition with commercial life insurers, but rather it would serve as a stimulus to the industry. According to a spokesman for the industry, Mr. W. D. Grant, president, Business Men's Assurance, in an address to the Financial Analysts Society of San Francisco, as reported in the October 14, 1961, edition of the National Underwriter magazine, the life insurance business in the United States has been growing at about twice the rate of the Nation's economy, and eight times as fast as the population. Life insurance in force at the end of 1960 was $618 billion. This is 60 percent more than 5 years previous. At the same time, the gross national product increased 27 percent to $503 billion. In my opinion, these figures establish that the size and strength of the insurance industry is such that it would not be jeopardized by a limited reopening of the right for veterans to pick up their national service life insurance. The total life insurance in force at the end of 1961 totaled $714 billion. Of this amount, $419 billion was ordinary insurance. As a matter of fact, many successful life insurance agents tell me that reopening national service life insurance for a limited period would be good for their business as it would expose to them a new source of future prospects. This certainly was their experience in the post-World War II era.

If we pass the motion to recommit with the instructions that this legislation be limited to service-connected veterans, we are eliminating 14 million veterans, because there are approximately 2 million veterans in the former class. Of these 2 million that are already covered, there are a great number excluded, because of the waiver premium.

This is placing the veterans in two groups, and I feel, setting a precedent.

I strongly urge the motion to recommit be defeated.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I rise in support of this bill. It seems to me that we ought to pass the bill that came out of the committee, if we are going to do something for disabled veterans, and certainly I am for that. We ought to do what we can for them. Their country owes that to them. But I do not think we ought to make this insurance program hinge on disability. Take a man who served in World War II or World War I and his insurance has lapsed for some reason or another, he served his country just as well, he did the job that was required of him.

Mr. Chairman, the bill we have under debate today is, in my opinion, one of the most important veterans' measures that we have considered in the House at this session. H.R. 12333 is of great significance to millions of our veterans, who, for various reasons, let their national service life insurance lapse or who did not make application for it when they had the opportunity.

The bill we have under consideration will authorize for a 1-year period the granting of national service life insurance to veterans heretofore eligible to apply for such insurance between October 8, 1940, and December 31, 1956, inclusive.

The new insurance program to be set up under this legislation will not result in any significant cost to the Government. In fact, the administrative cost of the insurance program will be borne by the policyholders.

Thousands of our veterans were not financially able to retain their national service life insurance after their discharge from the military service. Many other veterans allowed their insurance to lapse by mistake. It is my sincere belief that our veterans have earned the right to have national service life insurance and that they should be given the opportunity once again to make application for it.

As a veteran of World War II and as a past commander of the American Legion in North Carolina, I have always been concerned with the problems of our veterans and their dependents. I know of no bill that we have considered in the Congress more worthy of support than H.R. 12333. It is my hope that the legislation will be enacted.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina [Mr. WHITENER] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there obejction to the request of the gentleman from North Carolina?

There was no objection.

Mr. WHITENER. Mr. Chairman, as one of the first bills I introduced after coming to the Congress was a measure to reopen the national service life insurance program for our veterans, I am particularly pleased that we have H.R. 12333 under debate today. The provisions of this bill are in line with legislation I have introduced in every Congress since I have been a Member of the House of Representatives.

My first bill, H.R. 5401, was introduced on February 27, 1957. I subsequently introduced measures in the 86th and 87th Congresses to give our veterans, whose insurance had lapsed or who had never applied for it, the privilege of applying for national service life insurance.

Mr. Chairman, many of our veterans lost their national service life insurance by reason of the fact that they were not properly notified by the Veterans' Administration of the lapse of their policies. Numerous other veterans lost their insurance due to economic hardship or insufficient information as to their rights and privileges under the National Service Life Insurance Act.

The Committee on Veterans' Affairs is to be commended on bringing this bill to the floor. I cannot see how anyone could be opposed to its enactment. Eligible veterans will have only 1 year to make application for insurance under this program. In addition, the administrative costs of the program will be borne by the policyholders.

Mr. Chairman, our veterans have certainly earned the right to have national service life insurance. I do not believe that the enactment of this bill will have any adverse effect on the programs of our private insurance companies. On the contrary, I feel that it will stimulate an interest in insurance on the part of our veterans and their dependents.

It is my hope that my colleagues in the House will join with me in supporting H.R. 12333.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, I rise in support of H.R. 12333.

Mr. Chairman, I have considered H.R. 12333 carefully and have decided it merits my full support. As the Administrator of the Veterans' Administration, J. S. Gleason, Jr., has stated:

> The withdrawal in 1951 of the privilege theretofore granted to millions of World War II veterans to secure insurance—many of whom had not yet determined their insurance needs—may well have caused hardship or unwise decisions in many instances. I believe, therefore, that an extension of this privilege for a limited period, to veterans who were previously eligible for insurance by reason of service to their country is appropriate. Furthermore, with respect to veterans who served prior to 1951, adequate recognition has not been given to the obligation of the Government toward those veterans whose insurability has been seriously impaired, if not lost, by reason of their service-incurred disabilities.

My vote will indicate my agreement with Administrator Gleason's point of view.

Mr. AYRES. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. HALPERN].

Mr. HALPERN. Mr. Chairman, I rise in support of the committee bill and I strongly oppose the proposed recommittal motion.

As a member of the Veterans' Affairs Committee and as one long concerned with the problem of lapsed national service life insurance, I have thoroughly reviewed every aspect of the issue. I have concluded that the legislation is wholly warranted and trust it will be overwhelmingly approved. I further trust that the motion to recommit with its instructions to include the proposed amendments—which, in my opinion, would cripple the bill—is resoundedly defeated.

As a matter of fact, I would have liked to have seen the committee report a broader bill along the lines of the legislation I introduced, H.R. 5873. But, short of obtaining the full reopening for a limited period, I feel that the committee proposal provides a major answer to the problem, and, since this is the only bill before us, I heartily commend it to my colleagues.

There is no question that there is need for this legislation. There are many reasons, mostly economic or unawareness of the restriction of the law, why these veterans permitted their policies to lapse or failed to take out new insurance properly to protect their families.

Fairness justifies our taking action now to remedy a situation where many GI's, through no fault of their own, are being denied the right to this insurance. Opening the opportunity for a limited period will be a recognition of our responsibility to assure that this long-overdue relief will be granted. The passage of this legislation would restore the right taken away from so many GI's who were deprived of it as a result of the abrupt enactment of the insurance law of 1951.

I fervently hope the committee bill will prevail.

Mr. McDOWELL. Mr. Chairman, I rise in support of H.R. 12333, which would provide a 1-year period during which persons previously eligible for national service life insurance by reason of military service after October 7, 1940, and prior to the effective date of the bill could apply for and be granted such insurance.

The American Legion has stated:

> The American Legion is glad to share the obligation to act with integrity and responsibility in providing programs for veterans. We think the requests of our organization on behalf of veterans have been reasonable, and have taken account of the interest of the public as well as that of veterans concerned. We know that asking "too much" for veterans generally might in the long run react to the detriment of the service-disabled. As for our reopening proposal, however, it should be clear to everybody interested that the legislation would result in no cost to the public except in the case of the service disabled. This latter amount would be small and would be far outweighed by the overall good to be accomplished.
>
> Although there are certain complexities surrounding the details of the proposal to reopen NSLI, the basic question to be answered is fundamental and clear: Considering the historical precedent and other circumstances, did the Government do an unfair thing in 1951 when it terminated the life insurance program without adequate notice to the veterans involved; and, should the Government now correct that injustice and reopen the program for a limited period? The American Legion feels the answer to this question is "Yes."

There is no question that many veterans in the period following their military service, while attending school or for other economic reasons, let this insurance lapse. The right to reinstate was abruptly terminated without warning in 1951.

H.R. 12333 would authorize the issuance of national service life insurance to all eligible veterans except certain Philippine veterans whose rights to such insurance were restricted by the Rescission Acts of 1946.

The Bureau of the Budget has stated that it would not object to a limited period of reopening during which eligibility to take national service life insurance and keep it in force would be restricted to those not in military service who between October 8, 1940, and January 1, 1957, would have been eligible for insurance.

The Budget Bureau further stated that if so limited, its most serious concern would be eliminated, that is, the potential adverse impact of reopening on the existing comprehensive program of benefits for servicemen and for exservicemen deceased from service-connected causes.

Further, the Budget Bureau recommended that rates for national service life insurance, if offered, should be based on the most modern actuarial tables, that it should be fully self-supporting as to administrative expenses and benefit costs, and that the policies issued should be nonparticipating, that is, any surplus funds should be transferred to the general fund of the Treasury.

H.R. 12333, as reported, would reopen the national service life insurance program for certain veterans in good health and for veterans who have a service-connected disability—regardless of degree—who are otherwise in good health. With respect to such veterans, H.R. 12333 would cover, first, persons who served after October 7, 1940, and prior to April 25, 1951, whether discharged or not; and, second, veterans who served after April 24, 1951, and who were discharged prior to January 1, 1957.

As far as veterans who were disabled while in service, H.R. 12333 would cover those who served after October 7, 1940, and who were discharged and rated as service disabled prior to the effective date of the bill.

There are approximately 16 million veterans who would be eligible to apply for insurance if H.R. 12333 became law. Of this 16 million there are around 2.2 million who have less than $10,000 of insurance. There are approximately 1,800,000 service-disabled veterans who would be potentially eligible for insurance under H.R. 12333 provided they do not now have the maximum coverage of $10,000. Of this number, about 1,048,000 are rated 10- and 20-percent disabled and it is probable that a large proportion of these veterans would be able to qualify under the good health provisions of H.R. 12333 for participation in national service life insurance.

The Veterans' Administration estimates that 1 million policies will be issued if H.R. 12333 becomes law, of which 100,000 will be issued to service-disabled veterans.

At present, 6 million former servicemen subscribe to national service life insurance, which was available for purchase by World War II veterans until 1955 and is available to Korean war veterans until 120 days after they leave the service.

The Wall Street Journal, August 3, 1962, reported that the insurance program authorized by H.R. 12333 "would pay its own way, including administrative costs, which isn't a requirement under current law. Also, the new insurance, unlike existing insurance, would not pay dividends, meaning premiums would, in most instances, be lower than those prevailing."

Mr. ADDABBO. Mr. Chairman, I rise in support of H.R. 12333, providing for the limited reopening of national service life insurance.

There will be no cost to the American taxpayers, as some have charged, as the administrative costs will be included in the premium paid by the veteran.

Many veterans, when discharged, did not receive full information on their national service life insurance and did not realize what they were giving up when they failed to continue it after discharge. They should now be given the opportunity to secure this insurance when they are older and know the value thereof.

In my opinion, the enactment of this legislation will benefit those who sell insurance, because it has been proved that a previous reopening stimulated the purchase of insurance because the average person became insurance minded when he stopped to consider what insurance meant to him and his family.

The terms under which those securing insurance under this reopening will in no way affect those who continued their insurance after discharge from service. They will continue to receive their benefits under existing programs.

As a member of the Committee on Veterans' Affairs, I urge my colleagues to support this meritorious legislation.

Mr. MONAGAN. Mr. Chairman, I favor the committee bill and I oppose the motion to recommit. The bill—H.R. 12333—is the unanimous proposal of the Committee on Veterans' Affairs. It is similar to one which I have sponsored. It is entirely reasonable in its provision for a limited opportunity for veterans to reacquire insurance opportunities which were freely accorded them during and immediately after World War II and the Korean conflict.

This will not cost the U.S. Government anything, and it will be a legitimate and constructive way to recognize the contributions which members of the American Armed Forces made during World War II and the Korean conflict.

I believe we should adopt the bill as it was reported by the committee.

Mr. AYRES. Mr. Chairman, I yield myself such time as I may consume.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. How about the hearings on this bill? Were there lengthy hearings held?

Mr. AYRES. I will say to the gentleman from Pennsylvania that over the past 12 years we have had stacks of hearings, in every Congress, beginning with the 81st, before Public Law 23, 73d Congress. Specifically the last hearings on this subject, 3 days, in 1961.

Mr. VAN ZANDT. Stacks of hearings? How do the various veterans' organizations stand on it?

Mr. AYRES. As the gentleman from Texas [Mr. TEAGUE] pointed out, the major veterans' organizations are for some liberalization of the program.

Mr. VAN ZANDT. If the gentleman will yield further, the gentleman means by "major veterans' organizations" the American Legion, the VFW, the AMVETS and the DAV?

Mr. AYRES. That is correct; the four major veterans' organizations.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. I think the gentleman should know that this reopening of insurance has been one of the major legislative aims of the American Legion for a number of years. I am confident also that this bill does not go as far as the American Legion would like to go.

Mr. AYRES. Mr. Chairman, the Members of the House will recall that over a year ago this House passed a compensation bill, H.R. 879. The most recent bill, H.R. 10743, carried an estimated cost of $98 million the first year. Now, there is a difference between pension and compensation. Compensation is that which is paid to a veteran who has a service-connected disability. Over a year ago when the House passed a compensation bill it was hoped that the other body would pass it within a few weeks. However, there was controversy in the other body and the bill that we have before us today was tacked onto the compensation bill, H.R. 879, as a rider, and later to H.R. 856.

Mr. Chairman, when it is said that this bill was voted out of the Veterans' Affairs Committee unanimously, that is correct. But the reason that it was voted out of the committee was to keep our word with the other body and report a bill dealing with NSLI to the House of Representatives.

Mr. Chairman, I have been a member of the Veterans' Affairs Committee for 12 years. During that period I have served under three chairmen, including the late Mr. Rankin, of Mississippi, the late Mrs. Rogers, of Massachusetts, and our present chairman, the gentleman from Texas [Mr. TEAGUE]. Our chairman has been criticized, and in some circles very severely, for something over which he had absolutely no control. He brought the compensation bill to the House of Representatives and we passed it. But before one makes up his mind on how one is going to vote this afternoon, bear this in mind: Due to the inaction of the other body, over $125 million have been denied the men and women who suffered service-connected disabilities while serving our country.

If the motion to recommit prevails, our chairman who has the respect and esteem of everyone in this House, will have gone over and beyond the normal call of duty in attempting to get the $98 million a year that has been denied the service-connected veterans of this country. We all realize that our first obligation is to the service connected; and, in fact, I think the American people, veteran and nonveteran, are becoming aware of the fact that if we expand these veterans' programs to cover everyone who wore a uniform we are going to harm the very ones we want to help most, those who became injured while serving their country.

I do not think there is a Member of this House that would deny any service-connected veteran the right to purchase insurance so that his wife and children may have this protection in the event of his death. Our World War II veterans and Korean veterans have made a wonderful record. You may have read the report recently released by Mr. William J. Driver, Deputy Administrator of the Veterans' Administration showing that World War II and Korean veterans have proved themselves to be wonderful citizens. But in this group we have 1,800,000 who have a service-connected disability. In this group it is estimated that there are possibly thousands who would not qualify for private insurance, and that is the group we are trying to help.

My motion to recommit will limit the NSLI program to those veterans who are listed on the VA rolls as having a service-connected disability who do not meet good health standards as prescribed by the VA. The administrative costs would be paid by the Government as was true in the case of World War II veterans. The premium rates charged make the program self-supporting insofar as death claims are involved and this is expected to be true under my amendment.

The gentleman from Texas, the chairman of the committee, joins me in support of the motion to recommit. This is a logical approach. It is a sensible approach and in the final analysis I think the way it will work out we will have done that which is right for the man who served his country and suffered disability thereby. My amendment provides for nonparticipating insurance—no dividends. My amendment is effective the first day of the seventh month following enactment.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield.

Mr. ROGERS of Colorado. Do I understand that if the gentleman's motion to recommit prevails then we have some assurance that the disabled veterans' increased compensation that we voted on at least two separate occasions will be approved by the other body?

Mr. AYRES. It is my understanding that the chairman of our committee has fulfilled whatever obligation they thought he might have, by bringing the bill to the floor of the House for a vote.

Mr. ROGERS of Colorado. By virtue of the fact that the bill has been brought to the floor, does that give us any intimation whatsoever that the other body will recede from the position they have taken which has stifled the needed increase to these disabled veterans?

Mr. AYRES. I have great respect for the other body. I do not think there is a man in that body who would deny any longer giving the $98 million to the service-connected veterans of this country.

Mr. ROGERS of Colorado. The gentleman says they would not deny it. Is it not a fact that for a period of 2 years every time we passed an increase for the disabled veterans they always attached this legislation to that proposal?

Mr. AYRES. The term I would like to use is probably one that should not be used in the Halls of Congress, but I think the situation over there has somewhat changed in the last few weeks.

Mr. ROGERS of Colorado. I hope so.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield.

Mr. HALEY. Would not this be a fair statement: At least by the adoption of this amendment in this bill we are making just a little bit of progress toward getting what the House wanted 2 years ago?

Mr. AYRES. I think by the adoption of this motion to recommit, as I said before, we will have taken a step in the right direction. The American people realize it is not the House of Representatives that has denied disabled veterans the $125 million they would have received had those on the other side of the Capitol followed our leadership.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Illinois.

Mr. MICHEL. First, I want to commend the gentleman for stating the case as he has this afternoon. One further question: The gentleman stated this bill would provide that every disabled veteran who is now uninsurable will be given an opportunity to get $10,000 of insurance?

Mr. AYRES. Every service-connected veteran who is uninsurable will be eligible to get insurance under my amendment.

Mr. MICHEL. I would suppose that in the legislative history of this thing it would go just a bit beyond that, because we know there are some private insurance companies who will give insurance to a disabled veteran for a premium above that charged those who are in good health. I would hope that this would also permit those disabled veterans who cannot get the standard premium for their insurance to qualify under this bill, so that they can get insurance under the standard premium schedule as the gentleman has described it here.

Mr. AYRES. They will be given that opportunity, and that authority is vested in the Administrator of Veterans' Affairs and the premiums are the same as available to World War II veterans, service connected, the so-called GI insurance.

Mr. MICHEL. So we would assume that the Administrator, though private insurance companies were offering insurance at a higher rate, would still tip the scales in favor of the veteran to let him get it at the lower premium rather than the higher one?

Mr. AYRES. There is no doubt in my mind that the Administrator of Veterans' Affairs, who is the past national commander of the American Legion, will be very fair in the manner in which he interprets the legislation I hope we pass this afternoon.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Your bill provides that the bill reopen the national service life insurance program for certain veterans in good health, and so forth. The period covered here is October 7, 1940, and prior to April 25, 1951.

Mr. AYRES. The motion to recommit concerns only service connected. The dates are the same—October 8, 1940, to December 31, 1956, inclusive.

Mr. VAN ZANDT. I am talking about the bill.

Mr. AYRES. I am talking about my motion to recommit.

Mr. VAN ZANDT. I am talking about the bill.

Mr. AYRES. Any person heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957. The eligibility dates for both the committee bill and my amendment are identical.

Mr. VAN ZANDT. Let us take a veteran who served in World War II and was automatically covered by insurance, and deductions were made from his pay monthly. He leaves the service and he permits the policy to lapse. If this bill as reported out by the committee becomes law, that veteran could then reinstate his wartime insurance policy?

Mr. AYRES. No. There was no automatic insurance in World War II—only premium paying. This is new insurance, not a reinstatement of an old policy.

Mr. VAN ZANDT. Did the committee take into consideration the economic condition of this veteran, the financial condition of the veteran when he left the service?

Mr. AYRES. We took into consideration the economic condition of the veteran. Let me cite my own personal situation. I permitted my national service life insurance to lapse which was nobody's fault but my own. I would be eligible for insurance under the committee bill. As I now am approaching the age of 46, I would be very happy to pay the few dollars extra required in annual premiums to private enterprise, to some insurance agent at home, who also may be a veteran, who also has a wife and children and who is trying to earn a living, rather than return to the Government and say, "I made a mistake; now bail me out."

Mr. VAN ZANDT. The gentleman from Ohio when he made that mistake would include himself among millions.

Mr. AYRES. No, I do not think many of them were as foolish as I was.

Mr. VAN ZANDT. Then say they were not, but millions permitted the policy to lapse, either because they were not interested, or were anxious to get home, or they did not have the money.

Mr. AYRES. The figures show they let their policies lapse for a variety of reasons.

Mr. VAN ZANDT. Is it not true that Members of Congress are entitled to a special type of insurance at pretty low rates?

Mr. AYRES. I do not know. Maybe I ought to look into that, too. I do know there is a group insurance policy available to all Federal workers.

Mr. VAN ZANDT. I have a policy over in my office for it.

Mr. AYRES. The point is that the real problem is taking care of the man who cannot get private insurance.

Mr. ROUDEBUSH. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Indiana.

Mr. ROUDEBUSH. I would like to know if a disabled veteran under your motion to recommit, who has never had NSLI, would be able to apply for that insurance.

Mr. AYRES. Yes, he would.

Mr. ROUDEBUSH. Secondly, would the disabled veteran who qualifies under the motion to recommit and reestablishes his insurance, then be allowed to participate in the so-called dividends on his policy which he currently cannot do?

Mr. AYRES. This amendment and the bill as reported does not include a dividend provision.

Mr. ROUDEBUSH. In other words, the disabled veteran would not be allowed to participate in the dividends?

Mr. AYRES. No.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may require to the gentleman from Missouri [Mr. RANDALL].

Mr. RANDALL. Mr. Chairman, in the last few minutes here, several Members have inquired here at the committee table as to the position of some of the major veterans' organizations with respect to H.R. 12333. I think I can answer that in part because I happen to have with me a telegram which was just received and which I would like to read at this time. It is from the national commander of the American Legion, Charles L. Bacon. The telegram is as follows:

> WASHINGTON, D.C.,
> *August 16, 1962.*
>
> Hon. WILLIAM J. RANDALL,
> *Washington, D.C.:*
>
> The American Legion appreciate actions by the House Veterans' Affairs and Rules Committees in bringing H.R. 12333 before the House. Sixteen million veterans and their families are potentially eligible to benefit from favorable action on this NSLI reopening measure, at no cost to the Government. It is my earnest hope you will support the bill.
>
> CHARLES L. BACON,
> *National Commander,*
> *The American Legion.*

Mr. Chairman, I would like to make it clear that as a member of the House Veterans' Affairs Committee I rise in support of the bill as it came out of the committee unanimously, without all of the talk of limiting only to service-connected disabled veterans. This telegram is from one of the largest veterans' organizations and in America there are other major veterans' organizations which, we understand, by the mandates of their national conventions have gone on record as being for the bill calling for provisions beyond that which was reported by the committee, that is, including term insurance rather than excluding term insurance. The gentleman from Pennsylvania a moment ago spoke of certain changes that were made in committee. The provision for term insurance was stricken by the committee, and perhaps rightly so. That was by the unanimous action of the committee. So far as I know there was no discussion of this committee amendment before the Committee on Rules this morning. It was adopted unanimously by the Veterans' Affairs Committee.

But let us talk for a while about the service-connected disabled veterans compensation bill which has been twice delayed by twice having an NSLI rider attached to it. If this motion to recommit which it is said will be offered prevails, I do not know whether that will satisfy the other body or not. It has been suggested it will and they will now pass a compensation adjustment bill, but I do not know. The best way to assure that we are going to get a long needed compensation bill for these men who have not had an adjustment since 1957 is to pass the bill that was reported from the committee unanimously.

If I may take a few additional minutes, I would like to relate what happened when our committee met to consider H.R. 12333.

An amendment was offered by the gentleman from Pennsylvania [Mr. SAYLOR], a member of the committee, to the effect that the reopening would be limited to those forms of insurance described as ordinary life, 20-pay life, and 30-pay life, and some endowment plans, but that term insurance would not be reopened.

Another provision offered as an amendment was that insurance would be made available to service-connected disabled veterans.

For our part, we concurred in these two departures from the bill as originally written which would have given this reopening right to all veterans heretofore eligible to apply for NSLI after October 7, 1940, and before January 1, 1957. Everyone on the committee was in agreement that the amendment was a wise one because there are many instances on record where veterans have paid in more in total term insurance premiums during their lifetime than they received in insurance settlements to their beneficiaries. The classic example of this instance is that of Gen. "Blackjack" Pershing as to whom it is reported paid in over $22,000 in premiums for term insurance and his beneficiaries received in return only $10,000 when he passed on. There may have been those who would have preferred to have had the right to reopen to include term insurance, but with advancing years this might not have been in their own best interest. There was no quarrel or any argument among any of the committee members as to this change.

A second departure from the original bill provided for by a committee amendment was that if a person otherwise qualified by being entitled to it within the time period from 1940 to 1957 should apply, and could not qualify for insurance solely because of a service-connected disability for which compensation would be payable, shall, notwithstanding such disability, be granted insurance—other than on the 5-year level term plan—just the same as any other veteran, except, of course, there should be an additional premium to cover administrative cost to the Government. In other words, for the first time, NSLI was extending the right to disabled veterans with, of course, premium payments to be adjusted according to the disability.

Everyone on the committee thought these two changes improved the bill, and so far as we knew, the bill went out from the committee with everyone in complete agreement and it was the impression of the committee members that the bill would not go to the Rules Committee but would come up on the floor on the Suspense Calendar, on either Monday, August 6, or Tuesday, August 7. We were not in attendance on either of those days because of the Missouri primary and were in our home district. We understand there was some objection to consideration of the bill by some of the minority members of the committee, and accordingly, the chairman agreed to ask for a rule. There was a meeting of the Rules Committee this morning, Thursday, August 16, and a rule was granted for consideration of the bill today.

Now, what is the situation as the bill comes on for debate? Some of us who are members of the committee learned for the first time that there will be a motion to recommit offered when the committee rises, with instructions that the committee report back the bill, striking out the right of reopening for insurance to all veterans save and except those with service-connected disability. Some members of the committee who had previously concurred in the committee-amended version, including ordinary life and 20- and 30-pay, now have apparently done an almost complete right-about-face and say that there should not even be a reopening right of 1 year save and except for those who can qualify as service-connected disabled veterans.

Let us hasten to emphasize that we certainly have no brief or complaint against insurance being granted for the first time to service disabled. That is good and it is needed. But we do not believe it should stop there. We do not believe it should be confined to this group only. Our reason is that we think we know why many of the veterans who are otherwise eligible to have this insurance do not have it today. It was because during those first few years after the conclusion of World War II there was a pretty severe period of readjustment. They just did not have the means or wherewithal to pay the premiums. It was said here on the floor today by a member of the committee that if a veteran does not carry this insurance today it is his own fault. Can it be said that it is the fault of a person who is willing to work and tries hard to find employment but just cannot find a job? And this was certainly true of many of those who had to drop their insurance because of the lack of means to pay the insurance premiums in the year following the end of World War II, mostly in 1946. No, Mr. Chairman, now that the period of readjustment is passed and there were many who were not able to carry this insurance through no fault of their own, simply because of unemployment and because of the other hardships and rigors of adjusting again to civilian life, these veterans should now be given this right again for a limited period of 1 year to reopen this insurance.

We have received some mail in opposition to this right of reopening from some life insurance representatives. We respect their right to oppose this reopening. But we are reminded of some testimony which took place on the committee when it considered this bill in 1961 and there was then on the committee a member who is a certified life underwriter, who had belonged to the Million Dollar Club several years in a row. The conclusion of this member was that the publicity attendant to the granting of this reopening right would focus the attention of all veterans upon their insurance program. Maybe they would find their entire insurance program was inadequate. In any event, they would become insurance minded or conscious of the lack of adequate insurance and it was this considered conclusion of a life insurance man with wide experience, and one who had received high honors in the insurance field, that the reopening would not in any way injure private insurance companies, but would inure to their benefit. We concurred with his views because we believe that with term insurance stricken out, many veterans would find ordinary life premiums of NSLI higher than they had anticipated and may not, in fact, exercise the right or option granted to them under the proposed bill. This is particularly true because now the average age of all World War II veterans is in the middle forties.

But, Mr. Chairman, the right should be accorded to these veterans and let them make up their mind whether they want to exercise the option or let it go by again for the last time. They should not be foreclosed this right when in so many instances the insurance was dropped because of the economic pressure of the period of readjustment to civilian life which every returned veteran had to experience in the year or two after his discharge.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may require to the gentleman from North Carolina [Mr. TAYLOR].

Mr. TAYLOR. Mr. Chairman, I rise in support of this legislation which is applicable to some 16 million American citizens who served in World War II and the Korean war.

Many veterans were very young. Some were minors at the time they allowed their service insurance to lapse. They had limited family responsibility and limited financial resources. Now they are older. Their family responsibilities are much greater and many now see the need for reinstating their service insurance.

The reopening of the right to apply for national service life insurance as provided in H.R. 12333 will not cost the Government any money whatsoever. Even the administrative cost of the program will be borne by the policyholders. It will not adversely affect the veterans who are now covered by policies of service insurance.

In my opinion this legislation is worthy of our support. I would like to quote from an editorial appearing last Sunday in the Asheville Citizen-Times entitled "GI Insurance a Useful Program":

> Congress should vote to reopen the GI insurance program to veterans of World War II whose policies have lapsed. Only about one-fourth (5.6 million) of the 20-million-odd men and women who saw service in World War II are still covered by this insurance.
>
> The GI policies are less expensive than any other similar protection. The unfortunate thing—as demonstrated time and again here in western North Carolina—is that many of those who need this insurance have let it lapse. Sometimes the reason was lack of cash to meet the premiums. Sometimes it was plain financial ignorance. Or it may have been a combination of the two.
>
> The Bureau of the Budget and the Veterans' Administration have agreed on a plan that will permit any veteran of military service between October 8, 1940, and December 31, 1956—provided he or she is not still in the Armed Forces—to reinstate or take out for the first time up to $10,000 of national service life insurance.
>
> This measure will give at least a minimum of financial protection to the family of your milkman or that of the man in the next office. Congress ought to reopen this closed door.

Mr. TEAGUE of Texas. Mr. Chairman, I have no further requests for time and ask that the Clerk read.

The CHAIRMAN. Under the rule, the Clerk will read the committee substitute amendment reported in the bill as an original bill.

The Clerk read as follows:

That subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 725. Limited period for acquiring insurance

"(a) Any person (other than a person referred to in subsection (e) of this section) heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, shall upon application in writing made within one year after the effective date of this section, submission of evidence of good health satisfactory to the Administrator at the time of such application, and payment of the required premiums, be granted insurance other than on the five-year level premium term plan under the same terms and conditions as are contained in standard permanent plan policies of national service life insurance, except (1) the net premium rates shall be based on the '1958 Commissioners Standard Ordinary Basic Mortality Table' and shall be increased at time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations; (2) an additional premium to cover administrative costs to the Government as determined by the Administrator at time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto, and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (3) all cash, loan, and paid-up insurance values shall be based on the '1958 Commissioners Standard Ordinary Basic Mortality Table' and all extended term insurance values shall be based on 130 per centum of such table; (4) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949; (5) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3 per centum per annum; (6) all rights under such insurance and any total disability income provision attached thereto, whether in force or lapsed, shall terminate effective upon the date the policyholder enters on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more; (7) the insurance shall not be payable for death which occurs while the insured is on active duty or active duty for training under a call or order to such duty for a period of less than thirty-one days, if dependency and indemnity compensation is payable in such case at the time of death; however, the cash value, if any, less any indebtedness shall be paid to the designated beneficiary, if living, otherwise to the insured's estate; (8) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (9) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund hereby established in the Treasury of the United States and the payments on such insurance and disability provision shall be made directly from such fund.

"(b)(1) There is authorized to be appropriated such sums as may be required to provide capital for the revolving fund to carry out the purpose of this section. Such appropriations shall be advanced to the revolving fund as needed and shall bear interest as determined by the Secretary of the Treasury, taking into consideration the average yield on all marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt plus one-eighth of 1 per centum and shall be repaid to the Treasury over a reasonable period of time.

"(2) The Administrator is authorized to set aside out of the revolving fund established under subsection (a) of this section such reserve amounts as may be required under accepted actuarial principles to meet all liabilities on insurance issued under subsection (a) of this section and any total disability income provision attached thereto. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the largest multiple of one-eighth of 1 per centum which does not exceed such market yield.

"(3) Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the revolving fund such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under subsection (a) of this section, and any total disability income provision attached thereto, for transfer to the appropriation, 'General Operating Expenses, Veterans' Administration,' or as may otherwise be specified in appropriation Acts. The Administrator shall from time to time transfer from such revolving fund to the general fund receipts in the Treasury any amounts which he determines are in excess of the actuarial liabilities of such fund, including contingency reserves.

"(c) Any person who applies for insurance under subsection (a) of this section and who cannot qualify for insurance thereunder solely because of a service-connected disability for which compensation would be payable, if 10 per centum or more in degree, shall be granted insurance other than on the five-year level premium term plan under the same terms and conditions as are contained in standard policies of national service life insurance except (1) an additional premium to cover administrative costs to the Government as determined by the Administrator at the time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto (for which the insured may subsequently become eligible) and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (2) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (3) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949, and interest at the rate of 3 per centum per annum; (4) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (5) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the national service life insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this subsection are hereby authorized. Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the national service life insurance appropriation such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under this subsection, and any total disability income provision attached thereto, for transfer to the appropriation 'General Operating Expenses, Veterans' Administration,' or as may otherwise be specified in appropriation Acts.

"(d) Notwithstanding the provisions of section 782 of this title, a medical examination (including any supplemental examination or tests) when required of an applicant for issuance of insurance under this section or any total disability income provision attached thereto shall be at the applicant's own expense by a duly licensed physician.

"(e) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty under a call or order to active duty for a period of thirty-one days or more.

"(f)(1) Whenever insurance issued under subsection (a) of this section and any total disability income provision attached thereto is terminated as provided in such subsection, the cash value, if any, less any indebtedness will be held to the credit of the former insured unless he requests payment in cash. Any such amount so held shall bear interest only during such person's continuous active duty or active duty for training. Upon separation from such active duty or active duty for training, any amount held to the credit of the former policyholder shall be payable in cash or may be used by him in connection with the replacement or reinstatement of insurance as provided in this subsection. In the event of death of a person whose policy was so terminated, any amount held to his credit shall be paid to the estate of the former insured, unless such amount would escheat, in which event no payment shall be made. Any person whose policy, not including a reduced paid-up policy, was so terminated while it was not lapsed may, upon written application and payment of the required premium made within one hundred and twenty days after separation from active duty or active duty for training, replace such policy and any total disability income provision attached thereto which was in force at the time of termination. The policy and provision issued to replace the terminated insurance shall be on the same plan and shall not be in excess of the amount of insurance which was terminated. Any person whose policy was so terminated while such insurance was not lapsed may reinstate such insurance and any total disability income provision attached thereto which was in force at time of termination, upon written application, payment of the required premium and reserve within the one hundred and twenty day period specified above. A person whose paid-up policy was so terminated may reinstate such paid-up insurance within the one hundred and twenty day period specified above, and any total disability income provision attached thereto which was in force at time of termination, upon written application and payment of the required premium and reserve. Waiver of premiums and total disability income benefits otherwise authorized under this chapter shall not be denied in any case of reinstatement or replacement of insurance or the disability provision under this paragraph in which it is shown to the satisfaction of the Administrator that the total disability of the applicant began before the date of his application.

"(2) Any person whose rights under a policy or any total disability income provision attached thereto were terminated under subsection (a) of this section, while the insurance and provision were in a lapsed status, may upon separation from active duty or active duty for training, replace such policy and provision on the same plan and not in excess of the amount of insurance terminated, upon written application made within one hundred and twenty days after separation from such duty, payment of the required premium, and submission of evidence of good health satisfactory to the Administrator.

"(3) Any person whose rights under a policy or total disability income provision attached thereto were terminated under subsection (a) of this section, whether the insurance and provision were in force or lapsed, may upon separation from active duty or active duty for training reinstate such policy and provision upon written application, payment of the required premium and reserve, and submission of evidence of good health satisfactory to the Administrator.

"(4) Insurance replaced under this subsection shall be issued at the premium rate for the applicant's attained age on the effective date of the new policy. If the applicant desires to antedate the new policy, he may do so upon payment of the required reserve, but such effective date may not be prior to the effective date of the policy terminated under subsection (a) of this section."

SEC. 2. The amendments made by this Act shall take effect as of the first day of the first calendar month which begins more than one year after the date of enactment of this Act.

SEC. 3. The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"725. Limited period for acquiring insurance."

Mr. TEAGUE of Texas (during the reading of the committee substitute). Mr. Chairman, I ask unanimous consent that the further reading of the committee substitute amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The question is on the adoption of the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LOSER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12333) to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance, pursuant to House Resolution 763, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

Mr. SAYLOR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. Two hundred twenty-seven Members are present, a quorum.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. AYRES. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. AYRES moves to recommit the bill (H.R. 12333) to the Committee on Veterans' Affairs with instructions to report the same to the House forthwith with the following amendment: Strike out all after the enacting clause and insert in lieu thereof the following: "That subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"'§ 725. Limited period for acquiring insurance by service-connected disabled.

"'(a) Any person heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, who is in good health except for a service-connected disability which renders him uninsurable according to the standards of good health established by the Administrator shall, upon application in writing made within one year after the effective date of this section, submission of evidence satisfactory to the Administrator that but for service-connected disabilities he is in good health at the time of such application, and payment of the required premiums, be granted insurance other than on the five-year level premium term plan under the same terms and conditions as are contained in standard policies of national service life insurance except (1) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (2) all settlements on policies involving annuities shall be calculated on the basis of the Annuity Table for 1949, and interest at the rate of 3 per centum per annum; (3) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (4) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the national service life insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this section are hereby authorized.

"'(b) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty under a call or order to active duty for a period of thirty-one days or more.'

"SEC. 2. The amendments made by this Act shall take effect as of the first day of the seventh calendar month which begins after the date of enactment of this Act.

"SEC. 3. The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"'725. Limited period for acquiring insurance by service-connected disabled.'"

Mr. AYRES (interrupting the reading of the motion to recommit). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD. The members of the committee I am sure are familiar with its contents.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. LIBONATI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. LIBONATI) there were—ayes 124, noes, 87.

Mr. LIBONATI. Mr. Speaker, I demand tellers.

Tellers were refused.

Mr. LIBONATI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and forty-four Members are present, a quorum.

So the motion to recommit was agreed to.

Mr. TEAGUE of Texas. Mr. Speaker, pursuant to the instructions of the House on the motion to recommit, I report back the bill H.R. 12333 with an amendment, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 725. Limited period for acquiring insurance by service-connected disabled.

"'(a) Any person heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, who is in good health except for a service-connected disability which renders him uninsurable according to the standards of good health established by the Administrator shall, upon application in writing made within one year after the effective date of this section, submission of evidence satisfactory to the Administrator that but for service-connected disabilities he is in good health at the time of such application, and payment of the required premiums, be granted insurance other than on the five-year level premium term plan under the same terms and conditions as are contained in standard policies of national service life insurance except (1) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (2) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 3 per centum per annum; (3) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (4) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the national service life insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this section are hereby authorized.

"'(b) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty under a call or order to active duty for a period of thirty-one days or more.'

"SEC. 2. The amendments made by this Act shall take effect as of the first day of the seventh calendar month which begins after the date of enactment of this Act.

"SEC. 3. The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"'725. Limited period for acquiring insurance by service-connected disabled.'"

Mr. TEAGUE of Texas (interrupting reading of amendment). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent for the immediate consideration of a similar bill (S. 3597) to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 725. Limited period for acquiring insurance

"(a) Any person (other than a person referred to in subsection (e) of this section) heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, shall upon application in writing made within one year after the effective date of this section, submission of evidence of good health satisfactory to the Administrator at the time of such application, and payment of the required premiums, be granted insurance under the same terms and conditions as are contained in standard policies of national service life insurance except (1) five-year level premium term insurance may not be issued or renewed on the term plan after the applicant's fiftieth birthday; (2) the net premium rates shall be based on the '1958 Commissioners Standard Ordinary Basic Mortality Table', increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations, and thereafter such premiums may be adjusted as the Administrator determines to be so necessary but at intervals of not less than two years; (3)

an additional premium to cover administrative costs to the Government as determined by the Administrator at time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto, and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (4) all cash, loan, and paid-up insurance values shall be based on the '1958 Commissioners Standard Ordinary Basic Mortality Table' and all extended term insurance values shall be based on 130 per centum of such table; (5) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3 per centum per annum; (7) all rights under such insurance and any total disability income provision attached thereto, whether in force or lapsed, shall terminate effective upon the date the policyholder enters on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more; (8) the insurance shall not be payable for death which occurs while the insured is on active duty or active duty for training under a call or order to such duty for a period of less than thirty-one days, if dependency and indemnity compensation is payable in such case at the time of death, however, the cash value, if any, less any indebtedness shall be paid to the designated beneficiary, if living, otherwise to the insured's estate; (9) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (10) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund established in the Treasury of the United States and the payments on such insurance and disability provision shall be made directly from such fund.

"(b)(1) There is authorized to be appropriated such sums as may be required to provide capital for the revolving fund to carry out the purpose of this section. Such appropriations shall be advanced to the revolving fund as needed and shall bear interest as determined by the Secretary of the Treasury, taking into consideration the average yield on all marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt and shall be repaid to the Treasury over a reasonable period of time.

"(2) The Administrator is authorized to set aside out of the revolving fund established under subsection (a) of this section such reserve amounts as may be required under accepted actuarial principles to meet all liabilities on insurance issued under subsection (a) of this section and any total disability income provision attached thereto. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 percentum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

"(3) Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the revolving fund such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under subsection (a) of this section, and any total disability income provision attached thereto, for transfer to the appropriation, 'General Operating Expenses, Veterans' Administration,' or as may otherwise be specified in appropriation Acts.

"(c) Any person who applies for insurance under subsection (a) of this section and who cannot qualify for insurance thereunder solely because of a service-connected disability for which compensation would be payable, if 10 per centum or more in degree, shall be granted insurance under the same terms and conditions as are contained in standard policies of national service life insurance except (1) five-year level premium term insurance may not be issued or renewed on the term plan after the applicant's fiftieth birthday; (2) an additional premium to cover administrative costs to the Government as determined by the Administrator at the time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto (for which the insured may subsequently become eligible) and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (3) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (4) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949, and interest at the rate of 3 per centum per annum; (5) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (6) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the national service life insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this subsection are hereby authorized. Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the national service life insurance appropriation such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under this subsection, and any total disability income provision attached thereto, for transfer to the appropriation 'General Operating Expenses, Veterans' Administration,' or as may otherwise be specified in appropriation Acts.

"(d) Notwithstanding the provisions of section 782 of this title, a medical examination (including any supplemental examination or tests) when required of an applicant for issuance of insurance under this section or any total disability income provision attached thereto shall be at the applicant's own expense by a duly licensed physician.

"(e) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty under a call or order to active duty for a period of thirty-one days or more.

"(f)(1) Whenever insurance issued under subsection (a) of this section and any total disability income provision attached thereto is terminated as provided in such subsection, the cash value, if any, less any indebtedness, of a permanent plan policy shall be paid to the insured. Any person whose term or permanent plan policy, not including a reduced paid-up policy, was so terminated while it was not lapsed may, upon written application and payment of the required premium made within one hundred and twenty days after separation from active duty or active duty for training, replace such policy and any total disability income provision attached thereto which was in force at the time of termination. The policy and provision issued to replace the terminated insurance shall be on the same plan and shall not be in excess of the amount of insurance which was terminated. Any person whose permanent plan policy was so terminated while such insurance was not lapsed may reinstate such insurance and any total disability income provision attached thereto which was in force at time of termination, upon written application, payment of the required premium and reserve within the one hundred and twenty day period specified above. A person whose paid-up policy was so terminated may reinstate such paid-up insurance within the one hundred and twenty day period specified above, and any total disability income provision attached thereto which was in force at time of termination, upon written application and payment of the required premium and reserve. Waiver of premiums and total disability income benefits otherwise authorized under this chapter shall not be denied in any case of reinstatement or replacement of insurance or the disability provision under this paragraph in which it is shown to the satisfaction of the Administrator that the total disability of the applicant began before the date of his application.

"(2) Any person whose rights under a term or permanent plan policy or any total disability income provision attached thereto were terminated under subsection (a) of this section, while the insurance and provision were in a lapsed status, may upon separation from active duty or active duty for training, replace such policy and provision on the same plan and not in excess of the amount of insurance terminated, upon written application made within one hundred and twenty days after separation from such duty, payment of the required premium and submission of evidence of good health satisfactory to the Administrator.

"(3) Any person whose rights under a term or permanent plan policy or total disability income provision attached thereto were terminated under subsection (a) of this section, whether the insurance and provision were in force or lapsed, may upon separation from active duty or active duty for training (A) reinstate such permanent plan policy and provision upon written application, payment of the required premium and reserve, and submission of evidence of good health satisfactory to the Administrator; or (B) reinstate such term policy and provision (within the term period) upon written application, payment of the required premiums, and submission of evidence of good health satisfactory to the Administrator.

"(4) Five-year level premium insurance may be issued under this subsection but not renewed on the term plan after the applicant's fiftieth birthday. Insurance replaced under this subsection shall be issued at the premium rate for the applicant's then attained age."

SEC. 2. Section 704 of title 38, United States Code, is amended (1) by inserting "(a)" immediately before "Insurance"; and (2) by adding at the end thereof the following:

"(b) Under such regulations as the Administrator may promulgate a policy of participating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except (1) the premium rates for such insurance shall be based on the '1958 Commissioners Standard Ordinary Table of Mortality' and interest at the rate of 3 per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based on the '1958 Commissioners Standard Ordinary Table of Mortality' and interest at the rate of 3 per centum per annum; and (3) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof; without any reduction in premium.

"(c) Under such regulations as the Administrator may promulgate, a policy of nonparticipating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except that (1) term insurance issued under section 621 of the National Service Life Insurance Act of 1940 shall be deemed for the purposes of this subsection to have been issued under section 723(b) of this title; and (2) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium. Any person eligible for insurance under section 722(a), or section 725 of this title may be granted a modified life insurance policy under this subsection which, subject to exception (2) above, shall be issued on the same terms and conditions specified in section 722(a) or section 725, whichever is applicable.

"(d) Any insured whose modified life insurance policy is in force by payment or waiver of premiums on the day before his sixty-fifth birthday may upon written application and payment of premiums made before such birthday be granted national service life insurance, on an ordinary life plan, without physical examination, in an amount of not less than $500, in multiples of $250, but not in excess of one-half of the face amount of the modified life insurance policy in force on the day before his sixty-fifth birthday. Insurance issued under this subsection shall be effective on the sixty-fifth birthday of the insured. The premium rate, cash, loan, paid-up, and extended values on the ordinary life insurance issued under this subsection shall be based on the same mortality tables and interest rates as the insurance issued under the modified life policy. Settlements on policies involving annuities on insurance issued under this subsection shall be based on the same mortality or annuity tables and interest rates as such settlements on the modified life policy. If the insured is totally disabled on the day before his sixty-fifth birthday and premiums on his modified life insurance policy are being waived under section 712 of this title or he is entitled on that date to waiver under such section he shall be automatically granted the maximum amount of insurance authorized under this subsection and premiums on such insurance shall be waived during the continuous total disability of the insured."

Sec. 3. The amendments made by this Act shall take effect as of the first day of the first calendar month which begins more than one year after the date of enactment of this Act.

Sec. 4. The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"725. Limited period for acquiring insurance."

Mr. TEAGUE of Texas. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Teague of Texas: Strike out all after the enacting clause of S. 3597 and insert the provisions of H.R. 12333 as passed, as follows: "That subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"'§ 725. Limited period for acquiring insurance by service-connected disabled.

"'(a) Any person heretofore eligible to apply for national service life insurance after October 7, 1940, and before January 1, 1957, who is in good health except for a service-connected disability which renders him uninsurable according to the standards of good health established by the Administration shall, upon application in writing made within one year after the effective date of this section, submission of evidence satisfactory to the Administrator that but for service-connected disabilities he is in good health at the time of such application, and payment of the required premiums, be granted insurance other than on the five-year level premium term plan under the same terms and conditions as are contained in standard policies of national service life insurance except (1) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (2) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 3 per centum per annum; (3) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (4) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the national service life insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this section are hereby authorized.

"'(b) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty under a call or order to active duty for a period of thirty-one days or more.'

"Sec. 2. The amendments made by this Act shall take effect as of the first day of the seventh calendar month which begins after the date of enactment of this Act.

"Sec. 3. The analysis of subchapter 1 of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"'725. Limited period for acquiring insurance by service-connected disabled.'"

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 12333) was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that all Members have 3 legislative days to extend their remarks in the Record on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that I be permitted to extend my own remarks and to include tabular material.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ELECTION TO COMMITTEE

Mr. HALLECK. Mr. Speaker, I offer a privileged resolution (H. Res. 766) and ask for its immediate consideration.

The Clerk read as follows:

H. Res. 766

Resolved, That Carleton J. King, of New York, be and he is hereby, elected a member of the standing Committee of the House of Representatives on the Judiciary.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FIVE-YEAR TAX WRITEOFFS IN DEPRESSED AREAS

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, my State of Pennsylvania has, I believe, the unfortunate distinction of having more areas of substantial and persistent unemployment than any other in the Nation.

As of June of this year the major areas of substantial unemployment in Pennsylvania included Altoona, in my own district, Erie, Johnstown, Philadelphia, Pittsburgh, Scranton, and Wilkes-Barre-Hazleton. Except for Philadelphia, all these areas were also areas of persistent unemployment, meeting the criteria for assistance with Federal procurement programs and under the Area Redevelopment Act. They would likewise be eligible for assistance under the Public Works Coordination and Acceleration Act, now before us.

In addition to these major areas, Pennsylvania has no less than 24 smaller areas of substantial and persistent unemployment, including the Clearfield-Du Bois area, the greater part of which is in my own district.

"Substantial," Mr. Speaker, means that in each area unemployment is well above the average for the Nation. In Altoona the rate in June was 9.4 percent with 5,000 unemployed. This is up from the 4,200, 8.1 percent, reported in May. Clearfield-Du Bois has an even higher rate, around 12 percent, with about 4,000 unemployed. That is what "substantial" means. "Persistent" means it has been like this for a long, long time in the past, and, unless some action is taken, bodes to remain that way for a long, long time in the future.

Last year, Mr. Speaker, we passed the Area Redevelopment Act designed to have the Federal Government help us to help ourselves. In the closing hours of the House debate on the Area Redevelopment Act which I actively supported, I warned that it was not intended as an immediate remedy of unemployment but that it was a long-range program that would take time before its effects were felt on our economy.

The truth of my statement is revealed by the fact that during the 1962 fiscal year ending June 30, 1962, the Area Redevelopment Administration produced 17,436 direct jobs at a total cost of over $170 million, or approximately $9,800 per job. This year we sought additional Federal help by passing the Manpower Utilization and Training Act. Undoubtedly these Federal programs will help. But something further is needed.

For that reason, I wish to provide for a new sort of help from the Federal Government by letting business spend its own money and be allowed to write it off for tax purposes in only 5 years.

Therefore, I am urging the enactment of my bill, H.R. 274, which I introduced January 3, 1961, or at the beginning of the 87th Congress. For nearly 19 months this bill has been pending before the House Committee on Ways and Means. This bill would help American business to provide jobs by providing businessmen an incentive to step up investment in plants and machinery in areas of persistent labor surplus. My bill would allow businesses to write off their investment in such areas for tax purposes within a period of 5 years, if they so desired.

Despite my warning that the Area Redevelopment Act represents a long-range program, unfortunately many expected to witness an economic miracle once it became effective. In fact, the real barrier to consideration of my bill, H.R. 274, is revealed in a letter I received dated April 20, 1961, from Secretary of the Treasury Douglas Dillon which reads in part:

> A bill which you have introduced, H.R. 274, would provide tax incentives to encourage the development and growth of commercial and industrial enterprise in economically depressed areas. It is the President's view that this problem can be met more effectively by other direct measures outside the tax field, such as the area redevelopment bill.

According to Secretary of the Treasury Douglas Dillon, President Kennedy believed, too, the unemployment problem could be met more effectively by other direct measures, such as the area redevelopment bill.

In view of the long-range objectives of the Area Redevelopment Act and the cost figures on the number of jobs during the fiscal year of 1962, I believe that my proposal for a fast tax writeoff in distressed areas is one of great merit.

This accelerated tax amortization program embodied in my bill, H.R. 274, introduced 19 months ago, is not a new or untried proposal. It was originally used in World War I to encourage investment in defense facilities. It was revived and used in World War II, for the same purpose. It may be found in section 124a of the Internal Revenue Code of 1939. During World War II certificates of necessity for over $7 billion of investment in productive facilities were issued under this program, of which nearly $6 billion were reported eligible for accelerated amortization.

A program for accelerated tax amortization was renewed after the outbreak of the Korean war in 1950. From the beginning of the program on November 1, 1950, through its termination on December 31, 1959, the estimated cost of defense facilities for which certificates of necessity were granted was over $39 billion. Over $23 billion of this amount was certified as eligible for the accelerated—5-year—depreciation. This shows clearly that rapid tax amortization does induce investment.

From November of 1953 a larger percentage of rapid tax amortization was allowed when the facilities were built in areas of chronic labor surplus. This program to aid such areas was adopted after the tax amortization program had passed its peak, which limited the opportunity it presented for such aid. Nonetheless, it had a definitely beneficial effect. The Office of Defense Mobilization estimated that a total investment of $277 million in defense facilities had provided 15,600 direct jobs in labor surplus areas down to March 1, 1957.

Talk of allowing accelerated depreciation on investments is frequently heard today. In July the revision of Internal Revenue's Bulletin F was released, making public new depreciation schedules and procedures. These guidelines will assist many firms to take a more rapid and realistic depreciation of their machinery and equipment. This much has been accomplished by administrative action alone. Now, indeed, it has been noted by some tax experts that revised Bulletin F does little more than to make public the rules on depreciation which Internal Revenue had already approved in many specific instances.

We hear, too, on all sides talk about a general further revision of depreciation allowances by Congress, as a means of encouraging greater investment and to provide more job opportunities. I am reluctant to see Congress adjourn without enacting my bill, H.R. 274, so that business and industry in distressed areas would through a fast tax writeoff have an incentive to increase investment in plant and machinery and, thereby, help provide jobs for American wage earners.

My bill would allow us to try out such an accelerated investment plan in labor surplus areas. It could be used in any area where the bill before us or the Area Redevelopment Act would apply. Any investment in new plants or any expansion of existing facilities, which would provide jobs in labor surplus areas, could be written off for tax purposes in 5 years. This would help such areas to put their people back to work on new jobs. It could not be used to pirate plants or jobs from other areas.

We may thus test out in such areas how well such an accelerated tax plan works to encourage investment. The knowledge we gain of its effect in providing jobs and investments and its effect on tax revenues will prove valuable should we next year wish to consider a general program of accelerated depreciation allowances.

But in the depressed areas and, unfortunately nearly all of the Members have such areas in their own States, we need to do all we can right now to provide work. My bill would do this. It would provide temporary tax cuts for investors who expand or locate plants in such areas. Past experience shows that it has this effect.

I urge, Mr. Speaker, its adoption.

MEDICO

Mr. DERWINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, there is so much talk concerning projects such as people-to-people and others that are designed to show America's compassion for the poor and underprivileged throughout the world. Too often these are directed by the complex mechanism of government, without the warmth and understanding of more personal contact. There are exceptions, however. One of the truly effective programs is Medico, a nongovernmental, nonsectarian, nonprofit service of CARE, Inc., which provides medical and surgical care by American physicians in the underprivileged areas of the world where there is a serious deficit of and an urgent need for medical care and health protection. Founded in 1958, Medico is supported entirely by volunteer contributions from individuals, corporations, and philanthropic institutions in the form of financial aid or medical products, equipment, and drugs. It is staffed by generous American doctors, nurses, and technicians who volunteer their services.

I am proud to call to the attention of my colleagues and all Americans the contribution made to Medico by one of my constituents, Dr. Kenneth Stegman, of Dolton, Ill. Dr. Stegman, who is an orthopedic surgeon, spent 7 weeks in Saigon, South Vietnam, where he taught Vietnamese doctors and nurses the newest techniques in treating bone and joint diseases and injuries. He took his life's savings to help finance the trip. Since his return, Dr. Stegman has served as an inspiration to others. His concern and interest in all mankind is indicative of the American medical profession. His service is a classic example of why our doctors will always have the respect and admiration of the American people, and in fact, of all peoples throughout the world.

I think we can best appreciate the tremendous personal sacrifice made by Dr. Stegman and many of his colleagues in their contribution to medical science when we take into account the struggle that a doctor must make to acquire the education and training necessary to serve humanity in their chosen vocation.

Dr. Stegman was born in Chicago on July 16, 1925. He received his grammar and high school education in Chicago parochial schools. In 1945 he received his bachelor of science degree from Duke University, and his doctor of medicine degree from St. Louis University in 1949. His internship and residency in general surgery were served at Little Company of Mary Hospital in Evergreen Park, from July 1949 to June 1951. He served in the U.S. Air Force Medical

Corps at Chanute Field from 1951 to 1953, with the rank of captain. From 1953 through 1956 Dr. Stegman served his orthopedic residency at Marquette University, Milwaukee, Wis. Since 1956 he has been practicing orthopedics in the south suburban Cook County area, where he is also on the staffs of St. Francis Hospital in Blue Island, Ingalls Memorial Hospital in Harvey, and St. Margarets Hospital in Hammond, Ind.

It is not my purpose to eulogize Dr. Stegman an individual image, but to point out that he is typical of the men and women in medicine, who by their actions have fortified our respect, admiration, and pride in the typical American doctor, who has worked to develop for us the finest medical care any nation has ever had while at the same time maintaining the role of leadership not only in international medicine, but also in international good will.

As long as the American medical profession is served by doctors such as my constituent, Dr. Stegman, the vocation of medicine will rise to even greater heights in the service to all mankind.

MODERNIZATION OF OUR MINING LAWS

Mr. SAYLOR. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SAYLOR. Mr. Speaker, as Members of this body are aware, some of the most complex domestic problems to demand the attention of the Congress in recent years have been those involving mining. Many of these complications should surprise no one, for as our country matures, our population increases and the demands upon all our resources grow, it is only natural that the ultilization of these resources often brings into sharp conflict one base with another.

In the early days, when most of the basic mining laws were enacted, there was not a concern for many of the other resources values. This was indeed the days of free enterprise and rugged individualists, where a person's work, which was often the most arduous, was rewarded by his success in prospecting and otherwise development of his mining claim. Toward the close of the 19th century and in the early 20th century, the United States was making its most rapid strides to the great industrial nation that it is today. The demand for minerals was an integral and basic part of this industrial growth and expansion. It was natural that during this particular time, customs and laws were developed primarily to encourage and protect those engaged in mining operations. There was an abundance of other resources and minimum demand for them. Today, the demand for resource use is growing in many directions. No longer can we automatically assume that the exploitation for minerals in all cases and under all conditions will outrank all other possible resource uses.

There has been the further problem of distorting mining laws for purposes other than the original laws intended. The problem of using mining claims to usurp the greater rewards of surface rights. The problem of extending nonpatented mining claims to cover summer homes, cottages, recreation, and for other purposes. The complexion of the country and the demand of its populace has changed so fast, that it has become impossible in many instances for mining laws to properly adapt to them. The Congress wisely, on many occasions, has sought to right an injustice here, and establish a procedure for rectifying an impropriety there, but it is my concern Mr. Speaker, that our mining laws governing our mining operations begin to develop a kind of legal patchwork which is difficult to administer and almost impossible for the average layman to know his or her rights or responsibilities.

It is with this purpose in mind that I have introduced H.R. 12913 which seeks to modernize the mining laws of the United States. I am not so sanguine to feel that this will be received by all resource users, all branches of the mining industry as the final and last word in the remodification of mining laws and regulations in the United States. It is my great hope, however, that this bill will serve as a necessary vehicle for the Congress to seriously reconsider the posture of mining in the United States, relative to other uses. The appropriate relationship of mining to other uses of our resources cannot be resolved completely by the revision of mining laws only, but clarification and up dating of these laws can contribute greatly to a lessening of our present confusion.

The problems that have been attended to mining over the past few years are many and varied. The conflict between mining and the pollution of our streams and rivers has persisted. The conflict between land use and timber with that of mining continues. The conflict between all types of recreation which is carried on not only in the national park system, national forests, other public lands, and many local and regional areas devoted to a variety of recreational uses has plagued us in many areas. The conflict with water storage projects and the reservoirs and activities surrounding them is still another. All of these past conflicts insist that a new evaluation, certainly not one that would be incongruous with the continuation of mining activities, but one that more carefully recognizes these new relationships and responsibilities that should impinge upon all users of our natural resources.

The last administration, and this administration, has recognized the burgeoning recreational needs of the American public. At the time many of the basic mining laws were affected, the number of people, their mobility, their financial position, their amount of leisure time were not such that such a conflict could normally have been projected. One cannot therefore judge harshly our forefathers for not being forward looking in this respect, but we can be so judged if we do not seriously reevaluate and reconsider the posture of our present mining laws, in light of the more complex needs of our present-day society.

Mr. Speaker, may I say that in no way is this a bill designed to work unnecessary hardship upon the mining industry of the United States. It is rather a measure that seeks to consider the overall public interest of all our people and the many needs that must be served. Nor should I want to mislead this body that this measure is simple and intuitively obvious. Mining laws it seeks to modify are complicated, have been amended on several occasions, and involve many technical details. I can assure the Members of this body, however, that every effort has been made to simplify this modification or modernization of the mining laws of the United States of America to the extent that it was possible to do so.

Since some phase of mining operations occurs in practically all of the States of the Union, there is no effort on my part to rush this measure through without serious and proper consideration. It is assumed that practically every Member of this body will want to carefully consider the suggested modifications and the implications that are involved. This I welcome. It is hoped that an extended and serious consideration can be given to a matter long overdue.

HUNTER-LIGGETT MILITARY RESERVATION, CALIF.

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 761 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12081) to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Kansas [Mr. AVERY], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 761 makes in order consideration of the bill H.R. 12081. It is an open rule, and provides for 1 hour of general debate.

The purpose of the bill is to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property.

Under the provisions of the bill, the Secretary of the Army would be authorized, upon such terms and conditions as he deems in the public interest, to convey to the Monterey County Flood Control and Water Conservation District fee title to approximately 8,775 acres of land, and flowage easements over approximately 1,135 acres of land and a highway bridge easement over approximately 65 acres of land, all of which are areas now in the Hunter-Liggett Military Reservation. These add up to about 10,000 acres, which will be conveyed to the conservation district.

Mr. Speaker, the bill and the report seem to indicate that this conveyance will be in the best interests of the local people involved. The compensation being allowed will take proper care of the military reservation and our military needs in this area. Therefore, I believe the legislation to be good and proper legislation, and I urge the adoption of House Resolution 761.

Mr. AVERY. Mr. Speaker, I think the resolution has been adequately explained by the gentleman from California. I have no requests for time. I know of no opposition to the rule or the bill.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MAKING GAS AVAILABLE TO BARROW, ALASKA

Mr. ELLIOTT. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 759 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2020) to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, Naval Petroleum Reserve Numbered 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ELLIOTT. Mr. Speaker, I yield 30 minutes to the gentleman from Kansas [Mr. AVERY], and pending that, I yield myself such time as I may consume.

Mr. Speaker, this resolution makes in order the consideration of the bill (S. 2020) to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes. The rule provides for 1 hour of general debate.

Mr. Speaker, I urge the adoption of the resolution.

Mr. AVERY. Mr. Speaker, I do not think we need to debate the merits of this resolution. I only want to make one observation. Even though this particular source of natural gas is to be developed by the Federal Government, the Committee on Rules was assured the distribution of it is to a non-Federal responsibility. It is to be by a non-Federal distributing corporation. The record is to be made abundantly clear that we are not establishing a precedent for engaging the Department of Defense in developing this natural resource or any other similar source of energy.

Mr. Speaker, I have no further requests for time and I urge the adoption of the resolution.

Mr. ELLIOTT. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF THE NAVY TO TAKE POSSESSION OF NAVAL OIL SHALE RESERVES

Mr. ELLIOTT. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 760) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5423) to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Armed Services now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. ELLIOTT. Mr. Speaker, I yield 30 minutes to the gentleman from Kansas [Mr. AVERY]; pending which I yield myself such time as I may consume.

Mr. Speaker, the resolution before us makes in order the consideration of the bill—H.R. 5423—to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes.

The resolution provides for 2 hours of debate. All points of order against the bill are waived.

Mr. Speaker, I urge the adoption of the resolution.

Mr. AVERY. Mr. Speaker, I yield myself such time as I may consume, and I would like to be advised when I have consumed 3 minutes.

Mr. Speaker, the hour is late and I apologize to the Members of the House for imposing on their time at this hour of the day. I think it is important, however, that some legislative history be established in the consideration of this rule with reference to this particular bill. I might remind the Members that research on this particular shale deposit was in a very active state from 1944 to 1956. So the question immediately presents itself, if we had an experimental project in operation for 12 years, just exactly what is the further need for research in this particular field? You might ask, Why would you be apprehensive about this, other than the cost of such? What objection might there be to extending and reactivating the research at this particular shale deposit at Rifle, Colo.?

My only objection is this: Back in 1934 we were told that we were going to authorize a few million dollars for the Tennessee Valley project, and it was to be merely a yardstick to measure the actual cost of producing electrical energy; it was not to enter into the commercial production of electricity; it was to provide a yardstick whereby the actual cost of production of electrical energy could be measured against the rates that were being charged across the country by private enterprise. You know, of course, what has happened from that time to this. We have developed a monstrosity, in my opinion, in the Tennessee Valley that is engaged in the production of subsidized electricity on a commercial basis. It has cost the taxpayers of the United States many hundreds of millions of dollars a year. Here we are 30 years later, and just an hour ago we appropriated, in the public works appropriation bill, $35 million more for the Tennessee Valley Authority.

All I want to do this afternoon is to make the record abundantly clear that the reactivation of research in the shale deposits at Rifle, Colo., by the Department of the Interior, or the lessee of their designation, will be entirely restricted for whatever need might exist in the way of developing further information through a research program and is not—and I repeat—it is not in any way to be taken as consent by Congress for the commencement of commercial production of oil and other petroleum products.

May I ask the chairman of the Armed Services Subcommittee, the gentleman from Illinois [Mr. PRICE], if I have properly interpreted the purpose of this legislation?

Mr. PRICE. The answer to the gentleman from Kansas is that he has correctly stated the purpose of the legislation. It is in the interest of the development and research of potential oil resources for the Navy and the military forces in the event of national emergency and exclusively for that purpose.

The SPEAKER. The gentleman from Kansas has consumed 3 minutes.

Mr. AVERY. Mr. Speaker, I yield myself 2 additional minutes.

Mr. Speaker, I thank the gentleman from Illinois for his comment, and I want his comment to be contained in the adoption of the rule proceedings here so that in retrospect there may be no doubt as to why the experimentation is being authorized in this legislation.

Mr. PRICE. That is correct. The Navy requested this legislation specifically for this purpose.

Mr. AVERY. By way of explanation I might add this. Perhaps some Members may ask, "Do we not need all the petroleum products we can get? And are we not importing a vast volume of crude oil and residual oil from foreign sources of supply?" The answer is, "Yes, of course we are." But the same as in many other industries, because of the importation of vast quantities of petroleum products and residual oil, and particularly crude oil, the independent producers of Texas, Kansas, Oklahoma, and many other States, have seen their production rolled back to where they are now producing only 25 to 50 percent of their potential. This, of course, preserves our natural resources, but at the same time I ask the Members of the House to place themselves in the position of having a potential return from your investment of $50,000 a year and suddenly you are then rolled back to $12,500. You would not like that; it would adversely affect the economy of your State, and it would hold you to one-quarter of your return on your investment that you had anticipated when the investment was originally made.

So I hope that this RECORD will be read by the Department of the Navy as they proceed to reactivate this experimental project in Colorado.

Mr. STEED. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I am glad to yield to the gentleman from Oklahoma who has done more research on this matter, probably, than any other Member of the House.

Mr. STEED. I think the gentleman has just made a very important point. I agree with everything he has said and associate myself with him in his presentation of this point to the House. I hope there will be no mistaking what he has said here today.

Mr. AVERY. I thank the gentleman from Oklahoma.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I yield to the gentleman from Iowa.

Mr. GROSS. Will the gentleman refresh my memory? Did we not have a bill before the House not long ago that denied funds for the operation of this plant at Rifle, Colo.? Or was that the story? Is this bill designed to activate that plant?

Mr. AVERY. I would have to respond to the gentleman by saying that I am not personally familiar with the legislation to which he is referring. I defer to the chairman of the subcommittee, the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. We have not had a bill up here in recent years on that. I believe the gentleman refers to the time when the Department of the Interior decided to close this plant and end the experimentation there. That was about 1958.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I yield to the gentleman form Colorado.

Mr. ASPINALL. The gentleman refers to requests for funds to reactivate this plant during fiscal year 1963. The gentleman from Colorado [Mr. DOMINICK] proposed an amendment when the Interior Department appropriation bill was before us. The gentleman from Colorado now speaking opposed that amendment because there is no possibility of this plant being reactivated or any work being done at the facility until the jurisdiction question has been settled. This bill is for the purpose of determining the matter of jurisdiction. It has nothing to do with appropriations or the production of the product—kerogen—from oil shale.

Mr. AVERY. In response to the gentleman from Colorado, I concur that what he said is entirely true, that this bill does not envision any commercial development. I would repeat what I said when TVA was authorized, little did we think then that that authority was going to be engaged in the commercial production of electricity.

I may say further, Mr. Speaker, that on present-day prices it would require a subsidy of $1.50 a barrel to feasibly produce crude oil from this shale deposit at Rifle, Colo. I would remind you, however, that would not necessarily prohibit commercial production because we subsidize other production that is just as nonessential as this is at the present time. I do not want to deter or restrict further research, but I repeat, I hope our colloquy here this afternoon will not be in any way construed as a green light on commercial production of crude oil.

Mr. Speaker, I now yield 5 minutes to the gentleman from Iowa [Mr. JENSEN].

Mr. ELLIOTT. The gentleman from Kansas and I are in agreement that the rule should be granted. We are not in agreement about the TVA. I think the TVA is one of our finest Government institutions. It administers a good program, and does it efficiently and in the Government interest. The TVA has meant much to Alabama, and will mean much to it in the future.

Mr. Speaker, I move the previous question.

Mr. JENSEN. Mr. Speaker, it is not clear to me what this bill provides. Will the chairman of the committee tell me what this bill provides? I have had quite a little to do with this project in past years, and I have some misgivings about it.

Mr. PRICE. The purpose of the bill is one of jurisdiction as between the Department of the Navy and the Department of the Interior. The bill spells out the conditions under which the Navy shall exercise control over the oil shale reserves and places the oil shale reserves in the same category under the Navy as it does the petroleum reserves. Secondly, it bestows jurisdiction of the Rifle plant, which has been mentioned here, to the Department of the Interior.

The second thing it does is to bestow jurisdiction of the Rifle plant to the Department of the Interior, where it was previously. Because of the fact it has been closed down since 1958, this jurisdictional problem arose, due to the fact it involves the oil reserve shale. This bill resolves the jurisdictional matter. It also gives the Department of the Interior authority to operate on a research basis or lease it out or make a contract for its operation with a university or private company.

Mr. JENSEN. Do I understand this bill would give the Interior Department the authority to again open up the Rifle shale plant and operate it as they did before 1958?

Mr. PRICE. Unless it has further approval of Congress and we can receive funds for it from the Committee on Appropriations. I think the gentleman from Iowa [Mr. JENSEN] is on this committee. It merely settles the question of the jurisdiction of the plant.

Mr. JENSEN. If it only settles the question of jurisdiction——

Mr. PRICE. That is right. They still have to come to Congress to get any money with which to operate the plant.

Mr. JENSEN. Of course, the plant is a nonentity, so to speak.

Mr. PRICE. If the gentleman will yield further, the plant is still in a standby status. It is costing the Department of the Interior $120,000 to maintain it.

Mr. JENSEN. I know that. But that Rifle plant—there is no reason for opening it to operations. They have finished their job for which they were set up to perform and the plant at Laramie is doing a better and a more up-to-date job with more modern equipment than the Rifle plant. Therefore, I see no point in involving the Rifle plant in this bill.

Mr. PRICE. If the gentleman will yield further, I would like to say to the gentleman that is strictly a jurisdictional question.

Mr. AVERY. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. DOMINICK].

Mr. DOMINICK. Mr. Speaker and Members of the House, I am going to be as brief on this as possible. But I have spoken on this Rifle oil situation before. I want to make sure that some of the points which I think are important in this bill are put over again.

First of all, since 1958, because of the legal interpretation by the Attorney General, the Rifle plant has been completely shut down, and the status of the oil shale reserves—the naval oil shale reserves—has been such that they have not even been able to stick a pickax into them in order to get any material out for experimental work.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. Yes, I yield to the gentleman from Colorado.

Mr. ASPINALL. But is it not true that this installation—the laboratory at the University of Wyoming at Laramie—will be badly in need of shale for continuation of even its operation one of these days, and there will be no shale for it to use?

Mr. DOMINICK. That is 100 percent correct, and I thank the gentleman from Colorado.

Mr. Speaker, certainly I think we should note that we have been keeping the Rifle plant in a mothball, standby condition since 1958, at a cost of between $101,000 and $112,000 a year. So we have just had something which is a building and which is obviously deteriorating, with which we are not doing a thing, because no research of any kind has been permitted. This has been created, as I say, largely by the Attorney General's opinion in 1958.

Mr. Speaker, this particular bill will clarify the jurisdictional problems and will give legislative authority so that the Navy has control over its naval oil shale reserves in that area, and they can make some of this oil shale available for research purposes only. It will give to the Department of the Interior a control of the operation and the use of the Rifle plant.

Mr. Speaker, the testimony indicated in the hearings before the committee that within the next couple of years, at least, it will be necessary for a considerable amount of rehabilitation to be done to the plant. Therefore, if this plant is going to be used at this point at all, which I personally think it should be, they will probably be doing it by lease or contract to other universities, to nonprofit institutions or to commercial industries which have been trying to get something out of these facilities in order to develop their own ideas on how oil shale may be best used as far as the economy is concerned.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Iowa.

Mr. JENSEN. Mr. Speaker, I am sure the gentleman knows that in 1958 other Members and I visited the Rifle shale plant and went into the tunnel, the mouth of which is halfway up the mountain. There we discovered they had had several roof falls in that tunnel which had an unsupported roof of between 60 and 70 feet. They had attempted to hold up the roof under that mountain with bolts in the ceiling, but there were thousands of cracks in that shale for yards. The last roof fall had occurred on a Sunday when workmen were not there. It had fallen on the steam shovel and had crushed that great big steam shovel almost flat. So we decided that the thing to do was to shut down that plant until such time as the tunnel could be made safe for human beings.

I would not object to taking shale out of that tunnel if sufficient roof supports were placed in it. But certainly, having seen what I did I would not be able to sleep nights if I knew that people were going into that tunnel.

Mr. DOMINICK. I can say to the gentleman from Iowa that I know the dangers created by abandoned tunnels of this kind and I suspect that this tunnel is no better now than it was then.

Mr. JENSEN. The chances are that it is worse.

Mr. DOMINICK. Before any work will be done there the Navy will have responsibility for insuring that the people can take such shale out of there safely as may be needed for these experimental purposes.

There are a few other points that I think ought to be brought out. These shale reserves may be as important to this country, if we get into a situation of oil shortage, as any other single natural resource we have in the country. We are not in a position at the present minute to determine how economically oil, or petroleum, can be produced from oil shale in competition with regular oil reserves at the present minute, but moves in this direction have taken place and they have completed a large portion of their research on their small retorts and medium sized retorts and were just about ready to go into the larger sized retorts on research only, at such time as the Attorney General's ruling came about.

With all the people who have contacted me and all the people who have contacted other representatives from Colorado pointing out that we have a facility for research here which is simply not being used, it seems to me that this makes good legislative sense, to go ahead and get this jurisdictional problem settled so that further research in this may be carried out.

Mr. ELLIOTT. Mr. Speaker, I move the previous question.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

HUNTER-LIGGETT MILITARY RESERVATION, CALIF.

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the bill (H.R. 12081) to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property, be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in order to facilitate the construction of the San Antonio Dam and Reservoir project for flood control, water conservation, and public recreation the Secretary of the Army is authorized, upon such terms and conditions as he may deem to be in the public interest, to quitclaim to the Monterey County Flood Control and Water Conservation District of the State of California, a tract of fee-owned land in the eastern part of Hunter-Liggett Military Reservation adjacent to the San Antonio River, containing approximately eight thousand seven hundred and seventy-five acres, more or less, and to grant to the said district a flowage easement over approximately one thousand one hundred and thirty-five acres of land, more or less, and a road and highway bridge easement over sixty-five acres, more or less, of land in the vicinity. All mineral rights in the fee-owned land, and a right-of-way for road purposes in a location approved by the Secretary of the Army shall be reserved to the United States.

(b) The conveyance authorized by this Act shall be in exchange for (1) the conveyance to the United States of an exclusive right-of-way for road purposes between Hunter-Liggett Military Reservation and Camp Roberts, California, as approved by the Secretary of the Army, the construction of a tank road and appurtenances in accordance with plans and specifications to be approved by the Secretary of the Army; and the relocation of existing Army facilities located in the areas to be conveyed under paragraph (a) hereof, by the Monterey County Flood Control and Water Conservation District; and (2) a sum of money representing, in the opinion of the Secretary of the Army, the amount by which the appraised market value of the property conveyed by the Secretary of the Army exceeds the appraised market value of the property accepted in exchange therefor. Any money received by the Secretary of the Army in connection with this exchange shall be covered into the Treasury as miscellaneous receipts.

Mr. PRICE. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, the bill H.R. 12081 would authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation, Calif., for construction of the San Antonio Dam and Reservoir project in exchange for other property.

The Monterey County Flood Control and Water Conservation District of the State of California, a public body elected by the voters of the county, has developed plans for the construction of a dam and reservoir in the vicinity of Hunter-Liggett Military Reservation and Camp Roberts.

The proposed project will be entirely financed by State funds and a supporting bond issue to be approved by the voters of the district.

Both public and private lands comprise the area required by the district for the flood control and water conservation project. Included in this area are approximately 9,965 acres of land and easement interests in the Hunter-Liggett Military Reservation.

The Monterey County Flood Control and Water Conservation District proposes in exchange for this property to, first, convey an exclusive right-of-way for road purposes to Hunter-Liggett and Camp Roberts; second, construct a tank road and appurtenances in accordance with plans and specifications approved by the Secretary of the Army; and, third, relocate existing Army facilities now in the area—consisting principally of a communication line.

The fair market value of the land required by the district is estimated to be $563,000. The estimated value of the privately owned land which the district will acquire for the tank road and right-of-way is $16,250. This road will extend approximately 8 miles and comprises about 125 acres of land. The cost of constructing that portion of the tank road which is not on the Hunter-Liggett Military Reservation is estimated at $580,000, making a total cost of the off-base portion of the tank road, $596,250.

Thus, the new facilities provided by the district will exceed in value the appraised value of the property to be conveyed by the Army. It must also be borne in mind that the district will incur other costs for replacement in kind of facilities now located on Hunter-Liggett Military Reservation.

These costs have not been determined but will be borne by the district and include moving, constructing, and improving the portion of the tank road which will be located on existing Army property, and also relocating an existing Army communication line.

The official report of the Department of the Army supported the bill provided that language was added to relieve the Army of the responsibility of transferring to the U.S. Treasury that portion of moneys received from the district which were expended to defray preliminary engineering studies and plans. Subsequently, the Monterey district officials assured the Department of the Army that these preliminary expenses would be borne entirely by the district. Consequently, Army representatives withdrew their request that the bill be amended.

The Committee on Armed Services reported the bill unanimously, without amendment, and I therefore urge the unanimous approval of this body.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAKING GAS AVAILABLE TO BARROW, ALASKA

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the bill (S. 2020) to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes, be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. Albert). Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7422 of title 10, United States Code, is amended by adding the following new subsection at the end thereof:

"(c) The Secretary of the Navy may under subsection (a) develop the South Barrow gasfield, naval petroleum reserve numbered 4, to supply gas to installations of the Department of Defense and other agencies of the United States located at or near Point Barrow, Alaska, the native village of Barrow, and other communities and installations at or near Point Barrow, Alaska."

Sec. 2. Section 7430(a) of title 10, United States Code, is amended to read as follows:

"(a) The Secretary of the Navy in administering the naval petroleum reserves under this chapter shall use, store, sell, or exchange for other petroleum or refined products, the oil and gas products, including royalty products, from lands in the naval petroleum reserves, including gas products from lands in the South Barrow gasfield of naval petroleum reserve numbered 4, and lands outside petroleum reserve numbered 1 covered by joint, unit, or other cooperative plans, for the benefit of the United States."

Sec. 3. The Federal agency or agencies in control of any pipeline between gas wells in the South Barrow gasfield and the town of Barrow may authorize purchasers of the gas or carriers of the gas to install connections to such pipeline.

Mr. PRICE. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, S. 2020 is a bill relating to the sale of gas at Point Barrow, Alaska. This bill has two purposes: First, to authorize the Secretary of the Navy to furnish gas from the South Barrow gasfield, Alaska—Naval Petroleum Reserve No. 4—to all the Federal agencies in the Point Barrow area; and, second, to permit the Secretary of the Navy to sell gas from the gasfield to the native village of Barrow and other communities and installations in the Point Barrow, Alaska area.

Since 1950, the Navy itself has been utilizing gas from this field and in 1958 started to supply other Federal agencies in the Point Barrow area despite the absence of specific statutory authorization for this practice. The first purpose of the bill is to grant proper authority for this existing situation.

In order to continue to furnish gas to these Federal installations it is going to be necessary for the Navy to drill a third well. This well will cost about $400,000. I want to make it clear that the new well is necessary regardless of whether any gas would be sold to the village of Barrow or other communities in the area.

However, since a new well does have to be drilled the Navy can supply all of the gas needed by the Federal installations and by the communities in the area and at the same time amortize the cost of the well through sales to these native communities. The second purpose of the bill is to authorize sales of this kind.

The bill is restricted to this particular area and would have no effect on any of the other petroleum reserves.

Today coal costs the natives $42 a ton, fuel oil costs 60 cents a gallon and propane costs $56 per hundred pounds. To place these costs in an understandable context, I will point out that if the natives were using gas and paying for it at the rate that they are now paying for these other fuels, it would cost them about $3.90 per thousand cubic feet. Here in Washington we pay $1.34 per thousand cubic feet, even though it is piped all the way from Texas.

The Barrow Village Council is willing to pay $2 per thousand cubic feet, and from the testimony received it would appear that the Navy intends to charge something between $1.34 and $1.72 per thousand cubic feet. At this rate and if generation of heat within the village remained the same, the well would be amortized in 18 years. As a matter of fact, however, it is expected that the householders and other establishments will double the amount of heat now used which would mean that the well would be amortized in half that time, or 9 years.

The committee took testimony from the Department of the Interior on the subject of the responsibility of the Federal Government to the natives in the area and came to the conclusion that it was a sensible and wholly reasonable proposal that this gas, which is produced virtually in the backyard of the village, should be made available to the native population. It is no giveaway and is a sound business proposition.

I might point out that only 1 square mile of the 35,000 square miles of this reserve is involved in this bill. And I might point out also that there is no oil in this area but only gas—about 10 billion cubic feet of it.

I urge the passage of this bill.

Mr. NORBLAD. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. NORBLAD. Mr. Speaker, the gentleman from Illinois has described what the bill will do.

I would merely like to say that this bill represents little more than an expression of plain commonsense.

Point Barrow is, without a doubt, one of the most remote areas of the civilized world. The only way to heat a home or private establishment in Point Barrow today is to import, at enormous cost, coal or oil. And when I say enormous cost, I mean $42 a ton for coal and 60 cents a gallon for fuel oil.

Not only must these fuels be imported, but they can be brought into Point Barrow only during a limited period of the year when the area is free of ice.

When one visualizes these difficulties together with the fact that right on the spot are 10 billion cubic feet of gas, the situation simply doesn't make any sense.

There is plenty of gas for everybody—some 10 billion cubic feet. There is no question here as to whether this gas could be piped to some other area of Alaska and sold—that would be virtually a physical impossibility; the distances are just too great. So the only use that this gas can have is for our Federal installations up there and the relatively small local populace. If we followed any course other than that contemplated by this bill, we would be substituting pure form for substance. We would be saving gas which has no other conceivable use than that which the bill would permit.

And it should not be forgotten that a new well which will cost something in the order of $400,000 is needed by our important Federal installations at Point Barrow. The plan under this bill affords a very unusual opportunity to build something needed by the Federal Government which pays for itself over a period of years.

The bill is a sound one and, as I have said, is based on commonsense.

Mr. **RIVERS** of Alaska. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Alaska?

There was no objection.

Mr. **RIVERS** of Alaska. Mr. Speaker, I rise in support of S. 2020. This legislation would authorize the Department of the Navy to drill a third natural gas well within Naval Petroleum Reserve No. 4 in northern Alaska in order to supplement the existing supply to the Navy and other Federal agencies in that area and to make natural gas available for sale to the civilian community of Barrow through an authorized carrier or carriers. The Federal facilities involved now get natural gas for fuel from the two existing wells in this gasfield.

The more than 1,300 residents of Barrow, who are nearly all Eskimo people, are now without access to the natural gas deposits upon which their community is virtually built. These people have been forced to rely upon oil transported from faraway ports, or coal carried by sled from a small deposit located 75 miles away from their homes. The cost of both these fuels has been enormous. I am informed that Barrow residents have been required to pay $42 per ton for coal and 60 cents per gallon for oil, and that the total fuel bill for their small community has averaged approximately $250,000 per year. Thus, over the years these people have been subjected to a tremendous fuel burden.

The situation is best summed up in the Department of the Navy report which Capt. W. S. Sampson submitted to the House Committee on Armed Services under date of January 24, 1962. Speaking in support of this legislation, Captain Sampson stated:

> The gas from the South Barrow gasfield is the only fuel readily available in the Point Barrow area. The importation of other fuel into the area is very expensive and, except for air transportation, is impossible during certain periods of the year because of climatic conditions. Accordingly, the native village of Barrow would be greatly helped if it could be supplied with gas from the South Barrow field. * * * Within the currently determined limits of the South Barrow gasfield, it is determined that there is sufficient gas to meet all demands for a period of 20 years or more. Additional exploration may extend these limits.

Enactment of this legislation will not subsidize the community of Barrow. In justifying the economics of this proposal before the Senate Armed Services Committee, Capt. Kenneth C. Lovell, Director of Naval Petroleum and Oil Shale Reserves, pointed out that the Navy estimates that within 18 years the entire cost of the construction of the new well proposed by this legislation would be paid, while at the same time allowing a substantial reduction of fuel costs to the people of Barrow. The Barrow residents have expressed a willingness to pay for natural gas a retail price of up to $2 per thousand cubic feet, which, I am informed, is more than sufficient to cover the cost of amortizing the well which would be authorized by this legislation.

I also point out that under the terms of the bill now before us, the Federal agency, or agencies in control of the pipeline between gas well in the gasfield and the town of Barrow may authorize purchasers of the gas or carriers of the gas to install connections to such pipeline. In this way, the Department of Interior, which also endorses this legislation, would not be put in the public utility business or in a position to compete with such private utility as may be set up to handle the distribution of the gas to the town of Barrow.

In conclusion, Mr. Speaker, I submit that this legislation is practicable and conscionable and I strongly urge its passage.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NAVAL OIL SHALE RESERVES

Mr. **PRICE**. Mr. Speaker, I ask unanimous consent that the bill (H.R. 5423) to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes, be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America assembled, That title 10, United States Code, is amended as follows:

(1) Section 7421 is amended by redesignating subsection (b) as subsection "(c)" and inserting the following new subsection:

"(b) The Secretary shall take exclusive possession and control of all properties and improvements inside the naval oil shale reserves, together with all rights owned by the United States on other lands that are necessary to the operation of the experimental demonstration plant near Rifle, Colorado, which was constructed and operated by the Department of the Interior under the Act of April 5, 1944, chapter 172 (58 Stat. 190), as amended."

(2) Section 7422 is amended by redesignating subsection (b) as subsection "(c)" and inserting the following new subsection:

"(b) The Secretary shall, by contract, lease, or otherwise, maintain, conserve, and protect the naval oil shale reserves, all minerals, including oil and gas, therein, and all properties and improvements thereon and shall encourage experimental work in extraction of synthetic liquid fuels from oil shale, subject to approval by the President. However, this chapter does not authorize the commercial development and operation of the naval oil shale reserves by the Government in competition with private industry."

(3) Section 7430(a) is amended to read as follows:

"(a) The Secretary of the Navy in administering the naval petroleum and oil shale reserves under this chapter shall use, store, sell, or exchange for other petroleum or refined products, the oil and gas, including royalty oil and gas, and shale oil produced from lands in the naval petroleum and oil shale reserves and lands outside petroleum reserve numbered 1 covered by joint, unit, or other cooperative plans, for the benefit of the United States."

(4) Clauses (1), (2), and (3) of section 7431 are amended to read as follows:

"(1) A lease of any part of the naval petroleum or oil shale reserves.

"(2) A contract to alienate from the United States the use, control, or possession of any part of the naval petroleum or oil shale reserves (except that consultation and Presidential approval are not required in connection with the issuance of permits, licenses, easements, grazing and agricultural leases, rights-of-way, and similar contracts pertaining to use of the surface area of the naval petroleum and oil shale reserves).

"(3) A contract to sell the oil and gas (other than royalty oil and gas) and shale oil produced from the naval petroleum and oil shale reserves."

(5) Section 7432(a) is amended to read as follows:

"(a) Expenses incurred by the Secretary of the Navy with respect to the naval petroleum and oil shale reserves shall be paid from appropriations made available for the purposes specified in this chapter."

(6) Section 7433(b) is amended to read as follows:

"(b) All money accruing to the United States from lands in the naval petroleum and oil shale reserves shall be covered into the Treasury."

(7) Section 7434 is amended to read as follows:

"§ 7434. Quarterly reports to Armed Services Committees

"Within thirty days after the close of each quarter, the Secretary of the Navy shall report to the Committees on Armed Services of the Senate and the House of Representatives the production from the naval petroleum and oil shale reserves during the preceding quarter."

(8) Section 7438 is repealed.

(9) The analysis of chapter 641 is amended by striking out the following item:

"7438. Exclusion of naval oil shale reserves."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That title 10, United States Code, is amended as follows:

"(1) Section 7421 is amended to read as follows:

"'(a) The Secretary of the Navy shall take possession of all properties inside the naval petroleum and oil shale reserves that are or may become subject to the control of and use by the United States for naval purposes, except as otherwise provided in section 7438 hereof.

"'(b) The Secretary has exclusive jurisdiction and control over those lands inside naval petroleum reserves numbered 1 and 2 that are covered by leases granted under sections 181–184, 185–188, 189–194, 201, 202–209, 211–214, 223, 224–226, 226d, 226e, 227–229a, 241, 251, and 261–263 of title 30, and shall administer those leases.'

"(2) Section 7422 is amended to read as follows:

"'(a) Except as otherwise provided in section 7438 hereof, the Secretary of the Navy, directly or by contract, lease, or otherwise, shall explore, prospect, conserve, develop, use, and operate the naval petroleum and oil shale reserves in his discretion, subject to approval by the President.

"'(b) The naval petroleum and oil shale reserves and lands outside naval petroleum reserve numbered 1 covered by contracts under section 7426 of this title, shall be used and operated for—

"'(1) the protection, conservation, maintenance, and testing of those reserves; or

"'(2) the production of petroleum, gas, oil shale and products thereof whenever and to the extent that the Secretary, with the approval of the President, finds that it is needed for national defense and the production is authorized by a joint resolution of Congress.'

"(3) Section 7423 is amended to read as follows:

"'The Secretary of the Navy shall from time to time reexamine the need for the production of petroleum or products from oil shale for national defense when that production is authorized under section 7422 of this title. If he finds that the authorized quantity is no longer needed, he shall reduce production to the amount currently needed for national defense.'

"(4) Section 7424 is amended to read as follows:

"'(a) To consolidate and protect the oil lands owned by the United States, the Secretary of the Navy may—

"'(1) contract with owners and lessees of land inside or adjoining naval petroleum and oil shale reserves for—

"'(A) conservation in the ground of oil and gas; and

"'(B) compensation for estimated drainage in lieu of drilling or operating offset wells; and

"'(2) acquire privately owned lands or leases inside naval petroleum reserve numbered 1 by exchange of—

"'(A) lands of the United States inside naval petroleum reserve numbered 1;

"'(B) the right to royalty production from any of the naval petroleum reserves; and

"'(C) the right to any money due the United States as a result of the wrongful extraction of petroleum products from lands inside naval petroleum reserve numbered 1.

"'(b) The Secretary shall report annually to Congress all agreements under this section.'

"(5) Section 7428 is amended to read as follows:

"'Every unit or cooperative plan of development and operation, except a plan authorized by section 7426 of this title, and every lease affecting lands owned by the United States within the naval petroleum and oil shale reserves shall contain a provision authorizing the Secretary of the Navy, subject to approval by the President and to any limitation in the plan or lease, to change from time to time the rate of prospecting and development on, and the quantity and rate of production from, lands of the United States under the plan or lease, notwithstanding any other provision of law.'

"(6) Section 7430 is amended to read as follows:

"'(a) The Secretary of the Navy in administering the naval petroleum and oil shale reserves under this chapter shall use, store, sell, or exchange for other petroleum or refined products, the oil and gas products, including royalty products, oil shale and products therefrom produced, from lands in the naval petroleum and oil shale reserves and lands outside petroleum reserve numbered 1 covered by joint, unit, or other cooperative plans for the benefit of the United States.

"'(b) Each sale of petroleum, gas, other hydrocarbons, oil shale, or products therefrom, under this section shall be made by the Secretary at public sale to the highest qualified bidder at such time, in such amounts, and after such advertising as the Secretary considers proper.'

"(7) Section 7431 is amended to read as follows:

"'The Committees on Armed Services of the Senate and the House of Representatives must be consulted and the President's approval must be obtained before any condemnation proceedings may be started under this chapter and before any of the following transactions authorized by this chapter may be effective:

"'(1) A lease of any part of the naval petroleum or oil shale reserves.

"'(2) A contract to alienate from the United States the use, control, or possession of any part of the naval petroleum or oil shale reserves (except that consultation and Presidential approval are not required in connection with the issuance of permits, licenses, easements, grazing and agricultural leases, rights-of-way, and similar contracts pertaining to use of the surface area of the naval petroleum and oil shale reserves).

"'(3) A contract to sell the oil and gas (other than royalty oil and gas), oil shale, and products therefrom produced from any part of the naval petroleum and oil shale reserves.

"'(4) A contract for conservation or for compensation for estimated drainage.

"'(5) An agreement to exchange land, the right to royalty production, or the right to any money due the United States.'

"(8) Section 7432 is amended to read as follows:

"'(a) Expenses incurred by the Secretary of the Navy with respect to the naval petroleum and oil shale reserves shall be paid from appropriations made available for the purposes specified in this chapter.

"'(b) Expenditures necessary to carry out this chapter shall be made under the direction of the President, who shall submit estimates for these expenditures as prescribed by law.'

"(9) 7433 is amended to read as follows:

"'(a) Any oil, gas, gasoline or other substance accruing to the United States as royalty from any lease under this chapter shall be delivered to the United States, or shall be paid for in money, as the Secretary of the Navy elects.

"'(b) All money accruing to the United States from lands in the naval petroleum and oil shale reserves shall be covered into the Treasury.'

"(10) Section 7434 is amended to read as follows:

"'Within thirty days after the close of each quarter, the Secretary of the Navy shall report to the Committees on Armed Services of the Senate and House of Representatives the production from the naval petroleum and oil shale reserves during the preceding quarter.'

"(11) Section 7435 is amended to read as follows:

"'(a) If the laws, customs, or regulations of any foreign country deny the privilege of leasing public lands to citizens or corporations of the United States, citizens of that foreign country, or corporations controlled by citizens of that country, may not, by contract made after July 1, 1937, or by stock ownership, holding, or control, acquire or own any interest in, or right to any benefit from, any lease of land in the naval petroleum, naval oil shale, or other naval fuel reserves made under sections 181–184, 185–188, 189–194, 201, 202–209, 211–214, 223, 224–226, 226d, 226e, 227–229a, 241, 251, and 261–263 of title 30, or under this chapter.

"'(b) The Secretary of the Navy may cancel any lease for any violation of this section.'

"(12) Section 7438 is amended to read as follows:

"'§ 7438. Rifle, Colorado, Plant; possession, use, and transfer of

"'(a) The Secretary of the Interior shall take possession of the experimental demonstration facility near Rifle, Colorado, which was constructed and operated by the Department of the Interior on lands on or near the naval oil shale reserves under the Act of April 5, 1944, chapter 172 (58 Stat. 190), as amended.

"'(b) The Secretary of the Interior, subject to the approval of the President, shall by contract, lease, or otherwise encourage the use of the facility described in subsection (a) above in research, development, test, evaluation, and demonstration work. For such purposes the Secretary of the Interior may use, lease for use by institutions, organizations, or individuals, public or private, or transfer by letter to the Secretary of the Navy the facility described in subsection (a) above and may construct, install, and operate, or lease for operation additional experimental facilities on such lands. The Secretary of the Interior may, after consultation by the Secretary of the Navy with the Committees on Armed Services of the Senate and the House of Representatives, mine and remove, or authorize the mining and removal, of any oil shale or products therefrom from lands in the naval oil shale reserves that may be needed for such experimentation.

"'(c) Nothing herein contained shall be construed—

"'(1) to authorize the commercial development and operation of the naval oil shale reserves by the Government in competition with private industry; or

"'(2) in diminution of the responsibility of the Secretary of the Navy in providing oil shale and products therefrom for needs of national defense.'

"(13) The analysis of chapter 641 is amended as follows: In the last line after the figure '7438' delete the words 'Exclusion of naval oil shale reserves' and insert in lieu thereof the words 'Rifle, Colorado, plant; possession, use, and transfer of.'"

Mr. PRICE. Mr. Speaker, I move to strike out the last word.

Mr. GROSS. Mr. Speaker, will the gentleman explain the amendment?

Mr. PRICE. The amendment is merely a restatement of the language used as it relates to the petroleum reserves and merely adds the words "oil shale reserves" here and there. It is a long amendment, but actually only substitutes the words "oil shale reserves" in different sections.

Mr. GROSS. Does this bill in any way involve or deal with offshore oil?

Mr. PRICE. No; it does not.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. PRICE. Mr. Speaker, H.R. 5423 is a bill relating to the naval oil shale reserves and to the experimental plant located on one of them.

With respect to this bill, you will note that the committee's amendment is a long one. The amendment, however, although long, is actually only a restatement of existing law as it relates to the petroleum reserves, with only an insertion here and there of the words "oil shale reserves." The only other new material is a reference to the experimental plant on reserve No. 3 which I will discuss in a moment.

Perhaps I should say at this time that there are three naval oil shale reserves—two of them in Colorado and one in Utah; altogether they total about 150,000 acres and have an estimated potential of some 26 billion barrels of oil.

Although this bill would make the petroleum reserve laws applicable to all of the oil shale reserves, I think we have a particular interest in oil shale No. 3 which is located near Rifle, Colo. The reason for this is that it is on this reserve that the experimental plant to which I referred is located. This plant was constructed in 1944 by the Department of the Interior and was operated by that Department until 1956 at which time the plant, which cost about $4.5

million was placed in a standby caretaker status.

The essential and most basic function of this bill is to remove a jurisdictional void which exists because of an opinion of the Attorney General in 1958 which raised serious questions as to general jurisdiction and control over the oil shale reserves and over the experimental plant. In effect, the Attorney General's opinion held that neither the Navy nor Interior could do anything with the reserves or the plant other than hold them as they were.

Indeed, it even precluded the Navy Department from engaging in soil conservation, the thinning of deer herds and things of that kind. This bill will remove these jurisdictional questions and place the reserves under naval control and also clarify the status of the experimental plant.

Actually, at the time of the hearings on this bill, the committee was, in effect, hearing two bills since the Department of the Interior had its version of the measure which varied from the Navy version in one essential respect; under the Interior version of the bill, the Navy would take possession and control of the oil shale reserves but the plant, built by Interior, would be taken over by the Department of the Interior.

Since historically the Bureau of Mines of the Department of the Interior has been the agency of the executive branch which has dealt with mineral resources development, and since authority for this activity has been vested in it by the Congress and by direct instruction from the President, the committee felt that H.R. 5423 should be amended so as to result in a combination of the two versions of the bill. The new language will give possession and control of the oil shale reserves to the Navy and will give the experimental plant to the Department of the Interior. I might say that this solution is entirely agreeable to both the Interior Department and the Department of the Navy.

I think I should point out that the experimental plant which was built by the Department of the Interior in 1944 operated until 1956. At that time experimentation at the plant was stopped and the plant has been idle since that time.

The plan of the Department of the Interior is to place this experimental plant back in operation. It will do this by operating the plant itself or perhaps enter into a contract with educational institutions or private companies. In short, it will study the whole matter and determine what will permit the widest and most beneficial use of the facility. The idea behind the whole use of the plant is to make it available for both Government and privately sponsored projects.

Although I have mentioned it before, I would like to stress the fact that all of the laws which the Armed Services Committee has been dealing with for so long with respect to the petroleum reserves would under this bill be equally applicable to the oil shale reserves.

In addition to the consultation which has been held with the Armed Services Committee with respect to the petroleum reserves—and now the oil shale reserves—it should be noted that actual production of products from any of the reserves can begin only if directed by the Secretary of the Navy, agreed to by the President, and authorized by a joint resolution of the Congress. All of the controls, limitations, and protections which the Committee has been dealing with for so long in the area of petroleum reserves will apply with equal force and effect to the valuable oil shale reserves.

This bill clears up the jurisdictional void which has been existing since 1958 with respect to these properties and will permit beneficial use of an important facility which has already been idle too long. That is all the bill does.

That concludes my statement and I urge the passage of this bill.

Mr. NORBLAD. Mr. Speaker, the gentleman from Illinois has given a good description of what this bill will do. And I would like to add only a few remarks relating to the experimental plant and the plan for running it.

I bring this matter before the House because it was the subject of considerable discussion before the committee and should, therefore, be of similar interest to the Members of the House.

As has been mentioned, the bill as originally introduced would have turned both the oil shale reserves and the experimental plant over to the Navy. But because of the traditional role of the Bureau of Mines, Department of the Interior, in the area of mineral resources development, the Committee decided, and both departments agreed, that the experimental plant should be run by the Interior Department.

Actually, it would make little difference which department was designated to operate the plant since the testimony before the committee disclosed that they both would approach this matter in essentially the same fashion.

This is the plan and I will use the Department of the Interior's own words in describing their proposal:

> Something useful should be done with the oil shale demonstration plant, which has been idle, with a minimum of custodial care for 6 years.
>
> If the bill becomes law, the Department of the Interior may operate or alternately, contract and lease all or part of the Rifle facility in the manner best suited to the public interest, consistent with available funds. Contractors and lessees can be either public or private organizations. In this way the Rifle facilities will be available for both Government and privately sponsored projects. The Department's research will be programed to operate harmoniously with existing contracts.
>
> Each contract or lease will contain rigid specifications to protect both the Government's responsibilities as well as the public interest in its property. All contracts are subject to prior review for legal sufficiency by the Solicitor's Office of the Department.
>
> Agreements or contracts will have suitable provisions incorporated so that the Government may terminate for just cause such as failure to maintain Government property or make satisfactory progress on the work.
>
> The objective will be to carry out actively research projects on oil shale and shale oil. Programs conducted by lease or contract arrangements will specifically state the conditions for using the facility or parts thereof, maintenance, and related items will be carefully specified in the contracts as well as the monetary considerations.
>
> The Government, the contractor, lessee, or the cooperator as the case may be will be protected by adequate patent provisions.
>
> Reactivation of the Rifle facility will provide a source of oil shale and shale oil for research and development work for various public and private organizations.

Let me repeat a matter which was referred to by the gentleman from Illinois because I think it is important for a full understanding of both the petroleum and oil shale reserves.

This bill authorizes the removal of only sufficient oil shale for experimental purposes. No production of oil can be carried on at these reserves without extensive executive agreement and the passage by the Congress of a joint resolution.

I doubt whether any of our natural resources is more protected than the petroleum and oil shale reserves. Congress has full cognizance and control over them.

I trust that this bill will receive the same overwhelming approval on the floor that it did in the Armed Services Committee.

Mr. ASPINALL. Mr. Speaker, I need not advise my colleagues at this time of my long-standing and keen interest in the development of the oil shale industry, particularly as it would affect the vast reserves of oil shale in Colorado, Utah, and Wyoming. Also, I think there is general knowledge of my interest in seeking to have the oil shale demonstration plant reactivated on a constructive program of research at Rifle, Colo. I have kept in constant touch with the development of this industry through its sometimes painful embryonic and infant stages. I am well enough acquainted with the legislative and administrative history of oil shale development to be in a position to take a realistic view of what has been the pattern of development in this industry, where we are now, and where we go from here. Not the least of my concern is the present situation in which the U.S. Government is maintaining ownership over a deteriorating plant at a cost of $150,000 a year. With your permission, I would like to address myself briefly to the matter of the present and future.

The present status of the Federal Government's participation in oil shale development has reached an impasse over the jurisdictional question of possession. Because I firmly believe this problem is not insoluble, I have joined with Chairman VINSON in introducing the legislation that is before this committee.

The problem actually divides itself into two segments: (1) possession of the natural resource itself, or the real estate; and (2) possession of the pilot plant facilities near Rifle, Colo.

First, let me speak on the question of the jurisdictional possession of the real estate. For many years, following enactment of title 10 of the United States Code in 1920, it was assumed that the U.S. Navy did, in fact, possess the oil shale reserves, but was restricted to ownership and prohibited from developing or operating such reserves. In 1958, the Attorney General of the United States ruled that the Navy, under the terms of section 7422, title 10 of the United States Code, did not have the authority even to lease the property; in effect, saying that the Navy did not own or have any actual jurisdiction over the oil shale reserves. Until this question of real estate possession is cleared up, no action of any kind can be taken with respect to the future of the development of this area. It is for this reason that I have joined with Chairman VINSON in urging that title 10 be amended to permit the Navy to conduct their affairs with respect to naval oil shale reserves with the same authority that is granted to them with respect to naval petroleum reserves.

Let me now turn to the matter of the possession rights to the pilot plant facilities at Rifle, Colo. As most of you may know, this is the plant that was built and operated by the Department of the Interior. This very fact would seem to give weight to the contention on the part of the Department of Interior that they have possession and operating rights with respect to this property. However, they, too, have had to suspend all activity on their oil shale research operations.

May I repeat my statement that these problems are not insoluble. As I have studied the official positions of both the Departments of Navy and Interior, it is my understanding that neither one has the desire to go into the "oil shale business." Both have indicated, however, a desire to see the research program reactivated through the means of either renewing the Bureau of Mines operation, or leasing the facility to any party, private or public, that shows an interest in such activities. I have no firm position as to any particular procedure—only a desire to see some action taken that will assure a continuation of a very much needed research program that may some day pay dividends that we cannot even dream of today.

I would then make this suggestion: give to the Department of Interior the authority to use or lease the demonstration plant facilities at Rifle, Colo. This would, in effect, throw open the doors to the private engineering company, the private oil company, the college or university that has no opportunity to conduct research or experiments in the oil shale field at an on-site location. If, at the end of a reasonable period of time, and that could be 6 months or 1 year, for one reason or another the Department of Interior has been unable to effect activation of the plant by and/or for itself, then the entire facility could be turned over to the Department of the Navy for either lease, use, or, if necessary, deactivation.

This proposal places heavy emphasis on the matter of leasing the facility to interested parties. This has been suggested with good reason. My correspondence in recent months has indicated a lively interest in such a prospect. I can, at this time, tell the members of this committee that I have received indications from organizations which have expressed an eagerness to work out a leasing agreement at the Rifle plant. At Rifle, there are facilities in being that could be of significant value to smaller commercial concerns who have oil shale projects they wish to perform, but who cannot afford the capital expenditures for construction of such a complete installation. A lease that would permit Government projects also to be conducted could make it possible for the Bureau of Mines to complete some of its planned evaluation work, without the expense of supporting the entire facility.

I have informally inquired whether there would be any interest on the part of educational institutions. This inquiry has met with unexpected enthusiasm. Evidence of this enthusiasm is contained in a report prepared by Mr. Jack East of Denver, Colo., and submitted to the Secretary of the Navy with a copy to the Secretary of the Interior. I think it can be shown that such working agreements have the potential of significantly decreasing Government expenditures on this facility.

There is much to be done in working out the details of such a program, but from what I have learned through correspondence and personal conversations, I have the growing feeling that this is a promising path to follow in reaching for the objective of an oil shale industry that would be alive and ready to move in any direction when the best interests of this Nation demand.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TEST BAN PROPOSALS

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include some letters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, I received, as most Members did, a letter from the U.S. Arms Control and Disarmament Agency. I hope all Members took the time to read that letter. I read it. One paragraph of this letter says this:

> These developments have shown the way to a control system which would cost less to construct and run, which would be simpler to manage, which would begin operation in a matter of months from ratification of a treaty, and would in no way jeopardize our national security.

In my answer to that letter, I want to call your attention to the last two paragraphs of my reply:

> There is one answer to this whole problem and it is simply this: You must recognize the full intent of the Kremlin to win domination of the entire world by their strategy of protracted conflict.
>
> If you do not understand this and expect that mere treaties and agreements are going to solve the question—God help our country.

Mr. Speaker, the full text of the letters are as follows:

U.S. ARMS CONTROL AND
DISARMAMENT AGENCY,
Washington, D.C., August 10, 1962.

Hon. FRANK J. BECKER,
House of Representatives.

DEAR CONGRESSMAN BECKER: In view of the discussion in the press of the new test ban proposals the United States is submitting to the Geneva Disarmament Conference, I thought you might be interested in hearing more about them.

There have been two key technical developments on which the new proposals are based. The first establishes a better capability for long-distance detection of earth tremors caused by nuclear explosions or earthquakes, and makes it possible to propose a simpler and more economical system of internationally supervised long-range detection stations, manned largely by the country where located.

The second is that an earlier estimate of the number of tremors from earthquakes which might be confused with tremors from nuclear explosions has been shown by actual observation and research to be several times too large. Since there are fewer earthquakes which produce tremors similar to those of an explosion, the number of onsite inspections needed to identify the cause of the tremors is less. However, on-site inspections are still essential.

These developments have shown the way to a control system which would cost less to construct and run, which would be simpler to manage, which could begin operation in a matter of months from ratification of a treaty, and would in no way jeopardize our national security.

The new proposals were developed by this Agency in cooperation with other agencies. They were approved by the President on the unanimous recommendation of the Secretary of Defense, the AEC, the Director of CIA, and the Secretary of State as well as this Agency. The executive branch is strongly of the view that an adequately verified ban on all nuclear weapon tests is in the national interest.

Sincerely,

WILLIAM C. FOSTER.

AUGUST 16, 1962.

Mr. WILLIAM C. FOSTER,
Director, U.S. Arms Control and Disarmament Agency, Washington, D.C.

DEAR MR. FOSTER: Your letter of August 10 causes me to make the observation that any control system in the matter of disarmament that does not entail inspection by member nations in all areas will bring nothing but disaster to our Nation and the free world.

Certainly if your group does not understand by now that Communists cannot be trusted with any agreement, I feel sorry for the future of my country. Treaties and agreements by the hundreds have been signed with Soviet Russia, and every one of these has been broken when it was expedient for the Communists to do so.

There is one answer to this whole problem and it is simply this: You must recognize the full intent of the Kremlin to win domination of the entire world by their strategy of protracted conflict.

If you do not understand this and expect that mere treaties and agreements are going to solve the question—God help our country.

Sincerely yours,

FRANK J. BECKER,
Member of Congress.

VETERANS' ADMINISTRATION HOSPITAL

Mr. BONNER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a letter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BONNER. Mr. Speaker, very often Members of Congress get letters criticizing the Veterans' Administration, and particularly hospitals operated by the Veterans' Administration. I have received this morning a letter from an outstanding lady who served in the Armed Forces complimenting the hospital at Durham, N.C., and the doctors and nurses serving that hospital.

The letter reads as follows:

Veterans' Administration Hospital,
Durham, N.C., August 12, 1962.

Hon. Herbert Bonner,
House of Representatives,
Washington, D.C.

Dear Herbert: You'll possibly be surprised to know that I am in the veterans' hospital in Durham, N.C., as a patient. I have had so much responsibility with an aged mother of 86 that I was really on the verge of a nervous breakdown, but very thankful this hospital has meant that I'm now gaining weight and beginning to feel like my old self. I felt that our administrator in central office and even our President of the United States of America should know of the outstanding services rendered to veterans at this hospital in North Carolina. I knew you would know how to channel this information and that you would be happy to do so.

I especially want my wonderful Dr. Sidney E. Morrison recognized. His interest, patience, and knowledge means much to all veterans on wards 6–A and 6–B. The entire staff of nurses on these wards have fulfilled every need and desire for comfort and care, and really beyond their duty. The colored nurses' aides make it their business to follow every duty and request in the same way. In the dental department, where I have spent much time, they, too, have done the same. I would like Dr. Snyder, D.D.S., recognized for his efficiency and hours of duty beyond his requirements in the interest of veterans.

I will be here I feel sure another week, maybe longer, for I'm happy, getting well and so grateful for the services rendered. Please advise me while here of your thinking and any action taken. I can always depend on you and I appreciate my Congressman.

Sincerely,

Linda W. Krank.

COMMERCIAL SOLVENTS CORP.

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Indiana [Mr. Roudebush] is recognized for 20 minutes.

Mr. ROUDEBUSH. Mr. Speaker, for many years the Commercial Solvents Corp. has operated a large plant at Terre Haute, located in the Sixth District of Indiana, which I represent.

It is a well-known and highly respected organization, with leading citizens and community leaders of that Vigo County city, serving as executives and employees.

Recently, this company has been subjected to a great deal of bad publicity due to the widespread notoriety of the Billie Sol Estes scandal. One would think that this company was a creature of recent origin, designed for questionable purposes.

Nothing could be further from the truth. This company's history and its accomplishments were notable long before Mr. Billie Sol Estes was born.

I am sure that many of this body do not know that more than 40 years ago, Commercial Solvents developed the first quick-drying auto finish, thus making possible the tremendous expansion of the automobile industry in the 1920's.

This is but one of a sizable list of firsts scored by Commercial Solvents in the field of chemical research.

A more recent, an even more notable first, was Commercial Solvents breakthrough, which resulted in today's processes for the mass production, shipment, and storage of penicillin. This development has done much to reduce greatly the cost of penicillin to the patient and made this lifesaving drug available in ample supply to the people of the world.

In short, Mr. Speaker, the Commercial Solvents Corp. is not a fly-by-night company, and its management and research have contributed greatly to our Nation's economy and its people's health.

For nearly half a century, they have made important contributions to our national defense, to medical and pharmaceutical progress, to the enrichment of agriculture and to improved industrial processes.

This company has meant, and still means, a great deal to the people of my district. Its officers and employees are our friends and neighbors. I have known many of them for a long time.

Recently, the Terre Haute, Ind., newspapers commented on the problem faced by Commercial Solvents, relative to the Billie Sol Estes scandal.

I would like to conclude my remarks by submitting an editorial from the Terre Haute Star dated July 5, 1962, and the Terre Haute Tribune-Star dated June 17, 1962. I also submit for the Record an editorial of the Monroe, La., Morning World dated July 8, 1962.

These editorials which appeared in the newspapers on dates enumerated, do present interesting background on Commercial Solvents Corp. I commend them to the Members of this body to give better understanding of the situation concerning this company.

[From the Terre Haute (Ind.) Star, July 5, 1962]

Solvents' Estes Case Policy Proved Correct, Says President Wheeler

Confidence that the rightness of the Commercial Solvents Corp., position will be recognized in the Billie Sol Estes case was expressed here this week by Maynard Wheeler, president of the corporation.

In an interview, he expressed particular gratification that investigations have shown the Solvents financial position in the Estes case sound and that its officials had displayed prudence in demanding safeguards from the start.

Wheeler, here for the July 4 holiday at his home southeast of the city and to visit his office in the original Solvents plant, remarked of the current congressional investigations of the Estes financial collapse that there has been opportunity to make the corporation's policy clear and that there would be more opportunities in the future.

"Meanwhile," he said, "we are glad to say our business has been good. A good first quarter and a good second one, too. The many customers who know us and our record are standing shoulder-to-shoulder with us. We are proud of our employes who have never doubted the integrity of their management, and of the neighbors who have been our stanch friends."

In discussing the Pecos area of Texas, Wheeler pointed out that it has been the scene of sharp price-cutting activities for many years, and that this severe industrial warfare continues.

Far from being a price cutter, he said, Solvents in the field of anhydrous ammonia liquid fertilizer has maintained a price it believes fair to the producer and the user alike.

"Incidentally," he said, "we are continuing today to serve much of the west Texas market with anhydrous ammonia."

Part of the furor over the Billie Sol Estes case has been due to a heated Texas political situation, he said, and on the national level the correctness of the Solvents policy is being recognized "despite the vigorous efforts which continue to be made to make this company the scapegoat for the carelessness of a lot of people, in Government and in business, too."

Remarking that "vicious attacks have been made on our integrity," he declared "this is not too surprising when one realizes that in this disaster, in which tens of millions of dollars probably will have been lost by persons who extended their credit without checking on their security, we are the only principal creditor which took the trouble to get sound collateral for the advances we made."

At the time the Estes case first received publicity, a Solvents announcement said that he, or his companies, owed Solvents $5,700,000. This was secured by an assignment of Government payments for grain storage in Estes' elevators.

As it appeared that the case might reflect unfavorably on Government agricultural controls and grain storage policies there was a movement to take grain out of the Estes elevators, but this met immediate opposition in the U.S. court which has jurisdiction over the Estes receivership. It was pointed out that if the desire was to penalize Estes it would misfire, since the actual operator of the elevators or storage places now is the Federal court, on behalf of Estes' creditors.

However, the Solvents contracts, which were approved by the Department of Agriculture, are not necessarily endangered even by the sharpest charges made against Wheeler and the corporation, according to Dallas lawyer Frank Cain.

Cain said in Texas, and last week repeated before a House inquiry, that Wheeler said at a breakfast meeting that Solvents might set Estes up in Switzerland, or would take over the grain storage business and keep the bins full. Wheeler has branded this testimony false.

Cain represents the Pacific Finance Co., 1 of 10 finance companies which Estes owes $22 million.

At the House hearing a committee counsel suggested to Cain that "from the standpoint of the obligations that were coming to your company, as well as the rest of them, it is obvious that there would have been some real advantage to your company had you been able to prove that there was some kind of conspiracy between Solvents and Mr. Estes."

Cain, however, replied, "I don't quite follow you on that."

At another point it was suggested by counsel for the committee "you are pretty well left out, aren't you, except for what you can collect from the farmers?"

Cain replied, "I would say that probably would be true. I don't know. It would be speculation. As I said before, if they got apparently a mortgage, an assignment of everything that he has of any real value."

As to the statements he said Wheeler made—and which Wheeler has denied—Cain was asked if these statements—if they were made—have "any special significance in determining whether those assignments are valid?"

Cain replied: "I wouldn't think—no, I don't think so. I don't think what he said would affect the validity one way or the other, what he said to me at the talk we had, he and Mr. Estes and myself. I can't just offhand say that there was anything."

Asked if, in trying to protect the interests of his client, Pacific Finance, he had considered if the Solvents claims would be upset if he could show conspiracy with Estes, and if he could therefore improve his client's position, Cain replied:

"I can tell you I have checked and continued to check. I have continued to brief and will do everything I can to find out the legal status of their position."

Wheeler, in his visit here voiced gratitude that a vigorous defense of the Solvents position was made before the House by Representative Fred Schwengel, of Iowa, as part of a charge that efforts were being made to elect this company "official scapegoat" in the Estes scandal.

"The Members of this body," said Schwengel, "had a right to expect that this probe would be conducted in an impartial manner and that its only purpose would be to protect the public's interest. Instead, this probe has been converted into a partisan witch hunt, during the course of which certain members of the committee, at least, seem more interested in hunting headlines than they are in hunting evildoers.

"The majority party is now using the Billie Sol Estes case to smear innocent businessmen, to blacken the names of decent Republicans.

"This inquiry has been going on now for several weeks. Only a part has been devoted to the Government employees who took gifts from Estes and thus dishonored the public service. One such witness was treated gently, almost with deference.

"By contrast, almost the entire time has been devoted to a vain attempt to smear a legitimate business concern, the Commercial Solvents Corp., on the sole ground that it sold chemical fertilizers in large amounts to the Estes firms. In this pursuit, the public has been treated for several days to a classic example of indictment by newspaper headline. Each day brings a new sensational charge against Commercial Solvents, and each succeeding edition of the press reveals that the charge was false.

"Why has Commercial Solvents been selected as the official scapegoat in this case instead of the evildoers who corrupted the Department of Agriculture and defiled the Federal service?

"The answer is easy. It has been time-honored custom of our friends across the aisle to seek to arouse popular mistrust and hatred of legitimate business whenever they could find themselves in political hot water.

"After 3 weeks of lurid headlines, what have we got? Sworn evidence that the officials of Commercial Solvents Corp. were not even remotely connected with the scandals which brought Billie Sol Estes into the toils of the law. Sworn evidence that Commercial Solvents had only normal commercial relations with Mr. Estes, and nothing else."

[From the Terre Haute (Ind.) Tribune-Star, June 17, 1962]

Wheeler's Reply to Estes Charge

Maynard C. Wheeler, president of Commercial Solvents Corp., who on Friday termed as "preposterous, wholly unfair and without the slightest foundation" a charge that there was three-way collusion involving his company, Billie Sol Estes and the Department of Agriculture, released the full text of his reply to the charge to the Tribune Saturday evening.

Mr. Wheeler spent the weekend at his country home near Riley following several days of testimony in Washington before a House subcommittee which is investigating Estes' dealings in storage of Government-owned surplus grain.

The collusion charge was made by Congressman Ross Bass, a Tennessee Democrat and member of the committee.

Wheeler stated Saturday "even a cursory inquiry into the matter would have shown the Congressman's utterances to be false and without foundation."

Commercial Solvents loaned Estes money which he used to go into the grain storage business, and as security Estes assigned to Commercial Solvents Corp., all Government grain storage payments he was to receive—which procedure it is pointed out, is a customary practice.

President Wheeler's statement in reply to the charge (reported only in part by the wire services) follows in full:

"Mr. Chairman, a preposterous charge was made here yesterday [Thursday]—and widespread publicity has been given that charge—that there existed a three-way collusion involving Commercial Solvents, Billie Sol Estes, and the Department of Agriculture.

"That charge is utterly without foundation. The facts refute it. However, I must also say now that it is unfortunate—and most unfair—that such a reckless charge should be made even before your committee's inquiry is finished.

"But what I think will be of particular interest to you, Mr. Chairman, is that the main contention used to support the charge of collusion is flatly in error. And even a cursory inquiry into the matter would have shown this.

"It was repeatedly stated here Thursday that the Department of Agriculture approved Estes assignment of grain storage receipts to Commercial Solvents Corp. before his grain storage contract was approved.

"That is not so—

"Here are just a few quotes on that point from the transcript:

"Mr. Bass said: 'And then the Department of Agriculture assigned all the money to Commercial Solvents before they ever gave him a contract.'

"Mr. Bass said: 'Why would the Dallas office in a routine manner assign you the money—now listen—they assigned you this money before Mr. Estes has a contract.'

"Mr. Bass said: 'It is a clear area of collusion.'

"Mr. Bass said: 'Mr. Chairman, I would like for the Chairman to try to secure the name of the Department of Agriculture official who gave assignments on payments from the Government that were not even due, had no idea of being due, and where the Government had no obligation at all before a contract was ever signed.'

"Mr. Chairman, not only was the assignment not approved by Agriculture before the contract was approved—the assignment form itself was not even delivered to Commercial Solvents Corp. until after the grain storage contract was approved.

"The grain storage contract was approved March 9, 1959. Mr. Cooper of Mr. Estes' organization mailed the completed assignment forms to Commercial Solvents Corp. on March 10. Several weeks later, April 1 to be exact, Commercial Solvents Corp. mailed the forms to the Department of Agriculture. The records of the Department show receipt and approval in the Dallas office at 11:30 a.m. on April 2.

"And, Mr. Chairman, I hope that one thing we can all agree on is that April 2, 1959, did not come before March 9, 1959.

"We denied this charge when it was made. We also took the trouble, after yesterday's hearing, to doublecheck the facts and to confirm our understanding of this date sequence. The Department of Agriculture affirmed the fact that the assignment was approved April 2.

"May I say, respectfully, Mr. Chairman, that a simple inquiry such as the one we made could have served as an alert against such a reckless and unfounded charge. I don't know what you can do now, Mr. Chairman, to undo the damage done yesterday to us, to our stockholders, our employees, and to responsible Government officials.

"We hope you will be able to do something—at least to the end that such irresponsible charges will not be made again.

"We cannot compete in the publicity arena with this type of charge made here—and it is the publicity which does the great harm to the reputations of those who are injured. We can only appeal to the chairman's demonstrated sense of propriety and fair play.

"There is one more aspect of these accusations I wish to deal with. It was suggested there was something wrong about Mr. Jackson going to the Departmnet of Agriculture to inquire about the general prospects for grain storage.

"Your staff had been supplied with copy of a memorandum which Mr. Jackson wrote about that visit on November 19, 1958, and I would like to have that memo, addressed to Mr. S. T. Ellis, who was then executive vice president of our corporation, placed in the record.

"In this memo, Mr. Chairman, Mr. Jackson stressed that he found that in spite of increasing grain surplus there were no indications that any change in the Government storage program would come about. To the contrary, it was expected that, on a national basis, storage needs would increase from 2 to 4 billion bushels, and the additional storage capacity being projected at that time would not be sufficient to handle the 1959 surplus. It was believed that another billion bushels of storage would be required, and therefore, in Mr. Jackson's opinion, prospects for continued operation of the Smith-Bawden terminal under the new Estes management appeared excellent, with an indicated $480,000 annual revenue assignable to Commercial Solvents Corp."

FAILS TO RETRACT

Congressman Bass was not in the committee room when Wheeler presented his statement. He arrived shortly afterward, but declined immediate comment and has yet to admit the gross errors in dates and other phases of his utterances.

[From the Monroe (La.) Morning World, July 8, 1962]

Commercial Solvents Corp. Head Gives Views on Case

The rightness of Commercial Solvents Corp.'s position, "the integrity of its management, is now beginning to be understood despite the vigorous efforts which continue to be made to make the company the scapegoat for the carelessness of a lot of people in Government and in business, too," M. C. Wheeler, president of the corporation, said here Saturday.

Wheeler was referring to the Billie Sol Estes case and some of the charges that have been made against Commercial Solvents Corp.

"Investigations are painful and difficult things to undergo," he said, "but they do bring out facts, and we have had the opportunity to tell under oath a great deal of what went on in the Estes situation. We are sure that the testimony we gave made a great deal of difference in official understanding of the situation. There will be more opportunity in the future, we are sure."

Wheeler pointed out that several Members of Congress have "seen what is happening and have spoken up."

VICIOUS ATTACKS

"Vicious attacks have been made on our integrity," he said. "This is not too surprising when one realizes that in this disaster, in which tens of millions of dollars probably will have been lost by persons who extended credit without checking on their security; we are the only principal creditor which took the trouble to get sound collateral for the advances we made.

"Incidentally, we are continuing today to serve much of the west Texas market with anhydrous ammonia.

"The success of all our business depends very largely on what we have been able to do for farmers in improving productivity of their land and herds and flocks. We hope that before long all the investigations will be behind us and we can concentrate on new products and growing markets, as well as those in which we have been represented in the past.

"We are glad to say our business has been good," Wheeler said. "A good first quarter and a good second one, too. The many customers who know us and our record are standing shoulder to shoulder with us. We are proud of our employees who have never doubted the integrity of their management, and of the neighbors who have been our stanch friends."

In an interview, Wheeler was asked "Why, of all the Estes creditors, do you think Solvents has been singled out for such violent attacks?"

"It looks like the usual two reasons—money and politics," he said. "It must be realized that tens of millions of dollars of credit were extended, much of it by firms much larger than ours and much of it by persons much closer to the Estes operations than we are. Yet, apparently we were almost alone in insisting that the credit we gave be accompanied by adequate security. On the political side, unfortunately there are those in this country who always want to attack a business. They think a corporation is a natural target, always forgetting that it is the maker of jobs, of better products and all the material things that make our life better. Then too, an attack on us was used to try to shift blame to a former administration."

Asked why was such a strong attack made on your personal integrity and on your statements of events, Wheeler replied:

"That is something we may learn sometime. It is not for us to try to read the minds of people who are against us. If you read the record of the House investigation you will see one Congressman stating to a witness: 'It is obvious there would have been some real advantage to your company had you been able to prove that there was some kind of conspiracy between Solvents and Mr. Estes.'

"And at another point a witness was asked by the committee counsel:

"'If Commercial Solvents has a legally valid and binding claim, as apparently on the surface it would appear, and there aren't any other assets, you are pretty well left out, aren't you, except for what you can collect from the farmers?'

"And again he asked:

"'Would the comments made by Mr. Wheeler, according to your testimony, which he has denied making, have any special significance in determining whether those assignments are valid?'

"And again: 'In all the time that you have been associated with this case you have never given consideration to the fact that if it were possible to establish a conspiracy involving Billie Sol Estes and Commercial Solvents, that this might upset the validity of the claim which Commercial Solvents has to the grain storage revenues and therefore advance your priority?

"'So you have given no thought to the fact that if it could be proved, your testimony as to Mr. Wheeler's comments about setting Billie Sol Estes up in Switzerland and the other remarks he made, might be very helpful in establishing a conspiracy between Billie Sol Estes and Commercial Solvents?'"

In answer to a question on the nature of the business between the company and Estes, Wheeler said:

"It is very important to realize two things: First, because our business is a very competitive one, arrangements such as we had with Estes, while not an everyday occurrence, are not unusual either. Other companies have extended millions of dollars of credit through one outlet before now, and so have we, although never quite as much as in this case."

Wheeler pointed out that in lending the money, the security was good and said, "our rights to it are founded on justice and we certainly expect to be able to recover all that will be available."

Wheeler also cited the defense made of Commercial Solvents by Representative FRED SCHWENGEL, of Iowa, during a debate on the farm policy.

Among some of the points SCHWENGEL made, Wheeler said, were:

1. The probe has been converted into a partisan witch hunt, during the course of which certain members of the committee, at least, seem more interested in hunting headlines than they are in hunting evildoers.

2. The "majority party is now using the Estes case to smear innocent businessmen, to blacken the names of decent Republicans."

3. "Only a part of the inquiry has been devoted to Government employees who took gifts from Estes and thus dishonored the public service. By contrast, almost the entire time has been devoted to a vain attempt to smear a legitimate business concern, the Commercial Solvents Corp., on the sole ground that it sold chemical fertilizer in large amounts to the Estes firms. In this pursuit, the public has been treated for several days to a classic example of indictment by newspaper headlines. Each day brings a new sensational charge against Commercial Solvents, and each succeeding edition of the press reveals that the charge was false. Why has this company been selected as the official scapegoat in this case? The answer is easy. It has been a time-honored custom of our friends across the aisle to seek to arouse proper mistrust and hatred of legitimate business whenever they find themselves in political hot water. I think it is time that this assault upon the character and reputation of innocent men was stopped. After 3 weeks of lurid headlines, what have we got? Sworn evidence that the officials of Commercial Solvents Corp. were not even remotely connected with the scandals which brought Estes into the toils of the law. Sworn evidence that Commercial Solvents had only normal commercial relations with Mr. Estes and nothing else."

Wheeler emphasized that Commercial Solvents did no wrong in the Estes case and certainly had nothing to hide.

ANTIETAM DAY

Mr. KYL. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. MATHIAS] may extend his remarks at this point in the body of the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. MATHIAS. Mr. Speaker, 100 years ago next month, the Army of the Potomac, under the command of Gen. George B. McClellan, and the Army of Northern Virginia, under the command of Gen. Robert E. Lee, were locked in bloody combat in western Maryland.

The campaign was climaxed in the Battle of Antietam on September 17, 1862, when the Confederate forces were turned back from an attempt to penetrate northern territory. The battle was decisive in that it forestalled foreign recognition of the Confederate Government and gave President Abraham Lincoln an opportunity to issue his preliminary announcement of the Emancipation Proclamation.

September 17, 1962, has been designated as "Antietam Day" by an act of Congress. It will be commemorated by centennial ceremonies in Washington and Frederick Counties, Md., from August 31 through September 17.

It is my pleasure to extend an invitation from the Antietam South Mountain Civil War Centennial Association to the Members of Congress. The association will be writing to each of you. In the meantime, on behalf of the president, Dr. Walter H. Shealy, and the executive vice president, C. Lease Bussard, I invite you to attend our centennial commemoration at the Antietam National Battlefield site as special guests on Sunday, September 16. This day has been set aside as "Congress of the United States Day." It will feature an enactment of the Battle of Antietam by reactivated units from 35 States, including some 2,500 men.

By reenacting these events of 100 years ago, it is hoped to develop a new appreciation for our Nation's past and to reaffirm that "these dead shall not have died in vain." We hope you will join us in this centennial commemoration.

LEGISLATIVE PROGRAM

Mr. KYL. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes to ask the distinguished majority leader for some enlightenment concerning the legislative program immediately ahead.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. KYL. I yield to the gentleman.

Mr. ALBERT. Mr. Speaker, this completes the legislative program for the week. It is my intention upon the announcement of the program for next week to ask unanimous consent to go over until Monday.

The only legislative business for next week is the Consent Calendar and the Private Calendar.

Mr. Speaker, I ask unanimous consent in view of that fact that it may be in order to call the Private Calendar on

Monday immediately following the call of the Consent Calendar.

The **SPEAKER** pro tempore (Mr. PRICE). Without objection, it is so ordered.

There was no objection.

Mr. ALBERT. Mr. Speaker, the legislative business for next week, therefore, will be the call of the Consent Calendar and the Private Calendar on Monday.

No legislative business during the remainder of the week is contemplated.

This, of course, is subject to the usual reservation that any further program may be announced or that conference reports may be brought up. I do not anticipate at this time that there will be any important conference reports called up during next week. It is our hope that we may adjourn over from Monday until Thursday and from Thursday to the following Monday.

The legislative program for the following week will be announced on Thursday next.

AUTHORIZING CLERK OF THE HOUSE TO RECEIVE MESSAGES FROM THE SENATE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object because I know of no way by which an ordinary, common garden variety of Member of the House of Representatives can compel the scheduling of legislation, but I wonder how it is ever expected that this session of the Congress is to be ended if we are going to go into weeklong recesses and then into long weekends following, probably over Labor Day? I wonder how in the world this session of the Congress is ever going to end? I wonder if the gentleman can enlighten me as to when he anticipates this session will end sine die so that some of us who live a distance from home can make plans to go home?

Mr. ALBERT. The gentleman knows, of course, that no one at this time, as far as I know, has the answer to his first question as to when the Congress might adjourn.

We do not have ready any important business for scheduling next week, and in order to accommodate Members, particularly those who have children who want to have a little time with their families before the beginning of the next school term, we have decided to make this arrangement, and it is in that spirit at the request of numerous Members that this arrangement has been made.

Mr. GROSS. Could I have the assurance of the distinguished majority leader that on November 6 next he will ask that there be no rollcalls so that we can be absent and vote without there being a rollcall?

Mr. ALBERT. If the House is still in session, I feel that I would be able to make that request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ADJOURNMENT OVER

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

INCREASED PAY BILL

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Montana [Mr. OLSEN] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. OLSEN. Mr. Speaker, H.R. 9531, the postal and Federal employee pay bill, introduced by the distinguished gentleman from Louisiana [Mr. MORRISON] and reported out favorably by the House Committee on Post Office and Civil Service, will soon be presented to the Rules Committee. It is sincerely hoped that it will be granted a rule and that the Members of this body will be able to vote on it.

Since there has been a great deal of loose talk about this legislation, both in the press and in the corridors of Capitol Hill, I feel it is necessary to set the record straight about its virtues and advantages.

The Morrison pay bill, H.R. 9531, was reported out of the committee by a vote of 18 to 3. I might add that, if the bill had been restricted solely to postal employees, I feel confident that the vote would have been unanimous. The sentiment in favor of pay raises for other Federal employees, if I am any judge of the congressional temper, is not nearly as strong as is the sentiment in favor of a pay raise for postal employees.

In the second place, the Morrison bill, H.R. 9531—despite the allegations that have been made in certain quarters outside the Congress—is essentially an administration bill. It gives the President practically everything he asked for in his original pay reform proposal.

In fact, I cannot see how it could be otherwise. Ever since January 20, 1961, the gentleman from Louisiana [Mr. MORRISON] has compiled an irreproachable record of support for the program of President Kennedy. Is it likely that he would reverse his position drastically and dramatically and try to thwart and frustrate the administration on a crucial bill such as this? I might add that I have also been a consistent and enthusiastic supporter of the ideals and purposes of the New Frontier. If I believed that H.R. 9531 were an anti-administration measure, I doubt that I would be supporting it. But I am supporting H.R. 9531 wholeheartedly and will continue to do so until it is enacted into law.

The Morrison bill agrees with the administration's program for Federal pay in approximately 90 percent of its proposals. It differs only on a few points which the vast majority of the committee members felt would—if adopted—do serious harm to the civil service structure and cause widespread and irreparable harm to the morale and efficiency of the postal service.

For instance, Mr. Speaker, speaking for myself, I could not possibly go along with a three-phase program of pay increases, especially for the lower-paid echelons of the postal and classified service, where the money is needed as quickly as possible. We cannot offer employees who are already underpaid a stop-and-go, delayed-buck, split-level pay raise that will keep them impoverished for 3 years before they can receive what the Government feels are adequate wages.

By the same token, I could never agree to a postponement of the effective date until January 1, 1963.

The administration's pay proposal was based on a study made during 1960-61. This study becomes more and more out of date with each passing month. We should make this pay increase effective while the data on which it is based are still reasonably applicable to existing economic conditions.

I could, under no circumstances, vote for a program which would give an increase of only $90 a year to postal employees in step 7 of level 1, and only $120 a year to those in step 7 of level 4, in the first phase; but which would give an increase of $2,680 in the first phase of PFS-20, and a total of $6,430 covering all three phases of level 20.

By the same token, I could not possibly support a measure that would give a most inadequate increase of $120 a year for classified employees in GS-1 and 2 and would then proceed to raise the salaries of classified employees in grade 17 by a total of $6,360.

As a matter of fact, Mr. Speaker, the administration's proposal, as it was first written, would have forced thousands upon thousands of postal employees to take a backward step rather than a forward step. It was highly discriminatory against one-third of the rural letter carriers, for instance. If accepted, the administration's recommendation against any raise at all for these rural letter carriers would have caused real hardship among the members of this highly respected and essential branch of the postal service.

There was also an unacceptable provision in the administration's proposal which would have affected adversely all postal employees in level 4. This, as you know, is the level at which almost all letter carriers and postal clerks are paid. Under existing law, these employees get an automatic increase of $160 a year. The administration's proposal, in its original form, would have reduced this increase by $10 a year. The Morrison bill, H.R. 9531, restores this $10 to the automatic increase.

A postal and Federal employee pay bill, Mr. Speaker, should be consistent with the economic needs of all whom it affects.

The original proposal of the administration did not achieve this. The alterations in the proposal, as embodied in the Morrison bill, H.R. 9531, do achieve this.

The original proposal would have given tremendous pay increases to those who need them the least—the employees in the top levels of the administrative structure—and would have denied a decent increase to those who are most desperately in need of economic help. The Morrison bill—while not interfering with the administration's proposals for the top-level employees, does offer a higher degree of economic justice for those in the lowest levels.

It seems to me indefensible, Mr. Speaker, to offer big pay increases to those at the civil service summit because they are so few in number—and to deny even a reasonable pay increase to those who labor in the crevices and valleys of the civil service because they are so many.

The yardstick in building a program of pay reform should not be the number of employees affected, it should be the degree of justice involved. The Morrison bill, H.R. 9531, will achieve justice to a far greater degree, and will distribute it with more equity among far more employees than the original administration proposal would have done.

That is why I supported it so wholeheartedly in the committee—and, while I would not presume to speak for my colleagues, I feel that this is why they supported it, tooo.

And, Mr. Speaker, I can assure you that—at least in the First District of Montana—the people feel the same way. I know that my own constituents support my position on Federal pay by an overwhelming majority.

I recently sent out 90,000 questionnaires throughout my constituency. I received a return of 12 percent, which is a little above the average in such matters. One of the 10 questions I asked was this:

> Do you favor adjustment of the basic salaries of Federal employees so they will be comparable to those paid in private industry?

The response to this question was as follows:

	Percent
Yes	66
No	25
No opinion	9

I think you will agree, Mr. Speaker, that any Member of this House would feel both reassured and relieved if such an overwhelming majority of his constituents approved of, and supported, every position he took on every public issue. I know I would.

And I feel confident that the opinion of the good people of the First District of Montana is not very different from that of any other district in the United States. I am certain in my mind that the people of the United States do not want their Federal employees to be reduced to the position of second-class citizens, unable to compete economically with other Americans in civilian jobs comparable to theirs in difficulty and responsibility. The original administration proposal would have perpetrated this unjust state of affairs. The alterations in this proposal, as embodied in the Morrison bill, H.R. 9531, would guarantee to our letter carriers, our postal clerks, our rural letter carriers and all other postal and Federal employees first-class citizenship with a modicum of economic equality with their civilian counterparts.

I have just one more thought to add, Mr. Speaker. Even while the committee was deliberating on the question of postal pay, vague and unidentified rumors were heard to the effect that the President would veto the Morrison bill if it were reported out and passed by the Congress. In the newspapers these rumors were attributed to authoritative sources and administration spokesmen. Those who are supposed to have originated the rumors were never identified. They remained faceless, nameless—but articulate—abstractions.

Now that the Morrison bill has been reported out favorably by the committee, these chimerical characters have become even more articulate. They are reported almost every day as predicting that the President will veto any bill other than the one containing his own pay reform proposal verbatim.

As most Members of this body know, I have had less than 2 years' experience in the Congress, so I will not venture to speak with authority on the traditions surrounding the discussion and passage of legislation here. However, I did have the privilege of serving 8 years as attorney general of the State of Montana, and I can say, with assurance, that it was unthinkable for any so-called spokesmen of the State administration to guarantee or predict a gubernatorial veto of pending legislation.

Certainly, any such spokesmen would be in high disfavor with both the executive branch and the legislative branch of our State government. The Governor would deeply resent such presumption; the Legislature would deeply resent such a blatant attempt to interfere with its constitutional powers.

I believe it is presumptuous in the extreme for these shadowy creatures to boast that they can read the President's mind in advance and are therefore qualified to speak for him. Nobody should speak for the President of the United States in these matters. The President should speak for himself.

These persistent rumors are causing unnecessary concern among postal and Federal employees throughout the country. The postal and Federal employees hear the same reports we do, and they are beginning to believe that the President has turned against them and is now their enemy.

They remember the unexpected veto of the little longevity bill last year—S. 1459—and they hear that the President will veto any bill that will grant them anything more than a token pay increase—and they start to wonder whether the New Frontier is against the so-called little man on the Government payroll.

Mr. Speaker, you know and I know that this is not true, but there is no way that we can reassure our constituents unless these insidious rumors are stopped.

And, above all, Mr. Speaker, there should be no more of this inaccurate gossip about the Morrison bill, H.R. 9531, being an antiadministration bill. It is a proadministration bill written by a proadministration Member of the Congress. It strengthens and extends the principles of the original pay reform program which the administration proposed and it eliminates the injustices which would have been perpetrated if the pay reform bill had been enacted into law.

I shall not imitate the so-called administration spokesmen by presuming to read the President's mind in advance, but personally I cannot conceive of his disapproving legislation that embodies 90 percent of his original proposal, and adds nothing but an increased measure of justice to its proposals.

And, I might add, it is not—in my opinion—our function to consider whether or not legislation might be vetoed after we pass it. It is our function to hew out and fashion the bills we approve of in the form we think the best, letting the chips fall where they may. We should do this without paying any attention to the whispered rumors of a veto.

It should then be the President's prerogative to sign or veto the bill as he sees fit.

Each branch of the Government should stick to its job, and this attempt of one branch to interfere with the functions of the other should be stopped immediately.

FREEING FEDERAL-AID HIGHWAY FUNDS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. FALLON] may extend his remarks at this point in the RECORD, revise and extend his remarks, and include a table.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. FALLON. Mr. Speaker, the Secretary of Commerce has announced the release of $1.9 billion of Federal-aid highway funds to the States. The sums released are those which have previously been apportioned to the States, in accordance with law, but which have been frozen administratively for the purpose of preventing overdrafts on the highway trust fund.

This freezing of funds, known officially as reimbursement scheduling, has held back the highway program in a number of States. It has been a matter of deep concern to me, and I have expressed the hope, on numerous occasions, that means would be found to free these frozen funds.

With this action, the situation is substantially improved, and I am, of course, much gratified.

The unobligated balances of apportioned funds which are now available to the States for obligation total a little more than $3 billion.

I hope that we will now see an acceleration of the roadbuilding program in many States. As Secretary Hodges stated:

> The rising volume of motor vehicle traffic, particularly in our crowded urban areas, requires that we move ahead with our highway program to the full extent finances will permit.

It is not necessary to look very far afield to realize that the availability of Federal-aid funds is not the only factor essential to highway progress.

Here in the District of Columbia, we have seen the highway program almost brought to a halt while conflicting opinions are aired and the plans produced by careful studies are set aside.

I know of no place where the highway program is so vigorously and so persistently attacked as it is in the District of Columbia. But other jurisdictions also have their problems—problems in financing, problems in planning and engineering, problems in the acquisition of right-of-way. All things considered, we are making good progress in the national highway program, but the obstacles are serious, and progress is not as good as it could be, or should be.

So I hope that the action taken by Secretary Hodges will give the States renewed encouragement to tackle their highway problems with determination and vigor, and that we will make faster progress in eliminating urban congestion, in reducing traffic accidents and traffic fatalities, and in securing the great economic dividends which result from improved highway facilities.

The following table shows the apportionments to the several States:

Federal-aid highway reimbursable obligation schedule, additional release for 1st quarter of fiscal year 1963

[Thousands of dollars]

	Federal funds
Alabama	58, 211
Alaska	10, 368
Arizona	32, 500
Arkansas	39, 540
California	98, 302
Colorado	40,069
Connecticut	26, 549
Delaware	10, 733
Florida	12, 412
Georgia	67, 641
Hawaii	17, 007
Idaho	21, 820
Illinois	48, 276
Indiana	86, 774
Iowa	18, 107
Kansas	28, 554
Kentucky	41, 336
Louisiana	35, 262
Maine	18, 598
Maryland	50, 227
Massachusetts	25, 664
Michigan	68, 611
Minnesota	55, 862
Mississippi	37, 886
Missouri	42, 981
Montana	35, 170
Nebraska	23, 830
Nevada	20, 910
New Hampshire	6, 199
New Jersey	79, 224
New Mexico	13, 277
New York	64, 086
North Carolina	40, 695
North Dakota	14, 419
Ohio	[1]
Oklahoma	38, 212
Oregon	11, 822
Pennsylvania	149, 149
Rhode Island	12, 830
South Carolina	21, 229
South Dakota	22, 055
Tennessee	55, 940
Texas	91, 558
Utah	28, 905
Vermont	16, 776
Virginia	80, 420
Washington	33, 624
West Virginia	41, 991
Wisconsin	32, 926
Wyoming	20, 469
District of Columbia	38, 351
Puerto Rico	6, 747

[1] Previous 1st quarter release covered balance of apportioned funds.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Sisk for August 17 through August 27 on account of business.

Mr. Roberts of Alabama (at the request of Mr. Tuck) for August 15 and 16, 1962, on account of illness.

Mr. Lane (at the request of Mr. Kirwan) for the balance of the week on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Roudebush, for 20 minutes, today.

Mr. Schwengel (at the request of Mr. Kyl), for 1 hour, on August 20.

Mr. Lindsay (at the request of Mr. Kyl), for 30 minutes, on August 20.

Mr. Schwengel (at the request of Mr. Kyl), for 1 hour, on August 23.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Aspinall to extend his remarks in general debate this afternoon on H.R. 12900 and include principles and criteria approved by Secretary Udall and the notice published in the Federal Register at pages 6850 and 6851 on July 19, 1962.

Mr. Fenton.

Mr. Ashbrook, the remarks he made in Committee of the Whole today and to include extraneous matter.

Mr. Rivers of South Carolina and to include an address by Speaker McCormack.

Mr. Weaver in two instances.

(The following Members (at the request of Mr. Kyl) and to include extraneous matter:)

Mr. Van Zandt in two instances.

Mr. MacGregor.

Mr. Wilson of Indiana in two instances.

(The following Members (at the request of Mr. Albert) and to include extraneous matter:)

Mr. Toll.

Mr. Rosenthal.

Mr. Macdonald.

Mr. Blatnik.

Mr. Powell.

Mr. Bailey.

Mr. Farbstein.

Mr. Stephens.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3491. An act to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 15, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 4449. An act to amend paragraph 1774 of the Tariff Act of 1930 with respect to the importation of certain articles for religious purposes;

H.R. 10852. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, and to provide for the free entry of a towing carriage for the use of the Virginia Polytechnic Institute; and

H.R. 10928. An act to transfer casein or lactarene to the free list of the Tariff Act of 1930.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p.m.), under its previous order, the House adjourned until Monday, August 20, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2427. A letter from the Comptroller General of the United States, transmitting a report on followup reviews at selected local housing authorities (LHA's) to ascertain whether the Public Housing Administration (PHA) has been successful in obtaining action on matters previously reported by the Comptroller General; to the Committee on Banking and Currency.

2428. A letter from the Chairman, U.S. Tariff Commission, transmitting a report of the Tariff Commission's investigation concerning cobalt which the Commission made pursuant to Senate Resolution 206, 87th Congress; to the Committee on Ways and Means.

2429. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 2, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the Delaware River and tributaries, requested by a resolution of the Committee on Public Works, U.S. Senate, adopted April 13, 1950, and other resolutions of that committee and of the Committee on Public Works, House of Representatives, listed in the report (H. Doc. No. 522); to the Committee on Public Works and ordered to be printed with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. S. 1023. An act to amend the act of August 20, 1954 (68 Stat. 752), in order to provide for the construction, operation, and maintenance of additional features of the Talent division of the Rogue River Basin reclamation project, Oregon; without amendment (Rept. No. 2236). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. S. 1060. An act to authorize the Secretary of Interior to construct, operate, and maintain the Oroville-Tonasket unit of the Okanogan-Similkameen division, Chief Joseph Dam project, Washington, and for other purposes; with an amendment (Rept. No. 2237). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 7811. A bill to amend the act authorizing the Crooked River Federal reclamation project to provide for the irrigation of additional lands; with amendment (Rept. No. 2238). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 5260. A bill to repeal the 3 cents per pound processing tax on coconut oil, and for other purposes; with amendment (Rept. No. 2239). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 12820. A bill to validate the coverage of certain State and local employees in the State of Arkansas under the agreement entered into by such State pursuant to section 218 of the Social Security Act; without amendment (Rept. No. 2240). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interstate and Foreign Commerce. S. 1606. An act to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act; without amendment (Rept. No. 2241). Referred to the Committee of the Whole House on the State of the Union.

Mr. SISK: Committee on Rules. House Resolution 763. Resolution for consideration of H.R. 12333, a bill to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance; without amendment (Rept. No. 2242). Referred to the House Calendar.

Mr. O'NEILL: Committee on Rules. House Resolution 764. Resolution for consideration of S. 2768, an act to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor; without amendment (Rept. No. 2243). Referred to the House Calendar.

Mr. COLMER: Committee on Rules. House Resolution 765. Resolution for consideration of H.R. 12712, a bill to assist the States to provide additional facilities for research at the State agricultural experiment stations; without amendment (Rept. No. 2244). Referred to the House Calendar.

Mr. MILLS: Committee on Ways and Means. H.R. 5700. A bill to amend the Tariff Act of 1930 to permit contract carriers by motor vehicle to transport bonded merchandise; without amendment (Rept. No. 2245). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPENCE: Committee on Banking and Currency. S. 3574. An act to extend the International Wheat Agreement Act of 1949; without amendment (Rept. No. 2246). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 2760. An act for the relief of Yuk-Kan Cheuk; with amendment (Rept. No. 2224). Referred to the Committee of the Whole House.

Mr. POFF: Committee on the Judiciary. S. 3071. An act for the relief of Hidayet Danish Nakashidze; without amendment (Rept. No. 2225). Referred to the Committee of the Whole House.

Mr. POFF: Committee on the Judiciary. H.R. 1480. A bill for the relief of Mrs. Agnes Geidl; with amendment (Rept. No. 2226). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H.R. 1483. A bill for the relief of Priscillo Jose Sisson; with amendment (Rept. No. 2227). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H.R. 2675. A bill for the relief of Santa Giamalva; with amendment (Rept. No. 2228). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H.R. 2977. A bill for the relief of Kyoko Stanton; without amendment (Rept. No. 2229). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H.R. 2978. A bill for the relief of Rosa and Rita Quattrocchi; with amendment (Rept. No. 2230). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H.R. 7123. A bill for the relief of Mrs. Takako Coughlin; with amendment (Rept. No. 2231). Referred to the Committee of the Whole House.

Mr. POFF: Committee on the Judiciary. H.R. 7438. A bill for the relief of Anna Caporossi Crisconi; with amendment (Rept. No. 2232). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H.R. 8483. A bill for the relief of Arminda P. Viseu; with amendment (Rept. No. 2233). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H.R. 8855. A bill for the relief of Marie Silva Arruda; with amendment (Rept. No. 2234). Referred to the Committee of the Whole House.

Mr. POFF: Committee on the Judiciary. H.R. 10316. A bill for the relief of Leopoldo Rocha Canas and Teofilo Caoile Servito; without amendment (Rept. No. 2235). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Illinois:

H.R. 12916. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from the withholding tax for college students holding certain part-time, temporary, or intermittent jobs, to the Committee on Ways and Means.

By Mr. CURTIN:

H.R. 12917. A bill to prohibit the granting of military decorations to civil or military officers who are employees of foreign governments except with the express consent of the Congress; to the Committee on Armed Services.

By Mr. DOMINICK:

H.R. 12918. A bill to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. FINDLEY:

H.R. 12919. A bill to amend section 305 of Public Law 480, 83d Congress, in regard to the labeling of surplus food donated to needy people abroad by the people of the United States of America; to the Committee on Agriculture.

By Mr. HARSHA:

H.R. 12920. A bill to prohibit U.S. contributions to the United Nations for the purpose of relieving Communist countries of their obligations to pay their regular or special assessments for the expenses of that organization; to the Committee on Foreign Affairs.

By Mr. O'KONSKI:

H.R. 12921. A bill to amend section 303(c) of the Career Compensation Act of 1949 to provide for payment in full for the costs of commercial transportation of certain trailers or mobile dwellings owned by members of the Armed Forces; to the Committee on Armed Services.

By Mr. ROGERS of Texas:

H.R. 12922. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of a dependent's income derived under State community property laws for purposes of determining the taxpayer's entitlement to a personal exemption for such dependent; to the Committee on Ways and Means.

By Mr. VINSON:

H.R. 12923. A bill to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes; to the Committee on Armed Services.

By Mr. BURKE of Massachusetts:

H.R. 12924. A bill to authorize the acquisition of lands for addition to the Adams National Historic Site; to the Committee on Interior and Insular Affairs.

By Mr. HOLIFIELD:

H.R. 12925. A bill to create or charter a corporation by act of Congress; to the Committee on the Judiciary.

By Mr. KASTENMEIER:

H.R. 12926. A bill to provide for the establishment of a permanent program of additional unemployment compensation, to provide for equalization grants, to extend coverage of the unemployment compensation program, to establish Federal requirements with respect to the weekly benefit amount and limit the tax credits available to employers in a State which does not meet such requirements, to establish a Federal requirement prohibiting States from denying compensation to workers undergoing occupational training or retraining and deny tax credits to employers in a State which does not meet such requirement, to increase the wage base for the Federal unemployment tax, to increase the rate of the Federal unemployment tax, to establish a Federal additional compensation and equalization account in the unemployment trust fund, and for other purposes; to the Committee on Ways and Means.

By Mr. MACDONALD:

H.R. 12927. A bill to amend the act of June 12, 1960, for the correction of inequities in the construction of fishing vessels, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 12928. A bill to authorize the Secretary of the Interior to construct two modern stern ramp trawlers to be used for research, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. RIVERS of Alaska:

H.R. 12929. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WHALLEY:

H.R. 12930. A bill to provide that primary elections and runoff primary elections for nomination of candidates for the House of Representatives shall be held on the same day throughout the United States; to the Committee on House Administration.

By Mr. WHARTON:

H.R. 12931. A bill to amend subsection 11(D) of section 302(a) of title 42 of the United States Code, with respect to determining eligibility for medical assistance for the aged; to the Committee on Ways and Means.

By Mr. DOWDY:

H.J. Res. 854. Joint resolution to amend the act of April 29, 1942, establishing the District of Columbia Recreation Board, to provide for the restoration and use of the Belasco Theater on Lafayette Square in the Nation's Capital as a municipal theater as proposed by President Kennedy in 1960, to provide that such theater shall be used solely as a children's theater and art center so as to provide cultural fare superior to many of the movies and television programs seen by millions of children today, and to provide that such theater shall be known as the National Children's Theater and Art Center; to the Committee on the District of Columbia.

By Mr. FARBSTEIN:

H.J. Res. 855. Joint resolution designating the fourth Sunday in September of each year as "Interfaith Day"; to the Committee on the Judiciary.

By Mr. JAMES C. DAVIS:

H.J. Res. 856. Joint resolution to designate the harbor tug operated by the Metropolitan Police Force of the District of Columbia as the *"Chief Robert V. Murray"*; to the Committee on the District of Columbia.

By Mr. MACGREGOR:

H.J. Res. 857. Joint resolution to amend the Federal Trade Commission Act, to promote quality and price stabilization, to define and restrain certain unfair methods of distribution and to confirm, define, and equalize the rights of producers and resellers in the distribution of goods identified by distinguishing brands, names, or trademarks, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WIDNALL:

H.J. Res. 858. Joint resolution to amend the Mutual Educational and Cultural Exchange Act of 1961 to limit the rate of compensation for performing artists and comedians participating in educational and cultural exchange programs to rates of pay of members of the President's Cabinet, generals and admirals of the Armed Forces, judges of the U.S. courts, and the Vice President of the United States; to the Committee on Foreign Affairs.

By Mr. ROSENTHAL:

H. Res. 767. Resolution to conduct an investigation and study of arms control and disarmament; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY:

H.R. 12932. A bill for the relief of Bozena Gutowska; to the Committee on the Judiciary.

By Mr. BOLAND:

H.R. 12933. A bill for the relief of Dr. Norman Augusto DeCastro; to the Committee on the Judiciary.

By Mrs. BOLTON:

H.R. 12934. A bill for the relief of Marvin D. Nells; to the Committee on the Judiciary.

By Mr. DELANEY:

H.R. 12935. A bill for the relief of Arturo Marciano; to the Committee on the Judiciary.

By Mr. LANE:

H.R. 12936. A bill for relief of Kenneth E. Foussé and others; to the Committee on the Judiciary.

By Mr. GEORGE P. MILLER:

H.R. 12937. A bill for the relief of Chong Lam; to the Committee on the Judiciary.

By Mr. PUCINSKI:

H.R. 12938. A bill for the relief of Peter Chrisomallis; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

402. The **SPEAKER** presented a petition of Mike Masaoka, Washington representative, Japanese American Citizens League, Washington, D.C., relative to the so-called Japanese-American Evacuation Claims Act of 1948 and subsequent amendments; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

C. D. Kaier Co. of Mahanoy City, Pa., Receives the American Legion National Employ the Older Worker Award

EXTENSION OF REMARKS

OF

HON. IVOR D. FENTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. FENTON. Mr. Speaker, I am very happy and proud to announce to the House that the C. D. Kaier Co. of my home community of Mahanoy City, Pa., will receive tomorrow the American Legion National Employ the Older Worker Award.

On Monday, April 30 last, Mahanoy City Post 74, American Legion, presented its Employers Community Service Award to the C. D. Kaier Co. on the occasion of the company's 100th birthday. This occasion was fittingly observed and celebrated with a wonderful centennial program and dinner at the Legion Home in Mahanoy City with the presentation being made by the Honorable George F. Bruno, Pennsylvania department commander, the American Legion.

Accepting the award was John B. Lieberman, a grandson of the founder of the company, who tomorrow will also accept the American Legion national award at headquarters in Washington. Mr. Lieberman is the present energetic and progressive president of the C. D. Kaier Co. and is carrying on and expanding the progressive employment policies instituted by his civic-minded grandfather, the late Charles D. Kaier.

The late Charles D. Kaier established the C. D. Kaier Co. at Mahanoy City in 1862 when it opened a plant for bottling ale and porter. In 1891 he erected a brewery which became known far and wide for its fine products. It was the beginning, the birth, the initial step in the long stairway of employment, economic growth, and community development through Mr. Kaier and his noted successors.

Kaier's has survived a Civil War, a Spanish-American War, two World Wars, and a Korean conflict. It lived, and helped many others live, through a depression and many recessions. With honors, it has passed the test of time. It is 1 year older than its own hometown, yet it is as new, as fresh, and as challenging as the advancing age we live in today.

Proper growth and development leads to a full maturity, and the Kaier brewing firm story is one of real maturity and real success.

The natural business ability of the late Charles D. Kaier was reflected also in the leadership of the brewery down through the years, by such executive personnel as Lloyd W. Fahler, the present board chairman, Margaret C. Kaier, Mrs. Mary Kaier Fahler, Charles A. Domson, and the present president and grandson of the founder, John B. Lieberman.

Mr. Speaker, tomorrow's recognition of the C. D. Kaier Co. by the American Legion is another tribute not only to outstanding business principles of the company throughout 100 years of progress, but to the company's civic-minded policies in employing our older citizens.

In recommending the C. D. Kaier Co. for national honors to the National Employment Committee of the American Legion, the department of Pennsylvania of the American Legion through its employment chairman, Mr. Joseph A. Halka, stated in part:

> This employer, who is currently celebrating its 100th anniversary, was cited for its outstanding voluntary employment policy based upon full consideration of skills and capabilities of older veterans.
>
> Ninety percent of the company's work force are veterans. Seventy-four percent of the work force are veterans in the older worker program classification (past 45 years of age).
>
> This company has consistently throughout the years given support in promoting and advocating acceptance of the Legion's basic employment policies and programs.

C. D. Kaier Co. is a community spirited and centered employer who gives freely of its time and money to all community-sponsored projects for welfare and betterment.

Mr. Speaker, I want to congratulate the American Legion in giving this recognition to the C. D. Kaier Co. of my home community. I know that all the Members of the House join me in extending congratulations and best wishes to the C. D. Kaier Co. upon the occasion of its receiving the American Legion National Employ the Older Worker Award.

Speaker McCormack Personally Conveys to General MacArthur Gratitude of the Congress and the American People

EXTENSION OF REMARKS
OF
HON. L. MENDEL RIVERS
OF SOUTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 16, 1962

Mr. RIVERS of South Carolina. Mr. Speaker, on the occasion of the honoring of General MacArthur today in the House of Representatives on the House side of the Capitol, our distinguished Speaker tendered this great American the thanks of the Congress and the American people for his everlasting devotion to duty, God, and country.

In words which came from the heart, our beloved Speaker paid an incomparable tribute to this magnificent citizen of America and of the world. In reviewing some of the highlights of his unparalleled military life, the Speaker painted innumerable acts of devotion, dedication, and service which General MacArthur has made for his beloved Nation. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I include therewith the tribute of Speaker MCCORMACK to General MacArthur:

A TRIBUTE TO GENERAL OF THE ARMY DOUGLAS MACARTHUR

(By Hon. JOHN W. MCCORMACK, Speaker of the U.S. House of Representatives, August 16, 1962)

My remarks cannot express our deep feelings on this occasion; for this tribute of the Congress of the United States to General of the Army Douglas MacArthur comes not from me but from a grateful Nation. This great patriot is molded of those beliefs which most deeply penetrate the American historic experience; and as he cherishes those beliefs, so he has fought for them, and helped to preserve them for us all. Duty, honor, country—thus he eloquently expressed the essence of his beliefs in his farewell address to the corps of cadets at West Point this last May. By these principles he lives; by these principles he became an inspired military leader whose name shall always occupy prominent pages in American history.

He has served his country in three great armed conflicts in this century. Douglas MacArthur was chief of staff of the Rainbow Division that fought in the First World War. He it was who commanded the valiant defense of Bataan; he it was who led the final stand at Corregidor until ordered by President Roosevelt to Australia—that brave stand that electrified and rallied a nation shocked and reeling through one of its most tragic hours. For history had a place for Douglas MacArthur that his cleavage to principle and selfless dedication to his Nation's service had prepared him for. And—even as he promised to return to the Philippines to lift the crushing occupation from that land that he had grown to love and respect, so he fulfilled his pledge 3 years later as supreme commander of the South Pacific. Douglas MacArthur commanded the American forces which swept the Pacific island chain of the offending enemy and pursued him to his homeland where he was finally brought to bay in August 1945. President Truman appointed General MacArthur as supreme allied commander, and it was fitting that he received the Japanese surrender in Tokyo Harbor on the 14th of August.

The defense of his country's honor to which duty called him was threatened again by the Communist invasion of South Korea, and again he responded. The brilliantly conceived and executed Inchon landings are a classic example of this man's inspired leadership. At the time of his relief in April 1951, General MacArthur was commander of the United Nations Command in the Far East, commander in chief of the Far East Command and supreme commander for the allied forces in Japan.

It is difficult to do justice here to this man's unparalleled military accomplishments, but the names of the places at which he has steadfastly served his country ring out in history: the Marne, Meuse-Argonne, St. Mihiel and Sedan; Bataan, Corregidor, New Guinea, Leyte, Lingayen Gulf, Manila and Borneo; Pusan and Inchon. Let the histories of our age tell of these places and of his deeds there; but his deeds and his name are inscribed far deeper in the hearts of grateful Americans than books have the power to do. These great military events, under his brave leadership, are what make General MacArthur a man of history. There are few men whose place in history is assured during one's lifetime, and General MacArthur is one of that select few. For his whole life has been dedicated to preserving and strengthening our beloved country by retaining a government of law, not only for Americans of this day and age but for generations to come.

No, General MacArthur, to explain your place in the history of this country is not to explain your place in its heart. Your place in the heart of this country must be explained by your incarnation of so many fundamental American ideals. You are the kind of a man to whom a father and mother can proudly point when asked—what does it mean to be an American?

What could words of mine add to the greatest of honors that you already hold? You are part of the living fabric of this country's historic greatness. This is an honor priceless beyond words. But may I quote from your address to the cadets of West Point, words which you meant to describe the American fighting man, but which I feel apply especially to you.

"Yours is the profession of arms, the will to win, the sure knowledge that in war there is no substitute for victory, that if you lose, the Nation will be destroyed, that the very obsession of your public service must be duty, honor, country.

"Others will debate the controversial issues, national and international, which divide men's minds. But serene, calm, aloof, you stand as the Nation's war guardian, as its lifeguard from the raging tides of international conflict, as its gladiator in the arena of battle. For a century and a half you have defended, guarded, and protected its hallowed traditions of liberty and freedom, of right and justice."

And may I close, General MacArthur, in making the concise, but all-embracing observation, that you make all of us proud we are fellow Americans. For your lifetime of dedicated service to our beloved country is a symbol and an inspiration for all others to follow.

The Two Grasshoppers: Russia and the United States

EXTENSION OF REMARKS
OF
HON. LEONARD FARBSTEIN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 16, 1962

Mr. FARBSTEIN. Mr. Speaker, recently I received a letter from a 9-year-old constituent, Jonathan Rolarcheck, who presented an allegory likening the United States and Russia to two grasshoppers who in mutual fear maintained a constant distrusting guard against each other. To the mind of this 9-year-old, readiness to protect or strike back in the event of attack is a waste. I wonder how many more of the future possible leaders of our country think in a similar vein.

For the interest of my colleagues, I submit the letter sent to me by young Master Rolarcheck and my reply which I hope will teach him the worth of preparedness:

LETTER FROM JONATHAN ROLARCHECK

DEAR SIR: I think that the fear of war is a fear like the fear of the two grasshoppers. The two grasshoppers is a story where two grasshoppers met in a field. They both were afraid of the other one attacking him. So they always kept their claws up ready for an attack and after awhile it wore away. Just think of say Russia and the United States as the two grasshoppers and how it will wear away is how every year citizens of our country pay money to do nothing. Nothing is making guns. See how the two grasshoppers just stayed there ready with all the power they had and did nothing. Now get sensible and think of what all this money can do if we use it for something. It's better schools, hospitals, housing projects, and many, many other things that are useful for a change. I hope you take this letter into consideration.

Very truly yours,

JONATHAN ROLARCHECK.

P.S.—Please excuse the mistakes as I am only 9 years old.

LETTER FROM CONGRESSMAN LEONARD FARBSTEIN

DEAR JONATHAN: Letters such as yours are among the best rewards a Congressman can receive. Indeed, if I were certain that all American youngsters were as bright, alert, and sensitive as you, I would have few fears of the future.

I want you to know that I am deeply concerned with that future. My fondest dream is that there will be a future for fine young people such as yourself to inherit.

Your story of the two grasshoppers was a delightful allegory—and certainly not without its point. But have you considered, Jonathan, what might have happened to one of the grasshoppers if he had not kept up his claws to protect himself? Without doubt, he would have been destroyed.

U.S. relationships with the Soviet Union are much like those of the two grasshoppers. We simply cannot put down our claws. We must continue to show our strength in the fervent hope that such action will serve to discourage war. If the Russian rulers are convinced of our strength, of our ability to strike back and defend ourselves, of the sharpness of our claws, they might have second thoughts about striking out in the first place.

That this is so is a tragic waste. The billions of dollars we have spent on armaments—which we hope and pray will never be used—could most certainly have been better spent on schools, hospitals, and more decent housing, as you suggest. But until the Russian leaders show more clearly evidence that they are genuinely interested in peaceful coexistence with us, we will continue to be faced with this sad alternative.

No one likes or wants an arms race, but until the Russian bear realizes that he has nothing to gain from attacking the American eagle—until he understands that the world is big enough for both of them—we must continue to show our strength.

If I have used some big words in replying to your letter, it is only because I was so carried away by the concepts you presented that I forgot you are only 9 years old. Perhaps mother or dad can explain some of them to you.

With kind regards, I am,
Sincerely yours,
LEONARD FARBSTEIN,
Member of Congress.

Diamond Jubilee of Roaring Spring, Pa.

EXTENSION OF REMARKS
OF
HON. JAMES E. VAN ZANDT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 16, 1962

Mr. VAN ZANDT. Mr. Speaker, this week the residents of Roaring Spring, Pa., are observing the 75th anniversary of the founding of their borough. On August 13, it was my privilege to attend the Founder's Day program and to deliver the following address:

FOUNDER'S DAY ADDRESS, BY REPRESENTATIVE JAMES E. VAN ZANDT, MEMBER OF CONGRESS, 20TH DISTRICT OF PENNSYLVANIA, DELIVERED ON THE OCCASION OF THE DIAMOND JUBILEE OF ROARING SPRING, PA., AS A BOROUGH, AUGUST 13, 1962

It is a pleasure to participate in your diamond jubilee program and to accept the invitation to address you on Founder's Day.

Here in Roaring Spring, local tradition has a way of reflecting the traditions of Pennsylvania itself. Founder's Day, and the diamond jubilee celebration currently in progress, make this visit all the more rewarding. Your pride in local achievement is wholly understandable—and your respect for tradition highly commendable.

It is all too seldom nowadays that the people of a community feel sufficiently in tune with the past to honor their forebears without the necessity of a national holiday.

It would seem that to many people the term "progress" is misinterpreted to mean that they should never look back as if, in looking back, they may somehow lose pace with the march of destiny, as if progress requires that they set their sights on the future—regardless of the past.

This, of course, is not the case. For the future is nothing but a repetition of the past, with the good parts retained, if possible, and the bad parts removed. Only through the study of the past can we clearly discern our future goals and needs.

Without progress, it is certainly true that tradition is wholly meaningless. On the other hand—it is equally true that without tradition—so-called progress becomes less than meaningless—indeed, it becomes a sham, a fraud, and a trip to nowhere in particular.

It is clear, however, that tradition is a vital force in this community. Even the town name, Roaring Spring, reflects a past condition rather than a present one.

The word "roaring" reminds us that at one time the fall of water at the spring could actually be heard a mile away from town.

Later, as a result of efforts to change the course of the spring, several large stones were removed from beneath the falls and the roaring stopped. The dramatic name remains, however, in tribute to a dramatic past.

Situated here, at the southern end of Morrison's Cove, Roaring Spring was from the start a coveted landsite in the minds of all who knew of its existence. Indians populated the area before the white man arrived in the late 1770's and from the fight they put up against the arrival of the newcomers, we can only conclude that they, too, recognized the magnificence of the place.

The first white settlers in the cove fully understood the great agricultural and industrial possibilities offered here.

Among the earliest settlers was Edward Sanders, who bought the mill seat property in 1776. This tract of land is now covered by the borough of Roaring Spring.

Mr. Sanders in turn, sold small tracts to various individuals—particularly to one Daniel Ullery—who bought most of it in the year 1780. No permanent settlement developed in this period, however, and for the time being none but the most intrepid and independent pioneers could be induced to partake of the natural splendors in this area.

Indians were still numerous in the area at that point and there were few white settlers willing or ready to advance into Indian country alone.

There is a record, however, of the use of water power facilities here by one Jacob Neff who operated a grist mill in this district as early as 1777. Mr. Neff had plenty of trouble with the Indians who resented his presence and finally succeeded in driving him out. When the first two Indians appeared, Mr. Neff killed both of them with his musket and hurried off to the nearest fort in search of aid.

When he returned with reinforcements there was evidence that a whole tribe of red men had visited the mill in his absence for the buildings were burned to the ground. So ended the first commercial enterprise in this area. It had served, however, as a harbinger of future commercial undertakings which appeared in great profusion when the community began to develop, full force, during the administration of President James Monroe.

The first real settlement on the site of Roaring Spring started with the coming of George B. Spang in 1821. Mr. Spang operated a grist mill in this locality and his son-in-law, Mr. Farquar, opened the first store in the settlement.

Finally, in 1854, the Government opened a post office in Mr. Farquar's store and gave the town the name of Spang's Mill.

During the Civil War period the Upper Maria Forges—Rodman and McKee—below Spang's Mill were put in operation. This aided the growth of Spang's Mill, for teamsters who hauled ore to the forges from the pits at ore hill stopped in the community and traded at the general store.

The true beginnings of Roaring Spring did not take place, however, until 1863. In that year Daniel Bare and his son, Daniel Mathias Bare, purchased a large part of the old Mill Seat tract. The exact purchase consisted of 90 acres of land, two small log houses, a frame house, and store building, and an old gristmill and sawmill.

In 1864 the Bare family moved to the community to engage in the milling and mercantile business. The history of the town, from that time on, is bound up with the history of its industries and the business activities of the Bare family. The new proprietors of the little village set about immediately to make many changes. The first of these affected the industrial life of the community, for in 1865 the Bare family built the first plant of the papermill.

This new industry was to attract many settlers and for many years the industrial life of the village centered around the production of paper. When the mill burned down in 1866, it was promptly rebuilt and production was soon at an alltime high. Production increased so rapidly in fact, that new additions were made to the plant in 1878 and again in 1912.

The Bare brothers, builders of the Roaring Spring papermill, were leaders in this industry throughout all of Blair County, for in 1880 they built the papermill at Tyrone.

Meanwhile other changes were taking place in the little community of Spang's Mill. Some of the inhabitants of the community had suggested that its name be changed to Baretown in honor of the family which played so vital a role in its industrial life. The honor was declined, however, by Daniel M. Bare, and in 1868, when he became postmaster, Mr. Bare petitioned that the name of the town be changed to Roaring Spring. The request was granted.

Although the papermill continued to prosper, Mr. Bare and his associates recognized the great need for a railroad connecting Roaring Spring with the metropolis of Altoona. Business activities were hindered because the nearest shipping point for the papermill was first at Hollidaysburg and then, a little later, at Newry.

Mr. Bare was interested in building a sister industry to the papermill—the composition or blankbook industry—but he refused to do so prior to the improvement of local transportation facilities.

Finally, in 1871, the Morrison's Cove branch railroad was extended to Roaring Spring after which Mr. Bare began construction of the blankbook factory, which was completed in 1886.

In keeping with the local history of industrial disaster, going back to the destruction of Mr. Neff's gristmill in 1777, the blankbook factory was twice destroyed by flames, in 1887 and 1888. Also in keeping with local tradition, the factory was twice rebuilt and new additions were made.

Since 1900, the growth of the blankbook factory has been rapid, to the point where today it services not only the educational facilities of this country, but also those of Canada, Puerto Rico, Brazil, and England.

While industry has prospered from the start in Roaring Spring, to such an extent as to dominate the history of local development, it cannot be said that the religious, educational, and cultural needs of the population have been forgotten or suffered from neglect. During the course of the town's expansion, from an isolated millsite to the thriving community it is today, religion has been served in a manner befitting the devout nature of the townspeople. The first settlers in the community; namely, Daniel Ullery and the Neff family, were of the Brethren faith.

Many Lutherans moved in with the first large-scale wave of local immigration and by 1857 a Lutheran church was standing, the first such structure in existence in these parts.

The Brethren, Methodist, Church of God, Reformed, and Mennonite faiths soon followed, in force, building churches of their own.

The educational system of the community has grown from the one-room schoolhouse of Spang's Mill, with an enrollment of 75 pupils, to the present large and flourishing grade and high school system of which the borough is so justly proud. We may note as landmarks in the educational progress of the community the beginning of a 2-year high school course in 1892, the change to a 3-year high school course in 1908, and the adoption of the present 4-year course in 1919.

Other advancements included the introduction of a business and commercial course in 1917, the construction of a gymnasium in 1932, the building of the present high school and the introduction of a vocational agriculture department, and a vocational homemaking department in 1937.

As a consequence of its beautiful scenic surroundings, Roaring Spring began attracting visitors as far back as 1865—when the first local hotel was put into operation. The first hotel originally was known as the Grant Hotel, later as the Barley Hotel.

This, in turn, was followed by construction of the Eldon Inn which has served for years as one of central Pennsylvania's finest hotels.

As of September 1887, the growing community of Roaring Spring, which then comprised about 800 people, was a part of Taylor Township. On October 3, 1887, the community petitioned the local courts for a charter and for the right to organize as an independent borough. Both charter and independence were granted and Roaring Spring emerged as a borough in its own right.

From that time forward the record of progress in this area has equaled that of many communities earlier organized and originally more wealthy. It is, therefore, only fitting that as residents of Roaring Spring you should, on this occasion, hail the history of this community as an example of positive achievement.

The founders of Roaring Spring arrived here originally with little in the way of wealth. But they brought with them some other properties: Hope, diligence, and courage, all of which have seemed to rub off on one generation after another to the great benefit of the borough as it stands today.

It is, therefore, a distinct pleasure to participate with you in your Founder's Day celebration and join in your diamond jubilee.

West Virginia's Wonderful Potential

EXTENSION OF REMARKS

OF

HON. CLEVELAND M. BAILEY

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. BAILEY. Mr. Speaker, the State of West Virginia, organizations within the State, and just plain ordinary citizens, have embarked upon a tremendous program of self-help.

This effort has been spurred by the climate of the Kennedy administration in Washington, where every cooperation has been afforded.

One of our self-help programs is an annual travel clinic. This year's clinic, conducted recently at Blackwater Falls State Park, was under the joint sponsorship of the Upper Monongahela Valley Association and the Tucker County Development Association.

Three things became apparent as the clinic panelists unfolded their stories. They were:

First. West Virginia has a wonderful potential as the vacationland of the east-central United States.

Second. Private enterprise and public agencies are working together to provide more and better facilities for the tourist and to tell the story of West Virginia's vacationland features to an increasing number of prospects; and

Third. A wholesome attitude of State pride and confidence in the future grows as the date for the State's 100th birthday celebration comes nearer.

Many suggestions were made at the clinic. Some were outstanding. What is more to the point, those who attended the clinic are putting them into action.

Here is a list of the more outstanding suggestions:

First. Create some regional event—or attraction—that will hold the traveler in your area. Honey in the Rock and Civil War Showcase are two examples.

Second. Promote your festivals and fairs, not only in the area, but in the neighboring States and regions.

Third. Privately developed facilities can be successful. The need for good restaurants and for good lodgings will increase during the centennial year and in the years following.

Fourth. Search out the crafts people in your area. Well-designed items of ceramics, weaving, jewelry, woodworking, quilting, and other items are sought after by travelers. Help your handicraft people merchandise their products.

Fifth. Educate your own people, particularly those who have direct contact with the traveler. Special hospitality workshops can be arranged with the State department of vocational education.

Sixth. Push the cleanup campaign for 1962—the impression that West Virginia makes during 1963 will have a lasting effect on the State's future travel business.

Seventh. The tourist information center at Bluefield has proven worth while and the building of similar centers at other entry points in the State was urged.

Eighth. Good facilities and recreation areas not only attract tourists, but make the area an attractive one for industry. Industrial prospects consider recreational facilities as necessary.

Ninth. Local plants should be encouraged to arrange tours of their facilities for the tourist.

Tenth. Tour West Virginia yourself. Becoming familiar with the attractions that West Virginia has to offer will give you the enthusiasm to become a one-man chamber of commerce for the State.

Hon. Victor E. Anderson

EXTENSION OF REMARKS

OF

HON. PHIL WEAVER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. WEAVER. Mr. Speaker, it was with a great shock that I heard yesterday of the untimely passing of former Gov. Victor Anderson, of Nebraska. He died at the age of 60 apparently from a heart attack. He had been in poor health for the past few weeks.

Vic Anderson was a friend of mine, as, indeed, he was a friend of most Nebraskans. He was a fine man, an outstanding civic leader, and an outstanding and scrupulously ethical businessman in Lincoln, Nebr.

Vic had a long and distinguished career as a political figure in Nebraska. This career dates back to 1937 when he first served as a trustee for a sanitary district in Lancaster County. In 1948 he served one term as a member of the Nebraska Unicameral Legislature and made an outstanding record as a legislator.

After his term ended Vic wanted to go back into private life and to devote himself to his business activities which were widely varied. But his fellow citizens would not permit Vic to retire from public life. Less than a year later he was called upon to become mayor of Lincoln and again he performed an outstanding service to his community and his fellow citizens.

The job of mayor at that time demanded nearly full-time service by Vic, and paid $20 a month. But Vic was more than glad to serve because it was ingrained in his nature and being to perform such service.

In 1956 Vic was elected Governor of Nebraska and once again he did an outstanding job during his two terms in office. He helped the State through the trying times of growing pains that new industrial development and a sagging farm economy forced upon the Midwest. His service was unselfish in this and other areas.

Since 1958 Vic has more or less retired from public life although he has been an active civic leader in Lincoln and Lancaster County.

The State of Nebraska will miss Vic Anderson. I know that I speak for all of his friends when I say that I will miss him a great deal. Mrs. Weaver joins me in extending our sympathy to his wife, Betty, and son, Roger.

Equal Rights Progress

EXTENSION OF REMARKS

OF

HON. HERMAN TOLL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. TOLL. Mr. Speaker, the Justice Department has reported favorable results in the field of civil rights, opposition to organized crime, and reduction of juvenile delinquency in the Kennedy Administration activities.

I have contributed considerable time and effort on the subcommittee of the House Judiciary Committee which handles civil rights and Department of Justice legislation to support this favorable record.

The following talk by the Honorable Robert F. Kennedy, the Attorney General of the United States, amply shows the results which have been obtained in

the Kennedy Administration in the important field of equal treatment, protection and proper development of our citizens:

Much Has Been Accomplished—Much Remains To Be Done

(By Robert F. Kennedy, Attorney General of the United States)

I want to talk today about what has happened in the Department of Justice, the areas of special interest, what we have been trying to do for the period of the last year.

I think three major areas where we have made some progress and where a good deal of attention has been given and which might come up during the course of your work over the period of the next 6 months, is the area of civil rights; organized crime; and juvenile delinquency.

I think that we have made a considerable amount of progress in the field of civil rights. First, in the field of employment. When I became Attorney General, there were only, out of some 900 lawyers in the Department of Justice—now realizing the Department of Justice is charged with the responsibility in the field of civil rights—there were only 10 Negro lawyers out of 900 in the whole Department.

I remember at the inaugural parade, the President was reviewing it, and he saw the Coast Guard march by and there wasn't one Negro in the Coast Guard. He came out shortly afterward to greet the President of one of the new African nations, and they marched down in front of the color guard, the honor guard, and there wasn't one Negro in the honor guard.

At one of the early Cabinet meetings he said a study should be made in all of our departments to determine whether more Negroes could be employed, not employed just because they were Negroes but because people of character and ability and integrity who could perform the jobs should not be denied the right of employment because they were Negroes.

This has been done in my Department as it has been done in every department of Government. There are now Negroes in the Coast Guard, at the Coast Guard Academy. There are now Negroes in the honor guard, and there are more Negroes holding important positions in Government than at any time in the history of the United States.

In our Department, there are at least five times as many Negroes employed there now as there were at the time the President was inaugurated.

Now, we have taken a tremendous amount of action in the field of voting, because it has been our feeling that once you gain the franchise, once an individual is allowed to register and to vote, many of these other rights that we are making an effort to secure for minority groups will come.

When I became Attorney General, there were some 10 cases under investigation and where the Department of Justice had gone to court in connection with voting matters. Since, in the last year, the last 14 months we have brought approximately 10 times that number. We now have over 100 cases throughout the United States in connection with investigations and in actual court cases in voting matters. I think this is extremely important because once we can get that right to vote, many of these other rights will be secured. I am sorry that we were not more successful in obtaining the legislation that the President requested as far as literacy tests are concerned because if we could have obtained that legislation—much of the denial of the right to register and to vote has come through registrars sitting across the table and looking at an individual with a darker skin than he might have and saying "You are not literate."

And we have had college professors, we have had those who have received scientific grants, we have had ministers, we have had writers, authors, come in and be told by a registrar that they were not literate and a white person come to the same registrar who hadn't finished the third grade, and be allowed to register and vote.

And when I became Attorney General, there were 16 counties in the United States where Negroes outnumbered white people and yet not one Negro was registered to vote. And we found many, many counties where only less than 5 percent of the Negro population had been registered. We are making a major effort in this field, and as I say, we brought more than 10 times the number of cases.

LOCAL EFFORT

And we also made another effort. We have not brought a case, we are not doing any of this just for publicity. There hasn't been one court case that we have brought—whether it be voting or in any other area, that we haven't gone to the local authority and said, "this is the situation we find. It appears to us to be a violation of the law. It appears to us that we should take some action in this field, and that to meet our responsibilities, we will have to move. But if you take action yourselves, then we will not take any action. If you remedy the situation at the local level." Because we feel that this is the most important thing.

We pointed out that this should be done by the local authorities, not by the Federal Government, and I might say that there have been many, many cases where the local authorities have taken action themselves, where it hasn't been necessary for the Federal Government to come in. So where we have taken court action, it has only been after we have made an effort, and made an attempt, drawn the matter to the attention of the local authorities, in the county and in the State to see if they would remedy the situation themselves.

INTERSTATE TRANSPORTATION

We have also taken a good deal of action in the field of transportation. Through the efforts of the Department of Justice, more than 100 bus terminals in the United States have been desegregated. That means virtually every bus terminal that handles interstate commerce has been desegregated. All of the railroad terminals in the United States that have handled interstate commerce have been desegregated, and that is more than 200 railroad terminals.

Many of the airport terminals have been desegregated and where they have not, we are preparing legal action. So these are important steps forward.

The Vice President's Committee on Employment dealing with Government contractors—which I am sure you will hear more about—has also made tremendous progress. So we have taken steps forward in this extremely crucial and critical area of civil rights. We have a great deal more to do and certainly the job is not done.

We have the problem of schools. We cannot initiate school cases, but we worked for 6 months before the schools were opened last September, around the United States, where it was anticipated that there would be difficulty and problems.

We went to Memphis; we went to Dallas; we went to Atlanta and we went down into Florida, and then we worked with the local school authorities, and we explained what had happened in Little Rock, and what had happened in some of these other communities, and what they could do in each one of those areas to prevent any mob violence or prevent any disorder. I think that you can look back to the papers last summer, where they anticipated that they would have all of these problems, and then when the schools opened up last September, there were no difficulties. All those schools were desegregated—and there wasn't any violence.

RESULTS OF TEAMWORK

Those things don't just happen. They are made to happen, and a large part of the credit goes to the local school authorities and the local authorities in the area, but there was a good deal of effort and work done by the Federal Government also, to help and assist in these efforts.

So I think that it is a good record and a great deal needs to be done. On my trip that I just completed around the world I don't think that there was any place, any press conference or any meeting that I had with students, with any other group where we were not asked about the question of civil rights. This is the great problem. Unless we make additional progress in this field over the period of the next 8 or 10 years, we are going to have a difficult time—not only here in the United States, because in my judgment, Negroes are just not going to be satisfied to move along small steps at a time—but we are going to have great difficulties and problems overseas.

U.S. RELATIONSHIP

Carlos Romulo (former Ambassador of the Philippines) when he left here from Washington, came to see me—he has long been a great friend of the United States—and he said that we were going to have great trouble maintaining our position of leadership around the world if we didn't really make major breakthroughs in the field of civil rights. He said that we cannot go to people in other parts of the world and say that we believe in the Constitution of the United States and we believe in the Declaration of Independence if we treat part of our country, part of our population, a minority, as inferiors. But we are going to continue to work at it, we believe that it is right; and it has such a tremendous effect in our position around the world.

In the area of "organized crime," at the time the President was inaugurated, back in January of 1961, the various investigative groups of the Federal Government worked on the bigtime gangsters and hoodlums—worked independently. The Internal Revenue Department did its work. The Federal Bureau of Investigation did its work. The Bureau of Narcotics did its work. The Intelligence Service did its work.

EFFORTS COORDINATED

There are approximately 26 investigative groups of the Federal Government and they all went their own separate ways. Eventually, in some cases they would work together, but it was the exception rather than the rule.

Well, the first thing that we did was to get all of them in together and say that we wanted a coordinated effort on the bigtime gangsters and hoodlums throughout the United States, and for the first time in the history of the United States these groups are working together.

We established a group within the Department of Justice, made up of approximately 40 lawyers who pool all the information and knowledge regarding the bigtime gangsters and hoodlums in the country. We are now treating organized crime as the Federal Bureau of Investigation has treated communism over the period of the last 30 years.

GATHERING INFORMATION

We have an intelligence group that obtains and brings in information regarding the bigtime gangsters and hoodlums. The information is filed so that it will be available; perhaps we are not going to be able to take action against the bigtime gangster this year or next year, but perhaps 4, or 5, or 6 or 7 years from now, action can be taken based on information which is obtained at the present time.

All of that information on about 700 of our biggest gangsters and hoodlums throughout the United States is now all being correlated in the Department of Justice. And we set up in some of the biggest cities across the United States smaller groups which work closely with the group here in the Department of Justice.

There hadn't been any new legislation in this field for the last 30 years. We are still living, really, on the reputation that was secured by Elliott Ness. And Al Capone was taken care of and that was really the end of it. The gangsters and the hoodlums in the meantime made great progress. They knew where they were going and they knew what they wanted to do, but there were no new tools that were given to the Federal Government, and so we asked for some new legislation, and more legislation was passed in the last year in Congress than has been passed by Congress for the last 30 years, since 1934, and they are extremely important bills.

THREE MAJOR BILLS

One bill deals with the travel for an illegal business and an illegal business is described as "gambling, narcotics, liquor." Another deals with the transmission of gambling information by phone or wire across State lines. Another deals with the transportation of gambling paraphernalia across State lines. Those are the three major bills.

And these are the ones that have really had a tremendous effect because they are aimed primarily at gambling and gambling provides the money for the bigtime operators in the United States and unless the bigtime hoodlums can deal interstate, they are in great difficulty because gambling is not gambling for them; it is business, and when they get the bets in, they have to lay off those bets and there are major layoff centers in about 10 sections of the United States. Now, they cannot telephone information across State lines because, regarding gambling, it would be a violation of Federal law. They cannot transport gambling paraphernalia; they can't bring gambling paraphernalia from Chicago into New York, or from New York into Ohio. That is all illegal now, so the result is, gambling has been cut down tremendously and I know that's true in the cities that all of you represent.

GAMBLING CUT DOWN

In the big football games they used to bet—the year before last—up to $70 million in the United States. Last year in the bigtime football games, it was down to $3 or $4 million, less than 10 percent of what it had been in the past. The bigtime hoodlums have been badly hurt by the passage of this legislation, and in addition to that, the Federal Bureau of Investigation is now conducting investigations in more than 4,000 cases based just on this legislation.

The head of the Royal Mounted Police in Canada said that they were having a tremendous problem in Canada now because of the fact that the bigtime gamblers—the bigtime gangsters in the United States—because of the effort that was being made in the United States, were now all coming into Canada and that they were having to deal with them.

We have convicted some major gangsters, such as Mickey Cohen on the west coast, who has now been sent away in a conviction that has been upheld by the Supreme Court; Frankie Carbo, who was the underworld king of boxing for so many years; and others all across the United States. If you are interested in details of some of these figures in your own comunities, in your own areas, in your own States, we would be glad to provide them to you.

There have been about more than four times as many hours of grand juries than before, and the convictions of people involved in organized crime have jumped tremendously.

Again, it is just the beginning, and it is too early to tell what the record is going to be. But certainly we have made a beginning.

And now just briefly on the last area which is juvenile delinquency—as you know I don't think there has probably been a subject which has been discussed more, written about more than juvenile delinquency. And less done about the juvenile delinquency.

AREA OF GREAT INTEREST

It has been an area that has been a great interest to the President and to the rest of us and we have made an effort, we were able to get some legislation passed last year, for the first time, legislation that has been discussed over the period of the last 10 years—we got laws that gave us $10 million a year for 3 years.

We have about 5,000 young people in our Federal prisons and we set up "halfway houses," one in Los Angeles, one in Chicago, and one in New York in an experimental operation. Young boys instead of being returned to the same environment, to the same friends, to the same home life that they came from, right out of prison, will go to this "halfway house." And we have special counselors there who will help them. They will spend about 3 months in this "halfway house." They will be helped and assisted in getting a job. They will be told how to dress before they go to an employment agency. They will be told where they can go for recreation; they will be helped and assisted as far as friends and associates are concerned.

All of this effort will be made over a period of 2½ or 3 months. This program has been in existence now for about 9 months and has been tremendously successful, and I hope will be expanded.

We don't feel that juvenile delinquency is going to be solved by the Federal Government. It has got to be solved at the local level—but at the local level in New York, they solve it one way, they deal with it in one way; in Chicago in another way; in Los Angeles in another way; in North Carolina a different way; in Florida a different way.

What is the best system? Nobody really has known. Who are the foremost experts in this field? So we are going to establish a center where everybody can come who has a responsibility at the local level, local authorities, the voluntary organizations. There will be one place where they can come and find various methods to deal with juvenile delinquency.

LONG-RANGE PROGRAM

Also no statistics have ever been kept on young people who get into difficulty—and there are more than 2 million every year, the ones that actually go to prison. Where did they come from? How did they behave when they were in prison? What happened to them once they got out? There is nothing known about that at the present time. But what we are doing is correlating all of the information across the country and have that in one place, so that we follow these young people who get into difficulty, and find out what happens to them after they get out. We feel that in a period of 8 or 10 years a great deal can come from that.

We have also given grants in 8 or 10 cities for a study of juvenile delinquency. Juvenile delinquency is not just a matter of better prisons. It has to do with housing, it has to do with education, it has to do with home environment, it has to do with recreation.

What can be done in the city of Washington; what should be done in the city of Chicago, or the city of New York, or the city of Los Angeles, to deal with this problem?

Now, it doesn't do any good just giving them a million dollars—and then they continue the same programs that have been continued in the past. What we have done is given a number of these communities anywhere from $100,000 to $250,000 to make a study, to come in with a plan as to what they can do and what they might do in that local community to deal with this problem.

We have set up a group of experts to go around and to examine the various communities, to find out who has the best ideas to deal with the problem. Then a grant is given to make a more systematic study that should go on for anywhere from 6 months to a year. The study will be considered here in Washington, and we will then make a determination as to what should be done.

Again, this is a step forward. It is not going to answer the problem of juvenile delinquency, but at least something now is being done about it. We are not just talking about it; we are not just preaching about it. We have an organized plan to try to deal with the problem and try to help these young people who get into difficulties.

These are three areas where we have tried to take some steps. As I say, we haven't licked them, but in my judgment, we have taken some major steps forward.

Forty-second Anniversary of Polish Soldier's Day Observed at Eddington, Pa., August 12, 1962, by Post No. 12 of the Polish Army Veterans Association of Philadelphia and Their Ladies Auxiliary

EXTENSION OF REMARKS
OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 16, 1962

Mr. VAN ZANDT. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit for insertion in the RECORD an address I had the honor to make on August 12 at Eddington, Pa. The occasion was the 42d anniversary of the establishment of Polish Soldier's Day and the event was under the sponsorship of Post No. 12 of the Polish Army Veterans Association of Philadelphia and their Ladies Auxiliary.

In addition, I am including a copy of the program and the text of a resolution unanimously adopted by the members of the association on this occasion honoring the memory of their departed comrades.

The address, program, and resolution follow:

A TRIBUTE TO THE POLISH SOLDIER ON THE 42D ANNIVERSARY OF POLISH SOLDIER'S DAY

(Address by Representative JAMES E. VAN ZANDT, Member of Congress, 20th District of Pennsylvania, at the Polish Soldier's Day celebration, 42d anniversary, at Eddington, Pa., Aug. 12, 1962)

It is a pleasure to participate in this program observing the 42d anniversary of Polish Soldier's Day under the sponsorship of Post No. 12 of the Polish Army Veterans and its Ladies Auxiliary.

Having been invited to deliver the principal address on this occasion, not only do I want to congratulate the members of Post No. 12 and its auxiliary for sponsorship of this anniversary program, but I wish to stress the great contribution the Polish soldiers have made to their native land.

It is common knowledge that the fate and the destiny of all nations, from the most ancient times to our own day, are formed and fashioned by its soldiers.

Throughout the long and rather uneven course of human history soldiers of all nations, and especially those dauntless Polish soldiers serving in Poland's world-famed cavalry units, together with those gallant Polish soldiers of freedom fighting in our Revolutionary War, all have had an important share and have played a decisive role in the making of nations and in the shaping of their destiny and their fate.

The soldier's main task is his role in safeguarding and maintaining the independence and sovereign integrity of city, state, and nation.

Thus the all-important task of soldiers is the making of nations—the shaping of their destiny and then serving as guardians of the fate of nations.

These broad generalizations may seem too sweeping—and perhaps as a combat veteran of two world wars I may be regarded as magnifying the role and importance of soldiers in national histories.

I find it hard to overemphasize or praise too highly the supreme importance of soldiers in the difficult task of nation making and nation guarding.

Down through the ages good soldiers have always deserved to be, both in time of war as well as in peacetime, the admired and honored citizens of a nation. This is particularly true in the case of the soldier of Poland.

The long, eventful, dramatic, and tragic history of the Polish people in their struggle for independence is universally known.

During the days of the grandeur and glory of the Polish nation, as well as in its decline and destruction by its foes, the Polish soldier has shared its glory and has suffered its misfortunes.

In glory and in misfortune he has steadfastly remained true to his calling, to serve to the best of his ability and to the limits of his physical power the righteous cause of the Polish people by fighting and dying for it.

During the infancy of their nation Polish soldiers learned this supremely important lesson 10 centuries ago in the days of their first national king, Mieszko I, the founder of the Polish kingdom.

This founding father of Poland, with the aid of a band of Polish soldiers, extended his reign northward to the Baltic shore and southward to the foothills of the western Carpathians.

On his death in 992 he was succeeded by his worthy son, the famous Boleslav the Brave, who as a courageous soldier and resourceful statesman is known in Poland's history as Boleslav the Great.

For more than 30 years this gallant knight, the first soldier and first servant of Poland, served Poland's cause by strengthening the Polish state and thus making it one of the best organized and most important countries in Eastern Europe.

Through his soldierly gallantry and astute statesmanship this warrior-king raised Poland to the rank of a leading European country.

In his almost miraculous success his ability as a soldier proved far more important than his statesmanship, for those were the days of warrior-kings of uncommon valor and extraordinary courage. And Poland was fortunate in having a good supply of such leaders, men of noble character and indomitable will.

And, as the whole world knows, these great sons of Poland, besides serving Poland's sacred cause, have also served the European causes, the American cause, and the cause of humanity.

But long before the fame of Polish soldiers was known in other parts of Europe, and many centuries before the discovery of America, they were guarding Europe against its non-European invaders.

For several centuries when Eastern Europe was under attack by Mongols and Tartars from Asia the fighting men of Poland often found themselves between Christian Europe and its non-Christian foes, the powerful Asiatic hordes in their massive westward movement.

In this defense of Europe's Christian civilization these devoutly Christian Polish soldiers fought with doubled courage and with intense fervor because they knew that they were defending supreme causes, the sacred cause of the church and the righteous cause of Poland.

Centuries later—late in the 17th century—when the same Europe's sacred cause was under the attack of the Ottoman Turks—it was saved by the singularly swift mobilization of the Polish soldiers under their warrior-king, Sobieski the Great.

Yes, in the year 1683 the invincible forces of victorious Ottoman Sultan had besieged Vienna and this last citadel of central Europe was about to fall to its un-Christian foes, and it was saved by the gallantry of Poland's greatest king in modern times, Sobieski the Great; it was saved by his organizing genius, his supremely successful leadership in the field of battle and his unmatched mastery of the art of fighting a decisive and successful battle against a superior enemy.

So in the year 1683, on that fateful September 11 when King Sobieski's combined Polish and Austrian forces defeated the far superior Turkish forces at the gates of Vienna, the victorious armies not only saved Europe from the ravages of the Ottoman Turks, but by that decisive victory they brought an end to Turkish expansion in Europe.

Here again it is proverbial to talk and expand on the bravery and courage of Polish soldiers and also of their heroic king, Sobieski the Great.

We on this side of the Atlantic look upon this miraculous feat of Polish soliders as one of the finest services that these gallant fighters rendered to the cause of Christian civilization and to humanity.

About a century after the glorious fight of Polish soldiers against the Turks under the walls of Vienna, another great war was being fought in the British colonies on this side of the Atlantic.

Our Revolutionary War had attracted many gallant soldiers from many lands in the cause of freedom. But among all those who found means to secure passage to the New World where they hoped to have a chance to fight for a noble cause, none had any purer and unmixed motive than those Poles who rallied to our cause.

They enrolled in our fighting forces and then distinguished themselves as leaders and organizers of fighting units.

There were many Poles who thus fought and gave their lives for our freedom, thereby leaving us eternally in their debt.

Among these great and devoted Polish soldiers of freedom, two stand out:

Gen. Casimir Pulaski's name has long become a household word in all American homes as the military genius who organized our cavalry forces during the Revolutionary War. His fame is well established as the father of American cavalry.

Gen. Tadeusz Kosciuszko is equally well known as another great son of Poland who served with equal distinction in our Revolutionary War, and also subsequently in his native land in fighting for Poland's freedom.

When Poland's brave Polish soldiers were fighting for freedom in other lands, Poland was having her most agonizing period in her long history.

Late in the 18th century her powerful and implacable foes—Austrians, Prussians, and Russians—partitioned her among themselves, put an end to independent Poland, and enslaved the Polish people.

Fortunately, however, these autocracies were unable to put an end to the living spirit of Poland. Patriotic and fighting Poles lived on it and they bred a caste of fighters who vowed to fight and die for Poland's freedom.

Poland's conqueror could not suppress Poland's fighting, soldierly spirit.

For more than 100 years these daring Poles carried on their underground fight against all three of their oppressors.

During the First World War, when Poland's historic foes were defeated and their regimes shattered, Poland regained her freedom. Poland's sons had fought in that war on the side of the allied and associated powers. And, just as Polish-Americans fought in our forces with gallantry and distinction, so Polish soldiers fighting in the armies of our allies gave a splendid account of themselves.

Their services were universally recognized. And as a reward for their contributions and for the immense sacrifices they had made for their freedom, they were assisted in regaining their independence at the end of that war.

During the next two decades the Poles rebuilt their war-ravaged country, established their own national institutions, organized a powerful army under the indomitable Marshal Pilsudski, and were quite content with their lot in their homeland.

But the course of politics in neighboring Russia and Germany, particularly in the late 1930's, ushered in tragedy to independent Poland, to free Europe, and to Western civilization.

Neither Poland's strong army by itself nor those of her allies in the west were able to prevent the outbreak of the last war.

Poland was the first victim of that war and the soldiers of Poland were the first to resist the far superior and brutal forces of Hitler's Germany.

It is to the credit of Poland's gallant and brave soldiers that under the most adverse and heartbreaking conditions they carried on their fight against their ruthless and immensely superior foes for more than 5 years.

Throughout these agonizing years the patriotic Pole's ingenuity and his readiness to give his life for his country's cause earned the free world's admiration and affection. Most glorious was their stand against the Nazis in the abortive but heroic mass rising in Warsaw in the summer of 1944.

In that epic fighting between the Polish underground and their Nazi oppressors, the Polish soldier's valor and bravery assured him a distinct place among the heroes of the last war.

Eighteen years have gone by since that epic struggle in Warsaw and the glory which the Polish soldiers earned by their gallantry and bravery there looms larger and grander today, even though they were treacherously abandoned and then betrayed by the Soviet Government.

In the face of the multitude of heroic services which Polish soldiers have rendered to their country and its people, to Europe and its civilization, and, of course, to the cause of freedom during our Revolutionary War, I find it difficult to praise too highly the fine and noble deeds of Polish soldiers.

I know I can hardly do justice in my comments to the descendants of Boleslav the Brave and Sobieski the Great or to the spiritual followers of Kosciuszko and Pulaski. Nor can I do justice in my remarks to the true disciples of Marshal Pilsudski and to all those who served under Generals Sikorski, Sosnkowski, and Komorowski.

Many great sons of Poland, yes, many of her gallant soldiers of freedom, find themselves far away from their native Poland today. Thousands of them are welcomed in this great Republic and many of them are among America's outstanding naturalized citizens.

These soldiers may rest assured that we in this country are fully aware and duly appreciative of their superb services to the cause of freedom.

As I conclude, let me again pay tribute to the members of Post No. 12 Polish Army Veterans and its auxiliary for their sponsorship of this annual Polish Soldiers Day.

Through such an observance you keep alive in the minds of the Polish people, as well as all Americans, the determination on the part of Poland as a nation to shake off the yoke of atheistic communism.

You give a ray of hope to the Polish people that Poland, as a nation protected by the courageous Polish soldier, may once more enjoy the liberty and freedom yearned for in the hearts of the Polish people.

PROGRAM

10:30 A.M.

Holy Mass at St. Adalbert's Church.

2 P.M.

Presentation and review of color guards.

Introduction, Lt. Alexander Machowski, commander, Polish Army Veterans Post No. 12.

Toastmaster, Hon. Julian Zbytniewski, first national senior vice commander of Polish Army Veterans Association.

Invocation, Rev. Francis Palecki, pastor, St. Adalbert's Church.

American and Polish national anthems, Polish American Musicians Association Band.

Address, Hon. Theodore S. Gutowicz, insurance commissioner, Commonwealth of Pennsylvania.

Musical selections, Polish American Musicians Association Band under the direction of Mr. Joseph Pudlinski.

Principal address, Hon. JAMES E. VAN ZANDT, Member, U.S. House of Representatives.

Polish folk dances, St. Adalbert's Polish Language School.

Resolution, Lucian F. Pazulski, Esq., director, Pennsylvania Labor Relations Board.

Introduction of honored guests.

Taps in honor of deceased Polish soldiers, Rudy Meinhart, Horn-Ross-Weiss Post 861 VFW, officer of the day.

Benediction, Rev. John A. Naja, pastor, St. Ladislaus Church.

Finale, "Boze Cos Polske."

The following resolution was unanimously adopted at the exercises commemorating the annual and 42d anniversary of the Polish Soldiers Day celebration, sponsored under the auspices of the Polish Army Veterans Association, Post No. 12, and its Ladies Auxiliary, in Philadelphia, Pa.

Assembled under the auspices of the Polish Army Veterans Association, Post No. 12, in Philadelphia, Pa., we veterans having paid tribute to the valiant Poles who fell on the battlefields of glory for their country, for Christianity, for freedom, and democracy, do hereby resolve as follows:

The Polish Soldiers Day, as decreed by the constitutional Polish Parliament in Warsaw, Poland, some 42 years ago, was chiefly designed as an observance of the heroic Polish defense in 1920 which resulted in the routing of the Bolshevist hordes that invaded the newly reborn country. Observance of the Polish Soldiers Day, August 15, in present-day Communist-ruled Poland is forbidden, as is Poland's Independence Day, November 11. It behooves us then to give all aid and comfort to those who are bent on observing Polish Soldiers Day in commemoration of the glorious deeds of all who made the supreme sacrifice in defense of Poland, including those of them who, like Kociuszko and Pulaski, also fought for our American independence.

Since most everybody of the natives in Poland truly became a soldier with the advent of Nazi and Soviet occupation of the country after Hitler and Stalin invaded Poland and divided it between themselves, Polish Soldiers Day became the occasion for the observance of a universal sacrifice of the Polish people, the first to fight in defense against totalitarianism in World War II and, as one of our Presidents said, the inspiration for all the peoples of the earth. We, therefore, salute today not only the Polish soldiers here gathered, but also the one who fought so bravely side by side with our U.S. forces and our Western Allies on land, on the seas, and in the air, distinguishing himself in the battle of London; at Narvik, Norway; in Tobruk, Africa; on Monte Cassino, Italy; at La Falaise, France; at Arnhem, Holland, and on the high seas of the Atlantic.

We also resolve that this observance today is a fit occasion to renew the June 16, 1962, entreaties of the Supreme Council of the Polish American Congress at its sixth national meeting in Washington, D.C., directed to the White House and the Congress of the United States, that aid to the people of Poland be extended and not discontinued by our Government. We likewise renew our national body's representations to the effect that in a larger view of history, Poland, due to its geographic position, its national temper, and its thousand-year-old ties with Western culture and Christianity, is in fact, an invincible barrier in the path of pernicious Soviet designs for world conquest. Consequently, at this time, we also renew our hopes that our national administration, at an early date, will see fit to recognize Poland's western borders along the Odra-Nysa line, thereby removing the fears of the Polish people in their homeland, convincing them that German eastward aggression is definitely checked by the West. At this time we also repeat the stand taken by our national body in its statement of policy that we will accept no determination of Poland's boundaries which does not assure that nation not only her present western boundary, but also the return to her of her territory on the east annexed by Soviet Russia.

And we finally resolve that the hereinabove described statements be forwarded in their entirety to the White House, to our Department of State, and our representatives in both Houses of the U.S. Congress.

ALEXANDER MACHOWSKI,
Commander, Polish Army Veterans Post No. 12 and Chairman of the Polish Soldiers Day Celebration.
LUCIAN F. PAZULSKI, Esq.,
Chairman of the Resolutions Committee.

Finds Stray Balloon

EXTENSION OF REMARKS
OF
HON. PHIL WEAVER
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 16, 1962

Mr. WEAVER. Mr. Speaker, the newspapers and constituents of my district are maintaining their deserved reputation for alertness to threats of foreign invasions. The other day, a story appeared on the front page of the Public Mirror of Arapahoe, Nebr., reading as follows:

FINDS STRAY BALLOON

An unusual find was made in the watermelon patch at the I. L. Carskadon farm on the valley, southeast of Arapahoe, Sunday.

It was the remains of a small blue balloon, which from its fringed condition had suffered a peculiar explosion. Attached to the long string on it was part of another red balloon.

The advertising on it reads: "Vote for PETER H. DOMINICK for U.S. Senator."

Research shows that Mr. DOMINICK, of Englewood, Colo., was last year a Colorado U.S. Representative and it is guessed that he is now campaigning for the Senate.

How far and from where the balloons had traveled is a matter for conjecture.

Not only was the story interesting, and the detective work accurate, but the editor was even kind enough to send Congressman DOMINICK a copy of it. I had recognized that my able colleague and good friend, Congressman DOMINICK, of Colorado, was putting on a vigorous and high-flying campaign for the position of U.S. Senator, but I had not realized how high flying it was until I saw this article. It seems particularly appropriate that the balloons descended from orbit in Arapahoe, Nebr., as my good friend Congressman DOMINICK claims as his hometown Englewood, Colo., which lies comfortably and prosperously in Arapahoe County, Colo.

On behalf of the Public Mirror, the citizens of Arapahoe, and myself, we wish him well in his campaign for the Senate and assure him that he, as well as his balloons, are welcome in Arapahoe, Nebr.

Over $100,000 in Excess Profits Should Be Recovered by Justice Department

EXTENSION OF REMARKS
OF
HON. EARL WILSON
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Thursday, August 16, 1962

Mr. WILSON of Indiana. Mr. Speaker, the Navy Department Bureau of Ships has paid a manufacturer almost 50 percent in excess profits for the manufacture of a small, transistorized power supply and in so doing has wasted at least $175,000 of the taxpayers' money—probably much more.

As a result of my study of military procurement and as a result of the assistance given me by the General Accounting Office, I have been able to pinpoint payment of excess profits by the Navy whereas a Senate committee failed in the same attempt. I have also been able, with GAO cooperation, to set the stage for the recovery of excess profits from the Admiral Corp. of Chicago, Ill., by the Justice Department to whom I shall shortly refer this case.

The power supply that has been purchased is known in procurement circles as the PP-2100. It fits into an aircraft radio known as the ARC-27. The prices paid for this small power supply are fantastic, and the overcharge by the contractor is even more fantastic. The fact that the Navy allowed this overcharge to occur without taking even routine audit procedures to find out about it is an indictment—a further indictment, I might say—of the inefficiency, incompetency, and resultant waste that is rampant in our defense budget.

My attention was first alerted when I read testimony before the Senate Select Subcommittee on Small Business on the procurement of the PP-2100. In those hearings, Navy people declared that because of urgency of delivery the Navy was forced to buy the power supply sole source from the Admiral Corp. of Chicago, Ill.—7,000 units were purchased at a price of $360 each. About 90 days later, the record shows, there developed additional requirements which resulted in a competitive procurement. This resulted in an award of contract to Crescent Communications, Inc., at a unit price of $180. This, in itself, might not be significant. What I found to be startling was the fact that on the competitive procurement, Admiral submitted an unsuccessful bid of $181.45 per unit for the identical equipment they had been selling the Government for $360. This was exactly one-half Admiral's previous price.

To my way of thinking, Mr. Speaker, had I purchased a home in Bedford, Ind., for $36,000 and found out 2 months later that the same builder sold an identical home in an identical location for half that price, I would be alarmed, to say the least.

On this basis of thought, I made inquiry of the Comptroller General and asked for assistance in obtaining more facts.

Last August I requested the Comptroller General to review this entire procurement. In October, the General Accounting Office responded with a report that indicated that according to Admiral's records it realized a lower rate of profit than contemplated at the time of negotiations with the Navy. The GAO report continued that Admiral, while allowed to make a 10-percent profit on the contract, stated it actually made a profit of only 3.93 percent. GAO felt this to be sufficient evidence that no excess profits were involved.

This pitiful profit stimulated my curiosity even more and on October 17, 1961, I advised Mr. Campbell that I was not satisfied with the report or with an unsupported overall statement by Admiral. I requested a complete audit of the contracts involved.

Just a week ago today, the Comptroller General reported to me that the audit for the PP-2100 power supply procurement had been completed. The General Accounting report states that the Admiral Corp. actually realized a profit of $355,000, or more than 14 percent of the contract. This compares, the GAO report continues, to an allowable profit of $252,280 and with a profit of $179,000 or 7 percent of the total contract, which Admiral now says it made.

In other words, we have this situation. Admiral at first said it made under 4-percent profit. Now it says it made over 7 percent. It was allowed 10 percent by terms of the contract, but General Accounting Office auditors have learned it realized a 14-percent profit.

This means that Admiral enjoyed a profit of at least $100,000 more than ever contemplated by the Navy or allowed by the terms of the contract. It also should be said that the Navy has never pursued this matter nor has it attempted to recover the excess profits. When I think of how hard it was for me to get $75,000 added to the public works appropriation bill for flood control to save lives, this throwing away of the taxpayers' dollars makes my blood boil. The highhanded, profligate policies of our Constitution Avenue "junkers class" is again disclosed for what it is—"Incompetency, Incorporated."

So, Mr. Speaker, here is another "after the fact" story. Navy sole-source purchasing officials buy a 6-pound power supply for $360 and spend $2.5 million for 7,000 of them. The "sole source" action was based on urgency of delivery, and the taxpayers' pockets were picked. This has been proven by subsequent GAO reports and by the fact that the price was cut in half when the power supply was bought with the force of competition applied.

The astounding thing to me is that this has not been brought out in previous inquiry in the Senate, when a lone Congressman has been able, by keeping his nose to the grindstone, to ferret out the facts. Another astounding thing is that, while the purchase was "justified" as a "sole source" action because of an alleged critical need, the tube version of this power supply involved has been bought by the Navy Department since about 1940, and since that time, up to the first public procurement, it was bought sole source from either Admiral or Collins.

In other words, we are asked to believe that the Navy had been buying equipment that was operational until it suddenly all failed at once, and the only way to keep the aircraft using the radio in combat readiness was to pick the taxpayers' pockets again. The utter asininity of this position is only tragic because the constituted committees in looking into it did not blow it to "smithereens."

Mr. Speaker, I am going to forward this entire case to the Attorney General for his attention in the very near future. I shall make available to him my files and the GAO report to me which says that sections of the armed services procurement regulations have been violated. I think the Justice Department should recapture in the courts the $100,000 overcharge. This examination will turn up information which will lead, I believe, to further recapture of money by the Justice Department for the taxpayers of this Nation.

It may not be criminal to waste the taxpayers' money, Mr. Speaker, but it ought to be, and it is high time we started getting back some of the money that has been wasted when the paths of waste can be traced and the money located.

The Quality Stabilization Bill

EXTENSION OF REMARKS

OF

HON. CLARK MacGREGOR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. MacGREGOR. Mr. Speaker, a number of distinguished Members of the House have introduced identical quality stabilization bills in the 87th Congress. It is my privilege to join them in so doing.

The quality stabilization bill, as enacted, will equalize certain rights and opportunities in the distribution of branded articles; it will further the advancement of independent retailing; it will help consumers to have a true standard of value combining both quality and fair price, for the things they buy; it will discourage monopoly by promoting competition; it will help the national economy.

The bill would give manufacturers of branded goods certain rights. For example, it would permit a brand owner to establish a price, or a range of prices, below or above which his branded product may not be resold.

This is a right that is already enjoyed by many brand owners—but not by the great majority of brand owners.

Some $30 billion of goods are sold at retail each year in the United States by brand owners who lawfully established the absolute price at which these goods could be resold at retail. These brand owners include the great retail chains of the country. They own private brands—private in the sense that these brands are sold only in the stores of the respective chains. In each case, the chain establishes a uniform price for a particular branded article, notwithstanding differences in operating cost among the various outlets of the chain. In the case of the chain, this is considered good business. There are other brand owners who lawfully establish the price at which their products are sold to the consumer. These include companies which sell brushes, perfume, electrical appliances, and so forth, house to house through canvassers, and the publishers of newspapers and magazines that sell on consignment. The list can be continued indefinitely. These brand owners have one thing in common: They not only own certain brands, they also own or control the means for distributing them.

The quality stabilization bill which I have introduced extends the same rights to individuals, partnerships, and corporations who are brand owners but who do not own or control the means for distributing their brands. They do not own the distribution system—which includes not only chains, supermarkets, and the like but also, and most importantly, the nearly 2 million independent retailers who make up the bulk of most business. These brand owners, and the members of their distribution systems, rightfully believe that they, too, should have the opportunity to enjoy the benefits of uniform but competitive pricing. I say competitive pricing because my bill requires that a branded product—to be eligible for application of the provisions of the bill—must be in free and open competition with articles of the same general class produced by others. This requirement, incidentally, need not be met by brand owners who also own or control the means for distributing their branded products. What this bill would promote is more competition—but fair competition. The small, independent retailer would have a better chance to compete effectively, and therefore, successfully because he would be given a better opportunity to sell, and at a reasonable profit, the bread and butter items on which his existence depends. I mean, of course, the big, popular, best-seller brands of the marketplace—the brands that some outlets like to sell at low, low prices—even at severe losses—in order to entice customers into their stores. In other words, quality stabilization would restore a real measure of integrity into the marketplace. And integrity of marketing practices is the American shopper's finest guarantee of fair dealing, of honest values.

There is a social as well as an economic aspect to the quality stabilization bill. I know something about independent merchants for I have been a director of the Community Chest in my own community. I know that the independent merchants of the community contribute substantially in time, talent, and money to all the good works of the community—including the Community Chest. They probably give 10 times as much as absentee-owned retail chains to the Community Chest in the community—when giving is compared on the basis of so many dollars contribution for every thousand dollars per year of sales. Who replaces the independent merchant when he is driven out of business—largely because he does not have enough dollars in sales to compete against the tactics of price-juggling absentee operators?

I have never heard a customer complain that she cannot shop around for the lowest price of a particular chain brand because every chain outlet in her territory charges exactly the same price for that brand at a given time. A chain, however big it is, simply could not afford to charge various prices in its many outlets for the identical brand. It would lose its reputation for fair dealing at once. As a matter of fact, all the reputable stores in the United States have a one-price-to-every-customer policy. It is a policy in which mass distribution has developed more and more to keep pace with the advancing technologies that have made mass production possible. It is a policy that has assisted in making the United States the world's greatest consumer market.

The quality stabilization bill offers an extension of the one-price-to-every-customer policy. It promotes orderly marketing; it promotes more effective marketing; it promotes the economy. It will be good for our country.

Independence Day of Cyprus

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency, the President of Cyprus, Archbishop Makarios III; and His Excellency, the Ambassador of Cyprus to the United States, Zenon Rossides, on the occasion of the second anniversary of the independence of Cyprus.

Cyprus is the largest island in the eastern Mediterranean, and an important commercial and strategic spot for the entire Middle East area. It is perhaps the oldest inhabited and culturally historic island anywhere on the globe, for its ancient inhabitants created one of the oldest known civilizations. Yet today the 2-year-old Republic of Cyprus is one of the youngest independent, sovereign states in the Middle East.

This island of some 3,500 square miles, with its Greek-Turkish population of about 560,000, was for centuries part of the Ottoman Empire. In 1878 it was brought under the administration of the British, who in 1914 annexed it. Since the end of the First World War its majority Greeks and minority Turks have been fighting among themselves, the former advocating the union of the island to Greece with the Turks wanting to have it become part of the Turkish Republic. The British of course wanted to maintain its status quo, and they succeeded in doing so until 2 years ago. Particularly since the end of the last war, just as Greek leaders of the island have vowed to prevent the union of the island with Turkey, the Turks were equally determined to prevent its union with Greece. During the late 1950's a bitter struggle between the Greeks and Turks took on the proportions of a civil war, and the British seemed unable to put an end to this internal and destructive strife. Finally both Greek and Turkish leaders of the island realized the futility of continuing the fight among themselves, and agreed to a sensible solution. The British Government also encouraged such a move, and agreed to grant the people of the island independence under certain conditions. This statesmanlike move culminated on August 16 of 1960 in the birth of the Republic of Cyprus.

Today this tiny but important Republic is sovereign and independent. It is a member of the British Commonwealth, and a member of the United Nations. The industrious and brave people of the island have joined hands in repairing the loss caused during the civil war, and they are supremely confident that soon they will regain their former prosperity. On the second anniversary of their independence day, we all wish the people of the Republic of Cyprus prosperity and peace.

A Resolution To Establish a Select Committee on Arms Control and Disarmament

EXTENSION OF REMARKS

OF

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. ROSENTHAL. Mr. Speaker, I introduce, for appropriate reference, a resolution to establish a Select Committee on Arms Control and Disarmament to consist of 13 members chosen for their special knowledge of foreign affairs, armed services, atomic energy, science, and astronautics.

Under the provisions of the resolution, the committee would be authorized and directed to conduct a full and complete investigation and study of proposals for arms control and disarmament including, but not limited to, first, efforts made by the United Nations in seeking the control and reduction of military forces and armaments of all types; second, disarmament proposals developed by the United States and other governments as well as by private groups and individuals; third, methods by which the attitudes of the American people and their Government on the subject of disarmament and world peace may be communicated abroad; fourth, the relationship of armaments to the state of the world economy; fifth, the relationship of underlying international tension to the problems of disarmament; sixth, the dangers implicit in unilateral reduction of armaments; and, seventh, methods of assuring that plans for reduction of armaments shall not endanger the security of the United States.

This resolution is introduced, Mr. Speaker, in the hope that initially it will stimulate discussion and consideration. I am aware that, since the Legislative Reorganization Act of 1946, only 2 standing committees have been added to the 34 committees then established. Both of these committees were created to deal with the new dimension of space.

In the House of Representatives, the new standing committee is known as the Committee on Science and Astronautics and was approved July 21, 1958. The corresponding committee in the other body is the Committee on Aeronautics and Space Sciences, created July 24, 1958.

Meeting the challenge of space by establishing these two new standing committees, seems to have had a broad appeal in both the Senate and the House. This factor undoubtedly facilitated amendment of the Legislative Reorganization Act of 1946. I submit that, as in the case of space, arms control is a new and growing field, highly technical in nature, that inevitably impinges on several related fields in which the House has long-established standing committees.

I do not propose, Mr. Speaker, that we create an additional standing committee. That would certainly be premature and perhaps ultimately unwise. I do believe, however, that the field of arms control is one of great significance that deserves and requires the attention of a committee of the House. Obviously, the quest for practical, effective, multilateral procedures by which arms control or disarmament can be achieved is a continuing concern of national policy at the highest levels.

We should recognize these developments by an appropriate committee of the House of Representatives. Since its membership probably would include key members of the Committees on Armed Services, Atomic Energy, Foreign Affairs, and Science and Astronautics, appearances before the proposed Select Committee on Arms Control and Disarmament would facilitate coordination of policies in these related fields and reconciliation of differing viewpoints in the interests of unity and achievement.

We should be mindful, also, of the continuing impact that the proposed Select Committee on Arms Control and Disarmament could have on world opinion. Let the whole world know that the Congress of the United States backs the President's efforts to achieve arms control. Establishment of a Select Committee on Arms Control and Disarmament would be telling evidence of the importance this House places on the massive effort the United States is making to prevent a nuclear holocaust. What other Nation has a comparable body in its legislative structure?

In my judgment, these are compelling reasons which should gain favorable consideration for this resolution. I do not, of course, anticipate action during the remainder of this session. However, I would hope that discussion would ensue in the coming months with respect to the resolution to create a Special Committee on Arms Control and Disarmament. As a further contribution to this discussion and consideration, I should like in conclusion to review the history of the Subcommittee on Disarmament created July 25, 1955, pursuant to the terms of Senate Resolution 93—84th Congress, as amended by Senate Resolution 185 and Senate Resolution 286—84th Congress, and Senate Resolution 61, Senate Resolution 151, Senate Resolution 192, and Senate Resolution 241—85th Congress. In August of 1958 this subcommittee published a final report—Senate Report 2501, 85th Congress—and merged with the full Senate Committee on Foreign Relations.

Three years after this subcommittee was created to make a full and complete study of the disarmament problem, Senate Resolution 241—85th Congress—approved by the Senate in January of 1958, dissolved the subcommittee as of July 31, 1958. This resolution gave the following reason for its discontinuance:

> Inasmuch as the question of armaments reduction and control is primarily a problem of foreign policy and a problem intimately related to many other foreign policy matters and in view further of the responsibilities of the Foreign Relations Committee over foreign policy matters, at the expiration of the Subcommittee on Disarmament, on July 31, 1958, all records, duties, and functions of the subcommittee should be turned over to the Committee on Foreign Relations.

Another argument for the abandonment of the subcommittee was that the Disarmament Commission designated by the General Assembly of the United Nations should be the appropirate forum for conducting negotiations on the regulation of disarmament.

The Legislative Reference Service of the Library of Congress has found no record of the establishment of such a subcommittee in the House of Representatives. Neither House has, to my knowledge, previously entertained a measure to create a Committee on Arms Control and Disarmament.

It is my hope that this proposal will receive the personal attention and consideration of each and every Member of this House.

Fishing Vessels in Massachusetts

EXTENSION OF REMARKS

OF

HON. TORBERT H. MACDONALD

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. MACDONALD. Mr. Speaker, I have introduced legislation today to correct existing inequities in the construction of fishing vessels in Massachusetts. It is my belief that these bills will enable the depressed fishing industry of New England to regain a normal position in the Nation's economy and compete against the massive foreign fleets now fishing off American shores.

While I was pleased when my colleagues passed the Macdonald-Magnuson bill to give aid up to 33⅓ percent, events have proven that this amount should be increased. My legislation would increase the construction subsidy for wooden vessels to 35 percent, and steel vessels to 50 percent. A statute which dates back to 1792 requires American fishing vessels to be constructed in the United States. The price difference between American and foreign shipyard costs is as much as 48 percent. Forced to subsidize American boatyards, the fishing industry in Massachusetts and New England is fighting a losing battle against foreign competition.

Failure to provide sufficient construction differential payments for fishing vessels has subjected our fishing industry to unfair competition. Just 15 miles off Cape Cod, Russian fishing vessels may be seen which are equipped with the latest technological gear. These ships can process their catches and freeze them on the spot and operate in all types of weather for many purposes, including aid in the latest Russian orbital flights. It seems very wrong to me that free world nations fishing off our Massachusetts shores have ships far superior to American vessels. The United States does not have any factory ships or refrigerated vessels. The New England fishing industry has had to compete not only with the lower wage costs of its competitors in Canada, Iceland, Britain, and elsewhere, but with the lower cost of vessel construction in those countries. Action to rectify this must be soon forthcoming.

I also introduced legislation today providing for the construction of two modern stern ramp trawlers, one for service on the east coast, one for the west coast. This legislation is designed to aid in the development of more modern methods in the production, preparation, processing and preservation of fish products. The two trawlers would serve as prototype vessels for future American fishing fleets.

What the Public Works Acceleration Bill Will Do—Questions and Answers

EXTENSION OF REMARKS

OF

HON. JOHN A. BLATNIK

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. BLATNIK. Mr. Speaker, the Public Works Acceleration and Coordination Act, H.R. 10113, has been granted a rule and will soon be brought to the floor of the House.

The Public Works Acceleration Act is one of the most important bills that the House will vote on this session. Its purpose is to combat the continuing high level of unemployment through the construction of urgently needed Federal, State, and local public works. This bill will give every Member an opportunity to show whether or not he is concerned over the plight of the unemployed, and whether or not he is willing to take constructive action to help the jobless.

The bill and the need for action are clearly set forth in the report of the Committee on Public Works—House Report No. 1756. To state emphatically just what the bill would do and what it would not do in the clearest possible terms, I am inserting in the RECORD an explanation of the bill in question-and-answer form:

Question. What would H.R. 10113 authorize?

Answer. First, the bill authorizes the appropriation of $900 million to expand employment through the construction of Federal, State, and local public works. Second, to meet the longrun need of better planning and coordination of information on public works, the bill would establish the Office of Public Works Coordination and Acceleration.

THE IMMEDIATE PUBLIC WORKS PROGRAM

Question. Why do we need to spend this $900 million.

Answer. Unemployment has been above the 5-percent level continually for the past 5 years and there is nothing in recent statistics or business reports that indicates a rapid return to full employment. In fact, the present economic slack threatens to pull the entire economy into another recession unless something is done to stimulate business.

Question. Where would these public works projects be located?

Answer. To assure that the program will have its first and greatest impact in areas where unemployment is most serious, aided projects would have to be located in one of the cities or counties eligible under the Area Redevelopment Act or in one of the 122 other communities which have suffered from high unemployment—6 percent or more—for most of the past year. Altogether this comes to a little over 1,000 eligible places which are listed in the committee report.

Question. Will these eligible areas be the only ones to benefit by the bill?

Answer. Certainly not. The program will stimulate the entire economy through the purchase of construction materials and will have a multiplier effect as the incomes created are spent and respent.

Question. How many jobs would be created under the bill?

Answer. At least 150,000 man-years of employment would be created in onsite construction employment and in the factories and mills which produce construction material. As the incomes generated are spent and respent, at least 150,000 additional man-years of employment would be created through the country.

Question. What kind of Federal projects could be undertaken under the bill?

Answer. Only those Federal projects specifically authorized by the Congress and which meet the other requirements in H.R. 10113 could be built.

Question. What Federal agencies would get these funds?

Answer. The President could allocate the money to whichever Federal agencies could use the money most effectively. These would include the Corps of Engineers, the Forest Service, Soil Conservation, or any other Federal agency authorized to undertake construction.

Question. What kind of aid would be available for local public works?

Answer. The bill authorizes Federal grants to cover 50 percent of the cost of local projects.

Question. How large could these projects be?

Answer. The bill limits projects to small- and medium-sized ones through the requirement that a substantial part of a project must be completed within the first 12 months. This rules out any disproportionately large undertaking.

Question. Could a community get these grants for something which is merely a luxury, like a swimming pool?

Answer. That would be impossible under the bill which states that any project aided must "meet an essential need."

Question. How quickly could this program get underway?

Answer. Many projects could be started almost immediately and it is expected that most of the aid would be committed in a matter of 1, 2, or 3 months. Unlike some public works programs in the past, this aid would not be used for very large projects which have a long leadtime. There are a tremendous number of projects which would be eligible that are already fully planned and could be undertaken quickly if this aid were available. A list of about 500 projects in eligible areas, on which planning is completed but construction net yet started, was printed in the Congressional Record of July 16, 1962, just as an indication of the backlog which exists.

Question. What kind of local public works could be aided?

Answer. Any local community facility for which Federal loan or grant aid is authorized under existing law, except schools which are not eligible. For example, the grants could be used to help finance water and sewer lines, public buildings, streets and sidewalks, and so forth.

Question. Could low-rent public housing be built with these funds?

Answer. Public housing would not be built under this bill because that program already has ample authorization to carry it for the next 3 years, and the assistance provided in the Housing Act is greater than that authorized in H.R. 10113.

Question. Is this another depressed areas bill?

Answer. While most of the eligible areas are those designated under the Area Redevelopment Act, there is a clear difference in purpose and in the assistance provided. The Area Redevelopment Act is a basic long-term effort to cure fundamental economic problems by creating new private enterprises, or expansion and modernization of existing ones, and requires comprehensive planning as a first step. That law was never intended as a shot-in-the-arm for employment. The public works bill is designed to meet the immediate problem of high unemployment and at the same time build useful community public facilities which will make these communities better places in which to live and help their long-term growth. At the same time this bill will stimulate the entire economy and create jobs throughout the Nation.

Question. What is the difference between this bill and the public facility grant provision in the Area Redevelopment Act?

Answer. The aid for public facilities under Area Redevelopment Act is strictly limited to those projects which are directly related to the creation of new permanent employment, such as a factory. The aid in this bill could be used for the whole range of public works—except schools—which are justified on their own merit.

Question. Won't this $900 million increase the Federal deficit?

Answer. The principal threat to a balanced budget is the danger of a recession. The largest peacetime deficit in our history—$12 billion—came as a result of the 1958 recession. About three-fourths of that resulted from the loss of revenue and most of the rest came from increased expenditures such as temporary unemployment compensation. The economic stimulation that this bill would give would increase Federal revenues. Also, it should be kept in mind that we are currently spending $4 billion a year for unemployment compensation.

Question. Why would this bill authorize matching grants for projects now eligible only for loans?

Answer. Loan assistance may be adequate to meet ordinary community facility needs, but the present circumstances of high unemployment and uncertain economic outlook call for a more direct and effective aid.

Question. Could not the President use the $2.5 billion of unobligated funds under existing programs, such as urban renewal, VA, home loans, farm home loans, and community facilities, so that this bill would not be needed?

Answer. None of these programs would provide the right aid at the right places to meet the present problem of unemployment. Half of that total is for the urban renewal program and urban renewal is necessarily a long and time-consuming undertaking. Moreover, the first object of urban renewal expenditures is the acquisition of land and existing structures, and this does not create employment. The highly successful community facility program authorizes only loans and carries an interest rate of approximately 3¾ percent which simply is not enough aid to stimulate enough additional construction promptly. The home loans for rural areas under the Farmers Home Administration and Veterans' Administration cover many areas which, while lacking sources of private mortgage money, are not necessarily those in which unemployment is serious. Moreover, two-thirds of the VA loans are made to purchase existing homes and thus generate no employment. In contrast, H.R. 10113 is carefully designed to stimulate construction promptly and in areas of greatest need.

THE PUBLIC WORKS COORDINATOR

Question. Is the Office of Public Works Coordination and Acceleration a new idea?

Answer. No; it has been advocated by the Morris-Cook Commission of the Truman administration, both Hoover Commissions, and the Committee on Government Organization in the Eisenhower administration.

Question. Does not some existing agency, such as the Bureau of the Budget, now do the kind of work which the Coordinator would do?

Answer. There is no existing agency charged with the responsibility of coordinating information on public works projects at all levels of Government. Under the previous administration a Presidential assistant was appointed to perform approximately the same function that the Coordinator would have.

Question. Would this Coordinator be some kind of a public works czar?

Answer. He would not. The bill would not give him any operating responsibilities whatsoever. His function would be simply informational and advisory.

Question. Would the Director of the Office of Public Works Coordination determine which projects would be accelerated under the immediate acceleration program?

Answer. He would not. Responsibility for approval of projects would rest with the Federal agencies responsible under existing law for the administration of the programs which construct or provide assistance for the construction of public works. The President would have the responsibility of allocating the funds appropriated under this bill among these operating agencies. The Director would only be an advisory and informational arm of the Congress and the President.

Patriotism in Procurement Scandal Rewarded With Vicious Reprisal

EXTENSION OF REMARKS

OF

HON. EARL WILSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 16, 1962

Mr. WILSON of Indiana. Mr. Speaker, in past reports to my colleagues on the shocking waste that goes on in military departments, I have mentioned the difficulty in securing the cooperation of American industrialists to ferret out wrongdoing and chicanery. I have said pointblank that there is a scandal underneath military procurement that will make Teapot Dome look like a ladies tea party, and I have also said American business is afraid to speak up for fear of reprisals that could ruin any single business. These reprisals come swiftly when the inefficiency and duplicity of a military agency is unveiled for all to see.

Today I want to call the attention of the House—and the entire Nation—to a profoundly disturbing situation that illustrates what I have been contending throughout my own personal procurement study. There is a brazen, callous, and shocking attempt underway right now to retaliate and exact reprisals on a businessman who is a key witness in the Justice Department prosecution of men charged with accepting bribes in exchange for Government contracts. For reference purposes, Members may consult the RECORD for July 13, 1962, and get the full details. Suffice it to say that two of three men arrested were high-ranking civilian officers of the Signal Corps. They were caught with bribe money in their pockets after Electronic Manufacturer Robert Snoyer, cooperating with the Government, paid them bribes in a restaurant. Snoyer patriotically told the FBI about the bribe demand and cooperated to bring the men to justice.

Since the arrests, a preliminary hearing has been held on the case and the men have been ordered held by a U.S. grand jury. Also, since that time, I might inform my colleagues, the FBI has broadened its investigation into the Signal Corps considerably. I want to predict here today, before I proceed any more, that other shocking instances of corruption will soon come to light and will be presented to a grand jury.

This sort of practice, which leads to rigged contracts, fat prices, and fatter profits, is picking the taxpayers' pockets of billions of dollars each year. This is the idea I have been hammering away at for 18 months, and I am going to continue.

Within the past week I have received what to me is stunning information about a development in the FBI's investigation into Signal Corps procurement. It is a development that proves what I have said—the military conducts reprisals against anyone who dares expose its corruption. It is also a development which is outrageous and which threatens the success of any similar investigation in the future.

Mr. Snoyer's firm, which blew the whistle on corrupt Signal Corps officials, is called Consad Corp. of Santa Monica, Calif. I think the Members will agree this firm is entitled to the respect and gratitude of every Member of Congress and of every person in the country for helping uncover the first of the bad apples in the Signal Corps barrel. It should also be entitled to the gratitude of the Signal Corps for helping ferret out this corruption within its own ranks. Instead, Consad Corp. has been harassed repeatedly since the arrests were made. There seems to be a concerted effort to default Consad on a current Government contract and to drive it entirely out of military production.

I should like to take as much time as possible to explain just how these reprisals are being worked. To effect that I asked Mr. Snoyer to give me a complete memorandum on the pressures being exerted, and he has done that. I shall insert his memorandum to me at this point in my remarks, and I shall refer to it as I progress:

THE CONSAD CORP.,
Santa Monica, Calif., August 8, 1962.

Hon. EARL WILSON,
House Office Building,
Washington, D.C.

DEAR SIR: I pass along to you the detailed information relating to the pressures that have been exerted on the Consad Corp. and the undersigned since July 12, the day of the arrest of two U.S. Army Signal Corps employees at Fort Monmouth, N.J. The pressure which has been exerted relates mainly to four contracts held by this corporation: (1) Contract No. 19388–PP–62–C1–41, dated April 25, 1962; equipment description, cable assembly; (2) contract No. 19389–PP–62–C1–41, dated April 25, 1962; equipment description, cable assembly; (3) contract No. 19394–PP–62–C1–41, dated April 27, 1962; equipment description, cable assembly; (4) contract No. 19417–PP–62–C1–41, dated May 25, 1962, equipment description, cable assembly.

For your information, the reason most of these contracts were dated in April is that I visited the Philadelphia Signal Supply Agency and asked why these contracts had not been awarded, since the date of their bid opening, under competitive bid circumstances, had been at least 6 weeks earlier.

From date of award until July 15, 1962, only one communication was received from the Signal Corps. This was a request to change packaging, which resulted in a price increase of $0.04 per unit on one of the assemblies. On July 12, 1962, the arrest of the Signal Corps personnel occurred. On July 16, the Signal Corps requested I visit their facility; and they requested from me the status of these contracts. I advised them that Consad had closed its manufacturing facility and that it planned to subcontract performance of these contracts to a vendor, CleCal Corp., of Van Nuys, Calif. Mr. Weinfield, conracting officer, verbally agreed with this request; however, it was suggested by a Mr. Perkins and concurred in by Mr. Weinfield that they discuss this program with our proposed subcontractor.

On July 17, 1962, Mr. Kreiger, president of CleCal, and the undersigned visited the Signal Corps offices. At that time, several persons were brought into the meeting. They advised Mr. Kreiger that there were approximately 200 specifications that he must have in his possession and adhere to if he were to successfully complete performance of these contracts. They further indicated that it would take them at least 6 weeks to provide him with these initial specifications which were pertinent to the contracts. They further indicated that each of these 200 specifications could contain references to anywhere from 2 to 20 additional specifications; and that he was expected to adhere to all of these requirements. Then, they called in the packaging expert who, in great detail, pointed out the criticalness and complexity of packaging these products. They further indicated that the penalty for default under the contract was severe and that if this material were not produced in accordance with all of this data his future as a contractor could be jeopardized.

To put this into context, the above represented at least 3 solid hours for various Signal Corps personnel on these matters.

After this meeting, Mr. Kreiger indicated to me that he had decided to withdraw from the program in that: (a) It was impossible to obtain the specifications in the time necessary to meet delivery under the contracts; (b) "It was apparent that every rule and regulation would be carefully implemented"; (c) It would cost more "to review the specifications, contractual documentation, and satisfy the quality control personnel than the face value of the contracts."

On July 19, 1962, in accordance with terms of the contracts and a request made by the contracting officer, we submitted a technical action request to the contracting officer. We had, previously, advised him that preproduction assemblies and test data required by the contracts had been submitted directly to Fort Monmouth by one of our subcontractors. We were advised that it was necessary to submit the technical action request outlining this action that we had accomplished. At that point, and time, it was mutually agreed that a reproducible copy of this technical action request would be submitted directly to the Western Regional Office of the Signal Corps, where all of these negotiations had taken place.

On July 19, 1962, this technical action request was submitted. On July 23, we received a telephone call from the production specialist, Mr. Perkins, stating that this technical action request was not adequate. Since I had submitted this type of paper to various agencies over the past 12 years, I was, naturally, surprised that this particular document which simply described the transmittal of preproduction samples was not adequate. When I asked the reasons, I was informed by Mr. Perkins that he did not know but that a Mr. Levine who was the Fort Monmouth representative at the Western Regional Office would call me to tell me.

When I did not receive word the next morning, July 24, I again contacted Mr. Perkins, at which time he indicated that he did not know why Mr. Levine did not call me. Then, I contacted the contracting officer, Mr. Weinfield, who indicated he would look into the matter and advise me. On July 27, 1962, I received a letter dated July 25, 1962, signed by the contracting officer, that set forth four reasons for this rejection. These objections mainly concerned placing the same information into two areas of the technical action request, instead of indicating a lack of information in the technical action request.

On July 27, 1962, we resubmitted a reproducible copy to the Signal Corps, doing as requested in the original correspondence. We were then advised, upon receipt of this document, that it should not be sent by them but distribution should be made directly as indicated on the form itself. I reminded them of my correspondence of July 23, 1962, addressed to the contracting officer, which confirmed my understanding with them that this should be submitted directly to their office for distribution. They admitted that they had agreed to this verbally, but had changed their minds, indicating that contractually we were required to make this distribution. While I was unable to find this clause in the contract, we did make the distribution, as suggested.

On July 27, 1962, I received a certified letter, return receipt requested, signed by Mr. R. Weinfield, the contracting officer, basically referencing the contracts concerned, and containing the following statements: "Failure to make satisfactory progress may endanger the timely performance on the four following contracts: (These are the ones listed on the first page of this letter).

"It is accordingly requested that the undersigned contracting officer be kept concurrent with your progress in this problem area."

On July 23, 1962, I had advised the contracting officer of our intention to subcontract these contracts to the El-Tek Division of El-Tronics in Hawthorne, Calif., and specifying a change in place of performance of these contracts. This letter was based on confirmation of verbal conversations held between the undersigned and the contracting officer on July 23. On July 24, 1962, I was advised by the proposed new subcontractor, El-Tek, that they had received a call from an unspecified person in the Signal Corps; wherein they had been advised that these contracts were in jeopardy of default and that they should be careful in undertaking a program of this sort. On July 25 or July 26, a survey of El-Tek facilities was conducted by Mr. John Stritch of the Western Regional Office of the Signal Corps. I was advised by Mr. Jacobi, vice president and general manager of El-Tek, that he had never had such a tough survey and that he was told he had quality control problems, and certain other areas of his production department did not appear wholly adequate. On or about July 27, I was advsied by Mr. Jacobi that El-Tek had decided to withdraw from performance of these contracts. The stated reason was that he could not come to a satisfactory financial arrangement with us. This was even though he and I had visited Consad's bank and had received every assurance that funds adequate to cover the value of these contracts, plus $5,800 would be placed in escrow and paid to him upon the shipment of the material under the above-referenced contracts.

On July 30, I requested a very close friend who is a senior executive in the defense industry and who is very close to many personnel in the Western Regional Office of the Signal Corps to call some of his friends to find out what the attitude of that office was to our corporation. He indicated that their position was as follows: "Unless he can find a subcontractor who is so reputable that we can't prossibly criticize him, it is our intention to force a default. If he finds this level of subcontractor, it will cost him enough money, because of high overhead rates, that that payment will be sufficient for our purposes."

Additional correspondence was received on July 31, 1962, from the contracting officer, Mr. R. Weinfield, again indicating potential danger of default.

What we had done, in the meantime, was to seek another subcontractor who could fill the following conditions: (a) Primary business was with another service, other than U.S. Army Signal Corps; (b) cognizance and resident inspection was in the hands of another military department, other than Signal Corps; (c) price to perform said contracts would be in line with our corporation's bid; and (d) technical capability and facilities would be adequate for performance.

We contacted Glentron Systems, Inc., of Sun Valley, Calif., which agreed to undertake these subcontracts. We did not advise the Signal Corps of this action until a firm contract was signed. We did advise Glentron principals of our position with the Signal Corps. They advised us that, since the Air Force was cognizant over their activities and that they had built a considerable number of comparable assemblies for the Air Force, they foresaw little or no problem in harassment by Signal Corps personnel. On July 31, 1962, we formally advised the Signal Corps to change the place of performance from the El-Tek Division of El-Tronics to Glentron Systems, Inc.

Please bear in mind that these assembly jobs require labor which does not exceed more than 10 minutes per unit. At the time all of this correspondence was going back and forth, 90 percent of our material was on hand, and initial deliveries were not due until August 23, 1962. The preproduction samples required by our contracts had been submitted 4 days prior to the contractual due date.

We had not received an answer to our correspondence of June 26, 1962, relating to the packaging, which constituted a delay in the program. We had not received information as to certain inaccuracies in the blueprints and technical data supplied us, upon which performance of one of these contracts is contingent. We had not received any reply other than warnings of possible default to our correspondence of July 23, which requested a contract change for place of performance. As of this date, August 9, 1962, we have not received any information nor any correspondence relating to our request for changing place of performance to Glentron Systems, Inc. We have submitted technical action request relating to preproduction samples, together with the material, and have not received acknowledgment nor any information as to adequacy or inadequacy of these samples. Admittedly, the due date for final testing is August 24, 1962.

On July 30, 1962, I placed a call to Colonel Painter, commanding officer of the Western Regional Office of the Signal Corps, outlining to him the above problems. On July 31, 1962, he called me back and stated he was unable to identify that any of these problems existed.

On July 30, 1962, I was subpenaed to appear at the preliminary hearing on August 1, 1962. I thereupon prepared a letter to General Cook, commanding officer of the U.S. Army Signal Corps, Pentagon, Washington, requesting an audience with him on August 2 or August 3, to state these problems to him; advising Colonel Painter of my intentions. I arrived in Washington on August 2, contacted General Cook's office, was advised that he tried to contact me on August 1 to tell me that he would be out of town on August 2 and 3, but that he would arrange for his deputy commander, Maj. Gen. Howard Scofield, to listen to my statement. I spent from 3 p.m. to 4:30 p.m. with General Scofield, with the following results: (a) He was very grateful and indicated a willingness to always be available to hear problems a contractor was encountering; (b) he had absolutely no command authority over the areas in which I was having my problem and suggested that I go to Philadelphia to discuss the problem; (c) he commented that perhaps I really did not have a problem and that this was mostly hearsay, evidences and documentation that I showed him which might be construed in another manner; (d) he suggested I not go to Philadelphia, but rather, attempt to work with Western Regional Office of the Signal Corps more closely; (e) he was very pleased to see that the contractor was willing to take the risks involved in reporting "alleged violations of the law by employees of the Government," but that he had seen cases wherein they had gone on for several years with the result that the personnel were vindicated; consequently, we could not be positive of guilt or lack of guilt at this time.

This about completes my discussion with the Signal Corps personnel to date on this subject. I must say that I have stated my case to Congressman BELL, Mr. Howard Williams, who is executive assistant to the head of the Criminal Division of the Department of Justice, and to the staff assistant of Senator TOM KUCHEL. They seemed to be more greatly concerned with this harassment and pressure than any of the Signal Corps personnel. Never before in my experience of over 13 years in the defense industry have I seen correspondence which promises contract default 30 days prior to any delivery date, when all material is on hand and a very simple assembly job is involved. Never before have I seen such a careless attitude on the part of senior management in a Department of Defense agency when such thoroughly documented information is presented. Admittedly, we are a very small company and, as such, may not be of great importance to the defense posture. However, we feel that our staff includes some of the most competent technical personnel in the country, at the Ph. D. and subordinate technical levels. Each of us has enjoyed personal success in their endeavors to date, and our work in the past certainly has been accepted by those agencies with whom we have dealt. Never before have I received certified letters with this type of warning included. Never before have so many detailed specifications and obscure restrictions been relayed to me. At any rate, this corporation is presently ahead of schedule on all of these contracts. I continually advised the Signal Corps of the fact of this status. They have been requested to review this in detail, and we have indicated our willingness to cooperate with them in this review relating to internal financial data, production schedules and similar data, which would substantiate our position. The reaction to date to each of these suggestions, as you can see, has been another warning letter.

It is my hope, Congressman WILSON, that by publicizing incidences such as this, that some gain may be obtained by the Government of the United States and the Defense Department in avoiding situations of this type in the future. I fully recognize that this letter can possibly result in even greater pressure being placed upon me by various lower level personnel within the Government agencies. It is my intention, if this happens, to fully exhaust every means at my disposition to bring these matters to light in the full knowledge that this is not representative of the truly dedicated Government executive; hoping that the result of this information will be to eliminate or minimize occurrences of this type in the future. It is my belief, after spending many years in procurement activities on the industry side, that corrective legislature and particularly the improvement of administrative procedure that truly reflect existing laws would be helpful in reducing the costs to the Government of procured equipment in the defense effort. The loopholes and inconsistencies that exist are indeed extensive.

Please consider that the undersigned and resources of our organization, small as they may be, are at your disposal in assisting with the correction of these matters. At your request, we will be more than happy to detail certain areas which appear to be most flagrant.

Thank you for your assistance and interest.

Sincerely yours,

THE CONSAD CORP.,
ROBERT S. SNOYER,
President.

Now that is Mr. Snoyer's record of treatment his firm has received since he acted as a patriotic American. You will note when you read the memorandum that 2 weeks ago Mr. Snoyer came to Washington to complain to the Signal Corps about this treatment. He talked for 90 minutes with Gen. H. L. Scofield, after being diverted to that officer by the man with whom he actually had an appointment.

What action did he get from Scofield? Well, in my opinion, General Scofield said in effect, "Very interesting, if true. But your problem is outside my area of responsibility now. My main concern these days is with the new Defense Supply Agency. Take your problem up with Signal Supply Headquarters in Philadelphia."

This sort of statement was made by the head of the Signal Corps procurement division. It is an outrage that is absolutely incredible. You might ask why is it happening. I think there are several reasons:

First. Even the honest members of the Signal Corps procurement system apparently feel that this investigation is a blot on their record for they are a part of the procurement mechanism that this manufacturer has helped prove can be perverted for corrupt ends. Apparently honest members of the Signal Corps feel that as originators and administrators of this system, this investigation is a reflection on them. So they are doing everything possible to discredit this firm. It is the old story of "close ranks" and "protect one of your own"—even if your own is crooked.

Second. The stake that the remaining corrupt officials have in discrediting this firm is obvious. The entire electronics industry is watching to see what happens in this case. If this firm can be made an example, if it can be harassed out of the procurement field, it will stand as a lesson to all other contractors. If you blow the whistle on the Signal Corps—or on other corrupt procurement officials in any service—then "you'll get it in the neck." So keep your mouth shut and pay the shakedowns and kickbacks that are often necessary for smaller firms to get Government business.

Mr. Speaker, this situation cannot be permitted to continue. If Signal Corps officials from the chief signal officer, Gen. E. F. Cook, and the chief procurement officer, General Scofield, on down do not put a stop to this—immediately, without equivocation—then we may as well say goodby to all hopes for honesty—and equally important, for economy—in defense procurement. Such action is a blaring invitation for every procurement officer in every service to wheel and deal with impunity, to milk the taxpayers dry by selling defense contracts with under-the-table payments like they were being peddled on an auction block.

I understand that this situation has been brought to the attention of the Justice Department, and that the Attorney General is taking a personal interest in the matter. He is to be congratulated. Someone has to see to it that a firm which does its civic duty—and there are far too few firms willing to take such steps—is not penalized as a result.

I would like to make one thing clear at this point. I am not suggesting that this firm be rewarded for the brave action it took. Nor does this firm expect a reward. All I am asking—and all the Consad Corp. is asking—is that it be treated no differently than any other firm doing business with the Signal Corps. It is entitled to no more, but it is also entitled to no less.

Personally, I intend to demand from the Department of Defense and the Signal Corps a full report on this situation—an explanation why this was permitted to happen and a list of the names of the persons responsible. I also intend to recommend that the General Accounting Office, if possible, act as an impartial arbitrator in this situation to determine whether this firm is being subjected to discriminatory treatment by the Signal Corps' west coast office.

I hope that all other fellow Members of Congress interested in honesty and economy in procurement—and particularly my colleagues from this firm's home State of California—will join with me in calling the public's attention to this shocking situation and in urging the Defense Department to stop this disgraceful conduct on the part of the Army Signal Corps.

I am today directing a letter to Secretary of Defense McNamara asking for a full investigation of this outrage by the Defense Department Intelligence Agency. If the Secretary's performance in this case follows past patterns, do not look for any earthshaking developments. I say this because I have been denied information on military procurement by the Secretary of Defense himself.

To conduct a study such as mine it is necessary to have "before the fact" information on procurements. For some time I was receiving this information from several agencies. Since the findings began to come out, however, and since I have been proving that the taxpayers' money is being thrown to the winds, the Secretary of Defense himself has had me purged from lists to receive such information. He, too, follows the "close ranks against the foe" approach of all the rest of the military.

If this sort of action is typical of the man who has been called the "whiz kid" of the Defense Department, then I think it is time he went back to the Ford Motor Co. where he belongs and we got a Secretary of Defense who will cooperate with the Congress and who will work for the best interests of the American people.

The reason the Defense Department has shut off information to me is the same reason why reprisals are being taken against Consad and others. We are hitting the tender spots. We are uncovering the waste, the inefficiency, and the corruption. In short, Mr. Speaker, we are hitting them where they live, and they are trying to cut me off to stifle my work. I want to state here and now that the Secretary of Defense or no other person can do that, and I shall continue to investigate every example of abusive procurement I can uncover.

That, then, is the report on reprisals against Consad. What is Secretary McNamara going to do about it? Is he going to do anything? I think you will agree that it is indeed a shameful situation and one that should be corrected.

In closing, I want to inform my colleagues that I have just received a report on another phase of my study from the Comptroller General which shows that an American industry received a 100-percent larger profit for making a simple power supply than should have been the case. Next week I intend to spell out the facts in that case, and I think the Justice Department should proceed against the company, demanding return of the excess profits.

SENATE

FRIDAY, AUGUST 17, 1962

(Legislative day of Tuesday, August 14, 1962)

The Senate met at 10 o'clock a.m., on the expiration of the recess, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, with so much of the earth in fetters of the mind and body, we are grateful for this free land, throned in richness between the seas.

For borders without guns, for frontiers which are swinging gates, for unity in diversity, for peace that holds a continent in its blessed sway, and for equality of opportunity which beckons all to its summits, we lift the Te Deum of our thanksgiving.

May those called by the people's choice to defend our heritage and to administer the affairs of the Nation make daily choice of decisions determined by spiritual integrity amid the corruption that is in the world through the lust of power, that without fear or favor they may contend steadfastly for the right, as Thou dost give them to see the right.

In the name of the Redeemer, we pray. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 16, 1962, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 2020) to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, Naval Petroleum Reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes.

The message also announced that the House had passed the bill (S. 3597) to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5423. An act to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes;

H.R. 12081. An act to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property; and

H.R. 12900. An act making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and certain river basin commissions for the fiscal year ending June 30, 1963, and for other purposes.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 5423. An act to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes; and

H.R. 12081. An act to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property; to the Committee on Armed Services.

H.R. 12900. An act making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and certain river basin commissions for the fiscal year ending June 30, 1963, and for other purposes; to the Committee on Appropriations.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, in my own time, and with the concurrence of the Senate, would it be possible to proceed to the consideration of executive business, to consider nominations on the Executive Calendar, and then return to the regular time; or would it be advisable to withhold that?

The VICE PRESIDENT. A motion to proceed to the consideration of executive business is in order at any time, and is privileged.

Mr. MANSFIELD. Mr. President, I withhold it.

CALL OF THE ROLL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum has been suggested, and the clerk will call the roll.

The Chief Clerk called the roll; and the following Senators answered to their names:

[No. 200 Leg.]

Bottum
Burdick
Carlson
Cotton
Dirksen
Gore
Hayden
Holland
Jordan, Idaho
Keating
Kefauver
Lausche
Mansfield
McGee
Metcalf
Miller
Morse
Pastore
Pearson
Robertson
Russell
Smathers
Smith, Mass.
Talmadge

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], and the Senator from Wyoming [Mr. HICKEY] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Kentucky [Mr. MORTON] are detained on official business.

The VICE PRESIDENT. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms is instructed to execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. BARTLETT, Mr. BEALL, Mr. BENNETT, Mr. BOGGS, Mr. BUSH, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CASE, Mr. CHAVEZ, Mr. COOPER, Mr. CURTIS, Mr. DODD, Mr. DOUGLAS, Mr. ELLENDER, Mr. ERVIN, Mr. FONG, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. HICKENLOOPER, Mr. HILL, Mr. HRUSKA, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. JORDAN of North Carolina, Mr. KERR, Mr. KUCHEL, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MONRONEY, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mrs. NEUBERGER, Mr. PELL, Mr. PROUTY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. SCOTT, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. THURMOND, Mr. TOWER, Mr. WILEY, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH, Mr. YOUNG of North Dakota, and Mr. YOUNG of Ohio entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MORSE. Mr. President, I call up my amendment V and ask that it be read—that my statement in support of the amendment be inserted and—then let the guillotine fall.

Mr. PASTORE. Mr. President, may we have order, please?

The VICE PRESIDENT. The Senate will be in order.

The amendment of the Senator from Oregon will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 38, lines 8 through 10, it is proposed to delete everything starting with "shall" on line 8 and ending with "such" on line 10, and to insert in lieu thereof "determine whether such negotiations are solely business negotiations. In any case where that Department determines that foreign policy considerations are relevant, the Department shall conduct or supervise such negotiations throughout the course of any business."

STATEMENT OF SENATOR MORSE IN SUPPORT OF AMENDMENT "8-13-62—V"

1. The following testimony offered before the Senate Foreign Relations Committee conclusively demonstrates that the language in the bill relating to "business negotiations" needs clarification, and that the clarification should be in the direction of securing to the State Department the authority to conduct or supervise negotiations in which it discerns a vital national foreign policy interest.

2. Under H.R. 11040 the State Department is powerless to enter "business negotiations" unless invited by the corporation.

3. Despite random assertions during the consideration of this measure that the Secretary of State interprets the act as adequate, the fact is that the language is not adequate in the opinion of witnesses who are distinguished international lawyers and one of whom, Mr. Cohen, is a former legal adviser to the State Department.

"Mr. GROSS. I have three points to make briefly.

"In the first place, 'business negotiations,' as a phrase, even in the excerpt that you just read, Senator LAUSCHE, is not defined, and I submit it is not definable.

"Secondly, we are talking here about a legislative proposal which would give statutory authority to a corporation on its own to engage in business negotiations, which is unprecedented.

"In the third place, there is no reference in this legislation to policy considerations and policy negotiations.

"What has been done here is to take the original section 402, revise it to refer only to business negotiations, and leave out any reference whatever to the responsibilities or authority of the Department of State with any other kind of aspect of negotiations.

"It is, speaking as a lawyer, like drafting a codicil to a will and then throwing away the will."

* * * * *

"PURPOSE OF MAKING LEGISLATIVE HISTORY ON NEGOTIATION CERTAIN

"Senator Lausche. To conclude, will you, Mr. Gross, explain what you want us to establish by the legislative history?

"You want us to in some way indicate the limitations that this corporation will have imposed upon it in carrying on negotiations; is that correct?

"Mr. Gross. Two things, Senator Lausche, very briefly summarizing:

"First, I would think that our foreign policy interests would be well served by reinserting in the bill the reference to the United Nations in section 201(a)(5).

"Secondly, it seems to me that the national interests would be well served by going back to the original version of section 402. If that is not the will or wish of the Congress, then at the very least, section 402 should be amended so as to give to the Department of State, or, better still, to the President or his delegate, the authority to determine what is a 'business negotiation.'

"And, thirdly, in order of priority, if that is not satisfactory to the Congress, then, as a poor third, that the legislative record and the report of this committee should make it explicitly clear that that is the congressional intent.

"Senator Lausche. That that is what?

"Mr. Gross. That that is the congressional intent.

"Senator Lausche. That is, that the limitations shall be on business negotiations?

"Mr. Gross. That the President or his delegate should have the explicit authority to determine what is a business negotiation.

"Senator Lausche. That is in the first three, but if you are not successful in getting any one of the first three suggestions, and you are left only to the establishment of a legislative history, what would you do?

"Mr. Gross. Just that point, that the committee in its report, I respectfully submit, should, at the very least, set forth the interpretation by the Committee on Foreign Relations that section 402 is intended and is designed to give to the President or his delegate the authority to determine whether or not a particular negotiation in a specific case is or is not a business negotiation."

* * * * *

"CONCERN WITH DELEGATION OF AUTHORITY TO CONDUCT DIPLOMATIC NEGOTIATIONS

"Mr. Cohen. My secondary concern is with the delegation of the authority to conduct diplomatic negotiations to a hybrid corporation. The administration, in the bill they first submitted, carefully provided that the State Department should have complete control over the negotiations with foreign governments.

"The bill now before you gives the power of handling business negotiations to this hybrid corporation, be it a public or private corporation, I do not know.

"The proponents of the legislation say the corporation is subject to the supervision or guidance of the President and State Department but the language of the bill is very equivocal. Whether it gives more power than the power merely to advise rather than direct the corporation is not clear.

"And I would draw your attention to the fact that business negotiations at this stage cannot be distinguished from negotiations that involve the widest and most important public interest.

"Even if the bill could be construed as the proponents try at the present time to construe it, to say that it gives the President power of direction, it is hazardous to say that the corporation or the courts would so construe it in view of the legislative history.

"But even if the State Department has power of direction, the State Department is still in the position of having to farm out its negotiations to, and having to handle its negotiations through this company. I think the President and the State Department should be in complete command of these negotiations and should not be obliged to act through a private or public corporation.

"If they want to use and need this corporation or other experts in private industry, they can, of course, use them.

"But I do not think the President and the Secretary of State, even if they should wish to do so, should be permitted to delegate their authority to negotiate with foreign countries to a private corporation."

4. The section originally proposed by the President [sec. 402] would have given clear and unambiguous authority to the State Department to conduct or supervise international negotiations. In view of the fact that this was stricken from the bill, and that the Senate has resisted several attempts, including one by the majority whip, to restore this authority, the foreign policy interests of the United States Government are gravely imperiled by, at least, confusion—probably the delay, expense and vexation of adversary proceedings—and, at worst, the exercise of foreign policy functions by the corporation in the absence of any determination.

5. It is therefore urged that the Senate, as it may do with ease at this point, resolve the ambiguities of the act clearly in behalf of the authority of the President and the Government of the United States.

Mr. PASTORE. Mr. President, if there are no further comments on this amendment, I move to lay the amendment on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment to the committee amendment offered by the Senator from Oregon.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up my amendment PPPP. In support of this amendment I will file a statement at this point pursuant to the unanimous-consent agreement reached last night.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 37, between lines 13 and 14, it is proposed to insert the following new subsection:

(d) In consideration for the authority conferred upon the corporation by this Act, the corporation, under such regulations as the President shall prescribe, shall provide telecommunication services without charge for communications of a public service nature—not less than 1½ hours of the daily transmittal time of the satellite communication system as such communications shall be defined by such regulations.

Statement of Senator Morse in Support of Amendment 8-13-62—PPPP

This and the next amendment I shall offer (8-13-62—TT) are directly supported by testimony rendered by Director of the USIA Edward R. Murrow in the Senate Foreign Relations Committee as follows:

"IMPORTANCE OF WORK OF THE USIA

"However, I have scanned your testimony this morning, and I have a few questions in regard to it.

"It is true, is it not, that in the years immediately ahead the United States has a great responsibility in the field of foreign policy of seeing to it that the peoples in the underdeveloped areas of the world are informed in regard to the advantages of freedom over the enslavement of communism?

"Mr. Murrow. Yes, sir.

"Senator Morse. It is true, is it not, that your fine organization—and I happen to be one who thinks your organization is doing an effective and magnificent job—has a great responsibility to the American people to see to it that we do the best possible job of exporting the ideals and the ideas of freedom to the underdeveloped areas of the world?

"Mr. Murrow. That is the way we conceive our function, yes, sir.

"Senator Morse. Mr. Murrow, to do that it is going to be necessary, is it not, to really step up our information programs and services into Latin America and southeast Asia and Africa?

"Mr. Murrow. Yes, sir.

"Senator Morse. That is a very costly program, is it not?

"Mr. Murrow. It is.

"Senator Morse. Am I correctly informed that the present budget of the USIA is in the neighborhood of $125 million a year?

"Mr. Murrow. No, sir.

"Our budget for the last fiscal year was $111.5 million. We asked for an increase for the current fiscal year of about 14 percent.

"Our mark from the House Appropriations Committee was $120.5 million for the current fiscal year. We have not yet appeared before the Senate committee.

"Senator Morse. We do not even have $125 million yet?

"Mr. Murrow. That is correct.

"COMMUNICATIONS RATES PAID BY USIA

"Senator Morse. My recollection from reading your testimony is that if your agency put out an hour-and-a-half program a day into these underdeveloped areas of the world which you list in your statement, it would cost in the neighborhood of $900 a million a year at commercial rates?

"Mr. Murrow. That is correct, sir.

"Senator Morse. What rates do you pay at the present time for the programs that you send around the globe under our existing international communications system in relationship to commercial rates or modified commercial rates?

"Mr. Murrow. Where we use commercial facilities for radio particularly, we pay the normal commercial rate. As a matter of fact, in servicing our shortwave transmitters aboard, we do, to the largest extent possible, use our own facilities, that is, our own, home-based shortwave transmitters. We make no use of cables to transmit television pictures under so-called slow scan system.

"DESIRABILITY OF RATE REDUCTIONS FOR USIA

"Senator Morse. Would it be desirable, Mr. Murrow, if we set up a satellite communications system, to have the facilities of that system made available to our Government for the transmitting of the type of freedom programs that you and I have had in mind as we have been discussing this problem?

"Mr. Murrow. It seems to me that that would be desirable, sir.

"Senator Morse. Is there anything in this bill that guarantees to the U.S. Government a reduction in commercial rates for the transmission of U.S. programs of freedom to the areas of the world where the Communists are a 24-hour-a-day-and-night threat to freedom?

"Mr. Murrow. No, sir.

"Senator Morse. Would I be fair and accurate in my appraisal of the bill if I said that, at best, in its present wording, the bill would make it possible for negotiations to be conducted in regard to rates, but that there is no guarantee that the ownership of the system would have to agree to any reduction in rates?

"Mr. Murrow. Yes, sir, that is correct.

"Senator Morse. Would you oppose an amendment to this bill that made a condition precedent upon the corporation created by the bill that there be the transmission of X number of hours at cost to be decided befor the final amendment is drafted?

"Mr. Murrow. Senator Morse, I am not here to propose amendments.

"I thought it my duty to call to the attention of this committee the order of magnitude of the costs that would be involved.

"I have no language to propose.

"Senator Morse. Let me make very clear, Mr. Murrow, that I respect your position, and I do not want in any way to ask a question that, in your opinion, would place you, shall I say, in a sort of conflict-of-interest position.

"Yet you and I are talking here about a great problem that confronts this Republic in the years ahead, and, as a member of the Foreign Relations Committee of this Senate and chairman of the Subcommittee on Latin American Affairs, I am greatly concerned about the battle for freedom in Latin America. I am satisfied that it is only going to be a matter of a very short time before Russia is going to have her communications satellites up there, and she is going to be using them. They are not going to be used on any so-called commercial-rate basis.

"They are going to recognize their use of their satellites as part of their so-called defense program—their program to enslave men's minds, not to free them.

"That is why I ask the question. I have respect for your knowledge in this field—I will put the question this way:

"Do you agree with me that the bill in its present form does not guarantee to your Agency any reduction in commercial rates for any program or programing that you may wish to develop if this bill should become law?

"Mr. Murrow. There is no such guarantee in the bill as it stands.

"Senator Morse. If commercial rates have to be paid not only by your Agency but by any other sponsor or group in Latin America, southeast Asia, or Africa for a freedom information program, would we not be faced with the handicap that it is going to be very difficult to get sponsors for such programs in those countries already in serious economic plight?

"Mr. Murrow. This would depend upon a political decision, I should think, by the receiving country, Senator Morse, as to whether they chose to pick up from the satellite a given program and relay it over their domestic facilities.

"INABILITY OF UNDERDEVELOPED COUNTRIES TO PAY FOR SATELLITE COMMUNICATIONS

"Senator Morse. Do you think that because of that fact, this committee and this Congress might well be faced with requests from these economically poor countries in the years to come for increases in American foreign aid to pay these commercial rates to an American monopolistic corporation which has the rights to transmit these programs into a foreign country?

"Mr. Murrow. Senator, I do not know whether such requests would be likely to be forthcoming.

"Senator Morse. Where do you think they would get the money?

"Mr. Murrow. They might in some cases be able to provide it themselves.

"Senator Morse. Have you looked into their present sources of income? Do you realize that many of these countries would be in economic chaos right now if we were not already supplying millions of dollars of foreign aid?

"Mr. Murrow. I am aware of that, sir.

"Senator Morse. My questions and your answers have brought out one foreign policy point that I now want to make by way of a brief observation. I realize there are some members of the committee who do not like to have me make observations.

"What bothers me about this bill is that you set up this corporation, and you give it legal rights under this bill, and what amounts, in fact, to a monopolistic control over the sending of great programs for freedom around the world. As far as Government programs are concerned, you are going to have to pay rates far above cost or you are going to have to get a government in an underdeveloped, poverty-stricken foreign land, which is already being threatened by communism because it cannot bring to the masses of the people a higher standard of living, in the position where it is going to have to ask the United States for more foreign aid to subsidize these programs. The U.S. Treasury will then be paying through this foreign government the commercial rates to this monopolistic corporation. Or else you are going to deny the masses of the people of those countries the programs that I think you and I know we have got to get to them, if we are going to win this cause for freedom.

"I have been in these parts of the world. I know what your programs do. I know the terrific job that USIA is already doing in raising serious doubts in these underdeveloped areas of the world about communism and the benefits of freedom. That is why I have urged for some time now that we get this issue before this committee for a discussion of the foreign relations aspects of this bill.

"This is a vital one, and that is why the senior Senator from Oregon has been saying to the American people, as he did in Seattle last night, 'I want to point out to you that this bill is full of direct and hidden subsidies to an American monopolistic corporation that is going to be created by it, and, instead of us really having a free hand in transmitting these messages, we are going to find ourselves in a whole series of litigious negotiations with A.T. & T. and the other carriers that are going to be involved in this bill.'

"I want to say to you—and I am not asking for agreement—in my judgment, the testimony that you have given here this morning about the costs of these programs for an hour and a half a day, which is short enough time, and, in many instances, in some of these countries should be much longer, shows what a tremendous cost it is going to be right out of the pockets of the American taxpayers. This leads me to the next question. Please watch my time, Mr. Chairman."

Mr. PASTORE. Mr. President, if there are no further comments on this amendment, I move to lay the amendment on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Oregon to the committee amendment. [Putting the question.] The ayes appear to have it.

Mr. KEFAUVER. Mr. President, I ask for a division.

The VICE PRESIDENT. A division has been requested.

On a division, the motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendment at the desk identified as "TT." The testimony previously inserted bears with equal force upon the desirability of this amendment.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 37, line 7, after the word "and" it is proposed to add "the corporation shall receive such communications services at preferential rates".

Mr. PASTORE. Mr. President, if there are no further comments on this amendment, I move to lay the amendment on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Oregon to the committee amendment.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendment intended to be proposed by the Senator from Tennessee [Mr. Kefauver], for himself and other cosponsors, identified as "RR." I shall also support this amendment with a statement for the Record.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 33, line 11, after the word "person", it is proposed to insert the following: "*Provided, however,* That Congress expressly reserves the right to direct the Commission to require any communications common carrier to divest itself of part or all of its voting stock in the corporation in an amount determined by Congress, such direction and determination, if any, to be made subsequent to review by Congress of the report by the Commission authorized and directed by title V of this Act."

On page 40, following line 14, it is proposed to insert the following:

TITLE V—FEDERAL COMMUNICATIONS COMMISSION'S INVESTIGATION OF THE COMMUNICATIONS INDUSTRY

Sec. 501. It is necessary, in aid of legislation by the Congress and for the use of governmental agencies, particularly with respect to space satellite communications and other rapidly advancing areas of communication technology; for the information of the general public; as an aid in providing more effective rate regulation; and for other purposes in the public interest; that accurate and comprehensive information be procured and compiled regarding both the domestic and international operations of American Telephone and Telegraph Company and other communication common carriers.

Mr. MORSE. Mr. President, may we have order, so that we can hear the clerk?

The VICE PRESIDENT. The Senate will be in order.

The legislative clerk resumed the reading of the amendment, as follows:

Sec. 502. The Federal Communications Commission is hereby authorized and directed to investigate and report to the Congress no later than January 20, 1964, on the following matters with respect to the American Telephone and Telegraph Company and other communication common carriers, including all of their subsidiary, affiliated, associated, and holding companies, and any other companies in which any of them have any direct or indirect financial interest, or which have any such interest in them, or in which any of their officers or directors hold any office or exert any control or whose officers or directors hold any office or exert any control in them. The report shall give particular emphasis to all aspects of the following matters which have occurred since 1939:

(a) The corporate and financial history, and the capital structure and the relationship of such company and of its subsidiary, affiliated, associated, and holding companies, including the determination of whether or not such structure may enable them to evade regulation or taxation, or to conceal, pyramid, or absorb profits, or to do any other act contrary to the public interest.

(b) The extent and character of intercompany service contracts and all transactions between communications common carriers and their subsidiaries, affiliated, associated, or holding companies, and particularly between the American Telephone and Telegraph Company and the Western Electric Company and other manufacturers of electrical communication equipment; the cost of and sale prices of equipment, material, or devices to operating companies or users; the profits upon such sales and the effect of such sales upon the rates or upon the rate base of operating companies when used as a basis for charges; and the probable savings to operating companies and the public by purchasing equipment under a system of competitive bidding.

(c) The reasonableness of rates and charges; and, the extent to which subscribers or users of communications services have borne the cost of research and development, including but not limited to the maintenance and support of Bell Telephone Laboratories, Incorporated.

(d) The effect of monopolistic control upon the reasonableness of rates and charges, upon competition in the communications industry, and upon the character of services rendered, and any unfair or discriminatory practices.

(e) The effect of mergers, consolidations, and acquisitions of control in the communications industry, including the determination of whether there has been any "writeup" in the purchase price of property, equipment, or intangibles, the fairness of the terms and conditions of any merger, consolidation, or acquisition, and the public interest therein, and the effect thereof upon rates or service.

(f) The accounting methods of the communications common carriers, particularly with reference to depreciation and reserve accounting, apportionment of investment, revenues, and expenses between State and interstate operations, employee pension funds, executive compensation, and valuation of properties for both rate and tax purposes.

(g) The methods of competition by communications common carriers amongst themselves and with other companies including the determination of whether or not there has been any sale or refusal to buy from or sell to competing companies, or suppression of patents, and the expansion of communications common carrier companies into various fields.

(h) Whether or not the communications common carriers have sought through propaganda or the expenditure of money or the control of channels of publicity to influence or control public opinion, legislative or administrative action, or elections.

(i) All other matters in any way bearing on the reasonableness of rates and charges, quality of service, the extent of concentration, and competition in the communications industry.

Mr. MORSE. Mr. President, the Senate is not in order.

The VICE PRESIDENT. Senators will cease conversation. The Senate will be in order. The Senators cannot hear the clerk read the amendment.

The clerk may proceed.

The legislative clerk continued to read, as follows:

Sec. 503. As used in the resolution the term "communications common carrier" shall include all subsidiary, affiliated, associated, and holding companies or corporations and all companies directly or indirectly associated or connected with telephone companies, either by direct or indirect stock ownership, interlocking directorates, voting trusts, holding or investment companies, or any other direct or indirect means.

Sec. 504. For the purposes of this resolution the Federal Communications Commission is hereby authorized to hold hearings; to contract for stenographic reporting service; to utilize its regular personnel, facilities, jurisdiction, and powers insofar as practicable; and to employ for the purposes of this investigation such additional experts, including engineering, accounting, legal, and other assistants as may be found necessary, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States; and to make such other expenditures, including necessary travel expenses, and expenditures for printing and binding, as it deems necessary. The Commission is also hereby authorized to have access to, upon demand, for the purposes of examination, and the right to copy, any books, papers, correspondence, memorandums, and other records of any person, partnership, company, or other organization being investigated, whether such books, papers, correspondence, memorandums, or records are in the possession of the company under investigation or are in the possession of other persons, firms, or corporations; to require by subpena the attendance and testimony of witnesses and the production of books, papers, correspondence, memorandums, and other records which the Commission deems relevant or material to the inquiry, at any designated place of hearing within the United States; to administer oaths and affirmations, to require persons, partnerships, companies, or other organizations to submit to the Commission in writing reports and answers to specific questions, furnishing such information as the Commission may require relative to the inquiry. Such reports and answers shall be made under oath or otherwise as the Commission may prescribe and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission. In case of contumacy or the refusal to obey any subpena or other order issued hereunder, the Commission may invoke the aid of any court of the United States, within the jurisdiction of which such inquiry is carried on, or where such party guilty of contumacy or refusal to obey resides or has his place of business, in requiring obedience to such subpena or other order and any such court of the United States shall have jurisdiction to issue its order enforcing such subpena or other order of the Commission in whole or in part; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in such cases may be served wherever the defendant may be found.

Sec. 505. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $3,265,900, to be made immediately available to the Federal Communications Commission for the purposes of the investigation and report herein authorized and directed, and the Commission shall make special reports to Congress on its progress and its findings in this investigation.

STATEMENT BY SENATOR MORSE IN SUPPORT OF AMENDMENT 8-11-62—RR

1. Throughout the consideration of satellite communication bill, it has been repeatedly pointed out that, since its inception in 1934, the Federal Communications Commission has not conducted a formal rate hearing upon the American Telephone & Telegraph Co., although such a study has repeatedly been recommended by the Commission's staff and has been requested by a committee of the Congress.

2. The testimony of Chairman Minow in the Senate Foreign Relations Committee is replete with admissions that the FCC has never adequately regulated A.T. & T. of which the following excerpts are examples:

"FCC CURRENT REGULATION OF A.T. & T.

"Senator Long. When you testified before my subcommittee—I believe that was last year—you admitted that in the history of the Federal Communications Commission there has never been a formal determination of what the rate base of A.T. & T. actually is.

"Mr. Minow. I think since the 1930's the Commission has never conducted a formal rate case on the record. We have followed for the last 30 years a policy of continuous review, of a continuous analysis of the rates.

"Senator Long. Now, let me ask you this. Would it be true that most, if not all the rate reductions you have won from A.T. & T., were voluntarily agreed to by that company.

"Mr. Minow. Well, they were the result of negotiation. I think there were several 'show-cause' orders issued from time to time which resulted in a negotiated reduction.

"Senator Long. Can you be in position to fix precisely the rate of any given service performed by that company if you have never had a formal determination of what the rate base actually was?

"Mr. Minow. The approach the Commission has taken for 30 years is to keep a constant eye on the rates. We look at them every month. In September of this year we are going to have the company down again as we do periodically.

"I might add, Senator, we do have at the moment underway at the Commission, I think, five hearings going on involving the A.T. & T., which are record hearings. These are on specific services, TELPAK, WADS, WATS, and so on. We have five going on right at this moment.

"IMPORTANCE OF RATE BASE DETERMINATIONS

"Senator Long. What is the significance of a formal rate determination or formal rate base determination?

"What is the significance of it? Why do people do it at all? Why do commissions do it?

"Mr. Minow. Well, to establish on a record, under cross-examination of witnesses and accountants and experts, what the elements are that go into rates which may be in controversy, into the rate base, and what the carrier needs to provide adequate service to the public. There are a whole host of regulatory standards that have been established through the years.

"Senator Long. In the absence of this formal determination, is the Commission in a position to go to court and win a case for a major rate reduction?

"Mr. Minow. No, sir."

* * * * *

"PERSONNEL REQUIREMENTS OF FCC

"Senator Humphrey. I think that is very fair.

"I have one final question.

"You said you have 140 staff members for the Federal Communications Commission?

"Mr. Minow. For the Common Carrier Bureau for regulating the common carriers.

"Senator Humphrey. Have you asked for additional staff this year?

"Mr. Minow. We have, Senator Humphrey.

"Senator Humphrey. Have you been granted it?

"Mr. Minow. The House Appropriations Committee has granted it. We are awaiting our hearing before the Senate Appropriations Committee next week.

"Senator Humphrey. How much additional staff do you think will be required to regulate this agency properly?

"Mr. Minow. For space alone we need 21. The real problem is not the number of people; it is the caliber. We need good, talented cost accountants and experts.

"Senator Humphrey. How is your salary structure today for obtaining these people?

"Mr. Minow. Hopeless. Hopeless.

"Senator Humphrey. May I add that I am sure that this is possibly the case. As you know, we have large numbers of the American public that want the public interest protected but at cutrate prices.

"Mr. Minow. It cannot be done.

"Senator Humphrey. So the carrier can pay twice or three times as much for the person that you need to regulate the carrier. The Government of the United States is supposed to be able to recruit people on sort of a charity basis for the common good to regulate these giant monopolies."

* * * * *

"CONGRESSIONAL REQUEST FOR OVERALL RATES OF A.T. & T.

"Senator Morse. Has a hearing on the overall rates charged by A.T. & T. ever been requested by a committee of Congress?

"Mr. Minow. Not that I am aware of; no, sir.

"Senator Morse. I am informed, and I will check it for the facts, that the Antitrust Subcommittee of the House Judiciary Committee on January 30, 1959, made a request for a hearing as to interstate rates and the Commission took no action.

"Mr. Minow. That was January 1959. That was before I was there. I am not aware of that."

3. It should also be noted that the Attorney General, in his testimony, also conceded this inadequacy on the part of the FCC.

"PROJECTION OF PUBLIC INTEREST

"Attorney General Kennedy. But I think that the FCC, I would hope, is going to start to meet its responsibilities.

"I think that I would agree with you that in the past frequently it has not met its responsibilities, and I would hope that we get better people continuously to serve on the FCC and that they would do this in a better fashion.

"But the answer is to get the proper authority and get the proper people to serve on the FCC."

4. Earlier this year, an independent management consultant firm, employed by the Bureau of the Budget, concluded specifically that the FCC has not done its job in regulating A.T. & T. in the past and is not equipped to do so in the future. Its finding appears below:

"ORGANIZATION AND MANAGEMENT SURVEY OF THE FEDERAL COMMUNICATIONS COMMISSION FOR THE BUREAU OF THE BUDGET, MARCH 1962 (BOOZ, ALLEN & HAMILTON, MANAGEMENT CONSULTANTS)—(PPS. 271–309)

"(PPS. 271–309)

"XIV. Common Carrier Bureau

"2. The Common Carrier Bureau Is Not Well Equipped To Meet Its Responsibilities in the Face of a Rising Workload

"This outline of Common Carrier Bureau duties has sketched areas of responsibility of an order of magnitude and signifiance which exceeds the Bureau's resources. Neither the physical facilities, the staff, nor the budget provided the Bureau properly reflects a recognition of the Bureau's statutory obligations. Handicapped by inadequate provision of the means of insuring a satisfactory level of regulatory activity, Bureau management has never been tested by measuring performances against feasible program objectives. Further, there is evidence that much of the Bureau staff believes that the Commission had far less interest in the Bureau's activities than is warranted. Under these circumstances, Bureau management has been adequate but uninspired.

"Regulatory statutes such as the Communications Act obviously are intended to take effect under reasonable standards of administration. Without extending to the minute examination of each aspect of the financial and operating practices of every subject company in the country, the law presumably intends that the public interest in common carrier communications be protected by a reasonable level of Federal regulatory activity. Toll charges on interstate telephone calls, for example, may be reviewed to establish their reasonableness without questioning to the penny every calculation that went into toll rate determination.

"In sum, the regulatory activities of the Federal Communications Commission are expected to reflect an effort to provide reasonable protection of the public interest, convenience, and need. In this, the Common Carrier Bureau has not been so organized, staffed, and otherwise equipped so as to be entirely successful. This is particularly true of the attempt to regulate the telephone industry, for which the gross original cost of plant is valued at 25 times that of all other common carrier telecommunications activities regulated by the FCC, and where the largest single component—the Bell System—constitutes the largest corporate enterprise in the world. Further, the Bell System accounts for 96 percent of the telephone plant in service and 97 percent of the operating revenues received by all telephone companies fully subject to FCC regulations. About 25 percent of Bell System operating revenues are derived from interstate and foreign operations, and the percentage is increasing. The existence of this huge strategic enterprise places a particular burden on the Federal Government to look to the public interest.

"That the Common Carrier Bureau has been active in pursuing its duties in part is evidenced by appendix I, which tabulates the rate reductions and increases negotiated between the American Telephone & Telegraph Co. and the FCC since 1935. However, it is clear that the important functions of surveillance and regulation of common carrier rates and rate base have not been adequately undertaken. These functions do not seem to have been accorded an appropriately high priority by the Commission in the allocation of resources and direction of attention. While the staff has sought to establish essential criteria for judging rates of return, the Commission, in fact, has established no firm criteria governing such rates of return and does not demonstrate that the reductions negotiated actually bring the overall rate of return down to reasonable limits. This activity merits far greater emphasis if the public interest is to be properly served.

"The list of Bureau functions which are explicit or implicit in the Communications Act is in fact a lengthy one. A tabulation of those which, for lack of staff and budget, are performed in a superficial manner, or are performed for a small fraction of the total area of responsibility, also would prove lengthy. It would include such items as the following:

"Since January 1, 1956, accounting compliance reviews have been accomplished for only 14 of 24 Bell System companies and 9 of 40 independent telephone companies. Appendix J illustrates this by listing the dates on which accounting compliance reviews were last conducted for fully subject independent telephone companies.

"In 1960, Bell System purchases from the Western Electric Co., a Bell subsidiary, amounted to $1.8 billion, which amount becomes part of the rate base on which the Bell companies expect a return. Apart from occasional review of periodic reports, no examination of the books of Western Electric or other leading telephone equipment manufacturers has been undertaken to determine the reasonableness of charges to the Bell System.

"Under the Communications Act depreciation rates—a major factor in an industry with an increasingly faster rate of obsolescence for much of its equipment—must be prescribed by the FCC. Rates of Bell System companies can be reviewed every 3 or 4 years, at best. Although depreciation rates in general use are scanned for unusual factors, in fact, no depreciation rates have been prescribed for the independent companies subject to the FCC.

"The method of timing and billing long-distance telephone calls never has been adequately examined.

"Tariffs for the relatively new broad band and private line services require study of level and structure which has not been possible to date on a scale in keeping with the rapid development of significant new services.

"Disparities which exist between inter- and intra-state telephone rates for comparable distances are blamed by State authorities for inequities in revenue distribution and consequent adverse effects on local tax yields. Additional accounting studies are needed to establish acceptable separations and division of revenue.

"This list is susceptible to considerable extension. The point is that the Bureau is in no position to establish the reasonableness of charges in most areas of common carrier service.

"3. The Common Carrier Bureau Should Be Restricted and Strengthened to Improve Its Effectiveness

"This report makes recommendations which seek to improve the operations of the Common Carrier Bureau by the use of better organizational patterns and practices, and by the strengthening and realinement of the staff in various divisions and offices. However, the implementation of these recommendations must be accompanied by an increase in support where indicated, if it is to result in the more effective accomplishment of the regulatory obligations set forth in the statute."

5. In addition, as more people of experience become aware of the issues in the satellite communications legislation, increasing support for such an investigation began to reach me. An example is former Secretary of the Interior Julius A. Krug who, on July 28, 1962, gave me the following comments:

"COMMENTS OF JULIUS A. KRUG, FORMER SECRETARY OF THE INTERIOR, REGARDING AMENDMENT AUTHORIZING AN INVESTIGATION OF A.T. & T.

"1. I was one of the leaders in the congressionally authorized investigation of A.T. & T. and its subsidiaries in 1934, 1935, and 1936. To the best of my knowledge, that investigation, now already more than 25 years behind us, was and is the only comprehensive investigation of A.T. & T. in its history. Among other things, that investigation accomplished the first drastic reduction in long-distance telephone rates in the United States.

"2. A.T. & T. claims, out of one side of its mouth that it is a private enterprise and out of the other side, says that it is a closely regulated public utility. We both know that neither is true. Any analysis of the A.T. & T.'s reports to the Federal Communications Commission will show that the A.T. & T. and its subsidiary companies have virtually been unregulated over the years. The reason for this may be conjectural, but my own experience is, that in some cases, the Bell System controls the State commissions and, in almost every case, even if A.T. & T. did not try to control these commissions, they are so inadequately staffed and so woefully incompetent that they are unable to deal with the complex problems involved in regulating the Bell Telephone monopoly."

* * * * *

"3. You might well insist upon an amendment that would require a comprehensive investigation of the Bell Telephone System in the more-or-less manner established by Franklin Roosevelt's legislation which was enacted, I believe, in the early 1930's, or shortly after his taking office as President.

"4. With all respect to Chairman Minow, I should think such an investigation should be made independently of the Federal Communications Commission. You may not share my opinion, but I have found FCC even less competent to deal with a huge monopoly than two of the State regulatory agencies, and I am not saying much for even the better of the State regulatory agencies. I have found, in long experience with regulatory agencies, including the Wisconsin Commission, the Kentucky Public Service Commission and the Federal Communications Commission, all of which I served directly in key responsibilities, as well as relations before many other Federal and State regulatory agencies, that they are just unable to deal with public service problems involving monopoly and giant monopoly, such as A.T. & T. and the Bell Telephone System.

"5. My experience with TVA as Manager of Power and later as Consultant, leads me to believe that direct public ownership of at least a large segment of the public utilities industry is the only cure for the monopolies. We both know these so-called investor-owned utilities are not controlled by the investors at all. In fact, they have less voice in management than the people of Russia have in running the Kremlin. The control of these giant monopolies is completely in the hands of management. This management consists of a handful of men who can mobilize enormous resources, including public relations resources, behind their self-made policies.

"Keep in the fight. This matter is even more important than civilian control in atomic energy. I noted in the paper Saturday, July 28, that our late mutual friend Senator Brian McMahon is being honored for his accomplishment in that area in recognition of that long battle."

6. This proposed amendment would accomplish the highly desirable purpose which the evidence overwhelmingly supports. Its consideration on the merits and passage would be an indication of the good faith of the proponents of this legislation in seeking to bring about actual, effective regulation of A.T. & T. and the proposed satellite corporation.

Its rejection would, in all likelihood, mean that A.T. & T. and the proposed corporation will continue to be "regulated" in name only.

Such a consistent refusal to impose regulation upon the country's largest monopoly cannot help but have consequences of a worldwide and historic nature.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PASTORE. Mr. President, I move to lay on the table the amendment of the Senator from Oregon.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second?

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Oregon to the committee amendment. On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I make the point of order that the Senate is not in order.

The VICE PRESIDENT. The Senator from Illinois makes the point of order that the Senate is not in order. Senators will cease conversations and take their seats.

The Chief Clerk resumed the calling of the roll.

Mr. GRUENING (when his name was called). On this vote I have a pair with the junior Senator from California [Mr. Engle]. Were he present and voting he would vote "yea." If I were permitted to vote I would vote "nay." I withhold my vote.

Mr. RUSSELL. Mr. President, I demand order in the Senate. Senators are standing around talking, and we cannot hear what is transpiring in the Senate.

The VICE PRESIDENT. The Senator from Georgia makes a point of order. The Senate will be in order. Senators will take their seats and cease conversations.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Arkansas [Mr. Fulbright], the Senator from Washington [Mr. Magnuson], the Senator from Michigan [Mr. McNamara], and the Senator from New Jersey [Mr. Williams] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], and the Senator from Wyoming [Mr. Hickey] are necessarily absent.

I further announce that, if present and voting, the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], and the Senator from New Jersey [Mr. Williams] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Colorado [Mr. Carroll]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Nevada [Mr. Bible] is paired with the Senator from Idaho [Mr. Church]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Wyoming [Mr. Hickey] is paired with the Senator from Pennsylvania [Mr. Clark]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Pennsylvania would vote "nay."

On this vote, the Senator from Washington [Mr. Magnuson] is paired with the Senator from Michigan [Mr. McNamara]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Michigan would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. Allott], the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from California [Mr. Kuchel], the Senator from New Hampshire [Mr. Murphy], and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Arizona [Mr. Goldwater] and the Senator from Kentucky [Mr. Morton] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 64, nays 15, as follows:

[No. 201 Leg.]

YEAS—64

Aiken
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Randolph
Robertson
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—15

Bartlett
Burdick
Douglas
Gore
Hart
Javits
Kefauver
Long, Hawaii
Long, La.
Morse
Moss
Neuberger
Proxmire
Russell
Yarborough

NOT VOTING—21

Allott
Anderson
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Goldwater
Gruening
Hickey
Kuchel
Magnuson
McNamara
Morton
Murphy
Saltonstall
Williams, N.J.

So the motion to lay on the table Mr. Morse's amendment was agreed to.

Mr. MORSE. Mr. President, I call up the amendment designated "6–15–62—I" submitted by the Senator from Tennessee [Mr. Kefauver] for himself, Mrs. Neuberger, Mr. Morse, Mr. Long of Louisiana, Mr. Yarborough, Mr. Clark, and Mr. Burdick, and ask that it be read. The amendment provides for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 27, line 6, after the period, it is proposed to insert:

> All inventions and other technology furnished by the Administration to the corporation shall be in the form of a nonexclusive license for which the corporation shall pay a reasonable royalty. Any inventions developed by the corporation from the inventions and technology furnished by the Administration shall be made available to the United States in the form of a nonexclusive royalty-free license.

STATEMENT OF SENATOR MORSE IN SUPPORT OF AMENDMENT 6-15-62—I

I believe the most comprehensive and persuasive summary of the interest of the Government and the taxpayer in the patent field, is an article by Senator RUSSELL B. LONG which appeared in volume 21 of the Federal Bar Journal during the winter of 1961. So that it will be available to all Senators it will be included as a part of this statement:

"FEDERAL CONTRACT PATENT POLICY AND THE PUBLIC INTEREST

"(Lecture by Senator RUSSELL B. LONG, U.S. Senator from Louisiana and chairman, Subcommittee on Monopoly, U.S. Senate Small Business Committee)

"According to my value system a policy is in the public interest if it does the following:

"1. It tends to accelerate the rate of scientific achievement.

"2. It encourages economic growth.

"3. It promotes efficiency in the economic system providing the consumer with the goods and services he requires at the lowest possible prices.

"4. It tends to promote and maintain a free competitive society.

"5. It tends to reduce great inequalities of income and wealth.

"6. It must not offend our sense of what is fair and just.

"On the other hand, a policy which does not accomplish these ends I would consider contrary to the public interest.

"Using the above criteria, it is the contention of this essay that the patent policies of the Department of Defense, the Post Office Department, the Treasury Department and other agencies which give away to the contractor monopolies on Government-financed inventions are injurious to this Nation. The policies of the Atomic Energy Commission, the Department of Agriculture, the Tennessee Valley Authority, and the National Aeronautics and Space Administration, on the contrary—if administered intelligently—serve to promote the general welfare.

"*I. Standard arguments for relinquishing title*

"There are five principal arguments used by the proponents of the license theory,[1] a system under which, except for a mere license to use, the Government completely relinquishes to private contractors all rights to the results of research and development financed with public funds. These are:

"1. It is necessary to give exclusive commercial rights, a monopoly, to a private firm to insure that the Government-financed invention is produced for civilian consumption;

"2. If the Government takes title or puts an invention into the public domain by making it available to anyone, investment in its production will be discouraged;

"3. The rate of increase in productivity and national output would be retarded;

"4. If private monopolies are not given to the contractor, the cost of the contract to the Government would increase and some firms would be reluctant to take contracts.

"5. Inventors will lack incentive if the Government takes title.

"These are the standard arguments which the so-called 'license theory' proponents indiscriminately advance, but which are palpably contrary to reality. Let us examine them carefully.

"*II. Analysis of arguments*

"1. The claim that civilan products would not be produced without the protection of a patent monopoly is not true. An examination of the structure of our economy shows that those commodities and services which make up the largest part of our gross national product lie outside the patent field.

"Products and markets are constantly developed in fields where there is no patent protection. The required outlays are made partly because producers must keep up with their innovating competitors if they want to stay in business, because they believe that the natural headstart which their own innovation gives them over their competitors will allow them to recover the expenses of developing the products and markets. If there is a demand for a product, businessmen will produce it—patent or no patent.

"The absence of a monopoly position has not discouraged the entry of firms into color film processing. As a result of the Eastman Kodak judgment which opened up the field of color film processing, many new firms have been established. Prior to the consent judgment only one firm, Eastman Kodak, processed color film. There are now over 200 firms, mostly small business, competing against each other as well as offering strong competition to Eastman.

"The manufacture of blockmaking machinery is another relevant example. Within 4 years after the entry of an antitrust judgment in the case of the *United States* v. *Besser Manufacturing Company et al.*, a total of 13 companies undeterred by a lack of patent protection were issued licenses for the manufacture of this machinery. The price fell from the prejudgment price of $53,000 per machine to $32,000, a 40 percent decrease in price.

"Consider the result of the consent judgment of January 1956 withdrawing patent protection from IBM.[2] Many companies, both large and small, availed themselves of the rights granted under the provisions of the judgment. Today numerous small firms are manufacturing tabulating cards and at least two firms are manufacturing presses on which such cards are made. Even IBM's profits for the first 6 weeks of 1959 were up 27 percent over the first half of the preceding year, and this is because of the rapid expansion of new markets for the machines developed by IBM and its competitors.

"In addition, competition in this industry, created in part by the consent judgment, has forced down prices. In short, the public, the new competitors, as well as IBM itself, have benefited from the newly created competitors in this industry.[3]

"2. The argument that putting an invention into the public domain will automatically discourage investment in and exploitation of publicly owned inventions is really a part of the previous argument and is equally inconsistent with reality. An examination of the records of the TVA, the Department of Agriculture, and the Department of Health, Education, and Welfare discloses that businesses do take licenses and produce items for the civilian market even though there are no exclusive commercial rights. An interesting example is the patent on the development of frozen orange juice concentrate which was developed cooperatively with the Department of Agriculture and the Florida Citrus Commission at a cost to each of about $70,000 and which now has wide use. This development has returned to the farmers in the 1958–59 season alone around $120 million for oranges that are now processed in frozen orange concentrate.

"The Aerosol bomb is another example of a publicly developed and owned invention which has been put to great use by industry. Licenses for the production of fertilizers and insecticides have also been secured and have been exploited. No sooner did the Public Health Service give the go-ahead signal for U.S. manufacture of a new polio vaccine that can be taken by mouth, when at least four large vaccine makers immediately applied for Government licenses to make the new vaccine commercially.[4]

"According to the Small Business Administration, there are on the average four inquiries for every Government-owned patent published in the SBA Products List Circular from small businessmen who are interested in expanding their activities or entering new fields. In 1960, for example, an estimated 1,000 inquiries were received about 232 published Government-owned patents, which are available to all citizens.[5]

"Members of the patent bar sometimes point to the low utilization rate of patents owned by the Department of Defense. This is, of course, the natural result of the Department's policy of retaining title only when the contractor has decided that the invention is of no interest to him. In other words, the Department of Defense is left only with those inventions which private firms have already decided are not worth exploiting for themselves, or are not even worth keeping for sale to others. Needless to say, the contractor would take the title, even if there was a remote possibility that the Government-financed invention might turn out to be valuable in the future. This indicates the lack of value of the inventions left with the DOD, and it is, therefore, not surprising that other businessmen are not hastily using these rejected patents.

"Allowing private firms, on the other hand, to keep patent rights gives no assurance that an invention will be exploited. The biggest companies, those that get over 96 percent of Government research and development dollars, have used or are about to use only 50.6 percent of all patents held by them. The corresponding figure for smaller companies, which gets less than 4 percent of Government R. & D. dollars is 75.5 percent.[6] For industry as a whole, the overall average estimate of used patents would be 52.2 percent.[7]

"3. The contention that the rate of increase in productivity and national output would be retarded if the Government takes title to inventions it has financed is actually a conclusion dependent on the validity of the previous two arguments, which are its necessary conditions. Since these two arguments are untenable, the conclusion is invalid. In fact, the contention of this essay is that if the Government takes title, and adopts an affirmative, imaginative policy the effect will be just the opposite. The rate of growth of our national output and of our scientific achievement would actually be accelerated.

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[1] The view that in Government-financed research and development contracts, the contractor should be given all rights to resulting inventions and the Government should retain merely an irrevocable, nonexclusive, royalty-free license for governmental use.

[2] Address by Robert Bicks, attorney general, Antitrust Division, Department of Justice, before the Patent Law Section of the American Bar Association, Miami Beach, Fla., Aug. 26, 1959.

[3] Ibid.

[4] Wall Street Journal, Aug. 25, 1960.

[5] Derived from information supplied by the Administrator of the Small Business Administration in a letter dated Jan. 23, 1961, to Senator SPARKMAN, chairman of the Senate Small Business Committee. This letter is in the committee's files.

[6] Journal of Political Economy, December 1959, vol. LXVII, No. 6, p. 632, note (17).

[7] Patent, Trademark, and Copyright Journal of Research and Education, fall, 1959, vol. 3, No. 3, pp. 237–238.

"4. One of the arguments most frequently advanced is that if exclusive commercial rights are not given to the contractor, the cost of the contract to the Government would increase and some firms would be reluctant to take the contracts.

"Whether the cost of R. & D. contracts would increase is difficult to say. The Atomic Energy Commission does not pay any more for comparable R. & D. than the Department of Defense, even though the patent policies differ. Many firms would not exist without the Government contracts (the Aerojet-General Corp., for example, exists almost wholly on Government contracts) and such firms are unable to demand a higher price.

"For the Government to pay more than necessary is in fact the equivalent of a subsidy. The firms which devote a small part to Government work would be in a better position to demand higher prices but will not necessarily get it if we can introduce greater competition in the field of research. In addition, the value of Government R. & D. to industry is extremely great. Some companies derive a breadth and depth of technical knowledge that they could not be able to achieve solely from commercial R. & D. It permits the maintenance of a large, well-rounded scientific and engineering staff.

"Government R. & D. is extremely valuable to the health, prosperity and perhaps even the existence of numerous firms. Government-financed R. & D. frequently subsidizes and augments their own R. & D. efforts. Business firms are not unaware of this, for they are constantly urging such agencies as the AEC to give them such work.

"A few statements by businessmen themselves reveal the value of Government R. & D. contracts in their commercial work:

"1. Mr. A. E. Raymond, senior vice president of the Douglas Aircraft Co., Inc., says: 'Military experience in operation and design is very useful commercially because the military is pushing for performance primarily rather than safety. They try out new developments first, so commercial planes always derive some benefits from military designs.'

"Mr. Raymond was unable to estimate the amount his company saved through military-sponsored research in developing the DC-8, but stated that: 'If we hadn't had the military experience, we couldn't have built it at all.'[8]

"2. A Raytheon Manufacturing official stated: 'We always benefit from military R. & D. inasmuch as it permits us to maintain a large well-rounded scientific and engineering staff. From their research efforts, we derive a breadth and depth of technical knowledge that we would not be able to achieve solely from commercial R. & D.'[9]

"Raytheon's development of radar for the Navy during World War II, with the resulting growth of a staff skilled in radar principles, is probably a classic example of Government-sponsored R. & D. enhancing a company's profit capabilities. "Today, we're a leading producer of commercial ship radar, the basic know-how for which we gained from the Navy work,' a Raytheon official says. 'The commercial work is in addition to the radar Raytheon turns out for the military,' he added."[10]

"3. Companies also say that doing military-sponsored research often gets an earlier evaluation of how its work is going than it would if the research was aimed only for commercial markets:

" 'When competing in the commercial market, you often spend several years in the laboratory conceiving and developing a product, and then you take time to develop a market program and to test it, before you finally get around to putting the decision of your success up to the public. But when you're selling to the military, they're interested in technological improvements just over the horizon—the best brainwork to this point. The Government is able to provide an early evaluation of your R. & D. effort,' so says the executive vice president of Litton Industries, Inc., an electronics concern.[11]

"The small companies are frequently the loudest in their praise of Government R. & D. They say, accordinging to the Wall Street Journal[12] that with the aid of Government research money they're able to investigate fields that would be too expensive for them to look into with just their own resources.

"4. 'A company our size couldn't afford to be in this basic research if it weren't for Government contracts' according to Ralph F. Redemske, vice president of Servomechanisms, Inc.

"5. Another major advantage from Government R. & D. contracts is that the research contractor, more often than not, turns out to be the production contractor. Any business, big or small, learns how to make something new, advancing the state of the art, which very often leads to commercial or Government production contracts.

"Working for the Government can be so profitable that the Aerojet-General Corp., solely on Government contracts, and within a period of 17 years, increased—40,000 times from an initial investment of $7,500 to a market value of $300 million[13] at the end of 1959, with only modest additions of outside capital.

"III. Real costs of relinquishing title

"But even if there is an increase in costs—and I doubt there would be—we should be prepared to pay it.

"The present system has a very high hidden cost. It may not show up in the cost of Government expenditures on research and development, but it certainly does show up in the cost of the lower rate of diffusion of inventions and the higher prices associated with exclusive commercial rights, thus restricting the practical application of many of the pathmaking discoveries of recent years.

" 'In an era in which economic progress depends so much on scientific research, such chronic underemployment of technical knowledge might have, in the long run, an even more deleterious effect on the rate of economic growth than idle capital or unemployed labor.'[14]

"These are real costs.

"Another real cost to society is described by one of the witnesses before the Monopoly Subcommittee of the Senate Small Business Committee.

" 'It must also be remembered that the granting of patent rights involves a wastage of whatever resources competitors use to "invent around" the patent in order to enable them to compete with the patentee in the same market. Too, it is not uncommon for patentees to devote considerable resources to the quest for patentable alternative solutions, even inferior ones, in the hope of fencing in the original patent.'[15]

"It hardly becomes a national Government interested in promoting progress and growth to aid and abet in these resource-wasting activities by granting patent rights to firms performing research for it, especially when nothing is obtained that might offset these drawbacks.

"It is easy to understand why patent lawyers equate 'inventing around' with progress and growth. For them it means more private patents and greater value for existing patents, which in turn means more business for them. From a national point of view, however, public investments which encourage such activities represent waste in Government.

"Dr. Dowling, before Senator Kefauver's Antitrust and Monopoly Subcommittee, was critical of the wasteful nature of the competition in the pharmaceutical industry. 'Under the present system,' he said 'a successful pharmaceutical company works at a frenetic pace to produce slight modifications of existing drugs in order to keep abreast of its competitors.'[16]

"In view of the scarcity of imaginative scientists and the abundance of unsolved problems, how can we justify—from a national point of view—the use of scarce resources for seeking alternative solutions to problems which have already been satisfactorily solved?

"When so many inventions and discoveries which could be of great benefit to our people—to all people—are waiting to be made, how can we justify the assignment of a research force to search for inventions that are not intended for use at all—but merely to erect barriers to possible competition? This is especially unjustified when the public is paying for wasted effort, the only purpose of which is to make the public pay a still higher price for something that the public has already paid for twice—first for the cost of the discovery, second for maintaining the private patent monopoly.

"Such wastage of resources is an important cost which certainly cannot be underestimated.

"Another cost to the public, which cannot be ignored, results from well-known past abuses of the patent privileges both in terms of growth and national defense. Many of the firms which had been guilty of the worst kind of patent abuses in the past are now among the most favored major Government research and development contractors.

"Many of the largest Government contractors who have benefited most from the Department of Defense's largesse of the public's resources are firms which are violators of our country's laws. In the past several months the General Electric Co., Westinghouse, Allis-Chalmers and a host of others have been indicted 20 times for criminal violations of collusive price fixing, rigging bids, allocating markets and other antisocial acts.[17] The granting of patent rights by the Government to these firms continues to expose the public to the various potential abuses without providing us with any compensating advantages.

"Finally, how about the argument that some firms would be reluctant to take a Government R. & D. contract? This is really an irrelevant consideration and should not merit attention. Some firms will be reluctant to take a Government contract for any number of reasons. The important point is that there are competent firms willing to do the work. Admiral Rickover has stated that many firms are constantly urging the AEC to give them research opportunities because these firms know the great benefits flowing from this type of work. The Department of Agriculture, HEW, and the NASA have had similar experiences.

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[8] Wall Street Journal, June 10, 1959, and reprinted in the daily CONGRESSIONAL RECORD Appendix, June 19, 1959, pp. A5307-5309.

[9] Ibid.

[10] Ibid.

[11] Ibid.

[12] Ibid.

[13] Hearings on Patent Policies of Departments and Agencies of the Federal Government—1959, before the Monopoly Subcommittee of the Select Committee on Small Business, 86th Cong., 1st sess., Dec. 8, 9, and 10, 1959, testimony of Emerson S. Reichard, Jr., director of contracts, Aerojet-General Corp., pp. 70–97.

[14] Leonard S. Silk: "The Research Revolution," McGraw-Hill Co. 1960, p. 8.

[15] Hearings, supra, note 13, pp. 20–21.

[16] Subcommittee on Antitrust and Monopoly, Committee on the Judiciary: "Administered Prices in Drug Industry," pt. 24, 86th Cong., 2d sess., 1960, pp. 14167–14182 (Hearings, Sept. 7, 8, 9, 12, 13, 14, 1960).

[17] New York Times, Dec. 9, 1960, pp. 1 and 22. These corporations were found guilty of antitrust charges, were fined, and some of their officers imprisoned. The Washington Post, Feb. 7, 1961, p. 1.

"The National Aeronautics and Space Administration has reported a few cases where the contractor refused a NASA research and development contract. A careful examination reveals, however, that the Department of Defense was willing to give the contractor the same contract as NASA's but with only a license to the Government to manufacture and use the invention for governmental purposes which NASA could not do under the law. Under such circumstances, it was to the contractor's benefit to refuse the NASA contract and take the other agency's contract. In another case the refusal by one contractor led to the development of an alternative source, a beneficial result.[18]

"If our Government has to depend on any one or even a few companies to do its work, we are in a very bad situation which should be remedied immediately. The Government should either help build up several firms to put them into a position so they can competently fulfill the most rigorous governmental needs or, if necessary, the Government should perform the work itself. The Government should have innumerable competent sources from which to purchase both research and development services as well as needed procurement items. If the Government should find itself at the mercy of any one or several companies, it should develop its own capacity and provide for its own needs.

"5. It is sometimes—but not too often—argued that scientists and inventors will be discouraged for lack of incentive, if the Goverment takes title. This argument is, of course, not susceptible of demonstration and is usually advanced as a last resort. Under the standard industry employment contracts, the firms doing Government research, developmental and related work would get the right to their employees' inventions if the Government did not. It is inconceivable that it would make any difference to the inventor, who actually does the inventing, whether this invention becomes the property of his employer or of the Government. This is especially true of investors who realize that in any event the Government—not the company—is the ultimate employer.

"IV. Reasons why Government should take title

"If our Nation desires to attain the objectives of growth, efficiency, free competitive enterprise and social justice previously mentioned, the Government must stop giving away to private firms patent monopolies resulting from Government-financed inventions.

"A. The Rate of Scientific and Economic Growth Will Be Accelerated

"The reason rests on the fundamental fact that the diffusion of scientific knowledge throughout our society is a prerequisite for scientific and economic progress and a rise in general productivity. The American Society of Mechanical Engineers became so alarmed at the delays in the dissemination of scientific knowledge that they started a major study of the problems.[19]

"The present policies of the Department of Defense are serious impediments to the creation and dissemination of new knowledge. These policies are retarding the rate of our scientific advance and are undermining the very security of our country. This is due to two reasons.

"First, by giving away all commercial rights to Government-financed inventions, the Government itself is offering commercial incentives for putting more resources into applied scientific research as against basic scientific research. More resources will be used to adapting to the civilian market a device originally designed for Government use, instead of pushing outward the frontiers of knowledge through basic research. This is certainly in conflict with the Government policy to encourage basic scientific research to discover new scientific principles.

"Second—and this is a crucial point—the policy of giving away to private firms the patent rights to Government-financed inventions and discoveries tends to erect walls between scientists and to prevent a free interchange of information. As a great biologist has stated:

" 'Two minds may strike from each other sparks which neither would have generated separately. Not infrequently, two pieces of knowledge and two different outlooks, coming from different minds, fit together like pieces of a jig-saw puzzle, and provide the answer or the clue to a longstanding problem.' [20]

"Each new invention multiplies the possible combinations of existing ideas, thereby widening the scope for originality. Many imperfect ideas and inventions are always lying dormant, lacking only some element which can bring them to life. One example of this phenomenon is the modern jet engine which is a combination of jet propulsion and the gas turbine. If, for example, a metal should be discovered lighter for a given strength than anything known, it would make practicable many devices hitherto frustrated by gravity, and it would have widespread influence upon the design of many types of machines. New hard alloys remained useless until, with the invention of tungsten carbide tools, methods were discovered of working these alloys. When the General Electric Co. combined with the Krupp Co. of Germany during the thirties to raise and maintain at high levels the price of tungsten carbide, the result was to slow down considerably a new technology.

"The opportunity for invention therefore continually proliferates. A new invention can, therefore, open up new fields through its cross-fertilization with older ideas, thus clearing the ground for other possible major innovations.

"The importance of the most rapid and thorough dissemination of new scientific and technical knowledge throughout our society, therefore, cannot be overemphasized. James M. Jagger, personnel director of Arthur D. Little, Inc., a well-known research and development concern, describes the conflicting attitudes in industry of scientists and management [21]:

" 'If a breakthrough is made in industry, the company wants to keep it from the competition, but the scientist wants it published. He's interested in the recognition of his peers and colleagues, not profits.'

"According to the Wall Street Journal,[22] most companies require that all their researchers' writings be cleared with management before publication, and competitive situations or patent problems occasionally delay or prevent publication. The same article quotes a scientist who hit upon a new idea in the physics of glass-forming, which was a definite advance of the art but the company was not willing to let it out.[23]

"One of the witnesses [24] before our Senate Small Business Committee described the policies of a very major laboratory in this country. He found that this firm had the most elaborate facilities—special bibliographic services and library facilities—to extract scientific information from hundreds of journals. They did this to save a lead time of only 2 weeks over the publicly available abstract service. To save 2 weeks, it paid to operate a rather large and expensive facility.

"On the other hand, the outgo of knowledge from this firm was quite different. Taking the data of the last 5 years of the papers published in the scientific literature by employees of the laboratory, the investigator found that there was a period of 3 to 5 years that intervened between the private circulation of these research reports inside the firm and the public availability of these reports. In summary, it paid this firm to make a large outlay to gain 2 weeks in the intake of knowledge, but there was a period of 3 to 5 years for knowledge to get out—and a considerable part of it never does get out.

"In our technological era, the scientific community consumes information virtually as quickly as it is produced. Hence this information must be distributed as quickly as possible within firms. In addition, the fruits of research of one firm are often external economies to other firms allowing them to become more efficient, to adopt new processes and techniques, to open up new scientific, industrial, or commercial possibilities. To the extent that the results of research do not flow rapidly throughout our society, the public is deprived of one of the chief benefits of the research it is sponsoring. It is only through a policy similar to that of the AEC that the most rapid dissemination of all discoveries could be insured. There is no incentive to keep them secret.

"The AEC has taken aggressive and effective action in the devolpment of an information-processing system, which distributes technical information in the broadest and most expeditious manner.[25]

"On the contrary, under the policy of the Department of Defense—'* * * the know-how which is paid for by the taxpayer and which should be public domain for the benefit of everyone and under the Government's control, is actually controlled by the contractor.

" 'It is thus difficult for the Government to know what has been developed at its expense and to make the know-how available in connection with later contracts'.[26]

"This kind of an attitude is perfectly reasonable for a private concern desiring to maintain or increase its market position. But here is a very clear case where the interest of society as a whole or even industry as a whole is in conflict with the interests of particular firms. Since Government-sponsored research is in trail-blazing fields like atomic energy and space, this conflict is even greater.

" 'A telling example of productivity increase that can, in the long run, be brought by absolutely free access to a steady flow of advanced technical ideas is offered by American agriculture. Traditionally, the bulk of agricultural research in this country was financed by Federal funds, and its results were put at the disposal of the potential users free of charge. In consequence, agricultural productivity has been increasing by leaps and bounds, finally even creating a glut of cotton and wheat.[27]

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[18] Hearings, supra, note 12, p. 271.

[19] "Lag in Applying Science Decried," New York Times, Sept. 10, 1959.

[20] A. S. Parkes: "The Art of Scientific Discovery," Midway, vol. 1, No. 3, p. 71.

[21] "Handle with Care," Wall Street Journal, Apr. 16, 1969.

[22] Ibid.

[23] Ibid.

[24] Testimony of Prof. Seymour Melman, Columbia University, "Hearings," supra, note 12, pp. 222–223.

[25] Committee on Government Operations, U.S. Senate: "Documentation, Indexing, and Retrieval of Scientific Information," S. Doc. 113, 86th Cong., pp. 15 and 45.

[26] Report of the Subcommittee on Defense Procurement to the Joint Economic Committee, "Economic Aspects of Military Procurement and Supply," p. 26.

" 'Here is what the senior editor of Business Week writes about transistors: "When the semiconductor industry began its growing, Bell Labs held basic design and process patents covering the entire field. The growth gained tremendous impetus from Bell's policy of putting these virtually in the public domain'." [28]

"B. A Free Economy Will Be Encouraged and Safeguarded by Increasing Competition

"Competition brings about lower prices and provides the greatest opportunities for those who have the most to offer. Monopoly, on the other hand, implies the power to limit production and to restrict entry into industries and occupations. It enables the possessor of this power to levy tribute upon the whole community and denies some of our citizens the opportunity of making their fullest contribution to the well-being of our society. Our objectives should be removal of all possible obstacles to the establishment and growth of small and moderate-sized firms and their penetration into new economic areas. The present policy of the Department of Defense of allowing huge companies to improve their already formidable patent structures at the public's expense by its very nature frustrates the attainment of these objectives.

" 'Whatever their merits, it is undeniable that patent rights confer monopoly powers on the patentee. Patents enable their owners to restrict the use of inventions, thereby restricting the contributions to the national product that the patented inventions could make, in the hope that the resulting higher market price will make possible (monopoly) profits in excess of what could be earned under competitive conditions. To deny this feature of the patent system would be tantamount to denial of any usefulness of the patent system.' [29]

"The policies of the Department of Defense, the National Science Foundation, the Post Office Department, and the Treasury Department, in giving away to private companies patent rights to inventions developed at Government expense, coupled with the fact that 95 percent of Government research and development funds go to the largest companies, tends to promote monopoly. This was the conclusion of the Attorney General of the United States in his report of November 8, 1956.

"Given the present distribution of research facilities in industry, the granting of exclusive commercial rights to private firms doing Government-financed research is giving a major advantage to the larger firms. This further accelerates the pace of economic concentration.

"On the other hand, the policies of the Atomic Energy Commission, the Department of Health, Education, and Welfare, the Department of Agriculture, and the Federal Aviation Agency of taking title to inventions produced with public funds and making them available to the public, have just the opposite effect for the following reasons:

"1. They help to remove at least one of the factors which make for economic concentration, viz, the accumulation of a large number of patents by a small group of industrial giants.

"2. Small business is able to use the results of the research capabilities of the large corporation which have many facilities too expensive for the small company or the individual.

"3. Scores of small businesses would benefit by the ability to enter new fields from which they had hitherto been excluded.

"4. One barrier to the entry of new—and particularly small—firms into an industry is found in the cost advantages of established firms, many of which have accumulated valuable know-how from Government-financed research and development.

"An established firm may use the patent to keep out new firms altogether by denying the use of patents or can impose royalty charges for their use which raises the entrant's cost. This cannot happen if the Government owned the patent, and there is no reason to allow it to happen, if the research on which the patent is based is paid for by the taxpayers.

"The effects of Department of Defense policies were clearly revealed by the testimony of two small business witnesses before our committee. A large company developed a camera for the U.S. Government with public funds. A small dynamic company through competitive bidding won the right to produce a quantity of these cameras for the Government. Because the original developer had title to the cameras and parts, the small company had extreme difficulty in getting the necessary information to build it, even though the Government had paid the development costs. But this is not all. The large company wanted a 7½-percent royalty from the small company on each camera made by it. The result was that the latter would have had to start off at a 7½-percent cost disadvantage from the very beginning.

"The other case was that of the small businessman whose company overhauls and repairs instruments in aircraft. By giving the equipment manufacturers exclusive rights to Government-sponsored developments, the Government has undermined the ability of any other company to compete for the overhaul of aircraft instruments. For, by forcing the Government to disqualify all bidders other than the original manufacturer, owing to the inability of the other companies to obtain the necessary repair parts, components, or test equipment from the sole source of supply, the original company can name its own price and conditions.

"Big firms have many tremendous advantages over small firms. They have the power that goes hand in hand with size; they are supposed to have the manufacturing know-how. It is not fitting for the U.S. Government to add to the already great power of the huge giants to the detriment of their smaller competitors.

"Let me take a specific example of a major defense contractor recently examined by the General Accounting Office.[30]

"The contractor's employees, as a condition of employment, were required to assign to the contractor any invention, developments, and discoveries made or conceived during the period of their employment.

"In accordance with the Armed Services Procurement Regulations, the contractor obtained the patent rights, with the Government receiving a nonexclusive, royalty-free license.

"As of June 30, 1959, this contractor had filed applications for 95 patents. Out of this number, 11 applications were for inventions which the contractor himself characterized as primary inventions, that is, developments believed to be sufficiently basic and important to provide a basis for a new industry or an entirely new product line; or one which may have a major effect on the expansion or conversion of an existing industry or product line.

"The inevitable conclusion is that the U.S. Government has spent public funds to give one private company the power to control whole industries—to exclude everyone it wants to exclude; to charge any price it wants to charge.

"Incredible as it sounds, several agencies have provisions in their research and development contracts which can prevent the Government from using the very inventions which it pays to develop. The National Science Foundation and the Post Office Department, after giving away title to Government-sponsored inventions, merely take a nonexclusive, nontransferable, and royalty-free license to practice by or for the U.S. Government throughout the world, each subject invention in the manufacture, use, and disposition according to law of any article or material, and in the use of any method. In addition—and this is a direct quote from a Post Office Department R. & D. contract—'* * * no license granted herein shall convey any right to the Government to manufacture, have manufactured, or use any subject invention for the purpose of providing services or supplies to the general public in competition with the contractor or the contractor's commercial licensees in the licensed fields.'

"Now, what does this mean? The Railway Express Agency claims that it competes with the parcel post service of the Post Office Department, and has so testified before the Senate Post Office Committee. Under the provision, it can probably take the Post Office Department to court and block the Government from using those very machines for the benefit of the taxpayers which the taxpayers paid to have developed. What is the function of the Post Office Department if not to provide services to the general public?

"A case involving the National Science Foundation is even worse from the point of view of the public interest because the Foundation deals with more basic inventions. The National Science Foundation signed a contract with a rather large company to do research in the area of weather modification. This problem is of tremendous importance to many areas throughout the country * * * in fact, throughout the world. But what do we find in the contract? The same kind of a provision is included whereby the Government could not provide services to the general public in competition with the contractor or the contractor's commercial licensees. Now, to whom would the Government provide weather modification services, if not to the public? A private firm in possession of exclusive commercial rights in this field could charge the public all the traffic will bear even though the public paid all the costs of inventing and developing the means of control.[31]

"Frequently we hear that big businesses do not need patents; that they can use other means to prosper and grow; that it is the small firms that need them.

"An indication that big firms don't fall for their own propaganda is that they fight so violently to secure patent rights even when the Government pays for research. They have fought against Government antitrust suits with all their resources to prevent the opening up of their huge patent portfolios as in the RCA, I.T. & T., IBM and other cases.

"Some companies say that they are interested in patents only for defensive purposes, so they cannot be excluded from various areas of our economic life. If the Government retains its property rights, this objective will be attained.

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[27] Silk, supra, p. 7.

[28] Silk, supra, p. 75.

[29] Testimony of Professor Hamberg, University of Maryland, hearings, supra, note 12, pp. 17–21.

[30] Statement of Robert F. Keller, General Counsel, U.S. General Accounting Office, before the Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary, U.S. Senate, May 17, 1960, pp. 5–31.

[31] We are informally advised that the National Science Foundation has recently adopted a revised patent policy on its weather modification program to provide that ordinarily, unless the grantee's or the contractor's equities justify some different arrangement, the National Science Foundation will retain the right to determine the disposition of patent rights resulting from the research supported.

"But is it true that small business depends more on patents for protection than big business? Two of our small business witnesses testified to the contrary. A relatively small number of small businesses have prospered because of the special patent privileges granted by the Government and would possibly be injured by their removal. This is not a necessary result. Such possible losses, however, are not of major significance when compared to the great gains which would accrue to the small business community, to the economy as a whole, and consequently, to the ultimate consumer if the Government adopted the policy of dedicating to the public that for which the public pays.

"For every small business inconvenienced by the necessity to compete more vigorously, as a result of a policy of dedicating to the public patents paid for by the public, scores of small businesses would benefit by the ability to enter new fields from which they had hitherto been excluded. As a result of the Eastman Kodak judgment, opening up the technology of color film processing, for example, many new firms have come into existence. Where only one firm processed color film previously, there are now about 8 concerns processing Kodachrome and over 200 processing Kodacolor, mostly small businesses, and offering strong competition to Eastman in many parts of the country. Similar examples can be found in many industries. The facts controvert any general statement that small business would suffer more than big business in a policy dedicating patent rights to the public. On the contrary, they have much more to gain.

"There is an important difference between protecting small business and protecting particular small business concerns that happen to have favored positions. Small business can survive only if we try to invigorate competition. If we allow the present Defense policy to continue; we are not really aiding small businessmen; we are merely helping a number of giant firms plus a small minority of small businessmen, and we are killing the opportunity of many of our younger people to enter small business.

"C. It Is Immoral To Give Away Patent Monopolies on Government-Financed Inventions

"There is no ethical and moral justification for the Government to give away the resource of scientific knowledge as well as property rights to it.

"The granting of patent privileges is justified only insofar as it serves as an incentive to take risks. The hope of securing monopoly profits is supposed to be the inducement for inventors to exert their inventive efforts or for corporations to risk their money on uncertainties connected with expensive development and the building up of markets.

"But where are the risks in Government-financed research and development contract? There really are none. Practically all R. & D. contracts let by Federal departments and agencies are on a cost-plus basis. No matter how expensive a project turns out to be, costs are covered by the Government. Moreover, there is no risk in finding a market for the new product. The market is there, waiting eagerly, in the form of the Federal department or agency for whom the research and development has been performed. The whole thing is virtually a riskless venture for the contractor. Even the possibility of contract cancellation cannot be considered a risk, for the firms have invested none of their own funds and are generally granted, in addition, a return well in excess of costs.

"The whole 'incentive' argument is therefore untenable. If there are no risks, there is no justification for a monopoly profit resulting from a patent. To quote one of our witnesses:

" 'But since the patent rights are clearly not needed to serve as an inducement to invent and innovate, while they simultaneously impede the diffusion of technological knowledge uncovered at public expense, the granting of patent privileges to the contracting firms clearly gives society none of the alleged advantages of the patent system while foisting upon us one of its decisive disadvantages.

" 'In short, we are faced with the unconscionable situation in which the Federal Government taxes the citizens of this country to secure funds for scientific research, on the ground that such research promotes the general welfare and then turns the results of such research over to some private corporation on an exclusive, monopoly basis. This amounts to public taxation for private privilege, a policy that is clearly in violation of the basic tenets of any democracy. Such a violation might possibly be justified on the ground that it leads to greater enhancement of the general welfare then adherence to a basic principle would; but in the present cases, no offsetting gains are in the offing. Under the circumstances, it seems palpably evident that new discoveries derived from research supported by public funds belong to the people and constitute a part of the public domain to which all citizens should have access on terms of equality.' [22]

"There are cases, however, where private companies have already invested their own resources and have established commercial positions in fields in which the Government is interested. Obviously, such equities should be recognized. It is equally obvious that if the Government uses public funds, its equities also should be recognized.

"An addtional distinction should be made between firms which have acquired background information at the public expense and those that have acquired background at their own expense. Some firms have built up background almost solely at Government expense. Such firms would have no equities to be recognized. The same would apply to commercial firms that have established new divisions for research in the space and atomic fields, where background could have been acquired only at Government expense.

"In summary, the general objective should be to protect the interests of the private concern doing business with the Government and at the same conscientiously safeguarding the interests of the Government as the trustee of the public interest.

"D. Double Standard

"Furthermore, the present patent policies of the Defense Department impose a double standard upon our national life. When one private firm pays another firm to develop something for it, the first firm expects and gets the rights for which it is paying.

"This position is summarized by the Martin Co., an important contractor of the Defense Department, which stated that when Government funds are involved, its subcontractors are allowed to retain title to inventions, improvements, and discoveries.

" 'On the other hand, when the Martin Co.'s own funds are involved, title to inventions conceived or reduced to practice by subcontractors vests in the company.' [23]

"When corporations that seek contracts to do research for the Government employ their own scientific and technical staffs, they require an ironclad contract to assure them that all patent rights will belong to the employers. In other words, when the scientist takes a job with a contractor, he agrees to turn over all proprietary rights resulting from his work to his employer.

"Similarily, the Government would be neglectful of the national interest if it did not secure for all the people the valuable rights for which it pays.

"It is a well-known common law doctrine that when an employee, employed to engage in research, succeeds in inventing or developing, the invention is the property of the employer. This was stated very clearly in the Peck and other cases: 'By the contract Peck engaged to "devote his time to the development of a process and machinery" and was to receive therefor a stated compensation. Whose property was the "process and machinery" to be when developed? The answer would seem to be inevitable and resistless—of him who engaged the services and paid for them, they being his inducement and compensation, they being not for temporary use but perpetual use, a provision for a business, a facility in it and an asset of it, therefore contributing to it whether retained or sold.' [24]

"In research the economic relationship of an employee to his employer is similar to that of a contractor selling his services to another person or firm. There may be some differences, but in essence these are not relevant. Such a fact that an employee generally works on the property of his employer whereas a contractor works on his own property perhaps physically distant from the Government is not crucial to our analogy. Both are selling research services; both are paid for these services; the type of product resulting from their work is the same. The factors being used are talent and background. The end product is knowledge, techniques, data, prototypes, and all the rights appertaining thereto, and this is what the Government pays for.

"V. Goals of our society as contrasted with U.S.S.R.

"We must remember that many of the basic goals of our country—maximum output, the highest rate of economic and scientific progress—are also among the most important goals of the Soviet Union.

"It is true that in our country the output to be maximized is chosen chiefly by individual consumers. In the Soviet Union, on the other hand, the output to be maximized is chosen primarily by a central, dictatorial body. There is thus a difference in content. The goal is the same.

"Where, then, do we differ from the Soviets? What makes our system different from theirs?

"Our supreme goal is—or should be—the development of the individual, the creation for the individual of a maximum area of personal freedom and personal responsibility. Our concept of the humane, liberal society is one in which every individual should be encouraged and given every opportunity to make the most of himself. The self-reliant, responsible, creative citizen is the very foundation of democracy and of every institution that recognizes the dignity of man. This goal is our ultimate ethical value, and this is the crucial difference between the Soviet system and ours.

"Our problem, therefore, is that of continually trying to enlarge the individual's share in conducting his own life, and in this the policy of competition has played an important role. Competition tends to reduce limitations to individual freedom, challenges individual capabilities, and better proportions rewards to efforts.

"Political liberty can survive only within an effectively competitive economic system. Yet our own Government has been undermining the vitality of competition through policies which serve to decrease the freedom and responsibility of individuals in many industries or those who wish to enter them.

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[22] Testimony of Professor Hamberg, hearings, supra, note 12, pp. 17–21.

[23] Hearings, supra, note 12, p. 448.

[24] *Standards Parts Co. v. Peck,* 246 U.S. 50 (1926).

"The present patent policies of the Department of Defense, by giving to private companies the control of products and industries, aids in restricting the range of productive activities open to the individual and reduces the scope for individual freedom within an area, and is thus in conflict with the whole spirit of the free enterprise philosophy with its aims of decentralized market power.

"Many Members of Congress have thought about this problem, and have come to the same conclusion—that where the Government pays for research, it should obtain patent rights in any resulting invention or discovery so that these may be available for the use of all the people instead of a relatively small number of contractors. This was the principle which sparked the struggle in the atomic energy field in 1954. The Congress reaffirmed the principle again in the coal research and development bill (H.R. 3375, now Public Law 599), the helium gas bill (H.R. 10548, now Public Law 777), and the saline water bill (S. 3557), which was passed by the Senate during the last session of Congress. The basic provisions of the Atomic Energy Act were also reenacted in the first session of the last Congress.

"VI. Attitude behind demands for private ownership of publicly financed inventions

"What is especially disturbing is the spirit behind these policies. Those very businessmen who demand property rights on inventions and discoveries paid out of public funds are generally those very people who object most vigorously when the Government aids sectors of our society other than their own.

"Here is what a business publication recently wrote about Government prodigality: '* * * yet if there is one prodigious uncontrolled source of waste in the United States today, whether in the form of farm price supports, shipping subsidies, padded payrolls or outright graft, it is Government. Unlike private buyers and sellers, moreover, public officials thus far apparently have learned precious little about the value of a dollar.'[35]

"If this publication really considers the level of morality in business higher than that in Government, it has no understanding of the role of Government in our society. It is American life in general that shapes and conditions the goals, methods, and ethical standards of men in politics and Government. The moral standards of the country provide the ethical environment which in turn conditions the standards of behavior of public officials. Low standards or high standards in the country generally are reflected in low or high standards in Government.

"The insistence by patent lawyers and a segment of the business community on a double standard, a refusal by certain big concerns to do research for the Government during a national emergency unless they received all resulting rights, an attitude of trying to squeeze out of the Government whatever they can, a feverish scrambling for all kinds of subsidies—all this can conduce only to the acceptance of ruthlessness and a very low level of morality in our national life.

"Inventions resulting from Government contracts are the products of expenditures of public funds for the performance of a governmental function; the public has, through its representatives, ordered and paid for the research and the resulting knowledge and inventions. Why, then, should the public be taxed for its use or permitted to use it upon restrictive conditions advantageous to no one but the patent owner? There is no obligation on the part of the contractor to exploit the patent or to make the invention available for use by others; he may even suppress the invention if this would best serve his economic interests, with the result that technological improvements financed with public funds would be denied to the public to serve a private interest.

"VII. Scientific and technical knowledge are a natural resource—What aims should control?

"Scientific and technological research conducted or financed by the U.S. Government represents a vast national resource, rivaling in actual and potential value the public domain opened to settlement in the last century. Because the control of patent rights in inventions resulting from such activities means the control of the fruits of this resource, it is important to determine upon a policy for the Government which will have the following aims:

"1. The policy should serve the public welfare, which would involve the most widespread use of the invention in the interests of the health, safety, and prosperity of the Nation.

"2. The policy should stimulate the progress of science and the useful arts.

"3. Such a policy should be consistent with our American system of free competitive enterprise.

"VIII. Specific recommendations

"In order to attain our objectives, the Congress should enact a law with these three features:

"1. The United States Government should acquire title and full right of use and disposition of scientific and technical information obtained and inventions made at its direction and at its expense, subject to waiver of Government title when the equities of the situation so require.

"2. Needless to say, the acquisition of title is not enough. Constructive use of the patents so acquired by the Government is required to achieve public benefit in return for the public funds invested in their development. For that reason, there should be established a Federal Inventions Authority which would administer all Government-owned patents and make necessary determinations in the administration of the act. It would be affirmatively charged with the duty of protecting the public interest in scientific and technological developments achieved through the activities of departments and agencies of the U.S. Government and would be charged with the dissemination of knowledge so developed in order to stimulate invention and innovation which will cut costs, produce new products, and increase per capita industrial production through efficiency and new technology.

"In order to secure the fastest and fullest use of inventions, discoveries, and innovations, an expanded program of utilization research could be undertaken as a means of widening the uses of Government-owned patents.

"In order to make utilization information readily available to all, the authority can engage in those activities necessary to carry out this function, such as aiding libraries to:

"(a) acquire collections of publications having descriptions of inventions, helpful to inventors, business, and the general public;

"(b) inform business and industry (plants, factories, construction, and engineering organizations) of new techniques and innovations in their fields of interest;

"(c) provide inventors and innovators with knowledge of advances in their areas of interest;

"(d) give instructions in the use of technical, scientific, and economic literature in libraries and schools.

"3. The policy should stimulate discovery and invention in the public interest by providing for the making of generous monetary awards as well as public recognition to all persons who contribute to the United States for public use scientific and technological discoveries of significant value in the fields of national defense or public health, or to any national scientific program, without regard to the patentability of the contributions so made."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon to the amendment of the committee.

Mr. PASTORE. Mr. President, unless there is to be debate, I move to lay the amendment on the table.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon to the amendment of the committee. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Arkansas [Mr. Fulbright], the Senator from Alaska [Mr. Gruening], the Senator from Washington [Mr. Magnuson], the Senator from Michigan [Mr. McNamara], and the Senator from New Jersey [Mr. Williams] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], and the Senator from Wyoming [Mr. Hickey] are necessarily absent.

I further announce that, if present and voting, the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], and the Senator from New Jersey [Mr. Williams] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Colorado [Mr. Carroll]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Nevada [Mr. Bible] is paired with the Senator from Idaho [Mr. Church]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Wyoming [Mr. Hickey]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wyoming would vote "yea."

On this vote, the Senator from California [Mr. Engle] is paired with the Senator from Alaska [Mr. Gruening]. If present and voting, the Senator from California would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from Washington [Mr. Magnuson] is paired with the Senator from Michigan [Mr. McNamara]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Michigan would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. Allott], the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

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[35] Barron's, Oct. 10, 1960, p. 1.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Kentucky [Mr. MORTON] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 64, nays 15, as follows:

[No. 202 Leg.]

YEAS—64

Aiken
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Thurmond
Tower
Wiley
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—15

Bartlett
Burdick
Douglas
Gore
Hart
Javits
Kefauver
Long, Hawaii
Long, La.
Miller
Morse
Moss
Neuberger
Talmadge
Yarborough

NOT VOTING—21

Allott
Anderson
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Goldwater
Gruening
Hickey
Kuchel
Magnuson
McNamara
Morton
Murphy
Saltonstall
Williams, N.J.

So the motion to lay on the table was agreed to.

Mr. YARBOROUGH. Mr. President, I call up the amendment identified as "9–11–62—EE," and ask that the amendment be read by the clerk. The amendment is under the name of the Senator from Tennessee [Mr. KEFAUVER] and I am one of the cosponsors.

The VICE PRESIDENT. The amendment will be reported.

The LEGISLATIVE CLERK. Beginning with the word "Such" on page 34, in line 20, it is proposed to strike out everything through page 35, line 2, and insert in lieu thereof the following:

> Fifty per centum of such nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized for issuance at any time by the corporation shall be reserved for purchase by communications common carriers and such purchasers shall in the aggregate be entitled to make purchases of the reserved shares in a total number not exceeding the total number of the nonreserved shares of any issues purchased by other persons. At no time shall the aggregate of such nonvoting securities, bonds, debentures, or other certificates of indebtedness held by communications common carriers directly or indirectly through subsidiaries or affiliated companies, nominees, or any person subject to their direction or control exceed fifty per centum of such nonvoting securities, bonds, debentures, or other certificates of indebtedness issued and outstanding.

Mr. YARBOROUGH. Mr. President, Senators can find the language to which the amendment refers on page 34, in lines 18, 19, and 20.

Under the bill as it came from the committee, the voting stock was to be divided into two parts—50-50—one part, each, for the communications carriers and for the general public who might wish to purchase it. But there is no such requirement in the bill in regard to nonvoting stock, bonds, debentures, and other certificates of indebtedness.

The purpose of the amendment is that when nonvoting stock, bonds, or other certificates of indebtedness are issued the public also will have an opportunity to purchase 50 percent of them. The corporation might have $500,000 of capital stock, and subsequently might vote to issue $100 million of bonds and debentures; and the telephone company could buy them—but with no requirement that the public have an opportunity to subscribe to 50 percent of them. In that event the telephone company could absolutely dominate the corporation, and could pay interest on these bonds, debentures, preferred stock, or other certificates of indebtedness but could decide to pay no dividends on the common stock.

Most corporate financing is done in this way—by issuing preferred stock, nonvoting stock, or bonds, debentures, and other types of certificates of indebtedness.

The purpose of this amendment is to apply the 50–50 requirement of public opportunity to purchase and participate in all the securities of the corporation.

We have heard it stated over and over that the corporation is to be controlled 50–50 by the communications carriers and by the general public. But the bill is not drawn up that way.

This amendment would merely give the general public an opportunity to buy 50 percent of the total financial structure of the corporation, thus bringing to fact the unsubstantiated present claims of the advocates of the bill.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield for a question.

Mr. KEFAUVER. Is it not true that the President of the United States and the witnesses for this bill and the Senator in charge of the bill on the floor have loudly proclaimed that one way the public might be able to get something back for what the taxpayers have spent on research and development——

The VICE PRESIDENT. Will the Senator suspend until the Senate is in order, so the Chair can hear the Senator?

The Senator may proceed.

Mr. KEFAUVER. So that the taxpayers can get something back for the research and development for the money they have paid that went into the satellite system was their participation in the purchase of securities? Has not that been loudly proclaimed as the little crumb that might come to the taxpayers of the Nation?

Mr. YARBOROUGH. That has been widely advertised by the proponents. I do not know which particular one. I am not answering which particular Senator, or whether the President said it. I have heard over and over in the committee and on the Senate floor that the public will have 50 percent participation. I am not attempting to say which particular advocate said that. I heard it so much, that I don't remember who said it. I did not write down who said it. But it has been said over and over again that this was a 50–50 corporation. This amendment would assure that it would be, but it will not be if this amendment is defeated. If this amendment is beaten, the public's opportunity to participate will be limited to a very small shred.

Mr. KEFAUVER. As the bill now stands, the public has no right guaranteed to it to have an opportunity of buying any part of the nonvoting stock, the preferred stock, the debentures, bonds, or other securities that might be offered by the corporation. Is that correct?

Mr. YARBOROUGH. That is absolutely correct, and that type of financing may well be, and probably will be, the overwhelming kind of financing done by the corporation, and that is where the real profits will be made.

Mr. KEFAUVER. Is it not true that this would probably be the way the corporation will be largely financed, for this reason: that when A.T. & T. or some other telephone company bought a bond, under the authority, if granted authority by the Federal Communications Commission—and it indicated it would grant the authority—it would immediately put the purchase price of that bond into its rate base, so that domestic telephone users would have to pay for the bond and at the same time the company would get interest and dividends on the bonds? In other words, it would be assured of getting a double return?

Mr. YARBOROUGH. Absolutely. The bill authorizes the investment to be put in the rate base, and the bond or other certificate indebtedness is the way most of the financing of the corporation would be done. The corporation would put the cost of it in the corporate rate base for ratemaking purposes, and would get interest at the same time, so it would thus get a double return. Therefore it would have an incentive and a desire to buy all it could of that kind of debenture. It would take the express provision of this amendment to give the public a chance to buy such debentures.

Mr. KEFAUVER. Is it not true that if Ford Motor Co., or Morgan Guaranty, or any individual who had enough money to buy a bond, would like to have a rate base like that of A.T. & T., by which it could have that bond paid for; but at least it should have the opportunity of participating and being able to buy a bond and share in the interest or dividends that might be paid on the bond or preferred stock, should it not?

Mr. YARBOROUGH. The provision also applies to preferred stock. My answer to the Senator is "Yes." If a citizen bought a share of these certificates, he would not thereby get a double return, as would A.T. & T., but he might get such a healthy return that he might want to buy a share. I feel that if such an investment was open to the public, the public's share would be fully subscribed, because the prospective investor would know that A.T. & T. was going to put its moneymaking funds into that kind of security, rather than into common stock, because when it purchased that kind of security it would get a double return. Therefore, if the public could buy 50 percent of the nonvoting stock kind of securities, it would. I think investment advisers would recommend it as a good purchase, because with the telephone company's being able to buy 50 percent of it and its being able to write off the cost in its rate base, the public would be sure that the company was going to make it a paying proposition.

Mr. KEFAUVER. Is it not true that the Senator from Texas [Mr. YARBOROUGH] and the Senator from Alaska [Mr. BARTLETT] brought this matter up in their minority views? They urged in the committee that the public be treated just as the communication carriers would be treated. Did not I, in testifying before the Commerce Committee, point out this fatal defect in the bill? But, for some reason, the favoritism toward A.T. & T. and the other communication carriers has not been corrected, and is this not one of the fatal defects of the bill as it now stands?

Mr. YARBOROUGH. That is correct.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the minority views of the Senator from Alaska [Mr. BARTLETT] and myself printed with the report of the Commerce Committee.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS

PART I

As President Kennedy has pointed out, science and technology have progressed to such a degree that communication through the use of space satellites has become possible. A global satellite communications system is an exciting thing to think about. It truly represents one of the most revolutionary and dramatic developments of this century. Man's ability to utilize space has created a new international resource that can further the cause of world peace and understanding and bring all the people of the world a better life. The benefits which mankind will derive from the conquest of space are as vast as this new frontier itself.

I. Communications satellites will have international, political, economic, and social impact

A satellite communications system will have social, economic, and political benefits for all the countries of the world. Such a system will, of course, be international in the truest sense and will require international cooperation on an unprecedented scale.

The United States is far from alone in its interest or its efforts in satellite communications. Soviet publications have announced that the Russians expect to launch a communications satellite in the near future. Indications are that they expect to make use of a high-altitude or synchronous-type satellite. One such Soviet satellite appropriately placed in 24-hour equatorial orbit would afford communications coverage for virtually all the Communist-held world as well as Far East areas. Three or four such satellites could provide worldwide coverage.

The Japanese have recently announced that they plan worldwide television coverage of the 1964 Olympic games through the use of a satellite system consisting of three or four satellites in 24-hour orbit.

In addition, there are presently at least five other countries, not including the United States, that are engaged in the construction of ground stations. Some of these countries are also experimenting with the development of communications satellites themselves.

II. Government research has made United States the leader

To date research and development conducted by our Government has kept this Nation in a position of leadership in the field of space communications.

In testimony before the Senate Antitrust and Monopoly Subcommittee, Assistant Attorney General Loevinger noted that—

"Satellite communication is made possible through research and development paid for by Government funds because of the national interest in the establishment of such a system."

The programed expenditures on space communications alone of the National Aeronautics and Space Administration and the Department of Defense through fiscal 1963 give an indication of the costs involved.

Amounts spent by U.S. Government

	Million
NASA, space communications alone:	
Fiscal 1960	$3.1
1961	29.5
1962	94.6
1963	[1] 85.4
Total, 1960–63	212.6
Department of Defense, space communications alone:	
Fiscal 1959 and before	8.6
1960	16.4
1961	42.0
1962	92.0
1963	[1] 100.0
Grand total, NASA and DOD [2]	471.6

[1] Proposed.

[2] Kerr committee staff report of Feb. 25, 1962, pp. 1 and 2.

This does not include the many billions of dollars that have been spent on our overall space program in developing technology and competence, absolutely necessary for a satellite communications system. Without this expenditure of billions of dollars by the taxpayers of the United States, there would be no space satellite communications system. The importance of the space program to satellite communications is illustrated by the following statement of Mr. John H. Rubel, Assistant Secretary of Defense, made before the Senate Space Committee:

"About 90 percent, I would say of the problem associated with the communications satellite system really doesn't have much to do with communications, Mr. Chairman. It has to do with launch vehicles, it has to do with spacecraft that you put into orbit, it has to do with controlling those spacecraft when they are up there in orbit, it has to do with the life of electronic and mechanical equipment in space. All of these are technologies and techniques that are being developed by the Department of Defense, partly as part of our communications satellite efforts, but not exclusively so. I just can't imagine that this kind of effort could successfully be undertaken by any organization other than both the NASA and the Department of Defense" (transcript 462, Kerr committee hearing).

III. Satellite legislation not necessary now

At this time the United States is moving forward with all possible speed toward the establishment of an operational satellite communications system. The alleged urgency for legislation at this time to decide upon the legal organizational structure for operations of the system does not exist. It will be at least a year before we have conducted the experiments and studied the technical information necessary for a decision on an operations system.

Before the Senate Antitrust and Monopoly Subcommittee, Samuel M. Barr, vice president of Western Union Telegraph Co., testified as follows:

"Senator KEFAUVER. Suppose you had a corporation of $200 million right now. What would it do with the money?

"Mr. BARR. Well, for an appreciable period of time it would sit on its hands. Deferral of this legislation until next year will not delay the development of a space satellite communications system in any degree."

IV. Committee bill would create a private monopoly

The legislation which has been recommended by the majority of this committee would create a private corporation that would own and operate the U.S. portion of a worldwide satellite communications system. This corporation would be a Government-created private monopoly. Such legislation is without precedent in the history of the United States. It runs counter to the historical and traditional hostility to private monopoly that has served as a foundation of this country's economic system of competitive free enterprise.

Not only does the committee bill create a private monopoly, it would go even further and bestow on that single private monopoly the benefits of billions of dollars of the taxpayer's money. This legislation, if enacted, likely would constitute the biggest giveaway in the history of the United States.

All the elements necessary for the very existence of an operational satellite communications system have been financed by all the taxpayers of the United States. It is our belief that all these same taxpayers should receive the benefits of the system when it becomes operational. There can be no justification for giving this vast resource that has been financed by the taxpayers away to a small group of stockholders for their private gain. The taxpayers have already paid for their right to share in the returns.

V. Government will continue to have a leading role

Even if a decision were made to place ownership and control of this country's satellite communications system in a private monopoly, the Government would necessarily continue to have its leading role. The Government would be required to—

1. Furnish launch vehicles.
2. Launch the satellites and provide launch crew and associated services.
3. Consult with the private corporation regarding technical specifications for satellites and ground stations and in determining the number and location of such facilities.
4. Coordinate continuing governmental research and development with the activities of the private corporation.
5. Insure that the satellite system established is technically compatible with existing facilities with which it will interconnect.
6. Insure that present and future access to the system on an equitable and nondiscriminatory basis is made available to all authorized communications carriers.
7. Preserve competition in the field of supplying goods and services to the corporation.
8. Supervise any change in the internal structure of the private corporation.
9. Insure that opportunities are provided for foreign participation in the system.
10. Insure that the corporation provides communication services to areas of the world where such services may be uneconomical, if it is determined that providing such services would be in the national interest.

11. Last, but no means least, the Government would have to regulate the ratemaking process.

VI. Broad-based ownership illusory

The argument has been made that the rights of the people are protected by making it possible for some of them to buy stock in a private satellite corporation. This overlooks the fact that only a small percentage of the American people own or can afford to own stock in any private corporation. Many millions of these people who will never be able to own a single share of stock in a private satellite corporation do pay taxes, however, and have contributed to the investment that will make a satellite communications system possible. It would certainly not be in keeping with our standards of equity and fairness for Congress to give away to a few this investment of all the taxpayers.

VII. More competition would insure faster development

The satellite communications system is a revolutionary development that will be used for both domestic and international communications. It will inevitably be competitive with existing facilities owned by the communications common carriers: their oversea telephone cables or domestic long-distance telephone or telegraph lines. The committee bill would allow the communications common carriers to own up to 50 percent of the voting stock in a private satellite corporation and an unlimited amount of nonvoting securities, bonds, debentures, or other certificates of indebtedness. Even though there is a limitation on the number of directors that can be elected by the communications carriers, their financial interest in a private corporation would give them extensive control over the corporation.

By allowing this element of control to pass into the hands of the communications carriers, we would lose the competitive stimulus to maximum advances in all fields of communication.

Historically, our public policy of prohibiting one form of transportation from owning or controlling a new form of transportation has fostered active competition, development, and innovation in the transportation industry. This successful policy should also be followed with regard to communications carriers and the satellite system. Thus, in the interest of fostering competition and innovation in the communications satellite field, separate ownership of international communications carriers and the communications satellite system is not only advisable but essential. Private ownership and control of the space satellites would carry with it a built-in conflict of interest that would inevitably tend to slow down the most rapid development and maximum utilization of the best possible satellite system.

In our efforts to move ahead and in our competition with the U.S.S.R. we cannot afford the risk of delay by allowing a private monopoly the right to protect its present investment in communications equipment at the expense of the national interest. In testimony before the Senate Antitrust and Monopoly Subcommittee, Assistant Attorney General Loevinger observed:

"There would be a natural reluctance on the part of companies with large investments in existing facilities to take speedy action which would make these facilities obsolete. A company controlled by A.T. & T. could scarcely avoid considering the effect of satellite facilities on existing investments in cable facilities."

If the communications satellite system were owned by the United States, the Government would not send or receive telegrams nor would it operate telephones or radiophones. The Government would merely sell or lease channels on the space satellites system to privately owned communications systems for their use as a part of their communications system.

VIII. Satellite operation intimately connected with foreign relations

The successful establishment of an operational satellite communications system will require the cooperative efforts of the nations of the world on an unprecedented scale. Every phase of operations of the satellite system will be intimately connected with foreign policy. It is unrealistic to assume that there can be a meaningful separation of negotiations into categories of "business" which do not affect the national interest and "other" which do affect the national interest. A system which will ultimately link the entire world, provide for telephone, telegraph, television, and radio communication, and be used for data transmission, weather, navigation, mapping, and oceanography is obviously an instrument of national policy. We cannot afford to delegate to a private monopoly the function of conducting American foreign policy. It is impractical to try to separate out the communications function alone and assign that to a private corporation and retain the responsibility for all the other phases of a satellite system in the Government.

A truly global satellite communications system must be made available to all nations, including the less developed nations of the world. We have begun negotiations with the Soviet Union which we hope will lead to peaceful joint uses of space and space technology. President Kennedy, in his letter of February 1 to Premier Khrushchev, specifically mentioned communications by satellite as one of the areas for cooperation.

The State Department, under the supervision of the President, is the only agency which is qualified or experienced enough to represent the United States in the conduct of the negotiations that will be necessary for the establishment of the satellite communications system.

IX. Federal Communications Commission not an effective regulator

The proposal of the committee bill to create a private monopoly to own and operate our satellite system is based on the proposition that the Federal Communications Commission will regulate the corporation and thereby insure that the public interest is protected. Any assumption that the Federal Communications Commission can or will do the job adequately is not supported by the facts. A recent study of the Federal Communications Commission made for the Bureau of the Budget by Booz-Allen-Hamilton, private management consultants, concluded that the Federal Communications Commission has had neither the will nor the way to regulate the communications common carriers. This study stated that the important functions of surveillance and regulation of common carrier rates and rate bases had not been adequately undertaken.[1]

Many other functions of the Federal Communications Commission with respect to the communications carriers have been performed in only a superficial manner, or for only a small fraction of the total area of responsibility.

The Federal Communications Commission in general, and its Common Carrier Bureau in particular, have been suffering from a lack of staff and budget. Furthermore, there is evidence to indicate that the Commission is relatively uninterested in the activities of its Common Carrier Bureau. Clearly, it would be folly to turn over the job of regulating a private satellite corporation to the FCC as it is presently constituted and financed.

X. Government ownership would insure that the whole Nation benefits

Government ownership is the only way to insure that all of the potentially vast revenues from this taxpayer-financed system will accrue to all the people. Only under Government ownership can we be sure that the necessary research and development is

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[1] Excerpt from "Organization and Management Survey of the Federal Communications Commission," by Booz, Allen & Hamilton, management consultants, March 1932:

"THE COMMON CARRIER BUREAU IS NOT WELL EQUIPPED TO MEET ITS RESPONSIBILITIES IN THE FACE OF A RISING WORKLOAD

"This outline of Common Carrier Bureau duties has sketched areas of responsibility of an order of magnitude and significance which exceeds the Bureau's resources. Neither the physical facilities, the staff, nor the budget provided the Bureau properly reflects a recognition of the Bureau's statutory obligations. Handicapped by inadequate provision of the means of insuring a satisfactory level of regulatory activity, Bureau management has never been tested by measuring performance against feasible program objectives. Further, there is evidence that much of the Bureau staff believes that the Commission has far less interest in the Bureau's activities than is warranted. Under these circumstances, Bureau management has been adequate but uninspired.

"Regulatory statutes such as the Communications Act obviously are intended to take effect under reasonable standards of administration. Without extending to the minute examination of each aspect of the financial and operating practices of every subject company in the country, the law presumably intends that the public interest in common carrier communications be protected by a reasonable level of Federal regulatory activity. Toll charges on interstate telephone calls, for example, may be reviewed to establish their reasonableness without questioning to the penny every calculation that went into toll rate determination.

"In sum, the regulatory activities of the Federal Communications Commission are expected to reflect an effort to provide reasonable protection of the public interest, convenience, and need. In this, the Common Carrier Bureau has not been so organized, staffed, and otherwise equipped so as to be entirely successful. This is particularly true of the attempt to regulate the telephone industry, for which the gross original cost of plant is valued at 25 times that of all other common carrier telecommunications activities regulated by the FCC, and where the largest single component—the Bell System—constitutes the largest corporate enterprise in the world. Further, the Bell System accounts for 96 percent of the telephone plant in service and 97 percent of the operating revenues received by all telephone companies fully subject to FCC regulations. About 25 percent of Bell System operating revenues are derived from interstate and foreign operations, and the percentage is increasing. The existence of this huge strategic enterprise places a particular burden on the Federal Government to look to the public interest.

"That the Common Carrier Bureau has been active in pursuing its duties in part is evidenced by app. I, which tabulates the rate reductions and increases negotiated between the American Telephone & Telegraph Co. and the FCC since 1935. However, it is clear that the important functions of surveillance and regulation of common carrier rates and rate base have not been adequately undertaken. These functions do not seem to have been accorded an appropriately high priority by the Commission in the allocation of resources and direction of attention. While comparatively less profitable but highly important areas, such as weather, space research, and navigation, will proceed at the maximum rate. If the Government owns the satellite communications system, including both the satellites themselves and the ground stations, it can bring competition into the communications field.

XI. Government corporation would foster competition

A Government corporation can insure competition in the procurement of the equipment and services used by the communications satellite system. It is essential that all interested parties engaged in producing and selling communications and related equipment be given unrestricted chance to provide such equipment to the system whether or not they are owners of the system. This will enhance the chance for small business to participate in the development of the communications satellite system.

The committee bill cannot insure unrestricted opportunity to furnish equipment for the communications satellite system, since the major international communications carriers are integrated with the largest communications equipment manufacturers. Vertical integration of international communications carriers and the manufacturers of the equipment they use, moreover, inhibits a free competitive system. The choice which is before us is between Government ownership of a taxpayer-financed resource, with operation for the benefit of all the American people, or ownership by a Government-created private monopoly.

PART II

The foregoing arguments and observations show that a publicly owned communications satellite corporation would be far superior to the proposed private corporation. The public corporation, moreover, would avoid the pitfalls inherent in the proposed private corporation. Even, the committee bill, however, requires amendment in several respects to effectively accomplish the purpose for which it is offered.

Section 201(a)(6), page 25, line 20:

The language of section 201(a)(6) provides that the President shall insure the appropriate utilization of the commercial system for general Government purposes that do not require a separate communications satellite system to meet unique Government needs.

This indicates that the President is expected, in fact required, to see that all Government communications will be channeled through the commercial system even though the Government might have its own satellite system, e.g., Advent or Relay, that could be used at a smaller cost to the Government. This, in effect, would provide a continuing subsidy to the private corporation. It is easy to visualize a Government-owned system whose existence is necessary in the national interest going unused while the Government pays a private monopoly for communications services that are already available to it.

Section 201(c)(1) page 27, line 17: Under section 201(c)(1) the Federal Communications Commission need only consult with the Small Business Administration and get recommendations on measures and procedures intended to provide small business concerns an equitable opportunity to participate in the procurement program of the corporation. This provision, as it is written, affords no real protection to small business. It is merely window dressing without substance. In view of the fact that the communications carriers who will be major investors in the corporation are also in the manufacturing business, and since the noncarrier stock can be held by large corporations engaged in manufacturing and supply, there should be strong language to guarantee the small business concerns a role in this important undertaking.

Section 201(c)(7), page 29, line 7:

With reference to this section and the ownership of ground stations, the bill should provide that the ground stations will be owned by the satellite corporation. Only if the corporation owns the ground stations as well as the satellites will it have a communications system.

If the ownership of the ground stations is left to the communications carriers, they will, in effect, have control of satellite communications. If the ground stations and satellites are owned by the corporation, it may be possible to improve the competitive structure of both domestic and international communications.

Mr. Nicholas Katzenbach, Deputy Attorney General, appeared before this committee and testified in support of the President's recommended satellite bill. His comments on the subject of ownership of ground stations by the private satellite corporation are well worth repeating here:

"There are very good reasons for considering the ground stations to be properly part of the communications satellite system for which the proposed corporation will be responsible. But for the system, the ground stations would have no purpose.

"I am advised that technical compatibility between the satellites and the ground stations in any system is clearly mandatory, and that progress from initial satellites to more efficient and desirable types will not be possible if the ground stations would not be compatible with the improved satellites. There is a real danger that ground stations if separately owned by the carriers may, because of their high cost, represent an obstacle to technical growth so as prematurely to freeze the type of system.

"It is also important to note that satellites and ground stations will be technically able to handle all forms of communications, such as voice, record, and television, while particular carriers who might own ground stations may only hold authorizations for certain types of communications.

"Moreover, as anyone generally familiar with public utilities will realize, there may be different peaks in the demands for service, varying with the types of service or with the particular carrier. A more efficient utilization of the system could be achieved by pooling the capacity necessary to meet these varying peaks, thus conserving scarce radio spectrum allocations, rather than providing separate and partly overlapping reserves of capacity for each carrier and for each type of service. Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergencies, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.

"In addition, there might well be a savings in capital expenditures by avoiding the unnecessary duplication of ground stations constructed by the various carriers. Construction of ground stations as part of the corporation's assets would also facilitate regulation of rates by the FCC, because the costs involved could be isolated, rather than becoming hopelessly entangled in the present economic jungle of long-distance and oversea telephone services, the rates of which the FCC has thus far found it impossible to investigate or regulate effectively.

"To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated."

Section 302, page 31, line 6: The President must approve the original articles of incorporation of the corporation. Under the original administration proposal, S. 2814, section 302, approval by the President was required for the original articles of incorporation and for any amendments thereafter. In addition the President was given the power to initiate amendments. This power over amendments should definitely be restored. Without it, the mere power to approve the original articles has little real substance. Under the District of Columbia Corporation Act, section 29-921, the articles of incorporation can be amended by a vote

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the staff has sought to establish essential criteria for judging rates of return, the Commission, in fact, has established no firm criteria governing such rates of return and does not demonstrate that the reductions negotiated actually bring the overall rate of return down to reasonable limits. This activity merits far greater emphasis if the public interest is to be properly served.

"The list of Bureau functions which are explicit or implicit in the Communications Act is in fact a lengthy one. A tabulation of those which, for lack of staff and budget, are performed in a superficial manner, or are performed for small fraction of the total area of responsibility, also would prove lengthy. It would include such items as the following:

"Since Jan. 1, 1956, accounting compliance reviews have been accomplished for only 14 of 24 Bell System companies and 9 of 40 independent telephone companies. App. J illustrates this by listing the dates on which accounting compliance reviews were last conducted for fully subject independent telephone companies.

"In 1960, Bell System purchases from the Western Electric Co., a Bell subsidiary, amounted to $1,800,000,000, which amount becomes part of the rate base on which the Bell companies expect a return. Apart from occasional review of periodic reports, no examination of the books of Western Electric or other leading telephone equipment manufacturers has been undertaken to determine the reasonableness of charges to the Bell System.

"Under the Communications Act, depreciation rates—a major factor in an industry with an increasingly faster rate of obsolescence for much of its equipment—must be prescribed by the FCC. Rates of Bell System companies can be reviewed every 3 or 4 years, at best. Although depreciation rates in general use are scanned for unusual factors, in fact no depreciation rates have been prescribed for the independent companies subject to the FCC.

"The method of timing and billing long-distance telephone calls never has been adequately examined.

"Tariffs for the relatively new broad band and private line services require study of level and structure which has not been possible to date on a scale in keeping with the rapid development of significant new services.

"Disparities which exist between interstate and intrastate telephone rates for comparable distances are blamed by State authorities for inequities in revenue distribution and consequent adverse effects on local tax yields. Additional accounting studies are needed to establish acceptable separations and division of revenue.

"This list is susceptible to considerable extension. The point is that the Bureau is in no position to establish the reasonableness of charges in most areas of common carrier service."

of two-thirds of the outstanding shares entitled to vote. (In some instances class voting is provided for.) If it is important that the President approve the articles of incorporation, as it surely is, then it is equally important to foreclose the possibility of accomplishing by amendment what would not have been approved originally. The President should have a continuing power to protect the public interest with respect to the contents of the articles of incorporation.

This would not subject the day-to-day affairs of the corporation to Presidential supervision. There is no provision in the bill which affects management's normal control over the bylaws, which provide for the operational aspects of the corporation's business. Section 29–909 of the District of Columbia Corporation Act which would apply to the corporation provides:

"The power to make, alter, amend, or repeal the bylaws of the corporation shall be vested in the board of directors unless reserved to the shareholders by the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation" (June 8, 1954, 68 Stat. 190, ch. 269, sec. 24).

Section 303(b), page 32, line 17: This section states that no officer of the corporation shall receive any salary from any source other than the corporation during the period of his employment by the corporation. Because of the unique character of the proposed form of business organization, a very strong provision is needed to guard against any possible conflict of interest. The fact that the communications carriers are even to be allowed to own stock in the satellite corporation requires an exemption to the antitrust laws. Protection of the public interest requires that officers and directors of the private corporation be forbidden to have any direct or indirect financial connection with any communications carrier or equipment manufacturer, or supplier of the satellite corporation.

Section 304(a), page 33, line 1: The original proposals for a private satellite corporation would have limited ownership to a small group of international communications carriers. This was the class identified by administration spokesmen as the "favored few." Subsequent proposals have included provisions that would allow the public to participate to some extent in the ownership of the corporation. Two principal reasons have been advanced for broadening the ownership base: (1) It would give the taxpayers who have already financed the necessary technical competence the chance to invest further in the hope of receiving a financial return. It was stated that it would be "unconscionable" to exclude the public, and (2) it would help avoid domination of the satellite corporation by a single communications carrier.

Attorney General Kennedy in his testimony before the House Commerce Committee stated the administration position as follows:

"It is our firm conviction that the general public should be permitted to participate in this proposed corporation. A monopoly created by legislation should not be turned over to a favored few. This is even more true when the probable success of this venture has been assured by governmental research and development at considerable cost to the taxpayers.

"Public participation will help us to avoid domination by a single carrier. It will help to insure competition in all its ramifications. It will help to insure speed. Such a corporation would be interested in developing the widest possible usage of the system as soon as possible. It will help to insure adequate private financing if we do not close the door to noncarrier investment."

If private ownership is the final choice, these, of course, represent important considerations. However, section 304 as finally drafted will not accomplish the desired objectives. Section 304 states that the shares of voting stock initially offered shall be sold at a price not in excess of $100 a share and in a manner to encourage the widest distribution to the American public.

First of all the philosophy of insuring the widest possible distribution to the American public should apply to all issues of voting stock and to all issues of nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized under section 304(c). Only by so doing can we be sure of real participation by the public.

Second, if the taxpayers who have financed the present investment in space communications technology are to be brought into the corporation, the price of the stock should be set low enough that the average taxpayer can buy the stock; $100 a share is far too high. Only a small percentage of the shares listed on either the New York or American Stock Exchanges sell for as much as $100 a share. The price of stock in the satellite corporation should be set at $10 per share, or certainly not more than $25 per share.

If a private corporation must rely on public participation to protect the public interest, the corporation should be organized in such a way that widespread public participation will actually result.

A final point with regard to financing the corporation: Under section 304(b)(3) noncarrier stockholders are limited as to the amount of stock a single stockholder, syndicate, or affiliated group can own. The limit is 10 percent of the shares of voting stock outstanding. Fairness requires that this limitation be applied equally to the communications carriers. The same limitation of 10 percent should apply to both carriers and noncarriers with respect to ownership of nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized under section 304(c).

Section 402, page 38, line 4: The President's original bill, S. 2814, "Section 402; Conduct of Foreign Negotiations," provided as follows (S. 2814, p. 17, sec. 402):

"The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

The bill as approved by the majority of this committee contains as a substitute for that section the present "Section 402: Notice of Business Negotiations" (H.R. 11040, Rept. No. —, sec. 402, p. 38).

"Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this act with any international or foreign entity, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations. Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations."

This narrowing of the role of the State Department will endanger the position of the United States in its efforts to compete with the Soviet Union in the race for space. It amounts to a delegation of the conduct of American foreign policy to a private corporate monopoly.

RALPH W. YARBOROUGH.
E. L. BARTLETT.

Mr. MORSE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Does the Senator yield?

Mr. YARBOROUGH. I yield for a question to the distinguished Senator from Oregon.

Mr. MORSE. Will the Senator accept the very sincere congratulations and the thanks of the senior Senator from Oregon for offering this amendment as a check against the monopolistic giveaway which the bill proposes to provide the A.T. & T.?

Mr. YARBOROUGH. I would like to accept that congratulation if I were entitled to it, but the major portion of the credit should go to the distinguished Senator from Tennessee, the major author of the amendment. I am merely a coauthor. The Senator from Tennessee did the major research. When it came before the Commerce Committee he alerted me to this defect in the bill. So, while I have been sponsoring it in the committee and here, the real credit should go to the distinguished Senator from Tennessee, whose years of work in the Antitrust and Monopoly Subcommittee have been fruitful of great good for the people of the United States.

Mr. MORSE. Is it not true that the Senator from Texas is cooperating with those Senators who are opposing the bill by offering the amendment, although it was offered by the Senator from Tennessee and cosponsored by the Senator from Texas and others of us, because the Senator from Tennessee and the senior Senator from Oregon and some of the rest of us on the team fighting for the protection of the public interest have practically exhausted all of our time under the shocking gag rule that the leadership of the Senate has placed upon the Senate as the result of cloture?

Mr. YARBOROUGH. I agree with the Senator from Oregon. This bill in its present form reminds me of an experience I had as a youngster. Two of us were seining for perch in a creek down in my State. A large aggressive fish with very sharp teeth we call alligator gar was in the pool in the creek. It made a run on the seine and tore it up. We had a seine with a line on top of the water with corks and a line on the bottom with some lead sinkers. When we reached the end of the pool, the middle part of the seine was gone. The condition of that seine reminds me of the condition of this bill. We had remaining a seine with a line with corks at the top of the water and a line with lead sinkers at the bottom of the pool and in between the seine looked worse than a sieve, with nothing to hold a catch. It was as this bill which has no adequate body to hold and to protect the public rights and interest.

Mr. MORSE. Does the Senator agree with me that this amendment is essential if we are to protect the public rights to equal and fair opportunity to buy securities, even in connection with the monopoly being set up under the bill, and if we do not do it we are going to entrench even deeper the stranglehold of the A.T. & T. over the American public?

Mr. YARBOROUGH. The distinguished Senator from Oregon is absolutely correct. Regardless of the merits of the amendment, the gag rule prevents full discussion. I think if there were full discussion, Members of the Senate who serve on the Finance Committee and the Banking and Currency Committee, and others who have great knowledge of financial matters would consider it and would adopt it. All the amendment does is give the public a chance to buy half of the stocks and bonds of the corporation, just as the proponents have said that there would be 50-50 participation; but that opportunity is not provided the public. The failure to protect the public was demonstrated by the last preceding vote on the amendment. It is shocking that there were only 17 affirmative votes on that amendment, which would protect the rights of the public on the question of patents.

We could not even get an amendment to protect the public patent rights agreed to, because there was not time left under this "gag rule" even for discussion, to bring it to the attention of the Senate.

Mr. MORSE. Does the Senator from Texas know——

Mr. YARBOROUGH. I yield for one more question only. My time is running out.

Mr. MORSE. Does the Senator from Texas know of a single amendment that he or any of the other Senators in our group, in opposition to the bill, have offered to the bill which is not in our sincere, honest judgment necessary to protect the public interest?

Mr. YARBOROUGH. All the amendments that I have offered, or seen offered, or voted for, I think are necessary to protect the public interest. This "gag rule" has been in effect. Even the Democratic Party whip, the Senator from Minnesota [Mr. HUMPHREY] offered an amendment, to try to protect the power of the President, and that amendment offered by the whip of the Democratic Party, though he is in favor of the bill, was guillotined down, just as was any amendment offered by those of us opposing the bill.

Mr. MILLER. Mr. President, will the Senator yield for a question?

Mr. YARBOROUGH. I will yield if the Senator will use his time.

Mr. MILLER. The Senator cannot do that, I understand.

Mr. YARBOROUGH. I yield for a question.

Mr. MILLER. I should like to ask the Senator why his amendment would delete the last sentence of the subsection, beginning on line 24, page 34. Is it the Senator's intention to do so?

Mr. YARBOROUGH. I shall have to get a copy of the amendment back from the desk.

Mr. MILLER. The last sentence reads:

> The voting stock of the corporation shall not be eligible for inclusion in the rate base of the carrier.

That would be excluded from the bill by the Senator's amendment, if the amendment is agreed to.

Mr. YARBOROUGH. I shall have to get a copy of the amendment from the desk. That was not my memory of the effect of the amendment.

Mr. President, that is not my interpretation of the amendment, as to its effect.

My time is running out. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Texas has 2 minutes remaining.

Mr. YARBOROUGH. I have only 2 minutes remaining of my total time?

The PRESIDING OFFICER. Yes.

Mr. YARBOROUGH. I yield the floor.

Mr. PASTORE. Mr. President, this discussion proves how much or how little Senators have studied the bill which came from the Committee on Commerce. If the Senator is talking about the bill which came from the Committee on Aeronautical and Space Sciences, he might have a good premise, but this matter was thought about and well considered by our committee. We went out of our way to correct precisely this matter.

The reason why we provided the 50-50 provision on the voting stock is because the voting stock will control the corporation. With respect to bonds, debentures, loans and other obligations, of course, that is a different matter. There we would not provide the 50-50 requirement.

What would we do? We would leave it to the discretion and to the responsibility of the Federal Communications Commission. We wrote that in the bill. Before any of these bonds could be issued, or before any of the debentures could be issued, it would be necessary to go to the FCC to get permission. That is what we provided in the bill. I think this precisely answers the question raised by the Senator.

I ask Senators to look at page 27 of the bill, at the language which reads:

> The Federal Communications Commission, in its administration of the provisions of the Communications Act of 1934, as amended, and as supplemented by this Act, shall—

The word is "shall," I say to my friends.

> (8) authorize the corporation to issue any shares of capital stock, except the initial issue of capital stock referred to in section 304(a), or to borrow any moneys, or to assure any obligation in respect of the securities of any other person, upon a finding that such issuance, borrowing, or assumption is compatible with the public interest, convenience, and necessity and is necessary or appropriate for or consistent with carrying out the purposes and objectives of this Act by the corporation.

It might well be that 75 percent of such securities will go to the public. It might well be that the FCC might permit 100 percent of it to go to the public.

When Senators stand on this floor and say that the public is to be deprived of these securities, I say they are not reading the terms of the bill.

I move to lay the amendment on the table.

Mr. MORSE. Mr. President, will the Senator withhold his motion for 30 seconds?

Mr. PASTORE. I withhold the motion.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, in 30 seconds I wish to say that we have no confidence in the FCC, on the basis of its sorry record in relation to A.T. & T. The amendment is necessary as a check on the FCC.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

Mr. YARBOROUGH. Mr. President, may I use 5 seconds?

Mr. PASTORE. Mr. President, I withhold my motion for 5 seconds.

The PRESIDING OFFICER. The Senator from Texas may proceed.

Mr. YARBOROUGH. I merely point out that there is no requirement in the bill that the general public have 50 percent of the stock. I am glad to hear the distinguished Senator say that under the terms of the bill the Federal Communications Commission can order that the public have 50 percent, because we will have that as a part of the legislative record, and perhaps the public will get some protection which otherwise would not exist.

Mr. PASTORE. The FCC can find that 100 percent of the securities be for the public, which is even better than would be provided by the amendment offered by the Senator from Texas.

Mr. President, I move to lay the amendment on the table.

Mr. KERR. Mr. President, will the Senator withhold for 10 seconds, please?

Mr. PASTORE. Mr. President, I withhold my motion.

The PRESIDING OFFICER. The Senator from Oklahoma may proceed.

Mr. KERR. Mr. President, any license granted under the bill could not exceed 5 years in term and could be revoked by the Federal Communications Commission, on proper notice, at will. It is not only inaccurate but also foolish to talk about the Federal Communications Commission not being in a position to protect the public interest.

Mr. MILLER. Mr. President, will the Senator withhold his motion for an additional 15 seconds?

Mr. PASTORE. I withhold my motion.

Mr. MILLER. Mr. President, I yield myself 15 seconds.

I invite the attention of the Senate to the fact that under the amendment the sentence starting in line 24 on page 34 would be removed. That sentence provides:

> The voting stock of the corporation shall not be eligible for inclusion in the rate base of the carrier.

I believe that the removal of that language by the amendment would be very defective and very undesirable.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the amendment which has been called up, identified as "8-11-62—EE," may be amended by striking out, on line 2 of page 1, the words "page 35, line 2," and by inserting in lieu thereof the words "the word 'Commission' on line 24, page 34."

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Is the Senator from Texas the author of the amendment?

Mr. YARBOROUGH. Yes; I am a coauthor. I called up the amendment.

Mr. KERR. I think the Senator ought to be permitted to have the amendment in whatever shape he wants it when it is tabled.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and the amendment is so modified.

Mr. PASTORE. Mr. President, I move to lay the amendment, as modified, on the table.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment, as modified, offered by the Senator from Texas [Mr. YARBOROUGH], to the committee amendment.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], and the Senator from Wyoming [Mr. HICKEY] are necessarily absent.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. HILL], and the Senator from Wyoming [Mr. HICKEY] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from California would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Michigan [Mr. MCNAMARA]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Michigan would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Kentucky [Mr. MORTON] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 68, nays 11, as follows:

[No. 203 Leg.]

YEAS—68

Aiken
Beall
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Hart
Hartke
Hayden
Hickenlooper
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—11

Bartlett
Burdick
Douglas
Gore
Kefauver
Long, Hawaii
Long, La.
Morse
Moss
Neuberger
Yarborough

NOT VOTING—21

Allott
Anderson
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Goldwater
Gruening
Hickey
Hill
Kuchel
Magnuson
McNamara
Morton
Murphy
Saltonstall

So Mr. PASTORE's motion to lay on the table Mr. YARBOROUGH's amendment, as modified, to the committee amendment, was agreed to.

HONORARY CITIZENSHIP FOR SIR WINSTON CHURCHILL

Mr. LAUSCHE. Mr. President, yesterday the Senator from West Virginia [Mr. RANDOLPH] introduced a joint resolution which would authorize the conferring upon Sir Winston Churchill of honorary citizenship in the United States. I join with the Senator from West Virginia in supporting his joint resolution. I have spoken to him and have asked his consent to become a joint sponsor with him, and he has granted me that right. I therefore ask unanimous consent that my name be included as one of the sponsors of the joint resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. It is fitting that we do this. Churchill was one of the great leaders in the last war. It was his spirit and his courage and his leadership which instilled confidence in the people of the West that the great march which Hitler was making would not eventually end in success for dictatorship and tyranny. When the lights of hope were dimmed, when the people in England were in great despair, when Hitler was marching to victory, it was this great Englishman who rallied the people of the world to the cause of freedom. There is nothing that we can do in this country except confer this honorary citizenship on Sir Winston Churchill, which the Senator from West Virginia has moved in the form of a joint resolution. I join with him. I hope the other Members of the Senate will subscribe to it also.

Mr. KEFAUVER. Mr. President, will the Senator yield in his time?

Mr. LAUSCHE. I yield in my time.

Mr. KEFAUVER. Mr. President, I wish to join with the distinguished Senator from Ohio in sponsoring the joint resolution. I believe that the reason why the light of freedom burns in the world today is due in great measure to the courage and leadership and tenacity of Winston Churchill. I ask consent that I may be allowed to cosponsor the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MOSS. Mr. President, I call up the amendment identified as "8-11-62—BB."

The PRESIDING OFFICER. The amendment will be stated.

Will the Senator indicate by whom the amendment has been submitted?

Mr. MOSS. The names of the Senators on the amendment are KEFAUVER, NEUBERGER, MORSE, LONG of Louisiana, YARBOROUGH, CLARK, and BURDICK. It is identified as "8-11-62—BB."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 27, line 3, strike out "feasible" and insert in lieu thereof "deemed appropriate by the Administration."

Mr. MOSS. This is a very simple amendment. It comes under title II, which provides in subparagraph (b)(6) that the National Aeronautics and Space Administration shall "to the extent feasible, furnish other services on a reimbursable basis, to the corporation in connection with the establishment and operation of the system."

The only test is whether it is feasible for NASA to do it. I do not believe that this is a reasonable requirement. I believe that NASA should have the power to determine to what extent it is appropriate for NASA to furnish these services to the corporation.

Therefore, the language should be changed and the standard should be changed from one of simple feasibilty to a standard of appropriateness. The test should be the extent to which it is deemed appropriate by NASA to cooperate, not simply the test of feasibility. If the language remains in the bill as it now stands, the determination is with the corporation. As long as what it requested were feasible, NASA would have to do it for the corporation.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. MOSS. I yield to the Senator from Tennessee for a question.

Mr. KEFAUVER. Is this not typical of the one-way street that we find all through the bill; that is, everyone does something for the corporation—the President works for the corporation, NASA works for the corporation—but there is no reciprocity with respect to what the corporation does for anyone else?

Under the provision in the bill, is it not true that if we content ourselves, as we do by the passage of the bill, with a low-orbit Telstar system of communications, which will require 300 or more satellites to be kept in orbit, if it is to be successful, meaning that ever so often they will have to be replaced, when the corporation calls upon NASA to use its rocket power to put these satellites in orbit, the only test will be feasibility? We might be in a war, and it would still be feasible for NASA to use its rocket power to put a satellite in orbit, but it might not be the right thing to do in time of war. Is it not true that if we were at war, rockets might be needed for military purposes, but still, when requested by the corporation, NASA would have to use its precious rocket power to put satellites in orbit for the corporation?

Mr. MOSS. The Senator is correct. Under the language as it stands in the bill, the provision is mandatory on NASA. It says that NASA shall do thus and so, and the bill lists the number of things that NASA shall do, which are mandatory commands. There are six such requirements which NASA must do on a feasibility basis. NASA must do this by law, regardless of what other priority considerations may be in existence at the time. If the substitute language is adopted, the administration will have the power of decision and the power to determine whether it is appropriate that NASA shall furnish these services, and if NASA feels that it is not appropriate to do it, it may decline to do it.

Mr. KEFAUVER. Is not the Senator a member of the Armed Services Committee?

Mr. MOSS. No; I am not a member of that committee.

Mr. KEFAUVER. I know that the Senator has been very much interested in the Air Force and in rocket power. Does it not seem to be absolutely necessary for the defense of this country that NASA at least have the right to decide whether rockets are needed more for satellites or more for the military defense of the United States?

Mr. MOSS. The Senator is correct. I have taken a great interest in military activities, and I am an active reservist of the Air Force. I have continued my interest in these matters. The Senator has stated correctly that the power of decision must remain with NASA or with the administration to determine what should be done from a priority standpoint under a particular circumstance. The power should not be passed off to the corporation to decide. I might point out that this is not limited to rockets, but that it involves any other service. So long as it was feasible to do so, NASA would be bound to furnish the service, under the terms of the bill.

Mr. PASTORE. Mr. President, I believe we are playing with semantics. I understand the point that has been made by the distinguished Senator from Utah. I sympathize with his objective. What he has in mind is precisely what was intended by the language in the bill. The construction the Senator places on the language is precisely what I construe feasibility to be. It means circumstances obtaining at the time. When we read that language in conjunction with the powers of the President, which includes the power to "provide for continuous review of all phases of the development and operation of such a system, including the activities of the communications satellite corporation," I believe this situation is completely covered. This amendment could pretty well be decided one way or another. However, I must remain consistent, and therefore I respectfully move to lay the amendment on the table, with the understanding that the legislative history indicates precisely the objective that is being sought to be accomplished by my good friend from Utah.

Mr. KEFAUVER. Mr. President, I ask for a division.

Mr. MOSS. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. GRUENING (when his name was called). On this vote I have a pair with the junior Senator from California [Mr. ENGLE]. If he were present and voting, he would vote "yea." Were I at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Hawaii [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], and the Senator from Wyoming [Mr. HICKEY], are necessarily absent.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from Wyoming [Mr. HICKEY] is paired with the Senator from Hawaii [Mr. LONG]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Hawaii would vote "nay."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Michigan would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Maryland [Mr. BUTLER and Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Kentucky [Mr. MORTON] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 61, nays 17, as follows:

[No. 204 Leg.]

YEAS—61

Aiken
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
Miller
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—17

Bartlett
Burdick
Douglas
Gore
Hart
Javits
Keating
Kefauver
Long, La.
McGee
Metcalf
Morse
Moss
Neuberger
Thurmond
Yarborough
Young, Ohio

NOT VOTING—22

Allott
Anderson
Beall
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Goldwater
Gruening
Hickey
Kuchel
Long, Hawaii
Magnuson
McNamara
Morton
Murphy
Saltonstall

So the motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The committee amendment, as amended, is open to further amendment.

HONORARY CITIZENSHIP TO SIR WINSTON CHURCHILL—ADDITIONAL SPONSORS

Mr. YOUNG of Ohio. Mr. President, on August 9, I introduced Senate Joint Resolution 215, authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America. It was recorded in the CONGRESSIONAL RECORD on that date.

The joint resolution reads as follows:

> Whereas Sir Winston Churchill has occupied a prominent world position of leadership, both in his native land and in the struggle of the free world against nazism, facism, and communism; and
>
> Whereas this great leader also has earned for himself a position of prominence among the literary giants of the English-speaking worlds as a writer, a historian, and an orator; and
>
> Whereas, being the son of an American mother and an English father, Sir Winston Churchill, more than any other, truly epitomizes the union between the two great English-speaking peoples; and
>
> Whereas it is fitting that the Congress of the United States, on behalf of the grateful American people, expresses its high appreciation of the outstanding contribution this great statesman has made to the cause of freedom; and
>
> Whereas it is also appropriate that this honor be bestowed as a means of furthering our Nation's hopes of an Atlantic Union as proposed by the President on the Fourth of July 1962: Now, therefore, be it
>
> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States is hereby authorized and directed to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America.
>
> SEC. 2. The Secretary of the Senate is instructed to transmit a copy of this joint resolution to Sir Winston Churchill.

On August 9, I addressed the Senate in this regard—as is shown by the CONGRESSIONAL RECORD for that day. Apparently my distinguished colleague, the senior Senator from Ohio [Mr. LAUSCHE], was not aware of that fact. Had I thought of it, or had he been present, I am sure he would have joined in sponsoring the joint resolution. I shall be glad to have him be a cosponsor of the joint resolution.

Mr. LAUSCHE. I am delighted to do so.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YOUNG of Ohio. Mr. President, may I point out that on August 1, I also addressed the Senate, as is recorded on page 15195 of the CONGRESSIONAL RECORD, and referred to Sir Winston Churchill. I make this statement for the information of my colleagues. My statement appears in the RECORD under the caption "Hero of Two Nations."

Thereafter, my office received a telephone call from the office of the disglad to have the Senator from West Virginia [Mr. RANDOLPH], expressing interest in the joint resolution which I introduced. I know that the Senator from West Virginia has since then introduced a similar measure. I would be glad to have the Senator from West Virginia also join in sponsoring my joint resolution.

Without taking much further time on this subject, may I say that Sir Winston Churchill is undoubtedly among the greatest men in the free world today. A thousand years from now, men and women in far-off places will give thanks that in a dark and grave period in the history of the world, this indomitable man grasped the leadership of free men and free women. Under his courageous leadership, the evil forces of aggression and tyranny were thrown back, and men and women the world over were restored to their simple dignity as creatures of God.

Mr. President, I hope the Senate Judiciary Committee will promptly report one of these joint resolutions—either the one introduced by the senior Senator from West Virginia [Mr. RANDOLPH] or the one introduced by me. I urge its passage.

In conclusion, I ask unanimous consent that the names of the distinguished senior Senator from Oregon [Mr. MORSE] and the distinguished senior Senator from Tennessee [Mr. KEFAUVER] be added as cosponsors of Senate Joint Resolution 215, which I introduced.

The PRESIDING OFFICER. Without objection, it is so ordered.

OUR FINANCIAL AID TO UNSTABLE LATIN AMERICAN COUNTRIES SHOULD BE SUSPENDED

Mr. GRUENING. Mr. President, on July 19, I took the floor of the Senate to praise President Kennedy's action in suspending Alliance for Progress aid to Peru. At the same time I urged that similar action be taken in regard to Argentina and Brazil, whose governments were and are so unstable that there can be no assurance that they will last an appreciable time, and, therefore, that the commitments which they make or are asked to make in exchange for our financial aid will be honored by their successors.

Nevertheless, it was announced in the press that half a billion dollars were shortly to go to Argentina, mostly for bail-out operations. If this sort of thing goes on, the Alliance for Progress will be totally wrecked. The only chance of success for this worthy and yet difficult program is for us to insist on the fulfillment of the conditions that President Kennedy stipulated when he first announced the Alliance for Progress. Those conditions were that there would be specific evidence of self-help, tax reform, land reform, anti-inflation measures, and a general willingness on the part of the recipient nations to do their part. No such things has happened in much of Latin America; but our aid has gone to these governments nonetheless.

In substantiation of the position I have taken, it is interesting to note that the Washington Post, which has long been an enthusiastic and uncritical supporter of every aspect of our foreign-aid program, this morning published as its leading editorial one entitled "Alliance in Trouble."

The Post very properly states that the United States needs a clearer set of priorities. One priority would be to suspend all aid to countries dominated and controlled by military juntas who have set aside the constitutional electoral process. There is no prospect of a democratically minded regime emerging or of any real progress when the military caste and cliques which have bedeviled many Latin American countries continue to impose their arbitrary will. That is what has happened in Peru and Argentina, and is in the making in Brazil.

I ask unanimous consent that this editorial be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ALLIANCE IN TROUBLE

Perhaps the most accurate judgment is contained in the slogan posted over Teodoro Moscoso's desk: "Be Brief. We Are 25 Years Behind." Perhaps too much was promised too soon, without sufficient warning of the difficulty of the task. Possibly the administrative machinery has too many gears and not enough lubricant. Whatever the explanation, the first birthday of the Alliance for Progress is an occasion less for joyous celebration than for sober stocktaking about a program that has still to get off the ground.

A year ago today in Punta del Este, 20 American Republics approved a charter that began with this preamble: "We, the American Republics, hereby proclaim our decision to unite in a common effort to bring our people accelerated economic progress and broader social justice within the framework of personal dignity and political liberty."

The Alliance was conceived as a 10-year program involving $20 billion in investment from the United States, Western Europe, international lending agencies and private capital. The goals include an average growth rate of 2½ percent, elimination of illiteracy by 1970, economic integration, increased life expectancy, agrarian and tax reform. But the record of the first year has been damaging to the Alliance's political goals, disappointing in economic and social fields and less than electrifying as a psychological antidote to apathy.

Clearly some setbacks to the Alliance have been beyond control and merely reflect the accuracy of President Kennedy's warning that there is not an American solution for every problem. The disheartening crisis in Brazil caused by President Quadros' abdication, the military overthrow of President Frondizi in Argentina, and the coup d'etat in Peru all sprang from internal forces beyond outside influence.

It was unrealistic, moreover, to expect a 10-year program to begin with a dramatic breakthrough in overdue social reforms. No democratic country can be asked to end the injustices of centuries overnight, and in fact modest progress is being made in encouraging land and tax reform. In light of Latin America's exploding population and lack of technicians, the investment development program was bound to have a halting start.

Where the Alliance can be faulted is in its failure to make its design understandable, to catch the imagination and create a new sense of community among Americans, North and South. Nominally, Mr. Moscoso is the U.S. Administrator of the Alliance, but in fact the program is being run like a football team with too many quarterbacks in which the ball is lost from sight amid aimless runners.

It may be that much of the Alliance must remain hope deferred. What the United States can do now, however, is to create a clearer set of priorities and to enroll the energies of more Americans, North and South, into immediate and practical efforts. Cities on this continent could adopt cities to the south, business and professional groups could cooperate in inter-American ventures, agricultural colleges here could undertake food production programs in Latin America.

If the Alliance is to succeed, it will have to be more than a government-to-government program. The paucity of achievement in the first year is understandable; the sense of apathy, however, is a just reproach. What has been missing in the Alliance is not goodwill, money, and intelligence. It has been strong and certain leadership.

Mr. GRUENING. I likewise ask unanimous consent that an article by Tad Szulc, the knowledgeable New York Times' expert on current Latin American affairs, entitled "Latin Instability Besets Alliance," which lucidly gives the facts on this unhappy situation, be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRUENING. I note, also, in this morning's paper an Associated Press dispatch which indicates that the military junta in Peru will get U.S. recognition. I see no objection to that. In fact, I believe that we cannot arbitrarily withdraw recognition because there is a change of regime. We must continue to maintain our diplomatic contacts. But I am hopeful that this does not mean that we will resume our financial aid until such time as we can have definite assurances that the reciprocal policies which we allege are essential to our giving aid will clearly be put into effect. If the United States does not do this, it is showing to the rest of the Latin American nations that they need not comply with the conditions that the United States has stipulated.

Let it be pointed out that this is in no sense an attempt to compel any nation to do what its government does not wish to do. It merely says that if they want our aid, they must take certain steps to help themselves. If they do not take those steps, they will not get our dollars. We have not pursued that policy hitherto, and the time is long past when we should have done it.

EXHIBIT 1

[From the New York Times, Aug. 17, 1962]

LATIN INSTABILITY BESETS ALLIANCE—FEAR THAT UNREST ENDANGERS U.S. AID PLAN GROWS AS IT COMPLETES ITS FIRST YEAR

(By Tad Szulc)

Washington, August 16.—The first anniversary of the signing of the Alliance for Progress Charter comes tomorrow against a background of deep convulsions in South America's two largest nations and serious unrest elsewhere in the hemisphere.

It is not argued here that the crises in Argentina and Brazil and instability elsewhere have directly affected the performance of the Alliance. But there are increasing fears in the administration that the political upheavals place the program in serious jeopardy.

The dangers to the Alliance stem from tendencies in Latin America toward military dictatorships on the one hand and toward ultranationalism and far-leftist sentiment on the other. Both tendencies may have paralyzing effects on the Alliance just as its economic and social development programs get started.

The ouster of democratic regimes would pull one of the main planks from under President Kennedy's concept of the Alliance. The program's fundamental philosophy is that Latin America's human and material development should come about within the scope of democratic institutions.

The idea is to prove to Latin Americans, some still doubtful of the feasibility of democracy, that their lagging standards can be improved without recourse to revolution and the totalitarian methods of Premier Fidel Castro of Cuba.

The military junta that overthrew the constitutional government in Peru last month and annulled the results of the general election presented the United States with a difficult problem. Four months earlier, Washington had accepted the contention of Argentina's civilian-military regime that the March ouster of President Arturo Frondizi did not interrupt the constitutional process.

But the Peruvian case appeared so clear cut that the administration did not hesitate to suspend diplomatic relations and halt the flow of alliance funds to Peru, except for the highly successful school-lunch programs, considered to be a humanitarian undertaking.

In the month that has elapsed since the coup, the junta has consolidated its power and has avoided dictatorial attitudes. Thus the United States has been all but forced to resume diplomatic relations. This step is expected within the next few days.

AID RESUMPTION IN DOUBT

No decision appears to have been made, however, as to whether alliance aid to Peru should be resumed. The resumption of aid would signify to many Latin Americans that a U.S. willingness to compromise with the political principles of the alliance. But failure to resume aid might eventually affect Peru's economic and, therefore, political stability and delay the basic reforms that the United States seeks.

This week, the threat that an outright military dictatorship might rise to power in Argentina is creating additional problems. An army group there is demanding control of the government of President Jose Maria Guido. It insists on strong measures that it is defending the ideals of the revolution that overthrew the dictatorship of Juan D. Peron in 1955.

To be consistent with the policy followed in the Peru case, the administration is inclined to suspend relations with any Argentine dictatorship and cut off financial aid, which is the bulk of aid to that country.

DANGERS IN BRAZIL

But the mounting economic disorder in Argentina may counsel against this, on the ground that further weakening of the Argentine peso may lead to new social convulsions and a revolutionary climate pitting the military against leftist forces.

A political challenge of another kind is causing concern in Washington about Brazil, a country once hopefully seen as the anchor for the Alliance for Progress.

There, a drifting Government with nationalistic, neutralistic and leftist tendencies was seeking full powers from Congress to put some of these policies into effect. The regime also seeks to combat runaway inflation, which in a year decreased the value of the currency by more than 1 percent in relation to the dollar.

Direct financial assistance to Brazil has been suspended since last April because the administration feels that further aid in the absence of a responsible fiscal policy in Brazil in pointless.

The only major continuing assistance is for "impact" development projects in the Brazilian northeast under a $131 million initial loan and grant package. But even this aid, considered one of the most important under the Alliance, is endangered by Brazilian policies.

A section of the foreign aid legislation provides for the curtailment of aid to countries that have nationalized U.S. property and failed to take "appropriate" steps toward fair compensation within 6 months.

In Brazil negotiations are stalled on compensations to the International Telephone & Telegraph Co. for the seizure of its telephone company in the southern part of the country. Furthermore, earlier this month the state of Espirito Santo took over a power plant of the American & Foreign Power Co. with what American interests considered an inadequate explanation.

If these two cases are not satisfactorily resolved, Alliance aid to Brazil might have to halt in February.

LETTERS OF SENATOR YOUNG OF OHIO

Mr. GRUENING. Mr. President, we have as one of our colleagues one who is beloved and delightfully known for his sense of humor. He is known for many other sterling qualities. He is known for his intelligent opposition to the shelter program, which he has often pointed out as one of the most colossal boondoggles that has ever been attempted to be foisted on the American people. He is happy to note, as I am, that the House of Representatives has canceled the entire proposed appropriation for this nonsense.

He is also known for his wonderful letters to his constituents. The letters to his constituents have been made the subject of a delightful article in the Reporter magazine of August 16, 1962, entitled "Letter Rip." I ask unanimous consent that it be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

LETTER RIP

"Write your Congressman," the old saying used to go. "He'll send you some seeds." Nowadays, more likely he will send you a polite letter. No matter how chaotic or how reasonable your views, no matter which side of a controversy you choose to take, it is normal congressional procedure to thank you for expressing yourself and to promise that your opinions will be kept in mind when the matter comes to a vote.

Knowing this to be true, we did not know what to make of a story we heard not long ago about a man who wrote a nasty letter to Senator Stephen M. Young, Democrat, of Ohio, protesting that Mrs. John F. Kennedy had had a horse transported free to this country from abroad. What would happen if he tried to do that? the man wanted to know. "Dear Sir," Senator Young replied, "Acknowledging your letter wherein you insult the wife of our President, am wondering why you need a horse when there is already one jackass at your address."

The story seemed too good to be true at the time, but now, having ourselves inspected Senator Young's correspondence files, we are prepared to believe anything. In fact, the doughty Senator, who does not plan to run again, is doing nothing less than living out every public servant's dream. We can only try to imagine how astonished the regular purveyors of abuse must be—accustomed as they are to gentle tolerance—to find that when they call the Senator names he calls them names right back. "You are lower than a snake's tail," he told one constituent. "As one Methodist to another," he wrote an overwrought minister, "may I suggest that you concentrate on preaching the Gospel instead of insulting a public servant." "Folks like you," he gaily informed one correspondent, "who claim that many Protestant ministers are Communists and who ignore altogether the serious threat against our country coming from Communist Russia and Red China, are like individuals who hoist their skirts from imaginary mice." Vilification earned by his stand on the medicare bill provoked yet another bawling out: "I unhesitatingly assert you have not read the bill, have not read any committee hearings and reports relating to surgical and medical care for the elderly. You have probably been impressed by some pamphlet or book received from one of your insurance companies. I will cast my vote in accord with my study and information and my conscience."

Dramatic as some of his longer harangues may be, however, we are convinced that Senator Young's talent reaches its fullest flower in his frequent one-sentence replies. Not long ago, for examples, he received a lengthy and all too familiar tirade from a constituent in Ohio. The correspondent had no end of venomous remarks to make about welfare recipients, labor unions, the minimum wage, foreign aid, Chester Bowles, Nelson Rockefeller, and Earl Warren, to name just a few of his targets. We reprint the Senator's reply in full:

"Dear Sir: What else is new?

"Sincerely yours,

"Stephen M. Young."

COMMITTEE MEETING DURING SENATE SESSION ON MONDAY, AUGUST 20, 1962

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the subcommittee of the Committee on the Judiciary considering the Thurgood Marshall nomination be permitted to meet on Monday next during the session of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. KEATING. Mr. President, I should like to discuss briefly my reasons for favoring the bill before the Senate. It is in many ways the only piece of important legislation proposed that has come before the Senate this year that could rightly be termed "new." This bill breaks vital new ground. The Congress is called upon many times to consider and approve legislation of far-reaching significance but never, in my estimation, has it been presented with a bill more significant than this one, a bill to push forward the frontiers of knowledge and experience. We have been actively engaged in space research for more than 5 years now, but it has been research run strictly by the Government for military and exploratory purposes.

I do not take issue with this approach—since the discovery of America, governments have been at the forefront of civilization's expanding horizon. But the government cannot remain in a monopoly position forever when it comes to frontiers. Just as transportation to the new world soon ceased to be the exclusive province of the Spanish Government, so the exploration and exploitation of outer space cannot remain exclusively in the hands of the American Government. We are now in the process of making this first crucial transfer of authority from public to private enterprise. What we do now will be of enduring significance to the history of our efforts in outer space. Against what we do now will be measured our wisdom, our foresight, and the character of our civilization.

It seems incredible to me, Mr. President, that there can be any question under these circumstances as to our course of action. Our Nation has been founded upon, and has prospered under the principle of free and private enterprise. In the last century, private enterprise has learned to accept the regulatory function of the Federal Government where the interests of the people are concerned. All of these principles and traditions of American business have been written into the present bill.

Communications in this country have always been the concern of private business; business has had a lot of experience in the field; business is eager to join in the new venture. To alter this tradition, particularly at a time when our actions will be weighed on the fine scale of history, would be a sad mistake. We should not be afraid of private enterprise; we should instead be proud of its accomplishments, proud of the accomplishments it can make in the future. For in doing so, we are in effect being proud of our country.

A moment ago, I alluded to the role of Federal regulatory agencies in the conduct of American business enterprise. The bill contains provisions for two important types of regulation, in addition to those normally exercised by the FCC. The Federal Communications Commission is authorized to take appropriate measures with respect to competitive procurement of all equipment and services connected with the satellite corporation. I need not elaborate on this problem for my colleagues—the familiar practice of wholly owned supply subsidiaries is well known and has been discussed in this Chamber to the point of exhaustion. What A.T. & T. buys from Western Electric may rightfully be the concern of the FCC under the terms of the bill, but it is hardly a proper or appropriate argument for rejecting the whole bill in the Congress. It is sufficient that the bill now before us provides unmistakably for competition in equipment procurement and for close FCC supervision in this field. Similarly, the bill empowers the FCC to take appropriate measures to insure equal and fair access by all communications carriers to the facilities of the corporation. Monopoly has been a subject of frequent concern in the communcations field, but given the conscientious application of the law by the FCC, it need not become one in outer space.

There is a real need for action now, as time is running out. Already the Russians have two orbiting astronauts, or cosmonauts, and are working also on satellite communications. In 1963, our Administrative Radio Conference is scheduled to convene in Geneva to consider the question of space communications and to allocate frequencies in the projected network. Obviously, any nation which has a smoothly functioning communications corporation by that time will be in a strong position to exert leadership at the Conference and guide future development. The United States has always been proud of its efforts to promote the peaceful uses of outer space—this Conference is a tangible and promising means to achieve a small part of that aim. It would be foolish for the United States to go to Geneva unprepared and to let this opportunity pass.

Let us look then at the arguments raised by opponents of the present bill.

First, Mr. President, the opponents of this bill argue that this legislation will be licensing a monopoly. It is said that the American Telephone & Telegraph Co., which admittedly controls a large portion of the communications networks in this country, will be able to exert a stranglehold of power over the corporation that will be formed. It has also been said that representatives of A.T. & T. have been lobbying for this bill, whereas no other company has expressed a similar interest.

I ought to say at this point, I think, as a Senator from New York, where the A.T. & T. has its principal offices, where most of the executives of A.T. & T. either reside or have their offices, that it would have been the natural thing, if there were any lobbying going on, that they would have lobbied their own Senator.

I have had two or three informal conversations with executives of A.T. & T. The total time spent was perhaps as much as 10 minutes. So far as I know, there have been no letters written. Representatives of one other communications company have also spent perhaps 2 minutes with the Senator from New York.

All the talk about a huge lobby by A.T. & T. with regard to this bill, so far as the Senator from New York is concerned, is only a fiction, a fantasy.

The first argument which is made against the bill can be very easily answered, concerning the monopoly of A.T. & T. Let us look at the record. I venture to say that the opponents of the bill could not point to a single business, firm, or commercial operation which came to this city to testify against this proposed legislation and in favor of the proposal which has been made by the distinguished Senator from Tennessee, the distinguished Senator from Oregon, and other Senators.

Let the Senators who maintain that they oppose this bill because it would put every other communications common carrier or equipment supplying firms at a disadvantage, point to a single one of those firms which makes the same argument.

Mr. President, I do not deny the power and resources of A.T. & T., but I think some of my colleagues may be underestimating the power and resources of the other firms in this communications business, to defend themselves against any monopolistic practices of any one company.

Furthermore, if this bill is not passed, the dangers of a monopoly will be infinitely greater, since A.T. & T. can go ahead alone. Telstar has given it a real headstart and without this bill, other firms will not have the opportunity to get in the field at all. It will be left entirely to A.T. & T. Therefore, I say that the creation of a monopoly in A.T. & T. is being furthered by the opponents of the bill and would be furthered by defeat of the bill.

Second, Mr. President, it is said by some of the opponents of this bill that despite guarantees within the bill for full access to facilities and free competition for equipment it will be impossible to enforce the proposed law because the Federal Communications Commission has never made a comprehensive study of A.T. & T. telephone rates. I cannot see the value of this argument. It is the same thing as saying that since we cannot trust the Government to regulate the industry properly, we must therefore hand the entire industry over to the Government, not just to regulate but also to run.

Mr. President, I make no particular defense for the Federal Communications Commission. In some instances, the FCC has certainly not done the job it ought to do, but the very deficiencies of Government regulatory agencies are to my way of thinking added proof of the undesirability of handing this entire enterprise over to the Government. To do the job required under this bill, the FCC will undoubtedly need some beefing up. But to reject this bill on the grounds that the FCC will not be able to do a good job in enforcing it is like throwing the baby out with the bath.

To make a comparison close to home, Mr. President, I am reminded of a situation here in the Senate. Many of the rules of this body make it very difficult to act promptly and effectively on proposed legislation. Would this be a valid basis for arguing that the entire Senate should be bypassed and a new Government body set up to do the same work? I hardly think so. The answer for both the Senate and the FCC is to get ahead with the necessary reforms, not to try to bypass the body entirely.

Third, Mr. President, the argument is made that there is no hurry to pass this legislation, that in fact we would do far better to wait for the development of what is know as a synchronous satellite. A synchronous satellite would be placed in orbit at an altitude of approximately 22,000 miles with an orbital velocity such that it would make one revolution about the earth in exactly 24 hours. It is clear that if the orbit of the satellite could be synchronized with the earth's rotation, so that in effect the satellite would appear to be standing still in the heavens, it would be far easier to construct a ground station to keep track of the satellite. One or two synchronous satellites could do the same job as dozens of lower altitude satellites, with a considerably reduced outlay for ground station equipment now necessary to track lower orbiting satellites. A synchronous communication satellite, generally known as Syncom, obviously represents an advance over the type of satellite now under consideration. If we could go directly to this type of operation, a large number of terminal stations would not have to be built. Therefore opponents of this legislation insist that if the satellite communications corporation or other common carriers go ahead to construct expensive ground terminals, they will hold back development of the more advanced and more economical Syncom system.

That is in substance, Mr. President, the argument of the opponents of the measure.

Mr. President, the obvious answer to this argument is that there is no reason why this should be posed as an either-or proposition. In 18 months we could have lower orbit satellites operating, while under the best of circumstances, it will be several years—scientists differ, but certainly it will be a number of years—before we have rockets powerful enough to send a Syncom 22,000 miles up into space and control it. The Advent program to get a satellite into high altitudes has recently experienced several setbacks. It has been transferred from the Army to the Air Force. The long-term prospects are excellent, but the short-term outlook is not good. There is, therefore, no reason why our entire communications satellite program should wait for this development when it is perfectly possible to set a less sophisticated satellite communications program into effect very soon.

Perhaps the best answer to those who say that a private satellite corporation would block progress in this direction is given in the testimony of representatives of Hughes Aircraft Co. before the Senate Committee on Aeronautical and Space Sciences. Hughes Aircraft is under contract to NASA to develop and control in orbit the first synchronous satellite. Hughes Aircraft therefore probably has a stronger and more direct motive for wanting a Syncom satellite communications system than even the Senators who oppose this legislation. Yet, the spokesmen for Hughes Aircraft, when they appeared before the Senate Space Committee, strongly supported the bill as reported by the Commerce Committee. Let me quote directly from the testimony of Dr. Allen E. Puckett, vice president of Hughes Aircraft:

> The construction and operation of such a system—Syncom—would be most properly accomplished by a publicly owned, profit-making corporation, similar to that described in bill S. 2814; the counterpart of bill we are considering.

These are the words of the vice president of Hughes Aircraft:

> This would provide appropriate incentive and opportunity for competition to insure most economical and useful service to the public.

Finally, Mr. President, it is said that this bill represents a giveaway, that Government research and technology is being given to private corporations which will then charge the public for its use. Those who make this argument should come right out and admit that everything the Government does is a giveaway. Defense contracts, welfare services, public works projects, in fact the whole gamut of Government activity is a giveaway in that Federal services or facilities or dollars are being transferred from Government hands to non-Government hands. Let us make it clear that in this instance the only thing the Government is transferring is a certain amount of technology and rocket launching know-how. Far more development and experimentation is necessary before anyone is going to make a single cent from this transaction. In fact, before anyone makes a cent on it, we will have to have in operation an effective communications satellite system. I consider it no disgrace, no giveaway, and certainly no disregard of the public interest for the Government to contribute to this mighty project where Government cooperation is necessary. But, where the job can be done by others. I see no reason to drag the Government in at the taxpayers' expense to duplicate the know-how of the publicly owned communications companies.

Collateral to that point, when the proposed legislation was first advanced by the administration, it was proposed that stock in the proposed corporation should be sold at $1,000 a share. I felt that the general public should have an opportunity to participate in this great venture, but a large part of the investing public cannot afford to pay $1,000 a share. People who are able to pay only $25 a share ought to have an opportunity also to buy a share or two of the stock in order to get in on the venture, if they wish to do so.

I am delighted that the committee accepted the view that the stock would be sold at $100 a share. I personally would favor a reduction of that figure to $25 a share. One of the amendments pending at the desk would reduce it to $10 a share. I think that figure is a little low, but I would support that as against $100.

Mr. President, I favor letting the small investor having the opportunity to feel that he is a part in this great and historic enterprise. Having made that statement, I think a warning should nevertheless be sounded to those small investors who may wish to invest in the proposed corporation. For, in my judgment, it will be a substantial period of time before the corporation will be a money-making venture. Therefore, I think that any investor who goes into it should bear in mind and should realize that his investment is not likely to yield him any return for a substantial period of time.

Private enterprise has brought this Nation to its present pinnacle of economic success. It is not a peculiar economic organization that the United States happened on by chance. It is an important and necessary complement to a representative form of government in which each individual has the opportunity not only to undertake political activity but also to work economically in the direction of his choice. It is not accident that we have chosen the path of free enterprise, for that is the path which will be chosen by freemen everywhere who have the knowledge, the initiative, and the energy to move forward.

Were the people of the United States to disown the source of their greatness and turn their backs on the successful methods of the past in order to establish a Government monopoly in outer space—and that is the only monopoly which has any relevancy in this debate—namely, a Government monopoly—it would be highly detrimental to our objectives in the United States and in the rest of the world.

If big business occasionally endangers the rights of the individuals—and I would be the first to concede that it does—that is wicked, of course. However, how much more dangerous is the threat of big government, with no checks at all on the rights and opportunities of our citizens?

The Federal Government is big enough right here in Washington and around the world. There is no reason to set up a Federal octopus of authority in outer space when private initiative can do the job efficiently, effectively, and competitively. In the exciting race for the frontiers of space, let it not be said that the American people had to wait to be led by the hand of a paternalistic government. Let it not be said that the imagination and the enterprise of America is concentrated in Washington.

Incidentally, I might say that so far as the people are concerned, that is one reason why the labor unions involved here are so strong for the bill. The working men and women who are members of these unions do not want to work for the Federal Government. They feel that their economic interests are best served by working for private enterprise.

Therefore I say let us open the way for all industry and for all our people, and for all those working in these industries, and for the small investors to join in the exciting and tremendously important exploration of outer space and the resources which it offers for the peaceful benefit of all mankind.

HEALTH CARE PROGRAMS FOR THE AGED

Mr. KEATING. Mr. President, being one of the fearless five or unintelligent five or independent five, or whatever kind of five one wishes to call us, who voted for what I believe was an eminently fair and reasonable social security health care plan for the aged last month, I feel I should say a word or two about recent developments in New York State. We failed in our attempt here in the Senate. Those of us who were on the losing side in this Chamber took it in good spirit, and there has been no bitterness.

Immediately following that vote I pointed out that it was up to the States to improve State systems of health care for the aged and to do what they could under the circumstances which existed pending the introduction of a proposal of a similar nature, perhaps in the next Congress.

I am delighted today to call the attention of the Senate to a new program in the State of New York, under which seven major insurance companies have pooled their resources to offer new, broader, noncancelable health insurance for persons over 65 years of age. This program has been in the planning stages for several months and was announced only yesterday by the New York State commissioner of insurance and the seven companies involved in the project. It follows upon enabling legislation recommended by Governor Rockefeller and passed at the last session of the New York State Legislature.

We cannot lie still merely because we were knocked down once.

We must continue to deal with the problem in every effective way possible. A number of things can be done which should be a part of our program of action.

One is the kind of pooled health insurance which the State of New York has just adopted. I understand that Connecticut, Mississippi, and Massachusetts have similar programs.

The second is to urge and encourage the States in every possible way to make fuller use of the existing Kerr-Mills law.

The third way is to get the kind of tax help which has just been cleared by the House Committee on Ways and Means to permit employers a tax deduction for prepaid health care for retired workers.

The fourth method is the continued efforts of doctors, hospitals, public welfare departments, and private agencies to meet the needs of aged persons who are faced with catastrophic illnesses. Excellent progress is being made in this area. This kind of work must be fostered and encouraged in every way possible.

Finally, we should continue to work on the kind of realistic and appropriate Federal health care insurance program which has, for the time being, been bogged down. These are the things which we can and should do now.

I commend the New York State officials and the seven private insurance companies involved for the great strides they are making to provide sound private health care protection for the aged. I am delighted with this development; it is highly constructive. At least in the State of New York, it will be a great help to older citizens who have great difficulty, in many instances, in meeting their medical and hospital costs.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Seven-Company Pool Offers Insurance to Aged in State," written by Farnsworth Fowle, and published in the New York Times for today, August 17, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SEVEN-COMPANY POOL OFFERS INSURANCE TO AGED IN STATE—NONPROFIT HEALTH COVERAGE AUTHORIZED BY ALBANY WILL COST $10 A MONTH

(By Farnsworth Fowle)

A new health insurance plan for New York State residents aged 65 and over was announced yesterday by a pool of commercial insurance companies.

The insurance will cost 10 to 20 percent less than present policies, according to an independent estimate. A basic health plan will be offered at a monthly premium of $10 a person. The cost of a major medical plan, giving extended coverage, will be $9.

The last legislature, acting at the request of Governor Rockefeller, authorized such a pool to operate on a tax-exempt, nonprofit basis. Premiums paid by subscribers will be used to pay benefits and cover administrative costs, but not to pay dividends to the companies' stockholders.

In the initial enrollment period—October 15 to November 15—all residents of the State 65 or over who are not actually in hospitals will be admitted to the plan without physical examination. Those in a hospital may apply and receive coverage starting 31 days after their discharge, except that coverage for the condition that sent them to the hospital will commence 6 months after the effective date.

CROSS SECTION EXPECTED

The 1-month open-enrollment offer is not unusual. Experience shows that when many persons sign up in a short period they are likely to be a fair cross section of good and bad risks, whereas if enrollment without examination is open indefinitely, an excessive proportion of below-average risks is expected.

Representatives of the seven member companies in the pool met yesterday to form the New York 65 Health Insurance Association, which will shortly file the plan and premium rates with the State superintendent of insurance.

They chose Morton D. Miller, vice president of the Equitable Life Assurance Society, as president. The other companies in the pool are the Fidelity & Casualty Co., of New York (American Fore Loyalty Group), the Guardian Life Insurance Co. of America, the Metropolitan Life Insurance Co., the New York Life Insurance Co., Security Mutual Life Insurance Co., and the Union Labor Life Insurance Co.

The plan's two parts, basic health and extended major medical, may be purchased separately or jointly. The coverage will be sold through any insurance agent or broker licensed to sell health insurance in the State, or sold directly by the association.

The basic health plan, for $10 a month, will provide up to 31 days of payments of up to $18 a day for hospital room and board. It will also provide up to $150 in expenses for hospital service, and payments for surgical operations and for visits by doctors for nonsurgical care in a hospital. It will also pay up to $7.50 a day for up to 31 days for convalescent nursing-home care.

ALTERNATE PLAN OFFERED

An alternate basic health plan with a somewhat lower maximum hospital payment of $12 a day will be available at $8 a month.

The major medical plan will cover more acute illnesses and protracted health expenses. It includes 80 percent of the costs over $150 for hospital services and will cover hospital room and board beyond the first 31 days.

A maximum total of hospital payments is set at $3,600 for any single period of hospitalization. The lifetime limit for medical expenses under the policy is $10,000.

In his statement announcing the plan, Mr. Miller said that there were at least 1,700,000 persons 65 or over in the State.

Many of these, he said, already have some form of health insurance, and about 125,000 of the total receive old age assistance or are in institutions.

He estimated that there were "at least a million elderly citizens in the State who can benefit from New York 65, especially from the extended major medical portion."

The nonprofit pool approach to meet the health problems of the elderly, a major national social and political issue in recent years, began in Connecticut, where the permissive law was enacted and the plan introduced last year. Mississippi and Massachusetts have also cleared the legislative path for this approach. The Connecticut plan attracted considerable interest but its experience has been too brief for insurance men to draw conclusions.

COMPANIES CAN JOIN

State Insurance Superintendent Thomas Thacher announced last night the approval of the proposal to form the nonprofit association to provide the new plans. He noted that any insurance company authorized to sell accident and health insurance in New York State was eligible to join the association.

The legislation, he said, presented "both a challenge and an opportunity to private enterprise in insurance."

He added that "only time and experience will demonstrate the extent to which commercial carriers may be successful in broadening the health insurance coverage of persons of advanced years through the new association and any others that may be formed."

Mr. KEATING. Mr. President, how much time have I remaining?

The PRESIDING OFFICER (Mr. METCALF in the chair). The Senator from New York has 5½ minutes remaining.

Mr. KEATING. I reserve the 5½ minutes.

THE FARM BILL

During the delivery of Mr. KEATING's address.

Mr. KEATING. Mr. President, may I inquire whether I correctly understand that I am not permitted to yield to another Senator in his own time?

The PRESIDING OFFICER. The Senator is correct.

Mr. MUNDT. Mr. President, a parliamentary inquiry.

Mr. KEATING. Mr. President, if I yield for the purpose of propounding a parliamentary inquiry, may I do so in my time?

The PRESIDING OFFICER. The Senator may yield for that purpose in his own time.

Mr. KEATING. I yield.

Mr. MUNDT. I should like to propound the parliamentary inquiry, since I have an hour allotted to me on the bill whether it is permissible for me to use 1 minute of that time to submit two amendments to the farm bill.

The PRESIDING OFFICER. The time is now being charged to the Senator from New York.

Mr. KEATING. Mr. President, I have previously yielded the floor, and that is the only way in which I can do what the Senator wishes. If the Senator is pressed in some way, I will yield the floor to him and resume the floor after he has completed his statement.

The PRESIDING OFFICER. Is there objection to the Senator from New York yielding to the Senator from South Dakota and having the time charged to the Senator from South Dakota?

Mr. RUSSELL. Mr. President, I did not understand the question of the Chair.

The PRESIDING OFFICER. Is there objection to the Senator from New York yielding to the Senator from South Dakota, the time to be charged to the Senator from South Dakota?

Mr. RUSSELL. Mr. President, must that be done by unanimous consent, or has the Chair ruled that it can be done as a matter of right under rule XXII?

The PRESIDING OFFICER. It cannot be done as a matter of right. It can only be done by unanimous consent. Is there objection? The Chair hears none.

Mr. MUNDT. I thank the Chair, and I thank the distinguished Members of the Senate, particularly the Senator from New York.

Mr. President, I send to the desk two amendments to the farm bill, which we will be working with and legislating on following the termination of the debate on the bill presently before the Senate.

I call special attention to the amendment which I have submitted which would restore the intent of the farm bill, so far as wheat is concerned to precisely the same position it occupied when the bill left the Senate Committee on Agriculture and Forestry in May of this year. The amendment proposes to give to the farmer an opportunity to vote as to whether or not he desires a continuation of the present program for 2 more years or whether he wants a mandatory wheat acreage control and certificate program placed in effect. In view of the fact that the morning press has reported that an agreement has been reached by "farm leaders in the Senate," of which, I may say, I have heard nothing except what I have read in the newspapers, an agreement may have been reached to drop the fight for mandatory feed grain acreage control. Certainly that is an eventuality devoutly to be desired, if it has been achieved, and thus permit the present program to be extended for 1 year on feed grains. I certainly think a similar extension should be given to the wheat farmers, and that the wheat farmers should be permitted to vote on whether or not they want a permanent program following the next crop year or a simple extension of the present program, as is being afforded the feed grain producer. I happen to believe that there is no reason why the U.S. Senate should seek to disenfranchise the U.S. wheat farmer alone in this country.

I shall discuss my amendment fully during the debate on the farm bill, but I desire to have it printed and lie on the table so that all my colleagues can be familiar with my intentions as to wheat.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. KEATING. Mr. President, I believe I have the floor.

Mr. RUSSELL. The Senator from New York received unanimous consent to let the Senator from South Dakota have the floor. He cannot take the Senator from South Dakota off the floor now.

Mr. KEATING. My understanding was that I would yield to the Senator from South Dakota, and that I would yield to him in his time under the unanimous-consent agreement.

Mr. RUSSELL. That is correct. The Senator from South Dakota has the floor under all the rules of the Senate, and it will revert to the Senator from New York when the Senator from South Dakota yields to him.

Mr. KEATING. I did not understand that to be the situation.

The PRESIDING OFFICER. Did the Senator from South Dakota yield the floor?

Mr. MUNDT. I did not yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. KEATING. Does the Chair rule that the Senator from New York has been taken off the floor?

The PRESIDING OFFICER. The Senator from New York yielded to the Senator from South Dakota for the purpose of making a parliamentary inquiry, the time to be charged to the Senator from South Dakota. That is the only purpose for which he yielded.

Mr. KEATING. Does not the floor revert to the Senator from New York?

The PRESIDING OFFICER. When the Senator from South Dakota has completed his parliamentary inquiry, it reverts to the Senator from New York.

Mr. KEATING. I am happy to yield briefly to my friend from Georgia.

Mr. RUSSELL. I do not ask the Senator from New York to yield to me. This is in the time of the Senator from South Dakota. The Chair has stated the unanimous-consent request, and I ask the Chair to restate it.

The PRESIDING OFFICER. The Senator from New York yielded to the Senator from South Dakota for making a parliamentary inquiry. Then unanimous consent was secured to permit that time to run against the Senator from South Dakota.

Mr. RUSSELL. The Senator from South Dakota has the floor. I am very much interested in the proposal that the Senator from South Dakota is making. I have been considering undertaking to get a similar privilege granted to the cotton farmer. I will be glad to discuss it with the Senator from South Dakota when we come to the consideration of the farm bill. I am considering having a similar agreement made with respect to the producers of both commodities.

Mr. MUNDT. Of course it would require a separate amendment.

Mr. RUSSELL. Oh, yes. I am preparing some amendments to the farm bill.

Mr. MUNDT. I would support the Senator in his amendment. It seems to me that we should give the farmer some discretion in the making of these decisions.

Mr. RUSSELL. I am completely in agreement with the Senator on that point. The farmer has had little discretion lately, except to vote himself under quotas. I would like to see him share in this program, for which the Senator has fought so valiantly for the wheat farmer. I commend him for making such a fight for the wheat farmer. I hope those who are supposed to represent the cotton farmer will be willing to make an equally strong fight for the producers of cotton.

Mr. MUNDT. The Senator from Georgia has made a valid point. I shall be happy to discuss it with him when the farm bill is before us. Now I am happy to yield the floor.

Mr. KEATING. Do I understand that the colloquy which has been taking place between the Senator from South Dakota and the Senator from Georgia is charged to the Senator from South Dakota?

The PRESIDING OFFICER. That is correct.

Mr. KEATING. May I inquire how much time I have remaining?

The PRESIDING OFFICER. The Senator has 17 minutes remaining.

Mr. KEATING. I ask unanimous consent that the remarks of the Senator from South Dakota and the colloquy which followed be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. HRUSKA. Mr. President, I support H.R. 11040, a bill already approved by the House, which provides the business arrangements whereby a commercial communications satellite system is to be established, owned, operated, and regulated.

THE SUCCESS OF TELSTAR

All of America was thrilled on July 10 of this year. The American Telephone & Telegraph Co., in collaboration with the Government through NASA—National Aeronautics and Space Administration—launched the Telstar satellite which was the breakthrough on transoceanic television and radio by means of satellite. All of us know, however, that this event was preceded by a great deal of research and pioneering in that field. NASA itself was established in 1958, and at that time it joined the research and pioneering efforts that were already being made in that field. However, the American Telephone & Telegraph Co. was the leader and pioneer. It is reported to have spent some $50 million in the design and manufacture of the equipment and instruments, in its tracking station and equipment at Andover, Maine, in the training of men for the job, and in a host of other ways, to reach the Telstar success which actually followed.

They did exceedingly well because the very first trial of the experiment was a signal and spectacular success. It will still be a long and painstaking process before a satellite communications system will be totally perfected for constant operation in daily commercial use, but the eventual success is definitely assured.

It should be noted at the outset that in all of its research and development of this project the A.T. & T. used its own money and not that of the Government. A contract was entered into with NASA to launch the Telstar projectile and it cost A.T. & T. $2.7 million to get that satellite into orbit.

PRE-TELSTAR STRUGGLE

For a long time before Telstar was launched, a great struggle was going on as to how and by whom such a satellite communications system would be organized, operated, owned, and controlled. The central question was whether it would be by the Government or by private enterprise. That is still the central issue in this debate. As early as July 1960 A.T. & T. reported to the Federal Communications Commission, calling for allocation of frequencies for space communications and outlining a proposal for worldwide telephone and television hookup using about 50 satellites in low polar orbits at an estimated basic cost of $170 million. There was a good deal of official encouragement of this approach by both NASA and FCC—Federal Communications Commission. President Kennedy referred the matter to the Space Council headed by Vice President LYNDON JOHNSON, asking for recommendations as to how a space communications system could best be brought into operation at the earliest practical time.

President Kennedy, on July 24 last year, upon receipt of the Space Council's report, issued a statement asserting and taking the position that "private ownership and operation of the U.S. portion of the system is favored." He stipulated a number of policy requirements to be met. In the main as the legislation developed, those requirements were incorporated into the legislative measure before us.

Hearings were held on this legislation in House committees last year.

A bill was reported to the House, debated there, and passed by a vote of 354 to 9 in the month of May.

On the Senate side H.R. 11040 and like measures were very thoroughly considered by several committees, including: Monopoly Subcommittee of the Small Business Committee; the Commerce Committee; the Aeronautical and Space Sciences Committee; the Antitrust and Monopoly Subcommittee of the Judiciary Committee, of which the Senator from Nebraska is a member; and the Foreign Relations Committee. Literally thousands of pages of testimony were printed and made available to Members of Congress.

In each instance in which a committee reported, its report was favorable to the bill we are debating. The Kennedy administration is in full support of the bill. This was shown by testimony of the Secretary of State, the Attorney General, the Federal Communications Commission, the space agency—NASA—National Space Council, and others.

It was a happy day when the conclusion was reached, as a matter of policy, that this newest phase of communication would be developed through private ownership. This assures a workable and efficient operation of a system which will mean so much in terms of our national leadership and the advancement of the cause of peace. As all of us know, there is hovering in the background the menace of Soviet progress in the same field. It is of tremendous importance that we retain, and even increase, the unquestioned lead which America possesses in this regard.

The charges of giveaway and of monopoly, raised by opponents of H.R. 11040, have a hollow ring. They possess no real or ultimate merit whatsoever. They consist of tired, outworn arguments which long ago have been discarded by all but a very small, although tenacious and willful, group.

The business arrangement provided for in the bill calls for 50 percent of the capital to be subscribed by companies in the communications business, and 50 percent to be sold to the public, through stock issues. Six directors will be named by the communications companies; six will be elected by the owners of publicly issued stock; and three directors will be appointed by the President, and confirmed by the Senate. Ample provisions are made for regulation by the Government agencies in the field. This is in keeping with the longtime national policy of having such monopolistic ventures subjected to Government regulation.

In a sense, all communications companies are monopolies. This applies to A.T. & T. and to all of the other companies which will subscribe to 50 percent of the stock. Years ago, America struggled with the vexatious problem of how to reconcile the need for such public utilities which are monopolies and the need for competition within industry generally. As a result, there are regulation and supervision in many, many ways in all communications companies. Yet they are free to conduct their business in many ways separate and apart from Government action. This combination has been highly successful. Proof of this is found in the fact that in America we have the best, the most efficient, and the most economical communications system in the world. Anyone who ventures beyond the borders of the 50 States experiences, among his very first impressions, the vast difference between communications in foreign countries and those he has taken for granted in his own home State. The quality of service provided by private enterprise, as we know it, is superior in every way.

The thinking and the philosophy behind the arrangement provided by H.R. 11040 are to retain the benefits of that system.

THE "GIVEAWAY" PHANTOM

The charge of "giveaway" has an old and familiar ring. However, it is generally discarded and disregarded.

That notion as applied to H.R. 11040 has been repudiated on a bipartisan and widely based foundation in many ways: The overwhelming action in the House of Representatives, by a vote of 354 to 9; and the reports of the congressional committees and of all of the Government agencies, as well as President Kennedy's position.

Joseph A. Beirne is president of the Communications Workers of America, AFL–CIO. When he testified before the Senate Communications Subcommittee, the idea of "a gigantic giveaway program" was discussed as follows:

> Senator Pastore. May I ask a question at this point, Mr. Beirne? What have you to say to this slogan that has developed or this position that has been taken by some that this is a gigantic giveaway program?
>
> Mr. Beirne. Well, I do not share that view at all. I think there is specious reasoning being employed here. I think of the development of many things in the United States that could be called a giveaway.
>
> As a matter of fact, the giveaway first became a popular expression in the early days of Franklin Delano Roosevelt. We gave away to our allies to save us from getting into a war earlier than we finally did. We developed the jet which we now use to travel in public. It was developed by the military, not as a commercial plane to help the citizens of the United States get from one side of the country to the other in 5 hours, but as a military development. And so now we have a rocket which was developed not for the satellite, but a rocket that was developed to defend the United States in case of aggression from a common enemy. And so as a byproduct we are lifting from the ground—because the curvature of the earth will not permit us to go over the sea with the stations—we are lifting from the ground the simple land stations that cover this country, the microwave stations, and we are putting them up in the sky.
>
> Now to get up to the sky we are using a rocket developed by the military for military reasons, for the defense of the country, and we are lifting up something that will give us an easy, quick, efficient communications system to augment our cables and our radio waves that are now in use.
>
> So it is not a giveaway. It is just a natural, ordinary, understandable development of a system in the United States where the Government does do for all of the people what they cannot do for themselves, defend themselves, and in a new war period we have rockets, and all these companies say is, "We will buy a rocket and push up our microwave station. Sell us one." I do not see any giveaway there.
>
> I do not see any development by the U.S. Government, with taxpayers' money, of a satellite system. That was developed by the Bell Laboratories.

This seems to summarize the subject very well indeed.

FORMER PRESIDENT'S HIP SHOOTING

Recently a former Member of this body, who later graced the precincts of the White House, outdid himself again on his "hip-shooting" remarks on the communications satellite bill. He also followed the old pattern of accusing President Kennedy of sponsoring a "gigantic giveaway," but in a very kindly way stated: "I don't think the President understands the bill."

Of course, this was said in spite of President Kennedy's statement of about a week earlier:

> This bill was carefully drafted and * * * we believe it is the most effective way of providing for the development of a communications satellite.

Furthermore, as we know, President Kennedy gave the subject very painstaking and consistent thought last year in formulating the pattern incorporated into H.R. 11040. But his predecessor undertakes to downgrade the nature and the degree of President Kennedy's sincerity.

Then former President Truman went on to say:

> The damned Republicans and some Democrats are trying to give away public property. The Republicans will give away everything if you don't watch them.

However, months ago the House passed the bill by a vote of 354 to 9. Only 9 Democrats voted against it, although members of their party outnumbered the Republicans in the House, 261 to 176. So again it is a question of a "handful of Democrats," which was given such fame by President Kennedy following his defeat on the medicare bill, except this time there is matched against former President Truman not only the large majority of the members of the Democratic Party, but also the Democratic President, members of the Democratic Cabinet, members of the Democratic policyforming bodies, and all of the regulatory agencies. In the Senate, only some 15 or 20 Democratic Members are of the same mind as former President Truman on this bill, while the remaining 45 to 50 Democratic Senators favor it.

It is no wonder that the President and the public generally did not take our former colleague too seriously. In fact, Mr. Jack Jarrell, a reporter who has served in Washington for many years as head of the Washington bureau of the Omaha World-Herald, put this matter in charming and very proper perspective when he wrote in the Sunday, August 12 issue, an article under the headline, "Truman Still a Hip Shooter," with the subheadline "'Giveaway' Remarks Follow Old Pattern."

Mr. President, I ask unanimous consent that the text of his article be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

CLOTURE WAS INVOKED

Mr. HRUSKA. Mr. President, during our consideration of this bill, we have been forced to do something the Senate has not done since 1927—invoke cloture.

That action was not taken lightly. It was made necessary, however, unless the Senate was to become a roadblock in the path of progress and to our national security. The invoking of cloture was absolutely required if we expect America to maintain the gains she had made in the field of satellite communications and to perfect and advance such gains. We must have this year, a law providing the vehicle by which such gains will be made possible. The filibuster by a relatively small number of Senators threatened the enactment of such legislation.

It was necessary that the Senate make the hard choice between the virtually unlimited debate which distinguishes this body from other parliamentary bodies in the world, and the interests of national security. The right decision was made. It was the only decision which could have been made under the circumstances.

It was rightly said that while Russia was orbiting with her two cosmonauts, the Senate was filibustering. Others beside this Senator reluctantly but wisely put an end to that by invoking limited debate.

MEANING AND IMPACT OF TELSTAR-TYPE COMMUNICATIONS SYSTEM

It is of utmost importance that the United States quickly establish a Telstar-type communications system on a commercial basis, for daily use. The Soviet is pressing us hard for propaganda purposes, as well as for real advantage. Should they gain precedence in this field, we would be at a very poor vantage point in our efforts to retain world leadership and to advance the cause of a free world.

Recently, this Senator had occasion to interview the senior Senator from New Hampshire [Mr. Cotton] on this very subject, for television and radio purposes. Senator Cotton is a member of the Communications Subcommittee of the Senate Commerce Committee. He attended the hearings on the subject bill. He helped in formulating the proposed legislation which is before us. His views and explanation were duly televised, broadcast, and reported in the press. They are relevant here concerning the real necessity, not only for action on this bill, but also for prompt action which will assure that it will become law as soon as practicable.

Mr. President, I ask unanimous consent that the text of that interview between this Senator and the Senator from New Hampshire be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. HRUSKA. In conclusion, Mr. President, it is my earnest hope that this bill will receive a very large favorable vote, that the slight differences between it and the House version will be reconciled quickly, and that it will soon be sent to the White House, for signature into the law of the land.

Exhibit 1

[From the Omaha World-Herald, Aug. 12, 1962]

Truman Still a Hip Shooter—Giveaway Remarks Follow Old Pattern

The general view in Washington Saturday was that Harry Truman had outdone himself in his remarks on the communications satellite bill.

The former President's reputation for shooting from the hip is well known, and even political foes of the 78-year-old Mr. Truman get a sort of nostalgic, affectionate feeling when he lets go.

First thing he did when he hit Washington Thursday was to call the communications satellite bill, which President Kennedy is sponsoring, a gigantic giveaway.

But he made it known he found no fault with Mr. Kennedy and is, in fact, supporting him heartily. (Mr. Truman has changed his tune materially since June 3, 1960, when he posed a question to the then Senator Kennedy, seeking the Presidency: "Are you certain you are quite ready for the country or the country is ready for you?")

BILL NOT UNDERSTOOD

On Thursday, he dismissed Mr. Kennedy's connection with the giveaway satellite bill by saying, kindly:

"I don't think the President understands the bill."

Not even Mr. Kennedy's hardest-hitting political enemies charge him with lack of knowledge of what he is doing. That he does what politicans call his "homework" is one of Washington's facts of life.

Just a week ago, the President had said of the measure Mr. Truman condemned:

"This bill was carefully drafted and we believe it is the most effective way of providing for the development of a communications satellite."

Mr. Truman went on to say "the damned Republicans and some Democrats are trying to give away public property."

IN RARE FORM

And, he added:

"The Republicans will give away everything if you don't watch them."

But the House passed the bill overwhelmingly, months ago. Only 9 Democrats voted against it—and the Democrats outnumber the Republicans in the House 261 to 176. A Democrat sponsored the bill in the House—the chairman of the House Interstate Committee, Representative Oren Harris, of Arkansas.

Democratic Senator Robert S. Kerr, of Oklahoma, was the Senate sponsor.

Among those testifying within the past 10 days in the Senate on behalf of the bill have been Attorney General Robert Kennedy, Newton Minow, Chairman of the Federal Communications Commission, Secretary of State Dean Rusk—all Democrats.

Secretary of Defense Robert McNamara and Deputy Space Administrator Hugh Dryden also said the bill should be passed.

The Democrats outnumber the Republicans in the Senate, 64 to 36.

Yes, sir, Mr. Truman was operating in rare form, as usual.

Exhibit 2

Transcript of Senators Hruska and Cotton TV and Radio Program on Telstar July 15, 1962

Mr. Hruska. Today we will discuss the launching and the great success of Telstar, the communications satellite. Our guest is Senator Norris Cotton, of New Hampshire, who is now rounding out very close to four decades of service in State and National affairs. He began his political career at the age of 22 in the New Hampshire Legislature. He has been county attorney, municipal judge, and majority leader, and speaker of the New Hampshire House of Representatives. He came to the Congress in the 80th session and served four terms in the House of Representatives. He and I came to the Senate on the same day, he to fill the unexpired term of the late Senator Tobey, and I, as you know, to fulfill the unexpired term of the late Senator Hugh Butler. Senator Cotton is the ranking Republican member of the important Commerce Committee. This is of special interest to us today because it was his committee that considered the bill pertaining to satellite communications and reported it to the Senate where it is now pending. Senator Cotton, with that introduction, I welcome you to this program.

Mr. Cotton. It's a pleasure to be with you, Senator Hruska. You know as much about this subject as I do, but if you want to use my membership on the committee as basis for discussion, I'm glad to cooperate with you. It's always an honor to be with our friends from Nebraska.

Mr. Hruska. First of all, we all were thrilled when the Telstar made its successful flight. The news was happily received by everyone. I should like to ask you, Senator Cotton, under whose auspices was this experiment conducted? How was the launching arranged for, and on what basis?

Mr. Cotton. The launching was arranged for by the Bell System—the American Telephone & Telegraph Co. The plant at Andover, Maine, was built by them, constructed by them. This Telstar satellite, of which this is a reproduction, is the product of their scientists and their laboratories. They paid $3 million to have the Thor Delta missile thrust the Telstar into space, under a contract with NASA.

Mr. Hruska. So it was the scientists of the American Telephone & Telegraph Co. who designed this Telstar, perfected the equipment in it, and all of the instrumentation that was necessary for it?

Mr. Cotton. Yes, Senator. Telstar is a monument to private enterprise and its science, to its endeavor, its thrust, its ambition, and its ability. The result is that we are first in the practical use of space, we are ahead of the Soviets and everybody else in this. Without for one moment discounting the splendid work done by all Government agencies, and especially the Space Agency, the actual achievement of being No. 1 in the peaceful field remains, and will remain as a monument to American free enterprise.

Mr. Hruska. The ground station installation at Andover, Maine, is property belonging to the A.T. & T., is it?

Mr. Cotton. That's right. They constructed it and every dollar in it was put in by them—not 1 cent of taxpayers' money.

Mr. Hruska. Senator Cotton, this has been a fine experiment; it's the start of a new era. Now the Nation must fashion a national policy to provide for the continued development of this satellite communication system. Pending in the Senate now is a bill which undertakes to spell out that national policy. May I ask you, Senator Cotton, to outline some of the principal features of that bill?

Mr. Cotton. Briefly, the bill, which came first from the Space Committee, and then was considered by the Committee on Commerce, and the Subcommittee on Communications on which I happen to be a member, is a bill which sets up a corporation which is a skillful combination of Government and private ownership. This will be the corporation to develop the permanent communications system. The space will have to be divided among the nations by agreement. If we keep our lead in this field, it may determine in the next 10 or 15 years the fate of underdeveloped countries and continents in this world. It could, in a sense, determine whether English or Russian will be the world language, or the leading language in the world in its literature and culture in years to come. It is that significant. That's why it is vitally important that we get this measure through the Congress and start now to protect our lead.

Mr. Hruska. We can understand the importance of leadership in this field, and I think generally we have been out in front for the past 10 years. Now, what makes you think that this particular measure is so important to retain that leadership?

Mr. Cotton. If we establish the system of space satellites, it will mean that today's systems will become antiquated. I am an older man than you are, but I can remember when I was a boy in prep school we talked about the marvelous thing we called wireless. It was something marvelous. We hadn't even heard the word, "radio." The satellite system could mean no more telephone lines, no more wires, no more cables. It means a system of worldwide communication. If we are in the lead, while we won't actually control those portions of it over other countries, we will influence them because of our lead. That's what is important. That's why the present contest in the Senate, a delaying contest, is extremely serious to the future of our world influence. People in the Senate, as you know, make speeches on behalf of foreign aid and our foreign policy and yet the semifilibuster that's going on on this bill right here could do more to undermine American influence in future years and in future decades than anything else that could possibly happen at the present time. That's why it is very, very serious.

Mr. Hruska. The report which your committee wrote, and the discussions which have already been held make it clear that in order to make this satellite communication at all practical and useful, it must be applied to a system of communication which will disseminate the messages that come from the satellite. In other words, it's not enough to be able to send a message to that satellite and bring it down to earth again. When it does come back to earth, there must be some means of delivering it to the people who can reach it, who can view it, who can listen to it, or see it. Isn't it in that connection that we find that the role of privately owned communication systems assumes great importance?

Mr. Cotton. It does, indeed. As a matter of fact, the privately owned communication utilities have progressed in this field through the years from the first telephone to the first Atlantic cable. They have the know-how, they have the practical knowledge, and they are already ahead of the parade, by the very fact that they have built these ground facilities, and are prepared to build additional ground stations to carry this thing to the people when the facilities are established in space. The corporation that is set up in this bill is a compromise. As you know, life is full of compromises and certain legislation always is. The bill provides that 50 percent of the stock shall be owned by private utilities, and 50 percent of the stock shall be owned by the public. Of the 15 directors—six will be elected by those who hold private stock and six by the utilities. The other three will be appointed by the President. This is probably as near as we can come to a combination of the public and the private force in this bill, and I think it is a good bill. I would rather have a little more emphasis on private enterprise—but it is a good bill and it means that we launch into this contest of the century from the free enterprise standpoint in our contest with our rivals and not under the banner of Government ownership.

Mr. Hruska. Now, the opponents of this measure are those who advocate outright and total Government ownership and operation of this satellite communication system. It is they who are opposing this compromise measure which has received the full support of the White House, of the administration generally, and of the leadership in both Houses. It is distressing to many of us here to find that approach of the Government to take over the entire ownership and operation. The theory is that, having spent billions in this business of satellite launchings, the Government should be the one that should own and operate the systems. On that basis, the Government should have continued to own and operate the millions of acres of land that were obtained from Napoleon Bonaparte in the Louisiana Purchase. But we didn't quite do that, did we? We resorted to private ownership. Have you any final comment?

Mr. Cotton. I wish we could impress on the good folks who are listening to us that this is one of the most highly significant steps in the history of mankind, and we can't afford to wait. We must push this through. We must use the skill and resources of American ingenuity, and you'll find that, usually, where men are striving in our free competitive system. I think we'll triumph.

Mr. Hruska. Thank you very much, Senator Cotton.

"ADVISE AND CONSENT"—SENATORS RAISE $200,000 FOR HOME CHARITIES

Mr. JAVITS. Mr. President, I yield myself 4 minutes.

I wish to announce to the Senate, as a matter of great interest, that this summer, during an 8-week period, my colleagues of the U.S. Senate sponsored premiere showings of the motion picture, "Advise and Consent," in 30 cities throughout the Nation for the benefit of various charities. It is very gratifying to me to have been able to make the arrangement for these showings between the producer, Otto Preminger, and our Senate leaders, Senators Mansfield and Dirksen.

I am pleased to announce that the benefit programs raised more than $200,000 for these worthy causes. Senators have every reason to be proud of this effort.

The project was undertaken as a result of the initiative of a citizen of New York, and a friend of mine, Peter Cusick, and was promptly taken up by the producer and carried through by him with the cooperation of his executive assistant, Nat Ruddick, and of Columbia Pictures, which distributes the film.

I ask unanimous consent to have printed in the Record at this point a list of the charitable institutions who were helped, the cities where the benefit showings were held, and the Senators who sponsored them.

There being no objection, the list was ordered to be printed in the Record, as follows:

"Advise and Consent" premiere program

City and State	Sponsoring Senators	Benefited charities	Preview dates
Phoenix, Ariz	Carl Hayden; Barry Goldwater	United Fund	June 26
Little Rock, Ark	John McClellan; J. W. Fulbright	Arkansas Children's Colony	July 17
Los Angeles, Calif	Thomas H. Kuchel; Clair Engle	Nursery School for Visually Handicapped Children	June 8
Denver, Colo	Gordon Allott; John A. Carroll	Mile High United Fund and Colorado Boys Ranch Fund	June 26
Hartford, Conn	Prescott Bush; Thomas J. Dodd	Connecticut Association for Mental Health	July 10
Wilmington, Del	Caleb Boggs; John J. Williams	Delaware Association for Mental Health	July 3
Miami Beach, Fla	George A. Smathers; Spessard L. Holland	United Cerebral Palsy	July 17
Honolulu, Hawaii	Hiram L. Fong; Oren E. Long	Community Chest of Honolulu	June 20
Chicago, Ill	Everett Dirksen; Paul H. Douglas	Chicago Settlement Appeal	June 7
Indianapolis, Ind	Homer Capehart; Vance Hartke	Indiana Mental Health Association	July 19
Des Moines, Iowa	B. B. Hickenlooper; Jack Miller	American Cancer Society and Iowa Heart Association	June 27
Topeka, Kans	Frank Carlson; James B. Pearson	Capper Foundation for Crippled Children	July 11
Louisville, Ky	John S. Cooper; Thruston B. Morton	Kosair Crippled Children's Hospital	Aug. 2
New Orleans, La	Russell B. Long; Allen J. Ellender	Association for Retarded Children	July 17
Baltimore, Md	Glenn J. Beall; John M. Butler	Greater Baltimore Medical Center	June 26
Boston, Mass	L. Saltonstall; B. A. Smith	Girls' Clubs of Boston	June 27
Detroit, Mich	Pat McNamara; Philip Hart	United Foundation of Detroit	June 27
Minneapolis, Minn	Hubert Humphrey; Eugene McCarthy	Minnesota Society for Crippled Children and Minnesota Association for Retarded Children.	June 20
St. Louis, Mo	Edward V. Long; Stuart Symington	United Cerebral Palsy Association of Greater S. Louis	June 28
Omaha, Nebr	Roman L. Hruska; Carl T. Curtis	Boys' Clubs of Omaha	June 27
Albuquerque, N. Mex	Clinton P. Anderson; Dennis Chavez	Rehabilitation Center of Albuquerque and Mental Health Association	July 18
Great Falls, Mont	Mike Mansfield; Lee Metcalf	Montana Society for Crippled Children in Great Falls	July 17
New York, N.Y	Jacob K. Javits; Kenneth B. Keating	National Association for Mental Health and Multiple Sclerosis	June 5
Fargo, N. Dak	Quentin Burdick	American Cancer Society	July 10
Portland, Oreg	Wayne Morse; Maurine Neuberger	do	June 27
Philadelphia, Pa	Hugh Scott; Joseph Clark	Women's Medical College	June 20
Providence, R.I	Claiborne Pell; John O. Pastore	Rhode Island Association for Mental Health	July 11
Sioux Falls, S. Dak	Karl E. Mundt; Francis Case	Share South Dakota	July 10
Charleston, W. Va	Jennings W. Randolph; Robert C. Byrd	United Cerebral Palsy and Mental Health Association	July 19
Richmond, Va	Harry Byrd; Willis Robertson	Sheltering Arms Hospital	July 10
Washington, D.C		Washington School of Nursing and Patty Corte Fund	June 6

PRIVATE MEDICARE PLAN

Mr. JAVITS. Mr. President, I have also in mind calling attention to what my colleague from New York [Mr. KEATING] referred to as the seven-insurance-company pool plan for health care in New York State. It is well known that I joined with the Senator from New Mexico [Mr. ANDERSON] in the bill which was before the Senate for health care for the aging; and I have every expectation that it will be acted on in the next Congress. But the New York plan, under the guidance, and I think the inspired leadership, of Governor Rockefeller, demonstrates how critically important is the private sector in the matter of health care for the aging, a matter which I have insisted on, and finally won incorporation of in the so-called Anderson bill, and which has proved to be entirely valid.

There are alternatives from the private sector which intelligent leadership on the part of State governments, insurance companies, cooperatives, and health care plans generally can bring to the public attention and make active for the public good.

That is also true of the bill of Representative CURTIS in the other body, which opens up to pension and welfare plans greater opportunities for health care.

I think it is irrefutably true that the premiums which must be charged are too much for persons of modest income. Eighty percent of the aging have incomes of less than $1,000 a year. The premium for the seven-company pool plan announced is $228 a year. This amount cannot be paid by people with modest incomes. Many people can pay. Many New Yorkers would be able to pay. But the fundamental problem which was met by the so-called Anderson-Javits bill still remains the problem. That is true in our State and in Connecticut, where the plus-65 plan is in operation.

I ask unanimous consent to have printed in the Record with my remarks the article headlined "Seven-Company Pool Offers Insurance to Aged in State," in the New York Times of August 17; and the report prepared by the Social Security Administration entitled "Summary of the Connecticut 65-Extended Health Insurance Plan," dated June 29, 1962.

There being no objection, the article and statement was ordered to be printed in the Record, as follows:

SEVEN-COMPANY POOL OFFERS INSURANCE TO AGED IN STATE—NONPROFIT HEALTH COVERAGE AUTHORIZED BY ALBANY WILL COST $10 A MONTH

(By Farnsworth Fowle)

A new health insurance plan for New York State residents aged 65 and over was announced yesterday by a pool of commercial insurance companies.

The insurance will cost 10 to 20 percent less than present policies, according to an independent estimate. A basic health plan will be offered at a monthly premium of $10 a person. The cost of a major medical plan, giving extended coverage, will be $9.

The last legislature, acting at the request of Governor Rockefeller, authorized such a pool to operate on a tax-exempt, nonprofit basis. Premiums paid by subscribers will be used to pay benefits and cover administrative costs, but not to pay dividends to the companies' stockholders.

In the initial enrollment period—October 15 to November 15—all residents of the State 65 or over who are not actually in hospitals will be admitted to the plan without physical examination. Those in a hospital may apply and receive coverage starting 31 days after their discharge, except that coverage for the condition that sent them to the hospital will commence 6 months after the effective date.

CROSS SECTION EXPECTED

The 1-month open-enrollment offer is not unusual. Experience shows that when many persons sign up in a short period they are likely to be a fair cross section of good and bad risks, whereas if enrollment without examination is open indefinitely, an excessive proportion of below-average risks is expected.

Representatives of the seven member companies in the pool met yesterday to form the New York 65 Health Insurance Association, which will shortly file the plan and premium rates with the State superintendent of insurance.

They chose Morton D. Miller, vice president of the Equitable Life Assurance Society, as president. The other companies in the pool are the Fidelity and Casualty Co. of New York (American Fore Loyalty Group), the Guardian Life Insurance Co. of America, the Metropolitan Life Insurance Co., the New York Life Insurance Co., Security Mutual Life Insurance Co., and the Union Labor Life Insurance Co.

The plan's two parts, basic health and extended major medical, may be purchased separately or jointly. The coverage will be sold through any insurance agent or broker licensed to sell health insurance in the State, or sold directly by the association.

The basic health plan, for $10 a month, will provide up to 31 days of payments of up to $18 a day for hospital room and board. It will also provide up to $150 in expenses for hospital service, and payments for surgical operations and for visits by doctors for nonsurgical care in a hospital. It will also pay up to $7.50 a day for up to 31 days for convalescent nursing-home care.

ALTERNATE PLAN OFFERED

An alternate basic health plan with a somewhat lower maximum hospital payment of $12 a day will be available at $8 a month.

The major medical plan will cover more acute illnesses and protracted health expenses. It includes 80 percent of the costs over $150 for hospital services and will cover hospital room and board beyond the first 31 days.

A maximum total of hospital payments is set at $3,600 for any single period of hospitalization. The lifetime limit for medical expenses under the policy is $10,000.

In his statement announcing the plan, Mr. Miller said that there were at least 1,700,000 persons 65 or over in the State.

Many of these, he said, already have some form of health insurance, and about 125,000 of the total receive old-age assistance or are in institutions.

He estimated that there were "at least a million elderly citizens in the State who can benefit from New York 65, especially from the extended major medical portion."

The nonprofit pool approach to meet the health problems of the elderly, a major national social and political issue in recent years, began in Connecticut, where the permissive law was enacted and the plan introduced last year. Mississippi and Massachusetts have also cleared the legislative path for this approach. The Connecticut plan attracted considerable interest but its experience has been too brief for insurance men to draw conclusions.

COMPANIES CAN JOIN

State Insurance Superintendent Thomas Thacher announced last night the approval of the proposal to form the nonprofit association to provide the new plans. He noted that any insurance company authorized to sell accident and health insurance in New York State was eligible to join the association.

The legislation, he said, presented "both a challenge and an opportunity to private enterprise in insurance."

He added that "only time and experience will demonstrate the extent to which commercial carriers may be successful in broadening the health insurance coverage of persons of advanced years through the new association and any others that may be formed."

SUMMARY OF THE CONNECTICUT 65 EXTENDED HEALTH INSURANCE PLAN

(Prepared by Louis S. Reed and Robert E. Malia, medical economics studies unit, division of program research)

The Connecticut 65 extended health insurance plan is a joint undertaking of some 32 insurance companies licensed to sell health insurance in Connecticut. Its stated purpose is to make health insurance, primarily of the major medical type, available to aged residents of Connecticut at reasonable rates.[1]

While many insurance companies sell health insurance providing so-called basic hospital and surgical benefits to older persons on an individual policy basis, few companies have deemed it feasible to write individual major medical policies for older persons. The chief reason for this has been the fear of an adverse selection of risks. The main purpose of the Connecticut 65 plan was to pool the resources of the leading insurance companies in Connecticut so that major medical coverage could be made available to all aged persons at reasonable premiums and without a physical examination, and so that if the experiment did not turn out well the loss to any one company would not be large.

HOW IT STARTED

One of the interesting things about Connecticut 65 is the speed with which the idea of providing major medical protection for Connecticut's elderly people was translated into action. Early in October 1960, representatives of five Hartford insurance companies began frequent meetings to discuss what could be done about the problem. By December 1960, the plan was in draft form, enabling legislation was about to be proposed, and the framework of a voluntary association of insurance companies to market the new plan had been organized.

The enabling legislation for Connecticut 65 is Public Act No. 95, effective May 3, 1961. Existing regulatory legislation in Connecticut provided that where joint action by insurance companies in the State is regulated by law, the Federal antitrust laws do not apply. Public Act No. 95, 1961 permits any insurance company authorized to do the business of health insurance in the State to join with other such companies for the purpose of offering major medical protection to elderly residents of Connecticut. It also provides that an annual financial summary of any insurance written under the plan be furnished to the State insurance commissioner and that if he finds that the forms for such insurance are not in the public interest or that the rates are excessive, he may disapprove them.

The Associated Connecticut Health Insurance Companies, as the new organization called itself, had early decided that no company could join the association unless it had at least $100,000 annual premium volume. Initially 10 Connecticut companies associated themselves with the project. Later they were joined by 22 other companies domiciled outside Connecticut. Every risk written through the association was to be insured on a pro rata basis, with each member assuming its proportion of the amount of such insurance in accordance with the terms of the agreement. A bank was selected as trustee. The Associated Connecticut Health Insurance Companies are governed by an executive committee which consists of representatives selected by the members of the association. This committee in turn selects a chairman and vice chairman and other such officers as may be thought necessary.

WHO IS ELIGIBLE

Any resident of Connecticut is eligible for enrollment under Connecticut 65 provided that he or she is (a) a resident of Connecticut, (b) 65 years of age or older, or (c) 55 years of age or older, working for less than 30 hours per week and the spouse of an enrolled person at least 65 years old.

Enrollment was first offered during the period September 1–30, 1961. Eligible persons who failed to enroll at that time could not enroll in the plan until a new enrollment period was announced. Persons who were not eligible during the initial enrollment could, however, enroll during the first calendar month in which they were eligible after October 1, 1961, and prior to January 1, 1963. Coverage for all enrolled persons begins the first day of the following calendar month with the following exceptions:

1. A hospitalized individual, or one who has been hospitalized on any day within the 31-day period preceding enrollment, cannot become covered until the first day of the calendar month following a continuous 31-day period in which he or she is not confined in any hospital or convalescent institution.

2. An individual who has had any medical or surgical care for an accident or sickness within 90 consecutive days prior to enrollment, cannot receive any coverage for this "preexisting condition" for the first 9 months of enrollment.

Connecticut 65 is available without physical examination. The exclusion of coverage during the 31-day and 9-month periods, respectively, is designed simply to prevent persons from enrolling for the sole purpose of gaining coverage for a known health condition.

SUMMARY OF BENEFITS UNDER CONNECTICUT 65

Connecticut 65 is primarily a major medical plan. There is a subplan for basic hospital and surgical benefits, but this is only for persons enrolling in Connecticut 65 who are not covered by any other basic plan. An enrollee who already has other basic coverage cannot elect Connecticut 65 basic.

An eligible individual has a choice of four optional plans, as follows:

Option No.	Type of coverage	Monthly premium
1	$10,000 lifetime maximum major medical expense benefits.	$10.00
2	$5,000 lifetime maximum major medical expense benefits.	7.50
3	$10,000 lifetime maximum major medical expense benefits plus basic hospital and surgical benefits.	17.00
4	$5,000 lifetime maximum major medical expense benefits plus hospital and surgical benefits.	14.50

The basic benefits under options three and four are:

(a) hospital charges for room and board up to $12 per day for 31 days in any one year; (b) hospital charges for special services up to $125 in any one year; and (c) doctor's charges for surgery up to amounts set forth in a schedule and up to a maximum of $360 in any one year for all operations.

MAJOR MEDICAL BENEFITS UNDER CONNECTICUT 65

Under the major medical benefits plan the policyholder is reimbursed at the rate of 100 percent for some, and 80 percent for other, covered charges for acute and convalescent hospital care, surgery, physician's services in the office, home, or hospital, and the services of registered graduate nurses—all over and above a deductible, and up to specified limits for any one year and for life.

The deductible is $100 plus the amounts payable under the Connecticut 65 basic hospital and surgical benefits plan, whether or not the policyholder has such coverage. If the policyholder does have basic coverage under Connecticut 65, or some other plan, the payments under such insurance will cover the basic benefits part of the deductible. In no case, however, is the deductible less than $100 plus Connecticut 65's basic benefits for hospital and surgical care.

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[1] The basic sources of information on which this note is based are the "Connecticut 65 Extended Health Insurance Enrollment Booklet," which is an official description of the plan, and the "Story of Connecticut 65 Extended Health Insurance," a brochure furnished by the plan's marketing agency, Associated Connecticut Health Insurance Companies. The latter includes documents such as the agreement among the insurance companies, and the enabling legislation for the plan.

Under the major medical benefit plan, hospital room and board charges are covered under options one and three (the $10,000 lifetime maximum) only up to $18 per day in acute hospitals and $10 per day for 90 days in convalescent hospitals. Under options two and four (the $5,000 lifetime maximum) such charges are covered only up to $15 per day in acute hospitals and up to $8 per day for 90 days in convalescent hospitals. Under options one and three, surgical charges are covered up to 166⅔ percent of the maximum allowance for the various operations as set forth in the plan's schedule; under options two and four they are covered up to 100 percent of these allowances. Under all options doctors' charges for administering anesthesia are covered only up to 20 percent of the maximum allowable for surgical charges. Doctors' charges for other professional services are covered up to $6 per calendar day per doctor under options one and three and up to $5 per day under options two and four. Registered nurses' charges are covered up to $18 per day for all such nursing services under options one and three and up to $15 per day under options two and four.

Once the deductible has been satisfied the major medical plan pays 100 percent of the first $250 of hospital charges and 80 percent of the remainder, and 80 percent of covered charges for all other services. In no single year will the plan pay any more than one-half of the lifetime maximum ($10,000 or $5,000 depending on the option) under which the individual is enrolled. A schematic example of the benefits provided under Connecticut 65 is shown in the appended illustration.

OPERATIONAL EXPERIENCE OF THE PLAN

The first enrollment, as has been noted, was restricted to a single month—September 1961. During this enrollment period, intensive advertising was conducted through radio and television media, newspapers, and direct mailing techniques.[2]

As a result of this promotional campaign some 21,850 persons signed up. This is approximately 9 percent of the 243,000 persons 65 and over in Connecticut. Over 85 percent of those enrolling took options one and two, which offer major medical benefits only. It may be assumed that most of these already had basic coverage through other plans. (Available data indicates that well over 50 percent of the aged in Connecticut have health insurance protection through Blue Cross-Blue Shield, insurance companies and independent plans. Some of these, being employed or dependent wives or husbands of employed persons, may have major medical type protection through their place of employment.)

Another open enrollment period was held during the period April 16–30, 1962. During this time 6,142 aged persons enrolled. No decision has yet been made relative to future enrollment activities.

Thus far, it appears, Connecticut 65 has brought a form of major medical protection to about 11.5 percent of the aged population of Connecticut.[3] What the future market will be, in the light of the cost of this protection in relation to the incomes of Connecticut's aged, can only be conjectured.

No valid operational data are as yet available for Connecticut 65. Because of the deductible and the waiting period for benefits for preexisting conditions, the plan will not experience full claim costs for at least another year. The sponsors of the plan have stated that it was their hope that administrative expenses of the plan, including selling costs, and premiums taxes, could be held to 10–12½ percent of premiums. Preliminary data indicate that a claim estimate of 85 percent of premiums is in order. However, for the reasons indicated above, valid operational data will not be available for some time.

An illustration of benefits paid under option three of Connecticut 65 for medical and hospital expenses resulting from a heart attack follows:

	(1) Total expenses	(2) Expenses not covered by Connecticut 65	(3) Expenses of a type covered by Connecticut 65 basic[1]	(4) Expenses of a type covered by Connecticut 65 major medical
Item 1. Hospital expenses:				
A. General hospital, 26 days, at $18	$468.00		$312.00	$156.00
B. Other hospital charges	425.65		125.00	300.65
C. Convalescent hospital, 14 days, at $10	140.00			140.00
Total	1,033.65		437.00	596.65
Item 2: Doctor's fees, drugs, etc.:				
A. Doctors, 51 calls	445.00	$139.00		306.00
B. Prescription drugs	91.45			91.45
C. Prosthetic appliance	17.50			17.50
Total	553.95	139.00		414.95
Total	1,587.60	139.00	437.00	1,011.60

[1] Since the hypothetical policyholder has Connecticut 65 basic, the amounts in col. 3 are paid in full. Hence the deductible is satisfied except for the $100 cash outlay. The amounts in col. 4 would be paid as follows:

	Expenses eligible for coverage	Benefits paid
Item 1 expenses	$596.65	
Payable at 100 percent	250.00	$250.00
Balance	346.65	
Item 2 expenses	414.95	
Total expenses remaining	761.60	
Less cash deductible	100.00	
Payable at 80 percent	661.60	529.28
Total expenses paid by Connecticut 65 major medical		779.28
Total expenses paid by Connecticut 65 basic		437.00
Total payment by Connecticut 65		1,216.28

Summary

Total expenses	$1,587.60
Total paid by Connecticut 65	1,216.28
Remainder paid by policyholder	371.32

NOTE.—If policyholder had the major medical coverage only (option 1) Connecticut 65 would have paid $779.28 of the total expense. Under option 2, it would have paid $653.68, and under option 4, $1,090.68.

TAX PROPOSALS

Mr. JAVITS. Mr. President, finally, I wish to make a comment upon the appearance of Secretary of the Treasury Dillon before the Joint Economic Committee this morning. I urged the Secretary to submit to the Congress before adjournment the administration's plan for tax revision, on two grounds: First, that it would be very reassuring to know some of the ways of avoiding the danger of recession by showing people what they had a right to expect in their planning and estimates; second, it would enable the country and the Congress to really submit this tax plan to the electorate and come back here in January prepared to vote on it.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 more minute.

The danger is that if it is not done that way, if the administration keeps the plan in its pocket—the Secretary said it was not ready, but it can be gotten ready in a month—and then comes back with it in January, we shall again have tax revision delayed, perhaps dismembered, as the present tax bill has been dismembered, and we shall not get to it until next August or September.

It seems to me that if we had a tax proposal before us before we went home, we would have saved a whole legislative year, and would reassure the American people in a way in which I do not think anything else would, as to the future of the economy, and also give opportunity for prompt action, because the people would have examined it and, in a sense, have voted on it, and given us an opportunity to vote it up or down in the next session of Congress.

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[2] William N. Seery "Connecticut 65 * * * A New Dimension in Health Insurance," Health Insurance Review, April 1962, p. 18.

[3] Some 14,000 aged persons in the State are recipients of old age assistance, receive medical care from this source, and thus are not in the market for health insurance.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I call up next the amendment intended to be proposed by the Senator from Tennessee [Mr. KEFAUVER], and a number of other Senators, which refers to the guarantee that stock shall be sold at $10 per share, so that all members of the public will have an opportunity to get in on the program. It is identified as "6-15-62-M."

The PRESIDING OFFICER. Is the amendment identified as "M" or "N"?

Mr. MORSE. "M."

The PRESIDING OFFICER. "M."

The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 34, line 20, it is proposed to delete the period and to insert in lieu thereof the following: "which shall be sold at a price of $10 for each share and in a manner to insure the widest distribution to the American public and among the communications common carriers.".

Mr. PASTORE. Mr. President, if there is no further debate on the amendment, I merely wish to say that this question was discussed by our committee at some length. The bill provides, on page 33:

> The shares of such stock initially offered shall be sold at a price not in excess of $100 for each share.

We thought it advisable to stay with the figure of $100. That point could be argued one way or another, but we gave the question considerable consideration. We have stipulated not that the figure of $100 be a fixed price, but that the price be "not in excess of $100 for each share."

Therefore, I move to table the amendment.

Mr. KEFAUVER. Mr. President, will the Senator yield first?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Tennessee?

Mr. PASTORE. I yield for a question, yes.

Mr. KEFAUVER. Is it not true that only 10 of the 1,100 common stocks on the New York Stock Exchange sell at prices in excess of $100 a share?

Mr. PASTORE. I would not know that. Our committee went into the question. I suppose at the time it would have made little difference one way or the other, but because of the situation we now face I move to table the amendment.

Mr. KEFAUVER. Mr. President, I ask for a division.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment.

On a division, the motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendments intended to be proposed by the Senator from Tennessee [Mr. KEFAUVER] for himself and other Senators, of which I am a cosponsor, identified as "F".

The PRESIDING OFFICER. Will the Senator please give the date of the amendments?

Mr. MORSE. 8-13-62—F.

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 25, it is proposed to delete line 11, and to insert in lieu thereof:

> (4) exercise such direct control and supervision over negotiations and relationships.

On page 25, line 13, it is proposed to delete "may be" and to insert in lieu thereof "the President or his delegate may deem".

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Oregon to the committee amendment.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

Mr. KEFAUVER. Mr. President, I ask for a division.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment.

On a division, the motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendment intended to be proposed by the Senator from Tennessee [Mr. KEFAUVER] for himself and other Senators, of which I am one of the cosponsors, identified as "8-13-62—G."

This amendment, and the remainder of the amendments I will call up this afternoon were researched and drafted by the staff of the Antitrust and Monopoly Subcommittee, which is most ably directed by the Senator from Tennessee [Mr. KEFAUVER], who is principal sponsor of this amendment.

This staff, which has been handpicked by Senator KEFAUVER and his talented and effective staff director, Mr. Fensterwald, contains some of the best young legal talent I have ever had the pleasure to encounter.

I commend Senator KEFAUVER for this staff and I commend the staff on the diligence and ability which they have shown throughout this debate and in particular for their contributions to the legislative process which these amendments would accomplish if accepted by the Senate.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 26, it is proposed to add after line 5:

> (8) so exercise his authority as to ensure that the corporation will adopt the most efficient and advanced technology, as soon as practicable.

Mr. PASTORE. Mr. President, if there is no further debate, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendments intended to be proposed by the Senator from Tennessee [Mr. KEFAUVER] for himself and other Senators, of which I am one of the cosponsors, identified as "8-13-62—J."

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 27, line 12, it is proposed to delete the words "where appropriate" and to insert in lieu thereof "unless not in the public interest."

On page 27, line 24, it is proposed to delete the period and to insert in lieu thereof "; in each case where the corporation procures apparatus, equipment and services other than by competitive bidding, the Commission shall within thirty days after any decision is made, file a full report thereof with the Antitrust Division of the Department of Justice setting out in full the reasons for dispensing with competitive bidding".

Mr. PASTORE. Mr. President, I move to lay the amendments on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island to lay on the table the amendments offered by the Senator from Oregon [Mr. MORSE] to the committee amendment.

Mr. KEFAUVER. Mr. President, I ask for a division.

On a division, the motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendment intended to be proposed by the Senator from Tennessee [Mr. KEFAUVER] for himself and other Senators, of which I am cosponsor, identified as "8-13-62—O."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 32, line 3, it is proposed to insert after "succeeds." the following: "The three directors shall include a representative of the Department of State, of the Department of Justice, and of the National Aeronautics and Space Administration.".

Mr. PASTORE. Mr. President, if there is no further debate, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment offered by the Senator from Oregon [Mr. Morse] to the committee amendment.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up the amendment submitted by the Senator from Tennessee [Mr. Kefauver], of which I am one of the cosponsors, identified as "8-13-62—S."

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 36, it is proposed to insert between lines 17 and 18, the following:

> (4) and shall do all things deemed appropriate by the President of the United States under the powers given him by this Act to further the national interest of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. PASTORE. Mr. President, if there is no further debate, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to lay the amendment on the table.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up an amendment submitted by the Senator from Tennessee [Mr. Kefauver], of which I am a cosponsor, identified as "8-13-62—W."

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 21, line 22, it is proposed to delete the word "unique."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. PASTORE. Mr. President, if there is no further debate, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up an amendment submitted by the Senator from Tennessee [Mr. Kefauver], of which I am a cosponsor identified as "8-13-62—AA."

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The Legislative Clerk. On page 21, beginning on line 20, it is proposed to delete the words "where consistent with the provisions of this Act".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. PASTORE. Mr. President, if there is no further debate, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up an amendment offered by the Senator from Tennessee [Mr. Kefauver], of which I am one of the cosponsors—a very important amendment—identified as "8-13-62—BB."

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 22, line 13, it is proposed to after the semicolon add the words "and satellite terminal stations," and delete subsection (4) beginning on line 23 of page 22.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. PASTORE. Mr. President, if there is no further debate, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up another amendment submitted by the Senator from Tennessee [Mr. Kefauver], of which I am a cosponsor, identified as "8-13-62—CC."

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 26, line 23, it is proposed to delete the words "on request" and substitute in lieu thereof "when appropriate".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up another amendment submitted by the Senator from Tennessee [Mr. Kefauver], of which I am a cosponsor, identified as "8-13-62—DD."

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 31, line 2, it is proposed to delete the words "District of Columbia Business Corporation Act" and substitute in lieu thereof "California Business Corporation Act".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. MORSE. Mr. President, I call up an amendment offered by the Senator from Tennessee [Mr. Kefauver], of which I am a cosponsor, identified as "8-13-62—EE."

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 32, line 11, it is proposed to delete the word "three" and substitute in lieu thereof "two".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. MORSE. Mr. President, will the Senator from Rhode Island yield to me 30 seconds?

Mr. PASTORE. I yield 30 seconds.

The PRESIDING OFFICER. Without objection, the Senator from Oregon is recognized for 30 seconds.

Mr. MORSE. Mr. President, in view of the very efficient and effective but, as far as I am concerned, bloodless guillotine that is dropping, I wonder if the Senate desires the guillotine to drop on the whole series of perfecting amendments principally sponsored by Senator Kefauver and cosponsored by myself and others; identified as "8-13-62," with the following letters: FF, GG, HH, II, JJ, KK, LL, MM, NN, OO, PP, QQ, RR, SS, UU, VV, WW, XX, and YY, with the understanding that they will appear separately in the Record. They are all perfecting amendments to the bill, drafted, researched, and refined by the staff of the Antimonopoly Subcommittee in an effort to counter the monopoly aspects of this bill.

We all know what the outcome will be. I wish to keep faith with my sponsorship of the amendments and give the Senate an opportunity to vote on them.

Mr. DIRKSEN. Is the Senator aware that he omitted amendment TT?

Mr. PASTORE. Mr. President, with the understanding that all the amendments will be laid on the table——

The PRESIDING OFFICER. Is there objection?

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER. Objection is heard.

Mr. RUSSELL. Mr. President, any Senator has the right to request a division of the question. Have the amendments been read?

The PRESIDING OFFICER. The amendments were read when they were presented. The Chair was about to inquire if the Senator from Oregon wished to offer his amendments under a unanimous-consent agreement that they could be considered en bloc.

Mr. RUSSELL. That could only be done by unanimous consent.

The PRESIDING OFFICER. The Senator from Georgia is correct.

Mr. RUSSELL. Do I correctly understand that any Senator who so desires could demand a division on the question?

The PRESIDING OFFICER. Any Senator may demand a vote on any amendment.

Mr. MORSE. The amendments are short. Why may we not send them to the desk and have them considered en bloc?

Mr. PASTORE. I have no objection. The Senator from Georgia has not objected. Why does not the Senator make his unanimous-consent request and see if there is any objection?

Mr. MORSE. I offered them to the Senator in charge of the bill. I suggest that he ask unanimous consent.

Mr. PASTORE. Mr. President, I ask unanimous consent that all amendments now being offered be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments considered en bloc are as follows:

On page 32, line 11, delete the words "three candidates" and substitute in lieu thereof the words "one candidate".

On page 32, line 22, after the word "officer" add "or director".

On page 32, line 24, change the period to a comma and add "nor shall he be a controlling stockholder in any communications carrier corporation.".

On page 32, line 24, after the period add "No director of any communications common carrier shall be eligible to be a director of the corporation."

On page 32, line 24, after the period add "No director or officer of any communications common carrier shall be eligible to be a director of the corporation."

On page 33, line 4, delete the words "without par value" and substitute in lieu thereof "of par value of $100".

On page 33, line 7, delete the word "encourage" and insert in lieu thereof "insure".

On page 33, beginning on line 12, delete everything through the period on line 24.

On page 34, line 23, after the word "shall" add "not".

On page 35, delete subsection (d) and renumber the sections accordingly.

On page 35, delete the entire subsection (f).

On page 35, line 21, after the word "of" insert "voting".

On page 35, line 21, after the word "of" insert "nonvoting".

On page 37, line 7, after the word "and" add "the corporation shall receive such communications services of cost".

On page 38, line 3, delete the word "Business".

On page 38, line 5, delete the word "business".

On page 38, line 12, delete the word "may" and substitute in lieu thereof "shall".

On page 40, delete line 4, after the word "The" insert "Federal Trade".

On page 40, line 13, delete the words "assure the Congress that" substitute in lieu thereof "determine whether".

On page 24, line 21, before the word "aid" insert "supervise and".

Mr. PASTORE. Mr. President, I now move that all these amendments be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendments considered en bloc.

The motion was agreed to.

Mr. MOSS. Mr. President, I call up amendment 6–15–62—G, submitted by the Senator from Pennsylvania [Mr. CLARK], and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Utah will be stated.

The LEGISLATIVE CLERK. On page 32, lines 3 through 6, it is proposed to strike out the sentence beginning with "Six" and insert in lieu thereof: "Six members of the board shall be elected annually by those stockholders who are not communications common carriers, and the remaining members of the board, not to exceed six, shall be elected annually by those stockholders who are communications common carriers in a number determined as follows: If such stockholders own in the aggregate not exceeding 15 per centum of the outstanding voting stock of the corporation, they shall elect one member; if they own in the aggregate in excess of 15 per centum but not exceeding 25 per centum, two members; if they own in the aggregate in excess of 25 per centum but not exceeding 35 per centum, three members; if they own in the aggregate in excess of 35 per centum but not exceeding 40 per centum, four members; if they own in the aggregate in excess of 40 per centum but not exceeding 45 per centum, five members; and if they own in the aggregate in excess of 45 per centum, six members."

Mr. MOSS. Mr. President, this perfecting amendment would amend the bill before the Senate to conform with the language of the House bill. The bill as presently written simply provides that the communications common carriers shall elect six members of the board of directors, without making any reference to the amount of stock to be owned by the carriers. They may purchase up to 50 percent, and they may not choose to do so. The amendment fixes the number of directors who may be elected to be in proportion to the stockownership. For that reason I believe the amendment should be adopted, in order to conform not only with the House bill, but also the equities involved, to prevent a monopoly situation from arising. It is obviously unfair to permit common carriers who may own as little as 1 percent of the stock to elect six members of the board of directors.

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. MOSS. I yield to the Senator from Tennessee for a question.

Mr. KEFAUVER. Does the Senator's amendment conform with the language of the House bill on page 12, as it passed the House of Representatives.

Mr. MOSS. It is my understanding that this is the precise language in the bill which passed the House.

Mr. KEFAUVER. In other words, under the bill passed by the House of Representatives, which a majority of the Senate does not want to adopt but wants the Senate bill to be passed without a change being made even so far as a comma or a period is concerned, the communications common carriers could elect directors depending upon how much stock they had purchased. If they had purchased 15 percent of the stock they could elect one director, with 25 percent stockownership, two members of the board, and with 45 percent, six members. Is that correct?

Mr. MOSS. That is correct. That is the purpose of my amendment. That is what it would provide.

Mr. KEFAUVER. This is one of the most important amendments that we have before us. Is this not what would happen? The communications carriers are entitled to elect six directors. There may be $100 million worth of stock allocated to them, but even if they bought $1,000 worth, they could still elect six directors, under the provisions of the bill; could they not?

Mr. MOSS. Under the language of the bill, as I interpret it, that would be true. They could elect six directors.

Mr. KEFAUVER. Out of the stock that has been allocated to them they could elect six directors, even if they bought only a thousand dollars' worth. Then they could wait until the stock either went up or down. If it went up, and it appeared that it would be profitable, then they could exercise their option and purchase the rest of the stock. Is that true?

Mr. MOSS. That would be possible.

Mr. KEFAUVER. Is not this also true, that the public has not been treated in the same favorable way with respect to the stock that would be allocated to it, with reference to the number of directors they could elect? The public must actually buy its stock before it can elect its six directors. Is that correct?

Mr. MOSS. That is true. To be eligible to vote, they would have to buy that stock.

Mr. KEFAUVER. I do not know whether the Senator agrees with me, but I believe that this is one of the sleepers which has been put into the bill for the further benefit of the communications carriers, to give them every possible advantage, the kind of advantage that is not available to the public, and under which they can put up almost no money but yet exercise control by the election of six directors.

Mr. MOSS. The Senator is correct. There is no question that this puts the power into the hands of the communications carriers, and they could abuse this power, as the Senator has indicated, by purchasing a minimum amount of stock, and yet get the power to elect 6 directors out of a total of 15.

Mr. KEFAUVER. No one can say that this was done by accident, because this little safeguard was in the House bill. Perhaps the Senator knows that it was also called to the attention of the Commerce Committee by the Senator from Tennessee, who urged that it be put back in the bill to prevent the communications carriers from putting up almost no money and enable them to wait until the stock goes way up in value before they risk any appreciable amount, and during all that time being able nevertheless to vote for and elect six directors if they wanted to. Is that correct?

Mr. MOSS. That is true. The Senator from Utah cannot understand why the language would be inserted in the bill presented to the Senate, when the House had already taken steps to safeguard this particular area which might be abused by the communications carriers.

Mr. KEFAUVER. The Senator from Utah has a great sense of fairness, and I wish to commend him upon bringing up the amendment. This is a clear case where the bill could have been improved. The House of Representatives ought to be on notice that its good provision in the bill has been taken out by the Senate for some strange reason. The House ought to follow with a great deal of interest the action upon the Senator's motion to put that language back into the bill.

Mr. MOSS. I thank the Senator from Tennessee. I urge that the amendment be adopted.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment.

Mr. KEFAUVER. Mr. President, I ask for a division.

On a division, the motion to table was agreed to.

Mr. McGEE. Mr. President, the Members of this body have heard considerable debate on the merits of the Communications Satellite Act of 1962. I do not propose to go over these arguments again for I am sure that any Member who needed facts by this time has them and probably quite a few more he really does not care about. Today I would like to talk about something a little bit more subjective—faith.

The argument on this bill is essentially a simple one—Is or is not a cooperative public and private corporation with strict Government supervision the best way to undertake what will be one of man's most difficult and rewarding undertakings in world communications? This is a venture which will take a giant stride where baby steps went before, one that will shrink even further this steadily contracting globe of ours so that the protective cushion of time and space is all but eliminated and our ability to meet the challenge to be understood will be one that will determine our success in maintaining a dynamic world leadership.

I believe that this bill represents the best approach to the problem—and that is where the faith comes in. This bill represents not the best of all possible communications acts but one that I believe will work. And I believe that it will work because I have faith that American private enterprise can cooperate with Government to do this job—that the private communications firms are uniquely qualified through experience and know-how to do this job—without making a selfish grab for monopoly powers to the detriment of the American public and the world at large.

Lest I should be accused of being a mystic, I should also state that I have faith that this act provides the American Government—specifically the Federal Communications Commission and the Attorney General—with the power to make sure that private enterprise does not succumb to the temptation to take illegal or unethical advantage of its position of trust.

I believe we should also have faith that the three members of the corporations' board of directors appointed by the President will have the ability and integrity to perform their duties in the public interest. I find it very difficult to believe that a board of directors with the diversity of interests that are established in this bill would be able to successfully ignore the public welfare. Nor can I believe that the Attorney General would not exercise his power under this bill should there be any hint of irregularity.

I could go on at length citing the safeguards in this bill—they are there and they are potent enough to do the job. But I think it is more important to ask that we demonstrate that we have faith in our ability to devise a Communications Satellite Act that can do the job—and faith that all segments of our society, public and private, have the initiative to do a good and an honest job; that cooperation between these segments is a natural and logical mode of operation.

Mr. President, to say that today we live in a world where science overnight is making the miraculous seem commonplace is to risk being trite. But I have no doubt that science moves at such a pace—and that is all science, not just American science—that to hesitate is to be lost. In the race we are in there is little glory in second place. Therefore, I suggest that we cannot afford to wait and delay while searching for new and different approaches that might work when we have one before us now that will work. Progress is the combination of thought and action. We have had many thoughts on this problem—the satellite communications system is an idea that exemplifies the best in American ingenuity—and we have talked at length at how best to bring these ideas into being. We have arrived at what to me is a logical approach that creates a combination of the best of government and private industry for the glory and improvement of both.

Mr. President, now is the time for action.

Mr. KEFAUVER. Mr. President, I call up my amendment identified as "8-13-62—RRR".

I shall not ask for a yea-and-nay vote on this amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 37, line 13, add:

> (d) Section 29-930 and the subsections thereof of the District of Columbia Business Corporation Act relating to voluntary dissolution shall not apply to the corporation.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The motion to lay on the table was agreed to.

Mr. KEFAUVER. Mr. President, I call up my amendment identified as "8-13-62—QQQ".

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 37, line 13, add:

> (d) Section 29-927 and the subsections thereof of the District of Columbia Business Corporation Act relating to merger and consolidation shall not apply to the corporation.

Mr. PASTORE. Mr. President, I move to lay that amendment on the table.

Mr. LONG of Louisiana. Mr. President, will the Senator from Tennessee yield to me in my time?

Mr. PASTORE. Wait a minute.

Mr. LONG of Louisiana. I am asking the Senator from Tennesee to permit me to speak in my time on his amendment.

Mr. PASTORE. I withhold my motion to table.

The PRESIDING OFFICER. The Senator from Louisiana is recognized on the amendment.

Mr. LONG of Louisiana. I wish to ask the Senator from Tennessee about this matter. Perhaps he was not in the Chamber when the senior Senator from Oregon submitted a number of amendments en bloc. I personally felt that many of those amendments were good amendments, and I voted against the tabling motion. The record was made on those amendments. I wonder if my good friend from Tennessee, with whom I agree in general about this bill, would consider offering his amendments, which I believe are surely going to be tabled, en bloc, in order that we might get on with the business. I have an amendment that I believe might have a chance to be adopted. I should like to debate that amendment. I have some time left in which to debate it.

Much as I feel for my good friend from Tennessee, he has no time left to debate, except perhaps a minute. I wonder if he would permit the amendments he has in his hand to be voted upon en bloc.

Mr. KEFAUVER. With the exception of one amendment, I shall be glad to do so. I have one amendment which I think should be called especially to the attention of the Senate, and I might explain the purpose of that amendment. It is to the effect that:

> No incorporator shall be an officer, director, or controlling stockholder of any communications common carrier.

The PRESIDING OFFICER. The Senator from Tennessee is speaking in the time of the Senator from Louisiana.

Mr. KEFAUVER. Does the Senator from Louisiana know that the amendment I desire to offer is so important that I do not wish to have it voted upon with those that I am willing to have voted upon en bloc? Does the Senator know that the amendment provides:

> No incorporator shall be an officer, director, or controlling stockholder of any communications common carrier.

I believe that Mr. Kappel thinks that if the board of the corporation has a one-legged motor policeman and a drugstore clerk as members, it should not be incorporated.

Mr. LONG of Louisiana. Mr. President, is the Senator from Tennessee offering that amendment now?

Mr. KEFAUVER. I wish to offer this amendment separately; then I shall offer the rest en bloc.

However, a motion is about to be made to table an amendment which is now before the Senate.

Mr. PASTORE. Mr. President, I move to table the amendment designated "QQQQ."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to table the amendment designated "QQQQ."

The motion to table was agreed to.

Mr. KEFAUVER. Mr. President, I offer the amendment designated "8-13-62—BBB" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, line 14, it is proposed to add "No incorporator shall be an officer, director, or controlling stockholder of any communications common carrier."

Mr. PASTORE. Mr. President, if there is no debate on the amendment, I move to lay the amendment on the table.

Mr. KEFAUVER. Mr. President, on that question, I ask for a division.

On a division, the motion to lay on the table was agreed to.

Mr. KEFAUVER. Mr. President, I offer the amendments, all dated 8-13-62, and designated, respectively, "NNN," "MMM," "KKK," "III," "JJJ," "HHH," "GGG," "FFF," "EEE," "DDD," "CCC," "AAA," "PPP," and "OOO." They are all important amendments and are all really necessary. I ask that they be acted upon en bloc.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Tennessee, that the amendments he has designated be submitted and acted upon en bloc?

Mr. DIRKSEN. Mr. President, reserving the right to object, would this action be properly styled, under the rules, the mass-production theory?

Mr. MORSE. Mass execution.

Mr. DIRKSEN. I wanted to know what the proper term was.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

The amendments offered and considered en bloc are as follows:

On page 32, line 14, after the period add, "The corporation shall not commence business until a minimum of $150,000,000 in cash has been paid into the corporation."

On page 31, line 14, after the period add "The bylaws of the corporation shall be made a matter of public record by filing with the Commissioners, in the same manner provided for the articles of incorporation. There shall be no fee for such filing.".

On page 36, line 3, after the period add "The corporation shall not declare dividends payable in its own stock."

On page 32, line 16, after the period add "Section 29-914 of the District of Columbia Business Corporation Act relating to voting trusts shall not apply to the corporation."

On page 32, line 16, after the period add "Section 29-916e of the District of Columbia Corporation Act relating to the creation of an Executive Committee shall not be applicable to the corporation. The corporation shall not have an executive committee."

On page 31, line 14, after the period add "The power to make, alter, amend, or repeal the bylaws of the corporation is reserved to the stockholders of the corporation."

On page 32, line 16, after the period add "The preemptive rights of noncarrier shareholders may not be limited or denied in any way.".

On page 32, line 20. After the period insert "Officers shall not have employment contracts with the corporation for terms in excess of two years. Such contracts may be renewed.".

On page 32, line 19, after the word "board" insert "not to exceed $22,500 per annum".

On page 31, lines 11 and 12, delete the words "whatever other actions" and substitute in lieu thereof "only such other actions as".

On page 31, delete line 11, after the word "offering", insert "of voting stock".

On page 29, line 21, delete the word "except" and insert in lieu thereof "including".

On page 36, after line 3 add "(g) The articles of incorporation shall not contain any provision allowing class voting."

On page 31, line 7, after the word "appoint" insert "seven".

Mr. PASTORE. Mr. President, I move to lay all these amendments on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to table the amendments.

The motion to table was agreed to.

Mr. DIRKSEN. Mr. President, in my time, may I ask the distinguished Senator from Tennessee——

Mr. GORE. Mr. President, a point of order. It is positively against the rules of the Senate for a Senator having the floor to direct questions to a Senator in his seat.

The PRESIDING OFFICER. The Senator from Tennessee is correct.

Mr. KEFAUVER. I will rise.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the distinguished senior Senator from Tennessee be respectfully requested by the Chair to stand in his place so that the Senator from Illinois may address him.

Mr. MORSE. Mr. President, I shall have to object to that request, although I know the Senator from Tennessee will comply with it anyhow.

The PRESIDING OFFICER. The Chair is not prepared to give any order.

Mr. DIRKSEN. Mr. President, may I ask the distinguished Senator——

The PRESIDING OFFICER. Is there objection?

Mr. GORE. Mr. President, a point of objection. The Senator having the floor cannot ask questions of another Senator, whether that Senator be standing or seated.

Mr. DIRKSEN. The Senator from Tennessee knows what I am seeking. He can answer. Everyone knows what the answer will be, but I would rather have it from the Senator from Tennessee.

Mr. LONG of Louisiana. Mr. President, will the Senator from Illinois yield the floor, so that I may claim it? I think better headway will be made.

Mr. DIRKSEN. Does the Senator from Louisiana think I should?

Mr. LONG of Louisiana. Yes.

Mr. DIRKSEN. I yield the floor.

Mr. LONG of Louisiana. Mr. President, I have about 50 or 60 amendments which I shall not offer. I shall offer one which, it seems to me, simply cannot be argued to the contrary. It seems to me it is so patently proper that there is no possible excuse for not agreeing to it. I hope that Senators who favor the bill, if they wish to oppose the amendment, will take some of the 80 hours available to them to try to explain why this amendment should not be agreed to.

The amendment provides that small, independent telephone companies can buy some of the 50 percent of the stock which is to be reserved for the seven big companies. The small companies would like to buy such stock. There is a little company in Cameron, La., which would like to do so. Senators will remember Hurricane Audrey, which struck Cameron, and wiped out half the population. The little telephone company in that town would like to have the privilege of buying some of the stock. As a practical matter, most of the 3,500 independent telephone companies do not have the money with which to buy the stock anyhow. But if they had the money, they would like to have the privilege of buying some of the stock, just as A.T. & T. or any of the other large carriers would buy the stock.

In my opinion, the bill, as it started out, was strictly a big business bill. Senators may differ in their opinions, but I think it started out as a bill under which only the big companies could buy stock. It was first recommended that the large companies could have all the stock.

Then the bill was amended so as to provide that half of the stock would be publicly owned, while the other half would be held by A.T. & T. and the other big companies. Many persons doubt that the public stock will be purchased at all. The reason is that there might be a conflict of interest between the existing carriers and the proposed new corporation. The big companies might not want the corporation to make money in the early years.

The bill provides that the FCC is to keep the monopoly to a minimum. The Attorney General and the FCC could require the private companies to divest themselves of their holdings in the corporation in the event there appeared to be monopoly control.

But to whom could divestment be made? The bill limits to whom the stock could be sold, upon divestment, to that type of company of which the "big 7" are the only ones. In other words, they might have to divest, but they are the only ones who would be eligible for the stock they must divest.

If it is desired to require divestiture in order to provide more competition, my amendment should be adopted, because it would make stock available to the little companies and would permit them to become incorporators.

As the bill now stands, the A.T. & T. could exert all sorts of power upon the other six carriers, and the smaller companies could not get in.

The committee amended the bill to provide that the FCC could cause these people to be declared communications common carriers, presumably subject to the regulation of the FCC. But why should a little company have to come to Washington and engage a lawyer in order to be declared to be operating in the public interest so as to own some of the stock? Why should it be placed under the jurisdiction of the FCC simply in order to buy some of the stock in the company? Why should the small companies not be permitted to buy some of the reserve stock, just as all the other common carriers do?

I have discussed this question with persons who understand it. They have not been able to give me one good reason why this amendment should not be agreed to.

I hope that by the time the Senate has reached the very end of the amendments, at least one of them might be considered and agreed to. The Senator from Alabama [Mr. SPARKMAN] has an amendment pertaining to small business. It provides that small business shall be given a chance to compete for the building of equipment. I hope the amendment will be agreed to. Then I hope my amendment will be agreed to.

So far as we who oppose the bill are concerned, this is one of the last amendments we have to offer. I think there is no excuse for not agreeing to it. I hope that Senators who have been moving to table amendments without careful consideration will at least try to explain to us who oppose the bill why this amendment should not be agreed to, because they have moved in this direction themselves, and in doing so they have conceded that there is merit to the idea.

Thirty-five hundred independent telephone companies in the United States are asking that they be permitted to own some of the reserve stock. Why not? A.T. & T. makes much of the fact that it has more than 2 million stockholders. My guess is that the small companies combined have as many stockholders as the A.T. & T. itself has. Why should the small companies be required to come under regulation of the FCC rather than under the regulation of the public service commissions or public utility commissions of their own States, simply to buy the reserve stock in the satellite corporation?

Why should not these 3,500 smaller companies at least be permitted in some measure to invoke the element of competition in connection with this matter, rather than have only seven large companies, now very closely intertwined in all sorts of relationships, be in the position of being locked in control of 50 percent of the stock of the corporation, with the result that they could control it at all times? Why not let the fresh breath of competition in, by permitting some of these 3,500 smaller companies to own some of this stock? The bill would make it possible for the FCC to require these few large companies to divest themselves of some of the stock they own, with the result, theoretically, that some of the small companies could then buy some of that stock, as well as some of the publicly held stock.

But let us consider the "bug under the chip," which is, that A.T. & T. might find it desirable to keep this stock on deposit for many, many years, and thus freeze out the others. A.T. & T. would need only 50-percent control in order to do that. In that case there would be difficulty in making the other 50 percent of the stock available.

The representatives of these 3,500 smaller companies now say, "We do not now have enough money to buy more than a pittance of the stock, but someday we may have enough money to be able to participate actively in purchasing some of the stock." This system is not now conceived of as a method of domestic communications, but someday it may be used in connection with making a telephone call between Washington and New Orleans or between New Orleans and Cameron Parish. As a matter of fact, the day may come when it will not be necessary to have access to a telephone line in order to make a telephone call, but it will merely be necessary to carry a small device in one's pocket, and tune it in to the proper frequency. That is the sort of future development we are considering. So why should not these smaller companies be permitted to get in on the ground floor? In short, why should not they be given the same opportunity which the bill as it now stands would give A.T. & T., I.T. & T., and the other large companies?

Mr. President, I certainly hope this amendment will be agreed to.

On the question of agreeing to the amendment, I ask for the yeas and nays.

The VICE PRESIDENT. First, will the Senator from Louisiana submit the amendment and send it to the desk?

Mr. LONG of Louisiana. Yes, Mr. President. It is the amendment which is identified as "8-11-62—TTT."

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 23, in lines 19 to 22, it is proposed to strike out the words "has the same meaning as the term 'common carrier' has when used in the Communications Act of 1934, as amended", and insert in lieu thereof the words "means any person engaged, as a common carrier for hire, in intrastate, interstate, or foreign communication by wire or radio, or in intrastate, interstate, or foreign radio transmission of energy (except that a person engaged in radio broadcasting shall not, insofar as such person is so engaged, be deemed a common carrier)".

On page 24, line 7, immediately after the words "as amended,", insert the words "or pursuant to the provisions of this Act".

Mr. LONG of Louisiana. Mr. President, this amendment is requested by 3,500 independent companies.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. MORSE. Does the Senator from Louisiana, who has done such a brilliant job in opposition to the bill, agree with me that the constant reference by the proponents of the bill to the language of the bill referring so frequently to the FCC is but camouflage, in an attempt to hide from the American people the fact that the corporation created by the bill would be the most powerful monopoly ever created in the United States, and has been referred to by Cohen, for example, as the first American cartel; and the FCC should have the kind of check that the amendment of the Senator from Louisiana will really be writing into the bill, so as to protect the small companies in the United States and to guarantee that competition in this field will continue?

Mr. LONG of Louisiana. Mr. President, let us just consider the situation which will exist if the amendment is not incorporated in the bill. Fifty percent of the stock is to be set aside for the seven large companies. However, there is a retained power to require them to divest themselves of some of the stock. But how could that power be used, when it is provided that only these same large companies can own any of this 50 percent of the stock, anyway? Therefore, if an attempt were made to make them divest themselves of some of it, there would be no one else to purchase it.

But by means of this amendment, some of the large companies could be made to divest themselves of some of the stock, in order to permit some of the 3,500 small companies to purchase some of it. In the absence of this amendment, only the seven companies would be eligible to own any of the communications carrier 50 percent of the stock.

Mr. STENNIS. Mr. President, will the Senator from Louisiana yield for a question.

Mr. LONG of Louisiana. I yield.

Mr. STENNIS. As I understand the situation, this stock could be purchased by the public. Is the Senator from Louisiana certain that he is correct in stating that, under the bill as it is now written, public purchase of the stock would be limited in the way he has stated to these seven companies or to someone else who might be authorized by the FCC to purchase it?

I know the Senator from Louisiana would not want to misrepresent this situation. Has he analyzed this matter carefully?

Mr. LONG of Louisiana. Let us get it exactly straight: 50 percent of the stock is to be available for sale at a general offering to the public, and it is true that these seven large companies could apply to purchase some of it. But the other 50 percent is to be reserved for these companies, which are defined as communications common carriers, which means that they are regulated by the Federal Communications Commission. That would exclude the 3,500 independent companies, which are just intrastate telephone companies which use A.T. & T. lines only from time to time, in connection with long-distance calls. However, they are just small, local companies, regulated by the State public service commissions, not by the FCC. These 3,500 companies would like to have the right to purchase some of this reserved stock, rather than to have its purchase limited to a relatively small number of large companies.

The bill as it now stands provides that these small companies can be declared to be communications common carriers subject to regulation by the Federal Communications Commission; and if the Commission found it to be in the national interest, the small companies could be permitted to buy some of this 50 percent. But, as a practical matter, many would say, "Why should we bother with all that? We will just buy some of the other stock."

But in my opinion it will be in the public interest to have both classes of the stock broadly held. These small companies probably do not now have enough money, anyway, to be able to buy this stock; but if subsequently they are able to afford it, they should have an opportunity to purchase some of it.

Furthermore, the Senator from Mississippi should remember that if, in the future, he wished to make a telephone call from Washington to Oxford, Miss., to talk to Johnny Vaught or to someone else down there, the small companies might benefit by means of the divestiture provision, with the result that the big companies would be required to give up some of the stock they held, and then the small companies would be able to purchase some of it. These small companies are asking for that opportunity.

For example, I hold in my hand a telegram from 22 small companies in my State; and they have adopted a resolution asking that 3,500 of them have an opportunity to purchase some of this stock.

I am unable to understand why they should not be permitted to purchase the stock on the same basis as the big companies.

Mr. PASTORE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. If I have time to yield.

Mr. President, how much time remains available to me?

The VICE PRESIDENT. The Senator from Louisiana has 25 minutes remaining.

Mr. LONG of Louisiana. I yield to the Senator from Rhode Island.

Mr. PASTORE. Will the Senator from Louisiana admit that any one of the 3,500 communications carriers can be authorized to purchase this stock?

Mr. LONG of Louisiana. They can be made eligible.

Mr. PASTORE. Very well. Will the Senator from Louisiana agree that the eight communications carriers now engaged in international communications can also be authorized to purchase it?

Mr. LONG of Louisiana. Yes.

Mr. PASTORE. Will the Senator from Louisiana point out in the bill where any distinction is made between the one group and the other? Is it not a fact that all of them are authorized to purchase the stock, and that all of them may apply, no matter whether they are now international common carriers or intrastate carriers? What our committee did was to broaden it from 8 to 3,500.

Mr. LONG of Louisiana. Oh, no.

Mr. PASTORE. Absolutely yes. The Senator from Louisiana should read the bill.

Mr. LONG of Louisiana. Well, in Cameron Parish, La., there is a small telephone company, and its head has been advised by his lawyer about this matter, and it was discussed at the association meeting.

I am sure the Senator from Rhode Island would agree to accept the amendment if he knew what it would do.

The head of that small telephone company in Cameron Parish has written to me a letter in which he has stated:

> Senator, it looks to me like they are freezing us out. We should be permitted to come in.

Section 103 of the bill now reads, in part—

> (7) the term "communications common carrier" has the same meaning as the term "common carrier" has when used in the Communications Act of 1934, as amended.

Mr. PASTORE. But that is the version of the bill concerning a communications common carrier. Why does not the Senator read from page 33 of the bill as reported by the committee?

Mr. LONG of Louisiana. That is in section 103 of the bill as reported by your committee. Let me continue with the Communications Act of 1934. The Senator has said "communications common carrier." Here is what it means for the purpose of the Federal Communications Act. The letter states that the Communications Act of 1934 defines communications common carrier as follows:

> "Common carrier" or "carrier" means any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, except where reference is made to common carriers not subject to this chapter.

There may be some doubt about it, but in my mind, and in the opinion of my attorney, we are clearly left out. The committee did take an amendment which says these people can come to Washington and can apply to the FCC, and if the FCC finds it in the national interest, it can declare that they are communications common carriers, and if so, they come under the jurisdiction of the Federal Communications Commission, whereas otherwise they are not subject to that regulation. Why should they have to do that to buy some of the stock? They do not want to be regulated by the FCC.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. There is no requirement that they must be licensed to do business under the regulations and formula and procedures of Federal law. All this provision requires is that, where it is agreeable to them, or where a small, independent company in Louisiana, let us say, states, "I would like to have some stock," they file application, and if they show a public interest, and the FCC so finds, they are granted that right. They do not have to be licensed to do business. All the bill requires is that they be authorized to buy the stock.

Mr. LONG of Louisiana. I am happy to find the Senator from Rhode Island debating the amendment for a change, but I hope it is not coming out of my time.

Mr. President, how much time do I have remaining?

The VICE PRESIDENT. 19 minutes.

Mr. LONG of Louisiana. I would like to close with regard to my own amendment, but I hope the Senator from Rhode Island will explain the language in the bill which he thinks makes those small companies eligible.

I reserve the remainder of my time.

Mr. STENNIS. Mr. President, will the Senator yield for a question, before that?

Mr. LONG of Louisiana. Yes.

Mr. STENNIS. The Senator has been talking about reserved stock which he calls the second 50 percent. I want to call attention to the first 50 percent. Would the small commercial operators be eligible to purchase the first 50 percent?

Mr. LONG of Louisiana. Anybody is eligible to purchase the 50 percent. That is a common offering.

Mr. STENNIS. What benefit is there in the second 50 percent so far as the small companies are concerned?

Mr. LONG of Louisiana. It has a number of advantages. For one thing, it gives them something to say about who their directors are going to be. Secondly, when we tie it down to seven companies—keep in mind that the seven companies are eligible to own the first 50 percent—they have all sorts of interworking relationships, so one company can influence the other. But if the others have a right to the 50 percent, it puts them in the position of not having those seven companies have control, or effective control, over the economic conditions of the corporation. This amendment would tend to dilute the power of the big carriers.

Mr. PASTORE. Mr. President, when this bill came before our subcommittee, nothing disturbed me more than the question of the dominance of one company, or a handful of companies, to run the corporation.

It is true that the availability of the stock is to be distributed 50 percent to the communications carriers and 50 percent to the public at large. When the witnesses appeared before the subcommittee, I was very explicit in seeking to learn from them what they meant by communications carriers. They all testified they meant the eight international communications carriers. I was disturbed by that. I said—and it is in the RECORD; I said it in the hearings; I think I said it when the Senator from Texas was there:

> This is unfair. This restricts the group too closely, too tightly, and is unfair to the public interest. It should be broadened so that a little independent company in any part of our country that originates a call that may terminate in Paris has just as much interest in the satellite as any other communications carrier.

I made it abundantly clear. I said it must be available to them.

I will admit that what we wrote may not be perfect, but the intent is in the language, and I think even the letter of the law is clear.

I call attention to page 33 of the bill, where we call upon the FCC, where we categorize these groups of carriers as to whether they are international carriers or interstate carriers or intrastate carriers; but the eligibility is there for all.

I am sure of that, because I knew I was going to have to meet this challenge on the floor. There is no one in the Senate who has fought A.T. & T., as Governor of a State, on rates, more than the senior Senator from Rhode Island. I want to tell the Senators that I revere God as much as anybody here, and I was concerned with the public interest. For that reason, I said this opportunity must apply to all, and we changed the bill as it came out of the Space Committee. Maybe they did not like it. We changed the bill as it came from the House. Maybe they do not like it. But I know, as I stand here, as God is my judge, there is not a little independent company that is denied the opportunity, if it can show public interest, as everyone else must show public interest, of coming within the 50 percent of the stock purchase provision.

The bill is clear in that regard. If it is not clear, I hope the record we are making here today will clarify it.

For these reasons, I move to lay the amendment on the table——

Mr. LONG of Louisiana. Mr. President——

Mr. PASTORE. I withhold my motion.

Mr. LONG of Louisiana. Mr. President, I want to start by saying that if any Senator finds any point in the Record where I have offended anyone, I give him a standing invitation to strike it from the Record. I ask unanimous consent to do so.

This has been an acrimonious debate. I think I have been as acid as anyone else. I do not want to offend any Senator, and particularly my good friend from Rhode Island.

Mr. PASTORE. Mr. President, will the Senator yield, even in my time? The Senator did use the expression that this is just as crooked as a barrel of worms.

Mr. LONG of Louisiana. I do not believe I said that, not on the floor.

Mr. PASTORE. Yes, the Senator did.

Mr. LONG of Louisiana. If the Senator can find that, he can take it out of the Record.

Mr. PASTORE. All I know is that the Senator said it.

Mr. LONG of Louisiana. If I say anything off the Senate floor, the Senator can sue me for it. That is his privilege. But on the Senate floor I will assume that the Senator is as sincere as I am. I am willing to do that. The rules provide I must do that.

Let us not allow personalities to get into this debate. Let us argue the merits of the bill. This is a situation where the bill clearly started out by providing that 3,500 little companies could not buy any of this 50 percent.

There is some language in the bill in this regard. I congratulate my good friend from Rhode Island, for I note there is a method by which these stocks could be made available, because the 50-percent provision is limited to authorized common carriers and the definition defines them as being interstate carriers, but there is a procedure whereby a local carrier can be declared, in the public interest, to be an interstate carrier, and thereby can become eligible.

These people think they are being left out. In my judgment, they are being left out and A.T. & T., using its best influence, will resist the FCC's making these people eligible.

If Senators think they ought to be made eligible, why not vote directly to say that the 3,500 independent companies will be just as eligible as A.T. & T., or General Telephone, or any other company.

It seems to me that by doing that we would serve a good purpose. First, we would broaden the base of ownership. Second, we would make possible the divesting of stock to someone besides the seven. There is a divestiture provision in the bill, but suppose that A.T. & T. were told to divest itself of some stock. There are only seven persons to whom they could sell it. Suppose the seven declined to buy it. How could they divest themselves of the stock?

If Senators want to make possible a broad base of ownership they should support this amendment. I hope it will be agreed to.

Mr. MORSE. Mr. President, will the Senator yield for a quick question?

Mr. LONG of Louisiana. I yield.

Mr. MORSE. Would not the Senator agree that even the bringing of the FCC into this picture frightens many of the little companies, and, in addition, would put them to an expense, which very often they are not in a financial position to stand, with respect to coming to Washington, D.C., and pursuing even the procedure which the Senator from Rhode Island has said would be available, plus the fact that there is no assurance they can get protection from the FCC even if they come?

Mr. LONG of Louisiana. Yes; that is true.

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. KEFAUVER. It was said that the language of the bill which is now before the Senate is different from the language of the bill as it came from the Committee on Aeronautical and Space Sciences in connection with who can buy stock. I have examined the two provisions, and I can find no difference. There has been no improvement in the language in the bill on the issue of eligibility, as to who can buy the stock. It has to be a carrier, authorized to do so.

Mr. LONG of Louisiana. It has to be a carrier authorized by the Federal Communications Commission.

Mr. KEFAUVER. It has to be an interstate carrier.

Mr. LONG of Louisiana. Authorized by the Federal Communications Commission, in order to buy any of the 50 percent.

All I say is that these little fellows would like to be made eligible. They have asked for that. Twenty-two companies in my State alone have asked for it. There are 3,500 of them throughout the Nation.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. This is a good amendment. Even those who are fighting the amendment have been advised by some of their staff members that they think this is a good amendment.

Senators are up against the situation that they are bound, in this fight, to accept no amendments, no matter how meritorious they may be or no matter how good a case is made for them. It is felt that all amendments ought to be tabled.

I ask my good friends to consider this amendment I am discussing on the merits, to see whether these little fellows should not be permitted to own some of this stock.

I yield to my good friend from Florida.

Mr. HOLLAND. No one could be eligible to buy under both halves of the division of common stock, could he? A person would have to be eligible to buy from the half dedicated for sale to the common carriers or from the half dedicated for sale to the public, would he not?

Mr. LONG of Louisiana. Of course; the terms of the bill would permit stockholders to do that. In addition, anyone who holds some of the 50 percent of stock could also purchase debentures of the corporation, and also the nonvoting securities. The Senator knows that.

Mr. HOLLAND. I asked the Senator the question as to whether any person or individual would be eligible to buy on both sides of the fence.

Mr. LONG of Louisiana. I do not believe a person could.

Mr. HOLLAND. Then what practical difference would there be as between the little organizations being able to buy out of the one half of the common stock or out of the other half of the common stock, both halves of which are voting stock with exactly the same power?

Mr. LONG of Louisiana. There are only seven companies involved. Those are the only seven companies which can buy 50 percent of the stock. That will give them complete control of the satellite corporation, sitting there by themselves. It would not necessarily make any difference to them what the other fellows might do. They would have the preponderance of the control, with their 50 percent.

These other folks would like to buy in on that deal. They have asked for the right to do so. They think they ought to be permitted to buy in. They have always considered, so far as the publicly held stock is concerned, that they would be eligible to buy the publicly held stock, but they would like to be permitted the same privilege that Senators are being asked to guarantee to A.T. & T., to I.T. & T., and the other big companies.

Mr. KEFAUVER. Would there not be another advantage, I ask the Senator from Louisiana, to the communications carriers?

The stock is being set aside for those companies. Even if they buy one-tenth of 1 percent of the amount which is set aside, they could vote for the directors, but if someone has to buy from the other side of the division, he could not vote for a director until he had bought the full amount under the provision of the bill. In other words, no minimum amount is to be required for the communications carriers.

Mr. LONG of Louisiana. I am not sure.

Mr. KEFAUVER. That is true.

Mr. LONG of Louisiana. Let me say to the Senator I am not sure that is true, but I ask Senators to consider what an outrage this could be so far as the public is concerned, if we do not adopt the amendment.

Those people could sit still and yet would have 50 percent of the stock blocked off for them. I assume that they would buy it. They could either buy it or not buy it. The public would have to buy 50 percent of the stock, but these carriers could hold off purchasing part of their 50 percent of the stock in order to wait to see whether they thought it would be a good deal before they bought it.

In view of the fact that these other people would like to buy some of the stock, I, for the life of me, cannot see why we should not give to the independent companies the same opportunity we are asked to block out and to guarantee for the seven big companies.

Mr. PASTORE. Mr. President, all I wish to say is that the small companies are not to be prejudiced in any way. Our committee went out of its way to guarantee that, and to make it doubly sure. I hope that the history we have made today in the Senate will be further assurance. It will be made a permanent part of the background of the action of the Senate.

Mr. President, I move to table the amendments.

Mr. KEFAUVER. Mr. President, first, will the Senator yield for a question?

Mr. PASTORE. I move to lay the amendments on the table.

Mr. KEFAUVER. Mr. President, I ask for the yeas and nays on the motion.

Mr. PASTORE. I will withhold my motion if the Senator wants to make a statement, but I cannot yield in my time.

Mr. KEFAUVER. The statement I wanted to make was——

Mr. PASTORE. Is the Senator making the statement in his time?

Mr. KEFAUVER. In my time.

It was said there was a change in the eligibility language in the bill as it came from the Committee on Aeronautical and Space Sciences as compared with the bill which is before the Senate. I have examined both provisions. There is no change.

Mr. PASTORE. Mr. President, I move to lay the amendments on the table.

The VICE PRESIDENT. The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendments offered by the Senator from Louisiana [Mr. LONG] to the committee amendment.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendments offered by the Senator from Louisiana [Mr. LONG] to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. METCALF (when his name was called). On this vote I have a pair with the junior Senator from Oregon [Mrs. NEUBERGER]. If she were present and voting, she would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], and the Senator from Wyoming [Mr. HICKEY] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Colorado [Mr. CARROLL].

If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Idaho [Mr. CHURCH].

If present and voting, the Senator from Nevada would vote "yea" and the Senator from Idaho would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Arkansas [Mr. FULBRIGHT].

If present and voting, the Senator from Pennsylvania would vote "nay" and the Senator from Arkansas would vote "yea."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from California [Mr. ENGLE].

If present and voting, the Senator from Mississippi would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Florida [Mr. SMATHERS].

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Florida would vote "yea."

On this vote, the Senator from Wyoming [Mr. HICKEY] is paired with the Senator from South Carolina [Mr. JOHNSTON].

If present and voting, the Senator from Wyoming would vote "yea" and the Senator from South Carolina would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Maryland [Mr. BUTLER and Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 50, nays 29, as follows:

[No. 205 Leg.]

YEAS—50

Aiken
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cotton
Curtis
Dirksen
Dodd
Ervin
Fong
Goldwater
Hartke
Hayden
Hickenlooper
Holland
Hruska
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McGee
Miller
Monroney
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Robertson
Scott
Smith, Mass.
Smith, Maine
Symington
Tower
Wiley
Williams, N.J.
Williams, Del.

NAYS—29

Bartlett
Burdick
Cooper
Douglas
Ellender
Gore
Hart
Hill
Humphrey
Jackson
Javits
Kefauver
Long, Hawaii
Long, La.
McClellan
McNamara
Morse
Morton
Moss
Proxmire
Randolph
Russell
Sparkman
Stennis
Talmadge
Thurmond
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING—21

Allott
Anderson
Beall
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Gruening
Hickey
Johnston
Kuchel
Metcalf
Murphy
Neuberger
Saltonstall
Smathers

So Mr. PASTORE's motion to table the amendments of Mr. Long of Louisiana to the committee amendment was agreed to.

Mr. LONG of Louisiana. Mr. President, the yeas and nays were ordered on the committee amendment. I have discussed the subject with my colleagues.

Contrary to what may be the understanding of some, some of us opposing the bill are not desirous of engaging in dilatory tactics. We feel that the important vote will be the vote on final passage. We do not intend to insist upon the yeas and nays on the committee amendment. I therefore ask unanimous consent that the request for the yeas and nays on the committee amendment, as amended, be withdrawn and that that question may be decided by voice vote.

Mr. PASTORE. Mr. President, will the Senator withhold his request for the moment, until the amendments of the Senator from Oregon [Mr. MORSE] are disposed of? I have no desire for a yea and nay vote on the committee amendment, provided there is a yea and nay vote on the final passage of the bill.

Mr. MORSE. Mr. President, I call up my amendment identified as "8–13–61—I." I offer it on behalf of myself and Senators KEFAUVER, NEUBERGER, GRUENING, BARTLETT, LONG of Louisiana, and BURDICK. The amendment seeks to guarantee equality of competitive rights to all communication companies. It is a complete answer to the monopolistic features of the bill. I ask that the amendment be read; and I shall ask for a yea and nay vote on the motion to table.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 27 delete "and" on line 2, delete the period on line 6 and insert in lieu thereof "; and" and add the following:

> (7) furnish the same services and assistance on the same basis to any other commercial satellite communications system which may be established.

Mr. PASTORE. Mr. President, I move that the amendment be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

The PRESIDING OFFICER. On this question the yeas and nays are ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. METCALF (when his name was called). Mr. President, on this vote I have a pair with the Senator from Oregon [Mrs. NEUBERGER]. If she were present and voting, she would vote "nay"; if I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Arkansas [Mr. Fulbright], the Senator from Alaska [Mr. Gruening], the Senator from Arizona [Mr. Hayden], the Senator from South Carolina [Mr. Johnston], the Senator from Oregon [Mrs. Neuberger], and the Senator from Florida [Mr. Smathers] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], and the Senator from Wyoming [Mr. Hickey] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Anderson], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], and the Senator from Wyoming [Mr. Hickey] would each vote "yea."

On this vote, the Senator from Colorado [Mr. Carroll] is paired with the Senator from South Carolina [Mr. Johnston]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from South Carolina would vote "yea."

On this vote, the Senator from Idaho [Mr. Church] is paired with the Senator from California [Mr. Engle]. If present and voting, the Senator from Idaho would vote "nay," and the Senator from California would vote "yea."

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Mississippi [Mr. Eastland]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from Alaska [Mr. Gruening] is paired with the Senator from Florida [Mr. Smathers]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Florida would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. Allott], the Senators from Maryland [Mr. Butler and Mr. Beall], the Senator from Indiana [Mr. Capehart], the Senator from California [Mr. Kuchel], the Senator from New Hampshire [Mr. Murphy], and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 65, nays 13, as follows:

[No. 206 Leg.]

YEAS—65

Aiken
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Goldwater
Hartke
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—13

Bartlett
Burdick
Douglas
Gore
Hart
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Moss
Thurmond
Yarborough

NOT VOTING—22

Allott
Anderson
Beall
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Gruening
Hayden
Hickey
Johnston
Kuchel
Metcalf
Murphy
Neuberger
Saltonstall
Smathers

So the motion to lay on the table Mr. Morse's amendment was agreed to.

Mr. MILLER. Mr. President, as a matter of clarifying the legislative record on the bill, I should like to ask the distinguished Senator from Rhode Island, who is in charge of the bill, a question with respect to the appointment of the three members of the board by the President. I notice on page 20 of the committee report a statement with respect to the hopes and desires of the committee concerning these appointments.

My question is whether it is intended that the President not appoint Federal Government officials to the board, as a possible conflict of interest problem.

Mr. PASTORE. Not a conflict of interest problem. I hope the President would go out to the public in general and select very distinguished persons to become members of the board of directors, without going to the agencies of the Government.

Mr. MILLER. I thank the Senator.

Mr. PASTORE. After all, that is the prerogative of the President. I hope he would do that.

Mr. MORSE. Mr. President, will the Senator from Montana yield to me on his time to discuss a procedural question?

Mr. MANSFIELD. I am delighted to do so.

Mr. MORSE. I hold in my hand 26 amendments, of which I am either the author or a cosponsor. As I said last night, I have not placed my name on a single frivolous amendment. I have placed my name on amendments which, in my judgment, ought to be adopted in order to improve the very bad bill. In my judgment, in my 18 years in the Senate, there has never been a bill that has come before the Senate which has been so much in need of amendment as this bill. However, as to that, there are differences among us. But I felt so deeply about the unwisdom of this bill from the standpoint of the pure public interest that I have either offered in my own name or have been the cosponsor of a large number of amendments. All those amendments except 26 have been rejected, under the determination of the leadership of this body to lay on the table any attempt to amend the bill in order to assure that the bill will not go to conference.

The VICE PRESIDENT. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I am speaking in the time of the majority leader, not in my own time.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may yield to the Senator from Oregon.

The VICE PRESIDENT. For what period of time?

Mr. MANSFIELD. Three minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I may have been mistaken, but it was my understanding when I made the request that the majority leader was allowing me to speak in his time in order to present a procedural point.

The VICE PRESIDENT. The Chair is informed by the Parliamentarian that that requires unanimous consent.

Mr. MORSE. I thought I had it.

Mr. MANSFIELD. I consented.

Mr. MORSE. Is the time previously granted to me used up?

The VICE PRESIDENT. No. By unanimous consent, the Senator from Oregon has 3 minutes.

Mr. MORSE. When I started to speak, I thought I was speaking in the time of the majority leader. The reason I sought this arrangement was that I have only 4 minutes of my own time remaining. I desired to use those 4 minutes to speak on the bill.

Mr. KERR. Mr. President, I ask unanimous consent that the 4 minutes already used by the Senator from Oregon be charged to my time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The Senator from Oregon is now recognized for 3 additional minutes, the time to be charged to the Senator from Montana.

Mr. MORSE. All I am seeking to do is to explain to the Senate my request. I made a similar request earlier this afternoon with respect to another group of amendments.

I have before me 25 amendments. I suggest that they be considered en bloc; that they all be considered as read under the rules; that the Record set forth each individual amendment, separately, so that we may insert, as has already been agreed to, any short memorandum we wish to place in the Record in connection with the amendments; and that one motion be made to lay all the amendments on the table in one fell swoop.

I send the amendments to the desk in order that their identification numbers may be read, and I ask that the amendments then be acted upon en bloc.

The VICE PRESIDENT. Is there objection to the presentation of the amendments for consideration en bloc?

Mr. MORSE. Mr. President, it should be understood that I shall not ask that the amendments be read.

There is one final amendment, on which my name does not appear, but which was offered by the Senator from Alaska [Mr. Gruening]. It is the last of our four amendments in the nature of a substitute. I shall not ask to have it read. If it is to be debated, I shall have it stated for identification, but separately, because my name does not appear on the amendment.

The **VICE PRESIDENT**. Is there objection to the consideration of the amendments en bloc? The Chair hears none, and the amendments will be considered en bloc.

The amendments considered en bloc are as follows:

On page 33, line 6, strike out "initially offered".

On page 33, line 8, strike out the period and insert in lieu thereof "and among the communications common carriers.".

On page 35, line 3, strike out "20" and insert in lieu thereof "5".

On page 35, line 6, strike out "authorized".

On page 26, lines 10 and 11, strike out "cooperate with the corporation in research and development".

On page 26, strike out lines 10 through 12 and insert in lieu thereof the following:

"(2) to the extent deemed appropriate by the Administration in the public interest, cooperate with the corporation in research and development and require the corporation to engage in research and development on behalf of the United States in return for which the corporation shall receive reasonable reimbursement;".

On page 24, lines 21 and 22, strike out "aid in the planning and development and foster" and insert in lieu thereof "plan, develop, and supervise".

On page 28, line 24, following "facilities" insert ", but only when such compatibility and/or interconnection are in the public interest".

On page 32, lines 3 through 6, strike out the sentence beginning with "Six" and insert in lieu thereof: "Six members of the board shall be elected annually by those stockholders who are not communications common carriers, and the remaining members of the board, not to exceed six, shall be elected annually by those stockholders who are communications common carriers in a number determined as follows: If such stockholders own in the aggregate not exceeding 15 per centum of the outstanding voting stock of the corporation, they shall elect one member; if they own in the aggregate in excess of 15 per centum but not exceeding 25 per centum, two members; if they own in the aggregate in excess of 25 per centum but not exceeding 35 per centum, three members; if they own in the aggregate in excess of 35 per centum but not exceeding 40 per centum, four members; if they own in the aggregate in excess of 40 per centum but not exceeding 45 per centum, five members; and if they own in the aggregate in excess of 45 per centum, six members.".

On page 21, line 9, after the semicolon, insert: "that each communications common carrier shall have the right to fully interconnect its communications system with the communications system of any other communications common carrier;".

On page 28, following line 24, insert the following and renumber the succeeding sections accordingly:

"(5) insure that any international communications common carrier has the right to interconnect its communications system on reasonable and nondiscriminatory terms with the domestic communications systems of any other communications common carriers to provide any services authorized by the Commission:".

On page 34, line 20, strike out all of subsection (c) beginning with "Such" and insert in lieu thereof the following: "Each issue shall be made in a manner to encourage the widest distribution to the American public and the communications common carriers.".

Strike out the sentence beginning with "In" on page 35, line 24, and ending with "carriers." on line 3, page 36, and insert in lieu thereof "In its determination of the public interest with respect to ownership of shares of stock in the corporation, the Commission shall promote the widest possible distribution of stock among the authorized carriers.".

On page 25, line 21, strike out "and appropriate utilization".

Beginning with line 12 on page 33, strike out everything through line 16 on page 34 and insert in lieu thereof the following:

"(b) No communications common carrier shall own any shares of stock in the corporation either directly or indirectly through subsidiaries or affiliated companies, nominees, or any persons subject to its direction or control."

Beginning with "Such" on page 34, line 20, strike out everything through page 35, line 2.

On page 27, line 3, strike out "feasible" and insert in lieu thereof "deemed appropriate by the Administration".

On page 32, line 24, immediately following the period, add the following: "Each such officer shall devote his full time and best efforts to the work of the corporation. No officer or director of the corporation shall have any financial interest of any kind in any communication carrier corporation or other entity engaged in the business of 'wire communications' or 'radio communications' as defined in the Communications Act of 1934, as amended, or in any corporation, partnership, or other entity from which the corporation purchases equipment or services."

On page 33, line 6, strike out "offered" and insert in lieu thereof "issued".

On page 27, line 2, strike out "and".

On page 27, line 6, strike out the period and insert in lieu thereof "; and".

On page 27, following line 6, insert the following:

"(7) report annually to the Congress with respect to all contracts, licenses, negotiations, and other transactions between the corporation and the Administration.".

On page 35, line 10, strike out "section 45(b)" and insert in lieu thereof "sections 45(b) and 45(d)".

On page 35, lines 13 and 14, strike out "and copying set forth in that subsection" and insert in lieu thereof ", copying, and statement of affairs set forth in those subsections.".

On page 36, following line 3, insert the following:

"(g) No communications common carrier which owns more than 1 per centum of any class of stock of the corporation may sell apparatus, equipment, or services to the corporation in an amount exceeding $25,000 per annum, either directly or indirectly through any subsidiary, affiliated company, nominee, or any persons subject to its direction or control.".

On page 33, line 6, strike out "initially offered".

On page 33, line 8, strike out the period and insert in lieu thereof "and among the communications common carriers.".

On page 20, delete line 23, and insert in lieu thereof: "magnetic frequency spectrum, toward the speediest development and adoption of the most advanced and efficient technology, and toward the reflection".

On page 27, line 2, insert between "Commission" and the semicolon the following: "unless the Administration determines that the provision of such services is not in the public interest".

On page 28, line 24, delete the semicolon and insert in lieu thereof "except that in no instance shall the need for interconnection with existing facilities be used to retard the adoption of the most advanced and efficient technology;".

On page 29, line 19, delete the semicolon and insert in lieu thereof ": *Provided, however*, That no such authority shall be given to a communications common carrier where the Department of Justice advises the Commission that such construction or operation may substantially lessen competition in any line of commerce in any section of the country or tend to monopoly;".

On page 30, line 4, add the following: "In making such determination, the Commission shall, after consultation with the Department of Justice, take all steps necessary to ensure that the corporation is not dominated by any one or more interests;".

On page 33, line 18, add the following: "In any case where the Commission finds that such ownership is not consistent with the public interest, convenience and necessity, any aggrieved party may appeal to the United States District Court in the district in which such aggrieved party resides.".

On page 38, delete lines 12 through 14, and insert in lieu thereof: "tions. In any case where the Department of State deems it appropriate in the national interest, that Department shall assist in the negotiations.".

Mr. **MANSFIELD**. Mr. President, I move that the amendments be tabled en bloc.

The **VICE PRESIDENT**. The question is on agreeing to the motion of the Senator from Montana.

Mr. **MORSE**. Mr. President, on that motion, I ask for a division.

The **VICE PRESIDENT**. A division is requested.

On a division, the motion to lay on the table was agreed to.

Mr. **MORSE**. Mr. President, I call up the amendment designated "8–13–62—EEEE." It has already been read, under the rule. I do not ask that it be read, because once is enough. It is an amendment that would, I think, kill any chance for a monopoly under the bill.

The **VICE PRESIDENT**. Without objection, the amendment will not be read, but will be printed in the Record.

The amendment is as follows:

That this Act may be cited as the "Communications Satellite Authority Act".

DECLARATION OF POLICY AND PURPOSE

Sec. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time and to insure that the benefits of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership of the United States portion of the communications satellite system and invites all nations to participate in the system.

DEFINITIONS

Sec. 3. As used in this Act—

(1) the terms "private communications carrier", "common carrier", and "carrier" mean any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

(2) The terms "communications satellite system", "satellite system", and "system" include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a "communications satellite system", "satellite system", or "system" refers only to the satellite portion of the system.

COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to the "corporation"), whose purpose and object shall be to develop, construct, launch, operate, manage, and promote the use of a communications satellite system, and to foster research and development in the field of space telecommunications.

(b) In order to assure a structure of control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in overseas communications rates, the corporation shall be organized and operated as a communications common carriers' carrier. It shall acquire, own, and operate, as an agent of the United States Government, the United States portion of the communications satellites, and the ground stations and associated ground control and tracking facilities situated in the United States, territories, or dependencies thereof.

(c) The corporation shall lease communications channels on a nondiscriminatory and equitable basis to all United States carriers authorized by the Federal Communications Commission to provide communications services via satellites, and shall provide facilities for governmental needs, as a part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of a global communication system.

BOARD OF DIRECTORS OF THE CORPORATION

SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the "board") shall be composed of nine members.

(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, a Commissioner of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as "governmental directors".

(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. Directors so appointed shall be known as "private directors". The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven, and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial members of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

(h) Each private director shall receive compensation at the rate of $22,500 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

(k) No director may have any financial interest in any communication carrier corporation engaged in the business of "wire communications" or "radio communications" as defined in the Communications Act of 1934, as amended.

(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

DUTIES OF THE BOARD

SEC. 6. (a) The board shall—

(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

(2) foster research and development in the field of space telecommunications; and

(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

(b) The board shall—

(1) meet upon the call of the chairman, but not less than once in each month; and

(2) direct the exercise of all the powers of the corporation.

EXECUTIVE SECRETARY

SEC. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $20,500 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corporation unless otherwise specified in this Act.

(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

SEC. 8. (a) The corporation is hereby authorized—

(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corporations, and governmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid

and continuous scientific technological progress in a global communication system.

(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

SEC. 9. (a) The Federal Communications Commission is authorized and directed to—

(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically compatible with and operationally interconnected with existing terrestrial communication facilities; and

(2) establish such rules and regulations as may be required to regulate all overseas communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

SEC. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

(c) Any invention or discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

GENERAL POWERS OF THE CORPORATION

SEC. 11. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

(1) sue and be sued in its corporate name;

(2) adopt and use a corporate seal, which shall be judicially noticed;

(3) adopt, amend, and repeal bylaws;

(4) make, perform, and enforce contracts as authorized by this Act;

(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

(9) transfer to any other department, agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite system;

(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

PROCUREMENT OF SUPPLIES AND SERVICES

SEC. 12. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

(1) an emergency requires immediate delivery of the supplies or performance of the services;

(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchases may be made in the open market.

(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

FINANCIAL ACCOUNTABILITY OF THE CORPORATION

SEC. 13. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation, and the names, salaries, and duties of those who receive compensation at the rate of $5,000 per annum or more.

(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each such audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms, and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

CAPITAL AND REVENUE OF THE CORPORATION

SEC. 14. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term "net communication proceeds" means that portion of due annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

BONDS ISSUED BY THE CORPORATION

SEC. 15. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of oversea communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

(e) Obligations issued by the corporation to the Secretary may not exceed $150,000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

(f) If agreement is not reached within eight months concerning the issuances of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds.

(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the corporation under this section during the year.

(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such other matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes.

APPROPRIATED FUNDS

SEC. 16. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

(b) From net communications proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

(2) a sum in repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities as of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations, or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond the control of the corporation.

REVENUE AND APPLICATION THEREOF

SEC. 17. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

ACCESS TO PATENTS AND TECHNICAL INFORMATION

Sec. 18. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening oversea communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

PROPERTY RIGHTS IN INVENTIONS

Sec. 19. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

(2) the Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent on behalf of the United States.

(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

As used in this section—

(1) the term "person" means any individual, partnership, corporation, association, institution, or other entity;

(2) the term "contract" means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

(3) the term "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

SECURITY PROVISIONS

Sec. 20. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property or equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

PENAL PROVISIONS

Sec. 21. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $5,000, or imprisoned not more than five years, or both.

LEGISLATIVE RECOMMENDATIONS

Sec. 22. The President and the corporation shall from time to time transmit to the Congress recommendations for such additional legislation as may be deemed necessary or proper to carry out the purposes of this Act.

SAVING PROVISIONS

Sec. 23. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstances, shall not be affected thereby.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay the amendment on the table.

The motion to lay on the table was agreed to.

Mr. PASTORE. Mr. President, I ask unanimous consent to have printed in the RECORD a letter I received from the Senator from Illinois [Mr. DOUGLAS] dated July 31, 1962, and received in my office August 2, in which he enclosed some tearsheets from the CONGRESSIONAL RECORD These tearsheets contain a series of questions he asked of the Senator from Tennessee [Mr. GORE] in relation to the space communications satellite bill. In his letter the Senator from Illinois stated:

> Just as I have asked these questions of Senator GORE, one of the leading opponents of the bill, it is my intention to ask them of the sponsors of the bill so that we may find out what the agreed facts are and what the points of difference may be.

I regret very much Senator DOUGLAS and I have not had an opportunity to engage in colloquy on this subject as I would have been happy to respond to any of his questions. Therefore, I am inserting for the RECORD a statement concerning the various concepts and points raised by Senator DOUGLAS in his colloquy, on July 30.

There being no objection, the letter and enclosures were ordered to be printed in the RECORD, as follows:

U.S. SENATE, *July 31, 1962.*

The Honorable JOHN O. PASTORE,
U.S. Senate, Washington, D.C.

DEAR JOHN: I am taking the liberty of enclosing some tearsheets from the CONGRESSIONAL RECORD for yesterday in which I asked a series of technical questions of Senator GORE relative to the space communications bill. If you have leisure, I would appreciate it if you would be willing to read my questions and his answers.

I have not fully made up my mind on this matter but I believe there are fundamental issues which need to be cleared up, and it was with that purpose that I addressed these questions to Senator GORE. It is my belief that they are of sufficient importance that the proponents and opponents of the bill should seek to answer them either in speeches on the floor or in response to questions addressed to them.

I hope that the members of the committee and the leadership in charge of the bill, which I take it is bipartisan in nature, will be ready to discuss these matters, and it is my hope that this be done. Just as I have asked these questions of Senator GORE, one of the leading opponents of the bill, it is my intention to ask them of the sponsors of the bill so that we may find out what the agreed facts are and what the points of difference may be.

I think we can make the discussion of this bill a very helpful and educational one and I am quite confident that this is your purpose as well as mine.

With all best wishes.

Faithfully yours,

PAUL H. DOUGLAS.

[From the CONGRESSIONAL RECORD, July 30, 1962]

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. DOUGLAS. The Senator from Tennessee is aware, is he not, that the Senator from Illinois is, in a sense, "on the fence" so far as this legislation is concerned?

Mr. GORE. That is an unusual posture for my distinguished friend. I was not thoroughly aware of it, but I am prepared to accept whatever posture the distinguished senior Senator from Illinois wishes to assume. I know that he will do so with grace and aplomb. I hope that, ere long, we shall succeed in persuading the distinguished senior Senator from Illinois, with all his brilliance, energy, intellect, vision, and good will, to help us prevent the passage of a bill unprecedented in many respects, and, I believe, harmful in many respects.

Mr. DOUGLAS. Will the Senator permit the Senator from Illinois to address a series of questions to him, which, in the first place, is primarily directed to certain technical problems?

Mr. GORE. I shall be happy to yield for whatever questions the Senator may wish to submit, and shall do the very best I can to respond.

Mr. DOUGLAS. Am I to understand that there are two potential, rival systems of satellite communications, one a low-orbit system, and the other a high-orbit system?

Mr. GORE. Yes. The distinguished junior Senator from Louisiana [Mr. LONG] gave a very able discussion of this subject. The high, or synchronous, orbital system would envision the launching of synchronous satellites in orbit at an altitude of about 22,000 miles; and the low-orbit satellite would be more on the order of Telstar.

Mr. DOUGLAS. Am I correct in inferring that the Telstar satellite is a portion of the low-orbit system?

Mr. GORE. I believe so—low or medium.

Mr. DOUGLAS. In order to obtain worldwide coverage under the low-orbit system, approximately how many low-orbit satellites would be needed?

Mr. GORE. According to the testimony before the committees, the experts have estimated that from 200 to 400 orbiting satellites in low or medium altitude orbit would be necessary to achieve 24-hour global communications.

Mr. DOUGLAS. In the case of Telstar, am I correct in understanding that the cost of the satellite itself was exclusively met by A.T. & T.?

Mr. GORE. I believe that has been testified to. Of course, that fact must be measured against all of the vast research and development in metallurgy, in the various types of technology, not only in the launching of satellites, but also in the mechanics and metallurgy of satellites. But I point out to the Senator that I am not one of those who are opposed to private citizens and private business taking advantage of technical knowledge developed by the U.S. Government. The Senator will recall that in a long fight, not dissimilar to the present one, in 1954, I advocated that the Government take the lead in developing atomic power, in order that the technology might be available to private industry, to bring to fruition nuclear power on a competitive basis, particularly for the high-cost power areas.

What I would object to, however, is the granting of a monopoly use of the technology which the Government may have developed at very great expense. This is an extension of the answers to the Senator's question.

Mr. DOUGLAS. Is the Senator from Illinois correct in his belief that the total expenditures by the National Aeronautics and Space Administration and the Defense Department in telecommunications thus far have amounted to not far from $500 million?

Mr. GORE. I have read that estimate, and I do not question its accuracy.

Mr. DOUGLAS. Is the Senator from Illinois correct that approximately half that amount was an expenditure by NASA and approximately half an expenditure by the Department of Defense?

Mr. GORE. I believe that is correct.

Mr. DOUGLAS. Is the Senator from Illinois correct in the belief that the direct cost and the research and developmental cost to A.T. & T. for its share of Telstar amounted to between $30 million and $50 million?

Mr. GORE. I believe that to be correct.

Mr. DOUGLAS. Therefore, is the Senator from Illinois correct in his assumption that the cost to the Federal Government thus far has been from 10 to 16 times as great as the expenditure by A.T. & T.?

Mr. GORE. I believe that to be a reasonable extrapolation.

Mr. KEFAUVER. Mr. President, at that point will the Senator yield for another question along the same line the Senator from Illinois was pursuing?

Mr. DOUGLAS. I shall be glad to yield, provided the junior Senator from Tennessee does not lose his right to the floor.

Mr. GORE. I yield for a question to the senior Senator from Tennessee.

Mr. KEFAUVER. Is it not true that of the $50 million A.T. & T. says it has spent on Telstar, the Government has paid 52 percent of that amount by virtue of the fact that A.T. & T. was relieved of the payment of that much in taxes, leaving in the neighborhood of $24 million, and that this amount is charged against the users of domestic telephones in the United States, so that every penny of the expenditure will be included in the rate to telephone users, and not one dime will come from the stockholders or from the company, A.T. & T.?

Mr. GORE. Before answering the principal question I should like to suggest that the $50 million estimate for the cost of Telstar is not a cost that has thus far been expended, but is an estimated cost for the time when the experiment shall have been completed.

In response to the question, obviously, since the corporate tax rate is 52 percent and since this would be a deductible expense, the answer must be "Yes" to the first part of the Senator's question. Next, I think it is unquestionably true that this cost would be written into the cost structure and thus into the ratemaking structure of the utility, and therefore would be passed on to the telephone users of this country.

Mr. KEFAUVER. If the Senator will yield for another question, does not the Senator know that the officials of the Federal Communications Commission, including Mr. Baker and other experts, have confirmed the fact that the remaining $24 million would be charged to the domestic users of telephones in the United States?

Mr. GORE. I did not know that fact had been confirmed. I am not surprised to hear it has been, because I think unquestionably it is true. If the Senator says it has been confirmed, I am sure it has been.

Mr. DOUGLAS. Mr. President, will the Senator yield for further technical questions?

Mr. GORE. I yield for further questions.

Mr. DOUGLAS. Can the Senator inform me what would be the approximate added direct cost for each additional satellite for the low-orbit system?

Mr. GORE. I can only give the Senator the estimates that were submitted to the committee. Even the estimates of experts can vary greatly. With increased experience in both fabrication and launching satellites, if the pattern of past industrial experience of America is followed, future costs would be greatly reduced. The estimates are that the cost would be from $1 to $3 million for each additional satellite.

Mr. DOUGLAS. Would that include the cost of the rocket as well as the cost of the satellite?

Mr. GORE. I do not believe it would.

Mr. DOUGLAS. Would not the cost of the rocket be a very great addition?

Mr. GORE. I should think it would.

Mr. DOUGLAS. Does the Senator from Tennessee have any estimate as to what would be the cost of each rocket?

Mr. GORE. I must answer that only from memory. I hesitate to trust my memory. I suggest to the Senator that, to the best of my memory, the cost would be $4 million. I should like to check that figure for the record.

Mr. DOUGLAS. Assuming that the statement by the Senator from Tennessee is correct, if from 200 to 400 low-orbit satellites were required, that would result in a total added cost, for both the satellites and the rockets, of between $1 and $2 billion; is not that correct?

Mr. GORE. If the cost should be halfway between $1 million and $4 million for each of the satellites—say $2 million—and if there were between 200 and 400 satellites, that would result in a total of approximately $600 million for the satellites. Then if each rocket cost $4 million, there would be a cost of approximately $1.2 billion for the launching of rockets. That would make the total cost close to $2 billion, if the estimates are correct.

Mr. DOUGLAS. Under the proposal in the present bill, who is to bear the cost of the satellites and of the launching of the rockets?

Mr. GORE. It is proposed that the corporation pay for the satellites, and that the corporation reimburse the Government for the launching of rockets.

Mr. DOUGLAS. If I am correct, then, the added cost of between $300 million and $600 million would be borne by the corporation, and the added cost of between $800 and $1.6 billion would be borne by the Government.

Mr. GORE. Under the terms of the bill, I believe the corporation would be expected to reimburse the Government for its direct costs in launchings. To what extent the direct cost of a given rocket could be related to the total cost of some $25 billion spent in the development of space technology I am unable to testify.

Mr. DOUGLAS. The Senator from Tennessee is aware, is he not, that I am merely asking questions about direct costs?

Mr. GORE. Yes.

Mr. DOUGLAS. The Senator from Tennessee is aware that I am not asking about indirect, overhead costs involved in research and development.

Mr. GORE. I am aware of that.

Mr. DOUGLAS. The Senator from Tennessee is aware of the fact that if all the costs for research and development were included, the share of the total expense to be borne by the Government and by the people of the United States would be much greater?

Mr. GORE. I am aware of that. Indeed, particularly with respect to an operating utility, either the taxpayers or the consumers will have to pay the entire bill.

Mr. DOUGLAS. Is the Senator from Illinois correct in his assumption that A.T. & T. is largely committed to the low-orbit system, of which Telstar is the prototype?

Mr. GORE. I have heard that asserted. To what extent their commitment would hold good, I do not know.

I listened attentively to the extremely able speech by the junior Senator from Louisiana [Mr. LONG] on this point. I was persuaded to the point of view that ultimately the low-orbit satellite system might not possess the feasibility and economy of the synchronous satellite system. This is a layman's reaction to a discussion by a layman who had a great deal of technical assistance, and it may not be a correct conclusion.

Mr. DOUGLAS. Would it be agreeable for the Senator from Illinois to pass now to a discussion of the techniques and cost of a high-orbit satellite system?

Mr. GORE. It would.

Mr. DOUGLAS. May I ask the Senator how many communications satellites, moving synchronously with the earth at a distance of approximately 20,000 to 24,000 miles, would be needed for a high-orbit system?

Mr. GORE. I believe it is estimated that three, properly orbited, if that is good language, would be sufficient to provide 24-hour communications worldwide.

Mr. DOUGLAS. Is the Senator from Illinois correct in his assumption that since the three satellites would be higher up, the angles would be such as to cover the entire earth?

Mr. GORE. I am advised by an assistant that the estimate of the experts is that from three to five satellites in orbit at that elevation, in orbits synchronized with the revolution of the earth, would, as the Senator has suggested, be sufficient to allow an angle which would permit reaction to signals from all parts of the earth.

Mr. DOUGLAS. I ask if the Senator from Illinois is correct in his assumption that the cost of each satellite, excluding orbitry or rocket costs, would be approximately the same for a satellite for the high-orbit system as for a satellite for the low-orbit system?

Mr. GORE. It is estimated the cost of the satellite would be about the same.

Mr. DOUGLAS. If only three are required for a high-orbit system and from 200 to 400 would be required for the low-orbit system, it would follow, would it not, that the cost of satellites for the high-orbit system would be very much less than the cost for satellites for the low-orbit system; is that correct?

Mr. GORE. According to the estimates, the cost of the high-orbit system would be only a fraction of the cost for the low-orbit system.

Mr. DOUGLAS. One one-hundredth to possibly one one-hundred-and-thirty-third?

Mr. GORE. Approximately on that order.

Mr. DOUGLAS. However, the Senator from Tennessee is aware that that cost would not include the cost of projecting the communication satellite to a distance of 22,000 miles from the earth?

Mr. GORE. I am aware of that. To send a satellite that distance would require more thrust, which would increase the cost of rocketry per satellite.

Mr. DOUGLAS. Is the Senator from Illinois correct in his assumption that the cost of the necessary thrust to project a satellite 22,000 miles from the earth has not yet been estimated?

Mr. GORE. I have seen no reliable estimate of such cost.

Mr. DOUGLAS. Is it true that in the past the National Space Administration has conducted investigations into the high-orbit system?

Mr. GORE. That is true.

Mr. DOUGLAS. Is the Senator from Illinois correct in his understanding that the technical name for researching the high-orbital system conducted by NASA, or which was conducted by NASA, is Syncom?

Mr. GORE. I believe so. Dr. Dryden of NASA has said that such a system is possibly 5 years away.

Mr. DOUGLAS. And the low-orbit system is called Relay.

Mr. GORE. I believe that is correct.

Mr. DOUGLAS. Did the Senator from Tennessee notice an article which appeared over the weekend in the New York Times, I believe, which stated that NASA had suspended investigation into the high-orbit system?

Mr. GORE. I read such an article. I think it is a matter of concern.

Mr. DOUGLAS. Is it not extraordinary that NASA has suspended investigation into the high-orbit system when the subject is before the scientific world—and really before the Senate and the country?

Mr. GORE. I think it is extraordinary and regrettable, particularly since there are so many indications that it is the more promising of the two systems, and that it may ultimately be far more economical.

Mr. DOUGLAS. The Senator from Tennessee knows that the Senator from Illinois is not normally a suspicious man, and that he tries to give everyone full credit for good motives. Is that not true?

Mr. GORE. The Senator from Illinois is always a man of good will. However, I must say that he is a man of great intellectual curiosity, and he has unusual capacity for smelling a mouse, particularly if a waste of taxpayers' money is involved.

Mr. DOUGLAS. Has it occurred to the Senator from Tennessee that possibly the sponsors of the bill were influential in causing NASA to suspend its investigations into the high-orbit system?

Mr. GORE. I have no information upon which to base such an opinion. I think the Air Force is still experimenting with the high-orbital satellite. I hope that NASA will at least cooperate to the fullest possible extent with the Air Force in such experimentation.

Mr. DOUGLAS. Am I correct in my assumption that NASA is supporting the bill about which we have been speaking?

Mr. GORE. The Senator is correct, unfortunately.

Mr. DOUGLAS. Am I correct in my understanding that the present bill is largely based upon the assumption that it will be the low-orbit system which will come into being?

Mr. GORE. I am not sure that the bill is necessarily based upon that assumption. I should like to express some views in that regard. I think it is inherent in the provisions of the bill, if enacted, that instead of a worldwide communications system, the satellite corporation being organized only for profit might aim at a much smaller objective, namely, communication in the North Atlantic community, in which the greatest chance of profit would appear to me to be realizable. Indeed, I see no immediate opportunity for profit in satellite communication with Africa, southeast Asia, Latin America, and Australia.

Mr. DOUGLAS. Am I correct in my assumption that Telstar is visible for only about 18 minutes during every 90-minute revolution around the earth?

Mr. GORE. I have not the correct answer to that question. I am prepared to accept the assumption contained in the Senator's question.

Mr. DOUGLAS. Does it not follow that even to cover the North Atlantic community, at least five of the low-orbital satellites would be required?

Mr. GORE. For continuous coverage I think far more than that number would be required.

Mr. DOUGLAS. I have also heard the estimate of 40 to 50.

Mr. GORE. I believe that was the estimate which was given to the committee.

Mr. DOUGLAS. Whereas if only North Atlantic community communication were desired, would not one high-orbital satellite be adequate?

Mr. GORE. It is estimated that one high satellite at an altitude of 22,000 miles, and in constant relative position with the rotation of the earth, could be used for transmissions to all countries of NATO.

Mr. DOUGLAS. Is it not true that thus far we have been merely talking about the satellite and the launching system for the satellite; but do we not need ground stations to communicate wavelengths to the satellite and to receive wavelengths from the satellite?

Mr. GORE. Without ground stations the satellite would merely be an orbited object.

Mr. DOUGLAS. Does the Senator from Tennessee have any information as to the cost of the necessary ground station?

Mr. GORE. I am advised by staff members that the cost estimate for each ground station is from $6½ to $9 million.

Mr. DOUGLAS. Do I understand that the estimate is based upon a satellite in the low-orbital system?

Mr. GORE. The Senator is correct.

Mr. DOUGLAS. How many ground stations would be required to cover the North Atlantic community?

Mr. GORE. At least one ground station would be required for each country. Unless a country should receive the message and transmit it to another under a series of multilateral agreements, which I think would have to be achieved in order to put even the North Atlantic system into operation, then one for each country would be required.

Mr. DOUGLAS. Therefore, with worldwide coverage, the number, of course, would be much greater.

Mr. GORE. Much greater.

Mr. DOUGLAS. Has the Senator from Tennessee any estimate as to the comparative costs of a ground station under the low-orbit system and a ground station under the high-orbit system?

Mr. GORE. I am advised that the cost of a ground station for the high-orbit synchronous satellite orbital system would be from $1 to $1½ million.

Mr. DOUGLAS. How much did the Senator say the cost would be for each ground station in a low-orbit satellite system?

Mr. GORE. From $6½ to $9 million.

Mr. DOUGLAS. So each ground station under the high-orbital system would cost from one-quarter to one-sixth the cost of a ground station under the low-orbital system?

Mr. GORE. According to the estimates.

Mr. DOUGLAS. So the high-orbit system would be much more economical so far as ground stations are concerned? Is that correct?

Mr. GORE. According to the technicians who have testified—and there have been many of them—that is the consensus.

Mr. DOUGLAS. So far as the satellite system itself is concerned, the high-orbit system would be very much less costly, from one-fortieth to one one-hundredth of the cost. Is that correct?

Mr. GORE. Assuming the accuracy of these estimates, the answer is, "Yes."

Mr. DOUGLAS. But the unknown is the cost of projecting the satellite into space, under a high-orbit system, to the radius of 22,000 miles.

Mr. GORE. As the Senator knows, our country has the boosters; and I believe we now have the thrust capacity to achieve this result.

Mr. DOUGLAS. If I correctly remember my astronomy, am I correct that the distance between the earth and the moon is approximately 240,000 miles?

Mr. GORE. As I remember my astronomy, that is correct.

Mr. DOUGLAS. Is the Senator from Illinois correct in the mental arithmetic which he is now performing that the distance from the earth to a high orbit would be only about one-tenth or one-twelfth of the distance to the moon?

Mr. GORE. I would factor it in that way.

Mr. DOUGLAS. Is the Senator from Illinois correct in what he has read, to the effect, that NASA is very optimistic about hitting the moon?

Mr. GORE. I have read some very optimistic predictions. I hope that they are correct.

Mr. DOUGLAS. Is the Senator from Illinois correct in the assumption that if the moon can be hit at a distance of 240,000 miles, it ought not to be too difficult to go out 22,000 or 24,000 miles?

Mr. GORE. I think the answer is obvious, particularly when it is proposed that the moonshot first go into orbit around the moon and then have the spaceship detach itself from the orbiting moon satellite and descend to the surface of the moon, while the mother ship continues in orbit around the moon; and then it is hoped, God granting, that those who land on the moon would be able to launch themselves from the moon and return to the mother ship, which would still be orbiting around the moon. The mother ship must then free itself from the gravitational pull of the moon and return to Illinois.

Mr. DOUGLAS. The Senator means return to Texas, does he not? Texas is now the center of the space industry.

Mr. GORE. I will compromise on Tuscaloosa.

Mr. DOUGLAS. Does not the moonshot sound rather fantastic to the Senator from Tennessee?

Mr. GORE. I must say that all of this sounds fantastic to me. I point out to the able Senator from Illinois that before Telstar, those of us who were opposing the bill had great difficulty arousing any interest in the discussion. Many people thought we were speaking about something abstract. It appeared to be so fantastic that many people doubted its realization. Now that they have seen the French actor singing on their television screens in their own homes, we are able to arouse a great deal of interest in this bill. We are now talking about something that is quite real and apparently quite achievable.

Mr. DOUGLAS. Certainly it would not be as fantastic, would it, to go out 22,000 miles, as to go through the process of circling the moon, getting the men off the spaceship, providing an atmosphere for them while they are on the moon, then get them back on the rocket, and finally get them out of the gravity attraction of the moon and into the gravity system of the earth? It would not be as fantastic, would it, to go one-twelfth of the way to the moon as to perform all the other operations?

Mr. GORE. I do not believe it would be nearly as complicated and difficult.

Mr. HOLLAND. Mr. President, will the Senator yield for one question?

Mr. DOUGLAS. I would prefer not to yield.

Mr. GORE. If I may be allowed to continue to yield to the Senator from Illinois until he concludes his questioning, I shall be very happy to yield.

Mr. HOLLAND. I wanted to bring up an issue which the Senator had overlooked.

Mr. DOUGLAS. I am sure the Senator from Tennessee will be very willing to answer questions of the Senator from Florida at the conclusion of my questioning.

Mr. GORE. To the best of my ability.

Mr. DOUGLAS. Does not the Senator from Tennessee feel that it is extraordinary for NASA to stop further research and development in the high-orbit system, when it is carrying on these plans for a moon shot?

Mr. GORE. I thought it unusual. I do not know the reasons for it. Perhaps the Senator could advise us of the reasons.

Mr. DOUGLAS. Does not the Senator from Tennessee know that the Senator from Illinois is not a suspicious person and does not like to voice suggestions for which there is no documentary or sworn testimony?

Mr. GORE. Some people may have hoped that A.T. & T. would gain a great deal of publicity and obtain a great deal of reaction by having the first experiment, even though it be of low orbit and of less technical achievement. To answer the Senator's question specifically, I know that he is noted for being free of suspicion and the very embodiment of good will.

Mr. DOUGLAS. I thank the Senator. May I pass from some technical questions to the problems of timing? Would the creation of this communication satellite company during this session of Congress either necessarily speed up or retard the development of satellite systems of communications?

Mr. GORE. That is the biggest issue involved in this whole question. The proponents of the bill assert that the passage of the bill in some way would facilitate the achievement of a workable, operational satellite communications system. Indeed, some of them say passage of the bill is necessary for that purpose. In my view, the passage of the bill in its present form would retard such achievement and would become a handicap and an impediment to such achievement.

Mr. DOUGLAS. That is, it would be an impediment to developing a high-orbit system?

Mr. GORE. A high- or even low-orbit system, workable and in operation, because such a system would depend upon a series of agreements with many nations. I am not at all sure that a private monopoly created by the United States specifically for profit would be the best agency for negotiating these agreements, understandings, and treaties. If we rely solely upon the necessarily narrow strictures of a profit and loss statement of a private corporation for the achievement of a global system of satellite communications, we may never achieve such a system.

Mr. DOUGLAS. If the corporation proposed to be created under H.R. 11040 were created during this session, does the Senator from Tennessee believe it would be possible that A.T. & T. might gain control of that corporation?

Mr. GORE. The answer to that question is alomst axiomatic. In my opinion, the answer is "Yes."

Mr. DOUGLAS. Will the Senator from Tennessee develop that point? It is my understanding that some persons maintain that the corporation would not be A.T. & T. dominated, but would be a company in which there would be private interests which could purchase stock.

Mr. GORE. The A.T. & T. would be the major capital contributor and the major user, and would elect three directors to the board. I think it is entirely possible that A.T. & T. would itself have all the ground stations in the United States. This is something that is left completely open in the bill. I am glad the question of the Senator from Illinois brings it to my mind. Unless the proposed corporation owns ground stations in this country or in other countries, then it will but own the space components of such a system—that is, the U.S. share of whatever space components there might be.

Mr. DOUGLAS. Do I correctly understand the Senator from Tennessee to be saying that whoever controls the ground stations will control the system?

Mr. GORE. Yes, indeed. No matter how many cables were laid under the ocean, if A.T. & T. controlled the switchboards which received the messages, A.T. & T. would in fact control the entire operation.

Mr. DOUGLAS. Is there any provision in the bill for this peculiar corporation to own ground stations?

Mr. GORE. That question is left open. Presumably, the Federal Communications Commission would have the authority to determine whether A.T. & T. would have ground stations or whether the other carriers would have some share in such stations. That question is left open in the bill. There is no determination as to whether the private corporation to be created by the bill would have any ground stations.

Mr. DOUGLAS. Is the Senator from Illinois correct in his assumption that the initial ground station in Andover, Maine, is owned by A.T. & T.?

Mr. GORE. That is true; and A.T. & T. has strongly urged that it own the ground stations.

Mr. DOUGLAS. Can it be said, therefore, that A.T. & T. has its foot in the door, both so far as ground stations and the initial communications satellite are concerned?

Mr. GORE. Yes. I point out something else to the distinguished Senator from Illinois. There has been much talk about stock in the corporation. I heard one television commentator say last night that the ownership would be about one-half private and one-half public. As the Senator from Illinois knows, there is no provision for public ownership. It would all be private ownership, so far as stock is concerned. But I think it is entirely possible under the bill that most of the financing would be done through the issuance of bonds. There is no prohibition in the bill upon the amount of bonds that A.T. & T. might buy.

Mr. Douglas. Would it not be possible for A.T. & T. to have friendly individuals purchase amounts of stock—individuals who would be in alliance with A.T. & T. so far as the conduct of the company was concerned?

Mr. Gore. I assume that the largest corporation in the world would have such facilities. The bill limits the amount of voting stock which A.T. & T. could own, directly or indirectly.

Mr. Douglas. To how much?

Mr. Gore. To 50 percent of the total.

Mr. Douglas. Is the Senator from Illinois correct in assuming that if one owned 50 percent of the total, and if he could get an ally who would own one share, the owner of 50 percent of the total would then have, in effect, more than 50 percent and thus the control of the corporation?

Mr. Gore. Most big corporations in the United States are controlled by a far smaller percentage of voting capital stock than that. In the case of the Du Pont Co., the Department of Justice estimated that a 23-percent holding of General Motors stock by Du Pont constituted control of General Motors.

Mr. Douglas. Would the Senator from Tennessee now close the point by saying that it is obvious that A.T. & T. would control the new corporation?

Mr. Gore. I think that is obvious; I do not know how anyone could conclude otherwise. I do not know of any other business entity besides A.T. & T. which is lobbying for the bill. There may be some, but I have not heard any Member of the Senate say so. I have not heard from any business organization or interest, except A.T. & T., which favored the bill.

Mr. Douglas. Could the new corporation set up a low-orbit system and then use the cost in its rate base?

Mr. Gore. Yes. Research and development by the telephone utility is written into the ratemaking base of the corporation. Moreover, any bonds it might purchase could be written into the rate base.

Mr. Douglas. What public authority would have the responsibility of regulating rates so that the corporation would receive only a reasonable return?

Mr. Gore. I think it would be the Federal Communications Commission. Whatever authority was possessed for such regulation would be possessed by the Federal Communications Commission.

Mr. Douglas. Would the Senator from Tennessee express an opinion as to how successful the Federal Communications Commission has been in the past in regulating rates charged by A.T. & T.?

Mr. Gore. It has been woefully unsuccessful. So far as I know, there has been no effective regulation on the national level. It is a sad story. But A.T. & T. is very large.

Mr. Douglas. Suppose NASA could be induced to renew its research into the high-orbit system, and that it should develop, as seems to be the case on the surface, that it were more economical; but that in the meantime the corporation had set up a low-orbit system. Would the Senator from Tennessee expect the corporation to scrap its low-orbit system and go into a high-orbit system?

Mr. Gore. No more than I would expect A.T. & T. to scrap its subterranean cables, even though the satellite orbiting system might prove superior.

Mr. Douglas. Does not the Senator from Tennessee consider it important that these questions and answers have been made a matter of public record, so that the country and the Senate may know something about the issues involved?

Mr. Gore. I think it is very important, and I have been very much encouraged today that there has been a meaningful debate on this very important question. The distinguished senior Senator from Illinois has made a great contribution to the debate by the technical questions which he has propounded.

Mr. Douglas. Does the Senator from Tennessee think it would be well for the proponents of the bill also to answer these questions, now that the Senator from Tennessee, who is an opponent of the bill, has given his answers?

Mr. Gore. I think so; and I think they would be prepared to do so. Although the proponents are wont to shout—in answer to all opposition—that the President wants this bill, I point out that if and when the bill reaches the amendment stage, my first amendment will be to restore to the bill the language requested by the President of the United States—language which I read some time ago. I refer to the provision that the State Department shall conduct the negotiations with other countries. I have assembled, and I shall cite later, more than 100 examples of international conferences in the telecommunications field in which the negotiations were conducted by the Department of State. So far as I am able to ascertain, this is the first time that a proposal has been made in Congress to make a private organization, organized and chartered under the laws of the District of Columbia for profit, the agent of the United States for the negotiation of international agreements of great importance, for the benefit of the private corporation, but to which the entire Nation would be committeed. To do so would, in my opinion, hamper, hinder, and harm the opportunity to develop an operable international system of satellite communications.

Mr. Douglas. Will the Senator from Tennessee state whether in his judgment the FCC has been successful in helping to determine the content and quality of programs?

Mr. Gore. Does the Senator from Illinois mean television programs?

Mr. Douglas. Yes.

Mr. Gore. The other night I turned on the television to listen to a 5-minute newscast; and during that length of time I found myself listening to seven commercials. If the FCC has been working on that situation, it has been signally ineffective.

The question of the Senator from Illinois reminds me that I am not sure that the people of other nations of the world would be very anxious to see American television if they had to do so at the price of seeing us brush our teeth and use deodorants, and a few other unmentionables.

Mr. Douglas. Does the Senator from Tennessee recall the characterization which the Chairman of the FCC gave of American television—namely, that it is a vast wasteland?

Mr. Gore. I remember that, and I am sure the Chairman of the FCC has been apologizing for it ever since. But I should like to see him continue with the vigor of that first speech by him.

Mr. Douglas. Has not the Senator from Tennessee heard the Senator from Oklahoma state that if the bill goes through, we shall have a vast wasteland in spaceland?

Mr. Gore. At least, that statement is euphemistic.

Mr. Douglas. Does the Senator from Tennessee think it is quite dignified to appropriate the vast reaches of outer space for the advertisement of laxatives?

Mr. Gore. At least I think there is plenty of room, although I am not sure it is appropriate.

Mr. Douglas. Does not the Senator from Tennessee know that the Senator from Illinois is not a squeamish person?

Mr. Gore. I never would have asserted that the Senator from Illinois was squeamish.

Mr. Douglas. Is the Senator from Illinois correct in understanding that the Senator from Tennessee does not ascribe to the Senator from Illinois an attitude of being unduly prissy in his ideas about life?

Mr. Gore. That would be furthest from any attribute I ever heard ascribed to the Senator from Illinois.

Mr. Douglas. But does the Senator from Tennessee think the Senator from Illinois is unduly fastidious when he says he has doubt that outer space should be conquered by laxatives and deodorants?

Mr. Gore. I share the sentiment of the Senator from Illinois. I hope it is not prissy.

Mr. Douglas. Yet is it not true that in order to make this project a success, it would be necessary to sell commercial advertisements on the space communications system?

Mr. Gore. If the Senator from Illinois is referring to space communication by television, I think the answer must be "Yes." I am not sure that the same would apply, however, to satellite communication of telephonic messages. The latter may be very profitable, and may be profitable almost immediately after the installation of a workable system.

Mr. Douglas. Will the Senator from Tennessee permit the Senator from Illinois to express the opinion that the Senator from Tennessee has drawn a very valuable distinction?

Mr. Gore. I will.

Mr. Douglas. Does not the Senator from Tennessee realize that the Senator from Illinois is asking these questions so that no captious Senator could take the Senator from Tennessee from the floor?

Mr. Gore. I fully realize that the Senator from Illinois is enlightening the Senate by means of interrogations of the Senator from Tennessee.

Mr. Douglas. Is the Senator from Illinois correct in the assumption that in order to make the television part of the satellite communications system a success, the private corporation would have to sell advertisements?

Mr. Gore. I do not know how else it would make the necessary revenue. Much has been said about the fact that Telstar carried to Europe, on television, President Kennedy's press conference. However, I wonder who would pay commercial rates to carry to Europe President Kennedy's press conferences in the future, after this monopoly is installed. I wonder what advertiser would pay such rates for that purpose. It may be that some in the European community, particularly with the prosperity of the Common Market, would want to advertise by means of paid, private advertisements. However, I am not sure that the European community would want to cooperate to the extent of agreeing to the assignment of wavelengths and frequencies for that purpose. But even if it should agree to cooperate to that extent, I am not sure that the result would be very complimentary to the United States.

Mr. Douglas. I assume that the Senator from Tennessee has no objection to deodorants or shaving soap or laxatives, or to drug preparations which would relieve headaches "fast, fast, fast."

Mr. Gore. I am for them. However, I do not wish to hear about them every time I turn on the television.

Mr. Douglas. But does the Senator from Tennessee think the glories of the outer world should be harnessed to advertise such commodities, and that America should present in that way its image to the world?

Mr. Gore. I do not think so; and I do not think the world would be very much interested in receiving that kind of image of the United States, or that it would be particularly beneficial to the United States, if it did.

Mr. Douglas. Is it not true that on the initial program or programs such items were not mentioned, but that, instead, the program included the baseball game in Chicago between the Cubs and the Phillies, photographs of Mount Rushmore, and photographs of various other beauties of the United States?

Mr. Gore. Yes, including the American flag.

Mr. Douglas. Yes. Were not all of those displayed?

Mr. Gore. Yes, and I thought they were displayed appropriately.

Mr. Douglas. Is it not possible that in that initial run A.T. & T. was on its good behavior, but that subsequent programs might be of a more commercial nature than was the initial program?

Mr. Gore. In answer to that question, I should like to read from page 30 of the bill:

"There is hereby authorized to be created a communications satellite corporation for profit which will not be an agency or establishment of the United States Government.

Mr. Douglas. Then, am I correct in concluding that, according to this bill, the primary purpose of the corporation is to be "for profit"?

Mr. Gore. That is the primary purpose. Does the Senator read any further purpose there? Will the Senator read the full sentence?

Mr. Douglas. Mr. President, I ask unanimous consent that I may be——

Mr. Gore. Mr. President, I ask unanimous consent that I may yield to the senior Senator from Illinois to read a full sentence from the bill, without my losing the floor.

The Presiding Officer (Mr. Smith of Massachusetts in the chair). Is there objection? Without objection, it is so ordered.

Mr. Douglas. The sentence in question is in section 301:

"There is hereby authorized to be created a communications satellite corporation for profit which will not be an agency or establishment of the United States Government."

Mr. Gore. As the Senator will note from that language, there is no requirement that the corporation shall further the aspirations of the American people for peace. There is no requirement that the corporation shall operate in furtherance of the goals and objectives of American foreign policy. There is no requirement that it operate for anything except profit.

That is installing the dollar sign as the price of a satellite communications system; and I am not sure that other nations would be willing to grant us wavelengths for that sole purpose.

Mr. Douglas. The Senator from Tennessee, like the Senator from Illinois, is not, I assume, opposed to profit as such, is he?

Mr. Gore. No, indeed. I rather like it. I have not been favored with too much of it in my lifetime, but enough to like it.

Mr. Douglas. Is the Senator from Illinois correct in assuming that the Senator from Tennessee is not opposed because it is for profit, but because it is solely for profit?

Mr. Gore. That is a part of my objection. The other part of my objection is that the strictures of a profit operation simply do not meet the national needs and aspirations of the American people for the development and utilization of this vast new means of communication. The operation does not take into consideration our desire for peace, or our desire to project the image of American liberty to the uncommitted portions of the world. It does not take into consideration the necessary Voice of America operations, to tell the people of the world about the American way of life, our policies, our programs, and our desires for friendship with them.

Mr. Douglas. Can the Senator from Tennessee tell me if there is anything in the bill which would impose an obligation upon the private corporation to carry such messages and such programs if they did not yield a profit to the corporation concerned?

Mr. Gore. No; moreover, if it is a private corporation, I doubt very much that the Government should place such a requirement in the language. The Government might very well reserve in any such legislation as is proposed the right to establish systems for its own use. But that door is closed by the bill, too, unless it is for a unique purpose. I think "unique" probably means security and military arrangements.

Mr. Douglas. Does the Senator from Tennessee think the terms of the bill virtually forestall the Government from developing a complementary system of communications?

Mr. Gore. Let me read. This is from page 25 of the bill:

"The President shall take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs."

Instead of leaving to the Government the opportunity of orbiting a satellite for the communications, say, of State Department cablegrams, or Voice of America programs, the requirement is written into the law that the President must make arrangements to insure that the facilities of this monopoly, a corporate entity, will be used for such purposes.

Mr. Douglas. Is the Senator from Illinois correct that, under this bill, the Government gives up any right to have a complementary system, or competing system?

Mr. Gore. That is correct. The bill proposes to create a corporation for profit, organized and chartered under the laws of the District of Columbia, and to vest in such corporation the right to use America's share in such a satellite communications system, and, moreover, to make this corporation the agent to negotiate, on behalf of the United States, to secure or fail to secure the very conditions and agreements necessary to bring about such a communications system.

Mr. Douglas. Will the Senator from Tennessee tell us something about an alternative method which he might favor as compared to the present bill

Mr. Gore. The best answer is that legislation now on this subject is premature. I know many Members of the Senate disagree with me in that respect. That is my earnest and deeply held conviction.

The Senator from Illinois is aware, I am sure, that only a few days ago Mr. Salinger, press secretary to President Kennedy, announced that the White House staff was initiating a farflung study of the foreign policy implications of satellite communications, and that it would involve other executive agencies of the Government.

The Senator is aware, I am sure, that an international conference on telecommunications is already scheduled to be held in Geneva late next year, during which it is hoped that agreements may be reached for the allocation of wavelengths, frequencies, and channels necessary to make a satellite communications system possible.

Until the President's thoroughgoing study is completed, until the Senate Foreign Relations Committee has given consideration to the foreign policy aspects of this question, I feel that legislation is premature. I am not alone in saying that. Mr. Engstrom, of RCA, testified on this point before the committee.

I should like to read from page 122 of the hearings before the Committee on Aeronautical and Space Sciences of the Senate. The Senator from Nevada [Mr. Cannon] was interrogating Dr. Engstrom:

"Senator Cannon. Well, in your judgment, is it premature, in view of the fact that we are going ahead with the development program over the next period of time?

"Dr. Engstrom. I think in view of the answers that I have given to questions, you could draw the conclusion that I think it is somewhat premature and that we would be better off if we had more facts before we face the problems the bill presents. But this is a matter of judgment.

"Senator Cannon. If I correctly analyze your testimony, you feel that in a matter of 6 months or a period thereof that we would have more facts on which to base our judgment concerning the setting up of this organization?

"Dr. Engstrom. Yes, sir; and in a year from now we would be on very much more solid ground because the programs we heard about this morning will be accomplished in their first stages during the next 12 months.

"Senator Cannon. Do you see any specific disadvantages to not proceeding with this type of an organization at the present moment?

"Dr. Engstrom. No; I do not see any disadvantages, except the matter that has come up in the questioning here. When I indicate that we are not ready to make an investment, maybe there would not be enough to carry it forward."

He had previously said that RCA was not willing to make an investment except under certain conditions.

Mr. Douglas. Is it not true that RCA controls NBC?

Mr. Gore. I believe that is correct.

The junior Senator from Tennessee is not the only one who thinks the proposed legislation is premature at this time. If, however, the Senate must enact legislation, by all means the public interest must be protected. I say in all deference to my colleagues who have recommended the proposed bill that the public interest would not be adequately protected, as I understand, by the proposed bill.

Mr. Douglas. Does the Senator from Tennessee remember the colloquy which his colleague the senior Senator from Tennessee had before the Senate Subcommittee on Antitrust and Monopoly with Mr. Samuel M. Barr, of the Western Union Telegraph Co.?

Mr. Gore. I believe the Senator is referring to the excerpt from the hearings to be found on page 51 of the minority views. I read it:

"Senator Kefauver. Suppose you had a corporation of $200 million right now. What would it do with the money?

"Mr. Barr. Well, for an appreciable period of time it would sit on its hands. Deferral of this legislation until next year will not delay the development of a space satellite communications system in any degree."

Mr. Douglas. Does the Senator from Illinois correctly remember that under the terms of the bill negotiations with foreign powers and other entities in this field are to be conducted, not by the U.S. Government, but by the private corporation with the U.S. Government acting only in an advisory capacity?

Mr. Gore. I should like to read the actual provision of the bill in that regard:

"Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this act with any international or foreign entity, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations"—

I interrupt my reading for the moment to say that I do not know how in this field business matters and political matters can be clearly separated. As the Senator will note, the provision is that the State Department "shall advise the corporation of relevant foreign policy considerations."

Mr. Douglas. Does not the Senator from Tennessee think it was very gracious for those who drafted the bill to seek to permit the State Department to advise the corporation?

Mr. Gore. Oh, yes. The following sentence provides still another amenity toward the Government:

"Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations."

Mr. Douglas. Is that not very generous of the corporation?

Mr. Gore. Yes. I think it would be generous. The corporation is not to be required to keep the Government informed of anything except the relevant foreign policy considerations. There is to be no requirement that the corporation keep the Government informed on so-called business negotiations. I do not understand exactly what would be a business negotiation. Would the negotiation of the allocation of a frequency or the negotiation of an agreement for the establishment of a ground facility in another country be entirely business, or would it be entirely a foreign policy question? It might be both. I am not sure how they could be separated.

I read also the following sentence:

"The corporation may request the Department of State to assist in the negotiations."

I think that would be nice. The Secretary of State may be asked to assist the corporation.

Mr. Douglas. May the Senator from Illinois inquire if it would be obligatory upon the corporation to invite the Department of State to assist?

Mr. Gore. The word is "may."

Mr. Douglas. "May"?

Mr. Gore. I read the sentence again:

"The corporation may request the Department of State to assist in the negotiations."

If the corporation should request the Department to assist in the negotiations, the bill provides further "and that Department shall render such assistance as may be appropriate."

I repeat, this language was not in the bill which President Kennedy requested. The provision recommended and requested by President Kennedy was stricken out and the language which I have read substituted therefor.

Mr. Douglas. In other words, the present language would direct the U.S. Government to stand aside in international negotiations? The primary responsibility and, if the corporation so decided, the exclusive responsibility, would rest with the private corporation?

Mr. Gore. I should say, in order to give a full answer to the question, that my interpretation of the language in the bill would provide an affirmative answer to the question by the Senator, but I point out that the proponents of the bill are prone to cite another provision in the bill, which can be found on page 25. It provides that the President shall "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

Statement on Points Raised by Senator Douglas on the Senate Floor, July 30, 1962

Senator Douglas on July 30 propounded a series of questions to Senator Gore respecting H.R. 11040, the space communications bill, and invited the proponents of the bill to answer his questions. The questions covered a range of matters, and apparently were intended, with Senator Gore's answers, to demonstrate weaknesses in the approach taken by H..R 11040.

In general, the matters discussed were the respective costs of a synchronous system and a low-orbiting system; whether the American Telephone & Telegraph Co. would dominate the corporation proposed by the bill, whether the corporation would conduct itself in a manner conforming to the foreign policy determinations of the President; and whether the corporation would carry television advertisements which would hold our Nation up to ridicule.

A reading of the Congressional Record of the colloquy between Senator Douglas and Senator Gore reveals some conflicts in their assumptions and conclusions.

First, Senators Douglas and Gore assumed that the only choice before us as to systems lay between a low-orbiting system of 200–400 satellites and a synchronous system of 3 satellites, and hypothesized the costs for each system from which they conclude that the low-orbiting system will cost from $1 to almost $3 billion while the synchronous system will cost only a fraction of that figure.

As a matter of fact, according to FCC, consideration can be given to four basic orbital configurations: (a) A low-altitude passive system, such as Echo, Rebound, and Westford; (b) a low-altitude active random system, such as Telstar and Relay; (c) a medium altitude equatorial circular system; and (d) a synchronous circular equatorial system such as Project Syncom. It should be stressed that NASA has not abandoned Syncom, but that work is going ahead on it.

In the Senator Douglas and Senator Gore exchange it was assumed that current experimentation involves a low-orbit system which would require some 200–400 satellites. This number would be required for a system orbiting at 1,000 miles. However, when the orbit is at about 6,000 miles, such as Relay and Telstar, only some 20 or 30 satellites are needed for 99 percent availability. If we take the cost figures given in the debate for satellites and assume a 50-satellite system for global coverage, the cost of placing the satellite portion in orbit is less than $300 million, with a launch cost per satellite of $2,700,000, the price paid by A.T. & T. to NASA for launching Telstar. And, if as we expect in the future, more than one satellite can be launched with a single rocket, the cost will come down even further. Nevertheless, the point is that a figure of less than $300 million is a more realistic one than the fantastically high billions of dollars figure suggested.

But, it is too early to try to attempt to choose a system at this time. We are now in a period of research and development which we hope will give us information both as to technical characteristics and costs of the various possible systems. As has been indicated, there are a number of experiments being carried on and planned with satellites in various orbits. We do not have enough information now to choose an ultimate system.

It must be borne in mind that we now have the means to launch a 50-satellite system with an operational capability, as is demonstrated by Telstar. According to Dr. Dryden, of NASA, effectuation of an operational synchronous system may be as much as 10 years distant. The critical issue at the present time is whether we shall proceed to develop an operational system as soon as we can with the means available, or whether we should wait and gamble on the development of a different system which responsible experts say may take 5 years to realize. Would the opponents of H.R. 11040 have us abandon all research and developmental work on nonsynchronous orbit systems? Are they willing to have this Nation lose its leadership in space communications to another country willing to establish a nonsynchronous system? Are the opponents aware that the British are proposing such a system?

The apparent concern of the opponents of H.R. 11040 is that should we establish an operational nonsynchronous system we shall be wed to such system for all time and not be able to move to a more efficient system when experimentation demonstrates its feasibility. The answer is that it is a mistake to assume we cannot move to such a system. Not only can a synchronous and nonsynchronous system be used contemporaneously, but synchronous satellites can be used to replace nonsynchronous satellites as the latter reach the end of their useful lives. Thus, we can evolve to a synchronous system fairly rapidly if it proves feasible and desirable. This is my understanding from experts in the field.

It also should be remembered that any decisions by the corporation with respect to the type of satellite system to adopt or the type of terminal stations to employ will be subject to review and approval of the FCC.

The FCC is empowered and required by H.R. 11040 to approve technical characteristics of the system and of the satellite terminal stations. No system can be established without that approval (sec. 201(c) (7) and (8)).

No additions of any substantial nature can be made to the system or terminal stations without FCC authorization (sec. 201(c)(9)). Also, the Commission will have authority to require that additions be made to the satellite system and terminal stations where necessary to serve the public interest (sec. 201 (c)(10)).

Thus, the corporation will not be able to act independently of Commission authority in the initial establishment of the system or the expansion and development of the system.

But most important, it should be kept in mind that the type of system that is to be established will be determined largely by the frequencies on which a system will operate; and the technical standards to govern the operation and performance of any system.

Second, Senator Douglas and Senator Gore found that H.R. 11040 was deficient in the foreign policy area. The statement recently made by the Secretary of State before the Senate Foreign Relations Committee is authoritative on this point. Mr. Rusk said that the provisions of H.R. 11040 provide legal authority "fully adequate to protect the foreign policy interests of the United States." He stated that the Department of State was fully aware of the broad range of questions involving foreign policy interests that may arise in connection with the satellite communications system. He said that the Department would follow matters closely either through direct conduct of the negotiations or by close association with the corporation under the procedures provided in the bill, whichever was appropriate. He stated that H.R. 11040 contained ample implementing power for the President, the FCC, and the Federal courts, to insure that the policy and purposes of the bill are fully realized.

Third, Senator Douglas and Senator Gore conclude that A.T. & T. would dominate the corporation proposed under H.R. 11040. This is not so. See Attorney General Robert Kennedy's testimony before Senate Foreign Relations Committee and Deputy Attorney General Katzenbach's testimony before the Senate Commerce Committee.

It does not follow, as Senator Gore suggested, that A.T. & T. would be the major capital contributor. It could not, directly or indirectly, own more than 50 percent of the stock in the corporation. But it must share this 50 percent with such other large companies as RCA, I.T. & T., G.T. & E., and Western Union, as well as such other companies that are in the communications field. Since, under the bill, the Government will have the authority to reapportion ownership of voting stock among common carriers, there are ample safeguards against A.T. & T. owning an undue proportion of the stock. In no event will A.T. & T. ever be more than a minority stockholder, nor will it elect more than 3 directors of the total of 15.

It is said that, assuming A.T. & T. bought 50 percent of the stock, it could get control of the corporation by securing an ally owning one share. This could not give A.T. & T. control of the corporation. A.T. & T. could not vote for more than three, or one-fifth, of the directors, and its ally presumably could elect none with one share.

It cannot be assumed that A.T. & T. will own all U.S. ground stations, or that whoever controls the U.S. ground stations controls the system, as stated by Senator GORE in answer to Senator DOUGLAS. A distinction must be drawn between the corporation and the system. The satellites will be owned in common by the corporation and foreign nations, so that the United States will be only one voice among many in reaching decisions on questions relevant to the system. Insofar as U.S. use of the system is concerned, both ground stations and satellites, the Government will have the final word on all crucial questions through, among other things, its powers over rates and allocation of the facilities among the users.

With respect to ground stations, the language of H.R. 11040 was carefully revised by the Commerce Committee to make it entirely clear that no preference was intended to be given to either the corporation or any carrier in the licensing of ground stations by the FCC. It is true that A.T. & T. has erected a substantial ground station installation at Andover, Maine. However, it has done so at its own risk, knowing full well that the policy of this act is against giving it a preference. Moreover, so long as we delay in passing this bill, there will be no corporation in existence to erect ground stations for research and experimentation or to file competing applications with A.T. & T. for additional experimental ground stations that may be needed.

Fourth, the opponents of H.R. 11040 contend that a corporation organized for profit will defeat the objectives of achieving a truly global system.

Notwithstanding that the telecommunication companies furnishing oversea service today are organized for profit, they are presently furnishing telephone and telegraph service on a global basis. These circuits, directly or indirectly, reach every country of the world where there is need for communication with the United States. The real question is the utilization of satellite systems as a new means of communication to supplement and complement the existing media of cable and radio. There is no reason to believe that a satellite corporation organized for profit will not continue in the tradition that has made our international communication system as comprehensive as it is today.

Fifth, it was asserted that the corporation proposed by H.R. 11040, in order to make the television part of its operation a success, would have to sell advertisements of a nature which would be a disservice to our Nation's image abroad.

This assertion demonstrates a misapprehension of the nature and purpose of the corporation. It will no more have any say as to the content of TV programs it transmits than a communications common carrier has with respect to the TV programs it transmits from coast to coast. (The principle is also, of course, true of telephone, telegraph, and data transmission.) Its income will be from the transmission of intelligence, not the creation of intelligence. The TV station abroad will have the say as to what is broadcast until we reach the stage where we can broadcast directly from the satellite. Even then, the corporation and associated carriers will have no control over the content of the programs, but will merely take it over their lines to the satellite. The program content is the responsibility of the customer.

It should be noted that today U.S. TV programs can be filmed and flown abroad for showing there. The use of the satellite instead of airplane for sending these programs abroad in no way creates any new problems with respect to advertisements or program quality—whatever problems there are exist today. The communications satellite system will merely provide a substitute for the airplane until we reach the stage when we can broadcast direct from the satellite.

In conclusion it should be stressed most strongly that we cannot afford to delay enactment of H.R. 11040. The technology is moving forward at an explosive rate, as Telstar shows and as future experiments will also demonstrate. Public policy must not lag behind this technology. Legislation is essential now in order to provide a policy and organizational framework within which Government and industry may bring to operational fruition the research and development efforts.

This urgent need for legislation is pointed up by considering the many steps which must be taken before the entity which will own and operate the system is in a position to begin operations. Under H.R. 11040, the proposed corporation must be organized, funds must be raised, and a staff recruited before the corporation can plan operation of the system. These steps will necessarily consume time. It will also require a period of time for the President, NASA, and the Federal Communications Commission to study and adopt policies and procedures to carry out their respective responsibilities under H.R. 11040. Moreover, it will be difficult to advance arrangements with foreign interests with respect to such important matters as joint research and development, ownership, and use of a global system if such interests are not certain as to the instrumentality which will represent the United States in these areas.

H.R. 11040 also contemplates research and development effort by the corporation. It is essential that the corporation be organized as quickly as possible so that it may assume these responsibilities without delay. The corporation will not only provide a focus for the best technical brains in private industry, but it will, through contributing its own financial resources, reduce the need for further Federal funds.

SOME QUESTIONS AND ANSWERS WHICH MAY HELP CLARIFY THE RECORD

1. Question. Is Telstar a portion of the low- or medium-orbit system?

Answer. No. It is in a relatively low orbit, but it is not part of a low- or medium-orbit system. Basically it is an experiment—a preprototype. Lack of power limits its use to three half-hour periods per day. To the extent that the experiment is successful, the techniques developed may be carried over to an operational system.

2. Question. How many Telstars or similar satellites would be necessary to maintain a 24-hour global communications system?

Answer. Assuming 6,000-mile random polar orbits, about 20 satellites would give 99 percent availability; 30 would give 99.9 percent, and 40 would give 99.99 percent.

3. Question. How much has NASA spent on the communications satellite program and what is the total cost to the Government of that program?

Answer. Total NASA communications program (including launch vehicles, but exclusive of CoF) for fiscal years 1960, 1961, 1962, $86 million. Fiscal year 1960, 3.1; fiscal year 1961, 30.4; fiscal year 1962, 53.5.

4. Question. What is the direct cost to A.T. & T. of developing Telstar?

Answer. As of April 19, 1962, A.T. & T. advised our committee that the cost had been about $45 million. A.T. & T. Vice President Digman has estimated such costs through the calendar year 1962 to be between $55 and $60 million.

5. Question. If satellites are added to systems such as Telstar, what would the cost per satellite be and will that cost include the lift vehicle?

Answer. Any estimate is difficult; experimental flight models of the Relay satellite are costing NASA about $2,500,000 each. Production costs should be less. However, for an operational system, one would probably want to have the satellites at higher altitudes (possibly 6,000 miles) in order to provide longer mutual visibility times between ground station. This would require more radiated power from the satellite or more antenna gain. The latter would require some kind of altitude control, probably at increased cost. Booster costs are not included in these estimates.

6. Question. Is the A.T. & T. committed to the low-orbit system, of which Telstar is a prototype?

Answer. NASA has no indication from A.T. & T. that the latter is committed to a low-orbit system, in fact it can go into the medium-level orbit without difficulty.

7. Question. How many 24-hour communications satellites would be necessary to maintain a 24-hour global telecommunications system?

Answer. Nineteen randomly placed; three to six with stationkeeping.

8. Question. What is the relative cost of a 24-hour satellite such as Syncom to a low-orbit satellite such as Telstar?

Answer. Each experiment varies in number of channels, power, and similar features. Given an identical number of channels, the 24-hour satellite would be more expensive because it requires more supplementary equipment for positionkeeping; actually NASA has no figures on this.

9. Question. Has NASA conducted investigations in the high-orbit or Syncom system?

Answer. Yes; and it is continuing to do so.

10. Question. Has NASA abandoned its research into the high-orbit or Syncom system?

Answer. No.

11. Question. Which is the more promising—Syncom or Telstar?

Answer. It is too early to tell. Telstar works; Syncom hasn't flown yet, according to NASA.

12. Question. Have the sponsors of the communications satellite bill influenced NASA to suspend its investigations of the high-orbit communications satellite system?

Answer. No.

13. Question. Is the legislation based on the assumption that the worldwide communications system will be a low, as distinguished from a high, orbit system?

Answer. No.

14. Question. Is it true that such profit, as may arise from operation of a communications satellite program, will arise in connection with the North Atlantic community, and that the system cannot be operated profitably in service with Africa, southeast Asia, Latin America, and Australia?

Answer. Probably, yes; but there is no data to demonstrate this at this time.

15. Question. What are the estimated costs of ground stations for the high-orbit systems?

Answer. Very hard to estimate according to NASA. Savings in Syncom systems would have to come from fact that under a perfect parking situation it would not be necessary to have movable antennas but, in fact, movable antennas are now planned for Syncom ground stations. Other ground station costs would be comparable.

16. Question. What are the estimated costs of ground stations for the low-orbit systems?

Answer. A.T. & T. has stated that the Andover station has cost $15 million. The British Post Office estimates the cost of its Goonhilly station at $2,100,000. The capabilities of the stations are not similar. For instance, the British station is entirely dependent on NASA for prediction data. With this spread in function and cost, it is difficult to answer the question specifically.

17. Question. Would enactment of communications satellite legislation this year either speed up or necessarily retard development of a workable communications satellite program?

Answer. Failure to enact it would unquestionably retard it. It is essential that America's communications satellite management policies be fixed as soon as possible so we can claim our international rights. A more complete answer will appear in the debate.

18. Question. Does the bill make possible the ownership of ground stations by A.T. & T.?

Answer. Yes. Decision is left to FCC with public interest as criteria.

19. Question. Is the Andover, Maine, station owned by A.T. & T.?

Answer. Yes.

20. Question. Is there any public ownership involved in the communications satellite bill?

Answer. Government (FCC) control, not ownership.

21. Question. Is there a limitation on the amount of bonds that the A.T. & T. could buy?

Answer. All securities except initial offering must be approved in advance by FCC and must meet the public interest criteria. To this extent the Commission can exercise control over all securities to be issued after the initial offering.

22. Question. Will research and development expenses, such as those incident to the Telstar program, be included in rate base?

Answer. They can. This is for the FCC to determine, based on Commission's present rules and policies.

23. Question. What Government agency would be responsible for regulating this rate base so that corporation would only earn a reasonable return?

Answer. FCC.

24. Question. Has the Federal Communications Commission been successful in regulating rates charged in the past by A.T. & T.?

Answer. Fairly well—could be better. Is getting better.

25. Question. If the high-orbit system were found to be more economical, would it be possible to compel A.T. & T. or the corporation to abandon the low-orbit system?

Answer. Yes.

26. Question. Will the international television programs broadcast through the system owned by the corporation require the use of commercials to pay their way?

Answer. This legislation does not affect this question.

27. Question. Is the distinction properly made between telephone communications relayed overseas being chargeable to the particular users, and television broadcasts having to rely on commercials?

Answer. Yes; they will have to be treated separately; have different policies and regulations.

28. Question. Can the policies of the Federal Communications Commission, as developed heretofore in the television field, properly be applied to the international broadcasting of television programs under the authorizations in this bill?

Answer. This legislation does not affect this policy one bit.

29. Question. Is the basic purpose of the legislation a profit by the corporation as distinguished for other public purposes?

Answer. No; the basic purpose is to provide the most useful international communications system.

30. Question. Would an enactment of this bill make it impossible for the U.S. Government to develop, install, and operate a complementary communications system as an alternate to that set up by the corporation under this bill?

Answer. No. See section 102(a) of the bill.

Mr. PASTORE. Mr. President, on Saturday, August 11, 1962, the Senator from Tennessee [Mr. KEFAUVER] raised certain questions concerning H.R. 11040 as reported by the Senate Commerce Committee. In order to avoid any misunderstanding as to the intention and meaning of various provisions of the bill, I submit for the RECORD at this time an explanation to the various points raised by the Senator from Tennessee.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

ITEM 1

Senator KEFAUVER asserted (CONGRESSIONAL RECORD, p. 16239) that H.R. 11040 is relying upon section 214(d) of the Communications Act to insure the extension of service to economically less developed nations. He contends that section 214(d) is not sufficient for this purpose because, even with that provision, the FCC has never been able to get A.T. & T. or the other telephone companies to expand their service into rural areas of the United States where the service may not be so profitable.

Comment: First, in general, the Bell system companies have provided service in the territories in the United States where they have been franchised to operate. This includes both urban and rural areas and profitable and unprofitable areas. There is no question that today the Bell system companies, as well as the independent companies are furnishing service in many high cost, uneconomic areas of their franchised territories, and that these operations are being subsidized in large measure by their profitable operations.

It is true that there have been a number of rural areas in the United States where there was no obligation of any carrier to provide service. The typical example is an agricultural, farming or cattle raising area where the costs of extending service would be prohibitive by any standard. In many of these areas, the residents of the area constructed their own lines which in turn were connected into the nearby switchboards of the telephone companies. Many of these operations have taken the form of rural corporations and have received substantial assistance through the lending programs of the Federal Government. It must be remembered that in the main the establishment of service in a particular area is a matter for the franchise authorities of the several States. It is not a matter in which the FCC is competent to act. The FCC responsibilities relate entirely to interstate and foreign service.

Second. In the field of international telephone and telegraph service, the coverage of the international telephone and telegraph carriers is comprehensive. Service is available, through direct or indirect circuits, to almost every point in the world where a country has the desire and means to communicate with the United States. This includes not only the well-developed areas, but many, many sparsely populated areas. U.S. carriers are alert and anxious to provide service to foreign points and there is no reason to expect that this attitude will not obtain in the era of satellite communications.

Third. Under H.R. 11040, as a practical matter there is little probability that section 201(c)(3), which contemplates the invocation of section 214(d) of the Communications Act, will have any applicability. The erection of ground stations on foreign soil will ordinarily be a matter for the foreign country involved. Of course, the latter may receive technical or financial assistance from the U.S. Government and perhaps from the corporation. But that would not come within the province of the Commission.

With respect to affording a foreign country access to the satellite system itself, there would be no need to employ the administrative remedies of section 214(d). This is because under section 201(a) (4) and (5) of the bill, the President could require the establishment of such service or at least could direct the corporation to take the lead in endeavoring to open such communication.

Where it may be necessary to launch an additional satellite to make service available to a foreign point, the Commission upon advice of the Secretary of State or upon its own motion, could, as contemplated by section 201(c)(3) institute proceedings under section 214(d) of the Communications Act to require such addition. But it is important to remember that the satellite corporation will not have sole control of the system. Other nations will participate in ownership. Accordingly, those nations will have a voice with respect to any discussions that may relate to ownership, use, or expansion of the system. These decisions will most likely be made at the international conference table rather than administratively by the FCC.

ITEM NO. 2: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16239, COLUMN 3

His point: The language on page 21, line 16 that activities "of the corporation shall be consistent with the Federal antitrust laws" is inadequate because it does not provide that the corporation shall be responsible under those laws, "so the apparent intent here is not to bring this corporation under the antitrust laws."

The answer: The point is not well taken, as both the corporation and the carriers who own stock in it will remain fully subject to the antitrust laws, including the penalties provided in those laws, aside from the fact that the creation of a single corporation is authorized in which communications carriers will be authorized to own stock to carry out the purposes of the legislation. This is confirmed by testimony of Deputy Attorney General Nicholas deB. Katzenbach at the April hearings of the Senate Commerce Committee on this legislation, at page 350, and further confirmed by Mr. Katzenbach's letter to Senator PASTORE of May 7, 1962, printed at page 30 of the Commerce Committee's report on this bill, Report No. 1584. In addition, section 403(b) of the bill explicitly states that "the sanctions which the bill provides do not relieve anyone of the punishments or liabilities under any other laws."

ITEM NO. 3: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16239, COLUMN 3

His point: On page 21, subsection (d) of section 102 which declares that it is not the intent of Congress to preclude the use of the satellite system for domestic services is unsatisfactory in that it will deny the public the benefits of cheaper rates which satellite services could bring in long-distance domestic service.

The answer: This interpretation of subsection (d) is simply not correct. As the report of the Senate Commerce Committee, Report No. 1584, shows on page 14, this language was put into the subsection as clarifying language to avoid any possible inference that the use of the system is to be limited to international communications and to preserve the public benefits that may eventually become possible through the extension of the system from international to domestic services when technically and economically feasible.

ITEM NO. 4: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16240, COLUMN 1

(This item covers the same material as item No. 6.)

His point: The language on page 21, line 22 of the bill which provides, in effect, that the Government shall not have any other system unless it is "required to meet unique governmental needs" means that the Government cannot have another governmentally owned system except for classified military messages and that any excess capacity in such a military system could not be used for sending USIA programs to other countries.

The answer: The language on page 21, line 23, cited by Senator Kefauver was quoted incompletely, since the phrase "required to meet unique governmental needs" is immediately followed by the words "or if otherwise required in the national interest." Apparently Senator Kefauver was also referring to section 201(a)(6) of the bill on page 25, line 21, which contains some similar wording but with a quite different context and meaning. It is this language directing the President to insure "the availability and appropriate utilization" of the commercial system to be created under the bill which the Senator fears might prevent the use of surplus capacity in a Government-owned military communications satellite system for the transmission of USIA programs and other general Government traffic.

This is not the intention or effect of this provision or of any other part of the bill. The reason section 201(a)(6) only excludes classified traffic from its terms is that as to such traffic the President should have absolute discretion as to the method or mode of transmission. As to other governmental traffic, including USIA programs, this provision does not preclude the President from sending them over the surplus capacity of a military system but rather, by the use of the word "appropriate" gives the President broad discretion as to the extent to which the commercial satellite system should be utilized for handling such traffic, leaving the President free to send the bulk, or indeed all, of a particular kind of general government traffic over the surplus channels of a military system if this would result in savings to the taxpayer or would otherwise be in the public interest.

It should also be noted that under the present wording of section 201(a)(6) the President can establish priorities, including peacetime priorities, for general government traffic, including USIA programs, over the facilities of the commercial system. The Department of Defense has indicated by letter dated May 10, 1962, to Senator Magnuson, at page 38 of the Commerce Committee's Report No. 1584, that it favors section 201(a)(6) as presently worded. However, to avoid any misunderstanding, a clarifying amendment was adopted on August 13, to clear this point.

ITEM NO. 5: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16240, COLUMN 1

His point: Under the definition of communications satellite system on page 22, line 6, and of satellite terminal station on page 22, line 14, when read together with the provisions on page 29, line 9, under which the Federal Communications Commission may authorize carriers as well as the satellite corporation to own ground stations, ground stations which are necessary to send messages by satellite will be owned by A.T. & T. or other carriers so as to give them control over rates or charges and make it difficult for the corporation to earn money to pay back the public investment in it.

The answer: The argument that only the corporation should be permitted to own ground stations is one which it would be premature to agree with at this time since, for technical or economic reasons, it may prove in the public interest to have ground stations owned by carriers, by the corporation, or by carriers and the corporation jointly. Under the bill the FCC is forbidden to give any preference to any carrier or to the corporation in licensing ground stations and is required to license either or both for these stations "as will best serve the public interest, convenience, and necessity." The rates charged for using both the satellites and the ground stations, by whomever owned, will be regulated by the FCC, which assures just and reasonable rates, and equitable access by all authorized carriers.

ITEM NO. 6: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16240, COLUMN 2

(See item No. 4.)

His point: This is essentially the same point as previously described in item No. 4.

The answer: See discussion in item No. 4.

ITEM NO. 7

Senator Kefauver (Congressional Record, p. 16240) construed section 201(a)(7) and section 201(c)(4) of the bill to require the President and the FCC to insure perpetuation of a low-orbit system. Section 201(a)(7) provides that the President shall so exercise his authority as to attain technical compatibility of the satellite with existing communications facilities both in the United States and abroad. Section 201(c)(4) requires that the FCC shall insure that facilities of the satellite system and satellite terminal stations are technically compatible with each other and with existing communication facilities.

Senator Kefauver suggests that because existing facilities, as of now and in the future, include A.T. & T.'s ground station at Andover, Maine, and its low orbit Telstar satellite, any further system must be compatible with those facilities. This is an erroneous construction of these provisions.

A.T. & T.'s ground station at Andover, as well as its Telstar satellite, is authorized and operating under experimental authorizations only. As such they have but a 1-year life which must be renewed by the FCC for extended experimentation. In granting these authorizations, no commitment in law or fact was given to A.T. & T. beyond the license period. These facilities were constructed by A.T. & T. at its own expense and at its own risk.

The purpose of these sections cited by Senator Kefauver was to insure that in the establishment of an operational system, all components thereof, including the terrestrial systems with which the satellite system and ground stations must interconnect, would be technically in harmony with each other in order that efficient, effective, and economical service is assured.

As of now, it is too early to choose a system. We are still in a period of research and development. A number of experiments involving different orbits and altitudes are being carried on and are planned. While Telstar affords real promise of an operational system being established at an early date, this does not mean that we are wedded to a low-orbit system for all time. The Telstar-type system can be used contemporaneously with a high-altitude synchronous system. Thus, if experimentation should subsequently prove the synchronous system to be practical and superior, we can readily evolve to such a system on a gradual transitional basis.

But let me emphasize again that Senator Kefauver has misunderstood the intent and meaning of sections 201(a)(7) and 201(c)(4). Telstar is experimental. The Andover station is experimental. No decision has yet been made as to whether or where Telstar or the Andover station will, if at all, fit into the operational system contemplated by H.R. 11040. But in no event will the existence of these facilities control or determine the kind of operational system that will ultimately be authorized. This is a decision that will be made by the FCC after all the facts are submitted to it.

ITEM NO. 8: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16240, COLUMN 3

His point: This item includes two separate points concerning NASA: first, that the provision on page 26, line 10, directing NASA to cooperate with the corporation in research and development is a one-way street because there is no corresponding provision directing the corporation to cooperate with NASA and, second, that the provision on page 26, line 23, directing NASA to furnish launching services to the corporation on request would absolutely require NASA to act as the servant of the corporation regardless of the type of system the corporation might wish to have placed in orbit and regardless of any war, defense, or other space needs for NASA's launching services.

The answer: As to the first point, that NASA's obligation to cooperate with the corporation in research and development is a one-way street, the answer is simply that the very paragraph in question only requires NASA to cooperate to the extent "deemed appropriate" by NASA and therefore NASA could obviously require reciprocal cooperation from the corporation as a condition of its own cooperation.

As to the second point concerning the duty of NASA to provide launching services to the corporation for operational satellites, the bill in express terms does not obligate NASA to launch satellites for the corporation except as a part of the system which has been approved by the Federal Communications Commission. Thus the corporation would not have at its own instance the right to have NASA place in orbit a system of a type selected by it without governmental approval, and NASA itself would no doubt make its views known to the FCC on an application by the corporation for FCC approval of the operational system. In addition, the provision in question quite obviously could not reasonably be construed as obligating NASA to launch satellites at the corporation's request in disregard of its other legal functions and the powers and duties of the President. Specifically, launching operational satellites for the corporation would be subordinate to launchings which might be directed by the President as Commander in Chief for war or national defense purposes, and in addition, system launchings would have to be scheduled in relation to NASA's launchings under other space programs as authorized by Congress.

ITEM NO. 9

With respect to the provision (sec. 201(c)(1), p. 27, 1. 11) which requires the FCC to insure effective competition, including the use of competitive bidding where appropriate, in the procurement practices of the corporation and common carriers, Senator Kefauver contends that A.T. & T. or RCA could write their own specifications so that only their own manufacturing interests could meet the specification.

The bill contains ample safeguards against any such abuse occurring. First, neither A.T. & T., RCA or any other carrier or company will be in a position to dominate or control the policies and practices of the corporation in this manner. Second, under the bill, the FCC is charged with overseeing the actions of the corporation to the extent required to assure effective competition. It will, in addition, promulgate specific rules and regulations to govern the procurement practices of the corporation and any carriers engaged in the operation of a ground station. Third, the presence of three Presidential appointees on the board of directors of the corporation will prevent any interest or group of interests from exploiting its position in the corporation in matters of procurement.

Senator Kefauver asserts that the FCC for a long time has had the power to require carriers to use competitive bidding, but has not done so. The fact is that the FCC has no statutory authority or power to impose such a requirement. The legislative history of the Communications Act makes this entirely clear.

ITEM NO. 10

Senator Kefauver (Congressional Record, p. 16241) criticizes section 201(c)(1) on the ground that it does not provide adequate protection to the interests of small manufacturers who may wish to supply equipment and services to the satellite system. He contends that the large manufacturers will write specifications to favor their own affiliated suppliers. He also contends that the language of the section only requires the FCC to consult the Small Business Administration but does not require the FCC to follow the advice of SBA.

(See item 9 with respect to the charge that procurement specifications will be slanted to favor certain large manufacturers.)

There is no reason to assume that the FCC will not adequately protect the interests of small business in supplying goods and services for the satellite system. Nor is it to be assumed that the FCC would not work closely with the SBA in the formulation of policies and regulations designed to insure that small manufacturers will be afforded an "equitable opportunity to share in the procurement program" of the satellite system.

This provision was the recommendation of the SBA to the House and Senate Commerce Committees. It was placed in H.R. 11040 as reported to the Senate. It should be read in the context of section 404(c) of the bill which requires the FCC to transmit to the Congress annually a report of its activities and actions on anticompetitive practices as they apply to the communications satellite program together with an evaluation of such practices and recommendations for additional legislation as may be required in the public interest.

ITEM NO. 11

Senator Kefauver (Congressional Record, p. 16241) contends that section 201(c)(6) (p. 29, 1. 5) which requires the FCC to "approve technical characteristics of the operational * * * system" does not give the Commission the power to require a change from, say, a low-orbit system to a high-orbit system.

The powers of the FCC to require a change from one type of system to another system are not limited to those cited by Senator Kefauver. He ignored the provision of section 201(c)(9) which empowers the FCC to insure that no additions are made by the corporation or the common carriers to facilities of the system or ground stations unless those additions are in the public interest. He also ignored section 201(c)(10) which gives the Commission the power to require the corporation and carriers to make such additions to the satellite system and ground stations as are required to serve the public interest. These latter provisions were added to H.R. 11040 by the Senate Commerce Committee at the recommendation of the FCC in order to meet the very point now raised by Senator Kefauver.

The Commission will be in a position to attach to any authorization it issues covering the satellite system or ground stations limitations as to the period of time for which such authorizations will be effective. Thus, the Commission can periodically reexamine the system, and can take action to effect any changes therein that the public interests may require.

Moreover, it is important to emphasize that the type of system to be initially established will be determined largely by agreement reached by our Government with other governments as to frequencies and technical standards governing the operation and performance of the satellite system.

Also, foreign governments will share in the ownership of the satellite system in partnership with the satellite corporation. Accordingly, these foreign ownership interests will have a voice in management decisions regarding the type of system to be established and any improvements or changes to be made therein. Decisions of this nature will be made through governmental channels and intergovernmental agreements.

ITEM NO. 12: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16241, COLUMN 1

His point: The three directors to be appointed by the President on page 31, line 19 would, under the District of Columbia Business Corporation Act, be fiduciaries of the corporation and would not have any responsibility, even a reporting responsibility, to the President. In addition, under the District of Columbia Business Corporation Act, the satellite corporation might be able to merge with A.T. & T. by a stockholders' vote. In addition, no explanation has been given why the District of Columbia Business Corporation Act was chosen rather than of one of the States. In addition it is not clear whether the directors of the satellite corporation could be prevented from dissolving the corporation.

The answer: The District of Columbia Business Corporation Act was selected because it is recognized as a good, modern general corporation law which follows the uniform corporation code and would give the corporation a situs at the seat of government. The three directors to be appointed by the President are fiduciaries of the corporation, but they are not merely that. It must be remembered that the corporation is subject to the District of Columbia's Corporation Law only to the extent consistent with this bill.

Even under ordinary corporate standards, a director is responsible not only to the corporation as an entity, but also to the stockholders who elected him to represent them. In this case the three Presidentially appointed directors were provided in lieu of officials to be designated by the President who would attend all corporate meetings and have access to all corporate records, but without voting power, as contemplated in an earlier version of the bill. These officials were intended to give the President a direct window into the affairs of the corporation. In strengthening the powers of the President by providing for three directors in lieu of nonvoting Presidential designees, there was no intention to diminish the powers of the President or deprive the President of the benefit of these officials both as a means of keeping the President informed and as a channel for communicating his views to the board of directors as a whole.

As to the other questions about whether this corporation could be merged or dissolved by action of its stockholders or directors under District of Columbia law, the answer quite obviously is that a merger or dissolution would be inconsistent with the provisions of this bill and would therefore be prohibited. In addition, any such merger would obviously present serious antitrust questions. In addition, Congress expressly retains the right to repeal, alter, or amend the bill so as to retain ultimate control of the corporation under section 301.

ITEM NO. 13: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16241, COLUMN 2

His point: There are four separate points under this item. First, that the provisions on page 31 for the President to appoint incorporators and later to appoint three members of the board of directors, do not contain any standard to guide the President in selecting his appointees. Second, that the requirement on page 31, line 11, that the incorporators shall arrange for an initial stock offering does not provide whether the stock will be voting stock or what its amount or value should be. Third, that the provision on page 31, line 13, for the President to approve the articles of incorporation does not contain a provision for him to approve any subsequent amendments to those articles. Fourth, that there is no provision giving the President authority over the bylaws of the corporation.

The answer: On the first point, about the standards to guide the President in appointing incorporators and directors, it must be assumed that the President, who issued a statement of policy a year ago on communications satellites and who recommended this legislation to the Congress, will not be at a loss in making selections for these appointments, particularly with the additional guides afforded during consideration of the legislation in Congress. There are many occasions where Presidents are called upon to fill positions without all the background and guidance that will be available here. As to the second point, the initial stock offering referred to in section 302 is obviously an offering of voting stock, and the incorporators must be allowed discretion as to the terms and size of the offering, subject to the provisions of the act. As to the third and fourth points, about the President's control over charter amendments and bylaws, it must be borne in mind that this is, after all, a private corporation which must have some of the normal rights with respect to its own affairs and internal management. Charter amendments and bylaws would of course have to be subordinate to the terms and policies of this bill and any departure therefrom would be enjoinable under section 403 of the bill.

ITEM NO. 14: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16241, COLUMN 3

His point: Under the provisions for the election of six directors by the carriers as set forth on page 32, line 6, the carriers might purchase far less than the 50 percent of the total stock of the corporation which is required to be reserved for them, but they would still be entitled to elect six directors of the corporation.

The answer: It is expected that the carriers will purchase substantially the full 50 percent of the voting stock of the corporation which is reserved for them by the bill, and that they would not expect to elect six directors like the public stockholders unless they match the public's investment in voting stock.

ITEM NO. 15: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16241, COLUMN 3

His point: Despite the provision on page 32, line 11, that no single carrier can elect more than three directors, A.T. & T. would still be able to control all six directors by being able to dominate the directors chosen by the other carriers.

The answer: There is no basis for the charge that A.T. & T. would control the directors elected by the other carriers. This would be a violation of the antitrust laws as well as of the present bill and would be enjoined at the insistence of the Attorney General. In addition, it cannot be assumed that such substantial organizations as Western Union, RCA, and I.T. & T. would be subservient to A.T. & T. These carriers have differed sharply from A.T. & T. during the hearings in Congress on this very legislation.

ITEM NO. 16: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16241, COLUMN 3

His point: The provision on page 32, line 22, that no officer of the corporation may receive a salary from any other source during his employment is inadequate to prevent conflicts of interest and should be revised to provide that no person holding a financial interest in communication carriers can become an officer or director of the corporation.

The answer: The present provision represents the wisest line that can be drawn expressly by statute for a corporation intended to fulfill the unique mission of this program. If additional precautions against conflicts of interest should be needed, bearing in mind that this corporation in effect will operate in a goldfish bowl, they can be taken through bylaws or by resolution, preserving the flexibility of case-by-case adjustment. In addition, there are the usual remedies of stockholders against disloyalty to the corporation. The present provision is the most that it is necessary or practicable for Congress to provide at this time.

ITEM NO. 17: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16242, COLUMN 1

His point: The provisions for the issue of voting stock on page 33, line 5, are defective in that the requirements for a price of not over $100 a share and for wide distribution to the public only apply to the initial offering, which might be in a very small amount, and therefore the provision does not protect the rights of the public to participate in subsequent offerings.

The answer: The public is protected in participating in the purchase of subsequent issues as well as the initial issue, because subsection 302(b)(2) provides that no more than half of the voting stock may be owned by the carriers at any time, necessitating sales to the public. As to specifying the price of the voting stock in the terms of the bill, it is not practicable to do this for issues subsequent to the initial issue, because the offering must be related to the current market price of shares already outstanding.

Also see section 201(c)(8) requiring FCC to pass on the issuance of securities and borrowing by the corporation after the initial offering of stock.

ITEM NO. 18: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16242, COLUMN 1

His point: The public has no right to purchase the nonvoting securities provided for on page 34.

The answer: While it is true that the public does not have a "right" to buy into any particular issue of nonvoting securities under the bill, the bill does not preclude the sale of nonvoting securities by the corporation to the public. Under the bill, the directors of the corporation may sell nonvoting securities to the carriers, to the public, to financial institutions, or to any one else, as may seem at a given time most advantageous to the corporation.

ITEM NO. 19

Senator **Kefauver** questions the provisions of section 304(b) (p. 33, 1. 12) which permit only those carriers "authorized" by the FCC to buy voting stock in the corporation. He urges in effect that there is no reason why authorization by a Government agency should be necessary in order for any carrier to participate in ownership of the stock reserved for carrier purchase.

The ownership structure of the corporation was designed to reflect a dichotomy between the carriers, on the one hand, who have extensive experience in communication operations to contribute to the corporation and will be the principal customers of the corporation; and, on the other hand, the general public whose interests will be principally investment for profit. Inasmuch as there are some 3,500 carriers in the United States with varying degrees of interest in the satellite system as a communication facility, the draftsmen of this legislative structure believed it desirable to establish a procedure with respect to the carriers that may participate in ownership in order to preserve this dichotomy. In other words, it is the objective of our bill to allow those carriers to participate in voting stock ownership, where such ownership will not defeat the structural balance between the carriers who have a special expertise to contribute and those investors whose principal motivation is corporate profits rather than service.

For this reason, section 304(b) merely requires a finding by the Commission that ownership of stock by a particular carrier "will be consistent with the public interest, convenience, and necessity." And all 3,500 carriers can apply. Accordingly, there is no reason to assume that only large carriers or only international carriers will qualify as authorized carriers.

ITEM NO. 20: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16242, COLUMN 1

His point: The provision on page 34, line 13, limits public stockholders to owning no more than 10 percent of the outstanding voting stock of the corporation, and this limit should also be applicable to carrier stockholders.

The answer: There is a need to assure the successful financing of this corporation by encouraging investments in it, and the carriers represent an important potential source of such investments. There is no need to fear that a carrier would dominate the corporation by an investment of more than 10 percent, in view of the limitation to 3 directors of any 1 carrier out of a total of 15, and because of other precautions. Should any carrier obtain an excessive part of that portion of the voting stock of the corporation which is reserved for carrier ownership, the FCC is empowered by section 304(f) to order divestiture. The bill directs the FCC, in so doing, to promote the widest distribution of the stock among the carriers.

ITEM NO. 21: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16242, COLUMN 2

His point: Under the provisions of the issuance of nonvoting securities on page 34, line 17, nonvoting securities might be issued and sold to a single carrier so as to give it control or dominance over the corporation. Also, the carrier purchasing such nonvoting securities might receive a double return, first in the form of interest or dividends, and second by the inclusion of the securities in a rate basis.

The answer: Issuance of nonvoting securities will depend upon the discretion and business judgment of the corporation's board of directors, which will not be dominated by a single carrier, and will depend on the financial market and on the policies of Congress reflected in the bill, with freedom to sell nonvoting securities to any investors, including institutions and the public. The question whether a carrier which purchases such nonvoting securities might receive a double return is a matter which would certainly be prevented by the FCC. The FCC, under section 201(c)(8), must approve all issues of nonvoting securities in the light of the public interest and the purposes and objectives of the bill, and would also regulate their inclusion in a carrier's rate base.

ITEM NO. 22: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16242, COLUMN 3

His point: On page 35, line 10, the relation of the percentage of the stock which a stockholder must otherwise hold under the District of Columbia business corporation law in order to have inspection and copying rights should have been written also to cover a stockholder's right to a statement of the affairs of the corporation.

The answer: The only respect in which the bill modifies the provisions of the District of Columbia law as to stockholders' rights of inspection of the books of the corporation is to eliminate the percentage requirement for inspection and copying the list of stockholders. This was done because the bill contains provisions affecting the distribution of the corporation's stock. Stockholders will be able to obtain ample information about the corporation, not only through the usual corporation reports, but also through reports to the FCC and the detailed reports to the President and Congress provided in section 404(b) of the bill.

ITEM NO. 23

Senator **Kefauver** contends that section 304(f) (p. 35, 1. 18) could be administered by the FCC to require other carriers owning stock in the corporation to transfer their stock to A.T. & T. This is clearly not the intent or effect of this provision.

Its sole purpose is to avoid the situation wherein any one carrier will own an unduly large proportion of the stock and thereby freeze out other authorized carriers from stock ownership.

The explicit standard of this section which will guide the FCC is stated as follows:

"In its determination with respect to ownership of shares of stock in the corporation, the Commission, whenever consistent with the public interest, shall promote the widest possible distribution of stock among the authorized carriers."

The report of the Senate Commerce Committee also makes it clear that this provision is intended to prevent any carrier from gaining a dominant position in the corporation (S. Rept. 1584, p. 22).

Also a letter from executive vice president of the U.S. Independent Telephone Association regarding the position of the 3,100 companies who would be affected by the legislation:

UNITED STATES
INDEPENDENT TELEPHONE ASSOCIATION,
Washington, D.C., July 30, 1962.

Hon. WARREN G. MAGNUSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: The enclosed resolution relating to communication satellite legislation was unanimously adopted by our 36 man board of directors on March 9. It calls for preservation of private enterprise in connection with this vital matter.

Although the resolution was adopted before the pending bill, H.R. 11040, was reported to the Senate, I am of the opinion that the sentiment of our managing body is favorable to the form which the legislation takes.

Our association, in its 65th year, is the national trade organization which represents the Independent telephone companies of the country. A total of 3,100 such companies provide telephone service in more than 10,000 cities and towns, including 5 State capitals. Although by far the smaller segment of the telephone industry, the companies comprising this segment have the responsibility for servicing more than 50 percent of the geographical area of the country. Thus, without the Independent companies the communications network of the Nation would not be a complete one.

While we have warm and cordial relations with our friends in the Bell System, the membership of our association is limited to Independent telephone companies together with their Independent manufacturers and suppliers.

Sincerely yours,
CLYDE S. BAILEY,
Executive Vice President.

"RESOLUTION ADOPTED BY USITA BOARD OF DIRECTORS ON MARCH 9, 1962, RELATING TO SPACE COMMUNICATIONS

"Whereas the free enterprise system in this country has nurtured individual ingenuity and initiative and thereby immeasurably aided the progress of mankind throughout the world; and

"Whereas the business community of the United States under the free enterprise system has been able to produce and distribute to the people of the U.S. services and goods of a quality and quantity unparalleled in other parts of the world; and

"Whereas the telephone industry of the United States, both its operating companies and manufacturers and suppliers, has long demonstrated the soundness of the free enterprise philosophy by making available to the general public a scientifically advanced, geographically extensive, and suitably diversified communications system of extraordinary capacity, with the largest subscriber saturation of any nation in the world; and

"Whereas it is the expressed policy of the Government of the United States that activities in space should be devoted to peaceful purposes for the benefit of all mankind and that the early establishment of a space communication satellite system open to public use would be a significant means of implementing this policy; and

"Whereas the use of the private communications system of the Nation in times of emergency for the national defense and welfare through facilities developed and owned by private enterprise, but adapted for emergency national use through cooperation with interested Government agencies, has proven highly successful; and

"Whereas the President of the United States on July 24, 1961, announced a national policy favoring the private ownership of a space communications satellite system: Now, therefore, be it

"*Resolved,* That the United States Independent Telephone Association fully supports the policy of development of a commercial space communications satellite system by private business under the successful and inspiring philosophy of the free enterprise system; and be it further

"*Resolved,* That this association believes the past history, present operations and known future plans and developments of the Nation's communications common carrier industry demonstrate that the expressed policy of this Nation regarding peaceful uses of space can best be implemented through the establishment of a space communications satellite system to be owned and operated by the Nation's communications common carriers; and be it further

"*Resolved,* That the United States Independent Telephone Association hereby dedicates itself to efforts in the free enterprise system to bring the benefits of space communications to communication users at just and reasonable rates and with due regard for the interests of the general public, the national welfare and investors; and be it further

"*Resolved,* That the responsible officials of the Federal Government be apprised of these resolutions and that they be earnestly requested to consider them."

ITEM NO. 24

Preferential rates for the Government: There has been considerable discussion in these debates as well as in the various committee hearings held on H.R. 11040 with respect to reduced rates for Government traffic routed via the satellite system.

The provisions of H.R. 11040 do not express any specific formula or standard which would determine whether Government traffic of any character shall be entitled to a special reduced rate as compared with commercial traffic of the general public. This, however, does not mean that the Government may not be accorded special rates with respect to its use of the satellite system, including ground stations.

Under section 401 of H.R. 11040, the corporation is deemed to be a common carrier subject to the provisions of the Communications Act of 1934 to the same extent as are the conventional communications common carriers. The provisions of that act do not foreclose the establishment of a separate rate structure for Government traffic provided that justification exists to support such separate rate treatment. Section 201(b) of the Communications Act, which requires all charges for communication service to be just and reasonable, further provides that:

"Communications by wire or radio subject to this act may be classified into day, night, repeated, unrepeated, letter, press, Government and such other classes as the Commission may decide to be just and reasonable, and different charges may be made for the different classes of communication."

This provision recognizes the propriety of treating Government communications as a separate classification of service, for which separate charges may be fixed. It therefore constitutes ample authority in the Federal Communications Commission to establish a rate structure for Government communications which will be just and reasonable in the light of the many considerations that may be relevant.

It is only fair to point out in this connection that the considerations entering into the establishment of a special or preferential rate for Government traffic are many and complex. However, in the context of H.R. 11040 the Commission, clearly, could take into its ratemaking account, the national policies and purposes to be served. For example, it would be pertinent to consider that the satellite system is not only to serve the communication needs of the United States and other countries, but it is also to contribute to world peace and understanding. The Commission would be expected to consider also the objective of providing the new and expanded telecommunication services to economically less developed countries as well as those more highly developed. In addition, appropriate consideration would be warranted of the legislative desire that appropriate utilization of the communications satellite system be made for general governmental purposes as do not require a separate communication satellite system. These and other public policy factors will, of necessity, be weighed carefully by the Commission in determining the desirability and justification for according lower rates for communications of the Government as compared to rates applied to regular commercial users.

For many years, it has been traditional in FCC ratemaking practices to afford press traffic lower telegraph rates than those applicable to commercial traffic. This is because of the recognized importance of fostering the free flow of press information among the nations of the world.

But it is only fair to point out some of the other practical considerations that the Commission must take account of in fixing special rates for the Government. To the extent that the rates for any class of traffic do not compensate for the costs incurred in rendering service to that class, the deficit must, of necessity, be made up by other classes of user. This, of course, means higher rates to such other users, or, in other words, one class of user being subsidized by other users. It is important to remember that the purpose of rate regulation is to avoid unjust and unreasonable discrimination and preferences among the users of a carrier's services and to insure equitable distribution of a carrier's total costs among those users.

Another fundamental problem involved in establishing special reduced rates for the Government relates to the attitude of foreign governments or communication agencies which, under agreements with the U.S. carriers, divide the revenue from all international traffic.

The movement in the past 20 years has been toward the United States and foreign countries eliminating special rates for government traffic. This is reflected in principle by the International Telegraph Regulations which were agreed to in Paris in 1947—a principle which is generally based on the fact that government traffic is as costly to handle as similar traffic in the commercial class. While there still remains a fair number of foreign points to which our carriers handle government traffic at a preferential rate, the number of such points has been steadily declining.

I cite these considerations to emphasize that it is dangerous to oversimplify the problem of establishing and maintaining special rates for government traffic.

I believe that Secretary Rusk summed up the situation as well as anyone when he stated before the Foreign Relations Committee:

"Secretary Rusk. Senator, I would hope very much that it would be possible for government to negotiate a rate with the corporation which would be related to the quantity of usage, to something that would not be discriminatory as between ourselves and other users, something which would not itself require an increase in the rates to the general users of the system.

"I would think a free usage other than a voluntary effort on the part of the corporation itself or its member transmitting companies to carry public service programs, that for us to insist upon free usage is simply a question of making a decision as to who shall pay for the particular time and in what way. But I would hope that we could negotiate favorable rates if this can be done within the framework of an equitable international arrangement."

ITEM NO. 25

Mr. Kefauver's point of August 11, appearing on page 16242 of the Congressional Record: This point involves section 402 of the bill and Senator Gore's amendment which was defeated yesterday. Full explanation concerning section 402 and meeting the questions raised by Senator Kefauver appear in the August 13 Congressional Record.

ITEM NO. 26: KEFAUVER'S POINTS OF AUGUST 11, CONGRESSIONAL RECORD, PAGE 16243, COLUMN 2

His point: The FCC, which is without experience in antitrust enforcement, must report to Congress on its activities against anticompetitive practices.

The answer: This provision will stimulate the FCC in its duties under the bill of assuring competition in the corporation's procurement and its sales. The bill does not depend on the FCC alone for enforcement of competition, and under section 404 the President as well as the FCC will report to Congress on these aspects of the program.

Mr. PASTORE. Mr. President, a question has been raised concerning the language of section 304(c) as it concerns the issuance at some future time of preferred stock or other nonvoting securities other than evidences of indebtedness. The Department of Justice has written a letter to me concerning this point which I ask to be made a part of the Record at this time.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Department of Justice,
Washington, July 12, 1962.

Hon. John O. Pastore,
U.S. Senate, Washington, D.C.

Dear Senator Pastore: The question has been raised whether, under the language of section 304(c) of the proposed Communications Satellite Act (H.R. 11040, as reported by the Senate Commerce Committee on June 11, 1962), the corporation might at some future time issue preferred stock or other nonvoting securities other than evidences of indebtedness.

Section 304(c) declares in pertinent part that the corporation "is authorized to issue, in addition to the [voting] stock * * *, nonvoting securities, bonds, debentures, and other certificates of indebtedness as it may determine." This language has been in H.R. 11040 and in a companion bill, S. 2814, without alteration ever since this proposed legislation was transmitted to the Congress by the President.

It was the intention of this language to give the corporation full flexibility, subject to appropriate regulation, in selecting the kind of nonvoting securities which it might see fit to issue at some future time. The term "nonvoting securities" clearly includes preferred stock and any other kind of stock that carries no voting rights, and is not confined to debt-type securities. If section 304(c) had been drafted merely to authorize the issuance of debt-type securities, the phrase "nonvoting securities" would have been omitted. The phrase "other certificates of indebtedness" was added after mentioning bonds and debentures to make it clear that the corporation could issue any types of short-term or long-term note or notes, secured or unsecured, serial, or otherwise, which would represent obligations of the corporation, even if not clearly embraced within the words immediately preceding this phrase.

A question has also been raised whether, in the unlikely event that authorized carriers are not willing to purchase as much as the 50 percent of any issue of voting stock which section 304(b)(2) of the bill requires to be reserved for them, such reserved shares as the carriers are not willing to purchase may then be sold to the public. Here, too, the bill seems quite clear. The authorized carriers in the aggregate are entitled to buy as many shares as the public buys, and they are entitled to have 50 percent of all issues reserved for them, but they are not entitled to prevent the public from buying shares (and the corporation from raising capital) through a refusal to accept any, or more than a portion, of the shares reserved for them by the corporation. This is confirmed by the last sentence of section 304(b)(2), which precludes the carriers, but not the public, from owning in the aggregate more than 50 percent of the voting stock. An opposite interpretation would oust the corporation's board of directors of all power to offer voting stock to the public except to the precise extent the carriers might choose to buy into any such offering, and could also greatly impair the marketability of voting stock held by any given carrier.

While the present language of the bill seems wholly adequate to authorize the corporation to issue any type of nonvoting securities, and to permit the public to own shares of voting stock which have been reserved for purchase by authorized carriers but have not been purchased by such carriers, it might at some time in the future prove of assistance to the corporation if the foregoing explanations were to be placed in the record of the present deliberations on the bill.

Sincerely,

NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

Mr. LONG of Louisiana. Mr. President, in view of the fact that there seems to be a prevailing sentiment that a motion to table might lie against a number of amendments which apparently will not be agreed to, I offer a number of amendments that I have here, and ask that they be considered en bloc.

Mr. PASTORE. I have no objection to the request.

The VICE PRESIDENT. Is there objection to the consideration of the amendments en bloc?

Mr. LONG of Louisiana. For the convenience of the Senate, I ask that the reading of the amendments be dispensed with, but that the clerk read the identification numbers of the amendments.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The legislative clerk identified the amendments, as follows: 8-11-62—JJJ, 8-11-62—NNN, 8-11-62—RRR, 8-11-62—OOO, 8-11-62—AAA, 8-11-62—HHH, 8-11-62—ZZ, 8-11-62—XXX, 8-11-62—KKK, 8-11-62—AAAA, 8-11-62—GGGG, 8-11-62—III, 8-11-62—LLL, 8-11-62—EEE, 8-11-62—ZZZ, 8-11-62—VVV.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that all these amendments be printed in the RECORD.

There being no objection, the amendments submitted by Mr. LONG of Louisiana to the committee amendment, were ordered to be printed in the RECORD, as follows:

On page 38, line 2, immediately after the period, insert the following: "The corporation shall conduct its activities (1) in compliance with the provisions of this Act and all rules and regulations promulgated thereunder by any department or agency of the United States, and (2) subject to all pertinent provisions of any treaty or agreement by the United States with any foreign government so long as those provisions remain in force."

On page 31, line 17, immediately after the words "consisting of", insert the word "nine".

Beginning with the words "Six members" on page 32, line 3, strike out all to and including the word "corporation" on page 32, line 6, and insert now in lieu thereof the following: "other members of the board shall be elected annually by the stockholders who hold voting stock. Not more than three members of the board may be elected by stockholders who are common carriers or individuals affiliated with any communications common carrier."

On page 32, line 11, strike out the word "three", and insert in lieu thereof the word "one".

On page 33, line 24, strike out the word "Fifty", and insert in lieu thereof the words "Thirty-three and one-third".

On page 34, line 11, strike out the figures "50", and insert in lieu thereof the figures "33⅓".

On page 38, line 20, immediately after the word "Act", insert the words "or any rule or regulation promulgated by the Commission under this Act".

On page 39, between lines 5 and 6, insert the following:

"(b) Whoever, being an officer, director, employee, agent, or representative of the corporation or any other communications common carriers, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) knowingly omits to make or makes any false or misleading entry in any book or record of the corporation or of such other carrier, or (2) knowingly makes any false or misleading report or statement with respect to the conduct of the business of the corporation or such other carrier, shall be fined not more than $10,000, or imprisoned not more than ten years, or both.

"(c) Whoever, being an officer, director, employee, agent, or representative of the corporation or any other communications common carrier, with intent to defraud the corporation or the United States Government or any department or agency thereof, in connection with the performance of any duty arising from his occupancy of any such status knowingly solicits or receives directly or indirectly from any source any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $10,000, or imprisoned not more than ten years, or both."

On page 39, line 6, strike out "(b)", and insert in lieu thereof "(c)".

On page 39, line 10, strike out "(c)", and insert in lieu thereof "(d)".

On page 35, line 3, strike out the words "20 per centum", and insert in lieu thereof the words "10 per centum".

On page 35, lines 5 and 6, strike out the words "which are held by holders other than authorized carriers".

On page 26, line 12, immediately after the words "public interest", insert a comma and the words "except that any such cooperative research conducted in whole or in part through the expenditure of any funds appropriated to the National Aeronautics and Space Administration shall be subject to the provisions of section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457)".

On page 37, between lines 13 and 14, insert the following new section:

"PROPERTY RIGHTS IN INVENTIONS

"SEC. 305. (a) Whenever any invention is made in the course or incident to the performance of any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the corporation, and if such invention is patentable, a patent therefor shall be issued to the corporation notwithstanding any other provision of law upon application made by the corporation, unless the corporation, acting in conformity with policies and procedures adopted by the board of the corporation, waives all or any part of the rights of the corporation to such invention in compliance with the provisions of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system, a satellite terminal station, or associated equipment and facilities unless—

"(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any contract of the corporation; and

"(2) the corporation transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the corporation.

"(b) Each contract entered into by the corporation with any part for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the corporation a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

"(c) Under such regulations as the board of the corporation shall adopt, in compliance with the provisions of this section and with the approval of the Commission, the corporation may waive all of or any part of its proprietary rights under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the corporation determines that its financial interests will be advanced thereby. Any such waiver may be made upon such terms and under such conditions as the corporation shall determine to be required for the protection of its financial interests. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an inventions authority which the corporation shall establish. Such authority shall accord to each interested party an opportunity for hearing, and shall transmit to the board of the corporation its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

"(d) Subject to approval by the Commission, the board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental person of any invention for which the corporation holds a patent.

"(e) The corporation shall take all suitable and necessary action to protect any invention or discovery in which it has any proprietary interest. The corporation shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

"(f) As used in this section—

"(1) the term 'person' means any individual, partnership, corporation, association, institution, or other entity;

"(2) the term 'contract' means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

"(3) the term 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention."

On page 24, line 12, strike out the word "and".

On page 24, line 14, strike out the period, and insert in lieu thereof a semicolon and the word "and".

On page 24, between lines 14 and 15, insert the following paragraph:

"(11) the term 'reimbursable basis', when used in relation to any service rendered by any department or agency of the United States for or on behalf of the corporation or any other communications common carrier, means the reimbursement of that department or agency by the corporation or such other common carrier for all costs incurred directly or indirectly by that department or agency incident to the rendition of service, as such costs are determined pursuant to regulations promulgated by that department or agency with the approval of the Comptroller General."

On page 38, between lines 14 and 15, insert the following new section:

"SECURITY PROVISIONS

"SEC. 403. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

"(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of officers, employees, agents, and consultants of the corporation, communications, common carriers, and contractors and subcontractors, actual or prospective, as the board of directors of the corporation may determine to be required for the protection of the national security. If information obtained through any such investigation indicates that the individual who is the subject of that investigation may be of questionable loyalty to the Government of the United States, the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

"(c) Whoever willfully violates, attempts to violate, or conspires with any other person to violate any regulation or order promulgated by the board of directors of the corporation for the protection or security of any part of the communications satellite system, any satellite terminal station, any associated equipment, and facilities, or any laboratory or other facility related to or used in connection with the communications satellite system, of the corporation, any communications common carrier, or any contractor or subcontractor of the corporation or any such common carrier, shall be fined not more than $5,000, or imprisoned not more than one year, or both."

On page 38, line 16, strike out the section number "403", and insert in lieu thereof the section number "404".

On page 39, line 15, strike out the section number "404", and insert in lieu thereof the section number "405".

On page 38, strike out lines 3 through 14 and insert in lieu thereof the following:

"CONDUCT OF FOREIGN NEGOTIATIONS

"SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity, without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements with any such agency, government, or entity shall be subject to the approval of the Department of State."

On page 38, line 2, immediately after the period, insert the following: "The corporation shall transmit to the President, the National Aeronautics and Space Council, and the National Aeronautics and Space Administration such information concerning the status and activities of the corporation as the President may determine from time to time to be required for the administration of the provisions for subsections (a) and (b) of section 201 of this Act."

On page 40, after line 14, insert the following new section:

"CREATION OF EDUCATIONAL RESERVE FUND

"SEC. 405. (a) There is hereby created on the books of the Treasury of the United States a fund to be known as the "educational reserve fund". The educational reserve fund shall consist of revenue received through payment as described by subsection (b).

"(b) In consideration of the privileges granted by this Act, any corporation engaged within the United States or any territory or possession thereof in furnishing for hire channels of communication through the use of communications satellites shall annually set aside for the educational reserve fund an amount equal to 10 per centum of the net proceeds of such corporation, as defined by the Federal Communications Commission. Such revenue shall be paid into the fund in conformity with such regulations as the Secretary of the Treasury shall prescribe.

"(c) Such fund shall be available for the support of any statutory program for Federal aid to public educational institutions and programs hereafter enacted by the Congress, including, but not limited to, primary, secondary, higher, and graduate levels and programs such as educational television, international education, and exchange scholarship."

On page 37, between lines 13 and 14, insert the following new subsection:

"(d) The corporation may not at any time directly or indirectly acquire, own, or control more than 50 per centum of the share capital or assets of any satellite terminal station situated in any foreign country or any associated equipment and facilities."

On page 30, line 25, immediately after the words "shall be", insert the following: "organized under the District of Columbia Business Corporation Act. It shall be".

On page 31, line 2, immediately after the period, insert the following: "The principal offices of the corporation shall be in the District of Columbia, but it may establish offices, agencies, and facilities at such other places as the board of directors may determine to be required to fulfill the objects of the corporation as prescribed by this Act."

On page 33, line 7, strike out "$100", and insert in lieu thereof "$50".

On page 34, line 12, immediately after the period, insert the following: "Voting stock of the corporation held by any communications common carrier shall not be eligible for inclusion in the rate base of that common carrier."

Beginning with word "Such" in line 20, page 34, strike out all to and including line 2, page 35, and insert in lieu thereof the following: "No communications common carrier shall be eligible to hold, directly or indirectly, legal title to or any beneficial interest in any such securities, bonds, debentures, or other certificates of indebtedness of the corporation. Under such terms and conditions as the President may prescribe, the Secretary of the Treasury is authorized from time to time to acquire and hold in the name of the United States securities, bonds, debentures, or certificates of indebtedness of the corporation issued under this subsection in such amount as the President may approve. For that purpose, the Secretary is authorized to use as a public-debt transaction the proceeds obtained from the sale of any securities issued under the Second Liberty Bond Act, as amended; and the purposes for which securities may be issued under that Act are extended to include the purchases of securities, bonds, debentures, or certificates of indebtedness authorized by this subsection. All purchases and redemptions of such securities, bonds, debentures, or certificates of indebtedness shall be treated as public-debt transactions of the United States. All income therefrom accruing to the United States shall be deposited in the Treasury as miscellaneous receipts."

Beginning with the words "Six members" in line 3, page 32, strike out all to and including the word "corporation" in line 6, page 32, and insert in lieu thereof the words "other members of the board shall be elected annually by the stockholders. Not more than an aggregate of six members of the board may be elected by those stockholders who are communications common carriers or persons affiliated with any communications common carrier".

On page 32, line 16, immediately following the period, insert the following:

"For the purposes of this subsection—

"(1) the term 'persons affiliated with any communications common carrier' includes (A) any corporation which is a parent or subsidiary corporation of any such common carrier, and (B) any individual who is an officer or a director, or who holds legal title or any beneficial interest in more than two hundred shares of the stock of any class, of any corporation which is a parent or subsidiary corporation of any such common carrier;

"(2) the term 'parent corporation' means a corporation which has control over another corporation;

"(3) the term 'subsidiary corporation' means a corporation which is subject to control by another corporation; and

"(4) the term 'control', when used with respect to any corporation, means (A) the beneficial ownership of more than 25 per centum of the share capital of any class of that corporation, or (B) the exercise in fact of control over the policies or activities of that corporation by contract or otherwise."

On page 37, between lines 13 and 14, insert the following new subsection:

"(d) In consideration for the authority conferred upon the corporation by this Act, the corporation, under such regulations as the President shall prescribe, shall provide telecommunication services without charge for communications of a public service nature—not less than one hour of the daily transmittal time of the satellite communication system as such communications shall be defined by such regulations.

On page 25, line 20, insert the following before the semicolon: "and for the determination of the most constructive role for the United Nations;".

Mr. LONG of Louisiana. Mr. President, in defense of my amendments—and I point out that I have submitted them en bloc, so that the leadership can move that they be laid on the table en bloc—I wish to state that I have worked hard on these amendments—I have labored on this whole problem for more than 1 year, and I am adamant in urging the adoption of these amendments. I realize that I could insist on having the amendments taken up one at a time, and thus consume much time; but I know that Senators are very busy, and need to turn their attention to other things, and also need to have some time to return to their homes, to enjoy the company of their wives, and not be required to remain in the Senate Chamber for many more hours of consideration of this bill.

In submitting the amendments en bloc, Mr. President, I point out that one of the amendments is identified as KKK. In that connection, I may state that once the Ku Klux Klan was responsible for the defeat of my father, when he first ran for election as Governor of Louisiana; and although the Ku Klux Klan has considerable respect in some places, the KKK cost the Longs the office of Governor on one occasion.

Mr. President, under the existing circumstances, I now yield the floor.

Mr. HOLLAND. Mr. President, I am very much beholden to the distinguished Senator from Louisiana [Mr. LONG], who, I think, has conducted himself admirably in connection with this matter; and I freely forgive him for a comment he made the other night, which gave him much concern, although it did not concern me at all. I thank him for his conduct.

Mr. LONG of Louisiana. Mr. President, the Senator from Florida is much more generous to me than I deserve, but I thank him very much.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table the amendments of the Senator from Louisiana to the committee amendment, which have been submitted en bloc [putting the question].

Mr. MORSE. Mr. President, I call for a division.

On a division, the motion to lay on the table was agreed to.

Mr. PASTORE. Mr. President, if there are no further amendments to be submitted to the committee amendment, I ask unanimous consent that the order for the yeas and nays in connection with the third reading be rescinded.

Mr. GOLDWATER. I object.

The VICE PRESIDENT. Objection is heard.

Mr. LONG of Louisiana. Mr. President, I wish to claim the floor for 30 seconds, to explain to any Senator who may not understand the situation the motion made by the leadership. Senators who are opposing the bill desire to have a yea-and-nay vote taken on the question of passage of the bill. But we see no particular point in having a yea-and-nay vote on the question of agreeing to the committee amendment, as amended, or on the question of a third reading, and we believe that much time would be saved by avoiding such yea-and-nay votes. That is why we would have no objection to rescinding the order for the yeas and nays on the question of agreeing to the committee amendment, as amended.

Mr. PASTORE. Mr. President, I withdraw my request for unanimous consent.

Mr. SPARKMAN. Mr. President, how much time remains available to me?

The VICE PRESIDENT. Forty-three minutes.

Mr. SPARKMAN. I shall not use all that time, but I feel impelled to make a statement in regard to an amendment which I have had at the desk.

The amendment was first offered in June or July, I believe. On August 11, I modified the amendment, in order to meet certain objections which had been raised to it; and then I talked with the managers of the bill. I talked with the distinguished Senator from Oklahoma [Mr. KERR], the distinguished Senator from Washington [Mr. MAGNUSON], and the distinguished Senator from Rhode Island [Mr. PASTORE]. I talked with the leadership on both sides of the aisle. It was my understanding that the amendment had been cleared and would be accepted.

It is a conforming amendment. Let me say that in the course of the consideration, I understood that the Federal Communications Commission objected to only one sentence in the amendment; and I made known that I would further modify the amendment by striking out that sentence.

I thought I had complete clearance for the amendment, as modified, and I thought I had a complete agreement that the amendment, as modified, would be accepted; and I must say that it was not until 1 or 2 minutes ago that I understood that it would not be accepted.

Mr. President, to say that I am embarrassed and displeased is to put the matter lightly.

Mr. KERR. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. KERR. As the basis for my question, I wish to say that the Senator from Alabama has correctly quoted me; and in order that Senators may know the basis for the discussion between the Senator from Alabama and myself, I wish to ask him a question: Did not the bill as it came from the Commerce Committee contain a small-business amendment?

Mr. SPARKMAN. That is correct.

Mr. KERR. As I understand the amendment the Senator from Alabama has worked out, he first modified it two or three times, in order to meet what he understood to be all the objections which the FCC and others had; and I understand that the primary purpose of the amendment is clarification of the amendment which was added to the bill by the Commerce Committee.

Mr. SPARKMAN. That is correct.

Mr. KERR. Does the Senator from Alabama remember when the Senator from Idaho [Mr. CHURCH] and the Senator from Ohio [Mr. LAUSCHE] offered to the bill, the other day, an amendment which I described as one which in my judgment was a clarifying amendment? And does he remember that I recommended that the amendment be accepted, and it was accepted?

Mr. SPARKMAN. I do. As a matter of fact, since it had to do with the foreign-relations aspects of the bill, and since I had conducted the hearings in regard to that phase, I, myself, recommended that the amendment be accepted, because I said it was a conforming amendment.

Mr. KERR. And the Senator from Alabama now has an amendment in regard to the small-business aspects of the bill, and he feels that it has the same relationship to the bill that the amendment of the Senator from Ohio and the Senator from Idaho, which had to do with the foreign-relations aspects, has to the bill?

Mr. SPARKMAN. I think that is true. Let me say, in order to be absolutely accurate, that we have the same legislation with reference to procurement contracting, and so forth, in connection with the Department of Defense, the GSA, and the space agency. In other words, we have this arrangement for all the Government's procurement agencies; and I was trying to include the same requirement in this bill.

I offered to modify the amendment to the extent of deleting the provision that disagreements would be referred to the President, because the Federal Communications Commission did not believe that sentence should be in the amendment.

Mr. KERR. I thank the Senator from Alabama for answering these questions. Let me say to him that the answers he has given are consistent with what I thought at the time and what I had in mind when I told the Senator from Alabama what he has said I told him.

Mr. SPARKMAN. That is correct.

Let me add that I have been in complete sympathy with the leadership in the management of the bill, in the attempt to get a bill which the House would accept.

A few days ago I informed the majority leader, the Senator from Oklahoma [Mr. KERR], and the Senator from Rhode Island [Mr. PASTORE] that Representative OREN HARRIS, chairman of the House committee, was over here, and I spoke to him about this measure, and asked him if it would be acceptable. He said it would be thoroughly acceptable. I transmitted that message to the Senator concerned——

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. The distinguished Senator from Alabama stated that he was both embarrassed and displeased. The Senator from Montana wishes to state that he is very much embarrassed by what has occurred, because the Senator from Alabama has evidently believed that he had a commitment or a pledge or a promise of some sort from the chairmen in charge of the two committees reporting the bill, and, for some reason or other, a promise or pledge from the majority leader.

I cannot speak for the Senator from Oklahoma [Mr. KERR] or the Senator from Rhode Island [Mr. PASTORE], but I can speak for myself. The Senator from Montana did not make any commitment, because he was desirous of disposing of the satellite communications bill, after a number of months, a number of hearings, and a number of days of debate.

Reference has been made to the perfecting amendment offered by the Senator from Ohio [Mr. LAUSCHE] and the Senator from Idaho [Mr. CHURCH]. That was done before the motion for cloture had been made.

So what we are up against is an entirely different situation. What we want, if we can get it, is a bill which will not be filibustered again. What we faced yesterday was the possibility of a double-barreled filibuster based on an FEPC amendment.

I hope the distinguished Senator from Alabama, who has been a consistent friend of this program, and who has acted in good faith, as he always does, will take into consideration the situation which faces the Senate on this most difficult legislation and give us as much consideration as he possibly can.

Mr. SPARKMAN. I did not say the majority leader promised me this amendment would be accepted.

Mr. MANSFIELD. I did not mean to leave that implication.

Mr. SPARKMAN. He told me to speak to the minority leader. I did. The minority leader told me to see the Senator from New Hampshire [Mr. COTTON]. I spoke to him and told him the attitude of the Federal Communications Commission. I also spoke to the Senator from Rhode Island [Mr. PASTORE].

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. So far as the filibuster is concerned, it does not make any difference when the amendment was presented, whether then or now.

Mr. MANSFIELD. I merely stated the fact.

Mr. SPARKMAN. When the bill goes to the House, it is up to the House to accept or reject it. I have already referred to the assurance given me by the Representative from Arkansas, who is chairman of the committee in the House. There is one amendment in the bill. Why should it be reasoned that that amendment would be acceptable to the House and this amendment would not be?

I certainly do not want to cause any trouble, but this is an amendment that ought to be in the bill.

The committee put a very good amendment in the bill, but it does not go far enough. I am indebted to the committee for writing it in. It does not make the bill conform to what we have provided with respect to other agencies of the Government. It ought to be in the legislation.

Mr. President, I shall not try to force this amendment. I did not have that thought in mind when I announced that I would say a few words on it; but a great many Senators know about this amendment. We have been working on this amendment. The Small Business Committee held hearings with reference to this program many months ago, before any of the legislative committees did. While I did not go along with the Senator from Louisiana [Mr. LONG] in his insistence on the various things that he thought ought to be done, I did prepare this amendment, with the endorsement of the Small Business Committee. I submitted it in behalf of that committee, and I think it should have been made a part of the law.

I was ready to offer the amendment when the Church-Lausche amendment was offered. I am sure Senators can recall asking me to wait until the very end before I offered my amendment.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. COTTON. I understand the Senator mentioned showing this proposed amendment to me, which is perfectly true, but I did not agree to it at that time.

Mr. SPARKMAN. No. I said that I discussed it with the Senator from New Hampshire and told him the attitude of the Federal Communications Commission on it. There was only one sentence that I was willing to strike. As I recall, the Senator told me he would consult the Senator from Rhode Island.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PASTORE. It is regrettable and unfortunate that the Senator from Alabama was misled. I am the one who told him, "Wait until the end, John," as I recall. He came to see me when things were quite busy around this desk. The end has come. We have laid every amendment on the table.

Mr. SPARKMAN. Except the Church-Lausche amendment. That was not laid on the table.

Mr. PASTORE. We did not accept any amendment during the cloture period. Whatever took place before happened last Saturday, when the Senator from Oklahoma [Mr. KERR] accepted the amendment that was proposed by the Senator from Idaho [Mr. CHURCH]. But during the cloture period not a single amendment has been accepted. We have followed the policy and plan of tabling every single amendment, and the Senator from Rhode Island would be placed in a position of bad faith if he made an exception at this time. The Senator from Rhode Island begs the Senator from Alabama to understand his position, because tomorrow our positions might be reversed.

I realize that this is a complicated bill. The corporation will not be formed overnight. Congress will be back in action in January. But we must be on the "go" right now. We must set the program in motion. We need the satellite bill—and we need it now.

The purpose of the strategy was to send the bill to the House in such form that it would not come back to the Senate, and we would have legislation during the present session of Congress.

If we accepted this amendment or made any deviation from the practice engaged in during the cloture period, I am afraid it would be embarrassing to many good Senators who had amendments which they considered to be worthwhile.

Mr. SPARKMAN. I did not intend to force this amendment through. As I said a few minutes ago, I shall not insist upon action on the amendment. I have not even asked that the clerk read the amendment. Yet, in fairness to those who counted on the offering of this amendment, I felt that I should make this amendment.

I hope I may have the Senator's assurance that in January, or whenever legislation on the subject is considered, this proposal may have a high priority.

Mr. PASTORE. I shall join the Senator from Alabama in sponsoring that amendment.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. First, I express my deepest thanks to the Senator from Alabama for his courtesy and consideration, both of which are the hallmark of the Senator himself. Many of us have found ourselves in an embarrassing position, but, as usual, the Senator from Alabama has risen to the occasion.

I assure him, if it will be of any assistance to him, that I shall be glad to join next January in sponsoring what he has requested at this time and what he has been requesting in the past several days.

Mr. SPARKMAN. I thank the Senator. I shall certainly invite him to join us at that time.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KEFAUVER. I ask the Senator what difference it makes whether the amendment was offered before or after cloture?

Mr. SPARKMAN. None, except that the Senator from Rhode Island has a point. In other words, what has been termed a "guillotine process" was not invoked until after the cloture vote.

Mr. PASTORE. There does not seem to be any blood on the floor. Everybody looks healthy. I do not think anybody has been guillotined.

Mr. SPARKMAN. I hope the Senator from Rhode Island understands that I intended to put that expression in quotation marks.

Mr. PASTORE. I am sure of that.

Mr. KEFAUVER. Mr. President, will the Senator yield for another question?

Mr. SPARKMAN. I yield.

Mr. KEFAUVER. The proponents of the bill said that they fought the fair employment practices amendment because it might cause a counterfilibuster. I do not know of any Senator who would be inclined to filibuster against the passage of a fair amendment such as the Senator suggests, for the protection of small business. Does the Senator think that would occur?

Mr. SPARKMAN. I do not think any Senator would do it, but I understand the position the Senators take. I am in sympathy with the desire to have passed a bill which the House will accept, and which will not have to go to conference. Therefore, I am willing to forgo offering the amendment at this time. It will be my intention to do so in January, with the majority leader as a cosponsor, and with the assurance of the distinguished Senator from Rhode Island that full and early consideration will be given to it.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico would vote "yea," and Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], and the Senator from Wyoming [Mr. HICKEY] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from California [Mr. ENGLE], the Senator from Wyoming [Mr. HICKEY], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from New Mexico would vote "Yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from Colorado [Mr. CARROLL] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from South Carolina would vote "yea."

On this vote, the Senator from Idaho [Mr. CHURCH] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from Idaho would vote "nay," and the Senator from Arkansas would vote "yea."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Mississippi would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Maryland [Mr. BUTLER and Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 69, nays 11, as follows:

[No. 207 Leg.]

YEAS—69

Aiken
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Goldwater
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morton
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—11

Bartlett
Burdick
Douglas
Gore
Kefauver
Long, Hawaii
Long, La.
McNamara
Morse
Moss
Neuberger

NOT VOTING—20

Allott
Anderson
Beall
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Gruening
Hickey
Johnston
Kuchel
Murphy
Russell
Saltonstall
Smathers

So the committee amendment, as amended, was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. MORSE. Mr. President, may we have the yeas and nays on the passage of the bill?

The yeas and nays were ordered.

LEGISLATIVE PROGRAM AND ORDER FOR ADJOURNMENT UNTIL 11 A.M. MONDAY

Mr. MANSFIELD. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from Montana.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I should like to ask the distinguished majority leader about the schedule for the remainder of the day and also for tomorrow.

Mr. MANSFIELD. Mr. President, if consideration of the bill is concluded today, it is intended to proceed with the farm bill. Due to circumstances beyond the control of the Senator from Montana and the Senator from Illinois, there will be no session tomorrow. When the Senate concludes its business today, it will adjourn until 11 o'clock on Monday next. I am extremely sorry that circumstances are such that there will not be a session tomorrow, but having had my fill of Saturday sessions which very few Senators attend, I do not intend, if at all possible, to undergo a similar situation again.

Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 a.m. Monday next.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

AUTHORIZATION FOR THE COMMITTEE ON THE JUDICIARY TO MEET DURING SESSION OF SENATE ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate Committee on the Judiciary may be authorized to meet during the session of the Senate on Monday next to complete hearings on the nomination of Judge Thurgood Marshall and, if possible, to complete the hearings on the drug bill as well.

The VICE PRESIDENT. Is there objection?

Mr. HOLLAND. Mr. President, reserving the right to object, I observe that the Senator from South Carolina [Mr. JOHNSTON] is not present.

Mr. MANSFIELD. It is with the concurrence of the Senator from South Carolina that I have made the request.

Mr. HOLLAND. I am very glad to hear that.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. MANSFIELD. Mr. President, who has the floor?

The VICE PRESIDENT. The Senator from Montana has the floor. The Chair has recognized him. When he is finished, the Senator from New Hampshire [Mr. COTTON] has requested the floor to speak for 1 minute.

Mr. MANSFIELD. Mr. President, first, I should like to commend all Senators for the diligence with which they have attended the sessions of the Senate in the past few days during debate on the satellite bill. That diligence has enabled us to secure quorums within a reasonable amount of time so that the business of the Senate might be done expeditiously.

Feelings have run high on this bill; a number of Senators believe it to be in the national interest to pass this legislation as soon as possible, and others have expressed their concern that the bill would create an unjustifiable monopoly that would be detrimental to our free enterprise institutions and to our efforts in the space communications field. I share the view of the former group, but I honor those Senators who have opposed the bill for their tenacity, their deep convictions, and their extensive preparations for debate. It is in the nature of democratic government that every view shall have its champion, and that a minority should have the right to press its opinion in the effort to convert the majority.

I have no doubt but that the Senate will be able to proceed to other business, following the conclusion of debate on this bill, with the same sense of fairness which has ordinarily characterized its proceedings. We have learned to disagree in this body without creating irreconcilable divisions between ourselves. The public expects us to get its business done, without the bitter rancors that have characterized certain less fortunate governments in other parts of the world.

Mr. President, I do not pretend to be an expert in the communications satellite field, but I have, because of the duties I have assumed in this body, paid great attention to the extensive debate surrounding this bill. I believe it is a good bill, one that protects the public interest and contributes to our efforts in a new area of communication between peoples. I should like to incorporate at the end of my remarks a brief memorandum on the safeguards contained in the bill for the protection of the public interest. This memorandum concerns both the antitrust law, the President's authority to examine the operations of the corporation, and the FCC's authority to insure the nondiscriminatory use of the system. In addition, I should like to insert a letter from the Deputy Attorney General, Mr. Katzenbach, concerning the issue of control of the corporation by the A.T. & T. Co.

I point out, Mr. President, that the bill contains a section—section 404-A—requiring the President to transmit to Congress an annual report of the operations of the system, together with his recommendations for additional legislation or other action he considers necessary. Should it appear that substantial amendments should be made in this law to protect the public interest, I can assure the Senate that the Senator from Montana will bend every effort to see that those amendments are enacted.

In summary, Mr. President, I share the view of the vast majority of the Senate that this is a good bill. Three of our committees have had jurisdiction over the bill. Two of them have made substantial changes in it. In all those committees, a total of six Senators opposed the bill in its present form. I know of no bill in recent memory that has had such exhaustive committee consideration. No bill in this Congress has been debated at greater length. If, after this long legislative history the bill still has the support of four out of five Members of this body, and if, after examination of its scientific and organizational aspects the bill still has the unqualified support of the President, I believe the chances are very great that it is good legislation that will serve the people of this country for many years to come. I urge its adoption by the Senate.

Mr. President, I wish to pay my deep respects to the outstanding leadership shown by the distinguished Senator from Rhode Island [Mr. PASTORE]. He has remained in his position and defended the bill, and was able to answer every argument as it was presented. He has indeed acted in the highest and best traditions of the Senate.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a brief memorandum on the safeguards contained in the bill for the protection of the public interest, and also a letter from Mr. Nicholas deB. Katzenbach, the Deputy Attorney General.

There being no objection, the memorandum and letter were ordered to be printed in the RECORD, as follows:

SAFEGUARDS

H.R. 11040 provides various safeguards for the protection of the public interest. In summary the bill protects the public interest by preventing any company from acquiring a dominant interest in the corporation, making facilities of the corporation available to all common carriers authorized to provide services by the FCC, providing for competitive purchase of equipment, insuring that any economies realized in the operation of the system will inure to the benefit of the public, insuring that the most efficient and economical system will be developed and that full advantage will be taken of all technical development in the field of satellite communication and by reserving to Congress the right to alter or amend by subsequent legislation.

A brief summary of some of the provisions of the bill indicates the manner in which the public interest is protected.

ANTITRUST LAWS

1. The activities of the corporation and all persons or companies participating in its ownership "shall be consistent with the Federal antitrust laws" (sec. 102(c)).

PRESIDENTIAL AUTHORITY

2. Section 201(a) gives the President authority to—

(a) Provide for continuous review of all phases of the development and operation of the system (subpar. (2));

(b) Exercise supervision over relationships of the corporation with foreign entities to insure that such relationships are consistent with the national interest and foreign policies of the United States (subpar. (4));

(c) Assure that the facilities of the system shall be available for governmental purposes (subpar. (6)).

FEDERAL COMMUNICATIONS AUTHORITY

3. Section 201(c) gives the Federal Communications authority to—

(a) Insure effective competition in the procurement by the corporation of equipment and services (subpar. 1);

(b) Insure that all authorized carriers shall at all times have nondiscriminatory use of, and equitable access to, the system (subpar. (2));

(c) Institute proceedings to require establishment of such communication service by the corporation and the appropriate communication carriers when advised by the Secretary of State that commercial communications to a particular foreign point by means of the system is in the national interest (subpar. (3));

(d) Establish regulations to insure that the economies made possible by the system in the furnishing of communication services shall be made available to the users of such services (subpar. (5));

(e) Approve all technical characteristics of the satellite system and of the satellite terminal stations (subpar. (6));

(f) Insure that no additions shall be made by the corporation or the carriers to facilities except where required by the public interest (subpar. (9));

(g) Require that the corporation or carriers using this system make such additions to the facilities as will serve the public interest, convenience and necessity (subpar. (10)).

STRUCTURE OF THE SATELLITE COMMUNICATIONS CORPORATION

4. (a) Three members of the 15-man board of directors of the corporation shall be appointed by the President (sec. 303(a)).

(b) No communication carrier who is a stockholder in the corporation shall vote, directly or indirectly, for more than three directors of the corporation (sec. 303(a)).

(c) Communication common carriers shall at no time own more than 50 percent of the voting stock of the corporation (sec. 304(b)).

(d) The Federal Communications Commission can require divestiture of common stock owned by any common carrier when such divestiture will result in more widespread ownership of the system (sec. 304(f)).

(e) All financing by the corporation except for initial issue of capital stock shall be subject to the approval of the Federal Communications Commission (sec. 201(c)(8) and sec. 304(c)).

(f) The corporation is authorized to contract with authorized users, including the U.S. Government, for services of the communication satellite system (sec. 305(b)(4)).

SANCTIONS

5. The Attorney General may petition any Federal district court for equitable relief against any act or refusal to act on the part of the corporation or of any person when such is a violation of any provision of the bill (sec. 403(a)).

POWER RESERVED TO CONGRESS

6. (a) Congress reserves the right to repeal, alter or amend the bill at any time (sec. 301).

(b) Congress shall be kept fully informed of the activities of the corporation. The President shall transmit to Congress an annual report of the operations of the satellite communications system with recommendations for additional legislation or other action considered necessary by the President (sec. 404(a)). The corporation shall submit to the President and to Congress annual reports on its operations under this bill (sec. 404(b)).

The Federal Communications Commission shall submit annually to Congress a report (i) of its activities and actions on anticompetitive practices as they apply to the communication satellite programs; (ii) and evaluation of the actions of the FCC and its recommendation for additional legislation considered necessary in the public interest (sec. 404(c)).

Mr. MANSFIELD. Also I will incorporate in the RECORD at this point a letter from the Department of Justice denying the assertion that the A.T. & T. could dominate the proposed satellite corporation:

U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., June 21, 1962.

Hon. JOHN O. PASTORE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PASTORE: My attention has been called to the statement by Senator KEFAUVER during the debate on communications satellite legislation (CONGRESSIONAL RECORD, June 19, 1962, p. 11055) to the effect that I had testified before congressional committees that in my opinion A.T. & T. could dominate the proposed satellite corporation, whether it controlled the election of any director or not, through control of the corporation's financing.

I assume Senator KEFAUVER is referring to my answers to Senator SYMINGTON while I was testifying before the Senate Space Committee on March 7, 1962. I then expressed an opinion to the effect that if ownership of the corporation were limited to the carriers, the corporation would be largely dependent on A.T. & T. for financing, so that A.T. & T. could exercise control without electing directors. It is clear that my March 7 opinion was given in the context of one of the main issues then before the Space Committee, namely, whether ownership of the proposed satellite corporation should be confined by law to communications common carriers or would be open to the public. At that time A.T. & T. and other carriers had been advocating the restriction of ownership of the proposed satellite corporation to the carriers. It was with respect to a corporation so owned that I expressed the opinion in question, because such a corporation would be dependent upon investment by the carriers, investment for which A.T. & T. would be a more significant source than all of the other carriers combined.

I do not believe that there is anything in my subsequent testimony at the hearings before the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee or before the Senate Commerce Committee which expresses the opinion cited by Senator KEFAUVER in the June 19 debate with respect to a satellite corporation that would be open to public ownership participation as envisaged by the kind of legislation reported by the Senate Commerce Committee on June 11 and now before the Senate. However, if there is anything in any of my testimony which could possibly be subject to such an interpretation, I should like to make it clear that this is not and was not my opinion with respect to the kind of corporation proposed in the bill now before the Senate.

Sincerely,
NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

Mr. COTTON. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from New Hampshire.

Mr. MAGNUSON. Mr. President, will the Senator yield to me?

Mr. COTTON. I yield.

Mr. MAGNUSON. I join with the Senator from Montana in commending the Senator from Rhode Island [Mr. PASTORE] for the outstanding, long, and laborious task he has completed in connection with the complex bill before the Senate.

I think it would be fitting to commend also Mr. Nicholas Zapple of the committee staff, who has worked long and hard on the subject.

The majority leader omitted one point in reference to the debate. Nearly all Senators have from time to time engaged in extended discussions—so-called filibusters—on bills. I say to Senators who opposed the bill that the debate on the bill was one of the very few discussions in which every speech that was made against the bill was germane to the bill and the problem itself. I think the opponents deserve high praise for that fact.

Mr. MANSFIELD. Mr. President, I join the distinguished Senator from Washington in extending my thanks and the thanks of the Senate formally, to Nicholas Zapple for the fine work he did in supporting the leadership of the Senator handling the bill.

Mr. LONG of Louisiana. Mr. President, I, too, congratulate the majority leader and the Senator handling the bill [Mr. PASTORE] for the very fine way in which they have conducted themselves throughout this trying debate. Differing as much as we do, I must say that in my opinion they have done the best they could to accommodate Senators.

Mr. COTTON. Mr. President, I have had to yield the floor without my permission being requested. Everything has been said, and it is probably unnecessary to say more. But I did ask the Vice President to recognize me for one moment while Senators were still present before the vote on passage of the bill.

As a Republican Senator who served on the Subcommittee on Communications of the Committee on Commerce throughout the deliberations and consideration of the bill, I felt that it would be fitting and proper to say a word of sincere commendation to the distinguished Senator from Rhode Island [Mr. PASTORE]. I wanted the opportunity to do so.

The bill before the Senate will blaze a trail in a new field. The distinguished Senator from Rhode Island would be the last, I am sure, to suggest that the bill is perfect. Men could differ upon many points in the bill. Some of us perhaps might be accused—though I believe no Senator could be accused justly—of having a subconscious bias in favor of the bill, by reason of our devotion to free enterprise and the free competitive system. But not the Senator from Rhode Island [Mr. PASTORE]. His name on the report as a Senator associated with the bill to me, at least—and I believe to the Senate and to the American people—guarantees that the bill is drawn in good faith for the protection of the public. It is a bill for the good of our Nation in pushing toward the stars in this new field.

I served with the distinguished Senator from Rhode Island on the committee. He labored for a long period of time with his characteristic conscientious attention. He has had the unpleasant, and at times painful task, of guiding the bill through the Senate. As one who served with him on the committee and who sits on the other side of the aisle, I wanted the opportunity to say that the Senate and the country should be proud and appreciative of the work which the Senator from Rhode Island [Mr. PASTORE] has done on the bill today and on preceding days.

Mr. ROBERTSON. Mr. President, I yield myself 2 minutes on the bill. I have not taken any time yet. I should like to ask the Senator in charge of the bill a question. The bill has been with us off and on during all of the present session. It was before one committee for nearly 2 weeks. It was before another committee for 5 days. There were hearings in the Judiciary Committee on the antitrust phases of the bill. It was officially brought before the Senate on June 15 and has been here before the Senate off and on ever since.

Yet today we hear that the opponents cannot explain why the bill is the biggest giveaway in all history because the Senate is operating under a gag rule.

Mr. President, the leader of this bill and I have been voting for hundreds of millions of dollars in the Committee on Appropriations for every type of research. We all know that all that NASA has learned has been made available to all the scientists of this Nation. Is there any giveaway in this bill other than the opportunity to put our Government into a new type of spending which many of us feel comes close to socialism?

Mr. PASTORE. Let me say to the Senator from Virginia, with all due respect to other points of view, insofar as I am concerned, I stake my name, my reputation, and everything I have worked for in 55 years that in my opinion it is not a giveaway.

Mr. CASE. Mr. President, I shall not delay the Senate. However, I could not let this opportunity go by, since I was until only a few days ago the ranking Republican member of the Subcommittee on Communications, and have sat with the chairman of that subcommittee all through the hearings, and a member of the Space Committee, and sat with the chairman of that committee all through the hearings of that committee, without affirming everything that has been said about the Senator from Rhode Island [Mr. PASTORE]—about his diligence and his almost uncanny knowledge not only of what was right but also what, after a long period of debate on the floor, would stand up impregnably.

He took a good bill that came out of the Space Committee. The chairman of the Space Committee did a fine job in that regard. I supported that bill. However, I believe that JOHN PASTORE improved it, particularly from the standpoint of its impregnability in my opinion to any sound, logical criticism on any ground upon which it has been criticized.

I commend him on his patience and his skill in handling a most difficult situation. I therefore wish to express my appreciation to him as a member, until recently, of his subcommittee.

Mr. SCOTT. Mr. President, as the present ranking minority member of the Communications Space Committee, I should like to add my comment in concurrence with what has been said about the patience and the logic and the clarity of the presentation, and the reasonableness and the accuracy of the statements made by the leader of the bill, the distinguished Senator from Rhode Island [Mr. PASTORE].

He has earned the continuing and increasing respect of the Senate. I am very proud to serve with him on his subcommittee. I congratulate him on the manner in which he has conducted the long and tedious and trying processes of the bill from committee to the floor to this point.

Mr. KEATING. Mr. President, I wish emphatically to reiterate the statements made by my colleagues in the Senate who serve on the subcommittee. We admire without qualification the excellent work done by our chairman, the distinguished Senator from Rhode Island [Mr. PASTORE], and on his intricate knowledge of this very involved subject. That knowledge was amazing and a real example which he set for the other members of the subcommittee.

Mr. THURMOND. Mr. President, as a member of the Senate Communications Subcommittee of the Commerce Committee which approved this bill, I am strongly in favor of it. I very strongly favored it in committee, and I am strongly in favor of its passage by the Senate.

I feel that it is necessary for us, as a Nation, to do everything possible to move ahead in all phases of our space program. The pending bill represents a step in the right direction. It makes full use of all the scientific knowledge available in the best tradition of the free enterprise system.

I regret the delay which has taken place, but I am pleased that we are nearing final passage.

I could not support the cloture petition, since I have been a stanch defender of free and unlimited debate throughout my tenure in the Senate. While I regret that cloture was resorted to, I feel that the best interests of our country will be served by the prompt passage of H.R. 11040.

In closing, I should like to pay tribute to the distinguished chairman of the Communications Subcommittee, the Senator from Rhode Island [Mr. PASTORE], who did an excellent job in committee and as Senator in charge of the bill on the floor. I should also like to pay tribute to the distinguished Senator from Oklahoma [Mr. KERR], who took such a leading part as chairman of the Space Committee and who has done magnificent work in support of this important piece of legislation.

Mr. LONG of Louisiana. Mr. President, I hope we will not overdo this good will. [Laughter.] So far as my feelings about the bill are concerned, they have not changed one bit. The Senate, in passing the bill, will do so after hearing only about half of what I had intended to say on the bill during the 15 hours that I spoke on it. Perhaps I could have convinced some Senators to change their minds, if they had been able to hear me for the other 15 hours or more that I had intended to speak on it. However, the cloture rule was imposed, and I could not make the speech I wanted to make. I therefore ask unanimous consent to have printed in the RECORD remarks that I would have made had I been able to make them, if the cloture petition had not been submitted on Saturday and adopted on Tuesday.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

III. REGULATION TO PROTECT THE PUBLIC INTEREST—THE FEDERAL COMMUNICATIONS COMMISSION

Mr. President, the bill we are discussing today, H.R. 11040, depends very heavily on the Federal Communications Commission to protect the public interest.

I regret to say that in this respect this bill is based on phantasy and illusion, and this is confirmed by the record of the Federal Communications Commission.

It is incumbent on us, therefore, that we examine this record very carefully.

First, I would like to analyze the role of the FCC in regard to communications satellites, and then the effectiveness of the FCC's common carrier and especially telephone regulatory function.

My analysis leads to the conclusion (1) that the Federal Communications Commission has been and is using its public role to foster the interests of the communications common carrier companies, especially their efforts to obtain a private monopoly of communications satellites. This is, in my judgment, to the detriment of the interest of the general public.

It leads to the conclusion (2) that a shell game is being played on the rest of the administration, the Congress and the American public in which the alleged "regulation" which the FCC is said to practice on the companies is the shell beneath which lies an uncontrollable private monopoly.

It leads to the conclusion (3) that neither this FCC nor any other so-called regulatory machinery is capable of coping with the fantastic grant of privilege which would be given away by a decision to turn the communications satellites over to the private corporation which this bill seeks to establish.

1. Role of FCC in communications satellites

What has been the role of the FCC in regard to communications satellites?

The FCC has the responsibility for allocating to nongovernmental uses the radio spectrum in the United States. This is a technical matter clearly within its range of expertise in this special field.

Is the FCC possessed of expertise on communications satellite technology? Only to the extent that it is told about it by the military and civilian procurement and research and development agencies of the Government and by private industry. It conducts no substantial original research or development work in this area itself. Mr. Minow testified that the FCC has no scientists or engineers.

2. Authority of FCC

The only other basis for concern with communications satellites which the FCC has rests on the statement of legislative purpose for the creation of the Commission which says, "For the purpose of regulating interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all the people of the United States a rapid, efficient, nationwide, and worldwide wire and radio communication service with adequate facilities at reasonable charges * * *." (Communications Act of 1934, as amended, sec. 1), a section of the act which directs the Commission to keep itself informed as to technical developments and improvements in wire and radio communication so that the benefits of new inventions and developments may be made available to the people of the United States (sec. 218), and another section which authorizes the Commission to study new uses for radio, provide for experimental uses of frequencies, and generally encourage the larger and more effective use of radio in the public interest (sec. 303g). Certain regulatory responsibilities as to the reasonableness of rates and the provision of service by common carriers are also included.

The Communications Act of 1934 as amended, however, gives the FCC no authority to prescribe the organizational form for the conduct of a communications activity. It gives it no authority to determine when and how business organizations engaged in common carrier communications may conduct foreign relations for the United States. It gives it no authority to determine when and how communications common carriers may merge; indeed mergers of cable and radio companies are forbidden (sec. 314). The act does not even give the Commission explicit authority to recommend to Congress amendments to the act or new legislation (except with respect to safety of life and property—sec. 4(k)).

3. H.R. 11040 creates merger of communications carriers

In effect the bills now proposed create a merger of the international carriers. It is therefore relevant to consider the kinds of public policy considerations which have been taken into account in earlier attempts at merger. We are here dealing with (1) the American Telephone & Telegraph Co., which enjoys a monopoly of oversea telephone service, (2) two companies which share the undersea telegraph cable business which divide the great bulk of the oversea radiotelegraph traffic (RCA Communications, Inc., and International Telephone & Telegraph Co.).

Over the past 30 years a number of efforts have been made by telegraph companies and by assorted Government agencies to get agreement among themselves and from Congress on legislation which would permit some kind of permissive or mandatory merger of these cable and radio carriers. As the report of the President's Communications Policy Board said in 1951:

"Proposals for merger of American companies providing cable and radio-telegraph services have provoked vigorous debate ever since radio emerged as a practical means of international communications. The traditional American policy against monopoly has affected this debate throughout. * * * Fundamental to this problem is the possibility offered by radio of providing, with relatively small capital outlay, circuit capacity exceeding the normal requirements of international communications. This raised difficult economic questions of cost of service, and the future profitability of cables in the face of radio competition. * * *

"Several of the companies have asked permission to merge in the hope of avoiding deficits. From time to time, some Government departments have favored consolidations for reasons of national defense, conservation of radio frequencies, or for other reasons, while other Government departments have opposed consolidation. Some of these agencies have shifted their positions from time to time on the desirability of one or another form of merger. At no time have all the interested executive agencies been in agreement on this issue. As of May 1950, this was still the case.

"The move for merger in the field of international record communications (telegraph) has never been able to win complete congressional support because of traditional resistance to monopoly. Numerous hearings have been held by committees of the Congress, but no legislation has resulted" (pp. 151–152).

Here we see that there is a genuine tradition of congressional opposition to a merger where essentially the same factors are involved as in communications satellites; the desire of a vested interest in a potentially obsolete technique to obtain freedom from competition from a new and more economical technique. Also, we must remember that in all these decades proposals which would merge telephone (voice) with record communications were not even given serious consideration.

4. Destruction of Government-owned Communications System after World War II

Two attempts to get congressional approval for merger of these international telegraph common carriers are directly relevant to the present communications satellite issue. The first of these was in 1945 when hearings were held before the Senate Committee on Interstate Commerce on Senate Resolution 187. We were then at the end of World War II, and the testimony from the Army, the Navy and the Federal Communications Commission was that the Army radio communications system alone consisted of some $162 million worth of the latest type of equipment which would be dismantled. Of this equipment, $116 million worth was overseas, and General Ingles testified that about half of it would not need to be moved in order to serve commercial purposes. At that time the combined net investment for international service of all of the international common carriers was not quite $52 million, and they had a total of 6,000 employees. Considerable interest was expressed in the utilization of this latest type radio plant scattered around the world. But the equipment was dismantled and disposed of. This was the most recent giveaway of a publicly owned communication system prior to H.R. 11040, the present proposal of communications satellites.

Let me quote from the testimony of those hearings: Mr. Porter, then Chairman of the Federal Communications, was testifying:

"Mr. Porter. I believe that the gentlemen of this committee have had the privilege of witnessing the tremendous modern and efficient Army and Navy communications systems which have been built up during the war. In his testimony before your committee, Admiral Redman gave you some indication of the Government's investment in the Navy system alone, which, as you know, is smaller than that of the Army. * * *

"The Chairman [Senator Burton Wheeler]. Frankly, when you take into consideration the investment that the Government already has * * * and if you further take into consideration that there are only 3,000 employees in this industry in this country, I am rather inclined to agree with what Owen D. Young said some years ago, that perhaps international communications ought to be owned completely by the Government.

"I am not in favor of Government ownership, generally, largely because of the fact that we have built up a tremendous bureaucracy and increased centralization of power. But here is quite a different situation, it seems to me, where we are dealing with an instrumentality of such national importance to the Army and the Navy in time of war, and to our Government generally. When we have this tremendous Government investment, if you are proposing to turn it over to a private monopoly, I will confess I am extremely doubtful about it.

"One thing is important. It seems to me, and I do not want to lose sight of that fact—that to transfer all of this equipment to some private monopoly might have a very bad effect.

"Mr. Porter. That is the point I was going to undertake to discuss.

"Senator Capehart. Mr. Chairman, I think that is a most important factor.

"The Chairman. Yes; I would not like at the moment to see turned over to a monopoly this tremendous establishment which has been created by our military in time of war; at any rate, not without proper safeguards. I do not want to be understood as favoring a monopoly; I do not want to see a monopoly established and be owned privately with this tremendous amount of equipment which has been purchased and paid for by the Government. It is a very perplexing problem.

"One suggestion that occurs to me, from what I have heard so far, is that perhaps it would be better—looking at it from the standpoint of the betterment of the country as a whole and the peace and security of the Nation in the future, and also from the standpoint of the businessmen of this country—to have this system in Government hands. Then we would be able to direct the carrier to go into various areas and territories whenever it is beneficial to the general public, and not simply on the basis of giving service to derive a profit for a private company."

5. Conflict of national interests

In the same 1945 hearings the Chairman of the FCC, Paul A. Porter, advised Congress about a number of points where the public interest was not identified with that of the common carriers. He pointed out the "deadly parallel" between the possibility of a merged company favoring its investment in an obsolete technology and the experience of British Cables and Wireless. He warned that "* * * managements of communications companies may at times be in a position of serving interests other than our own national interests. At the International Communications Conference held in Warsaw in 1936, at which the United States was represented by its Government officials, a number of persons connected with our U.S. carriers were present and actively participated in the Conference as members of delegations of certain Latin American countries. Such situations and the circumstances whereby our carriers may, because of the necessity of protecting their local interests at foreign points, engage in political activity within the foreign country, raise serious considerations which I think this committee should take into account. A glance at a chart which I have submitted * * * will show the extensiveness of the interests of the I.T. & T. in foreign countries. Its large financial stake in business ventures in foreign countries is indicative of the potential conflict of its interest as an operator of U.S. communications with its interest in the protection of foreign holdings."

At this point, Senator Burton Wheeler, chairman, said, "They were able to play politics sometimes to aid in the development of their own commerce or business and to the detriment of their own country, but always to protect their own interests in foreign countries." Mr. Porter agreed, stating that 73 percent of the total I.T. & T. investment represented investment in subsidiaries and was in companies whose principal assets were in subsidiaries located in foreign countries. The FCC in 1945 took the position that "the interests of any company that has as much as 73 percent in foreign countries cannot be as strongly allied with the interests of this country as one which is owned solely and entirely by interests in this country." And it summarized its position on this and related conflicts of interest in a way which contrasts very sharply with the policy of the present FCC. The position of the Federal Communications Commission was that "there should be no place in the unified company for any such conflicts of interest. Controls must therefore be provided to assure that it contains no elements which are affiliated with foreign interests or connected with foreign operations. By the same token, the company should be divorced of affiliations with domestic communications operations, if we are to preserve separate domestic and international operations. Similarly, it should have no interlocking interests with communications manufacturing operations. The unified company will have dealings with these two fields for the exchange of traffic and the purchase of equipment, and the existence of the influence of these two fields within the unified company would jeopardize the effectuation of arrangements on these matters on an arm's-length basis.

"The unified company should, therefore, be entirely free of any connection with alien interests, either in its ownership or its management. There should be no affiliation or connection of any kind, direct or indirect, between the unified company and persons having business interests within foreign countries or interests in domestic communications or communications-manufacturing activities."

6. FCC espouses merger of telegraph carriers to meet competition of telephone company.

The other proposed merger legislation for international telegraph common carriers was that of 1959. In the hearings before the Senate Interstate Commerce Committee in that year, the FCC, contrary to 1945 when it did not approve the proposed merger, espoused the merger proposal which the major telegraph carriers desired. In doing so it ignored the elements affecting the national interest to which, as I have shown, the 1945 Commission gave serious consideration. The rationale for the FCC's position in 1959 was in essence this: The telephone company had in the midfifties opened its transatlantic voice cable which permitted broadband service. The military required integrated voice-record service which could be accommodated by either the Bell cables or by similar cables which might be laid by a telegraph carrier. It was outside the financial capacity of each of the major telegraph carriers to build competitive broadband cables. While the telegraph carriers were then in sound financial conditions, their future was jeopardized by their inability to provide competitive facilities. Therefore, permissive merger of the telegraph carriers was recommended. It is relevant to the present situation in regard to communications satellites to note that the FCC told the Senate committee:

"Authorization to the carriers to provide such a facility [broadband cable] jointly would, in essence, create the very merger which is the subject of the legislation under consideration without any of the safeguards for the public interest which are not embodied in the bill and the Commission's suggested amendments."

At that time the military endorsed the FCC's recommendations, but the Department of Justice opposed them. I want to emphasize, however, that the FCC in those hearings was pursuing the genuine historical tradition of maintaining competition between the voice (telephone) services and the record (telegraph) services, and that there was no suggestion from any quarter that a merger of telephone and record communications was desirable. Indeed, the Commission emphasized the relative weakness of the combined telegraph carriers in relation to the telephone giant as an argument for the merger:

"It would appear to us that the only opportunity for the international telegraph industry to maintain its competitive position as against telephony would be to permit it to merge, and to encourage it to secure as quickly as possible the broadband facilities essential to modern service. The maintenance of internal competition in the international telegraph industry today would adversely affect competition between telegraphy and telephone in the 1960's. In this connection we note that at present the seven competing telegraph carriers in the United States have a combined rate base of less than $82 million, whereas the plant of A.T. & T.'s Long Lines Division alone approximates $1¼ billion.

The fate of this merger proposal was the same as of its predecessors. Congress refused to approve it.

7. *Satellites permit integration of communication technology*

Into this setting came communications satellites. And they brought with them a technology which invites operational integration, not just of cable and wireless telegraphy, but of voice and record communications. Whereas historically there had been a clear distinction between the capacities of equipment for handling telegraph communications and telephone communications, communications satellites obliterate these distinctions. They provide a high-capacity accommodation for all previous electronic communications services and they open up the possibility of new types of service.

But an important distinction must be made. Integration and unification of communications equipment, as a matter of actual operation, does not necessarily require integration and unification of the business or other organizations which administer the actual operations. (Otherwise we could not have what we have long had, integrated operation of transatlantic telephone cables where the organization at one end is a Government agency and the organization at the other end is a commercial company.) Integration of communications technology and operations is now possible through the satellites, not only for part of an industry, but for the communications equipment of a whole nation, and even perhaps within the foreseeable future for the whole world. We are not yet prepared to create the kind of world operating organization, today, which would exercise managerial control over the communications satellites for all nations. But both technological pressures and the need to avoid nuclear destruction may push us invariably in this direction.

At the national level we have not faced the problem of organization and control of the satellites on its merits. If we did, we would have to consider this problem as composed of two parts: (1) What kind of physical plant, with how much integration and unification of the facilities, both on the ground and in orbit, do we want to have? And, (2), recognizing that many different kinds of organizations might share in the use of that plant, what kind of organizations do we want to have? Some of the questions we have to ask—(a) Do we want to see the old telegraph and cable organizations merged into one entity? (b) Do we want to see them merged with the telephone organization into a much bigger entity? (c) Do we want to have a communications satellite organized under separate ownership? A decision in favor of separate ownership for the satellites would permit and encourage competition either between the existing common carriers, or between a merged telegraph-cable company on the one hand and the telephone company on the other. In this event, the undesirable effects of private monopoly would be checked if not eliminated.

8. *Role of A.T. & T. and FCC in determination of satellite communications policy*

Before these questions could be even discussed, the American Telephone & Telegraph Co., the biggest private monopoly in the world, was prepared to make its move to fit the satellites to its organizational and policy pattern. And the FCC, judged by its words and actions, was ready to do its prompting. I have already mentioned that in the preceding several decades, the furthest the FCC went in advocating international common carrier merger was to espouse one limited to the telegraph carriers. And it did that with appropriate respect for the legislative prerogative of Congress. But beginning in early 1961, in the course of sponsoring private ownership of communications satellites, the role of the FCC became one of creating an organization and policy which would accomplish operational unification—de facto merger—of the major international common carriers of both telephone and telegraph traffic, and of placing this merged entity firmly in the hands of private monopoly. In this connection, General Sarnoff in his testimony before the Harris committee says that the "inevitable result" of the privately owned satellite corporation would be merger of the carriers in a "legalized monopoly." The intended effect of the FCC's plans was to create the desired private organization and policy and then to present it as an accomplished fact for congressional rubberstamping. The telegraph carriers willy-nilly are carried along. RCA was not too happy about the A.T. & T.-dominated monopoly. Western Union opposed certain important features of the plan. Of the major telegraph carriers, only I.T. & T. seems happy with the plan.

Bedazzled by the wrapping in the glamor of rocketry and outer space, and considerate of the new administration's need for rapid progress in demonstrating capability in the development of outer space, the Congress seems to be at a loss to know how to cope with this concentrated and relentless drive by A.T. & T.

Mr. President, every Senator and Congressman has been visited by A. T. & T. task forces from their home areas. The lobbying has been such as was never seen before in Congress. To give you an idea of the extent of these lobbying activities, let me quote Senator McGee, who made this statement before his colleagues on the Commerce Committee:

"The pressures that have already been mounted on this question are considerable. I think the activities of one group that have beseeched me and beseeched every Member of Congress with our homegrown citizenry on this very complex question is typical of how important the issue has become; but it also has suggested how little most of us know about it. It's the case of the blind talking to the blind about something that's going to require the greatest degree of farsightedness; and I would hope that these pressures will relent so that we may proceed with whatever God-given intelligence any man has, instead of being crowded and warped and pinched by pressures from one group or another to be preferred over their competitors for this system."

It is obvious that the National Aeronautics and Space Administration has worked closely with the FCC in promoting this giveaway, but that the Department of Justice and other agencies have tried to put on the brakes. The issues are not fully stated and openly faced. Slogans obscure the issues, but, Mr. President, what is really at stake is the greatest giveaway in American history.

As far as public evidence is concerned, the industry's campaign through Government agencies began before the FCC's open involvement. In October 1960, the Administrator of NASA in a speech said, "Traditionally, communications services in this country have been provided by privately financed carriers competing with one another to serve the public interest under Federal controls and regulations. There seems to be no reason to change that policy with the advent of communications." On December 30, 1960, a White House statement released by Mr. Haggerty used virtually the same words. The FCC's first public statement on the campaign was released on February 28, 1961, and it consisted of a most curious document, headed "Memorandum of Understanding Between FCC and NASA on Respective Civil Space Communications Activities," the relevant operative provisions of which were that both agencies "* * * affirm the following propositions as guidelines for the coordinated conduct of their respective activities:

"(1) The earliest practicable realization of a commercially operable communication satellite system is a national objective.

"(2) The attainment of this urgent national objective in the field of communications may be accomplished through concerted action by existing agencies of Government and private enterprise.

"(3) The statutory authority of NASA and the FCC appears adequate to enable each agency to proceed expeditiously with the research and development activities necessary to achieve a commercially operable communication satellite system. Special problems which may arise in connection with the regulation of a commercially operable system are being explored by both agencies, and may result in legislative recommendations at a later date.

"(4) In accordance with the traditional policy of conducting international communications services through private enterprise subject to Government regulation, private enterprise should be encouraged to undertake development and utilization of satellite systems for public communication services.

* * * * *

"(7) The FCC, in appropriate cooperation with other Government agencies, will continue to direct its activities in this field toward the development of communications policy and the implementation and utilization of space telecommunications technology through the licensing and regulation of U.S. common carriers."

9. *Usurpation of policymaking power by FCC*

Now, let us review the activities of the FCC in the past year:

1. Its acts of commission.

The FCC's most important act of commission in regard to communications satellites was, in my opinion, the usurpation of policymaking power which this "Memorandum of Understanding" revealed. It is clear that the FCC has no statutory basis for making national policy concerning the style of organization and operation of a radical technical innovation such as communications satellites. And the many provisions of the Communications Act which apply the antitrust laws to various features of the commercial activities within the FCC's regulatory powers, together with the legislative history of proposals for merger of international communications carriers would seem to leave the FCC no legal footing for this usurpation. And indeed the Commission sometimes speaks to Congress in terms which suggest that a legal basis for its activities is obvious or unnecessary. Thus, Commissioner Craven, speaking for the FCC before your Small Business Committee's Monopoly Subcommittee last August, said:

"The Commission's efforts are based upon the conviction that satellite communications will and should take its place within the framework of our private enterprise system, under which public communications facilities are owned and operated by private companies subject to Government regulation. This conviction is consistent with congressional policy expressed in the Communications Act of 1934, as amended."

The FCC's treatment of the question of its policymaking authority is utterly absurd. For while the act permits private operation of communications carriers, it does not prescribe it. It would be equally valid to argue the opposite: by remaining silent on the ownership of the then known means of communications, Congress reserved a free hand for itself with respect to such new techniques as the satellites. You will not find in the hearings or debates on this act any prophetic vision of communications satellites, nor of the problems of policy and organization which they present. Indeed, where the service was inherently, that is technically, monopolistic, as in the case of the licensing of the radio spectrum, Congress determined that the monopoly should be public property. And it is obvious that in their international character, communications satellites have more characteristics in common with the radio spectrum than with a telephone or telegraph line. On this basis one could argue that the legislative history of the Communications Act would support a publicly owned operation and no other.

In enunciating its policy on the ownership and regulation of communications satellites, the FCC asserts that as the guardian of the public interest in these matters it knows that the public interest coincides with the policy it is pursuing. There is no question but what the policy the FCC is pursuing is essentially the same as that of the American Telephone & Telegraph in particular and of the common carriers in general. It follows inevitably and logically, that the FCC conceives the public interest to be identical with that of these industries. In short: What is good for A.T. & T. is good for the country.

In order to make this policy credible, the FCC and others who pursue the industry's policy have had to rewrite our history. Thus whoever wrote President Kennedy's letter of February 7 to accompany the submission of the administration bill to Congress was constrained to say:

"Throughout our history this country's national communication systems have been privately owned and operated, subject to governmental regulation of rates and service. In the case of the communications satellite operation, our studies have convinced us that the national objectives outlined above can best be achieved in the framework of a privately owned corporation, properly chartered by the Congress."

The first of these sentences is simply untrue. Throughout our history this country's national communication system—the Post Office—still remains under public ownership. It was the Post Office Department which nurtured Morse's telegraph invention into existence in 1844. In the first of our historic giveaways, telegraph was given into private hands where it was exploited for private privilege and failed of development here such as occurred in other countries. By the end of the century, more than 70 bills had been introduced in Congress to authorize public ownership of the telegraph. Nineteen times committees of the House and Senate reported on such bills, 17 times favorably. Yet because of the political power of private monopoly, never were the bills passed.

Radio repeated the process. Both radiotelegraphy and radiotelephony were principally innovated by the Government. By 1914 the policy of the Wilson administration called for Government ownership and operation of radio as well as telephone and telegraph. In 1917, by Executive order the Navy took over the operation of radiotelegraph and radiotelephone stations and operated such commercial service as did not interfere with the war program, including the communication of news and a daily shipping bulletin of maritime news. When the President assumed control of the telegraph, telephone, and cable systems in July 1918, the Secretary of the Navy Josephus Daniels testified that the Government "should control and own telegraph, telephone, and all means of communication permanently," as also did Postmaster General A. S. Burleson. The Government in its own right had by then acquired a sufficient patent position to dominate the radio field. The second great giveaway in our communications history was the process by which this public ownership structure was dismantled and all telephone and telegraph common carriage by wire and radio was turned over to private exploitation after World War I.

Nor is it true, Mr. President, that our privately owned communications carriers have always been subject to governmental regulation of rates and service. There was no national regulation of communications carriers, even in name alone, prior to 1910. The ICC, to which some regulatory authority was then given, did virtually nothing to use that power. And the FCC which succeeded the ICC in regulating common carriers in 1934 has done precious little since then to protect the users of telephone service. The FCC, which now seems to roar like a lion about how rigorously it regulates the industry—when the industry's interests are served by such roaring—resembles more a mouse when it confronts the industry representing the general public interest.

If, as I contend, the FCC's first act of commission in this matter was to enter into the policy formulated in the NASA-FCC alliance, its second large act of commission was in the way it has pursued this policy. With a vigor which it does not display when it comes to regulating the common carrier industry in the interest of the general public, it turned to the matter of creating a "consortium" (as it called it) of the private companies which operate the common carrier services internationally. The Commission's bias toward serving the carriers rather than the public interest was openly displayed in its "first report" in docket 14024. It referred to "interested carriers" as "acting under the aegis of the Commission"—a term also used commonly by A.T. & T. spokesmen. According to Webster's New International Dictionary (2d ed., 1952), aegis, means "figuratively, a shield, protection or defense"—which may be regarded as a revealing and accurate slip. This report announced a meeting to plan this consortium after reciting among the reasons for this action the belief that "* * * the international carriers themselves are logically the ones best qualified to determine the nature and extent of the facilities best suited to their needs * * *" and that a proposal for space hardware industries to be included in the consortium might "* * * result in disrupting operational patterns that have been established in the international common carrier industry * * *." The Commission was also solicitous to arrange it that its "ad hoc committee" not run afoul of the antitrust laws.

A striking example of FCC's propensity to promote and defend the common carrier industry's plans for communications satellites in its opposition to core features of the administration bill in testimony before the Senate Space Committee and the House Committee on Interstate and Foreign Commerce. The FCC is, after all, part of the administration; and if it opposes the administration policy, what other interest other than that of the industry it "regulates," does it represent? A particularly revealing portion of this opposition was the FCC's criticism of the administration bill which "* * * can be construed to permit entities such as the Government, who otherwise would be customers of the carriers, to directly lease channel facilities from the satellite corporation.

"In our opinion, such a construction would raise a most serious question of policy that should be carefully considered. For, this could result in the satellite corporation competing directly with the common carriers, and possibly deprive those carriers of essential revenues, thereby leading to financial difficulties for the carriers." (Quoted in Telecommunications Reports, Mar. 5, 1962, p. 26.)

The FCC, confronted with the claims of the taxpayers and the industry to returns on their investment, seems unhesitatingly to prefer the interests of the industry.

10. FCC's lack of understanding of issues

2. Now let us take a look at the FCC's acts of omission.

The most important omission in FCC work on communications satellites in the past year seems to be its failure to recognize and to cope with the conflict of interest between the private sector and the public sector and the ambiguities concerning the locus of authority or power in the proposed privately owned and publicly regulated satellite corporation. There are two sides to this coin: one side is, what operational policy problems would be presented, and the other, who would have responsibility, or power, to determine them?

While no one can now foresee the full scope of the operational policy problems which H.R. 11040 would present, it is clear that one kind of problem would be the extent to which the satellite corporation would perform commercially unattractive (i.e., unprofitable) service because of, broadly, the political implications of satellites. The whole argument of the proponents of private ownership is that the communications satellites are merely an extension of ground-bound technology and are to be treated as a commercial extension of it. If this were true, then service for commercial purposes would be the concomitant policy. Yet, the A.T. & T. witness before the Kerr and Harris committees displayed a very unprivate-enterprise-like attitude toward this problem. Thus:

"Asked if A.T. & T. would be willing, if directed, to undertake service to unprofitable areas of the world, Mr. Dingman said it is not necessary to 'direct, but just suggest.' He said where the 'other party is willing, we will put in service, even if it is not profitable. We will be willing to put in service where the national interest is served'." (Telecommunications Reports, Mar. 19, 1962, p. 6.)

The I.T. & T. spokesman, however, stated the issue in more conventional and candid terms.

" 'We recognize the presence of a conflict that can be resolved,' the I.T. & T. official stated. 'The normal business interests of the common carriers call for the development of satellite communication along competitive and economical lines which may require several years to develop with progressive application as markets for services develop.

" 'On the other hand, the needs of the U.S. Government for the very early application of satellites to communications for prestige, cold war situation, propaganda, etc., will require nonprofitable communication with many nations for a long time. The Government likewise requires television services in vast areas where such a service would also be in deficit for undetermined periods. The Government wants both goals to be achieved very early with techniques and equipment which necessarily would be too costly and inefficient for private operation at a profit; probably requiring a number of systems which will have to be replaced many times than good business judgment would support.

* * * * *

"'However, we suggest that because of U.S. Government requirements, well recognized, which will result in much greater expense and relative inefficiency in business operations, the Government be made a partner through part ownership or properly evaluated and controlled subsidy'." (Telecommunications Reports, Mar. 12, 1962, p. 7.)

Whatever this admission may do to the contention that the satellites are just like cables and microwave stations only they are more elevated, it does display the conflict over commercial versus political policies.

Similar ambiguity and conflict inheres on the other side of the coin: The decisionmaking authority. A.T. & T. has testified to its opposition that "* * * the proliferation of governmental supervision provided by (the administration bill) could result in conflict and confusion which might smother the initiative and leadership which are essential to the accomplishment of the national purpose involved." (Telecommunications reports, Mar. 19, 1962, p. 26.)

If this assumption that industry would bear the "essential, initiative, and leadership" is compared with the realistic forecast of necessary, politically determined service by I.T. & T., one wonders whether the private sector will be making political policy or the public sector making commercial policy. The spokesman of Hawaiian Telephone Co., Mr. Ralph O. Beck, in his statement to the Harris committee put the matter candidly, when he stated his opposition to the regulatory provisions of the administration bill on the grounds that "regulation of any common carrier must necessarily infringe to some extent on the 'rights' of private management and surely the national interest is and has been an influence on the management of international carriers, but it is not carrying out the national or private ownership and operation, merely to organize a 'private' corporation and employ 'private' capital while reserving to the Government the right to make major management decisions. The above provisions of the bill taken together deprive the management of the satellite corporation of rights which are needed to manage the enterprise effectively."

To add to the confusion, the FCC, in its testimony before the Kerr committee discarded the slogan that the traditional regulatory authority should be applied to the communications satellites (which has been the central theme of its campaign). Its chairman "* * * expressed the view that 'certain sections of the Communications Act relating to common carriers may not be germane to the corporation, while at the same time the unique status of the corporation requires singular measures not now present in the act. We recommend therefore that the corporation be made subject to a new self-contained statutory scheme of regulation empowering the Commission to deal flexibly with the many unusual and new problems which may be created.

"'The Commission should be expressly empowered, among other things, to approve the ownership and capital structure of the corporation and its charter and bylaws; to allocate the use of its facilities among the authorized common carriers; to prescribe or approve fair and reasonable terms under which such facilities are made available; to approve all contractual arrangements and modifications thereof, between the corporation and any common carrier and to prescribe modifications therein required by the public interest; and to prescribe the form of accounts to be kept by the corporation and the financial reports to be filed with the Commission.

"'The Commission should also be empowered to specify, after consultation with other interested agencies, technical characteristics of the operational system to be employed by the corporation, and to prescribe procedures for insuring effective competition in the procurement by the corporation of equipment and services.'

"The FCC also recommended that 'in order to insure full implementation of the purposes and policies of the legislation and compliance therewith by the corporation, we would recommend that provision be made for the appointment of visitatorial powers. These officials would have access to all books and records of the corporation, be able to attend meetings of its board, and make reports and recommendations to the FCC and other agencies of Government having jurisdiction over the particular matters involved'." (Telecommunication reports, Mar. 5, 1961, pp. 25–26.)

11. FCC ignores the public interest

Mr. President, H.R. 11040 establishes an organizational monstrosity. This bill cannot disentangle the hodgepodge of responsibilities and operating functions, and the reason is that incongruent elements cannot be made to work side by side in the same organization. Private monopoly and public regulation in an enterprise, with the amount of power at stake which is here present, are incompatible, as I will show in a few minutes. The point I want to make now is simpler: that the FCC and the congressional committees which approved this bill have not demonstrated awareness of the administrative policy considerations which are involved in the bill. In 1945, the Commission performed the role of adviser on communications policy—a role perhaps better suited to its capacities than that of promoter of a national communications policy on something as thorny as the attempt to blend private monopoly and public regulation of communications satellites. It does not appear from the public record that the present FCC has progressed beyond the point when in testifying before the House Judiciary Antitrust Subcommittee on June 14, 1961, Chairman Minow seemed to be saying at page 132 of the record that the FCC would be making the decisions, and at page 137 that the companies would be making the decisions. Probably the most important act of omission both of the FCC and the Kerr and Pastore committees is to fail to grapple with the problem of the assignment of responsibility in a realistic manner.

A second, and lesser example of FCC omissions, is its failure to warn the public and the Congress (and perhaps the administration, too) of the dangers of international conflicts of interest being built into the privately owned satellite corporation. I recollect that in 1945 the FCC recommended categorical prohibitions against including in a merged carrier any carrier which held substantial assets in foreign countries, to which I referred earlier. Today, if I read the I.T. & T. annual report correctly, at least 66 percent of the I.T. & T. consolidated net investment represented, at the end of 1960, investments in subsidiaries located in foreign countries, and 34 percent represented investments in subsidiaries located in the United States. You will recall that Senator Wheeler, referring to this company, said, "They were able to play politics sometimes to aid in the development of their own commerce or business and to the detriment of their own country, but always to protect their own interests in foreign countries." Mr. President, if American national policy in 1945 found that this condition warranted exclusion of such a company from a merged company, why is not the same conclusion reached now? Neither the FCC nor the committees which considered this bill has concerned themselves with this problem.

A third act of omission by the FCC has been its apparent unconcern with the effect of its proposed consortium on the people who pay the rates. This problem has many facets, and very few of them have been explored by the FCC as far as its public statements go. The most obvious facet is the potential effect on ratepayers of permitting the present common carriers to control a potentially competitive technique. The FCC's proposals in regard to communications satellites are analogous to an action which might have been taken, say, in 1921, of giving the American railroads the exclusive right to own and operate commercial airlines. The effect of this control alone could be detrimental to the future policy on the competitive technology. But the FCC has compounded the problem by consistently agreeing with the carriers it "regulates"—and this word is in quotes—that their investment in the communications satellites must be included in their old rate bases for ratemaking purposes. Would not the effect of this proposed policy be to delay indefinitely the time when the rate reductions which satellites communication promises will be realized? As far as I am aware, the FCC has not approached this problem from the standpoint of the ratepayers.

The conclusion seems inescapable that the FCC has followed a policy in regard to communications satellites of collaborating vigorously with other Government agencies and industry it "regulates" in the pursuit of private privilege rather than public benefit.

12. Inability of FCC to regulate

Now, Mr. President, how much protection can the public expect from FCC regulation? The answer is, "None."

What is my evidence? Let us look at the record of what it has done and is now doing.

(1) The Federal Communications Commission, in its entire history, has never made a formal determination of what is a fair rate of return for interstate or international telephone service.

(2) The Federal Communications Commission has never even determined the basis upon which such return should be computed.

(3) The FCC has never had a formal rate case on interstate or international telephone rates.

(4) The FCC has never been able to secure information necessary to set rates.

(5) The FCC has never known the costs to A.T. & T. of equipment sold to it by its subsidiary, the Western Electric Co., which produces almost all equipment used by A.T. & T.

(6) The FCC has never determined the reasonableness of the service rates charged by A.T. & T. for carrying television programs both black and white, and color.

(7) The FCC has never determined the reasonableness of the entire telephone rate structure; that is, the internal relationship of rates.

(8) The FCC, even though its staff made definitive recommendations that action be taken toward a possible rate reduction, has not been willing to institute a formal rate investigation to determine whether the system's rates are unreasonably high.

(9) The FCC, for over 25 years, was not willing even to authorize the staff to negotiate on an informal basis with the Bell System in order to obtain a voluntary rate reduction. It was only after the most severe prodding in 1959 by the Celler Antitrust Subcommittee that the Commission negotiated a reduction in long-distance telephone rates.

(10) The FCC has never required A.T. & T. and its operating subsidiaries to buy telephone equipment or any equipment under competitive bidding. Eighty-five percent of the market has thus been closed to competition.

In the 52 years since Federal regulatory power was asserted over the telephone industry there has never been a completed general formal rate proceeding. This includes the past 28 years of FCC regulatory supervision. The fact that the FCC does conduct formal proceedings involving telephone rates and service in such matters as private lines, Telpak and WADS does not repair the omission. These proceedings do not go to rates affecting the ultimate consumer and they come about because of conflicts between the common carriers. The Chairman of the FCC nevertheless defended its record on rate regulation in testimony before the House Interstate and Foreign Commerce Committee. As reported by the trade press:

"As a result of continuing studies, he declared the FCC 'is constantly in a position to assess the reasonableness of the Bell System's overall earnings from its services subject to our jurisdiction. Whenever, in the judgment of the Commission, it has appeared that overall earnings were at a level to warrant rate reductions, the Commission has in general been successful in obtaining rate reductions that appear warranted without conducting protracted and costly hearings.'

"On 'several occasions' when the use of informal procedures 'was initially unsuccessful,' Mr. Minow continued, 'the Commission instituted formal rate reduction proceedings through the issuance of show cause orders. In each instance, this action led to a satisfactory resolution without the need to proceed with the hearings'." (Telecommunications Reports, Mar. 19, 1962, p. 11.)

The FCC's record shows that as a result of its negotiated rate reductions, the public's bill for telephone service has been reduced by many hundreds of millions of dollars annually. And the FCC, the industry, and its apologists contend that this demonstrates the efficiency of the FCC as a regulatory institution. This line of argument, however, fails to take account of several undeniable facts:

1. A.T. & T. has innovated cost-reducing automated processes wherever possible and as its service has expanded, revenues have generally increased faster than costs, even on its own uncontested version of costs. It has been possible, therefore, for negotiated rate decreases to reduce consumer expenditures below what they would otherwise have been, without reducing the rates to a reasonable level.

Under the law of public utility ratemaking, the function of the regulatory agency has traditionally been to determine the reasonableness of rates in a judicial procedure which tests (a) the prudence of the investment in the rate base, (b) the reasonableness of the costs entering the rate base, (c) the reasonableness of depreciation in the rate base, (d) the reasonableness of the operating expenses, and (e) the reasonableness of the rate of return. Taken together in an adversary proceeding, this was in effect the due process by which consumers were supposed to be protected by the regulatory commission. We may take it as axiomatic that the Bell System would demand that it have this due process (appealed to and reviewed by the courts) before it would accept a rate order from the FCC which, in A.T. & T.'s opinion, would reduce rates and earnings below a reasonable level. A.T. & T., in being willing to accept a negotiated rate decrease, knows that the negotiated rates will not be below what it considers a reasonable level. A.T. & T., like other public utilities, in determining what it would contend for as reasonable level of rates and earnings will set levels higher than those it might have to accept after an adversary proceeding. The conclusion is inescapable, therefore, that the level of rates which A.T. & T. will accept through negotiation in all probability is higher than what a commission and court would determine as the result of a contested formal rate proceeding. The result of the FCC's negotiated rate decreases will therefore always be an unreasonably high rate level. A regular practice of negotiating rate reductions in the total absence of formal proceedings is a mockery of the traditional rate regulatory process. It denies the public the protection it is supposed to receive and which it is told it does receive.

2. Western Electric is the manufacturing and supply arm of the American Telephone & Telegraph Co. As the FCC told the House Independent Offices Appropriation Committee in 1960:

"The 1958 sales of Western Electric to Bell operating companies totaled $1.5 billion. The prices and profits of Western have never been the subject of a definitive investigation by the Commission. However, jointly with the National Association of Railroad and Utility Commissioners, the Commission has conducted certain limited studies of Western's operations. Also, in the current private line rate proceedings, limited inquiry has been made with respect to Western's prices and profits. More intensive surveillance of Western's accounting practices, prices, and profits is essential to effective regulation and to the carrying out of the intent of the A.T. & T.-Western Electric consent decree."

It said substantially the same concerning General Telephone & Electronics Corp.

These telephone company purchases from affiliated manufacturing companies enter partly into current operating expenses and partly into plant investment (or rate base). When the reasonableness of the prices of these purchases is not subject to even a unilateral check by the FCC, much less the greater rigor of a contested rate proceeding, it is obvious that the public's interest in reasonable rates is unprotected.

3. As I have already mentioned, oversea telephone rates have never been regulated by the FCC, according to its testimony before your Small Business Committee's Subcommittee on Monopoly in August 1961. After the FCC had undertaken its promotional role for the industry in regard to communications satellites, and after 27 years of inaction, the Commission wrote to A.T. & T. on July 6, 1961, requesting it to conduct a cost study of its oversea communication services to develop the investment, revenues, and expenses associated with them. In the letter it said: "As you are aware, the Commission has never had before it data on which to properly evaluate the level of earnings on your oversea communications services. Such an evaluation can no longer be delayed."

Not only had the FCC never given formal consideration to the reasonableness of these rates; it had never before even troubled the company to prepare the company's version of what the basis of the rates might be.

13. Some reasons for FCC's inability to regulate

If the FCC's record of regulating the telephone industry is a sad travesty on what "regulation" is supposed to mean, why has it been this way? It is the result of lack of means, and lack of will to do otherwise.

First, as to means. Just how many staff members or money would be required to conduct a formal rate hearing for the telephone company is not known. The likelihood is that this task alone would require a staff equal to FCC's present staff for all purposes. By comparison, the total average employment on domestic telephone rate and service regulation in fiscal 1960 was 65 persons, costing a total of $546,000. On this basis the average individual telephone regulatory employee, with a salary of $8,400, was responsible for regulating $392 million worth of telephone plant and $120 million of telephone operating revenues. This ridiculous result is apparent when one divides the total book cost of plant and operating revenues of telephone carriers subject to FCC jurisdiction for 1959 by the number of FCC telephone regulatory employees. An additional 24 employees were then engaged in regulation of international common carriers, but in view of the absence of attention to oversea telephone regulation, presumably these were otherwise occupied.

While year-to-year changes in the size of this staff were insignificant, it is interesting to find from the budget hearings that as compared with fiscal 1952 when there were 80 telephone regulatory employees, the number had declined to 68 in fiscal 1962. Meanwhile the total book cost and operating revenues of the regulated telephone industry had considerably more than doubled. The alternatives we are presented with are (a) either a formidable bureaucracy consisting of a large army of regulators or (b) the deceptive impression that a handful can do this impossible task.

In light of the FCC's aggressive posture in regard to communications satellites, it is significant that the Commission told the Senate Appropriations Committee last June that "it had a mighty thin staff for the magnitude of the job" [of planning for satellites]. There was even then no staff section set up for space alone. And the FCC asked the Senate for the addition of 18 positions and $235,000 for this purpose. (Hearings on Independent Offices Appropriations, 1962, Committee on Appropriations, U.S. Senate, pp. 238–240.)

The inadequate means which the FCC has had to regulate the telephone industry stems basically from the lack of will or desire to do the job which the statute prescribed. An independent study was made of the FCC for the Hoover Commission by a William W. Golub. His report in 1948 said:

"In the telephone field, the Commission just skims the surface. It tries to keep abreast of new developments, a not completely successful effort, but has been unable to devote any time to constructive regulation. The smooth functioning of the Bell System, its continued development of new techniques and improvement of services, its reasonable cooperation in reducing charges on toll services, all add to the regulatory inertia.

"Virtually all the resources of the Commission devoted to this work, and they are mainly at the staff level, are concerned with trying to find the problems and not with their solution. The Commission is aware of the probable existence of rate and service problems, but activities stop with the awareness. Even pressures from State commissions for a further FCC inquiry into Western Electric charges, for example, have not succeeded in moving the Commission to act." (Committee on Independent Regulatory Commissions. Golub, William W., Staff Report on the FCC, Sept. 15, 1948, p. II–33.)

* * * * *

"The effective regulation of common carriers is not, of course, wholly a matter of finding more time and interest at the Commission level. It requires, as well, the coordinated efforts of a large staff of engineers, accountants, rate experts, economists, and attorneys. The present common carrier staff of the Commission clearly is inadequate for a comprehensive regulatory program.

"The Commission, however, has made no real attempt either to marshal its staff for a less comprehensive regulatory effort or to obtain the additional funds needed for the larger job. Its requests for appropriations have reflected its relative lack of interest in common carrier problems."

If one reviews the budget requests by the FCC in more recent years, it is clear that the FCC has continued to make no real attempt to get the funds necessary to regulate the telephone industry. Analysis of the budget hearings in the House indicates that from 1948 to 1951 the FCC asked for a decrease of one employee in common-carrier activities in 1 year, an increase of one employee in another, and no change in the other two.

Between 1956 and 1961 for telephone regulatory work the FCC asked for 3 or 4 extra employees in 3 years, 6 extra in 1, 10 extra in 1 year, and no change in 1 year.

Mr. President, the lack of will to regulate the telephone industry is partly a result of conflicting pressures on the FCC. And, indirectly, this lack of will transcends the immediate FCC situation and involves the administration and the Congress. As the Hoover Commission staff report said, the Commission had an immense regulatory task and a staff substantially larger than it had would be required to cope with even a few of the most important problems. Lacking the effective national will to get the regulatory job done, the Commission's policy is to respond to the business pressures upon it. As Golub said in 1948:

"From the outset of the Commission's operations, therefore, it has faced the necessity for the selection of some of the many regulatory activities in which it would engage. In making these choices the Commission has been the target of persistent pressures to engage in certain activities with no comparable demands for other types of action. Yielding to these pressures has largely molded the scope of its work.

"Thus the history of its regulation is almost exclusively a succession of regulatory projects which have been thrust upon it. The Commission, in effect, has not sought its objectives, but has undertaken those tasks which the industry has wanted to be done. Where the industry has not sought Commission action or has opposed its activities, the Commission has been inclined mainly to be dormant.

"The consequence of this attitude has been to make the Commission primarily an agency which acts on application for broadcast station licenses. Any real regulation of the mammoth telephone industry continues to remain a matter of statutory hope."

As a consequence of these push-pull pressures, the FCC's staff devoted to domestic telephone regulation was 6 percent of its total staff in fiscal 1952 and 5 percent in fiscal 1962, while its staff devoted to broadcast activities was 16 percent of its total staff in fiscal 1952 and 24 percent in fiscal 1962. Speaking of how the Commissioners spend their time, Commissioner Craven told the House Independent Offices Appropriation Subcommittee in 1961, "I think we spend about two-thirds of our time on broadcasting and one-third on other matters." The "other matters," of course, include all frequency allocation problems, the licensing and regulation of the safety and special services with their score or more of industrial subdivisions and their hundreds of thousands of licensees, all common-carrier problems, as well as internal administrative problems.

14. FCC serves A.T. & T.'s purposes

Mr. President, the lack of will to regulate the telephone industry is largely the result of the activities of the A.T. & T. The record on this is extensive, and I can only touch on the high spots. The FCC's special telephone investigation report summarizes extensive and eloquent evidence on this point as of 1939. For example, it said:

"The files of the American Telephone & Telegraph Co. disclose that the objective of the legislative activities of the Bell System is to foster and retain every possible protection for its private ownership, service, rates, financing, labor relations, and every other element of its business which it regards as desirable and conducive to its own well-being. Through the persistent and coordinated efforts of its nationwide organization and friendly contacts, under the guidance and suggestions of the parent company, it has sought to prevent the introduction and passage of legislation adversely affecting its interests or activities. It has secured the modification and amendments of legislation in such a way as to defeat or to emasculate the main purpose, or has been able to exempt the Bell System or the telephone industry from the provisions of such bills." (Federal Communications Commission. Report on the Investigation of the Telephone Industry in the United States, 1939, pp. 487–488.)

Telephone industry pressures directly on the FCC have been effective in preventing effective rate regulation. Thus, after a careful study, the Antitrust Subcommittee (No. 5) of the House Committee on the Judiciary, in a report, dated January 30, 1959, evaluated the effectiveness of FCC regulation of interstate telephone rates in these terms:

"In this area, too, it would appear that the Commission has allowed its predilection for the A.T. & T. viewpoint to outweigh its obligations to protect the interests of the telephone-using public."

And this same committee related that in 1953 the FCC had permitted to go into effect without hearing an increase of about $65 million a year in long distance telephone rates. Commissioner Hennock had dissented on the reasonable grounds that the practice of negotiating rate reductions ought not to be turned against the public through negotiating rate increases. In her dissent, she said:

"In passing upon the reasonableness of such a sizable rate increase without sworn testimony and evidence subject to cross-examination, I believe that the Commission is abdicating its responsibilities under the Communications Act of 1934, as amended. Moreover, a hearing in this case is particularly necessary because the Commission has never established, on the basis of a public record, the fundamental principles and policies by which to judge the reasonableness of Bell System interstate rates."

After detailing the evidence concerning the staff memorandums to the commission, the Celler committee report concluded on this point:

"In sum, between June 1955 and October 1957, the Chief of the Common Carrier Bureau no less than six times called the attention of the Commission to the fact that the Bell System, by virtue of the 1953 rate increase, was deriving a return from interstate telephone service in excess of 6½ percent. On at least two occasions in this period the staff made the 'very definitive recommendation' that action should be taken by the Commission looking toward a possible rate reduction. Nevertheless, the Commission has not been willing up to now to institute a formal rate investigation to determine whether the system's rates are unreasonably high; it has been unwilling even to authorize the staff to negotiate on an informal basis with the Bell System in order to obtain a voluntary rate reduction.

"It is significant that the Commission has neglected in the 24 years of its existence to establish fundamental principles or standards by which to judge the reasonableness of Bell System's interstate telephone rates. In the absence of such standards, telephone subscribers have no assurance against arbitrary Commission action or against long-distance charges in excess of those required by the statutory mandate. The committee believes that it is necessary in the public interest that there be instituted promptly a comprehensive, formal rate investigation to determine on a public record a fair rate of return for interstate telephone service; the basis upon which such return should be computed; and various other questions which are involved in evaluating interstate revenue requirements for ratemaking purposes."

Even more ominous is the evidence of the power and the willingness of A.T. & T. to influence not one but a group of Government agencies and departments to take extraordinary measures to advance A.T. & T. interests. Here, of course, I am referring to the well planned campaign involving the heads of the Department of Defense, the FCC, and the Department of Justice in connection with the A.T. & T. consent decree. This was a campaign to defeat the antitrust suit filed by the Department of Justice which would have eliminated the worst monopoly elements from the A.T. & T. setup, and would have divorced the operating end of the Bell System from its unregulated manufacturing and supply arm, Western Electric. The account of this exercise in influence is given in the same Celler committee report from which I last quoted.

15. Misrepresentation by the FCC

The FCC played a key role in this exercise, and it was on the Commissioners themselves that A.T. & T. influence was exerted. The FCC's role was to respond to the inquiry of the Department of Justice concerning the effect which nondivorcement of Western Electric would have on the public interest and the key question was the adequacy of existing regulatory machinery to supervise Western Electric's prices to the operating companies. The Celler committee report first refers to the FCC's failure to discharge its telephone regulatory responsibility, and then says:

"Second and more important in its impact on the A.T. & T. settlement was the Commission's action, when it replied to the Department of Justice concerning the adequacy of existing regulatory machinery to supervise Western's prices to the operating companies, in deleting two vital matters from the considered representations of its own technical staff. Thus, in advising the Department of its belief that existing regulatory powers could 'provide substantial safeguards against possible abuses in fixing the prices of Western for equipment and services supplied to the telephone companies in the Bell System,' the Commission suppressed the caveat of its staff that effective regulation depended upon the adequacy of the resources at the command of the agencies, although only a few regulatory agencies receive appropriations sufficient for such a job. Also, the Commission eliminated from its reply to the Attorney General any mention that its staff was unable to make a clear-cut comparison between the rates being charged by Western and rates that would be charged in the competitive market envisaged by the complaint. The Commission thus converted its contribution to the antitrust settlement into a distorted and inadequate set of half-truths."

16. Influence of A.T. & T. in high places of Government

In this exercise in influence, A.T. & T. used other agencies as well. Thus the committee report says:

"Although primary responsibility for the settlement lies at the door of the Attorney General, the activities of the Defense Department and of the Federal Communications Commission in connection with the case also leave much to be desired. From the time when the defendants first demurred at standing trial, the Department of Defense swallowed whole and vigorously espoused the A.T. & T. thesis that six of the officials were indispensable to the defense effort. In so doing the Department officials made no independent investigation, but uncritically accepted and adopted this thesis as the Department's position. Further, Defense Secretary Wilson went so far as to send the Attorney General a letter urging settlement of the A.T. & T. suit on a basis favorable to the defendants, without revealing that the letter was actually 'ghost written' by A.T. & T. The committee regards these as instances where Defense Department officials abdicated to the Bell System their official responsibility."

This display of private power took place only a few years ago. And it leads obviously to the question whether the unanimity with which various Government agencies espouse the same position as that taken by A.T. & T. in connection with communications satellites, and often employ even the same language in advancing this cause is not traceable to the same kind of widespread network of influence in high places. As far as the FCC is concerned the parallel is suggestive. The FCC was used by A.T. & T. to give the Department of Justice the misleading impression that the FCC in fact did regulate the company effectively, when it did not, in order to shield the company from the impact of the antitrust laws. Similarly, today the FCC represents to the Congress, the administration and the public that, if a private monopoly dominated by A.T. & T. is created to own and operate the communications satellites, the public interest will be protected by the FCC's "regulation." Only an investigation would confirm or refute this suspicion beyond a doubt. But the suspicion is nourished by the fact of the NASA–FCC agreement, and by the words of the Celler committee that (referring to the consent decree of 1956):

"It appears that, with one sole exception, every significant idea that was adopted by the Government and ultimately approved by the Court in this case originated with the defendants. The committee is amazed at the alacrity with which not one, but three responsible agencies of Government absorbed, adopted, and promptly republished these ideas as their own, as bases for the ultimate settlement" (Ibid., p. 291).

Referring to this kind of joint activity by the regulatory agency and the industries it regulates, Marver Bernstein, a leading expert on regulatory commissions, says:

"Acceptance by Government officials of an alliance, with regulated groups, is an abdication of responsibility and must be considered a blow to democratic government and responsible political institutions." (Bernstein, Marver H., "Regulating Business by Independent Commission." Princeton, Princeton University Press, 1955, pp. 88–89.)

17. FCC's alleged regulation of telephone industry a fraud on the public

On the basis of the record, what other conclusion can be drawn than that the FCC's alleged regulation of the telephone industry is a sham and a disgrace. Not only has the FCC failed to regulate the industry vigorously, but it has also on occasion gone out of its way to frustrate the Department of Justice in its attempt to apply the antitrust laws to the industry. In the present discussions of communications satellite organization and policy, it would appear to be a fraud upon the public and upon Congress to use as a selling point FCC "regulation" of the proposed private monopoly. This is why I characterized it as a shell game which is being played on (a) the Congress, (b) the administration, and (c) the public, in which the shell is labeled "FCC regulation" and the elusive bean—if you could expose the game—would be a private monopoly.

What is the alternative, you may ask? Is it a matter of venal men in public office? Is it a matter of putting into the FCC men with more integrity than are now there? Is it a matter of giving the FCC more money and direction?

18. Basic causes of failure to regulate

What is the solution?

Venality—in the crude sense of buying men for money—is probably not an issue in regard to the FCC. Lack of money and congressional support are important. But the basic reason why the FCC protects and serves the industry it regulates lie deeper by far than these secondary-level causes.

The fundamental causes of the failure of regulation to protect the public's interest in relation to telephone (as in other regulated industries too) lie in the inadequacies of the theory on which the so-called regulation is founded. And here I must paraphrase and quote Prof. Horace M. Gray, who has studied this problem very carefully:

"The theoretical rationalization of public utility regulation proceeds somewhat as follows. Competition, while preferable in the abstract, is neither viable nor practicable in certain industries, for technological and social reasons (public convenience and necessity). Some form of monopoly, therefore, is essential. Since, however, private monopoly is unthinkable because of its exploitative propensity and public monopoly is objectionable on ideological grounds, a compromise form—legalized private monopoly subject to public regulation—appears to offer the best solution. Under this dispensation private monopoly is legalized and designated as the chosen instrument of society for the performance of some specified function; * * * an independent commission is charged with regulating this legalized private monopoly with a view toward making it behave in a manner consistent with the traditional ideal of competition. Thus, public regulation, it is assumed, will operate as a substitute for competition * * *. It is an ingenious, though somewhat naive, synthesis whereby society can enjoy the benefits of competition by abolishing it; and avoid the evils of private monopoly by creating and legalizing it. In short, one can have monopoly and not have it at the same time. This seeming contradiction, it is assumed, can be resolved by public regulation, which will function as a catalytic agent to reconcile private monopoly with the public interest." (Gray, Horace M., hearings before the Antitrust Subcommittee of the Committee on the Judiciary, House of Representatives, 84th Cong., 2d sess., "Monopoly Problems in Regulated Industries," pt. 1, vol. 1, 1956, pp. 76–88.)

The causes of the failure of regulation lie in the nature of these two contradictory elements in the institution. Private monopoly, as a "system of organized economic aggression," is perhaps tolerable, so long as it is illegal or in a state of outlawry. Being vulnerable to attacks both by the law and by competition, it is curbed by its own weakness and its enemies—the democratic state and competition. Once the private monopoly becomes a publicly protected monopoly, its insecurity vanishes. It puts on the cloak of "public service" and has legitimacy. But once the monopolist gets these advantages, the servant now becomes the master. Reluctance to give him his way may be met with two potent weapons: the corruption of public opinion and of government, and the threat or act of withholding vital economic services.

This describes the position of the telephone industry. A.T. & T. is now a formidable economic and political power. It would take the public revenues (including Federal subsidies and grants-in-aid) of 32 of our poorest States or those of the 5 richest States to equal the Bell System's $7.4 billion revenues in 1959 (in 1961 Bell revenues were $8.4 billion). At current rates of exchange, Bell System revenues in 1959 were greater than the national public revenues of Canada and Sweden combined. They were $2 billion larger than the combined national public revenues of Denmark, Norway, Sweden, and Finland. They were $2 billion larger than the national public revenues of Italy. They were little short of half the national public revenue of the United Kingdom. Putting the matter differently, to equal the assets of A.T. & T. at the end of 1961 one would have to combine the total assets of Standard Oil of New Jersey, General Motors, and United States Steel, the Ford Motor Co., and the General Electric Co.

The other element in the incompatible combination—public regulation—is essentially negative, acting intermittently by restraint and veto (under ideal conditions) against particular private actions which are considered detrimental to the public interest. But, and this is crucially important, where the regulatory authority's policy comes into conflict with that of the public utility in any test of strength where positive action is required, the will of the private monopoly will usually if not always prevail. For the regulated monopoly has the perfectly valid objection that the private management has a legal responsibility to its stockholders to use its best judgment, and no regulatory law relieves it of this responsibility.

"The positive functions of management, such as planning, organizing, financing, procurement, technological innovation, marketing, and price policy, are beyond the Commission's purview or control, except as in their execution some peripheral violation may occur. Thus, power, initiative, and decisions—all motivated by private interest—rest in the hands of legalized private monopoly, while public regulation, excluded from the decisionmaking process and relegated to the sidelines, can only intervene on behalf of the public interest when some vetoable transgression is apparent" (ibid.).

The end result of this ill-matched marriage of private monopoly with the police power and the sovereign power to grant privilege from the State is a situation where—

"There exists a fusion of private economic power and public political power in which private power preempts the sovereign powers of Government and uses them for its own selfish purposes. Such a system conforms to the fascist, not the democratic model. It is not regulation at all, in the traditional sense contemplated by the founders of commission regulation, but rather a system of State-created, State-supported private monopoly in which government compels consumers and taxpayers, against their will and contrary to their interests, to sustain the excessive costs, inefficiencies, and exactions of private monopolies" (ibid.).

19. Possible solutions in the public interest

What is to be done? Clearly we face in the proposed grant to a private merged carriers' carrier of ownership of the communications satellites under FCC "regulation" a problem of statesmanship which cannot be solved by doctrinaire applications of slogans which cut either for or against private or public ownership. It surely is no derogation of the values of private enterprise to suggest that private enterprise should not become involved in Government administration in a crucial way, or that Government should not become intermixed with private enterprise. It seems obvious that tinkering with the mechanics of regulation will not solve the problem. Already the regulated private monopoly plan has seriously eroded the integrity of both private enterprise and Government in the communications field. In my opinion, at least for the present the Government should retain ownership and control until we know what we have, and until a system is established. We can always give it away. If we find later that it would be in the public interest for an independent, private company to operate it, we can reexamine the matter on its merits.

1. Government operation of the communications satellites as a carriers' carrier can preserve competition between the commercial common carriers. Our genuine traditional policy of competition in international communications could thus be maintained, if the FCC would administer a policy which conforms to this preference for competition

as against monopoly. If the technical monopoly which the communications satellites makes possible be owned or controlled by a public benefit corporation, the organization and business aspects of the daily handling of traffic can be kept competitive between the major carriers. If private monopoly of the satellites is created, private monopoly of all our communications common carriage is inevitable. That private monopoly would be dominated in one way or another by A.T. & T.

2. Government is inevitably involved in communications satellites through research and development, operationally and fiscally, in ways which are without precedent in any other venture. Some $25 billion of taxpayers' money have been committed to the development of the space technology without which the communications satellites could not orbit. From 1959 to 1963, NASA and DOD will have spent more than $470 million on the development of space communications alone. The Federal Government is the backbone of the communications satellites and the taxpayers have supplied the flesh for this creation. Let us not forget that the first successful communications satellite was the Courier satellite, which was developed, financed, and operated by the U.S. Army. In one way or another the taxpayer deserves to have his interest in this development protected—not handed out in the greatest giveaway ever.

3. Government can do the job faster and no less efficiently than private industry. The propaganda slogan of private monopoly that Government is inevitably slower and less efficient than private enterprise is simply untrue in this situation.

First, as to speed: RCA's Dr. Engstrom has testified that no delays would result if research and development moves ahead with the Government carrying out its programs through contracts with the private communications companies where necessary.

Second, as to efficiency: The innovations of wire telegraphy in 1844 and of radiotelephony and radio-telegraphy from 1900 to 1919 were the result of Government rather than private enterprise. The same is true of most foreign countries.

As to speed and efficiency, the propaganda slogan's untruth is evident from one other consideration. If we really believed the slogan, we should turn over the communications end of the Department of Defense to be operated by the communications industry, and the remainder of our military organization to other segments of private industry. We place high priority on the importance of military security. Our military places a high priority on fast innovation of communications satellites. Evidently we act on the assumption—which is correct—that Government can do the job faster and no less efficiently than private industry.

This has been attested to by Mr. James Webb, the Administrator of the National Aeronautics and Space Administration. In asking for funds, he stated before the Senate Aeronautics and Space Committee that—

"He [the President] has established a policy of proceeding as rapidly and as expeditiously through the experimental phase to an interim transmissional operating phase, and has backed up his policy for a request for $50 million to expedite what industry might take longer to do."

Before the House Interstate & Foreign Commerce Committee Mr. Webb stated on March 21, 1962, that:

"It is contemplated that the National Aeronautics and Space Administration will continue to do active research and development on the technology involved in using communications satellite systems * * * the industry is not capable of doing the research that we do" (hearings, pp. 623–624).

At the November hearings of your Small Business Committee's Monopoly Subcommittee the following statement made by representatives of the General Electric Co. was quoted to Mr. Samuel Barr, vice president of Western Union, a communication carrier; I quote:

"If there were no economic considerations involved we feel 1965 is a reasonable objective to get there. On the other hand, we do feel that this time period could be accelerated by a year or more if the Government felt this were desirable, in which case we assume the Government would pay the additional cost of approaching it in that manner."

Mr. Benjamin Gordon, our staff economist, then asked the question: "Is this not an admission, Mr. Barr, that speed in establishing a system depends on efforts by the Government, and is outside the capabilities of the private sector alone?"

Mr. Barr then answers, and this is an important statement made by one of the common carriers and I quote in full:

"I will take it a step further. Not only speed but the mere fact of establishing such a system depends upon the amount and the speed at which the research and development under NASA is taking place."

"This ad hoc committee, and the carriers themselves, are not doing anything. They are not doing anything insofar as launching the satellites. It is wholly in the hands of the Government. So we depend upon the Government for that complete effort and therefore, whether it is speed or whether it is just in being at all, will depend upon the Government." (Hearings, before Subcommittee on Monopoly, Senate Small Business Committee, p. 585.)

4. Ownership and control of the communications satellites by a public benefit corporation, at least until we know the potentialities and value of such a system, avoids a premature freezing of a fluid situation. Unless private interests are gratuitously created, the political Government of our country can make the predominantly political decisions which communications satellite policy will involve, freely and on their merits. Just why should A.T. & T. be involved in a question of whether communications technical assistance should be given to a Latin American country in connection with communications satellites? Just why should A.T. & T. be our representative to conduct relations in the name of the United States between a Western European nation and several in Africa when the problem is one of adjusting their uses of communications satellite channel space? Just why should the choice of low or high level satellite systems be subjected to the patent and manufacturing interest pressures of A.T. & T. as against those of I.T. & T. and other companies?

Ownership and operation of a satellite system must insure a clean distinction between the private sector and the public sector. Why should we yield to the present industry pressures to take an action which violates a traditional policy of our country which says: Let's keep the Government out of business and business out of Government. H.R. 11040 blends the functions of Government and industry in day-to-day operations of our communications system in a way which is without precedent in this country. It has precedents but they come from outside our country. Private monopoly intermixed with Government authority and responsibility in control of our communications system would mark a large and irreversible step toward the corporate state in the United States.

IV. THE POWER OF A.T. & T.

Mr. President, what is essentially proposed by H.R. 11040 is congressional authority to give to A.T. & T. a revolutionary technology, the development of which has been paid for by the American taxpayer, and which can provide a competitive force in the communication industry. Instead, this competing technology is now being aborted at its birth, and if this bill is enacted, will soon become an instrument of the A.T. & T. monopoly. Of course, the bill is not presented in this light; it is being offered to the Congress wrapped in the mantle of free private enterprise, seeking to make dupes of the American people.

Despite pious denials to the contrary, there is no question that the American Telephone & Telegraph monopoly will control the satellite corporation. The predominant and major shareholder will be A.T. & T. The largest user by far will be A.T. & T. All this insures that A.T. & T. will also be the dominant supplier of equipment to the corporation.

1. A.T. & T. controls all types of communications

Potential ownership of 50 percent of the stock of the satellite corporation by corporations other than communications carriers and possibly some individuals cannot eliminate this control. In fact, the greater the diffusion of ownership among the other owners, the smaller the share needed by A.T. & T. to give it a stranglehold on the new organization. In this respect, I must confess that I do not understand the reasoning which would place a maximum ownership of 10-percent limitation on stock ownership by corporations other than communication carriers but practically no limit on those within the communication industry other than the 50 percent of the stock issued, and a vague regulatory power entrusted to the FCC, an agency which has been notoriously lax in regulating the telephone industry.

Here is an opportunity to create a competing entity with which the communication industry could deal and which could escape control by A.T. & T. But rather than freeing the American communication industry from A.T. & T. dependence, H.R. 11040 seeks to perpetuate and strengthen a dangerous monopoly under the label of "free private enterprise." The bill will insure and legalize complete A.T. & T. dominance not only over voice, wire, and television transmission but also weather forecasting and airway safety channels of communication.

If there is any doubt of the consequences, Mr. President, let me point out that today A.T. & T. owns, controls, and directly operates through its long lines department more than 98 percent of long-distance telephone communication service in the United States. Through corporate subsidiaries, corporate stock ownership and contracts, it owns and controls the dominant companies which have about 85 percent of all the facilities used in the provision of local telephone communication service in the United States.

The Bell System owns and operates the coaxial cable and microwave relay facilities used in the transmission of programs for radio and television broadcasting and all transoceanic two-way radio-telephone service in the United States. It also supplies facilities for a large part of press news and telephotograph service, and operates a nationwide teletypewriter exchange service.

A.T. & T. owns a predominant number of patents relating to telephone, telephone equipment, and communication operations.

A.T. & T. also owns 99 percent of the stock of Western Electric, the manufacturing, purchasing, and supply branch of the Bell System. Western Electric is engaged directly in the manufacture, sale, and distribution of over 90 percent of all telephones, telephone apparatus and equipment manufactured and sold in the United States. Of the remaining 10 percent manufactured by others, a substantial part is produced under contract with Western in accordance with Western's prices and specifications, for Bell System use. Virtually all of the Bell System requirements for telephones, telephone apparatus, equipment, materials and supplies are purchased by the operating companies from Western Electric.

In fields other than telephony, A.T. & T. has dominated and controlled (1) the furnishing of microwave transmission, wire circuits and other facilities on which network radio and television broadcasting is dependent; (2) the manufacture and licensing of submarine telephone and telegraph cables and terminal apparatus, and (3) the development of multiple frequency broadband cable, including the coaxial type. This serves to give the Bell System a dominant position in news, photo, and television transmission involving the use of wire facilities.

As I have already stated, one would have to combine the total assets of Standard Oil of New Jersey, General Motors, United States Steel, Ford Motor Co., and General Electric in order to approximate A.T. & T.'s assets of over $30 billion at the end of 1961. And it would take the public revenues (including Federal subsidies and grants-in-aid) of 32 of our poorest States or those of the 5 richest States to equal the Bell System's $8.3 billion in revenues for 1961.

Under the veil of a public utility we have permitted a giant to grow. We have allowed ourselves to be duped by the concept of regulation as an adequate substitute for competition. The structure of the communications industry has no parallel in any other sector of the economy. The ever-watchful eyes of the FCC., the Justice Department, and the FTC, when it comes to the common carrier industry, are similar to Rip Van Winkle's during his 20-year sleep.

Why does this situation exist? It exists because the FCC, the Department of Justice, and Congress have not been vigilant in exercising their responsibilities.

I have already discussed the lack of FCC regulation of A.T. & T. Now I would like to review the Justice Department's recent relations with this same monopoly. This is an important matter, Mr. President. Before the American Congress determines to give the communications satellite program to A.T. & T., which this bill H.R. 11040, does for all practical purposes, this body and the American people are entitled to know what their Government regulatory agencies and the Justice Department have done to protect their interest in the light of A.T. & T.'s position as a legal monopoly. To characterize this bill as a step toward free competitive enterprise is a particularly cynical misrepresentation to the American people.

2. *Justice Department charges A.T. & T. with conspiring to monopolize*

In the Government's relations with A. T. & T., the public interest has often been sacrificed. In 1935, under a congressional mandate, the FCC initiated an investigation of A.T. & T. and the Bell System companies which culminated in 1939 in an FCC report (H. Doc. No. 340, 76th Cong.) to Congress. This investigation found extensive antitrust violations and the resulting report recommended urgent action.

World War II intervened before action could be taken. Although the Departments of War and Navy, as well as A.T. & T., argued that to bring such an action during World War II would impede the war effort, the Department of Justice in 1949, in an act of courage despite opposing A.T. & T. influence and pressure, filed an antitrust complaint against A.T. & T., Bell Laboratories, and Western Electric, basing its action on the facts brought out in the original FCC report.

The complaint, filed on January 14, 1949, by the then Attorney General Tom C. Clark, charged that A.T. & T. and its wholly owned subsidiary, the Western Electric Co., were conspiring to monopolize the manufacture, distribution, and sale of telephones, telephone apparatus, equipment, materials and supplies.

The complaint charged that A.T. & T. (1) owned and operated more than 98 percent of the facilities used in long-distance telephone service in the United States; (2) owned and controlled operating companies furnishing approximately 85 percent of all local telephone service in the United States; and (3) required these operating companies and all of their long lines departments to buy substantially all of their telephone equipment from Western Electric. In addition, Western Electric manufactured and sold more than 90 percent of all telephones, telephone apparatus and equipment sold in the United States.

The complaint charged that A.T. & T. and Western Electric, its subsidiary, had been engaged in a continuing conspiracy to restrain and monopolize and were in fact monopolizing the manufacture, distribution and sale of telephones, telephone apparatus and equipment in violation of Sections 1 and 2 of the Sherman Act.

The complaint also alleged that A.T. & T.'s and Western Electric's control of the market for telephones and equipment permitted them to control both plant investments and operating expenses on the basis of which regulatory agencies fix investments and operating expenses on the basis of which regulatory agencies fix rates, and that the absence of effective competition in the manufacture of telephones and telephone equipment had resulted in higher prices paid for such equipment by the Bell System and tended to defeat effective public regulation by Federal and State regulatory bodies of rates charged subscribers for telephone service.

The complaint accused A.T. & T. and the Bell operating companies of refusing to purchase from manufacturers other than Western Electric, even though equipment manufactured by such other companies might be superior in operating economy, service, and initial cost. It alleged further that the situation created by the closed market in which the Bell System operating companies bought, as well as the closed market in which Western Electric sold telephone equipment, had been used by A.T. & T. to delay the introduction into the Bell System as standard equipment of improvements in the art of telephony in order that maximum returns might be secured from existing equipment even though less expensive and more efficient equipment was available.

According to the complaint, the alleged conspiracy between A.T. & T. and its subsidiary, Western Electric, consisted of a continuing agreement and concert of action of which these were the principal terms:

First, that A.T. & T. and Western agreed to acquire control of the market in the United States for substantially all telephones, telephone apparatus, and equipment through allegedly predatory patent policies; acquisition of independent telephone companies; and agreements with telegraph companies that they would not engage in telephone service.

Second, that A.T. & T. and Western agreed to eliminate all substantial competition in the manufacture and sale of telephone equipment required by the Bell operating companies and the long-lines department of A.T. & T.—(1) by giving Western Electric the exclusive right to manufacture and sell telephone equipment to the Bell operating companies and to A.T. & T.'s long-lines department; (2) by requiring the Bell operating companies and American Telephone & Telegraph long-lines department to purchase and acquire equipment exclusively from Western Electric; (3) by standardizing equipment used in the Bell System in such manner as to prevent its purchase from any company except Western; (4) by vesting in A.T. & T. power to control operations of all branches of the Bell System so that they are unable to make independent decisions on procurement.

Third, that A.T. & T. and Western agreed to acquire independent, competing telephone manufacturers.

Fourth, that A.T. & T. and Western agreed to eliminate competition of foreign telephone manufacturers by arranging with them that Western Electric would be their exclusive agent in the United States.

Fifth, that A.T. & T. and Western agreed to suppress competition in alternative methods of communications by patent control in media not related to wire telephony by restrictive cross-licensing patent arrangements, and by dividing fields of manufacture and sale with concerns in the telecommunications and nontelecommunications fields.

Sixth, that A.T. & T. and Western agreed to exercise the power resulting from their unified control of research and development and the manufacture and operations of telephone equipment so as to produce monopoly profits for A.T. & T. (1) by securing from Western Electric noncompetitive prices for telephone equipment sold by Western to the Bell operating companies and to the long-lines department of A.T. & T., and by using such noncompetitive prices as the basis for determining investment in telephone plant upon which subscribers' rates are based: (2) by continuing the manufacture by Western and the sale by Western to the Bell operating companies and to the long-lines department of A.T. & T. of various types of telephone equipment, knowing that the cost of such equipment was higher than that of available, alternative types manufactured by Western Electric's competitors; (3) by suppressing improvements and developments in the art of telephony and improved types of telephones, telephone apparatus, and equipment; (4) by refusing to purchase from manufacturers other than Western and by refusing to introduce into the Bell plant equipment produced by competing manufacturers even though the defendants knew that such equipment was superior in service, operating economy, and initial cost.

Seventh, that A.T. & T. and Western agreed to discriminate in price between different purchasers and substantially to lessen competition in the manufacture and sale of telephone equipment (1) by selling to companies not within the Bell System at prices higher than those charged the Bell operating companies; (2) by allowing Western to manufacture for sale outside the Bell System without charge for A.T. & T. controlled patents, while refusing such terms to independent manufacturers and distributors of telephone equipment.

3. *Attempt by U.S. Government to sever Western Electric from Bell System*

In a statement accompanying the filing of the suit, the Department of Justice declared that "although the Bell operating companies occupy the status of public utilities and hence are subject to regulation by State and Federal commissions on rates charged subscribers, Western Electric Co. is not subject directly to such regulation." The Department added that "telephone rates are fixed upon the basis of a fair return on the investment in the telephone plant, and where such telephone plant is purchased from a single concern, it is obvious that the prices for such equipment are not determined by competition in a free market."

Attorney General Clark pointed out that "the chief purpose of this action is to restore competition in the manufacture and sale of telephone equipment now produced and sold almost exclusively by Western Electric at noncompetitive prices." Defense counsel made it plain that "the heart of the case is the Government's attempt to sever Western from the Bell System" observing that "the basic relief sought is that the manufacture of telephone equipment for the system be completely and perpetually separated from the furnishing of telephone service by the system."

More specifically, to restore competition in the manufacture and sale of telephone equipment, the following relief was requested in the complaint:

1. Separation of Western Electric from A.T. & T. and dissolution of Western into three competing manufacturing concerns;

2. Requirement that A.T. & T. and its operating companies buy telephone equipment only under competitive bidding;

3. Requirement that Western Electric sell to A.T. & T. its 50-percent stock interest in the Bell Telephone Laboratories.

4. Prohibition of all agreements between Western Electric and Bell operating companies under which Western was made the exclusive purchaser, supplier, developer, storekeeper, installer, repairer, and junker for the Bell System;

5. Requirment that A.T. & T., Western, and Bell Telephone Laboratories license their patents to all applicants on a nondiscriminatory and reasonable royalty basis, and furnish technical information, know-how, and technical assistance necessary for the use of such patents;

6. Prohibition of various arrangements between A.T. & T. and the Bell operating companies whereby A.T. & T. specifies the equipment to be purchased by them, requires submission by Bell operating companies of financial budgets, and directs the operations of Bell companies;

7. Prohibition of all contacts, arrangements, and understanding with others which eliminate or restrain competition.

In summary, the core of the complaint was that A.T. & T. and Western Electric had destroyed competition in the manufacture and production of telephones, telephone equipment, and apparatus; that Western Electric is an illegal monopoly; and that the operations of A.T. & T.'s manufacturing subsidiary, Western Electric, are not subject to public utility regulations and hence should be in the sphere of our free competitive enterprise system. On the other hand, the operations of A.T. & T. and its operating companies are subject to public utility regulation. The purpose of this complaint was to eliminate Western Electric as an illegal monopoly operating under the protection of the natural monopoly enjoyed by A.T. & T. and its operating companies as a public utility.

The difficulty of regulating A.T. & T. in this respect was attested to by the Chairman of the Federal Communications Commission before my Monopoly Subcommittee in August of last year. Let me quote from the testimony:

"Senator LONG. Well, is it not true that lack of control in one area of an overall operation tends to defeat the regulatory efforts in another area?

"Mr. MINOW. Well, yes, except in some of the problems we run into, they cut across many different bounds. In the space field, for example, when many agencies like NASA and ourselves are involved, it is hard to put all of it in one package.

"Senator LONG. But if you can't control one facet of that which you are supposed to regulate, it oftentimes means that you can't control the thing at all, doesn't it?

"Mr. MINOW. That is correct, sir.

"Senator LONG. Isn't that the reason the Government found it necessary to regulate the price that a coal mine could charge the railroad if the railroad owned a coal mine in order to keep them from robbing the public blind with the price they are paying for coal?

"Mr. MINOW. That is right. And it is exactly the same situation in connection with our pending matter between Western Electric and A.T. & T."

On January 24, 1956, the Department of Justice, without going to trial, entered into a consent decree judgment with the American Telephone & Telegraph Co.

4. Role of Department of Justice in consent decree

Before discussing the practical efforts of this consent decree, Mr. President, I would like to discuss some of the lesser known activities which took place prior to the culmination of the decree. The background information is a matter of public record and is available in the report of the House Antitrust Subcommittee on the consent decree program of the Department of Justice, and the hearings held by that subcommittee on the A.T. & T. consent decree. These records reveal that the actions of certain agencies and officials at the time of this consent decree manifested an utter disregard of the public interest and reflected a subservience to A.T. & T. which fell far below the standard required of Government officials and agencies in carrying out their responsibilities.

When the Celler subcommittee began its investigations on the decree, immediate opposition was manifested by the Department of Justice. The subcommittee requested the Department's files relating to the negotiations for, and signing of, the consent decree. But the Department of Justice refused to supply the subcommittee with any information. This refusal was predicated, according to the Celler subcommittee, "on an asserted need to withhold information concerning A.T. & T. and Western Electric operations obtained from those corporations in the course of consent-decree negotiations, and on a claim of Presidential privilege to deny to Congress communications passing between employees of the Department of Justice."

In 1958, it should be noted, Attorney General Rogers advised Congress that it was the Department's practice at the conclusion or settlement of a case to make all pertinent facts available to duly constituted congressional committees. If this had been the Department's policy, why was it necessary to make an exception in this case?

Perhaps the refusal of the Department to supply information was understandable when one considers the actions and suggestions of Attorney General Brownell under whose authority the consent decree was effectuated.

In 1953 Mr. T. Brooke Price, A.T. & T.'s vice president and general counsel, visited Attorney General Brownell at White Sulphur Springs, W. Va. A detailed memorandum of this meeting was prepared by Mr. Price and is incorporated in the Celler committee report.

According to this memorandum, Mr. Brownell had a number of specific suggestions on the course the defendants should follow. In substance, the Attorney General stated "that a way ought to be found to get rid of the case." He expressed the thought that A.T. & T. "could readily find practices that (it) might agree to have enjoined with no real injury to (its) business" and said that if A.T. & T. "tried," it "certainly could find things of that sort that could be used as a basis for a consent decree." When Mr. Price pointed out that the management of A.T. & T. had not been willing to admit that any injunction ought to be entered against the company, but that the case ought to be dropped, Mr. Brownell said, "I don't think that's a very sensible attitude for them to take."

In effect, the Attorney General of the United States proposed a face-saving device in order to conclude the litigation without the basic relief requested by the Government's complaint; that is, divorcement of Western Electric from the Bell System.

The Attorney General's willingness to have a token settlement was not consistent either with the public interest or with the law, and manifested a partiality toward the defendants which was incompatible with the duties of public office. It was also hardly in keeping with the ethics of the legal profession for an Attorney General, who is entrusted with responsibility for all litigation brought by the United States, to suggest to his adversary to approach the Justice Department with a proposal, the acceptance of which would be harmless to his clients.

Needless to say, A.T. & T. lost no time in responding to Mr. Brownell's suggestion with respect to a consent decree as a substitute for dismissal. Subsequently, A.T. & T. made several proposals as a basis for a settlement decree. None of the proposals included severance of Western Electric as a supplier to the Bell System or required the operating companies of the Bell System to purchase under competitive bidding. The consent judgment ignored every essential position on which the Government had initiated the suit.

When the Department of Justice was asked, in appearing before a House Small Business Committee, what justification there was for settlement of the case, former Assistant Attorney General Barnes, in charge of the Antitrust Division at the time of the consent decree, stated that the original purpose to separate Western Electric from A.T. & T. had to be abandoned because it was felt that the courts would probably not go along, a belief not necessarily his own.

There were members on the staff of the Antitrust Division who were not pessimistic at all about the Government's chances of obtaining divorcement by court action. Mr. Victor Kramer, who at one time had general supervision of the case, and Mr. Murphy, who was the chief of the Government's trial staff, and who according to one of the Department witnesses had the best detailed knowledge of the case, testified that the probabilities were that the Government would have ultimately succeeded in obtaining divestiture of Western Electric through court action.

Another reason advanced by the Attorney General to justify the decision was that any divestiture would be certain to result in a substantial increase in the cost of telephone service to the consumer. Mr. President, this conclusion was not reached from any independent investigation, but solely on the basis of information and representations from advocates for the defendants. Comparisons were made between Western's and independent manufacturer's prices that had been advanced by the associated Bell companies in rate proceedings to justify the reasonableness of Western's prices. However, as the Celler subcommittee pointed out, these comparisons were not valid because of differences in the manufacturing and marketing conditions between Western Electric and the independents. First 90 percent of the market was foreclosed to independents and supplied by Western; second, Western had advance information as to anticipated purchases by its customers, as compared with lack of such information to the independent manufacturers; third, Western incurred no sales cost as compared to the independent manufacturers' cost of selling products; fourth, there was a difference between the relative credit risks of the independent manufacturers and Western.

Despite these considerations, the Department of Justice rejected a recommendation by Mr. Kramer to determine empirically whether or not the independent manufacturers were in a position to compete with Western, and also to obtain their reactions to the claims made to the Department by A.T. & T. and Western Electric.

Finally, there were the so-called defense considerations. In this connection Judge Barnes stated that, if contributions to the military effort was to be a defense to the violation of antitrust laws, a directive was necessary from the President or the National Security Council. No such directive was ever issued. In fact, the military effort had no bearing on the decision to settle without divorcement. In testimony before Mr. James Roosevelt's House Small Business Subcommittee, Judge Barnes stated:

"You know, this is a very complicated situation. It is complicated by many, many factors, not the least of which is the vast amount of business which is done by Western Electric for the U.S. Government. * * * In other words, you have got a situation where you have got research halfway between manufacture and operations, and so tied up, according to certain allegations, that, from a practical standpoint, they have to be together.

"Now, I am not buying that. I am just saying that is an argument which has been expressed, and very violently expressed, by people in high places in the Government. The responsibility for this consent judgment rests solely in the Department of Justice, and solely in the Antitrust Division, of which I am head. * * * As I stated, the only reason why we did not attempt to get a complete divorcement of Western Electric and the A.T. & T. is that we became convinced we could not obtain it by a court action."

5. Staff of Department of Justice refuses to sign consent decree

In analyzing the Justice Department's handling of this case, the reactions of certain high level staff members must be considered. No member of the staff assigned to work on the case, or getting the case ready for trial, was in favor of a settlement without divestiture of Western Electric.

Mr. Victor Kramer, an eminent antitrust lawyer, who, as I have already mentioned, had general supervision of the case, prepared a memorandum as to why he was unsympathetic with the Department's decision, stating why, in his judgment, the consent decree was contrary to the public interest.

According to Mr. Kramer:

1. The Sherman Act condemns every scheme for interstate monopolization and does not distinguish between good and bad monopolies.

2. Congress had made no exception from the Sherman Act for manufacturers of telephone equipment.

3. A decree failing to divorce Western Electric from A.T. & T. and otherwise limit its role as exclusive supplier of equipment to the Bell System would not accomplish the objectives of the Sherman Act.

4. No field examination had been made to test the contention that divestiture would result in increased cost of telephone service.

5. The major premise of the Sherman Act is that monopoly is contrary to the public interest and that competition ultimately produces more goods at lower prices. If this premise is erroneous for the manufacture of telephone equipment, Congress alone has power to enact an exception.

6. In the absence of a directive from the President that considerations of the national defense make trial of the case impossible, the Department of Justice was in no position to fail to press the case.

7. And should all these arguments fail to convince, a dismissal of the complaint without prejudice was preferable to a consent decree that would recognize Western Electric as a chosen instrument of monopoly and might, operating as a kind of umbrella over Western's monopoly, tie the hands of a future Attorney General.

Subsequently, Mr. Kramer, as did every other responsible member of the staff, declined to sign the decree, "because after a great deal of soul searching I did not see how I could sign it and remain consistent with the oath which every attorney takes when he joins the Department of Justice to support and defend and protect the Constitution and the laws of the United States adopted thereunder. * * * I did not think that this decree could possibly be consistent with the Sherman Act."

In addition to Mr. Kramer, Mr. Murphy, the chief of the Government's trial staff, testified that he also believed the proposed settlement was contrary to the public interest, and had submitted a memorandum objecting to the decree. Mr. Murphy noted that while the FCC had stated that it had power to regulate the prices charged by Western Electric to Bell operating companies, it did not say that there was any actual regulation, and that if divestiture was not in the public interest, "dismissal would be preferable to a settlement on any basis which did not include divestiture, because I could not see, personally, how a decree which perpetuated the basis of the suit would be appropriate, because it might have an effect of estoppel or res judicata at some time in the future when conditions might change, say in 10 or 15 years."

Mr. Murphy, in his testimony before the Celler subcommittee, stated that after the decree was negotiated he indicated that "he would prefer not to sign it."

Also opposed to the settlement negotiated by Attorney General Brownell was the Chief of the Antitrust Division's Judgment and Judgment Enforcement Section, Mr. Kilgore, whose office had the responsibility to review and formulate and to make recommendations to the Assistant Attorney General on consent judgments.

Mr. Kilgore testified before the Celler subcommittee that he orally advised certain staff members in the Department of his opposition to the settlement without divestiture, and that he subsequently submitted a written memorandum in order that the record would show he had previously orally indicated his views on the relief. He testified that:

"I stated that, upon the basis of the Government's allegations, if there was a case showing a violation of the Sherman Act, that divestiture relief was appropriate. I do not believe, did not believe, that Congress has made any exemption under the Sherman Act for the manufacturer of telephone equipment and therefore, I felt that it should be treated solely as an antitrust problem."

The question still remains why the Attorney General did not follow the advice of his staff instead of deciding, in effect, to recognize Western Electric as a chosen instrument of monopoly and preventing a future Attorney General, whose opinion might differ, from bringing antitrust actions against Western Electric.

6. The role of the Department of Defense in consent decree

The Department of Justice was not alone in neglecting its responsibilities as a public agency. The Department of Defense and FCC also played an important role in the eventual settlement with A.T. & T.

In 1952 the Bell System decided to seek a postponement of all activity in the antitrust suit on the ground that during the national emergency (the Korean war) the preparation for trial would seriously affect several key executives of Bell Laboratories and Western Electric. This was an argument successfully used to obtain a postponement during World War II. It was claimed again in 1952 that the diversion of certain executives to trial preparation would impair the ability of the Bell Telephone Laboratories and Western Electric to fulfill its obligations under defense contracts with the Government.

Dr. Kelly, president of the Bell Telephone Laboratories, discussed the matter of postponement first with Secretary of Defense Robert A. Lovett, and later with Assistant Secretary of Defense for Legal and Legislative Affairs, Charles A. Coolidge. It should also be noted that Dr. Kelly was at that time a consultant of the Defense Department as well as the Commerce Department.

Dr. Kelly apparently convinced Assistant Secretary Coolidge that the antitrust suit should be postponed, and Mr. Coolidge made such a written recommendation to the Secretary of Defense.

Mr. President, I do not criticize the Department of Defense fo. taking this position if the facts in the case merited such a decision. What is particularly disturbing to me, however, is the manner in which the decision was reached and the subsequent conduct of certain officials in the Department of Defense.

After the Defense Department's decision, A.T. & T.'s counsel submitted to the Department of Defense a memorandum prepared by Dr. Kelly and a vice president of Western Electric stating A.T. & T.'s position that the suit should be postponed because of the defense effort. Thereafter Secretary Lovett addressed a letter to the Attorney General echoing the representations made by A.T. & T. and requesting a postponement.

This recommendation was made even though the Defense Department had not made an independent investigation to determine whether a trial would impede the defense effort or whether personnel working on defense would actually be needed for preparation of the trial.

The Secretary of Defense in a later memorandum, the first draft of which was prepared by A.T. & T., stated the following:

"There is no question in my mind as to the importance to the defense effort of the work the Bell Laboratories and Western Electric are doing. While I cannot similarly vouch personally for the degree of interference with that work which a resumption of activity in the antitrust suit would entail, the data on this point which Dr. Kelly has submitted are impressive and I have no question as to Dr. Kelly's integrity. (Celler report, p. 47.)

Thus, complete reliance was placed on the oral and written representations made by Dr. Kelly, the president of the Bell Laboratories, who could hardly be characterized as a disinterested objective party. In fact, during the course of the Cellar hearings, Dr. Kelly acknowledged that in his representations to the Department of Defense he was acting as an advocate for the Bell System. Knowing that Dr. Kelly was a consultant to the Defense Department, can it be denied, Mr. President, that this was clearly a conflict of interest?

Rebuffed by the Department of Justice in its initial request, A.T. & T. again wrote to the Department of Defense requesting a temporary postponement for at least 2 years, giving the same reasons as before. The Department of Defense again responded by sending a letter to the Attorney General conveying the requests of A.T. & T. Subsequently, a meeting was held between Deputy Secretary of Defense William C. Foster and the Attorney General for the purpose of setting up a conference to discuss the case.

Mr. Coolidge, Assistant Secretary of Defense, after being appraised by Mr. Foster of what took place at this meeting, lost no time in conveying what he had learned to a Bell Laboratories vice president, who wrote the following memorandum:

"On July 16, 1952, Mr. C. A. Coolidge, Assistant Secretary of Defense, called me to report on the status of the Defense Department's efforts to have the Justice Department defer the antitrust suit. He told me of a discussion (not firsthand) with the Attorney General at which the Attorney General made the following statements:

"'1. That he would make no decision until the new head of the Antitrust Division had been appointed.

"'2. That he would not make this appointment until after the Democratic Convention.

"'3. That the delay put into the negotiations by the Justice Department would not be counted against any delay which might be granted later.

"'4. That he approved of the position we have taken (as stated in Dr. M. J. Kelly's letter of May 9 to Mr. W. C. Foster) in not working on the case until he had made a decision.'

"I told Mr. Coolidge that we were concerned about the delay in view of the fact that we were under court order to be responsive. He sympathized and suggested that work in response to the order probably did not involve the efforts of key people in the laboratories and that perhaps this work should go forward.

"Mr. Coolidge told me that, in his opinion, it was quite possible that no decision would be made until after the election. He guessed that the Attorney General might not want to decide such an important matter for a possible successor.

"I asked Mr. Coolidge whether, in his opinion, it would be profitable for us to discuss these matters with the Justice Department at this time. He saw no reason why not but, on the other hand, did not recommend that we do so." (Celler report, p. 49.)

After the election in 1952, Dr. Kelly again met with Assistant Secretary of Defense Coolidge, at which time it was concluded that for the benefit of the new administration the Department of Defense should prepare, first, a complete file on the matter; and, second, an accompanying memorandum from Secretary Lovett setting forth the consideration and action of the Department of Defense in this case. Dr. Kelly, president of Bell Laboratories, was asked to go through the files of the Department of Defense (including documents prepared and submitted by the Bell System) and to assemble a complete file. In addition, Dr. Kelly prepared and delivered to the Department of Defense a suggested draft of a memorandum from the Secretary of Defense to accompany the file. Subsequently the Secretary signed a memorandum which was, in substance, along the same line as the draft prepared by Dr. Kelly of Bell Laboratories. This action, Mr. President, makes me wonder who is working for whom and who is serving the public.

7. Defense Department assists A.T. & T.

The Defense Department's activities for A.T. & T. did not end simply with its proposals to the Justice Department. Even after the consent decree came into effect, the Defense Department continued to aid the case of A.T. & T. by other means, and these "other means" should remove all doubts as to whether or not A.T. & T. received preferential treatment from the Defense Department.

What I am referring to is, that, unknown to the Celler subcommittee, the Defense Department turned over to A.T. & T. copies of all documents which had been previously furnished to the Celler subcommittee. These included interoffice memorandums and correspondence between the Secretary of Defense and the Attorney General.

At this point, certain questions occur to me:

1. Is the Department of Defense a secret arm of the American Telephone & Telegraph Co.?

2. Is the Department of Defense in the employ of A.T. & T., the Bell System Cos.; and the Bell Laboratories, Dr. Kelly's home base?

3. Or is the Department of Defense an agent of the American people, empowered to carry out and protect the statutes enacted by the Congress?

When the Deputy General Counsel of the Defense Department was questioned about the release of these confidential and privileged memorandums and letters by Mr. Maletz, chief counsel of the Celler subcommittee, he stated that the Defense Department did not know whether or not turning over interoffice memorandums to A.T. & T. would hamper the Celler subcommittee in connection with its investigation. Furthermore, no effort was made to check with the chairman of the subcommittee to determine this fact, and perhaps in retrospect the Defense Department should have done so.

When questioned further as to whether the action of the Department of Defense was contrary to its policy against making available to a private company copies of documents supplied to a Federal investigative agency without first obtaining approval of that agency, the Department's witness answered that it was contrary to established policy and that this was the only instance of its kind that occurred during the past 10 years. Yet why was it done? Was it because A.T. & T. and Western Electric were involved? Would the Defense Department have done it for other corporations?

It is obvious that the pattern manifested throughout this case by the Department of Defense was an abdication of departmental and public responsibility to the Bell System. The Department's action was that of an advocate for the Bell System, and this reflects a lack of moral and ethical sensitivity. The manner in which the Department of Defense determined the A.T. & T. case and the delegation of administrative responsibilities to a Bell employee is, in my judgment, conduct falling far short of that which is expected of a department of the Government and of individuals whose job it is to protect the public interest.

8. The FCC misrepresents and omits important information

Up to this point, I have been discussing the unusually friendly and solicitous activities of both the Department of Justice and the Department of Defense on behalf of the American Telephone & Telegraph monopoly. Not to be outdone by these two agencies of Government, the Federal Communications Commission joined the contest to see which would ingratiate itself most with this industrial colossus.

In trying to get a favorable settlement, the defendants continued to press two points in the course of the negotiations: (1) That in fixing rates for the Bell System operating companies, the regulatory commissions had authority to inquire into and evaluate the reasonableness of the prices and profits of Western Electric in its business with the operating companies and to disallow for ratemaking purposes such amounts as were determined to be unreasonable or excessive; and (2) that divestiture would deprive the Commissions of power to scrutinize the reasonableness of Western's price to the Bell operating companies.

To evaluate these contentions, the Attorney General sought the opinion of the Federal Communications Commission. However, Mr. Kramer of the Department of Justice stated before the Celler subcommittee that he had reservations about the advisability of seeking the Commission's views on this question, because in his opinion, the answer would be a foregone conclusion. The reason for Mr. Kramer's reservations are revealed by his testimony before the Celler subcommittee:

"Mr. KRAMER. I had had, with the permission of Judge Barnes, some months prior to the letter, a very brief meeting with one or two members of the Commission's staff, and I believe one of them—but I am not sure—was Mr. Strassberg or Strausberger. I cannot remember our conversation; it was at least 3 years ago.

"He exhibited, it seems to me, some apprehension regarding discussing anything on the merits of the A.T. & T. decree with a staff member of the Antitrust Division, even though I believe I made it clear that Judge Barnes had approved the visit.

"In addition to that, I was aware that the Chairman of the Commission, then Mr. McConnaughey, had been associated as counsel for the Ohio Bell Telephone Co., and I was afraid that his experience with that company, coupled with this vague apprehension that the staff showed to me when I visited them, would result in an answer which would perhaps not fully reflect the views that the staff had, and might reflect the views of the telephone company.

"By the telephone company, I mean the defendant, American Telephone & Telegraph Co.

"Stating it most briefly, I thought that the answer was a foregone conclusion, and that not too much weight should be given to it. However, I said little, because it seemed to me almost absurd for a member of the staff of the Department of Justice to object to getting the views of a correlative agency of the Government."

Mr. Kramer was an accurate prophet.

Mr. Edward B. Crosland, assistant to the president of A.T. & T., and a legislative representative for the monopoly, when he discovered that the Attorney General planned to write to the FCC Chairman seeking the Commission's views about divestiture, informed each Commissioner separately of the Bell System's position on divestiture of Western Electric from A.T. & T.

The Attorney General's inquiry was referred to the Chief of the Common Carrier Bureau, who with other staff members concluded that the issue was one peculiarly within the province of the Antitrust Division and that "the principal matter; namely, the effect of divestment on prices for telephone * * * equipment was just something that we had no information on, not sufficient information, to enable us to address ourselves to the question at all." (P. 74, Celler hearings.) For these reasons, a draft letter was prepared stating in substance "that if the representations made by A.T. & T. as set forth in the Attorney General's letter were correct, 'divestiture would have significant effect upon the regulatory agencies in the exercise of their ratemaking functions.' The draft added that the Commission 'under its statutory power to obtain information and require comprehensive reports, has been able to maintain a helpful degree of surveillance over the prices and profits of Western' and that, in cooperation with State regulatory commissions, 'it has been instrumental in bringing about substantial reductions in prices of equipment purchased by the Bell System companies from Western.'"

The Commission rejected this letter because it felt that the reply was not sufficiently responsive to the Attorney General's request, and the Common Carrier Bureau was instructed to prepare a fuller response.

A second draft letter was prepared by the staff and approved by the Chief of the Common Carrier Bureau. The letter stated the following:

"It would appear that adequate powers reside in the regulatory authorities to deal with the matter of Western's prices and profits, insofar as they may affect the investment and expenses of affiliated operating telephone companies. It must be recognized, however, that the degree of effective application of these powers is largely dependent upon the resources of the respective regulatory agencies to examine and evaluate all of the matters necessary to an informed determination of the reasonableness of Western's prices and profits. In this connection the Commission, in cooperation with the National Association of Railroad and Utilities Commissioners, jointly undertook, in 1947, a preliminary study of Western's profits and accounting procedures in order to provide helpful information to State and Federal regulatory agencies in judging the reasonableness of Western's prices and to determine the need for a more comprehensive investigation of Western's costs, accounting procedures, and prices. This study, which was the subject of an extensive report in 1948, reviewed selected phases of Western's operations. Supplemental summary reports on Western's operating results have been prepared annually since that time. We believe that these studies have been instrumental, at least in part, in bringing about substantial reductions by Western in its prices charged to the telephone companies of the Bell System.

"On the other hand, we desire to emphasize that we are not in a position to express an informed judgment on the question of whether equipment and services used by the Bell System could be obtained in a competitive market, such as contemplated by the pending antitrust complaint, at prices which are as low or lower than they are now provided under the existing arrangements. Nor are we prepared to state, on the basis of the information available to us, that Western's prices and profits have been unreasonably high or that its operations within the Bell System have not been conducted on an efficient and economical basis. If it should appear from the facts in your possession that the current relationship between Western and the Bell System is not otherwise in conflict with the public interest, we are of the opinion that, properly and vigilantly administered, the powers encompassed within the existing regulatory framework can provide substantial safeguards against possible abuses in fixing the prices of Western for equipment and services supplied to the telephone companies in the Bell System."

The Commission at its meeting reviewed the draft, and because of objections raised by Commissioners Doerfer, Mack, and McConnaughy deleted the following essential material, and I quote:

"(1) It must be recognized, however, that the degree of effective application of these powers [regulatory authority to deal with Western's prices and profits] is largely dependent upon the resources of the respective regulatory agencies to examine and evaluate all of the matters necessary to an informed determination of the reasonableness of Western's prices and profits in this connection.

"(2) On the other hand, we desire to emphasize that we are not in a position to express an informed judgment on the question of whether equipment and services used by the Bell System could be obtained in a competitive market, such as contemplated by the pending antitrust complaint, at prices which are as low or lower than they are now provided under the existing arrangements. Nor are we prepared to state, on the basis of the information available to us, that Western's prices and profits have been unreasonably high or that its operations within the Bell System have not been conducted on an efficient and economical basis, if it should appear from the facts in your possession that the current relationship between Western and the Bell System is not otherwise in conflict with the public interest."

The basis for the objection to these statements by the three commissioners was that they were inappropriate in a letter of this kind since it concerned budgetary matters.

Mr. President, the omission of these two statements, however, had a very important bearing on the pending matter before the Antitrust Division.

The deletion of the first statement deprived the Justice Department of the knowledge of whether the FCC and other regulatory bodies actually had the resources to enable them adequately to examine the reasonableness of Western Electric's prices to the Bell operating companies. Completely omitted and ignored was the fact that because of lack of resources, the Federal Communications Commission and the great majority of State regulatory bodies could not make any kind of indepenednt appraisal of Western's prices.

Mr. Strassburg, Chief of the Rates and Revenues Branch in the Common Carrier Bureau's Telephone Division, in testimony before the Celler subcommittee commenting on this point, stated that "the FCC is unable to make an audit of Western's costs and prices to determine whether charges to the Bell company are reasonable or unreasonable, owing to the fact that only 5 employees of the Commission are assigned to these regulatory matters."

In addition, a study by the Antitrust Division indicated "'that only four, five, or six' of the State commissions were sufficiently well staffed and well financed to conduct a reasonable inquiry into the problems of Western Electric's charge to the Bell operating companies and that most, if not all, of the balance were hopelessly unable to conduct the kind of thorough investigation that was thought to be necessary in order to effectively regulate Western's charges to A.T. & T."

No less important was the effect of the deletion of the second statement. It was highly material to the proceedings, and its inclusion would have placed the Commission on record as being completely unable to support one of A.T. & T.'s chief arguments against divorcement, namely, that Western's prices were reasonable and lower than any possible competitors.

In summary, then, the Federal Communications Commission presented a one-sided and distorted view, and revealed an indifference to the public interest. The FCC's telephone rate expert stated before the Celler subcommittee, "The reply constituted a 'misrepresentation' of the existing situation and failed to 'portray material considerations that the Attorney General ought to be advised of or have before him.' "

Mr. President, in addition to distorting facts, the Federal Communications Commission failed to apprise the Justice Department that 5 months before, the Common Carrier Bureau staff had reported that Western's returns in the 1950–54 period raised "a regulatory question as to whether Western's prices to its sister companies of the Bell System may be unreasonable and, to the extent that they are or have been, whether the claimed investment and operating expenses of the operating companies for the ratemaking purposes should be adjusted to eliminate any excessive Western profits."

Moreover, the Commission should have advised the Justice Department that an adequate yardstick to evaluate the reasonableness of Western's prices had not been developed as indicated in a memorandum from the Chief of the Common Carrier Bureau to the Commission. The pertinent portion of the memorandum stated:

"Since World War II, the Western Electric Co. has made substantial profits on its sales of equipment, supplies, and services to the Bell System companies. Western's reported level of return on investment in Bell business during this period has been considerably above the level of earnings of the Bell System companies from their telephone operations. Inasmuch as the payments made by the associated companies to Western are either capitalized and subject to depreciation accounting or treated as operating expenses directly, they have a direct effect upon any determination of the Bell System's revenue requirements applicable to telephone service and to the reasonableness of its rates. * * * In an interstate ratemaking proceeding, a determination would be required as to the reasonableness of the amounts contained in the plant accounts of the operating companies representing the profits derived by Western on sales of equipment to those companies. This, in turn, would involve questions as to the basis on which Western's prices are fixed as well as the development of appropriate yardsticks by which to evaluate the reasonableness of Western's prices and earnings related in those sales.

The failure of the Commission to advise the Justice Department of these facts, coupled with its one-sided view of the divestiture issue, the suggestions of Attorney General Brownell to A.T. & T., and the Defense Department's unhesitating support of A.T. & T.'s position even without an independent inquiry, reflected a willingness to prostitute the public interest and an amazing receptivity to the A.T. & T. point of view. This is a shocking indifference to the public interest by three public agencies, and raises a very important question: If this is what occurs when Government agencies and a private utility are allegedly conducting themselves at an arm's length distance, what will happen when Government directors and private directors sit at the same table as proposed in the bill before us, H.R. 11040? This question which has not been considered in any of the hearings on this bill, demands the most careful and serious study.

9. Results of consent decree

Now, Mr. President, what are the practical results of a consent judgment which was hailed as a major victory for the Government?

As a result of the provisions of the consent decree: (1) Western Electric is still a wholly owned subsidiary of A.T. & T. Its manufacturing monopoly is unbroken. It still has a 50-percent stock ownership in Bell Telephone Laboratories. The other 50 percent is owned by A.T. & T.

(2) Nothing in the decree requires A.T. & T. and its operating subsidiaries to buy telephone equipment under competitive bidding. It can refuse and has refused to purchase from manufacturers other than Western Electric, even though equipment manufactured by such manufacturers may be superior in operating economy, service, and initial cost.

(3) Nor has the economic position of A.T. & T. been altered. It still owns and operates more than 98 percent of the facilities used in the rendition of long-distance telephone service in the United States. It owns and controls operating companies furnishing about 85 percent of all local telephone service in the United States. A.T. & T. may and does require the operating companies and their long lines department to buy substantially all of their telephones from Western Electric, which still manufactures

and sells 90 percent of all telephones, telephone apparatus, and equipment sold in the United States.

What then has the consent decree done to restore competition in the manufacture, distribution, and sale of telephones, telephone apparatus, equipment, materials, and supplies?

(1) A.T. & T. and the operating companies are enjoined from engaging in any business other than the furnishing of common carrier communications services. Western Electric is required to limit its manufacturing to A.T. & T. and the operating companies. It was compelled to sell Westrex, a minor subsidiary, which makes sound recording equipment for the movie industry. However, it may engage in any business or function when acting for the U.S. Government or any agency thereof.

The net effect of these provisions of the consent decree is to remove Western Electric, and Bell Telephone Laboratories with their research and manufacturing capacity from that area of the commercial marketplace where they did not have a monopoly and where they were either a potential competitor or an actual competitor. This decree removed Western Electric from those areas of competition in which the other electrical manufacturing companies were found guilty of fixing prices, production and markets. In fact, this decree, by removing Western Electric from competitive markets, may have made it easier for the other electrical equipment manufacturers to divide up the market illegally for which they were subsequently found guilty.

Although Western Electric is confined to manufacturing for A.T. & T. and the operating companies, which are restricted to common carrier communications services, there is left both remarkable variety and scope to its operations. Digital computers, teletypewriters, recording devices, telephone answering devices, radio transmission and receiving, dataphone-inventory, data-photowire service, wiring cable, electronic components, transistors, tubes, batteries, telephones, and electrical equipment are all within the Bell System's sphere of activities. Digital computers and recording devices, since they may be attached to the telephone system through which the service is rendered, fall within the term "common carrier communications services," although Western Electric may engage in any business as a prime contractor, subcontractor, or consultant for a Government instrumentality.

One of the major points made by the Department of Justice in attempting to justify this consent decree is that A.T. & T. is now confined to regulated areas, thus enabling more effective regulation. However, as I have mentioned during the course of this debate, effective regulation of the telephone industry has been virtually nonexistent.

Another major supposition by the Department of Justice was the claim that the language in section IX of the consent decree would develop an effective basic cost accounting method for determing the reasonableness of the costs and prices of telephone apparatus, equipment and supplies, where the manufacturer or supplier and the operating company are under common ownership.

The language of section IX of the consent decree reads as follows:

"Western is ordered and directed to maintain cost accounting methods that conform with such accounting principles as may be generally accepted and that afford a valid basis, taking into account the magnitude and complexity of the manufacturing operations involved, for determining the cost to Western of equipment sold to A.T. & T. and Bell operating companies for use in common carrier communications services."

No basic cost accounting method was proposed that could be effective in determining the cost of the equipment manufactured by Western Electric. In fact, the standard to be used was left to Western. Furthermore, how is it possible for Western Electric's cost accounting methods to provide an authentic basis for determining the reasonableness of charged prices when it is still impossible to secure a competitive price on Western Electric's manufactured equipment? Western Electric still controls 90 percent of the market while all other telephone equipment manufacturers divide up the remaining 10 percent.

The insignificance of this provision is even more evident when we consider the reply of Judge Barnes to a query by the Roosevelt subcommittee of the House Small Business Committee as to what changes this language would make in Western Electric's accounting methods. He stated: "We do not necessarily know that it will make any." The accuracy of this remark as demonstrated by Western's position has been "that its accounting system meets the criteria described and that the decree therefore requires no change."

When the Justice Department presented the consent decree for court approval, it claimed that the accounting provision would enable the FCC and other regulatory agencies to determine the cost of equipment. Mr. Strassburg of the FCC testified, however, (before the Celler subcommittee) that "it hasn't changed (the FCC's) operations in any respect and doesn't contribute a great deal in enabling the Commission to exercise more effective regulations of the Bell System." Thus it is apparent that the statement of the Justice Department was additional window dressing and empty oratory.

Finally, the Justice Department claimed that the patent relief under the decree would promote competition in the nonregulated area, as well as in the production of telephone components in the regulated sector. Yet, to me, it is inconceivable how all the patent relief in the world can restore competition as long as Western Electric is secure with 90 percent of the market and as long as A.T. & T. and the Bell System companies will purchase their equipment only from Western Electric. The patent relief, in my judgment, obtained by this decree is largely illusory and imaginary.

Prior to the filing of the complaint in 1949, A.T. & T. adopted a patent licensing policy under which it would license anyone for any purpose at a reasonable royalty. This patent license included the furnishing of know-how and technical information relevant to the patent.

The consent decree requires royalty-free licensing to all applicants on the then 8,600 existing patents of A.T. & T. and Western Electric. This license, however, does not provide the licensee with technical information and know-how. If a royalty-free patent licensee desires know-how and technical information, the decree requires him to pay Western Electric a reasonable amount for the know-how and technical information. Under the decree, the reasonable amount permitted shall reimburse A.T. & T. for the cost of gathering and reproducing the technical information, a reasonable allocable proportion of the development expense of the equipment for which information is being furnished, and related development and engineering expense accounts of Western Electric.

The Department of Justice has admitted that the charge for know-how and technical information allowed under the consent decree could be as much as the former royalty. It is conceivable that the reasonable amount charged for know-how and technical information under the decree even exceeds the former reasonable patent royalty charge which included this assistance. Furthermore, a substantial number of the 8,600 royalty-free patents involved in the consent decree have expired. Patents issued subsequent to the consent decree judgment are to be licensed at reasonable royalty rates.

The decree, in requiring the licensing of the patents involved, only makes the previous Western Electric-Bell System patent-licensing policies mandatory. For this negligible concession what does A.T. & T. and Western Electric receive in return?

(1) A.T. & T. and Western Electric are required under the terms of this consent decree to grant a patent license to all applicants, but only if the applicants or their associated companies shall grant a license subject to reasonable royalty to A.T. & T. and Western Electric under any or all of the applicants' existing or future patents. Therefore, if one takes a license under the provisions of this consent decree, he has to open up his own research and development on new and improved patented products and processes to A.T. & T. and Western Electric. This grant-back allows the giant colossus—A.T. & T.—if it so desires, to rape any patent licensee of his research and development efforts, for A.T. & T. and Western Electric certainly have the facilities and the necessary legal monopolies to market any new or improved product or process in the marketplace, even to the exclusion of the inventor. This is especially true in the common carrier communications equipment market and the markets secured by the award of enormous Government contracts.

Because of the provision in the consent decree providing for one license for all the Government departments and agencies, the Civil Division of the Department of Justice, acting for all the various governmental agencies, negotiated a patent licensing agreement with Western Electric outside the provisions of the consent decree to avoid the pitfalls of the grant-back provision.

Although the consent decree did not abolish the American patent system, it does attempt to destroy the intent and purpose of the antitrust laws and undermines the patent system and patent laws by the patent licensing provisions of this consent decree. For when an inventor or a corporation takes a patent license from Western Electric with the resultant grant-back license, the effect as between the licensee and Western Electric is to destroy the protection the patent law provides in the marketplace.

The grant-back provision raises the important question whether the management of the companies having taken a patent license under the provisions of this consent decree, can afford to authorize expenditures of millions of dollars in the development of new products and processes that will be appropriated the moment they are placed on the market. The American patent law, by its grant to the inventor to exclude others from using the invention, attempts to provide an incentive to invent by assurance of possible economic return through the marketing of the invention. The only measure of an invention's financial worth is what can be obtained from marketing the invention. With A.T. & T.'s and Western Electric's power to control the market and their access to the inventions of patent licensees under this decree, the financial worth to the patent licensee of his own inventions becomes highly speculative. The resultant effect of the patent licensing provisions under this consent decree could create loss of economic incentive to invent, produce, and market improved products or processes through research and development, for a captive technology offers little or no chance to invent except to those already in control, or to others on such terms as are indicated by those in control. This bill, H.R. 11040, in this respect, will have the same effect in retarding technology in satellite communications equipment as the consent decree did in other communications fields.

An inventor and a corporation competing with Western Electric, needs every possible advantage, for no one can rival A.T. & T. and Western Electric in securing capital, credit, manufacturing facilities, research, and development laboratories, monopoly protected operations, ability of being favored as a Government contractor, guaranteed income returns without a determination of the reasonableness of the rates, and the added market protection granted to A.T. & T. by the Federal Communications Commission and public utility commissions by tariff regulation.

10. A.T. & T. and the consumer

The power of the A.T. & T. monopoly is most glaringly manifested in its relationship to the consumer.

In a free enterprise system "consumption," if I may quote Adam Smith, "is the sole end and purpose of all production, and the interest of the producer ought to be attended to, only so far as it is necessary for promoting that of the consumer." (Adam Smith, "Wealth of Nations," Cannon's edition, vol. II, p. 159.)

Let us see how the consumers' interest has been attended to. Let us compare the electric and gas companies with A.T. & T.—all so-called Government-regulated utilities.

The electric and gas monopolies end with the delivery of the respective services to the consumer's premise. The consumer (1) has extensive choice of electrical and gas appliances; (2) has the right to purchase such appliances; (3) has warranty protection; (4) can compare published price lists on such appliances; (5) receives an itemized statement of costs.

On the other hand, the Bell telephone monopoly extends to and includes telephone appliances. The consumer (1) has limited choice of appliances; (2) has no right of purchase—appliances must be leased at excessive cost, and asset rights remain with the Bell System; (4) does not know how much he is paying for the rental of equipment and how much he is paying for "service," local or otherwise, because of the lump sum billing.

Mr. President, I have here a telephone extension cord used by the telephone company for its telephones. Extension cord, exactly like this, can be purchased at retail for 2½ cents a foot.

Now, suppose a consumer wants the cord on his telephone to be 13 feet longer. You might think that in a free economy you would be able to purchase such a cord for 33 cents and attach it to the phone. But no. You cannot do it. You have to lease the cord from A.T. & T.

And do you know how much you have to pay for leasing the cord?

The cost of leasing such extension cord for a telephone appliance from A.T. & T. is $4.20 per year, plus 42 cents tax. Over a 10-year period, the consumer would be paying $42 for the use of this extension cord. This is almost 130 times what the consumer would have had to pay if he were permitted to buy rather than lease a piece of wire.

Not only does this show the power of a powerful monopoly like A.T. & T., but this also shows how utterly unmindful of the consumer is the FCC. This is part of the disgraceful 28-year history of regulation of the communications industry. The chief regulatory agency is the FCC, which the bill before us, H.R. 11040, would entrust with the task of protecting the public interest connected with the ownership and operation of a satellite communications system, the first major fruit of our great common efforts in space research and development. To expect the FCC to protect our interests in this field constitutes either extreme naivete or self-delusion.

But that is not all.

In locations where the telephone company's facilities are not available or where the telephone company refuses to provide facilities or service, telephone customers or potential telephone customers may be required to own, maintain, and install some of the facilities, at locations where the telephone company's facilities are not available or where the telephone company refuses to provide facilities or service. If, however, the telephone company finally decides to provide facilities, the customer is required to use the facilities of the telephone company and not his own. This has occurred in both the telephone and television fields. In such instances there is an obvious hardship on the customer in the loss of his investment, and it results in a much costlier rate. This is certainly not free competitive enterprise, but monopoly running wild—monopoly unchecked, unregulated, and irresponsible.

11. Why do we need a bill now?

Even though I have concerned myself with many aspects of the subject, there is one question which keeps recurring again and again, and that is: Why the hurry? Why this mad scramble to give a space communication system away now when we know so little about it? At present we don't know more than a very small percentage of its future great potentialities. Can't we wait until we see what we really have?

This impatience to act can be compared to jumping on a train without even caring where it goes. Other people whom you know are taking it. Everybody's taking it. If anyone approaches at such a moment to suggest that you look before you leap, the chance of his being listened to is very small.

Such a scene is described by Mr. G. K. Chesterton in one of his early books:

"Suppose that a great commotion arises in the street about something, let us say a lamppost, which many influential persons desire to pull down. A grey-clad monk, who is the spirit of the Middle Ages, is approached upon the matter, and begins to say, in the arid manner of the schoolmen, 'Let us first of all consider, my brethren, the value of light. If light be in itself good * * *.' At this point he is somewhat excusably knocked down. All the people make a rush for the lamppost, the lamppost is down in 10 minutes, and they go about congratulating each other on their unmedieval practicality. But as things go on they do not work out so easily. Some people have pulled the lamppost down because they wanted the electric light; some because they wanted old iron; some because they wanted darkness, because their deeds were evil. Some thought it not enough of a lamppost, some too much; some acted because they wanted to smash municipal machinery; some because they wanted to smash something. And there is war in the night, no man knowing whom he strikes. So, gradually and inevitably, today, tomorrow, or the next day, there comes back the conviction that the monk was right after all, and that all depends on what is the philosophy of light. Only what we might have discussed under the gaslamp, we now must discuss in the dark."

This passage that I have just read is an eloquent description of our almost frantic haste to give away to a private corporation such an immense asset as a satellite communication system.

Some want to give it away on doctrinaire grounds.

Some want to give it away because of possible political reprisals.

Some want to give it away because the President wants it that way.

Some want to give it away because of a desire not to offend some of their colleagues.

Some want to give it away because of a fear of big government.

Some want to give it away in order to secure the present telephone monopoly from possible future competition.

Some want to give it away because they think that in this way we may be able to "beat the Soviets."

And, Mr. President, when we wake up to discover the immensity of the asset we literally gave away as a gift, and when we begin to understand the great domestic and international economic and political problems involved, what can we do about it? It will be too late then.

To quote Mr. Chesterton again:

"Only what we might have discussed under the gaslamp, we now must discuss in the dark."

Mr. LONG of Louisiana. I wish briefly to say that the speech I would have made, if I had had the time to make it—and students of the Record will be able to find it in my speech—points out that in its 28-year history, the Federal Communications Commission has never been able to regulate A.T. & T., and on oversea rates the FCC has not even tried. It is only now beginning to try to do so.

Senators who are relying on the Federal Communications Commission to do its best in the interest of the public have this dismal 28-year record at which to look. My speech discusses the enormous power of A.T. & T. It points out, so far as I was able to point out, the hundreds of things that I believe should have been considered from the standpoint of the monopoly problems of the pending bill.

I see on the floor the Senator from Tennessee [Mr. Kefauver]. His condition right now is like mine will be in a few minutes. All I can say to him is, "You are down, but you are not out." We are doing what we can, as long as we have the right, to defend our position against the bill.

Let me give the Senate an illustration of what I have in mind. Here is a piece of wire which can be bought anywhere locally for 33 cents. The telephone company will not let anyone put this wire on his telephone, if he wants to extend his telephone across the room. He must call the company to put their piece of wire on the phone, and for that they will charge him $4.20 a year. That is for the use of this 35-cent piece of wire. That is merely only one little thing that I wanted to point out in the course of my speech.

I cannot see why we should pass this bill now. Passing it in such a hurry now is in my judgment like jumping on a train without knowing where the train is going.

If I had been able to make my speech I would have called the attention of the Senate to what G. K. Chesterton said in one of his early books:

> Suppose that a great commotion arises in the street about something, let us say a lamppost, which many influential persons desire to pull down. A gray-clad monk, who is the spirit of the Middle Ages, is approached upon the matter, and begins to say, in the arid manner of the schoolmen, "Let us first of all consider, my brethren, the value of light. If light be in itself

> good * * *." At this point he is somewhat excusably knocked down. All the people make a rush for the lamppost, the lamppost is down in 10 minutes, and they go about congratulating each other on their unmedieval practicality. But as things go on they do not work out so easily. Some people have pulled the lamppost down because they wanted the electric light; some because they wanted old iron; some because they wanted darkness, because their deeds were evil. Some thought it not enough of a lamppost, some too much; some acted because they wanted to smash municipal machinery; some because they wanted to smash something. And there is war in the night, no man knowing whom he strikes. So, gradually and inevitably, today, tomorrow, or the next day, there comes back the conviction that the monk was right after all, and that all depends on what is the philosophy of light. Only what we might have discussed under the gaslamp, we now must discuss in the dark.

Mr. President, this is an eloquent description of our almost frantic haste to give away to a private corporation such an immense asset as a satellite communications system.

Some want to give it away on doctrinaire grounds; some to beat the Soviets.

Someday we will wake up to discover the immensity of the asset we literally give away as a gift, and when we begin to understand the great domestic and international economic and political problems involved, we will not be able to do anything about it. It will be too late. To quote Mr. Chesterton again:

> Only what we might have discussed under the gaslamp, we now must discuss in the dark.

Mr. KEFAUVER. Mr. President, how much time have I remaining?

The VICE PRESIDENT. The Senator from Tennessee has 6 minutes remaining.

Mr. KEFAUVER. Mr. President, as an inexperienced Senator, who is proud to have been, during the last 10 days or 2 weeks, the leader of the little group which has fought against the bill, I am proud of the spirit and the willingness to take abuse on the part of those Senators who have fought to protect the public interest of the United States and have sought to prevent the giving away of our national heritage.

I could speak at length about other Senators in the group. The senior Senator from Oregon [Mr. MORSE] has fought ably for his convictions. He is a great tower of strength and integrity. He has been the chief victim of the vilification thrown at us; but, in my opinion, the vilification will turn into commendation in the years to come. We can thank God we have a fighter like WAYNE MORSE, who will stand by his convictions no matter how caustic the criticism.

It has been wonderful to be associated with the distinguished Senator from Louisiana [Mr. LONG], who intelligently and with great ability conducted the hearings on the bill before the Select Committee on Small Business. He has been an effective battler for the little fellow as he has fought to include small business in the bill. His fight for small business and to prevent a giveaway is in the good tradition of his late, distinguished father.

I pay tribute to my colleague from Tennessee [Mr. GORE] for his effective, persuasive voice for the protection of the sovereignty of this country and for upholding the constitutional rights of the President.

The Senator from North Dakota [Mr. BURDICK], the Senator from Alaska [Mr. BARTLETT], and the Senator from Utah [Mr. MOSS] have courageously stood against pressure. That is typical of them and of the spirit of the great States which they, in part, represent.

The Senator from Michigan [Mr. MCNAMARA] has been fearless in this debate, as he always is.

The junior Senator from Oregon [Mrs. NEUBERGER] has fought intelligently and courageously. She typifies the spunk and idealism of American women.

The Senator from Pennsylvania [Mr. CLARK] and the junior Senator from Alaska [Mr. GRUENING], as was true of the senior Senator from Oregon [Mr. MORSE], were willing to stand by their beliefs, even though they have opposition in the coming campaign.

The senior Senator from Texas [Mr. YARBOROUGH] always defends the public interest. In this case, as always, he has fought with valor to prevent what he believes to be a giveaway of the assets and the rights of the Nation. He has fought with the same perserverance as those who fought at the Alamo.

It was gratifying to us that in the last 10 days the Senator from Illinois [Mr. DOUGLAS] joined our cause. We were encouraged by his confidence after he had weighed the issues carefully. He is one of the outstanding statesmen of the 20th century.

The Senators who comprise this group have fought long and hard in the effort to do what they believe, and what I believe, is best for our country. We have been subjected to vilification and abuse for the stand which we have taken. These Senators have courageously fought for their convictions. They have fought for what they believe. In their opinion, history will prove that we were right.

This is not a question of Government enterprise or free enterprise. The question relates to the creation, for the first time by statute, of a monopoly. I have asked what the taxpayers will get back. No one has pointed to one thing, outside of the usual taxes of 52 percent. This is the first time that technology developed by the taxpayers will be given to a private corporation.

Mr. President, I compliment the majority leader. He has been kind to us throughout the debate. We all love our majority leader. I think the majority leader will agree that we have been cooperative with him. He has not asked us to stand aside a single time for the consideration of important legislation when we have not willingly agreed to do so.

The VICE PRESIDENT. The time of the Senator from Tennessee has expired.

Mr. KEFAUVER. Mr. President, I ask unanimous consent that the rest of my remarks may be printed in the RECORD. As was the case with the Senator from Louisiana [Mr. LONG], I had a speech I wished to deliver before my time had expired. I should like to have it printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The address is as follows:

STATEMENT BY SENATOR KEFAUVER

Probably one reason we lost the fight against cloture was that we were too agreeable and conciliatory in allowing debate on the bill to be interrupted. We gave up one strong position after another so that important legislation could be brought up. Another reason that cloture was successful was the purposeful absenteeism of seven Members of the Senate who would have voted against cloture. They were available, most of them, in the Senate building, but they did not come in and vote. This is mighty hard to justify.

During this entire debate the opponents of this bill had a hard time getting their story passed to the American people. Only in the last few days has the real story been carried in the press, over the radio, and TV. When the people have been told what this bill means, they have risen up in opposition to it. The people have recognized the evil in it. It is too bad that the American people have no lobby.

About the gag rule that has been imposed on this debate. Cloture was not voted because of dilatory tactics by the opponents of this bill. The gag rule was put on because the proponents of this bill were afraid of free and public debate. They were afraid for the people to find out what is in this bill and what is being given away.

I feel that if we could have debated the matter 30 days more the majority of the people, and of the Congress, would have nothing to do with this bill.

Just this week one of the greatest Presidents this country has ever had, Harry Truman, and one of the greatest organizations in the Nation today, the AFL–CIO, took unequivocal stands that this bill represents a giveaway of the public resources. Both expressed absolute opposition to this bill.

Those of us who have been fighting to protect the public interest have tried to offer amendments to this bill. In their helter-skelter rush to railroad the bill through, its proponents have refused to consider any amendment on its merits. No matter how important the substance of the amendments, each has been tabled and debate choked off.

This treatment of amendments shows again the obsession to shut off any effort to educate the public on the real issues.

We are ahead of the Russians in space communications at the moment. However, they have great technical capability, especially in rocket power. They have announced their intention to put up what will undoubtedly be a synchronous satellite system soon. If this bill is enacted into law and the United States becomes committed to a low-orbit system, we may once again find ourselves running second in space.

We cannot afford to have the U.S. Government abdicate its responsibility to the people in this important field.

The bill now goes to the House of Representatives. The Members of that proud, bipartisan party should know that the majority of the Senate has been trying to legislate for it. The Senate has stricken important provisions from the House bill. The Senate has refused to adopt amendments on which practically everybody has expressed agreement such as one to protect small business. In other words, this Senate expects the House Members to accept the Senate bill without changing a word or period. I do not believe that the proud Members of the House will do that.

I give those who will vote for the bill full credit for their sincerity. I am sure that every Senator will follow as his conscience dictates. But I sincerely believe that in the months and years to come they will all regret the action they are about to take. We will just have to wait to see.

The bill will soon go to the House and then where I hope it will be looked over and debated carefully. I have no doubt but that history is on our side.

Because of the gag rule, I did not get a chance to finish my speech. I spoke about taking away the power of the President and the State Department and previously spoke about foreign policy angles.

I have secured unanimous consent to print the remaining part of my speech which was cut off by the vote on the cloture petition. It is as follows:

LOW ORBIT SYSTEM

Under the name of Project RELAY for which RCA is the contractor, NASA is also conducting research, development and experimentation with a low-orbit system. The low-orbit system utilizes satellites in random polar orbit at altitudes ranging from 6,000 to 8,000 miles above the earth. Such a system would require 40 to 50 satellites to provide communications coverage for the area of the world containing approximately 85 percent of the world's telephones. This would be primarily the United States and the Northern European area. A considerably larger number of satellites would be necessary to provide worldwide communications coverage on a 24-hour basis, using the low-orbit system.

NO DELAY IF NO BILL

Each of these projects is being carried forward with all possible haste, and NASA spokesmen have indicated that NASA's research in the field of satellite communications will continue irrespective of any decisions which may be made with regard to the establishment of a private corporation to operate a commercial satellite system.

Mr. James E. Webb, NASA Administrator, has indicated that the NASA research program will continue and that one of the principal reasons is that industry is not capable of doing a great deal of the research which NASA undertakes. Mr. Webb also indicated that a considerable amount of knowledge valuable for communications purposes would be derived from NASA's projects which did not directly involve satellite communications. For example, at hearings before the House Commerce Committee the moon shot was discussed, and Mr. Webb responded in this manner: "And in order to get to the moon you must know a great deal more about the ionosphere which affects all communications. You must know a great deal about the space environment and how communications equipment can survive in that environment, because we must be able to communicate outward to the moon."

This illustrates dramatically the interrelationship of developments which will be the responsibility of the Government and developments which would fall within the sphere of operations of a private satellite corporation if and when such a corporation were ever created. There would, of course, have to be a free exchange of technical information between the private corporation and NASA. As a result of this exchange of technical information, the private corporation would in effect be receiving a continuing research subsidy for it would not be expected to pay for the knowledge which it received from NASA. There is similarly no question that such an exchange would also benefit the Government, but undoubtedly the principal benefit would flow from the Government to the private corporation.

ONE-WAY STREET

The bill we have before us provides that NASA shall advise the Federal Communications Commission on technical characteristics of the communications satellite system. One provision which is not present in the bill, however, which should be included is a requirement which would enable NASA to enlist the aid of the corporation to do needed research on technical problems with the provision that NASA would reimburse the corporation for any services performed, at a reasonable rate.

The bill does provide that NASA will assist the corporation in the conduct of its research and development, and when requested, on a reimbursable basis, that NASA will provide launching and other facilities. It seems only fair that if NASA has the responsibility and the obligation of providing services to the corporation which the corporation feels it needs that NASA should similarly be able to look to the corporation to provide services which NASA feels are a necessary supplement to governmental projects.

It hardly seems that this would be demanding too much of a private corporation whose existence had been made possible as a result of Government expenditures initially. Such a provision, by assuring that reasonable compensation would be paid to the private corporation, would offer financial protection to that organization but would have the further advantage of protecting the public interest by making it possible to avoid any duplication in research efforts or to avoid any delays which might otherwise be experienced as a result of having to wait until NASA could put itself in a position to conduct research or experimentation that the private corporation might already be capable of handling.

I know of no reason to anticipate that such a provision would be used extensively, but in the interest of national security and as a method of protecting the public interest, a provision of this sort seems fair, equitable, and in fact necessary.

Subsection 5 of section 201(b) provides that NASA shall furnish to the corporation on request and on a reimbursable basis satellite launching and associated services required for the establishment, operation, and maintenance of the communications satellite system approved by the Commission. It would seem desirable to require NASA's approval, as well as the approval of FCC, of a satellite system under this section. The FCC has little technical expertise in the field of determining available booster facilities or determining other problems related to our space program. It would seem that the argument for bringing NASA into the consideration of what an appropriate satellite communications system would be, or which system might be most appropriate for approval, would far outweigh any arguments which might be based on the difficulty of adding another governmental agency to the process.

NASA itself is in the process of conducting, and will continue to conduct, considerable research with all possible satellite communications systems. For this reason alone, it would seem that NASA should necessarily be a party to any determination of the appropriate satellite system to be used for operational purposes by the satellite corporation.

DIFFICULTY OF REIMBURSEMENT

I should also like to say a few words about the problem of having a private corporation reimburse NASA for services furnished by NASA to the corporation. At this point there is little, if any, accurate knowledge as to what the financial success of a private satellite corporation will be. It is possible to find estimates running from almost immediate profitability to long periods of financial difficulty. As a matter of fact, it is probably safe to say that no one can determine accurately what the future of the private corporation will be in terms of operating revenues. On the other hand, there are strong factors which indicate that in all probability the venture will be a great financial success, even if such success takes a few years in arriving. For one thing, the demand for communications services has been expanding tremendously for a great many years. We have every reason to believe that this demand will continue to expand. In addition, the satellite corporation will have a monopoly over communications using earth satellites. Add to this the factor that technical improvements will undoubtedly bring costs down as the system continues to operate and it is difficult to see how there can be anything but financial success over the long period. So shouldn't we explore how the Government [taxpayers] will get something back?

Apparently it has been generally assumed that the private corporation will be required to reimburse the Government only in an amount equal to the determination of the cost of a particular service. Stated in other terms, if the corporation buys a booster shot from NASA, the price will include nothing more than the cost to NASA of the rocket which is actually used to put the satellite in orbit. There are no provisions in the bill as it is now written which would require the private corporation to reimburse the Government for any of the expenditures on research and development in the space field or in the field of satellite communications, or to require reimbursement to help defray the operating expenses for launch facilities. Anyone who has been to Cape Canaveral knows they are great.

In view of the fact that the satellite corporation may turn out to be a highly profitable venture, and indeed we hope that it will, if this is the method chosen for the operation of our satellite communications system, it seems unwise to limit the financial obligations of the corporation to simply reimbursing the Federal Government for the immediate services themselves. In view of the fact that the corporation which is proposed will be the beneficiary of millions, even billions, of dollars in expenditures by the Federal Government, it would seem prudent to provide that at some point, in terms of profitability, the obligation of the private corporation would include reimbursing the Federal Government for some of the research and development expenditures which have made its operations possible.

The creation of this private corporation, in and of itself, would constitute a tremendous giveaway of the benefits of taxpayer investment. The provisions of the bill which I mentioned earlier, if enacted, would insure that the corporation would have the benefits of all the Government's communications business. That alone should be able to insure profitable financial operations.

It does seem that it is unnecessary to compound these gifts to a private corporation indefinitely by allowing them unlimited profitability on the basis of the taxpayers' investment without any limit as to what they can make out of the venture and without any responsibility to repay the Government and the taxpayers. Such a limitation could be set in terms of a percentage return on investment or in terms of an absolute dollar figure. There are many ways in which a reasonable rate of return for the corporation could be determined with the added provision that any additional amount would be shared with the Government.

Certainly there are precedents for making determinations of this type. It might be appropriate to use provisions like those used for participating common stock. Such stock is issued by private corporations where a particular class of security is allowed to earn a certain return, with any profits accruing to the corporation in excess of that return, which are to be distributed to shareholders, then divided proportionately among the various claimants to the funds.

It does seem that at this time we know too little about what the future of the corporation will be to give it an unlimited right to profits without protecting the public interest more than this bill does.

SMALL BUSINESS EXCLUDED

Small business is a most important aspect of the U.S. economy. Through the years important inventions, discoveries, and techniques have been developed in all fields by small business concerns. Their contributions have been invaluable in raising the standard of living of the American people in peacetime and have proved vital to our successful military efforts in time of war.

It has long been the policy of Congress to take every possible step to preserve and strengthen small businesses of the country. Probably the most comprehensive statement of this congressional policy can be found in the Small Business Act.

"The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for property and services for the Government (including but not limited to contracts for maintenance, repair and construction) be placed with small business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation."

Language similar to this which further evidences the concern of Congress and its determination to maintain a competitive framework within which small business has a fair chance to operate can be found in such statutes as the Armed Services Procurement Act, the Federal Property and Administrative Services Act, the Universal Military Training and Services Act and the Defense Production Act.

It is hard to imagine a situation in which there could be greater cause for concern over the prospects of small business than in the one we have before us today. The very creation of the proposed private satellite corporation requires that an exemption from the antitrust laws be granted to the communications common carriers and to the nonpublic utility corporations that may choose to buy stock in the corporation. To a considerable extent the proposed private corporation would be made up of communications carriers which are normally expected to compete with one another. Without an exemption their ownership in the proposed satellite corporation would be in violation of the existing antitrust laws.

Similarly, the noncarrier corporations who can be expected to have the greatest interest in owning stock in a private satellite corporation are companies which in their normal business activities are competitors.

Virtually all of the communications carriers have subsidiaries or divisions that engage in the manufacture and supply of equipment that will be used by the satellite corporation in large quantities.

Furthermore, large corporations that are not communications common carriers but are engaged in the manufacturing business will also be allowed to own stock in the satellite corporation. The carriers will have reserved for themselves 50 percent of the voting stock of the corporation. Any noncommunications corporation will be allowed to buy up to 10 percent of the shares of voting stock of the corporation issued and outstanding. There is no limit placed on the percent of shares of stock reserved for the carriers which any single carrier may own.

In addition, there is no limit set in the act as it has been reported out of committee on the ownership of any class of nonvoting securities, bonds, debentures or other certificates of indebtedness that may be issued by the corporation.

Under such an organization it will undoubtedly be difficult for small equipment manufacturers to get any reasonable share of the business of supplying the private corporation. The carriers will be represented on the board of directors. In fact, 6 of the 15 directors will be elected by the communications carriers under present provisions of the bill, regardless of the amount of money put into the corporation by the carriers. As the bill now stands, the communications common carriers could buy as little as 1 percent of the voting stock and still be entitled to elect their six directors. What a corporation.

The six directors who are to be elected by the public will inevitably be elected by the large financial interests represented in the private satellite corporation. The 50 percent of the voting stock that is to be sold to the public will be distributed among banks, mutual funds, pension trusts, and other financial institutions. Large corporations like General Electric, Hughes Aircraft, General Motors, or General Dynamics, as well as private individuals, would participate in this 50 percent of the voting stock.

There are, of course, provisions in the bill for cumulative voting. These provisions are intended to make it possible to achieve some measure of representation on the board of directors for minority interests, but even under cumulative voting, a fairly substantial minority is necessary before it can gain representation and elect even one director to the board.

CENTRALIZED CONTROL

It follows then that the six directors elected by the public will, by and large, be representatives of big business. In fact, widespread distribution of the portion of the 50 percent of the voting stock to be held by the public will only facilitate concentration of voting power in the hands of the large interests and make centralized control easier.

In deciding questions of procurement and procurement policy, it will be only natural for such a board of directors to favor the interests that it represents.

CONFLICT OF INTEREST

During the hearings on this bill before the Senate Space Committee, Senator SYMINGTON questioned Dr. Allen E. Puckett, vice president of Hughes Aircraft, regarding the possibility of a conflict of interests when the organization is such that a single company might be an investor in the satellite corporation, be represented on its board of directors, and also be a supplier of equipment to the corporation. Dr. Puckett hedged somewhat in response to Senator SYMINGTON's first question, and Senator SYMINGTON came more sharply to the point.

"Senator SYMINGTON. Let's discuss it corporately. If you have a director as a result of your interest, you wouldn't be adverse to his working to get your equipment used, would you?

"Dr. PUCKETT. No, I wouldn't."

This exchange foreshadows all too clearly what can be expected in the way of a procurement policy of the private satellite corporation under the bill as it now stands. Section 201(c)(1) attempts in weak language to deal with the realities of the situation but it is far from sufficient.

The Federal Communications Commission has been given the responsibility under this section for insuring that there is effective competition, including the use of competitive bidding, where appropriate, in the procurement by the corporation and the communications common carriers of apparatus, equipment, and services required for the establishment and operation of the communications satellite system and satellite terminal stations.

The FCC admittedly has no expertise in this area and during all the years of its existence has been notably unsuccessful in any attempts it has made to preserve or encourage competition in the supply of communications equipment to communications carriers. As a result of procurement policies which the communications common carriers have been allowed to follow, the small business firms in the communications equipment industry, have experienced a steadily declining market, and many of them have been forced out of business altogether.

There has been a tendency on the part of carriers to buy almost exclusively from their own manufacturing arms.

It is important to remember when considering these developments in the communications industry that this situation has been allowed to develop and continue despite the fact that the communications industry is a so-called regulated industry.

The language of section 201(c)(1) requires only that the Federal Communications Commission consult with the Small Business Administration and solicit its recommendations on measures and procedures which will insure that small business concerns are given an equitable opportunity to share in the procurement program of the corporation for property and services. This is said to include, but not be limited to, research, development, construction, maintenance, and repair.

Included in the record of the Senate Commerce Committee hearings on this bill is a letter from the Honorable John E. Horne, Administrator of the Small Business Administration. I should like to quote from that letter.

"I wish to thank you for the invitation to comment on the legislation to establish a space satellite communications system. The importance of such communications to the future of our economy, including the small business segment thereof, can hardly be exaggerated.

"The legislation is of concern to the small business community in two principal respects. First, it is essential that all present and future common carriers which qualify as small business concerns, within the meaning of section 2 of the Small Business Act, have nondiscriminatory use of, and equal access to, the communications satellite system on just and reasonable terms and conditions. Second, it is essential that small business concerns be afforded a fair and reasonable opportunity to compete for and share in the contracts and subcontracts awarded for the construction, operation, maintenance, and repair of the system.

"It has been our experience that, in the absence of language clearly spelling out the small business policy of Congress, small business concerns have difficulty in obtaining equitable treatment under a statute. Accordingly, although the proposed legislation contains general language prohibiting discrimination in these two respects, I suggest that the proposed legislation be amended to include a general statement of the congressional policy along the following lines:

"It is the intent of the Congress that small business concerns, as defined by the Small Business Act, shall be afforded fair and reasonable opportunity to participate in the achievement of the purposes of this act, to share in its direct and indirect benefits, and to receive a fair opportunity to compete for contracts made by the corporation and for subcontracts thereof"—and a requirement along the following lines:

"In carrying out its responsibilities to insure effective competition by the corporation in its procurement, the Federal Communications Commission should consult with the Small Business Administration and solicit its recommendations on measures and procedures which will insure that small business concerns are given an equitable opportunity to share in the procurement program of the corporation for property and services including but not limited to research, development, construction, maintenance, and repair."

As Mr. Horne points out, small business has traditionally had difficulty in gaining equitable treatment, not only from the corporate giants with whom small businesses must so frequently try to compete, but unfortunately in some instances even from certain Government agencies when there was no language which clearly spelled out the policy of Congress.

Mr. President, I feel that it is essential that any bill establishing a private satellite corporation include strong and unequivocal language which will insure that adequate protection is given to the rights of small business concerns which may be able to supply equipment and services to any such private corporation. The language in this bill as it relates to insuring competition in procurement and protecting small business is clearly inadequate.

WHAT KIND OF SYSTEM?

Mr. President, I should like to consider now subsection 6 of section 201(c). This section provides that the FCC shall approve technical characteristics of the operational communications satellite system to be employed by the corporation and of the satellite terminal stations.

Both the wording of the section and its legislative history leave uncertain some very important questions with respect to the development of an operational satellite system. From the comments which have already been made it is obvious that a very important issue to be decided is whether the satellite corporation will adopt the low-orbit system or the high-orbit system.

The choice between these two systems as the bill now stands will, in all probability be left to the board of directors of the private corporation.

The choice between the high and low system will be important, not only to the United States and the users of the communications systems in this country, but to all the peoples of the world.

The choice will be a significant matter in terms of our relationship with other countries who will be involved in the establishment of the worldwide system which we hope will be developed at the earliest possible date.

At this point, Mr. President, let me review briefly some of the characteristics of the two different types of systems. I think that this will be helpful in providing us with a basis of understanding the importance of the decision between the two systems and will also show why the language relating to the ability to make this decision should be entirely clear in this bill as it may finally be enacted.

The staff report of the Aeronautical and Space Sciences Committee states, "there appears to be general agreement on the ultimate desirability of a synchronous system; that is, one situated over the equator and having an orbit corresponding to period of rotation of the earth, thus making a satellite stationary." The only notable exception to this general belief in the desirability of the high-orbit system is A.T. & T.

A.T. & T. has indicated in public statements that it has not made any final commitment to either a high or a low system but the facts tend to show that they are already firmly committed to the establishment to a low-altitude system. The results of this commitment of A.T. & T. to the low system would be that a private satellite corporation influenced significantly or dominated by A.T. & T. would almost inevitably be committed to the establishment of a low system, even before all of the technical data necessary to make a decision had been collected.

LEADERSHIP OF UNITED STATES IN DANGER

If the issue were to be prejudged in this way it might have serious effects on the position of leadership of the United States in space technology and in space communication. If the United States were to embark on a program of establishing an operational low-orbit system and at some point during that development awake to find that the Soviets had launched and put into operation a synchronous satellite we would once again be in the position of having been outdistanced in the race for space.

We might find ourselves having a communications gap to close just as we have had the so-called missile gap which has caused us so much difficulty.

Dr. Allen E. Puckett, vice president of Hughes Aircraft Co., made the following statement when questioned about the comparative advantages of the high- and low-altitude systems, "We think that there is no question that the high-altitude system is ultimately the only truly economic commercial system for global coverage."

Gen. David Sarnoff, chairman of the board of RAC has also commented on the relative merits of the high- and low-altitude systems. His statement was as follows: "We should also bear in mind that if we go ahead with 40 or 50 low-altitude satellites and the ground stations working with them that by the time that it is completed it will be obsolete because I have no doubt that the synchronous system will obsolete the low-altitude system." Continuing his discussion, General Sarnoff stated that he favored the high-orbit system for both economic and technical reasons. In his opinion the high-orbit system will prove more flexible. He went even further and stated, "it is our view that if measured from the standpoint of an ultimate, global-operated satellite communications system, it will be found that the synchronous system at that point will be just as available as the low-altitude system."

The opinion of these experts seems to indicate without doubt that an operational high-altitude system will be possible within as short a period of time as a low-altitude system. The two men whose opinions I have cited are experts in the field. Lest there be any comment, these men have reason to be prejudiced in their opinion and evaluation of the two types of satellite systems, let me point out that RCA is currently the contractor for NASA's project Relay which is itself, an experimental project being conducted with low-altitude satellites.

Because there is some question as to the availability of booster power when one considers the time element involved in achieving an operational high-orbit system, it is possible that some part of a low-altitude system may be nearer at hand than a high-altitude system. This, in itself, is subject to considerable debate, but, even if this were granted, the evidence submitted by General Sarnoff and Dr. Puckett is sufficient to show that in terms of a global system covering the whole world a low system would not be available to us at any earlier date than a high system.

ADVANTAGES OF HIGH-ORBIT SYSTEM

Now let me comment on the specific advantages which are attributable to the high-orbit system. In so doing I would like to quote from testimony before the Senate Antitrust and Monopoly Subcommittee given by Dr. Puckett at page 425:

"The first and perhaps the most basic advantage of the high altitude system is the fact that a very small number of satellites are required. For example, as we have just indicated here, one satellite in a stationary orbit will produce an initial useful operational capability, a continuous commercially valuable communication capability. Three satellites will produce a worldwide coverage, and how many satellites are required beyond this would be essentially an engineering problem having to do with how many spares one wishes to have in orbit or how much additional channel capacity is desired.

"Of course, as you know, the low-altitude systems would require a number of satellites varying anywhere from 20 to 50 or perhaps even as much as 100, depending on who makes the calculations and how optimistic one is.

"The smaller number, which is the essential substantive feature here, of course, is a major factor in what we believe to be the very low cost of a synchronous system.

"The second essential advantage that I like to remember is the capability of this type of system to providing multiple access, the feature described a few minutes ago, in which the satellite can be used simultaneously by a large number of different ground stations, each of which may be talking quite independently to some other ground station, without going through a trunking center.

"This multiple-access feature is particularly important in that it permits any particular ground station to adjust its antenna size and its power requirements according to the traffic capacity which it expects to have. In other words, a small nation abroad, for example, which might not have a very large communication requirement, could construct a relatively inexpensive ground station which would provide only a few channels, but which could operate in parallel with and on precisely the same basis as any other nation's large ground stations.

It is also true that the ground stations for use with the synchronous satellite will be quite a bit cheaper than the ground stations required by the low-altitude satellites.

This is primarily because the antennas used with the ground station with the high system need to look essentially at one spot in the sky at all times. It is unnecessary for them to maneuver the angle of the antenna in order to track a satellite which appears to move rapidly across the sky as would be the case with a low-altitude satellite. The absence of this tracking equipment reduces the cost considerably.

One problem which is involved with high altitudes systems results from the fact that there is some delay in voice carriage in using the high system. This delay is caused by the finite speed of the radio waves which must travel from an initiating ground station to the satellite and return from the satellite to the receiving ground station. This creates a potential problem because of the possibility of an echo being returned to the transmitter which is sending from, a receiver at the other end. The transmitter might hear an echo coming back from the receiver. The total time involved amounts to approximately six-tenths of 1 second. Apparently there has been a considerable amount of research done on this problem and a device called an echo surpressor has been developed. This device prevents the return of the echo and avoids the confusion that might result. This device has been built and used and spokesmen for Hughes Aircraft who have worked with the device have stated that they consider the problem as solved.

COSTS OF SYSTEMS

The overall question of cost of a low system as compared to the cost of a high system presents many difficulties. At this point a great deal of conjecture is necessary in order to reach even an estimate of the cost. Opinions of the various experts vary rather widely. There seems to be little disagreement as to the cost of the ground stations for the two systems however. Mr. James Dingham, executive vice president of A.T. & T. estimated before the Senate Space Committee that the ground stations would cost $6.5 to $9 million each for heavy traffic areas in a low-altitude system and that ground stations would cost from $2.5 to $3 million each, for high-altitude systems. Hughes Aircraft has estimated that it could put into operation a high-altitude system consisting of 3 satellites and 10 ground stations at a cost of from $70 to $100 million. Estimates on the cost of a low system with approximately 40 to 50 satellites run as high as $500 million. Some estimates on the cost of a low system have been $100 to $200 million below that figure but there seems to be virtually no question that an operational high-orbit system would cost substantially less than an operational low-orbit system.

It is important to consider what might happen, in fact what is very likely to happen, if a private corporation is established now and A.T. & T. exercises a dominant influence on the policy of that corporation. Inevitably we would find ourselves moving forward in the development of a low-altitude system with every reason to expect that it would be the operational system upon which the satellite corporation would rely.

A.T. & T. at present has a large investment in the low-orbit system. It is highly improbable that it would allow anything to happen, in terms of policy of a satellite corporation, which would jeopardize that investment.

Not only that, the fact that the low-orbit system would require more satellites and more expensive ground stations would hardly be expected to serve as a deterrent from the standpoint of A.T. & T. in its efforts to have the low system adopted by the satellite corporation. A.T. & T. has fought very hard for the principle that the carriers should be allowed to own their own ground stations.

If A.T. & T. were allowed to own its own ground stations to be used in connection with the satellites owned by the corporation, we would certainly expect to find A.T. & T. purchasing all the necessary equipment for those ground stations from its own wholly owned subsidiary, Western Electric. This would undoubtedly mean a profit for Western Electric which would flow to A.T. & T. The ground stations themselves would become a part of A.T. & T.'s equipment to be included in the rate base. This means that A.T. & T. would be allowed to earn a return on the amount of money which it has spent in building ground stations using equipment furnished by its own subsidiary. Obviously, a situation which can result in the numerous advantages outlined here would hardly be a deterrent to A.T. & T.

Looking even farther ahead into the problem we can see that a low-altitude system if, once adopted by the private corporations dominated by A.T. & T., would tend to become the established system for the long run. Having made its investment in facilities connected with the low system, A.T. & T. would have the normal inhibitions characteristic of any private monopolists when it comes to undertaking new developments which would render obsolete existing equipment still capable of earning a profit. The history of A.T. & T. demonstrates dramatically that this is indeed a characteristic of private monopolies.

A.T. & T.'S RECORD

Judge Lee Loevinger, Assistant Attorney General in charge of the Antitrust Division of the Justice Department has testified to the fact that A.T. & T. has been responsible for withholding new developments in the communications industry from the market when it served its own financial interest to do so.

Examples of such suppression of new developments are found in the field of dial telephone equipment, automatic switching equipment, and even the one-piece telephone which is so common today. Evidence which the Justice Department presented in its antitrust case against A.T. & T. in the 1950's indicated that restrictive practices of this sort had resulted in delays ranging as high as 20 years in the introduction of new types of equipment into the American market. In certain instances similar equipment was made available to users of other communications systems in other countries long before it was made available to the American public. The only reason for these delays was the existence of usable equipment most of which had already been written off the books through depreciation.

The public interest in the question of whether we have a high-altitude system or a low-altitude system is very great. The interest of the whole world in this particular question is very great. Even if there is existing investment in a low system which has not earned the last possible dollar for the corporation's stockholders we cannot afford the risk of any delay in moving to a high system as soon as it becomes technically feasible. This is a decision which must be made on the basis of the interest of the people and the betterment of all mankind who will be affected by an improved communications system. Most of all we cannot afford to leave this important decision in the hands of a private monopoly dominated by a single company who has the largest individual stake in the decision.

WHO OWNS GROUND STATIONS

I should like to turn my attention now, Mr. President, to section 201(c)(7) of the bill. This section provides that the Federal Communications Commission shall grant appropriate authorizations for the construction and operation of each satellite terminal station either to the corporation or to one or more authorized carriers, or to the corporation and one or more such carriers jointly, as will best serve the public interest, convenience, and necessity. The section then goes on to state that in determining the public interest, convenience and necessity the Commission shall authorize the construction and operation of such stations by communications common carriers or the corporation without preference to either.

The section of the bill relating to the ownership of ground stations to be used in connection with the communications satellites has had a very interesting legislative history.

In the original bill submitted by the President, S. 2814, the term "communications satellite system" was defined to include the ground stations. That was in section 103(1) of that bill. There was no language in S. 2814 which specifically precluded the carriers owning their own ground stations, but spokesmen for the administration indicated that carrier ownership was not contemplated.

S. 2650, the so-called Kerr bill, proposed that the ownership of the satellite corporation be limited to communications carriers but included the ground stations as a part of the system which the corporation itself would own. The Kerr bill, like the administration bill, was silent as to the possibility of ground station ownership by the individual carriers, but again, like the administration bill, it apparently did not contemplate such carrier ownership.

The bill which the Senate Space Committee reported out changed the provisions of S. 2814 with regard to the ownership of ground stations significantly.

The first change came in the definitions section of the bill reported out by the Space Committee. The term "communications satellite system" no longer referred to "the satellites and the ground stations necessary to make a complete system" but instead had a narrower definition which included only the satellites themselves. A separate subsection had been used to define "satellite terminal station," since under the bill this was not considered to be a part of the communications satellite system.

The second significant change which was directly related to the change in definitions was the addition of section 403(c)(7). That section, as reported out by the Space Committee, read as follows:

"Where the public interest, convenience, and necessity would be served thereby (the FCC shall) license the corporation, as well as communications common carriers, authorized by the Commission to provide service via communication satellites to establish and maintain, either jointly or separately, satellite terminal stations. In determining the public interest, convenience, and necessity, the Commission shall encourage the establishment and maintenance of such stations by communications common carriers wherever in the judgment of the Commission such establishment and maintenance are not inconsistent with the policies of this title. The Commission shall insure that each authorized carrier shall have equitable access to, and nondiscriminatory use of, such station on just and reasonable terms."

This, of course, represented a tremendous victory for the carriers. The ad hoc carrier committee, a committee formed at the request of the FCC, had issued a public report in October of 1961. This committee, made up of a group of nine international communications carriers, had recommended that ground stations be owned by the individual carriers. The only dissenting voice from that recommendation was the Western Union Telegraph Co.

When the Kerr and administration bills were introduced, the carriers generally and A.T. & T. in particular opposed very strenuously the idea of allowing the corporation to own satellite ground stations.

The FCC itself agreed with the carriers and favored carrier ownership of the ground stations. In this respect the FCC was virtually alone among governmental agencies in favoring carrier ownership of the ground stations. Given the fact that the FCC did favor carrier ownership, there could, of course, have been little doubt as to the outcome had section 7, as I just quoted it, ever become law. The result would clearly have been carrier ownership in virtually every instance.

The administration bill as finally passed by the House contained a section relating to ground stations which was essentially the same as that reported out by the Senate Space Committee. The House version stated that the FCC would encourage ownership of the ground stations by the carriers. This particular provision was debated at some length on the floor of the House and at that time statements were made by the individuals advocating passage of the administration bill that what was actually intended was an impartial determination of whether the public interest would be better served by having the corporation own the ground stations or by having the carriers themselves own the ground stations. It was proposed that the language of this bill be amended to indicate that this was the intention of the bill. This certainly would seem to have been a reasonable request. If it was intended that the bill produce a particular result, namely, that of an impartial determination of what would best serve the public interest in the case of each individual ground station to be licensed by the FCC, then the bill should specifically state that purpose.

The unquestioned reasonableness of this request, however, was not sufficient to produce any change in the wording of the bill. The reasoning which was used for retaining the original language, that of encouraging carrier ownership, is interesting. The argument went this way: the bill as originally drafted contained the provision to encourage carrier ownership. If that language were now taken out, there might be the possibility of interpreting any new section as encouraging ownership by the corporation. This was not anyone's intention, apparently, since both sides contended that an impartial evaluation of the subject would be the best method of protecting the public interest if carrier ownership was to be allowed at all. At the close of the debate, it was finally voted upon, and the language was kept as originally stated.

A somewhat more logical approach to the matter apparently prevailed in the meetings of the Senate Commerce Committee, for the language used by that committee clearly stated that in determining the public interest, convenience and necessity the Commission was to act without preference to either the carriers or the corporation.

It is now a good question to ask "Just what are we left with?" The answer to that is that we have language indicating that the Federal Communications Commission shall determine in each case whether a satellite terminal station shall be owned by the corporation or by an individual carrier or group of carriers. The language states that the public interest shall be determined without giving preference to either side.

The fact still remains, however, that the Federal Communications Commission has taken the position that the public interest would best be served by having ground station ownership in the communications carriers. It would be putting it mildly to say that the communications carriers have generally had their way with the Federal Communications Commission over the past 26 years. If the carriers want to own the ground stations, and the Federal Communications Commission feels that carrier ownership is in the public interest, then a decision as to whether the public interest requires carrier ownership or corporation ownership of the ground stations seems predetermined. Under the language of this bill there can be no doubt that the final result will be carrier ownership of virtually all ground stations—certainly of all ground stations which can be operated profitably.

SATELLITE CORPORATION SHOULD OWN GROUND STATIONS

This is what we can expect. This is what we can be certain we'll have. There are, however, many reasons why this result is bad. This result would not be in the public interest and the case against carrier ownership of the ground stations has been made very effectively by administration spokesmen and by spokesmen from the communications industry.

At this point I should like to quote from two sources. First, from Mr. Samuel M. Barr, vice president of Western Union. This is an excerpt from this testimony before the Senate Antitrust and Monopoly Subcommittee:

"As to the ground stations in the United States, the recommendation of the Senate committee is that the Federal Communications Commission be authorized to license either the communications satellite corporation or the common carriers to own the ground stations separately or jointly.

"Western Union respectfully disagrees with this recommendation. Western Union's minority statement to the report of the ad hoc committee urged that the ground station be placed under the same ownership as the satellites, to secure minimum per channel cost and improved operations. Western Union is still of this view. Without ground stations, the communications satellite corporation would not own an operating communications system. Satellites are but repeaters in space, available for such use as associated ground stations make of them. The corporation, without ground stations of its own, would be in no position to offer communications services to anyone via the satellites. Under such circumstances Western Union does not believe that satisfactory system operations could be achieved.

"It is pertinent to note that the ad hoc committee (on p. 13 of its report), in evaluating the potential costs of the satellites and the ground stations, indicated a need for a single ground station on the east coast, one on the west coast, and one in Hawaii in arriving at the total costs involved. These ground stations, associated with the required tracking stations, would provide an integrated unit with maximum capacity from which separate communication channels could be extended to the respective carriers. In so doing each carrier would have the benefit of the fallback capability inherent in a pool of channels and with it equitable distribution under all conditions.

"Western Union fails to see how the public interest in keeping costs at the minimum amount consistent with efficient operations could possibly be served by the sanctioning of separate ground stations owned by each carrier. The cost per voice frequency channel reflected at each of separate ground stations indicates a lower cost for the ground station providing the larger number of channels and a higher cost for the ground station providing an appreciably lower number of channels. With one ground station serving all carriers the cost per channel would be the same for all. This would provide a competitive basis for all carriers engaged in like service, without regard to their relative financial standings. If separate ground stations are owned by each carrier, the total cost, to be borne ultimately by the public users, would be much greater than with satellite corporation ownership. Furthermore, Western Union firmly believes efficiency in operation would be far more effectively provided through the coordination of the satellites and the ground stations under single management.

"Another important consideration in Western Union's thinking is the potential usuage of the satellites for domestic communications. The report of the ad hoc committee forecast usage between the continental United States and Alaska. New York to Alaska, or to Mexico, or to San Francisco, is no farther than New York to many foreign points, and it is only realistic to recognize that the satellite system may well prove economically advantageous to supplement the other facilities for purely domestic communications. Under emergency conditions satellite operation between the east coast of the United States and the west coast, and Alaska could be vital to our national defense. When authorized by the Federal Communications Commission to provide services by way of the satellites, as contemplated by the legislation under consideration, channel facilities of the corporation should be available to Western Union for such use. Failing this, Western Union would have to go to one of the international carriers to lease required satellite channels.

"Western Union therefore urges that the legislation restrict the ownership of ground stations in the United States to the satellite corporation."

Now let me quote from one of the administration's spokesmen. This is from the testimony of Mr. Nicholas Katzenbach, Deputy Attorney General. Mr. Katzenbach appeared before the Senate Space Committee and accompanied the Attorney General, Mr. Robert Kennedy, when the Attorney General testified before the House Commerce Committee. Mr. Katzenbach also testified on behalf of the administration's position before the Senate Antitrust and Monopoly Subcommittee and before the Senate Commerce Committee. This particular quotation was a part of his prepared testimony before the Senate Commerce Committee.

"There are very good reasons for considering the ground stations to be properly part of the communications satellite system for which the proposed corporation will be responsible. But for the system, the ground stations would have no purpose.

"I am advised that technical compatibility between the satellites and the ground stations in any system is clearly mandatory, and that progress from initial satellites to more efficient and desirable types will not be possible if the ground stations would not be compatible with the improved satellites. There is a real danger that ground stations if separately owned by the carriers may, because of their high cost, represent an obstacle to technical growth so as prematurely to freeze the type of system.

"It is also important to note that satellites and ground stations will be technically able to handle all forms of communications, such as voice, record, and television, while particular carriers who might own ground stations may only hold authorizations for certain types of communications.

"Moreover, as anyone generally familiar with public utilities will realize, there may be different peaks in the demands for service, varying with the types of service or with the particular carrier. A more efficient utilization of the system could be achieved by pooling the capacity necessary to meet these varying peaks, thus conserving scarce radio spectrum allocations, rather than providing separate and partly overlapping reserves of capacity for each carrier and for each type of service. Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergencies, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.

"In addition, there might well be a savings in capital expenditures by avoiding the unnecessary duplication of ground stations constructed by the various carriers. Construction of ground stations as part of the corporation's assets would also facilitate regulation of rates by the FCC, because the costs involved could be isolated, rather than becoming hopelessly entangled in the present economic jungle of long-distance and oversea telephone services, the rates of which the FCC has thus far found it impossible to investigate or regulate effectively.

"To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated."

Mr. President, these two quotations point out very clearly the advantages, in fact, the compelling necessity, of having ground stations owned by the satellite corporation. It is perfectly clear that the carriers would benefit financially from being allowed to own their own ground stations; but the financial interests of the communications carriers are not to be looked after at the expense of the public interest.

Allowing the carriers to own the ground stations would result in excessive costs, would tend to slow down technological progress and impede our efforts to progress as rapidly as possible in the field of satellite communications technology, would probably result in duplication and furthermore, would enhance the monopolistic position of the dominant communications carriers.

Ground station ownership is a crucial factor in considering the establishment of any agency to operate the U.S. portion of a worldwide satellite communications system. As a matter of fact, if the corporation, be it privately or publicly owned, owns no more than the satellites themselves, it will not own a communications system.

There cannot be a communications system in any real or meaningful sense of the word unless the same entity which owns the satellites also owns and operates the ground stations.

Here we have another instance of a provision of this bill having been changed radically from the original proposal submitted by the administration. As a matter of fact, this bill has been amended so drastically, and in so many of the important features, that it could hardly be called the administration's bill. Interestingly enough, virtually every amendment which has been included has been one favorable to the carriers and adverse to the public interest.

CAPITAL STRUCTURE

Now, Mr. President, I should like to make a few comments on the next section of this bill. That is section 201(c)(8). This section sets out certain authority for the FCC in respect to the capital structure of the corporation. In effect, it gives the Commission power to approve any issuance of stock except the initial issuance and any borrowing which the corporation might undertake. Actually, the way the statute is worded, it says that the FCC shall authorize any issue by the corporation, or any borrowing, or the assumption of any obligation in respect to securities of any other person, upon a finding that such issuance, borrowing, or assumption is compatible with the public interest, convenience and necessity, and that such issuance or borrowing is necessary or appropriate for, or consistent with, carrying out the purposes and objectives of the act. This is very loose wording, Mr. President, and upon careful reading, it is easy to see that the FCC has in actuality only very limited power with regard to controlling the capital structure of this corporation to protect the public interest.

If an issue of stock or a borrowing by the corporation can be found to be compatible with the public interest, and if it is either necessary or appropriate for any of these purposes, then as this section is worded the FCC is required to approve that particular issue of borrowing.

The act does not say that there must be a finding by the FCC that the particular issuance of stock or borrowing is required in the public interest or that it is the particular method of financing which is most appropriate, or is most consistent, with the public interest. All that the corporation need show is that what it is doing is compatible with the public interest and at this point it should be stated for the record that subsection 8 contains no standard which the FCC is to use in determining the public interest with regard to the capital structure of this corporation.

HIGHER TELEPHONE RATES

This is by no means a minor point. The nature of the capital structure of the corporation will be a very important factor in determining the cost of capital.

This, in turn, will be an important factor in determining the rates which will be charged by the corporation.

It is well known that equity financing is typically more expensive than debt financing. Over the years a fairly consistent pattern of financing for public utility corporations has evolved. In general terms, that pattern has consisted of approximately one-third equity financing and two-thirds debt financing for most public utility corporations.

In this country the notable exception to that generally accepted pattern of public utility financing has been the American Telephone & Telegraph Co. A.T. & T. has consistently followed a pattern of using extensive equity financing. In fact, for a public utility the percentage of equity financing which has been used by A.T. & T. has generally been considered very high, at times running 50 to 60 percent of the total financing of the corporation. This, of course, means that the cost of capital to the corporation is higher than it might otherwise be. Consequently, rates are higher.

The FCC has never made any serious attempt to compel A.T. & T. to conform to what are accepted as sound, reasonable, and generally accepted patterns of public utility financing. The result of this failure on the part of the Federal Communications Commission has been that telephone users and users of other services offered by A.T. & T. have had to pay higher rates than they might otherwise have had to pay.

The question of A.T. & T.'s capital structure has been raised by State regulatory commissions and has been questioned by them. It has similarly been questioned by scholars in the field of public utility regulation.

There is no doubt that this particular method of financing a public utility allows its management greater flexibility in controlling the corporation's destinies. There is serious doubt, however, as to whether the management of the corporation so greatly affecting the public interest should be allowed to indulge its own personal desires with respect to financing policy at the expense of the many millions of customers which that company has.

When all the arguments and discussions over A.T. & T.'s policy of financing are distilled, it boils down to this: A.T. & T. has followed its policy of heavy reliance on equity financing because management likes that policy. It is admitted by management that such a policy is not required simply as a matter of conservative financial practice to protect either the customers, the stockholders, or the public. Management has simply liked that policy and the fact that it has proved expensive to the public has not been the deterrent. The FCC, the agency charged with protecting the public interest, has acquiesced in this policy of A.T. & T. In so doing, it has provided us with another instance of public regulation being used as a device to shield the private monopoly which is supposedly being regulated rather than protecting the public for whose benefit the monopoly franchise was granted, and for whose benefit the regulatory agency was established in the first place.

A.T. & T. DOMINATION

It is certain that the private corporation proposed by the bill now before us will be dominated by A.T. & T. That domination may result in a financial policy for the private satellite corporation similar to the financial policy which has been followed by A.T. & T. As this bill is worded, there is no power in the FCC which could prevent that policy from being followed. The public could not be protected, and the FCC would not have the power to keep rates low by insuring that the corporation followed sound financial practices in the public interest.

Mr. President, enough has been said so far to show that this bill is full of weak language and wording inappropriately conceived to accomplish what are vital objectives. As another instance of this wishy-washy approach, let me point to the last sentence of this bill, section 404(c)(iii). This section states that the FCC shall transmit to Congress annually a report which includes an evaluation of the corporation so as to assure the Congress that this structure is consistent with the most efficient and economical operation of the corporation.

The wording of this section itself admits that the powers supposedly set out in section 201(c)(8) are inadequate. If appropriate powers are given under 201(c)(8), there would never have to be any question of whether the capital structure was consistent with the most efficient and economical operation of the corporation.

If the authors of this bill want to protect the public interest and insure that a reasonable capital structure is maintained, let them rewrite section 201(c)(8) and include in it a standard by which the FCC can judge any proposed issue of stock, or any proposed borrowing of the corporation, or any proposed assumption of an obligation in respect to securities, and then give them the right to make a determination of whether the proposal before them is actually the best proposal possible, whether it is most in accord with the public interest, whether it is best intended to protect the users of the system and the public generally. As the bill is now written, there is neither adequate authority nor an appropriate standard for making the determinations referred to in connection with the capital structure of the private satellite corporation. The current provision of the bill provides enough window dressing that the carriers can point to it and contend that the public interest will be adequately protected without fear of any undue influence on the part of the FCC in the satellite corporation as they choose to run it.

Surely by now it must be clear to anyone that what we have before us is a carriers' bill. It may have an administration number on it, but in substance it is a bill designed to deliver to the carriers the essential element of what they have wanted all along.

TITLE III—CREATION OF A COMMUNICATIONS SATELLITE CORPORATION

Title III of the bill we are considering deals with the creation of a communications satellite corporation. The proposed corporation would be a private corporation not an agency or establishment of the U.S. Government. Section 301 of the bill provides that to the extent consistent with the act, the District of Columbia Corporation Act shall be applicable. The hearings which have been held on this bill, the reports which have been written to accompany the various bills reported out of committee, and the debate on the floor of the House all have been notably lacking in any consideration of what the District of Columbia Business Corporation Act provides which might or might not be appropriate for the private satellite corporation being proposed.

I have stated, as have many others, that the corporation which is proposed by this act is unique in many ways. It is sufficiently unique that the blanket application of an existing corporation act raises many problems. Although many members of the Senate have had considerable legal experience and have undoubtedly dealt with a great many problems involving corporation law, there is little likelihood that the majority of Senators who will vote on this bill have any real knowledge of what is contained in the District of Columbia Business Corporation Act and how appropriate bill or inappropriate the provisions of that act are as applied to this proposed legislation.

There is, of course, a vast body of corporation law in this country. Many cases have been decided in each State jurisdiction and there are many cases which have been decided in Federal courts which concern problems of corporation law. The private business corporation as we know it today, however, is a statutory product and in most jurisdictions in this country exists, or can be brought into existence, only as a result of an enabling statute.

In the not too distant past corporations for private business purposes were created directly by acts of the State legislatures but that procedure has been abandoned in favor of the more realistic procedure of allowing private incorporation under the terms of a general act setting forth the requirements for incorporation.

It is my belief that the business corporation act of any single jurisdiction might well have many provisions which are not suited to application to a business organization as unique as the private satellite corporation proposed by the administration.

Certainly we can ill afford to apply any statute so comprehensive as the District of Columbia Business Corporation Act to such a unique organization without a thorough analysis of all the provisions of that act and the possible effect which their application might have on the existence, the operation and the control of the satellite corporation. We should also have a thorough understanding of how the provisions of the District of Columbia Act will affect the public interest which is so vital in the organization and operation of the satellite corporation being proposed.

While I think it would be most appropriate to have such an analysis presented to the Senate during its consideration of this bill, and while I hope very much that such an analysis will be made, it is not my purpose at this time to go into all the details of that act. There will, however, be some instances in my consideration of the sections of title III when it will seem appropriate to refer to the District of Columbia Act and its probable effects on the satellite corporation.

Before turning again to certain specific provisions in the bill, I would like to say that in my opinion section 301 represents another instance in which the Congress is being asked to buy a pig in a poke.

We are being asked to accept this provision of the bill when no one who has spoken in favor of it has offered any details as to what this section means, why this act was selected or what provisions of it are either appropriate or inappropriate for application to the private satellite corporation.

I would be most interested to know if the sponsors of this bill are aware, for example, of what provisions for merger consolidation, or dissolution are included in the District of Columbia Business Corporation Act that might be applicable to this satellite corporation.

I would be interested in knowing if the spokesmen in favor of this bill are fully informed on any possible provisions of the District of Columbia Act regarding contracts between the private satellite corporation and any other corporation who is represented directly on the board of directors of the private satellite corporation. Are there provisions in the District of Columbia Act which relate to the fiduciary obligations of directors which might in any way bolster up or detract from the role to be played by directors of this corporation who are appointed by the President.

EXECUTIVE COMMITTEES

Another matter which has not been discussed at all to my knowledge but which may well be of the utmost importance in the operation and in the control of the private satellite corporation relates to the question of executive committees. Do the sponsors of this bill have full knowledge of the provisions of the District of Columbia Act relating to the possibility of the establishment of an executive committee, its powers, its relation to the corporation?

In view of the fact that A.T. & T., the largest monopoly in this country, and the communications carrier most interested in the legislation before us, has for a great many years been controlled by a committee rather than by its full board of directors, and instead of being controlled by its shareholders, it would be interesting to know whether the law under which the private satellite corporation will operate would similarly permit that corporation to be controlled by an executive committee made up of only a few of the directors. I would be interested to know whether the sponsors of this act are informed as to the possibility of creating an executive committee made up entirely of directors elected by the communications common carriers. Under circumstances such as this it might well be that all of the arguments relating to the possible dominance of this corporation by A.T. & T. have overlooked essential points in terms of realities which we can expect.

I have a great many other questions relating to the problems under the District of Columbia Act as it may be applied to this corporation, but I think the problems which I have mentioned illustrate the kinds of situations which may be involved, most of which have not been considered to any extent by the committees which have held hearings on this bill.

APPOINTMENT OF INCORPORATORS

Now I should like to turn to section 302 of this bill. This section states that the President shall appoint incorporators by and with the advice and consent of the Senate. These incorporators are to serve as the initial board of directors until the first annual meeting of stockholders or until their successors are elected and have qualified. The initial board of directors of any corporation performs many important functions. Certainly one of the most important functions which the incorporators of this corporation will perform is arranging for the initial stock offering of the corporation. This initial offering is particularly important in the case of the private satellite corporation because under the wording of section 304(a) the policy which has been emphasized as being so important to the protection of the public interest applies only to the initial offering of stock by the satellite corporation. The policy I refer to is that of encouraging the widest distribution of ownership of the corporation's stock to the American public.

Both the policy of wide distribution to the public and the policy of selling stock at a price not in excess of $100 apply only to the stock initially offered. This means that the only protection which the American public has in terms of its being allowed to participate in the ownership of the private corporation comes with the initial offering.

That initial offering will be arranged by the incorporators and there is nothing in the act as it is proposed which would insure that the public is represented among the incorporators, or that the incorporators are to follow any particular standard in deciding how to arrange the initial offering or the amount of such offering.

THE FOX GUARDING THE HENHOUSE

I should like to quote from the report which accompanied this bill as it relates to section 302. I am quoting from page 20 of the report: "Your committee is hopeful that in making his choice the President will seek fair representation from the major political parties and a good cross section of the professions and industries which will be expected to take part in the U.S. commercial communications effort. For example, it is hoped that there will be incorporators drawn from both large and small communications common carriers, from persons wise in the problems of finance, from industries supplying rockets, electronic gear, tracking mechanisms, and the like. It is also hoped that there will be incorporators knowledgeable in the area of Federal Communications Commission regulations."

Isn't that a dandy group from which to choose the incorporators for a corporation which is supposed to protect the public interest? The committee doesn't suggest by any remote stretch of the imagination that the incorporators be selected in such a way that they represent the American public who are expected to participate as shareholders. There is no suggestion that the incorporators who will arrange the initial offering of stock by this corporation, select its officers and serve as its board of directors be representative of the American public. Instead, the committee reporting this bill hopes that the directors, the first board who are incorporators will be drawn from the communications carriers, the banking and financial institutions, the firms which supply rockets, electronic gear, and other equipment to the corporation and the like, all the people who will have a financial interest in the corporation which would normally be expected to conflict with the public interest. This is the group the committee wants to see represented.

This is not the group I would like to see represented on the board of directors of this corporation. It is inconceivable to me that a group of incorporators and directors selected from the industries and firms mentioned by the committee would be able to protect the public interest. The group suggested for nomination by the President is a group which would one and all have a built-in conflict of interest with planning, organizing, developing, and operating the corporation consistently with the public interest and with the interest of the individuals who may eventually become stockholders in such a private corporation.

The one thing that strikes me most about this particular portion of the report is that it is so honest and so consistent with the wording of the act as we have it.

This bill is clearly a carriers' bill.

It is a bill designed to protect the interests of those who would normally have financial interests adverse to the public.

Under normal corporate procedure, the incorporators of any corporation are ones who have a financial interest in the successful establishment and organization of the corporation. It is this interest which they are expected to protect and in this way we depend upon having a corporation created which will be consistent with the profit motives involved. Section 302 apparently fails to recognize the fact that the incorporators selected by the President will become directors of the corporation. As such, their fiduciary obligations under law will not be to the President and will not be to the public at large and will not be to the Federal Government.

The fiduciary obligations which will be imposed upon these directors will be obligations to the corporation itself.

There is certainly a crying need for a standard to be built into this act to insure that these incorporators in their capacity as such, and in their subsequent capacity as directors, will act consistently with the public interest in mind.

There is a great deal more involved in the success and in the operation of the satellite corporation than a normal profit motivation in the typical private corporation.

It is far from sufficient to give the President the power of approving the articles of incorporation of the satellite corporation as those articles will be initially filed. If for no other reason, this would be inadequate because the District of Columbia Corporation Act, which will apply to the corporation, allows amendment of the certificate of incorporation by a simple two-thirds vote of the outstanding shares entitled to vote. This in itself means that the President's power is of no real consequence for the very provisions which the President might refuse to approve for the original filing of the articles of incorporation could be added by amendment immediately after the articles had been filed. How illogical it is to give the President the power to approve the articles but leave him with no power over any amendments. This reduces his original act in approving the articles to nothing more than a meaningless formality. Certainly it affords the public and the stockholders no protection in terms of what the articles may eventually include.

By the same token, the President has no authority over the bylaws of the corporation. In many instances, problems of policy with regard to any private corporation are dealt with more effectively through the bylaws of the corporation than through the articles of incorporation. Not only is it easy in many instances for the management of a corporation to control its policy through the use of the bylaws rather than the use of the certificate, but it is also far more difficult for the stockholders of a corporation to obtain the same ready access to the bylaws they normally have to the articles of incorporation.

DIRECTORS AND OFFICERS

I now direct my attention to section 303 of the bill. This section deals with officers and directors of the corporation. Subsection (2) of section 303 provides that the board of directors shall consist of individuals who are citizens of the United States and that one of them shall be elected annually to serve as board chairman. The board itself is to consist of 15 members. The method of selecting these 15 directors is unique in terms of a private corporation and has some very interesting aspects.

First of all, section 303 provides that three members of the board of directors shall be appointed by the President of the United States by and with the advice and consent of the Senate. I believe I am correct, Mr. President, in stating that the single sentence referring to these directors and their appointment by the President appearing in section 303 is the only reference to the Presidentially appointed directors contained in the bill.

There is nothing which indicates that the nature or extent of their obligations in serving as directors is any different from the obligations of directors selected by either of the groups of shareholders who may elect the remaining 12 directors. There is no standard established in the bill which would provide a yardstick for judging the performance of these three Presidentially appointed directors. The bill contains no indication that their appointment is particularly intended to protect the public interest. The committee report of the Senate Commerce Committee does not give any indication that the members of the board who are appointed by the President have any responsibilities to the President or to the public which are different from the remaining members of the board.

It seems strange that this unusual arrangement of having the President of the United States appoint members to the board of directors of a private corporation should be inserted in this act with no further explanation of the reason for their appointment in this manner and with no explanation of the role which they are to play.

If we refer back to the language of section 301 which makes the District of Columbia Business Corporation Act applicable to the satellite corporation, we see an indication that the Presidential directors would normally be anticipated to act as fiduciaries of the corporation itself and that their responsibilities are to the corporation rather than to the public. I think there is a real possibility that we might place the men appointed by the President in an undesirable position. Certainly the public has a right to expect that the President would appoint individuals who would protect the public interest. Yet, as a matter of law, these individuals have a primary responsibility which is different. In this respect, the bill gives a false sense of security for, even though the directors are appointed by the President, they will serve for 3-year terms and will be responsible to the corporation and would be subject to the same type of shareholder derivative suits for breach of fiduciary obligations as the directors who are elected either by the carrier shareholders or by the noncarrier shareholders.

Looking now at the remaining 12 directors which the corporation will have, we see that six members are to be elected by the communications common carriers and six are to be elected by the holders of voting stock other than the common carriers. Although subsequent provisions of the bill provide that 50 percent of the voting stock is to be reserved for purchase by the communications carriers, there is no requirement that the carriers by any specified percentage of the 50 percent reserved for them in order to have the right to elect their six directors.

If, for example, the corporation offered floating stock in an amount of $100 million originally $50 million of that would be reserved for the communications carriers.

It is entirely possible that the noncarrier stock could be purchased in its entirety, that is, the total amount of $50 million floating stock could be purchased by noncarriers. At the same time, the carriers could purchase as little as $100 of the voting stock reserved for them. Even with this existing imbalance in terms of investment in the corporation, we would find the carriers enttiled to elect six directors, a number equal to the number of directors to be elected by the noncarriers. This seems a little foolish to say the least. The public would have paid $50 million for the right to elect six directors and the communications carriers could receive an equal right to elect six directors by virtue of an investment of one-fiftieth of the amount put up by the public.

Would anyone suggest that it is an unreasonable possibility that only—say—$1 million of the carriers' share will be subscribed? If anyone should have such thoughts, let me put them to rest once and for all. This would, in fact, be the most logical course for the carriers to follow if an initial offering of $100 million of voting stock were made. The purchase of a small amount of voting stock would insure the carriers of maximum representation on the board of directors. Any additional voting stock purchased by the carriers would not allow them to elect a larger number of directors.

From the standpoint of the carriers, there would be a disadvantage to the purchase of any more than a minimum amount of voting stock. Section 304(c) of the bill provides that voting stock of the corporation shall not be eligible for inclusion in the rate base of a carrier who purchases such voting stock. On the other hand, the same section, section 304(c), provides that nonvoting securities, bonds, debentures or other certificates of indebtedness of the satellite corporation shall be eligible for inclusion in the rate base of the carrier.

Obviously, then, it would be to the advantage of the carriers to have their investment in the corporation take the form of purchases of nonvoting stock, bonds or debentures. The corporation is entitled as a matter of right under this bill to issue such nonvoting securities or bonds or debentures without any effective limit. It is entirely possible for the corporation to issue nonvoting securities which have exactly the same characteristics as the voting stock except for the right to vote. Dividend rights, liquidation preferences and all other characteristics of the securities could be identical. There would be no reason why the management of the corporation itself should object to allowing the carriers to purchase nonvoting securities rather than depending upon voting securities for financing the corporation, and there would be every inducement for the carriers to try to persuade management that the nonvoting securities were the appropriate way of financing the private satellite corporation.

To demonstrate even more conclusively that the situation similar to the one I have been describing is in fact a real possibility, let me point out that the carriers themselves have consistently recommended financing the private corporation through the use of nonvoting stock. The original administration proposal, S. 2814, provided for two classes of stock—class A stock which would have voting rights, and which could be owned by the general public as well as the communications common carriers, and class B stock which would be nonvoting and which would be owned only by the communications common carriers.

A.T. & T. was quick to voice its objections to the provisions for class A stock. A.T. & T.'s recommendations as a result of the bill reported out by the Senate Space Committee were that the provisions providing for class A stock be eliminated. This, of course, would have made it possible for them to return to their original scheme as set forth in the ad hoc carrier committee report to provide for ownership exclusively by the communications carriers. It has also been the contention of the carriers from the beginning that any investment by such carriers in the stock of the satellite corporation should be includible in the rate bases of the owning carriers for ratemaking purposes.

The bill as passed by the House contains a provision for directors which is considerably different from that reported out by the Senate Commerce Committee. The House bill contains a provision which attempts to meet the difficulty of allowing the carriers to elect their full complement of such directors, irrespective of the percentage of voting stock held by the carriers. The language of the House bill reads as follows:

"DIRECTORS AND OFFICERS

"SEC. 303. (a) The corporation shall have a board of directors consisting of individuals who are citizens of the United States, of whom one shall be elected annually by the board to serve as chairman. Three members of the board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, for a term of three years, six members of the board shall be elected annually by those stockholders who are not communications common carriers, and the remaining members of the board, not to exceed six, shall be elected annually by those stockholders who are communications common carriers in a number determined as follows: If such stockholders own in the aggregate not exceeding 15 per centum of the outstanding voting stock of the corporation, they shall elect one member; if they own in the aggregate in excess of 15 per centum but not exceeding 25 per centum, two members; if they own in the aggregate in excess of 25 per centum but not exceeding 35 per centum, three members; if they own in the aggregate in excess of 35 per centum but not exceeding 40 per centum, four members; if they own in the aggregate in excess of 40 per centum but not exceeding 45 per centum, five members; and if they own in the aggregate in excess of 45 per centum, six members. No stockholder who is a communications common carrier and no trustee for such a stockholder shall vote, either directly or indirectly, through the votes of subsidiaries or affiliated companies, nominees, or other persons subject to his direction or control, for more than three candidates for membership on the board. Subject to such limitation, the articles of incorporation to be filed by the incorporators designated under section 302 shall provide for cumulative voting under section 27(d) of the District of Columbia Business Corporation Act (D.C. Code, sec. 29–911(d))."

The language of the House bill would be an improvement over the language of section 303(a) in the bill we are considering but by no stretch of the imagination could that language be said to cure the problems relating to the directors of the corporation. The primary duty of the directors of this corporation under the proposed organization will be to protect the investment of the stockholders whether those stockholders are common carriers or aerospace manufacturers or private individuals. There is nothing in this bill which provides that the directors shall have any responsibility toward protecting the public interest which everyone has so readily admitted exists in the private satellite corporation.

CONFLICT OF INTEREST

Few problems have plagued this country as frequently and with such persistent recurrence in recent years as the problem of conflicts of interests on the part of individuals who are supposed to be in positions of trust and in positions where public interest is a primary motivation for all their actions. Many of the conflict-of-interest problems have reached the proportions of national scandal. To mention only a few in this category, I would point to the Dixon-Yates situation in which Mr. Wenzell was in the employ of the First Boston Corp. at the same time he was working actively for the Bureau of the Budget.

A.T. & T. has certainly not been immune to the conflict-of-interest problem. In connection with the antitrust suit against A.T. & T., which was terminated in 1956 with a consent decree, it has been made a matter of public record that Dr. Mervin J. Kelly, a president of Bell Laboratories, was instrumental in preparing the memorandum which was sent from the Department of Defense to the Justice Department advocating a settlement of the case on terms highly favorable to A.T. & T. During the course of this debate, I will discuss this situation and others like it at length. It is my purpose at this time only to point out the weakness of the bill we are considering with regard to this point.

Section 303(b) contains the only reference to this problem in the act. The final sentence of that section states simply, "No officer of the corporation shall receive any salary from any source other than the corporation during the period of his employment by the corporation." This language is so mild that I have some question whether it is even intended to deal with the conflict-of-interest problem at all. It may simply be a matter of having selected this wording to insure that the officers of the corporation would be full-time employees. If the language does insure that, that is the only protection which it does afford to the public. For one thing, the language covers only officers of the corporation. It does not mention directors at all. Second, it relates only to salaries from sources other than the corporation. It makes no reference to financial interests of any sort or to compensation other than salaries.

One would think that when a corporation so unique as this were being formed, a corporation in which it is anticipated that there will be a built-in conflict of interest, language would be included in the bill in very precise and definite terms to insure that the public interest would be protected from abuse. At the very least, there should be provisions in this bill to the effect that no officer or director can have any financial interest in any communication carrier corporation engaged in the business of wire communications or radio communications as defined by the Communications Act of 1934 as amended. There should also be provisions that no director or officer can have any financial interest in any aerospace manufacturer or supplying corporation which would do substantial business with the private satellite corporation. The absence of language to this effect is an open invitation to preference and favoritism.

FINANCING OF THE CORPORATION

The ad hoc carrier committee proposed the formation of a so-called nonprofit satellite corporation to develop, construct, operate, manage and promote the use of the satellite system. This corporation was to be owned and financed by the communications common carriers and would own the satellites themselves but not the ground stations. It was contemplated that the capital expenditures and expenses of operation of the satellite corporation in the development, construction, operation, management and arrangements for the use of the satellites would be allocated among the participating owners in proportion to their respective capital contributions. Each of the participating U.S. carriers would have been expected to carry its investment in satellites upon its own books and in its rate base in a manner prescribed or approved by the FCC.

The Kerr bill, S. 2650, perpetuated the idea of exclusive carrier ownership of the satellite corporation.

The proposals to limit ownership of the private corporation to the communications carriers met with an immediate unfavorable response from all sides. The carriers were identified by the administration as the "favored few" and statements were made to the effect that it would be unconscionable to turn over to this limited group the benefits of the large taxpayer investment which has made space communications possible.

Attorney General Kennedy, at his appearance before the House Interstate and Foreign Commerce Committee, made the following statement with regard to the possibility of carrier ownership of the private satellite corporation:

"Conceivably their special role could be recognized in other ways. But I do not believe that there is any justification for turning over this whole program, so heavily subsidized by the Government, to the existing communications industry, unless there are compelling reasons for doing so. I know of no such reasons.

"It is our firm conviction that the general public should be permitted to participate in this proposed corporation. A monopoly created by legislation should not be turned over to a favored few. This is even more true when the probable success of this venture has been assured by governmental research and development at considerable cost to the taxpayers.

"Public participation will help us to avoid domination by a single carrier. It will help to insure competition in all its ramifications. It will help to insure speed. Such a corporation would be interested in developing the widest possible usage of the system as soon as possible. It will help to insure adequate private financing if we do not close the door to noncarrier investment."

JUDGE LOEVINGER

A fuller and more complete statement of the case against limited ownership of the private corporation was made by Judge Lee Loevinger, the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice. Judge Loevinger, in his testimony before the Senate Antitrust and Monopoly Subcommittee, provided the following detailed analysis of the monopoly problem involved.

Under the proposals made to limit ownership to those common carriers approved by the Federal Communications Commission it would seem likely that ownership will be restricted to carriers engaged in international communications. Nine international carriers indicated a desire to participate in the ad hoc committee set up by the Federal Communications Commission to consider means for the establishment of a satellite communication system. In a report preliminary to issuance of an order setting up the committee the Commission stated that—

"The international carriers themselves are logically the ones best qualified to determine the nature and extent of the facilities best suited to their needs" (docket No. 14024, first report, May 24, 1961).

But the Government has not spent hundreds of millions of dollars in development of satellite communications merely to provide existing carriers with additional facilities to serve their own needs, important as this is. The needs of the Nation are broader and more important than those of the communications carriers. The satellite communication system is intended to promote broad national objectives. These objectives have been set forth in the President's statement of July 24, 1961, in his message to Congress of February 7, 1962, and in the various bills introduced in Congress.

The ad hoc report recommended that ownership be limited to international carriers and indicated that because of its foreign operations, General Telephone might qualify as an international carrier. Only five of the participants in the ad hoc committee indicated a willingness to make a financial contribution—A.T. & T., American Cable & Radio (an I.T. & T. subsidiary), Western Union, Hawaiian Telephone Co. and Radio Corp. of Puerto Rico (also an I.T. & T. subsidiary). RCA made no commitment for a financial contribution. A.T. & T., Western Union, RCA, and American Cable & Radio compete directly in offering international communications services. A.T. & T., American Cable & Radio, RCA, and General Telephone, through subsidiaries or parent companies, compete in the manufacture and sale of communication equipment.

Joint ownership of a communication system by competitors such as these would raise serious antitrust problems, in my opinion, unless Congress provides for specific antitrust exemption. The possibility would always exist that such ownership would result in limiting competition among the carriers in the furnishing of communication services, in the manufacture and sale of communication equipment, or in limiting competition in either of these areas of nonparticipating companies. Furthermore such limited ownership might well give de facto control to a single company, A.T. & T. With ownership so limited it appears highly probable that A.T. & T. would control the system, both because a number of the international carriers are dependent on A.T. & T. for certain services and because A.T. & T., with its financial resources, will contribute a far greater sum than the total amount that will be contributed by all other companies.

For example, in the ad hoc committee report A.T. & T. agreed to contribute $65 million, while the total contribution agreed to by all other companies was less than $13 million. In fact A.T. & T. has suggested that contribution be on the basis of expected use of the system and indicated this would result in its contributing 75 to 80 percent of total investment. (Testimony of Mr. James E. Dingman, executive vice president of A.T. & T., before House Committee on Interstate and Foreign Commerce, on Mar. 16, 1962.)

Domination of this new system by a single company would tend to frustrate the public interest objectives which the President has set as our goals. We believe this to be the case despite the fact that the new corporation will be subject to regulation by the Federal Communications Commission, for regulation cannot guarantee equitable access to the system and competition in the purchase of equipment if ownership is limited to a few interested companies, with a single one of these exercising effective control.

Broadly based ownership will minimize the possibility of control by a single company and will encourage competition in the furnishing of communication services and in the manufacture and sale of communication equipment.

It has been argued that the controls proposed in this bill are greater than those previously imposed on a private corporation. If so, the unprecedented nature of the situation not only justifies but requires unusual measures. Satellite communication is made possible through research and development paid for by Government funds because of the national interest in the establishment of such a system.

This has been called an extension of existing facilities, but it is much more. The ability to provide at economical rates communications of all kinds to all parts of the world is a revolutionary development. It is as inappropriate to call satellite communications an extension of existing facilities as it would be to say the airplane is merely an extension of the transportation facilities afforded by canal boats or railroads.

It is agreed that a workable system must be established at the earliest possible date, and we believe this can best be accomplished by broadly based ownership of the system. There would be a natural reluctance on the part of companies with large investments in existing facilities to take speedy action which would make these facilities obsolete. A company controlled by A.T. & T. could scarcely avoid considering the effect of satellite facilities on existing investments in cable facilities.

Further, new developments and improvements in the system would be considered from the viewpoint of their effect on existing facilities. A.T. & T. has extensive investment in facilities used for the transmission of network television programs to stations throughout the country and it owns the facilities for the only nationwide long-distance telephone service in the United States. It is my understanding that with sufficient capacity television programs can be transmitted from the satellite system to stations throughout the country and the world and that new developments may make long-distance telephone service within the United States via satellite system economically feasible and desirable. These are examples of the conflict of interest that could arise in a corporation controlled by A.T. & T.

PROBLEM OF DOMINATION

The problem then as the administration saw it was twofold: First, there was the problem of domination of any private corporation by A.T. & T. for the reasons stated. A.T. & T. dominance under any plan of limited ownership would obviously have been inevitable. It was suggested, however, that broadening the base of ownership of the private corporation could reduce the possibility of dominance by A.T. & T.

The second problem was a more general one and dealt with the difficulty in reconciling the public interest with the existence of private monopoly power. A failure to recognize, or possibly it has been simply a failure to admit, that these are two separate and distinct problems has led to considerable confusion as to what remedies might conceivably be appropriate.

Referring back to the first problem, that of dominance of the private corporation by A.T. & T., it is conceivable, though it is highly unlikely, that an organizational structure for a private corporation could be devised which would allow ownership participation by the communications carriers and at the same time preclude A.T. & T. dominance. In theory such result might be possible. The bill as it has been drafted does not accomplish that desired result. If the bill before us is passed and the private corporation provided for therein is established, the way will be clear for A.T. & T. to achieve and exercise dominance over the policies and operations of the satellite corporation.

Turning briefly to the general monopoly problem involved in creating a corporation which is to be the sole operating unit in the field of commercial communications via space satellites, it is easy to see that the problem of ownership is entirely irrelevant. There is a natural tendency on the part of any private monopoly to consider its existing facilities and its existing investment in plant and equipment at any time when it considers the introduction of new technology. The fact that a corporation enjoying a monopoly in space satellite communications might be owned by 1 million private individuals rather than 9 communications carriers in no way affects this rational monopolistic behavior. Management can be expected to follow policies most favorable to the corporation, irrespective of the breadth of the ownership base of the corporation. A.T. & T. itself provides the most perfect example of this type situation.

A.T. & T. now prides itself on the fact that it has over 2 million shareholders. A.T. & T., in fact, has more shareholders than any other private corporation in the world. It would not only be irrelevant, it would be downright foolishness to argue that the existence of A.T. & T.'s 2 million shareholders in any way reduced or diminished A.T. & T.'s monopoly power in the communications field. By the same token, it would be at variance with the facts to suggest that this large number of shareholders has in any way diminished the tendency on the part of A.T. & T.'s management to act in a way which is consistent with what we have come to expect from the giant monopolies in this country.

If private monopoly power is allowed to exist in our society, there can be no justification for the assumption that the power will not be used. That power will be used in a manner designed to provide the greatest financial benefit to the economic unit which possesses the power. Just as A.T. & T. has historically used its monopoly power to the advantage of that corporation, so a private satellite corporation, a Government-created private monopoly, if you please, could be expected to exercise its monopoly power in a way intended to provide the greatest financial returns to the satellite corporation. A broad base of stock ownership in a corporation cannot be equated with managerial policies consistent with the public interest. Broad ownership is not a protection against abuse.

The administration recognized at least a part of the problem. Let us look now at the proposed remedy. The original version of S. 2814 provided that the corporation should be authorized to issue and have outstanding 1 million shares of class-A stock. This class-A stock was to be eligible for dividends and have voting rights. The corporation was to have the right to issue and have outstanding 1 million shares of the class-A stock. The shares of class-A stock initially issued were to be sold at a price of not less than $1,000 per share. The class-A stock could have been issued to and held by any person, including communications common carriers. There was no provision in the act which would have insured a widespread distribution to the public of voting stock in the corporation. The only limitation on ownership of the voting stock was a provision providing that no shareholder would be allowed to own more than 15 percent of the authorized class A, or more than 25 percent of the outstanding.

In view of the extremely high potential capitalization, namely, a total of $1 billion (1 million shares at a price of not less than $1,000 each) there was little chance of the 15 percent figure being applicable. This meant that it would be possible for a single stockholder to own as much as 25 percent of the class-A stock outstanding.

At hearings on the bill the question was raised as to why the price of class A stock had been set at not less than $1,000 per share. The price of the stock was an important issue in view of the fact that the administration was depending upon the broad base of ownership to avoid the difficulties of the problems just discussed. The answer was that the $1,000 figure had been selected in order to prevent the average man from investing in the corporation because there was some possibility that no dividends would be paid in the immediate future and there was also the possibility that a low price might encourage too many to buy stock in the corporation, or even lead to some speculation in so-called space stocks. In other words, the administration was depending on broad ownership to protect the public interest at the same time that it was taking steps to insure that there would be very little widespread public participation in the ownership of the corporation. Very few of the taxpayers who have financed the research and development in space communications would have been able to buy even a single share of the stock at a price of $1,000 per share. The amended version of the bill has lowered the price from $1,000 to $100 per share but even that limitation is of limited value, for it applies only to the stock initially offered by the corporation. Any subsequent issue of stock can apparently be at any price which the directors of the corporation select. Furthermore there is nothing to indicate what the size of the original stock offering shall be.

The amended version of the bill also contains a statement that the shares of stock initially offered shall be sold in a manner to encourage the widest distribution to the American public. That is fine language, Mr. President, but I would like to raise the question as to why the philosophy should be restricted only to the stock initially offered. It seems to me that if we are to rely upon widespread distribution to protect the public interest, then widespread distribution would be desirable for all issues of stock of the corporation.

NONVOTING SECURITIES

The corporation is authorized to issue in addition to its voting such non-voting securities, bonds, debentures, or other certificates of indebtedness of the corporation as the directors may decide are desirable. The limitations on price and the requirement that the securities be sold in a manner to encourage widespread distribution apply only to the voting stock of the corporation. There is no application of the limitations of section 340(a) to the securities authorized by section 304(c)(3). I can see no justification for this exclusion of the nonvoting securities, bonds, debentures, etc., from the philosophy of section 304(a) except that the bill as now worded will facilitate accomplishment of the longstanding objective of the carriers, namely, relying upon nonvoting securities which might be held by the carriers as the principal method of financing the proposed private satellite corporation. Here we have yet another example where the bill has made possible exactly what the carriers have wanted all along.

PEOPLE'S CAPITALISM

If this is to be a venture in people's capitalism, then the means to achieving that end should be consistent and reliable. The shares of stock which are to be issued by this corporation should be sold at a price of $10 or possibly $25 a share. In that way the individuals who have paid the taxes to finance the investment in space communications would be able to participate in ownership of the corporation. The limitation on price should be made applicable to all securities, whether voting or nonvoting, to all bonds, all debentures and other certificates of indebtedness which the corporation might issue. Furthermore, all stock and all bonds and all debentures should be issued in such a way as to encourage the widest distribution to the American public. If public ownership of the corporation is to be the bulwark against the onrush of private monopoly, then the structure of the corporation should be such as to allow the public to buy stock and to participate in any debt financing undertaken by the corporation.

"AUTHORIZED" CARRIERS

The spokesmen in favor of this bill have repeatedly contended that the bill seeks to provide a broad base of ownership. This broad ownership is important, according to their argument, if the dangers of monopoly are to be avoided. Section after section of the bill, however, undercuts the whole idea of achieving widespread ownership.

Sections 304(b)(1) and 304(b)(2) provide another illustration of the way in which this bill has been drawn to facilitate the objectives of the communications carriers. Bear in mind that the FCC has from the beginning favored limiting ownership of the private satellite corporation to the international communications carriers. Now look at these two sections: 304(b)(2) provides that only those communications common carriers which are "authorized carriers" shall own shares of stock in the corporation at any time. It goes on to provide that no other communications common carriers shall own shares, either directly or indirectly, through subsidiaries or affiliated companies, nominees or any persons subject to its direction or control.

This is a curious provision, Mr. President. The communications industry in this country, including international communications originating from the United States, is dominated by A.T. & T. A.T. & T. is by far the largest domestic communications common carrier and by far the largest international communications common carrier.

In the international carriers' international field there are only eight communications common carriers besides A.T. & T. They are:

1. American Cable & Radio Corp. (a subsidiary of I.T. & T.).
2. Hawaiian Telephone Co.
3. Press Wireless, Inc.
4. Radio Corp. of Puerto Rico.
5. RCA Communications, Inc.
6. South Puerto Rico Sugar Corp.
7. Tropical Radio Telegraph Co.
8. The Western Union Telegraph Co.

You will notice that compared to A.T. & T. most of these are small companies. Some of them the average person probably has never heard of. The Western Union Telegraph Co., by some standards, is a large corporation. It has assets of approximately $350 million. Compared with A.T. & T.'s assets, which are in excess of $25 billion, however, Western Union is a very small operation.

RCA Communications, Inc., is a relatively small operation. Its parent corporation, RCA, is, of course, a very large organization, but even RCA is far from comparable to A.T. & T. RCA Communications could not even be classed as one of the major components of the parent RCA.

A mere glance at the list of international communications carriers shows why a private corporation, owned exclusively by these companies, would inevitably be dominated by A.T. & T.

DOMESTIC CARRIERS

If we shift our attention to domestic communications carriers, we find that there are a great many of these firms. Actually there are hundreds of domestic communications carriers, [3,500] and 212 telephone cooperatives but this should not be taken as an indication of any substantial competition for A.T. & T. A.T. & T. controls over 85 percent of all local telephone service in the United States. In addition, it has a 98 percent monopoly on long distance communications domestically. The remainder of the local market is served by the many small domestic carriers most of whom serve a single city or rural area. The only significant exception to this is General Telephone & Electronics. General Telephone operates in approximately 19 States and accounts for a fairly large percentage of the non-A.T. & T. telephone service. It is this particular structure of the communications industry which makes the language of section 304(b)(1) and 304(b)(2) so curious.

Why should a communications common carrier, desiring to purchase stock in the private satellite corporation, be compelled to seek authorization of such a purchase from the Federal Communications Commission. If the FCC desires to limit ownership to the small group of international carriers, the language of these two subsections provides the perfect vehicle for accomplishing that objective. The FCC has already expressed its point of view with regard to the public interest, convenience and necessity involved in ownership by domestic carriers. There is no standard set out for the FCC in these sections to indicate when or on what terms it should authorize a particular carrier to own stock in the corporation. What possible danger could there be in allowing the small domestic communications carriers to own stock in the satellite corporation? What useful purpose could authorization from the FCC serve?

The 50 percent of the voting stock which is not reserved for communications carriers can be purchased by individuals, corporations or any other entity without restriction and without the need for authorization by the FCC.

If dominance by A.T. & T. of the satellite corporation is a problem, and no one has disputed that, there is every reason to prefer language in the bill which would facilitate, or even encourage, the widest possible ownership of all the corporation's stock. This would include the encouragement of widespread distribution among all communications carriers, international and domestic, of the 50 percent of the stock reserved for carriers.

Possibly the sponsors of this bill have felt that the language in these sections was necessary to protect A.T. & T. from the small local domestic carriers. Since A.T. & T. has demonstrated such a strong interest in owning stock in this corporation possibly the small carriers could be expected to demonstrate a comparable interest. If that were the case, possibly the small carriers could buy enough stock out of the 50 percent reserved for carriers to provide a minor annoyance to A.T. & T.

With typical thoroughness, those who seem determined to protect the interests of A.T. & T. and insure that the large carriers get what they want have drafted these sections to make suppression of the public interest as easy as possible.

RESTRICTIONS ON OWNERSHIP

There is a great deal of the language of this bill which still needs further examination for most of it as yet has gone completely unexplained. Section 304(b)(3) is a good case in point. That provision provides that "at no time shall any stockholder who is not an authorized carrier, or any syndicate or affiliated group of such stockholders own more than 10 per centum of the shares of voting stock of a corporation issued and outstanding." This says that the individual or corporate stockholders who are noncarriers can own no more than 20 percent of the voting stock held by all noncarriers.

Why, Mr. President, why should noncarriers be so restricted when there is no similar restriction on the carriers? As this bill is written there is nothing which would prevent A.T. & T. from owning the full 50 percent of the voting stock allocated to the common carriers. It is true, of course, that a single carrier may not vote for more than three candidates for membership on the board of directors but nonetheless the fact remains that a single carrier can be the owner of 50 percent of the voting stock.

What is it that the sponsors of this bill are afraid of that requires limiting noncarrier ownership to 10 percent while allowing carrier ownership to the extent of 50 percent.

It is common knowledge that the only carrier who is in a financial position to purchase a large block of the stock of this corporation is A.T. & T. The fact has already been mentioned that when the international carriers who made up the Ad Hoc Carrier Committee were asked about their willingness to contribute capital to a private satellite corporation, their responses indicated a willingness to put up $78 million. Of that total, A.T. & T. stood willing to invest $65 million. A.T. & T. wants to invest in the corporation.

Whether it wants to invest in voting stock or nonvoting stock or bonds or debentures I do not know, but at any rate, the provisions of this bill which preserve the right of a single carrier to own 50 percent of the voting stock can only be for the benefit of A.T. & T. Irrespective of the general terms in which this bill is drawn, when on the facts as they exist, particular provisions can apply only to one corporation, the American Telephone & Telegraph Co., there is no way of escaping the fact that that provision is drafted for the benefit of A.T. & T.

If there were any real interest on the part of the sponsors of this bill to foster competition in the communications industry we would have a far different bill. If there were any real interest in curbing monopoly power, the advent of space satellite communication provides the opportunity to do it. If there were any real interest in protecting the public or even in encouraging widespread ownership of a private satellite corporation, this bill would be far different from what it is.

The only argument which has been made so far in favor of allowing unrestricted ownership by the carriers within the range of the 50 percent of stock reserved for them, is that there may be some difficulty in raising the capital necessary to finance the corporation. If that argument were taken on its face as being accurate, it would certainly militate against the inclusion of section 304(b)(1) and section 304(b)(2). If there is going to be any difficulty in finding communications carriers who will be interested in buying voting stock in the private corporation, there is certainly no justification for requiring such potential purchasers to receive an authorization from the FCC.

NONVOTING SECURITIES

In section 304(c) we have another provision which is tailormade to suit the interests of the communications carriers. This section provides that the corporation may issue nonvoting securities, bonds, debentures and other certificates of indebtedness as it may determine. There is no limit upon the ownership upon any of these. This will certainly facilitate the carriers' long-standing desire to finance the corporation through nonvoting securities. Here, I use the term "securities" in a sense broad enough to include bonds, debentures and other certificates of indebtedness.

Any method of financing the corporation other than the issuance of voting stock is free from all restrictions on ownership. Any means of financing other than the original issue of voting stock is free of any requirement that wide distribution to the American public be sought. Since it is anticipated that the directors of the corporation will represent the major financial interests involved, there is every reason to believe that these directors will follow financial policies which are favored by the interests which they represent.

The limitations which appear in section 304(a) with regard to the price of voting stock and its wide distribution to the American public should apply to all classes of securities which may be issued by the corporation. The provisions of section 304(b) (3) which limit ownership to 10 percent of the shares of voting stock for noncarrier stockholders should be extended to cover all classes of securities issued or sold by the corporation and should be further extended to apply to communications carriers as well as to noncarrier stockholders.

THE DOUBLE RETURN

The mischief of section 304(c) does not stop here. That section provides that nonvoting securities, bonds, debentures, or other certificates of indebtedness of the corporation shall be eligible for inclusion in the rate base of the carrier. This notion of including an investment in the rate base is a carryover, apparently from the ad hoc committee report. Remember, however, that the ad hoc committee report suggested the creation of a nonprofit corporation with the carriers to receive no dividends or other direct financial return on their investment in the private corporation. Under those conditions it was suggested that the investment of the individual carriers be included in the carriers' rate base. This may have made some sense. The satellite corporation was not to own ground stations. Therefore, the investment of the individual carrier in the corporation would simply represent its investment in the ownership of the satellites themselves. As such, this would be little different from any other equipment owned by the individual carriers.

With the evolution of these bills, however, the situation has changed drastically. We now find nonvoting securities, bonds, debentures, etc., includible in the rate base even though they are securities which in and of themselves will yield a financial return. It is entirely possible for the corporation to issue nonvoting securities which have dividend provisions exactly equal to those of the voting stock. Bonds and debentures normally receive interest and it would be expected that any bonds or debentures issued by the satellite corporation would also receive interest. Any other certificates of indebtedness issued by the corporation would also under any normal circumstances provide a financial return to the holder. These are the kinds of securities which this bill provides are eligible for inclusion in the rate base of the carriers owning them.

Examine this carefully. It means that A.T. & T. can buy a dividend-paying common stock, receive the dividends, include its cash outlay for that stock in its rate base and turn right around and charge the customers for its various services a rate which will provide a reasonable return on the amount it spent to earn its dividends. The same would be true of bonds or debentures. A.T. & T. could spend millions of dollars to buy bonds yielding 5, 6, or 7 percent interest, include the purchase price of those bonds or debentures in its rate base and therefore be entitled to earn a reasonable return on the amount it paid for the bonds. This is not fancy. The Federal Communications Commission witnesses themselves testified to the fact that the bill as presently drafted does allow the possibility of a double return such as I have described.

This I consider to be outrageous. Why should this sort of subsidy be granted to the carriers? Certainly it does not accord with our traditional concepts of free enterprise to allow a guaranteed rate of return through public utility rates on capital which is supposed to represent venture capital supplied by the investor.

No wonder the communications carriers are enthusiastically supporting this bill. How can they possibly lose? Not only are they guaranteed financial success, they are guaranteed double financial success.

Surely, the proverbial license to steal would be of slight value compared to statutory protection of the type afforded the communications carriers by provisions such as this.

So far we have seen that this bill represents an effort to give to the communications carriers the benefits of millions of dollars of taxpayers' investment. It includes beyond that an effort to provide a continued subsidy to those carriers by requiring the government to use the privately owned satellite facilities for virtually all Government communications business, irrespective of any facilities which the Government itself may own.

Now we see the most flagrant abuse of all. In addition to all the other subversion of the public interest, we now find that the communications carriers have been provided with a way to earn a double return on their investment. Even if dividends or interest fail to materialize, the initial return would be guaranteed through the rate base of the carrier. But there is little danger that the corporation will not be profitable. Certainly the fixed charges represented by interest on bonds or debentures can be expected to be repaid. The dividends on stock issued by the corporation will undoubtedly accrue, even if there is some slight delay.

FOREIGN OWNERSHIP

I think it only fair to examine this bill in the light of the theoretical possibilities which it creates. Of course we all recognize that all of these possibilities may not ever come to pass, but it is only by understanding the full implications of the language as it is written that we can properly evaluate the proposed legislation.

Section 304(b) provides that not more than an aggregate of 20 percent of the shares of stock of the corporation authorized by subsection (a) of section 304 which are held by holders, other than authorized carriers, may be held by persons of the classes described in subsections 1 through 5 of section 310(a) of the Communications Act of 1934. Stated more simply, this provision means that as much as 20 percent of the voting stock to be owned by noncarriers may be held by foreign interests.

Whether such ownership by foreign interests is likely or not I do not know. It may be that it is not, in view of the fact that the private satellite corporation which is being proposed will own only the U.S. portion of a worldwide satellite system. On the other hand, if as many people believe the satellite corporation will be a highly profitable venture, then its securities may be a very attractive investment for foreign investors. In such an instance it might well be that there would be a strong demand for the 20 percent of the stock which could be owned by foreign interests.

Consider this provision in connection with the expressed philosophy that widespread distribution to the American public is desirable. Since only 50 percent of the voting stock will necessarily be subject to the provision encouraging widespread distribution to the public, the shares may have to be distributed to a number of diverse interests. If 20 percent of the 50 percent goes to foreign interests, that means that the American public has a reasonable opportunity to share in only 40 percent of the total of the voting stock of the corporation. Claimants to this 40 percent will include all the major financial institutions in the country. Viewed realistically, what are the chances for the small private investors to participate in ownership of this corporation? I would say, Mr. President, that the chances are very small indeed.

I would not like my remarks to be interpreted as indicating that I am opposed in any way to foreign participation in the satellite communications venture. That would be far from the truth. I merely point out that there are many inconsistencies in this bill, many provisions which can and in all probability will, operate directly to defeat the policies upon which the President of the United States based the assumption that private ownership of the satellite corporation was desirable.

TRANSFER OF STOCK AMONG CARRIERS

Section 304(f) is another interesting section of the bill and presents us with another instance in which the sponsors of the bill were unwilling to put in statutory language their alleged justification for including the section in the first place. I should like to quote at this point from the committee report as it relates to section 304(f):

Subsection (f) authorizes the Commission, on application of an authorized carrier and after notice and hearing, to compel any other authorized carrier to transfer for a fair and reasonable consideration to the applicant a number of shares of voting stock owned by such other authorized carrier, as the Commission determines will advance the public interest. The term "authorized carrier" relates, of course, back to the definition of "communications common carrier" in subsection 103(7) to include persons or entities related to the carrier itself.

When S. 2814 was referred to your committee, this subsection provided that the amount of shares to be transferred was to be a number that would be reasonable "in the light of the estimated proportionate use of the corporation's facilities by the applicant" and other factors. Your committee has deleted the quoted language in view of the concern expressed by some that it could lead to undue importance being placed on the extent of use as a measure for voting stock ownership. It was urged that a carrier using a large portion of the corporation's facilities would by resort to this device be able to increase its stock ownership and thereby possibly gain a dominant position in the corporation. It was, therefore, believed best to remove this specific standard from the bill, and instead insert language stating that the Commission "shall promote the widest possible distribution of stock among the authorized carriers" whenever consistent with the public interest.

In addition, whenever such a transfer is directed by the Commission, such transfer is to be for "a fair and reasonable consideration."

This particular provision was the subject of considerable testimony during the hearings on this bill. In view of the efforts by the communications carriers to establish a private corporation in which stock ownership would be in proportion to use of the system, the concern expressed over the original wording of this section was not unfounded. Certainly, as the section was worded, it would have been very easy for the FCC to arrive at a distribution of the shares of stock of the corporation which reflected the proportionate use by the various communications carriers.

When questions arose regarding the wisdom or use of this section, the justification for retaining it at all was that it would allow the Commission to make it possible for new communications carriers wanting to join in the stock ownership of the corporation to do so even if all the stock allocated to the carriers had been purchased at that time. Other than that, no reasonable explanation for inserting this provision in the first place, or for retaining it when its value was questioned, was ever offered.

I would suggest that if a provision of this sort needs to be included in order to facilitate a transfer of stock to new carriers wishing to participate, then the language should be drafted in those terms. There is no need for leaving the language in such a state that it can easily be used by the carriers and the Commission to accomplish a result which both those groups have indicated they felt was desirable from the beginning, if Congress has determined on the basis of its hearings that that particular result would not be in accord with the public interest.

One comes readily to the conclusion that the draftsmen of this act and its sponsors have used allusions to protection of the public interest as a justification for language which can lend itself to abuse of the public interest.

I do not understand the apparent aversion of the individuals favoring this act to putting what they say they mean into the statute. That is the only way we can be assured that the intent of Congress will be carried out.

GOVERNMENT USE OF THE PRIVATE SATELLITE SYSTEM

As we all know, simple language can sometimes be used to obscure important facts. Proof of this point is found in section 305 (b)(4) of the act. That section provides that the corporation is authorized to contract with authorized users, including the U.S. Government, for the services of the communications satellite system. That seems simple enough and the normal reaction would probably be, "Why, certainly, that should be one of the powers of the corporation." I would agree with that reaction. I do, indeed, believe that the corporation should be authorized to contract with the U.S. Government. On the other hand, I would like to raise some questions as to the appropriateness of the language involved in this section.

The U.S. Government is put in the class of authorized users. Specifically, the language says the corporation may contract "with authorized users, including the U.S. Government." Does this mean that the U.S. Government must be authorized by the Federal Communications Commission or some other agency to use the satellite corporation?

Next comes the question of the rates at which the U.S. Government will contract with the private corporation for the services it affords. It has been assumed apparently that the U.S. Government will be required to contract for the services of the corporation at the same rates which all other users would pay.

The communications carriers normally file rate tariffs and those rates are applicable to all users in certain categories. In view of the fact that Government expenditures have made the satellite system possible to begin with, and in view of the added fact that the U.S. Government will be, in all probability, the largest user of the services of the satellite system, it would seem that we are justified in expecting that the Government would receive preferential rates for its use of the system. Preferential rates would be one way through which the corporation could reimburse the Government for some of the extensive expenditures on research and development which the Government has undertaken, and, in addition, help pay some of the operating costs of the space operations which will be needed to support the satellite communications.

Not too surprisingly, if we look carefully, we will find the FCC opposing what seems to be the only reasonable position to take in regard to the U.S. Government. As a matter of fact, Mr. President, if the FCC had its way, it would eliminate this particular language and not allow the U.S. Government to contract with the satellite corporation at all. The FCC would prefer that the Government be required to go through the communications carriers in its dealings with the satellite corporation. I am certain that the carriers would prefer having the Government go through this procedure, too. It would, no doubt, be highly profitable to the carriers to be assured of all Government business.

I am delighted to see that the Commerce Committee recognized the public interest sufficiently to make it possible for the Government to deal directly with the satellite corporation. It is disappointing, however, to find that the committee was unwilling to go the full measure in protecting the public interest and provide specifically that the U.S. Government would be allowed to contract with the corporation on more favorable rates if there was justification for those rates.

FOREIGN RELATIONS

We all know that the successful development of a satellite communications system will have political and economic benefits for the entire world. As our space technology is applied to international communications, we will have an opportunity to make new services available to many nations. Unquestionably the peaceful use of these services will be beneficial to all mankind.

A satellite communications system is essentially international. As the countries and continents of the world are increasingly linked together, the importance of the satellite communications system will naturally increase.

When this new means of international communications becomes economically feasible, it will provide direct communications services to many countries which do not have such service available at the present time. An improved communications system linking all the nations of the world will lead to a freer and more rapid exchange of information and ideas. There will be more rapid and more extensive exchanges of governmental, commercial, and private social communications throughout the world. There is every reason to hope that such improved communications will be helpful in allowing us to bridge some of the sharp political divisions which now exist between various nations of the world.

Any technological development with such far-reaching implications is obviously of vital concern to the national interest. The satellite communications system will be far more than a matter of international interest, however. It will be an important element of our Nation's foreign policy.

Mr. George C. McGhee, Under Secretary of State for Political Affairs, made the following statement in his testimony before the Senate Commerce Committee:

"The problems we face when we stop to consider just what this means are immense. First of all we are dealing with something which is new and which differs in scope and in kind from anything we have now. To grasp the magnitude of these problems we have only to consider as examples the difficulties of resolving the disparate interests of the many countries who will be served by this single satellite system, of making available through international agreement the needed frequencies for communications, and of restoring the competing national interests that will arise at every stage of constructing and developing a satellite system."

I believe that this represents a true understanding of the serious questions of foreign policy which will inevitably arise in the development and operation of a worldwide satellite communications system. If we attempt to separate commercial communication satellites from the Nation's overall satellite program as it is being guided and directed by NASA, we may find that we have produced incomplete and misdirected national policies. Our communications satellite program must be viewed as a part of the general satellite program and the satellite program itself must be recognized as only a part of an integrated national space research and exploration program. Our efforts in the development of satellite programs are but a part of our policy of space research for peaceful purposes. We will gather information and develop components in the satellite program which will be useful in other aspects of space exploration. Our efforts in the field of satellite communications will expand our general body of scientific knowledge. We must be sure that we have a comprehensive space program which will continue U.S. leadership in space technology. We must also take every possible step to insure that the United States is the first nation to develop the practical results of our space research program.

The U.S. communications satellite program and all other phases of space experimentation involve systems that have both military and nonmilitary application. If we are to have effective coordination, there must be close cooperation between NASA and the Department of Defense. If a separate agency is established to operate our communications satellite system, it must be closely coordinated with both of these other agencies. The overall policy direction for our space program must come from the President.

As we examine the issues of national policy relative to a communications satellite system, we must constantly bear in mind the nature of such a system. It is not merely an evolutionary development of existing communications facilities. It is far more than a mere cable in the sky. It is not, as A.T. & T. and the other carriers would have us believe, simply an alternative method of providing the normal communications services which now exist. The mere technology itself has become a symbol of our national purposes and goals in the peaceful exploration of outer space and our desire to develop new technology for the benefit of all the nations of the world.

Consider just one example of what the system we have been discussing means to the national policy of the United States. The U.S. Information Agency is attempting to satisfy what it describes as an incessant and insatiable curiosity about the United States and its people. That agency has the difficult and frequently delicate job of explaining abroad the policies and practices of our Government. The existence of an operational satellite system would do more than just expand the facilities available to USIA. It would make it possible for that agency to undertake bold, imaginative new programs designed to bring the message of freedom to peoples throughout the world.

Think, for example, of the impact of simultaneous, live, worldwide coverage of major political events.

We must be ready to use the facilities of a satellite system for all the purposes of peace as soon as the system becomes technically feasible. Improved international communications facilities will play an important role in developing desired growth in trade and commerce, in fostering economic development in new nations, and facilitating cultural and scientific exchanges. It may be necessary to minimize or deemphasize traditional profitmaking attitudes if they would stand in the way of the most rapid possible developments in the field of satellite communications.

The establishment of a satellite communications system will necessitate a large increase in the number and complexity of international agreements which must be negotiated. These negotiations will have to be completed successfully during times when international tensions are high. This is clearly a job for the Government of the United States. The State Department, acting in its traditional role and under the direction and supervision of the President, is the proper agency for the conduct of American foreign policy. We cannot afford to entrust vital aspects of our national policy to a private monopoly.

At this point I should like to quote from a statement by Ambassador Adlai Stevenson dealing with the problems of international cooperation in the peaceful uses of outer space. This statement was made on December 4, 1961, in the Political and Security Committee of the United Nations:

"STATEMENT BY AMBASSADOR STEVENSON

"(U.S. Delegation Press Release 3875)

"The subject before this committee this morning is, as you have indicated, outer space—and what we together decide to do, or not to do, to promote the exploration and use through peaceful cooperation.

"This is year 5 in the age of space. Already in 4 short years scientific instruments, then animals, then men, have been hurled into space and into orbit around the earth. Within a few more years satellites will bring vast new developments in weather forecasting and in worldwide telephone, radio, and television communications. More than that, rocket booster capacity will become sufficient to launch teams of men on journeys to the moon and to the nearest planets. And after that, one can only speculate what may come next.

"Unhappily this astounding progress in space science has not been matched by comparable progress in international cooperation. In the race of history social invention continues to lag behind scientific invention.

"We have already lost valuable time that can never be recovered.

"Unless we act soon the space age—like the naval age, like the air age, and the atomic age—will see waste and danger beyond description as a result of mankind's inability to exploit his technical advances in a rational social framework. In short, unless we act soon, we shall be making the old mistakes all over again.

"Despite the urgent need for immediate international action, I fear that we come to this subject ill-prepared to think clearly about it. I suspect that we are handicapped by our heritage of thought about the affairs of this single planet.

"We are conditioned to think in terms of nations. Our lives and concepts are predicated upon states whose boundaries are fixed by oceans and rivers and mountain ranges or by the manmade lines drawn sharply, across the two-dimensional and finite surface of planet Earth. We are conditioned to think in terms of nations defined by finite areas expressed in finite measurements—nations with more or less known resources and more or less counted populations. And especially we are conditioned to think in terms of national sovereignties.

"Such concepts have no meaningful application for the unexplored, unbounded, and possibly unpopulated reaches of outer space, which surround no nation more than any other nation, and which are innocent of the idea of national sovereignty.

"We are further handicapped, many of us, by the impression that the exploration of outer space is a matter of concern only to the great powers because they alone have the capacity to penetrate space. That impression gains force from the belief that outer space is unrelated to the day-to-day problems of nations whose energies are absorbed by such earthly daily questions as growing enough food to feed their peoples.

"This impression, I submit, is totally and dangerously wrong.

"The smallest nation represented here in the United Nations is deeply concerned with this question before us—and so is the poorest of our members. Indeed, they may have far more to gain from the shared benefits of space science—and on just such matters as growing food—than the larger and the richer societies.

"Moreover, the small nations have an overriding interest in seeing to it that access to space and the benefits of space science are not preempted by a few nations, that space exploration is not carried forward as a competition between big-power rivals, that the ideological quarrels which so unhappily afflict this planet are not boosted into space to infect other planets yet unsullied by the quarrels of men.

"Finally, all nations can play a part in assuring that mankind derives the maximum advantage from space technology in the here and the now and not just in the hereafter. Every nation can cooperate in the allocation of radio frequencies for space communications. Every nation can participate in global systems of weather prediction and communications.

"In outer space we start with a clean slate—an area yet unmarred by the accumulated conflicts and prejudices of our earthly past. We propose today that the United Nations write on this slate boldly and in an orderly and a creative way to narrow the gap between scientific progress and social invention, to offer to all nations, irrespective of the stage of their economy or scientific development, an opportunity to participate in one of the greatest adventures of man's existence.

"The United States, together with other delegations, today places before this committee a program for cooperation in outer space—a program embodied in the draft resolution now before you. We look forward to constructive discussions of these proposals—and to improvement upon them. They do not represent fixed positions. We are prepared to consider constructive suggestions from any member of the committee so that the widest possible measure of common agreement may be reached. But these proposals do represent our best and most thoughtful effort to put forward in good faith a program of international cooperation for the benefit of all mankind.

"GLOBAL SYSTEM OF COMMUNICATION SATELLITES

"Now the fourth part of the space program looks toward the establishment of a global system of communication satellites.

"Space technology has opened enormous possibilities for international communications. Within a few years satellites will make possible a vast increase in the control and quality of international radio, telephone, and telegraph traffic. In addition, something new will be added—the possibility of relaying television broadcasts around the globe.

"This fundamental breakthrough in communication could affect the lives of people everywhere.

"It could forge new bonds of mutual knowledge and understanding between nations.

"It could offer a powerful tool to improve literacy and education in developing areas.

"It could support world weather services by speedy transmittal of data.

"It could enable leaders of nations to talk face to face on a convenient and reliable basis.

"The United States wishes to see this facility made available to all states on a global and nondiscriminatory basis. We conceive of this as an international service. We would like to see United Nations members not only use this service but also participate in its ownership and operation if they so desire.

"The United Nations Organization itself stands to benefit directly from the use of satellites both in communicating with its representatives around the world and in disseminating programs of information and education.

"As an example of the potentialities of such use, we hope to have before long an experimental satellite which will transmit across the Atlantic, for brief periods, live television excerpts of debates in the General Assembly of the United Nations.

"In preparation for these developments the United States proposes that the International Telecommunication Union consider the various aspects of space communication in which international cooperation will be required. This will assure all members of the United Nations a fair opportunity to express their views. It is particularly important that the necessary arrangements be made for the allocation of radio frequencies for space communications.

"In order to enable less developed countries to participate in effective use of satellite communications, the expanded technical assistance program and the United Nations Special Fund should give sympathetic consideration to requests for assistance from less developed countries to improve the state of their domestic communications."

Ambassador Stevenson has stated that in space we start with a clean slate. What a tragic thing it would be for the United States and the rest of the world if we were to take this clean slate and write across the very top of it all the evils of private monopoly.

For good reason, the original administration bill, S. 2814, provided that the private satellite corporation which was proposed therein should not enter into negotiations with any international agency, foreign government or entity without a prior notification to the Department of State. That bill went on to provide that the Department of State would conduct or supervise such negotiations. It also stated that all agreements and arrangements with any such agency, government, or entity should be subject to the approval of the Department of State.

The private communications carriers fought very vigorously to have this provision removed. They argued long and loud that the communications satellite system had no new political, economic, or social implications that necessitated any change in their normal pattern of doing business. It was their contention that their experience in negotiating simple bilateral agreements with foreign countries to provide normal existing communications services qualified them to conduct all, or virtually all, of the negotiations necessary for the establishment of a worldwide satellite communications system. From the very beginning, the communications carriers have played down the significance of this wonderful new development in their efforts to eliminate from all of the proposed bills any provision which would have recognized the important role of foreign policy and the national interest.

The substitute provision which now appears in the bill reported out of the Commerce Committee provides only for notification of the State Department of negotiations entered into by the private corporation. The corporation is supposed to advise the Department of State with regard to relevant foreign policy considerations. Apparently the determination of what are relevant foreign policy considerations is to be made by the private corporation rather than the State Department.

The corporation may request the Department of State to assist in negotiations if it feels that such assistance is necessary, and the bill states that the Department shall render such assistance as may be appropriate. In effect, then, this leaves the corporation free to handle all negotiations with foreign governments it chooses to handle but gives it the right to claim State Department assistance if for some reason it should encounter any difficulties while operating on its own. The State Department has been effectively removed and the corporation given the free hand which the carriers have sought for it all along.

Mr. PASTORE. Mr. President, I ask unanimous consent that the Secretary be permitted to make necessary changes and correct technical errors in the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KERR. Mr. President——

Mr. YARBOROUGH. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas seek recognition?

Mr. YARBOROUGH. Mr. President, how much time have I remaining?

The VICE PRESIDENT. The Senator from Texas has 1 minute and a half remaining.

Mr. YARBOROUGH. Mr. President, I desire to pay tribute to all Senators with whom I have fought on this side of the question, opposing the bill now pending.

I shall ask unanimous consent that I may have printed in the Record an expression by Franklin Delano Roosevelt in his tribute to George W. Norris on September 29, 1932, at McCook, Nebr.

I hold with respect to each of my colleagues the opinion on our side of the question which was expressed by Franklin Delano Roosevelt of George W. Norris. I shall take the time to read only two paragraphs, and shall ask unanimous consent that the entire statement be printed in the Record. Speaking of the boys and girls of America and Norris, Franklin Roosevelt said:

> I should like them to read the able and heroic fight on behalf of the average citizen which he has made during his lonely and honorable career. I should like them to know that sometimes he has made this fight with his party, and sometimes—as now—against the leader of his party.
>
> * * * * *
>
> But especially it has been an unselfish fight, and directed to the fact that it is the little fellow who has the fewest friends in high places, and that too often it is the little fellow who has been forgotten by his government.

Mr. President, I ask unanimous consent that the entire speech be printed at this point in the Record, as taken from the foreword of "Integrity, the Life of George W. Norris," by the late Senator Richard L. Neuberger and Stephen B. Kahn.

There being no objection, the address was ordered to be printed in the Record, as follows:

Franklin Delano Roosevelt's Tribute to George W. Norris on September 29, 1932, at McCook, Nebr.

We should remember that the ultimate analysis of history asks the answer to questions which are not concerned so much with what you and I, in these modern days, call ballyhoo, or headlines, as they are with much simpler fundamentals.

History asks, "Did the man have integrity?"

"Did the man have unselfishness?"

"Did the man have courage?"

"Did the man have consistency?"

And if the individual under the scrutiny of the historic microscope measured up to an affirmative answer to these questions, then history has set him down as great indeed in the pages of all the years to come.

There are few statesmen in America today who so definitely and clearly measure up to an affirmative answer to the four questions as does the senior Senator from Nebraska, George W. Norris. In his rare case, history has already written the verdict.

Not you alone in Nebraska, but we in every part of the Nation, give full recognition to his integrity, to his unselfishness, to his courage, and to his consistency. He stands forth—whether we agree with him on all the little details or not—he stands forth as the very perfect, gentle knight of American progressive ideals.

I am hoping that at this moment thousands of boys and girls—thousands of first voters—are listening to my words, for I should like them to give some thought and some study to the very remarkable public service of the man in whose hometown I now stand.

I should like them to read of the able and heroic fight on behalf of the average citizen which he has made during his lonely and honorable career. I should like them to know that sometimes he has made this fight with his party, and sometimes—as now—against the leader of his party.

I should like them to know that always he has been thinking of the rights and welfare of the average citizen, of the farmer, the laborer, the small businessman—yes, and of the rights and the welfare of those who have been born to or have acquired greater wealth.

But especially it has been an unselfish fight, and directed to the fact that it is the little fellow who has the fewest friends in high places, and that too often it is the little fellow who has been forgotten by his Government.

Mr. YARBOROUGH. Mr. President, the eldest of us all on our side of the question, the distinguished senior Senator from Illinois [Mr. Douglas] deserves a special tribute. Unlike that great humanitarian Governor of Illinois Altgelt, Senator Paul Douglas will be no "Eagle Forgotten." His fame and work here will live as long as the Senate exists. In the long roll of history, a man's accomplishments are measured by what he does for people, not for what he does to people. Paul Douglas does things for people.

Mr. President, I ask unanimous consent that a letter to me from former President Harry S. Truman, dated August 13, 1962, together with the enclosure, be printed at this point in the Record.

There being no objection, the letter and enclosure were ordered to be printed in the Record, as follows:

Independence, Mo.,
August 13, 1962.

Hon. Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Senator: I more than appreciated your telegrams of August 9 and 10, regarding my statement on the "giveaway" program, which seems to be now in progress.

I hope things will work out so the U.S. Government will continue to own the control on that situation.

Sincerely yours,
Harry S. Truman.

Press Release of August 13, 1962

When I arrived in Washington, Thursday morning, August 9, 1962, I was met, as usual, by many of my reporter friends. They had at least a dozen microphones set up, in front of which they asked me the usual questions.

One question seemed to interest them very much. It was, "What do you think of the Senate filibuster on the bill to give away the space communications program to private control?"

My reply was that I am against it. The Government of the United States has furnished between $25 and $30 billion to develop it without injury to so-called private enterprise.

That has been done in the Tennessee Valley development and the Northwest Power Pool. How far could we have proceeded in the development of atomic power if there had been no TVA and no power pool in the Northwest.

The special interests have been busy trying to ruin both those projects. Now they are as usual working on the greatest power control in history; the power of atomic energy.

It was my privilege to lay the keel of the first ship powered by atomic energy. It was a success. This power will be a success for the future development of all the power necessary in this world for heat, light, and energy.

Why tie it up in a way so the so-called special interests can tax future generations. The people as a whole paid for its development. They should have the benefit.

That benefit can be obtained from this great discovery and it should not be given away. The people who pay taxes have paid for it and the people of the United States should have the benefit.

The pending bill would give away the people's ownership.

That was tried at Muscle Shoals in Alabama at the Dixon-Yates program for the purpose of its possibly ruining TVA.

It was successful in hampering the Northwest Power Pool when Hells Canyon was given away.

It is my opinion that the Government of the United States should keep the ownership and control of this great discovery, financed and proven as practical by the Government of the United States.

Mr. YARBOROUGH. Mr. President, I think that among the greatest unsung heroes in this fight are many of the stockholders of A.T. & T. who have supported us. I ask unanimous consent to have printed at this point in the Record a letter I have received from Mrs. Florence Dies, of Kerrville, Tex. I should like to emphasize, by reading them, two sentences from the letter:

> Now, I am a widow and a substantial part of my income is from A.T. & T. stock, but I

cannot feel that this proposed giveaway is fair or just or to the best interest of our country. The A.T. & T. is making money and paying generous dividends to its stockholders and they should not have a monopoly on worldwide communications into the development of which millions of public funds have been poured.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Kerrville, Tex.,
July 18, 1962.

Hon. Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Mr. Yarborough: I understand the bill to turn over the entire Tel-Star development to the American Telephone & Telegraph Co. has passed the House and will now come before the Senate.

I have read an article in a recent issue of the Nation, and also I heard Senator Kefauver in a TV debate, both on the same subject.

Now, I am a widow and a substantial part of my income is from A.T. & T. stock, but I cannot feel that this proposed give-away is fair or just or to the best interest of our country. The A.T. & T. is making money and paying generous dividends to its stockholders and they should not have a monopoly on world-wide communications into the development of which millions of public funds have been poured.

I would like to have your views on this subject.

* * * * *

Yours very truly,
Florence Dies.

Mr. YARBOROUGH. Mr. President, I have received other messages from other stockholders of the A.T. & T. supporting our position.

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that I may speak for 30 seconds on a question of personal privilege.

Mr. MANSFIELD. Mr. President, unless time is yielded to the Senator, I must object.

Mr. YARBOROUGH. Mr. President, will the Senator from Oklahoma yield me 30 seconds?

Mr. LONG of Louisiana. Mr. President, I will yield my 30 seconds to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, I pay tribute to the distinguished Senator from Rhode Island.

The VICE PRESIDENT. Does the Senator from Oklahoma seek recognition?

Mr. KERR. I do.

The VICE PRESIDENT. Does the Senator from Oklahoma yield 30 seconds to the Senator from Texas?

Mr. KERR. I yield 30 seconds to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, I pay tribute to the distinguished Senator from Rhode Island. I served with him on the Commerce Committee when it considered the bill. He had amendments which contained better language than that now in the bill. He sought to provide the President with the power to appoint five directors. That would have improved the bill. He sought to strengthen the bill in a number of ways. But representatives from the Federal Communications Commission and other departments of the Government came before the committee to pull the rug out from under him every time he tried to make a real substantial improvement in it.

I think this is a bad bill, a very bad bill, but if it had not been for having the rug pulled out from under him by numerous Government departments, the Senator from Rhode Island would have been able to report a much better bill to the Senate. He wanted to.

I thank the leadership for the courtesies it has extended to me. We have had a very sharp fight, and a hard one. But my opinion is unchanged. I think I am right. I thank the 80 members of the opposition—perhaps they number more by now—and for the uniform courtesy each of them has shown me, regardless of how sharply we fought the case.

I close by reading a sentence from a speech I heard on this Senate floor March 30, 1960, by Prime Minister Harold Macmillan, whose mother was an American:

> I was brought up by my mother to regard a Senator of the United States as the highest point of human felicity and dignity that it is possible to attain.

Mr. President, in their courtesy to each other in this hard and sometimes bitterly fought fight with feelings high and nerves on edge, I think Senators have given some measure of proof of that very generous statement by the Prime Minister.

Mr. SYMINGTON. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. SYMINGTON. Mr. President, I have heard many compliments paid this afternoon to the distinguished senior Senator from Rhode Island [Mr. Pastore.] I wish to join without any reservation whatever in those compliments. He has done a magnificent job.

As a member of the Senate Committee on Aeronautical and Space Sciences, I also wish to pay my respects to the distinguished senior Senator from Oklahoma [Mr. Kerr], the chairman of that committee. I would pay my respects to him in my own time, except for the fact that I have no time left.

During the discussion of the bill before our committee, the great chairman, the Senator from Oklahoma, took pains to go over the bill very carefully with all the witnesses from the executive branch and with all the other witnesses. As a result, we now are about to vote on a better bill than we would have had in the absence of his diligence and his capacity. Therefore, Mr. President, on behalf of the entire committee, I express my deep and sincere appreciation to him.

Mr. KERR. Mr. President, I am very grateful to my good friend, the Senator from Missouri. I must say that I did not know this was what I was yielding for. However, I would still have yielded to him if I had known it was for that purpose. [Laughter.]

Mr. President, I wish to join in the tributes which have been paid to the distinguished Senator from Rhode Island [Mr. Pastore] and to the distinguished Senator from Washington [Mr. Magnuson].

Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Oklahoma will state it.

Mr. KERR. How much time have I left?

The VICE PRESIDENT. Fifty-three and one-half minutes.

Mr. KERR. Mr. President, I shall not use a considerable portion of that time, but I feel better to know that it is available. [Laughter.]

If I were going to use that time, it would be to pay tribute to the scores of Members of the Senate who throughout this long fight have been at their posts of duty, and have responded to the challenge of this battle, and, in my judgment, have participated in the winning of one of the greatest fights ever waged in the U.S. Senate. That tribute is to our great majority leader [Mr. Mansfield], to the majority whip [Mr. Humphrey], to the distinguished minority leader [Mr. Dirksen], and to every Member of the Senate on his side of the aisle who has marched shoulder to shoulder in this battle to bring this bill to this position.

Mr. President, I had intended to make quite a speech this afternoon. The Chair has seen a number of Senators speak to me during the last hour and one-half, when they saw the reading stand on my desk. They have asked me how long I would speak. First, I said I would speak 45 minutes. Then I took off 5 minutes for each of the next seven Senators who asked that question of me. So now I am down to 10 minutes; and I shall try not to exceed that amount of time.

A while ago the distingushed Senator from Tennessee [Mr. Kefauver] said that this is the first time in the history of our Government that technology developed by the Government is being made available to private industry. Mr. President, I cannot believe that the Senator from Tennessee was either sincere or serious when he made that statement, for this Government has been making contributions to the development of private industry ever since the Government of the United States was first established. When the First Congress of the United States met, after our Government was formed, the first bill passed by those distinguished statesmen of long ago was an appropriation bill to pay their salaries and expenses as they traveled to and from the session of Congress and while they were attending the session. Certainly that was a high order of statesmanship on their part, and I commend them for their very wise, frugal, and timely action.

The next bill which was passed at that first session of Congress was one to make it possible for Government funds to be expended for the construction of a canal from one point in our then very small country to another point in it, in order to promote private enterprise and industry and transportation. Thereby began the nearly two centuries of programs, made possible by Government cooperation, in developing a better environment for private enterprise.

Today, we have in our country what is called the Tennessee Valley Authority—one of the great developments in the history of the United States. I have proven my devotion to it by the battles I have fought on this floor to give it the opportunity to serve that area and to develop its services in that area, as well as to limit it to that area; and there is no agency of our Government which exemplifies more dramatically the fact that this Government participates in providing the benefits of research to private enterprise in this country.

The TVA makes the results of its research programs available to industry, without charge. In fact, it goes beyond merely giving away this technology. It has underway extensive programs to encourage use of the information it gives away. Let me quote from a recent fact book on TVA operations concerning the record this great agency has established in the development of fertilizer technology:

> How TVA operations benefit industry is illustrated in the history of concentrated superphosphate, the first material on which TVA worked cooperatively with State colleges and extension services. In calendar year 1935, the first full year of production at Muscle Shoals, U.S. output was only 91,000 tons, of which TVA provided 25,000 tons. In fiscal year 1949, U.S. output was almost 500,000 tons, of which TVA supplied its peak production of nearly 160,000 tons. As industry further developed the capacity to supply the demand for concentrated superphosphate, TVA, following its established policy, reduced its own production. In fiscal 1948, when TVA stopped making this product, U.S. production of concentrated superphosphate was more than 1,800,000 tons. Ammonium nitrate production shows similar trends.

Mr. President, this bill is not a giveaway. I should like to document that statement; but the distinguished Senator from Rhode Island [Mr. PASTORE] has already made one of the most compelling statements on it which could be made, and I shall not go further.

With reference to the research which has been done by the American Telephone & Telegraph Corp., Mr. President, let me say that in addition to spending approximately $50 million on Telstar, it has spent in excess of $1 billion for research and development in fields closely related to the satellite communications system development. In that connection, I ask unanimous consent to have printed at this point in the RECORD a brief statement in regard to what A.T. & T. has done in this regard.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MEMORANDUM OF AUGUST 16, 1962

To: Senator KERR.

From: Everard Smith, Jr.

Subject: Cost of Telstar project to A.T. & T.

In a letter to Senator MAGNUSON dated April 19, 1962, and signed by Mr. Dingman, executive vice president, A.T. & T., it was stated that the Telstar experimental satellite project, which consisted of orbiting an experimental active satellite and the provision of a completely operable ground station at Andover, Maine, had required expenditures of about $45 million that were directly allocable to that job since its inception in 1961. Considerably more would be required to complete the project.

Since that letter it has been estimated that an additional $5 million has been spent by A.T. & T. with respect to this project. Included in this $50 million is the cost of the Andover facility, estimated at $10 million with an additional $4 million required for a tie-in line which was necessary in order to make the facility operable.

Mr. Dingman went on to say that insofar as the basic components, without which the communications system would not be possible, were concerned the Bell System has spent $1.4 billion of its own money for research and development and that over $1 billion of this total was for research and development in fields closely pertinent to the satellite communications system development.

With respect to the Telstar launch and the costs paid to NASA by A.T. & T., A.T. & T. agreed to pay in advance the estimated amount of the launch. This was done on February 16, 1962, approximately 5 months prior to the launch date and A.T. & T. paid a total of $2,680,982. The breakdown is included below.

Estimated Telstar launch and other costs paid to the National Aeronautics and Space Administration by the American Telephone & Telegraph Co.

VEHICLE AND LAUNCH COSTS	
Launch vehicle, including modifications	$1,471,000
Vehicle transportation	20,000
Launch crew services	750,000
Guidance services	180,000
Total costs, Delta vehicle and launch	2,421,000
OTHER COSTS	
1. Range and associated services:	
(a) Propellants	8,100
(b) Supplies	1,000
(c) Overtime	12,000
(d) Work orders	10,000
(e) All other charges	2,700
(f) Documentary photographic services	2,000
(g) Reduction of data collected by range	12,000
Total	47,800
2. Field project branch expenses:	
(a) Salaries and wages (14 engineers, 4 technicians, and 4 clerical)	19,800
(b) Overtime	3,400
(c) Travel, Cape Canaveral to District of Columbia, re planning and work group meetings, 5 trips 4-5 man-days each	1,000
(d) Contract costs (telemetry, technical writers, etc.)	13,500
Total	37,700
3. Facilities modifications, Cape Canaveral, A.T. & T.'s pro rata share of total cost:	
(a) Antenna tower stiffening	8,900
(b) Antenna boresight pole	600
Total	9,500
4. Goddard space flight center expenses:	
(a) Salaries and wages (4 project management, 3 technical, and 1 clerical)	36,892
(b) Travel:	
(1) District of Columbia to Murray Hill, N.J., for consultation on satellite (trips, 53; man-days 117)	$4,325
(2) District of Columbia to Rumford, Maine, retracking equipment (trips, 8; man-days, 21	1,088
(3) District of Columbia to Cape Canaveral, Fla., vehicle launch supervision (trips, 5; man-days, 19)	897
(4) District of Columbia to Santa Monica, Calif., re vehicle (trips, 1; man-days, 4)	380
Total, Travel	6,690
Total	43,582
5. Tracking and telemetry	113,400
6. Magnetic tapes	8,000
Total other costs	259,982
Total estimated costs	2,680,982

NOTE.—This amount was billed to A.T. & T. and check for the entire amount was deposited in the Treasury on February 16, 1962, approximately 5 months in advance of launch date on July 10, 1962.

At present, the actual costs are being accumulated under NASA's accounting system. As provided in the agreement A.T. & T. will pay actual cost. The required adjustment will probably not exceed 2 or 3 percent and will be settled by supplementary payment or by refund as necessary.

At the present time the actual costs are being accumulated under NASA's accounting system and as provided in the original agreement, A.T. & T. will pay the actual cost. It is estimated that the adjustment will probably not exceed 2 or 3 percent and will be settled by either supplementary payment or by refund as necessary.

Mr. KERR. Mr. President, I had intended to go rather fully into that subject.

I cannot close my remarks without paying my respects to the distinguished Senator from Illinois [Mr. DOUGLAS]. One of the cherished privileges I have had as a Member of the Senate has been jousting, on this floor and off it, with the great Senator from Illinois. Let me say—as I have often said before—that I admire him for his courage, his intellectual integrity, and his devotion to his ideals.

Mr. President, the highest attribute a human being can have is reverence of his God. Next to that, in my judgment, are patriotism, courage, and loyalty. I think the great Senator from Illinois has all of them. But he and I disagree once in awhile on philosophic and economic equations and questions. Yesterday on this floor, in a moment of unrestrained enthusiasm, he referred to the Senator from Oklahoma as the uncrowned king of the Senate.

I recognize that that is a little of a delicate subject for me to discuss, but I would not be entirely fair to myself, nor to my colleagues, if I did not correct that statement. The Senator from Oklahoma is not uncrowned in this body. He has been crowned every year since he has been here, by none other than the Senator from Illinois—and each time with a crown of thorns. [Laughter.] And there are the scars, now, that bear evidence of the verity of that statement.

But in his unrestrained enthusiasm yesterday, he not only mistakenly referred to me as one uncrowned; in the midst of one of his most eloquent moments he did something to himself that no other human being could do. We all know of his devotion to the principles and to the creed of his great religion and to the peaceful ideals that are as much a part of them as that noble brow and that snow-white hair. Yet he unfrocked himself right on the Senate floor. He said:

> If you charge me with inconsistency, I will have to say that the harsh experiences of the Senate have taught me that in this world, and in the Senate, one must preserve and utilize weapons of the flesh if one is to defend the freedom of the spirit.

Now, coming from as peaceful a soul as the Senator from Illinois, that is a statement that does not do him justice, because at all times he has been motivated and activated by the kindest sentiments for Senators in this body, and no one has been more the beneficiary of them than the Senator from Oklahoma.

But I would like to observe this: Ever since I have been here, the Senator from Illinois has been working and praying for cloture in the Senate, and lo and behold, he and others finally saw it achieved. And I believe he was the unhappiest Senator on the floor. [Laughter.]

Mr. President, it reminds me of what my father used to say: "Son, be careful what you try to do—you are liable to succeed." [Laughter.] "Why," he said, "be careful what you pray for—your prayers may be answered." And he told me the story of an old Baptist deacon driving down a country lane in early Oklahoma history, when the only roads were heavy dirt or deep sand, in an old model T Ford. It stalled. After awhile his preacher came by and saw his deacon there by his stalled automobile.

He said, "Brother Deacon, what is thy trouble?" The deacon said, "I have run down the battery on this car trying to start it. I have run myself down trying to crank it. And I can't get it to run." The preacher said, "Brother Deacon, have you tried everything in the world?" The deacon said, "Yes, Brother Pastor, I have." The preacher said, "Have you prayed?" The deacon said, "No, I have not." "Well," the preacher said, "let us pray."

So they knelt there on a hot afternoon in that sand by that old car. It was hot enough to fry an egg. They prayed, and they rose. The deacon got back into the car, put his foot on the starter, turned the motor over one time, the ignition caught and the engine started.

The deacon looked around with the kind of smile the Senator from Illinois should have had when cloture was finally invoked. He started off down the road in a cloud of dust. The Baptist preacher leaned up against a tree, wiped the sweat off his brow, and said, "Well, I'll be damned." [Laughter.] "Be careful what you try to do—you are liable to succeed."

Mr. President, it is with the greatest of reluctance that I refrain from delivering the eloquent message I had prepared in defense of and in support of this bill, but the passing of time is inexorable, and I agreed with the majority leader that I would not take more than a certain time, I agreed with the Senator from Rhode Island that I would not take more than a certain amount of time, and, Mr. President, I shall not do so.

Mr. MORSE. Mr. President——

The VICE PRESIDENT. The Senator from Oregon has 4 minutes remaining.

Mr. MORSE. The American flags flying over the Capitol, the Senate Office Buildings, and the White House should be lowered symbolically to half mast as the roll is about to be called on this bill. The bill will do irrevocable damage to the American people for decades to come, unless it is repealed.

In Pierre, S. Dak., this morning the President of the United States is reported as saying, "We cannot afford endless debate and delay."

Mr. President, my answer to the President's gratuitous remark is that the preservation of freedom and democratic processes in America cannot afford denial of full and adequate debate on every bill and all amendments to it that come before the Senate.

I support the President of the United States in almost all of the issues on which he takes a stand. I shall look forward to supporting his reelection in 1964. But, in my judgment, the President of the United States and his leadership in the Senate are dead wrong on this bill. In my opinion, the President has blackened his record by not protesting the gag rule technique that has been adopted by the Senate in order to prevent full debate on this bill that does such wrong to the public interest.

It is not only a monopoly bill; it is a cartel bill, as was so aptly described by the great international lawyer Ben Cohen before the Foreign Relations Committee. It is the first cartel in the history of the United States.

I point out to the President and his leadership that cartelism cannot be squared with economic freedom, or political freedom, either.

It is a giveaway bill, as evidenced by the fact that without this bill the antitrust laws would stand in the way of the corporation created by this bill seeking to exercise the powers that this bill gives to them.

It is a giveaway bill, as was so aptly stated by that great fighting ex-President, Harry Truman, of Independence, Mo.

It is a giveaway filled with subsidies for the monopoly created by the bill. There is the $9.5 billion subsidy of space research, over $500 million of which has gone directly into communications satellites, and the subsidy of continuing billions in research which NASA will conduct, and this one single monopoly corporation will get possession of free of charge. There is the subsidy of double payment on the corporation's bonds and the subsidy of commercial profits on "freedom programs" of the USIA and other Government usage, including that of the Department of Defense. The bill is honeycombed with shocking subsidies which might easily have been refined out of it through debate.

As testified by Edward Murrow, if we were to send USIS programs as they are now sent to the world, they would cost the American taxpayers $900 million a year.

We ought to be doubling and tripling—yes, increasing even more—the sending to the underdeveloped nations of the world these programs of freedom, if we are to win this great contest between communism and freedom. And yet this bill would put a profit dollar in the way of the American taxpayer in our battle against world communism.

Mr. President, this bill will make it impossible to protect competition, which is the very essence of the free enterprise system in this country. This bill will eliminate for all time from international competition, those carriers which are not among the selected 9 or 10 covered by the monopoly created by this bill.

We have fought for amendments, but the "gag rule" and the guillotine process of the Senate made it impossible for us to explain to the American people from this floor in detail the significance of those amendments, such as the NASA amendment and the three substitute amendments which the opponents of the bill offered. Those amendments all would have guaranteed the preservation of free competition in the development of a satellite communications system, to be destroyed by the monopolistic combine to be created by this bill. There are those who say, "This is not a monopolistic bill." Well, let them read the antitrust laws of the United States to see whether this proposed corporation could function without the passage of the bill. The only reason for this bill is the existence of the antitrust laws. This bill is needed to provide a special exemption from those laws, which are the backbone of free competition in this country.

Mr. President, I close by thanking the heroic men and woman who stood in opposition to this bill, for I think we fought the good fight, and I am willing to let the pages of history record whether we were right or wrong.

I close by saying I am sorry my leadership ever supported such a bill, which will rise to haunt the Congress and the Nation in the years to come.

Mr. GORE. Mr. President——

The VICE PRESIDENT. The Senator from Tennessee is recognized.

Mr. GORE. Mr. President——

The VICE PRESIDENT. The Senator has 35 minutes remaining.

Mr. GORE. It is not certain that the victors of the hour can know the emotions of the vanquished. This issue is one on which many Members on both sides of the question have felt deeply. Surely that is the case with respect to the junior Senator from Tennessee.

Mr. President, though I am still one of the younger Members of this body, next year will mark a quarter of a century for me as a Member of the Congress of the United States. I have come to love with all my life the legislative branch of our Government. I believe, as General MacArthur said yesterday, that we "speak the voice of the people."

I have not offered an amendment since cloture was voted. Mr. President, I would find it extremely galling to offer an amendment and to have the leadership of my party table it without consideration.

I accepted the vote on cloture. I accepted the decision of the Senate. I tried to do so cheerfully. If by any chance I have given offense to anyone, I now apologize. Really, I did not attempt to throw any darts in debate—oh, perhaps I threw one or two at my friend from Oklahoma, but I was well aware of the condition of his hide. He and I have crossed swords before without offense or blood.

Mr. President, I wish to make a suggestion to which I have been giving some thought for the past 2 days. If the Senate should ever consider a change in its rules, I submit that, in the event of cloture, the motion to lay on the table ought not to be unconditional.

We have witnessed an odd and uncomely condition in the Senate. I doubt if any Member of this body is proud of it. We reached the point that for 3 days Senators have been unable to consider proposed amendments on the basis of substance and merit. This is an indictment of this body, a body of which I am proud to be a part.

I bear some responsibility, and I am willing and proud to bear some responsibility, for bringing the debate to the point of cloture. But I am talking of the future now, Mr. President, and I am talking to my colleagues who love the legislative branch of the Government. I read what Thomas Jefferson said about the importance of rules:

> Nothing tended more to throw power into the hands of administration, and those who acted with the majority of the House of Commons, than a neglect of, or departure from, the rules of proceeding; that these forms, as instituted by our ancestors, operated as a check and control on the actions of the majority, and that they were, in many instances, a shelter and protection to the minority against the attempts of power.

Mr. President, the majority is always ready to vote. They, the majority, have the power of decision when the roll is called. But where the tongues of the minority are cleft and their lips are sealed, it is seen that we are utterly helpless to obtain consideration of an amendment, no matter how meritorious. So I beseech my colleagues, not with respect to this particular issue, the conclusion of which is now forgone, to think of the future. We must preserve this institution as one which, in the words of General MacArthur, "speaks the voice of the people."

Mr. President, the pending issue is about to be decided. In my humble opinion, the Senate is committing a grievous error. I recognize that this is a minority point of view here in the Senate, but I ask Senators to give me their attention for a brief time so that I may say why.

The bill proposes to vest in one corporation, monopoly rights which are not ours yet to vest. The bill proposes to vest in this one corporation rights to the heavens. A global satellite communications system can come into being only through the successful negotiation and conclusion of a whole series of agreements with many nations. Without such agreements, interference and jamming will make it worthless.

The power of the people of the United States must be asserted and used to obtain those agreements. I am willing for that, and I should like to see the Government of the United States in the forefront. I revolt at permitting a private corporation to use the power of all our people to negotiate with foreign countries on behalf of the United States for the profit of the corporation.

As my colleagues know, I have directed most of my remarks to the foreign policy aspects of the pending bill. I think they are the major aspects.

The Assistant Secretary of Defense testified that the problem here under consideration was only about 10 percent communications.

I should like to read, in order that the Senate may unmistakably know what it is about to do, approximately three sentences from the bill, which are unqualified and unlimited by any other section of the bill. The sentences are not seriatim in the bill, but they are seriatim as to meaning:

> SEC. 301. There is hereby authorized to be created a communications satellite corporation for profit which will not be an agency or establishment of the United States Government.
>
> SEC. 305. (a) In order to achieve the objectives and to carry out the purposes of this Act, the corporation is authorized to—
>
> (1) plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or business entities a commercial communications satellite system;
>
> SEC. 402. Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any international or foreign entity, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations.

Mr. President, there can be no question whatever that by the bill a private corporation organized for profit, which the bill would make a chosen instrument for satellite communications, would be authorized to enter into negotiations with and to conclude agreements with foreign governments.

Many of my colleagues have said that we cannot take away the power of the President by an act of Congress to direct the foreign policy of the U.S. Government, subject to the advice and consent of the Senate. With that I agree. But the question I have been trying to raise, and upon which I have been unable, I am disturbed to admit, to convince many Senators, is the limitations of the power of the President to direct the actions of a private corporation, which the bill would make a chosen instrument and authorize to enter into foreign policy negotiations and agreements with any nation on earth. This, I think, is a most serious error.

Perhaps the most grievous of all errors is that it will hamper—I withdraw the word "will"; I have used "will" before, but at this hour of decision, perhaps I should say "may"—it may hamper the conclusion of the requisite agreements to bring into operation a system of global satellite communications. Indeed, it may mean defeat of our efforts.

The second most grievous error is that the bill would subvert the policy of the U.S. Government, announced and pledged to the United Nations by Ambassador Stevenson last December 20, to develop satellite communications as an international service. He pledged that it would be available to all mankind, and available alike to all members of the United Nations. But the bill, instead, vests all rights which we hope to acquire in the one proposed corporation organized for profit.

Mr. President, I would that this was one of the glorious hours of the Senate, an hour when the heritage of the people was being preserved intact for future generations. I would that the present battle could stand alongside the successful battles of George W. Norris, who for 15 years prevented the giving away of Muscle Shoals to private interests, thus preserving the TVA for all the people. I would that those of us who have battled were worthy successors to the greats of the past who successfully fought special interests.

Alas, that is not to be. Ours is a story of defeat, and our hearts are heavy.

But Mr. President, I am not entirely without hope. The House of Representatives is not a tool of the Senate. I had the privilege of serving in that body for 14 years. The House of Representatives is a proud and coequal body of our bicameral legislative branch of the Government. I know that the majority of the Senate has legislated on the basis that the bill will be ramrodded through the House as it has been ramrodded here, that the House will take, and must take, whatever the Senate has done, however erroneous it may be, without dotting an "i" or crossing a "t." But from my conversations with my former colleagues in the other body, I am not without some hope that the amendments which have received no consideration here may receive consideration there.

Mr. President, I close by thanking Senators one and all for the courtesy and generosity of their attention and for their patience with me during this long hard fight. I know that now and then I have appeared a little like a porcupine, and if some quills are still to be found in any of my neighbors, I apologize sincerely. I have the deepest affection and respect for every Member of the U.S. Senate. The only fault I find with them, really, is that upon occasion they are stubborn and difficult to persuade to my point of view.

Lastly, though it appears futile, let me urge the defeat of the pending bill.

Mr. MANSFIELD. Mr. President, while I served in the House of Representatives there was a Member there from the State of Oklahoma by the name of Monroney. One day he made a speech in which he uttered a line which has remained in my memory ever since. From the well of the House he told his colleagues:

> You have got to call them as you see them.

I think that is what we have done here.

I have no apologies on the part of the leadership for the part played by my distinguished colleague, the Senator from Minnesota [Mr. HUMPHREY] and me in carrying out our part in the consideration of the proposal before the Senate. I do not like to be referred to by my colleagues as being jubilant because cloture was invoked. I was not jubilant. I was not even happy; and had cloture not been invoked, I would not have been jubilant or happy either.

In this body, "You have got to call them as you see them." Insofar as we can, we must stay away from personalities, because personalities are of least importance and the issues are of most importance.

Questions have been raised about Senators and how much stock they own in A.T. & T. That question was raised on the floor of the Senate. The newspapers stated that no Senator rose to tell how much he had in his possession.

Mr. President, I do not own one single share of A.T. & T. and never have. In fact, I do not own any stocks and never have. But I think I have a duty as a Senator and, as long as I am here, regardless of the consequence, that duty will be carried out.

I am not one of God's elected. I am one of the people's elected, and I have nothing but respect for Senators who opposed the measure. I have nothing but respect for those who are in favor of the proposed legislation.

I am appalled at the charge leveled at the majority of this body that the measure is a giveaway piece of legislation. I am appalled when it is said that we are creating a monopoly, when, if the Senate did not pass the measure, it would create a private monopoly.

I think we have shown a great deal of patience in the consideration of the measure, and I, for one, am very proud of the Senate.

No person has won a victory; no person has suffered a defeat. This institution, which we say we love and venerate—and I believe we all do—has won a victory.

Mr. PASTORE. Mr. President, during the debate on the proposed legislation the opponents of H.R. 11040 have made four principal arguments. These four arguments are:

First. That H.R. 11040 is a giveaway by the Government of a great national asset to a private corporation.

Second. That H.R. 11040 will create a private monopoly controlled by the communications common carriers who should be competing with each other and who, because of their investment in cable and radio facilities, would want to retard progress in satellite communications.

Third. That the FCC, which under H.R. 11040 has so important a regulatory assignment, has wholly failed to regulate A.T. & T. in the past and therefore cannot be counted upon to protect the public interest in space satellite communications.

Fourth. That H.R. 11040 delegates sovereign powers to private corporations with respect to the making of treaties and agreements which would otherwise require Senate ratification.

These, I think, are the principal arguments. There are, of course, others. The opponents have sent up a virtual barrage of arguments most of which have been answered during the debate or have fallen by their own weight.

At this time, I shall deal mainly with these four, and in the order listed.

First. The charge that H.R. 11040 will constitute a giveaway by the Government of a great national asset to a private corporation: The argument is made that communications satellite technology has been developed by the Federal Government through the use of tax funds amounting to billions of dollars. It is argued that in view of this investment, the public is entitled to the benefits of the system and that the way to insure such benefits is by ownership and operation of the system by a Government corporation. A private corporation, it is said, would be a giveaway.

Let us examine this charge of giveaway. Space communications results from the fusing of two great streams of research and development. The one is that done by the Government in space satellites—the boosters or missiles to get the satellites in orbit. The Government has spent billions in this missile research and development. But there is the other field—communications. And in this field private enterprise has spent billions of dollars in research and development. In both instances, the research was not directed primarily at space communications: That is simply one of the many applications made possible.

My point is that without both efforts, the one governmental and the other private, space communications would not be possible today.

We all accept the very great contributions of Government in the booster field. But the opponents tend to slough aside the long research efforts of private industry in the communications field. Let me give you just a few examples. The satellite transmitter and receiver require power which must be obtained from sunlight and that is possible because of solar cells developed by private industry. The satellite makes extensive use of transistors which the private industry developed. The receiving ground station uses a specially designed, ultrasensitive antenna, while the ground transmitting station makes use of conventional electronics that is only conventional because of years and years of research by the communications industry. I do not pretend to understand what all these developments—these traveling-wave masers or traveling-wave tubes—are. But I do know that the contributions of the private communications industry are just as important to this new venture as that of the Government-backed booster industry.

Suppose that the Government decided to own and operate the communications satellite venture and that it turned to the communications industry and said: "Give us your know-how in the communications end of this matter, we will pay for it." What if the industry responded: "You cannot pay fairly—it represents billions of dollars of research over many years; if we just let you step in now, it will be a giveaway of those years of research." That is pretty silly, is not it? But does the position of the opponents of H.R. 11040 make any more sense? The charge of giveaways is just a slogan—an empty shibboleth that obscures the real question: How can we best serve the American public—indeed the world—in this new field of space communication? What is the best way to obtain its benefits for this country and its associates?

The traditional answer in many countries would have been government ownership; for, the government in these countries owns the entire communications industry. The traditional answer in this country would have been private enterprise, under government regulation. And here I want to stress that private enterprise in this country has fully met its traditional assignment: It has indisputably provided this Nation with the best communications system in the world.

But the President and my committee did not make the choice on the basis of tradition. In his statement of July 24, 1961, the President set out certain policy requirements which the space satellite communications system had to meet. In transmitting the bill calling for a private satellite communications corporation, the President explicitly found—after a considerable study—that such a private system would promote the defined policy objectives. His representatives before the Congress ably demonstrated that this would be the case. After hearing extensive testimony, your committees are convinced of this.

So what it all comes down to is this: In the opinion of the President, your committees, and the interested agencies, the approach in H.R. 11040 represents the best way to provide more efficient and more economical telecommunication for the people of the United States and of the nations of the world.

Of course, there will be profits to the private investors under H.R. 11040. But such profits will be in the form of a reasonable return on the capital funds invested in property dedicated to public service by the corporation. There is nothing wrong—no giveaway—in that. That is the traditional, the fair way of dealing with public utilities. And, here

I want to stress that provision has been made for the widest possible sharing by the public in this reasonable rate of return. As the President pointed out, provision has been made so that all potential investors have equal rights with the communications industry to own a part of this enterprise. This, I think, properly reflects the great research and development contributions of the Government and the private industry.

Even the public monopoly proposed by the minority would be in the form of a corporation—similar to the Tennessee Valley Authority—which would be financed not by the taxpayer, but by private investors. Even under the minority proposal the return on capital investment would flow to investors in revenue bonds issued by the Government corporation. The return would not go to the taxpayers as a group. I do not see why a public corporation of the TVA type would attract a greater degree of public participation than the corporation proposed by H.R. 11040.

So I hope that we can debate the other issues without resort to this charge of giveaway. I think it important to point out that the money spent by the United States for the national space and missile program has paid off in unexpectedly rich benefits in many fields. It would be improper and unfair to require the different industries to be burdened with the research costs that have resulted in these new developments as much as it would to require the corporation being created under this legislation to carry the Federal research and development costs that may have contributed to the progress made in missiles and space communications. This is one of the true benefits that enhances our society and stimulates our economy and presents the full benefit to the number of people who use the products and facilities. In less than 5 years national space spending has developed new industries, spawned new communities, introduced new consumer products and advanced medical research, patient care and diagnostic techniques to an amazing degree.

Recently, in the June 16, 1962, issue of Science Newsletter, there appeared an article which shows how the young space age enterprise has sprung factories and corporations to produce new and unique consumer products. These items include temperature-resistant pots and pans, dishes and glassware made from pyroceram, a ceramic originally developed for missile nose cones. Teflon, a plastic used as a heat shield to protect space vehicles from the searing temperatures encountered during launch and reentry is now used to coat pots and pans, making it possible to fry foods without grease and cook without water. Tools using a mere squeeze of the fingers designed for repair work in space under zero gravity—weightless—conditions are making repairs simpler for the handyman at home. Homeowners now may get an inexhaustible hot-water supply from a new inexpensive electronic heating unit.

However, among the richest bonuses from the U.S. space investment has been the application of research and technology, particularly that concerned with missiles, to medicine. In fact, missiles for space have meant better medicine on earth.

A derivative of hydrazine, developed as a liquid missile propellant, has proved effective in treating tuberculosis and certain forms of mental illness. Another chemical used in missiles has been adapted to produce a means for rapidly lowering blood temperatures. A small efficient valve developed for missiles now can be used to replace a defective valve in the human heart. Another medical aid from missiles is a viscometer, a tool for studying blood, developed from the guidance system of the Polaris missile.

Space age telemetering devices are being applied to vocational rehabilitation problems.

Pressure suits used by astronauts to maintain normal blood pressure and circulation in space are given new hope to bedridden victims of strokes.

Medical researchers in the Office of the Surgeon General of the U.S. Air Force adapted the lower half of outmoded spacesuits for stroke victims considered hopeless invalids. The space trousers have enabled these people not only to walk but to work again.

Medical diagnosis also has been advanced by space-developed technology. Computers used to formulate the telemetered date from the astronauts during space flights indicate it is possible to convert the entire medical diagnostic process into mathematical models which will provide more accurate and complete diagnosis.

Are these new factories and corporations the recipients of a giveaway? Or are they the wonderful by-products of our space research, greatly benefiting this Nation? Surely the latter. Surely, the term "giveaway" can no more be applied to the commercial uses of satellite communication than it could be applied to the commercial uses of jet aircraft and to advancements in such fields as synthetic rubber.

Second, I turn now to the second major argument. It is urged that H.R. 11040 will not foster competition, but instead will create a private monopoly; that it will turn over ownership of that monopoly to communications common carriers that should be expected to compete with each other. It is also argued that these carriers have millions of dollars invested in cables and radio facilities which would be rendered obsolete by early development and full utilization of a satellite system so that they would be motivated to retard progress in satellite communications. And, finally, it is contended that one form of communication should not be entitled to own another form of communication. Let us consider these contentions, one by one.

This legislation does not carve out a general exemption from the antitrust laws on behalf of the corporation or any of the persons or owners participating in its ownership. This is made completely clear by section 102(c) of H.R. 11040, which I shall read in part:

> The activities of the corporation created under this act and of the persons or companies participating in the ownership of the corporation shall be consistent with the Federal antitrust laws.

Deputy Attorney General Katzenbach left no doubt as to the Department of Justice's opinion in this regard in his testimony given to the Commerce Committee. So let no one think for a moment that this corporation can be perverted and used as a cloak or device for actions or behavior violating the antitrust laws. The purpose of H.R. 11040 on this score is simple: It is not feasible to have multiple satellite systems so that each carrier could establish its own in conjunction with its foreign correspondents, as it does with respect to its other classes of facilities. It, therefore, becomes necessary to work out some equitable and reliable means for all such carriers to have use of and access to a single system. H.R. 11040 provides this means, and at the same time affords an opportunity to the general public to participate in ownership of the system with the common carriers. Beyond permitting some presently competing entities to participate in the ownership of the corporation for this specific and limited purpose, H.R. 11040 stresses that the conduct of such entities must at all times be consistent with our antitrust laws.

Nor will H.R. 11040 turn over control of the satellite corporation to companies that are in competition with each other. While such companies are permitted to participate in ownership of the corporation, the provisions of H.R. 11040 have been carefully designed to prevent any single owner or group of owners from dominating the policies and actions of the corporation. The carriers as a group cannot vote for more than 6 of the 15 directors of the Board, and no 1 carrier can vote for more than 3 directors. In the case of noncarrier stockholders, they too are limited to the election of less than a majority of the Board and, in addition, no such stockholder can acquire more than 10 percent of the total voting stock. Provision is made for the appointment by the President of three directors who will represent the broad public interest. Their presence on the Board will, I feel confident, be effective in preventing domination by a single ownership interest.

In addition to structuring the corporation to preserve competition and to prevent monopolistic abuses by any single owner or group of owners, numerous additional safeguards are written into the legislation. All communication carriers will be entitled to equitable access and nondiscriminatory use of the satellite system under just and reasonable terms and conditions. On the same basis, the carriers will also be guaranteed fair treatment in the use of any separate ground station that may be licensed to any carrier. The FCC is given the power and duty to regulate these matters in great detail. Practices such as competitive bidding will insure that no manufacturer of hardware or communications equipment will enjoy an inside track in matters of procurement by the corporation.

With all of these measures and precautions there is absolutely no substance to the charge that H.R. 11040 would result in a lessening of competition either among competing carriers or competing hardware manufacturers.

Now, let me take the assertion that the carriers would seek to retard development and progress of the satellite system because they have millions of dollars invested in cable and radio facilities which would be rendered obsolete through the effectuation and full utilization of the satellite system. I have already shown that the carriers will have but a minority voice in the decisions made by the corporation. But in any event, this is not a situation in which the new facilities will replace or threaten to replace existing facilities. Rather, we have here a situation in which the satellite facilities will be needed in addition to the existing facilities in order to satisfy the rapidly increasing demand for communications service.

This means that plant expansion will be by way of space communication rather than by way of adding undersea cables or conventional radio. It will be similar to the plant expansion starting about 1956 in the field of telephony. Despite the fact that practically all plant for oversea telephone was radio plant, some hundreds of millions of dollars have been spent for undersea cables of various nations. It does not appear that existing investment in radio facilities hampered adoption of different and more efficient facilities.

Further, H.R. 11040 provides for comprehensive Government control in this respect. For example, any decisions by the corporation with respect to the type of system is subject to review and approval of the FCC, which will have power to prevent addition of a type not in the public interest and to require additions of a type in the public interest. This is explicity provided for in subsections 7–10 of section 201(c).

But most important, it should be kept in mind that the type of system that is to be established will be determined largely by agreement reached by our Government with other governments as to the frequencies on which such system will operate and the technical standards to govern the operation and performance of any system.

All actions of the corporation, as well as our common carriers, relating to the establishment and operation of all segments of the satellite system will be required to conform to such international agreements and to the national policy objectives enunciated by H.R. 11040. As a practical matter, they will have to: In this field, international agreements must be strictly observed or there is complete chaos. So, in the light of all these circumstances, we need have no fear that business judgments of the corporation will be permitted to jeopardize or contravene the public interest.

Finally, let me take up the argument that one form of communication should not be entitled to own another form of communication—that the satellite communication will compete with present forms of communication. This argument has no more validity than the argument that jet airplanes are competitive with piston-driven airplanes, or that diesel engines are competitive with steam or electric engines, and should, therefore, be in wholly separate hands.

If this argument were valid, our domestic common carrier industry would not have been permitted to use coaxial cables, microwave radio, and other dynamic improvements in the art of communication. But all of these were developed by that industry and were systematically integrated into the general communications complex with tremendous benefits to the public.

I have heard references by some to competition between air and ground transportation, between land and water transportation, and between bus and rail transportation. But these are each competing in the same market, in service directly to the public. The satellite corporation and the carriers will not be competing in the same market. No one, either the proponents of H.R. 11040 or the advocates of Government ownership, has proposed that the satellite entity should go into competition with the existing carriers in serving the general public directly. To the contrary—the satellite corporation under H.R. 11040 will serve mainly the carriers. Even the Government corporation contemplated by the substitute measure offered by Senator KEFAUVER would likewise serve the carriers.

Let me repeat these simple but all-important facts. The market to be served by the corporation consists of the carriers who will use its facilities. The market to be served by the carriers will be the senders and recipients of communications traffic. The corporation will depend upon the carriers for its revenues; the carriers will depend upon the corporation for facilities. Thus, this will not be a situation in which one enterprise is motivated to control another enterprise in order to stifle competition, to the public detriment. On the contrary, the interest of the carriers will lie in promoting the success of the corporation, thereby promoting their own success, with resulting benefits to the public.

Third. The charge that the FCC, which has such an important regulatory assignment under H.R. 11040, has failed to adequately regulate A.T. & T. I intend to cover every aspect of this charge on the merits and will show that it has no merit. But before doing so, I want to say that I do not understand the logic of the opponents of H.R. 11040 on this point. If the Commission has not been doing its job in this important matter of regulating A.T. & T., that does not mean that we must turn space satellite communications over to a Government corporation. There is no magic in a Government corporation—it is composed of men who must have integrity and do their jobs and have funds for proper staffing. So in the final analysis it is a matter of good men, adequate funds and sufficient staff—whether they be in the Commission or the Government corporation.

Let me turn, however, to the specific charges. It has been charged by Senator LONG that the FCC has failed to regulate A.T. & T. in 10 specific respects. But neither the record of the Senator's hearing, nor the FCC's actual record of regulation over the years of A.T. & T. support these charges or their implications. In a letter written on May 2, 1962, the FCC responded to these charges which were repeated in testimony given to the Commerce Committee in its hearings on this legislation. The letter is reproduced beginning at page 391 of the committee's printed record. I urge the Senators to read this letter and the attachment thereto which is a detailed résumé of the principal ratemaking actions taken by the FCC since its inception in 1934.

Let us look at the charges that Senator LONG has made in the light of the record of the Commission's activities and accomplishments. One group of charges is that the FCC has never made a formal determination of what is a fair rate of return for interstate and international telephone services or the basis upon which such return should be computed; that the FCC has never held a formal proceeding on A.T. & T.'s rates; that it has not been able to obtain the information necessary to set rates; and that it has not followed recommendations made by its staff regarding the need for action to reduce rates.

The remaining charges are that the FCC has never determined the reasonableness of the entire telephone rate structure, including the internal relationship of rates and the rates for television transmission services; that the FCC has never known the costs to A.T. & T. of equipment sold to it by its manufacturing subsidiary, Western Electric; and that the FCC has not required A.T. & T. and its operating subsidiaries to purchase equipment under competitive bidding.

Concerning the first group of charges, does the Commission's record give any support at all to Senator LONG's inferences that A.T. & T.'s rates have gone unregulated by the FCC?

The Commission over the years has conducted a number of formal investigations and hearings for the purpose of establishing proper rate levels and rate structures applicable to the telegraph services of our domestic and international telegraph carriers. Formal rather than informal proceedings in the telegraph field have been employed by the Commission inasmuch as in this field, unlike the telephone field, it has been dealing, for the most part, with the carriers' efforts to increase rates in order to improve their revenues because of rising costs. Also, in the international telegraph field, service is furnished by several common carriers in competition with each other. The conflicting interests of the international carriers stemming from such competition complicate the ratemaking task and this generally has necessitated extensive hearings to resolve the ratemaking issues in this field.

In the telephone field, the Commission has been able to employ informal regulatory procedures to a much greater extent than has been possible in the telegraph field. As you may know, the

Commission has promulgated and administered over the years a system of accounts observed by all common carriers fully subject to the Communications Act. It also prescribes and revises depreciation rates applied by almost all such carriers and has established an extensive and comprehensive reporting system by which it is kept informed of essential developments and trends in the carriers' operations. The Commission has maintained continuing studies of the extensive financial and operating data which the Bell System companies are required to file in monthly, annual, and special reports. In this manner, the Commission is constantly in position to assess the reasonableness of the Bell System's overall earnings from its services subject to the Commission's jurisdiction.

Historically, A.T. & T. and the other Bell System companies have experienced continuous and substantial growth in the public's use of their services. This growth, together with the many far-reaching improvements introduced in the art of telephony, have offset and, on occasion, have outstripped the rising costs of plant and operations generally. This long-range trend has tended to make possible reductions—rather than increases—in rates for interstate long distance services, which account for more than 85 percent of interstate revenues.

Whenever, in the judgment of the Commission, it has appeared that overall earnings were at a level to warrant rate reductions, the Commission has generally been successful in obtaining rate reductions that appeared warranted without conducting protracted and costly hearings. By this means, the benefits of the reductions are promptly made available to the public. Since 1935, there have been a large number of reductions, with only one general increase in long distance telephone rates. The reductions have amounted to hundreds of millions of dollars in annual savings to the public. The most recent—amounting to some $50 million—became effective in September 1959. It is noteworthy that interstate long distance telephone rates are 19 percent lower than they were in 1940. It is also noteworthy that all major interstate rate reductions were the result of action initiated by the Commission.

Informality in procedure cannot be equated with ineffectiveness in achieving results. Nor are informal procedures necessarily less effective than the more time-consuming formal procedures. On the contrary, as the Deputy Director of the Bureau of the Budget, Mr. Elmer B. Staats, stated in 1960, in testimony before the Subcommittee on Administrative Practice and Procedure of the Senate Committee on the Judiciary, agencies may use formal hearing processes in areas where modern fact-gathering and data-processing techniques would provide better information more quickly and at less cost. Moreover, as he also noted:

> When decisions are delayed for months or years, industries are unable to make long-range plans, particularly in areas of technological growth. Delays and backlogs have meant denial of justice in some cases and economics losses in others.
>
> In our fast-moving technology, agency decisions ultimately may be made on considerations that are already outmoded.

But the Commission has made clear that it is not committed to a policy of always refraining from the use of formal proceedings in the regulation of interstate telephone service. The considerations which bear upon the choice between formal and informal proceedings are many and varied. The Commission has followed the rule of using the procedure which seemed best calculated to protect the public interest in light of the circumstances presented at any particular time. For example, on several occasions where the use of informal procedures was initially unsuccessful in bringing about the results which the Commission sought to achieve, the Commission instituted formal rate-reduction proceedings through the issuance of show-cause orders. In each instance, this action led to a satisfactory resolution of the matter without the need to proceed with the hearings.

It is entirely unwarranted to contend that simply because the Commission has not formalized its many actions and determinations regarding telephone rates by the conduct of extended and costly proceedings that those rates are unregulated or that the Commission has no basis for judging their reasonableness. Ratemaking is not an exact science. It involves the application of expert judgment to a difficult complex of facts and circumstances that are constantly changing and requiring reevaluation. The relevant information on which to base these judgments is obtained by the Commission and its staff for study and analysis. The fact that telephone rates, unlike the prices for most other commodities and services, are substantially below their 1940 levels, as a result of reductions initiated and effected by the Commission informally is ample proof that the Commission's regulation is alert and effective.

Senator Long has sought to indict the FCC because it has not always adopted the views and recommendations of its staff. Is this any cause for condemnation? For in the final analysis it is the seven Commissioners and not their staff that are charged with responsibility for making these judgments which are so vital to the public and the industry. These seven men are conscientious men of integrity, experience and knowledgeable in their field.

Turning now to Senator Long's charges that the FCC has never determined the propriety of A.T. & T.'s rates for individual classes of services, nor the reasonableness of the internal relationship of its rates. The Commission is now engaged in concluding a comprehensive formal investigation of the rates of A.T. & T. for all of its various private line telephone and telegraph services. A final decision in this proceeding, which has consumed more than 100 days of hearing, is pending at this time. In addition, the Commission now has in various stages of hearing the rates of A.T. & T. and the other Bell System companies for their Telpak service, wide area telephone service, and wide area data service. These proceedings will enable the Commission to determine appropriate rate levels and structures for each of these special services.

With respect to A.T. & T.'s rates for television transmission service, the Senator has charged that the Commission has never passed upon their reasonableness. The fact is, however, that during the 1950's the FCC on several occasions examined the rate level and rate structure for this service in considerable detail and on the basis of cost studies made by the company at the Commission's request. The Commission was satisfied by its analysis that the overall level of the rates was within reasonable limits.

With respect to A.T. & T.'s rates for oversea telephone services, until several years ago the revenues from these services amounted to a relatively few million dollars annually and constituted only a small fraction of A.T. & T.'s total service revenues. Because of more pressing regulatory problems confronting the Commission, and its limited staff and resources, special attention to the oversea rates did not appear to be warranted. But in regulating the overall interstate rates and earnings of the Bell System, the oversea operations of A.T. & T. were treated, in effect, as part of those operations.

By 1960, oversea telephone revenues of A.T. & T. had reached a level of more than $40 million annually. Several new high capacity transoceanic cables had been installed and others were in a planning stage. Also, satellites as a means of oversea communication appeared to be a real likelihood. Therefore, in June of 1961, the Commission directed A.T. & T. to institute detailed studies to develop complete operating and earnings data with respect to its oversea operations for analysis by the Commission. The data furnished by these studies is now being studied by the Commission to determine the reasonableness of A.T. & T.'s oversea rates and what further regulatory action may be required.

The charge is made that the Commission does not know the costs to A.T. & T. of equipment sold to it by Western Electric. Western Electric is the manufacturing and supply unit of the Bell System. Its prices and profits with respect to its sales to A.T. & T. and the other Bell System companies have a direct impact on their rates and revenue requirements.

No regulatory commission has direct control or supervision of Western's prices and profits. However, as part of telephone rate regulation those prices and profits are subject to examination as to their justification and reasonableness.

Since 1948, the FCC, in cooperation with State regulatory commissions, has conducted periodic reviews of Western's operations. Monthly and annual reports are issued to all regulatory commissions summarizing essential operating data. On several occasions when it appeared to the FCC from this data that Western Electric's profits from its sales to Bell System companies were approaching questionable levels, the Commission has initiated action to effect price reductions. Within the past year, such Commission action brought about a $58,000,000 annual reduction in Western's prices.

Finally, the criticism is made that the FCC has not required A.T. & T. or its operating subsidiaries to use competitive bidding in their purchase of telephone equipment. However, I am advised by the FCC that notwithstanding that it has broad authority to investigate the transactions of common carriers and their affiliated companies, it does not have the statutory authority to require that transactions of carriers involving the furnishing of equipment and supplies shall be upon competitive bids.

Clearly, the regulatory tasks in the common carrier field are many and complex and are constantly growing in all dimensions. It is also true that with a larger staff and budget, the Commission could do a more complete job of common carrier regulations in many areas. I think this is true as to most agencies and departments of Government.

But this does not mean that the FCC has failed to do as effective a job of regulation as has been permitted by its available resources. Nor does it mean that the FCC lacks the will to carry out the responsibilities with which it has been entrusted by the Communications Act. Nor does it mean that the basic apparatus and expertise within the FCC cannot be relied upon to discharge the additional responsibilities which would be delegated to the FCC by H.R. 11040. Although its resources may not have been sufficient to carry on an optimum program, the Commission has protected the public interest in just and reasonable common carrier rates and services.

Only recently, the FCC's efforts resulted in a change in the procedures used by the Bell System to allocate its investment and expenses between interstate and intrastate telephone services. These changes relieved the intrastate services of the Bell System of about $46 million of annual revenue requirements. A majority of the State commissions have already taken advantage of these benefits by reducing intrastate rates. Other such changes in the allocation procedures initiated by the FCC during the last decade have relieved the users of exchange service and other intrastate services of an estimated $150 million of annual revenue requirements.

Now let me say a word about the Booz Allen & Hamilton report, concerning which you have heard so much.

I will not give you my views on this matter but rather the views of Booz Allen & Hamilton itself. For it has written:

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., May 29, 1962.
Hon. JOHN O. PASTORE,
Chairman, Subcommittee on Communications, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I believe that you are familiar with the recent management survey of the FCC conducted by Booz Allen & Hamilton. To complete your files, I am enclosing herewith a letter dated May 3, 1962, from Booz Allen & Hamilton, Inc., management consultants, to the Honorable David E. Bell, Director of the Bureau of the Budget. In this letter, Booz Allen & Hamilton expressed their deep concern with certain press accounts relating particularly to the adequacy of the Commission's regulation of telecommunication common carriers. They state that certain articles in the press are inaccurate interpretations of statements in their report with respect to FCC regulation of the telephone industry and impute to them views and attitudes which they do not hold.

The above-mentioned letter from Booz Allen & Hamilton is enclosed as well as a copy of the letter from the Deputy Director of the Budget Bureau transmitting it to me.

Sincerely yours,
NEWTON N. MINOW,
Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., May 10, 1962.
Hon. NEWTON N. MINOW,
Chairman, Federal Communications Commission, Washington, D.C.

DEAR MR. MINOW: I am enclosing a copy of a self-explanatory letter dated May 3 which I have received from Booz Allen & Hamilton, Inc., management consultants, relative to the recent report of that company of the organization and administration of the Federal Communications Commission.

In accordance with the suggestion contained in the last paragraph of that letter, I am forwarding it to the Commission for its information.

Sincerely yours,
ELMER B. STAATS,
Deputy Director.

BOOZ ALLEN & HAMILTON, INC.,
New York, N.Y., May 3, 1962.
Mr. DAVID E. BELL,
Director, Bureau of the Budget,
Washington, D.C.

DEAR MR. BELL: Since public release by the Federal Communications Commission on April 24 of our report on the organization and administration of the Commission, submitted to you under date of March 27, we have been deeply concerned by certain press accounts relating particularly to the adequacy of the Commission's regulation of telecommunication common carriers.

These articles in the press are, we believe, inaccurate interpretation of statements in our report with respect to FCC regulation of the telephone industry. They impute to us views and attitudes which we do not hold. For the record, it appears necessary that we clarify the intent and meaning of the report of our study of FCC operations.

Our sole purpose in the pertinent sections of the report was to emphasize the finding of our study that the Common Carrier Bureau is not well equipped in terms of organization, facilities or staff resources to meet its heavy statutory responsibilities in the face of a rising workload. We, of course, take full responsibility for the conclusions dealing with the operational appraisal represented by these statements.

Within this context we should like to make it clear that nothing in these or any other sections of the report was intended to convey the impression resulting from some press accounts.

1. We did not evaluate the public interest or appraise public policy with respect to the industries regulated by the FCC.

As you will recall, the terms of our contract specifically exempted the scope or degree of regulation from the study assignment. We were not expected nor did we attempt to express judgments on these matters in connection with the survey.

2. We do not believe, and the study provided no basis for believing, that common carrier rates are either too high or too low or that they should be adjusted either up or down.

No such statement was made in the report and no such implication was intended. Our management review entailed an evaluation of the effectiveness with which the Federal Communications Commission was administering its operations to meet statutory and program objectives. The report comments neither on the advisability of FCC policies nor on its substantive regulatory actions.

3. We have taken no position, and have no basis for taking any position, on the question as to whether the public interest is or is not being served by present regulatory actions with respect to common carrier operations.

No conclusion that we took such a position is warranted. This subject was not within the scope of our competence, was outside the terms of the survey and would not be, in any case, a subject on which our firm should take any position under our policies. Definition and interpretation of public policy and of the public interest, in our judgment, are matters for the Congress and the courts; they are not the proper province of consultants.

The above comments do not change the intent or purpose of our management analysis or recommendations. They serve, however, to place our views in the proper perspective. We would, accordingly, appreciate your transmitting a copy of this letter to the Chairman of the Federal Communications Commission.

Very truly yours,
BERNARD L. GLADIEUX.

This brief résumé of the highlights of Commission regulatory policies and activities amply demonstrates, I believe, that the Commission has been effective in protecting the public interest. It also demonstrates that the suggestion that the Commission cannot be relied upon to carry out the regulatory responsibilities contemplated by H.R. 11040 is wholly without substance.

Fourth. The contention is made that H.R. 11040 delegates sovereign powers to private corporations with respect to the making of treaties and agreements which would otherwise require Senate ratification.

This assertion is based on section 402, which requires that the corporation, whenever it is to enter into business negotiations with any international or foreign entity, shall notify the Department of State of the negotiations with any international or foreign entity, and that the Department shall advise the corporation of relevant foreign policy considerations. It is contended that every phase of the operations of the satellite system will be intimately connected with foreign policy and that it is unrealistic to assume that a distinction can be made between business negotiations, which do not affect the national interest, and other negotiations which do.

But H.R. 11040 does not delegate to the corporation the conduct of our foreign policy. The responsibility for our foreign policy rests entirely with the President in accordance with his constitutional authority and duties. No legislation can abrogate or dilute that responsibility.

H.R. 11040 certainly does not purport to do so. On the contrary, section 201(a), which delineates the powers of the President, makes this clear. Paragraph (4) thereof states that the President shall exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States. Paragraph (5) states that the President shall insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system.

Section 402 of H.R. 11040, which the minority contends is a delegation to the corporation of the conduct of our foreign policy, must be read in the light of these other provisions and with an awareness of the President's constitutional powers. When so read, it is clear that section 402, far from being in derogation of the President's powers, actually facilitates their employment through its requirement of notice. Let me read you the committee report on this section:

> This section is to insure that the corporation in its business negotiations with international or foreign entities over facilities, operations, or services, will conform to relevant foreign policies of the United States. Section 402 should be read with section 201(a)(4) as both are concerned with the role of the corporation in relation to U.S. foreign policy. Together these sections assure that this role will be carried out in a manner which contributes to the success of that policy. Section 402(a)(4) recognizes the President's authority to take whatever steps he deems appropriate to assure that the relationships of the corporation with foreign governments, entities, or international agencies are consistent with the foreign policy of the United States. This section reaffirms the traditional responsibility of the President, and through him of the Department of State, for conducting foreign policy. Section 402, on the other hand, is concerned with the narrower problem of the corporation's business negotiations with international or foreign entities. With respect to these negotiations, the corporation is to notify the Department of State when entering into negotiations and that Department is to advise the corporation of relevant foreign policy considerations.

So this provision, 402, merely recognizes that there are types of business negotiations that the corporation can enter into with foreign entities which either do not involve any foreign policy considerations or which can be pursued by the corporation in a manner entirely consistent with such foreign policies as may be applicable. But even as to such types of negotiations, the section requires the corporation to notify the Department of State of the negotiations and to keep the Department properly advised throughout them. In this way, we can be certain that should any negotiations involve significant foreign policies which require direct concern and participation of the Department, the Department will be aware of them and can take appropriate action.

Let us keep in mind the purpose and function of a communications satellite system. It is to provide a facility whereby nations of the world can communicate with each other on a more efficient and economical basis than is possible today. As with other modes of communications, those nations will either share in the ownership of the system or will make appropriate arrangements under which they may use it without ownership.

For almost a century, U.S. carriers have negotiated agreements with foreign communications agencies with respect to the establishment of communications between the United States and foreign points and the sharing of ownership, operation, and use of communication facilities such as transoceanic cables. None of these arrangements or agreements have ever been regarded as an usurpation of our sovereign powers of government. Never has it been suggested that these agreements between our common carriers and the foreign nations have been of a nature to require Senate ratification.

It is within this framework that it is expected that arrangements will be made between the proposed satellite corporation and foreign communications agencies with respect to the ownership and use of the satellite system. However, one significant feature will be superimposed, namely, that by virtue of H.R. 11040, it becomes a statutory duty of the corporation to enter into arrangements with foreign entities in a manner which will promote the widest possible foreign participation in the satellite system. Because we regard this objective as being so vital to our national interest and foreign policy, H.R. 11040, in section 402, requires the corporation to keep the Department of State fully advised of all of its negotiations with foreign interests. And, as I stressed at the outset, section 201(e) reaffirms the power of the President to exercise such supervision over relationships of the corporation with those entities as may be appropriate to assure consistency of the relationships with our Nation's policies.

The authority of the President under 201(e) is plenary. Look at the language of the section. There is no limitation on his supervisory authority to insure consistency with our foreign policy. The President, through his foreign policy agent, the State Department, has emphatically said that it does not limit him. The language is clear. That, I submit, should be the end of the matter. In addition, I will insert for the Record a letter received from the Department of State on this subject.

Throughout this debate, criticism of this bill has focused on the question whether the bill adequately protects the foreign policy interests of the United States. It is appropriate that this question should receive a great deal of attention. It is an important question. However, I think the record will show that this body has considered at length and in detail the foreign policy implications of this legislation. Before the bill was brought to the floor, two standing committees of the Senate—the Space Committee and the Commerce Committee—held extensive hearings. The Department of State testified before both committees in support of the bill. After the bill came to the floor, some Senators urged that it be considered by the Foreign Relations Committee in order to make absolutely certain that our foreign policy interests were adequately protected. Accordingly, the bill was referred to the Foreign Relations Committee. Secretary of State Dean Rusk testified in support of the bill. He explained in detail how it provided the necessary authority to the President. After the Secretary had completed his testimony, Senator Sparkman asked him a number of pointed questions which were intended to clarify what the bill meant. That colloquy is reprinted in the report of the Foreign Relations Committee. To remove any doubts, I asked the Secretary to set forth again what the bill means insofar as it affects foreign policy. Let me read what he says:

Department of State,
Washington, D.C.

Hon. John O. Pastore,
U.S. Senate.

Dear Senator Pastore: You have asked me to set forth the views of the Department of State on those sections of the communications satellite bill which provide authority to the Government to supervise and direct activities and relationships of the corporation which materially affect foreign policy. I am pleased to do so.

As you know, the Department has repeatedly expressed its support of the present bill. We have testified to this effect before several committees of the Congress. As recently as August 6, I testified before the Senate Committee on Foreign Relations and explained in detail how the bill would protect the foreign policy interests of the United States.

The authority of the President is contained in section 201(a). That section authorizes and directs the President to do certain things "in order to achieve the objectives and to carry out the purposes of this act." Congress has declared the major purposes and objectives in section 102. It is the policy of the United States, as declared by Congress, to establish a commercial communications satellite system, "in conjunction and in cooperation with other countries," which will "contribute to world peace and understanding." In developing the system, "care and attention will be directed toward providing such services to economically less-developed countries and areas." To achieve these and other purposes of the act, the President is directed, among other things, to—

"(4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

"(5) insure that timely arrangements are made under which there can be foreign participation in the establishment and use of a communications satellite system;

"(7) so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad."

Sections 201(a) 4, 5, and 7 both reaffirm the plenary constitutional power of the President to conduct foreign policy and authorize him to issue such directives and orders to the corporation as are appropriate "to achieve the objectives and to carry out the purposes of this Act." It is for the President to determine foreign policy, and to require the corporation to act in conformity with that policy, subject to the limitation, as I pointed out in my testimony, that his direction must be consistent with the concept of the corporation as a commercial enterprise and with other provisions of our Constitution and laws.

> Under section 201(a)4, it is for the President to determine, in each case, what supervision is appropriate. For example, the President will have to determine when and under what circumstances we will enter into agreements and arrangements with foreign governments, entities, or international bodies. He will also determine which agreements should be negotiated by the Government, and which can be left to the corporation. And under section 201(a)5, the President has authority to determine the form and content of any international arrangements—bilateral, regional or multilateral—which may be required to bring about a global system, and to assure appropriate foreign participation in that system.
>
> During the Senate debate on the bill, several Senators expressed concern that the bill delegated to the corporation authority to negotiate arrangements which it would be more appropriate for the Government to negotiate. This concern is, in our view, unwarranted. As we have noted, section 201(a) 4 gives the President complete authority to conduct any negotiations with foreign governments, entities or international bodies when, in his judgment, it is appropriate. This concern was perhaps based on a misunderstanding of section 402. That section is not a delegation of authority to the corporation to conduct negotiations. Rather, it is a recognition that even the most minor technical and business negotiations, which the corporation would have to conduct on its own behalf, might have foreign policy implications. To assure that the interests of the United States are protected when the corporation negotiates, section 402 requires the corporation to notify the Department of State before entering into such negotiations. The Department will then advise the corporation and, if requested, assist it.
>
> It should be noted that the language of section 402 has been changed considerably from the form in which it appeared in the original administration bill. In its original form, section 402 authorized the Department of State to "conduct or supervise" negotiations with any "international agency, foreign government, or entity." Moreover, the section provided that all agreements and arrangements of the corporation with such agency, government, or entity would be subject to the approval of the Department of State. In the original bill, section 402 was the instrument through which the Government was to exercise supervision over activities of the corporation which might affect our foreign policy. Taken literally, however, the section would have imposed on the Department of State the responsibility for supervising and approving the vast number of ordinary business and technical arrangements which the corporation, as an operating business entity, will invariably enter into with its counterparts in other countries. The Department did not want to be burdened with this responsibility. Moreover, section 402 as originally written lodged in the Department of State an authority which the Constitution confers on the President. Accordingly, the authority contained in the original section 402 was transferred to section 201(a)4, and section 402 was rewritten to accomplish the more limited task just decribed. The action of the Senate in defeating an amendment offered by Senator Gore, which would have restored the original language of section 402, is consistent with the Department's position.
>
> The views which I have set forth above were thoroughly discussed during my appearance before the Senate Foreign Relations Committee. It is my understanding that that committee shares these views.
>
> If I can be of further assistance to you, please do not hesitate to call upon me.
>
> Sincerely yours,
>
> Dean Rusk.

That statement, by the Secretary of State, authoritatively explains what the bill means. Moreover, I agree with the Secretary's explanation of the bill, and I believe the Foreign Relations Committee also agrees with it. So let the Record now show, once and for all, that this is what the bill means.

THE NEED FOR LEGISLATIVE ACTION NOW

The critics of H.R. 11040 urge that there is no need for enacting legislation at this time and that progress in the establishment and operation of a communications satellite system will not be impeded by waiting another year. They could not be in greater error.

Witness after witness who has testified on H.R. 11040 and who represent the most responsible and knowledgeable people concerned with this problem have discredited any such assumption. They have pressed uniformly for the early enactment of H.R. 11040. In addition to the President, Secretary of State Rusk, Secretary of Defense McNamara, NASA's Administrator Webb and Deputy Administrator Dryden, Attorney General Kennedy, FCC Chairman Minow, among others, have all stressed that Congress cannot afford to delay taking action now.

Why do they unanimously regard action as imperative in order to insure our country's continued position of leadership in this field? The reasons are many and substantial.

The technology is moving forward at an explosive rate, as Telstar shows and as future experiments will also demonstrate. Public policy must not lag behind this technology. Legislation is essential now in order to provide that policy. It is needed to establish the organizational framework within which Government and industry may bring to operational fruition the tremendous progress that we are making in research and experimentation.

Consider the many steps which must be taken before the entity which will own and operate the system is in a position to begin functioning. Under H.R. 11040, the proposed corporation must be organized, funds must be raised, and a staff recruited before the corporation can plan operation of the system. These steps will necessarily consume time. It will also require a period of time for the President, NASA, and the Federal Communications Commission to study and adopt policies and procedures to carry out their respective responsibilities under H.R. 11040. Most important, however, is the generally accepted fact that we will be in a stronger position to advance arrangements with foreign interests with respect to such important matters as frequency allocation, joint research and development, ownership, and use of a global system, if the nations of the world are certain as to our policies, including the instrumentality which will represent the United States in these areas.

Let me read from the recent testimony of Secretary Rusk before the Foreign Relations Committee with respect to the benefits to be gained by our Nation from legislation at this time.

Secretary Rusk stated:

> But there is every reason to suppose that the impetus from the passage of this legislation and the organization of this company will bring measurably closer the time when an effective global satellite communications system is in operation. That, in itself, will be a great advance for the foreign policy of the United States.
>
> I hope that we could agree, however, that there would be advantage in our coming to a decision now one way or the other in order to put us in a position to move internationally on these matters with some assurance as to our own arrangements, what they are going to be, because they will be looking to us for some leadership and wanting to know what our arrangements are, and it is already, I think, time now for us to work with other governments, and we ought not to be in the position in those discussions of not really knowing what our own national decision is on this basis, and I hope you can come to a decision.

Secretary McNamara also urging expedition, stated:

> Delay in the establishment of this corporation delays the determination of certain of the characteristics of the system, particularly those characteristics that relate to negotiations to be carried on with foreign governments or foreign agencies, corporate and otherwise.

Dr. Dryden put the case most succinctly:

> Mr. Chairman, our country can be the leader in the establishment of a communications satellite system to serve the communications needs of the world, thus demonstrating our technical capabilities and our desire to utilize these capabilities for the benefit of all mankind.
>
> If this result is to be obtained, if we are to be the leader, we must decide now on the organization to get the job done. To insure rapid progress the organization must marshall the abilities and experience of private industry and of government. The bill before you represents a melding of views of responsible committees of the Congress, and provides a workable and comprehensive plan.

With regard to the position of our Government at the most significant conference of the International Telecommunication Union to be held in October 1963 with respect to allocating frequencies for space communication, Dr. Dryden stated:

> I think it is quite true that if we have a decision made and know where we are going, we will be in a much more favorable position, our State Department will be in a much more favorable position, since they are the ones that conduct the negotiations on frequency allocations, than if there were nothing in operation at all.

This testimony—responsible and authoritative—could be multiplied manifold. The case for action now is indisputable. The case for inaction or delay is reprehensible.

EXTENSION OF SERVICE TO ECONOMICALLY LESS DEVELOPED NATIONS (SEC. 201 (C) (3))

Questions have been raised regarding the procedures that will be involved in applying section 201(c)(3). This section provides that the Commission shall, on advice of the Secretary of State that commercial communications service to a foreign point by means of the satellite system and satellite terminal stations should be established in the national interest, institute forthwith appropriate proceedings under section 214(d) of the Communications Act to require the establishment of such service by the corporation and appropriate common carriers. Section 214(d) of the Communications Act, which is patterned after other public utility statutes, provides the mechanism by which a common carrier may be required to extend its facilities to serve new points.

Let us examine the possible application of section 201(c)(3) in light of what is involved in communication via a satellite system. To have communication via the system, there are three essential elements: a foreign entity with a ground station; the satellite; and a U.S. carrier also with access to the satellite through a ground station in the United States. In this connection, it is important to remember that the corporation will, in the main, be a common carrier's carrier; that is, it will make its facilities available to those carriers and foreign entities furnishing service directly to the public. These carriers, that is, the foreign entity and the U.S. carrier will, as they do today, work out agreements between themselves for the through transmission of international traffic via the satellite system. It is expected that for the most part the carriers will use the satellite system interchangeably with existing cable and radio facilities in transmitting such traffic.

Both the foreign entity and U.S. carrier will of course be required to obtain circuit capacity in the satellite system and a ground station.

With this background, how will section 201(c)(3) work in actual operation as to the three elements: First, the foreign entity or ground station; second, the satellite corporation and the satellite; and third, the U.S. international communications common carrier.

First, as a practical matter, section 201(c)(3) would, in all probability, have no applicability to the foreign ground station, and specifically to the question of constructing such a station. That will ordinarily be a matter for the foreign country. Of course, the latter may receive technical and financial assistance from the U.S. Government and perhaps from the corporation. But that would not come within the province of the Commission or the specific statutory obligations of the corporation.

Second, as to the satellite corporation, it is also doubtful whether, as a practical matter, there will be occasion to resort to section 201(c)(3). A foreign country cannot, of course, communicate via satellite with a carrier in this country unless it has technical access to a satellite which in turn is transmitting to a ground station in this country. In the event that such a satellite and ground station are in existence because of the technological nature of the system, that is to say, that there is a properly positioned low or high altitude satellite and terminal, there would be no need to employ administrative procedures in order to secure the establishment of service between the foreign country and the United States. Under sections 201(a)(4) and (5), the President could require the establishment of such service or at least could direct the corporation to take the lead in endeavoring to open such communications.

In the event that there is no satellite in existence technically capable of rendering service to the country in question, the Commission could, upon the advice of the Secretary of State or its own motion, institute proceedings under 201(c)(3) looking to the addition of the necessary satellite—and, if also needed, ground station—by the satellite corporation. For this purpose, the Commission could also invoke the provisions of section 201(c)(10) to require the corporation to make such additions to its facilities. But it should be remembered that the satellite corporation will not have sole control of the system: Under the policy of the bill, many foreign nations will participate in the system's ownership and operation. These nations will have a voice with respect to any decisions that may relate to ownership, use, or expansion of the satellite system. So the decision as to the extension of service to a new foreign point will be international in the broadest sense of that term. Such a decision will clearly involve the President's responsibilities and powers under section 201(a)(4) and (5).

Furthermore, section 201(c)(3) is concerned only with communication between this country and a foreign point. But the foreign nation, on the other hand, will undoubtedly wish to communicate via the satellite with many other nations. So on this ground also the question may not be the narrow one presented under section 201(c)(3) but rather a much broader one, calling for participation and decision by many nations.

If that is the case, it is unlikely that the determination as to the need for such new service will be made pursuant to section 214(d) proceedings. It will be made at the international conference table where the U.S. position will be formulated under the supervision of the President, to the extent he deems appropriate in the interest of our national and foreign policy.

Now I shall discuss the third aspect of 201(c)(3)—the U.S. carrier which will receive the communication from the foreign entity and in turn will send communications via the satellite from this country to the foreign point. As I said, it is essential that there be such a U.S. carrier, if there is to be communication between this country and the foreign point.

Let me emphasize here that that has been no problem in the past. The record reveals no instance in which common carrier communication has not been established with any foreign point that may have desired such communication. On the contrary there have been instances where U.S. carriers have been in competition with each other to establish a circuit to a foreign point. The statistics show that telephone service is available currently via radio or cable to about 160 foreign points of which 65 points are served by direct circuits without relay through an intermediate communications system. In the case of telegraph service, as many as 70 foreign points are served directly and 180 points, many of which are remote and sparsely populated, are served by indirect routes. Where any foreign country desires communication with the United States, that desire has been fully satisfied by the establishment of service via cable or radio.

We anticipate that this same pattern of extensive service will continue in the new field of satellite communications. We see no reason to think otherwise. If we are wrong—if the pattern does not continue, then we have available sections 201(c)(3) and 214(d) to require such service.

AMERICAN ENTERPRISE IS THE HOPE OF AMERICA

Mr. President, I shall not detain the Senate very long. As a matter of fact, I shall speak for not more than 5 or 6 minutes.

A great deal has been said, but I tell the Members of the Senate that it has been a joy and a pleasure for me to work with the majority leader, Senator MANSFIELD, who has been very helpful at every turn. I know that some very mean and unkind things have been said in the discussion of the proposed legislation. I know that in most instances it was caused by the excitement and emotion of the moment. However, no matter what the reason might be, when something mean and cruel is said, unfortunately, for the moment it finds its mark and has its effect. Let all that be behind us now.

Russia at this moment is in a very festive mood. I know it must be an hour of jubilation, because we experienced it ourselves, here in this very chamber when, a short time ago, our astronaut Glenn orbited the earth three times. The Russians orbited not one cosmonaut but two at the same time, and they communicated with one another for more than 50 times in space.

I recall a short time ago that the President came before us in joint session and said it was the plan and the purpose of the United States to land the first man on the moon. That promise, that hope, that prayer has become a little dim, because of the accomplishments of the Russians in space.

I do know one thing, Mr. President, there are fields in which we do excell. If we search throughout the world to find the best telephonic system, where will we find it? Where will we go to find it but in the United States of America? Who made it possible in the United States but private industry?

If we went out to find the best radio in the world, where would we find it? We would find it in the United States of America. Who gave it to the people of the United States of America on a gratis basis, if it was not private industry?

If we turn on television, who gave it to the United States of America, if it was not NBC, CBS, and ABC. Who are they? Private industry in America has made American science glorious and great. Perhaps the Russians may land the first man on the moon. That will be a sad day for us in America. It may be a loss of prestige. Maybe we have lost that fight. I pray here tonight that we have not.

However, I do know one thing. If the message of America is to be brought to all the corners of the world, it can only be done through the ingenuity of what exists in America today. Where will we look for it? Where will we find it? Will we find it in bureaucracy? Will we find it in the FCC? Will we find it anywhere but in A.T. & T., Western Union, I.T. & T., RCA, NBC, ABC, or CBS? That is American private industry.

What the bill does is to bring all of American ingenuity, public and private, official and individual, under one roof. That is what the bill does. If anyone wishes to call that a monopoly, call it a monopoly. If it is a monopoly of American brains in this contest in which we find ourselves, O God, let us have that monopoly.

Yes, I have searched my soul on this bill, just as every Member of this Senate has. I struggled with myself. It was not easy to be against DOUGLAS, not for PASTORE. It was not easy to be against MORSE, not for PASTORE. It was not easy to be against YARBOROUGH and GORE, not for PASTORE. I have been with them too long here. But I have lived with this bill. I know what is in it. I know what it means. If we kill this bill tonight we remain without a program. The administration has planned everything in this bill. If we kill the bill, we must start anew. We must begin formulating our plans all over again.

We must do that, because we will have nothing. This bill is what the administration has suggested. It is what President Kennedy has said time and time and time again that he wants. Let him who wishes to do so give it a vicious name, or label it as he will. However, let me say this. All of us in a sense are sinners. None of us is perfect. But as my God looks at me tonight, with all that I have done in this bill and all that I have fought to do with this bill, and all that I know that is in this bill, I can look Him straight in the face.

SEVERAL SENATORS. Vote! Vote!

Mr. MORTON. Mr. President, I will take only 50 seconds. Let us get back to the substance of this bill, if we may. This is a telephone bill, as I understand it. I remember 40 years ago at my grandfather's house in the country we had two telephones, one from the home company and one from the Cumberland Co. This was before the days of A.T. & T. and before Southern Bell Telephone Co.

I think it is a good thing that we do not have five or six different telephones in every home. I think it is a good thing that we are practically at the point of passing the pending bill.

Mr. LAUSCHE. Mr. President, the curtain on this play will drop in a few minutes. There have been many sideshows on the bill. The true play has revolved around whether we shall have public or private ownership. That has been the issue throughout the whole presentation on the bill. As for me, I want private industry. I subscribe fully to what the Senator from Rhode Island has said. Let the curtain go down. As far as I am concerned, I will follow the course that all past experience has demonstrated to be the best for our country. When private enterprise can operate a system, let it do it.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on the passage of the bill.

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MUSKIE (when his name was called). On this vote I have a pair with the senior Senator from Pennsylvania [Mr. CLARK]. If present and voting, he would vote "nay." Were I at liberty to vote, I would vote "yea." I withhold my vote.

Mr. SMITH of Massachusetts (when his name was called). On this vote I have a live pair with the junior Senator from Colorado [Mr. CARROLL]. Were he present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. METCALF (after having voted in the affirmative). On this vote I have a pair with the junior Senator from Alaska [Mr. GRUENING]. If he were present and voting, he would vote "nay." Were I at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS], are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from Wyoming [Mr. HICKEY], are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Wyoming [Mr. HICKEY], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Maryland [Mr. BUTLER, and Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 66, nays 11, as follows:

[No. 208 Leg.]

YEAS—66

Aiken
Bennett
Boggs
Bottum
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Goldwater
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Lausche
Long, Mo.
Long, Hawaii
Magnuson
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Morton
Mundt
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Scott
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—11

Bartlett
Burdick
Douglas
Gore
Kefauver
Long, La.
McNamara
Morse
Moss
Neuberger
Yarborough

NOT VOTING—23

Allott
Anderson
Beall
Bible
Butler
Capehart
Carroll
Church
Clark
Eastland
Engle
Fulbright
Gruening
Hickey
Johnston
Kuchel
Metcalf
Murphy
Muskie
Russell
Saltonstall
Smathers
Smith, Mass.

So the bill (H.R. 11040) was passed.

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. HUMPHREY. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the satellite communications system bill, as passed by the Senate, be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

FOOD AND AGRICULTURE ACT OF 1962

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1746, House bill 12391, the bill to improve and protect farm income, and so forth.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 12391) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes, which had been reported from the Committee on Agriculture and Forestry, with an amendment, to strike out all after the enacting clause and insert:

That this Act be cited as the "Food and Agriculture Act of 1962".

TITLE I—LAND-USE ADJUSTMENT

SEC. 101. The Soil Conservation and Domestic Allotment Act (49 Stat. 163), as amended, is further amended as follows:

(1) by repealing subsections (b), (c), (d), (e), (f), and (g) of section 7;

(2) by repealing subsection (a) of section 8;

(3) by amending the first sentence of subsection (b) of section 8 of said Act, as amended, by striking out the language "Subject to the limitations provided in subsection (a) of this section, the" and inserting in lieu thereof the word "The"; and

(4) by adding a new subsection at the end of section 16 of said Act to read as follows:

"(e)(1) For the purpose of promoting the conservation and economic use of land, the Secretary, without regard to the foregoing provisions of this Act, except those relating to the use of the services of State and local committees, is authorized to enter into agreements, to be carried out during such period not to exceed fifteen years as he may determine, with farm and ranch owners and operators providing for practices or measures to be carried out on any lands owned or operated by them and regularly used in the production of crops (including crops such as tame hay, alfalfa, and clovers, which do not require annual tillage, and including lands covered by conservation reserve contracts under subtitle B of the Soil Bank Act) for the purpose of conserving and developing soil, water, forest, wildlife, and recreation resources, or for nonagricultural purposes. Such agreements shall include such terms and conditions as the Secretary may deem desirable to effectuate the purposes of this subsection and may provide for payments, the furnishing of materials and services, and other assistance, in amounts determined by the Secretary to be fair and reasonable, in consideration of the obligations undertaken by the farm and ranch owners and operators and the rights acquired by the Secretary.

"(2) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under this subsection.

"(3) The Secretary may agree to such modification of agreements previously entered into as he may determine to be desirable to carry out the purposes of this subsection or to facilitate the practical administration of the program carried out pursuant to this subsection.

"(4) The Secretary shall issue such regulations as he determines necessary to carry out the provisions of this subsection.

"(5) Notwithstanding any other provision of law, the Secretary, to the extent he deems it desirable to carry out the purposes of this subsection, may provide in any agreement hereunder for (A) preservation for a period not to exceed the period covered by the agreement and an equal period thereafter of the cropland, crop acreage, and allotment history applicable to land covered by the agreement for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation on the production of such crop; or (B) surrender of any such history and allotments.

"(6) There is hereby authorized to be appropriated such sums as may be necessary to carry out this subsection. The Secretary shall not enter into agreements hereunder which would require payments, the furnishing of materials and services, and other assistance, in amounts in excess of $10,000,000 in any calendar year."

(5) by adding a new subsection at the end of section 16 of said Act to read as follows:

"(f) The Secretary is authorized to use the services, facilities, and authorities of Commodity Credit Corporation for the purpose of making disbursements to producers under programs formulated pursuant to sections 8 and 16(e) of this Act: *Provided*, That no such disbursements shall be made by Commodity Credit Corporation unless it has received funds to cover the amount thereof from appropriations available for the purpose of carrying out such programs."

SEC. 102. (a) Section 31 of title III of the Bankhead-Jones Farm Tenant Act (50 Stat. 525), as amended, is amended to read as follows:

"SEC. 31. The Secretary is authorized and directed to develop a program of land conservation and land utilization, including the more economic use of lands and the retirement of lands which are submarginal or not primarily suitable for cultivation, in order thereby to correct maladjustments in land use, and thus assist in controlling soil erosion, reforestation, enabling local public authorities to provide public recreation, preserving natural resources, protecting fish and wildlife, mitigating floods, preventing impairment of dams and reservoirs, conserving surface and subsurface moisture, protecting the watersheds of navigable streams, and protecting the public lands.

(b) Subsection (a) of section 32 of title III of the Bankhead-Jones Farm Tenant Act, as amended, is repealed.

(c) Section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended, is amended to read as follows:

"(e) to cooperate with Federal, State, territorial, and other public agencies in developing plans for a program of land conservation and land utilization, to assist in carrying out such plans by means of loans to State and local public agencies designated by the State legislature or the Governor, to conduct surveys and investigations relating to conditions and factors affecting, and the methods of accomplishing most effectively the purposes of this title, and to disseminate information concerning these activities. Loans to State and local public agencies shall be made only if such plans have been submitted to, and not disapproved within 45 days by, the State agency having supervisory responsibility over such plans, or by the Governor if there is no such State agency. No appropriation shall be made for any single loan under this subsection in excess of $250,000 unless such loan has been approved by resolutions adopted by the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives. Loans under this subsection shall be made under contracts which will provide, under such terms and conditions as the Secretary deems appropriate, for the repayment thereof in not more than 30 years, with interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury on its marketable public obligations outstanding at the beginning of the fiscal year in which the loan is made, which are neither due nor callable for redemption for 15 years from date of issue. Repayment of principal and interest on such loans shall begin within 5 years."

SEC. 103. The Watershed Protection and Flood Prevention Act (68 Stat. 666), as amended, is amended as follows:

(1) Paragraph (1) of section 4 of said Act is amended by changing the semicolon at the end thereof to a colon and adding the following: "*Provided*, That when a local organization agrees to operate and maintain any reservoir or other area included in a plan for public fish and wildlife or recreational development, the Secretary shall be authorized to bear not to exceed one-half of the costs of (a) the land, easements, or rights-of-way acquired or to be acquired by the local organization for such reservoir or other area, and (b) minimum basic facilities needed for public health and safety, access to, and use of such reservoir or other area for such purposes: *Provided further*, That the Secretary shall be authorized to participate in recreational development in any watershed project only to the extent that the need therefor is demonstrated in accordance with standards established by him, taking into account the anticipated man-days of use of the projected recreational development and giving consideration to the availability within the region of existing water-based outdoor recreational developments: *Provided further*, That when the Secretary and a local organization have agreed that the immediate acquisition by the local organization of land, easements, or rights-of-way is advisable for the preservation of sites for works of improvement included in a plan from encroachment by residential, commercial, industrial, or other development, the Secretary shall be authorized to advance to the local organization from funds appropriated for construction of works of improvement the amounts required for the acquisition of such land, easements or rights-of-way; and, except where such costs are to be borne by the Secretary, such advance shall be repaid by the local organization, with interest, prior to construction of the works of improvement, for credit to such construction funds.

(2) Clause (A) of paragraph 2 of section 4 of said Act is amended to read as follows: "(A) such proportionate share, as is determined by the Secretary to be equitable in consideration of national needs and assistance authorized for similar purposes under other Federal programs, of the costs of installing any works of improvement, involving Federal assistance (excluding engineering costs), which is applicable to the agricultural phases of the conservation, development, utilization, and disposal of water or for fish and wildlife or recreational development, and".

TITLE II—AGRICULTURAL TRADE DEVELOPMENT

SEC. 201. Title IV of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 401 is amended by adding at the end thereof the following new sentence: "It is also the purpose of this title to stimulate and increase the sale of surplus agricultural commodities for dollars through long-term supply agreements and through the extension of credit for the purchase of such commodities, by agreements either with friendly nations or with the private trade, thereby assisting the development of the economies of friendly nations and maximizing dollar trade: *Provided*, That agreements with the private trade shall be limited to the purchase of commodities for shipment to underdeveloped countries for consumption in the underdeveloped countries to which they are shipped."

(2) Section 402 is amended—

(a) by inserting ", including financial institutions acting in behalf of such nations," after the words "friendly nations"; and

(b) by adding at the end thereof the following: "In furtherance of the purpose of maximizing dollar sales through the private trade, the Secretary of Agriculture is authorized to enter into sales agreements with foreign and United States private trade under which he shall undertake to provide for the delivery of surplus agricultural commodities over such periods of time and under the terms and conditions set forth in this title. Any agreement entered into hereunder with the private trade shall provide for the furnishing of such security as the Secretary determines necessary to provide reasonable assurance of payment of the amount due for agricultural commodities sold pursuant to such agreement."

(3) Section 403 is amended—

(a) by deleting the words "approximately equal" from the last sentence thereof and substituting therefor the word "reasonable"; and

(b) by inserting after the word "agreement" in the last sentence thereof the following: ", except that the date for beginning such annual payments may be deferred for a period not later than two years after such date of last delivery,".

(4) Section 405 is amended to read as follows:

"Sec. 405. In entering into agreements with friendly nations for the sale of surplus agricultural commodities, the President may, to the extent deemed practicable and in the best interests of the United States, permit other friendly and historic supplying nations to participate in supplying such commodities under the sales agreement on the same terms and conditions as those applicable to the United States."

(5) Section 406 is amended by inserting after the word "sections" the following: "101 (b) and (c),".

TITLE III—COMMODITY PROGRAMS

Subtitle A—1963 feed grain program

Sec. 301. Section 105(c) of the Agricultural Act of 1949 is amended by adding the following new paragraphs (5) and (6):

"(5) The level of price support for the 1963 crop of corn shall be established by the Secretary at such level not less than 65 per centum of the parity price therefor as the Secretary may determine. Price support for corn, grain sorghums, and barley shall be made available on not to exceed the normal production of the 1963 acreage of corn, grain sorghums, and barley of each eligible farm based on its average yield per acre for the 1959 and 1960 crop acreage.

"(6) The Secretary shall require as a condition of eligibility for price support on the 1963 crop of corn and grain sorghums that the producer shall participate in the special agricultural conservation program for 1963 for corn and grain sorghums to the extent prescribed by the Secretary and (except in the case of a producer of malting barley as hereinafter described and except in the case of a producer of barley on a summer-fallow farm as hereinafter described) shall not knowingly devote an acreage on the farm to barley in excess of the average acreage devoted on the farm to barley in 1959 and 1960. The Secretary shall require as a condition of eligibility for price support on the 1963 crop of barley that the producer shall participate in the special agricultural conservation program for 1963 for barley to the extent prescribed by the Secretary and shall not knowingly devote an acreage on the farm to corn and grain sorghums in excess of the average acreage devoted on the farm to corn and grain sorghums in 1959 and 1960: *Provided,* That no producer of malting barley shall be required to participate in the special agricultural conservation program for 1963 for barley if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest in 1963, does not knowingly devote an acreage on the farm to barley in excess of 110 per centum of the average acreage devoted on the farm to barley in 1959 and 1960, and does not knowingly devote an acreage on the farm to corn and grain sorghums in excess of the average acreage devoted on the farm to corn and grain sorghums in 1959 and 1960: *Provided further,* That no producer of barley on a farm where summer fallow is the normal practice shall be required to participate in the special agricultural conservation program for 1963 for barley if he (i) does not knowingly devote an acreage on the farm to barley in excess of the average acreage devoted on the farm to barley in 1959 and 1960 plus the acreage devoted to summer fallow in 1962 which is diverted from the production of wheat under the special 1963 wheat program, and (ii) does not knowingly devote an acreage on the farm to corn, grain sorghums, and barley in excess of 80 per centum of the average acreage devoted on the farm to corn, grain sorghums, and barley in 1959 and 1960."

Sec. 302. Section 16 of the Soil Conservation and Domestic Allotment Act, as amended, is amended by adding the following new subsection:

"(g) Notwithstanding any other provisions of law—

"(1) The Secretary shall formulate and carry out a special agricultural conservation program for 1963, without regard to provisions which would be applicable to the regular agricultural conservation program, under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of corn and grain sorghums, and barley, respectively, to an approved conservation use and increase their average acreage of cropland devoted in 1959 and 1960 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount: *Provided, however,* That any producer may elect in lieu of such payment to devote such diverted acreage to castor beans, guar, safflower, sunflower, or sesame, if designated by the Secretary. In order to be eligible for a payment, a producer (other than a producer of malting barley as described in section 105(c)(6) of the Agricultural Act of 1949, or a producer of barley on a summer-fallow farm as described in such section) who participates in the special agricultural conservation program of 1963 for corn and grain sorghums must not knowingly devote an acreage on the farm in excess of the average acreage devoted on the farm to barley in 1959 and 1960, and a producer who participates in the special agricultural conservation program for 1963 for barley must not knowingly devote an acreage on the farm to corn and grain sorghums in excess of the average acreage devoted on the farm to corn and grain sorghums in 1959 and 1960. The excess, if any, of the acreage devoted to barley in 1963 on a summer-fallow farm as described in section 105(c)(6) of the Agricultural Act of 1949 over the average acreage devoted to barley on such farm in 1959 and 1960 shall be considered as planted to corn and grain sorghums for the purpose of determining extent of participation and payments under the special agricultural conservation program for 1963 for corn and grain sorghums. Such special agricultural conservation program shall require the producer to take such measures as the Secretary may deem appropriate to keep such diverted acreage free from insects, weeds, and rodents. The acreage eligible for payments in cash or in an equivalent amount in kind under such conservation program shall be an acreage equivalent to 20 per centum of the average acreage on the farm planted to corn and grain sorghums, or barley, in the crop years 1959 and 1960 or up to twenty acres, whichever is greater. Such payments in cash or in kind at the basic county support rate for the 1962 crop in effect at the time payment rates for the special feed grain program for 1963 are established, adjusted to reflect any changes between the national support rates for the 1962 and 1963 crops may be made on an amount of the commodity not in excess of 50 per centum of the normal production of the acreage diverted from the commodity on the farm based on its adjusted average yield per acre for the 1959 and 1960 crop acreage. Payments in kind only may be made by the Secretary for the diversion of up to an additional 20 per centum of the average acreage on the farm planted to corn and grain sorghums, or barley, in the crop years 1959 and 1960. Payments in kind on such additional acreage may be made at the basic county support rate for the 1962 crop in effect at the time payments rates for the special feed grain program for 1963 are established, adjusted to reflect any changes between the national support rates for the 1962 and 1963 crops on an amount of corn and grain sorghums, or barley, not in excess of 60 per centum of the normal production of the acreage diverted from the commodity on the farm based on its adjusted average yield per acre for the 1959 and 1960 crop acreage. The Secretary may make such adjustments in acreage and yields for the 1959 and 1960 crop years as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. To the extent that a producer proves the actual acreages and yields for the farm for the 1959 and 1960 crop years, such acreages and yields shall be used in making determinations. The Secretary may make not to exceed 50 per centum of any payments to producers in advance of determination of performance.

"(2) There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out this section 16(g). Obligations may be incurred in advance of appropriations therefor and the Commodity Credit Corporation is authorized to advance from its capital funds such sums as may be necessary to pay administrative expenses in connection with such program during the fiscal year ending June 30, 1963, and to pay such costs as may be incurred in carrying out section 303 of the Food and Agriculture Act of 1962.

"(3) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts."

Sec. 303. Payments in cash shall be made by Commodity Credit Corporation and payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for feed grains and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of the special feed grain program for 1963 authorized by this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate.

Sec. 304. Nothwithstanding any other provision of law, the Secretary may place such limits on the extent that producers may participate in the special feed grain conservation program for 1963 authorized by this Act as he determines necessary because of an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of corn, grain sorghums, or barley.

Subtitle B—Wheat

Sec. 310. Section 331 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended by striking out the last paragraph thereof and inserting in lieu thereof the following paragraphs:

"Wheat which is planted and not disposed of prior to the date prescribed by the Secretary for the disposal of excess acres of wheat is an addition to the total supply of wheat and has a direct effect on the price of wheat in interstate and foreign commerce and may also affect the supply and price of livestock and livestock products. In the circumstances, wheat not disposed of prior to such date must be considered in the same manner as mechanically harvested wheat in order to achieve the policy of the Act.

"The diversion of substantial acreages from wheat to the production of commodities which are in surplus supply or which will be in surplus supply if they are permitted to be grown on the diverted acreage would burden, obstruct, and adversely affect interstate and foreign commerce in such commodities, and would adversely affect the prices of such commodities in interstate and foreign commerce. Small changes in the supply of a commodity could create a sufficient surplus to affect seriously the price of such commodity in interstate and foreign commerce. Large changes in the supply of such commodity could have a more acute effect on the price of the commodity in interstate and foreign commerce and, also, could overtax the handling, processing, and transportation facilities through which the flow of interstate and foreign commerce in such commodity is directed. Such adverse effects caused by overproduction in one year could further result in a deficient supply of the commodity in the succeeding year, causing excessive increases in the price of the commodity in interstate and foreign commerce in such year. It is, therefore, necessary to prevent acreage diverted from the production of wheat to be used to produce commodities which are in surplus supply or which will be in surplus supply if they are permitted to be grown on the diverted acreage.

"The provisions of this part affording a cooperative plan to wheat producers are necessary in order to minimize recurring surpluses and shortages of wheat in interstate and foreign commerce, to provide for the maintenance of adequate reserve supplies thereof, to provide for an adequate and orderly flow of wheat and its products in interstate and foreign commerce at prices which are fair and reasonable to farmers and consumers, and to prevent acreage diverted from the production of wheat from adversely affecting other commodities in interstate and foreign commerce."

Sec. 311. Section 332 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended by striking out the provisions of such section and by inserting in lieu thereof the following:

"National Marketing Quota

"Sec. 332. (a) Whenever prior to April 15 in any calendar year the Secretary determines that the total supply of wheat in the marketing year beginning in the next succeeding calendar year will, in the absence of a marketing quota program, likely be excessive, the Secretary shall proclaim that a national marketing quota for wheat shall be in effect for such marketing year and for either the following marketing year or the following two marketing years, if the Secretary determines and declares in such proclamation that a two- or three-year marketing quota program is necessary to effectuate the policy of the Act.

"(b) If a national marketing quota for wheat has been proclaimed for any marketing year, the Secretary shall determine and proclaim the amount of the national marketing quota for such marketing year not earlier than January 1 or later than April 15 of the calendar year preceding the year in which such marketing year begins. The amount of the national marketing quota for wheat for any marketing year shall be an amount of wheat which the Secretary estimates (i) will be utilized during such marketing year for human consumption in the United States as food, food products, and beverages, composed wholly or partly of wheat, (ii) will be utilized during such marketing year in the United States for seed, (iii) will be exported either in the form of wheat or products thereof, and (iv) as the average amount which was utilized as livestock (including poultry) feed in the marketing years beginning in 1959 and 1960; less (A) an amount of wheat equal to the estimated imports of wheat into the United States during such marketing year and, (B) if the stocks of wheat owned by the Commodity Credit Corporation are determined by the Secretary to be excessive, an amount of wheat determined by the Secretary to be a desirable reduction in such marketing year in such stocks to achieve the policy of the Act: *Provided,* That if the Secretary determines that the total stocks of wheat in the Nation are insufficient to assure an adequate carryover for the next succeeding marketing year, the national marketing quota otherwise determined shall be increased by the amount the Secretary determines to be necessary to assure an adequate carryover: *And provided further,* That the national marketing quota for wheat for any marketing year shall be not less than one billion bushels.

"(c) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary has reason to believe that, because of a national emergency or because of a material increase in the demand for wheat, the national marketing quota should be terminated or the amount thereof increased, he shall cause an immediate investigation to be made to determine whether such action is necessary in order to meet such emergency or increase in the demand for wheat. If, on the basis of such investigation, the Secretary finds that such action is necessary, he shall immediately proclaim such finding and the amount of any such increase found by him to be necessary and thereupon such national marketing quota shall be so increased or terminated. In case any national marketing quota is increased under this subsection, the Secretary shall provide for such increase by increasing acreage allotments established under this part by a uniform percentage."

Sec. 312. Section 333 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"National Acreage Allotment

"Sec. 333. Whenever the amount of the national marketing quota for wheat is proclaimed for any marketing year, the Secretary at the same time shall proclaim a national acreage allotment for the crop of wheat planted for harvest in the calendar year in which such marketing year begins. The amount of the national acreage allotment for any crop of wheat shall be the number of acres which the Secretary determines on the basis of expected yields and expected underplantings of farm acreage allotments will, together with (1) the expected production on the increases in acreage allotments for farms based upon small-farm base acreages pursuant to section 335, and (2) the expected production on increased acreages resulting from the small-farm exemption pursuant to section 335, make available a supply of wheat equal to the national marketing quota for wheat for such marketing year."

Sec. 313. Section 334 of the Agricultural Adjustment Act of 1938, as amended, is further amended as follows:

(1) By amending subsection (e) thereof by striking out in the first sentence thereof "any of the 1962, 1963, and 1964 crops" and inserting in lieu thereof "the 1962 crop".

(2) By repealing subsection (g) thereof and by redesignating subsections (h) and (i) thereof as (g) and (h) respectively.

(3) By amending subsection (i) thereof, redesignated by this section as subsection (h), by inserting the following sentence immediately following the seventh sentence thereof: "The land-use provisions of section 339 shall not be applicable to any farm receiving an additional allotment under this subsection."

(4) By striking out of the last sentence of subsection (i) thereof (added by Public Law 87-357, 87th Congress, 1st session), redesignated by this section as subsection (h), "or 1963".

(5) By adding at the end thereof the following new subsection:

"(i) If, with respect to any crop of wheat, the Secretary finds that the acreage allotments of farms producing any kind of wheat are inadequate to provide for the production of a sufficient quantity of such kind of wheat to satisfy the demand therefor, the wheat acreage allotment for such crop for each farm located in a county designated by the Secretary as a county which (1) is capable of producing such kind of wheat, and (2) has produced such kind of wheat for commercial food products during one or more of the five years immediately preceding the year in which such crop is harvested, shall be increased by such uniform percentage as he deems necessary to provide for such quantity. No increase shall be made under this subsection in the wheat acreage allotment of any farm for any crop if any wheat other than such kind of wheat is planted on such farm for such crop. Any increases in wheat acreage allotments authorized by this subsection shall be in addition to the National, State, and county wheat acreage allotments, and such increases shall not be considered in establishing future State, county, and farm allotments. The provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), and section 326(b) of this Act, relating to the reduction of the storage amount of wheat shall apply to the allotment for the farm established without regard to this subsection and not to the increased allotment under this subsection. The land-use provisions of section 339 shall not be applicable to any farm receiving an increased allotment under this subsection and the producers on such farms shall not be required to comply with such provisions as a condition of eligibility for price support."

Sec. 314. Part III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended by adding immediately after section 334 thereof the following:

"Commercial Area

"Sec. 334a. If the acreage allotment for any State for any crop of wheat is twenty-five thousand acres or less, the Secretary, in order to promote efficient administration of this Act and the Agricultural Act of 1949, may designate such State as outside the commercial wheat-producing area for the marketing year for such crop. If such State is so designated, acreage allotments for such crop and marketing quotas for the marketing year therefor shall not be applicable to any farm in such State. Acreage allotments in any State shall not be increased by reason of such designation."

Sec. 315. Section 335 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"Small farm exemption

"Sec. 335. Notwithstanding any other provision of this part, no farm marketing quota for any crop of wheat shall be applicable to any farm with a farm acreage allotment of less than fifteen acres if the acreage of such crop of wheat does not exceed the small-farm base acreage determined for the farm, unless the operator elects in writing on a form and within the time prescribed by the Secretary to be subject to the farm acreage allotment and marketing quota. The small-farm base acreage for a farm shall be the smaller of (A) the average acreage of the crop of wheat planted for harvest in the three years in which the acreage was highest during the five-year period 1957–1961, or such later five-year period determined by the Secretary to be representative, with adjustments for abnormal weather conditions, established crop-rotation practices on the farm, and such other factors as the Secretary determines should be considered for the purpose of establishing a fair and equitable small-farm base acreage, or (B) fifteen acres. The acreage allotment for any farm shall be the larger of (1) the small-farm base acreage determined as provided above on the basis of the five-year period 1957–1961, reduced by the same percentage by which the national acreage allotment for the crop is reduced below fifty-five million acres, or (2) the acreage allotment determined without regard to (1) above. If the operator of any such farm fails to make such election with respect to any crop of wheat, (i) for the purposes of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340), as amended, the farm acreage allotment for such crop of wheat shall be deemed to be the larger of (A) the small-farm base acreage or (B) the acreage allotment for the farm, (ii) the land-use provisions of section 339 shall be inapplicable to the farm, (iii) such crop of wheat shall not be eligible for price support, and (iv) wheat marketing certificates applicable to such crop shall not be issued with respect to the farm. The additional acreage required to provide acreage allotments for farms based upon small-farm base acreages under this section shall be in addition to National, State, and county acreage allotments."

SEC. 316. Section 336 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"Referendum

"SEC. 336. If a national marketing quota for wheat for one, two, or three marketing years is proclaimed, the Secretary shall, not later than sixty days after such proclamation is published in the Federal Register, conduct a referendum, by secret ballot, of farmers to determine whether they favor or oppose marketing quotas for the marketing year or years for which proclaimed. Any producer who has a farm acreage allotment shall be eligible to vote in any referendum held pursuant to this section, except that a producer who has a farm acreage allotment of less than fifteen acres shall not be eligible to vote unless the farm operator elected pursuant to section 335 to be subject to the farm marketing quota. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum, and if the Secretary determines that more than one-third of the farmers voting in the referendum voted against marketing quotas, the Secretary shall proclaim that marketing quotas will not be in effect with respect to the crop of wheat produced for harvest in the calendar year following the calendar year in which the referendum is held. If the Secretary determines that two-thirds or more of the farmers voting in a referendum approve marketing quotas for a period of two or three marketing years, no referendum shall be held for the subsequent year or years of such period."

SEC. 317. Section 337 of the Agricultural Adjustment Act of 1938, as amended, is hereby repealed.

SEC. 318. The Agricultural Adjustment Act of 1938, as amended, is hereby amended by adding after section 338 a new section as follows:

"Land Use

"SEC. 339. (a)(1) During any year in which marketing quotas for wheat are in effect, the producers on any farm (except a new farm receiving an allotment from the reserve for new farms) on which any crop is produced on acreage required to be diverted from the production of wheat shall be subject to a penalty on such crop, in addition to any marketing quota penalty applicable to such crops, as provided in this subsection unless (i) the crop is designated by the Secretary as one which is not in surplus supply and will not be in surplus supply if it is permitted to be grown on the diverted acreage, or as one the production of which will not substantially impair the purpose of the requirements of this section, or (2) no wheat is produced on the farm, and the producers have not filed an agreement or a statement of intention to participate in the payment program formulated pursuant to subsection (b) of this section. The acreage required to be diverted from the production of wheat on the farm shall be an acreage of cropland equal to the number of acres determined by multiplying the farm acreage allotment by the diversion factor determined by dividing the number of acres by which the national acreage allotment is reduced below fifty-five million acres by the number of acres in the national acreage allotment. The actual production of any crop subject to penalty under this subsection shall be regarded as available for marketing and the penalty on such crop shall be computed on the actual acreage of such crop at the rate of 65 per centum of the parity price per bushel of wheat as of May 1 of the calendar year in which such crop is harvested, multiplied by the normal yield of wheat per acre established for the farm. Until the producers on any farm pay the penalty on such crop, the entire crop of wheat produced on the farm and any subsequent crop of wheat subject to marketing quotas in which the producer has an interest shall be subject to a lien in favor of the United States for the amount of the penalty. Each producer having an interest in the crop or crops on acreage diverted or required to be diverted from the production of wheat shall be jointly and severally liable for the entire amount of the penalty. The persons liable for the payment or collection of the penalty under this section shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

"(2) The Secretary may require that the acreage on any farm diverted from the production of wheat be land which was diverted from the production of wheat in the previous year, to the extent he determines that such requirement is necessary to effectuate the purposes of this subtitle.

"(3) The Secretary may permit the diverted acreage to be grazed in accordance with regulations prescribed by the Secretary.

"(b) The Secretary is authorized to formulate and carry out a program with respect to the 1963, 1964, and 1965 crops of wheat under which, subject to such terms and conditions as he determines are desirable to effectuate the purposes of this section, payments may be made in amounts not in excess of 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted taking into account the income objectives of the Act, determined by the Secretary to be fair and reasonable with respect to acreage diverted pursuant to subsection (a) of this section. The Secretary may permit producers on any farm to divert from the production of wheat an acreage, in addition to the acreage diverted pursuant to subsection (a), equal to 20 per centum of the farm acreage allotment for wheat: *Provided*, That the producers on any farm may, at their election, divert such acreage in addition to the acreage diverted pursuant to subsection (a), as will bring the total acreage diverted on the farm to fifteen acres. Such program shall require (1) that the diverted acreage shall be devoted to conservation uses approved by the Secretary; (2) that the total acreage of cropland on the farm devoted to soil-conserving uses, including summer fallow and idle land but excluding the acreage diverted as provided above, and acreage diverted under section 16(g) of the Soil Conservation and Domestic Allotment Act shall be not less than the total average acreage of cropland devoted to soil-conserving uses including summer fallow and idle land on the farm during a representative period, as determined by the Secretary, adjusted to the extent the Secretary determines appropriate for (i) abnormal weather conditions or other factors affecting production, (ii) established crop-rotation practices on the farm, (iii) participation in other Federal farm programs, (iv) unusually high percentage of land on the farm devoted to conserving uses, and (v) other factors which the Secretary determines should be considered for the purpose of establishing a fair and equitable soil-conserving acreage for the farm; and (3) that the producer shall not knowingly exceed (i) any farm acreage allotment in effect for any commodity produced on the farm, and (ii) except as the Secretary may by regulations prescribe, with the farm acreage allotments on any other farm for any crop in which the producer has a share: *Provided*, That no producer shall be deemed to have exceeded a farm acreage allotment for wheat if the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty: *And provided further*, That no producer shall be deemed to have exceeded a farm acreage allotment for any crop of wheat if the farm is exempt from the farm marketing quota for such crop under section 335. The producers on a new farm shall not be eligible for payments hereunder. The Secretary shall provide for the sharing of payment among producers on the farm on a fair and equitable basis. Payments may be made in cash or in wheat.

"(c) The Secretary may provide for adjusting any payment on account of failure to comply with the terms and conditions of the land-use program formulated under subsection (b) of this section.

"(d) Not to exceed 50 per centum of any payment to producers under subsection (b) of this section may be made in advance of determination of performance.

"(e) The Secretary may permit the diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, other annual field crops for which price support is not made available, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable taking into consideration the use of such acreage for the production of such crops: *Provided*, That in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(f) The program formulated pursuant to subsection (b) of this section may include such terms and conditions, in addition to those specifically provided for herein, as the Secretary determines are desirable to effectuate the purposes of this section.

"(g) The Secretary is authorized to promulgate such regulations as may be desirable to carry out the provisions of this section.

"(h) The Commodity Credit Corporation is authorized to utilize its capital funds and other assets for the purpose of making the payments authorized in this section and to pay administrative expenses necessary in carrying out this section during the period ending June 30, 1963. There is authorized to be appropriated such amounts as may be necessary thereafter to pay such administrative expenses.

"(i) Notwithstanding any other provision of law, performance rendered in good faith in reliance upon action or advice of an authorized representative of the Secretary may be accepted as meeting the requirements of this section, or of section 124 of the Agricultural Act of 1961 (75 Stat. 297–298), and payment may be made therefor in accordance with such action or advice to the extent the Secretary deems it desirable in order to provide fair and equitable treatment."

SEC. 319. Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340), as amended, is hereby amended as follows:

(1) By amending paragraph (1) to read as follows:

"(1) The farm marketing quota for any crop of wheat shall be the actual production of the acreage planted to such crop of wheat on the farm less the farm marketing excess. The farm marketing excess shall be an amount equal to twice the normal yield of wheat per acre established for the farm multiplied by the number of acres of such crop of wheat on the farm in excess of the farm acreage allotment for such crop unless the producer, in accordance with regulations issued by the Secretary and within the time prescribed therein, establishes to the satisfaction of the Secretary the actual production of such crop of wheat on the farm. If such actual production is so established, the farm marketing excess shall be an amount equal to the actual production of the number of acres of wheat on the farm in excess of the farm acreage allotment for such crop. In determining the farm marketing quota and farm marketing excess, any acreage of wheat remaining after the date prescribed by the Secretary for the disposal of excess acres of wheat shall be included as acreage of wheat on the farm, and the production thereof shall be appraised in such manner as the Secretary determines will provide a reasonably accurate estimate of such production. Any acreage of wheat disposed of in accordance with regulations issued by the Secretary prior to such date as may be prescribed by the Secretary shall be excluded in determining the farm marketing quota and farm marketing excess. Self-seeded (volunteer) wheat shall be included in determining the acreage of wheat. Marketing quotas for any marketing year shall be in effect with respect to wheat harvested in the calendar year in which such marketing year begins notwithstanding that the wheat is marketed prior to the beginning of such marketing year."

(2) by amending paragraph (2) to read as follows:

"(2) Whenever farm marketing quotas are in effect with respect to any crop of wheat, the producers on a farm shall be subject to a penalty on the farm marketing excess of wheat at a rate per bushel equal to 65 per centum of the parity price per bushel of wheat as of May 1 of the calendar year in which the crop is harvested. Each producer having an interest in the crop of wheat on any farm for which a farm marketing excess of wheat is determined shall be jointly and severally liable for the entire amount of the penalty on the farm marketing excess."

(3) By inserting in paragraph (3) "twice" before "the normal production" in the first and second sentences thereof, and by inserting in the second sentence thereof "twice the" between "of" and "normal" in the phrase "upon the basis of normal production", by striking out "corn and" from the first sentence thereof, and by striking out "corn or" from the last sentence thereof.

(4) By amending paragraph (4) to read as follows:

"(4) Until the producers on any farm store, deliver to the Secretary, or pay the penalty on, the farm marketing excess of any crop of wheat, the entire crop of wheat produced on the farm and any subsequent crop of wheat subject to marketing quotas in which the producer has an interest shall be subject to a lien in favor of the United States for the amount of the penalty."

(5) By striking out "corn or" from paragraph (5).

(6) By striking out "corn or" from paragraph (6).

(7) By repealing paragraph (7), and by renumbering paragraphs (8) through (11) as (7) through (10), respectively.

(8) By striking out "corn or" and ", as the case may be," from paragraph (8), redesignated by this section as paragraph (7), and adding at the end of such paragraph the following sentence: "If the buyer fails to collect such penalty, such buyer and all persons entitled to share in the wheat marketed from the farm or the proceeds thereof shall be jointly and severally liable for such penalty."

(9) By repealing paragraph (12), and by adding the following new paragraphs to follow paragraph (11), redesignated by this section as paragraph (10):

"(11) The persons liable for the payment or collection of the penalty on any amount of wheat shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

"(12) If marketing quotas for wheat are not in effect for any marketing year, all previous marketing quotas applicable to wheat shall be terminated, effective as of the first day of such marketing year. Such termination shall not abate any penalty previously incurred by a producer or relieve any buyer of the duty to remit penalties previously collected by him."

SEC. 320. Section 301(b)(13) of the Agricultural Adjustment Act of 1938, as amended, is amended—

(1) by striking out paragraph (A);

(2) by inserting in paragraphs (D) and (E) after the words "in the case of rice" the words "and wheat" and by inserting in said paragraphs after the words "per acre of rice" the following: "or wheat, as the case may be,";

(3) by striking from paragraph (G) the following: (A) "wheat," in each of the two places it first occurs therein; (B) "and, in the case of wheat, but not in the case of corn, cotton, or peanuts, for trends in yields"; (C) "ten calendar years in the case of wheat, and"; and (D) "in the case of corn, cotton, or peanuts,".

SEC. 321. Section 371 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended as follows:

(1) Subsection (a) is amended by deleting "corn, wheat," in the first sentence thereof.

(2) The first sentence of subsection (b) is amended by striking out "any national acreage allotment for corn or", "wheat," and "in order to effect the declared policy of this Act or".

SEC. 322. Section 385 of the Agricultural Adjustment Act of 1938, as amended, is hereby amended by inserting in the first sentence after "parity payment," the following: "payment under section 339,".

SEC. 323. The amendments to the Agricultural Adjustment Act of 1938, as amended, and to Public Law 74, Seventy-seventh Congress, as amended, made by sections 310 through 322 of this Act shall be in effect only with respect to programs applicable to the crops planted for harvest in the calendar year 1963 or any subsequent year and the marketing years beginning in the calendar year 1963, or any subsequent year.

Wheat Marketing Allocation Program

SEC. 324. Title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended (1) by designating subtitles D and E as subtitles E and F, respectively, and (2) by inserting after subtitle C a new subtitle D as follows:

"Subtitle D—Wheat marketing allocation

"Legislative Findings

"SEC. 379a. Wheat, in addition to being a basic food, is one of the great export crops of American agriculture and its production for domestic consumption and for export is necessary to the maintenance of a sound national economy and to the general welfare. The movement of wheat from producer to consumer, in the form of the commodity or any of the products thereof, is preponderantly in interstate and foreign commerce. Unreasonably low prices of wheat to producers impair their purchasing power for nonagricultural products and place them in a position of serious disparity with other industrial groups. The conditions affecting the production of wheat are such that without Federal assistance, producers cannot effectively prevent disastrously low prices for wheat. It is necessary, in order to assist wheat producers in obtaining fair prices, to regulate the price of wheat used for domestic food and for exports in the manner provided in this subtitle.

"Wheat marketing allocation

"SEC. 379b. During any marketing year for which a marketing quota is in effect for wheat, beginning with the marketing year for the 1963 crop, a wheat marketing allocation program shall be in effect in this subtitle. Whenever a wheat marketing allocation program is in effect for any marketing year the Secretary shall determine (1) the wheat marketing allocation for such year which shall be the amount of wheat which will be used during such year for human consumption in the United States, as food, food products, and beverages, composed wholly or partly of wheat, and that portion of the amount of wheat which will be exported in the form of wheat or products thereof during the marketing year on which the Secretary determines that marketing certificates shall be issued to producers in order to achieve, insofar as practicable, the price and income objectives of this subtitle, and (2) the national allocation percentage which shall be the percentage which the national marketing allocation is of the national marketing quota. Each farm shall receive a wheat marketing allocation for such marketing year equal to the number of bushels obtained by multiplying the number of acres in the farm acreage allotment for wheat by the normal yield of wheat for the farm as determined by the Secretary, and multiplying the resulting number of bushels by the national allocation percentage. If a noncommercial wheat-producing area is established for any marketing year, farms in such area shall be given wheat marketing allocations which are determined by the Secretary to be fair and reasonable in relation to the wheat marketing allocation given producers in the commercial wheat-producing area.

"Marketing certificates

"SEC. 379c. (a) The Secretary shall provide for the issuance of wheat marketing certificates for each marketing year for which a wheat marketing allocation program is in effect for the purpose of enabling producers on any farm with respect to which certificates are issued to receive, in addition to the other proceeds from the sale of wheat, an amount equal to the value of such certificates. The wheat marketing certificates issued with respect to any farm for any marketing year shall be in the amount of the farm wheat marketing allocation for such year, but not to exceed (i) the actual acreage of wheat planted on the farm for harvest in the calendar year in which the marketing year begins multiplied by the normal yield of wheat for the farm, plus (ii) the amount of wheat stored to avoid or postpone a marketing quota penalty, which is released from storage during the marketing year on account of underplanting or underproduction. The Secretary shall provide for the sharing of wheat marketing certificates among producers on the farm on the basis of their respective shares in the wheat crop produced on the farm, or the proceeds therefrom.

"(b) No producer shall be eligible to receive wheat marketing certificates with respect to any farm for any marketing year in which a marketing quota penalty is assessed for any commodity on such farm or in which the farm has not complied with the land-use requirements of section 339 to the extent prescribed by the Secretary, or in which, except as the Secretary may by regulation prescribe, the producer exceeds the farm acreage allotment on any other farm for any commodity in which he has an interest as a producer. No producer shall be deemed to have exceeded a farm acreage allotment for wheat if the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty. No producer shall be deemed to have exceeded the farm acreage allotment for wheat on any other farm, if such farm is exempt from the farm marketing quota for such crop under section 335.

"(c) Whenever a wheat marketing allocation program is in effect for any marketing year, the Secretary shall determine and proclaim for such marketing year the face value per bushel of marketing certificates. The face value per bushel of marketing certificates shall be equal to the amount by which the level of price support for wheat accompanied by certificates exceeds the level of price support for wheat not accompanied by certificates (noncertificate wheat).

"(d) Marketing certificates and transfers thereof shall be represented by such documents, marketing cards, records, accounts, certifications, or other statements or forms as the Secretary may prescribe.

"Marketing Restrictions

"SEC. 379. (a) All persons are prohibited from acquiring marketing certificates from the producer to whom such certificates are issued, unless such certificates are acquired in connection with the acquisition from such producer of a number of bushels of wheat equivalent to the marketing certificates. Marketing certificates shall be transferable only in accordance with regulations prescribed by the Secretary. Any unused certificates held by persons other than the producer to whom such certificates are issued shall be purchased by Commodity Credit Corporation. Notwithstanding the foregoing provisions of this section, Commodity Credit Corporation is authorized to purchase from producers certificates not accompanied by wheat in cases where the Secretary determines that it would constitute an undue hardship to require the producer to transfer his certificates only in connection with the disposition of wheat.

"(b) During any marketing year for which a wheat marketing allocation program is in effect, (i) all persons engaged in the processing of wheat into food products composed wholly or partly of wheat shall, prior to marketing any such product for human food in the United States, acquire marketing certificates equivalent to the number of bushels of wheat contained in such product, and (ii) all persons exporting wheat or food products composed wholly or partly of wheat shall prior to such export acquire marketing certificates equivalent to the number of bushels so exported. Marketing certificates shall be valid to cover only sales or exportations made during the marketing year with respect to which they are issued, and after being once used to cover a sale or export of a food product or an export of wheat shall be void and shall be disposed of in accordance with regulations prescribed by the Secretary.

"(c) Upon the giving of a bond or other undertaking satisfactory to the Secretary to secure the purchase of and payment for such marketing certificates as may be required, and subject to such regulations as he may prescribe, any person required to have marketing certificates in order to market or export a commodity may be permitted to market any such commodity without having first acquired marketing certificates.

"(d) As used in this subtitle, the term 'food products' means any product to be used for human consumption, including beverage.

"Assistance in Purchase and Sale of Marketing Certificates

"SEC. 379e. For the purpose of facilitating the purchase and sale of marketing certificates, the Commodity Credit Corporation is authorized to issue, buy, and sell marketing certificates in accordance with regulations prescribed by the Secretary. Such regulations may authorize the Corporation to issue and sell certificates in excess of the quantity of certificates which it purchases. Such regulations may authorize the Corporation in the sale of marketing certificates to charge, in addition to the face value thereof, an amount determined by the Secretary to be appropriate to cover estimated administrative costs in connection with the purchase and sale of the certificates and estimated interest incurred on funds of the Corporation invested in certificates purchased by it.

"Conversion Factors

"SEC. 379f. The Secretary shall establish conversion factors which shall be used to determine the amount of wheat contained in any food product. The conversion factor for any such food product shall be determined upon the basis of the weight of wheat used in the manufacture of such product.

"Authority To Facilitate Transition

"SEC. 379g. The Secretary is authorized to take such action as he determines to be necessary to facilitate the transition from the program currently in effect to the program provided for in this subtitle. Notwithstanding any other provision of this subtitle, such authority shall include, but shall not be limited to, the authority to exempt all or a portion of the wheat or food products made therefrom in the channels of trade on the effective date of the program under this subtitle from the marketing restrictions in subsection (b) of section 379d, or to sell certificates to persons owning such wheat or food products at such prices as the Secretary may determine. Any such certificate shall be issued by Commodity Credit Corporation.

"Reports and Records

"SEC. 379h. This section shall apply to processors of wheat, warehousemen and exporters of wheat and flour, and all persons purchasing, selling, or otherwise dealing in wheat marketing certificates. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this subtitle. Such information shall be reported and such records shall be kept in such manner as the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memorandums as he has reason to believe are relevant and are within the control of such person.

"Penalties

"SEC. 379i. (a) Any person who violates or attempts to violate or who participates or aids in the violation of any of the provisions of subsection (b) of section 379d of this Act shall forfeit to the United States a sum equal to two times the face value of the marketing certificates involved in such violation. Such forfeiture shall be recoverable in a civil action brought in the name of the United States.

"(b) Any person, except a producer in his capacity as a producer, who violates or attempts to violate or who participates or aids in the violation of any provision of this subtitle, or of any regulation, governing the acquisition, disposition, or handling of marketing certificates or who fails to make any report or keep any record as required by section 379h shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $5,000 for each violation.

"(c) Any person who, in his capacity as a producer, knowingly violates or attempts to violate or participates or aids in the violation of any provision of this subtitle, or of any regulation, governing the acquisition, disposition, or handling of marketing certificates or fails to make any report or keep any record as required by section 379h shall, (i) forfeit any right to receive marketing certificates, in whole or in part as the Secretary may determine, with respect to the farm or farms and for the marketing year with respect to which any such act or default is committed, or (ii), if such marketing certificates have already been issued, pay to the Secretary, upon demand, the amount of the face value of such certificates, or such part thereof as the Secretary may determine. Such determination by the Secretary with respect to the amount of such marketing certificates to be forfeited or the amount to be paid by such producer shall take into consideration the circumstances relating to the act or default committed and the seriousness of such act or default.

"(d) Any person who falsely makes, issues, alters, forges, or counterfeits any marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited marketing certificate, shall be deemed guilty of a felony and upon conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both.

"Regulations

"SEC. 379j. The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subtitle including but not limited to regulations governing the acquisition, disposition, or handling of marketing certificates."

SEC. 325. The Agricultural Act of 1949, as amended, is amended as follows:

(1) By inserting after section 106 the following new section:

"SEC. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1963 crop—

"(1) price support for wheat accompanied by marketing certificates shall be at such level not less than 65 per centum or more than 90 per centum of the parity price therefor as the Secretary determines appropriate taking into consideration the factors specified in section 401(b),

"(2) if marketing quotas are in effect for wheat price support for wheat not accompanied by marketing certificates shall be at such level as the Secretary determines appropriate taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains,

"(3) price support shall be made available only to cooperators; and if a commercial wheat-producing area is established for such crop, price support shall be made available only in the commercial wheat-producing area,

"(4) price support for any crop of wheat for which marketing quotas have been disapproved by producers shall be at such level not to exceed 50 per centum of the parity price therefor as the Secretary determines appropriate after consideration of the factors specified in section 401(b),

"(5) the level of price support for any crop of wheat for which a national marketing quota is not proclaimed shall be as provided in section 101, and

"(6) if marketing quotas are in effect for the crop of wheat, a 'cooperator' with respect to any crop of wheat produced on a farm shall be a producer who (i) does not knowingly exceed (A) the farm acreage allotment for wheat or any other commodity on the farm or (B) except as the Secretary may by regulation prescribe, the farm acreage allotment on any other farm for any commodity in which he has an interest as a producer, and (ii) complies with the land-use requirements of section 339 of the Agricultural Adjustment Act of 1938, as amended, to the extent prescribed by the Secretary. If marketing quotas are not in effect for the crop of wheat, a 'cooperator' with respect to any crop of wheat produced on a farm shall be a producer who does not knowingly exceed the farm acreage allotment for wheat. No producer shall be deemed to have exceeded a farm acreage allotment for wheat if the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty, but the producer shall not be eligible to receive price support on such marketing excess. No producer shall be deemed to have exceeded the farm acreage allotment for wheat on any other farm, if such farm is exempt from the farm marketing quota for such crop under section 335."

(2) By changing the period at the end of the third sentence in section 407 to a colon and adding the following: "*Provided*, That if a commercial wheat marketing allocation program is in effect, the current support price for wheat shall be the support price for wheat accompanied by marketing certificate and wheat sold shall be accompanied by a marketing certificate."

TITLE IV—GENERAL PROVISIONS

SEC. 401. The Consolidated Farmers Home Administration Act of 1961 (75 Stat. 307) is amended as follows:

(1) By striking out the period at the end of section 304 and inserting a comma and the following: "including recreational uses and facilities.";

(2) By inserting in section 306(a) after "soil conservation practices," the following: "shifts in land-use including the development of recreational facilities,"; and by inserting after the word "drainage" the words "or sewer";

(3) By striking out in section 309(f)(1) the figure "$10,000,000" and inserting in lieu thereof the figure "$25,000,000"; and

(4) By inserting in section 312 after the words "and conservation" the words "including recreational uses and facilities".

SEC. 402. Subsections (a) and (b) of section 3 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 903), be and the same are hereby amended to read as follows:

"SEC. 3. (a) There are authorized to be appropriated, for the purposes of this Act, such sums as the Congress may from time to time determine to be necessary.

"(b) When authorized by Congress, the Administrator is authorized, with the approval of the Secretary of Agriculture, to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds in such amounts as the Congress may approve annually in appropriation Acts for making loans under titles I and II of this Act. Such notes shall be in such form and denominations and be subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury not in excess of the rate provided for in sections 4 and 5 of this Act. The Secretary of the Treasury is authorized and directed to purchase any notes of the Administrator issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Administrator. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"The appropriations for loans made under the authority of subsection (a) and funds obtained in accordance with the preceding paragraph of this subsection and the unexpended balances of any funds available on the date of enactment of the Food and Agriculture Act of 1962 for loans under this Act, including any funds made available for loans under the item 'Rural Electrification Administration,' in the Department of Agriculture appropriation Acts current on such date of enactment, shall be merged into a single account hereafter in this section called the 'loan account'. All notes, bonds, obligations, and property, including those now held by the Administrator on behalf of the Secretary of the Treasury, and all collections therefrom, made or held under the loan provisions of titles I and II of this Act, shall be assets of said account.

"The notes of the Administrator issued to the Secretary of the Treasury under titles I and II of this Act, and all other liabilities against the appropriations or assets in the loan account shall be liabilities of said account, and all other obligations against such appropriations or assets shall be obligations of said account. Money in the loan account shall also be available for interest and principal repayments on notes issued by the Administrator to the Secretary of the Treasury. Otherwise, the balances in said account shall remain available to the Administrator for loans under titles I and II of this Act and for advances in connection therewith, except that no such loans shall be made in any year in excess of the amounts previously authorized therefor in appropriation Acts for such year or available pursuant to subsection (e) of this section. The amounts so authorized for loans and advances shall remain available until expended."

SEC. 403. Subsection (f) of section 3 of the Rural Electrification Act, as amended, is repealed.

SEC. 404. If any provision of this Act is declared unconstitutional, or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of this Act and the applicability thereof to other persons and circumstances shall not be affected thereby.

TITLE V—INDUSTRIAL USES OF AGRICULTURAL PRODUCTS

Declarations and findings

SEC. 501. The Congress of the United States hereby makes the following declarations and findings concerning the development of new and improved uses for farm products, new crops to replace those now in surplus, and the disposal of surplus commodities owned by the Government:

(a) Farms in the United States have a capacity to produce more farm products than can now be marketed at prices that will return sufficient incomes to farmers to maintain an efficient and progressive agricultural industry;

(b) A prosperous agriculture will contribute immensely to national welfare by efficient production of needed food, feed, and fiber, by provision of raw materials for the transportation and processing industries, by purchases of production supplies, and by its contribution to maintenance of a balanced and high-level national economy;

(c) National defense and security interests of the United States require protection of agricultural resources against deterioration and the maintenance of high productive capacity in order to meet possible emergency needs of the United States and other friendly nations;

(d) Basic research in agricultural products and their uses is essential in any long-range program of benefit to agriculture;

(e) Research programs to develop new and improved uses for farm products and new farm products have potentialities for providing outlets for a larger volume of farm production and greater stability of the prices of farm commodities;

(f) Public and private research agencies, including the Departments of Agriculture and Commerce, the land-grant colleges, other universities and research institutions, as well as private firms, can and should be utilized for an all-out attack on development of new and improved uses, and new and extended markets and outlets for farm products and byproducts. Research, pilot plant, development and trial commercialization work and corollary economic and related studies should be devoted to the expansion of industrial uses for agricultural commodities in surplus, and to any food and feed uses and replacement crops that can make substantial contributions toward the solution of the surplus problem. Facilities should be established as needed to permit adequate experimentation and testing, and production and market development, of promising new uses and new products;

(g) Development of new and improved industrial and other uses of farm products and new farm products and new and extended markets and outlets for farm products and by-products will enlarge income opportunities for farmers. It also will reduce Government costs for acquisition, storage, and ultimate disposition of commodities now in surplus;

(h) Disposition of a portion of the surplus stocks of the Commodity Credit Corporation through industrial channels for new or by-product uses, so that the carryover of any commodity beyond the needs of the Nation can be reduced, will have a stabilizing effect on the market prices for farm commodities.

Agricultural Research and Industrial Use Administration

SEC. 502. There is created and established in the Department of Agriculture an agency of the United States to be known as the Agricultural Research and Industrial Use Administration, all of the powers of which shall be exercised by an Administrator, under the general direction and supervision of the Secretary of Agriculture, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of six years and who shall receive basic compensation at the rate of $20,000 per annum. The duties of this agency shall be to coordinate and expedite efforts to develop, through research, new industrial uses, and increased use under existing processes, of agricultural products; to develop new replacement crops; and to reduce the stocks of commodities owned by the Commodity Credit Corporation.

Salaries

SEC. 503. The positions of the three Deputy Administrators of the agency shall be in grade GS-18 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505(b) of such Act. The agency is authorized to fix the compensation, notwithstanding other provisions of law, for not more than ten positions which require the services of especially qualified scientific or professional personnel: *Provided*, That the rates of basic compensation for positions established pursuant to this provision shall not exceed the maximum payable under the Act of August 1, 1947 (61 Stat. 715), as amended and supplemented. The agency may appoint and fix the compensation of any technically qualified person, firm, or organization by contract or otherwise on a temporary basis and for a term not to exceed six months in any fiscal year to perform research, technical, or other special services, without regard to the civil service laws or the Classification Act of 1949, as amended.

Powers and Duties

SEC. 504. The agency shall have power and authority, within the limits of the funds made available to it, to coordinate and expedite activities toward research, pilot plant, development, trial commercialization, and industrial uses, with Federal and State Governments, educational institutions, private research organizations, trade associations, individuals, and industrial corporations in expanding the industrial utilization of the products of farm and forest and the development of new crops. In the discharge of these duties, the agency is authorized to:

(a) Make use of the facilities of the Department of Agriculture and other Federal departments and agencies, land-grant institutions, and experiment stations. The agency shall utilize existing facilities owned or controlled by the Federal Government to the greatest extent practicable, including pilot plants, regional laboratories, and other facilities and equipment, and is authorized to utilize authority now available to the Secretary of Agriculture under existing law;

(b) Make grants, for periods not to exceed five years duration, to State agricultural experiment stations, colleges, universities, and other research institutions and individuals;

(c) Contract with foreign individuals, organizations, institutions of learning, or private corporations where payment can be made in foreign currency accumulated under Public Law 480, Eighty-third Congress. The agency is hereby authorized to utilize such foreign currencies notwithstanding other provisions of law requiring reimbursement;

(d) Make contracts or cooperative arrangements in the manner provided by sections 10(a) and 205 of the Act of August 14, 1946 (7 U.S.C. 427i, 1624), including contracts and agreements providing for the commercialization, market acceptance, and the economic feasibility of industrial utilization in the competitive market for agricultural products and processes with respect thereto;

(e) Extend suitable incentives to farmers or to industry to hasten the establishment of a new crop or of a new industrial use, where such appear likely to lead to durable additional markets;

(f) Direct the Commodity Credit Corporation to make delivery of any of its stocks of commodities to agencies of the Government, persons, or corporations designated by the agency where such stocks are to be used for (1) research, (2) pilot plant operation, (3) trial commercialization, (4) export of manufactured products, or (5) new or byproduct uses. The Commodity Credit Corporation, with respect to commodities thus requisitioned by the agency, shall pay necessary handling and delivery charges to the destination directed by the agency. Such sums of money as the agency shall receive, if any, on such transfers of commodities, shall be turned over to the Commodity Credit Corporation;

(g) Make contracts or leases for the private operation of any property or facilities transferred from another Government agency pursuant to this title or other legislative authority;

(h) Make loans or grants to those with whom contracts or other arrangements are entered into, for the purpose of providing assistance in the acquisition or expansion of facilities and equipment for research or development activities;

(i) Provide in all contracts for the disposition of inventions produced thereunder in a manner calculated to protect the public interest and the equities of the individual or organization with which the contract or other arrangement is executed: *Provided, however*, That nothing herein shall be construed to authorize the agency to enter into any contractual or other arrangement inconsistent with any provision of law affecting the issuance or use of patents;

(j) Grant exclusive licenses with or without payment of royalty for a fixed period of not to exceed five years for the use of patents under the control of the Department of Agriculture;

(k) Pay incentive awards to private citizens for suitable and acceptable suggestions to implement the program established by this title, such payments to be made in accordance with previously published rules stating the amounts of, criteria for determining, and subjects of, such awards; and

(l) Test production procedures on a commercial basis, maintain and operate manufacturing facilities where necessary to prove the commercial feasibility of volume production and to build, purchase, or lease plant facilities, or necessary equipment suitable for manufacturing needs.

Transfer of Government Plants

SEC. 505. Notwithstanding any other provision of law, any Government agency holding any Government-owned facility useful in the program authorized by this title is authorized to transfer such facility to the agency, for use in the program, if requested to do so by the agency: *Provided*, That such transfer has the approval of the Director of the Bureau of the Budget. The agency is authorized to exercise, with respect to the facilities transferred, all of the authority vested in the agencies transferring such facilities. At the time of such transfer, funds and personnel related to the operation or administration of such facilities, shall, with the approval of the Director of the Bureau of the Budget, also be transferred to the agency.

Definition of "Agricultural Products"

SEC. 506. The terms "agricultural products" and "farm and forest products" as used in this title shall have the same meaning as the term "agricultural products" in section 207 of the Act of August 14, 1946 (7 U.S.C. 1626).

Annual Report

SEC. 507. The Administrator shall present annually to the Congress not later than the 20th day of January in each year a full report of his activities under this title.

Savings Provision

SEC. 508. The authorities under this title are in addition to and not in substitution for authorities otherwise available under existing law.

Appropriations

SEC. 509. There is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

Mr. HICKENLOOPER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. HICKENLOOPER. Is it the intention of the acting majority leader to have anything done on this bill tonight?

Mr. HUMPHREY. No.

Mr. HICKENLOOPER. Or is it the intention merely to lay the bill before the Senate at this time?

Mr. HUMPHREY. That is correct.

Mr. HICKENLOOPER. Do I correctly understand that the debate on the farm bill will begin on Monday?

Mr. HUMPHREY. That is correct.

EXECUTIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

DIPLOMATIC AND FOREIGN SERVICE AMBASSADORS

The Chief Clerk read the nomination of Foy D. Kohler, of Ohio, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of Soviet Socialist Republics.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John H. Ferguson, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Morocco.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William Leonhart, of West Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Tanganyika.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

NOMINATION PASSED OVER

The Chief Clerk read the nomination of Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

The VICE PRESIDENT. Without objection——

Mr. THURMOND. Mr. President, I object to consideration at this time of the nomination of Mr. Bohlen to be Ambassador to France.

The VICE PRESIDENT. The Senator has a right to object, but an objection cannot block consideration of the nomination.

Mr. HUMPHREY. Mr. President, under the circumstances, we shall pass over this particular nomination.

The VICE PRESIDENT. Without objection, the nomination will be passed over.

ASSISTANT SECRETARY OF STATE

The Chief Clerk read the nomination of William R. Tyler, of the District of Columbia, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

AGENCY FOR INTERNATIONAL DEVELOPMENT

The Chief Clerk read the nomination of Bernard T. Brennan, of New York, to be Deputy Administrator for Administration, of the Agency for International Development.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

DAIRY LEGISLATION

Mr. ELLENDER. Mr. President, I wish to give assurance to Senators that during the consideration of the farm bill, no proposed legislation affecting the milk program will be offered by me.

It is my purpose at this time to introduce a bill pertaining to the milk program—in the hope that the Committee on Agriculture and Forestry can hold hearings on the bill within a few weeks; and it may be that I shall ask that funds be provided, to make possible the holding, during the adjournment period this fall, of hearings on the measure which I shall introduce. The bill that I am introducing is intended as a starting point for discussion. It was prepared at my request for that purpose and does not represent the views of the administration. I am hopeful that the milk producers and their representatives and others in the milk industry will come in with suggestions for improvements in this legislation or alternative workable proposals. I am hopeful that the industry will do everything in its power to put its house in order before drastic legislation becomes necessary, for this type legislation would be the last thing I would want to happen to dairy farmers.

Yesterday, the Secretary of Agriculture sent me a letter. I ask unanimous consent to have it printed in the RECORD following my statement.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. ELLENDER. Mr. President, this letter from the Secretary of Agriculture is a report on the current situation regarding the major problems in the dairy industry. It requests that the Committee on Agriculture and Forestry consider further the need for improved dairy legislation. This request of the Secretary of Agriculture is in accord with a statement which I made about 30 days ago; namely, that during this session, although I found that it was rather late to hold hearings on dairy legislation and to enact a law pertaining to it, we would at least hold hearings.

In his report the Secretary points out that at the present time we have over 400 million pounds of CCC-owned butter in freezer storage and that we are very near to the limit of available freezer storage capacity. The Department has estimated, by a nationwide survey, that there is only 90 million pounds of additional freezer storage capacity available throughout the country for storage of CCC-owned butter. Two-thirds of the remaining freezing space available is in Florida, Texas, and California, far from the major butter producing areas. However, there is no assurance that all of this space will be made available for storage of CCC-owned butter. Further, the Department estimates that the total uncommitted CCC inventories of butter will reach 500 million pounds early next year, thus equaling the total potential freezing storage capacity.

The Department is making every effort to utilize fully the quantities of butter that the Department has on hand. Donations to the school lunch program, welfare institutions, Veterans' Administration, armed services installations, and needy families during the first 9 months of the 1961–62 fiscal year have been 45 percent greater than during the same period of the previous year. Donations of butter to needy persons, for example, are now at the rate of 12 pounds per person per year, almost twice as much as the per capita consumption of butter by persons who must buy it through commercial channels. In addition, the Department has offered 200 million pounds of surplus butter for foreign donations under the food-for-peace program and is now contracting for the processing and canning of 100 million pounds of butter into oil because this product can be stored in cooler space rather than freezer space, notwithstanding the fact that there are no prospective foreign outlets in sight at present for large quantities.

The Department, as of July 31, 1962, also had uncommitted stocks of 105 million pounds of cheese and 556 million pounds of nonfat dry milk, in spite of the fact that donations of cheese for domestic school lunch and welfare uses in the first 9 months of 1961–62 were six times greater than the year earlier, and that 40 million pounds of cheese have been made available for foreign donations. Donations of nonfat dry milk for domestic use have been increased 40 percent, and, for foreign use, 38 percent. In other words, the Department of Agriculture is making every effort to sell or give away as much butter, cheese, and dry milk as it possibly can; but, in spite of this, Government stocks continue to increase.

The dairy program is the most costly of all programs now on the books. Under this program, prices must be supported at between 75 and 90 percent of parity, with no curbs whatever on production. Farmers can produce all they wish; and the Government must, under the law, be ready to buy at these prices all excess production. In the last marketing year, the net cost of the price-support operation for dairy products totaled $597 million. This includes total purchases, armed services milk program, storage costs, and section 32 expenditures; minus such proceeds as accrue through commercial sales for exports. It does not include the school milk program, which last year totaled about $90 million. During this period the support price for milk was at 83 percent of parity, or $3.40 per hundred pounds.

Notwithstanding the fact that the price support has been reduced to $3.11 per hundred pounds, the Department of Agriculture estimates that the net cost of the dairy price support program this year will again be in excess of a half billion dollars.

Mr. President, I have said repeatedly that, in my opinion, some changes in the dairy laws are imperative if the program itself is to survive. In that connection, I am introducing a bill which would, first, amend the present law to provide price supports at from 0 to 90 percent of parity, rather than the 75 to 90 percent of parity; and, second, to reduce the prices received by producers in marketing order areas for milk produced in excess of that needed for fluid requirements, including the essential reserves, to a level which would discourage the production and marketing of milk in excess of the market's requirements.

Mr. President, this bill does not provide for controls or penalties. It provides only for lower prices for milk produced in excess of our needs.

For example, no market order area will be affected until and unless that market area produces in excess of the needs of that market. Of course, when this happens, prices for the excess only will be lowered to such levels as will discourage its production.

It is my hope and expectation that the Committee on Agriculture and Forestry will hold hearings in an effort to develop legislation which will solve some of the more pressing problems now experienced by the Government in the administration of price support and related laws now on the books. I would like all who are interested in dairying to be prepared to offer constructive suggestions to this end.

While the bill that I have introduced may not be the ultimate solution to our problems, certainly it does point the way for a voluntary reduction in supplies, by offering producers a lower price for milk and cream which are neither needed nor necessary, and which, as the Secretary of Agriculture has pointed out, cannot even be given away.

I feel certain that the farmers of this Nation do not want their Government to spend huge sums of money in order to support the price of milk which cannot be used, and I am sure that the taxpayers will rebel at the continued practice of such nonsense.

There is no doubt but that the hearings will result in renewed efforts by those who are sincerely interested in Agriculture to develop a sound workable program.

I send to the desk, for appropriate reference, a bill to reduce Government expenditures for price support for dairy products and discourage the production of excess supplies.

I ask unanimous consent that the bill as a whole be printed in the RECORD at this point—it is very short—and that a short explanation thereof be placed in the RECORD at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and explanatory statement will be printed in the RECORD.

The bill (S. 3655) to reduce Government expenditures for price support for dairy products and discourage the production of excess supplies, introduced by Mr. ELLENDER, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 201 of the Agricultural Act of 1949 is amended—

(1) By striking out "honey, milk, butterfat, and the products of milk and butterfat" and inserting "and honey".

(2) By striking out all of subsection (c).

(b) Section 301 of the Agricultural Act of 1949 is amended by striking out "title II" and inserting "section 201".

SEC. 2. The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is amended by inserting after section 8e a new section 8f to read as follows:

"SEC. 8f. Notwithstanding any other provision of this title—

"(1) Any marketing order fixing minimum prices for milk shall provide that during any accounting period or periods in which the amount of milk priced and pooled under the order is in excess of an amount determined by the Secretary to be necessary to insure meeting the requirements of the market in the highest use classification, giving consideration to the reserves essential to such market, the total value of milk purchased by any handler or by all handlers shall be apportioned so that each producer whose milk is priced and pooled under the order who contributed to such excess shall receive for that portion of his milk reflecting the excess over the amount so determined by the Secretary a price which is below the prices applicable to milk for manufacturing purposes, and which the Secretary determines will discourage the production and marketing of such excess milk. The amount determined to be in excess in the case of any such producer shall be the amount marketed by him in excess of an allotment based on (a) the amount determined hereunder by the Secretary to be necessary for the market, and (b) the amount produced by him and priced and pooled under the order during a prior representative period or, in the case of a new order, a comparable amount. Due provision shall be made for abnormal conditions, hardship cases, new producers, and other appropriate factors.

"(2) In the case of any producer who during any such period delivers a portion of his milk to persons not fully regulated by the order, any such order shall provide for reducing the allotment of, or payments to be received by, any such producer to compensate for any marketings of excess milk to such other persons for such period or periods as necessary to insure equitable participation in marketings among all producers.

"(3) Any such order shall provide for such reports and the keeping of such books and records by producers and by the person or persons to whom he may dispose of milk as the Secretary may prescribe and upon request of the Secretary make required records available for inspection.

"(4) No handler, including a cooperative association, shall make payment to a producer on milk marketed in excess of his allotment, at a rate other than that prescribed for such excess milk.

"(5) The authorization for provisions contained in section 8c(7)(D) shall be applicable to orders containing provisions under this section with the same force and effect as though this section was specified therein.

"(6) Any producer for whom an allotment is established under the authority of this section may obtain a review of the lawfulness of his allotment as prescribed by the order of the Secretary establishing the allotment and rules and regulations thereunder, which shall constitute the exclusive procedure for review thereof and section 8c(15)(A) of this title shall not apply thereto. Under such order, rules, or regulations any officers or employees of the Department or any committees or boards created or designated by the Secretary of Agriculture may be vested with authority to perform any or all functions in connection with such review proceedings, including ruling thereon. Committees or boards created or designated for this purpose shall be deemed agencies of the Secretary within the meaning of subsection 8c(7)(C) and section 10 of this title. The ruling upon such review shall be final if in accordance with law. The producer may obtain a judicial review of such ruling in accordance with the provisions of section 8c(15)(B) of this title.

"(7) The provisions of section 8a(5) shall not apply to any producer in the application of this section or regulations issued pursuant thereto.

"(8) With due regard for the statutory requirements with respect to notice and public hearing prior to the amendment of existing milk marketing orders, nothing contained in this section is intended to or shall be construed as affecting in any way whatsover the continued operation and administration of each of such orders during the interval between the date of enactment of this section and the respective dates upon which appropriate amendments are effectuated in connection with existing milk marketing orders: *Provided,* That appropriate amendments to existing orders incorporating provisions required by this section shall be made effective not later than nine months after the date of enactment of this section, otherwise any such order not so amended shall be suspended or terminated until so amended."

The explanatory statement presented by Mr. ELLENDER is as follows:

STATEMENT BY SENATOR ELLENDER

The bill would (1) provide price support at 0 to 90 percent of parity for milk and butterfat, and (2) reduce the price received by producers in marketing order areas for milk in excess of that needed for fluid requirements (including essential reserves) to a level which will discourage its production and marketing.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill provides for price support for milk and butterfat at 0 to 90 percent of parity. Subsection (a) repeals the provisions of section 201 of the Agricultural Act of 1949 requiring price support at 75 to 90 percent of parity for milk, butterfat, and the products of milk and butterfat. Subsection (b) makes it clear that although milk is designated in title II of the 1949 act (in section 202), it would be covered by the 0 to 90 percent support provisions of title III of the 1949 act.

Section 2 adds a new section 8f to the marketing order law to provide for lower prices to producers on milk in excess of the market's requirements.

Subsection (1) of the proposed section 8f would require each milk marketing order to provide that whenever the amount of milk priced under the order exceeded the amount required to meet fluid needs, allowing for necessary reserves, the amount paid out of the pool for the excess would be such as to discourage production and marketing of an excess. Each producer would receive an allotment, based on past marketings under the order, so that his share of the excess (on which he would receive the reduced price) could be determined. Provision is made for new producers, new orders, hardship cases, and other factors. The price to handlers would not be reduced, so that the difference between the handler's payments and the reduced amount paid to the producers for the excess produced by them would go to increase the blend price paid for the nonexcess milk.

Subsection (2) prevents producers from diverting their excess milk to other markets to escape the price reduction. Their allotments or payments would be reduced to compensate for such diversion.

Subsection (3) provides for reports, books, and records.

Subsection (4) prohibits handlers from paying producers more than the specified reduced price for excess milk.

Subsection (5) makes the general authorization of section 8c(7)(D) of the act for incidental and necessary provisions applicable to orders issued under the new section 8f. It is now applicable to all orders now authorized by the act.

Subsection (6) provides for a method of review of producer allotments.

Subsection (7) exempts producers exceeding allotments under new section 8f from the civil forfeiture provisions of section 8a(5) of the act.

Subsection (8) provides a 9-month period after enactment during which existing milk marketing orders must be amended to conform to the requirements of new section 8f.

EXHIBIT 1

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 15, 1962.

Hon. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry, U.S. Senate.

DEAR SENATOR ELLENDER: On several occasions during consideration of the pending farm bill you have stated your intention to have your committee consider further the need for improved dairy legislation. We would welcome such action at the earliest feasible time. The dairy price support program is now reaching an extremely critical situation. In my opinion there is an urgent and immediate need for legislative action in order to prevent a debacle with the most serious consequences for dairy farmers, consumers, and taxpayers. I should like to report to you on the current situation in respect to major problems in the dairy industry which I believe your committee would wish to consider.

Purchases of dairy products under the price support program are outrunning the Government's greatly expanded utilization of these products for domestic and foreign assistance programs. As a result, stocks of CCC-owned dairy products in storage are growing rapidly to unprecedented levels.

The most urgent problem concerns butter. At present, we have over 400 million pounds of CCC-owned butter in freezer storage. We are very near to the limit of available freezer storage capacity. We have estimated, by a nationwide survey, that there is only 90 million pounds of freezer storage capacity available throughout the country for storage of CCC-owned butter, in addition to the warehouses already filled with CCC's present stocks. Two-thirds of this remaining freezer space is in Florida, Texas, and California—far from the major butter-production areas—and there is no assurance that all of this space will be made available. Because space is not available locally, we are already required to ship butter from Minneapolis to the South for storage, necessitating extra transportation costs of 1 to 4 cents per pound before its ultimate disposition will be possible.

In the face of this already-tight butter storage situation, CCC continues to acquire butter under the mandatory 75 percent of parity price support program at a rate considerably faster than it can be utilized for authorized disposal outlets. We estimate the total uncommitted CCC inventories of butter will reach 500 million pounds early next year—thus equaling the total potential freezer storage capacity available. Thus we are face to face with the prospect within a few months of having no place to put butter acquired through price-support purchases.

We are making every effort to utilize maximum quantities of butter for authorized purposes. Donations of butter to the school-lunch program, welfare institutions, Veterans' Administration and armed services installations and needy families during the first 9 months of the 1961–62 fiscal year have been 45 percent greater than during the same period of the previous year. Donations of butter to needy persons in the United States are now at a rate of 12 pounds per person per year—almost two times as much as the average per capita consumption by persons who buy butter through commercial channels.

The Department of Agriculture has offered 200 million pounds of surplus butter for foreign donations under the food-for-peace program. This butter will be converted into butteroil or ghee and canned, or into canned butter, at a cost of nearly 5 cents per pound, as necessary to make it usable for these outlets. However, we do not anticipate that a large volume can be utilized for such outlets in the immediate future.

Although we do not have prospective foreign outlets in sight at present for large quantities, we are now contracting for processing and canning 100 million pounds of butter into oil. This product can be stored in cooler space, thus freeing freezer space for storage of additional acquisitions of butter. This step is necessary in order to minimize the risk of deterioration of older stocks of CCC-owned butter, and to assure sufficient freezer capacity to handle the prospective additional acquisitions during the months immediately ahead.

Supplies of cheese and nonfat dry milk, although creating a less urgent storage problem, are also large. Donations of cheese for domestic school lunch and welfare uses in the first 9 months of 1961–62 were six times greater than a year earlier. We have made available 40 million pounds of cheese for foreign donation. Donations of nonfat dry milk for domestic use were increased 40 percent and for foreign use 38 percent. Still greater quantities are being made available wherever they can be used in the food-for-peace program. Yet CCC stocks of these products likewise continue to outrun available disposal outlets. Uncommitted inventories, as of July 31, 1962, totaled 105 million pounds of cheese and 556 million pounds of nonfat dry milk.

The cost to taxpayers of the dairy price support program has reached an alltime high. During the marketing year which ended March 31, 1962, net costs of price-support operations for dairy products totaled $597 million dollars. These Government expenditures amount to 50 cents for each 100 pounds of milk marketed by U.S. dairy farmers during 1961–62. The U.S. average price received by farmers for milk sold during this period was $4.23 per hundredweight. The cost of price-support operations for the amount of milk produced during the year by an average dairy cow comes to $36; the cost for a herd of 30 average milk cows for the year was $1,080.

We estimate that the net cost of the dairy price-support program will again exceed half a billion dollars for the 1962–63 marketing year. Despite these enormous total expenditures for dairy price supports, despite the heavy contribution of the Government to the farmer's income from milk, dairy farmers' incomes are far from adequate. The Department of Agriculture each year analyzes costs and returns of representative efficient dairy farms in various sections of the Nation. In 1960, when milk prices were comparable to those of today, dairy farm operators received net returns on their labor ranging from 33 cents per hour in eastern Wisconsin to 72 cents in the Northeast (mainly New York). The dairy farms analyzed represented average investments of about $40,000. An allowance of only 4.1 percent was made in these studies for return on investment. These low returns on labor and investment received by dairy farmers make it abundantly clear that milk prices could not be reduced without serious hardship and inequity to dairy farmers and their families. Present levels of dairy-farm income are too low for the good economic health of rural communities, and for a desirable contribution to overall national prosperity.

Although the leveling off in milk production in recent months indicates that the uptrend in production has been at least temporarily checked, the serious imbalance between milk supply and demand shows little sign of correction in the foreseeable future. Individual dairy farmers are continuing to improve their efficiency and increase production at a rapid rate. At present milk prices, this is the only means the individual dairy farmer has of maintaining his gross income in the face of continually increasing production costs. While some producers may go out of production at present prices, the increases in production of those remaining will maintain production at a high level. Increased efficiency may reduce costs per unit of production somewhat but, unless the support price on milk is increased, producer returns will remain at extremely low levels and even efficient dairy farmers and their families will remain in a depressed income situation.

Under the circumstances of the 1960's, there is no realistic prospect that acquisitions of dairy products under the mandatory price support program at 75 percent of parity will not continue to outrun commercial demand and all reasonable surplus utilization outlets. This means that under the present law, inadequate as it is to assure fair and stable incomes for dairymen, Government costs and CCC purchases will continue at extremely high levels.

The near-emergency in freezer storage capacity for butter stocks, the persistent high level of Government price support costs, and the need of dairy farm families for adequate and stable incomes, make immediate legislative action a matter of urgent priority. New legislation is needed in order to:

1. Limit the acquisition of dairy products to quantities which can be utilized, without waste, in the national interest;

2. Authorize dairy farmers, if they choose by a two-thirds majority to do so, to bring milk supplies into reasonable balance with demand and needs for Government programs, in order to maintain their prices and incomes at a fair and adequate level; and

3. Provide for a gradual transition toward reduced Government expenditures for price support operations, at the choice of dairy farmers themselves, either through lower support-price levels or through adjustment of milk supplies to demand.

I realize that it is now late in the session, and that much of your committee's time has already been occupied this year with consideration of the dairy problem. However, the problem is growing increasingly acute. The opportunity for deliberate and constructive consideration is passing. Within a year's time, the seriousness of the problem of managing surplus stocks, coupled with excessive costs to the taxpayers, may foreclose the gradual adjustments which could be effective if initiated promptly. Accordingly, I urge that your committee give further consideration to the critical situation in the dairy industry in the hope that dairy legislation may be developed to cope with the problems which confront us.

Sincerely yours,

ORVILLE L. FREEMAN.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. PROXMIRE. As a Senator from the State of Wisconsin which produces more milk than any other State by far, and exports more milk than the next five States combined, I am tremendously interested in the bill introduced by the chairman of the Agriculture and Forestry Committee, and am much interested in the statement he has made.

I am grateful to the Senator from Louisiana for expressing his usually keen concern and tremendous competence in this field.

Along with the consideration which we must give to the increasing cost of this program—and the Senator is absolutely right in calling for legislation and action in this field—I do hope there will be at least equal weight given to the crisis in dairy farm income, a crisis which, the longer it lasts, the more we become used to it, but which is, overall, far more serious and more important than the crisis in stocks of butter, cheese, and dry milk and the increased cost to the taxpayers.

We must remember that the dairy problem has not largely been caused by the dairy farmer producing too much. The serious problem is the drop in consumption of milk.

How can the dairy farmer be blamed for this? He has been producing a cleaner product than ever—getting less for it and yet people buy less.

The dairy farmer gets only 6 or 7 cents a quart for his milk.

People complain about the cost of the dairy program. Add the total cost, to the full amount the dairy farmer receives in the market, and the American taxpayer-consumer is receiving the best bargain in the world. He is paying far less than consumers in any other country or than in this country at any other time in history. Once again, Mr. President, I am looking forward to these hearings.

Mr. ELLENDER. Yes; and if they cannot be concluded, or if in a couple of weeks we find that it will be impossible to hold hearings during this session, then I shall ask the Senate to provide funds so that we may be able to hold hearings in the field as necessary.

The Senator well knows that a couple of months ago, when it became apparent that the Committee on Agriculture and Forestry could not deal with the milk problem because there was so much opposition to the proposals made in the bill—and I may say, in passing, I was opposed to some of the provisions of the milk title—I said then, and I want to repeat now, that unless something is done about that program, it is bound to be in the same category as our potato program of 7 or 8 years ago, when, in less than 2 days, Congress adopted a resolution to do away with the potato program altogether.

I do not want that to happen to the milk program. I express the hope that the milk producers will be able to study this bill and offer suggestions. In the meantime it occurs to me that the milk producers could do a lot to help themselves, and perhaps arrive at an arrangement so that we would not have to have such a bill. They could take upon themselves ways and means of curtailing production in keeping with our needs.

Mr. PROXMIRE. I think the suggestion is excellent. Many Wisconsin farmers earnestly support that feeling and they want to act to get the Federal Government out of this field as much as it possibly can be taken out. They feel very badly about the cost to the Federal Government and would welcome that kind of opportunity.

I think the Senator from Louisiana is right in calling on the leaders of the dairy industry to come forward with their own program, and do as much as they can, themselves, and come before us with an agreed-upon approach, so as to cut down the cost of the program, and, I hope, do something to increase dairy farm income, because it is disgracefully low.

I thank the Senator for yielding.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KEATING. As a Senator from a State which has very sizable milk production—very sizable—the very finest milk, the best one could drink——

Mr. PROXMIRE. Second only to Wisconsin.

Mr. KEATING. I do not yield for that purpose. I want to say it seems to me the Senator from Louisiana has approached this problem from a very constructive point of view. I shall endeavor to have the producers from New York State, insofar as I can, give study to the bill which the Senator from Louisiana has introduced. I have not seen it. I know nothing about its terms, but I will see that it gets into the hands of those deeply concerned, farmers, various organizations, and so forth.

It is my hope that they will be able to come up with constructive suggestions, as they often have in the past. I will cooperate with the Senator in his plans for hearings in the field. After all, it is difficult for many of these people to come to Washington. Perhaps we could have hearings, for instance, in three or four places in upper New York State. I am sure the Senator from Vermont would want one in Vermont. I do hope, if hearings in the field are planned, it will be possible to conduct some hearings in communities in New York State which are large milk-producing areas.

Mr. ELLENDER. I wish to say to my good friend from New York that the bill I introduced is not by any means perfect. I emphasize that it does not provide for national quotas of any kind. That was included in a proposal submitted by the administration.

This is a bill which I have tried to draft in the light of much testimony which was adduced in connection with the farm bill which was considered and passed in May. I repeat, it is not an administration bill.

After the hearings, in an effort to get people together, I saw that there was little chance to obtain unanimity as to what to do, and I then abandoned the idea of suggesting to the committee that dairying be included in the farm bill, but instead suggested separate legislation.

As I said, I consider this bill to be a simple bill, in that an attempt would be made to discourage the production of excess milk in milkshed areas. The Senator from New York knows that when the marketing order provisions of the law were put on the statute books it was the hope that wholesome milk would be produced in the milkshed areas and that certain regulations would be imposed on the producers of that milk so that under the marketing orders they would have more or less a fixed minimum price.

What I would do, in the bill, is to provide a good price for those who produce milk for fluid consumption. I would discourage those who produce more than is necessary for consumption as fluid milk by reducing their returns on the excess.

I say to my good friend from New York that his area, along with several other States, in my opinion, have violated the principle of the milkshed law enacted years ago. When the law was first put on the statute books, as much as 85 to 90 percent of the milk produced in the milkshed areas was used for direct consumption as fluid milk, and only from 10 to 15 percent was extra milk. In order to have a steady supply of milk I realize that we must provide a little more than the minimum necessary, but some milk producers have produced far more than they should. Those are the ones I am trying to reach; to encourage them to curtail their production. That would be accomplished by giving them a lesser price support for the extra milk, which may be used for manufacturing purposes.

Mr. KEATING. I am not sufficiently familiar with what the Senator would provide in his proposed legislation, nor with the position of the milk industry at this point, to discuss with him the merits of the proposed legislation. I assure the Senator I will make it a point to see that the various organizations in New York State are fully aware of what the Senator seeks to accomplish by his legislation.

The very fact that the Senator indicates that New York, Ohio, and certain other areas have produced more milk than they should and have violated at least the spirit of existing agricultural marketing legislation makes it apparent to me that it is important that hearings be held in milk producing areas of the Northeast. The points of view of all groups must be presented to the committee, so that no conclusions will be drawn which may be injurious to the milk producers in a given area without a full opportunity for these producers to be heard. I am sure the Senator, in his usual fair manner, would wish to afford producers this opportunity.

Mr. ELLENDER. Let us consider, for example, a situation in nearby Virginia. Some years ago a particular milkshed area was short in the production of milk for direct consumption. Production has increased to the point that now about 90 percent of the milk produced in this milkshed area of Virginia to which I refer is used for direct consumption, and only 10 percent is used for ice cream, butter, and things like that, all of which is used locally. The dairy farmers in this particular milkshed discourage the production of excess milk. As a result they are in good shape.

However, in the New York-New Jersey market order area the production of milk for direct consumption in 1960 amounted to only 51.7 percent of total receipts, and in 1961 to 49 percent of total receipts, with the remainder going to manufacturing purposes.

Mr. KEATING. Of course, we in New York are known to manufacture the finest ice cream, cheese, and butter manufactured by any State in the Union.

Mr. ELLENDER. But there is no reason why the Federal Government should be required to support the price of milk in a marketing order area when, as I said, much of it is used for manufacturing purposes, but at the same time they receive even higher prices for class I milk. The intent of the law was to regulate the various milksheds in order to provide milk for direct consumption rather than for manufacturing. While the marketing order law is intended to provide a fair price to encourage a stable supply for fluid use, the blend price under marketing orders now encourages producers to produce far in excess of fluid requirements.

Mr. KEATING. If the State of New York is getting more Federal money than other States under this program, it is the only program on the statute books in respect to which that is happening. Usually, although New Yorkers pay 20 percent of all Federal taxes, we get the short end of the stick when it comes to Federal spending.

I know the sincerity of the Senator. I know he wants to go forward with this program. My purpose in rising was to assure him that he will have the cooperation of this Senator, who represents a large dairying State, but also to urge him that the producers of the State be given every opportunity to testify.

Mr. ELLENDER. I shall be glad to do that.

I hope the Senator will tell his constituents that I shall be happy to listen to their spokesmen and that they should come forward with some constructive suggestions.

I repeat, if the program is permitted to drift along with such tremendous losses as I have indicated, it will place in jeopardy not only the milk program but also other farm programs now on the statute books.

Mr. KEATING. Those are already in jeopardy, in my judgment.

Mr. ELLENDER. They are. I have tried the best way I could to correct the situation, but some folks voted against the proposals made. I still feel that unless something is done, particularly in the case of wheat, corn, and other feed grains, we stand to lose not only those programs but also other programs which have benefited agriculture to a large extent.

Mr. KEATING. I agree with the Senator; but what I would do and what the Senator would do, I think might be quite different.

Mr. PROXMIRE. Mr. President, I thank the Senator for his patience. Will the Senator yield to me once more?

Mr. ELLENDER. I yield.

Mr. PROXMIRE. I have in my hand a brief explanation of the bill. I have not had an opportunity to study it. I am anxious to do so.

One of the things which the bill would do would be to drop the floor for milk price supports down to zero.

Mr. ELLENDER. That is correct. The Secretary would have authority to fix the support level between zero and 90 percent of parity. It would not have to drop to zero.

Mr. PROXMIRE. The provision now is for 75 percent of parity.

Mr. ELLENDER. Yes.

Mr. PROXMIRE. As I have stated before, I think the biggest injustice in America—and I have documented this on the floor of the Senate—is low farm income, and especially low dairy income, for it is disgracefully low. Seventy-five percent of parity is now already far too low, and if this support price goes even lower as the amendment of the Senator from Louisiana permits, it will destroy the dairy industry in the State of Wisconsin.

I am deeply concerned with the provision in this bill to permit zero price supports. I hope that in some way we can work out this problem. I recognize that there is a very urgent problem with respect to the butter surplus.

The butter surplus must be dealt with. But I hope that the distinguished chairman of the Committee on Agriculture and Forestry, who is deeply concerned, I am sure, with the plight of farmers and has been for years, and knows more about it than virtually anyone in the Senate or in the Congress, would recognize what this can do to a great State like my own State, which relies so heavily on dairy production, and what it can do to our dairy farmers, who work tremendously hard and have a big investment. They have vastly increased their efficiency, and are getting along on about 75 cents an hour at best. Now the average has sunk to about 50 cents an hour. These are people with a $40,000 or $50,000 investment in their farms on the average. If it did go to zero percent of parity—and that is the floor that is put on it by the bill—under present circumstances it would be impossible for tens of thousands of farmers of my State and for the dairy industry generally in my State to operate.

I hope that if the Senator from Louisiana has hearings in the field, he will come to Wisconsin, and will come particularly to the areas of our State in which we produce so much milk.

Mr. ELLENDER. Of course, I realize that the provision of the bill might deal quite a blow to some of the constituents of my good friend. But, as I read the proposal that I am placing before the Senate, it may be possible for the Secretary of Agriculture to have a support price affecting milk producers in the milkshed areas and another that would operate generally outside of the milk area, and provide a higher price support for producers of milk outside of marketing areas. It may be that we can work out something along that line. Under the bill the Secretary might fix a support level that would be fair to the producers in Wisconsin. But producers in marketing order areas who produce excessive supplies might receive for their excess an amount below the support price.

I am trying to have the milk producers in the regulated milksheds of our Nation at least follow the spirit of the marketing orders and produce milk at high prices—good prices—for fluid consumption. That was the intent of the law.

Mr. PROXMIRE. I agree with the Senator. But it is not clear to me why the floor must go to zero.

Mr. ELLENDER. I believe the law has been abused. The only way we can solve the problem is by making the farmer's return for excess milk in milkshed areas so low that it would discourage farmers from producing it. Give them a high price for fluid milk and a low price for excess milk. That is the purpose I have in mind. If we can accomplish it in one way or in any other that my good friend may suggest, I will be with him. But I repeat that something must be done if the milk program is to continue.

It may also be necessary to reduce the national support price below the present 75 percent of parity minimum level. The action provided by the bill for regulated milksheds may not be enough to solve the problem. The Secretary should also have authority to reduce the national support price. I hope that at the hearings the industry and all interested parties will help us to work out a program that will protect and improve income of dairy farmers and also reduce program costs. I hope that can be done.

TISSUE BANK OF THE DISTRICT OF COLUMBIA

Mr. PROXMIRE. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The **PRESIDING OFFICER.** The concurrent resolution will be stated.

The legislative clerk read as follows:

> *Resolved by the Senate (the House of Representatives concurring)*, That, in the enrollment of the bill (S. 2321) to encourage and aid the development of reconstructive medicine and surgery and the development of medico-surgical research by authorizing the licensing of tissue banks in the District of Columbia, by facilitating antemortem and postmortem donations of human tissue for tissue bank purposes, and for other purposes, the Secretary of the Senate be, and he is hereby, authorized and directed to make the following change, viz: On page 5, line 19 of the engrossed bill, strike out the word "section", where it appears the second time, and insert in lieu thereof "section 7,".

Mr. PROXMIRE. Mr. President, the concurrent resolution would make a technical correction in the health bill to provide for the tissue bank in the District of Columbia. It would strike out the word "section" and insert in lieu thereof "section 7." I ask for its immediate consideration.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 88) was considered and agreed to.

FEDERAL GOVERNMENT MUST BEAR COST OF PROTECTING FOOD AGAINST FALLOUT

Mr. PROXMIRE. Mr. President, it appears that there is a real possibility that dairy farmers in some areas will be expected to take appropriate countermeasures to prevent radioactive contamination of milk.

If this is necessary I think it is absolutely clear that costs of keeping milk pure and free of fallout should not have to be paid by individual farmers, or by consumers of milk in the specific areas affected.

Without question the Federal Government should bear the cost of protective countermeasures if they are needed to prevent radioactivity in milk.

Dairy farmers will certainly take all necessary precautions to keep milk pure and healthy. Any cost of such measures, I believe, should be paid by the Federal Government.

The reason is very apparent. The fact is that these tests are necessary for the defense of our Nation. The tests that the Russians are carrying on are tests which obviously no American citizen can prevent. We all wish we could. At any rate, the costs of the tests will be enormously heavy for our farmers, and particularly our dairy farmers. That cost is going to be serious and direct within a few days on the basis of the understanding I have received lately. So I think it is only fair, in view of the low farm income we have now, that the cost be borne by all Americans, since it is something that is incurred in the defense of our country.

Mr. President, it would be a serious error for people to stop eating dairy products or drinking milk. That kind of countermeasure does not make sense.

Widely publicized radioactivity rises in some areas in recent months has focused attention on milk. Because it is nature's most perfect food and plays such a large role in infant diets, this has caused understandable concern.

Nutrition experts say it would be a mistake to curtail milk consumption. One study shows that if essential body-building calcium is derived from other sources like green leafy vegetables, the human radioactivity intake is multiplied.

However, if radioactivity from nuclear tests continues to rise in specific areas, dairy producers can and will take appropriate countermeasures. Of these the most effective and workable would be to shift cows from pasture to dry feed.

STORED FEED IS FALLOUT FREE

Since feed is under storage, it is not contaminated with radioactivity. Cows fed on stored corn and other feed grains will produce milk free of radioactive hazards even if the out-of-doors contamination should become serious.

If and when such measures are needed I am confident that dairy farmers will be willing to cooperate fully to maintain the high standards of quality and purity that are traditional in this industry.

Portable measurement devices are available and can be used, if necessary, to pinpoint high radiation levels early enough to make unnecessary changes in consumption or marketing.

But without question, any extra cost of protecting milk should be borne by the Federal Government, not by individual farmers or consumers. To charge this indirect cost of nuclear testing to dairy producers who have the bad fortune to be located in spots of high radioactivity would be cruelly unfair.

The Department of Agriculture should immediately establish standby procedures to insure that adequate supplies of stored feed are made available to dairy farmers if radioactive contamination in specific areas should require a shift away from grass and pasture.

The reported high radioactivity levels in Minnesota and Iowa last week again emphasize the need for clear national authority and standards on radioactivity hazards.

Decisions on the possible need for countermeasures must be absolutely reliable. Otherwise there would be serious danger of unwarranted milk scares which would deprive children of essential nutrition and cripple a great American industry.

I therefore urge immediate enactment of the Proxmire bill to vest full authority over radioactivity hazards in the Public Health Service. It has been referred to the Senate Committee on Labor and Public Welfare, and I hope that it will receive prompt attention.

There already exists a Department of Agriculture program that can be used effectively to cover a major part of the cost of shifting dairy herds to stored feed. It is the livestock feed program, which already makes it possible to provide feed at 75 percent of the support price to farmers in areas afflicted by natural disaster or catastrophe. This program has been used in cases of drought, hailstorms, and floods. It can and should be extended to cover cases where pasture is made unsuitable for grazing because of fallout contamination.

On the basis of recent reports, it appears that the Department of Agriculture has not taken full advantage of the livestock feed program. In spite of the serious drought this summer in Pennsylvania, Maryland, New York, and other sections of the East and Northeast, the Department has not taken steps to make livestock feed available, as authorized by law. While this year's voluntary feed grain surplus reduction program has been a marked success, and has reduced feed stocks in storage by a full 12 million tons—far more than predicted—there remain ample supplies to permit the livestock feed program to be put into effect. It is a source of regret and dismay to many that this has not been done.

Applying our stockpile of stored feed to the livestock feed program would be a most worthwhile use. Making it available on a similar basis to farmers who switch their herds away from pasture to dry feed to protect milk from radioactivity is a logical extension of the livestock feed program for disaster areas.

Since the cost of protecting the Nation's health and safety from fallout hazards is a national responsibility, closely related to civil defense and our military situation, as well as to the responsibilities of the Public Health Service, it seems appropriate that the cost of any necessary countermeasures should not be charged to our farm programs. The high cost of farm programs has become such a political football that it may be a better policy all around for the cost of protecting the American people from radioactive fallout be allocated elsewhere.

Mr. President, I ask unanimous consent that a letter from the Public Health Service and one from Dr. Dexter Goldman, of Madison, Wis., both to me, be printed at this point in the RECORD, along with a study prepared by a group of doctors and scientists in Madison entitled "Fallout, Radiation, and Public Health" and the accompanying letter of introduction.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
PUBLIC HEALTH SERVICE,
Washington, D.C.

Hon. WILLIAM PROXMIRE,
U.S. Senate, Washington, D.C.

DEAR SENATOR PROXMIRE: We are glad to have the opportunity to comment on the points concerning the problem of preventing contamination of bovine milk with radioactivity made in the letter of May 24, 1962, to you from Dr. Dexter S. Goldman. Your office was notified by telephone July 11, 1962, of a slight delay that developed in answering this letter. We hope that this delay has not been a source of inconvenience to you.

It appears that the principal point made by Dr. Goldman is that the Government scientific community and the milk industry should stress the fact that milk can be made safe as a food. The Public Health Service has pointed out that it has used milk as an index because it is widely used by young children, is readily available throughout the country, and serves as a practical and effective index for contamination by some of the more important isotopes such as strontium 90 and iodine 131. Some of these factors which make milk a good index also lend themselves to reducing the level of these isotopes more easily than they could be reduced in other foods. For example, the fact that milk is a liquid makes it possible to use ion exchange techniques for the removal of strontium. The fact that milk is processed, both at the farm and at the plant by well-trained personnel using complex equipment, leads itself to further measurement and treatment once definitive methodology can be agreed upon. Therefore, the Public Health Service has initiated several projects working toward the type of emphasis Dr. Goldman has stressed in his letter.

For example, early in 1960 several projects were initiated by the Public Health Service to develop methods of removing or reducing radionuclides in milk as a result of successes in the laboratory during the preceding 2 years. One of these was the establishment of a pilot plant at the Agricultural Research Center, Beltsville, Md., in cooperation with the Atomic Energy Commission and the Department of Agriculture. Results from this effort have indicated that the process is feasible and nutritional studies are presently in progress to determine if any detrimental changes may have occurred as a result of the treatment process. With his experience as a biochemist I am sure Dr. Goldman is well aware of the time required to obtain definitive answers from nutritional studies involving animals.

Concomitantly with the Beltsville study, investigations into methods of reducing concentrations in the raw fluid milk through alteration of farming practices were initiated in cooperation with the St. Louis County Health Department. These studies have progressed to the point where experimental pastures have been grown on soil where several types of lime, phosphates and other fertilizers have been applied. Reductions of roughly 50 percent in radionuclide content of the milk have been noted between the experimental and control herds. Again, it is too early to recommend that these practices be instituted without at least one replication to verify the initial result.

In summary, the Public Health Service, through this Division and the Division of Environmental Engineering and Food Protection, has been working continuously with the milk industry representatives to develop alternative approaches to the problem as quickly as possible. Everyone is well aware of the economic and health aspects occasioned by the reduction of milk consumption. We have continually advised the public and the industry of the need for further study before a definitive answer can be given to the questions you have posed.

Let me assure you that we appreciate Dr. Goldman's suggestions on this problem and that they will be considered when further studies are planned.

Sincerely yours,
JAMES G. TERRILL, Jr.,
Acting Chief, Division of Radiological Health.

MADISON, WIS.,
May 24, 1962.

Senator WILLIAM PROXMIRE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PROXMIRE: Many people, including myself and my wife, are becoming increasingly concerned over the hazards of nuclear device testing, hazards which will reap their toll in future generations. We wish to express our opposition to these tests and urge that talks, not tests, are the way out.

The primary purpose of this letter, however, is not the question of the tests themselves. Rather, I would like to suggest how the population can be protected from some of the harmful effects of fallout. It is possible to combine these protective measures with measures which will give the dairy industry significant aid.

Before I go into this matter I would like to state my qualifications to discuss this problem. I hold a bachelor of science in chemistry and a doctor of philosophy in biochemistry from the University of California. I spent 2 years in postdoctorate study at the University of Wisconsin's Institute for Enzyme Research, where I am now an associate clinical professor. For the past 9 years I have been chief biochemist in the tuberculosis research laboratory of the Madison Veterans' Administration Hospital. My fields of interest have been metabolism and the mechanism of action of toxic materials. I believe, therefore, that I may speak with some assurance on this subject.

It is safe to say that most authorities agree that—

1. Nuclear explosions produce radioactive isotopes which gradually appear as airborne contamination in our atmosphere.

2. Some of these isotopes (strontium 90, iodine 131, carbon 14) are retained by the body and accumulate preferentially in some tissues.

3. Radiations damage is cumulative and all radiation is harmful; there is no such thing as a threshold of exposure.

4. The damage from radiation will appear gradually in future generations and will be accumulated by the population.

5. Children are most susceptible to damage from strontium 90 because of the growth of their bone structure.

6 Even if we stop testing now, radiation from atmospheric fallout will continue to rise due to the equilibration of the stratospheric and tropospheric air masses.

7. The milk industry in Wisconsin is in poor economic condition.

I am not being facetious in this last item and I believe that you will agree with me that it is indeed pertinent.

Since we may agree that fallout will continue then we must also agree that we have a moral obligation to reduce the harmful effects of this fallout. I would like to suggest that the dairy industry is the place to start with this program. Milk is a key food in the diet of the people of this country and it is a key industry in Wisconsin. There is a quiet boycott that is gradually affecting the eating habits of the American people. First the cholesterol nonsense did the dairy industry much harm. Now a real fear of radiation contamination is making people wonder if they should eliminate milk from their diet. Needless to say this will have grave consequences both on their diet and on the economy of this State.

I wish to propose, therefore, that instead of hiding the dangers inherent in the consumption of milk containing strontium 90 from fallout you, as a Senator from Wisconsin, should stress the fact that milk can and must be made safe as a food. Some of the facts are already known. The cow, in the formation of milk, discriminates against strontium 90. This discrimination is increased if the calcium content of the cow's is increased. This may be accomplished by proper liming methods. The majority of the remaining strontium 90 may be removed by ion-exchange techniques. Several methods appear to be feasible for this. Accordingly, by careful control of the nutrition of the cow and by processing the milk properly essentially all the strontium 90 can be removed from the milk. The result should be that a good source of an excellent food is protected and the economy of the dairy industry is enhanced since people will depend on milk products for safe food.

It should also be pointed out that as of now milk is the only food which can be decontaminated and, accordingly, should be the basic food for growing children.

The question of the effectiveness of dietary calcium as a method of controlling strontium 90 absorption from contaminated food has often been discussed. I believe that the definitive work has been reported by Dr. Gran from the University of Oslo, Norway, and by Dr. Wasserman of Cornell University, New York. These scientists show quite conclusively that excess calcium in the diet projects against strontium 90 in the diet and that the discrepancies between the reports of several scientists can be resolved by showing that the protection by dietary calcium depends on the body's requirement for calcium. Thus young animals, who require large amounts of calcium, receive maximal protection; this would hold also for cows since they require large amounts of calcium in the formation of milk.

It appears then that two major points are involved here. First, milk can be made a safe and dependable food for all people. Second, this can, in all probability, be done within the context of present agricultural techniques. If this is so then the major capital investment for the installation of special equipment in dairies for the elimination of strontium 90 from milk will be unnecessary. All dairy farmers, by practicing proper feeding procedures, will profit from this. One note of caution is implicit in these points. The effects of large excesses of dietary calcium has not been adequately studied in large animals. All the studies reported have been on small laboratory animals. I urge, therefore, the immediate proposal of significant research in this area. The University of Wisconsin would be an excellent location for this work considering the long association of its College of Agriculture with problems of calcium nutrition and development of high grade milk cows.

I would like to suggest, finally, that you seize the initiative in this problem. By doing so I suggest that you will render a great service to all people by publicizing the fact that milk must and can and will be made safe. You will render a great service to all people by pointing out the dangers of radiation in fallout and how these dangers can be controlled. Finally you will render a great service to the economy of this State and country.

I hope that you will find in these comments some thoughts that you feel are valuable. If the opportunity presents itself I would be pleased to discuss these suggestions with you and, perhaps, with scientists of the dairy industry the next time you are back in Wisconsin.

Some months ago I requested several publications from you concerning civil defense and radiation problems. I wish to acknowledge, with thanks, your supplying these to me.

Sincerely yours,

Dexter S. Goldman.

Madison, Wis.,
July 30, 1962.

Dear Colleague: We feel that the following information, gathered at random from stated sources, is of importance to you and to your patients. Very little of this information has been made available, in an understandable fashion, to the general public; indeed, very little has appeared in our medical journals.

As physicians should we not be in a position to advise patients concerning the health hazards due to radiation from fallout? Although there are differences of opinion regarding the extent of these hazards there is definite evidence of the potential dangers of continued nuclear device testing. These hazards will, of course, increase if nuclear testing is continued.

The information enclosed discusses simple methods for the control of fallout radiation hazards. Particular attention is paid to iodine 131 which affects thyroid tissue and to strontium 90 which affects bone. Both these radionuclides are found in milk; much publicity has been given to this fact. Little or no publicity has been given to the facts that the uptake of ingested I-131 and Sr-90 can be sharply reduced and to the equally important fact that by simple techniques, not requiring capital investment, milk can be rendered essentially free of Sr-90.

We urge you to read the enclosed information; it is well worth the time necessary. We hope it will serve as the basis for future discussion within our own organization.

The information in these pages was compiled as a service for the physicians of Madison, Wisconsin by the Madison Women for Peace. Consequently, we felt justified in presupposing a great deal of knowledge on such topics as, for example, the relationship between calcium and vitamin D. We suggest that if you have any questions about this report, you ask your doctor.

Caution: In this report certain suggestions are made which may minimize the effects of radioactive substances in the diet. It should be stressed that these suggestions were made to doctors for their evaluation. Dietary changes which may be perfectly safe for one individual could be hazardous to another. It cannot be overemphasized that people should not implement any of the suggestions made without prior consultation with their physician.

Sincerely yours,

Thomas V. Geppert, M.D.; Laurence T. Giles, M.D.; Frank C. Larson, M.D.; Evelyn D. Lipp, M.D.; William A. Tanner, M.D.; H. Kent Tenney, M.D.; Harry A. Waisman, M.D.; Arvin Weinstein, M.D.

Fallout, Radiation, and Public Health

(This report was prepared by the environmental hazards committee of the Madison (Wisc.) Women for Peace, Elsie C. Goldman, M.S., chairman; Angela Carney, Secretary; Evelyn D. Lipp, M.D.; Dexter S. Goldman, Ph. D., scientific adviser.)

"The establishment of radiation protection standards involves a balancing of the benefits to be derived from the controlled use of radiation and atomic energy against the risk of radiation exposure. This principle is based on the position adopted by the Federal Radiation Council that 'any radiation exposure of the population involves some risk, the magnitude of which increases with the exposure.' The possibility that somatic effects as well as genetic effects might have no threshold appeared acceptable, as a conservative assumption, to increasing numbers of scientists." (The Federal Radiation Council (Rept. No. 1).)

Before weapons tests started there was no such thing as strontium 90 or iodine-131 either in the food we eat, in the atmosphere, or in the human body. If the United States and the Soviet Union stopped all tests now the peak fallout of strontium 90 would occur in 1970–75 (United Nations General Assembly, "Report of the United Nations Scientific Committee on the Effects of Atomic Radiation," General Assembly, 13th sess., New York, 1958, pp. 111–113). Fallout is continually increasing before that time and decreasing after that time so that total exposure is cumulative over this period. The Federal Radiation Council estimates that all testing through 1961 produced an average bone radiation dose of less than 10 percent of background radiation (less than 5 percent for the whole body) over a 70-year life span. With the resumption of testing these figures must be increased significantly. A more meaningful figure is the 1-year exposure figure rather than the 70-year average. The 1-year figures for radiation to bone in 1958–59 was 20 to 60 percent of background (dosage from the major Russian tests of 1961 will not occur until 1963).

STRONTIUM 90 ACCUMULATION, 1953–60

The absorption of strontium 90 by humans can be illustrated by the findings of Kulp & Schulert (Science, 136, 619, 1962). Average strontium 90 concentration in whole skeleton samples of New York adults in 1953 was less than 0.01 picocuries[1] per gram of calcium. In 1960 children ranging in age from 6 to 24 months (New York, Boston area) had an average of 3.0 pc. strontium 90 per gram of calcium in their bones, while children of 5–19 years of age in 1960 (same area) had an average of 1.5 pc Sr^{90} per gram of calcium. In Australia the figures were 1.1 and 0.5 respectively. This difference is due to (a) weapons tests being carried on in the Northern Hemisphere and (b) the quite slow Northern to Southern Hemisphere atmospheric exchange.

RADIATION DOSE FROM STRONTIUM 90

Strontium 90 is deposited in bone, and its turnover from bone is very slow. The bone marrow, accordingly, is continually exposed to a source of high energy radiation in its immediate environment. A concentration of 20 pc. of strontium 90 per gm. of calcium will yield a radiation dose of 0.056 rads per year to the total body (U.S. Atomic Energy Comm. Health and Safety Laboratory, Publ. 42, Oct. 1958, p. 275).

WHEN SCIENTISTS DISAGREE

The American Academy of Pediatrics, through its committee on environmental hazards (April 1962) has notified its members that radiation from fallout poses no particular hazard. This statement has been countered by a detailed statement by the Scientific Advisory Board of the Greater St. Louis Citizens' Committee for Nuclear Information (Vol. 4, No. 6, May 1962). Since these statements are concerned with both massive radiation and long-term low-level radiation effects they make valuable reading. In particular, the citizens' committee points out that the first two postulated effects of high radiation doses, i.e., shifts in the sex ratio and retardation of children's growth, have been observed in exposed Japanese and Marshall Islands populations.

FIRST GENERATION GENETIC EFFECTS

In 1958 the National Academy of Sciences estimated that the accumulated radiation dose due to fallout (predicted on the rates of fallout from 1958 and previous testing only) would result in the appearance of from 160–800 genetically defective children per year in the United States (approximately 80,000 genetically defective children are born each year in the United States). Since this is a first generation effect only, this would take approximately 30 years to reach its maximum, e.g., in the first year only perhaps 10 percent of this additional number might appear. Assuming the same birth rate and the same radiation dose as was present in the United States in 1958, the ultimate worldwide increase in genetically defective children would be 2,500 to 13,000 per year. Since the rate of testing in 1962 is much greater than was anticipated in the above statement it is probable that these figures should be increased.

ULTIMATE GENETIC EFFECTS

Prof. James Crow (Public Affairs Pamphlet No. 256, Public Affairs Commission of New York) states that, "Following an increase in the mutation rate, the resulting effects would be spread very thinly through many generations. Although the amount of harm would be greater in the first generation children than in any other single generation, the first generation effect is nonetheless a very small fraction of the total. Geneticists have estimated that about half the damage would occur in 30–50 generations."

Herman Muller, Nobel Laureate, says: "It can be calculated that the fallout radiation resulting from the above-ground testing of a single 100 megaton bomb would be likely to induce more than 100,000 cases of leukemia, bone cancer, and other fatal ills in the present population of the world. Moreover, a conservative estimate places at about a million the number of harmful mutations that the next generation of mankind would inherit in consequence of that bomb" (Saga, April 1962).

EFFECTS OF SPECIFIC ISOTOPES

Iodine 131 has a half-life of about 8 days, and emits high energy gamma rays. This isotope is concentrated in the thyroid and thus delivers a significant dose of radiation to a specific tissue. The principal source of contamination is fresh milk. Eisenbud et al. (Science, 136, 370, 1962) have shown that the ingestion of 1 quart of milk containing 100 pc. of I–131 per day leads to a I–131 burden in thyroids of 300 to 700 pc. at equilibrium.

FEDERAL RADIATION COUNCIL GUIDELINES

The Federal Radiation Council's guidelines state that when ingestion of I–131 is in excess of 100 pc. per day (averaged over 1 year), range III has been reached. Range III is defined as that level of radiation at which, "consideration of control measures designed to limit intake" are needed. (U.S. Department of Health, Education, and Welfare, Public Health Service. "Fallout Surveillance and Protection," Oct. 26, 1961.) In the middle of May 1962, milk in many western U.S. cities contained more than 600 pc. of I–131 per quart.

Thyroid malignancies have been frequently noted in children who have received X-ray treatment of the upper thorax or pharynx. By extension, seemingly low levels of I–131 in children should be of concern.

SUMMER 1962, IODINE 113 LEVELS

In the middle of June 1962 Surgeon General Terry, in a letter to the St. Louis Committee for Nuclear Information, stated, "In other words there are several areas in the midcontinent section of the country where the estimated thyroid doses of infants based upon the concentrations of radioiodine in milk have approached the radiation protection guide recommended by the Federal Radiation Council," i.e., approached range III.

These radiation levels are most probably well below those levels which will lead to thyroid malfunction, but they may well be in the range which may lead to tumor production. It should be emphasized that children are more sensitive to radiation than adults and that children's thyroids are more efficient at concentrating iodine than are adults'.

CONTROL MEASURES

Since we cannot prevent this amount of contamination from entering our environment, we have a responsibility to our patients and the community to reduce the long-range hazards implicit in the presence of this contamination.

IODINE 131

One technique for reducing strontium 90 and iodine 131 absorption is by diluting it out in vivo with nonradioactive calcium and iodine, respectively. Reduction of absorption of iodine 131 is relatively simple, since the MDR (0.1 mg. per day per person) can be safely exceeded tenfold to twentyfold for the relatively short periods during which nuclear tests are conducted. As little as one drop of S/S KI per day will be adequate.

Since the half life of iodine 131 is short, the use of stored milk will reduce the intake of this isotope.

DIETARY CALCIUM DILUTES OUT STRONTIUM 90

The use of calcium as diluent for dietary strontium 90 poses a graver problem, for large excesses of dietary calcium above the MDR (1 gm. per day per person) can be hazardous. There is at present considerable confusion in the literature on the efficacy of dietary calcium as a diluent for dietary strontium 90. A report by Wasserman and Comar (Proc. Soc. Exp. Biol. Med., 103, 124 (1960)) reconciles the differences in the literature by showing that unless the age of the animals and the diets are rigidly controlled quantitative information cannot be obtained. They conclude that (a) in immature rats, elevated dietary calcium levels (4 times MDR) with or without increased phosphorus levels would almost proportionately reduce the body burden of radiostrontium, (b) in mature rats, elevated dietary calcium alone would not proportionately reduce the radiostrontium, and (c) in mature rats, simultaneous increases in dietary calcium and phosphorus levels would to some degree reduce the ultimate body burden of radiostrontium.

In an independent study Gran (Acta Physiologica Scandinavica, 48 Suppl. 1, Oslo, 1960, "Studies on Calcium and Strontium 90 Metabolism in Rats," tables 15 and 16), showed that about 70 percent of ingested strontium 90 is retained when dietary calcium equals the MDR and 95 percent of the ingested strontium 90 is excreted when calcium ingestion is at three times the MDR.

It would appear that for children, dietary calcium at two to three times the MDR (as calcium phosphate), with a concomitant reduction of vitamin D intake to about 500 IU per day, will offer some protection. Calcium phosphate wafers equivalent to 3 gms. of calcium will be adequate.

STRONTIUM 90 CONTROL THROUGH INCREASED CA FOR PLANTS AND ANIMALS

Proper control of soil calcium levels can reduce the uptake of Sr^{90} by plants. Likewise, control of calcium levels in animal feed will reduce the Sr^{90} content of milk. Both of these obviously pose no hazard to humans. Wasserman (personal communication) states: "In recent studies, we have investigated the effect of dietary calcium on the secretion of Sr^{90} into milk of the lactating cow and goat. In these experiments, it again became apparent that, within physiological limits, a reduction in Sr^{90} level in milk could be brought about by elevating dietary calcium, and this relationship was nearly an inverse proportionality."

It is important to realize that:

MILK

1. The elimination of milk from the diet of children in an attempt to reduce strontium 90 intake is of no use, indeed it is hazardous. Other sources of dietary calcium (grains, vegetables, etc.) have a higher strontium/calcium ratio than does milk.
2. Since the half-life of strontium 90 is very long the use of stored milk will in no way reduce the ingestion of this isotope.
3. Milk can be made the safe food by the almost total elimination of strontium 90 through the proper nutrition of the cow.
4. It is more advantageous to reduce the strontium 90 hazard by altering the nutrition of the cow than by adding calcium to the child's diet. However, until such time as all milk is decontaminated we suggest that consideration be given to daily supplementary doses of calcium phosphate for the child.

Mr. PROXMIRE. Mr. President, in order to carry out the steps that may be necessary to provide an adequate supply of pure, wholesome milk, free of contamination by radioactive fallout, and without raising costs to individual farmers or consumers in areas which may have high fallout levels, I am submitting two amendments to the pending farm bill, H.R. 12391.

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[1] 1 picocurie (pc) = 1 micromicrocurie = 10^{-12} curies.

The first amendment would give the Secretary of Agriculture authority to reimburse dairy producers for the cost of necessary countermeasures—approved by the Secretary—to prevent or reduce contamination of milk by radioactive fallout. These countermeasures would include the use of instruments to measure fallout levels in specific counties, or on individual farms, as well as the cost of shifting cows from pasture to stored feed, and other appropriate countermeasures.

The second amendment broadens the existing livestock feed program for disaster areas, by providing specific authority to make CCC grain available to dairy farmers who must feed their cows on stored feed to prevent radioactive contamination of milk. This is a logical extension of an existing program that has in the past worked satisfactorily by making cheaper feed available to farmers in disaster counties. The same assistance should be available in the case of the "disaster" of pastures contaminated by radioactive fallout.

I send these two amendments to the desk and ask that they be printed. I also ask unanimous consent that they be printed at this point in the RECORD.

The PRESIDING OFFICER. The amendments will be received and printed and will lie on the table; and without objection, the amendments will be printed in the RECORD at this point.

The amendments ordered to be printed in the RECORD are as follows:

On page 94, between lines 17 and 18, insert the following new section:

"SEC. 405. (a) In order to assure the Nation of an adequate supply of milk free of contamination by radioactive fallout, the Secretary of Agriculture is authorized to reimburse producers of milk in any area or areas of the United States for reasonable costs incurred by them in carrying out countermeasures approved by him to prevent or reduce the contamination of milk from such fallout.

"(b) The Secretary is authorized to promulgate such rules and regulations as he deems appropriate to effectuate the purposes of this section.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

On page 94, between lines 17 and 18, insert the following new section:

"SEC. 405. Section 407 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new sentence as follows: 'Notwithstanding the foregoing, whenever the Secretary determines it necessary in order to assure the Nation an adequate supply of milk free of contamination by radioactive fallout, he may make feed owned or controlled by the Commodity Credit Corporation available to producers of milk in any area or areas of the United States at such prices and on such terms and conditions as he deems appropriate in the public interest.' "

FEDERAL AGENCIES RESPOND TO RACHEL CARSON'S PESTICIDE CHALLENGE

Mr. PROXMIRE. Mr. President, on several occasions I have drawn attention to the series of three articles by Rachel Carson on indiscriminate use of pesticides which appeared recently in the New Yorker. Entitled "Silent Spring," the articles form the main part of a book which will be published in October.

Because the questions raised by Miss Carson are important, and because the Federal Government is greatly involved in the use of pesticides and poisons for insect and other environmental control programs, I wrote to the Secretary of Interior and the Secretary of Agriculture asking them to comment on the articles.

I have now received replies from each Department. I ask unanimous consent that the replies and statement be printed in the RECORD at this point.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 1, 1962.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: Thank you for your letter of July 20 pertaining to a recent series of articles in the New Yorker magazine by Miss Rachel Carson on the harmful effects of pesticidal chemicals.

We share Miss Carson's concern regarding the mounting use of pesticides and their impact upon many forms of animal life. Some of the incidents described by her were the result of findings from research by the Fish and Wildlife Service of this Department which has responsibility for studying the effects of pesticidal chemicals upon fish and wildlife resources and for assisting in the development of ways and means whereby necessary pest control can be accomplished with minimum harm to these values.

We have initiated a staff review of the numerous incidents described by Miss Carson. Upon completion of this analysis we shall provide you with a report evaluating the research findings on the various referenced pesticides and other information you requested.

Your interest in this problem is appreciated.

Sincerely yours,
FRANK P. BRIGGS,
Assistant Secretary of the Interior.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 16, 1962.

Hon. WILLIAM PROXMIRE,
U.S. Senate.

DEAR SENATOR PROXMIRE: This has further reference to your letter of July 20 and our acknowledgment of July 24, on the subject of pesticides.

The Federal Council for Science and Technology has named an ad hoc panel to examine those programs in Federal agencies, and to gather such data as are presently available on the overall problems of pesticide use, both within and without Government activities. This Department is represented on the panel and will, of course, make all of its resources available for this study.

In the meanwhile we have issued the attached statement which reflects our views on the subject.

Sincerely yours,
KENNETH M. BIRKHEAD,
Assistant to the Secretary.

U.S. DEPARTMENT OF AGRICULTURE COMMENTS ON RACHEL CARSON'S ARTICLES IN THE NEW YORKER

Miss Carson presents a lucid description of the real and potential dangers of misusing chemical pesticides. These are poisonous compounds and, if used improperly, can be dangerous.

The articles serve to alert people to this danger. They also emphasize the need for greater public support of efforts to develop more effective biological and nonchemical pest control techniques, to develop more sophisticated chemicals that will affect only one or two species of pests, and to intensify research on the effect of pesticides on people and animals.

Miss Carson does not advocate halting all use of chemical pesticides. She does advocate the use of the best judgment in selecting the right control method—whether biological, chemical, or other—for use in the right way at the right time.

She expresses the concern of many people about the effect of chemical pesticides on birds, animals, and people. We are fully aware of, and share, this concern.

Here are some of the things we are doing to provide needed protection to the public:

1. At the request of the Secretary of Agriculture, a Federal Pest Control Review Board was established in 1961. All pest control programs sponsored by the Federal Government and the cooperating States are reviewed by this Board. Members of the Board include representatives from the Departments of Agriculture, Defense, Interior, and Health, Education, and Welfare.

For many years the Department of Agriculture has worked closely with the Public Health Service and the Food and Drug Administration in matters concerning the safe use of pesticides. In carrying out its responsibilities, the Department of Agriculture utilizes the knowledge and judgment of scientists in these agencies of the Department of Health, Education, and Welfare concerning the safety to people of pesticides used on foods.

The USDA is responsible for registering all pesticides to be shipped in interstate commerce. To obtain registration pesticide manufacturers or formulators must first prove to USDA that the product, used as directed, will be effective, safe for users, safe for people living in the area, safe for crops and livestock, and safe in respect to residues in foods.

If any residue will be left on foods when the product is used as directed, the manufacturer must obtain from the Food and Drug Administration a tolerance to cover the residue present. This tolerance sets a legal limit on the amount of the chemical permitted to remain on foods.

2. We will request the Congress to amend the Federal Insecticide, Fungicide, and Rodenticide Act to do away with the provision that now permits a company to register a pesticide "under protest" after the Department has denied registration on any question of health or safety.

3. The Department requested an increase of $250,000 for the fiscal year beginning July 1, 1962, to strengthen its control over pesticides. A good share of this money will be spent to increase the staff of toxicologists and pharmacologists.

4. We are continuing to expand research on methods of controlling insects without the use of chemicals that leave harmful residues. Two-thirds of the Department's research on insects is now devoted to biological controls, use of chemicals specific to a particular insect, attractants, and basic studies of insect physiology and pathology. In the last 2 years, the Congress appropriated some $2.9 million for construction of three new USDA laboratories devoted to research on biological control of insects, pesticide residues, and insects affecting man and animals.

Chemical pesticides have helped and will continue to help make possible the better living conditions this Nation enjoys. The burst of productivity over the past decade on U.S. farms parallels the increasing use of chemical pesticides. These chemicals have also enabled us to eliminate or to minimize the effects of disease-carrying pests throughout the world.

Without pesticides, many of the foods we take for granted would be luxury items available to only a few.

Commercial apple production would be impossible, as would be the production of eastern-grown peaches. Oranges and grapefruit would be subject to infestation by maggots, and the producers of potatoes and tomatoes would lose every second or third crop. The expansion of beef and dairy production in the southeastern section of the country would have been impossible.

Scientists of the Department and cooperating agencies do not claim to know all the chemical and biological effects of these pesticides, for our knowledge is not complete. However, it is substantial and is constantly increasing.

The U.S. Department of Agriculture will continue to exercise strict control over pesticides offered for sale in interstate commerce and will constantly seek better methods to control pests.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

Report on Applied Science Laboratory at Goddard Space Flight Center, Greenbelt, Md.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the construction of an Applied Science Laboratory at Goddard Space Flight Center, Greenbelt, Md.; to the Committee on Aeronautics and Space Sciences.

Withdrawal of Certain Wines From Bonded Wine Cellars Without Payment of Tax

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to provide for the withdrawal of wine from bonded wine cellars, without payment of tax, for use in the manufacture of preparations unfit for internal human use (with accompanying papers); to the Committee on Finance.

Report on Cobalt by U.S. Tariff Commission

A letter from the Chairman, U.S. Tariff Commission, Washington, D.C., transmitting, pursuant to law, a report of that Commission, relating to cobalt (with an accompanying report); to the Committee on Finance.

Report on Review of Payments Made by the United States for Construction of Airfields in France

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on review of payments made by the United States for the construction of airfields in France (with an accompanying report); to the Committee on Government Operations.

Report on Reviews at Selected Local Housing Authorities To Ascertain Status of Prior Findings and Recommendations, Housing and Home Finance Agency

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on reviews at selected local housing authorities to ascertain status of prior findings and recommendations, Public Housing Administration, Housing and Home Finance Agency, dated August 1962 (with an accompanying report); to the Committee on Government Operations.

Disposition of Executive Papers

A letter from the Acting Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Acting Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. Johnston and Mr. Carlson members of the committee on the part of the Senate.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RUSSELL, from the Committee on Armed Services, with amendments:

H.R. 5532. An act to amend the Armed Services Procurement Act of 1947 (Rept. No. 1884).

By Mr. SALTONSTALL, from the Committee on Armed Services, without amendment:

S. 3628. A bill to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy (Rept. No. 1885).

By Mr. ROBERTSON, from the Committee on Banking and Currency, without amendment:

S. 3154. A bill to amend Public Law 86–184, an act to provide for the striking of medals in commemoration of the 100th anniversary of the admission of West Virginia into the Union as a State (Rept. No. 1886); and

H.R. 11310. An act to amend section 3515 of the Revised Statutes to eliminate tin in the alloy of the 1-cent piece (Rept. No. 1887).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARTLETT:

S. 3649. A bill to provide that the vessels *Montauk* and *Glenbrook* may be U.S.-flag commercial vessels for the purposes of section 901(b) of the Merchant Marine Act, 1936; to the Committee on Commerce.

(See the remarks of Mr. Bartlett when he introduced the above bill, which appear under a separate heading.)

By Mr. GOLDWATER:

S. 3650. A bill for the relief of Flora Romano Torre; to the Committee on the Judiciary.

By Mr. FONG:

S. 3651. A bill authorizing modification of the project for Kaunakakai Harbor, Molokai, Hawaii; to the Committee on Public Works.

By Mr. CHAVEZ:

S. 3652. A bill for the relief of Mary Zita Garcia; to the Committee on the Judiciary.

By Mr. BEALL:

S. 3653. A bill to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Antietam-South Mountain Centennial Association, Inc., for use at the 1962 reenactment of the Battle of Antietam, and for other purposes; to the Committee on Armed Services.

By Mr. MAGNUSON (by request):

S. 3654. A bill to exclude cargo which is lumber from conference agreements under the Shipping Act, 1916, and from certain tariff filing requirements under such act; to the Committee on Commerce.

By Mr. ELLENDER:

S. 3655. A bill to reduce Government expenditures for price support for dairy products and discourage the production of excess supplies; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. Ellender when he introduced the above bill, which appear under a separate heading.)

CONCURRENT RESOLUTION

CHANGE IN ENROLLMENT OF S. 2321, THE DISTRICT OF COLUMBIA TISSUE BANK ACT

Mr. PROXMIRE submitted a concurrent resolution (S. Con. Res. 88) authorizing a change in the enrollment of S. 2321, the District of Columbia Tissue Bank Act, which was considered and agreed to.

(See the above concurrent resolution printed in full when submitted by Mr. Proxmire, which appears under a separate heading.)

RESOLUTION

INCLUSION OF QUESTION OF HUNGARY ON AGENDA OF UNITED NATIONS GENERAL ASSEMBLY

Mr. LAUSCHE (for himself, Mr. Young of Ohio, Mr. Hartke, Mr. Keating, Mr. Scott, and Mr. Hart) submitted a resolution (S. Res. 377) favoring inclusion on the agenda of the 17th session of the United Nations General Assembly of "The Question of Hungary," which was referred to the Committee on Foreign Relations.

(See the above resolution printed in full when submitted by Mr. Lausche, which appears under a separate heading.)

REGISTRY OF VESSELS "MONTAUK" AND "GLENBROOK" AS U.S.-FLAG COMMERCIAL VESSELS

Mr. BARTLETT. Mr. President, I introduce, for appropriate reference, a bill which would extend the eligibility of two U.S.-flag tramp ships for the carriage of cargoes under section 901 of the Merchant Marine Act, 1936—the cargo preference laws. These ships will otherwise become ineligible for such cargoes by operation of Public Law 87–266, which makes ineligible for such cargoes vessels converted abroad unless before September 21, 1961, the owner notified the Maritime Administration of his intention to redocument the vessel under U.S. flag and unless before September 21, 1962, the owner actually completes the conversion work and carries out his intention to redocument.

The owners of these two ships complied with the first requirement, giving timely notice of their intention to redocument their ships; but find that because of a labor situation abroad, their conversion contracts will not be performed and the conversion work will not be completed by the September 21, 1962, deadline. It will be impossible, therefore, to bring the ships to the United States for redocumentation in time. Both ships are being converted in Spanish shipyards. Both were placed in these yards for the commencement of conversion work in time to complete the work and to redocument the ships by the deadline. But shipyard delays, work slowdowns due to unsettled labor conditions in Spain, and, in one case, strikes, have prevented timely completion of the work. I am advised that the best efforts of the owners have been unavailing to bring the work to completion.

These vessels are now registered under the U.S. flag, and before entering the shipyards were operated under the U.S. flag. If they become ineligible for cargo preference cargoes, their ability to operate in competition with lower cost, foreign-flag tramp ships will be nil.

The proponents have asked that they be given a forum so that Congress can evaluate the equities of their position. I am, therefore, introducing this draft so that it can be considered in a hearing.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3649) to provide that the vessels *Montauk* and *Glenbrook* may be U.S.-flag commercial vessels for the purposes of section 901(b) of the Merchant Marine Act, 1936, introduced by Mr. Bartlett, was received, read twice by its title, and referred to the Committee on Commerce.

INCLUSION OF QUESTION OF HUNGARY ON AGENDA OF UNITED NATIONS GENERAL ASSEMBLY

Mr. LAUSCHE. Mr. President, I send to the desk a resolution sponsored by myself, my colleague from Ohio [Mr. Young], the Senator from Indiana [Mr. Hartke], the Senator from New York [Mr. Keating], the Senator from Pennsylvania [Mr. Scott], and the Senator from Michigan [Mr. Hart], asking that our Government continue on the docket of the United Nations the issue of the invasion of Hungary by Communist Russia in 1956. I ask that the resolution be appropriately referred.

The PRESIDING OFFICER (Mr. Burdick in the chair). The resolution will be received and appropriately referred.

The resolution (S. Res. 377) was referred to the Committee on Foreign Relations, as follows:

Whereas the brutal suppression of the uprising of the brave Hungarian patriots in 1956, the massive intervention of Soviet armed forces on that occasion, and the consequent suffering inflicted upon the Hungarian people by slavish Communist rule have been the causes for repeated action by the United Nations General Assembly; and

Whereas there has been a blatant and persistent refusal by the present Hungarian regime and the Union of Soviet Socialist Republics to comply with General Assembly resolutions; and

Whereas the Hungarian people are presently denied the right to conduct free and independent elections to choose a government responsive to their will; and

Whereas the question of Hungary involves the denial of fundamental freedoms and human rights and a flagrant violation of the principles of the United Nations Charter: Therefore be it

Resolved, That it is the sense of the Senate that the President of the United States should instruct the United States delegation to the seventeenth session of the United National General Assembly to take all possible measures to have the question of Hungary included on the agenda of the Seventeenth General Assembly as an important and urgent item, and to take all possible measures to insure that credentials in the General Assembly are denied to representatives of the present Hungarian regime.

AMENDMENT OF TRADING WITH THE ENEMY ACT—AMENDMENT

Mr. LONG of Louisiana submitted an amendment, intended to be proposed by him, to the amendment intended to be proposed by Mr. Johnston (for himself, Mr. Dirksen, Mr. Bible, Mr. Bush, and Mr. Saltonstall) to the bill (S. 495) to amend the Trading With the Enemy Act, as amended, which was ordered to lie on the table and to be printed.

AMENDMENT OF WAR CLAIMS ACT OF 1948, TO PROVIDE COMPENSATION FOR CERTAIN WORLD WAR II LOSSES—AMENDMENT

Mr. LONG of Louisiana submitted an amendment, intended to be proposed by him, to the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses, which was ordered to lie on the table and to be printed.

REVENUE ACT OF 1962—AMENDMENT

Mr. WILLIAMS of Delaware (for himself, Mr. Aiken, Mrs. Smith of Maine, and Mr. Proxmire) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, which was ordered to lie on the table and to be printed.

INCREASES IN RATES OF DISABILITY COMPENSATION—AMENDMENT

Mr. LONG of Louisiana submitted an amendment, intended to be proposed by him, to the bill (H.R. 10743) to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes, which was ordered to lie on the table and to be printed.

TRADE EXPANSION ACT OF 1962—AMENDMENTS

Mr. SMATHERS. Mr. President, I submit, for appropriate reference, amendments intended to be proposed by me to H.R. 11970, the trade expansion measure, together with an explanatory statement of the amendments.

I ask unanimous consent that the amendments, together with the explanation be printed in the Record.

The PRESIDING OFFICER. The amendments will be received and appropriately referred; and, without objection, the amendments and statement will be printed in the Record.

The amendments were referred to the Committee on Finance, as follows:

On page 51, beginning with "(1)" in line 18, strike out all through "subsection (b)" in line 1, on page 52, and insert in lieu thereof the following: "The amount of trade readjustment allowance payable to an adversely affected worker under subsection (a) or (b)".

On page 52, line 10, strike out "payable" and insert in lieu thereof "paid".

On page 52, line 20, strike out "payable" and insert in lieu thereof "paid".

On page 53, beginning with line 14, strike out all through line 2 on page 54 and insert:

"(g)(1) If unemployment insurance is paid under a State law to an adversely affected worker for a week for which—

"(A) he receives a trade readjustment allowance, or

"(B) he would be entitled (determined without regard to subsection (c) or (e) or to any disqualification under section 327) to receive a trade readjustment allowance if he applied for such allowance,

the State agency making such payment shall, unless it has been reimbursed for such payment under other Federal law, be reimbursed from funds appropriated pursuant to section 337; to the extent such payment does not exceed the amount of the trade readjustment allowance such worker would have received, or would have been entitled to receive, as the case may be, if he had not received the State payment. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the State agency.

"(2) In any case in which a State agency is reimbursed under paragraph (1) for payments of unemployment insurance made to an adversely affected worker, such payments, and the period of unemployment of such worker for which such payments were made, may be disregarded under the State law (and for purposes of applying section 3303 of the Internal Revenue Code of 1954) in determining whether or not an employer is entitled to a reduction rate of contributions permitted by the State law, but only if, under the State law, such payments and such period are disregarded in determining such worker's eligibility for benefits under the State law upon the termination of such worker's eligibility to receive trade readjustment allowances as determined under section 324."

The statement presented by Mr. Smathers is as follows:

STATEMENT IN EXPLANATION OF AMENDMENT TO H.R. 11970 TO PROVIDE FOR FEDERAL REIMBURSEMENT

The purpose of the amendment is to provide for the payment of trade readjustment allowances (TRA) for workers from Federal funds. To the extent, then, that a worker who is entitled to TRA for a week of unemployment is paid State unemployment insurance for the same week, the State agency will be reimbursed the amount of State unemployment insurance it has paid the worker, but not more than the amount of TRA the worker would have been paid had he not received the State unemployment insurance.

The amendment would also permit a State law to delete charges made to an employer's account for weeks of State unemployment insurance paid to an adversely affected worker which have been reimbursed to the State agency if such law provides for the reinstatement of the worker's rights to such unemployment insurance.

Under H.R. 11970 as presently drafted the amount of TRA payable to a worker for any week must be reduced by any amount of State unemployment insurance to which he is entitled for the same week, whether or not he has filed a claim for such insurance. Thus, it would be advantageous for any claimant who had State rights to unemployment insurance to claim them. The Federal Government then would pay only the difference between the worker's weekly benefit amount under the State law and the trade readjustment allowance computed under H.R. 11970. The attached amendment would delete paragraph (1) of subsection (c) of section 323 which so provides, would reletter paragraph (2) as subsection (c), and would delete the words "under subsection (b)" on line 1, page 52.

As so amended subsection (c) would reduce a worker's TRA payment for a week by the amount of any State unemployment insurance that he has received or is seeking for such week; but if the appropriate agency finally determines that the worker is not entitled to unemployment insurance for the week, the reduction shall not apply. This provision is retained to preclude a worker's being entitled to both State unemployment insurance and TRA for the same week, as for example where a worker files for both TRA and State unemployment insurance for the same week but it is not known at the time for payment whether he will actually receive the State unemployment insurance.

Subsection (d) would be amended to provide that the State agency shall be reimbursed, in accordance with subsection (g), for State unemployment insurance paid by it if it has not been reimbursed under another Federal law, as, for example, under the Manpower Development and Training Act of 1962.

Subsection (g) would be amended to contain two paragraphs. Paragraph (1) would require reimbursement to be made to a State agency for State unemployment insurance paid to an adversely affected worker for a week with respect to which he is entitled to a trade readjustment allowance. The amount of the reimbursement may not, however, exceed the amount of the trade readjustment allowance the worker would have received had he not received the State payment.

Paragraph (2) would provide that notwithstanding any other provision of law (including sec. 3303(a)(1) of the Federal Unemployment Tax Act which sets forth the conditions under which a State law may permit employers to receive reduced rates of contribution) any charges to an employer's account for unemployment insurance paid to an adversely affected worker for which reimbursement has been made to the State agency may be deleted, but only on the condition that the worker's rights to the unemployment insurance for which reimbursement was made are reinstated to him. The reinstatement would not be effective until the expiration of the period for which he is entitled to trade readjustment allowances (generally 52 weeks) or at the end of his trade readjustment allowance benefit period (generally 2 years), whichever is earlier.

The drafting of the amendment for Federal reimbursement assumes the Senate Finance Committee's acceptance of the technical amendment which will be submitted by the administration.

ADDITIONAL COSTS OF AMENDMENT

If TRA is paid from Federal funds rather than as a supplement to State unemployment insurance, the Federal cost for such allowances would be increased from an estimated $35 million for the 5-year period to an estimated $64.1 million. The added cost of $29.1 million represents the amount of State unemployment insurance payments which adversely affected workers would have received in the absence of the TRA program.

FOOD AND AGRICULTURE ACT OF 1962—AMENDMENTS

Mr. MUNDT submitted amendments, intended to be proposed by him, to the bill (H.R. 12391) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. YOUNG of North Dakota submitted amendments, intended to be proposed by him, to House bill 12391, supra, which were ordered to lie on the table and to be printed.

Mr. PROXMIRE submitted amendments, intended to be proposed by him, to House bill 12391, supra, which were ordered to lie on the table and to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, August 17, 1962, he presented to the President of the United States the enrolled bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. GOLDWATER:

Address delivered by him before the assembly session of the American Bar Association in San Francisco, Calif., on August 8, 1962.

By Mr. CARROLL:

Statement by him relating to Interstate Commerce Commission regulations.

COMPETITION FROM FOREIGN PETROLEUM

Mr. McGEE. Mr. President, the problems of the oil industry are many and varied. Among them is increasing competition from petroleum and petroleum products produced in other areas in the world.

It is obvious that a healthy oil industry is a necessity in this country, and I would like to call the attention of this body to an appeal by the Independent Petroleum Association of America for a new approach to the problem of imports. Mr. Harold Decker, president of the association, appeared before the Senate Finance Committee early this month and made a statement which is an effective summary of the position of many oilmen in the country. I ask unanimous consent that his statement be printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SUMMARY STATEMENT OF HAROLD DECKER, PRESIDENT, INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA, BEFORE THE SENATE FINANCE COMMITTEE, AUGUST 2, 1962

My name is Harold Decker and I reside in Houston, Tex. I appear as president of the Independent Petroleum Association of America, a national association with membership of more than 6,000 oil and gas producers located in every producing area in the United States.

In the interest of time, I will summarize my statement and ask that my entire statement be made a part of the record of these hearings.

The domestic oil producing industry is in serious economic difficulty. The industry has suffered a continuous decline since 1956. The national economy (gross national product) during this time has increased almost 25 percent. Crude oil production, however, has been static. There has been no growth; no expansion. About 30 percent of the industry's capacity is now idle.

We believe this presents a serious problem to the Nation both (1) economically and (2) securitywise. That is why we appeal to this commitee.

Oil and gas production is a major industry. When it is depressed there is a marked effect on the overall economy, particularly in the 33 States which produce oil and gas.

Of overriding importance, the domestic petroleum industry is vital to our military security. This has been established by the experience of World Wars I and II; the Iranian shutdown of 1951; and the Suez crisis of 1956. In addition, it is a strong deterrent to war as demonstrated during these latter two experiences.

Important from the security viewpoint is the fact that while domestic production of crude oil has been stagnated for 6 years Russian production has increased 100 percent. As a result, oil has now become the most effective weapon in the aggressive Russian war on the economic front throughout the world.

One of the principal factors contributing to the unhealthy condition of the domestic industry is excessive oil imports. Even though imports are now limited pursuant to the national security provision of present law which is retained in H.R. 11970 as section 232, imports have continued to increase. The present limitation program, inaugurated in 1959, has been helpful in slowing down the rate of increase in imports but it has not met its objective of revitalizing the industry.

My purpose, therefore, is to urge this committee to initiate further congressional action to strengthen the national security provision by providing more definite and specific legislative direction.

Available evidence points to the need for further congressional action. Under the national security provision, in 1957, the Government found that imports of crude oil threatened the security. This finding reflected concern about the performance of the industry during 1956 and the years prior thereto.

Yet, since then, despite this governmental finding, and the limitation program, the health and vigor of the domestic industry has suffered a steady decline while imports have enjoyed a steady increase.

During these intervening 6 years, every principal economic indicator of the industry shows deterioration. For example:

1. Geophysical and core drilling crews active in exploration is more than 30 percent below 1956.

2. Wells drilled in 1961 were 19 percent below 1956. Exploratory drilling dropped 30 percent in this period.

3. Rotary rigs active in 1961 were 33 percent below 1956.

4. Employment in the production of oil and gas was 9 percent below 1956.

5. The price of domestic crude oil in 1961 was 20 cents a barrel below 1957, in the face of steadily increasing costs.

6. The rate of return on invested capital for the domestic petroleum industry has fallen below the average for manufacturing industries in general.

7. During the last 5 years, there has been an unhealthy trend toward sellouts and mergers in the producing segment of the domestic oil industry.

As for imports, despite the existence of the limitation program, they have continued to increase. Total imports of crude oil and all products have increased as follows:

	Barrels	Percent of U.S. crude oil production
1946	377,000	7.9
1956	1,436,000	20.1
1961	1,889,000	26.3
1962 (1st half)	2,090,000	28.4

Recently, the Department of the Interior established oil import levels (excluding residual) for the last half of 1962. This new level will permit an increase of some 100,000 barrels per day above the like period in 1961. These increased imports for the year 1962 continue to follow the familiar pattern of increasing imports.

If residual fuel oil, which is treated separately under the present limitation program, is excluded, imports of crude oil and the lighter products show the following increasing trend:

	Barrels daily	Percent of U.S. crude oil production
1946–50	374,000	7.2
1951–55	664,000	10.3
1956	991,000	13.9
1957	1,099,000	15.3
1958	1,201,000	17.9
1959	1,170,000	16.6
1960	1,178,000	16.7
1961	1,245,000	17.3
1962 (1st half)	1,320,000	18.2
1962 (2d half, estimated)	1,380,000	19.0

In 1956, when these imports amounted to less than 14 percent of domestic production, the Government concluded that the security was threatened. Since that time imports have increased substantially in volume and also in relation to domestic production.

In 1959 when the present mandatory program was initiated, the Government reaffirmed its prior finding that oil imports threaten the national security and stated that the basis of the program "is the certified requirements of our national security which make it necessary that we preserve to the greatest extent possible a vigorous, healthy petroleum industry in the United States."

This objective has not been realized. The industry is not vigorous and healthy or growing and expanding as it should be.

If proper action is taken not only would the oil import problem be served but also a substantial contribution could be made in the balance-of-payments problem currently of so much concern.

One of the most substantial contributing factors to this growing problem is the excess of petroleum imports over petroleum exports. For example, during the past 7 years, this Nation has experienced an average deficit of $829 million per year in its foreign petroleum trade. During this same period, our Nation's total balance-of-payments deficit has averaged $2.2 billion annually. In other words, the adverse balance of trade in petroleum during the past 7 years accounts for 38 percent of the overall U.S. balance-of-payments deficit and almost 50 percent in 1961.

In connection with the balance-of-payments problem, we recently were encouraged by the announcement of Secretary of Defense McNamara that his Department's purchase policies are being reviewed for the purpose of cutting down on foreign buying. The purchase of foreign petroleum is a large item. According to Defense Department reports, foreign procurement of petroleum approximates $300 million annually. This is a significant outflow in relation to the total adverse balance of payments.

Foreign procurement of petroleum supplies by the military has been increasing. The largest increases have been with respect to petroleum products other than heavy residual fuel oil. The volume of these light products purchased from foreign sources since 1953 is as follows:

Calendar year	Barrels daily	Percent of total domestic and foreign purchases
1953	43,000	12.0
1956	120,000	25.5
1961	199,000	33.8

This increasing trend has taken place while the domestic industry has been operating 20 to 30 percent below capacity in both production and refining. Petroleum products are plentiful in the United States. A substantial portion of these foreign military purchases, some of which is even being imported into the United States, could and should be shifted to the United States.

We feel there is an urgent need to strengthen the existing oil import limitation program. There is a need for a substantial reduction in the level of crude oil imports. We feel this reduction should be in the order of 250,000 barrels daily. Of fundamental importance, there is a need for a stable and assured balance between imports and domestic production established by law. The necessary long-range investments required to find and develop adequate petroleum supplies require the assurance of a lasting national policy as to oil imports. That assurance is lacking today. Uncertainty prevails and the industry's future is thereby threatened.

Accordingly, we respectfully urge that section 232 of H.R. 11970 be amended so as to incorporate more specific and definite guidelines as follows:

1. Require, by law in the interest of national security, Government limitations on the importation of crude oil and all its derivatives including residual fuel oil.

2. Impose an overall limitation on all imports, excluding residual fuel oil, not to exceed the 14-percent relationship to domestic crude oil production that existed in the year 1956 prior to the continuing decline in the health and vigor of the domestic industry.

These recommendations would implement and strengthen the present program. They could be incorporated into the law and put into effect in complete harmony with the present administrative machinery, which has been operating for more than 3 years.

When the trade bill recently passed the House, officials of the executive branch took the position that legislative action was not needed and made assurances that administrative action would be taken to accomplish the following:

1. The President's Study Committee created last December to review the oil import matter will report by September 1.

2. A system of limitation of oil imports will be retained.

3. Imports will be related to domestic production.

4. Efforts will be undertaken to stabilize the problem of increasing imports from Canada.

In principle, these assurances are substantially what we seek. But they are deficient in two respects.

First, administrative actions are subject to change and therefore lack the element of stability. It is stability that is of paramount need now.

Second, these assurances lack definiteness as to the level of imports and their relationship to domestic production. We have had an administrative program for 5 years, yet both the level and relationship have increased steadily. The law should provide legislative guidelines which will assure that the domestic industry will grow in keeping with national needs.

The best assurance of ample supplies of oil and gas at reasonable prices to the consumer always has been a vigorous and competitive domestic industry.

We respectfully urge your recognition of the serious problem of excessive oil imports.

ADDRESS BY THEODORE C. SORENSEN BEFORE WESTERN STATES DEMOCRATIC CONFERENCE

Mr. GOLDWATER. Mr. President, it was certainly a very strange meeting which the Western States Democratic Conference recently concluded in Seattle. First they were harangued by Mr. W. H. "Ping" Ferry, vice president of the Fund for the Republic, who amused the audience with irresponsible and slanderous statements concerning the career of that distinguished American, Mr. J. Edgar Hoover, Director of the Federal Bureau of Investigation.

Other peculiar individuals then mounted the rostrum and contributed equally preposterous comments concerning American affairs. The high point in sheer schizophrenia was ultimately reached by Mr. Theodore C. Sorensen, who holds the title as Special Counsel to the President of the United States.

At this point I ask unanimous consent to insert a copy of the diatribe of which he delivered himself.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY THEODORE C. SORENSEN, SPECIAL COUNSEL TO THE PRESIDENT, BEFORE THE WESTERN STATES DEMOCRATIC CONFERENCE, SEATTLE, WASH., AUGUST 6, 1962

We meet in a year of decision. The American people must choose whether this Nation is to "sail or anchor down"—whether we are to blaze new trails for century 21 or return to the well-worn paths of century 19.

The 21st century is but 38 years away. We who are here tonight know that we must educate our children to meet its challenges. We must conserve our resources to meet its needs. We must expand our economy to realize its promise. And we must preserve the human race to enjoy that century in freedom.

But while our eyes are on the century ahead, our opponents are looking back, increasingly united in the blindness of their opposition and in the bitterness of their abuse. They call for cuts in Federal spending, but they do not say where. They tell our older citizens to purchase health insurance, but they do not say how. They predict unemployment will dissolve without public action, but they do not say when.

They do say they are for balancing the budget, not by stating it more accurately, separating capital assets from current expenditures, not by closing tax loopholes or cutting farm surpluses, not by boosting the economy to boost tax revenues, but by blocking all efforts for education, for conservation, for public works and public health.

They do say they believe in free enterprise, and so do we all, but they mean freedom to pollute our air and our water, freedom to raid our forests and public lands, freedom to pay substandard wages, to make windfall profits on the national stockpile, and to cut people off of public welfare as inveterate frauds or loafers. Oh, to be sure, they are not always, hardhearted, all humans weep, but they weep for that 7 percent of the taxpayers who receive 80 percent of dividend income. They weep for those speculators who considered themselves geniuses when the stock market rose after Kennedy's election, and then blamed him when it fell back to the same level this year. They weep, not for the farmer or rancher who is struggling to make ends meet, but for the storage operator who enjoyed a threefold increase in surpluses under Mr. Benson and wants to keep it that way. They weep for the AMA, not those without funds for hospitalization. They weep for the billboard owners, not those who are denied our scenic beauties.

But too often, let us face the fact, their views have prevailed in the Congress. In neither House do we have a solid majority consistently supporting the policies of the Democratic Party and President Kennedy. We have lost important battles, often by a handful of votes, on the floor of both Houses and in most of the major committees. But by and large these are battles which have been lost before, in sessions with even larger Democratic proportions, they are the old familiar battles over education, health insurance, agriculture, and tax loopholes. And in no instance has the loss of any one of those battles meant the end of the war.

GAINS FOR THE DEMOCRATIC PROGRAM

For whatever may be said about those Democrats who oppose us, the fact remains that every single seat gained by the Democratic Party in this fall's election will be a gain for the Democratic program. And I learned as a boy from the life and lips of George Norris that those "who sow in tears shall reap in joy," and that today's defeats often pave the way for tomorrow's victories.

There are some who attribute these defeats to the fact that the program is too extreme. And perhaps it is.

For we have proposed that human consumers receive the same protection against worthless drugs that has been enjoyed by American hogs, sheep, and cattle since 1913. That is rather extreme.

We have proposed that the special concerns of the 125 million people who live in our urban areas receive the same Cabinet-level representation as those of the 13 million who live on the farm. That is rather extreme.

We have proposed helping our public schools pay those to whom we entrust the minds of our children an annual income comparable to the income of those to whom we entrust the care of our plumbing.

We have proposed that Federal help should be available to those local systems of mass transportation that now convey us through the streets at speeds averaging slightly below the 12 miles per hour averaged by the public horsecars of two generations ago.

We have proposed investing in new national parks, forests and wildlife refuges an amount equal to one-fifth of our annual investment in chewing gum.

We have proposed that the corn farmer and the wheat rancher be treated with at least as much commonsense as our farm laws now accord the peanut grower.

And we have proposed that our working men and women contribute throughout their working careers to their own health insurance program under social security instead of being forced, once their jobs and their savings are gone, to seek help from public charity.

Perhaps these goals seem extreme to some, but to me they spell out the means of securing "the blessings of liberty to ourselves and our posterity."

Others say the program is not extreme, but the President's popularity has declined. There is no denying the increasing tempo of abuse, but I would refer you to the recent poll of historians evaluating all our previous Chief Executives. Every Democratic President since the Civil War was judged to rank in the "great" or "near great" category. And all of our greatest Presidents in their times were bitterly abused, and hated, and reelected. For no one gets this country moving again without disturbing the status quo, without stirring up the vested interests, and without doing what is necessary instead of what is popular.

PRESIDENT KENNEDY'S CONCERN

To be sure, President Kennedy is concerned; concerned, however, not about his critics but about his country; about the 1 million young Americans who are both out of school and out of work; about the 150,000 unemployed workers who every month exhaust their benefit rights before they can find a job; about the growing shortage of doctors and medical students, when nearly half of those students come from the wealthiest 12 percent of our families. He is concerned about the 8 million adults who are classified as functionally illiterate; about the thousands of migrant workers whose families lack the basic safeguards of decency; about those untold numbers of American consumers who have been scarred by untested cosmetics, misled by worthless drugs, or made ill by improper foods. So, criticism or no criticism, John Kennedy intends to "stick to his guns."

But when he looks ahead to the peaks that are yet to be scaled, the President is not unmindful of the distance already climbed. The 87th Congress, breaking a legislative stalemate, has thus far passed a score of key bills that could never be passed before, including bills for area redevelopment, higher minimum wages, better housing and urban renewal, new attacks on crime and delinquency, and water pollution.

More was done by this Congress to combat the recession than by any Congress since the thirties. And today this Nation has achieved the highest GNP and the highest industrial production in its history. Our working men and women are earning $27 billion more a year. Our businessmen are netting $10 billion more a year. And these are not phony inflation dollars that cannot buy more groceries, but sound dollars, backed by our Nation's best postwar record of price stability in any comparable period of recovery, and backed by our best record of balancing our international accounts since they declined in 1958. The national debt is a smaller portion of our gross national product now than it was in 1960, after our predecessors had increased it by $27 billion. And the budget deficits caused by the recession they left us are far smaller now than the $12 billion deficit they ran up in 1959, one of the 5 deficits they incurred in 8 years of preaching fiscal solvency.

And in those areas where the Congress has not acted, the President has acted, particularly in civil rights. The man who broke down the walls of intolerance to enter the White House has been breaking them down ever since on behalf of Negro children who want a better education, on behalf of their parents who want to vote and to travel and to work. Those who stand up for their rights are being protected and so are those who sit down.

THE WINDS OF WAR HAVE NOT BEEN LOOSED

But if events on the domestic scene have confounded those critics who predicted disaster under Democratic rule, events around the world have junked their pessimistic prophecies even more. The foul winds of war have not been loosed; and the fair winds of peace have calmed the troubled land of Laos. Mr. Khrushchev has not taken over West Berlin. Mr. Castro has not taken over Latin America. Mr. Ho Chi Minh has not taken over Vietnam. And Mr. Gizenga has not taken over the Congo.

Those who once scoffed at the Peace Corps as a haven for misguided visionaries have been touched by the moving tributes to American idealism that come from dozens of far-off huts and villages. Those who once jeered at our efforts in space as a wasteful, useless science-fiction charade now hail our striking successes as symbols of American initiative, ingenuity, and power. And those who once assailed the Alliance for Progress as part of a no-win policy this year joined in the applause when the 20 American Republics, in conference at Punta del Este, decreed unanimously to isolate the Castro-Communist offensive as a clear and present danger.

When President and Mrs. Kennedy twice toured Latin America, they were greeted with milling mobs. But this time the mobs were not jeering, they were cheering. They were not throwing stones but lifting banners, banners hailing the greatest new era in U.S.-Latin relations since the days of the good-neighbor policy, banners proclaiming the new hemispheric hope of the sixties: Alianza Para Progresso.

And, finally, it is increasingly recognized, at home and abroad, that this Nation, for the first time, has a coherent, consistent effort to launch a peace race instead of an arms race to foster world law instead of world war.

TO FOSTER WORLD LAW INSTEAD OF WORLD WAR

For the first time we have a full-time full-scale Disarmament Agency working out ways and means of reaching this goal.

For the first time we are attending a disarmament conference with a specific, step-by-step plan for general and complete disarmament.

For the first time we are on record, along with the United Kingdom, with the actual draft of an effective treaty to ban all nuclear tests, a treaty which may yet be accepted now that the Soviets realize they can no longer prevent the West from testing by pretending to talk while preparing to test themselves.

For the first time we have a long-term foreign aid program, strengthening the basis for peace and freedom in those nations willing to help themselves.

For the first time we have an expanded, independent food-for-peace program, providing school lunches and famine relief and daily bread for the hungry and needy of many lands, shipping abroad more food in the last 18 months than Herbert Hoover and his associates shipped in 10 years of World War I relief efforts.

For the first time we have enough authority at the bargaining table to get an agreement on the disarmament of outer space because we are no longer second in outer space.

For the first time we have launched our own initiative in the United Nations on disarmament, development and space and pledged our participation in a U.N. bond issue which will require those nations now trying to starve that organization to death to pay up or get out.

And, for the first time, we have an agency to encourage others to travel to this country and see what we are really like and an organized effort to secure better housing and better treatment for the diplomats of other countries and other colors and a new cultural exchange agreement with the Soviet Union and, of lasting importance, a program both to weld and to build the economies of the free world through increased tariff reduction and trade expansion.

THE WAR WE MUST DETER

This administration also knows that until all arms are abolished, we can preserve the peace, and convince others to parley for peace, only by preparing for war—the war we must deter. And I believe one reason the peace prevails today is the buildup we have undertaken to make certain no aggressor is ever tempted by our weakness. We have strengthened the missile power and the air power and the manpower of our Armed Forces. And the President knows that, if we are not only to survive but to prevail in the long run, we must strengthen our brainpower and our willpower, with all the measures he has proposed to build a bulwark of healthy minds, healthy bodies, and a healthy American economy.

It is in this spirit, bearing in mind both our achievements and our goals, that the people of western America are called upon to fulfill their proud traditions and to send men of wisdom and vision to Washington this fall. No other group of 13 States will play so key a role in shaping our Nation's future with 12 Senate races, 10 Governors' races, and 69 House seats at stake. If our opponents are to gain in the Senate, it is here they will try hardest to gain. If we are to gain in the House, it is here that we must make those gains. And, moved by the enthusiasm and dedication I have seen here tonight, it is my prediction that when, in November next, the defenders of privilege and opponents of progress are swept from their seats of power, it will be a wind from the West that uproots them.

But our concern is not merely the future of our program, or our party, or even our Nation. Our concern is for the future of mankind. And when the youngest of my sons has grown to the cares of manhood, the world in which he lives will be shaped by what we do today. If men today are moved by greed and pride alone, if nations blind themselves with hatred and with habit, if we shrink back from the new and the untried and the unknown, then his world may well be a world of sorrow instead of hope. But if we can strive for the good society as well as the good life if "mercy and truth are met together," not only in the hearts of men but in the seats of power, then surely my son in century 21 will be "neither Red nor dead but alive and free," in a world of peace and abundance.

Mr. GOLDWATER. Mr. President, you will note that the first big decision before the country, as stated by Mr. Sorensen, is whether to "sail or anchor down." Then follows a rhetorical flood of demagogic castigation of all those who oppose the New Frontier program. The good guys and the bad guys are sharply distinguished. The bad buys want to cut Federal spending. The bad guys want to decrease Federal controls. The bad guys want to make people work for a living. The bad guys want to face the realities of 1962 rather than live in the dream world of 2001, in which Mr. Sorensen apparently already resides. The bad guys also hate people—hate children, hate sick old widows; want to give away all that the country possesses to avaricious robber barons. The bad guys do not care about our national defense; they have hindered our missile program; they never voted to appropriate money for an army or for a navy. The bad guys are racists; they are against civil rights; they are against children having schools; they are against people being happy; and they must all be eliminated because they are just plain bad.

The good guys want to give everything to everybody. They are good to everybody in every way. People are going to work shorter hours and make more money. Income is to go up and prices are to go down. Taxes are going to be decreased; benefits are going to be increased; the national defense is going to be strengthened; the Russians are going to be handled properly; South America is going to become richer and more prosperous; the whole world is going to be a better place in which to live. The good guys are going to win because they stand for the good things.

Actually these utterances by Mr. Sorensen can only be described as tripe and trash. Yet there is a bewildering puzzlement contained in his remarks. The good guys are the ones who are in favor of Mr. Kennedy and the New Frontier program, but the bad guys are never identified. It used to be that a good old-fashioned Democratic demagog, when he painted the picture of the good and bad guys, always said that the Republicans were the bad ones.

Poor Mr. Sorensen, he is in a fix because, sad to relate, all those goody-goody programs which he so dearly loves, and which will bring about the millennium sometime from now, are being sabotaged by large segments of the Democratic Party who happen to endorse programs which bad guys can support.

Since the Democratic Party has 64 out of 100 seats in the U.S. Senate, and since they control the House of Representatives by 263 to 174, Mr. Sorensen can not blast the Congress without blasting his own party. Neither can he urge the voters to elect Democrats under the guise that the President needs more Democrats to control either the Senate or the House. Mr. Sorensen is between Scylla and Charybdis. Frankly, one suspects that he had better anchor down because it appears as though he is already in the whirlpool and is heading for the rocks.

It will be refreshing to see how the chairman of the Senate Finance Committee, the Honorable HARRY FLOOD BYRD, who is one of the bad guys because he believes we should cut Federal spending, responds to Mr. Sorensen's declamation. Once Mr. Sorensen has convinced Mr. BYRD, he might try his persuasion on Chairmen MANSFIELD, MCCLELLAN, ROBERTSON, EASTLAND, CHAVEZ, RUSSELL, HAYDEN, and others, saving, of course, Mr. KERR for last.

Perhaps Mr. Sorensen's only solution will be to abolish the two-party system, elect all Democrats to the Senate and the House of Representatives, and then divide the Democrats into the good Democrats and bad Democrats and let them fight it out among themselves.

In the meantime, if this is the type of legal counsel which President Kennedy is receiving through the services of Mr. Sorensen, this speaker for one has no difficulty in understanding why the program of the New Frontier is rapidly disappearing.

If Mr. Sorensen really wants to know where some of the bad guys are located, he may be interested in a study compiled by the Republican policy committee which we will be delighted to make available to him. This study shows that the Democratic chairmen of the 16 standing committees of the Senate during the period from January 23, 1962, to August 9, 1962, on 328 occasions voted collectively against administration proposals.

When the senior members of the crew display such little confidence in the navigator, perhaps it is time to put the anchor down.

It is a tribute to the sagacity of certain Democrats and a tribute to the two-party system that the Congress of the United States still possesses enough commonsense to ignore the Sorensens and to resist the march toward socialism and the destruction of our free enterprise system advocated by scatterbrained New Frontiersmen.

DRUG CONTROLS

Mr. SMITH of Massachusetts. Mr. President, within the next few weeks the Senate will consider legislation to tighten existing controls of the drug industry. The need for these controls has been pointed up recently by the crisis over thalidomide. Other questions have also been raised about practices in this industry. One of the most important so far as the American public is concerned is that of pricing. Evidence has been presented before a Senate committee indicating that some American drug firms have greatly overpriced their drugs.

The high price of modern drugs has been a leading factor in the enormous rise of medical costs in recent years. The expense of steady drug care is the type of financial burden that our senior citizens often find impossible to bear.

Because of this, I feel Congress has good cause to be concerned with the pricing practices of the drug industry. It is particularly interesting to me that the Armed Forces have been able to purchase drugs abroad at substantial reductions over the prices that they must pay in this country. I hope that my colleagues will bear this in mind when considering the drug legislation that will soon be before us. I ask unanimous consent to have printed in the RECORD an article from the Boston Globe concerning this problem.

There being no objection, the article was ordered to be printed in the Record, as follows:

Pentagon Saves $7 Million by Buying Drugs Overseas

(By Allen M. Smythe)

Washington.—With annual expenditure of $73 million the Pentagon is the largest customer of the drug industry. Secretary Robert S. McNamara has designated the new Defense Supply Agency as the sole buyer of all defense medical supplies. DSA officials are expanding the Navy policy for foreign purchases of the new wonder drugs.

Since December of 1959 the Pentagon has paid $5,306,000 on 25 contracts to Italian, Swedish, and Danish drug firms. The domestic price would have been $12,804,000. The prices ranged from one-half to less than one-eighth of the U.S. bids.

DSA officials say the high-priced identical bids of U.S. patented and produced drugs justify their buying overseas. Domestic producers have been offered royalties of 10 percent of their costs. The Comptroller General has upheld this policy. It was pointed out that the issuance of a patent does not guarantee a monopoly. Its validity and infringement must be proved.

Title 28, United States Code, section 1498, states the "sole remedy to patent holders against Federal purchases is reasonable compensation." The Pentagon have offered to go to the Court of Claims in a friendly suit to certify any claims. No drug company has accepted the challenge. It would mean revealing exact costs.

Tetracycline, an antibotic, was bought in Italy for $5.61 per 100 tablets when it was sold to U.S. hospitals for around $30.

The price of Carlo Erba, Milan, is now $2.92. The firm buys its raw material from Le Petit, a French firm licensed by Charles Pfizer Co. to make and sell this drug in Europe. Erba is reported to be partly owned by American Home Products Corp.

Meprobamate, a tranquilizer, is now bought in Stockholm, Sweden, from A. S. Kabi for $2.07 per 500 tablets. Wholesale prices quoted the Pentagon are around $17. An equivalent amount bought in U.S. cutrate drugstores would cost $39.50. Miltown is the trade name of the drug by Carter Products. Equanil is the trade name used by Wyeth Laboratories.

A year ago, nitrofuranton cost $5.50 per bottle of 100 tablets from Italy. Subsequent orders reduced the price to $2.95. Wholesale prices here are several times higher.

The drug sulfadiazine costs only $4.50 per 1,000 tablets when bought in Denmark.

Angry protests by drug firms against oversea buying of their patented formulas have made little impression on Pentagon purchasing agents.

Drug officials point out the sharp decrease in death rate of both young and old and they stress the need of adequate funds for profits and future research.

Congress has been debating for over a year the need of new laws to control the sale of these drugs. The Department of Justice has antitrust action pending against the manufacturers of tetracycline and meprobamate in the Southern District, U.S. Court, New York.

U.S. SATELLITE COMMUNICATIONS SYSTEM

Mr. WILEY. Mr. President, the legislation for establishing a U.S. satellite communications system soon—I sincerely hope—will come up for a vote—and approval—in the Senate.

The system—as soon as it is established—will have real significance for Mr. and Mrs. America, and the world.

Among other things, it will mean:

A broadening of our news—education—cultural horizons—as reflected in early United States-Europe television exchanges via Telstar; including possible direct home reception from Telstar-type satellites—now being explored by the television-communications industries;

Opportunity to shift the overheavy traffic on existing radio, telegraph, telephone, and other conventional channels to the satellite system; and

Ultimately, dramatically improved—and perhaps less costly—telephone, radio, television, and other communications at home, as well as around the globe.

During consideration of this legislation, a number of outstanding Wisconsin newspapers have editorialized upon the significance of the private-enterprise contribution to this program as exemplified in Telstar.

I ask unanimous consent to have a cross section of these editorials printed at this point in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

[From the Brookfield News, July 19, 1962]

Not Government Funds

Although it may be questioned whether we have many television programs worthy of being broadcast to foreign nations, private industry in America deserves commendation for rocketing into orbit the world's first space relay system for long-distance transmission of radio, telephone, and television signals.

Such an accomplishment would not have been possible in Communist Russia, for there is no free enterprise system there, and only the government functions in the communications field. We are glad it was Telstar, and not Red star, that was first. It's a far cry from the early American communications systems of Indian drums and smoke signals. Later Americans developed the telephone, the transatlantic cable, the wireless, the radio, and finally TV in black and white or assorted colors.

The first experiments having been somewhat successful, additional earth satellites will be launched by the privately owned firms sponsoring this effort to improve communications around the world, using power absorbed from the sun. What telephone repairman climbs up to the satellite to fix it when something goes wrong, even the Bell System hasn't answered.

[From the Green Bay (Wis.) Press-Gazette, July 13, 1962]

The Telstar Success

The amazing success of the Telstar satellite on its first test brought home to Americans the spectacular advances which this country has made in space communications. It did not have the emotional appeal of the flights of the astronauts because human lives were not involved. But this project will have more immediate practical effects on American lives than any of our other space efforts.

Telstar will make possible a worldwide television network. Transmission of news dispatches and pictures around the world will be dramatically improved. Perfect voice communication will be possible without any use of cables.

Communication of ideas between peoples and nations is the greatest hope for advancing the cause of the free world, and Telstar has proved that in this field the American lead over the Russians is immense.

Yet at the same time that the initial Telstar launching was achieved a bitter debate was raging in the U.S. Senate which will have a vital effect on the future of this whole world space communication project.

The administration has proposed that the future development and operation of the project be turned over to a corporation which would be financed by private capital and managed by a board of directors composed of both private citizens and Government representatives. This plan is an alternative to complete Government financing and control.

Some of our more demogagic Senators are crying out that this will be the greatest giveaway in history. They take the position that the Government has financed the research and development of space communications so far and that now the administration proposes turning these benefits over to large private corporations for their own profit.

But upon careful examination this hysterical outcry doesn't hold much water.

Many private corporations have spent millions of dollars on research and development of this project. Many of the basic elements were privately developed, transistors, solar batteries, guidance systems, television communications themselves. American Telephone & Telegraph Co. financed the complete $4 million cost of building, launching, and tracking Telstar.

After all, who owns large private corporations like A.T. & T.? This stock is about as widely held by the American public as any corporation's. The old bugaboo that private industry consists of a few fat-bellied millionaires who live by preying on Government largess no longer scares Americans because many of them own stock in these enterprises.

It really comes down to this. If space communications are financed by a quasi-private corporation through sale of stock to the public, then those who buy the securities are voluntary investors. But if the Government finances the project through tax money, we are all involuntary investors. And speaking of tax money, the Government will receive 52 percent of any profits the private corporation realizes through the project.

We should all know by now that American scientific progress has been achieved largely because of and through our free enterprise system. It is logical that Government should finance initial research and experiments in scientific fields whose practical results are unpredictable, or in fields involving national security.

But when these initial experiments reveal that the results have practical commercial possibilities, such as nuclear fission and now space communications, future development and operation of these commercial aspects should be a function of private enterprise within legitimate governmental controls.

[From the Madison (Wis.) Wisconsin State Journal, July 12, 1962]

A Message To Match the Audience

It has been 118 years since Samuel F. B. Morse clicked off that first message over a telegraph line.

His words—"What hath God wrought"—have been etched in history, a lasting message showing man's ceaseless attempts to spread his communication.

And now we note another historic event, the Telstar satellite which is setting the pace for worldwide live television broadcasts.

There were no stirring words to signal this great first, but the sight of the Stars and

Stripes waving a salute to the event was a proud one.

But lest the world think that we waved the flag just to show another American first in space, let it realize that here is an accomplishment that can only succeed through mutual effort.

For this is a form of communication which can draw the world of man closer together for better understanding.

Yet we cannot make the world look and listen unless we have something to show and say that will make it turn its eyes and ears to us.

Therein lies a great lesson.

And it emphasizes the point many scientists have been working for—the peaceful use of space. Here is wide open opportunity to help the mutual brotherhood of man, to gird the earth with peaceful messages instead of just fiery rockets.

The educational potentialities are limitless; the entertainment value of lesser moment.

True, it will take years for the full value of this enterprise to be realized, but we can have confidence in this first success.

Whether or not he was the first printer, Gutenberg must have felt somewhat the same.

"What hath God wrought," reminds us of the responsibilities in what man "wroughts."

[From the Madison (Wis.) Wisconsin State Journal, July 12, 1962]

PRIVATE ENTERPRISE SCORES AGAIN

There is another note which should be made on Telstar.

It does not matter here whether a certain stock zooms on the market as a result of this accomplishment.

What does matter is that private enterprise has scored a signal victory.

If the world needed any more proof that the old picture of capitalism—bloated, vested, arrogant, greedy—is erroneous, it has it now.

Capitalism today is as dedicated as the laboratory, as up to date as Madison Avenue, as forward looking as Canaveral.

Space, like the earth, seems to get smaller with each scientific achievement.

But we have proof now that there's still room in it for good new private enterprise.

[From the Mayville (Wis.) News, July 12, 1962]

THE OBSERVER'S COLUMN

That Telstar shot earlier this week was quite an accomplishment for our country and A.T. & T. We're living in an age of marvels, shooting a TV beam at the Telstar so the program can be viewed in Europe. Having the shot turn out so successfully must have been a huge relief for the A.T. & T. folks who gambled a wad of dough that it would turn out all right. It was a real accomplishment.

[From the Milwaukee (Wis.) Journal, July 11, 1962]

TELSTAR'S SPECTACULAR START

Telstar, the world's first active communications satellite, is measuring up to all expectations.

This appears to have been a virtually flawless operation in a field in which America's open door policy has led to embarrassment because of delays and failures. There was none of that with Telstar. Its development by Bell Laboratories met tight schedules. Its launching from Cape Canaveral by the National Aeronautics and Space Administration (NASA) went without a hitch. The Thor-Agena rocket performed properly. The satellite went into an orbit almost precisely as planned. Tests were conducted on schedule, with excellent results here and in Europe.

Perhaps there was a too heavy larding of self-praise for American Telephone & Telegraph Co., parent firm of Bell Laboratories. An achievement of this magnitude can stand on its own without such obvious help from the public relations forces. But this was a minor detail.

Vice President JOHNSON hailed Telstar as opening "a new frontier of international telephone, international television, and most of all international understanding."

The emphasis at the moment is on international television, because that is easily dramatized. The public can be stirred by the prospect of viewing events as they are happening, without considering the limitations. The potential of instant television is limited.

Few events of a world-shaking nature lend themselves to on-the-spot television coverage. The time difference between Europe and America creates conflict. Most TV entertainment programs can be packaged for use locally at convenient hours. There is little live television in this country; there will be less between nations, even with an array of satellites to receive a signal from earth, amplify it, and speed it to another earth station.

Where communications satellites will probably serve the greatest need is in the workaday world of commercial communications. Existing undersea cables and radiotelephone circuits are crowded and will soon be jammed. The satellites offer new channels and probably cheaper ones. Ultimately, it is expected that three satellites parked 23,500 miles above the equator and traveling at the same relative speed as the earth so that they appear to be stationary will be able to handle transmissions from all parts of the world.

That lies in the future. The important fact now is that Telstar has made a spectacular beginning. It has won for America and private American technology an impressive first in the use of space for communications.

[From the Milwaukee (Wis.) Journal, July 16, 1962]

FROM MARCONI TO TELSTAR

In Napoleon's time the French took a great stride in communications. Semaphores were set up on hilltops and messages could be relayed from one to another. It beat the speed of horseback messengers.

From the time the first electric battery was invented in 1799 men began experimenting with its possibilities in communications. By 1837 a patent on a telegraph set was taken out in England. But it remained for Samuel F. B. Morse to develop a usable system. With $90,000 appropriated by Congress, he erected a telegraph line between Washington and Baltimore and sent his first message: "What hath God wrought."

Alexander Graham Bell made the next big step. He got his first patent on the telephone March 7, 1876, and organized the first telephone company a year later.

It was 61 years ago, on December 12, 1901, that Guglielmo Marconi sent the first transatlantic wireless message from Cornwall, England, to Newfoundland. He lived until 1937 and saw radio ring the world. In his latter years television was being developed and the first commercial programs began in 1939 in New York. The war put a crimp in that but from 1946 on television swept the country.

The other night, on each side of the Atlantic, television viewers watched transatlantic television transmitted through the Telstar satellite. From semaphores to satellite communications in a little more than 150 years. From wireless to Telstar in 61 years.

Man's ingenuity is fantastic and it is getting so that it takes a genius to understand just what man is up to.

[From the Milwaukee (Wis.) Journal, July 16, 1962]

TELSTAR AND THE H-BOMBS

(Reprinted from the Racine Journal-Times)

The Telstar satellite, in contrast to the space bomb, is a reminder of what we could be doing with the space program, in terms of money and initiative, if it were not necessary to concentrate on a nuclear weapons program at the same time. What opportunities would be open to the United States, to Soviet Russia; and the other civilized nations, if so much of their time, energy and money were not devoted to making weapons of aggression or defense.

[From the Watertown (Wis.) Daily Times, July 18, 1962]

TIMES SQUARE—TELSTAR

The recent space achievement known as Telstar, which is going to completely revolutionize communications, has been called by one editor the beginning of the age in infinity.

Here is how Telstar works in the simplest possible language for so vast and new a subject:

Telstar zips around the globe at 5 miles a second, and at a height of up to 3,500 miles. To make it perform, scientists first use special tracking equipment to pick it up as it comes over the horizon. Its progress is charted carefully until it reaches the proper range above the earth for its work to begin.

At the right time, a ground transmitter shoots a radio signal at the satellite. By the time, it reaches its target, the signal is only a whisper of its original self. Telstar takes in the signal, magnifies it 10 billion times, and shoots it back to earth to a ground receiver. The receiver amplifies the signal again to complete the circuit. The whole process takes place with the speed of light—186,000 miles a second.

Telstar is able to relay 600 telephone messages, or one television signal at a time without getting them scrambled.

Few people of the millions who have read about this achievement and who watched it on recent television presentations have yet been able to realize what an important step Telstar is and what effect it will have on the world and on mankind itself.

ARBITRATION OF INTERNATIONAL INVESTMENT DISPUTES—RESOLUTION OF AMERICAN BAR ASSOCIATION

Mr. WILEY. Mr. President, the House of Delegates of the American Bar Association recently adopted a resolution with respect to the establishment of international machinery for conciliation and arbitration of international investment disputes.

Internationally, there arise, from time to time, economic disputes that threaten to create crises, first, between the contesting interests; and, second, sometimes of a much broader nature.

In a world, too, in which changeovers of political governments result from extensive changes in economic policy, the situation is further complicated.

The American Bar Association resolution then—proposing the establishment of machinery for resolution of such disputes—takes on special significance.

I ask unanimous consent to have the American Bar Association resolution printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

The house of delegates adopted on Thursday, August 9, 1962, the following resolution with respect to the establishment of international machinery for the conciliation and arbitration of international investment disputes, urging support of the establishment by an international agreement of such machinery in close conjunction with the World Bank (International Bank for Reconstruction and Development) and authorizing officers of the section of international and comparative law to appear before the Departments of State, Treasury, and Commerce and before the Congress in support of the treaty and necessary enabling legislation:

"Whereas the international flow of private capital to the less developed areas of the world will be encouraged by more effective measures for the protection of the rights of private investors, this being a problem which has also received the attention of the organized bars of many countries adhering to the principle of the rule of law;

"Whereas the case-by-case growth of legal principles, characteristic of the common-law tradition, has proven to be one of the more effective methods of developing contemporary law, including the laws relating to the rights of private investors in foreign countries;

"Whereas President Eugene R. Black, of the World Bank (International Bank for Reconstruction and Development), announced in Vienna in September 1961, that the Bank would explore with other international institutions and with member governments the feasibility of establishing specific machinery for the conciliation and arbitration of disputes between governments and foreign private investors;

"Whereas the prompt settlement of international investment disputes would be promoted by affording private claimants direct access to conciliation and arbitral machinery without the necessity of formally securing governmental espousal or diplomatic protection of claims;

"Whereas a proposal limited to procedural machinery for the conciliation and arbitration of international investment disputes can be advanced independently of and without dependence upon other current proposals for bilateral or multilateral treaties defining principles of law applicable to international investments or providing for insurance or other guaranties of international private investments: Therefore be it

"*Resolved,* That the American Bar Association favor the establishment of machinery for the conciliation and arbitration of international investment disputes between governments and foreign private investors in accordance with principles of law applicable to the rights of investors and with provision for direct access to such machinery by private persons to the extent that the parties to the international investment dispute have consented thereto; further

"*Resolved,* That the association favor in principle the negotiation and ratification of an international agreement for the establishment of such machinery for conciliation and arbitration in close conjunction with the World Bank; further

"*Resolved,* That copies of this resolution be sent to the Secretaries of State, Treasury, and Commerce and to the appropriate committees of the Congress, and that the officers of the section of international and comparative law be authorized before said departments and committees in support of such an international agreement and necessary enabling legislation."

HOOVER'S U.N. SUPPLEMENT GAINS FRIENDS

Mr. MUNDT. Mr. President, seldom has a new idea or a constructive suggestion on world affairs captivated public attention and won significant support as rapidly and extensively as Herbert Hoover's suggestion that the United States of America take the lead in establishing a Council of Free Nations to protect and preserve human freedom against Communist aggression.

Former President Herbert Hoover is a man of dogged determination and persuasive persistency. He is today renowned and respected throughout the free world. Few if any other living human beings—unless it be Winston Churchill—have such widespread appeal to such an enormous worldwide audience. Thus, Hoover's courageous and exciting proposal has received many favorable reactions from abroad as well as widespread acclaim here at home.

Hoover first initiated his suggestions, leading to the one made at his birthplace in Iowa on the occasion of his 88th birthday, in 1950 when he discussed the great contributions to collective security which could accrue from a United Nations without Communists. During the intervening dozen years, he has reverted to this hypothesis again and again in private letters, public appearances, and in conversations with those who visit him. It has continued to win friends and gain supporters since it was first discussed in 1950.

His latest discussion of it reveals how he has refined and reenforced his concept by proposing a Council of Free Nations which would supplement the United Nations rather than serve as a substitute for it. In other words, he proposes a NATO or SEATO of free nations who would be drawn together and work together as a result of an ideological position rather than a geographical position. It makes sound sense. I ask unanimous consent, Mr. President, to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A COUNCIL OF FREE NATIONS

Uppermost in the minds and prayers of the plain people everywhere is that war should cease and that peace should come to the world.

This is the great lesson Herbert Hoover learned as he went about his work in some 50 nations of the world since he graduated from Stanford in 1895. As an engineer, bringing American technology with its train of greater productivity and better living; as a humanist, directing the reconstruction of scores of nations in the shattered aftermath of two world wars, rescuing millions from famine; and as President of the United States, supporting the League of Nations, the World Court and, later, the United Nations, Hoover always carried in his mind the idea that the plain people want an end of war.

While he was never under any illusions that the United Nations charter assures lasting peace, Hoover confessed his disappointment that the United Nations "has failed to give us even a remote hope of lasting peace." The trouble was not with the charter as such. There will be no peace, he sadly learned, so long as the Soviet Union chooses to use its veto more to block every act that would promote peace as it has done more than 100 times. Communists want peace only after they have dominated the world.

In 1950, Hoover urged the reorganization of the United Nations without the Communists, and, if that were impractical, then the formation of a united front of those people who disavow communism, and who stand for morals and religion and love freedom. Last week, he returned to that idea, but refined it considerably. Now convinced the United Nations cannot be reorganized, he would form a council of free nations, based on the regional agreements in which some 40 nations now pledge themselves to defend each other if any are attacked.

When the Soviet Union blocks any peace-serving measure in the future, then the free nations with their superior power would go to the rescue. Hoover's plan would give the freedom-loving nations an impregnable striking arm that the United Nations cannot create so long as the Soviet Union can veto it.

Opinion in the United States now tends that way, but looks to the Atlantic community for such a coalition. Hoover's idea of including all freedom loving peoples would make it global—and that much more effective.

THE SELLOUT OF WEST NEW GUINEA

Mr. SCOTT. Mr. President, while the so-called neutralist Minister of Interior of the recently formed coalition Lao Government crows about an unconfirmed report that our neutralist friends in Laos had shot down an unarmed American plane, the neutralists in the United Nations are being joined by the "activists" of this administration in complimenting themselves for the sellout of West New Guinea to still another questionable neutralist, President Sukarno, of Indonesia. I fear, Mr. President, that this country will live to regret the day that we interceded in behalf of the pro-Communist Indonesian leader and so jeopardized the Dutch position that they were forced to sign a treaty bringing the West New Guinea dispute to an end.

The principle of genuine self-determination went down the drain.

It is most difficult for me to understand how this administration can, on one hand be consistently pumping up the U.N. balloon with reassurances to the American people that it is the solution and the bulwark against Communist expansion. At the same time in a Machiavellian sort of way, aiding and abetting a nation which is a signator to the U.N. Charter in violating that charter by threatening the use of force unless another member nation capitulates to its demands. It is of further continuing amazement to me how this administration, led by some fuzzy accommodators in the State Department, can consistently take positions contrary to our age-old allies. This works to the eventual detriment to the U.S. position in the free world and to the eventual weakening of the once strong ties as between the NATO nations.

Arthur Krock in an article in today's New York Times spells out vividly the newest sellout of this administration in the field of foreign policy.

I ask unanimous consent that this article and a news item reporting the Dutch views, be printed at this point in the Record.

There being no objection, the article and the news ticker report were ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 17, 1962]

Our Good Offices Sanction Aggression in the Pacific

(By Arthur Krock)

Washington, August 16.—The expulsion of the Netherlands as administrator of West New Guinea, and its replacement by the Government of Indonesia, is the latest of the triumphs of the threat of armed force as a means of territorial aggression. And in this particular instance it was the United States which supplied the pressures by which this triumph was attained.

The explanations offered, on and off the record, by officials here is that, if the Dutch had longer resisted Sukarno's ambition, he would have carried out his threat to attain it by military measures, and there would have been war in the Pacific. And, the explanation continues, the only way to avert this dangerous prospect was to let the Dutch know in advance that the United States would close the channels through which their forces in that distant area would have to be supplied; and that also it had obtained pledges from the British to follow the same policy. This perforce immobilized Australia, which administers the remainder of New Guinea, from lending any assistance to an armed stand by the Netherlands against the Indonesian aggressor.

But this explanation serves to emphasize that it was the threat of military aggression against another nation's territory, to which in this instance the aggressor has neither an ethnic nor historical claim, that was the means by which the threat accomplished its purpose. And in congratulating themselves on what the State Department hailed today as "the resolution of the West New Guinea dispute through peaceful negotiations," the U.N. was celebrating a member's violation of the U.N. Charter, and the Department the abandonment of a policy which the United States has long proclaimed.

(1) The signatories to the U.N. Charter, of which Indonesia is one, pledge themselves to "refrain * * * from the threat or use of force against the territorial integrity * * * of any State." In threatening to occupy the Netherlands' territory of West New Guinea by force unless the Dutch ceded its administration to Indonesia, and in landing troops there while the above-styled "peaceful negotiations" were in process, Sukarno fractured this pledge in several places. (2) Refusal to abet external aggression or to give official recognition to its success have been the historic policies of the United States which the Kennedy administration has often reiterated. But in forcing the Dutch capitulation to Sukarno, the United States laid this policy on the shelf.

THE LESSON OF HISTORY

To those who feel that the threat of an aggressor to go to war is sufficient cause for the United States to abandon this historic policy, and even assist him to gain his objective, this justification by the Government of its courses in the Dutch-Indonesian dispute will be sufficient. But the longer this reasoning controls the foreign policy of the United States, the weaker will be its influence in preserving the peace of the world which is the proclaimed goal of all its international activities. And the oftener the United States brings pressure on its friends and allies to surrender to such aggression as Sukarno's, the feebler will be the alliances with free world nations that are the foundations of U.S. security. Moreover, history offers overwhelmingly proof that aggression cannot be successfully compromised; that compromise leads inevitably to larger wars than those it is relied on to avert.

At the U.N. yesterday, negotiators were felicitating one another on the "peaceful" outcome in West New Guinea, and were thanking the U.S. Government and the Acting Secretary General of the U.N. for a result in which both abjured their sworn principles. But last night the Premier of the Netherlands dispelled this artificial atmosphere with a blast of the truth. Holland, he said, "could not count on the support of its allies, and for that reason we had to sign" the capitulation to the aggressor. And the UPI dispatch which carried this quotation, reported that the Dutch Government feels bitterly disappointed at the strong-arm activities of the United States, which accomplished the humiliation of one of its stanchest allies in the world contest with militant communism.

Also, how many believe that, after Sukarno has administered West New Guinea for 7 years, the promised U.N. plebiscite will bring independence to the Papuan natives, even assuming they still will have the courage to vote for it?

New Guinea

The Hague.—The Dutch expressed disappointment and bitterness today over the New Guinea agreement with Indonesia, and criticized the United States for alleged lack of support.

Authoritative sources said the Netherlands was forced to sign the treaty to avert eruption of a full-scale war over the Southwest Pacific territory.

"Holland could not count on support of its allies and for that reason we had to sign," Premier J. E. de Quay said in a statement to the nation last night.

Dutch officials felt that the United States failed to back up State Department promises of aid in West New Guinea.

Authoritative sources stressed the Dutch had no choice. If Holland had not agreed, war would have broken out, they said.

The United States had told the Dutch the 7th Fleet would not be used against Indonesia, the sources said, while all the Dutch could hope for in the way of U.S. help would be assistance with the evacuation of the territory.

The sources said the treaty looked attractive on paper, but a close analysis showed that, in fact, Papuan self-determination did not receive the "adequate and cast iron safeguards" Holland asked for.

The American mediation plan drafted by retired Diplomat Ellsworth Bunker was weakened by the State Department itself, the sources said. What remained was the empty shell of the American compromise proposal.

The fate of the 700,000 Papuans is now more or less left completely to the discretion and politeness of Indonesia, they said.

BENEFITS OF THE MORRILL ACT

Mr. PELL. Mr. President, one century ago, the President of the United States, Abraham Lincoln, signed into law the Morrill Act, establishing the land-grant system of public higher education. This year the 68 land-grant colleges and universities in the 50 States and Puerto Rico are celebrating their centennial. I offer them my sincere congratulations.

In my own State of Rhode Island two universities have availed themselves of the benefits of the Morrill Act. From 1863 to 1892 Brown University thrived and developed as a land-grant institution. In 1892 the University of Rhode Island, then known as the Rhode Island College of Agriculture and Mechanic Arts, became the recipient of the benefits of the land-grant endowment. We in Rhode Island are indeed proud of the accomplishments of these two fine institutions.

Our Nation can be proud of the democratic tradition established and fostered in this important act. The belief that everyone with ability should have the opportunity to attend college has become a part of the American creed.

We live today in a world of turmoil and change. The importance of education in enabling the American people to face the challenges of this nuclear era cannot be emphasized too often. Approximately half of the students seeking higher education in 1970 will have to be turned away, unless there is a dramatic increase in college faculties and facilities. The Morrill Act marks the establishment of a century-old tradition of encouraging all able persons to attend college. Accordingly, in these times of crisis, it seems particularly appropriate to celebrate the centennial of this nationwide program of assistance to institutions of higher learning.

U.S. AID FOR TEXTILE STUDY

Mr. PELL. Mr. President, the July 11, 1962, edition of the Providence Journal carried a most interesting article in which a special task force of the National Academy of Science recently recommended that the Federal Government assist a program of basic research on advanced education for the textile industry. This report, which has been transmitted to Secretary Hodges, recommends that a national textile research institute be established under the National Academy of Science.

As we all know, the issuance of this report is one of the seven points announced in President Kennedy's special program of assistance for the textile industry, which was established largely in response to the splendid work accomplished by my distinguished senior colleague, Senator Pastore. I am also especially pleased to call attention to this proposal, since in my own campaign, I supported the establishment of a textile research institute. It is my fervent hope that the Department of Commerce will soon take action to implement such a proposal, which, I believe, would be most helpful in helping our American textile industry to develop new products and new markets.

I ask unanimous consent to have the article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

U.S. Aid for Textile Study Urged

(By Orlando B. Potter)

Washington.—A special task force of the National Academy of Sciences yesterday recommended that the Federal Government support a program of basic research and advanced education for the textile industry.

The report, made by a group of textile experts headed by Stanley Backer, associate professor of mechanical engineering at Massachusetts Institute of Technology, said that it is doubtful that the industry will conduct enough basic research on its own to survive.

But it said the Government assistance is warranted because the textile industry is in a unique position, having suffered a decline of almost calamitous proportions in recent years, partly as a result of Government policies.

The report recommends the establishment of a National Institute for Textile Research under the National Academy of Sciences to implement the Federal assistance program. It also recommends establishment of an Office of Textile Research in the Department of Commerce.

The special report was transmitted to Secretary of Commerce Luther H. Hodges by Detlev W. Bronk, President of the National Academy of Sciences, on April 11, but was not released until yesterday.

On Monday Secretary Hodges was urged by the Textile Workers Union of America to release the report.

The union noted that the textile report had been undertaken as one of the seven points in President's Kennedy's special program of relief for the industry, which was announced last year at the urging of Senator JOHN O. PASTORE.

The TWUA's letter to the Secretary complained that no action was being taken to implement the report, and urged that the administration act on it as soon as possible.

The Commerce Department offered no reason yesterday for the delay in releasing the report. It simply said that the recommendations on research needs "are being considered in connection with other aspects of the industry."

The report stated that the U.S. textile industry needs new techniques and new products to retain and strengthen existing markets in the face of world competition.

But it went on to say that, under present conditions, there is neither the personnel nor the resources to do the job.

It is "extremely difficult," the report said, to attract "high-quality people" for technical development of the industry, partly because of unfavorable publicity and partly because of the attention given to more glamorous defense-oriented research projects.

It said that only 3 textile training institutions limit their activities to graduate education and research, and their total output in the last year was 15 students at the master's degree level and 5 at the doctor of philosophy level.

ADJOURNMENT TO 11 O'CLOCK ON MONDAY NEXT

Mr. PROXMIRE. Mr. President, if there is no further business to come before the Senate, under the order previously entered, I move that the Senate now stand in adjournment until 11 o'clock on Monday morning.

The motion was agreed to; and (at 5 o'clock and 42 minutes p.m.) the Senate adjourned, under the previous order, until Monday, August 20, 1962, at 11 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 17 (legislative day of August 14), 1962:

DIPLOMATIC AND FOREIGN SERVICE AMBASSADORS

Foy D. Kohler, of Ohio, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of Soviet Socialist Republics.

John H. Ferguson, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Morocco.

William Leonhart, of West Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Tanganyika.

ASSISTANT SECRETARY OF STATE

William R. Tyler, of the District of Columbia, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Bernard T. Brennan, of New York, to be Deputy Administrator for Administration, Agency for International Development.

EXTENSIONS OF REMARKS

How Can You Hire the Handicapped if the ICC Won't License the Handicapped?

EXTENSION OF REMARKS
OF
HON. JOHN A. CARROLL
OF COLORADO
IN THE SENATE OF THE UNITED STATES
Friday, August 17, 1962

Mr. CARROLL. Mr. President, I ask unanimous consent that there be printed in the CONGRESSIONAL RECORD a statement which I have prepared concerning an ICC regulation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY HON. JOHN A. CARROLL, OF COLORADO

Senators will remember that on August 13 I addressed the Senate, deploring the existence of an Interstate Commerce Commission regulation which denies absolutely to rehabilitated amputees the right to drive in interstate commerce.

As I have pointed out to the Senate, this unnecessary rule causes hardship and suffering to those whom it is this country's stated policy to encourage and assist—the physically handicapped.

This flatly dogmatic rule is totally unnecessary and unreasonable. If a doctor certifies that a man's loss of limb will not prevent him from safely operating a vehicle, the Interstate Commerce Commission should allow the man to drive in interstate commerce, assuming he is otherwise qualified.

Such is the system employed by the Federal Aviation Agency in certifying pilots. It works well.

The Interstate Commerce Commission regulation causes needless hardship to rehabilitated amputees. Interstate truckdrivers who lose a leg are denied the opportunity to return to their chosen profession.

This is not the only hardship which this rule causes. I am informed that Interstate Commerce Commission regulations for licensing commercial drivers are often taken as models by State and local authorities. I am informed that several of our States and communities have adopted this ban on amputees solely because it is an Interstate Commerce Commission regulation. Others are in the process of doing so.

This means that an ever-increasing number of perfectly capable drivers are losing their livelihood every day. In some areas able-bodied amputee drivers are actually denied a license to drive Good Will and Salvation Army trucks.

The Commission has said it intends to await the conclusion of a study undertaken by the Harvard School of Public Health before it reviews this regulation.

This study, which has been in process for over a year, will not be completed for at least 2 more years and perhaps not for 4 more years.

This wait is unnecessary. The Commission has available today all the facts it needs.

Let me bring to the attention of the Senate the concluding paragraph of an earlier study undertaken by Harvard entitled, "Statistical Study of 624 Pairs of Disabled Versus Nondisabled Drivers Listed in the Commonwealth of Massachusetts Registry of Motor Vehicles":

"The date shows a decidedly lower absolute rate of involvement of disabled veteran and handicapped drivers versus their nondisabled counterparts if relative hazard criteria are ignored. The ratio was approximately 2 to 1. That is, the nondisabled controlled group drivers sustained approximately twice as many accidents and were charged with approximately twice as many nonaccident violations as the disabled. This ratio appeared to remain constant regardless of the variable considered.

These conclusions are borne out by other studies made of the safety records of the rehabilitated in heavy industries. The rehabilitated worker actually has a much better safety record than does the physically normal worker.

I believe—and I am sure many in Congress share this belief—that on the basis of the facts in hand and because of the obvious and continuing inequity involved, the Commission ought to proceed now to revise this regulation.

Address by Senator Goldwater Before American Bar Association

EXTENSION OF REMARKS
OF
HON. BARRY GOLDWATER
OF ARIZONA
IN THE SENATE OF THE UNITED STATES
Friday, August 17, 1962

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address delivered by me on August 8, 1962, before the assembly session of the American Bar Association, in San Francisco, Calif.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address of U.S. Senator Barry Goldwater, Republican, of Arizona, Before the Assembly Session of the American Bar Association, Auditorium of the California Masonic Memorial Temple, San Francisco

Mr. President, members and guests of the American Bar Association, I am both delighted and honored to be here today to participate in this important session of your very fine organization. Of course, you know that the American Bar Association is one of those groups of which we poor laymen stand in some awe. Its high professional standing and the great legal knowledge of its members are such that those of us with no law training approach an engagement such as this with considerable trepidation.

But perhaps it is proper, now and then, for you who are skilled in the details of the law to hear from one whose primary job it is to participate in the writing of new laws or the alteration of old ones.

And today I should like to direct your attention primarily to one area of law—that area which deals with the problems of labor-management relations. This area is becoming increasingly important in the life of the Nation. It has a direct bearing on the Nation's economic future in a time of extreme uncertainty and hesitancy. And it is an area which, I believe, warrants the closest attention of all Americans who are interested in our concepts of freedom and in sound economic growth.

The newspapers have been filled with news of serious labor disputes during recent months. The problems of the flight engineers and the Eastern Air Lines have become familiar to many Americans. The labor troubles in the aerospace industry have found their way into many headlines. Here, in California, a strike in the construction industry has recently taken place. Other disputes have occurred or are occurring at missile sites, in the automobile industry, on the east coast docks, and on our railroads. The list goes on and on.

In addition, the Government figures for the first 5 months of this year show a 60-percent increase in the number of work days lost due to labor disputes. It should be clear that the process of collective bargaining and its effects upon the economy and national security pose a problem of transcendent importance to all Americans.

Concern about the current labor picture and the various problems surrounding it is not mine alone. It has been voiced recently by such diverse publications and political leaders as the Washington Post, Senator Karl Mundt, Life magazine, Senator John McClellan and even the New York Times. The Post calls "the need for additional law in this field clear and unmistakable." The Times refers to "a need for improved legal machinery to deal with emergency labor disputes." The Life article was titled "The Need for New Labor Laws."

Too frequently we attempt to find a cure without first acquiring a full and complete knowledge of the cause of the difficulty. The problem only becomes greater if we sweep the cause under the rug. This is particularly true where a problem has been created by actions of the Congress and continues to exist because the Congress refuses to recognize the cause and acknowledge the necessity for corrective action.

What I wish to discuss with this audience today is, in a broad sense, the subject of concentrated power. In my understanding of the Constitution the intent written into it by our Founding Fathers, was the prohibition against the gathering of power in any one branch of our tripartite system of government or any segment of our society. You gentlemen as lawyers are constantly aware of the dangers involved in such concentration and a good deal of your activities are directed against it. We are witnessing in our National Government today, and we have seen for nearly three decades, the movement of more and more power away from the people and the States into the hands of the bureaucrats in Washington. And we have witnessed how this power can be used to benefit one segment of the economy, giving it monopolistic power.

I refer specifically to the concentration of power in the hands of labor leaders of today. This power came about as the result of Federal legislation. Its correction can only come through congressional action which would remove those portions of the Labor-Management Act which confer a privileged status on labor unions. This exempt position is not related to the unions' bargaining power in legitimate labor-management disputes.

I would suggest the tremendous concentration of potential power in the hands of labor is contrary to the public interest and in the public I include the working union members.

Labor unions enjoy many special privileges and immunities under Federal law which are creative of power. By far the most important of these is the exclusive right to represent all the employees in the unit for purposes of collective bargaining, even if the union has been selected as bargaining agent by only a narrow majority, which in many circumstances under our existing law, in fact, constitutes only a minority. Under the law, those employees who do not wish to join, as well as those whom the union for whatever reason excludes from membership, can neither bargain for themselves nor select any person or agency other than the union so designated to bargain for them. They are, in reality, the involuntary principals of agents imposed upon them by law. In granting unions this right, the Government, in effect, has bestowed upon them the power of government itself. Although this provision of law has a certain usefulness in the area of collective bargaining, it results in the most serious injustice to those employees who wish to join the union but are excluded by the union itself. They have no voice in helping to determine the union's bargaining demands and policies, are not permitted to do their own bargaining, and they are compelled to accept and work under the terms and conditions of the agreements between the union and the employer, even if they find such terms and conditions highly unsatisfactory.

Moreover, in certain industries there is a widespread practice whereby employers recruit their labor force through the local unions in the particular area. This is particularly true in those industries where the most highly skilled, and consequently the most highly paid employees are needed to perform the work. It is precisely in these industries where union membership exclusionary policies are most widely and persistently applied. As a result, untold numbers of completely qualified workers, who for one reason or another are denied admission to union membership, are excluded not only from many jobs, but particularly from the most highly paid jobs as well.

There is an unconscious tendency on the part of many to regard labor-management relations as the exclusive concern of the parties directly involved; that is, of the union and employer.

Where a settlement is reached as the result of collective bargaining and without the intervention of a work stoppage resulting from either a strike or a lockout, it is safe to say, almost without exception, that in reaching the settlement none of the negotiating parties paid the slightest attention to its future impact on the economy of the Nation or its effect on the public interest.

The labor union representatives have a tendency to identify their own interests with those of the public—to believe, often in good faith, that what is good for the union and its members cannot possibly be bad for the public as a whole. Or, to put it another way, they have a tendency to regard the membership of the labor movement as constituting the general public itself. They do not usually think of themselves as the spokesmen for a special interest group.

Management on the other hand thinks in terms of the profitability of its operations, for in a free enterprise system, continued profitability is the basic condition for the survival of the enterprise. Unless the business is one enjoying a monopoly status which would enable it to share its profits directly with the public, it is the belief of a free enterprise economy that the natural forces of competition compel management to pass the results of economic and technical progress on to the public in the form of lower prices, improvements in quality, and new and theretofore unavailable products and services.

Unfortunately, even where an enterprise enjoys a temporary monopoly—and in a basically competitive economy most industrial and commercial monopolies are temporary—the greater profits of such an enterprise, where they are shared at all, are, as a result of union bargaining pressure, shared with the employees of the firm in the form of higher wages and increased benefits, rather than with the general public.

The public itself, generally, remains largely unaware of these underlying considerations which characterize the collective bargaining scene. It is only when the bargaining negotiations break down in a major or nationwide industry, which is engaged in production essential to the national security or welfare, that there is a shocked realization on the part of the public that it too has an important, perhaps the most important, stake in the outcome of the controversy.

The public is the overlooked body in most of the legislation written in the Congress of late, particularly in the field of labor-management relations. There are protections written into the labor-management law, and while they are not adequate, they exist, but the tendency today is to ignore them and by this action to further ignore the important role the public plays in any labor-management dispute. The key to these actions is not just the seeking of more power to be used from a central position, but the actual adoption of this power in an ad hoc manner or, to put it more plainly, working around existing laws. To understand this we must review briefly the recent comments of Archibald Cox, the Solicitor General of the United States and a key labor adviser to the President. He stated that under present conditions, the public consequences of decisions made by labor and management are so wide and serious that "the Government must have the opportunity to bring those consequences to bear in the making of decision."

Cox went on to spell out the administration's contention that "the public is entitled to a voice" in labor-management decisions. Translated this means that the Federal Government should take an ever-increasing role in the settlement of labor-management problems. It means that we can look forward to more, not less, Government encroachment in the collective bargaining process.

This becomes understandable when you consider the three recent examples of the extralegal approach to labor matters.

First, of course, we have the Government acting as a full third party in the recent steel negotiations. Following the signing of the Government-induced contract in that industry, the President thought his work was done. But when the steel companies, acting upon the mistaken belief that they were free to manage their own affairs, raised their prices the President immediately reasserted the Government's role. The results of that episode in Government-business relations are too well known to require comment. I mention it merely to illustrate one point—that the entire chain of events took place without reference to the Taft-Hartley Act or any other law, with the notable exception of the antitrust laws which were trotted out as part of the attack on the steel companies.

Second, we have the prolonged dispute in the airlines industry concerning the flight engineers. In this, the President and Secretary of Labor Goldberg have seen fit to operate outside the restrictions of the applicable law, the Railway Labor Act, on a number of occasions. Once again, the use of ad hoc boards became a favorite device of the administration.

Finally, in an effort to stave off a strike in the vital aerospace industry, the President and his Secretary of Labor came up with what they called a board of distinguished citizens and a 60-day postponement of the walkout on the part of the unions. Once again, the solution was completely ad hoc and once again the established procedures found in the law—in this case the Taft-Hartley Act—were completely ignored. It is also evident that this administration is not disposed to request new labor legislation; a number of bills have been offered in the Congress to deal with problems created by work stoppages in vital industries.

Senator Wayne Morse, for example, recently introduced a bill to amend the Taft-Hartley Act's national emergency strike provisions. This proposal would compel workers to stay on the job in national emergency situations and require compulsory arbitration of the disputes involved. Senator John McClellan, with other Senators, has proposed legislation which would "prohibit strikes by employees employed in certain strategic defense facilities." This bill also requires compulsory arbitration. In addition, Senator Mike Monroney and another group of Senators want to amend the Railway Labor Act as it pertains to the national airlines and introduce the element of compulsion to take care of the engineers' strike against two airlines.

Significantly enough, all of these proposed changes in existing labor laws involve important elements of coercion and compulsion. They seem definitely to be in keeping with the thinking of those who believe that only by action from Washington can any of our problems, social, economic, political, or labor be solved.

In this connection, it behooves us to examine the nature of the continually recurring labor crises in the United States. Even a cursory examination will reveal one obvious truth—that labor unions have access to far to much power for the good of the economy or the health of the Nation.

Now it surprises no one to realize the immense size and the great economic strength possessed by American unions today. It is worth noting, however, that big labor did not gain its present vital position in our society wholly, or even primarily, through its own efforts. The Federal Government, that ever-present arbiter, policeman and entrepreneur of American life, has made organized labor what it is today.

Just to give you an idea of the preferred position held by today's union in the economic scheme of things, I have compiled a list of special privileges, immunities and rights and powers enjoyed by labor unions under the Federal law. And let me emphasize at the outset that most of these special considerations may have been justified when they were initially given to the labor movement because of their weakness and lack of size. However, possible justification from an historical standpoint certainly doesn't justify their continued existence in today's era of monopolistic union power.

The list I refer to is as follows:

1. Almost total immunity under the antitrust laws.

2. Immunity from taxation.

3. Immunity from injunctions by Federal courts.

4. Authority to use union funds for purposes not related to collective bargaining even where union membership is compulsory.

5. Power to compel workers to join the union as a condition of continued employment.

6. The right of a union selected by a majority of the workers to bargain for all employees. This includes the right to bargain for those who were compelled to join the union as well as those who can be arbitrarily denied membership.

7. Power to compel the employer to bargain exclusively with the majority union.

8. Absolute authority to deny union membership to workers employed in the bargaining unit, on any grounds or for no reason at all.

9. The right, in some situations, to invade the privacy of workers, even against their wishes. This deprives them of a legal right enjoyed by all other members of society.

10. The right, in some situations, to compel employers to make available for union use the private property of the employer.

11. The right to compel the employer to provide protection against any physical violence on the part of workers who resist invasion of their privacy.

12. Unions are immune from the payment of damages for personal and property injuries inflicted on employers or others by unions members engaged in activities, such as strikes or picketing. And this stands even in situations where such activities have been officially authorized and directed by the union.

13. The right to strike for objectives wholly unrelated to any proper subject of collective bargaining. This is in contrast to the severely limited right of an employer to engage in a lockout.

14. The right, in some situations, to examine an employer's books and records—including those containing such confidential data as costs, profits, and prices.

15. And finally, the almost complete immunity of unions from any liability, penalty, or restriction under State law under the doctrine of Federal preemption.

Now, I'm sure you realize that no other private organization, institution, association or individual in the United States is the beneficiary of such a powerful combination of immunities, benefits, privileges, rights and powers—under either State or Federal law.

And in presenting this list I am not suggesting that all of these special grants, without exception, should be removed. I do it merely to suggest that the entire question of unlimited powers for labor unions should be reviewed carefully by the Congress. I am firm in my belief that the repeal or limitation of some of these privileges and immunities is required to restore a more reasonable and workable balance in the Nation's labor-management relations. In this way, and only in this way, can we prepare the way for the conduct of free and fair collective bargaining between management and labor without Government interference. It is true that we would still have interruptions in production, but they would be substantially reduced in number. The ones we would have would represent the inevitable price a just society must be willing to pay in order to preserve its freedom.